

CITY OF MESA, ARIZONA

EXHIBIT A-1

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 193,116,385	\$ 51,103,335	\$ 244,219,720
Investments	24,344,175	10,752,396	35,096,571
Receivables:			
Accounts and Miscellaneous (Net of Allowances)	23,298,038	24,802,032	48,100,070
Accrued Interest	812,569	994,303	1,806,872
Due From Other Governments	17,764,523	2,241,453	20,005,976
Internal Balances	775,393	(775,393)	-
Inventory	4,633,947	-	4,633,947
Prepaid Costs	714,103	122,787	836,890
Deposits	1,141,342	15,120,950	16,262,292
Restricted Assets:			
Cash and Cash Equivalents	27,987,584	105,331,039	133,318,623
Accounts Receivable	11,170,629	-	11,170,629
Customer Deposits	-	3,374,128	3,374,128
Unamortized Bond Issue Costs	1,307,059	3,191,689	4,498,748
Investment in Joint Ventures	51,499,683	251,485,286	302,984,969
Capital Assets:			
Non-Depreciable	354,041,521	207,484,232	561,525,753
Depreciable, Net	859,908,623	980,383,768	1,840,292,391
Total Assets	<u>1,572,515,574</u>	<u>1,655,612,005</u>	<u>3,228,127,579</u>
LIABILITIES			
Warrants Outstanding	3,323,768	-	3,323,768
Accounts Payable	21,726,512	9,452,299	31,178,811
Other Accrued Expenses	28,689,725	-	28,689,725
Customer and Defendant Deposits	8,504,976	-	8,504,976
Compensated Absences	1,358,235	-	1,358,235
Liabilities Payable From Restricted Assets	32,473,298	45,435,361	77,908,659
Noncurrent Liabilities:			
Due Within One Year	49,590,641	14,088,940	63,679,581
Due in More Than One Year	420,747,861	774,212,394	1,194,960,255
Total Liabilities	<u>566,415,016</u>	<u>843,188,994</u>	<u>1,409,604,010</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	794,720,403	410,073,719	1,204,794,122
Restricted For:			
Quality of Life Projects	33,817,579	-	33,817,579
Convention Center	-	171,845	171,845
Airport	-	4,872,995	4,872,995
Golf Courses	-	26,421	26,421
Capital Projects	15,348,927	55,104,205	70,453,132
Debt Service	-	25,273,592	25,273,592
Bond Indentures	-	8,587,683	8,587,683
Grant Programs	2,723,605	-	2,723,605
Transportation Programs	34,362,011	-	34,362,011
Water, Wastewater & Solid Waste Improvements	-	96,592	96,592
Unrestricted	125,128,033	308,215,959	433,343,992
Total Net Assets	<u>\$ 1,006,100,558</u>	<u>\$ 812,423,011</u>	<u>\$ 1,818,523,569</u>

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

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, 2008. 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 increased \$32 million in fiscal year 2008.
- Total net assets of the City are \$1.82 billion, of which \$433 million are unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. However, \$303 million of the unrestricted net assets are invested in joint ventures as of June 30, 2008.
- As of the end of fiscal year 2008, the City's governmental funds reported a combined ending fund balance of \$179.9 million, a \$2.4 million decrease 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 \$50.3 million, or 12.7% of total General Fund expenditures, compared to \$57 million, or 16.4% of total General Fund expenditures the previous year.
- The City issued \$15.5 million in general obligation debt during the current fiscal year for new storm sewer and public safety improvement projects.
- The City issued \$74 million in utility system revenue debt during the current fiscal year. \$52.9 million was issued for new electric, gas, water, and wastewater improvements and \$21.1 million was issued to refund prior outstanding utility system revenue 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.