



City of Mesa, Arizona

Comprehensive Annual Financial Report

*For the Fiscal Year Ended
June 30, 2009*



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

City of Mesa, Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Scott Smith

Mayor

Chris Brady

City Manager

Dave Richins

Councilmember, District 1

Bryan Raines

Deputy City Manager

Alex Finter

Councilmember, District 2

Jack Friedline

Deputy City Manager

Dennis Kavanaugh

Councilmember, District 3

Kari Kent

Deputy City Manager

Kyle Jones

Vice Mayor, District 4

Dina Higgins

Councilmember, District 5

Prepared By:

Financial Services Department

P.O. Box 1466

Mesa, AZ 85211-1466

(480) 644-2275

Scott Somers

Councilmember, District 6

www.mesaaz.gov

Citizens of Mesa

Mayor and City Council

City Clerk
Linda Crocker

City Court
Matt Tafoya

City Attorney
Debbie Spinner

City Auditor
**Jennifer Ruttman
(Interim)**

Advisory Boards &
Committees

**CITY MANAGER
Chris Brady**

Economic Development
Bill Jabjiniak

Human Resources
Gary Manning

Public Information &
Communications Office
Steve Wright

Police
**Vicki Myers
(Interim)**

Fire
Harry Beck

Government Relations
Office
Scott Butler

Assistant to the City Manager
Trisha Sorensen

- Administrative Liaison To:
- Police
 - Fire
 - Court
 - Public Information & Communications
 - Public Safety Committee

Assistant to the City
Manager/Special Projects
Natalie Lewis

- Administrative Liaison To:
- Economic Development
 - Human Resources
 - Community and Neighborhood Services Committee

Deputy City Manager
Bryan Raines

- Audit and Finance Committee
- Employee Benefits Advisory Committee

Business Services
Ed Quedens

Financial Services
**Doug Yeskey
Chuck Odom**

Facilities Maintenance
Dennis Ray

Parks, Recreation &
Commercial Facilities
**Bryan Raines
(Acting)**

Fleet Services
Pete Scarafiotti

Deputy City Manager
Jack Friedline

- Transportation and
Infrastructure Committee

Engineering
Beth Huning

Transportation
Dan Cleavenger

Falcon Field
Corinne Nystrom

Water Resources
Kathryn Sorensen

Energy Resources
Frank McRae

Deputy City Manager
Kari Kent

- General & Economic
Development Committee
- Employee Benefits Advisory
Committee

Neighborhood Services
Ray Villa

Arts and Cultural
Johann Zietsman

Library
Heather Wolf

Development and
Sustainability
Christine Zielonka

Solid Waste
William Black

Mayor / Council
Support

Manager of Technology
and Innovation
Alex Deshuk

Information
Technology
Alex Deshuk

Communications
Mike Brown

Mgmt. Performance
& Accountability
Bill Follette

Introductory Section



TABLE OF CONTENTS

	<u>Page</u>
SECTION I – INTRODUCTORY SECTION	
Table of Contents	I
Letter of Transmittal – Financial Services Manager	V
Certificate of Achievement for Excellence in Financial Reporting	X
 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 - Reconciliation of Governmental Fund Financial Statements to Government-wide Financial Statements		50
Note 3 - Retirement and Pension Plans		56
Note 4 - Post Employment Benefits		59
Note 5 - Long-term Obligations		63
Note 6 - Liabilities to be Paid From Assets Held in Escrow		73
Note 7 - Capital Contributions		74
Note 8 - Commitments and Contingent Liabilities		74
Note 9 - Enterprise Activities Operations Detail		75
Note 10 - Net Assets		76
Note 11 - Pledged Revenues		76
Note 12 - Joint Ventures		77
Note 13 - Subsequent Event		80
 Required Supplementary Information		
Budgetary Comparison Schedules – General Fund and Major Special Revenue Funds:		
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	B-1	81
Highway User Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	B-2	82
Note to Required Supplementary Information – Budgetary Reporting		83
 Combining Financial Statements		
Non-major Governmental Funds		
Combining Balance Sheet	C-1	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	85
Non-major Special Revenue Funds		
Combining Balance Sheet	C-3	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-4	88
Non-major Debt Service Funds		
Combining Balance Sheet	C-5	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-6	92

TABLE OF CONTENTS (Continued)

	<u>Exhibits</u>	<u>Page</u>
Combining Financial Statements (Continued)		
Non-major Capital Projects Funds		
Combining Balance Sheet	C-7	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-8	96
Internal Service Funds		
Combining Statement of Net Assets	C-9	98
Combining Statement of Revenues, Expenses and Changes in Net Assets	C-10	100
Combining Statement of Cash Flows	C-11	102
Agency Fund		
Statement of Changes in Assets and Liabilities	C-12	104
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	105
Highway User Revenue Fund Schedule of Expenditures by Program – Budget and Actual (Budget Basis)	D-2	107
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	108
Non-major Special Revenue Funds Schedule of Expenditures by Program - Budget and Actual (Budget Basis)	D-4	119
Non-major Capital Project Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis)	D-5	124
Budgetary Comparison Schedules – Proprietary Funds		
Enterprise Fund Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual (Budget Basis)	D-6	125
Enterprise Fund Reconciliation of Budget to GAAP Changes in Net Assets	D-7	126
Internal Service Funds Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual (Budget Basis)	D-8	127
Internal Service Funds Reconciliation of Budget to GAAP Changes in Net Assets	D-9	132

TABLE OF CONTENTS (Concluded)

	<u>Exhibits</u>	<u>Page</u>
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	D-10	133
 SECTION III - STATISTICAL SECTION		
Financial Trends		
Net Assets by Components - Last Eight Fiscal Years (Accrual Basis of Accounting)	I	134
Changes in Net Assets - Last Eight Fiscal Years (Accrual Basis of Accounting)	II	136
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	144
 Revenue Capacity		
Sales Tax Collections by Category - Last Ten Fiscal Years	V	146
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	VI	148
 Debt Capacity		
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	VII	149
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	VIII	151
Direct and Overlapping Governmental Activities Debt	IX	152
Legal Debt Margin Information – Last Ten Fiscal Years	X	153
Pledged-Revenue Coverage – Last Ten Fiscal Years	XI	155
 Demographic Information		
Demographic and Economic Statistics – Last Ten Fiscal Years	XII	157
Principal Employers – Current Year and Nine Years Ago	XIII	158
 Operating Information		
Full-Time Equivalent City Government Employees by Function/Program - Last Eight Fiscal Years	XIV	159
Operating Indicators by Function/Program – Last Ten Fiscal Years	XV	161
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	XVI	163



December 1, 2009

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, 2009 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 their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by 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, 2009, 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, 2009, 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 is over 465,000 within an area of approximately 137 square miles. The City is the 38th largest city in the United States as well as the third largest in the State of Arizona and 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 3,786 full-time (equivalent) City employees working within twenty-eight different City departments undertakes the various functions of Mesa's city government and its operations.

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 an enterprise whose activities include operations of electric, gas, water, wastewater, solid waste, airport, golf courses, a convention center and district cooling.

The financial statements include the funds for the City and its blended component unit, the City 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-5). 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 indicators, which showed signs of softening during the last quarter of the prior fiscal year, continued its decline to finish below the levels experienced in recent fiscal years. During fiscal year 2008-09, the City issued 473 permits for new residential construction, a significant decrease as compared to the previous fiscal year. The corresponding dollar valuation associated with these permits also decreased down to \$120.5 million for the fiscal year.

City sales tax revenue declines that began during the 2007-08 fiscal year accelerated during fiscal year 2008-09. For the year ending June 30, 2009, sales tax revenues decreased by 12.4% or \$18.5 million from the previous year. These declines eclipsed those of the previous year for being the largest decline in taxable activity in more than 20 years. By percentage change, publishing along with printing & advertising saw the largest loss with declines in contracting and retail sales segments experiencing the most significant financial losses.

Following up on the reductions made the prior year, mid-way through the 2008-09 fiscal year the City took dramatic steps to further reduce fund allocations for a variety of City services. Ultimately, the required changes resulted in the combining of City departments, the elimination of various positions, and the reduction or total elimination of many city services that reduced current year expenditures by a total of more than \$31 million. City services throughout in every area including public safety and street maintenance were impacted. The operation of the City's various utilities were the only areas not impacted.

An early and significant response to the declining economic indicators allowed the City to retain and enhance fund balance levels during the year. Increasing General Fund balances by \$6.5 million on a cash basis to new high level will provide financial support during the continued period of economic uncertainty. During the same period the City's Enterprise Fund declined from previous highs by \$10.3 million as part of a planned draw-down of available resources.

Major Initiatives

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

- Opened to the public in December 2008, the nation's longest initial light rail segment of 20 miles began operations connecting the cities of Mesa, Tempe and Phoenix. Throughout the entire operating period the terminus station in Mesa recorded the highest level of passenger utilization along the entire route.
- Mesa citizens continued to support the investment and re-investment in necessary infrastructure with overwhelming passage of two General Obligation Bond ballot questions that appeared on the November, 2008 election. In a move that will ultimately lead to Mesa first secondary property tax in more than 65 years voters approved moving forward on a variety of public safety and street projects. The City continues to forecast and manage the sales carefully and continues to have a low debt per-capita ratio when compared to comparable cities locally and throughout the state of Arizona.
- The City service adjustments that were initiated in 2008-09 have fundamentally changed the City's operations. Now a smaller, leaner organization, Mesa has been held up as an example to many as to how to adjust operations to meet the limited resources of this "new economy."
- In September 2008 the City approved a significant economic development arrangement that is designed to bring a 1,200 room, 5-star resort and convention facility operated by Gaylord Entertainment to southeast Mesa. Planned for an under-developed area of the City previously occupied by General Motors, the location near Phoenix-Mesa Gateway Airport is within a larger development being planned by DMB of Scottsdale, AZ that also includes a 500-room resort and a PGA-championship golf course.

Long-term Financial Planning

To stay current with the rapidly changing economy the City continues to refine its methods for making informed financial decisions. While revenue numbers missed their initial mark, the revised assumptions that were applied mid-year were on-target at year end and validated the requirements for change.

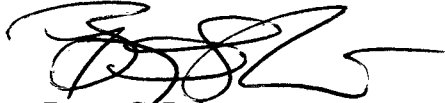
Awards and Acknowledgements

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, 2008. This was the twenty-seventh 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 black ink, appearing to read 'Bryan G. Raines', with a stylized flourish extending to the right.

Bryan G. Raines,
Deputy City Manager

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, 2008

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.



President

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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Highway User Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009 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 Honorable Mayor and the City Council of the
City of Mesa, Arizona

The management's discussion and analysis on pages 13 through 17, the Public Safety Personnel Retirement System Schedule of Funding Progress on page 59 and the Other Postemployment Benefit Plan Schedule of Funding Progress on page 62 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 8, 2009

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, 2009. 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–IX, 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 \$67.6 million in fiscal year 2009.
- Total net assets of the City are \$1.75 billion, of which \$370 million are unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. However, \$313 million of the unrestricted net assets are invested in joint ventures as of June 30, 2009.
- As of the end of fiscal year 2009, the City's governmental funds reported a combined ending fund balance of \$196.8 million, a \$17 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 unreserved fund balance for the General Fund was \$74.7 million, or 19.6% of total General Fund expenditures, compared to \$50.3 million, or 12.7% of total General Fund expenditures the previous year.
- The City issued \$61.8 million in general obligation debt during the current fiscal year for new storm sewer and public safety improvement projects.
- The City issued \$59.9 million in taxable utility system revenue debt during the current fiscal year. These taxable bonds qualify as Build America Bonds under the America's Economic Recovery and Reinvestment Act of 2009 and include a 35% interest rebate from the Federal government that will total \$30.8 million over the life of the bonds.

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, convention center and district cooling. These activities are primarily supported by user charges and fees.

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 2 to the basic financial statements (pages 50-55).

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 98-103).

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 32–80) 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 81.

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, 2009 and as of and for the year ended June 30, 2008.

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, 2009 and 2008.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Change	
	2009	2008	2009	2008	2009	2008	Dollars	Percent
Cash and Other Assets	\$ 375,676	\$ 358,566	\$ 446,887	\$ 467,744	\$ 822,563	\$ 826,310	\$ (3,747)	(0.45) %
Capital Assets	1,238,993	1,213,950	1,232,484	1,187,868	2,471,477	2,401,818	69,659	2.90
Total Assets	<u>1,614,669</u>	<u>1,572,516</u>	<u>1,679,371</u>	<u>1,655,612</u>	<u>3,294,040</u>	<u>3,228,128</u>	<u>65,912</u>	2.04
Non-current Liabilities,								
Outstanding	540,612	470,338	845,466	788,301	1,386,078	1,258,639	127,439	10.13
Other Liabilities	98,638	96,077	58,372	54,888	157,010	150,965	6,045	4.00
Total Liabilities	<u>639,250</u>	<u>566,415</u>	<u>903,838</u>	<u>843,189</u>	<u>1,543,088</u>	<u>1,409,604</u>	<u>133,484</u>	9.47
Net Assets:								
Invested in Capital Assets,								
Net of Related Debt	791,524	794,721	413,944	410,074	1,205,468	1,204,795	673	0.06
Restricted	92,532	86,252	82,697	94,133	175,229	180,385	(5,156)	(2.86)
Unrestricted	<u>91,363</u>	<u>125,128</u>	<u>278,892</u>	<u>308,216</u>	<u>370,255</u>	<u>433,344</u>	<u>(63,089)</u>	(14.56)
Total Net Assets	<u>\$ 975,419</u>	<u>\$ 1,006,101</u>	<u>\$ 775,533</u>	<u>\$ 812,423</u>	<u>\$ 1,750,952</u>	<u>\$ 1,818,524</u>	<u>\$ (67,572)</u>	(3.72)

In the case of the City, the combined net assets (governmental activities and business-type activities) exceeded liabilities by \$1.75 billion at the close of the most recent year.

The net assets decreased \$67.6 million (3.7%) in fiscal year 2009. The governmental activities decreased \$30.7 million, a 3% decrease, while the business-type activities decreased \$36.9 million, a 4.5% decrease.

The largest portion of net assets (69%) 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.

\$175.2 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 \$370.2 million may be used to meet the City's ongoing obligations to citizens and creditors. However, \$313 million of the unrestricted net assets are invested in joint ventures.

Changes in Net Assets

The following table shows the revenues and expenses of the City for the fiscal years ended June 30, 2009 and 2008.

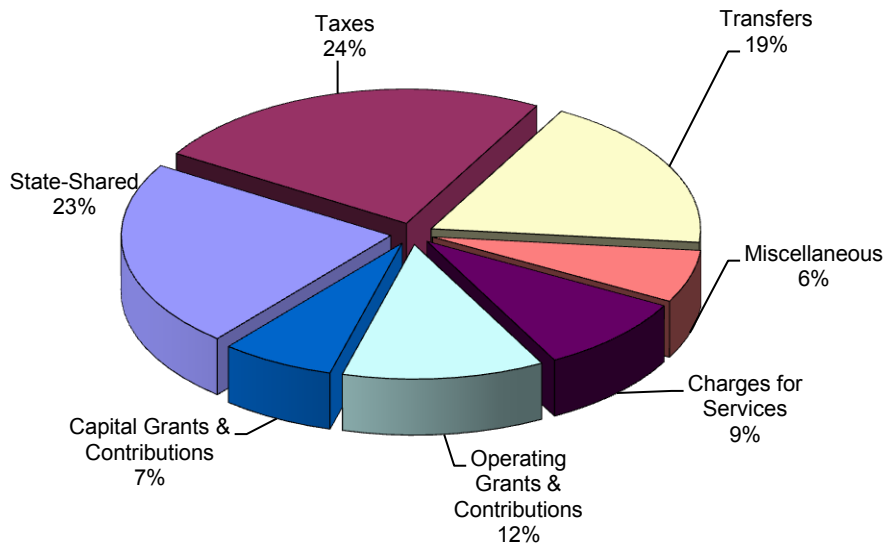
Changes in Net Assets
(In thousands of dollars)

	Governmental		Business-type		Total Primary		Change		
	Activities		Activities		Government		Dollars	Percent	
	2009	2008	2009	2008	2009	2008			
REVENUES									
Program Revenues:									
Charges for Services	\$ 48,459	\$ 58,130	\$ 283,287	\$ 287,894	\$ 331,746	\$ 346,024	\$ (14,278)	(4.13) %	
Operating Grants & Contributions	63,054	63,787	101	11	63,155	63,798	(643)	(1.01)	
Capital Grants & Contributions	35,436	21,916	31,222	80,570	66,658	102,486	(35,828)	(34.96)	
General Revenues:									
Sales Taxes	126,520	147,763	-	-	126,520	147,763	(21,243)	(14.38)	
Occupancy Taxes	1,808	2,395	-	-	1,808	2,395	(587)	(24.51)	
Unrestricted State-Shared Contributions	117,543	122,561	-	-	117,543	122,561	(5,018)	(4.09)	
Unrestricted Investment Income	14,741	14,746	-	-	14,741	14,746	(5)	(0.03)	
Miscellaneous	1,896	6,282	1,894	6,546	3,790	12,828	(9,038)	(70.46)	
	15,849	6,679	407	694	16,256	7,373	8,883	120.48	
Total Revenues	425,306	444,259	316,911	375,715	742,217	819,974	(77,757)	(9.48)	
EXPENSES									
Governmental Activities:									
General Government	54,226	63,633	-	-	54,226	63,633	(9,407)	(14.78) %	
Public Safety	290,928	292,396	-	-	290,928	292,396	(1,468)	(0.50)	
Cultural-Recreational	67,039	72,999	-	-	67,039	72,999	(5,960)	(8.16)	
Community Environment	121,736	99,415	-	-	121,736	99,415	22,321	22.45	
Interest on Long-term Debt	18,658	19,083	-	-	18,658	19,083	(425)	(2.23)	
Business-type Activities:									
Electric	-	-	27,633	31,612	27,633	31,612	(3,979)	(12.59)	
Gas	-	-	35,992	43,247	35,992	43,247	(7,255)	(16.78)	
Water	-	-	68,956	59,225	68,956	59,225	9,731	16.43	
Wastewater	-	-	80,349	61,293	80,349	61,293	19,056	31.09	
Solid Waste	-	-	31,953	32,878	31,953	32,878	(925)	(2.81)	
Airport	-	-	3,703	3,317	3,703	3,317	386	11.64	
Golf Course	-	-	3,082	3,012	3,082	3,012	70	2.32	
Convention Center	-	-	4,558	5,447	4,558	5,447	(889)	(16.32)	
District Cooling	-	-	976	769	976	769	207	26.92	
Total Expenses	552,587	547,526	257,202	240,800	809,789	788,326	21,463	2.72	
Increase (decrease) in Net Assets Before Special Item and Transfers	(127,281)	(103,267)	59,709	134,915	(67,572)	31,648	(99,220)	(313.51)	
Transfers	96,599	94,121	(96,599)	(94,121)	-	-	-	0.00	
Change in Net Assets	(30,682)	(9,146)	(36,890)	40,794	(67,572)	31,648	(99,220)	(313.51)	
Net Assets-Beginning	1,006,101	1,015,247	812,423	771,629	1,818,524	1,786,876	31,648	1.77	
Net Assets-Ending	\$ 975,419	\$ 1,006,101	\$ 775,533	\$ 812,423	\$ 1,750,952	\$ 1,818,524	\$ (67,572)	(3.72)	

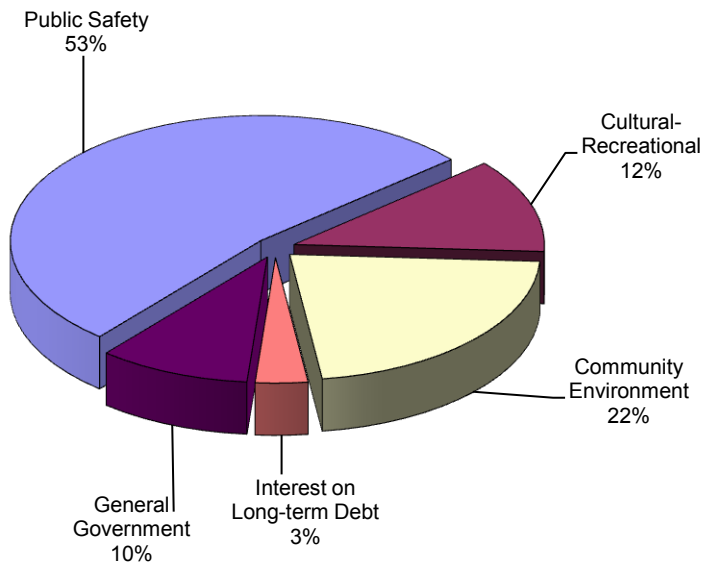
Governmental Activities

As presented in the following two graphs, the largest funding sources, including transfers, for the governmental activities are taxes (24%) and state-shared revenues (23%). The largest users of resources for the governmental activities are Public Safety (53%), Community Environment (22%), Cultural-Recreational (12%), and General Government (10%).

Revenues by Source Including Transfers – Governmental Activities
For the Fiscal Year Ended June 30, 2009

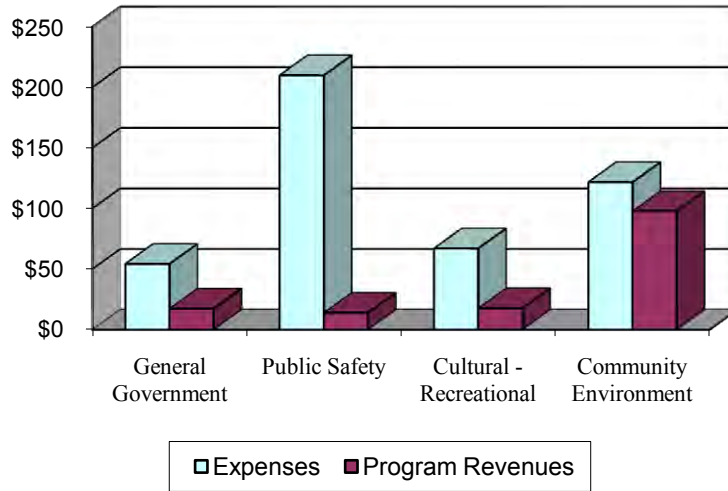


Functional Expenses – Governmental Activities
For the Fiscal Year Ended June 30, 2009



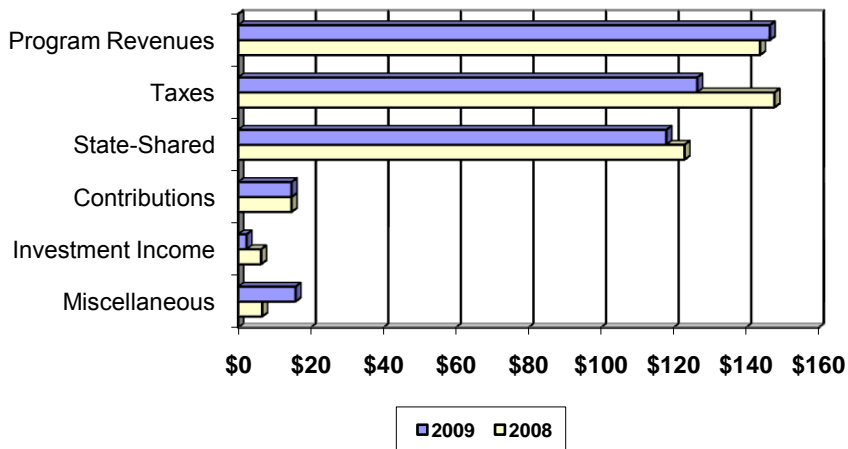
The following graph shows the functional revenues and expenses of the governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent the full cost allocation to these functions. General revenues of the City, including a \$96.6 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, 2009
(In millions of dollars)



Governmental activities decreased the net assets of the City by \$30.6 million accounting for a 3% decrease. Governmental activities accounted for 57% of the total revenues and 68% of the total expenses of the City in fiscal year 2009. This compares to 54% of total revenues and 69% of the total expenses in fiscal year 2008.

Governmental Activities Revenues
For Fiscal Years 2009 and 2008
(In millions of dollars)



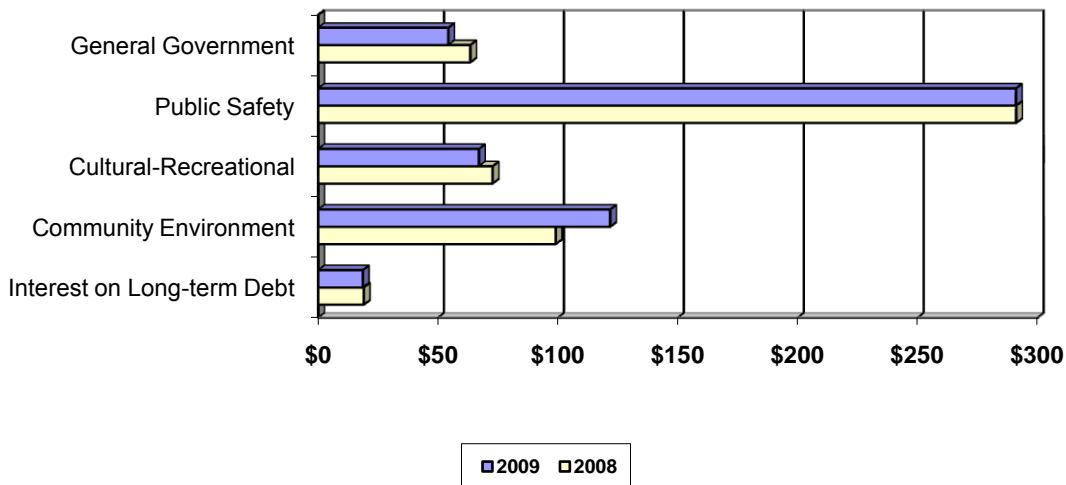
The graph above compares governmental activities revenues from fiscal year 2009 to fiscal year 2008. Total governmental activities revenues decreased \$19 million from \$444.3 million to \$425.3 million. This is the second consecutive year that governmental activities revenues declined. Key factors in this change includes:

- The program revenues (charges for services, grants and contributions that are clearly identifiable to an operating activity) of the governmental activities increased \$3 million

over the previous year. Charges for services decreased by \$9.7 million over the previous year as the demand for City-provided services weakened due to the economic conditions. There was a \$10.2 million increase 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.

- Sales taxes decreased by \$21.2 million over the previous year primarily as a result of the weakening national and local economy and the downturn in the construction industry within the City limits.
- Investment income decreased by \$4.4 million over the previous year due to lower interest rates obtained by the City for its investments.

Governmental Activities Functional Expenses
For Fiscal Years 2009 and 2008
(In millions of dollars)



The graph above compares governmental activities expenses from fiscal year 2009 to fiscal year 2008. Total governmental expenses increased by \$5.1 million (0.9%) from \$547.5 million to \$552.6 million. Key factors in this change included:

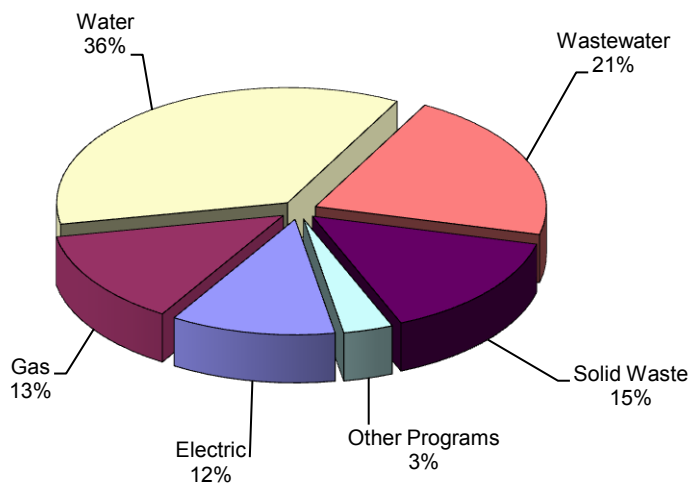
- The City implemented \$29 million in budget reductions during fiscal year 2008-2009 that affected all departments within the City. The reductions included a 2% wage reduction effective January 1, 2009, workforce reductions of over 300 full time positions with the majority of the impact affecting the Governmental Activities programs and changes to the types of services provided. The General Government and Cultural-Recreational functional areas were most impacted by these changes.
- The Transit Maintenance Facility owned by the City was sold to the Regional Public Transit Authority for \$12.2 million. The facility was recorded on the City's books at \$18.5 million resulting in a loss on sale of city property of \$6.3 million which is reflected in the Community Environment functional area.

- The City accrued an additional expense of \$45.4 million in the governmental activities as a result of the implementation in fiscal year 2008 of the Governmental Accounting Standards Board (GASB) Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension Plans*. GASB Statement No. 45 requires the City to recognize the cost of providing postemployment healthcare benefits in the year the employee services are received.

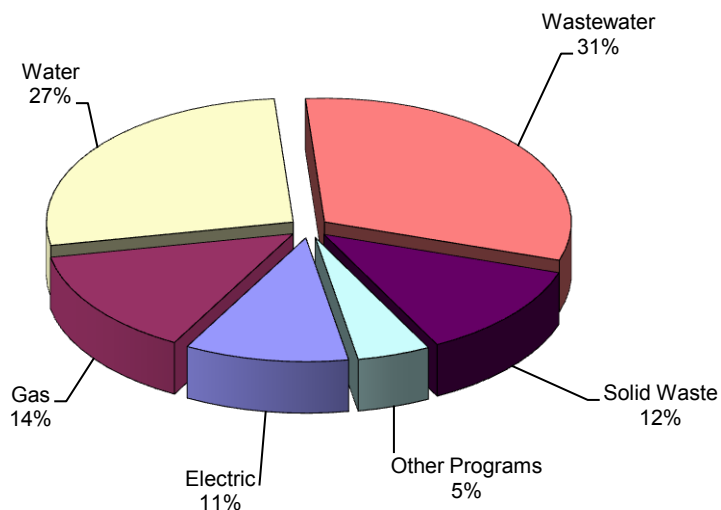
Business-type Activities

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

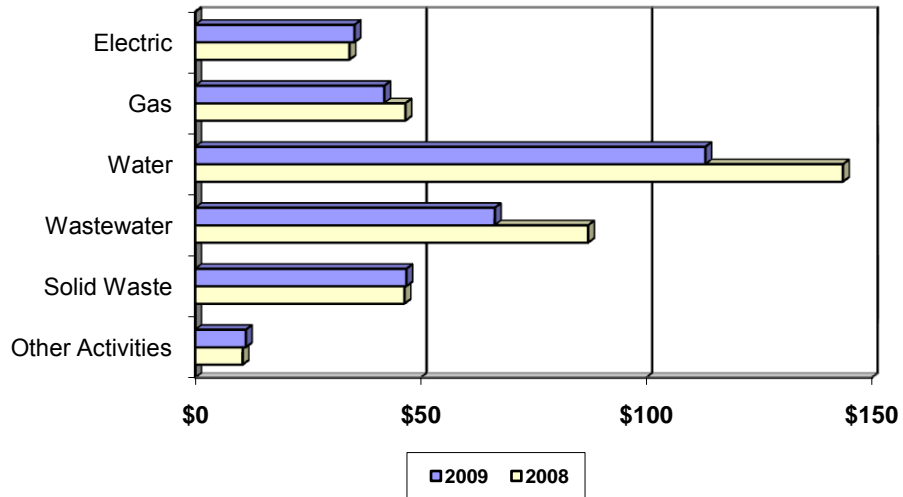


Functional Expenses – Business-type Activities



Business-type activities decreased the City’s net assets by \$36.9 million a 4.5% decrease. Total business-type activities program and general revenues decreased by \$58.8 million (15.7%) from \$375.7 million to \$316.9 million, while the business-type activities total expenses increased by \$16.4 million (6.6%) from \$240.8 million to \$257.2 million. Business-type activities accounted for 43% of the total revenues and 32% of the total expenses of the City in fiscal year 2009. This compares to 46% of total revenues and 31% of the expenses in fiscal year 2008.

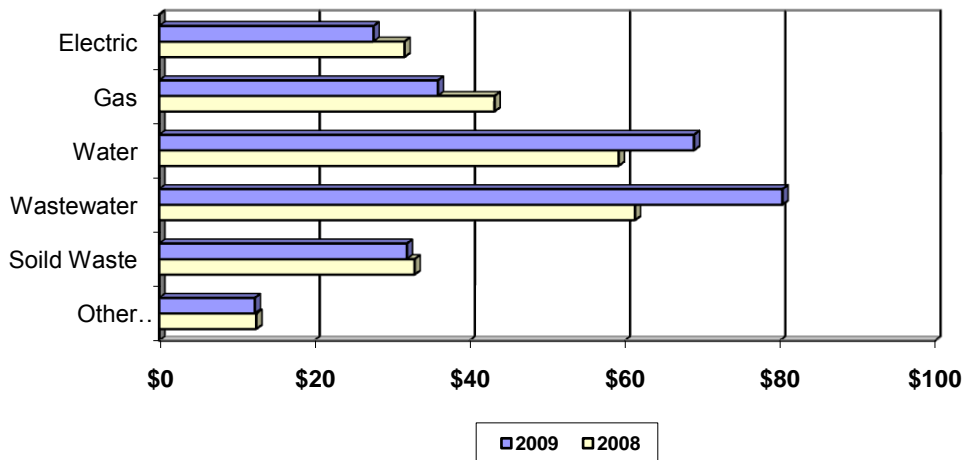
Business-type Activities
Program Revenues
For Fiscal Years 2009 and 2008
(In millions of dollars)



The graph above compares program revenues for the Business-type Activities from fiscal year 2009 to fiscal year 2008. Total business-type activities program revenues decreased by \$58.8 million (15.6%) from \$375.7 million to \$316.9 million. Key factors in this change includes:

- Capital contributions decreased by \$49 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. The decrease from the previous year can be attributed to fewer water and wastewater lines contributed by developers as the new home construction activity in the City has decreased significantly.
- Changes in Electric and Gas revenues and expenses resulted from commodity costs differences that are passed on through to the customers.

Business-type Activities
Functional Expenses
For the Fiscal Years 2009 and 2008



- The increase in the Water and Wastewater activities resulted primarily from increased depreciation amounts related to the City's participation in joint ventures with other cities.
- The transfer to the General Fund increased by \$2.5 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. Unreserved 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 \$196.8 million, a \$17 million increase from the previous year. \$128 million of this total amount is in unreserved fund balance, available for spending in the coming year. The remainder of fund balance (\$68.9 million) is reserved to indicate it is not available for new spending as it is already committed. These fund balance reservations include \$22.7 million committed to liquidate contracts and purchase orders of the prior fiscal year, \$18.1 million reserved for Quality of Life Projects, \$27.7 million reserved for Transportation programs and the remaining \$0.3 million is reserved for prepaid costs.

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 \$126.6 million, while unreserved fund balance was \$74.7 million.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For 2009, unreserved fund balance represents 19.6% of total General Fund expenditures of \$382 million, while total fund balance represents 33.1% of the same amount. For 2008, unreserved fund balance was 12.7% of total General Fund expenditures of \$395 million, while total fund balance was 34.2% of the same amount.

Total fund balance of the City's General Fund decreased by \$8.6 million during the current fiscal year from \$135.2 million to \$126.6 million. Total revenues of \$323 million were \$19.6 million less than the previous year, while total expenditures of \$382 million were \$13.2 million less than the previous year. Sales taxes collected were \$21.2 million less than the previous year primarily as a result of the weakening local economy and the downturn in the construction industry.

The decrease in General Fund expenditures is a primarily a result of the budget reductions implemented by the City during fiscal year 2008-09. A city-wide 2% reduction in wages in addition to a reduction in over 300 full-time positions contributed to the decrease in expenditures reflected in the fund financial statements. The increase in Community Environment

expenditures is a result of additional street maintenance which is now funded by the 0.5 percent dedicated sales tax passed by the voters in 2006.

The transfer in of \$96.6 million, mostly from the Enterprise Fund, was reduced by \$46 million in transfers out to other funds, compared with a transfer in from the Enterprise Fund of \$95 million that was reduced by \$41 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 \$3.9 million less in state-shared revenue and had a decrease of \$6.1 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 an increase of \$8 million in capital expenditures. These expenditures were for improvements in law enforcement, fire, storm sewers, streets, parks and other city facilities.

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 total net assets of the Enterprise Fund decreased by \$36.3 million in fiscal year 2009 from \$813.2 million to \$776.9 million. The unrestricted net assets of the Enterprise Fund amounted to \$280.3 million. However, \$259.4 million of the unrestricted net assets are invested in joint ventures. 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 84-86. 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 105-132.

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 \$1.194 billion occurred during fiscal year 2009. Contingency allocations were made at fiscal year-end to cover programs in the General Fund of \$15.2 million.

General Fund revenues of \$324.2 million, on a budgetary basis, were less than budgeted revenues of \$354.2 million by \$30 million while expenditures of \$424.2 million were only 77% of budgeted expenditures. The shortfall in revenues is due to lower revenue received in all areas primarily because of the weakening local and national economy. Reduced expenditures resulted from budget reductions including a 2% wage reduction, eliminating over 300 full-time positions, 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 \$2.4 billion (net of accumulated depreciation/amortization) as of June 30, 2009. This investment in capital assets includes land, buildings, other improvements, machinery

and equipment 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, 2009 and 2008.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Change	
	2009	2008	2009	2008	2009	2008	Dollars	Percent
Land	\$ 257,858	\$ 245,538	\$ 52,028	\$ 49,916	\$ 309,886	\$ 295,454	\$ 14,432	4.88 %
Water Rights	-	-	15,524	14,658	15,524	14,658	866	5.91
Buildings	217,712	234,722	47,709	51,711	265,421	286,433	(21,012)	(7.34)
Other Improvements	73,647	81,975	914,082	867,341	987,729	949,316	38,413	4.05
Machinery & Equipment	45,494	56,740	51,914	57,320	97,408	114,060	(16,652)	(14.60)
Infrastructure	478,752	486,472	-	-	478,752	486,472	(7,720)	(1.59)
Excess of Cost over Net Assets Acquired	-	-	3,594	4,012	3,594	4,012	(418)	(10.42)
Construction-in-Progress	165,530	108,503	147,633	142,910	313,163	251,413	61,750	24.56
Total	\$ 1,238,993	\$ 1,213,950	\$ 1,232,484	\$ 1,187,868	\$ 2,471,477	\$ 2,401,818	\$ 69,659	2.90

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 \$5.3 million spent during fiscal year 2009. 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 completed construction of the Police Technical Services Building with \$0.5 million spent during fiscal year 2009. The \$21.8 million project includes larger facilities for the crime laboratory.
- The City continued construction of a new City Court building with \$24.6 million spent during fiscal year 2009. The \$36.8 million facility will have more courtrooms, office space for judges, juror facilities and records storage.

Additional information on the City's capital assets can be found in Note 1(l.) 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 \$1.205 billion. Of this amount, \$267 million comprises debt backed by the full faith and credit of the City and \$938 million 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 \$1.222 billion at June 30, 2009. \$419 million of this total was in governmental activities and \$803 million was in business-type activities. The City's outstanding long-term debt (considering

new borrowings, debt retirements and refunding) increased \$76 million. New borrowings during the fiscal year included \$61.8 million in general obligation bonds and \$59.9 million in taxable utility system revenue bonds.

The City issued \$59.9 million in taxable utility systems revenue bonds that qualify as Build America Bonds under the America's Economic Recovery and Reinvestment Act of 2009. These taxable bonds include a 35% interest rebate from the United States Government. The total interest rebate to be received from the Federal government over the life of the bonds is \$30.8 million. The City saved approximately \$12.4 million in interest costs by issuing taxable utility systems revenue bonds versus non-taxable bonds.

The following schedule shows the outstanding long-term debt of the City as of June 30, 2009 and 2008.

Outstanding Long-term Debt

(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change	
	2009	2008	2009	2008	2009	2008	Dollars	Percent
General Obligation Bonds	\$ 264,200	\$ 218,129	\$ 2,978	\$ 3,315	\$ 267,178	\$ 221,444	\$ 45,734	20.65 %
Utility System Revenue Bonds	-	-	800,222	748,419	800,222	748,419	51,803	6.92
Highway User Revenue Fund Bonds	137,543	139,173	-	-	137,543	139,173	(1,630)	(1.17)
Municipal Development Corp. Bonds	-	9,970	-	-	-	9,970	(9,970)	(100.00)
Special Assessment Bonds								
with Governmental Commitment	7,294	8,046	-	-	7,294	8,046	(752)	(9.35)
Capital Leases	9,730	17,488	158	1,526	9,888	19,014	(9,126)	(48.00)
Notes Payable	-	-	333	432	333	432	(99)	(22.92)
Total	\$ 418,767	\$ 392,806	\$ 803,691	\$ 753,692	\$ 1,222,458	\$ 1,146,498	\$ 75,960	6.63

The City's current bond ratings are as follows:

	Standard and Poor's Corporation	Moody's Investors Service
General Obligation Bonds	AA	A1
Highway User Revenue Bonds	AA	A2
Utility Systems Revenue Bonds	AA-	A1

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, 2009 is:

6% Bonds	\$271,407,694
20% Bonds	<u>703,597,710</u>
Total Available	<u>\$975,005,404</u>

Additional information on the City's long-term obligations can be found in Note 5 and Note 6 of the notes to the financial statements.

Economic Factors

In June 2009, the City Council approved a \$1.137 billion budget, which is approximately a 4.7% decrease from the prior year's budget. The fiscal year 2009 – 10 budget includes \$961 million for operations and \$176 million for scheduled bond capital improvements.

This has been a difficult period economically and the City of Mesa, like every other municipality throughout the country did not emerge unscathed. The decline that began in the housing market impacted the general economy through the 2008-2009 fiscal year. This was felt directly by the City with a dramatic decline in local sales tax revenue and in State-shared revenue receipts. The City addressed the economic change early and took proactive steps to reforecast revenue projections and dramatically reduced planned expenditures. Ultimately, over \$60 million in anticipated expenditures were eliminated from the fiscal year 2009-2010 budget. With this new budget comes a reflection of the new economy, the benefits of a leaner organization and the positive impacts of a successful General Obligation Bond election in 2008 that has enabled the City to initiate important street and public safety projects.

Significant economic factors affecting the City are as follows:

- The City's unemployment rate of 8.0% compares favorably to the state unemployment rate of 9.1% and the national average rate of 9.7%. This unemployment rate is nearly double the previous year's rate reflecting the loss of jobs within the City and the State.
- New residential building permits decreased significantly compared to the previous fiscal year. This decrease reflects the downturn that is occurring in the economy and housing construction industry within the City limits.

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, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 216,908,515	\$ 39,881,478	\$ 256,789,993
Investments	14,294,852	10,798,119	25,092,971
Receivables:			
Accounts and Miscellaneous (Net of Allowances)	16,772,120	23,942,720	40,714,840
Accrued Interest	304,063	252,622	556,685
Due From Other Governments	26,995,374	2,578,205	29,573,579
Internal Balances	1,385,105	(1,385,105)	-
Inventory	4,462,097	-	4,462,097
Prepaid Costs	1,019,320	21,683	1,041,003
Deposits	260,092	11,225,650	11,485,742
Restricted Assets:			
Cash and Cash Equivalents	28,411,560	94,053,952	122,465,512
Accounts Receivable	10,406,316	-	10,406,316
Customer Deposits	-	3,141,048	3,141,048
Unamortized Bond Issue Costs	1,093,537	2,929,525	4,023,062
Investment in Joint Ventures	53,362,890	259,447,548	312,810,438
Capital Assets:			
Non-Depreciable	423,388,665	215,184,449	638,573,114
Depreciable, Net	815,604,329	1,017,299,487	1,832,903,816
Total Assets	1,614,668,835	1,679,371,381	3,294,040,216
LIABILITIES			
Warrants Outstanding	3,380,443	-	3,380,443
Accounts Payable	19,408,571	9,091,419	28,499,990
Other Accrued Expenses	34,230,697	-	34,230,697
Customer and Defendant Deposits	8,281,526	-	8,281,526
Compensated Absences	616,062	-	616,062
Liabilities Payable From Restricted Assets	32,720,205	49,281,485	82,001,690
Noncurrent Liabilities:			
Due Within One Year	39,429,541	11,899,189	51,328,730
Due in More Than One Year	501,182,795	833,566,502	1,334,749,297
Total Liabilities	639,249,840	903,838,595	1,543,088,435
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	791,523,460	413,943,796	1,205,467,256
Restricted For:			
Quality of Life Projects	18,098,414	-	18,098,414
Convention Center	-	244,252	244,252
Airport	-	4,945,742	4,945,742
Golf Courses	-	22,781	22,781
Capital Projects	45,026,375	37,945,161	82,971,536
Debt Service	-	29,030,709	29,030,709
Bond Indentures	-	10,412,185	10,412,185
Grant Programs	1,226,626	-	1,226,626
Transportation Programs	28,180,725	-	28,180,725
Water, Wastewater & Solid Waste Improvements	-	96,592	96,592
Unrestricted	91,363,395	278,891,568	370,254,963
Total Net Assets	\$ 975,418,995	\$ 775,532,786	\$ 1,750,951,781

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, 2009

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 54,225,566	\$ 15,645,016	\$ 1,653,966	\$ -
Public Safety	290,927,716	11,173,011	2,438,011	250,520
Cultural-Recreational	67,039,000	16,073,507	1,228,867	291,027
Community Environment	121,735,796	5,567,840	57,733,698	34,894,512
Interest on Long-Term Debt	18,658,530	-	-	-
Total Government Activities	552,586,608	48,459,374	63,054,542	35,436,059
Business-type Activities:				
Electric	27,633,642	35,312,658	-	1,111
Gas	35,991,817	41,707,578	2,795	180,734
Water	68,955,827	95,994,839	92,500	17,012,468
Wastewater	80,349,057	54,719,926	-	11,693,556
Solid Waste	31,953,188	46,762,035	5,502	101,485
Airport	3,703,129	2,958,955	-	2,183,047
Golf Course	3,082,522	2,309,899	-	50,000
Convention Center	4,558,208	2,686,663	-	-
District Cooling	975,687	834,376	-	-
Total Business-type Activities	257,203,077	283,286,929	100,797	31,222,401
Total Primary Government	\$ 809,789,685	\$ 331,746,303	\$ 63,155,339	\$ 66,658,460

General Revenues:

- Sales 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

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
\$ (36,926,584)	\$ -	\$ (36,926,584)
(277,066,174)	-	(277,066,174)
(49,445,599)	-	(49,445,599)
(23,539,746)	-	(23,539,746)
(18,658,530)	-	(18,658,530)
<u>(405,636,633)</u>	<u>-</u>	<u>(405,636,633)</u>
-	7,680,127	7,680,127
-	5,899,290	5,899,290
-	44,143,980	44,143,980
-	(13,935,575)	(13,935,575)
-	14,915,834	14,915,834
-	1,438,873	1,438,873
-	(722,623)	(722,623)
-	(1,871,545)	(1,871,545)
-	(141,311)	(141,311)
<u>-</u>	<u>57,407,050</u>	<u>57,407,050</u>
<u>\$ (405,636,633)</u>	<u>\$ 57,407,050</u>	<u>\$ (348,229,583)</u>
126,519,701	-	126,519,701
1,807,601	-	1,807,601
117,542,894	-	117,542,894
14,740,889	-	14,740,889
1,895,561	1,894,369	3,789,930
15,849,424	407,356	16,256,780
<u>96,599,000</u>	<u>(96,599,000)</u>	<u>-</u>
<u>374,955,070</u>	<u>(94,297,275)</u>	<u>280,657,795</u>
(30,681,563)	(36,890,225)	(67,571,788)
<u>1,006,100,558</u>	<u>812,423,011</u>	<u>1,818,523,569</u>
<u>\$ 975,418,995</u>	<u>\$ 775,532,786</u>	<u>\$ 1,750,951,781</u>

CITY OF MESA, ARIZONA
EXHIBIT A-3
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 99,607,099	\$ 15	\$ 75,529,968	\$ 175,137,082
Investments	9,278,802	-	-	9,278,802
Accounts Receivable (Net of Allowances)	15,298,497	-	75,399	15,373,896
Accrued Interest Receivable	243,526	98	21,241	264,865
Due From Other Governments	21,136,283	3,014,737	2,805,526	26,956,546
Due From Other Funds	4,606,700	-	-	4,606,700
Prepaid Costs	329,666	-	424	330,090
Deposits	260,092	-	-	260,092
Restricted Assets:				
Cash and Cash Equivalents	91,652	-	28,319,908	28,411,560
Accounts Receivable	3,775,832	-	6,630,484	10,406,316
Total Assets	<u><u>\$ 154,628,149</u></u>	<u><u>\$ 3,014,850</u></u>	<u><u>\$ 113,382,950</u></u>	<u><u>\$ 271,025,949</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants Outstanding	\$ 3,380,443	\$ -	\$ -	\$ 3,380,443
Accounts Payable	11,314,459	1,049,108	5,519,695	17,883,262
Due To Other Funds	-	1,965,300	2,641,400	4,606,700
Customer and Defendant Deposits	8,280,285	-	1,241	8,281,526
Compensated Absences	616,062	-	-	616,062
Payable From Restricted Assets:				
Accrued Lease Interest Payable	-	-	12,320	12,320
Accrued Bond Interest Payable	-	-	9,406,329	9,406,329
Deferred Revenue	4,463,194	-	6,630,484	11,093,678
Matured General Obligation Bonds Payable	-	-	16,392,910	16,392,910
Matured Highway User Revenue Bonds Payable	-	-	2,025,000	2,025,000
Matured Capital Leases Payable	-	-	483,349	483,349
Total Liabilities	<u><u>28,054,443</u></u>	<u><u>3,014,408</u></u>	<u><u>43,112,728</u></u>	<u><u>74,181,579</u></u>
Fund Balances				
Reserved For Encumbrances	5,729,345	442	17,011,816	22,741,603
Reserved For Prepaid Costs	329,666	-	424	330,090
Reserved For Quality of Life Projects	18,098,414	-	-	18,098,414
Reserved for Transportation Programs	27,704,953	-	-	27,704,953
Unreserved, reported in:				
General Fund	74,711,328	-	-	74,711,328
Special Revenue Funds	-	-	24,815,604	24,815,604
Capital Project Funds	-	-	28,442,378	28,442,378
Total Fund Balances	<u><u>126,573,706</u></u>	<u><u>442</u></u>	<u><u>70,270,222</u></u>	<u><u>196,844,370</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 154,628,149</u></u>	<u><u>\$ 3,014,850</u></u>	<u><u>\$ 113,382,950</u></u>	<u><u>\$ 271,025,949</u></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, 2009

Fund Balances - total governmental funds	\$ 196,844,370
Amounts reported for governmental activities in the statement of net assets are different because (also see Note 2 to the basic financial statements):	
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	1,234,609,608
Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	54,456,427
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore not reported in the governmental funds.	(537,609,112)
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.	6,693,381
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>20,424,321</u>
Net assets of the governmental activities - statement of net assets	<u>\$ 975,418,995</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, 2009

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Sales Taxes	\$ 126,519,701	\$ -	\$ -	\$ 126,519,701
Occupancy Taxes	1,807,601	-	-	1,807,601
Special Assessments	-	-	1,202,384	1,202,384
Licenses and Permits	10,223,883	-	3,202,525	13,426,408
Intergovernmental	139,581,318	34,143,594	17,359,688	191,084,600
Charges For Services	19,277,450	34,860	5,030,974	24,343,284
Fines and Forfeitures	9,479,944	33,544	701,940	10,215,428
Investment Income	1,423,495	7,880	190,341	1,621,716
Miscellaneous	14,405,497	40,009	309,067	14,754,573
Total Revenues	<u>322,718,889</u>	<u>34,259,887</u>	<u>27,996,919</u>	<u>384,975,695</u>
Expenditures:				
Current:				
General Government	36,506,727	-	-	36,506,727
Public Safety	227,209,867	-	3,653,689	230,863,556
Cultural-Recreational	53,161,005	-	10,000	53,171,005
Community Environment	25,246,682	28,315,434	19,084,531	72,646,647
Debt Service:				
Principal Retirement	-	-	36,905,901	36,905,901
Interest on Bonds	-	-	18,219,451	18,219,451
Interest on Leases	-	-	625,773	625,773
Service Charges	-	-	27,738	27,738
Capital Outlay	39,793,109	1,036,465	37,069,793	77,899,367
Total Expenditures	<u>381,917,390</u>	<u>29,351,899</u>	<u>115,596,876</u>	<u>526,866,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(59,198,501)</u>	<u>4,907,988</u>	<u>(87,599,957)</u>	<u>(141,890,470)</u>
Other Financing Sources (Uses):				
Transfers In	96,736,344	-	58,960,523	155,696,867
Transfers Out	(46,133,698)	(8,854,036)	(4,118,133)	(59,105,867)
Face Amount of Bonds Issued	-	-	61,830,000	61,830,000
Premium on Issuance of Bonds	-	-	436,509	436,509
Total Other Financing Sources (Uses)	<u>50,602,646</u>	<u>(8,854,036)</u>	<u>117,108,899</u>	<u>158,857,509</u>
Net Change in Fund Balances	(8,595,855)	(3,946,048)	29,508,942	16,967,039
Fund Balances - Beginning	<u>135,169,561</u>	<u>3,946,490</u>	<u>40,761,280</u>	<u>179,877,331</u>
Fund Balances - Ending	<u>\$ 126,573,706</u>	<u>\$ 442</u>	<u>\$ 70,270,222</u>	<u>\$ 196,844,370</u>

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, 2009

Net change in fund balances - total governmental funds	\$ 16,967,039
Amounts reported for governmental activities in the statement of activities are different because (also see Note 2 to the basic financial statements):	
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	(806,338)
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.	(44,668,668)
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 (\$77,899,367) exceeded depreciation (\$51,246,340) in the current period.	26,653,027
The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to increase net assets.	636,300
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.	(24,924,099)
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.	10,659
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>(4,549,483)</u>
Change in net assets of the governmental activities - statement of activities	\$ <u><u>(30,681,563)</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, 2009

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 39,881,478	\$ 41,771,433
Investments	10,798,119	5,016,050
Accounts Receivable (Net of Allowances of \$1,800,700)	23,942,720	722,218
Accrued Premiums Receivable	-	676,006
Accrued Interest Receivable	252,622	39,198
Due From Other Governments	2,578,205	38,828
Inventory	-	4,462,097
Prepaid Costs	21,683	689,230
Deposits	11,225,650	-
Restricted Assets:		
Cash and Cash Equivalents	42,167,697	-
Customer Deposits	3,141,048	-
Total Current Assets	<u>134,009,222</u>	<u>53,415,060</u>
Noncurrent Assets:		
Restricted Assets:		
Impact & Development Fees:		
Cash and Cash Equivalents	95,258	-
Bond Replacement, Extensions and Reserves:		
Cash and Cash Equivalents	10,596,206	-
Capital Projects:		
Cash and Cash Equivalents	41,194,791	-
Unamortized Bond Issue Costs	2,929,525	-
Total Restricted Assets	<u>54,815,780</u>	<u>-</u>
Capital Assets:		
Land	52,027,492	-
Water Rights	15,523,973	-
Buildings	74,361,132	2,014,156
Other Improvements	1,281,588,116	5,088,624
Machinery and Equipment	128,749,601	2,068,032
Construction in Progress	147,632,984	3,572
Excess of Cost Over Net Assets Acquired	12,522,509	-
Less Accumulated Depreciation and Amortization	<u>(479,921,871)</u>	<u>(4,790,998)</u>
Total Capital Assets, Net	1,232,483,936	4,383,386
Investment in Joint Ventures	259,447,548	-
Total Noncurrent Assets	<u>1,546,747,264</u>	<u>4,383,386</u>
Total Assets	<u>\$ 1,680,756,486</u>	<u>\$ 57,798,446</u>

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, 2009

	<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	\$ 9,091,419	\$ 1,525,309
Other Accrued Expenses	-	34,230,697
Current Liabilities-Payable From Restricted Assets:		
Bond Replacement, Extensions and Reserves-Accounts Payable	184,021	-
Capital Projects-Accounts Payable	3,261,376	-
Accrued Notes Interest Payable	3,301	-
Accrued Capital Lease Interest Payable	7,478	-
Accrued Bond Interest Payable	18,883,619	-
Deferred Revenue	56,389	-
Matured Bonds Payable	10,147,090	-
Matured Leases Payable	460,175	-
Customer Deposits and Prepayments	16,278,036	-
Current Portion of Long-term Liabilities:		
Current Portion of Revenue Bonds Payable	10,475,000	-
Current Portion of General Obligation Bonds Payable	266,811	-
Current Portion of Notes Payable	104,464	-
Current Portion of Leases Payable	158,413	-
Current Portion of Compensated Absences	894,501	98,744
Total Current Liabilities	<u>70,272,093</u>	<u>35,854,750</u>
Long-Term Liabilities:		
Revenue Bonds Payable, Net of Deferred Amounts on Refundings	789,746,570	-
General Obligation Bonds Payable	2,711,291	-
Notes Payable	228,725	-
Unamortized Bond Premium	18,264,494	-
Compensated Absences	3,864,964	771,804
Post Employment Benefits	18,750,458	2,132,676
Total Long-Term Liabilities	<u>833,566,502</u>	<u>2,904,480</u>
Total Liabilities	<u>903,838,595</u>	<u>38,759,230</u>
NET ASSETS		
Invested In Capital Assets, Net of Related Debt	413,943,796	4,383,385
Restricted For:		
Convention Center	244,252	-
Airport	4,945,742	-
Golf Courses	22,781	-
Capital Projects	37,945,161	-
Debt Service	29,030,709	-
Bond Indentures	10,412,185	-
Water, Wastewater & Solid Waste Improvements	96,592	-
Unrestricted	280,276,673	14,655,831
Total Net Assets	<u>\$ 776,917,891</u>	<u>\$ 19,039,216</u>
Adjustment to reflect the consolidation of the internal service funds related to the enterprise fund.	(1,385,105)	
Total net assets of the business-type activities	<u>\$ 775,532,786</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, 2009

	Business-type Activities	Governmental Activities - Internal Service Funds
	Enterprise Fund	
Operating Revenues:		
Electric Sales Pledged as Security for Revenue Bonds	\$ 35,312,658	\$ -
Gas Sales Pledged as Security for Revenue Bonds	41,707,578	-
Water Sales Pledged as Security for Revenue Bonds	95,994,839	-
Wastewater Charges Pledged as Security for Revenue Bonds	54,719,926	-
Solid Waste Charges Pledged as Security for Revenue Bonds	46,762,035	-
Airport Fees	2,958,955	-
Golf Course Fees	2,309,899	-
Convention Center Fees	2,686,663	-
District Cooling Charges	834,376	-
Charges For Services	-	18,075,556
Self-Insurance Contributions	-	58,809,677
Other	-	620,854
	<hr/>	<hr/>
Total Operating Revenues	283,286,929	77,506,087
	<hr/>	<hr/>
Operating Expenses:		
Electric	24,873,281	-
Gas	31,081,222	-
Water	37,130,016	-
Wastewater	22,636,294	-
Solid Waste	29,675,803	-
Airport	2,507,657	-
Golf Course	2,772,771	-
Convention Center	4,289,707	-
District Cooling	594,482	-
Warehouse, Maintenance & Services	-	19,261,933
Self-Insurance	-	63,375,637
	<hr/>	<hr/>
Total Operating Expenses	155,561,233	82,637,570
	<hr/>	<hr/>
Operating Income (Loss) Before Depreciation and Amortization	127,725,696	(5,131,483)
Depreciation and Amortization	(54,688,319)	(412,069)
	<hr/>	<hr/>
Operating Income (Loss)	73,037,377	(5,543,552)
	<hr/>	<hr/>

(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, 2009

	<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	1,870,898	-
Investment Income Unpledged	23,471	351,866
Intergovernmental	100,797	-
Miscellaneous Pledged as Security for Revenue Bonds	407,356	-
Interest Expense:		
Revenue Bonds	(32,139,657)	-
General Obligation Bonds	(164,731)	-
Notes Payable	(22,306)	-
Capital Leases	(50,852)	(151)
Amortization of Bond Issuance and Administrative Costs	(563,714)	-
Loss on Disposal of Capital Assets	1,188,588	-
Equity Interest in Joint Ventures	(14,591,141)	-
	<u>(43,941,291)</u>	<u>351,715</u>
Total Nonoperating Revenues (Expenses)		
Income before Transfers and Capital Contributions	29,096,086	(5,191,837)
Capital Contributions	31,222,401	24,642
Transfers In	-	8,000
Transfers Out	(96,599,000)	-
	<u>(36,280,513)</u>	<u>(5,159,195)</u>
Change in Net Assets		
Total Net Assets - Beginning	<u>813,198,404</u>	<u>24,198,411</u>
Total Net Assets - Ending	<u>\$ 776,917,891</u>	<u>\$ 19,039,216</u>
Adjustment to reflect consolidation of internal service funds related to the enterprise fund.	<u>(609,712)</u>	
Change in net assets of the business-type activities	<u>\$ (36,890,225)</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, 2009

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 277,967,646	\$ -
Cash Received From Users	5,841,843	76,745,672
Cash Payments to Suppliers	(89,906,458)	(67,100,472)
Cash Payments to Employees	(51,440,078)	(8,844,935)
Net Cash Provided By Operating Activities	<u>142,462,953</u>	<u>800,265</u>
Cash Flows From Noncapital Financing Activities:		
Deferred Revenue	3,594	-
Intergovernmental	100,797	-
Transfers In From Other Funds	-	32,642
Transfers Out to Other Funds	(96,599,000)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(96,494,609)</u>	<u>32,642</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds From Bond Sales	60,307,356	-
Payment to Refunded Bond Escrow Agent	-	-
Acquisition and Construction of Capital Assets	(73,626,502)	12,443
Investment in Joint Ventures	(22,553,403)	-
Proceeds From Sale of Capital Assets	2,591,051	-
Principal Paid on Bonds, Leases and Notes Maturities	(9,420,875)	(6,539)
Interest Paid on Bonds, Leases and Notes	(35,612,791)	(151)
Bond Issuance and Administrative Expenses	(301,550)	-
Capital Contributed by Other Governments	2,182,481	-
Capital Contributed by Subdividers	5,064,634	-
Net Cash Prived By (Used For) Capital and Related Financing Activities	<u>(71,369,599)</u>	<u>5,753</u>
Cash Flows From Investing Activities:		
Purchase of Investment Securities	(9,995,000)	(5,016,050)
Proceeds from Sale and Maturities of Investment Securities	10,000,000	-
Interest Received on Investments	2,897,311	490,240
Net Cash Provided By (Used For) Investing Activities	<u>2,902,311</u>	<u>(4,525,810)</u>
Net (Decrease) in Cash and Cash Equivalents	(22,498,944)	(3,687,150)
Cash and Cash Equivalents at Beginning of Year	<u>156,434,374</u>	<u>45,458,583</u>
Cash and Cash Equivalents at End of Year	<u>\$ 133,935,430</u>	<u>\$ 41,771,433</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, 2009

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Operating Income (Loss)	<u>\$ 73,037,377</u>	<u>\$ (5,543,552)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	54,688,319	412,069
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	522,560	(671,553)
Decrease in Inventory	-	171,848
Increase (Decrease) in Prepaid Costs	3,996,404	(206,856)
Increase in Accounts Payable	10,218,293	1,097,112
Increase in Other Accrued Expense	<u>-</u>	<u>8,416,197</u>
Total Adjustments	<u>69,425,576</u>	<u>9,218,817</u>
Net Cash Provided By Operating Activities	<u><u>\$ 142,462,953</u></u>	<u><u>\$ 3,675,265</u></u>
Noncash Transactions Affecting Financial Position:		
Contributions of Capital Assets	\$ 23,974,720	\$ -
Transfers of Capital Assets from Governmental Funds	566	24,642
Loss on Disposal of Capital Assets	1,402,469	-
Amortization of Bond Premium	2,120,574	-
Amortization of Debt Issuance Costs	262,164	-
Amortization of Deferred Amounts on Refundings	1,742,114	-
Accretion of Certificates of Supplementary Interest Payments	12,828	-
Increase of Fair Market Value of Investments	50,723	16,050

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, 2009

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 277,967,646	\$ -
Cash Received From Users	5,841,843	76,745,672
Cash Payments to Suppliers	(89,906,458)	(67,100,472)
Cash Payments to Employees	(51,440,078)	(8,844,935)
Net Cash Provided By Operating Activities	<u>142,462,953</u>	<u>800,265</u>
Cash Flows From Noncapital Financing Activities:		
Deferred Revenue	3,594	-
Intergovernmental	100,797	-
Transfers In From Other Funds	-	32,642
Transfers Out to Other Funds	(96,599,000)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(96,494,609)</u>	<u>32,642</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds From Bond Sales	60,307,356	-
Payment to Refunded Bond Escrow Agent	-	-
Acquisition and Construction of Capital Assets	(73,626,502)	12,443
Investment in Joint Ventures	(22,553,403)	-
Proceeds From Sale of Capital Assets	2,591,051	-
Principal Paid on Bonds, Leases and Notes Maturities	(9,420,875)	(6,539)
Interest Paid on Bonds, Leases and Notes	(35,612,791)	(151)
Bond Issuance and Administrative Expenses	(301,550)	-
Capital Contributed by Other Governments	2,182,481	-
Capital Contributed by Subdividers	5,064,634	-
Net Cash Prived By (Used For) Capital and Related Financing Activities	<u>(71,369,599)</u>	<u>5,753</u>
Cash Flows From Investing Activities:		
Purchase of Investment Securities	(9,995,000)	(5,016,050)
Proceeds from Sale and Maturities of Investment Securities	10,000,000	-
Interest Received on Investments	2,897,311	490,240
Net Cash Provided By (Used For) Investing Activities	<u>2,902,311</u>	<u>(4,525,810)</u>
Net (Decrease) in Cash and Cash Equivalents	(22,498,944)	(3,687,150)
Cash and Cash Equivalents at Beginning of Year	<u>156,434,374</u>	<u>45,458,583</u>
Cash and Cash Equivalents at End of Year	<u>\$ 133,935,430</u>	<u>\$ 41,771,433</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, 2009

	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Enterprise Fund</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Operating Income (Loss)	<u>\$ 73,037,377</u>	<u>\$ (5,543,552)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	54,688,319	412,069
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	522,560	(671,553)
Decrease in Inventory	-	171,848
Increase (Decrease) in Prepaid Costs	3,996,404	(206,856)
Increase in Accounts Payable	10,218,293	1,097,112
Increase in Other Accrued Expense	-	8,416,197
	<u>69,425,576</u>	<u>9,218,817</u>
Total Adjustments		
Net Cash Provided By Operating Activities	<u>\$ 142,462,953</u>	<u>\$ 3,675,265</u>
Noncash Transactions Affecting Financial Position:		
Contributions of Capital Assets	\$ 23,974,720	\$ -
Transfers of Capital Assets from Governmental Funds	566	24,642
Loss on Disposal of Capital Assets	1,402,469	-
Amortization of Bond Premium	2,120,574	-
Amortization of Debt Issuance Costs	262,164	-
Amortization of Deferred Amounts on Refundings	1,742,114	-
Accretion of Certificates of Supplementary Interest Payments	12,828	-
Increase of Fair Market Value of Investments	50,723	16,050

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, 2009

	Payroll Agency
ASSETS	
Cash and Cash Equivalents	<u>\$ 9,054,712</u>
Total Assets	<u><u>\$ 9,054,712</u></u>
LIABILITIES	
Accrued Payroll Payable	<u>\$ 9,054,712</u>
Total Liabilities	<u><u>\$ 9,054,712</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, 2009

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 465,272 within an area of approximately 136 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 and district cooling.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a. **Reporting Entity**

The accompanying financial statements include the City and its blended component 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 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 \$202,000. 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 12).

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 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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. Historically, the previous reporting model did not summarize or present net cost by function or activity.

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.

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, intergovernmental revenues and interest on investments.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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.

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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The City reports the following non-major governmental funds:

Ten 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 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.

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. **Cash and Cash Equivalents and Investments**

At year-end, City cash totaled \$2,688,464 which includes \$219,410 of petty cash. The carrying amount of the City's deposits was \$2,469,049 and the bank balance was a deficit \$369,164. The difference of \$2,838,213 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, including the Plan 6 Pool, is overseen according to Arizona State Statute by the State Board of Deposit. The fair value of each share as of June 30, 2009, 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 bonds of U.S. Government agencies are rated AAA by Standard & Poor's and Aaa by Moody's. The Money Market Mutual Funds are all invested in U.S. Treasury securities. 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 equivalents total \$385,621,753.

The City's investments and cash equivalents at June 30, 2009 are as follows:

Investment Type	Fair Value	Investment Maturities			
		Less Than 1	(In Years)		3-12
			1-2		
U.S. Agencies	\$ 20,067,600	\$ -	\$ 20,067,600	*	\$ -
City of Mesa Special Improvement District Bonds	4,261,602	-	744,000		3,517,602 **
State Treasurer Plan 6 Pool	763,769	763,769	-		-
Total Investments	\$ 25,092,971	\$ 763,769	\$ 20,811,600		\$ 3,517,602

*\$20,067,600 of these bonds are callable from July 7, 2009 to April 15, 2010.

**These bonds are callable from July 1, 2009 to July 1, 2020.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Fair Value</u>
<u>Investments:</u>	
U.S. Government Agencies	\$ 20,067,600
City of Mesa Special Improvement District Bonds	4,261,602
Investments in State Treasurer's Plan 6 Pool	<u>763,769</u>
 Total Investments as Reported in the Financial Statements	 <u>25,092,971</u>
<u>Cash Equivalents:</u>	
Money Market Mutual Funds	936,287
Investments in State Treasurer's Local Government Investment Pool	300,685,466
Repurchase Agreement	<u>84,000,000</u>
 Total Cash Equivalents	 <u>385,621,753</u>
 Total Investments and Cash Equivalents	 \$ <u>410,714,724</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 2008-09 of \$334,100. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	\$	12,094,408	\$	(1,501,100)	\$	10,593,308
Courts		45,622,538		(42,720,119)		2,902,419
Other Customers		2,936,591		(1,133,821)		1,802,770
Restricted		3,775,832				3,775,832
Due from Other Governments						
State Shared Revenues		8,623,985				8,623,985
Other		12,512,298				12,512,298
Highway User Revenue Fund:						
Due from Other Governments:						
State Shared Revenues		3,005,224				3,005,224
Other		9,513				9,513
Non-Major Governmental Funds:						
Customers		75,399				75,399
Restricted-Spec. Assessments		6,630,484				6,630,484
Due from Other Governments		2,805,526				2,805,526
Internal Service Funds						
Customers		1,398,224				1,398,224
Due from Other Governments		38,828				38,828
Total Governmental Activities	\$	<u>99,528,850</u>	\$	<u>(45,355,040)</u>	\$	<u>54,173,810</u>
Business-Type Activities:						
Utility Customers	\$	24,979,505	\$	(1,890,201)	\$	23,089,304
Other Customers		1,184,716		(331,300)		853,416
Due from Other Governments		2,578,205				2,578,205
Total Business-type Activities	\$	<u>28,742,426</u>	\$	<u>(2,221,501)</u>	\$	<u>26,520,925</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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:

Rehabilitation Revolving Loans not yet due (General Fund)	\$ 62,897
Surcharges included in Court Receivables (General Fund)	3,712,935
Grants received prior to meeting all eligibility requirements (General Fund)	687,362
Special assessments not yet due (Debt Service Fund)	<u>6,630,484</u>
Total deferred revenue for governmental funds	<u>\$11,093,678</u>

The deferred revenue of \$56,389 reported in the Enterprise Fund represents grants received prior to meeting all eligibility requirements.

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

The following interfund activities are included in the fund financial statements at June 30, 2009:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 4,606,700	\$
Highway User Revenue Fund		1,965,300
Special Revenue Funds		<u>2,641,400</u>
Total Governmental funds	<u>\$ 4,606,700</u>	<u>\$ 4,606,700</u>

The interfund balances at June 30, 2009 are short-term loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2009 are expected to be repaid within one year.

The net transfers of \$96,598,434 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 \$566 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, 2009:

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental funds:		
General Fund	\$ 46,133,698	\$ 96,736,344
Highway User Revenue Fund	8,854,036	
Non-major Governmental Funds	<u>4,118,133</u>	<u>58,960,523</u>
Total governmental funds	59,105,867	155,696,867
Proprietary funds:		
Enterprise Fund	96,599,000	
Internal Service Funds		<u>8,000</u>
Total	<u>\$ 155,704,867</u>	<u>\$ 155,704,867</u>

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, 2009, unbilled utility service receivables are recorded in the Enterprise Fund as follows:

Electric	\$ 1,551,093
Gas	710,597
Water	4,602,392
Wastewater	2,058,148
Solid Waste	<u>1,734,860</u>
	<u>\$ 10,657,090</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. 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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 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.

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
Infrastructure	10-99 Years
Excess Cost over Net Assets Acquired	30 Years

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2009 follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Governmental Activities:				
Non-depreciable Assets:				
Land	\$ 245,538,370	\$ 13,836,462	\$ (1,516,392)	\$ 257,858,440
Construction-in-Progress	108,503,151	73,891,273	(16,864,199)	165,530,225
Total Non-depreciable Assets	354,041,521	87,727,735	(18,380,591)	423,388,665
Depreciable Assets:				
Buildings	298,130,406	5,567,021	(18,887,665)	284,809,762
Other Improvements	132,426,744	1,735,726	(6,362,092)	127,800,378
Machinery & Equipment	152,502,961	7,415,817	(7,833,596)	152,085,182
Infrastructure	722,463,437	13,258,251	(636,294)	735,085,394
Total Depreciable Assets	1,305,523,548	27,976,815	(33,719,647)	1,299,780,716
Less Accumulated Depreciation for:				
Buildings	(63,409,511)	(6,182,201)	2,493,800	(67,097,912)
Other Improvements	(50,451,408)	(4,993,652)	1,291,681	(54,153,379)
Machinery & Equipment	(95,762,968)	(18,571,168)	7,742,906	(106,591,230)
Infrastructure	(235,991,038)	(20,979,118)	636,290	(256,333,866)
Total Accum. Depreciation	(445,614,925)	(50,726,139)	12,164,677	(484,176,387)
Total Depreciable Assets, net	859,908,623	(22,749,324)	(21,554,970)	815,604,329
Governmental Activities				
Capital Assets, net	\$ 1,213,950,144	\$ 64,978,411	\$ (39,935,561)	\$ 1,238,992,994

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

General Government	\$ 5,519,286
Public Safety	14,774,115
Cultural – Recreational	7,066,457
Community Environment	22,954,212
Capital assets held by the City’s internal service funds are charged to the various functions based on their usage of the assets	<u>412,069</u>
Total Depreciation	\$ <u>50,726,139</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Business-type Activities:				
Non-depreciable Assets:				
Land	\$ 49,916,159	\$ 2,204,162	\$ (92,829)	\$ 52,027,492
Water Rights	14,657,794	866,179	-	15,523,973
Construction-in-Progress	142,910,279	141,115,028	(136,392,323)	147,632,984
Total Non-depreciable Assets	207,484,232	144,185,369	(136,485,152)	215,184,449
Depreciable Assets:				
Buildings	76,435,965	29,121	(2,103,954)	74,361,132
Other Improvements	1,199,459,936	84,120,112	(1,991,932)	1,281,588,116
Machinery & Equipment	122,030,106	10,868,964	(4,149,469)	128,749,601
Excess of Cost over Net Assets				
Acquired	12,522,509	-	-	12,522,509
Total Depreciable Assets	1,410,448,516	95,018,197	(8,245,355)	1,497,221,358
Less Accum. Depr. & Amort. for:				
Buildings	(24,724,736)	(1,927,333)	-	(26,652,069)
Other Improvements	(332,118,902)	(36,091,328)	703,790	(367,506,440)
Machinery & Equipment	(64,710,350)	(16,252,239)	4,127,404	(76,835,185)
Excess of Cost over Net Assets				
Acquired	(8,510,760)	(417,417)	-	(8,928,177)
Total Accum. Depr. & Amort.	(430,064,748)	(54,688,317)	4,831,194	(479,921,871)
Total Depreciable Assets, net	980,383,768	40,329,880	(3,414,161)	1,017,299,487
Business-type Activities				
Capital Assets, net	\$ 1,187,868,000	\$ 184,515,249	\$ (139,899,313)	\$ 1,232,483,936

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

Electric	\$ 3,544,011
Gas	2,921,296
Water	16,785,970
Wastewater	27,506,007
Solid Waste	1,837,677
Airport	1,196,111
Golf Course	249,582
Convention Center	266,459
District Cooling	<u>381,206</u>

Total Depreciation and Amortization \$ 54,688,319

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	\$ 13,763,731	\$ 143,393
Public Safety	54,563,410	15,792,272
Cultural-Recreational	20,115,497	2,204,740
Community Environmental	77,084,015	8,358,228
Warehouse, Maintenance & Services	3,572	-
Total	<u>\$ 165,530,225</u>	<u>\$ 26,498,633</u>
<u>Business-type Activities</u>		
Electric	\$ 9,949,363	\$ 1,237,186
Gas	13,342,524	1,315,410
Water	77,875,873	4,446,819
Sewer	40,667,175	3,062,880
Solid Waste	257,713	3,672,363
Airport	4,996,878	790,830
District Cooling	46,191	-
Golf Course	390,159	104,020
Convention Center	406,195	979,815
Total	<u>\$ 147,932,071</u>	<u>\$ 15,609,323</u>

m. **Excess of Cost Over Net Assets Acquired**

This item represents intangible assets acquired by the City in purchasing water and wastewater companies in past years. The intangible assets include water rights, plant capacity and the stream of revenues expected from present and future customers over the lives of the tangible assets acquired. This intangible asset is amortized using the straight-line method over 30 years. The total of this asset and the accumulated amortization through June 30, 2009 was \$12,522,509 and \$8,928,177 respectively.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

n. **Capitalization of Interest**

For the year ended June 30, 2009, the City capitalized net interest costs of \$4,086,711 (interest expense of \$4,398,695 reduced by interest income of \$311,984 in the Business-type Activities Enterprise Fund). Total interest expense and income in the Business-type Activities Enterprise Fund before capitalization was \$36,776,241 and \$2,206,353 respectively.

o. **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 \$2,000,000 per occurrence, for the current policy year under the Property and Public Liability Insurance program. In addition, the City carries full property insurance with a \$50,000 per occurrence deductible. Under the Workers' Compensation Program, the City is subject to a maximum deductible of \$1,000,000 liability per occurrence. In the Employee Benefits Fund, the City has excess insurance coverage when an individual's claims exceeds \$150,000 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 Property and Public Liability and the Employee Benefits Self-Insurance Funds establish a liability for actuarially computed estimates for those claims incurred but not yet reported. The claims incurred but not reported in the Workers' Compensation Fund consist of actual claims reported during July 2009.

The stop loss receivable balance for the Workers' Compensation Fund at June 30, 2009 is \$61,336. Over the past three fiscal years the Fund has received settlements in excess of insurance coverage of \$363,075 with \$126,100 received this current fiscal year. The Property and Public Liability Fund does not have a stop loss receivable at June 30, 2009, 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, 2009 is \$80,061. Over the past three fiscal years the Fund has received settlements in excess of insurance coverage of \$1,445,344 with \$362,985 received this current fiscal year.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 7/1/07	\$ 6,400,000	\$ 5,514,283	\$ 2,623,082	\$ 14,537,365
Adjustments to Reserves-FY 07-08	13,839,941	3,211,836	43,477,067	60,528,844
Claim Payments-FY 07-08	<u>(3,439,941)</u>	<u>(2,486,791)</u>	<u>(40,449,752)</u>	<u>(46,376,484)</u>
Unpaid Claims, 6/30/08	\$ 16,800,000	\$ 6,239,328	\$ 5,650,397	\$ 28,689,725
Adjustments to Reserves-FY 08-09	\$ 8,304,458	\$ 3,146,731	\$ 45,104,935	\$ 56,556,124
Claim Payments-FY 08-09	<u>(1,604,458)</u>	<u>(2,423,429)</u>	<u>(46,962,265)</u>	<u>(50,990,152)</u>
Unpaid Claims, 6/30/09	<u>\$ 23,500,000</u>	<u>\$ 6,962,630</u>	<u>\$ 3,793,067</u>	<u>\$ 34,255,697</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.

The Property and Public Liability Self Insurance Fund reported an increase in unpaid claim reserves of \$6.7 million during the fiscal year ended June 30, 2009. This increase is a result of additional litigation cases being filed against the City and changes to existing litigation case reserves as more information becomes available.

p. **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 5 for additional disclosure of long-term balances).

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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 23, 2008.

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, 2009 and are made in accordance with State Statutes.

2. 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, 2009

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					
Cash and Cash Equivalents	\$ 175,137,082	\$	\$ 41,771,433		\$ 216,908,515
Investments	9,278,802		5,016,050		14,294,852
Accounts Receivable, net	15,373,896		1,398,224		16,772,120
Interest Receivable	264,865		39,198		304,063
Due From Other Governments	26,956,546		38,828		26,995,374
Due From Other Funds	4,606,700		1,385,105	(4,606,700)	1,385,105
Inventories			4,462,097		4,462,097
Prepaid Costs	330,090		689,230		1,019,320
Deposits	260,092				260,092
Restricted Cash and Cash Equivalents	28,411,560				28,411,560
Restricted Accounts Receivable - Deferred	10,406,316				10,406,316
Unamortized Bond Issuance Costs		1,093,537			1,093,537
Investment in Joint Ventures		53,362,890			53,362,890
Capital Assets		<u>1,234,609,608</u>	<u>4,383,386</u>		<u>1,238,992,994</u>
Total Assets	<u>\$ 271,025,949</u>	<u>\$ 1,289,066,035</u>	<u>\$ 59,183,551</u>	<u>\$ (4,606,700)</u>	<u>\$ 1,614,668,835</u>
Liabilities					
Warrants Outstanding	\$ 3,380,443	\$	\$	\$	\$ 3,380,443
Accounts Payable	17,883,262		1,525,309		19,408,571
Other Accrued Expenses			34,230,697		34,230,697
Due To Other Funds	4,606,700			(4,606,700)	-
Customer and Defendant Deposits	8,281,526				8,281,526
Compensated Absences	616,062				616,062
Restricted Lease Interest Payable	12,320				12,320
Restricted Bond Interest Payable	9,406,329				9,406,329
Restricted Deferred Revenue	11,093,678	(6,693,381)			4,400,297
Matured G.O. Bonds Payable	16,392,910				16,392,910
Matured HURF Bonds Payable	2,025,000				2,025,000
Matured Capital Leases Payable	483,349				483,349
Long-term Liabilities		<u>537,609,112</u>	<u>3,003,224</u>		<u>540,612,336</u>
Total Liabilities	<u>74,181,579</u>	<u>530,915,731</u>	<u>38,759,230</u>	<u>(4,606,700)</u>	<u>639,249,840</u>
Fund Balance/Net Assets					
Total Fund Balance/Net Assets	<u>196,844,370</u>	<u>758,150,304</u>	<u>20,424,321</u>	<u>-</u>	<u>975,418,995</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 271,025,949</u>	<u>\$ 1,289,066,035</u>	<u>\$ 59,183,551</u>	<u>\$ (4,606,700)</u>	<u>\$ 1,614,668,835</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, 2009

Costs of capital assets	\$1,713,994,997
Accumulated depreciation	<u>(479,385,389)</u>
	<u>\$1,234,609,608</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>53,362,890</u>
------------------------------	----------------------

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>1,093,537</u>
---------------------------------	---------------------

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

Bonds payable	\$ 409,037,054
Capital leases	9,729,856
Compensated absences	19,014,538
Post employment benefits	92,049,525
Unamortized bond premium	<u>7,778,139</u>
	<u>\$ 537,609,112</u>

Deferred revenue is affected by two changes. Deferred revenue for the long-term special assessment receivables and for the rehabilitation loan program shown on the governmental fund statements is not deferred on the statement of net assets.

Deferred special assessment revenue	\$ 6,630,484
Deferred rehabilitation loan revenue	<u>62,897</u>
	<u>\$ 6,693,381</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>20,424,321</u>
-------	----------------------

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	\$ 126,519,701	\$	\$	\$	\$	\$	\$ 126,519,701
Occupancy Taxes	1,807,601						1,807,601
Special Assessments	1,202,384	(806,151)					396,233
Licenses and Permits	13,426,408						13,426,408
Intergovernmental	19,108,460	(187)					19,108,413
Charges for Services	24,343,284						24,343,284
Contributions				14,740,889			14,740,889
Fines and Forfeitures	10,215,428						10,215,428
Investment Income	1,621,716			351,866			1,973,582
Miscellaneous	14,754,573	436,509		620,854	37,488		15,849,424
Other Sources:							
Capital Contributions			24,949,082				24,949,082
Transfers In	155,696,867		(24,642)	24,642		(58,960,523)	96,736,344
Face Amount of Bond Sales	6,183,000				(6,183,000)		-
Premiums on Issuance of Bonds	436,509	(436,509)					-
Total Revenues and Other Sources	602,939,071	(806,338)	24,924,440	15,738,251	(6,179,512)	(58,960,523)	522,042,389
Expenditures / Expenses							
Current:							
General Government	36,506,727	5,562,664	9,853,056	2,296,042	7,077		54,225,566
Public Safety	230,863,556	31,622,310	14,813,948	13,574,420	53,482		290,927,716
Cultural-Recreational	53,171,005	4,418,876	7,144,666	2,254,189	50,264		67,039,000
Community Environment	72,646,647	3,092,556	43,722,810	2,171,083	102,700		121,735,796
Debt Service:							
Principal Payments	36,905,901				(36,905,901)		-
Interest on Bonds	18,219,451				(199,279)		18,020,172
Interest on Capital Leases	625,773				12,585		638,358
Service Charges	27,738	(27,738)					-
Capital Outlay	77,899,367		(77,899,367)				-
Total Expenditures \ Expenses	526,866,165	44,668,668	(2,364,887)	20,295,734	(36,879,072)	-	552,586,608
Other Financing Uses / Changes in Net Assets							
Transfers Out	59,105,867			(8,000)		(58,960,523)	137,344
Total Expenditures \ Expenses & Other Financing Uses	585,972,032	44,668,668	(2,364,887)	20,287,734	(36,879,072)	(58,960,523)	552,723,952
Net Change for the Year	\$ 16,967,039	\$ (45,475,006)	\$ 27,289,327	\$ (4,549,483)	\$ (24,913,440)	\$ -	\$ (30,681,563)

(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.

Special assessment revenue	\$ (806,151)
Rehabilitation loan revenue	(187)
Total	\$ (806,338)

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	\$ 722,537
Accrual of post employment benefits	(45,391,205)
Total	\$ (44,668,668)

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

- (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	\$ 75,104,190
Capital outlay for joint venture	2,795,177
Depreciation expense	(50,314,070)
Depreciation expense for joint venture	<u>(932,270)</u>
Total	<u>\$ 26,653,027</u>

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

Donation of capital assets	\$ 24,949,082
Loss on disposal of capital assets	(24,288,140)
Transfer of capital assets reclassified to transfer in	<u>(24,642)</u>
Total	<u>\$ 636,300</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	\$ 15,713,609
Expenditures and other uses	(20,295,734)
Transfers in from General Fund	8,000
Transfer of capital assets from governmental activities	<u>24,642</u>
Change in net assets	<u>\$ (4,549,483)</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

- (4) Bond and capital lease 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	(61,830,000)
Principal repayments	<u>36,905,901</u>
Total	<u>\$ (24,924,099)</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	\$ (213,522)
Amortization of deferred amounts	(162,835)
Accretion of certificates	349,528
Amortization of bond premiums	<u>37,488</u>
Total	<u>\$ 10,659</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	\$ 58,960,523
Transfers in	<u>58,960,523</u>
Total	<u>\$ -</u>

3. 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 9.45 percent of their salary to the System during fiscal year 2008-09 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, 2009, 2008 and 2007 were \$13,247,002, \$14,784,935 and \$12,608,847 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, 2009

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 2008-09 was 28 percent. The City's contributions to EORP for the fiscal years ending June 30, 2009, 2008 and 2007 were \$42,300, \$30,470, and \$27,309 respectively, which were equal to the required contributions for each year. The City's employees contributed \$10,575, \$10,554, and \$10,305 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 2008-09 was 21.93 percent for fire personnel and 20.99 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, 2009

c. **Annual Pension Cost**

Police personnel contributed \$4,608,079 and fire personnel \$2,183,699 during fiscal year 2008-09. For 2009, the City’s annual pension cost of \$12,643,605 for police and \$6,259,938 for fire was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2007 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 5.0 percent attributable to inflation, (c) additional projected salary increases ranging from .5 percent to 3.5 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 29 years.

d. **Three Year Trend Information for PSPRS** (Latest Available Information):

Police

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 5,802,278	100%	\$ -
2007	7,112,462	100	-
2008	9,525,313	100	-

Fire

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 1,645,421	100%	\$ -
2007	3,501,613	100	-
2008	5,098,956	100	-

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Required Supplementary Information

e. **Schedule of Funding Progress** (Latest Information Available):

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
2006	\$ 221,090,247	\$ 270,935,375	81.6%	\$ 49,845,128	\$ 50,936,366	97.9%
2007	218,252,079	307,553,149	71.0	89,301,070	55,407,996	161.2
2008	233,493,642	320,603,102	72.8	87,109,460	59,211,259	147.1

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
2006	\$ 146,502,960	\$ 177,620,036	82.5%	\$ 31,117,076	\$ 24,893,935	125.0%
2007	137,833,130	189,128,576	72.9	51,295,446	27,164,554	188.8
2008	145,931,808	192,991,745	75.6	47,059,937	28,607,906	164.5

4. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 3, 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, 2009, approximately 1,321 former employees were eligible for these benefits, an increase of 58 participants from the prior year or an 4.6% 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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 08-09 was \$55,930,430. A liability of \$10,539,225 is accrued in the proprietary funds financial statements, the remaining \$45,391,205 has been accrued in the governmental activities column in the government-wide financial statements.

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, 2008, Membership Consisted of:

Retirees and Beneficiaries Receiving Benefits	1,191
Active Employees	<u>3,324</u>
Total	<u>4,515</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.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

For fiscal year ended June 30, 2009, the City contributed \$9,263,745 to the plan (approximately 65.3 percent of total premiums). Plan members receiving benefits contributed \$4,932,870 or approximately 34.7 percent of total premiums.

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, 2009:

Annual Required Contribution	\$ 65,194,175
Interest on Net OPEB Obligation	-
Adjusted to Annual Required Contribution	<u>-</u>
Annual OPEB Cost	65,194,175
Contributions Made	<u>9,263,745</u>
Increase in Net OPEB Obligation	55,930,430
Net OPEB Obligation – Beginning of year	<u>57,002,229</u>
Net OPEB Obligation – End of year	\$ <u>112,932,659</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$65,194,175	\$9,263,746	14.21%	\$112,932,659

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 was as follows:

Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability	<u>664,071,640</u>
Unfunded actuarial accrued liability	<u>664,071,640</u>
Funded ratio	0%
Covered payroll	\$ 338,835,124
Unfunded actuarial accrued liability as a percentage of covered payroll	196.0%

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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2007
Actuarial Cost Method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar amount
Remaining amortization period	30 years remaining as of June 30, 2007
Asset Valuation Method	N/A, no assets in trust

Actuarial Assumptions:

Discount rate	4.50%
Projected salary increases	N/A
Health care cost trend rate:	

- Medical, Drug, Vision 9.0% in 2008-2009, grading down in 0.5% annual increments to an ultimate rate of 5.0%
- Dental, Mental Health 5% for all years
- Retiree contribution increase Same as medical Trend
- Cost of living adjustments N/A

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.

Required Supplementary Information

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	0.00%	\$ 664,071,640	\$ 338,835,124	196.0%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. Information for prior years is not available.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

5. 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	\$ 221,625,447	\$ 61,830,000	(16,392,910)	\$ 267,062,537	\$ 24,058,189
Municipal Development Corp. Bonds	9,970,000		(9,970,000)	-	
Highway User Revenue Bonds	142,290,000		(2,025,000)	140,265,000	5,720,000
Special Assessment Bonds with Governmental Commitment	8,046,000		(752,000)	7,294,000	744,000
Add Certificates of Supplemental Interest	1,473,597	55,604	(405,132)	1,124,069	
Less Deferred Amounts on Refundings	(8,087,019)		1,378,467	(6,708,552)	
Total Bonds Payable	<u>375,318,025</u>	<u>61,885,604</u>	<u>(28,166,575)</u>	<u>409,037,054</u>	<u>30,522,189</u>
Capital Leases	17,502,575	0	(7,772,719)	9,729,856	4,323,736
Less Deferred Amounts on Refundings	(14,685)		14,685	-	
Unamortized Bond Premiums	9,045,639		(1,267,500)	7,778,139	
Post Employment Benefits	47,744,912	54,763,107	(8,325,818)	94,182,201	
Compensated Absences	20,742,036	13,891,054	(14,748,004)	19,885,086	4,583,616
Governmental Activities Total	<u>\$ 470,338,502</u>	<u>\$ 130,539,765</u>	<u>\$ (60,265,931)</u>	<u>\$ 540,612,336</u>	<u>\$ 39,429,541</u>
Business-type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 767,445,000	\$ 59,900,000	(9,815,000)	\$ 817,530,000	\$ 10,475,000
General Obligation Bonds	3,289,553		(332,090)	2,957,463	266,811
Add Certificates of Supplemental Interest	54,062	2,040	(14,868)	41,234	
Less Deferred Amounts on Refundings	(19,055,416)		1,726,392	(17,329,024)	
Total Bonds Payable	<u>751,733,199</u>	<u>59,902,040</u>	<u>(8,435,566)</u>	<u>803,199,673</u>	<u>10,741,811</u>
Notes Payable	431,565		(98,376)	333,189	104,464
Capital Leases	1,541,281		(1,382,868)	158,413	158,413
Less Deferred Amounts on Refundings	(15,722)		15,722	-	
Unamortized Bond Premiums	20,385,068		(2,120,574)	18,264,494	
Post Employment Benefits	9,257,317	10,431,068	(937,927)	18,750,458	
Compensated Absences	4,968,626	2,811,146	(3,020,307)	4,759,465	894,501
Business-type Activities Total	<u>\$ 788,301,334</u>	<u>\$ 73,144,254</u>	<u>\$ (15,979,896)</u>	<u>\$ 845,465,692</u>	<u>\$ 11,899,189</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

b. **Bonds Payable**

At June 30, 2009, long-term bonds payable consisted of:

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

General Obligation Bonds

\$36,500,000 2000 general obligation serial bonds (partially refunded by general obligation refunding bonds, series 2002A, 2004 & 2006), due in annual principal installments ranging from \$2,500,000 to \$2,750,000, plus semi-annual interest of 6.50 percent through July 1, 2011.	\$ 2,750,000
\$25,375,000 2002 general obligation serial bonds (partially refunded by general obligation refunding bonds, series 2002A, 2004 & 2006), due in annual principal installments ranging from \$1,750,600 to \$1,825,000, plus semi-annual interest ranging from 5.25 percent to 6.00 percent through July 1, 2011.	1,743,700
\$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.	15,185,387
\$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. Total bonds outstanding at June 30, 2008, include \$1,473,597 of certificates of ownership of supplemental interest payments and \$98,701 of capital appreciation maturing through 2010.	39,248,285
\$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.	22,565,000
\$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.	44,073,277
\$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.	24,399,773
\$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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

\$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. 15,075,000

\$61,830,000 2009 general obligation bonds 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. 61,830,000

Total General Obligation Bonds	\$264,200,422
Deferred amounts on refundings	3,986,184
Certificates of Supplemental Interest	<u>(1,124,069)</u>
Total General Obligation Bonds not including deferred amounts on refundings and certificates of supplemental interest	<u>\$267,062,537</u>

Street and Highway User Revenue Bonds

\$7,900,000 1999 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 \$225,000 to \$750,000, plus semi-annual interest of 6.50 percent through July 1, 2010. \$ 750,000

\$20,000,000 2000 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 of \$1,500,000, plus semi-annual interest of 6.50 percent through July 1, 2011. 3,000,000

\$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. 2,800,000

\$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. 30,367,938

\$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. 26,805,000

\$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. 1,585,000

\$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. 17,001,274

\$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. 22,658,420

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

\$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.	10,225,000
\$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.	<u>10,675,000</u>

Total Street and Highway User Revenue Bonds	\$137,542,632
Deferred amounts on refundings	<u>2,722,368</u>
Total Street and Highway User Revenue Bonds not including deferred amounts on refundings	<u>\$140,265,000</u>

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.	\$ 4,020,000
\$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.	<u>3,274,000</u>

Total Special Assessment Bonds	\$ <u>7,294,000</u>
---------------------------------------	----------------------------

Total bonds payable recorded in governmental activities	<u>\$409,037,054</u>
--	-----------------------------

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

General Obligation Bonds

\$1,200,000 2002 general obligation serial bonds (partially refunded by 2002A, 2004 & 2006 general obligation refunding bonds), due in annual principal installments ranging from \$79,100 to \$82,490, plus semi-annual interest ranging from 5.25 percent to 6.00 percent through July 1, 2011.	\$ 81,300
\$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.	74,135
\$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.	1,440,129

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

\$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. 214,539

\$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. 1,168,000

Total General Obligation Bonds **\$ 2,978,103**
 Deferred amounts on refundings 20,594
 Certificates of Supplemental Interest (41,234)

Total General Obligation Bonds not including deferred amounts on refundings and certificates of supplemental interest \$ 2,957,463

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

\$34,600,000 1998 utility systems revenue serial bonds (partially refunded by 2002A, 2006, 2006 (2nd Series) and 2008 utility systems revenue refunding bonds), due in annual principal installments ranging from \$1,000,000 to \$4,500,000, plus semi-annual interest ranging from 4.50 percent to 6.50 percent through July 1, 2018. 3,050,000

\$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 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. 16,631

\$69,200,000 2000 utility systems revenue serial bonds (partially refunded by 2002, 2002A & 2004 utility systems revenue refunding bonds), due in annual principal installments ranging from \$4,200,000 to \$5,250,000, plus semi-annual interest of 6.50 percent through July 1, 2011. 10,250,000

\$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. 8,000,000

\$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. 126,374,810

\$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. 47,261,600

\$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. 24,970,000

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

\$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.	38,425,378
\$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.	54,712,930
\$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.	119,698,668
\$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
\$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.	20,486,553
\$59,900,000 2009 utility systems revenue refunding 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.	<u>59,900,000</u>
Total Utility Systems Revenue Bonds	\$800,221,570
Deferred amounts on refundings	<u>17,308,430</u>
Total Utility System Revenue Bonds not including deferred amounts on refundings	<u>817,530,000</u>
Total bonds payable recorded in business-type activities	<u>\$803,199,673</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The following tables summarize the City's debt service requirements to maturity for its long term bonds payable at June 30, 2009. The accretion of certificates of supplementary interest payments and the deferred amounts on refundings are not included.

Governmental Activities

General Obligation Bonds

Highway User Revenue Bonds

Fiscal Year	Principal	Interest	Total	Fiscal Year	Principal	Interest	Total
2010	\$ 24,058,189	\$ 13,413,020	\$ 37,471,209	2010	\$ 5,720,000	\$ 6,691,417	\$ 12,411,417
2011	21,675,395	10,934,312	32,609,707	2011	6,030,000	6,365,243	12,395,243
2012	20,955,640	10,001,477	30,957,117	2012	6,390,000	6,028,242	12,418,242
2013	21,868,905	9,007,439	30,876,344	2013	6,745,000	5,695,242	12,440,242
2014	14,007,922	7,953,756	21,961,678	2014	7,040,000	5,378,088	12,418,088
2015-19	77,701,486	30,770,719	108,472,205	2015-19	40,215,000	21,919,258	62,134,258
2020-24	39,620,000	15,763,900	55,383,900	2020-24	49,600,000	11,387,150	60,987,150
2025-29	47,175,000	6,500,981	53,675,981	2025-29	18,525,000	1,307,375	19,832,375
TOTALS	\$ 267,062,537	\$ 104,345,604	\$ 371,408,141	TOTALS	\$ 140,265,000	\$ 64,772,015	\$ 205,037,015

Special Assessment Bonds

Fiscal Year	Principal	Interest	Total
2010	\$ 744,000	\$ 376,920	\$ 1,120,920
2011	744,000	337,040	1,081,040
2012	744,000	297,160	1,041,160
2013	744,000	257,280	1,001,280
2014	744,000	217,400	961,400
2015-19	2,904,000	529,400	3,433,400
2020-22	670,000	38,860	708,860
TOTALS	\$ 7,294,000	\$ 2,054,060	\$ 9,348,060

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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>
2010	\$ 266,811	\$ 176,362	\$ 443,173	2010	\$ 10,475,000	\$ 40,499,501	\$ 50,974,501
2011	469,605	122,824	592,429	2011	12,585,000	39,523,106	52,108,106
2012	679,360	103,842	783,202	2012	24,840,000	38,875,331	63,715,331
2013	706,095	70,522	776,617	2013	34,030,000	37,545,356	71,575,356
2014	357,078	35,783	392,861	2014	35,595,000	35,910,706	71,505,706
2015-19	478,514	49,994	528,508	2015-19	184,950,000	151,516,151	336,466,151
2020-24			-	2020-24	147,740,000	110,852,031	258,592,031
2025-29			-	2025-29	186,240,000	71,360,274	257,600,274
2030-33			-	2030-33	181,075,000	24,858,408	205,933,408
TOTALS	\$ 2,957,463	\$ 559,327	\$ 3,516,790	TOTALS	\$ 817,530,000	\$ 550,940,864	\$ 1,368,470,864

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, 2009, 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 outstanding bonds. Special assessment bonds payable with governmental commitment currently outstanding as of June 30, 2009 are \$7,294,000.

General Obligation Bonds

The general obligation bonds are backed by the ultimate taxing power and general revenues of the City; however, \$2,978,103 of these bonds at June 30, 2009 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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009 is:

6% Bonds	\$271,407,694
20% Bonds	<u>703,597,710</u>
Total Available	<u>\$975,005,404</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, 2009, the amount provided in the Replacement and Extension Funds equaled \$10,412,185 which is in compliance with the bond provisions.

d. **Notes Payable**

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 following table reflects the annual requirements to amortize all notes outstanding as of June 30, 2009, as presented in the business-type activities.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 104,464	\$ 17,207	\$ 121,671
2011	110,929	10,742	121,671
2012	<u>117,796</u>	<u>3,875</u>	<u>121,671</u>
TOTALS	<u>\$ 333,189</u>	<u>\$ 31,824</u>	<u>\$ 365,013</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009. The deferred amounts on refundings are not included.

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 4,323,736	\$ 370,601	\$ 4,694,337	\$ 158,413	\$ 3,558	\$ 161,971
2011	3,240,527	204,646	3,445,173			-
2012	1,344,045	83,368	1,427,413			-
2013	681,953	34,186	716,139			-
2014	67,952	6,581	74,533			-
2015	71,643	2,889	74,532			-
TOTALS	\$ 9,729,856	\$ 702,271	\$ 10,432,127	\$ 158,413	\$ 3,558	\$ 161,971

The assets acquired through capital leases are as follows:

	Governmental Activities	Business- type Activities
Asset:		
Land	\$ 3,642,860	\$ -
Buildings	11,167,294	-
Other Improvements	3,933,180	10,646,407
Machinery & Equipment	29,070,000	2,813,974
Infrastructure	85,936	-
Construction Work in Process	4,337,426	-
Less: Accumulated depreciation	(13,842,754)	(10,074,731)
Total	<u>\$ 38,393,942</u>	<u>\$ 3,385,650</u>

f. **Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2009.

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

6. 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, 2009 as reflected below is not included in the City's financial statements.

Utility Systems Revenue Bond Issue dated September 1, 1995	\$ 7,000,000
Utility System Revenue Bond Issue dated April 1, 1997	7,000,000
Utility System Revenue Refunding Bond Issue dated March 1, 1998	7,405,000
Utility System Revenue Bond Issue dated March 1, 1998	13,125,000
General Obligation Bond Issue dated November 1, 1999	2,250,000
General Obligation Bond Issue dated November 1, 2000	2,500,000
General Obligation Bond Issue dated January 1, 2002	23,000,000
Utility System Revenue Bond Issue dated January 1, 2002	49,000,000
Street and Highway User Revenue Bond Issue dated January 1, 2002	23,000,000
Utility System Revenue Bond Issue dated March 1, 2003	25,500,000
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>\$264,355,000</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

7. 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	\$ -	\$ 10,486,977	\$ -	\$ 10,486,977
Contributions - Capital Assets	13,784,751	-	11,164,331	24,949,082
Total	<u>\$ 13,784,751</u>	<u>\$ 10,486,977</u>	<u>\$ 11,164,331</u>	<u>\$ 35,436,059</u>
Business-type Activities:				
Federal and State Funds	\$ -	\$ 2,183,047	\$ -	\$ 2,183,047
Developers - Impact and Development Fees	-	-	4,242,229	4,242,229
Contributions-In-Aid	822,406	-	-	822,406
Contributions - Capital Assets	162,500	55,997	23,756,222	23,974,719
Total	<u>\$ 984,906</u>	<u>\$ 2,239,044</u>	<u>\$ 27,998,451</u>	<u>\$ 31,222,401</u>

8. COMMITMENTS AND CONTINGENT LIABILITIES

a. **Pending Litigation**

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

b. **Sick Leave Benefits**

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

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The total sick leave balance at June 30, 2009, was \$39,786,111 of which \$7,942,626 is recorded as a liability.

9. ENTERPRISE ACTIVITIES OPERATIONS DETAIL

The Enterprise Fund includes operations of electricity, gas, water, wastewater, solid waste, airport, golf course, convention center 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 for the year ended June 30, 2009 for these services are as follows:

Functions	Operating Revenues	Operating Expenses			Operating Income (Loss)
		Depreciation and Amortization	Other		
Electric	\$ 35,312,658	\$ 3,544,011	\$ 24,873,281	\$ 6,895,366	
Gas	41,707,578	2,921,296	31,081,222	7,705,060	
Water	95,994,839	16,785,970	37,130,016	42,078,853	
Wastewater	54,719,926	27,506,007	22,636,294	4,577,625	
Solid Waste	46,762,035	1,837,677	29,675,803	15,248,555	
Airport	2,958,955	1,196,111	2,507,657	(744,813)	
Golf Course	2,309,899	249,582	2,772,771	(712,454)	
Convention Center	2,686,663	266,459	4,289,707	(1,869,503)	
District Cooling	834,376	381,206	594,482	(141,312)	
Total	\$ 283,286,929	\$ 54,688,319	\$ 155,561,233	\$ 73,037,377	

10. NET ASSETS

a. **Restricted Net Assets**

The government-wide statement of net assets reports \$175,229,563 of restricted net assets, of which \$46,279,139 is restricted by enabling legislation.

b. **Designated Net Assets**

The net assets in the Employee Benefit and Workers' Compensation Self Insurance Funds are designated for anticipated future losses and are a result of excess premiums charged to increase the fund balance specifically for this purpose.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 the fiscal year. Contributions from the various funds will need to be increased in future years to cover this deficit.

11. **PLEDGED REVENUES**

a. **Utility System Revenue Bonds**

The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately \$1.175 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 2033. Annual principal and interest payments on the bonds were 61 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,368,470,864. Principal and interest paid for the current year and total customer net revenues were \$47,039,639 and \$76,505,459, respectively.

b. **Highway User Revenue Bonds**

The City has pledged future Highway User Taxes Revenue to repay \$196.2 million in highway user revenue bonds issued since 1999. 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 26 percent of eligible revenues. The total principal and interests remaining to be paid on the bonds is \$205,037,015. Principal and interest paid for the current year and total highway user tax revenues were \$8,847,688 and \$34,259,887, respectively.

c. **Special Assessment Bonds**

The special assessment revenues collected by the City are pledged to repay \$9.2 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 \$9,348,060. Principal and interest paid for the current year and total assessments collected were \$1,169,040, and \$1,202,384, respectively.

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

12. 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, 2008 (latest information available) is as follows:

Assets	
Equity in Pooled Cash and Investments	\$ 47,197,000
Receivables	22,720,000
Inventories at Average Cost	530,000
Capital Assets	<u>796,149,000</u>
Total Assets	<u>866,596,000</u>
Liabilities	<u>60,939,000</u>
Net Assets	\$ <u><u>805,657,000</u></u>
Total Revenues	\$ 170,890,000
Total Expenses	<u>(67,887,000)</u>
Increase (Decrease) in Net Assets	\$ <u><u>103,003,000</u></u>

Separate financial statements for the activity under the Joint Venture agreement can be obtained through the AMWUA office at 4041 N. Central Avenue, 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, 2009

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, 2008 (latest information available) is as follows:

Assets	
Equity in Pooled Cash and Investments	\$ 10,036,000
Receivables	6,698,000
Inventories	199,000
Capital Assets, Net of Accumulated Depreciation	<u>182,226,000</u>
 Total Assets	 <u>199,159,000</u>
 Liabilities	 <u>11,940,000</u>
 Net Assets	 <u>\$ 187,219,000</u>
 Total Revenues	 \$ 26,424,000
Total Expenses	<u>(26,809,000)</u>
 Increase in Net Assets	 <u>\$ (385,000)</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, 2009 is:

Mesa's Share	\$ 75,085,379
Gilbert's Share	71,433,661
Queen Creek's Share	<u>31,280,378</u>
Total Joint Venture	<u>\$177,799,418</u>

(Continued)

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 \$54,381,117 has been spent on this project through the fiscal year ended June 30, 2009. The City has received \$36.1 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, 2008, (latest information available) is as follows:

Assets	
Current Assets	\$ 247,783,659
Non Current Assets	1,083,561,843
Total Assets	<u>1,331,345,502</u>
Liabilities	<u>247,783,659</u>
Net Assets	\$ <u>1,083,561,843</u>
Total Revenues	\$ 333,133,251
Total Expenses	<u>(23,378,898)</u>
Increase in Net Assets	\$ <u>309,754,353</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.

CITY OF MESA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

13. SUBSEQUENT EVENTS

On August 19, 2009, 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 \$4,170,441 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 \$785,818.

On November 1, 2009, the City issued \$20,000,000 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 bonds mature on July 1, 2015 and the total interest payable is \$3,966,667. 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, without interest, 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.





Required Supplementary Information



CITY OF MESA, ARIZONA

EXHIBIT B-1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Taxes	\$ 149,603,000	\$ 149,603,000	\$ 132,691,935	\$ (16,911,065)
Licenses and Permits	14,070,000	14,070,000	10,223,882	(3,846,118)
Intergovernmental	149,580,000	149,580,000	139,508,341	(10,071,659)
Charges For Services	20,481,000	20,481,000	19,603,550	(877,450)
Fines and Forfeitures	15,870,000	15,870,000	12,431,371	(3,438,629)
Investment Income	2,729,000	2,729,000	1,197,337	(1,531,663)
Miscellaneous	5,098,525	5,098,525	14,689,460	9,590,935
Total Revenues	357,431,525	357,431,525	330,345,876	(27,085,649)
Less: Bad Debts	3,200,000	3,200,000	6,161,310	(2,961,310)
Total Net Revenues	354,231,525	354,231,525	324,184,566	(30,046,959)
Expenditures:				
Current:				
General Government	54,009,831	55,368,573	39,438,068	15,930,505
Public Safety	256,364,891	256,239,812	229,423,718	26,816,094
Cultural-Recreational	65,157,209	74,404,296	63,224,441	11,179,855
Community Environment	25,235,400	26,413,287	25,349,133	1,064,154
Capital Outlay	54,263,230	57,038,173	43,369,123	13,669,050
Contingencies	73,858,978	58,879,043	-	58,879,043
Debt Service:				
Principal Retirement	13,864,151	13,864,151	14,924,144	(1,059,993)
Interest/Service Charges on Bonds	7,681,983	7,811,666	8,501,798	(690,132)
Total Expenditures	550,435,673	550,019,001	424,230,425	125,788,576
Deficiency of Revenues Under Expenditures	(196,204,148)	(195,787,476)	(100,045,859)	95,741,617
Other Financing Sources (Uses):				
Transfers In	75,327,000	75,327,000	96,703,000	(21,376,000)
Transfers Out	(1,511,000)	(1,511,000)	(4,358,700)	2,847,700
Total Other Financing Sources (Uses)	73,816,000	73,816,000	92,344,300	(18,528,300)
Net Change in Fund Balance	(122,388,148)	(121,971,476)	(7,701,559)	114,269,917
Fund Balance - Beginning	63,123,444	63,123,444	57,200,270	(5,923,174)
Decrease in Restricted Fund Balance	59,264,704	59,264,704	23,120,994	(36,143,710)
Fund Balance - Ending	\$ -	\$ 416,672	\$ 72,619,705	\$ 72,203,033

See Note to Required Supplementary Information.

CITY OF MESA, ARIZONA

EXHIBIT B-2

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 39,569,000	\$ 39,569,000	\$ 34,143,594	\$ (5,425,406)
Charges For Services	35,000	35,000	34,860	(140)
Fines and Forfeitures	16,000	16,000	33,544	17,544
Investment Income	277,000	277,000	7,880	(269,120)
Miscellaneous	148,000	148,000	40,009	(107,991)
Total Revenues	<u>40,045,000</u>	<u>40,045,000</u>	<u>34,259,887</u>	<u>(5,785,113)</u>
Expenditures:				
Current:				
Community Environment	32,893,780	32,869,790	28,315,434	4,554,356
Capital Outlay	1,107,821	1,091,225	1,036,465	54,760
Contingencies	683,000	723,586	-	723,586
Debt Service:				
Principal Retirement	2,025,000	2,025,000	2,025,000	-
Interest/Service Charges on Bonds	6,822,668	6,822,668	6,829,036	(6,368)
Total Expenditures	<u>43,532,269</u>	<u>43,532,269</u>	<u>38,205,935</u>	<u>5,326,334</u>
Deficiency of Revenues				
Under Expenditures	(3,487,269)	(3,487,269)	(3,946,048)	(458,779)
Fund Balance - Beginning	<u>4,964,506</u>	<u>4,964,506</u>	<u>3,946,490</u>	<u>(1,018,016)</u>
Fund Balance - Ending	<u>\$ 1,477,237</u>	<u>\$ 1,477,237</u>	<u>\$ 442</u>	<u>\$ (1,476,795)</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, 2009**

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, 2009 on the “GAAP basis” to the “budget basis” as follows:

Net Change in Fund Balance-Budget Basis - Exhibit B-1	\$ (7,701,559)
Basis Differences:	
Compensated Absences	742,173
Special Assessments	33,344
Sales Tax Accrual	(1,786,913)
Unrealized Gain on Investments	269,627
Timing Differences:	
Grants & Contributions	95,211
Interest Earnings in Escrow Account	<u>(247,738)</u>
Net Change in Fund Balance-GAAP Basis - Exhibit A-5	\$ <u>(8,595,855)</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 consist of housing owned and operated by the City and rent subsidy payments to private sector owners of dwelling units. Financing for this fund is derived from tenants and 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.

Public Art Fund is designed to provide a balance of monies from which public art projects throughout the City may be developed. Funds are provided through allocations from the General Fund.

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.

Court Construction Fee Fund is designed to provide an accumulation of monies for the construction and debt service of the new Mesa Municipal Court building. These funds are provided through a fee on all court cases, except for parking violations.

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.

Regional Transportation Plan (RTP) Fund accounts for Maricopa Association of Government (MAG) Proposition 400 sales tax funds that are allocated to local subdivisions for transportation projects.

Special Revenue Funds (cont.)

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.

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.

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.

Municipal Development Corporation Bond Redemption Fund accumulates monies for payment of the principal and interest requirements of the City's Municipal Development Corporation Bonds.

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.

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.

Capital Projects Funds (cont.)

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

Parks Construction Fund accounts for the cost of new park site acquisitions as well as 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.

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

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, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-major Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 25,508,053	\$ -	\$ 50,021,915	\$ 75,529,968
Accounts Receivable	61,549	-	13,850	75,399
Accrued Interest Receivable	21,241	-	-	21,241
Due From Other Governments	2,805,526	-	-	2,805,526
Prepaid Costs	424	-	-	424
Restricted Assets:				
Cash and Cash Equivalents	-	28,319,908	-	28,319,908
Special Assessments Receivable	-	6,630,484	-	6,630,484
Total Assets	<u>\$ 28,396,793</u>	<u>\$ 34,950,392</u>	<u>\$ 50,035,765</u>	<u>\$ 113,382,950</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 510,305	\$ -	\$ 5,009,390	\$ 5,519,695
Due To Other Funds	2,641,400	-	-	2,641,400
Customer Deposits	1,241	-	-	1,241
Payable From Restricted Assets:				
Accrued Lease Interest Payable	-	12,320	-	12,320
Accrued Bond Interest Payable	-	9,406,329	-	9,406,329
Deferred Revenue	-	6,630,484	-	6,630,484
Matured General Obligation Bonds Payable	-	16,392,910	-	16,392,910
Matured Highway User Revenue Bonds Payable	-	2,025,000	-	2,025,000
Matured Capital Leases Payable	-	483,349	-	483,349
Total Liabilities	<u>3,152,946</u>	<u>34,950,392</u>	<u>5,009,390</u>	<u>43,112,728</u>
Fund Balances:				
Reserved For Encumbrances	427,819	-	16,583,997	17,011,816
Reserved For Prepaid Costs	424	-	-	424
Unreserved	24,815,604	-	28,442,378	53,257,982
Total Fund Balances	<u>25,243,847</u>	<u>-</u>	<u>45,026,375</u>	<u>70,270,222</u>
Total Liabilities and Fund Balances	<u>\$ 28,396,793</u>	<u>\$ 34,950,392</u>	<u>\$ 50,035,765</u>	<u>\$ 113,382,950</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, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-major Governmental Fund</u>
Revenues:				
Special Assessments	\$ -	\$ 1,202,384	\$ -	\$ 1,202,384
Licenses and Permits	3,202,525	-	-	3,202,525
Intergovernmental	17,359,688	-	-	17,359,688
Charges For Services	5,030,974	-	-	5,030,974
Fees and Forfeitures	701,940	-	-	701,940
Investment Income	190,341	-	-	190,341
Miscellaneous	293,045	-	16,022	309,067
Total Revenues	<u>26,778,513</u>	<u>1,202,384</u>	<u>16,022</u>	<u>27,996,919</u>
Expenditures:				
Current:				
Public Safety	3,653,689	-	-	3,653,689
Cultural - Recreational	10,000	-	-	10,000
Community Environment	19,084,531	-	-	19,084,531
Debt Service:				
Principal Retirement	-	36,905,901	-	36,905,901
Interest on Bonds	-	18,219,451	-	18,219,451
Interest on Leases	-	625,773	-	625,773
Service Charges	-	27,738	-	27,738
Capital Outlay	4,495,115	-	32,574,678	37,069,793
Total Expenditures	<u>27,243,335</u>	<u>55,778,863</u>	<u>32,574,678</u>	<u>115,596,876</u>
Deficiency of Revenues				
Under Expenditures	<u>(464,822)</u>	<u>(54,576,479)</u>	<u>(32,558,656)</u>	<u>(87,599,957)</u>
Other Financing Sources (Uses):				
Transfers In	4,350,700	54,609,823	-	58,960,523
Transfers Out	(4,054,384)	(33,344)	(30,405)	(4,118,133)
Face Amount of Bonds Issued	-	-	61,830,000	61,830,000
Premium on Issuance of Bonds	-	-	436,509	436,509
Total Other Financing Sources (Uses)	<u>296,316</u>	<u>54,576,479</u>	<u>62,236,104</u>	<u>117,108,899</u>
Net Change in Fund Balances	(168,506)	-	29,677,448	29,508,942
Fund Balances - Beginning	<u>25,412,353</u>	<u>-</u>	<u>15,348,927</u>	<u>40,761,280</u>
Fund Balances - Ending	<u>\$ 25,243,847</u>	<u>\$ -</u>	<u>\$ 45,026,375</u>	<u>\$ 70,270,222</u>

CITY OF MESA, ARIZONA
EXHIBIT C-3
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	<u>Local Transportation Assistance</u>	<u>Mesa Housing Authority</u>	<u>Cemetery</u>	<u>Public Art</u>	<u>Development Impact Fees</u>
ASSETS					
Cash and Cash Equivalents	\$ 47	\$ 1,366,569	\$ 7,343,814	\$ 27,021	\$ 9,944,845
Accounts Receivable	-	-	61,549	-	-
Accrued Interest Receivable	127	1,480	6,052	142	8,403
Due From Other Governments	1,822,724	139,738	-	-	-
Prepaid Costs	249	-	175	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,823,147</u>	<u>\$ 1,507,787</u>	<u>\$ 7,411,590</u>	<u>\$ 27,163</u>	<u>\$ 9,953,248</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 22,498	\$ 236,226	\$ 4,928	\$ 10,000	\$ 84,445
Due To Other Funds	1,800,300	-	-	-	-
Customer Deposits	-	-	1,241	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,822,798</u>	<u>236,226</u>	<u>6,169</u>	<u>10,000</u>	<u>84,445</u>
Fund Balances:					
Reserved For Encumbrances	43	-	213	-	5,947
Reserved For Prepaid Costs	249	-	175	-	-
Unreserved	57	1,271,561	7,405,033	17,163	9,862,856
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>349</u>	<u>1,271,561</u>	<u>7,405,421</u>	<u>17,163</u>	<u>9,868,803</u>
Total Liabilities and Fund Balances	<u>\$ 1,823,147</u>	<u>\$ 1,507,787</u>	<u>\$ 7,411,590</u>	<u>\$ 27,163</u>	<u>\$ 9,953,248</u>

EXHIBIT C-3
(Continued)

<u>Court Construction Fee</u>	<u>Mesa Arts Center Restoration</u>	<u>Regional Transportation Plan</u>	<u>Environmental Compliance</u>	<u>Vehicle Replacement</u>	<u>Total</u>
\$ 904,238	\$ 891,643	\$ 474,697	\$ 580,551	\$ 3,974,628	\$ 25,508,053
-	-	-	-	-	61,549
673	658	-	2,153	1,553	21,241
-	-	843,064	-	-	2,805,526
-	-	-	-	-	424
<u>\$ 904,911</u>	<u>\$ 892,301</u>	<u>\$ 1,317,761</u>	<u>\$ 582,704</u>	<u>\$ 3,976,181</u>	<u>\$ 28,396,793</u>
\$ -	\$ -	\$ 1,681	\$ 122,302	\$ 28,225	\$ 510,305
-	-	841,100	-	-	\$ 2,641,400
-	-	-	-	-	1,241
-	-	842,781	122,302	28,225	3,152,946
-	-	104,315	1,652	315,649	427,819
-	-	-	-	-	424
904,911	892,301	370,665	458,750	3,632,307	24,815,604
904,911	892,301	474,980	460,402	3,947,956	25,243,847
<u>\$ 904,911</u>	<u>\$ 892,301</u>	<u>\$ 1,317,761</u>	<u>\$ 582,704</u>	<u>\$ 3,976,181</u>	<u>\$ 28,396,793</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, 2009

	Local Transportation Assistance	Mesa Housing Authority	Cemetery	Public Art	Development Impact Fees
Revenues:					
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ 3,202,525
Intergovernmental	4,581,048	10,957,778	-	-	-
Charges for Services	-	-	1,142,887	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Income	1,709	14,139	54,965	2,069	78,021
Miscellaneous	77,409	31,344	420	-	-
Total Revenues	4,660,166	11,003,261	1,198,272	2,069	3,280,546
Expenditures:					
Current:					
Public Safety	-	-	-	-	-
Cultural-Recreational	-	-	-	10,000	-
Community Environment	6,394,921	11,700,466	989,144	-	-
Capital Outlay	21,845	-	117,337	281,140	189,069
Total Expenditures	6,416,766	11,700,466	1,106,481	291,140	189,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,756,600)	(697,205)	91,791	(289,071)	3,091,477
Other Financing Sources (Uses):					
Transfers In	1,789,700	-	-	-	-
Transfers Out	(33,614)	(4,000)	-	-	(3,912,770)
Total Other Financing Sources (Uses)	1,756,086	(4,000)	-	-	(3,912,770)
Net Change in Fund Balances	(514)	(701,205)	91,791	(289,071)	(821,293)
Fund Balances - Beginning	863	1,972,766	7,313,630	306,234	10,690,096
Fund Balances - Ending	\$ 349	\$ 1,271,561	\$ 7,405,421	\$ 17,163	\$ 9,868,803

EXHIBIT C-4
(Continued)

Court Construction Fee	Mesa Arts Center Restoration	Regional Transportation Plan	Environmental Compliance	Vehicle Replacement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,202,525
-	-	1,820,862	-	-	17,359,688
-	198,112	-	3,689,975	-	5,030,974
701,940	-	-	-	-	701,940
10,726	5,280	-	6,366	17,066	190,341
-	-	-	-	183,872	293,045
<u>712,666</u>	<u>203,392</u>	<u>1,820,862</u>	<u>3,696,341</u>	<u>200,938</u>	<u>26,778,513</u>
-	-	-	3,653,689	-	3,653,689
-	-	-	-	-	10,000
-	-	-	-	-	19,084,531
1,411,043	-	1,244,581	107	1,229,993	4,495,115
<u>1,411,043</u>	<u>-</u>	<u>1,244,581</u>	<u>3,653,796</u>	<u>1,229,993</u>	<u>27,243,335</u>
<u>(698,377)</u>	<u>203,392</u>	<u>576,281</u>	<u>42,545</u>	<u>(1,029,055)</u>	<u>(464,822)</u>
-	-	-	-	2,561,000	4,350,700
-	-	(104,000)	-	-	(4,054,384)
-	-	(104,000)	-	2,561,000	296,316
<u>(698,377)</u>	<u>203,392</u>	<u>472,281</u>	<u>42,545</u>	<u>1,531,945</u>	<u>(168,506)</u>
<u>1,603,288</u>	<u>688,909</u>	<u>2,699</u>	<u>417,857</u>	<u>2,416,011</u>	<u>25,412,353</u>
<u>\$ 904,911</u>	<u>\$ 892,301</u>	<u>\$ 474,980</u>	<u>\$ 460,402</u>	<u>\$ 3,947,956</u>	<u>\$ 25,243,847</u>

CITY OF MESA, ARIZONA
EXHIBIT C-5
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	General Obligation Bond Redemption	Special Assessment Bond Redemption	Municipal Development Corporation Bond Redemption
ASSETS			
Restricted Assets:			
Cash and Cash Equivalents	\$ 22,189,475	\$ 198,430	\$ -
Special Assesments Receivable	-	6,630,484	-
Total Assets	<u>\$ 22,189,475</u>	<u>\$ 6,828,914</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities Payable From Restricted Assets:			
Accrued Lease Interest Payable	\$ -	\$ -	\$ -
Accrued Bond Interest Payable	5,796,565	198,430	-
Deferred Revenue - Special Assessments	-	6,630,484	-
Matured General Obligation Bonds Payable	16,392,910	-	-
Matured Highway User Revenue Bonds Payable	-	-	-
Matured Capital Leases Payable	-	-	-
Total Liabilities	<u>22,189,475</u>	<u>6,828,914</u>	<u>-</u>
Fund Balances-Reserved For Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 22,189,475</u>	<u>\$ 6,828,914</u>	<u>\$ -</u>

EXHIBIT C-5

(Continued)

<u>Capital Lease Redemption</u>	<u>Highway User Revenue Bond Redemption</u>	<u>Total</u>
\$ 495,669	\$ 5,436,334	\$ 28,319,908
-	-	6,630,484
<u>\$ 495,669</u>	<u>\$ 5,436,334</u>	<u>\$ 34,950,392</u>
\$ 12,320	\$ -	\$ 12,320
-	3,411,334	9,406,329
-	-	6,630,484
-	-	16,392,910
-	2,025,000	2,025,000
<u>483,349</u>	<u>-</u>	<u>483,349</u>
<u>495,669</u>	<u>5,436,334</u>	<u>34,950,392</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 495,669</u>	<u>\$ 5,436,334</u>	<u>\$ 34,950,392</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, 2009

	General Obligation Bond Redemption	Special Assessment Bond Redemption	Municipal Development Corporation Bond Redemption
Revenues:			
Special Assessments	\$ -	\$ 1,202,384	\$ -
Total Revenues	<u>-</u>	<u>1,202,384</u>	<u>-</u>
Expenditures:			
Debt Service:			
Principal Retirement	16,392,910	752,000	9,970,000
Interest on Bonds	10,939,479	417,040	40,264
Interest on Leases	-	-	-
Service Charges	6,322	-	15,048
Total Expenditures	<u>27,338,711</u>	<u>1,169,040</u>	<u>10,025,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,338,711)</u>	<u>33,344</u>	<u>(10,025,312)</u>
Other Financing Sources (Uses):			
Transfers In	27,338,711	-	10,025,312
Transfers Out	-	(33,344)	-
Total Other Financing Sources (Uses)	<u>27,338,711</u>	<u>(33,344)</u>	<u>10,025,312</u>
Net Change In Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT C-6

(Continued)

<u>Capital Lease Redemption</u>	<u>Highway User Revenue Bond Redemption</u>	<u>Total</u>
\$ -	\$ -	\$ 1,202,384
<u>-</u>	<u>-</u>	<u>1,202,384</u>
7,765,991	2,025,000	36,905,901
-	6,822,668	18,219,451
625,773	-	625,773
<u>-</u>	<u>6,368</u>	<u>27,738</u>
<u>8,391,764</u>	<u>8,854,036</u>	<u>55,778,863</u>
<u>(8,391,764)</u>	<u>(8,854,036)</u>	<u>(54,576,479)</u>
8,391,764	8,854,036	54,609,823
<u>-</u>	<u>-</u>	<u>(33,344)</u>
<u>8,391,764</u>	<u>8,854,036</u>	<u>54,576,479</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MESA, ARIZONA
EXHIBIT C-7
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	<u>Fire</u>	<u>Storm Sewer</u>	<u>Streets</u>	<u>Parks</u>
ASSETS				
Cash and Cash Equivalents	\$ 14,188,461	\$ 1,523,860	\$ 19,303,385	\$ 16,871
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 14,188,461</u></u>	<u><u>\$ 1,523,860</u></u>	<u><u>\$ 19,303,385</u></u>	<u><u>\$ 16,871</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	<u>\$ 191,233</u>	<u>\$ 423,804</u>	<u>\$ 1,584,246</u>	<u>\$ -</u>
Total Liabilities	<u>191,233</u>	<u>423,804</u>	<u>1,584,246</u>	<u>-</u>
Fund Balances:				
Reserved For Encumbrances	4,278,333	229,663	5,246,168	-
Unreserved	<u>9,718,895</u>	<u>870,393</u>	<u>12,472,971</u>	<u>16,871</u>
Total Fund Balances	<u>13,997,228</u>	<u>1,100,056</u>	<u>17,719,139</u>	<u>16,871</u>
Total Liabilities and Fund Balances	<u><u>\$ 14,188,461</u></u>	<u><u>\$ 1,523,860</u></u>	<u><u>\$ 19,303,385</u></u>	<u><u>\$ 16,871</u></u>

EXHIBIT C-7

(Continued)

<u>Law Enforcement</u>	<u>Library</u>	<u>Service Center</u>	<u>Capital Leases</u>	<u>Total</u>
\$ 13,708,517	\$ 895,741	\$ 293	\$ 384,787	\$ 50,021,915
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,850</u>	<u>13,850</u>
<u>\$ 13,708,517</u>	<u>\$ 895,741</u>	<u>\$ 293</u>	<u>\$ 398,637</u>	<u>\$ 50,035,765</u>
\$ 2,810,107	\$ -	\$ -	\$ -	\$ 5,009,390
<u>2,810,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,009,390</u>
6,827,733	2,100	-	-	16,583,997
<u>4,070,677</u>	<u>893,641</u>	<u>293</u>	<u>398,637</u>	<u>28,442,378</u>
<u>10,898,410</u>	<u>895,741</u>	<u>293</u>	<u>398,637</u>	<u>45,026,375</u>
<u>\$ 13,708,517</u>	<u>\$ 895,741</u>	<u>\$ 293</u>	<u>\$ 398,637</u>	<u>\$ 50,035,765</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, 2009

	<u>Fire</u>	<u>Storm Sewer</u>	<u>Streets</u>	<u>Parks</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 16,022	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>16,022</u>	<u>-</u>
Expenditures:				
Capital Outlay	<u>2,770,150</u>	<u>3,694,434</u>	<u>5,669,740</u>	<u>52</u>
Total Expenditures	<u>2,770,150</u>	<u>3,694,434</u>	<u>5,669,740</u>	<u>52</u>
Deficiency of Revenues				
Under Expenditures	<u>(2,770,150)</u>	<u>(3,694,434)</u>	<u>(5,653,718)</u>	<u>(52)</u>
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Face Amount of Bonds Issued	14,769,910	2,695,000	22,370,000	-
Premium on Issuance of Bonds	<u>104,267</u>	<u>19,032</u>	<u>157,929</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>14,874,177</u>	<u>2,714,032</u>	<u>22,527,929</u>	<u>-</u>
Net Change in Fund Balances	12,104,027	(980,402)	16,874,211	(52)
Fund Balances - Beginning	<u>1,893,201</u>	<u>2,080,458</u>	<u>844,928</u>	<u>16,923</u>
Fund Balances - Ending	<u><u>\$ 13,997,228</u></u>	<u><u>\$ 1,100,056</u></u>	<u><u>\$ 17,719,139</u></u>	<u><u>\$ 16,871</u></u>

EXHIBIT C-8

(Continued)

<u>Law Enforcement</u>	<u>Library</u>	<u>Service Center</u>	<u>Capital Leases</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 16,022
-	-	-	-	16,022
19,441,424	47,526	33,771	917,581	32,574,678
19,441,424	47,526	33,771	917,581	32,574,678
(19,441,424)	(47,526)	(33,771)	(917,581)	(32,558,656)
-	-	-	(30,405)	(30,405)
21,995,090	-	-	-	61,830,000
155,281	-	-	-	436,509
22,150,371	-	-	(30,405)	62,236,104
2,708,947	(47,526)	(33,771)	(947,986)	29,677,448
8,189,463	943,267	34,064	1,346,623	15,348,927
<u>\$ 10,898,410</u>	<u>\$ 895,741</u>	<u>\$ 293</u>	<u>\$ 398,637</u>	<u>\$ 45,026,375</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, 2009

	<u>Warehouse, Maintenance and Services</u>	<u>Property and Public Liability Self Insurance</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 696,177	\$ 12,485,024
Investments	-	-
Accounts Receivable	-	580,821
Accrued Premiums Receivable	-	-
Accrued Interest Receivable	-	9,917
Due From Other Governments	38,828	-
Inventory	4,462,097	-
Prepaid Costs	824	481,861
Total Current Assets	<u>5,197,926</u>	<u>13,557,623</u>
Capital Assets:		
Buildings	2,014,156	-
Other Improvements	5,088,624	-
Machinery and Equipment	2,068,032	-
Construction in Progress	3,572	-
	<u>9,174,384</u>	<u>-</u>
Less Accumulated Depreciation	(4,790,998)	-
Net Capital Assets	<u>4,383,386</u>	<u>-</u>
Total Assets	<u>9,581,312</u>	<u>13,557,623</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	841,338	603
Other Accrued Expenses:		
Estimated Liability For Claims:		
Incurred-Not Reported	-	6,025,000
Incurred and Pending	-	17,450,000
Current Portion of Compensated Absences	98,744	-
Total Current Liabilities	<u>940,082</u>	<u>23,475,603</u>
Long-Term Liabilities		
Compensated Absences	771,804	-
Post Employment Benefits	2,132,676	-
Total Long-Term Liabilities	<u>2,904,480</u>	<u>-</u>
Total Liabilities	<u>3,844,562</u>	<u>23,475,603</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,383,386	-
Unrestricted	1,353,364	(9,917,980)
Total Net Assets	<u>\$ 5,736,750</u>	<u>\$ (9,917,980)</u>

EXHIBIT C-9

(Continued)

<u>Workers' Compensation Self Insurance</u>	<u>Employee Benefits Self Insurance</u>	<u>Total</u>
\$ 11,466,848	\$ 17,123,384	\$ 41,771,433
-	5,016,050	5,016,050
61,336	80,061	722,218
-	676,006	676,006
9,837	19,444	39,198
-	-	38,828
-	-	4,462,097
206,351	194	689,230
<u>11,744,372</u>	<u>22,915,139</u>	<u>53,415,060</u>
-	-	2,014,156
-	-	5,088,624
-	-	2,068,032
-	-	3,572
-	-	<u>9,174,384</u>
-	-	<u>(4,790,998)</u>
-	-	<u>4,383,386</u>
<u>11,744,372</u>	<u>22,915,139</u>	<u>57,798,446</u>
211,860	471,508	1,525,309
13,350	3,793,067	9,831,417
6,949,280	-	24,399,280
-	-	98,744
<u>7,174,490</u>	<u>4,264,575</u>	<u>35,854,750</u>
-	-	771,804
-	-	<u>2,132,676</u>
-	-	<u>2,904,480</u>
<u>7,174,490</u>	<u>4,264,575</u>	<u>38,759,230</u>
-	-	4,383,386
4,569,882	18,650,564	14,655,830
<u>\$ 4,569,882</u>	<u>\$ 18,650,564</u>	<u>\$ 19,039,216</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, 2009

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance
	<u> </u>	<u> </u>
Operating Revenues:		
Charges For Services:		
Material and Supply	\$ 1,126,158	\$ -
Printing and Graphics	938,855	-
Fleet Support Services	16,010,543	-
Self-Insurance Contributions:		
Employee	-	-
City	-	4,301,000
State Retirement System	-	-
Other	-	580,821
	<u> </u>	<u> </u>
Total Operating Revenues	<u>18,075,556</u>	<u>4,881,821</u>
Operating Expenses:		
Material and Supply	1,173,595	-
Printing and Graphics	1,085,344	-
Fleet Support Services	17,002,994	-
Administrative Costs	-	851,370
Claims Incurred	-	8,226,987
Premiums to Insurance Carriers	-	1,053,864
	<u> </u>	<u> </u>
Total Operating Expenses	<u>19,261,933</u>	<u>10,132,221</u>
Operating Income (Loss) Before Depreciation	<u>(1,186,377)</u>	<u>(5,250,400)</u>
Depreciation	<u>(412,069)</u>	<u>-</u>
Operating Income (Loss)	<u>(1,598,446)</u>	<u>(5,250,400)</u>
Nonoperating Revenues (Expense):		
Investment Income	-	87,509
Interest Expense	(151)	-
	<u> </u>	<u> </u>
Total Nonoperating Revenues (Expenses)	<u>(151)</u>	<u>87,509</u>
Net Income (Loss) Before Transfers and Capital Contributions	<u>(1,598,597)</u>	<u>(5,162,891)</u>
Capital Contributions	24,642	-
Transfers In	8,000	-
	<u> </u>	<u> </u>
Change in Net Assets	<u>(1,565,955)</u>	<u>(5,162,891)</u>
Total Net Assets - Beginning	<u>7,302,705</u>	<u>(4,755,089)</u>
Total Net Assets - Ending	<u>\$ 5,736,750</u>	<u>\$ (9,917,980)</u>

EXHIBIT C-10

(Continued)

<u>Workers'</u> <u>Compensation</u> <u>Self Insurance</u>	<u>Employee</u> <u>Benefits Self</u> <u>Insurance</u>	<u>Total</u>
\$ -	\$ -	\$ 1,126,158
-	-	938,855
-	-	16,010,543
-	11,771,598	11,771,598
3,847,080	35,920,708	44,068,788
-	2,969,291	2,969,291
-	40,033	620,854
<u>3,847,080</u>	<u>50,701,630</u>	<u>77,506,087</u>
-	-	1,173,595
-	-	1,085,344
-	-	17,002,994
833,745	4,169,489	5,854,604
2,961,769	44,438,167	55,626,923
368,695	471,551	1,894,110
<u>4,164,209</u>	<u>49,079,207</u>	<u>82,637,570</u>
(317,129)	1,622,423	(5,131,483)
-	-	(412,069)
<u>(317,129)</u>	<u>1,622,423</u>	<u>(5,543,552)</u>
83,067	181,290	351,866
-	-	(151)
<u>83,067</u>	<u>181,290</u>	<u>351,715</u>
(234,062)	1,803,713	(5,191,837)
-	-	24,642
-	-	8,000
<u>(234,062)</u>	<u>1,803,713</u>	<u>(5,159,195)</u>
4,803,944	16,846,851	24,198,411
<u>\$ 4,569,882</u>	<u>\$ 18,650,564</u>	<u>\$ 19,039,216</u>

CITY OF MESA, ARIZONA
EXHIBIT C-11
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Warehouse, Maintenance and Services
Cash Flows From Operating Activities:	
Cash Received From Users	\$ 18,071,586
Cash Payments To Suppliers	(11,789,633)
Cash Payments To Employees	(6,337,335)
Net Cash Provided By (Used For) Operating Activities	<u>(55,382)</u>
Cash Flows From Noncapital Financing Activities:	
Operating Transfers-In From Other Funds	<u>32,642</u>
Net Cash Provided By Noncapital Financing Activities	<u>32,642</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	12,443
Principal Paid on Lease Maturities	(6,539)
Interest Paid on Leases	(151)
Net Cash Provided By Capital and Related Financing Activities	<u>5,753</u>
Cash Flows From Investing Activities:	
Purchase of Investment Securities	-
Interest Received on Investments	-
Net Cash Provided By (Used For) Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(16,987)
Cash and Cash Equivalents at Beginning of Year	<u>713,164</u>
Cash and Cash Equivalents at End of Year	<u>\$ 696,177</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Operating Income (Loss)	\$ <u>(1,598,446)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used Provided By Operating Activities:	
Depreciation	412,069
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(3,970)
Decrease in Inventory	171,848
Increase (Decrease) in Prepaid Costs	776
Increase (Decrease) in Accounts Payable	962,341
Increase (Decrease) in Other Accrued Expenses	-
Total Adjustments	<u>1,543,064</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (55,382)</u>

EXHIBIT C-11

(Continued)

Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
\$ 4,301,000	\$ 3,802,650	\$ 50,570,436	\$ 76,745,672
(2,634,744)	(2,999,474)	(49,676,621)	(67,100,472)
(827,848)	(347,907)	(1,331,845)	(8,844,935)
<u>838,408</u>	<u>455,269</u>	<u>(438,030)</u>	<u>800,265</u>
-	-	-	32,642
-	-	-	<u>32,642</u>
-	-	-	12,443
-	-	-	(6,539)
-	-	-	<u>(151)</u>
-	-	-	<u>5,753</u>
-	-	(5,016,050)	(5,016,050)
130,838	113,465	245,937	490,240
<u>130,838</u>	<u>113,465</u>	<u>(4,770,113)</u>	<u>(4,525,810)</u>
969,246	568,734	(5,208,143)	(3,687,150)
<u>11,515,779</u>	<u>10,898,114</u>	<u>22,331,526</u>	<u>45,458,583</u>
\$ <u>12,485,025</u>	\$ <u>11,466,848</u>	\$ <u>17,123,383</u>	\$ <u>41,771,433</u>
\$ <u>(5,250,400)</u>	\$ <u>(317,129)</u>	\$ <u>1,622,423</u>	\$ <u>(5,543,552)</u>
-	-	-	412,069
(580,820)	44,430	(131,193)	(671,553)
-	-	-	171,848
(1,277)	(206,351)	(4)	(206,856)
(4,095)	210,792	(71,926)	1,097,112
<u>9,550,000</u>	<u>723,527</u>	<u>(1,857,330)</u>	<u>8,416,197</u>
<u>8,963,808</u>	<u>772,398</u>	<u>(2,060,453)</u>	<u>9,218,817</u>
\$ <u>3,713,408</u>	\$ <u>455,269</u>	\$ <u>(438,030)</u>	\$ <u>3,675,265</u>

FIDUCIARY FUND

The Fiduciary Fund accounts for assets held by the City in a custodial capacity for the benefit of a third party and cannot be used to address activities or obligations of the City.

The **Payroll Agency Fund** accounts for all payroll transactions.

CITY OF MESA, ARIZONA

EXHIBIT C-12

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
PAYROLL AGENCY FUND				
Assets:				
Cash and Cash Equivalents	\$ 8,955,584	\$ 591,480,754	\$ 591,381,626	\$ 9,054,712
Due From Other Funds	<u>-</u>	<u>14,716,697</u>	<u>14,716,697</u>	<u>-</u>
Total Assets	<u>\$ 8,955,584</u>	<u>\$ 606,197,451</u>	<u>\$ 606,098,323</u>	<u>\$ 9,054,712</u>
Liabilities:				
Accrued Payroll Payable	<u>\$ 8,955,584</u>	<u>\$ 367,799,920</u>	<u>\$ 367,700,792</u>	<u>\$ 9,054,712</u>
Total Liabilities	<u>\$ 8,955,584</u>	<u>\$ 367,799,920</u>	<u>\$ 367,700,792</u>	<u>\$ 9,054,712</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, 2009

	<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	\$ 1,730,000	\$ 1,730,000	\$ 1,422,970	\$ 307,030
Executive	530,000	819,411	819,411	-
Mesa Gateway Area	4,251,000	4,409,737	4,409,737	-
Town Center Development	2,865,000	2,865,000	2,102,991	762,009
Judicial	14,566,448	14,566,448	12,673,516	1,892,932
Legal	667,000	966,736	966,736	-
Building Maintenance	1,510,741	1,510,741	1,405,207	105,534
City Clerk	1,473,000	1,473,000	1,319,425	153,575
Economic Development	1,541,000	1,511,831	1,205,307	306,524
Engineering	4,686,500	4,686,500	1,082,528	3,603,972
Financial Services	13,570,000	13,570,000	6,928,971	6,641,029
E-Streets & Cable TV Licensing	1,283,000	1,698,426	1,698,426	-
General Services	5,320,338	5,981,104	5,981,104	-
Planning	4,371,000	4,353,007	2,576,750	1,776,257
Capital Improvement	1,378,000	1,378,000	1,079,655	298,345
Total General Government	<u>59,743,027</u>	<u>61,519,941</u>	<u>45,672,734</u>	<u>15,847,207</u>
Less: Capital Outlay Expenditures	5,429,070	5,847,242	5,264,452	582,790
Debt Service Expenditures	304,126	304,126	970,214	(666,088)
Total Current Expenditures	<u>54,009,831</u>	<u>55,368,573</u>	<u>39,438,068</u>	<u>15,930,505</u>
Public Safety:				
Law Enforcement	189,165,837	189,154,529	169,845,643	19,308,886
Fire Prevention	75,916,889	75,745,751	66,212,884	9,532,867
Building Safety	8,471,000	8,471,000	6,913,896	1,557,104
Code Compliance	2,622,750	2,622,750	2,246,156	376,594
Environmental Management	370,808	370,808	277,213	93,595
Total Public Safety	<u>276,547,284</u>	<u>276,364,838</u>	<u>245,495,792</u>	<u>30,869,046</u>
Less: Capital Outlay Expenditures	10,469,419	10,412,052	5,805,265	4,606,787
Debt Service Expenditures	9,712,974	9,712,974	10,266,809	(553,835)
Total Current Expenditures	<u>\$ 256,364,891</u>	<u>\$ 256,239,812</u>	<u>\$ 229,423,718</u>	<u>\$ 26,816,094</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, 2009

	<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	\$ 28,231,750	\$ 28,231,750	\$ 22,623,181	\$ 5,608,569
Cultural	12,970,500	12,947,000	10,564,308	2,382,692
Aquatics	18,455,000	18,455,000	17,208,619	1,246,381
Library	13,078,721	13,078,721	10,307,158	2,771,563
Community Aid	3,106,000	3,106,000	2,922,013	183,987
Hohokam Stadium/Fitch Complex	8,738,478	17,985,754	17,985,754	-
Museum of Natural History	2,626,000	2,626,000	2,013,648	612,352
Museum for Youth	1,749,000	1,749,000	1,438,664	310,336
Neighborhood & Human Services	2,733,000	2,732,811	2,427,843	304,968
Total Cultural-Recreational	<u>91,688,449</u>	<u>100,912,036</u>	<u>87,491,188</u>	<u>13,420,848</u>
Less: Capital Outlay Expenditures	18,632,145	18,608,645	15,974,868	2,633,777
Debt Service Expenditures	7,899,095	7,899,095	8,291,879	(392,784)
Total Current Expenditures	<u>65,157,209</u>	<u>74,404,296</u>	<u>63,224,441</u>	<u>11,179,855</u>
Community Environment:				
Community Development	8,289,000	8,289,000	6,302,382	1,986,618
Streets	22,758,307	25,195,945	25,195,945	-
Storm Sewer	3,749,975	3,879,658	3,879,658	-
Mass Transit	13,135,653	13,135,653	8,349,839	4,785,814
Miscellaneous Services	665,000	1,842,887	1,842,887	-
Total Community Environment	<u>48,597,935</u>	<u>52,343,143</u>	<u>45,570,711</u>	<u>6,772,432</u>
Less: Capital Outlay Expenditures	19,732,596	22,170,234	16,324,538	5,845,696
Debt Service Expenditures	3,629,939	3,759,622	3,897,040	(137,418)
Total Current Expenditures	<u>25,235,400</u>	<u>26,413,287</u>	<u>25,349,133</u>	<u>1,064,154</u>
Contingencies	73,858,978	58,879,043	-	58,879,043
Total General Fund Expenditures	<u><u>\$ 550,435,673</u></u>	<u><u>\$ 550,019,001</u></u>	<u><u>\$ 424,230,425</u></u>	<u><u>\$ 125,788,576</u></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, 2009

	Original Budget	Final Budget	Actual Amounts - Budget Basis	Variance With Final Budget - Positive (Negative)
Community Environment:				
Streets	41,591,998	41,551,412	36,789,913	4,761,499
Storm Sewer	1,257,271	1,257,271	1,416,022	(158,751)
Total Community Environment	42,849,269	42,808,683	38,205,935	4,602,748
Less: Capital Outlay Expenditures	1,107,821	1,091,225	1,036,465	54,760
Debt Service Expenditures	8,847,668	8,847,668	8,854,036	(6,368)
Total Current Expenditures	32,893,780	32,869,790	28,315,434	4,554,356
Contingencies	683,000	723,586	-	723,586
Total Highway User Revenue Fund Expenditures	\$ 43,532,269	\$ 43,532,269	\$ 38,205,935	\$ 5,326,334

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, 2009

	<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	\$ 6,207,000	\$ 6,207,000	\$ 4,581,048	\$ (1,625,952)
Investment Income	1,000	1,000	1,709	709
Miscellaneous	4,000	4,000	77,409	73,409
Total Revenues	<u>6,212,000</u>	<u>6,212,000</u>	<u>4,660,166</u>	<u>(1,551,834)</u>
Expenditures:				
Current:				
Community Environment	6,862,497	6,862,497	6,428,535	433,962
Capital Outlay	2,542,419	2,542,419	21,845	2,520,574
Total Expenditures	<u>9,404,916</u>	<u>9,404,916</u>	<u>6,450,380</u>	<u>2,954,536</u>
Deficiency of Revenues Under Expenditures	(3,192,916)	(3,192,916)	(1,790,214)	1,402,702
Other Financing Sources:				
Transfers In	3,193,000	3,193,000	1,789,700	1,403,300
Net Change in Fund Balance	84	84	(514)	(598)
Fund Balance - Beginning	<u>915</u>	<u>915</u>	<u>863</u>	<u>(51)</u>
Fund Balance - Ending	<u>\$ 999</u>	<u>\$ 999</u>	<u>\$ 349</u>	<u>\$ (649)</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, 2009

	<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	\$ 11,401,000	\$ 11,401,000	\$ 10,957,778	\$ (443,222)
Investment Income	55,000	55,000	14,139	(40,861)
Miscellaneous	101,000	101,000	31,344	(69,656)
Total Revenues	<u>11,557,000</u>	<u>11,557,000</u>	<u>11,003,261</u>	<u>(553,739)</u>
Expenditures:				
Current:				
Community Environment	11,467,000	11,700,466	11,700,466	-
Capital Outlay	-	4,000	4,000	-
Total Expenditures	<u>11,467,000</u>	<u>11,704,466</u>	<u>11,704,466</u>	<u>-</u>
Net Change in Fund Balance	90,000	(147,466)	(701,205)	(553,739)
Fund Balance - Beginning	<u>531,961</u>	<u>531,961</u>	<u>1,972,766</u>	<u>1,440,805</u>
Fund Balance - Ending	<u>\$ 621,961</u>	<u>\$ 384,495</u>	<u>\$ 1,271,561</u>	<u>\$ 887,066</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, 2009

	<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	\$ 1,392,000	\$ 1,392,000	\$ 1,142,887	\$ (249,113)
Investment Income	301,000	301,000	54,965	(246,035)
Miscellaneous	-	-	420	420
Total Revenues	<u>1,693,000</u>	<u>1,693,000</u>	<u>1,198,272</u>	<u>(494,728)</u>
Expenditures:				
Current:				
Community Environment	1,181,000	1,181,000	989,144	191,856
Capital Outlay	-	-	117,337	(117,337)
Contingencies	343,000	343,000	-	343,000
Total Expenditures	<u>1,524,000</u>	<u>1,524,000</u>	<u>1,106,481</u>	<u>417,519</u>
Net Change in Fund Balances	169,000	169,000	91,791	(77,209)
Fund Balance - Beginning	<u>7,205,570</u>	<u>7,205,570</u>	<u>7,313,630</u>	<u>108,060</u>
Fund Balance - Ending	<u><u>\$ 7,374,570</u></u>	<u><u>\$ 7,374,570</u></u>	<u><u>\$ 7,405,421</u></u>	<u><u>\$ 30,851</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
PUBLIC ART FUND				
Revenues:				
Investment Income	\$ 8,000	\$ 8,000	\$ 2,069	\$ (5,931)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>2,069</u>	<u>(5,931)</u>
Expenditures:				
Current:				
Cultural-Recreational	-	-	10,000	(10,000)
Capital Outlay	<u>304,000</u>	<u>304,000</u>	<u>281,140</u>	<u>22,860</u>
Total Expenditures	<u>304,000</u>	<u>304,000</u>	<u>291,140</u>	<u>12,860</u>
Net Change in Fund Balances	(296,000)	(296,000)	(289,071)	6,929
Fund Balance - Beginning	<u>306,577</u>	<u>306,577</u>	<u>306,234</u>	<u>(343)</u>
Fund Balance - Ending	<u><u>\$ 10,577</u></u>	<u><u>\$ 10,577</u></u>	<u><u>\$ 17,163</u></u>	<u><u>\$ 6,586</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, 2009

	<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	\$ 6,672,000	\$ 6,672,000	\$ 3,202,525	\$ (3,469,475)
Investment Income	411,000	411,000	78,021	(332,979)
Total Revenues	<u>7,083,000</u>	<u>7,083,000</u>	<u>3,280,546</u>	<u>(3,802,454)</u>
Expenditures:				
Capital Outlay	650,000	650,000	189,069	460,931
Debt Service:				
Principal Retirement	2,693,343	2,693,343	1,468,766	1,224,577
Interest on Bonds	<u>3,428,808</u>	<u>3,428,808</u>	<u>2,444,004</u>	<u>984,804</u>
Total Expenditures	<u>6,772,151</u>	<u>6,772,151</u>	<u>4,101,839</u>	<u>2,670,312</u>
Net Change in Fund Balance	310,849	310,849	(821,293)	(1,132,142)
Fund Balance - Beginning	<u>10,331,246</u>	<u>10,331,246</u>	<u>10,690,096</u>	<u>358,849</u>
Fund Balance - Ending	<u><u>\$ 10,642,095</u></u>	<u><u>\$ 10,642,095</u></u>	<u><u>\$ 9,868,803</u></u>	<u><u>\$ (773,293)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
COURT CONSTRUCTION FUND				
Revenues:				
Fines and Forfeitures	\$ 707,000	\$ 707,000	\$ 701,940	\$ (5,060)
Investment Income	48,000	48,000	10,726	(37,274)
Total Revenues	<u>755,000</u>	<u>755,000</u>	<u>712,666</u>	<u>(42,334)</u>
Expenditures:				
Capital Outlay	<u>1,410,552</u>	<u>1,411,043</u>	<u>1,411,043</u>	<u>-</u>
Total Expenditures	<u>1,410,552</u>	<u>1,411,043</u>	<u>1,411,043</u>	<u>-</u>
Net Change in Fund Balance	(655,552)	(656,043)	(698,377)	(42,334)
Fund Balance - Beginning	<u>1,605,746</u>	<u>1,605,746</u>	<u>1,603,288</u>	<u>(2,458)</u>
Fund Balance - Ending	<u>\$ 950,194</u>	<u>\$ 949,703</u>	<u>\$ 904,911</u>	<u>\$ (44,792)</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, 2009

	<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	\$ 233,000	\$ 233,000	\$ 198,112	\$ (34,888)
Investment Income	28,000	28,000	5,280	(22,720)
Total Revenues	<u>261,000</u>	<u>261,000</u>	<u>203,392</u>	<u>(57,608)</u>
Expenditures:				
Current:				
Cultural-Recreational	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	261,000	261,000	203,392	(57,608)
Fund Balance - Beginning	<u>686,749</u>	<u>686,749</u>	<u>688,909</u>	<u>2,160</u>
Fund Balance - Ending	<u><u>\$ 947,749</u></u>	<u><u>\$ 947,749</u></u>	<u><u>\$ 892,301</u></u>	<u><u>\$ (55,448)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REGIONAL TRANSPORTATION PLAN FUND				
Revenues:				
Intergovernmental	\$ 1,578,000	\$ 1,578,000	\$ 1,820,862	\$ 242,862
Total Revenues	<u>1,578,000</u>	<u>1,578,000</u>	<u>1,820,862</u>	<u>242,862</u>
Expenditures:				
Current:				
Community Environment	-	-	-	-
Capital Outlay	<u>1,578,126</u>	<u>1,578,126</u>	<u>1,244,581</u>	<u>333,545</u>
Total Expenditures	<u>1,578,126</u>	<u>1,578,126</u>	<u>1,244,581</u>	<u>333,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126)	(126)	576,281	576,407
Other Financing Sources:				
Transfers Out	<u>-</u>	<u>-</u>	<u>(104,000)</u>	<u>(104,000)</u>
Net Change in Fund Balance	(126)	(126)	472,281	472,407
Fund Balance - Beginning	<u>2,656</u>	<u>2,656</u>	<u>2,699</u>	<u>43</u>
Fund Balance - Ending	<u>\$ 2,530</u>	<u>\$ 2,530</u>	<u>\$ 474,980</u>	<u>\$ 472,450</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, 2009

	<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	\$ 3,200,000	\$ 3,200,000	\$ 3,689,975	\$ 489,975
Investment Income	3,000	3,000	6,366	3,366
Total Revenues	<u>3,203,000</u>	<u>3,203,000</u>	<u>3,696,341</u>	<u>493,341</u>
Expenditures:				
Current:				
Public Safety	3,227,192	3,188,135	3,653,689	(465,554)
Capital Outlay	415,000	415,000	107	414,893
Contingencies	-	50,661	-	50,661
Total Expenditures	<u>3,642,192</u>	<u>3,653,796</u>	<u>3,653,796</u>	<u>-</u>
Net Change in Fund Balances	(439,192)	(450,796)	42,545	493,341
Fund Balance - Beginning	<u>498,931</u>	<u>498,931</u>	<u>417,857</u>	<u>(81,074)</u>
Fund Balance - Ending	<u>\$ 59,739</u>	<u>\$ 48,135</u>	<u>\$ 460,402</u>	<u>\$ 412,267</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
VEHICLE REPLACEMENT FUND				
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment Income	226,000	226,000	17,066	(208,934)
Miscellaneous	180,000	180,000	183,872	3,872
Total Revenues	<u>406,000</u>	<u>406,000</u>	<u>200,938</u>	<u>(205,062)</u>
Expenditures:				
Capital Outlay	3,692,769	3,044,769	1,229,993	1,814,776
Contingencies	-	648,000	-	648,000
Total Expenditures	<u>3,692,769</u>	<u>3,692,769</u>	<u>1,229,993</u>	<u>2,462,776</u>
(Deficiency) of Revenues (Under) Expenditures	(3,286,769)	(3,286,769)	(1,029,055)	2,257,714
Other Financing Sources:				
Transfers In	<u>2,561,000</u>	<u>2,561,000</u>	<u>2,561,000</u>	<u>-</u>
Net Change in Fund Balance	(725,769)	(725,769)	1,531,945	2,257,714
Fund Balance - Beginning	<u>1,206,307</u>	<u>1,206,307</u>	<u>2,416,011</u>	<u>1,209,705</u>
Fund Balance - Ending	<u>\$ 480,538</u>	<u>\$ 480,538</u>	<u>\$ 3,947,956</u>	<u>\$ 3,467,419</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
RECAP				
Revenues:				
Licenses and Permits	\$ 6,672,000	\$ 6,672,000	\$ 3,202,525	\$ (3,469,475)
Intergovernmental	19,186,000	19,186,000	17,359,688	(1,826,312)
Charges for Services	4,825,000	4,825,000	5,030,974	205,974
Fines and Forfeitures	707,000	707,000	701,940	(5,060)
Investment Income	1,081,000	1,081,000	190,340	(890,660)
Miscellaneous	285,000	285,000	293,046	8,046
Total Revenues	<u>32,756,000</u>	<u>32,756,000</u>	<u>26,778,513</u>	<u>(5,977,487)</u>
Expenditures:				
Current:				
Public Safety	3,227,192	3,188,135	3,653,689	(465,554)
Cultural-Recreational	-	-	10,000	(10,000)
Community Environment	19,510,497	19,743,963	19,118,144	625,819
Capital Outlay	10,592,866	9,949,357	4,499,116	5,450,241
Contingencies	343,000	1,041,661	-	1,041,661
Principal Retirement	2,693,343	2,693,343	1,468,766	1,224,577
Interest on Notes and Bonds	3,428,808	3,428,808	2,444,004	984,804
Total Expenditures	<u>39,795,706</u>	<u>40,045,267</u>	<u>31,193,719</u>	<u>8,851,548</u>
Deficiency of Revenues Under Expenditures	(7,039,706)	(7,289,267)	(4,415,206)	2,874,061
Other Financing Sources:				
Transfers In	5,754,000	5,754,000	4,350,700	(1,403,300)
Transfers Out	-	-	(104,000)	(104,000)
Net Change in Fund Balances	<u>(1,285,706)</u>	<u>(1,535,267)</u>	<u>(168,506)</u>	<u>1,366,761</u>
Fund Balances - Beginning	<u>22,376,658</u>	<u>22,376,658</u>	<u>25,412,353</u>	<u>3,035,695</u>
Fund Balances - Ending	<u><u>\$ 21,090,952</u></u>	<u><u>\$ 20,841,391</u></u>	<u><u>\$ 25,243,847</u></u>	<u><u>\$ 4,402,456</u></u>

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, 2009

	<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	\$ 9,404,916	\$ 9,404,916	\$ 6,450,380	\$ 2,954,536
Total Community Environment	<u>9,404,916</u>	<u>9,404,916</u>	<u>6,450,380</u>	<u>2,954,536</u>
Less: Capital Outlay Expenditures	<u>2,542,419</u>	<u>2,542,419</u>	<u>21,845</u>	<u>2,520,574</u>
Total Current Expenditures	<u>6,862,497</u>	<u>6,862,497</u>	<u>6,428,535</u>	<u>433,962</u>
Total Local Transportation Assistance Fund Expenditures	<u>\$ 9,404,916</u>	<u>\$ 9,404,916</u>	<u>\$ 6,450,380</u>	<u>\$ 2,954,536</u>
MESA HOUSING AUTHORITY				
Community Environment				
Mesa Housing Authority	\$ 11,467,000	\$ 11,704,466	\$ 11,704,466	\$ -
Total Community Environment	<u>11,467,000</u>	<u>11,704,466</u>	<u>11,704,466</u>	<u>-</u>
Less: Capital Outlay Expenditures	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Current Expenditures	<u>11,467,000</u>	<u>11,700,466</u>	<u>11,700,466</u>	<u>-</u>
Total Mesa Housing Authority Fund Expenditures	<u>\$ 11,467,000</u>	<u>\$ 11,704,466</u>	<u>\$ 11,704,466</u>	<u>\$ -</u>
CEMETERY FUND				
Community Environment:				
Cemetery	\$ 1,181,000	\$ 1,181,000	\$ 1,106,481	\$ 74,519
Less: Capital Outlay Expenditures	<u>-</u>	<u>-</u>	<u>117,337</u>	<u>(117,337)</u>
Total Current Expenditures	<u>1,181,000</u>	<u>1,181,000</u>	<u>989,144</u>	<u>191,856</u>
Contingencies	<u>343,000</u>	<u>343,000</u>	<u>-</u>	<u>343,000</u>
Total Cemetery Fund Expenditures	<u>\$ 1,524,000</u>	<u>\$ 1,524,000</u>	<u>\$ 1,106,481</u>	<u>\$ 417,519</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
PUBLIC ART FUND				
Cultural Recreational:				
Cultural	\$ 304,000	\$ 304,000	\$ 291,140	\$ 12,860
Total Cultural-Recreational	<u>304,000</u>	<u>304,000</u>	<u>291,140</u>	<u>12,860</u>
Less: Capital Outlay Expenditures	<u>304,000</u>	<u>304,000</u>	<u>281,140</u>	<u>22,860</u>
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Total Public Art Fund Expenditures	<u>\$ 304,000</u>	<u>\$ 304,000</u>	<u>\$ 291,140</u>	<u>\$ 12,860</u>
DEVELOPMENT IMPACT FEES FUND				
Public Safety:				
Debt Service:				
Law Enforcement	\$ 1,647,007	\$ 1,647,007	\$ 671,089	\$ 975,918
Fire Prevention	<u>1,057,111</u>	<u>1,057,111</u>	<u>447,250</u>	<u>609,861</u>
Total Public Safety	<u>2,704,118</u>	<u>2,704,118</u>	<u>1,118,339</u>	<u>1,585,779</u>
Cultural-Recreational:				
Capital Outlay:				
Cultural Facilities	650,000	650,000	189,069	460,931
Debt Service:				
Library	1,854,279	1,854,279	1,854,296	(17)
Parks & Recreation	<u>1,060,000</u>	<u>1,060,000</u>	<u>668,135</u>	<u>391,865</u>
Total Cultural-Recreational	<u>3,564,279</u>	<u>3,564,279</u>	<u>2,711,500</u>	<u>852,779</u>
Community Environment:				
Debt Service:				
Storm Sewer	<u>503,754</u>	<u>503,754</u>	<u>272,000</u>	<u>231,754</u>
Total Community Environment	<u>503,754</u>	<u>503,754</u>	<u>272,000</u>	<u>231,754</u>
Total Development Impact Fees Fund Expenditures	<u>\$ 6,772,151</u>	<u>\$ 6,772,151</u>	<u>\$ 4,101,839</u>	<u>\$ 2,670,312</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
COURT CONSTRUCTION FUND				
General Government:				
Capital Outlay:				
Judicial	\$ 1,410,552	\$ 1,411,043	\$ 1,411,043	\$ -
Total General Government	<u>1,410,552</u>	<u>1,411,043</u>	<u>1,411,043</u>	<u>-</u>
Less: Capital Outlay Expenditures	<u>1,410,552</u>	<u>1,411,043</u>	<u>1,411,043</u>	<u>-</u>
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Court Construction Fund Expenditures	<u>\$ 1,410,552</u>	<u>\$ 1,411,043</u>	<u>\$ 1,411,043</u>	<u>\$ -</u>
MESA ARTS CENTER RESTORATION FUND				
Cultural-Recreational:				
Capital Outlay:				
Cultural	\$ -	\$ -	\$ -	\$ -
Total Cultural-Recreational	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Capital Outlay Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mesa Arts Center Restoration Fund Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REGIONAL TRANSPORTATION PLAN FUND				
Community Environment:				
Capital Outlay:				
Streets	\$ 1,578,126	\$ 1,578,126	\$ 1,244,581	\$ 333,545
Total Community Environment	<u>1,578,126</u>	<u>1,578,126</u>	<u>1,244,581</u>	<u>333,545</u>
Less: Capital Outlay Expenditures	<u>1,578,126</u>	<u>1,578,126</u>	<u>1,244,581</u>	<u>333,545</u>
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Regional Transportation Plan Fund Expenditures	<u>\$ 1,578,126</u>	<u>\$ 1,578,126</u>	<u>\$ 1,244,581</u>	<u>\$ 333,545</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, 2009

	<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	\$ 3,642,192	\$ 3,603,135	\$ 3,653,796	\$ (50,661)
Total Public Safety	<u>3,642,192</u>	<u>3,603,135</u>	<u>3,653,796</u>	<u>(50,661)</u>
Less: Capital Outlay Expenditures	<u>415,000</u>	<u>415,000</u>	<u>107</u>	<u>414,893</u>
Total Current Expenditures	<u>3,227,192</u>	<u>3,188,135</u>	<u>3,653,689</u>	<u>(465,554)</u>
Contingencies	<u>-</u>	<u>50,661</u>	<u>-</u>	<u>50,661</u>
Total Environmental Compliance Fund Expenditures	<u>\$ 3,642,192</u>	<u>\$ 3,653,796</u>	<u>\$ 3,653,796</u>	<u>\$ -</u>
VEHICLE REPLACEMENT FUND				
Capital Outlay:				
General Government				
Building Maintenance	\$ 162,259	\$ 162,259	\$ 65,032	\$ 97,227
Engineering	100,500	100,500	-	100,500
General Services	123,662	123,662	42,964	80,698
Fleet Services	<u>25,420</u>	<u>25,420</u>	<u>24,642</u>	<u>778</u>
Total General Government	<u>411,841</u>	<u>411,841</u>	<u>132,638</u>	<u>279,203</u>
Public Safety				
Law Enforcement	631,156	631,156	111,426	519,730
Fire	50,000	50,000	31,858	18,142
Building Inspection	67,000	67,000	-	67,000
Code Compliance	<u>34,250</u>	<u>34,250</u>	<u>-</u>	<u>34,250</u>
Total Public Safety	<u>782,406</u>	<u>782,406</u>	<u>143,284</u>	<u>639,122</u>
Cultural-Recreational				
Parks and Recreation	168,250	168,250	-	168,250
Cultural	33,500	33,500	-	33,500
Mesa Conv Ctr	34,250	34,250	-	34,250
Hohokam/Fitch	<u>48,522</u>	<u>48,522</u>	<u>-</u>	<u>48,522</u>
Total Cultural-Recreational	<u>284,522</u>	<u>284,522</u>	<u>-</u>	<u>284,522</u>
Community Environment				
Streets	2,214,000	1,566,000	953,997	612,003
Mesa Housing Authority	<u>-</u>	<u>-</u>	<u>73</u>	<u>(73)</u>
Total Community Environment	<u>2,214,000</u>	<u>1,566,000</u>	<u>954,070</u>	<u>611,930</u>
Total Capital Outlay	<u>3,692,769</u>	<u>3,044,769</u>	<u>1,229,993</u>	<u>1,814,777</u>
Less: Capital Outlay Expenditures	<u>3,692,769</u>	<u>3,044,769</u>	<u>1,229,993</u>	<u>1,814,777</u>
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contingencies	<u>-</u>	<u>648,000</u>	<u>-</u>	<u>648,000</u>
Total Vehicle Replacement Fund Expenditures	<u>\$ 3,692,769</u>	<u>\$ 3,692,769</u>	<u>\$ 1,229,993</u>	<u>\$ 2,462,777</u>

CITY OF MESA, ARIZONA

EXHIBIT D-4 (Concluded)

NON-MAJOR SPECIAL REVENUE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
RECAP				
General Government	\$ 1,822,393	\$ 1,822,884	\$ 1,543,681	\$ 279,203
Public Safety	7,128,716	7,089,659	4,915,419	2,174,240
Cultural-Recreational	4,152,801	4,152,801	3,002,640	1,150,161
Community Environment	26,348,796	25,938,262	21,731,979	4,206,283
Contingencies	343,000	1,041,661	-	1,041,661
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Nonmajor Special Revenue				
Funds Expenditures	<u>\$ 39,795,706</u>	<u>\$ 40,045,267</u>	<u>\$ 31,193,719</u>	<u>\$ 8,851,548</u>

CITY OF MESA, ARIZONA

EXHIBIT D-5

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
CAPITAL PROJECTS FUNDS				
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 6,948	6,948
Miscellaneous	-	-	243,693	243,693
Total Revenues	<u>-</u>	<u>-</u>	<u>250,641</u>	<u>250,641</u>
Expenditures:				
Capital Outlay	208,101,000	208,101,000	113,184,759	94,916,241
Total Expenditures	<u>208,101,000</u>	<u>208,101,000</u>	<u>113,184,759</u>	<u>94,916,241</u>
Deficiency of Revenues Under Expenditures	<u>(208,101,000)</u>	<u>(208,101,000)</u>	<u>(112,934,118)</u>	<u>95,166,882</u>
Other Financing Sources:				
Face Amount of Bonds Issued	200,282,222	200,282,222	121,730,000	(78,552,222)
Premium on Issuance of Bonds	-	-	843,865	843,865
Transfers In	<u>5,914,000</u>	<u>5,914,000</u>	<u>5,639,400</u>	<u>(274,600)</u>
Net Change in Fund Balances	(1,904,778)	(1,904,778)	15,279,147	17,183,925
Fund Balances-Beginning	<u>68,633,033</u>	<u>68,633,031</u>	<u>77,694,192</u>	<u>9,061,161</u>
Fund Balances-Ending	<u>\$ 66,728,255</u>	<u>\$ 66,728,253</u>	<u>\$ 92,973,339</u>	<u>\$ 26,245,086</u>

Budget Basis

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

\$ 15,279,147

Perspective Differences:

Proprietary Capital Project Funds

15,346,287

Entity Differences:

Non-Budgeted Capital Leases

(947,986)

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

\$ 29,677,448

CITY OF MESA, ARIZONA

EXHIBIT D-6

ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Electric	\$ 36,400,000	\$ 36,400,000	\$ 36,440,435	\$ 40,435
Gas	48,079,000	48,079,000	42,370,093	(5,708,907)
Water	113,271,000	113,271,000	100,774,252	(12,496,748)
Wastewater	60,114,000	60,114,000	57,394,010	(2,719,990)
Solid Waste	49,019,000	49,019,000	47,086,307	(1,932,693)
Airport	9,355,000	9,355,000	5,190,067	(4,164,933)
Golf Course	2,503,000	2,503,000	2,311,121	(191,879)
Convention Center	3,792,000	3,792,000	2,736,663	(1,055,337)
District Cooling	778,000	778,000	834,376	56,376
Less: Bad Debt Expense	(1,100,000)	(1,100,000)	(1,167,092)	(67,092)
Total Revenues	<u>322,211,000</u>	<u>322,211,000</u>	<u>293,970,232</u>	<u>(28,240,768)</u>
Expenses:				
Electric	29,919,000	29,894,326	29,408,447	485,879
Gas	41,141,000	41,028,677	32,831,217	8,197,460
Water	60,245,000	60,183,639	54,499,481	5,684,158
Wastewater	52,191,000	52,148,232	49,815,792	2,332,440
Solid Waste	35,040,000	35,040,000	28,806,953	6,233,047
Airport	10,011,000	10,011,000	4,807,474	5,203,526
Golf Course	3,444,000	3,394,000	2,765,167	628,833
Convention Center	7,168,750	7,094,590	4,413,526	2,681,064
District Cooling	2,198,000	2,198,000	949,074	1,248,926
Contingencies	52,700,022	53,065,308	-	53,065,308
Total Expenses	<u>294,057,772</u>	<u>294,057,772</u>	<u>208,297,131</u>	<u>85,760,641</u>
Income Before Transfers	28,153,228	28,153,228	85,673,101	57,519,873
Other Operating Uses:				
Transfers Out	79,595,000	79,595,000	96,599,000	(17,004,000)
Change in Net Assets	(51,441,772)	(51,441,772)	(10,925,899)	40,515,873
Unappropriated Net Assets - Beginning	69,013,462	69,013,462	64,438,818	(4,574,644)
(Increase) Decrease in Restricted Net Assets	<u>(17,571,690)</u>	<u>(17,571,690)</u>	<u>(140,211)</u>	<u>17,431,479</u>
Unappropriated Net Assets - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,372,708</u>	<u>\$ 53,372,708</u>

CITY OF MESA, ARIZONA
EXHIBIT D-7
 ENTERPRISE FUND
 RECONCILIATION OF BUDGET TO GAAP
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Budget Basis

Actual Amounts (Budgetary Basis)
 "Change in Net Assets" from Exhibit D-6 \$ (10,925,899)

Basis Differences:

Compensated Absences	(309,472)
Post Employment Benefits	(9,493,141)
Capitalized Interest	4,086,711
Contractual Commitments	408,457
Utility Revenue Accrual	333,774
Increase of Fair Market Value of Investments	50,723

Perspective Differences:

Grants and Contributions 24,088,276

Timing Differences:

Water Rights	866,180
Capital Expenditures	8,774,080
Depreciation - Amortization	(54,688,319)
Investment in Joint Ventures	(14,591,141)
Non-Cash Loss on Disposal of Capital Assets	(1,402,469)
Bond Principal and Reserves	15,786,490
Amortization of Bond Premiums	2,120,574
Deferred Amounts on Refundings	(2,004,283)
Accretion of Certificates of Supplemental Interest	12,828
Deferred Revenue	(3,594)

GAAP Basis

Actual Amount (GAAP Basis)
 "Change in Net Assets" from Exhibit A-8 \$ (36,890,225)

CITY OF MESA, ARIZONA

EXHIBIT D-8

INTERNAL SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENSES AND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<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	\$ 1,181,467	\$ 1,181,467	\$ 1,126,158	\$ (55,309)
Printing and Graphics	1,402,195	1,402,195	938,854	(463,341)
Fleet Support Services	<u>18,825,555</u>	<u>18,825,555</u>	<u>16,010,543</u>	<u>(2,815,012)</u>
Total Revenues	<u>21,409,217</u>	<u>21,409,217</u>	<u>18,075,555</u>	<u>(3,333,662)</u>
Expenses:				
Materials and Supply	1,181,467	1,347,814	1,292,504	55,310
Printing and Graphics	1,402,195	1,402,959	939,619	463,340
Fleet Support Services	18,851,135	18,851,135	15,856,711	2,994,424
Contingencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>21,434,797</u>	<u>21,601,908</u>	<u>18,088,834</u>	<u>3,513,074</u>
Loss Before Transfers	(25,580)	(192,691)	(13,279)	179,412
Transfers In	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Change in Net Assets	(25,580)	(192,691)	(5,279)	187,412
Unappropriated Net Assets - Beginning	<u>(739)</u>	<u>(739)</u>	<u>81</u>	<u>820</u>
Unappropriated Net Assets - Ending	<u>\$ (26,319)</u>	<u>\$ (193,430)</u>	<u>\$ (5,198)</u>	<u>\$ 188,232</u>

CITY OF MESA, ARIZONA

EXHIBIT D-8

INTERNAL SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENSES AND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<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	\$ 579,000	\$ 579,000	\$ 87,509	\$ (491,491)
Contributions	4,301,000	4,301,000	4,301,000	-
Miscellaneous	32,000	32,000	633,291	601,291
Total Revenues	<u>4,912,000</u>	<u>4,912,000</u>	<u>5,021,800</u>	<u>109,800</u>
Expenses:				
Administrative and Other Fees	2,496,978	2,496,978	1,905,233	591,745
Claims Incurred	2,387,022	2,387,022	1,604,458	782,564
Total Expenses	<u>4,884,000</u>	<u>4,884,000</u>	<u>3,509,691</u>	<u>1,374,309</u>
Change in Net Assets	28,000	28,000	1,512,109	1,484,109
Unappropriated Net Assets - Beginning	<u>(13,463,609)</u>	<u>(13,463,609)</u>	12,044,912	<u>25,508,521</u>
Unappropriated Net Assets - Ending	<u><u>\$ (13,435,609)</u></u>	<u><u>\$ (13,435,609)</u></u>	<u><u>\$ 13,557,021</u></u>	<u><u>\$ 26,992,630</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-8 (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, 2009

	<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	\$ 388,000	\$ 388,000	\$ 83,067	\$ (304,933)
Contributions	4,881,000	4,881,000	3,847,080	(1,033,920)
Miscellaneous	116,000	116,000	184,960	68,960
Total Revenues	<u>5,385,000</u>	<u>5,385,000</u>	<u>4,115,107</u>	<u>(1,269,893)</u>
Expenses:				
Administrative and Other Fees	5,447,000	5,447,000	1,202,440	4,244,560
Claims Incurred	-	-	2,423,429	(2,423,429)
Total Expenses	<u>5,447,000</u>	<u>5,447,000</u>	<u>3,625,869</u>	<u>1,821,131</u>
Change in Net Assets	(62,000)	(62,000)	489,238	551,238
Unappropriated Net Assets - Beginning	<u>10,425,012</u>	<u>10,425,012</u>	<u>11,043,273</u>	<u>618,261</u>
Unappropriated Net Assets - Ending	<u><u>\$ 10,363,012</u></u>	<u><u>\$ 10,363,012</u></u>	<u><u>\$ 11,532,511</u></u>	<u><u>\$ 1,169,499</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-8 (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, 2009

	<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	\$ 851,000	\$ 851,000	\$ 165,240	\$ (685,760)
Contributions	47,195,000	47,195,000	50,661,597	3,466,597
Miscellaneous	200,000	200,000	706,804	506,804
Total Revenues	<u>48,246,000</u>	<u>48,246,000</u>	<u>51,533,641</u>	<u>3,287,641</u>
Expenses:				
Administrative and Other Fees	5,050,371	5,050,371	4,641,040	(409,331)
Claims Incurred	42,329,629	42,329,629	46,962,265	4,632,636
Total Expenses	<u>47,380,000</u>	<u>47,380,000</u>	<u>51,603,305</u>	<u>4,223,305</u>
Change in Net Assets	866,000	866,000	(69,664)	(935,664)
Unappropriated Net Assets - Beginning	<u>22,436,460</u>	<u>22,436,460</u>	<u>22,497,246</u>	<u>60,786</u>
Unappropriated Net Assets - Ending	<u><u>\$ 23,302,460</u></u>	<u><u>\$ 23,302,460</u></u>	<u><u>\$ 22,427,582</u></u>	<u><u>\$ (874,878)</u></u>

CITY OF MESA, ARIZONA
EXHIBIT D-8 (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, 2009

	<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	\$ 21,409,217	\$ 21,409,217	\$ 18,075,555	\$ (3,333,662)
Investment Income	1,818,000	1,818,000	335,816	(1,482,184)
Contributions	56,377,000	56,377,000	58,809,677	2,432,677
Miscellaneous	348,000	348,000	1,525,055	1,177,055
Total Revenues	<u>79,952,217</u>	<u>79,952,217</u>	<u>78,746,103</u>	<u>(1,206,114)</u>
Expenses:				
Materials and Supply	1,181,467	1,347,814	1,292,504	55,310
Printing and Graphics	1,402,195	1,402,959	939,619	463,340
Fleet Support	18,851,135	18,851,135	15,856,711	2,994,424
Administrative and Other Fees	12,994,349	12,994,349	7,748,713	5,245,636
Claims Incurred	44,716,651	44,716,651	50,990,152	(6,273,501)
Total Expenses	<u>79,145,797</u>	<u>79,312,908</u>	<u>76,827,699</u>	<u>2,485,209</u>
Income Before Transfers	806,420	639,309	1,918,404	1,279,095
Transfers In	-	-	8,000	8,000
Change in Net Assets	806,420	639,309	1,926,404	1,287,095
Unappropriated Net Assets - Beginning	<u>46,325,820</u>	<u>46,325,820</u>	<u>45,585,510</u>	<u>(740,310)</u>
Unappropriated Net Assets - Ending	<u>\$ 47,132,240</u>	<u>\$ 46,965,129</u>	<u>\$ 47,511,914</u>	<u>\$ 546,785</u>

CITY OF MESA, ARIZONA
EXHIBIT D-9
INTERNAL SERVICE FUND
RECONCILIATION OF BUDGET TO GAAP
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Budget Basis

Actual Amounts (Budgetary Basis)		
"Change in Net Assets" from Exhibit D-8	\$	1,926,404

Basis Differences:

Compensated Absences		34,102
Increase of Fair Market Value of Investments		16,050

Timing Differences:

OPEB Proprietary Funds		(1,046,084)
Capital Expenditures		10,581
Depreciation - Amortization		(412,069)
Capital Contributions		24,642
Inventory Decrease		(171,850)
Increase in Contingent Liability		<u>(5,540,971)</u>

GAAP Basis

Actual Amount (GAAP Basis)		
"Change in Net Assets" from Exhibit A-8	\$	<u><u>(5,159,195)</u></u>

CITY OF MESA, ARIZONA

EXHIBIT D-10

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2009

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 257,858,440
Buildings	282,795,606
Other Improvements	122,711,754
Machinery and Equipment	150,017,150
Infrastructure	735,085,394
Construction in Progress	<u>165,526,653</u>
Total Governmental Funds Capital Assets	\$ <u>1,713,994,997</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS

Investment in Property Acquired Prior to July 1, 1978:	
Source Indeterminable	\$ <u>1,884,743</u>
Investment in Property Acquired After June 30, 1978 From:	
General Obligation Bonds	441,913,242
Highway User Revenue Bonds	149,698,304
Federal Revenue Sharing	2,160,440
Federal Aid	47,579,318
General Revenue	484,519,848
Contributions From Developers	452,373,524
Contributions From Property Owners	19,304,591
Contributions From Other Gov't	44,034,741
Contributions - Indeterminant Funding	<u>70,526,246</u>
Total	<u>1,712,110,254</u>
Total Investment in Governmental Funds Capital Assets	\$ <u>1,713,994,997</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service 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.	134
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.	146
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.	149
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.	157
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.	159

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 EIGHT FISCAL YEARS

(accrual basis of accounting)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
GOVERNMENTAL ACTIVITIES				
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>
\$	765,874,830	\$ 791,591,633	\$ 794,720,403	\$ 791,523,460
	84,386,395	95,107,036	86,252,122	92,532,141
	<u>85,734,791</u>	<u>128,548,213</u>	<u>125,128,033</u>	<u>91,363,394</u>
\$	<u>935,996,016</u>	<u>1,015,246,882</u>	<u>1,006,100,558</u>	<u>975,418,995</u>
\$	390,100,160	\$ 366,497,841	\$ 410,073,719	\$ 413,943,796
	89,383,126	96,756,386	94,133,333	82,697,422
	<u>268,388,224</u>	<u>308,374,940</u>	<u>308,215,959</u>	<u>278,891,568</u>
\$	<u>747,871,510</u>	<u>771,629,167</u>	<u>812,423,011</u>	<u>775,532,786</u>
\$	1,155,974,990	\$ 1,158,089,474	\$ 1,204,794,122	\$ 1,205,467,256
	173,769,521	191,863,422	180,385,455	175,229,563
	<u>354,123,015</u>	<u>436,923,153</u>	<u>433,343,992</u>	<u>370,254,962</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>

CITY OF MESA, ARIZONA
TABLE II
 CHANGES IN NET ASSETS
 LAST EIGHT 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
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>
\$	44,568,148	\$ 48,200,767	\$ 63,633,405	\$ 54,225,566
	212,010,952	232,099,968	292,395,865	290,927,716
	65,389,229	64,591,583	72,999,346	67,039,000
	97,613,466	91,664,096	99,414,870	121,735,796
	<u>16,061,123</u>	<u>18,037,348</u>	<u>19,082,936</u>	<u>18,658,530</u>
	<u>435,642,918</u>	<u>454,593,762</u>	<u>547,526,422</u>	<u>552,586,608</u>
	26,817,051	26,280,947	31,612,431	27,633,642
	38,743,370	37,825,634	43,246,724	35,991,817
	54,110,525	59,964,524	59,224,757	68,955,827
	67,180,688	60,603,399	61,293,453	80,349,057
	25,070,150	27,891,495	32,877,483	31,953,188
	4,194,272	2,720,953	3,316,536	3,703,129
	2,524,364	2,601,521	3,011,883	3,082,522
	4,822,347	5,666,507	5,447,050	4,558,208
	<u>67,274</u>	<u>1,090,931</u>	<u>768,873</u>	<u>975,687</u>
	<u>223,530,041</u>	<u>224,645,911</u>	<u>240,799,190</u>	<u>257,203,077</u>
\$	<u><u>659,172,959</u></u>	<u><u>679,239,673</u></u>	<u><u>788,325,612</u></u>	<u><u>809,789,685</u></u>

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

PROGRAM REVENUES	2001-02	2002-03	2003-04	2004-05
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
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>
\$	23,145,062	\$ 20,127,674	\$ 23,342,116	\$ 13,426,408
	17,649,718	22,039,055	23,702,601	24,739,517
	9,049,107	10,276,600	10,761,086	10,215,428
	282,129	433,359	323,970	78,021
	68,784,384	74,498,258	63,787,258	63,054,542
	<u>16,777,436</u>	<u>44,858,222</u>	<u>21,916,433</u>	<u>35,436,059</u>
	<u>135,687,836</u>	<u>172,233,168</u>	<u>143,833,464</u>	<u>146,949,975</u>
	36,112,821	34,518,898	34,148,281	35,312,658
	44,088,814	45,250,476	46,539,692	41,707,578
	88,497,653	92,007,207	97,558,682	95,994,839
	49,618,163	55,398,349	53,950,994	54,719,926
	38,898,904	42,894,663	46,167,910	46,762,035
	2,086,753	2,953,825	3,192,347	2,958,955
	2,522,464	2,456,596	2,448,313	2,309,899
	3,727,573	4,745,578	3,658,449	2,686,663
	54,678	192,972	229,168	834,376
	141,207	146,614	10,545	100,797
	<u>27,692,246</u>	<u>20,724,241</u>	<u>80,569,929</u>	<u>31,222,401</u>
	<u>293,441,276</u>	<u>301,289,419</u>	<u>368,474,310</u>	<u>314,610,127</u>
\$	<u>429,129,112</u>	<u>473,522,587</u>	<u>512,307,774</u>	<u>461,560,102</u>
\$	(299,955,082)	\$ (282,360,594)	\$ (403,692,958)	\$ (405,636,633)
	<u>69,911,235</u>	<u>76,643,508</u>	<u>127,675,120</u>	<u>57,407,050</u>
\$	<u>(230,043,847)</u>	<u>(205,717,086)</u>	<u>(276,017,838)</u>	<u>(348,229,583)</u>

CITY OF MESA, ARIZONA
TABLE II (Concluded)
 CHANGES IN NET ASSETS
 LAST EIGHT 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
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>
\$	128,372,155	\$ 155,817,051	\$ 147,762,866	\$ 126,519,701
	2,189,830	2,389,528	2,394,765	1,807,601
	103,848,818	113,048,782	122,560,731	117,542,894
	12,205,647	14,037,707	14,745,722	14,740,889
	5,430,860	7,824,612	6,282,425	1,895,561
	-			
	10,052,208	7,053,840	6,678,633	15,849,424
	<u>72,902,111</u>	<u>61,439,940</u>	<u>94,121,492</u>	<u>96,599,000</u>
	<u>335,001,629</u>	<u>361,611,460</u>	<u>394,546,634</u>	<u>374,955,070</u>
	4,818,652	8,125,127	6,546,254	1,894,369
	-	-	-	-
	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>(67,529,653)</u>	<u>(52,885,851)</u>	<u>(86,881,276)</u>	<u>(94,297,275)</u>
\$	<u><u>267,471,976</u></u>	<u><u>308,725,609</u></u>	<u><u>307,665,358</u></u>	<u><u>280,657,795</u></u>
\$	35,046,547	\$ 79,250,866	\$ (9,146,324)	\$ (30,681,563)
	<u>2,381,582</u>	<u>23,757,657</u>	<u>40,793,844</u>	<u>(36,890,225)</u>
\$	<u><u>37,428,129</u></u>	<u><u>103,008,523</u></u>	<u><u>31,647,520</u></u>	<u><u>(67,571,788)</u></u>

CITY OF MESA, ARIZONA

TABLE III

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
GENERAL FUND				
Reserved (1)(2)	\$ 40,729,716	\$ 61,847,049	\$ 69,785,175	\$ 53,697,322
Unreserved	<u>31,854,206</u>	<u>22,182,897</u>	<u>24,532,385</u>	<u>11,253,612</u>
Total General Fund	<u>\$ 72,583,922</u>	<u>\$ 84,029,946</u>	<u>\$ 94,317,560</u>	<u>\$ 64,950,934</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 8,821,348	\$ 14,731,211	\$ 20,241,119	\$ 14,555,545
Unreserved, Reported in:				
Special Revenue Funds	11,516,626	11,958,553	12,119,328	9,211,016
Capital Project Funds	<u>13,210,539</u>	<u>24,492,954</u>	<u>8,559,611</u>	<u>23,676,985</u>
Total All Other Governmental Funds	<u>\$ 33,548,513</u>	<u>\$ 51,182,718</u>	<u>\$ 40,920,058</u>	<u>\$ 47,443,546</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>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
\$ 30,195,115	\$ 37,871,632	\$ 61,257,305	\$ 77,177,037	\$ 84,886,350	\$ 51,862,378
<u>25,844,445</u>	<u>19,310,081</u>	<u>27,993,782</u>	<u>57,029,523</u>	<u>50,283,211</u>	<u>74,711,328</u>
<u>\$ 56,039,560</u>	<u>\$ 57,181,713</u>	<u>\$ 89,251,087</u>	<u>\$ 134,206,560</u>	<u>\$ 135,169,561</u>	<u>\$ 126,573,706</u>
\$ 8,542,839	\$ 10,335,341	\$ 8,391,978	\$ 5,885,100	\$ 8,643,272	\$ 17,012,682
20,215,242	23,498,926	21,745,990	24,627,227	24,921,672	24,815,604
<u>13,773,686</u>	<u>15,681,069</u>	<u>18,611,420</u>	<u>17,567,790</u>	<u>11,142,826</u>	<u>28,442,378</u>
<u>\$ 42,531,767</u>	<u>\$ 49,515,336</u>	<u>\$ 48,749,388</u>	<u>\$ 48,080,117</u>	<u>\$ 44,707,770</u>	<u>\$ 70,270,664</u>

CITY OF MESA, ARIZONA

TABLE IV

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
REVENUES				
Sales Taxes (1)	\$ 105,353,854	\$ 102,710,563	\$ 101,660,597	\$ 98,434,394
Occupancy Taxes	1,469,110	1,449,997	1,256,894	1,227,044
Special Assessments	538,211	547,069	68,388	67,313
Licenses and Permits	20,966,327	18,530,634	17,441,330	15,436,013
Intergovernmental	132,679,952	139,131,708	144,899,946	157,187,256
Charges for Services	9,260,179	9,122,804	9,492,864	9,639,690
Fines and Forfeitures	6,645,488	8,087,106	7,881,541	8,421,178
Investment Income	4,913,109	7,805,680	3,823,765	1,999,483
Loss on Investment in Local Government Investment Pool	-	-	-	(3,588,706)
Miscellaneous	4,466,611	3,193,930	5,702,529	6,204,205
Total Revenues	<u>286,292,841</u>	<u>290,579,491</u>	<u>292,227,854</u>	<u>295,027,870</u>
EXPENDITURES				
General Government	30,495,284	32,158,977	34,413,634	35,314,279
Public Safety	131,414,608	143,663,306	152,211,510	160,151,434
Cultural-Recreational	41,572,154	43,370,223	45,139,625	46,940,164
Community Environment	41,483,266	43,641,860	48,793,335	48,643,271
Debt Service				
Principal	20,438,129	13,240,354	20,844,687	20,548,390
Interest	11,265,739	20,861,188	13,482,328	13,551,752
Issuance Cost on Refunding Bonds	-	-	-	-
Service Charges	83,531	91,344	98,891	74,345
Capital Outlay	94,405,447	77,341,312	90,516,208	106,255,818
Total Expenditures	<u>371,158,158</u>	<u>374,368,564</u>	<u>405,500,218</u>	<u>431,479,453</u>
Excess of Revenues Over (Under) Expenditures	<u>(84,865,317)</u>	<u>(83,789,073)</u>	<u>(113,272,364)</u>	<u>(136,451,583)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	84,683,534	94,442,234	98,319,124	100,545,246
Transfers Out	(36,205,817)	(40,154,867)	(38,779,124)	(40,765,246)
Face Amount of Bonds Issued	19,436,976	56,500,000	51,175,000	49,370,000
Premium on Issuance of Bonds	5,076	10,935	134,318	145,133
Proceeds from Obligations of Capital Leases	15,862,000	2,021,000	2,448,000	4,899,000
Proceeds From Refunding Issue	-	-	26,333,383	84,292,722
Payment to Refunded Bond Escrow Agent	-	-	(26,333,383)	(84,875,410)
Total Other Financing Sources (Uses)	<u>83,781,769</u>	<u>112,819,302</u>	<u>113,297,318</u>	<u>113,611,445</u>
Net Change in Fund Balances	<u>\$ (1,083,548)</u>	<u>\$ 29,030,229</u>	<u>\$ 24,954</u>	<u>\$ (22,840,138)</u>
Debt Service as a percentage of Noncapital Expenditures	11.49%	11.51%	10.93%	10.51%

(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>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
\$	105,096,378	\$ 112,258,968	\$ 128,372,155	\$ 155,817,051	\$ 147,762,866	\$ 126,519,701
	1,320,706	1,856,955	2,189,830	2,389,528	2,394,765	1,807,601
	57,567	4,770	4,770	416,906	1,218,100	806,151
	19,819,170	18,817,521	23,145,062	20,127,674	23,342,116	13,426,408
	149,036,481	153,369,074	178,553,235	190,825,624	193,585,472	191,084,600
	11,152,669	13,047,596	17,649,718	22,039,055	23,702,601	24,343,284
	8,536,253	9,247,469	9,049,107	10,276,600	10,761,086	10,215,428
	885,188	1,353,224	4,376,010	6,463,111	5,177,695	2,017,949
	-	-	-	-	-	-
	<u>5,268,925</u>	<u>9,562,131</u>	<u>9,632,863</u>	<u>6,365,625</u>	<u>6,421,576</u>	<u>14,754,573</u>
	<u>301,173,337</u>	<u>319,517,708</u>	<u>372,972,750</u>	<u>414,721,174</u>	<u>414,366,277</u>	<u>384,975,695</u>
	36,328,122	38,364,301	36,730,857	40,661,807	48,111,893	36,506,727
	166,576,022	182,224,448	190,761,508	210,541,969	233,506,939	230,863,556
	47,366,458	54,761,753	56,187,938	54,711,334	57,765,169	53,171,005
	51,520,603	56,953,311	60,079,827	65,314,260	66,615,531	72,646,647
	7,145,591	7,692,222	8,857,085	8,357,577	25,870,624	36,905,901
	14,081,131	15,369,204	16,181,484	18,150,710	19,229,682	18,845,224
	-	-	234,487	-	-	-
	62,131	61,994	55,510	56,768	58,196	27,738
	<u>81,823,895</u>	<u>62,392,135</u>	<u>79,316,975</u>	<u>77,474,595</u>	<u>77,308,807</u>	<u>77,899,367</u>
	<u>404,903,953</u>	<u>417,819,368</u>	<u>448,405,671</u>	<u>475,269,020</u>	<u>528,466,841</u>	<u>526,866,165</u>
	<u>(103,730,616)</u>	<u>(98,301,660)</u>	<u>(75,432,921)</u>	<u>(60,547,846)</u>	<u>(114,100,564)</u>	<u>(141,890,470)</u>
	98,213,698	104,642,640	106,253,593	99,900,805	147,477,785	155,696,867
	(27,993,698)	(28,065,640)	(32,339,810)	(33,233,233)	(53,960,459)	(59,105,867)
	9,585,000	21,930,000	26,410,000	30,681,840	15,450,000	61,830,000
	-	640,258	2,003,565	573,254	195,209	436,509
	9,322,015	6,746,097	6,401,832	6,911,382	2,528,683	-
	139,441,539	26,420,341	25,482,000	-	-	-
	<u>(138,661,071)</u>	<u>(26,156,314)</u>	<u>(27,474,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>89,907,483</u>	<u>106,157,382</u>	<u>106,736,347</u>	<u>104,834,048</u>	<u>111,691,218</u>	<u>158,857,509</u>
\$	<u>(13,823,133)</u>	<u>7,855,722</u>	<u>31,303,426</u>	<u>44,286,202</u>	<u>(2,409,346)</u>	<u>16,967,039</u>
	6.59%	6.51%	6.86%	6.68%	10.01%	12.42%

CITY OF MESA, ARIZONA

TABLE V

SALES TAX COLLECTIONS BY CATEGORY
LAST TEN FISCAL YEARS

	<u>1999-00</u>	<u>2000-01 (2)</u>	<u>2001-02</u>	<u>2002-03</u>
Utilities	\$ 5,554,088	\$ 5,938,529	\$ 5,988,972	\$ 5,912,385
Communications	3,171,604	3,576,769	3,771,511	3,574,953
Publishing	1,552,012	1,576,120	1,594,079	1,530,906
Printing & Advertising	434,722	411,049	418,108	384,241
Contracting	13,639,634	14,415,520	14,146,743	11,333,545
Retail Sales	61,434,089	55,557,307	54,461,048	54,110,533
Restaurants & Bars	6,262,220	6,774,683	7,029,557	7,176,167
Amusements	932,541	1,027,591	1,005,956	974,633
Rentals	12,275,886	13,352,281	13,156,005	13,323,813
Miscellaneous	<u>97,058</u>	<u>80,714</u>	<u>88,618</u>	<u>113,218</u>
Total	\$ <u>105,353,854</u>	\$ <u>102,710,563</u>	\$ <u>101,660,597</u>	\$ <u>98,434,394</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>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07 (3)</u>	<u>2007-08</u>	<u>2008-09</u>
\$	6,762,032	\$ 6,692,042	\$ 7,539,420	\$ 9,116,291	\$ 9,667,778	\$ 9,654,488
	3,164,951	3,241,465	2,839,438	3,939,497	4,312,054	3,748,960
	1,470,008	1,564,309	1,792,345	1,963,330	1,922,909	1,402,465
	378,322	367,306	453,958	477,939	374,839	280,350
	12,454,780	12,073,940	14,580,722	21,424,371	19,300,601	15,263,241
	58,588,455	64,266,464	74,420,542	85,014,600	77,307,911	63,230,186
	7,749,295	8,483,650	9,417,798	11,725,779	12,038,983	10,956,021
	1,029,101	1,071,285	1,210,343	1,456,808	1,348,973	1,362,931
	13,399,200	14,380,416	15,786,032	20,533,854	21,369,386	20,514,008
	100,234	118,091	331,557	164,582	119,432	107,051
\$	<u>105,096,378</u>	<u>\$ 112,258,968</u>	<u>\$ 128,372,155</u>	<u>\$ 155,817,051</u>	<u>\$ 147,762,866</u>	<u>\$ 126,519,701</u>
	1.50%	1.50%	1.50%	1.75%	1.75%	1.75%

CITY OF MESA, ARIZONA

TABLE VI

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

	City Direct Rate	Maricopa County	State of Arizona
1999-00	1.50	0.70	5.00
2000-01	1.50	0.70	5.60
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

Source: City of Mesa Tax & Licensing Division



CITY OF MESA, ARIZONA

TABLE VII

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Activities					Utility System Revenue Bonds
	General Obligation Bonds	Municipal Development Corporation Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Capital Leases	
2000	\$ 153,040,255	\$ 23,450,000	\$ 26,900,000	\$ 939,000	\$ 28,777,965	\$ 216,730,000
2001	175,433,951	22,315,000	46,900,000	329,000	25,238,893	285,755,000
2002	181,307,268	11,925,000	72,700,000	217,000	20,845,608	353,875,000
2003	187,839,000	10,970,000	101,190,000	133,000	21,665,644	397,315,000
2004	187,644,270	9,970,000	110,770,000	48,000	25,193,586	458,525,000
2005	198,769,540	9,970,000	120,410,000	36,000	24,968,195	549,415,000
2006	207,859,834	9,970,000	131,950,000	5,049,000	23,273,476	655,085,000
2007	223,115,128	9,970,000	142,460,000	8,797,840	22,988,632	723,185,000
2008	221,625,447	9,970,000	142,290,000	8,046,000	17,502,575	767,445,000
2009	267,062,537	-	140,265,000	7,294,000	9,729,851	817,530,000

(1) Information on personal income and population is presented on Table XII.
Personal income information not available for years 1999 & 2001.

TABLE VII
(Continued)

Business-type Activities						
General Obligation Bonds	Municipal Development Corporation Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 88,523,646	\$ 26,500,000	\$ 1,607,506	\$ 5,970,804	\$ 572,439,176	8.98	1,444
69,028,384	24,600,000	1,484,952	14,853,400	665,938,580	N/A	1,584
23,072,732	20,600,000	1,355,468	12,140,530	698,038,606	8.34	1,616
13,706,000	19,800,000	1,218,660	10,092,842	763,930,146	8.08	1,758
3,290,730	16,900,000	1,074,110	23,473,486	836,889,182	8.57	1,879
3,290,460	13,500,000	921,377	21,641,099	942,921,671	9.24	2,090
3,290,166	9,600,000	759,993	4,301,174	1,051,138,643	9.97	2,309
3,289,872	5,100,000	589,462	2,869,497	1,142,365,431	10.54	2,483
3,289,553	-	431,565	1,541,281	1,172,141,421	10.68	2,529
2,957,463	-	333,189	158,413	1,245,330,453	11.03	2,677

CITY OF MESA, ARIZONA

TABLE VIII

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (1)
LAST TEN FISCAL YEARS

Year	General Bonded Debt Outstanding				Percentage Of Secondary Assessed Value	Per Capita (3)
	Secondary Assessed Value (2)	General Obligation Bonds	Less: Current Portion	Net General Bonded Debt		
2000	\$ 1,726,848,814	\$ 232,605,000	\$ 33,615,000	\$ 198,990,000	11.52	502.02
2001	1,919,915,826	235,490,000	16,765,000	218,725,000	11.39	520.12
2002	2,142,980,665	231,025,000	26,645,000	204,380,000	9.54	473.24
2003	2,272,244,234	226,945,000	25,400,000	201,545,000	8.87	463.76
2004	2,463,878,234	191,130,000	195,000	190,935,000	7.75	428.73
2005	2,648,163,284	202,640,000	580,000	202,060,000	7.63	447.81
2006	2,921,998,915	211,770,000	620,000	211,150,000	7.23	463.91
2007	3,083,070,290	227,065,000	660,000	226,405,000	7.34	492.02
2008	4,114,527,313	241,855,000	16,940,000	224,915,000	5.47	485.36
2009	4,793,081,793	276,620,000	16,725,000	259,895,000	5.42	558.59

(1) General Obligation debt has been supported through non-property tax revenues since the 1944-45 fiscal year. The City of Mesa, Arizona has operated without a property tax levy since that time.

Source: (2) Maricopa County Finance Department Assessor's Office.

(3) Population figures are found on Table XII.

CITY OF MESA, ARIZONA

TABLE IX

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)

JUNE 30, 2009

<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	\$ -	8.22 %	\$ -
Maricopa County Community College District	727,390,000	8.22	59,791,458
Central Arizona Water Conservation District	-	8.80	-
Flood Control District of Maricopa County	-	9.96	-
Maricopa County Fire District	-	8.80	-
Maricopa County Library District	-	8.81	-
Mesa Unified School District No. 4	316,770,000	85.31	270,236,487
Gilbert Unified School District	216,630,000	25.35	54,915,705
Queen Creek Unified School District No. 95	40,505,000	16.37	6,630,669
Higley Elementary School District No. 60	70,710,000	1.73	1,223,283
Tempe Union High School District No. 213	128,000,000	0.32	409,600
Tempe Elementary School District No. 3	110,975,000	0.75	832,313
East Valley Institute of Technology District No. 401	-	19.57	-
Other Debt:			
Maricopa County	212,020,000	8.22	<u>17,428,044</u>
Subtotal, overlapping debt			411,467,559
City direct debt			<u>\$ 426,545,044</u>
Total Direct and Overlapping Debt			<u>\$ 838,012,603</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 2007/08 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.

CITY OF MESA, ARIZONA

TABLE X

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
6% Limitation				
Legal Debt Limitation Equal to 6% of Assessed Valuation	\$ 103,610,929	\$ 115,194,950	\$ 128,578,840	\$ 136,334,693
Total Net Debt Applicable to 6% Limit	<u>64,340,000</u>	<u>86,180,000</u>	<u>88,245,000</u>	<u>102,910,000</u>
Margin Available for Future General Obligation Bond Issues for 6% Bonds	<u>\$ 39,270,929</u>	<u>\$ 29,014,950</u>	<u>\$ 40,333,840</u>	<u>\$ 33,424,693</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of the 6% Legal Debt Limitation	62.10%	74.81%	68.63%	75.48%
20% Limitation				
Legal Debt Limitation Equal to 20% of Assessed Valuation	\$ 345,369,763	\$ 383,983,165	\$ 428,596,133	\$ 454,448,977
Total Net Debt Applicable to 20% Limit	<u>134,650,000</u>	<u>132,545,000</u>	<u>116,135,000</u>	<u>98,635,000</u>
Margin Available for Future General Obligation Bond Issues for 20% Bonds	<u>\$ 210,719,763</u>	<u>\$ 251,438,165</u>	<u>\$ 312,461,133</u>	<u>\$ 355,813,977</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of the 20% Legal Debt Limitation	38.99%	34.52%	27.10%	21.70%
Total Margin Available	<u>\$ 249,990,692</u>	<u>\$ 280,453,115</u>	<u>\$ 352,794,973</u>	<u>\$ 389,238,670</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 2008-09

Secondary Assessed Value		\$ 4,793,081,793
Legal Debt Limitation	\$	<u>287,584,908</u>
Debt Applicable to Limit:		<u>958,616,359</u>
General Obligation Bonds		17,687,616
Less: Cash With Fiscal Agents		<u>(4,118,294)</u>
Total Net Debt Applicable to Limit		<u>13,569,322</u>
Margin Available for Future General Obligation Bond Issues	\$	<u><u>274,015,586</u></u>
Total Margin Available		\$ <u><u>986,306,267</u></u>

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
\$	147,832,694	\$ 158,889,797	\$ 175,319,935	\$ 184,984,217	\$ 246,871,639	\$ 287,584,908
	<u>102,715,000</u>	<u>110,085,000</u>	<u>115,400,000</u>	<u>22,453,366</u>	<u>17,687,616</u>	<u>13,569,322</u>
\$	<u><u>45,117,694</u></u>	<u><u>48,804,797</u></u>	<u><u>59,919,935</u></u>	<u><u>162,530,851</u></u>	<u><u>229,184,023</u></u>	<u><u>274,015,586</u></u>
	69.48%	69.28%	65.82%	12.14%	7.16%	4.72%
\$	492,775,647	\$ 529,632,657	\$ 584,399,783	\$ 616,614,058	\$ 822,905,463	\$ 958,616,359
	<u>88,220,000</u>	<u>91,975,000</u>	<u>95,750,000</u>	<u>203,951,634</u>	<u>207,227,384</u>	<u>246,325,678</u>
\$	<u><u>404,555,647</u></u>	<u><u>437,657,657</u></u>	<u><u>488,649,783</u></u>	<u><u>412,662,424</u></u>	<u><u>615,678,079</u></u>	<u><u>712,290,681</u></u>
	17.90%	17.37%	16.38%	33.08%	25.18%	25.70%
\$	<u><u>449,673,341</u></u>	<u><u>486,462,454</u></u>	<u><u>548,569,718</u></u>	<u><u>575,193,275</u></u>	<u><u>844,862,103</u></u>	<u><u>986,306,267</u></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	
1999-00	\$ 176,531,381	\$ 106,823,380	\$ 69,708,001	\$ 175,000	\$ 11,669,338	5.89
2000-01	191,782,485	129,099,163	62,683,322	200,000	14,050,528	4.40
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

Highway User Revenue Fund Revenue Bonds

	Highway User Fund Revenues	Debt Service		Coverage Ratio
		Principal	Interest	
1999-00	\$ 29,515,063	\$ -	\$ 979,050	30.15
2000-01	30,233,015	-	1,417,069	21.33
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

(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				
	Special Assessment Collections	Debt Service		Coverage Ratio
		Principal	Interest	
\$	597,471	\$ 577,000	\$ 91,375	0.89
	583,833	610,000	45,905	0.89
	80,040	112,000	16,695	0.62
	75,365	84,000	10,535	0.80
	60,844	85,000	5,455	0.67
	5,807	12,000	2,535	0.40
	188,475	12,000	184,771	0.96
	850,926	343,000	357,384	1.21
	1,709,830	751,840	457,396	1.41
	1,202,384	752,000	417,040	1.03

Municipal Development Corporation Bonds				
	Excise Tax Revenues (2)	Debt Service		Coverage Ratio
		Principal	Interest	
\$	152,316,444	\$ 845,000	\$ 99,755	161.22
	147,509,279	875,000	82,010	154.14
	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>
2000	396,375	\$ 7,769,346,375	\$ 19,601	32.0	71,813	2.3
2001	420,525	N/A	N/A	N/A	72,476	3.1
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

Note: Personal Income and Median age information is not available for Fiscal Year 2001.

Sources:

- (1) City of Mesa Development Services Estimate
- (2) 2000-2004 Census Bureau (estimate), 2005-2009 Claritas (estimate)
- (3) 2000-2004 Census Bureau, 2005-2009 Claritas
- (4) Mesa Public Schools
- (5) AZ Dept of Economic Security. Data is Phoenix - Mesa Metropolitan Area

CITY OF MESA, ARIZONA

TABLE XIII

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2009			2000 (1)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mesa Public Schools	10,000	1	5.19 %	10,000	1	5.38 %
Banner Health Systems	8,650	2	4.49	6,700	2	3.61
Boeing	4,000	3	2.08	4,100	4	2.21
City of Mesa	3,601	4	1.87	4,480	3	2.41
Mesa Community College	2,150	5	1.12	-		0.00
Wal-Mart	2,100	6	1.09	1,775	6	0.96
Empire Southwest Machinery	1,500	7	0.78	1,000	8	0.54
Maricopa County Government (2)	1,150	8	0.60	N/A		0.00
Rural/Metro Ambulance	1,100	9	0.57			
Bashas'	1,000	10	0.52	860	9	0.46
TRW	-		0.00	1,396	7	0.75
AT&T	-		0.00	2,600	5	1.40
Target	-		0.00	700	10	0.38
Total	35,251		16.80 %	33,611		18.10 %

(1) Earliest information available

(2) Information for Maricopa County Government not available for the year 2000

Source: City of Mesa Office of Economic Development

CITY OF MESA, ARIZONA

TABLE XIV

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS (1)

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

(1) Information from earlier fiscal years not available.

Source: City of Mesa Budget and Research Division

TABLE XIV
(Continued)

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
857	875	793
1,332	1,306	1,282
468	472	470
122	91	46
426	398	318
183	181	189
44	47	48
81	85	92
113	97	134
64	69	79
132	136	126
10	9	10
19	19	17
<u>3,851</u>	<u>3,785</u>	<u>3,601</u>

CITY OF MESA, ARIZONA

TABLE XV

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999-00	2000-01	2001-02	2002-03
Police				
Major Crimes	30,083	16,362	32,956	29,379
Traffic Accidents	12,419	16,432	16,572	9,593
Fire				
Fires	1,374	1,271	1,459	1,451
Rescue or Emergency	33,016	34,405	37,928	37,339
False Alarms	2,173	2,213	2,067	2,073
Hazardous Conditions		778	1,199	557
Other Calls	7,980	7,172	206	7,229
Libraries				
Number of Registered Borrowers	131,049	144,773	199,563	184,647
Total Attendance	1,059,912	1,054,039	1,187,052	1,202,947
Access to Electronic Resources	679,770	1,977,527	3,392,101	1,027,157
Electric Connections	15,949	15,901	15,911	15,797
Gas Connections	34,429	36,485	38,629	40,328
Water				
Connections	116,829	121,656	124,742	127,140
Average Daily Consumption (mgd)*	90.4	87.5	91.9	93.5
Peak Daily Consumption (mg)**	122.82	127.14	132.32	141.01
Wastewater				
Connections	98,683	130,699	107,532	110,537
Average Daily Sewage Treatment (mgd)*	38.7	41.7	42.1	38.7
Solid Waste				
Customers Served	121,830	129,339	135,517	140,190
Refuse Collected (tons)	227,141	241,921	244,999	245,286
Recyclables Collected (tons)	30,380	31,783	32,924	36,282
Green Waste Collected (tons)	11,658	13,706	13,713	15,373
Falcon Field				
Average Number of Aircraft Based	893	904	902	930
Aircraft Operations (annual)	270,844	270,731	251,702	290,902

* mgd - millions of gallons per day

** mg - millions of gallons

TABLE XV
(Continued)

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
27,933	25,853	24,904	22,437	21,388	18,482
9,562	10,121	9,205	12,184	7,578	6,256
1,332	1,386	1,605	1,428	1,200	1,165
39,489	41,689	43,073	38,003	34,207	32,478
1,999	2,021	2,595	2,875	2,456	2,125
653	591	676	608	567	663
7,439	7,738	7,820	11,792	12,976	11,923
200,461	193,722	233,836	266,839	275,449	306,427
1,183,794	1,208,594	1,195,075	1,161,887	1,165,451	1,348,555
1,365,863	1,835,867	2,307,051	3,029,001	2,910,088	3,661,261
17,945	15,652	15,806	15,723	15,215	14,546
42,241	45,435	48,622	50,478	51,454	51,911
129,477	131,141	133,105	133,249	133,086	132,771
105.3	93.6	94.5	89.6	85.8	79.7
132.15	137.95	131.28	128.83	125.72	108.68
112,497	114,500	116,282	116,190	116,465	116,721
39.3	38.9	41.8	38.1	38.0	36.0
109,960	114,112	113,146	115,305	112,632	112,832
254,688	248,255	261,369	266,817	243,208	234,709
34,141	36,264	32,869	38,660	39,296	37,841
16,384	16,983	17,500	18,215	17,601	18,936
934	922	924	901	934	873
277,088	255,069	271,295	261,623	337,178	283,336

CITY OF MESA, ARIZONA

TABLE XVICAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999-00	2000-01	2001-02	2002-03
Police Stations				
Stations	4	4	4	4
Vehicular Patrol Units	287	255	270	421
Fire Stations	15	15	17	17
Libraries	3	3	3	3
Parks and Recreation				
Developed Parks (acres)	1,082	1,089	1,158	1,202
Undeveloped Acres	1,887	1,971	1,947	1,932
Swimming Pools	13	13	13	13
Recreation Facilities	6	6	7	6
Community Environment				
Streets (miles)				
Paved	1,037	1,070	1,094	1,132
Unpaved	12	12	12	12
Storm Sewers (miles)	230	238	252	271
Gas Mains (miles)	880	909	929	954
Water				
Mains (miles)	1,707	1,758	1,809	1,924
Storage Capacity (millions of gallons)	97	97	97	97
Wastewater				
Mains (miles)	1,625	1,311	1,356	1,454
Treatment Capacity (millions of gallons per day)	42	56	56	56
Solid Waste				
Collection Trucks (1)	-	-	-	-
Golf Courses	2	2	2	2

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

TABLE XVI

(Continued)

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
4	4	4	4	4	4
306	321	285	351	368	330
17	17	17	17	17	17
3	3	3	3	3	3
1,198	1,149	1,184	1,184	1,180	1,180
1,228	1,230	1,251	1,251	1,251	1,251
13	12	12	12	12	12
6	6	6	6	6	6
1,152	1,160	1,162	1,169	1,178	1,182
12	12	12	12	12	12
290	296	298	303	308	316
998	1,037	1,121	1,147	1,202	1,223
1,978	2,004	2,022	2,008	2,068	2,104
97	97	117	117	117	125
1,496	1,512	1,522	1,544	1,577	1,598
56	56	56	60	60	60
-	69	78	68	70	69
2	2	2	2	2	2

