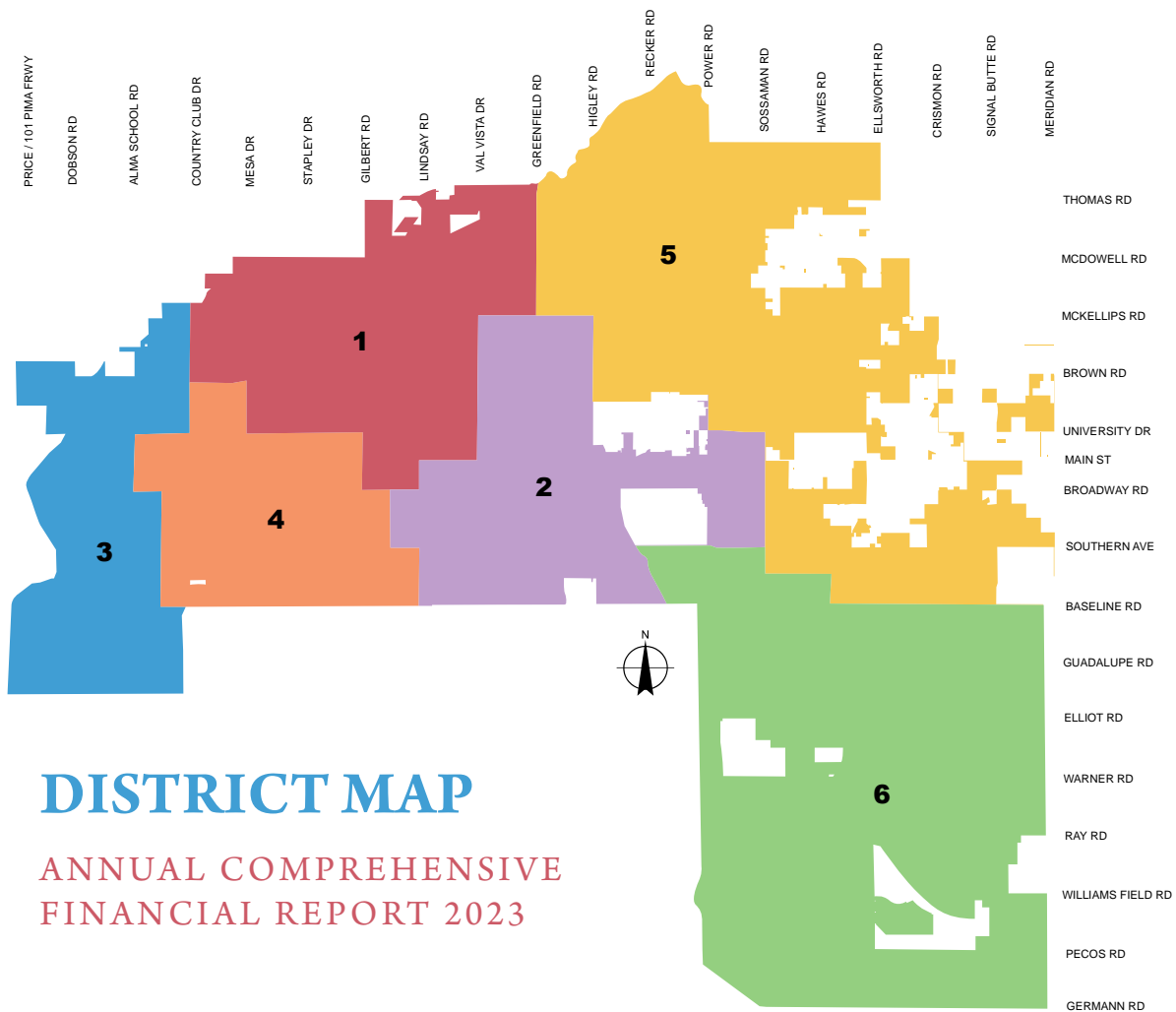




CITY OF MESA, AZ

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023



Mayor **John Giles**

Vice Mayor **Francisco Heredia** – District 3

Councilmember **Mark Freeman** – District 1

Councilmember **Julie Spilsbury** – District 2

Councilmember **Jenn Duff** – District 4

Councilmember **Alicia Goforth** – District 5

Councilmember **Scott Somers** – District 6

**Chris Brady**, City Manager

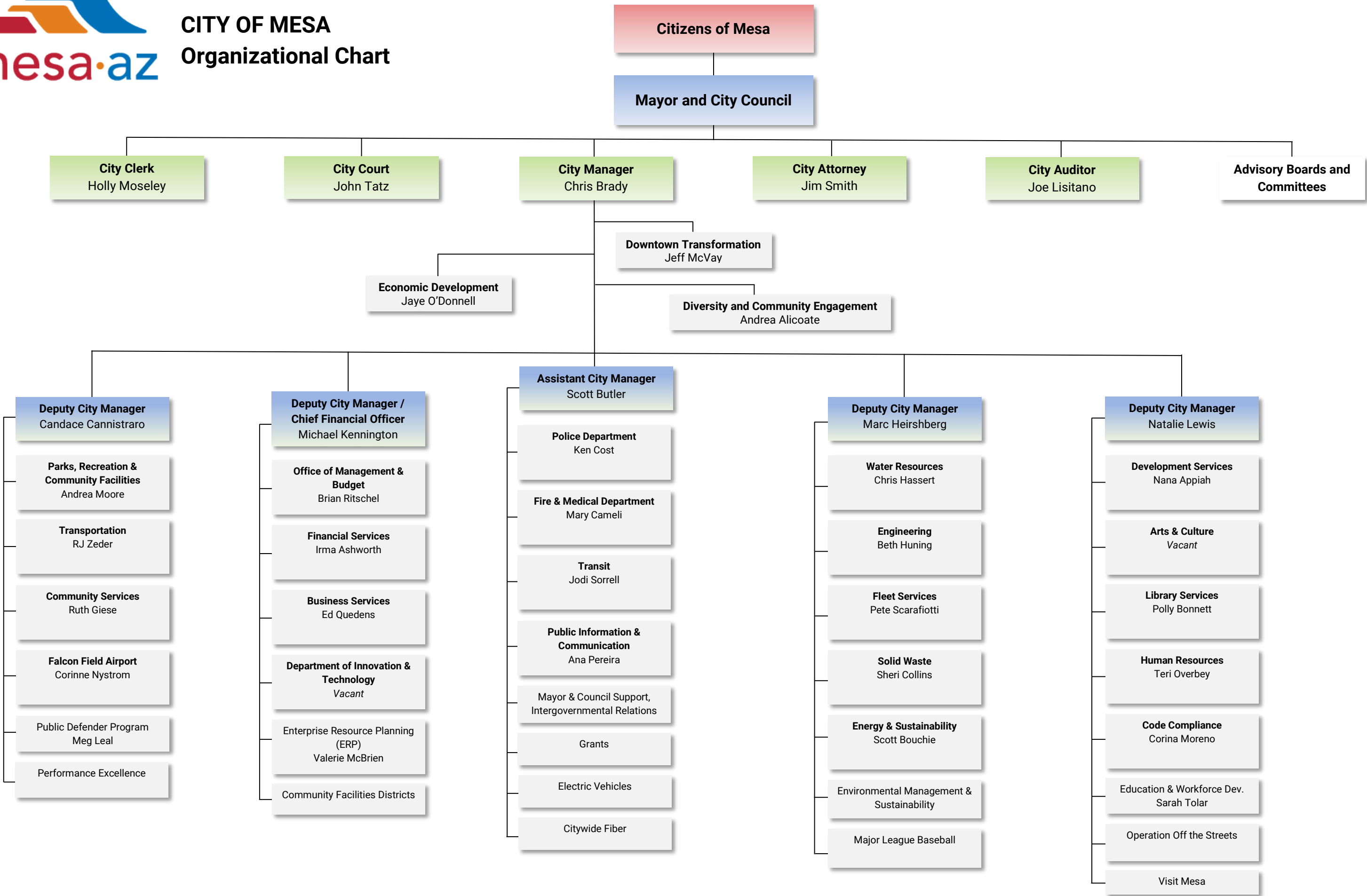
**Scott Butler**, Assistant City Manager

Prepared by: Financial Services Department

P.O. Box 1466 Mesa, Arizona 85211-1466 | (480) 644-2275 | [www.mesaaz.gov](http://www.mesaaz.gov)



CITY OF MESA  
Organizational Chart







# INTRODUCTORY SECTION

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023

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December 13, 2023

**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, 2023, 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, 2023, 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, 2023, 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 512,498 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 Council-Manager 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 4,620 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 13,700 fans per game. The Oakland A's also call Mesa home for Spring Training, playing at the 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 prosper and grow along with experiencing historic growth throughout all parts of the City in both commercial and residential development. From its historic downtown to the Technology Corridor in the southeast, the City has established a plan for sustainable growth and the support of the services needed by businesses and citizens for today and the future.

Construction activity provides for revenues that will deliver a variety of significant City capital projects. Job expansion and higher paying jobs continues to expand the City's retail sales tax base which allows the City to support on-going operations. For the fiscal year (FY) ending June 30, 2023, local retail sales tax revenue was up 4.3% over last year while local sales tax in contracting grew by 38.8%. Overall local sales tax revenue increased by 9.7% over FY 21/22. In addition, tourism has grown from the prior year with a 14.3% increase in the transient lodging ('bed') tax.

The City's economic indicator for total value of construction in FY 22/23 is up 35.5% from FY 21/22. Commercial construction is driving this growth with an increase of 97% in FY 22/23 over the previous year and up 149% from FY 20/21. The corresponding dollar valuation associated with all FY 22/23 permits increased approximately \$802 million from the prior fiscal year and up 68% from FY 20/21.

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 2024 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 2023 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 2022, developers broke ground on a 113-acre industrial park in southeast Mesa that will be home to more than 1.6M square feet of space across 10 buildings. It will be known as the Eastmark Center of Industry.
- Also, at the end of 2022, Gulfstream Aerospace signed a major lease of a 58,741 square foot hangar space that is next to Phoenix Mesa Gateway Airport and is adjacent to the company's new customer support center which will be completed in 2024.
- In December of 2022, the City of Mesa opened up a new workforce center that will serve as a one-stop shop for job seekers and will develop a pipeline for employers in need of workers in the East Valley. The workforce center was bought forward by a partnership between Mesa, A New Leaf Workforce Services and Maricopa County. It is located on the second floor of a 4,700-square-foot space.
- At the beginning of the year, Logistics Property Co. broke ground on the 613,056 square foot logistics center. The Palm Gateway Logistics Center is a four-building development with buildings

that will range from 92,847 to 289,203 square feet and will feature LED lighting systems, ESFR sprinklers and ample parking.

- In an effort to address the nursing shortage seen across the country, Alverno College expanded its Master of Science in Nursing – Direct Entry (DEMSN) program in Mesa. Unlike a traditional nursing program, Alverno’s DEMSN is specifically designed for adults who have already earned a bachelor’s degree in a non-nursing field, and it can be completed in as few as 20 months. At full capacity, Alverno’s Mesa location will have an enrollment of more than 200 students, and the college is already forging impressive clinical relationships with Banner Health and the Mayo Clinic. While the college is well known for its undergraduate and graduate programs in its home state of Wisconsin, adding its name to the tallest building in the Phoenix East Valley marks an exciting time for Alverno as it expands its footprint.
- This year, Cunningham Aviation began service at Falcon Field Airport. As a full-service fixed-base operator, they are offering Jet A and Avgas/100LL with truck service and a self-service Avgas Island. Other services include aircraft ground handling and parking (ramp or tie-down), hangars, hangar leasing/sales, and aircraft lavatory service.
- In February, CCS Presentation Systems, one of the largest integrators of audiovisual equipment in the U.S. opened its new corporate headquarters in Mesa. The new 2-story 36,000 square foot building will now house CCS’s staff of nearly 100 design engineers, salespeople, installation and service technicians and C-level executives.
- In March, Mesa became the first city in Arizona to receive Google’s internet service Google Fiber. Mesa residents also became the first customers to experience the new 8 Gig product. 8 Gig offers symmetrical uploads and downloads of up to 8000 Mbps with a wired connection. Google plans to fully cover the city over the next three years with gigabit or faster speeds.
- In March, Visit Mesa and the City of Mesa were recognized in Travel + Leisure’s Global Vision Awards for groundbreaking work around accessible travel experiences. The Global Vision Awards 2023 celebrate innovators and innovations that are leading the world to a more sustainable, inclusive future. To arrive at this year’s list of 25 honorees, nominations were sourced from an esteemed panel of industry leaders and experts across the travel, hospitality, retail, and non-profit sectors, along with Travel + Leisure editors and correspondents.
- In March, Benchmark Technologies Inc. opened a new 64,000 square foot precision technologies plant in Mesa. The facility is designed to provide a number of key engineering and manufacturing solution services, most notably supporting the production of semiconductor capital equipment building blocks and solutions. Benchmark intends to invest roughly \$20 million into capabilities and technology at the new facility, in addition to hiring 100 people to support this facility as the company ramps up with customers.
- In the first quarter of the year, Boeing celebrated 5 million flight hours flown by the Apache Helicopter. The Apache has been built by Boeing in Mesa since 1984. Since Boeing opened its manufacturing plant in Mesa, the company has brought jobs and economic growth to Arizona. Boeing’s Mesa plant is the third-largest manufacturer in the Phoenix valley.
- The Infrastructure Investment and Jobs law signed into law early in 2023 will provide \$4M to the Phoenix-Mesa Gateway Airport. The investment will be used to modernize the existing terminal building to accommodate the growing number of passengers who use the airport.

- In April, the Banner Desert Medical Center completed a \$45M modernization project. The new amenities include building facades with atrium lobbies, restrooms, lounge areas, solar shade structure and signage.
- Northern Arizona University announced plans to open a Mesa Workforce Development Center focused on hospitality education near the Phoenix-Mesa Gateway Airport in 2024. The university will build a two-story building with one floor dedicated to restaurant training and the other with classrooms, food and beverage training labs and office space.
- In April, Phelan Development held a groundbreaking ceremony for its Pecos Center project. The project is spread across three buildings totaling 474,309 square feet and is expected to be complete in the winter of 2024. The Pecos Center project is expected to cater to tenants desiring a freestanding building to conduct their business near the Phoenix-Mesa Gateway Airport.
- Mesa was one of three cities in Arizona to be recognized by Salt River Project as an SRP Sustainable City for its commitment to sustainable growth while supporting SRP's environmental policies and goals. Mesa programs that were highlighted were the *Mesa Climate Action Plan* and Mesa's *Trees are Cool* initiative.
- In June, Mesa won the All-America City Award for youth programs that encourage engagement, education attainment, and service in their communities. The prestigious award by the National Civic League is bestowed every year to ten municipalities or counties that are directly impacting the lives of their residents. The 2023 All-America City Award recognizes communities that are working to improve the health and well-being of young people, with particular attention to efforts that engage young people in this work. The last time Mesa won the All-America City Award was in 1979.
- In June, Amazon opened a new 1.2M square foot distribution center in Mesa. This will be Amazon's largest distribution center in the nation and will create more than 800 jobs in the east valley. This facility will be focused on housing third-party items sold on Amazon's website.
- In June, Silver Creek Development began construction on an eight-building, 330,000 square feet industrial complex in Mesa. The complex will be built on a 26-acre site in southeast Mesa and the eight buildings will range from 24,000 square feet to 60,000 square feet.
- The Mesa Marathon was selected as the Best Marathon in Arizona for 2023 in a nationwide poll by RaceRaves, the premier global race finder and reviews community. The Mesa Marathon beat Phoenix's Rock 'n' Roll Marathon for the number one spot. As an early-season Boston Qualifier, it was chosen for the stunning sunrise start near the Utery Park mountains and the gradual net elevation loss of 900+ feet. It was also noted to be a great winter run for first timers and traveling runners alike.
- In July, Phoenix-Mesa Gateway Airport announced that it had set a new record for commercial passenger activity for the fiscal year 2023. The airport welcomed 1.92 million travelers in fiscal year 2023 which represents a 5.6% increase year-over-year. During the past year, Gateway Airport opened several new food and beverage concessions to provide more options for the growing number of air travelers. The airport is currently constructing a five-gate, 30,000 square-foot terminal addition and an enclosed pedestrian walkway connecting the airline ticket counters to the TSA security screening checkpoint.

- In July, demolition began on the 80-acre site of the former Fiesta Mall site. The redevelopment plan is led by Verde Investments Inc., who has said the demolition should be completed by the end of the calendar year. Verde Investments is proposing to rezone the site from limited commercial zoning to an infill development district which uses would include multi-family residential, office, commercial and open space.
- In July, ZenniHome hosted a groundbreaking of its project known as 29 West. This project will feature studio and two-bedroom configurations and will consist of two six-story towers of stackable residential units. The models are touted as move in ready and feature options ranging from solar energy systems, lithium-ion back-up energy storage, Google Home Hub Max configuration, Starlink broadband internet access and can be purchased fully furnished.
- In September, Google celebrated the groundbreaking of a \$600M data center in Mesa. The data center will power services like search, maps and Gmail. Instead of using a water-cooling system, Google has announced that it will use air-cooled technology for its data center. The project is expected to be completed in the summer of 2025.
- In September, EdgeConneX proposed a large data center campus in Mesa. The project would be comprised of three data hall buildings and one electrical substation on about 93 acres within Mesa's Elliot Road Technology Corridor. The three buildings would total more than 1M square feet at full build out.
- In September, XNRGY Climate Systems signed a lease at Gateway East, a business park located near Phoenix-Mesa Gateway Airport, to use more than 250,000 square feet for their national headquarters. XNRGY is a commercial climate control systems company and will construct a research and production facility and office space. They will also have the option to build an additional 750,000 square feet of manufacturing space. XNRGY will bring more than 1,200 jobs to Mesa.
- In October, the Mesa Planning and Zoning Board unanimously recommended approval of DSV Air and Sea Inc.'s plans to bring a new 1.7M square foot building and an adjacent two-story 30,000 square foot regional corporate headquarters office to Mesa. DSV is proposing to build its project on 87 acres.
- In October, Sysco Corporation announced that it will invest \$102M in the construction of a 353,600 square foot facility in Mesa. Sysco is a leading global food-service distribution company who plans on employing 257 people at the facility.
- In October, Commercial Metals Company (CMC) dedicated its third micro mill in Mesa. The new micro mill employs roughly 185 people and will achieve an estimated nominal annual capacity of 500,000 tons.
- In October, Optum Rx opened its largest fulfillment center in the country in Mesa. Optum Rx is a pharmacy delivery business and will add 300 jobs in Mesa. The center is a 213,000 square foot building that has eight miles of conveyor belt used to help fill more than 3.5M prescriptions monthly for customers across the country.



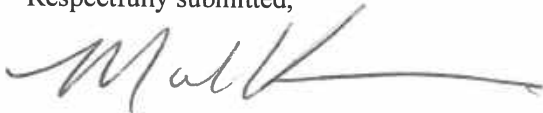
## **Awards and Acknowledgements**

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, 2022. 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 dark ink, appearing to read 'Michael 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, 2022

*Christopher P. Morrell*

Executive Director/CEO



# FINANCIAL SECTION

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023



## INDEPENDENT AUDITORS' REPORT

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, 2023, 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, 2023, 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 Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2022, the City adopted new accounting guidance for subscription-based information technology arrangements. The guidance requires the City to recognize a right to use subscriptions asset and corresponding subscriptions liability for all arrangements with terms greater than twelve 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 twelve 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.



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.

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 13, 2023, 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 13, 2023

## Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

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, 2023. 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 \$82 million from \$1.32 billion to \$1.4 billion. The increase in revenues is primarily from Sales Tax revenues (\$29.3 million), Charges for Services (\$19.7 million) and Unrestricted Intergovernmental (\$34.9 million).
- The City's Governmental Funds reported a combined ending fund balance of \$751.7 million, a \$70.3 million increase from the previous year. Approximately 55 percent of the total governmental fund balance amount, or \$413.8 million, is designated by the City as committed, assigned and unassigned. The remaining 45 percent or \$337.9 million is designated as non-spendable or restricted.
- The total fund balance for the General Fund was \$375.4 million, which represents an increase of \$43.6 million over prior year. The increase is a combination of an increase in Sales Tax and Intergovernmental revenues.
- The City's Enterprise Fund reported a combined total net position of \$452.9 million, which represents an increase of \$7.9 million over prior year. The increase is primarily due to an increase in Charges for Services.

### 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 non-major 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 97-113 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, 2023, and 2022.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Cash and Other Assets	\$ 1,415,565	\$1,367,060	\$ 708,677	\$ 788,135	\$ 2,124,242	\$2,155,195
Capital Assets	1,722,053	1,680,031	1,424,562	1,377,394	3,146,615	3,057,425
Total Assets	3,137,618	3,047,091	2,133,239	2,165,529	5,270,857	5,212,620
Deferred Amounts on Refunding	4,202	5,128	20,463	22,896	24,665	28,024
Deferred Outflows on Pensions & OPEB	292,707	295,552	17,557	22,457	310,264	318,009
Total Deferred Amounts	296,909	300,680	38,020	45,353	334,929	346,033
Non-Current Liabilities, Due Within One Year	68,002	53,565	56,036	52,483	124,038	106,048
Non-Current Liabilities, Due In More Than One Year	485,431	515,214	1,305,232	1,368,213	1,790,663	1,883,427
Net Pension & OPEB Liability	1,643,536	1,694,472	125,288	133,955	1,768,824	1,828,427
Other Liabilities	245,547	271,002	156,212	137,524	401,759	408,526
Total Liabilities	2,442,517	2,534,253	1,642,768	1,692,175	4,085,285	4,226,428
Deferred Inflows on Pensions & OPEB	190,500	151,757	20,268	17,239	210,768	168,996
Deferred Inflows on Leases	63,269	54,791	55,336	56,517	118,605	111,308
	253,769	206,548	75,604	73,756	329,373	280,304
Net Investment in Capital Assets	1,229,376	1,246,582	92,703	24,204	1,322,079	1,270,786
Restricted Net Position	357,673	249,626	114,531	95,840	472,204	345,466
Unrestricted Net Position	(848,807)	(889,238)	245,653	324,907	(603,154)	(564,331)
Total Net Position	\$ 738,242	\$ 606,970	\$ 452,887	\$ 444,951	\$ 1,191,129	\$1,051,921



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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	\$ 126,244	\$ 125,132	\$ 457,904	\$ 439,343	\$ 584,148	\$ 564,475
Operating Grants & Contributions	75,436	105,858	268	452	75,704	106,310
Capital Grants & Contributions	24,611	44,369	21,796	30,888	46,407	75,257
General Revenues:						
Sales Taxes	331,144	301,862	-	-	331,144	301,862
Property Taxes	46,906	52,005	-	-	46,906	52,005
Occupancy Taxes	7,319	6,427	-	-	7,319	6,427
Unrestricted Intergovernmental	246,412	211,534	-	-	246,412	211,534
Utility Development Fees	-	-	14,142	21,021	14,142	21,021
Contributions	31,799	7,771	-	-	31,799	7,771
Unrestricted Investment Income (loss)	8,542	(29,788)	3,672	(9,155)	12,214	(38,943)
Gain on Disposal of Capital Assets	1,854	1,856	-	-	1,854	1,856
Miscellaneous	8,233	14,758	1,252	1,199	9,485	15,957
Total Revenues	<u>908,500</u>	<u>841,784</u>	<u>499,034</u>	<u>483,748</u>	<u>1,407,534</u>	<u>1,325,532</u>
Governmental Activities Expenses:						
General Government	192,361	183,242	-	-	192,361	183,242
Public Safety	430,268	416,563	-	-	430,268	416,563
Community Environment	157,270	195,594	-	-	157,270	195,594
Cultural-Recreational	100,791	86,824	-	-	100,791	86,824
Interest on Long-Term Debt	16,138	14,720	-	-	16,138	14,720
Business-Type Activities:						
Electric	-	-	48,672	43,206	48,672	43,206
Gas	-	-	51,105	43,125	51,105	43,125
Water	-	-	128,558	119,329	128,558	119,329
Wastewater	-	-	82,752	89,219	82,752	89,219
Solid Waste	-	-	51,213	41,001	51,213	41,001
Airport	-	-	7,671	6,002	7,671	6,002
District Cooling	-	-	1,528	1,703	1,528	1,703
Total Expenses	<u>896,827</u>	<u>896,943</u>	<u>371,499</u>	<u>343,585</u>	<u>1,268,326</u>	<u>1,240,528</u>
Increase (Decrease) in Net Position Before Transfers	11,673	(55,159)	127,535	140,163	139,208	85,004
Transfers	<u>119,599</u>	<u>115,607</u>	<u>(119,599)</u>	<u>(115,607)</u>	<u>-</u>	<u>-</u>
Change in Net Position	131,272	60,448	7,936	24,556	139,208	85,004
Net Position - As Adjusted	<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>
Net Position - Ending	<u>\$ 738,242</u>	<u>\$ 606,970</u>	<u>\$ 452,887</u>	<u>\$ 444,951</u>	<u>\$ 1,191,129</u>	<u>\$1,051,921</u>

## **Analysis of Government-Wide Net Position**

The City's overall Net Position increased \$139.2 million from \$1.05 billion to \$1.19 billion at the end of fiscal year 2023. The Restricted portion of the City's Net Position increased \$127 million from \$345 million to \$472 million. Restricted Net Position represents resources that are subject to external restrictions on how they may be used. The restricted balances that increased in the current year include restrictions for debt service, public safety, and transportation programs. The Unrestricted Net Position of (\$603) million is primarily due to the impact of the long-term liability associated with pensions and OPEB of (\$1.77 billion).

Several factors contributed to the overall increase in Net Position:

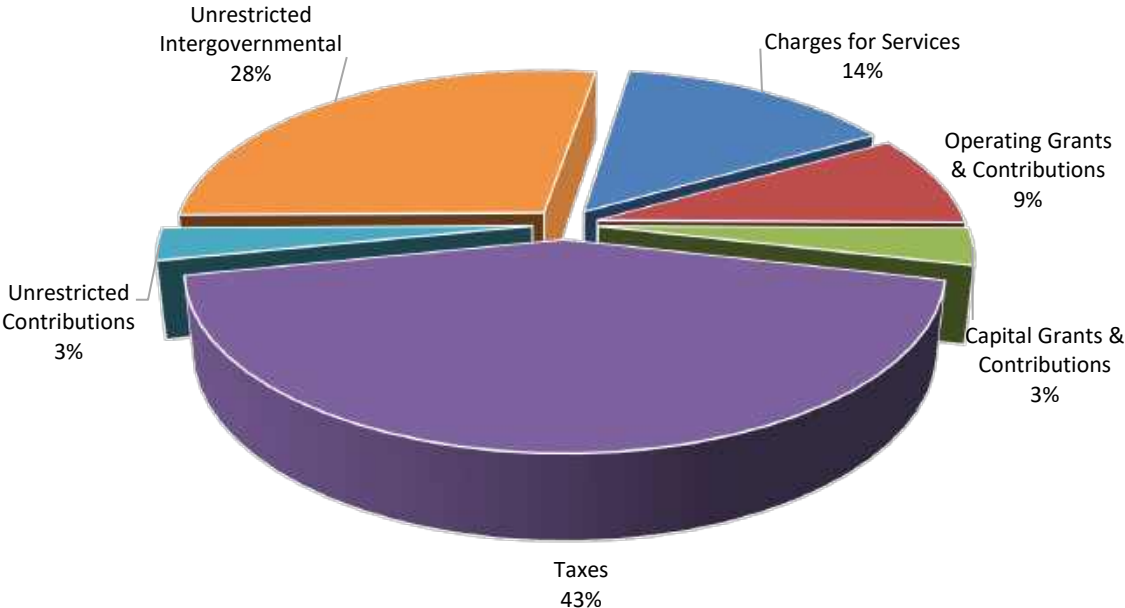
- The City has continued to see historically high sales tax revenue, increasing \$29.3 million in fiscal year 2023. Retail Sales Tax continues to be the largest contributor (increasing \$7.4 million). Contracting Sales Tax increased \$15 million due to a combination of the increase in construction (commercial, industrial, and residential) and an increase in cost of goods due to inflation.
- Intergovernmental Revenues increased \$34.9 million due to an increase in State Shared Sales Tax revenues.
- Unrestricted Investment Income increased \$51 million. This is due to the change in fair value of investments from a \$38.9 million loss in prior year to a \$12.2 million gain in current year.

## **Governmental Activities**

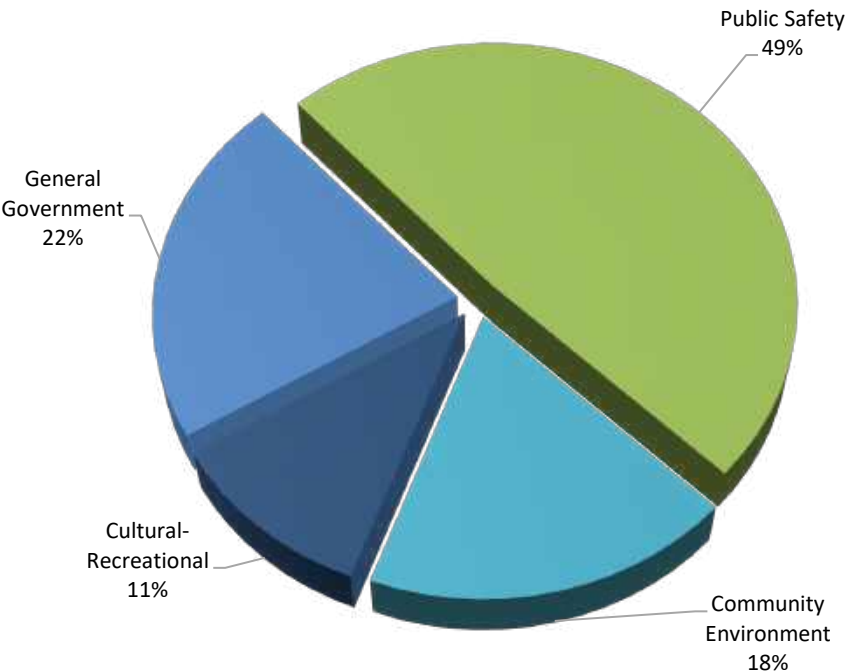
In fiscal year 2023, Governmental Activities increased their Net Position by \$131.3 million from \$606.9 million to \$738.2 million. The increase in Net Position for the Governmental Activities is from the overall increase in revenues, as described above.

As presented in the following two graphs, the largest funding sources for the governmental activities are Taxes (43%), Unrestricted Intergovernmental (28%) and Charges for Services (14%). The largest users of resources for the governmental activities are Public Safety (49%), General Government (22%) and Community Environment (18%).

**Governmental Activities  
Revenues by Source  
Fiscal Year Ended June 30, 2023**

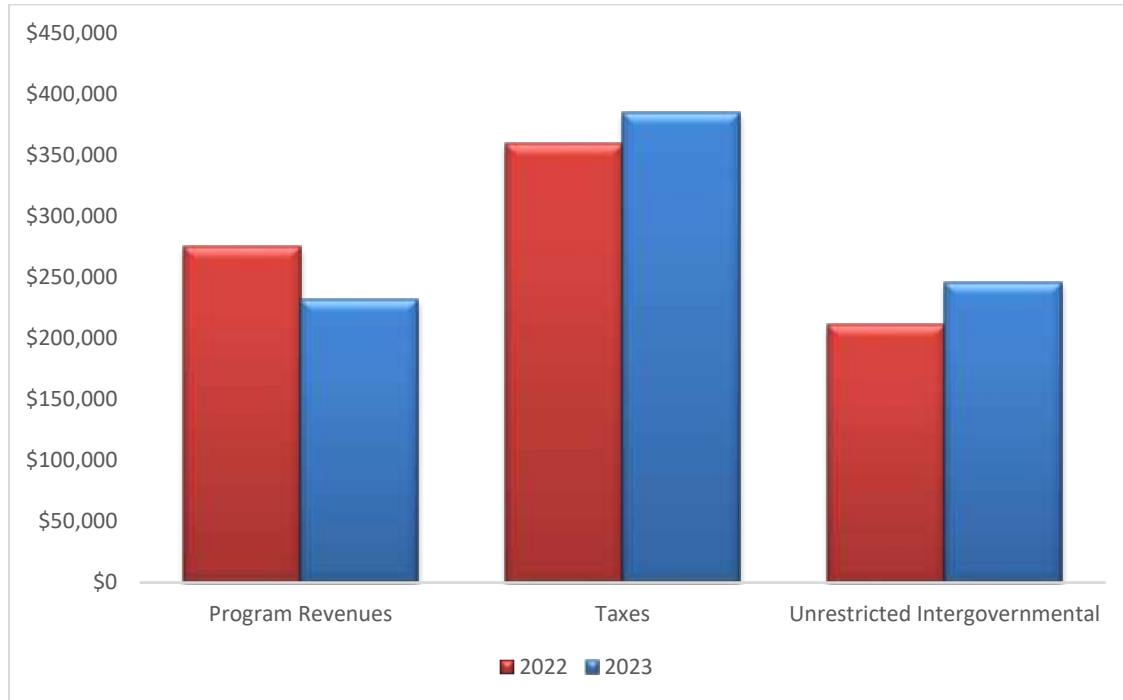


**Governmental Activities  
Functional Expenses  
Fiscal Year Ended June 30, 2023**

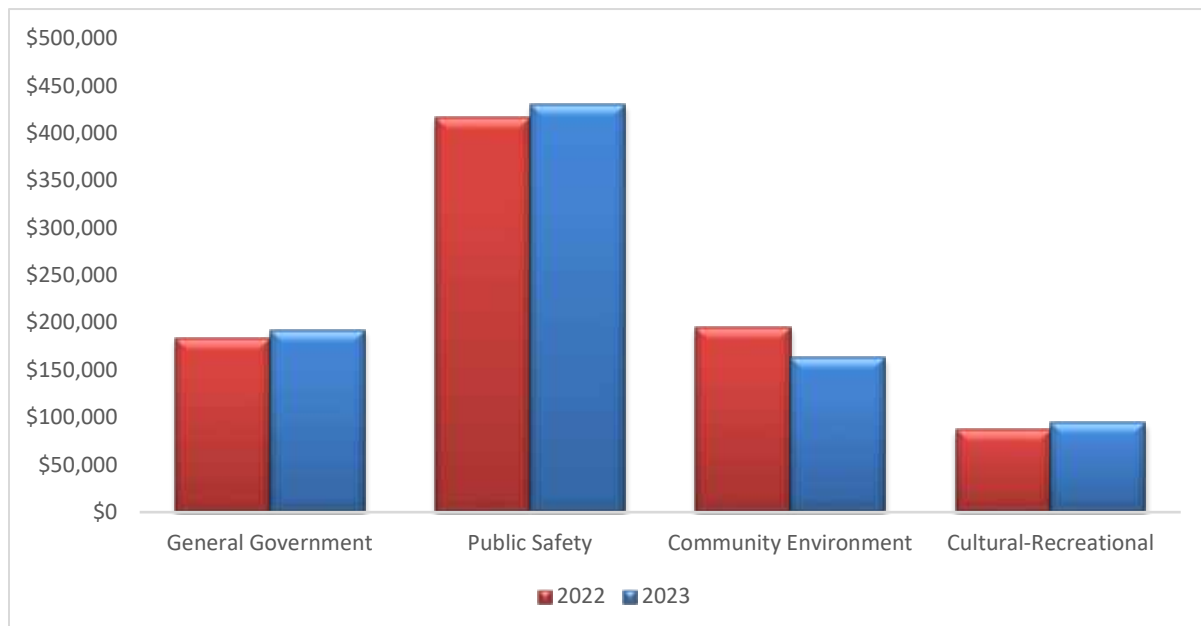


The following two graphs compare Governmental Activities revenues and expenses from fiscal year 2023 to fiscal year 2022.

**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. The total fund balance of the General Fund was \$375.4 million, while unassigned fund balance was \$177.6 million.

The total fund balance of the City's General Fund increased by \$43.7 million during the current fiscal year from \$331.7 million to \$375.4 million. The increase is due to an increase in revenues:

- Sales Tax revenues increased \$17.6 million. As previously stated, sales tax related to Retail Sales, and Contracting were the largest contributors.
- Intergovernmental Revenues increased \$34.2 million due to an increase in State Shared Sales Tax revenues.

### **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 \$376.3 million, with the majority classified as Restricted.

Total fund balance of the Non-Major Governmental Funds increased by \$26.7 million during the current fiscal year. This is due to a combination of an increase in the Special Revenue funds (\$55.9 million) and a decrease in the Capital Projects funds (\$28.2 million).

- Like the General Fund, sales tax in the Special Revenue funds continued to come in strong, and increased in the Public Safety Tax, Quality of Life Sales Tax, and Highway User Revenue fund.
- Capital Project funds increased capital project spending, and the City delayed the issuance of General Obligation Bonds, thus fund balance decreased in these funds.

### **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.

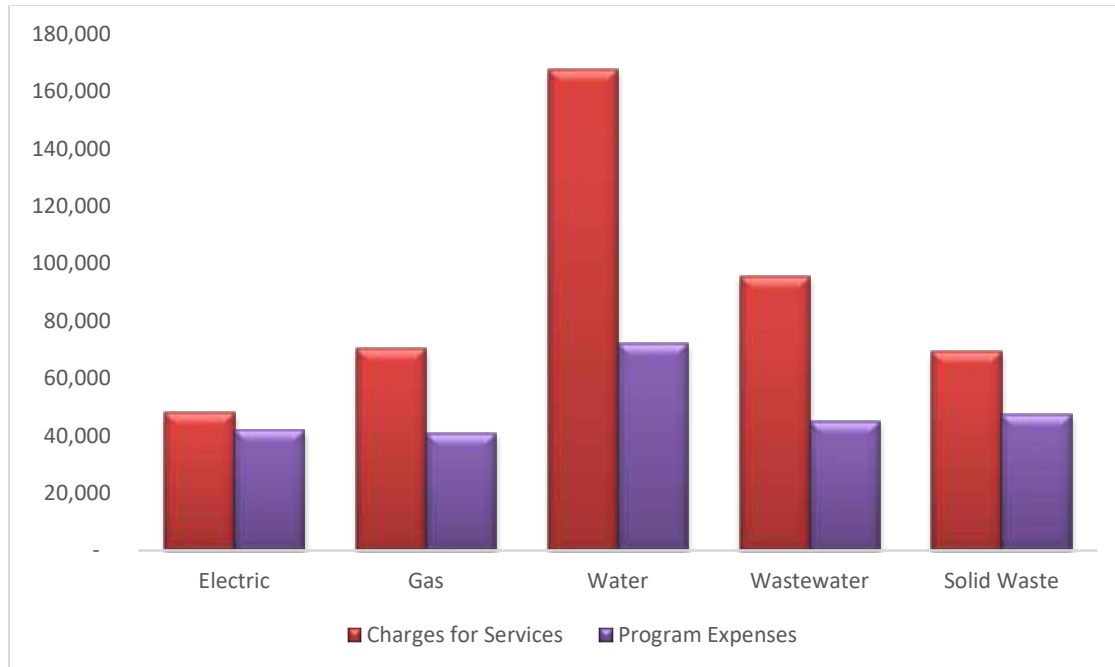
Budgeted amounts may change within funds and between funds. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action (see Note 1.f. of the notes to the financial statements for more information on budget policies). There were no budget amendments that increased the overall City adopted budget during fiscal year 2023.



### **Business-Type Activities**

The following graphs present utility revenues and expenses for fiscal year 2023. The City's largest utility, Water, had a net revenue/expense gain of \$95.7 million and Wastewater had a net revenue/expense gain of \$50.4 million, whereas the remaining Utilities saw a more moderate net revenue/expense gain.

**Utility Revenues  
Charges for Services and Program Expenses  
Fiscal Year 2023**



Total Business-Type Activities program and general revenues increased by \$15.3 million from \$483.7 million to \$499 million. The increase is primarily related to an increase in utility rates, which increased Charges for Services by \$18.6 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, 2023. This net investment in capital assets includes land, buildings, other improvements, machinery and equipment, intangibles, infrastructure, leases and subscription-based information technology arrangements (SBITAs). 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, 2023, and 2022:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2023	2022	2023	2022	2023	2022
Land	\$ 413,564	\$ 405,282	\$ 31,698	\$ 28,715	\$ 445,262	\$ 433,997
Infrastructure - Nondepr	3,597	3,597	17,666	17,666	21,263	21,263
Construction-in-Progress	119,210	204,782	129,835	99,689	249,045	304,471
Buildings	342,111	280,976	28,288	29,145	370,399	310,121
Other Improvements	138,470	127,795	36,982	38,864	175,452	166,659
Machinery & Equipment	103,714	86,160	23,628	25,457	127,342	111,617
Intangibles	1	97	3,691	3,802	3,692	3,899
Infrastructure	574,013	548,012	1,152,774	1,134,057	1,726,787	1,682,069
Leases	24,664	23,332	-	-	24,664	23,332
SBITAs	2,709	-	-	-	2,709	-
Total	<u>\$ 1,722,053</u>	<u>\$ 1,680,033</u>	<u>\$ 1,424,562</u>	<u>\$ 1,377,395</u>	<u>\$ 3,146,615</u>	<u>\$ 3,057,428</u>

The City's total capital asset balances on June 30, 2023, increased slightly in comparison with prior year balances. Buildings increased in the Governmental Activities by \$61.1 million. The completion of the ASU Media and Immersive eXperience (MIX) Center contributed \$57 million to the increase in buildings. Infrastructure assets increased \$44.7 million, primarily due to Water, Wastewater and Streets Infrastructure projects.

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 2023, the City had total long-term bond obligations and notes payable outstanding of \$1.7 billion. Of this amount, \$285 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 \$24.7 million in lease liability and \$2.9 million in SBITAs liability. The City's outstanding long-term debt decreased \$95 million due to normal debt repayment.

The City's total outstanding debt includes \$99 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, 2023, and 2022.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$284,955	\$ 318,950	\$ -	\$ -	\$ 284,955	\$ 318,950
Utility System Revenue Bonds	-	-	1,112,515	1,227,750	1,112,515	1,227,750
Utility Revenue Obligations	-	-	138,725	84,795	138,725	84,795
Highway User Revenue Fund Bonds	29,030	39,030	-	-	29,030	39,030
Excise Tax Obligations	32,935	34,180	-	-	32,935	34,180
Community Facility District	98,955	91,816	-	-	98,955	91,816
Notes Payable	-	-	983	1,135	983	1,135
Leases	24,714	23,025	-	-	24,714	23,025
SBITAs	2,866	-	-	-	2,866	-
Total	<u>\$473,455</u>	<u>\$ 507,001</u>	<u>\$ 1,252,223</u>	<u>\$ 1,313,680</u>	<u>\$ 1,725,678</u>	<u>\$ 1,820,681</u>

The City's current bond ratings are as follows:

	<b>Rating Agency</b>		
	<b>Standard and Poor's Corporation</b>	<b>Moody's Investors Service</b>	<b>Fitch Ratings</b>
General Obligation Bonds	AA	Aa2	AAA
Highway User Revenue Bonds	AA	A2	N/A
Utility Systems Revenue Bonds	AA-	Aa2	N/A
Utility System Obligations	A+	Aa3	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, 2023, was \$377.7 million in the 6% capacity and \$977.5 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 June 5, 2023, the City Council approved a \$2.56 billion budget, which is an increase of \$260 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.

As of September 2023, the non-seasonally adjusted unemployment rate for Mesa was 3.8%. The City's current rate remains competitive locally and nationally (3.8%), and sits below the state (4.0%) unemployment rate.

The fiscal year 2023-24 assessed valuation increased 6.7% to \$4.5 billion. On June 19, 2023, the City Council voted to decrease the City's secondary property tax rate to \$0.8582 from \$0.9157 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

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023

**City of Mesa, Arizona**  
**Statement of Net Position**  
**June, 30, 2023**  
(in thousands)

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Assets</b>			
Pooled Cash and Investments	\$ 859,089	\$ 58,431	\$ 917,520
Accounts Receivable, Net	84,751	103,794	188,545
Accrued Interest Receivable	3,415	912	4,327
Due from Other Governments	59,911	2,534	62,445
Inventory	10,112	-	10,112
Prepaid and Deposits	7,312	3,436	10,748
Restricted Assets:			
Pooled Cash and Investments	14,877	161,605	176,482
Cash with Fiscal Agent	53,638	79,088	132,726
Accounts Receivable, Net	21,404	-	21,404
Due from Other Governments	995	-	995
Customer Deposits	-	3,958	3,958
Joint Venture Construction Deposits	-	18,182	18,182
Investment in Joint Ventures	300,061	276,737	576,798
Capital Assets, Not Being Depreciated	536,371	179,199	715,570
Capital Assets, Being Depreciated, Net	1,185,682	1,245,363	2,431,045
Total Assets	<u>3,137,618</u>	<u>2,133,239</u>	<u>5,270,858</u>
<b>Deferred Outflows of Resources</b>			
Debt Refunding	4,202	20,463	24,665
Pensions and OPEB	292,707	17,557	310,264
Total Deferred Outflows of Resources	<u>296,909</u>	<u>38,020</u>	<u>334,929</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	62,333	9,845	72,178
Claims Payable	43,218	-	43,218
Customer and Defendant Deposits	10,887	-	10,887
Unearned Revenue	69,908	-	69,908
Liabilities Payable from Restricted Assets	59,201	146,367	205,568
Noncurrent Liabilities:			
Due Within One Year	68,002	56,036	124,038
Due in More Than One Year:			
Lease and SBITA Liability	23,906	-	23,906
Bonds and Notes Payable	430,822	1,301,460	1,732,282
Compensated Absences	30,703	3,772	34,475
Net Pension and OPEB Liability	1,643,536	125,288	1,768,824
Total Liabilities	<u>2,442,516</u>	<u>1,642,768</u>	<u>4,085,284</u>
<b>Deferred Inflows of Resources</b>			
Pensions and OPEB	190,500	20,268	210,768
Leases	63,269	55,336	118,605
Total Deferred Inflows of Resources	<u>253,769</u>	<u>75,604</u>	<u>329,373</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,229,376	92,703	1,322,079
Restricted For:			
Bond Indentures	-	44,918	44,918
Construction	-	18,182	18,182
Debt Service	53,093	51,431	104,524
Public Safety	101,013	-	101,013
Transportation Programs	187,153	-	187,153
Other Programs	16,414	-	16,414
Unrestricted	(848,807)	245,653	(603,154)
Total Net Position	<u>\$ 738,242</u>	<u>\$ 452,887</u>	<u>\$ 1,191,129</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, 2023**  
(in thousands)

<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental Activities:				
General Government	\$ 192,361	\$ 28,956	\$ 27,505	\$ 18,786
Public Safety	430,268	53,310	15,601	558
Community Environment	157,270	20,675	32,146	669
Cultural-Recreational	100,791	23,303	184	4,598
Interest on Long-Term Debt	16,138	-	-	-
Total Governmental Activities	<u>896,827</u>	<u>126,244</u>	<u>75,436</u>	<u>24,611</u>
Business-type Activities:				
Electric	48,672	48,208	-	234
Gas	51,105	70,556	-	8,223
Water	128,558	167,806	268	9,663
Wastewater	82,752	95,665	-	3,258
Solid Waste	51,213	69,269	-	-
Airport	7,671	4,973	-	418
District Cooling	1,528	1,427	-	-
Total Business-type Activities	<u>371,499</u>	<u>457,904</u>	<u>268</u>	<u>21,796</u>
Total Government	<u>\$ 1,268,326</u>	<u>\$ 584,148</u>	<u>\$ 75,704</u>	<u>\$ 46,407</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
\$ (117,113)	\$ -	\$ (117,113)
(360,799)	-	(360,799)
(103,780)	-	(103,780)
(72,706)	-	(72,706)
(16,138)	-	(16,138)
(670,536)	-	(670,536)
-	(230)	(230)
-	27,674	27,674
-	49,179	49,179
-	16,171	16,171
-	18,056	18,056
-	(2,280)	(2,280)
-	(101)	(101)
-	108,469	108,469
(670,536)	108,469	(562,067)
331,144	-	331,144
46,906	-	46,906
7,319	-	7,319
246,412	-	246,412
-	14,142	14,142
31,799	-	31,799
8,542	3,672	12,214
1,854	-	1,854
8,233	1,252	9,485
119,599	(119,599)	-
801,808	(100,533)	701,275
131,272	7,936	139,208
606,970	444,951	1,051,921
\$ 738,242	\$ 452,887	\$ 1,191,129

**City of Mesa, Arizona**  
**Balance Sheet**  
**Governmental Funds**  
**June, 30, 2023**  
(in thousands)

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Pooled Cash and Investments	\$ 341,458	\$ 455,576	\$ 797,034
Accounts Receivable, Net	81,931	2,010	83,941
Accrued Interest Receivable	1,474	1,698	3,172
Due from Other Governments	23,364	36,547	59,911
Due from Other Funds	25,194	-	25,194
Prepaid Costs	4,299	997	5,296
Restricted Assets:			
Pooled Cash and Investments	-	14,877	14,877
Cash with Fiscal Agent	-	53,638	53,638
Cash with Trustee	-	-	-
Accounts Receivable	-	21,404	21,404
Due from Other Governments	-	995	995
Total Assets	<u>\$ 477,720</u>	<u>\$ 587,742</u>	<u>\$ 1,065,462</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 29,563	\$ 29,379	\$ 58,942
Due to Other Funds	-	23,241	23,241
Advances from Other Funds	-	-	-
Customer and Defendant Deposits	2,353	8,534	10,887
Unearned Revenue	3,834	66,074	69,908
Payable from Restricted Assets:			
Accrued Interest Payable	-	9,186	9,186
Matured Bonds Payable	-	50,015	50,015
Total Liabilities	<u>35,750</u>	<u>186,429</u>	<u>222,179</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	3,285	25,028	28,313
Deferred Inflows Related to Leases	63,269	-	63,269
Total Deferred Inflows of Resources	<u>66,554</u>	<u>25,028</u>	<u>91,582</u>
<b>Fund Balances</b>			
Nonspendable	4,299	997	5,296
Restricted	-	332,645	332,645
Committed	8,978	27,011	35,989
Assigned	184,499	63,609	248,108
Unassigned	177,640	(47,977)	129,663
Total Fund Balances	<u>375,416</u>	<u>376,285</u>	<u>751,701</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 477,720</u>	<u>\$ 587,742</u>	<u>\$ 1,065,462</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, 2023**  
(in thousands)

Fund Balances - total governmental funds	\$ 751,701
--	------------

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	1,718,392
--	-----------

Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	300,578
--	---------

Deferred outflows related to deferred amounts on refunding and pensions are not financial resources and therefore not reported in the funds.	292,270
--	---------

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.	(2,160,905)
---	-------------

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.	(155,780)
--	-----------

Internal service funds are used by management to charge the costs of certain activities to individual funds.	(8,014)
--	---------

Net position of the governmental activities - statement of net position	<u>\$ 738,242</u>
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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, 2023**  
(in thousands)

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Sales Taxes	\$ 198,883	\$ 132,261	\$ 331,144
Property Taxes	-	47,003	47,003
Occupancy Taxes	2,381	4,938	7,319
Special Assessments	-	1,830	1,830
Licenses and Permits	35,619	10,497	46,116
Intergovernmental	210,312	135,478	345,790
Charges for Services	49,938	20,286	70,224
Fines and Forfeitures	7,058	1,910	8,968
Investment Income (Loss)	3,572	4,655	8,227
Contributions	41	66	107
Miscellaneous Revenue	5,342	3,025	8,367
Total Revenues	<u>513,146</u>	<u>361,949</u>	<u>875,095</u>
<b>Expenditures</b>			
Current:			
General Government	105,851	16,663	122,514
Public Safety	321,556	68,997	390,553
Community Environment	17,194	89,807	107,001
Cultural-Recreational	60,414	9,967	70,381
Debt Service:			
Principal	3,409	50,086	53,495
Interest	546	18,186	18,732
Service Charges	-	13	13
Cost of Issuance	-	572	572
Capital Outlay	14,992	161,753	176,745
Total Expenditures	<u>523,962</u>	<u>416,044</u>	<u>940,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,816)</u>	<u>(54,095)</u>	<u>(64,911)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	120,688	68,564	189,252
Transfers Out	(72,317)	(1,015)	(73,332)
Sale of Capital Asset	1,918	101	2,019
Face Amount of Bonds Issued	-	11,975	11,975
Financing of Leases	4,176	604	4,780
Premium on Issuance of Bonds (Net)	-	559	559
Total Other Financing Sources (Uses)	<u>54,465</u>	<u>80,788</u>	<u>135,253</u>
Net Change in Fund Balances	43,649	26,693	70,342
Fund Balance - Beginning	<u>331,767</u>	<u>349,592</u>	<u>681,359</u>
Fund Balances - Ending	<u>\$ 375,416</u>	<u>\$ 376,285</u>	<u>\$ 751,701</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, 2023**  
(in thousands)

Net change in fund balances - total governmental funds	\$ 70,342
--	-----------

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.	(1,125)
---	---------

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.	(12,213)
---	----------

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 expense. This is the amount by which capital outlay \$112,670 exceeded depreciation/amortization (\$75,136) in the current period.	37,534
---	--------

Governmental funds report capital outlays for lease and SBITAs as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capital outlay \$4,780 exceeded amortization (\$3,924) in the current period.	858
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The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to decrease net position.	(496)
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Change in equity in Joint Venture	(11,711)
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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.	36,740
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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.	2,620
--	-------

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.	8,722
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Change in net position of the governmental activities - statement of activities	<u>\$ 131,272</u>
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The accompanying notes are an integral part of the financial statements.

**City of Mesa, Arizona**  
**Statement of Net Position**  
**Proprietary Funds**  
**June, 30, 2023**  
(in thousands)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Utility</b>	<b>Non-Major Fund Airport</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>				
Current Assets:				
Pooled Cash and Investments	\$ 52,462	\$ 5,969	\$ 58,431	\$ 62,055
Accounts Receivable (Net of Allowances)	46,168	57,626	103,794	603
Accrued Premiums Receivable	-	-	-	207
Accrued Interest Receivable	883	29	912	243
Due from Other Governments	2,470	64	2,534	-
Inventory	-	-	-	10,112
Prepaid and Deposits	3,436	-	3,436	1,499
Restricted Assets:				
Pooled Cash and Investments	161,605	-	161,605	-
Cash with Fiscal Agents	79,088	-	79,088	-
Customer Deposits	3,958	-	3,958	-
Joint Venture Construction Deposits	18,182	-	18,182	-
Total Current Assets	<u>368,252</u>	<u>63,688</u>	<u>431,940</u>	<u>74,719</u>
Noncurrent Assets:				
Investment in Joint Ventures	276,737	-	276,737	-
Lease Assets	-	-	-	164
Capital Assets, Not Being Depreciated	173,257	5,942	179,199	43
Capital Assets, Being Depreciated, Net	<u>1,224,072</u>	<u>21,291</u>	<u>1,245,363</u>	<u>3,454</u>
Total Noncurrent Assets	<u>1,674,066</u>	<u>27,233</u>	<u>1,701,299</u>	<u>3,661</u>
Total Assets	<u>2,042,318</u>	<u>90,921</u>	<u>2,133,239</u>	<u>78,380</u>
<b>Deferred Outflows of Resources</b>				
Refundings	20,463	-	20,463	-
Pensions and OPEB	<u>17,142</u>	<u>415</u>	<u>17,557</u>	<u>4,639</u>
Total Deferred Outflows of Resources	<u>37,605</u>	<u>415</u>	<u>38,020</u>	<u>4,639</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,079,923</u>	<u>\$ 91,336</u>	<u>\$ 2,171,259</u>	<u>\$ 83,019</u>

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)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Utility</b>	<b>Non-Major Fund Airport</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>LIABILITIES</b>				
Current Liabilities-Payable From Current Assets:				
Accounts Payable and Accrued Liabilities	\$ 9,663	\$ 182	\$ 9,845	\$ 3,391
Due to Other Funds	-	-	-	1,953
Claims Payable	-	-	-	43,218
Current Liabilities-Payable From Restricted Assets:				
Accounts Payable and Accrued Liabilities	15,681	-	15,681	-
Interest Payable	27,428	-	27,428	-
Matured Bonds Payable	51,660	-	51,660	-
Customer Deposits and Prepayments	51,019	579	51,598	-
Current Portion of Long-Term Liabilities:				
Current Portion of Bonds Payable	53,095	-	53,095	-
Current Portion of Notes Payable	156	-	156	-
Current Portion of OPEB Liability	2,000	40	2,040	664
Current Portion of Compensated Absences	724	21	745	149
Total Current Liabilities	<u>211,426</u>	<u>822</u>	<u>212,248</u>	<u>49,375</u>
Long-Term Liabilities:				
Bonds Payable	1,300,633	-	1,300,633	-
Notes Payable	827	-	827	-
Lease Liability	-	-	-	174
Compensated Absences	3,556	216	3,772	797
Net Pension and OPEB Liability	122,423	2,865	125,288	34,280
Total Long-Term Liabilities	<u>1,427,439</u>	<u>3,081</u>	<u>1,430,520</u>	<u>35,251</u>
Total Liabilities	<u>1,638,865</u>	<u>3,903</u>	<u>1,642,768</u>	<u>84,626</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions and OPEB	19,875	393	20,268	6,407
Deferred Inflows Related to Leases	-	55,336	55,336	-
Total Deferred Inflows of Resources	<u>19,875</u>	<u>55,729</u>	<u>75,604</u>	<u>6,407</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	65,470	27,233	92,703	3,661
Restricted For:				
Bond Indentures	44,918	-	44,918	-
Construction	18,182	-	18,182	-
Debt Service	51,431	-	51,431	-
Unrestricted	241,182	4,471	245,653	(11,675)
Total Net Position	<u>\$ 421,183</u>	<u>\$ 31,704</u>	<u>\$ 452,887</u>	<u>\$ (8,014)</u>

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



**City of Mesa, Arizona**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2023**  
(in thousands)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Non-Major</b>			
	<b>Utility</b>	<b>Fund Airport</b>	<b>Total</b>	<b>Internal Service Funds</b>
Operating Revenues:				
Electric Charges	\$ 48,208	\$ -	\$ 48,208	\$ -
Gas Charges	70,556	-	70,556	-
Water Sales	167,806	-	167,806	-
Wastewater Charges	95,665	-	95,665	-
Solid Waste Charges	69,269	-	69,269	-
Airport Fees	-	4,973	4,973	-
District Cooling Charges	1,427	-	1,427	-
Charges For Services	-	-	-	40,002
Self-Insurance Contributions	-	-	-	111,007
Other Revenue	-	-	-	6,802
Total Operating Revenues	<u>452,931</u>	<u>4,973</u>	<u>457,904</u>	<u>157,811</u>
Operating Expenses:				
Electric	42,084	-	42,084	-
Gas	40,867	-	40,867	-
Water	72,118	-	72,118	-
Wastewater	45,259	-	45,259	-
Solid Waste	47,511	-	47,511	-
Airport	-	5,698	5,698	-
District Cooling	1,121	-	1,121	-
Warehouse, Maintenance & Services	-	-	-	40,443
Self-Insurance	-	-	-	113,579
Total Operating Expenses	<u>248,960</u>	<u>5,698</u>	<u>254,658</u>	<u>154,022</u>
Operating Income (Loss) Before Depreciation and Amortization	203,971	(725)	203,246	3,789
Depreciation and Amortization	<u>(62,038)</u>	<u>(1,977)</u>	<u>(64,015)</u>	<u>(368)</u>
Operating Income (Loss)	<u>141,933</u>	<u>(2,702)</u>	<u>139,231</u>	<u>3,421</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, 2023**  
(in thousands)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Non-Major Fund</b>			<b>Internal</b>
	<b>Utility</b>	<b>Airport</b>	<b>Total</b>	<b>Service Funds</b>
Nonoperating Revenues (Expenses):				
Investment Income	\$ 3,618	\$ 54	\$ 3,672	\$ 315
Intergovernmental	268	-	268	-
Lease Interest Revenue	-	1,164	1,164	
Interest Expense:				
Bonds	(46,848)	-	(46,848)	-
Notes Payable	(25)	-	(25)	-
Lease	-	-	-	(9)
Gain/(Loss) on Disposal of Capital Assets	(1,428)	4	(1,424)	-
Net Gain/(Loss) from Joint Venture	(4,180)	-	(4,180)	-
Utility Development Fees	14,142	-	14,142	-
Bond Issuance Costs	(349)	-	(349)	-
Miscellaneous Revenue	88	-	88	-
Total Nonoperating Revenues (Expenses)	<u>(34,714)</u>	<u>1,222</u>	<u>(33,492)</u>	<u>306</u>
Income before Transfers and Capital Contributions	107,219	(1,480)	105,739	3,727
Capital Contributions	21,378	418	21,796	1,316
Transfers In	-	-	-	3,753
Transfers Out	<u>(119,592)</u>	<u>(7)</u>	<u>(119,599)</u>	<u>(74)</u>
Change in Net Position	9,005	(1,069)	7,936	8,722
Total Net Position - Beginning	<u>412,178</u>	<u>32,773</u>	<u>444,951</u>	<u>(16,736)</u>
Total Net Position - Ending	<u>\$ 421,183</u>	<u>\$ 31,704</u>	<u>\$ 452,887</u>	<u>\$ (8,014)</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, 2023**  
(in thousands)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Non-Major</b>			<b>Internal</b>
	<b>Utility</b>	<b>Fund Airport</b>	<b>Total</b>	<b>Service Funds</b>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 507,750	\$ 5,020	\$ 512,770	\$ -
Cash Received from Users				157,719
Cash Payments to Suppliers	(259,395)	(5,121)	(264,516)	(141,426)
Cash Payments to Employees	(44,826)	(1,807)	(46,633)	(17,028)
Other Non-Operating Revenue	88	-	88	-
Net Cash Provided By (Used For) Operating Activities	203,617	(1,908)	201,709	(735)
Cash Flows From Noncapital Financing Activities:				
Intergovernmental	464	2,209	2,673	-
Interfund Payable Increase	-	-	-	834
Transfers In from Other Funds	-	-	-	3,753
Transfers Out to Other Funds	(119,592)	(7)	(119,599)	(74)
Net Cash Provided by (Used For) Noncapital Financing Activities	(119,128)	2,202	(116,926)	4,513
Cash Flows From Capital and Related Financing Activities:				
Proceeds from Bond Sales	68,055	-	68,055	-
Payment to Refunded Bond Escrow Agent	(67,300)	-	(67,300)	-
Proceeds From Sale of Capital Assets	24	4	28	-
Acquisition and Construction of Capital Assets	(81,565)	(1,225)	(82,790)	(1,404)
Lease Acquisition	-	-	-	(244)
Financing of Lease	-	-	-	174
Principal Paid on Bonds and Notes Maturities	(48,070)	-	(48,070)	-
Interest Paid on Bonds and Notes	(54,404)	-	(54,404)	-
Contributions from Other Governments	-	-	-	1,316
Interest Income/(Expense) on Leases	-	1,164	1,164	(9)
Bond Issuance Costs	(349)	-	(349)	-
Contributions and Capital Grants	14,689	418	15,107	-
Net Cash Used For Capital and Related Financing Activities	(168,920)	361	(168,559)	(167)
Cash Flows From Investing Activities:				
Interest Received on Investments	3,673	43	3,716	226
Net Cash Provided By Investing Activities	3,673	43	3,716	226
Net Change in Pooled Cash and Investments	(80,758)	698	(80,060)	3,837
Total Cash and Investments at Beginning of Year	373,913	5,271	379,184	58,218
Total Cash and Investments at End of Year	\$ 293,155	\$ 5,969	\$ 299,124	\$ 62,055

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, 2023**  
(in thousands)

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Non-Major</b>			
	<b>Utility</b>	<b>Fund Airport</b>	<b>Total</b>	<b>Internal Service Funds</b>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:				
Operating Income	\$ 141,933	\$ (2,702)	\$ 139,231	\$ 3,421
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	62,038	1,977	64,015	368
Miscellaneous Revenue	88	-	88	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Receivables	(7,014)	47	(6,967)	(95)
(Increase)/Decrease in Inventory	-	-	-	(973)
(Increase)/Decrease in Deposits and Prepaid Costs	6,231	42	6,273	(109)
Increase/(Decrease) in Accounts Payable	(1,060)	(81)	(1,141)	(26)
Increase/(Decrease) in Pension and OPEB Liability	(6,619)	(8)	(6,627)	(3,564)
Increase (Decrease) in Deferred Outflows	4,788	112	4,900	1,351
Increase (Decrease) in Deferred Inflows	3,099	(1,251)	1,848	2,531
Increase/(Decrease) in Other Accrued Expenses	133	(44)	89	(3,639)
Total Adjustments	61,684	794	62,478	(4,156)
Net Cash Provided By (Used For) Operating Activities	<u>\$ 203,617</u>	<u>\$ (1,908)</u>	<u>\$ 201,709</u>	<u>\$ (735)</u>
Noncash Transactions Affecting Financial Position:				
Contributions of Capital Assets	\$ (23,980)	\$ -	(23,980)	\$ -
Gain (Loss) on Disposal of Capital Assets	(1,424)	-	(1,424)	-
Amortization of Bond Premium	10,500	-	10,500	-
Amortization of Deferred Amounts on Refunding	(2,433)	-	(2,433)	-

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, 2023

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, 3<sup>rd</sup> 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, 2023

**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 91<sup>st</sup> 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 equal 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, 2023

**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, 2023

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.

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.

Non-major Governmental Funds:

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

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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 8, 2022, the City of Mesa voters approved to continue under Home Rule through fiscal year 2027.

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 details, see the Notes to Budgetary Comparison Schedule. Budgeted amounts are as originally adopted by the City Council on June 6, 2022.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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, cash deposits are held separately in the State of Arizona Local Government Investment Pool (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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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 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 and amortization of all assets are recorded and calculated using the straight-line method over the following estimated useful lives:

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

Lease and subscription-based information technology arrangements assets are amortized over the shorter of the lease period or estimated useful life of the associated contract.

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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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.

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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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 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, 2023, 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 2022-2023, current property tax collections were \$38,408,321 or 98.51% 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, 2023, was \$894,050 of which \$423,997 was recorded as revenue and \$470,053 as unavailable revenue.

s. **New Accounting Pronouncements**

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 implemented this Statement in fiscal year 2023.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

GASB Statement 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides uniform guidance on accounting and financial reporting for these transactions. The requirements of this Statement are effective for periods beginning after June 15, 2022. The City implemented this Statement in fiscal year 2023, with no effect.

**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, 2023**

**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
<b>Assets</b>					
Pooled Cash and Investments	\$ 797,034	\$ -	\$ 62,055	\$ -	\$ 859,089
Account and Misc Receivables, Net	83,941	-	810	-	84,751
Accrued Interest Receivable	3,172	-	243	-	3,415
Due from Other Governments	59,911	-	-	-	59,911
Due from Other Funds	25,194	-	-	(25,194)	-
Inventory	-	-	10,112	-	10,112
Prepaid and Deposits	5,296	517	1,499	-	7,312
Restricted Assets:					
Pooled Cash and Investments	14,877	-	-	-	14,877
Cash with Fiscal Agent	53,638	-	-	-	53,638
Accounts Receivable	21,404	-	-	-	21,404
Due from Other Governments	995	-	-	-	995
Investment in Joint Ventures	-	300,061	-	-	300,061
Capital Assets	-	1,718,392	3,661	-	1,722,053
Total Assets	<u>1,065,462</u>	<u>2,018,970</u>	<u>78,380</u>	<u>(25,194)</u>	<u>3,137,618</u>
<b>Deferred Outflows of Resources</b>					
Deferred Amounts on Refunding	-	4,202	-	-	4,202
Pensions and OPEB	-	288,068	4,639	-	292,707
Total Deferred Outflows of Resources	<u>-</u>	<u>292,270</u>	<u>4,639</u>	<u>-</u>	<u>296,909</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,065,462</u>	<u>\$ 2,311,240</u>	<u>\$ 83,019</u>	<u>\$ (25,194)</u>	<u>\$ 3,434,527</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 58,942	\$ -	\$ 3,391	\$ -	\$ 62,333
Due To Other Funds	23,241	-	1,953	(25,194)	-
Claims Payable	-	-	43,218	-	43,218
Customer and Defendant Deposits	10,887	-	-	-	10,887
Unearned Revenue	69,908	-	-	-	69,908
Liabilities Payable from Restricted Assets	59,201	-	-	-	59,201
Pension and OPEB	-	1,629,256	34,944	-	1,664,200
Long-term Liabilities	-	531,649	1,120	-	532,769
Total Liabilities	<u>222,179</u>	<u>2,160,905</u>	<u>84,626</u>	<u>(25,194)</u>	<u>2,442,516</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue	28,313	(28,313)	-	-	-
Deferred Inflows Related to Leases	63,269	-	-	-	63,269
Pension	-	184,093	6,407	-	190,500
Total Deferred Inflows of Resources	<u>91,582</u>	<u>155,780</u>	<u>6,407</u>	<u>-</u>	<u>253,769</u>
<b>Fund Balance/Net Position</b>					
Total Fund Balance/Net Position	<u>751,701</u>	<u>(5,445)</u>	<u>(8,014)</u>	<u>-</u>	<u>738,242</u>
Total Liabilities and Fund Balance/Net Position	<u>\$ 1,065,462</u>	<u>\$ 2,311,240</u>	<u>\$ 83,019</u>	<u>\$ (25,194)</u>	<u>\$ 3,434,527</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

- (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	<u>\$ 300,061</u>
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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.

Cost of Capital Assets	\$ 3,053,823
Accumulated Depreciation	<u>(1,362,640)</u>
Total	<u>\$ 1,691,183</u>

Certain items that are recognized as assets on the statement of net position are expended in governmental funds when paid such leases, and subscription-based information technology arrangements (SBITAs). These assets are capitalized and amortized over the shorter of the lease period or estimated useful life of the associated contract.

Lease and SBITA Assets	\$ 31,883
Accumulated Amortization	<u>(4,674)</u>
Total	<u>\$ 27,209</u>

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	\$ 445,875
Lease & SBITA Liability	27,406
Compensated Absences	34,944
Unamortized Bond Premium	23,424
Post-employment Benefits	694,681
Pension Liability	<u>934,575</u>
	<u>2,160,905</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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 Amounts on Refunding	\$ 4,202
Deferred Pensions and OPEB	288,068
	<u>292,270</u>

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

Deferred Inflow of Resources on Pension	<u>\$ 184,093</u>
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Prepaid expense consists of items that will consume net position in a future reporting period(s):

Prepaid Cost of Issuance	<u>\$ 517</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	502
Unavailable Special Assessment Revenue	21,404
Receivables not yet Collected	6,407
	<u>28,313</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	<u>\$ (8,014)</u>
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**City of Mesa, Arizona**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**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
<b>Revenues and Other Sources</b>							
Revenues:							
Sales Taxes	\$ 331,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,144
Property Taxes	47,003	(97)	-	-	-	-	46,906
Occupancy Taxes	7,319	-	-	-	-	-	7,319
Special Assessments	1,830	(894)	-	-	-	-	936
Licenses and Permits	46,115	-	-	-	-	-	46,115
Intergovernmental	345,790	-	-	-	-	-	345,790
Charges for Services	70,224	-	-	-	-	-	70,224
Fines and Forfeitures	8,968	-	-	-	-	-	8,968
Investment Income	8,227	-	-	315	-	-	8,542
Contributions	107	-	6,201	26,160	-	-	32,468
Miscellaneous	8,367	(134)	-	-	-	-	8,233
Other Sources:							
Transfers In	189,252	-	-	3,753	-	(73,406)	119,599
Sale of Capital Assets	2,019	-	(165)	-	-	-	1,854
Face Amount of Bonds Issued	11,975	-	-	-	(11,975)	-	-
Financing of Leases	4,780	-	-	-	(4,780)	-	-
Premiums on Issuance of Bonds	559	-	-	-	(559)	-	-
Total Revenue and Other Sources	<u>\$ 1,083,679</u>	<u>\$ (1,125)</u>	<u>\$ 6,036</u>	<u>\$ 30,228</u>	<u>\$ (17,314)</u>	<u>\$ (73,406)</u>	<u>\$ 1,028,098</u>
<b>Expenditures/Expenses and Other Financing Uses</b>							
Expenditures/Expenses:							
Current:							
General Government	\$ 122,514	\$ 3,578	\$ 57,031	\$ 9,238	\$ -	\$ -	\$ 192,361
Public Safety	390,553	7,135	24,062	8,518	-	-	430,268
Community Environment	107,001	515	47,095	2,659	-	-	157,270
Cultural-Recreational	70,381	985	28,408	1,017	-	-	100,790
Debt Service:							
Principal	53,495	-	-	-	(53,495)	-	-
Interest	18,732	-	-	-	(3,269)	-	15,463
Service Charge	13	-	-	-	-	-	13
Cost of Issuance	572	-	-	-	89	-	661
Capital Outlay	176,745	-	(176,745)	-	-	-	-
Other Financing Uses:							
Transfers Out	73,332	-	-	74	-	(73,406)	-
Total Expenditures\Expenses & Other Financing Uses	<u>1,013,338</u>	<u>12,213</u>	<u>(20,149)</u>	<u>21,506</u>	<u>(56,675)</u>	<u>(73,406)</u>	<u>896,826</u>
Net Change for the Year	<u>\$ 70,341</u>	<u>\$(13,338)</u>	<u>\$ 26,185</u>	<u>\$ 8,722</u>	<u>\$ 39,361</u>	<u>\$ -</u>	<u>\$ 131,272</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

- (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 Revenues	(97)
Special Assessment Revenue	(894)
Unavailable Revenue	(134)
	<u>(1,125)</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 Absence	\$ 1,215
OPEB Expense	3,889
Pension Expense	7,109
Total	<u>\$ 12,213</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	\$ 112,670
Depreciation Expense	(75,136)
Total	<u>\$ 37,534</u>

When leases (in which the City is the lessee) and subscription-based information technology arrangements (SBITAs) are to be used in governmental activities, an expenditure is recorded in the governmental funds in the amount of the Present Value of the Future Lease Payments (PVFLP)/Present Value of the Future Subscription Payments (PVFSP), respectively; however, in the statement of activities, the PVFLP and PVFSP are recognized as intangible assets and amortized over the lease term/subscription term.

Capital Outlay for Leases and SBITAs	\$ 4,780
Lease & SBITA Amortization	(3,922)
Total	<u>\$ 858</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

The financing of leases and subscription-based information technology arrangements (SBITAs) are reported as financing sources in governmental funds and thus contribute to the change in fund balance. The repayment of principal on leases and SBITAs consumes financial resources in the governmental funds. Neither transaction has any effect on the statement of activities.

Lease Acquisition	\$ (4,780)
Principal Repayment	3,419
	<u>\$ (1,361)</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	\$ (11,711)
Donations, transfers and Disposals	(496)
	<u>(12,207)</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	\$ 30,228
Expenditures and other Assets	(21,506)
Change in Net Position	<u>8,722</u>

- (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.

Community Facility District Bonds	\$ (11,975)
Principal Repayments	50,076
Total	<u>38,101</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.

Premiums on Bonds	\$ 559
Amortization of Bond Premiums	(4,194)
Amortization of Deferred Refunding Amounts	926
Prepaid Bond Issuance Costs	114
Amortization of Bond Issuance Costs	(25)
	<u>\$ (2,620)</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

- (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	\$ (73,406)
Transfers In	<u>73,406</u>
	<u>\$ -</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**3. FUND BALANCE**

As of June 30, 2023, the fund balance details by classification are listed below (in thousands):

	General	Non-Major	Total
<b>Fund Balances:</b>	<b>Fund</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Funds</b>	<b>Funds</b>
<b>Nonspendable:</b>			
Prepaid Costs	\$ 4,299	\$ 997	\$ 5,296
Nonspendable Sub-total	4,299	997	5,296
<b>Restricted:</b>			
Community Facility District	-	958	958
Court	-	2,454	2,454
Debt Service	-	31,187	31,187
Fire	-	37,062	37,062
Library	-	267	267
Parks & Recreation	-	100	100
Police	-	63,951	63,951
Public Health	-	1,069	1,069
Spring Training & Tourism	-	10,035	10,035
Transportation Programs	-	185,562	185,562
Restricted Sub-total	-	332,645	332,645
<b>Committed To:</b>			
Arts & Culture	-	905	905
Cemetery	3,802	2,918	6,720
Environmental Compliance	-	20,345	20,345
Fire	5,176	-	5,176
Technology	-	2,843	2,843
Committed To Sub-total	8,978	27,011	35,989
<b>Assigned To:</b>			
Capital Projects	-	57,670	57,670
Development Services	565	-	565
Economic Development	11,778	-	11,778
Fire	8,980	-	8,980
General Government	144,695	-	144,695
Parks & Recreation	1,356	-	1,356
Police	16,864	-	16,864
Sustainability	51	-	51
Transit	210	-	210
Vehicle Replacement	-	5,939	5,939
Assigned To Sub-total	184,499	63,609	248,108
<b>Unassigned</b>	177,640	(47,977)	129,663
<b>Total Fund Balances</b>	<b>\$ 375,416</b>	<b>\$ 376,285</b>	<b>\$ 751,701</b>



**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**4. POOLED CASH AND INVESTMENTS**

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

Cash on Hand	\$	40,856
Investments in Local Govt Invest Pools		10,808
Cash with Custodian (1)		15,023
Cash with Fiscal Agent (2)		132,726
Long-Term Investments		1,027,315
Total City Pooled Cash and Investments	\$	<u>1,226,728</u>

(1) Represents cash sent by the City to Custodian on June 30, 2023 for investing purposes.

(2) Represents cash sent by the City to fiscal agents on June 30, 2023 for debt service payments due to bondholders on July 1, 2023.

**Deposits**

At year end, the City's cash totaled \$40,856,520 which included \$135,330 in petty cash. The City's adjusted book balance was \$40,721,190 and the bank balance was \$48,624,683. The difference of \$7,903,493 represents outstanding deposits and withdrawals 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, 2023 are covered under House Bill 2619.

**Investments**

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.

*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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

*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.

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.

The City's investments had the following credit risk structure as of June 30, 2023 (in thousands):

Investment Type	S & P Rating	Fair value
Corporate Notes	AA+	\$ 7,515
Corporate Notes	AA	6,375
Corporate Notes	AA-	35,076
Corporate Notes	A+	31,010
Corporate Notes	A	42,284
Corporate Notes	A-	53,120
Corporate Notes	BBB+	14,234
First American Gov't Obligation MM Fund	AAAm	15,023
Foreign Issues	AAA	8,501
Municipal Bonds	AAA	15,519
Municipal Bonds	AA+	10,154
Municipal Bonds	AA	16,437
Municipal Bonds	AA-	12,230
Municipal Bonds	A+	884
Municipal Bonds	N/R**	2,740
Municipal Bonds	N/R*	2,163
Negotiable Certificate of Deposit	A+	2,000
US Agencies	AA+	465,253
US Agencies	N/R**	10,414
US Agencies	N/R*	32,231
US Treasuries	N/R**	4,991
US Treasuries	N/R*	232,665
US Treasuries Short Term	N/R**	21,519
Total		<u>\$ 1,042,338</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

*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, 2023, the City had the following recurring fair value measurements (in thousands):

		Fair Value Measurements Using:		
<u>Investment by Fair Value Level</u>	<u>Fair Value</u> <u>6/30/2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Debt Securities</u>				
Corporate Notes	\$ 189,614	\$ -	\$ 189,614	\$ -
Foreign Issues	8,501	-	\$ 8,501	-
Municipal Bonds	60,127	-	\$ 60,127	-
Negotiable Certificates of Deposit	2,000	-	\$ 2,000	-
US Treasuries and Agencies	767,073	-	\$ 767,073	-
Total Debt Securities at Fair Value	<u>\$ 1,027,315</u>	<u>\$ -</u>	<u>\$1,027,315</u>	<u>\$ -</u>
<u>Investments Measured at Fair Value</u>				
Arizona State Treasurers Investment Pools	\$ 10,808			
First American Gov't Obligation MM Fund	<u>15,023</u>			
Total Investments Measured At Fair Value	<u>\$ 1,053,146</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, 2023.

**City of Mesa, Arizona**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

The City's investment maturities on June 30, 2023 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>	
Corporate Notes	\$ 189,614	\$ 1,199	\$ 116,261	\$ 72,154	18.19%
First American Gov't Obligation MM Fund	15,023	15,023			1.44%
Foreign Issues	8,501		7,522	979	0.82%
Municipal Bonds	60,127	5,731	34,693	19,703	5.77%
Negotiable Certificates of Deposit	2,000		2,000		0.19%
US Treasuries and Agencies	767,073	312,130	293,125	161,818	73.59%
Total	<u>\$1,042,338</u>	<u>\$ 334,083</u>	<u>\$ 453,601</u>	<u>\$ 254,654</u>	<u>100.00%</u>

On June 30, 2023 the following investments had callable dates (in thousands):

<u>U.S. Treasuries &amp; Agencies</u>	<u>Date</u>	<u>Fair Value</u>
FAMC (Federal Agri. Mtg Corp)	Jul-23	\$ 922
FAMC (Federal Agri. Mtg Corp)	Oct-23	3,941
FAMC (Federal Agri. Mtg Corp)	Jun-24	1,987
Federal Farm Credit Banks	Oct-23	2,970
Federal Home Loan Banks	Jul-23	1,727
Federal Home Loan Banks	Aug-23	2,877
Federal Home Loan Banks	Sep-23	2,208
Federal Home Loan Banks	Nov-23	3,945
Federal Home Loan Banks	Mar-24	1,489
Federal Home Loan Banks	Jul-28	1,931
Federal Home Loan Mortgage Corp.	Jul-23	981
Federal Home Loan Mortgage Corp.	Aug-23	1,988
Federal Home Loan Mortgage Corp.	Sep-23	1,994
Federal Home Loan Mortgage Corp.	Nov-23	4,215
Federal Home Loan Mortgage Corp.	Dec-23	2,997
Total		<u>\$ 36,172</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

<b>Corporate/Bank Notes</b>	<b>Date</b>	<b>Fair Value</b>
Abbott Laboratories	Jun-25	\$ 1,564
Amazon.com	Mar-27	952
American Express	Jun-24	1,481
American Express	Oct-26	1,335
American Express	Feb-27	911
AstraZeneca	Apr-26	1,354
Bank of America	Jul-23	1,698
Bank of America	Oct-23	1,180
Bank of America	Apr-24	2,873
Bank of New York Mellon	Mar-25	1,406
Bank of New York Mellon	Dec-25	888
BMW Bank North America	Jan-26	1,177
Brown-Forman	Feb-25	967
Burlington Northern Sante Fe	Jan-25	1,059
Charles Schwab	Feb-27	897
Citigroup	May-24	2,077
Citigroup	Nov-24	552
Comcast Corp	Feb-27	472
DNB Bank ASA	Sep-24	913
Goldman Sachs	Nov-25	1,439
Hershey	May-25	920
Home Depot	Mar-27	704
Honeywell	Feb-27	882
HSBC Holdings PLC	May-24	2,003
JP Morgan Chase & Co	Sep-23	1,552
JP Morgan Chase & Co	Feb-24	945
JP Morgan Chase & Co	Jun-24	2,689
Mitsubishi Ufj Financial Group	Sep-23	1,655
Morgan Stanley	May-24	2,284
Morgan Stanley	Oct-24	931
Morgan Stanley	Feb-25	1,108
National Bank of Canada	Nov-23	1,378
Northern Trust	Apr-27	1,442
State Street Corp	Feb-25	415
State Street Corp	Mar-25	958
Truist Financial	Mar-26	882
UBS AG London	Dec-24	1,393
United Health	Apr-26	4,069
US Bancorp	Dec-24	1,098
Wells Fargo & Co	May-24	891
Total		<u>\$ 53,394</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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):

<b>Fund</b>	<b>Receivables</b>	<b>Allowance</b>	<b>Net</b>
<b>Governmental Activities:</b>			
General Fund:			
Other Customers	23,573	(7,309)	16,264
Leases	65,667	-	65,667
Due from Other Governments:	23,364	-	23,364
Non-Major Governmental Funds:			
Other Customers	3,193	(1,183)	2,010
Restricted-Spec. Assessments	21,404	-	21,404
Restricted-Due from Other Governments	995	-	995
Due from Other Governments			
Sales Tax Revenues	27,521	-	27,521
Other	9,026	-	9,026
Internal Service Funds:			
Premiums	207	-	207
Other Customers	603	-	603
Total Governmental Activities	<u>\$ 175,553</u>	<u>\$ (8,492)</u>	<u>\$ 167,061</u>
<b>Business-Type Activities:</b>			
Utility Customers	\$ 47,778	\$ (1,610)	\$ 46,168
Other Customers	155	(58)	97
Leases	57,529	-	57,529
Due from Other Governments	2,534	-	2,534
Total Business-type Activities	<u>\$ 107,996</u>	<u>\$ (1,668)</u>	<u>\$ 106,328</u>

**Unbilled Accounts Receivable**

Unbilled utility service receivables are recorded in the year in which the services are provided. At June 30, 2023, unbilled utility service receivables are recorded in the Enterprise Fund as follows (in thousands):

\$ 2,772
1,732
9,917
4,493
3,062
<u>\$21,976</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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 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		
	General	Non-Major	
<b><u>Unearned Revenue</u></b>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Advance ticket sales	\$2,393	\$ 228	\$ 2,621
Grants received prior to meeting all eligibility requirements	-	59,816	59,816
Unspent ABC Donations	-	188	188
Amounts paid in advance	1,441	5,844	7,285
	<u>\$3,834</u>	<u>\$ 66,076</u>	<u>\$ 69,910</u>

	General	Non-Major	
<b><u>Unavailable Revenue</u></b>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Receivables not yet collected	\$3,285	\$ 3,122	\$ 6,407
Delinquent Property Taxes	-	502	502
Special Assessments not yet due	-	21,404	21,404
	<u>\$3,285</u>	<u>\$ 25,028</u>	<u>\$ 28,313</u>

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following interfund activities are included in the fund financial statements on June 30, 2023 (in thousands):

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 25,194	\$ -
Non-major Governmental Funds	-	23,241
Proprietary Funds	-	1,953
Total	<u>\$ 25,194</u>	<u>\$ 25,194</u>

Interfund balances on June 30, 2023, 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  
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The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2023 (in thousands):

Transfers In	Transfers Out					
	Fund	Non-major			Internal	
		General	Governmental	Utility	Airport	Service
		Fund	Funds	Fund	Fund	Funds
		Total				
General Fund	\$ -	\$ 1,015	\$119,592	\$ 7	\$ 74	\$120,688
Non-major Governmental Funds	68,564	-	-	-	-	68,564
Internal Service Funds	3,753	-	-	-	-	3,753
Total	\$ 72,317	\$ 1,015	\$119,592	\$ 7	\$ 74	\$193,005

The transfer from business-type activities to governmental activities on the government-wide statement of activities is a \$119,309,000 operational subsidy from the Utility 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/reserve transfers.

## 7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

### City as Lessee

The City, as a lessee, has entered into lease agreements for three buildings, including one located at a local commercial airport, under long-term, non-cancelable lease agreements. The City sub-leases the airport building to an aircraft parts engineering and maintenance company. The airport 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 \$28,238,170, less accumulated amortization of \$3,573,378.

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

	Governmental Activities		Total
	Principal	Interest	
2024	\$ 2,589	\$ 464	\$ 3,053
2025	1,961	414	2,375
2026	1,312	384	1,696
2027	1,340	356	1,696
2028	1,361	328	1,689
2029-2033	6,419	1,247	7,666
Thereafter	9,732	566	10,298
Totals	<u>\$ 24,714</u>	<u>\$ 3,759</u>	<u>\$ 28,473</u>



**City of Mesa, Arizona**  
Notes to Financial Statements  
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**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 sub-leased to an aircraft parts engineering and maintenance company. These leases expire at various dates through 2079 and provide for renewal options ranging from 1 to 50 years. During the year ended June 30, 2023, the City recognized \$6,453,205 and \$2,518,811 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**Subscription-Based Information Technology Arrangements**

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Special event ticketing software
- Public safety data backup services software
- Medical transport billing software
- Public safety operations and intelligence software
- Leave administration software.
- Pawnshop ticketing and tracking software
- Development information management software

The total of the City's subscription assets is recorded at a cost of \$3,889,164, less accumulated amortization of \$1,180,459.

The future subscription payments under SBITA agreements are as follows (in thousands):

	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,085	\$ 39	\$ 1,124
2025	1,045	17	\$ 1,062
2026	482	8	\$ 490
2027	251	2	\$ 253
2028	3	-	\$ 3
Totals	<u>\$ 2,866</u>	<u>\$ 66</u>	<u>\$ 2,932</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**8. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2023, follows (in thousands):

	Restated Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
Non-depreciable Assets:				
Land	\$ 405,282	\$ 8,284	\$ (2)	\$ 413,564
Infrastructure	3,597			3,597
Construction-in-Progress	204,780	143,681	(229,251)	119,210
Total Non-depreciable Assets	613,659	151,965	(229,251)	536,371
Depreciable Assets:				
Buildings	443,285	70,786	(41)	514,030
Other Improvements	291,438	21,759	(984)	312,211
Machinery & Equipment	288,564	34,237	(13,331)	309,470
Intangibles	24,337	-	(24)	24,312
Infrastructure	1,307,059	64,580	(937)	1,370,703
Total Depreciable Assets	2,354,683	191,362	(15,317)	2,530,728
Less Accumulated Depreciation for:				
Buildings	(162,309)	(9,652)	41	(171,919)
Other Improvements	(163,643)	(11,009)	911	(173,741)
Machinery & Equipment	(202,404)	(16,091)	12,735	(205,756)
Intangibles	(24,240)	(95)	24	(24,311)
Infrastructure	(759,047)	(38,576)	936	(796,689)
Total Accum. Depreciation	(1,311,643)	(75,423)	14,648	(1,372,418)
Total Depreciable Assets, net	1,043,040	115,938	(669)	1,158,309
Lease Assets				
Buildings	24,083	4,155	-	28,238
Total Lease Assets	24,083	4,155	-	28,238
Less Accumulated Amortization for:				
Buildings	(751)	(2,823)	-	(3,574)
Total Accum. Amortization	(751)	(2,823)	-	(3,574)
Total Amortizable Assets, net	23,332	1,332	-	24,664
Subscription-Based Information Technology Agreement Assets				
Software	3,020	869	-	3,889
Total SBITA Assets	3,020	869	-	3,889
Less Accumulated Amortization for:				
Software	-	(1,180)	-	(1,180)
Total Accum. Amortization	-	(1,180)	-	(1,180)
Total Amortizable Assets, net	3,020	(311)	-	2,709
Governmental Activities				
Capital Assets, net	<u>\$ 1,683,051</u>	<u>\$ 268,924</u>	<u>\$ (229,920)</u>	<u>\$ 1,722,053</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
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Depreciation and Amortization expense was charged to functions in the government-wide financial statements as follows (in thousands):

General Government	\$ 8,316
Public Safety	13,884
Community Environment	41,251
Cultural-Recreational	15,607
Capital assets held by the City's Internal Service funds are charged to the various functions based on their usage of assets	368
	<u>\$ 79,426</u>

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Non-depreciable Assets:				
Land	\$ 28,715	\$ 2,983	\$ -	\$ 31,698
Water Rights	17,560	-	-	17,560
Collections of Art	106	-	-	106
Construction-in-Progress	99,689	108,603	(78,457)	129,835
Total Non-depreciable Assets	<u>146,070</u>	<u>111,586</u>	<u>(78,457)</u>	<u>179,199</u>
Depreciable Assets:				
Buildings	46,702	-	-	46,702
Other Improvements	86,581	419	(48)	86,952
Machinery & Equipment	89,366	2,347	(2,214)	89,500
Intangibles	27,174	-	(372)	26,801
Infrastructure	<u>2,205,324</u>	<u>75,389</u>	<u>(28,372)</u>	<u>2,252,340</u>
Total Depreciable Assets	<u>2,455,147</u>	<u>78,155</u>	<u>(31,006)</u>	<u>2,502,295</u>
Less Accumulated Depreciation for:				
Buildings	(17,557)	(857)	-	(18,414)
Other Improvements	(47,717)	(2,303)	48	(49,970)
Machinery & Equipment	(63,909)	(4,086)	2,124	(65,872)
Intangibles	(23,372)	(112)	372	(23,110)
Infrastructure	<u>(1,071,268)</u>	<u>(56,657)</u>	<u>28,359</u>	<u>(1,099,566)</u>
Total Accum. Depreciation	<u>(1,223,823)</u>	<u>(64,015)</u>	<u>30,903</u>	<u>(1,256,932)</u>
Total Depreciable Assets, net	<u>1,231,324</u>	<u>14,138</u>	<u>(102)</u>	<u>1,245,363</u>
Business-type Activities				
Capital Assets, net	<u>\$ 1,377,394</u>	<u>\$ 125,725</u>	<u>\$ (78,560)</u>	<u>\$ 1,424,562</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
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Depreciation and Amortization expense was charged to enterprise functions in the government-wide financial statements as follows (in thousands):

Electric	\$ 4,425
Gas	5,413
Water	31,272
Wastewater	18,416
Solid Waste	2,105
Airport	1,977
District Cooling	407
	<u>\$ 64,015</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	\$ 114,427	\$ 116,419
Public Safety	2,726	5,803
Community Environment	1,543	-
Cultural-Recreational	513	24
Total	<u>\$ 119,209</u>	<u>\$ 122,248</u>
<u>Business-type Activities</u>	<u>Construction in Progress</u>	<u>Commitments</u>
Electric	\$ 2,627	\$ 779
Gas	35,928	3,771
Water	49,312	40,374
Wastewater	37,754	16,017
Solid Waste	329	3,889
Airport	3,883	67
Total	<u>\$ 129,835</u>	<u>\$ 64,900</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
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**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
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 318,950	\$ -	\$ (33,995)	\$ 284,955	\$ 23,070
Highway User Revenue Bonds	39,030	-	(10,000)	29,030	10,490
Excise Tax Revenue Obligations	34,180	-	(1,245)	32,935	1,305
Community Facility District	91,816	11,975	(4,836)	98,955	3,612
Total Bonds Payable	<u>483,976</u>	<u>11,975</u>	<u>(50,076)</u>	<u>445,875</u>	<u>38,477</u>
Leases	23,025	4,155	(2,466)	24,714	2,589
Subscription-Based Information Technology Arrangements	3,020	869	(1,023)	2,866	1,085
Unamortized Premiums	27,057	559	(4,192)	23,424	-
Compensated Absences	34,721	32,338	(31,168)	35,890	5,187
Pension and OBEB Liability	1,694,472	-	(30,272)	1,664,200	20,664
Governmental Activities Total	<u>\$ 2,266,271</u>	<u>\$ 49,896</u>	<u>\$ (119,197)</u>	<u>\$ 2,196,969</u>	<u>\$ 68,002</u>
<b>Business-type Activities:</b>					
Bonds Payable:					
Utility Revenue Bonds	\$ 1,227,750	\$ -	\$ (115,235)	\$ 1,112,515	\$ 49,390
Utility Revenue Obligations	84,795	57,655	(3,725)	138,725	3,705
Total Bonds Payable	<u>1,312,545</u>	<u>57,655</u>	<u>(118,960)</u>	<u>1,251,240</u>	<u>53,095</u>
Notes Payable	1,135	-	(152)	983	156
Unamortized Bond Premiums	98,142	-	(12,295)	85,847	-
Unamortized Obligation Premiums	4,446	13,361	(1,166)	16,641	-
Compensated Absences	4,428	4,620	(4,531)	4,517	745
Pension and OBEB Liability	133,955	-	(6,627)	127,328	2,040
Business-type Activities Total	<u>\$ 1,554,651</u>	<u>\$ 75,636</u>	<u>\$ (143,731)</u>	<u>\$ 1,486,556</u>	<u>\$ 56,036</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, \$946,171 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  
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**b. Bonds Payable**

On June 30, 2023, long-term bonds payable consisted of:

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

<b><u>General Obligation Bonds</u></b>	<b><u>Bonds Outstanding (In Thousands)</u></b>
\$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.	\$ 17,100
\$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.	3,250
\$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.	38,125
\$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.	21,975
\$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.	4,990
\$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.	27,625
\$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.	17,055
\$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.	12,675
\$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.	33,355
\$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.	34,260

**City of Mesa, Arizona****Notes to Financial Statements****For the Fiscal Year Ended June 30, 2023**

\$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.	\$ 6,175
\$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.	14,385
\$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.	9,805
\$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.	20,635
\$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.	1,870
\$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.	11,720
\$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>9,955</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 284,955</u></b>

**Street and Highway User Revenue Bonds**

\$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.	\$ 975
\$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.	2,000
\$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

**City of Mesa, Arizona**  
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\$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. \$ 17,555

**Total Street and Highway User Revenue Bonds** **\$ 29,030**

**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. \$ 1,846

\$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. 2,445

\$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. 2,416

\$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. 1,488

\$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. 5,285

\$970,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 4 Special Assessment Revenue 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. 673

\$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. 826



**City of Mesa, Arizona**

## Notes to Financial Statements

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\$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.	\$ 410
\$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.	6,715
\$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.	1,115
\$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.	640
\$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.	291
\$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.	8,570
\$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.	870
945	
\$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.	234
\$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	

**City of Mesa, Arizona**  
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\$130,000, plus semi-annual interest ranging from 2.75 percent to 5.20 percent through July 1, 2043.	\$ 1,675
\$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.	225
\$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.	1,751
\$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.	1,095
\$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.	12,655
\$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.	645
\$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.	2,545
\$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.	5,350
\$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.	12,440
\$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.	2,110

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

\$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. \$ 4,195

\$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. 1,410

\$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. 8,665

\$3,520,000 2023 Eastmark Community Facilities District No.1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$850,000 to \$1,080,000, plus semi-annual interest ranging from 4.125 percent to 5.00 percent through July 15, 2045. 2,670

\$3,480,000 2023 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$115,000 to \$1,305,000, plus semi-annual interest ranging from 4.25 percent to 5.00 percent through July 15, 2046. 3,110

\$4,975,000 2023 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$385,000 to \$1,095,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 15, 2046. 4,590

**Total Community Facilities District Bonds** **\$ 98,955**

**Excise Tax Revenue Obligation**

\$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. **\$ 32,935**

**Total bonds payable recorded in governmental activities** **\$ 445,875**

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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

**Utility Systems Revenue Bonds**

\$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.	\$ 3,875
\$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.	19,045
\$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.	4,265
\$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.	1,575
\$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.	84,540
\$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.	25,920
\$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.	86,275

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

\$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.	117,150
\$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.	71,070
\$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.	97,120
\$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.	81,825
\$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.	52,750
\$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.	66,075
\$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.	66,280
\$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
\$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.	30,495
\$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.	<u>44,870</u>
<b>Total Utility Systems Revenue Bonds</b>	<b>\$ <u>1,112,515</u></b>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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.	\$ 13,015
\$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.	13,350
\$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.	54,705
\$57,655,000 2022C taxable utility revenue refunding serial obligations, due in a single principal installment of \$57,655,000 plus semi-annual interest of 5 percent through July 1, 2036.	<u>57,655</u>
<b>Total Utility Systems Revenue Obligations</b>	<b>\$ <u>138,725</u></b>
<b>Total bonds payable recorded in business-type activities</b>	<b>\$ <u>1,251,240</u></b>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

The following tables summarize the City's debt service requirements to maturity for its long-term bonds payable on June 30, 2023 (in thousands). The deferred amounts on refundings are not included.

**Governmental Activities**

<b>General Obligation Bonds</b>				<b>Highway User Revenue Bonds</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 23,070	\$ 9,829	\$ 32,899	2024	\$ 10,490	\$ 1,311	\$ 11,801
2025	24,745	9,049	33,794	2025	10,880	785	11,665
2026	26,235	8,170	34,405	2026	3,755	343	4,098
2027	27,195	7,286	34,481	2027	3,905	156	4,061
2028	28,210	6,300	34,510	2028	-	-	-
2029-2033	118,220	17,205	135,425	2029-2033	-	-	-
2034-2038	34,370	2,895	37,265	2034-2038	-	-	-
2039-2041	2,910	100	3,010	2039-2041	-	-	-
<b>TOTALS</b>	<b>\$ 284,955</b>	<b>\$ 60,835</b>	<b>\$ 345,790</b>	<b>TOTALS</b>	<b>\$ 29,030</b>	<b>\$ 2,597</b>	<b>\$ 31,627</b>

<b>Excise Tax Revenue Obligations</b>				<b>Community Facilities District</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,305	\$ 1,389	\$ 2,694	2024	\$ 3,612	\$ 3,900	\$ 7,512
2025	1,375	1,323	2,698	2025	3,710	3,772	7,482
2026	1,440	1,255	2,695	2026	3,816	3,637	7,453
2027	1,515	1,183	2,698	2027	3,941	3,490	7,431
2028	1,590	1,107	2,697	2028	4,055	3,332	7,387
2029-2033	9,220	4,262	13,482	2029-2033	21,994	14,118	36,112
2034-2038	11,380	2,104	13,484	2034-2038	25,551	9,353	34,904
2039-2040	5,110	283	5,393	2039-2043	24,946	4,040	28,986
	-	-	-	2044-2046	7,330	444	7,774
<b>TOTALS</b>	<b>\$ 32,935</b>	<b>\$ 12,908</b>	<b>\$ 45,843</b>	<b>TOTALS</b>	<b>\$ 98,955</b>	<b>\$ 46,089</b>	<b>\$ 145,044</b>

**Business-type Activities**

<b>Revenue Bonds</b>				<b>Utility Revenue Obligations</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 49,390	\$ 45,658	\$ 95,048	2024	\$ 3,705	\$ 6,682	\$ 10,387
2025	50,840	43,199	94,039	2025	3,690	6,548	10,238
2026	52,185	40,919	93,104	2026	3,670	6,406	10,076
2027	54,655	38,645	93,300	2027	3,655	6,262	9,917
2028	58,055	36,351	94,406	2028	3,630	6,112	9,742
2029-2033	323,815	143,720	467,535	2029-2033	15,410	28,107	43,517
2034-2038	276,125	81,995	358,120	2034-2038	64,315	19,078	83,393
2039-2043	228,455	28,703	257,158	2039-2043	14,995	9,478	24,473
2044-2046	18,995	967	19,962	2044-2046	25,655	2,447	28,102
<b>TOTALS</b>	<b>\$1,112,515</b>	<b>\$ 460,161</b>	<b>\$1,572,676</b>	<b>TOTALS</b>	<b>\$ 138,725</b>	<b>\$ 91,152</b>	<b>\$ 229,877</b>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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, 2023, is (in thousands):

6% Bonds	\$ 377,678
20% Bonds	<u>977,473</u>
Total Available	<u>\$ 1,355,151</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, 2023, total principal and interest outstanding for CFD general obligation bonds was \$112,521,938.

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, 2023, the special assessments receivable for CFDs, together with amounts paid in advance and interest to be received over the life of the assessment period, are 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 \$32,522,353. Principal and interest paid for the current year and total assessments collected were \$1,720,823, and \$1,830,436 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, 2023, the amount provided in the Replacement and Extension Funds equaled \$9,054,709 which is in compliance with the bond provisions. As of June 30, 2023, the amount available is \$44,917,565.



**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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, 2023 (in thousands):

Fiscal Year	Business-type Activities		
	Principal	Interest & Fees	Total
2024	\$ 156	\$ 21	\$ 177
2025	159	18	177
2026	163	14	177
2027	167	10	177
2028	170	10	180
2029	168	3	171
Totals	<u>\$ 983</u>	<u>\$ 76</u>	<u>\$ 1,060</u>

d. **Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2023.

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, 2023

**f. Pledged Revenues**

**Utility System Revenue Bonds**

The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately \$1.112 billion in utility system revenue bonds issued and outstanding since 2006. 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 47.1 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1.573 billion. Principal and interest paid for the current year and total customer net revenues were \$95,979,975 and \$203,665,000, respectively.

**Highway User Revenue Bonds**

The City has pledged future Highway User Taxes Revenue to repay \$29,030,000 in highway user revenue bonds issued and outstanding since 2006. 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 24.7 percent of eligible revenues. The total principal and interest remaining to be paid on the bonds is \$31,627,088. Principal and interest paid for the current year and total highway user tax revenues were \$11,812,412 and \$47,902,631, respectively.

**10. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS**

On August 25, 2022 the City issued \$57,655,000 of utility revenue refunding obligations with an original issue premium of \$10,399,809 to advance refund \$67,300,000 of outstanding utility revenue bonds. The refunding obligations were issued with an interest rate of 5.0 percent. Net proceeds in the amount of \$67,936,020 (after payment of \$118,789 in underwriters' fees) were provided to a refunding escrow agent to purchase United States Government securities. The cash and securities were deposited in an irrevocable trust to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the debt of the City.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$286,446. This difference, reported in the accompanying financial statements as a deduction from utility revenue bonds payable, is being charged to operations. The purpose of the refunding was to take advantage of lower interest rates and restructure debt service payments to achieve a more level debt retirement schedule. The refunding will decrease debt service payments by \$7,406,913 over the next 14 years producing an economic gain (difference between the present value of old and new debt service payments) of \$4,379,485.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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, 2023, as reflected below is not included in the City's financial statements (in thousands).

Utility System Revenue Bond Issue dated June 28, 2006	\$ 4,874
Utility System Revenue Bond Issue dated May 30, 2007	1,182
Utility System Revenue Bond Issue dated May 29, 2008	3,696
Utility System Revenue Refunding Bond Issue dated September 25, 2014	4,743
Utility System Revenue Bond Issue Dated June 5, 2014	<u>9,230</u>
Total Refunded and Defeased Bonds Outstanding	<u><u>\$ 23,725</u></u>

**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, 2023, 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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
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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, 6/30/21	\$ 14,941	\$ 28,523	\$ 4,908	\$ 48,372
Adjustments to Reserves	(2,890)	(290)	71,902	68,722
Claim Expense	359	322	(70,965)	(70,284)
Unpaid Claims, 6/30/22	12,410	28,555	5,845	46,810
Adjustments to Reserves	(2,937)	(350)	70,522	67,235
Claims Expense	996	79	(71,902)	(70,827)
Unpaid Claims, 6/30/23	<u>\$ 10,469</u>	<u>\$ 28,284</u>	<u>\$ 4,465</u>	<u>\$ 43,218</u>

All unpaid claims are reported as current liabilities in the Statement of Net Position as the change in these amounts has 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, the 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, 2023, is \$14,083,631.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**13. NET POSITION**

a. **Restricted Net Position**

The government-wide statement of net position reports \$357,673,000 of restricted net position, of which \$235,029,000 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 and the Property and Public Liability Self-Insurance Funds consists of the prior year's deficit resulting from claims expenses exceeding revenues received and from post-employment benefit charges and pension expenses. The City's funding plan calls for yearly contributions from various funds to equal the year's estimated claims and claim related expenses. Future claim liabilities, post-employment benefit charges, and pension expenses are not considered in determining funding for each year.

The deficit in the Warehouse, Maintenance, and Services Fund consists of the prior year's deficit resulting from other post-employment benefit charges and pension expenses. The City's funding plan calls for Charges for Services to cover operational expenses. Post-employment benefit charges and pension expenses are not considered in determining Charges for Services.

The deficit in the Mesa Housing Authority Fund will be covered by future revenues. The Relief Fund deficit consists of the prior year's deficit due to a loss in investment income which will be covered by a gain on investments in future years. The deficit in the Parks and Public Safety Capital Project Funds will be covered by proceeds from a future bond sale.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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, 2023, for these services are as follows (in thousands):

Functions	Operating Revenues	Operating Expenses		Operating Income (Loss)
		Depreciation	Other	
Electric	\$ 48,208	\$ 4,425	\$ 42,084	\$ 1,699
Gas	70,556	5,413	40,867	24,276
Water	167,806	31,272	72,118	64,416
Wastewater	95,665	18,416	45,259	31,990
Solid Waste	69,269	2,105	47,511	19,653
Airport	4,973	1,978	5,698	(2,703)
District Cooling	1,427	407	1,121	(101)
Total	<u>\$ 457,904</u>	<u>\$ 64,016</u>	<u>\$ 254,658</u>	<u>\$ 139,230</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.

The City's investment in these Joint Ventures as of June 30, 2023, is as follows (in thousands):

	Governmental Activities	Business-Type Activities	Total
Valley Metro Rail Inc.	\$ 294,346	\$ -	\$ 294,346
TOPAZ Regional Wireless Cooperative	5,715	-	5,715
Subregional Operating Group	-	76,920	76,920
Val Vista Water Treatment Plant	-	53,184	53,184
Greenfield Water Reclamation Plant	-	146,633	146,633
Joint Ventures Construction Deposits	-	18,182	18,182
Total Investment in Joint Ventures	<u>\$ 300,061</u>	<u>\$ 294,919</u>	<u>\$ 594,980</u>

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**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 \$294,346,151 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 \$5,715,329 and is reflected in the governmental activities. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2023, is (in thousands):

<b>TOPAZ Regional Wireless Cooperative</b>		
City of Mesa	\$	5,715
Town of Gilbert		1,381
City of Apache Junction		502
Superstition Fire and Medical		158
Town of Queen Creek		106
Fort McDowell		49
Rio Verde Fire District		12
Total Joint Venture	\$	<u>7,923</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.

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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 \$76,920,093 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 \$146,633,289 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, 2023, is (in thousands):

<b>Greenfield Water Reclamation Project</b>	
Mesa's Share	\$ 146,633
Gilbert's Share	95,600
Queen Creek's Share	28,761
Total Joint Venture	<u>\$ 270,994</u>

**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 the 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 \$53,183,606 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.



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**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, 2023, 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	\$ 946,178	\$ 55,903	\$ 1,002,081
Deferred Outflows of Resources - Pension	207,983	9,212	217,195
Deferred Inflows of Resources - Pension	7,895	1,811	9,706
Pension Expense	108,810	6,243	115,053
Net OPEB Liabilities	718,022	71,425	789,446
Deferred Outflows of Resources - OPEB	84,724	8,345	93,069
Deferred Inflows of Resources - OPEB	182,605	18,457	201,062
OPEB Expense	28,326	2,729	31,055

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**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. provides statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at

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the same rate 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, 2023, the city and covered employees were required by state statute to contribute at the actuarially determined rate of 12.17% (12.03% pension plus 0.14% long-term disability) of the active members' annual covered payroll. The City's contributions to the System for the year ending June 30, 2023, was \$24,959,547, 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, 2023, was 9.68 % (9.62% pension plus, 0.06% long-term disability). The City's ACR contributions to the System for the year ending June 30, 2023, were \$169,568.

c. **Pension Liability**

On June 30, 2023, the City reported a liability of \$263,693,640 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The City's proportion measured as of June 30, 2022, was 1.61555%, which was an increase of 0.02985% from its proportion measured as of June 30, 2021.

d. **Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2023, the City recognized pension expense for ASRS of \$29,449,016. On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,247	\$ -
Changes of assumptions	13,088	-
Net difference between projected and actual earnings on pension plan investments	-	6,946
Changes in proportion and differences between City contributions	2,991	1,599
City contributions subsequent to the measurement date	25,129	-
Total	<u>\$ 43,455</u>	<u>\$ 8,545</u>

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The \$25,129,115 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, 2024. 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):

	Year Ended June 30,
2024	\$ 12,466
2025	(1,742)
2026	(12,060)
2027	11,117
	<u>\$ 9,781</u>

e. **Actuarial Assumptions**

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

Actuarial Valuation Date	June 30, 2021
Actuarial Roll Forward Date	June 30, 2022
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, 2021, 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	3.90%
Fixed Income - Credit	20%	5.30%
Fixed Income - Interest Rate Sensitive	10%	-0.20%
Real Estate	20%	6.00%
Total	<u>100%</u>	

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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	Current	1% Increase
	6.0%	Discount Rate	8.0%
		7.0%	
City's proportionate share of the net pension liability	\$ 389,072	\$ 263,694	\$ 159,148

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](http://www.psprs.com).

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**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:

	<b>Initial Membership Date</b>		
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>	<b>On or After July 1, 2017</b>
<b><u>Retirement and Disability</u></b>			
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	
<b><u>Survivor Benefit</u></b>			
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

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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.

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, 2023, the following employees were covered by the agent plans' benefit terms:

	<u>PSPRS Fire</u>	<u>PSPRS Police</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries			
currently receiving benefits	305	705	705
Inactive employees entitled to but			
not yet receiving benefits	96	268	268
Active employees	382	705	705
Total	<u>783</u>	<u>1,678</u>	<u>1,678</u>

**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, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active Member</u>	<u>City</u>	<u>City</u>
	<u>Pension</u>	<u>Pension</u>	<u>OPEB</u>
PSPRS - Fire	7.65%	57.48%	0.57%
PSPRS - Police	7.65%	58.76%	1.48%
PSPRS Tier 3 - Fire	10.84%	10.71%	0.13%
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 42.75% and 45.15% for City fire and police employees respectively, who were PSPRS Tier 3 members.

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The City's required contributions to the plans for the year ended June 30, 2023, were:

	Pension	OPEB
PSPRS - Fire	\$ 17,736,321	\$ 175,882
PSPRS - Police	30,831,491	776,559
PSPRS Tier 3 - Fire	4,832,597	30,735
PSPRS Tier 3 - Police	11,598,381	247,578

The City contributed to the unfunded liability additional amounts of \$3,819,017 and \$12,685,952 to PSPRS-Fire and PSPRS-Police, respectively. The City's contribution to the system was paid for by 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, 2023, was 42.75% and 45.15% for fire and police, respectively. The City did not have any ACR contributions for the year ending June 30, 2023.

**d. Liability**

On June 30, 2023, the City reported the following pension liabilities of \$253,036,446 and \$485,351,268 for fire and police, respectively. The City also reported an OPEB liability of \$11,400,902 for police. The net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% to 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

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

For the year ended June 30, 2023, the City recognized pension expenses of \$29,630,538 and \$55,973,498 for fire and police, respectively. The city also recognized OPEB expense of \$1,323,317 for police.



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On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Fire Pension</b>		
Differences between expected and actual experience	\$ 20,869	\$ 1,161
Changes in assumptions	13,418	-
Net difference between projected and actual earnings on pension plan investments	4,374	-
City contributions subsequent to the measurement date	26,388	-
Total	<u>\$ 65,049</u>	<u>\$ 1,161</u>

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Police</b>				
Differences between expected and actual experience	\$ 29,863	\$ -	\$ 529	\$ -
Changes in assumptions	15,771	-	418	5
Net difference between projected and actual earnings on plan investments	7,941	-	199	-
City contributions subsequent to the measurement date	55,116	-	1,024	-
Total	<u>\$ 108,691</u>	<u>\$ -</u>	<u>\$ 2,170</u>	<u>\$ 5</u>

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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, 2024. 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):

	PSPRS	PSPRS	PSPRS
Year Ended	Fire	Police	Police
June 30,	Pension	Pension	OPEB
2024	\$ 9,648	\$ 15,277	372
2025	7,792	13,584	262
2026	4,152	4,064	54
2027	9,638	15,877	365
2028	3,689	4,773	88
Thereafter	2,581	-	-
	<u>\$ 37,500</u>	<u>\$ 53,575</u>	<u>\$ 1,141</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, 2022
Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.20%
Wage Inflation	3.0 -6.25%, N/A for OPEB
Price Inflation	2.5%, N/A for OPEB
Cost-of-living adjustment	1.85%, 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, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2% 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:

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Asset Class	Target Allocation	Long-Term Expected
		Geometric Real
Cash - Mellon	1%	-0.35%
Core Bonds	2%	0.45%
Capital Appreciation	7%	4.83%
Diversifying Strategies	10%	2.68%
International Public Equity	16%	4.47%
Global Private Equity	20%	7.18%
Private Credit	20%	5.10%
U.S. Public Equity	24%	3.49%
Total	100%	

g. **Discount Rate**

A discount rate of 7.20% 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 (6.2%) or 1 percentage point higher (8.2%) than the current rate (in thousands):

	1% Decrease	Current Discount	1% Increase
		Rate	
Fire Net Pension Liability	\$ 319,268	\$ 253,036	\$ 198,603
Police Net Pension Liability	614,117	485,351	380,434
Police OPEB Liability	13,704	11,401	9,457

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**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):

	Total Pension	Plan	Net Position
<b>Fire</b>	Liability	Fiduciary	Liability
		Net Position	
Balance - Beginning of Year	\$ 474,607	\$ 261,293	\$ 213,314
Changes for the Year:			
Service Cost	8,079	-	8,079
Interest on the Total Liability	34,277	-	34,277
Changes of Benefit Terms	-	-	-
Differences Between Expected & Actual Experience in the Measurement of the Liability	11,356	-	11,356
Changes of Assumptions / Other Inputs	6,706	-	6,706
Contributions - Employer	-	28,025	(28,025)
Contributions - Employee	-	3,507	(3,507)
Net Investment Income	-	(10,644)	10,644
Benefit Payments, Including Refunds of Employee Contributions	(26,268)	(26,268)	-
Administrative Expenses	-	(192)	192
Net Changes	34,150	(5,572)	39,722
Balances - End of Year	\$ 508,757	\$ 255,721	\$ 253,036

**City of Mesa, Arizona**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Police</b>						
Balance - Beginning of Year	\$ 886,034	\$ 466,887	\$ 419,147	\$ 21,565	\$ 11,989	\$ 9,576
Changes for the Year:						
Service Cost	13,979	-	13,979	280	-	280
Interest on the Total Liability	64,052	-	64,052	1,537	-	1,537
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected & Actual Experience in the Measurement of the Liability	18,155	-	18,155	218	-	218
Changes of Assumptions / Other Inputs	10,488	-	10,488	312	-	312
Contributions - Employer	-	53,349	(53,349)	-	946	(946)
Contributions - Employee	-	6,608	(6,608)	-	32	(32)
Net Investment Income	-	(19,142)	19,142	-	(448)	448
Benefit Payments, Including Refunds of Employee Contributions	(45,167)	(45,167)	-	(1,571)	(1,571)	-
Administrative Expenses	-	(345)	345	-	(8)	8
Net Changes	61,507	(4,697)	66,204	776	(1,049)	1,825
Balances - End of Year	<u>\$ 947,541</u>	<u>\$ 462,190</u>	<u>\$ 485,351</u>	<u>\$ 22,341</u>	<u>\$ 10,940</u>	<u>\$ 11,401</u>

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.

i. **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  
For the Fiscal Year Ended June 30, 2023

**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 on January 1, 2001 but before January 1, 2006.
- Twenty years of service for employees hired on or after January 1, 2006.

**Employees Covered by Benefit Terms**

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

Active Employees	3,383
Retirees	1,985
Spouses	1,415
Total	<u>6,783</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, 2023, is \$778,045,588.

**d. OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2023, the City recognized OPEB expense of \$29,732,171. On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,811	\$ 2,841
Changes of assumptions	40,245	198,221
City benefit payments subsequent to the measurement date	22,843	-
Total	<u>\$ 90,899</u>	<u>\$ 201,062</u>

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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, 2024. 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>
2024	\$ (9,173)
2025	(16,767)
2026	(34,345)
2027	(36,521)
2028	<u>(36,200)</u>
	<u><u>\$(133,006)</u></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, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Discount Rate	4.09%
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.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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 4.09%. The discount rate increased from 2.18% as of June 30, 2021, to 4.09% as of June 30, 2022. 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, 2022.

g. **Changes in OPEB Liability**

The below table outlines the changes in OPEB Liability for the fiscal year ending June 30, 2023 (in thousands):

OPEB Liability at Beginning of Year	\$ 978,037
Service Cost	24,665
Interest	21,603
Differences between Expected and Actual Experience	(1,720)
Changes in Assumptions	(221,049)
Employer contributions *	(23,491)
Net Change in Total OPEB Liability	(199,992)
OPEB Liability at End of Year	<u>\$ 778,045</u>

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



**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

The City's benefit payments to the plan were 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):

		Current Municipal	
	1% Decrease	Bond Rate	1% Increase
City OPEB Plan	\$ 899,773	\$ 778,045	\$ 679,916

		Current Healthcare	
	1% Decrease	Trend Rate	1% Increase
City OPEB Plan	\$ 676,122	\$ 778,045	\$ 905,344

**17. SUBSEQUENT EVENTS**

On December 7, 2023, The City issued \$83,340,000 of Series 2023 City of Mesa, Arizona General Obligation Bonds. These bonds are due in annual principal installments ranging from \$2,440,000 to \$9,235,000 plus semi-annual interest of 5 percent through July 1, 2043.

On December 7, 2023, The City issued \$193,710,000 of Series 2023 City of Mesa, Arizona Utility System Revenue Obligations. These obligations are due in annual principal installments ranging from \$2,500,000 to \$35,355,000, plus semi-annual interest of 5 percent through July 1, 2048.



# REQUIRED SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023



**City of Mesa, Arizona**  
**Schedule of the City's Proportionate Share Of Net Pension Liability**  
**Cost-Sharing Pension Plan**  
**June 30, 2023**  
(in thousands)

**Arizona State Retirement System**

	Reporting Fiscal Year (Measurement Date)			
	<b>2023</b> (2022)	<b>2022</b> (2021)	<b>2021</b> (2020)	<b>2020</b> (2019)
City's Proportion of Net Pension Liability	1.6156%	1.5857%	1.6188%	1.6209%
City's Proportionate Share of Net Pension Liability	\$ 263,694	\$ 208,353	\$ 280,473	\$ 235,853
City's Covered Payroll	\$ 192,542	\$ 178,405	\$ 175,767	\$ 169,900
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	136.95%	116.79%	159.57%	138.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.26%	78.58%	69.33%	73.24%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year (Measurement Date)					
<b>2019</b> (2018)	<b>2018</b> (2017)	<b>2017</b> (2016)	<b>2016</b> (2015)	<b>2015</b> (2014)	<b>2014</b> (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, 2023**  
(in thousands)

**Public Safety Personnel Retirement System - Fire**

	Reporting Fiscal Year (Measurement Date)			
	<b>2023</b> (2022)	<b>2022</b> (2021)	<b>2021</b> (2020)	<b>2020</b> (2019)
Total Pension Liability				
Service Cost	\$ 8,079	\$ 7,645	\$ 7,871	\$ 7,663
Interest on the Total Pension Liability	34,277	32,539	31,397	29,147
Changes of Benefit Terms	-	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Pension Liability	11,356	7,760	(221)	11,844
Changes of Assumptions or Other Inputs	6,706	-	-	8,488
Benefit Payments, Including Refunds of Employee Contributions	(26,268)	(22,868)	(23,473)	(18,809)
Net Change in Total Pension Liability	34,150	25,076	15,574	38,333
Total Pension Liability - Beginning	474,607	449,531	433,957	395,624
Total Pension Liability - Ending (a)	508,757	474,607	449,531	433,957
Plan Fiduciary Net Position				
Contributions - Employer	28,025	21,601	18,107	16,708
Contributions - Employee	3,507	3,321	2,845	2,805
Net Investment Income	(10,644)	56,815	2,587	10,339
Benefit Payments, Including Refunds of Employee Contributions	(26,268)	(22,868)	(23,473)	(18,809)
Hall/Parker Settlement	-	-	-	-
Administrative Expense	(192)	(266)	(211)	(181)
Other Changes	-	-	58	-
Net Change in Plan Fiduciary Net Position	(5,572)	58,603	(87)	10,862
Plan Fiduciary Net Position - As Previously Reported	261,293	202,690	202,777	191,986
Adjustment to Beginning Balance	-	-	-	(71)
Plan Fiduciary Net Position - Beginning	261,293	202,690	202,777	191,915
Plan Fiduciary Net Position - Ending (b)	255,721	261,293	202,690	202,777
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 253,036</u>	<u>\$ 213,314</u>	<u>\$ 246,841</u>	<u>\$ 231,180</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.26%	55.05%	45.09%	46.73%
City's Covered Payroll	\$ 36,776	\$ 34,198	\$ 32,562	\$ 34,136
City's Net Pension Liability as a Percentage of its Covered Payroll	688.05%	623.76%	758.06%	677.23%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year  
(Measurement Date)

<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017</b> <b>(2016)</b>	<b>2016</b> <b>(2015)</b>	<b>2015</b> <b>(2014)</b>	<b>2014</b> <b>(2013)</b>
\$ 7,271	\$ 7,724	\$ 6,439	\$ 6,127	\$ 6,281	Information not available
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	
(16,608)	(17,095)	(19,893)	(17,323)	(16,309)	
20,060	28,384	39,127	8,372	30,860	
375,564	347,180	308,053	299,681	268,821	
395,624	375,564	347,180	308,053	299,681	
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)	
10,286	19,563	(1,958)	2,131	15,903	
181,700	162,137	164,095	161,964	146,061	
-	-	-	-	-	
181,700	162,137	164,095	161,964	146,061	
191,986	181,700	162,137	164,095	161,964	
<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, 2023**

(in thousands)

**Public Safety Personnel Retirement System - Police Pension**

	Reporting Fiscal Year (Measurement Date)			
	<b>2023</b> (2022)	<b>2022</b> (2021)	<b>2021</b> (2020)	<b>2020</b> (2019)
Total Pension Liability				
Service Cost	\$ 13,979	\$ 13,861	\$ 14,016	\$ 15,015
Interest on the Total Liability	64,052	61,557	57,794	53,953
Changes of Benefit Terms	-	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Liability	18,155	2,112	19,067	10,259
Changes of Assumptions or Other Inputs	10,488	-	-	21,092
Benefit Payments, Including Refunds of Employee Contributions	(45,167)	(41,764)	(36,572)	(36,864)
Net Change in Total Pension Liability	61,507	35,766	54,305	63,455
Total Pension Liability - Beginning	886,034	850,268	795,963	732,508
Total Pension Liability - Ending (a)	947,541	886,034	850,268	795,963
Plan Fiduciary Net Position				
Contributions - Employer	53,349	38,561	34,340	32,387
Contributions - Employee	6,608	6,268	6,045	5,718
Net Investment Income	(19,142)	101,528	4,551	18,270
Benefit Payments, Including Refunds of Employee Contributions	(45,167)	(41,764)	(36,572)	(36,864)
Hall/Parker Settlement	-	-	-	-
Administrative Expense	(345)	(477)	(371)	(319)
Other Changes	-	-	(2)	340
Net Change in Plan Fiduciary Net Position	(4,697)	104,116	7,991	19,532
Plan Fiduciary Net Position - As Previously Reported	466,887	362,771	354,780	335,631
Adjustment to Beginning Balance	-	-	-	(383)
Plan Fiduciary Net Position - Beginning	466,887	362,771	354,780	335,248
Plan Fiduciary Net Position - Ending (b)	462,190	466,887	362,771	354,780
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 485,351</u>	<u>\$ 419,147</u>	<u>\$ 487,497</u>	<u>\$ 441,183</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.78%	52.69%	42.67%	44.57%
City's Covered Payroll	\$ 68,471	\$ 64,419	\$ 63,232	\$ 63,993
City's Net Pension Liability as a Percentage of its Covered Payroll	708.84%	650.66%	770.97%	689.42%

See accompanying notes to pension plan schedules.



Reporting Fiscal Year (Measurement Date)					
<b>2019</b> (2018)	<b>2018</b> (2017)	<b>2017</b> (2016)	<b>2016</b> (2015)	<b>2015</b> (2014)	<b>2014</b> (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	
<u>\$ 396,877</u>	<u>\$ 377,892</u>	<u>\$ 358,206</u>	<u>\$ 282,610</u>	<u>\$ 267,799</u>	
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, 2023**  
(in thousands)

**Public Safety Personnel Retirement System - Police OPEB**

	Reporting Fiscal Year (Measurement Date)			
	<b>2023</b> (2022)	<b>2022</b> (2021)	<b>2021</b> (2020)	<b>2020</b> (2019)
Total Liability				
Service Cost	\$ 280	\$ 351	\$ 322	\$ 200
Interest on the Total Liability	1,537	1,511	1,477	1,416
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience in the Measurement of the Liability	218	100	381	43
Changes of Assumptions or Other Inputs	312	-	-	474
Benefit Payments, Including Refunds of Employee Contributions	(1,571)	(1,494)	(1,455)	(1,391)
Net Change in Total OPEB Liability	776	468	725	742
Total OPEB Liability - Beginning	21,565	21,097	20,372	19,630
Total OPEB Liability - Ending (a)	22,341	21,565	21,097	20,372
Plan Fiduciary Net Position				
Contributions - Employer	946	853	934	736
Contributions - Employee	32	88	46	14
Net Investment Income	(448)	2,583	123	530
Benefit Payments, Including Refunds of Employee Contributions	(1,571)	(1,494)	(1,455)	(1,391)
Administrative Expense	(8)	(10)	(10)	(9)
Net Change in Plan Fiduciary Net Position	(1,049)	2,020	(362)	(120)
Plan Fiduciary Net Position - As Previously Reported	11,989	9,969	10,331	10,067
Adjustment to Beginning Balance	-	-	-	384
Plan Fiduciary Net Position - Beginning	11,989	9,969	10,331	10,451
Plan Fiduciary Net Position - Ending (b)	10,940	11,989	9,969	10,331
City's Net OPEB Liability - Ending (a) - (b)	<u>\$ 11,401</u>	<u>\$ 9,576</u>	<u>\$ 11,128</u>	<u>\$ 10,041</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	48.97%	55.59%	47.25%	50.71%
City's Covered Payroll	\$ 68,471	\$ 64,419	\$ 63,232	\$ 63,993
City's Net OPEB Liability as a Percentage of its Covered Payroll	16.65%	14.87%	17.60%	15.69%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year (Measurement Date)		
<b>2019</b> (2018)	<b>2018</b> (2017)	<b>2017 through 2014</b>
		Information
\$ 190	\$ 213	not
1,359	1,356	available
-	35	
472	312	
-	(335)	
(1,325)	(1,239)	
696	342	
18,934	18,592	
19,630	18,934	
231	639	
-	-	
695	1,141	
(1,325)	(1,239)	
(11)	(10)	
(410)	531	
10,477	9,946	
-	-	
10,477	9,946	
10,067	10,477	
<u>\$ 9,563</u>	<u>\$ 8,457</u>	
51.28%	55.33%	
\$ 63,003	\$ 64,740	
15.18%	13.06%	

**City of Mesa, Arizona**  
**Schedule of City Pension Contributions**  
**June 30, 2023**  
(in thousands)

**Arizona State Retirement System**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Statutorily Required Contribution	\$ 25,129	\$ 23,097	\$ 20,763	\$ 20,258
City's Contribution in Relation to the Statutorily Required Contribution	25,129	23,097	20,763	20,258
City's Contribution (Deficiency) / Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 211,155	\$ 192,542	\$ 178,405	\$ 175,767
City's Contributions as a Percentage of Covered Payroll	11.90%	12.00%	11.64%	11.53%

**Public Safety Personnel Retirement System - Fire Pension**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially Determined Contribution	\$ 22,569	\$ 20,178	\$ 19,617	\$ 18,035
City's Contribution in Relation to the Actuarially Determined Contribution	26,388	27,797	19,617	18,035
City's Contribution (Deficiency) / Excess	<u>\$ 3,819</u>	<u>\$ 7,619</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 39,896	\$ 36,776	\$ 34,198	\$ 32,562
City's Contributions as a Percentage of Covered Payroll	66.14%	75.58%	57.36%	55.39%

See accompanying notes to plan schedules.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 19,124	\$ 17,650	\$ 17,423	\$ 16,955	\$ 16,146	\$ 15,750
19,124	17,650	17,423	16,955	16,146	15,750
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 169,900	\$ 162,089	\$ 158,958	\$ 155,868	\$ 151,154	\$ 147,402
11.26%	10.89%	10.96%	10.88%	10.67%	10.68%

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 16,431	\$ 14,289	\$ 13,490	\$ 11,197	\$ 9,827	\$ 9,157
16,431	10,479	13,490	12,735	9,827	9,157
<u>\$ -</u>	<u>\$ (3,810)</u>	<u>\$ -</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 34,136	\$ 32,446	\$ 32,941	\$ 32,453	\$ 31,661	\$ 30,782
48.13%	32.30%	40.95%	39.24%	31.04%	29.75%

**City of Mesa, Arizona**  
**Schedule of City Pension Contributions**  
**June 30, 2023**  
(in thousands)

**Public Safety Personnel Retirement System - Police Pension**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially Determined Contribution	\$ 42,430	\$ 37,457	\$ 37,484	\$ 34,308
City's Contribution in Relation to the Actuarially Determined Contribution	55,116	53,372	37,484	34,308
City's Contribution (Deficiency) / Excess	<u>\$ 12,686</u>	<u>\$ 15,915</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 73,451	\$ 68,471	\$ 64,419	\$ 63,232
City's Contributions as a Percentage of Covered Payroll	75.04%	77.95%	58.19%	54.26%

**Public Safety Personnel Retirement System - Police OPEB**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially Determined Contribution	\$ 1,024	\$ 838	\$ 713	\$ 815
City's Contribution in Relation to the Actuarially Determined Contribution	1,024	838	713	815
City's Contribution (Deficiency) / Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 73,451	\$ 68,471	\$ 64,419	\$ 63,232
City's Contributions as a Percentage of Covered Payroll	1.39%	1.22%	1.11%	1.29%

See accompanying notes to plan schedules.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 29,314	\$ 29,048	\$ 26,809	\$ 21,697	\$ 19,680	\$ 17,443
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%

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016 through 2014</b>
\$ 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, 2023**  
(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	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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, 2023**  
(in thousands)

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total Liability				
Service Cost	\$ 24,665	\$ 26,157	\$ 24,165	\$ 20,818
Interest on the Total Liability	21,603	25,492	25,425	22,584
Differences Between Expected and Actual Experience in the Measurement of the Liability	(1,720)	26,062	(2,548)	34,022
Changes of Assumptions or Other Inputs	(221,049)	(21,298)	18,858	92,823
Benefit Payments, Including Refunds of Employee Contributions	(23,491)	(21,010)	(20,641)	(19,687)
Net Change in Total OPEB Liability	(199,992)	35,403	45,259	150,560
Total OPEB Liability - Beginning	978,037	942,634	897,375	746,815
Total OPEB Liability - Ending	<u>\$ 778,045</u>	<u>\$ 978,037</u>	<u>\$ 942,634</u>	<u>\$ 897,375</u>
City's Covered Employee Payroll	\$ 297,789	\$ 277,022	\$ 271,561	\$ 268,029
City's Contributions as a % of Covered Employee Payroll	7.9%	7.6%	7.6%	7.3%

**Note:** The City funds OPEB benefits on a "pay-as-you-go" basis. Therefore there are no assets accumulated in a trust that meet the criteria of GASB 75. In addition, employer contributions are equal to benefit payments.

<b>2019</b>	<b>2018</b>	<b>2017 through 2014</b>
\$ 19,997	\$ 21,430	Information
22,447	20,112	not
		available
(1,133)	-	
17,023	(46,955)	
(17,232)	(19,013)	
41,102	(24,426)	
705,713	730,139	
<u>\$ 746,815</u>	<u>\$ 705,713</u>	
\$ 257,537	\$ 256,639	
6.7%	7.4%	

**City of Mesa, Arizona**  
**Budgetary Comparison Schedule (Non-GAAP Basis)**  
**Combined Governmental & Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2023**  
(in thousands)

	<u>Budgeted Amounts</u>		<b>Actual - Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
City Total Resources	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 2,071,051</u>	<u>\$ 228,949</u>
City Total Expenditures	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,063,471</u>	<u>236,529</u>
Net Change in Fund Balances	-	-	7,580	(7,580)
Fund Balance - Beginning	<u>1,147,888</u>	<u>1,147,888</u>	<u>1,147,888</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 1,147,888</u></u>	<u><u>\$ 1,147,888</u></u>	<u><u>\$ 1,155,468</u></u>	<u><u>\$ (7,580)</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, 2023**  
(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”, a reconciliation is performed. Adjustments necessary to convert the results of operations of the governmental and proprietary funds for the year ended June 30, 2023 on the “GAAP basis” to the “budget basis” as follows:

Net Change in Fund Balance-Budget Basis -	\$ 7,580
Bond related	51,042
Depreciation and Amortization	7,674
Lease Related items	2,455
Differences in Revenue Recognition	25,183
Payroll and Other Accruals	5,488
Pension and OPEB Expense	(1,619)
Joint Ventures - Change in Equity	897
Joint Venture enties budgeted but not GAAP	(5,077)
Unrealized Gain on Investments	(6,624)
	<hr/>
Net Change in Fund Balance-GAAP Basis -	<u><u>\$ 87,000</u></u>





# COMBINING STATEMENTS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023

## **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.

**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.

**Other Restricted Funds** accounts for federal and state grant expenditures and other City programs. The principle financing source is federal and state grant revenues.

**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.

**Relief Fund** accounts for federal expenditures dedicated to supporting the City's response to COVID-19.

**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, 2023**  
(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Cemetery</b>	<b>Community Facilities District</b>	<b>Development Impact Fees</b>	<b>Environmental Compliance</b>	<b>Highway User Revenue</b>
<b>Assets</b>					
Pooled Cash and Investments	\$ 2,892	\$ 744	\$ 21,358	\$ 21,173	\$ 46,545
Accounts Receivable, Net	13	-	-	130	-
Accrued Interest Receivable	15	3	-	89	234
Due from Other Governments	-	4	-	-	4,854
Prepaid Costs	-	-	-	50	38
Restricted Assets:					
Pooled Cash and Investments	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Total Assets	<u>\$ 2,920</u>	<u>\$ 751</u>	<u>\$ 21,358</u>	<u>\$ 21,442</u>	<u>\$ 51,671</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 61	\$ -	\$ 1,047	\$ 4,209
Due to Other Funds	-	-	-	-	-
Customer and Defendant Deposits	-	-	-	-	-
Unearned Revenue	-	70	-	-	-
Payable from Restricted Assets:					
Accrued Interest Payable	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>131</u>	<u>-</u>	<u>1,047</u>	<u>4,209</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	50	38
Restricted	-	620	21,358	-	47,424
Committed	2,918	-	-	20,345	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>2,918</u>	<u>620</u>	<u>21,358</u>	<u>20,395</u>	<u>47,462</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,920</u>	<u>\$ 751</u>	<u>\$ 21,358</u>	<u>\$ 21,442</u>	<u>\$ 51,671</u>

(Continued)

## Special Revenue Funds

Mesa Arts Center Restoration	Mesa Housing Authority	Other Restricted Funds	Public Safety Sales Tax	Quality of Life Sales Tax	Relief Fund	Street Sales Tax	Total Special Revenue Funds
\$ 1,356	\$ 71	\$ 11,783	\$ 55,425	\$ 29,727	\$ 55,358	\$ 85,875	\$ 332,307
4	(61)	564	-	-	135	1,050	1,835
5	-	89	219	119	223	348	1,344
-	2,030	2,768	7,076	7,081	-	8,510	32,323
-	-	242	9	-	533	78	950
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,365</u>	<u>\$ 2,040</u>	<u>\$ 15,446</u>	<u>\$ 62,729</u>	<u>\$ 36,927</u>	<u>\$ 56,249</u>	<u>\$ 95,861</u>	<u>\$ 368,759</u>
-	\$ 1,103	\$ 3,068	\$ 2,103	\$ -	\$ 781	\$ 1,886	\$ 14,258
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,531	8,531
226	2,449	1,300	-	-	56,615	-	60,660
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>226</u>	<u>3,552</u>	<u>4,368</u>	<u>2,103</u>	<u>-</u>	<u>57,396</u>	<u>10,417</u>	<u>83,449</u>
1	-	1,528	-	-	-	365	1,896
<u>1</u>	<u>-</u>	<u>1,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>1,896</u>
-	-	242	9	-	533	78	950
-	-	17,394	60,617	36,927	-	85,001	269,341
1,138	-	2,610	-	-	-	-	27,011
-	-	-	-	-	-	-	-
-	(1,512)	(10,696)	-	-	(1,680)	-	(13,888)
<u>1,138</u>	<u>(1,512)</u>	<u>9,550</u>	<u>60,626</u>	<u>36,927</u>	<u>(1,147)</u>	<u>85,079</u>	<u>283,414</u>
<u>\$ 1,365</u>	<u>\$ 2,040</u>	<u>\$ 15,446</u>	<u>\$ 62,729</u>	<u>\$ 36,927</u>	<u>\$ 56,249</u>	<u>\$ 95,861</u>	<u>\$ 368,759</u>

**City of Mesa, Arizona**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June, 30, 2023**  
(in thousands)

	<b>Capital Projects Funds</b>					<b>Total Capital Projects Funds</b>
	<b>Community Facilities District</b>	<b>General Capital Projects</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Streets</b>	
<b>Assets</b>						
Pooled Cash and Investments	\$ 338	\$ 64,571	\$ -	\$ 725	\$ 57,635	\$ 123,269
Accounts Receivable, Net	-	-	-	-	175	175
Accrued Interest Receivable	-	276	-	3	50	329
Due from Other Governments	-	-	-	-	4,224	4,224
Prepaid Costs	-	47	-	-	-	47
Restricted Assets:	-	-	-	-	-	-
Pooled Cash and Investments	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	<u>\$ 338</u>	<u>\$ 64,894</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 62,084</u>	<u>\$ 128,044</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 4,245	\$ 5,169	\$ 3,400	\$ 2,307	\$ 15,121
Due to Other Funds	-	-	23,241	-	-	23,241
Customer and Defendant Deposits	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	5,414	5,414
Payable from Restricted Assets:	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,245</u>	<u>28,410</u>	<u>3,400</u>	<u>7,721</u>	<u>43,776</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	-	-	-	-	1,226	1,226
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,226</u>	<u>1,226</u>
<b>Fund Balances</b>						
Nonspendable	-	47	-	-	-	47
Restricted	338	-	-	-	53,137	53,475
Committed	-	-	-	-	-	-
Assigned	-	63,609	-	-	-	63,609
Unassigned	-	(3,007)	(28,410)	(2,672)	-	(34,089)
Total Fund Balances	<u>338</u>	<u>60,649</u>	<u>(28,410)</u>	<u>(2,672)</u>	<u>53,137</u>	<u>83,042</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 338</u>	<u>\$ 64,894</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 62,084</u>	<u>\$ 128,044</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 455,576
-	-	-	-	-	2,010
13	-	12	-	25	1,698
-	-	-	-	-	36,547
-	-	-	-	-	997
8,788	34	6,055	-	14,877	14,877
1,182	1,971	39,579	10,906	53,638	53,638
21,404	-	-	-	21,404	21,404
101	-	894	-	995	995
<u>\$ 31,488</u>	<u>\$ 2,005</u>	<u>\$ 46,540</u>	<u>\$ 10,906</u>	<u>\$ 90,939</u>	<u>\$ 587,742</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,379
-	-	-	-	-	23,241
3	-	-	-	3	8,534
-	-	-	-	-	66,074
1,970	726	5,584	906	9,186	9,186
4,775	1,245	33,995	10,000	50,015	50,015
<u>6,748</u>	<u>1,971</u>	<u>39,579</u>	<u>10,906</u>	<u>59,204</u>	<u>186,429</u>
21,436	-	470	-	21,906	25,028
<u>21,436</u>	<u>-</u>	<u>470</u>	<u>-</u>	<u>21,906</u>	<u>25,028</u>
-	-	-	-	-	997
3,304	34	6,491	-	9,829	332,645
-	-	-	-	-	27,011
-	-	-	-	-	63,609
-	-	-	-	-	(47,977)
<u>3,304</u>	<u>34</u>	<u>6,491</u>	<u>-</u>	<u>9,829</u>	<u>376,285</u>
<u>\$ 31,488</u>	<u>\$ 2,005</u>	<u>\$ 46,540</u>	<u>\$ 10,906</u>	<u>\$ 90,939</u>	<u>\$ 587,742</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, 2023**  
(in thousands)

**Special Revenue Funds**

	<b>Cemetery</b>	<b>Community Facilities District</b>	<b>Development Impact Fees</b>	<b>Environmental Compliance</b>	<b>Highway User Revenue</b>
Revenues:					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	552	-	-	-
Occupancy Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	9,480	-	-
Intergovernmental	-	-	-	276	48,007
Charges for Services	126	-	-	17,570	-
Fines and Forfeitures	-	-	-	-	-
Investment Income (Loss)	64	(8)	-	94	1
Contributions	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-
Total Revenues	<u>190</u>	<u>544</u>	<u>9,480</u>	<u>17,940</u>	<u>48,008</u>
Expenditures:					
Current:					
General Government	-	258	-	2,148	86
Public Safety	-	-	-	32	-
Community Environment	-	-	-	4,858	19,253
Cultural-Recreational	-	-	-	7,899	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest on Bonds	-	-	-	-	-
Service Charges	-	-	-	-	-
Cost of Issuance	-	-	-	-	-
Capital Outlay	-	-	-	1,319	10,378
Total Expenditures	<u>-</u>	<u>258</u>	<u>-</u>	<u>16,256</u>	<u>29,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>190</u>	<u>286</u>	<u>9,480</u>	<u>1,684</u>	<u>18,291</u>
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(887)	-	(3,122)	(4)	(11,825)
Sale of Capital Assets	-	-	-	-	-
Face Amount of Bonds Issued	-	-	-	-	-
Face Amount of Leases Issued	-	-	-	-	-
Premium on Issuance of Bonds (Net)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(887)</u>	<u>-</u>	<u>(3,122)</u>	<u>(4)</u>	<u>(11,825)</u>
Net Change in Fund Balances	(697)	286	6,358	1,680	6,466
Fund Balances - Beginning	<u>3,615</u>	<u>334</u>	<u>15,000</u>	<u>18,715</u>	<u>40,996</u>
Fund Balances - Ending	<u>\$ 2,918</u>	<u>\$ 620</u>	<u>\$ 21,358</u>	<u>\$ 20,395</u>	<u>\$ 47,462</u>

(Continued)

**Special Revenue Funds**

<b>Mesa Arts Center Restoration</b>	<b>Mesa Housing Authority</b>	<b>Other Restricted Funds</b>	<b>Public Safety Sales Tax</b>	<b>Quality of Life Sales Tax</b>	<b>Relief</b>	<b>Street Sales Tax</b>	<b>Total Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 41,304	\$ 41,344	\$ -	\$ 49,613	\$ 132,261
-	-	-	-	-	-	-	552
-	-	4,938	-	-	-	-	4,938
-	-	-	-	-	-	-	-
-	-	654	-	131	-	229	10,494
-	24,783	16,029	-	-	32,764	379	122,238
-	-	15	-	-	-	2,073	19,784
544	-	771	-	-	-	-	1,315
(13)	91	(130)	181	(126)	1,532	54	1,740
-	-	66	-	-	-	-	66
-	-	2,478	-	-	-	594	3,072
<u>531</u>	<u>24,874</u>	<u>24,821</u>	<u>41,485</u>	<u>41,349</u>	<u>34,296</u>	<u>52,942</u>	<u>296,460</u>
-	-	7,861	238	234	2,584	3,254	16,663
-	-	4,845	27,113	29,832	6,734	441	68,997
-	27,022	102	-	-	16,093	22,479	89,807
-	-	1,967	-	-	101	-	9,967
-	-	10	-	-	-	-	10
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	7,469	6,756	-	7,207	7,147	40,276
<u>-</u>	<u>27,022</u>	<u>22,254</u>	<u>34,107</u>	<u>30,066</u>	<u>32,719</u>	<u>33,321</u>	<u>225,720</u>
<u>531</u>	<u>(2,148)</u>	<u>2,567</u>	<u>7,378</u>	<u>11,283</u>	<u>1,577</u>	<u>19,621</u>	<u>70,740</u>
-	2	455	-	-	-	-	457
-	-	-	-	-	-	(78)	(15,916)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	604	-	-	-	-	604
-	-	-	-	-	-	-	-
<u>-</u>	<u>2</u>	<u>1,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(14,855)</u>
531	(2,146)	3,626	7,378	11,283	1,577	19,543	55,885
607	634	5,924	53,248	25,644	(2,724)	65,536	227,529
<u>\$ 1,138</u>	<u>\$ (1,512)</u>	<u>\$ 9,550</u>	<u>\$ 60,626</u>	<u>\$ 36,927</u>	<u>\$ (1,147)</u>	<u>\$ 85,079</u>	<u>\$ 283,414</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, 2023**  
(in thousands)

	<b>Capital Projects Funds</b>					
	<b>Community Facilities District</b>	<b>General Capital Projects</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Total Capital Projects Funds</b>
Revenues:						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	-	-	-	-	-
Occupancy Taxes	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	3	3
Intergovernmental	-	-	-	-	13,240	13,240
Charges for Services	-	-	-	-	302	302
Fines and Forfeitures	-	-	-	-	-	-
Investment Income (Loss)	-	(992)	(115)	466	2,997	2,356
Contributions	-	-	-	-	-	-
Miscellaneous Revenues	-	(47)	-	-	-	(47)
Total Revenues	-	(1,039)	(115)	466	16,542	15,854
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Community Environment	-	-	-	-	-	-
Cultural-Recreational	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest on Bonds	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-
Cost of Issuance	571	-	-	-	-	571
Capital Outlay	11,931	43,580	33,271	12,862	19,833	121,477
Total Expenditures	12,502	43,580	33,271	12,862	19,833	122,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,502)	(44,619)	(33,386)	(12,396)	(3,291)	(106,194)
Other Financing Sources (Uses):						
Transfers In	-	65,442	-	-	-	65,442
Transfers Out	-	-	-	-	(35)	(35)
Sale of Capital Assets	-	101	-	-	-	101
Face Amount of Bonds Issued	11,975	-	-	-	-	11,975
Face Amount of Leases Issued	-	-	-	-	-	-
Premium on Issuance of Bonds (Net)	559	-	-	-	-	559
Total Other Financing Sources (Uses)	12,534	65,543	-	-	(35)	78,042
Net Change in Fund Balances	32	20,924	(33,386)	(12,396)	(3,326)	(28,152)
Fund Balances - Beginning	306	39,725	4,976	9,724	56,463	111,194
Fund Balances - Ending	\$ 338	\$ 60,649	\$ (28,410)	\$ (2,672)	\$ 53,137	\$ 83,042

(Concluded)

<b>Debt Service Funds</b>					
<b>Community Facilities District</b>	<b>Excise Tax Obligation</b>	<b>General Obligation Bonds</b>	<b>Highway User Revenue Bonds</b>	<b>Total Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,261
7,090	-	39,361	-	46,451	47,003
-	-	-	-	-	4,938
1,830	-	-	-	1,830	1,830
-	-	-	-	-	10,497
-	-	-	-	-	135,478
-	200	-	-	200	20,286
-	-	595	-	595	1,910
216	-	343	-	559	4,655
-	-	-	-	-	66
-	-	-	-	-	3,025
<u>9,136</u>	<u>200</u>	<u>40,299</u>	<u>-</u>	<u>49,635</u>	<u>361,949</u>
-	-	-	-	-	16,663
-	-	-	-	-	68,997
-	-	-	-	-	89,807
-	-	-	-	-	9,967
4,836	1,245	33,995	10,000	50,076	50,086
3,735	1,442	11,197	1,812	18,186	18,186
7	1	3	2	13	13
1	-	-	-	1	572
-	-	-	-	-	161,753
<u>8,579</u>	<u>2,688</u>	<u>45,195</u>	<u>11,814</u>	<u>68,276</u>	<u>416,044</u>
<u>557</u>	<u>(2,488)</u>	<u>(4,896)</u>	<u>(11,814)</u>	<u>(18,641)</u>	<u>(54,095)</u>
-	2,495	3,892	11,814	18,201	84,100
-	-	(600)	-	(600)	(16,551)
-	-	-	-	-	101
-	-	-	-	-	11,975
-	-	-	-	-	604
-	-	-	-	-	559
<u>-</u>	<u>2,495</u>	<u>3,292</u>	<u>11,814</u>	<u>17,601</u>	<u>80,788</u>
557	7	(1,604)	-	(1,040)	26,693
<u>2,747</u>	<u>27</u>	<u>8,095</u>	<u>-</u>	<u>10,869</u>	<u>349,592</u>
<u>\$ 3,304</u>	<u>\$ 34</u>	<u>\$ 6,491</u>	<u>\$ -</u>	<u>\$ 9,829</u>	<u>\$ 376,285</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, 2023**  
(in thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
<b>Assets</b>					
Current Assets:					
Pooled Cash and Investments	\$ -	\$ 9,006	\$ 7,747	\$ 45,302	\$ 62,055
Accounts Receivable	419	-	-	184	603
Accrued Premiums Receivable	-	-	-	207	207
Accrued Interest Receivable	-	32	31	180	243
Inventory	10,112	-	-	-	10,112
Deposits and Prepaid Costs	-	1,202	297	-	1,499
Total Current Assets	10,531	10,240	8,075	45,873	74,719
<b>Noncurrent Assets:</b>					
Lease Asset	-	-	-	164	164
Capital Assets, Not Being Depreciated	43	-	-	-	43
Capital Assets, Being Depreciated, Net	3,448	-	-	6	3,454
Total Noncurrent Assets	3,491	-	-	170	3,661
Total Assets	14,022	10,240	8,075	46,043	78,380
<b>Deferred Outflows of Resources</b>					
Pensions and OPEB	3,454	363	239	583	4,639
Total Deferred Outflows of Resources	3,454	363	239	583	4,639
Total Assets and Deferred Outflows of Resources	17,476	10,603	8,314	46,626	83,019
<b>Liabilities</b>					
Current Liabilities					
Accounts Payable and Accrued Liabilities	1,204	5	165	2,017	3,391
Claims Payable	-	10,469	28,284	4,465	43,218
Due to Other Funds	1,953	-	-	-	1,953
Current Portion of OPEB Liability	500	35	27	102	664
Current Portion of Compensated Absences	113	13	7	16	149
Total Current Liabilities	3,770	10,522	28,483	6,600	49,375
Long-Term Liabilities					
Lease	-	-	-	174	174
Compensated Absences	543	131	26	97	797
Net Pension and OPEB Liability	25,600	2,528	1,698	4,454	34,280
Total Long-Term Liabilities	26,143	2,659	1,724	4,725	35,251
Total Liabilities	29,913	13,181	30,207	11,325	84,626
<b>Deferred Inflows of Resources</b>					
Pensions and OPEB	4,837	364	267	939	6,407
Total Deferred Inflows of Resources	4,837	364	267	939	6,407
<b>Net Position</b>					
Net Investment in Capital Assets	3,491	-	-	170	3,661
Unrestricted	(20,765)	(2,942)	(22,160)	34,192	(11,675)
Total Net Position	\$ (17,274)	\$ (2,942)	\$ (22,160)	\$ 34,362	\$ (8,014)

**City of Mesa, Arizona**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**  
(in thousands)

	<b>Warehouse, Maintenance and Services</b>	<b>Property and Public Liability Self Insurance</b>	<b>Workers' Compensation Self Insurance</b>	<b>Employee Benefits Self Insurance</b>	<b>Total</b>
Operating Revenues:					
Charges For Services:					
Warehouse	\$ 9,255	\$ -	\$ -	\$ -	\$ 9,255
Fleet Support Services	29,785	-	-	-	29,785
Printing and Graphics	962	-	-	-	962
Self-Insurance Contributions:					
Employee	-	-	-	14,207	14,207
City	-	7,205	6,083	78,361	91,649
State Retirement System	-	-	-	5,151	5,151
Other	355	-	88	6,359	6,802
Total Operating Revenues	<u>40,357</u>	<u>7,205</u>	<u>6,171</u>	<u>104,078</u>	<u>157,811</u>
Operating Expenses:					
Warehouse, Maintenance & Services:					
Warehouse	9,533	-	-	-	9,533
Fleet Support Services	29,922	-	-	-	29,922
Printing and Graphics	988	-	-	-	988
Self-Insurance:					
Administrative Costs	-	1,406	2,814	8,615	12,835
Claims and Premiums Paid	-	5,422	4,774	90,548	100,744
Total Operating Expenses	<u>40,443</u>	<u>6,828</u>	<u>7,588</u>	<u>99,163</u>	<u>154,022</u>
Operating Income (Loss) Before Depreciation	(86)	377	(1,417)	4,915	3,789
Depreciation and Amortization	<u>(287)</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>(368)</u>
Operating Income (Loss)	<u>(373)</u>	<u>377</u>	<u>(1,417)</u>	<u>4,834</u>	<u>3,421</u>
Nonoperating Revenues (Expense):					
Investment Income/(Loss)	(50)	124	16	225	315
Lease Interest Expenses	-	-	-	(9)	(9)
Total Nonoperating Revenues (Expenses)	<u>(50)</u>	<u>124</u>	<u>16</u>	<u>216</u>	<u>306</u>
Income (Loss) Before Capital Contributions	(423)	501	(1,401)	5,050	3,727
Capital Contributions	1,316	-	-	-	1,316
Transfers In	-	1,100	2,653	-	3,753
Transfers Out	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(74)</u>
Change in Net Position	845	1,601	1,252	5,024	8,722
Total Net Position - Beginning	<u>(18,119)</u>	<u>(4,543)</u>	<u>(23,412)</u>	<u>29,338</u>	<u>(16,736)</u>
Total Net Position - Ending	<u>\$ (17,274)</u>	<u>\$ (2,942)</u>	<u>\$ (22,160)</u>	<u>\$ 34,362</u>	<u>\$ (8,014)</u>

**City of Mesa, Arizona**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**  
(in thousands)

	<b>Warehouse, Maintenance and Services</b>	<b>Property and Public Liability Self Insurance</b>	<b>Workers' Compensation Self Insurance</b>	<b>Employee Benefits Self Insurance</b>	<b>Total</b>
Cash Flows from Operating Activities:					
Cash Received from Users	\$ 40,389	\$ 7,205	\$ 6,171	\$ 103,954	\$ 157,719
Cash Payments to Suppliers	(26,015)	(7,811)	(7,073)	(100,527)	(141,426)
Cash Payments to Employees	(15,022)	(1,051)	(703)	(252)	(17,028)
Net Cash Provided By/(Used For) Operating Activities	(648)	(1,657)	(1,605)	3,175	(735)
Cash Flows From Noncapital Financing Activities:					
Interfund Payable Increase	834	-	-	-	834
Transfers In From Other Funds	-	1,100	2,653	-	3,753
Transfers Out From Other Funds	(48)	-	-	(26)	(74)
Net Cash Provided By/(Used For) Noncapital Financing Activities	786	1,100	2,653	(26)	4,513
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(1,404)	-	-	-	(1,404)
Lease Acquisition	-	-	-	(244)	(244)
Financing of Lease	-	-	-	174	174
Interest Income/(Expense) on Lease	-	-	-	(9)	(9)
Capital Contributions	1,316	-	-	-	1,316
Net Cash Provided By/(Used For) Capital and Related Financing Activities	(88)	-	-	(79)	(167)
Cash Flows from Investing Activities:					
Interest Received on Investments	(50)	117	3	156	226
Net Cash Provided By/(Used For) Investing Activities	(50)	117	3	156	226
Net Change in Pooled Cash and Investments	-	(440)	1,051	3,226	3,837
Pooled Cash and Investments at Beginning of Year	-	9,446	6,696	42,076	58,218
Pooled Cash and Investments at End of Year	\$ -	\$ 9,006	\$ 7,747	\$ 45,302	\$ 62,055
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ (373)	\$ 377	\$ (1,417)	\$ 4,834	\$ 3,421
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	287	-	-	81	368
Changes in Assets and Liabilities:					
(Increase)/Decrease in Receivables	30	-	-	(125)	(95)
(Increase)/Decrease in Inventory	(973)	-	-	-	(973)
(Increase)/Decrease in Deposits and Prepaid Costs	9	(113)	(37)	32	(109)
Increase/(Decrease) in Accounts Payable	193	(31)	115	(303)	(26)
Increase/(Decrease) in Pension and OPEB Liability	(2,768)	(44)	(74)	(678)	(3,564)
(Increase)/Decrease in Deferred Outflows	1,009	98	67	177	1,351
Increase/(Decrease) in Deferred Inflows	1,994	(27)	26	538	2,531
Increase/(Decrease) in Other Accrued Expenses	(56)	(1,917)	(285)	(1,381)	(3,639)
Total Adjustments	(275)	(2,034)	(188)	(1,659)	(4,156)
Net Cash Provided by/(Used for) Operating Activities	\$ (648)	\$ (1,657)	\$ (1,605)	\$ 3,175	\$ (735)





# SUPPLEMENTAL INFORMATION

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023



**City of Mesa, Arizona**  
**Supplemental Information**  
**Budgetary Comparison Schedule (Non-GAAP Basis)**  
**Community Facilities Districts - Cadence**  
**For the Fiscal Year Ended June 30, 2023**  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual -</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget</b>
Revenues:				
Property Taxes	\$ 1,206	\$ 1,206	\$ 1,202	\$ (5)
Special Assessments	358	358	356	(3)
Investment Income	-	-	11	11
Contributions	64	64	-	(64)
Total Revenues	<u>1,628</u>	<u>1,628</u>	<u>1,568</u>	<u>(60)</u>
Expenditures:				
Current:				
General Government	1,057	1,057	43	1,014
Debt Service:				
Principal Retirement	858	858	833	25
Interest on Bonds	617	617	520	97
Service Charges	2	2	2	0
Cost of Issuance	155	155	190	(35)
Capital Outlay	6,339	6,339	5,016	1,323
Total Expenditures	<u>9,028</u>	<u>9,028</u>	<u>6,604</u>	<u>2,424</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(7,400)</u>	<u>(7,400)</u>	<u>(5,036)</u>	<u>2,364</u>
Other Financing Uses:				
Face Amount of Bonds Issued	7,400	7,400	4,975	2,425
Premium on Issuance of Bonds		-	238	(238)
Total Other Financing Uses	<u>7,400</u>	<u>7,400</u>	<u>5,213</u>	<u>2,187</u>
Net Change in Fund Balances	-	-	177	177
Fund Balance - Beginning	<u>479</u>	<u>479</u>	<u>479</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 479</u>	<u>\$ 479</u>	<u>\$ 656</u>	<u>\$ 177</u>

Note: Cadence 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, 2023**  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual -</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget</b>
Revenues:				
Property Taxes	\$ 5,984	\$ 5,984	\$ 5,978	\$ (6)
Special Assessments	2,221	2,221	1,432	(789)
Investment Income		-	84	84
Contributions	52	52	-	(52)
Total Revenues	<u>8,257</u>	<u>8,257</u>	<u>7,494</u>	<u>(763)</u>
Expenditures:				
Current:				
General Government	3,490	3,490	179	3,311
Debt Service:				
Principal Retirement	3,302	3,302	3,556	(254)
Interest on Bonds	4,465	4,465	3,049	1,416
Service Charges	5	5	5	0
Cost of Issuance	450	450	181	269
Capital Outlay	21,544	21,544	3,465	18,079
Total Expenditures	<u>33,256</u>	<u>33,256</u>	<u>10,435</u>	<u>22,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,999)</u>	<u>(24,999)</u>	<u>(2,941)</u>	<u>22,059</u>
Other Financing Uses:				
Face Amount of Bonds Issued	25,000	25,000	3,520	21,480
Premium on Issuance of Bonds		-	146	(146)
Total Other Financing Uses	<u>25,000</u>	<u>25,000</u>	<u>3,666</u>	<u>21,334</u>
Net Change in Fund Balances	1	1	725	725
Fund Balance - Beginning	<u>2,981</u>	<u>2,981</u>	<u>2,981</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,981</u>	<u>\$ 2,981</u>	<u>\$ 3,706</u>	<u>\$ 725</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, 2023**  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual -</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget</b>
Revenues:				
Property Taxes	\$ 469	\$ 469	\$ 463	\$ (6)
Special Assessments	339	339	42	(296)
Investment Income	-	-	6	6
Contributions	90	90		(90)
Total Revenues	<u>897</u>	<u>897</u>	<u>512</u>	<u>(385)</u>
Expenditures:				
Current:				
General Government	830	830	38	792
Debt Service:				
Principal Retirement	267	267	447	(180)
Interest on Bonds	505	505	166	339
Service Charges	1	1	1	0
Cost of Issuance	250	250	201	49
Capital Outlay	6,744	6,744	3,450	3,294
Total Expenditures	<u>8,597</u>	<u>8,597</u>	<u>4,303</u>	<u>4,294</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(7,700)</u>	<u>(7,700)</u>	<u>(3,791)</u>	<u>3,909</u>
Other Financing Uses:				
Face Amount of Bonds Issued	7,700	7,700	3,480	4,220
Premium on Issuance of Bonds		-	175	(175)
Total Other Financing Uses	<u>7,700</u>	<u>7,700</u>	<u>3,655</u>	<u>4,045</u>
Net Change in Fund Balances	-	-	(136)	(136)
Fund Balance - Beginning	<u>287</u>	<u>287</u>	<u>287</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 151</u>	<u>\$ (136)</u>

Note: Eastmark #2 is a blended component unit. Budget is approved by the Board at the District Level





# STATISTICAL SECTION

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED | JUNE 30, 2023

## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	128
<b>Revenue Capacity</b> These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.	140
<b>Debt Capacity</b> 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.	143
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	151
<b>Operating Information</b> 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.	153

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)

	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 1,229,376	\$ 1,246,582	\$ 1,184,908	\$ 1,075,182
Restricted	357,673	249,626	203,284	143,839
Unrestricted	<u>(848,807)</u>	<u>(889,238)</u>	<u>(841,670)</u>	<u>(833,300)</u>
Total Governmental Activities Net Position	<u><u>\$ 738,242</u></u>	<u><u>\$ 606,970</u></u>	<u><u>\$ 546,522</u></u>	<u><u>\$ 385,721</u></u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 92,703	\$ 24,204	\$ 30,965	\$ 213,576
Restricted	114,531	95,840	70,940	63,113
Unrestricted	<u>245,653</u>	<u>324,907</u>	<u>318,490</u>	<u>252,261</u>
Total Business-type Activities	<u><u>\$ 452,887</u></u>	<u><u>\$ 444,951</u></u>	<u><u>\$ 420,395</u></u>	<u><u>\$ 528,950</u></u>
<b>PRIMARY GOVERNMENT</b>				
Net Investment in Capital Assets	\$ 1,322,079	\$ 1,270,786	\$ 1,215,873	\$ 1,288,758
Restricted	472,204	345,466	274,224	206,952
Unrestricted	<u>(603,154)</u>	<u>(564,331)</u>	<u>(523,180)</u>	<u>(581,039)</u>
Total Primary Government	<u><u>\$ 1,191,129</u></u>	<u><u>\$ 1,051,921</u></u>	<u><u>\$ 966,917</u></u>	<u><u>\$ 914,671</u></u>

**Table I**  
(Concluded)

<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
\$ 1,038,928	\$ 1,019,888	\$ 986,354	\$ 965,148	\$ 932,660	\$ 866,332
103,164	88,305	88,721	81,941	72,170	60,555
(834,016)	(858,392)	(711,367)	(666,986)	(666,758)	(120,803)
<u>\$ 308,076</u>	<u>\$ 249,801</u>	<u>\$ 363,708</u>	<u>\$ 380,103</u>	<u>\$ 338,072</u>	<u>\$ 806,084</u>
\$ 170,427	\$ 266,012	\$ 247,598	\$ 302,521	\$ 327,743	\$ 393,720
47,857	40,440	43,046	49,139	47,576	43,023
350,006	199,531	228,160	158,756	160,934	178,702
<u>\$ 568,290</u>	<u>\$ 505,983</u>	<u>\$ 518,804</u>	<u>\$ 510,416</u>	<u>\$ 536,253</u>	<u>\$ 615,445</u>
\$ 1,209,355	\$ 1,285,900	\$ 1,233,952	\$ 1,267,669	\$ 1,260,403	\$ 1,260,052
151,021	128,745	131,767	131,080	119,746	103,578
(484,010)	(658,861)	(483,207)	(508,230)	(505,824)	57,899
<u>\$ 876,366</u>	<u>\$ 755,784</u>	<u>\$ 882,512</u>	<u>\$ 890,519</u>	<u>\$ 874,325</u>	<u>\$ 1,421,529</u>



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

<b>EXPENSES</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 192,361	\$ 183,241	\$ 175,608	\$ 134,299
Public Safety	430,268	416,563	409,549	384,800
Community Environment	157,270	195,594	172,840	152,847
Cultural-Recreational	100,791	86,824	66,020	62,014
Interest on Long-term Debt	16,138	14,720	18,201	17,841
<b>Total Governmental Activities Expenses</b>	<b>896,827</b>	<b>896,942</b>	<b>842,218</b>	<b>751,801</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Electric	48,672	43,206	30,259	25,028
Gas	51,105	43,125	41,386	29,096
Water	128,558	119,329	126,797	128,244
Wastewater	82,752	89,219	77,488	80,548
Solid Waste	51,213	41,001	45,848	41,719
Airport	7,671	6,002	5,958	6,004
Golf Course	-	-	-	1,233
Convention Center	-	-	-	4,150
Hohokam Stadium/Fitch Complex	-	-	-	2,615
Cubs Stadium	-	-	-	408
District Cooling	1,528	1,703	1,299	1,163
Interest on Long-term Debt	-	-	-	-
<b>Total Business-type Activities Expenses</b>	<b>371,499</b>	<b>343,585</b>	<b>329,035</b>	<b>320,208</b>
<b>Total Primary Government Expenses</b>	<b>\$ 1,268,326</b>	<b>\$ 1,240,527</b>	<b>\$ 1,171,253</b>	<b>\$ 1,072,009</b>

**Table II**  
(Continued)

<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$ 119,819	\$ 105,140	\$ 101,301	\$ 96,860	\$ 102,396	\$ 103,819
355,752	334,905	379,505	305,376	302,633	277,614
119,506	113,916	104,173	117,120	101,531	125,700
58,345	54,828	55,739	54,967	52,430	49,275
18,078	19,514	19,279	20,424	23,939	24,431
<u>671,500</u>	<u>628,303</u>	<u>659,997</u>	<u>594,747</u>	<u>582,929</u>	<u>580,839</u>
22,475	25,573	26,561	27,647	28,495	30,044
33,124	31,636	37,109	31,549	32,104	35,020
103,821	101,005	95,608	95,574	101,863	93,871
57,468	74,157	71,782	73,877	71,161	65,637
38,524	37,988	37,911	36,586	36,979	32,908
5,029	5,308	5,125	4,865	2,863	4,343
2,117	1,965	2,028	2,575	2,210	2,555
4,413	4,481	4,711	4,252	3,715	3,060
2,748	3,174	3,687	2,913	1,200	2,879
7,867	5,870	6,042	5,271	8,581	6,201
1,186	1,181	1,268	1,182	885	1,153
-	-	-	-	4,124	-
<u>278,772</u>	<u>292,338</u>	<u>291,832</u>	<u>286,291</u>	<u>294,180</u>	<u>277,671</u>
<u>\$ 950,272</u>	<u>\$ 920,641</u>	<u>\$ 951,829</u>	<u>\$ 881,038</u>	<u>\$ 877,109</u>	<u>\$ 858,510</u>

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

<b>PROGRAM REVENUES</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Charges for services:				
Licenses and Permits	\$ 46,116	\$ 48,574	\$ 42,635	\$ 24,126
Charges for Services	70,224	65,920	41,394	40,489
Fines and Forfeitures	8,968	9,672	8,573	9,253
Other activities	936	966	8,145	3,791
Operating Grants and Contributions	75,436	105,858	100,923	70,633
Capital Grants and Contributions	24,611	44,369	10,696	24,719
<b>Total Governmental Activities Program Revenues</b>	<b>226,291</b>	<b>275,359</b>	<b>212,366</b>	<b>173,011</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Charges for services:				
Electric	48,208	52,613	32,666	29,855
Gas	70,556	57,313	45,141	39,986
Water	167,806	163,263	169,473	152,266
Wastewater	95,665	93,727	87,573	81,464
Solid Waste	69,269	66,132	64,344	63,267
Airport	4,973	4,808	4,007	4,018
Golf Course	-	-	-	-
Convention Center	-	-	-	2,595
Hohokam Stadium/Fitch Complex	-	-	-	40
Cubs Stadium	-	-	-	221
District Cooling	1,427	1,487	1,158	1,143
Economic Investment	-	-	-	-
Operating Grants and Contributions	268	452	452	1,632
Capital Grants and Contributions	21,796	30,888	34,719	35,896
<b>Total Business-type Activities Program Revenues</b>	<b>479,968</b>	<b>470,683</b>	<b>439,533</b>	<b>412,383</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 706,259</b>	<b>\$ 746,042</b>	<b>\$ 651,899</b>	<b>\$ 585,394</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	\$(670,536)	\$ (621,583)	\$ (629,852)	\$ (578,790)
Business-type Activities	108,469	127,098	110,498	92,175
<b>Total Primary Government Net Expense</b>	<b>\$(562,067)</b>	<b>\$ (494,485)</b>	<b>\$ (519,354)</b>	<b>\$ (486,615)</b>

**Table II**  
(Continued)

<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$ 23,812	\$ 25,119	\$ 23,152	\$ 23,254	\$ 20,892	\$ 18,797
43,214	40,222	38,348	38,178	36,260	32,106
10,838	10,436	9,873	11,049	10,505	9,890
3,439	2,979	1,330	9,385	5,741	400
25,326	34,446	26,955	26,361	26,418	29,514
13,780	23,618	24,451	35,925	75,907	20,714
<u>120,409</u>	<u>136,820</u>	<u>124,109</u>	<u>144,152</u>	<u>175,723</u>	<u>111,421</u>
29,986	31,425	33,534	32,254	33,601	31,198
43,547	39,171	39,752	38,962	39,422	38,600
144,896	147,667	138,335	130,674	121,205	112,003
84,220	83,078	79,056	79,523	77,172	66,457
62,432	60,522	58,117	55,354	52,748	47,452
4,339	3,983	3,846	3,623	3,454	3,813
1,608	1,635	1,545	1,645	1,737	1,622
3,153	2,809	3,299	2,798	2,475	2,057
75	51	54	63	2	36
250	238	291	201	202	174
1,148	1,215	1,231	1,234	1,274	1,142
-	-	-	-	-	-
2,316	2,406	158	267	157	9,056
19,692	23,474	28,711	16,929	18,107	17,331
<u>397,662</u>	<u>397,674</u>	<u>387,929</u>	<u>363,527</u>	<u>351,556</u>	<u>330,941</u>
<u>\$ 518,071</u>	<u>\$ 534,494</u>	<u>\$ 512,038</u>	<u>\$ 507,679</u>	<u>\$ 527,279</u>	<u>\$ 442,362</u>
\$ (551,091)	\$ (491,483)	\$ (535,888)	\$ (450,595)	\$ (407,206)	\$ (469,418)
<u>118,890</u>	<u>105,336</u>	<u>96,097</u>	<u>77,236</u>	<u>57,376</u>	<u>53,270</u>
<u>\$ (432,201)</u>	<u>\$ (386,147)</u>	<u>\$ (439,791)</u>	<u>\$ (373,359)</u>	<u>\$ (349,830)</u>	<u>\$ (416,148)</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>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
GOVERNMENTAL ACTIVITIES:				
Sales Taxes	\$ 331,144	\$ 301,862	\$ 253,825	\$ 219,932
Property Taxes	46,906	52,005	47,247	45,068
Occupancy Taxes	7,319	6,427	3,990	2,564
Unrestricted Intergovernmental Revenues	246,412	211,534	206,397	183,189
Contributions Not Restricted to Specific Programs	31,799	7,771	19,052	36,912
Investment Income (Loss)	8,542	(29,788)	2,308	16,002
Miscellaneous	8,233	14,758	21,315	16,374
Gain (Loss) on Sale of Capital Assets	1,854	1,856	17,229	-
Transfers	<u>119,599</u>	<u>115,607</u>	<u>113,982</u>	<u>136,394</u>
Total Governmental Activities	<u>801,808</u>	<u>682,032</u>	<u>685,345</u>	<u>656,435</u>
BUSINESS-TYPE ACTIVITIES:				
Occupancy Taxes	-	-	-	1,459
Utility Development Fees	14,142	21,021	-	-
Investment Income (Loss)	3,672	(9,155)	45	7,618
Gain (Loss) on Sale of Capital Assets	-	-	-	(801)
Miscellaneous	1,252	1,199	192	(3,397)
Transfers	<u>(119,599)</u>	<u>(115,607)</u>	<u>(113,982)</u>	<u>(136,394)</u>
Total Business-type Activities	<u>(100,533)</u>	<u>(102,542)</u>	<u>(113,745)</u>	<u>(131,515)</u>
Total Primary Government	<u>\$ 701,275</u>	<u>\$ 579,490</u>	<u>\$ 571,600</u>	<u>\$ 524,920</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 131,272	\$ 60,448	\$ 55,493	\$ 77,645
Business-type Activities	<u>7,936</u>	<u>24,556</u>	<u>(3,247)</u>	<u>(39,340)</u>
Total Primary Government	<u>\$ 139,208</u>	<u>\$ 85,004</u>	<u>\$ 52,246</u>	<u>\$ 38,305</u>

**Table II**  
(Concluded)

<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$ 189,871	\$ 169,024	\$ 159,735	\$ 151,826	\$ 146,337	\$ 140,567
36,013	35,571	34,684	33,825	33,241	22,549
3,246	2,628	2,536	2,331	2,081	1,919
175,278	167,540	158,916	149,350	145,266	135,075
65,189	80,312	46,817	44,928	47,761	88,646
13,729	1,912	448	2,210	1,786	966
11,531	5,418	11,161	6,008	7,844	5,550
(27)	(2,462)	(1,411)	-	-	-
<u>114,535</u>	<u>116,006</u>	<u>106,607</u>	<u>102,148</u>	<u>94,427</u>	<u>109,520</u>
<u>609,365</u>	<u>575,949</u>	<u>519,493</u>	<u>492,626</u>	<u>478,743</u>	<u>504,792</u>
1,602	1,192	1,085	1,161	999	851
-	-	-	-	-	-
8,004	1,691	983	3,020	1,141	1,453
44,056	261	16,364	(6,145)	5,157	18,697
4,290	1,915	466	1,039	233	288
<u>(114,535)</u>	<u>(116,006)</u>	<u>(106,607)</u>	<u>(102,148)</u>	<u>(94,427)</u>	<u>(109,520)</u>
<u>(56,583)</u>	<u>(110,947)</u>	<u>(87,709)</u>	<u>(103,073)</u>	<u>(86,897)</u>	<u>(88,231)</u>
<u>\$ 552,782</u>	<u>\$ 465,002</u>	<u>\$ 431,784</u>	<u>\$ 389,553</u>	<u>\$ 391,846</u>	<u>\$ 416,561</u>
\$ 58,275	\$ 84,466	\$ (16,395)	\$ 42,031	\$ 71,537	\$ 35,374
<u>62,307</u>	<u>(5,611)</u>	<u>8,388</u>	<u>(25,837)</u>	<u>(29,521)</u>	<u>(34,961)</u>
<u>\$ 120,582</u>	<u>\$ 78,855</u>	<u>\$ (8,007)</u>	<u>\$ 16,194</u>	<u>\$ 42,016</u>	<u>\$ 413</u>

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
<b>GENERAL FUND</b>				
Nonspendable	\$ 4,299	\$ 3,185	\$ 2,680	\$ 2,301
Restricted	-	-	-	-
Committed	8,978	4,313	18,529	19,910
Assigned	184,499	171,743	79,024	42,515
Unassigned	<u>177,640</u>	<u>152,526</u>	<u>188,375</u>	<u>130,342</u>
Total General Fund	<u>\$ 375,416</u>	<u>\$ 331,767</u>	<u>\$ 288,608</u>	<u>\$ 195,068</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ 997	\$ 723	\$ 928	\$ 576
Restricted (1)	332,645	296,748	274,623	184,980
Committed	27,011	25,677	66,679	63,866
Assigned	63,609	39,153	897	786
Unassigned	<u>(47,977)</u>	<u>(12,709)</u>	<u>(11,517)</u>	<u>(1,043)</u>
Total All Other Governmental Funds	<u>\$ 376,285</u>	<u>\$ 349,592</u>	<u>\$ 331,610</u>	<u>\$ 249,165</u>

**Table III**  
(Concluded)

<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$ 794	\$ 2,304	\$ 2,145	\$ 4,035	\$ 3,490	\$ 2,956
26	-	146	184	184	188
14,016	10,377	528	227	126	1,484
30,869	28,346	19,367	10,703	-	-
90,190	89,347	92,240	79,657	74,145	72,683
<u>\$ 135,895</u>	<u>\$ 130,374</u>	<u>\$ 114,426</u>	<u>\$ 94,806</u>	<u>\$ 77,945</u>	<u>\$ 77,311</u>
\$ 1,196	\$ 135	\$ 37	\$ 77	\$ 138	\$ 23
159,745	132,462	112,105	95,701	172,316	190,609
57,432	41,641	30,928	28,580	30,092	21,379
459	22	2	6	-	-
(134)	(176)	(69)	(155)	(31)	(675)
<u>\$ 218,698</u>	<u>\$ 174,084</u>	<u>\$ 143,003</u>	<u>\$ 124,209</u>	<u>\$ 202,515</u>	<u>\$ 211,336</u>



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

	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
<b>REVENUES</b>					
Sales Taxes (1)	\$ 331,144	\$ 301,862	\$ 253,825	\$ 219,932	\$ 189,871
Property Taxes	47,003	51,926	47,253	44,970	36,005
Occupancy Taxes	7,319	6,427	3,990	2,564	3,246
Special Assessments	1,830	1,830	1,832	1,661	1,274
Licenses and Permits	46,116	48,574	42,635	24,126	23,812
Intergovernmental	345,790	347,578	316,871	277,396	213,051
Charges for Services	70,224	65,920	41,394	40,489	43,214
Fines and Forfeitures	8,968	9,672	8,573	9,253	10,838
Investment Income	8,227	(27,716)	2,287	14,026	10,840
Contributions	107	1,081	130	2,295	255
Miscellaneous	8,367	7,332	7,036	9,487	6,688
Total Revenues	<u>875,095</u>	<u>814,486</u>	<u>725,826</u>	<u>646,199</u>	<u>539,094</u>
<b>EXPENDITURES</b>					
Current					
General Government	122,514	110,608	98,423	96,141	98,009
Public Safety	390,553	365,887	308,271	291,674	277,313
Community Environment	107,001	127,637	127,421	90,207	76,623
Cultural-Recreational	70,381	62,542	45,596	47,639	48,636
Debt Service					
Principal	53,495	54,032	45,793	46,929	39,511
Interest	18,732	19,283	17,443	18,208	18,185
Service Charges	13	12	14	14	19
Cost of Issuance	572	540	2,038	838	874
Capital Outlay	176,745	167,628	156,985	120,602	92,637
Total Expenditures	<u>940,006</u>	<u>908,169</u>	<u>801,984</u>	<u>712,252</u>	<u>651,807</u>
Excess of Revenues Under Expenditures	<u>(64,911)</u>	<u>(93,683)</u>	<u>(76,158)</u>	<u>(66,053)</u>	<u>(112,713)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	189,252	143,814	185,897	163,801	147,590
Transfers Out	(73,332)	(28,207)	(71,915)	(27,407)	(33,055)
Sale of Capital Asset	2,019	2,004	21,597	-	-
Face Amount of Bonds Issued	11,975	34,155	106,637	18,361	47,008
Financing of Leases	4,780	-	-	-	-
Premium on Issuance of Bonds (Net)	559	3,059	20,193	938	1,305
Issuance of Refunding Bonds	-	-	38,395	-	-
Payment to Refunding Bond Agent	-	-	(48,661)	-	-
Total Other Financing Sources (Uses)	<u>135,253</u>	<u>154,825</u>	<u>252,143</u>	<u>155,693</u>	<u>162,848</u>
Net Change in Fund Balances	<u>\$ 70,342</u>	<u>\$ 61,142</u>	<u>\$ 175,985</u>	<u>\$ 89,640</u>	<u>\$ 50,135</u>
Debt Service as a percentage of Noncapital Expenditures	8.73%	9.26%	9.08%	10.39%	10.07%

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

**Table IV**  
(Concluded)

<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
\$ 169,024	\$ 159,735	\$ 151,826	\$ 146,337	\$ 140,567
35,616	34,675	34,765	34,022	22,500
2,628	2,536	2,331	2,081	1,919
1,174	2,125	1,433	1,264	1,062
25,119	23,152	23,254	20,892	18,797
223,800	200,820	191,360	185,529	185,303
40,222	38,348	38,178	36,260	32,106
10,436	9,873	11,049	10,505	9,890
1,608	331	1,483	1,793	589
429	360	961	1,344	1,212
5,547	4,348	3,994	6,587	4,524
<u>515,603</u>	<u>476,303</u>	<u>460,634</u>	<u>446,614</u>	<u>418,469</u>
90,209	86,360	79,448	81,066	75,077
266,459	261,892	254,528	243,570	231,364
73,404	68,403	65,559	60,512	56,573
46,143	43,744	43,651	40,365	38,788
34,738	32,587	107,383	28,367	71,015
18,477	17,994	18,905	23,269	23,704
14	15	14	13	-
1,023	1,271	1,505	657	727
76,279	82,062	91,784	74,150	102,657
<u>606,746</u>	<u>594,328</u>	<u>662,777</u>	<u>551,969</u>	<u>599,905</u>
<u>(91,143)</u>	<u>(118,025)</u>	<u>(202,143)</u>	<u>(105,355)</u>	<u>(181,436)</u>
176,572	139,516	122,572	123,044	141,909
(66,208)	(31,931)	(24,298)	(45,324)	(32,389)
-	-	-	-	-
26,745	47,682	46,530	18,999	40,800
-	-	-	-	-
1,063	4,613	2,283	2,952	430
-	47,450	43,304	17,555	-
-	(50,891)	(49,693)	(20,058)	-
<u>138,172</u>	<u>156,439</u>	<u>140,698</u>	<u>97,168</u>	<u>150,750</u>
<u>\$ 47,029</u>	<u>\$ 38,414</u>	<u>\$ (61,445)</u>	<u>\$ (8,187)</u>	<u>\$ (30,686)</u>
10.03%	9.88%	22.12%	10.81%	19.05%

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Retail Sales	\$ 169,720	\$ 162,691	\$ 143,435	\$ 115,525	\$ 95,806	\$ 84,640
Rentals	51,391	47,574	38,149	35,885	31,754	28,003
Utilities	19,982	18,412	17,511	16,287	14,964	14,199
Restaurants & Bars	27,812	25,615	21,716	19,345	17,961	16,065
Communications	3,493	4,026	4,730	5,162	4,365	3,876
Amusements	2,716	2,354	1,351	1,755	1,941	1,624
Publishing	478	943	477	463	408	362
Miscellaneous	1,381	1,127	1,154	1,131	943	986
Printing & Advertising	632	553	479	495	507	413
Contracting	<u>53,532</u>	<u>38,567</u>	<u>24,821</u>	<u>23,867</u>	<u>21,222</u>	<u>18,856</u>
Total	<u>\$ 331,137</u>	<u>\$ 301,862</u>	<u>\$ 253,823</u>	<u>\$ 219,915</u>	<u>\$ 189,871</u>	<u>\$ 169,024</u>
City Direct Tax Rate (1)	2.00%	2.00%	2.00%	2.00%	2.00%	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)

<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
\$ 79,716	\$ 76,160	\$ 71,996	\$ 69,276
26,340	25,578	25,102	24,374
13,575	13,251	13,111	12,344
15,002	14,240	13,708	12,972
4,432	4,229	4,796	4,230
1,581	1,561	1,542	1,469
526	688	747	830
1,313	1,068	771	823
446	428	461	455
16,806	14,623	14,103	13,794
<b>\$ 159,737</b>	<b>\$ 151,826</b>	<b>\$ 146,337</b>	<b>\$ 140,567</b>
1.75%	1.75%	1.75%	1.75%

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

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Maricopa County</b>	<b>State of Arizona</b>
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%
2022-23	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)

	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 298,366	\$ 335,174	\$ 353,434	\$ 334,609
Highway User Revenue Bonds	29,916	40,420	51,141	58,750
Excise Tax Revenue Obligation Bonds	38,387	40,245	42,078	-
Special Assessment Bonds	-	-	-	219
Community Facilities District	102,630	95,193	86,134	57,307
Leases	24,714	23,025	-	-
Subscription-Based Information Technology Arrangements	2,866	-	-	-
Notes Payable	-	-	-	-
<b>Business-type Activities</b>				
Utility System Revenue Bonds	1,198,362	1,322,930	1,382,558	1,242,670
Utility Revenue Obligations	155,366	92,203	16,977	-
General Obligation Bonds	-	-	28	151
Notes Payable	983	1,135	1,285	1,431
<b>Total Primary Government</b>	<b>\$ 1,851,590</b>	<b>\$ 1,950,325</b>	<b>\$ 1,933,635</b>	<b>\$ 1,695,137</b>
Percentage of Personal Income (1)	9.44%	9.74%	12.21%	10.99%
Per Capita (1)	\$ 3,616	\$ 3,832	\$ 3,837	\$ 3,298

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

**Table VII**  
(Concluded)

<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
\$ 370,479	\$ 365,519	\$ 374,443	\$ 350,560	\$ 336,716	\$ 344,040
67,905	76,620	84,995	92,895	100,285	107,705
49,025	4,902	94,060	94,060	94,060	94,060
438	1,005	1,340	2,085	2,830	3,574
40,631	28,813	19,172	19,315	10,974	5,897
-	-	-	-	-	72
-	-	-	-	-	-
-	-	-	-	77,835	77,835
1,279,020	1,227,355	1,161,755	1,063,710	1,007,455	991,995
-	-	-	-	-	-
191	236	191	390	474	605
1,574	1,714	1,851	1,985	2,116	2,244
<u>\$ 1,809,263</u>	<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>
12.26%	12.62%	13.74%	13.79%	14.42%	15.23%
\$ 3,541	\$ 3,406	\$ 3,525	\$ 3,421	\$ 3,534	\$ 3,578



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

<b>Year</b>	<b>Secondary Assessed Value (1)</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Secondary Assessed Value</b>	<b>Per Capita (2)</b>
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%	686
2022	3,990,099	335,174	8,095	327,079	8.20%	643
2023	4,233,637	298,366	6,491	291,875	6.89%	570

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, 2023**

(in thousands)

(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City of Mesa	
		Percent (1)	Amount
<b>Debt repaid with property taxes</b>			
Maricopa County Community College District	\$ 135,585	8.21%	11,130
Maricopa Special Health Care District	600,335	8.15%	48,940
Mesa Unified School District No. 4	312,105	86.52%	270,045
Gilbert Unified School District No. 41	151,380	27.42%	41,507
Queen Creek Unified School District No. 95	121,045	36.98%	44,764
Higley Unified School District No. 60	78,470	2.34%	1,835
Tempe Union High School District No. 213	113,435	0.50%	566
Tempe Elementary School District No. 3	138,935	1.17%	1,624
Eastmark Community Facilities District No. 1	62,405	100.00%	62,405
Eastmark Community Facilities District No. 2	5,655	100.00%	5,655
Cadence Community Facilities District	13,345	100.00%	13,345
<b>Other Debt:</b>			
Maricopa County	39,590	8.21%	3,250
Subtotal, overlapping debt			505,066
<b>City direct debt (2)</b>			469,299
<b>Total Direct and Overlapping Debt</b>			\$ 974,365

(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>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
<b>6% Limitation (1)</b>				
Legal Debt Limitation	\$ 378,486	\$ 353,301	\$ 317,794	\$ 285,114
General Obligation Bonds Outstanding	<u>808</u>	<u>852</u>	<u>2,715</u>	<u>450</u>
Total Debt Margin Available	<u>\$ 377,678</u>	<u>\$ 352,449</u>	<u>\$ 315,079</u>	<u>\$ 284,664</u>
 Total Net Debt Applicable to the 6% Limit as A Percentage of the 6% Legal Debt Limitation	 0.21%	 0.24%	 0.85%	 0.16%
<b>20% Limitation (2)</b>				
Legal Debt Limitation	\$ 1,261,620	\$ 1,177,671	\$ 1,059,313	\$ 950,381
General Obligation Bonds Outstanding	<u>284,147</u>	<u>318,098</u>	<u>331,690</u>	<u>334,609</u>
Total Debt Margin Available	<u>\$ 977,473</u>	<u>\$ 859,573</u>	<u>\$ 727,623</u>	<u>\$ 615,772</u>
 Total Net Debt Applicable to the 20% Limit as A Percentage of the 20% Legal Debt Limitation	 22.52%	 27.01%	 31.31%	 35.21%
Total Margin Available	<u>\$ 1,355,151</u>	<u>\$ 1,212,022</u>	<u>\$ 1,042,702</u>	<u>\$ 900,436</u>
Full Cash Net Assessed Value	<u>\$ 6,308,100</u>	<u>\$ 5,888,354</u>	<u>\$ 5,296,564</u>	<u>\$ 4,751,903</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)

<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
\$ 196,678 518	\$ 182,934 724	\$ 173,297 846	\$ 165,475 1,047	\$ 169,270 1,275	\$ 153,578 605
<u>\$ 196,160</u>	<u>\$ 182,210</u>	<u>\$ 172,451</u>	<u>\$ 164,428</u>	<u>\$ 167,995</u>	<u>\$ 152,973</u>
0.26%	0.40%	0.49%	0.63%	0.75%	0.39%
\$ 655,593 370,152	\$ 609,779 365,031	\$ 577,658 373,909	\$ 551,583 349,903	\$ 564,235 343,370	\$ 511,927 344,040
<u>\$ 285,441</u>	<u>\$ 244,748</u>	<u>\$ 203,749</u>	<u>\$ 201,680</u>	<u>\$ 220,865</u>	<u>\$ 167,887</u>
56.46%	59.86%	64.73%	63.44%	60.86%	67.20%
<u>\$ 481,601</u>	<u>\$ 426,958</u>	<u>\$ 376,200</u>	<u>\$ 366,108</u>	<u>\$ 388,860</u>	<u>\$ 320,860</u>
<u>\$ 4,329,347</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>

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						
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
2022-23	451,504	309,470	142,034	47,935	48,045	1.48
Utility System Revenue Obligations						
			Net Revenue Available for Debt Service	Debt Service		Coverage Ratio
	Operating Revenues (1)	Operating Expenses		Principal	Interest	
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
2022-23	451,504	309,470	142,034	3,725	6,461	21.98

(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)

	<b>Debt Service</b>					<b>Debt Service</b>			
	<b>Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage Ratio</b>		<b>Revenues (2)</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage Ratio</b>
<b>Special Assessment Bonds</b>					<b>Community Facility District Bonds</b>				
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
2022-23	-	-	-	-		8,920	4,836	3,735	1.03
<b>Highway Project Advancement Notes</b>					<b>Excise Tax Revenue Obligations Series 2013</b>				
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	-	-	-	-		-	-	-	-
2022-23	-	-	-	-		-	-	-	-
<b>Highway User Revenue Fund Revenue Bonds</b>					<b>Excise Tax Revenue Obligations Series 2020</b>				
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
2022-23	48,007	10,000	1,812	3.87		437,250	1,245	1,442	162.73

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>
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	504,258	15,509,968	30,758	36.6	57,876	6.6%
2022	509,475	18,217,807	35,758	37.8	58,595	3.4%
2023	512,498	19,609,198	38,262	38.1	57,909	3.9%

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	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mesa Unified School District 4	7,600	1	4.09%	8770	2	7.06%
Banner Health	6,120	2	3.29%	9573	1	7.71%
City of Mesa	4,410	3	2.37%	3519	4	2.83%
The Boeing Company	3,840	4	2.07%	4700	3	3.78%
Walmart	3,040	5	1.64%	2533	6	2.04%
Maricopa County Community College	1,810	6	0.97%	1951	7	1.57%
Dexcom	1,750	7	0.94%			
Drivetime Automotive Group	1,450	8	0.78%			
Frys Food Stores	1,390	9	0.75%	1210	8	0.97%
Home Depot	1,250	10	0.67%			
Maricopa County Government				2,644	5	2.13%
Gilbert Unified School District				1,087	9	0.88%
Aviall Inc				842	10	0.68%
Total	32,660		17.58%	36,829		29.66%

Source: Maricopa Association of Governments



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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
<b>Function/Program</b>					
General Government	944	870	854	848	865
Public Safety	2,088	1,933	1,882	1,870	1,758
Community Environment	212	180	194	187	189
Cultural-Recreational	381	345	313	320	340
Energy Resources	124	121	116	116	117
Water Resources	279	261	265	271	264
Solid Waste	153	158	148	147	147
Airport	14	13	11	11	12
	<u>4,194</u>	<u>3,880</u>	<u>3,782</u>	<u>3,770</u>	<u>3,690</u>
Total	<u>4,194</u>	<u>3,880</u>	<u>3,782</u>	<u>3,770</u>	<u>3,690</u>

Source: City of Mesa Human Resources

**Table XIV**  
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
826	811	860	876	880
1,711	1,707	1,647	1,656	1,655
195	194	189	182	178
315	289	599	338	317
120	118	116	116	117
257	249	238	240	238
148	147	138	127	125
11	11	11	10	10
<u>3,582</u>	<u>3,526</u>	<u>3,798</u>	<u>3,545</u>	<u>3,520</u>

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

<b>Function/Program</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Police				
Major Crimes	10,333	11,491	12,132	11,716
Traffic Accidents	9,335	9,597	6,402	6,267
Fire				
Fires	1,270	1,184	1,428	1,113
Rescue or Emergency	60,508	62,249	55,878	54,478
False Alarms	1,549	1,435	1,190	1,210
Hazardous Conditions	665	546	543	518
Other Calls	11,434	13,848	12,464	15,520
Libraries				
Number of Registered Borrowers	92,180	77,688	85,827	106,062
Total Attendance	579,666	473,261	116,499	671,069
Access to Electronic Resources	1,403,603	1,149,289	980,380	1,073,373
Electric Connections	17,851	17,573	17,558	17,026
Gas Connections	74,354	72,182	70,281	68,624
Water				
Connections	159,783	156,290	153,586	151,634
Average Daily Consumption (mgd)*	76.56	84.86	85.91	89.77
Peak Daily Consumption (mg)**	113.78	118.92	124.77	128.91
Wastewater				
Connections	134,757	132,412	130,775	127,763
Average Daily Sewage Treatment (mgd)*	33.60	34.40	33.60	33.60
Solid Waste				
Customers Served	142,332	141,110	137,537	136,739
Refuse Collected (tons)	273,190	254,442	245,542	244,697
Recyclables Collected (tons)	30,610	35,734	40,176	39,697
Green Waste Collected (tons)	13,711	14,337	10,921	13,643
Falcon Field				
Average Number of Aircraft Based	812	797	821	724
Aircraft Operations (annual)	348,168	319,892	336,631	349,300

\* mgd - millions of gallons per day

\*\* mg - millions of gallons

**Table XV**  
(Concluded)

<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
11,559	12,347	13,151	13,208	14,795	14,561
6,637	6,599	6,966	6,968	6,622	6,107
1,004	1,144	1,153	1,053	1,083	1,075
54,139	53,183	50,024	49,743	45,832	44,885
1,373	1,087	989	1,083	1,106	1,176
505	471	488	507	534	477
14,337	11,536	14,034	10,613	8,964	9,403
117,974	119,489	121,340	122,810	125,336	196,020
1,131,120	1,061,875	1,067,207	1,157,394	1,166,131	1,166,560
1,159,536	1,131,101	1,272,859	1,345,977	1,549,150	1,541,323
17,018	17,066	16,991	16,854	16,702	16,461
65,993	63,969	62,010	60,384	59,216	58,012
148,877	146,172	144,276	141,824	139,560	137,910
78.66	79.26	78.59	78.55	79.55	80.85
117.77	117.47	119.73	116.62	113.45	117.13
127,000	130,343	128,782	126,359	124,142	122,623
34.50	34.60	34.10	34.30	33.30	33.10
134,777	131,991	129,479	127,517	122,552	121,674
241,307	232,756	232,812	236,849	233,754	217,745
32,227	32,367	35,546	35,499	35,541	34,629
20,236	16,688	19,639	20,602	21,151	18,854
752	717	689	663	702	729
326,255	288,122	289,801	270,702	241,848	276,731

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

<b>Function/Program</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Police Stations				
Stations	8	8	8	8
Vehicular Patrol Units	326	301	298	300
Fire Stations	21	21	20	20
Libraries	3	3	3	4
Parks and Recreation				
Developed Parks (acres)	2,100	2,074	2,023	2,139
Undeveloped Acres	370	397	394	719
Swimming Pools	9	9	9	9
Recreation Facilities	6	6	6	6
Community Environment				
Streets (miles)				
Paved	1,638	1,629	1,625	1,485
Unpaved	1	1	1	1
Storm Sewers (miles)	456	452	405	402
Gas Mains (miles)	1,481	1,454	1,431	1,384
Water				
Mains (miles)	2,518	2,502	2,486	2,462
Storage Capacity (millions of gallons) (1)	109	109	109	109
Wastewater				
Mains (miles)	1,830	1,812	1,827	1,789
Treatment Capacity (millions of gallons per day)	70	70	70	70
Solid Waste				
Collection Trucks	95	96	91	90
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>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
8	8	8	8	8	8
287	281	281	287	292	291
20	20	20	20	20	20
4	4	4	4	4	4
1,929	1,929	2,300	1,901	1,901	1,232
861	861	475	633	633	1,157
9	9	9	9	9	9
6	5	5	4	4	4
1,482	1,476	1,387	1,427	1,427	1,418
1	82	82	1	1	1
398	397	394	423	423	440
1,363	1,346	1,325	1,311	1,311	1,256
2,435	2,401	2,398	2,364	2,364	2,315
112	112	112	112	112	125
1,788	1,784	1,778	1,781	1,781	1,677
60	60	60	60	60	60
77	77	75	73	74	72
1	1	1	1	1	1





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