

CITY OF MESA, AZ

# POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025





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## REPORT OVERVIEW

The City of Mesa's Financial Services Department is proud to present this Popular Annual Financial Report for the fiscal year ended June 30, 2025. This is a user-friendly overview of the City's financial results. This report provides a picture of the City's general financial condition, including a brief analysis of where the City's revenues come from and where those dollars are spent.

The financial information is obtained from the audited financial statements in the City's fiscal year 2025 Annual Comprehensive Financial Report (annual report). An outside auditor has thoroughly reviewed the financial information and confirmed that the City's financial practices are in good standing, with the financial statements being materially accurate and free of issues or modifications. The Popular Annual Financial Report is not required to present the same level of detail as the annual report and, therefore, may not fully conform to generally accepted accounting principles (GAAP). This report, in a summarized version, is intended to highlight the City and its finances.

Detailed financial information, including the audited financial statements is available in the City's annual report and provides statements, as well as required supplementary information and historical statistical information.

The annual report is available online at:

**[www.mesaaz.gov/government/accounting](http://www.mesaaz.gov/government/accounting)**

# LETTER FROM THE CITY MANAGER



## Elevate Mesa: Celebrating Momentum, Creativity, and Community Pride

Greetings,

Fiscal year 2025 was a standout year for the City of Mesa—one defined by smart financial decisions, meaningful community investments, and an unmistakable sense of momentum. Mesa continues to be on solid financial footing, supported by steady economic growth and long-term planning that keeps our city strong, stable, and ready for the future. This strength allows us to elevate Mesa by delivering exceptional services and investing in projects that make our community an even better place to live.

This year's cultural achievements showcased the heart of Mesa. From milestone anniversaries to enhancements across arts institutions and public spaces, fiscal year 2025 highlighted the creativity, diversity, and shared history that make our city unique. These efforts deepened community connections and reflected Mesa's ongoing commitment to representing the voices and stories of all who call this city home. Together, these projects brought new energy to our cultural landscape and strengthened the sense of pride that defines Mesa.

Mesa's continued growth remains one of our greatest strengths. With a population surpassing half a million, the city is attracting families, innovators, and businesses drawn to our high-quality infrastructure, strong educational partnerships, and collaborative spirit. As we grow, we remain focused on ensuring that every neighborhood benefits from thoughtful investment and that Mesa continues to shine as a place where opportunity and community go hand in hand.

Looking forward, Mesa's approach will balance fiscal discipline with strategic innovation, ensuring continued excellence in service delivery while advancing the economic vitality our community deserves. By bringing fresh perspectives to emerging challenges and opportunities, the City remains committed to elevating Mesa's future through thoughtful investment and a clear vision for long-term success.

Elevating Mesa means celebrating the progress we've made and confidently embracing the future. With a community as engaged, diverse, and resilient as ours, Mesa is well-equipped to thrive in the years ahead.

Sincerely,

**Scott Butler**  
City Manager

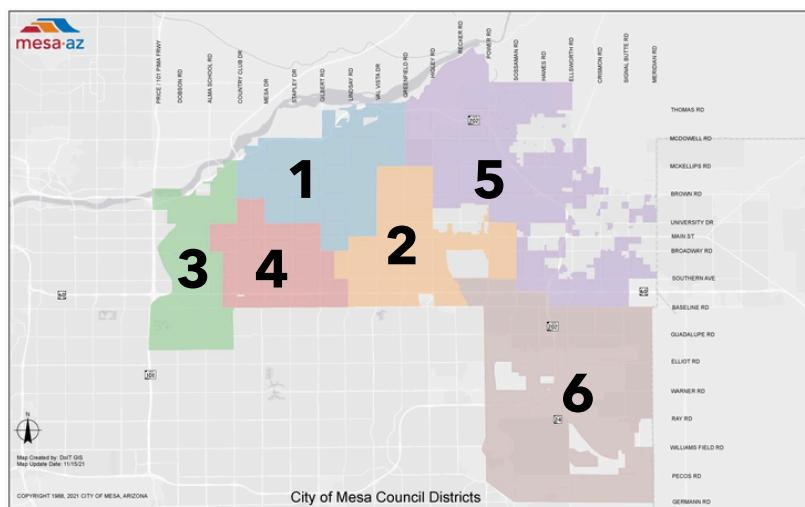


## MAYOR & CITY COUNCIL

Mesa operates under a council-manager form of government with citizens electing a mayor and six councilmembers to set policy for the City.

Mesa's councilmembers 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. The vice mayor is selected by the City Council.

The Mesa City Council believes that its people, not leaders, are what makes a City great and actively works to encourage citizen participation in the decision-making process. Whether it is through neighborhood meetings, advisory boards and committees, telephone calls and letters, or email, the Mesa City Council sets policies based on the input and needs of its citizens.



# ABOUT MESA

**Year Incorporated 1883**

**138 Square Miles**

**Population 517,151**

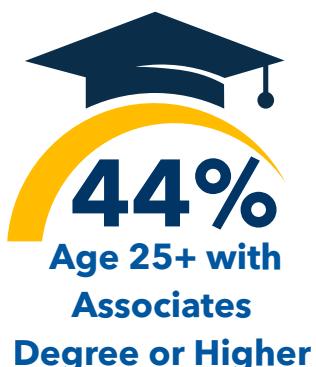
**3rd Largest** City in Arizona

**36th Largest** City in America

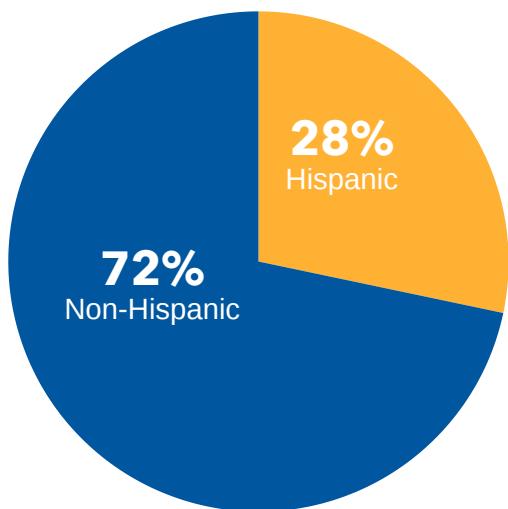


**10 Year Population Growth (2015-2025)**

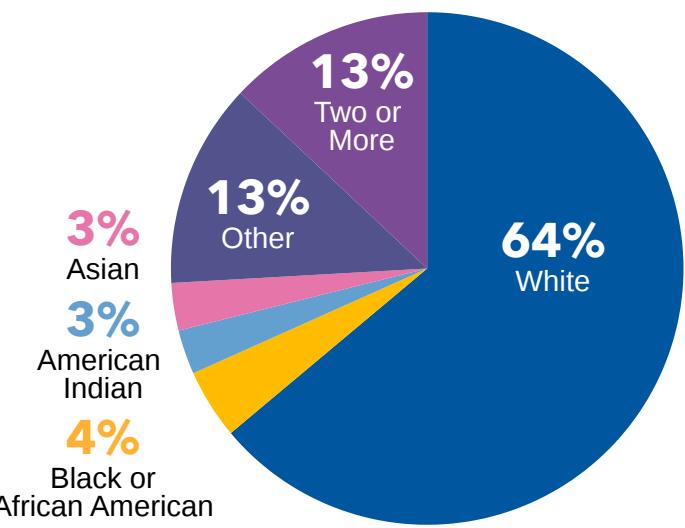
**12%**



## Population by Ethnicity



## Population by Race



# VALLEY CITY COMPARISONS

## Typical Homeowner's Cost Comparison

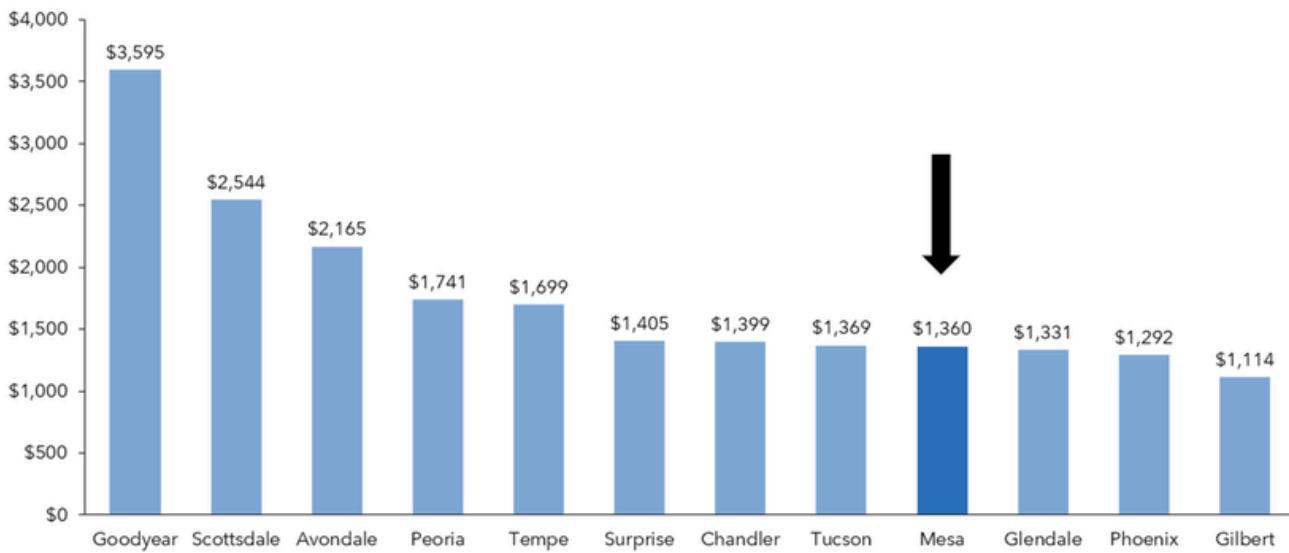
One key analytical tool used by the City Council and City staff is a comparison of the typical costs incurred by homeowners in several comparable cities. The typical charges for the current fiscal year for various cities are compared with the costs for the current fiscal year in the City of Mesa. While some neighboring municipalities have a different resource mix than Mesa, bringing them all together allows for comparison to ensure that Mesa remains an affordable place to live, work and play.

Fiscal Year 2024/25 Typical Homeowner's Average Annual Cost Comparison

Estimated as of April 2025



Adopted General Fund Budget Expenditure per Capita, Fiscal Year 2024/25



Source: FY 2024/25 Final Budget - Auditor General Schedule A; U.S. Census Bureau - Population Estimates Program

# BUILDING COMMUNITY THROUGH ARTS & CULTURE

Arts and culture play an important role in building a strong, connected community in Mesa. Through strategic investments in cultural programs, public art, and creative spaces, the City supports local artists, celebrates Mesa's diverse heritage, and enhances shared public places. These efforts help create welcoming environments where residents can gather, learn, and connect, while also contributing to neighborhood pride and economic vitality. By integrating arts and culture into civic spaces and community districts, Mesa continues to strengthen its sense of identity and enrich the quality of life for residents of all ages.

## IDEA MUSEUM UPDATES

One shining example of Mesa's commitment to arts and culture is the idea Museum, a hands-on, interactive space dedicated to inspiring creativity, imagination, and learning for children and families. By combining art, design, science, and play, the museum provides a welcoming environment where residents of all ages can explore, create, and connect. This fiscal year the facility received new paint, updated flooring, and refreshed interior spaces, along with new public art features. Recent renovations and new exhibits further enhance the museum's role as a community hub, reflecting Mesa's dedication to investing in creative spaces that enrich the quality of life, celebrate local talent, and strengthen neighborhood identity.



# ASIAN DISTRICT ART

Mesa made several enhancements to the Asian District that celebrate its cultural vibrancy and community identity. Along the district corridor, new public murals were added, including the striking “Jewel of Balance” dragon mural, created by local artists to honor Asian heritage and traditions. These murals not only beautify the streetscape but also invite residents and visitors to engage with the stories and cultures they represent.



# CITY HALL ART INSTALLATIONS

As part of Mesa’s commitment to integrating arts and culture into civic spaces, the new City Hall features a series of thoughtfully curated art installations that enhance the building’s architecture and create an engaging environment for residents and visitors. The artwork includes vibrant murals, sculptures, and interactive pieces that reflect Mesa’s history, diversity, and community values. By incorporating public art throughout City Hall, the project transforms the space into more than just a government building — it becomes a welcoming cultural hub that encourages connection, creativity, and pride in the community.



# REVENUES & EXPENSES

The City's financial activities in total are made up of two broad classifications: governmental and business-type activities. Additionally, there are two main categories of Revenue for the City, Program Revenues and General Revenues. Program Revenues include charges for services and General Revenues include sales tax, property tax, and state shared revenues.

Statement of Changes in Net Position as of June 30, 2025  
(In Thousands)

	Governmental Activities	Business-type Activities	2025 Total Governmental	2024 Total Governmental
<b>REVENUES</b>				
Program Revenues	\$231,599	\$528,845	\$760,444	\$751,385
General Revenues	758,625	28,429	787,054	790,693
<b>Total Revenues</b>	<b>990,224</b>	<b>557,274</b>	<b>1,547,498</b>	<b>1,542,078</b>
<b>EXPENSES</b>				
General Government	230,516	-	230,516	225,391
Public Safety	494,279	-	494,279	525,883
Community Environment	193,168	-	193,168	192,205
Cultural-Recreational	113,669	-	113,669	107,468
Other	17,949	-	17,949	16,793
Utility	-	391,290	391,290	392,971
Airport	-	6,691	6,691	13,302
<b>Total Expenses</b>	<b>1,049,581</b>	<b>397,981</b>	<b>1,447,562</b>	<b>1,474,013</b>
Increase (Decrease) in				
Net Position Before Transfers	(59,357)	159,293	99,936	68,065
Transfers	138,746	(138,746)	-	-
Change in Net Position	79,389	20,547	99,936	68,065
Net Position - Beginning	784,750	474,444	1,259,194	1,191,129
<b>Net Position - Ending</b>	<b>\$864,139</b>	<b>\$494,991</b>	<b>\$1,359,130</b>	<b>\$1,259,194</b>

The City's overall Net Position increased \$99.9 million. Several factors contributed to the overall increase in Net Position:



Charges for Services increased \$54.8 million primarily due to an increase in utility sales and charges.



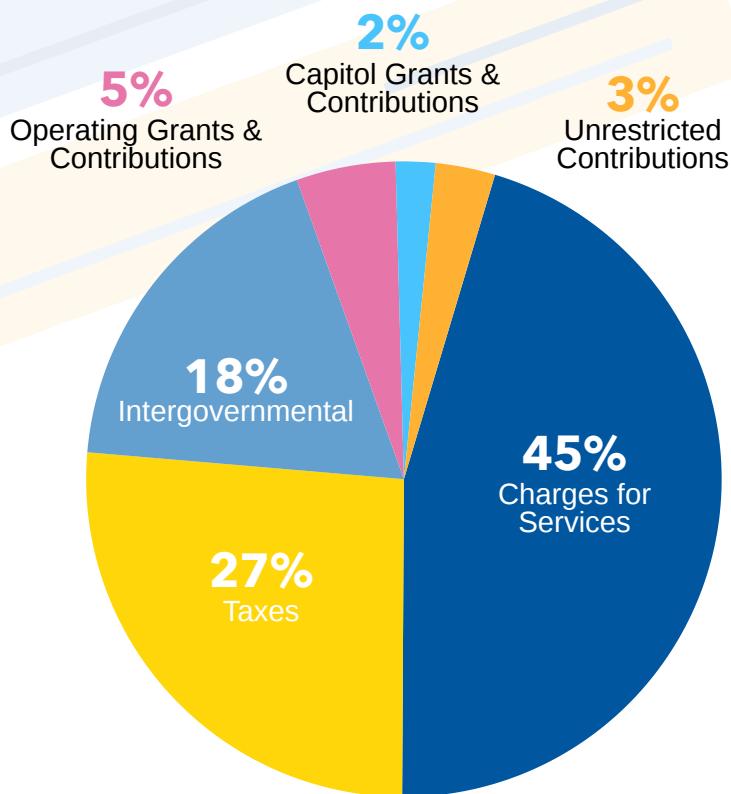
Investment returns continued strong, resulting in an increase in investment income of \$9.2 million.



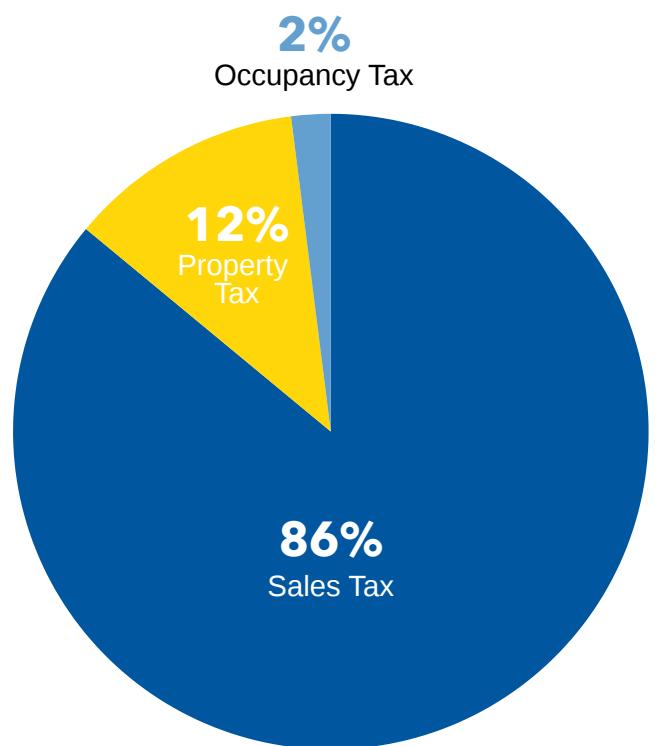
Overall expenses (both Governmental and Business-Type) decreased by \$26.4 million due to a Citywide effort to decrease expenses.

# CITY-WIDE FINANCIALS - REVENUE

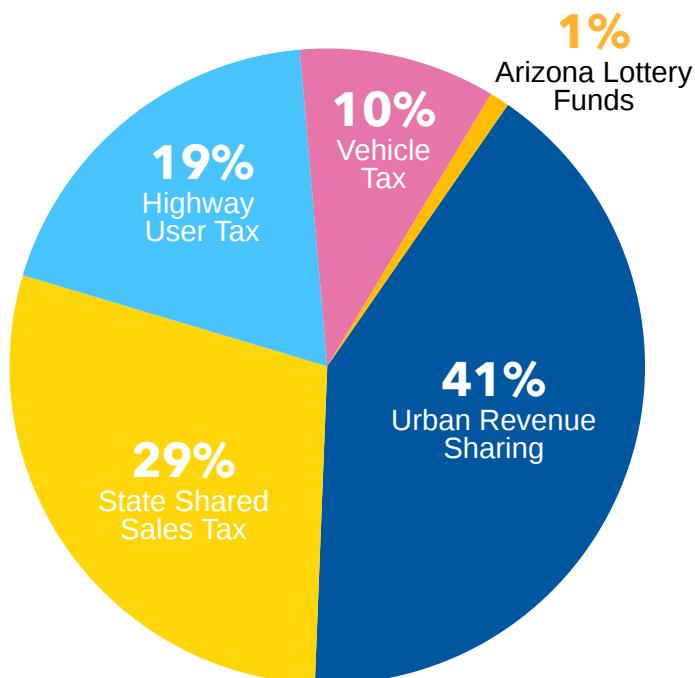
## City Wide Revenue



## Tax Revenue by Source



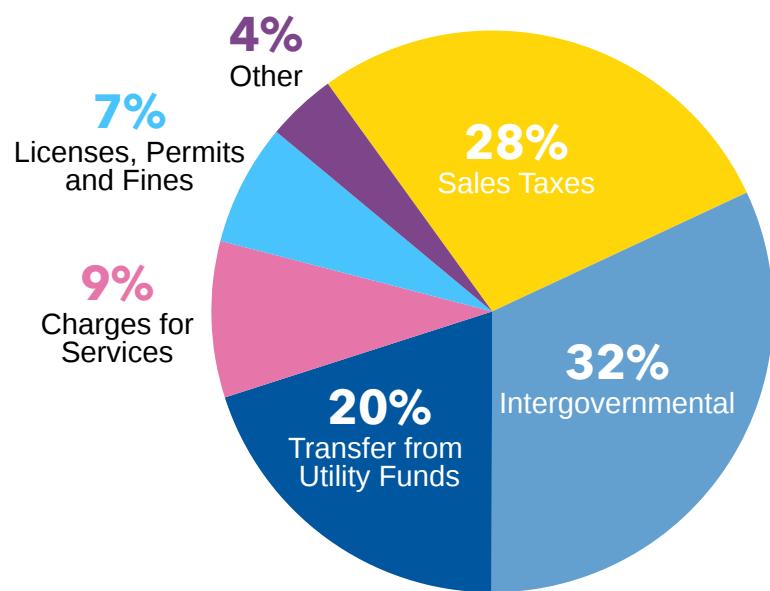
## Intergovernmental Revenues



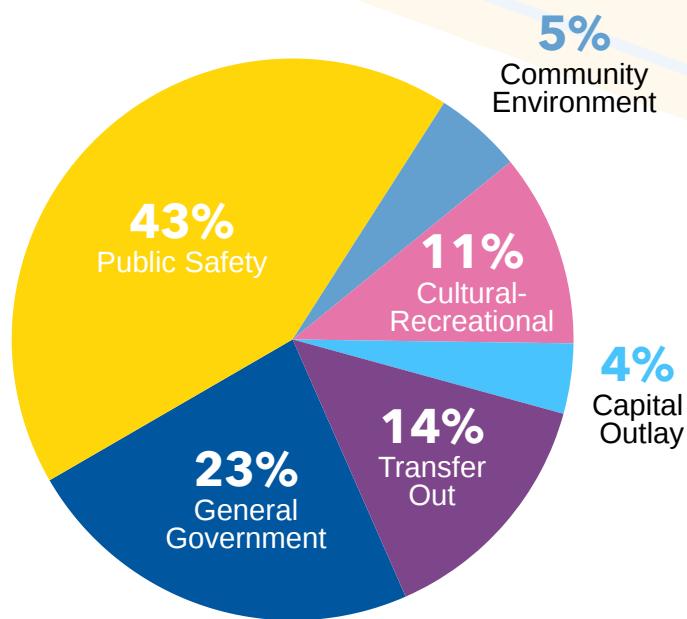
# GENERAL FUND

The General Fund is the primary operating fund of the City and accounts for many of the major functions of the government. City revenues are comprised of mostly general tax revenues and provide basic city services such as public safety, cultural, recreation and community services.

## Where the Money Comes From

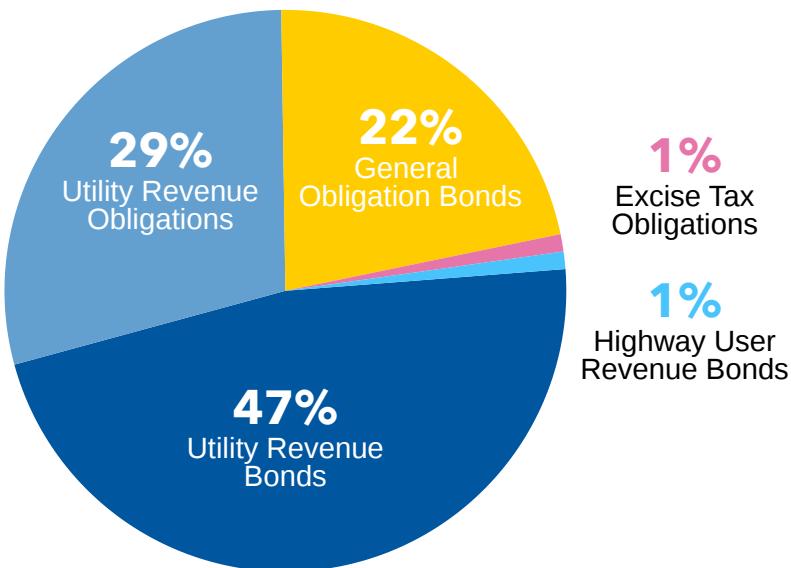


## Where the Money Goes



# DEBT

The City utilizes general obligation bonds, revenue bonds, revenue obligations and excise tax obligations to fund capital projects such as parks, streets, police and fire facilities, water and wastewater projects.



# CREDIT RATINGS

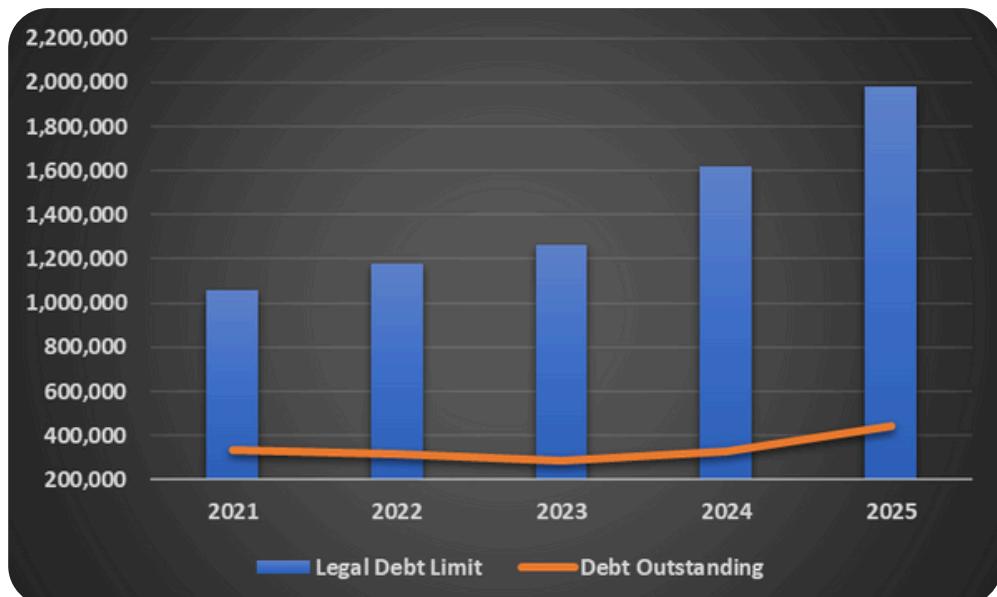
Bond rating agencies independently review the City's overall financial strength and assign a rating. These ratings reflect factors such as budget stability, reserves, long-term planning and overall financial management. Higher ratings allow the City to obtain lower interest rates, reducing the overall cost. All investments are rated at investment grade.

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

## GENERAL OBLIGATION BONDS DEBT LIMITS

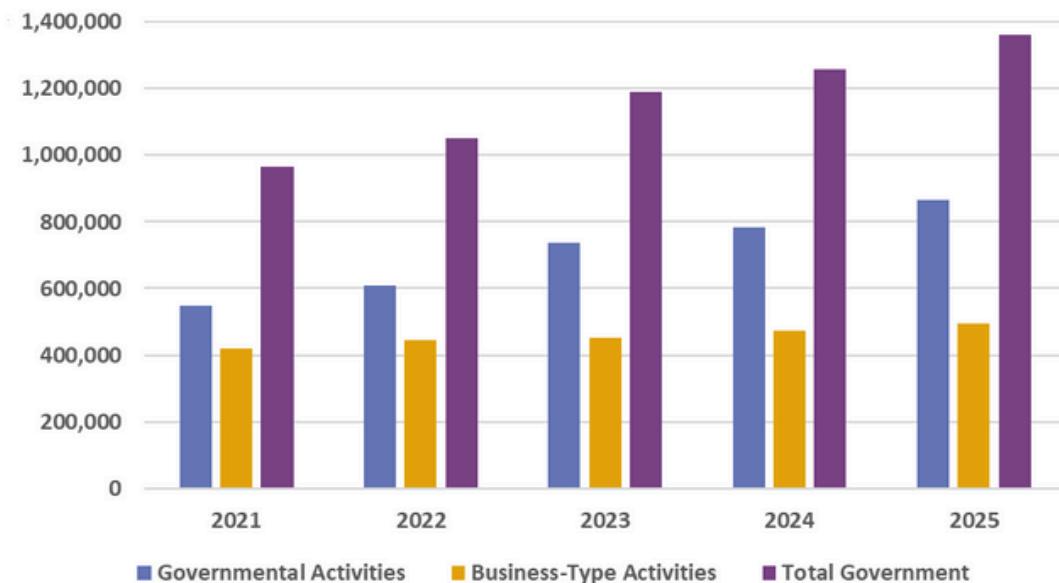
State law dictates that revenue collected for the City's secondary property tax levy be used solely to pay principal and interest on long-term debt. The law imposes two limits on the total of general obligation debt; an amount equal to 20% of the City's secondary assessed valuation can be issued to fund capital projects for water, sewer, artificial light, open space preserves, parks, playgrounds, streets, and facilities for recreation, law enforcement, fire, emergency services, and transportation. An amount equal to 6% of the secondary assessed valuation can be issued for all other purposes. These limits are known as the Legal Debt Limit.

The majority of the City's general obligation debt falls into the 20% Legal Debt Limit:

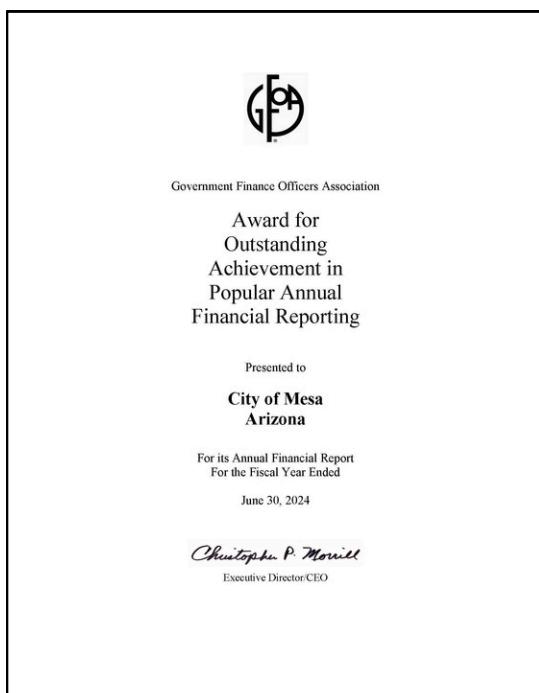


# 5 YEAR NET POSITION COMPARISON

Total Net Position increased over the five-year period as revenues came in higher while expenses came in under budget.



## FY24 PAFR AWARD



An independent group of financial experts reviewed the City's Popular Annual Financial Report (PAFR) and found that it meets the standards set by the Government Finance Officers Association (GFOA). This means the report does a good job of clearly explaining the City's finances in a way that is easy to read and understand. The reviewers looked at how clear the information is, how visually appealing the report is, how useful it is to residents, and how well it communicates important financial information for a government of this size. Overall, the review confirms that the PAFR is a high-quality and effective summary of the City's financial condition for the year ending June 30, 2024.



## GLOSSARY OF TERMS

### Assets:

What the City owns.

### Business-Type Activities:

Includes private sector activities such as the City-owned electric, gas, water, wastewater, solid waste systems and airport. These activities are primarily supported by user charges and fees.

### Governmental Activities:

Include the City's basic services including general government (administration), public safety, community environment and cultural-recreational. Taxes and general revenues generally support these activities.

### Liabilities:

What the City owes.

### Net Position:

Difference between assets and liabilities.

### State Shared Revenue:

The City's share of the State Income Tax, State Sales Tax and Vehicle Tax

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