

LEADERSHIP

MAYOR AND CITY COUNCIL

Mayor: Douglas J. Nicholls

Deputy Mayor: Chris Morris

Councilmembers:

Gary Knight

Ema Lea Shoop

Michael Shelton

Carol Smith

Arturo Morales

MUNICIPAL JUDGES

Honorable James F. Coil

Honorable Jeanette L. Umphress

CITY ADMINISTRATION

Acting City Administrator: Jay Simonton

Deputy City Administrator: Jennifer Reichelt

CITY DEPARTMENTS

City Attorney: Richard W. Files

City Clerk: Lynda L. Bushong

Police Chief: Thomas Garrity

Fire Chief: Dustin Fields

Planning Director: Alyssa Linville

Building Safety Director: Randall Crist

Engineering Director: David Wostenberg

Public Works Director: Joel Olea

Utilities Director: Jeremy McCall

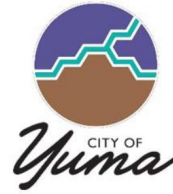
Human Resources Director: Monica Welch

Information Technology Director: Isaiah Kirk

Municipal Court Administrator: Del Miller

Parks and Recreation Director: Eric Urfer

Finance Director: Douglas W. Allen, CPA



2022

CITY OF YUMA

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2022

www.YumaAz.gov

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WE ARE A STRONG TEAM DEDICATED TO SERVING OUR COMMUNITY, BUILDING RELATIONSHIPS AND CREATING OPPORTUNITIES.

— WE VALUE —

PROFESSIONALISM
BE OUR BEST. SET THE STANDARD.

ACCOUNTABILITY
BE RESPONSIBLE. OWN OUR ACTIONS.

INTEGRITY
BE HONEST. DO THE RIGHT THING.

RESPONSIVENESS
BE DELIBERATE. FOLLOW THROUGH WITH INTENT.

TRANSPARENCY IN FINANCIAL REPORTING



The City's **Annual Comprehensive Financial Reports (ACFRs)** are audited and are comprised of more than 232 pages of detailed financial statements, note disclosures, supplemental schedules and statistical tables.

Since 1982, the City's ACFRs have received the Governmental Finance Officer Association's (GFOA) "Certificate for Excellence in Financial Reporting".

Budget Documents are adopted annually to serve a role as a Policy document, Financial plan, Operations guide and Communication medium. The budget documents represent an effort by the entire organization to provide transparency in the City's operations and financial plans.



The GFOA "Distinguished Budget Award" has been received by the City since 2004.

QUARTERLY FINANCIAL BRIEFING

2ND QUARTER FY 2023

FY 2022 Audit Results and Process
FY 2023 Financial Status
FY 2024 Outlook



February 14, 2023

The Each quarter a financial briefing is presented at a City Council work session.

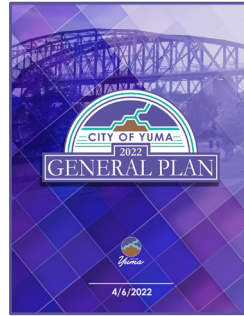
These documents contain an update of topics such as the current financial status, revenue forecast, and other important financial information.

Expenditure Limitation Report (ELR) and **Single Audit Reports** are two other annual financial reports. The *ELR* is required by Arizona law to report on the City's standing on the State's mandated Expenditure limitation.

The Single Audit is a financial statement solely for the City's expending of federal funding. Both reports are examined by an independent auditing firm that issues an opinion on the City's representations in these reports.

www.YumaAz.gov

The **General Plan** is the primary tool for guiding the future of the town in efforts to enhance a livable and sustainable environment that is sensitive to issues, which impact the people who live, learn, work and play in the City of Yuma.



On November 8, 2022, the City of Yuma voters approved the General Plan.



The **Capital Improvement Plan (CIP)** is developed annually for the implementation of public infrastructure and facility projects, as well as major equipment purchased of the next five-year period. This includes, but certainly not limited to, rehabilitated streets, drainage systems, parks and recreation facilities, major equipment and improvements to water and wastewater systems.

The **City Council** meets on the first and third Wednesdays of each month, work sessions are on the Tuesday before third Wednesday's regular City Council meeting. All meetings are streamed live. Achieves, agendas and minutes are available on the City's website.



- SAFE & PROSPEROUS** - Yuma is a safe and prosperous city that supports thriving businesses, access to education, and multi-generational opportunities.
- ACTIVE & APPEALING** - Yuma plans and leverages its natural resources, public spaces and cultural amenities to support an active and appealing community.
- CONNECTED & ENGAGED** - Yuma is connected and engaged through active communication, forward-looking partnerships, and ongoing public involvement.
- UNIQUE & CREATIVE** - Yuma is a unique and creative community, built on our shared history, sense of place, and civic pride.
- RESPECTED & RESPONSIBLE** - Yuma is a trusted steward of City resources; relied upon to provide premier services and regional leadership.

In the spirit of transparency and full disclosure in financial reporting, we are pleased to present the City of Yuma's **FIRST Popular Annual Financial Report ("PAFR")**.

This **PAFR** serves as a means of increasing and maintaining public confidence and trust in the City's government. The **PAFR** is specially designed to be a reader-friendly financial report for citizens who want a better understanding of the City's finances.

The statements contained in this **PAFR** are derived from the City's 2022 **Annual Comprehensive Financial Report ("ACFR")**. The **ACFR** outlines the City's financial position and operating activities in conformity with U.S Generally Accepted Accounting Principles ("GAAP") that includes financial statements and disclosures audited by HeinfeldMeech, LLP. While the numbers in the **PAFR** are from **ACFR**, they are presented in summarized form to be more accessible and do not include all required disclosures, financial statements, and schedules under GAAP.

As you review this report, we invite you to share any questions, concerns or comments you may have. We also encourage you to review the audited, GAAP-based, full disclosure financial statements in the City's **ACFR(s)**; along with the Adopted Budgets and other financial documents accessed from the City's website at www.YumaAz.gov.

We hope this **PAFR** sparks your interests in the City's finances and other financial reports.

Respectfully,

Douglas W. Allen
Director of Finance

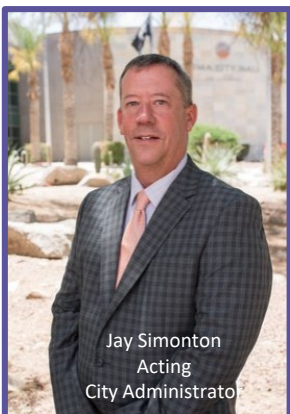


CITY GOVERNMENT

Under the voter approved City Charter as prescribed in the Arizona Revised Statutes, the City government operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council, which consists of seven elected members. The Mayor is elected by voters to a two-year term and the six Council members are elected to staggered four-year terms. The Council selects the Deputy Mayor.



The City Council is responsible for, but not limited to, the adoption of local ordinances, the City budget, development of citizen advisory committees, and the appointment of the City Administrator and the Municipal Court Judges. The City Administrator is responsible for implementation of the policies of the City Council and administering day-to-day operations of the City.



ECONOMIC BASE

Today, agriculture remains the largest segment of Yuma's economy, along with military and tourism. Agribusiness now contributes more than \$3 billion annually to Yuma's economy. The Yuma area's agriculture is unique due to a combination of factors, including geographic location, fertile soils, agricultural efficiency, technological innovation, high-priority use water, an available workforce and environmental stewardship. The Yuma area is one of the most productive agricultural centers in the United States.

Yuma is home to two military bases that are critical to the nation's defense. Marine Corps Air Station Yuma (MCAS) conducts pilot tactical training using the adjacent Barry M. Goldwater Range. Along with several attack squadrons, including the famous Black Sheep squadron, the base is home to the Marine Aviation Weapons and Tactics Squadron One (MAWTS-1), which is the host of the graduate-level Weapons and Tactics Instructor Course (WTI). WTI is the Marine Corps version of "Top Gun." MCAS is now home to the first operational squadrons of the new F-35 Joint Strike Fighter program.



Another critical installation is the U.S. Army Yuma Proving Ground (YPG), one of the largest military installations in the world. YPG is the Army's center for desert natural environment testing and evaluation. This includes testing of all types of material,

including prototype combat vehicles, artillery, conventional munitions, aircraft and other items critical to the Army's mission. YPG contracts with other nations to test specialized equipment.

Yuma's third major economic segment is tourism. Abundant sunshine and reliably pleasant winter weather draws an estimated 90,000 winter visitors. The average visitor stays three months. Yuma Crossing National Heritage Area was established in 2000 by Congress, it is the first and one of only two national heritage areas west of the Mississippi River. The city's ongoing riverfront development contributes to Yuma being a travel destination throughout the year.

HISTORY

Yuma resides in southwestern Arizona, near the convergence of the Colorado and Gila rivers, and near the borders of California and the Mexican states of Sonora and Baja California. Known as one of the sunniest places on Earth, offers residents a year-round vista of surrounding rugged mountains and green agricultural fields.



The incorporated area of Yuma is approximately 121 square miles and houses more than 97,883 full-time residents. The City of Yuma is a full-service, council-manager government governed by a charter, Arizona state statutes, and an adopted Strategic Plan.

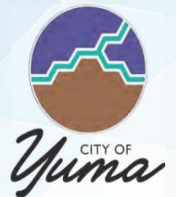
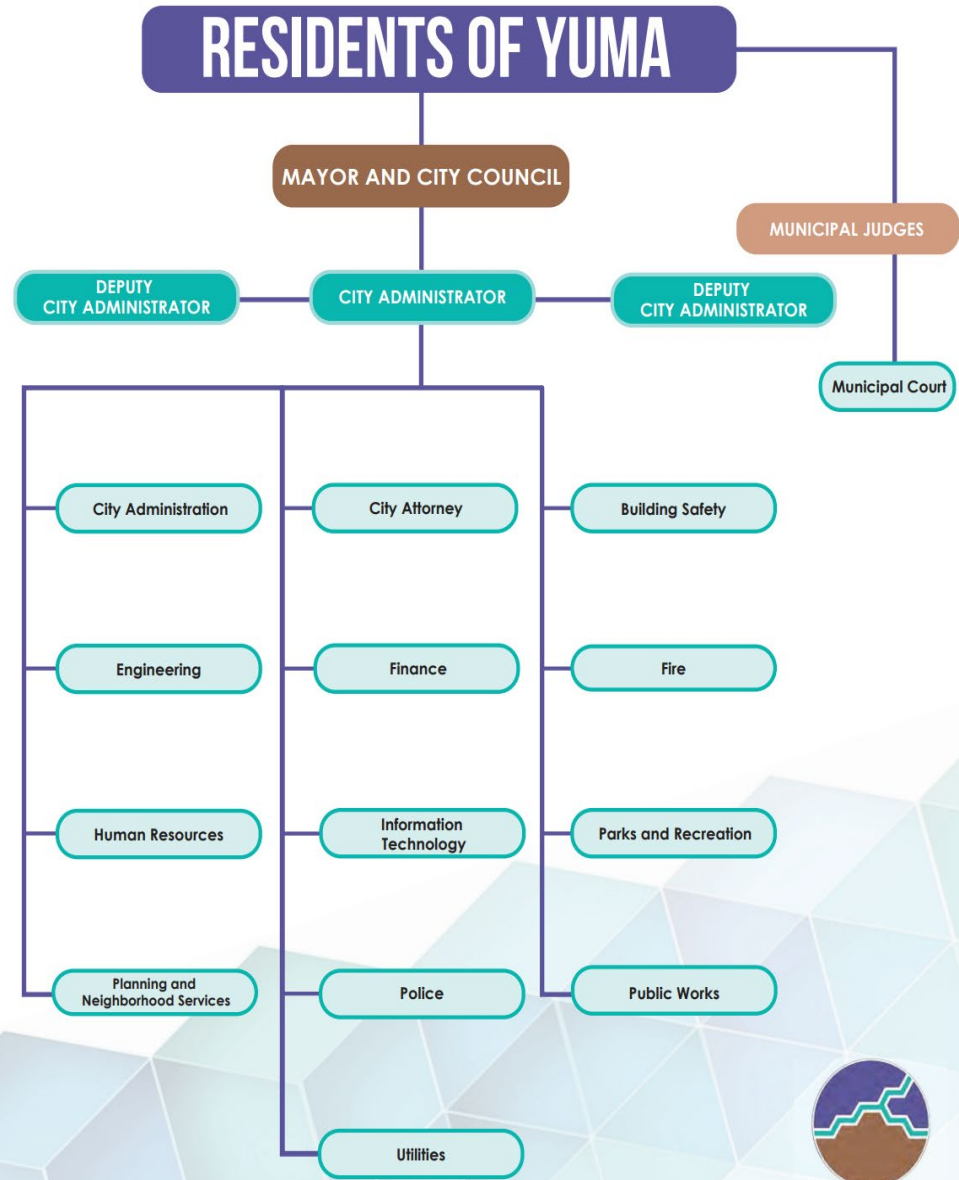
The City employs 1,277 people, both full-time and part-time, in 15 departments. Public services include police, fire, water and wastewater utilities, public works, solid waste services, parks and recreation, and arts and culture services.

Yuma's history dates to 1540, when Spanish explorer Hernando de Alarcon became the first European to see the site of present-day Yuma. From 1540 to 1854, Yuma was under the flags of Spain and Mexico, but in 1854 became a territorial possession of the United States through the Gadsden Purchase. In the 1850s, Yuma became the major river crossing for California gold seekers. From the 1850s to the 1870s, steamboats on the Colorado River transported passengers and goods to mines, ranches and military outposts in the area, serving the ports of Yuma, Laguna, Castle Dome, and others.



In the early 1900s, the U.S. Bureau of Reclamation completed the Yuma Project, which established or expanded an irrigation canal system that has since used the Yuma area's senior water rights for Colorado River water to make Yuma a prime agricultural center.

ORGANIZATION CHART



WHERE THE MONEY COMES FROM...

For fiscal year 2022, total revenues for the City's governmental operations were \$145.5 million. Revenue categories are:

- ▶ **Sales taxes** are levied on specific business activities within the City accounting for 43% of governmental revenue. There are four distinctive city sales taxes. *(More information on page 8)*
- ▶ **State shared revenue** are levied and collected by the State of Arizona and disburse a portion among municipalities based on their populations. The four State shared sources that account for 28% of total governmental revenues. *(More information on page 9)*
- ▶ **Property taxes** are limited by the Arizona Constitution to only increase the maximum levy by 2% annually, plus new construction. Higher assessed valuations do not equate to higher taxes, as the tax rate is adjusted to stay within the constitutional limit. When combined with franchise tax, they account for 13% of total governmental revenues.
- ▶ **Charges for services** include City services with a fee. Some examples are Park and recreation programs/sports; concessions; rental of facilities; ambulance; and school resource officers.
- ▶ **Grants and related** is funding from the federal, state or other local governments for a designated purpose.
- ▶ **Licenses and permits** includes business, liquor and animal licenses; and building permits, plan review and all construction related permits and inspections.
- ▶ **All other** is any revenue not categorized above.

GOVERNMENTAL REVENUE by Type	Fiscal Year			
	2022	2021	2020	2019
Sales taxes	\$ 61,879,651	\$ 54,680,316	\$ 47,214,046	\$ 44,077,675
State shared revenues	40,738,770	39,785,376	35,449,353	33,580,177
Property, franchise tax	18,741,003	17,933,954	16,841,201	16,275,605
Charges for services	13,730,164	7,786,828	8,203,286	8,257,186
Grants and related	6,431,356	10,841,257	9,128,410	3,756,182
Licenses and permits	2,286,776	2,768,894	2,221,386	2,087,716
All other	1,686,111	5,969,270	3,493,704	4,195,552
Total revenues	\$145,493,831	\$139,765,895	\$122,551,386	\$112,230,093

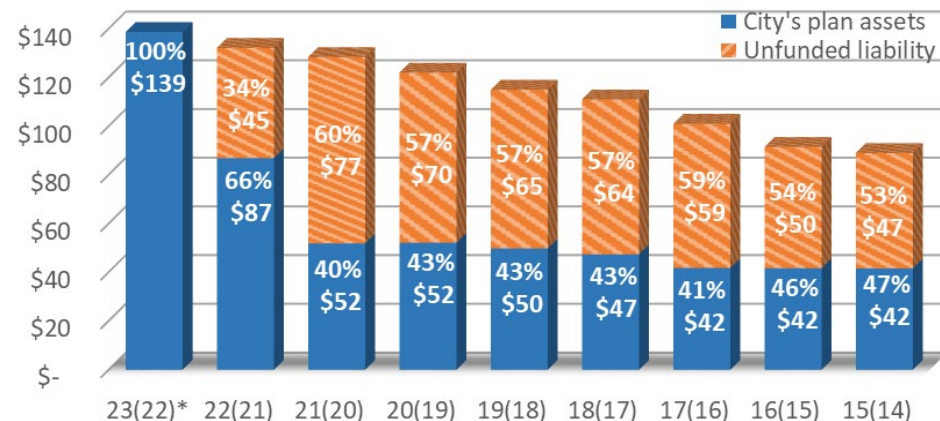
POLICE

Sworn police officers participate in the Public Safety Personnel Retirement System ("PSPRS"). Cities use two PSPRS reports for the the ACFR and Budget.

- Actuarial Valuation sets the City's contribution rates. Two-year lag.
- GASB report is used for the annual financial statements. One-year lag.

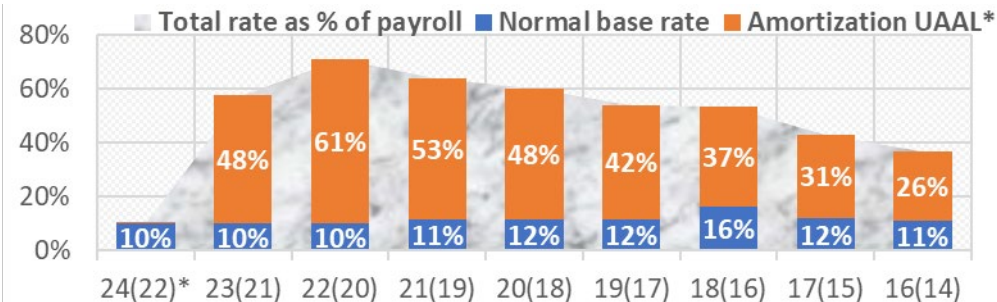
Graphs show year for City and PSPRS. **Example: City(PSPRS) = 23(22)**

Early in FY 2022, the City paid the entire estimated Unfunded Actuarial Accrued Liability (UAAL). Payment in the City's 2022 ACFR; but not in the 2021 Actuarial. City's 2023 ACFR will use 2022 Actuarial. One-year lag.



Action to pay the unfunded liability abrupt it's growth from 53% in 15(14) to 60% of the total pension liability in 21(20). The action also directly impacted annual contribution rates by reducing the UAAL rate significantly.

The City's contribution rate for the Police PSPRS peaked at 71% of payroll. For every \$20.00 of payroll, an additional \$14.20 was paid to PSPRS. By paying the UAAL in full, the City's total contribution rate is 10% in FY 2024.



Public Safety Retirement

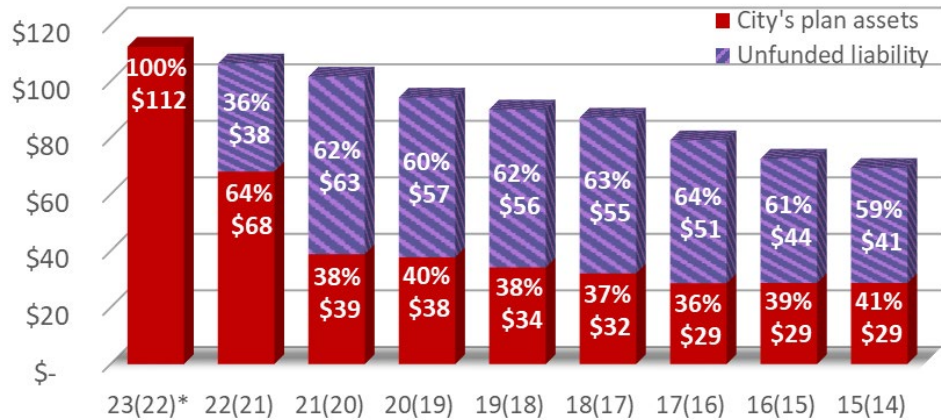
FIRE

Fire personnel who are regular assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). Cities use two PSPRS reports for the ACFR and Budget.

- Actuarial Valuation sets the City's contribution rates. Two-year lag.
- GASB report is used for the annual financial statements. One-year lag.

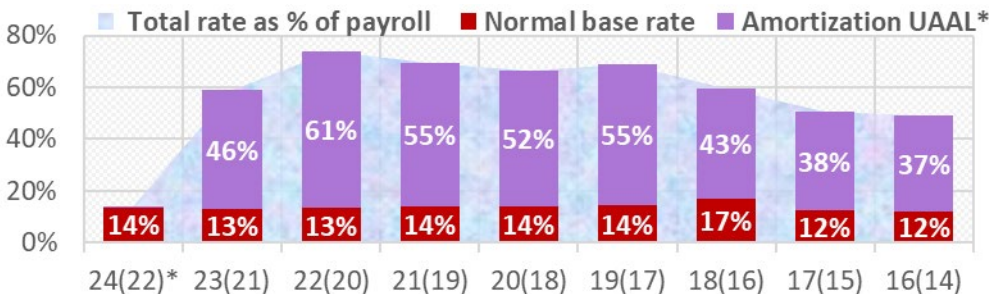
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Methods and assertions in the GASB and Actuarial Valuations differ. To dampen sharp contribution rate change, the Actuarial Valuation use an approach to smooth volatility of returns over a seven-year period.

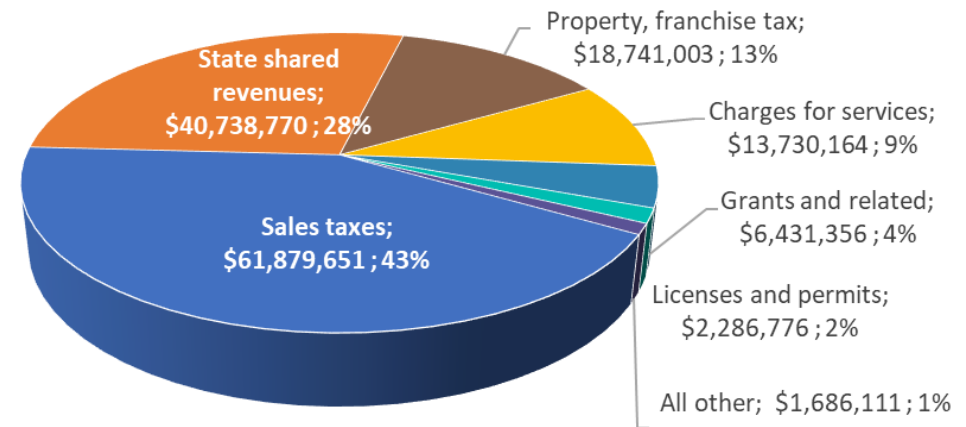
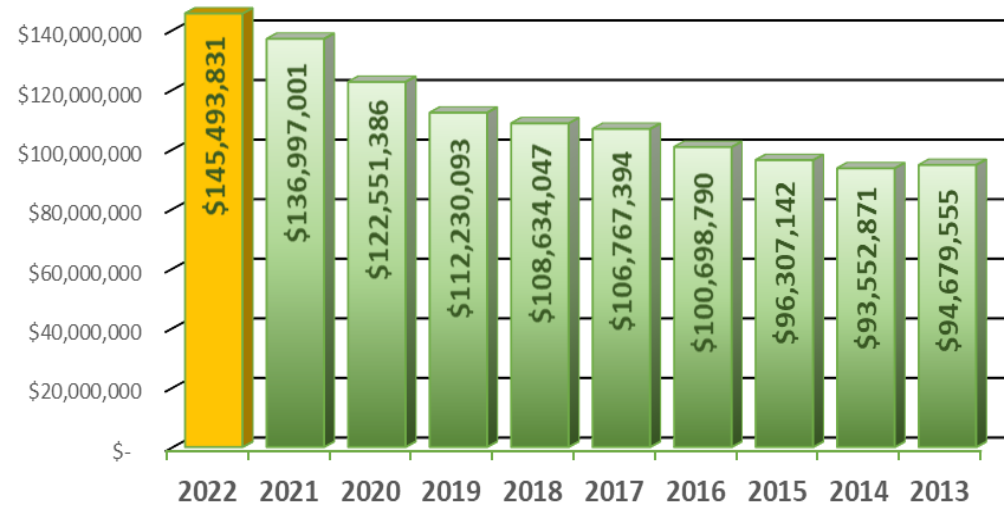
The City's contribution rate for the Fire PSPRS peaked at 74% of payroll. For every \$20.00 of payroll, an additional \$14.80 was paid to PSPRS. By paying the UAAL in full, the City's total contribution rate is 14% in FY 2024.



Operations

Revenue

GOVERNMENTAL REVENUE



Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 42,757,229	\$ 41,402,422	\$ 39,906,758	\$ 38,041,305	\$ 37,751,832	\$ 37,371,591
32,643,954	31,712,621	30,271,694	29,440,840	26,551,809	25,917,347
15,963,170	15,620,058	14,258,882	12,949,804	12,673,079	12,910,141
7,741,230	9,151,797	7,965,488	6,845,994	7,086,476	7,293,431
2,475,809	2,776,728	2,674,818	3,510,123	3,702,063	4,862,601
2,261,042	2,063,660	1,932,076	1,857,646	1,880,101	1,723,236
4,791,613	4,040,108	3,689,074	3,661,430	3,907,511	4,601,208
\$108,634,047	\$106,767,394	\$100,698,790	\$ 96,307,142	\$ 93,552,871	\$ 94,679,555

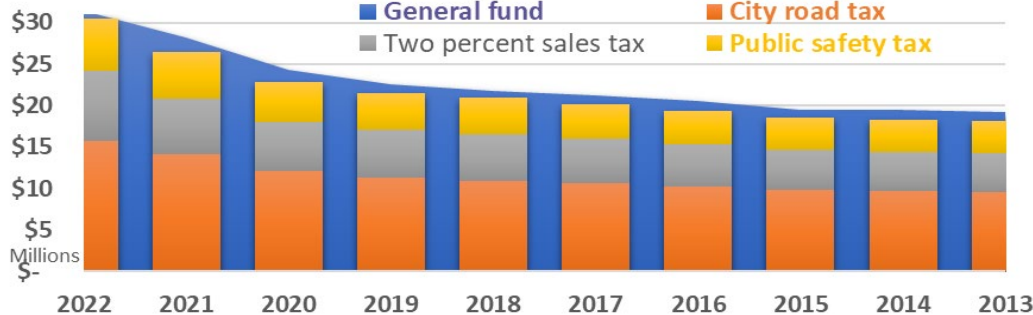
TRANSACTION PRIVILEGE (“SALES”) TAX

General Fund (1.0%) is the primary City tax that supports core operations in the General fund, such as Public safety, Community development, Parks and recreation, Highways and streets, and payment of long-term bonded debt.

City Road Tax (0.5%) was approved by voters in 1994 for maintenance and construction of roadways.

Public Safety Tax (0.2%) was approved by voters in 1994 and renewed in 2010 for 25 years for purchase and maintenance of public safety facilities and equipment.

Two Percent Tax (2.0%) was first approved by voters in 1971 and recently renewed through 2038 to support city-wide parks, recreation, arts and culture activities. 10% of the prior years audited collections support the Historic Yuma Crossings Area and tourism.



TOTAL TAXES by Category	Fiscal Year			
	2022	2021	2020	2019
General fund	\$ 31,368,329	\$ 28,160,761	\$ 24,312,176	\$ 22,528,500
City road tax	15,681,499	14,077,987	12,154,021	11,262,335
Two percent sales tax	8,559,356	6,812,288	5,887,893	5,783,438
Public safety tax	6,270,467	5,629,280	4,859,956	4,503,402
Total sales taxes	\$ 61,879,651	\$ 54,680,316	\$ 47,214,046	\$ 44,077,675
State shared sales tax	\$ 13,525,597	\$ 11,659,856	\$ 10,116,140	\$ 9,626,546
State shared income tax	12,638,305	14,046,299	12,660,922	11,565,280
Vehicle license tax	5,111,639	5,195,063	4,286,918	4,139,938
Highway user revenue	9,463,229	8,884,158	8,385,373	8,248,413
Total state shared	\$ 40,738,770	\$ 39,785,376	\$ 35,449,353	\$ 33,580,177

ENTERPRISES

The utility system pledged revenue structures is not subject to statutory debt limitations; and the use and repayment of the proceeds are excluded from the State’s mandated expenditure limitation.

The listing of utility system revenue obligations includes amount issued, interest rate and remaining balance at June 30, 2022.

ID	Final Year Payment	Series and Purpose	Interest Rate	Amount	
				Issued	Outstanding
E	2024	2016-Utility Revenue Refunding	1.50%	\$ 37,835,000	\$ 9,715,000
F	2032	2015-Utility Revenue Refunding	3.25-5.0%	89,675,000	64,770,000
G	2041	2021-Desert Dunes Plant Expansion	4.0-5.0%	71,040,000	71,040,000
Total Enterprise Activities				\$198,550,000	\$145,525,000

Desert Dunes Plant Expansion: On December 15, 2021, City Council approved an Ordinance to move forward with \$71,040,000 Utility System Revenue Obligation Series 2021 to expand the capacity at the Desert Dunes Wastewater Reclamation Facility from 3.3 million gallons per day to 6.6 million gallons per day. Infrastructure includes 370 miles of sanitary sewer collection lines and force mains with over 5,700 sanitary sewer lines.

MPC (MUNICIPAL PROPERTY COMMISSION)

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 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, city road and special sales taxes); City Road Taxes – a special one-half percent (.5%) privilege license tax approved by qualified voters in 1994 for maintenance and construction of roadways; Public Safety.

GOVERNMENTAL OPERATIONS

These excise tax pledged revenue structures are not subject to statutory debt limitations; and the use and repayment of the proceeds are excluded from the State's mandated expenditure limitation.

The listing of governmental excise tax revenue obligations includes amount issued, interest rate and remaining balance at June 30, 2022.

ID	Final Year Payment	Series and Purpose	Interest Rate	Amount	
				Issued	Outstanding
A	2025	2021-Excise Revenue Refunding	4.0%	\$ 11,765,000	\$ 9,450,000
B	2027	2015-Road Tax Refunding	2.0-5.0%	40,280,000	22,630,000
C	2035	2015-Excise Revenue and Refunding	3.5-5.0%	48,105,000	36,325,000
D	2038	2021-PSPRS Pension	0.3-2.6%	159,475,000	153,315,000
Total Governmental Activities				\$259,625,000	\$221,720,000

PSPRS Pension: On February 19, 2021, the City issued \$159,475,000 in taxable pledge revenue bonds to pay the balance of the net (unfunded) pension liability for Public Safety. Debt service payments are scheduled semi-annually with the total annual amounts ranging from \$3.7-\$11.6 million from July 15, 2021 to July 15, 2038.

At the time of the *issuance*, the City's Unfunded Actuarial Accrued Liability (UAAL) was \$79,870,606 for Police and \$65,503,782 for Fire. The City also established a \$12,000,000 pension reserve to mitigate future unfunded pension liabilities.

- ▶ Use of bond proceeds are exempt from imposed expenditure limitation. This allows the City to pay the UAAL in two fiscal years; rather and over the course of decades bringing higher liabilities.
- ▶ Effective interest rate for the bonds range from **0.297% to 2.632%**;
- ▶ Effective annual rate of growth of the PSPRS unfunded pension liability was **7.3%**.

This financial statement is derived from the City's "Note Disclosures, Note II. Detail Notes on all Funds; E. Bonded Debt, Pages 83-88" in the ACFR; accessible via the City's website.

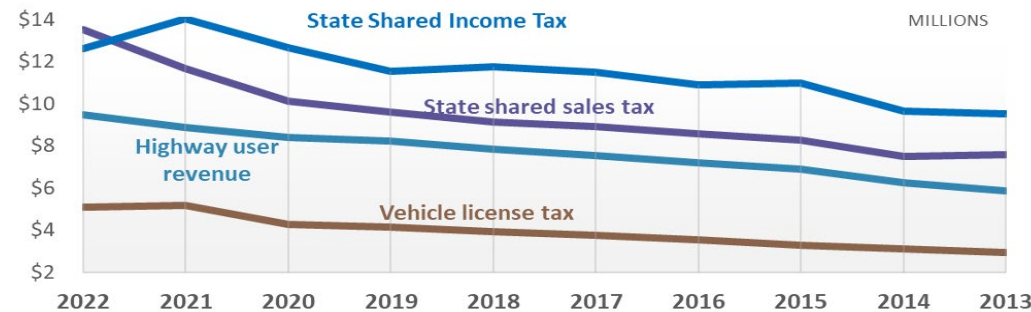
STATE SHARED REVENUES

Sales Tax is imposed on business transactions at the State level. Cities and towns receive 25% of collections. Each municipality's portion is based on its population as compared to the total population of all incorporated cities and towns in the State.

State Income Tax was enacted by voters in 1972 in exchange for cities and towns giving up their authority to assess local income and luxury taxes. Cities and towns receive 15% of collections based on population. This distribution and factors will be modified in 2024.

Vehicle License Tax (VLT) Cities and towns receive 20% of collections. Each municipality's portion is based on population.

Highway User Revenue Fund (HURF) is often referred to as "gas tax", but several other sources contribute to the HURF program. Cities and towns receive 27.5% of collections based on population.



Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 21,798,752	\$ 21,207,119	\$ 20,531,463	\$ 19,536,924	\$ 19,517,306	\$ 19,248,864
10,897,505	10,601,757	10,263,987	9,766,802	9,756,994	9,622,796
5,703,452	5,354,285	5,007,109	4,832,187	4,576,061	4,652,121
4,357,520	4,239,261	4,104,199	3,905,392	3,901,471	3,847,810
\$ 42,757,229	\$ 41,402,422	\$ 39,906,758	\$ 38,041,305	\$ 37,751,832	\$ 37,371,591
\$ 9,121,308	\$ 8,902,248	\$ 8,576,180	\$ 8,285,303	\$ 7,507,882	\$ 7,600,328
11,755,011	11,517,288	10,915,425	10,974,954	9,656,745	9,506,288
3,940,686	3,759,665	3,558,978	3,271,810	3,111,124	2,948,529
7,826,949	7,533,420	7,221,111	6,908,773	6,276,058	5,862,202
\$ 32,643,954	\$ 31,712,621	\$ 30,271,694	\$ 29,440,840	\$ 26,551,809	\$ 25,917,347

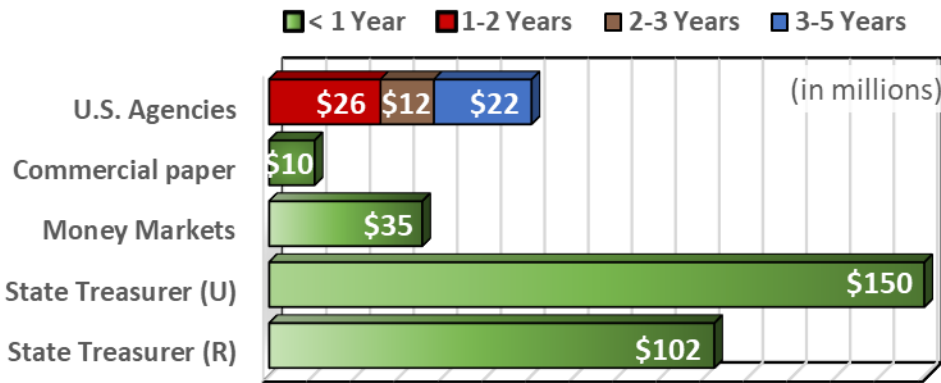
Cash and Investments

POLICY AND OBJECTIVES

The City's investment policies adhere to Arizona state law and prudent governmental management of public money. The primary objectives of the City's investment policy are:

- ▶ **Security:** Preserve and protect public funds;
- ▶ **Liquidity:** Access to cash as needed; and *then*,
- ▶ **Yield:** Market value return on investment; *while maintaining*:
- ▶ **Diversification:** Mitigate market risks; and
- ▶ **Compliance:** Only invest as allowed under State law and explicitly authorized in City policy.

The bar graph illustrates investments for 2022 and the table has a four-year history, by investment type at fiscal year end.



Investment Type	Fair Value at Fiscal Year End			
	2022	2021	2020	2019
U.S. Agencies	\$ 60,087,623	\$ 53,612,054	\$ 44,505,612	\$ 48,122,049
Commercial paper	10,408,512	9,990,683	25,424,125	18,928,479
Money Markets	35,059,451	152,422,762	25,649,119	26,675,337
State Treasurer Pool (U)	150,084,798	128,992,826	95,425,701	72,333,572
State Treasurer Pool (R)	101,961,292	3,271,565	3,167,810	10,835,667
Total Investments	357,601,676	\$348,289,890	\$194,172,367	\$176,895,104
Cash in bank / trustee	1,017,994	17,187,174	4,683,747	2,421,090
Cash & Investments	\$358,619,670	\$365,477,064	\$198,856,114	\$179,316,194

(U)=Unrestricted; (R)=Restricted for specific uses: Workers' Comp, PSPRS UAAL, Desert Dunes Wastewater Treatment Plant

Enterprise Operations

OPERATING STATEMENT

Business-type funds	Enterprise		
	Water	Wastewater	All other
OPERATING REVENUE			
Charges for services	\$ 27,587,546	\$ 18,999,126	\$ 8,968,989
OPERATING EXPENSES			
Operations and maintenance	12,994,839	10,938,407	8,450,396
Depreciation	7,587,653	6,116,827	54,341
Total operating expenses	20,582,492	17,055,234	8,504,737
Operating income (loss)	7,005,054	1,943,892	464,252
NONOPERATING REVENUE (EXPENSE)			
Interest and fiscal agent fees	(2,014,765)	(2,116,783)	-
Interest valuation, sale of asset, Misc.	(363,334)	(895,134)	(55,821)
Total operating revenue (expense)	(2,378,099)	(3,011,917)	(55,821)
Income before contributions and transfers	4,626,955	(1,068,025)	408,431
Capital contribution	4,525,786	5,482,279	695,550
Transfer in from governmental funds	-	-	400,000
Transfer out to governmental funds	(59,608)	(65,989)	(167,306)
Change in net position	9,093,133	4,348,265	1,336,675
NET POSITION			
Beginning of year, July 1, 2021	127,993,977	132,396,355	3,470,682
End of year, June 30, 2022	\$ 137,087,110	\$ 136,744,620	\$ 4,807,357

- ▶ **OPERATING REVENUE:** Income from providing services to customers.
- ▶ **OPERATING EXPENSES:** Costs associated with providing services.
- ▶ **NONOPERATING REVENUE (EXPENSE):** Revenue and costs not directly associated with providing services to customers.
- ▶ **TRANSFERS:** Amount received "from" or paid "to" the City's governmental funds.
- ▶ **NET POSITION:** The residual of all elements presented in the financial statements.

Enterprises use "full accrual" basis for accounting that is virtually the same accounting basis used by businesses. This financial statement is derived from the City's "Statement of Revenue, Expenses and Changes in Fund Net Position, Exhibit C-2" in the ACFR; accessed via the City's website.

STATEMENT OF NET POSITION

Business-type funds	Enterprise		
	Water	Wastewater	All other
ASSETS			
Cash and investments	\$ 41,895,076	\$ 32,935,479	\$ 7,594,255
Current and unrestricted assets	3,123,398	1,965,707	653,269
Restricted assets	16,485,728	111,563,446	-
Pension and Capital assets, net depreciation	144,531,802	102,850,323	913,929
Total assets (A)	206,036,004	249,314,955	9,161,453
Deferred outflows of resource (B)			
Related to pension and bonds	3,799,327	1,676,489	495,737
LIABILITIES			
Current liabilities	10,893,096	10,546,158	2,015,368
Noncurrent liabilities	59,762,928	102,210,400	1,989,820
Total liabilities (C)	70,656,024	112,756,558	4,005,188
Deferred inflows of resource (D)			
Related to pension and bonds	2,092,197	1,490,266	844,645
NET POSITION			
Investment in capital assets (1)	86,268,151	84,160,469	842,546
Unrestricted (2)	50,818,959	52,584,151	3,964,811
Total net position (A+B-C-D=1+2)	\$ 137,087,110	\$ 136,744,620	\$ 4,807,357

▶ **ASSETS = Cash:** Cash/equivalents. **Current and other assets:** Assets expected to convert to cash or use within one year. **Capital assets:** The Enterprise's investment in long term assets that are depreciated over their estimated useful lives.

▶ **LIABILITIES = Current liabilities:** Primarily debts that will be paid within one year. **Noncurrent liabilities:** This represents debt and other obligations that are payable in more than one year.

▶ **Deferred outflows / inflows of resources** are expenses and revenues that have been incurred / received but are not yet being recognized until a future period, related to pensions and bonds.

▶ **NET POSITION = Investment in capital assets** is the investment each enterprise has in capital assets. **Unrestricted net position** is the value of available resources for each Enterprise if no additional revenue or resources are obtained.

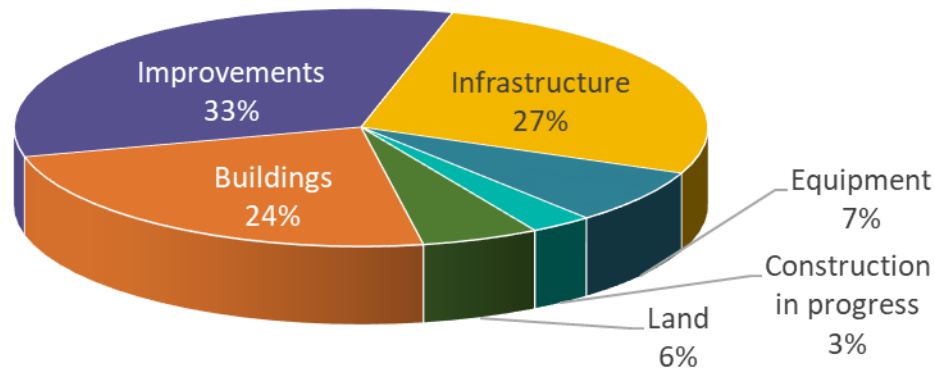
This financial statement is derived from the City's "Statement of Fund Net Position, Exhibit C-1" in the ACFR; accessed via the City's website.

COMPOSITION OF CAPITAL ASSETS

Capital assets are assets with an initial cost in excess of \$5,000 and has an estimated useful life of more than one year. Depreciation is allocated to the asset each year over its estimated useful life, reducing its value. Estimated useful lives for depreciation are:

- ▶ Land **Not depreciated**
- ▶ Buildings **33 to 100 years**
- ▶ Land and building improvements **20 to 50 years**
- ▶ Infrastructure **35 years**
- ▶ Machinery, equipment vehicles **2 to 50 years**

The pie graph distinguishes capital assets for 2022 and the chart has a five-year history, by asset classification type (in millions).



Capital Assets, by Classification type	Value at Fiscal Year End (in millions)				
	2022	2021	2020	2019	2018
Land	\$ 62.3	\$ 62.3	\$ 62.3	\$ 62.6	\$ 62.4
Buildings	272.3	272.3	272.4	260.1	260.1
Improvements	379.9	376.3	372.2	355.0	351.4
Infrastructure	309.0	302.0	295.9	278.2	273.0
Equipment	85.1	85.5	84.9	81.0	76.0
Construction in progress	33.0	13.1	7.4	30.5	15.0
Accumulated depreciation	(596.8)	(567.1)	(535.8)	(505.3)	(477.0)
Total Capital Assets	\$ 544.8	\$ 544.4	\$ 559.3	\$ 562.1	\$ 560.9

WHERE THE MONEY GOES TO...

The charts and bar graph illustrate a 10-year history of the City's expenditures for "*governmental operations*".

- ▶ **General government** are City's administrative departments, including City Council, City Administrator, City Attorney, Finance, Human Resources and Information Technology.
- ▶ **Public safety** are the Police and Fire departments, Municipal court and specific projects/programs for the safety of the public.
- ▶ **Highway and streets** expenditures are related to the design, construction, maintenance and operation of all roadways, sidewalks and related infrastructure within the City.
- ▶ **Parks, recreation and culture** expenditures are those incurred by the City to enrich the quality of life in the City of Yuma through parks, recreation and cultural activities.
- ▶ **Community development** includes activities related to planning, zoning, safety inspections, engineering and neighborhood service.
- ▶ **Capital projects, outlay** is construction and purchase of "*capital assets*" that are not part of a department's operating budget.
- ▶ **Debt service** costs are principal and interest of financed purchases and long-term bonds. This does not include water or wastewater related debt.
- ▶ **Public Safety – pension** is the payments to fully pay the Unfunded Actuarial Accrued Liability (UAAL). The City issued bonds to make this payment (more information on page 22)

EXPENDITURES by FUNCTION	Fiscal Year			
	2022	2021	2020	2019
General government	\$ 18,545,981	\$ 11,381,743	\$ 9,889,151	\$ 9,298,920
Public safety	50,269,399	55,616,318	55,379,213	54,403,450
Public safety - pension	110,374,389	35,000,000	-	-
Highways and streets	10,401,193	10,656,349	8,491,833	9,111,027
Parks, recreation, culture	12,080,307	10,371,171	13,693,835	14,031,122
Community development	6,516,883	5,994,121	4,942,133	5,481,780
Capital projects, outlay	12,460,772	4,395,258	15,930,013	20,226,939
Debt service	28,717,048	14,398,742	12,171,745	11,855,883
Total expenditures	\$249,365,972	\$147,813,702	\$120,497,923	\$124,409,121

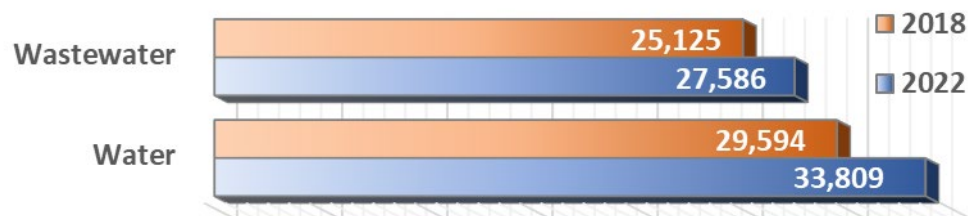
BUSINESS-TYPE OPERATIONS

The City's "Enterprises" are considered "Proprietary funds" that use an accounting basis similar to businesses. The Enterprises distinguish operating from non-operating items. Operating revenue and expenses result from providing services and producing and delivering products in connection with an Enterprise's principal ongoing purpose. The City has five (5) Enterprises:

- ▶ **WATER:** The City's water treatment and distribution system is not supported by general taxes. The enterprise relies on payment for water consumption. Capacity fees from new development are collected to meet the needs of a growing city by investing in water system infrastructure and plant capacity.
- ▶ **WASTEWATER:** Like the Water Fund, this fund relies on paying customers for funding. Through a series of rate charges and capacity fees, the system continues to provide environmentally sound wastewater services. There is a high volume of water customers that are not served by the wastewater system. This is particularly evident by those outside the city limits that rely on septic systems.

This system is also undergoing rapid expansion to meet the City's needs for new population and the increasing numbers of new subdivisions
- ▶ **ALL OTHER:** This category includes Solid Waste, Desert Hills Golf Course, and Yuma Regional Communication System. These enterprises are not individually highlighted in this report, but can be found in the City's ACFR and Budget documents.

Number of Customers



BUDGET COMPLIANCE

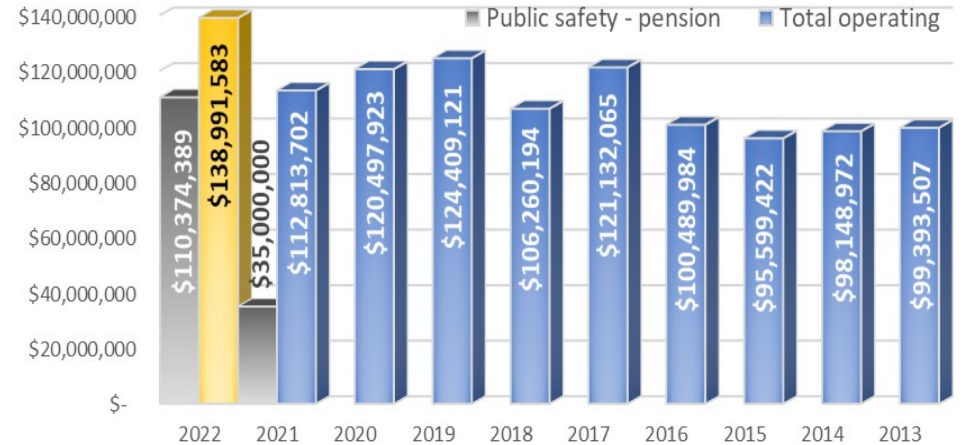
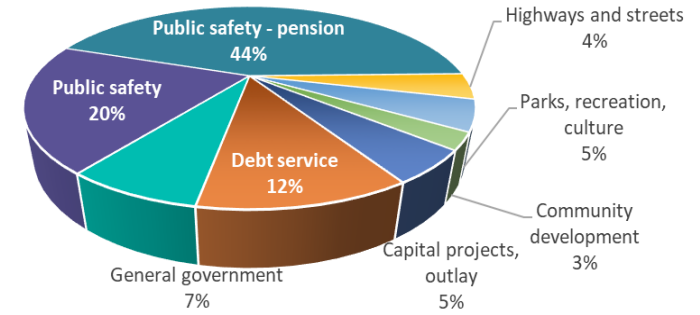
Overall, the City used 72% of the \$347,095,290 governmental operations budget. All unspent resources from 2022 are not lost; they are carried into and available next fiscal year 2023 (supply chain).

GOVERNMENTAL OPERATIONS	Final (Audited)		(Over) / Under	
	Budget	Actual	Amount	%
General government				
Mayor and Council	\$ 1,331,119	\$ 942,973	388,146	70.8%
City administrator's office	2,797,540	2,435,630	361,910	87.1%
City attorney's office	1,531,422	1,495,466	35,956	97.7%
Information technology	3,883,774	3,353,753	530,021	86.4%
Facilities maintenance	6,330,408	5,927,603	402,805	93.6%
Finance	2,627,486	2,339,141	288,345	89.0%
Human resources	1,372,287	1,248,902	123,385	91.0%
Operation efficiency (budget only)	(3,233,235)	-	(3,233,235)	0.0%
General government	18,498,659	802,513	17,696,146	4.3%
Public safety				
Police operations	39,389,986	27,193,193	12,196,793	69.0%
Fire operations	25,899,251	19,537,157	6,362,094	75.4%
PSPRS UAAL	110,374,389	110,374,389	-	100.0%
Municipal court	2,235,171	2,215,572	19,599	99.1%
Public works and engineering	1,473,119	1,323,477	149,642	89.8%
Highways and streets				
Public works	9,648,591	8,470,047	1,178,544	87.8%
Engineering	2,590,039	1,931,146	658,893	74.6%
Parks, recreation and culture				
Parks and recreation	18,183,858	12,080,307	6,103,551	66.4%
Community development				
Building safety	2,577,508	2,155,484	422,024	83.6%
Engineering	395,227	323,450	71,777	81.8%
Planning and neighborhood svcs.	5,600,896	4,037,949	1,562,947	72.1%
Capital outlay				
Operating capital	3,436,197	550,261	2,885,936	16.0%
Capital improvement program	61,435,828	11,910,511	49,525,317	19.4%
Debt service				
Leases	792,414	793,842	(1,428)	100.2%
Bonds	27,923,356	27,923,206	150	100.0%
Total expenditures	\$ 347,095,290	\$ 249,365,972	\$ 97,729,318	71.8%

GOVERNMENTAL OPERATIONS

In 2022, governmental operations totaled \$249 million. Public safety and Public Safety Pension combined for 64% of the total. The large payout for FY 2022 does skew historical comparisons and is being showed as a separate cost center in future financial reports.

The City issued bonds to pay the PSPRS UAAL, with significantly reduced pension rates and costs.



Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 8,185,346	\$ 7,922,629	\$ 7,875,497	\$ 7,565,840	\$ 8,963,776	\$ 9,409,341
50,259,848	51,846,265	47,634,579	45,692,288	42,937,900	40,769,864
-	-	-	-	-	-
7,896,390	8,258,549	7,551,433	7,718,351	7,592,079	7,662,020
13,629,669	13,181,604	12,593,112	12,117,022	11,199,906	10,963,901
4,698,412	4,535,591	4,256,490	4,357,959	5,168,306	5,237,780
10,088,730	23,877,118	9,323,518	5,501,603	8,701,874	11,791,853
11,501,799	11,510,309	11,255,355	12,646,359	13,585,131	13,558,748
\$106,260,194	\$121,132,065	\$100,489,984	\$ 95,599,422	\$ 98,148,972	\$ 99,393,507

STATEMENT OF NET POSITION

Governmental funds	Fiscal year		Change	
	2022	2021	\$	%
ASSETS				
Cash and investments	\$ 148,145,686	\$ 247,282,257	\$ (99,136,571)	-40.1%
Current and other assets	18,485,843	12,364,796	6,121,047	49.5%
Capital assets, net depreciation	296,942,665	295,748,904	1,193,761	0.4%
Total assets (A)	463,574,194	555,395,957	(91,821,763)	-16.5%
Deferred outflows of resource (B) Related to pension and bonds	132,969,211	76,768,457	56,200,754	73.2%
LIABILITIES				
Liabilities due within one year	41,655,662	41,026,703	628,959	1.5%
Long-term liabilities	332,272,393	417,880,692	(85,608,299)	-20.5%
Total liabilities (C)	373,928,055	458,907,395	(84,979,340)	-18.5%
Deferred inflows of resource (D) Related to pension and bonds	28,214,774	3,402,474	24,812,300	729.2%
NET POSITION				
Investment in capital assets (1)	226,188,388	216,506,016	9,682,372	4.5%
Restricted (2)	49,601,467	153,355,288	(103,753,821)	-67.7%
Unrestricted (3)	(81,389,279)	(200,006,759)	118,617,480	-59.3%
Total net position (A+B-C-D=1+2+3)	\$ 194,400,576	\$ 169,854,545	\$ 24,546,031	14.5%

- ▶ **ASSETS = Cash:** Cash/equivalents. **Current and other assets:** Assets expected to convert to cash or use within one year. **Capital assets:** The City's investment in long term assets that are depreciated over their estimated useful life.
- ▶ **LIABILITIES = Liabilities due within one year:** "Current" & "Noncurrent" debts paid within one year. **Long-term liabilities:** This represents debt and other obligations that are payable in more than one year.
- ▶ **Deferred outflows / inflows of resources** are expenses and revenues that have been incurred / received but are not yet being recognized until a future period, related to pensions and bonds.
- ▶ **NET POSITION = Total Net Position** for 2022 was \$194 million. This is 14.5% higher than last year. The increase in **Investment in capital assets** is attributed to completing major projects, net of depreciation of existing assets. The decrease in **Restricted net position** is from using bond proceeds received in 2021 for the public safety pension liability.

This financial statement is derived from the City's "Statement of Net Position, Exhibit A-1" in the ACFR; accessible via the City's website.

OPERATING STATEMENT

Governmental funds	Fiscal year		Change	
	2022	2021	\$	%
REVENUE				
Sales and property taxes	\$ 80,620,654	\$ 72,614,270	\$ 8,006,384	11.0%
State shared revenues	40,738,770	39,785,376	953,394	2.4%
Charges for services	13,730,164	7,786,828	5,943,336	76.3%
Grants and related	6,431,356	10,841,257	(4,409,901)	-40.7%
Licenses, permits and all other	3,972,887	5,969,270	(1,996,383)	-33.4%
Total revenues (U)	145,493,831	136,997,001	8,496,830	6.2%
EXPENDITURE				
General government	18,545,981	11,381,743	7,164,238	62.9%
Public safety (and reducing PSPRS liability)	160,643,788	90,616,318	70,027,470	77.3%
Highways, streets and community dev	16,918,076	16,650,470	267,606	1.6%
Parks, recreation, culture	12,080,307	10,371,171	1,709,136	16.5%
Capital projects, outlay	12,460,772	4,395,258		
Debt service	28,717,048	14,398,742	14,318,306	99.4%
Total expenditures (V)	249,365,972	147,813,702	101,552,270	68.7%
Excess (deficiency) of revenue over expenditure (W)=(U-V)	(103,872,141)	(10,816,701)	(93,055,440)	n/a
Net other financing sources (X)	(4,106)	159,673,807	(159,677,913)	n/a
Change in fund balance (Y)=(W+X)	(103,876,247)	148,857,106	(252,733,353)	n/a
FUND BALANCE				
Beginning of year, July 1 (Z)	202,246,661	53,389,555	148,857,106	278.8%
End of year, June 30 (Y+Z)	\$ 98,370,414	\$ 202,246,661	\$ (103,876,247)	-51.4%

- ▶ **REVENUE:** The City's sources (inflow) used to pay for City services.
- ▶ **EXPENDITURE:** The City's uses of sources (outflow).
- ▶ **NET TRANSFERS:** Sources moved from or (to) the City's Enterprises. A positive number is an inflow and brackets is outflow.
- ▶ **CHANGE IN FUND BALANCE:** Revenue–Expenditure +/- Net Transfer.
- ▶ **FUND BALANCE:** The amount the City carries forward to next year.

This financial statement is derived from the City's "Statement of Revenue, Expenditures and Changes in Fund Balance, Exhibit B-3" in the ACFR.