



City of Mesa, Arizona Comprehensive Annual Financial Report



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

For the Fiscal Year Ended June 30, 2011



City of Mesa, Arizona Comprehensive Annual Financial Report

Scott Smith
Mayor

Dave Richins
Councilmember, District 1

Alex Finter
Councilmember, District 2

Dennis Kavanaugh
Councilmember, District 3

Christopher Glover
Councilmember, District 4

Dina Higgins
Councilmember, District 5

Scott Somers
Vice Mayor, District 6

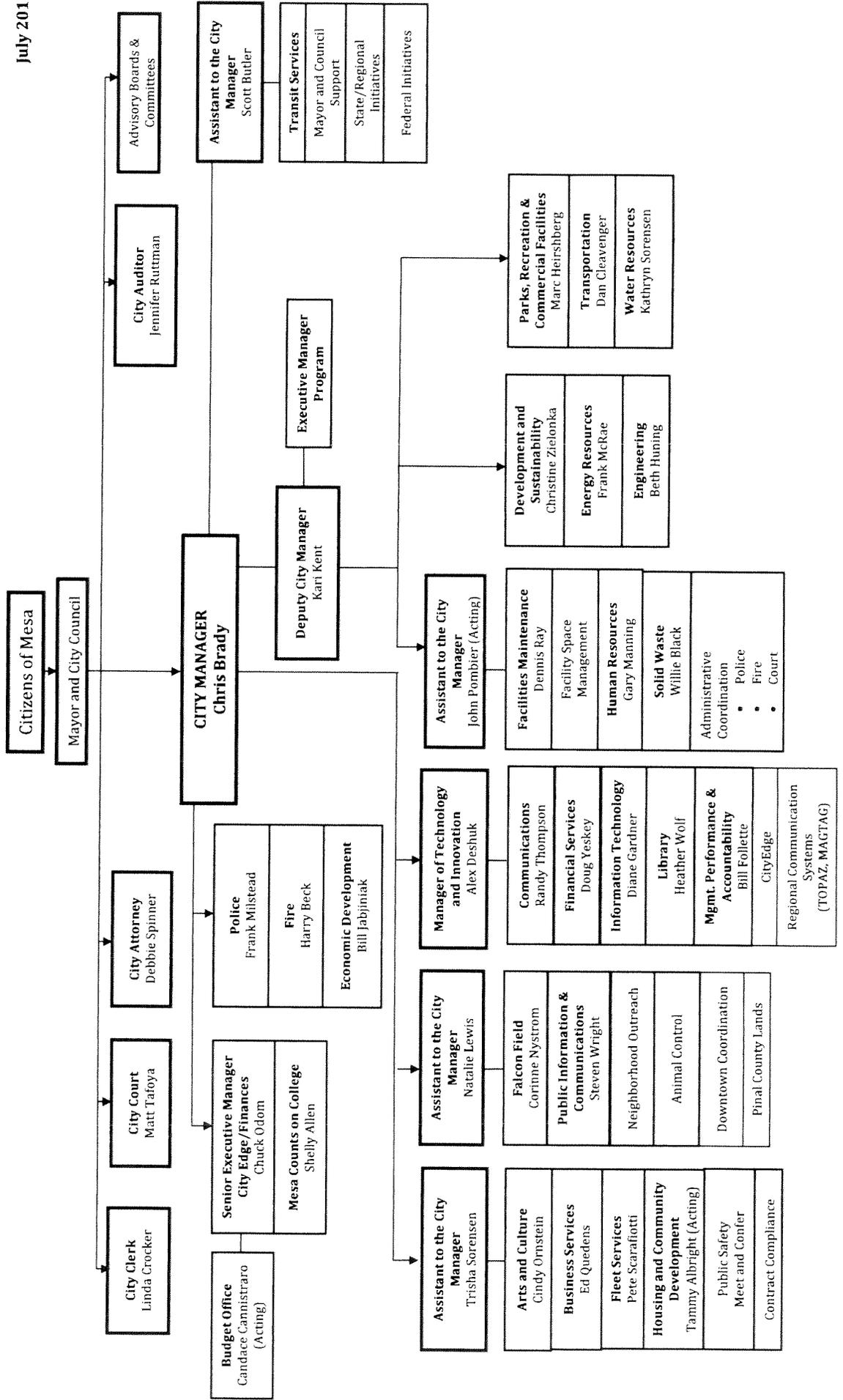
Chris Brady
City Manager

Kari Kent
Deputy City Manager



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For the Fiscal Year Ended June 30, 2011



Introductory Section



TABLE OF CONTENTS

		<u>Page</u>
SECTION I – INTRODUCTORY SECTION		
Table of Contents		I
Letter of Transmittal – Manager of Technology and Innovation		V
Certificate of Achievement for Excellence in Financial Reporting		XI
 SECTION II - FINANCIAL SECTION		
	<u>Exhibits</u>	
Independent Auditors' Report		1
Management’s Discussion and Analysis		3
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	A-1	18
Statement of Activities	A-2	19
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet	A-3	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	A-4	22
Statement of Revenues, Expenditures and Changes in Fund Balances	A-5	23
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	24
Proprietary Funds Financial Statements		
Statement of Net Assets	A-7	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	A-8	27
Statement of Cash Flows	A-9	29
Fiduciary Funds Financial Statements		
Statement of Fiduciary Assets and Liabilities	A-10	31

TABLE OF CONTENTS (Continued)

	<u>Exhibits</u>	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS		
Note 1 - Summary of Significant Accounting Policies		32
Note 2 - Restatement of Beginning Fund Balances/Net Assets		52
Note 3 - Reconciliation of Governmental Fund Financial Statements to Government-wide Financial Statements		53
Note 4 - Retirement and Pension Plans		59
Note 5 - Post Employment Benefits		63
Note 6 - Long-Term Obligations		67
Note 7 - Liabilities to be Paid From Assets Held in Escrow		77
Note 8 - Capital Contributions		78
Note 9 - Commitments and Contingent Liabilities		78
Note 10 - Enterprise Activities Operations Detail		79
Note 11 - Net Assets		80
Note 12 - Pledged Revenues		81
Note 13 - Joint Ventures		82
Note 14 - Subsequent Events		85
 Required Supplementary Information		
Schedule of Funding Progress - Public Safety Personnel Retirement System	B-1	86
Schedule of Funding Progress - Other Post-Employment Benefits	B-2	87
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)	B-3	88
Highway User Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)	B-4	89
Note to Required Supplementary Information - Budgetary Reporting		90
 Combining Financial Statements		
Non-major Governmental Funds		
Combining Balance Sheet	C-1	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	92
 Non-major Special Revenue Funds		
Combining Balance Sheet	C-3	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-4	95
 Non-major Debt Service Funds		
Combining Balance Sheet	C-5	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-6	99

TABLE OF CONTENTS (Continued)

	<u>Exhibits</u>	<u>Page</u>
Combining Financial Statements (Continued)		
Non-major Capital Projects Funds		
Combining Balance Sheet	C-7	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-8	103
Internal Service Funds		
Combining Statement of Net Assets	C-9	105
Combining Statement of Revenues, Expenses and Changes in Net Assets	C-10	107
Combining Statement of Cash Flows	C-11	109
Agency Fund		
Statement of Changes in Assets and Liabilities	C-12	111
Supplemental Information		
Budgetary Comparison Schedules – General Fund and Major Governmental Funds		
General Fund Schedule of Expenditures by Program – Budget and Actual (Budget Basis)	D-1	112
Highway User Revenue Fund Schedule of Expenditures by Program – Budget and Actual (Budget Basis)	D-2	114
Budgetary Comparison Schedules – Other Non-major Governmental Funds		
Non-major Special Revenue Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis)	D-3	115
Non-major Special Revenue Funds Schedule of Expenditures by Program - Budget and Actual (Budget Basis)	D-4	124
Non-major Debt Service Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis)	D-5	127
Non-major Capital Project Funds Schedule of Revenues, Expenditures And Changes in Fund Balances – Budget and Actual (Budget Basis)	D-6	128
Budgetary Comparison Schedules – Proprietary Funds		
Enterprise Fund Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual (Budget Basis)	D-7	129
Enterprise Fund Reconciliation of Budget to GAAP Changes in Net Assets	D-8	130
Internal Service Funds Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual (Budget Basis)	D-9	131
Internal Service Funds Reconciliation of Budget to GAAP Changes in Net Assets	D-10	136

TABLE OF CONTENTS (Concluded)

	<u>Exhibits</u>	<u>Page</u>
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	D-11	137
SECTION III - STATISTICAL SECTION		
Financial Trends		
Net Assets by Components - Last Ten Fiscal Years (Accrual Basis of Accounting)	I	138
Changes in Net Assets - Last Ten Fiscal Years (Accrual Basis of Accounting)	II	140
Fund Balance, Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	III	142
Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	IV	148
Revenue Capacity		
Sales Tax Collections by Category - Last Ten Fiscal Years	V	150
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	VI	152
Debt Capacity		
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	VII	153
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	VIII	155
Direct and Overlapping Governmental Activities Debt	IX	156
Legal Debt Margin Information – Last Ten Fiscal Years	X	157
Pledged-Revenue Coverage – Last Ten Fiscal Years	XI	159
Demographic and Economic Information		
Demographic and Economic Statistics – Last Ten Fiscal Years	XII	161
Principal Employers – Current Year and Ten Years Ago	XIII	162
Operating Information		
Full-Time Equivalent City Government Employees by Function/Program - Last Nine Fiscal Years	XIV	163
Operating Indicators by Function/Program – Last Ten Fiscal Years	XV	165
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	XVI	167



December 7, 2011

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

The Comprehensive Annual Financial Report of the City of Mesa (the “City”) for the fiscal year ended June 30, 2011 is hereby submitted.

Prepared by the Accounting Services Division of 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 all 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 the 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 LarsonAllen, 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, 2011, 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 unqualified opinion that the City’s financial statements for the fiscal year ended June 30, 2011, 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, by the 2010 decennial census, is 440,677 compared with the 2000 decennial census count of 397,760, within an incorporated area of approximately 137 square miles. Total land area encompasses 182 square miles. The City is the 38th largest city in the United States, up one position from 2009, and is the third largest city in the State of Arizona. Mesa is located 16 miles east of Phoenix, the State Capitol. The City operates under a charter form of government with citizens electing a Mayor and six Councilmembers to set policy for the City. City Councilmembers are elected from districts and serve terms of four years, with three members being elected every two years. The Mayor is elected at-large every four years. The Mayor and Council are elected on a non-partisan basis, and the Vice Mayor is selected by the City Council.

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

An allocated staff of 3,442 full-time (equivalent) City employees working within twenty-eight 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, airport and golf courses. The Mesa Art Center which includes 212,755 square feet of performing arts, visual arts and art education facilities, is the largest comprehensive arts campus in the state, and has been selected by CNN to host Arizona's, nationally televised, Republican Presidential Candidate Debate in early 2012.

The financial statements include the funds for the City and its blended component unit, the City of Mesa Municipal Development Corporation, collectively referred to as "the financial reporting entity". Although the corporation is legally separate from the City, it is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and or construction of public facilities for the City.

The annual budget serves as the foundation for the City's financial planning and control. Each year, the City Manager issues a budget calendar giving specific completion dates for various phases of the budget preparation process. The final adoption of the operating budget is by ordinance.

Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total, and from the resolution itself that limits expenditures by fund and by departmental groupings. Transfers of sums within a specific fund or departmental group may be made upon City Manager approval.

The legally adopted budget consists of all funds except the Payroll Agency fund. Capital Projects (both General Government and Proprietary) are budgeted as one item (as shown in Exhibit D--6). General Government debt service expenditures are budgeted in the General Fund and Special Revenue Funds. Budget schedules for the major governmental funds (General and Highway User Revenue Fund) are presented in the Required Supplementary Section, and the other funds are located in the Supplementary Information Section.

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's economic indicator for residential construction in fiscal year 2010-11 is down from fiscal year 2009-10. However, commercial construction indicators did increase somewhat in fiscal year 10/11 compared to 09/10. During FY10-11 the City issued 405 permits for new residential construction. This is 263 less than the previous fiscal year. The corresponding dollar valuation associated with FY10-11 permits decreased approximately \$43 million from the prior fiscal year. Commercial construction valuation increased from the prior fiscal year. Commercial valuation in FY10-11 was \$287 million, in FY09-10 it was \$141 million. Early analysis of the recent data may indicate that a stable "bottom" level has finally been reached.

City sales tax revenue declines that began during the 2007-08 fiscal year continued during fiscal year 2010-11, although the rate of decline has also flattened. While most categories showed increases from the previous year, publishing, contracting and retail sales tax categories incurred significant decreases totaling \$5.1 million. For the year ending June 30, 2011, overall sales tax revenues decreased by only 0.4% or \$0.5 million from the previous year. This indicator is also trending toward a stable "bottom" level.

To accommodate the continued decline in revenues the City again reduced fund allocations for a variety of City services. The required changes resulted in the elimination of various positions, and the reduction or total elimination of many city services that reduced current year expenditures by another \$21 million and 168 FTE. No filled positions were impacted, although services throughout the City, including public safety and street maintenance, were impacted. The operation of the City's various utilities were the only areas not impacted.

Conservative budget practices and early and significant response to the declining economic indicators continue to allow the City to retain and enhance fund balance levels during the year.

All fund balances were maintained at or above the levels prescribed by financial policy and prudent practice. Bond ratings were maintained during this time.

Major Initiatives

During the year several major accomplishments have continued to be realized. Some of these were:

- On June 3, 2010 the City of Mesa announced an initiative that will provide the financing for the construction of a Chicago Cubs Spring Training facility in the City. The initiative involves the use of funds and assets from the City's enterprise fund, and will enable the stadium to be built with no increases in property taxes, no increases in sales taxes and no impact to the City's general fund. Part of the City's plan includes selling its inventory of undeveloped farmland in Pinal County and utilizing sales proceeds to help finance the new facilities. In addition to the City's funding, the Mesa Convention and Visitors Bureau (CVB) approved a proposal to increase the City bed tax from the current three percent to five percent, and asked the Mesa City Council to put the bed tax increase on the November 2010 ballot for a public vote. This was approved by voters and this increase will match increases passed by both Tempe and Scottsdale voters in March.

The City of Mesa looks at the Cubs deal as economic preservation. To lose the Cubs, a significant economic engine for the City and State, at a time when our city faces serious fiscal challenges would only exasperate the revenue shortfalls that already exist, further reducing already declining sales tax revenues. An economic impact study conducted in 2009 by the Arizona-based Maguire Company indicated that if Mesa lost the Chicago Cubs and backfilled with an "average" major league baseball team, the overall impact to the State's economy would be more than \$52 million. Even more staggering, an update to that same study in January 2010 estimates that if no team were to replace the Cubs, the economic impact would be in excess of \$130 million with more than 1,500 jobs lost.

Additionally, Mesa is exploring options to reuse the existing Hohokam Stadium after the Cubs occupy their new facility.

- METRO light rail continues on track and has reached the 30% design phase. Recently, President Barack Obama signed a federal appropriations bill providing \$35.5 million which will fund right-of-way acquisition and utility relocation for the approximately 3 miles along Main Street from the Sycamore Street station through Mesa's downtown. The program will include four stations and one park-and-ride, and is expected to be fully operational in 2016. METRO light rail ridership continues to be above projections, with the highest month over month increase occurring in October, which reached +8%.
- First Solar, Inc. began construction of its new U.S. manufacturing center in Mesa. First Solar will invest about \$300 million in the factory, which will create approximately 600 ongoing jobs and is designed to include four manufacturing lines with a capacity to produce more than 250 megawatts (MW) of advanced thin-film photovoltaic (PV)

modules per year. Construction is expected to last a year, creating an average of 400-500 construction jobs. The facility is located on a 135-acre site that was previously home to the GM Proving Grounds site, which was acquired by DMB Associates, Inc. in 2006.

- Phoenix-Mesa Gateway Airport jointly operated and maintained by the Phoenix-Mesa Gateway Airport Authority (PMGAA), a Joint Powers Airport Authority comprised of the City of Mesa, City of Phoenix, Town of Queen Creek, Town of Gilbert, and the Gila River Indian Community, continues on a solid growth path. In January 2011, the Airport celebrated the boarding of 2 million passengers, a mark set in a little more than three years and an achievement that took many airports much longer to reach. Enplanements are going up by more than 20 percent a year. Gateway executives and the airport's five-member governing board have been looking at alternatives for additional passenger space for more than a year amid projections of up to 5 million passengers a year within the decade.
- Mesa City Council, at a special meeting June 23, 2011, voted to authorize City Manager Chris Brady to sign an interim lease agreement between the City of Mesa and the United States Air Force for the possession and reuse of the Air Force Research Laboratory Mesa Research Site (AFRL), located between Phoenix-Mesa Gateway Airport and Arizona State University (ASU) Polytechnic campus. The City envisions continuing the legacy of the AFRL site by using this complex as the cornerstone of a science and technology research center including a wide range of academic and security industry organizations and projects. This site will continue to be used as a center for specialized research in technology, defense and national security fields, capitalizing upon the unique nature of the buildings, the security status of the facilities, and the skills, knowledge and experience of the work force.

Long-term Financial Planning

Mesa continues to make progress in implementing fully integrated ERP system to provide us with near real-time accounting, grants management, budgeting, purchasing, human resources and inventory information. The first phase of the system, the NeoGov human resources, and recruiting system is now live, and the Performance Budgeting system is being prepared by budget staff for city wide use in developing and managing the FY 12/13 budget.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-ninth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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 Controller, Doug Yeskey, and the devoted staff of the Accounting Services Division has made the preparation of the comprehensive annual financial report on a very timely basis possible. Also, I want to thank the Mayor, members of the City Council and the City Manager for their continued interest and support of the staff's efforts in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in cursive script that reads "Alex Deshuk".

Alex Deshuk,
Manager of Technology and Innovation

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mesa
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandson

President

Jeffrey R. Emer

Executive Director



Financial Section



INDEPENDENT AUDITORS' REPORT

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A prior period adjustment was recorded, as described in Note 2, to restate the governmental activities beginning net assets for an error in the previously reported financial statements related to depreciation expense calculated on capital leases. Business-type activities beginning net assets were restated for an error in the previously issued financial statements related to an error in recording joint venture activity.

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended June 30, 2011, which represents a change in accounting principle.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 17, the Public Safety Personnel Retirement System Schedule of Funding Progress on page 86, the Other Postemployment Benefit Plan Schedule of Funding Progress on page 87, and budgetary comparison information on pages 88 through 90 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, supplemental information, introductory section and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
December 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. This discussion and analysis is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activities, 3) identify changes in the City's financial position, 4) identify any material deviations from the financial plan (the approved annual budget), and 5) identify individual fund issues and concerns.

The management's discussion and analysis should be read in conjunction with the transmittal letter presented on pages V-X, as well as the financial statements beginning on page 18 and the accompanying notes to the financial statements.

Financial Highlights

- The City's total net assets decreased \$69 million in fiscal year 2011.
- Total net assets of the City are \$1.65 billion, of which \$252 million are unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the end of fiscal year 2011, the City's governmental funds reported a combined ending fund balance of \$235.8 million, a \$1.6 million increase from the previous year. A complete reconciliation of the governmental funds' fund balance to the governmental activities' net assets is on page 22.
- At the end of the fiscal year, the City's unassigned fund balance for the General Fund was \$93.9 million, or 29% of total General Fund expenditures.
- The City issued \$29.3 million in general obligation debt during the current fiscal year for new street and public safety improvement projects
- The City issued \$53.9 million in utility system revenue debt during the current fiscal year for electric, gas, water and wastewater improvement projects.

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: government-wide financial statements, fund financial statements and 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 18–20) are designed to provide a broad overview of the City's finances in a manner similar to private businesses. All the activities of the City, except fiduciary activities, are included in these statements.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two being reported as *net assets*. Over time increases and decreases in

net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed over the most recent fiscal year. All changes to net assets 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 statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general revenues for support.

The activities of the City are presented in two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided.

- The *governmental activities* include the City's basic services including general government (administration), public safety, cultural-recreational, and community environment. Taxes and general revenues generally support these activities.
- The *business-type activities* include private sector type activities such as the City-owned electric, gas, water, wastewater and solid waste systems, as well as the City-owned airport, golf courses, stadiums, convention center and district cooling. These activities are primarily supported by user charges and fees.

The City restated the beginning net assets for the governmental-type activities due to an error in calculating the depreciation expense for a capital lease for fiscal year 2009 and fiscal year 2010. This resulted in an increase to beginning net assets of \$6.6 million. See Note 2 to the basic financial statements for additional details of this restatement.

The City restated the beginning net assets for the business-type activities due to errors in calculating the joint venture expenses from prior fiscal years and for bond premiums related to the 2009 Utility System Revenue Bond issue. These premiums were recognized all in fiscal year 2009 instead of being amortized over the life of the bonds. These resulted in an increase to beginning net assets of \$23.2 Million. See Note 2 to the basic financial statements for additional details of this restatement.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City. Traditional fund financial statements are presented for governmental funds, proprietary funds and fiduciary funds. These fund financial statements now focus on major funds of the City, rather than fund types used in the previous financial reporting model.

Governmental 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, governmental fund financial statements (pages 21-24) 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 also in Note 3 to the basic financial statements (pages 53-58).

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54- *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the previous reporting of Reserved and Unreserved fund balance to five new classifications, which are Nonspendable, Restricted, Committed, Assigned and Unassigned. This statement also added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types. See Note 1 p and Note 2 to the financial statements for additional detail.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its fleet support; materials and supplies; printing and graphics; and the 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 assets. The costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. The proprietary fund financial statements (pages 25–30) are prepared on the same long-term focus as the government-wide financial statements. The enterprise funds provide the same information as the government-wide financial statements, only with more detail. The internal service funds are combined into a single column on the proprietary funds statements. Additional detail of the internal service funds can be found in the combining statements (pages 105-110).

The City restated the beginning net assets for the Enterprise Fund due to errors in calculating the joint venture expenses that occurred in prior fiscal years and for bond premiums related to the 2009 Utility System Revenue Bond issue. These premiums were recognized all in fiscal year 2009 instead of being amortized over the life of the bonds. These resulted in an increase to beginning net assets of \$23.2 Million. See Note 2 for additional details of this restatement.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of others outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City’s programs. The fiduciary fund financial statement (page 31) is prepared on the same basis as the government-wide and proprietary fund financial statements.

Notes to the financial statements – The notes to the financial statements (pages 32–85) 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.

Other information – Governments have an option of including the budgetary comparisons statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes to the financial statements. The City has chosen to present these budgetary statements as required supplementary information beginning on page 88.

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 year ended June 30, 2011 and as of and for the year ended June 30, 2010.

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2011 and 2010.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Change	
	2011	2010	2011	2010	2011	2010	Dollars	Percent
		As Restated		As Restated		As Restated		
Cash and Other Assets	\$ 426,059	\$ 428,176	\$ 464,539	\$ 449,421	\$ 890,598	\$ 877,597	\$ 13,001	1.48
Capital Assets	1,279,788	1,269,292	1,302,381	1,289,921	2,582,169	2,559,213	22,956	0.90
Total Assets	<u>1,705,847</u>	<u>1,697,468</u>	<u>1,766,920</u>	<u>1,739,342</u>	<u>3,472,767</u>	<u>3,436,810</u>	<u>35,957</u>	1.05
Non-current Liabilities,								
Outstanding	691,599	639,725	953,975	900,502	1,645,574	1,540,227	105,347	6.84
Other Liabilities	109,026	115,715	68,505	61,677	177,531	177,392	139	0.08
Total Liabilities	<u>800,625</u>	<u>755,440</u>	<u>1,022,480</u>	<u>962,179</u>	<u>1,823,105</u>	<u>1,717,619</u>	<u>105,486</u>	6.14
Net Assets:								
Invested in Capital Assets,								
Net of Related Debt	872,302	851,422	430,436	458,447	1,302,738	1,309,869	(7,131)	(0.54)
Restricted	39,296	86,955	55,873	47,011	95,169	133,966	(38,797)	(28.96)
Unrestricted	<u>(6,376)</u>	<u>3,651</u>	<u>258,131</u>	<u>271,298</u>	<u>251,755</u>	<u>274,949</u>	<u>(23,194)</u>	(8.44)
Total Net Assets	<u>\$ 905,222</u>	<u>\$ 942,028</u>	<u>\$ 744,440</u>	<u>\$ 776,756</u>	<u>\$ 1,649,662</u>	<u>\$ 1,718,784</u>	<u>\$ (69,122)</u>	(4.02)

In the case of the City, the combined net assets (governmental activities and business-type activities) exceeded liabilities by \$1.65 billion at the close of the most recent year.

The net assets decreased \$69 million (4%) in fiscal year 2011. The governmental activities decreased \$37 million, after restatement, while the business-type activities decreased \$32 million, after restatement.

The largest portion of net assets (79%) reflects the City's investment in capital assets (land, buildings, equipment, infrastructure, etc.) less any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$95 million of the City's net assets represent resources that are subject to external restrictions on how they may be used. The unrestricted net assets of \$252 million may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Assets

The following table shows the revenues and expenses of the City for the fiscal years ended June 30, 2011 and 2010.

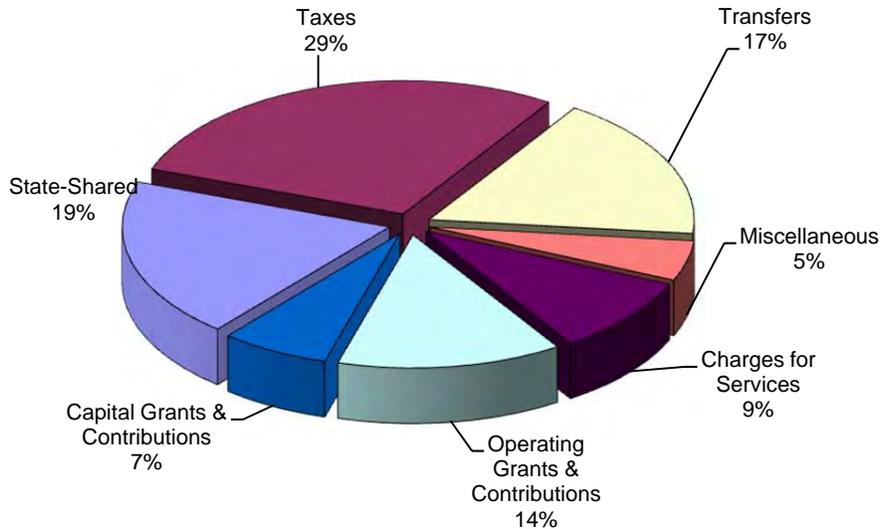
Changes in Net Assets (In thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Change	
	2011	2010 As Restated	2011	2010 As Restated	2011	2010 As Restated	Dollars	Percent
REVENUES								
Program Revenues:								
Charges for Services	\$ 44,710	\$ 42,386	\$ 299,473	\$ 289,374	\$ 344,183	\$ 331,760	\$ 12,423	3.74 %
Operating Grants & Contributions	65,284	72,812	25	210	65,309	73,022	(7,713)	(10.56)
Capital Grants & Contributions	31,461	30,343	10,774	17,782	42,235	48,125	(5,890)	(12.24)
General Revenues:								
Sales Taxes	121,046	121,557	-	-	121,046	121,557	(511)	(0.42)
Property Taxes	14,244	14,318	-	-	14,244	14,318	(74)	(0.52)
Occupancy Taxes	2,148	1,581	-	-	2,148	1,581	567	35.86
Unrestricted State-Shared Contributions	92,613	104,581	-	-	92,613	104,581	(11,968)	(11.44)
Unrestricted Investment Income	617	261	839	508	1,456	769	687	89.34
Miscellaneous	7,060	13,846	-	-	7,060	13,846	(6,786)	(49.01)
Total Revenues	394,794	416,442	311,111	307,874	705,905	724,316	(18,411)	(2.54)
EXPENSES								
Governmental Activities:								
General Government	59,552	54,863	-	-	59,552	54,863	4,689	8.55 %
Public Safety	273,320	285,607	-	-	273,320	285,607	(12,287)	(4.30)
Cultural-Recreational	54,549	54,010	-	-	54,549	54,010	539	1.00
Community Environment	106,434	104,096	-	-	106,434	104,096	2,338	2.25
Interest on Long-term Debt	21,078	20,013	-	-	21,078	20,013	1,065	5.32
Business-type Activities:								
Electric	-	-	26,816	27,106	26,816	27,106	(290)	(1.07)
Gas	-	-	36,020	35,466	36,020	35,466	554	1.56
Water	-	-	82,378	80,915	82,378	80,915	1,463	1.81
Wastewater	-	-	63,614	64,262	63,614	64,262	(648)	(1.01)
Solid Waste	-	-	31,462	31,504	31,462	31,504	(42)	(0.13)
Airport	-	-	3,972	3,944	3,972	3,944	28	0.71
Golf Course	-	-	2,679	2,715	2,679	2,715	(36)	(1.33)
Convention Center	-	-	3,849	4,158	3,849	4,158	(309)	(7.43)
Hohokam Stadium/Fitch Complex	-	-	8,324	7,408	8,324	7,408	916	12.37
Cubs Stadium	-	-	15	-	15	-	15	100.00
District Cooling	-	-	965	1,000	965	1,000	(35)	(3.50)
Total Expenses	514,933	518,589	260,094	258,478	775,027	777,067	(2,040)	(0.26)
Increase (decrease) in Net Assets Before Transfers	(120,139)	(102,147)	51,017	49,396	(69,122)	(52,751)	(16,371)	31.03
Transfers	83,333	65,433	(83,333)	(65,433)	-	-	-	0.00
Change in Net Assets	(36,806)	(36,714)	(32,316)	(16,037)	(69,122)	(52,751)	(16,371)	31.03
Net Assets-Beginning, as Restated	942,028	978,742	776,756	792,793	1,718,784	1,771,535	(52,751)	(2.98)
Net Assets-Ending	\$ 905,222	\$ 942,028	\$ 744,440	\$ 776,756	\$ 1,649,662	\$ 1,718,784	\$ (69,122)	(4.02)

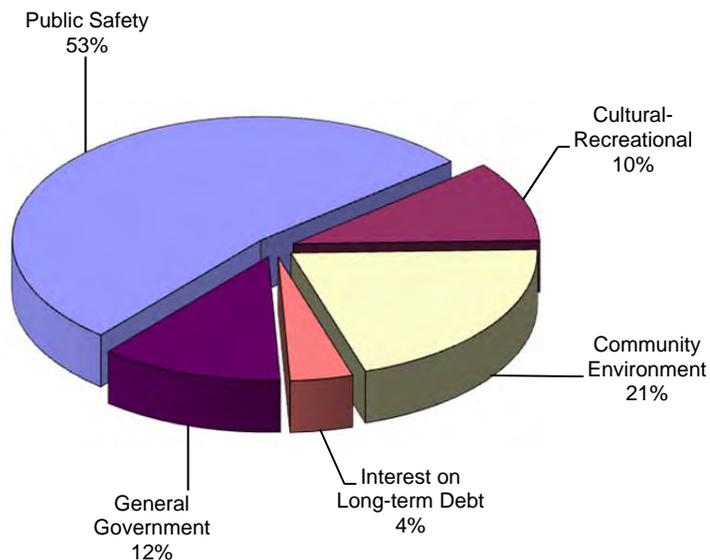
Governmental Activities

As presented in the following two graphs, the largest funding sources, including transfers, for the governmental activities are taxes (29%) and state-shared revenues (19%). The largest users of resources for the governmental activities are Public Safety (53%), Community Environment (21%), General Government (12%), and Cultural-Recreational (10%).

Revenues by Source Including Transfers – Governmental Activities
For the Fiscal Year Ended June 30, 2011

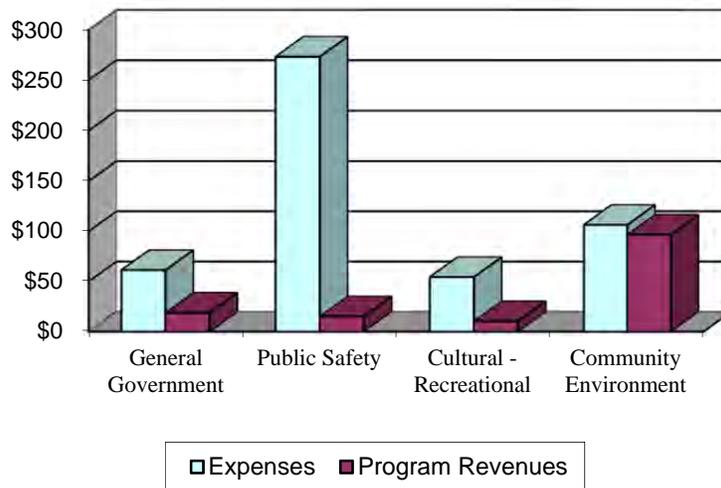


Functional Expenses – Governmental Activities
For the Fiscal Year Ended June 30, 2011



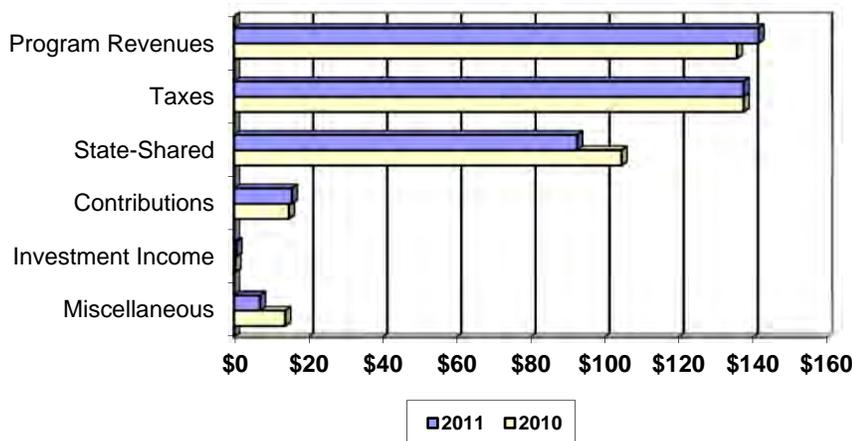
The following graph shows the functional revenues and expenses of the governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent the full cost allocation to these functions. General revenues of the City, including an \$83.3 million transfer from the business-type activities, cover expenses not generated by direct program revenues.

Expenses and Program Revenues – Governmental Activities
 For the Fiscal Year ended June 30, 2011
(In millions of dollars)



Governmental activities decreased the net assets of the City by \$37 million accounting for a 3.9% decrease. Governmental activities accounted for 56% of the total revenues and 66% of the total expenses of the City in fiscal year 2011. This compares to 57% of total revenues and 66% of the total expenses in fiscal year 2010.

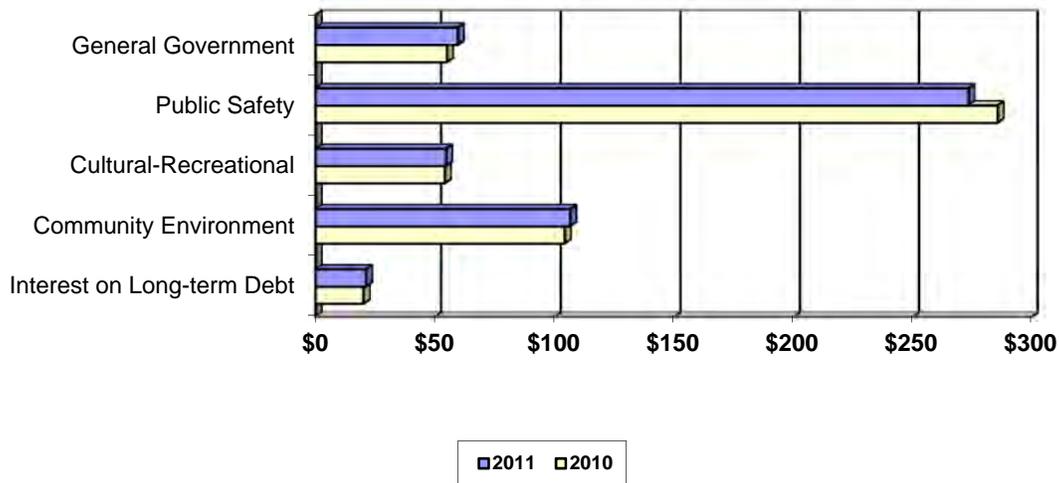
Governmental Activities Revenues
 For Fiscal Years 2011 and 2010
(In millions of dollars)



The graph above compares governmental activities revenues from fiscal year 2011 to fiscal year 2010. Total governmental activities revenues decreased \$21.6 million from \$416.4 million to \$394.8 million. This is the fourth consecutive year that governmental activities revenues declined. Key factors in this change include:

- The program revenues (charges for services, grants and contributions that are clearly identifiable to an operating activity) of the governmental activities decreased \$4 million over the previous year. There was a \$2.4 million decrease in the amount of capital contributions of streets, storm sewers and retention basins by developers over the previous year. These capital contributions are not cash revenues and therefore are not available to cover operating expenses. Operating grants and contributions decreased by \$7.5 million over the previous year due to decreased federal funding resulting from the American Reinvestment and Recovery Act of 2009.
- Sales taxes decreased by only \$0.5 million over the previous year reflecting some stability is returning to the local economy after decreasing by \$5 million in the previous fiscal year.
- State shared revenues decreased by \$12.0 million over the previous year because of reduced revenues received from the state.

Governmental Activities Functional Expenses
For Fiscal Years 2011 and 2010
(In millions of dollars)



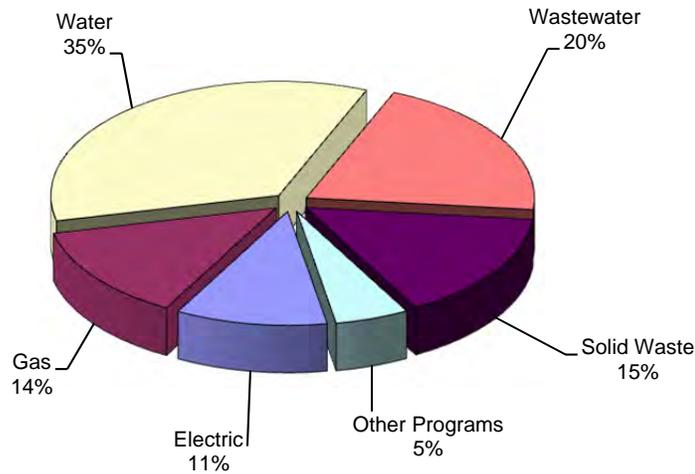
The graph above compares governmental activities expenses from fiscal year 2011 to fiscal year 2010. Total governmental expenses decreased by \$3.7 million from \$518.6 million, as restated to \$514.9 million. Key factors in this change include:

- The changes in the General Government and Public Safety functions resulted from depreciation adjustments relating to useful life and in-service dates.

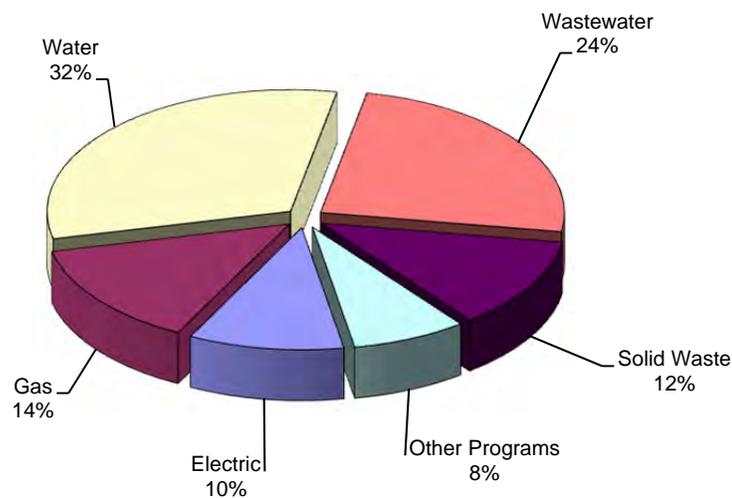
Business-type Activities

As presented in the following two graphs, the largest funding sources and users of resources for the business-type activities are Water, Wastewater, Solid Waste, Gas and Electric.

Revenues by Source – Business-type Activities

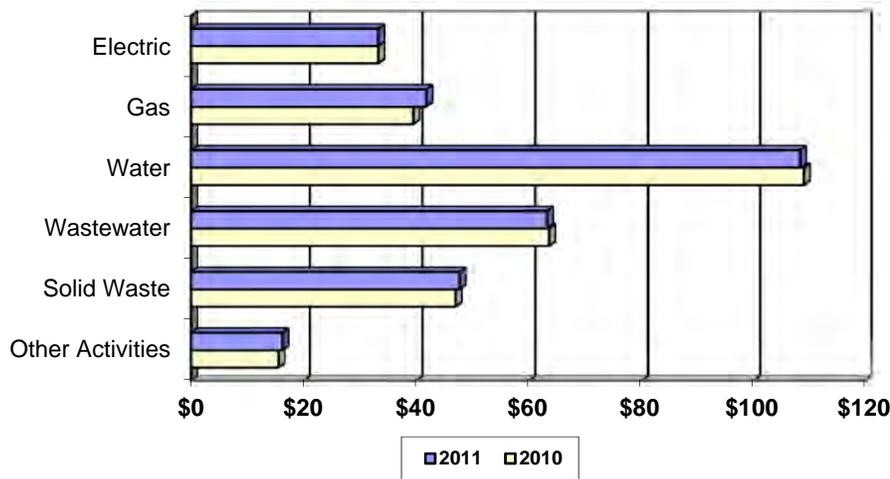


Functional Expenses – Business-type Activities



Business-type activities decreased the City's net assets by \$32 million. Total business-type activities program and general revenues increased by \$3.2 million (1%) from \$307.9 million to \$311.1 million, while the business-type activities total expenses increased by \$1.6 million from \$258.5 million, as restated to \$260.1 million. Business-type activities accounted for 44% of the total revenues and 34% of the total expenses of the City in fiscal year 2011. This compares to 43% of total revenues and 34% of the expenses in fiscal year 2010.

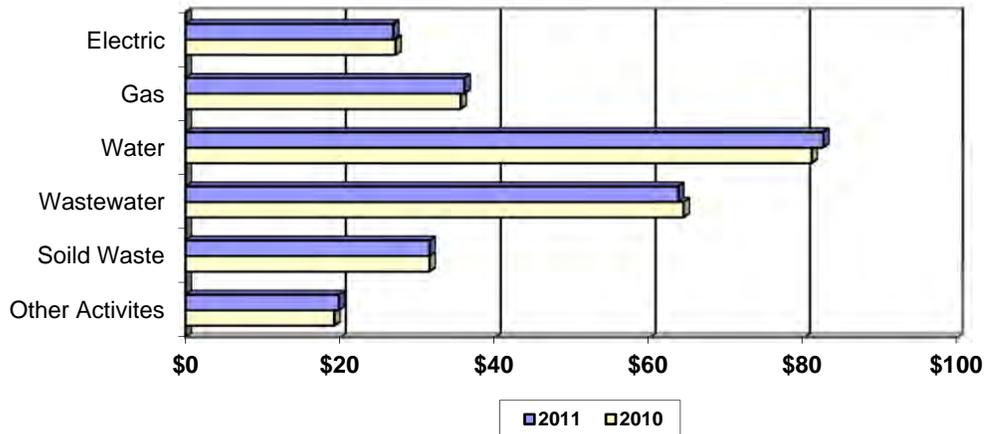
Business-type Activities
Program Revenues
For Fiscal Years 2011 and 2010
(In millions of dollars)



The graph above compares program revenues for the Business-type Activities from fiscal year 2011 to fiscal year 2010. Total business-type activities program revenues increased by \$2.9 million (0.9%) from \$307.4 million to \$310.3 million. Key factors in this change include:

- Capital contributions decreased by \$7.0 million from the previous year and, while they continue to be a major revenue source for the business-type activities, the amount contributed each year is dependent on how well the construction activity in the City is performing.
- Charges for Services increased \$10.1 million reflecting increases in the rate structure and usage. All commodity cost increases in the Electric and Gas utilities are passed through to the customers.

Business-type Activities
Functional Expenses
For the Fiscal Years 2011 and 2010



- The transfer to the General Fund increased by \$17.9 million over the previous fiscal year. This transfer is used by the governmental activities programs to cover expenses not generated by direct program revenues.

Financial Analysis of the City's Funds

As previously mentioned, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

Governmental Funds - The focus of the City's governmental funds (pages 21-24) is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined ending fund balance of \$235.8 million, a \$1.6 million increase from the previous year. \$93.9 million of this total amount is in unassigned fund balance, available for spending in the coming year. The remainder of fund balance includes \$114.5 million in restricted fund balance, \$24.1 million in committed fund balance and \$3.3 million in nonspendable fund balance. See Note 1 p. to the basic financial statements for additional detail on these fund balance amounts.

The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including general government, public safety, cultural-recreational and community environment services. At the end of the current fiscal year, total fund balance of the General Fund was \$101.2 million, while unassigned fund balance was \$93.9 million.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For 2011, unassigned fund balance represents 29.4% of total General Fund expenditures of \$319 million, while total fund balance represents 31.7% of the same amount.

Total fund balance of the City's General Fund decreased by \$6.2 million during the current fiscal year from \$107.4, as restated, to \$101 million. Total revenues of \$256 million were \$62 million less than the previous year, however approximately \$45 million of this difference is due to the reclassification of funds and property tax revenue due to the implementation of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. State-shared revenue reported in the General Fund was \$13 million less than the prior fiscal year.

Total expenditures of \$319 million were \$31 million less than the previous year, however approximately \$22 million of this difference is due to the reclassification of funds and property tax revenue due to the implementation of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. See Note 1 to the financial statements for additional detail on this new GASB standard. Capital outlay expenditures increased \$4.7 million from the prior fiscal year.

The transfer in of \$83.6 million, mostly from the Enterprise Fund, was reduced by \$26.9 million in transfers out to other funds, compared with a transfer in from the Enterprise Fund of \$85.5 million that was reduced by \$47 million in transfers out to other funds in the previous year.

The Highway User Revenue Fund that accounts for the capital and maintenance costs for the City's streets received \$246 thousand more in state-shared revenue and had an increase of \$13 million in street-related expenditures.

The City's Capital Project Funds that account for the acquisition and construction of major capital facilities other than those reported in the proprietary funds reported a decrease of \$25.9 million in capital expenditures. These expenditures were for improvements in law enforcement, fire, storm sewers, streets, parks and other city facilities. Included in these expenditures are \$200 thousand in Vehicle Replacement Fund expenditures that was reclassified from the Special Revenue Funds due to GASB Statement No. 54. See Note 1 p. and Note 2 of the basic financial statements for additional details.

Proprietary Funds - The City's Enterprise Fund (pages 25-30) provides the same type of information as the government-wide financial statements, except in more detail. The City restated the beginning net assets for the Enterprise Fund due to errors in calculating the joint venture expenses that occurred in prior fiscal years and for bond premiums related to the 2009 Utility System Revenue Bond issue. These premiums were recognized all in fiscal year 2009 instead of being amortized over the life of the bonds. These resulted in an increase to beginning net assets of \$23.2 Million. See Note 2 of the basic financial statements for additional details of this restatement.

The total net assets of the Enterprise Fund decreased by \$31.7 million in fiscal year 2011 from \$778.9 million, after restatement, in fiscal year 2010 to \$747.2 million. The unrestricted net assets of the Enterprise Fund amounted to \$211.3 million. Other factors concerning the finances of the Enterprise Fund have already been addressed in the discussion on the City's business-type activities.

Budgetary Highlights

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison schedules are required for the General Fund and major special revenue funds and may be found on pages 88-90. These schedules compare the original adopted budget, the budget as amended throughout the year, and the actual expenditures prepared on a budgetary basis. Budgetary schedules for the other governmental funds as well as the proprietary funds are also presented on pages 112-138.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.r. and Note 1.s. of the notes to the financial statements for more information on budget policies). No amendments increasing the City's total adopted budget of \$1.113 billion occurred during fiscal year 2011. Contingency allocations were made at fiscal year-end to cover programs in the General Fund of \$3.6 million.

General Fund revenues of \$270.5 million, on a budgetary basis, were less than budgeted revenues of \$287.9 million by \$17.4 million while expenditures of \$352.2 million were only 81% of budgeted expenditures. The shortfall in revenues is due to lower revenue received in sales taxes and intergovernmental revenue. Sales taxes continued to be less than budgeted, however, they appear to have stabilized. Federal grant revenues were less than budgeted however, since the majority of the Federal grants are on a reimbursement basis, the City also did not have the associated expenditures. Reduced expenditures resulted from the continuation of a hiring freeze and unused contingency allocations.

Capital Asset and Debt Administration

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities amounts to \$2.6 billion (net of accumulated depreciation/amortization) as of June 30, 2011. This investment in capital assets includes land, buildings, other improvements, machinery and equipment, intangibles and infrastructure. 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 at June 30, 2011 and 2010.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Change	
	2011	2010	2011	2010	2011	2010	Dollars	Percent
	As Restated		As Restated		As Restated			
Land	\$ 265,803	\$ 261,771	\$ 58,803	\$ 59,947	\$ 324,606	\$ 321,718	\$ 2,888	0.90 %
Water Rights	-	-	12,761	17,570	12,761	17,570	(4,809)	(27.37)
Buildings	232,855	239,228	36,530	60,266	269,385	299,494	(30,109)	(10.05)
Other Improvements	147,205	82,990	133,904	969,620	281,109	1,052,610	(771,501)	(73.29)
Machinery & Equipment	44,884	48,391	128,512	53,262	173,396	101,653	71,743	70.58
Intangibles	14	15	3,920	4,219	3,934	4,234	(300)	(7.09)
Infrastructure	499,485	498,342	814,481	6,879	1,313,966	505,221	808,745	160.08
Construction-in-Progress	89,542	138,555	113,470	118,158	203,012	256,713	(53,701)	(20.92)
Total	\$ 1,279,788	\$ 1,269,292	\$ 1,302,381	\$ 1,289,921	\$ 2,582,169	\$ 2,559,213	\$ 22,956	0.90

Major capital assets completed or constructed during the current fiscal year included:

- The City continued construction of the South Central Arizona Project Water Treatment Plant with \$1.2 million spent during fiscal year 2011. The \$87.7 million facility will serve the growing southeast area of the City. The plant will have an initial capacity of 24 million gallons a day with the ability to expand to 48 million gallons a day.
- The City started an implementation of an Enterprise Resource Planning (ERP) system with \$7.1 million spent during fiscal year 2011. The ERP system will replace the current Human Resources/Payroll and Financial applications in the City. The \$24.7 million project will have a final implementation on January 1, 2013.

Additional information on the City’s capital assets can be found in Note 11 of the notes to the financial statements.

Debt Administration - At the end of the current fiscal year, the City had total bonded debt outstanding of \$1.293 billion. Of this amount, \$281 million comprises debt backed by the full faith and credit of the City and \$1.012 billion represents bonds secured by specified revenue sources (i.e., Utility System Revenue Bonds and Highway User Revenue Bonds).

The City’s outstanding long-term debt, including bonds, capital leases and notes payable was \$1.348 billion at June 30, 2011. \$458 million of this total was in governmental activities and

\$890 million was in business-type activities. The City's outstanding long-term debt (considering new borrowings, debt retirements and refunding) increased \$41 million. New borrowings during the fiscal year included \$29.3 million in general obligation bonds and \$53.9 million in utility system revenue bonds.

The following schedule shows the outstanding long-term debt of the City as of June 30, 2011 and 2010.

Outstanding Long-term Debt
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change	
	2011	2010	2011	2010	2011	2010	Dollars	Percent
General Obligation Bonds	\$ 279,028	\$ 270,593	\$ 2,210	\$ 2,672	\$ 281,238	\$ 273,265	\$ 7,973	2.92 %
Utility System Revenue Bonds	-	-	884,995	841,864	884,995	841,864	43,131	5.12
Highway User Revenue Fund Bonds	126,573	132,220	-	-	126,573	132,220	(5,647)	(4.27)
Special Assessment Bonds								
with Governmental Commitment	5,806	6,550	-	-	5,806	6,550	(744)	(11.36)
Capital Leases	2,166	5,406	-	-	2,166	5,406	(3,240)	(59.93)
Notes Payable	45,000	45,000	2,731	2,964	47,731	47,964	(233)	(0.49)
Total	\$ 458,573	\$ 459,769	\$ 889,936	\$ 847,500	\$ 1,348,509	\$ 1,307,269	\$ 41,240	3.15

The City's current bond ratings are as follows:

	<u>Standard and Poor's Corporation</u>	<u>Moody's Investors Service</u>
General Obligation Bonds	AA	Aa2
Highway User Revenue Bonds	AA	A1
Utility Systems Revenue Bonds	AA-	Aa2

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 recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

The total debt margin available July 1, 2011 is:

6% Bonds	\$184,531,122
20% Bonds	<u>354,445,979</u>
Total Available	<u>\$538,977,101</u>

Additional information on the City's long-term obligations can be found in Note 6 and Note 7 of the notes to the basic financial statements.

Economic Factors

In June 2011, the City Council approved a \$1.148 billion budget, which is approximately a 3.1% increase from the prior year's budget. The fiscal year 2010–11 budget includes \$928 million for operations and \$220 million for scheduled bond capital improvements. The operations budget decreased by \$16 million from the previous year's budget.

The City prepared and adopted a conservative budget that includes additional reductions and reprioritization of services. Mesa's General Fund revenue stream is strongly influenced by both national and regional economic conditions. Nationally, the economy appears to be slowly recovering from a serious and prolonged recession. In Arizona, the distressed real estate market seem to be hampering consumer spending which will likely continue to curtail economic growth in our region during the coming years.

Fiscal year 2011-12 General Fund revenues are projected to decline from the previous fiscal year. As a result of the City departments' continued efforts to increase efficiency and reduce cost, the City experienced expenditure savings that will provide additional resources to offset projected shortfalls for fiscal year 2011-12. A General Fund reduction of \$7.4 million and a reduction of 32 full-time equivalent positions were still necessary. The majority of these positions were vacant. For the third consecutive year, the budget reflects no compensation or step increases for employees. However, total compensation-related expenses have increased as a result of increased employer contributions required by the state retirement systems and to the self-administered medical insurance program.

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 City of Mesa Controller, P.O. Box 1466, Mesa, Arizona, 85211-1466.



Basic Financial Statements



CITY OF MESA, ARIZONA
EXHIBIT A-1
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Pooled Cash and Investments	\$ 225,039,917	\$ 55,592,988	\$ 280,632,905
Receivables:			
Accounts and Miscellaneous (Net of Allowances)	18,608,736	26,120,802	44,729,538
Accrued Interest	144,381	238,808	383,189
Due From Other Governments	20,290,036	2,492,155	22,782,191
Internal Balances	2,793,835	(2,793,835)	-
Inventory	5,867,894	-	5,867,894
Prepaid Costs	3,618,968	97,932	3,716,900
Deposits	363,733	5,086,651	5,450,384
Restricted Assets:			
Pooled Cash and Investments	37,953,905	120,001,956	157,955,861
Cash With Trustee	22,490,388	-	22,490,388
Accounts Receivable	9,980,946	-	9,980,946
Due From Other Governments	22,993,869	-	22,993,869
Customer Deposits	-	3,119,315	3,119,315
Unamortized Bond Issue Costs	2,022,914	4,025,440	6,048,354
Investment in Joint Ventures	53,888,931	250,556,816	304,445,747
Capital Assets:			
Non-Depreciable	355,345,830	185,033,654	540,379,484
Depreciable, Net	924,442,901	1,117,347,782	2,041,790,683
Total Assets	1,705,847,184	1,766,920,464	3,472,767,648
LIABILITIES			
Warrants Outstanding	2,341,770	-	2,341,770
Accounts Payable	22,421,123	7,806,679	30,227,802
Other Accrued Expenses	29,424,391	-	29,424,391
Customer and Defendant Deposits	9,042,835	-	9,042,835
Compensated Absences	1,048,067	-	1,048,067
Liabilities Payable From Restricted Assets	44,747,523	60,698,673	105,446,196
Noncurrent Liabilities:			
Due Within One Year	34,585,985	26,837,919	61,423,904
Due in More Than One Year	657,013,257	927,137,360	1,584,150,617
Total Liabilities	800,624,951	1,022,480,631	1,823,105,582
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	872,302,182	430,435,538	1,302,737,720
Restricted For:			
Convention Center	-	272,909	272,909
Airport	-	5,422,074	5,422,074
Golf Courses	-	19,425	19,425
Hohokam Stadium/Fitch Complex	-	359,948	359,948
Court Projects	1,590,834	-	1,590,834
Debt Service	42,831	34,783,136	34,825,967
Bond Indentures	-	14,917,527	14,917,527
Grant Programs	4,343,888	-	4,343,888
Transportation Programs	32,917,156	-	32,917,156
Water, Wastewater & Solid Waste Improvements	-	98,487	98,487
Miscellaneous Programs	401,077	-	401,077
Unrestricted	(6,375,735)	258,130,789	251,755,054
Total Net Assets	\$ 905,222,233	\$ 744,439,833	\$ 1,649,662,066

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

CITY OF MESA, ARIZONA
EXHIBIT A-2
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 59,551,669	\$ 17,109,537	\$ 1,777,282	\$ -
Public Safety	273,320,156	9,584,232	1,107,338	4,521,268
Cultural-Recreational	54,549,751	9,826,530	697,505	-
Community Environment	106,434,114	8,189,159	61,701,867	26,940,181
Interest on Long-Term Debt	21,078,138	-	-	-
Total Government Activities	514,933,828	44,709,458	65,283,992	31,461,449
Business-type Activities:				
Electric	26,816,560	33,138,456	-	196,343
Gas	36,020,012	41,369,805	15,463	380,514
Water	82,377,888	102,215,430	10,000	5,950,015
Wastewater	63,613,492	59,659,464	-	3,516,496
Solid Waste	31,462,070	47,537,833	-	75,020
Airport	3,971,648	3,317,542	-	505,604
Golf Course	2,679,327	2,250,256	-	50,000
Convention Center	3,849,444	2,825,693	-	-
Hohokam Stadium/Fitch Complex	8,323,724	6,161,320	-	99,996
Cubs Stadium	14,990	51,614	-	-
District Cooling	964,585	945,434	-	-
Total Business-type Activities	260,093,740	299,472,847	25,463	10,773,988
Total Primary Government	\$ 775,027,568	\$ 344,182,305	\$ 65,309,455	\$ 42,235,437

General Revenues:
Sales Taxes
Property Taxes
Occupancy Taxes
Unrestricted State Shared Revenue
Contributions Not Restricted to Specific Programs
Unrestricted Investment Income
Miscellaneous
Transfers In (Out)
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning, as Restated
Net Assets - Ending

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

EXHIBIT A-2 (Continued)

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (40,664,850)	\$ -	\$ (40,664,850)
(258,107,318)	-	(258,107,318)
(44,025,716)	-	(44,025,716)
(9,602,907)	-	(9,602,907)
(21,078,138)	-	(21,078,138)
<u>(373,478,929)</u>	<u>-</u>	<u>(373,478,929)</u>
-	6,518,239	6,518,239
-	5,745,770	5,745,770
-	25,797,557	25,797,557
-	(437,532)	(437,532)
-	16,150,783	16,150,783
-	(148,502)	(148,502)
-	(379,071)	(379,071)
-	(1,023,751)	(1,023,751)
-	(2,062,408)	(2,062,408)
-	36,624	36,624
-	(19,151)	(19,151)
<u>-</u>	<u>50,178,558</u>	<u>50,178,558</u>
\$ (373,478,929)	\$ 50,178,558	\$ (323,300,371)
121,046,053	-	121,046,053
14,243,721	-	14,243,721
2,148,216	-	2,148,216
92,612,858	-	92,612,858
15,610,470	-	15,610,470
617,419	839,348	1,456,767
7,060,132	-	7,060,132
83,334,303	(83,334,303)	-
<u>336,673,172</u>	<u>(82,494,955)</u>	<u>254,178,217</u>
(36,805,757)	(32,316,397)	(69,122,154)
<u>942,027,990</u>	<u>776,756,230</u>	<u>1,718,784,220</u>
<u>\$ 905,222,233</u>	<u>\$ 744,439,833</u>	<u>\$ 1,649,662,066</u>

CITY OF MESA, ARIZONA
EXHIBIT A-3
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2011

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Pooled Cash and Investments	\$ 89,564,715	\$ 651	\$ 95,419,064	\$ 184,984,430
Accounts Receivable (Net of Allowances)	15,396,233	31,390	1,627,766	17,055,389
Accrued Interest Receivable	99,363	-	45,018	144,381
Due From Other Governments	13,814,450	3,403,117	3,054,502	20,272,069
Due From Other Funds	1,915,000	-	-	1,915,000
Prepaid Costs	404,506	-	2,905,610	3,310,116
Deposits	363,733	-	-	363,733
Restricted Assets:				
Pooled Cash and Investments	-	-	37,953,905	37,953,905
Cash With Trustee	-	-	22,490,388	22,490,388
Accounts Receivable	4,332,101	-	5,648,845	9,980,946
Due From Other Governments	-	-	22,993,869	22,993,869
Total Assets	<u>\$ 125,890,101</u>	<u>\$ 3,435,158</u>	<u>\$ 192,138,967</u>	<u>\$ 321,464,226</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants Outstanding	\$ 2,341,770	\$ -	\$ -	\$ 2,341,770
Accounts Payable	11,619,957	1,519,350	7,731,056	20,870,363
Due To Other Funds	-	1,915,000	-	1,915,000
Customer and Defendant Deposits	3,153,061	25	5,889,749	9,042,835
Compensated Absences	1,048,067	-	-	1,048,067
Payable From Restricted Assets:				
Accrued Lease Interest Payable	-	-	194	194
Accrued Bond Interest Payable	-	-	9,749,172	9,749,172
Accrued Note Interest Payable	-	-	756,250	756,250
Deferred Revenue	6,558,186	-	5,648,845	12,207,031
Matured General Obligation Bonds Payable	-	-	21,675,399	21,675,399
Matured Highway User Rev. Bonds Payable	-	-	6,030,000	6,030,000
Matured Capital Leases Payable	-	-	50,043	50,043
Total Liabilities	<u>24,721,041</u>	<u>3,434,375</u>	<u>57,530,708</u>	<u>85,686,124</u>
Fund Balances				
Nonspendable	404,506	-	2,905,610	3,310,116
Restricted	1,991,911	783	112,537,018	114,529,712
Committed	4,897,687	-	19,165,631	24,063,318
Unassigned	93,874,956	-	-	93,874,956
Total Fund Balances	<u>101,169,060</u>	<u>783</u>	<u>134,608,259</u>	<u>235,778,102</u>
Total Liabilities and Fund Balances	<u>\$ 125,890,101</u>	<u>\$ 3,435,158</u>	<u>\$ 192,138,967</u>	<u>\$ 321,464,226</u>

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

CITY OF MESA, ARIZONA

EXHIBIT A-4

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund Balances - total governmental funds	\$ 235,778,102
Amounts reported for governmental activities in the statement of net assets are different because (also see Note 3 to the basic financial statements):	
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	1,276,127,429
Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	55,911,845
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore not reported in the governmental funds.	(685,842,777)
Deferred revenue for long-term rehabilitation loans and special assessments is shown on the governmental funds, but is not deferred on the statement of net assets.	5,720,566
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>17,527,068</u>
Net assets of the governmental activities - statement of net assets	<u>\$ 905,222,233</u>

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

CITY OF MESA, ARIZONA

EXHIBIT A-5

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Sales Taxes	\$ 100,283,750	\$ -	\$ 20,762,303	\$ 121,046,053
Property Taxes	-	-	14,273,796	14,273,796
Occupancy Taxes	2,148,216	-	-	2,148,216
Special Assessments	-	-	1,069,363	1,069,363
Licenses and Permits	9,291,101	-	3,286,325	12,577,426
Intergovernmental	114,387,283	31,852,516	28,541,432	174,781,231
Charges For Services	11,958,110	58,909	8,286,495	20,303,514
Fines and Forfeitures	10,831,835	108,004	880,189	11,820,028
Investment Income	382,535	-	204,264	586,799
Miscellaneous	6,572,075	33,328	811,276	7,416,679
Total Revenues	255,854,905	32,052,757	78,115,443	366,023,105
Expenditures:				
Current:				
General Government	38,843,180	-	-	38,843,180
Public Safety	209,180,440	-	5,985,101	215,165,541
Cultural-Recreational	42,191,344	-	-	42,191,344
Community Environment	11,632,326	25,709,794	31,120,816	68,462,936
Debt Service:				
Principal Retirement	-	-	31,689,924	31,689,924
Interest on Bonds	-	-	19,433,832	19,433,832
Interest on Leases	-	-	201,649	201,649
Interest on Notes	-	-	1,575,694	1,575,694
Service Charges	-	-	9,546	9,546
Cost of Issuance	-	-	29,100	29,100
Capital Outlay	16,952,450	9,995	43,210,145	60,172,590
Total Expenditures	318,799,740	25,719,789	133,255,807	477,775,336
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,944,835)	6,332,968	(55,140,364)	(111,752,231)
Other Financing Sources (Uses):				
Transfers In	83,653,918	-	44,410,587	128,064,505
Transfers Out	(26,948,206)	(12,399,242)	(5,070,857)	(44,418,305)
Face Amount of Bonds Issued	-	-	29,320,000	29,320,000
Premium on Issuance of Bonds	-	-	359,932	359,932
Total Other Financing Sources (Uses)	56,705,712	(12,399,242)	69,019,662	113,326,132
Net Change in Fund Balances	(6,239,123)	(6,066,274)	13,879,298	1,573,901
Fund Balances - Beginning, as Restated	107,408,183	6,067,057	120,728,961	234,204,201
Fund Balances - Ending	\$ 101,169,060	\$ 783	\$ 134,608,259	\$ 235,778,102

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

CITY OF MESA, ARIZONA

EXHIBIT A-6

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, 2011

Net change in fund balances - total governmental funds	\$ 1,573,901
Amounts reported for governmental activities in the statement of activities are different because (also see Note 3 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.	(822,489)
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.	(52,215,224)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$60,172,590) exceeded depreciation (\$55,452,439) in the current period.	4,720,151
The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to increase net assets.	11,866,630
Loss on equity in Joint Venture	(3,279,296)
The issuance of long-term debt (e.g., bonds and capital 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 assets.	2,369,924
Governmental funds report the effect of bond issuance costs, 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.	(929,365)
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.	<u>(89,989)</u>
Change in net assets of the governmental activities - statement of activities	\$ <u><u>(36,805,757)</u></u>

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

CITY OF MESA, ARIZONA
EXHIBIT A-7
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities	Governmental Activities - Internal Service Funds
	Enterprise Fund	
ASSETS		
Current Assets:		
Pooled Cash and Investments	\$ 55,592,988	\$ 40,055,487
Accounts Receivable (Net of Allowances of \$2,615,463)	26,120,802	413,165
Accrued Premiums Receivable	-	1,140,182
Accrued Interest Receivable	238,808	-
Due From Other Governments	2,492,155	17,967
Inventory	-	5,867,894
Prepaid Costs	97,932	308,852
Deposits	5,086,651	-
Restricted Assets:		
Pooled Cash and Investments	51,293,369	-
Customer Deposits	3,119,315	-
Total Current Assets	144,042,020	47,803,547
Noncurrent Assets:		
Restricted Assets:		
Impact & Development Fees:		
Pooled Cash and Investments	98,487	-
Bond Replacement, Extensions and Reserves:		
Pooled Cash and Investments	14,917,527	-
Capital Projects:		
Pooled Cash and Investments	53,692,573	-
Unamortized Bond Issue Costs	4,025,440	-
Total Restricted Assets	72,734,027	-
Capital Assets:		
Land	58,802,555	-
Water Rights	12,760,846	-
Buildings	62,413,552	2,014,156
Other Improvements	174,566,571	4,944,884
Machinery and Equipment	216,413,649	2,133,887
Intangibles	13,683,262	-
Infrastructure	1,201,069,809	-
Construction in Progress	113,470,253	58,997
Less Accumulated Depreciation and Amortization	(550,799,061)	(5,490,622)
Total Capital Assets, Net	1,302,381,436	3,661,302
Investment in Joint Ventures	250,556,816	-
Total Noncurrent Assets	1,625,672,279	3,661,302
Total Assets	\$ 1,769,714,299	\$ 51,464,849

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

CITY OF MESA, ARIZONA
EXHIBIT A-7 (Continued)
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
LIABILITIES		
Current Liabilities-Payable From Current Assets:		
Accounts Payable	\$ 7,806,679	\$ 1,550,760
Other Accrued Expenses	-	29,424,391
Current Liabilities-Payable From Restricted Assets:		
Capital Projects-Accounts Payable	6,284,854	-
Accrued Notes Interest Payable	31,109	-
Accrued Bond Interest Payable	21,576,835	-
Matured Bonds Payable	13,054,601	-
Matured Notes Payable	121,725	-
Customer Deposits and Prepayments	19,629,549	-
Current Portion of Long-term Liabilities:		
Current Portion of Revenue Bonds Payable	24,840,000	-
Current Portion of General Obligation Bonds Payable	679,363	-
Current Portion of Notes Payable	237,489	-
Current Portion of Other Long Term Obligations	116,754	-
Current Portion of Compensated Absences	964,313	103,439
Total Current Liabilities	<u>95,343,271</u>	<u>31,078,590</u>
Long-Term Liabilities:		
Revenue Bonds Payable, Net of Deferred Amounts on Refundings	860,154,679	-
General Obligation Bonds Payable	1,530,367	-
Notes Payable	2,493,636	-
Other Long Term Obligations	116,754	-
Unamortized Bond Premium	16,008,249	-
Compensated Absences	3,198,954	814,120
Post Employment Benefits	43,634,721	4,838,906
Total Long-Term Liabilities	<u>927,137,360</u>	<u>5,653,026</u>
Total Liabilities	<u>1,022,480,631</u>	<u>36,731,616</u>
NET ASSETS		
Invested In Capital Assets, Net of Related Debt	430,435,538	3,661,302
Restricted For:		
Convention Center	272,909	-
Airport	5,422,074	-
Golf Courses	19,425	-
Hohokam Stadium\Fitch Complex	359,948	-
Debt Service	34,783,136	-
Bond Indentures	14,917,527	-
Water, Wastewater & Solid Waste Improvements	98,487	-
Unrestricted	260,924,624	11,071,931
Total Net Assets	<u>\$ 747,233,668</u>	<u>\$ 14,733,233</u>
Adjustment to reflect the consolidation of the internal service funds related to the enterprise fund.	(2,793,835)	
Total net assets of the business-type activities	<u>\$ 744,439,833</u>	

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

CITY OF MESA, ARIZONA

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
Operating Revenues:		
Electric Sales Pledged as Security for Revenue Bonds	\$ 33,138,456	\$ -
Gas Sales Pledged as Security for Revenue Bonds	41,369,805	-
Water Sales Pledged as Security for Revenue Bonds	102,215,430	-
Wastewater Charges Pledged as Security for Revenue Bonds	59,659,464	-
Solid Waste Charges Pledged as Security for Revenue Bonds	47,537,833	-
Airport Fees	3,317,542	-
Golf Course Fees	2,250,256	-
Convention Center Fees	2,825,693	-
Hohokam Stadium/Fitch Complex Fees	6,161,320	-
Cubs Stadium	51,614	-
District Cooling Charges	945,434	-
Charges For Services	-	18,002,284
Self-Insurance Contributions	-	64,329,913
Other	-	66,009
	<hr/>	<hr/>
Total Operating Revenues	299,472,847	82,398,206
Operating Expenses:		
Electric	23,455,135	-
Gas	30,306,602	-
Water	43,801,175	-
Wastewater	21,470,703	-
Solid Waste	29,096,080	-
Airport	2,379,968	-
Golf Course	2,335,861	-
Convention Center	3,807,523	-
Hohokam Stadium/Fitch Complex	7,673,706	-
Cubs Stadium	14,990	-
District Cooling	567,143	-
Warehouse, Maintenance & Services	-	19,267,484
Self-Insurance	-	63,495,689
	<hr/>	<hr/>
Total Operating Expenses	164,908,886	82,763,173
Operating Income (Loss) Before Depreciation and Amortization	134,563,961	(364,967)
Depreciation and Amortization	(45,215,543)	(386,538)
	<hr/>	<hr/>
Operating Income (Loss)	89,348,418	(751,505)
		(Continued)

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

CITY OF MESA, ARIZONA
EXHIBIT A-8 (Continued)
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
Nonoperating Revenues (Expenses):		
Investment Income Pledged as Security for Revenue Bonds	828,608	-
Investment Income Unpledged	10,740	39,110
Intergovernmental	25,463	-
Interest Expense:		
Revenue Bonds	(36,711,130)	-
General Obligation Bonds	(129,439)	-
Notes Payable	(58,659)	-
Other Long Term Obligations	(28,978)	-
Amortization of Bond Issuance and Administrative Costs	(280,107)	-
Gain (Loss) on Disposal of Capital Assets	166,504	(4)
Equity Interest in Joint Ventures	(12,273,892)	-
Total Nonoperating Revenues (Expenses)	<u>(48,450,890)</u>	<u>39,106</u>
Income (Loss) before Transfers and Capital Contributions	40,897,528	(712,399)
Capital Contributions	11,054,685	-
Transfers Out	<u>(83,615,000)</u>	<u>(31,200)</u>
Change in Net Assets	(31,662,787)	(743,599)
Total Net Assets - Beginning, as Restated	<u>778,896,455</u>	<u>15,476,832</u>
Total Net Assets - Ending	<u>\$ 747,233,668</u>	<u>\$ 14,733,233</u>
Adjustment to reflect consolidation of internal service funds related to the enterprise fund.	(653,610)	
Change in net assets of the business-type activities	<u>\$ (32,316,397)</u>	

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

CITY OF MESA, ARIZONA

EXHIBIT A-9

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 296,624,919	\$ -
Cash Received From Users	5,672,569	82,102,123
Cash Payments to Suppliers	(98,559,747)	(72,672,727)
Cash Payments to Employees	(52,088,451)	(8,194,210)
Net Cash Provided By Operating Activities	<u>151,649,290</u>	<u>1,235,186</u>
Cash Flows From Noncapital Financing Activities:		
Intergovernmental	25,463	-
Investment in Joint Ventures	(5,243,277)	-
Transfers Out to Other Funds	(83,615,000)	(31,200)
Net Cash Used For Noncapital Financing Activities	<u>(88,832,814)</u>	<u>(31,200)</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds From Bond Sales	54,801,871	-
Proceeds From Other Long-Term Obligations	350,263	-
Acquisition and Construction of Capital Assets	(46,650,866)	(65,334)
Proceeds From Sale of Capital Assets	544,987	-
Principal Paid on Bonds, Leases and Notes Maturities	(11,095,343)	-
Interest Paid on Bonds, Leases and Notes	(41,849,536)	-
Capital Contributed by Other Governments	3,294,629	-
Capital Contributed by Subdividers	3,966,289	-
Net Cash Used For Capital and Related Financing Activities	<u>(36,637,706)</u>	<u>(65,334)</u>
Cash Flows From Investing Activities:		
Interest Received on Investments	648,025	59,770
Net Cash Provided By Investing Activities	<u>648,025</u>	<u>59,770</u>
Net Increase in Pooled Cash and Investments	26,826,795	1,198,422
Pooled Cash and Investments at Beginning of Year	<u>148,768,149</u>	<u>38,857,065</u>
Pooled Cash and Investments at End of Year	<u>\$ 175,594,944</u>	<u>\$ 40,055,487</u>

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

CITY OF MESA, ARIZONA
EXHIBIT A-9 (Continued)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income (Loss)	<u>\$ 89,348,418</u>	<u>\$ (751,505)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	45,215,543	386,538
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	2,824,641	(296,083)
Decrease in Inventory	-	96,470
Decrease in Deposits and Prepaid Costs	1,769,921	87,529
Increase in Accounts Payable	12,490,767	10,613
Increase in Other Accrued Expense	<u>-</u>	<u>1,701,624</u>
Total Adjustments	<u>62,300,872</u>	<u>1,986,691</u>
Net Cash Provided By Operating Activities	<u><u>\$ 151,649,290</u></u>	<u><u>\$ 1,235,186</u></u>
Noncash Transactions Affecting Financial Position:		
Contributions of Capital Assets	\$ 3,513,069	\$ -
Transfers of Capital Assets from Governmental Funds	280,697	-
Loss on Disposal of Capital Assets	(378,483)	(4)
Amortization of Bond Premium	2,166,452	-
Amortization of Debt Issuance Costs	(280,107)	-
Amortization of Deferred Amounts on Refundings	1,773,546	-

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

CITY OF MESA, ARIZONA

EXHIBIT A-10

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2011

	Payroll Agency
ASSETS	
Pooled Cash and Investments	<u>\$ 11,499,861</u>
Total Assets	<u><u>\$ 11,499,861</u></u>
LIABILITIES	
Accrued Payroll Payable	<u>\$ 11,499,861</u>
Total Liabilities	<u><u>\$ 11,499,861</u></u>

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

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The City of Mesa, Arizona, (the “City”) was incorporated July 5, 1883 with an approximate population of 300 and an area of one square mile. Today, the City’s estimated population is 440,677 within an area of approximately 137 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, transportation, health and certain social services and general administration. In addition, the City owns and operates an enterprise whose activities include operations of electricity, gas, water, wastewater, solid waste, airport, golf courses, convention center, stadium 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.

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54-*Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the previous reporting of Reserved and Unreserved fund balance to five new classifications, which are Nonspendable, Restricted, Committed, Assigned and Unassigned. This statement also added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types.

As a result of implementing GASB Statement No. 54, a new Special Revenue Fund was created for the Local Streets Sales Tax revenues and expenditures that were previously reported in the General Fund. In addition, the Vehicle Replacement and the Regional Transportation Plan Special Revenue Funds were moved to the Capital Projects Funds. The Public Art Special Revenue Fund was dissolved and the fund balance was moved to the General Fund. It was determined that property tax revenues and the court construction fees should be reported in the General Obligation Debt Service Fund. The July 1, 2010 beginning fund balances of the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds have been restated to reflect these changes. (See note 2 – Restatement of Beginning Fund Balances/Net Assets).

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

a. **Reporting Entity**

The accompanying financial statements include the City and its blended component unit, the City of Mesa Municipal Development Corporation, collectively referred to as “the financial reporting entity”. In accordance with GASB No. 14, the component unit discussed below has been included in the City’s reporting entity because of the significance of its operational or financial relationship with the City.

City of Mesa Municipal Development Corporation is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City in the acquisition and

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

financing of municipal projects and facilities. The corporation is governed by a board of directors which is responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the corporation is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and or construction of public facilities for the City. Separate financial statements for the corporation can be obtained through the City's Accounting Services Division.

b. **Jointly Governed Organizations**

Phoenix – Mesa Gateway Airport Authority (“PMGAA”) is a nonprofit corporation established and funded by the City, the City of Phoenix, and 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 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.

Regional Public Transportation Authority (“RPTA”) 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. The City's annual membership fee for this fiscal year was approximately \$173,775. In addition, AMWUA contracts with the cities jointly using a multi-city sanitary sewer system to perform certain accounting, administrative and support services (see Note 13).

c. **Basic Financial Statements**

Government-wide Financial Statements: The government-wide financial statements (the statement of net assets and the statement of activities) report on the City as a whole, excluding fiduciary activities. 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. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. Certain charges between the Enterprise Fund's utility systems and the various functional activities are

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

not eliminated, as this would distort the direct costs and program revenues reported for the various functions concerned.

The government-wide statement of net assets reports all financial and capital resources of the City, excluding fiduciary funds. It is presented in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be presented in three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, capital leases, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets 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. All net assets not otherwise classified as restricted, 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 assets are available.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functional activities and segments 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.) or segment. Expenses reported for the various functional activities or segments 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 or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, 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 and segments 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, proprietary funds and fiduciary funds. However, the fiduciary funds are not included in the government-wide financial statements. 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 only one enterprise fund, which is reported as a 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 after the basic financial statements.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

d. **Measurement Focus, Basis 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 deferred 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 collected and held by merchants at year-end on behalf of the City are recognized as revenue. 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 deferred special assessments 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. An exception to this general rule is interest on long-term debt which is recorded when due.

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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 and Fiduciary 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.

GASB Statement No. 20 requires that governments' proprietary and business-type activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements to its enterprise fund and business-type activities.

The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

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 the 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 (General Government, Public Safety, Cultural-Recreational, etc.) on the government-wide 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.

The City's fiduciary fund is presented in the fund financial statements. The City's fiduciary fund is an agency fund, which is custodial in nature and does not involve measurement of results of operations. The agency fund is accounted for on the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, reserves, 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 the following major governmental funds:

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

The **Highway User Revenue Fund** 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.

The City reports the following non-major governmental funds:

Seven non-major **Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

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

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

The City reports the following major proprietary fund:

The **Enterprise Fund** has been established to account for all enterprise functions. This includes the City-owned electric, gas, water, wastewater and solid waste systems, as well as the City-owned airport, golf courses, convention center, stadiums and district cooling.

Additionally, the City reports the following fund types:

The **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, and self-insurance for property and public liability, workers' compensation and employee benefit programs.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The **Agency Fund** is used to account for assets being held by the City as an agent in a temporary custodial capacity. The Payroll Agency Fund accounts for all payroll transactions.

f. **Pooled Cash and Investments**

The City maintains an invested pool that is available for use by all City funds. Each funds portion of this pool is reported on the financial statements as “pooled cash and investments”.

A single master custodian holds all assets of the invested pool. In addition, certain cash deposits and investments are also held separately by various City funds in separate accounts.

At year-end, City cash totaled \$23,266,077 which includes \$219,040 of petty cash. The carrying amount of the City’s deposits was \$23,047,037 and the bank balance was \$21,012,963. The entire balance was covered by federal depository insurance. The difference of \$2,034,074 represents deposits in transits, outstanding checks and other reconciling items.

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 less than three years.

The City has purchased its own Special Improvement District Bonds with maturities that exceed three years.

Credit Risk. The City’s Policy is consistent with the City Charter which authorizes the investment of City funds in accordance with Arizona Revised Statute §35-313. 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 and the State Treasurer’s Investment Pool. The State Treasurer’s Investment Pool is overseen according to Arizona State Statute by the State Board of Deposit. The fair value of each share as of June 30, 2011, is equal to \$1.00. The State Treasurer’s Investment Pool #7 that the City participates in does not receive a credit quality rating.

The City’s investment in the Federal Agency Securities are rated AAA by Standard & Poor’s. The City’s Special Improvement District bonds have no credit rating.

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The City’s investments that are reflected in the financial statements as cash total \$345,486,859.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The City's investments at June 30, 2011 are as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Concentration of Credit Risk %</u>
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-2</u>	<u>More than 2</u>	
U.S. Treasuries	\$ 54,078,674	\$ 16,166,504	\$ 36,288,923	\$ 1,623,247	52.09 %
U.S. Agencies:					
Federal Home Loan Bank	7,830,944			7,830,944	7.54
Federal Home Loan Mortgage Corp.	13,499,996		13,499,996		13.00
Federal National Mortgage Assn	24,863,455	5,492,195	7,114,607	12,256,653	23.95
City of Mesa Special Improvement District Bonds	3,553,010	335,000	335,000	2,883,010	3.42
Total	\$ <u>103,826,079</u>	\$ <u>21,993,699</u>	\$ <u>57,238,526</u>	\$ <u>24,593,854</u>	<u>100.00 %</u>

None of these Investments are callable.

Total Pooled City Cash and Investments at fair value are as follows:

Cash on Hand	\$ 219,040
Carrying Amount of City Deposits	23,047,037
Investments in Local Govt Invest Pool	242,341,350
Repurchase Agreement	80,655,121
Cash with Trustee	22,490,388
Long-Term Investments	<u>103,826,079</u>
Total Pooled Cash and Investments	\$ <u>472,579,015</u>

Interest income from investments is recorded as revenue within the fund that made the investment, with the exception of the Debt Service, Capital Projects and Agency Funds. Income from investments within these funds is recorded in the General or Enterprise Fund based upon their general governmental or enterprise related function.

The City had a net increase in the fair value of investments during fiscal year 2010-11 of \$360,591. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

g. **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 uncollectibles as follows:

Fund	Receivables	Allowance	Net
Governmental Activities:			
General Fund:			
Taxes	\$ 11,013,266	\$ (1,535,000)	\$ 9,478,266
Courts	52,306,410	(48,573,919)	3,732,491
Other Customers	3,233,381	(1,047,905)	2,185,476
Restricted	4,332,101	-	4,332,101
Due from Other Governments			
State Shared Revenues	7,350,213	-	7,350,213
Other	6,464,237	-	6,464,237
Highway User Revenue Fund:			
Customers	31,390	-	31,390
Due from Other Governments:	3,403,117	-	3,403,117
Non-Major Governmental Funds:			
Taxes	1,582,635	-	1,582,635
Other Customers	45,131	-	45,131
Restricted-Spec. Assessments	5,246,412	-	5,246,412
Restricted-Property Taxes	402,433	-	402,433
Due from Other Governments	3,054,502	-	3,054,502
Restricted-Due from Other Governments	22,993,869	-	22,993,869
Internal Service Funds			
Customers	1,553,347	-	1,553,347
Due from Other Governments	17,967	-	17,967
Total Governmental Activities	\$ 123,030,411	\$ (51,156,824)	\$ 71,873,587
Business-Type Activities:			
Utility Customers	\$ 26,932,286	\$ (2,438,203)	\$ 24,494,083
Other Customers	1,803,979	(177,260)	1,626,719
Due from Other Governments	2,492,155	-	2,492,155
Total Business-type Activities	\$ 31,228,420	\$ (2,615,463)	\$ 28,612,957

h. **Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Rehabilitation Revolving Loans not yet due (General Fund)	\$ 71,721
Surcharges included in Court Receivables (General Fund)	4,260,277
Grants received prior to meeting all eligibility requirements (General Fund)	2,226,188
Delinquent Property Taxes (Debt Service Fund)	402,433
Special assessments not yet due (Debt Service Fund)	<u>5,246,412</u>
Total deferred revenue for governmental funds	<u>\$ 12,207,031</u>

i. **Interfund Receivables, Payables, and Transfers**

The following interfund activities are included in the fund financial statements at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 1,915,000	\$ -
Highway User Revenue Fund	-	1,915,000
Total Governmental funds	<u>\$ 1,915,000</u>	<u>\$ 1,915,000</u>

The interfund balances at June 30, 2011 are short-term loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2011 are expected to be repaid within one year.

The net transfers of \$83,334,303 from business-type activities to governmental activities on the government-wide statement of activities are primarily operational subsidies from the Enterprise Fund to the General Fund and capital assets with a book value of \$280,697 that were transferred between governmental and business-type activities. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2011:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental funds:		
General Fund	\$ 26,948,206	83,653,918
Highway User Revenue Fund	12,399,242	-
Non-major Governmental Funds	5,070,857	44,410,587
Total governmental funds	44,418,305	128,064,505
Proprietary funds:		
Enterprise Fund	83,615,000	-
Internal Service Funds	31,200	-
Total	<u>\$ 128,064,505</u>	<u>\$ 128,064,505</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The 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; 2) subsidy transfers.

j. **Inventory**

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 expenditure at the time individual items are consumed.

k. **Unbilled Accounts Receivable**

Unbilled utility service receivables are recorded in the year in which the services are provided. At June 30, 2011, unbilled utility service receivables are recorded in the Enterprise Fund as follows:

Electric	\$	1,220,844
Gas		987,627
Water		4,929,726
Wastewater		2,080,649
Solid Waste		1,607,435
	\$	<u>10,826,281</u>

l. **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 \$5,000 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 with a value of \$280,697, net of accumulated depreciation, were transferred to the business-type activities.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributions of assets are stated at fair market value based on appraisals or engineering estimates of 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.

Prior to June 30, 1978, the City did not maintain detailed property cost records of its capital assets other than for rolling stock. A physical inventory was performed during the fiscal year ended June 30, 1978 and detailed property records were prepared. Generally, the assets were

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

recorded at cost. Where historical cost information was not available, the assets were valued at estimated cost using engineering estimates, appraisals or current replacement cost, adjusted to the year of acquisition.

The City has made various class changes to both the government-wide and business-type capital asset classifications during fiscal year 2010–11 in preparation for the implementation of fully integrated ERP system expected to go live in fiscal year 2012. The changes did not affect the overall capital asset cost.

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

The estimated useful lives are as follows:

Buildings	15-50 Years
Other Improvements	10-50 Years
Machinery and Equipment	3-30 Years
Intangibles	3-99 Years
Infrastructure	10-99 Years

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2011 follows:

	Balance July 1, 2010, as Restated	Additions	Retirements	Class Change and Transfers	Balance June 30, 2011
Governmental Activities:					
Non-depreciable Assets:					
Land	\$ 261,770,684	\$ 4,371,159	\$ -	\$ (338,387)	\$ 265,803,456
Construction-in-Progress	138,554,539	58,963,357	(107,975,522)	-	89,542,374
Total Non-depreciable Assets	<u>400,325,223</u>	<u>63,334,516</u>	<u>(107,975,522)</u>	<u>(338,387)</u>	<u>355,345,830</u>
Depreciable Assets:					
Buildings	305,264,399	3,788,104	(2,491,510)	(5,948,218)	300,612,775
Other Improvements	141,877,230	86,728,960	(1,486,440)	(11,684,721)	215,435,029
Machinery & Equipment	163,298,576	5,304,067	(19,139,424)	(9,397,059)	140,066,160
Intangibles	150,107	26,471	-	-	176,578
Infrastructure	775,313,923	17,579,936	(91,645)	27,086,819	819,889,033
Total Depreciable Assets	<u>1,385,904,235</u>	<u>113,427,538</u>	<u>(23,209,019)</u>	<u>56,821</u>	<u>1,476,179,575</u>
Less Accumulated Depreciation for:					
Buildings	(66,036,014)	(5,391,114)	749,615	2,919,668	(67,757,845)
Other Improvements	(58,887,632)	(10,044,730)	1,168,221	(465,682)	(68,229,823)
Machinery & Equipment	(114,907,406)	(13,787,977)	19,098,593	14,414,771	(95,182,019)
Intangibles	(134,590)	(27,950)	-	-	(162,540)
Infrastructure	(276,972,002)	(26,587,206)	22,649	(16,867,888)	(320,404,447)
Total Accum. Depreciation	<u>(516,937,644)</u>	<u>(55,838,977)</u>	<u>21,039,078</u>	<u>869</u>	<u>(551,736,674)</u>
Total Depreciable Assets, net	<u>868,966,591</u>	<u>57,588,561</u>	<u>(2,169,941)</u>	<u>57,690</u>	<u>924,442,901</u>
Governmental Activities					
Capital Assets, net	<u>\$ 1,269,291,814</u>	<u>\$ 120,923,077</u>	<u>\$ (110,145,463)</u>	<u>\$ (280,697)</u>	<u>\$ 1,279,788,731</u>

Depreciation expense was charged to governmental functions in the government-wide financial statements as follows:

General Government	\$ 9,770,951
Public Safety	10,745,368
Cultural - Recreational	6,309,539
Community Environment	28,626,581
Capital assets held by the City's Internal Service funds are charged to the various functions based on their usage of the assets	<u>386,538</u>
Total Depreciation \$	<u>55,838,977</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010, as Restated	Additions	Retirements	Class Change and Transfers	Balance June 30, 2011
Business-type Activities:					
Non-depreciable Assets:					
Land	\$ 59,946,543	\$ -	\$ (1,143,988)	\$ -	\$ 58,802,555
Water Rights	17,569,867	-	(4,809,021)	-	12,760,846
Construction-in-Progress	118,158,260	52,082,036	(56,770,043)	-	113,470,253
Total Non-depreciable Assets	<u>195,674,670</u>	<u>52,082,036</u>	<u>(62,723,052)</u>	<u>-</u>	<u>185,033,654</u>
Depreciable Assets:					
Buildings	92,701,747	5,222,139	-	(35,510,334)	62,413,552
Other Improvements	1,363,453,007	7,437,283	(1,009,858)	(1,195,313,861)	174,566,571
Machinery & Equipment	131,049,353	49,083,121	(8,628,344)	44,909,519	216,413,649
Intangibles	13,564,978	118,284	-	-	13,683,262
Infrastructure	7,145,836	8,331,205	(603,474)	1,186,196,242	1,201,069,809
Total Depreciable Assets	<u>1,607,914,921</u>	<u>70,192,032</u>	<u>(10,241,676)</u>	<u>281,566</u>	<u>1,668,146,843</u>
Less Accum. Depr. & Amort. for:					
Buildings	(32,435,782)	(2,126,172)	-	8,678,013	(25,883,941)
Other Improvements	(393,832,588)	(6,506,889)	2,706,002	356,971,477	(40,661,998)
Machinery & Equipment	(77,787,873)	(22,050,851)	4,825,130	7,112,367	(87,901,227)
Intangibles	(9,345,594)	(417,417)	-	-	(9,763,011)
Infrastructure	(266,650)	(14,114,214)	554,706	(372,762,726)	(386,588,884)
Total Accum. Depr. & Amort.	<u>(513,668,487)</u>	<u>(45,215,543)</u>	<u>8,085,838</u>	<u>(869)</u>	<u>(550,799,061)</u>
Total Depreciable Assets, net	<u>1,094,246,434</u>	<u>24,976,489</u>	<u>(2,155,838)</u>	<u>280,697</u>	<u>1,117,347,782</u>
Business-type Activities					
Capital Assets, net	<u>\$ 1,289,921,104</u>	<u>\$ 77,058,525</u>	<u>\$ (64,878,890)</u>	<u>\$ 280,697</u>	<u>\$ 1,302,381,436</u>

Depreciation and Amortization expense was charged to enterprise functions in the government-wide financial statement as follows:

Electric	\$ 2,982,802
Gas	3,037,528
Water	19,681,747
Wastewater	14,316,638
Solid Waste	2,292,728
Airport	1,577,362
Golf Course	262,787
Convention Center	18,180
Stadium	648,329
District Cooling	397,442
Total Depreciation and Amortization	<u>\$ 45,215,543</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

<u>Governmental Activities</u>	<u>Construction in Progress</u>	<u>Commitments</u>
General Government	\$ 7,593,657	\$ 302,213
Public Safety	34,965,178	6,717,127
Cultural-Recreational	12,048,648	388,910
Community Environmental	34,875,894	9,113,532
Warehouse, Maintenance & Services	58,997	22,363
Total	<u>\$ 89,542,374</u>	<u>\$ 16,544,145</u>
 <u>Business-type Activities</u> 		
Electric	\$ 19,226,906	\$ 2,591,896
Gas	12,525,806	1,118,685
Water	65,533,776	14,192,125
Wastewater	8,229,124	3,214,103
Solid Waste	1,078,181	1,090,904
Airport	3,884,520	53,694
Golf Course	29,374	7
Convention Center	1,083,077	1
Stadium	254,395	18,500
Hohokam	1,134,434	59
District Cooling	490,660	28,428
Total	<u>\$ 113,470,253</u>	<u>\$ 22,308,402</u>

m. **Capitalization of Interest**

For the year ended June 30, 2011, the City capitalized net interest costs of \$5,675,166 (interest expense of \$5,710,498 reduced by interest income of \$35,332 in the Business-type Activities Enterprise Fund). Total interest expense and income in the Business-type Activities Enterprise Fund before capitalization was \$42,638,704 and \$874,680 respectively.

n. **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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 \$175,000 per contract year. There were no changes in insurance coverage during this fiscal year for any of the three Self-Insurance Funds.

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. The claims liability in the Workers Compensation and Employee Benefits Funds are generated by the claims processing software systems maintained by City Staff.

The stop loss receivable balance for the Workers' Compensation Fund at June 30, 2011 is \$293,588. Over the past three fiscal years the Fund has received settlements in excess of insurance coverage of \$507,901 with \$287,911 received this current fiscal year. The Property and Public Liability Fund does not have a stop loss receivable at June 30, 2011, and the Fund has not received any settlements in excess of insurance coverage over the past three fiscal years. The stop loss receivable for the Employee Benefits Fund at June 30, 2011 is \$119,577. Over the past three fiscal years the Fund has received settlements in excess of insurance coverage of \$3,123,571 with \$2,611,967 received this current fiscal year.

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

	Property & Public Liability	Workers' Compensation	Employee Benefits	Total
Unpaid Claims, 6/30/09	\$ 23,500,000	\$ 6,962,630	\$ 3,793,067	\$ 34,255,697
Adjustments to Reserves-FY 09-10	768,233	3,711,902	50,014,525	54,494,660
Claim Payments-FY 09-10	<u>(6,632,233)</u>	<u>(2,953,506)</u>	<u>(50,076,301)</u>	<u>(59,662,040)</u>
Unpaid Claims, 6/30/10	\$ 17,636,000	\$ 7,721,026	\$ 3,731,291	\$ 29,088,317
Adjustments to Reserves-FY 10-11	\$ 545,129	\$ 6,876,420	\$ 51,013,683	\$ 58,435,232
Claim Payments-FY 10-11	<u>(3,540,129)</u>	<u>(3,127,828)</u>	<u>(51,431,201)</u>	<u>(58,099,158)</u>
Unpaid Claims, 6/30/11	<u>\$ 14,641,000</u>	<u>\$ 11,469,618</u>	<u>\$ 3,313,773</u>	<u>\$ 29,424,391</u>

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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

o. **Compensated Absences**

The current portion of governmental funds accrued vacation and sick leave benefits payable are included as a liability in the fund financial statements. The entire amount of accumulated unpaid vested vacation pay 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 (see Note 6 for additional disclosure of long-term balances).

p. **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 the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that can not be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) 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 to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Controller for approval/nonapproval. 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

As of June 30, 2011 the fund balance details by classification are listed below:

Fund Balances:	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Costs	\$ 404,506	\$ -	\$ 2,905,610	\$ 3,310,116
Restricted:				
Debt Service	-	-	45,042,831	45,042,831
Capital Projects	-	-	32,460,114	32,460,114
Streets Projects	-	783	32,892,046	32,892,829
General Government	11,892	-	-	11,892
Public Safety	275,065	-	-	275,065
Cultural-Recreational	114,120	-	-	114,120
Community Environment	-	-	2,142,027	2,142,027
Court	1,590,834	-	-	1,590,834
Committed To:				
General Govt	1,069,197	-	134,273	1,203,470
Cultural-Recreational	539,078	-	2,153,143	2,692,221
Public Safety	2,754,593	-	350,834	3,105,427
Building Safety	478,171	-	-	478,171
Community Environment	12,702	-	6,751,088	6,763,790
Vehicle Replacements	-	-	5,185,807	5,185,807
General Govt Facilities	-	-	4,590,486	4,590,486
Other Commitments	43,946	-	-	43,946
Unassigned	<u>93,874,956</u>	<u>-</u>	<u>-</u>	<u>93,874,956</u>
Total Fund Balances	<u>\$ 101,169,060</u>	<u>\$ 783</u>	<u>\$ 134,608,259</u>	<u>\$ 235,778,102</u>

The Mayor and Council has established a minimum fund balance policy for the General Fund of eight to ten percent of budgeted expenditures. The fund balance in the General Fund as of June 30, 2011 as reported in Exhibit B-3 is 21.9% of General Fund expenditures budgeted for fiscal year 2011-2012.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

q. **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 repurchase agreements and all monies in the State Treasurer's Local Government Investment Pool since the City may deposit or withdraw cash at any time without prior notice or penalty.

r. **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. The final adoption of the operating budget is by ordinance.

Prior to June 1, the City Manager submits to the City Council a proposed operating budget 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, and from the resolution itself that limits expenditures by fund and by departmental groupings. Transfers of sums within a specific fund or departmental group may be made upon City Manager approval.

The legally adopted budget consists of all funds except the Agency Fund. Capital Projects (both Governmental and Proprietary) are budgeted as one item (as shown in Exhibit D-5). Governmental debt service expenditures are budgeted in the General Fund and Special Revenue Funds.

Budget schedules for the major governmental funds (General and Highway User Revenue Funds) are presented in the Required Supplementary Information Section, and the other funds are located in the Supplementary Information Section. Additional detailed budget schedules for the General and Highway User Revenue Funds are also 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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

by population and inflation, with certain expenditures excluded from the limitation. The State Economic Estimates Commission determines and publishes, prior to April 1st of each year, the expenditure limitation for the following fiscal year for each governmental unit. Fiscal year 1979-80 is the base year for calculations.

Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Mesa City Charter. There are certain differences between the basis used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. For additional detail, see the note to required supplementary information and the individual budget schedules in the supplemental information exhibits.

Budgeted amounts are as originally adopted by the City Council on June 21, 2010.

s. **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 appropriation 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, 2011 and are made in accordance with State Statutes.

t. **Property Taxes**

The City's secondary property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value 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 percent. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of 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 is "unlimited" and the actual full cash value of property is used in determining the tax rate.

In fiscal year 2010-11, current property tax collections were \$13,889,057 or 97.4% 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 deferred revenue. The

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

receivable at 06/30/11 was \$843,859 of which \$441,426 was recorded as revenue and \$402,433 as deferred revenue.

2. RESTATEMENT OF BEGINNING FUND BALANCES /NET ASSETS

a. **Governmental Fund Balances**

The restatement of beginning fund balances related to the implementation of GASB 54 is as follows:

	<u>General Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Debt Service Funds</u>	<u>Non-Major Capital Project Funds</u>
Fund Balance at 06/30/2010, as Previously Reported	\$ 132,934,983	\$ 26,332,523	\$ 45,338,759	\$ 23,530,879
Reclassifications:				
Regional Transportation Plan Fund	\$ -	\$ (2,867,180)	\$ -	2,867,180
Court Construction Fee Fund	-	(382)	382	-
Public Art Fund	17,181	(17,181)	-	-
Street Sales Tax Fund	(25,543,981)	25,543,981	-	-
Vehicle Replacement Fund	-	(4,839,313)	-	4,839,313
Fund Balance at 07/01/2010, as Restated	<u>\$ 107,408,183</u>	<u>\$ 44,152,448</u>	<u>\$ 45,339,141</u>	<u>\$ 31,237,372</u>

Property tax revenues were moved to the debt service fund, however no restatement was necessary as all property tax revenues were spent as of 06/30/2010.

b. **Governmental Activities, Business Type Activities and Enterprise Fund Net Assets**

Beginning net assets of the Business-type activities have been restated for an error in calculating joint venture expenses relating to the joint water reclamation plant with the towns of Gilbert and Queen Creek. The adjustment is for the fiscal years ending 06/30/2007 through 06/30/2010. Net assets also have been restated for the bond premiums from the 2009 utility revenue bond sale. These will be amortized over the life of the bond issue. In addition, beginning net assets of the Governmental Activities have been restated for an error in calculating depreciation expense related to a capital lease. The adjustment is for the fiscal years ending June 30, 2009 and June 30, 2010.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The effect on net assets for the Government-wide Statements and the Fund Statements is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Enterprise Fund</u>
Net Assets at 06/30/10, as Previously Reported	\$ 935,383,146	\$ 753,530,517	\$ 755,670,742
Capitalized Lease Depreciation Adjustment	6,644,844		
Unamortized Premium Adjustment		(407,356)	(407,356)
Joint Venture Adjustment		<u>23,633,069</u>	<u>23,633,069</u>
Net Assets at 07/01/10, as Restated	<u>\$ 942,027,990</u>	<u>\$ 776,756,230</u>	<u>\$ 778,896,455</u>

3. RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE 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. Additional reconciliations are provided on the next page.

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Reconciliation of the Governmental Funds Balance Sheet to the government-wide Statement of
 Net Assets:

	Total Governmental Funds	Long-term Assets/ Liabilities(1)	Internal Service Funds(2)	Reclassifications and Eliminations	Statement of Net Assets Total
Assets					
Pooled Cash and Investments	\$ 184,984,430		\$ 40,055,487		\$ 225,039,917
Accounts Receivable, net	17,055,389		1,553,347		18,608,736
Interest Receivable	144,381				144,381
Due From Other Governments	20,272,069		17,967		20,290,036
Due From Other Funds	1,915,000		2,793,835	(1,915,000)	2,793,835
Inventories			5,867,894		5,867,894
Prepaid Costs	3,310,116		308,852		3,618,968
Deposits	363,733				363,733
Restricted Pooled Cash and Investments	37,953,905				37,953,905
Restricted Cash With Trustee	22,490,388				22,490,388
Restricted Accounts Receivable	9,980,946				9,980,946
Restricted Due From Other Governments	22,993,869				22,993,869
Unamortized Bond Issuance Costs		2,022,914			2,022,914
Investment in Joint Ventures		53,888,931			53,888,931
Capital Assets		1,276,127,429	3,661,302		1,279,788,731
Total Assets	<u>\$ 321,464,226</u>	<u>\$ 1,332,039,274</u>	<u>\$ 54,258,684</u>	<u>\$ (1,915,000)</u>	<u>\$ 1,705,847,184</u>
Liabilities					
Warrants Outstanding	\$ 2,341,770				\$ 2,341,770
Accounts Payable	20,870,363		1,550,760		22,421,123
Other Accrued Expenses			29,424,391		29,424,391
Due To Other Funds	1,915,000			(1,915,000)	-
Customer and Defendant Deposits	9,042,835				9,042,835
Compensated Absences	1,048,067				1,048,067
Restricted Lease Interest Payable	194				194
Restricted Bond Interest Payable	9,749,172				9,749,172
Restricted Note Interest Payable	756,250				756,250
Restricted Deferred Revenue	12,207,031	(5,720,566)			6,486,465
Matured G.O. Bonds Payable	21,675,399				21,675,399
Matured HURF Bonds Payable	6,030,000				6,030,000
Matured Capital Leases Payable	50,043				50,043
Long-term Liabilities		685,842,777	5,756,465		691,599,242
Total Liabilities	<u>85,686,124</u>	<u>680,122,211</u>	<u>36,731,616</u>	<u>(1,915,000)</u>	<u>800,624,951</u>
Fund Balance/Net Assets					
Total Fund Balance/Net Assets	<u>235,778,102</u>	<u>651,917,063</u>	<u>17,527,068</u>	<u>-</u>	<u>905,222,233</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 321,464,226</u>	<u>\$ 1,332,039,274</u>	<u>\$ 54,258,684</u>	<u>\$ (1,915,000)</u>	<u>\$ 1,705,847,184</u>

(1) 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 assets includes those capital assets among the assets of the City as a whole.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Costs of capital assets	\$1,822,373,488
Accumulated depreciation	<u>(546,246,059)</u>
	<u>\$1,276,127,429</u>

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 assets for the City as a whole.

Investment in joint ventures	\$ <u>53,888,931</u>
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Bond issuance costs are expended when incurred in governmental funds, but are deferred and amortized over the life of the bonds in the statement of net assets.

Unamortized bond issuance costs	\$ <u>2,022,914</u>
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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	\$ 411,406,859
Notes payable	45,000,000
Capital leases	2,165,596
Compensated absences	16,376,719
Post employment benefits	203,548,142
Unamortized bond premiums	<u>7,345,461</u>
	<u>\$ 685,842,777</u>

Deferred revenue for the long-term special assessment receivables, property tax receivables and for the rehabilitation loan program shown on the governmental fund statements is not deferred on the statement of net assets.

Deferred property tax revenues	402,433
Deferred special assessment revenue	\$ 5,246,412
Deferred rehabilitation loan revenue	<u>71,721</u>
	<u>\$ 5,720,566</u>

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

Total	\$ <u>17,527,068</u>
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(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- Related Items (2)	Internal Service Funds (3)	Long-term Debt Transactions (4)	Eliminations and Adjustments (5)	Statement of Activities
Revenues and Other Sources							
Taxes	\$ 12,104,053	\$	\$	\$	\$	\$	\$ 12,104,053
Property Taxes	14,273,796	(30,075)					14,243,721
Occupancy Taxes	2,148,216						2,148,216
Special Assessments	1,069,363	(783,885)					285,478
Licenses and Permits	12,577,426						12,577,426
Intergovernmental	174,781,231	(8,529)					174,772,702
Charges for Services	20,303,514						20,303,514
Contributions				15,610,470			15,610,470
Fines and Forfeitures	11,820,028						11,820,028
Investment Income	586,799			39,110			625,909
Miscellaneous	7,416,679			79,962	(436,509)		7,060,132
Other Sources:							
Capital Contributions			14,300,119				14,300,119
Transfers In	128,064,505			(31,200)		(44,410,587)	83,622,718
Face Amount of Bond Sales	29,320,000				(29,320,000)		-
Premiums on Issuance of Bonds	359,932				(359,932)		-
Total Revenues and Other Sources	<u>523,767,542</u>	<u>(822,489)</u>	<u>14,300,119</u>	<u>15,698,342</u>	<u>(30,116,441)</u>	<u>(44,410,587)</u>	<u>478,416,486</u>
Expenditures / Expenses							
Current:							
General Government	38,843,180	6,984,302	11,559,981	2,161,235	2,971		59,551,669
Public Safety	215,165,541	36,476,684	10,774,473	10,858,125	45,333		273,320,156
Cultural-Recreational	42,191,344	4,598,927	6,434,285	1,289,198	35,998		54,549,752
Community Environment	68,462,936	4,164,857	32,115,788	1,479,773	210,761		106,434,115
Debt Service:							
Principal Payments	31,689,924				(31,689,924)		-
Interest on Bonds	19,433,832				(133,039)		19,300,793
Interest on Capital Leases	201,649						201,649
Interest on Notes	1,575,694						1,575,694
Service Charges	9,546	(9,546)					-
Cost of Issuance	29,100				(29,100)		-
Capital Outlay	60,172,590		(60,172,590)				-
Total Expenditures / Expenses	<u>477,775,336</u>	<u>52,215,224</u>	<u>7,119,37</u>	<u>15,788,331</u>	<u>(31,557,000)</u>	<u>-</u>	<u>514,933,828</u>
Other Financing Uses / Changes in Net Assets							
Transfers Out	44,418,305		280,697			(44,410,587)	288,415
Total Expenditures / Expenses & Other Financing Uses	<u>522,193,641</u>	<u>52,215,224</u>	<u>992,634</u>	<u>15,788,331</u>	<u>(31,557,000)</u>	<u>(44,410,587)</u>	<u>515,222,243</u>
Net Change for the Year	\$ <u>1573,901</u>	\$ <u>(53,037,713)</u>	\$ <u>13,307,485</u>	\$ <u>(89,989)</u>	\$ <u>1,440,559</u>	\$ <u>-</u>	\$ <u>(36,805,757)</u>

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

Property tax revenue	\$ (30,075)
Special assessment revenue	(783,885)
Rehabilitation loan revenue	(8,529)
Total	\$ <u>(822,489)</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Accrual of long-term compensated absences	\$ 1,321,179
Accrual of post employment benefits	<u>(53,536,405)</u>
Total	<u>\$ (52,215,224)</u>

- (2) When capital assets that are to be used in the governmental activities are purchased or constructed, or are to be classified as investment in joint venture, 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 expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay for capital assets	\$ 58,898,023
Capital outlay for joint venture	1,274,567
Depreciation expense	(55,452,439)
Loss on equity interest for joint venture	<u>(3,279,296)</u>
Total	<u>\$ 1,440,855</u>

The net effect of miscellaneous transactions involving capital assets (donations, transfers and disposals) is to increase net assets.

Donation of capital assets	\$ 14,300,119
Loss on disposal of capital assets	(2,152,792)
Transfer of capital assets reclassified to transfer in	<u>(280,697)</u>
Total	<u>\$ 11,866,630</u>

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

Revenue and other sources	\$ 15,729,542
Expenditures and other uses	(15,788,331)
Transfers out to General Fund	<u>(31,200)</u>
Change in net assets	<u>\$ (89,989)</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

- (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.

New debt issued (including refunded debt)	
General Obligation bond proceeds	\$ (29,320,000)
Principal repayments	<u>31,689,924</u>
Total	\$ <u><u>2,369,924</u></u>

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

Amortization of bond issue costs	\$ (265,964)
Amortization of deferred refunding amounts	(1,173,630)
Current year bond premium additions	(796,440)
Amortization of bond premiums	<u>1,306,669</u>
Total	\$ <u><u>(929,365)</u></u>

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

Transfers out	\$ (44,410,587)
Transfers in	<u>44,410,587</u>
Total	\$ <u><u>-</u></u>

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

4. RETIREMENT AND PENSION PLANS

All full-time employees of the City are covered by one of three pension plans. The Arizona State Retirement System is for the benefit of the employees of the state and certain other governmental jurisdictions. All full-time City employees, except fire and police personnel, are included in the plan that is a multiple-employer cost-sharing defined benefit pension plan. All police and fire personnel participate in the Public Safety Personnel Retirement System that is an agent multiple-employer plan. In addition, the Mayor and Councilmembers contribute to the State's Elected Officials Retirement Plan that is also a multiple-employer cost-sharing pension plan.

Arizona State Retirement System:

a. **Plan Description**

All the City's full-time general employees participate in the Arizona State Retirement System ("System"), a multiple-employer, cost-sharing defined benefit pension plan. The System 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. The System is administered in accordance with Title 38, Chapter 5 of the Arizona Revised Statutes. The System provides for retirement, disability, and death and survivor benefits. The System 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, 3300 N. Central Avenue, Suite 1300, Phoenix, Arizona, 85012 or by calling 1-800-621-3778.

b. **Funding Policy**

Covered employees were required by state statute to contribute 9.85 percent of their salary to the System during fiscal year 2010-11 and the City was required to match it. The Arizona Revised Statutes ("A.R.S.") provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to legislate a contribution rate other than the actuarially determined rate. The City's contributions to the System for the years ending June 30, 2011, 2010 and 2009 were \$13,347,661, \$13,134,628 and \$13,983,834 respectively, which were equal to the required contributions for each year. The City's employees contributed equal amounts to the System for the same time period.

Elected Officials Retirement Plan:

a. **Plan Description**

The City's Mayor and Councilmembers participate in the Elected Officials Retirement Plan ("EORP") a multiple employer, cost-sharing defined benefit pension plan. The Fund Manager of the Public Safety Personnel Retirement System ("PSPRS") is the administrator

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

for the EORP that was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain city elected officials. EORP provides retirement benefits as well as death and disability benefits. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 1020 East Missouri Avenue, Phoenix, Arizona, 85014 or by calling 602-255-5575.

b. **Funding Policy**

The retirement plan's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7 percent of their annual covered salary. The employer rate for 2010-11 was 29.79 percent. The City's contributions to EORP for the fiscal years ending June 30, 2011, 2010 and 2009 were \$44,454, \$39,152 and \$42,300 respectively, which were equal to the required contributions for each year. The City's employees contributed \$10,446, \$10,440 and \$10,575, for the same time period.

Public Safety Personnel Retirement System:

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer public safety employee retirement system that acts as a common investment and administrative agent for the various fire and police agencies within the state. All police and fire personnel are eligible to participate in the plan. The plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The PSPRS is jointly administered by the Fund Manager and 162 Local Boards and was established by Title 38, Chapter 5 Article 4 of the Arizona Revised Statutes. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Safety Personnel Retirement System, 1020 East Missouri, Phoenix, Arizona, 85014 or by calling 602-255-5575.

b. **Funding Policy**

PSPRS members are required to contribute 7.65 percent of their annual covered salary and the City is required to contribute an actuarially determined rate. The rate for 2010-11 was 20.30 (18.77 pension plus 1.53 health care) percent for fire personnel and 21.11 (19.52 pension plus 1.59 health care) percent for police members. Benefit and contribution provisions are established by state law and may be amended only by the State of Arizona Legislature. (A.R.S. Section 38-843)

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

c. **Annual Pension Cost**

Police personnel contributed \$4,166,854 and fire personnel \$2,074,082 during fiscal year 2010-11. For 2011, the City's annual pension cost of \$11,498,338 for police and \$5,503,772 for fire was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.5 percent investment rate of return, (b) projected salary increases of 5.5 percent attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 3.0 percent per year, attributable to seniority/merit. The actuarial value of PSPRS assets was determined using the smooth market value method. PSPRS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over an closed period of 27 years.

d. **Funded Status and Funding Progress**

The funded status of the plans as of June 30, 2010 (Latest actuarial date available) is as follows:

	<u>Police</u>	<u>Fire</u>
Actuarial accrued liability (AAL)	\$ 369,998,464	\$ 211,840,704
Actuarial value of plan assets	<u>257,026,009</u>	<u>156,842,989</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 112,972,455</u>	<u>\$ 54,997,715</u>
Funded ratio (actuarial value of plan assets/AAL)	69.5%	74.0%
Covered payroll (active plan members)	\$ 56,051,165	\$ 26,743,003
UAAL as a percentage of covered payroll	201.6%	205.7%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

e. **Three Year Trend Information for PSPRS**

Police

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2009	\$ 12,653,191	100%	\$ -
2010	12,275,544	100	-
2011	11,498,338	100	-

Fire

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2009	\$ 7,206,009	100%	\$ -
2010	6,013,620	100	-
2011	5,503,772	100	-

f. **Annual Other Post Employment Benefits Cost**

For 2011 the City's annual Other Post Employment Benefits (OPEB) cost of \$1,030,688 for police and \$469,225 for fire was equal to the City's required contributions. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Police

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,000,670	100%	\$ -
2010	971,065	100	-
2011	1,030,688	100	-

Fire

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 489,195	100%	\$ -
2010	477,752	100	-
2011	469,225	100	-

5. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 4, the City provides post-retirement health care benefits to all eligible retirees in accordance with the compensation plan adopted by the City Council each fiscal year. These benefits include medical, dental and vision insurance programs and are the same as those offered to active employees. Retirees may select single or family coverage. As of June 30, 2011, approximately 1,505 former employees were eligible for these benefits, an increase of 77 participants from the prior year or a 5.4% increase.

The cost of post-employment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In implementing the requirements of GASB Statement No. 45, the City recognizes the cost of post employment healthcare in the year the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years, the first period commencing with the fiscal year ending June 30, 2008.

The unfunded actuarial accrued annual required contribution for current retirees as well as current active members for fiscal year 10-11 was \$66,999,119. A liability of \$12,160,364 is accrued in the business type activities financial statements, the remaining \$54,838,755 has been accrued in the governmental activities column in the government-wide financial statements.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Plan Description

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

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 benefits 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.

As of July 1, 2010, Membership Consisted of:

Retirees and Beneficiaries Receiving Benefits	1,465
Active Employees	<u>3,495</u>
Total	<u>4,960</u>

Funding Policy

The plan premium rates are determined annually by the Benefits Advisory Board and approved by the City Council. The City’s contribution to the retirees health insurance premium is determined by their length of service with the City and their original hire date. To receive maximum benefits an employee must meet the following:

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

For fiscal year ended June 30, 2011, the City contributed \$13,494,020 to the plan (approximately 70.2 percent of total premiums). Plan members receiving benefits contributed \$5,726,367 or approximately 29.8 percent of total premiums.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Annual OPEB Costs / Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information for the plan are as follows at June 30, 2011:

Annual Required Contribution	\$	83,522,342
Interest on Net OPEB Obligation		8,316,126
Adjusted to Annual Required Contribution		<u>(11,345,329)</u>
Annual OPEB Cost		80,493,139
Contributions Made		<u>13,494,020</u>
Increase in Net OPEB Obligation		66,999,119
Net OPEB Obligation – Beginning of year		<u>185,022,650</u>
Net OPEB Obligation – End of year	\$	<u>252,021,769</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ending June 30, 2009 through 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 65,194,175	\$ 9,263,746	14.21%	\$ 112,932,659
2010	81,969,756	9,879,765	12.05	185,022,650
2011	80,493,139	13,494,020	16.76	252,021,769

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009 was as follows: (Latest actuarial date available)

Actuarial Value of Plan Assets	\$	-
Actuarial Accrued Liability		<u>916,615,559</u>
Unfunded actuarial accrued liability	\$	<u>916,615,559</u>
Funded ratio		0%
Covered payroll	\$	321,012,148
Unfunded actuarial accrued liability as a percentage of covered payroll		285.5%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 method and assumptions used for this fiscal year valuation were as follows:

Valuation Date	July 1, 2009
Actuarial Cost Method	Entry age normal, level dollar amount
Amortization method	30 – year amortization open
Remaining amortization period	30 years
Asset Valuation Method	N/A, no assets in trust
Actuarial Assumptions:	
Discount rate	4.50%
Health care cost trend rate:	
• Medical, Drugs	10.0% in 2010-2011, grading down by 0.5% each year to an ultimate rate of 5.0%
• Dental, Mental Health, Vision	5%
• Retiree contribution increase	Same as medical Trend

Medical Reimbursements

The federal government may provide the City subsidies per the Medicare Part D Prescription Drug Subsidy Program for providing healthcare for Medicare eligible employees. Any current and future year subsidies are recorded as revenue in the year received and is not recognized as a reduction to the actuarial accrued liability.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

6. LONG-TERM OBLIGATIONS

a. Changes in Long-Term Obligations

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 273,869,349	\$ 29,320,000	(21,675,400)	\$ 281,513,949	\$ 21,755,637
Highway User Revenue Bonds	134,545,000	-	(6,030,000)	128,515,000	6,390,000
Special Assessment Bonds					
with Governmental Commitment	6,550,000	-	(744,000)	5,806,000	744,000
Less Deferred Amounts on Refundings	(5,601,720)	-	1,173,630	(4,428,090)	-
Total Bonds Payable	<u>409,362,629</u>	<u>29,320,000</u>	<u>(27,275,770)</u>	<u>411,406,859</u>	<u>28,889,637</u>
Capital Leases	5,406,120	-	(3,240,524)	2,165,596	1,344,046
Highway Project Advancement Notes	45,000,000	-	-	45,000,000	-
Unamortized Premiums	7,855,690	796,440	(1,306,669)	7,345,461	-
Post Employment Benefits	153,548,293	65,883,605	(11,044,850)	208,387,048	-
Compensated Absences	18,552,257	12,948,949	(14,206,928)	17,294,278	4,352,302
Governmental Activities Total	<u>\$ 639,724,989</u>	<u>\$ 108,948,994</u>	<u>\$ (57,074,741)</u>	<u>\$ 691,599,242</u>	<u>\$ 34,585,985</u>
Business-type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 857,435,000	\$ 53,950,000	(12,585,000)	\$ 898,800,000	\$ 24,840,000
General Obligation Bonds	2,690,651	-	(469,600)	2,221,051	679,363
Less Deferred Amounts on Refundings	(15,590,188)	-	1,773,546	(13,816,642)	-
Total Bonds Payable	<u>844,535,463</u>	<u>53,950,000</u>	<u>(11,281,054)</u>	<u>887,204,409</u>	<u>25,519,363</u>
Notes Payable	2,963,780	-	(232,655)	2,731,125	237,489
Unamortized Bond Premiums	16,915,475	1,259,226	(2,166,452)	16,008,249	-
Post Employment Benefits	31,474,357	14,609,534	(2,449,170)	43,634,721	-
Compensated Absences	4,613,127	2,671,482	(3,121,342)	4,163,267	964,313
Other Long-Term Obligations	-	350,263	(116,755)	233,508	116,754
Business-type Activities Total	<u>\$ 900,502,202</u>	<u>\$ 72,840,505</u>	<u>\$ (19,367,428)</u>	<u>\$ 953,975,279</u>	<u>\$ 26,837,919</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

b. **Bonds Payable**

At June 30, 2011, long-term bonds payable consisted of:

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

General Obligation Bonds

\$24,720,000 2002 general obligation refunding serial bonds, due in annual principal installments ranging from \$59,706 to \$9,498,229, plus semi-annual interest ranging from 3.75 percent to 5.375 percent through July 1, 2015.	\$ 4,959,069
\$41,680,611 2002A general obligation refunding serial bonds, due in annual principal installments ranging from \$1,461,369 to \$10,277,813, plus semi-annual interest ranging from 3.75 percent to 4.20 percent through July 1, 2016.	22,109,014
\$22,565,000 2003 general obligation serial bonds, due in annual installments ranging from \$1,250,000 to \$2,315,000, plus semi-annual interest ranging from 3.50 percent to 5.00 percent through July 1, 2022.	20,065,000
\$46,230,300 2004 general obligation refunding serial bonds, due in annual installments ranging from \$34,839 to \$31,852,800, plus semi-annual interest ranging from 2.4 percent to 5.0 percent through July 1, 2018.	44,489,253
\$11,705,000 2005 general obligation serial bonds, due in annual installments ranging from \$500,000 to \$3,250,000, plus semi-annual interest ranging from 4.0 percent to 5.0 percent through July 1, 2024.	11,705,000
\$9,710,000 2006 general obligation serial bonds, due in annual installments ranging from \$135,000 to \$4,225,000, plus semi-annual interest ranging from 4.40 percent to 5.0 percent through July 1, 2025.	9,710,000
\$25,482,000 2006 general obligation refunding serial bonds, due in annual installments ranging from \$143,425 to \$11,306,746, plus semi-annual interest ranging from 4.25 percent to 5.25 percent through July 1, 2014.	24,845,461
\$15,915,000 2007 general obligation serial bonds due in annual installments ranging from \$615,000 to \$5,500,000 plus semi-annual interest ranging from 4.125 percent to 6.0 percent through July 1, 2027.	15,915,000
\$15,450,000 2008 general obligation serial bonds due in annual installments ranging from \$375,000 to \$6,675,000 plus semi-annual interest ranging from 4.25 percent to 5.0 percent through July 1, 2028.	14,300,000
\$61,830,000 2009 general obligation serial bonds due in annual installments ranging from \$1,750,000 to \$10,125,000 plus semi-annual interest ranging from 4.0 percent to 4.625 percent through July 1, 2029.	50,745,000
\$30,865,000 2010 general obligation bonds due in annual installments ranging from \$1,115,000 to \$13,225,000 plus semi-annual interest ranging from 4.75 percent to 5.85 percent through July 1, 2030.	30,865,000

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

\$29,320,000 2011 general obligation serial bonds due in annual installments ranging from \$800,000 to \$6,825,000 plus semi-annual interest ranging from 2 percent to 4.25 percent through July 1, 2031 \$ 29,320,000

Total General Obligation Bonds \$ **279,027,797**
 Deferred amounts on refundings 2,486,152
 Bonds not including deferred amounts on refunding \$ 281,513,949

Street and Highway User Revenue Bonds

\$25,800,000 2002 street and highway user revenue bonds (partially refunded by street and highway user revenue refunding bonds, series 2002A, 2004 & 2005), due in annual principal installments ranging from \$800,000 to \$1,000,000, plus semi-annual interest ranging from 5.75 percent to 6.25 percent through July 1, 2012. \$ 1,000,000

\$31,985,000 2002 street and highway user revenue refunding bonds, due in annual installments ranging from \$40,000 to \$6,270,000, plus semi-annual interest ranging from 2.0 percent to 5.0 percent through July 1, 2017. 25,968,147

\$26,805,000 2003 street and highway user revenue bonds, due in annual principal installments ranging from \$500,000 to \$9,750,000, plus semi-annual interest ranging from 4.25 percent to 5.50 percent through July 1, 2022. 25,800,000

\$9,585,000 2004 street and highway user revenue bonds (partially refunded by street and highway user revenue refunding bonds, series 2005), due in annual principal installments ranging from \$100,000 to \$225,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 1, 2022. 1,375,000

\$17,760,000 2004 street and highway user revenue refunding bonds, due in annual installments ranging from \$20,000 to \$7,250,000, plus semi-annual interest ranging from 3.5 percent to 5.0 percent through July 1, 2018. 17,196,159

\$23,800,000 2005 street and highway user revenue refunding bonds, due in annual principal installments ranging from \$25,000 to \$8,000,000, plus semi-annual interest ranging from 2.75 percent to 5.0 percent through July 1, 2023. 22,858,756

\$10,225,000 2005 street and highway user revenue bonds, due in annual principal installments ranging from \$50,000 to \$8,500,000, plus semi-annual interest ranging from 4.0 percent to 5.0 percent through July 1, 2024. 10,025,000

\$11,675,000 2006 street and highway user revenue bonds, due in annual installments ranging from \$850,000 to \$9,850,000, plus semi-annual interest ranging from 4.50 percent to 5.25 percent through July 1, 2025. 11,675,000

\$10,675,000 2007 street and highway user revenue bonds, due in annual principal installments ranging from \$1,000,000 to \$3,900,000, plus semi-annual interest ranging from 4.25 percent to 5.0 percent through July 1, 2027. 10,675,000

Total Street and Highway User Revenue Bonds \$ **126,573,062**
 Deferred amounts on refundings 1,941,938
 Total Street and Highway User Revenue Bonds not including deferred amounts on refundings \$ 128,515,000

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Special Assessment Bonds (payable from special assessments levied on the benefited properties)

\$5,025,000 2005 special assessment district bonds, due in annual principal installments of \$335,000, plus semi-annual interest of 5.80 percent, through January 1, 2021. \$ 3,350,000

\$4,091,840 2007 special assessment district bonds, due in annual principal installments ranging from \$408,840 to \$410,000, plus semi-annual interest of 5.0 percent, through January 1, 2017. 2,456,000

Total Special Assessment Bonds \$ 5,806,000

Total bonds payable recorded in governmental activities \$411,406,859

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

General Obligation Bonds

\$120,000 2002 general obligation refunding serial bonds, due in annual principal installments ranging from \$294 to \$46,771, plus semi-annual interest ranging from 3.75 percent to 5.375 percent through July 1, 2015. \$ 23,027

\$1,529,379 2002A general obligation refunding serial bonds, due in annual principal installments ranging from \$53,631 to \$377,187, plus semi-annual interest ranging from 3.75 percent to 4.20 percent through July 1, 2016. Total bonds outstanding at June 30, 2007, include \$54,062 of certificates of ownership of supplemental interest payments and \$3,640 of capital appreciation maturing through 2010. 811,148

\$214,700 2004 general obligation refunding serial bonds, due in annual principal installments ranging from \$35,000 to \$32,000,000, plus semi-annual interest ranging from 2.4 percent to 5.0 percent through July 1, 2016. 214,125

\$1,168,000 2006 general obligation refunding serial bonds, due in annual principal installments ranging from \$6,574 to \$518,254, plus semi-annual interest ranging from 4.25 percent to 5.25 percent through July 1, 2014. 1,161,430

Total General Obligation Bonds \$ 2,209,730
 Deferred amounts on refundings 11,321

Total General Obligation Bonds not including deferred amounts on refunding \$ 2,221,051

Utility Systems Revenue Bonds

\$94,730,000 1997 utility systems revenue serial bonds (partially refunded by 1998, 2002 & 2006 utility systems revenue refunding bonds), due on July 1, 2012, plus semi-annual interest of 7.25 percent through July 1, 2012. \$ 4,000,000

\$32,500,000 1998 utility systems revenue refunding serial bonds (partially refunded by 2002A, 2006 and 2008 utility systems revenue refunding bonds), due in annual

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

principal installments ranging from \$100,000 to \$9,105,000, plus semi-annual interest ranging from 4.25 percent to 5.00 percent through July 1, 2013.	\$ 18,446
\$57,950,000 2002 utility systems revenue serial bonds (partially refunded by 2004 & 2006 utility systems revenue refunding bonds), due in annual principal installments ranging from \$950,000 to \$1,000,000, plus semi-annual interest ranging from 4.25 percent to 5.75 percent through July 1, 2017.	6,000,000
\$129,000,000 2002 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$65,000 to \$29,550,000, plus semi-annual interest ranging from 3.40 percent to 5.25 percent through July 1, 2017.	125,416,449
\$48,850,000 2002A utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$40,000 to \$17,890,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2017.	45,704,775
\$50,470,000 2003 utility systems revenue serial bonds, (partially refunded by 2006 (Series 2) utility systems revenue refunding bonds), due in annual principal installments ranging from \$970,000 to \$25,500,000, plus semi-annual interest ranging from 3.50 percent to 5.00 percent through July 1, 2022.	23,000,000
\$64,625,000 2004 utility systems revenue serial bonds, (partially refunded by 2006 (Series 2) utility systems revenue refunding bonds), due in annual principal installments ranging from \$1,125,000 to \$11,000,000, plus semi-annual interest ranging from 5.00 percent to 6.00 percent through July 1, 2028.	6,125,000
\$40,345,000 2004 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$20,000 to \$21,010,000, plus semi-annual interest ranging from 3.50 percent to 5.00 percent through July 1, 2019.	38,832,020
\$91,200,000 2005 utility systems revenue serial bonds, (partially refunded by 2006 (Series 2) utility systems revenue refunding bonds), due in annual principal installments ranging from \$750,000 to \$24,000,000, plus semi-annual interest ranging from 4.125 percent to 5.0 percent through July 1, 2029.	71,200,000
\$105,400,000 2006 utility systems revenue serial bonds, (partially refunded by 2006 (Series 2) utility systems revenue refunding bonds), due in annual principal installments ranging from \$8,650,000 to \$36,750,000, plus semi-annual interest ranging from 4.375 percent to 5.0 percent through July 1, 2030.	87,325,000
\$61,300,000 2006 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$2,075,000 to \$18,000,000, plus semi-annual interest ranging from 4.0 percent to 5.0 percent through July 1, 2021.	55,334,720
\$127,260,000 2006 (Series 2) utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$50,000 to \$25,845,000 plus semi-annual interest ranging from 4.0 percent to 5.25 percent through July 1, 2028.	120,641,411
\$65,550,000 2007 utility systems revenue serial bonds, due in annual principal installments ranging from \$2,500,000 to \$41,800,000 plus semi-annual interest ranging from 4.25 percent to 6.25 percent through July 1, 2031.	65,550,000
\$52,875,000 2008 utility systems revenue serial 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, 2032.	52,875,000

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

\$21,125,000 2008 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$100,000 to \$2,200,000 plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 1, 2018.	\$ 18,741,858
\$59,900,000 2009 utility systems revenue serial bonds, due in annual principal installments ranging from \$900,000 to \$48,250,000 plus semi-annual interest ranging from 5.875 percent to 6.375 percent through July 1, 2033.	59,900,000
\$50,380,000 2010 utility systems revenue serial bonds, due in one principal installment plus semi-annual interest 6.10 percent through July 1, 2034.	50,380,000
\$53,950,000 2011 utility systems revenue serial bonds, due in one principal installment plus semi-annual interest 5.0 percent through July 1, 2035.	<u>53,950,000</u>
Total Utility Systems Revenue Bonds	\$ 884,994,679
Deferred amounts on refundings	<u>13,805,321</u>
Total Utility System Revenue Bonds not including deferred amounts on refundings	\$ 898,800,000
Total bonds payable recorded in business-type activities	\$ <u>887,204,409</u>

The following tables summarize the City's debt service requirements to maturity for its long term bonds payable at June 30, 2011. The deferred amounts on refundings are not included.

Governmental Activities							
<u>General Obligation Bonds</u>				<u>Highway User Revenue Bonds</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 21,755,637	\$ 12,762,594	\$ 34,518,231	2012	\$ 6,390,000	\$ 6,028,242	\$ 12,418,242
2013	22,888,905	11,752,560	34,641,465	2013	6,745,000	5,695,242	12,440,242
2014	15,157,029	10,678,535	25,835,564	2014	7,040,000	5,378,088	12,418,088
2015	12,239,033	10,065,060	22,304,093	2015	7,355,000	5,088,587	12,443,587
2016	13,033,766	9,560,162	22,593,928	2016	7,695,000	4,776,660	12,471,660
2017-21	79,419,579	36,383,013	115,802,592	2017-21	44,165,000	17,959,035	62,124,035
2022-26	56,320,000	22,482,173	78,802,173	2022-26	45,225,000	6,623,750	51,848,750
2026-30	<u>60,700,000</u>	<u>8,364,984</u>	<u>69,064,984</u>	2027-31	<u>3,900,000</u>	<u>165,751</u>	<u>4,065,751</u>
TOTALS	\$ 281,513,949	\$ 122,049,081	\$ 403,563,030	TOTALS	\$ 128,515,000	\$ 51,715,355	\$ 180,230,355

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Special Assessment Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 744,000	\$ 297,160	\$ 1,041,160
2013	744,000	257,280	1,001,280
2014	744,000	217,400	961,400
2015	744,000	177,520	921,520
2016	745,000	137,615	882,615
2017-21	<u>2,085,000</u>	<u>253,125</u>	<u>2,338,125</u>
TOTALS	\$ 5,806,000	\$ 1,340,100	\$ 7,146,100

Business-type Activities

<u>General Obligation Bonds</u>				<u>Revenue Bonds</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 679,363	\$ 103,843	\$ 783,206	2012	\$ 24,840,000	\$ 44,646,039	\$ 69,486,039
2013	706,095	70,521	776,616	2013	34,030,000	43,316,037	77,346,037
2014	357,971	35,722	393,693	2014	35,595,000	41,681,385	77,276,385
2015	210,967	21,061	232,028	2015	37,595,000	39,860,812	77,455,812
2016	81,234	12,356	93,590	2016	39,340,000	37,956,016	77,296,016
2017-21	185,421	16,578	201,999	2017-21	163,115,000	162,707,471	325,822,471
2022-26	-	-	-	2022-26	162,300,000	124,468,669	286,768,669
2027-31	-	-	-	2027-31	203,230,000	83,270,047	286,500,047
2032-35	-	-	-	2032-35	198,755,000	28,434,948	227,189,948
TOTALS	\$ 2,221,051	\$ 260,081	\$ 2,481,132	TOTALS	\$ 898,800,000	\$ 606,341,424	\$ 1,505,141,424

Special Assessment Bonds

The City acts as trustee for special assessment districts whereby it collects the assessments levied against owners of property within established districts and disburses the amounts collected to retire the bonds issued to finance the improvements. At June 30, 2011, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, is adequate for the scheduled maturities of the bonds payable and the related interest.

Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce an auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds. Special assessment bonds payable with governmental commitment currently outstanding as of June 30, 2011 are \$5,806,000.

General Obligation Bonds

The general obligation bonds are backed by the ultimate taxing power and general revenues of the City; however, \$2,209,730 of these bonds at June 30, 2011 is carried as a liability of the Enterprise Fund to reflect the intention of retirement from resources of that fund.

All bonds, except Special Assessment Bonds, are callable by the City at various dates and at various premiums.

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.

The total debt margin available July 1, 2011 is:

6% Bonds	\$184,531,122
20% Bonds	<u>354,445,979</u>
Total Available	<u>\$538,977,101</u>

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.

c. **Reserves for Bond Indentures**

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 two percent of all tangible assets of the Utility System is accumulated. As of June 30, 2011, the amount provided in the Replacement and Extension Funds equaled \$14,917,527 which is in compliance with the bond provisions.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

d. **Notes Payable**

Governmental Activities

The City issued \$45,000,000 of Highway Project Advancement Notes to provide funds to the Arizona Department of Transportation (ADOT) for the acceleration of the right-of-way acquisition and for design of highway improvements to State Route 802 between State Route 202L and Ellsworth Road. The City has entered into an intergovernmental agreement with ADOT and the Maricopa Association of Governments to advance the improvements to State Route 802. The agreement provides for repayment by ADOT to the City of the full amount of the City advance from monies available to ADOT for the project within a 60-month loan period. The repayments are not secured by any lien upon or pledge of any particular revenues, monies or property of ADOT. No assurance can be given that ADOT will have funds available for repayments due at the times or in the amounts set forth under the agreement.

Business Type Activities

The City has entered into a loan agreement with the State of Arizona Department of Transportation Aeronautics Division State Aviation Fund for the construction of T-Hangars at the airport. The interest rate on the notes is 6.02 percent.

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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The following table reflects the annual requirements to amortize all notes outstanding as of June 30, 2011:

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest & Fees	Total
2012	\$ -	\$ 1,512,500	\$ 1,512,500	\$ 237,489	\$ 61,186	\$ 298,675
2013	-	1,512,500	1,512,500	122,290	54,714	177,004
2014	-	1,512,500	1,512,500	124,945	52,058	177,003
2015	20,000,000	1,512,500	21,512,500	127,660	49,343	177,003
2016	25,000,000	812,500	25,812,500	130,437	46,567	177,004
2017-2021	-	-	-	696,079	188,939	885,018
2022-2026	-	-	-	775,570	109,448	885,018
2027-2029	-	-	-	516,655	23,611	540,266
TOTALS	\$ 45,000,000	\$ 6,862,500	\$ 51,862,500	\$ 2,731,125	\$ 585,866	\$ 3,316,991

e. **Lease Obligations**

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011.

Governmental Activities			
Fiscal Year	Principal	Interest	Total
2012	\$ 1,344,046	\$ 86,367	\$ 1,430,413
2013	681,958	34,184	716,142
2014	67,953	6,581	74,534
2015	71,639	2,894	74,533
TOTALS	\$ 2,165,596	\$ 130,026	\$ 2,295,622

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Land	\$ -
Buildings	-
Other Improvements	1,363,821
Machinery & Equipment	11,030,807
Infrastructure	1,817,532
Construction Work in Process	1,090,568
Less: Accumulated depreciation	<u>(11,839,707)</u>
Total	<u>\$ 25,947,610</u>

f. **Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2011.

7. 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. 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. 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 at June 30, 2011 as reflected below is not included in the City's financial statements.

Utility System Revenue Bond Issue dated April 1, 1997	\$ 7,000,000
Utility System Revenue Refunding Bond Issue dated March 1, 1998	5,890,000
Utility System Revenue Bond Issue dated March 1, 1998	13,125,000
Utility System Revenue Bond Issue dated March 1, 2003	25,500,000

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Street and Highway User Revenue Bond Issue dated June 1, 2004	\$ 8,000,000
Utility System Revenue Bond Issue dated June 1, 2004	58,500,000
Utility System Revenue Bond Issue dated June 1, 2005	20,000,000
Utility System Revenue Bond Issue dated June 1, 2006	<u>18,075,000</u>
Total Refunded Bonds Outstanding	<u>\$ 156,090,000</u>

8. CAPITAL CONTRIBUTIONS

During the year, external capital contributions consisted of the following:

	<u>Property Owners</u>	<u>Governmental Agencies</u>	<u>Developers</u>	<u>Total</u>
Governmental Activities:				
Federal and State Funds	\$ -	\$ 17,161,330	\$ -	\$ 17,161,330
Contributions - Capital Assets	<u>84,668</u>	<u>6,392,696</u>	<u>7,822,755</u>	<u>14,300,119</u>
Total	<u>\$ 84,668</u>	<u>\$ 23,554,026</u>	<u>\$ 7,822,755</u>	<u>\$ 31,461,449</u>
Business-type Activities:				
Federal and State Funds	\$ -	\$ 3,294,629	\$ -	\$ 3,294,629
Developers - Impact and Development Fees	-	-	3,258,129	3,258,129
Contributions-In-Aid	708,161	-	-	708,161
Contributions - Capital Assets	-	-	<u>3,513,069</u>	<u>3,513,069</u>
Total	<u>\$ 708,161</u>	<u>\$ 3,294,629</u>	<u>\$ 6,771,198</u>	<u>\$ 10,773,988</u>

9. 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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

management, based on the advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

b. **Sick Leave Benefits**

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Fifty percent of unused benefits are payable only upon retirement of an employee. In accordance with the criteria, sick leave paid within 60 days of the year-end has been recorded as a liability in the governmental fund financial statements. Long-term liabilities of governmental funds are not shown on the fund financial statements. In the government-wide financial statements as well as the proprietary fund financial statements an amount of estimated sick pay 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 at June 30, 2011, is \$5,543,458.

10. ENTERPRISE ACTIVITIES OPERATIONS DETAIL

The Enterprise Fund includes operations of electricity, gas, water, wastewater, solid waste, airport, golf course, convention center, stadiums and district cooling. Although the City's Enterprise Fund does not meet the requirements for disclosing segment information, these 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, 2011 for these services are as follows:

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions	Operating Revenues	Depreciation and Amortization	Other	Operating Income (Loss)
Electric	\$ 33,138,456	\$ 2,982,802	\$ 23,455,135	\$ 6,700,519
Gas	41,369,805	3,037,528	30,306,602	8,025,675
Water	102,215,430	19,681,747	43,801,175	38,732,508
Wastewater	59,659,464	14,316,638	21,470,703	23,872,123
Solid Waste	47,537,833	2,292,728	29,096,080	16,149,025
Airport	3,317,542	1,577,362	2,379,968	(639,788)
Golf Course	2,250,256	262,787	2,335,861	(348,392)
Convention Center	2,825,693	18,180	3,807,523	(1,000,010)
Hohokam /Fitch Complex	6,161,320	648,329	7,673,706	(2,160,715)
Cubs Stadium	51,614	-	14,990	36,624
District Cooling	945,434	397,442	567,143	(19,151)
Total	\$ 299,472,847	\$ 45,215,543	\$ 164,908,886	\$ 89,348,418

11. NET ASSETS

a. **Restricted Net Assets**

The government-wide statement of net assets reports \$95,169,292 of restricted net assets, of which \$32,917,156 is restricted by enabling legislation.

b. **Designated Net Assets**

The net assets 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 Net Assets**

The deficit in the Property and Public Liability Self-Insurance Fund is the result of the large increases in the estimated liability for claims during prior fiscal years. In addition contributions from the other funds have not increased since fiscal year 2007. A decrease in claims incurred but not reported calculated by the actuarial study resulted in a reduction of the deficit net assets during the fiscal year.

The deficit in the Workers Compensation Self-Insurance Fund was the result of a \$1.7 million reduction in contributions to the fund during the year and a \$3.6 million increase in liabilities. The

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

increase in liabilities was due to several adjustments to reported reserve amounts and increase in the number of claims filed and open at fiscal year end.

Contributions from the various funds will need to be increased in future years to cover these deficits.

12. PLEDGED REVENUES

a. Utility System Revenue Bonds

The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately \$1.207 billion in utility system revenue bonds issued since 1997. 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 2035. Annual principal and interest payments on the bonds were 63 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,505,141,424. Principal and interest paid for the current year and total customer net revenues were \$55,398,598 and \$93,479,850, respectively.

b. Highway User Revenue Bonds

The City has pledged future Highway User Taxes Revenue to repay \$168.3 million in highway user revenue bonds issued since 2002. 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 42 percent of eligible revenues. The total principal and interest remaining to be paid on the bonds is \$180,230,355. Principal and interest paid for the current year and total highway user tax revenues were \$12,395,243 and \$32,052,757, respectively.

c. Special Assessment Bonds

The special assessment revenues collected by the City are pledged to repay \$9.1 million of special assessment bonds issued since 2005. Proceeds from the bonds are used to finance improvements that property owners have agreed to pay. In the event of default by the property owner, an auction sale may be enforced by the City. If collections and auction proceeds are not sufficient to retire outstanding bonds the City is contingently liable. These bonds are payable through 2021. Annual principal and interest payments on the bonds are expected to be covered 100% with collections from the property owners. The total principal and interest remaining to be paid on the bonds is \$7,146,100. Principal and interest paid for the current year and total assessments collected were \$1,081,040, and \$1,088,465, respectively.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

13. JOINT VENTURES

The City participates with the cities of Phoenix, Glendale, Scottsdale and Tempe in a multi-city sanitary sewer system (the “System”) in which Phoenix is the lead agency. The City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the plant. As lead agency, Phoenix provides all management personnel and financing arrangements. 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 investment in the joint venture is reflected in the proprietary funds financial statements.

The System has no debt outstanding. Audited summary financial information on the System (GAAP basis) as of and for the fiscal year ended June 30, 2010 (latest information available) is as follows:

Assets	
Equity in Pooled Cash and Investments	\$ 39,169,000
Receivables	12,680,000
Inventories at Average Cost	527,000
Capital Assets	<u>923,885,000</u>
 Total Assets	 <u>976,261,000</u>
 Liabilities	 <u>43,434,000</u>
 Net Assets	 <u>\$ 932,827,000</u>
 Total Revenues	 \$ 109,318,000
Total Expenses	<u>(87,687,000)</u>
 Increase (Decrease) in Net Assets	 <u>\$ 21,631,000</u>

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.

The City also participates with the City of Phoenix in a water treatment plant. The City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the plant. As lead agency, Phoenix provides all management personnel and financing arrangements. Phoenix and Mesa participate in ownership of the plant and are charged for operating expenses based on gallons of water treated. The City’s investment in the joint venture is reflected in the proprietary funds financial statements.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The water treatment plant has no debt outstanding. Audited summary financial information for the plant (GAAP basis) as of and for the fiscal year ended June 30, 2010 (latest information available) is as follows:

Assets	
Equity in Pooled Cash and Investments	\$ 6,433,000
Receivables	9,816,000
Inventories	348,000
Capital Assets, Net of Accumulated Depreciation	<u>251,282,000</u>
 Total Assets	 <u>267,879,000</u>
 Liabilities	 <u>11,850,000</u>
 Net Assets	 \$ <u>256,029,000</u>
 Total Revenues	 \$ 54,260,000
Total Expenses	<u>(33,267,000)</u>
 Increase in Net Assets	 \$ <u>20,993,000</u>

Separate financial statements for the activity can be obtained through the City of Phoenix at 305 W. Washington Street, Phoenix, Arizona, 85003.

Construction of a joint water reclamation plant with the Towns of Gilbert and Queen Creek was completed on December 2, 2006. The City acts as the lead agency 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 investment in the joint venture is reflected in the proprietary funds financial statements. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2011 is:

Mesa's Share	\$ 69,672,048
Gilbert's Share	66,273,146
Queen Creek's Share	<u>28,891,812</u>
Total Joint Venture	<u>\$164,837,006</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

In June 2002, the City agreed to participate in the Central Phoenix/East Valley Light Rail Transit (LRT). The City participates with the cities of Phoenix, Tempe and Glendale. Valley Metro Rail, Inc. (VMR) will design, construct, and operate the LRT project. A total of \$53,057,069 has been spent on this project through the fiscal year ended June 30, 2011. The City has received \$43.5 million of funding from the Federal Transit Administration (FTA); Congestion Mitigation Air Quality (DMAQ) and Public Transit Funds (PTF) related to this project. The City's investment in the joint venture is reflected in the governmental activities column on the government-wide financial statements.

Audited summary financial information on the system (GAAP basis), as of and for the fiscal year ended June 30, 2010, (latest information available) is as follows:

Assets	
Current Assets	\$ 102,712,169
Non Current Assets	<u>1,213,821,644</u>
Total Assets	<u>1,316,533,813</u>
Liabilities	<u>137,801,285</u>
Net Assets	<u>\$ 1,178,732,528</u>
Total Revenues	\$ 183,482,980
Total Expenses	<u>(192,607,118)</u>
Decrease in Net Assets	<u>\$ (9,124,138)</u>

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

In March 2010, the Mesa City Council approved a 3 mile extension of the LRT system and in August 2010, the Federal Transit Administration approved the alignment for project development as the next step toward federal funding. The extension begins at the eastern limits of METRO's existing light rail system (Sycamore) and extends east on Main Street to Mesa Drive. The entire extension is within the City of Mesa. There are four stations on Main Street including a station at Alma School Road, Country Club Drive, Center Street, and Mesa Drive.

The extension is planned to open in 2016 with ridership estimated at approximately 4,750 riders per day. The total capital cost of the project is \$198.5 million to be funded with a combination of federal and regional funds.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

In August 2008, the City of Mesa, the City of Apache Junction, Apache Junction Fire District the Town of Gilbert, and the Town of Queen Creek (the Parties) entered into an intergovernmental agreement to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (Trunked Open Arizona Network – 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 subscriber units (radio counts). The City’s investment in the joint venture is reflected in the governmental funds financial statements. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2011 is:

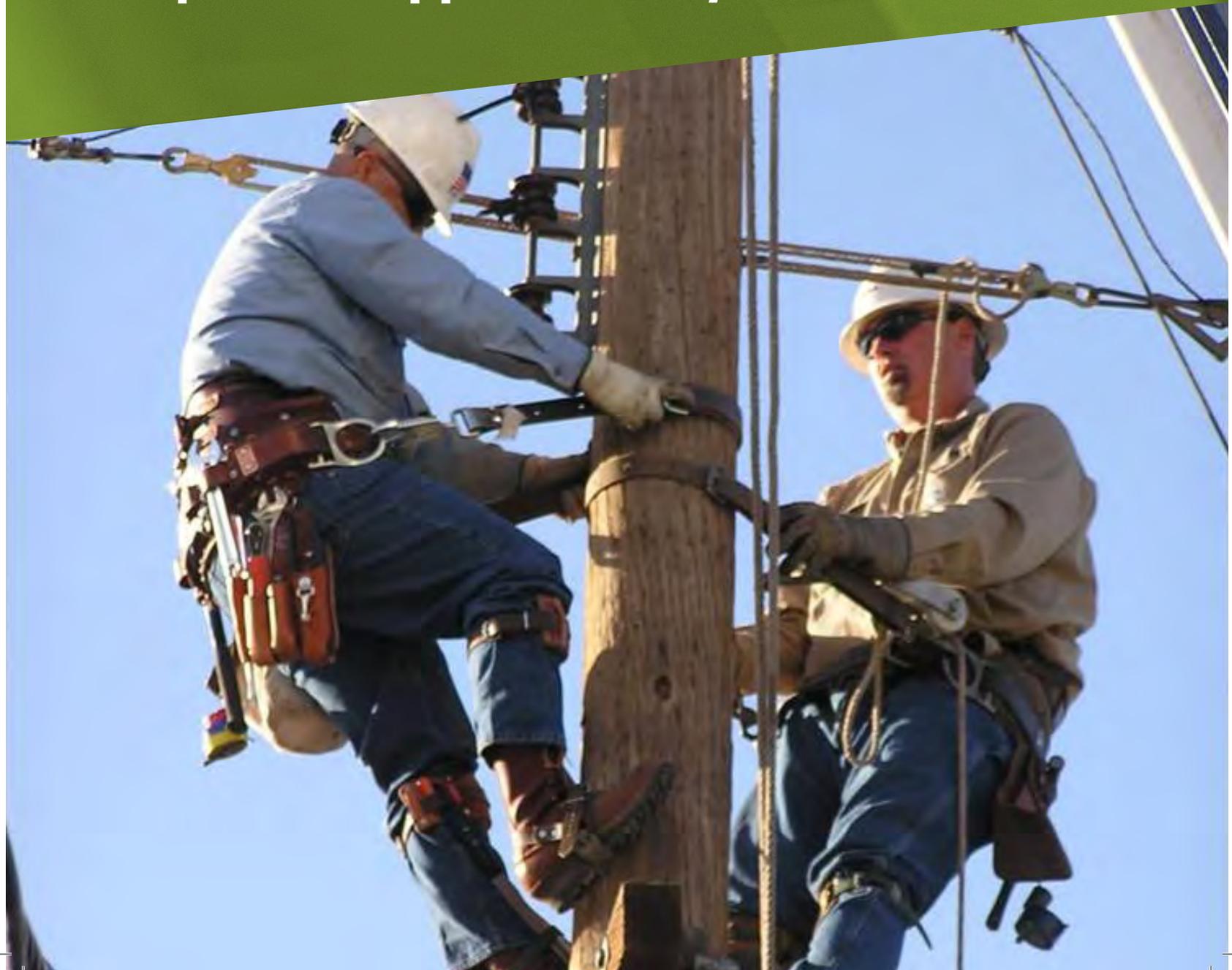
City of Mesa	\$ 831,862
Town of Gilbert	224,785
City of Apache Junction	48,687
Apache Junction Fire District	23,063
Town of Queen Creek	<u>8,387</u>
Total Joint Venture	\$ <u>1,136,784</u>

14. SUBSEQUENT EVENTS

On October 12, 2011 the City issued \$77,835,000 of Highway Project Advancement Notes to provide funds to the Arizona Department of Transportation (ADOT) for the acceleration of the construction of State Route 24 between State Route 202L and Ellsworth Road. The bonds mature on July 1, 2021 and the total interest is \$30,421,148. The City has entered into an intergovernmental agreement with ADOT and the Maricopa Association of Governments to advance the improvements to State Route 24. The agreement provides for repayment of ADOT to the City of the full amount of the City advance from monies available to ADOT for the project within a 60-month loan period. The repayments are not secured by any lien upon or pledge of any particular revenues, monies or property of ADOT. No assurance can be given that ADOT will have funds available for repayments due at the times or in the amounts set forth under the agreement.

(Concluded)

Required Supplementary Information



CITY OF MESA, ARIZONA
EXHIBIT B-1
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Police

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percent Funded	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
2008	233,493,642	320,603,102	72.8	87,109,460	59,211,259	147.1
2009	250,465,218	336,097,656	74.5	85,632,438	58,240,512	147.0
2010	257,026,009	357,206,422	72.0	100,180,413	56,051,165	178.7

Fire

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percent Funded	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
2008	\$145,931,808	\$192,991,745	75.6 %	\$47,059,937	\$28,607,906	164.5 %
2009	155,971,492	193,517,551	80.6	37,546,059	27,553,989	136.3
2010	156,842,989	205,749,451	76.2	48,906,462	26,743,003	182.9

Other Post-Employment Benefits (Health Insurance Subsidy)

Police

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UALL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UALL as a % of Covered Payroll ((b - a) / c)
2008	\$ -	\$13,529,449	\$ 13,529,449	- %	\$59,211,259	22.9 %
2009	-	12,123,354	12,123,354	-	58,240,512	20.8
2010	-	12,792,042	12,792,042	-	56,051,165	22.8

Fire

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UALL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UALL as a % of Covered Payroll ((b - a) / c)
2008	\$ -	\$7,237,804	\$ 7,237,804	- %	\$28,607,906	25.3 %
2009	-	5,787,717	5,787,717	-	27,553,989	21.0
2010	-	6,091,253	6,091,253	-	26,743,003	22.8

CITY OF MESA, ARIZONA

EXHIBIT B-2

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percent Funded		Unfunded AAL	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 664,071,640	-	%	\$ 664,071,640	\$ 338,835,124	196.0 %
July 1, 2009	-	916,615,559	-		916,615,559	321,012,148	285.5

The original GASB 43 & 45 compliant OPEB valuation for the City of Mesa had a valuation date of July 1, 2007 producing biennial funding results applying to the 2007-08 and 2008-09 fiscal years. This corresponds to the first fiscal period that GASB reporting was required for OPEB plans. The current valuation as of July 1, 2009 provides funding results for the 2009-10 and 2010-11 fiscal years with biennial valuation planned going forward from this date.

CITY OF MESA, ARIZONA

EXHIBIT B-3

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Sales Taxes	\$ 105,518,000	\$ 105,518,000	\$ 100,818,500	\$ (4,699,500)
Property Taxes	14,141,000	14,141,000	14,273,796	132,796
Occupancy Taxes	1,444,000	1,444,000	2,148,216	704,216
Licenses and Permits	8,188,000	8,188,000	9,291,101	1,103,101
Intergovernmental	136,947,000	136,947,000	114,736,929	(22,210,071)
Charges For Services	11,475,000	11,475,000	12,126,961	651,961
Fines and Forfeitures	11,256,000	11,256,000	15,560,437	4,304,437
Investment Income	275,000	275,000	371,502	96,502
Miscellaneous	4,808,000	4,808,000	6,522,858	1,714,858
Total Revenues	<u>294,052,000</u>	<u>294,052,000</u>	<u>275,850,300</u>	<u>(18,201,700)</u>
Less: Bad Debts	<u>6,200,000</u>	<u>6,200,000</u>	<u>5,399,422</u>	<u>800,578</u>
Total Net Revenues	<u>287,852,000</u>	<u>287,852,000</u>	<u>270,450,878</u>	<u>(17,401,122)</u>
Expenditures:				
Current:				
General Government	44,570,463	45,423,941	40,651,542	4,772,399
Public Safety	224,652,505	222,530,931	208,435,711	14,095,220
Cultural-Recreational	43,624,512	43,883,069	42,210,525	1,672,544
Community Environment	14,776,825	16,764,201	11,649,682	5,114,519
Capital Outlay	30,294,691	29,106,506	18,654,128	10,452,378
Contingencies	45,455,000	44,920,286	-	44,920,286
Debt Service:				
Principal Retirement	20,253,679	20,253,679	20,254,831	(1,152)
Interest/Service Charges on Bonds	11,071,540	11,071,540	10,353,699	717,841
Total Expenditures	<u>434,699,215</u>	<u>433,954,153</u>	<u>352,210,118</u>	<u>81,744,035</u>
Deficiency of Revenues Under Expenditures	(146,847,215)	(146,102,153)	(81,759,240)	64,342,913
Other Financing Sources (Uses):				
Transfers In	83,615,000	83,615,000	83,646,493	31,493
Transfers Out	(8,074,000)	(8,074,000)	(7,175,000)	899,000
Total Other Financing Sources (Uses)	<u>75,541,000</u>	<u>75,541,000</u>	<u>76,471,493</u>	<u>930,493</u>
Net Change in Fund Balance	(71,306,215)	(70,561,153)	(5,287,747)	65,273,406
Fund Balance - Beginning	70,777,012	70,777,012	84,182,283	13,405,271
Decrease in Restricted Fund Balance	<u>529,203</u>	<u>529,203</u>	<u>14,373,198</u>	<u>13,843,995</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 745,062</u>	<u>\$ 93,267,734</u>	<u>\$ 92,522,672</u>

See Note to Required Supplementary Information.

CITY OF MESA, ARIZONA

EXHIBIT B-4

HIGHWAY USER REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 32,553,000	\$ 32,553,000	\$ 31,852,516	\$ (700,484)
Charges For Services	24,000	24,000	58,909	34,909
Fines and Forfeitures	9,000	9,000	108,004	99,004
Miscellaneous	5,000	5,000	33,328	28,328
Total Revenues	<u>32,591,000</u>	<u>32,591,000</u>	<u>32,052,757</u>	<u>(538,243)</u>
Expenditures:				
Current:				
Community Environment	26,202,156	26,202,156	25,709,794	492,362
Capital Outlay	407,512	108,127	9,995	98,132
Contingencies	-	299,385	-	299,385
Debt Service:				
Principal Retirement	6,030,000	6,030,000	6,030,000	-
Interest/Service Charges on Bonds	6,369,741	6,369,741	6,369,242	499
Total Expenditures	<u>39,009,409</u>	<u>39,009,409</u>	<u>38,119,031</u>	<u>890,378</u>
Deficiency of Revenues				
Under Expenditures	(6,418,409)	(6,418,409)	(6,066,274)	352,135
Fund Balance - Beginning	<u>6,418,441</u>	<u>6,418,441</u>	<u>6,067,057</u>	<u>(351,384)</u>
Fund Balance - Ending	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 783</u>	<u>\$ 751</u>

See Note to Required Supplementary Information.

CITY OF MESA, ARIZONA

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Adjustments necessary to convert the results of operations of the General Fund for the year ended June 30, 2011 on the “GAAP basis” to the “budget basis” as follows:

Net Change in Fund Balance-Budget Basis - Exhibit B-3	\$ (5,287,747)
Basis Differences:	
Compensated Absences	217,833
Special Assessments	(11,677)
Sales Tax Accrual	(201,176)
Unrealized Gain on Investments	130,268
Timing Differences:	
Grants & Contributions	(1,083,878)
Interest Earnings in Escrow Account	<u>(2,746)</u>
Net Change in Fund Balance-GAAP Basis - Exhibit A-5	\$ <u><u>(6,239,123)</u></u>



Combining Statements



NON-MAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

Local Transportation Assistance Fund accounts for expenditures on local transportation operations and capital outlay, as mandated by the Arizona State Legislature. The principal financing source for this fund is the state shared lottery revenue.

Mesa Housing Authority Fund accounts for expenditures of the City's housing assistance programs that provide rent subsidy payments to private sector owners of dwelling units. Financing for this fund is derived from grants from the United States Department of Housing and Urban Development.

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

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

Mesa Arts Center Restoration Fund 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.

Environmental Compliance Fund 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.

Street Sales Tax Fund 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.

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.

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

Special Assessment Bond Redemption Fund accumulates monies for the payment of the Special Assessment Bonds that are issued to finance the costs of improvements which are to be paid from special assessments levied against the benefited properties.

Capital Lease Redemption Fund accumulates monies for the payment of principal and interest requirements of capital leases relating to the acquisition of land, computer equipment, communication equipment, police helicopters and various public improvements within the City.

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

Highway Project Advancement Notes Fund accumulates monies for the payment of principal and interest requirements for the Highway Project Advancement Notes.

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.

Fire Construction Fund accounts for the cost of fire prevention facilities and equipment.

Storm Sewer Construction Fund accounts for the construction of drains, basins, channels and other storm sewer improvements.

Streets Construction Fund accounts for the cost of right-of-way acquisitions and street improvements.

Law Enforcement Construction Fund accounts for the cost of public safety facilities.

Library Construction Fund accounts for the cost of improvements to the main library and expansion of branches.

Capital Projects Funds (cont.)

Service Center Construction Fund accounts for the cost of improvements to the 6th Street service center.

Vehicle Replacement Fund accounts for expenditures related to the acquisition of replacement vehicles for the City's governmental funds. The funds are provided through transfers from the City's General Fund.

Capital Leases Construction Fund accounts for the cost of acquiring various computer equipment, communications equipment and public improvements within the City.

CITY OF MESA, ARIZONA
EXHIBIT C-1
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-major Governmental Funds
ASSETS				
Pooled Cash and Investments	\$ 56,672,696	\$ -	\$ 38,746,368	\$ 95,419,064
Accounts Receivable	1,627,766	-	-	1,627,766
Accrued Interest Receivable	45,018	-	-	45,018
Due From Other Governments	2,574,392	-	480,110	3,054,502
Prepaid Costs	13,656	-	2,891,954	2,905,610
Restricted Assets:				
Pooled Cash and Investments	-	37,953,905	-	37,953,905
Cash with Trustee	-	22,490,388	-	22,490,388
Special Assessments Receivable	-	5,246,412	-	5,246,412
Accounts Receivable-Property Taxes	-	402,433	-	402,433
Due From Other Governments	-	22,993,869	-	22,993,869
Total Assets	<u>\$ 60,933,528</u>	<u>\$ 89,087,007</u>	<u>\$ 42,118,432</u>	<u>\$ 192,138,967</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 6,150,499	\$ -	\$ 1,580,557	\$ 7,731,056
Customer Deposits	5,889,749	-	-	5,889,749
Payable From Restricted Assets:				
Accrued Lease Interest Payable	-	194	-	194
Accrued Bond Interest Payable	-	9,749,172	-	9,749,172
Accrued Note Interest Payable	-	756,250	-	756,250
Deferred Revenue	-	5,648,845	-	5,648,845
Matured General Obligation				
Bonds Payable	-	21,675,399	-	21,675,399
Matured Highway User Revenue				
Bonds Payable	-	6,030,000	-	6,030,000
Matured Capital Leases Payable	-	50,043	-	50,043
Total Liabilities	<u>12,040,248</u>	<u>43,909,903</u>	<u>1,580,557</u>	<u>57,530,708</u>
Fund Balances:				
Nonspendable	13,656	-	2,891,954	2,905,610
Restricted	35,034,073	45,042,831	32,460,114	112,537,018
Committed	13,845,551	134,273	5,185,807	19,165,631
Total Fund Balances	<u>48,893,280</u>	<u>45,177,104</u>	<u>40,537,875</u>	<u>134,608,259</u>
Total Liabilities and Fund Balances	<u>\$ 60,933,528</u>	<u>\$ 89,087,007</u>	<u>\$ 42,118,432</u>	<u>\$ 192,138,967</u>

CITY OF MESA, ARIZONA
EXHIBIT C-2
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non- major Governmental Fund
Revenues:				
Sales Taxes	\$20,762,303	\$ -	\$ -	\$ 20,762,303
Property Taxes	-	14,273,796	-	14,273,796
Special Assessments	-	\$ 1,069,363	-	\$ 1,069,363
Licenses and Permits	3,286,325	-	-	3,286,325
Intergovernmental	22,763,472	-	5,777,960	28,541,432
Charges For Services	8,286,495	-	-	8,286,495
Fines and Forfeitures	-	880,189	-	880,189
Investment Income	164,270	34,248	5,746	204,264
Miscellaneous	214,076	19,102	578,098	811,276
Total Revenues	55,476,941	16,276,698	6,361,804	78,115,443
Expenditures:				
Current:				
Public Safety	5,985,101	-	-	5,985,101
Community Environment	31,120,816	-	-	31,120,816
Debt Service:				
Principal Retirement	-	31,689,924	-	31,689,924
Interest on Bonds	-	19,433,832	-	19,433,832
Interest on Leases	-	201,649	-	201,649
Interest on Notes	-	1,575,694	-	1,575,694
Service Charges	-	9,546	-	9,546
Cost of Issuance	-	29,100	-	29,100
Capital Outlay	16,347,906	-	26,862,239	43,210,145
Total Expenditures	53,453,823	52,939,745	26,862,239	133,255,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,023,118	(36,663,047)	(20,500,435)	(55,140,364)
Other Financing Sources (Uses):				
Transfers In	7,476,076	36,809,511	125,000	44,410,587
Transfers Out	(4,758,362)	(308,501)	(3,994)	(5,070,857)
Face Amount of Bonds Issued	-	-	29,320,000	29,320,000
Premium on Issuance of Bonds	-	-	359,932	359,932
Total Other Financing Sources (Uses)	2,717,714	36,501,010	29,800,938	69,019,662
Net Change in Fund Balances	4,740,832	(162,037)	9,300,503	13,879,298
Fund Balances - Beginning, as Restated	44,152,448	45,339,141	31,237,372	120,728,961
Fund Balances - Ending	\$48,893,280	\$ 45,177,104	\$40,537,875	\$ 134,608,259

CITY OF MESA, ARIZONA
EXHIBIT C-3
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	<u>Local Transportation Assistance</u>	<u>Mesa Housing Authority</u>	<u>Cemetery</u>	<u>Development Impact Fees</u>
ASSETS				
Pooled Cash and Investments	\$ 4,028,689	\$ 2,176,339	\$ 6,714,834	\$ 5,622,343
Accounts Receivable	-	-	45,131	-
Accrued Interest Receivable	-	-	-	-
Due From Other Governments	1,167,856	-	-	-
Prepaid Costs	534	-	29	5,130
Total Assets	<u>\$ 5,197,079</u>	<u>\$ 2,176,339</u>	<u>\$ 6,759,994</u>	<u>\$ 5,627,473</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 5,172,218	\$ 58,626	\$ 7,425	\$ 22,811
Due To Other Funds	-	-	-	-
Customer Deposits	-	-	2,170	-
Total Liabilities	<u>5,172,218</u>	<u>58,626</u>	<u>9,595</u>	<u>22,811</u>
Fund Balances:				
Nonspendable	534	-	29	5,130
Restricted	24,327	2,117,700	-	-
Committed	-	13	6,750,370	5,599,532
Total Fund Balances	<u>24,861</u>	<u>2,117,713</u>	<u>6,750,399</u>	<u>5,604,662</u>
Total Liabilities and Fund Balances	<u>\$ 5,197,079</u>	<u>\$ 2,176,339</u>	<u>\$ 6,759,994</u>	<u>\$ 5,627,473</u>

EXHIBIT C-3

(Continued)

Mesa Arts Center Restoration	Environmental Compliance	Street Sales Tax	Total
\$ 1,157,748	\$ 640,401	\$ 36,332,342	\$ 56,672,696
-	-	1,582,635	1,627,766
-	-	45,018	45,018
-	-	1,406,536	2,574,392
-	531	7,432	13,656
<u>\$ 1,157,748</u>	<u>\$ 640,932</u>	<u>\$ 39,373,963</u>	<u>\$ 60,933,528</u>
\$ 10,425	\$ 292,088	\$ 586,906	\$ 6,150,499
-	-	-	-
-	-	5,887,579	5,889,749
<u>10,425</u>	<u>292,088</u>	<u>6,474,485</u>	<u>12,040,248</u>
-	531	7,432	13,656
-	-	32,892,046	35,034,073
<u>1,147,323</u>	<u>348,313</u>	<u>-</u>	<u>13,845,551</u>
<u>1,147,323</u>	<u>348,844</u>	<u>32,899,478</u>	<u>48,893,280</u>
<u>\$ 1,157,748</u>	<u>\$ 640,932</u>	<u>\$ 39,373,963</u>	<u>\$ 60,933,528</u>

CITY OF MESA, ARIZONA

EXHIBIT C-4

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Local Transportation Assistance	Mesa Housing Authority	Cemetery	Development Impact Fees
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	3,286,325
Intergovernmental	870,381	12,016,967	-	-
Charges for Services	1,030,607	12	1,209,887	-
Investment Income	-	2,175	8,183	8,490
Miscellaneous	183,371	29,590	1,115	-
Total Revenues	<u>2,084,359</u>	<u>12,048,744</u>	<u>1,219,185</u>	<u>3,294,815</u>
Expenditures:				
Current:				
Public Safety	-	-	-	-
Community Environment	7,538,111	11,641,820	1,037,831	-
Capital Outlay	1,609,394	-	156,668	2,965,614
Total Expenditures	<u>9,147,505</u>	<u>11,641,820</u>	<u>1,194,499</u>	<u>2,965,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,063,146)</u>	<u>406,924</u>	<u>24,686</u>	<u>329,201</u>
Other Financing Sources (Uses):				
Transfers In	7,075,000	100,000	-	-
Transfers Out	-	-	-	(3,057,668)
Total Other Financing Sources (Uses)	<u>7,075,000</u>	<u>100,000</u>	<u>-</u>	<u>(3,057,668)</u>
Net Change in Fund Balances	11,854	506,924	24,686	(2,728,467)
Fund Balances - Beginning, as Restated	<u>13,007</u>	<u>1,610,789</u>	<u>6,725,713</u>	<u>8,333,129</u>
Fund Balances - Ending	<u>\$ 24,861</u>	<u>\$ 2,117,713</u>	<u>\$ 6,750,399</u>	<u>\$ 5,604,662</u>

EXHIBIT C-4
(Continued)

Mesa Arts Center Restoration	Environmental Compliance	Street Sales Tax	Total
\$ -	\$ -	\$ 20,762,303	\$ 20,762,303
-	-	-	3,286,325
-	-	9,876,124	22,763,472
264,250	5,781,739	-	8,286,495
1,159	1,330	142,933	164,270
-	-	-	214,076
<u>265,409</u>	<u>5,783,069</u>	<u>30,781,360</u>	<u>55,476,941</u>
-	5,985,101	-	5,985,101
-	-	10,903,054	31,120,816
<u>125,048</u>	<u>367,991</u>	<u>11,123,191</u>	<u>16,347,906</u>
<u>125,048</u>	<u>6,353,092</u>	<u>22,026,245</u>	<u>53,453,823</u>
<u>140,361</u>	<u>(570,023)</u>	<u>8,755,115</u>	<u>2,023,118</u>
-	-	301,076	7,476,076
-	-	(1,700,694)	(4,758,362)
-	-	(1,399,618)	2,717,714
140,361	(570,023)	7,355,497	4,740,832
<u>1,006,962</u>	<u>918,867</u>	<u>25,543,981</u>	<u>44,152,448</u>
<u>\$ 1,147,323</u>	<u>\$ 348,844</u>	<u>\$ 32,899,478</u>	<u>\$ 48,893,280</u>

CITY OF MESA, ARIZONA
EXHIBIT C-5
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	General Obligation Bond Redemption	Special Assessment Bond Redemption	Capital Lease Redemption
ASSETS			
Restricted Assets:			
Pooled Cash and Investments	\$ 27,776,247	\$ 158,550	\$ 50,237
Cash with Trustee	-	-	-
Special Assesments Receivable	-	5,246,412	-
Accounts Receivable-Property Taxes	402,433		
Due From Other Governments	441,426	-	-
	<u>28,620,106</u>	<u>5,404,962</u>	<u>50,237</u>
Total Assets	<u>\$ 28,620,106</u>	<u>\$ 5,404,962</u>	<u>\$ 50,237</u>
LIABILITIES AND FUND BALANCES			
Liabilities Payable From Restricted Assets:			
Accrued Lease Interest Payable	-	-	194
Accrued Bond Interest Payable	6,408,001	158,550	-
Accrued Note Interest Payable	-	-	-
Deferred Revenue	402,433	5,246,412	-
Matured General Obligation Bonds Payable	21,675,399	-	-
Matured Highway User Revenue Bonds Payable	-	-	-
Matured Capital Leases Payable	-	-	50,043
	<u>28,485,833</u>	<u>5,404,962</u>	<u>50,237</u>
Total Liabilities	<u>28,485,833</u>	<u>5,404,962</u>	<u>50,237</u>
Fund Balances:			
Restricted	-	-	-
Committed	134,273	-	-
	<u>134,273</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>134,273</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 28,620,106</u>	<u>\$ 5,404,962</u>	<u>\$ 50,237</u>

EXHIBIT C-5

(Continued)

Highway User Revenue Bond Redemption	Highway Project Advancement Notes	Total
\$ 9,212,621	\$ 756,250	\$ 37,953,905
-	22,490,388	22,490,388
-	-	5,246,412
-	-	402,433
-	22,552,443	22,993,869
<u>\$ 9,212,621</u>	<u>\$ 45,799,081</u>	<u>\$ 89,087,007</u>
-	-	194
3,182,621	-	9,749,172
-	756,250	756,250
-	-	5,648,845
-	-	21,675,399
6,030,000	-	6,030,000
-	-	50,043
<u>9,212,621</u>	<u>756,250</u>	<u>43,909,903</u>
-	45,042,831	45,042,831
-	-	134,273
<u>-</u>	<u>45,042,831</u>	<u>45,177,104</u>
<u>\$ 9,212,621</u>	<u>\$ 45,799,081</u>	<u>\$ 89,087,007</u>

CITY OF MESA, ARIZONA

EXHIBIT C-6

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Obligation Bond Redemption	Special Assessment Bond Redemption	Capital Lease Redemption
Revenues:			
Property Taxes	\$ 14,273,796	\$ -	\$ -
Special Assessments		1,069,363	-
Fines and Forfeitures	880,189	-	-
Investment Income	-	-	-
Miscellaneous	-	19,102	-
Total Revenues	15,153,985	1,088,465	-
Expenditures:			
Debt Service:			
Principal Retirement	21,675,400	744,000	3,240,524
Interest on Bonds	12,731,550	337,040	-
Interest on Leases	-	-	201,649
Interest on Notes	-	-	-
Service Charges	5,546	-	-
Cost of Issuance			
Total Expenditures	34,412,496	1,081,040	3,442,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,258,511)	7,425	(3,442,173)
Other Financing Sources (Uses):			
Transfers In	19,392,402	-	3,442,173
Transfers Out	-	(7,425)	-
Total Other Financing Sources (Uses)	19,392,402	(7,425)	3,442,173
Net Change In Fund Balances	133,891	-	-
Fund Balances - Beginning, as Restated	382	-	-
Fund Balances - Ending	\$ 134,273	\$ -	\$ -

EXHIBIT C-6

(Continued)

Highway User Revenue Bond Redemption	Highway Project Advancement Notes	Total
\$ -	\$ -	\$ 14,273,796
-	-	1,069,363
-	-	880,189
-	34,248	34,248
-	-	19,102
-	34,248	16,276,698
6,030,000	-	31,689,924
6,365,242	-	19,433,832
-	-	201,649
-	1,575,694	1,575,694
4,000	-	9,546
-	29,100	29,100
12,399,242	1,604,794	52,939,745
(12,399,242)	(1,570,546)	(36,663,047)
12,399,242	1,575,694	36,809,511
-	(301,076)	(308,501)
12,399,242	1,274,618	36,501,010
-	(295,928)	(162,037)
-	45,338,759	45,339,141
\$ -	\$ 45,042,831	\$ 45,177,104

CITY OF MESA, ARIZONA
EXHIBIT C-7
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	<u>Fire</u>	<u>Storm Sewer</u>	<u>Streets</u>	<u>Law Enforcement</u>
ASSETS				
Pooled Cash and Investments	\$ 6,230,596	\$ 1,090,444	\$ 19,188,147	\$ 6,465,414
Due From Other Governments	-	-	480,110	-
Prepaid Costs	<u>2,891,954</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 9,122,550</u></u>	<u><u>\$ 1,090,444</u></u>	<u><u>\$ 19,668,257</u></u>	<u><u>\$ 6,465,414</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	<u>\$ 421,092</u>	<u>\$ -</u>	<u>\$ 1,013,981</u>	<u>\$ 103,556</u>
Total Liabilities	<u>421,092</u>	<u>-</u>	<u>1,013,981</u>	<u>103,556</u>
Fund Balances:				
Nonspendable	2,891,954	-	-	-
Restricted	5,809,504	1,090,444	18,654,276	6,361,858
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>8,701,458</u>	<u>1,090,444</u>	<u>18,654,276</u>	<u>6,361,858</u>
Total Liabilities and Fund Balances	<u><u>\$ 9,122,550</u></u>	<u><u>\$ 1,090,444</u></u>	<u><u>\$ 19,668,257</u></u>	<u><u>\$ 6,465,414</u></u>

EXHIBIT C-7

(Continued)

<u>Library</u>	<u>Service Center</u>	<u>Vehicle Replacement</u>	<u>Capital Leases</u>	<u>Total</u>
\$ 548,076	\$ -	\$ 5,223,691	\$ -	\$ 38,746,368
-	-	-	-	480,110
-	-	-	-	2,891,954
<u>\$ 548,076</u>	<u>\$ -</u>	<u>\$ 5,223,691</u>	<u>\$ -</u>	<u>\$ 42,118,432</u>
\$ 4,044	\$ -	\$ 37,884	\$ -	\$ 1,580,557
<u>4,044</u>	<u>-</u>	<u>37,884</u>	<u>-</u>	<u>1,580,557</u>
-	-	-	-	2,891,954
544,032	-	-	-	32,460,114
-	-	5,185,807	-	5,185,807
<u>544,032</u>	<u>-</u>	<u>5,185,807</u>	<u>-</u>	<u>40,537,875</u>
<u>\$ 548,076</u>	<u>\$ -</u>	<u>\$ 5,223,691</u>	<u>\$ -</u>	<u>\$ 42,118,432</u>

CITY OF MESA, ARIZONA

EXHIBIT C-8

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Fire</u>	<u>Storm Sewer</u>	<u>Streets</u>	<u>Law Enforcement</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 5,777,960	\$ -
Investment Income	-	-	-	-
Miscellaneous	-	133,406	-	28,796
Total Revenues	<u>-</u>	<u>133,406</u>	<u>5,777,960</u>	<u>28,796</u>
Expenditures:				
Capital Outlay	3,931,416	369,298	17,617,834	4,467,637
Total Expenditures	<u>3,931,416</u>	<u>369,298</u>	<u>17,617,834</u>	<u>4,467,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,931,416)</u>	<u>(235,892)</u>	<u>(11,839,874)</u>	<u>(4,438,841)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Face Amount of Bonds Issued	6,595,000	-	22,725,000	-
Premium on Issuance of Bonds	82,436	-	277,496	-
Total Other Financing Sources (Uses)	<u>6,677,436</u>	<u>-</u>	<u>23,002,496</u>	<u>-</u>
Net Change in Fund Balances	2,746,020	(235,892)	11,162,622	(4,438,841)
Fund Balances - Beginning, as Restated	<u>5,955,438</u>	<u>1,326,336</u>	<u>7,491,654</u>	<u>10,800,699</u>
Fund Balances - Ending	<u>\$ 8,701,458</u>	<u>\$ 1,090,444</u>	<u>\$ 18,654,276</u>	<u>\$ 6,361,858</u>

EXHIBIT C-8

(Continued)

<u>Library</u>	<u>Service Center</u>	<u>Vehicle Replacement</u>	<u>Capital Leases</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,777,960
-	-	5,746	-	5,746
-	-	415,896	-	578,098
-	-	421,642	-	6,361,804
275,906	-	200,148	-	26,862,239
275,906	-	200,148	-	26,862,239
(275,906)	-	221,494	-	(20,500,435)
-	-	125,000	-	125,000
-	(293)	-	(3,701)	(3,994)
-	-	-	-	29,320,000
-	-	-	-	359,932
-	(293)	125,000	(3,701)	29,800,938
(275,906)	(293)	346,494	(3,701)	9,300,503
819,938	293	4,839,313	3,701	31,237,372
<u>\$ 544,032</u>	<u>\$ -</u>	<u>\$ 5,185,807</u>	<u>\$ -</u>	<u>\$ 40,537,875</u>



INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF MESA, ARIZONA
EXHIBIT C-9
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Pooled Cash and Investments	\$ 767,681	\$ 7,766,427
Accounts Receivable	-	-
Accrued Premiums Receivable	-	-
Due From Other Governments	17,967	-
Inventory	5,867,894	-
Prepaid Costs	2,865	224,557
Total Current Assets	<u>6,656,407</u>	<u>7,990,984</u>
Capital Assets:		
Buildings	2,014,156	-
Other Improvements	4,944,884	-
Machinery and Equipment	2,133,887	-
Construction in Progress	58,997	-
	<u>9,151,924</u>	<u>-</u>
Less Accumulated Depreciation	(5,490,622)	-
Net Capital Assets	<u>3,661,302</u>	<u>-</u>
Total Assets	<u>10,317,709</u>	<u>7,990,984</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	788,495	337
Other Accrued Expenses:		
Incurred-Not Reported	-	7,252,000
Incurred and Pending	-	7,389,000
Current Portion of Compensated Absences	103,439	-
Total Current Liabilities	<u>891,934</u>	<u>14,641,337</u>
Long-Term Liabilities		
Compensated Absences	814,120	-
Post Employment Benefits	4,838,906	-
Total Long-Term Liabilities	<u>5,653,026</u>	<u>-</u>
Total Liabilities	<u>6,544,960</u>	<u>14,641,337</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,661,302	-
Unrestricted	111,447	(6,650,353)
Total Net Assets	<u>\$ 3,772,749</u>	<u>\$ (6,650,353)</u>

EXHIBIT C-9

(Continued)

<u>Workers'</u> <u>Compensation</u> <u>Self Insurance</u>	<u>Employee</u> <u>Benefits Self</u> <u>Insurance</u>	<u>Total</u>
\$ 6,401,587	\$ 25,119,792	\$ 40,055,487
293,588	119,577	413,165
-	1,140,182	1,140,182
-	-	17,967
-	-	5,867,894
79,757	1,673	308,852
<u>6,774,932</u>	<u>26,381,224</u>	<u>47,803,547</u>
-	-	2,014,156
-	-	4,944,884
-	-	2,133,887
-	-	58,997
-	-	<u>9,151,924</u>
-	-	<u>(5,490,622)</u>
-	-	<u>3,661,302</u>
<u>6,774,932</u>	<u>26,381,224</u>	<u>51,464,849</u>
68,341	693,587	1,550,760
-	3,313,773	10,565,773
11,469,618	-	18,858,618
-	-	103,439
<u>11,537,959</u>	<u>4,007,360</u>	<u>31,078,590</u>
-	-	814,120
-	-	4,838,906
-	-	5,653,026
<u>11,537,959</u>	<u>4,007,360</u>	<u>36,731,616</u>
-	-	3,661,302
<u>(4,763,027)</u>	<u>22,373,864</u>	<u>11,071,931</u>
<u>\$ (4,763,027)</u>	<u>\$ 22,373,864</u>	<u>\$ 14,733,233</u>

CITY OF MESA, ARIZONA
EXHIBIT C-10
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Warehouse, Maintenance and Services</u>	<u>Property and Public Liability Self Insurance</u>
Operating Revenues:		
Charges For Services:		
Material and Supply	\$ 937,263	\$ -
Printing and Graphics	895,204	-
Fleet Support Services	16,169,817	-
Self-Insurance Contributions:		
Employee	-	-
City	-	4,301,000
State Retirement System	-	-
Other	-	-
Total Operating Revenues	<u>18,002,284</u>	<u>4,301,000</u>
Operating Expenses:		
Material and Supply	1,098,633	-
Printing and Graphics	1,087,514	-
Fleet Support Services	17,081,337	-
Administrative Costs	-	989,533
Claims Incurred	-	531,174
Premiums to Insurance Carriers	-	1,131,359
Total Operating Expenses	<u>19,267,484</u>	<u>2,652,066</u>
Operating Income (Loss) Before Depreciation	(1,265,200)	1,648,934
Depreciation	<u>(386,538)</u>	<u>-</u>
Operating Income (Loss)	<u>(1,651,738)</u>	<u>1,648,934</u>
Nonoperating Revenues (Expense):		
Investment Income	-	9,615
Loss on Disposal of Capital Assets	<u>(4)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(4)</u>	<u>9,615</u>
Net Income (Loss) Before Transfers and Capital Contributions	(1,651,742)	1,658,549
Transfers Out	<u>(31,200)</u>	<u>-</u>
Change in Net Assets	(1,682,942)	1,658,549
Total Net Assets - Beginning	<u>5,455,691</u>	<u>(8,308,902)</u>
Total Net Assets - Ending	<u>\$ 3,772,749</u>	<u>\$ (6,650,353)</u>

EXHIBIT C-10

(Continued)

<u>Workers' Compensation Self Insurance</u>	<u>Employee Benefits Self Insurance</u>	<u>Total</u>
\$ -	\$ -	\$ 937,263
-	-	895,204
-	-	16,169,817
-	12,320,770	12,320,770
397,362	44,021,081	48,719,443
-	3,289,700	3,289,700
-	66,009	66,009
<u>397,362</u>	<u>59,697,560</u>	<u>82,398,206</u>
-	-	1,098,633
-	-	1,087,514
-	-	17,081,337
923,772	4,808,575	6,721,880
5,945,198	48,282,200	54,758,572
549,580	334,298	2,015,237
<u>7,418,550</u>	<u>53,425,073</u>	<u>82,763,173</u>
(7,021,188)	6,272,487	(364,967)
-	-	(386,538)
<u>(7,021,188)</u>	<u>6,272,487</u>	<u>(751,505)</u>
9,511	19,984	39,110
-	-	(4)
<u>9,511</u>	<u>19,984</u>	<u>39,106</u>
(7,011,677)	6,292,471	(712,399)
-	-	(31,200)
<u>(7,011,677)</u>	<u>6,292,471</u>	<u>(743,599)</u>
2,248,650	16,081,393	15,476,832
<u>\$ (4,763,027)</u>	<u>\$ 22,373,864</u>	<u>\$ 14,733,233</u>

CITY OF MESA, ARIZONA
EXHIBIT C-11
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Warehouse, Maintenance and Services
Cash Flows From Operating Activities:	
Cash Received From Users	\$ 18,005,771
Cash Payments To Suppliers	(12,580,862)
Cash Payments To Employees	(5,433,796)
	<u>(8,887)</u>
Net Cash (Used For) Operating Activities	<u>(8,887)</u>
Cash Flows From Noncapital Financing Activities:	
Operating Transfers-Out From Other Funds	(31,200)
	<u>(31,200)</u>
Net Cash Provided By Noncapital Financing Activities	<u>(31,200)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(65,334)
	<u>(65,334)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(65,334)</u>
Cash Flows From Investing Activities:	
Interest Received on Investments	-
	<u>-</u>
Net Cash Provided By Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(105,421)
Pooled Cash and Investments at Beginning of Year	873,102
Pooled Cash and Investments at End of Year	\$ <u><u>767,681</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Operating Income (Loss)	\$ (1,651,738)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used Provided By Operating Activities:	
Depreciation	386,538
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	3,487
Decrease in Inventory	96,470
(Increase) Decrease in Prepaid Costs	(1,090)
Increase (Decrease) in Accounts Payable	(208,104)
Increase (Decrease) in Other Accrued Expenses	1,365,550
	<u>1,642,851</u>
Total Adjustments	<u>1,642,851</u>
Net Cash Provided By (Used For) Operating Activities	\$ <u><u>(8,887)</u></u>
Noncash Transactions Affecting Financial Position:	
Loss on Disposal of Capital Assets	(4)

EXHIBIT C-11
(Continued)

<u>Property and Public Liability Self Insurance</u>	<u>Workers' Compensation Self Insurance</u>	<u>Employee Benefits Self Insurance</u>	<u>Total</u>
\$ 4,301,000	\$ 143,720	\$ 59,651,632	\$ 82,102,123
(4,628,397)	(3,377,008)	(52,086,460)	(72,672,727)
(848,975)	(365,271)	(1,546,168)	(8,194,210)
<u>(1,176,372)</u>	<u>(3,598,559)</u>	<u>6,019,004</u>	<u>1,235,186</u>
-	-	-	(31,200)
-	-	-	(31,200)
-	-	-	(65,334)
-	-	-	(65,334)
9,615	9,511	40,644	59,770
9,615	9,511	40,644	59,770
(1,166,757)	(3,589,048)	6,059,648	1,198,422
8,933,184	9,990,635	19,060,144	38,857,065
<u>\$ 7,766,427</u>	<u>\$ 6,401,587</u>	<u>\$ 25,119,792</u>	<u>\$ 40,055,487</u>
\$ 1,648,934	\$ (7,021,188)	\$ 6,272,487	\$ (751,505)
-	-	-	386,538
-	(253,642)	(45,928)	(296,083)
-	-	-	96,470
169,748	(79,757)	(1,372)	87,529
(54)	7,436	211,335	10,613
(2,995,000)	3,748,592	(417,518)	1,701,624
<u>(2,825,306)</u>	<u>3,422,629</u>	<u>(253,483)</u>	<u>1,986,691</u>
<u>\$ (1,176,372)</u>	<u>\$ (3,598,559)</u>	<u>\$ 6,019,004</u>	<u>\$ 1,235,186</u>

(4)

CITY OF MESA, ARIZONA

EXHIBIT C-12

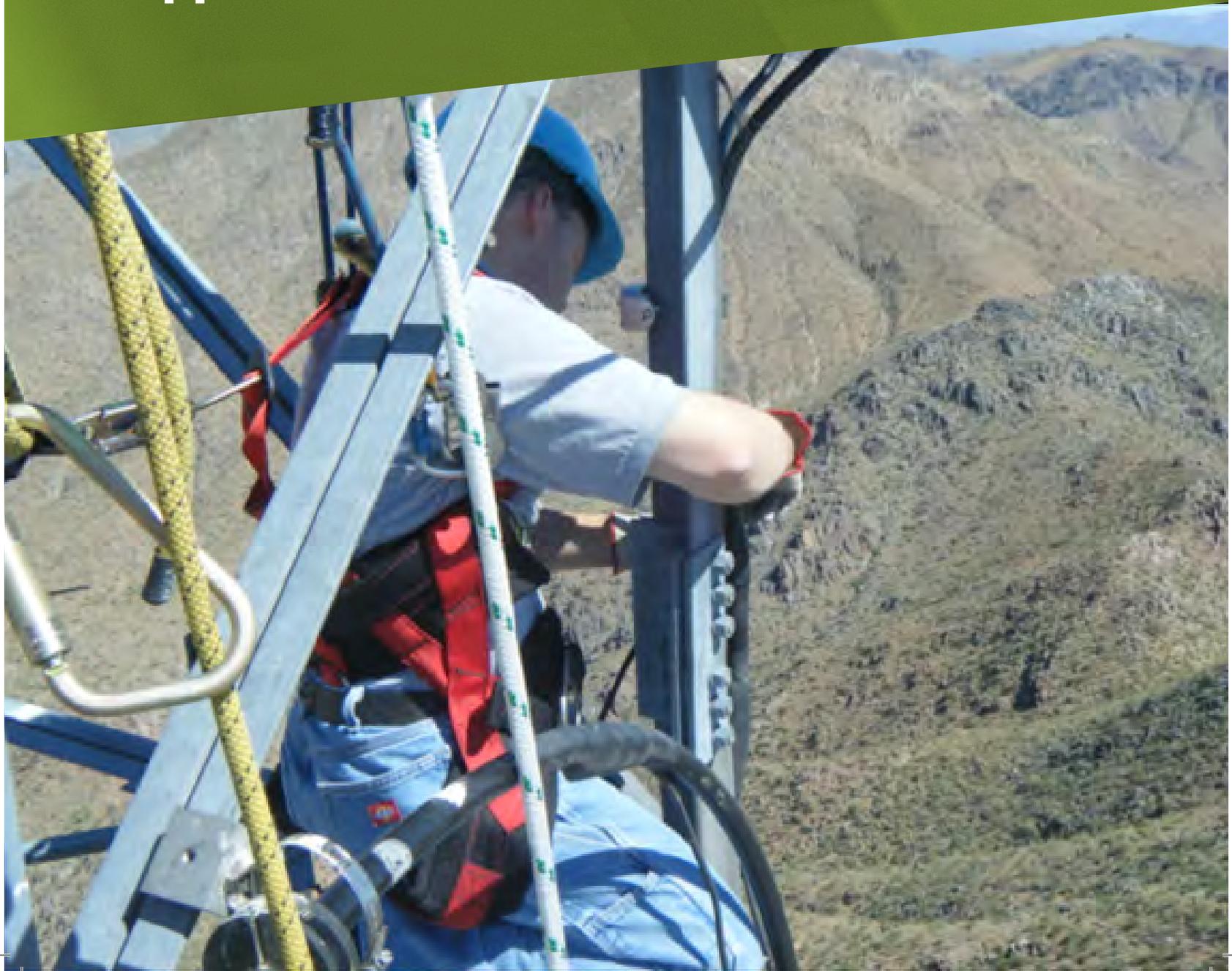
AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
PAYROLL AGENCY FUND				
Assets:				
Pooled Cash and Investments	\$ 10,158,717	\$ 538,938,295	\$ 537,597,151	\$ 11,499,861
Due From Other Funds	<u>-</u>	<u>11,178,218</u>	<u>11,178,218</u>	<u>-</u>
Total Assets	<u>\$ 10,158,717</u>	<u>\$ 550,116,513</u>	<u>\$ 548,775,369</u>	<u>\$ 11,499,861</u>
Liabilities:				
Accrued Payroll Payable	<u>\$ 10,158,717</u>	<u>\$ 335,502,212</u>	<u>\$ 334,161,068</u>	<u>\$ 11,499,861</u>
Total Liabilities	<u>\$ 10,158,717</u>	<u>\$ 335,502,212</u>	<u>\$ 334,161,068</u>	<u>\$ 11,499,861</u>

Supplemental Information



CITY OF MESA, ARIZONA

EXHIBIT D-1

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Government:				
Legislative	\$ 1,621,000	\$ 1,618,093	\$ 1,563,603	\$ 54,490
Executive	959,000	1,193,834	1,193,834	-
Williams Gateway	4,239,000	4,397,998	4,397,998	-
Town Center Development	1,156,000	1,156,000	890,551	265,449
Judicial	15,192,000	15,156,338	12,487,917	2,668,421
Legal	1,085,000	1,122,566	1,001,476	121,090
Building Maintenance	1,414,000	1,537,900	1,537,900	-
City Clerk	1,450,000	1,445,627	1,075,848	369,779
Economic Development	1,904,000	2,242,075	2,242,075	-
Engineering	2,809,000	2,772,776	2,036,306	736,470
Financial Services	8,353,000	8,274,960	7,291,406	983,554
E-Streets & Cable TV Licensing	934,000	1,057,211	1,057,211	-
General Services	5,756,753	5,643,944	5,450,064	193,880
Planning	2,287,000	2,281,541	2,135,748	145,793
Capital Improvement	834,000	834,000	772,884	61,116
Total General Government	<u>49,993,753</u>	<u>50,734,863</u>	<u>45,134,821</u>	<u>5,600,042</u>
Less: Capital Outlay Expenditures	3,191,312	3,078,944	2,251,340	827,604
Debt Service Expenditures	2,231,978	2,231,978	2,231,939	39
Total Current Expenditures	<u>44,570,463</u>	<u>45,423,941</u>	<u>40,651,542</u>	<u>4,772,399</u>
Public Safety:				
Law Enforcement	167,870,000	166,998,007	159,448,014	7,549,993
Fire Prevention	78,213,000	75,874,193	66,095,663	9,778,530
Building Safety	3,872,000	3,856,356	3,373,798	482,558
Code Compliance	951,000	948,093	679,249	268,844
Environmental Management	6,284,508	6,248,509	1,912,069	4,336,440
Total Public Safety	<u>257,190,508</u>	<u>253,925,158</u>	<u>231,508,793</u>	<u>22,416,365</u>
Less: Capital Outlay Expenditures	16,990,222	15,846,446	8,261,310	7,585,136
Debt Service Expenditures	15,547,781	15,547,781	14,811,772	736,009
Total Current Expenditures	<u>\$ 224,652,505</u>	<u>\$ 222,530,931</u>	<u>\$ 208,435,711</u>	<u>\$ 14,095,220</u>

CITY OF MESA, ARIZONA

EXHIBIT D-1 (Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Cultural-Recreational:				
Parks and Recreation	\$ 20,347,000	\$ 20,291,322	\$ 18,912,045	\$ 1,379,277
Cultural	11,138,984	11,097,864	10,260,669	837,195
Aquatics	8,551,000	8,551,000	8,393,872	157,128
Library	9,090,356	9,045,963	8,657,881	388,082
Community Aid	2,757,000	3,015,557	3,015,557	-
Museum of Natural History	2,106,000	2,098,355	1,869,608	228,747
Museum for Youth	1,531,000	1,519,362	1,347,989	171,373
Neighborhood & Human Services	2,953,000	2,938,442	2,740,135	198,307
Total Cultural-Recreational	<u>58,474,340</u>	<u>58,557,865</u>	<u>55,197,756</u>	<u>3,360,109</u>
Less: Capital Outlay Expenditures	9,222,056	9,047,024	7,023,181	2,023,843
Debt Service Expenditures	<u>5,627,772</u>	<u>5,627,772</u>	<u>5,964,050</u>	<u>(336,278)</u>
Total Current Expenditures	<u>43,624,512</u>	<u>43,883,069</u>	<u>42,210,525</u>	<u>1,672,544</u>
Community Environment:				
Community Development	13,966,000	13,966,000	8,856,588	5,109,412
Streets	2,909,404	2,909,404	2,872,421	36,983
Storm Sewer	5,627,348	5,627,348	5,326,510	300,838
Mass Transit	347,862	590,853	590,853	-
Miscellaneous Services	735,000	2,722,376	2,722,376	-
Total Community Environment	<u>23,585,614</u>	<u>25,815,981</u>	<u>20,368,748</u>	<u>5,447,233</u>
Less: Capital Outlay Expenditures	891,101	1,134,092	1,118,297	15,795
Debt Service Expenditures	<u>7,917,688</u>	<u>7,917,688</u>	<u>7,600,769</u>	<u>316,919</u>
Total Current Expenditures	<u>14,776,825</u>	<u>16,764,201</u>	<u>11,649,682</u>	<u>5,114,519</u>
Contingencies	<u>45,455,000</u>	<u>44,920,286</u>	<u>-</u>	<u>44,920,286</u>
Total General Fund Expenditures	<u>\$ 434,699,215</u>	<u>\$ 433,954,153</u>	<u>\$ 352,210,118</u>	<u>\$ 81,744,035</u>

CITY OF MESA, ARIZONA

EXHIBIT D-2

HIGHWAY USER REVENUE FUND

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual Amounts - Budget Basis	Variance With Final Budget - Positive (Negative)
Community Environment:				
Streets	38,831,757	38,532,372	37,795,975	736,397
Storm Sewer	177,652	177,652	323,056	(145,404)
Total Community Environment	39,009,409	38,710,024	38,119,031	590,993
Less: Capital Outlay Expenditures	407,512	108,127	9,995	98,132
Debt Service Expenditures	12,399,741	12,399,741	12,399,242	499
Total Current Expenditures	26,202,156	26,202,156	25,709,794	492,362
Contingencies	-	299,385	-	299,385
Total Highway User Revenue Fund Expenditures	<u>\$ 39,009,409</u>	<u>\$ 39,009,409</u>	<u>\$ 38,119,031</u>	<u>\$ 890,378</u>

CITY OF MESA, ARIZONA

EXHIBIT D-3

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
LOCAL TRANSPORTATION ASSISTANCE FUND				
Revenues:				
Intergovernmental	\$ 12,750,169	\$ 12,750,169	\$ 870,381	\$ (11,879,788)
Charges For Services	1,500,000	1,500,000	1,030,607	(469,393)
Miscellaneous	2,000	2,000	183,371	181,371
Total Revenues	<u>14,252,169</u>	<u>14,252,169</u>	<u>2,084,359</u>	<u>(12,167,810)</u>
Expenditures:				
Current:				
Community Environment	8,435,653	8,435,653	7,538,111	897,542
Capital Outlay	13,791,485	13,791,485	1,609,394	12,182,091
Total Expenditures	<u>22,227,138</u>	<u>22,227,138</u>	<u>9,147,505</u>	<u>13,079,633</u>
Deficiency of Revenues Under Expenditures	(7,974,969)	(7,974,969)	(7,063,146)	911,823
Other Financing Sources:				
Transfers In	7,975,000	7,975,000	7,075,000	(900,000)
Net Change in Fund Balance	31	31	11,854	11,823
Fund Balance - Beginning	<u>349</u>	<u>349</u>	<u>13,007</u>	<u>12,658</u>
Fund Balance - Ending	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ 24,861</u>	<u>\$ 24,481</u>

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
MESA HOUSING AUTHORITY FUND				
Revenues:				
Intergovernmental	\$ 14,213,000	\$ 14,213,000	\$ 12,016,967	\$ (2,196,033)
Charges For Services	-	-	12	12
Investment Income	1,000	1,000	2,175	1,175
Miscellaneous	47,000	47,000	29,590	(17,410)
Total Revenues	<u>14,261,000</u>	<u>14,261,000</u>	<u>12,048,744</u>	<u>(2,212,256)</u>
Expenditures:				
Current:				
Community Environment	<u>14,260,000</u>	<u>14,260,000</u>	<u>11,641,820</u>	<u>2,618,180</u>
Total Expenditures	<u>14,260,000</u>	<u>14,260,000</u>	<u>11,641,820</u>	<u>2,618,180</u>
Excess of Revenues Over Expenditures	1,000	1,000	406,924	405,924
Other Financing Sources:				
Transfers In	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	1,000	1,000	506,924	505,924
Fund Balance - Beginning	<u>458,560</u>	<u>458,560</u>	<u>1,610,789</u>	<u>1,152,229</u>
Fund Balance - Ending	<u>\$ 459,560</u>	<u>\$ 459,560</u>	<u>\$ 2,117,713</u>	<u>\$ 1,658,153</u>

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
CEMETERY FUND				
Revenues:				
Charges For Services	\$ 1,139,000	\$ 1,139,000	\$ 1,209,887	\$ 70,887
Investment Income	4,000	4,000	8,183	4,183
Miscellaneous	-	-	1,115	1,115
Total Revenues	<u>1,143,000</u>	<u>1,143,000</u>	<u>1,219,185</u>	<u>76,185</u>
Expenditures:				
Current:				
Community Environment	1,202,456	1,202,456	1,037,831	164,625
Capital Outlay	<u>522,544</u>	<u>522,544</u>	<u>156,668</u>	<u>365,876</u>
Total Expenditures	<u>1,725,000</u>	<u>1,725,000</u>	<u>1,194,499</u>	<u>530,501</u>
Net Change in Fund Balance	(582,000)	(582,000)	24,686	606,686
Fund Balance - Beginning	<u>6,703,420</u>	<u>6,703,420</u>	<u>6,725,713</u>	<u>22,293</u>
Fund Balance - Ending	<u>\$ 6,121,420</u>	<u>\$ 6,121,420</u>	<u>\$ 6,750,399</u>	<u>\$ 628,979</u>

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
DEVELOPMENT IMPACT FEES FUND				
Revenues:				
Licenses & Permits	\$ 2,782,000	\$ 2,782,000	\$ 3,286,325	\$ 504,325
Investment Income	6,000	6,000	8,490	2,490
Total Revenues	<u>2,788,000</u>	<u>2,788,000</u>	<u>3,294,815</u>	<u>506,815</u>
Expenditures:				
Capital Outlay	7,426,016	7,430,780	2,965,614	4,465,166
Debt Service:				
Principal Retirement	674,544	674,544	674,568	(24)
Interest on Bonds	<u>1,979,100</u>	<u>2,719,100</u>	<u>2,383,100</u>	<u>336,000</u>
Total Expenditures	<u>10,079,660</u>	<u>10,824,424</u>	<u>6,023,282</u>	<u>4,801,142</u>
Net Change in Fund Balance	(7,291,660)	(8,036,424)	(2,728,467)	5,307,957
Fund Balance - Beginning	<u>8,388,800</u>	<u>8,388,800</u>	<u>8,333,129</u>	<u>(55,671)</u>
Fund Balance - Ending	<u><u>\$ 1,097,140</u></u>	<u><u>\$ 352,376</u></u>	<u><u>\$ 5,604,662</u></u>	<u><u>\$ 5,252,286</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-3 (Continued)
NON-MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
MESA ARTS CENTER RESTORATION FUND				
Revenues:				
Charges For Services	\$ 261,000	\$ 261,000	\$ 264,250	\$ 3,250
Investment Income	1,000	1,000	1,159	159
Total Revenues	<u>262,000</u>	<u>262,000</u>	<u>265,409</u>	<u>3,409</u>
Expenditures:				
Capital Outlay	<u>250,000</u>	<u>250,000</u>	<u>125,048</u>	<u>124,952</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>125,048</u>	<u>124,952</u>
Net Change in Fund Balance	12,000	12,000	140,361	128,361
Fund Balance - Beginning	<u>1,035,301</u>	<u>1,035,301</u>	<u>1,006,962</u>	<u>(28,339)</u>
Fund Balance - Ending	<u><u>\$ 1,047,301</u></u>	<u><u>\$ 1,047,301</u></u>	<u><u>\$ 1,147,323</u></u>	<u><u>\$ 100,022</u></u>

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
ENVIRONMENTAL COMPLIANCE FUND				
Revenues:				
Charges For Services	\$ 5,784,000	\$ 5,784,000	\$ 5,781,739	\$ (2,261)
Investment Income	1,000	1,000	1,330	330
Total Revenues	<u>5,785,000</u>	<u>5,785,000</u>	<u>5,783,069</u>	<u>(1,931)</u>
Expenditures:				
Current:				
Public Safety	5,917,383	5,917,383	5,985,101	(67,718)
Capital Outlay	709,109	709,109	367,991	341,118
Total Expenditures	<u>6,626,492</u>	<u>6,626,492</u>	<u>6,353,092</u>	<u>273,400</u>
Net Change in Fund Balance	(841,492)	(841,492)	(570,023)	271,469
Fund Balance - Beginning	<u>1,112,401</u>	<u>1,112,401</u>	<u>918,867</u>	<u>(193,534)</u>
Fund Balance - Ending	<u>\$ 270,909</u>	<u>\$ 270,909</u>	<u>\$ 348,844</u>	<u>\$ 77,935</u>

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
STREET SALES TAX FUND				
Revenues:				
Sales Taxes	\$ 21,347,000	\$ 21,347,000	\$ 20,792,000	\$ (555,000)
Intergovernmental	6,707,000	6,707,000	9,876,124	3,169,124
Investment Income	90,000	90,000	110,829	20,829
Miscellaneous	1,721,000	1,721,000	-	(1,721,000)
Total Revenues	<u>29,865,000</u>	<u>29,865,000</u>	<u>30,778,953</u>	<u>913,953</u>
Expenditures:				
Current:				
Community Environment	17,601,173	17,601,173	10,903,054	6,698,119
Capital Outlay	13,642,501	13,598,474	11,123,191	2,475,283
Contingencies	16,293,000	16,337,027	-	16,337,027
Debt Service:				
Interest/Service Charges on Notes	-	-	1,575,694	(1,575,694)
Total Expenditures	<u>47,536,674</u>	<u>47,536,674</u>	<u>23,601,939</u>	<u>23,934,735</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(17,671,674)	(17,671,674)	7,177,014	24,848,688
Other Financing Sources:				
Transfers In	-	-	301,076	301,076
Transfers Out	(125,000)	(125,000)	(125,000)	-
Net Change in Fund Balance	(17,796,674)	(17,796,674)	7,353,090	25,149,764
Fund Balance - Beginning, As Restated	17,797,631	17,797,631	23,931,649	6,134,018
Fund Balance - Ending	<u>\$ 957</u>	<u>\$ 957</u>	<u>\$ 31,284,739</u>	<u>\$ 31,283,782</u>

Budget Basis

Actual amount (budgetary basis) "Net Change in Fund Balance" from the budgetary comparison schedule

\$ 7,353,090

Basis Difference

Unrealized Gain on Investment
Sales Tax Accrual

32,104
(29,697)

GAAP Basis

"Net Change in Fund Balance "GAAP Basis as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Non-Major Special Revenue Funds Exhibit C-4

\$ 7,355,497

CITY OF MESA, ARIZONA

EXHIBIT D-3 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
RECAP				
Revenues:				
Sales Tax	\$ 21,347,000	\$ 21,347,000	\$ 20,792,000	\$ (555,000)
Licenses and Permits	2,782,000	2,782,000	3,286,325	504,325
Intergovernmental	33,670,169	33,670,169	22,763,472	(10,906,697)
Charges for Services	8,684,000	8,684,000	8,286,495	(397,505)
Investment Income	103,000	103,000	132,166	29,166
Miscellaneous	1,770,000	1,770,000	214,076	(1,555,924)
Total Revenues	<u>68,356,169</u>	<u>68,356,169</u>	<u>55,474,534</u>	<u>(12,881,635)</u>
Expenditures:				
Current:				
Public Safety	5,917,383	5,917,383	5,985,101	(67,718)
Community Environment	41,499,282	41,499,282	31,120,816	10,378,466
Capital Outlay	36,341,655	36,302,392	16,347,906	19,954,486
Contingencies	16,293,000	16,337,027	-	16,337,027
Debt Service:				
Principal Retirement	674,544	674,544	674,568	(24)
Interest on Notes and Bonds	1,979,100	2,719,100	3,958,794	(1,239,694)
Total Expenditures	<u>102,704,964</u>	<u>103,449,728</u>	<u>58,087,185</u>	<u>45,362,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,348,795)	(35,093,559)	(2,612,651)	32,480,908
Other Financing Sources:				
Transfers In	7,975,000	7,975,000	7,476,076	(498,924)
Transfer Out	(125,000)	(125,000)	(125,000)	-
Net Change in Fund Balances	(26,498,795)	(27,243,559)	4,738,425	31,981,984
Fund Balances - Beginning, As Restated	<u>35,496,462</u>	<u>35,496,462</u>	<u>42,540,116</u>	<u>7,043,654</u>
Fund Balances - Ending	<u>\$ 8,997,667</u>	<u>\$ 8,252,903</u>	<u>\$ 47,278,541</u>	<u>\$ 39,025,638</u>

CITY OF MESA, ARIZONA
EXHIBIT D-3 (Concluded)
NON-MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Budget Basis

Actual amount (budgetary basis) "Net Change in Fund Balances" from the budgetary comparison schedule	\$ 4,738,425
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Basis Difference

Unrealized Gain on Investment	32,104
Sales Tax Accrual	<u>(29,697)</u>

GAAP Basis

"Net Change in Fund Balances" GAAP Basis as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Non-Major Special Revenue Funds Exhibit C-4	<u><u>\$ 4,740,832</u></u>
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CITY OF MESA, ARIZONA

EXHIBIT D-4

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
LOCAL TRANSPORTATION ASSISTANCE FUND				
Community Environment:				
Mass Transit	\$ 22,227,138	\$ 22,227,138	\$ 9,147,505	\$ 13,079,633
Total Community Environment	<u>22,227,138</u>	<u>22,227,138</u>	<u>9,147,505</u>	<u>13,079,633</u>
Less: Capital Outlay Expenditures	<u>13,791,485</u>	<u>13,791,485</u>	<u>1,609,394</u>	<u>12,182,091</u>
Total Current Expenditures	<u>8,435,653</u>	<u>8,435,653</u>	<u>7,538,111</u>	<u>897,542</u>
Total Local Transportation Assistance Fund Expenditures	<u>\$ 22,227,138</u>	<u>\$ 22,227,138</u>	<u>\$ 9,147,505</u>	<u>\$ 13,079,633</u>
MESA HOUSING AUTHORITY				
Community Environment				
Mesa Housing Authority	\$ 14,260,000	\$ 14,260,000	\$ 11,641,820	\$ 2,618,180
Total Community Environment	<u>14,260,000</u>	<u>14,260,000</u>	<u>11,641,820</u>	<u>2,618,180</u>
Total Current Expenditures	<u>14,260,000</u>	<u>14,260,000</u>	<u>11,641,820</u>	<u>2,618,180</u>
Total Mesa Housing Authority Fund Expenditures	<u>\$ 14,260,000</u>	<u>\$ 14,260,000</u>	<u>\$ 11,641,820</u>	<u>\$ 2,618,180</u>
CEMETERY FUND				
Community Environment:				
Cemetery	\$ 1,725,000	\$ 1,725,000	\$ 1,194,499	\$ 530,501
Less: Capital Outlay Expenditures	<u>522,544</u>	<u>522,544</u>	<u>156,668</u>	<u>365,876</u>
Total Current Expenditures	<u>1,202,456</u>	<u>1,202,456</u>	<u>1,037,831</u>	<u>164,625</u>
Total Cemetery Fund Expenditures	<u>\$ 1,725,000</u>	<u>\$ 1,725,000</u>	<u>\$ 1,194,499</u>	<u>\$ 530,501</u>

CITY OF MESA, ARIZONA

EXHIBIT D-4 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
DEVELOPMENT IMPACT FEES FUND				
General Government:				
Capital Outlay:				
General Government Facilities	7,188,000	7,188,000	2,856,339	4,331,661
Total General Government	<u>7,188,000</u>	<u>7,188,000</u>	<u>2,856,339</u>	<u>4,331,661</u>
Public Safety:				
Debt Service:				
Law Enforcement	\$ 457,000	\$ 765,000	\$ 765,000	\$ -
Fire Prevention	301,000	518,000	518,000	-
Total Public Safety	<u>758,000</u>	<u>1,283,000</u>	<u>1,283,000</u>	<u>-</u>
Cultural-Recreational:				
Capital Outlay:				
Library	225,000	225,000	91,495	133,505
Cultural Facilities	13,016	17,780	17,780	-
Debt Service:				
Library	885,644	885,644	885,668	(24)
Parks & Recreation	778,000	778,000	442,000	336,000
Total Cultural-Recreational	<u>1,901,660</u>	<u>1,906,424</u>	<u>1,436,943</u>	<u>469,481</u>
Community Environment:				
Debt Service:				
Storm Sewer	232,000	447,000	447,000	-
Total Community Environment	<u>232,000</u>	<u>447,000</u>	<u>447,000</u>	<u>-</u>
Total Development Impact Fees Fund Expenditures	<u>\$ 10,079,660</u>	<u>\$ 10,824,424</u>	<u>\$ 6,023,282</u>	<u>\$ 4,801,142</u>
MESA ARTS CENTER RESTORATION FUND				
Cultural-Recreational:				
Capital Outlay:				
Cultural	\$ 250,000	\$ 250,000	\$ 125,048	\$ 124,952
Total Cultural-Recreational	<u>250,000</u>	<u>250,000</u>	<u>125,048</u>	<u>124,952</u>
Total Mesa Arts Center Restoration Fund Expenditures	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 125,048</u>	<u>\$ 124,952</u>

CITY OF MESA, ARIZONA

EXHIBIT D-4 (Continued)

NON-MAJOR SPECIAL REVENUE FUNDS

SCHEDULE OF EXPENDITURES BY PROGRAM - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
ENVIRONMENTAL COMPLIANCE FUND				
Public Safety:				
Environmental Management	\$ 6,626,492	\$ 6,626,492	\$ 6,353,092	\$ 273,400
Total Environmental Management	<u>6,626,492</u>	<u>6,626,492</u>	<u>6,353,092</u>	<u>273,400</u>
Less: Capital Outlay Expenditures	<u>709,109</u>	<u>709,109</u>	<u>367,991</u>	<u>341,118</u>
Total Current Expenditures	<u>5,917,383</u>	<u>5,917,383</u>	<u>5,985,101</u>	<u>(67,718)</u>
Total Environmental Compliance Fund Expenditures	<u>\$ 6,626,492</u>	<u>\$ 6,626,492</u>	<u>\$ 6,353,092</u>	<u>\$ 273,400</u>
STREET SALES TAX FUND				
Community Environment:				
Streets	\$ 31,243,674	\$ 31,199,647	\$ 23,601,939	\$ 7,597,708
Total Community Environment	<u>31,243,674</u>	<u>31,199,647</u>	<u>23,601,939</u>	<u>7,597,708</u>
Less: Capital Outlay Expenditures	<u>13,642,501</u>	<u>13,598,474</u>	<u>11,123,191</u>	<u>2,475,283</u>
Less: Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>1,575,694</u>	<u>(1,575,694)</u>
Total Current Expenditures	<u>17,601,173</u>	<u>17,601,173</u>	<u>10,903,054</u>	<u>6,698,119</u>
Contingencies	<u>16,293,000</u>	<u>16,337,027</u>	<u>-</u>	<u>16,337,027</u>
Street Sales Tax Fund Expenditures	<u>\$ 47,536,674</u>	<u>\$ 47,536,674</u>	<u>\$ 23,601,939</u>	<u>\$ 23,934,735</u>
RECAP				
General Government	\$ 7,188,000	\$ 7,188,000	\$ 2,856,339	\$ 4,331,661
Public Safety	7,384,492	7,909,492	7,636,092	273,400
Cultural-Recreational	2,151,660	2,156,424	1,561,991	594,433
Community Environment	69,687,812	69,858,785	46,023,763	23,835,022
Contingencies	<u>16,293,000</u>	<u>16,337,027</u>	<u>-</u>	<u>16,337,027</u>
Total Nonmajor Special Revenue Funds Expenditures	<u>\$ 102,704,964</u>	<u>\$ 103,449,728</u>	<u>\$ 58,078,185</u>	<u>\$ 45,371,543</u>

CITY OF MESA, ARIZONA

EXHIBIT D-5

NON-MAJOR DEBT SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
GENERAL OBLIGATION BOND				
REDEMPTION FUND				
Revenues:				
Fines and Forfeitures	\$ 746,000	\$ 746,000	\$ 880,189	\$ 134,189
Total Revenues	<u>746,000</u>	<u>746,000</u>	<u>880,189</u>	<u>134,189</u>
Expenditures:				
Debt Service:				
Principal Retirement	746,000	746,000	746,000	-
Service Charges	<u>-</u>	<u>298</u>	<u>298</u>	<u>-</u>
Total Expenditures	<u>746,000</u>	<u>746,298</u>	<u>746,298</u>	<u>-</u>
Net Change in Fund Balance	-	(298)	133,891	134,189
Fund Balance - Beginning	<u>912</u>	<u>912</u>	<u>382</u>	<u>(530)</u>
Fund Balance - Ending	<u>\$ 912</u>	<u>\$ 614</u>	<u>\$ 134,273</u>	<u>\$ 133,659</u>

CITY OF MESA, ARIZONA

EXHIBIT D-6

NON-MAJOR CAPITAL PROJECT FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
CAPITAL PROJECTS FUNDS				
Revenues:				
Intergovernmental	\$ 4,413,000	\$ 4,413,000	\$ 5,777,960	1,364,960
Investment Income	-	-	5,746	5,746
Miscellaneous	120,000	120,000	799,634	679,634
Total Revenues	<u>4,533,000</u>	<u>4,533,000</u>	<u>6,583,340</u>	<u>2,050,340</u>
Expenditures:				
Capital Outlay	\$ 176,695,165	175,294,217	79,427,462	95,866,755
Contingencies	-	1,400,948	-	1,400,948
Total Expenditures	<u>176,695,165</u>	<u>176,695,165</u>	<u>79,427,462</u>	<u>97,267,703</u>
Deficiency of Revenues Under Expenditures	<u>(172,162,165)</u>	<u>(172,162,165)</u>	<u>(72,844,122)</u>	<u>99,318,043</u>
Other Financing Sources:				
Face Amount of Bonds Issued	111,716,007	111,716,007	83,270,000	(28,446,007)
Premium on Issuance of Bonds	-	-	1,211,802	1,211,802
Transfers In	6,035,000	6,035,000	5,866,700	(168,300)
Transfers Out	-	-	(293)	(293)
Net Change in Fund Balances	<u>(54,411,158)</u>	<u>(54,411,158)</u>	<u>17,504,087</u>	<u>71,915,245</u>
Fund Balances-Beginning, as Restated	<u>63,468,510</u>	<u>63,468,510</u>	<u>85,359,034</u>	<u>21,890,524</u>
Fund Balances-Ending	<u>\$ 9,057,352</u>	<u>\$ 9,057,352</u>	<u>\$ 102,863,121</u>	<u>\$ 93,805,769</u>

Budget Basis

Actual amounts (budgetary basis) "Net Change in Fund Balances" from the budgetary comparison schedule

\$ 17,504,087

Perspective Differences:

Proprietary Capital Project Funds

(8,199,883)

Entity Differences:

Non-Budgeted Capital Leases

(3,701)

GAAP Basis

Actual amount (GAAP basis) "Net Change in Fund Balance" as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Capital Project Funds Exhibit C-8

\$ 9,300,503

CITY OF MESA, ARIZONA
EXHIBIT D-7
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Electric	\$ 34,988,000	\$ 34,988,000	\$ 33,567,888	\$ (1,420,112)
Gas	44,655,000	44,655,000	41,748,322	(2,906,678)
Water	108,441,000	108,441,000	106,039,319	(2,401,681)
Wastewater	65,376,000	65,376,000	62,038,897	(3,337,103)
Solid Waste	46,043,000	46,043,000	47,996,809	1,953,809
Airport	7,525,000	7,525,000	3,834,075	(3,690,925)
Golf Course	2,301,000	2,301,000	2,301,416	416
Convention Center	2,200,000	2,200,000	2,825,693	625,693
Hohokam Stadium/Fitch Complex	6,409,000	6,409,000	6,261,316	(147,684)
Cubs Stadium	-	-	51,614	51,614
District Cooling	944,000	944,000	945,434	1,434
Less: Bad Debt Expense	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,151,801)</u>	<u>(51,801)</u>
Total Revenues	<u>317,782,000</u>	<u>317,782,000</u>	<u>306,458,982</u>	<u>(11,323,018)</u>
Expenses:				
Electric	26,190,000	26,168,330	23,818,916	2,349,414
Gas	36,015,000	35,976,767	32,407,523	3,569,244
Water	65,626,000	65,558,292	60,121,013	5,437,279
Wastewater	54,211,000	54,155,138	50,988,445	3,166,693
Solid Waste	28,540,000	28,495,699	27,819,761	675,938
Airport	10,512,000	10,507,274	3,825,353	6,681,921
Golf Course	2,787,000	2,787,000	2,497,529	289,471
Convention Center	5,559,000	5,559,000	3,566,825	1,992,175
Hohokam Stadium/Fitch Complex	7,874,000	8,431,868	8,431,868	-
Cubs Stadium	-	219,385	219,385	-
District Cooling	757,000	757,000	548,405	208,595
Contingencies	<u>50,464,000</u>	<u>49,919,247</u>	<u>-</u>	<u>49,919,247</u>
Total Expenses	<u>288,535,000</u>	<u>288,535,000</u>	<u>214,245,023</u>	<u>74,289,977</u>
Income Before Transfers	29,247,000	29,247,000	92,213,959	62,966,959
Other Operating Uses:				
Transfers Out	<u>83,615,000</u>	<u>83,615,000</u>	<u>83,615,000</u>	<u>-</u>
Change in Net Assets	(54,368,000)	(54,368,000)	8,598,959	62,966,959
Unappropriated Net Assets - Beginning	56,417,742	56,417,742	51,732,839	(4,684,903)
Increase in Restricted Net Assets	<u>(2,049,742)</u>	<u>(2,049,742)</u>	<u>(136,532)</u>	<u>1,913,210</u>
Unappropriated Net Assets - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,195,266</u>	<u>\$ 60,195,266</u>

CITY OF MESA, ARIZONA
EXHIBIT D-8
 ENTERPRISE FUND
 RECONCILIATION OF BUDGET TO GAAP
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Budget Basis

Actual Amounts (Budgetary Basis)	
"Change in Net Assets" from Exhibit D-7	\$ 8,598,959

Basis Differences:

Compensated Absences	349,511
Post Employment Benefits	(12,160,364)
Capitalized Interest	5,675,166
Contractual Commitments	1,116
Utility Revenue Accrual	66,859
Increase of Fair Market Value of Investments	199,469
Revenues in Capital Project Funds	221,536

Perspective Differences:

Contributions of Capital Assets	3,793,766
---------------------------------	-----------

Timing Differences:

Water Rights	(4,799,301)
Capital Expenditures	5,249,048
Depreciation - Amortization	(45,215,543)
Investment in Joint Ventures	(12,295,349)
Non-Cash Loss on Disposal of Capital Assets	(378,483)
Bond Principal and Reserves	18,918,026
Amortization of Bond Premiums	2,166,452
Deferred Amounts on Refundings	(2,053,655)

GAAP Basis

Actual Amount (GAAP Basis)	
"Change in Net Assets" from Exhibit A-8	<u>\$ (31,662,787)</u>

CITY OF MESA, ARIZONA

EXHIBIT D-9

INTERNAL SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENSES AND

CHANGES IN NET ASSETS - BUDGET TO ACTUAL (BUDGET BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
WAREHOUSE, MAINTENANCE AND SERVICES				
Revenues:				
Charges For Services:				
Materials and Supply	\$ 1,129,922	\$ 1,129,922	\$ 937,263	\$ (192,659)
Printing and Graphics	1,403,881	1,403,881	895,204	(508,677)
Fleet Support Services	16,257,562	16,257,562	16,169,817	(87,745)
	<u>18,791,365</u>	<u>18,791,365</u>	<u>18,002,284</u>	<u>(789,081)</u>
Total Revenues				
Expenses:				
Materials and Supply	1,149,922	1,144,829	995,556	149,273
Printing and Graphics	1,412,128	1,409,941	899,356	510,585
Fleet Support Services	16,328,562	16,309,998	16,076,237	233,761
Contingencies	-	25,844	-	25,844
	<u>18,890,612</u>	<u>18,890,612</u>	<u>17,971,149</u>	<u>919,463</u>
Total Expenses				
Loss Before Transfers	(99,247)	(99,247)	31,135	130,382
Transfers In	99,000	99,000	-	(99,000)
Transfers Out	-	-	(31,200)	(31,200)
	<u>(247)</u>	<u>(247)</u>	<u>(65)</u>	<u>182</u>
Change in Net Assets				
Unappropriated Net Assets - Beginning	802	802	83	(719)
Unappropriated Net Assets - Ending	<u>\$ 555</u>	<u>\$ 555</u>	<u>\$ 18</u>	<u>\$ (537)</u>

CITY OF MESA, ARIZONA
EXHIBIT D-9 (Continued)
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET TO ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
PROPERTY AND PUBLIC LIABILITY FUND				
Revenues:				
Investment Income	\$ 6,000	\$ 6,000	\$ 9,615	\$ 3,615
Contributions	4,301,000	4,301,000	4,301,000	-
Miscellaneous	53,000	53,000	13,954	(39,046)
Total Revenues	<u>4,360,000</u>	<u>4,360,000</u>	<u>4,324,569</u>	<u>(35,431)</u>
Expenses:				
Administrative and Other Fees	1,937,978	1,937,978	2,120,892	(182,914)
Claims Incurred	2,387,022	2,387,022	3,540,129	(1,153,107)
Total Expenses	<u>4,325,000</u>	<u>4,325,000</u>	<u>5,661,021</u>	<u>(1,336,021)</u>
Change in Net Assets	35,000	35,000	(1,336,452)	(1,371,452)
Unappropriated Net Assets - Beginning	<u>9,220,020</u>	<u>9,220,020</u>	<u>9,327,099</u>	<u>107,079</u>
Unappropriated Net Assets - Ending	<u><u>\$ 9,255,020</u></u>	<u><u>\$ 9,255,020</u></u>	<u><u>\$ 7,990,647</u></u>	<u><u>\$ (1,264,373)</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-9 (Continued)
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET TO ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
WORKERS' COMPENSATION FUND				
Revenues:				
Investment Income	\$ 7,000	\$ 7,000	\$ 9,511	\$ 2,511
Contributions	400,000	400,000	397,362	(2,638)
Miscellaneous	139,000	139,000	931,223	792,223
Total Revenues	<u>546,000</u>	<u>546,000</u>	<u>1,338,096</u>	<u>792,096</u>
Expenses:				
Administrative and Other Fees	1,274,821	1,274,821	1,473,352	(198,531)
Claims Incurred	2,427,179	2,427,179	3,127,828	(700,649)
Total Expenses	<u>3,702,000</u>	<u>3,702,000</u>	<u>4,601,180</u>	<u>(899,180)</u>
Change in Net Assets	(3,156,000)	(3,156,000)	(3,263,084)	(107,084)
Unappropriated Net Assets - Beginning	<u>9,982,511</u>	<u>9,982,511</u>	<u>9,969,676</u>	<u>(12,835)</u>
Unappropriated Net Assets - Ending	<u>\$ 6,826,511</u>	<u>\$ 6,826,511</u>	<u>\$ 6,706,592</u>	<u>\$ (119,919)</u>

CITY OF MESA, ARIZONA
EXHIBIT D-9 (Continued)
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET TO ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
EMPLOYEE BENEFITS FUND				
Revenues:				
Investment Income	\$ 54,000	\$ 54,000	\$ 21,234	\$ (32,766)
Contributions	57,093,000	57,093,000	59,631,551	2,538,551
Miscellaneous	843,000	843,000	2,797,492	1,954,492
Total Revenues	<u>57,990,000</u>	<u>57,990,000</u>	<u>62,450,277</u>	<u>4,460,277</u>
Expenses:				
Administrative and Other Fees	5,038,417	5,038,417	5,142,872	104,455
Claims Incurred	57,403,583	57,403,583	51,431,201	(5,972,382)
Total Expenses	<u>62,442,000</u>	<u>62,442,000</u>	<u>56,574,073</u>	<u>(5,867,927)</u>
Change in Net Assets	(4,452,000)	(4,452,000)	5,876,204	10,328,204
Unappropriated Net Assets - Beginning	<u>19,814,581</u>	<u>19,814,581</u>	<u>19,811,435</u>	<u>(3,146)</u>
Unappropriated Net Assets - Ending	<u><u>\$ 15,362,581</u></u>	<u><u>\$ 15,362,581</u></u>	<u><u>\$ 25,687,639</u></u>	<u><u>\$ 10,325,058</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-9 (Concluded)
INTERNAL SERVICE FUNDS
SELF-INSURANCE FUNDS
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET TO ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
RECAP				
Revenues:				
Charges for Services	\$ 18,791,365	\$ 18,791,365	\$ 18,002,284	\$ (789,081)
Investment Income	67,000	67,000	40,361	(26,639)
Contributions	61,794,000	61,794,000	64,329,913	2,535,913
Miscellaneous	1,035,000	1,035,000	3,742,669	2,707,669
Total Revenues	<u>81,687,365</u>	<u>81,687,365</u>	<u>86,115,227</u>	<u>4,427,862</u>
Expenses:				
Materials and Supply	1,149,922	1,144,829	995,556	149,273
Printing and Graphics	1,412,128	1,409,941	899,356	510,585
Fleet Support	16,328,562	16,309,998	16,076,237	233,761
Administrative and Other Fees	8,251,216	8,251,216	8,737,117	(485,901)
Claims Incurred	62,217,784	62,217,784	58,099,158	4,118,626
Contingencies	-	25,844	-	25,844
Total Expenses	<u>89,359,612</u>	<u>89,359,612</u>	<u>84,807,424</u>	<u>4,552,188</u>
Income (Loss) Before Transfers	(7,672,247)	(7,672,247)	1,307,803	8,980,050
Transfer In	99,000	99,000	-	(99,000)
Transfer (Out)	-	-	(31,200)	(31,200)
Change in Net Assets	(7,573,247)	(7,573,247)	1,276,603	8,849,850
Unappropriated Net Assets - Beginning	<u>39,017,914</u>	<u>39,017,914</u>	<u>39,108,293</u>	<u>90,379</u>
Unappropriated Net Assets - Ending	<u>\$ 31,444,667</u>	<u>\$ 31,444,667</u>	<u>\$ 40,384,896</u>	<u>\$ 8,940,229</u>

CITY OF MESA, ARIZONA
EXHIBIT D-10
INTERNAL SERVICE FUND
RECONCILIATION OF BUDGET TO GAAP
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Budget Basis

Actual Amounts (Budgetary Basis)		
"Change in Net Assets" from Exhibit D-9	\$	1,276,603

Basis Differences:

Compensated Absences		37,150
Post Employment Benefits		(1,302,350)
Decrease of Fair Market Value of Investments		(1,250)

Timing Differences:

Capital Expenditures		65,334
Non-Cash Loss on Disposal of Capital assests		(4)
Depreciation - Amortization		(386,538)
Inventory Decrease		(96,470)
Increase in Contingent Liabilities		(336,074)
		<u>(336,074)</u>

GAAP Basis

Actual Amount (GAAP Basis)		
"Change in Net Assets" from Exhibit A-8	\$	<u><u>(743,599)</u></u>

CITY OF MESA, ARIZONA

EXHIBIT D-11

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2011

Governmental Funds Capital Assets

Land	\$ 265,803,456
Buildings	298,598,618
Other Improvements	210,490,145
Machinery and Equipment	137,932,274
Infrastructure	819,889,033
Intangibles	176,578
Construction in Progress	89,483,382
Total Governmental Funds Capital Assets	<u>\$ 1,822,373,486</u>

Investments in Governmental Funds Capital Assets

Investments in Property Acquired Prior to July 1, 1978	
Source Indeterminable	<u>\$ 1,057,842</u>
Investments in Property Acquired After July 1, 1978 from:	
General Obligation Bonds	486,767,159
Highway User Revenue Bonds	150,154,413
Federal Revenue Sharing	2,154,778
Federal Aid	58,835,409
General Revenue	491,050,357
Contributions from Developers	466,613,926
Contributions from Property Owners	19,194,653
Contributions from M.D.C.	19,558,074
Contributions from Other Gov't	56,465,600
Contributions - Indeterminant Funding	70,521,275
Total	<u>1,821,315,644</u>
Total Investment in Governmental Funds Capital Assets	<u>\$ 1,822,373,486</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets recorded in the internal services funds are excluded from the above amounts. Generally, the capital assets of the internal service funds are included as governmental activities in the statement of net assets.

Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.	150
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	153
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	161
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	163

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

The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF MESA, ARIZONA

TABLE I

NET ASSETS BY COMPONENTS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

GOVERNMENTAL ACTIVITIES	2001-02	2002-03	2003-04	2004-05
Invested in Capital Assets, Net of Related Debt	\$ 624,647,011	\$ 692,576,782	\$ 781,518,870	\$ 769,923,509
Restricted	96,006,282	85,299,383	61,749,912	68,486,614
Unrestricted	<u>80,266,214</u>	<u>53,068,738</u>	<u>43,964,946</u>	<u>62,539,346</u>
Total Governmental Activities Net Assets	<u>\$ 800,919,507</u>	<u>\$ 830,944,903</u>	<u>\$ 887,233,728</u>	<u>\$ 900,949,469</u>
BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 406,180,825	\$ 477,877,715	\$ 451,550,515	\$ 424,820,602
Restricted	36,822,813	44,402,649	62,692,972	101,565,804
Unrestricted	<u>174,986,829</u>	<u>182,390,271</u>	<u>218,266,775</u>	<u>219,103,522</u>
Total Business-type Activities	<u>\$ 617,990,467</u>	<u>\$ 704,670,635</u>	<u>\$ 732,510,262</u>	<u>\$ 745,489,928</u>
PRIMARY GOVERNMENT				
Invested in Capital Assets, Net of Related Debt	\$ 1,030,827,836	\$ 1,170,454,497	\$ 1,233,069,385	\$ 1,194,744,111
Restricted	132,829,095	129,702,032	124,442,884	170,052,418
Unrestricted	<u>255,253,043</u>	<u>235,459,009</u>	<u>262,231,721</u>	<u>281,642,868</u>
Total Primary Government	<u>\$ 1,418,909,974</u>	<u>\$ 1,535,615,538</u>	<u>\$ 1,619,743,990</u>	<u>\$ 1,646,439,397</u>

TABLE I
(Continued)

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$ 765,874,830	\$ 791,591,633	\$ 794,720,403	\$ 791,523,460	\$ 844,777,095	\$ 872,302,182
84,386,395	95,107,036	86,252,122	92,532,141	86,954,514	39,295,786
<u>85,734,791</u>	<u>128,548,213</u>	<u>125,128,033</u>	<u>91,363,394</u>	<u>3,651,537</u>	<u>(6,375,735)</u>
<u>\$ 935,996,016</u>	<u>\$ 1,015,246,882</u>	<u>\$ 1,006,100,558</u>	<u>\$ 975,418,995</u>	<u>\$ 935,383,146</u>	<u>\$ 905,222,233</u>
\$ 390,100,160	\$ 366,497,841	\$ 410,073,719	\$ 413,943,796	\$ 434,813,786	\$ 430,435,538
89,383,126	96,756,386	94,133,333	82,697,422	47,011,208	55,873,506
<u>268,388,224</u>	<u>308,374,940</u>	<u>308,215,959</u>	<u>278,891,568</u>	<u>271,705,523</u>	<u>258,130,789</u>
<u>\$ 747,871,510</u>	<u>\$ 771,629,167</u>	<u>\$ 812,423,011</u>	<u>\$ 775,532,786</u>	<u>\$ 753,530,517</u>	<u>\$ 744,439,833</u>
\$ 1,155,974,990	\$ 1,158,089,474	\$ 1,204,794,122	\$ 1,205,467,256	\$ 1,279,590,881	\$ 1,302,737,720
173,769,521	191,863,422	180,385,455	175,229,563	133,965,722	95,169,292
<u>354,123,015</u>	<u>436,923,153</u>	<u>433,343,992</u>	<u>370,254,962</u>	<u>275,357,060</u>	<u>251,755,054</u>
<u>\$ 1,683,867,526</u>	<u>\$ 1,786,876,049</u>	<u>\$ 1,818,523,569</u>	<u>\$ 1,750,951,781</u>	<u>\$ 1,688,913,663</u>	<u>\$ 1,649,662,066</u>

CITY OF MESA, ARIZONA
TABLE II
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

EXPENSES	2001-02	2002-03	2003-04	2004-05
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 41,768,977	\$ 48,918,830	\$ 44,012,723	\$ 48,722,316
Public Safety	164,866,979	169,665,871	181,856,295	204,366,091
Cultural-Recreational	49,917,805	52,778,367	53,201,350	62,870,201
Community Environment	75,331,481	55,886,591	72,984,342	86,363,321
Interest in Long-term Debt	13,482,328	13,891,122	14,490,474	15,503,667
Total Governmental Activities Expenses	345,367,570	341,140,781	366,545,184	417,825,596
BUSINESS-TYPE ACTIVITIES:				
Electric	21,586,810	21,809,560	24,390,551	27,118,590
Gas	20,215,585	22,433,015	25,990,497	33,829,631
Water	49,031,606	46,247,340	49,542,568	54,247,920
Wastewater	30,394,738	36,177,157	39,673,430	47,799,248
Solid Waste	21,430,944	21,737,238	21,826,949	23,863,908
Airport	2,018,408	1,940,735	2,087,395	2,119,795
Golf Course	2,275,182	2,296,550	2,781,273	2,966,147
Convention Center	3,026,657	3,013,443	4,224,151	4,260,510
Hohokam Stadium/Fitch Complex	-	-	-	-
Cubs Stadium	-	-	-	-
District Cooling	-	-	-	-
Total Business-type Activities Expenses	149,979,930	155,655,038	170,516,814	196,205,749
Total Primary Government Expenses	\$ 495,347,500	\$ 496,795,819	\$ 537,061,998	\$ 614,031,345

TABLE II
(Continued)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$	44,568,148	\$ 48,200,767	\$ 63,633,405	\$ 54,225,566	\$ 54,862,584	\$ 59,551,669
	212,010,952	232,099,968	292,395,865	290,927,716	288,928,693	273,320,156
	65,389,229	64,591,583	72,999,346	67,039,000	54,010,115	54,549,751
	97,613,466	91,664,096	99,414,870	121,735,796	104,096,133	106,434,114
	<u>16,061,123</u>	<u>18,037,348</u>	<u>19,082,936</u>	<u>18,658,530</u>	<u>20,013,068</u>	<u>21,078,138</u>
	<u>435,642,918</u>	<u>454,593,762</u>	<u>547,526,422</u>	<u>552,586,608</u>	<u>521,910,593</u>	<u>514,933,828</u>
	26,817,051	26,280,947	31,612,431	27,633,642	27,106,177	26,816,560
	38,743,370	37,825,634	43,246,724	35,991,817	35,466,448	36,020,012
	54,110,525	59,964,524	59,224,757	68,955,827	80,915,190	82,377,888
	67,180,688	60,603,399	61,293,453	80,349,057	70,227,712	63,613,492
	25,070,150	27,891,495	32,877,483	31,953,188	31,503,513	31,462,070
	4,194,272	2,720,953	3,316,536	3,703,129	3,943,651	3,971,648
	2,524,364	2,601,521	3,011,883	3,082,522	2,714,896	2,679,327
	4,822,347	5,666,507	5,447,050	4,558,208	4,158,023	3,849,444
	-	-	-	-	7,407,501	8,323,724
	-	-	-	-	-	14,990
	<u>67,274</u>	<u>1,090,931</u>	<u>768,873</u>	<u>975,687</u>	<u>1,000,347</u>	<u>964,585</u>
	<u>223,530,041</u>	<u>224,645,911</u>	<u>240,799,190</u>	<u>257,203,077</u>	<u>264,443,458</u>	<u>260,093,740</u>
\$	<u>659,172,959</u>	<u>679,239,673</u>	<u>788,325,612</u>	<u>809,789,685</u>	<u>786,354,051</u>	<u>775,027,568</u>

CITY OF MESA, ARIZONA
TABLE II (Continued)
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

PROGRAM REVENUES	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
GOVERNMENTAL ACTIVITIES:				
Charges for services:				
Licenses and Permits	\$ 17,441,330	\$ 15,436,013	\$ 19,819,170	\$ 18,817,521
Charges for Services	9,492,864	9,639,690	11,152,669	13,047,596
Fines and Forfeitures	7,881,541	8,421,178	8,536,253	9,247,469
Other activities	210,368	(113,419)	52,970	116,882
Operating Grants and Contributions	53,382,255	53,256,253	60,346,450	60,813,367
Capital Grants and Contributions	<u>4,817,702</u>	<u>25,473,077</u>	<u>48,400,338</u>	<u>25,513,149</u>
Total Governmental Activities Program Revenues	<u>93,226,060</u>	<u>112,112,792</u>	<u>148,307,850</u>	<u>127,555,984</u>
BUSINESS-TYPE ACTIVITIES:				
Charges for services:				
Electric	29,166,639	27,839,896	33,694,077	30,983,581
Gas	26,502,312	25,113,857	29,941,402	35,131,012
Water	74,645,436	74,769,709	80,036,607	79,724,508
Wastewater	39,933,937	41,656,214	43,643,144	46,024,679
Solid Waste	29,605,827	31,833,958	34,460,114	36,638,993
Airport	1,789,167	1,845,693	1,873,185	1,941,001
Golf Course	2,364,190	2,325,121	2,298,163	2,327,788
Convention Center	1,381,874	1,422,276	2,686,799	2,570,569
Hohokam Stadium/Fitch Complex	-	-	-	-
Cubs Stadium	-	-	-	-
District Cooling	-	-	-	-
Operating Grants and Contributions	28,161	320,639	248,295	275,024
Capital Grants and Contributions	<u>25,071,546</u>	<u>94,629,677</u>	<u>35,374,484</u>	<u>15,585,679</u>
Total Business-type Activities Program Revenues	<u>230,489,089</u>	<u>301,757,040</u>	<u>264,256,270</u>	<u>251,202,834</u>
Total Primary Government Program Revenues	<u>\$ 323,715,149</u>	<u>\$ 413,869,832</u>	<u>\$ 412,564,120</u>	<u>\$ 378,758,818</u>
NET (EXPENSE)/REVENUE				
Governmental Activities	(252,141,510)	\$ (229,027,989)	\$ (218,237,334)	\$ (290,269,612)
Business-type Activities	<u>80,509,159</u>	<u>146,102,002</u>	<u>93,739,456</u>	<u>54,997,085</u>
Total Primary Government Net Expense	<u>\$ (171,632,351)</u>	<u>\$ (82,925,987)</u>	<u>\$ (124,497,878)</u>	<u>\$ (235,272,527)</u>

TABLE II
(Continued)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$	23,145,062	\$ 20,127,674	\$ 23,342,116	\$ 13,426,408	\$ 11,823,758	\$ 12,577,426
	17,649,718	22,039,055	23,702,601	24,739,517	20,419,291	20,303,514
	9,049,107	10,276,600	10,761,086	10,215,428	10,134,507	11,820,028
	282,129	433,359	323,970	78,021	8,709	8,490
	68,784,384	74,498,258	63,787,258	63,054,542	72,811,744	65,283,992
	16,777,436	44,858,222	21,916,433	35,436,059	30,343,087	31,461,449
	<u>135,687,836</u>	<u>172,233,168</u>	<u>143,833,464</u>	<u>146,949,975</u>	<u>145,541,096</u>	<u>141,454,899</u>
	36,112,821	34,518,898	34,148,281	35,312,658	33,078,601	33,138,456
	44,088,814	45,250,476	46,539,692	41,707,578	38,923,919	41,369,805
	88,497,653	92,007,207	97,558,682	95,994,839	98,806,049	102,215,430
	49,618,163	55,398,349	53,950,994	54,719,926	57,698,904	59,659,464
	38,898,904	42,894,663	46,167,910	46,762,035	46,685,307	47,537,833
	2,086,753	2,953,825	3,192,347	2,958,955	3,124,886	3,317,542
	2,522,464	2,456,596	2,448,313	2,309,899	2,265,452	2,250,256
	3,727,573	4,745,578	3,658,449	2,686,663	1,970,891	2,825,693
	-	-	-	-	5,836,650	6,161,320
	-	-	-	-	-	51,614
	54,678	192,972	229,168	834,376	983,592	945,434
	141,207	146,614	10,545	100,797	210,074	25,463
	<u>27,692,246</u>	<u>20,724,241</u>	<u>80,569,929</u>	<u>31,222,401</u>	<u>17,782,326</u>	<u>10,773,988</u>
	<u>293,441,276</u>	<u>301,289,419</u>	<u>368,474,310</u>	<u>314,610,127</u>	<u>307,366,651</u>	<u>310,272,298</u>
\$	<u>429,129,112</u>	<u>473,522,587</u>	<u>512,307,774</u>	<u>461,560,102</u>	<u>452,907,747</u>	<u>451,727,197</u>
\$	(299,955,082)	(282,360,594)	(403,692,958)	(405,636,633)	(376,369,497)	(373,478,929)
	<u>69,911,235</u>	<u>76,643,508</u>	<u>127,675,120</u>	<u>57,407,050</u>	<u>42,923,193</u>	<u>50,178,558</u>
\$	<u>(230,043,847)</u>	<u>(205,717,086)</u>	<u>(276,017,838)</u>	<u>(348,229,583)</u>	<u>(333,446,304)</u>	<u>(323,300,371)</u>

CITY OF MESA, ARIZONA
TABLE II (Concluded)
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

GENERAL REVENUES AND OTHER CHANGES

IN NET ASSETS	2001-02	2002-03	2003-04	2004-05
GOVERNMENTAL ACTIVITIES:				
Sales Taxes	\$ 101,660,597	\$ 98,434,394	\$ 105,096,378	\$ 112,528,968
Property Taxes	-	-	-	-
Occupancy Taxes	1,256,894	1,224,044	1,320,706	1,856,955
Unrestricted State Shared Revenues	89,144,692	89,146,593	85,469,452	90,867,567
Contributions Not Restricted to Specific Programs	5,031,780	5,363,401	8,202,920	10,725,969
Unrestricted Investment Income	4,594,757	2,499,434	1,202,348	1,905,411
Loss on Investment in Local Government				
Investment Pool	-	(4,442,638)	-	-
Miscellaneous	5,903,080	7,109,157	5,461,757	9,740,646
Transfers	96,961,247	59,719,000	67,772,618	76,359,837
Total Governmental Activities	304,553,047	259,053,385	274,526,179	303,985,353
BUSINESS-TYPE ACTIVITIES:				
Unrestricted Investment Income	1,857,942	1,230,644	947,498	1,579,215
Loss on Investment in Local Government				
Investment Pool	-	(1,733,725)	-	-
Miscellaneous	277,039	800,247	925,291	84,910
Special Item - Gain on Sale of Land	-	-	-	32,678,293
Transfers	(96,961,247)	(59,719,000)	(67,772,618)	(76,359,837)
Total Business-type Activities	(94,826,266)	(59,421,834)	(65,899,829)	(42,017,419)
Total Primary Government	\$ 209,726,781	\$ 199,631,551	\$ 208,626,350	\$ 261,967,934
Change in Net Assets				
Governmental Activities	52,411,537	\$ 30,025,396	\$ 56,288,845	\$ 13,715,741
Business-type Activities	(14,317,107)	86,680,168	27,839,627	12,979,666
Total Primary Government	\$ 38,094,430	\$ 116,705,564	\$ 84,128,472	\$ 26,695,407

TABLE II
(Concluded)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$	128,372,155	\$ 155,817,051	\$ 147,762,866	\$ 126,519,701	\$ 121,556,751	\$ 121,046,053
	-	-	-	-	14,318,257	14,243,721
	2,189,830	2,389,528	2,394,765	1,807,601	1,580,533	2,148,216
	103,848,818	113,048,782	122,560,731	117,542,894	104,580,393	92,612,858
	12,205,647	14,037,707	14,745,722	14,740,889	14,757,171	15,610,470
	5,430,860	7,824,612	6,282,425	1,895,561	260,939	617,419
	-	-	-	-	-	-
	10,052,208	7,053,840	6,678,633	15,849,424	13,846,390	7,060,132
	72,902,111	61,439,940	94,121,492	96,599,000	65,433,214	83,334,303
	<u>335,001,629</u>	<u>361,611,460</u>	<u>394,546,634</u>	<u>374,955,070</u>	<u>336,333,648</u>	<u>336,673,172</u>
	4,818,652	8,125,127	6,546,254	1,894,369	507,752	839,348
	-	-	-	-	-	-
	553,806	428,962	693,962	407,356	-	-
	-	-	-	-	-	-
	<u>(72,902,111)</u>	<u>(61,439,940)</u>	<u>(94,121,492)</u>	<u>(96,599,000)</u>	<u>(65,433,214)</u>	<u>(83,334,303)</u>
	<u>(67,529,653)</u>	<u>(52,885,851)</u>	<u>(86,881,276)</u>	<u>(94,297,275)</u>	<u>(64,925,462)</u>	<u>(82,494,955)</u>
\$	<u>267,471,976</u>	<u>\$ 308,725,609</u>	<u>\$ 307,665,358</u>	<u>\$ 280,657,795</u>	<u>\$ 271,408,186</u>	<u>\$ 254,178,217</u>
\$	35,046,547	\$ 79,250,866	\$ (9,146,324)	\$ (30,681,563)	\$ (40,035,849)	\$ (36,805,757)
	2,381,582	23,757,657	40,793,844	(36,890,225)	(22,002,269)	(32,316,397)
\$	<u>37,428,129</u>	<u>\$ 103,008,523</u>	<u>\$ 31,647,520</u>	<u>\$ (67,571,788)</u>	<u>\$ (62,038,118)</u>	<u>\$ (69,122,154)</u>

CITY OF MESA, ARIZONA

TABLE III

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
GENERAL FUND				
Reserved (1)(2)	\$ 69,785,175	\$ 53,697,322	\$ 30,195,115	\$ 37,871,632
Unreserved	24,532,385	11,253,612	25,844,445	19,310,081
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 94,317,560</u>	<u>\$ 64,950,934</u>	<u>\$ 56,039,560</u>	<u>\$ 57,181,713</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 20,241,119	\$ 14,555,545	\$ 8,542,839	\$ 10,335,341
Unreserved, Reported in:				
Special Revenue Funds	12,119,328	9,211,016	20,215,242	23,498,926
Capital Project Funds	8,559,611	23,676,985	13,773,686	15,681,069
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 40,920,058</u>	<u>\$ 47,443,546</u>	<u>\$ 42,531,767</u>	<u>\$ 49,515,336</u>

(1) During fiscal Year 1998-99, a voter-approved 1/2 percent increase to sales tax was enacted.

This additional tax is restricted to fund improvements to quality of life projects and is reported as reserved fund balance in the General Fund.

(2) During FY 2006-07, a quarter percent portion of the sales tax increase described in (1) above to fund capital improvements to quality of life projects expired and was not renewed. Also during FY 2006-07, a voter-approved 1/2 percent increase to sales tax was enacted. This additional tax is restricted to fund street improvements and is reported as restricted fund balance in the General Fund.

TABLE III
(Continued)

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$ 61,257,305	\$ 77,177,037	\$ 84,886,350	\$ 51,862,378	\$ 40,748,236	\$ -
27,993,782	57,029,523	50,283,211	74,711,328	92,186,747	-
-	-	-	-	-	404,506
-	-	-	-	-	1,991,911
-	-	-	-	-	4,897,687
-	-	-	-	-	93,874,956
<u>\$ 89,251,087</u>	<u>\$ 134,206,560</u>	<u>\$ 135,169,561</u>	<u>\$ 126,573,706</u>	<u>\$ 132,934,983</u>	<u>\$ 101,169,060</u>
\$ 8,391,978	\$ 5,885,100	\$ 8,643,272	\$ 17,012,682	\$ 53,674,468	\$ -
21,745,990	24,627,227	24,921,672	24,815,604	31,870,664	-
18,611,420	17,567,790	11,142,826	28,442,378	15,724,086	-
-	-	-	-	-	2,905,610
-	-	-	-	-	112,537,801
-	-	-	-	-	19,165,631
-	-	-	-	-	-
<u>\$ 48,749,388</u>	<u>\$ 48,080,117</u>	<u>\$ 44,707,770</u>	<u>\$ 70,270,664</u>	<u>\$ 101,269,218</u>	<u>\$ 134,609,042</u>

CITY OF MESA, ARIZONA

TABLE IV

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
REVENUES				
Sales Taxes (1)	\$ 101,660,597	\$ 98,434,394	\$ 105,096,378	\$ 112,258,968
Property Taxes	-	-	-	-
Occupancy Taxes	1,256,894	1,227,044	1,320,706	1,856,955
Special Assessments	68,388	67,313	57,567	4,770
Licenses and Permits	17,441,330	15,436,013	19,819,170	18,817,521
Intergovernmental	144,899,946	157,187,256	149,036,481	153,369,074
Charges for Services	9,492,864	9,639,690	11,152,669	13,047,596
Fines and Forfeitures	7,881,541	8,421,178	8,536,253	9,247,469
Investment Income	3,823,765	1,999,483	885,188	1,353,224
Loss on Investment in Local Government Investment Pool	-	(3,588,706)	-	-
Miscellaneous	5,702,529	6,204,205	5,268,925	9,562,131
Total Revenues	<u>292,227,854</u>	<u>295,027,870</u>	<u>301,173,337</u>	<u>319,517,708</u>
EXPENDITURES				
General Government	34,413,634	35,314,279	36,328,122	38,364,301
Public Safety	152,211,510	160,151,434	166,576,022	182,224,448
Cultural-Recreational	45,139,625	46,940,164	47,366,458	54,761,753
Community Environment	48,793,335	48,643,271	51,520,603	56,953,311
Debt Service				
Principal	20,844,687	20,548,390	7,145,591	7,692,222
Interest	13,482,328	13,551,752	14,081,131	15,369,204
Issuance Cost on Refunding Bonds	-	-	-	-
Service Charges	98,891	74,345	62,131	61,994
Cost of Issuance	-	-	-	-
Capital Outlay	90,516,208	106,255,818	81,823,895	62,392,135
Total Expenditures	<u>405,500,218</u>	<u>431,479,453</u>	<u>404,903,953</u>	<u>417,819,368</u>
Excess of Revenues Under Expenditures	<u>(113,272,364)</u>	<u>(136,451,583)</u>	<u>(103,730,616)</u>	<u>(98,301,660)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	98,319,124	100,545,246	98,213,698	104,642,640
Transfers Out	(38,779,124)	(40,765,246)	(27,993,698)	(28,065,640)
Face Amount of Bonds Issued	51,175,000	49,370,000	9,585,000	21,930,000
Face Amount of Notes Issued	-	-	-	-
Premium on Issuance of Bonds	134,318	145,133	-	640,258
Premium on Issuance of Notes	-	-	-	-
Proceeds from Obligations of				
Capital Leases	2,448,000	4,899,000	9,322,015	6,746,097
Proceeds From Refunding Issue	26,333,383	84,292,722	139,441,539	26,420,341
Payment to Refunded Bond Escrow Agent	<u>(26,333,383)</u>	<u>(84,875,410)</u>	<u>(138,661,071)</u>	<u>(26,156,314)</u>
Total Other Financing Sources (Uses)	<u>113,297,318</u>	<u>113,611,445</u>	<u>89,907,483</u>	<u>106,157,382</u>
Net Change in Fund Balances	<u>\$ 24,954</u>	<u>\$ (22,840,138)</u>	<u>\$ (13,823,133)</u>	<u>\$ 7,855,722</u>
Debt Service as a percentage of Noncapital Expenditures	10.93%	10.51%	6.59%	6.51%

(1) During fiscal year 1998-99, a voter approved one-half percent increase to sales tax was enacted.

(2) During fiscal year 2006-07, a voter approved one-half percent increase to sales tax was enacted.

In addition, a quarter percent portion of the sales tax described in (1) above expired and was not renewed by the voters.

TABLE IV
(Continued)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$	128,372,155	\$ 155,817,051	\$ 147,762,866	\$ 126,519,701	\$ 121,556,751	\$ 121,046,053
	-	-	-	-	13,885,749	14,273,796
	2,189,830	2,389,528	2,394,765	1,807,601	1,580,533	2,148,216
	4,770	416,906	1,218,100	806,151	922,651	1,069,363
	23,145,062	20,127,674	23,342,116	13,426,408	11,823,758	12,577,426
	178,553,235	190,825,624	193,585,472	191,084,600	190,731,282	174,781,231
	17,649,718	22,039,055	23,702,601	24,343,284	20,419,291	20,303,514
	9,049,107	10,276,600	10,761,086	10,215,428	10,134,507	11,820,028
	4,376,010	6,463,111	5,177,695	2,017,949	190,716	586,799
	-	-	-	-	-	-
	<u>9,632,863</u>	<u>6,365,625</u>	<u>6,421,576</u>	<u>14,754,573</u>	<u>13,675,435</u>	<u>7,416,679</u>
	<u>372,972,750</u>	<u>414,721,174</u>	<u>414,366,277</u>	<u>384,975,695</u>	<u>384,920,673</u>	<u>366,023,105</u>
	36,730,857	40,661,807	48,111,893	36,506,727	40,112,552	38,843,180
	190,761,508	210,541,969	233,506,939	230,863,556	216,025,864	215,165,541
	56,187,938	54,711,334	57,765,169	53,171,005	40,150,034	42,191,344
	60,079,827	65,314,260	66,615,531	72,646,647	72,081,273	68,462,936
	8,857,085	8,357,577	25,870,624	36,905,901	34,845,924	31,689,926
	16,181,484	18,150,710	19,229,682	18,845,224	21,185,810	21,211,173
	234,487	-	-	-	-	-
	55,510	56,768	58,196	27,738	9,397	9,546
	-	-	-	-	538,824	29,100
	<u>79,316,975</u>	<u>77,474,595</u>	<u>77,308,807</u>	<u>77,899,367</u>	<u>82,530,441</u>	<u>60,172,590</u>
	<u>448,405,671</u>	<u>475,269,020</u>	<u>528,466,841</u>	<u>526,866,165</u>	<u>507,480,119</u>	<u>477,775,336</u>
	<u>(75,432,921)</u>	<u>(60,547,846)</u>	<u>(114,100,564)</u>	<u>(141,890,470)</u>	<u>(122,559,446)</u>	<u>(111,752,231)</u>
	106,253,593	99,900,805	147,477,785	155,696,867	149,437,331	128,064,505
	(32,339,810)	(33,233,233)	(53,960,459)	(59,105,867)	(66,653,904)	(44,418,305)
	26,410,000	30,681,840	15,450,000	61,830,000	30,865,000	29,320,000
	-	-	-	-	45,000,000	-
	2,003,565	573,254	195,209	436,509	401,850	359,932
	-	-	-	-	869,000	-
	6,401,832	6,911,382	2,528,683	-	-	-
	25,482,000	-	-	-	-	-
	<u>(27,474,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>106,736,347</u>	<u>104,834,048</u>	<u>111,691,218</u>	<u>158,857,509</u>	<u>159,919,277</u>	<u>113,326,132</u>
\$	<u>31,303,426</u>	<u>44,286,202</u>	<u>(2,409,346)</u>	<u>16,967,039</u>	<u>37,359,831</u>	<u>1,573,901</u>
	6.86%	6.68%	10.01%	12.42%	13.19%	12.67%

CITY OF MESA, ARIZONA

TABLE V

SALES TAX COLLECTIONS BY CATEGORY
LAST TEN FISCAL YEARS

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Utilities	\$ 5,988,972	\$ 5,912,385	\$ 6,762,032	\$ 6,692,042
Communications	3,771,511	3,574,953	3,164,951	3,241,465
Publishing	1,594,079	1,530,906	1,470,008	1,564,309
Printing & Advertising	418,108	384,241	378,322	367,306
Contracting	14,146,743	11,333,545	12,454,780	12,073,940
Retail Sales	54,461,048	54,110,533	58,588,455	64,266,464
Restaurants & Bars	7,029,557	7,176,167	7,749,295	8,483,650
Amusements	1,005,956	974,633	1,029,101	1,071,285
Rentals	13,156,005	13,323,813	13,399,200	14,380,416
Miscellaneous	<u>88,618</u>	<u>113,218</u>	<u>100,234</u>	<u>118,091</u>
Total	\$ <u>101,660,597</u>	\$ <u>98,434,394</u>	\$ <u>105,096,378</u>	\$ <u>112,258,968</u>
City Direct Tax Rate	1.50%	1.50%	1.50%	1.50%

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

- (1) Beginning in August 1998, the City enacted a voter-approved 1/2 percent increase in sales tax to fund quality of life projects.
- (2) Beginning in fiscal year 2001, the City enacted a voter-approved initiative that eliminated sales tax on food items.
- (3) During FY 2006-07, a quarter percent portion of the sales tax increase described in (1) above to fund capital improvements to quality of life projects expired and was not renewed. Also during FY 2006-07, a voter-approved 1/2 percent increase to sales tax was enacted. This additional tax is restricted to fund street improvements and is reported as restricted fund balance in the General Fund.

Source: City of Mesa Tax & Licensing Division

TABLE V
(Continued)

	<u>2005-06</u>	<u>2006-07 (3)</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$	7,539,420	\$ 9,116,291	\$ 9,667,778	\$ 9,654,488	\$ 9,756,726	\$ 11,103,931
	2,839,438	3,939,497	4,312,054	3,748,960	3,808,798	4,455,855
	1,792,345	1,963,330	1,922,909	1,402,465	1,102,145	999,010
	453,958	477,939	374,839	280,350	175,207	342,381
	14,580,722	21,424,371	19,300,601	15,263,241	10,913,417	8,387,647
	74,420,542	85,014,600	77,307,911	63,230,186	63,468,754	60,265,881
	9,417,798	11,725,779	12,038,983	10,956,021	10,948,158	11,164,824
	1,210,343	1,456,808	1,348,973	1,362,931	1,176,440	1,433,369
	15,786,032	20,533,854	21,369,386	20,514,008	20,122,775	22,218,976
	<u>331,557</u>	<u>164,582</u>	<u>119,432</u>	<u>107,051</u>	<u>84,330</u>	<u>674,180</u>
\$	<u>128,372,155</u>	<u>155,817,051</u>	<u>147,762,866</u>	<u>126,519,701</u>	<u>121,556,751</u>	<u>121,046,053</u>
	1.50%	1.75%	1.75%	1.75%	1.75%	1.75%



CITY OF MESA, ARIZONA

TABLE VI

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

	<u>City Direct Rate</u>		<u>Maricopa County</u>		<u>State of Arizona</u>	
2001-02	1.50	%	0.70	%	5.60	%
2002-03	1.50		0.70		5.60	
2003-04	1.50		0.70		5.60	
2004-05	1.50		0.70		5.60	
2005-06	1.50		0.70		5.60	
2006-07	1.75		0.70		5.60	
2007-08	1.75		0.70		5.60	
2008-09	1.75		0.70		5.60	
2009-10	1.75		0.70		6.60	*
2010-11	1.75		0.70		6.60	

Source: City of Mesa Tax & Licensing Division

*Note: The State of Arizona increased it's tax to 6.60% effective 6/1/10 for a
3 year period

CITY OF MESA, ARIZONA

TABLE VIIRATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities						
Year	General Obligation Bonds	Municipal Development Corporation Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Capital Leases	Highway Project Advancement Notes
2002	\$ 181,307,268	\$ 11,925,000	\$ 72,700,000	\$ 217,000	\$ 20,845,608	\$ -
2003	187,839,000	10,970,000	101,190,000	133,000	21,665,644	-
2004	187,644,270	9,970,000	110,770,000	48,000	25,193,586	-
2005	198,769,540	9,970,000	120,410,000	36,000	24,968,195	-
2006	207,859,834	9,970,000	131,950,000	5,049,000	23,273,476	-
2007	223,115,128	9,970,000	142,460,000	8,797,840	22,988,632	-
2008	221,625,447	9,970,000	142,290,000	8,046,000	17,502,575	-
2009	267,062,537	-	140,265,000	7,294,000	9,729,851	-
2010	273,869,349	-	134,545,000	6,550,000	5,406,120	45,000,000
2011	281,513,949	-	128,515,000	5,806,000	2,165,596	45,000,000

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

TABLE VII
(Continued)

Business-type Activities								
	Utility System Revenue Bonds	General Obligation Bonds	Municipal Development Corporation Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	353,875,000	\$ 23,072,732	\$ 20,600,000	\$ 1,355,468	\$ 12,140,530	\$ 698,038,606	8.34 %	\$ 1,616
	397,315,000	13,706,000	19,800,000	1,218,660	10,092,842	763,930,146	8.08	1,758
	458,525,000	3,290,730	16,900,000	1,074,110	23,473,486	836,889,182	8.57	1,879
	549,415,000	3,290,460	13,500,000	921,377	21,641,099	942,921,671	9.24	2,090
	655,085,000	3,290,166	9,600,000	759,993	4,301,174	1,051,138,643	9.97	2,309
	723,185,000	3,289,872	5,100,000	589,462	2,869,497	1,142,365,431	10.54	2,483
	767,445,000	3,289,553	-	431,565	1,541,281	1,172,141,421	10.68	2,529
	817,530,000	2,957,463	-	333,189	158,413	1,245,330,453	11.03	2,677
	857,435,000	2,690,651	-	2,963,780	-	1,328,459,900	11.49	2,843
	898,800,000	2,221,051	-	2,731,125	-	1,366,752,721	13.06	3,101

CITY OF MESA, ARIZONA

TABLE VIII

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	General Bonded Debt Outstanding				Percentage Of Secondary Assessed Value	Per Capita (2)
	Secondary Assessed Value (1)	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2002	\$ 2,142,980,665	\$ 204,380,000	\$ -	\$ 204,380,000	9.54 %	\$ 473.24
2003	2,272,244,234	201,545,000	-	201,545,000	8.87	463.76
2004	2,463,878,234	190,935,000	-	190,935,000	7.75	428.73
2005	2,648,163,284	202,060,000	-	202,060,000	7.63	447.81
2006	2,921,998,915	211,150,000	-	211,150,000	7.23	463.91
2007	3,083,070,290	226,405,000	-	226,405,000	7.34	492.02
2008	4,114,527,313	224,915,000	-	224,915,000	5.47	485.36
2009	4,793,081,793	259,895,000	-	259,895,000	5.42	558.59
2010	4,749,616,941	276,560,000	382	276,559,618	5.82	591.75
2011	4,094,036,999	283,735,000	134,273	283,600,727	6.93	643.56

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

CITY OF MESA, ARIZONA

TABLE IX

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)

JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding (2)</u>	<u>Proportion Applicable to the City of Mesa</u>	
		<u>Percent (3)</u>	<u>Amount</u>
Debt repaid with property taxes			
Maricopa County Community College District	\$ 737,930,000	8.24 %	\$ 60,805,432
Mesa Unified School District No. 4	271,845,000	86.28	234,547,866
Gilbert Unified School District	188,720,000	25.23	47,614,056
Queen Creek Unified School District No. 95	45,735,000	26.90	12,302,715
Higley Elementary School District No. 60	67,645,000	2.32	1,569,364
Tempe Union High School District No. 213	85,410,000	0.27	230,607
Tempe Elementary School District No. 3	139,120,000	0.60	834,720
Other Debt:			
Maricopa County	197,835,000	8.24	<u>16,301,604</u>
Subtotal, overlapping debt			374,206,364
City direct debt (4)			<u>465,917,916</u>
Total Direct and Overlapping Debt			<u><u>\$ 840,124,280</u></u>

(1) Does not include Salt River Project Agricultural Improvement and Power District debt, which is considered self-supporting from earnings of the district or special assessment debt of the City of Mesa, which is considered a junior lien.

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.

Proportion applicable to the City is computed on the ratio of secondary assessed valuation as calculated for fiscal year 2010/11 for the overlapping jurisdiction to the amount of such valuation which lies within the City.

Source:

(2) Wedbush Securities

(3) Maricopa County Finance Department and Assessor's Office.

(4) Includes: General Obligation Bonds, Highway User Revenue Bonds, Special Assesment Bonds, Deferred Amts on refundings, Capital Leases, Highway Project Advancement Notes, and Unamortized Bond Premiums

CITY OF MESA, ARIZONA

TABLE X

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
6% Limitation				
Legal Debt Limitation Equal to 6% of Assessed Valuation	\$ 128,578,840	\$ 136,334,693	\$ 147,832,694	\$ 158,889,797
Total Net Debt Applicable to 6% Limit	<u>88,245,000</u>	<u>102,910,000</u>	<u>102,715,000</u>	<u>110,085,000</u>
Margin Available for Future General Obligation Bond Issues for 6% Bonds	<u>\$ 40,333,840</u>	<u>\$ 33,424,693</u>	<u>\$ 45,117,694</u>	<u>\$ 48,804,797</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of the 6% Legal Debt Limitation	68.63%	75.48%	69.48%	69.28%
20% Limitation				
Legal Debt Limitation Equal to 20% of Assessed Valuation	\$ 428,596,133	\$ 454,448,977	\$ 492,775,647	\$ 529,632,657
Total Net Debt Applicable to 20% Limit	<u>116,135,000</u>	<u>98,635,000</u>	<u>88,220,000</u>	<u>91,975,000</u>
Margin Available for Future General Obligation Bond Issues for 20% Bonds	<u>\$ 312,461,133</u>	<u>\$ 355,813,977</u>	<u>\$ 404,555,647</u>	<u>\$ 437,657,657</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of the 20% Legal Debt Limitation	27.10%	21.70%	17.90%	17.37%
Total Margin Available	<u>\$ 352,794,973</u>	<u>\$ 389,238,670</u>	<u>\$ 449,673,341</u>	<u>\$ 486,462,454</u>

- (1) Under Arizona law, cities can issue General Obligation Bonds for all purposes other than those listed in Note 2 below, up to an amount not exceeding 6 percent of assessed secondary valuation.
- (2) Under Arizona law, cities can issue General Obligation Bonds for purposes of water, wastewater, artificial light, open space preserves, parks playgrounds and recreational facilities up to an amount not exceeding 20 percent of assessed secondary valuation.

TABLE X
(Continued)

Legal Debt Margin Calculation for Fiscal Year 2010-11

Secondary Assessed Value		\$	4,094,036,999
Legal Debt Limitation	\$	<u>6% Bonds (1)</u>	<u>20% Bonds (2)</u>
Debt Applicable to Limit:		245,642,220	818,807,400
General Obligation Bonds		6,064,322	299,815,678
Less: Cash With Fiscal Agents		<u>(738,805)</u>	<u>(21,406,195)</u>
Total Net Debt Applicable to Limit		<u>5,325,517</u>	<u>278,409,483</u>
Margin Available for Future General Obligation Bond Issues	\$	<u>240,316,703</u>	<u>\$ 540,397,917</u>
Total Margin Available			<u>\$ 780,714,621</u>

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$ 175,319,935	\$ 184,984,217	\$ 246,871,639	\$ 287,584,908	\$ 284,977,016	\$ 245,642,220
<u>115,400,000</u>	<u>22,453,366</u>	<u>17,687,616</u>	<u>13,569,322</u>	<u>6,064,322</u>	<u>5,325,517</u>
\$ <u>59,919,935</u>	\$ <u>162,530,851</u>	\$ <u>229,184,023</u>	\$ <u>274,015,586</u>	\$ <u>278,912,694</u>	\$ <u>240,316,703</u>
65.82%	12.14%	7.16%	4.72%	2.13%	2.17%
\$ 584,399,783	\$ 616,614,058	\$ 822,905,463	\$ 958,616,359	\$ 949,923,388	\$ 818,807,400
<u>95,750,000</u>	<u>203,951,634</u>	<u>207,227,384</u>	<u>246,325,678</u>	<u>270,495,678</u>	<u>278,409,483</u>
\$ <u>488,649,783</u>	\$ <u>412,662,424</u>	\$ <u>615,678,079</u>	\$ <u>712,290,681</u>	\$ <u>679,427,710</u>	\$ <u>540,397,917</u>
16.38%	33.08%	25.18%	25.70%	28.48%	34.00%
\$ <u>548,569,718</u>	\$ <u>575,193,275</u>	\$ <u>844,862,103</u>	\$ <u>986,306,267</u>	\$ <u>958,340,404</u>	\$ <u>780,714,621</u>

CITY OF MESA, ARIZONA

TABLE XI

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

Utility System Revenue Bonds							
	Operating Revenues (1)	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage Ratio	
				Principal	Interest		
2001-02	\$ 199,854,151	\$ 122,151,840	\$ 77,702,311	\$ 4,650,000	\$ 16,301,351	3.71	
2002-03	201,213,634	124,831,571	76,382,063	8,475,000	18,784,114	2.80	
2003-04	221,775,345	132,447,862	89,327,483	14,010,000	20,476,532	2.59	
2004-05	228,502,773	156,577,547	71,925,226	310,000	23,444,519	3.03	
2005-06	254,216,355	174,560,598	79,655,757	340,000	25,843,553	3.04	
2006-07	270,069,593	175,941,671	94,127,922	340,000	29,304,976	3.18	
2007-08	278,365,559	196,129,748	82,235,811	7,960,000	34,658,198	1.93	
2008-09	274,497,036	197,991,577	76,505,459	9,815,000	37,224,639	1.63	
2009-10	275,192,780	194,158,513	81,034,267	10,475,000	40,379,631	1.59	
2010-11	283,920,988	190,441,138	93,479,850	12,585,000	42,813,585	1.69	

Highway User Revenue Fund Revenue Bonds

	Highway User Fund Revenues	Debt Service		Coverage Ratio
		Principal	Interest	
2001-02	\$ 30,129,033	\$ -	\$ 2,486,694	12.12
2002-03	31,384,493	-	3,793,944	8.27
2003-04	33,640,946	40,000	4,899,880	6.81
2004-05	35,369,649	135,000	5,400,476	6.39
2005-06	38,285,152	135,000	5,829,910	6.42
2006-07	40,974,923	135,000	6,401,428	6.27
2007-08	38,512,394	170,000	6,828,068	5.50
2008-09	34,259,887	2,025,000	6,822,668	3.87
2009-10	31,790,889	5,720,000	6,691,418	2.56
2010-11	32,052,757	6,030,000	6,365,242	2.59

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

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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE XI
(Continued)

Special Assessment Bonds					Highway Project Advancement Notes				
	Special Assessment Collections	Debt Service		Coverage Ratio	Excise Tax Revenues (2)	Debt Service		Coverage Ratio	
		Principal	Interest			Principal	Interest		
\$	80,040	\$ 112,000	\$ 16,695	0.62	\$ -	\$ -	-	0.00	
	75,365	84,000	10,535	0.80	-	-	-	0.00	
	60,844	85,000	5,455	0.67	-	-	-	0.00	
	5,807	12,000	2,535	0.40	-	-	-	0.00	
	188,475	12,000	184,771	0.96	-	-	-	0.00	
	850,926	343,000	357,384	1.21	-	-	-	0.00	
	1,709,830	751,840	457,396	1.41	-	-	-	0.00	
	1,202,384	752,000	417,040	1.03	-	-	-	0.00	
	922,651	744,000	376,920	0.82	202,519,144	-	449,167	450.88	
	1,088,465	744,000	337,040	1.01	188,734,056	-	1,575,694	119.78	

Municipal Development Corporation Bonds

	Excise Tax Revenues (2)	Debt Service		Coverage Ratio
		Principal	Interest	
\$	152,643,664	\$ 910,000	\$ 126,832	147.22
	149,774,369	1,755,000	910,270	56.19
	153,456,415	3,900,000	796,250	32.68
	162,555,789	3,400,000	625,250	40.38
	187,580,165	3,900,000	479,250	42.83
	216,896,723	4,500,000	309,000	45.10
	226,909,733	5,100,000	108,375	43.57
	203,197,847	9,970,000	16,643	20.35
	-	-	-	-
	-	-	-	-

CITY OF MESA, ARIZONA

TABLE XII

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2002	431,874	\$ 8,368,422,498	\$ 19,377	32.8	72,707	4.7 %
2003	434,585	9,452,658,335	21,751	31.0	73,211	4.4
2004	445,354	9,770,176,052	21,938	32.3	73,428	4.2
2005	451,223	10,203,505,699	22,613	32.5	74,070	3.6
2006	455,151	10,539,476,556	23,156	32.6	74,626	3.8
2007	460,155	10,840,791,645	23,559	32.9	74,128	2.9
2008	463,397	10,977,411,533	23,689	33.1	73,054	4.3
2009	465,272	11,288,894,536	24,263	33.3	70,297	8.0
2010	467,355	11,563,297,410	24,742	33.6	67,749	8.7
2011	440,677	10,465,197,396	23,748	32.6	66,144	9.0

Sources:

- (1) City of Mesa Development Services Estimate
- (2) 2002-2004 Census Bureau (estimate), 2005-2010 Claritas (estimate)
- (3) 2002-2004 Census Bureau, 2005-2010 Claritas
- (4) Mesa Public Schools
- (5) AZ Dept of Economic Security. Data is Phoenix - Mesa Metropolitan Area. For year 2011 unemployment rate is not seasonally adjusted.

CITY OF MESA, ARIZONA

TABLE XIII

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mesa Public Schools	9,500	1	4.65 %	9,300	1	5.01 %
Banner Health Systems	8,650	2	4.24	5,800	2	3.12
Boeing	4,260	3	2.09	5,000	3	2.69
City of Mesa	3,442	4	1.69	3,600	4	1.94
Wal-Mart	2,503	5	1.23	-		0.00
Mesa Community College	2,201	6	1.08	-		0.00
The Kroger Company (Fry's)	1,276	7	0.63	-		0.00
The Home Depot	826	8	0.40	-		0.00
Maricopa County Government	720	9	0.35	-		0.00
Mountain Vista Medical Center	627	10	0.31	-		0.00
Motorola Semiconductor Products	-		0.00	3,100	5	1.67
TRW/Vehicle Safety Systems, Inc.	-		0.00	3,000	6	1.62
AT&T	-		0.00	2,400	7	1.29
General Motors Desert Proving Grounds	-		0.00	1,400	8	0.75
Empire Southwest Machinery	-		0.00	1,100	9	0.59
Excell Agent Services	-		0.00	1,000	10	0.54
Phoenix Newspapers	-		0.00	1,000	10	0.54
Total	<u>34,005</u>		<u>16.66 %</u>	<u>36,700</u>		<u>19.76 %</u>

Source: City of Mesa Office of Economic Development

Total City Employment comes from 2002 Census

CITY OF MESA, ARIZONA

TABLE XIV

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06
General Government	891	879	867	882	826
Public Safety					
Police	1,247	1,269	1,286	1,325	1,311
Fire	436	434	440	446	454
Other	116	113	121	123	108
Cultural-Recreational	518	501	478	490	398
Community Environment	175	168	164	170	161
Electric	64	48	51	50	38
Gas	83	82	77	79	77
Water	86	90	97	104	102
Wastewater	40	43	47	44	54
Solid Waste	141	137	135	135	138
Airport	11	9	10	9	11
Convention Center	24	22	21	21	64
Total	3,832	3,795	3,794	3,878	3,742

Source: City of Mesa Budget and Research Division

TABLE XIV
(Continued)

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
857	875	793	783	781
1,332	1,306	1,282	1,240	1,163
468	472	470	455	457
122	91	46	52	43
426	398	318	315	317
183	181	189	184	189
44	47	48	32	29
81	85	92	91	87
113	97	134	159	160
64	69	79	73	70
132	136	126	124	120
10	9	10	10	9
19	19	17	14	17
<u>3,851</u>	<u>3,785</u>	<u>3,601</u>	<u>3,529</u>	<u>3,442</u>

CITY OF MESA, ARIZONA

TABLE XVOPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2001-02	2002-03	2003-04
Police			
Major Crimes	32,956	29,379	27,933
Traffic Accidents	16,572	9,593	9,562
Fire			
Fires	1,459	1,451	1,332
Rescue or Emergency	37,928	37,339	39,489
False Alarms	2,067	2,073	1,999
Hazardous Conditions	1,199	557	653
Other Calls	206	7,229	7,439
Libraries			
Number of Registered Borrowers	199,563	184,647	200,461
Total Attendance	1,187,052	1,202,947	1,183,794
Access to Electronic Resources	3,392,101	1,027,157	1,365,863
Electric Connections	15,911	15,797	17,945
Gas Connections	38,629	40,328	42,241
Water			
Connections	124,742	127,140	129,477
Average Daily Consumption (mgd)*	91.9	93.5	105.3
Peak Daily Consumption (mg)**	132.32	141.01	132.15
Wastewater			
Connections	107,532	110,537	112,497
Average Daily Sewage Treatment (mgd)*	42.1	38.7	39.3
Solid Waste			
Customers Served	135,517	140,190	109,960
Refuse Collected (tons)	244,999	245,286	254,688
Recyclables Collected (tons)	32,924	36,282	34,141
Green Waste Collected (tons)	13,713	15,373	16,384
Falcon Field			
Average Number of Aircraft Based	902	930	934
Aircraft Operations (annual)	251,702	290,902	277,088

* mgd - millions of gallons per day

** mg - millions of gallons

TABLE XV
(Continued)

<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
25,853	24,904	22,437	21,388	18,482	17,345	16,623
10,121	9,205	12,184	7,578	6,256	5,890	5,952
1,386	1,605	1,428	1,200	1,165	1,048	981
41,689	43,073	38,003	34,207	32,478	34,079	38,788
2,021	2,595	2,875	2,456	2,125	1,478	1,478
591	676	608	567	663	701	478
7,738	7,820	11,792	12,976	11,923	12,819	11,840
193,722	233,836	266,839	275,449	306,427	352,607	220,812
1,208,594	1,195,075	1,161,887	1,165,451	1,348,555	1,367,667	1,095,196
1,835,867	2,307,051	3,029,001	2,910,088	3,661,261	2,542,927	1,691,966
15,652	15,806	15,723	15,215	14,546	14,738	15,064
45,435	48,622	50,478	51,454	51,911	52,832	53,434
131,141	133,105	133,249	133,086	132,771	133,701	134,072
93.6	94.5	89.6	85.8	79.7	72.7	76.2
137.95	131.28	128.83	125.72	108.68	111.14	114.30
114,500	116,282	116,190	116,465	116,721	117,831	118,413
38.9	41.8	38.1	38.0	36.0	33.6	33.7
114,112	113,146	115,305	112,632	112,832	113,079	115,811
248,255	261,369	266,817	243,208	234,709	217,295	223,217
36,264	32,869	38,660	39,296	37,841	36,490	35,486
16,983	17,500	18,215	17,601	18,936	18,588	19,149
922	924	901	934	873	841	789
255,069	271,295	261,623	337,178	283,336	248,381	221,910

CITY OF MESA, ARIZONA

TABLE XVI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2001-02	2002-03	2003-04
Police Stations			
Stations	4	4	4
Vehicular Patrol Units	270	421	306
Fire Stations	17	17	17
Libraries	3	3	3
Parks and Recreation			
Developed Parks (acres)	1,158	1,202	1,198
Undeveloped Acres	1,947	1,932	1,228
Swimming Pools	13	13	13
Recreation Facilities	7	6	6
Community Environment			
Streets (miles)			
Paved	1,094	1,132	1,152
Unpaved	12	12	12
Storm Sewers (miles)	252	271	290
Gas Mains (miles)	929	954	998
Water			
Mains (miles)	1,809	1,924	1,978
Storage Capacity (millions of gallons)	97	97	97
Wastewater			
Mains (miles)	1,356	1,454	1,496
Treatment Capacity (millions of gallons per day)	56	56	56
Solid Waste			
Collection Trucks (1)	-	-	-
Golf Courses	2	2	2

(1) Amounts for fiscal years prior to 2004-05 not available

TABLE XVI
(Continued)

<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
4	4	4	4	4	4	4
321	285	351	368	330	289	290
17	17	17	17	17	18	18
3	3	3	3	3	3	4
1,149	1,184	1,184	1,180	1,180	1,154	1,154
1,230	1,251	1,251	1,251	1,251	1,078	1,074
12	12	12	12	12	12	13
6	6	6	6	6	6	6
1,160	1,162	1,169	1,178	1,182	1,184	1,190
12	12	12	12	12	12	12
296	298	303	308	316	321	329
1,037	1,121	1,147	1,202	1,223	1,243	1,247
2,004	2,022	2,008	2,068	2,104	2,127	2,136
97	117	117	117	125	125	125
1,512	1,522	1,544	1,577	1,598	1,606	1,613
56	56	60	60	60	60	60
69	78	68	70	69	69	69
2	2	2	2	2	2	2



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