

City of Yuma, Arizona
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2006

City of Yuma
Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2006

Prepared by:

Finance Department

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Director
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Accounting Supervisor
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Budget Coordinator
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Accountants

About the Cover:

The morning sun is reflected in the Gila River near its confluence with the Colorado River at Yuma. It is at the confluence where the City of Yuma continues its ecological rehabilitation efforts at the East and West Wetlands areas of the Yuma Crossing National Heritage Area.

Photo courtesy of Paul Oberlin

CITY COUNCIL

Lawrence K. Nelson, Mayor
Gerald (Gerry) D. Giss
Ross J. Hieb
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

Gary R. Burroughs
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

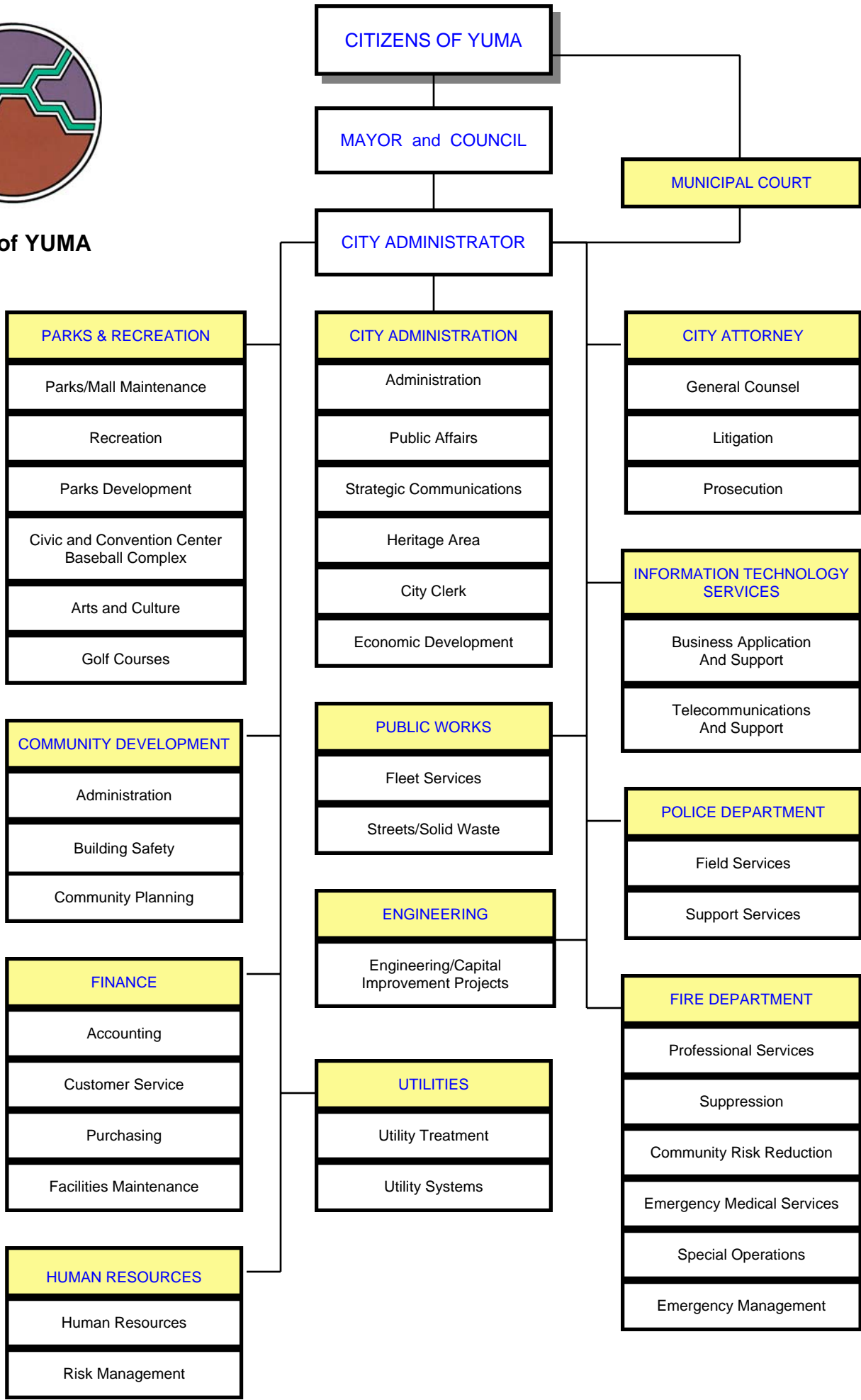
Parks and Recreation
Stephen D. Bills

Police Department
William D. (Robby) Robinson, Chief

Public Works
Gary R. Burroughs



City of YUMA



City of Yuma, Arizona
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2006

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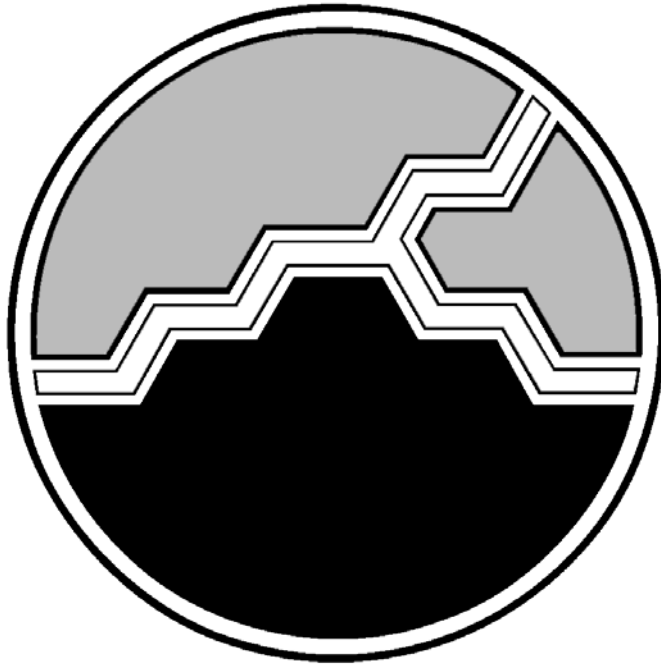
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INTRODUCTORY SECTION





City of YUMA

August 31, 2006

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, 2006. 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, 2006, 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, 2006, 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

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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 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

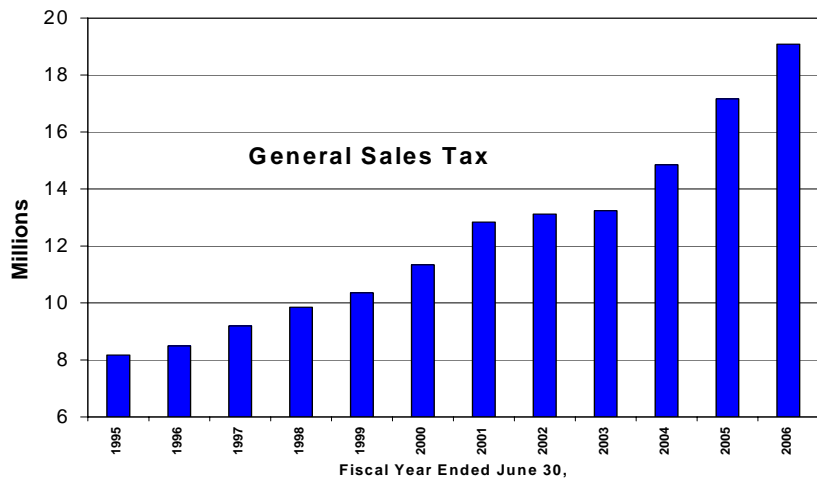
Industrial Expansion. Yuma's economy is based primarily in agriculture, tourism and government, although further diversification continues. Agriculture remains the Yuma area's dominant industry, producing almost \$1 billion in revenues annually¹. Several major agricultural companies, most notably Dole 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.

¹ 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 21st 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. Even with the limited growth following 2001, collections have averaged a better than 7% increase annually. Since 2003, Yuma's collections have been at a double digit pace with 2006 marking an 11.5% increase. Planning for fiscal year 2007 includes an 8% growth in sales tax collections.



Yuma's basis as a regional retail center expanded during 2006 with the construction of a 1 million square foot shopping center adjoining the recently constructed Yuma Palms Regional Shopping Center. More nationally known retail operations hope to open before the 2006 holiday season.

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 2006, 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 2006, the City's long-awaited reopening of Main Street will enhance traffic flow to emerging downtown businesses while still allowing popular civic and entertainment events on the historic street. Along with recent private developments in the area, including a full-service financial institution, 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

East Mesa Development. Construction of the new East Mesa Water and Wastewater Treatment plants continued during 2006. 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 three 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 35 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 increased to \$101,583,730 at June 30, 2006 from \$92,639,437 last year. The increase reflects in part the unexpended balances of proceeds of the District 68 Improvement District bonds and new impact fees. Following the turnaround in market conditions, average yield on investments rose at June 30, 2006, to 4.07%. A review of Note III-A in the Notes to the Financial Statements, page 39, 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, 2005. This is the twenty-fourth 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, 2005

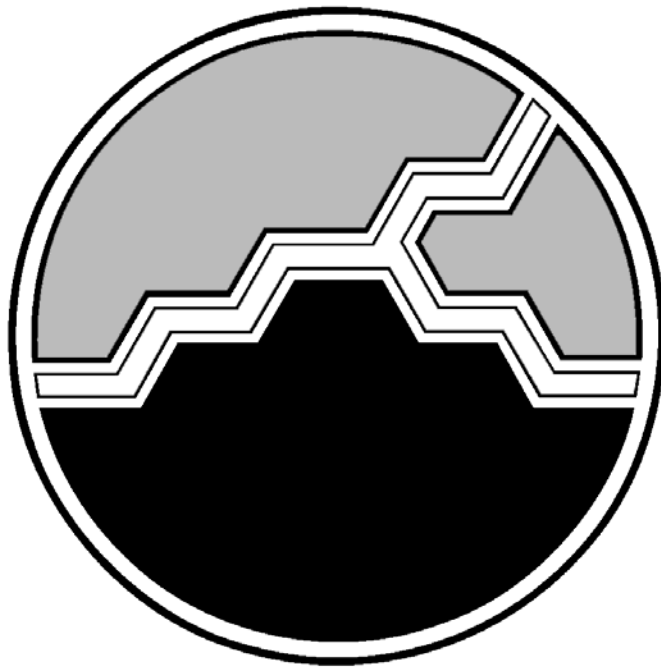
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association for the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL SECTION





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Scott W. Kies, CPA
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Kera Badalamenti, CPA

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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 Redevelopment 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, 2006, 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, 2006, 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 August 31, 2006, 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 14 and the pension and budgetary comparison information on pages 54 to 62 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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

August 31, 2006

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, 2006. 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 \$41.5 million for the fiscal year, \$28.3 million of which was generated by governmental activities while \$13.2 million was due to business-type activities of the City.
- The City's combined net assets total \$343.9 million at June 30, 2006. Of this amount, \$69.2 million is available (unrestricted) to finance ongoing programs, \$42.6 million in governmental programs and \$26.6 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 18-19 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 66.

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 22 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 88.

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 29-31 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 33 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 54 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 66.

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 \$343.9 million at the close of the fiscal year.

Net Assets (millions)	Governmental Activities		Business-type Activities		Total	
	June 30,					
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 94.8	\$ 81.5	\$ 31.0	\$ 33.1	\$ 125.8	\$ 114.6
Capital assets	201.2	182.3	202.2	176.3	403.4	358.6
Total assets	296.0	263.8	233.2	209.4	529.2	473.2
Long-term liabilities outstanding	71.5	71.5	82.5	70.4	153.9	141.9
Other liabilities	26.9	23.0	4.4	6.0	31.3	29.0
Total liabilities	98.4	94.5	86.9	76.4	185.3	170.9
Net assets:						
Invested in capital assets, net of related debt	130.2	111.3	119.7	105.9	249.9	217.2
Restricted	24.8	.3	-	-	24.8	.3
Unrestricted	42.6	57.7	26.6	27.0	69.2	84.7
Total net assets	\$ 197.6	\$ 169.3	\$ 146.3	\$ 133.0	\$ 343.9	\$ 302.3

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 \$343.9 million, up \$41.5 million from the prior year. Governmental activities accounted for \$28.3 million of the increase while business-type activities amounted to \$13.2 million. Most of the increase would be attributable to capital asset acquisitions, particularly infrastructure, as governmental capital assets increased \$18.8 million (net of depreciation), funded in part by the excess of revenues over operating expenses as reported in the Statement of Activities on page 19. 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, (millions)	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	\$ 14.2	\$ 14.4	\$ 27.4	\$ 23.5	\$ 41.6	\$ 37.9
Operating grants and contributions	2.9	3.5	-	-	2.9	3.5
Capital grants and contributions	5.7	1.7	11.0	11.7	16.7	13.4
General revenues:						
Property taxes	6.8	6.1	-	-	6.8	6.1
Sales taxes	36.6	32.8	-	-	36.6	32.8
Franchise taxes	3.1	2.1	-	-	3.1	2.1
Intergovernmental revenues	28.2	25.4	-	-	28.2	25.4
Unrestricted grants and contributions	7.8	1.7			7.8	1.7
Unrestricted investment earnings	2.2	1.4	0.8	0.6	3.0	2.0
Gain from sale of assets	0.3	0.3	-	-	0.3	0.3
Total revenues	107.8	89.4	39.2	35.8	147.0	125.2
Expenses:						
General government	9.1	7.1	-	-	9.1	7.1
Public safety	33.1	30.5	-	-	33.1	30.5
Streets	12.3	9.1	-	-	12.3	9.1
Parks, recreation and culture	12.2	9.8	-	-	12.2	9.8
Environmental health and protection	3.4	3.6	-	-	3.4	3.6
Community design and development	6.5	5.5	-	-	6.5	5.5
Interest on long-term debt	2.9	3.1	-	-	2.9	3.1
Water	-	-	13.0	11.4	13.0	11.4
Wastewater	-	-	10.4	8.7	10.4	8.7
Golf courses	-	-	2.6	2.5	2.6	2.5
Total expenses	79.5	68.7	26.0	22.6	105.5	91.3
Transfers	(0.0)	(2.1)	0.0	2.1	-	-
Change in net assets	\$ 28.3	\$ 18.6	\$ 13.2	\$ 15.3	\$ 41.5	\$ 33.9

For the fiscal year, net assets increased \$41.5 million, with \$28.3 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

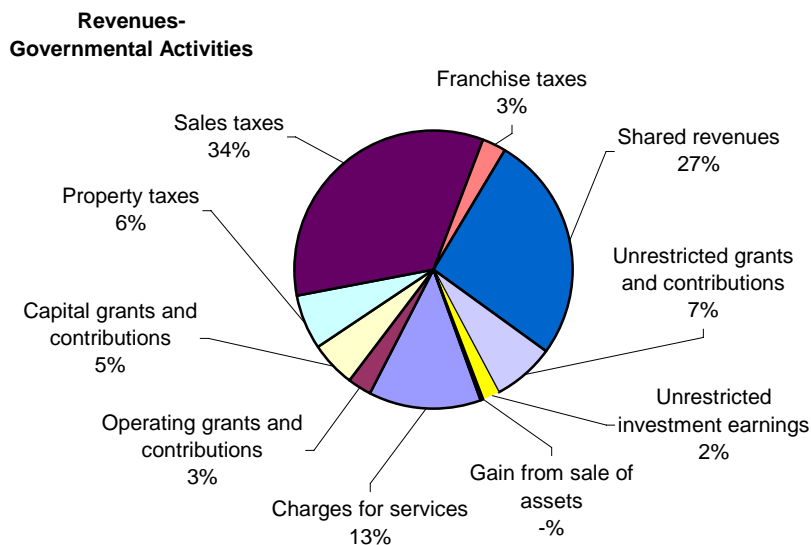
Revenues

Governmental activities revenues totaled \$107.8 million for fiscal year 2006, up 20.6% from 2005. 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 funds (gas tax). Sales taxes and state shared revenues account for 60.1% of governmental revenues for the year, which is comparable to 2005. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

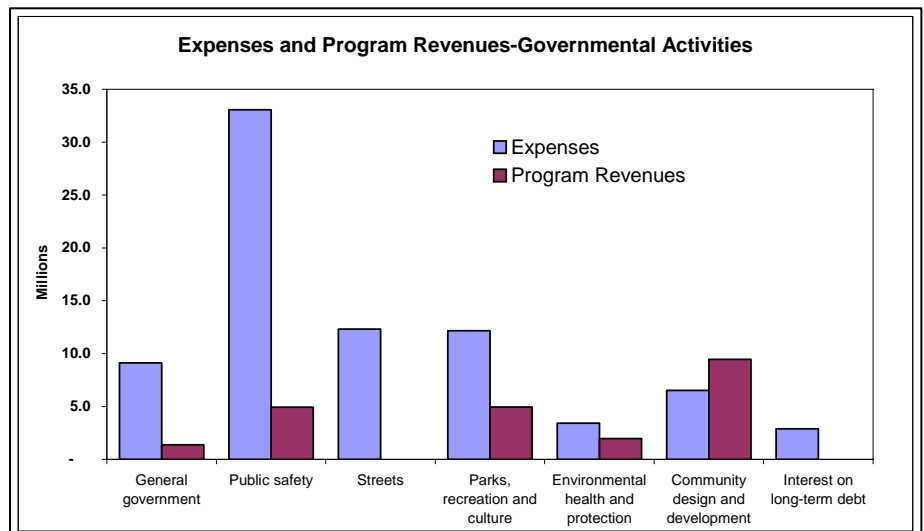
center rental fees among its largest sources. The charges for services category amounts to 13.2% of governmental revenues. Property taxes represent 6% of governmental revenues. The large majority of property taxes are levied for general purposes with a small levy for downtown mall maintenance. No property 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:

- Sales taxes increased \$3.8 million or 11.5% from 2005 showing a continued fast pace in economic activity. Forecasts predicted a moderate increase of 8% but collections were posted at double digit increases for the third year.
- Intergovernmental revenues grew by \$2.8 million or 11% as both state-shared income and sales taxes reflected a surge in the state's overall economy.
- Capital grants and contributions rose by \$3.9 million due primarily to increased funding from Department of Transportation and from Department of Homeland Security.



Expenses

Governmental expenses totaled \$79.5 million for the fiscal year. Of the expenses, 42% or \$33.1 million is related to public safety for police, fire and municipal court services. Parks, recreation and culture expenses amounted to \$12.2 million, or 15.3%, while streets and community design and development expenses amounted to 15.5% and 8% respectively. Interest on long-term debt declined to 3.6% of governmental expenses. Overall, governmental activities expenses rose 15.5%, or \$10.7 million, over 2005. This reflects in overall growth in positions in Public Safety, Parks and Community Development as the city grows to keep up with service demands. Moreover, General Government costs increased as the city incurred \$1.2 million to fund a mid-decade census to maintain its standing for population-driven state-shared revenues.



MANAGEMENT'S DISCUSSION AND ANALYSIS

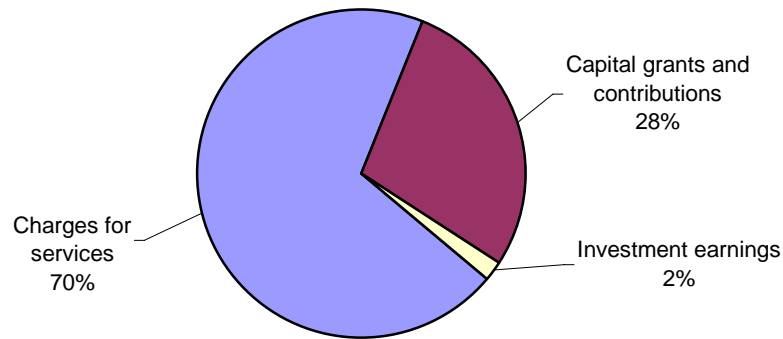
The chart above compares governmental activities with their respective program revenues, if any. Because the ultimate beneficiary of services of these types is often difficult to ascertain or the services apply to a broad spectrum of users (such as in fire protection), user fees are not created and general 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 \$27.4 million in charges for services, 91% 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 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 3% of revenues for the City's business activities.

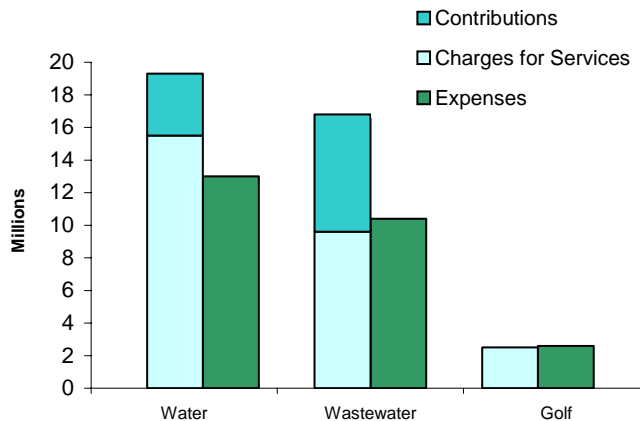
Revenues-Business-type Activities



Expenses

Water and wastewater services account for 90% of the City's business-type activities with golf courses making up the remaining 10%. Water expenses amounted to \$13 million while wastewater expenses totaled \$10.4 million. Desert Hills Golf Course and Arroyo Dunes Golf Course recorded expenses of \$2.4 million and \$.2 million, respectively, for a total of \$2.6 million.

Expenses vs. Program Revenues-Business-type Activities



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, 2006, is \$48.1 million. This represents a \$9.6 million increase in fund balances, led by unexpended bond proceeds in Capital Projects. A review of some of the more significant funds follows.

General Fund

The fund balance of the General Fund grew by \$1.7 million for the fiscal year. Revenues increased by \$6.7 million, mostly from increases in local sales taxes (\$1.9 million increase, 11%) and state-shared intergovernmental revenues (\$2.4 million increase or 13.7%). Expenditures rose 19% to \$50 million. Public safety expenditures again showed the largest increase as more positions were added to keep pace with growth. The \$2.1 million increase in General Government expenditures (42%) was due primarily to the costs of conducting a mid-decade census. Parks and recreation expenditures rose 15.5% due in part to new parks maintenance positions to maintain the growing parks system in the city.

Highway User Revenue Fund (HURF)

This fund, which accounts for the expenditure of state-shared gasoline taxes, showed little change in fund balance for the year. While the City's portion of those taxes grew by 4.6% for the fiscal year to \$7.9 million, new positions and increasing maintenance costs caused overall expenditures to rise by 19% to \$6.3 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 11% over 2005 to \$9.5 million. Transfers to the Capital Projects Fund for streets projects increased over 2005, in this case by over \$2.3 million as the city maintains its growing network of streets.

Grants Fund

The City continues to acquire much needed assistance from both the state and federal levels. During 2006, revenues increased 41% to \$6.2 for use on the East Wetlands restoration and canal pathways projects.

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. The Community Development Block Grant revenues increased 49% to \$1.2 in part for funding for Homeowner Rehab forgivable loans and New Housing Loans.

Debt Service

Debt Service Fund expenditures increased by \$.6 million with the beginning of payments related to Improvement District 67. Government activities bonded debt requirements decreased slightly this year in accordance with debt service schedules. 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.

Capital Projects Fund

The Capital Projects Fund's fund balance increased by \$4.9 million this year from unexpended bond proceeds from Improvement District 68 bonds and from the impact fees collected during 2006. The new fees, amounting to some \$3.3 million in revenues, will be used to meet growing infrastructure needs of the city.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City's enterprise funds posted an overall increase in net assets of \$13.1 million for the fiscal year ended June 30, 2006. The City's utility funds, water and wastewater, accounted for 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 19.9% for the year ending June 30, 2006. This is due both to an ongoing series of rate increases and to a 4% growth in the customer account base to 25,726. Operating expenses rose by 11.1% and the fund produced operating income of \$3.5 million. Additional rate increases are in store through 2008 to finance the continued 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 13.4% over fiscal 2005. Operating expenses held steady resulting in income from operations of \$115,073. Additional rate and capacity charge increases have been approved through 2008 to finance the ongoing costs of construction of the wastewater plant and related infrastructure.

Golf Courses

Operating losses decreased for both of the city's golf courses for the year ended June 30, 2006. Revenues for Desert Hills rose more than 12% over 2005 to \$2.3 million while Arroyo Dunes posted a 9% increase to \$.2 million. The two courses incurred operating expense increases of under 5% to establish operating results near breakeven. The city will continue to operate the courses and implement strategies to improve its financial outlook.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2006, can be found starting on page 55. A summary of that schedule follows:

	Budget		Actual	Variance with Final
	Original	Final		
Revenues and Transfers In				
Taxes	\$ 27,424,574	\$ 27,424,574	\$ 29,147,746	\$ 1,723,172
Intergovernmental	18,740,098	18,740,098	19,846,027	1,105,929
Other	5,210,300	5,210,300	8,182,720	2,972,420
Transfers In	220,100	220,100	29,867	(190,233)
Total	51,595,072	51,595,072	57,206,360	5,611,288
Expenditures and Transfers Out				
Expenditures	52,613,745	52,613,745	50,001,390	2,612,355
Transfers Out	6,423,934	6,423,934	5,465,411	958,523
Total	59,037,679	59,037,679	55,466,801	3,570,878
Change in Fund Balance	\$ (7,442,607)	\$ (7,442,607)	\$ 1,739,559	\$ 9,182,166

General Fund tax revenues exceed expectations because of a continued surge in sales tax collections and state-shared intergovernmental revenues. As noted previously, sales taxes rose 11% instead of an anticipated 8% increase. Intergovernmental revenues increased as state sales grew by 13.7%, far outpacing its expected 8% growth. Building permits also exceeded expectations. The jump in these fees is an indicator of the substantial continued construction activity throughout the city.

Expenditures for the fund came in at \$2.6 million under budget with Public Safety contributing some \$1.2 million and General Government adding \$.7 million in budget savings. The General Government savings were realized through unexpended or delayed technology projects. Public Safety savings occurred mostly in the Police Department in Administration and Field Operations through personnel attrition. The remaining savings occur because city departments rarely spend up to their respective budgets, for similar reasons.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2006, the City of Yuma's investment in capital assets in both governmental and business-type activities amounted to \$403.3 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roadways and bridges). Capital assets for governmental activities increased by 10.3% while business-type capital assets increased 14.7%. These changes included the following:

- Land purchases for governmental activities amounted to \$3.5 million for right-of-way for the Avenue A and 16th Street Corridor projects, for 21st Drive construction and for a parcel of land for the future Fire Station #6.
- Construction continued on the new East Mesa water and wastewater treatment plants.
- Ongoing parks improvements amounted to \$4.1 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, 2005	Net Additions/ Deletions	June 30, 2006	July 1, 2005	Net Additions/ Deletions	June 30, 2006	
Land	\$ 16.3	\$ 2.9	\$ 19.2	\$ 1.8	\$ 0.1	\$ 1.9	\$ 21.1
Buildings	64.6	1.9	66.5	8.0	-	8.0	74.5
Improvements	22.1	4.8	26.9	135.1	2.8	137.9	164.8
Infrastructure	136.9	16.1	153.0	-	-	-	153.0
Equipment	33.9	4.9	38.8	3.7	0.3	4.0	42.8
Construction in Progress	23.7	(2.5)	21.2	93.5	28.8	122.3	143.5
Accumulated Depreciation	(115.2)	(9.3)	(124.5)	(65.8)	(6.1)	(71.9)	(196.4)
Total	<u>\$ 182.3</u>	<u>\$ 18.8</u>	<u>\$ 201.1</u>	<u>\$ 176.3</u>	<u>\$ 25.9</u>	<u>\$ 202.2</u>	<u>\$ 403.3</u>

Additional information on capital assets can be found in Note III-E starting on page 42.

DEBT ADMINISTRATION

For the year ended June 30, 2006, the City's long-term debt increased by a net of \$12 million. Governmental activity debt remained virtually unchanged during the year as the addition of Improvement District 68 was nearly equal to scheduled debt payments. For business activities, debt increased by \$12 million as construction of capital assets continued that were financed by long-term loans with the state's Water Infrastructure Financing Authority.

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 \$73.4 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 an "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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A summary of the City's long-term debt follows. Additional information on the City's long-term debt can be found in Note III-G on pages 45-48.

	Summary of Long-Term Debt					
	Governmental		Business-type		Total	
	activities	activities	activities	activities	activities	activities
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ -	\$ -	\$ 8.6	\$ 9.6	\$ 8.6	\$ 9.6
Yuma Municipal Property Corporation Bonds	57.8	60.4	-	-	57.8	60.4
Improvement District	10.5	7.3	-	-	10.5	7.3
Contracts Payable	.9	1.7	74.1	61.1	75.0	62.8
Compensated Absences	2.4	2.2	-	-	2.4	2.2
Total Long-Term Debt	\$ 71.6	\$ 71.6	\$ 82.7	\$ 70.6	\$ 154.3	\$ 142.3

ECONOMIC FACTORS

Yuma County continues to be one of the fastest growing areas in the nation and the City of Yuma represents just over 50% of the county's population. Since 1990, the City has grown by 55% to an estimated 88,775 at July 1, 2005, 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 almost \$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.

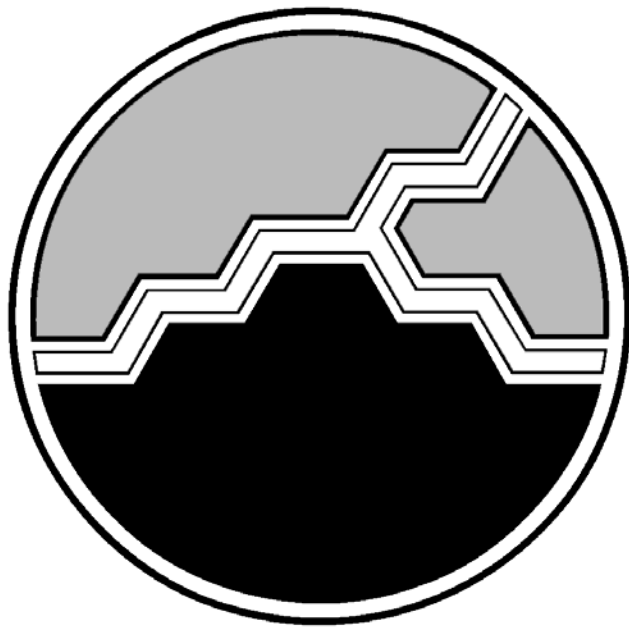
Property taxes are limited constitutionally in Arizona, so other local revenues make up the most significant reflectors of the condition of the economy. Sales tax, the City's primary source of general revenues, posted a dramatic 11.5% increase this year, surpassing its historic growth rate of 7%. This compares favorably to the large metropolitan areas of the state. For fiscal year 2007, 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, according to the Arizona Department of Economic Security (DES). Even in this area, the City has seen better results, primarily to a change in the process in which DES 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.

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 for an electronic version of this report.

BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

City of Yuma, Arizona
Statement of Net Assets
June 30, 2006

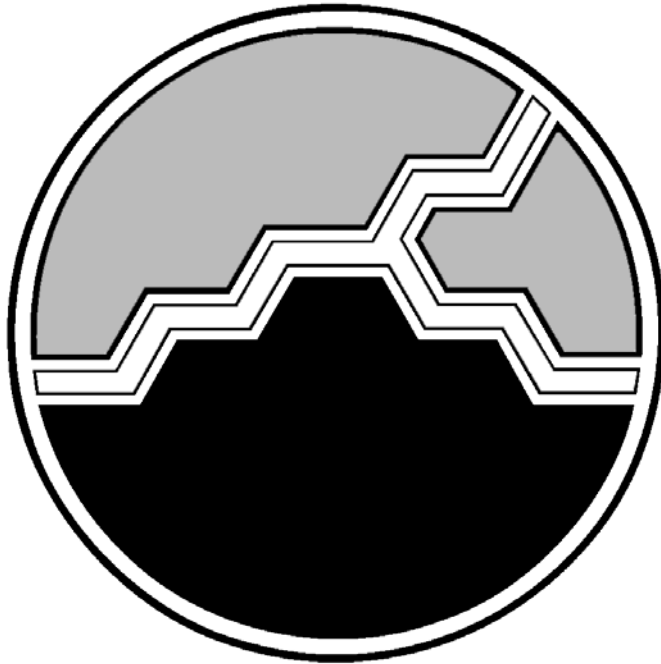
<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Investments	\$ 74,710,247	\$ 25,461,435	\$ 100,171,682
Receivables, Net	19,408,245	4,826,579	24,234,824
Internal Balances	(436,919)	436,919	-
Inventory, at cost	747,429	150,909	898,338
Prepaid Items	413,258	68,271	481,529
Deferred Charges	-	42,717	42,717
Capital Assets:			
Non-depreciable	40,348,958	124,226,609	164,575,567
Depreciable, Net	<u>160,797,136</u>	<u>77,980,804</u>	<u>238,777,940</u>
Total Assets	<u>295,988,354</u>	<u>233,194,243</u>	<u>529,182,597</u>
 <u>Liabilities</u>			
Accounts Payable	3,325,042	2,183,052	5,508,094
Accrued Liabilities	4,214,941	726,359	4,941,300
Accrued Interest Payable	1,456,633	1,414,739	2,871,372
Unearned Revenue	17,920,939	93,826	18,014,765
Long-Term Liabilities:			
Due within one year	4,247,000	4,698,157	8,945,157
Due in more than one year	<u>67,223,240</u>	<u>77,775,022</u>	<u>144,998,262</u>
Total Liabilities	<u>98,387,795</u>	<u>86,891,155</u>	<u>185,278,950</u>
 <u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	130,175,854	119,734,234	249,910,088
Restricted	24,819,999	-	24,819,999
Unrestricted	<u>42,604,706</u>	<u>26,568,854</u>	<u>69,173,560</u>
Total Net Assets	<u>\$ 197,600,559</u>	<u>\$ 146,303,088</u>	<u>\$ 343,903,647</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, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General Government	\$ 9,124,346	\$ 1,349,262	\$ 21,412	\$ -	\$ (7,753,672)	\$ -	\$ (7,753,672)
Public Safety	33,057,381	2,580,219	1,250,003	1,109,672	(28,117,488)	-	(28,117,488)
Streets	12,325,683	-	-	-	(12,325,683)	-	(12,325,683)
Parks, Recreation and Culture	12,172,694	1,071,435	31,394	3,849,012	(7,220,853)	-	(7,220,853)
Environmental Health and Protection	3,410,432	1,981,134	23,881	-	(1,405,417)	-	(1,405,417)
Community Design and Development	6,528,528	7,222,372	1,513,166	720,072	2,927,082	-	2,927,082
Interest on Long-Term Debt	<u>2,899,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,899,442)</u>	<u>-</u>	<u>(2,899,442)</u>
Total Governmental Activities	<u>79,518,506</u>	<u>14,204,422</u>	<u>2,839,855</u>	<u>5,678,755</u>	<u>(56,795,474)</u>	<u>-</u>	<u>(56,795,474)</u>
Business-type Activities:							
Water	13,009,661	15,569,107	-	3,818,822	-	6,378,268	6,378,268
Wastewater	10,402,860	9,340,490	-	7,206,295	-	6,143,925	6,143,925
Golf Courses	<u>2,640,772</u>	<u>2,552,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,131)</u>	<u>(88,131)</u>
Total Business-type Activities	<u>26,053,293</u>	<u>27,462,238</u>	<u>-</u>	<u>11,025,117</u>	<u>-</u>	<u>12,434,062</u>	<u>12,434,062</u>
Total	<u>\$ 105,571,799</u>	<u>\$ 41,666,660</u>	<u>\$ 2,839,855</u>	<u>\$ 16,703,872</u>	<u>(56,795,474)</u>	<u>12,434,062</u>	<u>(44,361,412)</u>
General Revenues:							
Property taxes					6,832,484	-	6,832,484
Sales taxes					36,557,327	-	36,557,327
Franchise taxes					3,116,225	-	3,116,225
Intergovernmental, unrestricted Grants and contributions					28,225,940	-	28,225,940
not restricted to specific programs					7,825,584	-	7,825,584
Unrestricted investment earnings					2,189,662	797,918	2,987,580
Gain from sale of assets					<u>348,412</u>	<u>-</u>	<u>348,412</u>
Total general revenues					<u>85,095,634</u>	<u>797,918</u>	<u>85,893,552</u>
Transfers					<u>(4,321)</u>	<u>4,321</u>	<u>-</u>
Total general revenues and transfers					<u>85,091,313</u>	<u>802,239</u>	<u>85,893,552</u>
Change in net assets					28,295,839	13,236,301	41,532,140
Net assets-beginning					<u>169,304,720</u>	<u>133,066,787</u>	<u>302,371,507</u>
Net assets-ending					<u>\$ 197,600,559</u>	<u>\$ 146,303,088</u>	<u>\$ 343,903,647</u>

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



FUND FINANCIAL STATEMENTS

City of Yuma, Arizona
Balance Sheet
Governmental Funds
June 30, 2006

<u>Assets</u>	Major Special Revenue Funds			
	General	Highway Users Revenue	City Road Tax	Grants
Cash and Investments	\$ 20,630,003	\$ 4,801,490	\$ 7,801,600	\$ -
Cash with Fiscal Agents	-	-		-
Receivables, Net of Allowances for Uncollectibles:				
Accounts Receivable	292,225	123	-	-
Intergovernmental	2,865,890	695,504	772,316	1,191,857
Special Assessments	20,169	-	-	-
Delinquent Property Taxes	143,386	-	-	-
Accrued Interest	101,050	29,602	26,309	3,423
Due from Other Funds	1,437,894	213,704	-	-
Inventory, at cost	263,201	-	-	-
Prepaid Items	351,077	34,383	3,297	-
Total Assets and Other Debits	\$ 26,104,895	\$ 5,774,806	\$ 8,603,522	\$ 1,195,280
<u>Liabilities and Fund Balances</u>				
Accounts Payable	\$ 885,375	\$ 159,350	\$ 4,227	\$ 317,063
Accrued Payroll, Taxes and Benefits Payable	2,955,555	270,850	18,147	8,096
Long-Term Debt - Current Portion	-	-	500,000	-
Due to Other Funds	208,096	186,776	1,901,227	366,798
Accrued Interest Payable	-	-	4,418	-
Deposits	122,162	-	-	-
Deferred Revenues	194,232	-	327,197	503,323
Total Liabilities	4,365,420	616,976	2,755,216	1,195,280
Fund Balance:				
Reserved for:				
Inventory	263,201	-	-	-
Prepaid Items	351,077	34,383	3,297	-
Debt Service	-	-	-	-
Unreserved:				
Designated for Uncompleted Projects	-	-	-	-
Designated for Subsequent Years' Expenditures	588,269	-	-	-
Designated for Future Community Improvements, reported in:				
General Fund	577,971	-	-	-
Special Revenue Funds	-	-	-	-
Undesignated, reported in:				
General Fund	19,958,957			
Special Revenue Funds	-	5,123,447	5,845,009	-
Total Fund Balances	21,739,475	5,157,830	5,848,306	-
Total Liabilities and Fund Balances	\$ 26,104,895	\$ 5,774,806	\$ 8,603,522	\$ 1,195,280

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

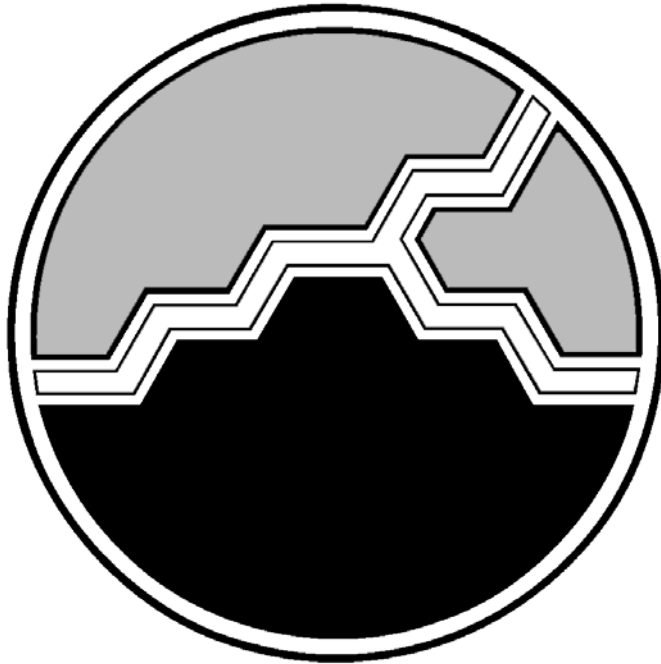
<u>Community Redevelopment</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ 623,426	\$ 9,604,604	\$ 9,324,858	\$ 52,785,981
	4,028,408	-	-	4,028,408
1,306,112	-	213,658	330,101	2,142,219
177,652	-	101,597	317,863	6,122,679
-	10,475,000	-	-	10,495,169
-	-	-	-	143,386
-	785	11,975	34,320	207,464
-	-	3,029,829	-	4,681,427
-	-	-	8,236	271,437
-	-	-	15,073	403,830
<u>\$ 1,483,764</u>	<u>\$ 15,127,619</u>	<u>\$ 12,961,663</u>	<u>\$ 10,030,451</u>	<u>\$ 81,282,000</u>
\$ 59,248	\$ 76	\$ 1,553,636	\$ 129,834	\$ 3,108,809
21,764	-	-	120,913	3,395,325
	2,730,000	-	-	3,230,000
89,805	-	213,704	745,722	3,712,128
-	1,448,821	-	-	1,453,239
	-	22,345	-	144,507
1,312,947	10,475,000	5,196,428	71,404	18,080,531
<u>1,483,764</u>	<u>14,653,897</u>	<u>6,986,113</u>	<u>1,067,873</u>	<u>33,124,539</u>
-	-	-	8,236	271,437
-	-	-	15,073	403,830
-	473,722	-	-	473,722
-	-	5,975,550	-	5,975,550
-	-	-	-	588,269
-	-	-	-	577,971
-	-	-	50,000	50,000
-	-	-	-	19,958,957
-	-	-	8,889,269	19,857,725
-	473,722	5,975,550	8,962,578	48,157,461
<u>\$ 1,483,764</u>	<u>\$ 15,127,619</u>	<u>\$ 12,961,663</u>	<u>\$ 10,030,451</u>	<u>\$ 81,282,000</u>

City of Yuma, Arizona
 Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets
 June 30, 2006

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

Total Fund Balances per the Balance Sheet-Governmental Funds:	\$ 48,157,461
Property taxes receivable that are not financial resources are not reported in the funds.	41,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	190,586,038
Property tax revenue deferred to later years recognized in year levied in governmental activities.	159,592
Interest payments accrued in government-wide statements not recorded until payment in governmental activities.	(3,394)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(2,403,198)
Contracts payable	(424,000)
MPC bonds payable	(55,035,000)
Improvement District #67	(6,600,000)
Improvement District #68	(3,875,000)
Unamortized deferred charges are not recorded in the governmental fund:	96,958
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.	26,899,893
Net assets of governmental activities	\$ 197,600,559

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, 2006

	Major Special Revenue Funds			
	General	Highway User Revenue	City Road Tax	Grants
Revenues:				
Taxes	\$ 29,147,746	\$ -	\$ 9,542,314	\$ -
Licenses and Permits	3,835,561	-	-	-
Intergovernmental	19,846,027	7,980,673	-	6,253,618
Charges for Services	2,246,845	-	-	-
Fines and Forfeitures	863,316	-	-	-
Special Assessments	-	-	-	-
Use of Money and Property	708,318	149,746	218,259	7,079
Contributions and Donations	-	-	-	37,036
Miscellaneous	180,268	78,059	73,241	-
Total Revenues	<u>56,828,081</u>	<u>8,208,478</u>	<u>9,833,814</u>	<u>6,297,733</u>
Expenditures:				
Current:				
General Government	7,185,295	-	-	-
Public Safety	29,523,167	1,037,856	-	1,301,751
Streets	-	4,921,764	704,109	-
Parks, Recreation and Culture	7,073,968	-	-	34,344
Environmental Health and Protection	221,051	16,099	-	21,617
Community Design and Development	4,515,194	-	-	5,283
Capital Outlay	1,482,715	394,249	-	605,675
Debt Service				
Principal	-	-	700,000	-
Interest and Fiscal Agent Fees	-	-	13,776	-
Total Expenditures	<u>50,001,390</u>	<u>6,369,968</u>	<u>1,417,885</u>	<u>1,968,670</u>
Revenues Over/(Under) Expenditures	6,826,691	1,838,510	8,415,929	4,329,063
Other Financing Sources/(Uses):				
Issuance of Long-Term Debt	-	-	-	-
Sale of Real Property	348,412	-	-	-
Transfers In	29,867	16,100	43,033	-
Transfers Out	(5,465,411)	(1,810,690)	(8,419,947)	(4,335,928)
Total Other Financing Sources/(Uses)	<u>(5,087,132)</u>	<u>(1,794,590)</u>	<u>(8,376,914)</u>	<u>(4,335,928)</u>
Net Change in Fund Balances	1,739,559	43,920	39,015	(6,865)
Fund Balances - Beginning	<u>19,999,916</u>	<u>5,113,910</u>	<u>5,809,291</u>	<u>6,865</u>
Fund Balances - Ending	<u>\$ 21,739,475</u>	<u>\$ 5,157,830</u>	<u>\$ 5,848,306</u>	<u>\$ -</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>
\$ -	\$ -	\$ -	\$ 7,784,351	\$ 46,474,411
	-	-	-	3,835,561
1,536,186	-	-	427,528	36,044,032
-	-	3,519,738	1,970,676	7,737,259
	-	-	-	863,316
	649,000	-	-	649,000
21,565	262,509	571,701	869,988	2,809,165
-	-	-	42,770	79,806
177,988	-	4,505	34,335	548,396
<u>1,735,739</u>	<u>911,509</u>	<u>4,095,944</u>	<u>11,129,648</u>	<u>99,040,946</u>
-	-	-	-	7,185,295
-	-	-	318	31,863,092
-	-	-	-	5,625,873
-	-	-	2,618,584	9,726,896
-	-	-	3,105,982	3,364,749
1,556,050	-	-	344,999	6,421,526
23,669	-	20,074,580	107,521	22,688,409
99,000	3,410,000	-	-	4,209,000
9,618	2,866,508	-	-	2,889,902
<u>1,688,337</u>	<u>6,276,508</u>	<u>20,074,580</u>	<u>6,177,404</u>	<u>93,974,742</u>
47,402	(5,364,999)	(15,978,636)	4,952,244	5,066,204
-	-	3,875,000	-	3,875,000
-	-	393,135	-	741,547
-	5,508,683	16,761,973	2,656,684	25,016,340
(47,402)	-	(179,970)	(4,761,313)	(25,020,661)
<u>(47,402)</u>	<u>5,508,683</u>	<u>20,850,138</u>	<u>(2,104,629)</u>	<u>4,612,226</u>
-	143,684	4,871,502	2,847,615	9,678,430
-	330,038	1,104,048	6,114,963	38,479,031
<u>\$ -</u>	<u>\$ 473,722</u>	<u>\$ 5,975,550</u>	<u>\$ 8,962,578</u>	<u>\$ 48,157,461</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, 2006

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

Net change in fund balances-governmental funds	\$ 9,678,430
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	5,620
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	(8,232,374)
Capital outlay expenditures reported as additions to assets:	
Capital outlay expenditures-governmental funds	22,688,409
Infrastructure maintenance expenditures recorded as capital outlay but not capitalized as asset additions	(4,620,835)
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	4,209,000
Increase in compensated absences expense not recorded in governmental funds	(214,318)
Long-term debt proceeds are recorded as other financing sources in governmental funds	(3,875,000)
Investment earnings of the internal service funds are general revenues on the statement of activities	572,099
Interest payments accrued in government-wide statements are not recorded in governmental activities until paid	(9,540)
Net revenues of internal service funds in excess of expenses reduce governmental activities expenses on the statement of activities	268,764
Contributions of infrastructure assets are not recorded as revenues in the governmental funds	<u>7,825,584</u>
Change in net assets of governmental activities	<u>\$ 28,295,839</u>

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

City of Yuma, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2006

<u>Assets</u>	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Current Assets:					
Cash and Investments	\$ 10,307,417	\$ 1,171,434	\$ 429,939	\$ 11,908,790	\$ 17,895,858
Receivables, Net of Allowance for Uncollectibles:					
Accounts Receivable	2,787,656	1,280,872	5,231	4,073,759	155,147
Intergovernmental	15,250	568,233	1,283	584,766	119
Accrued Interest	64,530	8,883	858	74,271	100,853
Inventory, at cost	77,427	-	73,482	150,909	475,992
Prepaid Expenses	34,072	22,750	11,449	68,271	9,428
Total Unrestricted Current Assets	13,286,352	3,052,172	522,242	16,860,766	18,637,397
Restricted Assets:					
Cash and Investments:					
Current Debt Service	1,263,489	-	-	1,263,489	-
Advancement for Future Expansion	3,531,864	8,427,321	-	11,959,185	-
Customer Deposits	329,971	-	-	329,971	-
Accrued Interest Receivable	19,040	74,743	-	93,783	-
Total Restricted Current Assets	5,144,364	8,502,064	-	13,646,428	-
Total Current Assets	18,430,716	11,554,236	522,242	30,507,194	18,637,397
Noncurrent Assets:					
Capital Assets:					
Land	1,408,895	537,059	-	1,945,954	219,610
Buildings	2,911,198	1,931,133	3,102,865	7,945,196	19,251
Improvements Other than Buildings	80,223,638	54,658,434	3,015,667	137,897,739	-
Equipment	2,225,463	1,511,851	269,515	4,006,829	24,821,512
Construction In Progress	51,333,184	70,947,014	457	122,280,655	-
Less Accumulated Depreciation	(42,629,221)	(26,162,182)	(3,077,557)	(71,868,960)	(14,500,317)
Total Capital Assets	95,473,157	103,423,309	3,310,947	202,207,413	10,560,056
Deferred Charges	42,717	-	-	42,717	-
Total Noncurrent Assets	95,515,874	103,423,309	3,310,947	202,250,130	10,560,056
Total Assets	113,946,590	114,977,545	3,833,189	232,757,324	29,197,453
	<u>Liabilities</u>				
Current Liabilities Payable from Current Assets:					
Accounts Payable	1,098,345	724,243	30,493	1,853,081	71,726
Accrued Payroll and Related Taxes	357,739	256,664	111,956	726,359	126,352
Current Portion-Long-Term Contracts-Principal	37,752	171,761	-	209,513	-
Current Portion-Bonds Payable	262,500	-	-	262,500	-
Estimated Claims and Judgements	-	-	-	-	693,264
Due to Other Funds	-	-	-	-	969,299
Accrued Interest Payable	67,336	63,532	-	130,868	-
Unearned Revenue	-	-	44,278	44,278	-
Total Current Liabilities Payable from Current Assets	1,823,672	1,216,200	186,727	3,226,599	1,860,641
Current Liabilities Payable from Restricted Assets:					
Deposits	329,971	-	-	329,971	-
Unearned Revenue	17,210	32,338	-	49,548	-
Current Portion-Long-Term Contracts-Principal	1,722,862	1,715,782	-	3,438,644	-
Current Portion-Long-Term Contracts-Interest	489,112	634,641	-	1,123,753	-
Current Portion-Bonds Payable	787,500	-	-	787,500	-
Accrued Interest Payable	160,118	-	-	160,118	-
Total Current Liabilities Payable from Restricted Assets	3,506,773	2,382,761	-	5,889,534	-
Total Current Liabilities	5,330,445	3,598,961	186,727	9,116,133	1,860,641
Noncurrent Liabilities:					
Long-Term Contracts Payable	30,176,547	40,285,407	-	70,461,954	-
Bonds Payable	7,313,068	-	-	7,313,068	-
Total Noncurrent Liabilities	37,489,615	40,285,407	-	77,775,022	-
Total Liabilities	42,820,060	43,884,368	186,727	86,891,155	1,860,641
	<u>Net Assets</u>				
Invested in capital assets, net of related debt	55,172,928	61,250,359	3,310,947	119,734,234	10,560,056
Unrestricted	15,953,602	9,842,818	335,515	26,131,935	16,776,756
Total Net Assets	\$ 71,126,530	\$ 71,093,177	\$ 3,646,462	145,866,169	\$ 27,336,812
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				436,919	
Net assets of business-type activities				\$ 146,303,088	

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, 2006

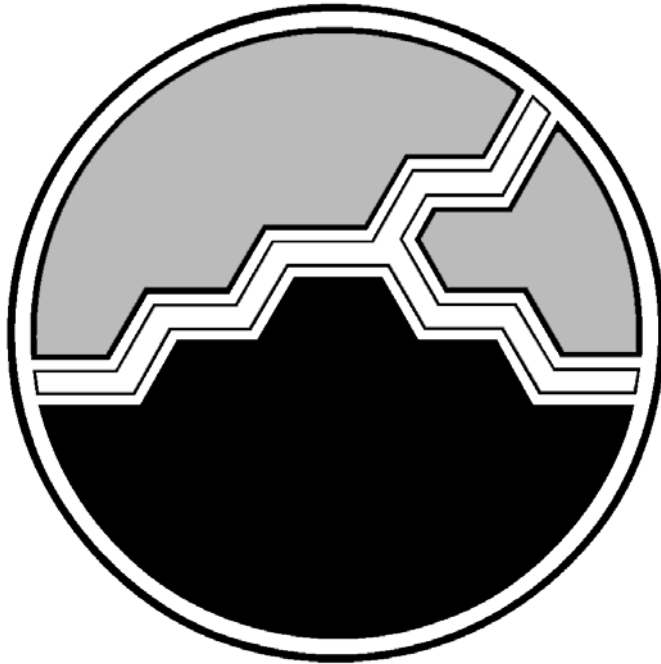
	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Operating Revenues:					
Metered Water Sales	\$ 14,796,789	\$ -	\$ -	\$ 14,796,789	\$ -
Commercial Raw Water	266,258	-	-	266,258	-
Wastewater Charges	-	9,080,899	-	9,080,899	-
Meters, Connections and Services	351,370	80,309	-	431,679	-
Green Fees and Concessions	-	-	2,191,374	2,191,374	-
Equipment Rental	-	-	360,035	360,035	2,256,732
Miscellaneous Charges	-	-	-	-	6,023,107
Total Operating Revenues	<u>15,414,417</u>	<u>9,161,208</u>	<u>2,551,409</u>	<u>27,127,034</u>	<u>8,279,839</u>
Operating Expenses:					
Operations and Maintenance	8,288,751	6,653,342	2,372,697	17,314,790	5,822,222
Depreciation and Amortization	3,531,354	2,392,793	271,908	6,196,055	2,076,411
Total Operating Expenses	<u>11,820,105</u>	<u>9,046,135</u>	<u>2,644,605</u>	<u>23,510,845</u>	<u>7,898,633</u>
Operating Income/(Loss)	<u>3,594,312</u>	<u>115,073</u>	<u>(93,196)</u>	<u>3,616,189</u>	<u>381,206</u>
Non-Operating Revenues/(Expenses):					
Interest	440,266	353,645	4,007	797,918	572,099
Gain/(Loss) on Disposal of Assets	-	-	-	-	(2,780)
Interest and Fiscal Agent Fees	(1,255,764)	(1,396,346)	-	(2,652,110)	-
Miscellaneous Revenues	154,690	179,282	1,232	335,204	-
Total Non-Operating Revenues/(Expenses)	<u>(660,808)</u>	<u>(863,419)</u>	<u>5,239</u>	<u>(1,518,988)</u>	<u>569,319</u>
Income/(Loss) before Contributions and Transfers	2,933,504	(748,346)	(87,957)	2,097,201	950,525
Capital Contributions	3,818,822	7,206,295	-	11,025,117	-
Transfers In	79,376	19,029	231,532	329,937	-
Transfers Out	(60,763)	(33,321)	(231,532)	(325,616)	-
Change in Net Assets	6,770,939	6,443,657	(87,957)	13,126,639	950,525
Net Assets - Beginning	<u>64,355,591</u>	<u>64,649,520</u>	<u>3,734,419</u>		<u>26,386,287</u>
Net Assets - Ending	<u>\$ 71,126,530</u>	<u>\$ 71,093,177</u>	<u>\$ 3,646,462</u>		<u>\$ 27,336,812</u>
Adjustment for consolidation of internal service fund activities related to enterprise funds				109,662	
Change in net assets of business-type activities				<u>\$ 13,236,301</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, 2006

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Cash Flow from Operating Activities:					
Cash Received from Customers	\$ 14,939,990	\$ 8,746,080	\$ 2,546,192	\$ 26,232,262	\$ 8,819,230
Cash Paid to Employees	(3,121,352)	(2,235,960)	(1,017,263)	(6,374,575)	(1,045,734)
Cash Paid to Suppliers	(4,922,624)	(4,731,274)	(1,328,494)	(10,982,392)	(112,957)
Cash Paid for Operating Expenses	-	-	-	-	(4,422,812)
Other Operating Activity Revenue	<u>154,690</u>	<u>179,282</u>	<u>1,232</u>	<u>335,204</u>	<u>-</u>
Net Cash Provided by Operating Activities	7,050,704	1,958,128	201,667	9,210,499	3,237,727
Cash Flows from Noncapital Financing Activities:					
Cash Received from Other Funds	79,376	19,029	231,532	329,937	344,695
Cash Paid to Other Funds	<u>(60,763)</u>	<u>(33,321)</u>	<u>(231,532)</u>	<u>(325,616)</u>	<u>-</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	18,613	(14,292)	-	4,321	344,695
Cash Flow from Capital and Related Financing Activities:					
Contributions of Capital	2,998,313	5,622,824	-	8,621,137	-
Acquisition and Construction of Assets	(23,664,097)	(7,728,852)	(5,897)	(31,398,846)	(3,411,672)
Proceeds from Sale of Capital Assets	-	-	-	-	73,393
Principal Payments on Bonds	371,420	-	-	371,420	-
WIFA - Contracted Loan	13,503,628	(1,827,050)	-	11,676,578	-
Interest and Fiscal Agent Fee Payments	<u>(1,018,233)</u>	<u>(1,367,841)</u>	<u>-</u>	<u>(2,386,074)</u>	<u>-</u>
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(7,808,969)	(5,300,919)	(5,897)	(13,115,785)	(3,338,279)
Cash Flows from Investing Activities:					
Receipt of Interest	<u>416,488</u>	<u>339,175</u>	<u>3,780</u>	<u>759,443</u>	<u>546,364</u>
Net Cash Provided by Investing Activities	<u>416,488</u>	<u>339,175</u>	<u>3,780</u>	<u>759,443</u>	<u>546,364</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(323,164)	(3,017,908)	199,550	(3,141,522)	790,507
Cash and Cash Equivalents, July 1	<u>15,755,905</u>	<u>12,616,663</u>	<u>230,389</u>	<u>28,602,957</u>	<u>17,105,351</u>
Cash and Cash Equivalents, June 30	<u>\$ 15,432,741</u>	<u>\$ 9,598,755</u>	<u>\$ 429,939</u>	<u>\$ 25,461,435</u>	<u>\$ 17,895,858</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 3,594,312	\$ 115,073	\$ (93,196)	\$ 3,616,189	\$ 381,206
Adjustments to Reconcile Operating Income/(Loss)					
Depreciation and Amortization Expense	3,531,354	2,392,793	271,908	6,196,055	2,076,411
(Increase)/Decrease in Accounts Receivables	(550,564)	(310,838)	(4,034)	(865,436)	609,575
Decrease in Inventories	(1,082)	-	(729)	(1,811)	(47,508)
(Increase)/Decrease in Deposits	(1,800)	2,075	-	275	-
(Increase)/Decrease in Prepaid Items	(15,024)	(22,750)	(3,821)	(41,595)	(9,428)
(Decrease)/Increase in Accounts Payable	185,911	(262,365)	18,723	(57,731)	13,081
(Decrease)/Increase in Accrued Wages and Taxes Payable	61,052	14,496	12,768	88,316	19,669
(Decrease)/Increase in Unearned Revenue	-	(149,638)	-	(149,638)	-
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	(661)	(661)	194,721
Increase/(Decrease) in Customer Deposits	91,855	-	(523)	91,332	-
Other Operating Activity Revenue	<u>154,690</u>	<u>179,282</u>	<u>1,232</u>	<u>335,204</u>	<u>-</u>
Total Adjustments	<u>3,456,392</u>	<u>1,843,055</u>	<u>294,863</u>	<u>5,594,310</u>	<u>2,856,521</u>
Net Cash Provided by Operating Activities	<u>\$ 7,050,704</u>	<u>\$ 1,958,128</u>	<u>\$ 201,667</u>	<u>\$ 9,210,499</u>	<u>\$ 3,237,727</u>
Noncash Transactions Affecting Financial Position					
Purchase of Assets with Vendor					
Provided Financing	\$ 586,409	\$ 415,633	\$ -	\$ 1,002,043	\$ 5,986
Contributions of Capital Assets	820,509	1,583,470	-	2,403,979	-
Total Noncash Transactions Affecting Financial Position	<u>\$ 1,406,919</u>	<u>\$ 1,999,103</u>	<u>\$ -</u>	<u>\$ 3,406,022</u>	<u>\$ 5,986</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, 2006

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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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 uses GASB Statement No. 34 to determine which funds are to be presented as major funds. In addition to those minimum requirements, the City will, from time to time, include within its major funds presentations of other funds, that because of their 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.

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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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.

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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

- 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. 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;

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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, 2006, the estimated amounts of unbilled revenues for the Water and Wastewater Enterprise Funds and the Solid Waste Special Revenue Fund are \$1,863,453, \$747,320, and \$214,148, 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 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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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, \$1,937,278, 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 \$191,761, \$144,336, \$59,811 and \$2,256 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, 2006, the amount accumulated in sick pay and related benefits is \$6,880,451, including \$198,191 attributable to Internal Service Funds and \$916,065 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, \$465,920, 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 \$13,326 and Water, Wastewater, and Desert Hills and Arroyo Dunes Golf Course Enterprise Funds of \$39,443, \$27,117, \$11,650 and \$676 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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Net Assets

Continued increases in claims expenses during fiscal 2006 has resulted in a net assets deficit in the Workers Compensation Internal Service Fund. Management will implement internal rate increases during the second quarter of fiscal 2007 to improve the fund's viability.

III. 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, 2006, the City's deposits had a carrying value of \$193,506 and a bank balance of \$341,150. 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, 2006, there are no deposits exposed to custodial credit risk. The petty cash and change fund balances totaled \$24,585.

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, 2006 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	\$ 12,619,387	\$ 9,636,487	\$ 2,982,900	\$ -	\$ -
US Treasury Strips	1,964,200	1,964,200	-	-	-
US Agencies:					
Federal Farm Credit Bank	2,526,126	1,553,426	972,700	-	-
Federal Home Loan Bank	20,388,828	13,604,253	4,107,150	1,450,350	1,227,075
Federal Home Loan Mtg. Corp.	19,374,357	18,392,357	982,000	-	-
Federal National Mtg. Assoc.	11,546,708	9,924,058	1,622,650	-	-
Money Market Funds	6,569,006	6,569,006	-	-	-
State Investment Pool	24,936,191	24,936,191	-	-	-
Total Value	\$ 99,924,803	\$ 86,579,978	\$ 10,667,400	\$ 1,450,350	\$ 1,227,075

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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, 2006, 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 follows:

	Maximum %	Actual %
U. S. Treasuries and securities having principal and interest guaranteed by the U.S. Government	100%	15%
U. S. Government agencies, instrumentalities and government sponsored enterprises	No more than 80%	57%
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%	1%
State Investment Pool	100%	27%

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 two investments with maturities greater than three years which represents 1.2% of the portfolio, and there are no holdings with a stated maturity beyond five years. The portfolio at June 30, 2006 had a weighted average maturity of 174 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 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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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 2004-05 (Tax Year 2004) and fiscal year 2005-06 (Tax Year 2005), follow:

	Tax Year 2004	Tax Year 2005
Primary Assessed Valuation	\$320,190,923	\$ 350,964,150
Primary Tax Rate	1.8693	1.8693
Primary Tax Levy	\$5,985,329	\$ 6,560,574
Secondary Assessed Valuation	\$327,075,027	\$ 367,376,807
Secondary Tax Rate/Levy	None	None
Current Tax Collections	\$5,871,470	\$6,581,375
Delinquent Tax Collections	\$212,972	\$76,454
Delinquent Taxes Outstanding as of June 30	\$140,279	\$143,386

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 balances of these accounts are as follow:

	Accounts	Intergovern- mental	Special Assessments	Delinquent Property Taxes	Accrued Interest	Total
Receivables:						
General	\$ 292,225	\$ 2,865,890	\$ 20,169	\$ 143,386	\$ 101,050	\$ 3,422,720
Highway User Revenue	123	695,504	-	-	29,602	725,229
City Road Tax	-	772,316	-	-	26,309	798,625
Grants	-	1,191,857	-	-	3,423	1,195,280
Community Redevelopment	1,306,112	177,652	-	-	-	1,483,764
Debt Service	-	-	10,475,000	-	785	10,475,785
Capital Projects	213,658	101,597	-	-	11,975	327,230
Water	2,787,656	15,250	-	-	83,570	2,886,476
Wastewater	1,280,872	568,233	-	-	83,626	1,932,731
Other Funds-Governmental	330,101	317,863	-	-	34,320	682,284
Other Funds-Enterprise	5,231	1,283	-	-	858	7,372
Internal Service	155,147	119	-	-	100,853	256,119
Total	\$ 6,371,125	\$ 6,707,564	\$ 10,495,169	\$ 143,386	\$ 476,371	24,193,615
						41,209
						\$ 24,234,824

Governmental activities receivables for revenues not available to liquidate liabilities of the current period

Total receivables per Statement of Net Assets

	Allowance Amount	
	2006	2005
Special Revenue Funds - Solid Waste	\$ 7,202	\$ 7,918
Enterprise Funds:		
Water	71,535	59,304
Wastewater	26,477	23,228

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

D. Due from Other Governments (Intergovernmental Receivables)

Amounts due from other government units at June 30, 2006, are as follows:

Fund	Agencies				Total
	Federal	State	County	Local	
Governmental Funds					
Major Funds					
General	\$ -	\$ 2,557,780	\$ 229,416	\$ 78,694	\$ 2,865,890
Highway User Revenue	-	689,571	5,933	-	695,504
City Road Tax	-	772,316	-	-	772,316
Grants	1,064,157	117,854	9,846	-	1,191,857
Community Redevelopment	174,652	3,000	-	-	177,652
Capital Projects	-	101,597	-	-	101,597
Non-major Funds					
Public Safety Tax	-	308,822	-	-	308,822
Recreation Complex	-	-	-	6,220	6,220
Solid Waste	-	114	-	-	114
Mall Maintenance	-	-	2,707	-	2,707
Enterprise Funds					
Water	13,881	1,369	-	-	15,250
Wastewater	111,304	-	-	456,929	568,233
Desert Hills Golf Course	-	1,283	-	-	1,283
Internal Service Funds					
Equipment Maintenance	-	119	-	-	119
Total	<u>\$ 1,363,994</u>	<u>\$ 4,553,825</u>	<u>\$ 247,902</u>	<u>\$ 541,843</u>	<u>\$ 6,707,564</u>

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2006, follows:

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Capital Assets Not Being Depreciated:				
Land	16,255,006	3,653,815	738,571	19,170,250
Construction in Progress	23,655,451	7,344,615	9,821,358	21,178,708
Total Capital Assets Not Being Depreciated	<u>39,910,457</u>	<u>10,998,430</u>	<u>10,559,929</u>	<u>40,348,958</u>
Other Capital Assets:				
Buildings	64,645,534	1,850,774	-	66,496,308
Improvements	22,078,977	4,821,514	-	26,900,491
Infrastructure	136,921,502	16,151,236	-	153,072,738
Equipment	33,944,939	6,037,745	1,128,161	38,854,523
Total Other Capital Assets	<u>257,590,952</u>	<u>28,861,269</u>	<u>1,128,161</u>	<u>285,324,060</u>
Less Accumulated Depreciation for:				
Buildings	13,048,370	2,155,370		15,203,740
Improvements	9,445,401	1,925,305		11,370,706
Infrastructure	71,372,729	3,238,515		74,611,244
Equipment	21,347,392	2,989,595	995,753	23,341,234
Total Accumulated Depreciation	<u>115,213,892</u>	<u>10,308,785</u>	<u>995,753</u>	<u>124,526,924</u>
Other Capital Assets, Net	<u>142,377,060</u>	<u>18,552,484</u>	<u>132,408</u>	<u>160,797,136</u>
Total Capital Assets, Governmental Activities	<u>182,287,517</u>	<u>29,550,914</u>	<u>10,692,337</u>	<u>201,146,094</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

Government activities capital assets net of accumulated depreciation at June 30, 2006, include:

General Capital Assets, Net	\$ 190,586,038
Internal Service Fund Capital Assets, Net	<u>10,560,056</u>
Total	<u>\$ 201,146,094</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,522,581
Public Safety	1,095,224
Parks, Recreation, and Culture	2,232,650
Environmental Health and Protection	31,890
Community Design and Development	96,426
Streets	3,253,602
Assets held by Internal Service Funds are charged based on usage of assets	<u>2,076,411</u>
Total	<u>\$ 10,308,785</u>

Business-type activities:

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Capital Assets Not Being Depreciated:				
Land	\$ 1,837,801	\$ 108,153	\$ -	\$ 1,945,954
Construction in Progress	<u>93,466,296</u>	<u>28,814,909</u>	<u>550</u>	<u>122,280,655</u>
Total Capital Assets Not Being Depreciated	<u>95,304,097</u>	<u>28,923,062</u>	<u>550</u>	<u>124,226,609</u>
Other Capital Assets:				
Buildings	7,945,196	-	-	7,945,196
Improvements	135,124,959	2,772,780	-	137,897,739
Equipment	<u>3,711,766</u>	<u>295,063</u>	<u>-</u>	<u>4,006,829</u>
Total Other Capital Assets	<u>146,781,921</u>	<u>3,067,843</u>	<u>-</u>	<u>149,849,764</u>
Less Accumulated Depreciation for:				
Buildings	4,003,677	202,088	-	4,205,765
Improvements	59,462,712	5,697,736	-	65,160,448
Equipment	<u>2,308,580</u>	<u>194,167</u>	<u>-</u>	<u>2,502,747</u>
Total Accumulated Depreciation	<u>65,774,969</u>	<u>6,093,991</u>	<u>-</u>	<u>71,868,960</u>
Other Capital Assets, Net	<u>81,006,952</u>	<u>(3,026,148)</u>	<u>-</u>	<u>77,980,804</u>
Total Capital Assets, Business-type activities	<u>\$ 176,311,049</u>	<u>\$ 25,896,914</u>	<u>\$ 550</u>	<u>\$ 202,207,413</u>

Depreciation was charged to programs as follows:

Water	\$ 3,429,291
Wastewater	2,392,793
Golf courses	<u>271,907</u>
Total	<u>\$ 6,093,991</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).

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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.

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 P.O. Box 33910 Phoenix, AZ 85067-3910 (602) 240-2200 or (800) 621-3778	1020 E. Missouri Avenue Phoenix, AZ 85014 (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, 2006, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 7.40 percent (6.90 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, 2006, 2005, and 2004 were \$1,748,357, \$1,240,899, and \$1,275,114, 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 20.54 percent. The City's contributions to EORP for the years ended June 30, 2006, 2005 and 2004 were \$43,463, 28,154, and \$27,524, respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2006 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 10.14 percent for police and 18.66 percent for fire.

Annual Pension Cost - The City's pension cost for the two agent plans for the year ended June 30, 2005 (the date of the most recent actuarial report) follows:

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

	<u>Police</u>	<u>Fire</u>
Contribution Rates	10.14%	18.66%
Annual Pension Cost	\$547,053	\$804,531
Contributions Made	\$547,053	\$804,531
Actuarial Valuation Date	June 30, 2005	June 30, 2005
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	8.50%	8.50%
Projected Salary Increases	6% - 9%	6% - 9%
Inflation projection	5.00%	5.00%
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

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

		<u>Annual Pension Cost</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
POLICE	2003	10,881	100.0%	-
	2004	366,322	100.0%	-
	2005	547,043	100.0%	-
FIRE	2003	213,451	100.0%	-
	2004	332,035	100.0%	-
	2005	804,531	100.0%	-

G. Long-Term Liabilities

The following changes occurred in long-term liabilities during the fiscal year ended June 30, 2006:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
Governmental activities:					
Yuma Municipal Property Corporation	\$ 60,420,000	\$ -	\$ 2,655,000	\$ 57,765,000	\$ 2,730,000
Improvement District #67	7,280,000	-	680,000	6,600,000	710,000
Improvement District #68	-	3,875,000	-	3,875,000	-
Contracts Payable	1,723,000	-	799,000	924,000	807,000
Compensated Absences	2,204,268	239,464	40,534	2,403,198	-
Total Governmental Activity Long-Term Debt	<u>\$ 71,627,268</u>	<u>\$ 4,114,464</u>	<u>\$ 4,174,534</u>	<u>\$ 71,567,198</u>	<u>\$ 4,247,000</u>
Business-type activities:					
General Obligation Bonds	\$ 9,575,000	\$ -	\$ 990,000	\$ 8,585,000	\$ 1,050,000
Contracts Payable	61,072,113	15,264,242	2,226,244	74,110,111	3,648,157
Total Business-type Activity Long-Term Debt	<u>\$ 70,647,113</u>	<u>\$ 15,264,242</u>	<u>\$ 3,216,244</u>	<u>\$ 82,695,111</u>	<u>\$ 4,698,157</u>

On the Statement of Net Assets, the current portion of governmental activity long-term liabilities of \$4,247,000 excludes the current portion of compensated absences of \$1,617,664 that is recorded within accrued liabilities. The long-term portion of governmental activity long-term liabilities is net of \$96,958 of unamortized deferred charges while the long-term portion of business-type activities is net of \$221,932 of unamortized issuance costs.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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.

Annual debt service requirements under these contracts are as follow:

July 1,	Contracts Payable					
	Section 108		HELP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 107,000	\$ 7,822	\$ 700,000	\$ 15,423	\$ 807,000	\$ 23,245
2007	117,000	4,274	-	-	117,000	4,274
Total	\$ 224,000	\$ 12,096	\$ 700,000	\$ 15,423	\$ 924,000	\$ 27,519

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 \$46,028,520 for water projects (\$32,336,355 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 February 2006 the Council, by resolution, authorized an agreement with WCC Properties, LLC related to the development of a shopping center in Yuma. Improvement District #68 was created with Yuma Palms L.L.C. as the sole property owner. On May 25, 2006, \$3,875,000 in special assessment bonds were issued for the purpose of constructing City-owned water and sewer utilities, street, and storm drainage improvements. The fourteen-year bonds have a stated rate of 4.70 percent with annual principal payments commencing January 2008 through 2021.

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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

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

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	\$ 975,000
1997 Refunding	4.90%	12/1/1997	2012	8,085,000	7,610,000
Unamortized deferred amount on refunding				-	(221,932)
				<u>22,455,000</u>	<u>8,363,068</u>
Yuma Municipal Property Corporation Bonds:					
2001 Issue	4.94%	3/21/2001	2025	34,150,000	33,260,000
2003 - Series A Refunding	4.21%	2/18/2003	2015	14,640,000	12,655,000
2003 - Series B Refunding	3.67%	2/18/2003	2015	2,905,000	2,490,000
2003 - Series C Refunding	2.97%	2/18/2003	2010	1,445,000	1,060,000
2003 - Series B Addition	4.18%	2/18/2003	2022	<u>9,000,000</u>	<u>8,300,000</u>
Total MPC Bonds				<u>62,140,000</u>	<u>57,765,000</u>
Total Bonds Authorized and Issued				<u>\$ 84,595,000</u>	<u>\$ 66,128,068</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, 2006 follows:

	<u>Water, Etc. (20%)</u>	<u>All Other (6%)</u>
Legal Limit	\$ 73,475,361	\$ 22,042,608
Outstanding G.O. Debt	<u>8,585,000</u>	<u>-</u>
Available Debt Margin	<u>\$ 64,890,361</u>	<u>\$ 22,042,608</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

Annual Debt Service Requirements to Maturity

July 1	G.O. Bonds 1992 Issue			G.O. Refunding Bonds-1997 Issue			Improvement District No. 67 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 975,000	\$ 58,500	\$ 1,033,500	\$ 75,000	\$ 368,480	\$ 443,480	\$ 710,000	\$ 231,065	\$ 941,065
2007	-	-	-	1,115,000	365,067	1,480,067	740,000	204,240	944,240
2008	-	-	-	1,170,000	312,105	1,482,105	770,000	176,305	946,305
2009	-	-	-	1,210,000	257,115	1,467,115	805,000	147,168	952,168
2010	-	-	-	1,275,000	196,615	1,471,615	840,000	116,736	956,736
2011	-	-	-	1,345,000	134,140	1,479,140	875,000	85,008	960,008
2012	-	-	-	1,420,000	69,580	1,489,580	910,000	51,985	961,985
2013	-	-	-	-	-	-	950,000	17,575	967,575
	<u>\$ 975,000</u>	<u>\$ 58,500</u>	<u>\$ 1,033,500</u>	<u>\$ 7,610,000</u>	<u>\$ 1,703,102</u>	<u>\$ 9,313,102</u>	<u>\$ 6,600,000</u>	<u>\$ 1,030,082</u>	<u>\$ 7,630,082</u>

	MPC Bonds 2001 Series			MPC Bonds 2003 Series			Improvement District No. 68 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 925,000	\$ 1,612,225	\$ 2,537,225	\$ 365,000	\$ 329,358	\$ 694,358	\$ -	\$ 30,354	\$ 30,354
2007	965,000	1,575,225	2,540,225	375,000	320,233	695,233	-	121,417	121,417
2008	1,000,000	1,536,625	2,536,625	385,000	309,920	694,920	205,000	182,125	387,125
2009	1,040,000	1,494,125	2,534,125	395,000	298,370	693,370	210,000	172,490	382,490
2010	1,080,000	1,449,925	2,529,925	410,000	285,532	695,532	220,000	162,620	382,620
2011	1,130,000	1,404,025	2,534,025	420,000	272,207	692,207	230,000	152,280	382,280
2012	1,175,000	1,356,000	2,531,000	435,000	257,507	692,507	245,000	141,470	386,470
2013	1,235,000	1,297,250	2,532,250	450,000	241,847	691,847	255,000	129,955	384,955
2014	1,295,000	1,235,500	2,530,500	470,000	224,973	694,973	265,000	117,970	382,970
2015	1,355,000	1,170,750	2,525,750	490,000	207,347	697,347	280,000	105,515	385,515
2016	1,755,000	1,103,000	2,858,000	515,000	182,847	697,847	290,000	92,355	382,355
2017	1,840,000	1,015,250	2,855,250	535,000	157,098	692,098	305,000	78,725	383,725
2018	1,935,000	923,250	2,858,250	560,000	134,628	694,628	320,000	64,390	384,390
2019	2,030,000	826,500	2,856,500	585,000	110,828	695,828	335,000	49,350	384,350
2020	2,130,000	725,000	2,855,000	610,000	85,672	695,672	350,000	33,605	383,605
2021	2,240,000	618,500	2,858,500	635,000	58,833	693,833	365,000	17,155	382,155
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>\$ 33,260,000</u>	<u>\$ 20,640,150</u>	<u>\$ 53,900,150</u>	<u>\$ 8,300,000</u>	<u>\$ 3,507,458</u>	<u>\$ 11,807,458</u>	<u>\$ 3,875,000</u>	<u>\$ 1,651,776</u>	<u>\$ 5,526,776</u>

	MPC Bonds 2003 Refunding 1995A			MPC Bonds 2003 Refunding 1995B			MPC Bonds 2003 Refunding 1995C		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
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>\$ 12,655,000</u>	<u>\$ 3,206,589</u>	<u>\$ 15,861,589</u>	<u>\$ 2,490,000</u>	<u>\$ 549,157</u>	<u>\$ 3,039,157</u>	<u>\$ 1,060,000</u>	<u>\$ 100,339</u>	<u>\$ 1,160,339</u>

	WIFA Loan #920069-03			WIFA Loan #910043-03		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 9,214,406</u>	<u>\$ 2,983,093</u>	<u>\$ 12,197,500</u>	<u>\$ 42,172,950</u>	<u>\$ 13,653,179</u>	<u>\$ 55,826,129</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 \$22,722,755. 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, 2006

H. Interfund Transfers

<i>Transfers Out</i>			<i>Transfers In</i>		
From / Into			Into / From		
Governmental funds - major funds:					
General Fund	HURF	\$ 16,100	General Fund	Capital Projects	\$ 29,867
	Solid Waste	1,172,436		General Fund	16,100
	Mall Maintenance	134,248	HURF	Capital Projects	43,033
	Debt Service	3,265,276	Road Tax	General Fund	3,265,276
	Capital Projects	877,351	Debt Service	HURF	98,821
HURF	Debt Service	98,821		Road Tax	31,264
	Capital Projects	1,711,869		Capital Projects	8,665
Road Tax	Capital Projects	8,388,683		Public Safety Tax	1,758,598
	Debt Service	31,264		Solid Waste	20,443
Grants	Capital Projects	4,335,928		Desert Hills G.C.	231,532
Community Redevelopment	Capital Projects	47,402	Capital Projects	Wastewater	33,321
Capital Projects	General Fund	29,867		Water	60,763
	Debt Service	8,665		General Fund	877,351
	Water	79,376		HURF	1,711,869
	Wastewater	19,029		Road Tax	8,388,683
	Road Tax	43,033		Community Redevelopment	47,402
				Grants	4,335,928
				LTAF	383,884
				Public Safety Tax	295,987
				Two Percent Tax	697,675
				Recreation Complex	23,194
Nonmajor funds:					
LTAF	Capital Projects	383,884	Solid Waste	General Fund	1,172,436
Public Safety Tax	Debt Service	1,758,598	Recreation Complex	Two Percent Tax	1,350,000
	Capital Projects	295,987	Mall Maintenance	General Fund	134,248
Solid Waste	Debt Service	20,443			
Recreation Complex	Capital Projects	23,194			
Two Percent Tax	Recreation Complex	1,350,000			
	Capital Projects	697,675			
	Desert Hill G.C.	231,532			
	Total Governmental Activities	<u>25,020,661</u>		Total Governmental Activities	<u>25,016,340</u>
Enterprise funds:					
Desert Hills G.C.	Debt Service	231,532	Desert Hills G.C.	Two Percent Tax	231,532
Water	Debt Service	60,763	Water	Capital Projects	79,376
Wastewater	Debt Service	33,321	Wastewater	Capital Projects	19,029
	Total Enterprise Funds	<u>325,616</u>		Total Enterprise Funds	<u>329,937</u>
	<i>Total Transfers Out</i>	<u>\$ 25,346,277</u>		<i>Total Transfers In</i>	<u>\$ 25,346,277</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 (\$16,100), Solid Waste Fund (\$1,172,436) and Mall Maintenance (\$134,248); and from the Two Percent Tax Fund to Recreation Complex Fund (\$1,350,000) and Desert Hills Golf Course (\$231,532).

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 \$4,321 are for capital assets.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. Interfund Receivables and Payables

Interfund balances at June 30, 2006, follow:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>			<u>Total</u>
	<u>Major Funds</u>			
	<u>General</u>	<u>Highway Users Revenue</u>	<u>Capital Projects</u>	
Major Governmental Funds:				
General Fund	\$ -	\$ -	\$ 208,096	\$ 208,096
Highway Users Revenue Fund	-	-	186,776	186,776
City Road Tax Fund	-	-	1,901,227	1,901,227
Community Redevelopment Fund	89,805	-	-	89,805
Grants Fund	222,935	-	143,863	366,798
Capital Projects Fund	-	213,704	-	213,704
Nonmajor Governmental Funds:				
Local transportation Assistance Fund	-	-	383,884	383,884
Public Safety Tax Fund	-	-	10,659	10,659
Solid Waste Fund	155,855	-	-	155,855
Recreation Complex Fund	-	-	3,119	3,119
Two Percent Tax Fund	-	-	192,205	192,205
Internal Service Funds:				
Equipment Maintenance	495,603	-	-	495,603
Workers Compensation	473,696	-	-	473,696
Total Receivable	<u>\$ 1,437,894</u>	<u>\$ 213,704</u>	<u>\$ 3,029,829</u>	<u>\$ 4,681,427</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, \$436,919, 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 - \$5,975,550 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* - \$588,269 includes sales tax rebates of \$88,000, 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, \$577,971 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. Restricted Net Assets

At June 30, 2006, net assets restricted by enabling legislation include:

Debt Service	\$ 473,722
Streets	11,003,061
Capital Projects	11,268,638
Parks and Recreation	2,074,578
Total Restricted Net Assets	<u>\$ 24,819,999</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

L. 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. The Insurance Reserve Fund is in its second 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>
2005-06	\$ 34,036	\$ 205,735	\$ 210,440	\$ 29,331
2004-05	\$ -	\$ 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>
2005-06	\$ 464,508	\$ 892,640	\$ 693,215	\$ 663,933
2004-05	464,350	322,021	321,863	464,508
2003-04	423,570	345,353	304,573	464,350

M. Construction Commitments

The City has active construction projects as of June 30, 2006. 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	\$ 154,413	\$ 134,562	\$ 19,851
Public Safety	2,668,318	689,356	1,978,962
Parks & Recreation	3,412,516	1,197,352	2,215,164
Environmental Health	104,623	21,753	82,870
Streets	9,276,930	3,654,791	5,622,139
Water System	13,078,071	8,755,063	4,323,008
Wastewater	1,706,882	620,338	1,086,544
	<u>\$ 30,401,752</u>	<u>\$ 15,073,214</u>	<u>\$ 15,328,538</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

IV. 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, 2006.

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**

	Actual Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Payroll
<i>POLICE</i>						
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	-%
2005	39,130,092	43,029,465	3,899,373	103.1%	7,550,449	51.6%
<i>FIRE</i>						
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%
2005	29,151,838	38,122,098	8,970,260	76.5%	4,682,644	191.6%

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 19,129,867	\$ 19,129,867	\$ 19,999,916	\$ 870,049
Resources (inflows):				
Taxes:				
Property Tax - Primary	6,560,574	6,560,574	6,581,375	20,801
Property Tax - Delinquent	180,000	180,000	117,663	(62,337)
City Sales Tax	18,272,000	18,272,000	19,087,873	815,873
Public Enterprise In-Lieu	242,000	242,000	244,610	2,610
Franchise Tax	2,170,000	2,170,000	3,116,225	946,225
Total Taxes	<u>27,424,574</u>	<u>27,424,574</u>	<u>29,147,746</u>	<u>1,723,172</u>
Licenses:				
Business Licenses	290,000	290,000	300,596	10,596
Liquor Licenses	30,000	30,000	36,600	6,600
Building Permits	1,879,000	1,879,000	3,489,245	1,610,245
Alcohol Permits	7,500	7,500	9,120	1,620
Total Licenses	<u>2,206,500</u>	<u>2,206,500</u>	<u>3,835,561</u>	<u>1,629,061</u>
Intergovernmental:				
Sales Tax - State	7,609,741	7,609,741	8,292,930	683,189
State Revenue Sharing	8,130,357	8,130,357	8,133,573	3,216
Auto Lieu Tax	3,000,000	3,000,000	3,391,236	391,236
Other Governmental Charges	-	-	28,288	28,288
Total Intergovernmental	<u>18,740,098</u>	<u>18,740,098</u>	<u>19,846,027</u>	<u>1,105,929</u>
Charges for Services:				
Building Inspection Fees	677,300	677,300	1,019,326	342,026
Recreation Fees	469,700	469,700	453,273	(16,427)
Police Services	660,000	660,000	697,577	37,577
Other Charges	34,000	34,000	76,669	42,669
Total Charges for Services	<u>1,841,000</u>	<u>1,841,000</u>	<u>2,246,845</u>	<u>405,845</u>
Fines and Forfeitures:				
City Court Fines	748,000	748,000	863,316	115,316
Total Fines and Forfeitures	<u>748,000</u>	<u>748,000</u>	<u>863,316</u>	<u>115,316</u>
Use of Money and Property:				
Interest	163,000	163,000	556,095	393,095
Rental Receipts	161,800	161,800	152,223	(9,577)
Total Use of Money and Property	<u>324,800</u>	<u>324,800</u>	<u>708,318</u>	<u>383,518</u>
Miscellaneous				
Sales of Surplus Property	10,000	10,000	348,412	338,412
Other	80,000	80,000	180,268	100,268
Total Miscellaneous	<u>90,000</u>	<u>90,000</u>	<u>528,680</u>	<u>438,680</u>
Total Revenues	<u>51,374,972</u>	<u>51,374,972</u>	<u>57,176,493</u>	<u>5,801,521</u>
Transfers From Other Funds	220,100	220,100	29,867	(190,233)
Amounts Available for Appropriation	<u>70,724,939</u>	<u>70,724,939</u>	<u>77,206,276</u>	<u>6,481,337</u>

Continued on next page

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Charges to Appropriations (outflows):				
General Government:				
Mayor and Council	262,347	262,347	244,147	18,200
Elections	115,100	115,100	95,612	19,488
City Administrator	610,517	612,983	639,984	(27,001)
Public Affairs	175,302	175,302	151,657	23,645
Strategic Communications	394,422	595,234	462,534	132,700
General Government	1,414,544	1,025,205	1,211,452	(186,247)
Mid-Decade Census	992,000	1,183,134	1,188,430	(5,296)
City Clerk	266,990	266,990	250,909	16,081
Community Investment Trust	86,124	86,124	-	86,124
City Attorney	925,552	925,552	873,673	51,879
City Prosecutor	226,285	226,285	219,356	6,929
Finance-Administration	236,126	255,976	257,134	(1,158)
Accounting	751,459	734,059	678,907	55,152
Customer Services	369,723	369,723	369,410	313
Information Technology Services	2,695,328	2,687,805	2,311,680	376,125
Purchasing	580,746	580,746	494,030	86,716
Human Resources	851,832	851,832	830,752	21,080
Facilities Maintenance	678,169	678,169	645,587	32,582
Intragovernmental Charges	<u>(3,234,676)</u>	<u>(3,234,676)</u>	<u>(3,234,676)</u>	<u>-</u>
Total General Government Expenditures	<u>8,397,890</u>	<u>8,397,890</u>	<u>7,690,578</u>	<u>707,312</u>
Less Capital Outlay	519,254	796,243	505,283	290,960
Less Debt Service				
Principal	-	-	-	-
Total General Government Deductions	<u>519,254</u>	<u>796,243</u>	<u>505,283</u>	<u>290,960</u>
General Government Operating Expenditures	<u>7,878,636</u>	<u>7,601,647</u>	<u>7,185,295</u>	<u>416,352</u>
Public Safety:				
Police Administration - Field Operations	15,331,949	15,331,949	14,708,959	622,990
Police Reserve Unit	5,750	5,750	2,263	3,487
Police Support Services	2,672,219	2,672,219	2,480,525	191,694
Police Communication Center	1,977,030	1,977,030	1,578,832	398,198
Fire Administration	510,572	510,572	488,737	21,835
Fire Training	471,533	471,533	469,247	2,286
Fire Suppression	7,528,151	7,528,151	7,644,075	(115,924)
Community Risk Reduction	828,982	828,982	750,335	78,647
Fire Special Operations	107,115	107,115	76,460	30,655
Fire Emergency Medical Services	157,339	157,339	136,436	20,903
Fire Emergency Management	140,909	140,909	99,214	41,695
Animal Control	435,000	435,000	445,000	(10,000)
Municipal Court	<u>1,295,495</u>	<u>1,295,495</u>	<u>1,285,596</u>	<u>9,899</u>
Total Public Safety Expenditures	<u>31,462,044</u>	<u>31,462,044</u>	<u>30,165,679</u>	<u>1,296,365</u>
Less Capital Outlay	<u>780,837</u>	<u>807,223</u>	<u>642,512</u>	<u>164,711</u>
Public Safety Operating Expenditures	<u>30,681,207</u>	<u>30,654,821</u>	<u>29,523,167</u>	<u>1,131,654</u>

Continued on next page

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Parks, Recreation and Culture:				
Parks and Recreation Administration	456,552	456,552	475,271	(18,719)
Parks Maintenance	4,074,137	4,074,137	3,991,990	82,147
Parks Development	260,071	260,071	238,437	21,634
Recreation Administration	622,401	622,401	623,881	(1,480)
Senior Adult Activities	179,436	179,436	158,203	21,233
Adult Activities	218,305	218,305	230,121	(11,816)
Youth Activities	251,837	251,837	223,722	28,115
Aguatics	644,617	644,617	655,825	(11,208)
Yuma Readiness Center	213,938	213,938	164,740	49,198
Yuma Art Center	732,719	732,719	692,091	40,628
Intragovernmental Charges	(140,899)	(140,899)	(140,899)	-
Total Parks, Recreation and Culture	7,513,114	7,513,114	7,313,382	199,732
Less Capital Outlay	245,474	257,974	239,414	18,560
Parks, Recreation and Culture				
Operating Expenditures	7,267,640	7,255,140	7,073,968	181,172
Environmental Health and Protection:				
Environmental Management	1,063,285	1,063,285	1,021,632	41,653
Intragovernmental Charges	(771,901)	(771,901)	(771,901)	-
Total Environmental Health and Protection	291,384	291,384	249,731	41,653
Less Capital Outlay	-	50,000	28,680	21,320
Environmental Health and Protection				
Operating Expenditures	291,384	241,384	221,051	20,333
Community Design and Development:				
Community Development Administration	505,388	505,388	435,433	69,955
Development Engineering	343,863	343,863	336,512	7,351
Business Development	440,000	440,000	440,991	(991)
Planning and Neighborhood Services	3,144,539	3,011,310	2,638,971	372,339
Heritage Area Development	197,383	330,612	411,973	(81,361)
Outside Agencies	318,140	318,140	318,140	-
Total Community Design and Development	4,949,313	4,949,313	4,582,020	367,293
Less Capital Outlay	67,726	67,726	66,826	900
Community Design and Development				
Operating Expenditures	4,881,587	4,881,587	4,515,194	366,393
Total Operating Expenditures	51,000,454	50,634,579	48,518,675	2,115,904
Capital Outlay	1,613,291	1,979,166	1,482,715	496,451
Total Expenditures	52,613,745	52,613,745	50,001,390	2,612,355
Transfers to Other Funds	6,423,934	6,423,934	5,465,411	958,523
Total Charges to Appropriations	59,037,679	59,037,679	55,466,801	3,570,878
Budgetary Fund Balance, June 30	<u>\$ 11,687,260</u>	<u>\$ 11,687,260</u>	<u>\$ 21,739,475</u>	<u>\$ 10,052,215</u>
				Concluded

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Highway User Revenue Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,019,349	\$ 5,019,349	\$ 5,113,910	\$ 94,561
Resources (inflows):				
Intergovernmental				
State Gasoline Tax	7,816,920	7,816,920	7,980,673	163,753
Use of Money and Property				
Interest	100,000	100,000	149,746	49,746
Miscellaneous				
Engineering Oversight Fees	50,000	50,000	36,471	(13,529)
Other	63,000	63,000	41,588	(21,412)
Total Revenues	<u>8,029,920</u>	<u>8,029,920</u>	<u>8,208,478</u>	<u>178,558</u>
Transfers From Other Funds	<u>21,000</u>	<u>21,000</u>	<u>16,100</u>	<u>(4,900)</u>
Amounts Available for Appropriation	<u>13,070,269</u>	<u>13,070,269</u>	<u>13,338,488</u>	<u>268,219</u>
Charges to Appropriations (outflows):				
Current:				
Public Safety				
Traffic Signals, Signs, and Striping Streets	1,171,777	1,171,777	1,037,856	133,921
Engineering	373,409	373,409	29,436	343,973
Street Maintenance	2,765,244	2,765,244	2,672,524	92,720
Street Lighting	499,584	499,584	596,807	(97,223)
Street Sweeping	506,108	506,108	492,203	13,905
Storm Drain Maintenance	784,441	784,441	706,037	78,404
Curbs, Gutters, and Sidewalks	425,966	425,966	424,757	1,209
Environmental Health				
Lot Cleaning	23,157	23,157	16,099	7,058
Capital Outlay	<u>482,865</u>	<u>482,865</u>	<u>394,249</u>	<u>88,616</u>
Total Expenditures	<u>7,032,551</u>	<u>7,032,551</u>	<u>6,369,968</u>	<u>662,583</u>
Transfers To Other Funds	<u>4,050,237</u>	<u>4,050,237</u>	<u>1,810,690</u>	<u>2,239,547</u>
Total Charges to Appropriations	<u>11,082,788</u>	<u>11,082,788</u>	<u>8,180,658</u>	<u>2,902,130</u>
Budgetary Fund Balance, June 30	<u>\$ 1,987,481</u>	<u>\$ 1,987,481</u>	<u>\$ 5,157,830</u>	<u>\$ 3,170,349</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 City Road Tax Fund
 For the Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	\$ 5,181,124	\$ 5,181,124	\$ 5,809,291	\$ 628,167
Resources (inflows):				
Taxes				
Special Road Sales Tax	9,134,900	9,134,900	9,542,314	407,414
Use of Money and Property				
Interest	60,000	60,000	218,259	158,259
Miscellaneous				
Other	100,000	100,000	73,241	(26,759)
Total Revenues	9,294,900	9,294,900	9,833,814	538,914
Transfers From Other Funds	-	-	43,033	43,033
Amounts Available for Appropriation	14,476,024	14,476,024	15,686,138	1,210,114
Charges to Appropriations (outflows):				
Current:				
Streets				
Street Maintenance	156,666	156,666	156,666	-
Retention Basin Maintenance	443,702	443,702	547,443	(103,741)
Debt Service				
Principal	700,000	700,000	700,000	-
Interest and Fiscal Agent Fees	13,776	13,776	13,776	-
Total Expenditures	1,314,144	1,314,144	1,417,885	(103,741)
Transfers to Other Funds	9,344,000	9,344,000	8,419,947	924,053
Total Charges to Appropriations	10,658,144	10,658,144	9,837,832	820,312
Budgetary Fund Balance, June 30	\$ 3,817,880	\$ 3,817,880	\$ 5,848,306	\$ 2,030,426

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Grants Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 6,865	\$ 6,865	\$ 6,865	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	9,432,893	9,432,893	5,368,191	(4,064,702)
State Government	3,481,600	3,481,600	885,427	(2,596,173)
Budget Authority Reserve	7,695,852	7,695,852	-	(7,695,852)
Use of Money and Property				
Interest	-	-	7,079	7,079
Contributions/Donations	96,400	96,400	37,036	(59,364)
Total Revenues	20,706,745	20,706,745	6,297,733	(14,409,012)
Amounts Available for Appropriation	20,713,610	20,713,610	6,304,598	(14,409,012)
Charges to Appropriations (outflows):				
Current:				
Public Safety	4,940,202	4,766,780	1,301,751	3,465,029
Parks, Recreation and Culture	57,000	57,000	34,344	22,656
Environmental Health and Protection	1,856,250	1,856,250	21,617	1,834,633
Community Design & Development	9,150	9,150	5,283	3,867
Capital Outlay	629,643	803,065	605,675	197,390
Total Expenditures	7,492,245	7,492,245	1,968,670	5,523,575
Operating Transfers Out	13,214,500	13,214,500	4,335,928	8,878,572
Total Charges to Appropriations	20,706,745	20,706,745	6,304,598	14,402,147
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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	3,520,419	3,520,419	1,523,186	(1,997,233)
State Government	200,000	200,000	13,000	(187,000)
Use of Money and Property				
Rental Receipts	-	-	21,565	21,565
Miscellaneous				
Loan Repayments	-	-	17,989	17,989
Other	127,742	127,742	159,999	32,257
Sale of Real Property	-	-	-	-
Total Revenues	<u>3,848,161</u>	<u>3,848,161</u>	<u>1,735,739</u>	<u>(2,112,422)</u>
Increase in Long-Term Contracts	-	-	-	-
Amounts Available for Appropriation	<u>3,848,161</u>	<u>3,848,161</u>	<u>1,735,739</u>	<u>(2,112,422)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development	3,666,543	3,646,227	1,556,050	2,090,177
Capital Outlay	9,000	29,316	23,669	5,647
Debt Service				
Principal	99,000	99,000	99,000	-
Interest and Fiscal Agent Fees	9,618	9,618	9,618	-
Total Expenditures	<u>3,784,161</u>	<u>3,784,161</u>	<u>1,688,337</u>	<u>2,095,824</u>
Operating Transfers Out	64,000	64,000	47,402	16,598
Total Charges to Appropriations	<u>3,848,161</u>	<u>3,848,161</u>	<u>1,735,739</u>	<u>2,112,422</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, 2006

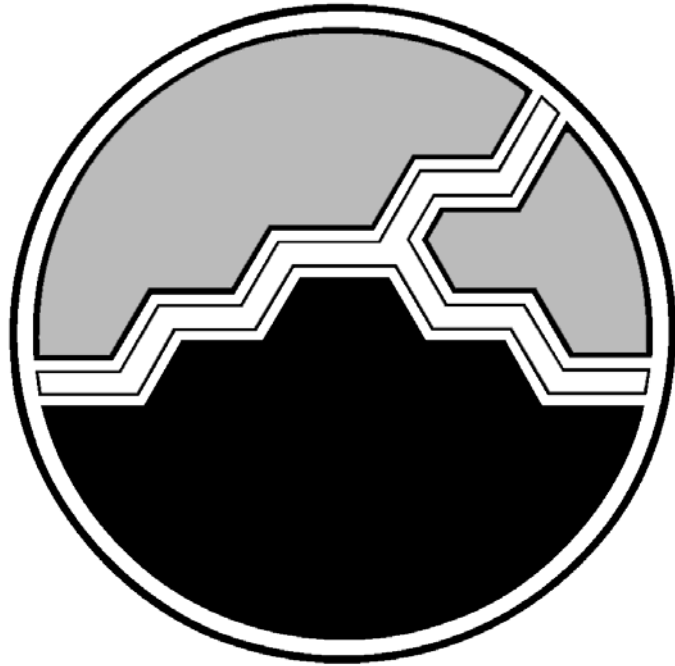
A. Budgetary Reporting and Budgetary Basis of Accounting

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. The City Road Tax Fund exceed its budget by \$103,741 primarily due to the unbudgeted refund of developer deposits recorded as revenue in prior years. Unbudgeted interest and fiscal agent fees related to a newly created Improvement District No. 68 caused expenditures within the Debt Service Fund to exceed appropriations by \$16,995. Lastly, equipment parts and fuel costs were underestimated in the Equipment Maintenance Internal Service Fund, which exceeded appropriations by \$962,480.

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, 2006

<u>Assets</u>	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Cash and Investments	\$ 417,512	\$ 4,978,972	\$ -	\$ 1,670,012
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	-	-	313,616	7,902
Intergovernmental	-	308,822	114	6,220
Accrued Interest	1,118	20,233	-	5,807
Inventory, at cost	-	-	-	8,236
Prepaid Items	-	-	7,065	8,008
Total Assets	\$ 418,630	\$ 5,308,027	\$ 320,795	\$ 1,706,185
<u>Liabilities</u>				
Liabilities:				
Accounts Payable	\$ 141	\$ 4,280	\$ 80,212	\$ 40,897
Accrued Payroll and Related Taxes	-	-	57,583	57,603
Due to Other Funds	383,884	10,659	155,855	3,119
Unearned Revenue	-	-	-	71,404
Total Liabilities	384,025	14,939	293,650	173,023
<u>Fund Balances</u>				
Reserved for:				
Inventory	-	-	-	8,236
Prepaid Items	-	-	7,065	8,008
Unreserved:				
Designated For				
Future Community Improvements	-	-	-	-
Undesignated	34,605	5,293,088	20,080	1,516,918
Total Fund Balance	34,605	5,293,088	27,145	1,533,162
Total Liabilities and Fund Balance	\$ 418,630	\$ 5,308,027	\$ 320,795	\$ 1,706,185

<u>Special Revenue</u>		Total
<u>Two Percent Tax</u>	<u>Yuma Mall Maintenance</u>	<u>Nonmajor Governmental Funds</u>
-		
\$ 2,255,715	\$ 2,647	\$ 9,324,858
4,771	3,812	330,101
-	2,707	317,863
7,162	-	34,320
-	-	8,236
-	-	15,073
<u>\$ 2,267,648</u>	<u>\$ 9,166</u>	<u>\$ 10,030,451</u>

\$ 865	\$ 3,439	\$ 129,834
-	5,727	120,913
192,205	-	745,722
-	-	71,404
<u>193,070</u>	<u>9,166</u>	<u>1,067,873</u>

-	-	8,236
-	-	15,073
50,000		50,000
<u>2,024,578</u>	<u>-</u>	<u>8,889,269</u>
<u>2,074,578</u>	<u>-</u>	<u>8,962,578</u>
<u>\$ 2,267,648</u>	<u>\$ 9,166</u>	<u>\$ 10,030,451</u>

City of Yuma, Arizona
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Revenues:				
Taxes	\$ -	\$ 3,815,628	\$ -	\$ -
Intergovernmental	427,528	-	-	-
Charges for Services	-	-	1,970,676	-
Use of Money and Property	9,626	149,288	-	664,796
Contributions/Donations	42,770	-	-	-
Miscellaneous	-	-	10,458	4,733
Total Revenues	479,924	3,964,916	1,981,134	669,529
Expenditures:				
Current:				
Public Safety	-	318	-	-
Parks, Recreation and Culture	-	-	-	1,788,080
Environmental Health and Protection	-	-	3,105,982	-
Community Design and Development	95,094	-	-	-
Capital Outlay	-	65,436	-	42,085
Total Expenditures	95,094	65,754	3,105,982	1,830,165
Revenues Over/(Under) Expenditures	384,830	3,899,162	(1,124,848)	(1,160,636)
Other Financing Sources/(Uses):				
Transfers In	-	-	1,172,436	1,350,000
Transfers Out	(383,884)	(2,054,585)	(20,443)	(23,194)
Total Other Financing Sources/(Uses)	(383,884)	(2,054,585)	1,151,993	1,326,806
Revenues and Other Financing Sources Over Expenditures and Other Uses	946	1,844,577	27,145	166,170
Fund Balances, July 1	33,659	3,448,511	-	1,366,992
Fund Balances, June 30	\$ 34,605	\$ 5,293,088	\$ 27,145	\$ 1,533,162

<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>
\$ 3,866,902	\$ 101,821	\$ 7,784,351
-	-	427,528
-	-	1,970,676
46,278	-	869,988
-	-	42,770
5,308	13,836	34,335
<u>3,918,488</u>	<u>115,657</u>	<u>11,129,648</u>
-	-	318
830,504	-	2,618,584
-	-	3,105,982
-	249,905	344,999
-	-	107,521
<u>830,504</u>	<u>249,905</u>	<u>6,177,404</u>
3,087,984	(134,248)	4,952,244
-	134,248	2,656,684
<u>(2,279,207)</u>	<u>-</u>	<u>(4,761,313)</u>
<u>(2,279,207)</u>	<u>134,248</u>	<u>(2,104,629)</u>
808,777	-	2,847,615
<u>1,265,801</u>	<u>-</u>	<u>6,114,963</u>
<u>\$ 2,074,578</u>	<u>\$ -</u>	<u>\$ 8,962,578</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 330,038	\$ 330,038
Resources (inflows):				
Special Assessments:				
Principal Payments	-	-	649,000	649,000
Use of Money and Property:				
Interest	-	-	262,509	262,509
Total Revenues	-	-	911,509	911,509
Transfers In from Other Funds	6,392,846	6,392,846	5,508,683	(884,163)
Amounts Available for Appropriation	6,392,846	6,392,846	6,750,230	357,384
Charges to Appropriations (outflows):				
Debt Service:				
Bond Principal	3,410,000	3,410,000	3,410,000	-
Bond Interest	2,849,513	2,849,513	2,858,178	(8,665)
Fiscal Agent Fees	-	-	8,330	(8,330)
Total Expenditures	6,259,513	6,259,513	6,276,508	(16,995)
Total Charges to Appropriations	6,259,513	6,259,513	6,276,508	(16,995)
Budgetary Fund Balance, June 30	\$ 133,333	\$ 133,333	\$ 473,722	\$ 340,389

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 1,104,048	\$ 1,104,048
Resources (inflows):				
Intergovernmental				
Arizona Department of Transportation	720,000	720,000	-	(720,000)
Charges for Services				
Developer Charges	7,231,611	7,231,611	3,519,738	(3,711,873)
Use of Money and Property				
Rents	329,595	329,595	409,693	80,098
Interest	70,000	70,000	162,008	92,008
Miscellaneous			4,505	
Sales of Surplus Property	-	-	393,135	393,135
Total Revenues	8,351,206	8,351,206	4,489,079	(3,866,632)
Issuance of Long-Term Debt	47,330,900	47,330,900	3,875,000	(43,455,900)
Transfers From Other Funds	31,220,300	31,220,300	16,761,973	(14,458,327)
Amounts Available for Appropriation	86,902,406	86,902,406	26,230,100	(60,676,811)
Charges to Appropriations (outflows):				
Capital Outlay:				
General Government	13,424,000	10,432,570	640,145	9,792,425
Public Safety	6,104,000	6,108,000	1,054,421	5,053,579
Streets	53,685,817	57,725,217	13,488,178	44,237,039
Parks, Recreation and Culture	9,973,000	10,027,430	4,435,380	5,592,050
Environmental Health and Safety	5,236,000	4,984,600	456,456	4,528,144
Total Expenditures	88,422,817	89,277,817	20,074,580	69,203,237
Operating Transfers Out	(936,780)	(936,780)	179,970	(1,116,750)
Total Charges to Appropriations	87,486,037	88,341,037	20,254,550	68,086,487
Budgetary Fund Balance, June 30	\$ (583,631)	\$ (1,438,631)	\$ 5,975,550	\$ 7,414,181

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Local Transportation Assistance Special Revenue Fund
 For the Year Ended June 30, 2006

	<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	\$ 33,659	\$ 13,659
Resources (inflows):				
Intergovernmental				
State Lottery Distribution	427,720	427,720	427,528	(192)
Use of Money and Property				
Interest	3,000	3,000	9,626	6,626
Contributions/Donations	<u>40,620</u>	<u>40,620</u>	<u>42,770</u>	<u>2,150</u>
Total Revenues	<u>471,340</u>	<u>471,340</u>	<u>479,924</u>	<u>8,584</u>
Amounts Available for Appropriation	<u>491,340</u>	<u>491,340</u>	<u>513,583</u>	<u>22,243</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Outside Agencies - Cultural Activities	<u>95,094</u>	<u>95,094</u>	<u>95,094</u>	<u>-</u>
Total Expenditures	<u>95,094</u>	<u>95,094</u>	<u>95,094</u>	<u>-</u>
Operating Transfers Out	<u>376,246</u>	<u>376,246</u>	<u>383,884</u>	<u>(7,638)</u>
Total Charges to Appropriations	<u>471,340</u>	<u>471,340</u>	<u>478,978</u>	<u>(7,638)</u>
Budgetary Fund Balance, June 30	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 34,605</u>	<u>\$ 14,605</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Public Safety Tax Special Revenue Fund
 For the Year Ended June 30, 2006

	<u>Budget</u>		Actual Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 3,416,064	\$ 3,416,064	\$ 3,448,511	\$ 32,447
Resources (inflows):				
Taxes				
Public Safety Sales Tax	3,652,700	3,652,700	3,815,628	162,928
Use of Money and Property				
Interest	<u>40,000</u>	<u>40,000</u>	<u>149,288</u>	<u>109,288</u>
Total Revenues	<u>3,692,700</u>	<u>3,692,700</u>	<u>3,964,916</u>	<u>272,216</u>
Amounts Available for Appropriation	<u>7,108,764</u>	<u>7,108,764</u>	<u>7,413,427</u>	<u>304,663</u>
Charges to Appropriations (outflows):				
Current:				
Public Safety				
Police Support Services	-	-	318	(318)
Capital Outlay	<u>275,000</u>	<u>275,000</u>	<u>65,436</u>	<u>209,564</u>
Total Expenditures	<u>275,000</u>	<u>275,000</u>	<u>65,754</u>	<u>209,246</u>
Operating Transfers Out	<u>2,581,741</u>	<u>2,581,741</u>	<u>2,054,585</u>	<u>527,156</u>
Total Charges to Appropriations	<u>2,856,741</u>	<u>2,856,741</u>	<u>2,120,339</u>	<u>736,402</u>
Budgetary Fund Balance, June 30	<u>\$ 4,252,023</u>	<u>\$ 4,252,023</u>	<u>\$ 5,293,088</u>	<u>\$ 1,041,065</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Solid Waste Special Revenue Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Charges for Service				
Collection Fees	1,963,650	1,963,650	1,970,676	7,026
Miscellaneous				
Other	<u>10,000</u>	<u>10,000</u>	<u>10,458</u>	<u>458</u>
Total Revenues	<u>1,973,650</u>	<u>1,973,650</u>	<u>1,981,134</u>	<u>7,484</u>
Transfers from Other Funds	<u>1,172,436</u>	<u>1,172,436</u>	<u>1,172,436</u>	<u>-</u>
Amounts Available for Appropriation	<u>3,146,086</u>	<u>3,146,086</u>	<u>3,153,570</u>	<u>7,484</u>
Charges to Appropriations (outflows):				
Current:				
Environmental Health and Protection				
Residential Services	2,718,185	2,718,185	2,710,808	7,377
Uncontained Waste	372,033	372,033	370,932	1,101
Recycling	<u>35,454</u>	<u>35,454</u>	<u>24,242</u>	<u>11,212</u>
Total Expenditures	<u>3,125,672</u>	<u>3,125,672</u>	<u>3,105,982</u>	<u>19,690</u>
Transfers to Other Funds	<u>20,414</u>	<u>20,414</u>	<u>20,443</u>	<u>(29)</u>
Total Charges to Appropriations	<u>3,146,086</u>	<u>3,146,086</u>	<u>3,126,425</u>	<u>19,661</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,145</u>	<u>\$ 27,145</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Recreation Complex Special Revenue Fund
 For the Year Ended June 30, 2006

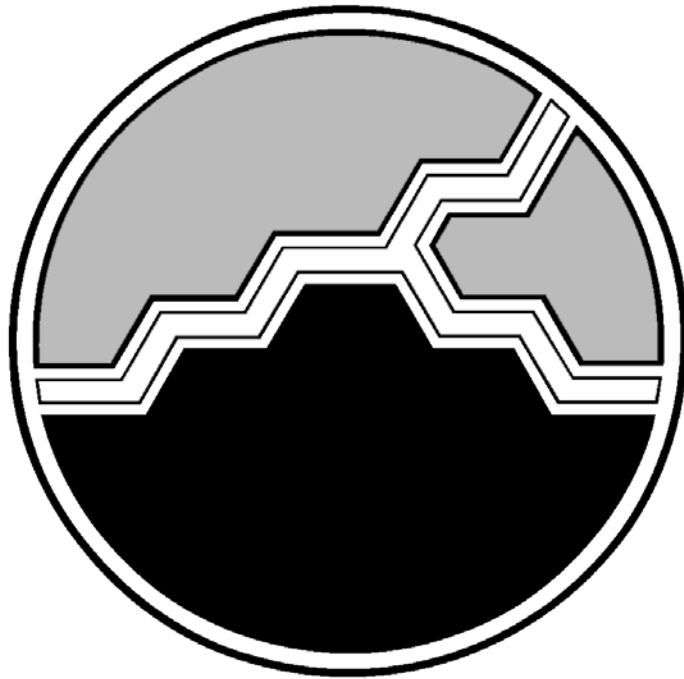
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,357,048	\$ 1,357,048	\$ 1,366,992	\$ 9,944
Resources (inflows):				
Use of Money and Property				
Rents and Concessions	446,600	446,600	608,121	161,521
Interest	25,000	25,000	56,675	31,675
Miscellaneous				
Other	7,500	7,500	4,733	(2,767)
Total Revenues	479,100	479,100	669,529	190,429
Transfers from Other Funds	1,350,000	1,350,000	1,350,000	-
Amounts Available for Appropriation	3,186,148	3,186,148	3,386,521	200,373
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Civic and Convention Center	1,185,646	1,185,646	1,170,604	15,042
Baseball Complex	618,642	618,642	617,476	1,166
Capital Outlay	68,000	68,000	42,085	25,915
Total Expenditures	1,872,288	1,872,288	1,830,165	42,123
Transfers to Other Funds	240,000	240,000	23,194	216,806
Total Charges to Appropriations	2,112,288	2,112,288	1,853,359	258,929
Budgetary Fund Balance, June 30	\$ 1,073,860	\$ 1,073,860	\$ 1,533,162	\$ 459,302

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Two Percent Tax Special Revenue Fund
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 1,254,776	\$ 1,254,776	\$ 1,265,801	\$ 11,025
Resources (inflows):				
Taxes				
Two Percent Tax	3,578,545	3,578,545	3,866,902	288,357
Use of Money and Property				
Interest	16,000	16,000	46,278	30,278
Miscellaneous				
Other	-	-	5,308	5,308
Total Revenues	<u>3,594,545</u>	<u>3,594,545</u>	<u>3,918,488</u>	<u>323,943</u>
Amounts Available for Appropriation	<u>4,849,321</u>	<u>4,849,321</u>	<u>5,184,289</u>	<u>334,968</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Administration	30,504	30,504	30,504	-
Outside Agencies	825,000	825,000	800,000	25,000
Total Expenditures	<u>855,504</u>	<u>855,504</u>	<u>830,504</u>	<u>25,000</u>
Operating Transfers Out	<u>3,191,500</u>	<u>3,191,500</u>	<u>2,279,207</u>	<u>912,293</u>
Total Charges to Appropriations	<u>4,047,004</u>	<u>4,047,004</u>	<u>3,109,711</u>	<u>937,293</u>
Budgetary Fund Balance, June 30	<u>\$ 802,317</u>	<u>\$ 802,317</u>	<u>\$ 2,074,578</u>	<u>\$ 1,272,261</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Yuma Mall Maintenance Special Revenue Fund
 For the Year Ended June 30, 2006

	<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	90,000	90,000	101,821	11,821
Miscellaneous				
Other	<u>15,000</u>	<u>15,000</u>	<u>13,836</u>	<u>(1,164)</u>
Total Revenues	<u>105,000</u>	<u>105,000</u>	<u>115,657</u>	<u>10,657</u>
Transfers from Other Funds	<u>171,762</u>	<u>171,762</u>	<u>134,248</u>	<u>(37,514)</u>
Amounts Available for Appropriation	<u>276,762</u>	<u>276,762</u>	<u>249,905</u>	<u>(26,857)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Mall Maintenance	<u>276,762</u>	<u>276,762</u>	<u>249,905</u>	<u>26,857</u>
Total Expenditures	<u>276,762</u>	<u>276,762</u>	<u>249,905</u>	<u>26,857</u>
Total Charges to Appropriations	<u>276,762</u>	<u>276,762</u>	<u>249,905</u>	<u>26,857</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, 2006

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Operating Revenues:			
Green Fees	\$ 1,112,045	\$ 235,008	\$ 1,347,053
Cart and Club Rental	346,432	13,603	360,035
Pro Shop Sales	319,756	1,277	321,033
Restaurant Sales	523,288	-	523,288
Miscellaneous Charges	-	-	-
Total Operating Revenues	<u>2,301,521</u>	<u>249,888</u>	<u>2,551,409</u>
Operating Expenses:			
Operations and Maintenance	2,130,230	242,467	2,372,697
Depreciation and Amortization	243,439	28,469	271,908
Total Operating Expenses	<u>2,373,669</u>	<u>270,936</u>	<u>2,644,605</u>
Operating Loss	<u>(72,148)</u>	<u>(21,048)</u>	<u>(93,196)</u>
Non-Operating Revenues/(Expenses):			
Interest	-	4,007	4,007
Miscellaneous Revenues	1,086	146	1,232
Net Non-Operating Revenues	<u>1,086</u>	<u>4,153</u>	<u>5,239</u>
Deficit before Contributions and Transfers	(71,062)	(16,895)	(87,957)
Transfers In	231,532	-	231,532
Transfers Out	<u>(231,532)</u>	<u>-</u>	<u>(231,532)</u>
Change in Net Assets	(71,062)	(16,895)	(87,957)
Net Assets-beginning	<u>3,361,903</u>	<u>372,516</u>	<u>3,734,419</u>
Net Assets-ending	<u>\$ 3,290,841</u>	<u>\$ 355,621</u>	<u>\$ 3,646,462</u>

City of Yuma, Arizona
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2006

	Enterprise Funds		Total
	Desert Hills Golf Course	Arroyo Dunes Golf Course	Nonmajor Proprietary Funds
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 2,296,303	\$ 249,889	\$ 2,546,192
Cash Paid to Employees	(915,641)	(101,622)	(1,017,263)
Cash Paid to Suppliers	(1,187,953)	(140,541)	(1,328,494)
Other Operating Activity Revenue	1,086	146	1,232
Net Cash Provided by Operating Activities	<u>193,795</u>	<u>7,872</u>	<u>201,667</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Other Funds	231,532	-	231,532
Cash Paid to Other Funds	(231,532)	-	(231,532)
Net Cash Provided (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flow from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(5,897)	-	(5,897)
Net Cash Used for Capital and Related Financing Activities	<u>(5,897)</u>	<u>-</u>	<u>(5,897)</u>
Cash Flows from Investing Activities:			
Receipt of Interest	-	3,780	3,780
Net Cash Provided by Investing Activities	<u>-</u>	<u>3,780</u>	<u>3,780</u>
Net Increase in Cash and Cash Equivalents	187,898	11,652	199,550
Cash and Cash Equivalents, July 1	103,460	126,929	230,389
Cash and Cash Equivalents, June 30	<u>\$ 291,358</u>	<u>\$ 138,581</u>	<u>\$ 429,939</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)	\$ (72,148)	\$ (21,048)	\$ (93,196)
Adjustments to Reconcile Operating Income/(Loss)			
Depreciation and Amortization Expense	243,439	28,469	271,908
(Increase)Decrease in Accounts Receivables	(4,034)	-	(4,034)
(Increase)/Decrease in Inventories	(1,228)	499	(729)
(Increase)Decrease in Prepaid Items	1,831	(5,652)	(3,821)
Increase/(Decrease) in Accounts Payable	17,094	1,629	18,723
Increase(decrease) in Accrued Wages and Taxes Payable	8,939	3,829	12,768
Increase(Decrease) in Due to Other Funds	(661)	-	(661)
Increase(decrease) in Unearned Revenue	(523)	-	(523)
Other Operating Activity Revenue	1,086	146	1,232
Total Adjustments	<u>265,943</u>	<u>28,920</u>	<u>294,863</u>
Net Cash Provided by Operating Activities	<u>\$ 193,795</u>	<u>\$ 7,872</u>	<u>\$ 201,667</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Water Enterprise Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Resources (inflows):				
Inside City	\$ 11,335,450	\$ 11,335,450	\$ 12,815,034	\$ 1,479,584
Outside City	1,873,750	1,873,750	1,981,755	108,005
Commercial Raw Water	250,000	250,000	266,258	16,258
Meters, Connections and Services	288,704	288,704	351,370	62,666
Capital Contributions:				
System Development	500,000	500,000	552,180	52,180
Capacity Rights	2,150,000	2,150,000	2,446,133	296,133
Issuance of Long-Term Debt	52,767,100	52,767,100	15,264,242	(37,502,858)
Interest	212,500	212,500	440,266	227,766
Miscellaneous	27,000	27,000	154,690	127,690
Total Revenues	69,404,504	69,404,504	34,271,928	(35,132,576)
Transfers From Other Funds	-	-	79,376	79,376
Amounts Available for Appropriation	69,404,504	69,404,504	34,351,304	(35,053,200)
Charges to Appropriations (outflows):				
Current:				
Administration	1,930,028	1,930,028	1,964,710	(34,682)
Treatment	4,620,547	4,635,447	4,301,837	333,610
Water Transmission	1,404,816	1,404,816	1,258,759	146,057
Customer Services	567,273	567,273	537,334	29,939
Water Transfer	25,300	25,300	20,080	5,220
Laboratory	318,830	318,830	206,031	112,799
Capital Outlay:				
Capital Outlay	491,314	476,414	213,275	263,139
Capital Projects	61,793,950	60,938,950	22,397,829	38,541,121
Debt Service:				
Principal Retirement	2,810,614	2,810,614	2,810,614	-
Interest and Fiscal Agent Fees	2,098,356	2,098,356	1,255,764	842,592
Total Expenditures	76,061,028	75,206,028	34,966,233	40,239,795
Transfers to Other Funds	60,677	60,677	60,763	(86)
Total Charges to Appropriations	76,121,705	75,266,705	35,026,996	40,239,709
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (6,717,201)	\$ (5,862,201)	(675,692)	\$ 5,186,509
Reconciliation to Change in Net Assets:				
Capital Outlay			213,275	
Capital Projects			22,397,829	
Principal Retirement			2,810,614	
Issuance of Long-Term Debt			(15,264,242)	
Capital Contributions for Subdivider Additions to System			820,509	
Depreciation and Amortization			(3,531,354)	
Change in Net Assets			\$ 6,770,939	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Inside City	\$ 6,779,178	\$ 6,779,178	\$ 7,039,088	\$ 259,910
Outside City	422,453	422,453	496,158	73,705
Contractual/Industrial Services	795,000	795,000	1,545,653	750,653
Meters, Connections and Services	62,000	62,000	80,309	18,309
Capital Contributions:				
Capacity Rights	3,500,000	3,500,000	4,739,599	1,239,599
Wastewater Interceptor	600,000	600,000	880,226	280,226
Wastewater Trunk Line Charges	4,500	4,500	3,000	(1,500)
Issuance of Long-Term Debt	29,820,000	29,820,000	-	(29,820,000)
Interest	400,725	400,725	353,645	(47,080)
Miscellaneous	7,500	7,500	179,282	171,782
Total Revenues	42,391,356	42,391,356	15,316,960	(27,074,396)
Transfers From Other Funds	-	-	19,029	19,029
Amounts Available for Appropriation	42,391,356	42,391,356	15,335,989	(27,055,367)
Charges to Appropriations (outflows):				
Current:				
Administration	1,679,430	1,679,430	1,471,466	207,964
Treatment	4,303,995	4,445,495	4,079,348	366,147
Pretreatment	398,416	398,416	274,159	124,257
Collection	615,044	615,044	639,025	(23,981)
Laboratory	340,565	340,565	189,344	151,221
Capital Outlay:				
Capital Outlay	233,477	91,977	84,418	7,559
Capital Projects	33,861,331	33,861,331	6,885,502	26,975,829
Debt Service:				
Principal Retirement	1,887,544	1,887,544	1,887,544	-
Interest and Fiscal Agent Fees	1,396,346	1,396,346	1,396,346	-
Total Expenditures	44,716,148	44,716,148	16,907,152	27,808,996
Transfers To Other Funds	23,415	23,415	33,321	(9,906)
Total Charges to Appropriations	44,739,563	44,739,563	16,940,473	27,799,090
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (2,348,207)	\$ (2,348,207)	(1,604,484)	\$ 743,723
Reconciliation to Change in Net Assets:				
Capital Outlay			84,418	
Capital Projects			6,885,502	
Principal Retirement			1,887,544	
Capital Contributions for Subdivider Additions to System			1,583,470	
Depreciation and Amortization			(2,392,793)	
Change in Net Assets			\$ 6,443,657	

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, 2006

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (inflows):				
Green Fees	\$ 1,067,104	\$ 1,067,104	\$ 1,112,045	\$ 44,941
Cart and Club Rental	296,761	296,761	346,432	49,671
Pro Shop Sales	307,782	307,782	319,756	11,974
Restaurant Sales	508,834	508,834	523,288	14,454
Miscellaneous	-	-	1,086	1,086
Total Revenues	<u>2,180,481</u>	<u>2,180,481</u>	<u>2,302,607</u>	<u>122,126</u>
Transfers From Other Funds	<u>231,400</u>	<u>231,400</u>	<u>231,532</u>	<u>132</u>
Amounts Available for Appropriation	<u>2,411,881</u>	<u>2,411,881</u>	<u>2,534,139</u>	<u>122,258</u>
Charges to Appropriations (outflows):				
Current:				
Maintenance	1,074,029	1,074,029	994,904	79,125
Concession	533,014	551,014	584,828	(33,814)
Restaurant	561,807	561,807	550,498	11,309
Capital Outlay	<u>26,000</u>	<u>8,000</u>	<u>5,898</u>	<u>2,102</u>
Total Expenditures	<u>2,194,850</u>	<u>2,194,850</u>	<u>2,136,128</u>	<u>58,722</u>
Transfers To Other Funds	<u>231,400</u>	<u>231,400</u>	<u>231,532</u>	<u>(132)</u>
Total Charges to Appropriations	<u>2,426,250</u>	<u>2,426,250</u>	<u>2,367,660</u>	<u>58,590</u>
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	<u>\$ (14,369)</u>	<u>\$ (14,369)</u>	<u>166,479</u>	<u>\$ 180,848</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			5,898	
Depreciation and Amortization			<u>(243,439)</u>	
Change in Net Assets			<u>\$ (71,062)</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Resources (inflows):				
Green Fees	\$ 242,161	\$ 242,161	\$ 235,008	\$ (7,153)
Cart and Club Rental	11,651	11,651	13,603	1,952
Pro Shop Sales	2,250	2,250	1,277	(973)
Interest	1,800	1,800	4,007	2,207
Miscellaneous	150	150	146	(4)
Total Revenues	258,012	258,012	254,041	(3,971)
Amounts Available for Appropriation	258,012	258,012	254,041	(3,971)
Charges to Appropriations (outflows):				
Current:				
Maintenance	229,144	229,144	201,795	27,349
Concession	43,645	43,645	40,672	2,973
Total Expenditures	272,789	272,789	242,467	30,322
Total Charges to Appropriations	272,789	272,789	242,467	30,322
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (14,777)	\$ (14,777)	11,574	\$ 26,351
Reconciliation to Change in Net Assets:				
Depreciation and Amortization			(28,469)	
Change in Net Assets			\$ (16,895)	

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.

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

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.

City of Yuma, Arizona
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

<u>Assets</u>	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
Current Assets:						
Cash and Investments	\$ 15,193,781	\$ 3,527	\$ 1,262,608	\$ 623,712	\$ 812,230	\$ 17,895,858
Accounts Receivable	-	112,351	42,796	-	-	155,147
Intergovernmental Receivable	-	119	-	-	-	119
Accrued Interest	90,212	-	2,173	2,640	5,828	100,853
Inventory, at cost	-	475,992	-	-	-	475,992
Prepaid Items	-	9,428	-	-	-	9,428
Total Current Assets	<u>15,283,993</u>	<u>601,417</u>	<u>1,307,577</u>	<u>626,352</u>	<u>818,058</u>	<u>18,637,397</u>
Noncurrent Assets:						
Capital Assets:						
Land	-	219,610	-	-	-	219,610
Buildings	-	19,251	-	-	-	19,251
Equipment	24,644,535	176,977	-	-	-	24,821,512
Less Accumulated Depreciation	(14,452,325)	(47,992)	-	-	-	(14,500,317)
Total Noncurrent Assets	<u>10,192,210</u>	<u>367,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,560,056</u>
Total Assets	<u>25,476,203</u>	<u>969,263</u>	<u>1,307,577</u>	<u>626,352</u>	<u>818,058</u>	<u>29,197,453</u>
 Liabilities						
Liabilities:						
Accounts Payable	5,986	14,064	51,470	206	-	71,726
Accrued Payroll, Taxes and Benefits Payable	-	126,352	-	-	-	126,352
Estimated Claims and Judgements	-	-	29,331	-	663,933	693,264
Due to Other Funds	-	495,603	-	-	473,696	969,299
Total Liabilities	<u>5,986</u>	<u>636,019</u>	<u>80,801</u>	<u>206</u>	<u>1,137,629</u>	<u>1,860,641</u>
 Net Assets						
Invested in capital assets, net of related debt	10,192,210	367,846	-	-	-	10,560,056
Unrestricted	15,278,007	(34,602)	1,226,776	626,146	(319,571)	16,776,756
Total Net Assets	<u>\$ 25,470,217</u>	<u>\$ 333,244</u>	<u>\$ 1,226,776</u>	<u>\$ 626,146</u>	<u>\$ (319,571)</u>	<u>\$ 27,336,812</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, 2006

	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
Operating Revenues:						
Charges For Services	\$ -	\$ 3,640,455	\$ 1,859,509	\$ -	\$ -	\$ 5,499,964
Contributions						
City	-	-	-	-	452,306	452,306
Property Damage Restitution	-	-	37,520	-	-	37,520
Equipment Rental	2,256,732	-	-	-	-	2,256,732
Miscellaneous	-	-	23,568	5,811	3,938	33,317
Total Operating Revenues	<u>2,256,732</u>	<u>3,640,455</u>	<u>1,920,597</u>	<u>5,811</u>	<u>456,244</u>	<u>8,279,839</u>
Operating Expenses:						
Claims Incurred	-	-	210,440	-	693,215	903,655
Premiums to Insurance Carriers	-	-	639,590	65,060	136,643	841,293
Administration	70,181	3,531,819	439,158	5,206	30,910	4,077,274
Depreciation	2,068,904	7,507	-	-	-	2,076,411
Total Operating Expenses	<u>2,139,085</u>	<u>3,539,326</u>	<u>1,289,188</u>	<u>70,266</u>	<u>860,768</u>	<u>7,898,633</u>
Operating Income/(Loss)	<u>117,647</u>	<u>101,129</u>	<u>631,409</u>	<u>(64,455)</u>	<u>(404,524)</u>	<u>381,206</u>
Non-Operating Revenue/(Expenses):						
Interest	506,217	-	21,628	13,690	30,564	572,099
Loss on the Sale of Assets	(2,780)	-	-	-	-	(2,780)
Total Non-Operating Revenues	<u>503,437</u>	<u>-</u>	<u>21,628</u>	<u>13,690</u>	<u>30,564</u>	<u>569,319</u>
Change in Net Assets	621,084	101,129	653,037	(50,765)	(373,960)	950,525
Net Assets, Beginning	<u>24,849,133</u>	<u>232,115</u>	<u>573,739</u>	<u>676,911</u>	<u>54,389</u>	<u>26,386,287</u>
Net Assets, Ending	<u>\$ 25,470,217</u>	<u>\$ 333,244</u>	<u>\$ 1,226,776</u>	<u>\$ 626,146</u>	<u>\$ (319,571)</u>	<u>\$ 27,336,812</u>

City of Yuma, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006

	Equipment Replacement	Equipment Maintenance	Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 2,186,551	\$ 3,569,385	\$ 1,943,675	\$ 663,375	\$ 456,244	\$ 8,819,230
Cash Paid to Employees	-	(1,045,734)	-	-	-	(1,045,734)
Cash Paid to Suppliers	-	(42,891)	-	(70,066)	-	(112,957)
Cash Paid For Operating Expenses	-	(2,475,844)	(1,285,613)	-	(661,355)	(4,422,812)
Net Cash Flows Provided by/(Used for) Operating Activities	2,186,551	4,916	658,062	593,309	(205,111)	3,237,727
Cash Flows from Noncapital Financing Activities:						
Cash Received from Other Funds	-	60,000	-	-	284,695	344,695
Cash Paid to Other Funds	-	-	-	-	-	-
Net Cash Flows Provided by/(Used for) Noncapital Financing Activities	-	60,000	-	-	284,695	344,695
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Sale of Capital Assets	73,393	-	-	-	-	73,393
Payments for Capital Acquisitions	(3,333,375)	(78,297)	-	-	-	(3,411,672)
Net Cash Flows Used for Capital and Related Financing Activities	(3,259,982)	(78,297)	-	-	-	(3,338,279)
Cash Flows from Investing Activities						
Receipt of Interest	486,146	-	19,694	12,649	27,875	546,364
Net Cash Flows Provided by Investing Activities	486,146	-	19,694	12,649	27,875	546,364
Net Increase/(Decrease) in Cash and Cash Equivalents	(587,285)	(13,381)	677,756	605,958	107,459	790,507
Cash and Cash Equivalents, July 1, 2005	15,781,066	16,908	584,852	17,754	704,771	17,105,351
Cash and Cash Equivalents, June 30, 2006	<u>\$ 15,193,781</u>	<u>\$ 3,527</u>	<u>\$ 1,262,608</u>	<u>\$ 623,712</u>	<u>\$ 812,230</u>	<u>\$ 17,895,858</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Operating Income/(Loss)	\$ 117,647	\$ 101,129	\$ 631,409	\$ (64,455)	\$ (404,524)	\$ 381,206
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation Expense	2,068,904	7,507	-	-	-	2,076,411
(Increase)/Decrease in Accounts Receivable	-	(71,070)	23,081	657,564	-	609,575
(Increase)/Decrease in Inventory	-	(47,508)	-	-	-	(47,508)
(Increase)/Decrease in Prepaid Items	-	(9,428)	-	-	-	(9,428)
Increase/(Decrease) in Accounts Payable	-	4,617	8,277	200	(13)	13,081
Increase/(Decrease) in Payroll Liabilities	-	19,669	-	-	-	19,669
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	(4,705)	-	199,426	194,721
Total Adjustments	2,068,904	(96,213)	26,653	657,764	199,413	2,856,521
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 2,186,551</u>	<u>\$ 4,916</u>	<u>\$ 658,062</u>	<u>\$ 593,309</u>	<u>\$ (205,111)</u>	<u>\$ 3,237,727</u>
Noncash Transactions Affecting Financial Position:						
Purchase of Capital Assets with Financing Provided by Vendor	\$ 5,986	\$ -	\$ -	\$ -	\$ -	\$ 5,986
Total Noncash Transactions Affecting Financial Position	<u>\$ 5,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,986</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Equipment Replacement Internal Service Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Charges for Services	\$ 2,293,566	\$ 2,293,566	\$ 2,256,732	\$ (36,834)
Interest	<u>340,000</u>	<u>340,000</u>	<u>506,217</u>	<u>166,217</u>
Total Revenues	<u>2,633,566</u>	<u>2,633,566</u>	<u>2,762,949</u>	<u>129,383</u>
Amounts Available for Appropriation	<u>2,633,566</u>	<u>2,633,566</u>	<u>2,762,949</u>	<u>129,383</u>
Charges to Appropriations (outflows):				
Current				
Administration	70,181	70,181	70,181	-
Capital Outlay	<u>3,996,710</u>	<u>3,996,710</u>	<u>3,287,459</u>	<u>709,251</u>
Total Expenditures	<u>4,066,891</u>	<u>4,066,891</u>	<u>3,357,640</u>	<u>709,251</u>
Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>4,066,891</u>	<u>4,066,891</u>	<u>3,357,640</u>	<u>709,251</u>
Excess of Resources Over				
Charges to Appropriations	<u>\$ (1,433,325)</u>	<u>\$ (1,433,325)</u>	<u>(594,691)</u>	<u>\$ 838,634</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			3,287,459	
Loss on Sale of Assets			(2,780)	
Depreciation and Amortization			<u>(2,068,904)</u>	
Change in Net Assets			<u>\$ 621,084</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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Charges for Services	\$ 2,684,700	\$ 2,684,700	\$ 3,638,903	\$ 954,203
Miscellaneous	-	-	1,552	1,552
Total Revenues	2,684,700	2,684,700	3,640,455	955,755
Amounts Available for Appropriation	2,684,700	2,684,700	3,640,455	955,755
Charges to Appropriations (outflows):				
Current				
Administration	2,575,467	2,569,267	3,531,819	(962,552)
Capital Outlay	72,170	78,370	78,298	72
Total Expenditures	2,647,637	2,647,637	3,610,117	(962,480)
Total Charges to Appropriations	2,647,637	2,647,637	3,610,117	(962,480)
Excess of Resources Over				
Charges to Appropriations	\$ 37,063	\$ 37,063	30,338	\$ (6,725)
Reconciliation to Change in Net Assets:				
Capital Outlay			78,298	
Depreciation and Amortization			(7,507)	
Change in Net Assets			\$ 101,129	

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Resources (inflows):				
Charges for Services	\$ 1,859,509	\$ 1,859,509	\$ 1,859,509	\$ -
Property Damage Restitution	-	-	37,520	37,520
Miscellaneous	-	-	23,568	23,568
Interest	<u>15,000</u>	<u>15,000</u>	<u>21,628</u>	<u>6,628</u>
Total Revenues	<u>1,874,509</u>	<u>1,874,509</u>	<u>1,942,225</u>	<u>67,716</u>
Amounts Available for Appropriation	<u>1,874,509</u>	<u>1,874,509</u>	<u>1,942,225</u>	<u>67,716</u>
Charges to Appropriations (outflows):				
Current				
Premiums to Insurance Carriers	699,509	699,509	639,590	59,919
Claims Incurred	353,000	353,000	210,440	142,560
Administration	<u>507,000</u>	<u>507,000</u>	<u>439,158</u>	<u>67,842</u>
Total Expenditures	<u>1,559,509</u>	<u>1,559,509</u>	<u>1,289,188</u>	<u>270,321</u>
Total Charges to Appropriations	<u>1,559,509</u>	<u>1,559,509</u>	<u>1,289,188</u>	<u>270,321</u>
Excess of Resources Over				
Charges to Appropriations	<u>\$ 315,000</u>	<u>\$ 315,000</u>	<u>\$ 653,037</u>	<u>\$ 338,037</u>
Reconciliation to Change in Net Assets:				
Change in Net Assets			<u>\$ 653,037</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.

Contents	Page
Financial Trends	98
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	106
These schedules contain information to help the reader assess the City's most significant local revenue source - sales tax.	
Debt Capacity	108
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	114
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	116
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 Five Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 69,300	\$ 81,689	\$ 95,005	\$ 111,268	\$ 130,176
Restricted	1,484	-	-	330	24,820
Unrestricted	44,208	50,234	55,748	57,707	42,605
Total governmental activities net assets	<u>\$ 114,993</u>	<u>\$ 131,922</u>	<u>\$ 150,752</u>	<u>\$ 169,305</u>	<u>\$ 197,601</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 80,224	\$ 85,380	\$ 86,266	\$ 105,944	\$ 119,734
Restricted	-	-	-	-	-
Unrestricted	23,251	22,511	31,537	27,122	26,569
Total business-type activities net assets	<u>\$ 103,475</u>	<u>\$ 107,891</u>	<u>\$ 117,803</u>	<u>\$ 133,067</u>	<u>\$ 146,303</u>
Primary government					
Invested in capital assets, net of related debt	\$ 149,524	\$ 167,069	\$ 181,271	\$ 217,212	\$ 249,910
Restricted	1,484	-	-	330	24,820
Unrestricted	67,460	72,744	87,284	84,829	69,174
Total primary government net assets	<u>\$ 218,468</u>	<u>\$ 239,813</u>	<u>\$ 268,555</u>	<u>\$ 302,372</u>	<u>\$ 343,904</u>

City of Yuma, Arizona

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 3,478	\$ 6,950	\$ 7,059	\$ 7,117	\$ 9,124
Public Safety	23,567	25,455	26,988	30,707	33,057
Streets	9,098	7,944	8,654	9,061	12,326
Parks, Recreation and Culture	8,526	8,862	9,475	9,841	12,173
Environmental Health and Protection	3,251	2,936	2,994	3,608	3,410
Community Design and Development	5,246	6,369	5,551	5,438	6,529
Interest on Long-Term Debt	3,227	2,878	2,972	3,042	2,899
Total governmental activities expenses	<u>56,393</u>	<u>61,393</u>	<u>63,692</u>	<u>68,815</u>	<u>79,519</u>
Business-type activities:					
Water	9,836	10,326	10,884	11,456	13,010
Wastewater	6,484	7,024	7,341	8,750	10,403
Golf Courses	2,490	2,524	2,493	2,514	2,641
Total business-type activities expenses	<u>18,810</u>	<u>19,874</u>	<u>20,719</u>	<u>22,720</u>	<u>26,053</u>
Total primary government expenses	<u>\$ 75,204</u>	<u>\$ 81,267</u>	<u>\$ 84,411</u>	<u>\$ 91,536</u>	<u>\$ 105,572</u>
Program Revenues					
Governmental activities:					
Charges for Services	\$ 6,095	\$ 7,094	\$ 9,153	\$ 14,391	\$ 14,204
Operating Grants and Contributions	2,795	3,684	3,290	3,568	2,840
Capital Grants and Contributions	1,650	1,398	3,703	1,747	5,679
Total governmental activities program revenues	<u>10,539</u>	<u>12,175</u>	<u>16,145</u>	<u>19,705</u>	<u>22,723</u>
Business-type activities:					
Charges for Services	17,208	18,863	21,109	23,512	27,462
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	6,260	5,439	8,923	11,657	11,025
Total business-type activities program revenues	<u>23,468</u>	<u>24,302</u>	<u>30,032</u>	<u>35,169</u>	<u>38,487</u>
Total primary government program revenues	<u>\$ 34,008</u>	<u>\$ 36,477</u>	<u>\$ 46,177</u>	<u>\$ 54,874</u>	<u>\$ 61,210</u>
Net (expense)/revenue					
Governmental activities	\$ (45,854)	\$ (49,218)	\$ (47,547)	\$ (49,110)	\$ (56,795)
Business-type activities	4,658	4,428	9,313	12,449	12,434
Total primary government net expense	<u>\$ (41,196)</u>	<u>\$ (44,790)</u>	<u>\$ (38,234)</u>	<u>\$ (36,661)</u>	<u>\$ (44,361)</u>

Continued on next page

City of Yuma, Arizona

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 5,338	\$ 5,678	\$ 5,953	\$ 6,076	\$ 6,832
Sales taxes	25,039	25,484	28,529	32,795	36,557
Franchise taxes	1,836	1,719	1,936	2,105	3,116
Shared revenues	23,258	24,225	24,021	25,462	28,226
Grants and contributions not restricted to specific programs	-	7,577	5,198	1,673	7,826
Unrestricted investment earnings	2,227	877	292	1,370	2,190
Gain from sale of fixed assets	-	-	920	307	348
Transfers	382	587	(473)	(2,124)	(4)
Total governmental activities	58,079	66,148	66,377	67,663	85,091
Business-type activities:					
Investment earnings	999	575	125	691	798
Special Item - Litigation	(1,220)	-	-	-	-
Transfers	(382)	(587)	473	2,124	4
Total business-type activities	(603)	(12)	599	2,815	802
Total primary government	\$ 57,476	\$ 66,136	\$ 66,976	\$ 70,478	\$ 85,894
Change in Net Assets					
Governmental activities	\$ 12,225	\$ 16,930	\$ 18,830	\$ 18,553	\$ 28,296
Business-type activities	4,055	4,416	9,912	15,264	13,236
Total primary government	\$ 16,280	\$ 21,346	\$ 28,742	\$ 33,816	\$ 41,532

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
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
2006	6,699,038	19,087,873	9,542,314	3,815,628	-	3,866,902	3,116,225	244,610	101,821	46,474,411

City of Yuma, Arizona

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 404	\$ 414	\$ 427	\$ 507	\$ 490	\$ 539	\$ 489	\$ 101	\$ 296	\$ 614
Unreserved	<u>3,857</u>	<u>4,499</u>	<u>6,264</u>	<u>7,806</u>	<u>11,073</u>	<u>13,012</u>	<u>15,087</u>	<u>17,436</u>	<u>19,704</u>	<u>21,125</u>
Total General Fund	<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>	<u>\$ 21,739</u>
All other governmental funds										
Reserved	\$ 19,036	\$ 1,563	\$ 2,008	\$ 89	\$ 3,173	\$ 1,567	\$ 85	\$ 63	\$ 339	\$ 535
Unreserved, reported in:										
Special revenue funds	10,982	10,752	12,454	14,404	10,704	9,424	10,495	13,407	17,036	19,908
Capital projects funds	<u>5,571</u>	<u>6,812</u>	<u>2,888</u>	<u>1,143</u>	<u>25,450</u>	<u>3,355</u>	<u>5,967</u>	<u>6,920</u>	<u>1,104</u>	<u>5,976</u>
Total all other governmental funds	<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>	<u>\$ 26,418</u>

City of Yuma, Arizona

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 23,198	\$ 24,711	\$ 25,667	\$ 28,413	\$ 31,995	\$ 32,132	\$ 32,812	\$ 36,411	\$ 41,078	\$ 46,474
Licenses and permits	708	682	948	1,250	1,464	1,439	2,063	3,016	3,416	3,836
Intergovernmental	18,930	19,636	23,330	24,683	24,587	27,699	29,298	31,041	30,729	36,044
Charges for services	1,685	1,529	1,672	2,111	2,411	2,876	2,983	3,905	7,937	7,737
Fines and forfeitures	421	486	511	448	588	671	801	726	806	863
Special Assessments	218	224	12	13	6	-	-	-	-	649
Use of money and property	2,892	2,291	1,634	1,923	2,630	2,494	1,429	1,154	1,971	2,809
Contributions and donations	46	38	63	77	50	26	28	33	84	80
Miscellaneous	1,269	802	199	281	298	259	336	480	1,152	548
Total revenues	<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>	<u>99,041</u>
Expenditures										
General government	\$ 2,893	\$ 3,201	\$ 3,432	\$ 3,834	\$ 3,498	\$ 4,001	\$ 4,732	\$ 5,409	\$ 5,033	\$ 7,185
Public Safety	16,598	17,159	17,695	19,423	20,733	22,660	24,364	25,752	29,296	31,863
Streets	4,333	3,526	3,421	4,157	4,163	4,393	4,884	4,767	4,899	5,626
Parks, Recreation and Culture	5,716	5,557	5,799	6,541	6,704	7,428	7,765	7,828	8,534	9,727
Environmental Health and Protection	3,460	2,933	2,314	2,401	2,823	3,175	3,000	3,062	3,014	3,365
Community Design and Development	2,805	2,598	4,242	4,827	4,811	5,331	6,338	5,429	5,344	6,422
Capital Outlay	21,141	26,764	19,102	12,774	23,092	37,311	19,198	19,656	21,151	22,688
Debt Service										
Principal	2,616	2,625	2,534	3,786	3,897	4,346	5,248	3,825	3,447	4,209
Interest and fiscal agent fees	1,984	1,930	1,965	1,914	2,151	3,227	2,872	2,962	3,032	2,890
Total expenditures	<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>	<u>93,975</u>
Excess of revenues over (under) expenditures	\$ (12,179)	\$ (15,898)	\$ (6,468)	\$ (457)	\$ (7,841)	\$ (24,277)	\$ (8,651)	\$ (1,922)	\$ 3,423	\$ 5,066
Other financing sources (uses)										
Proceeds from long-term debt	\$ 9,600	\$ -	\$ 6,020	\$ -	\$ 34,209	\$ 909	\$ 31,490	\$ 7,280	\$ -	\$ 3,875
Sale of real property	-	-	-	-	281	455	(19,199)	920	307	742
Capital Lease Additions	-	-	-	-	-	-	-	-	-	-
Transfers in	13,221	13,785	11,781	17,511	23,490	21,423	21,117	21,609	20,219	25,016
Transfers out	(13,273)	(13,778)	(11,333)	(17,145)	(23,198)	(21,501)	(20,530)	(22,082)	(23,398)	(25,021)
Total other financing sources (uses)	<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>	<u>4,612</u>
Net change in fund balances	<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>	<u>\$ 9,678</u>
Debt service as a percentage of noncapital expenditures	11.4%	11.5%	10.9%	12.2%	12.4%	13.9%	13.7%	11.5%	10.4%	10.0%

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>
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
2006	8,292,930	8,133,573	3,391,236	7,980,673	427,528	7,818,092	36,044,032

*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		
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	
2006	925,898	1,404,369	1,044,705	-	251,898	3,264,509	120,555	13,000	376,323	388,547	28,288	7,818,092	

City of Yuma, Arizona

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

	Fiscal Years				
	2002	2003	2004	2005	2006
Mining	\$ -	\$ 3,036	\$ -	\$ 1,412	\$ 3,353
Construction	123,550,414	132,386,554	166,117,471	228,801,176	235,643,471
Manufacturing	26,315,103	23,128,085	28,969,000	53,176,176	60,053,765
Transportation, Communications, and Utilities	142,496,526	126,623,135	121,935,647	145,454,294	173,224,059
Wholesale Trade	26,614,638	27,586,834	23,624,765	29,635,176	35,498,412
Retail Trade	730,255,201	760,867,048	823,784,882	925,935,882	1,024,885,824
Restaurants and Bars	99,965,114	103,690,268	110,632,824	123,682,882	143,594,059
Fire Insurance and Real Estate	42,493,724	42,376,075	69,235,294	97,874,824	117,160,882
Hotels and Other Lodging	25,328,166	26,789,159	30,785,118	34,929,706	37,332,588
Services	78,341,922	79,391,645	66,721,353	44,921,118	48,639,176
Arts, Entertainment, Government and All Others Not Specified	<u>1,215,676</u>	<u>716,786</u>	<u>43,028,706</u>	<u>31,963,235</u>	<u>32,541,765</u>
	<u>\$ 1,296,576,482</u>	<u>\$ 1,323,558,625</u>	<u>\$ 1,484,835,059</u>	<u>\$ 1,716,375,882</u>	<u>\$ 1,908,577,353</u>
City direct sales tax rate	1.70%	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>
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%
2006	1.70%	2.00%	1.60%	5.60%

Source: Arizona Department of Revenue

City of Yuma, Arizona

**Ratio of Outstanding Debt by Type
Last Five 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%	\$ 440
2003	-	66,240,000	-	3,320,000	-	11,385,000	10,408,191	91,353,191	2.80%	519
2004	-	63,440,000	7,280,000	2,515,000	-	10,505,000	33,790,746	117,530,746	3.30%	648
2005	-	60,420,000	7,280,000	1,723,000	-	9,575,000	61,072,113	140,070,113	N/A	773
2006	-	57,765,000	10,475,000	924,000	-	8,585,000	74,110,111	151,859,111	N/A	838

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 114 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>
1997	63,150	\$ 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	-	-	-
2006	88,775	367,376,807	-	-	-

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Source: Yuma County Assessor

City of Yuma, Arizona

**Computation of Direct and Overlapping Debt
June 30, 2006**

Jurisdiction	Debt Outstanding	Allocable to City of Yuma	
		Percent	Amount
City of Yuma	\$ -	100.00%	\$ -
Yuma County	41,155,997	48.39%	19,914,667
Yuma County Library District	10,057,000	48.39%	4,866,406
Yuma County Community College District	26,865,000	48.39%	12,999,504
Yuma Union High School District No. 70	13,505,000	54.04%	7,298,102
Yuma School District No. 1	27,510,000	56.13%	15,442,608
Yuma School District No. 13	16,665,000	64.49%	<u>10,747,304</u>
Total Overlapping Debt			<u>\$ 71,268,591</u>

Source: Yuma County Treasurer

Note: School district valuation applicable percentage estimated

City of Yuma, Arizona

**Legal Debt Margin Information
June 30, 2006
(amounts expressed in thousands)**

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit										
Water, Sewer, Lights, Parks (20%)	\$ 41,668	\$ 42,753	\$ 46,480	\$ 49,002	\$ 51,322	\$ 56,049	\$ 61,142	\$ 64,525	\$ 65,905	\$ 73,475
All Others (6%)	12,500	13,126	13,944	14,701	15,397	16,815	18,343	19,357	19,772	22,043
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%)	\$ 27,468	\$ 29,368	\$ 32,765	\$ 36,007	\$ 39,112	\$ 44,664	\$ 50,637	\$ 54,950	\$ 57,320	\$ 64,890
All Others (6%)	12,500	13,126	13,944	14,701	15,397	16,815	18,343	19,357	19,772	22,043
Total net debt applicable to the limit as a percentage of debt limit										
Water, Sewer, Lights, Parks (20%)	34.14%	33.21%	30.95%	27.99%	25.32%	21.78%	18.62%	16.28%	14.53%	11.68%
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 2006

	<u>General Obligation Bonds</u>	
	<u>Water, Sewer, Lights, Parks (20%)</u>	<u>All Others (6%)</u>
2005 Tax Year Secondary Assessed Valuation	\$ 367,377	\$ 22,043
Outstanding General Obligation Debt:		
Project 1992	-	-
Project 1997	8,585	-
Total General Obligation Debt	<u>8,585</u>	<u>-</u>
	<u>\$ 64,890</u>	<u>\$ 22,043</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 to 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>	
2005-06 Pledged Taxes	\$ 53,603,060	\$ 49,787,432	\$ 53,654,334	
2006-07 Debt related to pledge:				Total
2003 Ref 1995 Series A	\$ 1,566,853	\$ -	\$ -	\$ 1,566,853
2003 Ref 1995 Series B	-	992,130	-	992,130
2003 Ref 1995 Series C	-	-	231,400	231,400
2001 Series	-	2,540,225	-	2,540,225
Total Debt	<u>\$ 1,566,853</u>	<u>\$ 3,532,355</u>	<u>\$ 231,400</u>	<u>\$ 5,330,608</u>
Coverage	34.2	14.1	231.9	
Required Coverage	4.0	3.0	3.5	

Collective Coverage

2005-06 Pledged Taxes	\$ 53,603,060	\$ 49,787,432	\$ 53,654,334
Total 2005-06 Debt	<u>\$ 5,330,608</u>	<u>\$ 5,330,608</u>	<u>\$ 5,330,608</u>
Coverage	10.1	9.3	10.1
Required Coverage	4.0	3.0	3.5

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	2006
Local Taxes								
Sales Tax (1%)	\$ 10,354,676	\$ 11,342,233	\$ 12,836,934	\$ 13,116,950	\$ 13,237,042	\$ 14,849,984	\$ 17,165,647	\$ 19,087,873
Franchise Fee	1,266,830	2,038,281	2,377,544	2,077,810	1,961,272	2,177,952	2,347,116	3,360,835
Intergovernmental Revenues:								
State Revenue Sharing	6,212,451	6,958,385	7,303,100	8,084,914	8,250,011	7,002,250	7,141,392	8,133,573
State Sales Tax	5,002,193	5,515,532	5,779,653	5,973,339	6,062,278	6,535,654	7,196,762	8,292,930
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	3,391,236
Emergency Services and Other	18,079	21,856	19,675	22,264	19,432	36,132	36,573	28,288
Licenses:								
Business Licenses	286,644	273,704	262,991	210,565	297,643	291,080	300,290	300,596
Liquor Licenses	32,395	26,560	27,990	27,185	27,765	32,115	32,965	36,600
Fees for Services:								
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	4,508,571
Recreation Fees	286,838	305,014	332,466	341,523	355,658	381,442	431,931	453,273
Police Services and Other Public Safety Fees	253,442	423,643	495,782	482,394	705,976	544,869	647,381	774,246
Use of Money and Property:								
Investment Income	174,856	278,612	457,415	461,606	243,955	70,322	318,886	556,095
Fines, Forfeitures and Penalties:								
City Court Fines	511,115	447,813	587,620	670,837	801,121	725,948	805,772	863,316
<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>	<u>49,787,432</u>
Additional Series A Pledged Taxes								
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	3,815,628
<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>	<u>53,603,060</u>
Additional Series C Pledged Taxes								
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	3,866,902
<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>	<u>\$ 53,654,334</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>	<u>\$ 57,469,962</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
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	16.5%	186	24,818,824	466	49,925,047
2001	163,477	2,976,395	18	16.5%	343	42,381,125	568	60,363,660
2002	166,715	3,324,309	20	16.9%	313	29,383,982	576	66,248,737
2003	170,604	3,268,426	19	17.0%	999	141,020,407	685	98,696,100
2004	176,083	3,563,282	20	15.6%	1,300	146,866,298	942	153,018,563
2005	181,277	NA	NA	16.0%	1,022	97,832,497	1,655	202,887,750

Note: Unemployment rate and population presented represents the Yuma Metropolitan Statistical Area and it reflects revised inputs, reestimation, and new statewide controls through 2005.

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 and One Year Ago**

Employer	2004			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Marine Corp Air Station	6,043	1	9.67%	6,171	1	9.74%
Yuma Regional Medical Center	1,500	2	2.40%	1,903	2	3.00%
Grower Company	1,500	2	2.40%	1,600	5	2.52%
Yuma School District #1	1,200	4	1.92%	1,782	4	2.81%
U. S. Army Yuma Proving Ground	1,176	5	1.88%	1,900	3	3.00%
Yuma County	1,100	6	1.76%	1,100	6	1.74%
Dole	1,000	7	1.60%	1,000	7	1.58%
Salyer American Fresh	1,000	7	1.60%	1,000	7	1.58%
City of Yuma	864	9	1.38%	917	10	1.45%
Yuma Union High School District	690	10	1.10%	921	9	1.45%
Total			25.71%			28.86%

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	139	108	148	170	179	182	188	195	195	208
Public Safety										
Police	168	183	182	193	206	212	228	229	237	252
Fire	82	86	104	109	113	113	103	105	105	110
Streets										
Engineering	20	53	24	22	21	22	22	25	30	32
Maintenance	37	37	43	47	47	48	48	48	50	52
Solid Waste	17	17	10	11	13	13	13	13	15	15
Parks and recreation	80	92	98	112	121	124	125	129	128	136
Water	45	45	44	48	49	48	54	55	59	64
Wastewater	33	33	34	35	35	36	37	41	45	48
Total	621	654	687	747	785	798	818	840	864	917

City of Yuma, Arizona

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Calls for service*	66,956	63,299	67,809	85,929	77,667	81,691	84,738	87,770	86,802	NA
Case reports*	16,723	15,692	13,559	13,264	13,041	14,057	15,075	15,804	16,644	NA
Fire										
Number of calls answered*	5,797	5,662	6,536	6,806	7,581	8,443	8,774	9,205	10,032	NA
Inspections*	686	980	1,296	950	1,659	1,747	1,121	1,182	1,774	NA
Streets										
Streets slurry sealed (miles)	NA	NA	NA	22	22	22	23	19	24	19
Solid Waste										
Refuse collected (tons)**	50,000	50,000	50,000	26,000	26,000	29,358	33,993	27,781	33,003	33,965
Parks and recreation										
Ramada rentals	NA	NA	2,486	3,934	4,586	4,482	5,308	5,519	3,285	3,122
Water										
Connections	19,000	19,000	19,357	25,851	22,727	22,129	22,723	23,490	24,734	25,726
Daily treatment capacity (million gallons)	30.0	30.0	41.0	41.0	41.0	41.0	41.0	45.0	45.0	48.0
Annual quantity processed (billion gallons)	6.9	6.9	7.6	7.9	7.9	8.0	9.3	9.3	9.1	9.3
Wastewater										
Daily processing capacity (million gallons)	8.0	8.0	12.0	12.0	12.0	12.2	12.2	12.3	15.6	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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	72	72	101	109	118	127	123	123	127	134
Fire stations	4	4	5	5	5	5	5	5	6	6
Streets										
Streets (miles)	300	300	300	300	300	300	300	300	361	361
Streetlights	3,550	3,550	3,550	4,200	4,200	4,250	4,250	4,500	5,042	5,298
Traffic Signals	19	21	22	24	26	29	32	32	36	38
Solid Waste										
Collection trucks	8	8	8	10	10	10	10	10	10	12
Parks and recreation										
Parks acreage	116	135	308	443	553	553	553	553	553	578
Parks	22	22	23	25	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	7	7	7	7	7	9	9
Water										
Water mains (miles)	350	350	350	380	380	416	427	437	448	470
Fire hydrants	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,600	2,850	3,000
Wastewater										
Sanitary sewers (miles)	249	249	249	249	249	255	261	266	275	290

Sources: Various city departments.

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