

# Comprehensive Annual Financial Report



**City of Yuma, Arizona**  
**For the Fiscal Year Ended June 30, 2004**

City of Yuma  
Arizona

# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2004

Prepared by:

## Finance Department

Donald (Pat) Wicks, CPA  
Director

Bonnie A. Robinson  
Accounting Manager

*About the Cover:*

The Yuma Art Center in Historic Downtown Yuma opened in February 2004. The renovated 1912 Historic Yuma Theatre is the centerpiece of the Art Center. The facility also has four visual art galleries and abundant classroom/workshop space. Over 30,000 people have enjoyed a performance, exhibition, class or an event in our new home for the arts!. Color Photograph used with permission by Nels Akerlund Photography - [WWW.NelsAkerlund.com](http://WWW.NelsAkerlund.com)

## CITY COUNCIL

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

## City Administration

Robert L. Wagner  
City Administrator

Robert L. Stull  
Deputy City Administrator

## City Departments

City Attorney  
Steven W. Moore

City Clerk  
Brigitta M. Kuiper

Community Development  
Gary R. Burroughs

Finance  
Donald (Pat) Wicks

Fire Department  
Jack McArthur, Chief

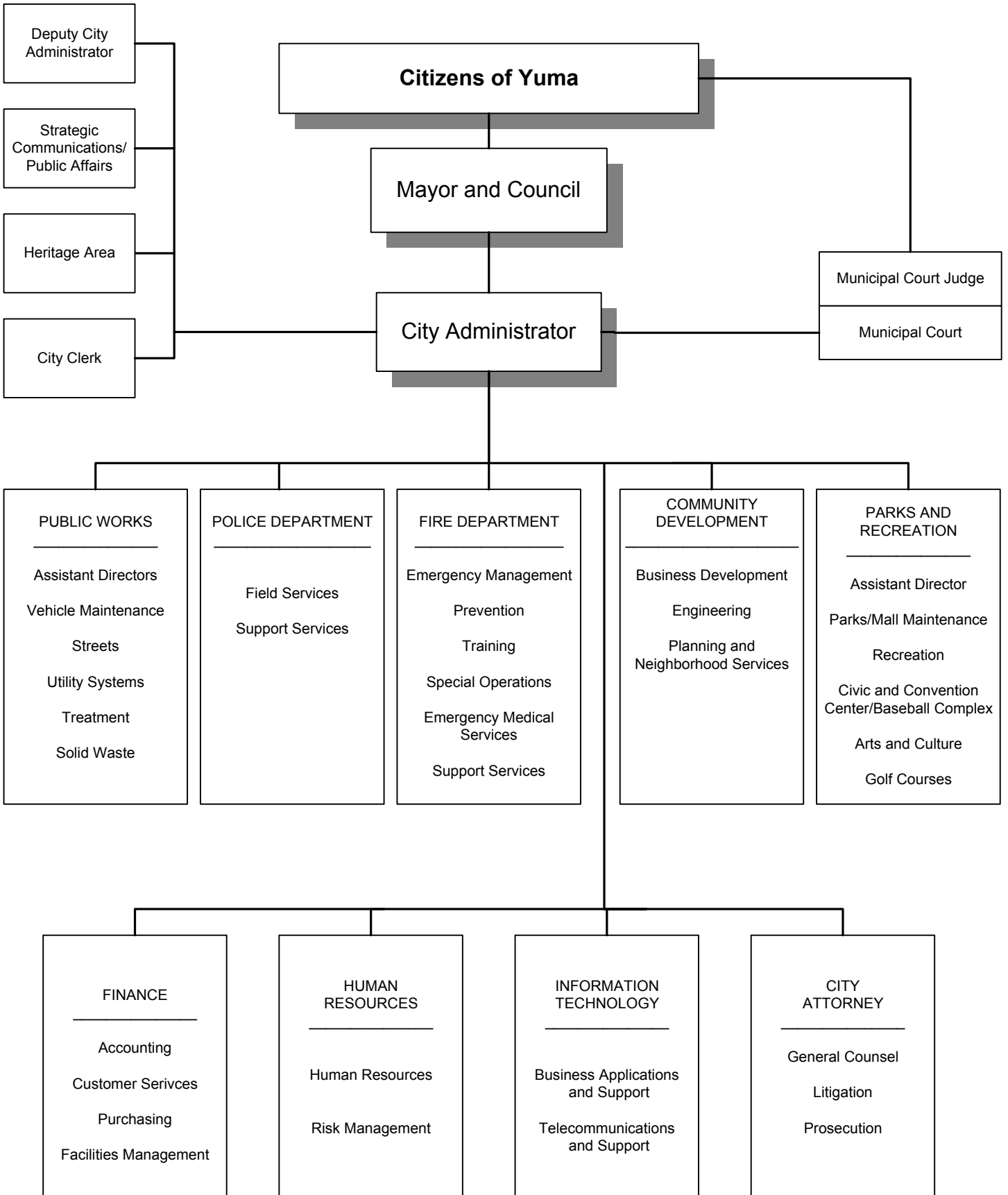
Information Technology  
Laura S. Neinast

Municipal Court  
Douglas S. Stanley, Judge

Parks and Recreation  
Stephen D. Bills

Police Department  
William D. (Robby) Robinson, Chief

Public Works  
Gary R. Burroughs



Deputy City Administrator

Strategic Communications/  
Public Affairs

Heritage Area

City Clerk

**Citizens of Yuma**

Mayor and Council

City Administrator

Municipal Court Judge

Municipal Court

**PUBLIC WORKS**

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Assistant Directors

Vehicle Maintenance

Streets

Utility Systems

Treatment

Solid Waste

**POLICE DEPARTMENT**

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Field Services

Support Services

**FIRE DEPARTMENT**

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Emergency Management

Prevention

Training

Special Operations

Emergency Medical Services

Support Services

**COMMUNITY DEVELOPMENT**

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Business Development

Engineering

Planning and Neighborhood Services

**PARKS AND RECREATION**

---

Assistant Director

Parks/Mall Maintenance

Recreation

Civic and Convention Center/  
Baseball Complex

Arts and Culture

Golf Courses

**FINANCE**

---

Accounting

Customer Services

Purchasing

Facilities Management

**HUMAN RESOURCES**

---

Human Resources

Risk Management

**INFORMATION TECHNOLOGY**

---

Business Applications and Support

Telecommunications and Support

**CITY ATTORNEY**

---

General Counsel

Litigation

Prosecution

**City of Yuma, Arizona**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2004**

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**City of Yuma, Arizona**  
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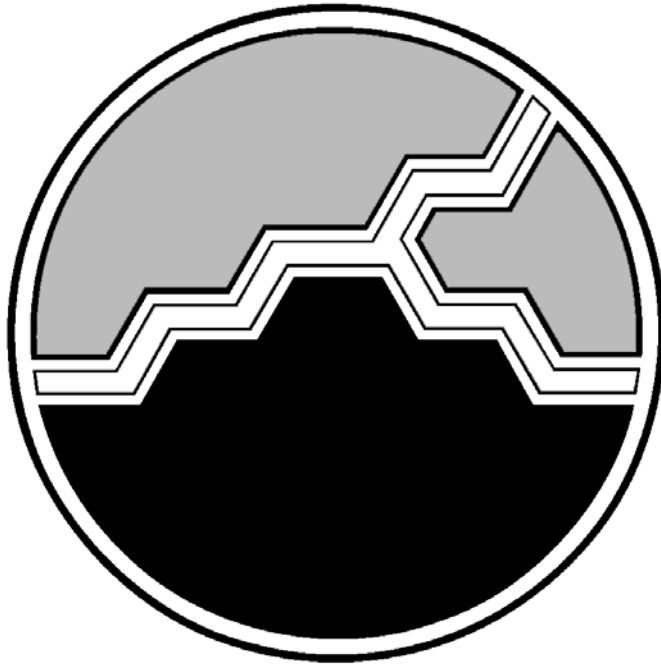
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# **INTRODUCTORY SECTION**





## FINANCE DEPARTMENT

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Fax: (928) 373-5084

### City of YUMA

September 23, 2004

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Yuma, Arizona for the fiscal year ended June 30, 2004. 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, 2004, 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, 2004, 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 \$1 billion in revenues annually<sup>1</sup>. Several major agricultural companies, most notably Dole Food Company, maintain operations here. Their chief consumer products are packaged produce and salad mixes, popular products for today's convenience-minded customers. The Yuma area's stable allocation of Colorado River water will assure that agriculture remains the foundation of Yuma's economy.

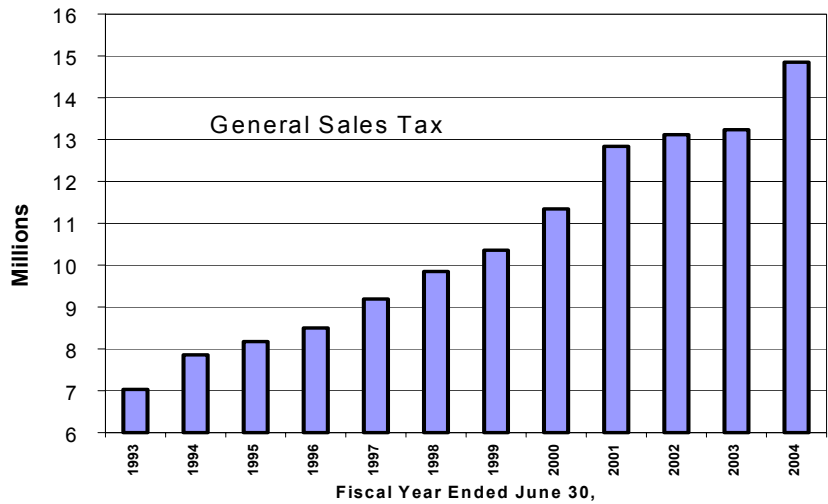
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<sup>1</sup> Source: Yuma County Chamber of Commerce

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

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

**Economic Growth.** Yuma's most reliable indicator of the condition of its economy is sales tax. The graph at right reflects the last twelve years of data. Until the last few years, collections averaged a better than 7% increase annually. Beginning after 2001, Yuma's collections dipped slightly to a 1% growth, although Yuma escaped the dramatic downturns affecting the larger population centers. For 2004, sales tax more than rebounded and surpassed its historic growth pattern with a 12% increase over 2003. Planning for fiscal year 2005 includes a conservative 5% growth in sales tax collections.



Yuma's basis as a regional retail center expanded during 2004 with the construction of a 1 million square foot shopping center. A number of nationally known retail operations will be opening shortly after the beginning of the fiscal year. A grand opening celebration is scheduled for November 2004.

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

**LONG-TERM FINANCIAL PLANNING**

**Yuma Crossing National Heritage Area.** Plans to restore, preserve and interpret the Yuma Crossing National Heritage area began more than thirty years ago. A study at the time aimed at gaining full economic and recreational benefit from the Colorado River for the Yuma area. The river, once the primary reason for Yuma's existence, 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 National Heritage Area in 2000, the first such National Heritage Area west of the Mississippi River.

During fiscal year 2004, the West Wetlands Park opened. Once a landfill, this park is becoming a showcase of riverfront revitalization. During the year, the East Wetlands portion of the plan began construction to restore natural vegetation and wildlife habitat. With continued diligence, the City is determined to continue development of historic and cultural activities so important in meeting the Council's goals in enriching the area's cultural attributes. Progress in providing opportunities for local residents and for attracting employers to the area to continue to diversify the economy is dependent on continuing these plans.

**Downtown redevelopment.** Revitalization of the downtown area is a vital component of management of the Heritage Area. During 2004, the City completed construction and renovation related to the historic Yuma Theater

and new Yuma Arts Center. Along with recent private developments in the area, the opening of the new art center will help the downtown area to grow into a cultural and recreational portion of the Heritage Area.

**East Mesa development.** Construction of the new East Mesa Water and Wastewater Treatment plants continued during 2004. The eastern edge of the City on the Yuma Mesa continues to grow. These two plants will not only establish the infrastructure necessary to accommodate that growth, but will improve capacity of existing plants in the older Yuma area to accommodate that dramatic growth. The Water Infrastructure Financing Authority (WIFA) of the State of Arizona has been invaluable in providing lower-cost financing for these important projects. Rate structures for both the Water Fund and the Wastewater Fund have already been passed and put in place by the City Council to assure adequate funding for the project's debt service.

## FINANCIAL INFORMATION

**Budgetary Controls.** The annual budget serves as the foundation for City financial planning and control. The City maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund, Enterprise Funds, and two of the City's Internal Service Funds are included in the annual appropriated budget. As with the governmental funds, the City's proprietary funds are presented on a current financial resources basis to account for capital and debt-related expenditures. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. Encumbered amounts lapse at year-end. However, encumbrances generally are re-appropriated as part of the following year's budget. As demonstrated by the budgetary schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Note I-D in the Notes to the Financial Statements on page 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 \$99,606,216 at June 30, 2004 from \$87,634,643 last year. The increase reflects in part the unexpended proceeds of the District 67 Improvement District bonds. Following market conditions, average yield on investments again declined at June 30, 2004, to 1.83%. 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, 2003. This is the twenty-second consecutive year the City has received this

prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

I wish to express my sincere thanks to the employees of the Accounting Division for their dedicated service in preparing this report. Their work, along with those services provided by other members of the Finance Department, 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,

A handwritten signature in black ink, appearing to read "Donald Wicks". The signature is fluid and cursive, with a large initial "D" and "W".

Donald (Pat) Wicks, CPA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Yuma, Arizona

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended  
June 30, 2003

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



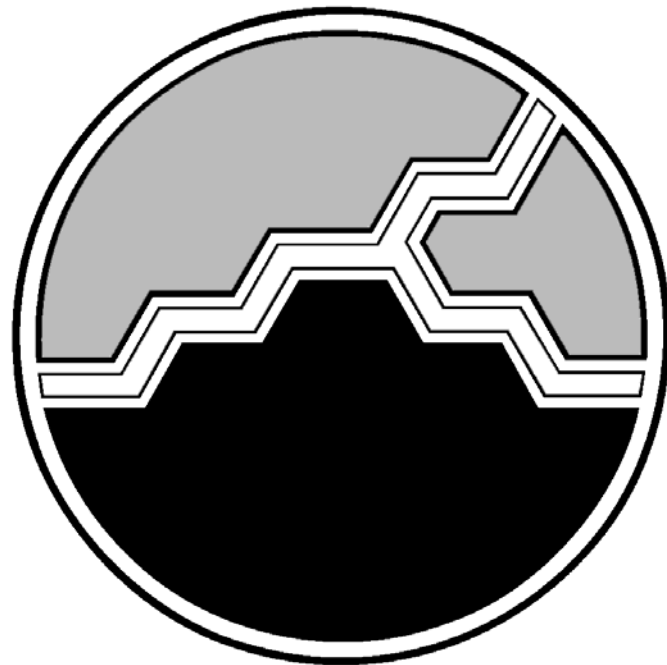
*Nancy L. Zielle*

President

*Jeffrey R. Emer*

Executive Director

# **FINANCIAL SECTION**





HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Gary Heinfeld, CPA, CGFM  
Nancy A. Meech, CPA, CGFM  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuma, as of and for the year ended June 30, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 5 to 15 and the 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 accompanying supplementary information such as the introductory section, other supplementary information and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

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

September 23, 2004

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (Required Supplementary Information)

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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, 2004. 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 \$28.7 million for the fiscal year, \$18.8 million of which was generated by governmental activities while \$9.9 million was due to business-type activities of the City.
- The City's combined net assets total \$268.6 million at June 30, 2004. Of this amount, \$87.3 million is available (unrestricted) to finance ongoing programs, \$55.8 million in governmental programs and \$31.5 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

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**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 and maintenance programs 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Yuma's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 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 \$268.6 million at the close of the fiscal year.

Net Assets June 30, 2004 (millions)	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
	Current and other assets	\$ 74.3	\$ 63.4	\$ 38.1	\$ 35.5	\$ 112.4
Capital assets	169.7	153.8	130.2	96.4	299.9	250.2
Total assets	244.0	217.2	168.3	131.9	412.3	349.1
Long-term liabilities outstanding	75.2	72.6	44.0	20.7	119.2	93.3
Other liabilities	18.0	12.7	6.5	3.3	24.5	16.0
Total liabilities	93.2	85.3	50.5	24.0	143.7	109.3
Net assets:						
Invested in capital assets, net of related debt	95.0	70.1	86.3	85.4	181.3	155.5
Unrestricted	55.8	61.8	31.5	22.5	87.3	84.3
Total net assets	\$ 150.8	\$ 131.9	\$ 117.8	\$ 107.9	\$ 268.6	\$ 239.8

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 \$268.6 million, up \$28.7 million from the prior year. Governmental activities accounted for \$18.8 million of the increase while business-type activities amounted to \$9.9 million. Most of the increase would be attributable to capital asset acquisitions, particularly infrastructure, as governmental capital assets increased almost \$16 million (net of depreciation), funded in part by the excess of revenues over operating expenses as reported in the Statement of Activities on page 21. These acquisitions are reflected in the portion of net assets shown above as 'Invested in capital assets, net of related debt.' Unrestricted net assets are those assets available to finance programs in the upcoming fiscal year and would increase when the portion of taxes and other revenues exceed operating expenses but are not invested in capital assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Changes in Net Assets Fiscal Year Ended June 30, 2004 (millions)	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 9.2	\$ 7.1	\$ 21.1	\$ 18.9	\$ 30.3	\$ 26.0
Operating grants and contributions	3.3	3.4	-	-	3.3	3.4
Capital grants and contributions	3.7	1.7	8.9	5.4	12.6	7.1
General revenues:						
Property taxes	6.0	5.7	-	-	6.0	5.7
Sales taxes	28.5	25.5	-	-	28.5	25.5
Franchise taxes	1.9	1.7	-	-	1.9	1.7
Shared revenues	24.0	24.2	-	-	24.0	24.2
Unrestricted grants and contributions	5.2	7.6	-	-	5.2	7.6
Unrestricted investment earnings	0.3	0.9	0.1	0.6	0.4	1.5
<b>Total revenues</b>	<u>82.1</u>	<u>77.8</u>	<u>30.1</u>	<u>24.9</u>	<u>112.2</u>	<u>102.7</u>
<b>Expenses:</b>						
General government	7.1	6.9	-	-	7.1	6.9
Public safety	27.0	25.5	-	-	27.0	25.5
Streets	8.6	7.9	-	-	8.6	7.9
Parks, recreation and culture	9.5	8.9	-	-	9.5	8.9
Environmental health and protection	3.0	2.9	-	-	3.0	2.9
Community design and development	5.6	6.4	-	-	5.6	6.4
Interest on long-term debt	2.9	2.9	-	-	2.9	2.9
Water	-	-	10.9	10.3	10.9	10.3
Wastewater	-	-	7.3	7.0	7.3	7.0
Golf courses	-	-	2.5	2.5	2.5	2.5
<b>Total expenses</b>	<u>63.7</u>	<u>61.4</u>	<u>20.7</u>	<u>19.8</u>	<u>84.4</u>	<u>81.2</u>
Changes in net assets before transfers and special item						
Transfers	(0.5)	0.6	0.5	(0.6)	-	-
Gain on sale of fixed assets	0.9	-	-	-	0.9	-
<b>Change in net assets</b>	<u>\$ 18.8</u>	<u>\$ 17.0</u>	<u>\$ 9.9</u>	<u>\$ 4.5</u>	<u>\$ 28.7</u>	<u>\$ 21.5</u>

For the fiscal year, net assets increased \$28.7 million, with \$18.8 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

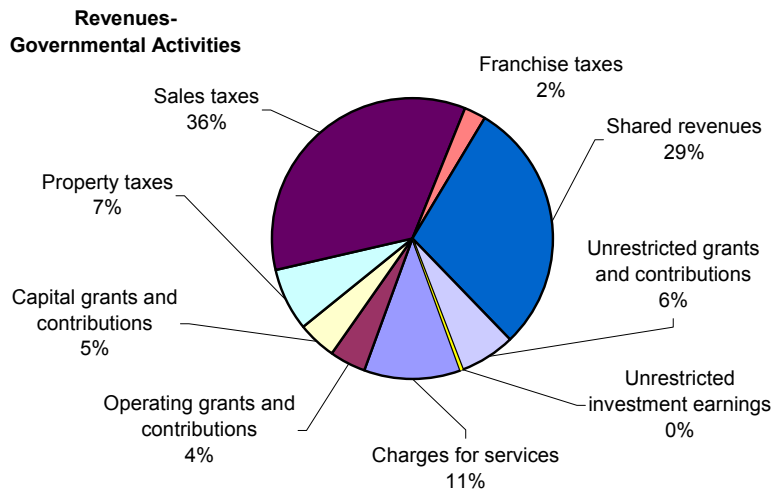
#### Revenues

Governmental activities revenues totaled \$82.1 million for fiscal year 2004, up 5.5% from 2003. Local sales taxes are the largest revenue source for the City and are comprised of the 1% general sales tax along with a .5% road tax and a .2% public safety tax. State-shared revenues are the City's second largest revenue source. State-shared revenues include state sales tax, urban revenue sharing (income tax), auto in-lieu tax and highway user

## MANAGEMENT'S DISCUSSION AND ANALYSIS

funds (gas tax). Sales taxes and state shared revenues account for 65% of governmental revenues for the year, which is comparable to 2003. 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 11% of governmental revenues. Property taxes represent 7% of governmental revenues. The large majority of property taxes are levied for general purposes with a small levy for downtown mall maintenance. No property taxes are levied for debt service. Various grants and contributions and franchise taxes account for most of the remaining governmental revenues. Some of the more significant changes in governmental activities revenues are noted:

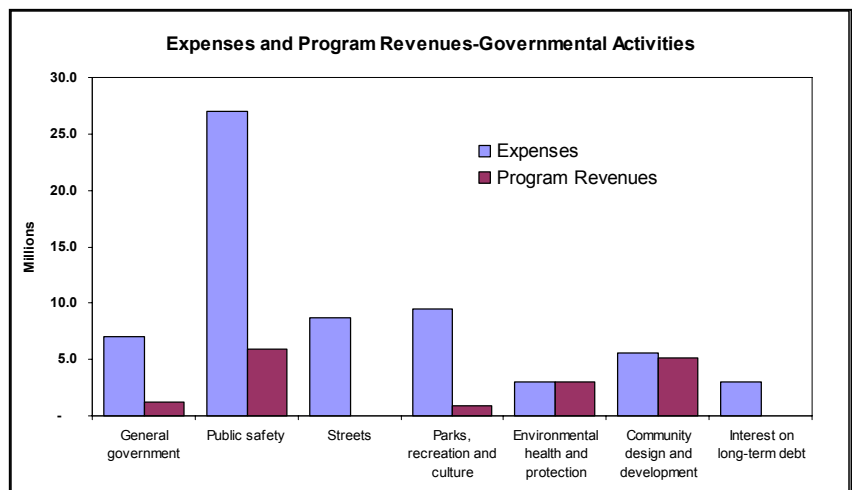
- Charges for services rose 29% to \$9.2 million for the year. The increase reflects the City's growth as building permit fees saw a 55% increase to \$2.6 million combined with growth in sanitation fees as the result of the creation of the \$2 per month collection fee.
- Capital grants and contributions grew \$2.0 million to \$3.7 million in large part due to a technology grant from the US Department of Justice for the implementation of mobile data computing in public safety vehicles.
- Sales taxes increased \$3 million or 12% from 2003 reflecting better than anticipated economic activity. Early forecasts predicted a moderate increase of 5% but double-digit increases in collections began during the holiday period of 2003 and continued for the remainder of the fiscal year.



### Expenses

Governmental expenses totaled \$63.7 million for the fiscal year. Of the expenditures, 42% or \$27.0 million is related to public safety for police, fire and municipal court services. Parks, recreation and culture expenses amounted to \$9.5 million, or 14.9%, while streets and community design and development expenses amounted to 13.5% and 8.7% respectively. Interest on long-term debt accounted for 4.7% of governmental expenses. Overall, governmental activities expenses rose 3.75%, or \$2.3 million, over 2003. The most notable increase among programs was the \$1.5 million increase in public safety expenses. This increase was due for the most part from substantive increases in pension costs.

The chart at right compares governmental activities with their



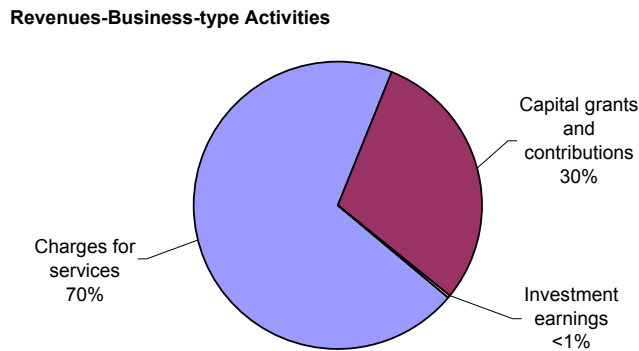
# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## Business-type activities

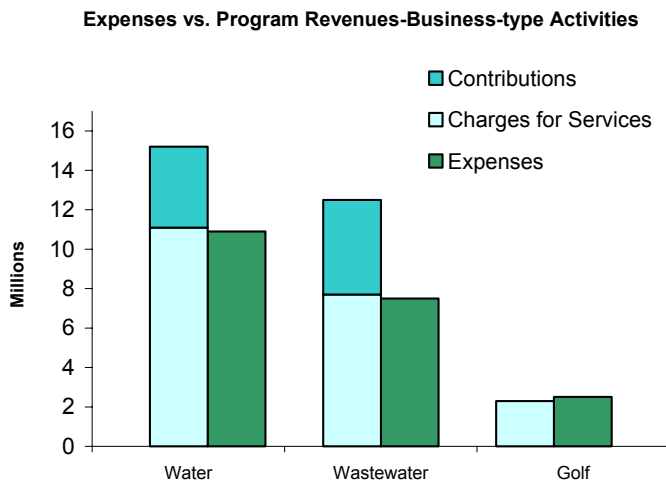
### Revenues

General revenues do not support the City's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$21.1 million in charges, 89% 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 \$8.9 million in contributions are payments for capacity charges and development fees as well as constructed additions to the City's water and wastewater infrastructure by subdivision and other developers. Finally, investment earnings make up less than 1% of revenues for the City's business activities.



### Expenses

Water and wastewater services account for 88% of the City's business-type activities with golf courses making up the remaining 12%. Water expenses amounted to \$10.9 million while wastewater expenses totaled \$7.3 million. Desert Hills Golf Course and Arroyo Dunes Golf Course recorded expenses of \$2.3 million and \$.2 million, respectively, for a total of \$2.5 million.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

**Governmental funds.** The combined fund balances of governmental funds for the fiscal year ended June 30, 2004, is \$37.9 million. This represents a \$5.8 million increase in fund balances, fueled in part from unexpected improvements in sales tax revenues. A review of some of the more significant funds follows.

#### General Fund

The fund balance of the General Fund grew by \$1.9 million for the fiscal year. Revenues increased by \$2.4 million, led by a \$2.1 million jump in sales taxes and \$1.2 million increase in building permit and inspection fees. Expenditures rose a moderate 5.9% to \$38.5 million. Public safety expenditures showed the largest increase as pension expenditures rose for the year. Another contributor to the increase was a rise in technology expenditures with the hiring of consulting services related to geographic information systems.

#### Highway User Revenue Fund (HURF)

This fund, which accounts for the expenditure of state-shared gasoline taxes, was another major operating fund to contribute to the increase in the overall governmental fund balance. The City's portion of those taxes grew by 6.9% for the fiscal year to \$7.2 million. An increase in transfers for capital expenditure projects still allowed an increase in the fund's balance of \$.5 million.

#### City Road Tax Fund

This fund accounts for the one-half cent sales tax for use on the City's roadways in conjunction with HURF. In the same manner as general sales tax in the General Fund, sales taxes increased by more than 12% over 2003 to \$7.4 million. Transfers to the Capital Projects Fund for streets projects decreased again over 2003 resulting in an increase in fund balance of \$1.3 million.

#### Grants Fund

The City continues to acquire much needed assistance from both the state and federal levels. During 2004, the mobile data computing project was completed using U.S. Department of Justice grants. Other forms of assistance in public safety were ongoing, such as the high intensity drug traffic program.

#### Community Redevelopment Fund

The City utilized in part its Community Development Block Grant funding and its Arizona Department of Commerce Action Grant Program funding to complete the Martin Luther King Community Center.

#### Debt Service

Debt Service Fund expenditures decreased by \$.9 million reflecting the redemption of the 1996 Series Municipal Property Corporation Bond. The remaining principal and interest expenditures of the fund matched transfers from the other operating funds.

#### Capital Projects Fund

The Capital Projects Fund's fund balance grew by \$1 million this year as a result of bond proceeds of the new improvement district related to the Yuma Palms Regional Center (see the discussion on Debt Administration). The \$6.9 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 2005 and later.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Proprietary funds.** The City's enterprise funds posted an overall increase in net assets of \$9.8 million for the fiscal year ended June 30, 2004. The City's utility funds, water and wastewater, accounted for most of the increase as both have benefited from system growth and rate increases to sustain that growth. The two golf courses combined for a \$216,362 decrease in net assets.

### Water Enterprise Fund

Operating revenues for the Water Fund increased by 10.9% for the year ending June 30, 2004. This is due both to an ongoing series of rate increases and to a 4.1% growth in the customer base to 23,665. Operating expenses rose by 5.4% and the fund produced operating income of \$752,091. Additional rate increases are in store through 2008 to finance the construction of a new water treatment facility on the East Mesa and to make improvements within the current water system needed to maintain service levels and system pressure.

### Wastewater Enterprise Fund

With the end of fiscal 2004, the Wastewater Fund completed its fifth 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 15.9% over fiscal 2003. Operating expenditures held steady resulting in income from operations of \$734,532. At year end, an additional series of rate increases is under consideration as costs of construction of the wastewater plant have escalated.

### Golf Courses

Although revenues improved for the City's nonmajor enterprise funds, both the Desert Hills Golf Course and the Arroyo Dunes Golf Course suffered operating losses for the year ended June 30, 2004. Revenues for Desert Hills, once voted "Best Municipal Golf Course in Arizona" by Golf Digest, rose 3.2% over 2003 but even a 2% reduction in operating expenses was not sufficient to avoid an operating loss of \$199,218. The same held true for Arroyo Dunes Golf Course in that revenues increased by 2% but the fund still suffered a loss. Plans are under consideration for converting the grounds to a soccer and softball recreation center. Until that should happen, the city will continue to operate the course and implement strategies to improve its financial outlook.

## GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2004, can be found starting on page 59. A summary of that schedule follows:

	Budget		Actual	Variance with Final
	Original	Final		
<b>Revenues and Transfers In</b>				
Taxes	\$ 22,453,384	\$ 22,453,384	\$ 22,885,761	\$ 432,377
Intergovernmental	15,738,640	15,738,640	16,451,193	712,553
Other	4,567,508	4,567,508	6,242,384	1,674,876
Transfers In	<u>863,000</u>	<u>863,000</u>	<u>151,985</u>	<u>(711,015)</u>
<b>Total</b>	43,622,532	43,622,532	45,731,323	2,108,791
<b>Expenditures and Transfers Out</b>				
Expenditures	42,147,514	42,147,514	38,530,429	3,617,085
Transfers Out	<u>6,096,806</u>	<u>6,096,806</u>	<u>5,239,420</u>	<u>857,386</u>
<b>Total</b>	<u>48,244,320</u>	<u>48,244,320</u>	<u>43,769,849</u>	<u>4,474,471</u>
<b>Change in Fund Balance</b>	<u>\$ (4,621,788)</u>	<u>\$ (4,621,788)</u>	<u>\$ 1,961,474</u>	<u>\$ 6,583,262</u>

General Fund tax revenues exceed expectations because of an unanticipated surge in sales tax collections. Intergovernmental revenues increased as state sales tax increased by 7.8%, far outpacing its expected 1% growth. Also notable is growth in building permits and related revenues. The jump in these fees is an indicator of the substantial construction activity throughout the city.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures for the fund came in at \$3.6 million under budget with General Government producing \$1.8 million of the savings and Public Safety adding just over \$1 million. The General Government savings were realized through unexpended Community Investment Trust monies and by delayed project expenditures in the Information Technology Department. Public Safety savings occurred mostly in the Police Department 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. The remaining savings occur because city departments rarely spend up to their respective budgets, primarily due to personnel attrition and the like.

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

### CAPITAL ASSETS

At June 30, 2004, the City of Yuma's investment in capital assets in both governmental and business-type activities amounted to \$300 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roadways and bridges). Capital assets for governmental activities increased by 10.3% while business-type capital assets increased 35%. These changes included the following:

- Land purchases for governmental activities amounted to \$2 million for right-of-way for the Avenue A street widening project.
- Construction continued on the new East Mesa water treatment plant.
- Construction on the new East Mesa wastewater plant continued.
- Renovation of the Yuma Theater and construction of the Art Center were completed.
- Infrastructure additions are primarily for street construction by subdivision developers.

#### Change in Capital Assets

(In Millions)

	Governmental Activities			Business-type Activities			Total
	July 1, 2003	Net Additions/ Deletions	June 30, 2004	July 1, 2003	Net Additions/ Deletions	June 30, 2004	
Land	\$ 11.6	\$ 2.0	\$ 13.6	\$ 1.2	\$ -	\$ 1.2	\$ 14.8
Buildings	56.3	1.5	57.8	8.0	-	8.0	65.8
Improvements	16.7	2.5	19.2	123.7	8.0	131.7	150.9
Infrastructure	121.2	6.1	127.3	-	-	-	127.3
Equipment	31.7	1.0	32.7	3.0	0.1	3.1	35.8
Construction in Progress	14.9	10.9	25.8	14.5	31.4	45.9	71.7
Accumulated Depreciation	(98.6)	(8.1)	(106.7)	(54.0)	(5.7)	(59.7)	(166.4)
Total	<u>\$ 153.8</u>	<u>\$ 15.9</u>	<u>\$ 169.7</u>	<u>\$ 96.4</u>	<u>\$ 33.8</u>	<u>\$ 130.2</u>	<u>\$ 299.9</u>

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

### DEBT ADMINISTRATION

For the year ended June 30, 2004, the City's long-term debt increased by a net of \$25.1 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 improvement bonds payable, as follow:

- The City created Improvement District 67 and issued \$7,280,000 in improvement bonds for construction of public improvements near the new Yuma Palms Regional Center.
- An additional \$23 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The state limits the amount a municipality may issue in general obligation debt to 20% of the City's secondary assessed valuation for combined water, wastewater, artificial light, parks, open space preserves, playgrounds and recreational facilities. Debt related to other projects is limited to 6% of the valuation. The current debt limitation for the former type is \$64.5 million, well above the outstanding general obligation debt. No debt is outstanding for the other type of issuance. Because all the general obligation debt is related to the water system, and because water revenues are used to pay the debt service requirements of the issues, no secondary property taxes are assessed by the City for debt service.

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

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

	Summary of Long-Term Debt					
	Governmental		Business-type		Total	
	activities		activities			
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ -	\$ -	\$ 10.5	\$ 11.4	\$ 10.5	\$ 11.4
Yuma Municipal Property Corporation Bonds	63.4	67.4	-	-	63.4	67.4
Improvement District	7.3	-	-	-	7.3	-
Contracts Payable	2.5	3.3	33.8	10.4	36.3	13.7
Compensated Absences	2.1	2.0	-	-	2.1	2.0
Total Long-Term Debt	<u>\$ 75.3</u>	<u>\$ 72.7</u>	<u>\$ 44.3</u>	<u>\$ 21.8</u>	<u>\$ 119.6</u>	<u>\$ 94.5</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 46% to an estimated 83,330 at July 1, 2003, the most recent numbers available. The City's economy is based on a triad of agriculture, tourism and military/government spending. Agriculture continues to lead the economy, now contributing more than \$1 billion annually. The area's 85,000-plus winter visitors add \$450 million to the mix, while military/government spending infuses some \$300 million to the economy.

Property taxes are limited constitutionally in Arizona, so other local revenues make up the most significant reflectors of the condition of the economy. Sales tax, the City's primary source of general revenues, posted a dramatic 12% increase this year, surpassing its historic growth rate of 7%. This compared to a lesser increase in the large metropolitan areas of the state, Yuma's steady growth is positive. For fiscal year 2005, revenues were projected using a conservative 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, 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



# **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**



**City of Yuma, Arizona**  
**Statement of Net Assets**  
June 30, 2004

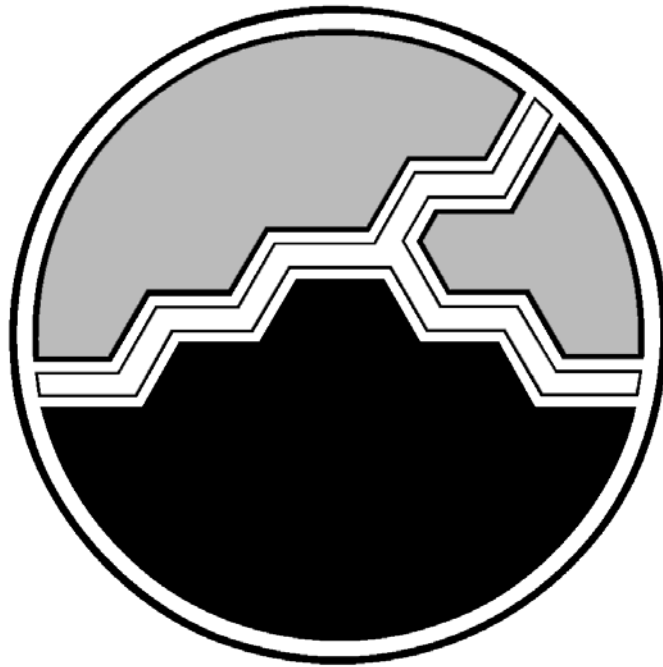
<u><b>Assets</b></u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Investments	\$ 65,953,318	\$ 33,925,966	\$ 99,879,284
Receivables, Net	7,967,005	3,697,579	11,664,584
Internal Balances	(147,480)	147,480	-
Inventory, at cost	448,548	139,139	587,687
Prepaid Items	69,873	19,282	89,155
Deferred Charges	-	129,471	129,471
Capital Assets, Net	169,695,385	130,220,715	299,916,100
Total Assets and Other Debits	<u>243,986,649</u>	<u>168,279,632</u>	<u>412,266,281</u>
<u><b>Liabilities</b></u>			
Accounts Payable	3,271,680	5,235,714	8,507,394
Accrued Liabilities	3,215,101	553,197	3,768,298
Accrued Interest Payable	1,491,321	656,068	2,147,389
Deferred Revenue	10,065,550	77,232	10,142,782
Long-Term Debt:			
Due within one year	3,812,000	1,316,400	5,128,400
Due in more than one year	71,378,827	42,638,118	114,016,945
Total Liabilities	<u>93,234,479</u>	<u>50,476,729</u>	<u>143,711,208</u>
<u><b>Net Assets</b></u>			
Invested in Capital Assets, Net of Related Debt	95,004,558	86,266,197	181,270,755
Unrestricted	55,747,612	31,536,706	87,284,318
Total Net Assets	<u>\$ 150,752,170</u>	<u>\$ 117,802,903</u>	<u>\$ 268,555,073</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, 2004

<b>Functions/Programs</b>	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	\$ 7,058,805	\$ 1,176,182	\$ 31,059	\$ -	\$ (5,851,564)	\$ -	\$ (5,851,564)
Public Safety	26,988,073	2,175,893	1,294,397	2,458,321	(21,059,462)	-	(21,059,462)
Streets	8,654,095	-	-	-	(8,654,095)	-	(8,654,095)
Parks, Recreation and Culture	9,474,814	875,401	21,596	-	(8,577,817)	-	(8,577,817)
Environmental Health and Protection	2,994,063	1,694,941	349,794	979,607	30,279	-	30,279
Community Design and Development	5,550,562	3,230,174	1,593,050	264,834	(462,504)	-	(462,504)
Interest on Long-Term Debt	2,971,917	-	-	-	(2,971,917)	-	(2,971,917)
<b>Total Governmental Activities</b>	<b>63,692,329</b>	<b>9,152,591</b>	<b>3,289,896</b>	<b>3,702,762</b>	<b>(47,547,080)</b>	<b>-</b>	<b>(47,547,080)</b>
Business-type Activities:							
Water	10,884,239	11,132,788	-	4,089,497	-	4,338,046	4,338,046
Wastewater	7,341,094	7,690,612	-	4,833,686	-	5,183,204	5,183,204
Golf Courses	2,493,252	2,285,185	-	-	-	(208,067)	(208,067)
<b>Total Business-type Activities</b>	<b>20,718,585</b>	<b>21,108,585</b>	<b>-</b>	<b>8,923,183</b>	<b>-</b>	<b>9,313,183</b>	<b>9,313,183</b>
<b>Total</b>	<b>\$ 84,410,914</b>	<b>\$ 30,261,176</b>	<b>\$ 3,289,896</b>	<b>\$ 12,625,945</b>	<b>(47,547,080)</b>	<b>9,313,183</b>	<b>(38,233,897)</b>
General Revenues:							
Property taxes					5,952,927	-	5,952,927
Sales taxes					28,528,841	-	28,528,841
Franchise taxes					1,935,952	-	1,935,952
Shared revenues					24,021,381	-	24,021,381
Grants and contributions not restricted to specific programs					5,198,434	-	5,198,434
Unrestricted investment earnings					292,259	125,389	417,648
<b>Total general revenues</b>					<b>65,929,794</b>	<b>125,389</b>	<b>66,055,183</b>
Gain from sale of fixed assets					920,401	-	920,401
Transfers					(473,254)	473,254	-
<b>Total general revenues and transfers</b>					<b>66,376,941</b>	<b>598,643</b>	<b>66,975,584</b>
Change in net assets					18,829,861	9,911,826	28,741,687
Net assets-beginning					131,922,309	107,891,077	239,813,386
Net assets-ending					<b>\$ 150,752,170</b>	<b>\$ 117,802,903</b>	<b>\$ 268,555,073</b>

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



## **FUND FINANCIAL STATEMENTS**

**City of Yuma, Arizona**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2004

<u>Assets</u>	Major Special Revenue Funds			
	General	Highway Users Revenue	City Road Tax	Grants
Cash and Investments	\$ 17,168,850	\$ 5,013,565	\$ 3,976,667	\$ -
Cash with Fiscal Agents	-	-		-
Receivables, Net of Allowances for Uncollectibles:				
Accounts Receivable	267,867	258	-	-
Intergovernmental	2,494,459	653,980	725,679	615,664
Special Assessments	20,169	-	-	-
Delinquent Property Taxes	223,534	-	-	-
Accrued Interest	56,234	18,945	11,009	2,755
Due from Other Funds	729,136	-	-	-
Inventory, at cost	86,066	-	-	-
Prepaid Items	15,290	635	-	-
Total Assets and Other Debits	\$ 21,061,605	\$ 5,687,383	\$ 4,713,355	\$ 618,419
<b><u>Liabilities and Fund Balances</u></b>				
Accounts Payable	\$ 887,501	\$ 150,170	\$ 6,447	\$ 161,923
Accrued Payroll, Taxes and Benefits Payable	2,287,496	209,618	11,171	8,843
Long-Term Debt - Current Portion	-	-	500,000	-
Due to Other Funds	-	-	-	27,812
Accrued Interest Payable	-	-	13,252	-
Deposits	116,857	-	-	-
Deferred Revenue	232,379	300	168,972	412,976
Total Liabilities	3,524,233	360,088	699,842	611,554
Fund Balance:				
Reserved for:				
Inventory	86,066	-	-	-
Prepaid Items	15,290	635	-	-
Unreserved:				
Designated for Uncompleted Projects	-	-	-	-
Designated for Subsequent Years' Expenditures	1,429,769	81,422	-	-
Designated for Future Community Improvements	797,224	-	-	-
Undesignated, reported in:				
General Fund	15,209,023			
Special Revenue Funds	-	5,245,238	4,013,513	6,865
Total Fund Balances	17,537,372	5,327,295	4,013,513	6,865
Total Liabilities and Fund Balances	\$ 21,061,605	\$ 5,687,383	\$ 4,713,355	\$ 618,419

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

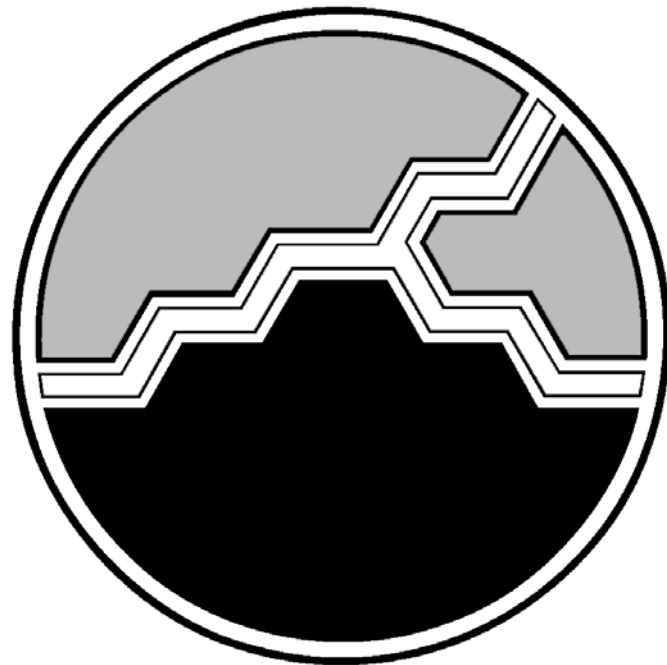
<u>Community Redevelopment</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 13,770	\$ 89,808	\$ 15,988,322	\$ 3,743,890	\$ 45,994,872
	4,402,757	-	-	4,402,757
1,564,357	-	52,228	265,709	2,150,419
137,706	-	410,000	308,101	5,345,589
-	-	-	-	20,169
-	-	-	-	223,534
-	-	8,262	16,025	113,230
-	-	-	156,210	885,346
-	-	-	9,014	95,080
-	-	52,500	890	69,315
<u>\$ 1,715,833</u>	<u>\$ 4,492,565</u>	<u>\$ 16,511,312</u>	<u>\$ 4,499,839</u>	<u>\$ 59,300,311</u>
\$ 69,911	\$ 25	\$ 1,615,318	\$ 192,799	\$ 3,084,094
11,475	-	-	83,217	2,611,820
	3,020,000	-	-	3,520,000
68,591	-	-	132,130	228,533
-	1,472,540	-	-	1,485,792
	-	19,685	-	136,542
1,565,856	-	7,903,354	21,453	10,305,290
<u>1,715,833</u>	<u>4,492,565</u>	<u>9,538,357</u>	<u>429,599</u>	<u>21,372,071</u>
-	-	-	9,014	95,080
-	-	52,500	890	69,315
-	-	6,920,455	-	6,920,455
-	-	-	44,600	1,555,791
-	-	-	-	797,224
				15,209,023
-	-	-	4,015,736	13,281,352
-	-	6,972,955	4,070,240	37,928,240
<u>\$ 1,715,833</u>	<u>\$ 4,492,565</u>	<u>\$ 16,511,312</u>	<u>\$ 4,499,839</u>	<u>\$ 59,300,311</u>

**City of Yuma, Arizona**  
 Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets  
 June 30, 2004

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

Total Fund Balances per the Balance Sheet-Governmental Funds:	\$ 37,928,240
Property taxes receivable that are not financial resources are not reported in the funds.	4,566
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	159,639,618
Property tax revenue deferred to later years recognized in year levied in governmental activities.	239,740
Interest payments accrued in government-wide statements not recorded until payment in governmental activities.	(5,529)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(2,074,331)
Contracts payable	(2,015,000)
MPC bonds payable	(60,420,000)
Improvement District #67	(7,280,000)
Unamortized deferred costs	118,502
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.	24,616,363
Net assets of governmental activities	\$ 150,752,170

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, 2004

	Major Special Revenue Funds			
	General	Highway User Revenue	City Road Tax	Grants
<b>Revenues:</b>				
Taxes	\$ 22,885,761	\$ -	\$ 7,423,730	\$ -
Licenses and Permits	3,016,094	-	-	-
Intergovernmental	16,451,193	7,198,891	-	5,169,554
Charges for Services	1,851,862	-	-	-
Fines and Forfeitures	725,948	-	-	-
Use of Money and Property	217,270	26,621	15,553	5,626
Contributions and Donations	-	-	-	7,732
Miscellaneous	85,809	21,840	68,233	-
Total Revenues	<u>45,233,937</u>	<u>7,247,352</u>	<u>7,507,516</u>	<u>5,182,912</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	5,408,820	-	-	-
Public Safety	23,622,697	783,718	-	1,269,025
Streets	-	4,195,398	571,720	-
Parks, Recreation and Culture	5,383,388	-	-	21,704
Environmental Health and Protection	194,139	16,122	-	303,730
Community Design and Development	3,667,833	-	-	31,047
Capital Outlay	233,552	22,476	-	52,294
Debt Service				
Principal	20,000	-	700,000	-
Interest and Fiscal Agent Fees	-	-	38,034	-
Total Expenditures	<u>38,530,429</u>	<u>5,017,714</u>	<u>1,309,754</u>	<u>1,677,800</u>
Revenues Over/(Under) Expenditures	6,703,508	2,229,638	6,197,762	3,505,112
<b>Other Financing Sources/(Uses):</b>				
Proceeds From Long-Term Debt	-	-	-	-
Sale of Real Property	345,401	-	-	-
Transfers In	151,985	16,124	-	-
Transfers Out	(5,239,420)	(1,797,194)	(4,902,060)	(3,506,915)
Total Other Financing Sources/(Uses)	<u>(4,742,034)</u>	<u>(1,781,070)</u>	<u>(4,902,060)</u>	<u>(3,506,915)</u>
Net Change in Fund Balances	1,961,474	448,568	1,295,702	(1,803)
Fund Balances - Beginning	<u>15,575,898</u>	<u>4,878,727</u>	<u>2,717,811</u>	<u>8,668</u>
Fund Balances - Ending	<u>\$ 17,537,372</u>	<u>\$ 5,327,295</u>	<u>\$ 4,013,513</u>	<u>\$ 6,865</u>

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

<u>Community Redevelopment</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 6,101,538	\$ 36,411,029
	-	-	-	3,016,094
1,758,693	-	31,059	431,754	31,041,144
-	-	364,789	1,688,146	3,904,797
	-	-	-	725,948
-	199	391,531	497,037	1,153,837
-	-	-	25,620	33,352
165,858	-	96,872	41,534	480,146
<u>1,924,551</u>	<u>199</u>	<u>884,251</u>	<u>8,785,629</u>	<u>76,766,347</u>
-	-	-	-	5,408,820
-	-	-	76,188	25,751,628
-	-	-	-	4,767,118
-	-	-	2,422,970	7,828,062
-	-	-	2,547,728	3,061,719
1,437,887	-	-	291,942	5,428,709
-	-	19,140,379	207,319	19,656,020
85,000	3,020,000	-	-	3,825,000
14,013	2,909,717	-	-	2,961,764
<u>1,536,900</u>	<u>5,929,717</u>	<u>19,140,379</u>	<u>5,546,147</u>	<u>78,688,840</u>
387,651	(5,929,518)	(18,256,128)	3,239,482	(1,922,493)
-	-	7,280,000	-	7,280,000
575,000	-	-	-	920,401
-	5,929,397	12,794,044	2,717,144	21,608,694
(962,651)	-	(812,175)	(4,861,533)	(22,081,948)
<u>(387,651)</u>	<u>5,929,397</u>	<u>19,261,869</u>	<u>(2,144,389)</u>	<u>7,727,147</u>
-	(121)	1,005,741	1,095,093	5,804,654
-	121	5,967,214	2,975,147	32,123,586
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,972,955</u>	<u>\$ 4,070,240</u>	<u>\$ 37,928,240</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, 2004

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

Net change in fund balances-governmental funds	\$ 5,804,654
A portion of property tax revenues recorded on the statement of activities does not provide current financial resources and are not recorded as revenues in the funds	(10,770)
Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their useful lives as depreciation	
Depreciation recorded in statement of activities	(7,093,316)
Capital outlay expenditures reported as additions to assets:	
Capital outlay expenditures-governmental funds	19,656,020
Infrastructure maintenance expenditures recorded as capital outlay but not capitalized as asset additions	(1,498,548)
Governmental funds report debt principal service payments as expenditures. The reduction in liability is recorded on the statement of net assets in the government-wide statements	3,825,000
Increase in compensated absences expense not recorded in governmental funds	(93,948)
Contribution of net assets of governmental activities related to creation of Internal Service Fund-Equipment Maintenance	(255,534)
Long-term debt proceeds are recorded as other financing sources in governmental funds	(7,280,000)
Investment earnings of the internal service funds are general revenues on the statement of activities	103,571
Interest payments accrued in government-wide statements are not recorded in governmental activities until paid	(10,153)
Net revenues of internal service funds in excess of expenses reduce governmental activities expenses on the statement of activities	484,451
Contributions of infrastructure assets are not recorded as revenues in the governmental funds	<u>5,198,434</u>
Change in net assets of governmental activities	<u>\$ 18,829,861</u>

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

**City of Yuma, Arizona**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

<b>Assets</b>	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Current Assets:</b>					
Cash and Investments	\$ 9,915,231	\$ 5,351,650	\$ 132,682	\$ 15,399,563	\$ 15,555,689
Receivables, Net of Allowance for Uncollectibles:					
Accounts Receivable	2,022,409	1,053,774	4,407	3,080,590	48,168
Intergovernmental	508	507,522	633	508,663	62
Accrued Interest	29,394	3,484	546	33,424	61,269
Inventory, at cost	65,428	-	73,711	139,139	353,468
Prepaid Expenses	15,242	950	3,090	19,282	558
<b>Total Current Assets</b>	<b>12,048,212</b>	<b>6,917,380</b>	<b>215,069</b>	<b>19,180,661</b>	<b>16,019,214</b>
<b>Restricted Assets:</b>					
Cash and Investments:					
Current Debt Service	1,198,785	-	-	1,198,785	-
Advancement for Future Expansion	1,084,180	15,975,623	-	17,059,803	-
Customer Deposits	267,815	-	-	267,815	-
Receivables:					
Accrued Interest	22,513	52,389	-	74,902	-
<b>Total Restricted Assets</b>	<b>2,573,293</b>	<b>16,028,012</b>	<b>-</b>	<b>18,601,305</b>	<b>-</b>
<b>Capital Assets:</b>					
Land	1,043,951	127,079	-	1,171,030	219,610
Buildings	2,911,198	1,931,133	3,102,865	7,945,196	19,251
Improvements Other than Buildings	76,482,580	52,210,924	3,015,667	131,709,171	-
Equipment	1,687,256	1,188,589	263,618	3,139,463	21,751,249
<b>Gross Capital Assets</b>	<b>82,124,985</b>	<b>55,457,725</b>	<b>6,382,150</b>	<b>143,964,860</b>	<b>21,990,110</b>
Less Accumulated Depreciation	35,800,191	21,373,037	2,529,515	59,702,743	11,934,343
<b>Capital Assets Net of Depreciation</b>	<b>46,324,794</b>	<b>34,084,688</b>	<b>3,852,635</b>	<b>84,262,117</b>	<b>10,055,767</b>
Construction In Progress	16,543,640	29,414,501	457	45,958,598	-
<b>Total Capital Assets</b>	<b>62,868,434</b>	<b>63,499,189</b>	<b>3,853,092</b>	<b>130,220,715</b>	<b>10,055,767</b>
<b>Other Assets:</b>					
Deferred Charges	129,471	-	-	129,471	-
<b>Total Assets</b>	<b>77,619,410</b>	<b>86,444,581</b>	<b>4,068,161</b>	<b>168,132,152</b>	<b>26,074,981</b>
<b>Liabilities</b>					
<b>Current Liabilities Payable from Current Assets:</b>					
Accounts Payable	1,682,079	3,240,897	44,923	4,967,899	51,044
Accrued Payroll and Related Taxes	251,992	205,645	95,560	553,197	76,790
Current Portion-Long-Term Contracts-Principal	84,347	-	-	84,347	-
Current Portion-Bonds Payable	232,500	-	-	232,500	-
Estimated Claims and Judgements	-	-	-	-	526,491
Due to Other Funds	-	-	156,210	156,210	500,603
Accrued Interest Payable	83,852	10,340	-	94,192	-
Deferred Revenue	-	-	44,894	44,894	-
<b>Total Current Liabilities Payable from Current Assets</b>	<b>2,334,770</b>	<b>3,456,882</b>	<b>341,587</b>	<b>6,133,239</b>	<b>1,154,928</b>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Deposits	267,815	-	-	267,815	-
Deferred Revenue	-	32,338	-	32,338	-
Current Portion-Long-Term Contracts-Principal	302,053	-	-	302,053	-
Current Portion-Long-Term Contracts-Interest	59,642	300,645	-	360,287	-
Current Portion-Bonds Payable	697,500	-	-	697,500	-
Accrued Interest Payable	201,589	-	-	201,589	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>1,528,599</b>	<b>332,983</b>	<b>-</b>	<b>1,861,582</b>	<b>-</b>
<b>Long-Term Liabilities:</b>					
Long-Term Contracts Payable	5,917,699	27,482,038	-	33,399,737	-
Bonds Payable	9,238,381	-	-	9,238,381	-
<b>Total Long-Term Liabilities</b>	<b>15,156,080</b>	<b>27,482,038</b>	<b>-</b>	<b>42,638,118</b>	<b>-</b>
<b>Total Liabilities</b>	<b>19,019,449</b>	<b>31,271,903</b>	<b>341,587</b>	<b>50,632,939</b>	<b>1,154,928</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	46,395,954	36,017,151	3,853,092	86,266,197	10,055,767
Unrestricted	12,204,007	19,155,527	(126,518)	31,233,016	14,864,286
<b>Total Net Assets</b>	<b>\$ 58,599,961</b>	<b>\$ 55,172,678</b>	<b>\$ 3,726,574</b>	<b>117,499,213</b>	<b>\$ 24,920,053</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				303,690	
Net assets of business-type activities				<u>\$ 117,802,903</u>	

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, 2004

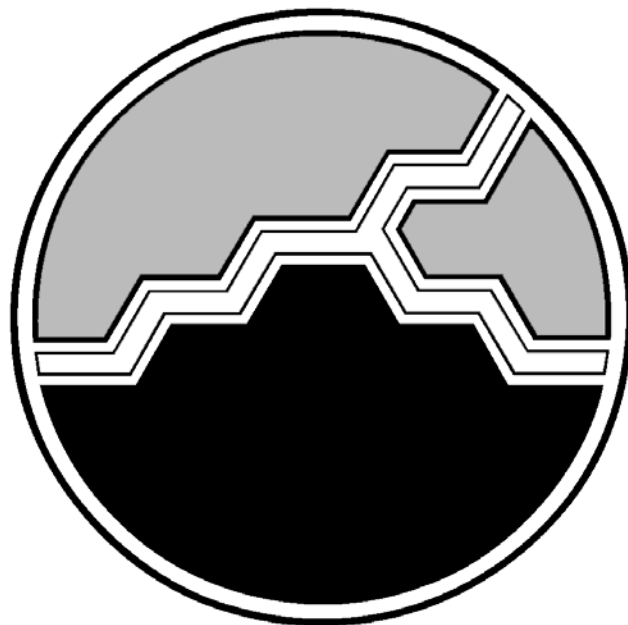
	Business-Type Activities-Enterprise Funds				Governmental
	Water Fund	Wastewater Fund	Other Funds	Totals	Activities Internal Service Funds
Operating Revenues:					
Metered Water Sales	\$ 10,481,236	\$ -	\$ -	\$ 10,481,236	\$ -
Commercial Raw Water	216,789	-	-	216,789	-
Wastewater Charges	-	7,612,688	-	7,612,688	-
Meters, Connections and Services	289,482	69,410	-	358,892	-
Green Fees and Concessions	-	-	1,992,041	1,992,041	-
Equipment Rental	-	-	288,511	288,511	2,348,767
Miscellaneous Charges	5,673	-	-	5,673	7,817,737
Total Operating Revenues	<u>10,993,180</u>	<u>7,682,098</u>	<u>2,280,552</u>	<u>20,955,830</u>	<u>10,166,504</u>
Operating Expenses:					
Operations and Maintenance	6,777,258	4,848,910	2,218,024	13,844,192	7,935,291
Depreciation and Amortization	3,463,831	2,098,656	283,957	5,846,444	2,015,034
Total Operating Expenses	<u>10,241,089</u>	<u>6,947,566</u>	<u>2,501,981</u>	<u>19,690,636</u>	<u>9,950,325</u>
Operating Income/(Loss)	<u>752,091</u>	<u>734,532</u>	<u>(221,429)</u>	<u>1,265,194</u>	<u>216,179</u>
Non-Operating Revenues/(Expenses):					
Interest	53,980	70,969	440	125,389	103,571
Gain/(Loss) on Disposal of Assets	(2,208)	-	-	(2,208)	106,926
Interest and Fiscal Agent Fees	(678,108)	(441,815)	(6)	(1,119,929)	-
Miscellaneous Revenues	139,608	8,514	4,633	152,755	-
Total Non-Operating Revenues/(Expenses)	<u>(486,728)</u>	<u>(362,332)</u>	<u>5,067</u>	<u>(843,993)</u>	<u>210,497</u>
Income/(Loss) before Contributions and Transfers	265,363	372,200	(216,362)	421,201	426,676
Capital Contributions	4,089,497	4,833,686	-	8,923,183	255,534
Transfers In	-	561,909	233,340	795,249	-
Transfers Out	<u>(62,042)</u>	<u>(26,613)</u>	<u>(233,340)</u>	<u>(321,995)</u>	<u>-</u>
Change in Net Assets	4,292,818	5,741,182	(216,362)	9,817,638	682,210
Net Assets - Beginning	<u>54,307,143</u>	<u>49,431,496</u>	<u>3,942,936</u>		<u>24,237,843</u>
Net Assets - Ending	<u>\$ 58,599,961</u>	<u>\$ 55,172,678</u>	<u>\$ 3,726,574</u>		<u>\$ 24,920,053</u>
Adjustment for consolidation of internal service fund activities related to enterprise funds				94,190	
Net assets of business-type activities				<u>\$ 9,911,828</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, 2004**

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Other Funds	Totals	Internal Service Funds
<b>Cash Flow from Operating Activities:</b>					
Cash Received from Customers	\$ 10,672,018	\$ 7,533,255	\$ 2,285,757	\$ 20,491,030	\$ 10,071,808
Cash Paid to Employees	(2,463,420)	(1,900,069)	(981,131)	(5,344,620)	(829,830)
Cash Paid to Suppliers	(4,288,031)	(2,960,675)	(1,274,564)	(8,523,270)	(311,770)
Other Operating Activity Revenue	139,609	8,514	4,633	152,756	(7,044,826)
Net Cash Provided by Operating Activities	4,060,175	2,681,025	34,695	6,775,895	1,885,382
<b>Cash Flows from Noncapital Financing Activities:</b>					
Cash Received from Other Funds	-	566,519	233,340	799,859	165,000
Cash Paid to Other Funds	(62,042)	(26,613)	(237,955)	(326,610)	320,603
Net Cash Provided by/(Used for) Noncapital Financing Activities	(62,042)	539,906	(4,615)	473,249	485,603
<b>Cash Flow from Capital and Related Financing Activities:</b>					
Contributions of Capital	2,826,218	3,878,964	-	6,705,182	-
Acquisition and Construction of Assets	(10,989,863)	(22,837,735)	(28,074)	(33,855,672)	(1,779,243)
Proceeds from Sale of Capital Assets	-	-	-	-	110,346
Principal Payments on Bonds	(493,600)	-	-	(493,600)	-
WIFA - Contracted Loan	2,221,158	20,770,389	-	22,991,547	-
Interest and Fiscal Agent Fee Payments	(675,328)	(194,958)	-	(870,286)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(7,111,415)	1,616,660	(28,074)	(5,522,829)	(1,668,897)
<b>Cash Flows from Investing Activities:</b>					
Receipt of Interest	49,721	64,856	449	115,026	97,857
Net Cash Provided by Investing Activities	49,721	64,856	449	115,026	97,857
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(3,063,560)	4,902,447	2,455	1,841,342	799,945
Cash and Cash Equivalents, July 1	15,529,571	16,424,825	130,228	32,084,624	14,755,743
Cash and Cash Equivalents, June 30	<u>\$ 12,466,011</u>	<u>\$ 21,327,272</u>	<u>\$ 132,683</u>	<u>\$ 33,925,966</u>	<u>\$ 15,555,688</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>					
Operating Income/(Loss)	\$ 752,091	\$ 734,532	\$ (221,427)	\$ 1,265,196	\$ 216,179
<b>Adjustments to Reconcile Operating Income/(Loss)</b>					
Depreciation and Amortization Expense	3,463,832	2,098,657	283,957	5,846,445	2,015,034
(Increase)/Decrease in Accounts Receivables	(378,264)	(195,509)	2,077	(571,696)	(36,671)
Decrease in Inventories	2,337	-	10,885	13,222	(353,468)
(Increase)/Decrease in Prepaid Items	(2,377)	(888)	1,107	(2,158)	(558)
Increase in Accounts Payable	18,532	16,455	14,438	49,425	(83,068)
Increase in Accrued Wages and Taxes Payable	21,727	21,189	1,164	44,080	76,790
Increase/(Decrease) in Claims Incurred but Not Reported	-	-	(65,357)	(65,357)	51,146
Increase/(Decrease) in Customer Deposits	42,688	(1,925)	3,218	43,981	-
Other Operating Activity Revenue	139,609	8,514	4,633	152,756	-
Total Adjustments	<u>3,308,084</u>	<u>1,946,493</u>	<u>256,122</u>	<u>5,510,699</u>	<u>1,669,205</u>
Net Cash Provided by Operating Activities	<u>\$ 4,060,175</u>	<u>\$ 2,681,025</u>	<u>\$ 34,695</u>	<u>\$ 6,775,895</u>	<u>\$ 1,885,384</u>
<b>Noncash Transactions Affecting Financial Position</b>					
Purchase of Assets with Vendor Provided Financing	\$ 1,322,317	\$ 3,025,058	\$ -	\$ 4,347,375	\$ 6,622
Contributions of Fixed Assets	1,263,279	954,722	-	2,218,001	-
Total Noncash Transactions Affecting Financial Position	<u>\$ 2,585,596</u>	<u>\$ 3,979,779</u>	<u>\$ -</u>	<u>\$ 6,565,375</u>	<u>\$ 6,622</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, 2004

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## **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, 2004

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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.

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

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

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

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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**PROPRIETARY FUNDS**

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

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

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

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

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

The government-wide financial statements, as well as the proprietary fund financial statements, use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Property taxes are recognized as revenue in the year levied. Grants are recognized as revenue when all eligibility requirements are met and the underlying expenses have been recorded.

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

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

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

**D. Budgets and Budgetary Accounting**

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

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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- i. On or before the first Monday in June, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- ii. Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- iii. On or before the third Monday in August, the budget is legally enacted through passage of an ordinance.
- iv. At any time during the fiscal year, the City Administrator may transfer part or all of any unencumbered appropriation balance among programs within a fund. Upon written request by the City Administrator, the Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one fund to another.
- v. Formal budgetary integration is employed as a management control device during the fiscal year for all funds with legally adopted budgets (only the Workers Compensation and Employee Benefits Trust Internal Services Funds are not budgeted). Appropriations not expended at fiscal year end lapse.
- vi. Budgetary amounts include those as originally adopted, and as amended by Council or City Administrator through the end of the fiscal year. Arizona State Statute does not allow supplemental budgets.
- vii. Expenditures incurred during the fiscal year may not legally exceed the publicly published budget. The maximum legal expenditure permitted for the fiscal year is the total adopted budget.

2) Budgetary Reporting and Budgetary Basis of Accounting:

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

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the exception of the Enterprise Funds and for Internal Service Funds for which budgets are adopted. For these funds, expenditures related to debt service and to capital acquisition are budgeted in the same manner as governmental funds. Depreciation is not budgeted.

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

1) Transactions between Funds:

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

2) Cash and Investments:

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

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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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.

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, 2004, the estimated amounts of unbilled revenues for the Water and Wastewater Enterprise Funds and the Solid Waste Special Revenue Fund are \$1,220,551, \$599,330, and \$165,314, 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,

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or bond discount. Bond issuance costs are reported as deferred charges and amortized over the life of the debt.

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

9) Reserves and Designated Fund Balances:

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

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

1) Property Tax Revenue Recognition:

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

2) Compensated Absences:

The City's administrative regulations provide permanent City employees with general and major illness leave in varying amounts based on years of service. In addition, employees may accrue hours worked on holidays for absences or payment in the future. General leave vests with the employee as it is earned. At fiscal year end, the Governmental Funds include an accrual of general and holiday leave pay and related benefits that would normally be liquidated with expendable available financial resources. All governmental funds (excepting the Capital Projects, Debt Service, Local Transportation Assistance and Two Percent Tax Funds), to varying degrees, liquidate these benefits. General and holiday leave with related benefits in excess of this accumulation, \$1,614,924, 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 \$144,906, \$128,426, \$53,756 and \$3,116 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, 2004, the amount accumulated in sick pay and related benefits is \$6,136,618, including \$143,278 attributable to Internal Service Funds and \$767,070 to Enterprise Funds. Under GASB Statement No. 16, *Accounting for Compensated Absences*, the City uses the "termination payment" method to determine its provision for major illness leave liability. The portion of the major illness leave liability related to governmental fund types, \$459,407, is reported within the governmental activities column of the government-wide financial statements, as current amounts of that liability have been determined to be immaterial and are not recorded within the respective governmental funds. The provision for probable future major illness leave and related benefits attributable to the Equipment Maintenance Internal Service Fund is \$7,820 and Water, Wastewater, and Desert Hills and Arroyo Dunes Golf Course

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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Enterprise Funds of \$37,144, \$25,414, \$12,672 and \$1,012 respectively, are recorded in those funds and are accrued as earned.

**G. Investment Income**

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

**H. Use of Estimates**

The preparation of 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 the Debt Service Fund. The City had not budgeted for its annual interest payment for the new Special Assessment Improvement District #67. As a result, the City exceeded its appropriations by \$80,251.

**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**  
For the Year Ended June 30, 2004

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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 .....	
No more than 80%	No more than 80%
Fully insured or collateralized CD's .....	No more than 30%
Banker's Acceptances .....	No more than 25%
A-1/P-1 Commercial Paper.....	No more than 35%
Maximum per issuer.....	10% of total C. P.
Repurchase Agreements.....	
100%	100%
Money Market Funds.....	
100%	100%
Local Government Investment Pool .....	
100%	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, 2004, the carrying amount of the City's deposits was \$251,459 and the bank balance was \$335,783. The difference of \$84,324 relates to outstanding checks and unrecorded deposits in transit. The City's deposits of \$335,783 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 \$235,783 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.

	<b>Category 1</b>	<b>Reported Amount</b>	<b>Fair Value</b>
U.S. Treasuries	\$ 17,286,451	\$ 17,286,451	\$ 17,285,598
Federal Agencies	<u>50,557,697</u>	<u>50,557,697</u>	<u>50,541,187</u>
	<u>\$ 67,844,148</u>	67,844,148	67,826,785
Money Market		8,095,630	8,095,630
Investments in State Investment Pool		<u>23,666,437</u>	<u>23,666,437</u>
		<u>\$ 99,606,215</u>	<u>\$ 99,588,852</u>

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

	On Hand	\$ 21,610
	Deposits	251,459
	Investments	<u>99,606,215</u>
Total Cash and Investments per Statement of Net Assets		<u>\$ 99,879,284</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 2002-03 (Tax Year 2002) and fiscal year 2003-04 (Tax Year 2003), follow:



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	<b>Tax Year 2002</b>	<b>Tax Year 2003</b>
Primary Assessed Valuation	\$299,108,816	\$315,700,166
Primary Tax Rate	1.8621	1.8693
Primary Tax Levy	\$5,569,705	\$5,901,384
Secondary Assessed Valuation	\$305,708,909	\$322,623,524
Secondary Tax Rate/Levy	None	None
Current Tax Collections	\$5,339,296	\$5,656,980
Delinquent Tax Collections	\$186,250	\$200,845
Delinquent Taxes Outstanding as of June 30	\$234,420	\$223,534

**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:

	<b>Gross Receivable</b>		<b>Allowance Amount</b>	
	<b>June 30,</b>			
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Special Revenue Funds - Solid Waste	\$ 254,056	\$ 158,815	\$ 10,802	\$ 4,551
Enterprise Funds:				
Water	2,082,768	1,687,517	60,359	43,371
Wastewater	1,080,997	975,090	27,223	21,297

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

Amounts due from other government units at June 30, 2004, are as follows:

	<b>Agencies</b>				
	<b>Federal</b>	<b>State</b>	<b>County</b>	<b>Local</b>	<b>Total</b>
Governmental Funds					
Major Funds					
General	\$ 2,272,717	\$ 151,089	\$ -	\$ 70,653	\$ 2,494,459
Highway User Revenue	-	638,410	15,570	-	653,980
City Road Tax	-	725,679	-	-	725,679
Community Redevelopment	137,706	-	-	-	137,706
Grants	498,418	80,749	36,497	-	615,664
Capital Projects	-	410,000	-	-	410,000
Non-major Funds					
Public Safety Tax	-	290,173	-	-	290,173
Recreation Complex	-	-	-	14,935	14,935
Solid Waste	-	50	-	-	50
Mall Maintenance	-	-	2,943	-	2,943
Enterprise Funds					
Water	-	508	-	-	508
Wastewater	43,843	-	-	463,679	507,522
Desert Hills Golf Course	-	633	-	-	633
Internal Service Funds					
Equipment Maintenance	-	62	-	-	62
Total	\$ 2,952,684	\$ 2,297,353	\$ 55,010	\$ 549,267	\$ 5,854,314

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**E. Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2004, follows:

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Capital Assets Not Being Depreciated:				
Land	\$ 11,576,484	\$ 2,297,226	\$ 294,321	\$ 13,579,389
Construction in Progress	14,926,264	11,776,908	948,098	25,755,074
Total Capital Assets Not Being Depreciated	26,502,748	14,074,134	1,242,419	39,334,463
Other Capital Assets:				
Buildings	56,295,678	1,548,858	25,454	57,819,082
Improvements	16,747,299	2,501,075	-	19,248,374
Infrastructure	121,214,375	6,125,362	3,025	127,336,712
Equipment	31,693,349	2,378,161	1,391,650	32,679,861
Total Other Capital Assets	225,950,701	12,553,456	1,420,129	237,084,029
Less Accumulated Depreciation for:				
Buildings	9,247,228	1,892,442	19,124	11,120,546
Improvements	6,375,039	1,412,628	-	7,787,667
Infrastructure	65,966,468	2,917,930	1,613	68,882,785
Equipment	17,070,074	3,212,908	1,350,873	18,932,110
Total Accumulated Depreciation	98,658,809	9,435,908	1,371,610	106,723,107
Other Capital Assets, Net	127,291,892	3,117,548	48,519	130,360,922
Total Capital Assets, Governmental Activities	\$ 153,794,640	\$ 17,191,681	\$ 1,290,939	\$ 169,695,385

Government activities capital assets net of accumulated depreciation at June 30, 2004, include:

General Capital Assets, Net	\$ 159,639,618
Internal Service Fund Capital Assets, Net	10,055,767
Total	\$ 169,695,385

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,608,652
Public Safety	1,227,443
Parks, Recreation, and Culture	1,505,581
Environmental Health and Protection	27,426
Community Design and Development	126,851
Streets	2,928,640
Assets held by Internal Service Funds are charged based on usage of assets	2,011,315
Total	\$ 9,435,908

**City of Yuma, Arizona**  
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**Business-type activities:**

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Capital Assets Not Being Depreciated:				
Land	\$ 1,171,030	\$ -	\$ -	\$ 1,171,030
Construction in Progress	14,528,591	31,430,007	-	45,958,598
Total Capital Assets Not Being Depreciated	<u>15,699,621</u>	<u>31,430,007</u>	<u>-</u>	<u>47,129,628</u>
Other Capital Assets:				
Buildings	7,945,197	-	-	7,945,197
Improvements	123,694,117	8,015,052	-	131,709,169
Equipment	3,047,246	152,742	60,524	3,139,464
Total Other Capital Assets	<u>134,686,560</u>	<u>8,167,794</u>	<u>60,524</u>	<u>142,793,830</u>
Less Accumulated Depreciation for:				
Buildings	3,599,501	202,088	-	3,801,589
Improvements	48,456,962	5,329,840	-	53,786,802
Equipment	1,954,912	217,756	58,316	2,114,352
Total Accumulated Depreciation	<u>54,011,375</u>	<u>5,749,684</u>	<u>58,316</u>	<u>59,702,743</u>
Other Capital Assets, Net	<u>80,675,185</u>	<u>2,418,110</u>	<u>2,208</u>	<u>83,091,087</u>
Total Capital Assets, Business-type activities	<u>\$ 96,374,806</u>	<u>\$ 33,848,117</u>	<u>\$ 2,208</u>	<u>\$ 130,220,715</u>

Depreciation was charged to programs as follows:

Water	\$ 3,367,069
Wastewater	2,098,657
Golf courses	283,958
Total	<u>\$ 5,749,684</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.

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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, 2004, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The City's contribution to ASRS for the years ended June 30, 2004, 2003, and 2002 were \$1,275,114, \$538,377, and \$500,530, respectively, which were equal to the required contributions for the year. In addition, active EORP members were required by statute to contribute 7 percent of the members' annual covered payroll while the City was required to contribute at the actuarially determined rate of 13.49 percent. The City's contributions to EORP for the years ended June 30, 2004, 2003 and 2002 were \$27,524, \$11,103, and \$8,027, respectively, which were equal to the required contributions for the year.

*Agent plans* - For the year ended June 30, 2004, 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 5.40 percent for police and 10.77 percent for fire.

**Annual Pension Cost** - The City's pension cost for the two agent plans for the year ended June 30, 2004, follows:

	<b>Police</b>	<b>Fire</b>
Contribution Rates	5.40%	10.77%
Annual Pension Cost	\$10,881	\$213,451
Contributions Made	\$10,881	\$213,451
Actuarial Valuation Date	June 30, 2003	June 30, 2003
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

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**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>
<b>POLICE</b>	2001	86,526	100.0%	-
	2002	133,141	100.0%	-
	2003	10,881	100.0%	-
<b>FIRE</b>	2001	251,685	100.0%	-
	2002	168,473	100.0%	-
	2003	213,451	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 \$62,141. At June 30, 2004, unrestricted net assets amounted to \$206,290.

In May, Council passed a resolution authorizing City membership in the Yuma Area Benefit Consortium. The Consortium, established in 1997, is composed of other governmental entities in the Yuma area for the purpose of providing insurance benefits to employees through self-funded or insured programs. Council also approved a \$200,000 contribution to fund start-up costs as estimated by the Consortium. Effective July 1, 2004 City employees will be insured under the Consortium plans for health, dental and employee assistance programs.

**H. Long-Term Liabilities**

The following changes occurred in long-term liabilities during the fiscal year ended June 30, 2004:

	<u>July 1,</u> <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30,</u> <u>2004</u>	<u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Yuma Municipal Property Corporation	\$ 67,435,000	\$ -	\$ 3,995,000	\$ 63,440,000	\$ 3,020,000
Improvement District #67	-	7,280,000	-	7,280,000	-
Contracts Payable	3,320,000	-	805,000	2,515,000	792,000
Compensated Absences	1,980,387	272,408	178,464	2,074,331	1,364,236
Total Governmental Activity Long-Term Debt	<u>\$ 72,735,387</u>	<u>\$ 7,552,408</u>	<u>\$ 4,978,464</u>	<u>\$ 75,309,331</u>	<u>\$ 5,176,236</u>
<b>Business-type activities:</b>					
General Obligation Bonds	\$ 11,385,000	\$ -	\$ 880,000	\$ 10,505,000	\$ 930,000
Contracts Payable	10,412,799	23,377,947	4,609	33,786,137	386,400
Total Business-type Activity Long-Term Debt	<u>\$ 21,797,799</u>	<u>\$ 23,377,947</u>	<u>\$ 884,609</u>	<u>\$ 44,291,137</u>	<u>\$ 1,316,400</u>

On the Statement of Net Assets, the current portion of governmental activity long-term debt of \$3,812,000 excludes the current portion of compensated absences of \$1,364,236 that is recorded within accrued liabilities. The long-term portion of governmental activity long-term debt is net of \$118,502 of unamortized deferred charges. For business-type activities, long-term debt excludes the current portion of bonds payable of \$697,500 and current portion of contracts payable of \$302,053 that is recorded within liabilities payable from restricted assets. Also, the long-term portion is net of \$336,619 of unamortized issuance costs.

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**Contracts Payable**

**Governmental Activities** - During fiscal year 2004, the City held two loans recorded as long-term contracts payable. The first was a \$500,000 note with the U.S. Department of Housing and Urban Development Section 108 program for use in neighborhood revitalization. Proceeds will generate loans to qualified neighborhood residents and future payments will be funded by loan repayments of the recipients. Two loans were obtained from the Arizona State Department of Transportation Highway Expansion and Extension Program (HELP). Proceeds of \$2,000,000 and \$1,000,000 were used for two street projects. Payments will originate from the City Road Tax Fund.

Annual debt service requirements under these contracts are as follow:

July 1,	<b>Contracts Payable</b>					
	Section 108		HELP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 92,000	\$ 12,758	\$ 700,000	\$ 38,034	\$ 792,000	\$ 50,792
2005	99,000	10,666	700,000	25,905	799,000	36,571
2006	107,000	7,822	700,000	13,776	807,000	21,598
2007	117,000	4,274	-	1,647	117,000	5,921
Total	<u>\$ 415,000</u>	<u>\$ 35,520</u>	<u>\$ 2,100,000</u>	<u>\$ 79,362</u>	<u>\$ 2,515,000</u>	<u>\$ 114,882</u>

**Business-type activities** – During fiscal year 2004, the City began construction of major additions to its utility infrastructure, including new, additional treatment plants for its water and wastewater systems. Financing for these additions comes from the Arizona Water Infrastructure Financing Authority (WIFA) in the form of 20 year loan contracts. The City will draw from these approved loans until their limits are reached. Current loans are \$10 million for water projects (\$6,304,099 drawn) and \$44 million for wastewater projects (\$27,482,038 drawn). An additional \$36 million loan for water projects was requested and approved July 14, 2004. Debt retirement schedules will be finalized once the disbursement of loan proceeds is complete.

**Bonded Debt - Excluding Refunded Debt**

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

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

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

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voters in 1993 on the gross proceeds of sales or gross income from the business of bars, restaurants and hotels. For each bond series, the corresponding pledged tax was:

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

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	\$ 2,760,000
1997 Refunding	4.90%	12/1/1997	2012	8,085,000	7,745,000
Unamortized deferred amount on refunding				-	(336,619)
				<u>22,455,000</u>	<u>10,168,381</u>
Yuma Municipal Property Corporation Bonds:					
1998 Issue	3.74%	12/1/1998	2004	6,020,000	1,300,000
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>68,160,000</u>	<u>63,440,000</u>
Total Bonds Authorized and Issued				<u>\$ 90,615,000</u>	<u>\$ 73,608,381</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, 2004 follows:

	<u>Water, Etc. (20%)</u>	<u>All Other (6%)</u>
Legal Limit	\$ 64,524,705	\$ 19,357,411
Outstanding G.O. Debt	<u>9,575,000</u>	<u>-</u>
Available Debt Margin	<u>\$ 54,949,705</u>	<u>\$ 19,357,411</u>

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**Annual Debt Service Requirements to Maturity**

July 1	G.O. Bonds 1992 Issue			MPC Bonds 1998 Series			Improvement District No. 67 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	865,000	162,950	1,027,950	1,300,000	50,050	1,350,050	-	89,787	89,787
2005	920,000	112,780	1,032,780	-	-	-	-	269,360	269,360
2006	975,000	58,500	1,033,500	-	-	-	680,000	256,780	936,780
2007	-	-	-	-	-	-	710,000	231,065	941,065
2008	-	-	-	-	-	-	740,000	204,240	944,240
2009	-	-	-	-	-	-	770,000	176,305	946,305
2010	-	-	-	-	-	-	805,000	147,168	952,168
2011	-	-	-	-	-	-	840,000	116,736	956,736
2012	-	-	-	-	-	-	875,000	85,008	960,008
2013	-	-	-	-	-	-	910,000	51,985	961,985
2014	-	-	-	-	-	-	950,000	17,575	967,575
	<u>\$ 2,760,000</u>	<u>\$ 334,230</u>	<u>\$ 3,094,230</u>	<u>\$ 1,300,000</u>	<u>\$ 50,050</u>	<u>\$ 1,350,050</u>	<u>\$ 7,280,000</u>	<u>\$ 1,646,009</u>	<u>\$ 8,926,009</u>

	1997 Refunding Bonds			MPC Bonds 2001 Series			MPC Bonds 2003 Series		
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>\$ 7,745,000</u>	<u>\$ 2,449,389</u>	<u>\$10,194,389</u>	<u>\$34,150,000</u>	<u>\$23,935,800</u>	<u>\$58,085,800</u>	<u>\$ 9,000,000</u>	<u>\$ 4,192,548</u>	<u>\$13,192,548</u>

	MPC Bonds 2003 Refunding 1995A			MPC Bonds 2003 Refunding 1995B			MPC Bonds 2003 Refunding 1995C		
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>\$ 4,346,545</u>	<u>\$18,986,545</u>	<u>\$ 2,905,000</u>	<u>\$ 739,077</u>	<u>\$ 3,644,077</u>	<u>\$ 1,445,000</u>	<u>\$ 177,639</u>	<u>\$ 1,622,639</u>



**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

**I. Interfund Transfers**

<i>Transfers Out</i>			<i>Transfers In</i>		
From / Into			Into / From		
<b>Governmental activities - major funds:</b>					
<b>General Fund</b>	HURF	\$ 16,124	<b>General Fund</b>	Capital Projects	\$ 151,985
	Solid Waste	943,914		General Fund	16,124
	Mall Maintenance	123,230	<b>HURF</b>		
	Debt Service	3,119,164		General Fund	3,119,164
	Capital Projects	1,036,988	<b>Debt Service</b>	HURF	100,902
<b>HURF</b>	Debt Service	100,902		Capital Projects	98,281
	Capital Projects	1,696,292		Public Safety Tax	2,270,853
<b>Road Tax</b>	Capital Projects	4,902,060		Solid Waste	20,873
				Desert Hills G.C.	233,340
<b>Grants</b>	Capital Projects	3,506,915		Wastewater	23,942
				Water	62,042
<b>Community Redevelopment</b>	Capital Projects	962,651	<b>Capital Projects</b>	General Fund	1,036,988
				HURF	1,696,292
<b>Capital Projects</b>	General Fund	151,985		Road Tax	4,902,060
	Debt Service	98,281		Community Redevelopment	962,651
	Wastewater	561,909		Grants	3,506,915
				LTAF	376,068
				Public Safety Tax	134,881
				Two Percent Tax	145,002
				Recreation Complex	30,516
				Wastewater	2,671
<b>Nonmajor funds:</b>					
<b>LTAF</b>	Capital Projects	376,068	<b>Solid Waste</b>	General Fund	943,914
<b>Public Safety Tax</b>	Debt Service	2,270,853			
	Capital Projects	134,881	<b>Recreation Complex</b>	Two Percent Tax	1,650,000
<b>Solid Waste</b>	Debt Service	20,873	<b>Mall Maintenance</b>	General Fund	123,230
<b>Recreation Complex</b>	Capital Projects	30,516			
<b>Two Percent Tax</b>	Recreation Complex	1,650,000			
	Capital Projects	145,002			
	Desert Hill G.C.	233,340			
	<b>Total Governmental Activities</b>	<b>22,081,948</b>		<b>Total Governmental Activities</b>	<b>21,608,694</b>
<b>Business-type activities:</b>					
<b>Desert Hills G.C.</b>	Debt Service	233,340	<b>Desert Hills G.C.</b>	Two Percent Tax	233,340
<b>Water</b>	Debt Service	62,042	<b>Wastewater</b>	Capital Projects	561,909
<b>Wastewater</b>	Debt Service	23,942			
	Capital Projects	2,671			
	Total Enterprise Funds	321,995			795,249
	<i>Total Transfers Out</i>	<b>\$ 22,403,943</b>		<i>Total Transfers In</i>	<b>\$ 22,403,943</b>

The majority of the transfers listed above are for capital projects expenditures or for debt service requirements and are recognizable by the fund to which the transfer is made. This includes Enterprise Fund transfers to debt service as the majority of the related bond debt service is governmental in nature and is recorded in the Debt Service Fund rather than within the Enterprise Funds. As for the remaining transfers, they include operating subsidies from the General Fund to HURF (\$16,124), Solid Waste Fund (\$943,914) and Mall Maintenance (\$123,230); and from the Two Percent Tax Fund to Recreation Complex Fund (\$1,650,000) and Desert Hills Golf Course (\$233,340).

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

Interfund activity is eliminated within the governmental activities column of the Statement of Activities. Only transfers between governmental and business-type activities appear on that statement. The net asset transfers in of \$473,254 are for capital assets.

**J. Interfund Receivables and Payables**

Interfund balances at June 30, 2004, follow:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>Major Funds</u>	<u>Nonmajor Fund</u>	
	<u>General</u>	<u>Two Percent Tax</u>	
<b>Major Governmental Funds:</b>			
Community Redevelopment Fund	68,591	-	68,591
Grants Fund	27,812	-	27,812
<b>Nonmajor Governmental Funds:</b>			
Solid Waste Fund	132,130	-	132,130
<b>Nonmajor Enterprise Funds:</b>			
Desert Hills Golf Course Fund	-	156,210	156,210
<b>Internal Service Funds:</b>			
Equipment Maintenance	335,603	-	335,603
Workers Compensation	165,000	-	165,000
<b>Total Receivable</b>	<b>\$ 729,136</b>	<b>\$ 156,210</b>	<b>\$ 885,346</b>

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, \$147,480, 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** - \$6,920,455 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 - \$1,055,522 for subsequent year expenditures for insurance purposes; an additional \$500,000 for capital projects; and, public/educational/government (PEG) Facility -\$269 remaining for continuing development of the channel on the local cable system. *Future Community Improvements* - \$797,224 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.

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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 \$62,141 reported in the Internal Service Fund, Employee Benefits Trust Fund at June 30, 2004 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 2004, 2003, and 2002 were:

<b>Fiscal Year</b>	<b>Beginning of Year Liability</b>	<b>Claims and Changes In Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
<b>2003-04</b>	\$ 51,775	\$ 496,971	\$ 486,605	\$ 62,141
<b>2002-03</b>	47,642	400,801	396,668	51,775
<b>2001-02</b>	42,000	382,920	377,278	47,642

The City is self-insured for Workers Compensation. The changes to claims liability amounts in fiscal years 2004, 2003, and 2002 were:

<b>Fiscal Year</b>	<b>Beginning of Year Liability</b>	<b>Claims and Changes In Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
<b>2003-04</b>	\$ 423,570	\$ 345,353	\$ 304,573	\$ 464,350
<b>2002-03</b>	261,661	582,648	420,739	423,570
<b>2001-02</b>	336,656	203,460	278,455	261,661

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**

The City has active construction projects as of June 30, 2004. At year-end the government's commitments with contractors for specific projects are as follows:

<b>Construction Commitments</b>	<b>Original Contract</b>	<b>Expenditures to Date</b>	<b>Remaining Commitment</b>
General Government	100,618	26,392	74,226
Public Safety	4,054,814	2,361,434	1,693,380
Parks & Recreation	3,991,679	3,038,505	953,174
Environmental Health	347,865	331,138	16,727
Streets	7,742,528	2,296,722	5,445,806
Water System	17,522,627	8,590,983	8,931,644
Wastewater System	48,024,567	22,897,103	25,127,464
	<u>\$ 81,784,698</u>	<u>\$ 39,542,277</u>	<u>\$ 42,242,421</u>

**City of Yuma, Arizona**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2004

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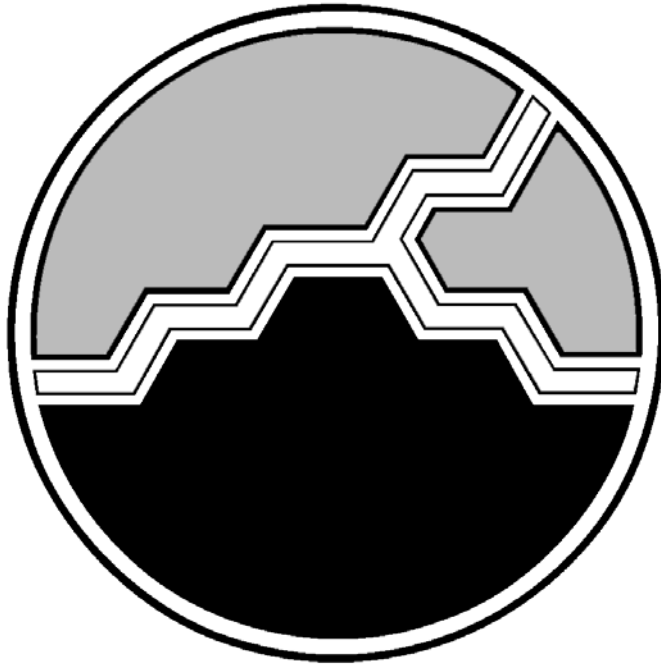
**V. CONTINGENT LIABILITIES**

**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, 2004.

**B. Compliance**

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



**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	<b>Actual Value of Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funding Liability (Excess)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Liability as Percentage of Payroll</b>
<b><i>POLICE</i></b>						
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	-%
2003	38,872,623	34,348,986	(4,523,637)	113.2%	7,103,014	-%
<b><i>FIRE</i></b>						
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	-%
2003	30,424,278	31,830,479	1,406,201	95.6%	4,459,268	31.5%

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ 13,233,000	\$ 13,233,000	\$ 15,575,898	\$ 2,342,898
Resources (inflows):				
Taxes:				
Property Tax - Primary	5,901,384	5,901,384	5,656,980	(244,404)
Property Tax - Delinquent	150,000	150,000	200,845	50,845
City Sales Tax	14,325,000	14,325,000	14,849,984	524,984
Public Enterprise In-Lieu	248,000	248,000	242,000	(6,000)
Franchise Tax	1,829,000	1,829,000	1,935,952	106,952
Total Taxes	22,453,384	22,453,384	22,885,761	432,377
Licenses:				
Business Licenses	260,000	260,000	291,080	31,080
Liquor Licenses	27,000	27,000	32,115	5,115
Building Permits	1,443,500	1,443,500	2,683,414	1,239,914
Alcohol Permits	6,000	6,000	9,485	3,485
Total Licenses	1,736,500	1,736,500	3,016,094	1,279,594
Intergovernmental:				
Sales Tax - State	6,132,504	6,132,504	6,535,654	403,150
State Revenue Sharing	6,996,136	6,996,136	7,002,250	6,114
Auto Lieu Tax	2,587,000	2,587,000	2,852,832	265,832
County Emergency Services	23,000	23,000	36,132	13,132
Other Intergovernmental	-	-	24,325	24,325
Total Intergovernmental	15,738,640	15,738,640	16,451,193	712,553
Charges for Services:				
Building Inspection Fees	509,500	509,500	925,551	416,051
Recreation Fees	440,000	440,000	381,442	(58,558)
Police Services	649,848	649,848	488,262	(161,586)
Other Charges	44,660	44,660	56,607	11,947
Total Charges for Services	1,644,008	1,644,008	1,851,862	207,854
Fines and Forfeitures:				
City Court Fines	685,000	685,000	725,948	40,948
Total Fines and Forfeitures	685,000	685,000	725,948	40,948
Use of Money and Property:				
Interest	320,000	320,000	70,322	(249,678)
Rental Receipts	83,500	83,500	146,948	63,448
Total Use of Money and Property	403,500	403,500	217,270	(186,230)
Miscellaneous				
Sales of Surplus Property	10,000	10,000	345,401	335,401
Other	88,500	88,500	85,809	(2,691)
Total Miscellaneous	98,500	98,500	431,210	332,710
Total Revenues	42,759,532	42,759,532	45,579,338	2,819,806
Transfers From Other Funds	863,000	863,000	151,985	(711,015)
Amounts Available for Appropriation	56,855,532	56,855,532	61,307,221	4,451,689

Continued on next page



**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Charges to Appropriations (outflows):</b>				
<b>General Government:</b>				
Mayor and Council	241,308	241,308	207,603	33,705
Elections	138,750	138,750	110,926	27,824
City Administrator	525,047	525,047	524,653	394
Communications	104,440	104,440	131,691	(27,251)
Quality Initiatives	310,696	310,696	290,384	20,312
General Government	569,564	575,564	228,617	346,947
City Clerk	222,292	222,292	213,456	8,836
Community Investment Trust	863,000	863,000	383,595	479,405
City Attorney	688,091	688,091	856,939	(168,848)
Litigation	445,200	445,200	197,048	248,152
City Prosecutor	192,818	192,818	181,189	11,629
Administrative Services	187,557	187,557	150,057	37,500
Accounting	708,938	708,938	603,175	105,763
Customer Services	395,625	395,625	360,766	34,859
Information Technology Services	2,137,497	2,137,497	1,657,433	480,064
Materials Management	559,534	559,534	572,532	(12,998)
Human Resources	704,649	704,649	639,213	65,436
Facilities Maintenance	897,484	897,484	729,691	167,793
Intragovernmental Charges	<u>(2,575,230)</u>	<u>(2,575,230)</u>	<u>(2,575,230)</u>	<u>-</u>
Total General Government Expenditures	<u>7,317,260</u>	<u>7,323,260</u>	<u>5,463,738</u>	<u>1,859,522</u>
Less Capital Outlay	376,462	360,811	34,918	325,893
Less Debt Service				
Principal	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>
Total General Government Deductions	<u>376,462</u>	<u>360,811</u>	<u>54,918</u>	<u>305,893</u>
General Government Operating Expenditures	<u>6,940,798</u>	<u>6,962,449</u>	<u>5,408,820</u>	<u>1,553,629</u>
<b>Public Safety:</b>				
Police Administration - Field Operations	11,613,260	11,613,260	10,890,527	722,733
Police Reserve Unit	5,750	5,750	2,752	2,998
Police Support Services	2,259,865	2,258,251	2,023,868	234,383
Police Communication Center	1,670,843	1,666,457	1,520,585	145,872
Fire Administration	432,071	423,901	369,198	54,703
Fire Training	188,520	185,690	170,341	15,349
Fire Suppression	5,865,650	5,882,355	6,047,031	(164,676)
Fire Prevention	484,259	482,559	445,773	36,786
Fire Maintenance	531,287	531,287	509,492	21,795
Fire Special Operations	74,969	70,964	41,790	29,174
Fire Emergency Medical Services	91,003	91,003	86,387	4,616
Fire Emergency Management	78,012	78,012	88,830	(10,818)
Animal Control	405,733	405,733	405,733	-
Municipal Court	<u>1,084,817</u>	<u>1,084,817</u>	<u>1,097,136</u>	<u>(12,319)</u>
Total Public Safety Expenditures	<u>24,786,039</u>	<u>24,780,039</u>	<u>23,699,443</u>	<u>1,080,596</u>
Less Capital Outlay	<u>45,020</u>	<u>80,015</u>	<u>76,746</u>	<u>3,269</u>
Public Safety Operating Expenditures	<u>24,741,019</u>	<u>24,700,024</u>	<u>23,622,697</u>	<u>1,077,327</u>

Continued on next page

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Parks, Recreation and Culture:				
Parks and Recreation Administration	364,674	364,674	363,488	1,186
Parks Maintenance	3,318,156	3,318,156	3,113,667	204,489
Parks Development	249,069	249,069	222,528	26,541
Recreation Administration	508,930	510,613	496,662	13,951
Senior Adult Activities	149,664	149,664	114,504	35,160
Adult Activities	207,265	207,265	184,426	22,839
Youth Activities	236,826	236,826	207,549	29,277
Aguatics	551,293	549,610	511,550	38,060
Yuma Art Center	503,862	503,862	404,331	99,531
Intragovernmental Charges	(145,001)	(145,001)	(145,001)	-
Total Parks, Recreation and Culture	5,944,738	5,944,738	5,473,704	471,034
Less Capital Outlay	80,657	125,257	90,316	34,941
Parks, Recreation and Culture Operating Expenditures	5,864,081	5,819,481	5,383,388	436,093
Environmental Health and Protection:				
Environmental Management	1,005,368	1,005,368	993,263	12,105
Intragovernmental Charges	(799,124)	(799,124)	(799,124)	-
Environmental Health and Protection Operating Expenditures	206,244	206,244	194,139	12,105
Community Design and Development:				
Community Development Administration	539,425	533,125	543,371	(10,246)
Engineering	979,067	954,902	830,492	124,410
Business Development	425,000	425,000	409,233	15,767
Planning and Neighborhood Services	1,448,865	1,479,330	1,414,338	64,992
Heritage Area Development	182,903	182,903	184,548	(1,645)
Outside Agencies	317,973	317,973	317,423	550
Total Community Design and Development	3,893,233	3,893,233	3,699,405	193,828
Less Capital Outlay	27,650	29,090	31,572	(2,482)
Community Design and Development Operating Expenditures	3,865,583	3,864,143	3,667,833	196,310
Total Operating Expenditures	41,617,725	41,552,341	38,276,877	3,275,464
Capital Outlay	529,789	595,173	233,552	361,621
Debt Service				
Principal	-	-	20,000	(20,000)
Total Expenditures	42,147,514	42,147,514	38,530,429	3,617,085
Transfers to Other Funds	6,096,806	6,096,806	5,239,420	857,386
Total Charges to Appropriations	48,244,320	48,244,320	43,769,849	4,474,471
Budgetary Fund Balance, June 30	<u>\$ 8,611,212</u>	<u>\$ 8,611,212</u>	<u>\$ 17,537,372</u>	<u>\$ 8,926,160</u> Concluded

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Highway User Revenue Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,418,374	\$ 3,418,374	\$ 4,878,727	\$ 1,460,353
Resources (inflows):				
Intergovernmental				
State Gasoline Tax	7,299,620	7,299,620	7,198,891	(100,729)
Use of Money and Property				
Interest	110,000	110,000	26,621	(83,379)
Miscellaneous				
Other	10,000	10,000	21,840	11,840
Total Revenues	7,419,620	7,419,620	7,247,352	(172,268)
Transfers From Other Funds	21,773	21,773	16,124	(5,649)
Amounts Available for Appropriation	10,859,767	10,859,767	12,142,203	1,282,436
Charges to Appropriations (outflows):				
Current:				
Public Safety				
Traffic Signals, Signs, and Striping	845,236	845,236	783,718	61,518
Streets				
Engineering	273,042	273,042	9,639	263,403
Street Maintenance	2,635,503	2,635,503	2,412,502	223,001
Street Lighting	478,344	478,344	493,570	(15,226)
Street Sweeping	437,465	437,465	442,175	(4,710)
Storm Drain Maintenance	523,685	523,685	424,319	99,366
Curbs, Gutters, and Sidewalks	393,954	393,954	413,193	(19,239)
Environmental Health				
Lot Cleaning	21,773	21,773	16,122	5,651
Capital Outlay	75,000	75,000	22,476	52,524
Total Expenditures	5,684,002	5,684,002	5,017,714	666,288
Transfers To Other Funds	3,823,565	3,823,565	1,797,194	2,026,371
Total Charges to Appropriations	9,507,567	9,507,567	6,814,908	2,692,659
Budgetary Fund Balance, June 30	\$ 1,352,200	\$ 1,352,200	\$ 5,327,295	\$ 3,975,095

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 City Road Tax Fund  
 For the Year Ended June 30, 2004

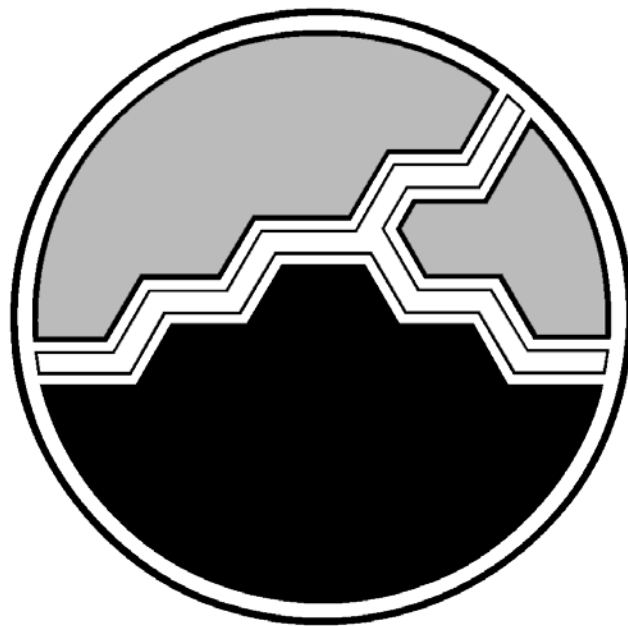
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,624,538	\$ 2,624,538	\$ 2,717,811	\$ 93,273
Resources (inflows):				
Taxes				
Special Road Sales Tax	7,042,000	7,042,000	7,423,730	381,730
Use of Money and Property				
Interest	68,000	68,000	15,553	(52,447)
Miscellaneous				
Other	-	-	68,233	68,233
Total Revenues	7,110,000	7,110,000	7,507,516	397,516
Amounts Available for Appropriation	9,734,538	9,734,538	10,225,327	490,789
Charges to Appropriations (outflows):				
Current:				
Streets				
Street Maintenance	242,340	242,340	242,340	-
Retention Basin Maintenance	336,995	336,995	329,380	7,615
Debt Service				
Principal	700,000	700,000	700,000	-
Interest and Fiscal Agent Fees	38,034	38,034	38,034	-
Total Expenditures	1,317,369	1,317,369	1,309,754	7,615
Transfers to Other Funds	7,967,200	7,967,200	4,902,060	3,065,140
Total Charges to Appropriations	9,284,569	9,284,569	6,211,814	3,072,755
Budgetary Fund Balance, June 30	\$ 449,969	\$ 449,969	\$ 4,013,513	\$ 3,563,544

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Grants Fund  
 For the Year Ended June 30, 2004

	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	10,289,744	10,289,744	4,934,157	(5,355,587)
State Government	2,122,204	2,122,204	235,397	(1,886,807)
Budget Authority Reserve	3,638,822	3,638,822	-	(3,638,822)
Use of Money and Property				
Interest	-	-	5,626	5,626
Contributions/Donations	43,797	43,797	7,732	(36,065)
Total Revenues	16,094,567	16,094,567	5,182,912	(10,911,655)
Amounts Available for Appropriation	16,103,235	16,103,235	5,191,580	(10,911,655)
Charges to Appropriations (outflows):				
Current:				
Public Safety	2,461,150	2,169,677	1,269,025	900,652
Parks, Recreation and Culture	49,297	54,781	21,704	33,077
Environmental Health and Protection	2,662,470	2,918,459	303,730	2,614,729
Community Design & Development	1,000	31,000	31,047	(47)
Capital Outlay	436,850	436,850	52,294	384,556
Total Expenditures	5,610,767	5,610,767	1,677,800	3,932,967
Operating Transfers Out	10,483,800	10,483,800	3,506,915	6,976,885
Total Charges to Appropriations	16,094,567	16,094,567	5,184,715	10,909,852
Budgetary Fund Balance, June 30	\$ 8,668	\$ 8,668	\$ 6,865	\$ (1,803)

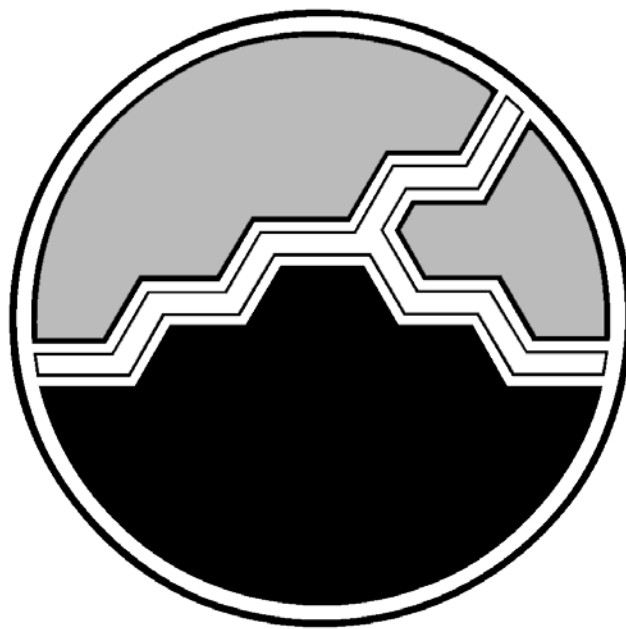
**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Community Redevelopment Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental				
Federal Government	2,949,869	2,949,869	1,755,242	(1,194,627)
State Government	-	-	3,451	3,451
Miscellaneous				
Loan Repayments	-	-	36,110	36,110
Other	600,000	600,000	129,748	(470,252)
Sale of Real Property	-	-	575,000	575,000
Total Revenues	<u>3,549,869</u>	<u>3,549,869</u>	<u>2,499,551</u>	<u>(1,050,318)</u>
Amounts Available for Appropriation	<u>3,549,869</u>	<u>3,549,869</u>	<u>2,499,551</u>	<u>(1,050,318)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development	2,319,001	2,319,001	1,437,887	881,114
Debt Service				
Principal	85,000	85,000	85,000	-
Interest and Fiscal Agent Fees	13,468	13,468	14,013	(545)
Total Expenditures	<u>2,417,469</u>	<u>2,417,469</u>	<u>1,536,900</u>	<u>880,569</u>
Operating Transfers Out	<u>1,132,400</u>	<u>1,132,400</u>	<u>962,651</u>	<u>169,749</u>
Total Charges to Appropriations	<u>3,549,869</u>	<u>3,549,869</u>	<u>2,499,551</u>	<u>1,050,318</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**OTHER SUPPLEMENTARY  
INFORMATION**





# NONMAJOR GOVERNMENTAL FUNDS

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## 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, 2004

<b><u>Assets</u></b>	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Cash and Investments	\$ 35,096	\$ 1,854,757	\$ -	\$ 1,298,991
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	-	-	243,254	12,146
Intergovernmental	-	290,173	50	14,935
Accrued Interest	842	10,262	-	2,507
Due From Other Funds	-	-	-	-
Inventory, at cost	-	-	-	9,014
Prepaid Items	-	-	-	890
Total Assets	\$ 35,938	\$ 2,155,192	\$ 243,304	\$ 1,338,483
<b><u>Liabilities</u></b>				
Liabilities:				
Accounts Payable	\$ 145	\$ 58,294	\$ 75,669	\$ 49,762
Accrued Payroll and Related Taxes	-	-	35,505	43,713
Due to Other Funds	-	-	132,130	-
Deferred Revenue	-	-	-	21,453
Total Liabilities	145	58,294	243,304	114,928
<b><u>Fund Balances</u></b>				
Reserved for:				
Inventory	-	-	-	9,014
Prepaid Items	-	-	-	890
Unreserved:				
Designated for Subsequent Years' Expenditures	-	-	-	44,600
Undesignated	35,793	2,096,898	-	1,169,051
Total Fund Balance	35,793	2,096,898	-	1,223,555
Total Liabilities and Fund Balance	\$ 35,938	\$ 2,155,192	\$ 243,304	\$ 1,338,483

<u>Special Revenue</u>		Total
<u>Two Percent Tax</u>	<u>Yuma Mall Maintenance</u>	<u>Nonmajor Governmental Funds</u>
-		
\$ 550,331	\$ 4,715	\$ 3,743,890
5,257	5,052	265,709
-	2,943	308,101
2,414	-	16,025
156,210	-	156,210
-	-	9,014
-	-	890
<u>\$ 714,212</u>	<u>\$ 12,710</u>	<u>\$ 4,499,839</u>
\$ 218	\$ 8,711	\$ 192,799
-	3,999	83,217
-	-	132,130
-	-	21,453
<u>218</u>	<u>12,710</u>	<u>429,599</u>
-	-	9,014
-	-	890
-	-	44,600
<u>713,994</u>	<u>-</u>	<u>4,015,736</u>
<u>713,994</u>	<u>-</u>	<u>4,070,240</u>
<u>\$ 714,212</u>	<u>\$ 12,710</u>	<u>\$ 4,499,839</u>

**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2004

	Special Revenue			
	Local Transportation Assistance	Public Safety Tax	Solid Waste	Recreation Complex
Revenues:				
Taxes	\$ -	\$ 2,968,482	\$ -	\$ -
Intergovernmental	431,754	-	-	-
Charges for Services	-	-	1,688,146	-
Use of Money and Property	486	14,326	-	479,518
Contributions/Donations	25,620	-	-	-
Miscellaneous	-	-	6,795	11,225
Total Revenues	457,860	2,982,808	1,694,941	490,743
Expenditures:				
Current:				
Public Safety	-	76,188	-	-
Parks, Recreation and Culture	-	-	-	1,579,434
Environmental Health and Protection	-	-	2,547,728	-
Community Design and Development	64,188	-	-	-
Capital Outlay	-	108,664	70,254	28,401
Total Expenditures	64,188	184,852	2,617,982	1,607,835
Revenues Over/(Under) Expenditures	393,672	2,797,956	(923,041)	(1,117,092)
Other Financing Sources/(Uses):				
Transfers In	-	-	943,914	1,650,000
Transfers Out	(376,068)	(2,405,734)	(20,873)	(30,516)
Total Other Financing Sources/(Uses)	(376,068)	(2,405,734)	923,041	1,619,484
Revenues and Other Financing Sources Over Expenditures and Other Uses	17,604	392,222	-	502,392
Fund Balances, July 1	18,189	1,704,676	-	721,163
Fund Balances, June 30	\$ 35,793	\$ 2,096,898	\$ -	\$ 1,223,555

<u>Special Revenue</u>		<u>Total</u>
<u>Two Percent Tax</u>	<u>Yuma Mall Maintenance</u>	<u>Nonmajor Governmental Funds</u>
\$ 3,044,645	\$ 88,411	\$ 6,101,538
-	-	431,754
-	-	1,688,146
2,707	-	497,037
-	-	25,620
7,401	16,113	41,534
<u>3,054,753</u>	<u>104,524</u>	<u>8,785,629</u>
-	-	76,188
843,536	-	2,422,970
-	-	2,547,728
-	227,754	291,942
-	-	207,319
<u>843,536</u>	<u>227,754</u>	<u>5,546,147</u>
2,211,217	(123,230)	3,239,482
-	123,230	2,717,144
<u>(2,028,342)</u>	<u>-</u>	<u>(4,861,533)</u>
<u>(2,028,342)</u>	<u>123,230</u>	<u>(2,144,389)</u>
182,875	-	1,095,093
<u>531,119</u>	<u>-</u>	<u>2,975,147</u>
<u>\$ 713,994</u>	<u>\$ -</u>	<u>\$ 4,070,240</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 121	\$ 121
Resources (inflows):				
Use of Money and Property:				
Interest	-	-	199	199
Total Revenues	-	-	199	199
Transfers In from Other Funds	<u>5,849,466</u>	<u>8,694,897</u>	<u>5,929,397</u>	<u>(2,765,500)</u>
Amounts Available for Appropriation	<u>5,849,466</u>	<u>8,694,897</u>	<u>5,929,717</u>	<u>(2,765,180)</u>
Charges to Appropriations (outflows):				
Debt Service:				
Bond Principal	3,020,000	3,020,000	3,020,000	-
Bond Interest	2,779,619	2,779,619	2,859,870	(80,251)
Fiscal Agent Fees	49,847	49,847	49,847	-
Total Expenditures	<u>5,849,466</u>	<u>5,849,466</u>	<u>5,929,717</u>	<u>(80,251)</u>
Total Charges to Appropriations	<u>5,849,466</u>	<u>5,849,466</u>	<u>5,929,717</u>	<u>(80,251)</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ 2,845,431</u>	<u>\$ -</u>	<u>\$ (2,845,431)</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 9,821,133	\$ 9,821,133	\$ 5,967,214	\$ (3,853,919)
Resources (inflows):				
Intergovernmental				
Arizona Department of Transportation	-	-	31,059	31,059
Charges for Services				
Developer Charges	674,079	674,079	364,789	(309,290)
Use of Money and Property				
Rents	305,000	305,000	342,868	37,868
Interest	-	-	48,663	48,663
Miscellaneous	2,992,600	2,992,600	96,872	(2,895,728)
Total Revenues	<u>3,971,679</u>	<u>3,971,679</u>	<u>884,251</u>	<u>(3,087,428)</u>
Proceeds from Long-Term Debt	12,360,000	9,382,000	7,280,000	(2,102,000)
Transfers From Other Funds	25,973,900	25,973,900	12,794,044	(13,179,856)
Amounts Available for Appropriation	<u>52,126,712</u>	<u>49,148,712</u>	<u>26,925,509</u>	<u>(22,223,203)</u>
Charges to Appropriations (outflows):				
Capital Outlay:				
General Government	7,712,400	3,700,145	2,033,517	1,666,628
Public Safety	7,149,000	7,151,600	3,050,269	4,101,331
Streets	13,160,879	17,712,968	7,868,742	9,844,226
Parks, Recreation and Culture	9,638,100	7,878,041	4,908,276	2,969,765
Environmental Health and Safety	4,582,000	4,587,625	1,279,575	3,308,050
Total Expenditures	<u>42,242,379</u>	<u>41,030,379</u>	<u>19,140,379</u>	<u>21,890,000</u>
Operating Transfers Out	-	-	812,175	(812,175)
Total Charges to Appropriations	<u>42,242,379</u>	<u>41,030,379</u>	<u>19,952,554</u>	<u>21,077,825</u>
Budgetary Fund Balance, June 30	<u>\$ 9,884,333</u>	<u>\$ 8,118,333</u>	<u>\$ 6,972,955</u>	<u>\$ (1,145,378)</u>



**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Local Transportation Assistance Special Revenue Fund  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 20,000	\$ 20,000	\$ 18,189	\$ (1,811)
Resources (inflows):				
Intergovernmental				
State Lottery Distribution	431,752	431,752	431,754	2
Use of Money and Property				
Interest	5,000	5,000	486	(4,514)
Contributions/Donations	<u>42,500</u>	<u>42,500</u>	<u>25,620</u>	<u>(16,880)</u>
Total Revenues	<u>479,252</u>	<u>479,252</u>	<u>457,860</u>	<u>(21,392)</u>
Amounts Available for Appropriation	<u>499,252</u>	<u>499,252</u>	<u>476,049</u>	<u>(23,203)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Outside Agencies - Cultural Council	104,188	104,188	64,188	40,000
Total Expenditures	<u>104,188</u>	<u>104,188</u>	<u>64,188</u>	<u>40,000</u>
Operating Transfers Out	<u>375,064</u>	<u>375,064</u>	<u>376,068</u>	<u>(1,004)</u>
Total Charges to Appropriations	<u>479,252</u>	<u>479,252</u>	<u>440,256</u>	<u>38,996</u>
Budgetary Fund Balance, June 30	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 35,793</u>	<u>\$ 15,793</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Public Safety Tax Special Revenue Fund  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 1,494,285	\$ 1,494,285	\$ 1,704,676	\$ 210,391
Resources (inflows):				
Taxes				
Public Safety Sales Tax	2,815,000	2,815,000	2,968,482	153,482
Use of Money and Property				
Interest	<u>37,500</u>	<u>37,500</u>	<u>14,326</u>	<u>(23,174)</u>
Total Revenues	<u>2,852,500</u>	<u>2,852,500</u>	<u>2,982,808</u>	<u>130,308</u>
Amounts Available for Appropriation	<u>4,346,785</u>	<u>4,346,785</u>	<u>4,687,484</u>	<u>340,699</u>
Charges to Appropriations (outflows):				
Current:				
Public Safety:				
Police Support Services	15,000	15,000	2,553	12,447
Police Communication Center	300,000	300,000	61,720	238,280
Municipal Court	-	-	11,915	(11,915)
Capital Outlay	<u>335,000</u>	<u>335,000</u>	<u>108,664</u>	<u>226,336</u>
Total Expenditures	<u>650,000</u>	<u>650,000</u>	<u>184,852</u>	<u>465,148</u>
Operating Transfers Out	<u>2,718,460</u>	<u>2,718,460</u>	<u>2,405,734</u>	<u>312,726</u>
Total Charges to Appropriations	<u>3,368,460</u>	<u>3,368,460</u>	<u>2,590,586</u>	<u>777,874</u>
Budgetary Fund Balance, June 30	<u>\$ 978,325</u>	<u>\$ 978,325</u>	<u>\$ 2,096,898</u>	<u>\$ 1,118,573</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Solid Waste Special Revenue Fund  
 For the Year Ended June 30, 2004

	<u>Budget</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Charges for Service				
Collection Fees	1,724,000	1,724,000	1,688,146	(35,854)
Miscellaneous				
Other	<u>5,000</u>	<u>5,000</u>	<u>6,795</u>	<u>1,795</u>
Total Revenues	<u>1,729,000</u>	<u>1,729,000</u>	<u>1,694,941</u>	<u>(34,059)</u>
Transfers from Other Funds	<u>921,495</u>	<u>921,495</u>	<u>943,914</u>	<u>22,419</u>
Amounts Available for Appropriation	<u>2,650,495</u>	<u>2,650,495</u>	<u>2,638,855</u>	<u>(11,640)</u>
Charges to Appropriations (outflows):				
Current:				
Environmental Health and Protection				
Residential Services	2,122,434	2,122,434	2,197,808	(75,374)
Uncontained Waste	352,822	352,822	322,488	30,334
Recycling	40,905	40,905	27,432	13,473
Capital Outlay	<u>105,000</u>	<u>105,000</u>	<u>70,254</u>	<u>34,746</u>
Total Expenditures	<u>2,621,161</u>	<u>2,621,161</u>	<u>2,617,982</u>	<u>3,179</u>
Transfers to Other Funds	<u>29,334</u>	<u>29,334</u>	<u>20,873</u>	<u>8,461</u>
Total Charges to Appropriations	<u>2,650,495</u>	<u>2,650,495</u>	<u>2,638,855</u>	<u>11,640</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Recreation Complex Special Revenue Fund  
 For the Year Ended June 30, 2004

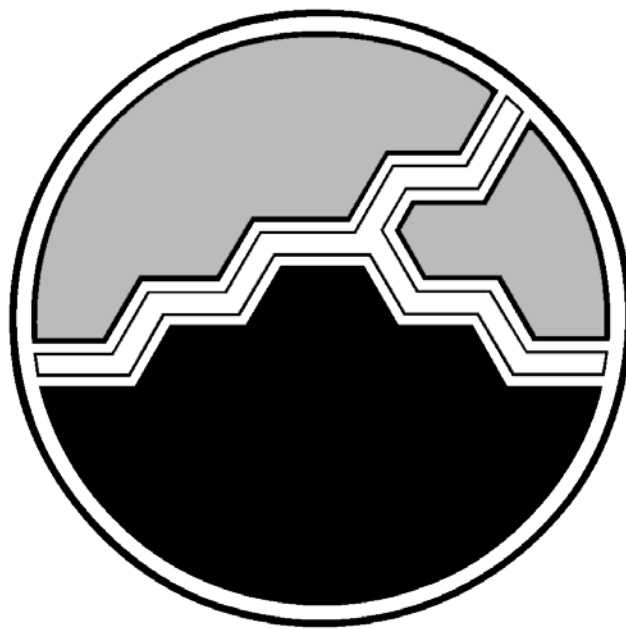
	<u>Budget</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 563,097	\$ 563,097	\$ 721,163	\$ 158,066
Resources (inflows):				
Use of Money and Property				
Rents and Concessions	421,500	421,500	475,333	53,833
Interest	10,000	10,000	4,185	(5,815)
Miscellaneous				
Other	<u>7,500</u>	<u>7,500</u>	<u>11,225</u>	<u>3,725</u>
Total Revenues	<u>439,000</u>	<u>439,000</u>	<u>490,743</u>	<u>51,743</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>2,652,097</u>	<u>2,652,097</u>	<u>2,861,906</u>	<u>209,809</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Civic and Convention Center	1,262,472	1,262,472	1,068,726	193,746
Baseball Complex	547,994	547,994	510,708	37,286
Capital Outlay	<u>43,000</u>	<u>43,000</u>	<u>28,401</u>	<u>14,599</u>
Total Expenditures	<u>1,853,466</u>	<u>1,853,466</u>	<u>1,607,835</u>	<u>245,631</u>
Transfers to Other Funds	<u>481,200</u>	<u>481,200</u>	<u>30,516</u>	<u>450,684</u>
Total Charges to Appropriations	<u>2,334,666</u>	<u>2,334,666</u>	<u>1,638,351</u>	<u>696,315</u>
Budgetary Fund Balance, June 30	<u>\$ 317,431</u>	<u>\$ 317,431</u>	<u>\$ 1,223,555</u>	<u>\$ 906,124</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Two Percent Tax Special Revenue Fund  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 592,865	\$ 592,865	\$ 531,119	\$ (61,746)
Resources (inflows):				
Taxes				
Two Percent Tax	2,834,750	2,834,750	3,044,645	209,895
Use of Money and Property				
Interest	12,500	12,500	2,707	(9,793)
Miscellaneous				
Other	-	-	7,401	7,401
Total Revenues	<u>2,847,250</u>	<u>2,847,250</u>	<u>3,054,753</u>	<u>207,503</u>
Amounts Available for Appropriation	<u>3,440,115</u>	<u>3,440,115</u>	<u>3,585,872</u>	<u>145,757</u>
Charges to Appropriations (outflows):				
Current:				
Parks, Recreation and Culture				
Administration	31,536	31,536	31,536	-
Outside Agencies	<u>812,000</u>	<u>812,000</u>	<u>812,000</u>	-
Total Expenditures	<u>843,536</u>	<u>843,536</u>	<u>843,536</u>	-
Operating Transfers Out	<u>2,082,005</u>	<u>2,082,005</u>	<u>2,028,342</u>	<u>53,663</u>
Total Charges to Appropriations	<u>2,925,541</u>	<u>2,925,541</u>	<u>2,871,878</u>	<u>53,663</u>
Budgetary Fund Balance, June 30	<u>\$ 514,574</u>	<u>\$ 514,574</u>	<u>\$ 713,994</u>	<u>\$ 199,420</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Yuma Mall Maintenance Special Revenue Fund  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes				
Mall Assessments	74,000	74,000	88,411	14,411
Miscellaneous				
Other	<u>7,000</u>	<u>7,000</u>	16,113	<u>9,113</u>
Total Revenues	<u>81,000</u>	<u>81,000</u>	<u>104,524</u>	<u>23,524</u>
Transfers from Other Funds	<u>169,381</u>	<u>169,381</u>	<u>123,230</u>	<u>(46,151)</u>
Amounts Available for Appropriation	<u>250,381</u>	<u>250,381</u>	<u>227,754</u>	<u>(22,627)</u>
Charges to Appropriations (outflows):				
Current:				
Community Design and Development				
Mall Maintenance	<u>250,381</u>	<u>250,381</u>	<u>227,754</u>	<u>22,627</u>
Total Expenditures	<u>250,381</u>	<u>250,381</u>	<u>227,754</u>	<u>22,627</u>
Total Charges to Appropriations	<u>250,381</u>	<u>250,381</u>	<u>227,754</u>	<u>22,627</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# NONMAJOR ENTERPRISE FUNDS

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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, 2004

<u>Assets</u>	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
Current Assets:			
Cash and Investments	\$ 3,351	\$ 129,331	\$ 132,682
Receivables, Net of Allowance for Uncollectibles:			
Accounts Receivable	4,407	-	4,407
Intergovernmental	633	-	633
Accrued Interest	-	546	546
Inventory, at cost	71,112	2,599	73,711
Prepaid Expenses	3,090	-	3,090
Total Current Assets	82,593	132,476	215,069
Fixed Assets:			
Buildings	3,102,865	-	3,102,865
Improvements Other than Buildings	2,370,096	645,571	3,015,667
Equipment	241,752	21,866	263,618
Gross Fixed Assets	5,714,713	667,437	6,382,150
Less Accumulated Depreciation	2,138,972	390,543	2,529,515
Fixed Assets Net of Depreciation	3,575,741	276,894	3,852,635
Construction In Progress	457	-	457
Total Fixed Assets	3,576,198	276,894	3,853,092
Total Assets	3,658,791	409,370	4,068,161
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	40,497	4,426	44,923
Accrued Payroll and Related Taxes	89,041	6,519	95,560
Due to Other Funds	156,210	-	156,210
Deferred Revenue	44,894	-	44,894
Total Current Liabilities Payable from Current Assets	330,642	10,945	341,587
Total Liabilities	330,642	10,945	341,587
<u>Net Assets</u>			
Invested in capital assets, net of related debt	3,576,198	276,894	3,853,092
Unrestricted	(248,049)	121,531	(126,518)
Total Net Assets	\$ 3,328,149	\$ 398,425	\$ 3,726,574

**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2004

	Enterprise Funds		Total
	Desert Hills Golf Course	Arroyo Dunes Golf Course	Nonmajor Proprietary Funds
Operating Revenues:			
Green Fees	\$ 991,306	\$ 232,049	\$ 1,223,355
Cart and Club Rental	277,671	10,840	288,511
Pro Shop Sales	300,831	3,247	304,078
Restaurant Sales	464,608	-	464,608
Total Operating Revenues	<u>2,034,416</u>	<u>246,136</u>	<u>2,280,552</u>
Operating Expenses:			
Operations and Maintenance	1,978,929	239,095	2,218,024
Depreciation and Amortization	254,705	29,252	283,957
Total Operating Expenses	<u>2,233,634</u>	<u>268,347</u>	<u>2,501,981</u>
Operating Loss	<u>(199,218)</u>	<u>(22,211)</u>	<u>(221,429)</u>
Non-Operating Revenues/(Expenses):			
Interest	-	440	440
Interest and Fiscal Agent Fees	-	(6)	(6)
Miscellaneous Revenues	4,606	27	4,633
Net Non-Operating Revenues	<u>4,606</u>	<u>461</u>	<u>5,067</u>
Deficit before Contributions and Transfers	(194,612)	(21,750)	(216,362)
Transfers In	233,340	-	233,340
Transfers Out	<u>(233,340)</u>	<u>-</u>	<u>(233,340)</u>
Change in Net Assets	(194,612)	(21,750)	(216,362)
Net Assets-beginning	<u>3,522,761</u>	<u>420,175</u>	<u>3,942,936</u>
Net Assets-ending	<u>\$ 3,328,149</u>	<u>\$ 398,425</u>	<u>\$ 3,726,574</u>

**City of Yuma, Arizona**  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2004

	Enterprise Funds		Total Nonmajor Proprietary Funds
	Desert Hills Golf Course	Arroyo Dunes Golf Course	
<b>Cash Flow from Operating Activities:</b>			
Cash Received from Customers	\$ 2,039,622	\$ 246,135	\$ 2,285,757
Cash Paid to Employees	(862,919)	(118,212)	(981,131)
Cash Paid to Suppliers	(1,152,634)	(121,930)	(1,274,564)
Other Operating Activity Revenue	4,606	27	4,633
Net Cash Provided by Operating Activities	<u>28,675</u>	<u>6,020</u>	<u>34,695</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from Other Funds	233,340	-	233,340
Cash Paid to Other Funds	<u>(233,340)</u>	<u>(4,615)</u>	<u>(237,955)</u>
Net Cash Provided (Used for) Noncapital Financing Activities	-	(4,615)	(4,615)
<b>Cash Flow from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Assets	<u>(28,074)</u>	<u>-</u>	<u>(28,074)</u>
Net Cash Used for Capital and Related Financing Activities	(28,074)	-	(28,074)
<b>Cash Flows from Investing Activities:</b>			
Receipt of Interest	-	449	449
Net Cash Provided by Investing Activities	<u>-</u>	<u>449</u>	<u>449</u>
Net Increase in Cash and Cash Equivalents	601	1,854	2,455
Cash and Cash Equivalents, July 1	<u>2,751</u>	<u>127,477</u>	<u>130,228</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,352</u>	<u>\$ 129,331</u>	<u>\$ 132,683</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>			
Operating (Loss)	\$ (199,217)	\$ (22,210)	\$ (221,427)
<b>Adjustments to Reconcile Operating Income/(Loss)</b>			
Depreciation and Amortization Expense	254,705	29,252	283,957
Decrease in Accounts Receivables	2,077	-	2,077
(Increase)/Decrease in Inventories	11,322	(437)	10,885
Increase/(Decrease) in Accounts Payable	15,198	(760)	14,438
Decrease in Prepaid Items	1,107	-	1,107
Increase in Accrued Wages and Taxes Payable	1,016	148	1,164
(Decrease) in Due to Other Funds	(65,357)	-	(65,357)
Increase in Deferred Revenue	3,218	-	3,218
Other Operating Activity Revenue	4,606	27	4,633
Total Adjustments	<u>227,892</u>	<u>28,230</u>	<u>256,122</u>
Net Cash Provided by Operating Activities	<u>\$ 28,675</u>	<u>\$ 6,020</u>	<u>\$ 34,695</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Water Enterprise Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Inside City	\$ 8,300,000	\$ 8,300,000	\$ 8,924,424	\$ 624,424
Outside City	1,227,800	1,227,800	1,556,812	329,012
Commercial Raw Water	250,000	250,000	216,789	(33,211)
Meters, Connections and Services	219,704	219,704	289,482	69,778
Capital Contributions:				
System Development	200,000	200,000	493,361	293,361
Capacity Rights	1,500,000	1,500,000	2,332,857	832,857
Proceeds from Long-Term Debt	40,019,920	40,019,920	2,607,558	(37,412,362)
Interest	347,000	347,000	53,980	(293,020)
Miscellaneous	21,000	21,000	145,281	124,281
Total Revenues	52,085,424	52,085,424	16,620,544	(35,464,880)
Amounts Available for Appropriation	52,085,424	52,085,424	16,620,544	(35,464,880)
Charges to Appropriations (outflows):				
Current:				
Administration	1,552,035	1,552,035	1,654,004	(101,969)
Treatment	3,596,752	3,595,239	3,482,505	112,734
Water Transmission	1,045,051	1,045,051	998,644	46,407
Customer Services	462,559	462,559	453,021	9,538
Water Transfer	20,650	20,650	19,829	821
Laboratory	332,309	332,309	169,255	163,054
Capital Outlay:				
Capital Outlay	345,642	347,155	73,322	273,833
Capital Projects	53,156,080	51,924,233	11,670,792	40,253,441
Debt Service:				
Principal Retirement	1,316,400	1,316,400	1,316,400	-
Interest and Fiscal Agent Fees	872,472	872,472	678,108	194,364
Total Expenditures	62,699,950	61,468,103	20,515,880	40,952,223
Transfers to Other Funds	216,411	216,411	62,042	154,369
Total Charges to Appropriations	62,916,361	61,684,514	20,577,922	41,106,592
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (10,830,937)	\$ (9,599,090)	(3,957,378)	\$ 5,641,712
Reconciliation to Change in Net Assets:				
Capital Outlay			73,322	
Capital Projects			11,670,792	
Principal Retirement			1,316,400	
Proceeds from Long-Term Debt			(2,607,558)	
Capital Contributions for Subdivider Additions to System			1,263,279	
Depreciation and Amortization			(3,463,831)	
Change in Net Assets			\$ 4,292,818	

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, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Resources (inflows):</b>				
Inside City	\$ 5,100,000	\$ 5,100,000	\$ 6,007,120	\$ 907,120
Outside City	329,000	329,000	388,010	59,010
Contractual/Industrial Services	647,500	647,500	1,217,558	570,058
Meters, Connections and Services	41,000	41,000	69,410	28,410
Capital Contributions:				
Capacity Rights	500,000	500,000	3,123,492	2,623,492
Wastewater Interceptor	200,000	200,000	751,222	551,222
Wastewater Trunk Line Charges	2,800	2,800	4,250	1,450
Proceeds from Long-Term Debt	33,000,000	33,000,000	20,770,389	(12,229,611)
Interest	338,700	338,700	70,969	(267,731)
Miscellaneous	5,000	5,000	8,514	3,514
Total Revenues	40,164,000	40,164,000	32,410,934	(7,753,066)
Transfers From Other Funds	-	-	561,909	561,909
Amounts Available for Appropriation	40,164,000	40,164,000	32,972,843	(7,191,157)
<b>Charges to Appropriations (outflows):</b>				
Current:				
Administration	882,827	882,827	870,497	12,330
Treatment	3,075,431	3,116,931	2,948,751	168,180
Pretreatment	350,636	350,636	335,062	15,574
Collection	536,674	536,674	549,699	(13,025)
Laboratory	300,149	300,149	144,901	155,248
Capital Outlay:				
Capital Outlay	318,863	277,363	56,328	221,035
Capital Projects	46,643,000	49,086,847	25,556,779	23,530,068
Debt Service:				
Interest and Fiscal Agent Fees	728,420	728,420	441,815	286,605
Total Expenditures	52,836,000	55,279,847	30,903,832	24,376,015
Transfers To Other Funds	30,470	30,470	26,613	3,857
Total Charges to Appropriations	52,866,470	55,310,317	30,930,445	24,379,872
Excess/(Deficiency) of Resources				
Over Charges to Appropriations	\$ (12,702,470)	\$ (15,146,317)	2,042,398	\$ 17,188,715
<b>Reconciliation to Change in Net Assets:</b>				
Capital Outlay			56,328	
Capital Projects			25,556,779	
Proceeds from Long-Term Debt			(20,770,389)	
Capital Contributions for Subdivider Additions to System			954,722	
Depreciation and Amortization			(2,098,656)	
Change in Net Assets			\$ 5,741,182	

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, 2004**

	<u>Budget</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Resources (inflows):</b>				
Green Fees	\$ 1,081,700	\$ 1,081,700	\$ 991,306	\$ (90,394)
Cart and Club Rental	342,000	342,000	277,671	(64,329)
Pro Shop Sales	379,500	379,500	300,831	(78,669)
Restaurant Sales	535,000	535,000	464,608	(70,392)
Miscellaneous	-	-	4,606	4,606
Total Revenues	<u>2,338,200</u>	<u>2,338,200</u>	<u>2,039,022</u>	<u>(299,178)</u>
Transfers From Other Funds	<u>237,005</u>	<u>237,005</u>	<u>233,340</u>	<u>(3,665)</u>
Amounts Available for Appropriation	<u>2,575,205</u>	<u>2,575,205</u>	<u>2,272,362</u>	<u>(302,843)</u>
<b>Charges to Appropriations (outflows):</b>				
Current:				
Maintenance	1,015,107	1,015,107	951,130	63,977
Concession	637,680	637,680	567,707	69,973
Restaurant	462,433	462,433	460,092	2,341
Capital Outlay:				
Capital Outlay	16,000	16,000	23,092	(7,092)
Capital Projects	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>2,181,220</u>	<u>2,181,220</u>	<u>2,002,021</u>	<u>179,199</u>
Transfers To Other Funds	<u>237,005</u>	<u>237,005</u>	<u>233,340</u>	<u>3,665</u>
Total Charges to Appropriations	<u>2,418,225</u>	<u>2,418,225</u>	<u>2,235,361</u>	<u>182,864</u>
<b>Excess/(Deficiency) of Resources</b>				
Over Charges to Appropriations	<u>\$ 156,980</u>	<u>\$ 156,980</u>	<u>37,001</u>	<u>\$ (119,979)</u>
<b>Reconciliation to Change in Net Assets:</b>				
Capital Outlay			23,092	
Depreciation and Amortization			<u>(254,705)</u>	
Change in Net Assets			<u>\$ (194,612)</u>	

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

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Arroyo Dunes Golf Course Enterprise Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2004

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Resources (inflows):</b>				
Green Fees	\$ 224,800	\$ 224,800	\$ 232,049	\$ 7,249
Cart and Club Rental	9,400	9,400	10,840	1,440
Pro Shop Sales	2,500	2,500	3,247	747
Interest	4,000	4,000	440	(3,560)
Miscellaneous	500	500	27	(473)
Total Revenues	241,200	241,200	246,603	5,403
Amounts Available for Appropriation	241,200	241,200	246,603	5,403
<b>Charges to Appropriations (outflows):</b>				
Current:				
Maintenance	211,047	211,047	183,013	28,034
Concession	61,625	61,625	56,082	5,543
Debt Service:				
Principal Retirement	4,610	4,610	4,609	1
Interest	50	50	6	44
Total Expenditures	277,332	277,332	243,710	33,622
Total Charges to Appropriations	277,332	277,332	243,710	33,622
<b>Excess/(Deficiency) of Resources</b>				
Over Charges to Appropriations	\$ (36,132)	\$ (36,132)	2,893	\$ 39,025
<b>Reconciliation to Change in Net Assets:</b>				
Principal Retirement			4,609	
Depreciation and Amortization			(29,252)	
Change in Net Assets			\$ (21,750)	

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

# INTERNAL SERVICE FUNDS

---

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

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

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

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

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



**City of Yuma, Arizona**  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2004

<b><u>Assets</u></b>	Equipment Replacement	Equipment Maintenance	Employee Benefits Trust	Workers Compensation	Totals
<b>Current Assets:</b>					
Cash and Investments	\$ 14,546,037	\$ 84,036	\$ 250,197	\$ 675,419	\$ 15,555,689
Accounts Receivable	-	31,399	16,769	-	48,168
Intergovernmental Receivable	-	62	-	-	62
Accrued Interest	57,012	-	1,889	2,368	61,269
Inventory, at cost	-	353,468	-	-	353,468
Prepaid Items	-	558	-	-	558
<b>Total Current Assets</b>	<b><u>14,603,049</u></b>	<b><u>469,523</u></b>	<b><u>268,855</u></b>	<b><u>677,787</u></b>	<b><u>16,019,214</u></b>
<b>Capital Assets:</b>					
Land	-	219,610	-	-	219,610
Buildings	-	19,251	-	-	19,251
Equipment	21,695,705	55,544	-	-	21,751,249
Less Accumulated Depreciation	<u>11,891,753</u>	<u>42,590</u>	<u>-</u>	<u>-</u>	<u>11,934,343</u>
<b>Total Fixed Assets</b>	<b><u>9,803,952</u></b>	<b><u>251,815</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>10,055,767</u></b>
<b>Total Assets</b>	<b><u>24,407,001</u></b>	<b><u>721,338</u></b>	<b><u>268,855</u></b>	<b><u>677,787</u></b>	<b><u>26,074,981</u></b>
 <b><u>Liabilities</u></b>					
<b>Liabilities:</b>					
Accounts Payable	6,622	41,698	424	2,300	51,044
Accrued Payroll, Taxes and Benefits Payable	-	76,790	-	-	76,790
Estimated Claims and Judgements	-	-	62,141	464,350	526,491
Due to Other Funds	-	<u>335,603</u>	<u>-</u>	<u>165,000</u>	<u>500,603</u>
<b>Total Liabilities</b>	<b><u>6,622</u></b>	<b><u>454,091</u></b>	<b><u>62,565</u></b>	<b><u>631,650</u></b>	<b><u>1,154,928</u></b>
 <b><u>Net Assets</u></b>					
Invested in capital assets, net of related debt	9,803,952	251,815	-	-	10,055,767
Unrestricted	<u>14,596,427</u>	<u>15,432</u>	<u>206,290</u>	<u>46,137</u>	<u>14,864,286</u>
<b>Total Net Assets</b>	<b><u>\$ 24,400,379</u></b>	<b><u>\$ 267,247</u></b>	<b><u>\$ 206,290</u></b>	<b><u>\$ 46,137</u></b>	<b><u>\$ 24,920,053</u></b>

**City of Yuma, Arizona**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2004

	Equipment Replacement	Equipment Maintenance	Employee Benefits Trust	Workers Compensation	Totals
<b>Operating Revenues:</b>					
Charges For Services	\$ -	\$ 2,387,548	\$ -	\$ -	\$ 2,387,548
Contributions					
Employees	-	-	1,408,508	-	1,408,508
City	-	-	3,617,853	388,860	4,006,713
Equipment Rental	2,348,767	-	-	-	2,348,767
Miscellaneous	-	-	2,184	12,784	14,968
<b>Total Operating Revenues</b>	<u>2,348,767</u>	<u>2,387,548</u>	<u>5,028,545</u>	<u>401,644</u>	<u>10,166,504</u>
<b>Operating Expenses:</b>					
Claims Incurred	-	-	486,605	304,573	791,178
Premiums to Insurance Carriers	-	-	4,590,527	62,982	4,653,509
Administration	58,022	2,372,116	32,270	28,196	2,490,604
Depreciation	2,011,315	3,719	-	-	2,015,034
<b>Total Operating Expenses</b>	<u>2,069,337</u>	<u>2,375,835</u>	<u>5,109,402</u>	<u>395,751</u>	<u>9,950,325</u>
<b>Operating Income/(Loss)</b>	<u>279,430</u>	<u>11,713</u>	<u>(80,857)</u>	<u>5,893</u>	<u>216,179</u>
<b>Non-Operating Revenue/(Expenses):</b>					
Interest	92,250	-	3,216	8,105	103,571
Miscellaneous Expense	-	-	-	-	-
Capital Contribution	-	255,534	-	-	255,534
Gain on the Sale of Assets	106,926	-	-	-	106,926
<b>Total Non-Operating Revenues</b>	<u>199,176</u>	<u>255,534</u>	<u>3,216</u>	<u>8,105</u>	<u>466,031</u>
<b>Change in Net Assets</b>	478,606	267,247	(77,641)	13,998	682,210
Net Assets, Beginning	<u>23,921,773</u>	<u>-</u>	<u>283,931</u>	<u>32,139</u>	<u>24,237,843</u>
Net Assets, Ending	<u>\$ 24,400,379</u>	<u>\$ 267,247</u>	<u>\$ 206,290</u>	<u>\$ 46,137</u>	<u>\$ 24,920,053</u>

**City of Yuma, Arizona**  
Combining Statement of Cash Flow:  
Internal Service Funds  
For the Year Ended June 30, 2004

	Equipment Replacement	Equipment Maintenance	Employee Benefits Trust	Workers Compensation	Totals
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 2,292,458	\$ 2,356,087	\$ 5,021,620	\$ 401,644	\$ 10,071,808
Cash Paid to Employee:	-	(698,546)	(131,284)	-	(829,830)
Cash Paid to Suppliers:	-	(311,770)	-	-	(311,770)
Cash Paid For Operating Expenses	-	(1,597,338)	(5,094,786)	(352,702)	(7,044,826)
Net Cash Flows Provided by/(Used for Operating Activities)	2,292,458	(251,567)	(204,449)	48,941	1,885,382
<b>Cash Flows from Noncapital Financing Activities:</b>					
Cash Received from Other Funds	-	335,603	-	165,000	500,603
Cash Paid to Other Funds	-	-	(15,000)	-	(15,000)
Net Cash Flows Provided by/(Used for Noncapital Financing Activities)	-	335,603	(15,000)	165,000	485,603
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from Sale of Capital Assets	110,346	-	-	-	110,346
Payments for Capital Acquisitions	(1,779,243)	-	-	-	(1,779,243)
Net Cash Flows Used for Capital and Related Financing Activities	(1,668,897)	-	-	-	(1,668,897)
<b>Cash Flows from Investing Activities</b>					
Receipt of Interest	87,130	-	3,221	7,506	97,857
Net Cash Flows Provided by Investing Activities	87,130	-	3,221	7,506	97,857
Net Increase/(Decrease) in Cash and Cash Equivalents	710,690	84,036	(216,228)	221,448	799,945
Cash and Cash Equivalents, July 1, 2003	13,835,346	-	466,425	453,972	14,755,743
Cash and Cash Equivalents, June 30, 2004	<u>\$ 14,546,036</u>	<u>\$ 84,036</u>	<u>\$ 250,197</u>	<u>\$ 675,420</u>	<u>\$ 15,555,688</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:</b>					
Operating Income/(Loss)	\$ 279,430	\$ 11,713	\$ (80,857)	\$ 5,893	\$ 216,179
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:</b>					
Depreciation Expense	2,011,315	3,719	-	-	2,015,034
(Increase)/Decrease in Accounts Receivable	1,714	(31,461)	(6,924)	-	(36,671)
(Increase) in Inventory	-	(353,468)	-	-	(353,468)
(Increase) in Prepaid Items	-	(558)	-	-	(558)
Increase/(Decrease) in Accounts Payable	-	41,698	(127,034)	2,268	(83,068)
Increase in Payroll Liabilities	-	76,790	-	-	76,790
Increase in Claims Incurred but Not Reported	-	-	10,366	40,780	51,146
Total Adjustments	2,013,029	(263,280)	(123,592)	43,048	1,669,205
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 2,292,459</u>	<u>\$ (251,567)</u>	<u>\$ (204,449)</u>	<u>\$ 48,941</u>	<u>\$ 1,885,384</u>
<b>Noncash Transactions Affecting Financial Position</b>					
Purchase of Capital Assets with Financing Provided by Vendor	\$ 6,622	\$ -	\$ -	\$ -	\$ 6,622
Total Noncash Transactions Affecting Financial Position	<u>\$ 6,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,622</u>

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Equipment Replacement Internal Service Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Charges for Services	\$ 2,365,070	\$ 2,365,070	\$ 2,348,767	\$ (16,303)
Interest	<u>350,000</u>	<u>350,000</u>	<u>92,250</u>	<u>(257,750)</u>
Total Revenues	<u>2,715,070</u>	<u>2,715,070</u>	<u>2,441,017</u>	<u>(274,053)</u>
Amounts Available for Appropriation	<u>2,715,070</u>	<u>2,715,070</u>	<u>2,441,017</u>	<u>(274,053)</u>
Charges to Appropriations (outflows):				
Current				
Administration	58,022	58,022	58,022	-
Capital Outlay	<u>2,777,210</u>	<u>2,777,210</u>	<u>1,656,607</u>	<u>1,120,603</u>
Total Expenditures	<u>2,835,232</u>	<u>2,835,232</u>	<u>1,714,629</u>	<u>1,120,603</u>
Total Charges to Appropriations	<u>2,835,232</u>	<u>2,835,232</u>	<u>1,714,629</u>	<u>1,120,603</u>
Excess of Resources Over				
Charges to Appropriations	<u>\$ (120,162)</u>	<u>\$ (120,162)</u>	<u>726,388</u>	<u>\$ 846,550</u>
Reconciliation to Change in Net Assets:				
Capital Outlay			1,656,607	
Gain on Sale of Assets			106,926	
Depreciation and Amortization			<u>(2,011,315)</u>	
Change in Net Assets			<u>\$ 478,606</u>	

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

**City of Yuma, Arizona**  
 Budgetary Comparison Schedule  
 Equipment Maintenance Internal Service Fund  
 (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Resources (inflows):				
Charges for Services	\$ 1,802,556	\$ 1,802,556	\$ 2,387,548	\$ 584,992
Amounts Available for Appropriation	1,802,556	1,802,556	2,387,548	584,992
Charges to Appropriations (outflows):				
Current				
Administration	1,802,556	1,802,556	2,372,116	(569,560)
Total Expenditures	1,802,556	1,802,556	2,372,116	(569,560)
Total Charges to Appropriations	1,802,556	1,802,556	2,372,116	(569,560)
Excess of Resources Over				
Charges to Appropriations	\$ -	\$ -	15,432	\$ 15,432
Reconciliation to Change in Net Assets:				
Capital Outlay			-	
Capital Contribution			255,534	
Depreciation and Amortization			(3,719)	
Change in Net Assets			\$ 267,247	

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, 2004

Governmental funds capital assets:

Land	\$ 13,359,779
Buildings and Improvements	77,048,206
Infrastructure	127,336,712
Construction in Progress	25,755,074
Equipment	<u>10,928,611</u>
 Total governmental funds fixed assets	 <u>\$ 254,428,382</u>

Investments in governmental funds capital assets by source:

From Current Revenues	\$ 92,520,457
From Special Revenues	140,551,299
From Grants-in-Aid	11,891,484
From Gifts	<u>9,465,142</u>
 Total governmental funds fixed assets	 <u>\$ 254,428,382</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, 2004**

	Land	Buildings and Improvements	Infrastructure	Construction In Progress	Equipment	Total
<b>General Government:</b>						
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ 12,088	\$ 12,088
General Government	3,328,934	26,614,613	-	839,636	5,621,623	36,404,806
City Administrator	10,732	478,233	-	-	22,298	511,263
City Attorney	-	-	-	-	14,493	14,493
Administrative Services	-	270,162	-	-	99,413	369,575
Information Technology	-	74,870	-	-	734,047	808,917
<b>Total General Government</b>	<b>3,339,666</b>	<b>27,437,878</b>	<b>-</b>	<b>839,636</b>	<b>6,503,962</b>	<b>38,121,142</b>
<b>Public Safety</b>						
Police	-	20,289,009	-	109,471	802,333	21,200,813
Fire	602,254	5,295,538	-	1,383	2,244,081	8,143,256
Municipal Court	-	253,249	-	251,493	53,010	557,752
Building Safety	-	-	-	-	72,993	72,993
<b>Total Public Safety</b>	<b>602,254</b>	<b>25,837,796</b>	<b>-</b>	<b>362,346</b>	<b>3,172,417</b>	<b>29,974,813</b>
<b>Parks, Recreation and Culture</b>						
General Recreation and Administration	1,064,214	19,274,221	-	3,255,888	591,045	24,185,368
Recreation Complex	-	3,453,229	-	-	173,641	3,626,870
<b>Total Parks, Recreation and Culture</b>	<b>1,064,214</b>	<b>22,727,450</b>	<b>-</b>	<b>3,255,888</b>	<b>764,686</b>	<b>27,812,238</b>
<b>Environmental Health and Protection</b>						
Public Works Administration	127,713	220,309	-	-	56,964	404,986
Equipment Maintenance Shop	-	-	-	-	-	-
Solid Waste	-	50,738	-	-	72,052	122,790
<b>Total Environmental     Health and Protection</b>	<b>127,713</b>	<b>271,047</b>	<b>-</b>	<b>-</b>	<b>129,016</b>	<b>527,776</b>
<b>Community Design and Development</b>						
Engineering, Planning and Administration	217,358	774,035	-	-	191,875	1,183,268
Mall Maintenance	6,200	-	-	-	12,999	19,199
<b>Total Community Design     and Development</b>	<b>223,558</b>	<b>774,035</b>	<b>-</b>	<b>-</b>	<b>204,874</b>	<b>1,202,467</b>
Streets	8,002,374	-	127,336,712	21,297,204	153,656	156,789,946
<b>Total Governmental Funds     Capital Assets</b>	<b>\$ 13,359,779</b>	<b>\$ 77,048,206</b>	<b>\$ 127,336,712</b>	<b>\$ 25,755,074</b>	<b>\$ 10,928,611</b>	<b>\$ 254,428,382</b>

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.

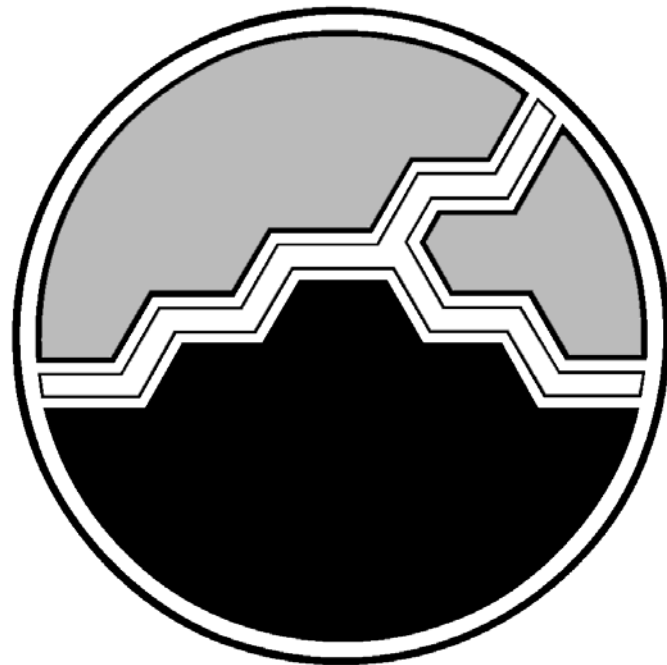


**City of Yuma, Arizona**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Year Ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b>General Government</b>				
Mayor and Council	\$ 12,088	\$ -	\$ -	\$ 12,088
General Government	34,815,848	1,663,668	74,711	36,404,806
City Administrator	517,463	-	6,200	511,263
City Attorney	14,493	-	-	14,493
Administrative Services	375,841	-	6,266	369,575
Information Technology	773,999	34,917	-	808,917
<b>Total General Government</b>	<b>36,509,732</b>	<b>1,698,586</b>	<b>87,177</b>	<b>38,121,142</b>
<b>Public Safety</b>				
Police	21,035,858	164,955	-	21,200,813
Fire	7,983,375	159,881	-	8,143,256
Municipal Court	290,397	267,355	-	557,752
Building Safety	51,648	21,345	-	72,993
<b>Total Public Safety</b>	<b>29,361,277</b>	<b>613,536</b>	<b>-</b>	<b>29,974,813</b>
<b>Parks, Recreation and Culture</b>				
General Recreation and Administration	21,991,136	2,194,233	-	24,185,368
Recreation Complex	3,548,496	78,374	-	3,626,870
<b>Total Parks, Recreation and Culture</b>	<b>25,539,632</b>	<b>2,272,607</b>	<b>-</b>	<b>27,812,238</b>
<b>Environmental Health and Protection</b>				
Public Works Administration	381,056	43,615	19,684	404,986
Equipment Maintenance Shop	338,020	-	338,020	-
Solid Waste	52,535	70,254	-	122,790
<b>Total Environmental Health     and Protection</b>	<b>771,611</b>	<b>113,869</b>	<b>357,704</b>	<b>527,776</b>
<b>Community Design and Development</b>				
Engineering, Planning and Administration	1,169,638	13,631	-	1,183,268
Mall Maintenance	19,199	-	-	19,199
<b>Total Community Design     and Development</b>	<b>1,188,837</b>	<b>13,631</b>	<b>-</b>	<b>1,202,467</b>
<b>Streets</b>	<b>137,742,111</b>	<b>20,000,132</b>	<b>952,297</b>	<b>156,789,946</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 231,113,200</b>	<b>\$ 24,712,360</b>	<b>\$ 1,397,177</b>	<b>\$ 254,428,382</b>

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**  
**Three Fiscal Years**

Fiscal Year	General Government	Public Safety	Streets	Parks Recreation and Culture	Environmental Health and Protection	Community Design and Development	Interest on Long-Term Debt	Water	Wastewater	Golf Courses	Total
2001-02	\$3,477,585	\$23,566,887	\$9,098,421	\$ 8,526,230	\$ 3,250,679	\$ 5,246,150	\$ 3,227,438	\$ 9,835,626	\$ 6,484,166	\$ 2,490,371	\$75,203,553
2002-03	6,949,944	25,454,716	7,943,638	8,862,044	2,936,066	6,368,629	2,877,856	10,325,641	7,024,037	2,524,444	81,267,015
2003-04	7,058,805	26,988,073	8,654,095	9,474,814	2,994,063	5,550,562	2,971,917	10,884,239	7,341,094	2,493,252	84,410,914

City of Yuma, Arizona

Table II  
Government-wide Revenues  
Three 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	\$ -	\$ 3,225,972	\$ 92,703,716
2002-03	25,956,177	3,683,638	6,836,846	32,882,114	24,225,246	7,576,850	1,451,814	102,612,685
2003-04	30,261,176	3,289,896	12,625,945	36,417,720	24,021,381	5,198,434	417,648	112,232,200

**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
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
2003-04	5,418,459	25,751,628	4,757,479	7,828,062	3,061,719	5,428,709	19,656,020	6,786,764	78,688,840

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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
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
2003-04	36,411,029	3,016,094	31,041,144	3,904,797	725,948	1,153,837	513,498	76,766,347

**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
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
2003-04	5,857,825	14,849,984	7,423,730	2,968,482	-	3,044,645	1,935,952	242,000	88,411	36,411,029



City of Yuma, Arizona

Table VI  
Intergovernmental Shared Revenues  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Revenue Sharing</u>	<u>Auto In-Lieu</u>	<u>Highway Users</u>	<u>Local Transportation Assistance</u>	<u>Grants and Others (Table VII)</u>	<u>Total</u>
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
2003-04	6,535,654	7,002,250	2,852,832	7,198,891	431,754	7,019,763	31,041,144

City of Yuma, Arizona

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

Fiscal Year	Federal						State of Arizona						Total
	Justice	Interior	Housing/Urban Development (CDBG)	Economic Development Administration	Other HUD	Other	Parks	Commerce	Transportation	Other	Local Government		
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	
2003-04	3,462,972	575,124	1,349,178	-	405,814	896,311	87,359	-	31,059	151,489	60,457	7,019,763	

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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>
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%
2003-04	5,901,384	5,656,980	95.86%	200,845	5,857,825	99.26%

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
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%
2003	Primary	315,700,166	2,461,666,561	12.82%
	Secondary	322,623,524	2,509,101,578	12.86%

**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
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
2003	Primary	-	2.3180	1.8693	2.1097	1.8144	2.1670	1.7113	-	-	9.8227	10.1753
	Secondary	-	-	-	0.7868	0.8349	1.1845	0.2301	0.5040	0.3500	2.7058	3.0554

Source: Yuma County Assessor

**City of Yuma, Arizona**

**Table XI  
Computation of Direct and Overlapping Debt  
June 30, 2004**

Jurisdiction	Debt Outstanding	Allocable to City of Yuma	
		Percent	Amount
City of Yuma	\$ -	100.00%	\$ -
Yuma County	38,450,000	50.14%	19,280,355
Yuma County Community College District	9,845,000	50.14%	4,936,673
Yuma Union High School District No. 70	12,825,000	54.04%	6,930,212
Yuma School District No. 1	26,005,000	56.13%	14,597,784
Yuma School District No. 13	9,600,000	64.49%	<u>6,191,066</u>
Total Overlapping Debt			<u>\$ 51,936,090</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>
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	-	-	-
2003-04	83,330	322,623,524	-	-	-

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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)
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	-	-	-	-
2003-04	-	-	-	-

(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, 2004

Legal Debt Limitation	General Obligation Bonds	
	Water, Sewer Lights, Parks (20%)	All Others (6%)
2003 Tax Year Secondary Assessed Valuation	\$ 322,623,524	\$ 64,524,705
Outstanding General Obligation Debt:		
Project 1992	1,895,000	-
Project 1997	7,680,000	-
Total General Obligation Debt	9,575,000	-
	<u>\$ 54,949,705</u>	<u>\$ 19,357,411</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>
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	-
2003-04	-	-	-	78,688,840	-

Source: City of Yuma Comprehensive Annual Financial Report

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
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	-	-	-
2003-04	18,948,349	11,626,168	7,322,181	-	-	-

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

City of Yuma, Arizona

Table XVII  
Pledged Tax Collections

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Local Taxes</b>							
Sales Tax (1%)	\$ 9,848,292	\$ 10,354,676	\$ 11,342,233	\$ 12,836,934	\$ 13,116,950	\$ 13,237,042	\$ 14,849,984
Franchise Fee	1,434,706	1,266,830	2,038,281	2,377,544	2,077,810	1,961,272	2,177,952
<b>Intergovernmental Revenues:</b>							
State Revenue Sharing	5,171,767	6,212,451	6,958,385	7,303,100	8,084,914	8,250,011	7,002,250
State Sales Tax	4,506,916	5,002,193	5,515,532	5,779,653	5,973,339	6,062,278	6,535,654
Auto In-Lieu Tax	1,595,995	2,030,291	2,075,329	2,235,482	2,345,195	2,746,086	2,852,832
Emergency Services and Other	17,702	18,079	21,856	19,675	22,264	19,432	36,132
<b>Licenses:</b>							
Business Licenses	288,771	286,644	273,704	262,991	210,565	297,643	291,080
Liquor Licenses	32,342	32,395	26,560	27,990	27,185	27,765	32,115
<b>Fees for Services:</b>							
Building Permits and Inspection Fees	499,810	912,959	1,318,636	1,543,648	1,550,072	2,343,219	3,608,965
Recreation Fees	267,065	286,838	305,014	332,466	341,523	355,658	381,442
Police Services and Other Public Safety Fees	434,843	253,442	423,643	495,782	482,394	705,976	544,869
<b>Use of Money and Property:</b>							
Investment Income	149,523	174,856	278,612	457,415	461,606	243,955	70,322
<b>Fines, Forfeitures and Penalties:</b>							
City Court Fines	486,047	511,115	447,813	587,620	670,837	801,121	725,948
<i>Total Series B Pledged Taxes</i>	<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>	<u>39,109,545</u>
<b>Additional Series A Pledged Taxes</b>							
City Public Safety Taxes (.2%)	2,002,155	2,105,780	2,306,895	2,566,078	2,578,704	2,646,059	2,968,482
<i>Total Series A Pledged Taxes</i>	<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>	<u>42,078,027</u>
<b>Additional Series C Pledged Taxes</b>							
City Special Taxes (2%)	2,190,493	2,313,453	2,363,269	2,490,071	2,652,152	2,741,989	3,044,645
<i>Total Series C Pledged Taxes</i>	<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>	<u>\$ 42,154,190</u>
<i>Gross Excise Tax Pledged Revenues</i>	<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>	<u>\$ 45,122,672</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

<i>Series 1998, 2001, and 2003 Refunding 1995 Covenants</i>				
	<u>2003 Ref 1995A</u>	<u>2003 Ref 1995B</u>	<u>2003 Ref 1995C</u>	
2003-04 Pledged Taxes	\$ 42,078,027	\$ 39,109,545	\$ 42,154,190	
2004-05 Debt related to pledge:				Total
2003 Ref 1995 Series A	\$ 1,562,228	\$ -	\$ -	\$ 1,562,228
2003 Ref 1995 Series B	-	995,631	-	995,631
2003 Ref 1995 Series C	-	-	231,275	231,275
1998 Series	-	-	-	-
2001 Series	-	2,537,825	-	2,537,825
Total Debt	<u>\$ 1,562,228</u>	<u>\$ 3,533,456</u>	<u>\$ 231,275</u>	<u>\$ 5,326,959</u>
Coverage	26.9	11.1	182.3	
<b>Required Coverage</b>	<b>4.0</b>	<b>3.0</b>	<b>3.5</b>	
 <i>Collective Coverage</i>				
2003-04 Pledged Taxes	\$ 42,078,027	\$ 39,109,545	\$ 42,154,190	
Total 2003-04 Debt	<u>\$ 5,326,959</u>	<u>\$ 5,326,959</u>	<u>\$ 5,326,959</u>	
Coverage	7.9	7.3	7.9	
<b>Required Coverage</b>	<b>4.0</b>	<b>3.0</b>	<b>3.5</b>	

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

**City of Yuma, Arizona**

**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	
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
2003	999	141,020,407	685	98,696,100	997,000	930,333

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

(2) Federal Deposit Insurance Corporation

(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, 2004

Taxpayer	Assessed Valuation
Arizona Public Service Company	\$ 11,334,063
Qwest Corporation	8,072,468
Yuma Cogeneration Associates	4,815,251
Dole Fresh Vegetables Inc. CA Corporation	3,504,169
Southwest Gas Corporation	2,069,693
HPI-FW West Partners (Super WalMart Center)	1,954,997
Reynolds Robert L. Trust Agreement	1,816,405
Natural Selection Foods LLC	1,567,737
Shaw Diversified Services Inc.	1,458,043
UIRT - Big Curve Inc AZ Corporation	1,453,746
Total Taxpayers	<u>\$ 38,046,572</u>

Source: Yuma County Assessor

**City of Yuma, Arizona**

**Table XXI  
Miscellaneous Statistical Data  
June 30, 2004**

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 4, 2003
Registered Voters:	22,793
Ballots Cast:	6,089
Percentage Voting:	26.71%

**Public Works:**

Streets (Miles est.)	
Paved	300
Unpaved	5
Alleys	45
Street lights	4,500
Refuse Collection:	
Accounts	18,382
Quantity Collected (tons)	27,781
Water Services:	
Connections	24,909
Customers	23,665
Miles of Lines	437
Storage Capacity (million gallons)	13.5
Daily Treatment Capacity (million gallons)	45
Annual Quantity Processed (billion gallons)	9.32
Wastewater Services:	
Sanitary Sewers	
Miles of Lines	266
Processing Capacity (million gallons daily)	12.26
Quantity Processed (million gallons daily)	8.31

Year	Square Miles	Population
2004	107.86	83,330 (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:**

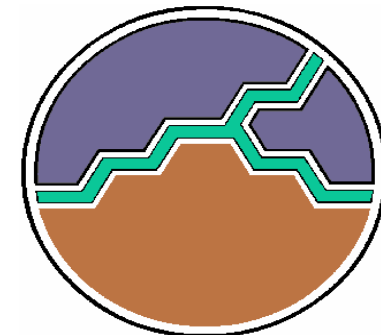
Schools	41
Teachers (est)	1,592
Enrollment (est)	26,255

**Parks:**

Park acreage	553
Municipal golf courses (acres)	175
Swimming Pools	3
Activity Centers	7
Cemetery (acres)	40
Retention Basins(acres)	160

**Public Safety:**

Fire Protection:	
Stations:	5
Employees:	105
Police Protection:	
Units-marked:	63
Units-unmarked:	53
Motorcycles:	7
Employees:	229



**City of Yuma**



