

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

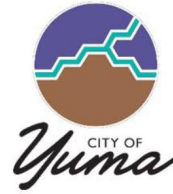
Human Resources Director: Monica Welch

Information Technology Director: Isaiah Kirk

Municipal Court Administrator: Del Miller

Parks and Recreation Director: Eric Urfer

Finance Director: Douglas W. Allen, CPA



2023

CITY OF YUMA, AZ

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2023

www.YumaAz.gov

Introduction
Page 2

Departments
and Officials
Page 6

Revenue
Page 8

Expenditures
Page 12

Financial
Statements
Page 14

Investments;
Capital Assets
Page 16; 18

Capital
Financing
Page 20

Public Safety
Pension
Page 22

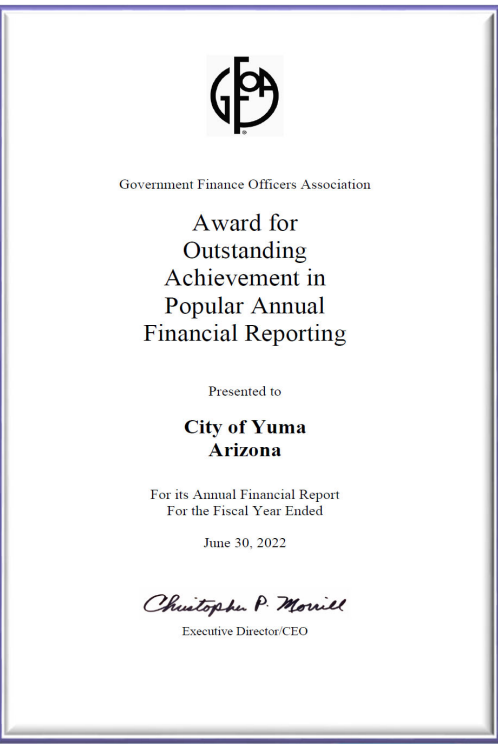
City Profile
Demographic
Page 24

Other
Documents
Page 26

GFOA Outstanding Achievement in PAFR

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Yuma, Arizona for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive the GFOA Award for Outstanding Achievement in Popular Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.



An Award for Outstanding Achievement in Popular Financial Reporting is valid for a period of one year only

The City of Yuma, Arizona received the award for the first time for fiscal year ended 2022.

We believe our current report for fiscal year ended 2023 continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

TRANSPARENCY IN FINANCIAL REPORTING



The City's **Annual Comprehensive Financial Reports (ACFRs)** comprised of 238 pages of detailed statements, note disclosures, supplemental schedules and statistical tables and are audited.

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.

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

These documents provide information on topics such as the current financial status, revenue forecast, and other relevant financial information.

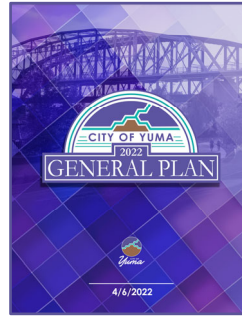


Expenditure Limitation Report (ELR) and **Single Audit Reports** are two other annual financial reports. The *ELR* is required by Arizona law to report on the City's standing on the State's mandated Expenditure limitation.

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 its 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 **SECOND 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 2023 **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 Town'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





THE YUMA WAY OUR MISSION

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.

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.

Annual Snowfall = Zero

"Lettuce Capital of the World"
80% of Winter Lettuce

Annual Rainfall 3 inches

CITY OF YUMA
POPULATION
101,018

Source:
2023 AZ Office of Economic Opportunity

FULL TIME
EMPLOYEES
1,024

YUMA COUNTY
POPULATION
214,264

Source:
2023 AZ Office of Economic Opportunity



AREA IN SQ MILES
121

MEDIAN AGE
34.4

MEDIAN HOUSEHOLD INCOME
\$61,433



NUMBER OF GOLF COURSES
10

NUMBER OF PARKS
34



NUMBER OF COLLEGES/UNIVERSITIES
10

NUMBER OF SCHOOL DISTRICTS
10

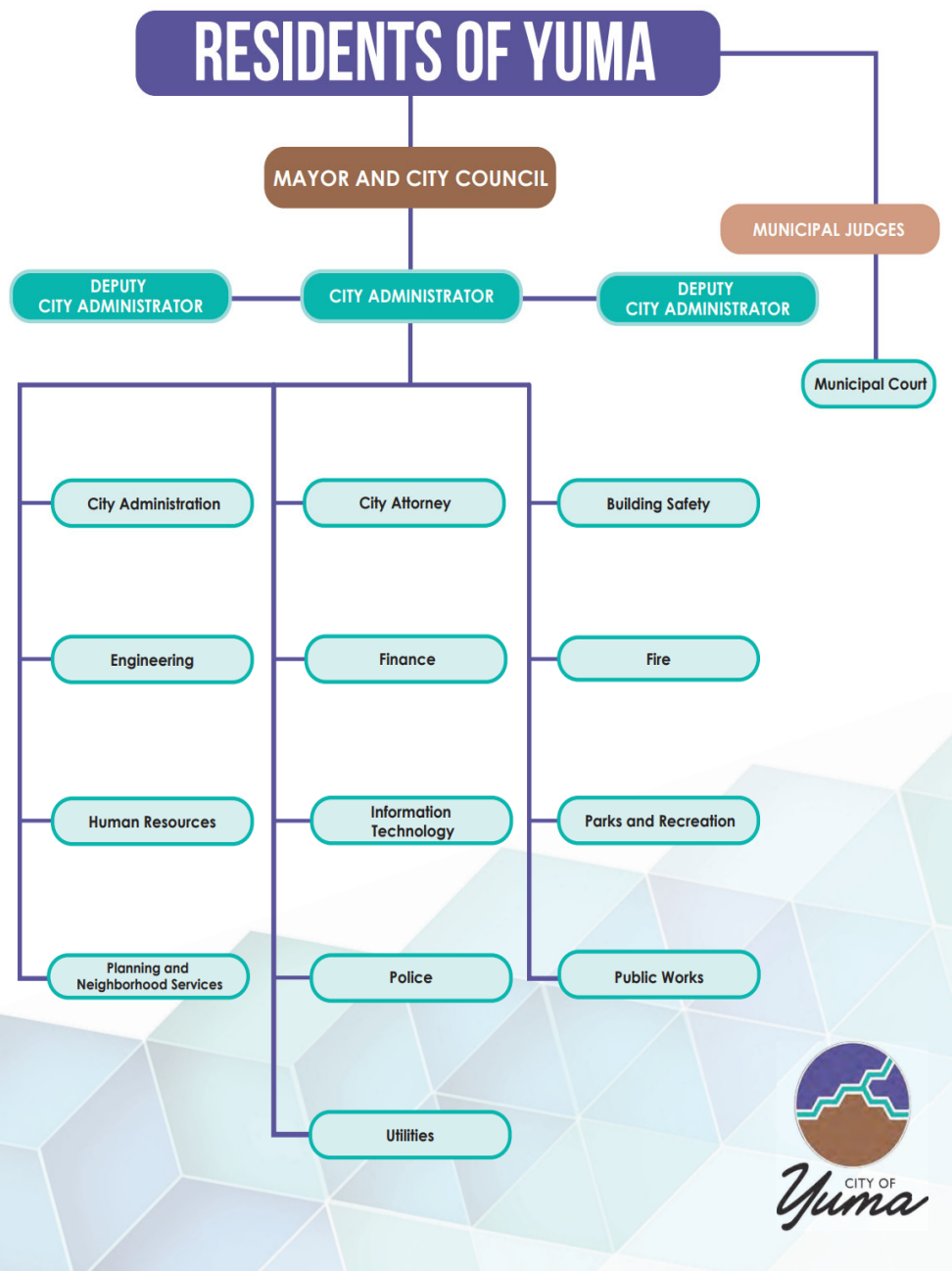


SUNNIEST CITY ON EARTH



JAN	APR	JUL	OCT
68	86	106	89
41	52	76	58

ORGANIZATION CHART



POLICE

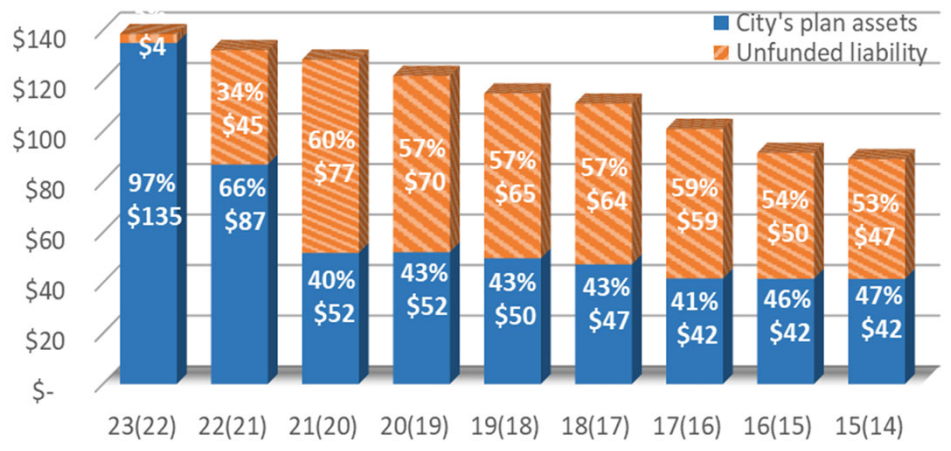
Sworn police officers participate in the PSPRS. For the ACFR and Budget, cities use two separate PSPRS reports: The "GASB 68 Report" and the "Actuarial Report". Methods and assertions used in these reports differ.

- 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)

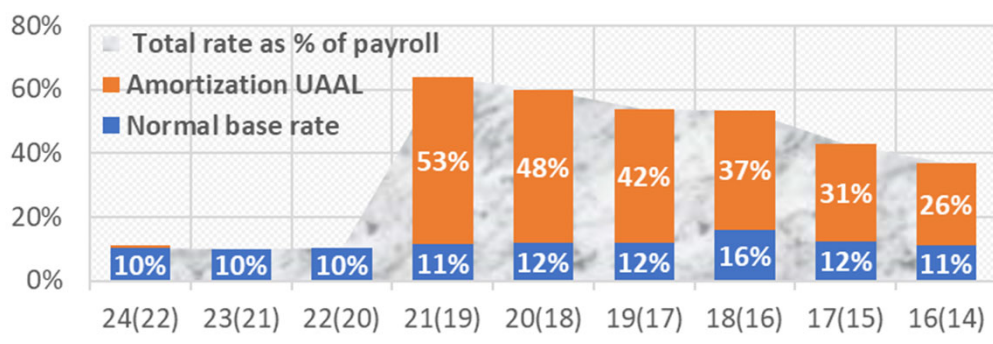
PLAN ASSETS AND LIABILITY

In 2022 and 2021, the City paid **\$79.2 million** of the estimated Unfunded Actuarial Accrued Liability (UAAL).



CITY CONTRIBUTION RATES

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, the City's total contribution rate is 10.22% in FY 2024.



Public Safety Retirement

FIRE

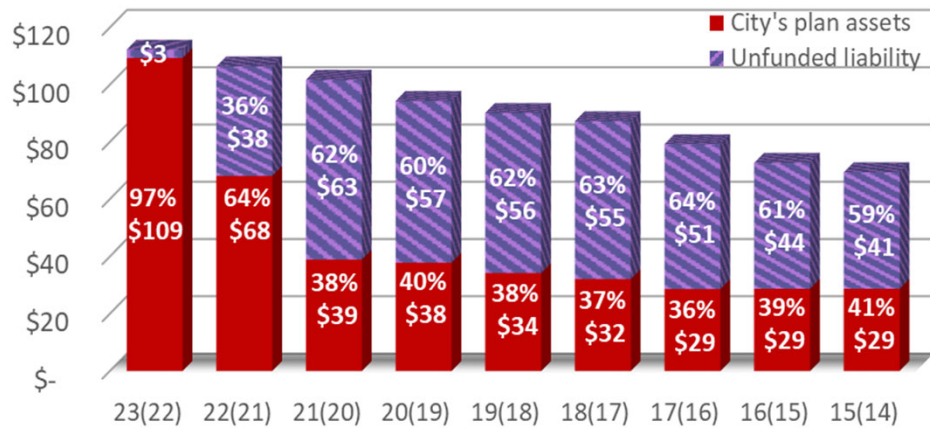
Fire personnel who are regular assigned hazardous duty participate in the PSPRS. For the ACFR and Budget, cities use two separate PSPRS reports: The "GASB 68 Report" and the "Actuarial Report".

- 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)

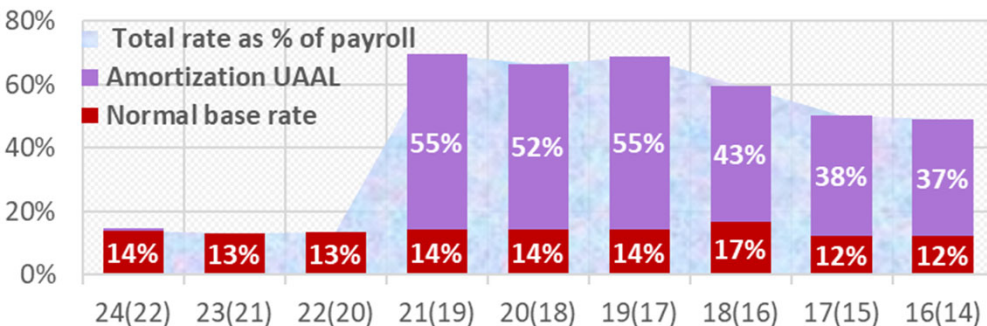
PLAN ASSETS AND LIABILITY

In 2022 and 2021, the City paid **\$66.1 million** of the estimated Unfunded Actuarial Accrued Liability (UAAL).



CITY CONTRIBUTION RATES

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, the City's total contribution rate is 13.96% in FY 2024.



City Officials

Introduction

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.



WHERE THE MONEY COMES FROM...

For fiscal year 2023, total revenues for the City's governmental operations were **\$164.6 million**. Revenue categories are:

- ▶ **Sales taxes** are levied on specific business activities within the City accounting for **39%** 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 **29%** 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 alone do not equate to higher taxes, as the tax rate is adjusted to stay within the constitutional limit.
- ▶ **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			
	2023	2022	2021	2020
Sales taxes	\$ 64,893,439	\$ 61,879,651	\$ 54,680,316	\$ 47,214,046
State shared revenues	47,640,163	40,738,770	39,785,376	35,449,353
Property, franchise tax	19,356,492	18,741,003	17,933,954	16,841,201
Charges for services	14,814,792	13,730,164	7,786,828	8,203,286
Grants and related	8,452,343	6,431,356	10,841,257	9,128,410
Licenses and permits	2,118,982	2,286,776	2,768,894	2,221,386
All other	7,314,746	1,686,111	3,200,376	3,493,704
Total revenues	\$ 164,590,957	\$ 145,493,831	\$ 136,997,001	\$ 122,551,386

ENTERPRISES

These utility system 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 utility system revenues revenue obligations includes amount issued, interest rate and remaining balance at June 30, 2023.

ID	Final Year Payment	Series and Purpose	Interest Rate	Amount	
				Issued	Outstanding
E	2024	2016-Utility Revenue Refunding	1.50%	\$ 37,835,000	\$ 3,877,000
F	2032	2015-Utility Revenue Refunding	3.25-5.0%	89,675,000	59,980,000
G	2041	2021-Desert Dunes Plant Expansion	0.3-2.6%	71,040,000	68,425,000
Total Enterprise Activities				\$198,550,000	\$132,282,000

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 governmental issue, the City has pledged its excise tax collections. Pledged excise taxes include transaction privilege taxes (sales tax), license fees and franchise fees, along income taxes and excise taxes imposed by the State and distributed to the City, general fees for licenses and services, fines and forfeitures, rental and interest income .

For enterprise issuances, the City pledges net utility revenue from the Water and Wastewater systems.

By maintaining the required pledged revenue requirements, the City enjoys a good bond (credit) rating of AA- for General Obligations and AA+ for Utility System Bonds.

Capital & Pension Financing

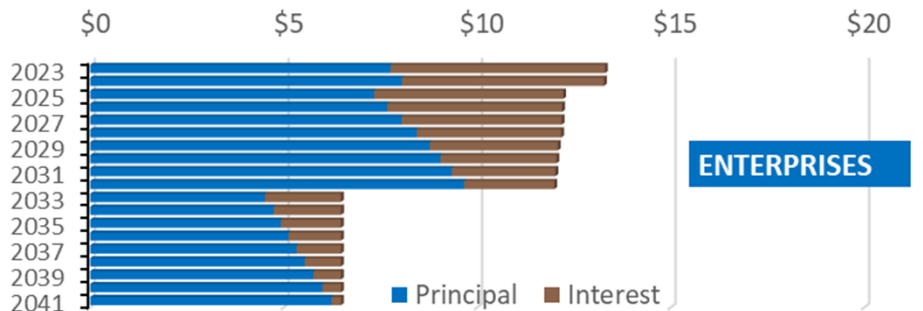
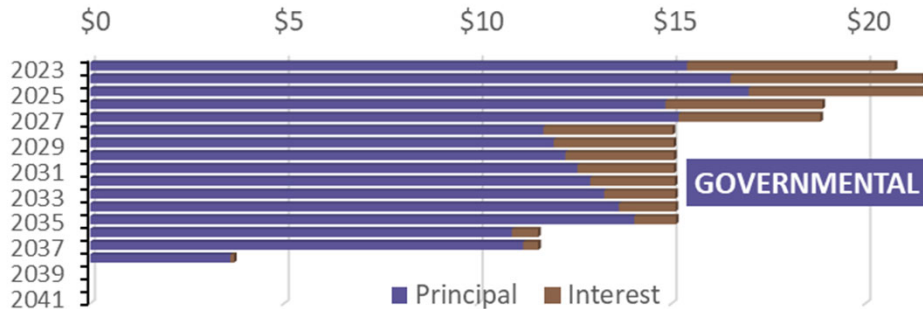
GOVERNMENTAL OPERATIONS

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, 2023.

ID	Final Year Payment	Series and Purpose	Interest Rate	Amount	
				Issued	Outstanding
A	2025	2021-Excise Revenue Refunding	4.0%	\$ 11,765,000	\$ 7,225,000
B	2027	2015-Road Tax Refunding	2.0-5.0%	40,280,000	19,240,000
C	2035	2015-Excise Revenue and Refunding	3.5-5.0%	48,105,000	34,005,000
D	2038	2021-PSPRS Pension	4.0-5.0%	159,475,000	146,440,000
Total Governmental Activities				\$259,625,000	\$206,910,000

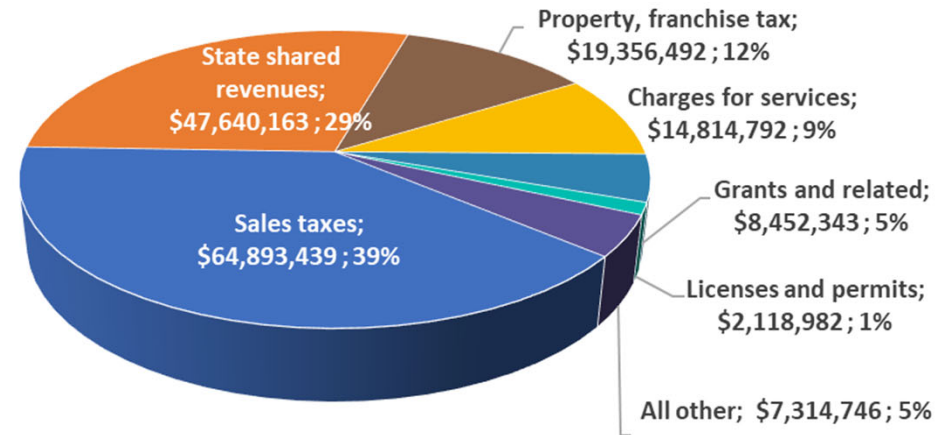
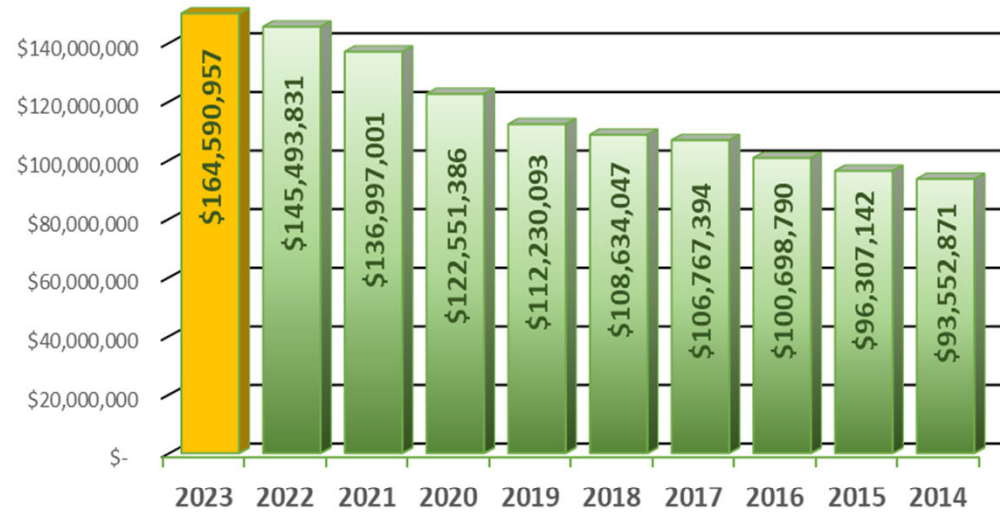
Principal and Interest (in millions)



Operations

Revenue

GOVERNMENTAL REVENUE



	Fiscal Year					
	2019	2018	2017	2016	2015	2014
	4,077,675	\$ 42,757,229	\$ 41,402,422	\$ 39,906,758	\$ 38,041,305	\$ 37,751,832
	3,580,177	32,643,954	31,712,621	30,271,694	29,440,840	26,551,809
	6,275,605	15,963,170	15,620,058	14,258,882	12,949,804	12,673,079
	8,257,186	7,741,230	9,151,797	7,965,488	6,845,994	7,086,476
	3,756,182	2,475,809	2,776,728	2,674,818	3,510,123	3,702,063
	2,087,716	2,261,042	2,063,660	1,932,076	1,857,646	1,880,101
	4,195,552	4,791,613	4,040,108	3,689,074	3,661,430	3,907,511
	2,230,093	\$ 108,634,047	\$ 106,767,394	\$ 100,698,790	\$ 96,307,142	\$ 93,552,871

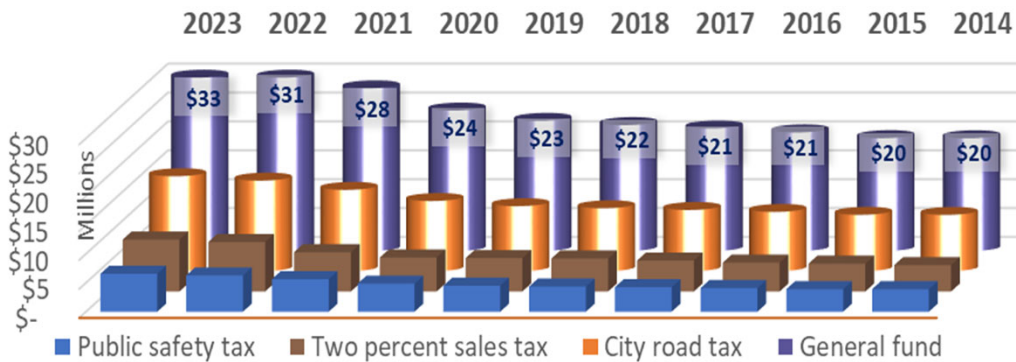
TRANSACTION PRIVILEGE (“SALES”) TAX

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, and Highways and streets.

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

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.

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.



TOTAL TAXES by Category	Fiscal Year			
	2023	2022	2021	2020
General fund	\$ 32,890,150	\$ 31,368,329	\$ 28,160,761	\$ 24,312,176
City road tax	16,442,280	15,681,499	14,077,987	12,154,021
Two percent sales tax	8,986,332	8,559,356	6,812,288	5,887,893
Public safety tax	6,574,677	6,270,467	5,629,280	4,859,956
Total sales taxes	\$ 64,893,439	\$ 61,879,651	\$ 54,680,316	\$ 47,214,046
State shared sales tax	\$ 14,352,377	\$ 13,525,597	\$ 11,659,856	\$ 10,116,140
State shared income tax	18,418,693	12,638,305	14,046,299	12,660,922
Vehicle license tax	5,408,720	5,111,639	5,195,063	4,286,918
Highway user revenue	9,460,373	9,463,229	8,884,158	8,385,373
Total state shared	\$ 47,640,163	\$ 40,738,770	\$ 39,785,376	\$ 35,449,353

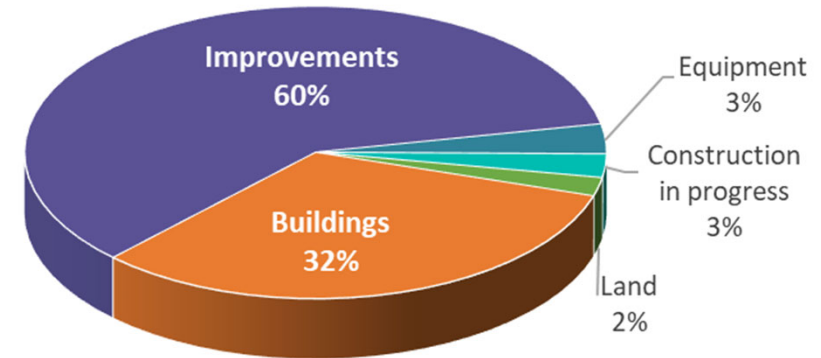
ENTERPRISES

Enterprise “tangible” capital assets are defined the same as Governmental capital assets. Enterprise capital assets include an “intangible” capital asset known as “*Subscription Based Information Technology Arrangements*” (SBITA).

The City recognizes a SBITA asset and liability when it enters into a non-revokable commitment beyond one-year and value in excess of \$460,000.

A SBITA asset is not depreciated, its value is reduced each year by amortizing the total asset’s cost over the duration of the subscription.

The pie graph distinguishes enterprise capital assets for 2023 and the chart has a six-year history (in millions).



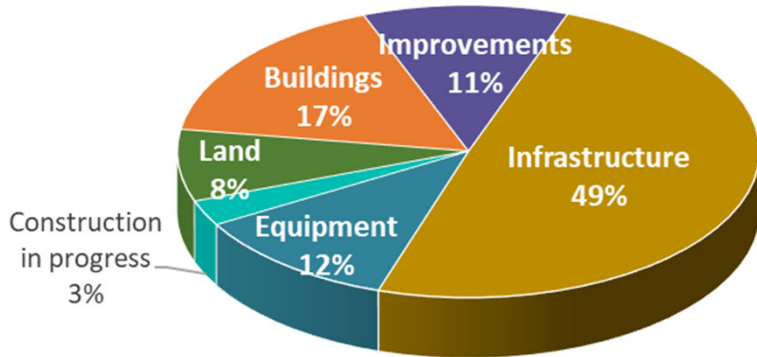
Capital Assets, by Classification type	Value at Fiscal Year End (in millions)					
	2023	2022	2021	2020	2019	2018
Land	\$ 10.8	\$ 10.8	\$ 10.8	\$ 10.8	\$ 10.8	\$ 10.6
Buildings	170.8	164.6	164.6	164.7	164.7	164.6
Improvements	314.5	308.2	305.4	302.2	287.2	284.7
Infrastructure	-	-	-	-	-	-
Equipment	17.4	15.6	15.8	15.3	15.0	14.3
Construction in progress	13.7	15.8	5.8	2.0	10.3	6.9
Accumulated depreciation	(280.8)	(267.1)	(253.7)	(239.2)	(224.8)	(210.7)
SBITA right-to-use asset	4.7	-	-	-	-	-
Accumulated amortization	(0.6)	-	-	-	-	-
Total Capital Assets	\$ 250.5	\$ 247.9	\$ 248.7	\$ 255.8	\$ 263.2	\$ 270.4

GOVERNMENTAL OPERATIONS

Governmental 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 book 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 displays governmental capital assets for 2023 and the chart has a six-year history (in millions).



Capital Assets, by Classification type	Value at Fiscal Year End (in millions)					
	2023	2022	2021	2020	2019	2018
Land	\$ 51.5	\$ 51.5	\$ 51.5	\$ 51.5	\$ 51.8	\$ 51.8
Buildings	108.5	107.7	107.7	107.7	95.5	95.5
Improvements	73.9	71.7	70.9	70.0	67.8	66.7
Infrastructure	320.7	309.0	302.1	295.9	278.2	273.0
Equipment	75.3	69.5	69.7	69.6	65.9	61.7
Construction in progress	18.3	17.2	7.3	5.4	20.2	8.1
Accumulated depreciation	(345.9)	(329.7)	(313.3)	(296.6)	(280.6)	(266.3)
SBITA right-to-use asset	-	-	-	-	-	-
Accumulated amortization	-	-	-	-	-	-
Total Capital Assets	\$ 302.3	\$ 296.9	\$ 295.9	\$ 303.5	\$ 298.8	\$ 290.5

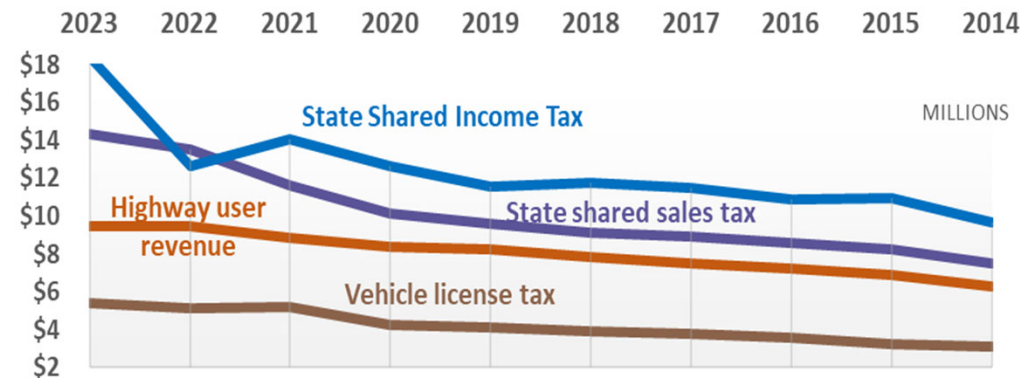
STATE SHARED REVENUES

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 compared to total 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.

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

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. Distribution and factors will be modified in 2024/2025.



Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 22,528,500	\$ 21,798,752	\$ 21,207,119	\$ 20,531,463	\$ 19,536,924	\$ 19,517,306
11,262,335	10,897,505	10,601,757	10,263,987	9,766,802	9,756,994
5,783,438	5,703,452	5,354,285	5,007,109	4,832,187	4,576,061
4,503,402	4,357,520	4,239,261	4,104,199	3,905,392	3,901,471
\$ 44,077,675	\$ 42,757,229	\$ 41,402,422	\$ 39,906,758	\$ 38,041,305	\$ 37,751,832
\$ 9,626,546	\$ 9,121,308	\$ 8,902,248	\$ 8,576,180	\$ 8,285,303	\$ 7,507,882
11,565,280	11,755,011	11,517,288	10,915,425	10,974,954	9,656,745
4,139,938	3,940,686	3,759,665	3,558,978	3,271,810	3,111,124
8,248,413	7,826,949	7,533,420	7,221,111	6,908,773	6,276,058
\$ 33,580,177	\$ 32,643,954	\$ 31,712,621	\$ 30,271,694	\$ 29,440,840	\$ 26,551,809

Expenditures

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** is 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			
	2023	2022	2021	2020
General government	\$ 21,915,834	\$ 18,545,981	\$ 11,381,743	\$ 9,889,151
Public safety	53,488,651	50,269,399	55,616,318	55,379,213
Public safety - pension	-	110,374,389	35,000,000	-
Highways and streets	11,729,950	10,401,193	10,656,349	8,491,833
Parks, recreation, culture	13,423,867	12,080,307	10,371,171	13,693,835
Community development	6,338,500	6,516,883	5,994,121	4,942,133
Capital projects, outlay	16,491,506	12,460,772	4,395,258	15,930,013
Debt service	21,951,451	28,717,048	14,398,742	12,171,745
Total expenditures	\$145,339,759	\$249,365,972	\$147,813,702	\$120,497,923

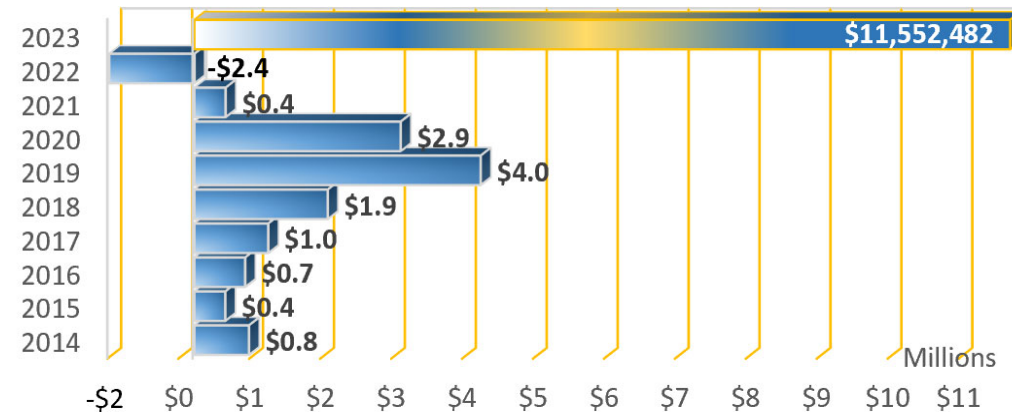
Cash and Investments

INVESTMENT RISKS, EARNINGS AND LIQUIDITY

Except for Money Market or Investment Pools, changes in market fair values of long-term investments may result in fluctuations in the value reported in the City's investment portfolio. The City reduces exposure in these risks by limiting authorized securities in its investment policy. The predominate risk factors are:

- ▶ **Interest Rate:** the risk that changes in interest rates could adversely affect the market fair value of an investment over time.
- ▶ **Credit Risk:** the risk that a counterparty to an investment will not fulfill its obligations.

The bar graph illustrates net investments valuation/earnings; and the table provides ten-years history of investment maturities. With raising interest rates, the City's investment income escalated in 2023.



Total by Fiscal Year	Investment Maturity (Liquidity)				
	Fair Value	< 1 Year	1-2 Years	2-3 Years	3-5 Years
2023	\$ 386,004,064	\$ 352,307,863	\$ 12,070,546	\$ 12,559,442	\$ 9,066,213
2022	357,601,676	297,514,053	25,511,700	12,239,728	22,336,195
2021	348,289,890	294,677,836	5,001,839	26,594,485	22,015,730
2020	194,172,367	149,666,755	-	25,004,450	19,501,162
2019	176,895,103	143,754,496	3,988,516	17,154,227	11,997,864
2018	175,426,632	160,699,242	8,889,786	1,959,366	3,878,238
2017	161,607,156	132,113,878	21,543,734	5,985,558	1,963,986
2016	162,923,017	137,870,834	21,047,185	4,004,998	-

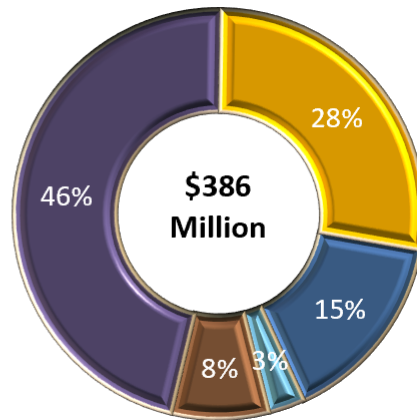
POLICY, OBJECTIVES AND COMPOSITION

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 donut graph illustrates the composition of investment holdings, and the table provides a four-year history, by type. Restricted holdings relate a bond issuances in December 2021.

- U.S. Agencies: \$59,430,380
- Commercial Paper/Sweep: \$10,994,293
- Money Markets: \$29,754,139
- State Treasurer Pool (U): \$179,502,575
- State Treasurer Pool (R): \$106,322,677



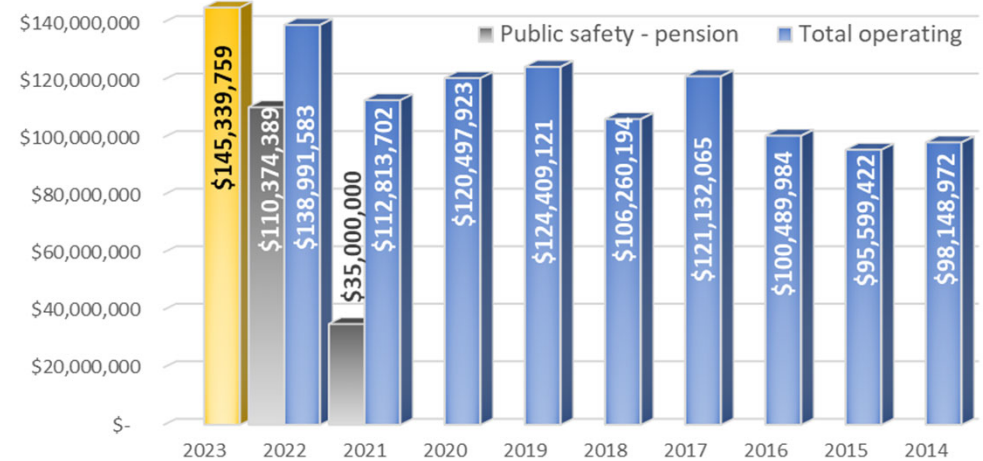
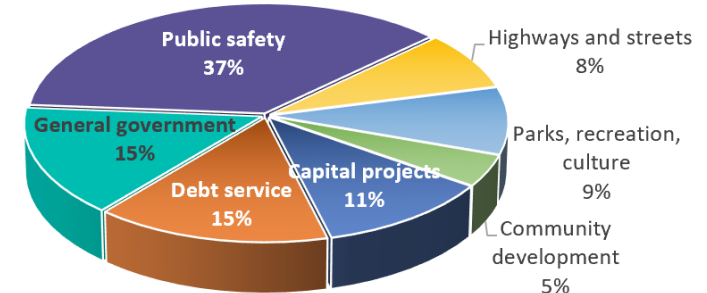
Investment Type	Fair Value at Fiscal Year End			
	2023	2022	2021	2020
U.S. Agencies	\$ 59,430,380	\$ 60,087,623	\$ 53,612,054	\$ 44,505,612
Commercial Paper/Sweep	10,994,293	10,408,512	9,990,683	25,424,125
Money Markets	29,754,139	35,059,451	152,422,762	25,649,119
State Treasurer Pool (U)	179,502,575	150,084,798	128,992,826	95,425,701
State Treasurer Pool (R)	106,322,677	101,961,292	3,271,565	3,167,810
Total Investments	386,004,064	\$ 357,601,676	\$ 348,289,890	\$ 194,172,367
Cash in bank / trustee	3,492,775	1,017,994	17,187,174	4,683,747
Cash & Investments	\$ 389,496,839	\$ 358,619,670	\$ 365,477,064	\$ 198,856,114

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

GOVERNMENTAL OPERATIONS

In 2023, governmental operations totaled \$145.3 million. Public safety accounts for 37% of the total. General government and Debt service are 15% each. Over half of Debt service is related to Public safety pension bonds (more information on page 20).

The City paid the public safety pension UAAL in 2021 and 2022, with significantly reduced pension rates and costs.



Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 9,298,920	\$ 8,185,346	\$ 7,922,629	\$ 7,875,497	\$ 7,565,840	\$ 8,963,776
54,403,450	50,259,848	51,846,265	47,634,579	45,692,288	42,937,900
-	-	-	-	-	-
9,111,027	7,896,390	8,258,549	7,551,433	7,718,351	7,592,079
14,031,122	13,629,669	13,181,604	12,593,112	12,117,022	11,199,906
5,481,780	4,698,412	4,535,591	4,256,490	4,357,959	5,168,306
20,226,939	10,088,730	23,877,118	9,323,518	5,501,603	8,701,874
11,855,883	11,501,799	11,510,309	11,255,355	12,646,359	13,585,131
\$124,409,121	\$106,260,194	\$121,132,065	\$100,489,984	\$ 95,599,422	\$ 98,148,972

Financial Statements

STATEMENT OF NET POSITION

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the assets and outflows minus the liability and inflows reports as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The table below is a condensed summary of the City's Statement of Net Position for June 30, 2022, in millions.

Total City Government (in millions)	Governmental Funds		Enterprise Funds		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and investments	\$ 176.7	\$ 148.1	\$ 212.8	\$ 210.5	\$ 389.5	\$ 358.6
Current and other assets	18.7	18.5	4.9	3.7	23.6	22.2
Capital assets, net depreciation	302.3	296.9	250.5	247.9	552.8	544.8
Total assets (A)	497.7	463.5	468.2	462.1	965.9	925.6
Deferred outflows of resource (B)						
Related to pension and bonds	31.2	133.0	5.4	6.0	36.6	139.0
LIABILITIES						
Liabilities due within one year	29.3	22.3	7.7	39.2	37.0	61.5
Long-term liabilities	266.4	351.6	170.1	146.8	436.5	498.4
Total liabilities (C)	295.7	373.9	177.8	186.0	473.5	559.9
Deferred inflows of resource (D)						
Related to pension and bonds	3.8	28.2	1.0	4.4	4.8	32.6
NET POSITION						
Net investment in capital assets (1)	238.9	226.2	190.3	171.3	429.2	397.5
Restricted (2)	46.5	49.6	-	-	46.5	49.6
Unrestricted (3)	(56.0)	(81.4)	104.5	106.4	48.5	25.0
Total net position (A+B-C-D=1+2+3)	\$ 229.4	\$ 194.4	\$ 294.8	\$ 277.7	\$ 524.2	\$ 472.1

Total Net Position for 2023 was \$524 million, which is 11.0% higher than 2022. Though expenses increased by \$10.3 million; revenues increased by \$23.9 million. Property taxes were relatively flat, with the most noticeable revenue increases being intergovernmental revenue (*state-shared*) \$6.9 million, Sales taxes \$3.0 million, charges for services \$4.7 million and with higher interest rates, the City's investment income escalated to \$11.6 million in 2023.

Financial Statements

STATEMENT OF ACTIVITIES

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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). The table below is a summarized version of the City's Statement of Activities, in millions.

Total City Government (in millions)	Governmental Funds		Enterprise Funds		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 20.0	\$ 16.9	\$ 57.3	\$ 55.7	\$ 77.3	\$ 72.6
Operating grants and donations	2.8	3.8	-	-	2.8	3.8
Capital grants	10.6	10.9	6.8	10.7	17.4	21.6
General revenues:						
Property taxes	15.4	15.1	-	-	15.4	15.1
Sales taxes	65.1	62.1	-	-	65.1	62.1
Franchise taxes	3.6	3.4	-	-	3.6	3.4
Intergovernmental, unrestricted	47.6	40.7	-	-	47.6	40.7
Unrestricted investment earnings	4.3	(0.9)	7.3	(1.5)	11.6	(2.4)
Total revenues	169.4	152.0	71.4	64.9	240.8	216.9
EXPENSES						
General government	22.5	23.1	-	-	22.5	23.1
Public safety	63.4	60.5	-	-	63.4	60.5
Streets	22.0	19.7	-	-	22.0	19.7
Parks, recreation and culture	14.8	11.8	-	-	14.8	11.8
Environmental health	0.1	0.1	-	-	0.1	0.1
Community development	6.2	6.8	-	-	6.2	6.8
Interest on long-term debt	4.8	6.4	-	-	4.8	6.4
Water enterprise	-	-	23.4	22.6	23.4	22.6
Wastewater enterprise	-	-	21.6	19.0	21.6	19.0
Other enterprises	-	-	9.9	8.4	9.9	8.4
Total expenses	133.8	128.4	54.9	50.0	188.7	178.4
Net interfund transfers in (out)	(0.6)	(0.1)	0.6	0.1	-	-
Increase (decrease) in net position	\$ 35.0	\$ 23.5	\$ 17.1	\$ 15.0	\$ 52.1	\$ 38.5

These financial statements summaries are derived from the City's ACFR Exhibits A-1 and A-2; accessible via the City's website