



**City of Yuma,  
Arizona**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year Ended June 30, 2005**

City of Yuma  
Arizona

# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2005

Prepared by:

## Finance Department

Donald (Pat) Wicks, CPA  
Director

Bonnie A. Robinson  
Accounting Manager

### *About the Cover:*

Ask any Yuman and they'll say that Castle Dome is part of the Yuma skyline. Located in the Kofa National Wildlife Refuge, the area is home to desert bighorn sheep, mule deer, coyote, cottontail, bobcat, fox and golden eagle. The area is also dotted with numerous mines (some still active) that are part of Yuma's early history.

*Photo courtesy of Ty and Liza Harris.*

## CITY COUNCIL

Lawrence K. Nelson, Mayor  
Bobby L. Brooks  
Gerald (Gerry) D. Giss  
Paul B. Johnson  
Scott D. Johnson  
Alan (Al) L. Krieger  
Ema Lea Shoop

## City Administration

Mark S. Watson  
City Administrator

Robert L. Stull  
Deputy City Administrator

## City Departments

City Attorney  
Steven W. Moore

City Clerk  
Brigitta M. Kuiper

Community Development  
Gary R. Burroughs

Finance  
Donald (Pat) Wicks

Fire Department  
Jack McArthur, Chief

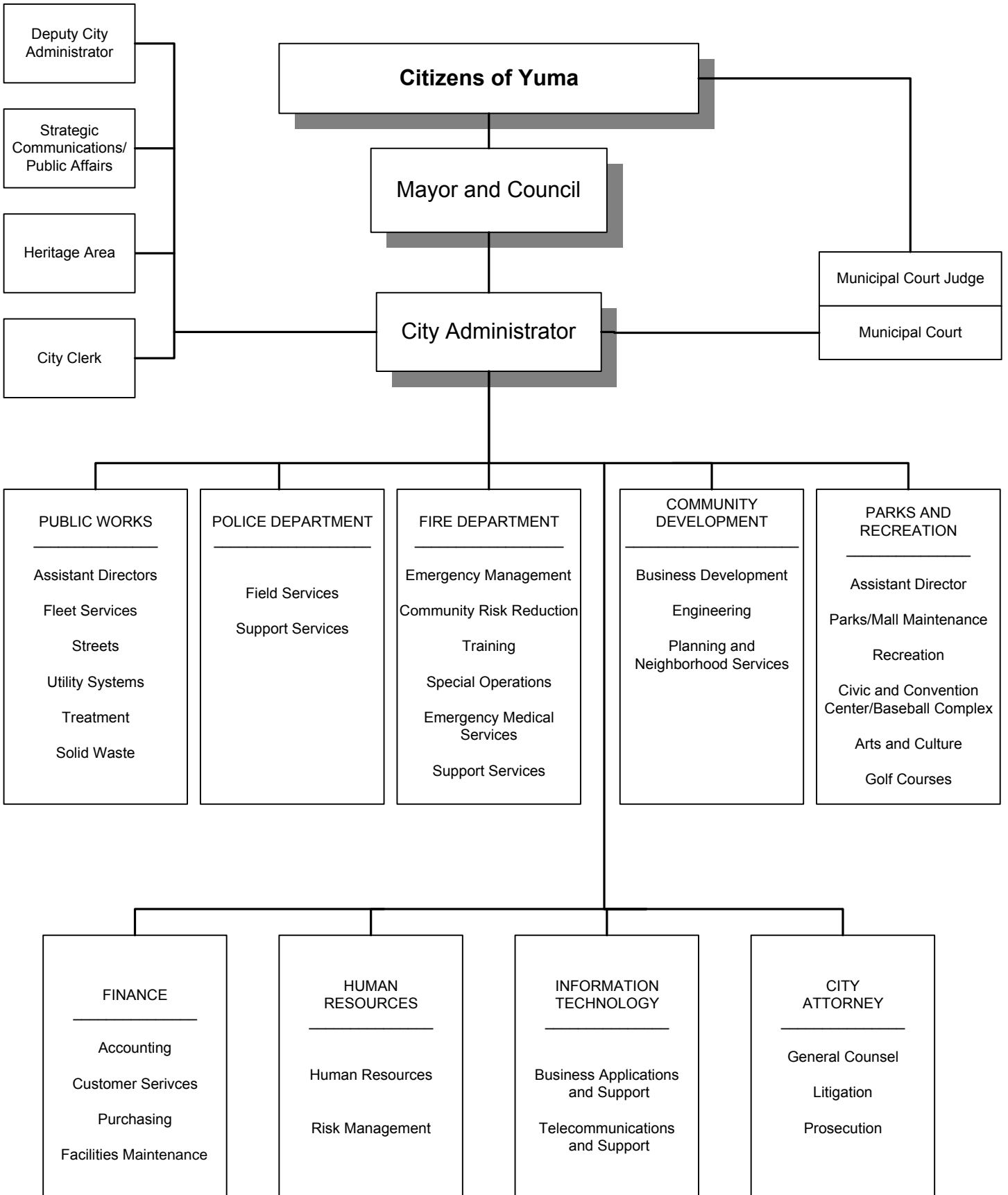
Information Technology  
Laura S. Neinast

Municipal Court  
Douglas S. Stanley, Judge

Parks and Recreation  
Stephen D. Bills

Police Department  
William D. (Robby) Robinson, Chief

Public Works  
Gary R. Burroughs



**Citizens of Yuma**

**Mayor and Council**

**City Administrator**

**Municipal Court Judge**

**Municipal Court**

Deputy City Administrator

Strategic Communications/  
Public Affairs

Heritage Area

City Clerk

**PUBLIC WORKS**

Assistant Directors  
Fleet Services  
Streets  
Utility Systems  
Treatment  
Solid Waste

**POLICE DEPARTMENT**

Field Services  
Support Services

**FIRE DEPARTMENT**

Emergency Management  
Community Risk Reduction  
Training  
Special Operations  
Emergency Medical Services  
Support Services

**COMMUNITY DEVELOPMENT**

Business Development  
Engineering  
Planning and  
Neighborhood Services

**PARKS AND RECREATION**

Assistant Director  
Parks/Mall Maintenance  
Recreation  
Civic and Convention  
Center/Baseball Complex  
Arts and Culture  
Golf Courses

**FINANCE**

Accounting  
Customer Services  
Purchasing  
Facilities Maintenance

**HUMAN RESOURCES**

Human Resources  
Risk Management

**INFORMATION TECHNOLOGY**

Business Applications  
and Support  
Telecommunications  
and Support

**CITY ATTORNEY**

General Counsel  
Litigation  
Prosecution

**City of Yuma, Arizona**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2005**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
Letter of Transmittal from the Finance Director	v
Certificate of Achievement for Excellence in Financial Reporting	x

**FINANCIAL SECTION**

Independent Auditors' Report	3
Management's Discussion and Analysis (Required Supplementary Information)	5

**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets	20
Statement of Activities	21

FUND FINANCIAL STATEMENTS

Governmental Funds:

Balance Sheet	24
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	26
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	30

Proprietary Funds:

Statement of Net Assets	31
Statement of Revenues, Expenses and Changes in Fund Net Assets	32
Statement of Cash Flows	33

NOTES TO THE FINANCIAL STATEMENTS	35
-----------------------------------	----

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress - Public Safety Personnel Retirement System	56
Budgetary Comparison Schedules-General Fund and Major Special Revenue Funds:	
General Fund	57
Highway User Revenue Fund	60
City Road Tax Fund	61
Grants Fund	62
Community Redevelopment Fund	63
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	64

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet-Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	70
Budgetary Comparison Schedules:	
Major Governmental Funds Not Included In Required Supplementary Information -	
Debt Service Fund	72
Capital Projects Fund	73
Nonmajor Governmental Funds	
Local Transportation Assistance Special Revenue Fund	74
Public Safety Tax Special Revenue Fund	75
Solid Waste Special Revenue Fund	76
Recreation Complex Special Revenue Fund	77
Two Percent Tax Special Revenue Fund	78
Yuma Mall Maintenance Special Revenue Fund	79

**City of Yuma, Arizona**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2005**

**TABLE OF CONTENTS**

(Concluded)

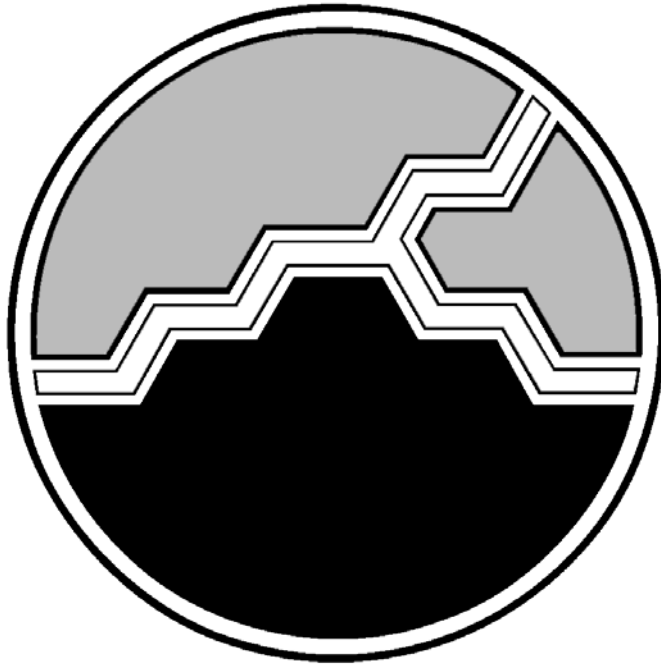
**FINANCIAL SECTION (Continued)**

	<b>Page</b>
Nonmajor Proprietary Funds:	
Enterprise Funds:	
Combining Statement of Net Assets	82
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	83
Combining Statement of Cash Flows	84
Budgetary Comparison Schedules:	
Water Enterprise Fund	85
Wastewater Enterprise Fund	86
Desert Hills Golf Course Enterprise Fund	87
Arroyo Dunes Golf Course Enterprise Fund	88
Internal Service Funds:	
Combining Statement of Net Assets	90
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	91
Combining Statement of Cash Flows	92
Budgetary Comparison Schedule - Equipment Replacement Internal Service Fund	93
Budgetary Comparison Schedule - Equipment Maintenance Internal Service Fund	94
Budgetary Comparison Schedule - Insurance Reserve Internal Service Fund	95

**STATISTICAL SECTION**

Net Assets by Component - Last Four Fiscal Years	100
Changes in Net Assets - Last Four Fiscal Years	101
Governmental Funds Tax Revenues by Source	103
Fund Balances of Governmental Funds - Last Ten Fiscal Years	104
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	105
Governmental Funds Intergovernmental Shared Revenues - Last Ten Fiscal Years	106
Intergovernmental Revenues - Grants and Other - Last Ten Fiscal Years	107
Taxable Sales by Category - Last Four Fiscal Year	108
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	109
Ratio of Outstanding Debt by Type - Last Four Fiscal Years	110
Ratio of General Bonded Debt to Assessed Value and General Bonded Debt per Capita - Last Ten Fiscal Years	111
Computation of Direct and Overlapping Debt	112
Legal Debt Margin Information	113
Schedule of Municipal Property Corporation Debt Service Requirements to Maturity and Coverage	114
Pledged Tax Collections	115
Demographic and Economic Statistics - Last Ten Fiscal Years	116
Principal Employers	117
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	118
Operating Indicators by Function - Last Ten Fiscal Years	119
Capital Asset Statistics by Function - Last Ten Fiscal Years	120

# **INTRODUCTORY SECTION**





## FINANCE DEPARTMENT

One City Plaza  
P.O. Box 13012  
Yuma, Arizona 85366-3012  
(928) 373-5087  
Fax: (928) 373-5084

### City of YUMA

September 29, 2005

To the Citizens, Honorable Mayor and City Council,  
and City Administrator

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Yuma, Arizona for the fiscal year ended June 30, 2005. The report includes the independent auditors' report as required by City Charter Article XIII, Section 12, and by Arizona Revised Statutes, Section 9-481. The report is prepared in conformity with generally accepted accounting principles and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. Management of the City is responsible for establishing and maintaining internal controls to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles as they apply to governmental units. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and, 2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Heinfeld, Meech & Co., P.C., a public accounting firm fully licensed and qualified to perform audits of local governments within the State of Arizona, have audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Yuma, Arizona for the fiscal year ended June 30, 2005, 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 auditors concluded, based upon the audit, that the City of Yuma's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' 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 Reporting Package.

This report has been prepared using the financial reporting requirements as outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This standard requires 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)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The report is presented in three sections:

**The Introductory Section.** The Introductory Section includes this letter of transmittal with its discussion on the City's economy, financial planning and cash management and information on the City's organizational structure.

**The Financial Section.** The Financial Section begins with the Independent Auditors' Report and MD&A. It then contains the basic financial statements, notes to the financial statements, required supplementary information, and other supplementary information. The basic financial statements include the new government-wide financial statements as well as fund financial statements for the City's major governmental funds and major enterprise funds. The notes to the financial statements follow, after which can be found required supplementary information, including pension information and budgetary schedules of the General Fund and each major special revenue fund. The last portion of the financial section contains other supplementary information listing fund financial statements for the City's nonmajor governmental and enterprise funds, internal service funds and budgetary schedules for each of its funds with legally adopted budgets that were not presented with the required supplementary information.

**The Statistical Section.** The Statistical Section includes a number of tables containing ten-year revenue and expenditure information as well as other financial and economic data.

## **PROFILE OF THE CITY OF YUMA**

The City of Yuma was incorporated in 1914 and adopted its first charter in June of that year. Yuma is the economic hub and county seat of Yuma County and is of one of the fastest growing areas in the United States. The City is located along the Colorado River in southwestern Arizona and is equidistant from the major population centers of Phoenix, Arizona and San Diego, California.

The City operates under a council-manager form of government. The City Council consists of six members elected at large for staggered four-year terms. The elected Mayor is the seventh voting member of council, who, along with the remaining council members is elected on a non-partisan basis. The City Council is responsible for passing ordinances, adopting the budget, appointing members of commissions and hiring the City Administrator. The City Administrator carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the City and appoints the various department heads.

The City provides a full range of municipal services. These include public safety (police, fire and municipal court), street construction and maintenance, water and wastewater utility services, sanitation and residential refuse collection, parks, recreation and culture, planning and zoning, and general administrative and support services.

This CAFR includes the financial activity of the primary government, which includes several enterprise activities, as well as its blended component units. Component units are legally separate units for which the primary government is financially accountable. Blended component units, while legally separate, are part of the City's operations and are combined within the report. The Yuma Municipal Property Corporation and the City of Yuma Employee Benefits Trust have been included in the reporting entity. Conversely, the report does not include the City of Yuma Housing Authority as the City is not financially accountable for the authority, nor does the City directly or indirectly rely upon or benefit from the financial activity of the authority.

## **ECONOMIC CONDITION AND OUTLOOK**

**Industrial Expansion.** Yuma's economy is based primarily in agriculture, tourism and government, although further diversification continues. Agriculture remains the Yuma area's dominant industry, producing almost \$1 billion in revenues annually<sup>1</sup>. Several major agricultural companies, most notably Dole Food Company, maintain operations here. Their chief consumer products are packaged produce and salad mixes, popular products for today's convenience-minded customers. The Yuma area's stable allocation of Colorado River water will assure that agriculture remains the foundation of Yuma's economy.

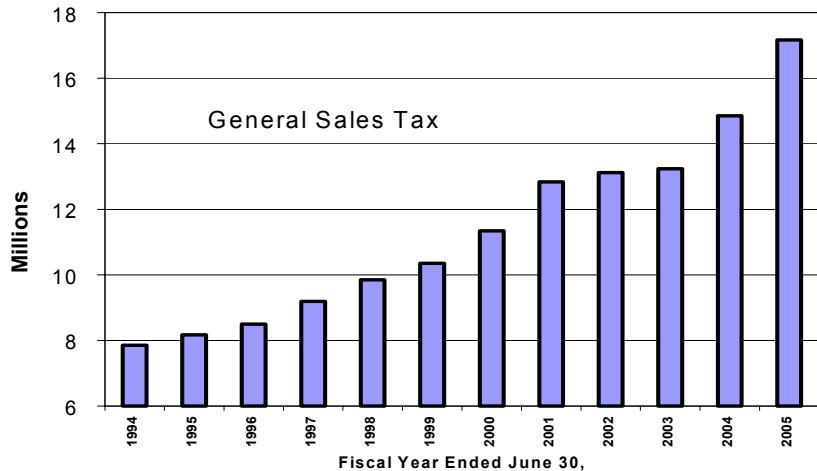
---

<sup>1</sup> Source: Yuma County Chamber of Commerce

The United States Marine Corps Air Station and United States Army Yuma Proving Ground help provide economic stability. These two installations are cornerstones in the military's flight training and equipment testing programs and should survive any continued base closure efforts by the federal government. In fact, both installations are enjoying new construction and expansion to meet their needs into the 21<sup>st</sup> century. The importance of these two bases to the military establishment has been magnified by the conflict in Iraq and the continued fight against terrorism.

Although manufacturing currently accounts for less than 10% of countywide employment, the City's partnership with the Greater Yuma Economic Development Council continues to attract attention to the area. Several companies have located or expanded operations in Yuma in recent years.

**Economic Growth.** Yuma's most reliable indicator of the condition of its economy is sales tax. The graph at right reflects the last twelve years of data. Until the last few years, collections averaged a better than 7% increase annually. Beginning after 2001, Yuma's collections slowed to a 1% growth, although Yuma escaped the dramatic downturns affecting the larger population centers. For 2005, sales tax more than rebounded and surpassed its historic growth pattern with a 15% increase over 2004. Planning for fiscal year 2006 includes an 8% growth in sales tax collections.



Yuma's basis as a regional retail center expanded during 2005 with the construction of a 1 million square foot shopping center. A number of nationally known retail operations opened during the year with additional outlets opening shortly after the beginning of the fiscal year.

**Tourism.** Yuma has enjoyed an influx of seasonal residents for decades. Visitors from throughout the United States and Canada continue to call Yuma their winter home. Yuma continues to be a popular destination with the winter population rebounding after a slight decrease the previous year. This contributed to the strengthening of sales tax collections.

**LONG-TERM FINANCIAL PLANNING**

**Yuma Crossing National Heritage Area.** Plans to restore, preserve and interpret the Yuma Crossing National Heritage area began more than thirty years ago. A study at the time aimed at gaining full economic and recreational benefit from the Colorado River for the Yuma area. The river, once the primary reason for Yuma's existence, was ignored for years as community growth and new development moved away from the riverfront. Awareness of the river's importance has re-emerged, culminating in the establishment of the Yuma Crossing National Heritage Area in 2000, the first such National Heritage Area west of the Mississippi River.

During fiscal year 2005, work on the East Wetlands portion of the plan continued to restore natural vegetation and wildlife habitat. With continued diligence, the City is determined to continue development of historic and cultural activities so important in meeting the Council's goals in enriching the area's cultural attributes. Progress in providing opportunities for local residents and for attracting employers to the area to continue to diversify the economy is dependent on continuing these plans.

**Downtown redevelopment.** Revitalization of the downtown area is a vital component of management of the Heritage Area. During 2005, the City's newly-renovated, historic Yuma Theater and new Yuma Arts Center spurred new interest in the area. Along with recent private developments in the area, these facilities will help the downtown area to grow into a cultural and recreational portion of the Heritage Area.

**East Mesa development.** Construction of the new East Mesa Water and Wastewater Treatment plants continued during 2005. The eastern edge of the City on the Yuma Mesa continues to grow. These two plants will not only establish the infrastructure necessary to accommodate that growth, but will improve capacity of existing plants in the older Yuma area to accommodate that dramatic growth. The Water Infrastructure Financing Authority (WIFA) of the State of Arizona has been invaluable in providing lower-cost financing for these important projects. Rate structures for both the Water Fund and the Wastewater Fund have already been passed and put in place by the City Council to assure adequate funding for the project's debt service.

## **FINANCIAL INFORMATION**

**Budgetary Controls.** The annual budget serves as the foundation for City financial planning and control. The City maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund, Enterprise Funds, and two of the City's Internal Service Funds are included in the annual appropriated budget. As with the governmental funds, the City's proprietary funds are presented on a current financial resources basis to account for capital and debt-related expenditures. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. Encumbered amounts lapse at year-end. However, encumbrances generally are re-appropriated as part of the following year's budget. As demonstrated by the budgetary schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Note I-D in the Notes to the Financial Statements on page 38 describes in detail the budget process used by the City.

**Cash Management.** The policy of the City of Yuma is to invest funds in a manner which will provide the maximum security of principal invested, provide the highest yield while conforming to applicable State statutes and City ordinances, and meet the daily cash flow needs of the City. Investments authorized by the City's Investment Policy include: 1) Obligations of the U.S. Government; 2) Fully insured or collateralized certificates of deposits; 3) Bankers acceptances issued by the ten largest domestic banks and the twenty largest international banks; 4) Commercial paper rated A-1/P-1; 5) Repurchase agreements whose underlying collateral consists of the foregoing, provided a signed PSA Master Repurchase Agreement is on file with the counterpart bank or broker/dealer; 6) Money Market Funds whose portfolio consists of the foregoing; and, 7) the State of Arizona Local Government Investment Pool.

Total investments decreased to \$92,639,437 at June 30, 2005 from \$99,606,216 last year. The decrease reflects in part the expenditure of proceeds of the District 67 Improvement District bonds with the completion of that project. Following the turnaround in market conditions, average yield on investments rose at June 30, 2005, to 2.74%. A review of Note II-A in the Notes to the Financial Statements, page 41, will provide a more complete review of investment policy and balances.

**Risk Management.** The City is self insured for certain risks up to a maximum of \$250,000 per occurrence. Primary insurance is then available for the next \$1,000,000 per occurrence with a \$5,000,000 annual aggregate loss. An excess policy follows to cover losses in excess of \$1,000,000 per occurrence up to an additional \$4,000,000 per occurrence with a \$4,000,000 aggregate. The City self funds for workman's compensation up to \$100,000 per occurrence per year with a \$250,000 lifetime maximum loss per occurrence. The City participates, with other entities, in a local area self funded consortium for employee health, life and dental insurance. Coverage in excess of self-funded stop loss amounts is also provided through the purchase of commercial insurance.

The City pursues an aggressive safety program providing a wide range of training opportunities for employees in promoting safety, managing materials, defensive driving and many other issues. This program helps to mitigate claims costs and reduce exposure.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (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, 2004. This is the twenty-third 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. The report satisfied both generally accepted accounting principles 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 award.

I wish to express my sincere thanks to the employees of the Accounting Division for their dedicated service in preparing this report. Their work, along with those services provided by other members of the Finance Department, has made this report possible. The cooperation and assistance of the accounting firm of Heinfeld, Meech & Co., P.C., also contributed significantly to its production. Finally, I wish to thank the Mayor and Council, City Administrator, and the City Staff for their continued support.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Donald Wicks".

Donald (Pat) Wicks, CPA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Yuma,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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.



*Nancy L. Zielke*

President

*Jeffrey R. Enos*

Executive Director

# **FINANCIAL SECTION**





Gary Heinfeld, CPA, CGFM  
Nancy A. Meech, CPA, CGFM

Jennifer L. Shields, CPA  
Corey Arvizu, CPA  
Scott W. Kies, CPA

www.heinfeldmeech.com

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council  
City of Yuma, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (General Fund, Highway User Revenues Fund, City Road Tax Fund, Grants Fund, Community Development Fund, Debt Service Fund, Capital Projects Fund), and the aggregate remaining fund information of the City of Yuma, Arizona (the City) as of and for the year ended June 30, 2005, 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 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 as listed above, and the aggregate remaining fund information of the City of Yuma, Arizona as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2005, on our consideration of City of Yuma, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 to 15 and the pension and budgetary comparison information on pages 56 to 64 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 accompanying supplementary information such as the introductory section, other supplementary information and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has 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.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

September 29, 2005

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (Required Supplementary Information)

---

As management of the City of Yuma, we offer readers of the City of Yuma's financial statements this narrative overview and analysis of the financial activities of the City of Yuma for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report.

### FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's net assets grew by \$33.8 million for the fiscal year, \$18.5 million of which was generated by governmental activities while \$15.3 million was due to business-type activities of the City.
- The City's combined net assets total \$302.4 million at June 30, 2005. Of this amount, \$84.8 million is available (unrestricted) to finance ongoing programs, \$57.7 million in governmental programs and \$27.1 million in business activities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Yuma's basic financial statements. The City of Yuma's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Yuma's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or 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 government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes and earned but unused vacation leave are two examples).

Both of the government-wide financial statements distinguish functions of the City of Yuma that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, environmental health and protection, community design and development and parks, recreation and culture. The business-type activities of the City include water, wastewater and golf course operations.

The government-wide financial statements can be found on pages 20-21 of this report.

**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 of Yuma, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**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 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 may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Moreover, these latter statements provide a ready comparison to similar financial statements produced prior to the City's implementation of GASB Statement No. 34.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the seven funds considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page 68.

**Major Governmental Funds:**

General  
Highway User Revenue  
City Road Tax  
Grants  
Community Redevelopment  
Debt Service  
Capital Projects

**Nonmajor Governmental Funds:**

Local Transportation Assistance  
Public Safety Tax  
Solid Waste  
Recreation Complex  
Two Percent Tax  
Yuma Mall Maintenance

The City adopts annual appropriated budgets for all of its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found starting on page 24 of this report.

**Proprietary funds.** The City of Yuma 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. The City of Yuma uses enterprise funds to account for its Water and Sewer Authority and for its golf courses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Yuma uses internal service funds to account for its equipment replacement and maintenance programs, liability insurance, and for its workers compensation and employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**Major Enterprise Funds:**

Water Fund  
Wastewater Fund

**Nonmajor Enterprise Funds:**

Desert Hills Golf Course  
Arroyo Dunes Golf Course

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements group major and nonmajor proprietary funds in a manner similar to governmental fund statements. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, beginning on page 90.

The City adopts annual appropriated budgets for all of its proprietary funds with the exception of two internal service funds: Employee Benefits Trust and Workers Compensation. Budgetary comparison statements for the remaining proprietary funds are included within the report to demonstrate compliance with these budgets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Yuma's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, proprietary and internal service funds are presented immediately following the required supplementary information on pensions and budgets. Combining and individual fund statements and schedules can be found starting on page 68.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Yuma, assets exceeded liabilities by \$302.4 million at the close of the fiscal year.

Net Assets June 30, 2005 (millions)	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
	Current and other assets	\$ 81.5	\$ 74.3	\$ 33.1	\$ 38.1	\$ 114.6
Capital assets	182.3	169.7	176.3	130.2	358.6	299.9
Total assets	263.8	244.0	209.4	168.3	473.2	412.3
Long-term liabilities outstanding	71.5	75.2	70.3	44.0	141.8	119.2
Other liabilities	23.0	18.0	6.0	6.5	29.0	24.5
Total liabilities	94.5	93.2	76.3	50.5	170.8	143.7
Net assets:						
Invested in capital assets, net of related debt	111.3	95.0	105.9	86.3	217.2	181.3
Restricted	.3	-	-	-	.3	-
Unrestricted	57.7	55.8	27.1	31.5	84.8	87.3
Total net assets	\$ 169.3	\$ 150.8	\$ 133.1	\$ 117.8	\$ 302.4	\$ 268.6

The largest portion of the City of Yuma's net assets reflects its investment in capital assets (e.g., land, buildings, machinery), less any related outstanding 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 pay these liabilities. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, including the City as a whole, as well as for its separate governmental and business-type activities. The same held true for the previous fiscal year. Net assets rose to \$302.4 million, up \$33.8 million from the prior year. Governmental activities accounted for \$18.5 million of the increase while business-type activities amounted to \$15.3 million. Most of the increase would be attributable to capital asset acquisitions, particularly infrastructure, as governmental capital assets increased \$12.6 million (net of depreciation), funded in part by the excess of revenues over operating expenses as reported in the Statement of Activities on page 21. These acquisitions are reflected in the portion of net assets shown above as 'Invested in capital assets, net of related debt.' Unrestricted net assets are those assets available to finance programs in the upcoming fiscal year and would increase when the portion of taxes and other revenues exceed operating expenses but are not invested in capital assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Statement of Activities.** Already noted was the statement of activities' purpose in presenting information in how the government's net assets changed during the most recent fiscal year. A chart of changes in net assets follows.

Changes in Net Assets Fiscal Year Ended June 30, 2005 (millions)	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 14.4	\$ 9.2	\$ 23.5	\$ 21.1	\$ 37.9	\$ 30.3
Operating grants and contributions	3.5	3.3	-	-	3.5	3.3
Capital grants and contributions	1.7	3.7	11.7	8.9	13.4	12.6
General revenues:						
Property taxes	6.1	6.0	-	-	6.1	6.0
Sales taxes	32.8	28.5	-	-	32.8	28.5
Franchise taxes	2.1	1.9	-	-	2.1	1.9
Shared revenues	25.4	24.0	-	-	25.4	24.0
Unrestricted grants and contributions	1.7	5.2			1.7	5.2
Unrestricted investment earnings	1.4	0.3	0.6	0.1	2.0	0.4
<b>Total revenues</b>	<u>89.1</u>	<u>82.1</u>	<u>35.8</u>	<u>30.1</u>	<u>124.9</u>	<u>112.2</u>
<b>Expenses:</b>						
General government	7.1	7.1	-	-	7.1	7.1
Public safety	30.5	27.0	-	-	30.5	27.0
Streets	9.1	8.6	-	-	9.1	8.6
Parks, recreation and culture	9.8	9.5	-	-	9.8	9.5
Environmental health and protection	3.6	3.0	-	-	3.6	3.0
Community design and development	5.5	5.6	-	-	5.5	5.6
Interest on long-term debt	3.1	2.9	-	-	3.1	2.9
Water	-	-	11.4	10.9	11.4	10.9
Wastewater	-	-	8.7	7.3	8.7	7.3
Golf courses	-	-	2.5	2.5	2.5	2.5
<b>Total expenses</b>	<u>68.7</u>	<u>63.7</u>	<u>22.6</u>	<u>20.7</u>	<u>91.3</u>	<u>84.4</u>
Changes in net assets before transfers and special item						
Transfers	(2.1)	(0.5)	2.1	0.5	-	-
Gain on sale of assets	0.3	0.9	-	-	0.3	0.9
<b>Change in net assets</b>	<u>\$ 18.6</u>	<u>\$ 18.8</u>	<u>\$ 15.3</u>	<u>\$ 9.9</u>	<u>\$ 33.9</u>	<u>\$ 28.7</u>

For the fiscal year, net assets increased \$33.9 million, with \$18.6 of the increase coming from governmental activities. The increase in assets in governmental activities is related in great part to construction of capital assets, rather than accumulation of cash or other liquid assets. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service (i.e., public safety or road sales taxes).

### Governmental Activities

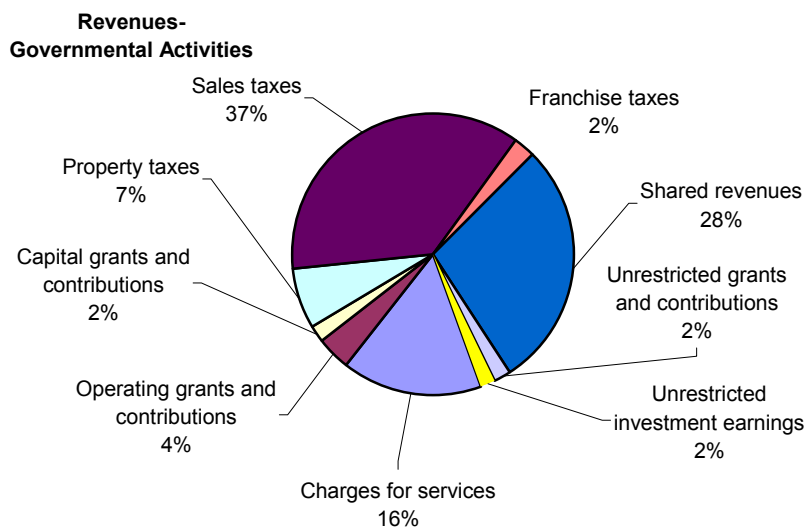
#### Revenues

Governmental activities revenues totaled \$89.1 million for fiscal year 2005, up 8.5% from 2004. Local sales taxes are the largest revenue source for the City and are comprised of the 1% general sales tax along with a .5% road tax and a .2% public safety tax. State-shared revenues are the City's second largest revenue source. State-shared revenues include state sales tax, urban revenue sharing (income tax), auto in-lieu tax and highway user

## MANAGEMENT'S DISCUSSION AND ANALYSIS

funds (gas tax). Sales taxes and state shared revenues account for 65% of governmental revenues for the year, which is comparable to 2004. Charges for services, the third segment of governmental activities revenues, count building permits and inspections, fines, recreation fees, solid waste environmental fees, police services and civic center rental fees among its largest sources. The charges for services category amounts to 16% of governmental revenues. Property taxes represent 7% of governmental revenues. The large majority of property taxes are levied for general purposes with a small levy for downtown mall maintenance. No property taxes are levied for debt service. Various grants and contributions and franchise taxes account for most of the remaining governmental revenues. Some of the more significant changes in governmental activities revenues are noted:

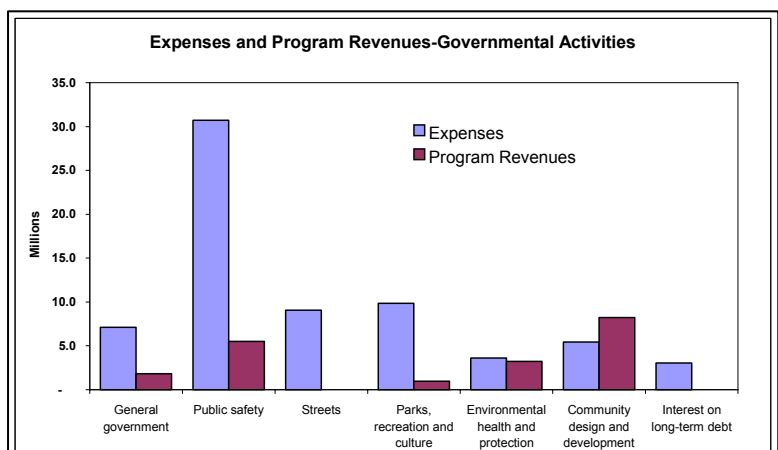
- Charges for services rose 56% to \$14.4 million for the year. The increase is primarily the result of developer deposits for the construction of the new Yuma Palms regional shopping center.
- The decline in capital grants and contributions by \$2.0 million to \$1.7 million reflects the one-time 2003 technology grant from the US Department of Justice for the implementation of mobile data computing in public safety vehicles.
- Sales taxes increased \$4.3 million or 15% from 2004 showing a continued fast pace in economic activity. Forecasts predicted a moderate increase of 7% but double-digit increases in collections were posted every month but one during the fiscal year.



### Expenses

Governmental expenses totaled \$68.8 million for the fiscal year. Of the expenses, 45% or \$30.7 million is related to public safety for police, fire and municipal court services. Parks, recreation and culture expenses amounted to \$9.8 million, or 14.3%, while streets and community design and development expenses amounted to 13.1% and 8% respectively. Interest on long-term debt accounted for 4.4% of governmental expenses. Overall, governmental activities expenses rose 8.1%, or \$5.1 million, over 2004. The most notable increase among programs was the \$3.7 million increase in public safety expenses. This increase was due for the most part from new positions and a continued increase in pension costs.

The chart at right compares governmental activities with their respective program revenues, if any. Because the ultimate



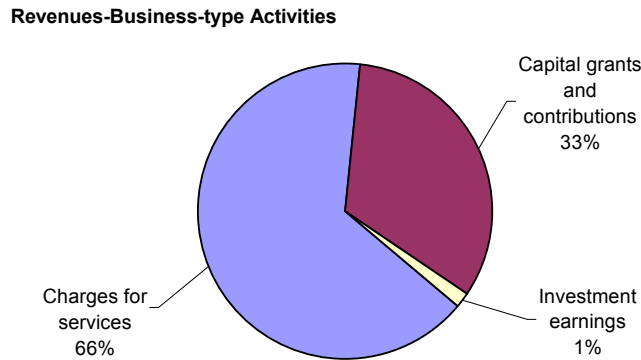
# MANAGEMENT’S DISCUSSION AND ANALYSIS

beneficiary of services of these types is often difficult to ascertain or the services apply to a broad spectrum of users (such as in fire protection), user fees are not created and general revenues provide the funding support for most of these services. Moreover, where ultimate users of the services are determinable, program revenues may generate only a portion of the funding, such as in recreation programs.

## Business-type activities

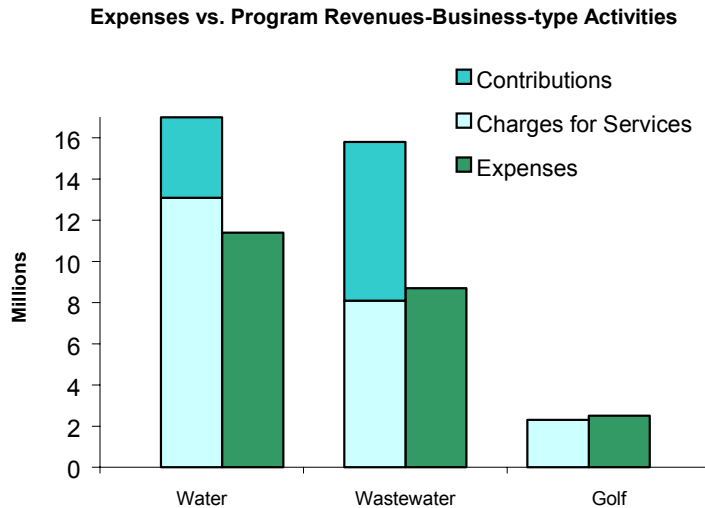
### Revenues

General revenues do not support the City’s business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$23.5 million in charges for services, 90% come from the City’s two utility operations, water and wastewater. The remaining charges are from the City’s two golf courses, Desert Hills and Arroyo Dunes. The \$11.7 million in contributions are payments for capacity charges and development fees as well as constructed additions to the City’s water and wastewater infrastructure by subdivision and other developers. Finally, investment earnings make up less than 2% of revenues for the City’s business activities.



### Expenses

Water and wastewater services account for 88% of the City’s business-type activities with golf courses making up the remaining 12%. Water expenses amounted to \$11.5 million while wastewater expenses totaled \$8.7 million. Desert Hills Golf Course and Arroyo Dunes Golf Course recorded expenses of \$2.3 million and \$.2 million, respectively, for a total of \$2.5 million.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Because the City's business-type activities are supported by user charges, the chart above shows more reliance on program revenues. Moreover, for both water and wastewater, program revenues include capacity charges for new service and developer additions to the utility infrastructure.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

**Governmental funds.** The combined fund balances of governmental funds for the fiscal year ended June 30, 2005, is \$38.5 million. This represents a \$.5 million increase in fund balances, in which a significant increase in fund balances in operating funds was nearly overshadowed by the \$5.8 million drop in capital-related fund balances because of the expenditure of bond proceeds during the year. A review of some of the more significant funds follows.

#### General Fund

The fund balance of the General Fund grew by \$2.4 million for the fiscal year. Revenues increased by \$4.8 million, led by a \$2.3 million jump in sales taxes (15.5% increase) and \$1 million increase in intergovernmental revenues. Expenditures rose 9% to \$42 million. Public safety expenditures showed the largest increase as positions were added to keep pace with growth and as pension expenditures continued their increase. Parks and recreation expenditures rose 13.7% with the full-year operation of the Yuma Art Center and the opening of the Yuma Readiness Center. Another contributor to the increase was a rise in technology expenditures with the hiring of consulting services related to geographic information systems.

#### Highway User Revenue Fund (HURF)

This fund, which accounts for the expenditure of state-shared gasoline taxes, incurred a slight drop in fund balance for the year. While the City's portion of those taxes grew by 5.9% for the fiscal year to \$7.6 million, increasing transfers for capital expenditure projects caused a reduction in the fund's balance of \$.2 million.

#### City Road Tax Fund

This fund accounts for the one-half cent sales tax for use on the City's roadways in conjunction with HURF. In the same manner as general sales tax in the General Fund, sales taxes increased by more than 15% over 2004 to \$8.5 million. Much like HURF, transfers to the Capital Projects Fund for streets projects increased over 2004, in this case by over \$1 million. However, because of the surge in sales tax receipts, fund balance grew by \$1.8 million.

#### Grants Fund

The City continues to acquire much needed assistance from both the state and federal levels. During 2005, the multi-modal project restoring the historic Del Sol Hotel was started. Also, funding from the Department of Homeland Security assisted in updating the city's emergency management. Other forms of assistance in public safety were ongoing, such as the high intensity drug traffic program.

#### Community Redevelopment Fund

The City utilized in part its Community Development Block Grant funding and its U.S. Department of Justice Weed and Seed Grant Program funding to operate the new Martin Luther King Community Center in the Carver revitalization area.

#### Debt Service

Debt Service Fund expenditures decreased by \$.3 million as the overall debt service requirements declined from the previous year. With the advent of Improvement District 67, the fund's balance reflects amounts set aside for debt service reserves in accordance with the development agreement for the new Yuma Palms regional center.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Projects Fund

The Capital Projects Fund's fund balance declined by \$5.8 million this year as bond proceeds from the 2003 MPC bonds were expended to complete the Yuma Art Center and new fire station projects. The \$1.1 million remaining in the fund is made up primarily of developer contribution accounts and is designated for these projects for fiscal 2006 and later.

**Proprietary funds.** The City's enterprise funds posted an overall increase in net assets of \$15.2 million for the fiscal year ended June 30, 2005. The City's utility funds, water and wastewater, accounted for most of the increase as both have benefited from system growth and rate increases to sustain that growth.

### Water Enterprise Fund

Operating revenues for the Water Fund increased by 16.9% for the year ending June 30, 2005. This is due both to an ongoing series of rate increases and to a 5.3% growth in the customer base to 24,734. Operating expenses rose by 3.9% and the fund produced operating income of \$2.2 million. Additional rate increases are in store through 2008 to finance the construction of a new water treatment facility on the East Mesa and to make improvements within the current water system needed to maintain service levels and system pressure.

### Wastewater Enterprise Fund

The Wastewater Fund also experienced growth with operating revenues increased 5.1% over fiscal 2004. Operating expenditures held steady resulting in income from operations of \$569,295. An additional series of rate and capacity charge increases were adopted during 2005 as costs of construction of the wastewater plant have escalated. This increase combined with the growth in new customers is evidenced by the 60% surge in capital contributions revenue in the fund.

### Golf Courses

Operating results did not improve for either of the city's golf courses for the year ended June 30, 2005. Revenues for Desert Hills rose less than 1% over 2005 and a 2% increase in operating expenses pushed the fund's operating loss to \$218,118 this year. A Council-approved one-time increase in the Two Percent Fund transfer over the traditional debt service coverage amount helped stabilize the fund's net assets. Revenues for Arroyo Dunes Golf Course declined by 7% and the fund suffered a small operating loss of \$28,771. Plans are under consideration for converting the grounds to a soccer and softball recreation center. Until that should happen, the city will continue to operate the course and implement strategies to improve its financial outlook.

## GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2005, can be found starting on page 57. A summary of that schedule follows:

	Budget		Actual	Variance with Final
	Original	Final		
<b>Revenues and Transfers In</b>				
Taxes	\$ 23,721,513	\$ 23,721,513	\$ 25,597,205	\$ 1,875,692
Intergovernmental	16,683,482	16,683,482	17,442,688	759,206
Other	5,529,429	5,529,429	7,316,399	1,786,970
Transfers In	-	-	28,561	28,561
<b>Total</b>	<b>45,934,424</b>	<b>45,934,424</b>	<b>50,384,853</b>	<b>4,450,429</b>
<b>Expenditures and Transfers Out</b>				
Expenditures	43,780,643	43,780,643	42,021,061	1,759,582
Transfers Out	5,965,179	5,965,179	5,901,248	63,931
<b>Total</b>	<b>49,745,822</b>	<b>49,745,822</b>	<b>47,922,309</b>	<b>1,823,513</b>
<b>Change in Fund Balance</b>	<b>\$ (3,811,398)</b>	<b>\$ (3,811,398)</b>	<b>\$ 2,462,544</b>	<b>\$ 6,273,942</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund tax revenues exceed expectations because of a continued surge in sales tax collections. As noted previously, sales taxes rose 15.5% instead of an anticipated 8% increase. Intergovernmental revenues increased as state sales grew by 10.1%, far outpacing its expected 7% growth. Also notable is growth in building permits and related revenues. The jump in these fees is an indicator of the substantial construction activity throughout the city.

Expenditures for the fund came in at \$1.7 million under budget with General Government producing \$.5 million of the savings, Public Safety contributing some \$.6 million and Parks and Recreation adding \$.4 million in budget savings. The General Government savings were realized through unexpended Community Investment Trust monies and by delayed project expenditures in the Information Technology Department. Public Safety savings occurred mostly in the Police Department in Support Services and Administration. The remaining savings occur because city departments rarely spend up to their respective budgets, primarily due to personnel attrition and the like.

The chart shows no change in budgetary amounts; however, with the City Administrator's ability to transfer appropriations within a fund, some changes in budget between departments occurred during the year. In each case, the transfers of budgetary authority were minor. Overall, expenditures remained below budgeted amounts, with no department exceeding its annual appropriation.

### CAPITAL ASSETS

At June 30, 2005, the City of Yuma's investment in capital assets in both governmental and business-type activities amounted to \$358 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roadways and bridges). Capital assets for governmental activities increased by 7.6% while business-type capital assets increased 35%. These changes included the following:

- Land purchases for governmental activities amounted to \$2.7 million for right-of-way for the Avenue A and 16<sup>th</sup> Street Corridor projects and for a parcel of land to complete the Heritage Area development area.
- Construction continued on the new East Mesa water and wastewater treatment plants.
- Ongoing parks improvements amounted to \$1.6 million.
- Infrastructure additions are primarily for street construction by subdivision developers.

#### Change in Capital Assets

(In Millions)

	Governmental Activities			Business-type Activities			Total
	July 1, 2004	Net Additions/ Deletions	June 30, 2005	July 1, 2004	Net Additions/ Deletions	June 30, 2005	
Land	\$ 13.6	\$ 2.7	\$ 16.3	\$ 1.2	\$ 0.6	\$ 1.8	\$ 18.1
Buildings	57.8	6.8	64.6	8.0	-	8.0	72.6
Improvements	19.2	2.9	22.1	131.7	3.4	135.1	157.2
Infrastructure	127.3	9.6	136.9	-	-	-	136.9
Equipment	32.7	1.2	33.9	3.1	0.6	3.7	37.6
Construction in Progress	25.8	(2.1)	23.7	45.9	47.6	93.5	117.2
Accumulated Depreciation	(106.7)	(8.5)	(115.2)	(59.7)	(6.1)	(65.8)	(181.0)
Total	<u>\$ 169.7</u>	<u>\$ 12.6</u>	<u>\$ 182.3</u>	<u>\$ 130.2</u>	<u>\$ 46.1</u>	<u>\$ 176.3</u>	<u>\$ 358.6</u>

Additional information on capital assets can be found in Note II-E starting on page 45.

### DEBT ADMINISTRATION

For the year ended June 30, 2005, the City's long-term debt increased by a net of \$22.7 million. Governmental activity debt declined during the year due to scheduled debt payments. For business activities, debt increased by \$27.6 million as construction of capital assets continued that were financed by long-term loans with the state's Water Infrastructure Financing Authority.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The state limits the amount a municipality may issue in general obligation debt to 20% of the City's secondary assessed valuation for combined water, wastewater, artificial light, parks, open space preserves, playgrounds and recreational facilities. Debt related to other projects is limited to 6% of the valuation. The current debt limitation for the former type is \$65.9 million, well above the outstanding general obligation debt. No debt is outstanding for the other type of issuance. Because all the general obligation debt is related to the water system, and because water revenues are used to pay the debt service requirements of the issues, no secondary property taxes are assessed by the City for debt service.

The City's recently issued improvement district bonds were rated by Fitch Ratings as "A". All other bond issues have been upgraded to a "A+" rating by Fitch. The General Obligation Bonds and the MPC Bonds are rated "A" by Moody's Investor Services. Standard and Poors also rate the GO bonds "A". With the exception of the improvement district bonds, all City bond issues ultimately enjoy a "AAA" rating as a result of insurance coverage.

A summary of the City's long-term debt follows. Additional information on the City's long-term debt can be found in Note II-G on pages 48-51.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ -	\$ -	\$ 9.6	\$ 10.5	\$ 9.6	\$ 10.5
Yuma Municipal Property Corporation Bonds	60.4	63.4	-	-	60.4	63.4
Improvement District	7.3	7.3	-	-	7.3	7.3
Contracts Payable	1.7	2.5	61.1	33.8	62.8	36.3
Compensated Absences	<u>2.2</u>	<u>2.1</u>	<u>-</u>	<u>-</u>	<u>2.2</u>	<u>2.1</u>
Total Long-Term Debt	<u>\$ 71.6</u>	<u>\$ 75.3</u>	<u>\$ 70.6</u>	<u>\$ 44.3</u>	<u>\$ 142.3</u>	<u>\$ 119.6</u>

## ECONOMIC FACTORS

Yuma County is one of the fastest growing areas in the nation and the City of Yuma represents just under 50% of the county's population. Since 1990, the City has grown by 51% to an estimated 86,070 at July 1, 2004, the most recent numbers available. The City's economy is based on a triad of agriculture, tourism and military/government spending. Agriculture continues to lead the economy, now contributing more than \$1 billion annually. The area's 85,000-plus winter visitors add \$450 million to the mix, while military/government spending infuses some \$300 million to the economy.

Property taxes are limited constitutionally in Arizona, so other local revenues make up the most significant reflectors of the condition of the economy. Sales tax, the City's primary source of general revenues, posted a dramatic 15% increase this year, surpassing its historic growth rate of 7%. This compared to a lesser increase in the large metropolitan areas of the state, Yuma's steady growth is positive. For fiscal year 2006, revenues were projected using a conservative 8% growth in sales taxes.

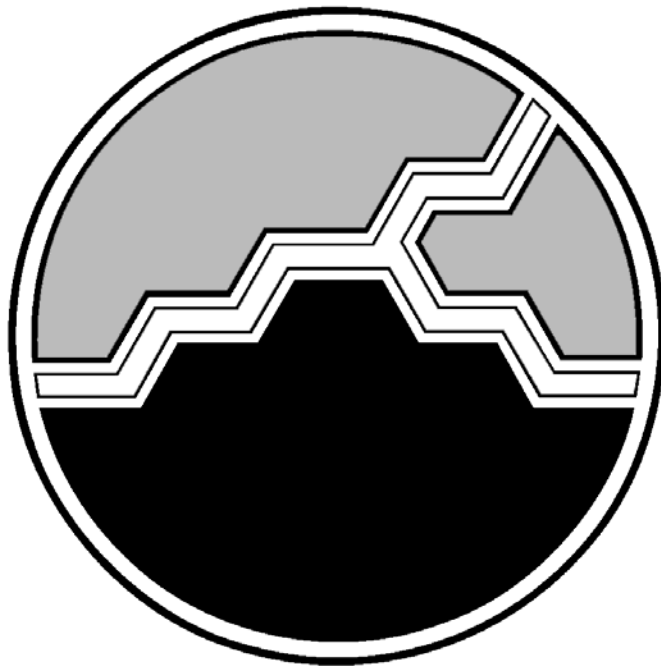
Not all economic statistics reflect positive results; however, in that the City continues to suffer higher unemployment figures than most of the state. Even in this area, the City has seen better results, primarily to a change in the process in which the state estimates the rate. Over the last year, the Department of Economic Security has revised downward its unemployment estimate for the Yuma Metropolitan Statistical Area to well below its historic 20% levels. Still a significant issue, the City combats this problem by providing the majority of support to the Greater Yuma Economic Development Corporation in its activities to encourage new employers to the area.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

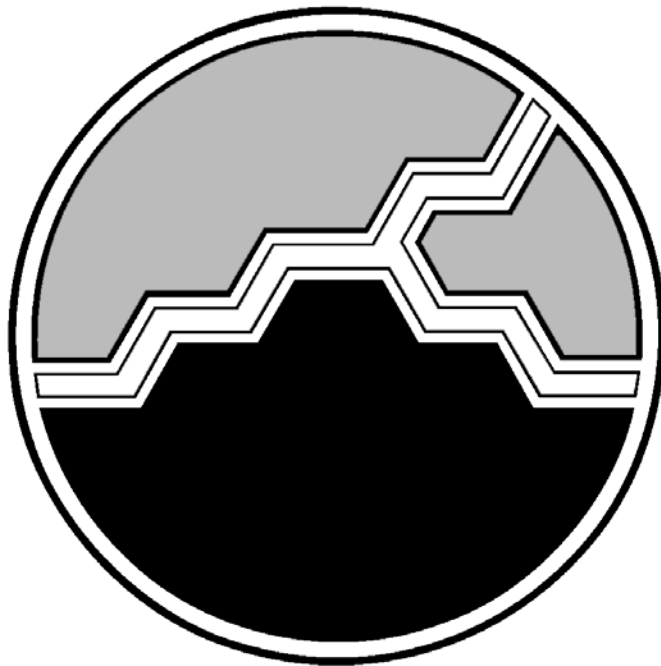
---

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to familiarize our citizens, taxpayers and customers with the City's finances and to demonstrate the City's fiscal accountability for its operations. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Donald (Pat) Wicks, Finance Director, One City Plaza, PO Box 13012, Yuma, AZ 85366-3012, telephone (928) 373-5087. The reader may also visit the City's website at [www.ci.yuma.az.us](http://www.ci.yuma.az.us) for an electronic version of this report.



# **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**City of Yuma, Arizona**  
**Statement of Net Assets**  
June 30, 2005

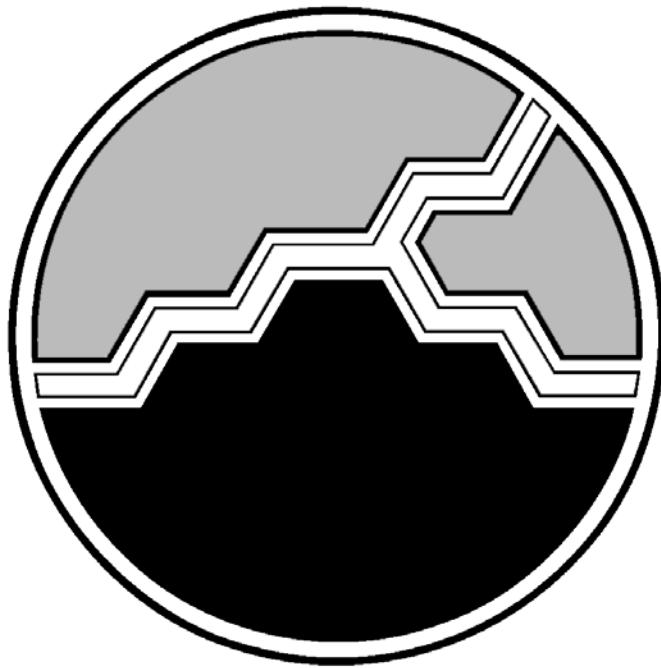
<u><b>Assets</b></u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Investments	\$ 64,329,846	\$ 28,602,957	\$ 92,932,803
Receivables, Net	16,778,270	3,922,284	20,700,554
Internal Balances	(327,257)	327,257	-
Inventory, at cost	676,068	149,097	825,165
Prepaid Items	56,144	26,678	82,822
Deferred Charges	-	86,311	86,311
Capital Assets:			
Non-depreciable	39,910,457	95,304,097	135,214,554
Depreciable, Net	<u>142,377,060</u>	<u>81,006,953</u>	<u>223,384,013</u>
Total Assets	<u>263,800,588</u>	<u>209,425,634</u>	<u>473,226,222</u>
<u><b>Liabilities</b></u>			
Accounts Payable	2,902,895	3,976,575	6,879,470
Accrued Liabilities	3,651,366	638,042	4,289,408
Accrued Interest Payable	1,484,368	1,148,704	2,633,072
Unearned Revenue	14,937,703	228,813	15,166,516
Long-Term Debt:			
Due within one year	3,454,000	3,216,244	6,670,244
Due in more than one year	<u>68,065,536</u>	<u>67,150,469</u>	<u>135,216,005</u>
Total Liabilities	<u>94,495,868</u>	<u>76,358,847</u>	<u>170,854,715</u>
<u><b>Net Assets</b></u>			
Invested in Capital Assets, Net of Related Debt	111,267,981	105,944,337	217,212,318
Restricted for:			
Debt Service	330,038	-	330,038
Unrestricted	<u>57,706,701</u>	<u>27,122,450</u>	<u>84,829,151</u>
Total Net Assets	<u>\$ 169,304,720</u>	<u>\$ 133,066,787</u>	<u>\$ 302,371,507</u>

The accompanying notes are an integral part of these financial statements

**City of Yuma, Arizona**  
**Statement of Activities**  
For the Year Ended June 30, 2005

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Government Activities:</b>							
General Government	\$ 7,117,457	\$ 1,824,119	\$ -	\$ -	\$ (5,293,338)	\$ -	\$ (5,293,338)
Public Safety	30,707,113	2,470,054	2,486,850	539,219	(25,210,990)	-	(25,210,990)
Streets	9,061,399	-	-	-	(9,061,399)	-	(9,061,399)
Parks, Recreation and Culture	9,840,600	923,916	22,535	-	(8,894,149)	-	(8,894,149)
Environmental Health and Protection	3,608,479	1,854,344	183,196	1,190,137	(380,802)	-	(380,802)
Community Design and Development	5,438,356	7,318,478	875,009	17,455	2,772,586	-	2,772,586
Interest on Long-Term Debt	3,041,974	-	-	-	(3,041,974)	-	(3,041,974)
<b>Total Governmental Activities</b>	<b>68,815,378</b>	<b>14,390,911</b>	<b>3,567,590</b>	<b>1,746,811</b>	<b>(49,110,066)</b>	<b>-</b>	<b>(49,110,066)</b>
<b>Business-type Activities:</b>							
Water	11,455,977	13,064,386	-	3,923,381	-	5,531,790	5,531,790
Wastewater	8,750,499	8,119,763	-	7,733,820	-	7,103,084	7,103,084
Golf Courses	2,513,892	2,327,674	-	-	-	(186,218)	(186,218)
<b>Total Business-type Activities</b>	<b>22,720,368</b>	<b>23,511,823</b>	<b>-</b>	<b>11,657,201</b>	<b>-</b>	<b>12,448,656</b>	<b>12,448,656</b>
<b>Total</b>	<b>\$ 91,535,746</b>	<b>\$37,902,734</b>	<b>\$ 3,567,590</b>	<b>\$ 13,404,012</b>	<b>(49,110,066)</b>	<b>12,448,656</b>	<b>(36,661,410)</b>
<b>General Revenues:</b>							
Property taxes					6,075,585	-	6,075,585
Sales taxes					32,794,740	-	32,794,740
Franchise taxes					2,105,116	-	2,105,116
Intergovernmental, unrestricted					25,461,812	-	25,461,812
Grants and contributions not restricted to specific programs					1,672,714	-	1,672,714
Unrestricted investment earnings					1,369,600	691,414	2,061,014
Gain from sale of assets					306,863	-	306,863
<b>Total general revenues</b>					<b>69,786,430</b>	<b>691,414</b>	<b>70,477,844</b>
Transfers					(2,123,814)	2,123,814	-
<b>Total general revenues and transfers</b>					<b>67,662,616</b>	<b>2,815,228</b>	<b>70,477,844</b>
Change in net assets					18,552,550	15,263,884	33,816,434
Net assets-beginning					150,752,170	117,802,903	268,555,073
<b>Net assets-ending</b>					<b>\$ 169,304,720</b>	<b>\$ 133,066,787</b>	<b>\$ 302,371,507</b>

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



## **FUND FINANCIAL STATEMENTS**

**City of Yuma, Arizona**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2005

<u>Assets</u>	Major Special Revenue Funds			
	General	Highway Users Revenue	City Road Tax	Grants
Cash and Investments	\$ 19,034,233	\$ 4,868,057	\$ 5,936,657	\$ -
Cash with Fiscal Agents	-	-		-
Receivables, Net of Allowances for Uncollectibles:				
Accounts Receivable	271,342	1,223	-	-
Intergovernmental	2,608,215	766,426	667,625	829,067
Special Assessments	20,169	-	-	-
Delinquent Property Taxes	140,279	-	-	-
Accrued Interest	70,547	22,740	16,289	2,742
Due from Other Funds	1,237,282	-	-	-
Inventory, at cost	240,818	-	-	-
Prepaid Items	55,018	-	-	-
Total Assets and Other Debits	\$ 23,677,903	\$ 5,658,446	\$ 6,620,571	\$ 831,809
<b><u>Liabilities and Fund Balances</u></b>				
Accounts Payable	\$ 768,512	\$ 109,947	\$ 3,954	\$ 103,998
Accrued Payroll, Taxes and Benefits Payable	2,680,375	232,972	10,938	4,786
Long-Term Debt - Current Portion	-	-	500,000	-
Due to Other Funds	1,300	201,317	19,227	294,992
Accrued Interest Payable	-	-	8,835	-
Deposits	46,331	-	-	-
Unearned Revenues	181,469	300	268,326	421,168
Total Liabilities	3,677,987	544,536	811,280	824,944
Fund Balance:				
Reserved for:				
Inventory	240,818	-	-	-
Prepaid Items	55,018	-	-	-
Debt Service	-	-	-	-
Unreserved:				
Designated for Uncompleted Projects	-	-	-	-
Designated for Subsequent Years' Expenditures	614,865	-	-	-
Designated for Future Community Improvements, reported in:				
General Fund	557,443	-	-	-
Special Revenue Funds	-	-	-	-
Undesignated, reported in:				
General Fund	18,531,772			
Special Revenue Funds	-	5,113,910	5,809,291	6,865
Total Fund Balances	19,999,916	5,113,910	5,809,291	6,865
Total Liabilities and Fund Balances	\$ 23,677,903	\$ 5,658,446	\$ 6,620,571	\$ 831,809

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

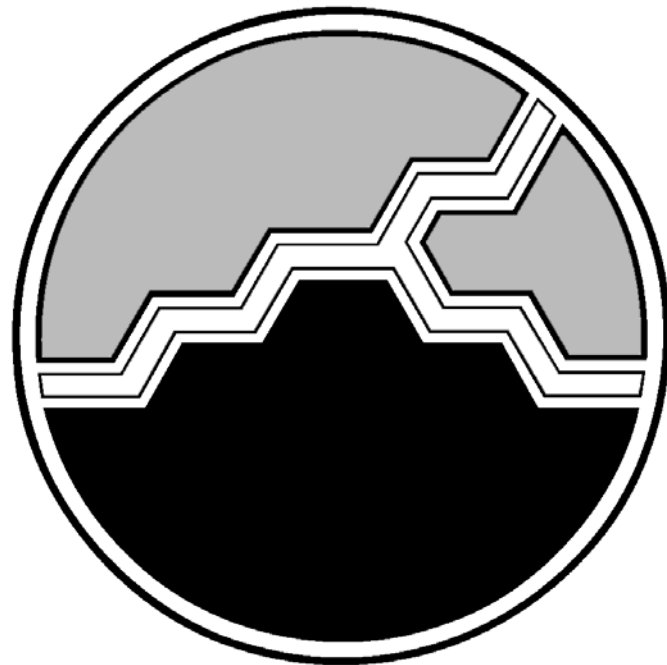
<u>Community Redevelopment</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ 378,384	\$ 7,026,164	\$ 5,989,770	\$ 43,233,265
	3,991,230	-	-	3,991,230
1,413,273	-	26,322	271,932	1,984,092
196,598	-	903,271	277,243	6,248,445
-	7,366,333	-	-	7,386,502
-	-	-	-	140,279
-	-	7,948	20,031	140,297
-	-	221,844	-	1,459,126
-	-	-	6,766	247,584
-	-	-	1,126	56,144
<u>\$ 1,609,871</u>	<u>\$ 11,735,947</u>	<u>\$ 8,185,549</u>	<u>\$ 6,566,868</u>	<u>\$ 64,886,964</u>
\$ 27,121	\$ -	\$ 1,601,151	\$ 119,205	\$ 2,733,888
15,400	-	-	101,668	3,046,139
	2,655,000	-	-	3,155,000
156,197	-	-	161,490	834,523
-	1,470,909	-	-	1,479,744
	-	18,118	-	64,449
<u>1,411,153</u>	<u>7,280,000</u>	<u>5,462,232</u>	<u>69,542</u>	<u>15,094,190</u>
<u>1,609,871</u>	<u>11,405,909</u>	<u>7,081,501</u>	<u>451,905</u>	<u>26,407,933</u>
-	-	-	6,766	247,584
-	-	-	1,126	56,144
-	330,038	-	-	330,038
-	-	1,104,048	-	1,104,048
-	-	-	-	614,865
-	-	-	-	557,443
-	-	-	50,000	50,000
-	-	-	-	18,531,772
-	-	-	6,057,071	16,987,137
-	330,038	1,104,048	6,114,963	38,479,031
<u>\$ 1,609,871</u>	<u>\$ 11,735,947</u>	<u>\$ 8,185,549</u>	<u>\$ 6,566,868</u>	<u>\$ 64,886,964</u>

**City of Yuma, Arizona**  
 Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets  
 June 30, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balances per the Balance Sheet-Governmental Funds:	\$	38,479,031
Property taxes receivable that are not financial resources are not reported in the funds.		38,697
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		172,940,636
Property tax revenue deferred to later years recognized in year levied in governmental activities.		156,487
Interest payments accrued in government-wide statements not recorded until payment in governmental activities.		(4,624)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(2,204,268)
Contracts payable		(1,223,000)
MPC bonds payable		(57,765,000)
Improvement District #67		(7,280,000)
Unamortized deferred costs		107,731
Net assets of internal service funds that are used by management to charge the cost of equipment replacement and employee-related insurance to individual funds are included in governmental activities in the statement of net assets.		26,059,030
Net assets of governmental activities	\$	169,304,720

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



**City of Yuma, Arizona**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

	Major Special Revenue Funds			
	General	Highway User Revenue	City Road Tax	Grants
<b>Revenues:</b>				
Taxes	\$ 25,597,205	\$ -	\$ 8,581,364	\$ -
Licenses and Permits	3,416,430	-	-	-
Intergovernmental	17,442,688	7,627,177	-	4,401,314
Charges for Services	2,097,714	-	-	-
Fines and Forfeitures	805,772	-	-	-
Use of Money and Property	476,307	117,513	114,145	5,216
Contributions and Donations	-	-	-	38,583
Miscellaneous	213,313	75,312	93,974	-
Total Revenues	<u>50,049,429</u>	<u>7,820,002</u>	<u>8,789,483</u>	<u>4,445,113</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	5,033,352	-	-	-
Public Safety	25,899,445	869,526	-	2,487,474
Streets	-	4,404,000	494,967	-
Parks, Recreation and Culture	6,122,886	-	-	24,143
Environmental Health and Protection	117,274	16,695	-	184,459
Community Design and Development	4,016,121	-	-	18,446
Capital Outlay	831,983	58,487	-	139,584
Debt Service				
Principal	-	-	700,000	-
Interest and Fiscal Agent Fees	-	-	25,905	-
Total Expenditures	<u>42,021,061</u>	<u>5,348,708</u>	<u>1,220,872</u>	<u>2,854,106</u>
Revenues Over/(Under) Expenditures	8,028,368	2,471,294	7,568,611	1,591,007
<b>Other Financing Sources/(Uses):</b>				
Sale of Real Property	306,863	-	-	-
Transfers In	28,561	16,695	282,660	-
Transfers Out	(5,901,248)	(2,701,374)	(6,055,493)	(1,591,007)
Total Other Financing Sources/(Uses)	<u>(5,565,824)</u>	<u>(2,684,679)</u>	<u>(5,772,833)</u>	<u>(1,591,007)</u>
Net Change in Fund Balances	2,462,544	(213,385)	1,795,778	-
Fund Balances - Beginning	<u>17,537,372</u>	<u>5,327,295</u>	<u>4,013,513</u>	<u>6,865</u>
Fund Balances - Ending	<u>\$ 19,999,916</u>	<u>\$ 5,113,910</u>	<u>\$ 5,809,291</u>	<u>\$ 6,865</u>

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

<u>Community Redevelopment</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 6,899,592	\$ 41,078,161
	-	-	-	3,416,430
828,884	-	-	428,520	30,728,583
-	-	3,994,933	1,844,497	7,937,144
	-	-	-	805,772
6,686	90,806	546,261	613,814	1,970,748
-	-	-	45,620	84,203
<u>228,515</u>	<u>-</u>	<u>504,465</u>	<u>36,614</u>	<u>1,152,193</u>
<u>1,064,085</u>	<u>90,806</u>	<u>5,045,659</u>	<u>9,868,657</u>	<u>87,173,234</u>
-	-	-	-	5,033,352
-	-	-	39,345	29,295,790
-	-	-	-	4,898,967
-	-	-	2,386,947	8,533,976
-	-	-	2,695,244	3,013,672
942,447	-	-	367,247	5,344,261
5,224	-	19,945,330	170,238	21,150,846
92,000	2,655,000	-	-	3,447,000
<u>12,183</u>	<u>2,994,018</u>	<u>-</u>	<u>-</u>	<u>3,032,106</u>
<u>1,051,854</u>	<u>5,649,018</u>	<u>19,945,330</u>	<u>5,659,021</u>	<u>83,749,970</u>
12,231	(5,558,212)	(14,899,671)	4,209,636	3,423,264
-	-	-	-	306,863
-	5,888,250	11,532,318	2,470,287	20,218,771
<u>(12,231)</u>	<u>-</u>	<u>(2,501,554)</u>	<u>(4,635,200)</u>	<u>(23,398,107)</u>
<u>(12,231)</u>	<u>5,888,250</u>	<u>9,030,764</u>	<u>(2,164,913)</u>	<u>(2,872,473)</u>
-	330,038	(5,868,907)	2,044,723	550,791
-	-	6,972,955	4,070,240	37,928,240
<u>\$ -</u>	<u>\$ 330,038</u>	<u>\$ 1,104,048</u>	<u>\$ 6,114,963</u>	<u>\$ 38,479,031</u>

**City of Yuma, Arizona**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances-Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-governmental funds	\$ 550,791
A portion of property tax revenues recorded on the statement of activities does not provide current financial resources and are not recorded as revenues in the funds	(49,123)
Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their useful lives as depreciation	
Depreciation recorded in statement of activities	(7,493,752)
Capital outlay expenditures reported as additions to assets:	
Capital outlay expenditures-governmental funds	21,150,846
Infrastructure maintenance expenditures recorded as capital outlay but not capitalized as asset additions	(2,028,789)
Governmental funds report debt principal service payments as expenditures. The reduction in liability is recorded on the statement of net assets in the government-wide statements	3,447,000
Increase in compensated absences expense not recorded in governmental funds	(129,936)
Transfer from governmental funds to Insurance Reserve Internal Service Fund	1,055,522
Investment earnings of the internal service funds are general revenues on the statement of activities	388,054
Interest payments accrued in government-wide statements are not recorded in governmental activities until paid	(9,868)
Net revenues of internal service funds in excess of expenses reduce governmental activities expenses on the statement of activities	(909)
Contributions of infrastructure assets are not recorded as revenues in the governmental funds	<u>1,672,714</u>
Change in net assets of governmental activities	<u>\$ 18,552,550</u>

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

**City of Yuma, Arizona**  
Statement of Net Assets  
Proprietary Funds  
June 30, 2005

<b>Assets</b>	Business-Type Activities-Enterprise Funds				Governmental
	Water Fund	Wastewater Fund	Other Funds	Totals	Activities Internal Service Funds
<b>Current Assets:</b>					
Cash and Investments	\$ 9,892,003	\$ 4,230,602	\$ 230,389	\$ 14,352,994	\$ 17,105,351
Receivables, Net of Allowance for Uncollectibles:					
Accounts Receivable	2,249,948	1,109,235	1,198	3,360,381	764,812
Intergovernmental	594	431,107	622	432,323	27
Accrued Interest	20,653	4,109	632	25,394	75,120
Inventory, at cost	76,345	-	72,752	149,097	428,484
Prepaid Expenses	19,050	-	7,628	26,678	-
Total Unrestricted Current Assets	12,258,593	5,775,053	313,221	18,346,867	18,373,794
<b>Restricted Assets:</b>					
Cash and Investments:					
Current Debt Service	1,232,222	-	-	1,232,222	-
Advancement for Future Expansion	4,371,907	8,386,061	-	12,757,968	-
Customer Deposits	259,773	-	-	259,773	-
Accrued Interest Receivable	39,138	65,048	-	104,186	-
Total Restricted Current Assets	5,903,040	8,451,109	-	14,354,149	-
Total Current Assets	18,161,633	14,226,162	313,221	32,701,016	18,373,794
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	1,403,433	434,368	-	1,837,801	219,610
Buildings	2,911,198	1,931,133	3,102,865	7,945,196	19,251
Improvements Other than Buildings	79,034,328	53,074,964	3,015,667	135,124,959	-
Equipment	2,020,715	1,427,432	263,618	3,711,765	22,425,064
Construction In Progress	29,301,637	64,164,202	457	93,466,296	-
Less Accumulated Depreciation	(39,199,928)	(23,769,389)	(2,805,650)	(65,774,967)	(13,317,044)
Total Capital Assets	75,471,383	97,262,710	3,576,957	176,311,050	9,346,881
Deferred Charges	86,311	-	-	86,311	-
Total Noncurrent Assets	75,557,694	97,262,710	3,576,957	176,397,361	9,346,881
Total Assets	93,719,327	111,488,872	3,890,178	209,098,377	27,720,675
<b>Liabilities</b>					
<b>Current Liabilities Payable from Current Assets:</b>					
Accounts Payable	1,950,258	1,745,541	21,003	3,716,802	104,558
Accrued Payroll and Related Taxes	296,687	242,166	99,189	638,042	106,683
Current Portion-Long-Term Contracts-Principal	85,253	47,156	-	132,409	-
Current Portion-Bonds Payable	247,500	-	-	247,500	-
Estimated Claims and Judgements	-	-	-	-	498,544
Due to Other Funds	-	-	-	-	624,603
Accrued Interest Payable	111,131	17,284	-	128,415	-
Unearned Revenue	-	-	35,567	35,567	-
Total Current Liabilities Payable from Current Assets	2,690,829	2,052,147	155,759	4,898,735	1,334,388
<b>Current Liabilities Payable from Restricted Assets:</b>					
Deposits	259,773	-	-	259,773	-
Unearned Revenue	11,269	181,977	-	193,246	-
Current Portion-Long-Term Contracts-Principal	313,941	1,779,894	-	2,093,835	-
Current Portion-Long-Term Contracts-Interest	186,239	652,384	-	838,623	-
Current Portion-Bonds Payable	742,500	-	-	742,500	-
Accrued Interest Payable	181,666	-	-	181,666	-
Total Current Liabilities Payable from Restricted Assets	1,695,388	2,614,255	-	4,309,643	-
<b>Noncurrent Liabilities:</b>					
Long-Term Contracts Payable	16,672,919	42,172,950	-	58,845,869	-
Bonds Payable	8,304,600	-	-	8,304,600	-
Total Noncurrent Liabilities	24,977,519	42,172,950	-	67,150,469	-
Total Liabilities	29,363,736	46,839,352	155,759	76,358,847	1,334,388
<b>Net Assets</b>					
Invested in capital assets, net of related debt	49,104,670	53,262,710	3,576,957	105,944,337	9,346,881
Unrestricted	15,250,921	11,386,810	157,462	26,795,193	17,039,406
Total Net Assets	\$ 64,355,591	\$ 64,649,520	\$ 3,734,419	132,739,530	\$ 26,386,287
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				327,257	
Net assets of business-type activities				\$ 133,066,787	

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

**City of Yuma, Arizona**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2005

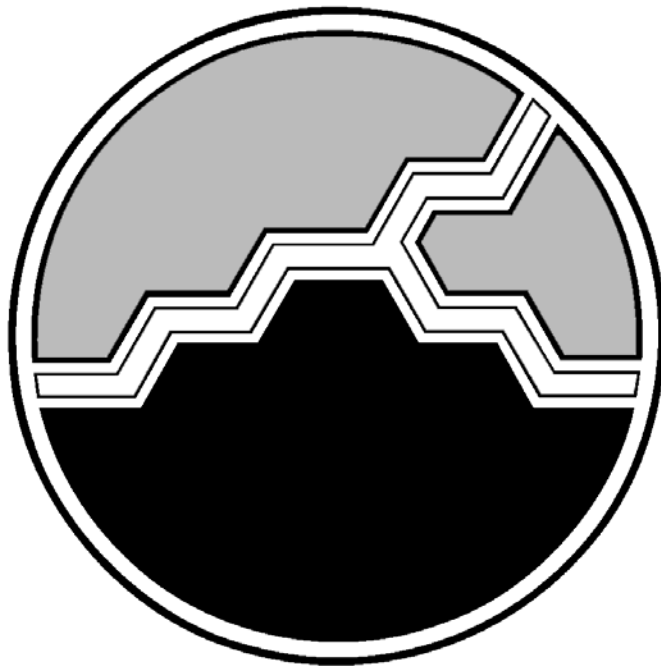
	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Operating Revenues:					
Metered Water Sales	\$ 12,297,166	\$ -	\$ -	\$ 12,297,166	\$ -
Commercial Raw Water	200,136	-	-	200,136	-
Wastewater Charges	-	7,999,835	-	7,999,835	-
Meters, Connections and Services	360,433	76,590	-	437,023	-
Green Fees and Concessions	-	-	1,993,715	1,993,715	-
Equipment Rental	-	-	282,903	282,903	2,186,319
Miscellaneous Charges	2,178	-	-	2,178	4,374,063
Total Operating Revenues	<u>12,859,913</u>	<u>8,076,425</u>	<u>2,276,618</u>	<u>23,212,956</u>	<u>6,560,382</u>
Operating Expenses:					
Operations and Maintenance	7,079,083	5,108,504	2,247,372	14,434,959	4,512,987
Depreciation and Amortization	3,556,935	2,398,626	276,135	6,231,696	2,055,910
Total Operating Expenses	<u>10,636,018</u>	<u>7,507,130</u>	<u>2,523,507</u>	<u>20,666,655</u>	<u>6,568,897</u>
Operating Income/(Loss)	<u>2,223,895</u>	<u>569,295</u>	<u>(246,889)</u>	<u>2,546,301</u>	<u>(8,515)</u>
Non-Operating Revenues/(Expenses):					
Interest	296,658	392,115	2,641	691,414	388,054
Gain/(Loss) on Disposal of Assets	-	-	-	-	31,173
Interest and Fiscal Agent Fees	(830,006)	(1,247,274)	-	(2,077,280)	-
Miscellaneous Revenues	204,473	43,338	51,056	298,867	-
Total Non-Operating Revenues/(Expenses)	<u>(328,875)</u>	<u>(811,821)</u>	<u>53,697</u>	<u>(1,086,999)</u>	<u>419,227</u>
Income/(Loss) before Contributions and Transfers	1,895,020	(242,526)	(193,192)	1,459,302	410,712
Capital Contributions	3,923,381	7,733,820	-	11,657,201	-
Transfers In	-	2,010,760	434,805	2,445,565	1,055,522
Transfers Out	(62,771)	(25,212)	(233,768)	(321,751)	-
Change in Net Assets	5,755,630	9,476,842	7,845	15,240,317	1,466,234
Net Assets - Beginning	<u>58,599,961</u>	<u>55,172,678</u>	<u>3,726,574</u>		<u>24,920,053</u>
Net Assets - Ending	<u>\$ 64,355,591</u>	<u>\$ 64,649,520</u>	<u>\$ 3,734,419</u>		<u>\$ 26,386,287</u>
Adjustment for consolidation of internal service fund activities related to enterprise funds				<u>23,567</u>	
Change in net assets of business-type activities				<u>\$ 15,263,884</u>	

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

**City of Yuma, Arizona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
<b>Cash Flow from Operating Activities:</b>					
Cash Received from Customers	\$ 12,618,702	\$ 8,203,823	\$ 2,284,454	\$ 23,106,980	\$ 5,705,346
Cash Paid to Employees	(2,800,936)	(2,034,901)	(941,332)	(5,777,170)	(938,767)
Cash Paid to Suppliers	(4,300,755)	(2,637,801)	(1,500,063)	(8,438,619)	(149,617)
Other Operating Activity Revenue	204,473	43,338	51,055	298,866	(3,350,452)
Net Cash Provided by Operating Activities	<u>5,721,484</u>	<u>3,574,459</u>	<u>(105,886)</u>	<u>9,190,057</u>	<u>1,266,510</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Cash Received from Other Funds	-	2,010,760	434,805	2,445,565	1,179,522
Cash Paid to Other Funds	(62,771)	(25,212)	(233,768)	(321,751)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(62,771)</u>	<u>1,985,548</u>	<u>201,037</u>	<u>2,123,814</u>	<u>1,179,522</u>
<b>Cash Flow from Capital and Related Financing Activities:</b>					
Contributions of Capital	3,270,126	7,009,457	-	10,279,583	-
Acquisition and Construction of Assets	(15,069,679)	(37,288,276)	-	(52,357,955)	(1,305,085)
Proceeds from Sale of Capital Assets	-	-	-	-	34,512
Principal Payments on Bonds	(917,206)	-	-	(917,206)	-
WIFA - Contracted Loan	10,755,220	16,517,962	-	27,273,182	-
Interest and Fiscal Agent Fee Payments	(696,054)	(888,591)	-	(1,584,645)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(2,657,592)</u>	<u>(14,649,448)</u>	<u>-</u>	<u>(17,307,041)</u>	<u>(1,270,573)</u>
<b>Cash Flows from Investing Activities:</b>					
Receipt of Interest	288,773	378,831	2,555	670,158	374,203
Net Cash Provided by Investing Activities	<u>288,773</u>	<u>378,831</u>	<u>2,555</u>	<u>670,158</u>	<u>374,203</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,289,894	(8,710,610)	97,706	(5,323,011)	1,549,662
Cash and Cash Equivalents, July 1	<u>12,466,011</u>	<u>21,327,273</u>	<u>132,683</u>	<u>33,925,967</u>	<u>15,555,689</u>
Cash and Cash Equivalents, June 30	<u>\$ 15,755,904</u>	<u>\$ 12,616,663</u>	<u>\$ 230,389</u>	<u>\$ 28,602,956</u>	<u>\$ 17,105,351</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>					
Operating Income/(Loss)	\$ 2,223,895	\$ 569,295	\$ (246,889)	\$ 2,546,301	\$ (8,515)
<b>Adjustments to Reconcile Operating Income/(Loss)</b>					
Depreciation and Amortization Expense	3,556,935	2,398,626	276,135	6,231,696	2,055,910
(Increase)/Decrease in Accounts Receivables	(230,027)	20,980	3,209	(205,838)	(716,611)
Decrease in Inventories	(10,917)	-	959	(9,958)	(75,016)
(Increase)/Decrease in Deposits	2,400	-	-	2,400	-
(Increase)/Decrease in Prepaid Items	(3,808)	950	(4,538)	(7,396)	558
(Decrease)/Increase in Accounts Payable	(66,490)	355,135	(37,860)	250,785	8,238
(Decrease)/Increase in Accrued Wages and Taxes Payable	44,696	36,522	3,628	84,846	29,893
(Decrease)/Increase in Unearned Revenue	-	149,638	-	149,638	-
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	(156,199)	(156,199)	(27,947)
Increase/(Decrease) in Customer Deposits	327	(25)	4,613	4,915	-
Other Operating Activity Revenue	204,473	43,338	51,056	298,867	-
Total Adjustments	<u>3,497,589</u>	<u>3,005,164</u>	<u>141,003</u>	<u>6,643,757</u>	<u>1,275,025</u>
Net Cash Provided by Operating Activities	<u>\$ 5,721,484</u>	<u>\$ 3,574,459</u>	<u>\$ (105,886)</u>	<u>\$ 9,190,058</u>	<u>\$ 1,266,510</u>
<b>Noncash Transactions Affecting Financial Position</b>					
Purchase of Assets with Vendor Provided Financing	\$ 1,639,402	\$ 1,174,564	\$ -	\$ 2,813,966	\$ 51,898
Contributions of Capital Assets	653,254	724,363	-	1,377,617	-
Total Noncash Transactions Affecting Financial Position	<u>\$ 2,292,656</u>	<u>\$ 1,898,927</u>	<u>\$ -</u>	<u>\$ 4,191,583</u>	<u>\$ 51,898</u>

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



**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Yuma (City) was incorporated April 14, 1914 under Arizona Revised Statute Chapter 9, Section 101, and adopted its first charter on June 11, 1914. The City presently operates under a charter that was last amended on January 2, 2002. The Charter provides for a Council-Manager form of government and provides such services as are authorized by the Charter. Among these services are general government services, public safety (police and fire), parks, recreation, culture, streets, environmental health and protection, and community design and development.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

### **A. Reporting Entity**

The City is a municipal entity governed by an elected mayor and council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government. The component units presented have a June 30 year-end.

#### **Blended Component Units**

**Yuma Municipal Property Corporation.** The Yuma Municipal Property Corporation's board members are appointed by the City Council. The Corporation was formed to finance the acquisition of certain improvements such as the Yuma Civic and Convention Center, Baseball Complex and Desert Hills Golf Course. The Corporation was also used to finance the acquisition of three public safety buildings, (the police headquarters, a fire station and the Municipal Court facility) and Public Works facilities, along with a clubhouse for the municipal golf course and the new Municipal Complex. The Corporation conducts no business other than with the City and that business is solely the retirement of debt related to the aforementioned acquisitions. Complete financial statements may be obtained at the City of Yuma, City Clerk's Office, One City Plaza, PO Box 13012, Yuma, AZ 85366-3012.

**City of Yuma Employee Benefits Trust.** The City of Yuma Employee Benefits Trust is responsible for providing health insurance for the City employees. The City Council appoints the Trust's Board of Directors. The Trust provides services entirely to the City and therefore has been included as an Internal Service Fund as of June 30, 1997 in accordance with the criteria established in GASB Statement No. 14, *The Financial Reporting Entity*. Complete financial statements may be obtained at the City of Yuma Employee Benefit Trust's administrative offices, One City Plaza, PO Box 13012, Yuma, AZ 85366-3012.

### **B. Government-wide and fund financial statements**

The government-wide financial statements report financial information on all the activities of the City of Yuma and its component units. These financial statements include the Statement of Net Assets and the Statement of Activities, a statement showing changes in net assets. Most interfund activities have been removed from these statements to avoid duplicating the information with some exceptions such as proprietary fund sales to governmental funds (i.e., water bills paid by a governmental fund). Eliminating these transactions would distort both the measurement of income generated in serving proprietary customers as well as the direct cost of governmental functions serving the citizenry. In these government-wide statements, governmental activities,

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

normally supported by taxes and intergovernmental revenues, are separated from business-type activities that rely on fees and charges for services.

The statement of activities presents direct expenses of a given function or segment and the degree to which these expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who use or directly benefit from the services of the function; and 2) grants and contributions that are restricted to the operational or capital needs of a particular function. Taxes and other revenues that are identifiable with a particular function or segment are reported as general revenues.

In addition to government-wide presentations, fund financial statements are provided for all governmental and proprietary funds. The financial statements are segregated by their respective significance to City operations with individual major governmental and proprietary funds separated from nonmajor funds (aggregate nonmajor financial activity is reported as a column on the major funds presentation for both governmental and proprietary funds). The City follows GASB Statement No. 34 in determining which funds are presented as major funds; however, the City will, from time to time, include other funds within its major funds presentation that, because of the funds' significance, preclude aggregate reporting outside the basic financial statements.

The City of Yuma reports the following funds:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those for which another fund is required or used.

Highway User Revenue Fund – This fund accounts for the receipt and expenditure of the state-shared Highway User Revenue Fund (primarily gas tax) for maintenance and construction of roadways.

City Road Tax Fund – This fund accounts for the collection and expenditure of a local one-half percent transaction privilege tax approved by voters in 1994 for maintenance and construction of roadways. While some operating expenditures related to retention basins are recorded within the fund, most revenues are eventually transferred to the Capital Projects Fund where construction expenditures for roadways are recorded.

Grant Fund - The Grant Fund accounts for all of the federal and state grants provided to the City with the exception of the Community Development Block Grant.

Community Redevelopment Fund – This fund accounts for the financial activities of Community Development Block Grant funds.

Debt Service Fund – This fund accounts for expenditures to service the debt of the City of Yuma Municipal Property Corporation, a blended component unit, and Special Assessment Improvement Districts. Pledged excise tax and other revenues are transferred to this fund along with property owner's revenue for payments of long-term bonded debt.

Capital Projects Fund – The Capital Projects Fund accounts for the expenditure of monies for purchase or construction of long-lived capital assets including land and buildings and streets infrastructure.

Other Governmental Funds – Other nonmajor governmental funds of the City of Yuma are aggregated and are presented in a combining statement in the Other Supplementary Information section. These include the Local Transportation Assistance; Public Safety Tax; Solid Waste; Recreation Complex; Two Percent Tax; and Yuma Mall Maintenance Special Revenue Funds.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

**PROPRIETARY FUNDS**

Water Fund – The operations of the City’s drinking water treatment and distribution system are accounted for in this enterprise fund.

Wastewater Fund – This enterprise fund accounts for the City’s wastewater collection and treatment system.

Other Enterprise Funds – Other nonmajor enterprise funds of the City of Yuma are aggregated along with the major enterprise funds and are also presented in a combining statement in the Other Supplementary Information section. These funds include the Desert Hills Golf Course and Arroyo Dunes Golf Course Funds.

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 City on a cost-reimbursement basis. They are also presented in the aggregate with major enterprise funds and are included in a combining internal service fund presentation in the Other Supplementary Information section. Because they service primarily governmental funds, they are not included within the business-type activities of the Statement of Net Assets. Rather, they are combined with the governmental activities on that statement. Moreover, because of their essentially duplicative nature in accounting for their operations (revenues of the internal service funds are expenses of the operating funds), the operations of the internal service funds have been eliminated from the operations of the Statement of Activities. Internal service funds include the Equipment Replacement, Equipment Maintenance, Insurance Reserve, Workers Compensation and Employee Benefits Trust Funds.

**C. Measurement focus and basis of accounting**

The government-wide financial statements, as well as the proprietary fund financial statements, use 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. Property taxes are recognized as revenue in the year levied. Grants are recognized as revenue when all eligibility requirements are met and the underlying expenses have been recorded.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable *and* available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (within 60 days). Expenditures are recorded when the liability is incurred. Exceptions include debt service expenditures (recorded when the payment is due) and compensated absences (recorded when earned exclusive of long-term portions not expected to be paid within one year).

Property taxes, along with franchise taxes, licenses and sales taxes are susceptible to accrual and have been recognized as revenues of the current period. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the fiscal year, but which were levied to finance operations of the subsequent fiscal year, have been recorded as deferred revenue. Grants and similar awards received before the eligibility requirements are met are also recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements. All other revenue items are considered measurable and available only when cash is received.

Proprietary funds classify revenues and expenses as operating or nonoperating items. Operating revenues and expenses relate to the fund’s ongoing operations in providing goods and services. Operating revenues for the City’s proprietary funds are customer charges for sales and services. Operating expenses include the cost of sales or services, administrative expenses and depreciation. All other revenues and expenses are classified as nonoperating revenues and expenses.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

**D. Budget Information**

1) The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- i. On or before the first Monday in June, the City Administrator 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.
- ii. Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- iii. On or before the third Monday in August, the budget is legally enacted through passage of an ordinance.
- iv. At any time during the fiscal year, the City Administrator may transfer part or all of any unencumbered appropriation balance among programs within a fund. Upon written request by the City Administrator, the Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one fund to another.
- v. Formal budgetary integration is employed as a management control device during the fiscal year for all funds with legally adopted budgets (only the Workers Compensation and Employee Benefits Trust Internal Services Funds are not budgeted). Appropriations not expended at fiscal year end lapse.
- vi. Budgetary amounts include those as originally adopted, and as amended by Council or City Administrator through the end of the fiscal year. Arizona State Statute does not allow supplemental budgets.
- vii. Expenditures incurred during the fiscal year may not legally exceed the publicly published budget. The maximum legal expenditure permitted for the fiscal year is the total adopted budget.

2) Budgetary Reporting and Budgetary Basis of Accounting:

The City has opted to display budgetary information schedules in a manner similar to its adopted budget; therefore, the information is displayed outside its basic financial statements. Budgetary comparisons are presented for the General Fund and the major Special Revenue Funds in the Required Supplementary Information section. Budgetary comparisons for the Debt Service Fund, the Capital Projects Fund, the nonmajor governmental funds and the proprietary funds are presented in the Other Supplementary Information sections. For proprietary funds, the budgetary comparison includes reconciliation to the accrual-based operating statements.

**E. Assets, Liabilities and Fund Equity Disclosures**

1) Transactions between Funds:

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services. Exceptions to this include: (1) sales of water and wastewater treatment are treated as revenue by the Enterprise Fund, and in-lieu property taxes are recorded as revenues in the General Fund and expenses in the Enterprise Funds; (2) operating transfers are made in certain other funds to shift resources from a fund legally required to receive revenue to a fund authorized to expend the revenue; and (3) charges for services of the Internal Service Funds are recorded as expenditures in the funds receiving the service. For purposes of government-wide presentation, these latter transactions are eliminated.

2) Cash and Investments:

Cash balances of the City's funds are pooled and invested by the City. The policy of the City is to invest public funds in a manner which will provide the maximum security of principal invested and conform to all applicable State statutes and City ordinances while providing the highest yield and meeting the City's daily cash flows.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

Income earned or loss arising from the investment of the pooled cash is allocated on a monthly basis to the individual funds based upon average daily balance.

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

3) Inventories:

Inventories of the General Fund, Special Revenue Funds, Internal Service Funds, and Enterprise Funds consist primarily of expendable supplies held for consumption. These inventories are maintained on a perpetual inventory basis verified through annual physical counts. Items are valued using the weighted average method. Expenditures are recorded at the time inventories are used in the governmental funds; therefore, the reserve for inventory is equal to the inventory level needed to maintain adequate operating supplies and indicates that a portion of fund balance is not available for future expenditures.

4) Grants Revenue:

The City follows the policy that, grants and similar items are recognized as revenue or contributed revenue as soon as all eligibility requirements imposed by the provider have been met.

5) Unbilled Accounts Receivable:

The City records as receivables and as revenues the amount of water sales, sewer service charges and commercial refuse collection charges accrued but unbilled at fiscal year end. At June 30, 2005, the estimated amounts of unbilled revenues for the Water and Wastewater Enterprise Funds and the Solid Waste Special Revenue Fund are \$1,540,772, \$672,501, and \$167,192, respectively.

6) Capital Assets:

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets include property, plant, equipment and infrastructure (e.g., roads, bridges and similar items) and are defined as assets with an individual cost of more than \$5,000 and a useful life exceeding one year. These assets are valued at cost or estimated historical cost if original cost is not available. Gifts or contributions are stated at fair market value at the date received. Depreciation and amortization have been provided over the estimated useful lives using the group life method on a straight-line basis and the following useful lives:

Buildings	33 to 100 years	Infrastructure	35 years
Improvements	20 to 50 years	Equipment	2 to 50 years

For proprietary fund assets constructed with bond proceeds, interest costs have been capitalized, net of interest revenue. Gains or losses are recognized when assets are retired from service or are otherwise disposed.

7) Contributions:

Contributions, as shown in the Enterprise Funds, represent sub-dividers' costs of installing water and sewer mains, water service connections installed at the customers' expense, transfers of equipment from other City funds, and contributions from customers to defray future expansion costs.

8) Long-term obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or bond discount. Bond issuance costs are reported as deferred charges and amortized over the life of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9) Reserves and Designated Fund Balances:

In the governmental fund financial statements, reserves are recorded to signify that a portion of the fund equity is segregated for future use and is not available for appropriation or expenditure. Designated fund balances are recorded to represent resources available to finance intended future expenditures based upon managerial plans.

**F. Revenues, Expenditures, Expenses and Other Disclosures**

1) Property Tax Revenue Recognition:

Yuma County is responsible for billing and collecting property taxes. Collections by the County in one month are remitted to the City in the next month. For government-wide presentation, revenues equal the taxes levied for the fiscal year. No allowance for uncollectible taxes has been recorded as the City's experience shows that after five years the amount uncollected represents less than one-half percent of the original levy. For governmental fund statement purposes, at fiscal year end, delinquent property taxes expected to be collected within 60 days are recognized as revenue and recorded as receivable. The balance of delinquent taxes is recorded in the property tax receivable account with a corresponding entry to the deferred revenue account.

2) Compensated Absences:

The City's administrative regulations provide permanent City employees with general and major illness leave in varying amounts based on years of service. In addition, employees may accrue hours worked on holidays for absences or payment in the future. General leave vests with the employee as it is earned. At fiscal year end, the Governmental Funds include an accrual of general and holiday leave pay and related benefits that would normally be liquidated with expendable available financial resources. All governmental funds (excepting the Capital Projects, Debt Service, Local Transportation Assistance and Two Percent Tax Funds), to varying degrees, liquidate these benefits. General and holiday leave with related benefits in excess of this accumulation, \$1,733,910, are recorded in the governmental activities column of the government-wide financial statements. The amounts of general and holiday leave pay and related benefits attributable to the Water, Wastewater, Desert Hills, and Arroyo Dunes Enterprise Funds are \$165,566, \$147,096, \$58,051 and \$277 respectively, and are recorded in those funds and in the business-type activities of the government-wide statements and accrued as earned.

Major illness leave benefits provided for ordinary sick pay are not vested with the employee. Unused benefits are payable only upon the death or retirement of the employee. At June 30, 2005, the amount accumulated in sick pay and related benefits is \$6,400,982, including \$168,029 attributable to Internal Service Funds and \$834,911 to Enterprise Funds. Under GASB Statement No. 16, *Accounting for Compensated Absences*, the City uses the "termination payment" method to determine its provision for major illness leave liability. The portion of the major illness leave liability related to governmental fund types, \$470,357, is reported within the governmental activities column of the government-wide financial statements, as current amounts of that liability have been determined to be immaterial and are not recorded within the respective governmental funds. The provision for probable future major illness leave and related benefits attributable to the Equipment Maintenance Internal Service Fund is \$13,312 and Water, Wastewater, and Desert Hills and Arroyo Dunes Golf Course

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

Enterprise Funds of \$39,936, \$28,843, \$12,616 and \$696 respectively, are recorded in those funds and are accrued as earned.

**G. Investment Income**

Investment income is composed of interest and net changes in the fair value of applicable investments.

**H. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**II. DETAIL NOTES ON ALL FUNDS**

**A. Cash and Investments**

The City maintains a cash and investments pool that is available to all funds. Each fund's portion of the cash and investment pool is shown in the accompanying balance sheet as "Cash and Investments", including the portion listed under "Restricted Assets". The City also records cash and investments, held by fiscal agents, which are restricted by bond indenture requirements for the payment of principal and interest at the end of the fiscal year.

**Deposits**

At June 30, 2005, the City's deposits had a carrying value of \$251,849 and a bank balance of \$616,696. The difference represents outstanding checks and other reconciling items. The main City checking accounts sweeps nightly to a money market fund and is disclosed with investments.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be covered. The City requires all demand deposits be covered by federal depository insurance or by pledged collateral held by the financial institution's trust department in the name of the City at 102% of market value. At June 30, 2005, there are no deposits exposed to custodial credit risk. The petty cash balance totaled \$21,860.

**Investments**

The City adheres to State Law and its adopted Investment Policy to invest public funds in a manner which will provide the maximum security of principal invested while providing the highest yield which will also meet the daily cash flow needs of the City. The City's investment balances at June 30, 2005 were as follows:

Investment Type	Fair Value	Investment Maturities in Years			
		< 1 Year	1-2 Years	2-3 Years	3-5 Years
US Treasury Notes/Bills	\$ 8,354,502	\$ 8,354,502	\$ -	\$ -	\$ -
US Treasury Strips	6,683,700	-	6,683,700	-	-
US Agencies:					
Federal Farm Credit Bank	1,965,470	-	982,900	982,570	-
Federal Home Loan Bank	23,657,112	5,438,797	11,572,215	4,160,645	2,485,455
Federal Home Loan Mtg. Corp.	11,745,931	6,415,333	4,329,878	1,000,720	-
Federal National Mtg. Assoc.	17,559,624	11,709,282	4,191,414	1,658,928	-
Money Market Funds	6,755,124	6,755,124	-	-	-
State Investment Pool	15,917,974	15,917,974	-	-	-
Total Value	<u>\$ 92,639,437</u>	<u>\$ 54,591,012</u>	<u>\$ 27,760,107</u>	<u>\$ 7,802,863</u>	<u>\$ 2,485,455</u>

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

The City considers short-term investments (including restricted assets) in the State of Arizona Local Government Investment Pool (LGIP), mutual fund-money market, U.S. Treasury bills and notes with original maturities of three months or less at acquisition date to be cash equivalents.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy reduces exposure to investment credit risk by limiting authorized securities to the following:

1. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage-backed securities;
2. Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
3. Bankers acceptances issued by the ten largest domestic banks;
4. Commercial paper rated A-1/P-1;
5. Repurchase agreements whose underlying collateral consists of the foregoing, provided a signed PSA Master Repurchase Agreement is on file with the counter party bank or broker/dealer;
6. Money Market Funds whose portfolio consists of the foregoing;
7. The State of Arizona Local Government Investment Pool.

At June 30, 2005, all investments, with the exception of the State Investment Pool, are rated AAA by Standard and Poor's and Aaa by Moody's. The State Investment Pool is not rated.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The City reduces this risk by diversifying its investment portfolio. Diversification strategies are established and monitored on a monthly basis. The allowed diversification standard and actual percentage at year end by security type and issuer are as follow:

	<b>Maximum %</b>	<b>Actual %</b>
U. S. Treasuries and securities having principal and interest guaranteed by the U.S. Government .....	100%	16%
U. S. Government agencies, instrumentalities and government sponsored enterprises .....	No more than 80%	60%
Fully insured or collateralized CD's .....	No more than 30%	0%
Banker's Acceptances .....	No more than 25%	0%
A-1/P-1 Commercial Paper .....	No more than 35%	0%
Maximum per issuer .....	10% of total C. P	0%.
Repurchase Agreements .....	100%	0%
Money Market Funds .....	100%	7%
State Investment Pool .....	100%	17%

**Interest Rate Risk**

Interest Rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with State law and its investment policy, the City sets a maximum maturity on any investment of five years. Unless matched to a specific requirement, no more than 25% of the portfolio may have maturities greater than three years. There are three investments with maturities greater than three years which represents 3% of the portfolio, and there are no holdings with a stated maturity beyond five years. The portfolio at June 30, 2005 had a weighted average maturity of 347 days. The policy does not set a maximum for this measurement.

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City reduces exposure to custodial credit risk in its safekeeping and

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

collateralization policies. All security transactions are conducted on a delivery versus payment basis and are held by a third party custodian, in the City of Yuma's name. The custodian is required to issue a safekeeping receipt listing the specific instrument, rate, and maturity. Although there were no certificate of deposit or repurchase agreements at June 30, the collateralization level of at least 102% of market value is required for these securities. The State Investment Pool is not subject to custodial credit risk.

**B. Property Tax**

The City's property tax is levied by the Yuma County Treasurer on or before the third Monday in August based upon the previous January 1 full cash value as determined by the Yuma County Assessor. Under Arizona law two assessed valuations are used. One is for primary taxes (used to fund operating expenditures) and the other is for secondary taxes (used to meet general obligation debt service requirements). The primary tax levy is limited to a two percent increase over the previous year with adjustments for growth and annexation. Secondary taxes are tied to the annual debt service requirements of voter-approved general obligation bonds. Taxes are due in two equal installments on October 1 and March 1 following the levy date and are delinquent on the first day of November and May, respectively. Liens are filed when taxes are delinquent for two years. Assessed values, levies and collections for fiscal year 2003-04 (Tax Year 2003) and fiscal year 2004-05 (Tax Year 2004), follow:

	<b>Tax Year 2003</b>	<b>Tax Year 2004</b>
Primary Assessed Valuation	\$315,700,166	\$320,190,923
Primary Tax Rate	1.8693	1.8693
Primary Tax Levy	\$5,901,384	\$5,985,329
Secondary Assessed Valuation	\$322,623,524	\$327,075,027
Secondary Tax Rate/Levy	None	None
Current Tax Collections	\$5,656,980	\$5,871,470
Delinquent Tax Collections	\$200,845	\$212,972
Delinquent Taxes Outstanding as of June 30	\$223,534	\$140,279

**C. Accounts Receivable**

Receivable balances are stated net of an allowance for doubtful accounts. Within the Special Revenue Solid Waste Fund, an allowance account is established to record the estimated uncollectible refuse collection billings. Within the Water and Wastewater Enterprise Funds, allowance accounts have been established to record estimated uncollectible water and wastewater billings. No allowance account has been made for other types of receivables. The net balances of these accounts are as follow:

	<b>Accounts</b>	<b>Intergovern- mental</b>	<b>Special Assessments</b>	<b>Delinquent Property Taxes</b>	<b>Accrued Interest</b>	<b>Total</b>
Receivables:						
General	\$ 271,342	\$ 2,608,215	\$ 20,169	\$ 140,279	\$ 70,547	\$ 3,110,552
Highway User Revenue	1,223	766,426	-	-	22,740	790,389
City Road Tax	-	667,625	-	-	16,289	683,914
Grants	-	829,067	-	-	2,742	831,809
Community Redevelopment	1,413,273	196,598	-	-	-	1,609,871
Debt Service	-	-	7,366,333	-	-	7,366,333
Capital Projects	26,322	903,271	-	-	7,948	937,541
Water	2,249,948	594	-	-	59,791	2,310,333
Wastewater	1,109,235	431,107	-	-	69,157	1,609,499
Other Funds	1,037,942	277,892	-	-	95,783	1,411,617
<b>Total</b>	<b>\$ 6,109,285</b>	<b>\$ 6,680,795</b>	<b>\$ 7,386,502</b>	<b>\$ 140,279</b>	<b>\$ 344,997</b>	<b>20,661,858</b>

Governmental activities receivables for revenues not available to liquidate liabilities of the current period	38,696
Total receivables per Statement of Net Assets	<b>\$ 20,700,554</b>

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

Allowance amounts at year-end include:

	Allowance Amount	
	2005	2004
Special Revenue Funds - Solid Waste	\$ 7,918	\$ 10,802
Enterprise Funds:		
Water	59,304	60,359
Wastewater	23,228	27,223

**D. Due from Other Governments (Intergovernmental Receivables)**

Amounts due from other government units at June 30, 2005, are as follows:

Fund	Agencies				Total
	Federal	State	County	Local	
Governmental Funds					
Major Funds					
General	\$ -	\$ 2,259,616	\$ 208,739	\$ 139,860	\$ 2,608,215
Highway User Revenue	-	751,416	15,010	-	766,426
City Road Tax	-	667,625	-	-	667,625
Community Redevelopment	196,598	-	-	-	196,598
Grants	746,920	82,147	-	-	829,067
Capital Projects	-	699,000	-	204,271	903,271
Non-major Funds					
Public Safety Tax	-	266,959	-	-	266,959
Recreation Complex	-	-	-	5,210	5,210
Solid Waste	-	68	-	-	69
Mall Maintenance	-	-	5,005	-	5,005
Enterprise Funds					
Water	-	594	-	-	594
Wastewater	81,274	-	-	349,833	431,107
Desert Hills Golf Course	-	622	-	-	622
Internal Service Funds					
Equipment Maintenance	-	27	-	-	27
Total	\$ 1,024,792	\$ 4,728,075	\$ 228,754	\$ 699,174	\$ 6,680,795

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**E. Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2005, follows:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Capital Assets Not Being Depreciated:				
Land	\$ 13,579,389	\$ 2,675,617	\$ -	\$ 16,255,006
Construction in Progress	<u>25,755,074</u>	<u>11,068,681</u>	<u>13,168,304</u>	<u>23,655,451</u>
Total Capital Assets Not Being Depreciated	<u>39,334,463</u>	<u>13,744,298</u>	<u>13,168,304</u>	<u>39,910,457</u>
Other Capital Assets:				
Buildings	57,819,082	6,826,452	-	64,645,534
Improvements	19,248,373	2,830,604	-	22,078,977
Infrastructure	127,336,712	9,951,339	366,549	136,921,502
Equipment	<u>32,679,862</u>	<u>1,997,928</u>	<u>732,851</u>	<u>33,944,939</u>
Total Other Capital Assets	<u>237,084,029</u>	<u>21,606,323</u>	<u>1,099,400</u>	<u>257,590,952</u>
Less Accumulated Depreciation for:				
Buildings	11,120,546	1,927,824	-	13,048,370
Improvements	7,787,667	1,657,734	-	9,445,401
Infrastructure	68,882,785	2,830,207	340,263	71,372,729
Equipment	<u>18,932,109</u>	<u>3,133,895</u>	<u>718,612</u>	<u>21,347,392</u>
Total Accumulated Depreciation	<u>106,723,107</u>	<u>9,549,660</u>	<u>1,058,875</u>	<u>115,213,892</u>
Other Capital Assets, Net	<u>130,360,922</u>	<u>12,056,663</u>	<u>40,525</u>	<u>142,377,060</u>
Total Capital Assets, Governmental Activities	<u>\$ 169,695,385</u>	<u>\$ 25,800,961</u>	<u>\$ 13,208,829</u>	<u>\$ 182,287,517</u>

Government activities capital assets net of accumulated depreciation at June 30, 2005, include:

General Capital Assets, Net	\$ 172,940,636
Internal Service Fund Capital Assets, Net	<u>9,346,881</u>
Total	<u>\$ 182,287,517</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,527,363
Public Safety	1,228,433
Parks, Recreation, and Culture	1,770,670
Environmental Health and Protection	36,208
Community Design and Development	93,879
Streets	2,840,915
Assets held by Internal Service Funds are charged based on usage of assets	<u>2,052,191</u>
Total	<u>\$ 9,549,660</u>

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**Business-type activities:**

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Capital Assets Not Being Depreciated:				
Land	\$ 1,171,030	\$ 666,771	\$ -	\$ 1,837,801
Construction in Progress	45,958,598	48,274,153	766,455	93,466,296
Total Capital Assets Not Being Depreciated	<u>47,129,628</u>	<u>48,940,924</u>	<u>766,455</u>	<u>95,304,097</u>
Other Capital Assets:				
Buildings	7,945,197	-	-	7,945,197
Improvements	131,709,169	3,415,790	-	135,124,959
Equipment	3,139,464	591,885	19,583	3,711,766
Total Other Capital Assets	<u>142,793,830</u>	<u>4,007,675</u>	<u>19,583</u>	<u>146,781,922</u>
Less Accumulated Depreciation for:				
Buildings	3,801,589	202,088	-	4,003,677
Improvements	53,786,802	5,675,910	-	59,462,712
Equipment	2,114,352	213,811	19,583	2,308,580
Total Accumulated Depreciation	<u>59,702,743</u>	<u>6,091,809</u>	<u>19,583</u>	<u>65,774,969</u>
Other Capital Assets, Net	<u>83,091,087</u>	<u>(2,084,134)</u>	<u>-</u>	<u>81,006,953</u>
Total Capital Assets, Business-type activities	<u>\$ 130,220,715</u>	<u>\$ 46,856,790</u>	<u>\$ 766,455</u>	<u>\$ 176,311,050</u>

Depreciation was charged to programs as follows:

Water	\$ 3,417,047
Wastewater	2,398,627
Golf courses	276,135
Total	<u>\$ 6,091,809</u>

Construction in progress is comprised mainly of water projects (a water treatment plant and related transmission facilities) and wastewater projects (wastewater treatment plant upgrades and improvements, and collection facilities).

**F. Retirement Plans**

The City has adopted GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This statement requires the following disclosures.

**Plan Descriptions** - The City contributes to the three plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits.

The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The Public Safety Personnel Retirement System (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 167 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

The Elected Officials Retirement Plan (EORP) is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by The Fund Manager of PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

<u>ASRS</u>	<u>PSPRS and EORP</u>
3300 North Central Avenue	1020 E. Missouri Avenue
P.O. Box 33910	Phoenix, AZ 85014
Phoenix, AZ 85067-3910	
(602) 240-2200 or (800) 621-3778	(602) 255-5575

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate.

*Cost-sharing plans* - For the year ended June 30, 2005, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The City's contribution to ASRS for the years ended June 30, 2005, 2004, and 2003 were \$1,240,899, \$1,275,114, and \$538,377, respectively, which were equal to the required contributions for the year. In addition, active EORP members were required by statute to contribute 7 percent of the members' annual covered payroll while the City was required to contribute at the actuarially determined rate of 13.49 percent. The City's contributions to EORP for the years ended June 30, 2005, 2004 and 2003 were \$28,154, \$27,524, and \$11,103, respectively, which were equal to the required contributions for the year.

*Agent plans* - For the year ended June 30, 2005 active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 7.43 percent for police and 13.42 percent for fire.

**Annual Pension Cost** - The City's pension cost for the two agent plans for the year ended June 30, 2004 (the date of the most recent actuarial report) follows:

	<u>Police</u>	<u>Fire</u>
Contribution Rates	7.43%	13.42%
Annual Pension Cost	\$366,322	\$332,035
Contributions Made	\$366,322	\$332,035
Actuarial Valuation Date	June 30, 2004	June 30, 2004
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	8.75%	8.75%
Projected Salary Increases	6.25% - 9.25%	6.25% - 9.25%
Inflation projection	5.25%	5.25%
Cost-of-Living Adjustments	None	None
Amortization Method	Level Percentage Open	Level Percentage Open
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	Smoothed market	Smoothed market

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**Trend Information** - Information for each of the agent plans as of the most recent actuarial valuations follows:

		<u>Annual</u>	<u>Percent</u>	<u>Net Pension</u>
		<u>Pension Cost</u>	<u>Contributed</u>	<u>Obligation</u>
<i><b>POLICE</b></i>	2002	\$ 133,141	100.0%	-
	2003	10,881	100.0%	-
	2004	366,322	100.0%	-
<i><b>FIRE</b></i>	2002	168,473	100.0%	-
	2003	213,451	100.0%	-
	2004	332,035	100.0%	-

**G. Long-Term Liabilities**

The following changes occurred in long-term liabilities during the fiscal year ended June 30, 2005:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>July 1,</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30,</u>	<u>Within</u>
	<u>2004</u>			<u>2005</u>	<u>One Year</u>
<b>Governmental activities:</b>					
Yuma Municipal Property Corporation	\$ 63,440,000	\$ -	\$ 3,020,000	\$ 60,420,000	\$ 2,655,000
Improvement District #67	7,280,000	-	-	7,280,000	-
Contracts Payable	2,515,000	-	792,000	1,723,000	799,000
Compensated Absences	<u>2,074,331</u>	<u>262,039</u>	<u>132,102</u>	<u>2,204,268</u>	<u>1,494,128</u>
Total Governmental Activity Long-Term Debt	<u>\$ 75,309,331</u>	<u>\$ 262,039</u>	<u>\$ 3,944,102</u>	<u>\$ 71,627,268</u>	<u>\$ 4,948,128</u>
<b>Business-type activities:</b>					
General Obligation Bonds	\$ 10,505,000	\$ -	\$ 930,000	\$ 9,575,000	\$ 990,000
Contracts Payable	<u>33,786,137</u>	<u>27,672,376</u>	<u>386,400</u>	<u>61,072,113</u>	<u>2,226,244</u>
Total Business-type Activity Long-Term Debt	<u>\$ 44,291,137</u>	<u>\$ 27,672,376</u>	<u>\$ 1,316,400</u>	<u>\$ 70,647,113</u>	<u>\$ 3,216,244</u>

On the Statement of Net Assets, the current portion of governmental activity long-term debt of \$3,454,000 excludes the current portion of compensated absences of \$1,494,128 that is recorded within accrued liabilities. The long-term portion of governmental activity long-term debt is net of \$107,731 of unamortized deferred charges. For business-type activities, long-term debt excludes the current portion of bonds payable of \$742,500 and current portion of contracts payable of \$313,941 that is recorded within liabilities payable from restricted assets. Also, the long-term portion is net of \$280,400 of unamortized issuance costs.

**Contracts Payable**

**Governmental Activities** - During fiscal year 2005, the City held two loans recorded as long-term contracts payable. The first was a \$500,000 note with the U.S. Department of Housing and Urban Development Section 108 program for use in neighborhood revitalization. Proceeds will generate loans to qualified neighborhood residents and future payments will be funded by loan repayments of the recipients. Two loans were obtained from the Arizona State Department of Transportation Highway Expansion and Extension Program (HELP). Proceeds of \$2,000,000 and \$1,000,000 were used for two street projects. Payments will originate from the City Road Tax Fund.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

Annual debt service requirements under these contracts are as follow:

July 1,	<b>Contracts Payable</b>					
	Section 108		HELP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 99,000	\$ 10,666	\$ 700,000	\$ 25,905	\$ 799,000	\$ 36,571
2006	107,000	7,822	700,000	13,776	807,000	21,598
2007	117,000	4,274	-	1,647	117,000	5,921
Total	<u>\$ 323,000</u>	<u>\$ 22,762</u>	<u>\$ 1,400,000</u>	<u>\$ 41,328</u>	<u>\$ 1,723,000</u>	<u>\$ 64,090</u>

**Business-type activities** – During fiscal year 2004, the City began construction of major additions to its utility infrastructure, including new, additional treatment plants for its water and wastewater systems. Financing for these additions comes from the Arizona Water Infrastructure Financing Authority (WIFA) in the form of 20 year loan contracts. The City will draw from these approved loans until their limits are reached. Current loans are \$46,414,920 for water projects (\$17,458,513 drawn) and \$44 million for wastewater projects (\$44,000,000 drawn). Debt retirement schedules will be finalized once the disbursement of loan proceeds is complete.

**Bonded Debt - Excluding Refunded Debt**

**Special Assessment Bonds** – Special assessment bonds are issued by the City on behalf of improvement districts created by property owners for a specific purpose. Property owners in the designated districts agree to be assessed for the principal and interest costs of repaying the bonds. As trustee for improvement districts, the City is responsible for collecting the assessments levied against the owners of the property within the improvement districts and for disbursing these amounts to retire the bonds issued to finance the improvements. All activity related to these bonds is recorded in the City's Debt Service Fund.

In September 2003 the Council, by resolution, authorized an agreement with Yuma Palms, L.L.C. related to the development of a regional shopping center in Yuma. Improvement District #67 was created with Yuma Palms L.L.C. as the sole property owner. On March 4, 2004, \$7,280,000 in special assessment bonds was issued for the purpose of constructing City-owned water and sewer utilities, street, and storm drainage improvements. The ten-year bonds have a stated rate of 3.70 percent with annual principal payments commencing January 2006 through 2014. The development agreement also contains provisions for the City to establish a bond enhancement account and to pay sales tax rebates (matching the debt service payments) to the developer.

**Municipal Property Corporation Bonds** – In 1970, the City created the Municipal Property Corporation to finance the acquisition or construction of various City projects. Bonds are issued by the corporation and are repaid through unrestricted revenues, primarily excise taxes, by the City. For each issue, the City has pledged its excise tax collections as follows: *Excise Taxes* – transaction privilege taxes, license fees and franchise fees, along with transaction privilege taxes, income taxes and excise taxes imposed by the State and distributed to the City (except public safety and special sales taxes); *Public Safety Taxes* – a special two-tenths of one percent (.2%) privilege license tax approved by qualified voters in 1994 for public safety and criminal justice facilities and equipment; and *Special Sales Taxes* – a special two percent (2%) privilege license tax approved by qualified voters in 1993 on the gross proceeds of sales or gross income from the business of bars, restaurants and hotels. For each bond series, the corresponding pledged tax was:

1998 Issue	Excise Taxes
2001 Issue	Excise Taxes
2003 – Series A	Excise and Public Safety Taxes
2003 – Series B	Excise Taxes
2003 – Series C	Excise and Special Sales Taxes

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

In addition to, or in lieu of, excise taxes, the City may use other operational revenues to repay the debt, as budgeted in each fund. These include payments from the Water, Wastewater and Desert Hills Golf Course Enterprise Funds, and Highway User Revenue and Solid Waste Special Revenue Funds, as determined by the projects acquired or constructed by the debt proceeds.

**General Obligation Bonds** – These bonds are backed by the full faith and credit of the City and may be repaid through the levying of property taxes. However, because the bonds were issued for the construction or expansion of the City's water treatment and delivery system, the bonds are recorded in the Water Enterprise Fund and are repaid through that fund.

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding</u>
General Obligation Bonds:					
1992 Project	6.13%	12/16/1992	2012	\$ 14,370,000	\$ 1,895,000
1997 Refunding	4.90%	12/1/1997	2012	8,085,000	7,680,000
Unamortized deferred amount on refunding				-	(280,400)
				<u>22,455,000</u>	<u>9,294,600</u>
Yuma Municipal Property Corporation Bonds:					
2001 Issue	4.94%	3/21/2001	2025	34,150,000	34,150,000
2003 - Series A Refunding	4.21%	2/18/2003	2015	14,640,000	13,660,000
2003 - Series B Refunding	3.67%	2/18/2003	2015	2,905,000	2,700,000
2003 - Series C Refunding	2.97%	2/18/2003	2010	1,445,000	1,255,000
2003 - Series B Addition	4.18%	2/18/2003	2022	9,000,000	8,655,000
Total MPC Bonds				<u>62,140,000</u>	<u>60,420,000</u>
Total Bonds Authorized and Issued				<u>\$ 84,595,000</u>	<u>\$ 69,714,600</u>

**Legal Debt Margin**

Under Arizona's Constitution, outstanding general obligation bonded debt for combined water, sewer, artificial light, parks, open space preserves, playgrounds and recreational facilities may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation debt for all other purposes may not exceed 6% of a City's net secondary assessed valuation. The legal borrowing capacity of the City of Yuma at June 30, 2005 follows:

	<u>Water, Etc. (20%)</u>	<u>All Other (6%)</u>
Legal Limit	\$ 65,905,309	\$ 19,771,593
Outstanding G.O. Debt	9,575,000	-
Available Debt Margin	<u>\$ 56,330,309</u>	<u>\$ 19,771,593</u>

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**Annual Debt Service Requirements to Maturity**

July 1	G.O. Bonds 1992 Issue			1997 Refunding Bonds			Improvement District No. 67 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 920,000	\$ 112,780	\$ 1,032,780	\$ 70,000	\$ 371,665	\$ 441,665	-	\$ 269,360	\$ 269,360
2006	975,000	58,500	1,033,500	75,000	368,480	443,480	680,000	256,780	936,780
2007	-	-	-	1,115,000	365,067	1,480,067	710,000	231,065	941,065
2008	-	-	-	1,170,000	312,105	1,482,105	740,000	204,240	944,240
2009	-	-	-	1,210,000	257,115	1,467,115	770,000	176,305	946,305
2010	-	-	-	1,275,000	196,615	1,471,615	805,000	147,168	952,168
2011	-	-	-	1,345,000	134,140	1,479,140	840,000	116,736	956,736
2012	-	-	-	1,420,000	69,580	1,489,580	875,000	85,008	960,008
2013	-	-	-	-	-	-	910,000	51,985	961,985
2014	-	-	-	-	-	-	950,000	17,575	967,575
	<u>\$ 1,895,000</u>	<u>\$ 171,280</u>	<u>\$ 2,066,280</u>	<u>\$ 7,680,000</u>	<u>\$ 2,074,767</u>	<u>\$ 9,754,767</u>	<u>\$ 7,280,000</u>	<u>\$ 1,556,222</u>	<u>\$ 8,836,222</u>

	MPC Bonds 2001 Series			MPC Bonds 2003 Series		
2005	\$ 890,000	\$ 1,647,825	\$ 2,537,825	\$ 355,000	\$ 338,232	\$ 693,232
2006	925,000	1,612,225	2,537,225	365,000	329,358	694,358
2007	965,000	1,575,225	2,540,225	375,000	320,233	695,233
2008	1,000,000	1,536,625	2,536,625	385,000	309,920	694,920
2009	1,040,000	1,494,125	2,534,125	395,000	298,370	693,370
2010	1,080,000	1,449,925	2,529,925	410,000	285,532	695,532
2011	1,130,000	1,404,025	2,534,025	420,000	272,207	692,207
2012	1,175,000	1,356,000	2,531,000	435,000	257,507	692,507
2013	1,235,000	1,297,250	2,532,250	450,000	241,847	691,847
2014	1,295,000	1,235,500	2,530,500	470,000	224,973	694,973
2015	1,355,000	1,170,750	2,525,750	490,000	207,347	697,347
2016	1,755,000	1,103,000	2,858,000	515,000	182,847	697,847
2017	1,840,000	1,015,250	2,855,250	535,000	157,098	692,098
2018	1,935,000	923,250	2,858,250	560,000	134,628	694,628
2019	2,030,000	826,500	2,856,500	585,000	110,828	695,828
2020	2,130,000	725,000	2,855,000	610,000	85,672	695,672
2021	2,240,000	618,500	2,858,500	635,000	58,833	693,833
2022	2,350,000	506,500	2,856,500	665,000	30,258	695,258
2023	2,470,000	389,000	2,859,000	-	-	-
2024	2,590,000	265,500	2,855,500	-	-	-
2025	2,720,000	136,000	2,856,000	-	-	-
	<u>\$ 34,150,000</u>	<u>\$ 22,287,975</u>	<u>\$ 56,437,975</u>	<u>\$ 8,655,000</u>	<u>\$ 3,845,690</u>	<u>\$ 12,500,690</u>

	MPC Bonds 2003 Refunding 1995A			MPC Bonds 2003 Refunding 1995B			MPC Bonds 2003 Refunding 1995C		
2005	\$ 1,005,000	\$ 557,728	\$ 1,562,728	\$ 210,000	\$ 92,397	\$ 302,397	\$ 195,000	\$ 36,275	\$ 231,275
2006	1,030,000	532,603	1,562,603	210,000	87,147	297,147	200,000	31,400	231,400
2007	1,060,000	506,853	1,566,853	215,000	81,897	296,897	205,000	26,400	231,400
2008	1,095,000	477,703	1,572,703	230,000	75,985	305,985	210,000	20,763	230,763
2009	1,150,000	422,953	1,572,953	235,000	69,085	304,085	220,000	14,463	234,463
2010	1,210,000	365,453	1,575,453	245,000	61,448	306,448	225,000	7,313	232,313
2011	1,285,000	304,953	1,589,953	250,000	53,485	303,485	-	-	-
2012	1,350,000	240,703	1,590,703	260,000	44,735	304,735	-	-	-
2013	1,425,000	173,203	1,598,203	270,000	35,375	305,375	-	-	-
2014	1,490,000	119,765	1,609,765	280,000	25,250	305,250	-	-	-
2015	1,560,000	62,400	1,622,400	295,000	14,750	309,750	-	-	-
	<u>\$ 13,660,000</u>	<u>\$ 3,764,317</u>	<u>\$ 17,424,317</u>	<u>\$ 2,700,000</u>	<u>\$ 641,554</u>	<u>\$ 3,341,554</u>	<u>\$ 1,255,000</u>	<u>\$ 136,614</u>	<u>\$ 1,391,614</u>

	WIFA Loan #920069-03			WIFA Loan #910043-03		
2005	\$ 399,194	\$ 318,306	\$ 717,500	\$ 1,827,050	\$ 1,456,840	\$ 3,283,890
2006	412,411	305,089	717,500	1,887,544	1,396,346	3,283,890
2007	426,066	291,434	717,500	1,950,040	1,333,850	3,283,890
2008	440,173	277,327	717,500	2,014,606	1,269,284	3,283,890
2009	454,747	262,753	717,500	2,081,310	1,202,580	3,283,890
2010	469,804	247,696	717,500	2,150,222	1,133,668	3,283,890
2011	485,359	232,141	717,500	2,221,416	1,062,474	3,283,890
2012	501,429	216,071	717,500	2,294,967	988,923	3,283,890
2013	518,032	199,468	717,500	2,370,953	912,937	3,283,890
2014	535,184	182,316	717,500	2,449,455	834,435	3,283,890
2015	552,904	164,596	717,500	2,530,557	753,333	3,283,890
2016	571,210	146,290	717,500	2,614,343	669,547	3,283,890
2017	590,123	127,377	717,500	2,700,904	582,986	3,283,890
2018	609,662	107,838	717,500	2,790,331	493,559	3,283,890
2019	629,848	87,652	717,500	2,882,719	401,171	3,283,890
2020	650,702	66,798	717,500	2,978,166	305,724	3,283,890
2021	672,247	45,253	717,500	3,076,773	207,117	3,283,890
2022	694,505	22,995	717,500	3,178,645	105,245	3,283,890
	<u>\$ 9,613,600</u>	<u>\$ 3,301,400</u>	<u>\$ 12,915,000</u>	<u>\$ 44,000,000</u>	<u>\$ 15,110,019</u>	<u>\$ 59,110,019</u>

Not presented in this table is WIFA Loan #920088-04, whose total loan authorization of \$36,414,920 has been drawn down to date for \$7,458,513. The retirement schedule for this loan will be presented once it has been fully drawn.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**H. Interfund Transfers**

<i>Transfers Out</i>			<i>Transfers In</i>		
From / Into			Into / From		
<b>Governmental activities - major funds:</b>					
<b>General Fund</b>	HURF	\$ 16,695	<b>General Fund</b>	Capital Projects	\$ 28,561
	Solid Waste	862,018		General Fund	16,695
	Mall Maintenance	158,269	<b>HURF</b>	Capital Projects	282,660
	Debt Service	3,474,505	<b>Road Tax</b>	General Fund	3,474,505
	Capital Projects	460,261	<b>Debt Service</b>	HURF	102,088
	Insurance Reserve	929,500		Road Tax	2,814
<b>HURF</b>	Debt Service	102,088		Capital Projects	179,573
	Capital Projects	2,517,864		Public Safety Tax	1,786,401
	Insurance Reserve	81,422		Solid Waste	21,118
<b>Road Tax</b>	Capital Projects	6,052,679		Desert Hills G.C.	233,768
	Debt Service	2,814		Wastewater	25,212
<b>Grants</b>	Capital Projects	1,591,007		Water	62,771
<b>Community Redevelopment</b>	Capital Projects	12,231	<b>Capital Projects</b>	General Fund	460,261
<b>Capital Projects</b>	General Fund	28,561		HURF	2,517,864
	Debt Service	179,573		Road Tax	6,052,679
	Wastewater	2,010,760	Community Redevelopment	12,231	
	Road Tax	282,660		Grants	1,591,007
				LTAF	382,427
				Public Safety Tax	217,021
				Two Percent Tax	185,373
				Recreation Complex	113,455
<b>Nonmajor funds:</b>					
<b>LTAF</b>	Capital Projects	382,427	<b>Solid Waste</b>	General Fund	862,018
<b>Public Safety Tax</b>	Debt Service	1,786,401	<b>Recreation Complex</b>	Two Percent Tax	1,450,000
	Capital Projects	217,021	<b>Mall Maintenance</b>	General Fund	158,269
<b>Solid Waste</b>	Debt Service	21,118			
<b>Recreation Complex</b>	Capital Projects	113,455			
	Insurance Reserve	44,600			
<b>Two Percent Tax</b>	Recreation Complex	1,450,000			
	Capital Projects	185,373			
	Desert Hill G.C.	434,805			
			<b>Total Governmental Activities</b>		<u>20,218,773</u>
<b>Business-like activities:</b>					
<b>Desert Hills G.C.</b>	Debt Service	233,768	<b>Desert Hills G.C.</b>	Two Percent Tax	434,805
<b>Water</b>	Debt Service	62,771	<b>Wastewater</b>	Capital Projects	2,010,760
<b>Wastewater</b>	Debt Service	25,212			
	Total Enterprise Funds	<u>321,751</u>			<u>2,445,565</u>
<b>Internal Service funds:</b>					
			<b>Insurance Reserve</b>	General Fund	929,500
				HURF	81,422
				Recreation Complex	44,600
		-			<u>1,055,522</u>
	Total Internal Service Funds	<u>-</u>			
	<i>Total Transfers Out</i>	<u>\$ 23,719,860</u>	<i>Total Transfers In</i>		<u>\$ 23,719,860</u>

The majority of the transfers listed above are for capital projects expenditures or for debt service requirements and are recognizable by the fund to which the transfer is made. This includes Enterprise Fund transfers to debt service as the majority of the related bond debt service is governmental in nature and is recorded in the Debt Service Fund rather than within the Enterprise Funds. As for the remaining transfers, they include operating subsidies from the General Fund to HURF (\$16,695), Solid Waste Fund (\$862,018) and Mall Maintenance (\$158,269); and from the Two Percent Tax Fund to Recreation Complex Fund (\$1,450,000) and Desert Hills Golf Course (\$434,805).

Interfund activity is eliminated within the governmental activities column of the Statement of Activities. Only transfers between governmental and business-type activities appear on that statement. The net asset transfers in of \$2,123,814 are for capital assets.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

**I. Interfund Receivables and Payables**

Interfund balances at June 30, 2005, follow:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>Major Funds</u>	<u>Nonmajor Fund</u>	
	<u>General</u>	<u>Capital Projects</u>	
<b>Major Governmental Funds:</b>			
General Fund	-	1,300	1,300
Highway Users Revenue Fund	-	201,317	201,317
City Road Tax Fund	-	19,227	19,227
Community Redevelopment Fund	156,197	-	156,197
Grants Fund	294,992	-	294,992
<b>Nonmajor Governmental Funds:</b>			
Solid Waste Fund	161,490	-	161,490
<b>Internal Service Funds:</b>			
Equipment Maintenance	435,603	-	435,603
Workers Compensation	189,000	-	189,000
<b>Total Receivable</b>	<u>\$ 1,237,282</u>	<u>\$ 221,844</u>	<u>\$ 1,459,126</u>

Because they serve primarily governmental funds, the interfund activity noted above in the Internal Service Equipment Maintenance and Workers Compensation are combined within the governmental activities for government-wide reporting. As such, the interfund activity is eliminated in the governmental activities column of the Statement of Net Assets. The internal balances amount appearing on that statement, \$327,257, represents net balances allocated to business-type activities for consolidation of internal service funds net profits.

**J. Fund Equity**

**Unreserved Fund Balances – Designations - *Uncompleted Projects*** - \$1,104,048 is the uncompleted portion of capital projects for which Council has authorized the funding from current year available resources. Expenditures for these projects are rebudgeted in the subsequent fiscal year since unexpended appropriations lapse at year-end. *Subsequent Years' Expenditures* - \$614,865 includes sales tax rebates of \$114,596, capital projects of \$500,000 and the remaining \$269 is for public/educational/government (PEG) facility for the local cable system. *Future Community Improvements* – In General Fund, \$557,443 in Community Investment Trust represents special projects in subsequent years as designated by City Council, and \$50,000 in Special Revenue Funds is a contingency account, designated by City Council, for the Yuma Civic Center.

**K. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses and injuries to employees; and natural disasters. The City purchases commercial insurance for Property Insurance, Public Employee Fidelity Bonds, Crime Insurance, Excess Workers Compensation, and Miscellaneous Insurance (i.e. surety bonds, special event insurance as needed, and fine arts coverage.) The City retains all the risk not covered by commercial carriers and has effectively managed risk through various employee education and prevention programs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City uses two Internal Service Funds, Insurance Reserve Fund and Workers Compensation Fund, to account for the financing of its risk of loss relating to claims. Charges assessed to the funds are based on historical claims, exposure to risk, and funding necessary reserves. Annually, the City estimates the liabilities for unpaid claims using a historical cost information method. Claims and expenses are recognized when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated. Claims accounted for include, reported and paid claims, reported but unpaid claims, and incurred but not reported (IBNR) claims.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2005

---

The Insurance Reserve Fund is in its initial year. The claims liability is presented below.

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
<b>2004-05</b>	\$ -	\$ 178,069	\$ 144,033	\$ 34,036

The Workers Compensation Fund had the following changes to claims liability:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
<b>2004-05</b>	\$ 464,350	\$ 322,021	\$ 321,863	\$ 464,508
<b>2003-04</b>	423,570	345,353	304,573	464,350
<b>2002-03</b>	261,661	582,648	420,739	423,570

**L. Construction Commitments**

The City has active construction projects as of June 30, 2005. At year-end the government's commitments with contractors for specific projects are as follows:

<u>Construction Commitments</u>	<u>Original Contract</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
General Government	\$ 178,801	\$ 177,299	\$ 1,502
Public Safety	76,420	56,902	19,518
Parks & Recreation	1,399,379	961,063	438,316
Environmental Health	431,902	220,279	211,623
Streets	9,806,822	4,785,424	5,021,398
Water System	26,058,152	9,204,198	16,853,954
Wastewater	10,447,958	6,155,274	4,292,684
	<u>\$ 48,399,434</u>	<u>\$ 21,560,439</u>	<u>\$ 26,838,995</u>

**III. CONTINGENT LIABILITIES**

**A. Pending Litigation**

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. It is the opinion of the City management, based on the advice of the City Attorney, that such matters will not have a material adverse effect on the City's financial position at June 30, 2005.

**B. Compliance**

The City participates in federally-funded and state-funded programs administered by various government agencies. The programs included in these financial statements may be subject to program compliance and/or financial monitoring by the granting agency or its representatives. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Schedule of Funding Progress  
Public Safety Personnel Retirement System**

	<b>Actual Value of Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funding Liability (Excess)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Liability as Percentage of Payroll</b>
<b><i>POLICE</i></b>						
2002	38,521,463	30,716,985	(7,804,478)	125.4%	6,766,977	-%
2003	38,872,623	34,348,986	(4,523,637)	113.2%	7,103,014	-%
2004	38,470,273	37,305,569	(1,164,704)	103.1%	6,781,905	-%
<b><i>FIRE</i></b>						
2002	30,698,121	29,078,933	(1,619,188)	105.6%	4,466,840	-%
2003	30,424,278	31,830,479	1,406,201	95.6%	4,459,268	31.5%
2004	29,419,423	34,779,442	5,360,019	84.6%	4,504,681	119.0%

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 15,440,228	\$ 15,440,228	\$ 17,537,372	\$ 2,097,144
Resources (inflows):				
Taxes:				
Property Tax - Primary	6,089,513	6,089,513	5,871,470	(218,043)
Property Tax - Delinquent	180,000	180,000	212,972	32,972
City Sales Tax	15,300,000	15,300,000	17,165,647	1,865,647
Public Enterprise In-Lieu	242,000	242,000	242,000	-
Franchise Tax	1,910,000	1,910,000	2,105,116	195,116
Total Taxes	<u>23,721,513</u>	<u>23,721,513</u>	<u>25,597,205</u>	<u>1,875,692</u>
Licenses:				
Business Licenses	282,609	282,609	300,290	17,681
Liquor Licenses	28,000	28,000	32,965	4,965
Building Permits	1,609,000	1,609,000	3,073,415	1,464,415
Alcohol Permits	7,800	7,800	9,760	1,960
Total Licenses	<u>1,927,409</u>	<u>1,927,409</u>	<u>3,416,430</u>	<u>1,489,021</u>
Intergovernmental:				
Sales Tax - State	6,708,135	6,708,135	7,196,762	488,627
State Revenue Sharing	7,150,347	7,150,347	7,141,392	(8,955)
Auto Lieu Tax	2,800,000	2,800,000	3,067,961	267,961
County Emergency Services	25,000	25,000	36,573	11,573
Total Intergovernmental	<u>16,683,482</u>	<u>16,683,482</u>	<u>17,442,688</u>	<u>759,206</u>
Charges for Services:				
Building Inspection Fees	656,800	656,800	1,022,722	365,922
Recreation Fees	524,180	524,180	431,931	(92,249)
Police Services	623,500	623,500	604,987	(18,513)
Other Charges	35,660	35,660	38,074	2,414
Total Charges for Services	<u>1,840,140</u>	<u>1,840,140</u>	<u>2,097,714</u>	<u>257,574</u>
Fines and Forfeitures:				
City Court Fines	833,000	833,000	805,772	(27,228)
Total Fines and Forfeitures	<u>833,000</u>	<u>833,000</u>	<u>805,772</u>	<u>(27,228)</u>
Use of Money and Property:				
Interest	299,380	299,380	315,000	15,620
Rental Receipts	139,500	139,500	161,307	21,807
Total Use of Money and Property	<u>438,880</u>	<u>438,880</u>	<u>476,307</u>	<u>37,427</u>
Miscellaneous				
Sales of Surplus Property	410,000	410,000	306,863	(103,137)
Other	80,000	80,000	213,313	133,313
Total Miscellaneous	<u>490,000</u>	<u>490,000</u>	<u>520,176</u>	<u>30,176</u>
Total Revenues	<u>45,934,424</u>	<u>45,934,424</u>	<u>50,356,292</u>	<u>4,421,868</u>
Transfers From Other Funds	-	-	28,561	28,561
Amounts Available for Appropriation	<u>61,374,652</u>	<u>61,374,652</u>	<u>67,922,225</u>	<u>6,547,573</u>

Continued on next page

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Charges to Appropriations (outflows):</b>				
<b>General Government:</b>				
Mayor and Council	247,389	249,051	222,367	26,684
City Administrator	465,319	474,202	575,537	(101,335)
Public Affairs	165,170	165,170	139,253	25,917
Strategic Communications	302,971	302,971	307,179	(4,208)
General Government	170,379	285,021	271,102	13,919
City Clerk	228,330	228,330	227,350	980
Community Investment Trust	1,448,566	890,619	560,197	330,422
City Attorney	731,860	739,143	877,275	(138,132)
City Prosecutor	203,428	203,428	188,828	14,600
Finance-Administration	164,975	188,902	250,288	(61,386)
Accounting	677,743	677,743	669,443	8,300
Customer Services	349,791	349,791	342,398	7,393
Information Technology Services	2,083,240	2,099,074	1,809,933	289,141
Purchasing	527,094	527,094	498,518	28,576
Human Resources	720,025	729,359	707,433	21,926
Facilities Maintenance	864,625	632,997	572,406	60,591
Intragovernmental Charges	(2,544,418)	(2,544,418)	(2,544,418)	-
<b>Total General Government Expenditures</b>	<u>6,806,487</u>	<u>6,198,477</u>	<u>5,675,089</u>	<u>523,388</u>
Less Capital Outlay	180,200	866,566	641,737	224,829
Less Debt Service				
Principal	-	-	-	-
<b>Total General Government Deductions</b>	<u>180,200</u>	<u>866,566</u>	<u>641,737</u>	<u>224,829</u>
<b>General Government Operating Expenditures</b>	<u>6,626,287</u>	<u>5,331,911</u>	<u>5,033,352</u>	<u>298,559</u>
<b>Public Safety:</b>				
Police Administration - Field Operations	12,656,518	12,671,583	12,397,375	274,208
Police Reserve Unit	5,750	5,750	3,954	1,796
Police Support Services	2,423,772	2,425,372	2,148,421	276,951
Police Communication Center	1,772,718	1,772,718	1,593,076	179,642
Fire Administration	446,482	458,323	353,885	104,438
Fire Training	233,028	316,902	342,907	(26,005)
Fire Suppression	6,199,142	6,486,766	6,691,448	(204,682)
Community Risk Reduction	565,099	692,775	677,905	14,870
Fire Special Operations	76,295	75,195	51,504	23,691
Fire Emergency Medical Services	96,926	96,926	84,767	12,159
Fire Emergency Management	87,459	87,459	89,791	(2,332)
Animal Control	430,085	430,085	430,085	-
Municipal Court	1,167,925	1,168,588	1,194,246	(25,658)
<b>Total Public Safety Expenditures</b>	<u>26,161,199</u>	<u>26,688,442</u>	<u>26,059,364</u>	<u>629,078</u>
Less Capital Outlay	196,684	213,180	159,919	53,261
<b>Public Safety Operating Expenditures</b>	<u>25,964,515</u>	<u>26,475,262</u>	<u>25,899,445</u>	<u>575,817</u>

Continued on next page

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Parks, Recreation and Culture:				
Parks and Recreation Administration	362,986	400,007	398,245	1,762
Parks Maintenance	3,441,786	3,441,786	3,296,082	145,704
Parks Development	249,657	249,657	256,067	(6,410)
Recreation Administration	523,901	537,622	491,497	46,125
Senior Adult Activities	151,599	151,599	128,279	23,320
Adult Activities	207,313	207,313	191,136	16,177
Youth Activities	247,435	247,435	231,561	15,874
Aguatics	568,155	568,155	546,274	21,881
Yuma Readiness Center	227,440	226,440	145,304	81,136
Yuma Art Center	663,035	663,035	605,705	57,330
Intragovernmental Charges	<u>(154,855)</u>	<u>(154,855)</u>	<u>(154,855)</u>	<u>-</u>
Total Parks, Recreation and Culture	6,488,452	6,538,194	6,135,295	402,899
Less Capital Outlay	<u>48,305</u>	<u>63,001</u>	<u>12,409</u>	<u>50,592</u>
Parks, Recreation and Culture				
Operating Expenditures	<u>6,440,147</u>	<u>6,475,193</u>	<u>6,122,886</u>	<u>352,307</u>
Environmental Health and Protection:				
Environmental Management	1,117,795	1,117,796	1,074,168	43,628
Intragovernmental Charges	<u>(956,894)</u>	<u>(956,894)</u>	<u>(956,894)</u>	<u>-</u>
Environmental Health and Protection				
Operating Expenditures	<u>110,901</u>	<u>110,902</u>	<u>117,274</u>	<u>(6,372)</u>
Community Design and Development:				
Community Development Administration	562,122	543,146	512,119	31,027
Development Engineering	247,018	264,946	250,945	14,001
Business Development	425,000	425,000	411,489	13,511
Planning and Neighborhood Services	2,438,015	2,470,087	2,364,311	105,776
Heritage Area Development	185,819	185,819	189,545	(3,726)
Outside Agencies	<u>305,630</u>	<u>305,630</u>	<u>305,630</u>	<u>-</u>
Total Community Design and Development	4,163,604	4,194,628	4,034,039	160,589
Less Capital Outlay	<u>15,150</u>	<u>16,935</u>	<u>17,918</u>	<u>(983)</u>
Community Design and Development				
Operating Expenditures	<u>4,148,454</u>	<u>4,177,693</u>	<u>4,016,121</u>	<u>161,572</u>
Total Operating Expenditures	43,290,304	42,570,961	41,189,078	1,381,883
Capital Outlay	<u>490,339</u>	<u>1,209,682</u>	<u>831,983</u>	<u>377,699</u>
Total Expenditures	43,780,643	43,780,643	42,021,061	1,759,582
Transfers to Other Funds	<u>5,965,179</u>	<u>5,965,179</u>	<u>5,901,248</u>	<u>63,931</u>
Total Charges to Appropriations	<u>49,745,822</u>	<u>49,745,822</u>	<u>47,922,309</u>	<u>1,823,513</u>
Budgetary Fund Balance, June 30	<u>\$ 11,628,830</u>	<u>\$ 11,628,830</u>	<u>\$ 19,999,916</u>	<u>\$ 8,371,086</u>
				Concluded

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Highway User Revenue Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,234,417	\$ 5,234,417	\$ 5,327,295	\$ 92,878
Resources (inflows):				
Intergovernmental				
State Gasoline Tax	7,081,072	7,081,072	7,627,177	546,105
Use of Money and Property				
Interest	100,000	100,000	117,513	17,513
Miscellaneous				
Engineering Oversight Fees	-	-	57,496	57,496
Other	110,000	110,000	17,816	(92,184)
Total Revenues	7,291,072	7,291,072	7,820,002	528,930
Transfers From Other Funds	21,968	21,968	16,695	(5,273)
Amounts Available for Appropriation	12,547,457	12,547,457	13,163,992	616,535
Charges to Appropriations (outflows):				
Current:				
Public Safety				
Traffic Signals, Signs, and Striping Streets	920,789	920,837	869,526	51,311
Engineering	403,312	403,312	9,345	393,967
Street Maintenance	2,634,600	2,634,552	2,410,825	223,727
Street Lighting	498,549	498,549	516,874	(18,325)
Street Sweeping	404,535	404,535	419,005	(14,470)
Storm Drain Maintenance	736,076	736,076	617,303	118,773
Curbs, Gutters, and Sidewalks	398,820	398,820	430,648	(31,828)
Environmental Health				
Lot Cleaning	22,074	22,074	16,695	5,379
Capital Outlay	93,515	93,515	58,487	35,028
Total Expenditures	6,112,270	6,112,270	5,348,708	763,562
Transfers To Other Funds	4,926,147	4,926,147	2,701,374	2,224,773
Total Charges to Appropriations	11,038,417	11,038,417	8,050,082	2,988,335
Budgetary Fund Balance, June 30	\$ 1,509,040	\$ 1,509,040	\$ 5,113,910	\$ 3,604,870

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 City Road Tax Fund  
 For the Year Ended June 30, 2005

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 3,588,007	\$ 3,588,007	\$ 4,013,513	\$ 425,506
Resources (inflows):				
Taxes				
Special Road Sales Tax	7,720,000	7,720,000	8,581,364	861,364
Use of Money and Property				
Interest	50,000	50,000	114,145	64,145
Miscellaneous				
Other	-	-	93,974	93,974
Transfers From Other Funds	-	-	282,660	282,660
Total Revenues	7,770,000	7,770,000	8,789,483	1,019,483
Amounts Available for Appropriation	11,358,007	11,358,007	13,085,656	1,727,649
Charges to Appropriations (outflows):				
Current:				
Streets				
Street Maintenance	156,833	156,833	156,833	-
Retention Basin Maintenance	343,509	343,509	338,134	5,375
Debt Service				
Principal	700,000	700,000	700,000	-
Interest and Fiscal Agent Fees	25,905	25,905	25,905	-
Total Expenditures	1,226,247	1,226,247	1,220,872	5,375
Transfers to Other Funds	9,971,107	9,971,107	6,055,493	3,915,614
Total Charges to Appropriations	11,197,354	11,197,354	7,276,365	3,920,989
Budgetary Fund Balance, June 30	\$ 160,653	\$ 160,653	\$ 5,809,291	\$ 5,648,638

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Grants Fund  
 For the Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	\$ 6,865	\$ 6,865	\$ 6,865	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	13,013,666	13,013,666	4,031,107	(8,982,559)
State Government	1,320,945	1,320,945	370,207	(950,738)
Budget Authority Reserve	8,507,845	8,507,845	-	(8,507,845)
Use of Money and Property				
Interest	-	-	5,216	5,216
Contributions/Donations	71,250	71,250	38,583	(32,667)
Total Revenues	22,913,706	22,913,706	4,445,113	(18,468,593)
Amounts Available for Appropriation	22,920,571	22,920,571	4,451,978	(18,468,593)
Charges to Appropriations (outflows):				
Current:				
Public Safety	6,812,031	6,442,831	2,487,474	3,955,357
Parks, Recreation and Culture	66,000	66,000	24,143	41,857
Environmental Health and Protection	1,857,750	1,861,950	184,459	1,677,491
Community Design & Development	21,000	21,000	18,446	2,554
Capital Outlay	485,000	850,000	139,584	710,416
Total Expenditures	9,241,781	9,241,781	2,854,106	6,387,675
Operating Transfers Out	13,671,925	13,671,925	1,591,007	12,080,918
Total Charges to Appropriations	22,913,706	22,913,706	4,445,113	18,468,593
Budgetary Fund Balance, June 30	\$ 6,865	\$ 6,865	\$ 6,865	\$ -

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Community Redevelopment Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	2,317,000	2,317,000	828,884	(1,488,116)
State Government	400,000	400,000	-	(400,000)
Use of Money and Property				
Rental Receipts	-	-	6,686	6,686
Miscellaneous				
Loan Repayments	-	-	36,643	36,643
Other	186,174	186,174	191,872	5,698
Sale of Real Property	-	-	-	-
Total Revenues	<u>2,903,174</u>	<u>2,903,174</u>	<u>1,064,085</u>	<u>(1,839,089)</u>
Amounts Available for Appropriation	<u>2,903,174</u>	<u>2,903,174</u>	<u>1,064,085</u>	<u>(1,839,089)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development	2,723,691	2,723,691	942,447	1,781,244
Capital Outlay	10,500	10,500	5,224	5,276
Debt Service				
Principal	92,000	92,000	92,000	-
Interest and Fiscal Agent Fees	12,183	12,183	12,183	-
Total Expenditures	<u>2,838,374</u>	<u>2,838,374</u>	<u>1,051,854</u>	<u>1,786,520</u>
Operating Transfers Out	64,800	64,800	12,231	52,569
Total Charges to Appropriations	<u>2,903,174</u>	<u>2,903,174</u>	<u>1,064,085</u>	<u>1,839,089</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Yuma, Arizona**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2005

---

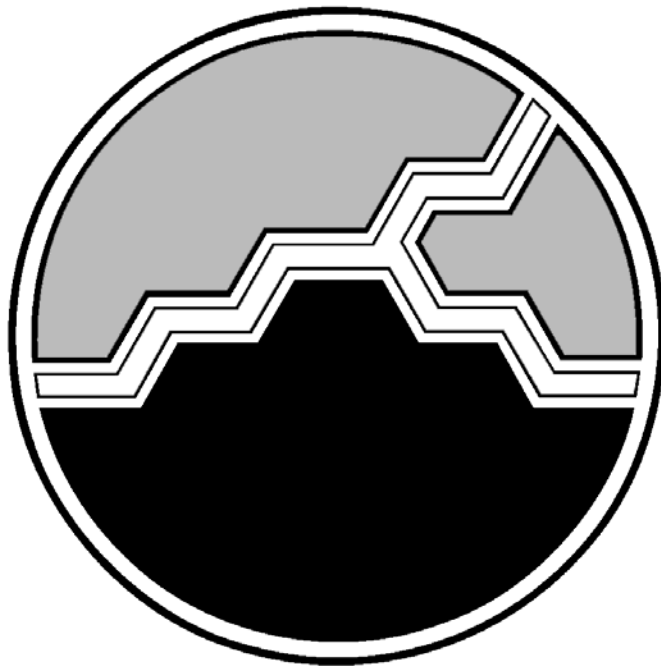
**A. Budgetary Reporting and Budgetary Basis of Accounting**

Budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the exception of the Enterprise Funds and for Internal Service Funds for which budgets are adopted. As such, reconciliations between budgetary schedules and financial statements are not necessary for governmental funds. For Enterprise Funds and Internal Service Funds, expenditures related to debt service and to capital acquisition are budgeted in the same manner as governmental funds. Depreciation is not budgeted. Reconciliations from budgetary schedules and financial statements of these funds are presented on the face of the respective budgetary statements.

**B. Excess of Expenditures Over Appropriations**

The City's expenditures exceeded appropriations in the three funds. Special Assessments in the Debt Service Fund has a provision for a sinking fund. It is funded with contributions from General Fund and sales tax rebates on construction activities in the development of a new retail shopping mall. The City had not budgeted for this activity, and as a result, Debt Service Fund exceeded its appropriations by \$275,618. Two Internal Service Funds exceeded appropriations. In the Insurance Reserve Fund, the budget for insurance premiums was inadvertently omitted causing the fund to exceed appropriations by \$460,822. Lastly, equipment parts and fuel costs were underestimated in the Equipment Maintenance Fund, which exceeded appropriations by \$447,695.

**OTHER SUPPLEMENTARY  
INFORMATION**



# NONMAJOR GOVERNMENTAL FUNDS

---

## Special Revenue Funds

Special Revenue Funds account for the proceeds of special revenue sources that are used to finance projects or activities as required by law or contractual agreements.

**Local Transportation Assistance** To record the receipts and uses of monies originating from Arizona Lottery sales. These monies are restricted to transportation uses.

**Public Safety Tax** To account for the two-tenths percent sales tax designated for public safety and criminal justice facilities and equipment.

**Solid Waste** To record the financial activities of the city-owned and operated residential garbage collection service. Expenditures in excess of fees are financed by a transfer from the General Fund.

**Recreation Complex** To record the financial activities of the Civic Center and Baseball Complex.

**Two Percent Tax** To record the financial activities of the Two Percent Special Revenue Excise Tax on hotel, motel, restaurant and bar sales. This tax can finance the operations of the Civic and Convention Center, Baseball Complex, Golf Courses, the Yuma Crossing Area and Convention and Tourism.

**Yuma Mall Maintenance** To record the special maintenance levy for the Yuma Downtown Mall District. The assessment supports cleaning, maintenance, landscaping and utility costs of common areas. Costs in excess of the assessment are financed by a transfer from the General Fund.

**City of Yuma, Arizona**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005

<u><b>Assets</b></u>	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Cash and Investments	\$ 32,975	\$ 3,171,364	\$ 664	\$ 1,526,507
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	-	-	249,244	8,076
Intergovernmental	-	266,959	69	5,210
Accrued Interest	848	12,058	-	3,746
Inventory, at cost	-	-	-	6,766
Prepaid Items	-	-	-	1,126
Total Assets	\$ 33,823	\$ 3,450,381	\$ 249,977	\$ 1,551,431
<u><b>Liabilities</b></u>				
Liabilities:				
Accounts Payable	\$ 164	\$ 1,870	\$ 41,924	\$ 64,493
Accrued Payroll and Related Taxes	-	-	46,563	50,404
Due to Other Funds	-	-	161,490	-
Unearned Revenue	-	-	-	69,542
Total Liabilities	164	1,870	249,977	184,439
<u><b>Fund Balances</b></u>				
Reserved for:				
Inventory	-	-	-	6,766
Prepaid Items	-	-	-	1,126
Unreserved:				
Designated For				
Future Community Improvements	-	-	-	-
Undesignated	33,659	3,448,511	-	1,359,100
Total Fund Balance	33,659	3,448,511	-	1,366,992
Total Liabilities and Fund Balance	\$ 33,823	\$ 3,450,381	\$ 249,977	\$ 1,551,431
	-	-	-	-

<u>Special Revenue</u>		Total
<u>Two Percent Tax</u>	<u>Yuma Mall Maintenance</u>	<u>Nonmajor Governmental Funds</u>
-		
\$ 1,252,743	\$ 5,517	\$ 5,989,770
10,800	3,812	271,932
-	5,005	277,243
3,379	-	20,031
-	-	6,766
-	-	1,126
<u>\$ 1,266,922</u>	<u>\$ 14,334</u>	<u>\$ 6,566,868</u>
\$ 1,121	\$ 9,633	\$ 119,205
-	4,701	101,668
-	-	161,490
-	-	69,542
<u>1,121</u>	<u>14,334</u>	<u>451,905</u>
-	-	6,766
-	-	1,126
50,000		50,000
<u>1,215,801</u>	<u>-</u>	<u>6,057,071</u>
<u>1,265,801</u>	<u>-</u>	<u>6,114,963</u>
<u>\$ 1,266,922</u>	<u>\$ 14,334</u>	<u>\$ 6,566,868</u>
-	-	

**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2005

	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Revenues:				
Taxes	\$ -	\$ 3,431,379	\$ -	\$ -
Intergovernmental	428,520	-	-	-
Charges for Services	-	-	1,844,497	-
Use of Money and Property	6,339	78,482	-	511,606
Contributions/Donations	45,620	-	-	-
Miscellaneous	-	-	9,847	7,995
Total Revenues	<u>480,479</u>	<u>3,509,861</u>	<u>1,854,344</u>	<u>519,601</u>
Expenditures:				
Current:				
Public Safety	-	39,345	-	-
Parks, Recreation and Culture	-	-	-	1,613,352
Environmental Health and Protection	-	-	2,695,244	-
Community Design and Development	100,186	-	-	-
Capital Outlay	-	115,481	-	54,757
Total Expenditures	<u>100,186</u>	<u>154,826</u>	<u>2,695,244</u>	<u>1,668,109</u>
Revenues Over/(Under) Expenditures	380,293	3,355,035	(840,900)	(1,148,508)
Other Financing Sources/(Uses):				
Transfers In	-	-	862,018	1,450,000
Transfers Out	(382,427)	(2,003,422)	(21,118)	(158,055)
Total Other Financing Sources/(Uses)	<u>(382,427)</u>	<u>(2,003,422)</u>	<u>840,900</u>	<u>1,291,945</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	(2,134)	1,351,613	-	143,437
Fund Balances, July 1	<u>35,793</u>	<u>2,096,898</u>	<u>-</u>	<u>1,223,555</u>
Fund Balances, June 30	<u>\$ 33,659</u>	<u>\$ 3,448,511</u>	<u>\$ -</u>	<u>\$ 1,366,992</u>

<u>Special Revenue</u>		<u>Total</u>
<u>Two Percent</u>	<u>Yuma</u>	<u>Nonmajor</u>
<u>Tax</u>	<u>Mall</u>	<u>Governmental</u>
	<u>Maintenance</u>	<u>Funds</u>
\$ 3,374,350	\$ 93,863	\$ 6,899,592
-	-	428,520
-	-	1,844,497
17,387	-	613,814
-	-	45,620
<u>3,843</u>	<u>14,929</u>	<u>36,614</u>
<u>3,395,580</u>	<u>108,792</u>	<u>9,868,657</u>
-	-	39,345
773,595	-	2,386,947
-	-	2,695,244
-	267,061	367,247
-	-	170,238
<u>773,595</u>	<u>267,061</u>	<u>5,659,021</u>
2,621,985	(158,269)	4,209,636
-	158,269	2,470,287
<u>(2,070,178)</u>	<u>-</u>	<u>(4,635,200)</u>
<u>(2,070,178)</u>	<u>158,269</u>	<u>(2,164,913)</u>
551,807	-	2,044,723
<u>713,994</u>	<u>-</u>	<u>4,070,240</u>
<u>\$ 1,265,801</u>	<u>\$ -</u>	<u>\$ 6,114,963</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Use of Money and Property:				
Interest	-	-	90,806	90,806
Total Revenues	-	-	90,806	90,806
Transfers In from Other Funds	<u>5,373,400</u>	<u>5,373,400</u>	<u>5,888,250</u>	<u>514,850</u>
Amounts Available for Appropriation	<u>5,373,400</u>	<u>5,373,400</u>	<u>5,979,056</u>	<u>605,656</u>
Charges to Appropriations (outflows):				
Debt Service:				
Bond Principal	2,655,000	2,655,000	2,655,000	-
Bond Interest	2,672,459	2,672,459	2,947,727	(275,268)
Fiscal Agent Fees	45,941	45,941	46,291	(350)
Total Expenditures	<u>5,373,400</u>	<u>5,373,400</u>	<u>5,649,018</u>	<u>(275,618)</u>
Total Charges to Appropriations	<u>5,373,400</u>	<u>5,373,400</u>	<u>5,649,018</u>	<u>(275,618)</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,038</u>	<u>\$ 330,038</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,423,969	\$ 7,423,969	\$ 6,972,955	\$ (451,014)
Resources (inflows):				
Charges for Services				
Developer Charges	8,917,918	8,917,918	3,994,933	(4,922,985)
Use of Money and Property				
Rents	340,200	340,200	341,062	862
Interest	71,000	71,000	205,199	134,199
Miscellaneous	7,000,000	7,000,000	504,465	(6,495,535)
Total Revenues	16,329,118	16,329,118	5,045,659	(11,283,459)
Issuance of Long-Term Debt	12,850,000	12,850,000	-	(12,850,000)
Transfers From Other Funds	30,943,532	30,943,532	11,532,318	(19,411,214)
Amounts Available for Appropriation	67,546,619	67,546,619	23,550,932	(43,995,687)
Charges to Appropriations (outflows):				
Capital Outlay:				
General Government	6,979,700	6,125,609	860,479	5,265,130
Public Safety	2,245,000	3,225,000	2,210,343	1,014,657
Streets	36,075,049	33,438,332	13,138,738	20,299,594
Parks, Recreation and Culture	14,411,701	16,753,159	2,915,266	13,837,893
Environmental Health and Safety	4,660,000	4,729,350	820,504	3,908,846
Total Expenditures	64,371,450	64,271,450	19,945,330	44,326,120
Operating Transfers Out	-	-	2,501,554	(2,501,554)
Total Charges to Appropriations	64,371,450	64,271,450	22,446,884	41,824,566
Budgetary Fund Balance, June 30	\$ 3,175,169	\$ 3,275,169	\$ 1,104,048	\$ (2,171,121)

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Local Transportation Assistance Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Budget</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 20,000	\$ 20,000	\$ 35,793	\$ 15,793
Resources (inflows):				
Intergovernmental				
State Lottery Distribution	428,698	428,698	428,520	(178)
Use of Money and Property				
Interest	2,500	2,500	6,339	3,839
Contributions/Donations	<u>42,500</u>	<u>42,500</u>	<u>45,620</u>	<u>3,120</u>
Total Revenues	<u>473,698</u>	<u>473,698</u>	<u>480,479</u>	<u>6,781</u>
Amounts Available for Appropriation	<u>493,698</u>	<u>493,698</u>	<u>516,272</u>	<u>22,574</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Outside Agencies - Cultural Council	<u>100,186</u>	<u>100,186</u>	<u>100,186</u>	<u>-</u>
Total Expenditures	<u>100,186</u>	<u>100,186</u>	<u>100,186</u>	<u>-</u>
Operating Transfers Out	<u>373,512</u>	<u>373,512</u>	<u>382,427</u>	<u>(8,915)</u>
Total Charges to Appropriations	<u>473,698</u>	<u>473,698</u>	<u>482,613</u>	<u>(8,915)</u>
Budgetary Fund Balance, June 30	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 33,659</u>	<u>\$ 13,659</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Public Safety Tax Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,096,898	\$ 2,096,898
Resources (inflows):				
Taxes				
Public Safety Sales Tax	3,084,000	3,084,000	3,431,379	347,379
Use of Money and Property				
Interest	<u>30,000</u>	<u>30,000</u>	<u>78,482</u>	<u>48,482</u>
Total Revenues	<u>3,114,000</u>	<u>3,114,000</u>	<u>3,509,861</u>	<u>395,861</u>
Amounts Available for Appropriation	<u>3,114,000</u>	<u>3,114,000</u>	<u>5,606,759</u>	<u>2,492,759</u>
Charges to Appropriations (outflows):				
Current:				
Public Safety:				
Police Support Services	15,000	50,000	31,630	18,370
Police Communication Center	-	238,280	7,715	230,565
Capital Outlay	<u>626,425</u>	<u>353,145</u>	<u>115,481</u>	<u>237,664</u>
Total Expenditures	<u>641,425</u>	<u>641,425</u>	<u>154,826</u>	<u>486,599</u>
Operating Transfers Out	<u>2,213,837</u>	<u>2,213,837</u>	<u>2,003,422</u>	<u>210,415</u>
Total Charges to Appropriations	<u>2,855,262</u>	<u>2,855,262</u>	<u>2,158,248</u>	<u>697,014</u>
Budgetary Fund Balance, June 30	<u>\$ 258,738</u>	<u>\$ 258,738</u>	<u>\$ 3,448,511</u>	<u>\$ 3,189,773</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Solid Waste Special Revenue Fund  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Charges for Service				
Collection Fees	1,753,500	1,753,500	1,844,497	90,997
Miscellaneous				
Other	5,000	5,000	9,847	4,847
Total Revenues	1,758,500	1,758,500	1,854,344	95,844
Transfers from Other Funds	1,047,841	1,047,841	862,018	(185,823)
Amounts Available for Appropriation	2,806,341	2,806,341	2,716,362	(89,979)
Charges to Appropriations (outflows):				
Current:				
Environmental Health and Protection				
Residential Services	2,336,357	2,336,357	2,298,424	37,933
Uncontained Waste	360,078	360,078	370,102	(10,024)
Recycling	35,814	35,814	26,718	9,096
Total Expenditures	2,732,249	2,732,249	2,695,244	37,005
Transfers to Other Funds	74,092	74,092	21,118	52,974
Total Charges to Appropriations	2,806,341	2,806,341	2,716,362	89,979
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Recreation Complex Special Revenue Fund  
 For the Year Ended June 30, 2005

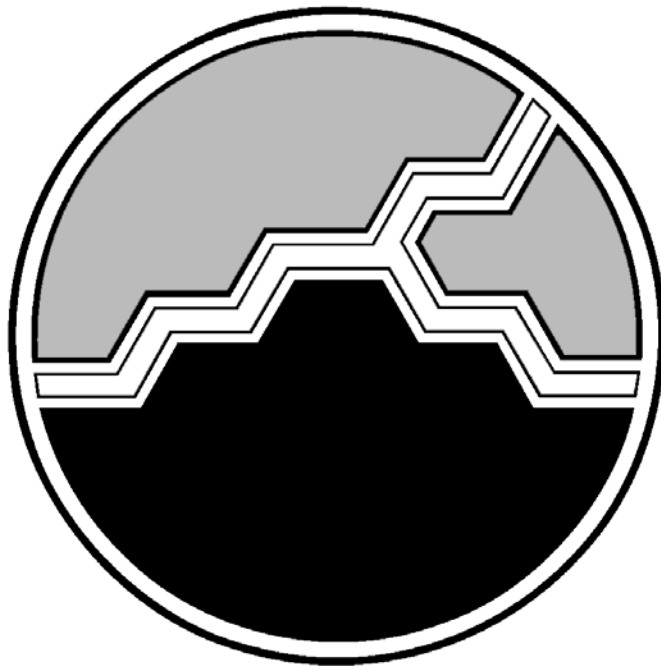
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,170,083	\$ 1,170,083	\$ 1,223,555	\$ 53,472
Resources (inflows):				
Use of Money and Property				
Rents and Concessions	422,600	422,600	480,147	57,547
Interest	10,000	10,000	31,459	21,459
Miscellaneous				
Other	7,500	7,500	7,995	495
Total Revenues	440,100	440,100	519,601	79,501
Transfers from Other Funds	1,450,000	1,450,000	1,450,000	-
Amounts Available for Appropriation	3,060,183	3,060,183	3,193,156	132,973
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Civic and Convention Center	1,127,503	1,127,503	1,040,082	87,421
Baseball Complex	555,807	555,807	573,270	(17,463)
Capital Outlay	89,755	89,755	54,757	34,998
Total Expenditures	1,773,065	1,773,065	1,668,109	104,956
Transfers to Other Funds	150,000	150,000	158,055	(8,055)
Total Charges to Appropriations	1,923,065	1,923,065	1,826,164	96,901
Budgetary Fund Balance, June 30	\$ 1,137,118	\$ 1,137,118	\$ 1,366,992	\$ 229,874

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Two Percent Tax Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Budget</u>		Actual	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 638,969	\$ 638,969	\$ 713,994	\$ 75,025
Resources (inflows):				
Taxes				
Two Percent Tax	3,135,500	3,135,500	3,374,350	238,850
Use of Money and Property				
Interest	8,000	8,000	17,387	9,387
Miscellaneous				
Other	-	-	3,843	3,843
Total Revenues	<u>3,143,500</u>	<u>3,143,500</u>	<u>3,395,580</u>	<u>252,080</u>
Amounts Available for Appropriation	<u>3,782,469</u>	<u>3,782,469</u>	<u>4,109,574</u>	<u>327,105</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Administration	23,595	23,595	23,595	-
Business Development	100,000	50,000	-	50,000
Outside Agencies	700,000	750,000	750,000	-
Total Expenditures	<u>823,595</u>	<u>823,595</u>	<u>773,595</u>	<u>50,000</u>
Operating Transfers Out	<u>2,344,805</u>	<u>2,344,805</u>	<u>2,070,178</u>	<u>274,627</u>
Total Charges to Appropriations	<u>3,168,400</u>	<u>3,168,400</u>	<u>2,843,773</u>	<u>324,627</u>
Budgetary Fund Balance, June 30	<u>\$ 614,069</u>	<u>\$ 614,069</u>	<u>\$ 1,265,801</u>	<u>\$ 651,732</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Yuma Mall Maintenance Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes				
Mall Assessments	84,000	84,000	93,863	9,863
Miscellaneous				
Other	<u>10,000</u>	<u>10,000</u>	<u>14,929</u>	<u>4,929</u>
Total Revenues	<u>94,000</u>	<u>94,000</u>	<u>108,792</u>	<u>14,792</u>
Transfers from Other Funds	<u>174,549</u>	<u>174,549</u>	<u>158,269</u>	<u>(16,280)</u>
Amounts Available for Appropriation	<u>268,549</u>	<u>268,549</u>	<u>267,061</u>	<u>(1,488)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Mall Maintenance	<u>268,549</u>	<u>268,549</u>	<u>267,061</u>	<u>1,488</u>
Total Expenditures	<u>268,549</u>	<u>268,549</u>	<u>267,061</u>	<u>1,488</u>
Total Charges to Appropriations	<u>268,549</u>	<u>268,549</u>	<u>267,061</u>	<u>1,488</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# NONMAJOR ENTERPRISE FUNDS

---

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private businesses. The intent of the City Council is that the costs of providing the goods or services be recovered primarily through user charges. Enterprise funds are designed so that creditors, legislators and the general public can evaluate the performance of the municipal enterprise on the same basis as commercial enterprises in the same industry.

**Desert Hills Golf Course** To account for the financial activity of the operation of the Desert Hills Municipal Golf Course.

**Arroyo Dunes Golf Course** To account for the financial activity of the operation of the Arroyo Dunes Municipal Golf Course.



**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2005

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Operating Revenues:			
Green Fees	\$ 997,568	\$ 215,880	\$ 1,213,448
Cart and Club Rental	271,410	11,493	282,903
Pro Shop Sales	298,043	1,516	299,559
Restaurant Sales	480,708	-	480,708
Total Operating Revenues	<u>2,047,729</u>	<u>228,889</u>	<u>2,276,618</u>
Operating Expenses:			
Operations and Maintenance	2,018,180	229,192	2,247,372
Depreciation and Amortization	247,667	28,468	276,135
Total Operating Expenses	<u>2,265,847</u>	<u>257,660</u>	<u>2,523,507</u>
Operating Loss	<u>(218,118)</u>	<u>(28,771)</u>	<u>(246,889)</u>
Non-Operating Revenues/(Expenses):			
Interest	-	2,641	2,641
Miscellaneous Revenues	50,835	221	51,056
Net Non-Operating Revenues	<u>50,835</u>	<u>2,862</u>	<u>53,697</u>
Deficit before Contributions and Transfers	(167,283)	(25,909)	(193,192)
Transfers In	434,805	-	434,805
Transfers Out	<u>(233,768)</u>	<u>-</u>	<u>(233,768)</u>
Change in Net Assets	33,754	(25,909)	7,845
Net Assets-beginning	<u>3,328,149</u>	<u>398,425</u>	<u>3,726,574</u>
Net Assets-ending	<u>\$ 3,361,903</u>	<u>\$ 372,516</u>	<u>\$ 3,734,419</u>

**City of Yuma, Arizona**  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2005

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 2,055,563	\$ 228,891	\$ 2,284,454
Cash Paid to Employees	(843,571)	(97,761)	(941,332)
Cash Paid to Suppliers	(1,363,755)	(136,308)	(1,500,063)
Other Operating Activity Revenue	50,834	221	51,055
Net Cash Provided by Operating Activities	(100,929)	(4,957)	(105,886)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Other Funds	434,805	-	434,805
Cash Paid to Other Funds	(233,768)	-	(233,768)
Net Cash Provided (Used for) Noncapital Financing Activities	201,037	-	201,037
Cash Flows from Investing Activities:			
Receipt of Interest	-	2,555	2,555
Net Cash Provided by Investing Activities	-	2,555	2,555
Net Increase in Cash and Cash Equivalents	100,108	(2,402)	97,706
Cash and Cash Equivalents, July 1	3,352	129,331	132,683
Cash and Cash Equivalents, June 30	\$ 103,460	\$ 126,929	\$ 230,389
Reconciliation of Operating Income/(Loss) to Net			
Cash Provided by Operating Activities:			
Operating (Loss)	\$ (218,118)	\$ (28,771)	\$ (246,889)
Adjustments to Reconcile Operating Income/(Loss)			
Depreciation and Amortization Expense	247,666	28,469	276,135
(Increase)Decrease in Accounts Receivables	3,209	-	3,209
(Increase)/Decrease in Inventories	(540)	1,499	959
Increase/(Decrease) in Accounts Payable	(35,900)	(1,960)	(37,860)
(Increase)Decrease in Prepaid Items	(4,538)	-	(4,538)
Increase(decrease) in Accrued Wages and Taxes Payable	8,043	(4,415)	3,628
Increase(Decrease) in Due to Other Funds	(156,199)	-	(156,199)
Increase(decrease) in Unearned Revenue	4,613	-	4,613
Other Operating Activity Revenue	50,835	221	51,056
Total Adjustments	117,189	23,814	141,003
Net Cash Provided by Operating Activities	\$ (100,929)	\$ (4,957)	\$ (105,886)

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Water Enterprise Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Inside City	\$ 10,556,000	\$ 10,556,000	\$ 10,444,559	\$ (111,441)
Outside City	1,712,000	1,712,000	1,852,607	140,607
Commercial Raw Water	250,000	250,000	200,136	(49,864)
Meters, Connections and Services	256,704	256,704	360,433	103,729
Capital Contributions:				
System Development	400,000	400,000	605,571	205,571
Capacity Rights	1,800,000	1,800,000	2,664,556	864,556
Issuance of Long-Term Debt	52,350,913	52,350,913	11,154,414	(41,196,499)
Interest	252,500	252,500	296,658	44,158
Miscellaneous	20,000	20,000	206,651	186,651
Total Revenues	67,598,117	67,598,117	27,785,585	(39,812,532)
Amounts Available for Appropriation	67,598,117	67,598,117	27,785,585	(39,812,532)
Charges to Appropriations (outflows):				
Current:				
Administration	1,615,776	1,617,876	1,612,947	4,929
Treatment	3,827,692	3,870,838	3,630,831	240,007
Water Transmission	1,234,442	1,234,442	1,093,931	140,511
Customer Services	493,418	493,418	510,823	(17,405)
Water Transfer	24,660	24,660	13,868	10,792
Laboratory	301,800	301,800	216,683	85,117
Capital Outlay:				
Capital Outlay	582,913	537,667	350,769	186,898
Capital Projects	61,123,990	61,123,990	15,035,994	46,087,996
Debt Service:				
Principal Retirement	2,705,179	2,705,179	1,389,194	1,315,985
Interest and Fiscal Agent Fees	2,591,128	2,591,128	830,006	1,761,122
Total Expenditures	74,500,998	74,500,998	24,685,046	49,815,952
Transfers to Other Funds	78,692	78,692	62,771	15,921
Total Charges to Appropriations	74,579,690	74,579,690	24,747,817	49,831,873
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (6,981,573)	\$ (6,981,573)	3,037,768	\$ 10,019,341
Reconciliation to Change in Net Assets:				
Capital Outlay			350,769	
Capital Projects			15,035,994	
Principal Retirement			1,389,194	
Issuance of Long-Term Debt			(11,154,414)	
Capital Contributions for Subdivider Additions to System			653,254	
Depreciation and Amortization			(3,556,935)	
Change in Net Assets			\$ 5,755,630	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Wastewater Enterprise Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Resources (inflows):</b>				
Inside City	\$ 6,456,360	\$ 6,456,360	\$ 6,341,201	\$ (115,159)
Outside City	398,060	398,060	438,892	40,832
Contractual/Industrial Services	740,000	740,000	1,219,742	479,742
Meters, Connections and Services	51,500	51,500	76,590	25,090
<b>Capital Contributions:</b>				
Capacity Rights	1,500,000	1,500,000	6,193,831	4,693,831
Wastewater Interceptor	350,000	350,000	809,906	459,906
Wastewater Trunk Line Charges	3,500	3,500	5,720	2,220
Issuance of Long-Term Debt	44,442,293	44,442,293	16,517,962	(27,924,331)
Interest	321,250	321,250	392,115	70,865
Miscellaneous	2,500	2,500	43,338	40,838
Total Revenues	54,265,463	54,265,463	32,039,297	(22,226,166)
Transfers From Other Funds	-	-	2,010,760	2,010,760
Amounts Available for Appropriation	54,265,463	54,265,463	34,050,057	(20,215,406)
<b>Charges to Appropriations (outflows):</b>				
<b>Current:</b>				
Administration	1,006,580	1,006,580	938,298	68,282
Treatment	3,348,007	3,442,007	3,068,261	373,746
Pretreatment	379,150	379,150	313,250	65,900
Collection	589,591	589,591	611,480	(21,889)
Laboratory	285,898	285,898	177,215	108,683
<b>Capital Outlay:</b>				
Capital Outlay	360,363	266,363	241,116	25,247
Capital Projects	63,737,820	63,837,820	35,196,667	28,641,153
<b>Debt Service:</b>				
Principal Retirement	1,827,050	1,827,050	1,827,050	-
Interest and Fiscal Agent Fees	1,456,840	1,456,840	1,247,274	209,566
Total Expenditures	72,991,299	73,091,299	43,620,611	29,470,688
Transfers To Other Funds	24,193	24,193	25,212	(1,019)
Total Charges to Appropriations	73,015,492	73,115,492	43,645,823	29,469,669
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (18,750,029)	\$ (18,850,029)	(9,595,766)	\$ 9,254,263
<b>Reconciliation to Change in Net Assets:</b>				
Capital Outlay			241,116	
Capital Projects			35,196,667	
Principal Retirement			1,827,050	
Issuance of Long-Term Debt			(16,517,962)	
Capital Contributions for Subdivider Additions to System			724,363	
Depreciation and Amortization			(2,398,626)	
Change in Net Assets			\$ 9,476,842	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

**City of Yuma, Arizona**  
**Budgetary Comparison Schedule**  
**Desert Hills Golf Course Enterprise Fund**  
**(Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Resources (inflows):</b>				
Green Fees	\$ 1,076,920	\$ 1,076,920	\$ 997,568	\$ (79,352)
Cart and Club Rental	291,181	291,181	271,410	(19,771)
Pro Shop Sales	375,950	375,950	298,043	(77,907)
Restaurant Sales	437,405	437,405	480,708	43,303
Miscellaneous	-	-	50,835	50,835
Total Revenues	<u>2,181,456</u>	<u>2,181,456</u>	<u>2,098,564</u>	<u>(82,892)</u>
Transfers From Other Funds	<u>434,805</u>	<u>434,805</u>	<u>434,805</u>	<u>-</u>
Amounts Available for Appropriation	<u>2,616,261</u>	<u>2,616,261</u>	<u>2,533,369</u>	<u>(82,892)</u>
<b>Charges to Appropriations (outflows):</b>				
<b>Current:</b>				
Maintenance	1,073,155	1,073,155	996,544	76,611
Concession	536,201	536,201	535,977	224
Restaurant	507,098	507,098	485,659	21,439
<b>Capital Outlay:</b>				
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Expenditures	<u>2,123,454</u>	<u>2,123,454</u>	<u>2,018,180</u>	<u>105,274</u>
Transfers To Other Funds	<u>234,805</u>	<u>234,805</u>	<u>233,768</u>	<u>1,037</u>
Total Charges to Appropriations	<u>2,358,259</u>	<u>2,358,259</u>	<u>2,251,948</u>	<u>106,311</u>
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	<u>\$ 258,002</u>	<u>\$ 258,002</u>	<u>281,421</u>	<u>\$ 23,419</u>
<b>Reconciliation to Change in Net Assets:</b>				
Depreciation and Amortization			<u>(247,667)</u>	
Change in Net Assets			<u>\$ 33,754</u>	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Arroyo Dunes Golf Course Enterprise Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>Resources (inflows):</b>				
Green Fees	\$ 208,450	\$ 208,450	\$ 215,880	\$ 7,430
Cart and Club Rental	8,000	8,000	11,493	3,493
Pro Shop Sales	2,300	2,300	1,516	(784)
Interest	1,400	1,400	2,641	1,241
Miscellaneous	150	150	221	71
Total Revenues	220,300	220,300	231,751	11,451
Amounts Available for Appropriation	220,300	220,300	231,751	11,451
<b>Charges to Appropriations (outflows):</b>				
Current:				
Maintenance	228,150	228,150	194,592	33,558
Concession	46,663	46,663	34,600	12,063
Total Expenditures	274,813	274,813	229,192	45,621
Total Charges to Appropriations	274,813	274,813	229,192	45,621
<b>Excess/(Deficiency) of Resources</b>				
Over Charges to Appropriations	\$ (54,513)	\$ (54,513)	2,559	\$ 57,072
<b>Reconciliation to Change in Net Assets:</b>				
Depreciation and Amortization			(28,468)	
Change in Net Assets			\$ (25,909)	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

# INTERNAL SERVICE FUNDS

---

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

**Equipment Replacement** To account for the associated costs of purchasing vehicles and equipment for rental to other departments.

**Equipment Maintenance** To record the financial activity of fleet maintenance operations.

**Employee Benefits Trust** To record the financial activity of a self-funded insurance trust fund that covers eligible employees and dependent health, life, and dental claims.

**Workers Compensation** To record the financial activity of a self-funded worker's compensation insurance trust fund.

**Insurance Reserve** To record the financial activity related to insurance and risk retention for liability and casualty issues.

**City of Yuma, Arizona**  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2005

<u>Assets</u>	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
Current Assets:						
Cash and Investments	\$ 15,781,066	\$ 16,908	\$584,852	\$ 17,754	\$ 704,771	\$17,105,351
Accounts Receivable	-	41,373	65,875	657,564	-	764,812
Intergovernmental Receivable	-	27	-	-	-	27
Accrued Interest	70,141	-	241	1,599	3,139	75,120
Inventory, at cost	-	428,484	-	-	-	428,484
Total Current Assets	<u>15,851,207</u>	<u>486,792</u>	<u>650,968</u>	<u>676,917</u>	<u>707,910</u>	<u>18,373,794</u>
Noncurrent Assets:						
Capital Assets:						
Land	-	219,610	-	-	-	219,610
Buildings	-	19,251	-	-	-	19,251
Equipment	22,320,560	104,504	-	-	-	22,425,064
Less Accumulated Depreciation	(13,270,736)	(46,308)	-	-	-	(13,317,044)
Total Noncurrent Assets	<u>9,049,824</u>	<u>297,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,346,881</u>
Total Assets	<u>24,901,031</u>	<u>783,849</u>	<u>650,968</u>	<u>676,917</u>	<u>707,910</u>	<u>27,720,675</u>
 <u>Liabilities</u>						
Liabilities:						
Accounts Payable	51,898	9,447	43,193	7	13	104,558
Accrued Payroll, Taxes and Benefits Payable	-	106,683	-	-	-	106,683
Estimated Claims and Judgements	-	-	34,036	-	464,508	498,544
Due to Other Funds	-	435,603	-	-	189,000	624,603
Total Liabilities	<u>51,898</u>	<u>551,733</u>	<u>77,229</u>	<u>7</u>	<u>653,521</u>	<u>1,334,388</u>
 <u>Net Assets</u>						
Invested in capital assets, net of related debt	9,049,824	297,057	-	-	-	9,346,881
Unrestricted	<u>15,799,309</u>	<u>(64,941)</u>	<u>573,739</u>	<u>676,910</u>	<u>54,389</u>	<u>17,039,406</u>
Total Net Assets	<u>\$ 24,849,133</u>	<u>\$ 232,116</u>	<u>\$573,739</u>	<u>\$ 676,910</u>	<u>\$ 54,389</u>	<u>\$26,386,287</u>

**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2005

	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
<b>Operating Revenues:</b>						
Charges For Services	\$ -	\$ 2,715,120	\$ 635,918	\$ -	\$ -	\$ 3,351,038
Contributions						
Employees	-	-	-	48	-	48
City	-	-	-	-	421,204	421,204
Property Damage Restitution	-	-	75,034	-	-	75,034
Equipment Rental	2,186,319	-	-	-	-	2,186,319
Miscellaneous	-	-	78	519,906	6,755	526,739
<b>Total Operating Revenues</b>	<u>2,186,319</u>	<u>2,715,120</u>	<u>711,030</u>	<u>519,954</u>	<u>427,959</u>	<u>6,560,382</u>
<b>Operating Expenses:</b>						
Claims Incurred	-	-	144,033	46,005	321,863	511,901
Premiums to Insurance Carriers	-	-	638,168	-	84,554	722,722
Administration	76,287	2,746,532	419,621	8,034	27,890	3,278,364
Depreciation	2,052,191	3,719	-	-	-	2,055,910
<b>Total Operating Expenses</b>	<u>2,128,478</u>	<u>2,750,251</u>	<u>1,201,822</u>	<u>54,039</u>	<u>434,307</u>	<u>6,568,897</u>
<b>Operating Income/(Loss)</b>	<u>57,841</u>	<u>(35,131)</u>	<u>(490,792)</u>	<u>465,915</u>	<u>(6,348)</u>	<u>(8,515)</u>
<b>Non-Operating Revenue/(Expenses):</b>						
Interest	359,740	-	9,009	4,705	14,600	388,054
Gain on the Sale of Assets	31,173	-	-	-	-	31,173
<b>Total Non-Operating Revenues</b>	<u>390,913</u>	<u>-</u>	<u>9,009</u>	<u>4,705</u>	<u>14,600</u>	<u>419,227</u>
<b>Income/(Loss) before Operating Transfers</b>	<b>448,754</b>	<b>(35,131)</b>	<b>(481,783)</b>	<b>470,620</b>	<b>8,252</b>	<b>410,712</b>
<b>Operating Transfers:</b>						
Operating Transfers In	-	-	1,055,522	-	-	1,055,522
Operating Transfers Out	-	-	-	-	-	-
<b>Net Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,522</u>
<b>Change in Net Assets</b>	<b>448,754</b>	<b>(35,131)</b>	<b>573,739</b>	<b>470,620</b>	<b>8,252</b>	<b>1,466,234</b>
<b>Net Assets, Beginning</b>	<u>24,400,379</u>	<u>267,247</u>	<u>-</u>	<u>206,290</u>	<u>46,137</u>	<u>24,920,053</u>
<b>Net Assets, Ending</b>	<u>\$ 24,849,133</u>	<u>\$ 232,116</u>	<u>\$ 573,739</u>	<u>\$ 676,910</u>	<u>\$ 54,389</u>	<u>\$ 26,386,287</u>

**City of Yuma, Arizona**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2005

	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$ 2,110,032	\$ 2,705,181	\$ 645,155	\$(182,981)	\$ 427,960	\$ 5,705,346
Cash Paid to Employees	-	(926,661)	-	(12,106)	-	(938,767)
Cash Paid to Suppliers	-	(107,267)	-	(42,350)	-	(149,617)
Cash Paid For Operating Expenses	-	(1,789,422)	(1,124,593)	-	(436,437)	(3,350,452)
Net Cash Flows Provided by/(Used for) Operating Activities	2,110,032	(118,169)	(479,438)	(237,438)	(8,477)	1,266,510
<b>Cash Flows from Noncapital Financing Activities:</b>						
Cash Received from Other Funds	-	100,000	1,055,522	-	24,000	1,179,522
Net Cash Flows Provided by/(Used for) Noncapital Financing Activities	-	100,000	1,055,522	-	24,000	1,179,522
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from Sale of Capital Assets	34,512	-	-	-	-	34,512
Payments for Capital Acquisitions	(1,256,126)	(48,959)	-	-	-	(1,305,085)
Net Cash Flows Used for Capital and Related Financing Activities	(1,221,614)	(48,959)	-	-	-	(1,270,573)
<b>Cash Flows from Investing Activities</b>						
Receipt of Interest	346,611	-	8,768	4,995	13,829	374,203
Net Cash Flows Provided by Investing Activities	346,611	-	8,768	4,995	13,829	374,203
Net Increase/(Decrease) in Cash and Cash Equivalents	1,235,029	(67,128)	584,852	(232,443)	29,352	1,549,662
Cash and Cash Equivalents, July 1, 2004	14,546,037	84,036	-	250,197	675,419	15,555,689
Cash and Cash Equivalents, June 30, 2005	<u>\$ 15,781,066</u>	<u>\$ 16,908</u>	<u>\$ 584,852</u>	<u>\$ 17,754</u>	<u>\$ 704,771</u>	<u>\$ 17,105,351</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:</b>						
Operating Income/(Loss)	\$ 57,841	\$ (35,131)	\$ (490,792)	\$ 465,915	\$ (6,348)	\$ (8,515)
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:</b>						
Depreciation Expense	2,052,191	3,719	-	-	-	2,055,910
(Increase)/Decrease in Accounts Receivable	-	(9,941)	(65,875)	(640,795)	-	(716,611)
(Increase)/Decrease in Inventory	-	(75,016)	-	-	-	(75,016)
(Increase)/Decrease in Prepaid Items	-	558	-	-	-	558
Increase/(Decrease) in Accounts Payable	-	(32,251)	43,193	(417)	(2,287)	8,238
Increase/(Decrease) in Payroll Liabilities	-	29,893	-	-	-	29,893
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	34,036	(62,141)	158	(27,947)
Total Adjustments	2,052,191	(83,038)	11,354	(703,353)	(2,129)	1,275,025
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 2,110,032</u>	<u>\$ (118,169)</u>	<u>\$ (479,438)</u>	<u>\$ (237,438)</u>	<u>\$ (8,477)</u>	<u>\$ 1,266,510</u>
<b>Noncash Transactions Affecting Financial Position:</b>						
Purchase of Capital Assets with Financing Provided by Vendor	\$ 51,898	\$ -	\$ -	\$ -	\$ -	\$ 51,898
Total Noncash Transactions Affecting Financial Position	<u>\$ 51,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,898</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Equipment Replacement Internal Service Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Charges for Services	\$ 2,224,047	\$ 2,224,047	\$ 2,186,319	\$ (37,728)
Interest	<u>300,000</u>	<u>300,000</u>	<u>359,740</u>	<u>59,740</u>
Total Revenues	<u>2,524,047</u>	<u>2,524,047</u>	<u>2,546,059</u>	<u>22,012</u>
Amounts Available for Appropriation	<u>2,524,047</u>	<u>2,524,047</u>	<u>2,546,059</u>	<u>22,012</u>
Charges to Appropriations (outflows):				
Current				
Administration	76,287	76,287	76,287	-
Capital Outlay	<u>2,550,590</u>	<u>2,550,590</u>	<u>1,301,402</u>	<u>1,249,188</u>
Total Expenditures	<u>2,626,877</u>	<u>2,626,877</u>	<u>1,377,689</u>	<u>1,249,188</u>
Total Charges to Appropriations	<u>2,626,877</u>	<u>2,626,877</u>	<u>1,377,689</u>	<u>1,249,188</u>
Excess of Resources Over				
Charges to Appropriations	<u>\$ (102,830)</u>	<u>\$ (102,830)</u>	<u>1,168,370</u>	<u>\$ 1,271,200</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			1,301,402	
Gain on Sale of Assets			31,173	
Depreciation and Amortization			<u>(2,052,191)</u>	
Change in Net Assets			<u>\$ 448,754</u>	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Equipment Maintenance Internal Service Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

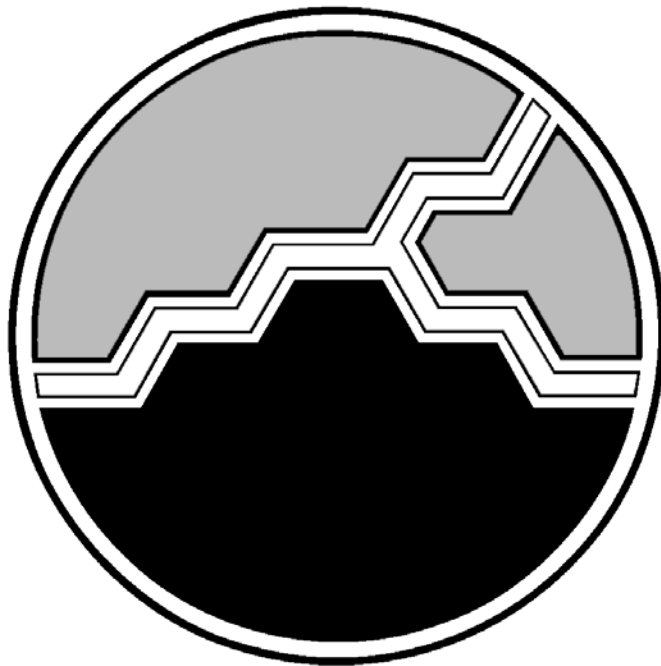
	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Charges for Services	\$ 2,347,067	\$ 2,347,067	\$ 2,714,300	\$ 367,233
Interest	-	-	820	820
Total Revenues	2,347,067	2,347,067	2,715,120	368,053
Transfers From Other Funds	-	-	-	-
Amounts Available for Appropriation	2,347,067	2,347,067	2,715,120	368,053
Charges to Appropriations (outflows):				
Current				
Administration	2,299,796	2,299,796	2,746,532	(446,736)
Capital Outlay	48,000	48,000	48,959	(959)
Total Expenditures	2,347,796	2,347,796	2,795,491	(447,695)
Total Charges to Appropriations	2,347,796	2,347,796	2,795,491	(447,695)
Excess of Resources Over				
Charges to Appropriations	\$ (729)	\$ (729)	(80,371)	\$ (79,642)
Reconciliation to Change in Net Assets:				
Capital Outlay			48,959	
Depreciation and Amortization			(3,719)	
Change in Net Assets			\$ (35,131)	

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.

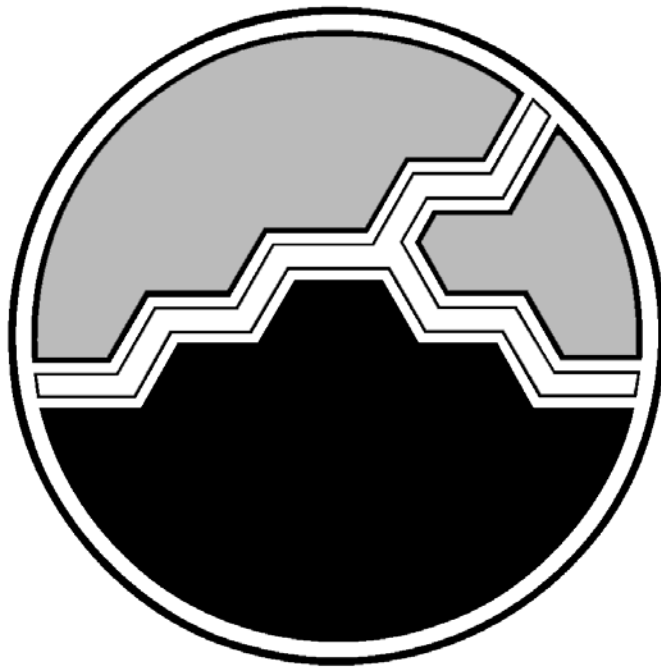
**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Insurance Reserve Internal Service Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2005

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Resources (inflows):</b>				
Charges for Services	\$ -	\$ -	\$ 635,918	\$ 635,918
Property Damage Restitution	-	-	75,034	75,034
Miscellaneous	-	-	78	78
Interest	-	-	9,009	9,009
Total Revenues	<u>-</u>	<u>-</u>	<u>720,039</u>	<u>720,039</u>
Transfers From Other Funds	<u>704,000</u>	<u>704,000</u>	<u>1,055,522</u>	<u>351,522</u>
Amounts Available for Appropriation	<u>704,000</u>	<u>704,000</u>	<u>1,775,561</u>	<u>1,071,561</u>
<b>Charges to Appropriations (outflows):</b>				
Current				
Premiums to Insurance Carriers	-	-	638,168	(638,168)
Claims Incurred	330,000	330,000	144,033	185,967
Administration	423,000	411,000	419,621	(8,621)
Total Expenditures	<u>753,000</u>	<u>741,000</u>	<u>1,201,822</u>	<u>(460,822)</u>
Total Charges to Appropriations	<u>753,000</u>	<u>741,000</u>	<u>1,201,822</u>	<u>(460,822)</u>
<b>Excess of Resources Over</b>				
Charges to Appropriations	<u>\$ (49,000)</u>	<u>\$ (37,000)</u>	<u>\$ 573,739</u>	<u>\$ 610,739</u>

NOTE: This exhibit is prepared on the modified accrual basis to correspond with the City's budget practices. It is not intended to present the operations in accordance with generally accepted accounting principles.



# **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the City of Yuma'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 government's overall financial condition.

<b>Contents</b>	<b>Page</b>
Financial Trends	100
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	108
These schedules contain information to help the reader assess the City's most significant local revenue source - sales tax.	
Debt Capacity	110
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	116
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	118
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

**City of Yuma, Arizona**

**Net Assets by Component  
Last Four Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 69,300	\$ 81,689	\$ 95,005	\$ 111,268
Restricted	1,484	-	-	330
Unrestricted	44,208	50,234	55,748	57,707
Total governmental activities net assets	<u>\$ 114,993</u>	<u>\$ 131,922</u>	<u>\$ 150,752</u>	<u>\$ 169,305</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 80,224	\$ 85,380	\$ 86,266	\$ 105,944
Restricted	-	-	-	-
Unrestricted	23,251	22,511	31,537	27,122
Total business-type activities net assets	<u>\$ 103,475</u>	<u>\$ 107,891</u>	<u>\$ 117,803</u>	<u>\$ 133,067</u>
Primary government				
Invested in capital assets, net of related debt	\$ 149,524	\$ 167,069	\$ 181,271	\$ 217,212
Restricted	1,484	-	-	330
Unrestricted	67,460	72,744	87,284	84,829
Total primary government net assets	<u>\$ 218,468</u>	<u>\$ 239,813</u>	<u>\$ 268,555</u>	<u>\$ 302,372</u>

**City of Yuma, Arizona**

**Changes in Net Assets  
Last Four Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,478	\$ 6,950	\$ 7,059	\$ 7,117
Public Safety	23,567	25,455	26,988	30,707
Streets	9,098	7,944	8,654	9,061
Parks, Recreation and Culture	8,526	8,862	9,475	9,841
Environmental Health and Protection	3,251	2,936	2,994	3,608
Community Design and Development	5,246	6,369	5,551	5,438
Interest on Long-Term Debt	3,227	2,878	2,972	3,042
Total governmental activities expenses	<u>56,393</u>	<u>61,393</u>	<u>63,692</u>	<u>68,815</u>
Business-type activities:				
Water	9,836	10,326	10,884	11,456
Wastewater	6,484	7,024	7,341	8,750
Golf Courses	2,490	2,524	2,493	2,514
Total business-type activities expenses	<u>18,810</u>	<u>19,874</u>	<u>20,719</u>	<u>22,720</u>
Total primary government expenses	<u>\$ 75,204</u>	<u>\$ 81,267</u>	<u>\$ 84,411</u>	<u>\$ 91,536</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services	\$ 6,095	\$ 7,094	\$ 9,153	\$ 14,391
Operating Grants and Contributions	2,795	3,684	3,290	3,568
Capital Grants and Contributions	1,650	1,398	3,703	1,747
Total governmental activities program revenues	<u>10,539</u>	<u>12,175</u>	<u>16,145</u>	<u>19,705</u>
Business-type activities:				
Charges for Services	17,208	18,863	21,109	23,512
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	6,260	5,439	8,923	11,657
Total business-type activities program revenues	<u>23,468</u>	<u>24,302</u>	<u>30,032</u>	<u>35,169</u>
Total primary government program revenues	<u>\$ 34,008</u>	<u>\$ 36,477</u>	<u>\$ 46,177</u>	<u>\$ 54,874</u>
Net (expense)/revenue				
Governmental activities	\$ (45,854)	\$ (49,218)	\$ (47,547)	\$ (49,110)
Business-type activities	4,658	4,428	9,313	12,449
Total primary government net expense	<u>\$ (41,196)</u>	<u>\$ (44,790)</u>	<u>\$ (38,234)</u>	<u>\$ (36,661)</u>

Continued on next page

**City of Yuma, Arizona**

**Changes in Net Assets  
Last Four Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year			
	2002	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 5,338	\$ 5,678	\$ 5,953	\$ 6,076
Sales taxes	25,039	25,484	28,529	32,795
Franchise taxes	1,836	1,719	1,936	2,105
Shared revenues	23,258	24,225	24,021	25,462
Grants and contributions not restricted to specific programs	-	7,577	5,198	1,673
Unrestricted investment earnings	2,227	877	292	1,370
Gain from sale of fixed assets	-	-	920	307
Transfers	382	587	(473)	(2,124)
<b>Total governmental activities</b>	<b>58,079</b>	<b>66,148</b>	<b>66,377</b>	<b>67,663</b>
Business-type activities:				
Investment earnings	999	575	125	691
Special Item - Litigation	(1,220)	-	-	-
Transfers	(382)	(587)	473	2,124
<b>Total business-type activities</b>	<b>(603)</b>	<b>(12)</b>	<b>599</b>	<b>2,815</b>
<b>Total primary government</b>	<b>\$ 57,476</b>	<b>\$ 66,136</b>	<b>\$ 66,976</b>	<b>\$ 70,478</b>
 <b>Change in Net Assets</b>				
Governmental activities	\$ 12,225	\$ 16,930	\$ 18,830	\$ 18,553
Business-type activities	4,055	4,416	9,912	15,264
<b>Total primary government</b>	<b>\$ 16,280</b>	<b>\$ 21,346</b>	<b>\$ 28,742</b>	<b>\$ 33,816</b>

Concluded

**City of Yuma, Arizona**

**Governmental Funds Tax Revenues by Source  
Last Ten Fiscal Years**

Fiscal Year	Property Tax	General Sales Tax	City Road Sales Tax	Public Safety Sales Tax	Civic Center Excise Tax	Two Percent Tax	Utility Franchise	Public Enterprise In-Lieu	Mall District Levy	Total
1996	\$3,962,082	\$ 8,497,121	\$ 4,146,044	\$ 1,701,619	\$ 10,902	\$1,997,930	\$ 1,028,738	\$ 42,000	\$138,104	\$21,524,540
1997	4,050,744	9,190,489	4,470,925	1,838,760	721	2,097,687	1,447,845	42,030	59,095	23,198,296
1998	4,355,377	9,848,292	4,836,428	2,002,155	3,301	2,187,192	1,392,706	42,000	43,419	24,710,870
1999	4,486,819	10,354,676	5,088,978	2,105,780	1,263	2,313,453	1,224,830	42,000	48,771	25,666,570
2000	4,730,665	11,342,233	5,574,996	2,306,895	5,674	2,363,269	1,796,281	242,000	50,671	28,412,684
2001	5,243,984	12,836,934	6,417,376	2,566,078	-	2,490,071	2,135,544	242,000	62,912	31,994,899
2002	5,193,075	13,116,950	6,448,954	2,578,704	-	2,652,152	1,835,810	242,000	64,172	32,131,817
2003	5,525,546	13,237,042	6,617,396	2,646,059	-	2,741,989	1,719,272	242,000	83,184	32,812,488
2004	5,857,825	14,849,984	7,423,730	2,968,482	-	3,044,645	1,935,952	242,000	88,411	36,411,029
2005	6,084,442	17,165,647	8,581,364	3,431,379	-	3,374,350	2,105,116	242,000	93,863	41,078,161

**City of Yuma, Arizona**

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General fund										
Reserved	\$ 667	\$ 404	\$ 414	\$ 427	\$ 507	\$ 490	\$ 539	\$ 489	\$ 101	\$ 296
Unreserved	4,853	3,857	4,499	6,264	7,806	11,073	13,012	15,087	17,436	19,704
Total general fund	<u>\$ 5,520</u>	<u>\$ 4,262</u>	<u>\$ 4,913</u>	<u>\$ 6,691</u>	<u>\$ 8,312</u>	<u>\$ 11,563</u>	<u>\$ 13,551</u>	<u>\$ 15,576</u>	<u>\$ 17,537</u>	<u>\$ 20,000</u>
All other governmental funds										
Reserved	\$ 3,359	\$ 19,036	\$ 1,563	\$ 2,008	\$ 89	\$ 3,173	\$ 1,567	\$ 85	\$ 63	\$ 339
Unreserved, reported in:										
Special revenue funds	10,675	10,982	10,752	12,454	14,404	10,704	9,424	10,495	13,407	17,036
Capital projects funds	22,929	5,571	6,812	2,888	1,143	25,450	3,355	5,967	6,920	1,104
Total all other governmental funds	<u>\$ 36,963</u>	<u>\$ 35,589</u>	<u>\$ 19,128</u>	<u>\$ 17,349</u>	<u>\$ 15,636</u>	<u>\$ 39,327</u>	<u>\$ 14,346</u>	<u>\$ 16,548</u>	<u>\$ 20,391</u>	<u>\$ 18,479</u>

City of Yuma, Arizona

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Revenues</b>										
Taxes	\$ 21,525	\$ 23,198	\$ 24,711	\$ 25,667	\$ 28,413	\$ 31,995	\$ 32,132	\$ 32,812	\$ 36,411	\$ 41,078
Licenses and permits	1,278	708	682	948	1,250	1,464	1,439	2,063	3,016	3,416
Intergovernmental	20,712	18,930	19,636	23,330	24,683	24,587	27,699	29,298	31,041	30,729
Charges for services	1,855	1,685	1,529	1,672	2,111	2,411	2,876	2,983	3,905	7,937
Fines and forfeitures	526	421	486	511	448	588	671	801	726	806
Special Assessments	236	218	224	12	13	6	-	-	-	-
Use of money and property	2,393	2,892	2,291	1,634	1,923	2,630	2,494	1,429	1,154	1,971
Contributions and donations	45	46	38	63	77	50	26	28	33	84
Miscellaneous	464	1,269	802	199	281	298	259	336	480	1,152
Total revenues	<u>49,033</u>	<u>49,367</u>	<u>50,398</u>	<u>54,036</u>	<u>59,198</u>	<u>64,030</u>	<u>67,594</u>	<u>69,750</u>	<u>76,766</u>	<u>87,173</u>
<b>Expenditures</b>										
General government	\$ 3,507	\$ 2,893	\$ 3,201	\$ 3,432	\$ 3,834	\$ 3,498	\$ 4,001	\$ 4,732	\$ 5,409	\$ 5,033
Public Safety	15,415	16,598	17,159	17,695	19,423	20,733	22,660	24,364	25,752	29,296
Streets	4,087	4,333	3,526	3,421	4,157	4,163	4,393	4,884	4,767	4,899
Parks, Recreation and Culture	5,296	5,716	5,557	5,799	6,541	6,704	7,428	7,765	7,828	8,534
Environmental Health and Protection	2,680	3,460	2,933	2,314	2,401	2,823	3,175	3,000	3,062	3,014
Community Design and Development	3,066	2,805	2,598	4,242	4,827	4,811	5,331	6,338	5,429	5,344.26
Capital Outlay	14,234	21,141	26,764	19,102	12,774	23,092	37,311	19,198	19,656	21,151
Debt Service										
Principal	1,327	2,616	2,625	2,534	3,786	3,897	4,346	5,248	3,825	3,447
Interest and fiscal agent fees	1,053	1,984	1,930	1,965	1,914	2,151	3,227	2,872	2,962	3,032
Total expenditures	<u>50,665</u>	<u>61,546</u>	<u>66,295</u>	<u>60,504</u>	<u>59,655</u>	<u>71,872</u>	<u>91,872</u>	<u>78,402</u>	<u>78,689</u>	<u>83,750</u>
Excess of revenues over (under) expenditures	\$ (1,632)	\$ (12,179)	\$ (15,898)	\$ (6,468)	\$ (457)	\$ (7,841)	\$ (24,277)	\$ (8,651)	\$ (1,922)	\$ 3,423
<b>Other financing sources (uses)</b>										
Proceeds from long-term debt	\$ 26,800	\$ 9,600	\$ -	\$ 6,020	\$ -	\$ 34,209	\$ 909	\$ 31,490	\$ 7,280	\$ -
Sale of real property	-	-	-	-	-	281	455	(19,199)	920	307
Capital Lease Additions	392	-	-	-	-	-	-	-	-	-
Transfers in	12,375	13,221	13,785	11,781	17,511	23,490	21,423	21,117	21,609	20,219
Transfers out	(12,525)	(13,273)	(13,778)	(11,333)	(17,145)	(23,198)	(21,501)	(20,530)	(22,082)	(23,398)
Total other financing sources (uses)	<u>27,041</u>	<u>9,547</u>	<u>7</u>	<u>6,468</u>	<u>365</u>	<u>34,783</u>	<u>1,285</u>	<u>12,878</u>	<u>7,727</u>	<u>(2,872)</u>
Net change in fund balances	<u>\$ 25,409</u>	<u>\$ (2,632)</u>	<u>\$ (15,891)</u>	<u>\$ (1)</u>	<u>\$ (91)</u>	<u>\$ 26,941</u>	<u>\$ (22,993)</u>	<u>\$ 4,226</u>	<u>\$ 5,805</u>	<u>\$ 551</u>
Debt service as a percentage of noncapital expenditures	6.5%	11.4%	11.5%	10.9%	12.2%	12.4%	13.9%	13.7%	11.5%	10.4%

**City of Yuma, Arizona**  
**Governmental Funds Intergovernmental Shared Revenues**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Revenue Sharing</u>	<u>Auto In-Lieu</u>	<u>Highway Users</u>	<u>Local Transportation Assistance</u>	<u>Grants and Others*</u>	<u>Total</u>
1996	\$ 4,595,727	\$ 4,350,984	\$ 1,488,372	\$ 5,575,537	\$ 435,038	\$4,265,860	\$ 20,711,518
1997	4,267,201	4,577,465	1,654,496	5,115,826	428,877	2,885,816	18,929,681
1998	4,506,916	5,171,767	1,595,995	5,768,654	439,556	2,152,620	19,635,508
1999	5,002,193	6,212,451	2,030,291	6,038,703	424,669	3,621,672	23,329,979
2000	5,515,532	6,958,385	2,075,329	6,715,766	418,463	2,999,869	24,683,344
2001	5,779,653	7,303,100	2,235,482	6,157,241	425,571	2,686,448	24,587,495
2002	5,973,339	8,084,914	2,345,195	6,414,401	440,004	4,440,943	27,698,796
2003	6,062,278	8,250,011	2,746,086	6,732,659	434,212	5,072,923	29,298,169
2004	6,535,654	7,002,250	2,852,832	7,198,891	431,754	7,019,763	31,041,144
2005	7,196,762	7,141,392	3,067,961	7,627,177	428,520	5,230,199	30,692,011

\*See 'Intergovernmental Revenues - Grants and Others' for detail information.

**City of Yuma, Arizona**

**Intergovernmental Revenues - Grants and Other  
Last Ten Fiscal Years**

Fiscal Year	Federal						State of Arizona						Total
	Justice	Interior	Housing/Urban Development (CDBG)	Economic Development Administration	Other HUD	Other	Parks	Commerce	Transportation	Other	Local Government		
1996	\$ 780,737	\$ -	\$ 1,857,444	\$ 1,429,672	\$ -	\$ -	\$ 5,160	\$ 92,927	\$ -	\$ 430	\$ 99,490	\$ 4,265,860	
1997	986,309	405,521	857,700	453,001	-	-	-	17,907	-	-	165,378	2,885,816	
1998	855,001	119,355	794,492	35,766	-	-	36,000	3,935	-	257,318	50,753	2,152,620	
1999	869,432	109,421	1,372,433	9,234	-	38,543	-	286,709	600,000	275,869	60,031	3,621,672	
2000	948,716	172,030	1,215,765	-	82,536	89,525	169,567	20,339	40,000	46,535	214,856	2,999,869	
2001	970,255	158,271	706,783	-	199,998	156,327	393,823	10,054	-	90,937	-	2,686,448	
2002	1,010,764	405,198	640,280	-	229,712	507,488	753,502	264,684	240,890	366,161	22,264	4,440,943	
2003	1,309,351	1,398,560	991,044	-	169,579	413,527	96,498	441,101	-	233,831	19,432	5,072,923	
2004	3,462,972	575,124	1,349,178	-	405,814	896,311	87,359	-	31,059	151,489	60,457	7,019,763	
2005	1,233,650	465,209	594,924	-	80,301	2,485,908	79,123	-	-	291,084	-	5,230,199	

**City of Yuma, Arizona**

**Taxable Sales by Category  
Last Four Fiscal Years**

	Fiscal Years			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Mining	\$ -	\$ 52	\$ -	\$ 24
Construction	2,100,357	2,250,571	2,823,997	3,889,620
Manufacturing	447,357	393,177	492,473	903,995
Transportation, Communications, and Utilities	2,422,441	2,152,593	2,072,906	2,472,723
Wholesale Trade	452,449	468,976	401,621	503,798
Retail Trade	12,414,338	12,934,740	14,004,343	15,740,910
Restaurants and Bars	1,699,407	1,762,735	1,880,758	2,102,609
Fire Insurance and Real Estate	722,393	720,393	1,177,000	1,663,872
Hotels and Other Lodging	430,579	455,416	523,347	593,805
Services	1,331,813	1,349,658	1,134,263	763,659
Arts, Entertainment, Government and All Others Not Specified	<u>20,666</u>	<u>12,185</u>	<u>731,488</u>	<u>543,375</u>
	<u>\$ 22,041,800</u>	<u>\$ 22,500,497</u>	<u>\$ 25,242,196</u>	<u>\$ 29,178,390</u>
City direct sales tax rate	1.70%	1.70%	1.70%	1.70%

Source: Arizona Department of Revenue

Note: During fiscal 2004, the Department of Revenue implemented a new collection system with a revised reporting scheme. Accordingly, certain classifications have been combined for comparison purposes.

**City of Yuma, Arizona**

**Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City Sales Tax Rate</u>	<u>City Hospitality Sales Tax Rate</u>	<u>Yuma County</u>	<u>Arizona State</u>
1996	1.70%	2.00%	1.50%	5.00%
1997	1.70%	2.00%	1.50%	5.00%
1998	1.70%	2.00%	1.50%	5.00%
1999	1.70%	2.00%	1.50%	5.00%
2000	1.70%	2.00%	1.50%	5.00%
2001	1.70%	2.00%	1.50%	5.00%
2002	1.70%	2.00%	1.50%	5.60%
2003	1.70%	2.00%	1.50%	5.60%
2004	1.70%	2.00%	1.50%	5.60%
2005	1.70%	2.00%	1.60%	5.60%

Source: Arizona Department of Revenue

**City of Yuma, Arizona**

**Ratio of Outstanding Debt by Type  
Last Four Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Municipal Property Corporation Bonds	Special Assessment Bonds	Long-term Contracts Payable	Utility Bonds	General Obligation Bonds	Long-term Contracts Payable			
2002	\$ -	\$ 62,315,000	\$ -	\$ 573,334	\$ -	\$ 12,210,000	\$ -	\$ 75,098,334	2.26%	\$ 450
2003	-	66,240,000	-	3,320,000	-	11,385,000	10,408,191	91,353,191	2.80%	535
2004	-	63,440,000	7,280,000	2,515,000	-	10,505,000	33,790,746	117,530,746	NA	667
2005	-	60,420,000	7,280,000	1,723,000	-	9,575,000	61,072,113	140,070,113	NA	NA

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

\*See the Schedule of Demographic and Economic Statistics on page 116 for personal income and population data.

**City of Yuma, Arizona**

**Ratio of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Bonded Debt</u>	<u>Ratio of General Bonded Debt to Assessed Value</u>	<u>General Bonded Debt per Capita</u>
1996	63,150	\$ 198,439,931	\$ -	\$ -	\$ -
1997	65,130	208,341,336	-	-	-
1998	68,160	218,762,985	-	-	-
1999	69,055	232,397,991	-	-	-
2000	71,000	245,008,969	-	-	-
2001	77,515	256,612,102	-	-	-
2002	81,380	278,555,470	-	-	-
2003	80,300	305,708,909	-	-	-
2004	83,330	322,623,524	-	-	-
2005	86,070	329,526,546	-	-	-

111

Source: Yuma County Assessor

**City of Yuma, Arizona**

**Computation of Direct and Overlapping Debt  
June 30, 2005**

Jurisdiction	Debt Outstanding	Allocable to City of Yuma	
		Percent	Amount
City of Yuma	\$ -	100.00%	\$ -
Yuma County	36,155,000	48.39%	17,494,772
Yuma County Community College District	8,380,000	48.39%	4,054,935
Yuma Union High School District No. 70	8,690,000	54.04%	4,696,076
Yuma School District No. 1	29,415,000	56.13%	16,511,971
Yuma School District No. 13	12,930,000	64.49%	<u>8,338,592</u>
Total Overlapping Debt			<u>\$ 51,096,346</u>

Source: Yuma County Treasurer

Note: School district valuation applicable percentage estimated

**City of Yuma, Arizona**

**Legal Debt Margin Information  
June 30, 2005  
(amounts expressed in thousands)**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit										
Water, Sewer, Lights, Parks (20%)	\$ 39,688	\$ 41,668	\$ 42,753	\$ 46,480	\$ 49,002	\$ 51,322	\$ 56,049	\$ 61,142	\$ 64,525	\$ 65,905
All Others (6%)	11,906	12,500	13,126	13,944	14,701	15,397	16,815	18,343	19,357	19,772
Total net debt applicable to limit										
Water, Sewer, Lights, Parks (20%)	14,225	14,200	14,385	13,715	12,995	12,210	11,385	10,505	9,575	8,585
All Others (6%)	-	-	-	-	-	-	-	-	-	-
Legal debt margin										
Water, Sewer, Lights, Parks (20%)	\$ 25,463	\$ 27,468	\$ 29,368	\$ 32,765	\$ 36,007	\$ 39,112	\$ 44,664	\$ 50,637	\$ 54,950	\$ 57,320
All Others (6%)	11,906	12,500	13,126	13,944	14,701	15,397	16,815	18,343	19,357	19,772
Total net debt applicable to the limit as a percentage of debt limit										
Water, Sewer, Lights, Parks (20%)	35.84%	34.08%	33.65%	29.51%	26.52%	23.79%	20.31%	17.18%	14.84%	13.03%
All Others (6%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2005

	General Obligation Bonds	
	Sewer, Lights, Parks (20%)	All Others (6%)
2004 Tax Year Secondary Assessed Valuation	329,527	\$ 65,905
Outstanding General Obligation Debt:		
Project 1992		975
Project 1997		7,610
Total General Obligation Debt		8,585
		<u>\$ 57,320</u>
		<u>\$ 19,772</u>

(1) Under the Arizona Constitution, cities may issue General Obligation Bonds for purposes of water, sewer, artificial light and parks, open space preserves, playgrounds and recreational facilities up to an amount not exceeding 20% of secondary assessed valuation.

(2) Under the Arizona Constitution, cities may issue General Obligation Bonds for all purposes other than those listed in (1) above up to an amount not exceed 6% of secondary assessed valuation.

City of Yuma, Arizona

Schedule of Municipal Property Corporation Debt Service Requirements to Maturity and Coverage

Series 1998, 2001, and 2003 Refunding 1995 Covenants

	<u>2003 Ref 1995A</u>	<u>2003 Ref 1995B</u>	<u>2003 Ref 1995C</u>	
2004-05 Pledged Taxes	\$ 47,020,192	\$ 43,588,813	\$ 46,963,163	
2005-06 Debt related to pledge:				Total
2003 Ref 1995 Series A	\$ 1,562,603	\$ -	\$ -	\$ 1,562,603
2003 Ref 1995 Series B	-	991,505	-	991,505
2003 Ref 1995 Series C	-	-	231,400	231,400
1998 Series	-	-	-	-
2001 Series	-	2,537,225	-	2,537,225
Total Debt	<u>\$ 1,562,603</u>	<u>\$ 3,528,730</u>	<u>\$ 231,400</u>	<u>\$ 5,322,733</u>
Coverage	30.1	12.4	203.0	
<b>Required Coverage</b>	<b>4.0</b>	<b>3.0</b>	<b>3.5</b>	
<i>Collective Coverage</i>				
2004-05 Pledged Taxes	\$ 47,020,192	\$ 43,588,813	\$ 46,963,163	
Total 2004-05 Debt	<u>\$ 5,322,733</u>	<u>\$ 5,322,733</u>	<u>\$ 5,322,733</u>	
Coverage	8.8	8.2	8.8	
<b>Required Coverage</b>	<b>4.0</b>	<b>3.0</b>	<b>3.5</b>	

**1998, 2001, and 2003 Refunding 1995 Series:** Bond covenants require that each series cover both its related debt and the collective debt for the succeeding year.

**City of Yuma, Arizona**

**Pledged Tax Collections**

	FISCAL YEAR						
	1999	2000	2001	2002	2003	2004	2005
<b>Local Taxes</b>							
Sales Tax (1%)	\$ 10,354,676	\$ 11,342,233	\$ 12,836,934	\$ 13,116,950	\$ 13,237,042	\$ 14,849,984	\$ 17,165,647
Franchise Fee	1,266,830	2,038,281	2,377,544	2,077,810	1,961,272	2,177,952	2,347,116
<b>Intergovernmental Revenues:</b>							
State Revenue Sharing	6,212,451	6,958,385	7,303,100	8,084,914	8,250,011	7,002,250	7,141,392
State Sales Tax	5,002,193	5,515,532	5,779,653	5,973,339	6,062,278	6,535,654	7,196,762
Auto In-Lieu Tax	2,030,291	2,075,329	2,235,482	2,345,195	2,746,086	2,852,832	3,067,961
Emergency Services and Other	18,079	21,856	19,675	22,264	19,432	36,132	36,573
<b>Licenses:</b>							
Business Licenses	286,644	273,704	262,991	210,565	297,643	291,080	300,290
Liquor Licenses	32,395	26,560	27,990	27,185	27,765	32,115	32,965
<b>Fees for Services:</b>							
Building Permits and Inspection Fees	912,959	1,318,636	1,543,648	1,550,072	2,343,219	3,608,965	4,096,137
Recreation Fees	286,838	305,014	332,466	341,523	355,658	381,442	431,931
Police Services and Other Public Safety Fees	253,442	423,643	495,782	482,394	705,976	544,869	647,381
<b>Use of Money and Property:</b>							
Investment Income	174,856	278,612	457,415	461,606	243,955	70,322	318,886
<b>Fines, Forfeitures and Penalties:</b>							
City Court Fines	511,115	447,813	587,620	670,837	801,121	725,948	805,772
<i>Total Series B Pledged Taxes</i>	<u>27,342,769</u>	<u>31,025,598</u>	<u>34,260,300</u>	<u>35,364,654</u>	<u>37,051,458</u>	<u>39,109,545</u>	<u>43,588,813</u>
<b>Additional Series A Pledged Taxes</b>							
City Public Safety Taxes (.2%)	2,105,780	2,306,895	2,566,078	2,578,704	2,646,059	2,968,482	3,431,379
<i>Total Series A Pledged Taxes</i>	<u>29,448,549</u>	<u>33,332,493</u>	<u>36,826,378</u>	<u>37,943,358</u>	<u>39,697,517</u>	<u>42,078,027</u>	<u>47,020,192</u>
<b>Additional Series C Pledged Taxes</b>							
City Special Taxes (2%)	2,313,453	2,363,269	2,490,071	2,652,152	2,741,989	3,044,645	3,374,350
<i>Total Series C Pledged Taxes</i>	<u>\$ 29,656,222</u>	<u>\$ 33,388,867</u>	<u>\$ 36,750,371</u>	<u>\$ 38,016,806</u>	<u>\$ 39,793,447</u>	<u>\$ 42,154,190</u>	<u>\$ 46,963,163</u>
<i>Gross Excise Tax Pledged Revenues</i>	<u>\$ 31,762,002</u>	<u>\$ 35,695,762</u>	<u>\$ 39,316,449</u>	<u>\$ 40,595,510</u>	<u>\$ 42,439,506</u>	<u>\$ 45,122,672</u>	<u>\$ 50,394,542</u>

The Series C Pledged Taxes consist of the Excise Taxes and the City Special Taxes.

**City of Yuma, Arizona**

**Demographic and Economic Statistics  
Last Ten Calendar Years**

Year	Population	Personal Income (thousands)	Per Capita Personal Income (thousands)	Unemployment Rate	Building Permits			
					Commercial		Residential	
					No.	Value	No.	Value
1995	131,776	\$2,244,045	\$ 17	29.7%	265	\$ 17,613,928	620	\$ 23,915,670
1996	137,248	2,139,033	16	30.9%	582	26,664,589	391	34,298,598
1997	143,896	2,296,444	16	27.3%	430	40,281,141	373	20,370,303
1998	149,065	2,527,667	17	29.0%	247	17,236,498	431	37,795,329
1999	155,665	2,618,403	17	30.1%	241	25,249,505	633	26,625,914
2000	160,026	2,653,830	17	16.6%	186	24,818,824	466	49,925,047
2001	163,477	2,976,395	18	16.4%	343	42,381,125	568	60,363,660
2002	166,715	3,324,309	20	16.7%	313	29,383,982	576	66,248,737
2003	170,604	3,268,426	19	23.6%	999	141,020,407	685	98,696,100
2004	176,083	NA	NA	15.4%	1,300	146,866,298	942	153,018,563

Note: Unemployment rate and population presented represents the Yuma Metropolitan Statistical Area.

Source: U.S. Department of Commerce Bureau of Economic Analysis

U.S. Department of Labor Bureau of Labor Statistics

Building permits: Department of Community Development (calendar year basis)

**City of Yuma, Arizona**

**Principal Employers  
Current Year**

Employer	2004		
	Employees	Rank	Percentage of Total Employment
Marine Corp Air Station	6,043	1	9.67%
Yuma Regional Medical Center	1,500	2	2.40%
Grower Company	1,500	2	2.40%
Yuma School District #1	1,200	4	1.92%
U. S. Army Yuma Proving Ground	1,176	5	1.88%
Yuma County	1,100	6	1.76%
Dole	1,000	7	1.60%
Salyer American Fresh	1,000	7	1.60%
City of Yuma	864	9	1.38%
Yuma Union High School District	690	10	1.10%
Total			25.71%

Source: Greater Yuma Economic Development Corporation

Note: Figures presented represent the Yuma Metropolitan Statistical Area. Comparison data will be reported prospectively

City of Yuma, Arizona

Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government	131	139	108	148	170	179	182	188	195	195
Public Safety										
Police	159	168	183	182	193	206	212	228	229	237
Fire	79	82	86	104	109	113	113	103	105	105
Streets										
Engineering	20	20	53	24	22	21	22	22	25	30
Maintenance	34	37	37	43	47	47	48	48	48	50
Solid Waste	16	17	17	10	11	13	13	13	13	15
Parks and recreation	76	80	92	98	112	121	124	125	129	128
Water	44	45	45	44	48	49	48	54	55	59
Wastewater	32	33	33	34	35	35	36	37	41	45
Total	591	621	654	687	747	785	798	818	840	864

City of Yuma, Arizona

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Police										
Calls for service*	64,584	66,956	63,299	67,809	85,929	77,667	81,691	84,738	87,770	NA
Case reports*	17,533	16,723	15,692	13,559	13,264	13,041	14,057	15,075	15,804	NA
Fire										
Number of calls answered*	5,821	5,797	5,662	6,536	6,806	7,581	8,443	8,774	9,205	NA
Inspections*	NA	686	980	1,296	950	1,659	1,747	1,121	1,182	NA
Streets										
Streets slurry sealed (miles)	NA	NA	NA	NA	22	22	22	23	19	24
Solid Waste										
Refuse collected (tons)**	50,000	50,000	50,000	50,000	26,000	26,000	29,358	33,993	27,781	33,003
Parks and recreation										
Ramada rentals	NA	NA	NA	2,486	3,934	4,586	4,482	5,308	5,519	NA
Water										
Connections	19,000	19,000	19,000	19,357	25,851	22,727	22,129	22,723	23,490	24,734
Daily treatment capacity (million gallons)	30.0	30.0	30.0	41.0	41.0	41.0	41.0	41.0	45.0	45.0
Annual quantity processed (billion gallons)	6.9	6.9	6.9	7.6	7.9	7.9	8.0	9.3	9.3	9.1
Wastewater										
Daily processing capacity (million gallons)	8.0	8.0	8.0	12.0	12.0	12.0	12.2	12.2	12.3	15.6

Source: Various city departments.

Note: Indicators are not available for the general government function.

\*Numbers presented are for calendar year.

\*\*Commercial collections ended in 1999

**City of Yuma, Arizona**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	72	72	72	101	109	118	127	123	123	127
Fire stations	4	4	4	5	5	5	5	5	5	6
<b>Streets</b>										
Streets (miles)	300	300	300	300	300	300	300	300	300	361
Streetlights	3,500	3,550	3,550	3,550	4,200	4,200	4,250	4,250	4,500	5,042
Traffic Signals	17	19	21	22	24	26	29	32	32	36
<b>Solid Waste</b>										
Collection trucks	8	8	8	8	10	10	10	10	10	10
<b>Parks and recreation</b>										
Parks acreage	116	116	135	308	443	553	553	553	553	553
Parks	21	22	22	23	25	25	25	25	25	25
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	6	6	6	6	7	7	7	7	7	9
<b>Water</b>										
Water mains (miles)	350	350	350	350	380	380	416	427	437	448
Fire hydrants	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,600	2,850
<b>Wastewater</b>										
Sanitary sewers (miles)	249	249	249	249	249	249	255	261	266	275

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.