CITY OF MESA, AZ

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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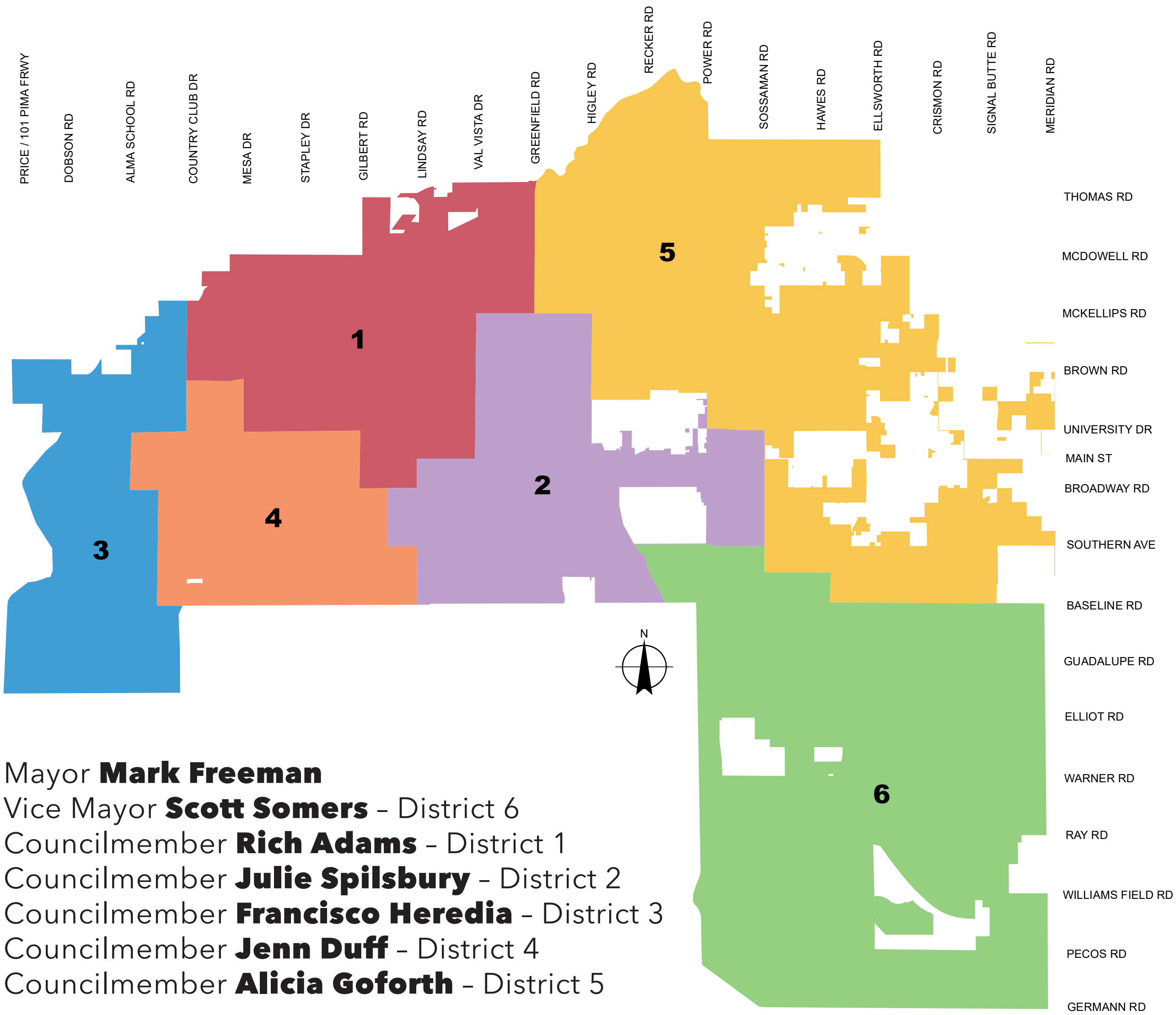
CITY OF MESA, AZ

DISTRICT MAP

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



Mayor **Mark Freeman**
Vice Mayor **Scott Somers** – District 6
Councilmember **Rich Adams** – District 1
Councilmember **Julie Spilsbury** – District 2
Councilmember **Francisco Heredia** – District 3
Councilmember **Jenn Duff** – District 4
Councilmember **Alicia Goforth** – District 5

Scott Butler, City Manager
Marc Heirshberg, Assistant City Manager

Prepared by: Financial Services Department
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Updated August 2025

Citizens of Mesa

Mayor and City Council

- **City Clerk** – Holly Moseley
- **City Court** – Stephen Umpleby
- **City Manager** – Scott Butler
- **City Attorney** – Jim Smith
- **City Auditor** – Joe Lisitano
- **Advisory Boards and Committees**

City Manager – Scott Butler

- **Human Resources** – Teri Overbey
- **Public Information and Communications** – Ana Pereira
- **Government Relations and Grants** – Miranda DeWitt
- **Asst. to the City Manager** – Ian Linssen
  - Office of Innovation and Efficiency
  - Mayor and Council Support
  - Citywide Fiber
- **Asst. to the City Manager** – Andrea Alicoate
  - Education and Workforce Development
  - Diversity and Community Engagement
  - Employee and Community Relations
- **Asst. to the City Manager** – Andrew Calhoun
  - Agenda Management
  - Special Projects Office

Deputy City Manager – Candace Cannistraro

Thriving Community

- Parks, Recreation and Community Facilities – Andrea Moore
- Arts and Culture – *VACANT*
- Community Services – Ruth Giese
- Library Services – Polly Bonnett
- Facilities Management – Tony Miele
- Public Defender Program
- Enterprise Resource Planning (ERP)

Assistant City Manager – Brent Stoddard

Jobs and Prosperity

- Economic Development – Jaye O'Donnell
- Office of Urban Transformation – Jeff McVay
- Falcon Field Airport – Corinne Nystrom
- Department of Innovation and Technology – Scott Conn
- Transit – Jodi Sorrell

Assistant City Manager – Marc Heirshberg

Quality Developments

- Development Services – Nana Appiah
- Engineering – Lance Webb
- Transportation – Erik Guderian (Interim)
- Water Resources – Chris Hassert
- Energy Resources – Scott Bouchie
- Environmental and Sustainability
- Equal Employment Opportunity Office (EEOO)

Assistant City Manager – Ken Cost

Safe Community

- Police Department – Dan Butler
- Fire and Medical Department – Mary Cameli
- Public Safety Support Department – Kim Meza
- Code Compliance – Angelica Guevara
- Liaison to City Court

Deputy City Manager/CFO – Michael Kennington

Fiscal Responsibility

- Financial Services – Irma Ashworth
- Office of Management and Budget – Brian Ritschel
- Business Services – Ed Quedens
- Solid Waste – Sheri Collins
- Fleet Services – Mike Lewis
- Destination Mesa
- Deferred Compensation Plan Lead

CITY OF MESA, AZ

INTRODUCTORY SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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Financial Services Department

December 16, 2025

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, 2025, 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, 2025, 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, 2025, 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 517,151 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 4,801 full-time (equivalent) City employees working within 30 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 approximately 12,643 fans per game. The Athletic'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 to 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, as well as from the resolution that sets the limit. In November 2024, Mesa voters approved a Permanent Base Adjustment to the State of Arizona's expenditure limitation, replacing the previous Home Rule exemption. This adjustment provides the City with greater long-term flexibility in determining its budget levels, as long as sufficient resources are identified to cover 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 experience record-setting growth across all areas of the community, with strong gains in both commercial and residential development. From the revitalized historic downtown and expanding innovation districts to the advanced manufacturing and technology corridor in southeast Mesa, the City is realizing one of the fastest-growing local economies in the nation. Recent economic reports rank Mesa among the top U.S. cities for GDP growth, business expansion, and infrastructure investment, driven by thriving sectors such as aerospace, technology, healthcare, and tourism. Guided by a long-term vision for sustainable development, Mesa has established a balanced approach to growth, strengthening its economic base while ensuring the delivery of high-quality services, infrastructure, and amenities that support businesses and residents today and for generations to come.
Mesa works to enhance the local economy by fostering a culture of quality, supporting the creation of higher wage jobs, promoting direct investment, and increasing the prosperity of our residents. Construction activity provides for revenues that will deliver a variety of significant City capital projects. Job expansion and higher paying jobs continue 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, 2025, local sales tax revenue was up 2.6% from the previous fiscal year. Construction sales tax was up 3.7% over the prior fiscal year. However, in 2024, the Arizona State Legislature ended the local sales tax on residential rentals. This change reduced one of Mesa's steady sources of revenue and resulted in no growth for total sales tax collected for FY 2025.
The City's economic indicator for residential construction in FY 24/25 was up 4%. During FY 24/25 the City issued 1,117 permits for new single family residential construction. The commercial valuation came in at approximately $2.8 billion representing a 75% increase from the prior fiscal year. Consequently, the total value of construction in FY 24/25 grew by 55%. The corresponding dollar valuation associated with all FY 24/25 permits grew approximately $1.2 billion from the prior fiscal year.

Conservative budget practices and willingness to respond to economic indicators continue to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies. The FY 2026 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 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 Ratings sustained their As3 rating with a stable outlook on the City's utility revenue obligations.

- In summer of 2024, Virgin Galactic completed its new two-hangar manufacturing facility at Phoenix-Mesa Gateway Airport, where it will assemble its next-generation Delta spaceships. The

$450,000-per-seat commercial spacecraft—each seating up to six passengers and capable of up to eight missions per month—will be built and tested in Mesa before being transported to Spaceport America in New Mexico for flight testing and operations starting in 2026. The Mesa plant, able to produce up to six ships annually, represents hundreds of high-skilled aerospace jobs and strengthens Arizona's growing role as a national space hub alongside its booming semiconductor and advanced manufacturing sectors.

- In July, Southern Cross Aviation, a leading aviation parts distributor, opened a new $10 million, 23,599-square-foot facility in Mesa, marking its third U.S. location after Fort Lauderdale and Anchorage. Strategically located near Phoenix-Mesa Gateway Airport, the site will serve regional airlines, flight schools, MRO shops, law enforcement, medevac operators, and other aviation clients across Greater Phoenix. The expansion strengthens Mesa's position as an aerospace hub, creating jobs and supporting pilot training programs amid rising demand for aviation professionals. Company leaders and city officials hailed the move as a boost to the region's growing aviation, aerospace, and defense ecosystem.

- In August, Magna International announced its plans to build out a 230,000 square-foot space at Power Industrial Park in Mesa representing a "multimillion-dollar investment." The expansion by Magna adds to a pipeline of emerging and established firms in an automotive ecosystem in the Valley. Magna International was the fourth largest auto supplier in the world as of 2023.

- In August, South Korea-based KoMiCo, a precision cleaning and advanced coatings company serving the semiconductor industry, purchased a 125,000-square-foot building in Mesa for $17.5 million, marking its third and largest U.S. facility. The $50 million investment is expected to open in 2026 and create around 200 jobs. KoMiCo, a supplier to Taiwan Semiconductor Manufacturing Company and Intel, joins dozens of semiconductor-related firms expanding in Arizona since the 2022 Chips and Science Act.

- In September, Quantum Industrial Services, LLC, a mechanical and plumbing contractor, leased 135,759 square feet in Mesa for a new pipe fabrication facility serving clients across the Western U.S. The plant, equipped with advanced technologies, will include 27,000 square feet of office space and employ about 200 workers. The facility, part of a recently completed industrial park, underscores Quantum's growth and expertise in piping fabrication and mechanical services.

- In October, the Mesa Chamber of Commerce launched Next Phase, a new small business incubator at Superstition Springs Mall designed to help entrepreneurs test and grow retail concepts in a live shopping environment. Located on the mall's second floor, the space can host up to 15 business owners and opened with three inaugural participants: BG Customs, Blooming Blinds, and Treats by Tatj. The program pairs participants with Chamber members for mentorship and partners with local colleges for business training. Supported by several community sponsors, Next Phase aims to strengthen Mesa's retail sector and foster long-term business success, reflecting the Chamber's ongoing commitment to local economic growth and innovation.

- In November, Nucleus RadioPharma, a leader in radiopharmaceutical development and manufacturing, signed a lease and committed to build a 53,000-square-foot facility in Mesa, Arizona, creating 50 skilled jobs when it opens in mid-2026. The site will help address a national shortage of production capacity for theranostic radiopharmaceuticals—advanced treatments that combine therapy and diagnostics—supporting both clinical trials and commercial supply. Part of a nationwide expansion that includes a new Philadelphia facility, the Mesa location strengthens Arizona's growing bioscience sector and enhances patient access to life-saving cancer therapies.

- In November, JX Advanced Metals USA, Inc. opened its new 273,000-square-foot advanced manufacturing plant in Mesa, on a 63-acre site. The facility produces high-performance sputtering targets for the semiconductor industry, more than doubling the company's U.S. capacity and serving customers across the U.S. and Europe. Featuring state-of-the-art production areas, solar-covered parking, and employee amenities, the Mesa plant establishes the city as JX's U.S. hub for advanced materials.

- In December, The Phoenix-Mesa Gateway Airport Authority officially renamed the East Valley's major air travel hub as Mesa Gateway Airport, marking a new era of regional identity and growth. The change follows Phoenix's withdrawal from the airport authority earlier in 2023 and reflects Mesa's leadership in the airport's continued expansion. Serving nearly 2 million passengers annually, Mesa Gateway is Arizona's third-busiest commercial airport and recently opened a new 30,000-square-foot concourse with five gates. Regional and tourism leaders said the rebranding highlights the East Valley's economic vitality and growing appeal as a destination for travelers and businesses alike.

- In December, AT&T contributed $70,000 to support Mesa Community College's EmpowerEd for Student Success campaign, part of a $20 million Maricopa Community Colleges Foundation initiative to expand access to higher education and strengthen Arizona's workforce. The donation will fund iPad bundles and digital training for 30 first-generation, low- and moderate-income students through the Mesa College Promise, which covers tuition for eligible Mesa residents. The EmpowerEd campaign also seeks to raise $1 million for the Mesa College Promise and $500,000 for the Thunderbird Excellence Fund, which assists students facing financial or personal hardships.

- In December, Revel Surf Park at Cannon Beach in Mesa officially opened, bringing surfing back to Arizona for the first time since Big Surf closed in 2019. The $45 million, 4.5-acre attraction features a two-acre, three-million-gallon surf lagoon powered by patented, energy-efficient wave technology that creates customizable waves for all skill levels. The park also includes cliff-jumping platforms, a skate park, restaurants, cabanas, and hot tubs, offering a full resort-style experience. Built on former farmland using just 2% of the site's previous water consumption, Revel Surf Park marks the first phase of the larger Cannon Beach development, which will soon add restaurants, a theater, and hotels.

- In December, VIVO Development Partners broke ground on a dual-branded Tempo by Hilton and Homewood Suites by Hilton at Gallery Park in southeast Mesa, marking a major milestone for the Mesa's emerging mixed-use destination. The four-story, 174-room hotel—featuring 97 upscale lifestyle rooms and 77 extended-stay suites—will include a resort-style pool, fitness areas, event spaces, and a full-service restaurant and bar. As the first Tempo by Hilton in the region, the project anchors the 1-million-square-foot Gallery Park development, which also includes luxury apartments, offices, retail, and restaurants.

- At the beginning of 2025, Gulfstream Aerospace opened a new 225,000-square-foot, $130 million customer support service center at Mesa Gateway Airport, marking a major expansion of its maintenance, repair, and overhaul operations in the Western U.S. The facility can service up to 13 large-cabin aircraft and complements Gulfstream's existing Mesa west campus, which accommodates 10 additional aircraft. Already responsible for more than 250 local jobs, with 100 more expected this year, Gulfstream is partnering with local colleges on training, apprenticeships, and internships to build the region's aviation workforce. Designed for environmental efficiency and expected to earn LEED Silver certification, the new center features sustainable materials, water- and energy-saving systems, and an on-site fuel farm with a 30,000-gallon tank dedicated to sustainable aviation fuel.

- In January, Meta announced that their new data center was now online and serving global traffic, marking a major milestone in the company's more than $1 billion investment in Arizona since breaking ground in 2021. The project employed an average of 2,000 construction workers at peak and now supports more than 200 operational jobs, with Meta citing Mesa's strong infrastructure, renewable energy access, and skilled workforce as key reasons for choosing the city. In addition to powering its facility with 100% renewable energy and supporting 12 regional water restoration projects, Meta has invested over $1.3 million in local schools and nonprofits, including a new $225,000 grant for the Mesa College Promise program and a $75,000 grant to create a multimedia center at Desert Ridge Junior High.

- In February, Governor Katie Hobbs and state, education, and industry leaders announced the launch of Arizona's newest Future48 Workforce Accelerator, an aerospace and defense-focused training facility at Chandler-Gilbert Community College's Williams campus in Mesa. Backed by over $6 million from the Arizona Commerce Authority, the Accelerator will open in fall 2026 to train students for high-demand careers in aerospace and defense manufacturing through hands-on instruction in advanced labs for electrical and mechanical assembly and wiring. Developed in partnership with Boeing, Honeywell, and other stakeholders, the project strengthens Arizona's leadership in aerospace innovation and workforce development, part of the state's broader $30 million Future48 initiative to expand advanced manufacturing training statewide.

- In February, Sunbelt Investment Holdings Inc., Okland Construction and CBRE broke ground on Mesa Grandview Business Park, a 270,000-square-foot, three-building industrial development in the Falcon District near Loop 202 and Greenfield Road. Set for completion in early 2026, the project will feature state-of-the-art industrial space with 30–32-foot clear heights, 100% HVAC warehouses, dock-high and grade-level loading, heavy power, ample parking, and tenant amenities. Designed with sustainability in mind, the buildings will include skylights, native landscaping, EV charging stations, LEED certification and solar-ready roofs. City leaders praised the project as a major boost to economic growth and job creation near Falcon Field and surrounding aerospace employers, with an additional 22.7 acres available for future development.

- In March, Mesa Gateway Airport reported its busiest month ever, serving 261,536 passengers, a 24% year-over-year increase that surpassed its previous March record and contributed to eight record-breaking months in the past year. Airport and regional leaders credited the surge to strong partnerships with airlines, expanded service offerings, and the airport's convenience focused "Just Plane Easy" experience. With flights up 36%, a new five-gate concourse opened last year, and expanded Allegiant service, Gateway now offers nonstop service to 45 destinations, continuing to fuel major economic growth.

- Mesa celebrated a strong 2025 Spring Training season, with the Chicago Cubs leading all MLB spring training attendance and topping the Cactus League for the 12th consecutive year, while the Athletic's saw an impressive 11% increase in turnout. Sloan Park welcomed 227,570 fans—including a Cactus League record 16,161 attendees on March 8, while HoHoKam Stadium drew 82,636 fans, up from last year's total. Mesa's 30 home games accounted for nearly 20% of all Cactus League attendance, underscoring the city's popularity as a premier spring baseball destination.

- In April, Komatsu broke ground on a new $80 million, 215,000-square-foot facility in southeast Mesa, tripling its current footprint to better serve customers across the Southwestern U.S. The state-of-the-art building, located near the airport and slated for completion in summer 2026, reflects Komatsu's commitment to supporting Arizona's growing copper and mining industries. The project will generate construction jobs and up to 100 long-term positions, further strengthening the region's economy and Komatsu's role in advancing sustainable industrial growth.

- In April, Cyclic Materials announced a $20 million investment to build its first commercial rare earth element (REE) recycling facility in Mesa, Arizona, which will open in early 2026 and create more than 30 jobs. The state-of-the-art plant will use the company's proprietary MagCycle℠ process to recover permanent magnets from end-of-life products—materials that were previously not recycled—establishing the company's first global REE separation operation and strengthening a U.S.-wide feedstock network. State and local leaders praised the project as a boost to Arizona's clean energy economy, sustainable manufacturing sector, and circular supply chain development. Backed by a $57 million Series B from investors including Microsoft, BMW iVentures, Hitachi Ventures and Amazon's Climate Pledge Fund, Cyclic Materials is expanding across North America and positioning Mesa as a key hub for innovation in critical materials recovery.

- In April, Edged topped out its new 36 MW, waterless-cooled data center in Mesa, Arizona, marking completion of the facility's structural framework and moving it toward full operations in late 2025. The AI-optimized center will feature ultra-efficient ThermalWorks cooling that saves more than 142 million gallons of water annually and supports high-density compute loads of up to 200 kW per rack. The milestone ceremony included project partners Haydon Building Corp and the announcement of Light Source Communications as the first network provider for the site. Part of Edged's nationwide expansion, the Mesa facility strengthens the region's growing AI and high-performance computing ecosystem.

- In May, Waymo announced plans for a new 239,000-square-foot autonomous vehicle integration factory in Mesa, a multimillion-dollar investment that will build thousands of fully autonomous Jaguar I-PACE vehicles to support the rapid expansion of the Waymo One ride-hailing service, which already provides more than 250,000 paid trips per week across major U.S. cities. Developed in partnership with Magna, the facility is expected to create hundreds of local jobs and will ultimately be capable of producing tens of thousands of autonomous vehicles per year, including models equipped with the next-generation Waymo Driver. Waymo says the factory will enable vehicles to be deployed into public service in Phoenix within minutes and to other cities within hours.

- In May, Apex Power Conversion opened its new 206,000-square-foot U.S. headquarters and manufacturing facility in Mesa's Elliot Road Technology Corridor, an over $60 million investment that will initially employ up to 300 people, with plans to grow to 700 by 2029. The site will support customer engagement, product training, and ultimately the manufacturing of advanced multi-megawatt power conversion systems that integrate renewable energy and storage into the grid, with full production expected in early 2026.

- In June, Super Radiator Coils opened a new 150,000-square-foot manufacturing facility in Mesa, marking a major expansion that will create 125 new jobs across production, engineering, and administrative roles. The century-old cooling systems manufacturer selected Mesa as part of the region's rapidly growing advanced manufacturing ecosystem, joining major players like TSMC and Lucid. The company is partnering with Mesa Community College and local trade schools on apprenticeship programs, further boosting workforce development and economic impact.

- In June, Mesa approved a new agreement allowing developer Soltrust to acquire and restart The Grid, a long-stalled mixed-use project on three acres at Main Street and Pomeroy. The agreement clears the project from bankruptcy and paves the way for major revisions—including converting the partially built first phase into a hotel with a ground-floor Crust Simply Italian restaurant, speakeasy, and dessert concept.

- In July, Moses Lake Industries (MLI), a global leader in advanced semiconductor chemical solutions, opened a new 50,000-square-foot, nearly $100 million manufacturing and R&D facility in Mesa, strengthening the city's position in Arizona's fast-growing semiconductor corridor. The state-of-the-art site will support the development of high-purity electrolyte and copper-based materials essential to next-generation chip technologies while enabling closer collaboration with major semiconductor manufacturers through enhanced proximity and dedicated co-development spaces.

- Medina Station, a new 64-acre mixed-use destination in East Mesa, is set to become a major retail, dining, and residential hub with 337,000+ square feet of commercial space and up to 850 multifamily units. Developed by SimonCRE, the project has already pre-leased more than 70% of its retail space, including anchors Target (148,000 sq ft) and Dick's Sporting Goods (80,000 sq ft), along with tenants such as Boot Barn, Einstein Bros. Bagels, Hawaiian Bros, Café Zupas, and a 39,000-square-foot Restaurant Row featuring local favorites like OSHO. Designed as a walkable, community-focused destination with plazas and pedestrian connections, Medina Station will serve a fast-growing trade area of over 83,000 nearby households. Construction began in early 2025, with the first phase opening in 2026, positioning the development as the future heart of East Mesa.

- Arizona State University has completed the $185 million Interdisciplinary Science and Technology Building 12 (ISTB 12) at its Polytechnic campus in Mesa, a 173,000-square-foot hub for advanced manufacturing, robotics, semiconductor research, and energy systems. Designed by SmithGroup and built by McCarthy Building Companies, the state-of-the-art facility anchors the Ira A. Fulton Schools of Engineering's School of Manufacturing Systems and Networks and represents a $250 million investment in the East Valley Innovation Zone. Open for the 2025 fall semester, ISTB 12 features adaptable labs, sustainable design targeting LEED Gold certification, and innovative prefabrication methods. The building will host over 100 classes annually, serving more than 10,000 students and supporting Arizona's growing advanced manufacturing ecosystem.

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, 2024. 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,

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, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF MESA, AZ

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

mesa·az

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, 2025, 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, 2025, 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.

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 and schedules 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 and schedules are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 16, 2025

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

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, 2025. The reader is encouraged to consider the information presented here in conjunction with the transmittal letter presented on pages IV - 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 of $1.5 billion were comparable to prior years revenue of $1.5 billion. This is a combination of increases in some revenue streams and decreases in others. The two larger fluctuations were in Charges for Services (increased by $54.8 million) and Capital Grants & Contributions (decreased by $45.7 million).

- The City's Governmental Funds reported a combined ending fund balance of $1.02 billion, a $155.2 million increase from the previous year. Approximately 54 percent of the total governmental fund balance amount, or $554.0 million, is designated by the City as committed, assigned and unassigned. The remaining 46 percent or $470.8 million is designated as non-spendable or restricted.

- The total fund balance for the General Fund was $439.0 million, which represents an increase of $16.3 million over prior year. The increase is a combination of an increase in Charges for Services and Investment Income.

- The City's Enterprise Fund reported a combined total net position of $495.0 million, which represents an increase of $20.5 million over the 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 17-18) 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 19-28) 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 29-86 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 87-103 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, 2025, and 2024.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Cash and Other Assets	$1,611,204	$1,499,081	$ 810,730	$ 788,154	$2,421,934	$2,287,235
Capital Assets	1,924,520	1,830,466	1,802,262	1,547,985	3,726,782	3,378,451
Total Assets	3,535,724	3,329,547	2,612,992	2,336,139	6,148,716	5,665,686
Deferred Amounts on Refunding	2,264	3,182	15,316	17,828	17,580	21,010
Deferred Outflows on Pensions & OPEB	308,409	298,479	17,086	15,306	325,495	313,785
Total Deferred Amounts	310,673	301,661	32,402	33,134	343,075	334,795
Non-Current Liabilities, Due Within One Year	72,339	74,745	68,048	62,666	140,387	137,411
Non-Current Liabilities, Due In More Than One Year	655,040	524,567	1,653,525	1,434,632	2,308,565	1,959,199
Other Liabilities	211,440	241,780	222,227	187,360	433,667	429,140
Net Pension & OPEB Liability	1,848,574	1,788,214	136,045	136,582	1,984,619	1,924,796
Total Liabilities	2,787,393	2,629,306	2,079,845	1,821,240	4,867,238	4,450,546
Deferred Inflows on Pensions & OPEB	148,776	167,201	14,965	17,943	163,741	185,144
Deferred Inflows on Leases	46,088	49,952	55,593	55,646	101,681	105,598
	194,864	217,153	70,558	73,589	265,422	290,742
Net Investment in Capital Assets	1,377,695	1,317,166	100,008	82,964	1,477,703	1,400,130
Restricted Net Position	415,817	382,409	97,102	122,088	512,919	504,497
Unrestricted Net Position	(929,372)	(914,825)	297,881	269,392	(631,491)	(645,433)
Total Net Position	$ 864,140	$ 784,750	$ 494,991	$ 474,444	$1,359,131	$1,259,194

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

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for Services	$ 145,102	$ 132,016	$ 511,700	470,018	$ 656,802	$ 602,034
Operating Grants & Contributions	77,909	78,057	339	236	78,248	78,293
Capital Grants & Contributions	8,588	14,618	16,806	56,440	25,394	71,058
General Revenues:						
Sales Taxes	330,176	329,821	–	–	330,176	329,821
Property Taxes	46,308	47,924	–	–	46,308	47,924
Occupancy Taxes	6,726	6,837	–	–	6,726	6,837
Unrestricted Intergovernmental	266,556	290,065	–	–	266,556	290,065
Utility Development Fees	–	–	4,067	7,395	4,067	7,395
Contributions	36,803	27,428	–	–	36,803	27,428
Unrestricted Investment Income (loss)	57,735	46,922	11,550	13,092	69,285	60,014
Gain on Sale of Capital Assets	—	200	—	—	—	200
Miscellaneous	14,321	13,226	12,812	7,783	27,133	21,009
Total Revenues	990,224	987,114	557,274	554,964	1,547,498	1,542,078
Governmental Activities Expenses:						
General Government	230,515	225,391	–	–	230,515	225,391
Public Safety	494,279	525,883	–	–	494,279	525,883
Community Environment	193,168	192,205	–	–	193,168	192,205
Cultural-Recreational	113,669	107,468	–	–	113,669	107,468
Interest on Long-Term Debt	17,949	16,793	–	–	17,949	16,793
Business-Type Activities:						
Electric	–	–	43,912	49,009	43,912	49,009
Gas	–	–	46,783	46,078	46,783	46,078
Water	–	–	149,731	151,246	149,731	151,246
Wastewater	–	–	97,809	89,096	97,809	89,096
Solid Waste	–	–	51,305	55,972	51,305	55,972
Airport	–	–	6,691	13,302	6,691	13,302
District Cooling	–	–	1,750	1,570	1,750	1,570
Total Expenses	1,049,580	1,067,740	397,981	406,273	1,447,561	1,474,013
Increase (Decrease) in Net Position Before Transfers	(59,356)	(80,626)	159,293	148,691	99,937	68,065
Transfers	138,746	127,134	(138,746)	(127,134)	–	–
Change in Net Position	79,390	46,508	20,547	21,557	99,937	68,065
Net Position - Beginning	784,750	738,242	474,444	452,887	1,259,194	1,191,129
Net Position - Ending	$ 864,140	$ 784,750	$ 494,991	$ 474,444	$ 1,359,131	$ 1,259,194

Analysis of Government-Wide Net Position

Net Position consists of (1) Net Investment in Capital Assets, (2) Restricted and (3) Unrestricted. Net Investment in Capital Assets represents the City's investment in capital assets, less the related debt. Net Investment in Capital Assets increased by $75 million from $1.40 billion to $1.48 billion primarily due to an increase in capital assets in the Business-Type Activities. Restricted Net Position represents resources that are subject to external restrictions on how they may be used. The Restricted portion of the City's Net Position increased $79 million from $504.5 million to $512.9 million. The restricted balances that increased in the current year were primarily for capital projects. The Unrestricted Net Position of $(631.5) million is primarily due to the impact of the long-term liability associated with pensions and OPEB of ($2.0 billion).

The City's overall Net Position increased $99.9 million from $1.3 billion to $1.4 billion at the end of fiscal year 2025. Several factors contributed to the overall increase in Net Position:

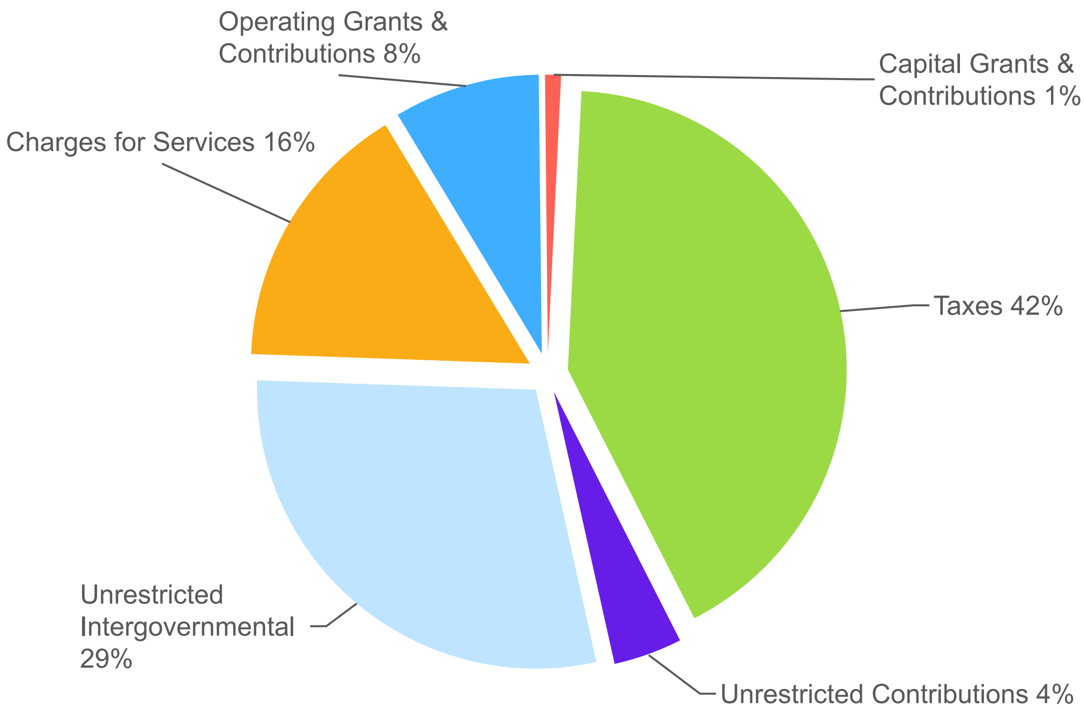
- Charges for Services increased $54.8 million primarily due to an increase in utility sales and charges. General governmental charges for services also increased in various revenue streams.
- Investment returns continued strong resulting in an increase in investment income of $9.2 million.
- Overall expenses (both Governmental and Business-Type) decreased by $26.4 million due to a Citywide effort to decrease expenses by 2%.

Governmental Activities

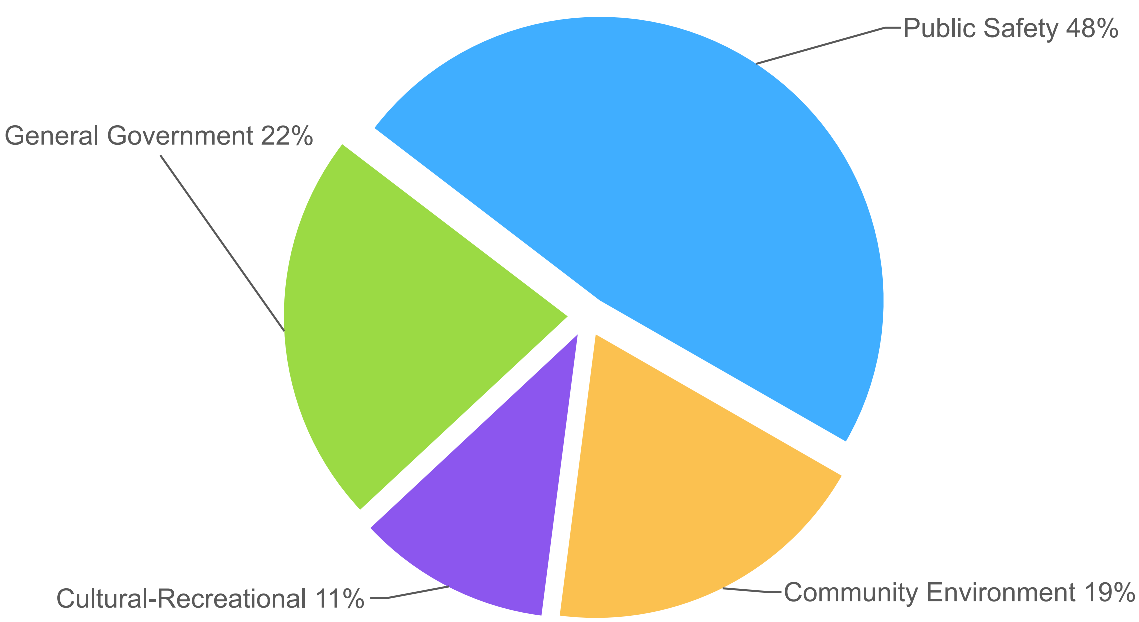
In fiscal year 2025, Governmental Activities increased their Net Position by $79.4 million from $784.8 million to $864.1 million. As described above, the increase in Net Position for the Governmental Activities is due to a combination of an increase in charges for services, investment returns and a decrease in expenses.

As presented in the following two graphs, the largest funding sources for the governmental activities are Taxes (42%), Unrestricted Intergovernmental (29%) and Charges for Services (16%). The largest users of resources for the governmental activities are Public Safety (48%), General Government (22%) and Community Environment (19%).

Governmental Activities
Revenues by Source
Fiscal Year Ended June 30, 2025

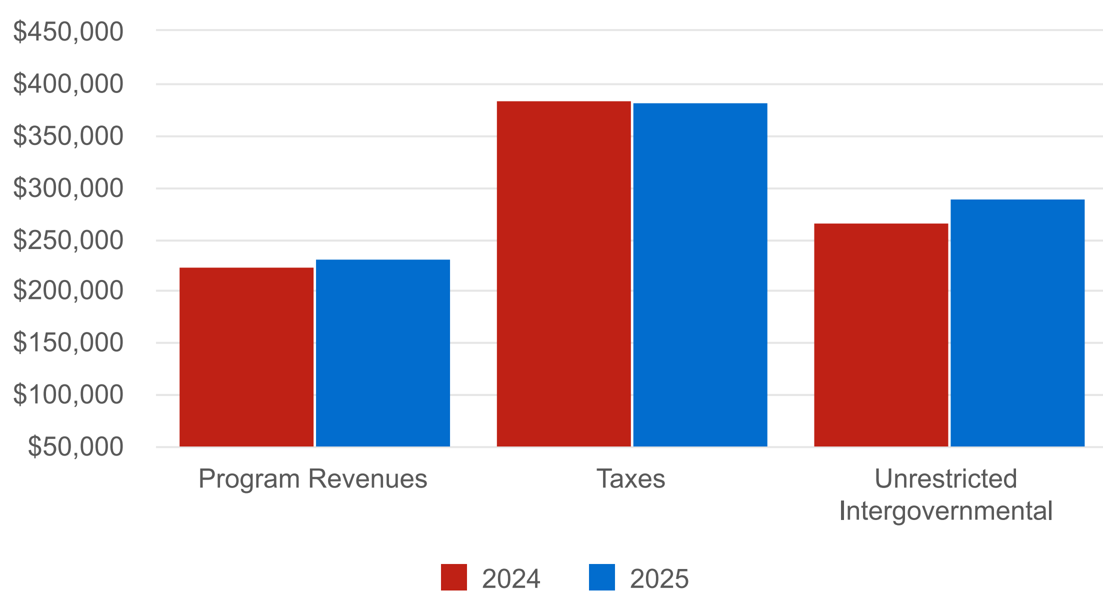


Governmental Activities
Functional Expenses
Fiscal Year Ended June 30, 2025

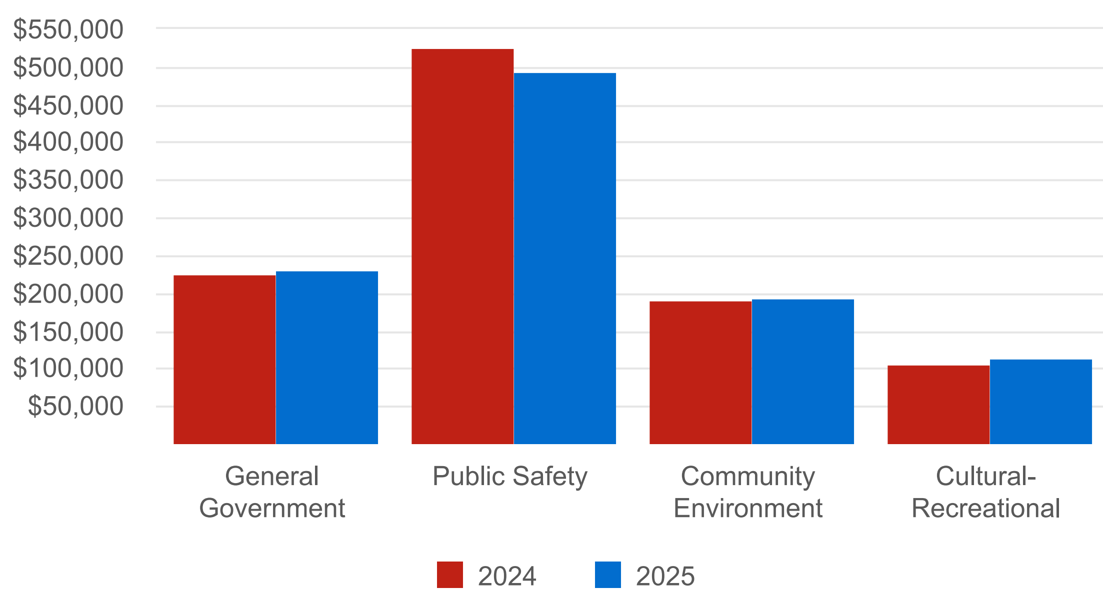


The following two graphs compare Governmental Activities revenues and expenses from fiscal year 2025 to fiscal year 2024.

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 $439.0 million, while unassigned fund balance was $210.1 million.

The total fund balance of the City's General Fund increased by $16.3 million during the current fiscal year from $422.7 million to $439.0 million. The increase is due to Other Financing Sources. The combination of Transfers in/out and Financing of subscription-based information technology arrangements (SBITAs), helped offset the Deficiency of Revenues Under Expenditures.

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 $585.9 million, with the majority classified as Restricted.

Total fund balance of the Non-Major Governmental Funds increased by $139.0 million during the current fiscal year. This is due to a combination of an increase in the Special Revenue funds ($20.6 million) and an increase in the Capital Projects funds ($118.78) million.

- The increase in the Special Revenue funds is primarily due to Sales tax revenue in the Street Sales Tax fund exceeding expenditures in that fund.

- Capital Project funds fund balance increased in the Parks, Public Safety and Streets Capital funds due to the $154.3 million issuance of General Obligation Bonds.

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.

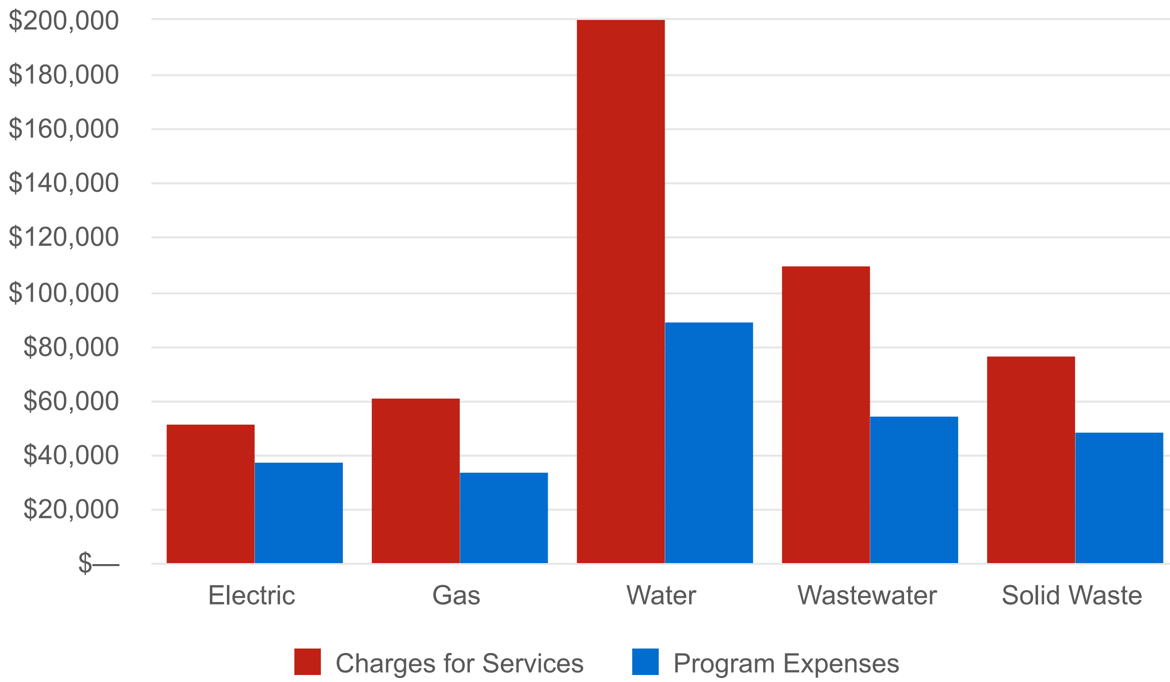
Budgeted amounts may change within funds and between funds. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action (see Note 1.f. of the notes to the financial statements for more information on budget policies). There were no budget amendments that increased the overall City adopted budget during fiscal year 2025.

Business-Type Activities

The following graphs present utility revenues and expenses for fiscal year 2025. The City's largest utility, Water, had a net revenue/expense gain of $116.0 million and Wastewater had a net revenue/expense gain of $55.7 million, whereas the remaining Utilities saw a more moderate net revenue/expense gain.

Utility Revenues
Charges for Services and Program Expenses
Fiscal Year 2025

(In thousands of dollars)



Total Business-Type Activities program and general revenues increased by $2.3 million from $555.0 million to $557.3 million. While Charges for Services increased by $41.7 million, this was offset by decrease in Capital Grants & Contributions by $39.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to $3.7 billion (net of accumulated depreciation/amortization) as of June 30, 2025. 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, 2025, and 2024:

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

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Land	$ 419,761	$ 419,761	$ 31,786	$ 31,786	$ 451,547	$ 451,547
Infrastructure - Nondepr	3,597	3,597	17,666	17,666	21,263	21,263
Construction-in-Progress	171,426	186,489	412,953	191,396	584,379	377,885
Buildings	408,062	359,751	26,571	27,428	434,633	387,179
Other Improvements	178,495	143,117	33,177	35,205	211,672	178,322
Machinery & Equipment	148,037	117,272	36,636	26,178	184,673	143,450
Intangibles	—	—	3,467	3,579	3,467	3,579
Infrastructure	567,803	577,269	1,240,005	1,214,747	1,807,808	1,792,016
Leases	21,579	21,739	—	—	21,579	21,739
SBITAs	5,760	1,471	—	—	5,760	1,471
Total	$ 1,924,520	$ 1,830,466	$ 1,802,261	$ 1,547,985	$ 3,726,781	$ 3,378,451

The City's total capital asset balances on June 30, 2025, increased by $348.3 million in comparison with prior year balances. The largest increase was in Construction in Progress, which increased by $206.5 million. There were several large projects that either started this year or had significant expenses. These projects included Waterline and Sewer Replacement projects ($37.0 million), the expansion to Signal Butte Water Treatment Plant ($56.8 million), and Central Mesa Reuse Pipeline ($101.2 million).

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 2025, the City had total long-term bond obligations and notes payable outstanding of $2.2 billion. Of this amount, $456.5 million comprises debt backed by the full faith and credit of the City, $1.7 billion represents bonds secured by specified revenue sources (i.e., Utility System Revenue, Highway User Revenue, Sales Tax) and $22.4 million in lease liability and $6.8 million in SBITAs liability.

The City's total outstanding debt includes $89 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, 2025, and 2024.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$456,510	$ 335,990	$ —	$ —	$ 456,510	$ 335,990
Utility System Revenue Bonds	—	—	997,790	1,063,125	997,790	1,063,125
Utility Revenue Obligations	—	—	610,650	323,975	610,650	323,975
Highway User Revenue Fund	7,660	18,540	—	—	7,660	18,540
Excise Tax Obligations	30,255	31,630	—	—	30,255	31,630
Community Facility District	89,383	92,971	—	—	89,383	92,971
Notes Payable	—	—	667	827	667	827
Leases	22,391	22,077	—	—	22,391	22,077
SBITAs	6,774	1,900	—	—	6,774	1,900
Total	$612,973	$ 503,108	$ 1,609,107	$ 1,387,927	$ 2,222,080	$ 1,891,035

The City's current bond ratings are as follows:

	Rating Agency		
	Standard and Poor's Corporation	Moody's Investors Service	Fitch Ratings
General Obligation Bonds	AA	Aa2	AAA
Highway User Revenue Bonds	AA	Aa2	N/A
Utility System Revenue Bonds	AA-	Aa2	N/A
Utility System Obligations	A+	Aa3	N/A
Excise Tax Obligations	AA+	Aa2	N/A

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for water, artificial light or sewers, land for open space preserves, parks, playgrounds and recreational facilities, public safety, fire, 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, 2025, was $579.7 million in the 6% capacity and $1.5 billion 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 10 in the Statistical Section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On June 2, 2025, the City Council approved a $2.79 billion budget, which is an increase of $100 million compared to prior year's budget. The adopted fiscal year 2026 budget continues the City's fiscally conservative approach. The Governmental Funds financial principles include 10%-15% fund balance over a 5-year forecasted period, sustainability of programs and services, competitive wages and benefits for employees, and investment in capital and lifecycle replacement projects. The Utility Fund financial principles includes 20% or higher reserve fund balance, and affordable utility services. The City's conservative budget practices and willingness to respond to economic indicators continues to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies.

The fiscal year 2025-26 assessed valuation increased 5.5% to $5.2 billion. On June 2, 2025, the City Council voted to maintain the City' secondary property tax rate at $0.8582 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.

CITY OF MESA, AZ

BASIC FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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City of Mesa, Arizona
Statement of Net Position
June 30, 2025
(in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled Cash and Investments	$ 1,010,082	$ 97,763	$ 1,107,845
Accounts Receivable, Net	30,550	52,161	82,711
Lease Receivable	49,536	59,967	109,503
Accrued Interest Receivable	5,159	989	6,148
Due from Other Governments	50,798	5,867	56,665
Inventory	14,646	-	14,646
Prepaid and Deposits	8,018	5,993	14,011
Restricted Assets:			
Pooled Cash and Investments	87,039	212,283	299,322
Cash with Fiscal Agent	55,462	88,957	144,419
Cash with Trustee	-	7	7
Accounts Receivable, net	19,740	-	19,740
Due from Other Governments	1,238	-	1,238
Customer Deposits	-	3,623	3,623
Joint Venture Construction Deposits	-	7,119	7,119
Investment in Joint Ventures	278,936	276,001	554,937
Capital Assets, Not Being Depreciated	594,784	462,406	1,057,190
Capital Assets, Being Depreciated, Net	1,329,736	1,339,856	2,669,592
Total Assets	3,535,724	2,612,992	6,148,716
Deferred Outflows of Resources			
Debt Refunding	2,264	15,316	17,580
Pensions and OPEB	308,409	17,086	325,495
Total Deferred Outflows of Resources	310,673	32,402	343,075
Liabilities			
Accounts Payable and Accrued Liabilities	71,634	21,631	93,265
Claims Payable	39,946	-	39,946
Customer and Defendant Deposits	10,035	-	10,035
Unearned Revenue	30,164	-	30,164
Liabilities Payable from Restricted Assets	59,661	200,596	260,257
Noncurrent Liabilities:			
Due Within One Year	72,339	68,048	140,387
Due in More Than One Year:			
Lease and SBITA Liability	24,950	-	24,950
Bonds and Notes Payable	582,427	1,647,875	2,230,302
Compensated Absences	47,663	5,650	53,313
Net Pension and OPEB Liability	1,848,574	136,045	1,984,619
Total Liabilities	2,787,393	2,079,845	4,867,238
Deferred Inflows of Resources			
Pensions and OPEB	148,776	14,965	163,741
Leases	46,088	55,593	101,681
Total Deferred Inflows of Resources	194,864	70,558	265,422
Net Position			
Net Investment in Capital Assets	1,377,695	100,008	1,477,703
Restricted For:			
Bond Indentures	-	46,850	46,850
Construction	-	7,119	7,119
Debt Service	48,622	43,133	91,755
Public Safety	118,722	-	118,722
Transportation Programs	230,310	-	230,310
Other Programs	18,163	-	18,163
Unrestricted	(929,372)	297,881	(631,491)
Total Net Position	$ 864,140	$ 494,991	$ 1,359,131

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

City of Mesa, Arizona
Statement of Activities
For the Fiscal Year-Ended June 30, 2025
(in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	$ 230,515	$ 34,141	$ 22,849	$ 7,584	$ (165,941)	$ -	$ (165,941)
Public Safety	494,279	58,759	19,348	514	(415,658)	-	(415,658)
Community Environment	193,168	25,136	35,407	490	(132,135)	-	(132,135)
Cultural-Recreational	113,669	27,066	305	-	(86,298)	-	(86,298)
Interest on Long-Term Debt	17,949	-	-	-	(17,949)	-	(17,949)
Total Governmental Activities	1,049,580	145,102	77,909	8,588	(817,981)	-	(817,981)
Business-Type Activities:							
Electric	43,912	51,377	-	1,032	-	8,497	8,497
Gas	46,783	60,901	-	526	-	14,644	14,644
Water	149,731	205,684	282	9,293	-	65,528	65,528
Wastewater	97,809	110,266	-	4,688	-	17,145	17,145
Solid Waste	51,305	76,885	57	-	-	25,637	25,637
Airport	6,691	5,086	-	1,267	-	(338)	(338)
District Cooling	1,750	1,501	-	-	-	(249)	(249)
Total Business-type Activities	397,981	511,700	339	16,806	-	130,864	130,864
Total Government	$ 1,447,561	$ 656,802	$ 78,248	$ 25,394	(817,981)	130,864	(687,117)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Sales Taxes	330,176	-	330,176
Property Taxes	46,308	-	46,308
Occupancy Taxes	6,726	-	6,726
Unrestricted Intergovernmental Revenues	266,556	-	266,556
Utility Development Fees	-	4,067	4,067
Unrestricted Contributions	36,803	-	36,803
Investment Income (Loss)	57,735	11,550	69,285
Miscellaneous Revenues	14,321	12,812	27,133
Transfers	138,746	(138,746)	-
Total General Revenues and Transfers	897,371	(110,317)	787,054
Change in Net Position	79,390	20,547	99,937
Total Net Position - Beginning	784,750	474,444	1,259,194
Net Position - Ending	$ 864,140	$ 494,991	$ 1,359,131

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

City of Mesa, Arizona
Balance Sheet
Governmental Funds
June 30, 2025
(in thousands)

	General Fund	Total Non-Major Governmental Funds	Total Governmental Funds
Assets			
Pooled Cash and Investments	$ 429,056	$ 526,440	$ 955,496
Accounts Receivable, Net	24,475	4,756	29,231
Lease Receivable	49,536	-	49,536
Accrued Interest Receivable	1,467	3,530	4,997
Due from Other Governments	17,562	33,236	50,798
Due from Other Funds	4,947	-	4,947
Prepaid Costs	4,523	843	5,366
Restricted Assets:			
Pooled Cash and Investments	-	87,039	87,039
Cash with Fiscal Agent	-	55,462	55,462
Accounts Receivable	-	19,740	19,740
Due from Other Governments	-	1,238	1,238
Total Assets	$ 531,566	$ 732,284	$ 1,263,850
Liabilities			
Accounts Payable and Accrued Liabilities	$ 35,175	$ 30,468	$ 65,643
Customer and Defendant Deposits	1,694	8,341	10,035
Unearned Revenue	5,237	24,927	30,164
Payable from Restricted Assets:			
Accrued Interest Payable	-	10,095	10,095
Matured Bonds Payable	-	49,566	49,566
Total Liabilities	42,106	123,397	165,503
Deferred Inflows of Resources			
Unavailable Revenue	4,379	23,034	27,413
Deferred Inflows Related to Leases	46,088	-	46,088
Total Deferred Inflows of Resources	50,467	23,034	73,501
Fund Balance			
Nonspendable	4,523	843	5,366
Restricted	-	465,448	465,448
Committed	6,741	26,326	33,067
Assigned	217,638	93,236	310,874
Unassigned	210,091	-	210,091
Total Fund Balances	438,993	585,853	1,024,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 531,566	$ 732,284	$ 1,263,850

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

City of Mesa, Arizona
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2025
(in thousands)

Fund Balances - total governmental funds	$ 1,024,846
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 governmental funds.	1,914,481
Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	279,404
Deferred outflows related to deferred amounts on refunding and pensions are not financial resources and therefore not reported on the funds.	306,324
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.	(2,534,675)
Deferred inflows relating to pensions represent a future acquisition on 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.	(116,738)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	(9,502)
Net position of the governmental activities - statement of net position	$ 864,140

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

City of Mesa, Arizona
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025
(in thousands)

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Sales Taxes	$ 198,335	$ 131,841	$ 330,176
Property Taxes	-	46,543	46,543
Occupancy Taxes	2,384	4,342	6,726
Special Assessments	-	1,737	1,737
Licenses and Permits	40,372	3,933	44,305
Intergovernmental	227,941	125,112	353,053
Charges for Services	66,959	24,699	91,658
Fines and Forfeitures	6,382	1,866	8,248
Investment Income	23,488	31,276	54,764
Contributions	13	44	57
Miscellaneous Revenue	6,120	5,875	11,995
Total Revenues	571,994	377,268	949,262
Expenditures			
Current:			
General Government	139,392	21,502	160,894
Public Safety	356,180	82,379	438,559
Community Environment	30,678	95,879	126,557
Cultural-Recreational	68,658	19,283	87,941
Debt Service:			
Principal	5,713	49,707	55,420
Interest	753	19,361	20,114
Service Charges	-	13	13
Cost of Issuance	-	772	772
Capital Outlay	24,435	187,207	211,642
Total Expenditures	625,809	476,103	1,101,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,815)	(98,835)	(152,650)
Other Financing Sources (Uses)			
Transfers In	144,428	74,445	218,873
Transfers Out	(85,832)	(5,739)	(91,571)
Proceeds from Sale of Capital Asset	357	211	568
Face Amount of Bonds Issued	-	154,266	154,266
Financing of SBITA	11,123	-	11,123
Premium on Issuance of Bonds (Net)	-	14,622	14,622
Total Other Financing Sources (Uses)	70,076	237,805	307,881
Net Change in Fund Balances	16,261	138,970	155,231
Fund Balance - Beginning	422,732	446,883	869,615
Fund Balances - Ending	$ 438,993	$ 585,853	$ 1,024,846

The accompanying notes are an integral part of these 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, 2025
(in thousands)

Net change in fund balances - total governmental funds	$ 155,231
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.	1,245
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.	(39,685)
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 $163,058 exceeded depreciation/amortization ($78,738) in the current period.	84,320
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 $11,123 exceeded amortization ($6,900) in the current period.	4,223
The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to decrease net position.	(346)
Change in equity in Joint Venture	(8,836)
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.	(109,969)
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.	(11,672)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	4,879
Change in net position of the governmental activities - statement of activities	$ 79,390

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

City of Mesa, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Assets				
Current Assets:				
Pooled Cash and Investments	$ 92,445	$ 5,318	$ 97,763	$ 54,586
Accounts Receivable, Net	51,360	801	52,161	1,308
Lease Receivable	-	59,967	59,967	-
Accrued Premiums Receivable	-	-	-	11
Accrued Interest Receivable	964	25	989	162
Due from Other Governments	5,480	387	5,867	-
Inventory	-	-	-	14,646
Prepaid and Deposits	5,993	-	5,993	2,184
Restricted Assets:				
Pooled Cash and Investments	211,107	1,176	212,283	-
Cash with Fiscal Agents	88,957	-	88,957	-
Cash with Trustees	7	-	7	-
Customer Deposits	3,623	-	3,623	-
Joint Venture Construction Deposits	7,119	-	7,119	-
Total Current Assets	467,055	67,674	534,729	72,897
Noncurrent Assets:				
Investment in Joint Ventures	276,001	-	276,001	-
Capital Assets, Not Being Depreciated	452,205	10,201	462,406	121
Capital Assets, Being Depreciated, Net	1,321,882	17,974	1,339,856	9,918
Total Noncurrent Assets	2,050,088	28,175	2,078,263	10,039
Total Assets	2,517,143	95,849	2,612,992	82,936
Deferred Outflows of Resources				
Debt Refundings	15,316	-	15,316	-
Pensions and OPEB	16,661	425	17,086	4,349
Total Deferred Outflows of Resources	31,977	425	32,402	4,349

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

City of Mesa, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Liabilities				
Current Liabilities - Payable From Current Assets:				
Accounts Payable and Accrued Liabilities	$ 21,450	$ 181	$ 21,631	$ 5,991
Claims Payable	-	-	-	39,946
Due to Other Funds	-	-	-	4,947
Current Liabilities-Payable From Restricted				
Accounts Payable and Accrued Liabilities	50,664	68	50,732	-
Interest Payable	29,327	-	29,327	-
Matured Bonds Payable	59,630	-	59,630	-
Customer Deposits and Prepayments	60,220	687	60,907	-
Current Portion of Long-Term Liabilities:				
Current Portion of Bonds Payable	64,755	-	64,755	-
Current Portion of Notes Payable	163	-	163	-
Current Portion of Compensated Absences	784	32	816	236
Current Portion of OPEB Liability	2,263	51	2,314	785
Total Current Liabilities	289,256	1,019	290,275	51,905
Long-Term Liabilities:				
Bonds Payable	1,647,371	-	1,647,371	-
Notes Payable	504	-	504	-
Compensated Absences	5,432	218	5,650	1,149
Net Pension and OPEB Liability	132,802	3,243	136,045	39,108
Total Long-Term Liabilities	1,786,109	3,461	1,789,570	40,257
Total Liabilities	2,075,365	4,480	2,079,845	92,162
Deferred Inflows of Resources				
Pensions and OPEB	14,618	347	14,965	4,625
Deferred Inflows Related to Leases	-	55,593	55,593	-
Total Deferred Inflows of Resources	14,618	55,940	70,558	4,625
Net Position				
Net Investment in Capital Assets	71,833	28,175	100,008	10,039
Restricted For:				
Bond Indentures	46,850	-	46,850	-
Construction	7,119	-	7,119	-
Debt Service	43,133	-	43,133	-
Unrestricted	290,202	7,679	297,881	(19,541)
Total Net Position	$ 459,137	$ 35,854	$ 494,991	$ (9,502)

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

City of Mesa, Arizona
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Operating Revenues:				
Electric Charges	$ 51,377	$ -	$ 51,377	$ -
Gas Charges	60,901	-	60,901	-
Water Sales	205,684	-	205,684	-
Wastewater Charges	110,266	-	110,266	-
Solid Waste Charges	76,885	-	76,885	-
Airport Fees	-	5,086	5,086	-
District Cooling Charges	1,501	-	1,501	-
Charges For Services	-	-	-	45,662
Self-Insurance Contributions	-	-	-	125,109
Other Revenue	-	-	-	13,310
Total Operating Revenues	506,614	5,086	511,700	184,081
Operating Expenses:				
Electric	37,881	-	37,881	-
Gas	34,310	-	34,310	-
Water	89,666	-	89,666	-
Wastewater	54,610	-	54,610	-
Solid Waste	48,415	-	48,415	-
Airport	-	4,896	4,896	-
District Cooling	1,431	-	1,431	-
Warehouse, Maintenance & Services	-	-	-	44,590
Self-Insurance	-	-	-	148,615
Total Operating Expenses	266,313	4,896	271,209	193,205
Operating Income (Loss) Before Depreciation and Amortization	240,301	190	240,491	(9,124)
Depreciation and Amortization	(63,800)	(1,795)	(65,595)	(416)
Operating Income (Loss)	176,501	(1,605)	174,896	(9,540)

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

City of Mesa, Arizona
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Nonoperating Revenues (Expenses):				
Investment Income	$ 11,147	$ 403	$ 11,550	2,971
Intergovernmental	339	-	339	-
Lease Interest Revenue	-	1,379	1,379	-
Interest Expense:				
Bonds	(51,235)	-	(51,235)	-
Notes Payable	(18)	-	(18)	-
Lease	-	-	-	(1)
Gain/(Loss) on Sale of Capital Assets	(205)	-	(205)	5
Net Gain/(Loss) from Joint Venture	(8,797)	-	(8,797)	-
Utility Development Fees	4,067	-	4,067	-
Bond Issuance Costs	(922)	-	(922)	-
Miscellaneous Revenue	11,306	127	11,433	-
Total Nonoperating Revenues (Expenses)	(34,318)	1,909	(32,409)	2,975
Income before Transfers and Capital Contributions	142,183	304	142,487	(6,565)
Capital Contributions	15,539	1,267	16,806	-
Transfers In	-	-	-	11,556
Transfers Out	(138,733)	(13)	(138,746)	(112)
Change in Net Position	18,989	1,558	20,547	4,879
Total Net Position - Beginning	440,148	34,296	474,444	(14,381)
Total Net Position - Ending	$ 459,137	$ 35,854	$ 494,991	$ (9,502)

City of Mesa, Arizona
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash Received From Customers	$ 510,696	$ 3,278	$ 513,974	$ -
Cash Received From Users	-	-	-	183,440
Cash Payments to Suppliers	(213,524)	(4,384)	(217,908)	(189,938)
Cash Payments to Employees	(49,361)	(1,889)	(51,250)	(10,648)
Other Nonoperating Revenue	11,306	127	11,433	-
Net Cash Provided by (Used For) Operating Activities	259,117	(2,868)	256,249	(17,146)
Cash Flows From Noncapital Financing Activities:				
Intergovernmental	(4,852)	1,968	(2,884)	-
Interfund Payable Increase	-	-	-	1,395
Transfers In from Other Funds	-	-	-	11,556
Transfers Out to Other Funds	(138,733)	(13)	(138,746)	(112)
Net Cash Provided by (Used For) Noncapital Financing Activities	(143,585)	1,955	(141,630)	12,839
Cash Flows From Capital and Related Financing Activities:				
Proceeds From Bond Sales	308,288	-	308,288	-
Proceeds From Sale of Capital Assets	124	-	124	-
Acquisition and Construction of Capital Assets	(284,157)	(2,847)	(287,004)	(6,299)
Proceeds from the Sale of Capital Assets	-	-	-	5
Principal Paid on Bonds and Notes Maturities	(72,505)	-	(72,505)	-
Principal Paid on Lease	-	-	-	(78)
Interest Paid on Bonds and Notes	(61,281)	-	(61,281)	-
Interest Income/(Expense) on Leases	-	1,379	1,379	(3)
Bond Issuance Costs	(922)	-	(922)	-
Contributions and Capital Grants	7,942	1,268	9,210	-
Net Cash Used For Capital and Related Financing Activities	(102,511)	(200)	(102,711)	(6,375)
Cash Flows From Investing Activities:				
Interest Received on Investments	11,061	406	11,467	3,061
Net Cash Provided By Investing Activities	11,061	406	11,467	3,061
Net Change in Pooled Cash and Investments	24,082	(707)	23,375	(7,621)
Total Cash and Investments at Beginning of Year	368,434	7,201	375,635	62,207
Total Cash and Investments at End of Year	$ 392,516	$ 6,494	$ 399,010	$ 54,586

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

City of Mesa, Arizona
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
(in thousands)

	Business-Type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used For) Operating Activities:				
Operating Income (Loss)	$ 176,501	$ (1,605)	$174,896	$ (9,540)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided By (Used By) Operating Activities:				
Depreciation and Amortization	63,800	1,795	65,595	416
Miscellaneous Revenue	11,306	127	11,433	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Receivables	(2,486)	(1,808)	(4,294)	(641)
(Increase)/Decrease in Inventory	-	-	-	(2,662)
(Increase)/Decrease in Prepaid and Deposits	5,871	69	5,940	(350)
(Increase)/Decrease in Deferred Outflows	(1,739)	(41)	(1,780)	(214)
Increase/(Decrease) in Accounts Payable	8,719	(1,173)	7,546	1,014
Increase/(Decrease) in Pension and OPEB Liability	(160)	(103)	(263)	959
Increase(/Decrease) in Deferred Inflows	(2,918)	(113)	(3,031)	(1,049)
Increase/(Decrease) in Compensated Absence	223	(16)	207	(5,079)
Total Adjustments	82,616	(1,263)	81,353	(7,606)
Net Cash Provided By (Used For) Operating Activities	$ 259,117	$ (2,868)	$256,249	$ (17,146)
Noncash Transactions Affecting Financial Position:				
Contributions of Capital Assets	$ (11,664)	$ -	$ (11,664)	$ -
Gain (Loss) on Sale of Capital Assets	(205)	-	(205)	-
Amortization of Bond Premium	10,208	-	10,208	-
Amortization of Deferred Amounts on Refunding	(2,512)	-	(2,512)	-

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

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. <u>Reporting Entity</u>

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

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

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

b. <u>Jointly Governed Organizations</u>

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.

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

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

c. **Basic Financial Statements**

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

The Statement of Net Position reports all financial and capital resources of the City. It is presented in a format of assets plus deferred outflows of resources less liabilities less deferred inflows of resources 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.

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 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.

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 3, 2024.

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.

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 more likely than not that the City will compensate the employees for the benefits through paid time off or some other means, such as cash.

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

l. **Reserve for Loss and Loss Adjustment Expenses**

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

m. **Long-Term Obligations**

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

n. **Pension and Postemployment Benefits**

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

o. **Fund Balance Policies**

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

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

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

p. **Statement of Cash Flows**

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

For purposes of the statements of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes all monies 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, 2025, 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 2024-2025, current property tax collections were $40,911,056 or 98.79% 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, 2025, was $1,145,595 of which $642,915 was recorded as revenue and $502,680 as unavailable revenue.

s. **New Accounting Pronouncements**

GASB Statement No. 102 *Certain Risk Disclosures.* This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The City implemented this Standard in fiscal year 2025 with no significant impact on these financial statements.

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

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

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

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Position Total
Assets					
Pooled Cash and Investments	$ 955,496	$ -	$ 54,586	$ -	$ 1,010,082
Accounts and Misc Receivable, Net	29,231	-	1,319	-	30,550
Lease Receivable	49,536				49,536
Accrued Interest Receivable	4,997	-	162	-	5,159
Due from Other Governments	50,798	-	-	-	50,798
Dues from Other Funds	4,947	-	-	(4,947)	-
Inventory	-	-	14,646	-	14,646
Prepaid and Deposits	5,366	468	2,184	-	8,018
Restricted Assets:					
Pooled Cash and Investments	87,039	-	-	-	87,039
Cash with Fiscal Agent	55,462	-	-	-	55,462
Accounts Receivable	19,740	-	-	-	19,740
Dues from Other Governments	1,238	-	-	-	1,238
Investment in Joint Ventures	-	278,936	-	-	278,936
Capital Assets	-	1,914,481	10,039	-	1,924,520
Total Assets	1,263,850	2,193,885	82,936	(4,947)	3,535,724
Deferred Outflows of Resources					
Deferred Amounts on Refunding	-	2,264	-	-	2,264
Pensions and OPEB	-	304,060	4,349		308,409
Total Deferred Outflows of Resources	-	306,324	4,349	-	310,673
Total Assets and Deferred Outflows of Resources	$ 1,263,850	$ 2,500,209	$ 87,285	$ (4,947)	$ 3,846,397
Liabilities					
Accounts Payable and Accrued	$ 65,643	$ -	$ 5,991	$ -	$ 71,634
Due to Other Funds	-	-	4,947	(4,947)	-
Claims Payable	-	-	39,946	-	39,946
Customer and Defendant Deposits	10,035	-	-	-	10,035
Unearned Revenue	30,164	-	-	-	30,164
Liabilities Payable from Restricted	59,661	-	-	-	59,661
Pension and OPEB	-	1,833,432	39,893	-	1,873,325
Long-term Liabilities	-	701,243	1,385		702,628
Total Liabilities	165,503	2,534,675	92,162	(4,947)	2,787,393
Deferred Inflows of Resources					
Unavailable Revenue	27,413	(27,413)	-	-	-
Pension	-	144,151	4,625	-	148,776
Deferred Inflows Related to Leases	46,088	-	-	-	46,088
Total Deferred Inflows of Resources	73,501	116,738	4,625	-	194,864
Fund Balance/Net Position					
Total Fund Balance/Net Position	1,024,846	(151,204)	(9,502)	-	864,140
Total Liabilities and Fund Balance/Net Position	$ 1,263,850	$ 2,500,209	$ 87,285	$ (4,947)	$ 3,846,397

(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	$	278,936

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	$	3,393,533
Accumulated Depreciation		(1,506,391)
Total	$	1,887,142

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	$	38,071
Accumulated Amortization		(10,732)
Total	$	27,339

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	$	583,808
Lease & SBITA Liability		29,165
Compensated Absences		52,003
Unamortized Bond Premium		36,267
Post-employment Benefits		864,723
Pension Liability		968,709
Total	$	2,534,675

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	$	2,264
Deferred Pensions and OPEB		304,060
	$	306,324

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

Deferred Inflow of Resources on Pension	$	144,151

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

Prepaid Cost of Issuance	$	468

Unavailable revenues shown on the governmental fund statements are not deferred on the statement of net position.

Unavailable Property Tax Revenues	$	533
Unavailable Special Assessment Revenue		19,740
Receivables not yet Collected		7,140
	$	27,413

(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	$	(9,502)

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

	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital - Related Items(2)	Internal Service Funds(3)	Long-term Debt (4)	Eliminations (5)	Statement of Activities
Revenues and Other							
Revenues:							
Sales Taxes	$ 330,176	$ -	$ -	$ -	$ -	$ -	$ 330,176
Property Taxes	46,543	(235)	-	-	-	-	46,308
Occupancy Taxes	6,726	-	-	-	-	-	6,726
Special Assessments	1,737	(846)	-	-	-	-	891
Licenses and Permits	44,305	-	-	-	-	-	44,305
Intergovernmental	353,053	-	-	-	-	-	353,053
Charges for Service	91,658	-	-	-	-	-	91,658
Fines and Forfeitures	8,248	-	-	-	-	-	8,248
Investment Income	54,764	-	-	2,971	-	-	57,735
Contributions	57	-	4,056	32,690	-	-	36,803
Miscellaneous	11,995	2,326	-	-	-	-	14,321
Other Sources:							
Transfers In	218,873	-	-	11,556	-	(91,683)	138,746
Sale of Capital Assets	568	-	(568)	-	-	-	-
Face Amount of Bonds	154,266	-	-	-	(154,266)	-	-
Financing of Leases	11,123	-	-	-	(11,123)	-	-
Premiums on Issuance of Bonds	14,622	-	-	-	(14,622)	-	-
Total Revenue and Other Sources	1,348,714	1,245	3,488	47,217	(180,011)	(91,683)	1,128,970
Expenditures/ Expenses and Other							
Expenditures/Expenses:							
Current:							
General	160,894	17,661	33,202	18,758	-	-	230,515
Public Safety	438,559	17,960	21,682	16,078	-	-	494,279
Community	126,557	1,994	59,355	5,262	-	-	193,168
Cultural-	87,941	2,070	21,530	2,128	-	-	113,669
Debt Service:							
Principal	55,420	-	-	-	(55,420)	-	-
Interest	20,114	-	-	-	(2,975)	-	17,139
Service Charge	13	-	-	-	-	-	13
Cost of Issuance	772	-	-	-	25	-	797
Capital Outlay	211,642	-	(211,642)	-	-	-	-
Other Financing Uses:							
Transfers Out	91,571	-	-	112	-	(91,683)	-
Total Expenditures/ & Other Financing	1,193,483	39,685	(75,873)	42,338	(58,370)	(91,683)	1,049,580
Net Change for the Year	$ 155,231	$ (38,440)	$ 79,361	$ 4,879	$(121,641)	$ -	$ 79,390

(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	$	(235)
Special Assessment Revenue		(846)
Unavailable Revenue		2,326
	$	1,245

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	$	3,289
OPEB Expense		31,303
Pension Expense		5,093
Total	$	39,685

(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	$	163,058
Depreciation Expense		(78,738)
Total	$	84,320

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	$	11,123
Lease & SBITA Amortization		(6,900)
Total	$	4,223

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	$	(8,836)
Donations, transfers and Disposals		(346)
	$	(9,182)

(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	$	47,217
Expenditures and other Assets		(42,338)
Change in Net Position	$	4,879

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

General Obligation Bonds	$	(154,266)
Principal Repayments		49,588
Total	$	(104,678)

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	$	(11,123)
Principal Repayment		5,832
	$	(5,291)

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	$	14,622
Amortization of Bond Premiums		(3,894)
Amortization of Deferred Refunding Amounts		919
Amortization of Bond Issuance Costs		25
	$	11,672

(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	$	(91,683)
Transfers In		91,683
	$	–

3. FUND BALANCE

As of June 30, 2025, the fund balance details by classification are listed below (in thousands):

Fund Balances:	General Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Costs	$ 4,523	$ 843	$ 5,366
Nonspendable Sub-total	4,523	843	5,366
Restricted:			
Capital Projects	-	139,584	139,584
Community Facility District	-	1,550	1,550
Coronavirus Relief	-	2,894	2,894
Court	-	2,090	2,090
Debt Service	-	28,349	28,349
Fire	-	51,624	51,624
General Government	-	10	10
Housing	-	1,972	1,972
Library	-	276	276
Parks & Recreation	-	709	709
Police	-	67,098	67,098
Public Health	-	4,946	4,946
Spring Training and Tourism	-	3,716	3,716
Transportation Programs	-	160,630	160,630
Restricted Sub-total	-	465,448	465,448
Committed To:			
Arts & Culture	-	1,121	1,121
Cemetery	3,553	3,343	6,896
Environmental Compliance	-	19,314	19,314
Fire	3,188	-	3,188
Technology	-	2,548	2,548
Committed To Sub-total	6,741	26,326	33,067
Assigned To:			
Capital Projects	-	91,283	91,283
Development Services	608	-	608
Economic Development	6,125	-	6,125
Fire	10,698	-	10,698
General Government	143,084	219	143,303
Housing	5,600	-	5,600
Parks & Recreation	1,831	-	1,831
Police	18,413	-	18,413
Spring Training and Tourism	30,531	-	30,531
Sustainability	397	-	397
Transit	351	-	351
Vehicle Replacement	-	1,734	1,734
Assigned To Sub-total	217,638	93,236	310,874
Unassigned	210,091	-	210,091
Total Fund Balances	$ 438,993	$ 585,853	$ 1,024,846

4. POOLED CASH AND INVESTMENTS

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

Cash on Hand	$ 18,670
Investments in Local Govt Invest Pools	11,087
Cash with Custodian (1)	11,300
Money Market	30,000
Cash with Fiscal Agent (2)	144,419
Cash with Trustee	7
Long-Term Investments	1,336,110
Total City Pooled Cash and Investments	$ 1,551,593

(1) Represents cash sent by the City to Custodian on June 30, 2025 for investing purposes.

(2) Represents cash sent by the City to fiscal agents on June 30, 2025 for debt service payments due to bondholders on July 1, 2025

Deposits

At year end, the City's cash totaled $18,670,416 which included $137,030 in petty cash. The City's adjusted book balance was $18,533,386 and the bank balance was $29,624,660. The difference of $11,091,274 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, 2025 are covered under House Bill 2619.

Investments

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

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

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy for credit risk complies with Arizona Revised Statute §35-323. The City's portfolio

is primarily invested in securities issued by the U.S. Treasury and by U.S. Government agencies that carry a minimum "A" or better rating, at the time of purchase, from two nationally recognized rating agencies.

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

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, 2025 (in thousands):

Investment Type	S & P Rating	Fair value
Corporate Notes	AAA	$ 3,076
Corporate Notes	AA+	9,418
Corporate Notes	AA	1,502
Corporate Notes	AA-	29,858
Corporate Notes	A+	33,422
Corporate Notes	A	29,682
Corporate Notes	A-	27,524
Corporate Notes	BBB+	4,063
Corporate Notes	NR / NR**	5,067
First American Gov't Obligation MM Fund	AAAm	11,300
Goldman Sachs Money Market	AAAm	30,000
Foreign Issues	AAA	13,065
Foreign Issues	AA-	13,811
Foreign Issues	A+	13,807
Foreign Issues	A	10,991
Foreign Issues	A-	19,500
Foreign Issues	BBB+	3,023
Municipal Bonds	AAA	15,499
Municipal Bonds	AA+	8,974
Municipal Bonds	AA	15,388
Municipal Bonds	AA-	20,108
Municipal Bonds	A+	3,028
Municipal Bonds	A	984
Municipal Bonds	N/A	7,374
Municipal Bonds	N/R	6,973
US Agencies	AA+	377,152
US Agencies	N/A	328,378
US Agencies and Treasuries Short Term	N/R**	334,443
Total		$ 1,377,410

*Rating by Moodys **No Rating

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, 2025, the City had the following recurring fair value measurements (in thousands):

		Fair Value Measurements Using:		
Investment by Fair Value Level	Fair Value 6/30/2025	Level 1	Level 2	Level 3
Debt Securities				
Corporate Notes	$ 143,612	$ -	$ 143,612	$ -
Foreign Issues	74,197	-	74,197	-
Municipal Bonds	78,328	-	78,328	-
US Treasuries and Agencies	1,039,973	-	1,039,973	-
Total Debt Securities at Fair Value	1,336,110	$ -	$1,336,110	$ -
Investments Measured at Net Asset Value				
Arizona State Treasurers Investment Pools	11,087			
First American Gov't Obligation MM Fund	11,300			
Goldman Sachs Money Market	30,000			
Total Investments Measured At Fair Value	$ 1,388,497			

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, 2025.

The City's investment maturities on June 30, 2025 are as follows (in thousands):

	Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1-3	3-5	Concentration of Credit Risk %
Corporate Notes	$ 143,613	$ 4,277	$ 75,705	$ 63,631	10.43 %
First American Gov't Obligation MM	11,300	11,300	-	-	0.82 %
Goldman Sachs Money Market	30,000	30,000	-	-	2.18 %
Foreign Issues	74,197	12,697	39,001	22,499	5.39 %
Municipal Bonds	78,327	26,887	31,215	20,225	5.69 %
US Treasuries and Agencies	1,039,973	613,833	270,223	155,917	75.50 %
Totals	$1,377,410	$ 698,994	$ 416,144	$262,272	100.00 %

5. ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

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

Fund	Receivables	Allowance	Net
Governmental Activities:			
General Fund:			
Other Customers	$ 33,993	$ (9,518)	$ 24,475
Leases	49,536	-	49,536
Due from Other Governments:	17,562	-	17,562
Non-Major Governmental Funds:			
Other Customers	6,002	(1,246)	4,756
Restricted-Spec. Assessments	19,740	-	19,740
Restricted-Due from Other Governments	1,238	-	1,238
Due from Other Governments			
Sales Tax Revenues	26,403	-	26,403
Other	6,833	-	6,833
Internal Service Funds:			
Premiums	11	-	11
Other Customers	1,952	(644)	1,308
Total Governmental Activities	$ 163,270	$ (11,408)	$ 151,862
Business-Type Activities:			
Utility Customers	$ 52,985	$ (2,172)	$ 50,813
Other Customers	1,537	(190)	1,347
Leases	59,967	-	59,967
Due from Other Governments	5,867	-	5,867
Total Business-type Activities	$ 120,356	$ (2,362)	$ 117,994

Unbilled Accounts Receivable

Unbilled utility service receivables are recorded in the year in which the services are provided. At June 30, 2025, unbilled utility service receivables are recorded in the Enterprise Fund as follows (in thousands):

Electric	$ 3,669
Gas	1,869
Water	12,874
Wastewater	6,212
Solid Waste	3,818
	$ 28,442

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		
Unearned Revenue	**General Fund**	**Non-Major Funds**	**Total**
Advance ticket sales	$ 3,762	$ 276	$ 4,038
Grants received prior to meeting all eligibility requirements	-	18,496	18,496
Unspent ABC Donations	-	110	110
Amounts paid in advance	1,475	6,045	7,520
	$ 5,237	$ 24,927	$ 30,164

Unavailable Revenue	**General Fund**	**Non-Major Funds**	**Total**
Receivables not yet collected	$ 4,379	$ 2,761	$ 7,140
Delinquent Property Taxes	-	533	533
Special Assessments not yet due	-	19,740	19,740
	$ 4,379	$ 23,034	$ 27,413

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund activities are included in the fund financial statements on June 30, 2025 (in thousands):

Fund	**Due from Other Funds**	**Due to Other Funds**
General Fund	$ 4,947	$ -
Proprietary Funds	-	4,947
Total	$ 4,947	$ 4,947

Interfund balances on June 30, 2025, are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2025 (in thousands):

Transfers Out

Transfers In – Funds	General	Non-Major Governmental	Utility	Airport	Internal Service	Total
General	$ -	$ 5,739	$138,566	$ 11	$ 112	$ 144,428
Non-Major Governmental	74,445	-	-	-	-	74,445
Internal Service	11,387	-	167	2	-	11,556
Total	$ 85,832	$ 5,739	$138,733	$ 13	$ 112	$ 230,429

The transfer from business-type activities to governmental activities on the government-wide statement of activities is a $138,143,000 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 $27,809,868, less accumulated amortization of $6,040,833.

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

	Governmental Activities		
	Principal	Interest	Total
2026	$ 2,795	$ 446	$ 3,241
2027	2,140	360	2,500
2028	1,327	326	1,653
2029	1,231	301	1,532
2030	1,253	276	1,529
2031-2035	6,645	982	7,627
Thereafter	6,999	254	7,253
Totals	$ 22,391	$ 2,945	$ 25,335

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, 2025, the City recognized $5,625,422 and $2,422,956 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Subscription-Based Information Technology Arrangements

The City has obtained the right to use various desktop and server software, cloud backup services, payroll and human resources software, and other intangible right-to-use software under the provisions of various subscription-based information technology arrangements (SBITA's).

The total of the City's subscription assets is recorded at a cost of $10,262,000, less accumulated amortization of $4,690,000.

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

	Governmental Activities		
	Principal	Interest	Total
2026	$ 1,420	$ 247	$ 1,667
2027	1,268	198	1,466
2028	662	160	822
2029	384	144	528
2030	416	127	543
2031-2035	2,625	282	2,907
Totals	$ 6,775	$ 1,158	$ 7,933

8. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2025, follows (in thousands):

Government Activities	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable Assets:				
Land	$ 419,761	$ -	$ -	$ 419,761
Infrastructure	3,597	-	-	3,597
Construction-in-Progress	186,489	202,455	(217,518)	171,426
Total Non-depreciable Assets	609,847	202,455	(217,518)	594,784
Depreciable Assets:				
Buildings	542,027	58,764	-	600,791
Other Improvements	327,457	47,530	(1,673)	373,314
Machinery & Equipment	335,730	48,029	(5,481)	378,278
Infrastructure	1,412,491	30,099	(70)	1,442,520
Intangible:				
Subscription Assets	3,926	8,000	(1,664)	10,262
Lease - Buildings	28,316	2,832	(3,629)	27,519
Lease - Machinery & Equipment	-	264	-	264
Lease - Land	-	26	-	26
Software	24,312	-	-	24,312
Total Depreciable Assets	2,674,259	195,544	(12,517)	2,857,286
Less Accumulated Depreciation for:				
Buildings	(182,276)	(10,453)	-	(192,729)
Other Improvements	(184,340)	(11,943)	1,464	(194,819)
Machinery & Equipment	(218,458)	(17,105)	5,322	(230,241)
Infrastructure	(835,222)	(39,565)	70	(874,717)
Intangible:				
Subscription Assets	(2,455)	(3,899)	1,664	(4,690)
Lease - Buildings	(6,577)	(2,967)	3,604	(5,940)
Lease - Machinery & Equipment	-	(84)		(84)
Lease - Land	-	(18)	-	(18)
Software	(24,312)	-	-	(24,312)
Total Accum. Depreciation	(1,453,640)	(86,034)	12,124	(1,527,550)
Total Depreciated Capital Assets net	1,220,619	109,510	(393)	1,329,736
Governmental Activities Capital, net	$1,830,466	$ 311,965	$ (217,911)	$1,924,520

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

General Government	$ 11,628
Public Safety	14,685
Community Environment	42,590
Cultural-Recreational	16,715
Capital assets held by the City's Internal Service funds are charged to the various functions based on their usage of assets	416
	$ 86,034

Business-Type Activities:	Beginning	Additions	Retirements	Balance
Non-depreciable Assets:				
Land	$ 31,786	$ -	$ -	$ 31,786
Water Rights	17,560	-	-	17,560
Collections of Art	106	-	-	106
Construction-in-Progress	191,396	327,488	(105,931)	412,953
Total Non-depreciable Assets	240,848	327,488	(105,931)	462,405
Depreciable Assets:				
Buildings	46,701	-	-	46,701
Other Improvements	87,533	314	-	87,847
Machinery & Equipment	93,555	15,334	(4,032)	104,857
Intangibles	26,801	-	-	26,801
Infrastructure	2,372,334	82,707	(100)	2,454,941
Total Depreciable Assets	2,626,924	98,355	(4,132)	2,721,147
Less Accumulated Depreciation for:				
Buildings	(19,273)	(857)	-	(20,130)
Other Improvements	(52,328)	(2,342)	-	(54,670)
Machinery & Equipment	(67,377)	(4,876)	4,032	(68,221)
Intangibles	(23,222)	(112)	-	(23,334)
Infrastructure	(1,157,587)	(57,408)	59	(1,214,936)
Total Accum. Depreciation	(1,319,787)	(65,595)	4,091	(1,381,291)
Total Depreciable Assets, net	1,307,137	32,760	(41)	1,339,856
Business-Type Activities Assets, net	$1,547,985	$ 360,248	$ (105,972)	$ 1,802,261

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

Electric	$ 3,826
Gas	6,780
Water	32,806
Wastewater	17,363
Solid Waste	2,706
Airport	1,795
District Cooling	319
	$ 65,595

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

Governmental Activities	Construction in Progress	Commitments
General Governments	$ 150,717	$ 169,937
Public Safety	3,206	1,360
Community Environment	5,864	129
Cultural-Recreational	11,639	204
Total	$ 171,426	$ 171,630

Business-Type Activities	Construction In Progress	Commitments
Electric	$ 10,422	$ 1,965
Gas	54,044	11,253
Water	263,537	227,756
Wastewater	69,318	30,512
Solid Waste	7,319	4,226
Airport	8,142	1,472
District Cooling	171	19
Total	$ 412,953	$ 277,203

9. LONG-TERM OBLIGATIONS

a. **Changes in Long-Term Obligations**

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

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 335,990	$ 154,265	$ (33,745)	$ 456,510	$ 28,775
Highway User Revenue Bonds	18,540	-	(10,880)	7,660	3,755
Excise Tax Revenue Obligations	31,630	-	(1,375)	30,255	1,440
Community Facility District	92,971	-	(3,588)	89,383	3,678
Total Bonds Payable	479,131	154,265	(49,588)	583,808	37,648
Leases	22,077	3,122	(2,808)	22,391	2,795
Subscription-Based Information Technology Arrangements	1,900	8,000	(3,126)	6,774	1,420
Unamortized Premiums	25,539	14,622	(3,894)	36,267	-
Compensated Absences	50,001	40,064	(36,677)	53,388	5,725
Pension and OPEB Liability	1,808,878	64,447	-	1,873,325	24,751
Governmental Activities Total	$2,387,526	$ 284,519	$ (96,093)	$ 2,575,953	$ 72,339
Business-Type Activities:					
Bonds Payable:					
Utility Revenue Bonds	$1,063,125	$ -	$ (65,335)	$ 997,790	$ 52,185
Utility Revenue Obligations	323,975	295,465	(8,790)	610,650	12,570
Total Bonds Payable	1,387,100	295,465	(74,125)	1,608,440	64,755
Notes Payable	827	-	(160)	667	163
Unamortized Bond Premiums	76,961	-	(8,453)	68,508	-
Unamortized Obligation Premiums	24,110	12,823	(1,755)	35,178	-
Compensated Absences	6,259	5,251	(5,044)	6,466	816
Pension and OPEB Liability	138,622	-	(263)	138,359	2,314
Business-Type Activities Total	$1,633,879	$ 313,539	$ (89,799)	$ 1,857,619	$ 68,048

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, $1,384,705 of internal service funds compensated absences are included in the above amounts.

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

b. **Bonds Payable**

On June 30, 2025, long-term bonds payable consisted of:

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

General Obligation Bonds

	Bonds Outstanding (In Thousands)
$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.	$ 14,875
$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.	32,525
$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.	18,800
$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.	4,315
$37,700,000 2016 general obligation serial bonds due in annual installments ranging from $825,000 to $2,775,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2036.	23,100
$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.	10,485
$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.	10,495
$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.	29,630
$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.	27,025
$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.	5,525

$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.	$ 12,965
$22,075,000 2020 general obligation serial and term bonds due in annual installments ranging from $465,000 to $11,330,000 plus semi-annual interest ranging from 1.875 percent to 3 percent through July 1, 2040.	8,825
$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.	18,530
$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.	1,685
$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.	10,260
$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.	8,100
$83,340,000 2023 general obligation serial bonds due in annual installments ranging from $2,440,000 to $9,235,000, plus semi-annual interest of 5 percent through July 1, 2032.	68,665
$154,265,000 2025 general obligation serial bonds due in annual installments ranging from $100,000 to $14,895,000, plus semi-annual interest of 5 percent through July 1, 2045.	150,705
Total General Obligation Bonds	**$ 456,510**

Street and Highway User Revenue Bonds

$17,555,000 2015 street and highway user revenue refunding bonds, due in annual installments ranging from $15,000 to $9,880,000 plus semi-annual interest of 3 to 5 percent through July 1, 2027.	**$ 7,660**

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.	\$ 1,702
\$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 \$215,000, plus semi-annual interest ranging from 2 percent to 5.375 percent through July 1, 2039.	2,197
\$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.	1,392
\$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.	4,845
\$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.	618
\$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.	765
\$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.	378
\$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.	6,220
\$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.	1,031

\$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.	\$ 597
\$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.	270
\$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.	7,995
\$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.	810
\$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.	214
\$1,883,000 2019 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 10 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$48,000 to \$130,000, plus semi-annual interest ranging from 2.75 percent to 5.20 percent through July 1, 2043.	1,562
\$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.	205
\$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.	1,639
\$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.	1,025

$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.	$	11,805
$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.		596
$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.		2,405
$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.		4,965
$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.		11,550
$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.		1,975
$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.		3,922
$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.		1,290
$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.		7,820
$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.		2,470

$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.	$ 2,880
$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 $1,095,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 15, 2046.	4,240
Total Community Facilities District Bonds	**$ 89,383**

Excise Tax Revenue Obligation

$36,010,000 2020 excise tax revenue serial obligations, due in annual principal installments ranging from $645,000 to $2,595,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2040.	**$ 30,255**
Total bonds payable recorded in governmental activities	**$ 583,808**

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

Utility Systems Revenue Bonds

$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.	$ 650
$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.	77,880
$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.	23,445

\$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.	\$ 83,925
\$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.	134,660
\$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.	112,050
\$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.	43,620
\$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.	91,120
\$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.	76,730
\$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.	41,560
\$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.	58,055
\$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.	60,480
\$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.	27,395
\$44,870,000 2021 utility systems revenue refunding serial bond due in a single principal installment of \$44,870,000 plus semi-annual interest of 4 percent through July 1, 2035.	44,870
Total Utility Systems Revenue Bonds	**\$ 997,790**

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.	$ 11,015
$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.	7,955
$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.	57,655
$193,710,000 2023 utility revenue serial obligations, due in annual principal installment ranging from 2,500,000 to 21,300,000 plus semi-annual interest of 5 percent through July 1, 2048.	183,855
$295,465,000 2025 utility revenue serial obligations, due in annual principal installment ranging from 3,100,000 to 25,000,000 plus semi-annual interest of 5 percent through July 1, 2049.	295,465
Total Utility Systems Revenue Obligations	**$ 610,650**
Total bonds payable recorded in business-type activities	**$ 1,608,440**

The following tables summarize the City's debt service requirements to maturity for its long-term bonds payable on June 30, 2025 (in thousands). The deferred amounts on refundings are not included.

Governmental Activities

	General Obligation Bonds				Highway User Revenue Bonds		
Fiscal Year	**Principal**	**Interest**	**Total**	**Fiscal Year**	**Principal**	**Interest**	**Total**
2026	$ 28,775	$ 19,139	$ 47,914	2026	$ 3,755	$ 344	$ 4,099
2027	29,860	18,128	47,988	2027	3,905	156	4,061
2028	31,000	17,009	48,009	2028	-	-	-
2029	32,135	15,854	47,989	2029	-	-	-
2030	33,440	14,655	48,095	2030	-	-	-
2031-2035	153,590	52,938	206,528	2031-2035	-	-	-
2036-2040	103,400	24,684	128,084	2036-2040	-	-	-
2041-2045	44,310	5,330	49,640	2041-2045	-	-	-
TOTALS	$ 456,510	$167,737	$ 624,247	TOTALS	$ 7,660	$ 500	$ 8,160

	Excise Tax Revenue Obligations				Community Facilities District		
Fiscal Year	**Principal**	**Interest**	**Total**	**Fiscal Year**	**Principal**	**Interest**	**Total**
2026	$ 1,440	$ 1,255	$ 2,695	2026	$ 3,678	$ 3,524	$ 7,202
2027	1,515	1,183	2,698	2027	3,807	3,384	7,191
2028	1,590	1,107	2,697	2028	3,915	3,233	7,148
2029	1,670	1,028	2,698	2029	4,001	3,078	7,079
2030	1,750	944	2,694	2030	4,116	2,918	7,034
2031-2035	10,105	3,380	13,485	2031-2035	22,441	11,507	33,948
2036-2040	12,185	1,297	13,482	2036-2040	25,737	7,443	33,180
2041-2045	-	-	-	2041-2045	21,113	2,418	23,531
2046-2050	-	-	-	2046-2050	575	24	599
TOTALS	$ 30,255	$ 10,195	$ 40,450	TOTALS	$ 89,383	$ 37,529	$ 126,912

Business-type Activities

	Revenue Bonds				Utility Revenue Obligations		
Fiscal Year	**Principal**	**Interest**	**Total**	**Fiscal Year**	**Principal**	**Interest**	**Total**
2026	$ 52,185	$ 40,379	$ 92,564	2026	$ 12,570	$ 31,394	$ 43,964
2027	54,655	38,104	92,759	2027	13,055	29,260	42,315
2028	58,055	35,811	93,866	2028	11,830	28,641	40,471
2029	56,235	33,383	89,618	2029	15,360	28,077	43,437
2030	55,770	31,043	86,813	2030	15,275	27,309	42,584
2031-2035	322,900	115,743	438,643	2031-2035	79,435	125,450	204,885
2036-2040	270,510	60,944	331,454	2036-2040	168,355	91,962	260,317
2041-2045	127,480	12,075	139,555	2041-2045	189,905	53,999	243,904
2046-2050	-	-	-	2046-2050	104,865	10,293	115,158
TOTALS	$ 997,790	$367,482	$1,365,272	TOTALS	$ 610,650	$426,385	$1,037,035

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, 2025, is (in thousands):

6% Bonds	$	579,729
20% Bonds		1,540,939
Total Available	$	2,120,668

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, 2025, total principal and interest outstanding for CFD general obligation bonds was $97,790,063.

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, 2025, 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 $29,122,861. Principal and interest paid for the current year and total assessments collected were $1,669,000, and $1,737,000 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, 2025, the amount provided in the Replacement and Extension Funds equaled $10,133,000 which is in compliance with the bond provisions. As of June 30, 2025, the amount available is $46,850,000.

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, 2025(in thousands):

	Business-type Activities		
Fiscal Year	Principal	Interest & Fees	Total
2026	$ 163	$ 15	$ 178
2027	167	11	178
2028	170	7	177
2029	167	4	171
Totals	$ 667	$ 37	$ 704

d. **Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2025.

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.

f. **Pledged Revenue**

Utility System Revenue Bonds
The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately $0.998 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 45.1% percent of net revenues. The total principal and interest remaining to be paid on the bonds is

$1.365 billion. Principal and interest paid for the current year and total customer net revenues were $108,264,000 and $240,231,000, respectively.

Highway User Revenue Bonds
The City has pledged future Highway User Taxes Revenue to repay $7,660,000 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 23.2% percent of eligible revenues. The total principal and interest remaining to be paid on the bonds is $8,160,000. Principal and interest paid for the current year and total highway user tax revenues were $11,666,000 and $50,373,000, respectively.

Excise Tax Revenue Obligations
The City has pledged future Excise Tax Revenues to repay $30,255,000 in excise tax revenue obligations issued and outstanding since 2020. Proceeds from the obligations provided financing for construction and installation of new higher education building. Annual principal and interest payments on the bonds were 0.005% of eligible revenues. The total principle and interest remaining to be paid on the bonds is $40,450,000. Principle and interest paid for the current year and total excise tax revenues were $2,698,900 and $490,847,000, respectively.

10. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS

Liabilities to be Paid from Assets Held in Escrow

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

In accordance with GASB Statement No. 7, the refunded debt outstanding on June 30, 2025, as reflected below is not included in the City's financial statements (in thousands).

Utility System Revenue Bond Issue dated May 29, 2008	$ 3,150
Utility System Revenue Refunding Bond Issue dated September 25, 2014	14,050
Total Refunded and Defeased Bonds Outstanding	$ 17,200

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, 2025, and did not received any settlements in excess of insurance coverage over the past three fiscal years.

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

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

	Property & Public Liability	Workers' Compensation	Employee Benefits	Total
Unpaid Claims, 6/30/23	$ 10,469	$ 28,284	$ 4,465	$ 43,218
Adjustments to Reserves	2,464	(1,671)	71,828	72,621
Claim Expense	(1,021)	827	(70,522)	(70,716)
Unpaid Claims, 6/30/24	11,912	27,440	5,771	45,123
Adjustments to Reserves	(246)	(2,248)	72,687	70,193
Claims Expense	(1,032)	(2,512)	(71,828)	(75,372)
Unpaid Claims, 6/30/25	$ 10,634	$ 22,680	$ 6,630	$ 39,944

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, 2025, is $25,168,730.

13. NET POSITION

a. Restricted Net Position

The government-wide statement of net position reports $512,919,000 of restricted net position, of which $280,357,000 is restricted by enabling legislation.

b. Designated Net Position

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

c. Deficit in Net Position and Fund Balance

The deficit in the Worker's Compensation Self-Insurance Fund consists of 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.

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, 2025, for these services are as follows (in thousands):

		Operating Expenses		
Functions	Operating Revenues	Depreciation	Other	Operating Income (Loss)
Electric	$ 51,377	$ 3,826	$ 37,881	$ 9,670
Gas	60,901	6,780	34,310	19,811
Water	205,684	32,806	89,666	83,212
Wastewater	110,266	17,363	54,610	38,293
Solid Waste	76,885	2,706	48,415	25,764
Airport	5,086	1,795	4,896	(1,605)
District Cooling	1,501	319	1,431	(249)
Total	$ 511,700	$ 65,595	$ 271,209	$ 174,896

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, 2025, is as follows (in thousands):

	Governmental Activities	Business-Type Activities	Total
Valley Metro Rail Inc.	$ 272,615	$ -	$ 272,615
TOPAZ Regional Wireless Cooperative	6,321	-	6,321
Subregional Operating Group	-	86,926	86,926
Val Vista Water Treatment Plant	-	52,535	52,535
Greenfield Water Reclamation Plant	-	136,540	136,540
Joint Ventures Construction Deposits	-	7,119	7,119
Total Investment in Joint Ventures	$ 278,936	$ 283,120	$ 562,056

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 $272,615,164 and is reflected in the governmental activities.

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

TOPAZ Regional Wireless Cooperative

The City of Mesa currently participates with the City of Apache Junction, Superstition Fire and Medical, the Town of Gilbert, the Town of Queen Creek, Fort McDowell and Rio Verde Fire District (the Parties) in an intergovernmental agreement to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (TOPAZ). TOPAZ is a 700/800 MHz Network procured and built by the City of Mesa. The City acts as the lead agency and is responsible for the planning, budgeting, construction, operation and maintenance of the network. As lead agent, the City provides all management personnel and financing arrangements. The Parties participate in ownership of the network and are charged for operating and capital expenses based on six month rolling average of airtime. The City's equity in the joint venture is $6,320,920 and is reflected in the governmental activities. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2025, is (in thousands):

TOPAZ Regional Wireless Cooperative

City of Mesa	$	6,321
Town of Gilbert		1,565
City of Apache Junction		635
Superstition Fire and Medical		177
Town of Queen Creek		284
Fort McDowell		71
Rio Verde Fire District		17
Fountain Hills		13
Total Joint Venture	$	9,083

Wastewater

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

The City of Phoenix acts as the lead agency in SROG and is responsible for the planning, budgeting, construction, operation and maintenance of the plant in addition to providing all management personnel and financing arrangements. The various cities participate in ownership of the plant and are charged for operating expenses based on gallons of flow. The different agencies participate in each facility at varying rates depending on their needs at the time each facility was constructed. The City's equity in the joint venture is $86,925,857 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 $136,540,254 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, 2025, is (in thousands):

Greenfield Water Reclamation Project

Mesa's Share	$	136,540
Gilbert's Share		89,334
Queen Creek's Share		27,045
Total Joint Venture	$	252,919

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 $52,535,155 and is reflected in the proprietary funds financial statements.

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

16. PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

All benefited 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 benefited 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, 2025, 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	$ 980,645	$ 55,934	$ 1,036,579
Deferred Outflows of Resources - Pension	246,892	11,495	258,387
Deferred Inflows of Resources - Pension	26,909	3,579	30,488
Pension Expense	123,331	6,480	129,811
Net OPEB Liabilities	892,680	82,425	975,105
Deferred Outflows of Resources - OPEB	61,517	5,591	67,108
Deferred Inflows of Resources - OPEB	121,868	11,386	133,254
OPEB Expense	52,358	4,775	57,133

Arizona State Retirement System Defined Benefit Plan:

a. **Plan Description**

All of the City's eligible benefited 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	30 years, age 55
	10 years, age 62	25 years, age 60
	5 years, age 50*	10 years, age 62
	any years, age 65	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 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, 2025, the city and covered employees were required by state statute to contribute at the actuarially determined rate of 12.27% (12.12% pension plus 0.15% long-term disability) of the active members' annual covered payroll. The City's contributions to the System for the year ending June 30, 2025, was $29,632,022, 75.35% paid from governmental funds, 4.33% paid from internal service funds, and 20.31% 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, 2025, was 10.19 % (10.14% pension plus, 0.05% long-term disability). The City's ACR contributions to the System for the year ending June 30, 2025, were $221,336.

c. **Pension Liability**

On June 30, 2025, the City reported a liability of $275,385,905 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The City's proportion measured as of June 30, 2024, was 1.72100%, which was a increase of 0.10612% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2025, the City recognized pension expense for ASRS of $31,903,303. On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resourced related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,372	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	17,586
Changes in proportion and differences between City contributions	11,367	34
City contributions subsequent to the measurement date	29,853	-
Total	$ 56,592	$ 17,620

The $29,853,358 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, 2026. 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,		
2026	$	(2,058)
2027		18,855
2028		(4,452)
2029		(3,226)
	$	9,119

e. **Actuarial Assumptions**

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

Actuarial Valuation Date	June 30, 2023
Actuarial Roll Forward Date	June 30, 2024
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, 2024, 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. 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
Public Equity	44%	4.48 %
Credit	23%	4.40 %
Real Estate	17%	6.05 %
Private Equity	10%	6.11 %
Interest Rate Sensitive	6%	(0.45)%
Total	100%	

f. **Discount Rate**

At June 30, 2024, the discount rate used to measure the ASRS total pension liability was 7.0%. 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 Discount Rate	1% Increase
	6.0%	7.0%	8.0%
City's proportionate share of the net pension liability	$ 421,672	$ 275,386	$ 153,469

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.

b. **Benefits Provided**

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

	Initial Membership Date		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or After July 1, 2017
Retirement and Disability			
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 over 20 years, 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		
Survivor Benefit			
Retired Members	80% to 100% of retired member's pension benefit		
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

* With actuarially reduced benefits

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

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, 2025, the following employees were covered by the agent plans' benefit terms:

	PSPRS Fire	PSPRS Police	
	Pension	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	330	764	764
Inactive employees entitled to but not yet receiving benefits	91	292	117
Active employees	435	731	731
Total	856	1,787	1,612

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, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active Member Pension	City Pension	City OPEB
PSPRS - Fire	7.65%	60.49%	0.58%
PSPRS - Police	7.65%	61.22%	1.50%
PSPRS Tier 3 - Fire	9.66%	9.53%	0.13%
PSPRS Tier 3 - Police	8.67%	8.58%	0.09%

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 43.87% and 47.28% for City fire and police employees respectively, who were PSPRS Tier 3 members.

The City's required contributions to the plans for the year ended June 30, 2025, were:

	Pension	OPEB
PSPRS - Fire	$ 18,446,029	$ 176,867
PSPRS - Police	29,877,822	732,060
PSPRS Tier 3 - Fire	8,613,987	59,685
PSPRS Tier 3 - Police	18,862,370	415,337

The City contributed to the unfunded liability additional amounts of $4,206,978 and $12,116,780 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, 2025, was 43.87% and 47.28% for fire and police, respectively. The City did not have any ACR contributions for the year ending June 30, 2025.

d. **Liability**

On June 30, 2025, the City reported the following pension liabilities of $263,264,432 and $497,926,145 for fire and police, respectively. The City also reported an OPEB liability of $11,072,878 for police. The net liabilities were measured as of June 30, 2024, 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, 2024, reflect changes of actuarial assumptions from the prior year.

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

For the year ended June 30, 2025, the City recognized pension expenses of $34,283,881 and $63,624,098 for fire and police, respectively. The City also recognized OPEB expense of $1,288,446 for police.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources (in thousands):

PSPRS - Fire Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,900	$ 63
Changes in assumptions	5,044	-
Net difference between projected and actual earnings on pension plan investments	-	4,413
City contributions subsequent to the measurement date	31,267	-
Total	$ 74,211	$ 4,476

	Pension		OPEB	
PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 61,482	$ -	$ 408	$ -
Changes in assumptions	5,244	-	156	-
Net difference between projected and actual earnings on plan investments	-	8,391	-	84
City contributions subsequent to the measurement date	60,857	-	1,147	-
Total	$ 127,583	$ 8,391	$ 1,711	$ 84

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	PSPRS Fire Pension	PSPRS Police Pension	PSPRS Police OPEB
2026	$ 6,094	$ 10,870	$ 38
2027	11,581	22,683	350
2028	5,631	11,580	73
2029	4,826	7,370	(13)
2030	4,014	5,832	16
Thereafter	6,322	-	16
	$ 38,468	$ 58,335	$ 480

f. **<u>Actuarial Methods and Assumptions</u>**

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

Actuarial Assumptions:	
Measurement Date	June 30, 2024
Actuarial Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.20%
Wage Inflation	3.25 - 15.0%, 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	Not applicable

Actuarial assumptions used in the June 30, 2024, 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	3.62%
International Public Equity	16%	4.47%
Global Private Equity	27%	7.05%
Core Bonds	6%	2.44%
Private Credit	20%	6.24%
Diversifying Strategies	5%	3.15%
Cash - Mellon	2%	0.89%
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 Rate	1% Increase
Fire Net Pension Liability	$ 339,334	$ 263,264	$ 200,837
Police Net Pension Liability	645,608	497,926	377,782
Police OPEB Liability	13,411	11,073	9,099

Changes in the Net Pension/OPEB Liability

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

Fire	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - Beginning of Year	$ 540,182	$ 278,421	$ 261,761
Changes for the Year:			
Service Cost	10,101	-	10,101
Interest on the Total Liability	38,618	-	38,618
Differences Between Expected & Actual Experience in the Measurement of the Liability	18,462	-	18,462
Contributions - Employer	-	32,664	(32,664)
Contributions - Employee	-	3,990	(3,990)
Net Investment Income	-	29,201	(29,201)
Benefit Payments, Including Refunds of Employee Contributions	(27,833)	(27,833)	-
Administrative Expenses	-	(177)	177
Net Changes	39,348	37,845	1,503
Balances - End of Year	$ 579,530	$ 316,266	$ 263,264

Police	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance - Beginning of Year	$ 1,010,327	$511,948	$498,379	$ 22,671	$ 11,171	$ 11,501
Changes for the Year:						
Service Cost	15,642	-	15,642	237	-	237
Interest on the Total Liability	71,984	-	71,984	1,589	-	1,589
Differences Between Expected & Actual Experience in the Measurement of the Liability	34,992	-	34,992	115	-	115
Contributions - Employer	-	62,164	(62,164)	-	1,311	(1,311)
Contributions - Employee	-	7,300	(7,300)	-	-	-
Net Investment Income	-	53,977	(53,977)	-	1,064	(1,064)
Benefit Payments, Including Refunds of Employee Contributions	(52,375)	(52,375)	-	(1,690)	(1,690)	-
Administrative Expenses	-	(370)	370	-	(7)	-
Net Changes	70,243	70,696	(453)	251	678	(427)
Balances - End of Year	$ 1,080,570	$582,644	$497,926	$ 22,922	$ 11,849	$ 11,074

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 benefits (OPEB) for retired employees through a single employer defined benefit medical plan. The plan provides these 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.

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, 2023 (date of most recent valuation), membership consisted of:

Active Employees	3,707
Retirees	2,139
Spouses	1,517
Others	414
Total	7,777

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, 2025, is $964,030,800.

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

For the year ended June 30, 2025, the City recognized OPEB expense of $55,843,809. On June 30, 2025, 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	$ 26,584	$ 3,319
Changes of assumptions	11,748	129,851
City benefit payments subsequent to the measurement date	27,065	-
Total	$ 65,397	$ 133,170

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	
2026	$ (31,709)
2027	(33,885)
2028	(33,560)
2029	2,635
2030	1,528
2031	153
	$ (94,838)

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, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Discount Rate	4.21%
Consumer Price Index	3.00%
Projected Salary Increases	2.90 - 15.0%
Mortality Rates	Based on the rates used for the June 30, 2024 valuations of the ASRS Plan and the PSPRS Plan.
Health care cost trend rate:	
Medical, Drugs	4.50-8.00%
Dental, Vision	4.50%

Actuarial assumptions used in the June 30, 2023 valuation were projected on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.

Future Salary Increase

Consistent with the June 30, 2024, 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 2024 ASRS experience study. Salary increases assumptions range from 2.9% to 15.0%, 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 the 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 4.5% to 8.0%.

f. **<u>Discount Rate</u>**

The discount rate at the measurement date is 4.21%. The discount rate increased from 4.13% as of June 30, 2023, to 4.21% as of June 30, 2024. 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, 2024.

g. **Changes in OPEB Liability**

The below table outlines the changes in OPEB Liability for the fiscal year ending June 30, 2025 (in thousands):

OPEB Liability at Beginning of Year	$ 914,548
Service Cost	31,496
Interest	38,479
Differences between Expected and Actual Experience	(2,539)
Changes in Assumptions	11,038
Employer contributions *	(28,991)
Net Change in Total OPEB Liability	49,483
OPEB Liability at End of Year	$ 964,031

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

The City's benefit payments to the plan were paid 88.55% from governmental funds, 2.9% from internal service funds, and 8.55% 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):

	1% Decrease	Current Municipal Bond Rate	1% Increase
City OPEB Plan	$ 1,117,722	$ 964,031	$ 840,444

	1% Decrease	Current Healthcare Trend Rate	1% Increase
City OPEB Plan	$ 830,617	$ 964,031	$ 1,133,594

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CITY OF MESA, AZ

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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City of Mesa, Arizona
Schedule of the City's Proportionate Share of Net Pension Liability
Cost-Sharing Pension Plan
June 30, 2025
(in thousands)

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	**2024** (2023)	**2023** (2022)	**2022** (2021)
City's Proportion of Net Pension Liability	1.7210%	1.6149%	1.6156%	1.5857%
City's Proportionate Share of Net Pension Liability	$ 275,386	$ 261,311	$ 263,694	$ 208,353
City's Covered Payroll	$ 241,163	$ 211,155	$ 192,542	$ 178,405
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	114.19%	123.75%	136.95%	116.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.93%	75.47%	74.26%	78.58%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year (Measurement Date)					
2021 (2020)	**2020** (2019)	**2019** (2018)	**2018** (2017)	**2017** (2016)	**2016** (2015)
1.6188%	1.6209%	1.6293%	1.6416%	1.6605%	1.6393%
$ 280,473	$ 235,853	$ 227,233	$ 255,729	$ 268,013	$ 255,337
$ 175,767	$ 168,900	$ 162,089	$ 158,958	$ 155,868	$ 151,154
159.57%	139.64%	140.19%	160.88%	171.95%	168.93%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

City of Mesa, Arizona
Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios
Agent Plans
June 30, 2025
(in thousands)

Personal Safety Personnel Retirement System - Fire

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	**2024** (2023)	**2023** (2022)	**2022** (2021)
Total Pension Liability				
Service Cost	$ 10,101	$ 9,175	$ 8,079	$ 7,645
Interest on the Total Pension Liability	38,618	36,294	34,277	32,539
Changes of Benefit Terms	-	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Pension Liability	18,462	13,651	11,356	7,760
Changes of Assumptions or Other Inputs	-	-	6,706	-
Benefit Payments, Including Refunds of Employee Contributions	(27,833)	(27,696)	(26,268)	(22,868)
Net Change in Total Pension Liability	39,348	31,423	34,150	25,076
Total Pension Liability - Beginning	540,182	508,759	474,607	449,531
Total Pension Liability - Ending (a)	579,530	540,182	508,757	474,607
Plan Fiduciary Net Position				
Contributions - Employer	32,664	26,733	28,025	21,601
Contributions - Employee	3,990	3,776	3,507	3,321
Net Investment Income	29,201	20,023	(10,644)	56,815
Benefit Payments, Including Refunds of Employee Contributions	(27,833)	(27,696)	(26,268)	(22,868)
Hall/Parker Settlement	-	-	-	-
Administrative Expense	(177)	(136)	(192)	(266)
Other Changes	-	-	-	-
Net Change in Plan Fiduciary Net Position	37,845	22,699	(5,572)	58,603
Plan Fiduciary Net Position - As Previously Reported	278,421	255,722	261,293	202,690
Adjustment to Beginning Balance	-	-	-	-
Plan Fiduciary Net Position - Beginning	278,421	255,722	261,293	202,690
Plan Fiduciary Net Position - Ending (b)	316,266	278,421	255,721	261,293
City's Net Pension Liability - Ending (a) - (b)	$ 263,264	$ 261,761	$ 253,036	$ 213,314
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.57%	51.54%	50.26%	55.05%
City's Covered Payroll	$ 48,048	$ 39,896	$ 36,776	$ 34,198
City's Net Pension Liability as a Percentage of its Covered Payroll	547.91%	656.11%	688.05%	623.76%

See accompanying notes to pension plan schedules

Reporting Fiscal Year (Measurement Date)					
2021 (2020)	**2020** (2019)	**2019** (2018)	**2018** (2017)	**2017** (2016)	**2016** (2015)
$ 7,871	$ 7,663	$ 7,271	$ 7,724	$ 6,439	$ 6,127
31,397	29,147	27,446	25,687	23,654	23,086
-	-	-	2,125	21,380	-
(221)	11,844	1,951	(2,670)	(4,423)	(3,518)
-	8,488	-	12,613	11,970	-
(23,473)	(18,809)	(16,608)	(17,095)	(19,893)	(17,323)
15,574	38,333	20,060	28,384	39,127	8,372
433,957	395,624	375,564	347,180	308,053	299,681
449,531	433,957	395,624	375,564	347,180	308,053
18,107	16,708	16,733	13,558	12,735	9,828
2,845	2,805	3,035	3,923	4,396	3,847
2,587	10,339	12,464	19,308	954	5,878
(23,473)	(18,809)	(16,608)	(17,095)	(19,893)	(17,323)
-	-	(5,150)	-	-	-
(211)	(181)	(190)	(174)	(138)	(144)
58	-	2	43	(12)	45
(87)	10,862	10,286	19,563	(1,958)	2,131
202,777	191,986	181,700	162,137	164,095	161,964
-	(71)	-	-	-	-
202,777	191,915	181,700	162,137	164,095	161,964
202,690	202,777	191,986	181,700	162,137	164,095
$ 246,841	$ 231,180	$ 203,638	$ 193,864	$ 185,043	$ 143,958
45.09%	46.73%	48.53%	48.38%	46.70%	53.27%
$ 32,562	$ 34,136	$ 32,445	$ 32,941	$ 32,453%	$ 31,661
758.06%	677.23%	627.64%	588.52%	570.19%	454.69%

City of Mesa, Arizona
Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios
Agent Plans
June 30, 2025
(in thousands)

Personal Safety Personnel Retirement System - Police Pension

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	**2024** (2023)	**2023** (2022)	**2022** (2021)
Total Pension Liability				
Service Cost	$ 15,642	$ 14,824	$ 13,979	$ 13,861
Interest on the Total Pension Liability	71,984	67,540	64,052	61,557
Changes of Benefit Terms	-	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Pension Liability	34,992	29,045	18,155	2,112
Changes of Assumptions or Other Inputs	-	-	10,488	-
Benefit Payments, Including Refunds of Employee Contributions	(52,375)	(48,622)	(45,167)	(41,764)
Net Change in Total Pension Liability	70,243	62,787	61,507	35,766
Total Pension Liability - Beginning	1,010,327	947,541	886,034	850,268
Total Pension Liability - Ending (a)	1,080,570	1,010,327	947,541	886,034
Plan Fiduciary Net Position				
Contributions - Employer	62,164	55,209	53,349	38,561
Contributions - Employee	7,300	6,897	6,608	6,268
Net Investment Income	53,977	36,571	(19,142)	101,528
Benefit Payments, Including Refunds of Employee Contributions	(52,375)	(48,622)	(45,167)	(41,764)
Hall/Parker Settlement	-	-	-	-
Administrative Expense	(370)	(288)	(345)	(477)
Other Changes	-	(7)	-	-
Net Change in Plan Fiduciary Net Position	70,696	49,759	(4,697)	104,116
Plan Fiduciary Net Position - As Previously Reported	511,948	462,190	466,887	362,771
Adjustment to Beginning Balance	-	-	-	-
Plan Fiduciary Net Position - Beginning	511,948	462,190	466,887	362,771
Plan Fiduciary Net Position - Ending (b)	582,644	511,949	462,190	466,887
City's Net Pension Liability - Ending (a) - (b)	$ 497,926	$ 498,379	$ 485,351	$ 419,147
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.92%	50.67%	48.78%	52.69%
City's Covered Payroll	$ 86,055	$ 73,451	$ 68,471	$ 64,419
City's Net Pension Liability as a Percentage of its Covered Payroll	578.61%	678.52%	708.84%	650.66 %

See accompanying notes to pension plan schedules

Reporting Fiscal Year (Measurement Date)					
2021 (2020)	**2020** (2019)	**2019** (2018)	**2018** (2017)	**2017** (2016)	**2016** (2015)
$ 14,016	$ 15,015	$ 13,826	$ 15,841	$ 12,438	$ 12,216
57,794	53,953	50,926	47,572	43,573	41,908
-	-	-	5,718	34,005	-
19,067	10,259	3,862	365	(4,001)	(2,173)
-	21,092	-	19,037	23,614	-
(36,572)	(36,864)	(34,755)	(32,522)	(31,689)	(29,998)
54,305	63,455	33,859	56,011	77,940	21,953
795,963	732,508	698,649	642,638	564,698	542,745
850,268	795,963	732,508	698,649	642,638	564,698
34,340	32,387	31,596	26,819	24,067	19,680
6,045	5,718	6,058	7,693	8,157	7,613
4,551	18,270	21,889	34,221	1,667	10,065
(36,572)	(36,864)	(34,754)	(32,522)	(31,689)	(29,998)
-	-	(10,096)	-	-	-
(371)	(319)	(333)	(360)	(240)	(246)
(2)	340	514	420	382	28
7,991	19,532	14,874	36,271	2,344	7,142
354,780	335,631	320,757	284,432	282,088	274,946
-	(383)	-	-	-	-
354,780	335,248	320,757	284,432	282,088	274,946
362,771	354,780	335,631	320,757	284,432	282,088
$ 487,497	$ 441,183	$ 396,877	$ 377,892	$ 358,206	$ 282,610
42.67%	44.57%	45.82%	45.91%	44.26%	49.95%
$ 63,232	$ 63,993	$ 63,003	$ 64,740	$ 61,211	$ 62,461
770.97%	689.42%	629.93%	583.71%	585.20%	452.46%

City of Mesa, Arizona
Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios
Agent Plans
June 30, 2025
(in thousands)

Personal Safety Personnel Retirement System - Police OPEB

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	**2024** (2023)	**2023** (2022)	**2022** (2021)
Total OPEB Liability				
Service Cost	$ 237	$ 250	$ 280	$ 351
Interest on the Total OPEB Liability	1,589	1,568	1,537	1,511
Changes of Benefit Terms	-	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the OPEBLiability	115	155	218	100
Changes of Assumptions or Other Inputs	-	-	312	-
Benefit Payments, Including Refunds of Employee Contributions	(1,690)	(1,640)	(1,571)	(1,494)
Net Change in Total OPEB Liability	251	331	776	468
Total OPEB Liability - Beginning	22,671	22,341	21,565	21,097
Total OPEB Liability - Ending (a)	22,922	22,672	22,341	21,565
Plan Fiduciary Net Position				
Contributions - Employer	1,311	1,050	946	853
Contributions - Employee	-	44	32	88
Net Investment Income	1,064	784	(448)	2,583
Benefit Payments, Including Refunds of Employee Contributions	(1,690)	(1,640)	(1,571)	(1,494)
Administrative Expense	(7)	(7)	(8)	(10)
Net Change in Plan Fiduciary Net Position	678	231	(1,049)	2,020
Plan Fiduciary Net Position - As Previously Reported	11,171	10,940	11,989	9,969
Adjustment to Beginning Balance	-	-	-	-
Plan Fiduciary Net Position - Beginning	11,171	10,940	11,989	9,969
Plan Fiduciary Net Position - Ending (b)	11,849	11,171	10,940	11,989
City's Net OPEB Liability - Ending (a) - (b)	$ 11,074	$ 11,501	$ 11,401	$ 9,576
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.69%	49.27%	48.97%	55.59%
City's Covered Payroll	$ 86,055	$ 73,451	$ 68,471	$ 64,419
City's Net OPEB Liability as a Percentage of its Covered Payroll	12.87%	15.66%	16.65%	14.87%

See accompanying notes to pension plan schedules

Reporting Fiscal Year (Measurement Date)				
2021 (2020)	**2020** (2019)	**2019** (2018)	**2018** (2017)	**2017 through 2015**
$ 322	$ 200	$ 190	$ 213	Information not available
1,477	1,416	1,359	1,356	
-	-	-	35	
381	43	472	312	
-	474	-	(335)	
(1,455)	(1,391)	(1,325)	(1,239)	
725	742	696	342	
20,372	19,630	18,934	18,592	
21,097	20,372	19,630	18,934	
934	736	231	639	
46	14	-	-	
123	530	695	1,141	
(1,455)	(1,391)	(1,325)	(1,239)	
(10)	(9)	(11)	(10)	
(362)	(120)	(410)	531	
10,331	10,067	10,477	9,946	
-	384	-	-	
10,331	10,451	10,477	9,946	
9,969	10,331	10,067	10,477	
$ 11,128	$ 10,041	$ 9,563	$ 8,457	
47.25%	50.71%	51.28%	55.33%	
$ 63,232	$ 63,993	$ 63,003	$ 64,740	
17.60%	15.69%	15.18%	13.06%	

City of Mesa, Arizona
Schedule of City Pension Contributions
June 30, 2025
(in thousands)

Arizona State Retirement System

	2025	2024	2023	2022
Statutorily Required Contribution	$ 29,853	$ 28,965	$ 25,129	$ 23,097
City's Contribution in Relation to the Statutorily Required Contribution	29,853	28,965	25,129	23,097
City's Contribution (Deficiency) / Excess	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 248,092	$ 232,139	$ 211,155	$ 192,542
City's Contributions as a Percentage of Covered Payroll	12.03%	12.48%	11.90%	12.00%

Public Safety Personnel Retirement System - Fire Pension

	2025	2024	2023	2022
Actuarially Determined Contribution	$ 27,060	$ 27,751	$ 22,569	$ 20,178
City's Contribution in Relation to the Actuarially Determined Contribution	31,267	30,800	26,388	27,797
City's Contribution (Deficiency) / Excess	$ 4,207	$ 3,049	$ 3,819	$ 7,619
City's Covered Payroll	$ 46,625	$ 48,048	$ 39,896	$ 36,776
City's Contributions as a Percentage of Covered Payroll	67.06%	64.10%	66.14%	75.58%

See accompanying notes to plan schedules

2021	2020	2019	2018	2017	2016
$ 20,763	$ 20,258	$ 19,124	$ 17,650	$ 17,423	$ 16,955
20,763	20,258	19,124	17,650	17,423	16,955
$ -	$ -	$ -	$ -	$ -	$ -
$ 178,405	$ 175,767	$ 169,900	$ 162,089	$ 158,958	$ 155,868
11.64%	11.53%	11.26%	10.89%	10.96%	10.88%

2021	2020	2019	2018	2017	2016
$ 19,617	$ 18,035	$ 16,431	$ 14,289	$ 13,490	$ 11,197
19,617	18,035	16,431	10,479	13,490	12,735
$ -	$ -	$ -	$ (3,810)	$ -	$ 1,538
$ 34,198	$ 32,562	$ 34,136	$ 32,446	$ 32,941	$ 32,453
57.36%	55.39%	48.13%	32.30%	40.95%	39.24%

City of Mesa, Arizona
Schedule of City Pension Contributions
June 30, 2025
(in thousands)

Public Safety Personnel Retirement System - Police Pension

	2025	2024	2023	2022
Actuarially Determined Contribution	$ 48,740	$ 49,162	$ 42,430	$ 37,457
City's Contribution in Relation to the Actuarially Determined Contribution	60,857	62,062	55,116	53,372
City's Contribution (Deficiency) / Excess	$ 12,117	$ 12,900	$ 12,686	$ 15,915
City's Covered Payroll	$ 82,571	$ 86,055	$ 73,451	$ 68,471
City's Contributions as a Percentage of Covered Payroll	73.70%	72.12%	75.04%	77.95%

Public Safety Personnel Retirement System - Police OPEB

	2025	2024	2023	2022
Actuarially Determined Contribution	$ 1,147	$ 1,184	$ 1,024	$ 838
City's Contribution in Relation to the Actuarially Determined Contribution	1,147	1,184	1,024	838
City's Contribution (Deficiency) / Excess	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 82,571	$ 86,055	$ 73,451	$ 68,471
City's Contributions as a Percentage of Covered Payroll	1.39%	1.38%	1.39%	1.22%

See accompanying notes to plan schedules.

2021	2020	2019	2018	2017	2016
$ 37,484	$ 34,308	$ 29,314	$ 29,048	$ 26,809	$ 21,697
37,484	34,308	29,314	21,726	26,809	21,697
$ -	$ -	$ -	$ (7,322)	$ -	$ -
$ 64,419	$ 63,232	$ 63,993	$ 63,003	$ 64,740	$ 61,211
58.19%	54.26%	45.81%	34.48%	41.41%	39.32%

2021	2020	2019	2018	2017	2016
$ 713	$ 815	$ 733	$ 772	$641	Information not available
713	815	733	772	$641	
$ -	$ -	$ -	$ -	$ -	
$ 64,419	$ 63,232	$ 63,993	$ 63,003	$ 64,740	
1.11%	1.29%	1.15%	1.23%	0.99 %	

(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	15 years of unfunded actuarial accrued liability, 15 years of excess
Asset Valuation Method	7-year smoothed market value; 20% market value corridor
Actuarial Assumptions:	
Investment Rate of Return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2% 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%
	PSPRS members with initial membership on or after July 1, 2017: 7%
Project Salary Increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%.
Wage Growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0% - 6.25% In the 2017 actuarial valuation, wage growth was decreased from 4.0%-3.5%.
Retirement Age	Experienced-based table of rates is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study for 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.

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City of Mesa, Arizona
Schedule of Changes in the City’s Total OPEB Liability
June 30, 2025
(in thousands)

	2025	2024	2023	2022
Total Liability				
Service Cost	$ 31,496	$ 16,117	$ 24,665	$ 26,157
Interest on the Total Liability	38,479	32,007	21,603	25,492
Changes of Benefit Terms	-	104,183	-	-
Difference Between Expected and Actual Experience in the Measurement of the Liability	(2,539)	26,605	(1,720)	26,062
Changes of Assumptions or Other Inputs	11,038	(19,003)	(221,049)	(21,298)
Benefit Payments, Including Refunds of Employee Contributions	(28,991)	(23,408)	(23,491)	(21,010)
Net Change in Total OPEB Liability	49,484	136,502	(199,992)	35,403
Total OPEB Liability - Beginning	914,547	778,045	978,037	942,634
Total OPEB Liability - Ending	$ 964,031	$ 914,547	$ 778,045	$ 978,037
City's Covered Employee Payroll	$ 375,266	$ 323,910	$ 297,789	$ 277,022
City's Contributions as a % of Covered Employee Payroll	7.7 %	7.2 %	7.9 %	7.6 %

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.

2021	2020	2019	2018	2017 through 2015
				Information
$ 24,165	$ 20,818	$ 19,997	$ 21,430	not
25,425	22,584	22,447	20,112	available
-	-	-	-	
(2,548)	34,022	(1,133)	-	
18,858	92,823	17,023	(46,955)	
(20,641)	(19,687)	(17,232)	(19,013)	
45,259	150,560	41,102	(24,426)	
897,375	746,815	705,713	730,139	
$ 942,634	$ 897,375	$ 746,815	$ 705,713	
$ 271,561	$ 268,029	$ 257,537	$ 256,639	
7.6 %	7.3 %	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, 2025
(In thousands)

	Budgeted Amounts			
	Original	Final	Actual-Budgetary Basis	Variance with Final Budget
City Total Resources	$2,690,000	$2,690,000	$2,652,918	$37,082
City Total Expenditures	2,690,000	2,690,000	1,937,895	1,937,895
Net Change in Fund Balances	-	-	715,023	(1,900,813)
Fund Balance - Beginning	1,229,318	1,229,318	1,229,318	-
Fund Balance - Ending	$1,229,318	$1,229,318	$1,944,341	(715,023)

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.

(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, 2025 on the "GAAP basis" to the "budget basis" as follows:

Net Change in Fund Balance-Budget Basis-	$	715,023
Bond related		(226,314)
Capital Related Items		(293,303)
Depreciation and Amortization		(65,944)
Lease Related items		1,919
Differences in Revenue Recognition		24,121
Payroll and Other Accruals		3,630
Pension and OPEB Expense		2,004
Joint Ventures - Change in Equity		(8,797)
Unrealized Gain on Investments		28,318
Net Change in Fund Balance-GAAP Basis -	$	180,657

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.

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CITY OF MESA, AZ

COMBINING STATEMENTS

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

mesa·az

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 are 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 Obligations 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.

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City of Mesa, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
For the Fiscal year Ended June 30, 2025
(in thousands)

	Special Revenue Funds				
	Cemetery	Community Facilities District	Development Impact Fees	Environmental Compliance	Highway User Revenue
Assets					
Pooled Cash and Investments	$ 3,321	$ 1,670	$ 19,931	$ 20,280	$ 39,628
Accounts Receivable, Net	12	-	-	90	22
Accrued Interest Receivable	13	5	-	79	194
Due from Other Governments	-	4	-	-	4,945
Prepaid Costs	-	-	-	12	25
Restricted Assets:					
Pooled Cash and Investments	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Total Assets	$ 3,346	$ 1,679	$ 19,931	$ 20,461	$ 44,814
Liabilities					
Accounts Payable and Accrued	$ -	$ 59	$ 9	$ 1,135	$ 3,395
Customer and Defendant Deposits	-	-	-	-	-
Unearned Revenue	-	70	-	-	-
Payable from Restricted Assets:					
Accrued Interest Payable	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-
Total Liabilities	-	129	9	1,135	3,395
Deferred Inflows of Resources					
Unavailable Revenue	3	-	-	-	-
Total Deferred Inflows of Resources	3	-	-	-	-
Fund Balance					
Nonspendable	-	-	-	12	25
Restricted	-	1,550	19,922	-	41,394
Committed	3,343	-	-	19,314	-
Assigned	-	-	-	-	-
Total Fund Balances	3,343	1,550	19,922	19,326	41,419
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,346	$ 1,679	$ 19,931	$ 20,461	$ 44,814

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
$ 1,875	$ 2,579	$ 16,301	$ 60,449	$ 41,595	$ 22,445	$ 120,171	$ 350,245
6	94	3,147	14	-	-	1,160	4,545
7	-	74	236	156	-	465	1,229
-	1,546	2,686	6,678	6,682	-	8,098	30,639
-	-	49	93	-	531	48	758
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,888	$ 4,219	$ 22,257	$ 67,470	$ 48,433	$ 22,976	$ 129,942	$ 387,416
$ 31	$ 676	$ 1,512	$ 308	$ -	$ 3,295	$ 2,133	$ 12,553
-	-	-	-	-	-	8,337	8,337
276	1,571	1,340	-	-	16,256	-	19,513
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
307	2,247	2,852	308	-	19,551	10,470	40,403
1	-	2,081	-	-	-	188	2,273
1	-	2,081	-	-	-	188	2,273
-	-	49	93	-	531	48	758
-	1,972	14,967	67,069	48,433	2,894	119,236	317,437
1,580	-	2,089	-	-	-	-	26,326
-	-	219	-	-	-	-	219
1,580	1,972	17,324	67,162	48,433	3,425	119,284	344,740
$ 1,888	$ 4,219	$ 22,257	$ 67,470	$ 48,433	$ 22,976	$ 129,942	$ 387,416

City of Mesa, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
For the Fiscal year Ended June 30, 2025
(in thousands)

	Capital Projects Funds					
	Community Facilities District	General Capital Projects	Parks	Public Safety	Streets	Total Capital Projects Funds
Assets						
Pooled Cash and Investments	$ -	$ 98,704	$ -	$ -	$ 77,491	$ 176,195
Accounts Receivable, Net	-	74	13	-	124	211
Accrued Interest Receivable	-	401	66	265	292	1,024
Due from Other Governments	-	-	-	-	2,597	2,597
Prepaid Costs	-	85	-	-	-	85
Restricted Assets:						
Pooled Cash and Investments	-	4,822	17,233	54,336	-	76,391
Cash with Fiscal Agent	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	$ -	$ 104,086	$ 17,312	$ 54,601	$ 80,504	$ 256,503
Liabilities						
Accounts Payable and Accrued	$ -	$ 10,866	$ 689	$ 762	$ 5,598	$ 17,915
Customer and Defendant Deposits	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	5,414	5,414
Payable from Restricted Assets:						
Accrued Interest Payable	-	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-	-
Total Liabilities	-	10,866	689	762	11,012	23,329
Deferred Inflows of Resources						
Unavailable Revenue	-	-	-	-	488	488
Total Deferred Inflows of Resources	-	-	-	-	488	488
Fund Balance						
Nonspendable	-	85	-	-	-	85
Restricted	-	118	16,623	53,839	69,004	139,584
Committed	-	-	-	-	-	-
Assigned	-	93,017	-	-	-	93,017
Total Fund Balances	-	93,220	16,623	53,839	69,004	232,686
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ –	$ 104,086	$ 17,312	$ 54,601	$ 80,504	$ 256,503

Debt Service Funds					
Community Facilities District	Excise Tax Obligations	General Obligation Bonds	Highway User Revenue Bonds	Total Debt Service Funds	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 526,440
-	-	-	-	-	4,756
32	-	1,245	-	1,277	3,530
-	-	-	-	-	33,236
-	-	-	-	-	843
8,432	-	2,216	-	10,648	87,039
1,194	2,037	40,958	11,273	55,462	55,462
19,740	-	-	-	19,740	19,740
92	-	1,146	-	1,238	1,238
$ 29,490	$ 2,037	$ 45,565	$ 11,273	$ 88,365	$ 732,284
$ -	$ -	$ -	$ -	$ -	$ 30,468
4	-	-	-	4	8,341
-	-	-	-	-	24,927
1,827	662	7,213	393	10,095	10,095
3,566	1,375	33,745	10,880	49,566	49,566
5,397	2,037	40,958	11,273	59,665	123,397
19,770	-	503	-	20,273	23,034
19,770	-	503	-	20,273	23,034
-	-	-	-	-	843
4,323	-	4,104	-	8,427	465,448
-	-	-	-	-	26,326
-	-	-	-	-	93,236
4,323	-	4,104	-	8,427	585,853
$ 29,490	$ 2,037	$ 45,565	$ 11,273	$ 88,365	$ 732,284

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, 2025
(in thousands)

	Special Revenue Funds				
	Cemetery	Community Facilities District	Development Impact Fees	Environmental Compliance	Highway User Revenue
Revenues:					
Sales Taxes	$ -	$ -	$ -	$ -	$ -
Property Taxes	-	720	-	-	-
Occupancy Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	2,861	-	-
Intergovernmental	-	-	-	-	50,374
Charges for Services	120	-	-	18,255	-
Fines and Forfeitures	-	-	-	-	-
Investment Income (Loss)	199	73	-	1,377	2,933
Contributions	-	-	-	-	-
Miscellaneous Revenues	-	-	-	95	-
Total Revenues	319	793	2,861	19,727	53,307
Expenditures					
Current:					
General Government	-	298	-	3,602	150
Public Safety	-	-	-	-	-
Community Environment	-	-	-	5,082	23,349
Cultural-Recreational	-	-	-	10,160	-
Debt Services:					
Principal Retirement	-	-	-	-	-
Interest on Bonds	-	-	-	-	-
Services Charges	-	-	-	-	-
Cost of Issuance	-	-	-	-	-
Capital Outlay	-	-	-	2,266	16,330
Total Expenditures	-	298	-	21,110	39,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	319	495	2,861	(1,383)	13,478
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(4,275)	(6)	(11,683)
Sale of Capital Assets	-	-	-	-	-
Face Amounts of Bonds Issued	-	-	-	-	-
Face Amounts of Leases Issued	-	-	-	-	-
Premium on Issuance of Bonds (Net)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(4,275)	(6)	(11,683)
Net Change in Fund Balances	319	495	(1,414)	(1,389)	1,795
Fund Balances - Beginning	3,024	1,055	21,336	20,715	39,624
Fund Balances - Ending	$ 3,343	$ 1,550	$ 19,922	$ 19,326	$ 41,419

Special Revenue Funds							
Mesa Arts Center Restoration	Mesa Housing Authority	Other Restricted Funds	Public Safety Sales Tax	Quality of Life Sales Tax	Relief	Street Sales Tax	Total Special Revenue Funds
$ -	$ -	$ -	$ 41,187	$ 41,206	$ -	$ 49,448	$ 131,841
-	-	-	-	-	-	-	720
-	-	4,342	-	-	-	-	4,342
-	-	-	-	-	-	-	-
-	-	704	-	122	-	246	3,933
-	34,695	13,690	14	-	20,257	154	119,184
-	-	139	-	-	-	5,873	24,387
562	-	712	-	-	-	-	1,274
114	168	1,119	3,855	2,615	2,074	6,925	21,452
-	-	44	-	-	-	-	44
-	-	5,103	(1)	-	-	512	5,709
676	34,863	25,853	45,055	43,943	22,331	63,158	312,886
-	13	10,082	251	254	2,584	4,268	21,502
-	-	4,678	38,803	36,617	2,110	171	82,379
-	33,515	1,150	-	-	5,153	27,630	95,879
-	-	3,600	-	5,378	145	-	19,283
-	-	119	-	-	-	-	119
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
496	299	6,565	6,442	193	5,308	13,942	51,841
496	33,827	26,202	45,496	42,442	15,300	46,011	271,011
180	1,036	(349)	(441)	1,501	7,031	17,147	41,875
-	-	356	-	-	93	-	449
-	-	-	-	-	(5,693)	(116)	(21,773)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	356	-	-	(5,600)	(116)	(21,324)
180	1,036	7	(441)	1,501	1,431	17,031	20,551
1,400	936	17,317	67,603	46,932	1,994	102,253	324,189
$ 1,580	$ 1,972	$ 17,324	$ 67,162	$ 48,433	$ 3,425	$ 119,284	$ 344,740

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, 2025
(in thousands)

	Capital Projects Funds					
	Community Facilities District	General Capital Projects	Parks	Public Safety	Streets	Total Capital Projects Funds
Revenues:						
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Property Taxes	-	-	-	-	-	-
Occupancy Taxes	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	44	-	-	5,884	5,928
Charges for Services	-	-	-	-	204	204
Fines and Forfeitures	-	-	-	-	-	-
Investment Income (Loss)	-	5,652	3	(783)	3,724	8,596
Contributions	-	-	-	-	-	-
Miscellaneous Revenues	-	166	-	-	-	166
Total Revenues	-	5,862	3	(783)	9,812	14,894
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Community Environment	-	-	-	-	-	-
Cultural-Recreational	-	-	-	-	-	-
Debt Services:						
Principal Retirement	-	-	-	-	-	-
Interest on Bonds	-	-	-	-	-	-
Services Charges	-	-	-	-	-	-
Cost of Issuance	-	53	115	489	115	772
Capital Outlay	-	83,486	8,532	24,585	18,763	135,366
Total Expenditures	-	83,539	8,647	25,074	18,878	136,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(77,677)	(8,644)	(25,857)	(9,066)	(121,244)
Other Financing Sources (Uses):						
Transfers In	-	71,263	65	44	-	71,372
Transfers Out	(338)	-	(65)	(44)	-	(447)
Sale of Capital Assets	-	211	-	-	-	211
Face Amounts of Bonds Issued	-	10,677	22,935	97,742	22,912	154,266
Face Amounts of Leases Issued	-	-	-	-	-	-
Premium on Issuance of Bonds (Net)	-	1,012	2,173	9,261	2,171	14,617
Total Other Financing Sources (Uses)	(338)	83,163	25,108	107,003	25,083	240,019
Net Change in Fund Balances	(338)	5,486	16,464	81,146	16,017	118,775
Fund Balances - Beginning	338	87,734	159	(27,307)	52,987	113,911
Fund Balances - Ending	$ –	$ 93,220	$ 16,623	$ 53,839	$ 69,004	$ 232,686

(Concluded)

Debt Service Funds					
Community Facilities District	Excise Tax Obligations	General Obligation Bonds	Highway User Revenue Bonds	Total Debt Service Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 131,841
5,845	-	39,978	-	45,823	46,543
-	-	-	-	-	4,342
1,737	-	-	-	1,737	1,737
-	-	-	-	-	3,933
-	-	-	-	-	125,112
-	108	-	-	108	24,699
-	-	592	-	592	1,866
430	-	798	-	1,228	31,276
-	-	-	-	-	44
-	-	-	-	-	5,875
8,012	108	41,368	-	49,488	377,268
-	-	-	-	-	21,502
-	-	-	-	-	82,379
-	-	-	-	-	95,879
-	-	-	-	-	19,283
3,588	1,375	33,745	10,880	49,588	49,707
3,653	1,324	13,590	786	19,353	19,353
7	2	4	-	13	13
-	-	-	-	-	772
-	-	-	-	-	187,207
7,248	2,701	47,339	11,666	68,954	476,103
764	(2,593)	(5,971)	(11,666)	(19,466)	(98,835)
338	2,593	5,144	11,666	19,741	74,445
-	-	(636)	-	(636)	(5,739)
-	-	-	-	-	211
-	-	-	-	-	154,266
-	-	-	-	-	-
-	-	5	-	5	14,622
338	2,593	4,513	11,666	19,110	237,805
1,102	-	(1,458)	-	(356)	138,970
3,221	-	5,562	-	8,783	446,883
$ 4,323	$ –	$ 4,104	$ –	$ 8,427	$ 585,853

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, 2025
(in thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
Assets					
Current Assets:					
Pooled Cash and Investments	$ 22	$ 11,180	$ 7,702	$ 35,682	$ 54,586
Accounts Receivable	645	-	-	663	1,308
Accrued Premiums Receivable	-	-	-	11	11
Accrued Interest Receivable	-	42	29	91	162
Inventory	14,646	-	-	-	14,646
Deposits and Prepaid Costs	15	1,784	385	-	2,184
Total Current Assets	15,328	13,006	8,116	36,447	72,897
Noncurrent Assets:					
Capital Assets, Not Being Depreciated	53	-	-	68	121
Capital Assets, Being Depreciated, Net	3,008	-	-	6,910	9,918
Total Noncurrent Assets	3,061	-	-	6,978	10,039
Total Assets	18,389	13,006	8,116	43,425	82,936
Deferred Outflows of Resources					
Pensions and OPEB	3,299	283	254	513	4,349
Total Deferred Outflows of Resources	3,299	283	254	513	4,349
Total Assets and Deferred Outflows of Resources	21,688	13,289	8,370	43,938	87,285
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	2,102	53	86	3,750	5,991
Claims Payable	-	10,634	22,682	6,630	39,946
Due to Other Funds	4,947	-	-	-	4,947
Current Portion of OPEB Liability	609	30	35	111	785
Current Portion of Compensated Absences	164	14	45	13	236
Total Current Liabilities	7,822	10,731	22,848	10,504	51,905
Long-Term Liabilities					
Compensated Absences	823	134	51	141	1,149
Net Pension and OPEB Liability	29,977	2,059	2,039	5,033	39,108
Total Long-Term Liabilities	30,800	2,193	2,090	5,174	40,257
Total Liabilities	38,622	12,924	24,938	15,678	92,162
Deferred Inflows of Resources					
Pensions and OPEB	3,565	212	226	622	4,625
Total Deferred Inflows of Resources	3,565	212	226	622	4,625
Net Position					
Net Investment in Capital Assets	3,061	-	-	6,978	10,039
Unrestricted	(23,560)	153	(16,794)	20,660	(19,541)
Total Net Position	$ (20,499)	$ 153	$ (16,794)	$ 27,638	$ (9,502)

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025
(In thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
Operating Revenues:					
Charges For Services:					
Warehouse	$ 12,077	$ -	$ -	$ -	$ 12,077
Fleet Support Services	32,775	-	-	-	32,775
Printing and Graphics	810	-	-	-	810
Self-Insurance Contributions:					
Employee	-	-	-	13,971	13,971
City	-	10,359	4,630	90,740	105,729
State Retirement System	-	-	-	5,409	5,409
Other	571	-	-	12,739	13,310
Total Operating Revenues	46,233	10,359	4,630	122,859	184,081
Operating Expenses:					
Warehouse, Maintenance & Services:					
Warehouse	11,436	-	-	-	11,436
Fleet Support Services	32,211	-	-	-	32,211
Printing and Graphics	943	-	-	-	943
Self-Insurance:					
Administrative Costs	-	667	2,052	10,850	13,569
Claims and Premiums Paid	-	6,836	406	127,804	135,046
Total Operating Expenses	44,590	7,503	2,458	138,654	193,205
Operating Income (Loss) Before	1,643	2,856	2,172	(15,795)	(9,124)
Depreciation and Amortization	(282)	-	-	(134)	(416)
Operating Income (Loss)	1,361	2,856	2,172	(15,929)	(9,540)
Nonoperating Revenues (Expense):					
Investment Income/(Loss)	(319)	564	567	2,159	2,971
Lease Interest Expenses	-	-	-	(1)	(1)
Gain/(Loss) on Disposal of Capital	5	-	-	-	5
Total Nonoperating Revenues	(314)	564	567	2,158	2,975
Income (Loss) Before Capital	1,047	3,420	2,739	(13,771)	(6,565)
Transfers In	408	-	-	11,148	11,556
Transfers Out	(73)	-	-	(39)	(112)
Change in Net Position	1,382	3,420	2,739	(2,662)	4,879
Total Net Position - Beginning	(21,881)	(3,268)	(19,533)	30,301	(14,381)
Total Net Position - Ending	$ (20,499)	$ 152	$ (16,794)	$ 27,639	$ (9,502)

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025
(In thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
Cash Flows from Operating Activities:					
Cash Received from Users	$ 46,046	$ 10,359	$ 4,630	$ 122,405	$183,440
Cash Payments to Suppliers	(39,491)	(8,636)	(6,379)	(135,432)	(189,938)
Cash Payments to Employees	(7,899)	(942)	(735)	(1,072)	(10,648)
Net Cash Provided By/(Used For) Operating Activities	(1,344)	781	(2,484)	$ (14,099)	(17,146)
Cash Flows From Noncapital Financing Activities:					
Increase in Interfund Payable	1,395	-	-	-	1,395
Transfers In From Other Funds	408	-	-	11,148	11,556
Transfers Out To Other Funds	(73)	-	-	(39)	(112)
Net Cash Provided By/(Used For) Noncapital Financing Activities	1,730	-	-	11,109	12,839
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(50)	-	-	(6,249)	(6,299)
Proceeds from the Sale of Capital Assets	5	-	-	-	5
Principal Paid on Leases	-	-	-	(78)	(78)
Interest Income/(Expense) on Lease	-	-	-	(3)	(3)
Net Cash Provided By/(Used For) Capital and Related Financing Activities	(45)	-	-	(6,330)	(6,375)
Cash Flows from Investing Activities:					
Interest Received on Investments	(319)	560	577	2,243	3,061
Net Cash Provided By/(Used For) Investing	(319)	560	577	2,243	3,061
Net Change in Pooled Cash and Investments	22	1,341	(1,907)	(7,077)	(7,621)
Pooled Cash and Investments at Beginning of	-	9,839	9,609	42,759	62,207
Pooled Cash and Investments at End of Year	$ 22	$ 11,180	$ 7,702	$ 35,682	$ 54,586

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025
(In thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
Reconciliation of Operating Income/(Loss) to Net Cash Provided By/(Used For) Operating Activities:					
Operating Income/(Loss)	$ 1,361	$ 2,856	$ 2,172	$ (15,929)	$ (9,540)
Adjustments to Reconcile Operating Income/ (Loss) to Net Cash Provided By(Used For) Operating Activities:					
Depreciation and Amortization	282	-	-	134	416
Changes in Assets and Liabilities:					
(Increase)/Decrease in Receivables	(187)	-	-	(454)	(641)
(Increase)/Decrease in Inventory	(2,662)	-	-	-	(2,662)
(Increase)/Decrease in Deposits and Prepaid	(5)	(266)	(79)	-	(350)
(Increase)/Decrease in Deferred Outflows	(147)	14	(54)	(27)	(214)
Increase/(Decrease) in Accounts Payable	35	51	(61)	989	1,014
Increase/(Decrease) in Pension and OPEB	732	(498)	284	441	959
Increase/(Decrease) in Deferred Inflows	(857)	(80)	5	(117)	(1,049)
Increase/(Decrease) in Other Accrued Expenses	104	(1,296)	(4,751)	864	(5,079)
Total Adjustments	(2,705)	(2,075)	(4,656)	1,830	(7,606)
Net Cash Provided By/(Used for) Operating	$ (1,344)	$ 781	$ (2,484)	$ (14,099)	$ (17,146)
Noncash Transactions Affecting Financial Position:					
Gain/(Loss) on Disposal of Capital Assets	5	-	-	-	5

CITY OF MESA, AZ

SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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City of Mesa, Arizona
Supplemental Information
Budgetary Comparison Schedule (Non-GAAP Basis)
Cadence Community Facilities Districts
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual - Budgetary Basis**	**Variance with Final Budget**
Revenues:				
Property Taxes	$ 1,026	$ 1,026	$ 1,026	$ -
Special Assessments	317	317	324	7
Investment Income	-	-	29	29
Contributions	22	22	-	(22)
Total Revenues	1,365	1,365	1,379	14
Expenditures:				
Current:				
General Government	148	148	36	112
Debt Service:				
Principal Retirement	618	618	618	-
Interest on Bonds	616	616	616	-
Service Charges	2	2	2	-
Total Expenditures	1,384	1,384	1,272	112
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19)	(19)	107	126
Net Change in Fund Balances	(19)	(19)	107	126
Fund Balance - Beginning	771	771	771	-
Fund Balance - Ending	$ 752	$ 752	$ 878	$ 126

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)
Eastmark 1 Community Facilities Districts
For the Fiscal year Ended June 30, 2025
(in thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual - Budgetary Basis**	**Variance with Final Budget**
Revenues:				
Property Taxes	$ 5,307	$ 5,307	$ 5,169	$ (138)
Special Assessments	1,305	1,305	1,369	64
Investment Income	-	-	202	202
Total Revenues	6,612	6,612	6,740	128
Expenditures:				
Current:				
General Government	567	567	215	352
Debt Service:				
Principal Retirement	2,875	2,875	2,762	113
Interest on Bonds	2,916	2,916	2,799	117
Service Charges	5	5	4	1
Capital Outlay	17,000	17,000	-	17,000
Total Expenditures	23,363	23,363	5,780	17,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,751)	(16,751)	960	17,711
Other Financing Uses:				
Face Amount of Bonds Issued	17,000	17,000	-	17,000
Total Other Financing Uses	17,000	17,000	-	17,000
Net Change in Fund Balances	249	249	960	711
Fund Balance - Beginning	3,898	3,898	3,898	-
Fund Balance - Ending	$ 4,147	$ 4,147	$ 4,858	$ 711

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)
Eastmark 2 Community Facilities Districts
For the Fiscal year Ended June 30, 2025
(in thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual - Budgetary Basis**	**Variance with Final Budget**
Revenues:				
Property Taxes	$ 372	$ 372	$ 371	$ (1)
Special Assessments	43	43	44	1
Investment Income	-	-	12	12
Contributions	76	76	-	(76)
Total Revenues	491	491	427	(64)
Expenditures:				
Current:				
General Government	118	118	49	69
Debt Service:				
Principal Retirement	205	205	208	(3)
Interest on Bonds	239	239	238	1
Service Charges	1	1	1	-
Capital Outlay	1,500	1,500	-	1,500
Total Expenditures	2,063	2,063	496	1,567
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,572)	(1,572)	(69)	1,503
Other Financing Uses:				
Face Amount of Bonds Issued	1,500	1,500	-	1,500
Total Other Financing Uses	1,500	1,500	-	1,500
Net Change in Fund Balances	(72)	(72)	(69)	3
Fund Balance - Beginning	293	293	293	-
Fund Balance - Ending	$ 221	$ 221	$ 224	$ 3

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

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CITY OF MESA, AZ

STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

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STATISTICAL SECTION

This part of the City of Mesa's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 119

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 131

These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.

Debt Capacity 134

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.

Demographic and Economic Information 142

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 144

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

City of Mesa, Arizona
Table 1
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	2025	2024	2023	2022
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	$ 1,377,695	$ 1,317,166	$ 1,229,376	$ 1,246,582
Restricted	415,817	382,409	357,673	249,626
Unrestricted	(929,372)	(914,825)	(848,807)	(889,238)
Total Governmental Activities Net Position	$ 864,140	$ 784,750	$ 738,242	$ 606,970
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	$ 100,008	$ 82,964	$ 92,703	$ 24,204
Restricted	97,102	122,088	114,531	95,840
Unrestricted	297,881	269,392	245,653	324,907
Total Business-type Activities	$ 494,991	$ 474,444	$ 452,887	$ 444,951
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	$ 1,477,703	$ 1,400,130	$ 1,322,079	$ 1,270,786
Restricted	512,919	504,497	472,204	345,466
Unrestricted	(631,491)	(645,433)	(603,154)	(564,331)
Total Primary Government	$ 1,359,131	$ 1,259,194	$ 1,191,129	$ 1,051,921

Table 1
(Concluded)

2021	2020	2019	2018	2017	2016
$ 1,184,908	$ 1,075,182	$ 1,038,928	$ 1,019,888	$ 986,354	$ 965,148
203,284	143,839	103,164	88,305	88,721	81,941
(841,670)	(833,300)	(834,016)	(858,392)	(711,367)	(666,986)
$ 546,522	$ 385,721	$ 308,076	$ 249,801	$ 363,708	$ 380,103
$ 30,965	$ 213,576	$ 170,427	$ 266,012	$ 247,598	$ 302,521
70,940	63,113	47,857	40,440	43,046	49,139
318,490	252,261	350,006	199,531	228,160	158,756
$ 420,395	$ 528,950	$ 568,290	$ 505,983	$ 518,804	$ 510,416
$ 1,215,873	$ 1,288,758	$ 1,209,355	$ 1,285,900	$ 1,233,952	$ 1,267,669
274,224	206,952	151,021	128,745	131,767	131,080
(523,180)	(581,039)	(484,010)	(658,861)	(483,207)	(508,230)
$ 966,917	$ 914,671	$ 876,366	$ 755,784	$ 882,512	$ 890,519

City of Mesa, Arizona
Table 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

EXPENSES	**2025**	**2024**	**2023**	**2022**
GOVERNMENTAL ACTIVITIES:				
General Government	$ 230,515	$ 225,391	$ 192,361	$ 183,241
Public Safety	494,279	525,883	430,268	416,563
Community Environment	193,168	192,205	157,270	195,594
Cultural-Recreational	113,669	107,468	100,791	86,824
Interest on Long-term Debt	17,949	16,793	16,138	14,720
Total Governmental Activities Expenses	1,049,580	1,067,740	896,827	896,942
BUSINESS-TYPE ACTIVITIES:				
Electric	43,912	49,009	48,672	43,206
Gas	46,783	46,078	51,105	43,125
Water	149,731	151,246	128,558	119,329
Wastewater	97,809	89,096	82,752	89,219
Solid Waste	51,305	55,972	51,213	41,001
Airport	6,691	13,302	7,671	6,002
Golf Course	-	-	-	-
Convention Center	-	-	-	-
Hohokam Stadium/Fitch Complex	-	-	-	-
Cubs Stadium	-	-	-	-
District Cooling	1,750	1,570	1,528	1,703
Total Business-type Activities Expenses	397,981	406,273	371,499	343,585
Total Primary Government Expenses	$1,447,561	$ 1,474,013	$ 1,268,326	$ 1,240,527

Table 2
(Continued)

2021	2020	2019	2018	2017	2016
$ 175,608	$ 134,299	$ 119,819	$ 105,140	$ 101,301	$ 96,860
409,549	384,800	355,752	334,905	379,505	305,376
172,840	152,847	119,506	113,916	104,173	117,120
66,020	62,014	58,345	54,828	55,739	54,967
18,201	17,841	18,078	19,514	19,279	20,424
842,218	751,801	671,500	628,303	659,997	594,747
30,259	25,028	22,475	25,573	26,561	27,647
41,386	29,096	33,124	31,636	37,109	31,549
126,797	128,244	103,821	101,005	95,608	95,574
77,488	80,548	57,468	74,157	71,782	73,877
45,848	41,719	38,524	37,988	37,911	36,586
5,958	6,004	5,029	5,308	5,125	4,865
—	1,233	2,117	1,965	2,028	2,575
—	4,150	4,413	4,481	4,711	4,252
—	2,615	2,748	3,174	3,687	2,913
—	408	7,867	5,870	6,042	5,271
1,299	1,163	1,186	1,181	1,268	1,182
329,035	320,208	278,772	292,338	291,832	286,291
$ 1,171,253	$ 1,072,009	$ 950,272	$ 920,641	$ 951,829	$ 881,038

City of Mesa, Arizona
Table 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

PROGRAM REVENUES	**2025**	**2024**	**2023**	**2022**
GOVERNMENTAL ACTIVITIES:				
Charges for services:				
Licenses and Permits	$ 44,305	$ 39,954	$ 46,116	$ 48,574
Charges for Services	91,658	82,356	70,224	65,920
Fines and Forfeitures	8,248	8,787	8,968	9,672
Other activities	891	919	936	966
Operating Grants and Contributions	77,909	78,057	75,436	105,858
Capital Grants and Contributions	8,588	14,618	24,611	44,369
Total Governmental Activities Program Revenues	231,599	224,691	226,291	275,359
BUSINESS-TYPE ACTIVITIES:				
Charges for services:				
Electric	51,377	50,234	48,208	52,613
Gas	60,901	58,932	70,556	57,313
Water	205,684	184,360	167,806	163,263
Wastewater	110,266	98,598	95,665	93,727
Solid Waste	76,885	71,773	69,269	66,132
Airport	5,086	4,798	4,973	4,808
Golf Course	-	-	-	-
Convention Center	-	-	-	-
Hohokam Stadium/Fitch Complex	-	-	-	-
Cubs Stadium	-	-	-	-
District Cooling	1,501	1,323	1,427	1,487
Operating Grants and Contributions	339	236	268	452
Capital Grants and Contributions	16,806	56,440	21,796	30,888
Total Business-type Activities Program Revenues	528,845	526,694	479,968	470,683
Total Primary Government Program Revenues	$ 760,444	$ 751,385	$ 706,259	$ 746,042
NET (EXPENSE) REVENUE				
Governmental Activities	$ (817,981)	$ (843,049)	$ (670,536)	$ (621,583)
Business-type Activities	130,864	120,421	108,469	127,098
Total Primary Government Net Expense	$ (687,117)	$ (722,628)	$ (562,067)	$ (494,485)

Table 2
(Continued)

2021	2020	2019	2018	2017	2016
$ 42,635	$ 24,126	$ 23,812	$ 25,119	$ 23,152	$ 23,254
41,394	40,489	43,214	40,222	38,348	38,178
8,573	9,253	10,838	10,436	9,873	11,049
8,145	3,791	3,439	2,979	1,330	9,385
100,923	70,633	25,326	34,446	26,955	26,361
10,696	24,719	13,780	23,618	24,451	35,925
212,366	173,011	120,409	136,820	124,109	144,152
32,666	29,855	29,986	31,425	33,534	32,254
45,141	39,986	43,547	39,171	39,752	38,962
169,473	152,266	144,896	147,667	138,335	130,674
87,573	81,464	84,220	83,078	79,056	79,523
64,344	63,267	62,432	60,522	58,117	55,354
4,007	4,018	4,339	3,983	3,846	3,623
-	-	1,608	1,635	1,545	1,645
-	2,595	3,153	2,809	3,299	2,798
-	40	75	51	54	63
-	221	250	238	291	201
1,158	1,143	1,148	1,215	1,231	1,234
452	1,632	2,316	2,406	158	267
34,719	35,896	19,692	23,474	28,711	16,929
439,533	412,383	397,662	397,674	387,929	363,527
$ 651,899	$ 585,394	$ 518,071	$ 534,494	$ 512,038	$ 507,679
$ (629,852)	$ (578,790)	$ (551,091)	$ (491,483)	$ (535,888)	$ (450,595)
110,498	92,175	118,890	105,336	96,097	77,236
$ (519,354)	$ (486,615)	$ (432,201)	$ (386,147)	$ (439,791)	$ (373,359)

City of Mesa, Arizona
Table 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	2025	2024	2023	2022
GOVERNMENTAL ACTIVITIES:				
Sales Taxes	$ 330,176	$ 329,821	$ 331,144	$ 301,862
Property Taxes	46,308	47,924	46,906	52,005
Occupancy Taxes	6,726	6,837	7,319	6,427
Unrestricted Intergovernmental Revenues	266,556	290,065	246,412	211,534
Contributions Not Restricted to Specific Programs	36,803	27,428	31,799	7,771
Investment Income (Loss)	57,735	46,922	8,542	(29,788)
Miscellaneous	14,321	13,226	8,233	14,758
Gain (Loss) on Sale of Capital Assets	-	200	1,854	1,856
Transfers	138,746	127,134	119,599	115,607
Total Governmental Activities	897,371	889,557	801,808	682,032
BUSINESS-TYPE ACTIVITIES:				
Occupancy Taxes	-	-	-	-
Utility Development Fees	4,067	7,395	14,142	21,021
Investment Income (Loss)	11,550	13,092	3,672	(9,155)
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Miscellaneous	12,812	7,783	1,252	1,199
Transfers	(138,746)	(127,134)	(119,599)	(115,607)
Total Business-type Activities	(110,317)	(98,864)	(100,533)	(102,542)
Total Primary Government	$ 787,054	$ 790,693	$ 701,275	$ 579,490
Change in Net Position				
Governmental Activities	$ 79,390	$ 46,508	$ 131,272	$ 60,448
Business-type Activities	20,547	21,557	7,936	24,556
Total Primary Government	$ 99,937	$ 68,065	$ 139,208	$ 85,004

Table 2
(Concluded)

2021	2020	2019	2018	2017	2016
$ 253,825	$ 219,932	$ 189,871	$ 169,024	$ 159,735	$ 151,826
47,247	45,068	36,013	35,571	34,684	33,825
3,990	2,564	3,246	2,628	2,536	2,331
206,397	183,189	175,278	167,540	158,916	149,350
19,052	36,912	65,189	80,312	46,817	44,928
2,308	16,002	13,729	1,912	448	2,210
21,315	16,374	11,531	5,418	11,161	6,008
17,229	-	(27)	(2,462)	(1,411)	-
113,982	136,394	114,535	116,006	106,607	102,148
685,345	656,435	609,365	575,949	519,493	492,626
-	1,459	1,602	1,192	1,085	1,161
-	-	-	-	-	-
45	7,618	8,004	1,691	983	3,020
-	(801)	44,056	261	16,364	(6,145)
192	(3,397)	4,290	1,915	466	1,039
(113,982)	(136,394)	(114,535)	(116,006)	(106,607)	(102,148)
(113,745)	(131,515)	(56,583)	(110,947)	(87,709)	(103,073)
$ 571,600	$ 524,920	$ 552,782	$ 465,002	$ 431,784	$ 389,553
$ 55,493	$ 77,645	$ 58,275	$ 84,466	$ (16,395)	$ 42,031
(3,247)	(39,340)	62,307	(5,611)	8,388	(25,837)
$ 52,246	$ 38,305	$ 120,582	$ 78,855	$ (8,007)	$ 16,194

City of Mesa, Arizona
Table 3
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	2025	2024	2023	2022
GENERAL FUND				
Nonspendable	$ 4,523	$ 4,860	$ 4,299	$ 3,185
Restricted	-	-	-	-
Committed	6,741	8,628	8,978	4,313
Assigned	217,638	215,138	184,499	171,743
Unassigned	210,091	194,106	177,640	152,526
Total General Fund	$ 438,993	$ 422,732	$ 375,416	$ 331,767
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	$ 843	$ 1,665	$ 997	$ 723
Restricted	465,448	360,119	332,645	296,748
Committed	26,326	27,600	27,011	25,677
Assigned	93,236	84,806	63,609	39,153
Unassigned	-	(27,307)	(47,977)	(12,709)
Total All Other Governmental Funds	$ 585,853	$ 446,883	$ 376,285	$ 349,592

2021	2020	2019	2018	2017	2016
$ 2,680	$ 2,301	$ 794	$ 2,304	$ 2,145	$ 4,035
-	-	26	-	146	184
18,529	19,910	14,016	10,377	528	227
79,024	42,515	30,869	28,346	19,367	10,703
188,375	130,342	90,190	89,347	92,240	79,657
$ 288,608	$ 195,068	$ 135,895	$ 130,374	$ 114,426	$ 94,806
$ 928	$ 576	$ 1,196	$ 135	$ 37	$ 77
274,623	184,980	159,745	132,462	112,105	95,701
66,679	63,866	57,432	41,641	30,928	28,580
897	786	459	22	2	6
(11,517)	(1,043)	(134)	(176)	(69)	(155)
$ 331,610	$ 249,165	$ 218,698	$ 174,084	$ 143,003	$ 124,209

City of Mesa, Arizona
Table 4
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	2025	2024	2023	2022
REVENUES				
Sales Taxes	$ 330,176	$ 329,821	$ 331,144	$ 301,862
Property Taxes	46,543	47,658	47,003	51,926
Occupancy Taxes	6,726	6,837	7,319	6,427
Special Assessments	1,737	1,736	1,830	1,830
Licenses and Permits	44,305	39,954	46,116	48,574
Intergovernmental	353,053	382,740	345,790	347,578
Charges for Services	91,658	82,356	70,224	65,920
Fines and Forfeitures	8,248	8,787	8,968	9,672
Investment Income	54,764	44,051	8,227	(27,716)
Contributions	57	147	107	1,081
Miscellaneous	11,995	14,818	8,367	7,332
Total Revenues	949,262	958,905	875,095	814,486
EXPENDITURES				
Current				
General Government	160,894	133,471	122,514	110,608
Public Safety	438,559	434,589	390,553	365,887
Community Environment	126,557	125,473	107,001	127,637
Cultural-Recreational	87,941	78,162	70,381	62,542
Debt Service				
Principal	55,420	53,749	53,495	54,032
Interest	20,114	19,288	18,732	19,283
Service Charges	13	14	13	12
Cost of Issuance	772	481	572	540
Capital Outlay	211,642	213,194	176,745	167,628
Total Expenditures	1,101,912	1,058,421	940,006	908,169
Excess of Revenues Under Expenditures	(152,650)	(99,516)	(64,911)	(93,683)
OTHER FINANCING SOURCES (USES)				
Transfers In	218,873	219,576	189,252	143,814
Transfers Out	(91,571)	(92,349)	(73,332)	(28,207)
Sale of Capital Asset	568	579	2,019	2,004
Face Amount of Bonds Issued	154,266	83,340	11,975	34,155
Financing of Leases	11,123	131	4,780	-
Premium on Issuance of Bonds (Net)	14,622	6,153	559	3,059
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunding Bond Agent	-	-	-	-
Total Other Financing Sources (Uses)	307,881	217,430	135,253	154,825
Net Change in Fund Balances	$ 155,231	$ 117,914	$ 70,342	$ 61,142
Debt Service as a percentage of Noncapital Expenditures	8.14 %	8.44 %	8.73%	9.26%

2021	2020	2019	2018	2017	2016
$ 253,825	$ 219,932	$ 189,871	$ 169,024	$ 159,735	$ 151,826
47,253	44,970	36,005	35,616	34,675	34,765
3,990	2,564	3,246	2,628	2,536	2,331
1,832	1,661	1,274	1,174	2,125	1,433
42,635	24,126	23,812	25,119	23,152	23,254
316,871	277,396	213,051	223,800	200,820	191,360
41,394	40,489	43,214	40,222	38,348	38,178
8,573	9,253	10,838	10,436	9,873	11,049
2,287	14,026	10,840	1,608	331	1,483
130	2,295	255	429	360	961
7,036	9,487	6,688	5,547	4,348	3,994
725,826	646,199	539,094	515,603	476,303	460,634
98,423	96,141	98,009	90,209	86,360	79,448
308,271	291,674	277,313	266,459	261,892	254,528
127,421	90,207	76,623	73,404	68,403	65,559
45,596	47,639	48,636	46,143	43,744	43,651
45,793	46,929	39,511	34,738	32,587	107,383
17,443	18,208	18,185	18,477	17,994	18,905
14	14	19	14	15	14
2,038	838	874	1,023	1,271	1,505
156,985	120,602	92,637	76,279	82,062	91,784
801,984	712,252	651,807	606,746	594,328	662,777
(76,158)	(66,053)	(112,713)	(91,143)	(118,025)	(202,143)
185,897	163,801	147,590	176,572	139,516	122,572
(71,915)	(27,407)	(33,055)	(66,208)	(31,931)	(24,298)
21,597	-	-	-	-	-
106,637	18,361	47,008	26,745	47,682	46,530
20,193	938	1,305	1,063	4,613	2,283
38,395	-	-	-	47,450	43,304
(48,661)	-	-	-	(50,891)	(49,693)
252,143	155,693	162,848	138,172	156,439	140,698
$ 175,985	$ 89,640	$ 50,135	$ 47,029	$ 38,414	$ (61,445)
9.08%	10.39%	10.07%	10.03%	9.88%	22.12%

City of Mesa, Arizona
Table 5
Sales tax Collections by Category
Last Ten Fiscal Years
(in thousands)

	2025	2024	2023	2022
Retail Sales	$ 173,096	$ 168,775	$ 169,720	$ 162,691
Rentals	44,199	54,491	51,391	47,574
Utilities	23,861	21,609	19,982	18,412
Restaurants & Bars	29,352	28,318	27,812	25,615
Communications	3,516	3,360	3,493	4,026
Amusements	2,939	2,861	2,716	2,354
Publishing	475	523	478	943
Miscellaneous	1,877	1,770	1,381	1,127
Printing & Advertising	743	659	632	553
Contracting	50,118	47,454	53,532	38,567
Total	$ 330,176	$ 329,820	$ 331,137	$ 301,862
City Direct Tax Rate (1)	2.00%	2.00%	2.00%	2.00%

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

Source: City of Mesa Tax & Licensing Division

2021	2020	2019	2018	2017	2016
$ 143,435	$ 115,525	$ 95,806	$ 84,640	$ 79,716	$ 76,160
38,149	35,885	31,754	28,003	26,340	25,578
17,511	16,287	14,964	14,199	13,575	13,251
21,716	19,345	17,961	16,065	15,002	14,240
4,730	5,162	4,365	3,876	4,432	4,229
1,351	1,755	1,941	1,624	1,581	1,561
477	463	408	362	526	688
1,154	1,131	943	986	1,313	1,068
479	495	507	413	446	428
24,821	23,867	21,222	18,856	16,806	14,623
$ 253,823	$ 219,915	$ 189,871	$ 169,024	$ 159,737	$ 151,826
2.00%	2.00%	2.00%	1.75%	1.75%	1.75%

City of Mesa, Arizona
Table 6
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Maricopa County	State of Arizona	
2016	1.75 %	0.70 %	5.60 %	
2017	1.75 %	0.70 %	5.60 %	
2018	1.75 %	0.70 %	5.60 %	
2019	2.00 %	0.70 %	5.60 %	(1)
2020	2.00 %	0.70 %	5.60 %	
2021	2.00 %	0.70 %	5.60 %	
2022	2.00 %	0.70 %	5.60 %	
2023	2.00 %	0.70 %	5.60 %	
2024	2.00 %	0.70 %	5.60 %	
2025	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

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City of Mesa, Arizona
Table 7
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands)

	2025	2024	2023	2022
Governmental Activities				
General Obligation Bonds	$ 485,216	$ 352,848	$ 298,366	$ 335,174
Highway User Revenue Bonds	7,836	18,977	29,916	40,420
Excise Tax Revenue Obligation Bonds	34,561	36,495	38,387	40,245
Special Assessment Bonds	-	-	-	-
Community Facilities District	92,463	96,350	102,630	95,193
Leases	22,391	22,077	24,714	23,025
Technology Arrangements	6,774	1,900	2,866	-
Business-type Activities				
Utility System Revenue Bonds	1,066,298	1,124,964	1,198,362	1,322,930
Utility Revenue Obligations	645,828	348,085	155,366	92,203
General Obligation Bonds	-	-	-	-
Notes Payable	667	827	983	1,135
Total Primary Government	$ 2,362,034	$ 2,002,523	$ 1,851,590	$ 1,950,325
Percentage of Personal Income (1)	10.37%	9.58%	9.44%	9.74%
Per Capita (1)	$ 4,569	$ 3,911	$ 3,616	$ 3,832

(1) Information on personal income and population is presented on Table 12.

Table 7
(Concluded)

2021	2020	2019	2018	2017	2016
$ 353,434	$ 334,609	$ 370,479	$ 365,519	$ 374,443	$ 350,560
51,141	58,750	67,905	76,620	84,995	92,895
42,078	-	49,025	4,902	94,060	94,060
-	219	438	1,005	1,340	2,085
86,134	57,307	40,631	28,813	19,172	19,315
-	-	-	-	-	-
-	-	-	-	-	-
1,382,558	1,242,670	1,279,020	1,227,355	1,161,755	1,063,710
16,977	-	-	-	-	-
28	151	191	236	191	390
1,285	1,431	1,574	1,714	1,851	1,985
$ 1,933,635	$ 1,695,137	$ 1,809,263	$ 1,706,164	$ 1,737,807	$ 1,625,000
12.21%	10.99%	12.26%	12.62%	13.74%	13.79%
$ 3,837	$ 3,298	$ 3,541	$ 3,406	$ 3,525	$ 3,421

City of Mesa, Arizona
Table 8
Ratios of General Bonded Debt Outstanding
June 30, 2024

Year	Secondary Assessed Value (1)	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Secondary Assessed Value	Per Capita (2)
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
2024	4,517,096	352,848	5,562	347,286	7.69%	665
2025	4,894,666	485,216	4,104	481,112	9.83%	930

Source: (1) Maricopa County Finance Department Assessor's Office.
(2) Population figures are found on Table 12.

City of Mesa, Arizona
Table 9
Direct and Overlapping Governmental Activities Debt
June 30, 2025
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City of Mesa Percent (1)	Amount
Debt repaid with property taxes			
Maricopa County Community College District	$ 57,615	8.39%	$ 4,835
Maricopa Special Health Care District	544,135	8.51%	46,279
Mesa Unified School District No. 4	211,485	86.46%	182,852
Gilbert Unified School District No. 41	108,900	29.37%	31,983
Queen Creek Unified School District No. 95	103,600	42.31%	43,830
Higley Unified School District No. 60	61,210	4.48%	2,741
Tempe Union High School District No. 213	144,820	0.47%	682
Tempe Elementary School District No. 3	161,650	1.10%	1,783
Eastmark Community Facilities District No. 1	54,870	100.00%	54,870
Eastmark Community Facilities District No. 2	5,040	100.00%	5,040
Cadence Community Facilities District	12,200	100.00%	12,200
Other Debt:			
Maricopa County	325,450	8.39%	27,312
Subtotal, overlapping debt			414,407
City direct debt (2)			649,240
Total Direct and Overlapping Debt			$ 1,063,647

(1) Proportion applicable to the City is computed on the ratio of net assessed limited property valuation for fiscal year 2024

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

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 10
Legal Debt Margin Information
Last Ten Fiscal Years

	2025	2024	2023	2022
6% Limitation (1)				
Legal Debt Limitation	$ 594,733	$ 485,080	$ 378,486	$ 353,301
General Obligation Bonds Outstanding	15,005	4,926	808	852
Total Debt Margin Available	$ 579,729	$ 480,154	$ 377,678	$ 352,449
Total Net Debt Applicable to the 6% Limit as A Percentage of the 6% Legal Debt Limitation	2.52 %	1.02 %	0.21 %	0.24 %
20% Limitation (2)				
Legal Debt Limitation	$ 1,982,445	$ 1,616,935	$ 1,261,620	$ 1,177,671
General Obligation Bonds Outstanding	441,505	331,064	284,147	318,098
Total Debt Margin Available	$ 1,540,939	$ 1,285,871	$ 977,473	$ 859,573
Total Net Debt Applicable to the 20% Limit as A Percentage of the 20% Legal Debt Limitation	22.27 %	20.47 %	22.52 %	27.01 %
Total Margin Available	$ 2,120,668	$ 1,766,025	$ 1,355,151	$ 1,212,022
Full Cash Net Assessed Value	$ 9,912,223	$ 8,084,674	$ 6,308,100	$ 5,888,354

(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.

2021	2020	2019	2018	2017	2016
$ 317,794	$ 285,114	$ 196,678	$ 182,934	$ 173,297	$ 165,475
2,715	450	518	724	846	1,047
$ 315,079	$ 284,664	$ 196,160	$ 182,210	$ 172,451	$ 164,428
0.85%	0.16%	0.26%	0.40%	0.49%	0.63%
$ 1,059,313	$ 950,381	$ 655,593	$ 609,779	$ 577,658	$ 551,583
331,690	334,609	370,152	365,031	373,909	349,903
$ 727,623	$ 615,772	$ 285,441	$ 244,748	$ 203,749	$ 201,680
31.31%	35.21%	56.46%	59.86%	64.73%	63.44%
$ 1,042,702	$ 900,436	$ 481,601	$ 426,958	$ 376,200	$ 366,108
$5,296,564	$4,751,903	$4,329,347	$3,983,671	$3,707,067	$2,757,913

City of Mesa, Arizona
Table 11
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

Utility System Revenue Bonds

Fiscal Year	Operating Revenues (1)	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage Ratio
2016	$ 323,099	$ 218,706	$ 104,393	$ 25,800	$ 44,794	1.48
2017	348,794	225,257	123,537	13,885	47,187	2.02
2018	361,863	228,933	132,930	31,354	50,739	1.62
2019	365,081	257,166	107,915	21,450	50,695	1.50
2020	366,838	285,610	81,228	36,350	55,061	0.89
2021	399,197	273,305	125,892	41,770	51,098	1.36
2022	433,048	281,381	151,667	47,890	53,469	1.50
2023	451,504	309,470	142,034	47,935	48,045	1.48
2024	463,897	337,544	126,353	49,390	45,659	1.33
2025	505,113	328,363	176,750	65,335	42,929	1.63

Utility System Revenue Obligations

Fiscal Year	Operating Revenues (1)	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage Ratio
2016	$ -	$ -	$ -	$ -	$ -	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	433,048	281,381	151,667	-	666	227.73
2023	451,504	309,470	142,034	3,725	6,461	21.98
2024	463,897	337,544	126,353	8,460	12,171	6.12
2025	505,113	328,363	176,750	8,790	15,996	7.13

(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 11
(Concluded)

Fiscal Year	Special Assessment Bonds Revenues	Debt Service Principal	Debt Service Interest	Coverage Ratio	Community Facility District Bonds Revenues	Debt Service Principal	Debt Service Interest	Coverage Ratio
2016	$ 790	$ 745	$ 138	0.89	$ 1,320	$ 489	$ 832	1.00
2017	1,041	745	98	1.23	1,612	645	914	1.03
2018	289	335	68	0.72	2,261	984	1,197	1.04
2019	261	567	49	0.42	3,010	2,125	1,690	0.79
2020	288	219	19	1.21	4,324	1,685	2,321	1.08
2021	232	219	6	1.03	5,940	2,881	3,029	1.01
2022	-	-	-	-	7,387	3,667	3,446	1.03
2023	-	-	-	-	8,920	4,836	3,735	1.03
2024	-	-	-	-	9,693	5,984	3,899	0.98
2025	-	-	-	-	7,582	3,588	3,653	1.05

Fiscal Year	Highway Project Advancement Notes Revenues	Debt Service Principal	Debt Service Interest	Coverage Ratio	Excise Tax Revenue Obligations Series 2013 Revenues (2)	Debt Service Principal	Debt Service Interest	Coverage Ratio
2016	$ 242,020	$ 77,835	$ 324	3.10	$ 242,020	$ -	$ 4,703	51.46
2017	-	-	-	-	254,857	-	4,703	54.19
2018	-	-	-	-	269,998	45,035	3,852	5.52
2019	-	-	-	-	282,502	-	2,451	115.26
2020	-	-	-	-	298,110	49,025	1,226	5.93
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-

Fiscal Year	Highway User Revenue Fund Revenue Bonds Revenues	Debt Service Principal	Debt Service Interest	Coverage Ratio	Excise Tax Revenue Obligations Series 2020 Revenues (2)	Debt Service Principal	Debt Service Interest	Coverage Ratio
2016	$ 35,383	$ 7,390	$ 4,844	2.89	$ -	$ -	$ -	-
2017	38,048	7,900	4,473	3.08	-	-	-	-
2018	39,477	8,375	4,080	3.17	-	-	-	-
2019	42,406	8,715	3,663	3.43	-	-	-	-
2020	42,099	9,155	3,243	3.40	-	-	-	-
2021	45,049	9,645	2,796	3.62	354,315	645	861	235.27
2022	47,989	10,075	2,314	3.87	389,868	1,185	1,483	146.13
2023	48,007	10,000	1,812	3.87	437,250	1,245	1,442	162.73
2024	52,439	10,490	1,312	4.44	504,685	1,305	1,389	187.34
2025	53,307	10,880	786	4.57	490,847	1,375	1,324	181.86

City of Mesa, Arizona
Table 12
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Public School Enrollment (1)	Unemployment Rate (2)
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 %
2024	511,648	20,897,751	40,844	37.9	57,311	3.5 %
2025	517,151	22,678,971	43,345	38.2	55,600	4.0 %

Sources:
(1) Arizona Department of Education
(2) US Census Bureau

City of Mesa, Arizona
Table 13
Principal Employers
Current Year and Nine Years Ago

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Mesa Unified School District 4	7,977	1	4.67%	8,435	2	5.39%
Banner Health	6,468	2	3.78%	9,573	1	6.11%
City of Mesa	4,919	3	2.88%	3,798	4	2.43%
The Boeing Company	4,353	4	2.55%	4,700	3	3.00%
Walmart	2,988	5	1.75%	2,541	5	1.62%
Maricopa County Community College	1,889	6	1.10%			
Dexcom	1,867	7	1.09%			
Fry's Food Store	1,232	8	0.72%	1,128	7	0.72%
Home Depot	1,132	9	0.66%			
Maricopa County Government	1,094	10	0.64%	986	9	0.63%
Gilbert Unified School District 41				1,229	6	0.78%
Drivetime Automotive Group				990	8	0.63%
Santander Consumer Holdings USA				970	10	0.62%
Total	33,919		19.84%	34,350		21.93%

Source: Maricopa Association of Governments

City of Mesa, Arizona
Table 14
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	2025	2024	2023	2022
Function/Program				
General Government	986	938	944	870
Public Safety	2240	2137	2,088	1,933
Community Environment	227	214	212	180
Cultural-Recreational	378	389	381	345
Energy Resources	134	135	124	121
Water Resources	271	284	279	261
Solid Waste	151	150	153	158
Airport	14	13	14	13
Total	4,401	4,260	4,194	3,880

Source: City of Mesa Human Resources

2021	2020	2019	2018	2017	2016
854	848	865	826	811	860
1,882	1,870	1,758	1,711	1,707	1,647
194	187	189	195	194	189
313	320	340	315	289	599
116	116	117	120	118	116
265	271	264	257	249	238
148	147	147	148	147	138
11	11	12	11	11	11
3,782	3,770	3,690	3,582	3,526	3,798

City of Mesa, Arizona
Table 15
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	**2025**	**2024**	**2023**	**2022**
Police				
Major Crimes	9,657	10,050	10,333	11,491
Traffic Accidents	10,309	10,123	9,335	9,597
Fire				
Fires	1,035	1,274	1,270	1,184
Rescue or Emergency	64,429	63,839	60,508	62,249
False Alarms	1,373	1,515	1,549	1,435
Hazardous Conditions	679	794	665	546
Other Calls	11,277	10,968	11,434	13,848
Libraries				
Number of Registered Borrowers	114,094	105,999	92,180	77,688
Total Attendance	689,123	649,237	579,666	473,261
Access to Electronic Resources	1,423,810	1,307,988	1,403,603	1,149,289
Electric Connections	18,470	18,154	17,851	17,573
Gas Connections	80,161	77,050	74,354	72,182
Water				
Connections	165,637	160,456	159,783	156,290
Average Daily Consumption (mgd)*	89.88	78.60	76.56	84.86
Peak Daily Consumption (mg)**	122.60	119.40	113.78	118.92
Wastewater				
Connections	136,694	135,843	134,757	132,412
Average Daily Sewage Treatment (mgd)*	34.90	35.50	33.60	34.40
Solid Waste				
Customers Served	146,750	143,274	142,332	141,110
Refuse Collected (tons)	244,471	267,977	273,190	254,442
Recyclables Collected (tons)	30,220	31,152	30,610	35,734
Green Waste Collected (tons)	11,910	14,509	13,711	14,337
Falcon Field				
Average Number of Aircraft Based	852	806	812	797
Aircraft Operations (annual)	464,697	361,264	348,168	319,892

* mgd - millions of gallons per day
** mg - millions of gallons

2021	2020	2019	2018	2017	2016
12,132	11,716	11,559	12,347	13,151	13,208
6,402	6,267	6,637	6,599	6,966	6,968
1,428	1,113	1,004	1,144	1,153	1,053
55,878	54,478	54,139	53,183	50,024	49,743
1,190	1,210	1,373	1,087	989	1,083
543	518	505	471	488	507
12,464	15,520	14,337	11,536	14,034	10,613
85,827	106,062	117,974	119,489	121,340	122,810
116,499	671,069	1,131,120	1,061,875	1,067,207	1,157,394
980,380	1,073,373	1,159,536	1,131,101	1,272,859	1,345,977
17,558	17,026	17,018	17,066	16,991	16,854
70,281	68,624	65,993	63,969	62,010	60,384
153,586	151,634	148,877	146,172	144,276	141,824
85.91	89.77	78.66	79.26	78.59	78.55
124.77	128.91	117.77	117.47	119.73	116.62
130,775	127,763	127,000	130,343	128,782	126,359
33.60	33.60	34.50	34.60	34.10	34.30
137,537	136,739	134,777	131,991	129,479	127,517
245,542	244,697	241,307	232,756	232,812	236,849
40,176	39,697	32,227	32,367	35,546	35,499
10,921	13,643	20,236	16,688	19,639	20,602
821	724	752	717	689	663
336,631	349,300	326,255	288,122	289,801	270,702

City of Mesa, Arizona
Table 16
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	**2025**	**2024**	**2023**	**2022**
Police Stations				
Stations	8	8	8	8
Vehicular Patrol Units	431	401	326	301
Fire Stations	22	21	21	21
Libraries	4	4	3	3
Parks and Recreation				
Developed Parks (acres)	2,362	2,166	2,100	2,074
Undeveloped Acres	21	351	370	397
Swimming Pools	9	9	9	9
Recreation Facilities	6	6	6	6
Community Environment				
Streets (miles)				
Paved	1,594	1,518	1,638	1,629
Unpaved	1	1	1	1
Storm Sewers (miles)	440	460	456	452
Gas Mains (miles)	1,552	1,521	1,481	1,454
Water				
Mains (miles)	2,652	2,637	2,518	2,502
Storage Capacity (millions of gallons) (1)	109	109	109	109
Wastewater				
Mains (miles)	1,860	1,849	1,830	1,812
Treatment Capacity (millions of gallons per day)	70	70	70	70
Solid Waste				
Collection Trucks	97	99	95	96
Golf Courses	1	1	1	1

Note 1: The decrease in FY 2020 is due to Reservoir DWR2 being out of service for rehabilitation.

Table 16
(Concluded)

2021	2020	2019	2018	2017	2016
8	8	8	8	8	8
298	300	287	281	281	287
20	20	20	20	20	20
3	4	4	4	4	4
2,023	2,139	1,929	1,929	1,918	1,901
394	719	861	861	475	633
9	9	9	9	9	9
6	6	6	5	5	4
1,625	1,485	1,482	1,476	1,387	1,427
1	1	1	1	1	1
405	402	398	397	394	423
1,431	1,384	1,363	1,346	1,325	1,311
2,486	2,462	2,435	2,401	2,398	2,364
109	109	112	112	112	112
1,827	1,789	1,788	1,784	1,778	1,781
70	70	60	60	60	60
91	90	77	77	75	73
1	1	1	1	1	1

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