

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2003



City of Yuma, Arizona

City of Yuma
Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2003

Prepared by:

**Administrative Services
Department**

Robert L. Stull
Director

Donald "Pat" Wicks, CPA
Assistant Director for
Financial Services

About the Cover: U.S. Highway 80, the "Ocean to Ocean" highway, ran from Savannah, Georgia to San Diego, California. Crossing the once-mighty Colorado River at Yuma, the bridge was the only bridged highway crossing of the river for 1,200 miles. Constructed in 1915, the bridge was rededicated in 2002 and opened to one-way vehicular traffic as part of the restoration of the Yuma Crossing National Heritage Area. Refurbishing the bridge was a joint project of the City of Yuma, the Quechan Indian Nation and Yuma County. Cover photo by Robert Herko ©Copyright Yuma Crossing National Heritage Area Corporation. Used with permission.

CITY COUNCIL

Lawrence K. Nelson, Mayor
Bobby L. Brooks
Edwin L. Hansberger
Karen J. Hill
Paul B. Johnson
Norma A. Nelson
Ema Lea Shoop

City Administration

Robert L. Wagner
City Administrator

Martha Dempsey
Assistant City Administrator

City Departments

Administrative Services
Robert L. Stull

City Attorney
Steven W. Moore

City Clerk
Brigitta K. Stanz

Community Development
Michael A. Steele

Fire Department
Gary L. Fisher, Chief

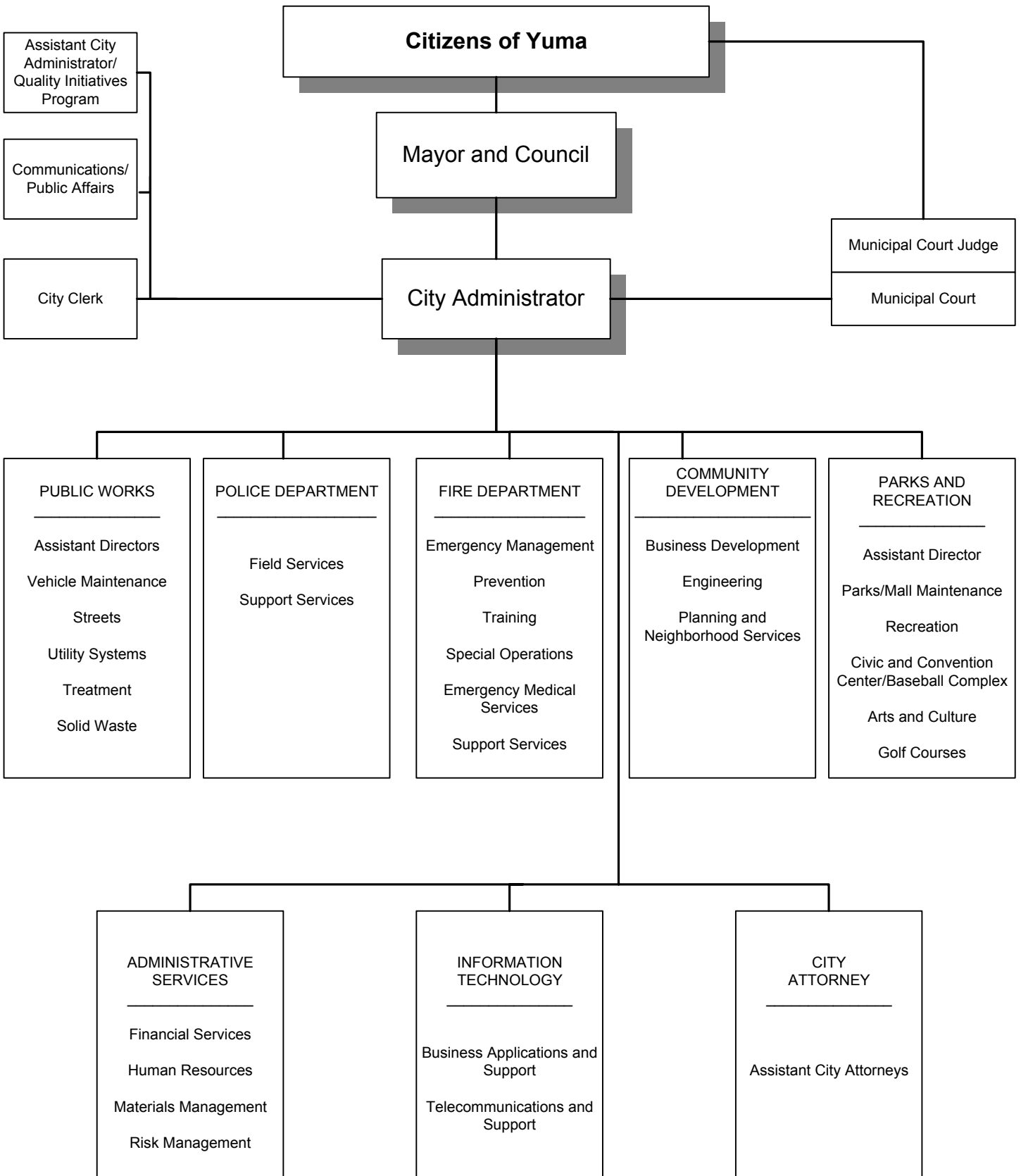
Information Technology
Laura S. Neinast

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, Arizona
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION





DEPARTMENT OF ADMINISTRATIVE SERVICES

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City of YUMA

September 25, 2003

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

The Department of Administrative Services is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Yuma, Arizona for the fiscal year ended June 30, 2003. 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, 2003, 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, 2003, 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 new 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 new standard requires that management provide a narrative introduction, overview, and

analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The report is presented in three sections:

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

The Financial Section. The Financial Section begins with the Independent Auditors' Report and MD&A. It then contains the basic financial statements, notes to the financial statements, required supplementary information, and other supplementary information. The basic financial statements include the new government-wide financial statements as well as fund financial statements for the City's major governmental funds and major enterprise funds. The notes to the financial statements follow, after which can be found required supplementary information, including pension information and budgetary schedules of the General Fund and each major special revenue fund. The last portion of the financial section contains other supplementary information listing fund financial statements for the City's nonmajor governmental and enterprise funds, internal service funds, governmental capital assets 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 \$800 million in revenues annually¹. During the upcoming winter season, the industry is expected to exceed the \$1 billion mark for the first time. 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

¹ Source: Yuma County Chamber of Commerce

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.

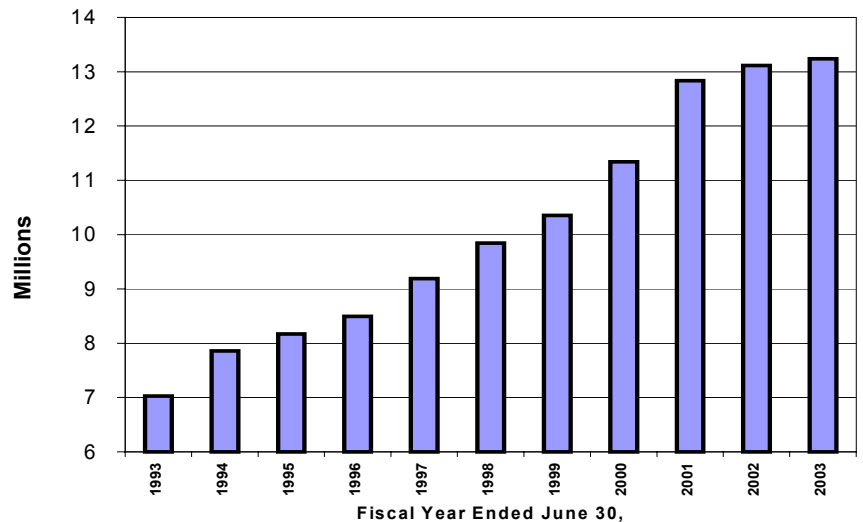
The United States Marine Corps Air Station and United States Army Yuma Proving Ground help provide economic stability. These two installations are cornerstones in the military's flight training and equipment testing programs and should survive any continued base closure efforts by the federal government. 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. As part of Yuma's economic development plan, a 47-acre business park now houses an addition to Arizona Western College and a new call center.

Economic Growth. Yuma's most reliable indicator of the condition of its economy is sales tax. The graph at right reflects the last ten years of data. Until the last few years, collections averaged a better than 7% increase annually. Beginning after 2001, Yuma's collections dipped slightly to a 1% growth, although Yuma escaped the dramatic downturns affecting the larger population centers. Planning for fiscal year 2004 includes growth of sales tax collections in the 5% range.

Yuma's basis as a regional retail center expanded during 2003 with the announcement of plans to construct a 1 million square foot shopping center. A number of nationally known retail operations will be coming to Yuma in recognition of its economic growth. The center is expected to open before Thanksgiving Day in 2004.

General Sales Tax



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 although surveys show that the winter population decreased slightly this year. This contributed to the softening of sales tax collections. A review of collections showed hesitation to purchase big-ticket items while showing strength in more routine transactions.

LONG-TERM FINANCIAL PLANNING

Yuma Crossing Heritage Area. Plans to restore, preserve and interpret the Yuma Crossing 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, had been 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 Heritage Area in 2000, the first such National Heritage Area west of the Mississippi River.

During fiscal year 2003, the Heritage area plan was approved. This plan means up to \$10 million in federal funding over the next 10 years in developing the Heritage Area. Attention now turns to working with the federal government to fund the project in light of the pressures brought it by the conflict in Iraq and the continued slow

economy. 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. After purchasing the historic Yuma Theater during fiscal 2002, the City issued bonds during fiscal 2003 to finance the construction and renovation related to the center. Along with recent private developments in the area, the opening of the new art center in January 2004 will help the downtown area to grow into a cultural and recreational portion of the Heritage Area.

East Mesa development. Construction of various components of the new East Mesa Wastewater Treatment plant is underway. The anticipated \$40 million plant and infrastructure will enable continued growth of the eastern edge of the City on the Yuma Mesa. In addition, the new \$60 million water treatment facility/expansion began during the fiscal year to allow continued growth of both residential and commercial developments already under construction or in the planning stages. 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 one 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 37 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 \$87,634,643 at June 30, 2003 from \$73,930,832 last year. The increase reflects the unexpended proceeds of the 2003 MPC Bond with which a new fire station and the new arts center are to be constructed. Following market conditions, average yield on investments declined at June 30, 2003, to 1.96%. A review of Note III A in the Notes to the Financial Statements, page 41, will provide a more complete review of investment policy and balances.

Risk Management. The City is self insured for certain risks up to a maximum of \$250,000 per occurrence. Primary insurance is then available for the next \$1,000,000 per occurrence with a \$5,000,000 annual aggregate loss. An excess policy follows to cover losses in excess of \$1,000,000 per occurrence up to an additional \$4,000,000 per occurrence with a \$4,000,000 aggregate. The City self funds for workman's compensation up to \$100,000 per occurrence per year with a \$250,000 lifetime maximum loss per occurrence. The City also self-funds its dental coverage while securing commercially provided health insurance for its employees. 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, 2002. This is the twenty-first 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 Department of Administrative Services, have 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,



Robert L. Stull
Director of Administrative Services

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, 2002

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



President

Executive Director

FINANCIAL SECTION





Gary Heinfeld, CPA, CGFM
Nancy A. Meech, CPA, CGFM
Jennifer L. Shields, CPA
C. Christopher Arvizu, CPA

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, and the aggregate remaining fund information of the City of Yuma, as of and for the year ended June 30, 2003, 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, and the aggregate remaining fund information of the City of Yuma, as of June 30, 2003, 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.

The management's discussion and analysis on pages 5 to 15 and the budgetary comparison information on pages 59 to 65 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 of Yuma's basic financial statements. 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2003, on our consideration of City of Yuma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

September 25, 2003

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, 2003. 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 \$21.3 million for the fiscal year, \$16.9 million of which was generated by governmental activities while \$4.4 million was due to business-type activities of the City.
- The City's combined net assets total \$239.8 million at June 30, 2003. Of this amount, \$84.3 million is available (unrestricted) to finance ongoing programs, \$61.8 million in governmental programs and \$22.5 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 welfare, community design and development and parks, recreation and culture. The business-type activities of the City include water, wastewater and golf course operations.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Yuma, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the seven funds considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page 70.

Major Governmental Funds:

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

Nonmajor Governmental Funds:

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

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

Proprietary funds. The City of Yuma maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Yuma uses enterprise funds to account for its Water and Sewer Authority and for its golf courses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Yuma uses internal service funds to account for its equipment replacement program 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 92.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Yuma's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 58 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 70.

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 \$239.8 million at the close of the fiscal year.

Net Assets (millions)	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 63.4	\$ 58.9	\$ 15.1	\$ 14.7	\$ 78.5	\$ 73.5
Restricted assets	-	-	20.4	11.9	20.4	11.9
Capital assets	153.8	134.0	96.4	92.0	250.2	226.0
Total assets	217.2	192.9	131.9	118.5	349.1	311.4
Long-term liabilities outstanding	72.6	64.7	20.7	11.2	93.4	75.9
Other liabilities	12.7	13.2	3.3	3.9	15.9	17.0
Total liabilities	85.3	77.9	24.0	15.1	109.3	92.9
Net assets:						
Invested in capital assets, net of related debt	70.1	69.3	85.4	80.2	155.5	149.5
Restricted	-	1.5	-	-	-	1.5
Unrestricted	61.8	44.2	22.5	23.3	84.3	67.5
Total net assets	\$ 131.9	\$ 115.0	\$ 107.9	\$ 103.5	\$ 239.8	\$ 218.5

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 \$239.8 million, up \$21.3 million from the prior year. Governmental activities accounted for \$16.9 million of the increase while business-type activities amounted to \$4.4 million. Most of the increase would be attributable to capital asset acquisitions, particularly infrastructure, as governmental capital assets increased almost \$20 million (net of depreciation), funded in part by the excess of revenues over operating expenses as reported in the Statement of Activities on page 21. These acquisitions are reflected in the portion of net assets shown above as 'Invested in capital assets, net of related debt.' Unrestricted net assets are those assets available to finance programs in the upcoming fiscal year and would increase when the portion of taxes and other revenues exceed operating expenses but are not invested in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Changes in Net Assets (millions)	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program revenues:						
Charges for services	\$ 7.1	\$ 6.1	\$ 18.9	\$ 17.2	\$ 26.0	\$ 23.3
Operating grants and contributions	3.4	2.8	-	-	3.4	2.8
Capital grants and contributions	1.7	1.7	5.4	6.3	7.1	7.9
General revenues:						
Property taxes	5.7	5.3	-	-	5.7	5.3
Sales taxes	25.5	25.0	-	-	25.5	25.0
Franchise taxes	1.7	1.8	-	-	1.7	1.8
Shared revenues	24.2	23.3	-	-	24.2	23.3
Unrestricted grants and contributions	7.6	-	-	-	7.6	-
Unrestricted investment earnings	.9	2.2	.6	1.0	1.5	3.2
Total revenues	77.7	68.2	24.9	24.5	102.6	92.7
Expenses:						
General government	6.9	3.5	-	-	6.9	3.5
Public safety	25.5	23.6	-	-	25.5	23.6
Streets	7.9	9.1	-	-	7.9	9.1
Parks, recreation and culture	8.9	8.5	-	-	8.9	8.5
Environmental health and protection	2.9	3.3	-	-	2.9	3.3
Community design and development	6.4	5.2	-	-	6.4	5.2
Interest on long-term debt	2.9	3.2	-	-	2.9	3.2
Water	-	-	10.3	9.8	10.3	9.8
Wastewater	-	-	7.0	6.5	7.0	6.5
Golf courses	-	-	2.5	2.5	2.5	2.5
Total expenses	61.4	56.4	19.9	18.8	81.3	75.2
Changes in net assets before transfers and special item						
Transfers	.6	.4	(.6)	(.4)	-	-
Special item-litigation	-	-	-	(1.2)	-	(1.2)
Change in net assets	\$ 16.9	\$ 12.2	\$ 4.4	\$ 4.1	\$ 21.3	\$ 16.3

For the fiscal year, net assets increased \$21.3 million, with \$16.9 of the increase coming from governmental activities. The increase in assets in governmental activities is related in great part to construction of 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

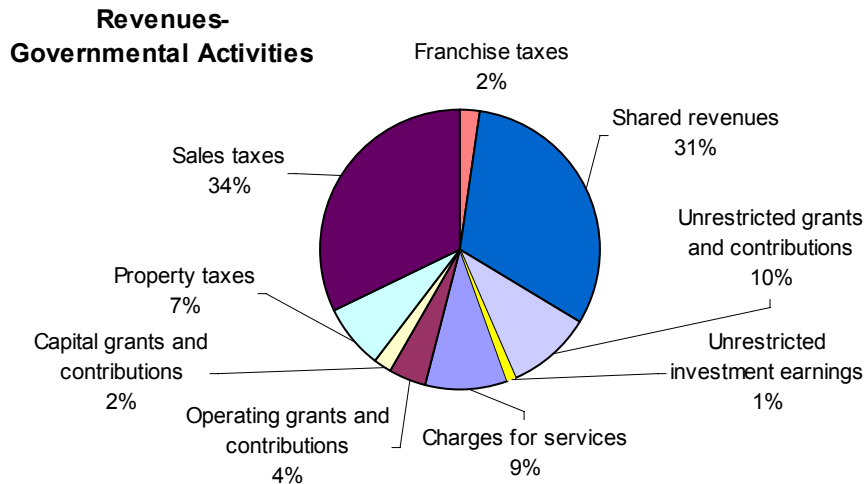
Revenues

Governmental activities revenues totaled \$77.7 million for fiscal year 2003, up 14% from 2002. 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 (property tax), auto in-lieu tax and highway user funds (gas tax). Sales taxes and state shared revenues account for 64% of governmental revenues for the year, which is down from 71% in 2002. Charges for services, the third segment of governmental activities revenues, count building permits and inspections, fines, recreation fees, solid waste environmental fees, police services and civic center rental fees among its largest sources. The charges for services category amounts to 9% of governmental revenues. Property taxes represent 7% of governmental revenues. The large majority of property

MANAGEMENT'S DISCUSSION AND ANALYSIS

taxes are levied for general purposes with a small levy for downtown mall maintenance. No property taxes are levied for debt service. Various grants and contributions and franchise taxes account for most of the remaining governmental revenues. Some of the more significant changes in governmental activities revenues are noted:

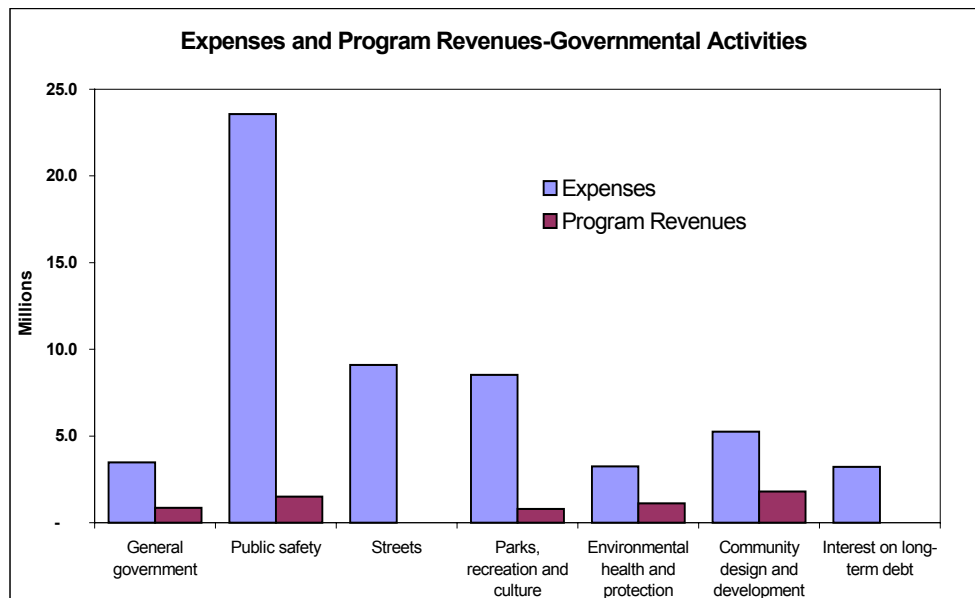
- Charges for services rose 16 percent to \$7.1 million for the year. The increase reflects the City's growth as building inspections and permit fees increased a combined \$.8 million.
- Unrestricted grants and contributions in governmental activities relates primarily to infrastructure additions by subdivision developers. The contributions revenue was not recorded until the subdivisions were accepted into the city system. While a number of subdivisions were under construction in the previous fiscal year, none were accepted until fiscal year 2003. With the city's continuing growth, it is more common to see additions each fiscal year.



Expenses

Governmental expenses totaled \$61.4 million for the fiscal year. Of the expenditures, 42% or \$25.5 million, is related to public safety for police, fire and municipal court services. Parks, recreation and culture expenses amounted to \$8.9 million, or 14.5%, while streets and community design and development expenses amounted to 12.9% and 10% respectively. Interest on long-term debt accounted for 4.7% of overall governmental expenses.

The chart at right 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),



MANAGEMENT'S DISCUSSION AND ANALYSIS

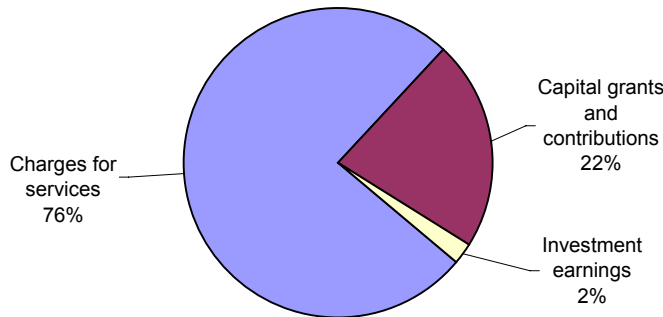
user fees are not created and general revenues provide the funding support for most of these services. Moreover, where ultimate users of the services are determinable, program revenues may generate only a portion of the funding, such as in recreation programs.

Business-type activities

Revenues

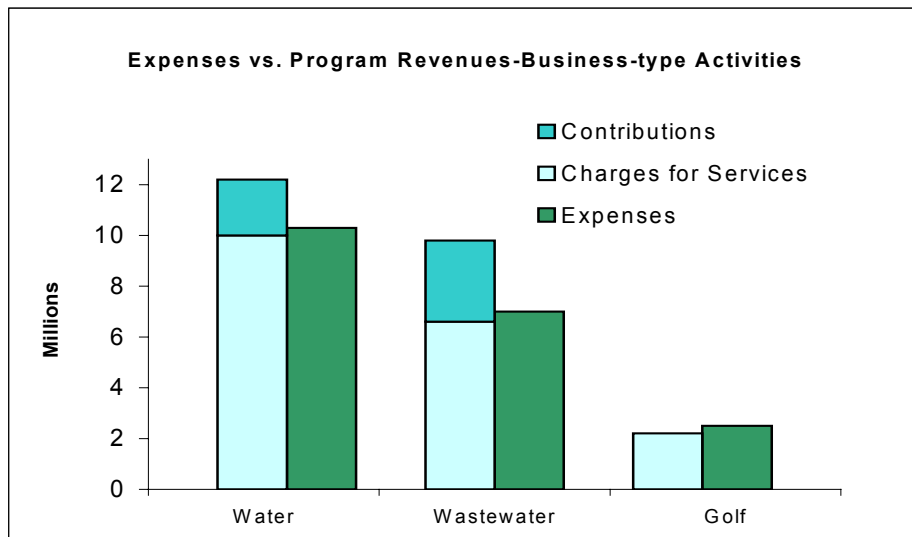
General revenues do not support the City's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$18.9 million in charges, 88% come from the City's two utility operations, water and wastewater. The remaining charges are from the City's two golf courses, Desert Hills and Arroyo Dunes. The \$5.4 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 the final 2.4% of revenues for the City's business activities.

Revenues-Business-like Activities



Expenses

Water and wastewater services account for 87% of the City's business-type activities with golf courses making up the remaining 13%. Water expenses amounted to \$10.3 million while wastewater expenses totaled \$7.0 million. Desert Hills Golf Course and Arroyo Dunes Golf Course recorded expenses of \$2.3 million and \$.2 million, respectively, for a total of \$2.5 million.



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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The combined fund balances of governmental funds for the fiscal year ended June 30, 2003, is \$32.1 million. This represents a \$4.2 million increase in fund balances, due in part to unexpended bond proceeds in the Capital Projects Fund and attrition and pension savings in other operating funds. A review of some of the more significant funds follows.

General Fund

The fund balance of the General Fund grew by \$2 million for the fiscal year. Revenues increased by \$1.9 million, led by a \$.8 million increase in building permit and inspection fees. Expenditures for the fund came in more than \$4.5 million under budget with General Government producing \$2.1 million of the savings and Public Safety adding almost \$1.8 million. The General Government savings were realized through unexpended Community Investment Trust monies. Public Safety savings occurred mostly in the Police Department through a combination of payroll-related attrition savings and a one-year reduction in the employer pension rate in the Arizona Public Safety Retirement System.

Highway User Revenue Fund

Another major operating fund to contribute to the increase in the overall governmental fund balance was the Highway User Revenue Fund (HURF), which accounts for the expenditure of state-shared gasoline taxes. The City's portion of those taxes grew by 4.9% for the fiscal year, and coupled with a budget savings of \$.5 million, produced an increase in the fund's balance of \$1.3 million. This fund also transferred \$1.1 million into the Capital Projects Fund to continue the City's streets program.

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. Transfers to the Capital Projects Fund for streets projects decreased by \$1 million this year; however, debt service payments of \$700,000 on loans from the Arizona Department of Transportation led to a reduction in fund balance by \$585,108. A fund balance of \$2.7 million remains to help with the City's roads program in subsequent years.

Grants Fund

The City continues to acquire much needed assistance from both the state and federal levels. During 2003, the fund included almost \$1.4 million in assistance from the U.S. Fish and Wildlife Service and from the Bureau of Reclamation in continuing work on the West Wetlands Park. The City's public safety efforts were also assisted by the U.S. Department of Justice through \$1.8 million in grants for mobile data computing and the high intensity drug traffic program.

Community Redevelopment Fund

The City stepped up its expenditure of Community Development Block Grant funding this year and also received continued assistance from the U.S. Department of Justice and the Arizona Department of Commerce in the Action Grant Program of over \$1 million. This assistance included work on the new Carver Park Community Center.

Municipal Property Corporation Debt Service

The Municipal Property Corporation (MPC) Debt Service Fund decreased its fund balance by some \$1.4 million as the last capitalized interest payment was made from bond proceeds of the 2001 issue. In addition, the City partially refunded its 1995 A, B and C issues to gain savings in interest costs. In the same bond issue, additional bond proceeds were obtained to finance the construction of a new fire station and a new arts center. The remaining principal and interest expenditures of the fund matched transfers from the other operating funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects Fund

The Capital Projects Fund's fund balance grew by \$2.6 million this year as a result of additional bond proceeds for the construction noted previously. The \$6.0 million remaining in the fund, made up of the aforementioned bond proceeds as well as balances in developer contribution accounts, is designated for these projects for fiscal 2004 and later.

Proprietary funds. The City's enterprise funds posted an overall increase in net assets of \$3.3 million for the fiscal year ended June 30, 2003. The City's utility funds, water and wastewater both recorded increases in net assets for the year while the golf courses combined for a \$517,505 decrease in net assets. Even with the increase in net assets for the utilities, both funds would have shown decreases in net assets were it not for capital contributions during the year. This is reflected in a loss before contributions and transfers in the water and wastewater funds of \$(71,371) and \$(147,009), respectively.

Water Enterprise Fund

Operating revenues for the Water Fund increased by 6.8 percent for the year ending June 30, 2003. This is due in part to another increase in an ongoing series of 2½% rate increases and to a 3.2% growth in the customer base to 22,717. The rise in operating expenses matched the increase in revenues at 6.8% but the fund still managed operating income of \$196,189. Falling investment rates caused interest income to decline by almost 44% leading to a loss before contributions and transfers of \$71,371. Additional rate increases are in store for next fiscal year and beyond to finance the construction of a new water treatment facility on the East Mesa and improvements within the current water system needed to maintain service levels and system pressure.

Wastewater Enterprise Fund

With the end of fiscal 2003, the Wastewater Fund completed its third year in its five-year series of rate adjustments to finance the construction of its \$40 million East Mesa wastewater treatment plant. Combined with similar growth noted in the Water Fund, operating revenues increased 17.8% over fiscal 2002. Operating expenditures increased by 9.5%, part of which was the result of a \$167,000 write down of receivables from another local government. This left a loss before contributions and transfers of \$147,009. Again like the Water Fund, contributions, which finance many of the additions to the plant that are now affecting depreciation expenses, more than covered this loss for the year ended June 30, 2003.

Golf Courses

Both of the City's nonmajor enterprise funds, the Desert Hills Golf Course and the Arroyo Dunes Golf Course, suffered operating losses for the year ended June 30, 2003. Green fees for Desert Hills, voted "Best Municipal Golf Course in Arizona" by Golf Digest, suffered a 10% decrease and with a continuing decline in both the golf shop and the restaurant, dropped the operations into a loss. The City is still considering privatizing the restaurant operations to improve performance of the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2003, can be found starting on page 59. A summary of that schedule follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Budget		Actual	Variance with Final
	Original	Final		
Revenues and Transfers In				
Taxes	\$ 21,632,455	\$ 21,632,455	\$ 20,723,860	\$ (908,595)
Intergovernmental	16,820,854	16,820,854	17,077,807	256,953
Other	3,996,300	3,996,300	5,039,903	1,043,603
Transfers In	906,467	906,467	143,310	(763,157)
Total	43,356,076	43,356,076	42,984,880	(371,196)
Expenditures and Transfers Out				
Expenditures	40,872,679	40,872,679	36,367,491	4,505,188
Transfers Out	5,351,758	5,351,758	4,592,515	759,243
Total	46,224,437	46,224,437	40,960,006	5,264,431
Change in Fund Balance	\$ (2,868,361)	\$ (2,868,361)	\$ 2,024,874	\$ 4,893,235

Property taxes, city sales tax and franchise taxes ended the year below their expected amounts causing the negative variance in taxes. All but franchise taxes ended the year, however, posting gains in actual collections over fiscal 2002. Sales taxes showed a gain of 1% while property tax collections increased 6%. While the sales tax percentage increase is less than its ten-year average, the local economy's performance remains relatively strong, in spite of the continued doldrums felt in the national economy.

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, 2003, the City of Yuma's investment in capital assets in both governmental and business-type activities amounted to \$250.2 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roadways and bridges). Capital assets for governmental activities increased by 14.7% while business-type capital assets increased 4.8%. These changes included the following:

- Land and right-of-way purchase for governmental activities exceeded \$3 million. Land purchases included the new community center in the Carver Park neighborhood, the East Mesa Community Center (in conjunction with the new National Guard Armory) and right-of-way for the Avenue A and other projects.
- Construction began on the new East Mesa water treatment plant.
- Construction on the new East Mesa wastewater plant continued.
- Infrastructure additions included the Redondo/Interstate 8 exchange, the reconstruction of Madison Avenue and 1st Avenue and the construction of the gloriotta on Giss Parkway.

Change in Capital Assets

(In Millions)

	Governmental Activities			Business-type Activities			Total
	July 1, 2002	Net Additions/ Deletions	June 30, 2003	July 1, 2002	Net Additions/ Deletions	June 30, 2003	
Land	\$ 8.3	\$ 3.3	\$ 11.6	\$ 1.2	\$ -	\$ 1.2	\$ 12.7
Buildings	54.8	1.5	56.3	8.0	-	8.0	64.3
Improvements	13.9	2.8	16.7	119.5	4.2	123.7	140.4
Infrastructure	104.4	16.8	121.2	-	-	-	121.2
Equipment	29.2	2.5	31.7	2.9	.1	3.0	34.7
Construction in Progress	16.0	(1.0)	14.9	9.0	5.6	14.5	29.5
Accumulated Depreciation	(92.5)	(6.2)	(98.7)	(48.5)	(5.5)	(54.0)	(152.7)
Total	\$ 134.0	\$ 19.8	\$ 153.8	\$ 92.0	\$ 4.4	\$ 96.4	\$ 250.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

DEBT ADMINISTRATION

For the year ended June 30, 2003, the City's long-term debt increased by a net of \$17.5 million, as noted below. The increases in debt for the fiscal year were related primarily to acquisition of capital assets through the issuance of long-term contracts payable and bonds payable, as follow:

- The City issued \$27,990,000 in a combined refunding and new issue of \$9 million for construction of a fire station and new arts center.
- The City enhanced its neighborhood revitalization program through a note from the U.S. Department of Housing and Urban Development Section 108 Program.
- To speed its roadways program, the City obtained financing from the Arizona Department of Transportation of \$3 million.
- An additional \$10 million from the Water Infrastructure Financing Authority was incurred in the continuing construction of the water and wastewater plants on the East Mesa.

In each case, payments were made on the contracts during the fiscal year.

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 \$61.1 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.

All of the bond issues have been upgraded to a "A+" rating by Fitch Investment Services. 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". All City bond issues ultimately enjoy a "AAA" rating as a result of insurance coverage.

A summary of the City's long-term debt follows. Additional information on the City's long-term debt can be found in Note III-H on pages 48-52.

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$ -	\$ -	\$ 11.4	\$ 12.2	\$ 11.4	\$ 12.2
Yuma Municipal Property Corporation Bonds	67.4	62.3	-	-	67.4	62.3
Revenue Bonds	-	-	-	-	-	-
Contracts Payable	3.3	.6	10.4	.1	13.7	.6
Compensated Absences	<u>2.0</u>	<u>1.8</u>	-	-	<u>2.0</u>	<u>1.8</u>
Total Long-Term Debt	<u>\$ 72.7</u>	<u>\$ 64.7</u>	<u>\$ 21.8</u>	<u>\$ 12.3</u>	<u>\$ 94.5</u>	<u>\$ 77.0</u>

ECONOMIC FACTORS

Yuma County is one of the fastest growing areas in the nation and the City of Yuma represents just under 50% of the county's population. Since 1990, the City has grown by 43% to an estimated 81,380 at July 1, 2002, 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, contributing more than \$800 million 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, continued this year with a low 1% growth, down somewhat from its historical growth rate of 7%. Compared to a slight downturn in the large metropolitan areas of the state, Yuma's steady growth is positive. For fiscal year 2004, revenues were projected using slightly increased trends of 5% growth in sales taxes.

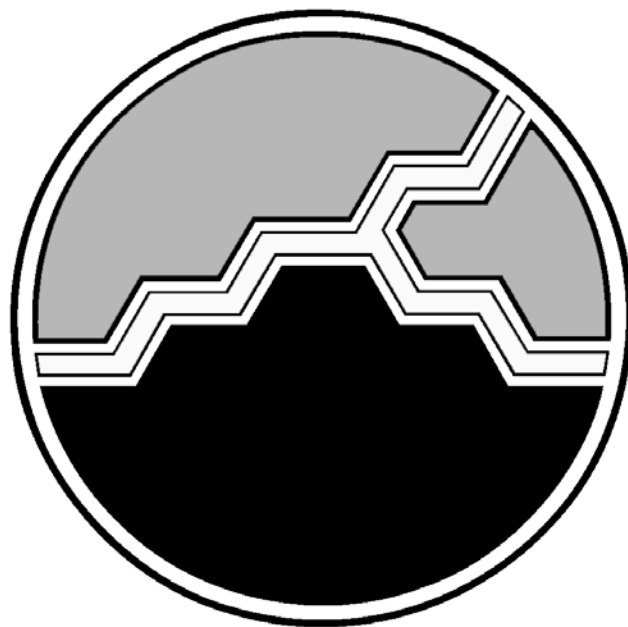
Not all economic statistics reflect positive results; however, in that the City continues to suffer higher unemployment figures than most of the state. Hovering under 10% during the winter crop growing season, the rate surges into the 20% range for the summer, primarily because of lower agriculture employment. To combat this problem, the City helps to support 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, Financial Services Manager, 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, 2003

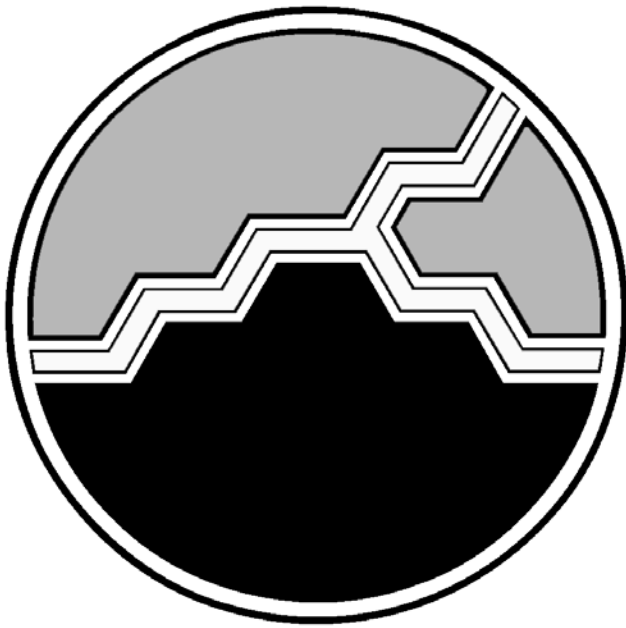
<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Investments	\$ 55,711,861	\$ 11,704,506	\$ 67,416,367
Receivables, Net of Allowances for Uncollectibles:	7,096,932	3,060,221	10,157,153
Internal Balances	11,975	(11,975)	-
Inventory, at cost	487,429	152,363	639,792
Prepaid Items	86,933	17,124	104,057
Restricted Assets:			
Cash and Investments	-	20,380,118	20,380,118
Accrued Interest	-	57,892	57,892
Deferred Charges	-	172,210	172,210
Capital Assets:			
Land	11,576,484	1,171,030	12,747,514
Buildings and Improvements	73,042,977	131,639,314	204,682,291
Infrastructure	121,214,375	-	121,214,375
Equipment	31,693,349	3,047,246	34,740,595
Accumulated Depreciation	(98,658,809)	(54,011,375)	(152,670,184)
Construction in Progress	14,926,264	14,528,591	29,454,855
Total Assets and Other Debits	<u>217,189,770</u>	<u>131,907,265</u>	<u>349,097,035</u>
 <u>Liabilities</u> 			
Accounts Payable	2,161,471	1,434,270	3,595,741
Accrued Liabilities	2,598,945	509,117	3,108,062
Accrued Interest Payable	1,900,548	73,374	1,973,922
Deferred Revenue	6,000,390	1,748	6,002,138
Liabilities Payable from Restricted Assets	-	1,250,523	1,250,523
Long-Term Debt:			
Due within one year	5,215,000	224,609	5,439,609
Due in more than one year	67,391,107	20,522,547	87,913,654
Total Liabilities	<u>85,267,461</u>	<u>24,016,188</u>	<u>109,283,649</u>
 <u>Net Assets</u> 			
Invested in Capital Assets, Net of Related Debt	81,688,533	85,380,449	167,068,982
Restricted for:			
Debt Service	121	-	121
Unrestricted	50,233,655	22,510,628	72,744,283
Total Net Assets	<u>\$ 131,922,309</u>	<u>\$ 107,891,077</u>	<u>\$ 239,813,386</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, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General Government	\$ 6,949,944	\$ 1,058,141	\$ -	\$ -	\$ (5,891,803)	\$ -	\$ (5,891,803)
Public Safety	25,454,716	2,076,540	1,240,263	109,471	(22,028,442)	-	(22,028,442)
Streets	7,943,638	-	-	-	(7,943,638)	-	(7,943,638)
Parks, Recreation and Culture	8,862,044	864,491	15,343	-	(7,982,210)	-	(7,982,210)
Environmental Health and Protection	2,936,066	1,188,391	374,998	1,288,047	(84,630)	-	(84,630)
Community Design and Development	6,368,629	1,906,030	2,053,034	-	(2,409,565)	-	(2,409,565)
Interest on Long-Term Debt	2,877,856	-	-	-	(2,877,856)	-	(2,877,856)
Total Governmental Activities	61,392,893	7,093,593	3,683,638	1,397,518	(49,218,144)	-	(49,218,144)
Business-type Activities:							
Water	10,325,641	10,013,015	-	2,191,976	-	1,879,350	1,879,350
Wastewater	7,024,037	6,636,162	-	3,247,352	-	2,859,477	2,859,477
Golf Courses	2,524,444	2,213,407	-	-	-	(311,037)	(311,037)
Total Business-type Activities	19,874,122	18,862,584	-	5,439,328	-	4,427,790	4,427,790
Total	\$ 81,267,015	\$ 25,956,177	\$ 3,683,638	\$ 6,836,846	(49,218,144)	4,427,790	(44,790,354)
General Revenues:							
Property taxes					5,678,356	-	5,678,356
Sales taxes					25,484,486	-	25,484,486
Franchise taxes					1,719,272	-	1,719,272
Shared revenues					24,225,246	-	24,225,246
Grants and contributions not restricted to specific programs					7,576,850	-	7,576,850
Unrestricted investment earnings					876,667	575,147	1,451,814
Total general revenues					65,560,877	575,147	66,136,024
Transfers					586,836	(586,836)	-
Total general revenues, special item and transfers					66,147,713	(11,689)	66,136,024
Change in net assets					16,929,569	4,416,101	21,345,670
Net assets-beginning					114,992,740	103,474,976	218,467,716
Net assets-ending					\$ 131,922,309	\$ 107,891,077	\$ 239,813,386

The accompanying notes are an integral part of these financial statements



FUND FINANCIAL STATEMENTS

City of Yuma, Arizona
 Balance Sheet
 Governmental Funds
 June 30, 2003

<u>Assets</u>	Major Special Revenue Funds			
	General	Highway Users Revenue	City Road Tax	Grants
Cash and Investments	\$ 14,714,083	\$ 4,665,565	\$ 2,710,325	\$ 322,853
Cash with Fiscal Agents	-	-		-
Receivables, Net of Allowances for Uncollectibles:				
Accounts Receivable	297,461	3,146	-	-
Intergovernmental	1,950,419	562,022	522,556	497,318
Special Assessments	20,169	-	-	-
Delinquent Property Taxes	234,422	-	-	-
Accrued Interest	53,330	16,609	8,898	2,143
Due from Other Funds	672,032	-	-	-
Inventory, at cost	479,270	-	-	-
Prepaid Items	10,081	-	-	-
Total Assets and Other Debits	\$ 18,431,267	\$ 5,247,342	\$ 3,241,779	\$ 822,314
<u>Liabilities and Fund Balances</u>				
Accounts Payable	\$ 597,051	\$ 90,248	\$ 2,907	\$ 87,771
Accrued Payroll, Taxes and Benefits Payable	1,909,732	104,490	7,980	9,987
Long-Term Debt - Current Portion	-	-	500,000	-
Due to Other Funds	-	-	-	-
Accrued Interest Payable	-	-	13,081	-
Deposits	97,959	-	-	-
Deferred Revenue	250,627	173,877	-	715,888
Total Liabilities	2,855,369	368,615	523,968	813,646
Fund Balance:				
Reserved for:				
Inventory	479,270	-	-	-
Prepaid Items	10,081	-	-	-
Debt Service	-	-	-	-
Unreserved:				
Designated for Uncompleted Projects	-	-	-	-
Designated for Subsequent Years' Expenditures	1,414,405	81,284	-	-
Designated for Future Community Improvements	829,494	-	-	-
Undesignated, reported in:				
General Fund	12,842,648			
Special Revenue Funds	-	4,797,443	2,717,811	8,668
Total Fund Balances	15,575,898	4,878,727	2,717,811	8,668
Total Liabilities and Fund Balances	\$ 18,431,267	\$ 5,247,342	\$ 3,241,779	\$ 822,314

The accompanying notes are an integral part of these financial statements

<u>Community Redevelopment</u>	<u>Municipal Property Corporation Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 269	\$ 7,130	\$ 10,105,965	\$ 2,553,470	\$ 35,079,660
	5,876,459	-	-	5,876,459
1,660,388	-	45,732	163,462	2,170,189
746,292	-	-	226,629	4,505,236
-	-	-	-	20,169
-	-	-	-	234,422
-	-	-	14,372	95,352
-	-	-	221,477	893,509
-	-	-	8,159	487,429
-	-	-	76,852	86,933
<u>\$ 2,406,949</u>	<u>\$ 5,883,589</u>	<u>\$ 10,151,697</u>	<u>\$ 3,264,421</u>	<u>\$ 49,449,358</u>
\$ 135,059	\$ 7,150	\$ 737,044	\$ 130,712	\$ 1,787,942
8,636	-	-	82,775	2,123,600
	3,995,000	-	-	4,495,000
602,416	-	-	54,616	657,032
-	1,881,318	-	-	1,894,399
	-	18,825	-	116,784
1,660,838	-	3,428,614	21,171	6,251,015
<u>2,406,949</u>	<u>5,883,468</u>	<u>4,184,483</u>	<u>289,274</u>	<u>17,325,772</u>
-	-	-	8,159	487,429
-	-	-	76,852	86,933
-	121	-	-	121
-	-	5,967,214	-	5,967,214
-	-	-	41,779	1,537,468
-	-	-	-	829,494
-	-	-		12,842,648
-	-	-	2,848,357	10,372,279
-	121	5,967,214	2,975,147	32,123,586
<u>\$ 2,406,949</u>	<u>\$ 5,883,589</u>	<u>\$ 10,151,697</u>	<u>\$ 3,264,421</u>	<u>\$ 49,449,358</u>

City of Yuma, Arizona

Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets
June 30, 2003

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

Total Fund Balances per the Balance Sheet-Governmental Funds:	\$ 32,123,584
Property taxes receivable that are not financial resources are not reported in the funds.	4,450
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	143,632,564
Property tax revenue deferred to later years recognized in year levied in governmental activities.	250,625
Interest payments accrued in government-wide not recorded until payment in governmental activities.	(6,149)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(1,980,387)
Contracts payable	(2,820,000)
MPC bonds payable	(63,440,000)
Unamortized deferred costs	129,280
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.	<u>24,028,340</u>
Net assets of governmental activities	<u>\$ 131,922,307</u>

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, 2003

	Major Special Revenue Funds			
	General	Highway User Revenue	City Road Tax	Grants
Revenues:				
Taxes	\$ 20,723,860	\$ -	\$ 6,617,396	\$ -
Licenses and Permits	2,062,847	-	-	-
Intergovernmental	17,077,807	6,732,659	-	3,026,444
Charges for Services	1,673,223	-	-	-
Fines and Forfeitures	801,121	-	-	-
Use of Money and Property	366,519	97,695	37,755	12,474
Contributions and Donations	-	-	-	2,045
Miscellaneous	136,193	82,406	372	-
Total Revenues	<u>42,841,570</u>	<u>6,912,760</u>	<u>6,655,523</u>	<u>3,040,963</u>
Expenditures:				
Current:				
General Government	4,732,282	-	-	-
Public Safety	22,374,867	748,292	-	1,240,862
Streets	-	4,273,885	610,155	-
Parks, Recreation and Culture	5,220,829	-	-	14,509
Environmental Health and Protection	100,160	14,748	-	383,211
Community Design and Development	3,662,949	-	-	1,306
Capital Outlay	256,404	53,784	14,426	-
Debt Service				
Principal	20,000	-	700,000	-
Interest and Fiscal Agent Fees	-	-	36,286	-
Total Expenditures	<u>36,367,491</u>	<u>5,090,709</u>	<u>1,360,867</u>	<u>1,639,888</u>
Revenues Over/(Under) Expenditures	6,474,079	1,822,051	5,294,656	1,401,075
Other Financing Sources/(Uses):				
Proceeds From Long-Term Debt	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-
Transfers In	143,310	1,110,817	-	-
Transfers Out	(4,592,515)	(1,622,742)	(5,879,764)	(1,401,075)
Total Other Financing Sources/(Uses)	<u>(4,449,205)</u>	<u>(511,925)</u>	<u>(5,879,764)</u>	<u>(1,401,075)</u>
Net Change in Fund Balances	2,024,874	1,310,126	(585,108)	-
Fund Balances - Beginning	<u>13,551,024</u>	<u>3,568,601</u>	<u>3,302,919</u>	<u>8,668</u>
Fund Balances - Ending	<u>\$ 15,575,898</u>	<u>\$ 4,878,727</u>	<u>\$ 2,717,811</u>	<u>\$ 8,668</u>

The accompanying notes are an integral part of these financial statements

<u>Community Redevelopment</u>	<u>Municipal Property Corporation Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 5,471,232	\$ 32,812,488
	-	-	-	2,062,847
2,027,047	-	-	434,212	29,298,169
-	-	129,010	1,180,390	2,982,623
	-	-	-	801,121
269	7,436	361,022	545,849	1,429,019
-	-	-	25,620	27,665
32,689	-	25,000	59,504	336,164
<u>2,060,005</u>	<u>7,436</u>	<u>515,032</u>	<u>7,716,807</u>	<u>69,750,096</u>
-	-	-	-	4,732,282
-	-	-	-	24,364,021
-	-	-	-	4,884,040
-	-	-	2,529,906	7,765,244
-	-	-	2,502,126	3,000,245
2,211,921	-	-	461,788	6,337,964
48,537	-	18,739,602	84,924	19,197,677
-	3,995,000	533,334	-	5,248,334
7,091	2,811,695	16,636	-	2,871,708
<u>2,267,549</u>	<u>6,806,695</u>	<u>19,289,572</u>	<u>5,578,744</u>	<u>78,401,515</u>
(207,544)	(6,799,259)	(18,774,540)	2,138,063	(8,651,419)
500,000	18,990,000	12,000,000	-	31,490,000
-	(19,199,277)	-	-	(19,199,277)
-	5,524,445	10,842,535	3,495,451	21,116,558
(292,456)	-	(1,455,800)	(5,285,370)	(20,529,722)
<u>207,544</u>	<u>5,315,168</u>	<u>21,386,735</u>	<u>(1,789,919)</u>	<u>12,877,559</u>
-	(1,484,091)	2,612,195	348,144	4,226,140
-	1,484,212	3,355,019	2,627,003	27,897,446
<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 5,967,214</u>	<u>\$ 2,975,147</u>	<u>\$ 32,123,586</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, 2003

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

Net change in fund balances-governmental funds	\$ 4,226,138
A portion of property tax revenues recorded on the statement of activities does not provide current financial resources are not recorded as revenues in the funds	10,752
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	(6,332,012)
Capital outlay expenditures reported as additions to assets:	
Capital outlay expenditures-governmental funds	19,197,677
Infrastructure maintenance expenditures recorded as capital outlay but not capitalized as asset additions	(1,373,106)
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	5,248,334
Increase in compensated absences expense not recorded in governmental funds	(149,820)
Other financing uses in governmental funds reflecting payment to escrow agent in refunding debt are recorded on the statement of net assets as reduction in long-term liability	19,199,277
Long-term debt proceeds are recorded as other financing sources in governmental funds	(31,490,000)
Investment earnings of the internal service funds are general revenues on the statement of activities	335,475
Interest payments accrued in government-wide statements not recorded in governmental activities until paid	(6,148)
Net revenues of internal service funds in excess of expenses reduce governmental activities expenses on the statement of activities	482,570
Contributions of infrastructure assets not recorded as revenues in the governmental funds	<u>7,580,431</u>
Change in net assets of governmental activities	<u>\$ 16,929,567</u>

The accompanying notes are an integral part of these financial statements

City of Yuma, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2003

Assets	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Other Funds	Totals	
Current Assets:					
Cash and Investments	\$ 10,396,723	\$ 1,177,555	\$ 130,228	\$ 11,704,506	\$ 14,755,742
Receivables, Net of Allowance for Uncollectibles:					
Accounts Receivable	1,644,146	953,793	6,484	2,604,423	11,559
Intergovernmental	505	410,069	544	411,118	-
Contracts Receivable	-	4,609	-	4,609	-
Accrued Interest	36,048	3,468	555	40,071	55,555
Inventory, at cost	67,766	-	84,597	152,363	-
Prepaid Expenses	12,865	62	4,197	17,124	-
Total Current Assets	12,158,053	2,549,556	226,605	14,934,214	14,822,856
Restricted Assets:					
Cash and Investments:					
Current Debt Service	1,173,492	-	-	1,173,492	-
Advancement for Future Expansion	3,734,229	15,247,270	-	18,981,499	-
Customer Deposits	225,127	-	-	225,127	-
Receivables:					
Accrued Interest	11,600	46,292	-	57,892	-
Total Restricted Assets	5,144,448	15,293,562	-	20,438,010	-
Capital Assets:					
Land	1,043,951	127,079	-	1,171,030	-
Buildings	2,911,198	1,931,134	3,102,865	7,945,197	-
Improvements Other than Buildings	74,537,973	46,140,477	3,015,667	123,694,117	-
Equipment	1,636,014	1,163,262	247,970	3,047,246	21,340,249
Gross Capital Assets	80,129,136	49,361,952	6,366,502	135,857,590	21,340,249
Less Accumulated Depreciation	32,452,993	19,305,379	2,253,003	54,011,375	11,178,173
Capital Assets Net of Depreciation	47,676,143	30,056,573	4,113,499	81,846,215	10,162,076
Construction In Progress	5,554,177	8,973,957	457	14,528,591	-
Total Capital Assets	53,230,320	39,030,530	4,113,956	96,374,806	10,162,076
Other Assets:					
Deferred Charges	172,210	-	-	172,210	-
Total Assets	70,705,031	56,873,648	4,340,561	131,919,240	24,984,932
Liabilities					
Current Liabilities Payable from Current Assets:					
Accounts Payable	909,296	449,580	75,394	1,434,270	256,745
Accrued Payroll and Related Taxes	230,264	184,456	94,397	509,117	-
Current Portion-Long-Term Contracts	-	-	4,609	4,609	-
Current Portion-Bonds Payable	220,000	-	-	220,000	-
Estimated Claims and Judgements	-	-	-	-	475,345
Due to Other Funds	-	-	221,477	221,477	15,000
Accrued Interest Payable	73,374	-	-	73,374	-
Deferred Revenue	-	-	1,748	1,748	-
Total Current Liabilities Payable from Current Assets	1,432,934	634,036	397,625	2,464,595	747,090
Current Liabilities Payable from Restricted Assets:					
Deposits	225,127	-	-	225,127	-
Deferred Revenue	-	32,338	-	32,338	-
Current Portion-Long-Term Contracts-Interest	48,810	64,129	-	112,939	-
Current Portion-Bonds Payable	660,000	-	-	660,000	-
Accrued Bond Interest Payable	220,119	-	-	220,119	-
Total Current Liabilities Payable from Restricted Assets	1,154,056	96,467	-	1,250,523	-
Long-Term Liabilities:					
Long-Term Contracts Payable	3,696,541	6,711,649	-	10,408,190	-
Bonds Payable	10,114,357	-	-	10,114,357	-
Total Long-Term Liabilities	13,810,898	6,711,649	-	20,522,547	-
Total Liabilities	16,397,888	7,442,152	397,625	24,237,665	747,090
Net Assets					
Invested in capital assets, net of related debt	42,235,963	39,030,530	4,113,956	85,380,449	10,162,076
Unrestricted	12,071,180	10,400,966	(171,020)	22,301,126	14,075,766
Total Net Assets	\$ 54,307,143	\$ 49,431,496	\$ 3,942,936	107,681,575	\$ 24,237,842
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				209,502	
Net assets of business-type activities				\$ 107,891,077	

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, 2003

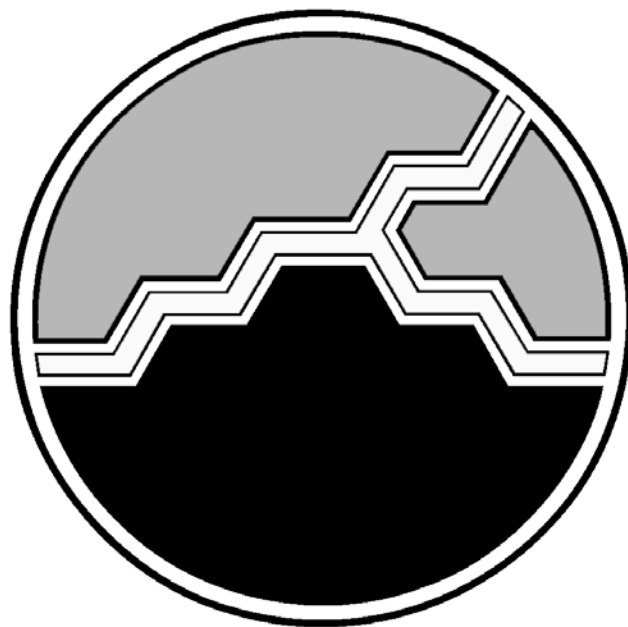
	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Operating Revenues:					
Metered Water Sales	\$ 9,458,111	\$ -	\$ -	\$ 9,458,111	\$ -
Commercial Raw Water	224,666	-	-	224,666	-
Wastewater Charges	-	6,577,667	-	6,577,667	-
Meters, Connections and Services	232,602	52,150	-	284,752	-
Green Fees and Concessions	-	-	1,936,540	1,936,540	-
Equipment Rental	-	-	276,867	276,867	2,858,351
Miscellaneous Charges	404	-	-	404	5,113,287
Total Operating Revenues	<u>9,915,783</u>	<u>6,629,817</u>	<u>2,213,407</u>	<u>18,759,007</u>	<u>7,971,638</u>
Operating Expenses:					
Operations and Maintenance	6,384,173	4,923,500	2,270,012	13,577,685	5,311,731
Depreciation and Amortization	3,335,421	2,075,842	276,155	5,687,418	2,212,857
Total Operating Expenses	<u>9,719,594</u>	<u>6,999,342</u>	<u>2,546,167</u>	<u>19,265,103</u>	<u>7,524,588</u>
Operating Income/(Loss)	<u>196,189</u>	<u>(369,525)</u>	<u>(332,760)</u>	<u>(506,096)</u>	<u>447,050</u>
Non-Operating Revenues/(Expenses):					
Interest	276,649	295,463	3,033	575,145	335,475
Gain/(Loss) on Disposal of Assets	-	-	-	-	158,639
Interest and Fiscal Agent Fees	(641,441)	(79,292)	(645)	(721,378)	-
Miscellaneous Revenues/(Expenses)	97,232	6,345	(186)	103,391	(10,574)
Total Non-Operating Revenues/(Expenses)	<u>(267,560)</u>	<u>222,516</u>	<u>2,202</u>	<u>(42,842)</u>	<u>483,540</u>
Income/(Loss) before Contributions and Transfers	<u>(71,371)</u>	<u>(147,009)</u>	<u>(330,558)</u>	<u>(548,938)</u>	<u>930,590</u>
Capital Contributions	2,191,976	3,247,352	-	5,439,328	-
Transfers In	-	-	50,841	50,841	-
Transfers Out	(64,047)	(335,842)	(237,788)	(637,677)	-
Change in Net Assets	<u>2,056,558</u>	<u>2,764,501</u>	<u>(517,505)</u>	<u>4,303,554</u>	<u>930,590</u>
Net Assets - Beginning	<u>52,250,585</u>	<u>46,666,995</u>	<u>4,460,441</u>		<u>23,307,252</u>
Net Assets - Ending	<u>\$ 54,307,143</u>	<u>\$ 49,431,496</u>	<u>\$ 3,942,936</u>		<u>\$ 24,237,842</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				112,547	
Net assets of business-type activities				<u>\$ 4,416,101</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, 2003

	Business-Type Activities-Enterprise Funds:				Governmenta Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
Cash Flow from Operating Activities:					
Cash Received from Customers	\$ 9,872,473	\$ 6,282,165	\$ 2,203,582	\$ 18,358,220	\$ 7,892,747
Cash Paid to Employees	(2,288,414)	(1,683,934)	(951,767)	(4,924,115)	(106,365)
Cash Paid to Suppliers	(5,014,010)	(3,155,486)	(1,244,355)	(9,413,851)	(4,929,065)
Other Operating Activity Revenue/(Expense)	<u>97,232</u>	<u>6,345</u>	<u>(186)</u>	<u>103,391</u>	<u>-</u>
Net Cash Provided by Operating Activities	2,667,281	1,449,090	7,274	4,123,645	2,857,317
Cash Flows from Noncapital Financing Activities:					
Cash Received from Other Funds	-	52,984	272,318	325,302	-
Cash Paid to Other Funds	<u>(64,047)</u>	<u>(335,842)</u>	<u>(291,417)</u>	<u>(691,306)</u>	<u>-</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	(64,047)	(282,858)	(19,099)	(366,004)	-
Cash Flow from Capital and Related Financing Activities:					
Contributions of Capital	1,773,072	2,081,126	-	3,854,198	-
Acquisition and Construction of Assets	(3,075,428)	(5,191,850)	(42,852)	(8,310,130)	(2,902,795)
Proceeds from Sale of Capital Assets	-	-	-	-	166,079
Principal Payments on Bonds	(825,000)	-	-	(825,000)	-
WIFA - Contracted Loan	3,696,541	6,711,649	-	10,408,190	-
Interest and Fiscal Agent Fee Payments	<u>(614,666)</u>	<u>(15,163)</u>	<u>-</u>	<u>(629,829)</u>	<u>-</u>
Net Cash Provided by/(Used for) Capital and Related Financing Activities	954,519	3,585,762	(42,852)	4,497,429	(2,736,716)
Cash Flows from Investing Activities:					
Receipt of Interest	<u>286,908</u>	<u>365,639</u>	<u>4,123</u>	<u>656,670</u>	<u>338,594</u>
Net Cash Provided by Investing Activities	<u>286,908</u>	<u>365,639</u>	<u>4,123</u>	<u>656,670</u>	<u>338,594</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,844,661	5,117,634	(50,554)	8,911,741	459,195
Cash and Cash Equivalents, July 1	<u>11,684,910</u>	<u>11,307,191</u>	<u>180,782</u>	<u>23,172,883</u>	<u>14,296,548</u>
Cash and Cash Equivalents, June 30	<u>\$ 15,529,571</u>	<u>\$ 16,424,825</u>	<u>\$ 130,228</u>	<u>\$ 32,084,624</u>	<u>\$ 14,755,742</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 196,189	\$ (369,525)	\$ (332,760)	\$ (506,096)	\$ 447,050
Adjustments to Reconcile Operating Income/(Loss)					
Depreciation and Amortization Expense	3,335,421	2,075,842	276,153	5,687,416	2,212,857
(Increase) in Accounts Receivables	(62,715)	(347,655)	(1,991)	(412,361)	(3,275)
(Increase)/Decrease in Inventories	(7,831)	-	66,953	59,122	-
Increase/(Decrease) in Accounts Payable	(919,000)	78,872	9,124	(831,004)	34,643
(Increase)/Decrease in Prepaid Items	(3,043)	488	(768)	(3,323)	-
Increase/(Decrease) in Accrued Wages and Taxes Payable	10,223	4,898	(1,415)	13,706	-
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	(166)	(166)	166,042
Increase/(Decrease) in Customer Deposits	20,805	(175)	(7,670)	12,960	-
Other Operating Activity Revenue/(Expense)	<u>97,232</u>	<u>6,345</u>	<u>(186)</u>	<u>103,391</u>	<u>-</u>
Total Adjustments	<u>2,471,092</u>	<u>1,818,615</u>	<u>340,034</u>	<u>4,629,741</u>	<u>2,410,267</u>
Net Cash Provided by Operating Activities	<u>\$ 2,667,281</u>	<u>\$ 1,449,090</u>	<u>\$ 7,274</u>	<u>\$ 4,123,645</u>	<u>\$ 2,857,317</u>
Noncash Transactions Affecting Financial Position					
Purchase of Assets with Vendor Provided Financing	\$ 421,953	\$ 249,685	\$ -	\$ 671,638	\$ 129,255
Contributions of Fixed Assets	<u>418,904</u>	<u>1,166,227</u>	<u>-</u>	<u>1,585,131</u>	<u>-</u>
Total Noncash Transactions Affecting Financial Position	<u>\$ 840,857</u>	<u>\$ 1,415,912</u>	<u>\$ -</u>	<u>\$ 2,256,769</u>	<u>\$ 129,255</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, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units

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

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

B. Government-wide and fund financial statements

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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

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

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

In addition to government-wide presentations, fund financial statements are provided for all governmental and proprietary funds. The financial statements are segregated by their respective significance to City operations with individual major governmental and proprietary funds separated from nonmajor funds (aggregate nonmajor financial activity is reported as a column on the major funds presentation for both governmental and proprietary funds). The City 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 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.

Municipal Property Corporation Debt Service – This fund accounts for expenditures to service the debt of the City of Yuma Municipal Property Corporation, a blended component unit. Pledged excise tax and other revenues are transferred to this fund for payments of long-term bonded debt of the corporation.

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 Fund.

PROPRIETARY FUNDS

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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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Wastewater Fund – This enterprise fund accounts for the City’s wastewater collection and treatment system.

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

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. They are also presented in the aggregate with major enterprise funds and are included in a combining internal service fund presentation in the Other Supplementary Information section. Because they service primarily governmental funds, they are not included within the business-type activities of the Statement of Net Assets. Rather, they are combined with the governmental activities on that statement. Moreover, because of their essentially duplicative nature in accounting for their operations (revenues of the internal service funds are expenses of the operating funds), the operations of the internal service funds have been eliminated from the operations of the Statement of Activities. Internal service funds include the Equipment Replacement, Workers Compensation Trust 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. Budgets and Budgetary Accounting

- 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.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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- ii. Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- iii. On or before the third Monday in August, the budget is legally enacted through passage of an ordinance.
- iv. At any time during the fiscal year, the City Administrator may transfer part or all of any unencumbered appropriation balance among programs within a fund. Upon written request by the City Administrator, the Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one fund to another.
- v. Formal budgetary integration is employed as a management control device during the fiscal year for all funds with legally adopted budgets (only the Workers Compensation Trust and Employee Benefits Trust Internal Services Funds are not budgeted). The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the exception of the Enterprise Funds and the Internal Service Fund-Equipment Replacement Fund. For these proprietary funds, the expenditures related to debt service and capital acquisition are budgeted in the same manner as governmental funds. 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 Municipal Property Corporation 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 a reconciliation to the accrual-based operating statements. Total expenditures on the budgetary schedules of the General and Capital Projects Funds exclude capital outlay expenditures for assets acquired by long-term contracts.

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 weekly basis to the individual funds based upon average daily balance.

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

4) Grants Revenue:

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

5) Unbilled Accounts Receivable:

The City records as receivables and as revenues the amount of water sales, sewer service charges and commercial refuse collection charges accrued but unbilled at fiscal year end. At June 30, 2003, the estimated amounts of unbilled revenues for the Water and Wastewater Enterprise Funds and the Solid Waste Special Revenue Fund are \$1,032,381, \$534,608, and \$102,505, 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 Federal and State grants received, 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.

City of Yuma, Arizona
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Bonds payable are reported net of the applicable bond premium or bond discount. Bond issuance costs are reported as deferred charges and amortized over the life of the debt.

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

9) Reserves and Designated Fund Balances:

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

F. Revenues, Expenditures, Expenses and Other Disclosures

1) Property Tax Revenue Recognition:

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

2) Compensated Absences:

The City's administrative regulations provide permanent City employees with general and major illness leave in varying amounts based on years of service. In addition, employees may accrue hours worked on holidays for absences or payment in the future. General leave vests with the employee as it is earned. At fiscal year end, the Governmental Funds include an accrual of general and holiday leave pay and related benefits that would normally be liquidated with expendable available financial resources. All governmental funds (excepting the Capital Projects, MPC 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, \$1,472,851, 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 \$140,416, \$120,718, \$54,369 and \$3,324 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, 2003, the amount accumulated in sick pay and related benefits is \$5,855,559, including \$720,760 attributable to the 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, \$507,536, 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 Water, Wastewater, and Desert Hills and Arroyo Dunes Golf Course Enterprise Funds of \$39,041, \$27,887, \$13,922 and \$951 respectively, are recorded in those funds and are accrued as earned.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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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 general purpose financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

The City's expenditures exceeded appropriations in three funds. Within the Municipal Property Corporation (MPC) Bonds Debt Service Fund, the City had not budgeted for its annual interest payment on the 2001 MPC Issue. As a result, the City exceeded its appropriations by \$1,465,941. In the City Road Tax Fund, the debt service payments to the newly incurred Arizona State Department of Transportation Highway Expansion and Extension Program (HELP) loan (see Note III H) were not budgeted causing that fund to exceed its budget by \$727,190. Finally, the the Two Percent Tax Fund, taxes uncollected due to taxpayer bankruptcy resulted in expenditures exceeding the budget by \$3,861.

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 type'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.

The policy of the City of Yuma is 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 while conforming to all applicable State statutes and City ordinances governing the investment of public funds. The primary objectives, in priority order, of the City of Yuma's investment activities are:

1. **SAFETY OF PRINCIPAL:** Safety of principal is the foremost objective of the City of Yuma. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition consistent with the other provisions of the policy.
2. **LIQUIDITY:** The City of Yuma's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
3. **YIELD:** The City of Yuma's investment portfolio shall be designed with the objective of attaining the highest yield of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow of the portfolio.

Investments authorized by the City's Investment Policy include:

1. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage-backed securities;

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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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.

If additional types of securities are approved for investment of public funds by State Statutes, they will not be eligible for investment by the City of Yuma until the policy is amended and the amendment passed by the City Council.

It is the policy of the City to diversify its investment portfolio. Invested funds are diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of security. Diversification strategies are established and periodically reviewed by the investment committee. Diversification standards by security type and issuer do not exceed the following:

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

The Investment Officer is required to diversify maturities. The Investment Officer, to the extent possible, attempts to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates reduces the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 25% of the portfolio for a period greater than three years. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period greater than five years.

All security transactions, including collateral for repurchase agreements, entered into by the City are conducted on a delivery versus payment basis. A third party custodian designated by the Investment Officer holds all securities. The third party custodian is required to issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on Certificates of Deposit and Repurchase Agreements.

Deposits. At June 30, 2003, the carrying amount of the City's deposits was \$140,357 and the bank balance was \$261,737. The difference of \$121,380 relates to outstanding checks and unrecorded deposits in transit. The City's deposits of \$261,737 are categorized to indicate the level of custodial risk assumed by the City. Category 1 includes deposits that are insured or collateralized with securities held by the City or by its agent in the City's name. Category 2 includes deposits collateralized with securities held by the bank's trust department or its agent

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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in the City's name. Category 3 includes deposits that are not collateralized or that are collateralized with securities held by the bank's trust department or its agent but not in the City's name.

The bank balance includes \$100,000 covered by federal depository insurance, which is Category 1, and \$161,737 covered by collateral held by the bank's agent in the City's name, which is Category 2. Deposits in both categories are covered by collateral arrangements with the bank in which the bank pledges collateral in the form of government securities. The amount of collateral pledged is monitored both by the City and by the bank to insure that the collateral exceeds actual and anticipated deposits.

Investments. The City's investments are also categorized according to the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City or its agent in the City's name holds the securities. Category 2 includes uninsured and unregistered investment for which the counter party's trust department or agent in the City's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the City's name. The City's investments in the State Treasurer's investment pool represents shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial risk. The fair value of the position in the pool is the same as the value of the pool shares. The pool is overseen by the State Board of Investment in accordance with Arizona Revised Statutes.

	Category 1	Reported Amount	Fair Value
U.S. Treasuries	\$ 20,319,829	\$ 20,319,829	\$ 20,319,829
Federal Agencies	<u>42,187,280</u>	<u>42,187,280</u>	<u>42,187,280</u>
	<u>\$ 62,507,109</u>	62,507,109	62,507,109
Money Market		8,759,147	8,759,147
Investments in State Investment Pool		<u>16,368,387</u>	<u>16,368,387</u>
		<u>\$ 87,634,643</u>	<u>\$ 87,634,643</u>

Cash and Investments are presented on the Statement of Net Assets as follows:

Cash and Investments	\$ 67,416,367	On Hand	\$ 21,485
Restricted Cash and Investments	20,380,118	Deposits	140,357
	<u>-</u>	Investments	<u>87,634,643</u>
Total	<u>\$ 87,796,485</u>	Total	<u>\$ 87,796,485</u>

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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 2001-02 (Tax Year 2001) and fiscal year 2002-03 (Tax Year 2002), follow:

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For the Year Ended June 30, 2003

	<u>Tax Year 2001</u>	<u>Tax Year 2002</u>
Primary Assessed Valuation	\$271,369,779	\$299,108,816
Primary Tax Rate	1.9192	1.8621
Primary Tax Levy	\$5,240,594	\$5,569,705
Secondary Assessed Valuation	\$278,555,470	\$305,708,909
Secondary Tax Rate/Levy	None	None
Current Tax Collections	\$5,071,973	\$5,339,296
Delinquent Tax Collections	\$121,102	\$186,250
Delinquent Taxes Outstanding as of June 30	\$181,788	\$234,420

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:

	<u>Gross Receivable</u>		<u>Allowance Amount</u>	
	<u>June 30,</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Special Revenue Funds - Solid Waste	\$ 158,815	\$ 142,510	\$ 4,551	\$ 3,391
Enterprise Funds:				
Water	1,687,517	1,617,392	43,371	35,994
Wastewater	975,090	770,377	21,297	15,918

D. Due from Other Governments (Intergovernmental Receivables)

Amounts due from other government units at June 30, 2003, are as follows:

Fund	<u>Agencies</u>				
	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Local</u>	<u>Total</u>
Governmental Funds					
Maior Funds					
General	\$ -	\$ 1,788,171	\$ 139,173	\$ 23,075	\$ 1,950,419
Highway User Revenue	-	553,948	8,074	-	562,022
City Road Tax	-	522,556	-	-	522,556
Community Redevelopment	381,518	364,774	-	-	746,292
Grants	70,170	168,448	258,700	-	497,318
Non-major Funds					
Public Safety Tax	-	208,951	-	-	208,951
Recreation Complex	-	-	-	16,975	16,975
Solid Waste	-	73	-	-	73
Mall Maintenance	-	-	630	-	630
Enterprise Funds					
Water	-	505	-	-	505
Wastewater	173,305	-	122,508	114,256	410,069
Desert Hills Golf Course	-	544	-	-	544
Total	<u>\$ 624,993</u>	<u>\$ 3,607,970</u>	<u>\$ 529,085</u>	<u>\$ 154,306</u>	<u>\$ 4,916,354</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2003, follows:

	Balance June 30, 2002	Increases	Decreases	Balance June 30, 2003
Capital Assets Not Being Depreciated:				
Land	\$ 8,306,918	\$ 3,269,566	\$ -	\$ 11,576,484
Construction in Progress	<u>15,955,409</u>	<u>5,781,643</u>	<u>6,810,788</u>	<u>14,926,264</u>
Total Capital Assets Not Being Depreciated	<u>24,262,327</u>	<u>9,051,209</u>	<u>6,810,788</u>	<u>26,502,748</u>
Other Capital Assets:				
Buildings	54,765,424	1,530,254	-	56,295,678
Improvements	13,933,118	2,815,799	1,618	16,747,299
Infrastructure	104,370,724	17,867,844	1,024,193	121,214,375
Equipment	<u>29,180,236</u>	<u>3,927,778</u>	<u>1,414,665</u>	<u>31,693,349</u>
Total Other Capital Assets	<u>202,249,502</u>	<u>26,141,675</u>	<u>2,440,476</u>	<u>225,950,701</u>
Less Accumulated Depreciation for:				
Buildings	7,421,194	1,826,034	-	9,247,228
Improvements	5,245,611	1,131,046	1,618	6,375,039
Infrastructure	64,958,796	1,982,408	974,736	65,966,468
Equipment	<u>14,867,206</u>	<u>3,605,381</u>	<u>1,402,513</u>	<u>17,070,074</u>
Total Accumulated Depreciation	<u>92,492,807</u>	<u>8,544,869</u>	<u>2,378,867</u>	<u>98,658,809</u>
Other Capital Assets, Net	<u>109,756,695</u>	<u>17,596,806</u>	<u>61,609</u>	<u>127,291,892</u>
Total Capital Assets, Governmental Activities	<u>\$ 134,019,022</u>	<u>\$ 26,648,015</u>	<u>\$ 6,872,397</u>	<u>\$ 153,794,640</u>

Government activities capital assets net of accumulated depreciation at June 30, 2003, are comprised of the following:

General Capital Assets, Net	\$ 143,632,564
Internal Service Fund Capital Assets, Net	<u>10,162,076</u>
Total	<u>\$ 153,794,640</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,765,234
Public Safety	1,227,305
Parks, Recreation, and Culture	1,254,820
Environmental Health and Protection	20,300
Community Design and Development	77,789
Streets	1,986,564
Assets held by Internal Service Funds are charged based on usage of assets	<u>2,212,857</u>
Total	<u>\$ 8,544,869</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

Business-like activities:

	Balance June 30, 2002	Increases	Decreases	Balance June 30, 2003
Capital Assets Not Being Depreciated:				
Land	\$ 1,171,030	\$ -	\$ -	\$ 1,171,030
Construction in Progress	<u>8,951,776</u>	<u>5,584,720</u>	<u>7,905</u>	<u>14,528,591</u>
Total Capital Assets Not Being Depreciated	<u>10,122,806</u>	<u>5,584,720</u>	<u>7,905</u>	<u>15,699,621</u>
Other Capital Assets:				
Buildings	7,945,197	-	-	7,945,197
Improvements	119,483,509	4,210,608	-	123,694,117
Equipment	<u>2,927,882</u>	<u>189,311</u>	<u>69,947</u>	<u>3,047,246</u>
Total Other Capital Assets	<u>130,356,588</u>	<u>4,399,919</u>	<u>69,947</u>	<u>134,686,560</u>
Less Accumulated Depreciation for:				
Buildings	3,396,278	203,223	-	3,599,501
Improvements	43,337,655	5,119,307	-	48,456,962
Equipment	<u>1,754,261</u>	<u>270,598</u>	<u>69,947</u>	<u>1,954,912</u>
Total Accumulated Depreciation	<u>48,488,194</u>	<u>5,593,128</u>	<u>69,947</u>	<u>54,011,375</u>
Other Capital Assets, Net	<u>81,868,394</u>	<u>(1,193,209)</u>	<u>-</u>	<u>80,675,185</u>
Total Capital Assets, Business-like activities	<u>\$ 91,991,200</u>	<u>\$ 4,391,511</u>	<u>\$ 7,905</u>	<u>\$ 96,374,806</u>

Depreciation was charged to programs as follows:

Water	\$ 3,241,133
Wastewater	2,075,842
Golf courses	<u>276,155</u>
Total	<u>\$ 5,593,130</u>

Construction in progress is comprised mainly of water projects and a wastewater treatment plant project.

F. Retirement Plans

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

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

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

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

City of Yuma, Arizona
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For the Year Ended June 30, 2003

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

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

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

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

Cost-sharing plans - For the year ended June 30, 2003, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The City's contribution to ASRS for the years ended June 30, 2003, 2002, and 2001 were \$538,377, \$500,530, and \$407,230, 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 6.67 percent. The City's contributions to EORP for the years ended June 30, 2003, 2002 and 2001 were \$11,103, \$8,027, and \$11,221, respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2003, 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 2.00 percent for police and 3.86 percent for fire.

Annual Pension Cost - The City's pension cost for the two agent plans for the year ended June 30, 2003, follows:

	Police	Fire
Contribution Rates	2.00%	3.86%
Annual Pension Cost	\$133,141	\$168,473
Contributions Made	\$133,141	\$168,473
Actuarial Valuation Date	June 30, 2002	June 30, 2002
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	9%	9%
Projected Salary Increases	6.5% - 9.5%	6.5% - 9.5%
Inflation projection	5.5%	5.5%
Cost-of-Living Adjustments	None	None
Amortization Method	Level Percentage Open	Level Percentage Open
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	Smoothed market	Smoothed market

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

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

		<u>Annual</u> <u>Pension Cost</u>	<u>Percent</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
<i>POLICE</i>	2000	223,767	100.0%	-
	2001	86,526	100.0%	-
	2002	133,141	100.0%	-
<i>FIRE</i>	2000	255,074	100.0%	-
	2001	251,685	100.0%	-
	2002	168,473	100.0%	-

G. Other Employee Benefit Plan

In addition to the leave plans described under compensated absences, the City maintains a self funded insurance plan for employee and dependent related health, life, and dental claims. An Internal Service Fund is established to record employee and employer contributions. No minimum level of reserve has been established for the Fund; however, incurred but unreported claims have been accrued within the fund that amount to \$51,775. At June 30, 2003, unrestricted net assets amounted to \$283,931.

H. Long-Term Liabilities

The following changes occurred in long-term liabilities during the fiscal year ended June 30, 2003:

	<u>Balance</u> <u>July 1,</u> <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30,</u> <u>2003</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Yuma Municipal Property Corporation	\$ 62,315,000	\$ 27,990,000	\$ 22,870,000	\$ 67,435,000	\$ 3,995,000
Contracts Payable	573,334	3,500,000	753,334	3,320,000	1,220,000
Compensated Absences	<u>1,830,567</u>	<u>242,229</u>	<u>92,409</u>	<u>1,980,387</u>	<u>1,283,188</u>
Total Governmental Activity Long-Term Debt	<u>\$ 64,718,901</u>	<u>\$ 31,732,229</u>	<u>\$ 23,715,743</u>	<u>\$ 72,735,387</u>	<u>\$ 6,498,188</u>
Business-type activities:					
General Obligation Bonds	\$ 12,210,000	\$ -	\$ 825,000	\$ 11,385,000	\$ 880,000
Contracts Payable	<u>57,593</u>	<u>10,408,190</u>	<u>52,984</u>	<u>10,412,799</u>	<u>4,609</u>
Total Business-type Activity Long-Term Debt	<u>\$ 12,267,593</u>	<u>\$ 10,408,190</u>	<u>\$ 877,984</u>	<u>\$ 21,797,799</u>	<u>\$ 884,609</u>

On the Statement of Net Assets, the current portion of governmental activity long-term debt of \$5,215,000 excludes the current portion of compensated absences of \$1,283,188 that is recorded within accrued liabilities. The long-term portion of governmental activity long-term debt is net of \$129,280 of unamortized deferred charges. For business-type activities, long-term debt excludes the current portion of bonds payable of \$660,000 that is recorded within liabilities payable from restricted assets. Also, the long-term portion is net of \$390,643 of unamortized issuance costs.

Contracts Payable

Governmental Activities - During fiscal year 2003, the City entered into three 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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

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. Finally, one payment remains from the FY 2002 purchase of the historic Yuma Theater. The General Fund will make this payment.

Annual debt service requirements under these contracts are as follow:

July 1,	Contracts Payable							
	Section 108		HELP		Theater		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 85,000	\$ 7,091	\$ 700,000	\$ 36,367	\$ 20,000	\$ -	\$ 805,000	\$ 43,458
2004	92,000	12,758	700,000	30,323	-	-	792,000	43,081
2005	99,000	10,666	700,000	18,193	-	-	799,000	28,859
2006	107,000	7,822	700,000	6,064	-	-	807,000	13,886
2007	<u>117,000</u>	<u>4,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,000</u>	<u>4,274</u>
Total	<u>\$ 500,000</u>	<u>\$ 42,611</u>	<u>\$ 2,800,000</u>	<u>\$ 90,947</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 3,320,000</u>	<u>\$ 133,558</u>

Business-type activities – During fiscal year 2003, 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 long-term loans. The City will draw from these approved loans until their limits are reached, presently approved at \$10 million for water and \$44 million for wastewater. Debt service requirements are not presented, as repayment terms are not finalized until the loans are depleted. Moreover, the City has applied for additional loan amounts for each project.

Bonded Debt - Excluding Refunded Debt

New Debt Issue – On February 18, 2003, the Yuma Municipal Property Corporation issued \$27,990,000 in bonds with an average interest of 4.11 percent. A portion of the issue, \$9,000,000, was for construction of a new fire station and for renovation of the historic Yuma Theater and an art center addition. The remaining proceeds partially refunded the 1995 Series A through C MPC Bonds, issued at rates of 5.55 percent, 5.38 percent and 5.25 percent, respectively. The proceeds \$29,964,787, including \$103,797 of accrued interest, provided \$9 million of new money, paid closing costs of \$177,055 and current interest costs of \$484,657, and refunded \$19,070,000 (excluding the July 2003 principal payment of \$1,195,000) and call premium of \$190,700.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$129,280. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be charged to operations through the year 2015 using the effective-interest method. The City completed the refunding to reduce its total debt service payments over the next 12 years by \$1.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1.4 million.

The following is a description of bonded indebtedness at June 30, 2003. In each instance, all bonds have been issued. For each issue, a number of covenants and restrictions are included in the bond indentures. The City is in compliance with these covenants and restrictions.

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

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

equipment; and *Special Sales Taxes* – a special two percent (2%) privilege license tax approved by qualified voters in 1993 on the gross proceeds of sales or gross income from the business of bars, restaurants and hotels. For each bond series, the corresponding pledged tax was:

1995 – Series A	Excise and Public Safety Taxes
1995 – Series B	Excise Taxes
1995 – Series C	Excise and Special Sales Taxes
1996 Issue	Excise Taxes
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	\$ 3,575,000
1997 Refunding	4.90%	12/1/1997	2012	8,085,000	7,810,000
Unamortized deferred amount on refunding				-	(390,643)
				<u>22,455,000</u>	<u>10,994,357</u>
Yuma Municipal Property Corporation Bonds:					
1995 - Series A	5.55%	11/1/1995	2003	20,400,000	865,000
1995 - Series B	5.38%	11/1/1995	2003	3,900,000	165,000
1995 - Series C	5.25%	11/1/1995	2003	2,500,000	165,000
1996 Issue	5.07%	9/1/1996	2003	9,600,000	1,550,000
1998 Issue	3.74%	12/1/1998	2004	6,020,000	2,550,000
2001 Issue	4.94%	3/21/2001	2025	34,150,000	34,150,000
2003 - Series A Refunding	4.21%	2/18/2003	2015	14,640,000	14,640,000
2003 - Series B Refunding	3.67%	2/18/2003	2015	2,905,000	2,905,000
2003 - Series C Refunding	2.97%	2/18/2003	2010	1,445,000	1,445,000
2003 - Series B Addition	4.18%	2/18/2003	2022	9,000,000	9,000,000
Total MPC Bonds				<u>104,560,000</u>	<u>67,435,000</u>
Total Bonds Authorized and Issued				<u>\$ 127,015,000</u>	<u>\$ 78,429,357</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, 2003 follows:

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Water, Etc. (20%)</u>	<u>All Other (6%)</u>
Legal Limit	\$ 61,141,782	\$ 18,342,535
Outstanding G.O. Debt	<u>10,505,000</u>	<u>-</u>
Available Debt Margin	<u>\$ 50,636,782</u>	<u>\$ 18,342,535</u>

Advanced Refunding of Bonded Debt in Prior Years

In prior years, the City issued new debt through an advanced refunding bond issue resulting in the defeasance of old debt. Under an advanced refunding arrangement, refunded bonds are issued and the new proceeds, plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds. The outstanding balance of the refunded debt and the related assets are not included in the accompanying financial statements. At June 30, 2003, the only refunded issue outstanding is a portion of the City's 1992 General Obligation Bonds refunded on December 1, 1997 for \$7,250,000, due on July 1, 2003.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

Annual Debt Service Requirements to Maturity

July 1	G.O. Bonds 1992 Issue			MPC Bonds 1996 Series			MPC Bonds 1998 Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 815,000	\$ 209,405	\$ 1,024,405	\$ 1,550,000	\$ 75,175	\$ 1,625,175	\$ 1,250,000	\$ 96,925	\$ 1,346,925
2004	865,000	162,950	1,027,950	-	-	-	1,300,000	50,050	1,350,050
2005	920,000	112,780	1,032,780	-	-	-	-	-	-
2006	975,000	58,500	1,033,500	-	-	-	-	-	-
	<u>\$ 3,575,000</u>	<u>\$ 543,635</u>	<u>\$ 4,118,635</u>	<u>\$ 1,550,000</u>	<u>\$ 75,175</u>	<u>\$ 1,625,175</u>	<u>\$ 2,550,000</u>	<u>\$ 146,975</u>	<u>\$ 2,696,975</u>
	MPC Bonds 1995A			MPC Bonds 1995B			MPC Bonds 1995C		
2003	<u>\$ 865,000</u>	<u>\$ 820,199</u>	<u>\$ 1,685,199</u>	<u>\$ 165,000</u>	<u>\$ 154,347</u>	<u>\$ 319,347</u>	<u>\$ 165,000</u>	<u>\$ 78,470</u>	<u>\$ 243,470</u>
	1997 Refunding Bonds			MPC Bonds 2001 Series			MPC Bonds 2003 Series		
2003	\$ 65,000	\$ 377,580	\$ 442,580	\$ -	\$ 1,647,825	\$ 1,647,825	\$ -	\$ 144,524	\$ 144,524
2004	65,000	374,622	439,622	-	1,647,825	1,647,825	345,000	346,858	691,858
2005	70,000	371,665	441,665	890,000	1,647,825	2,537,825	355,000	338,232	693,232
2006	75,000	368,480	443,480	925,000	1,612,225	2,537,225	365,000	329,358	694,358
2007	1,115,000	365,067	1,480,067	965,000	1,575,225	2,540,225	375,000	320,233	695,233
2008	1,170,000	312,105	1,482,105	1,000,000	1,536,625	2,536,625	385,000	309,920	694,920
2009	1,210,000	257,115	1,467,115	1,040,000	1,494,125	2,534,125	395,000	298,370	693,370
2010	1,275,000	196,615	1,471,615	1,080,000	1,449,925	2,529,925	410,000	285,532	695,532
2011	1,345,000	134,140	1,479,140	1,130,000	1,404,025	2,534,025	420,000	272,207	692,207
2012	1,420,000	69,580	1,489,580	1,175,000	1,356,000	2,531,000	435,000	257,507	692,507
2013	-	-	-	1,235,000	1,297,250	2,532,250	450,000	241,847	691,847
2014	-	-	-	1,295,000	1,235,500	2,530,500	470,000	224,973	694,973
2015	-	-	-	1,355,000	1,170,750	2,525,750	490,000	207,347	697,347
2016	-	-	-	1,755,000	1,103,000	2,858,000	515,000	182,847	697,847
2017	-	-	-	1,840,000	1,015,250	2,855,250	535,000	157,098	692,098
2018	-	-	-	1,935,000	923,250	2,858,250	560,000	134,628	694,628
2019	-	-	-	2,030,000	826,500	2,856,500	585,000	110,828	695,828
2020	-	-	-	2,130,000	725,000	2,855,000	610,000	85,672	695,672
2021	-	-	-	2,240,000	618,500	2,858,500	635,000	58,833	693,833
2022	-	-	-	2,350,000	506,500	2,856,500	665,000	30,258	695,258
2023	-	-	-	2,470,000	389,000	2,859,000	-	-	-
2024	-	-	-	2,590,000	265,500	2,855,500	-	-	-
2025	-	-	-	2,720,000	136,000	2,856,000	-	-	-
	<u>\$ 7,810,000</u>	<u>\$ 2,826,969</u>	<u>\$ 10,636,969</u>	<u>\$ 34,150,000</u>	<u>\$ 25,583,625</u>	<u>\$ 59,733,625</u>	<u>\$ 9,000,000</u>	<u>\$ 4,337,072</u>	<u>\$ 13,337,072</u>
	MPC Bonds 2003 Refunding 1995A			MPC Bonds 2003 Refunding 1995B			MPC Bonds 2003 Refunding 1995C		
2003	\$ -	\$ 242,595	\$ 242,595	\$ -	\$ 40,634	\$ 40,634	\$ -	\$ 17,094	\$ 17,094
2004	980,000	582,228	1,562,228	205,000	97,523	302,523	190,000	41,025	231,025
2005	1,005,000	557,728	1,562,728	210,000	92,397	302,397	195,000	36,275	231,275
2006	1,030,000	532,603	1,562,603	210,000	87,147	297,147	200,000	31,400	231,400
2007	1,060,000	506,853	1,566,853	215,000	81,897	296,897	205,000	26,400	231,400
2008	1,095,000	477,703	1,572,703	230,000	75,985	305,985	210,000	20,763	230,763
2009	1,150,000	422,953	1,572,953	235,000	69,085	304,085	220,000	14,463	234,463
2010	1,210,000	365,453	1,575,453	245,000	61,448	306,448	225,000	7,313	232,313
2011	1,285,000	304,953	1,589,953	250,000	53,485	303,485	-	-	-
2012	1,350,000	240,703	1,590,703	260,000	44,735	304,735	-	-	-
2013	1,425,000	173,203	1,598,203	270,000	35,375	305,375	-	-	-
2014	1,490,000	119,765	1,609,765	280,000	25,250	305,250	-	-	-
2015	1,560,000	62,400	1,622,400	295,000	14,750	309,750	-	-	-
	<u>\$ 14,640,000</u>	<u>\$ 4,589,140</u>	<u>\$ 19,229,140</u>	<u>\$ 2,905,000</u>	<u>\$ 779,711</u>	<u>\$ 3,684,711</u>	<u>\$ 1,445,000</u>	<u>\$ 194,731</u>	<u>\$ 1,639,733</u>

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

I. Interfund Transfers

<i>Transfers Out</i>			<i>Transfers In</i>		
From / Into			Into / From		
Governmental activities - major funds:					
General Fund	HURF	\$ 14,747	General Fund	Capital Projects	\$ 143,310
	Solid Waste	1,335,283		General Fund	14,747
	Mall Maintenance	293,748	HURF	Capital Projects	1,096,070
	MPC Debt Service	1,612,784	MPC Debt Service	General Fund	1,612,784
	Capital Projects	1,335,953		HURF	467,143
HURF	MPC Debt Service	467,143		Two Percent Tax	235,854
	Capital Projects	1,155,599		Public Safety Tax	2,549,439
Road Tax	Capital Projects	5,879,764		Solid Waste	21,548
				Desert Hills G.C.	237,788
Grants	Capital Projects	1,401,075		Wastewater	335,842
				Water	64,047
Community Redevelopment	Capital Projects	292,456	Capital Projects	General Fund	1,335,953
				HURF	1,155,599
				Road Tax	5,879,764
Capital Projects	General Fund	143,310		Community Redevelopment	292,456
	HURF	1,096,070		Grants	1,401,075
	Public Safety Tax	216,420		LTAF	383,949
				Public Safety Tax	229,383
				Two Percent Tax	143,732
				Recreation Complex	20,624
Nonmajor funds:					
LTAF	Capital Projects	383,949	Solid Waste	General Fund	1,335,283
Public Safety Tax	MPC Debt Service	2,549,439		Two Percent Tax	1,650,000
	Capital Projects	229,383	Recreation Complex	General Fund	293,748
Solid Waste	MPC Debt Service	21,548	Mall Maintenance	Capital Projects	216,420
Recreation Complex	Capital Projects	20,624			
Two Percent Tax	Recreation Complex	1,650,000			
	MPC Debt Service	235,854			
	Capital Projects	143,732			
	Desert Hill G.C.	50,841			
	Total Governmental Activities	20,529,722		Total Governmental Activities	21,116,558
Business-like activities:					
Desert Hills G.C.	MPC Debt Service	237,788	Desert Hills G.C.	Two Percent Tax	50,841
Water	MPC Debt Service	64,047			
Wastewater	MPC Debt Service	335,842			
	Total Enterprise Funds	637,677			50,841
	Total Transfers Out	\$ 21,167,399		Total Transfers In	\$ 21,167,399

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 MPC Debt Service Fund rather than within the Enterprise Funds. As for the remaining transfers, they include operating subsidies from the General Fund to HURF (\$14,747), Solid Waste Fund (\$1,335,283) and Mall Maintenance (\$293,748); and from the Two Percent Tax Fund to Recreation Complex Fund (\$1,650,000) and Desert Hills Golf Course (\$50,841). Also included is a transfer from the Capital Projects Fund to HURF (\$1,096,070) to replace monies transferred for street projects in fiscal year 2002 that were covered by proceeds from a loan from the Arizona Department of Transportation during fiscal year 2003.

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

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 transfers out of \$586,836 are for debt service.

J. Interfund Receivables and Payables

Interfund balances at June 30, 2003, follow:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>Major Funds</u>	<u>Nonmajor Fund</u>	
		<u>Two Percent</u>	
	<u>General</u>	<u>Tax</u>	
Major Governmental Funds:			
Community Redevelopment Fund	602,416	-	602,416
Nonmajor Governmental Funds:			
Solid Waste Fund	54,616	-	54,616
Nonmajor Enterprise Funds:			
Desert Hills Golf Course Fund	-	221,477	221,477
Internal Service Funds:			
Employee Benefits Trust	15,000	-	15,000
Total Receivable	<u>\$ 672,032</u>	<u>\$ 221,477</u>	<u>\$ 893,509</u>

Because they serve primarily governmental funds, the interfund activity noted above in the Internal Service Employee Benefits Trust is 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, \$11,975, represents net balances allocated to business-type activities for consolidation of internal service funds net profits.

K. Fund Equity

Unreserved Fund Balances – Designations - *Uncompleted Projects* - \$5,967,212 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* – Insurance reserve - \$1,037,199 for subsequent year expenditures for insurance purposes, of which \$400,000 is designated for the Yuma Fine Arts Center fire loss; an additional \$500,000 reserve for the new Yuma Performing Arts Center; and, public/educational/government (PEG) Facility - \$269 remaining for continuing development of the channel on the local cable system. *Future Community Improvements* - \$829,494 represents special projects in subsequent years as designated by City Council.

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; natural disasters; and health and accident, dental and other medical benefits provided to employees.

The City uses the Employee Benefits Trust Fund, an Internal Service Fund, to account for the financing of its risks of loss relating to dental claims and its insured health programs. The City purchases commercial insurance for employee health coverage but retains the risk for its dental coverage. Dental coverage claims have annual limits per employee, making unlikely the prospect that claims would be incurred in excess of the fund's ability to pay.

All funds of the City participate in the program and make payments to the Internal Service Fund based on the number of full time employees who receive health benefits assigned to the individual funds. The Employee Benefits Trust Fund Board set the amount to be charged per employee based upon contracts with the insurance provider for health coverage and based upon prior year claims for dental coverage. The claims liability of \$51,775

City of Yuma, Arizona
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

reported in the Internal Service Fund, Employee Benefits Trust Fund at June 30, 2003 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City uses an application of historical experience to determine claims payable. Changes in the Employee Benefits Trust Fund claims liability amounts in fiscal year 2003, 2002, and 2001 were:

<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>
2002-03	\$ 47,642	\$ 400,801	\$ 396,668	\$ 51,775
2001-02	42,000	382,920	377,278	47,642
2000-01	39,600	326,109	323,709	42,000

The City is self-insured for Workman's Compensation. The changes to claims liability amounts in fiscal years 2003, 2002, and 2001 were:

<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>
2002-03	\$ 261,661	\$ 582,648	\$ 420,739	\$ 423,570
2001-02	336,656	203,460	278,455	261,661
2000-01	131,638	494,820	289,802	336,656

The City carries commercial insurance for all other risks of loss, including property and liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

M. Construction Commitments

As of June 30, 2003, the City is involved in several construction projects. The estimated cost to complete the construction projects is \$5,967,212.

N. Subsequent Event

On September 17, 2003, the Council adopted Resolution R2003-65 authorizing a development agreement with Yuma Palms, LLC., related to the company's development of a regional shopping center in Yuma. The agreement calls for the developer to construct approximately \$10 million in public improvements of street and utility infrastructure. In return, the City agrees to fund its agreed-upon share of 70% of the public improvements through the creation of an improvement district and subsequent issuance of bonds during fiscal year 2004.

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, 2003.

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
POLICE						
2000	36,064,305	25,623,095	(10,441,210)	140.7%	5,703,337	-%
2001	38,686,969	26,356,089	(12,330,880)	146.8%	5,888,020	-%
2002	38,521,463	30,716,985	(7,804,478)	125.4%	6,766,977	-%
FIRE						
2000	29,687,106	24,894,069	(4,793,037)	119.3%	4,056,042	-%
2001	31,549,536	25,790,543	(5,758,993)	122.3%	4,141,659	-%
2002	30,698,121	29,078,933	(1,619,188)	105.6%	4,466,840	-%

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 11,007,290	\$ 11,007,290	\$ 13,551,024	\$ 2,543,734
Resources (inflows):				
Taxes:				
Property Tax - Primary	5,569,705	5,569,705	5,339,296	(230,409)
Property Tax - Delinquent	140,000	140,000	186,250	46,250
City Sales Tax	13,833,000	13,833,000	13,237,042	(595,958)
Public Enterprise In-Lieu	248,000	248,000	242,000	(6,000)
Franchise Tax	1,841,750	1,841,750	1,719,272	(122,478)
Total Taxes	<u>21,632,455</u>	<u>21,632,455</u>	<u>20,723,860</u>	<u>(908,595)</u>
Licenses:				
Business Licenses	260,000	260,000	297,643	37,643
Liquor Licenses	28,000	28,000	27,765	(235)
Building Permits	1,146,500	1,146,500	1,731,630	585,130
Alcohol Permits	4,500	4,500	5,809	1,309
Total Licenses	<u>1,439,000</u>	<u>1,439,000</u>	<u>2,062,847</u>	<u>623,847</u>
Intergovernmental:				
Sales Tax - State	6,039,610	6,039,610	6,062,278	22,668
State Revenue Sharing	8,364,244	8,364,244	8,250,011	(114,233)
Auto Lieu Tax	2,400,000	2,400,000	2,746,086	346,086
County Emergency Services	17,000	17,000	19,432	2,432
Total Intergovernmental	<u>16,820,854</u>	<u>16,820,854</u>	<u>17,077,807</u>	<u>256,953</u>
Charges for Services:				
Building Inspection Fees	333,000	333,000	611,589	278,589
Recreation Fees	310,000	310,000	355,658	45,658
Police Services	638,000	638,000	644,398	6,398
Other Charges	43,450	43,450	61,578	18,128
Total Charges for Services	<u>1,324,450</u>	<u>1,324,450</u>	<u>1,673,223</u>	<u>348,773</u>
Fines and Forfeitures:				
City Court Fines	626,000	626,000	801,121	175,121
Total Fines and Forfeitures	<u>626,000</u>	<u>626,000</u>	<u>801,121</u>	<u>175,121</u>
Use of Money and Property:				
Interest	440,000	440,000	243,955	(196,045)
Rental Receipts	71,350	71,350	122,564	51,214
Total Use of Money and Property	<u>511,350</u>	<u>511,350</u>	<u>366,519</u>	<u>(144,831)</u>
Miscellaneous				
Sales of Surplus Property	7,000	7,000	38,158	31,158
Other	88,500	88,500	98,035	9,535
Total Miscellaneous	<u>95,500</u>	<u>95,500</u>	<u>136,193</u>	<u>40,693</u>
Total Revenues	<u>42,449,609</u>	<u>42,449,609</u>	<u>42,841,570</u>	<u>391,961</u>
Transfers From Other Funds	906,467	906,467	143,310	(763,157)
Amounts Available for Appropriation	<u>54,363,366</u>	<u>54,363,366</u>	<u>56,535,904</u>	<u>2,172,538</u>

Continued on next page

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Charges to Appropriations (outflows):				
General Government:				
Mayor and Council	214,120	214,120	224,235	(10,115)
Elections	41,000	41,000	19,466	21,534
City Administrator	261,588	247,334	251,950	(4,616)
Communications	104,566	104,566	97,001	7,565
Quality Initiatives	534,538	545,792	490,130	55,662
General Government	1,043,705	768,792	339,963	428,829
City Clerk	215,307	218,307	199,895	18,412
Community Investment Trust	906,467	906,467	10,754	895,713
City Attorney	905,626	897,264	972,983	(75,719)
Litigation	291,300	291,300	383,143	(91,843)
Administrative Services	335,573	201,896	192,795	9,101
Accounting	644,280	663,968	644,901	19,067
Customer Services	394,946	400,158	371,980	28,178
Information Technology Services	2,238,408	2,240,408	1,411,888	828,520
Materials Management	574,127	574,960	552,284	22,676
Human Resources	783,987	783,987	703,015	80,972
Facilities Maintenance	-	534,454	649,545	(115,091)
Intragovernmental Charges	(2,784,800)	(2,784,800)	(2,758,886)	(25,914)
Total General Government Expenditures	6,704,738	6,849,973	4,757,042	2,092,931
Less Capital Outlay	189,225	450,249	4,760	445,489
Less Debt Service				
Principal	-	-	20,000	(20,000)
Total General Government Deductions	189,225	450,249	24,760	425,489
General Government Operating Expenditures	6,515,513	6,399,724	4,732,282	1,667,442
Public Safety:				
Police Administration - Field Operations	11,145,362	11,129,203	10,333,432	795,771
Police Reserve Unit	7,750	7,750	3,205	4,545
Police Support Services	2,525,435	2,520,194	2,206,982	313,212
Police Communication Center	1,687,475	1,687,475	1,316,971	370,504
Fire Administration	470,711	456,050	404,965	51,085
Fire Training	197,438	195,148	173,055	22,093
Fire Suppression	5,675,517	5,674,483	5,602,888	71,595
Fire Prevention	396,583	395,113	354,119	40,994
Fire Maintenance	497,845	497,845	482,741	15,104
Fire Special Operations	110,261	105,961	62,145	43,816
Fire Emergency Medical Services	131,210	139,790	115,796	23,994
Fire Emergency Management	74,961	74,961	49,742	25,219
Animal Control	393,916	393,916	393,916	-
Municipal Court	1,012,080	1,008,904	1,028,450	(19,546)
Total Public Safety Expenditures	24,326,544	24,286,793	22,528,407	1,758,386
Less Capital Outlay	285,925	346,778	153,540	193,238
Public Safety Operating Expenditures	24,040,619	23,940,015	22,374,867	1,565,148

Continued on next page

City of Yuma, Arizona
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Parks, Recreation and Culture:				
Parks and Recreation Administration	560,870	403,794	372,148	31,646
Parks Maintenance	2,927,769	3,006,626	2,752,482	254,144
Parks Development	300,971	301,586	383,244	(81,658)
Recreation Administration	523,312	537,976	497,315	40,661
Senior Adult Activities	163,756	166,756	156,578	10,178
Adult Activities	202,538	203,324	221,017	(17,693)
Youth Activities	239,623	228,433	203,088	25,345
Aquatics	523,900	523,900	556,974	(33,074)
Yuma Theatre	85,681	79,767	14,935	64,832
Arts and Culture	316,504	235,418	200,211	35,207
Intragovernmental Charges	(119,087)	(119,087)	(119,087)	-
Total Parks, Recreation and Culture	5,725,837	5,568,493	5,238,905	329,588
Less Capital Outlay	51,350	94,130	18,076	76,054
Parks, Recreation and Culture Operating Expenditures	<u>5,674,487</u>	<u>5,474,363</u>	<u>5,220,829</u>	<u>253,534</u>
Environmental Health and Protection:				
Environmental Management	942,752	942,532	920,661	21,871
Intragovernmental Charges	(799,124)	(799,124)	(799,124)	-
Total Environmental Health and Protection	143,628	143,408	121,537	21,871
Less Capital Outlay	46,000	29,127	21,377	7,750
Environmental Health and Protection Operating Expenditures	<u>97,628</u>	<u>114,281</u>	<u>100,160</u>	<u>14,121</u>
Community Design and Development:				
Community Development Administration	664,829	581,404	579,620	1,784
Engineering	998,392	1,037,405	853,267	184,138
Business Development	458,000	458,000	431,533	26,467
Planning and Neighborhood Services	1,508,761	1,320,644	1,251,258	69,386
Heritage Area Development	-	185,419	189,347	(3,928)
Outside Agencies	341,950	441,140	416,575	24,565
Total Community Design and Development	3,971,932	4,024,012	3,721,600	302,412
Less Capital Outlay	68,700	72,939	58,651	14,288
Community Design and Development Operating Expenditures	<u>3,903,232</u>	<u>3,951,073</u>	<u>3,662,949</u>	<u>288,124</u>
Total Operating Expenditures	40,231,479	39,879,456	36,091,087	3,788,369
Capital Outlay	641,200	993,223	256,404	736,819
Debt Service				
Principal	-	-	20,000	(20,000)
Total Expenditures	40,872,679	40,872,679	36,367,491	4,505,188
Transfers to Other Funds	5,351,758	5,351,758	4,592,515	759,243
Total Charges to Appropriations	46,224,437	46,224,437	40,960,006	5,264,431
Budgetary Fund Balance, June 30	<u>\$ 8,138,929</u>	<u>\$ 8,138,929</u>	<u>\$ 15,575,898</u>	<u>\$ 7,436,969</u>
				Concluded

City of Yuma, Arizona
Budgetary Comparison Schedule
Highway User Revenue Fund
For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 4,208,030	\$ 4,208,030	\$ 3,568,601	\$ (639,429)
Resources (inflows):				
Intergovernmental				
State Gasoline Tax	6,532,000	6,532,000	6,732,659	200,659
Use of Money and Property				
Interest	130,000	130,000	97,695	(32,305)
Miscellaneous				
Other	<u>10,000</u>	<u>10,000</u>	<u>82,406</u>	<u>72,406</u>
Total Revenues	<u>6,672,000</u>	<u>6,672,000</u>	<u>6,912,760</u>	<u>240,760</u>
Transfers From Other Funds	<u>23,790</u>	<u>23,790</u>	<u>1,110,817</u>	<u>1,087,027</u>
Amounts Available for Appropriation	<u>10,903,820</u>	<u>10,903,820</u>	<u>11,592,178</u>	<u>688,358</u>
Charges to Appropriations (outflows):				
Current:				
Public Safety				
Traffic Signals, Signs, and Striping	848,918	857,918	748,292	109,626
Streets				
Street Maintenance	2,740,882	2,753,882	2,555,556	198,326
Street Lighting	469,563	515,227	513,561	1,666
Street Sweeping	461,836	461,836	437,022	24,814
Storm Drain Maintenance	470,495	493,040	398,277	94,763
Curbs, Gutters, and Sidewalks	410,671	410,671	369,469	41,202
Environmental Health				
Lot Cleaning	23,790	23,840	14,748	9,092
Capital Outlay	<u>198,938</u>	<u>108,679</u>	<u>53,784</u>	<u>54,895</u>
Total Expenditures	<u>5,625,093</u>	<u>5,625,093</u>	<u>5,090,709</u>	<u>534,384</u>
Transfers To Other Funds	<u>3,258,897</u>	<u>3,258,897</u>	<u>1,622,742</u>	<u>1,636,155</u>
Total Charges to Appropriations	<u>8,883,990</u>	<u>8,883,990</u>	<u>6,713,451</u>	<u>2,170,539</u>
Budgetary Fund Balance, June 30	<u>\$ 2,019,830</u>	<u>\$ 2,019,830</u>	<u>\$ 4,878,727</u>	<u>\$ 2,858,897</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 City Road Tax Fund
 For the Year Ended June 30, 2003

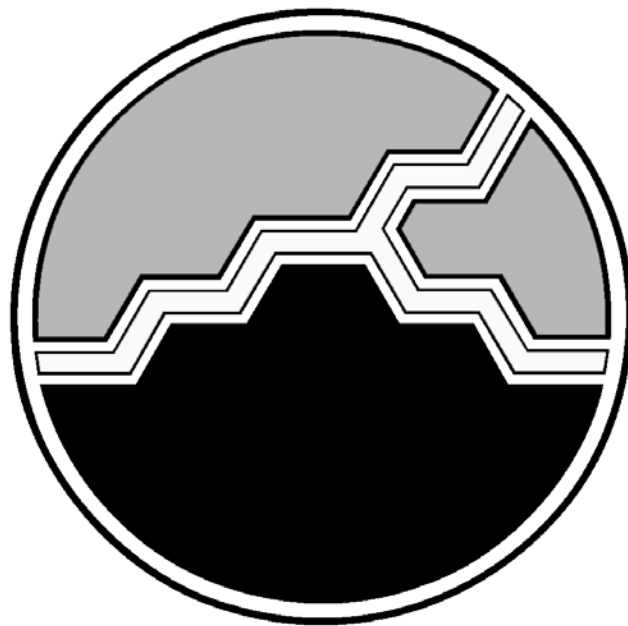
	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 3,335,658	\$ 3,335,658	\$ 3,302,919	\$ (32,739)
Resources (inflows):				
Taxes				
Special Road Sales Tax	6,916,500	6,916,500	6,617,396	(299,104)
Use of Money and Property				
Interest	150,000	150,000	37,755	(112,245)
Miscellaneous				
Other	-	-	372	372
Total Revenues	<u>7,066,500</u>	<u>7,066,500</u>	<u>6,655,523</u>	<u>(410,977)</u>
Amounts Available for Appropriation	<u>10,402,158</u>	<u>10,402,158</u>	<u>9,958,442</u>	<u>(443,716)</u>
Charges to Appropriations (outflows):				
Current:				
Streets				
Street Maintenance	298,010	298,010	301,714	(3,704)
Retention Basin Maintenance	343,828	317,653	308,441	9,212
Capital Outlay	-	18,014	14,426	3,588
Debt Service				
Principal	-	-	700,000	(700,000)
Interest and Fiscal Agent Fees	-	-	36,286	(36,286)
Total Expenditures	<u>641,838</u>	<u>633,677</u>	<u>1,360,867</u>	<u>(727,190)</u>
Transfers to Other Funds	<u>8,507,484</u>	<u>8,507,484</u>	<u>5,879,764</u>	<u>2,627,720</u>
Total Charges to Appropriations	<u>9,149,322</u>	<u>9,141,161</u>	<u>7,240,631</u>	<u>1,900,530</u>
Budgetary Fund Balance, June 30	<u>\$ 1,252,836</u>	<u>\$ 1,260,997</u>	<u>\$ 2,717,811</u>	<u>\$ 1,456,814</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Grants Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,668	\$ 8,668	\$ 8,668	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	12,027,167	12,027,167	2,851,825	(9,175,342)
State Government	2,788,216	2,788,216	174,619	(2,613,597)
Budget Authority Reserve	600,000	600,000	-	(600,000)
Use of Money and Property				
Interest	-	-	12,474	12,474
Contributions/Donations	87,657	87,657	2,045	(85,612)
Total Revenues	15,503,040	15,503,040	3,040,963	(12,462,077)
Amounts Available for Appropriation	15,511,708	15,511,708	3,049,631	(12,462,077)
Charges to Appropriations (outflows):				
Current:				
Public Safety	1,375,151	1,425,094	1,240,862	184,232
Parks, Recreation and Culture	44,657	53,087	14,509	38,578
Environmental Health and Protection	7,187,500	7,129,127	383,211	6,745,916
Community Design & Development	1,000	1,000	1,306	(306)
Capital Outlay	50,000	50,000	-	50,000
Total Expenditures	8,658,308	8,658,308	1,639,888	7,018,420
Operating Transfers Out	8,230,400	8,230,400	1,401,075	6,829,325
Total Charges to Appropriations	16,888,708	16,888,708	3,040,963	13,847,745
Budgetary Fund Balance, June 30	\$ (1,377,000)	\$ (1,377,000)	\$ 8,668	\$ 1,385,668

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Community Redevelopment Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	3,817,846	3,817,846	1,459,468	(2,358,378)
State Government	300,000	300,000	567,579	267,579
Use of Money and Property				
Rental Receipts	-	-	269	269
Miscellaneous				
Loan Repayments	15,000	15,000	(7,276)	(22,276)
Other	515,000	515,000	39,965	(475,035)
Sale of Real Property	-	-	-	-
Total Revenues	4,647,846	4,647,846	2,060,005	(2,587,841)
Increase in Long-Term Contracts	-	-	500,000	500,000
Amounts Available for Appropriation	4,647,846	4,647,846	2,560,005	(2,087,841)
Charges to Appropriations (outflows):				
Current:				
Community Design and Development	3,333,855	3,326,355	2,211,921	1,114,434
Capital Outlay	13,991	21,491	48,537	(27,046)
Debt Service				
Interest and Fiscal Agent Fees	-	-	7,091	(7,091)
Total Expenditures	3,347,846	3,347,846	2,267,549	1,080,297
Operating Transfers Out	1,300,000	1,300,000	292,456	1,007,544
Total Charges to Appropriations	4,647,846	4,647,846	2,560,005	2,087,841
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -



**- 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, 2003

<u>Assets</u>	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Cash and Investments	\$ 17,269	\$ 1,487,795	\$ -	\$ 788,662
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	-	-	154,264	8,777
Intergovernmental	-	208,951	73	16,975
Accrued Interest	1,062	9,111	-	2,083
Due From Other Funds	-	-	-	-
Inventory, at cost	-	-	-	8,159
Prepaid Items	-	-	-	1,852
Total Assets	\$ 18,331	\$ 1,705,857	\$ 154,337	\$ 826,508
<u>Liabilities</u>				
Liabilities:				
Accounts Payable	\$ 142	\$ 1,181	\$ 66,678	\$ 42,260
Accrued Payroll and Related Taxes	-	-	33,043	41,914
Due to Other Funds	-	-	54,616	-
Deferred Revenue	-	-	-	21,171
Total Liabilities	142	1,181	154,337	105,345
<u>Fund Balances</u>				
Reserved for:				
Inventory	-	-	-	8,159
Prepaid Items	-	-	-	1,852
Unreserved:				
Designated for Subsequent Years' Expenditures	-	-	-	41,779
Undesignated	18,189	1,704,676	-	669,373
Total Fund Balance	18,189	1,704,676	-	721,163
Total Liabilities and Fund Balance	\$ 18,331	\$ 1,705,857	\$ 154,337	\$ 826,508

The accompanying notes are an integral part of these financial statements

<u>Special Revenue</u>		Total
<u>Two Percent Tax</u>	<u>Yuma Mall Maintenance</u>	<u>Nonmajor Governmental Funds</u>
-		
\$ 232,809	\$ 26,935	\$ 2,553,470
-	421	163,462
-	630	226,629
2,116	-	14,372
221,477	-	221,477
-	-	8,159
75,000	-	76,852
<u>\$ 531,402</u>	<u>\$ 27,986</u>	<u>\$ 3,264,421</u>

\$ 283	\$ 20,168	\$ 130,712
-	7,818	82,775
-	-	54,616
-	-	21,171
<u>283</u>	<u>27,986</u>	<u>289,274</u>

-	-	8,159
75,000	-	76,852
-	-	41,779
456,119	-	2,848,357
<u>531,119</u>	<u>-</u>	<u>2,975,147</u>
<u>\$ 531,402</u>	<u>\$ 27,986</u>	<u>\$ 3,264,421</u>

City of Yuma, Arizona
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2003

	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Revenues:				
Taxes	\$ -	\$ 2,646,059	\$ -	\$ -
Intergovernmental	434,212	-	-	-
Charges for Services	-	-	1,180,390	-
Use of Money and Property	7,341	45,920	-	481,091
Contributions/Donations	25,620	-	-	-
Miscellaneous	-	-	8,001	20,426
Total Revenues	<u>467,173</u>	<u>2,691,979</u>	<u>1,188,391</u>	<u>501,517</u>
Expenditures:				
Current:				
Parks, Recreation and Culture	-	-	-	1,797,880
Environmental Health and Protection	-	-	2,502,126	-
Community Design and Development	85,423	-	-	-
Capital Outlay	-	-	-	71,925
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Agent Fees	-	-	-	-
Total Expenditures	<u>85,423</u>	<u>-</u>	<u>2,502,126</u>	<u>1,869,805</u>
Revenues Over/(Under) Expenditures	381,750	2,691,979	(1,313,735)	(1,368,288)
Other Financing Sources/(Uses):				
Transfers In	-	216,420	1,335,283	1,650,000
Transfers Out	(383,949)	(2,778,822)	(21,548)	(20,624)
Total Other Financing Sources/(Uses)	<u>(383,949)</u>	<u>(2,562,402)</u>	<u>1,313,735</u>	<u>1,629,376</u>
Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	(2,199)	129,577	-	261,088
Fund Balances, July 1	<u>20,388</u>	<u>1,575,099</u>	<u>-</u>	<u>460,075</u>
Fund Balances, June 30	<u>\$ 18,189</u>	<u>\$ 1,704,676</u>	<u>\$ -</u>	<u>\$ 721,163</u>

The accompanying notes are an integral part of these financial statements

<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>
\$ 2,741,989	\$ 83,184	\$ 5,471,232
-	-	434,212
-	-	1,180,390
11,497	-	545,849
-	-	25,620
<u>18,645</u>	<u>12,432</u>	<u>59,504</u>
<u>2,772,131</u>	<u>95,616</u>	<u>7,716,807</u>
732,026	-	2,529,906
-	-	2,502,126
-	376,365	461,788
-	12,999	84,924
-	-	-
-	-	-
<u>732,026</u>	<u>389,364</u>	<u>5,578,744</u>
2,040,105	(293,748)	2,138,063
-	293,748	3,495,451
<u>(2,080,427)</u>	<u>-</u>	<u>(5,285,370)</u>
<u>(2,080,427)</u>	<u>293,748</u>	<u>(1,789,919)</u>
(40,322)	-	348,144
<u>571,441</u>	<u>-</u>	<u>2,627,003</u>
<u>\$ 531,119</u>	<u>\$ -</u>	<u>\$ 2,975,147</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Municipal Property Corporation Bonds Debt Service Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 1,484,212	\$ 1,484,212
Resources (inflows):				
Use of Money and Property:				
Interest	-	-	7,436	7,436
Total Revenues	-	-	7,436	7,436
Proceeds from Refunding Bonds	-	-	18,990,000	18,990,000
Transfers In from Other Funds	5,340,756	5,340,756	5,524,445	183,689
Amounts Available for Appropriation	<u>5,340,756</u>	<u>5,340,756</u>	<u>26,006,093</u>	<u>20,665,337</u>
Charges to Appropriations (outflows):				
Debt Service:				
Bond Principal	3,995,000	3,995,000	3,995,000	-
Bond Interest	1,235,226	1,235,226	2,701,167	(1,465,941)
Fiscal Agent Fees	110,528	110,528	110,528	-
Total Expenditures	<u>5,340,754</u>	<u>5,340,754</u>	<u>6,806,695</u>	<u>(1,465,941)</u>
Payment to Refunded Bond Escrow	-	-	19,199,277	19,199,277
Total Charges to Appropriations	<u>5,340,754</u>	<u>5,340,754</u>	<u>26,005,972</u>	<u>(1,465,941)</u>
Budgetary Fund Balance, June 30	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 121</u>	<u>\$ 119</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Capital Projects Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 5,139,019	\$ 5,139,019	\$ 3,355,019	\$ (1,784,000)
Resources (inflows):				
Charges for Services				
Developer Charges	150,000	150,000	129,010	(20,990)
Use of Money and Property				
Rents	50,000	50,000	295,230	245,230
Interest	-	-	65,792	65,792
Miscellaneous	2,962,498	2,962,498	25,000	(2,937,498)
Total Revenues	3,162,498	3,162,498	515,032	(2,647,466)
Proceeds from Long-Term Debt	14,966,900	14,966,900	12,000,000	(2,966,900)
Transfers From Other Funds	23,422,784	23,422,784	10,842,535	(12,580,249)
Amounts Available for Appropriation	46,691,201	46,691,201	26,712,586	(19,978,615)
Charges to Appropriations (outflows):				
Capital Outlay:				
General Government	5,888,700	6,015,249	3,799,661	2,215,588
Public Safety	4,573,400	4,547,257	461,003	4,086,254
Streets	14,694,699	14,276,620	7,837,624	6,438,996
Parks, Recreation and Culture	12,818,564	12,576,803	6,064,992	6,511,811
Environmental Health and Safety	4,432,800	4,440,900	576,322	3,864,578
Debt Service:				
Principal	-	523,334	533,334	(10,000)
Interest and Fiscal Agent Fees	-	17,000	16,636	364
Total Expenditures	42,408,163	42,397,163	19,289,572	23,107,591
Operating Transfers Out	-	-	1,455,800	(1,455,800)
Total Charges to Appropriations	42,408,163	42,397,163	20,745,372	21,651,791
Budgetary Fund Balance, June 30	\$ 4,283,038	\$ 4,294,038	\$ 5,967,214	\$ 1,673,176

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Local Transportation Assistance Special Revenue Fund
 For the Year Ended June 30, 2003

	<u>Budget</u>		Actual	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 20,000	\$ 20,000	\$ 20,388	\$ 388
Resources (inflows):				
Intergovernmental				
State Lottery Distribution	418,000	418,000	434,212	16,212
Use of Money and Property				
Interest	2,400	2,400	7,341	4,941
Contributions/Donations	<u>40,000</u>	<u>40,000</u>	<u>25,620</u>	<u>(14,380)</u>
Total Revenues	<u>460,400</u>	<u>460,400</u>	<u>467,173</u>	<u>6,773</u>
Amounts Available for Appropriation	<u>480,400</u>	<u>480,400</u>	<u>487,561</u>	<u>7,161</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Outside Agencies - Cultural Council	<u>105,423</u>	<u>105,423</u>	<u>85,423</u>	<u>20,000</u>
Total Expenditures	<u>105,423</u>	<u>105,423</u>	<u>85,423</u>	<u>20,000</u>
Operating Transfers Out	<u>354,977</u>	<u>354,977</u>	<u>383,949</u>	<u>(28,972)</u>
Total Charges to Appropriations	<u>460,400</u>	<u>460,400</u>	<u>469,372</u>	<u>(8,972)</u>
Budgetary Fund Balance, June 30	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 18,189</u>	<u>\$ (1,811)</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Public Safety Tax Special Revenue Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,191,680	\$ 2,191,680	\$ 1,575,099	\$ (616,581)
Resources (inflows):				
Taxes				
Public Safety Sales Tax	2,766,600	2,766,600	2,646,059	(120,541)
Use of Money and Property				
Interest	105,000	105,000	45,920	(59,080)
Total Revenues	<u>2,871,600</u>	<u>2,871,600</u>	<u>2,691,979</u>	<u>(179,621)</u>
Transfers from Other Funds	-	-	216,420	216,420
Amounts Available for Appropriation	<u>5,063,280</u>	<u>5,063,280</u>	<u>4,483,498</u>	<u>(579,782)</u>
Charges to Appropriations (outflows):				
Operating Transfers Out	<u>2,807,926</u>	<u>2,807,926</u>	<u>2,778,822</u>	<u>29,104</u>
Total Charges to Appropriations	<u>2,807,926</u>	<u>2,807,926</u>	<u>2,778,822</u>	<u>29,104</u>
Budgetary Fund Balance, June 30	<u>\$ 2,255,354</u>	<u>\$ 2,255,354</u>	<u>\$ 1,704,676</u>	<u>\$ 550,678</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Solid Waste Special Revenue Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Charges for Service				
Collection Fees	1,134,000	1,134,000	1,180,390	46,390
Miscellaneous				
Other	5,000	5,000	8,001	3,001
Total Revenues	1,139,000	1,139,000	1,188,391	49,391
Transfers from Other Funds	1,530,871	1,530,871	1,335,283	(195,588)
Amounts Available for Appropriation	2,669,871	2,669,871	2,523,674	(146,197)
Charges to Appropriations (outflows):				
Current:				
Environmental Health and Protection				
Residential Services	2,135,463	2,135,463	2,152,325	(16,862)
Uncontained Waste	341,211	341,211	306,761	34,450
Recycling	60,581	60,581	41,919	18,662
Capital Outlay	105,000	105,000	-	105,000
Total Expenditures	2,642,255	2,642,255	2,502,126	140,129
Transfers to Other Funds	27,616	27,616	21,548	6,068
Total Charges to Appropriations	2,669,871	2,669,871	2,523,674	146,197
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Recreation Complex Special Revenue Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 287,482	\$ 287,482	\$ 460,075	\$ 172,593
Resources (inflows):				
Use of Money and Property				
Rents and Concessions	423,500	423,500	469,762	46,262
Interest	7,000	7,000	11,329	4,329
Miscellaneous				
Other	5,000	5,000	20,426	15,426
Total Revenues	<u>435,500</u>	<u>435,500</u>	<u>501,517</u>	<u>66,017</u>
Transfers from Other Funds	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>
Amounts Available for Appropriation	<u>2,372,982</u>	<u>2,372,982</u>	<u>2,611,592</u>	<u>238,610</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Civic and Convention Center	1,377,867	1,391,968	1,239,700	152,268
Baseball Complex	582,210	583,231	558,180	25,051
Capital Outlay	<u>115,500</u>	<u>141,356</u>	<u>71,925</u>	<u>69,431</u>
Total Expenditures	<u>2,075,577</u>	<u>2,116,555</u>	<u>1,869,805</u>	<u>246,750</u>
Transfers to Other Funds	<u>215,000</u>	<u>215,000</u>	<u>20,624</u>	<u>194,376</u>
Total Charges to Appropriations	<u>2,290,577</u>	<u>2,331,555</u>	<u>1,890,429</u>	<u>441,126</u>
Budgetary Fund Balance, June 30	<u>\$ 82,405</u>	<u>\$ 41,427</u>	<u>\$ 721,163</u>	<u>\$ 679,736</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Two Percent Tax Special Revenue Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 465,344	\$ 465,344	\$ 571,441	\$ 106,097
Resources (inflows):				
Taxes				
Two Percent Tax	2,725,000	2,725,000	2,741,989	16,989
Use of Money and Property				
Interest	25,000	25,000	11,497	(13,503)
Miscellaneous				
Other	-	-	18,645	18,645
Total Revenues	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,772,131</u>	<u>22,131</u>
Amounts Available for Appropriation	<u>3,215,344</u>	<u>3,215,344</u>	<u>3,343,572</u>	<u>128,228</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Administration	18,165	18,165	22,026	(3,861)
Outside Agencies	<u>710,000</u>	<u>710,000</u>	<u>710,000</u>	<u>-</u>
Total Expenditures	<u>728,165</u>	<u>728,165</u>	<u>732,026</u>	<u>(3,861)</u>
Operating Transfers Out	<u>2,155,639</u>	<u>2,155,639</u>	<u>2,080,427</u>	<u>75,212</u>
Total Charges to Appropriations	<u>2,883,804</u>	<u>2,883,804</u>	<u>2,812,453</u>	<u>71,351</u>
Budgetary Fund Balance, June 30	<u>\$ 331,540</u>	<u>\$ 331,540</u>	<u>\$ 531,119</u>	<u>\$ 199,579</u>

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Yuma Mall Maintenance Special Revenue Fund
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes				
Mall Assessments	74,000	74,000	83,184	9,184
Miscellaneous				
Other	7,000	7,000	12,432	5,432
Total Revenues	81,000	81,000	95,616	14,616
Transfers from Other Funds	357,043	357,043	293,748	(63,295)
Amounts Available for Appropriation	438,043	438,043	389,364	(48,679)
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Mall Maintenance	390,457	392,035	376,365	15,670
Capital Outlay	-	46,008	12,999	33,009
Total Expenditures	390,457	438,043	389,364	48,679
Total Charges to Appropriations	390,457	438,043	389,364	48,679
Budgetary Fund Balance, June 30	\$ 47,586	\$ -	\$ -	\$ -



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 Net Assets
Nonmajor Proprietary Funds
June 30, 2003

<u>Assets</u>	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Current Assets:			
Cash and Investments	\$ 2,751	\$ 127,477	\$ 130,228
Receivables, Net of Allowance for Uncollectibles:			
Accounts Receivable	6,484	-	6,484
Intergovernmental	544	-	544
Accrued Interest	-	555	555
Inventory, at cost	82,434	2,163	84,597
Prepaid Expenses	4,197	-	4,197
Total Current Assets	96,410	130,195	226,605
Fixed Assets:			
Buildings	3,102,865	-	3,102,865
Improvements Other than Buildings	2,370,096	645,571	3,015,667
Equipment	226,104	21,866	247,970
Gross Fixed Assets	5,699,065	667,437	6,366,502
Less Accumulated Depreciation	1,891,713	361,290	2,253,003
Fixed Assets Net of Depreciation	3,807,352	306,147	4,113,499
Construction In Progress	457	-	457
Total Fixed Assets	3,807,809	306,147	4,113,956
Total Assets	3,904,219	436,342	4,340,561
 <u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	70,208	5,186	75,394
Accrued Payroll and Related Taxes	88,025	6,372	94,397
Current Portion-Long-Term Contracts	-	4,609	4,609
Due to Other Funds	221,477	-	221,477
Deferred Revenue	1,748	-	1,748
Total Current Liabilities Payable from Current Assets	381,458	16,167	397,625
Total Liabilities	381,458	16,167	397,625
 <u>Net Assets</u>			
Invested in capital assets, net of related debt	3,807,809	306,147	4,113,956
Unrestricted	(285,048)	114,028	(171,020)
Total Net Assets	\$ 3,522,761	\$ 420,175	\$ 3,942,936

The accompanying notes are an integral part of these financial statements

City of Yuma, Arizona
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2003

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Operating Revenues:			
Green Fees	\$ 974,484	\$ 229,359	\$ 1,203,843
Cart and Club Rental	266,883	9,984	276,867
Pro Shop Sales	344,285	2,298	346,583
Restaurant Sales	386,114	-	386,114
Total Operating Revenues	<u>1,971,766</u>	<u>241,641</u>	<u>2,213,407</u>
Operating Expenses:			
Operations and Maintenance	2,035,705	234,307	2,270,012
Depreciation and Amortization	246,902	29,253	276,155
Total Operating Expenses	<u>2,282,607</u>	<u>263,560</u>	<u>2,546,167</u>
Operating Loss	<u>(310,841)</u>	<u>(21,919)</u>	<u>(332,760)</u>
Non-Operating Revenues/(Expenses):			
Interest	-	3,033	3,033
Interest and Fiscal Agent Fees	-	(645)	(645)
Miscellaneous Revenues/(Expenses)	(245)	59	(186)
Net Non-Operating Revenues/(Expenses)	<u>(245)</u>	<u>2,447</u>	<u>2,202</u>
Deficit before Contributions and Transfers	(311,086)	(19,472)	(330,558)
Transfers In	50,841	-	50,841
Transfers Out	<u>(237,788)</u>	<u>-</u>	<u>(237,788)</u>
Change in Net Assets	(498,033)	(19,472)	(517,505)
Net Assets-beginning	<u>4,020,794</u>	<u>439,647</u>	<u>4,460,441</u>
Net Assets-ending	<u>\$ 3,522,761</u>	<u>\$ 420,175</u>	<u>\$ 3,942,936</u>

The accompanying notes are an integral part of these financial statements

City of Yuma, Arizona
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2003

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 1,961,941	\$ 241,641	\$ 2,203,582
Cash Paid to Employees	(836,695)	(115,072)	(951,767)
Cash Paid to Suppliers	(1,126,758)	(117,597)	(1,244,355)
Other Operating Activity Revenue/(Expense)	(245)	59	(186)
Net Cash Provided by/(Used for) Operating Activities	(1,757)	9,031	7,274
Cash Flows from Noncapital Financing Activities:			
Cash Received from Other Funds	272,318	-	272,318
Cash Paid to Other Funds	(237,788)	(53,629)	(291,417)
Net Cash Provided by/(Used for) Noncapital Financing Activities	34,530	(53,629)	(19,099)
Cash Flow from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(42,852)	-	(42,852)
Net Cash Used for Capital and Related Financing Activities	(42,852)	-	(42,852)
Cash Flows from Investing Activities:			
Receipt of Interest	-	4,123	4,123
Net Cash Provided by Investing Activities	-	4,123	4,123
Net Decrease in Cash and Cash Equivalents	(10,079)	(40,475)	(50,554)
Cash and Cash Equivalents, July 1	12,830	167,952	180,782
Cash and Cash Equivalents, June 30	\$ 2,751	\$ 127,477	\$ 130,228
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (310,841)	\$ (21,919)	\$ (332,760)
Adjustments to Reconcile Operating Income/(Loss)			
Depreciation and Amortization Expense	246,901	29,252	276,153
(Increase)/Decrease in Accounts Receivables	(1,991)	-	(1,991)
(Increase)/Decrease in Inventories	67,095	(142)	66,953
Increase/(Decrease) in Accounts Payable	6,698	2,426	9,124
(Increase)/Decrease in Prepaid Items	(768)	-	(768)
Increase/(Decrease) in Accrued Wages and Taxes Payable	(770)	(645)	(1,415)
(Decrease) in Due to Other Funds	(166)	-	(166)
Increase/(Decrease) in Deferred Revenue	(7,670)	-	(7,670)
Other Operating Activity Revenue/(Expense)	(245)	59	(186)
Total Adjustments	309,084	30,950	340,034
Net Cash Provided by Operating Activities	\$ (1,757)	\$ 9,031	\$ 7,274

The accompanying notes are an integral part of these financial statements

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Water Enterprise Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Inside City	\$ 7,570,800	\$ 7,570,800	\$ 8,030,928	\$ 460,128
Outside City	1,270,600	1,270,600	1,427,183	156,583
Commercial Raw Water	212,000	212,000	224,666	12,666
Meters, Connections and Services	226,704	226,704	232,602	5,898
Capital Contributions:				
System Development	170,000	170,000	285,659	115,659
Capacity Rights	1,200,000	1,200,000	1,487,413	287,413
Proceeds from Long-Term Debt	13,470,840	13,470,840	3,696,541	(9,774,299)
Interest	449,000	449,000	276,649	(172,351)
Miscellaneous	21,000	21,000	97,636	76,636
Total Revenues	<u>24,590,944</u>	<u>24,590,944</u>	<u>15,759,277</u>	<u>(8,831,667)</u>
Transfers from Other Funds	-	-	-	-
Amounts Available for Appropriation	<u>24,590,944</u>	<u>24,590,944</u>	<u>15,759,277</u>	<u>(8,831,667)</u>
Charges to Appropriations (outflows):				
Current:				
Administration	2,189,816	1,885,750	1,569,014	316,736
Treatment	3,600,571	3,700,816	3,300,334	400,482
Water Transmission	1,017,405	1,038,115	901,171	136,944
Customer Services	407,737	412,121	392,654	19,467
Water Transfer	37,710	53,894	38,858	15,036
Laboratory	275,836	324,742	182,142	142,600
Capital Outlay:				
Capital Outlay	253,337	366,974	68,716	298,258
Capital Projects	20,639,840	20,650,840	3,152,825	17,498,015
Debt Service:				
Principal Retirement	948,117	948,117	880,000	68,117
Interest and Fiscal Agent Fees	608,238	608,238	641,441	(33,203)
Total Expenditures	<u>29,978,607</u>	<u>29,989,607</u>	<u>11,127,155</u>	<u>18,862,452</u>
Transfers to Other Funds	342,222	342,222	64,047	278,175
Total Charges to Appropriations	<u>30,320,829</u>	<u>30,331,829</u>	<u>11,191,202</u>	<u>19,140,627</u>
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	<u>\$ (5,729,885)</u>	<u>\$ (5,740,885)</u>	<u>4,568,075</u>	<u>\$ 10,308,960</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			68,716	
Capital Projects			3,152,825	
Principal Retirement			880,000	
Proceeds from Long-Term Debt			(3,696,541)	
Capital Contributions for Subdivider Additions to System			418,904	
Depreciation and Amortization			<u>(3,335,421)</u>	
Change in Net Assets			<u>\$ 2,056,558</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
 Wastewater Enterprise Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Inside City	\$ 4,891,500	\$ 4,891,500	\$ 5,366,427	\$ 474,927
Outside City	317,500	317,500	331,498	13,998
Contractual/Industrial Services	649,900	649,900	879,742	229,842
Meters, Connections and Services	41,000	41,000	52,150	11,150
Capital Contributions:				
Capacity Rights	500,000	500,000	1,674,141	1,174,141
Wastewater Interceptor	166,000	166,000	384,097	218,097
Wastewater Trunk Line Charges	2,800	2,800	22,888	20,088
Proceeds from Long-Term Debt	27,509,400	27,509,400	6,711,649	(20,797,751)
Interest	481,400	481,400	295,463	(185,937)
Miscellaneous	5,500	5,500	6,345	845
Total Revenues	<u>34,565,000</u>	<u>34,565,000</u>	<u>15,724,400</u>	<u>(18,840,600)</u>
Amounts Available for Appropriation	<u>34,565,000</u>	<u>34,565,000</u>	<u>15,724,400</u>	<u>(18,840,600)</u>
Current:				
Administration	1,090,287	862,878	991,288	(128,410)
Treatment	2,989,986	3,116,315	3,057,041	59,274
Pretreatment	292,850	297,850	266,776	31,074
Collection	466,369	474,869	468,058	6,811
Laboratory	245,810	245,810	140,337	105,473
Capital Outlay:				
Capital Outlay	204,095	248,158	77,760	170,398
Capital Projects	29,409,100	29,409,100	5,047,265	24,361,835
Debt Service:				
Interest and Fiscal Agent Fees	-	-	79,292	(79,292)
Total Expenditures	<u>34,698,497</u>	<u>34,654,980</u>	<u>10,127,817</u>	<u>24,527,163</u>
Transfers To Other Funds	<u>342,125</u>	<u>342,125</u>	<u>335,842</u>	<u>6,283</u>
Total Charges to Appropriations	<u>35,040,622</u>	<u>34,997,105</u>	<u>10,463,659</u>	<u>24,533,446</u>
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	<u>\$ (475,622)</u>	<u>\$ (432,105)</u>	<u>5,260,741</u>	<u>\$ 5,692,846</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			77,760	
Capital Projects			5,047,265	
Proceeds from Long-Term Debt			(6,711,649)	
Capital Contributions for Subdivider Additions to System			1,166,226	
Depreciation and Amortization			(2,075,842)	
Change in Net Assets			<u>\$ 2,764,501</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
Desert Hills Golf Course Enterprise Fund
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Green Fees	\$ 1,118,000	\$ 1,118,000	\$ 974,484	\$ (143,516)
Cart and Club Rental	255,000	255,000	266,883	11,883
Pro Shop Sales	412,000	412,000	344,285	(67,715)
Restaurant Sales	535,000	535,000	386,114	(148,886)
Miscellaneous	-	-	2,223	2,223
Total Revenues	2,320,000	2,320,000	1,973,989	(346,011)
Transfers From Other Funds	50,841	50,841	50,841	-
Amounts Available for Appropriation	2,370,841	2,370,841	2,024,830	(346,011)
Charges to Appropriations (outflows):				
Current:				
Maintenance	1,053,285	1,055,785	931,468	124,317
Concession	531,374	531,374	703,909	(172,535)
Restaurant	569,222	569,222	402,796	166,426
Capital Outlay:				
Capital Outlay	105,488	102,988	42,835	60,153
Capital Projects	55,000	55,000	5,000	50,000
Total Expenditures	2,314,369	2,314,369	2,086,008	228,361
Transfers To Other Funds	250,841	250,841	237,788	13,053
Total Charges to Appropriations	2,565,210	2,565,210	2,323,796	241,414
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (194,369)	\$ (194,369)	(298,966)	\$ (104,597)
Reconciliation to Change in Net Assets:				
Capital Outlay			42,835	
Capital Projects			5,000	
Depreciation and Amortization			(246,902)	
Change in Net Assets			\$ (498,033)	

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, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Resources (inflows):				
Green Fees	\$ 251,200	\$ 251,200	\$ 229,359	\$ (21,841)
Cart and Club Rental	9,400	9,400	9,984	584
Pro Shop Sales	2,500	2,500	2,298	(202)
Interest	4,700	4,700	3,033	(1,667)
Miscellaneous	600	600	59	(541)
Total Revenues	268,400	268,400	244,733	(23,667)
Amounts Available for Appropriation	268,400	268,400	244,733	(23,667)
Charges to Appropriations (outflows):				
Current:				
Maintenance	225,517	225,517	176,597	48,920
Concession	72,485	72,485	57,710	14,775
Debt Service:				
Principal Retirement	53,000	53,000	52,984	16
Interest	2,200	2,200	645	1,555
Total Expenditures	353,202	353,202	287,936	65,266
Total Charges to Appropriations	353,202	353,202	287,936	65,266
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (84,802)	\$ (84,802)	(43,203)	\$ 41,599
Reconciliation to Change in Net Assets:				
Principal Retirement			52,984	
Depreciation and Amortization			(29,253)	
Change in Net Assets			\$ (19,472)	

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

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

Workman's Compensation Trust Fund 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, 2003

<u>Assets</u>	Equipment Replacement	Employee Benefits Trust Fund	Workman's Compensation Trust Fund	Totals
Current Assets:				
Cash and Investments	\$ 13,835,346	\$ 466,425	\$ 453,971	\$ 14,755,742
Accounts Receivable	1,714	9,845	-	11,559
Accrued Interest	51,892	1,894	1,769	55,555
Total Current Assets	13,888,952	478,164	455,740	14,822,856
Capital Assets:				
Equipment	21,340,249	-	-	21,340,249
Less Accumulated Depreciation	11,178,173	-	-	11,178,173
Total Fixed Assets	10,162,076	-	-	10,162,076
Total Assets	24,051,028	478,164	455,740	24,984,932
 <u>Liabilities</u>				
Liabilities:				
Accounts Payable	129,255	127,458	32	256,745
Estimated Claims and Judgements	-	51,775	423,570	475,345
Due to Other Funds	-	15,000	-	15,000
Total Liabilities	129,255	194,233	423,602	747,090
 <u>Net Assets</u>				
Invested in capital assets, net of related debt	10,162,076	-	-	10,162,076
Unrestricted	13,759,697	283,931	32,138	14,075,766
Total Net Assets	\$ 23,921,773	\$ 283,931	\$ 32,138	\$ 24,237,842

City of Yuma, Arizona
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2003

	Equipment Replacement	Employee Benefits Trust Fund	Workman's Compensation Trust Fund	Totals
Operating Revenue:				
Contributions				
Employees	\$ -	\$ 1,264,404	\$ -	\$ 1,264,404
City	-	3,444,577	385,508	3,830,085
Equipment Rental	2,858,351	-	-	2,858,351
Miscellaneous	-	2,126	16,672	18,798
Total Operating Revenues	<u>2,858,351</u>	<u>4,711,107</u>	<u>402,180</u>	<u>7,971,638</u>
Operating Expenses:				
Claims Incurred	-	396,688	420,739	817,427
Premiums to Insurance Carriers	-	4,298,073	60,695	4,358,768
Administration	75,618	32,160	27,758	135,536
Depreciation	2,212,857	-	-	2,212,857
Total Operating Expenses	<u>2,288,475</u>	<u>4,726,921</u>	<u>509,192</u>	<u>7,524,588</u>
Operating Income/(Loss)	<u>569,876</u>	<u>(15,814)</u>	<u>(107,012)</u>	<u>447,050</u>
Non-Operating Revenue/(Expenses):				
Interest	317,548	10,757	7,170	335,475
Miscellaneous Expense	-	-	(10,574)	(10,574)
Gain on the Sale of Assets	158,639	-	-	158,639
Total Non-Operating Revenues	<u>476,187</u>	<u>10,757</u>	<u>(3,404)</u>	<u>483,540</u>
Change in Net Assets	1,046,063	(5,057)	(110,416)	930,590
Net Assets, Beginning	<u>22,875,710</u>	<u>288,988</u>	<u>142,554</u>	<u>23,307,252</u>
Net Assets, Ending	<u>\$ 23,921,773</u>	<u>\$ 283,931</u>	<u>\$ 32,138</u>	<u>\$ 24,237,842</u>

The accompanying notes are an integral part of these financial statements

City of Yuma, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2003

	Equipment Replacement	Employee Benefits Trust Fund	Workman's Compensation Trust Fund	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 2,781,019	\$ 4,709,333	\$ 402,395	\$ 7,892,747
Cash Paid to Employees	-	(106,365)	-	(106,365)
Cash Paid to Suppliers	-	(4,581,644)	(347,421)	(4,929,065)
Net Cash Flows Provided by/(Used for)				
Operating Activities	2,781,019	21,324	54,974	2,857,317
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Assets	166,079	-	-	166,079
Payments for Capital Acquisitions	(2,902,795)	-	-	(2,902,795)
Net Cash Flows Used for Capital and Related Financing Activities	(2,736,716)	-	-	(2,736,716)
Cash Flows from Investing Activities				
Receipt of Interest	333,225	9,719	(4,350)	338,594
Net Cash Flows Provided by Investing Activities	333,225	9,719	(4,350)	338,594
Net Increase/(Decrease) in Cash and Cash Equivalents	377,528	31,043	50,624	459,195
Cash and Cash Equivalents, July 1, 2002	13,457,818	435,382	403,348	14,296,548
Cash and Cash Equivalents, June 30, 2003	\$ 13,835,346	\$ 466,425	\$ 453,972	\$ 14,755,742
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ 569,876	\$ (15,814)	\$ (107,012)	\$ 447,050
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation Expense	2,212,857	-	-	2,212,857
(Increase)/Decrease in Accounts Receivable	(1,714)	(1,776)	215	(3,275)
Increase/(Decrease) in Accounts Payable	-	34,781	(138)	34,643
Increase in Claims Incurred but Not Reported	-	4,133	161,909	166,042
Total Adjustments	2,211,143	37,138	161,986	2,410,267
Net Cash Provided by/(Used for) Operating Activities	\$ 2,781,019	\$ 21,324	\$ 54,974	\$ 2,857,317
Noncash Transactions Affecting Financial Position:				
Purchase of Capital Assets with Financing Provided by Vendor	\$ 129,255	\$ -	\$ -	\$ 129,255
Total Noncash Transactions Affecting Financial Position	\$ 129,255	\$ -	\$ -	\$ 129,255

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

City of Yuma, Arizona
 Budgetary Comparison Schedule
 Equipment Replacement Internal Service Fund
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2003

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Resources (inflows):				
Charges for Services	\$ 2,856,588	\$ 2,856,588	\$ 2,858,351	\$ 1,763
Interest	<u>600,000</u>	<u>600,000</u>	<u>317,548</u>	<u>(282,452)</u>
Total Revenues	<u>3,456,588</u>	<u>3,456,588</u>	<u>3,175,899</u>	<u>(280,689)</u>
Amounts Available for Appropriation	<u>3,456,588</u>	<u>3,456,588</u>	<u>3,175,899</u>	<u>(280,689)</u>
Charges to Appropriations (outflows):				
Current				
Administration	75,618	75,618	75,618	-
Capital Outlay	<u>3,887,300</u>	<u>3,887,300</u>	<u>2,926,504</u>	<u>960,796</u>
Total Expenditures	<u>3,962,918</u>	<u>3,962,918</u>	<u>3,002,122</u>	<u>960,796</u>
Total Charges to Appropriations	<u>3,962,918</u>	<u>3,962,918</u>	<u>3,002,122</u>	<u>960,796</u>
Excess of Resources Over				
Charges to Appropriations	<u>\$ (506,330)</u>	<u>\$ (506,330)</u>	<u>173,777</u>	<u>\$ 680,107</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			2,926,504	
Gain on Sale of Assets			158,639	
Depreciation and Amortization			<u>(2,212,857)</u>	
Change in Net Assets			<u>\$ 1,046,063</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.



**CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

City of Yuma, Arizona
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Capital Assets by Source
 June 30, 2003

Governmental funds capital assets:

Land	\$ 11,576,484
Buildings and Improvements	73,042,977
Infrastructure	121,214,375
Construction in Progress	14,926,264
Equipment	<u>10,353,100</u>
 Total governmental funds fixed assets	 <u>\$ 231,113,200</u>

Investments in governmental funds capital assets by source:

From Current Revenues	\$ 85,847,930
From Special Revenues	134,103,099
From Grant-in-Aid	7,494,045
From Gifts	<u>3,668,126</u>
 Total governmental funds fixed assets	 <u>\$ 231,113,200</u>

NOTE: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Yuma, Arizona
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2003

	Land	Buildings and Improvements	Infrastructure	Construction In Progress	Equipment	Total
General Government:						
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ 12,088	\$ 12,088
General Government	3,403,645	25,092,309	-	839,636	5,480,258	34,815,848
City Administrator	10,732	484,433	-	-	22,298	517,463
City Attorney	-	-	-	-	14,493	14,493
Administrative Services	-	270,162	-	-	105,679	375,841
Information Technology	-	74,870	-	-	699,129	773,999
Total General Government	3,414,377	25,921,774	-	839,636	6,333,945	36,509,732
Public Safety						
Police	-	20,289,009	-	109,471	637,378	21,035,858
Fire	602,254	5,170,659	-	1,383	2,209,079	7,983,375
Municipal Court	-	-	-	251,493	38,904	290,397
Building Safety	-	-	-	-	51,648	51,648
Total Public Safety	602,254	25,459,668	-	362,346	2,937,009	29,361,277
Parks, Recreation and Culture						
General Recreation and Administration	1,064,214	17,193,946	-	3,255,888	477,088	21,991,136
Recreation Complex	-	3,403,256	-	-	145,240	3,548,496
	1,064,214	20,597,202	-	3,255,888	622,328	25,539,632
Environmental Health and Protection						
Public Works Administration	84,098	220,309	-	-	76,649	381,056
Equipment Maintenance Shop	263,225	19,251	-	-	55,544	338,020
Solid Waste	-	50,738	-	-	1,797	52,535
Total Environmental Health and Protection	347,323	290,298	-	-	133,990	771,611
Community Design and Development						
Engineering, Planning and Administration	217,358	774,035	-	-	178,245	1,169,638
Mall Maintenance	6,200	-	-	-	12,999	19,199
Total Community Design and Development	223,558	774,035	-	-	191,244	1,188,837
Streets	5,924,758	-	121,214,375	10,468,394	134,584	137,742,111
Total Governmental Funds Capital Assets	<u>\$ 11,576,484</u>	<u>\$ 73,042,977</u>	<u>\$ 121,214,375</u>	<u>\$ 14,926,264</u>	<u>\$ 10,353,100</u>	<u>\$ 231,113,200</u>

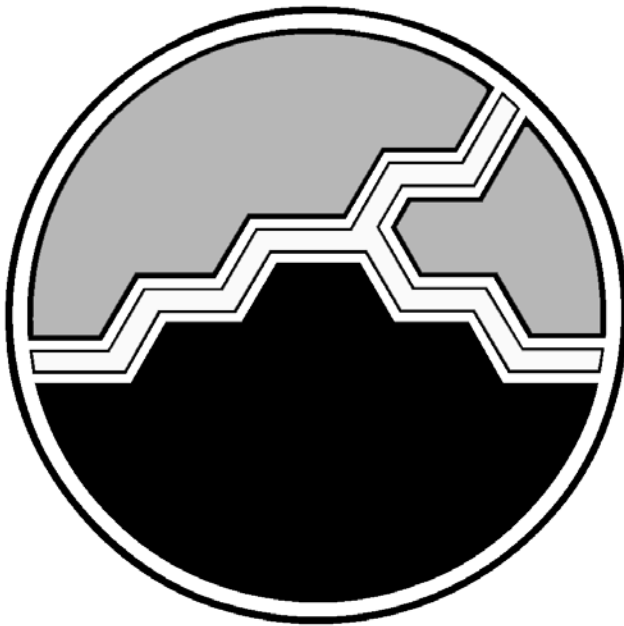
NOTE: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Yuma, Arizona
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
General Government				
Mayor and Council	\$ 12,088	\$ -	\$ -	\$ 12,088
General Government	30,998,282	3,817,565	-	34,815,848
City Administrator	514,869	2,594	-	517,463
City Attorney	14,493	-	-	14,493
Administrative Services	375,841	-	-	375,841
Information Technology	779,376	2,166	7,544	773,999
Total General Government	32,694,949	3,822,326	7,544	36,509,732
Public Safety				
Police	20,824,716	211,142	-	21,035,858
Fire	7,839,220	165,802	21,647	7,983,375
Municipal Court	79,502	210,895	-	290,397
Building Safety	46,516	5,132	-	51,648
Total Public Safety	28,789,954	592,971	21,647	29,361,277
Parks, Recreation and Culture				
General Recreation and Administration	15,936,263	6,094,008	39,135	21,991,136
Recreation Complex	3,478,190	71,924	1,618	3,548,496
Total Parks, Recreation and Culture	19,414,453	6,165,932	40,753	25,539,632
Environmental Health and Protection				
Public Works Administration	359,679	21,377	-	381,056
Equipment Maintenance Shop	338,020	-	-	338,020
Solid Waste	52,535	-	-	52,535
Total Environmental Health and Protection	750,234	21,377	-	771,611
Community Design and Development				
Engineering, Planning and Administration	1,118,475	59,806	8,643	1,169,638
Mall Maintenance	6,200	12,999	-	19,199
Total Community Design and Development	1,124,675	72,805	8,643	1,188,837
Streets	123,986,124	14,780,181	1,024,194	137,742,111
Total Governmental Funds Capital Assets	<u>\$ 206,760,389</u>	<u>\$ 25,455,592</u>	<u>\$ 1,102,781</u>	<u>\$ 231,113,200</u>

NOTE: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION



City of Yuma, Arizona

**Table I
Government-wide Expenses by Function
Two Fiscal Years**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Parks Recreation and Culture</u>	<u>Environmental Health and Protection</u>	<u>Community Design and Development</u>	<u>Interest on Long-Term Debt</u>	<u>Total</u>
2001-02	\$ 3,477,585	\$ 23,566,887	\$ 9,098,421	\$ 8,526,230	\$ 3,250,679	\$ 5,246,150	\$ 3,227,438	\$ 56,393,390
2002-03	6,949,944	25,454,716	7,943,638	8,862,044	2,936,066	6,368,629	2,877,856	\$ 61,392,893

Source: Statement of Activities

City of Yuma, Arizona

Table II
Government-wide Revenues
Two Fiscal Years

Fiscal Year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Shared Revenues	Grants and contributions not restricted to specific programs	Unrestricted Investment Earnings	
2001-02	\$ 23,302,928	\$ 2,794,501	\$ 7,910,255	\$ 32,212,207	\$ 23,257,853	\$ -	\$ 2,227,028	\$ 91,704,772
2002-03	25,956,177	3,431,138	7,089,346	32,882,114	24,225,246	7,576,850	1,451,812	\$ 102,612,683

City of Yuma, Arizona

**Table III
General Governmental Expenditures by Function
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Streets	Parks Recreation and Culture	Environmental Health and Protection	Community Design and Development	Capital Outlay	Debt Service	Total
1993-94	\$ 2,966,622	\$ 13,390,672	\$ 3,390,811	\$ 4,393,630	\$ 2,616,090	\$ 2,686,705	\$4,061,308	\$ 635,823	\$ 34,141,661
1994-95	3,310,521	14,540,768	3,818,333	4,927,496	2,936,146	2,540,748	6,268,560	311,743	38,654,315
1995-96	3,507,223	15,414,741	4,087,147	5,295,885	2,679,826	3,065,678	14,233,788	2,102,423	50,386,711
1996-97	2,892,817	16,598,461	4,333,310	5,716,071	3,459,715	2,804,504	21,141,249	4,356,132	61,302,259
1997-98	3,201,449	17,159,134	3,525,923	5,557,476	2,933,404	2,598,481	26,763,764	4,555,709	66,295,340
1998-99	3,431,900	17,695,284	3,421,245	5,798,588	2,313,673	4,241,837	19,101,666	4,499,767	60,503,960
1999-00	3,833,734	19,422,879	4,156,528	6,541,240	2,400,834	4,826,992	12,773,991	5,699,179	59,655,377
2000-01	3,498,091	20,732,963	4,163,416	6,704,068	2,823,020	4,810,570	23,091,843	6,047,871	71,871,842
2001-02	4,001,300	22,659,901	4,393,203	7,427,950	3,174,722	5,330,885	37,311,007	7,572,940	91,871,908
2002-03	4,732,282	24,364,021	4,884,040	7,765,244	3,000,245	6,337,964	19,197,677	8,120,042	78,401,515

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Source: General, Special Revenue, Debt Service and Capital Projects Funds

City of Yuma, Arizona

**Table IV
General Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Use of Money and Property	Miscellaneous Revenue	Total
1993-94	\$ 15,350,018	\$ 346,468	\$ 16,134,529	\$ 1,954,112	\$ 444,465	\$ 879,535	\$ 725,476	\$ 35,834,603
1994-95	18,985,947	448,347	18,226,966	1,933,434	384,598	1,268,540	647,741	41,895,573
1995-96	21,524,540	1,277,644	20,711,518	1,855,171	525,982	2,100,613	745,012	48,740,480
1996-97	23,198,296	708,271	18,929,681	1,685,051	420,915	2,639,263	1,532,728	49,114,205
1997-98	24,710,870	681,672	19,635,508	1,528,534	486,047	2,291,095	1,063,783	50,397,509
1998-99	25,666,570	947,752	23,329,979	1,671,621	511,115	1,634,317	274,530	54,035,884
1999-00	28,412,684	1,249,632	24,683,344	2,110,970	447,813	1,922,970	371,053	59,198,466
2000-01	31,994,899	1,464,096	24,587,495	2,411,318	587,620	2,630,216	354,744	64,030,388
2001-02	32,131,817	1,438,768	27,698,796	2,875,958	670,837	2,493,973	284,348	67,594,497
2002-03	32,812,488	2,062,847	29,298,169	2,982,623	801,121	1,429,018	363,829	69,750,095

City of Yuma, Arizona

**Table V
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
1993-94	\$3,670,845	\$ 7,855,849	\$ 913,222	\$ -	\$ 940,775	\$ 806,815	\$ 1,024,123	\$ 42,000	\$ 96,389	\$15,350,018
1994-95	3,579,519	8,172,410	3,903,429	391,077	17,793	1,766,817	1,025,146	42,000	87,756	18,985,947
1995-96	3,962,082	8,497,121	4,146,044	1,701,619	10,902	1,997,930	1,028,738	42,000	138,104	21,524,540
1996-97	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
1997-98	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
1998-99	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
1999-00	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
2000-01	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
2001-02	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
2002-03	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

City of Yuma, Arizona

Table VI
Intergovernmental Shared Revenues
Last Ten Fiscal Years

Fiscal Year	Sales Tax	Revenue Sharing	Auto In-Lieu	Highway Users	Local Transportation Assistance	Grants and Others (Table VII)	Total
1993-94	\$ 3,889,282	\$ 3,580,336	\$ 1,212,759	\$ 5,110,653	\$ 435,468	\$ 1,906,031	\$ 16,134,529
1994-95	4,350,840	4,056,699	1,267,830	5,258,881	430,730	2,861,986	18,226,966
1995-96	4,595,727	4,350,984	1,488,372	5,575,537	435,038	4,265,860	20,711,518
1996-97	4,267,201	4,577,465	1,654,496	5,115,826	428,877	2,885,816	18,929,681
1997-98	4,506,916	5,171,767	1,595,995	5,768,654	439,556	2,152,620	19,635,508
1998-99	5,002,193	6,212,451	2,030,291	6,038,703	424,669	3,621,672	23,329,979
1999-00	5,515,532	6,958,385	2,075,329	6,715,766	418,463	2,999,869	24,683,344
2000-01	5,779,653	7,303,100	2,235,482	6,157,241	425,571	2,686,448	24,587,495
2001-02	5,973,339	8,084,914	2,345,195	6,414,401	440,004	4,440,943	27,698,796
2002-03	6,062,278	8,250,011	2,746,086	6,732,659	434,212	5,072,923	29,298,169

City of Yuma, Arizona

Table VII
Intergovernmental Revenues - Grants and Other
Last Ten Fiscal Years

Fiscal Year	Federal						State of Arizona				Local Government	Total
	Justice	Interior	Housing/Urban Development (CDBG)	Economic Development Administration	Other HUD	Other	Parks	Commerce	Transportation	Other		
1993-94	\$ 797,712	\$ -	\$ 734,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,242	\$ 89,927	\$ 1,906,031
1994-95	771,975	-	595,269	634,827	-	-	-	99,252	-	162,102	598,561	2,861,986
1995-96	780,737	-	1,857,444	1,429,672	-	-	5,160	92,927	-	430	99,490	4,265,860
1996-97	986,309	405,521	857,700	453,001	-	-	-	17,907	-	-	165,378	2,885,816
1997-98	855,001	119,355	794,492	35,766	-	-	36,000	3,935	-	257,318	50,753	2,152,620
1998-99	869,432	109,421	1,372,433	9,234	-	38,543	-	286,709	600,000	275,869	60,031	3,621,672
1999-00	948,716	172,030	1,215,765	-	82,536	89,525	169,567	20,339	40,000	46,535	214,856	2,999,869
2000-01	970,255	158,271	706,783	-	199,998	156,327	393,823	10,054	-	90,937	-	2,686,448
2001-02	1,010,764	405,198	640,280	-	229,712	507,488	753,502	264,684	240,890	366,161	22,264	4,440,943
2002-03	1,309,351	1,398,560	991,044	-	169,579	413,527	96,498	441,101	-	233,831	19,432	5,072,923

City of Yuma, Arizona

**Table VIII
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collection as Percent of Current Levy</u>
1993-94	\$ 3,541,505	\$ 3,414,770	96.42%	\$ 256,075	\$ 3,670,845	103.65%
1994-95	3,726,867	3,427,048	91.96%	152,471	\$ 3,579,519	96.05%
1995-96	3,857,407	3,750,005	97.22%	212,077	\$ 3,962,082	102.71%
1996-97	4,081,166	3,869,125	94.80%	181,689	\$ 4,050,814	99.26%
1997-98	4,285,195	4,163,448	97.16%	191,929	\$ 4,355,377	101.64%
1998-99	4,463,402	4,334,970	97.12%	151,849	\$ 4,486,819	100.52%
1999-00	4,711,704	4,569,886	96.99%	160,779	\$ 4,730,665	100.40%
2000-01	4,988,638	5,099,285	102.22%	144,699	\$ 5,243,984	105.12%
2001-02	5,240,594	5,071,973	96.78%	121,102	\$ 5,193,075	99.09%
2002-03	5,569,705	5,339,296	95.86%	186,250	\$ 5,525,546	99.21%

Source: Collections - General Fund
Levy - Yuma County Assessor

City of Yuma, Arizona

Table IX
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year	Type	Assessed Value	Estimated Actual Value	Ratio of Assessed to Estimated Value
1993	Primary	\$ 182,561,196	\$ 1,372,800,939	13.30%
	Secondary	193,571,175	1,467,556,166	13.19%
1994	Primary	189,877,024	1,439,167,745	13.19%
	Secondary	193,571,175	1,467,556,166	13.19%
1995	Primary	196,326,119	1,509,609,831	13.01%
	Secondary	199,659,445	1,632,866,550	12.23%
1996	Primary	206,526,304	1,594,672,075	12.95%
	Secondary	208,341,336	1,609,362,821	12.95%
1997	Primary	215,315,388	1,671,162,740	12.88%
	Secondary	218,762,985	1,691,827,028	12.93%
1998	Primary	224,268,102	1,734,925,006	12.93%
	Secondary	232,397,991	1,780,360,890	13.05%
1999	Primary	236,744,301	1,852,024,345	12.78%
	Secondary	245,008,969	1,902,825,605	12.88%
2000	Primary	250,659,103	1,930,815,864	12.98%
	Secondary	256,612,102	1,969,848,043	13.03%
2001	Primary	271,369,779	2,141,691,122	12.67%
	Secondary	278,555,470	2,201,668,090	12.65%
2002	Primary	299,108,816	2,343,016,774	12.77%
	Secondary	305,708,909	2,395,671,220	12.76%

City of Yuma, Arizona

**Table X
Property Tax Rates Per \$100 of Assessed Valuation-Direct and Overlapping Governments
Last Ten Fiscal Years**

Tax Year	Tax Type	State	County	City	Yuma Union High School District No. 70	School District No. 1	School District No. 13	Community College District	Library District	Flood Control District	Total Within	
											School District No. 1	School District No. 13
1993	Primary	\$ 0.4700	\$ 2.4642	\$ 1.9399	\$ 2.3915	\$ 2.2567	\$ 2.3420	\$ 1.8400	\$ -	\$ -	\$ 11.3623	\$ 11.4476
	Secondary	-	0.3128	-	0.6185	0.9094	1.5269	0.3772	-	-	2.2179	2.8354
1994	Primary	0.4700	2.4642	1.9628	2.5603	2.4097	2.2080	1.8722	-	-	11.7392	11.5375
	Secondary	-	-	-	1.1109	1.1627	1.6386	0.3517	0.4352	0.5000	3.5605	4.0364
1995	Primary	0.4700	2.4500	1.9771	2.5636	2.2795	2.3105	1.8356	-	-	11.5758	11.6068
	Secondary	-	-	-	1.1041	1.1892	1.4128	0.3301	0.4831	0.5000	3.6065	3.8301
1996	Primary	-	2.4500	1.9771	2.5670	2.2859	2.3071	1.4106	-	-	10.6906	10.7118
	Secondary	-	-	-	1.1058	1.2157	1.4367	0.3454	0.4831	0.5000	3.6500	3.8710
1997	Primary	-	2.8480	1.9902	2.3610	2.2923	2.6132	1.8218	-	-	11.3133	11.6342
	Secondary	-	-	-	0.9954	1.3415	1.1248	0.3305	0.5040	0.2490	3.4204	3.2037
1998	Primary	-	2.8480	1.9902	2.3759	2.5027	2.6191	1.8072	-	-	11.5240	11.6404
	Secondary	-	-	-	0.9307	1.3002	1.3949	0.3138	0.5040	0.3500	3.3987	3.4934
1999	Primary	-	2.8397	1.9902	2.2269	2.5612	2.1935	1.8216	-	-	11.4396	11.0719
	Secondary	-	-	-	0.9121	1.5049	1.2755	0.3012	0.5040	0.3500	3.5722	3.3428
2000	Primary	-	2.8303	1.9902	2.2387	2.4934	2.0975	1.8181	-	-	11.3707	10.9748
	Secondary	-	-	-	0.8793	1.5377	1.4225	0.2815	0.5040	0.3500	3.5525	3.4373
2001	Primary	-	2.3180	1.9192	2.4303	2.8157	2.5481	1.8267	-	-	11.3099	11.0423
	Secondary	-	-	-	0.8753	1.2510	1.3288	0.2759	0.5040	0.3500	3.2562	3.3340
2002	Primary	-	2.3180	1.8621	2.4792	2.2718	2.5445	1.7542	-	-	10.6853	10.9580
	Secondary	-	-	-	0.7880	1.4277	1.2473	0.2550	0.5040	0.3500	3.3247	3.1443

Source: Yuma County Assessor

City of Yuma, Arizona

**Table XI
Computation of Direct and Overlapping Debt
June 30, 2003**

Jurisdiction	Debt Outstanding	Allocable to City of Yuma	
		Percent	Amount
City of Yuma	\$ -	100.00%	\$ -
Yuma County	40,265,000	50.14%	20,190,468
Yuma County Community College District	11,155,000	50.14%	5,593,559
Yuma Union High School District No. 70	15,610,000	54.04%	8,435,135
Yuma School District No. 1	27,740,000	56.13%	15,571,718
Yuma School District No. 13	10,575,000	64.49%	<u>6,819,846</u>
Total Overlapping Debt			<u>\$ 56,610,726</u>

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Source: Yuma County Treasurer
and Yuma County Assessor

City of Yuma, Arizona

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

<u>Fiscal Year</u>	<u>Population (1)(2)</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>
1993-94	60,125	\$ 185,073,619	\$ -	\$ -	\$ -
1994-95	60,457	193,571,175	-	-	-
1995-96	63,150	198,439,931	-	-	-
1996-97	65,130	208,341,336	-	-	-
1997-98	68,160	218,762,985	-	-	-
1998-99	69,055	232,397,991	-	-	-
1999-00	71,000	245,008,969	-	-	-
2000-01	77,515	256,612,102	-	-	-
2001-02	79,530	278,555,470	-	-	-
2002-03	80,300	305,708,909	-	-	-

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Source: (1) Census data
 (2) City of Yuma, Department of Community Development

City of Yuma, Arizona

**Table XIII
Special Assessments Collections
Last Ten Fiscal Years**

Fiscal Year	Current Assessments Due	Assessments Collected	Ratio of Collections to Amount Due	Outstanding Delinquent Assessments (1)
1993-94	\$ 352,611	\$ 352,611	100%	\$ -
1994-95	296,000	296,000	100%	-
1995-96	278,052	278,052	100%	-
1996-97	243,965	243,965	100%	-
1997-98	234,868	234,868	100%	-
1998-99	12,480	12,480	100%	-
1999-00	12,701	13,094	103%	-
2000-01	6,181	6,181	100%	-
2001-02	-	-	-	-
2002-03	-	-	-	-

(1) All assessments are either paid when due or sold to independent bidders when delinquent. In the event there are no interested bidders, the delinquency must be satisfied from available funds of the City; therefore, all assessments are considered collected currently. Fiscal year 1999-00 included \$393 prepaid for the subsequent fiscal year, reducing FY 2000-01 assessments due from \$6,574 to \$6,181.

City of Yuma, Arizona

Table XIV
 Computation of Legal Debt Limitation
 June 30, 2003

Legal Debt Limitation	General Obligation Bonds	
	Water, Sewer Lights, Parks (20%)	All Others (6%)
2002 Tax Year Secondary Assessed Valuation	\$ 305,708,909	\$ 18,342,535
Outstanding General Obligation Debt:		
Project 1992	2,760,000	-
Project 1997	7,745,000	-
Total General Obligation Debt	10,505,000	-
	<u>\$ 50,636,782</u>	<u>\$ 18,342,535</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

Table XV
Ratio of Debt Service of General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1993-94	\$ -	\$ -	\$ -	\$ 34,141,661	-
1994-95	-	-	-	38,654,315	-
1995-96	-	-	-	50,386,711	-
1996-97	-	-	-	61,302,259	-
1997-98	-	-	-	66,568,726	-
1998-99	-	-	-	60,503,960	-
1999-00	-	-	-	59,655,377	-
2000-01	-	-	-	71,871,842	-
2001-02	-	-	-	91,871,908	-
2002-03	-	-	-	78,401,515	-

City of Yuma, Arizona

Table XVI
 Schedule of Water and Wastewater Revenue Bond Coverage
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenues Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
1993-94	\$ 11,632,799	\$ 6,553,131	\$ 5,079,668	\$ 785,000	\$ 273,588	\$ 1,058,588
1994-95	12,019,211	7,130,005	4,889,206	860,000	206,863	1,066,863
1995-96	13,051,001	7,610,591	5,440,410	935,000	131,612	1,066,612
1996-97	13,940,833	8,075,960	5,864,873	650,000	59,150	709,150
1997-98	13,497,421	8,011,547	5,485,874	-	-	-
1998-99	13,382,190	8,267,029	5,115,161	-	-	-
1999-00	14,433,719	8,902,681	5,531,038	-	-	-
2000-01	15,114,842	9,562,567	5,552,275	-	-	-
2001-02	15,952,585	10,139,060	5,813,525	-	-	-
2002-03	17,221,289	11,307,682	5,913,607	-	-	-

(1) Excludes depreciation, amortization and other water expenses subordinate to debt service.

City of Yuma, Arizona

Table XVII
Pledged Tax Collections

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Local Taxes							
Sales Tax (1%)	\$ 9,190,489	\$ 9,848,292	\$ 10,354,676	\$ 11,342,233	\$ 12,836,934	\$ 13,116,950	\$ 13,237,042
Franchise Fee	1,489,875	1,434,706	1,266,830	2,038,281	2,377,544	2,077,810	1,961,272
Intergovernmental Revenues:							
State Revenue Sharing	4,577,465	5,171,767	6,212,451	6,958,385	7,303,100	8,084,914	8,250,011
State Sales Tax	4,267,201	4,506,916	5,002,193	5,515,532	5,779,653	5,973,339	6,062,278
Auto In-Lieu Tax	1,654,496	1,595,995	2,030,291	2,075,329	2,235,482	2,345,195	2,746,086
Emergency Services and Other	14,634	17,702	18,079	21,856	19,675	22,264	19,432
Licenses:							
Business Licenses	282,976	288,771	286,644	273,704	262,991	210,565	297,643
Liquor Licenses	34,020	32,342	32,395	26,560	27,990	27,185	27,765
Fees for Services:							
Building Permits and Inspection Fees	537,079	499,810	912,959	1,318,636	1,543,648	1,550,072	2,343,219
Recreation Fees	282,596	267,065	286,838	305,014	332,466	341,523	355,658
Police Services and Other Public Safety Fees	210,534	434,843	253,442	423,643	495,782	482,394	705,976
Use of Money and Property:							
Investment Income	226,266	149,523	174,856	278,612	457,415	461,606	243,955
Fines, Forfeitures and Penalties:							
City Court Fines	420,915	486,047	511,115	447,813	587,620	670,837	801,121
<i>Total Series B Pledged Taxes</i>	<u>23,188,546</u>	<u>24,733,779</u>	<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>
Additional Series A Pledged Taxes							
City Public Safety Taxes (.2%)	1,838,760	2,002,155	2,105,780	2,306,895	2,566,078	2,578,704	2,646,059
<i>Total Series A Pledged Taxes</i>	<u>25,027,306</u>	<u>26,735,934</u>	<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>
Additional Series C Pledged Taxes							
City Special Taxes (2%)	2,098,408	2,190,493	2,313,453	2,363,269	2,490,071	2,652,152	2,741,989
<i>Total Series C Pledged Taxes</i>	<u>\$ 25,286,954</u>	<u>\$ 26,924,272</u>	<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>
<i>Gross Excise Tax Pledged Revenues</i>	<u>\$ 27,125,714</u>	<u>\$ 28,926,427</u>	<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>

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

Source: City of Yuma Administrative Services Department

City of Yuma, Arizona

Table XVIII
 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>	
2002-03 Pledged Taxes	\$ 39,697,517	\$ 37,051,458	\$ 39,793,447	
2003-04 Debt related to pledge:				Total
2003 Ref 1995 Series A	\$ 1,562,228	\$ -	\$ -	\$ 1,562,228
2003 Ref 1995 Series B	-	994,381	-	994,381
2003 Ref 1995 Series C	-	-	231,025	231,025
1998 Series	-	1,350,050	-	1,350,050
2001 Series	-	1,647,825	-	1,647,825
Total Debt	<u>\$ 1,562,228</u>	<u>\$ 3,992,256</u>	<u>\$ 231,025</u>	<u>\$ 5,785,509</u>
Coverage	25.4	9.3	172.2	
Required Coverage	4.0	3.0	3.5	
 <i>Collective Coverage</i>				
2002-03 Pledged Taxes	\$ 39,697,517	\$ 37,051,458	\$ 39,793,447	
Total 2003-04 Debt	<u>\$ 5,785,509</u>	<u>\$ 5,785,509</u>	<u>\$ 5,785,509</u>	
Coverage	6.9	6.4	6.9	
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

Table XIX
 Building Permits, Bank Deposits and Retail Sales
 Last Ten Fiscal Years

Tax Year	Building Permits (1)				Yuma County	
	Commercial		Residential		Bank Deposits(2)	Retail Sales(3)
	No.	Value	No.	Value	In Thousands	
1993	286	\$ 28,456,506	619	\$ 23,480,659	\$ 599,336	\$ 535,681
1994	605	20,795,722	239	19,313,100	606,842	590,452
1995	265	17,613,928	620	23,915,670	651,312	626,043
1996	582	26,664,589	391	34,298,598	538,041	650,114
1997	430	40,281,141	373	20,370,303	606,965	671,821
1998	247	17,236,498	431	37,795,329	782,120	715,746
1999	241	25,249,505	633	26,625,914	740,482	762,778
2000	186	24,818,824	466	49,925,047	725,000	820,348
2001	343	42,381,125	568	60,363,660	792,000	855,556
2002	313	29,838,982	576	66,248,737	922,000	866,972

(1) Calendar year permits issued by City of Yuma Community Development Department

(2) Arizona Banker's Association, 2001 N. Third Street, Ste 205, Phoenix, AZ (602)258-1200

(3) Arizona Department of Revenue website, Annual Report
 (excludes restaurants, bars, hotels and motor fuel)

City of Yuma, Arizona

Table XX
Assessed Valuation of Ten Major Property Taxpayers
June 30, 2003

Taxpayer	Primary Assessed Valuation	Percentage of Total
Dole Fresh Vegetables	\$ 3,921,777	1.45%
HPI-FW West Partners (Super WalMart Center)	1,954,997	0.72%
Reynolds Robert L. Trust Agreement	1,854,160	0.68%
Shaw Industries	1,499,893	0.55%
Shilo Inn	1,418,394	0.52%
YCAM Ltd AZ (limited partnership)	1,370,367	0.50%
Dayton-Hudson Corporation (Target Stores)	1,347,772	0.50%
Simon Real Estate Group (Southgate Mall)	1,347,311	0.50%
Global Crossing North American Network	1,342,627	0.49%
Tanimura and Antle, Inc.	1,337,052	0.49%
Total Taxpayers	<u>\$ 17,394,350</u>	6.41%
Total Assessed Valuation	<u>\$ 271,369,779</u>	100.00%

Source: Yuma County Assessor

Note: Excluded from the list are centrally-assessed utility and railroad values. These properties represent approximately 10% of total assessed valuation.

City of Yuma, Arizona

**Table XXI
Miscellaneous Statistical Data
June 30, 2003**

Incorporated:	April 14, 1914
First Charter:	June 11, 1914
Last Charter Amendment:	January 2, 2002
Form of Government:	Council-Manager

Most Recent Election:

General:	November 6, 2001
Registered Voters:	23,099
Votes Cast:	4,380
Percentage Voting:	19.00%

Public Works:

Streets (Miles est.)	
Paved	300
Unpaved	5
Alleys	45
Street lights	4,250
Refuse Collection:	
Accounts	18,229
Quantity Collected (tons)	33,993
Water Services:	
Connections	22,723
Customers	21,877
Miles of Lines	427
Storage Capacity (million gallons)	13.5
Daily Treatment Capacity (million gallons)	41
Annual Quantity Processed (billion gallons)	9.32
Wastewater Services:	
Sanitary Sewers	
Miles of Lines	261
Processing Capacity (million gallons daily)	12.26
Quantity Processed (million gallons daily)	8.31

Year	Square Miles	Population
2003	108.49	80,300 (Estimated)
2000	106.60	77,515
1995	22.90	60,457
1990	21.74	56,966
1985	21.55	46,400
1980	18.46	43,057
1975	8.00	30,081
1970	7.92	29,007
1960	7.79	23,974

Schools:

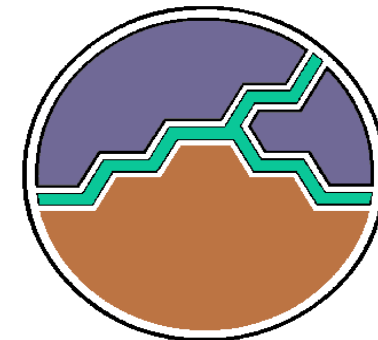
Schools	38
Teachers (est)	1,361
Enrollment (est)	24,352

Parks:

Park acreage	553
Municipal golf courses (acres)	175
Swimming Pools	3
Activity Centers	7
Cemetery (acres)	40
Retention Basins (acres)	150

Public Safety:

Fire Protection:	
Stations:	5
Employees:	103
Police Protection:	
Units-marked:	63
Units-unmarked:	53
Motorcycles:	7
Employees:	228



City of Yuma

