

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 2025

NEW ISSUE - BOOK-ENTRY-ONLY

RATING: See “RATING” herein

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the Obligations (the “Interest Portion”) will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

\$41,930,000*
UTILITY SYSTEM REVENUE
OBLIGATIONS, SERIES 2025A

\$42,085,000*
UTILITY SYSTEM REVENUE
REFUNDING OBLIGATIONS, SERIES 2025B

**Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF YUMA, ARIZONA
Pursuant to a Series 2025 Purchase Agreement,
Dated as of November 1, 2025***

Dated: Date of Initial Delivery

Due: July 1, as shown on inside front cover pages

The Utility System Revenue Obligations, Series 2025A (the “2025A Obligations”) and the Utility System Revenue Refunding Obligations, Series 2025B (the “2025B Obligations”) and, collectively with the 2025A Obligations, the “Obligations”) are being executed and delivered pursuant to a Series 2025 Obligation Indenture, to be dated as of November 1, 2025*, between the City of Yuma, Arizona (the “City”), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Interest with respect to the Obligations will be payable semiannually on July 1 and January 1 of each year, commencing July 1, 2026*. The Obligations will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of \$5,000 of principal represented by the Obligations of a series due on a specific maturity date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal and interest with respect to the Obligations will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Obligations. See APPENDIX H – “BOOK-ENTRY-ONLY SYSTEM.”

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the City’s waterworks and sewer plant and system (the “System”), (ii) refunding the Bonds Being Refunded (as defined herein), and (iii) paying costs incurred in connection with the execution and delivery of the Obligations. See “SOURCES AND USES OF FUNDS” herein.

SEE MATURITY SCHEDULES ON INSIDE FRONT COVER PAGES

The 2025A Obligations will be subject to optional redemption prior to maturity. The 2025B Obligations will not be subject to optional redemption prior to maturity. See “THE OBLIGATIONS - Redemption Provisions.”

The Obligations will evidence undivided proportionate interests of the Holders (as defined herein) thereof in the right to receive certain installments of the Purchase Price (as defined herein) pursuant to a Series 2025 Purchase Agreement, to be dated as of November 1, 2025* (the “Purchase Agreement”), between the City and the Trustee in its capacity as seller. Principal and interest with respect to the Purchase Agreement, together with principal and interest on the outstanding Parity Obligations (as defined herein) and any additional Parity Obligations, will be payable solely from the Net Revenues (as defined herein) derived by the City from the operation of the System. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS” herein. *The Obligations will not be general obligations of the City and will not constitute an indebtedness of the City when computing its bonded indebtedness for purposes of debt limitations imposed by constitutional or statutory provisions, a charge against the general credit limitations imposed by constitutional or statutory provisions or against the general credit or taxing power of the City nor a liability of the City for payment of the Obligations other than from the sources described herein.*

THE “RISK FACTORS” SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered by the Trustee, subject to the approving opinion of Greenberg Traurig, LLP, Special Counsel, as to validity of the Obligations and tax exemption. Certain matters will be passed upon for the Underwriter identified below by its counsel, Ballard Spahr LLP, Phoenix, Arizona. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about November 26, 2025*.

This cover page contains only a brief description of the Obligations and the security therefor. It is not intended to be a summary of material information with respect to the Obligations. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

STIFEL

* Subject to change.

\$41,930,000*
UTILITY SYSTEM REVENUE OBLIGATIONS, SERIES 2025A
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF YUMA, ARIZONA,
Pursuant to a Series 2025 Purchase Agreement,
Dated as of November 1, 2025*

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. 988522
2026	\$6,550,000	%	%	
2027	5,990,000			
2028	1,045,000			
2029	1,090,000			
2030	1,150,000			
2031	1,205,000			
2032	1,265,000			
2033	1,330,000			
2034	1,400,000			
2035	1,465,000			
2036	1,540,000			
2037	1,615,000			
2038	1,700,000			
2039	1,780,000			
2040	1,870,000			
2041	1,970,000			
2042	2,070,000			
2043	2,180,000			
2044	2,295,000			
2045	2,420,000			

* Subject to change.

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\$42,085,000*
UTILITY SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2025B
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF YUMA, ARIZONA,
Pursuant to a Series 2025 Purchase Agreement,
Dated as of November 1, 2025*

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. 988522
2026	\$6,010,000	%	%	
2027	5,420,000			
2028	5,670,000			
2029	5,855,000			
2030	6,105,000			
2031	6,375,000			
2032	6,650,000			

* *Subject to change.*

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CITY OF YUMA, ARIZONA

MAYOR AND CITY COUNCIL

Douglas J. Nicholls, *Mayor*

Carol Smith, *Deputy Mayor*

Mark Martinez, *Councilmember*

Leslie McClendon, *Councilmember*

Arturo Morales, *Councilmember*

Chris Morris, *Councilmember*

Karen Watts, *Councilmember*

CITY ADMINISTRATION

John D. Simonton, *Interim City Administrator*

Jeremy McCall, *Utilities Department Director*

Douglas Allen, *Director of Financial Services*

Richard W. Files, *City Attorney*

Karla Bailey, *Assistant Director of Finance*

Lynda L. Bushong, *City Clerk*

SPECIAL COUNSEL

Greenberg Traurig, LLP

Phoenix, Arizona

TRUSTEE

U.S. Bank Trust Company, National Association

Tempe, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Yuma, Arizona (the “City”), or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the City’s Utility System Revenue Obligations, Series 2025A or Utility System Revenue Refunding Obligations, Series 2025B (collectively, the “Obligations”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover pages and appendices hereto, has been obtained from the City and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

None of the City, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City’s share of the unfunded liabilities of the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein have been based on past experience and on the latest information available and are believed to be accurate and reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of forecasts, projections, opinions, assumptions, or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, assumptions, opinions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Underwriter and its accuracy cannot be guaranteed. The information and forward looking statements herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange in reliance upon certain exemptions. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Obligations, the accuracy or adequacy of this Official Statement, or approved the Obligations for sale.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX G – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

\$41,930,000*
UTILITY SYSTEM REVENUE
OBLIGATIONS, SERIES 2025A

\$42,085,000*
UTILITY SYSTEM REVENUE
REFUNDING OBLIGATIONS, SERIES 2025B

**Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF YUMA, ARIZONA
Pursuant to a Series 2025 Purchase Agreement,
Dated as of November 1, 2025***

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside front cover pages and the appendices hereto, is to provide information in connection with the sale and execution and delivery of the \$41,930,000* principal amount of Utility System Revenue Obligations, Series 2025A (the “2025A Obligations”) and the \$42,085,000* principal amount of Utility System Revenue Refunding Obligations, Series 2025B (the “2025B Obligations”) and, collectively with the 2025A Obligations, the “Obligations”), evidencing proportionate interests of the registered owners of each Obligation (the “Holders”), in certain installment payments (the “Purchase Payments” and collectively, the “Purchase Price”) to be paid by the City of Yuma, Arizona (the “City”), pursuant to a Series 2025 Purchase Agreement, to be dated as of November 1, 2025* (the “Purchase Agreement”), between U.S. Bank Trust Company, National Association (the “Trustee”), in its capacity as seller, and the City. The Obligations will be executed and delivered pursuant to a Series 2025 Obligation Indenture, to be dated as of November 1, 2025* (the “Indenture”), between the City and the Trustee in its capacity as trustee thereunder.

For definitions of certain capitalized terms used in this Official Statement and not otherwise defined, as well as for certain provisions of the Purchase Agreement and the Indenture, see APPENDIX F – “OBLIGATIONS DOCUMENTS SUMMARIES.”

The Purchase Payments will be payable from and secured by a first lien on and pledge of the Net Revenues (as defined herein) on a parity with the pledge and lien granted by the City for the payment and security of \$64,755,000 outstanding principal amount of the City’s Utility System Revenue Obligations, Series 2021, the debt service with respect to which is secured by payments due pursuant to the Series 2021 Purchase Agreement, dated as of December 1, 2021, by and between the City and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), and any Parity Obligations.

“Net Revenues” means that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System (as defined herein), subject to certain additions or subtractions under certain circumstances as provided in the Purchase Agreement. “Revenues” means and includes all income, moneys, and receipts to be received by the City, directly or indirectly, from the ownership, use, or operation of the System, including any waste material or by-products of the System, and also including investment income. Revenues will include the allocable portion of any development, impact, connection or related fee or charge available as a result of the existence of the System. “Operation and Maintenance Expenses” means all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance required to be carried on the System, (iii) payments of reasonable Administrative Expenses, and (iv) generally all expenses of the System except depreciation, interest expense on the Obligations or Parity Obligations, and interest expense on any obligations subordinate to the Obligations or Parity Obligations.

As described under the heading “PLAN OF REFUNDING” herein, \$44,360,000* principal amount of the City of Yuma Municipal Property Corporation Senior Lien Utility System Revenue Refunding Bonds, Series 2015 (the “2015 Bonds”) will be redeemed with proceeds of the 2025B Obligations on the date of execution and delivery of the Obligations. Accordingly, such bonds are not being treated as being an ongoing payment obligation of the City secured by the Net Revenues for purposes of this Official Statement.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of *ad valorem* or other taxes. The Obligations are a limited obligation of the City secured solely by Net Revenues and otherwise as provided in the Ordinance (as defined herein) and the Purchase Agreement. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects (as defined herein) or the System.

The offering of the Obligations is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Obligations. Accordingly, prospective purchasers of the Obligations should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the City has been provided by representatives of the City from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from the revenues of the System (as defined herein) and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes or uncoded, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Copies of the forms of the Purchase Agreement and the Indenture may be obtained, until the delivery of the Obligations, from Stifel, Nicolaus & Company Incorporated (the “Underwriter”), upon request to: Stifel, Nicolaus & Company, Incorporated, 2801 E. Camelback Road, Suite 300, Phoenix, Arizona 85016, Attention: Municipal Finance. After delivery of the Obligations, copies of such documents may be obtained from the Trustee upon request to: U.S. Bank Trust Company, National Association, 1101 West Washington Street, 2nd Floor, Tempe, Arizona 85288, Attention: Corporate Trust Services.

THE OBLIGATIONS

Authorization and Purpose

The Trustee will be authorized to execute and deliver the Obligations pursuant to the provisions of the Indenture and an ordinance adopted by the Mayor and Council of the City on October 1, 2025 (the “Ordinance”).

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the System (collectively, the “2025 Projects”), (ii) refunding the Bonds Being Refunded (as defined herein), and (iii) paying costs incurred in connection with the execution and delivery of the Obligations. See “SOURCES AND USES OF FUNDS” herein. The 2025 Projects and the portion of the projects refinanced with proceeds of the Bonds Being Refunded are referred to collectively herein as the “Projects.”

General Provisions

The Obligations will be dated the date of initial delivery thereof and will be issued in the form of fully registered obligations in amounts of \$5,000 of principal of a series due on a maturity date or any integral multiple thereof. As described in APPENDIX H - “BOOK-ENTRY-ONLY SYSTEM,” the Obligations will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). So long as DTC, or its nominee, is the registered owner of all of the Obligations, all payments on the Obligations will be made directly to DTC for payment to the owners as described in APPENDIX H – “BOOK-ENTRY-ONLY SYSTEM.”

The Obligations will bear interest from their dated date, payable semiannually on July 1 and January 1 of each year, commencing July 1, 2026*. The Obligations will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover pages of this Official Statement. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Interest

on the Obligations will be paid by the Trustee to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Trustee, at the close of business on the 15th day of the month next preceding each Obligation Payment Date (the “Record Date”). So long as the Obligations are in DTC’s book-entry-only system, and thereafter at the written request and expense of the owners of \$1,000,000 or more in aggregate principal amount of Obligations delivered to the Trustee prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Redemption Provisions*

The 2025A Obligations maturing before or on July 1, 20__, will not be subject to redemption prior to maturity. The 2025A Obligations maturing on or after July 1, 20__, will be subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of \$5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

The 2025B Obligations will not be subject to redemption prior to maturity.

Notice of and Procedure for Redemption

Notice of any redemption will be sent by first-class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Holder of each Obligation, initially DTC, to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such Holders to the Trustee.

Any notice of redemption given as described in the preceding paragraph will also contain a statement that on the redemption date, the redemption price of such Obligations called for redemption will become due and payable and that, from and after such date, the Obligations being redeemed will cease to accrue interest; provided, that no notice of redemption shall be sent unless (i) the Trustee has on deposit funds to effect such redemption, or (ii) such redemption notice states that the call for optional redemption is conditioned upon the deposit with the Trustee of an amount sufficient to pay the principal of the Obligations being redeemed on the redemption date.

PLAN OF REFUNDING

The proceeds of the 2025B Obligations, net of amounts used to pay costs related to the execution and delivery of the 2025B Obligations, will be placed in a trust account with U.S. Bank Trust Company, National Association, as escrow trustee (the “Escrow Trustee”), under an Escrow Trust Agreement, to be dated as of November 1, 2025*, and will be used to acquire certain obligations of, or guaranteed as to principal and interest by, the United States of America (the “Government Obligations”), in amounts sufficient, without reinvestment, to be applied to payment of the principal and redemption price of and interest due pursuant to the 2015 Bonds identified below (collectively, the “Bonds Being Refunded”), which are being refunded as follows:

[Remainder of page left intentionally blank]

Schedule of Bonds Being Refunded*

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Principal Being Refunded	Redemption Date*	CUSIP® ⁽¹⁾ No. 988516
2015	2026	5.000%	\$5,655,000	\$5,655,000	2/23/2026	BN9
2015	2027	5.000	5,920,000	5,920,000	2/23/2026	BP4
2015	2028	5.000	6,200,000	6,200,000	2/23/2026	BQ2
2015	2029	3.000	6,410,000	6,410,000	2/23/2026	BR0
2015	2030	3.000	6,560,000	6,560,000	2/23/2026	BS8
2015	2031	3.250	6,720,000	6,720,000	2/23/2026	BT6
2015	2032	3.250	6,895,000	6,895,000	2/23/2026	BU3
			<u>\$44,360,000</u>	<u>\$44,360,000</u>		

⁽¹⁾ See footnote ⁽¹⁾ to the inside front cover pages.

See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein. On delivery of the Obligations and such deposit of proceeds with the Escrow Trustee, the Bonds Being Refunded will no longer be outstanding under the indenture pursuant to which they were issued and will no longer be secured by the Net Revenues.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Public Finance, LLC, a firm of independent certified public accountants (the “Verification Agent”), will deliver to the City, before or on the date of execution and delivery of the Obligations, its verification report indicating, among other things, that it has verified, in accordance with standards for attestation engagements established by the American Institute of Certified Public Accountants, the mathematical accuracy of the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when due, the principal of, interest and applicable premiums, if any, on the Bonds Being Refunded. The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”).

SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS

General

For the amounts payable pursuant to the Purchase Agreement (including the Purchase Price), the Trustee, in its separate capacity as seller, will sell and convey to the City, and the City will purchase from the Trustee, in its separate capacity as seller, the Projects to be financed and refinanced with the proceeds of the Obligations.

The Obligations represent undivided proportionate interests of the Holders thereof in the right to receive the Purchase Payments to be paid by the City pursuant to the Purchase Agreement, which includes amounts sufficient to pay when due the principal of and interest on the Obligations. During the term of the Purchase Agreement, the Purchase Payments will be required to be made regardless of damage to the Projects or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses or uses the waterworks and sewer plant and system of the City (collectively, the “System”). The obligation of the City to make the Purchase Payments will continue until all of the Purchase Payments and all other amounts due under the Purchase Agreement have been paid. No security interest will be held by the Trustee for the benefit of the Holders of the Obligations in any portion of the Projects or the System. Remedies available upon a failure of the City to make the Purchase Payments when due will be limited and will not include acceleration of the Purchase Payments or recourse to the Projects or any portion of the System. For a description of events of default and remedies under the Purchase Agreement, see APPENDIX F – “OBLIGATIONS DOCUMENTS SUMMARIES – The Purchase

Agreement – Purchase Events of Default” and “– Remedies on Default by City.” For information concerning the System, see APPENDIX A – “CITY OF YUMA, ARIZONA – THE SYSTEM.”

Source of Purchase Payments

The obligation of the City to make the Purchase Payments under the Purchase Agreement will be payable from and secured by a first lien on, pledge of, and security interest in, the Net Revenues.

Such lien on, pledge of and security interest in the Net Revenues will be on parity with the outstanding Parity Obligations and any additional Parity Obligations subsequently issued or incurred under separate documentation in accordance with the Purchase Agreement.

The pledge of, lien on and security interest in the Net Revenues will be irrevocably made in the Purchase Agreement and created for the prompt and punctual payment of the principal of and interest on the Obligations and to make other payments specified. None of the Obligations, the outstanding Parity Obligations or any of the additional Parity Obligations will be entitled to priority or distinction over any of the others in the application of the Net Revenues, regardless of the issuance or incurrence of the Obligations, the outstanding Parity Obligations or any of the additional Parity Obligations in series or the delivery of the Obligations, the outstanding Parity Obligations or any of the additional Parity Obligations prior to the delivery of the Obligations, the outstanding Parity Obligations or any other of the additional Parity Obligations of that series or regardless of the time or times the Obligations, the outstanding Parity Obligations or the additional Parity Obligations mature or are called for redemption prior to maturity or otherwise. The Obligations, the outstanding Parity Obligations and the additional Parity Obligations will be co-equal as to the pledge of and lien on the Net Revenues for the payment thereof and will share ratably, without preference, priority or distinction, as to the source or method of payment or security therefor.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of ad valorem or other taxes. The Obligations are a limited obligation of the City secured solely by Net Revenues and otherwise as provided in the Ordinance and the Purchase Agreement.

Rate Covenant

The City has covenanted and agreed in the Purchase Agreement to at all times establish, fix, maintain and collect rates, fees and other charges for all utility services furnished by the System fully sufficient at all times, (a) to pay the Operation and Maintenance Expenses of the System; (b) to produce an aggregate amount of Net Revenues in each Fiscal Year equal to the sum of (i) one hundred twenty percent (120%) of Interest Requirement and Principal Requirement for the then current Fiscal Year on all obligations payable from a first lien pledge of Net Revenues, including the Obligations and any Parity Obligations (collectively, the “Senior Obligations”) then outstanding in such Fiscal Year, and (ii) one hundred percent (100%) of the aggregate of the debt service on comparable payments, separately payable and secured on a basis subordinate to the Senior Obligations by Net Revenues; and (c) to produce Net Revenues in each Fiscal Year which will remedy all deficiencies in payments into any of the funds and accounts described in the Purchase Agreement and in the Indenture required from prior Fiscal Years for the payment of the Purchase Price as well as the payment of principal of and interest on Parity Obligations.

The City will cause an amount of Net Revenues to be included in the annual budget and appropriation for every Fiscal Year commencing with the Fiscal Year immediately following the delivery of the Purchase Agreement sufficient to meet all requirements of the Purchase Agreement.

Additional Parity Obligations; No Prior Obligations

Pursuant to the provisions of the Purchase Agreement, the City may, in the future, incur additional Parity Obligations having a lien upon and payable from Net Revenues on parity with the Obligations, but only as provided in the Purchase Agreement.

The City will not incur any obligations payable from Net Revenues in the future on a parity with its obligations under the Purchase Agreement or any outstanding Parity Obligations except for (a) additional Parity Obligations entered into or issued for the purpose of refunding the Senior Obligations if, upon the incurring of such Parity Obligations, the conditions specified in the next paragraph are met, or (b) additional Parity Obligations entered into or issued for purposes other than refunding the Senior Obligations and for the purpose of providing funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Senior Obligations, to refund Senior Obligations or to refund other bonds of the City, if any, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System if, upon the incurring of such Parity Obligations, the conditions specified in the Purchase Agreement are met.

Any or all of the Senior Obligations may be refunded at maturity, upon redemption in accordance with their terms or with the consent of the holders thereof, and the refunding Parity Obligations so entered into or issued will constitute Parity Obligations; provided, however, that: (a) the requirements in the next paragraph shall be satisfied, except that for the purpose of the calculation required in the next paragraph, the percentage requirement on such Parity Obligations will be taken into consideration only in any future Fiscal Year in which any fractional part of such Parity Obligations will remain outstanding after the issuance of such Parity Obligations and the City Clerk shall have received a statement of an Independent Certified Public Accountant demonstrating the same; or (b) all outstanding Senior Obligations are being refunded under arrangements which immediately result in making provision for the payment of the refunded Senior Obligations.

Additional Parity Obligations may also be issued for other than refunding purposes as described above if, prior to the issuance thereof, the City will not, at the time of the issuance thereof, be in default under any Senior Obligations or under the Purchase Agreement or Parity Obligation Documents or any related credit or reserve fund instrument, and there shall have been procured and filed with the City Clerk and the Trustee a certificate or report by an Independent Certified Public Accountant to the effect that the aggregate amount of Net Revenues for the last full Fiscal Year immediately preceding the issuance thereof were equal to the sum of (i) not less than one hundred twenty percent (120%) of the highest aggregate Interest Requirement and Principal Requirement of all outstanding Senior Obligations to fall due and payable in the current or any future Fiscal Year, including the obligations proposed to be issued, (ii) not less than one hundred percent (100%) of the aggregate amounts payable in such Fiscal Year and secured on a subordinate basis by Net Revenues, and (iii) not less than one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the Purchase Agreement or any documents constituting or authorizing Parity Obligations.

Any statement of an Independent Certified Public Accountant required pursuant to the preceding paragraph may contain the following adjustments to Net Revenues for such most recently completed Fiscal Year:

(a) If Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance thereof but during either the Fiscal Year in which the same are to be issued or in the preceding Fiscal Year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the Fiscal Year used for purposes of the computation. The Revenues derived from such additions and acquisitions to the System may be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by an Independent Engineer.

(b) If all or part of the proceeds thereof are to be expended for the acquisition of existing water or wastewater properties or facilities, there may be added to the Net Revenues of such preceding Fiscal Year the Net Revenues which would have been derived from the operation of such properties or facilities if such properties or facilities had been acquired or operated by the City under the applicable rate schedule of the City during the entire preceding Fiscal Year, such Net Revenues to be estimated by an Independent Engineer.

(c) If prior to the issuance thereof and subsequent to the first day of such preceding Fiscal Year, the City shall have increased its rates or charges imposed for water or wastewater services, there may be added to the Net Revenues of such Fiscal Year the additional Net Revenues which would have been received from the

operation of the System during such Fiscal Year had such increase been in effect throughout such Fiscal Year, such additional Net Revenues to be estimated by an Independent Engineer.

The Purchase Agreement provides that the City may not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under the Purchase Agreement.

SOURCES AND USES OF FUNDS

Sources of Funds:	2025A Obligations	2025B Obligations	Total
Principal Amount of Obligations [Net] Original Issue Premium	\$41,930,000.00*	\$42,085,000.00*	\$84,015,000.00*
Total Sources			
Uses of Funds:			
Payment of Costs of the 2025 Projects Deposit with Escrow Trustee Payment of Costs of Issuance (a)			
Total Uses			

(a) Costs related to the execution and delivery of the Obligations, including underwriter's compensation.

* Subject to change.

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The following table illustrates certain information relating to the operation of the System and estimated debt service coverage ratio for total annual debt service requirements provided by Net Revenues. For information regarding the System, see APPENDIX A – “CITY OF YUMA, ARIZONA – THE SYSTEM.”

HISTORICAL, UNAUDITED ACTUAL AND BUDGETED NET REVENUES AND DEBT SERVICE COVERAGE

	Audited					Unaudited	Budgeted (a)
	2019/20	2020/21	2021/22	2022/23	2023/24	Actual (a)	2025/26
Revenues							
Water Services and Fees	\$ 24,314,126	\$ 25,590,121	\$ 26,094,894	\$ 27,595,387	\$ 28,374,604	\$ 29,168,211	\$ 29,375,130
Water Non-Rate Revenues	2,181,115 (b)	934,864 (b)	1,274,740	2,434,819	4,877,452	4,547,910	2,570,250
Water Capacity Fees	2,688,781	3,141,281	3,226,474	1,545,956	2,590,211	3,230,030	2,900,000
Wastewater Services and Charges	15,470,458	15,911,054	16,509,915	17,976,835	19,000,086	18,376,138	20,132,000
Wastewater Non-Rate Revenues	3,302,648	2,718,056	1,814,791	6,903,515	6,997,504	5,988,244	2,906,086
Wastewater Capacity Fees	3,103,944	3,458,574	3,571,913	1,607,047	2,804,712	3,522,223	3,400,000
Total Revenues	<u>\$ 51,061,072</u>	<u>\$ 51,753,950</u>	<u>\$ 52,492,727</u>	<u>\$ 58,063,559</u>	<u>\$ 64,644,569</u>	<u>\$ 64,832,756</u>	<u>\$ 61,283,466</u>
Operation and Maintenance Expenses							
Water Personnel Expenses	\$ 5,750,313	\$ 5,282,034	\$ 5,196,654	\$ 6,440,820	\$ 7,519,555	\$ 8,737,002	\$ 9,308,801
Water Operating Expenses	6,732,644	6,723,997	8,181,188	8,041,579	8,956,826	9,762,533	11,112,419
Wastewater Personnel Expenses	4,723,514	4,352,510	4,352,510	5,070,392	6,252,622	6,082,908	7,276,484
Wastewater Operating Expenses	5,991,132	6,013,934	6,858,710	7,923,986	8,554,494	8,967,218	10,039,578
Total Operation and Maintenance Expenses	<u>\$ 23,197,603</u>	<u>\$ 22,372,475</u>	<u>\$ 22,803,430</u>	<u>\$ 27,476,777</u>	<u>\$ 31,283,497</u>	<u>\$ 33,549,661</u>	<u>\$ 37,737,282</u>
Net Revenues (c)	<u>\$ 27,863,469</u>	<u>\$ 29,381,475</u>	<u>\$ 29,689,297</u>	<u>\$ 30,586,782</u>	<u>\$ 33,361,072</u>	<u>\$ 31,283,095</u>	<u>\$ 23,546,184</u>
Debt Service							
Outstanding Debt Service for Existing Parity Obligations and Bonds	\$ 13,572,898	\$ 13,428,917	\$ 13,554,843	\$ 13,276,583	\$ 12,224,288	\$ 12,197,538	\$ 12,183,788
Net Revenue Bond Debt Service Coverage (d)	2.05x	2.19x	2.19x	2.30x	2.73x	2.56x	1.93x
Net Revenue Bond Debt Service Coverage without Capacity Fees	1.63x	1.70x	1.69x	2.07x	2.29x	2.01x	1.42x

- (a) Amounts are unaudited actual or budgeted and are subject to change until audit. These amounts are “forward-looking” statements and should be considered with an abundance of caution.
- (b) The Water Non-Rate Revenues of the System were adversely affected in audited Fiscal Years 2019/20 and 2020/21 by the decline in fixed income market interest rates due to COVID-19, the adverse effects of which were reflected in the year-over-year declines in revenue.
- (c) Represents amount of System revenues available after payment of the Operation and Maintenance Expenses. Such amounts are the Net Revenues pledged to payment of the Payments.
- (d) Debt Service Coverage is computed using Net Revenues available for debt service for each Fiscal Year divided by the annual debt service on the outstanding Parity Obligations.

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DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE

The following table sets forth (i) the annual debt service requirements of the outstanding Parity Obligations, net of the Bonds Being Refunded, (ii) the estimated annual debt service requirements of each series of the Obligations, (iii) the estimated combined annual debt service requirements following execution and delivery of the Obligations, and (iv) the projected debt service coverage based on unaudited actual Net Revenues for the Fiscal Year ended June 30, 2025.

SCHEDULE OF ANNUAL UTILITY SYSTEM REVENUE OBLIGATION DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE (a)

Fiscal Year	Net Revenues (b)	Utility System Revenue Obligations Outstanding Debt Service (c)	The 2025A Obligations*			The 2025B Obligations*			Total Aggregate Debt Service*	Annual Debt Service Coverage (e)
			Principal	Interest (d)	Total	Principal	Interest (d)	Total		
2023/24	\$33,361,072									
2024/25	31,283,095	\$12,224,288							\$12,224,288	2.56x
2025/26	23,546,184	4,822,200	\$6,550,000	\$1,241,632 (f)	\$7,791,632	\$6,010,000	\$1,227,479 (f)	\$7,237,479	12,613,832	2.48x (g)
2026/27		4,826,200	5,990,000	1,801,013	7,791,013	5,420,000	1,803,750	7,223,750	12,617,213	2.48x
2027/28		4,829,950	1,045,000	1,501,513	2,546,513	5,670,000	1,532,750	7,202,750	7,376,463	4.24x
2028/29		4,843,200	1,090,000	1,449,263	2,539,263	5,855,000	1,249,250	7,104,250	7,382,463	4.24x
2029/30		4,850,200	1,150,000	1,394,763	2,544,763	6,105,000	956,500	7,061,500	7,394,963	4.23x
2030/31		4,860,950	1,205,000	1,337,263	2,542,263	6,375,000	651,250	7,026,250	7,403,213	4.23x
2031/32		4,874,950	1,265,000	1,277,013	2,542,013	6,650,000	332,500	6,982,500	7,416,963	4.22x
2032/33		6,481,700	1,330,000	1,213,763	2,543,763				9,025,463	3.47x
2033/34		6,486,200	1,400,000	1,147,263	2,547,263				9,033,463	3.46x
2034/35		6,481,600	1,465,000	1,077,263	2,542,263				9,023,863	3.47x
2035/36		6,484,600	1,540,000	1,004,013	2,544,013				9,028,613	3.46x
2036/37		6,484,600	1,615,000	927,013	2,542,013				9,026,613	3.47x
2037/38		6,481,400	1,700,000	846,263	2,546,263				9,027,663	3.47x
2038/39		6,484,800	1,780,000	761,263	2,541,263				9,026,063	3.47x
2039/40		6,484,200	1,870,000	672,263	2,542,263				9,026,463	3.47x
2040/41		6,484,400	1,970,000	574,088	2,544,088				9,028,488	3.46x
2041/42			2,070,000	470,663	2,540,663				2,540,663	12.31x
2042/43			2,180,000	361,988	2,541,988				2,541,988	12.31x
2043/44			2,295,000	247,538	2,542,538				2,542,538	12.30x
2044/45			2,420,000	127,050	2,547,050				2,547,050	12.28x
			\$104,485,438	\$41,930,000	\$19,432,882	\$61,362,882	\$42,085,000	\$7,753,479	\$49,838,479	\$165,848,320

(a) Prepared by the Underwriter. Amounts may not add due to rounding.

(b) Reflects audited Net Revenues available for debt service for the Fiscal Year ended June 30, 2024, unaudited actual Net Revenues available for debt service for the Fiscal Year ended June 30, 2025, and budgeted Net Revenues available for debt service for the Fiscal Year ended June 30, 2026, as provided by the City. See “HISTORICAL, UNAUDITED ACTUAL AND BUDGETED NET REVENUES AND DEBT SERVICE COVERAGE” herein. Amounts for the Fiscal Years ended June 30, 2025, and June 30, 2026, are unaudited actual or budgeted, respectively, and are subject to change until audit. These amounts are “forward-looking” statements and should be considered with an abundance of caution.

(c) Net of debt service with respect to the Bonds Being Refunded.

(d) Interest is estimated.

(e) Debt service coverage is computed using unaudited actual Net Revenues available for debt service for the Fiscal Year ended June 30, 2025, divided by the combined annual debt service on the outstanding Parity Obligations and the Obligations.

(f) The first interest payment on the Obligations will be due July 1, 2026*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until the final maturity, or prior redemption, of the Obligations.

(g) Represents the maximum annual debt service coverage on the combined annual debt service for the outstanding Parity Obligations and the Obligations.

* Subject to change.

RISK FACTORS

Investment in the Obligations involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Obligations for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Obligations. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligations

The obligation of the City under the Purchase Agreement will not constitute a debt or a pledge of the full faith and credit of the City, the State or any other political subdivision thereof. The City will not pledge any form of *ad valorem* property taxes to the payment of the Obligations. The Obligations will be special, limited obligations of the City, secured only by the Purchase Payments which are to be paid from, and secured by a pledge of, the Net Revenues. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects or the System. Remedies available to the Trustee upon a failure of the City to make the Purchase Payments when due will be generally limited to specific performance against the City to payment from the Net Revenues.

No assurance can be made that the Net Revenues, estimated or otherwise, will be realized by the City in amounts sufficient to pay the Purchase Payments. In addition, the realization of future Net Revenues is subject to, among other things, the capabilities of management of the City, the ability of the City to provide water and sewer management services to its customers, and the ability of the City to meet its covenant to fix, prescribe, and collect rates and charges for the System in amounts sufficient to timely pay the Purchase Payments. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Rate Covenant.” Additional obligations may be incurred in the future that are secured by the Net Revenues on a parity with the Obligations. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Additional Parity Obligations; No Prior Obligations.”

System Expenses and Future Rates

Increases in expenses could require a significant increase in rates or charges in order to pay for projects and to pay the debt service on any Parity Obligations, including, without limitation, the Purchase Payments securing the Obligations. Also, any such rate increases could increase the likelihood of nonpayment by purchasers of water and sewer services from the City and could also decrease demand from such purchasers and may impact the City’s ability to make the Purchase Payments, which could in turn adversely impact the City’s ability to make payments of the principal of and interest on the Obligations.

Utility Costs

No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the System. The operations of the System on a daily basis require a significant amount of electrical power and natural gas. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Prices for electricity or gas may increase, which could adversely affect the System’s financial condition.

System Demand

There can be no assurance that the local demand for the services provided by the System will be maintained at levels described in this Official Statement. Because of the potential for changes in demographics within the boundaries of the City, as well as unpredictable future hydrological conditions, it is possible for the demand for water and sewer services to decline over the term of the Obligations. In addition, major economic disruptions and recession may adversely affect the economic activity of the region in general, resulting in decreased economic activity, increased unemployment and a reduction in residential and commercial construction all of which could cause a decline in the demand for water and wastewater services. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in customers or usage. This could reduce the City’s ability to make the Purchase Payments, which could in turn adversely impact the City’s ability to make payments of the principal of and interest on the Obligations as and when due.

Water Supply and Drought Conditions

The ability of the System to operate effectively can be affected by the water supply available to the City, which is situated in a desert environment. If the water supply decreases significantly, whether by operation or mandatory supply restrictions, prohibitively high water costs or otherwise, System sales may diminish and Net Revenues available to pay the Purchase Payments may be adversely affected. The City has planned and managed reserve supplies to account for normal occurrences of drought conditions.

The Colorado River System has experienced over-allocation and extensive drought conditions have persisted for several years. To address the ongoing drought the State of Arizona developed the 2007 Drought Contingency Plan (DCP), which is administered by the Bureau of Reclamation. The DCP regulates water shortages for surface water entitlement users of the Colorado River. The DCP uses Arizona's water priority system to identify and regulate those users that will be subject to water restrictions and shortages. Colorado River water priorities are determined by type and length of historic use. Arizona's Colorado River surface water priority system is divided into six tiers, with each tier (beginning with Tier 1) being senior and prioritized over the other. As drought conditions persist the DCP will regulate water shortages to tiers 4, 5, and 6 water entitlement holders. Arizona's Colorado River surface water entitlement holders' tiers 1, 2, and 3 are not subject to any water shortages or restrictions as outlined by Arizona's DCP. The City holds 1,478 acre-feet of Priority 1 – Present Perfected Water Rights, and 48,522 acre-feet of Third Priority Colorado River water. These are some of the oldest and best water rights on the lower Colorado River and the City's water portfolio is expected to remain at 100%. See APPENDIX A – “CITY OF YUMA, ARIZONA – THE SYSTEM.”

Security of the System

To ensure water quality and delivery service are maintained, the City continually plans and prepares for emergency situations such as fire, power failure, or possible terrorist activities. There can be no assurance that any existing or additional safety and security measures will prove adequate in the event of an emergency situation affecting the System, or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the System could require the City to increase expenditures for repairs to the System significantly enough to adversely impact the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Factors Adversely Affecting Development

The allocable portion of any development, impact, connection or related fee or charge available as a result of the existence of the System are paid to the City as building permits are pulled for the construction of new homes and other structures. The pace at which building permits are pulled will be affected by changes in general economic conditions, fluctuations in land prices both locally and nationally, availability of water, water treatment, wastewater treatment and power necessary for development, changes in the income tax treatment of land and ownership, changes in the availability and cost of borrowed funds and numerous other factors. In addition, land development operations are subject to comprehensive federal, State and local regulation. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, the availability of an assured water supply, construction activity, land use, zoning, school and health requirements and many other matters.

In areas of substantial growth, such as the City, public and or political attitudes toward growth are subject to shifts from support for growth to opposition to growth. Although growth cannot be prevented, no assurance can be given that the City Council as now constituted or a future City Council will not delay or defer action required for continued growth. Such action by the City Council as now constituted or a future City Council could have a material adverse effect on future collections of any development, impact, connection or related fee or charge available as a result of the existence of the System.

Limitations on Remedies

Any remedies available to the owners of the Obligations upon the occurrence of an Indenture Event of Default or a Purchase Event of Default will be in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the owners of the Obligations, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, receivership, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against political subdivisions in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Obligations to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The opinion to be delivered by Special Counsel concurrently with the execution and delivery of the Obligations that the Obligations constitute valid and binding limited obligations of the City and the Indenture constitutes a valid and binding obligation of the City will be subject to such limitations and the various other legal opinions to be delivered concurrently with the execution and delivery of the Obligations will be similarly qualified. See APPENDIX D – "FORM OF OPINION OF SPECIAL COUNSEL."

If the City fails to comply with its covenants under the Purchase Agreement to pay the Purchase Payments, there can be no assurance of the availability, or timeliness, of remedies adequate to protect the interests of the Holders of the Obligations.

Statutory and Regulatory Compliance; Future Legislation

The System is subject to a variety of federal and State statutory and regulatory requirements. Laws and regulations governing water and wastewater treatment and the delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly and, as more stringent standards are developed to ensure safe drinking water standards and the provision of water for other purposes, such costs will likely increase.

The City's failure to comply with applicable laws and regulations could result in significant fines and penalties. Such claims are payable from assets of the System or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency water and sewer systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations of the System or financial condition of the City. Future compliance with such orders can also impose substantial additional costs on the System.

No assurance can be given that the cost of compliance with such laws, regulations, and orders would not adversely affect the ability of the System to generate Net Revenues sufficient to pay the debt service on any Obligations, outstanding Parity Obligations or additional Parity Obligations, including, without limitation, the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Limited Secondary Market for the Obligations

There can be no guarantee that there will ever be a secondary market for purchase or sale of the Obligations or, if a secondary market exists, that the Obligations can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues

for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption on the Obligations

As discussed under heading “TAX EXEMPTION,” the Interest Portion (as defined herein) received by Holders of the Obligations could become included in gross income for purposes of federal income taxation, retroactive to the date the Obligations were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Indenture and the Purchase Agreement.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, imposition of tariffs or other trade restrictions, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters. The City cannot guarantee that prices for electricity will not increase, which could adversely affect the System’s financial condition.

Cybersecurity; Other Safety and Security Risks

Cybersecurity breaches could damage the City’s information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the System or the finances of the City. The City maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the System or the information technology systems of the City. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated.

LITIGATION

To the knowledge of appropriate representatives of the City, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the execution or delivery of the Purchase Agreement, the Indenture or the Obligations, the application of the proceeds of the Obligations or the pledge and/or collection of Net Revenues to pay the principal of, and interest on, the Obligations; contesting or questioning the proceedings and authority under which the Purchase Agreement, the Indenture or the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations.

The City is party to various lawsuits and other claims incidental to the ordinary course of its operations. The City’s management believes, based on the advice of the City Attorney, that the resolution of such matters will not have a materially adverse effect on the City’s financial position. Certificates of appropriate representatives of the City to that effect will be delivered at the time of the original delivery of the Obligations.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Purchase Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the

Purchase Agreement and received by the Holders of the Obligations (the “Interest Portion”) be and remain excludable from gross income for federal income tax purposes. The City’s failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the owners thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of the Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel’s opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations (“Discount Obligations”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of

a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the

Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Obligations and with regard to the tax-exempt status of the Interest Portion are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel (“Special Counsel”), whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Obligations, will be delivered to the Underwriter at the time of original delivery of the Obligations. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr LLP, counsel to the Underwriter.

The proposed text of the legal opinion is set forth as APPENDIX D – “FORM OF OPINION OF SPECIAL COUNSEL.” The legal opinion to be delivered may vary from the text of APPENDIX D - “FORM OF OPINION OF SPECIAL COUNSEL” if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to holders of the Obligations or others.

The legal opinions to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Obligations. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATING

Standard & Poor’s Financial Services LLC (“S&P”) has assigned a rating of “AA-” to the Obligations. Such rating reflects only the views of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See “CONTINUING DISCLOSURE” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the Holders of the Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2026 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices”). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system as described in APPENDIX G – “FORM OF CONTINUING

DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

The City did not timely file the Annual Report for the fiscal year ended June 30, 2021, did not associate the Annual Report filing for the fiscal year ended June 30, 2024, with all CUSIP numbers for the City’s outstanding obligations and did not include certain financial information and operating data tables in the Annual Report for the previous four fiscal years. The City has taken remedial action to address the foregoing.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2024, and for its Fiscal Year then ended, included as APPENDIX E – “CITY OF YUMA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024” to this Official Statement, have been audited by Baker Tilly US, LLP, as stated in its opinion included therein. **The City has not requested the consent of Baker Tilly US, LLP to include its report and Baker Tilly US, LLP has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX E OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

UNDERWRITING

The Obligations will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to an obligation purchase agreement (the “Purchase Contract”) entered into by and between the City and the Underwriter. If the Obligations are sold to produce the yields shown on the inside front cover pages hereof, the Underwriter’s compensation will be \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered if any are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover pages hereof. The initial offering prices or yields set forth on the inside front cover pages may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

RELATIONSHIP AMONG PARTIES

Special Counsel has previously represented the Underwriter and is currently representing the Underwriter with respect to other financings and has acted or is acting as special counsel with respect to other obligations underwritten by the Underwriter and may do so in the future. Special Counsel also serves and has served as special counsel for one or more of the political subdivisions that the City territorially overlaps. Counsel to the Underwriter has previously acted as special counsel with respect to other obligations underwritten by the Underwriter and may continue to do so in the future if requested. Counsel to the Underwriter currently represents the City on other unrelated matters and may continue to do so in the future.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Obligations.

CITY OF YUMA, ARIZONA

By: _____
John D. Simonton, Interim City Administrator

CITY OF YUMA, ARIZONA – THE SYSTEM

General Background

The “System” consists of the City’s water treatment plants and distribution systems (the “Water System”) and the City’s wastewater treatment plants and collection system (the “Wastewater System”). The System is the primary municipal and industrial utility service provider within the corporate limits of the City.

The System is self-sufficient in terms of operation and maintenance. The City’s Finance Department, which has the responsibility for all financial administration in the City, performs general accounting duties for the System. The System is managed by the City’s Utilities Department (the “Department”). The Department currently employs 144 fulltime employees, of which more than half possess an Arizona Department of Environmental Quality (“ADEQ”) issued license. The System is currently in compliance with all United States Environmental Protection Agency regulations (“EPA”).

The City’s Engineering Department is responsible for engineering activities involving administration, planning and directing the System design, mapping and records, system information and construction contract compliance, long and short-range system planning.

The System is operated in a manner similar to a private business enterprise in that the costs of providing goods and services to the general public on a continuing basis are financed primarily by user charges and fees. The System’s accounting records are kept separate from City general government accounting records. Although a separate audit of the System’s records is not conducted, they are subject to audit procedures in conjunction with the annual audit of the City’s combined financial statements. The System’s authority and responsibility are derived from the City’s Charter and ordinances and resolutions of the Mayor and Council. The Mayor and Council also adopt the System’s annual budget, which in accordance with State laws governing municipal water systems, establishes water rates and fee structures and provides overall policy direction.

Water and Wastewater Systems

With an annual production of 8.8 billion gallons, the City provides drinking water to a static population of more than 110,000 customers in a service area that encompasses over 106 square miles. The City’s primary water source is provided by the Colorado River, which is administered by the U.S. Bureau of Reclamation. The City has a 50,000 acre-foot consumptive use entitlement of Colorado River Water. The City has also secured the delivery rights to an additional 17,000 acre-feet of Yuma Diversion Colorado River water through conversion agreements with Yuma County Water Users Association. The City has three groundwater wells to augment the surface water supplies. Using both surface and groundwater, the water treatment system includes two treatment plants, three major booster pump stations, and eight storage facilities with a combined storage capacity of 17.5 million gallons. The water treatment plants include the Main Street Facility with a capacity of 40 million gallons per day and the Agua Viva Facility at 29 million gallons per day. Water transmission/distribution system infrastructure includes two pressure zones with approximately 550 miles of pipe, over 17,200 valves, more than 3,900 fire hydrants and over 33,000 water meters.

Wastewater services are provided to more than 90,000 customers by the System with annual processed wastewater exceeding 3.6 billion gallons. Regulated through EPA and ADEQ permits, the wastewater treatment system includes three wastewater treatment and water reclamation facilities, two major pumping station and twenty-five lift stations. Current treatment capacity of 15.56 million gallons per day includes the Figueroa Facility at 12 million gallons, the Desert Dunes Water Reclamation Facility at 3.3 million gallons and the Jackrabbit Mesa Facility at .26 million gallons per day. Wastewater infrastructure of the System includes 370 miles of sanitary sewer collection lines and force mains with over 5,700 sanitary sewer manholes. The 2025 Projects consist of expansion, replacement and renovation of the City’s current water and wastewater system.

Billing Procedures

The City's Finance Department also performs all accounting services for the System, and the bills for water and wastewater services are billed together on a monthly customer statement.

If a water bill has not been paid before the next monthly bill is generated, a \$20 delinquency fee is charged. If the delinquent portion is not paid by the due date of the second bill, the water service is discontinued, as noticed on the second bill, until such time as the account is fully paid. In addition, the customer is charged a fee of \$50 in order to have service restored.

The City also requires a security deposit for new utility customers.

Utility Accounts

The following tables illustrate the number and type of customer accounts.

TABLE A-1
Number of Utility Accounts
City of Yuma, Arizona

<u>Year</u>	<u>Water</u>	<u>Wastewater</u>
2025*	43,021	37,001
2024	42,177	36,275
2023	34,584	30,005
2022	33,809	27,586
2021	33,220	27,042

* 2025 account data current through September 30, 2025.

TABLE A-2
Customer Classes - Water
City of Yuma, Arizona

<u>Year</u>	<u>Residential</u>		<u>Industrial</u>		<u>Commercial</u>		<u>Total</u>
	<u>Inside (a)</u>	<u>Outside (a)</u>	<u>Inside</u>	<u>Outside</u>	<u>Inside</u>	<u>Outside</u>	
2025*	32,910	4,638	635	258	3,592	988	43,021
2024	32,265	4,546	622	253	3,522	969	42,177
2023	26,991	2,655	445	165	3,737	591	34,584
2022	26,699	2,430	441	163	3,567	509	33,809
2021	25,789	2,421	438	192	3,855	525	33,220

* 2025 account data current through September 30, 2025.

(a) "Inside" and "Outside" in TABLES A-2, A-3 and A-4 refers to inside City limits and outside City limits.

TABLE A-3
Customer Classes - Wastewater
City of Yuma, Arizona

Year	Residential		Industrial		Commercial		Total
	Inside	Outside	Inside	Outside	Inside	Outside	
2025*	31,726	2,163	982	83	1,768	279	37,001
2024	31,103	2,121	963	81	1,732	274	36,275
2023	26,019	1,239	689	53	1,838	167	30,005
2022	24,967	1,208	676	51	532	152	27,586
2021	23,571	1,151	429	53	1,685	153	27,042

* 2025 account data current through September 30, 2025.

TABLE A-4
Number of Water Accounts by Meter Size - 2025
City of Yuma, Arizona

Meter Size	Residential		Industrial		Commercial		Total
	Inside	Outside	Inside	Outside	Inside	Outside	
5/8"	23,515	4,141	96	158	1,042	313	29,265
3/4"	6,040	264	32	15	503	179	7,033
1"	3,301	140	236	49	1,084	162	4,972
1 1/2"	39	93	53	5	275	15	480
2"	14	-	212	32	661	84	1,003
3"	-	-	6	-	19	232	257
4"	-	-	-	-	-	-	-
6"	-	-	1	-	7	3	11
8"	-	-	-	-	-	-	-
Total	32,909	4,638	636	259	3,591	988	43,021

Water and Wastewater Rates

Water Rates

In January 2015, the City adopted a resolution implementing a series of rate increases for five years, impacting Fiscal Year 2015 through Fiscal Year 2019. The total cumulative rate increase of the five-year period equated to a total increase of 13%. The current water capacity fees were last adjusted in 2016. The water usage rates vary by several factors. The base charge is determined by whether the customer is located inside or outside city limits, and by meter size. Rates for accounts outside city limits are approximately 33% greater than those inside the City. Volumetric charges vary according to the type of account, i.e., single-family residential, multifamily residential or commercial. Irrigation accounts are charged commercial rates with a single unit volumetric rate.

Wastewater Rates

Wastewater rates received the same incremental adjustments as described above in January 2015. The City currently charges residential (single and double family) customers a flat monthly charge, while commercial customers are charged a monthly service charge and a volume charge. A dual meter rate classification denotes users with separately metered water, which is not returned to the City wastewater collection system. Rates for industrial users are based on wastewater volume, biochemical oxygen demand, suspended solids, and other pollutants in accordance with Pretreatment Regulations. The City has approximately 20-24 industrial customers who are subject to biological

oxygen demand (BOD) and total suspended solids (TSS) surcharges. Rates for accounts outside city limits are approximately 33% greater than those inside the City.

Current Water Rates

TABLE A-5
Current Water Rates
City of Yuma, Arizona

		Inside the City \$/mo	Outside the City \$/mo
Base Charge	5/8" meter	18.91	25.14
Base Charge	3/4" meter	18.91	25.14
Base Charge	1" meter	22.87	30.42
Base Charge	1 1/2" meter	29.63	39.41
Base Charge	2" meter	36.35	48.34
Base Charge	3" meter	65.87	85.06
Base Charge	4" meter	99.43	128.39
Base Charge	6" meter	183.31	236.71
Base Charge	8" meter	267.17	344.98

TABLE A-6
Current Water Usage Charges
City of Yuma, Arizona

	Residential Usage Charge		Industrial Usage Charge		Commercial and Irrigation Usage Charge	
	Inside the City \$/100cuft	Outside the City \$/100cuft	Inside the City \$/100cuft	Outside the City \$/100cuft	Inside the City \$/100cuft	Outside the City \$/100cuft
0-10 hcf	\$1.61	\$2.14	\$1.61	\$2.14	\$1.80	\$2.36
11-30 hcf	1.88	2.51	1.88	2.51	1.80	2.36
31+ hcf	2.16	2.88	2.16	2.88	1.80	2.36

Current Capacity and Usage Charges

TABLE A-7A
Base Capacity Charges by Meter Size – Residential
City of Yuma, Arizona

Residential Water and Sewer Charges		
Meter Size	Water Capacity	Sewer Capacity
3/4" (Bronze Disc) 25 gpm	\$4,752.00	\$5,423.00
1" (Bronze Disc) 50 gpm	\$7,936.00	\$9,056.00

TABLE A-7B
Base Capacity Charges by Meter Size – Commercial
City of Yuma, Arizona

Commercial Water and Sewer Charges		
Meter Size	Water Capacity	Sewer Capacity
3/4" (Bronze Disc) 25gpm	\$4,752.00	\$5,423.00
1" (Bronze Disc) 50gpm	7,936.00	9,056.00
1-1/2" (Bronze Disc) 80 gpm	15,824.00	18,058.00
2" (Bronze Disc) 100 gpm	25,328.00	28,904.00
2" (Turbo 200) 200 gpm	25,328.00	28,904.00
3" (Compound) 400 gpm	55,454.00	63,285.00
3" (Turbo 450) 450 gpm	55,454.00	63,285.00
4" (Compound) 800 gpm	95,038.00	108,458.00
4" (Turbo 1000) 1000 gpm	95,038.00	108,458.00
6" (Compound) 1500 gpm	198,011.00	225,973.00
6" (Turbo 2000) 2000 gpm	198,011.00	225,973.00
8" (Turbo 3500) 3500 gpm	380,160.00	433,833.00

TABLE A-8
Current Wastewater Usage Charges
City of Yuma, Arizona

	Residential Usage Charge		Multifamily Usage Charge		Commercial Usage Charge		Industrial Usage Charge	
	Inside the City	Outside the City	Inside the City \$/100cuft	Outside the City \$/100cuft	Inside the City \$/100cuft	Outside the City \$/100cuft	Inside the City \$/100cuft	Outside the City \$/100cuft
Base Charge	\$39.92	\$53.13	\$5.13	\$6.82	\$5.13	\$6.82	\$2.27	\$3.00
Per HCF	--	--	2.27	3.02	2.27	3.02	--	--
BOD per LB	--	--	--	--	--	--	0.32	0.42
TSS per LB	--	--	--	--	--	--	0.32	0.42

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TABLE A-9 shows the System Usage Charges for the past ten fiscal years broken down between residential and commercial/industrial users.

TABLE A-9
Summary of Usage Charges

Fiscal Year	Billed Usage Charges			Percentage of Revenues		Percentage Change
	Residential	Comm/Ind	Total	Residential	Comm/Ind	
2016	\$ 20,992,413	\$ 14,707,265	\$ 35,699,678	58.80%	41.20%	n/a
2017	22,840,316	15,078,419	37,918,735	60.23%	39.77%	6.2%
2018	23,952,974	16,093,285	40,046,259	59.81%	40.19%	5.6%
2019	24,683,171	16,385,583	41,068,754	60.10%	39.90%	2.6%
2020	25,531,428	16,181,391	41,712,819	61.21%	38.79%	1.6%
2021	25,435,629	16,164,840	41,600,469	61.14%	38.86%	-0.3%
2022	33,998,692	18,600,289	52,598,981	64.64%	35.36%	26.4%
2023	34,105,478	17,909,945	52,015,423	65.57%	34.43%	-1.1%
2024	34,631,778	17,597,364	52,229,142	66.31%	33.69%	0.4%
2025	37,067,443	19,038,114	56,105,557	66.07%	33.93%	7.4%

TABLE A-10 summarizes capacity fee revenues for the fiscal years shown.

TABLE A-10
Capacity Fee Revenues

Fiscal Year	Water	Wastewater	Total
2015	\$ 1,808,894	\$ 2,971,288	\$ 4,780,182
2016	2,468,247	2,967,309	5,435,556
2017	2,356,164	2,697,843	5,054,007
2018	2,844,682	3,265,751	6,110,433
2019	2,249,008	2,644,046	4,893,054
2020	2,688,781	3,103,944	5,792,725
2021	3,141,281	3,458,574	6,599,855
2022	3,226,474	3,571,913	6,798,387
2023	1,545,956	1,607,047	3,153,003
2024	2,590,211	2,804,712	5,394,923

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Other Fees and Charges

The System receives additional revenue from various other fees and charges. These fees and charges include fire hydrant fees, delinquent fees, service establishment fees, water transfer fees, water system development fees, interest earnings and miscellaneous other income. A summary of the revenues received by the System from these sources in recent fiscal years follows:

TABLE A-11
Revenues from Other Fees and Charges

Fiscal Year	Water	Wastewater	Total
2015	\$ 1,159,802	\$ 2,097,533	\$ 3,257,335
2016	1,760,295	2,478,731	4,239,026
2017	1,814,365	2,978,665	4,793,030
2018	2,104,835	2,739,188	4,844,023
2019	2,825,312	3,693,913	6,519,225
2020	2,181,115	3,302,648	5,483,763
2021	934,864	2,718,056	3,652,920
2022	1,274,740	1,814,791	3,089,531
2023	2,434,819	6,903,515	9,338,334
2024	4,877,452	6,997,504	11,874,956

TABLE A-12
Actual and Projected Water Usage (1,000 gallons)
Fiscal Year Ending June 30

	Actual			Projected**		
	<u>2023</u>	<u>2024</u>	<u>2025*</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Water</u>						
Residential	5,580,955	5,886,190	6,221,032	6,532,083	6,858,687	7,201,622
Commercial	3,730,083	3,325,728	3,624,087	3,805,291	3,995,555	4,195,333
Industrial	348,851	353,644	371,407	389,977	409,476	429,950
Total	9,659,889	9,565,562	10,216,526	10,727,351	11,263,718	11,826,905

* 2025 account data current through October 2, 2025.

** Projected usage figures are “forward-looking” statements and should be considered with an abundance of caution.

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TABLE A-13
Top Ten Customers of the System

Utility System Customers	2024/25 Total Charges Billed	As % of 2024/25 Total Utility System Revenues
City of Yuma	\$ 895,852	2.80 %
Taylor Farms California	520,546	1.63
GH Processing	504,470	1.58
Yuma Regional Medical Center	323,619	1.01
Country Roads Village	270,101	0.84
Hetting Milk Processing	263,677	0.82
Johnson Controls - Yuma DC	229,983	0.72
Michael Foods Inc	186,416	0.58
Greengate Fresh LLP	164,147	0.51
The Palms RV Resort LOA Inc	158,814	0.50
	\$ 3,517,624	10.99 %

TABLE A-14
Changes in Number of Customers

Since Fiscal Year 2015/16, the average number of customers served by the System has been:

Fiscal Year	Average # of Customers	% Increase
2016	30,312	1.5%
2017	30,830	1.7%
2018	31,421	1.9%
2019	31,993	1.8%
2020	32,502	1.6%
2021	33,159	2.0%
2022	33,809	2.0%
2023	34,584	2.3%
2024	42,177	22.0%

Capital Improvements

The City's Capital Improvement Program ("CIP") is revised each year to reflect changes in anticipated needs and project priority. CIP projects include System expansions that are determined by the City to be necessary to meet the needs of the System. For Fiscal Year 2025/26, the City is estimating for the System \$23,384,000 for CIP projects (of which approximately \$21,360,000 is being financed with the proceeds of the Obligations) and has a five year plan for Fiscal Years 2025/26 through 2030/31 totaling approximately \$103,607,000 (of which approximately \$44,000,000 is being financed with the proceeds of the Obligations).

CITY OF YUMA, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Purchase Payments to be paid by the City under the Purchase Agreement which are secured by the Net Revenues as described under the heading “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS.”

General

The City is located in the southwestern corner of Arizona at the confluence of the Colorado and Gila Rivers. Historically, the City has been the crossing site between states and territories East and West of the Colorado River. Known originally as Colorado City, then Arizona City, and finally as Yuma City, this community was first established in 1854. Incorporated under the name Arizona City in 1871, it was reincorporated as Yuma in 1873 in the Arizona Territory. After Arizona became a State, the City was incorporated under the laws of the State in 1914. The City serves as the county seat of Yuma County, Arizona (the “County”) and encompasses approximately 120 square miles. The City is located equidistant between the City of Phoenix, Arizona (“Phoenix”) and the City of San Diego, California (“San Diego”), with travel times of approximately 2.5 hours from the City to either Phoenix or San Diego. Today, the City remains a crossroads for air and land transportation. The City’s major air transportation is provided by Yuma International Airport and major land transportation is comprised of Interstate 8, U.S. Route 95 and Union Pacific Railroad. The following table illustrates population statistics for the City, the County and the State.

POPULATION STATISTICS

	City of Yuma	Yuma County	State of Arizona
2024 Estimate (a)	102,726	217,978	7,621,703
2020 Census	95,548	203,881	7,151,502
2010 Census	93,064	195,751	6,392,017
2000 Census	77,515	160,026	5,130,632
1990 Census	56,966	106,895	3,665,339
1980 Census	42,481	76,205	2,716,546

(a) Data as of July 2024.

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Municipal Government and Organization

The City operates under a Council-Administrator form of government, as provided by its Charter. The City adopted a City Charter in 1914 and is also subject to the general laws of the State applicable to all cities. In addition, under the Arizona Constitution, the City may exercise all powers of local self-government to the extent not in conflict with applicable general laws.

Legislative authority is vested in a seven-member City Council. The six City Council members are elected at large on a nonpartisan ballot for staggered four-year terms. The Mayor is elected at large and is a voting member of the City Council. The City Council fixes the duties and compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing moneys, licensing and regulating businesses and trades and other municipal purposes. The City Council appoints the City Administrator who has full responsibility for executing City Council policies and administering City operations. City employees are hired under personnel rules specified by the City Council.

Economy

The principal economic activities of the City and the County are government, agriculture, education and healthcare. The City and the County are responsible for supplying the United States with approximately 90 percent of its winter, leafy vegetables. The City is the center of the 4FrontED Region, which encompasses four states in two nations, 1.65 million people, and total GDP of \$20 billion. Commercial Border crossings between the United States and Mexico are available in the City of San Luis, Arizona and Mexicali, Baja California, Mexico. Due to the central location of the City in the 4FrontED Region and close proximity to the United States-Mexico border, there are regional economic and social ties between the City, San Diego and the Mexican states of Sonora and Baja California.

The following table is a partial list of major employers within the City.

MAJOR EMPLOYERS City of Yuma, Arizona

Employer	Description	Approximate Number of Employees
Yuma Regional Medical Center	Healthcare	3,763
Yuma Proving Ground	Military	2,520
Yuma County	Government	1,355
City of Yuma	Government	1,270
Yuma Elementary School District #1	Education	1,259
Yuma Union High School District	Education	1,059
Department of Corrections R&R	Government	1,022
Advanced Call Center	Business services	346
Department of Economic Security	Government	325
City of Somerton	Government	219

Source: The City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

The following table illustrates the unemployment averages for the City, the County, the State and the United States.

Due to the methodology used to calculate unemployment rates and large seasonal employment in the agriculture and tourism industries, the unemployment rates for the City and the County have been consistently high. Such rates do not accurately reflect the actual unemployment within the City and County.

UNEMPLOYMENT AVERAGES

Calendar Year	City of Yuma	Yuma County	State of Arizona	United States of America
2025 (a)	9.6%	13.4%	4.1%	4.3%
2024	8.9	12.4	3.6	4.0
2023	9.6	13.2	3.9	3.7
2022	9.5	12.5	3.8	3.6
2021	8.2	13.1	5.1	5.4
2020	12.9	17.1	7.8	8.1

(a) Data through August 2025.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

CITY OF YUMA, ARIZONA – FINANCIAL INFORMATION

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Purchase Payments to be paid by the City under the Purchase Agreement which are secured by the Net Revenues as described under the heading “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS.”

OUTSTANDING INDEBTEDNESS

Total Senior Lien Utility Revenue Bonds/Obligations Outstanding and to be Outstanding (a)
City of Yuma, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Obligations Being Refunded*	Balance Outstanding and to be Outstanding*
2015	\$89,675,000	Advance refunding	2032	\$44,360,000	\$44,360,000	\$ -
2021	71,040,000	Water and wastewater system improvements	2041	64,755,000		64,755,000
Total Utility System Revenue Indebtedness Outstanding						\$ 64,755,000
Plus: The 2025A Obligations						41,930,000
Plus: The 2025B Obligations						42,085,000
Total Utility System Revenue Indebtedness Outstanding and to be Outstanding						<u>\$ 148,770,000</u>

* Subject to change.

(a) The payments are secured, or to be secured, by a first lien pledge of the Net Revenues.

Excise Tax Revenue Pledged Revenue Obligations Outstanding and to be Outstanding (a)(b)
City of Yuma, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date	Balance Outstanding
2015	\$48,105,000	Refunding, land acquisition and capital projects	7/1/2035	\$ 28,385,000
2021 TX	159,475,000	Funding PSPRS & CORP unfunded liabilities	7/15/2038	121,445,000
Total Excise Tax Revenue Indebtedness Outstanding				<u>\$ 149,830,000</u>

(a) The payments with respect to such obligations are secured by a first lien pledge of revenues from certain City excise taxes and State shared revenues.

(b) The City Council has adopted an ordinance authorizing the execution and delivery of not to exceed \$72,000,000 aggregate principal amount of the City's pledged revenue obligations, in one or more series (the "2025 Pledged Revenue Obligations"). The 2025 Pledged Revenue Obligations will be offered pursuant to a separate official statement and will not be secured by the Net Revenues. It is expected that the 2025 Pledged Revenue Obligations will be executed and delivered in November 2025. This table does not reflect the planned execution and delivery of the 2025 Pledged Revenue Obligations (and the possible refunding of certain of the obligations shown in this table).

Senior Lien Road Tax and Subordinate Lien Excise Revenue Bonds Outstanding (a)
City of Yuma, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2015	\$40,280,000	Advance refunding	2027	\$ 22,630,000
Total Senior Lien Road Tax and Subordinate Lien Excise Revenue Indebtedness Outstanding				<u>\$ 22,630,000</u>

(a) *The payments with respect to such bonds are secured by a first lien pledge of revenues from a dedicated road tax and a second lien pledge of revenues from City excise taxes and State shared revenues.*

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Retirement Benefits

The City contributes to the retirement plans described below: the cost-sharing Arizona State Retirement System (“ASRS”) and the multiple-employer Public Safety Personnel Retirement System (“PSPRS”). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute in the case of each.

Each of the plans has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however, the specific impact on the City’s and its employees’ future contributions cannot be determined at this time.

The Governmental Accounting Standards Board (“GASB”) adopted Statement No. 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their “proportionate share” of a plan’s net pension liability in their government-wide financial statements and that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. GASB’s Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 90 in APPENDIX E – “CITY OF YUMA, ARIZONA AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024” is information about the plans based on GASB’s Statements Nos. 67 and 68. Please refer to APPENDIX E for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX E, the latter supersedes the former.

The Arizona State Retirement System

ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 600,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2024, the unfunded liability for ASRS was \$18.73 billion with a funding ratio of 74.0% and an assumed earning rate of 7.0%. As of June 30, 2024, the City reported a liability of \$47,880,896 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For Fiscal Year 2025/26, the actuarially determined contribution rate for the City and active members of ASRS is 12.00% (11.86% for retirement and health insurance and 0.14% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan's funded status and the pension contributions under ASRS for the current and past four Fiscal Years.

<u>Fiscal Year ended</u>	<u>Retirement and Health Insurance Premiums</u>	<u>Long-term Disability</u>	<u>Total Contribution Rate</u>	<u>Funded Status</u>	<u>Pension Contributions</u>
June 30, 2026	11.86%	0.14%	12.00%	unavailable	unavailable
June 30, 2025	12.12	0.15	12.27	unavailable	unavailable
June 30, 2024	12.14	0.15	12.29	74.0%	\$5,418,412
June 30, 2023	12.03	0.14	12.17	73.1	4,744,398
June 30, 2022	12.22	0.19	12.41	72.7	3,999,644

The Public Safety Personnel Retirement System

PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

<u>"Tier 1" Members</u>	<u>"Tier 2" Members</u>	<u>"Tier 3" Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

	Police				
	Fiscal Year Ended				
	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022
<u>Actuarially Determined Contribution Rates</u>					
Tier 1/2 Defined Benefit Employer (a)	16.66%	14.59%	10.22%	57.73%	71.09%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	15.49%	13.18%	9.63%	57.67%	70.77%
Tier 3 Defined Benefit Employee (a)	8.69%	8.89%	9.56%	9.94%	9.94%
Tier 3 Defined Contribution Employer (a)	17.54%	15.02%	10.67%	58.58%	70.71%
Tier 3 Defined Contribution Employee	10.74%	10.73%	10.60%	10.85%	9.88%
Pension Funded Status	N/A	N/A	94.7%	96.8%	100.1%
Health Funded Status	N/A	N/A	218.1%	217.2%	203.4%
Total City (Employer) Pension and Contribution	N/A	N/A	\$9,177,720	\$10,099,360	\$12,031,813

-
- (a) Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.
- (a) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

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	Fire				
	Fiscal Year Ended				
	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022
<u>Actuarially Determined Contribution Rates</u>					
Tier 1/2 Defined Benefit Employer (a)	19.00%	19.16%	14.21%	58.91%	74.23%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	13.60%	14.28%	9.76%	55.82%	70.72%
Tier 3 Defined Benefit Employee (a)	8.69%	8.89%	9.56%	9.94%	9.94%
Tier 3 Defined Contribution Employer (a)	15.65%	16.12%	10.80%	10.85%	70.66%
Tier 3 Defined Contribution Employee	10.74%	10.73%	10.60%	56.73%	9.88%
Pension Funded Status	N/A	N/A	100.1%	58.5%	41.2%
Health Funded Status	N/A	N/A	120.1%	127.0%	115.9%
Total City (Employer) Pension and Contribution	N/A	N/A	\$8,963,751	\$9,366,002	\$9,818,616

- (a) Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

Statutory Changes and Court Decisions Regarding PSPRS. PSPRS is operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS. Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB Statement No. 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan.

The City currently does not offer any OPEB. The City's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The City does not currently make payments for OPEB costs for such retirees.

Governmental Accounting Standards ("GASB")

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The pension liability was measured as of June 30, 2023. See Note 9 in APPENDIX E – "CITY OF YUMA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024." for further discussion of the City and its pension liability including the net pension liability associated with PSPRS.

New Reporting Requirements - Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

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FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

U.S. Bank Trust Company, National Association
Tempe, Arizona

Re: Utility System Revenue Obligations, Series 2025A and Utility System Revenue Refunding Obligations, Series 2025B, Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price To Be Paid by the City of Yuma, Arizona, Pursuant to a Series 2025 Purchase Agreement, Dated as of November 1, 2025*

We hereby certify that we have examined a transcript of the proceedings relating to the initial execution and delivery of the Utility System Revenue Obligations, Series 2025A (the “*2025A Obligations*”) in the aggregate principal amount of \$41,930,000* and the Utility System Revenue Refunding Obligations, Series 2025B (collectively with the 2025A Obligations, the “*Obligations*”) in the aggregate principal amount of \$42,085,000* and fully registered form, dated the date of their initial execution and delivery. The Obligations are being executed and delivered to finance and refinance the costs of certain improvements to the waterworks and sewer plant and system (the “*System*”) serving the City of Yuma, Arizona (the “*City*”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, such documents and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Obligations. Reference is made to certifications of, and opinions of counsel to, parties with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Obligations are being executed and delivered pursuant to the Series 2025 Obligation Indenture, dated as of November 1, 2025* (the “*Indenture*”), by and between the City and U.S. Bank Trust Company, National Association, in its capacity as trustee (the “*Trustee*”). Each of the Obligations represents an undivided and proportionate interest in certain obligations of the City pursuant to the Series 2025 Purchase Agreement, dated as of November 1, 2025* (the “*Purchase Agreement*”), by and between the Trustee, in its separate capacity as seller (the “*Seller*”), and the City, as purchaser, pursuant to which the City has agreed to make certain installment purchase payments to the Seller. The Obligations are payable solely, as to both principal and interest, from such installment purchase payments made by the City pursuant to the Purchase Agreement. The City and the Seller have assigned certain of their rights in and benefits from, and of their obligations pursuant to, the Purchase Agreement to the Trustee pursuant to the Indenture.

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial execution and delivery of the Obligations against payment therefor, that:

1. The Indenture, the Purchase Agreement and the Obligations are valid and binding and enforceable in accordance with their terms. The rights of the owners of the Obligations and the enforceability of those rights pursuant to the Obligations as well as the Indenture and the Purchase Agreement may, however, be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights, and the enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity. The enforceability of the indemnification provisions in the Purchase Agreement and the Indenture may be affected by applicable securities laws.

* *Subject to change.*

2. The obligation of the City for the payment of the installment purchase payments required to be paid by the City pursuant to the provisions of the Purchase Agreement constitute a valid and binding limited, special obligation of the City, payable together with any other obligations issued on parity therewith, solely from and secured solely by a pledge of, a lien on and a security interest in the Net Revenues (as defined in the Purchase Agreement), consisting generally of revenues derived by the City from the operation of the System after sufficient funds have been provided for the operation and maintenance expenses of the System. Such payments are not secured by an obligation or pledge of any moneys raised by taxation; the Obligations do not represent or constitute a debt or pledge of the general credit of the City or the State of Arizona and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "*Interest Portion*"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**CITY OF YUMA, ARIZONA –
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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Independent Auditors' Report

To the Honorable Mayor and City Council of
City of Yuma, Arizona

Report on the Audit of the Financial Statements

Opinions

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, Arizona (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note N to the financial statements, net position as of June 30, 2023 has been restated to correct a material misstatement due to a change in revenue recognition related to sales tax revenue. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the City as of and for the year ended June 30, 2023, prior to restatement, were audited by other auditors whose report dated December 27, 2023, expressed unmodified opinions on those statements.

As part of the audit of the June 30, 2024 financial statements, we also audited the adjustment described in Note N that was applied to restate the June 30, 2023 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2023 financial statements of the City other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2023 financial statements as a whole.

Compliance Over Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City noncompliance with the used of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the other basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025 on our consideration of the City'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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Restricted Use Relating to the Other Matter

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph is intended solely for the information and use of the Arizona State Legislature, management and other responsible parties within the City and is not intended to be and should not be used by anyone other than these specified parties.



Tempe, Arizona
January 28, 2025

June 30, 2024

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, 2024. 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

- The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$584.8 million at the close of the fiscal year. Of this amount, \$75.9 million represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.
- On a government-wide basis, the City's total net position increased by \$55.3 million for the fiscal year, governmental activities increased \$39.4 million while business-type activities of the City increased \$15.9 million. Total revenues exceeded total expenses in the current year primarily due to an increase in city sales tax of \$2.8 million, and a \$2.6 combined increase in operating and capital grants and contributions.
- The City's government-wide net position totaled \$584.8 million. Due to implementation of GASB pension and other postemployment benefits (OPEB) standards, while the City has a total positive net position, it includes a deficit unrestricted net position of \$(44.1) million in governmental programs but a positive \$113.4 million in business-type activities, for a net \$69.3 million in government-wide basis overall.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 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 liabilities and inflows reported 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 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).

Both of the government-wide financial statements distinguish functions of the City of Yuma that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, environmental health and protection, community design and development and parks, recreation and culture. The business-type activities of the City include water, wastewater, solid waste, radio communications and golf course operations.

The government-wide financial statements can be found on pages 39-41 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.

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.

The City maintains eighteen 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 four funds considered to be major funds. Data from the other fourteen 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 148.

Major Funds:

- General
- City Road Tax
- America Rescue Plan Act
- Debt Service

Nonmajor Special Revenue:

- Public Safety Tax
- Highway User Revenue
- Grants
- Community Redevelopment
- Two Percent Tax
- Yuma Mall Maintenance
- Maintenance Improvement Districts
- Public Safety Settlement

Nonmajor Capital Projects:

- Capital Reserve & Contingency
- Parks and Recreation Projects
- Police Projects
- Fire Projects
- General Government Projects
- Transportation Projects
- Other Capital Projects

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 136 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, Wastewater, Solid Waste and Radio Communications. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Yuma uses internal service funds to account for its equipment replacement and maintenance programs, liability insurance, 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:**

Solid Waste
Radio Communications

**Nonmajor Internal Service
Funds:**

Equipment Replacement
Equipment Maintenance
Insurance Reserve
Employee Benefits Trust
Workers Compensation

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 188.

The City adopts annual appropriated budgets for all of its proprietary funds with the exception of one internal service funds: Employee Benefits Trust. Budgetary comparison statements for the remaining proprietary funds are included within the report to demonstrate compliance with these budgets.

The basic proprietary fund financial statements can be found beginning on pages 56 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 68 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 and OPEB to its employees. Required supplementary information can be found starting on page 116 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 148.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Yuma, assets and deferred outflows exceeded liabilities and deferred inflows by \$584.8 million at the close of the fiscal year.

The following table is a condensed summary of the City's net position for governmental and business-type activities:

CONDENSED STATEMENT OF NET POSITION						(in millions)
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$217.6	\$195.4	\$221.9	\$217.7	\$439.5	\$413.1
Capital assets	317.2	302.3	252.6	250.5	569.8	552.8
Total assets	534.8	497.7	474.5	468.2	1,009.3	965.9
Total deferred outflows of resources	28.2	31.2	4.7	5.4	32.9	36.6
LIABILITIES						
Current and other liabilities	26.3	29.3	8.3	7.7	34.6	37.0
Long-term liabilities	259.4	266.4	159.6	170.1	419.0	436.5
Total liabilities	285.7	295.7	167.9	177.8	453.6	473.5
Total deferred inflows of resources	3.2	3.8	0.6	1.0	3.8	4.8
NET POSITION						
Net investment in capital assets	262.7	238.9	196.9	190.3	459.6	429.2
Restricted	48.9	46.5	0.4	-	49.3	46.5
Unrestricted	(37.5)	(56.0)	113.4	104.5	75.9	48.5
TOTAL NET POSITION	\$274.1	\$229.4	\$310.7	\$294.8	\$584.8	\$524.2

The largest portion of the City of Yuma's net position reflects its investment in capital assets (e.g., land, buildings, machinery, water and sewer systems, streets and storm drains) 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 position may be used to meet the government's ongoing obligations to citizens and creditors.

Net position increased to \$584.8 million, up \$55.3 million from the prior year. Governmental activities increased \$39.4 million while business-type activities increased \$15.9 million. Capital asset acquisitions were lower than the depreciation expense this year attributing to the increase in Capital assets in both governmental and business-type activities. Unrestricted net position 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.

Analysis of Changes in Net Position. Total revenues exceeded total expenses in the current year, resulting in an increase in the City's total net position of \$55.3 million in fiscal year 2024 compared to \$52.1 million increase in fiscal year 2023. The reasons for this overall increase are explained in the governmental and business-type activities discussion herein and depicted in the table that follows.

CHANGES IN NET POSITION (in millions)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 27.0	\$ 20.0	\$ 56.5	\$ 57.3	\$ 83.5	\$ 77.3
Operating grants and contributions	7.2	2.8	-	-	7.2	2.8
Capital grants and contributions	8.8	10.6	12.8	6.8	21.6	17.4
General revenues:						
Property taxes	15.9	15.4	-	-	15.9	15.4
Sales taxes	67.9	65.1	-	-	67.9	65.1
Franchise taxes	3.7	3.6	-	-	3.7	3.6
Intergovernmental, unrestricted	56.5	47.6	-	-	56.5	47.6
Unrestricted investment earnings	7.8	4.3	8.9	7.3	16.7	11.6
Gain (loss) on sale of asset	-	-	-	-	-	-
Total revenues	194.8	169.4	78.2	71.4	273.0	240.8
EXPENSES						
General government	27.7	22.5	-	-	27.7	22.5
Public safety	71.3	63.4	-	-	71.3	63.4
Streets	22.9	22.0	-	-	22.9	22.0
Parks, recreation and culture	20.3	14.8	-	-	20.3	14.8
Environmental health and protection	1.2	0.1	-	-	1.2	0.1
Community development and design	7.0	6.2	-	-	7.0	6.2
Interest on long-term debt	4.1	4.8	-	-	4.1	4.8
Water enterprise	-	-	26.0	23.4	26.0	23.4
Wastewater enterprise	-	-	24.0	21.6	24.0	21.6
Other enterprises	-	-	13.2	9.9	13.2	9.9
Total expenses	154.5	133.8	63.2	54.9	217.7	188.7
Increase (decrease) in net position before transfers	40.3	35.6	15.0	16.5	55.3	52.1
Transfers	(0.9)	(0.6)	0.9	0.6	-	-
Increase (decrease) in net position	39.4	35.0	15.9	17.1	55.3	52.1
Beginning net position-July 1	229.4	194.4	294.8	277.7	524.2	472.1
Adjustment for:						
Change in revenue recognition	5.3	-	-	-	5.3	-
Ending net position - June 30	\$ 274.1	\$ 229.4	\$ 310.7	\$ 294.8	\$ 584.8	\$ 524.2

Fiscal year ended June 30, 2024 included an "adjustment for change in revenue recognition" related to City sales tax revenues which also impacted receivables and beginning net position. Further information can be found in Note II-N *Change in Revenue Recognition* on page 110.

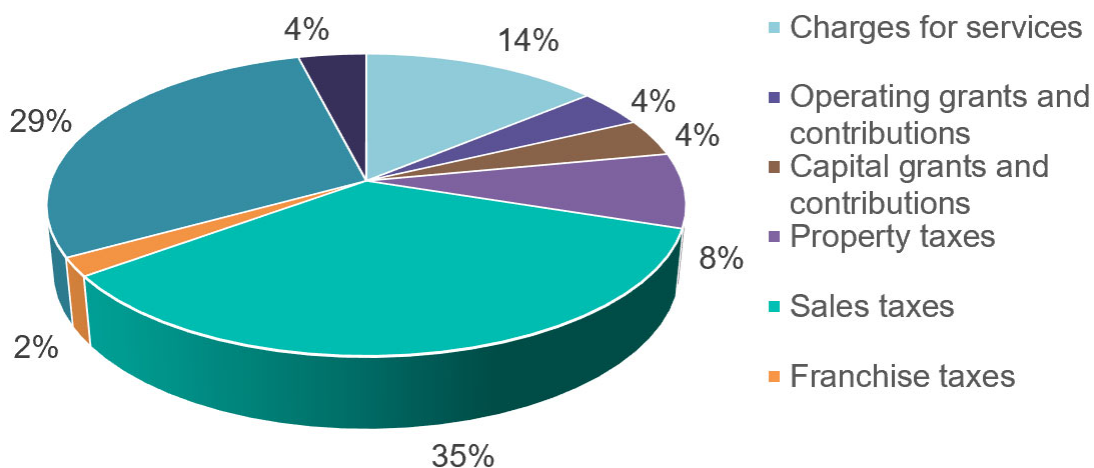
Governmental Activities

Revenues

Governmental activities revenues totaled \$194.8 million for fiscal year 2024, a sizable increase in comparison to 2023's \$169.4 million. The primary increase was in AZ State Shared Revenues of \$15.7 million and City Sales Taxes \$2.8 million or 38.6% and 4.3%, respectively as well as a notable increase in Grants (Operating and Capital) and Contributions of \$2.6 million or 19.4%. Local sales taxes are 34.9% of total governmental revenues remain the largest revenue source for the City and are comprised of the 1.0% general sales tax along with a 0.5% road tax and a 0.2% public safety tax. State-shared revenues are the City's second largest revenue source. State-shared revenues include state sales tax, urban revenue sharing (income tax), auto in-lieu tax and highway user funds (gas tax). Sales taxes and state shared revenues account for 63.9% of governmental revenues for the year. Capital grants and contributions, the third segment of governmental activities revenues, include donations and capital asset contributions. Charges for services count building permits and inspections, fines, recreation fees, police services and civic center rental fees among its largest sources. The charges for services category amounts to 13.9% of governmental revenues. Property taxes represent 8.2% of governmental revenues. The vast 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:

- City Sales taxes increased 4.3% from 2023, which reflects consistent growth in the economy over previous years.
- Charges for services increased by \$7.0 million, which includes building permitting, ambulance services, and park and recreation programs.
- In 2024, the City Council approved the property tax levy below the maximum allowable by state law, plus the onset of new construction. The base property tax levy increases each year by 2.0%, plus new construction. As property values have increased; property tax rates decrease.

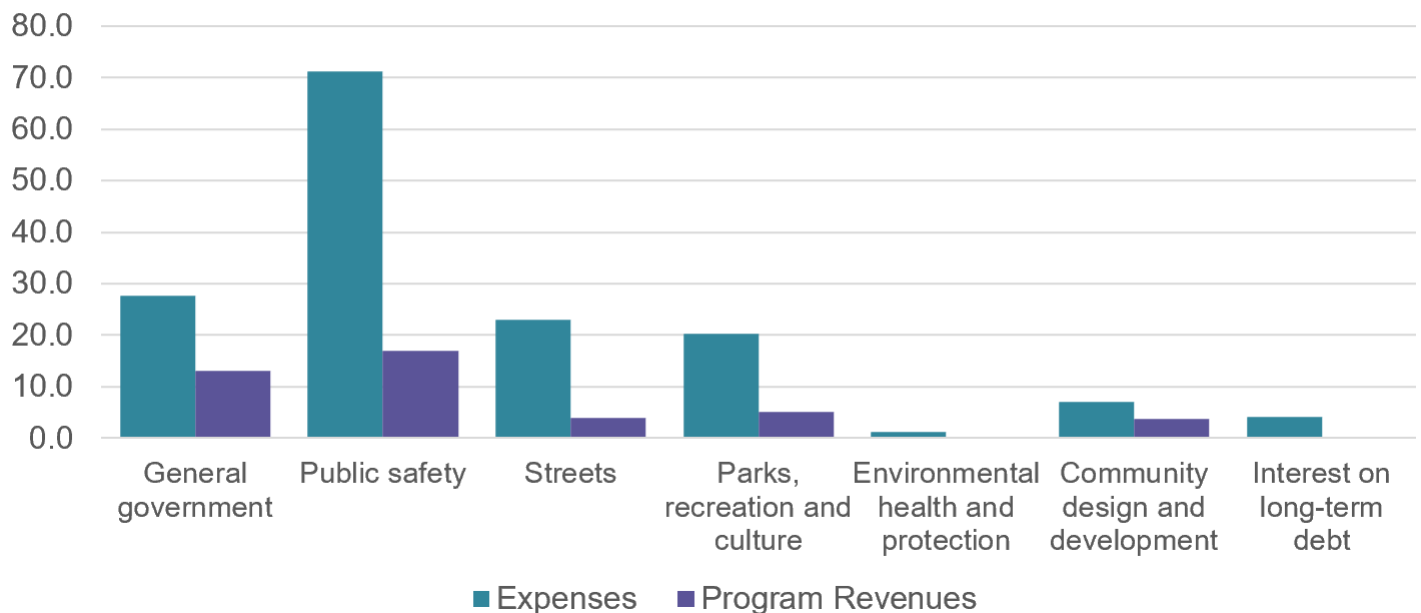
REVENUES - GOVERNMENTAL ACTIVITIES



Expenses

Governmental expenses totaled \$154.5 million for the fiscal year. Of the expenses, 46.1% or \$71.3 million is related to public safety for police, fire and municipal court services. Parks, recreation and culture expenses amounted to \$20.3 million, or 13.1% and Streets was \$22.9 million, or 14.8%, while community design and development expenses amounted to 4.6%. General government expenses came to \$27.7 million, or 17.9%. Interest on long-term debt was \$4.1 million, or 2.7% of governmental expenses. Overall, governmental activities expenses increased \$20.7 million from 2023, driven primarily by all City operations easing back into full services and operations after the Coronavirus pandemic restrictions and supply chains opening up to received vehicles ordered 2 years ago.

REVENUES AND EXPENSES GOVERNMENTAL ACTIVITIES



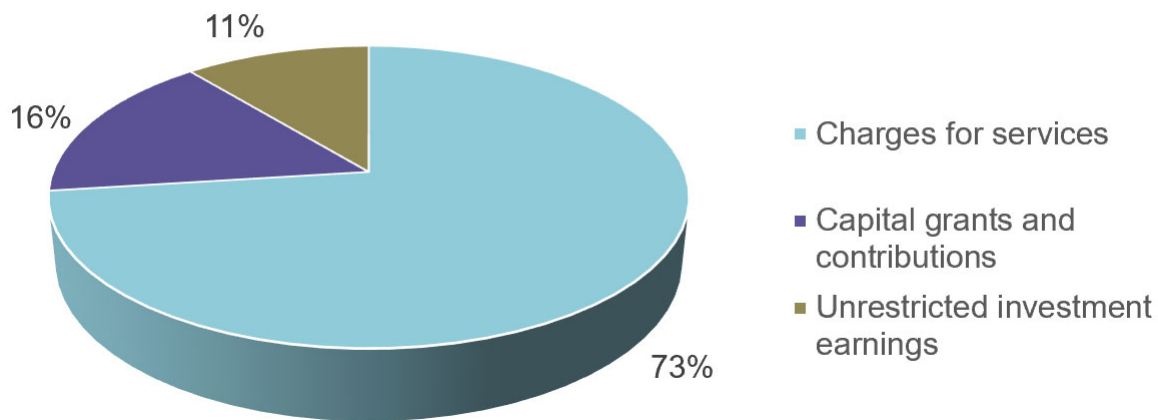
The chart above compares governmental activities with their respective program revenues, if any. Because the ultimate beneficiary of services of these types is often difficult to ascertain or the services apply to a broad spectrum of users (such as in fire protection), user fees are not created and general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

Business-type activities

Revenues

General revenues do not support the City's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$56.5 million in charges for services, 85.4% comes from the City's two utility operations, water and wastewater. The remaining charges are from solid waste and radio communications. The \$12.8 million in capital grants and contributions are comprised of capital grants for radio communications, payments for capacity charges, development fees, and constructed additions to the City's water and wastewater infrastructure by subdivision and other developers as well as grant funds for the water, wastewater and radio communications funds.

REVENUES - BUSINESS-TYPE ACTIVITIES



Expenses

Water and wastewater services account for 79% of the City's business-type activities with solid waste and radio communication making up the remaining 21%. Water expenses amounted to \$26.0 million while wastewater expenses totaled \$24.0 million. Solid Waste and Radio Communications recorded expenses of \$5.6 million and \$7.6 million, respectively, for a total of \$13.2 million.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The combined fund balances of governmental funds for the fiscal year ended June 30, 2024, is \$139.4 million, an increase from 2023 of \$15.0 million. The majority of the increase is attributed to the quick spike of interest rates increase investment income and state shared revenues, along with delays in supply chains, such as equipment orders taking over 1-year for delivery, which delays payments.

Of the \$139.4 million fund balance in 2023, \$68.3 million is either restricted or committed to a specific program, \$41.3 assigned to future year priorities and \$29.5 million is unassigned and available for general City operations. A review of some of the more significant funds follows.

General Fund

Revenues of \$126.3 million was an increase of \$15.5 million (14.0%) from \$110.8 million in 2023. City sales taxes, the city's largest source of General Fund revenues, increased \$1.7 million (5.1%) to \$34.6 million, which is an indicator of the local economy. State-shared revenues, including income taxes, state sales tax and vehicle registration tax (auto lieu tax) increased 21.8% to \$46.5 million.

Total expenditures of \$93.9 million increased by \$10.0 million compared to 2023. The primary reason for the increase is the City returning to full operations after COVID19 pandemic.

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. The fund balance increased by \$1.3 million or 7.2% for the year. In the same manner as general sales tax in the General Fund, sales taxes increased in 2024 by \$0.9 million or 5.4% to \$17.3 million. Expenditures increased by \$4.6 million from 2023, primarily due to road CIP projects being moved to 2024 from previous years. The City expended approximately \$8.1 million in capital improvements in 2023, which was comprised of a combination of road repaving and improvements, and completion of the traffic signal upgrade project and the LED streetlight upgrade project.

American Rescue Plan Act (ARPA) Fund

The ARPA Fund reports all city activities related to the federal American Rescue Plan Act. Due to its high profile, it is reported separate from all other grants the city receives. The city received \$11.5 million in FY2021 and received another \$11.5 in FY2023; for a total of \$23.0 million. In the fourth quarter of FY2022, City Council considered and approved specific programs and projects to be funded by ARPA.

Debt Service Fund

Repayment of bonds issued to pay down the public safety pension liability began in 2022 with two principal payments. Subsequent years will recognize only one principal payment per year. All other debt payments remained consistent compared to recent years.

Public Safety Tax Fund

The Public Safety Tax Fund accounts for the expenditure of the City's 0.5% sales tax specifically intended to procure public safety equipment. For 2024, the fund balance was \$6.6 million, an increase of \$0.2 million from 2023. Expenditures increased by \$1.3 million to \$6.5 million.

Highway Users Revenue Fund (HURF)

This fund, which accounts for the expenditure of state-shared gasoline taxes, showed a decrease in fund balance of \$1.2 million for the year to \$2.8 million. The City's portion of those taxes increased by 0.5% for the fiscal year to \$10.0 million. All maintenance expenditures for public streets and retention basins are made in the HURF Fund. Expenditures increased by \$0.8 million to \$11.3 million.

Two Percent Tax Fund

This voter approved two-cent sales tax fund showed a fund balance decrease of \$0.5 million to \$6.0 million. Sales tax revenue decreased by \$0.1 million or 1.0%, while charges for services increased by \$3.3 million. Operational and capital project expenditures increased by \$5.1 million or 70.2% to \$12.3 million.

This was the most impacted fund by COVID-19, as hotels, restaurants, and bars were closed or at reduced occupancy before experiencing hyper growth as the City came out of restrictions faster than nearby communities. This skews year-to-year comparisons.

Grants Fund

The City continues to receive much needed assistance from both the state and federal levels. During 2024, revenues increased by \$4.7 million to \$7.0 million.

Community Redevelopment Fund

The City continued to utilize, in part, its Community Development Block Grant funding for eligible street infrastructure improvements and for affordable housing rehabilitation. Community Development Block Grant revenues were \$1.3 million in 2024 compared to \$1.7 million in 2023; \$2.1 million in 2022; \$2.4 million in 2021; and \$1.4 million and \$1.6 million in 2020 and 2019, respectively.

Non-major Capital Projects Funds

In total, the Non-major Capital Projects fund balances have increased to \$16.2 million this year. Project expenditures and transfers for debt service were \$4.5 million. Expenditures primarily include use of City Development fees for capital improvement projects.

Proprietary funds. For the fiscal year ended June 30, 2024, the City's enterprise funds posted an overall \$15.9 million increase in net position to \$310.7 million. Results were overall positive between the various funds. Water, Wastewater Solid Waste Funds and Radio Communications posted increases in net position.

Water Fund

Operating revenues for the Water Fund increased by \$0.4 million or 1.5% in 2024. Operating expenses increased by \$2.8 million or 12.7%. Operating income was \$4.4 million with capital contributions increasing by 0.9% to \$3.5 million, leading to the fund's net position increase of \$9.2 million or 6.3%.

Wastewater Fund

The Wastewater Fund operating revenues increased by 1.5% in 2024. Operating expenses increased by \$2.6 million or 13.8% with net income from operations of \$(2.1) million. Capital contributions increased by \$1.3 million. The overall increase in the fund's net position was \$5.0 million.

Solid Waste Fund

Operating revenues increased 6.0% to \$5.8 million. Operating expenses increased 11.1% to \$5.8 million, with the fund's net position increasing by \$0.1 million to \$3.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2024, can be found starting on page 136. A summary of that schedule follows:

BUDGET AND ACTUAL - GENERAL FUND				(in millions)
	Budget			Variance
	Original	Final	Actual	with Final
REVENUES				
Taxes	\$ 53.6	\$ 53.6	\$ 54.2	\$ 0.6
Intergovernmental	45.4	45.4	47.3	1.8
Other	17.2	17.2	24.9	7.7
Total revenue	116.2	116.2	126.3	10.1
EXPENDITURES				
Public safety	51.3	54.0	54.0	-
General government	34.0	30.7	24.0	6.7
Parks and recreation	8.4	8.5	8.5	-
Capital improvements	8.2	8.4	2.0	6.4
All other	5.1	5.6	5.5	0.1
Total expenditures	107.1	107.2	93.9	13.2
Other financing sources (uses)				
Transfers out	(25.7)	(25.8)	(23.7)	(2.1)
Total other financing sources(uses)	(25.7)	(25.8)	(23.7)	(2.1)
Change in fund balance	\$ (16.5)	\$ (16.7)	\$ 8.7	\$ 25.4

General Fund revenues ended the year \$10.1 million over budgeted revenue goals. Tax revenues exceeded revenue goals by \$0.6, Intergovernmental exceeded revenue goal by \$1.8 million and other revenue exceeded its goal by \$7.7 million driven by investment earnings and sale of surplus property.

Expenditures for the General Fund came in \$13.2 less than the maximum spending budget primarily to supply chain delays for equipment and vehicles as well as using contingencies to monitor transitioning back to full operations after the COVID19 pandemic.

CAPITAL ASSETS

At June 30, 2024, the City of Yuma's investment in capital assets in both governmental and business-type activities amounted to \$569.9 million, net of depreciation and amortization. This includes land, buildings, equipment, improvements and infrastructure (roadways and bridges), and Right-to-use Assets. Capital assets increased for governmental activities by 4.9% and 0.8% for business-type activities.

CHANGE IN CAPITAL ASSETS							(in millions)
Assets by category	Governmental Activities			Business-type Activities			Total
	July 1, 2023	Net Change	June 30, 2024	July 1, 2023	Net Change	June 30, 2024	June 30, 2024
Land	\$ 51.5	\$ 0.7	\$ 52.2	\$ 10.8	\$ -	\$ 10.8	\$ 63.0
Buildings	108.5	9.7	118.2	170.8	(3.1)	167.7	285.9
Improvements	73.9	7.0	80.9	314.5	11.1	325.6	406.5
Infrastructure	320.7	6.6	327.3	-	-	-	327.3
Equipment	75.3	7.8	83.1	17.3	(0.2)	17.1	100.2
Construction in progress	18.3	5.7	24.0	13.7	2.9	16.6	40.6
Accumulated depreciation	(345.9)	(22.6)	(368.5)	(280.7)	(8.0)	(288.7)	(657.2)
SBITA right-to-use asset	-	-	-	4.7	-	4.7	4.7
Accumulated amortization	-	-	-	(0.6)	(0.6)	(1.2)	(1.2)
Total	\$ 302.3	\$ 14.9	\$ 317.2	\$ 250.5	\$ 2.1	\$ 252.6	\$ 569.8

Additional information on capital assets can be found in Note II-E starting on page 82.

DEBT ADMINISTRATION

At June 30, 2024, after scheduled debt payments, governmental activity debt decreased by \$8.1 million while business activity debt decreased by \$10.4 million. No new bonded debt was issued in fiscal year 2024.

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 \$198.6 million. This City currently has no outstanding general obligation debt nor is there any debt outstanding for the other type of issuance. The current debt limit for the other type is \$59.6 million.

The City's improvement district bonds were rated by Fitch Ratings as "A+". All other bonds are rated "AA-". The underlying ratings of Moody's Investor Services and Standard and Poor's are "Aa3" and "AA-", respectively. All City bond issues are insured.

A summary of the City's long-term debt follows. Additional information on the City's long-term debt can be found in Note II-F beginning on page 84.

SUMMARY OF LONG-TERM DEBT (in millions)					
Debt by Type	Governmental Activities		Business-type Activities		Total
	2024	2023	2024	2023	2024 2023
Yuma Municipal Property					
Corporation Bonds	\$ 52.8	\$ 60.6	\$ 122.6	\$ 128.4	\$ 175.4 \$ 189.0
Private Placement	-	-	2.0	3.9	2.0 3.9
Net unamortized premium	3.5	4.3	18.2	19.6	21.7 23.9
Improvement districts	-	-	-	-	- -
Taxable bonds (Pension)	138.7	146.4	-	-	138.7 146.4
Financed purchases	1.4	2.1	-	-	1.4 2.1
SBITA payable	-	-	3.5	4.1	3.5 4.1
Pension and OPEB liability	50.2	42.8	12.1	12.8	62.3 55.6
Estimated claims and judgements	1.8	1.6	-	-	1.8 1.6
Compensated absences	9.9	8.6	1.3	1.3	11.2 9.9
Total long-term debt	\$258.3	\$266.4	\$159.7	\$170.1	\$ 418.0 \$436.5

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Yuma County's growth continues to improve at a steady rate. The county grew to an estimated 213,787 with the City of Yuma representing over 47% of the county's population. The City of Yuma has grown to an estimated 101,018. The City's economy continues to grow parallel with the population. The City's economy is primarily based on a triad of agriculture, tourism and military/government spending. Agribusiness continues to lead the economy, contributing \$3.2 billion annually. Two prominent military installations infuse some \$300 million to the economy.

Unfortunately, the area's 90,000-plus winter visitors had reduced to approximately 60,000 in the winter of 2021/22. However, this trend reversed in the winter 2022/23 and fall of 2023/24. Events tourism remained steady and added new returning visitors from neighboring states that had stricter COVID19 protocols than Arizona, such as California and Nevada.

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, is on the rise, posting a 3.8% increase this year.

Not all economic statistics reflect positive results, however, in that Yuma County continues to suffer what appear to be higher unemployment figures than most of the state, according to the Arizona Department of Economic Security (DES). Seasonal farm employment does skew this statistic; however, more and more farms are challenged to find seasonal workers with the border crisis. The City helps combat this problem as the largest contributor to, and a direct partner of, the GYEDC whose two-fold mission is to encourage new employers to the area and to assist local employers in their expansion efforts.

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 City of Yuma's Financial Services Department, One City Plaza, Yuma, AZ 85364, telephone (928) 373-5087. The reader may also visit the City's website at www.yumaaz.gov for an electronic version of this report.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 190,445,424	\$ 215,371,782	\$ 405,817,206
Receivables (net of allowances for uncollectible)	21,798,598	5,234,702	27,033,300
Internal balances	(300,639)	300,639	-
Inventory, at cost	317,372	298,924	616,296
Prepaid items	1,687,011	253,856	1,940,867
Net OPEB Asset	3,722,042	409,416	4,131,458
Capital Assets not being depreciated/amortized	76,290,802	27,389,136	103,679,938
Capital Assets being depreciated/amortized, net	240,896,599	225,233,438	466,130,037
Total Assets	534,857,209	474,491,893	1,009,349,102
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	26,871,362	2,068,920	28,940,282
Deferred charges on refunding bond	1,347,533	2,599,562	3,947,095
Total Deferred Outflows of Resources	28,218,895	4,668,482	32,887,377
LIABILITIES			
Accounts payable and deposits	3,611,295	5,186,218	8,797,513
Accrued liabilities	1,875,385	384,867	2,260,252
Accrued interest payable	2,480,028	2,611,790	5,091,818
Unearned revenue	18,310,963	72,592	18,383,555
Noncurrent liabilities - Due within one year			
Accrued compensated absences	3,230,451	374,067	3,604,518
Bonds debt	16,520,000	8,053,000	24,573,000
Claims and judgements	342,190	-	342,190
Financed Purchases Payable	575,060	-	575,060
SBITA payable	-	528,350	528,350
Long-term Liabilities - Due in more than one year			
Accrued compensated absences	6,638,744	901,358	7,540,102
Net pension liability	51,278,505	12,041,311	63,319,816
Net OPEB liability	29,209	9,870	39,079
Bonds debt	178,490,965	134,691,437	313,182,402
Claims and judgements	1,498,269	-	1,498,269
Financed Purchases Payable	802,529	-	802,529
SBITA payable	-	3,020,226	3,020,226
Total Liabilities	285,683,593	167,875,086	453,558,679
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension and OPEB	3,198,074	632,180	3,830,254
Deferred gains on refunding bond	35,648	-	35,648
Total Deferred Inflows of Resources	3,233,722	632,180	3,865,902
NET POSITION			
Net investment in capital assets	262,795,416	196,871,409	459,666,825
Restricted			
Debt service	1,375,030	-	1,375,030
Other postemployment benefits	3,722,042	409,416	4,131,458
Road maintenance and construction	22,279,703	-	22,279,703
PS-Police equipment and facilities	8,131,675	-	8,131,675
PS-Fire equipment and facilities	2,835,807	-	2,835,807
Parks, recreation and culture facilities	7,442,376	-	7,442,376
Transportation projects	1,126,707	-	1,126,707
River development	1,075,507	-	1,075,507
Other purposes	920,377	-	920,377
Unrestricted	(37,545,851)	113,372,284	75,826,433
Total Net Position	\$ 274,158,789	\$ 310,653,109	\$ 584,811,898

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

City of Yuma, Arizona

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>GOVERNMENT ACTIVITIES:</u>				
General government	\$ 27,689,275	\$ 11,381,983	\$ 232,413	\$ 1,484,937
Public safety	71,268,013	9,553,048	4,643,473	2,685,445
Streets	22,853,928	-	900,000	3,028,113
Parks, recreation and culture	20,288,707	3,431,565	136,824	1,561,670
Environmental health and protection	1,203,666	244,449	-	-
Community design and development	7,047,303	2,429,569	1,283,497	-
Interest and issuance costs on long-term debt	4,132,198	-	-	-
Total Governmental Activities	<u>154,483,090</u>	<u>27,040,614</u>	<u>7,196,207</u>	<u>8,760,165</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Water	25,985,265	28,887,606	-	3,469,904
Wastewater	23,961,656	19,349,370	-	4,187,500
Solid Waste	5,572,451	5,850,085	-	-
Radio communications	7,638,051	2,385,585	-	5,060,183
Total Business-type Activities	<u>63,157,423</u>	<u>56,472,646</u>	<u>-</u>	<u>12,717,587</u>
Total Activities	<u>\$217,640,513</u>	<u>\$ 83,513,260</u>	<u>\$ 7,196,207</u>	<u>\$21,477,752</u>

General Revenues:

Property taxes

Sales taxes

Franchise taxes

Intergovernmental, unrestricted

Unrestricted investment earnings

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position-beginning, as previously reported

Adjustment for change in revenue recognition

Net position-ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (14,589,942)	\$ -	\$ (14,589,942)
(54,386,047)	-	(54,386,047)
(18,925,815)	-	(18,925,815)
(15,158,648)	-	(15,158,648)
(959,217)	-	(959,217)
(3,334,237)	-	(3,334,237)
(4,132,198)	-	(4,132,198)
(111,486,104)	-	(111,486,104)
-	6,372,245	6,372,245
-	(424,786)	(424,786)
-	277,634	277,634
-	(192,283)	(192,283)
-	6,032,810	6,032,810
(111,486,104)	6,032,810	(105,453,294)
15,919,852	-	15,919,852
67,929,393	-	67,929,393
3,728,788	-	3,728,788
56,466,058	-	56,466,058
7,755,845	8,896,162	16,652,007
151,799,936	8,896,162	160,696,098
(903,782)	903,782	-
150,896,154	9,799,944	160,696,098
39,410,050	15,832,754	55,242,804
229,383,152	294,820,355	524,203,507
5,365,587	-	5,365,587
\$ 274,158,789	\$ 310,653,109	\$ 584,811,898

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

City of Yuma, Arizona

Balance Sheet

June 30, 2024

	General	City Road Tax
ASSETS		
Cash and Investments	\$ 78,435,847	\$ 17,766,585
Cash with Fiscal Agents	12,534	-
Receivables, Net Allowances for Uncollectibles:		
Accounts Receivable	2,242,055	159,885
Intergovernmental	5,632,171	2,393,372
Special Assessments	20,169	-
Delinquent Property Taxes	1,012,327	-
Accrued Interest	754,394	16,350
Due from Other Funds	5,405,582	-
Inventory, at cost	28,980	-
Prepaid Items	23,401	-
Total Assets	\$ 93,567,460	\$ 20,336,192
LIABILITIES		
Accounts Payable	\$ 897,898	\$ 843,739
Accrued Payroll, Taxes and Benefits Payable	1,555,487	50,967
Long-Term Debt - Current Portion	-	-
Due to Other Funds	-	-
Accrued Interest Payable	-	-
Deposits	669,333	-
Unearned Revenues	13,222	-
Total Liabilities	3,135,940	894,706
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues	3,580,635	-
FUND BALANCES		
Nonspendable:		
Inventory	28,980	-
Prepaid Items	23,401	-
Advance	173,663	-
Spendable:		
Restricted	1,088,041	19,441,486
Committed	14,163,248	-
Assigned	41,257,328	-
Unassigned	30,116,224	-
Total Fund Balances	86,850,885	19,441,486
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 93,567,460	\$ 20,336,192

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

American Rescue Plan Act	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,723,650	\$ 1,266,817	\$ 31,791,936	\$ 144,984,835
-	19,080,401	79,771	19,172,706
-	27,840	2,340,880	4,770,660
-	-	7,119,362	15,144,905
-	-	-	20,169
-	-	4,942	1,017,269
-	-	15,598	786,342
-	-	-	5,405,582
-	-	87,531	116,511
-	-	31,401	54,802
\$ 15,723,650	\$ 20,375,058	\$ 41,471,421	\$ 191,473,781
\$ 151,965	\$ -	\$ 759,769	\$ 2,653,371
-	-	239,119	1,845,573
-	16,520,000	-	16,520,000
-	-	5,107,555	5,107,555
-	2,480,028	-	2,480,028
-	-	77,427	746,760
15,571,685	-	2,726,056	18,310,963
15,723,650	19,000,028	8,909,926	47,664,250
-	-	812,991	4,393,626
-	-	87,532	116,512
-	-	31,401	54,802
-	-	-	173,663
-	1,375,030	24,986,474	46,891,031
-	-	124,514	14,287,762
-	-	7,090,564	48,347,892
-	-	(571,981)	29,544,243
-	1,375,030	31,748,504	139,415,905
\$ 15,723,650	\$ 20,375,058	\$ 41,471,421	\$ 191,473,781

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June 30, 2024

Amounts reported for governmental activities in the statement of Net Position (Exhibit A-1) are different than the Balance Sheet (Exhibit B-1) because:

Total fund balances - governmental funds (Exhibit B-1)		\$139,415,905
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.		310,675,276
Revenues deferred to later years recognized in year received rather than year levied in governmental activities:		
Special assessment / loan principal	\$ 808,050	
Property tax	1,017,268	
Ambulance billings, net allowance for uncollectible	2,568,308	
Total		4,393,626
Other post employment benefits (OPEB) asset		3,722,042
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(9,781,139)	
Pension and OPEB liability	(51,307,714)	
Bonds payable	(174,995,000)	
Finance purchases payable	(1,377,589)	
Net amortized deferred charges or premiums are not recorded in the governmental funds	(3,495,965)	
Total		(240,957,407)
Difference between expected and actual experiences, assumption changes, and between projected and actual earnings		
Deferred outflows - pension and OPEB related	26,871,362	
Deferred inflows - pension and OPEB related	(3,198,074)	
Total		23,673,288
Deferred charges and gains on debt refunding are not recognized in the current period		1,311,885
Net position of internal service funds that are used by management to charge the cost of equipment replacement and employee-related insurance to individual funds		31,924,174
Net position - governmental activities per the Statement of Net Position (Exhibit A-1)		<u>\$274,158,789</u>

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

City of Yuma, Arizona**Statement of Revenues, Expenditures and Changes in Fund Balances**

Year Ended June 30, 2024

	General	City Road Tax
REVENUES		
Taxes	\$ 54,175,874	\$ 17,283,775
Licenses and Permits	2,620,345	-
Intergovernmental	47,253,556	-
Charges for Services	15,397,260	21,996
Fines and Forfeitures	1,098,056	-
Interest and Rents	4,921,105	899,285
Contributions and Donations	-	-
Miscellaneous	857,946	56,445
Total Revenues	126,324,142	18,261,501
EXPENDITURES		
Current:		
General Government	24,048,214	-
Public Safety	54,045,586	1,031,624
Streets	-	3,380,218
Parks, Recreation and Culture	8,470,004	-
Environmental Health and Protection	-	-
Community Design and Development	5,229,498	-
Capital Outlay	1,613,543	42,937
Capital Projects:		
General Government	373,853	-
Public Safety	-	-
Streets	-	8,092,359
Parks, Recreation and Culture	-	-
Environmental Health and Safety	-	-
Debt Service:		
Principal	167,804	10,586
Interest and Fiscal Agent Fees	-	-
Total Expenditures	93,948,502	12,557,724
Revenues Over/(Under) Expenditures	32,375,640	5,703,777
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(23,705,405)	(4,401,031)
Total Other Financing Sources/(Uses)	(23,705,405)	(4,401,031)
Net Change in Fund Balances	8,670,235	1,302,746
 Fund Balances - Beginning, as Previously Reported	 75,434,991	 16,766,145
Adjustment for Change in Revenue Recognition	2,745,659	1,372,595
Fund Balances - Ending	\$ 86,850,885	\$ 19,441,486

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

American Rescue Plan Act	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 16,280,655	\$ 87,740,304
-	-	-	2,620,345
2,589,230	-	17,959,132	67,801,918
-	-	4,669,529	20,088,785
-	-	-	1,098,056
-	794,068	1,479,446	8,093,904
-	-	900,595	900,595
-	-	130,450	1,044,841
2,589,230	794,068	41,419,807	189,388,748
394,508	-	836,969	25,279,691
17,089	-	7,057,082	62,151,381
-	-	9,814,123	13,194,341
-	-	9,820,286	18,290,290
-	-	755,176	755,176
-	-	1,727,285	6,956,783
300,609	-	2,619,147	4,576,236
136,706	-	415,673	926,232
1,101,925	-	4,162,691	5,264,616
-	-	1,436,214	9,528,573
638,393	-	3,194,206	3,832,599
-	-	450,000	450,000
-	16,520,000	515,178	17,213,568
-	4,968,156	-	4,968,156
2,589,230	21,488,156	42,804,030	173,387,642
-	(20,694,088)	(1,384,223)	16,001,106
-	21,488,241	7,513,920	29,002,161
-	-	(1,915,878)	(30,022,314)
-	21,488,241	5,598,042	(1,020,153)
-	794,153	4,213,819	14,980,953
-	580,877	26,287,352	119,069,365
-	-	1,247,333	5,365,587
\$ -	\$ 1,375,030	\$ 31,748,504	\$ 139,415,905

City of Yuma, Arizona**Reconciliation Statement of Revenues, Expenditures and Change in Fund Balance to Statement of Activities**
Year Ended June 30, 2024

Amounts reported for governmental activities in the
Statement of Activities (Exhibit A-2) are different because:

Net change in fund balances - governmental funds (Exhibit B-3)	\$ 14,980,953
--	---------------

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those assets
assets are allocated over their useful lives as depreciation

Depreciation recorded in Statement of Activities	\$ (16,030,888)	
Capital outlay expenditures reported as additions to assets:		
Capital outlay expenditures-governmental funds	<u>24,575,601</u>	
Total		8,544,713

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds

Property taxes revenue	64,171	
Public safety ambulance revenue	<u>890,485</u>	
Total		954,656

Miscellaneous transactions involving capital assets, such as
trades, sales and donations increase (decrease) net position

Gain/(loss) on disposal of assets	(30,169)	
Contributions of infrastructure	<u>2,999,282</u>	
Total		2,969,113

Internal service funds are used by management to charge the costs
of fleet management and risk management to individual funds

Internal service investment earnings	1,160,920	
Net funds in excess of expenses	<u>3,444,933</u>	
Total		4,605,853

Sub-total adjustments to net change in fund balances
governmental funds (Exhibit B-3)

<u><u>\$ 32,055,288</u></u>

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

Amounts reported for governmental activities in the Statement of Activities (Exhibit A-2) are different because:

Carried forward adjustments from the previous page	\$ 32,055,288
--	---------------

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Issuance of finance purchases	-	
Principal payments on:		
Excise tax and refunded bonds	\$ 16,520,000	
Finance purchases	693,569	
Total	<u>17,213,569</u>	

Reclassifying an enterprise fund to a governmental fund requires a transfer of assets and liabilities reported in the Statement of Activities but not in governmental funds	116,371
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	835,958	
Compensated absences	(1,218,261)	
Other post employment benefit obligations	531,245	
Pension City contributions	(10,334,104)	
Pension on-behalf contributions	209,984	
Total	<u>(9,975,178)</u>	

Change in net position of government activities (Exhibit A-2)	<u><u>\$ 39,410,050</u></u>
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PROPRIETARY FUNDS

City of Yuma, Arizona

Statement of Fund Net Position

June 30, 2024

	Business-Type Activities Enterprise Funds	
	Water Fund	Wastewater Fund
ASSETS		
Current Assets:		
Cash and Investments	\$ 46,030,168	\$ 32,754,869
Receivables, Net of Allowance for Uncollectibles:		
Accounts Receivable	2,856,627	1,470,411
Intergovernmental	7,686	77,207
Accrued Interest	19,897	46,331
Inventory, at cost	221,669	-
Prepaid Items	4,090	3,575
Total Unrestricted Current Assets	49,140,137	34,352,393
Restricted Assets:		
Cash and Investments:		
Restricted Cash and Cash with Fiscal Agents	6,909,867	91,122,720
Advancement for Future Expansion	8,158,906	21,484,410
Customer Deposits	1,489,068	-
Total Restricted Current Assets	16,557,841	112,607,130
Total Current Assets	65,697,978	146,959,523
Noncurrent Assets:		
Pension and OPEB Asset	210,576	149,993
Capital Assets:		
Land	1,896,821	8,885,438
Buildings	108,997,810	58,665,164
Improvements Other than Buildings	186,244,285	139,333,134
Equipment	3,970,694	3,453,993
Construction In Progress	6,982,085	9,624,792
SBITA Right-to-use Asset	-	-
Less Accumulated Amortization	-	-
Less Accumulated Depreciation	(162,068,140)	(117,473,184)
Total Capital Assets	146,023,555	102,489,337
Total Noncurrent Assets	146,234,131	102,639,330
Total Assets	211,932,109	249,598,853
DEFERRED OUTFLOWS OF RESOURCES		
Other Pension Items	1,067,715	760,531
Deferred Charges on Refunding	2,001,663	597,899
Total Deferred Outflows of Resources	\$3,069,378	\$1,358,430

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

Proprietary Funds

Exhibit C-1

Continued on next page

Business-Type Activities Enterprise Funds		Governmental Activities
Nonmajor Funds	Totals	Internal Service Funds
\$ 7,421,774	\$ 86,206,811	\$ 26,287,883
522,097	4,849,135	46,986
231,912	316,805	-
2,534	68,762	12,267
77,255	298,924	200,861
246,191	253,856	1,632,209
8,501,763	91,994,293	28,180,206
-	98,032,587	-
-	29,643,316	-
-	1,489,068	-
-	129,164,971	-
8,501,763	221,159,264	28,180,206
48,847	409,416	
-	10,782,259	219,610
-	167,662,974	19,251
50,738	325,628,157	222,733
9,721,126	17,145,813	37,593,618
-	16,606,877	-
4,669,686	4,669,686	-
(1,167,422)	(1,167,422)	-
(9,164,446)	(288,705,770)	(31,543,087)
4,109,682	252,622,574	6,512,125
4,158,529	253,031,990	6,512,125
12,660,292	474,191,254	34,692,331
240,674	2,068,920	-
-	2,599,562	-
\$240,674	\$4,668,482	\$ -

City of Yuma, Arizona

Statement of Fund Net Position

June 30, 2024

	Business-Type Activities Enterprise Funds	
	Water Fund	Wastewater Fund
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 1,637,780	\$ 1,461,279
Accrued Payroll and Related Taxes	189,915	142,380
Current Portion-Bonds Payable	5,960,850	2,092,150
Current Portion-Accrued Compensated Absences	204,002	148,272
Current Portion-Estimated Claims and Judgements	-	-
Due to Other Funds	-	-
Accrued Interest Payable	881,604	1,730,186
Unearned Revenue	-	-
SBITA Payable	-	-
Total Current Liabilities Payable from Current Assets	8,874,151	5,574,267
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	5,754	119,244
Deposits	1,818,178	-
Unearned Revenue	-	15,420
Total Current Liabilities Payable from Restricted Assets	1,823,932	134,664
Total Current Liabilities	10,698,083	5,708,931
Noncurrent Liabilities:		
Bonds Payable	41,991,396	92,700,041
Net Pension Liability	6,190,999	4,409,830
OPEB Liability	5,053	3,599
Accrued Compensated Absences	444,211	396,079
Estimated Claims and Judgements	-	-
SBITA Payable	-	-
Total Noncurrent Liabilities	48,631,659	97,509,549
Total Liabilities	59,329,742	103,218,480
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Pension Items	327,237	233,090
Total Deferred Inflows of Resources	327,237	233,090
<u>NET POSITION</u>		
Net investment in capital assets	100,765,598	95,544,705
Restricted other postemployment benefits	210,576	149,993
Unrestricted	54,368,334	51,811,015
Total Net Position	\$155,344,508	\$147,505,713
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

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

Proprietary Funds

Exhibit C-1

Concluded

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service Funds	
Other Funds	Totals		
\$ 143,983	\$ 3,243,042	\$ 211,164	
52,572	384,867	29,812	
-	8,053,000	-	
21,793	374,067	37,142	
-	-	342,190	
181,899	181,899	116,128	
-	2,611,790	-	
57,172	57,172	-	
528,350	528,350	-	
985,769	15,434,187	736,436	
-	124,998	-	
-	1,818,178	-	
-	15,420	-	
-	1,958,596	-	
985,769	17,392,783	736,436	
-	134,691,437	-	
1,440,482	12,041,311	-	
1,218	9,870		
61,068	901,358	50,914	
-	-	1,498,269	
3,020,226	3,020,226	-	
4,522,994	150,664,202	1,549,183	
5,508,763	168,056,985	2,285,619	
71,853	632,180	-	
71,853	632,180	-	
561,106	196,871,409	6,512,125	
48,847	409,416	-	
6,710,397	112,889,746	25,894,587	
\$ 7,320,350	310,170,571	\$ 32,406,712	
	482,538		
	\$310,653,109		

City of Yuma, Arizona

Statement of Revenues, Expenses and Changes in Fund Net Position

Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds	
	Water Fund	Wastewater Fund
OPERATING REVENUES		
Metered Water Sales	\$ 27,317,886	\$ -
Commercial Raw Water	199,167	-
Wastewater Charges	-	19,237,723
Meters, Connections and Services	1,322,972	44,738
Charges for Services	-	-
Equipment Rental	-	-
Miscellaneous Charges	-	-
Total Operating Revenues	28,840,025	19,282,461
OPERATING EXPENSES		
Operations and Maintenance	16,923,237	15,153,439
Amortization	-	-
Depreciation	7,540,042	6,239,300
Total Operating Expenses	24,463,279	21,392,739
Operating Income/(Loss)	4,376,746	(2,110,278)
NON-OPERATING REVENUES (EXPENSES)		
Interest Earnings	2,984,835	5,537,233
Gain/(Loss) on Disposal of Assets	-	-
Interest and Fiscal Agent Fees	(1,592,221)	(2,634,444)
Miscellaneous Revenues	47,581	66,909
Total Non-Operating Revenues/(Expenses)	1,440,195	2,969,698
Income/(Loss) before Contributions and Transfers	5,816,941	859,420
Capital Contributions	3,469,906	4,187,500
Transfers In	-	-
Transfers Out	(49,194)	(54,460)
Change in Net Position	9,237,653	4,992,460
Net Position - Beginning	146,106,855	142,513,253
Net Position - Ending	\$ 155,344,508	\$ 147,505,713

Adjustment for consolidation of internal service fund activities related to enterprise funds
Change in net position of business-type activities

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

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service Funds
Nonmajor Funds	Totals	
\$ -	\$ 27,317,886	\$ -
-	199,167	-
-	19,237,723	-
-	1,367,710	-
8,217,382	8,217,382	6,162,786
-	-	3,916,489
-	-	2,089,566
8,217,382	56,339,868	12,168,841
12,628,307	44,704,983	7,020,731
583,711	583,711	-
204,442	13,983,784	1,358,111
13,416,460	59,272,478	8,378,842
(5,199,078)	(2,932,610)	3,789,999
374,096	8,896,164	1,160,920
-	-	(3,348)
-	(4,226,665)	-
18,288	132,778	-
392,384	4,802,277	1,157,572
(4,806,694)	1,869,667	4,947,571
5,060,183	12,717,589	-
1,260,151	1,260,151	-
(252,715)	(356,369)	-
1,260,925	15,491,038	4,947,571
6,059,425		27,459,141
\$ 7,320,350		\$ 32,406,712
	341,718	
	\$ 15,832,756	

City of Yuma, Arizona

Statement of Cash Flows

Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds	
	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 28,761,669	\$ 19,168,428
Cash Paid to Employees	(7,419,404)	(7,221,392)
Cash Paid to Suppliers	(8,525,188)	(7,333,481)
Cash Paid for Operating Expenses	-	-
Other Operating Activity Revenue	47,581	66,909
Net Cash Provided by / (Used for) Operating Activities	12,864,658	4,680,464
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received from Other Funds	-	-
Cash Paid to Other Funds	(49,194)	(54,460)
Interfund Borrowing	-	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	(49,194)	(54,460)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions of Capital	2,729,659	2,982,520
Unearned Revenue	-	(30,600)
Acquisition and Construction of Assets	(10,694,357)	(5,061,575)
Principal Payments on Bonds	(5,766,300)	(2,030,089)
Payments on SBITA	-	-
Finance Purchases Payments	-	(19,785)
Interest and Fiscal Agent Fee Payments	(1,874,970)	(3,511,321)
Net Cash Provided by / (Used for) Capital and Related Financing Activities	(15,605,968)	(7,670,850)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of Interest	2,990,226	5,525,867
Net Cash Provided by / (Used for) Investing Activities	2,990,226	5,525,867
Net Increase in Cash and Cash Equivalents	199,722	2,481,021
Cash and Cash Equivalents, July 1	62,388,287	142,880,978
Cash and Cash Equivalents, June 30	\$ 62,588,009	\$145,361,999
Reconciliation with Statement of Fund Net Position Cash		
Cash and Investments	\$ 46,030,168	\$ 32,754,869
Restricted Cash and Cash with Fiscal Agents	6,909,867	91,122,720
Advancement for Future Expansion	8,158,906	21,484,410
Customer Deposits	1,489,068	-
Cash and Cash Equivalents, June 30	\$ 62,588,009	\$145,361,999

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

Business-Type Activities Enterprise Funds		Governmental Activities
Nonmajor Funds	Total	Internal Service Funds
\$ 8,060,604	\$ 55,990,701	\$ 12,073,439
(2,482,494)	(17,123,290)	(1,317,726)
(10,572,277)	(26,430,946)	(105,254)
-	-	(3,921,743)
18,288	132,778	54,043
(4,975,879)	12,569,243	6,782,759
1,260,151	1,260,151	-
(252,715)	(356,369)	-
(1,026,519)	(1,026,519)	(341,909)
(19,083)	(122,737)	(341,909)
5,060,183	10,772,362	-
(112,119)	(142,719)	-
(23,162)	(15,779,094)	(3,775,437)
-	(7,796,389)	-
(505,369)	(505,369)	-
-	(19,785)	-
-	(5,386,291)	-
4,419,533	(18,857,285)	(3,775,437)
424,600	8,940,693	1,163,163
424,600	8,940,693	1,163,163
(150,829)	2,529,914	3,828,576
7,572,603	212,841,868	22,459,307
\$ 7,421,774	\$215,371,782	\$ 26,287,883
\$ 7,421,774	\$ 86,206,811	\$ 26,287,883
-	98,032,587	-
-	29,643,316	-
-	1,489,068	-
\$ 7,421,774	\$215,371,782	\$ 26,287,883

City of Yuma, Arizona**Statement of Cash Flows**

Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds	
	Water Fund	Wastewater Fund
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(used for) Operating Activities:		
Operating Income/(Loss)	\$ 4,376,746	\$ (2,110,278)
Adjustments to reconcile operating income/(loss) to Net Cash Provided by/(used for) Operating Activities:		
Other Operating Activity Revenue	47,581	66,909
Depreciation Expense	7,540,042	6,239,300
Amortization Expense	-	-
(Increase)/Decrease in:		
Accounts Receivables	(78,356)	(114,033)
Inventories	200,603	-
Prepaid Items	(1,350)	(64)
Increase/(Decrease) in:		
Accounts Payable	467,893	221,251
Accrued Wages and Taxes Payable	231,142	320,142
Pension and OPEB Reporting	80,357	57,237
Estimated Claims and Judgements	-	-
Total Adjustments	8,487,912	6,790,742
Net Cash Provided by / (Used for) Operating Activities	<u>\$ 12,864,658</u>	<u>\$ 4,680,464</u>
Noncash Transactions Affecting Financial Position		
Purchase of Assets with Vendor		
Contributions of Capital Assets	\$ 740,247	\$ 1,204,980
Total Noncash Transactions Affecting Financial Position	<u>\$ 740,247</u>	<u>\$ 1,204,980</u>

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

Proprietary Funds

Exhibit C-3

Concluded

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service Funds
Other Funds	Total	
\$ (5,199,078)	\$ (2,932,610)	\$ 3,789,999
18,288	132,778	-
204,442	13,983,784	1,358,111
583,711	583,711	-
(156,778)	(349,167)	(41,331)
36,949	237,552	148,821
(234,636)	(236,050)	1,280,985
(201,364)	487,780	(10,524)
(53,151)	498,133	44,596
25,738	163,332	-
-	-	212,102
223,199	15,501,853	2,992,760
<u>\$ (4,975,879)</u>	<u>\$ 12,569,243</u>	<u>\$ 6,782,759</u>
\$ -	\$ 1,945,227	\$ -
<u>\$ -</u>	<u>\$ 1,945,227</u>	<u>\$ -</u>

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NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Yuma (City) was incorporated April 14, 1914 under Arizona Revised Statute (A.R.S.) Title 9, 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 November 3, 2020. 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 generally accepted in the United States of America (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. 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 GAAP, 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 Unit

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, Yuma, AZ 85364.

B. Accounting Pronouncements

For the year ended June 30, 2024, the City implemented the provisions of GASB Statement No. 100, *Accounting Principle Changes and Error Corrections* – an Amendment of GASB Statement No. 62. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

C. 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 Position and the Statement of Activities, a statement showing changes in net position. Most interfund activities have been removed from these statements to avoid duplicating the information, with some exceptions such as proprietary fund sales to governmental funds (i.e., water bills paid by a governmental fund). Eliminating these transactions would distort both the measurement of income generated in serving proprietary customers as well as the direct cost of governmental functions serving the citizenry. In these government-wide statements, governmental activities, normally supported by taxes and intergovernmental revenues, are separated from business-type activities that rely on fees and charges for services.

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

In addition to government-wide presentations, fund financial statements are provided for all governmental and proprietary funds. The financial statements are segregated by their respective significance to City operations with individual major governmental and proprietary funds separated from nonmajor funds (aggregate nonmajor financial activity is reported as a column on the major funds presentation for both governmental and proprietary funds). The City uses GASB Statement No. 34 to determine which funds are to be presented as major funds. In addition to those minimum requirements, the City will, from time to time, include within its major funds presentations of other funds that because of their significance, preclude aggregate reporting outside the basic financial statements.

The City of Yuma reports the following funds:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those for which another fund is required or used.

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.

American Rescue Plan Act Fund – This fund accounts for federal funds received under the American Rescue Plan Act (ARPA).

Debt Service Fund – This fund accounts for and reports financial resources for the payment of long-term debt principal, interest, and related costs 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.

Other Nonmajor 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 Public Safety Tax, Highway Users Revenue, Grants, Community Redevelopment, Two Percent Tax, Yuma Mall Maintenance, Maintenance Improvement Districts, Capital Improvement Projects, Parks and Recreation Projects, Police Projects, Fire Projects, General Government Projects, Transportation Projects and Other Capital Projects.

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 Nonmajor 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 Solid Waste and Radio Communications 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 Position. Rather, they are combined with the governmental activities on that statement. Moreover, because of their essentially duplicative nature in accounting for their operations (revenues of the internal service funds are expenses of the operating funds), the operations of the internal service funds have been eliminated from the operations of the Statement of Activities. Internal service funds include the Equipment Replacement, Equipment Maintenance, Insurance Reserve, Employee Benefits Trust, and Workers Compensation Funds.

D. 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). Grant revenues are recognized when all eligibility requirements are met, not necessarily when received. Grant monies that have been received but are as yet unearned are carried

forward as unearned revenue. However, earned but not yet received grant monies are recognized as revenue and carried forward as receivables. This practice is defined and supported by GASB Statement 33, as it pertains to “government-mandated nonexchange transactions,” paragraphs 19-25. Expenditures are recorded when the liability is incurred with the exception of debt service, pensions and OPEB. Debt service expenditures are recorded when the payment is due or when amounts have been accumulated in the debt service fund for payments to be made early in the following 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 unavailable revenue. Grants and similar awards received before the eligibility requirements are met are recorded as unearned revenue. Receivables that will not be collected within the available period have also been reported as unavailable 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.

E. Budget Information

- 1) The City follows these procedures in establishing the budgetary data reflected in the financial statements:
 - i. On or before the first Monday in June, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
 - ii. Two public hearings are held prior to the budget's final adoption for 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 department. Upon written request by the City Administrator, the Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department 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 Employee Benefits Trust Internal Service Funds is not budgeted). Unexpended appropriations lapse 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.

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- 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.

F. 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, radio and software annual maintenance fees are treated as revenue by the Enterprise Fund and expenses in the governmental funds, and in-lieu property taxes are recorded as revenues in the General Fund and expenses in the Enterprise Funds; (2) 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 expenses/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 provides the maximum security of principal invested, conforms to all applicable State statutes and City ordinances, delivers the highest yield, and meets the City's daily cash flows. Income earned or loss arising from the investment of the pooled cash is allocated on a monthly basis to the individual funds based upon average daily balance. The City considers short-term investments (including restricted assets) in the State of Arizona Local Government Investment Pool (LGIP), mutual fund-money market, U.S. Treasury bills and notes with original maturities of three months or less at acquisition date to be cash equivalents.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

3) Inventories and Prepaid Items:

Inventories consist primarily of expendable supplies held for consumption. Prepaid items represent services for which payment is made in advance. Both inventories and prepaid items are accounted for using the consumption method; therefore, expenditures are recorded at the time inventories are used or the services incurred. Inventories are maintained on a perpetual inventory basis, verified through annual physical counts, and valued using the weighted average method. Nonspendable governmental fund balance for both inventories and prepaid items indicate 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, provided the revenue is received within 120 days of the end of the fiscal year. Any grant proceeds received after this period are considered unavailable revenue for the reporting period.

5) Subsequently Billed 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 billed subsequent to the fiscal year-end. At June 30, 2023, the estimated amounts of subsequently billed revenues for the Water, Wastewater and Solid Waste Enterprise Funds are \$1,113,602; \$676,149; and \$180,088; 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. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value. The City books all acquired assets on a monthly basis and all CIP assets on a quarterly basis.

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

Gains or losses are recognized when assets are retired from service or are otherwise disposed.

7) Capital Contributions:

Capital contributions, as shown in the Enterprise Funds, represent developers' costs of installing water and sewer mains, water service connections installed at the customers' expense, transfers of equipment from other City funds, and contributions from customers to defray future expansion costs.

8) Long-term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as insurance premiums, are 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 insurance premium costs are reported as unamortized discounts 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) Pensions:

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10) Fund Balance Policies:

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory, prepaid items or advances to other funds 2) it is legally or contractually required to be maintained intact. Restricted fund balance is comprised of externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation (changes in City Charter). Committed fund balance includes self-imposed limitations adopted at the highest level of decision-making authority, namely, City Council. City Council approval, through adoption of an ordinance, is required to commit resources or to rescind the commitment. Without formal action Assigned fund balances are assigned and unassigned by management to reflect the City's intent to use money for a specific purpose, but is not considered restricted or committed. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, unrestricted resources are considered spent before restricted resources. Within unrestricted resources, committed is considered spent (if available) before unassigned amounts.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table.

Fund Balances	General Fund	City Road Tax	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 28,980	-	-	\$ 87,532	\$ 116,512
Prepaid items	23,401	-	-	31,401	54,802
Advances	173,663	-	-	-	173,663
Restricted for:					
Debt service	-	-	\$ 1,375,030	-	1,375,030
Road maintenance and construction	-	\$ 19,441,486	-	2,838,217	22,279,703
PS-Police equipment and facilities	-	-	-	8,131,675	8,131,675
PS-Fire equipment and facilities	-	-	-	2,835,807	2,835,807
Public safety purposes	-	-	-	629,237	629,237
Parks, recreation and culture facilities	-	-	-	7,442,376	7,442,376
Transportation projects	-	-	-	1,126,707	1,126,707
General government projects	-	-	-	138,750	138,750
Bonded capital improvements	-	-	-	1,822,782	1,822,782
PSPRS Unfunded Actuarial Accrued Liability	12,534	-	-	-	12,534
River development	1,075,507	-	-	-	1,075,507
Municipal Improvement Districts	-	-	-	20,923	20,923
Committed to:					
Capital Improvements	-	-	-	124,514	124,514
PSPRS Reserve for future UAAL	14,163,248	-	-	-	14,163,248
Assigned for:					
Debt service FY 2024	15,099,670	-	-	-	15,099,670
Capital Improvement Plan FY 2025-29	8,354,691	-	-	-	8,354,691
Change in revenue and receivable recognition	2,745,659	-	-	-	2,745,659
Fleet replacement and supply chain delays	4,714,375	-	-	-	4,714,375
Subsequent capital and grant match	7,944,153	-	-	7,090,564	15,034,717
Public safety proposition	2,220,450	-	-	-	2,220,450
Arizona Avenue Apartments	178,330	-	-	-	178,330
Unassigned	30,116,224	-	-	(571,981)	29,544,243
Total Fund Balances	\$ 86,850,885	\$ 19,441,486	\$ 1,375,030	\$ 31,748,504	\$ 139,415,905

G. 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, revenues are recorded as received, with the exception of taxes collected within 60 days by the County Treasurer and reported as current year revenues (County Treasurer collections for June of the current fiscal year). Delinquent property taxes (collections of noncurrent years) are recorded similarly. The balance of delinquent taxes is recorded in the property tax receivable account with a corresponding entry to the unavailable revenue account.

2) Compensated Absences:

The City's administrative regulations provide regular 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.

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.

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 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.

H. Investment Income

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

I. Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Primarily, the City uses estimates to determine useful lives of capital assets as well as the estimated claims and judgements in the Insurance Reserve Fund and the Workers Compensation Fund. Actual results could differ from those estimates.

J. Tax Abatement

The City of Yuma has entered into tax abatement agreements as defined by GASB Statement 77. The tax abatements include the abatement of excise tax under Arizona Revised Statutes 42-6201 through 42-6209 relating to Government Property Lease Excise Tax, as incentive to improve property in certain geographic/economic areas of the city. It is the City's policy to review each agreement individually and in the aggregate annually. For the fiscal year ended June 30, 2024, each agreement and all agreements in the aggregate are deemed immaterial for financial reporting purposes.

K. Deferred Outflows/Inflows of Resources

In addition to the assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

L. Leases

As lessee, the City recognizes lease liabilities with an initial, individual criteria as capital assets. The City estimates incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease.

As lessor, the City recognizes lease receivables with an initial value in excess of \$460,000. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivable.

M. Subscription-Based Information Technology Arrangements (SBITA)

The City recognizes SBITA liabilities with a non-revokable commitment beyond one-year and value in excess of \$460,000.

N. Public-Private and Public-Public Partnerships and Available Payment Arrangements (PPP)

The City recognizes PPP receivables with an initial value in excess of \$460,000.

II. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains a cash and investments pool that is available to all funds. Each fund's portion of the cash and investment pool is shown in the accompanying balance sheet as "Cash and Investments", including the portion listed under "Restricted Assets". The City also records cash and investments, held by fiscal agents, which are restricted by bond indenture requirements for the payment of principal and interest at the end of the fiscal year.

Deposits

At June 30, 2024, the City's deposits had a carrying value of \$7,142,856 and a bank balance of \$8,354,060. The difference represents outstanding checks and other reconciling items. The main City checking account is fully collateralized and is disclosed with investments. All pledged bank collateral for demand deposits are held by an independent institution outside the bank's holding company. Cash on hand at June 30, 2024 included change fund balances of \$25,615.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be covered. The City requires all demand deposits be covered by federal depository insurance or by pledged collateral held by the financial institution's trust department in the name of the City of at least 102% of market value. At June 30, 2024, there are no deposits exposed to custodial credit risk.

Investments

The City adheres to State Law and its adopted Investment Policy to invest public funds in a manner which will provide the maximum security of principal invested while providing the highest yield which will also meet the daily cash flow needs of the City. Per GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports certain money market investments with a remaining maturity of one year or less at time of purchase at amortized cost instead of fair value.

The City's investment balances at June 30, 2024, were as follows:

Investment Type	Fair Value	Investment Maturities in Years			
		< 1 Year	1-2 Years	2-3 Years	3-5 Years
Deposit Sweep Program	\$ 38,841,736	\$ 38,841,736	\$ -	\$ -	\$ -
US Agencies:					
Federal Farm Credit Bank	-	-	-	-	-
Federal Home Loan Bank	34,835,546	12,557,477	12,948,235	9,329,834	-
Federal Home Loan Mtg. Corp.	-	-	-	-	-
Federal National Mtg. Assoc.	-	-	-	-	-
Federal Agriculture Mtg. Corp.	-	-	-	-	-
Money Market Funds	30,919,612	30,919,612	-	-	-
Municipal Fixed Income	84,766,710	84,766,710	-	-	-
Arizona State Investment Pool 5	209,310,746	209,310,746	-	-	-
Total Value	\$ 398,674,350	\$ 376,396,281	\$ 12,948,235	\$ 9,329,834	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy reduces exposure to investment credit risk by limiting authorized securities to the following:

1. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage-backed securities;
2. Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
3. Bankers acceptances issued by the ten largest domestic banks;
4. Commercial paper rated A-1/P-1;
5. Repurchase agreements whose underlying collateral consists of the foregoing, provided a signed PSA Master Repurchase Agreement is on file with the counter party bank or broker/dealer;
6. Money Market Funds whose portfolio consists of the foregoing;
7. The State of Arizona Local Government Investment Pool.

At June 30, 2024, all investments, with the exception of the State Investment Pool, are rated AA+ by Standard and Poor's and AAA by Moody's. The State Investment Pool 5 was rated AAAsf/S1+ by Standard and Poor's at year end.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The City reduces this risk by diversifying its investment portfolio. Diversification strategies are established and monitored on a monthly basis. The allowed diversification standard and actual percentage at year-end by security type and issuer are as follows:

	Maximum %	Actual %
U.S. Treasuries and securities having principal and interest guaranteed by the U.S. Government	100%	-
U.S. Government agencies, instrumentalities and government sponsored enterprises	80%	8.8%
Fully insured or collateralized CDs	30%	-
Banker's acceptances	25%	-
A-1/P-1 Commercial paper	35%	-
Maximum per issuer	10% of total CP	-
Municipal Bonds	100%	21.2%
Repurchase agreements	100%	9.7%
Money market funds	100%	7.8%
State investment pool	100%	52.5%

Interest Rate Risk

Interest Rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with State law and its investment policy, the City sets a maximum maturity on any investment of five years. Unless matched to a specific requirement, no more than 25% of the portfolio may have maturities greater than three years. There are no investments with maturities greater than five years, and there are no holdings with a stated maturity beyond four years.

The portfolio at June 30, 2024, had a weighted average maturity of 548 days. The policy does not set a maximum for this measurement.

Custodial Credit Risk

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City reduces exposure to custodial credit risk in its safekeeping and collateralization policies. All security transactions are conducted on a delivery versus payment basis and are held by a third party custodian, in the City of Yuma's name. The custodian is required to issue a safekeeping receipt listing the specific instrument, rate, and maturity. Although there were no certificate of deposits or repurchase agreements at June 30, the collateralization level of at least 102% of market value is required for these securities.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the

fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted process; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2024:

	June 30, 2024	Fair Value Measurements Using		
		Quoted Price Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobserved Inputs (Level 3)
Investments by fair value level:				
Deposit Sweep Program	\$ 38,841,736	\$ -	\$ 38,841,736	\$ -
US Agencies:				
Federal Farm Credit Bank	-		-	-
Federal Home Loan Bank	34,835,546		34,835,546	-
Federal Home Loan Mtg. Corp.	-		-	-
Total investments by fair value level	\$ 73,677,282	\$ -	\$ 73,677,282	\$ -
Investments measured at the net asset value (NAV)				
Money Market Funds	\$ 30,919,612			
Municipal Fixed Income	\$ 84,766,710			
Arizona State Investment Pool 5	209,310,746			
Total investments measured at the NAV	324,997,068			
Total investments measured at fair value	\$ 398,674,350			

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 2022-23 (Tax Year 2022) and fiscal year 2023-24 (Tax Year 2023), follow:

	Tax Year 2022 (Fiscal Year 2023)	Tax Year 2023 (Fiscal Year 2024)
Net Limited Assessed Valuation	\$688,774,583	\$737,574,759
Primary Tax Rate	2.1930	2.1321
Primary Tax Levy	15,104,827	15,725,831
Net Full Cash Assessed Valuation	824,609,144	992,844,572
Secondary Tax Rate / Levy	-	-
Current Tax Collection	14,993,974	15,375,550
Delinquent Taxes:		
Collections	227,152	243,865
Outstanding as of June 30	947,464	1,012,327

C. Receivables

Receivable balances are stated net of an allowance for doubtful accounts. Within the Solid Waste Enterprise 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 follows:

Fund	Accounts	Intergovern- mental	Special Assessment	Delinquent Property Taxes	Accrued Interest	Total
General Fund	\$ 2,242,055	\$ 5,632,171	\$ 20,169	\$ 1,012,327	\$ 754,394	\$ 9,661,116
City Road Tax	159,885	2,393,372	-	-	16,350	2,569,607
Debt Service	27,840	-	-	-	-	27,840
Water	2,856,627	7,686	-	-	19,897	2,884,210
Wastewater	1,470,411	77,207	-	-	46,331	1,593,949
Other Funds:						
Governmental	2,340,880	7,119,362	-	4,942	15,598	9,480,782
Enterprise	522,097	231,912	-	-	2,534	756,543
Internal Service	46,986	-	-	-	12,267	59,253
Total Receivables	\$ 9,666,781	\$ 15,461,710	\$ 20,169	\$ 1,017,269	\$ 867,371	\$ 27,033,300

Allowance Amount		
Enterprise Funds	2024	2023
Water	\$ 143,626	\$ 202,030
Wastewater	79,620	115,681
Other Funds	8,108	22,097

D. Due from Other Governments (Intergovernmental Receivables)

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

	Agencies				Total
	Federal	State	County	Local	
Governmental Funds					
Major Funds:					
General	\$ -	\$ 5,498,352	\$ 132,075	\$ 1,744	\$ 5,632,171
City Road Tax	-	2,393,069	-	303	2,393,372
ARPA	-	-	-	-	-
Nonmajor Funds:					
Highway User Revenue	-	1,006,142	-	-	1,006,142
Public Safety Tax	-	956,902	-	-	956,902
Two Percent Tax	-	1,169,987	-	-	1,169,987
Mall Maintenance	-	-	307	-	307
Maintenance					
Improvement Districts	-	-	1,249	-	1,249
Capital Projects Fund	-	251,955	-	-	251,955
Grants	822,475	2,802,163	-	-	3,624,638
Community					
Redevelopment	108,182	-	-	-	108,182
Enterprise Funds:					
Major Funds:					
Water	7,686	-	-	-	7,686
Wastewater	66,641	34	-	10,532	77,207
Nonmajor Funds:					
Radio Communications	845	231,067	-	-	231,912
Total	\$ 1,005,829	\$ 14,309,671	\$ 133,631	\$ 12,579	\$ 15,461,710

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2024, follows:

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated					
Land	\$ 51,473,628	\$ 775,465	-	-	\$ 52,249,093
Construction in progress	18,283,535	19,491,830	\$ 13,836,456	\$ 102,800	24,041,709
Total Capital Assets Not Being Depreciated	69,757,163	20,267,295	13,836,456	102,800	76,290,802
Other Capital Assets					
Buildings	108,520,370	6,589,114	-	3,102,864	118,212,348
Improvements	73,924,578	3,688,980	-	3,290,355	80,903,913
Infrastructure	320,720,660	6,557,644	-	-	327,278,304
Equipment	75,301,378	7,271,176	-	507,401	83,079,955
Total Other Capital Assets	578,466,986	24,106,914	-	6,900,620	609,474,520
Less Accumulated Depreciation for:					
Buildings	(64,134,532)	(3,865,501)	-	(2,502,933)	(70,502,966)
Improvements	(51,276,953)	(1,516,096)	-	(3,153,013)	(55,946,062)
Infrastructure	(166,397,162)	(8,635,084)	-	-	(175,032,246)
Equipment	(64,159,010)	(3,372,318)	(797,867)	(363,186)	(67,096,647)
Total Accumulated Depreciation	(345,967,657)	(17,388,999)	(797,867)	(6,019,132)	(368,577,921)
Total Capital Assets, Governmental Activities	\$ 302,256,492	\$ 26,985,210	\$ 13,038,589	\$ 984,288	\$ 317,187,401

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

Governmental Funds Capital Assets, Net	\$ 310,675,276
Internal Service Funds Capital Assets, Net	6,512,125
Total	<u>\$ 317,187,401</u>

Depreciation was charge to governmental functions as follows:

General Government and Unclassified	\$ 3,149,894
Public Safety	2,464,399
Streets	9,338,328
Parks, Recreation, and Culture	1,034,026
Environmental Health and Protection	32,444
Community Design and Development	11,797
Assets held by Internal Service Funds are charged based on usage of assets	1,358,111
Total	<u>\$ 17,388,999</u>

Capital asset activity for business-type activities for the year ended June 30, 2024, follows:

	Balance July 1, 2023	Increases	Decreases	Transfers and Adjustments	Balance June 30, 2024
Capital Assets Not Being Depreciated					
Land	\$ 10,782,259	-	-	-	\$ 10,782,259
Construction in progress	13,660,203	\$ 15,587,260	\$ 12,537,787	\$ (102,800)	16,606,876
Total Capital Assets Not Being Depreciated	24,442,462	15,587,260	12,537,787	(102,800)	27,389,135
Other Capital Assets					
Buildings	170,765,839	-	-	(3,102,864)	167,662,975
Improvements	314,529,386	14,483,013	93,887	(3,290,355)	325,628,157
Equipment	17,386,097	285,723	18,606	(507,401)	17,145,813
Total Other Capital Assets	502,681,322	14,768,736	112,493	(6,900,620)	510,436,945
Less Accumulated Depreciation for:					
Buildings	(44,487,780)	(3,318,004)	-	2,502,933	(45,302,851)
Improvements	(221,297,964)	(10,066,130)	-	3,153,013	(228,211,081)
Equipment	(14,955,163)	(599,650)	(18,606)	344,369	(15,191,838)
Total Accumulated Depreciation	(280,740,907)	(13,983,784)	(18,606)	6,000,315	(288,705,770)
SBITA Right-to-use Assets:					
SBITA assets	4,669,686	-	-	-	4,669,686
Less Accumulated Amortization	(583,711)	(583,711)	-	-	(1,167,422)
Total SBITA Right-to-use Asset	4,085,975	(583,711)	-	-	3,502,264
Total Capital Assets, Business-type Activities	\$ 250,468,852	\$ 15,788,501	\$ 12,631,674	\$ (1,003,105)	\$ 252,622,574

Depreciation and amortization was charged to programs as follows:

	Depreciation	Amortization
Water	\$ 7,540,042	\$ -
Wastewater	6,239,300	-
Solid Waste	40,784	-
Radio Communications	163,658	583,711
Total	\$ 13,983,784	\$ 583,711

Construction in progress is comprised mainly of Streets and Parks Projects as well as waterline replacements, water transmission lines, and wastewater projects (wastewater treatment plant upgrades and improvements, and collection facilities). Estimated cost to complete these projects is \$111.9 million.

F. Noncurrent Liabilities

The following changes occurred in noncurrent liabilities during the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Yuma Municipal Property Corporation:					
2015 - Sr Lien Excise Revenue & Refunding	\$ 34,005,000	\$ -	\$ 1,790,000	\$ 32,215,000	\$ 1,870,000
2015 - Sr Lien Road Tax Refunding	19,240,000	-	3,535,000	15,705,000	3,685,000
2021 - Sr. Lien Excise Revenue Refunding	7,225,000	-	2,315,000	4,910,000	2,405,000
2021 - Taxable Pledged Revenue	146,440,000	-	7,755,000	138,685,000	8,560,000
Unamortized Premium	4,331,923	-	835,958	3,495,965	-
Subtotal Bonded Debt	211,241,923	-	16,230,958	195,010,965	16,520,000
Financed Purchases Payable	2,071,158	-	693,568	1,377,590	575,060
Pension Unfunded Actuarial Liability:					
Public Safety Personnel Retirement System	6,391,257	15,094,466	7,234,386	14,251,337	-
Arizona State Retirement System (ASRS)	34,005,517	775,167	-	34,780,684	-
Elected Official Retirement Plan	2,427,212	-	1,239,629	1,187,583	-
OPEB Liability - ASRS	19,374	9,835	-	29,209	-
Estimated Claims and Judgements	1,628,357	1,840,459	1,628,357	1,840,459	342,190
Compensated Absences	8,636,148	9,869,195	8,636,148	9,869,195	3,230,451
Total Noncurrent Liabilities	\$ 266,420,946	\$ 27,589,122	\$ 35,663,046	\$ 258,347,022	\$ 20,667,701
	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Business-type activities					
Yuma Municipal Property Corporation:					
2015 - Sr Lien Utility Sys Revenue Refunding	\$ 59,980,000	\$ -	\$ 4,990,000	\$ 54,990,000	\$ 5,205,000
2021 - Utility System Revenue Obligations	68,425,000	-	845,000	67,580,000	895,000
Private Placement Obligations					
2016 - Sr Lien Utility Sys Revenue Refunding	3,877,000	-	1,924,000	1,953,000	1,953,000
Unamortized Premium	19,607,576	-	1,386,140	18,221,436	-
Subtotal Bonded Debt	151,889,576	-	9,145,140	142,744,436	8,053,000
Financed Purchases Payable	19,785	-	19,785	-	-
SBITAs Payable	4,053,945	-	505,369	3,548,576	528,350
Pension Unfunded Actuarial Liability:					
Arizona State Retirement System	12,808,245	-	766,934	12,041,311	-
OPEB Liability - ASRS	7,296	2,574	-	9,870	-
Compensated Absences	1,311,803	1,275,425	1,311,803	1,275,425	374,067
Total Noncurrent Liabilities	\$ 170,090,650	\$ 1,277,999	\$ 11,749,031	\$ 159,619,618	\$ 8,955,417

In FY18 the City acquired 210 Motorola radios for the Police and Fire departments and in FY19 the City acquired Information Technology Infrastructure. In FY20, the City leased a number of vehicles in order to supplement its fleet, a new Audio/Visual system for the City Council Chambers, and launched a PC as a Service program through Dell. In FY23, the City financed Servers to support the technology infrastructure. All of this equipment was acquired under the provisions of long-term lease agreements classified as a financed purchases.

Financed Purchases

In accordance with GASB Statement No.87 Leases, contracts previously recorded as capital leases have been reclassified as financed purchases payable in the fiscal year. Unrestricted Revenues from the General, City Road Tax, Public Safety and the 2% Tax funds are used to pay the debt service obligations. Revenues from the Water and Wastewater Funds are used to pay their debt obligations when due. Annual debt service requirement to maturity on finance purchases payable at year end are summarized as follows:

Year Ending June 30:	Governmental Activities
2025	\$ 575,060
2026	400,889
2027	400,889
2028	752
Present value of minimum lease payments	\$ 1,377,590
Due within one year	\$ 575,060

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into subscription-based information technology agreements (SBITAs) for Emergency Service radios and related software. The related obligations under the SBITAs have been recorded at the present value of their future minimum payments as of the inception date. Revenue from the Yuma Regional Communications Systems Fund, a non-major enterprise fund, are used to pay the obligations. Amortization of right-to-use

The total value of assets recorded under SBITAs that meet the City's capitalization threshold is as follows.

	Governmental Activities	Business-Type Activities
Asset:		
SBITA assets	\$ -	\$ 4,669,686
Less: Accumulated depreciation	-	(1,167,422)
Total	\$ -	\$ 3,502,264

SBITA Commitments – At year end, the City had contractual commitments related to SBITAs for which the subscription term had not yet commenced. During the year ended June 30, 2024, the City had made payments of \$615,741 to the subscription provider and had remaining contractual commitments with the subscription provider as follows.

	Business-Type
Year Ending June 30:	Principal Interest
2025	\$ 528,350 \$ 103,618
2026	552,287 88,191
2027	577,160 72,064
2028	603,020 55,211
2029-30	1,287,759 56,812
Total	\$ 3,548,576 \$ 375,896

Bonded Debt

The following is a description of bonded indebtedness at June 30, 2024. In each instance, all bonds have been issued. For each issue, a number of covenants and restrictions are included in the bond indentures. The City is in compliance with these covenants and restrictions.

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. Special assessment bonds are secured by liens against the property within each district. In the event of delinquency, the City may secure payment of the bonds through sale of the property. All activity related to these bonds is recorded in the City's Debt Service Fund.

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, 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*.

Refunding Bonds – On February 19, 2021, the City issued \$11,765,000 in refunding bonds to refund Series 2010, Refunding Series 2001, and to pay costs associated with the issuance of the bonds. Interest rate on the refunding bonds 4.0% with maturity dates from July 1, 2021 to July 1, 2035. Debt service payments are scheduled semi-annually with the total annual amounts ranging from \$527,930 to \$5,493,159 (including interest). The City realized net present value savings of \$1,078,528 over the life of the issuance, as a result of the refunding.

Pension Bonds – 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 pension liability 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. The effective interest rate for the bonds range from 0.297% to 2.632%; the effective annual rate of growth of the unfunded pension liability was 7.3%.

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 communication equipment; and *Special Sales*.

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

<u>Issue</u>	<u>Pledged Tax</u>	<u>Project(s) funded</u>
2015 Sr Lien Excise Tax	Excise, Public Safety, Special Sales Taxes	Refunding 2003B & 2007B issues PAAC/Fleet Maintenance facility
2015 Sr Lien Road Tax	Excise and City Road Taxes	Refunding 2007D issue
2021 Sr Lien Excise Tax	Excise Taxes	Refunding 2010; refunding 2001
2021 Taxable Pledged Revenue	Excise Taxes	Public Safety Pension Funding

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, Solid Waste and Desert Hills Golf Course Enterprise Funds, Highway Users Revenue Special Revenue Fund, and Capital Projects Fund as determined by the projects acquired or constructed by the debt proceeds.

The Municipal Property Corporation issued a Utility Series in 2007, refunded in 2015. An additional Utility Series was funded in 2016 to pay of the remaining balance of WIFA Loan Contracts. The water and wastewater system's net revenues were pledged as collateral for each issue as additional parity obligations.

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.

<u>Issue</u>	<u>Pledged Revenues</u>	<u>Project(s) funded</u>
2015 Sr Lien Utility	Net Utility System Revenues	Refunding 2007 Utility issue
2016 Sr Lien Utility	Net Utility System Revenues	Refunding WIFA Loan Contracts
2021 Utility Rev	Net Utility System Revenues	Desert Dunes Wastewater Capacity

For the year ended June 30, 2024, the pledged revenues described above amounted to \$132.8 million for governmental activities and \$33.4 million for business-type activities. The bonded debt collateralized by such revenues is presented below. Total future pledged revenues are not determinable for comparison to total collateralized debt; however, for the year ended June 30, 2024, debt service for governmental activities totaled \$21.5 million and for business-type activities \$12.2 million, or 18% and 37% of pledged revenues, respectively.

Summary of Bonded Debt

Bond Type and Series	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Outstanding	Net Unamortized Premium
Governmental Activities:						
2015 - Sr Lien Excise Revenue & Refunding	3.5-5.0%	10/21/2015	2035	\$48,105,000	\$32,215,000	\$1,913,671
2015 - Sr Lien Road Tax Refunding	2.0-5.0%	10/21/2015	2027	40,280,000	15,705,000	1,380,456
2021 - Sr. Lien Excise Revenue Refunding	4.00%	2/19/2021	2025	11,765,000	4,910,000	201,838
2021 - Taxable Pledged Revenue	0.3-3.0%	2/19/2021	2038	159,475,000	138,685,000	-
Business-type Activities:						
2015 - Sr Lien Utility Sys Revenue Refunding	3.25-5.0%	10/21/2015	2032	89,675,000	54,990,000	4,749,280
2016 - Sr Lien Utility Sys Revenue Refunding	1.50%	11/8/2016	2024	37,835,000	1,953,000	-
2021 - Utility System Revenue Obligations	0.3-2.6%	12/28/2021	2041	71,040,000	67,580,000	13,472,157
Total Bonded Debt				\$458,175,000	\$316,038,000	\$21,717,402

Arbitrage

Under Internal Revenue Code Section 148, all government tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issued, with defined exceptions.

The City has evaluated each bond issue subject to the arbitrage rebate requirements and has determined that no arbitrage rebate liability is due at June 30, 2024 and subsequent years arbitrage rebate (if any) will be immaterial to the City's overall financial conditions.

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, 2024, follows:

	Water, Etc. (20%)	All Other (6%)
Secondary Assessed Valuation	\$ 992,844,572	\$ 992,844,572
Legal Limit	198,568,914	59,570,674
Outstanding G.O. Debt	-	-
Available Debt Margin	<u>\$ 198,568,914</u>	<u>\$ 59,570,674</u>

Annual Debt Service Requirements to Maturity

Governmental Activities - Bond MPC Bonds 2015B Excise				Governmental Activities - Bond MPC Bonds 2015D Road Refunding 2007		
July 1	Principal	Interest	Total	Principal	Interest	Total
2024	\$1,870,000	\$1,176,550	\$3,046,550	\$3,685,000	\$609,925	\$4,294,925
2025	1,960,000	1,080,800	3,040,800	3,845,000	421,675	4,266,675
2026	2,050,000	990,800	3,040,800	4,015,000	225,175	4,240,175
2027	2,120,000	918,000	3,038,000	4,160,000	62,400	4,222,400
2028	2,645,000	846,525	3,491,525	-	-	-
2029-2033	14,820,000	2,652,750	17,472,750	-	-	-
2034-2037	6,750,000	238,350	6,988,350	-	-	-
Total	\$32,215,000	\$7,903,775	\$40,118,775	\$15,705,000	\$1,319,175	\$17,024,175

Governmental Activities - Bond * 2021 Refunding MPC Bonds 2010				Governmental Activities - Bond ** Taxable 2021 Pledge Revenue		
July 1*	Principal	Interest	Total	Principal	Interest	Total
July 15**						
2024	\$2,405,000	\$148,300	\$2,553,300	\$8,560,000	\$2,808,174	\$11,368,174
2025	2,505,000	50,100	2,555,100	8,680,000	2,735,555	11,415,555
2026	-	-	-	8,775,000	2,637,389	11,412,389
2027	-	-	-	8,900,000	2,512,780	11,412,780
2028	-	-	-	9,050,000	2,364,707	11,414,707
2029-2033	-	-	-	48,130,000	8,934,706	57,064,706
2034-2038	-	-	-	46,590,000	2,727,406	49,317,406
Total	\$4,910,000	\$198,400	\$5,108,400	\$138,685,000	\$24,720,717	\$163,405,717

Business Activities - Private Placement MPC Bonds 2016 WIFA Refunding				Business Activities - Bond MPC Bonds 2015 Utility Refunding 2007		
July 1	Principal	Interest	Total	Principal	Interest	Total
2024	\$1,953,000	\$14,648	\$1,967,648	\$5,205,000	\$2,121,713	\$7,326,713
2025	-	-	-	5,425,000	1,855,963	7,280,963
2026	-	-	-	5,655,000	1,578,963	7,233,963
2027	-	-	-	5,920,000	1,289,587	7,209,587
2028	-	-	-	6,200,000	986,588	7,186,588
2029-2032	-	-	-	26,585,000	1,721,655	28,306,655
Total	\$1,953,000	\$14,648	\$1,967,648	\$54,990,000	\$9,554,469	\$64,544,469

Business Activities - Bond 2021 Utility System Reveune Obligations			
July 1	Principal	Interest	Total
2024	\$895,000	\$2,920,075	\$3,815,075
2025	1,910,000	2,849,950	4,759,950
2026	2,020,000	2,751,700	4,771,700
2027	2,125,000	2,648,075	4,773,075
2028	2,235,000	2,539,075	4,774,075
2029-2033	14,740,000	10,802,500	25,542,500
2034-2038	25,660,000	6,245,200	31,905,200
2039-2041	17,995,000	1,098,500	19,093,500
Total	\$67,580,000	\$31,855,075	\$99,435,075

G. Pensions and Other Postemployment Benefits (OPEB)

The City has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These GASB Statements require the following disclosures. The plans are component units of the State of Arizona.

Plan Descriptions - The City contributes to four plans, all of which are described below.

At June 30, 2024, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net asset related to:			
Pension	-	-	-
OPEB	\$3,722,042	\$409,416	\$4,131,458
Net liability related to:			
Pension	51,278,505	12,041,311	63,319,816
OPEB	29,209	9,870	39,079
Deferred outflows of resources related to			
Pension	26,549,589	2,003,896	28,553,485
OPEB	321,773	65,024	386,797
Deferred inflows of resources related to			
Pension	2,091,045	422,638	2,513,683
OPEB	1,107,029	209,542	1,316,571
Expense and contributions			
Pension expense (income)	16,801,742	1,594,145	18,395,887
OPEB expense (income)	(422,949)	(40,908)	(463,857)
Pension contributions	6,467,638	1,360,020	7,827,658
OPEB contributions	107,871	32,040	139,911

Arizona State Retirement System

Plan Description – City employees not covered by the other pension plans described below or the Elected Official Retirement Plan participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years + age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension plan and the health benefit and long-term disability OPEBs for the year ended June 30, 2024 were \$5,418,412; \$49,545; and \$67,561; respectively.

During fiscal year 2024, the City paid ASRS pension contributions with approximately 74 percent from the governmental funds and 26 percent from enterprise funds.

Liability/(Asset) – At June 30, 2024, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB Liability (asset)
Portionate share of pension	\$ 47,880,896
Health insurance premium benefit	(1,628,583)
Long-term disability	39,079

The net asset and liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The City's proportion of the net assets/liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The total liabilities as of June 30, 2024 reflect changes in actuarial assumptions based on the results of an actuarial experience.

The City's reported pension liability at June 30, 2023, increased by \$1,067,134 from the City's prior year liability of \$46,813,762 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The City's proportion of the net pension liability was based on \$16,181,444,945. The City's proportion measured as of June 30, 2023, was 0.2959 percent, which was an increase of 0.0091 percent from its proportion measured as of June 30, 2022. The City's proportion share for Health benefits and Long-term disability was 0.3016 percent and 0.2982 percent; which was an increase of 0.0093 percent and 0.0095 percent, respectively.

Expense – For the fiscal year ended June 30, 2024, the City recognized the following pension and OPEB expense.

ASRS	Pension/OPEB Expense
Portionate share of pension	\$ 6,317,310
Health insurance premium benefit	(199,775)
Long-term disability	40,111

Deferred Outflows/Inflows of Resources – At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Pension		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,081,917	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual investment earnings	-	1,694,068
Changes in proportion and differences between City contributions and proportionate share of contributions	1,499,812	-
City contributions subsequent to the measurement date	5,418,412	-
Total	<u>\$ 8,000,141</u>	<u>\$ 1,694,068</u>
Health Insurance Premium		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,723	\$ 607,339
Changes of assumptions or other inputs	-	32,408
Net difference between projected and actual investment earnings	-	71,531
Changes in proportion and differences between City contributions and proportionate share of contributions	5,613	29,249
City contributions subsequent to the measurement date	49,545	-
Total	<u>\$ 123,881</u>	<u>\$ 740,527</u>
Long-term Disability		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,284	\$ 21,995
Changes of assumptions or other inputs	10,313	56,884
Net difference between projected and actual investment earnings	-	3,127
Changes in proportion and differences between City contributions and proportionate share of contributions	8,545	14,243
City contributions subsequent to the measurement date	67,561	-
Total	<u>\$ 121,703</u>	<u>\$ 96,249</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from *city contributions subsequent to the measurement date* will be recognized as an increase of the net asset or a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension and OPEB will be recognized as expense as follows:

Deferred Outflow / Inflow Amortization			
Year Ending June 30	Pension	Health Insurance Premium Benefit	Long-term Disability
2025	\$ 845,936	\$ (277,140)	\$ (5,896)
2026	(1,573,464)	(304,255)	(12,349)
2027	(1,825,704)	(45,004)	(353)
2028	(210,515)	(43,279)	(12,257)
2029	-	3,487	(10,928)
Thereafter	-	-	(323)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Asset valuation	Fair Value
Investment rate of return	7.00%
Projected salary increases	2.9-8.4%
Inflation	2.30%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not Applicable

The actuarial assumptions used in the June 30, 2022 valuation were based on results from an actuarial experience study for the 5-year period ended June 30, 2020. The purpose of the experience study was to review the actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study which recommended changes, and those changes were effective as of the June 30, 2020 actuarial valuation.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimate of geometric real rates of return for each major asset class for all ASRS plans are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rates of Return
Public Equity	44%	3.50%
Credit	23%	5.90%
Real Estate	17%	5.90%
Private Equity	10%	6.70%
Interest rate sensitive bonds	6%	1.50%
Total	100%	

Discount Rate – The discount rate used to measure the ASRS total pension liability was 7.0 percent, 0.5 percent lower than the rate that was used as of 6/30/2018. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the ASRS Net pension/OPEB (Asset) Liability to Changes in the Discount Rate – The following table presents the City’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the City’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of:			
Net Pension liability	\$ 71,718,549	\$ 47,880,896	\$ 28,004,509
Health insurance premium benefit	(1,138,308)	(1,628,583)	(2,045,206)
Long-term disability	57,146	39,079	21,305

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov

Public Safety Personnel Retirement System

Plan Description – City public safety personnel who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who become members on or after July 1, 2017 may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer cost-sharing defined benefit health insurance premium benefit (OPEB) plan (agent plans). The City has chosen not to report the OPEB portion due to immateriality. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became members on or after July 1, 2017, participate in either agent plans or cost sharing plans (PSPRS Tier 3 Risk Pool). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits Provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
		On or after January 1, 2012 and before July 1, 2017
Retirement and Disability	Before January 1, 2012	
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years of service or 15 years of credited service and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years not to exceed 80%	1.5%-2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% of accidental disability retirement or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, from and after December 31, 2015 the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police		PSPRS Fire	
	Pension	OPEB	Pension	OPEB
Inactive plan members or beneficiaries currently receiving benefits	146	146	97	97
Inactive plan members entitled to but not yet receiving benefits	39	9	15	11
Active plan members	88	88	79	79
Total	273	243	191	187

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police		PSPRS Fire	
	Tier 1 & 2	Tier 3	Tier 1 & 2	Tier 3
Active member:				
Pension	7.65%-10.65%	9.56%-12.56%	7.65%-10.65%	9.56%-12.56%
Health insurance	0.00%	0.17%	0.00%	0.17%
City:				
Pension	10.22%-14.22%	9.63%-12.63%	14.21%-18.21%	9.76%-12.76%
Health insurance	0.00%	0.17%	0.00%	0.17%

During fiscal year 2024, all City paid PSPRS pension and OPEB contributions were from governmental funds. For the agent plans, the City's contributions to the pension and OPEB for the year ended June 30, 2024, were:

	Pension Contribution	OPEB Contribution
PSPRS Police	\$ 937,963	\$ -
PSPRS Fire	1,273,749	22,804

Pension/OPEB (Asset) Liability – At June 30, 2024, the City reported the following net pension liabilities:

	Net Pension Liability	Net OPEB Liability (Asset)
PSPRS Police	\$ 7,227,861	\$ (1,951,457)
PSPRS Fire	7,023,476	(495,837)

The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability(ies) as of June 30, 2023, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2021, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 2.75-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

Pension/OPEB Actuarial Assumptions – The total pension liability in the June 30, 2023, measurement was determined using the following actuarial assumptions:

PSPRS

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2% for pension and OPEB
Wage inflation	2.75-15.0% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	1.85% for pension/not applicable for OPEB
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.20 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rates of Return
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other Assets		
(Capital Appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

Pension Discount Rates – The following discount rates were used to measure the total pension liabilities:

Discount rates	PSPRS Police	PSPRS Fire
Tiers 1 and 2	7.20%	7.20%
Tier 3	7.00%	7.00%

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension/OPEB (asset) liability – The following tables present changes in the City's net pension/OPEB (asset) liability for the PSPRS-Police and PSPRS-Fire plans as follows:

PSPRS Police - Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 138,526,771	\$ 135,054,339	\$ 3,472,432
Changes for the year:			
Service cost	1,531,713	-	1,531,713
Interest on the total pension liability	9,787,842	-	9,787,842
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,336,900	-	4,336,900
Changes of assumptions	-	-	-
Contributions-employer	-	983,206	(983,206)
Contributions-employee	-	816,300	(816,300)
Net investment income	-	10,158,383	(10,158,383)
Benefit payments	(8,232,459)	(8,232,459)	-
Administrative expense	-	(56,863)	56,863
Other changes	-	-	-
Net changes	7,423,996	3,668,567	3,755,429
Balances at June 30, 2024	\$ 145,950,767	\$ 138,722,906	\$ 7,227,861

PSPRS Police - OPEB

	Increase (Decrease)		
	Total OPEB Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 1,735,445	\$ 3,472,673	\$ (1,737,228)
Changes for the year:			
Service cost	32,699	-	32,699
Interest	124,537	-	124,537
Differences between expected and actual experience	(109,672)	-	(109,672)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions-employer	-	-	-
Contributions-employee	-	-	-
Net investment income	-	263,356	(263,356)
Benefit payments	(76,925)	(76,925)	-
Administrative expense	-	(1,563)	1,563
Other changes	-	-	-
Net changes	(29,361)	184,868	(214,229)
Balances at June 30, 2024	\$ 1,706,084	\$ 3,657,541	\$ (1,951,457)

PSPRS Fire - Pension

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net	Liability
	(a)	Position	(a) - (b)
Balances at June 30, 2023	\$ 112,231,898	\$ 109,313,073	\$ 2,918,825
Changes for the year:			
Service cost	1,673,547	-	1,673,547
Interest on the total pension liability	7,971,874	-	7,971,874
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,395,001	-	4,395,001
Changes of assumptions	-	-	-
Contributions-employer	-	1,051,060	(1,051,060)
Contributions-employee	-	681,670	(681,670)
Net investment income	-	8,243,746	(8,243,746)
Benefit payments	(6,369,952)	(6,369,952)	-
Administrative expense	-	(40,020)	40,020
Other changes	-	(685)	685
Net changes	7,670,470	3,565,819	4,104,651
Balances at June 30, 2024	\$ 119,902,368	\$ 112,878,892	\$ 7,023,476

PSPRS Fire - OPEB

	Increase (Decrease)		
	Total	Plan	Net
	OPEB	Fiduciary	OPEB
	Liability (Asset)	Net	Liability (Asset)
	(a)	Position	(a) - (b)
Balances at June 30, 2023	\$ 1,807,091	\$ 2,136,302	\$ (329,211)
Changes for the year:			
Service cost	34,393	-	34,393
Interest on the total pension liability	129,658	-	129,658
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(170,966)	-	(170,966)
Changes of assumptions	-	-	-
Contributions-employer	-	-	-
Contributions-employee	-	-	-
Net investment income	-	160,534	(160,534)
Benefit payments	(81,364)	(81,364)	-
Administrative expense	-	(823)	823
Other changes	-	-	-
Net changes	(88,279)	78,347	(166,626)
Balances at June 30, 2024	\$ 1,718,812	\$ 2,214,649	\$ (495,837)

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate-The following table presents the City's net pension / OPEB (asset) liabilities calculated using the discount rates noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
PSPRS Police			
Net pension liability	\$ 26,893,594	\$ 7,227,861	\$ (8,796,025)
Net OPEB (asset)	(1,757,142)	(1,951,457)	(2,114,521)
PSPRS Fire			
Net pension liability	22,984,107	7,023,476	(6,035,211)
Net OPEB (asset)	(310,574)	(495,837)	(652,619)

Pension Plan Fiduciary Net Position- Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense - For the year ended June 30, 2024, the City recognized the following pension expense:

	Pension Expense	OPEB Expense
PSPRS Police	\$ 6,697,404	\$ (256,561)
PSPRS Fire	5,651,218	(47,632)

Pension Deferred Outflows/Inflows of Resources- At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension/OPEB from the following sources:

PSPRS Police - Pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,612,439	\$ -
Changes of assumptions or other inputs	1,080,416	-
Net difference between projected and actual investment earnings	3,803,412	-
City contributions subsequent to the measurement date:		
Statutorily required contribution	937,963	-
Total	<u>\$ 9,434,230</u>	<u>\$ -</u>

PSPRS Police - OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 222,288
Changes of assumptions or other inputs	8,424	2,440
Net difference between projected and actual investment earnings	30,270	-
City contributions subsequent to the measurement date:		
Statutorily required contribution	-	-
Total	<u>\$ 38,694</u>	<u>\$ 224,728</u>

PSPRS Fire- Pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,138,061	\$ 250,825
Changes of assumptions or other inputs	1,358,717	-
Net difference between projected and actual investment earnings	3,146,073	-
City contributions subsequent to the measurement date:		
Statutorily required contribution	1,273,749	
Total	<u>\$ 10,916,600</u>	<u>\$ 250,825</u>

PSPRS Fire- OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,088	\$ 255,067
Changes of assumptions or other inputs	29,996	-
Net difference between projected and actual investment earnings	19,363	-
City contributions subsequent to the measurement date:		
Statutorily required contribution	22,804	-
Total	<u>\$ 100,251</u>	<u>\$ 255,067</u>

The amounts reported as deferred outflows of resources related to pensions/OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability (or an increase in the net pension/OPEB asset) in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Police		Fire	
	Pension	OPEB	Pension	OPEB
2025	\$ 3,412,099	\$ (148,895)	\$ 3,642,181	\$ (114,809)
2026	2,546,155	(85,761)	2,097,509	(84,161)
2027	2,671,634	51,852	3,760,653	23,285
2028	(133,621)	(3,230)	(108,317)	(1,936)
2029	-	-	-	-
Thereafter	-	-	-	-

Elected Officials Retirement Plan

Plan Description – Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

Benefits Provided – The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

	Initial membership date:	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability member benefit	50% of disability member benefit

*With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Contributions – State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus and amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2024, statute required active EORP members to contribute 7.0 or 13.0 percent of the members' annual covered payroll and the City to contribute 76.51 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 64.37 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges. During fiscal year 2024, the City paid for EORP pension contributions 100% from the General Fund. The City's contributions to the pension plan for the year ended June 30, 2024 was \$197,534.

Liability/(Asset) – At June 30, 2024, the City reported the following asset and liabilities for its proportionate share of the EORP' net pension/OPEB asset or liability.

	Pension	OPEB
City's proportionate share of the EORP net liability (asset)	\$ 1,187,583	\$ (55,581)
State's proportionate share of the EORP net liability (asset) associated with the City	1,327,778	-
Total	\$ 2,515,361	\$ (55,581)

The net pension liability and OPEB asset were measured as of June 30, 2023, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2023 reflect changes of actuarial assumptions including decreased interest rate of return from 7.0 to 7.2 percent and decreasing the wage inflation from 3.75 to 3.25 percent and the cost of living adjustment from 1.75 to 1.85 percent.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2023. The City's proportion measured as of June 30, 2023 was 0.189484 percent, which is 0.472953 percent less than its proportion measured as of June 30, 2022.

Pension and OPEB expense and deferred outflows/inflows of resources – For the year ended June 30, 2024, the City recognized total pension expense of \$270,045 and \$0 OPEB expense for the City's proportionate share of the State's appropriation to EORP and designated court fees. The City reported deferred outflows of resources and deferred inflows of resources related to pension and OPEB from the following sources:

EORP PENSION	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	4,981	-
Changes in proportion and differences between city contributions and proportionate share of contributions	-	568,790
City contributions subsequent to the measurement date	197,534	-
Total	<u>\$ 202,515</u>	<u>\$ 568,790</u>

EORP OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 718	\$ -
Net difference between projected and actual earnings on OPEB plan investments	988	-
Changes in assumptions	-	-
Changes in proportion and differences between city contributions and proportionate share of contributions	562	-
City contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,268</u>	<u>\$ -</u>

The amounts reported as deferred outflows of resources related to EORP pension and OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	Net Outflow/(Inflow)	
	Pension	OPEB
2025	\$ (569,740)	\$ 1,150
2026	(6,506)	(1,128)
2027	13,499	2,417
2028	(1,062)	(172)

Actuarial assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Price inflation	2.50%
Salary Increases	3.25%
Asset Valuation Method	Fair Value
Investment rate of return	7.20%
Retirement Age	Experience-Based Table
Mortality rates	PUBG-2010 Mortality Tables with MP-2021 improvement scale with adjustments to match current experience.
Assumed Future Benefit Increase	1.85% of benefit

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.20 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Geometric Basis
U.S. equity	24%	3.98%
International Public Equity	16%	4.49%
Global Private Equity	20%	7.28%
Other Assets (Capital Appreciation)	7%	4.49%
Core Bonds	6%	1.90%
Private Credit	20%	6.19%
Diversifying Strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

Discount rate – At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.20 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of EORP net pension and OPEB liability/(asset) to changes in the discount rate – The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Single Discount Rate (7.2%)	1% Increase (8.2%)
City's proportionate share of the net pension liability	\$ 1,371,973	\$ 1,187,583	\$ 1,029,487
OPEB asset	(51,134)	(55,581)	(59,465)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

H. Interfund Transfers

Transfers Out	Transfers In							Total
	Governmental Activities	Debt Service	Highway User Revenue Fund	Grants Fund	Mall Maintenance	Capital Projects	Desert Hills Golf Course	
Governmental Funds:								
General Fund	\$ -	\$ 15,037,832	\$ 98,000	\$ 89,240	\$ 265,060	\$ 7,061,620	\$ 1,153,653	\$ 23,705,405
City Road Tax	-	4,401,031	-	-	-	-	-	4,401,031
Public Safety Tax	-	782,086	-	-	-	-	-	782,086
Two Percent	-	376,148	-	-	-	-	106,498	482,646
Highway User Revenue	-	96,333	-	-	-	-	-	96,333
Capital Projects	-	554,813	-	-	-	-	-	554,813
Enterprise Funds:								
Solid Waste	-	136,344	-	-	-	-	-	136,344
Water	-	49,194	-	-	-	-	-	49,194
Wastewater	-	54,460	-	-	-	-	-	54,460
Desert Hills Golf Course	116,371	-	-	-	-	-	-	116,371
Total	\$ 116,371	\$ 21,488,241	\$ 98,000	\$ 89,240	\$ 265,060	\$ 7,061,620	\$ 1,260,151	\$ 30,378,683

The majority of the transfers listed above are for debt service requirements and are recognizable by the fund from 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. A one-time capital transfer was made from Enterprise Funds to Governmental Funds.

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.

I. Interfund Receivables and Payables

Interfund balances for major and nonmajor funds at June 30, 2024, follow:

Due from	Due to General Fund
Community Redevelopment	\$ 94,417
Grants	4,839,475
Maintenance	
Improvement Districts	173,663
Radio Communication	181,899
Equipment Maintenance	116,128
Total	\$ 5,405,582

Because they serve primarily governmental funds, the interfund activity noted above in the Internal Service Equipment Maintenance Fund 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 Position. The internal balances amount appearing on that statement represents net balances allocated to business-type activities for consolidation of internal service funds net profits.

J. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses and injuries to employees; and natural disasters. The City purchases commercial insurance for Property, Public Employee Fidelity Bonds, Crime, Cyber Security, Excess Workers Compensation, Liability, Environmental, and Miscellaneous (i.e. surety bonds, special event insurance as needed, and fine arts coverage.) The City retains all the risk not covered by commercial carriers and has effectively managed risk through various employee education and prevention programs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City provides health benefits to its employees and their dependents through the Yuma Area Benefit Consortium (the Trust). The trust is comprised of three participating entities and provides benefits through a self-funding trust agreement with its members. The consortium purchases insurance for claims in excess of \$210,000 per individual per plan year. A third-party administrator provides claim processing and record keeping services. The City is responsible for paying premiums while employees must contribute for costs of dependent coverage. The trust sets rates through projection of claims cost and administrative expenses, along with a determination of sufficient fund balance to maintain rate stability and trust integrity. Should the Consortium become insolvent or otherwise unable to discharge its liabilities, the participating entities shall be assessed a pro rata share. This assessment may not exceed the amount of each participating entity's annual contribution. Benefit payments to beneficiaries are limited to the amount in the trust. Should the assessment not yield sufficient funds to pay outstanding claims, the trust's obligation to pay claims is limited to the amount in the trust after assessment and the trustees and the participating entities have no further obligation of any type.

The City uses two Internal Service Funds, Insurance Reserve Fund and Workers Compensation Fund, to account for the financing of its risk of loss relating to claims. As the City is self-insured up to \$300,000 for liability claims, with an aggregate maximum of \$2,000,000, the Insurance Reserve Fund manages these claims. Claims exceeding this self-insured limit are covered under the City's Liability Insurance.

For the Workers Compensation Fund, the stop-loss thresholds are \$700,000 for public safety employees and \$600,000 for all other employees, after which the City's Excess Workers Compensation Insurance becomes liable for claims. Charges assessed to the funds are based on historical claims, exposure to risk, and funding necessary reserves. Annually, the City estimates the liabilities for unpaid claims using a historical cost information method. Claims and expenses are recognized when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated. Claims accounted for include, reported and paid claims, reported but unpaid claims, and incurred but not reported (IBNR) claims. The funds' claims liabilities for the past two years are presented below.

	Insurance Reserve Fund		Workers Compensation Fund	
	2023-24	2022-23	2023-24	2022-23
Beginning liability, July 1	\$660,000	\$964,975	\$968,357	2,423,785
Claims and changes in estimates	853,456	429,022	\$922,650	(515,152)
Claims payments	(613,456)	(733,997)	(\$950,548)	(940,276)
Ending liability, June 30	\$900,000	\$660,000	\$940,459	\$968,357

K. Construction Commitments

The City has active construction projects as of June 30, 2024. At year-end the government's commitments with contractors for specific projects are as follows:

Construction Commitments	Original Contract	Spent to Date	Remaining Commitment
General Government	\$3,538,166	\$938,020	\$2,600,146
Parks and Recreation	4,218,438	614,240	3,604,198
Environmental Health	3,981,709	2,812,650	1,169,059
Streets	9,816,013	3,576,547	6,239,466
Wastewater	100,514,672	2,251,496	98,263,176
Total	\$122,068,998	\$10,192,953	\$111,876,045

L. Deficits in Fund Equity

At June 30, 2024, no funds, as shown in the basic financial statements, were in a deficit position.

The Grants Fund is showing a deficit balance of \$551,676 due to expenditures relating to COVID-19 that have been submitted to Arizona Department of Emergency and Military Affairs under a COVID-19 related grant but have not yet been approved for reimbursement.

M. Excess of Expenditures Over Appropriations

Expenditures did not exceed appropriations in any fund.

N. Change in Revenue Recognition

Following provisions of GASB Statement No. 100, *Accounting Principle Changes and Error Corrections* a change in revenue recognition related to city tax revenue recognition is effective July 1, 2023 prospectively and requires an adjustment to fund balance. Historical information is not being restated.

City Transaction Privilege Tax (TPT) is commonly referred to as “City Sales Tax”. When a taxable business activity subject to the TPT, it is the vendor that owes the tax for the “privilege of doing business in Arizona”. Vendors may and commonly do pass the tax along to the customers at the point-of-sale.

Arizona Department of Revenue (ADOR) collects the tax for all Arizona cities, towns and counties. Actual tax rates vary depending on the type of business activity and rates established by individual cities and counties. Vendors engaged in TPT activity remit the TPT to ADOR. ADOR then processes and disburses to the municipality as appropriate.

With a longstanding history going back as far as financial record are available, the City has recognized revenue in the month the vendor remits to ADOR. This recognition policy is not prominent in Arizona, but still intact with some cities. By using this basis, the City’s revenue models were comparable for month-to-month and year-to-year comparisons. This method was also found to be timely for monthly and quarterly financial reports. This method was only revenue focused; not evolving with growth.

The historical methodology lacked consistency in the reporting aligned with other Arizona municipalities experiencing growth; understandability on the modified accrual basis of accounting for revenues; and reliability on the City reporting the full valuation of Receivables, Fund Balances and Net Position.

Beginning fiscal year ended June 30, 2024, the City has elected in change its TPT revenue recognition from the month vendor payments are made to ADOR to the month TPT activity is engaged. This results in the City reporting two months of taxes received in FY 2025 rather than one.

The chart to the right illustrates steps of TPT collections and disbursements with City’s revenue recognition before and after the change in revenue recognition.

Three steps in TPT collection and disbursements	Before Change	After Change
1) Engaged in TPT Activity (Vendor owes/collects tax)	June	June
2) TPT Remitted to ADOR	July	July
3) City Receives Tax from ADOR	August	August
City Recognizes Tax Revenue	July	June *
Number of Months Receivable	1	2
* Tax received within 60 days of transaction		

Effects on beginning and ending balances, sales tax revenue and receivables:

BEGINNING BALANCES: The total adjustment to opening Net Position is \$5,365,587 or 2.34% of the opening Net Position as previously reported. The table below illustrates the total adjustment to Net Position and individual Major and Nonmajor Fund Balances at June 30, 2023.

Change in City Sales Tax Revenue and Receivables Recognition	Governmental Activities	Major Funds		Nonmajor Funds		All Other Governmental Funds
		General Fund	Road Tax Fund	Public Safety Tax Fund	Two Percent Fund	
Net Position / Fund Balance at						
June 30, 2023, as Previously Reported	\$ 229,383,152	\$ 75,434,991	\$ 16,766,145	\$ 5,891,872	\$ 5,842,847	\$ 15,133,510
Adjustment for						
Change in Revenue Recognition	5,365,587	2,745,659	1,372,595	548,852	698,481	-
Net Position / Fund Balance at						
June 30, 2023, as Restated	234,748,739	78,180,650	18,138,740	6,440,724	6,541,328	15,133,510
Percentage of Change	2.34%	3.64%	8.19%	9.32%	11.95%	-

SALES TAX REVENUE: The impact on annual year-to-year comparability of sales tax revenue is minimal with an increase of \$342,529 or 0.51% of total City sales tax revenue. However, month-to-month comparison in the City's revenue model for financial forecasts will be modified slightly.

Change in City Sales Tax Revenue and Receivables Recognition	Governmental Activities	Major Funds		Nonmajor Funds		All Other Governmental Funds
		General Fund	Road Tax Fund	Public Safety Tax Fund	Two Percent Fund	
City Sales Tax Revenue						
Change in Month Recognized						
Before adjustment	\$ 67,332,619	\$ 34,390,132	\$ 17,192,142	\$ 6,874,520	\$ 8,875,825	\$ -
After adjustment	67,675,148	34,573,426	17,283,775	6,911,159	8,906,788	-
Adjustment Amount	342,529	183,294	91,633	36,639	30,963	-
Percentage Change	0.51%	0.53%	0.53%	0.53%	0.35%	-

RECEIVABLES: The impact on receivables balances shows the largest impact of this change in revenue recognition. The total adjustment related to receivables is \$5,708,116. This is the total amount of City sales taxes being reported for the month of June (last month of fiscal year), previously reported as July (first month of fiscal year).

The City's historical revenue recognition reported one month of revenue collected in the first 30 days of the subsequent fiscal year.

Effective FY 2024, the City will have two months of reported revenue collected in the first 60 days of the subsequent fiscal year. This shift affects the year ended June 30, 2024 only, normalizing thereafter.

Change in City Sales Tax Revenue and Receivables Recognition	Governmental Activities	Major Funds		Nonmajor Funds		All Other Governmental Funds
		General Fund	Road Tax Fund	Public Safety Tax Fund	Two Percent Fund	
Receivables						
Change in Revenue Recognized						
Before adjustment	\$ 21,739,345	\$ 6,732,163	\$ 1,105,379	\$ 372,396	\$ 677,107	\$ 12,852,300
After adjustment	27,447,461	9,661,116	2,569,607	957,887	1,406,551	12,852,300
Adjustment Amount	5,708,116	2,928,953	1,464,228	585,491	729,444	-
Percentage Change	26.26%	43.51%	132.46%	157.22%	107.73%	-

ENDING BALANCES: The total adjustment of \$5,365,587 increased ending Net Position by 2.00%. The table below illustrates impact Net Position and individual Major and Nonmajor Fund Balances at June 30, 2024.

Change in City Sales Tax Revenue and Receivables Recognition	Governmental Activities	Major Funds		Nonmajor Funds		All Other Governmental Funds
		General Fund	Road Tax Fund	Public Safety Tax Fund	Two Percent Fund	
Ending Net Position / Fund Balance						
Adjustment for Change in Accounting Principle						
Before adjustment	\$ 268,793,202	\$ 84,105,226	\$ 18,068,891	\$ 6,054,096	\$ 5,297,463	\$ 20,524,642
After adjustment	274,158,789	86,850,885	19,441,486	6,602,948	5,995,944	20,524,642
Adjustment Amount	5,365,587	2,745,659	1,372,595	548,852	698,481	-
Percentage Change	2.00%	3.26%	7.60%	9.07%	13.19%	-

O. Net Position Classifications

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.

The net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities				Total
		Water	Wastewater	Solid Waste	YRCS Radio	
Capital assets, net	\$317,187,401	\$ 146,023,555	\$ 102,489,337	\$ 390,994	\$ 3,718,688	\$ 252,622,574
Unspent bond proceeds	1,822,782	692,626	87,323,918	-	-	88,016,544
Capital related to bonds	(55,014,080)	(45,950,583)	(94,268,550)	-	-	(140,219,133)
Capital realted to finance purchases	(1,200,687)	-	-	-	-	-
SBITA	-	-	-	-	(3,548,576)	(3,548,576)
Net investment in capital assets	\$ 262,795,416	\$ 100,765,598	\$ 95,544,705	\$ 390,994	\$ 170,112	\$ 196,871,409

Restricted Net Position – This category presents external restriction imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City not restricted for any project or other purpose.

III. 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 pending matters may have a material adverse effect on the City's financial position at June 30, 2024. As such, the City has recorded a liability in the Insurance Reserve Fund that is expected to be paid out in FY 2025.

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 SUPPLEMENTAL INFORMATION

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GENERAL EMPLOYEES' RETIREMENT FUNDS

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension/OPEB Liability (Asset)

June 30, 2024

Arizona State Retirement System Pension	Reporting Fiscal Year (Measurement Date)		
	2024 (2023)	2023 (2022)	2022 (2021)
City's proportion of the net pension liability	0.29590%	0.28681%	0.27468%
City's proportionate share of net pension liability	\$ 47,880,896	\$ 46,813,762	\$ 36,091,732
City's covered payroll	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's proportionate share of the net pension liability as a percentage of its covered payroll	120.30%	140.57%	119.34%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%
Arizona State Retirement System Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)		
	2024 (2023)	2023 (2022)	2022 (2021)
City's proportion of the net OPEB liability (asset)	0.30163%	0.29332%	0.28068%
City's proportionate share of the net OPEB liability (asset)	\$ (1,628,583)	\$ (1,631,432)	\$ (1,367,496)
City's covered payroll	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.09%	-4.90%	-4.52%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	134.37%	137.79%	130.24%
Arizona State Retirement System Long-Term Disability	Reporting Fiscal Year (Measurement Date)		
	2024 (2023)	2023 (2022)	2022 (2021)
City's proportion of the net OPEB liability (asset)	0.29823%	0.28876%	0.27771%
City's proportionate share of the net OPEB liability (asset)	\$ 39,079	\$ 26,670	\$ 57,326
City's covered payroll	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.10%	0.08%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	93.70%	95.40%	90.38%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Required Supplemental Information

Exhibit D-1

Cost-Sharing Plans

Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
0.30200%	0.31886%	0.31025%	0.312690%	0.307830%	0.313750%	0.313640%
\$ 52,326,091	\$ 46,397,840	\$ 43,268,957	\$ 48,711,007	\$ 49,686,854	\$ 48,871,806	\$ 46,324,403
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898	\$ 28,462,610	\$ 28,442,751	\$ 27,663,180
161.42%	147.09%	145.73%	161.78%	174.57%	171.83%	167.46%
69.33%	73.24%	73.40%	69.92%	67.06%	63.85%	69.49%
Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015, 2014 and 2013
0.30793%	0.32337%	0.31340%	0.315000%			
\$ (218,013)	\$ (89,364)	\$ (112,852)	\$ (171,486)	Information not available	Information not available	Information not available
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898			
-0.67%	-0.28%	-0.38%	-0.57%			
104.33%	101.62%	102.00%	103.57%			
Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015, 2014 and 2013
0.305270%	0.321490%	0.310780%	0.312970%			
\$ 231,581	\$ 209,433	\$ 162,384	\$ 113,444	Information not available	Information not available	Information not available
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898			
0.71%	0.66%	0.55%	0.38%			
68.01%	72.85%	78.00%	84.44%			

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension/OPEB Liability (Asset)

June 30, 2024

Elected Officials Retirement Plan Pension	Reporting Fiscal Year (Measurement Date)		
	2024 (2023)	2023 (2022)	2022 (2021)
City's proportion of the net pension liability	0.189484%	0.359516%	0.362733%
City's proportionate share of net pension liability	\$ 1,187,583	\$ 2,427,212	\$ 2,207,457
City's covered payroll	\$ 261,698	\$ 249,430	\$ 249,619
City's proportionate share of the net pension liability as a percentage of its covered payroll	453.80%	973.10%	884.33%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.28%
Elected Officials Retirement Plan Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)		
	2024 (2023)	2023 (2022)	2022 (2021)
City's proportion of the net OPEB liability (asset)	0.414324%	0.422821%	0.524235%
City's proportionate share of the net OPEB liability (asset)	\$ (55,581)	\$ (54,378)	\$ (83,604)
City's covered payroll	\$ 261,698	\$ 249,430	\$ 249,619
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-21.24%	-21.80%	-33.49%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	199.83%	198.38%	231.29%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015, 2014 and 2013
0.657428%	0.356800%	0.461140%	0.313770%	0.038265%		
\$ 4,437,384	\$ 2,366,249	\$ 2,905,818	\$ 3,822,739	\$ 2,912,340		
\$ 249,040	\$ 247,298	\$ 247,328	\$ 248,957	\$ 247,464	Information not available	Information not available
1781.80%	956.84%	1174.89%	1535.50%	1176.88%		
29.80%	30.14%	30.40%	19.70%	23.42%		
Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015, 2014 and 2013
0.438338%						
\$ (41,863)	Information not available	Information not available	Information not available	Information not available	Information not available	Information not available
\$ 249,040						
-16.81%						
169.89%						

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension Liability

June 30, 2024

PSPRS Police - Pension

Reporting Fiscal Year (Measurement Date)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	<u>(2023)</u>	<u>(2022)</u>	<u>(2021)</u>
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 1,531,713	\$ 1,572,066	\$ 1,552,908
Interest on the total pension liability	9,787,842	9,481,309	9,200,510
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,336,900	953,662	977,364
Changes of assumptions or other inputs	-	2,160,833	-
Benefit payments, including refunds of employee contributions	(8,232,459)	(7,899,950)	(7,906,805)
Net change in total pension liability	7,423,996	6,267,920	3,823,977
Total pension liability - beginning	138,526,771	132,258,851	128,434,874
Total pension liability - ending (a)	<u>\$145,950,767</u>	<u>\$138,526,771</u>	<u>\$132,258,851</u>

PLAN FIDUCIARY NET POSITION

Contributions - employer	\$ 983,206	\$ 61,013,778	\$ 25,949,936
Contributions - employee	816,300	837,408	795,392
Net investment income	10,158,383	(5,715,547)	16,224,146
Benefit payments, including refunds of employee contributions	(8,232,459)	(7,899,950)	(7,906,805)
Administrative expense	(56,863)	(102,610)	(75,275)
Other changes	-	-	7,739
Net change in plan fiduciary net position	3,668,567	48,133,079	34,995,133
Plan fiduciary net position - beginning	135,054,339	86,921,260	51,926,127
Adjustment to beginning of year	-	-	-
Plan fiduciary net position - ending (b)	<u>\$138,722,906</u>	<u>\$135,054,339</u>	<u>\$ 86,921,260</u>

City's net pension liability - ending (a) - (b) **\$ 7,227,861 \$ 3,472,432 \$ 45,337,591**

PSPRS Police - Pension

Reporting Fiscal Year (Measurement Date)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	<u>(2023)</u>	<u>(2022)</u>	<u>(2021)</u>
Plan fiduciary net position as a percentage of the total pension liability	95.05%	97.49%	65.72%
Covered payroll	\$ 10,099,360	\$ 12,031,813	\$ 9,872,838
City's net pension liability as a percentage of covered payroll	71.57%	28.86%	459.22%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 1,778,959	\$ 2,037,864	\$ 1,865,115	\$ 2,537,434	\$ 2,001,398	\$ 2,064,841	\$ 2,043,247
8,767,069	8,416,772	8,066,846	7,469,258	7,036,487	6,836,389	5,718,621
-	-	-	1,361,581	2,526,647	-	2,022,309
3,293,433	537,676	(18,200)	192,540	29,904	(500,429)	(53,936)
-	2,691,789	-	3,881,385	3,687,996	-	9,770,998
(7,444,933)	(6,692,093)	(5,888,584)	(5,480,859)	(5,713,372)	(5,926,760)	(4,619,148)
6,394,528	6,992,008	4,025,177	9,961,339	9,569,060	2,474,041	14,882,091
122,040,346	115,048,338	111,023,161	101,061,822	91,492,762	89,018,721	74,136,630
\$128,434,874	\$122,040,346	\$115,048,338	\$111,023,161	\$101,061,822	\$91,492,762	\$89,018,721

\$ 5,715,980	\$ 5,577,447	\$ 4,161,523	\$ 4,860,230	\$ 4,511,261	\$ 3,321,709	\$ 3,099,353
871,344	906,329	1,052,451	1,256,377	1,286,467	1,313,708	1,103,885
666,258	2,663,690	3,273,094	4,981,294	242,213	1,497,736	5,100,174
(7,444,933)	(6,692,093)	(5,888,584)	(5,480,859)	(5,713,372)	(5,926,760)	(4,619,148)
(54,337)	(47,310)	(50,516)	(44,476)	(35,254)	(36,917)	(41,075)
13,435	-	(145,591)	(24,290)	(102,489)	(106,535)	(80,531)
(232,253)	2,408,063	2,402,377	5,548,276	188,826	62,941	4,562,658
52,205,888	49,797,986	47,395,609	41,847,333	41,658,507	41,595,566	37,032,908
(47,508)	(161)	-	-	-	-	-
\$ 51,926,127	\$ 52,205,888	\$ 49,797,986	\$ 47,395,609	\$ 41,847,333	\$ 41,658,507	\$ 41,595,566
\$ 76,508,747	\$ 69,834,458	\$ 65,250,352	\$ 63,627,552	\$ 59,214,489	\$ 49,834,255	\$ 47,423,155

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
40.43%	42.78%	43.28%	42.69%	41.41%	45.53%	46.73%
\$ 9,569,156	\$ 10,011,096	\$ 10,587,032	\$ 11,327,294	\$ 10,739,726	\$ 10,916,220	\$ 10,475,959
799.53%	697.57%	616.32%	597.30%	589.66%	481.89%	464.63%

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension Liability

June 30, 2024

<u>PSPRS Police - OPEB</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
<u>TOTAL OPEB LIABILITY</u>			
Service cost	\$ 32,699	\$ 35,628	\$ 37,699
Interest on the total OPEB liability (asset)	124,537	125,634	138,786
Changes of benefit terms		-	-
Differences between expected and actual experience	(109,672)	(86,682)	(269,010)
Changes of assumptions or other inputs	-	16,846	-
Benefit payments, including refunds of employee contributions	(76,925)	(82,720)	(88,431)
Net change in total pension liability (asset)	(29,361)	8,706	(180,956)
Total OPEB liability (asset) - beginning	1,735,445	1,726,739	1,907,695
Total OPEB liability (asset) - ending (a)	\$ 1,706,084	\$ 1,735,445	\$ 1,726,739
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - employee	-	-	-
Net investment income	263,356	(145,274)	814,967
Benefit payments, including refunds of employee contributions	(76,925)	(82,720)	(88,431)
Administrative expense	(1,563)	(2,586)	(3,351)
Other changes	-	-	-
Net change in plan fiduciary net position	184,868	(230,580)	723,185
Plan fiduciary net position - beginning	3,472,673	3,703,253	2,980,068
Adjustment to beginning of year	-	-	-
Plan fiduciary net position - ending (b)	\$ 3,657,541	\$ 3,472,673	\$ 3,703,253
City's net OPEB liability(asset)-ending (a)-(b)	\$ (1,951,457)	\$ (1,737,228)	\$ (1,976,514)

<u>PSPRS Police - OPEB</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	214.38%	200.10%	214.47%
Covered payroll	\$ 10,099,360	\$ 12,031,813	\$ 9,872,838
City's net OPEB liability (asset) as a percentage of covered payroll	-19.32%	-14.44%	-20.02%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 43,231	\$ 31,645	\$ 31,645	\$ 43,675			
142,856	151,243	149,269	150,016			
-	-	-	7,699	Information not available	Information not available	Information not available
(122,117)	(248,356)	(77,555)	(57,194)			
-	28,753	-	(27,864)			
(87,053)	(89,371)	(95,638)	(91,118)			
(23,083)	(126,086)	7,721	25,214			
1,930,778	2,056,864	2,049,143	2,023,929			
\$ 1,907,695	\$ 1,930,778	\$ 2,056,864	\$ 2,049,143			
\$ -	\$ -	\$ (161)	\$ -			
-	-	-	-			
38,067	158,614	197,233	307,707	Information not available	Information not available	Information not available
(87,053)	(89,371)	(95,638)	(91,118)			
(3,096)	(2,738)	(3,002)	(2,722)			
-	-	-	-			
(52,082)	66,505	98,432	213,867			
3,032,150	2,965,484	2,867,052	2,653,185			
	161					
\$ 2,980,068	\$ 3,032,150	\$ 2,965,484	\$ 2,867,052			
\$ (1,072,373)	\$ (1,101,372)	\$ (908,620)	\$ (817,909)			

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
156.21%	157.04%	144.18%	139.91%	Information not available	Information not available	Information not available
\$ 9,569,156	\$ 10,011,096	\$ 10,587,032	\$ 11,327,294			
-11.21%	-11.00%	-8.58%	-7.22%			

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension Liability

June 30, 2024

<u>PSPRS Fire - Pension</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 1,673,547	\$ 1,575,272	\$ 1,465,705
Interest on the total pension liability	7,971,874	7,664,750	7,353,060
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,395,001	1,065,019	785,939
Changes of assumptions or other inputs	-	1,516,206	-
Benefit payments, including refunds of employee contributions	(6,369,952)	(6,021,307)	(4,867,770)
Net change in total pension liability	7,670,470	5,799,940	4,736,934
Total pension liability - beginning	112,231,898	106,431,958	101,695,024
Total pension liability - ending (a)	<u>\$119,902,368</u>	<u>\$112,231,898</u>	<u>\$106,431,958</u>
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions - employer	\$ 1,051,060	\$ 51,263,309	\$ 20,916,218
Contributions - employee	681,670	674,263	626,591
Net investment income	8,243,746	(4,625,291)	12,550,606
Benefit payments, including refunds of employee contributions	(6,369,952)	(6,021,307)	(4,867,770)
Administrative expense	(40,020)	(82,996)	(57,748)
Other changes	(685)	-	-
Net change in plan fiduciary net position	3,565,819	41,207,978	29,167,897
Plan fiduciary net position - beginning	109,313,073	68,105,095	38,937,198
Adjustment to beginning of year	-	-	-
Plan fiduciary net position - ending (b)	<u>\$112,878,892</u>	<u>\$109,313,073</u>	<u>\$ 68,105,095</u>
City's net pension liability-ending (a)-(b)	\$ 7,023,476	\$ 2,918,825	\$ 38,326,863

<u>PSPRS Fire - Pension</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.14%	97.40%	63.99%
Covered payroll	\$ 9,366,002	\$ 9,818,616	\$ 8,245,658
City's net pension liability as a percentage of covered payroll	74.99%	29.73%	464.81%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 1,476,341	\$ 1,579,025	\$ 1,558,380	\$ 1,753,544	\$ 1,504,175	\$ 1,443,632	\$ 1,511,371
6,799,883	6,634,098	6,356,400	5,828,117	5,580,799	5,332,981	4,671,699
-	-	-	752,016	3,597,460	-	1,370,597
4,335,248	(1,504,948)	(769,630)	447,610	(2,260,983)	894,372	(1,120,811)
-	1,568,402	-	3,928,814	2,732,266	-	6,122,119
(5,178,376)	(4,171,191)	(4,213,435)	(4,633,460)	(4,692,861)	(4,395,817)	(3,798,443)
7,433,096	4,105,386	2,931,715	8,076,641	6,460,856	3,275,168	8,756,532
94,261,928	90,156,542	87,224,827	79,148,186	72,687,330	69,412,162	60,655,630
\$101,695,024	\$ 94,261,928	\$ 90,156,542	\$ 87,224,827	\$ 79,148,186	\$ 72,687,330	\$ 69,412,162

\$ 5,136,594	\$ 5,431,590	\$ 3,369,308	\$ 3,870,770	\$ 3,700,007	\$ 2,750,517	\$ 2,603,104
760,572	570,661	732,048	949,203	947,173	899,220	754,968
491,372	1,858,386	2,216,964	3,407,616	166,820	1,040,382	3,516,237
(5,178,376)	(4,171,191)	(4,213,435)	(4,633,460)	(4,692,861)	(4,395,817)	(3,798,443)
(40,068)	(33,294)	(34,442)	(30,552)	(24,404)	(25,761)	(28,319)
-	(90,731)	375	362	(227,494)	(251,349)	949
1,170,094	3,565,421	2,070,818	3,563,939	(130,759)	17,192	3,048,496
37,767,102	34,219,258	32,148,440	28,584,501	28,715,260	28,698,068	25,649,572
2	(17,577)	-	-	-	-	-
\$ 38,937,198	\$ 37,767,102	\$ 34,219,258	\$ 32,148,440	\$ 28,584,501	\$ 28,715,260	\$ 28,698,068
\$ 62,757,826	\$ 56,494,826	\$ 55,937,284	\$ 55,076,387	\$ 50,563,685	\$ 43,972,070	\$ 40,714,094

Reporting Fiscal Year (Measurement Date)

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
38.29%	40.07%	37.96%	36.86%	36.12%	39.51%	41.34%
\$ 7,823,750	\$ 7,780,952	\$ 7,779,859	\$ 7,384,578	\$ 7,592,493	\$ 7,516,425	\$ 7,294,375
802.15%	726.07%	719.00%	767.63%	672.98%	569.09%	569.78%

City of Yuma, Arizona

Schedule of the City's Proportionate Share of the Net Pension Liability

June 30, 2024

<u>PSPRS Fire - OPEB</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
<u>TOTAL OPEB LIABILITY</u>			
Service cost	\$ 34,393	\$ 33,516	\$ 33,331
Interest on the total OPEB liability (asset)	129,658	119,754	126,061
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(170,966)	41,639	(167,412)
Changes of assumptions or other inputs	-	43,873	-
Benefit payments, including refunds of employee contributions	(81,364)	(77,292)	(79,835)
Net change in total pension liability (asset)	(88,279)	161,490	(87,855)
Total OPEB liability (asset) - beginning	1,807,091	1,645,601	1,733,456
Total OPEB liability (asset) - ending (a)	\$ 1,718,812	\$ 1,807,091	\$ 1,645,601
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions - employer	\$ -	\$ 12,215	\$ 18,223
Contributions - employee	-	-	-
Net investment income	160,534	(89,391)	502,785
Benefit payments, including refunds of employee contributions	(81,364)	(77,292)	(79,835)
Administrative expense	(823)	(1,591)	(2,067)
Other changes	-	-	-
Net change in plan fiduciary net position	78,347	(156,059)	439,106
Plan fiduciary net position - beginning	2,136,302	2,292,361	1,853,255
Adjustment to beginning of year	-	-	-
Plan fiduciary net position - ending (b)	\$ 2,214,649	\$ 2,136,302	\$ 2,292,361
City's net OPEB liability(asset)-ending (a)-(b)	\$ (495,837)	\$ (329,211)	\$ (646,760)

<u>PSPRS Fire - OPEB</u>	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	128.85%	118.22%	139.30%
Covered payroll	\$ 9,366,002	\$ 9,818,616	\$ 8,245,658
City's net OPEB liability (asset) as a percentage of covered payroll	-5.29%	-3.35%	-7.84%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 35,061	\$ 22,740	\$ 22,740	\$ 24,395	Information not available	Information not available	Information not available
124,554	140,341	131,832	121,540			
-	-	-	5,033			
(32,650)	(320,080)	33,203	64,956			
-	14,906	-	24,847			
(83,230)	(83,901)	(84,394)	(73,546)			
43,735	(225,994)	103,381	167,225			
1,689,721	1,915,715	1,812,334	1,645,109			
\$ 1,733,456	\$ 1,689,721	\$ 1,915,715	\$ 1,812,334			
\$ 24,275	\$ 25,091	\$ 7,573	\$ 14,586	Information not available	Information not available	Information not available
-	-	-	-			
23,521	97,903	122,612	192,515			
(83,230)	(83,901)	(84,394)	(73,546)			
(1,913)	(1,690)	(1,866)	(1,703)			
-	-	-	-			
(37,347)	37,403	43,925	131,852			
1,890,602	1,835,623	1,791,698	1,659,846			
-	17,576	-	-			
\$ 1,853,255	\$ 1,890,602	\$ 1,835,623	\$ 1,791,698			
\$ (119,799)	\$ (200,881)	\$ 80,092	\$ 20,636			

Reporting Fiscal Year (Measurement Date)						
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
106.91%	111.89%	95.82%	98.86%	Information not available	Information not available	Information not available
\$ 7,823,750	\$ 7,780,952	\$ 7,779,859	\$ 7,384,578			
-1.53%	-2.58%	1.03%	0.28%			

City of Yuma, Arizona

Schedule of City Pension/OPEB Contributions

June 30, 2024

Arizona State Retirement System Pension	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 5,418,412	\$ 4,744,398	\$ 3,999,644	\$ 3,523,235
City's contributions in relation to the statutorily required contribution	5,418,412	4,744,398	3,999,644	3,523,235
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 45,040,831	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's contributions as a percentage of covered payroll	12.03%	11.92%	12.01%	11.65%

Arizona State Retirement System Health Insurance Premium	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 49,545	\$ 43,782	\$ 69,935	\$ 117,945
City's contributions in relation to the statutorily required contribution	49,545	43,782	69,935	117,945
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 45,040,831	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's contributions as a percentage of covered payroll	0.11%	0.11%	0.21%	0.39%

Arizona State Retirement System Long-Term Disability	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 67,561	\$ 56,367	\$ 63,275	\$ 54,436
City's contributions in relation to the statutorily required contribution	67,561	56,367	63,275	54,436
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 45,040,831	\$ 39,801,997	\$ 33,302,614	\$ 30,242,361
City's contributions as a percentage of covered payroll	0.15%	0.14%	0.19%	0.18%

* The amount reported as Statutorily required contribution for Arizona State Retirement System Pension was restated for 2017-2020

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Required Supplemental Information

Exhibit D-3

Reporting Fiscal Year					
2020 *	2019 *	2018 *	2017 *	2016	2015
\$ 3,711,680	\$ 3,526,498	\$ 3,236,317	\$ 3,245,847	\$ 3,129,314	\$ 3,145,752
3,711,680	3,526,498	3,236,317	3,245,847	3,129,314	3,145,752
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898	\$ 28,462,610	\$ 28,442,751
11.45%	11.18%	10.90%	10.78%	10.99%	11.06%

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 158,840	\$ 145,097	\$ 130,640	\$ 168,615	Information Not Available	Information Not Available
158,840	145,097	130,640	168,615		
\$ -	\$ -	\$ -	\$ -		
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898		
0.49%	0.46%	0.44%	0.56%		

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 55,108	\$ 50,469	\$ 47,506	\$ 41,930	Information Not Available	Information Not Available
55,108	50,469	47,506	41,930		
\$ -	\$ -	\$ -	\$ -		
\$ 32,416,419	\$ 31,542,916	\$ 29,690,982	\$ 30,109,898		
0.17%	0.16%	0.16%	0.14%		

City of Yuma, Arizona

Schedule of City Pension/OPEB Contributions

June 30, 2024

Elected Officials Retirement Plan Pension	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 197,534	\$ 184,288	\$ 153,225	\$ 153,341
City's contributions in relation to the statutorily required contribution	197,534	184,288	153,225	153,341
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 280,508	\$ 261,698	\$ 249,430	\$ 249,619
City's contributions as a percentage of covered payroll	70.42%	70.42%	61.43%	61.43%

Elected Officials Retirement Plan Health Insurance Premium	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ -	\$ 432		
City's contributions in relation to the statutorily required contribution	-	432	Information Not Available	Information Not Available
City's contribution deficiency (excess)	\$ -	\$ -		
City's covered payroll	\$ 280,508	\$ 261,698		
City's contributions as a percentage of covered payroll	0.00%	0.00%		

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Required Supplemental Information

Exhibit D-3

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 152,985	\$ 152,088	\$ 58,122	\$ 58,505	\$ 58,154	Information Not Available
152,985	152,088	58,122	58,505	58,154	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 249,040	\$ 247,298	\$ 247,328	\$ 248,957	\$ 247,464	
61.43%	61.50%	23.50%	23.50%	23.50%	

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
Information Not Available	Information Not Available	Information Not Available	Information Not Available	Information Not Available	Information Not Available

City of Yuma, Arizona

Schedule of City Pension/OPEB Contributions

June 30, 2024

PSPRS Police Pension	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 937,963	\$ 1,009,936	\$ 1,234,464	\$ 6,328,489
City's contributions in relation to the statutorily required contribution	937,963	1,009,936	61,391,220	26,042,339
City's contribution deficiency (excess)	\$ -	\$ -	\$ (60,156,756)	\$ (19,713,850)
City's covered payroll	\$ 9,177,720	\$ 10,099,360	\$ 12,031,813	\$ 9,872,838
City's contributions as a percentage of covered payroll	10.22%	10.00%	10.26%	64.10%

PSPRS Police OPEB	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ -	\$ 20,601	\$ 50,798	\$ 2,528
City's contributions in relation to the statutorily required contribution	-	20,601	50,798	2,528
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 9,177,720	\$ 10,099,360	\$ 12,031,813	\$ 9,872,838
City's contributions as a percentage of covered payroll	0.00%	0.88%	0.42%	0.03%

PSPRS Fire Pension	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 1,273,749	\$ 1,220,390	\$ 1,304,894	\$ 5,725,785
City's contributions in relation to the statutorily required contribution	1,273,749	1,220,390	51,522,527	21,011,935
City's contribution deficiency (excess)	\$ -	\$ -	\$ (50,217,633)	\$ (15,286,150)
City's covered payroll	\$ 8,963,751	\$ 9,366,002	\$ 9,818,616	\$ 8,245,658
City's contributions as a percentage of covered payroll	14.21%	13.03%	13.29%	69.44%

PSPRS Fire OPEB	Reporting Fiscal Year			
	2024	2023	2022	2021
Statutorily required contribution	\$ 22,804	\$ 36,878	\$ 47,143	\$ 2,340
City's contributions in relation to the statutorily required contribution	22,804	36,878	47,143	2,340
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,963,751	\$ 9,366,002	\$ 9,818,616	\$ 8,245,658
City's contributions as a percentage of covered payroll	0.25%	0.39%	0.48%	0.03%

Note: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as available

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 5,747,235	\$ 5,406,993	\$ 5,656,651	\$ 4,871,869	\$ 4,514,793	\$ 3,301,671
5,747,235	5,406,993	5,656,651	4,871,869	4,514,793	3,301,671
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,569,156	\$ 10,011,096	\$ 10,587,032	\$ 11,327,294	\$ 10,739,726	\$ 10,916,220
60.06%	54.01%	53.43%	43.01%	42.04%	30.25%

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 1,785	\$ 1,730	Information Not Available	Information Not Available	Information Not Available	Information Not Available
1,785	1,730				
\$ -	\$ -				
\$ 9,569,156	\$ 10,011,096				
0.02%	0.02%				

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 5,234,089	\$ 5,382,085	\$ 4,625,904	\$ 3,723,304	\$ 3,543,790	\$ 2,608,314
5,234,089	5,382,085	4,625,904	3,723,304	3,543,790	2,608,314
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,823,750	\$ 7,780,952	\$ 7,779,859	\$ 7,384,578	\$ 7,592,493	\$ 7,516,425
66.90%	69.17%	59.46%	50.42%	46.67%	34.70%

Reporting Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 17,928	\$ 24,894	Information Not Available	Information Not Available	Information Not Available	Information Not Available
17,928	24,894				
\$ -	\$ -				
\$ 7,823,750	\$ 7,780,952				
0.23%	0.32%				

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BUDGETARY COMPARISON SCHEDULES

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE:				
Property Tax - Primary	\$16,040,776	\$16,040,776	\$15,375,550	(\$665,226)
Property Tax - Delinquent	257,137	257,137	243,865	(13,272)
City Sales Tax	33,600,000	33,600,000	34,573,426	973,426
Public Enterprise In-Lieu	254,245	254,245	254,245	-
Franchise Tax	3,443,764	3,443,764	3,728,788	285,024
Total Taxes	53,595,922	53,595,922	54,175,874	579,952
Business Licenses	265,000	265,000	291,041	26,041
Liquor Licenses	39,500	39,500	40,340	840
Building Permits	2,135,000	2,135,000	2,260,252	125,252
Alcohol Permits	6,000	6,000	8,664	2,664
Animal Licenses	55,000	55,000	20,048	(34,952)
Total Licenses	2,500,500	2,500,500	2,620,345	119,845
State Shared Sales Tax	14,371,000	14,371,000	14,913,219	542,219
State Shared Income Tax	25,500,000	25,500,000	26,108,821	608,821
State Shared Auto Lieu Tax	5,375,400	5,375,400	5,488,540	113,140
Smart and Safe AZ	150,000	150,000	722,533	572,533
Other Governmental Funding	15,000	15,000	20,443	5,443
Total Intergovernmental	45,411,400	45,411,400	47,253,556	1,842,156
Building Inspection Fees	482,700	482,700	788,739	306,039
Recreation Fees	280,900	280,900	390,445	109,545
Police Services	600,000	600,000	819,255	219,255
Fire Ambulance Services	4,200,000	4,200,000	5,792,910	1,592,910
Indirect Cost Allocation	7,321,284	7,321,284	7,321,284	-
Arizona Avenue Rentals	110,000	110,000	137,809	27,809
Other Charges	117,000	117,000	146,818	29,818
Total Charges for Services	13,111,884	13,111,884	15,397,260	2,285,376
City Court Fines	920,000	920,000	1,098,056	178,056
Total Fines and Forfeitures	920,000	920,000	1,098,056	178,056
Interest	100,000	100,000	4,162,372	4,062,372
Rental Receipts	379,887	379,887	758,733	378,846
Total Interest and Rentals	479,887	479,887	4,921,105	4,441,218
Sales of Surplus Property	25,000	25,000	613,000	588,000
Other	190,100	190,100	244,946	54,846
Total Miscellaneous	215,100	215,100	857,946	642,846
Total Revenues	\$116,234,693	\$116,234,693	\$126,324,142	\$10,089,449

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

EXPENDITURES	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Mayor and Council	\$ 842,928	\$ 842,928	\$ 755,326	\$ 87,602
City Administrator's Office	3,901,764	4,059,201	3,423,532	635,669
City Attorney's Office	1,609,033	1,841,853	1,841,853	-
Information Technology	5,093,028	5,717,049	5,548,913	168,136
Facilities Maintenance	7,252,262	7,215,630	7,090,413	125,217
Finance Department	2,943,991	2,925,426	2,606,172	319,254
General Government	6,351,206	3,668,716	1,165,209	2,503,507
Human Resources	1,767,041	1,780,041	1,616,796	163,245
Budget Only-Contingency	4,195,500	2,688,735	-	2,688,735
Total General Government	33,956,753	30,739,579	24,048,214	6,691,365
Police Department	31,003,486	31,113,502	31,113,502	-
Fire Department	17,446,267	19,778,550	19,778,550	-
Municipal Court	2,864,939	3,153,534	3,153,534	-
Total Public Safety	51,314,692	54,045,586	54,045,586	-
Parks and Recreation Dept.	8,406,182	8,470,004	8,470,004	-
Total Parks and Recreation	8,406,182	8,470,004	8,470,004	-
Building Safety	2,378,749	3,182,635	3,182,635	-
Engineering	358,041	384,782	371,154	13,628
Planning and Neighborhood Svs	2,372,295	1,804,105	1,675,709	128,396
Total Comm. Development	5,109,085	5,371,522	5,229,498	142,024
Principal	60,490	167,804	167,804	-
Total Debt Service	60,490	167,804	167,804	-
City Administrator's Office	39,375	818,294	818,294	-
Information Technology	866,600	185,636	167,023	18,613
Facilities Maintenance	155,900	138,009	105,414	32,595
Finance Department	-	18,565	18,565	-
Parks and Recreation Dept.	264,150	386,252	385,936	316
Police Department	48,500	31,486	26,784	4,702
Fire Department	80,285	23,122	23,122	-
Municipal Court	-	280	280	-
Building Safety	90,970	68,125	68,125	-
Planning and Nighborhood Svs.	375,000	375,000	-	375,000
Capital Projects	6,312,075	6,312,075	373,853	5,938,222
Total Capital Outlay	8,232,855	8,356,844	1,987,396	6,369,448
Total Expenditures	\$107,080,057	\$ 107,151,339	\$ 93,948,502	\$ 13,202,837

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

City of Yuma, Arizona
Budgetary Comparison Schedule

Year Ended June 30, 2024

General Fund
Exhibit E-1
Concluded

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues Over / (Under)				
Expenditures	\$9,154,636	\$9,083,354	\$32,375,640	(\$3,113,388)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(25,682,403)	(25,775,549)	(23,705,405)	(2,070,144)
Total Other Fin. Sources (Uses)	(25,682,403)	(25,775,549)	(23,705,405)	(2,070,144)
Planned Change in Fund Balance	(\$16,527,767)	(\$16,692,195)	8,670,235	\$25,362,430
<u>FUND BALANCE</u>				
Beginning July 1, as Previously Reported			75,434,991	
Adjustment for Change in Revenue Recognition			2,745,659	
Ending June 30			<u>86,850,885</u>	
<i>Less Fund Balance that is:</i>				
Nonspendable			(226,044)	
Restricted			(1,088,041)	
Committed			(14,163,248)	
Assigned			(41,257,328)	
Ending Unassigned Balance			<u>\$30,116,224</u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

City Road Tax Fund

Exhibit E-2

REVENUE	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes				
Special Road Sales Tax	\$16,809,600	\$16,809,600	\$17,283,775	\$ 474,175
Interest	30,000	30,000	865,454	835,454
Rent	33,456	33,456	33,831	375
Charges For Services	25,000	25,000	21,996	(3,004)
Miscellaneous	1,500	1,500	56,445	54,945
Total Revenues	16,899,556	16,899,556	18,261,501	1,361,945
EXPENDITURES				
Current:				
Public Safety				
Traffic Signals and Signs	1,135,843	1,135,843	1,031,624	104,219
Streets				
Engineering	2,467,523	2,456,206	2,337,990	118,216
Street Lighting	-	1,037,101	1,037,101	-
Pathways and Trails	679,715	44,206	5,127	39,079
Right-Of-Way Management	172,857	171,060	-	171,060
Capital Outlay	166,910	162,760	42,937	119,823
Debt Service				
Finance Purchases	9,140	10,586	10,586	-
Capital Projects				
Streets	15,959,050	15,959,050	8,092,359	7,866,691
Total Expenditures	20,591,038	20,976,812	12,557,724	8,419,088
Revenues Over / (Under)				
Expenditures	(3,691,482)	(4,077,256)	5,703,777	(9,781,033)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,401,024)	(4,401,024)	(4,401,031)	7
Total Other Fin. Sources (Uses)	(4,401,024)	(4,401,024)	(4,401,031)	7
Net Change in Fund Balances	\$ (8,092,506)	\$ (8,478,280)	1,302,746	\$ (9,781,026)
FUND BALANCE				
Beginning July 1, as Previously Reported			16,766,145	
Adjustment for Change in Revenue Recognition			1,372,595	
Ending June 30			\$19,441,486	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

American Rescue Plan Act Fund

Exhibit E-3

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUE				
Intergovernmental				
Federal government	\$ 20,537,035	\$ 20,537,035	\$ 2,589,230	\$ (17,947,805)
Interest	-	-	-	-
Total Revenues	20,537,035	20,537,035	2,589,230	(17,947,805)
EXPENDITURES				
Current:				
General Government	2,276,635	2,276,635	394,508	1,882,127
Public Safety	40,000	40,000	17,089	22,911
Capital Outlay	590,000	590,000	300,609	289,391
Capital Projects:				
General Government	1,644,775	1,644,775	136,706	1,508,069
Public Safety	2,000,000	2,000,000	1,101,925	898,075
Parks, Recreation and Culture	13,985,625	13,985,625	638,393	13,347,232
Total Expenditures	20,537,035	20,537,035	2,589,230	17,947,805
Net Change in Fund Balances	\$ -	\$ -	-	\$ -
FUND BALANCE				
Beginning July 1			-	
Ending June 30			\$ -	

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

NOTES TO
REQUIRED SUPPLEMENTAL
INFORMATION

A. Pension Plan Schedule Note

Actuarial Assumptions for Valuations Performed.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends.

The actuarial assumptions used in the June 30, 2020, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The total liabilities as of June 30, 2022, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increase from 2.7-7.2 percent to 2.9-8.4 percent.

The actuarial assumptions used in the June 30, 2020, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2017 actuarial valuation.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's OR plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

PSPRS allowed the City to phase in the increased contributions for members who were retired as of the law's effective date over three years. As a result, the City's pension contributions were less than the actuarially determined contributions for 2016 and 2017.

The City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

B. Budgetary Reporting and Budgetary Basis of Accounting

Budgets are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP), with the exception of the Enterprise Funds and Internal Service Funds for which budgets are adopted. As such, reconciliations between budgetary schedules and financial statements are not necessary for governmental funds. For Enterprise Funds and Internal Service Funds, expenditures related to debt service and to capital acquisition are budgeted in the same manner as governmental funds. Depreciation is not budgeted. Reconciliations from budgetary schedules and financial statements of these funds are presented on the face of the respective budgetary statements.

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OTHER SUPPLEMENTAL INFORMATION

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GOVERNMENTAL FUNDS

City of Yuma, Arizona
Combining Balance Sheet

June 30, 2024

	Special Revenue		
	Public Safety Tax	Highway Users Revenue	Grants
<u>ASSETS</u>			
Cash and Investments	\$ 5,662,200	\$ 1,875,622	\$ 735,954
Receivables (Net of Allowances for Uncollectibles):			
Accounts Receivable	-	83,013	940,515
Intergovernmental	956,902	1,006,142	3,624,638
Delinquent Property Taxes	-	-	-
Accrued Interest	985	3,919	182
Inventory, at cost	-	-	-
Prepaid Items	-	-	21,251
Total Assets	<u>\$ 6,620,087</u>	<u>\$ 2,968,696</u>	<u>\$ 5,322,540</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 17,139	\$ 35,390	\$ 221,765
Accrued Payroll, Taxes and Benefits Payable	-	95,089	22,830
Due to Other Funds	-	-	4,839,475
Deposits	-	-	-
Unearned Revenues	-	-	789,200
Total Liabilities	<u>17,139</u>	<u>130,479</u>	<u>5,873,270</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenues	-	-	-
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	-	-	-
Prepaid Items	-	-	21,251
Spendable			
Restricted	6,602,948	2,838,217	-
Unassigned	-	-	(571,981)
Total Fund Balances	<u>6,602,948</u>	<u>2,838,217</u>	<u>(550,730)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,620,087</u>	<u>\$ 2,968,696</u>	<u>\$ 5,322,540</u>

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

Nonmajor Governmental Funds

Exhibit F-1

Special Revenue Funds

Special Revenue					Total
Community Redevelopment	Two Percent Tax	Yuma Mall Maintenance	Maintenance Improvement Districts	Public Safety Settlement	Nonmajor Special Revenue Funds
\$ 87,404	\$ 4,913,456	\$ 4,110	\$ 216,684	\$ 506,141	\$ 14,001,571
817,501	231,237	-	-	123,096	2,195,362
108,182	1,169,987	307	1,249	-	6,867,407
-	-	1,963	2,979	-	4,942
-	5,327	-	-	-	10,413
-	87,531	-	-	-	87,531
-	10,150	-	-	-	31,401
\$ 1,013,087	\$ 6,417,688	\$ 6,380	\$ 220,912	\$ 629,237	\$ 23,198,627
\$ 50,974	\$ 155,062	\$ 1,498	\$ 23,347	\$ -	\$ 505,175
6,757	111,524	2,919	-	-	239,119
94,417	-	-	173,663	-	5,107,555
-	77,427	-	-	-	77,427
52,890	77,731	-	-	-	919,821
205,038	421,744	4,417	197,010	-	6,849,097
808,049	-	1,963	2,979	-	812,991
-	87,532	-	-	-	87,532
-	10,150	-	-	-	31,401
-	5,898,262	-	20,923	629,237	15,989,587
-	-	-	-	-	(571,981)
-	5,995,944	-	20,923	629,237	15,536,539
\$ 1,013,087	\$ 6,417,688	\$ 6,380	\$ 220,912	\$ 629,237	\$ 23,198,627

City of Yuma, Arizona

Combining Balance Sheet

June 30, 2024

	Capital Projects Funds		
	Capital Project Reserve and Contingencies	Parks and Recreation Projects	Police Projects
<u>ASSETS</u>			
Cash and Investments	\$ 7,090,564	\$ 1,660,975	\$ 3,305,090
Cash with Fiscal Agents	-	-	-
Receivables (Net of Allowances for Uncollectibles):			
Accounts Receivable	-	-	-
Intergovernmental	-	-	-
Delinquent Property Taxes	-	-	-
Accrued Interest	-	2,049	1,123
Inventory, at cost	-	-	-
Prepaid Items	-	-	-
Total Assets	\$ 7,090,564	\$ 1,663,024	\$ 3,306,213
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ 118,910	\$ 126,749
Accrued Payroll, Taxes and Benefits Payable	-	-	-
Due to Other Funds	-	-	-
Deposits	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	-	118,910	126,749
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenues	-	-	-
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	-	-	-
Prepaid Items	-	-	-
Spendable:			
Restricted	-	1,544,114	3,179,464
Committed	7,090,564	-	-
Unassigned	-	-	-
Total Fund Balances	7,090,564	1,544,114	3,179,464
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 7,090,564	\$ 1,663,024	\$ 3,306,213

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

Nonmajor Governmental Funds

Exhibit F-2

Capital Project Funds

Capital Project Funds				Total Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Fire Projects	General Government Projects	Transportation Projects	Other Capital Projects		
\$ 1,192,350	\$ 138,763	\$ 1,126,336	\$ 3,276,287	\$17,790,365	\$ 31,791,936
-	-	-	79,771	79,771	79,771
-	-	-	145,518	145,518	2,340,880
-	-	-	251,955	251,955	7,119,362
-	-	-	-	-	4,942
902	11	1,100	-	5,185	15,598
-	-	-	-	-	87,531
-	-	-	-	-	31,401
\$ 1,193,252	\$ 138,774	\$ 1,127,436	\$ 3,753,531	\$18,272,794	\$ 41,471,421
\$ 8,182	\$ 24	\$ 729	\$ -	\$ 254,594	\$ 759,769
-	-	-	-	-	239,119
-	-	-	-	-	5,107,555
-	-	-	-	-	77,427
-	-	-	1,806,235	1,806,235	2,726,056
8,182	24	729	1,806,235	2,060,829	8,909,926
-	-	-	-	-	812,991
-	-	-	-	-	87,532
-	-	-	-	-	31,401
1,185,070	138,750	1,126,707	1,822,782	8,996,887	24,986,474
-	-	-	124,514	7,215,078	7,215,078
-	-	-	-	-	(571,981)
1,185,070	138,750	1,126,707	1,947,296	16,211,965	31,748,504
\$ 1,193,252	\$ 138,774	\$ 1,127,436	\$ 3,753,531	\$18,272,794	\$ 41,471,421

City of Yuma, Arizona

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

	Special Revenue		
	Public Safety Tax	Highway Users Revenue	Grants
REVENUE:			
Taxes	\$ 6,911,159	-	-
Intergovernmental	-	\$ 9,955,478	\$ 6,717,957
Charges for Services	-	-	-
Interest and Rents	481,102	175,822	2,630
Contributions/Donations	-	-	279,144
Miscellaneous	37,613	6,255	-
Total Revenues	7,429,874	10,137,555	6,999,731
EXPENDITURES:			
Current:			
General Government	-	-	274,926
Public Safety	3,605,238	633,839	2,661,094
Streets	-	9,806,014	-
Parks, Recreation and Culture	-	-	119,579
Environmental Health and Protection	-	755,176	-
Community Design and Development	-	-	-
Capital Outlay	141,953	104,576	1,924,920
Capital Projects			
General Government	-	-	415,673
Public Safety	2,235,754	-	13,036
Parks, Recreation and Culture	-	-	1,048,335
Environmental, Health and Safety	-	-	450,000
Debt Service:			
Finance Purchases	502,619	-	-
Total Expenditures	6,485,564	11,299,605	6,907,563
Revenues Over/(Under) Expenditures	944,310	(1,162,050)	92,168
OTHER FINANCING SOURCES (USES)			
Transfers In	-	98,000	89,240
Transfers Out	(782,086)	(96,333)	-
Total Other Financing Sources (Uses)	(782,086)	1,667	89,240
Net Changes in Fund Balances	162,224	(1,160,383)	181,408
Fund Balances, Beginning as Previously Reported	5,891,872	3,998,600	(732,138)
Adjustment for Change in Revenue Recognition	548,852	-	-
Fund Balances, Ending	\$ 6,602,948	\$ 2,838,217	\$ (550,730)

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

Nonmajor Governmental Funds

Exhibit F-3

Special Revenue Funds

Special Revenue					Total
Community Redevelopment	Two Percent Tax	Yuma Mall Maintenance	Maintenance Improvement Districts	Public Safety Settlement	Nonmajor Special Revenue Funds
-	\$ 8,906,788	\$ 152,935	\$ 309,773	-	\$ 16,280,655
\$ 1,283,497	2,200	-	-	-	17,959,132
-	2,942,258	-	-	-	2,942,258
-	258,395	-	-	\$ 7,786	925,735
-	-	-	-	621,451	900,595
-	84,602	1,980	-	-	130,450
1,283,497	12,194,243	154,915	309,773	629,237	39,138,825
-	561,765	-	-	-	836,691
-	-	-	-	-	6,900,171
-	-	-	-	-	9,806,014
-	9,690,489	-	-	-	9,810,068
-	-	-	-	-	755,176
1,188,615	-	306,502	232,168	-	1,727,285
-	346,784	100,914	-	-	2,619,147
-	-	-	-	-	415,673
-	-	-	-	-	2,248,790
94,882	1,657,943	-	-	-	2,801,160
-	-	-	-	-	450,000
-	-	12,559	-	-	515,178
1,283,497	12,256,981	419,975	232,168	-	38,885,353
-	(62,738)	(265,060)	77,605	629,237	253,472
-	-	265,060	-	-	452,300
-	(482,646)	-	-	-	(1,361,065)
-	(482,646)	265,060	-	-	(908,765)
-	(545,384)	-	77,605	629,237	(655,293)
-	5,842,847	-	(56,682)	-	14,944,499
-	698,481	-	-	-	1,247,333
\$ -	\$ 5,995,944	\$ -	\$ 20,923	\$ 629,237	\$ 15,536,539

City of Yuma, Arizona

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

	Capital Projects Funds		
	Capital Project Reserve and Contingencies	Parks and Recreation Projects	Police Projects
REVENUE:			
Taxes	-	-	-
Intergovernmental	-	-	-
Charges for Services	-	\$ 545,349	\$ 262,222
Interest and Rentals	\$ 28,944	104,807	172,069
Contributions and Donations	-	-	-
Miscellaneous	-	-	-
Total Revenues	28,944	650,156	434,291
EXPENDITURES:			
Current:			
General Government	-	-	-
Public Safety	-	-	134,308
Streets	-	-	-
Parks, Recreation and Culture	-	10,218	-
Environmental Health and Protection	-	-	-
Community Design and Development	-	-	-
Capital Outlay	-	-	-
Capital Projects			
General Government	-	-	-
Public Safety	-	-	544,633
Streets	-	-	-
Parks, Recreation and Culture	-	393,046	-
Environmental, Health and Safety	-	-	-
Debt Service:			
Finance Purchases	-	-	-
Total Expenditures	-	403,264	678,941
Revenues Over/(Under) Expenditures	28,944	246,892	(244,650)
OTHER FINANCING SOURCES (USES)			
Transfers In	7,061,620	-	-
Transfers Out	-	(554,813)	-
Total Other Financing Sources (Uses)	7,061,620	(554,813)	-
Net Changes in Fund Balances	7,090,564	(307,921)	(244,650)
Fund Balances, Beginning as Previously Reported	-	1,852,035	3,424,114
Adjustment for Change in Revenue Recognition	-	-	-
Fund Balances, Ending	\$ 7,090,564	\$ 1,544,114	\$ 3,179,464

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

Nonmajor Governmental Funds

Exhibit F-4

Capital Project Funds

Capital Project Funds				Total Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Fire Projects	General Government Projects	Transportation Projects	Other Capital Projects		
-	-	-	-	-	\$ 16,280,655
-	-	-	-	-	17,959,132
\$ 357,164	\$ 15,809	\$ 546,727	-	\$ 1,727,271	4,669,529
89,297	6,477	97,602	\$ 54,515	553,711	1,479,446
-	-	-	-	-	900,595
-	-	-	-	-	130,450
446,461	22,286	644,329	54,515	2,280,982	41,419,807
-	278	-	-	278	836,969
22,603	-	-	-	156,911	7,057,082
-	-	8,109	-	8,109	9,814,123
-	-	-	-	10,218	9,820,286
-	-	-	-	-	755,176
-	-	-	-	-	1,727,285
-	-	-	-	-	2,619,147
-	-	-	-	-	415,673
1,369,268	-	-	-	1,913,901	4,162,691
-	-	1,436,214	-	1,436,214	1,436,214
-	-	-	-	393,046	3,194,206
-	-	-	-	-	450,000
-	-	-	-	-	515,178
1,391,871	278	1,444,323	-	3,918,677	42,804,030
(945,410)	22,008	(799,994)	54,515	(1,637,695)	(1,384,223)
-	-	-	-	7,061,620	7,513,920
-	-	-	-	(554,813)	(1,915,878)
-	-	-	-	6,506,807	5,598,042
(945,410)	22,008	(799,994)	54,515	4,869,112	4,213,819
2,130,480	116,742	1,926,701	1,892,781	11,342,853	26,287,352
-	-	-	-	-	1,247,333
\$ 1,185,070	\$ 138,750	\$ 1,126,707	\$ 1,947,296	\$16,211,965	\$ 31,748,504

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BUDGETARY COMPARISON SCHEDULES

City of Yuma, Arizona
Budgetary Comparison Schedule

Year Ended June 30, 2024

Public Safety Tax Fund
Exhibit G-1

	Budget		Actual	Variance with
<u>REVENUE:</u>	Original	Final	Amounts	Final Budget
Taxes:				
Public Safety Sales Tax	\$ 6,711,600	\$ 6,711,600	\$ 6,911,159	\$ 199,559
Charges for Services	-	-	-	
Interest and Rents:				
Rent	-	-	182,533	182,533
Interest	-	-	298,569	298,569
Miscellaneous	-	-	37,613	37,613
Total Revenues	6,711,600	6,711,600	7,429,874	718,274
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police Support Services	2,351,453	1,684,636	1,696,854	(12,218)
Fire Support Services	2,019,646	1,920,927	1,908,384	12,543
Capital Outlay	141,953	219,196	141,953	77,243
Capital Projects:				
Public Safety	3,821,500	3,821,500	2,235,754	1,585,746
Debt Service:				
Finance Purchases	258,599	508,158	502,619	5,539
Total Expenditures	8,593,151	8,154,417	6,485,564	1,668,853
Transfers Out	(781,686)	(781,686)	(782,086)	(400)
Total Other Financing				
Sources (Uses)	(781,686)	(781,686)	(782,086)	(400)
Net Changes in Fund Balances	\$(2,663,237)	\$ (2,224,503)	162,224	\$ 2,386,727
<u>FUND BALANCE</u>				
Beginning July 1, as Previously Reported			5,891,872	
Adjustment for Change in Revenue Recognition			548,852	
Ending June 30			\$ 6,602,948	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Highway Users Revenue Fund

Exhibit G-2

REVENUE:	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Intergovernmental				
State Gasoline Tax	\$ 9,614,190	\$ 9,614,190	\$ 9,955,478	\$ 341,288
Interest	15,000	15,000	175,822	160,822
Miscellaneous	2,500	2,500	6,255	3,755
Total Revenues	9,631,690	9,631,690	10,137,555	505,865
EXPENDITURES				
Current:				
Public Safety	630,802	633,839	633,839	-
Streets:				
Street Maintenance	6,761,632	6,708,420	6,791,217	(82,797)
Street Lighting and Sweeping	1,718,672	784,312	773,671	10,641
Storm Drain Maintenance	309,375	332,583	332,583	-
Curbs, Gutters, and Sidewalks	714,044	714,044	681,488	32,556
Retention Basin Maintenance	1,462,002	1,464,634	1,227,055	237,579
Pathways and Trails	82,959	755,176	755,176	-
Capital Outlay	701,115	685,176	104,576	580,600
Capital Projects				
Streets	-	-	-	-
Total Expenditures	12,380,601	12,078,184	11,299,605	778,579
Transfers In	-	-	98,000	98,000
Transfers Out	(96,284)	(96,284)	(96,333)	(49)
Total Other Financing				
Sources (Uses)	(96,284)	(96,284)	1,667	97,951
Net Changes in Fund Balances	\$(2,845,195)	\$ (2,542,778)	(1,160,383)	\$ 1,382,395
FUND BALANCE				
Beginning July 1			3,998,600	
Ending June 30			\$ 2,838,217	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Grants Fund

Exhibit G-3

	Budget		Actual	Variance with
REVENUE:	Original	Final	Amounts	Final Budget
Intergovernmental:				
Federal Government	\$ 7,851,138	\$ 7,775,138	\$ 2,373,411	\$ (5,401,727)
State Government	781,367	781,367	4,344,546	3,563,179
County Government	240,000	240,000	-	(240,000)
Use of Money and Property				
Interest	-	-	2,630	2,630
Contributions/Donations	30,650,469	30,650,469	279,144	(30,371,325)
Total Revenues	39,522,974	39,446,974	6,999,731	(32,447,243)
EXPENDITURES				
Current:				
General Government	3,140,000	467,159	274,926	192,233
Public Safety	5,141,329	5,072,267	2,661,094	2,411,173
Parks, Recreation and Culture	4,351,000	342,646	119,579	223,067
Environmental Health and Protector	200,000	200,000	-	200,000
Capital Outlay	131,176	6,147,359	1,924,920	4,222,439
Capital Projects:				
General Government	12,074,383	12,101,644	415,673	11,685,971
Public Safety	2,865,000	2,865,000	13,036	2,851,964
Streets	2,991,493	2,991,493	-	2,991,493
Parks, Recreation and Culture	4,204,253	4,204,253	1,048,335	3,155,918
Utilities	4,500,000	4,500,000	450,000	4,050,000
Total Expenditures	39,598,634	38,891,821	6,907,563	31,984,258
Transfers In	-	76,000	89,240	13,240
Total Other Financing				
Sources (Uses)	-	76,000	89,240	13,240
Net Changes in Fund Balances	\$ (75,660)	\$ 631,153	181,408	\$ (449,745)
FUND BALANCE				
Beginning July 1			(732,138)	
Ending June 30			\$ (550,730)	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Community Redevelopment Fund

Exhibit G-4

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUE:</u>				
Intergovernmental:				
Federal Government	\$ 5,783,480	\$ 5,783,480	\$ 1,283,497	\$ (4,499,983)
Miscellaneous:				
Other	-	-	-	-
Total Revenues	5,783,480	5,783,480	1,283,497	(4,499,983)
<u>EXPENDITURES</u>				
Current:				
Community Development	5,707,820	6,035,330	1,188,615	4,846,715
Parks, Recreation and Culture	-	96,000	94,882	1,118
Total Expenditures	5,707,820	6,131,330	1,283,497	4,847,833
Net Changes in Fund Balances	\$ 75,660	\$ (347,850)	-	\$ 347,850
<u>FUND BALANCE</u>				
Beginning July 1			-	
Ending June 30			\$ -	

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

City of Yuma, Arizona
Budgetary Comparison Schedule

Year Ended June 30, 2024

Two Percent Tax Fund
Exhibit G-5

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE:				
Taxes				
Two Percent Tax	\$ 8,925,000	\$ 8,925,000	\$ 8,906,788	\$ (18,212)
Charges for Services				
Concessions	537,000	537,000	587,824	50,824
Recreation Fees	278,500	278,500	384,612	106,112
Green and Cart Fees	1,325,000	1,325,000	1,574,553	249,553
Other Golf Course Income	393,000	393,000	395,269	2,269
Intergovernmental				
Grants	-	-	2,200	2,200
Interest	6,500	6,500	258,395	251,895
Miscellaneous	79,000	79,000	84,602	5,602
Total Revenues	11,544,000	11,544,000	12,194,243	650,243
EXPENDITURES				
Current:				
General Government	561,295	561,295	561,765	(470)
Parks, Recreation and Culture				
Administration	11,331	11,331	12,018	(687)
Outside Agencies	1,000,000	1,000,000	1,048,633	(48,633)
Civic and Convention Center	3,016,061	2,951,217	3,020,959	(69,742)
Baseball Complex	990,878	977,713	1,039,078	(61,365)
Art Center	1,003,836	1,269,509	1,269,509	-
Heritage Events	347,840	381,498	358,828	22,670
Heritage Area Development	1,036,644	803,810	764,276	39,534
Desert Hills Golf	2,329,080	2,416,017	2,417,012	(995)
Capital Outlay	256,765	173,840	107,948	65,892
Capital Projects:				
Parks, Recreation and Culture	2,339,600	2,339,600	1,655,743	683,857
Total Expenditures	12,893,330	12,885,830	12,256,981	(628,849)
Transfers Out	(472,431)	(472,431)	(482,646)	(10,215)
Total Other Financing				
Sources (Uses)	(472,431)	(472,431)	(482,646)	(10,215)
Net Changes in Fund Balances	\$(1,821,761)	\$ (1,814,261)	(545,384)	\$ 1,268,877
FUND BALANCE				
Beginning July 1, as Previously Reported			5,842,847	
Adjustment for Change in Revenue Recognition			698,481	
Ending June 30			\$ 5,995,944	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Yuma Mall Maintenance Fund

Exhibit G-6

	Budget		Actual	Variance with
<u>REVENUE:</u>	Original	Final	Amounts	Final Budget
Taxes				
Mall Assessments	\$ 147,146	\$ 147,146	\$ 150,134	\$ 2,988
Property Tax - Delinquent	5,000	5,000	2,801	(2,199)
Miscellaneous				
Other	2,500	2,500	1,980	(520)
Total Revenues	154,646	154,646	154,915	269
<u>EXPENDITURES</u>				
Community Design and Development				
Mall Maintenance	341,380	341,001	306,502	34,499
Capital Outlay	109,200	100,379	100,914	(535)
Debt Service	2,567	11,767	12,559	(792)
Total Expenditures	453,147	453,147	419,975	33,172
Transfers In	298,501	298,501	265,060	(33,441)
Total Other Financing				
Sources (Uses)	298,501	298,501	265,060	(33,441)
Net Changes in Fund Balances				
	\$ -	\$ -	-	\$ -
<u>FUND BALANCE</u>				
Beginning July 1			-	
Ending June 30			\$ -	

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

Year Ended June 30, 2024

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Taxes				
District Assessments	\$ 169,000	\$ 169,000	\$ 309,773	\$ 140,773
Total Revenues	169,000	169,000	309,773	140,773
<u>EXPENDITURES</u>				
Community Design and Development				
District Maintenance	448,876	448,876	232,168	216,708
Total Expenditures	448,876	448,876	232,168	216,708
Net Changes in Fund Balances	\$ 18,625	\$ (279,876)	77,605	\$ 357,481
<u>FUND BALANCE</u>				
Beginning July 1			(56,682)	
Ending June 30			\$ 20,923	

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

City of Yuma, Arizona
Budgetary Comparison Schedule

Year Ended June 30, 2024

Public Safety Settlement
Exhibit G-8

<u>REVENUE:</u>	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Contribtuions/Donations	\$ -	\$ -	\$ 621,451	\$ 621,451
Interest and Rents	-	-	7,786	7,786
Total Revenues	-	-	629,237	629,237
<u>EXPENDITURES</u>				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
 Net Changes in Fund Balances	 \$ -	 \$ -	 629,237	 \$ 629,237
<u>FUND BALANCE</u>				
Beginning July 1			-	
Ending June 30			\$ 629,237	

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

City of Yuma, Arizona

Capital Reserve and Contingency Fund

Budgetary Comparison Schedule

Exhibit G-9

Year Ended June 30, 2024

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Interest and Rentals				
Interest	\$ -	\$ -	\$ 28,944	\$ 28,944
Total Revenues	-	-	28,944	28,944
<u>EXPENDITURES</u>				
Capital Projects by Fund (Budget Only):				
General Fund	1,346,000	1,346,000	-	(1,346,000)
Road Tax Fund	1,000,000	1,000,000	-	(1,000,000)
Public Safety Tax Fund	500,000	500,000	-	(500,000)
Two Percent Tax Fund	500,000	500,000	-	(500,000)
Grant Fund	3,000,000	3,000,000	-	(3,000,000)
Water Fund	2,500,000	2,500,000	-	(2,500,000)
Wastewater Fund	1,500,000	1,500,000	-	(1,500,000)
Total Expenditures	10,346,000	10,346,000	-	(10,346,000)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,346,000	10,346,000	7,061,620	(3,284,380)
Net Changes in Fund Balances	\$ -	\$ -	7,090,564	\$ 7,090,564
<u>FUND BALANCE</u>				
Beginning July 1			-	
Ending June 30			\$ 7,090,564	

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

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Charges for Services:				
Development Fees	\$ 650,000	\$ 650,000	\$ 545,349	\$ (104,651)
Interest and Rentals:				
Interest	5,750	5,750	104,807	99,057
Total Revenues	<u>655,750</u>	<u>655,750</u>	<u>650,156</u>	<u>(5,594)</u>
<u>EXPENDITURES</u>				
Current:				
Parks, Recreation and Culture	7,000	7,000	10,218	(3,218)
Capital Projects				
Parks, Recreation and Culture	600,000	600,000	393,046	206,954
Total Expenditures	<u>607,000</u>	<u>607,000</u>	<u>403,264</u>	<u>203,736</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>(554,000)</u>	<u>(554,000)</u>	<u>(554,813)</u>	<u>(813)</u>
Net Changes in Fund Balances	<u>\$ (505,250)</u>	<u>\$ (505,250)</u>	<u>(307,921)</u>	<u>\$ 197,329</u>
<u>FUND BALANCE</u>				
Beginning July 1			1,852,035	
Ending June 30			<u><u>\$ 1,544,114</u></u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Police Projects Fund

Exhibit G-11

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Charges for Services:				
Development Fees	\$ 350,000	\$ 350,000	\$ 262,222	\$ (87,778)
Interest and Rentals:				
Interest	10,750	10,750	172,069	161,319
Total Revenues	360,750	360,750	434,291	73,541
<u>EXPENDITURES</u>				
Current:				
Public Safety	3,000	13,995	134,308	(120,313)
Capital Projects:				
Public Safety	2,250,000	2,250,000	544,633	1,705,367
Total Expenditures	2,253,000	2,263,995	678,941	1,585,054
Net Changes in Fund Balances	<u>\$(1,892,250)</u>	<u>\$ (1,903,245)</u>	(244,650)	<u>\$ 1,658,595</u>
<u>FUND BALANCE</u>				
Beginning July 1			3,424,114	
Ending June 30			<u>\$ 3,179,464</u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Fire Projects Fund

Exhibit G-12

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Charges for Services:				
Development Fees	\$ 450,000	\$ 450,000	\$ 357,164	\$ (92,836)
Interest and Rentals:				
Interest	4,150	4,150	89,297	85,147
Total Revenues	454,150	454,150	446,461	(7,689)
<u>EXPENDITURES</u>				
Current:				
Public Safety	2,500	2,500	22,603	(20,103)
Capital Projects:				
Public Safety	1,532,000	1,532,000	1,369,268	162,732
Total Expenditures	1,534,500	1,534,500	1,391,871	142,629
<u>Net Changes in Fund Balances</u>	<u>\$(1,080,350)</u>	<u>\$ (1,080,350)</u>	(945,410)	<u>\$ 134,940</u>
<u>FUND BALANCE</u>				
Beginning July 1			2,130,480	
Ending June 30			<u>\$ 1,185,070</u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

General Government Projects Fund

Exhibit G-13

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Charges for Services:				
Development Fees	\$ 14,770	\$ 14,770	\$ 15,809	\$ 1,039
Interest and Rentals:				
Interest	650	650	6,477	5,827
Total Revenues	<u>15,420</u>	<u>15,420</u>	<u>22,286</u>	<u>6,866</u>
<u>EXPENDITURES</u>				
Current:				
General Government	230	230	278	(48)
Capital Projects:				
General Government	<u>32,000</u>	<u>32,000</u>	-	32,000
Total Expenditures	<u>32,230</u>	<u>32,230</u>	<u>278</u>	<u>31,952</u>
<u>Net Changes in Fund Balances</u>	<u>\$ (16,810)</u>	<u>\$ (16,810)</u>	22,008	<u>\$ 38,818</u>
<u>FUND BALANCE</u>				
Beginning July 1			116,742	
Ending June 30			<u>\$ 138,750</u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Transportation Projects Fund

Exhibit G-14

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Charges for Services:				
Development Fees	\$ 592,000	\$ 592,000	\$ 546,727	\$ (45,273)
Interest and Rentals:				
Interest	5,000	5,000	97,602	92,602
Total Revenues	<u>597,000</u>	<u>597,000</u>	<u>644,329</u>	<u>47,329</u>
<u>EXPENDITURES</u>				
Current:				
Streets	6,000	6,000	8,109	(2,109)
Capital Projects:				
Streets	<u>2,130,000</u>	<u>2,130,000</u>	<u>1,436,214</u>	<u>693,786</u>
Total Expenditures	<u>2,136,000</u>	<u>2,136,000</u>	<u>1,444,323</u>	<u>691,677</u>
<u>Net Changes in Fund Balances</u>	<u>\$(1,539,000)</u>	<u>\$ (1,539,000)</u>	<u>(799,994)</u>	<u>\$ 739,006</u>
<u>FUND BALANCE</u>				
Beginning July 1			1,926,701	
Ending June 30			<u>\$ 1,126,707</u>	

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

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Other Capital Projects Fund

Exhibit G-15

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUE:</u>				
Interest and Rentals				
Interest	\$ -	\$ -	\$ 54,515	\$ 54,515
Total Revenues	-	-	54,515	54,515
<u>EXPENDITURES</u>				
Capital Outlay	-	-	-	-
Capital Projects	-	-	-	-
Total Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	-	
Net Changes in Fund Balances	\$ -	\$ -	54,515	\$ 54,515
<u>FUND BALANCE</u>				
Beginning July 1			1,892,781	
Ending June 30			\$ 1,947,296	

MAJOR FUNDS
NOT INCLUDED IN
REQUIRED SUPPLEMENTAL
INFORMATION

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Debt Service Fund

Exhibit G-16

REVENUE	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Interest and Rentals	\$ 30,000	\$ 30,000	\$ 794,068	\$ 764,068
Total Revenues	30,000	30,000	794,068	764,068
EXPENDITURES				
Debt Service:				
Principal	16,520,000	16,520,000	16,520,000	-
Interest and Fiscal Agent Fees	4,966,656	4,968,156	4,968,156	-
Total Expenditures	21,486,656	21,488,156	21,488,156	-
Revenues Over / (Under) Expenditures	(21,456,656)	(21,458,156)	(20,694,088)	764,068
OTHER FINANCING SOURCES (USES)				
Transfers In	21,486,656	21,486,656	21,488,241	1,585
Total Other Fin. Sources (Uses)	21,486,656	21,486,656	21,488,241	1,585
Net Change in Fund Balances	\$ 30,000	\$ 28,500	794,153	\$ 765,653
FUND BALANCE				
Beginning July 1			580,877	
Ending June 30			\$ 1,375,030	

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

ENTERPRISE FUNDS

City of Yuma, Arizona

Nonmajor Enterprise Funds

Combining Statement of Fund Net Position

Exhibit H-1

June 30, 2024

	Business-type Activities Enterprise Funds		Desert Hills Golf Course	Total Nonmajor Enterprise Funds
	Solid Waste	Radio Communication		
ASSETS				
Current Assets:				
Cash and Investments	\$3,099,587	\$ 4,322,187	\$ -	\$ 7,421,774
Receivables, Net of Allowance for Uncollectibles:				
Accounts Receivable	521,674	423	-	522,097
Intergovernmental	-	231,912	-	231,912
Accrued Interest	1,339	1,195	-	2,534
Inventory, at cost	-	77,255	-	77,255
Prepaid Items	-	246,191	-	246,191
Total Current Assets	3,622,600	4,879,163	-	8,501,763
Noncurrent Assets:				
Pension and OPEB Asset	29,955	18,892	-	48,847
Capital Assets:				
Improvements Other than Buildings	50,738	-	-	50,738
Equipment	753,780	8,967,346	-	9,721,126
SBITA Right-to-use Asset	-	4,669,686	-	4,669,686
Gross Capital Assets	804,518	13,637,032	-	14,441,550
Accumulated Amortization	-	(1,167,422)	-	(1,167,422)
Accumulated Depreciation	(413,524)	(8,750,922)	-	(9,164,446)
Capital Assets, Net Depreciation	390,994	3,718,688	-	4,109,682
Total Noncurrent Assets	420,949	3,737,580	-	4,158,529
Total Assets	4,043,549	8,616,743	-	12,660,292
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB Items	152,698	87,976	-	240,674
Total Deferred Outflows of Resources	152,698	87,976	-	240,674
LIABILITIES				
Current Liabilities:				
Accounts Payable	91,685	52,298	-	143,983
Accrued Payroll and Related Taxes	32,190	20,382	-	52,572
Compensated Absences	13,883	7,910	-	21,793
Due to Other Funds	-	181,899	-	181,899
Unearned Revenue	-	57,172	-	57,172
SBITA Payable	-	528,350	-	528,350
Total Current Liabilities	137,758	848,011	-	985,769
Noncurrent Liabilities:				
Net Pension Liability	885,063	555,419	-	1,440,482
OPEB Liability	765	453	-	1,218
Compensated Absences	49,746	11,322	-	61,068
SBITA Payable	-	3,020,226	-	3,020,226
Total Long-Term Liabilities	935,574	3,587,420	-	4,522,994
Total Liabilities	1,073,332	4,435,431	-	5,508,763
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB Items	42,495	29,358	-	71,853
Total Deferred Inflows of Resources	42,495	29,358	-	71,853
NET POSITION				
Net investment in capital assets	390,994	170,112	-	561,106
Restricted other postemployment benefits	29,955	18,892	-	48,847
Unrestricted (deficit)	2,659,471	4,050,926	-	6,710,397
Total Net Position	\$3,080,420	\$ 4,239,930	\$ -	\$ 7,320,350

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

City of Yuma, Arizona
Combining Statement of Revenues, Expenses and Change in Net Position

Year Ended June 30, 2024

Nonmajor Enterprise Funds
Exhibit H-2

	Business-type Activities Enterprise Funds		Desert Hills Golf Course	Total Nonmajor Enterprise Funds
	Solid Waste	Radio Communication		
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 5,832,125	\$ 2,385,257	\$ -	\$ 8,217,382
Total Operating Revenues	5,832,125	2,385,257	-	8,217,382
<u>OPERATING EXPENSES</u>				
Operations and Maintenance	5,737,051	6,891,256	-	12,628,307
Amortization	-	583,711		583,711
Depreciation	40,784	163,658		204,442
Total Operating Expenses	5,777,835	7,638,625	-	13,416,460
Operating Income/(Loss)	54,290	(5,253,368)	-	(5,199,078)
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest	160,061	214,035	-	374,096
Miscellaneous Revenues	17,960	328	-	18,288
Net Non-Operating Revenues	178,021	214,363	-	392,384
Income/(Loss) before Contributions and Transfers	232,311	(5,039,005)	-	(4,806,694)
Capital Contributions	-	5,060,183	-	5,060,183
Transfers In	-	-	1,260,151	1,260,151
Transfers Out	(136,344)	-	(116,371)	(252,715)
Change in Net Position	95,967	21,178	1,143,780	1,260,925
Net Position - Beginning	2,984,453	4,218,752	(1,143,780)	6,059,425
Net Position - Ending	\$ 3,080,420	\$ 4,239,930	\$ -	\$ 7,320,350

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

	Business-type Activities Enterprise Funds			Total Nonmajor Enterprise Funds
	Solid Waste	Radio Communication	Desert Hills Golf Course	
Cash Flow from Operating Activities:				
Cash Received from Customers	\$5,749,797	\$ 2,294,781	\$ 16,026	\$ 8,060,604
Cash Paid to Employees	(1,560,964)	(921,530)	-	(2,482,494)
Cash Paid to Suppliers	(4,382,505)	(6,242,902)	53,130	(10,572,277)
Other Operating Activity Revenue	17,960	328	-	18,288
Net Cash Provided by/(used for) Operating Activities	(175,712)	(4,869,323)	69,156	(4,975,879)
Cash Flows from Noncapital Financing Activities:				
Cash Received from Other Funds	-	-	1,260,151	1,260,151
Cash Paid to Other Funds	(136,344)	-	(116,371)	(252,715)
Interfund Borrowing	-	127,134	(1,153,653)	(1,026,519)
Net Cash Flows Provided by/ (Used for) Noncapital Financing Activities	(136,344)	127,134	(9,873)	(19,083)
Cash Flow from Capital and Related Financing Activities:				
Contributions of Capital	-	5,060,183	-	5,060,183
Unearned Revenue	-	(1,458)	(110,661)	(112,119)
Acquisition and Construction of Assets	-	(23,162)	-	(23,162)
Payments of SBITA	-	(505,369)	-	(505,369)
Net Cash Flows Provided by / (Used for) Capital and Related Financing Activities	-	4,530,194	(110,661)	4,419,533
Cash Flows from Investing Activities:				
Receipt of Interest	160,381	214,441	49,778	424,600
Net Cash Provided by / (Used for) Investing Activities	160,381	214,441	49,778	424,600
Net Increase / (Decrease) in Cash and Cash Equivalents	(151,675)	2,446	(1,600)	(150,829)
Cash and Cash Equivalents, July 1	3,251,262	4,319,741	1,600	7,572,603
Cash and Cash Equivalents, June 30	\$3,099,587	\$ 4,322,187	\$ -	\$ 7,421,774
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(used for) Operating Activities:				
Operating Income/(Loss)	\$ 54,290	\$ (5,253,368)	\$ -	\$ (5,199,078)
Adjustments to Reconcile Operating Income/(Loss)				
Other Operating Activity Revenue	17,960	328	-	18,288
Depreciation Expense	40,784	163,658	-	204,442
Amortization Expense	-	583,711	-	583,711
(Increase)/Decrease in:				
Accounts Receivables	(82,328)	(90,476)	16,026	(156,778)
Inventories	-	-	36,949	36,949
Prepaid Items	-	(234,636)	-	(234,636)
Increase/(Decrease) in:				
Accounts Payable	(186,308)	(31,237)	16,181	(201,364)
Accrued Wages and Taxes Payable	(30,826)	(22,325)	-	(53,151)
Pension and OPEB Reporting	10,716	15,022	-	25,738
Total Adjustments	(230,002)	384,045	69,156	223,199
Net Cash Provided by/(used for) Operating Activities	\$ (175,712)	\$ (4,869,323)	\$ 69,156	\$ (4,975,879)

BUDGETARY COMPARISON SCHEDULES

City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
INFLOW OF RESOURCES:				
Inside City	\$ 23,740,000	\$ 23,740,000	\$ 24,639,648	\$ 899,648
Outside City	2,462,500	2,462,500	2,678,238	215,738
Commercial Raw Water	150,000	150,000	199,167	49,167
Meters, Connections and Services	1,386,750	1,386,750	1,322,972	(63,778)
Total Operating Revenues	27,739,250	27,739,250	28,840,025	1,100,775
Interest	97,250	97,250	2,984,835	2,887,585
Miscellaneous	62,500	62,500	47,581	(14,919)
Total NonOperating Revenues	159,750	159,750	3,032,416	2,872,666
Capital Contributions:				
System Development	175,000	175,000	139,448	(35,552)
Capacity Rights	3,250,000	3,250,000	2,590,211	(659,789)
Other Financing Sources	3,425,000	3,425,000	2,729,659	(695,341)
Total Inflow of Resources	31,324,000	31,324,000	34,602,100	3,278,100
USE OF RESOURCES:				
Administration	4,458,883	4,533,376	3,979,362	554,014
Treatment	8,396,744	8,396,744	8,182,694	214,050
Water Transmission	2,860,475	2,867,229	3,074,910	(207,681)
Customer Services	1,450,150	1,450,150	1,301,074	149,076
Water Transfer	40,670	40,670	-	40,670
Laboratory	341,421	341,421	304,840	36,581
Total Operating Expenses	17,548,343	17,629,590	16,842,880	786,710
Interest and Fiscal Agent Fees	1,749,348	1,749,348	1,764,481	(15,133)
Total Non-operating Expenses	1,749,348	1,749,348	1,764,481	(15,133)
Capital Outlay	253,660	171,184	40,888	130,296
Capital Projects	16,825,000	16,825,000	10,653,469	6,171,531
Debt Service:				
Principal Retirement	5,005,833	5,005,833	5,960,850	(955,017)
Transfers Out	49,169	49,169	49,194	(25)
Other Financing Uses	22,133,662	22,051,186	16,704,401	5,346,785
Total Use of Resources	41,431,353	41,430,124	35,311,762	6,118,362
Inflows of Resources Over (Under)				
Uses of Resources	\$ (10,107,353)	\$ (10,106,124)	\$ (709,662)	\$ 9,396,462

	Actual Amounts
Reconciliation to Change in Net Position:	
Inflow of Resources Over (Under) Uses of Resources	(\$709,662)
Capital Outlay	40,888
Capital Projects	10,653,469
Principal Retirement	5,960,850
Capital Contributions for Developer Additions to System	740,247
Amortization of Deferred Charges on Refunding	172,260
Pension Contributions in excess of Expense	(80,357)
Depreciation and Amortization	(7,540,042)
Change in Net Position	\$ 9,237,653

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

Year Ended June 30, 2024

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
INFLOW OF RESOURCES:				
Inside City	\$ 15,500,000	\$ 15,500,000	\$ 17,118,961	\$ 1,618,961
Outside City	1,125,000	1,125,000	1,133,401	8,401
Contractual/Industrial Services	2,345,000	2,345,000	985,361	(1,359,639)
Meters, Connections and Services	69,800	69,800	44,738	(25,062)
Total Operating Revenues	19,039,800	19,039,800	19,282,461	242,661
Interest	119,700	119,700	5,537,233	5,417,533
Miscellaneous	7,600	7,600	66,909	59,309
Total NonOperating Revenues	127,300	127,300	5,604,142	5,476,842
Capital Contributions:				
Capacity Rights	3,500,000	3,500,000	2,804,712	(695,288)
Wastewater Interceptor	250,000	250,000	174,934	(75,066)
Wastewater Trunk Line Charges	15,000	15,000	2,874	(12,126)
Other Financing Sources	3,765,000	3,765,000	2,982,520	(782,480)
Total Inflow of Resources	22,932,100	22,932,100	27,869,123	4,937,023
USE OF RESOURCES:				
Administration	3,117,945	3,118,309	3,150,182	(31,873)
Treatment	8,925,611	8,916,032	9,415,193	(499,161)
Pretreatment	497,902	497,902	562,608	(64,706)
Collection	1,560,044	1,542,044	1,615,585	(73,541)
Laboratory	389,295	389,295	352,634	36,661
Total Operating Expenses	14,490,797	14,463,582	15,096,202	(632,620)
Interest and Fiscal Agent Fees	3,479,184	3,479,184	3,461,503	17,681
Total Non-operating Expenses	3,479,184	3,479,184	3,461,503	17,681
Capital Outlay	234,800	263,965	221,671	42,294
Capital Projects	109,736,000	109,736,000	4,839,904	104,896,096
Debt Service:				
Principal Retirement	3,047,167	3,047,167	2,092,150	955,017
Financed Purchases Payable	10,265	10,265	19,785	(9,520)
Transfers Out	54,432	54,432	54,460	(28)
Other Financing Uses	113,082,664	113,111,829	7,227,970	105,883,859
Total Use of Resources	131,052,645	131,054,595	25,785,675	105,268,920
Inflows of Resources Over (Under)				
Uses of Resources	(\$108,120,545)	(\$108,122,495)	\$2,083,448	\$110,205,943

Actual
Amounts

Reconciliation to Change in Net Position:

Inflow of Resources Over (Under) Uses of Resources	\$2,083,448
Capital Outlay	221,671
Capital Projects	4,839,904
Principal Retirement	2,092,150
Financed Purchases Retirement	19,785
Amortization of Deferred Charges on Refunding	827,059
Capital Contributions for Subdivider Additions to System	1,204,980
Pension Contributions in excess of Expense	(57,237)
<u>Depreciation and Amortization</u>	<u>(6,239,300)</u>
<u>Change in Net Position</u>	<u>\$ 4,992,460</u>

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.

	Budget		Actual	Variance with
<u>INFLOW OF RESOURCES:</u>	Original	Final	Amounts	Final Budget
Charges for Service				
Collection Fees	\$ 5,661,785	\$ 5,661,785	\$ 5,832,125	\$ 170,340
Interest	14,000	14,000	160,061	146,061
Other	-	-	17,960	17,960
Total Inflow of Resources	5,675,785	5,675,785	6,010,146	334,361
<u>USE OF RESOURCES:</u>				
Environmental Health and Protection				
Residential Services	4,983,482	4,983,482	5,028,147	(44,665)
Uncontained Waste	484,412	484,412	514,206	(29,794)
Recycling	253,487	253,487	183,982	69,505
Total Expenses	5,721,381	5,721,381	5,726,335	(4,954)
Capital Outlay	90,965	90,965	-	90,965
Transfers Out	136,274	136,274	136,344	(70)
Other Financing Uses	227,239	227,239	136,344	90,895
Total Use of Resources	5,948,620	5,948,620	5,862,679	85,941
Inflows of Resources Over (Under)				
Uses of Resources	(\$272,835)	(\$272,835)	147,467	420,302
Reconciliation to Change in Net Position:				
Capital Outlay			-	
Pension Contributions in excess of Expense			(10,716)	
Depreciation and Amortization			(40,784)	
Change in Net Position			\$ 95,967	

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

Year Ended June 30, 2024

Radio Communication Fund
Exhibit I-4

	Budget		Actual	Variance with
INFLOW OF RESOURCES:	Original	Final	Amounts	Final Budget
Charges for Service				
Radio Equipment Fees	\$ 1,118,100	\$ 1,118,100	\$ 1,077,234	\$ (40,866)
Software Fees	1,125,000	1,125,000	1,169,434	44,434
911 Admin Fees	85,000	85,000	138,589	53,589
Intergovernmental:				
Potential Federal Grants	9,000,000	9,000,000	-	(9,000,000)
State Government	1,430,000	1,430,000	5,060,183	3,630,183
Interest and Rents:				
Interest	10,000	10,000	214,035	204,035
Miscellaneous				
Other	46,350	46,350	328	(46,022)
Total Inflow of Resources	12,814,450	12,814,450	7,659,803	(5,154,647)
USE OF RESOURCES:				
Environmental Health				
Radio Communications	1,651,294	1,701,499	1,419,425	282,074
Radio Software	1,650,929	1,621,434	1,090,999	530,435
911 Administration	1,496,780	1,506,780	89,875	1,416,905
Public Safety	9,000,000	7,540,010	4,781,304	2,758,706
Total Expenses	13,799,003	12,369,723	7,381,603	4,988,120
Capital Outlay	46,075	1,496,065	23,162	1,472,903
Other Financing Uses	46,075	1,496,065	23,162	1,472,903
Total Use of Resources	13,845,078	13,865,788	7,404,765	6,461,023
Inflows of Resources Over (Under)				
Uses of Resources	<u>(\$1,030,628)</u>	<u>(\$1,051,338)</u>	255,038	<u>\$1,306,376</u>
Reconciliation to Change in Net Position:				
Capital Outlay			23,162	
SBITA Payable			505,369	
Pension Contributions in excess of Expense			(15,022)	
Amortization			(583,711)	
Depreciation			(163,658)	
Change in Net Position			\$ 21,178	

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.

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INTERNAL SERVICE FUNDS

City of Yuma, Arizona

Combining Statement of Fund Net Position

June 30, 2024

	Equipment Replacement	Equipment Maintenance
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 16,330,062	\$ -
Accounts Receivable	3,963	-
Accrued Interest	9,992	-
Inventory, at cost	-	200,861
Prepaid Items	1,632,209	-
Total Current Assets	17,976,226	200,861
Noncurrent Assets:		
Capital Assets:		
Land	-	219,610
Buildings	-	19,251
Improvements Other than Buildings	-	222,733
Equipment	37,348,129	245,489
Less Accumulated Depreciation	(31,148,954)	(394,133)
Total Noncurrent Assets	6,199,175	312,950
Total Assets	\$ 24,175,401	\$ 513,811
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 96,312	\$ 39,392
Accrued Payroll, Taxes and Benefits Payable	-	29,812
Accrued Compensated Absences	-	37,142
Estimated Claims and Judgements	-	-
Due to Other Funds	-	116,128
Total Current Liabilities Payable	96,312	222,474
Noncurrent Liabilities:		
Estimated Claims and Judgements	-	-
Accrued Compensated Absences	-	50,914
Total Long-Term Liabilities	-	50,914
Total Liabilities	96,312	273,388
<u>NET POSITION</u>		
Net investment in capital assets	6,199,175	312,950
Unrestricted (deficit)	17,879,914	(72,527)
Total Net Position	\$ 24,079,089	\$ 240,423

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

Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
\$ 1,512,021	\$ 314,090	\$ 8,131,710	\$ 26,287,883
533	-	42,490	46,986
10	266	1,999	12,267
-	-	-	200,861
-	-	-	1,632,209
<u>1,512,564</u>	<u>314,356</u>	<u>8,176,199</u>	<u>28,180,206</u>
-	-	-	219,610
-	-	-	19,251
-	-	-	222,733
-	-	-	37,593,618
-	-	-	(31,543,087)
-	-	-	6,512,125
\$ 1,512,564	\$ 314,356	\$ 8,176,199	\$ 34,692,331
\$ 51,627	\$ 190	\$ 23,643	\$ 211,164
-	-	-	29,812
-	-	-	37,142
190,257	-	151,933	342,190
-	-	-	116,128
<u>241,884</u>	<u>190</u>	<u>175,576</u>	<u>736,436</u>
709,743	-	788,526	1,498,269
-	-	-	50,914
<u>709,743</u>	<u>-</u>	<u>788,526</u>	<u>1,549,183</u>
951,627	190	964,102	2,285,619
-	-	-	6,512,125
560,937	314,166	7,212,097	25,894,587
\$ 560,937	\$ 314,166	\$ 7,212,097	\$ 32,406,712

City of Yuma, Arizona

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

	Equipment Replacement	Equipment Maintenance
<u>OPERATING REVENUES</u>		
Charges For Services	-	\$ 3,228,644
City Contributions	-	-
Equipment Rental	\$ 3,916,489	-
Miscellaneous	53,908	135
Total Operating Revenues	3,970,397	3,228,779
<u>OPERATING EXPENSES</u>		
Claims Incurred	-	-
Adjustments to Claims Reserve	-	-
Premiums to Insurance Carriers	-	-
Administration	960	3,102,373
Depreciation	1,349,583	8,528
Total Operating Expenses	1,350,543	3,110,901
Operating Income/(Loss)	2,619,854	117,878
<u>NON-OPERATING REVENUE / (EXPENSES)</u>		
Interest	734,107	-
Loss on the Sale of Assets	(3,348)	-
Total Non-Operating Revenues	730,759	-
 Income/(Loss) before transfers	 3,350,613	 117,878
Change in Net Position	3,350,613	117,878
Net Position, Beginning	20,728,476	122,545
Net Position, Ending	\$ 24,079,089	\$ 240,423

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

Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
\$ 2,934,142	-	-	\$ 6,162,786
-	-	\$ 1,966,895	1,966,895
-	-	-	3,916,489
-	-	68,628	122,671
2,934,142	-	2,035,523	12,168,841
613,456	-	950,548	1,564,004
240,000	-	(27,898)	212,102
1,359,332	-	412,131	1,771,463
369,139	\$ 28	662	3,473,162
-	-	-	1,358,111
2,581,927	28	1,335,443	8,378,842
352,215	(28)	700,080	3,789,999
56,544	\$ 11,319	358,950	1,160,920
-	-	-	(3,348)
56,544	11,319	358,950	1,157,572
408,759	11,291	1,059,030	4,947,571
408,759	11,291	1,059,030	4,947,571
152,178	302,875	6,153,067	27,459,141
\$ 560,937	\$ 314,166	\$ 7,212,097	\$ 32,406,712

City of Yuma, Arizona
Combining Statement of Cash Flows

Year Ended June 30, 2024

	Equipment Replacement	Equipment Maintenance
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,916,489	\$ 3,228,644
Cash Paid to Employees	-	(1,317,726)
Cash Paid to Suppliers	1,247,430	(1,569,156)
Cash Paid For Operating Expenses	-	-
Other Operating Activity Revenue	53,908	135
Net Cash Flows Provided by / (Used for) Operating Activities	5,217,827	341,897
Cash Flows from Noncapital Financing Activities:		
Interfund Borrowing	-	(341,909)
Net Cash Flows Provided by / (Used for) Noncapital Financing Activities	-	(341,909)
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(3,775,437)	-
Net Cash Flows Provided by / (Used for) Capital and Related Financing Activities	(3,775,437)	-
Cash Flows from Investing Activities:		
Receipt of Interest	735,635	-
Net Cash Flows Provided by / (Used for) Investing Activities	735,635	-
Net Increase in Cash and Cash Equivalents	2,178,025	(12)
Cash and Cash Equivalents, July 1	14,152,037	12
Cash and Cash Equivalents, June 30	\$ 16,330,062	\$ -
Reconciliation of Operation Income/(Loss) to Net Cash Provided by / (Used for) Operating Activities:		
Operating Income/(Loss)	\$ 2,619,854	\$ 117,878
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by / (Used for) Operating Activities:		
Depreciation Expense	1,349,583	8,528
(Increase)/Decrease in:		
Accounts Receivables	-	-
Inventories	-	148,821
Prepaid Items	1,280,985	-
Increase/(Decrease) in:		
Accounts Payable	(32,595)	22,074
Accrued Wages and Taxes Payable	-	44,596
Estimated Claims and Judgements	-	-
Total Adjustments	2,597,973	224,019
Net Cash Provided by Operating Activities	\$ 5,217,827	\$ 341,897

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

Insurance Reserve	Employee Benefits Trust	Workers Compensation	Totals
\$ 2,934,142	\$ -	\$ 1,994,164	\$ 12,073,439
-	-	-	(1,317,726)
216,472	-	-	(105,254)
(2,581,927)	(28)	(1,339,788)	(3,921,743)
-	-	-	54,043
568,687	(28)	654,376	6,782,759
-	-	-	(341,909)
-	-	-	(341,909)
-	-	-	(3,775,437)
-	-	-	(3,775,437)
56,702	11,375	359,451	1,163,163
56,702	11,375	359,451	1,163,163
625,389	11,347	1,013,827	3,828,576
886,632	302,743	7,117,883	22,459,307
\$ 1,512,021	\$ 314,090	\$ 8,131,710	\$ 26,287,883
\$ 352,215	\$ (28)	\$ 700,080	\$ 3,789,999
-	-	-	1,358,111
-	28	(41,359)	(41,331)
-	-	-	148,821
-	-	-	1,280,985
(23,528)	(28)	23,553	(10,524)
-	-	-	44,596
240,000	-	(27,898)	212,102
216,472	-	(45,704)	2,992,760
\$ 568,687	\$ (28)	\$ 654,376	\$ 6,782,759

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BUDGETARY COMPARISON SCHEDULES

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City of Yuma, Arizona

Budgetary Comparison Schedule

Year Ended June 30, 2024

Equipment Replacement Fund

Exhibit K-1

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
INFLOW OF RESOURCES:				
Charges for Services	\$3,148,749	\$3,148,749	\$3,916,489	\$767,740
Interest	30,000	30,000	734,107	704,107
Miscellaneous	-	-	53,908	53,908
Total Inflow of Resources	3,178,749	3,178,749	4,704,504	1,525,755
USE OF RESOURCES:				
Current:				
Administration	-	-	960	(960)
Total Expenses	-	-	960	(960)
Capital Outlay	4,600,093	3,966,093	3,775,437	190,656
Other Financing Uses	4,600,093	3,966,093	3,775,437	190,656
Total Use of Resources	4,600,093	3,966,093	3,776,397	189,696
Inflows of Resources Over (Under)				
Uses of Resources	<u>(\$1,421,344)</u>	<u>(\$787,344)</u>	<u>928,107</u>	<u>\$1,715,451</u>
Reconciliation to Change in Net Position:				
Capital Outlay			3,775,437	
Gain on Sale of Asset			(3,348)	
Depreciation and Amortization			(1,349,583)	
Change in Net Position			<u>\$ 3,350,613</u>	

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

Year Ended June 30, 2024

Equipment Maintenance Fund

Exhibit K-2

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
INFLOW OF RESOURCES:				
Charges for Services	\$2,997,417	\$2,997,417	\$3,228,644	\$231,227
Miscellaneous	-	-	135	135
Total Inflow of Resources	2,997,417	2,997,417	3,228,779	231,362
USE OF RESOURCES:				
Current:				
Administration	3,068,332	3,102,373	3,102,373	-
Total Expenses	3,068,332	3,102,373	3,102,373	-
Total Use of Resources	3,068,332	3,102,373	3,102,373	-
Inflows of Resources Over (Under)				
Uses of Resources	<u>(\$70,915)</u>	<u>(\$104,956)</u>	<u>126,406</u>	<u>\$231,362</u>
Reconciliation to Change in Net Position:				
Depreciation and Amortization			(8,528)	
Change in Net Position			\$ 117,878	

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

Year Ended June 30, 2024

Insurance Reserve Fund

Exhibit K-3

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>INFLOW OF RESOURCES:</u>				
Charges for Services	\$ 1,914,443	\$ 1,934,142	\$ 2,934,142	\$ 1,000,000
Interest	6,500	6,500	56,544	50,044
Miscellaneous	1,500,000	1,500,000	-	(1,500,000)
Total Inflow of Resources	3,420,943	3,440,642	2,990,686	(449,956)
<u>USE OF RESOURCES:</u>				
Current:				
Claims Incurred	992,000	992,000	613,456	378,544
Adjustments to Claims Reserve	-	-	240,000	(240,000)
Premiums to Insurance Carriers	1,423,171	1,423,171	1,359,332	63,839
Administration	1,021,000	1,021,000	369,139	651,861
Total Use of Resources	3,436,171	3,436,171	2,581,927	854,244
Inflows of Resources Over (Under)				
Uses of Resources	<u>\$ (15,228)</u>	<u>\$ 4,471</u>	<u>408,759</u>	<u>\$ 404,288</u>
Reconciliation to Change in Net Position:				
Change in Net Position			<u>\$ 408,759</u>	

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

Year Ended June 30, 2024

Workers' Comp Fund

Exhibit K-4

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>INFLOW OF RESOURCES:</u>				
Contributions - City	\$ 1,450,000	\$ 1,450,000	\$ 1,966,895	\$ 516,895
Interest	8,500	8,500	358,950	350,450
Miscellaneous	500,000	500,000	68,628	(431,372)
Total Inflow of Resources	1,958,500	1,958,500	2,394,473	435,973
<u>USE OF RESOURCES:</u>				
Current:				
Claims Incurred	2,099,640	2,099,640	950,548	1,149,092
Adjustments to Claims Reserve	-	-	(27,898)	27,898
Premiums to Insurance Carriers	818,360	818,360	412,131	406,229
Administration	82,000	82,000	662	81,338
Total Use of Resources	3,000,000	3,000,000	1,335,443	1,664,557
Inflows of Resources Over (Under)				
Uses of Resources	<u>\$(1,041,500)</u>	<u>\$ (1,041,500)</u>	<u>1,059,030</u>	<u>\$ 2,100,530</u>
Reconciliation to Change in Net Position:				
Change in Net Position			<u>\$ 1,059,030</u>	

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.

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OBLIGATIONS DOCUMENTS SUMMARIES

The following summaries are supplemental to and should be read together with “SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS” herein. These summaries are a brief description of certain provisions of the Purchase Agreement and the Indenture and certain definitions therein not defined elsewhere in this Official Statement, should not be considered a full statement thereof and are qualified in their entirety by reference to the Purchase Agreement and the Indenture, copies of which are available as set forth in this Official Statement under the heading “INTRODUCTORY STATEMENT.”

Definitions

For the purposes hereof and in addition to those defined prior to the Appendices hereof, the following words and phrases will have the following meanings:

“Administrative Expenses” means the reasonable cost or value of all services rendered by the City and its various departments with respect to the System.

“Bond Year” means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

“Business Day” means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

“City Representative” means the City Administrator, the Director of Financial Services of the City or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Administrator or his or her designee. Such certificate may designate one or more alternates.

“Consultant” means an independent utility consultant or firm of such consultants having a favorable reputation with respect to the matters in question.

“Defeasance Obligations” means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), or (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

“Depository Trustee” means any financial institution meeting the requirements as a successor Trustee under Section 8.6 of the Indenture that may be designated by the City.

“Fiscal Year” means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

“Holder” means the registered owner of any Obligation.

“Independent Certified Public Accountant” means a firm of certified public accountants which is not in the regular employ of the City on a salary basis.

“Independent Engineer” means an independent engineer or firm of such engineers having a favorable reputation with respect to the matters in question.

“Interest Requirement” means (i) with respect to the Obligations, as of any date of calculation, the interest amount on the Obligations due during the applicable Fiscal Year, and (ii) with respect to Parity Obligations, as of any date of calculation, the amount required to be paid by the City during the applicable Fiscal Year with respect to interest on Parity Obligations.

“Improvements Fund” means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

“Indenture Event of Default” means any one of those events set forth in Section 7.1 of the Indenture.

“Interest Account” means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

“Obligation Fund” means the fund of that name created pursuant to Section 5.1 of the Indenture.

“Obligation Payment Date” means each July 1 and January 1, commencing, July 1, 2026*, so long as any Obligations are Outstanding.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided in the Indenture or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

“Outstanding” means when used with reference to the Obligations, as of any date of determination, all Obligations theretofore executed and delivered except:

- (i) Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Obligations that are deemed paid and no longer Outstanding as provided in the Indenture;
- (iii) Obligations in lieu of which other Obligations have been executed and delivered pursuant to the provisions of the Indenture relating to Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Obligation is held by a bona fide purchaser; and
- (iv) For purposes of any consent or other action to be taken under the Indenture or under the Purchase Agreement by the Holders of a specified percentage in principal amount of Obligations, Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with any of them.

“Parity Obligation Documents” means any ordinance, indenture, contract or agreement of the City constituting or authorizing Parity Obligations.

“Parity Obligations” means the Series 2021 Obligations and Senior Obligations having a lien payable from Net Revenues of the System on a parity with the Series 2021 Obligations and the Obligations which may hereafter be issued by the City (or any financing conduit acting on behalf of the City) in compliance with the terms of Article IV of the Purchase Agreement.

“Parity Lien Test Debt Service” means an amount of money equal to the highest aggregate Interest Requirement and Principal Requirement of all outstanding Senior Obligations to fall due and payable in the current or any future Fiscal Year. For purposes of determining Parity Lien Test Debt Service for any Fiscal Year, the interest requirement on the Senior Obligations shall be determined based on interest on all outstanding Senior Obligations to

* *Subject to change.*

their stated maturity dates unless the City shall have given irrevocable instructions to redeem some or all outstanding Senior Obligations pursuant to the Indenture or the Parity Obligation Documents, in which case the interest requirement on the Senior Obligations shall be determined based on interest on all outstanding Senior Obligations to their stated maturity or, with respect to Senior Obligations for which such irrevocable redemption instructions have been given, prior redemption dates. In case any Parity Obligations outstanding or proposed to be issued shall bear interest at a variable rate, the interest requirement of such Parity Obligations in each Fiscal Year during which such variable rate applies shall be computed at the lesser of (i) the maximum rate which such Parity Obligations may bear under the terms of their issuance, or (ii) the rate of interest established for long-term bonds by the 20-year bond index most recently published by *The Bond Buyer* of New York, New York, prior to the date of computation (or in the absence of such published index, some other index selected in good faith by the Director of Financial Services of the City after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

“Principal Requirement” means (i) with respect to the Obligations, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the applicable Fiscal Year, and (ii) with respect to Parity Obligations, as of any date of calculation, the amount required to be paid by the City during the applicable Fiscal Year with respect to principal of Parity Obligations. In computing the Principal Requirement for Parity Obligations, an amount of Parity Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of Parity Obligations maturing on the scheduled maturity date.

“Paying Agent” means the banks or trust companies and their successors designated as the paying agencies or places of payment for the Obligations. The Trustee is designated as the initial Paying Agent for the Obligations.

“Permitted Investments” has the meaning provided in the Indenture.

“Person” shall include an individual, an association, unincorporated organization, a corporation, partnership, joint venture, or government or agency or political subdivision thereof.

“Principal Account” means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

“Principal Installment” means, for any particular date, the aggregate of the principal amount of Obligations that are due on such date.

“Purchase Event of Default” means one of the events defined as such in Section 7.1 of the Purchase Agreement.

“Purchase Price” means the sum of the payments paid pursuant to Sections 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

“Series 2021 Obligations” means the Utility System Revenue Obligations, Series 2021 of the City, dated December 28, 2021.

“Special Counsel” means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

“Special Counsel’s Opinion” means an opinion signed by Special Counsel.

The Purchase Agreement

* * * * *

Section 2.1. Agreement to Cause Execution and Delivery of Obligations; Application of Obligation Proceeds. In order to provide funds for payment of the costs of the acquisition, construction and improvement of the 2025 Projects and the refunding of the Bonds Being Refunded, the Obligations shall be executed and delivered under the Indenture.

Section 2.2. Improvements Fund.

(a) The City shall establish and maintain a separate fund known as the “*Improvements Fund*,” which shall be funded from amounts transferred to the City by the Trustee pursuant to the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the 2025 Projects, and all real and personal property deemed necessary in connection with the 2025 Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the 2025 Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the Obligations during the acquisition, construction and improvement of the 2025 Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund, (ii) each item for which payment is proposed to be made is or was necessary in connection with the 2025 Projects, and (iii) each item for which payment is proposed to be made is for a purpose permitted by the Purchase Agreement.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the 2025 Projects by delivery of a certificate signed by the City Representative stating that (i) acquisition, construction and improvement of the 2025 Projects has been completed, and (ii) all obligations and costs in connection with the 2025 Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the 2025 Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the 2025 Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

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Section 3.3. Amounts Payable After Execution and Delivery of Obligations. After providing for any amounts due pursuant to Section 2.4(c) of the Purchase Agreement, the Net Revenues received pursuant to Section 4.1 of the Purchase Agreement shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, during the preceding month in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in the Schedules attached to the Purchase Agreement for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Net Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. The Purchase Agreement shall be deemed and construed to be a "net purchase agreement," and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Purchase Agreement. The City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of the Purchase Agreement.

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Section 4.1. Limitation of Source of City Payments.

(a) The Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions of the Purchase Agreement.

(b) The Net Revenues are pledged by the City to the payment of all amounts due with respect to the Obligations, and such amounts shall be secured by a prior and paramount lien on and pledge of the Net Revenues on parity of lien with the pledge and lien granted by the City for the payment and security of the Parity Obligations. The amounts due with respect to the Obligations, the Parity Obligations and any additional Parity Obligations (exclusive of the City's repayment obligations with respect to reserve fund credit instruments, if any, in connection with the Parity Obligations, and any similar obligations with respect to reserve fund credit instruments to be entered into by the City with respect to additional obligations which shall be secured by Net Revenues on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The City intends that this pledge shall be a prior and paramount lien on and a first pledge of such Net Revenues, as will be sufficient to make all payments with respect to the Obligations, and the City covenants to make the payments with respect to the Obligations from Net Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the City be required to make the payments with respect to the Obligations from any revenues, receipts or sources not derived from the Net Revenues of the System.

(c) Amounts payable by the City under the Purchase Agreement shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur this Purchase Agreement or Parity Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Net Revenues and other moneys and investments pledged hereunder or under the Indenture. After the application of the Net Revenues for the purposes herein, they may be used for any lawful purpose.

* * * * *

Section 4.3. Prior Lien Obligations. The City shall not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under the Purchase Agreement.

* * * * *

Section 5.1. Utilities; Maintenance of the System in Good Condition; Repair and Replacement Fund. All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due under the Purchase Agreement, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

Section 5.2. Insurance. The City shall maintain insurance on the System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operation and Maintenance Expense. All money received for losses under any such insurance policies, except public liability policies, is pledged by the City as security for the payment of the Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the System. Self-insurance may be maintained for the System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City and (b) an independent insurance or actuarial consultant appointed by the City annually reviews and reports to the City in writing that any such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

Section 5.3. No Sale; Lease or Encumbrance Exceptions.

(a) The City shall not sell, lease, encumber or in any manner dispose of the System as a whole until all of the Obligations and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System, (b) such property is not useful in the operation of the System, (c) such property is not profitable in the operation of the System or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any municipality or political subdivision of the State or any agency of any one or more of them, any portion of the System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in opinion of such Consultant, the proposed sale will not reduce the Net Revenues to be received in the full Fiscal Year next succeeding such sale to an amount less 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operation and Maintenance Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations then Outstanding.

(c) The City may sell or otherwise transfer the System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations under the Purchase Agreement; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City under the Purchase Agreement have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Net Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Net Revenues will be less than 125% of Parity Lien Test Debt Service. In reaching

this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the System in connection with the issuance of additional Parity Obligations to finance additional improvements to the System or refinance the Obligations or additional Parity Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the System.

* * * * *

Section 5.6. Disconnection of Service for Non-Payment; No Free Service.

(a) The City shall diligently enforce payment of all bills for services supplied by the System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the System.

(b) No free service shall be furnished by the System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided in the Purchase Agreement. The reasonable cost and value of all service rendered to the City and its various departments by the System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner provided in the Purchase Agreement for the application of the Revenues of the System.

Section 5.7. No Competing System. The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system in the City.

* * * * *

Section 7.1. Purchase Events of Default. Any one or more of the following events ("Purchase Events of Default") shall constitute a default under the Purchase Agreement:

(a) The City shall fail to make any payment when due under Section 3.3(ii) of the Purchase Agreement; or

(b) The City shall fail to make any payment under Section 3.3(i) of the Purchase Agreement for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant in the Purchase Agreement for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that it cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts that may be enacted after execution of the Purchase Agreement.

Section 7.2. Remedies on Default by City. Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the

available remedies at law or in equity, including, but not limited to, specific performance, however under no circumstances may amounts due under the Purchase Agreement be accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the System for the City with power to charge and collect fees sufficient to pay all of the Operation and Maintenance Expenses and to make all required payments under the Purchase Agreement. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

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Section 8.12. Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Purchase Agreement and that provides that the City may within three years after its execution cancel any contract (including the Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

The Indenture

Granting Clauses. Pursuant to the Indenture, the Trustee has been granted a security interest in and the following described property has been released, assigned, transferred, pledged mortgaged, granted and conveyed to the Trustee:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged to the Trustee pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, and

C. Any and all other real or personal property of any kind from time to time after execution of the Indenture by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security under the Indenture for the Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee.

* * * * *

Section 1.3. All Obligations Equally and Ratably Secured; Obligations Not General Obligations of the City. All of the Obligations executed and delivered under the Indenture and at any time Outstanding shall in all respects be equally and ratably secured by the Indenture, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the Obligations, so that all Obligations at any time Outstanding under the Indenture shall have the same right, lien and preference under the Indenture and shall all be equally and ratably secured by the Indenture. The Obligations shall be payable solely out of the revenues and other security pledged by the Indenture and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against its general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

* * * * *

Section 5.3. Flow of Funds into the Obligation Fund. The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of Obligations. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

Section 5.4. Flow of Funds out of the Obligation Fund. Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire Obligations by payment at their scheduled maturity date or redemption date.

* * * * *

Section 5.6. Investment of Moneys Held by Trustee.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

* * * * *

Section 7.1. Events of Default. Each of the following is declared an “Indenture Event of Default” under the Indenture:

(a) If payment of any installment of interest on any Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged under the Indenture and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other covenants, conditions, agreements or provisions on its part to be performed as provided in the Indenture or in the Obligations and such default

continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City commences and diligently pursues in good faith appropriate corrective action, and certify as such to the Trustee and such failure does not continue for a period of more than 60 days; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Obligations then Outstanding; or

- (e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

Section 7.2. Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with the Indenture and the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, protect and enforce its rights and the rights of the Holders under the Indenture and the Purchase Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due under the Indenture or for damages for the breach of the Indenture, and the Trustee may pursue any other remedy which the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to the Purchase Agreement subject to any limitations on such remedies set forth therein.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7 of the Indenture, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the Obligations then outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Obligations not making such request.

Section 7.3. No Acceleration. In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant to the Indenture and then only to the extent of the amount to be so redeemed amounts due under the Indenture.

Section 7.4. Application of Revenues and Other Moneys After Default.

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee under the Indenture shall be applied as follows provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

- First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the Obligations); and
- Second: To the payment of the unpaid Principal Installments or redemption price that shall have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the Obligations to be paid

on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

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Section 7.7. Individual Holder Action Restricted.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for any remedy under the Indenture except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers under the Indenture upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted in the Indenture; and

(ii) Such Holders have offered to indemnify the Trustee as provided in Section 8.2(v) of the Indenture; and

(iii) The Trustee has failed or refused to exercise the duties or powers granted in the Indenture for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of Obligations then Outstanding.

(b) No one or more Holders of Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security thereof or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Holders of all Obligations Outstanding.

(c) Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Obligation (i) to receive payment of the principal of or interest on such Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Obligation may institute or prosecute any such suit if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, funds and properties pledged under the Indenture for the equal and ratable benefit of all Holders of Obligations.

* * * * *

Section 7.9. Waiver of Indenture Event of Default.

(a) No delay or omission of the Trustee or of the Holder of any Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under, the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

(c) In case of any waiver by the Trustee of an Indenture Event of Default under the Indenture, the City, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

* * * * *

Section 8.1. Certain Duties and Responsibilities of Trustee.

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which are required by any provision of the Indenture or the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection (c) shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence, willful misconduct or breach of trust by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any associate or senior associate, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding Obligations as provided in the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture and

(iv) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees and expenses, and all other reasonable disbursements, including its own fees and expenses, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2. Certain Rights of Trustee. Except as otherwise provided in Section 8.1 of the Indenture:

* * * * *

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders pursuant to the Indenture unless such Holders shall have offered to the Trustee satisfactory security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

* * * * *

Section 8.6. Removal and Resignation of Trustee.

(a) The Trustee may resign at any time from the trusts created by the Indenture by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the Obligations at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

* * * * *

Section 8.8. Trustee's Fees and Expenses.

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it under the Indenture; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and, together with the Trustee's officers, directors, agents and employees, to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of the trust or its duties under the Indenture.

* * * * *

Section 9.1. Supplements Not Requiring Consent of Holders. The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to the Indenture for one or more of the following purposes:

- (i) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture that is inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee, not materially adversely affect the interests of the Holders;
- (ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (iii) to secure additional revenues or provide additional security or reserves for payment of the Obligations and necessary, related provisions therefor;
- (iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;
- (v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of the Indenture;
- (vi) to permit Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any Obligations to become includible in gross income for purposes of federal income taxes;
- (vii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the Obligations) the interest on which is likewise exempt from federal and State income taxes; and
- (viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to the Indenture by agreement of the Trustee and the City.

Section 9.2. Supplements Requiring Consent of Holders.

(a) Other than supplements to the Indenture referred to in Section 9.1 of the Indenture and subject to the terms and provisions and limitations contained in the Indenture and not otherwise, the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City Representative and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, nothing in this Section or Section 9.1 of the Indenture shall permit or be construed as permitting a supplement to the Indenture that would:

- (i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or rate of interest payable on any Obligation without the consent of the Holder of such Obligation;
- (ii) prefer or give a priority to any Obligation over any other Obligation without the consent of the Holder of such Obligation;

(iii) reduce the principal amount of Obligations then outstanding the consent of the Holders of which is required to authorize such supplement without the consent of the Holders of all Obligations then Outstanding;

(iv) increase the principal amount of Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d) of the Indenture, without the consent of the Holders of all Obligations then Outstanding; or

(v) reduce the redemption price of any Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 of the Indenture without the consent of the Holder of such Obligation.

(b) If at any time the City requests the Trustee to enter into a supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such supplement, cause notice of the proposed execution of such supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of Obligations then Outstanding at their addresses as they appear on the registration books for the Obligations. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

* * * * *

Section 9.4. Amendments to Purchase Agreement Not Requiring Consent of Holders. The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions of the Purchase Agreement; (ii) to cure any ambiguity or formal defect or omission or to correct or supplement any provision of the Purchase Agreement that is inconsistent with any other provision of the Purchase Agreement, or to make any other provisions with respect to matters or questions arising under the Purchase Agreement provided that the modification, in the opinion of counsel delivered to the Trustee under this Section, does not materially adversely affect the interests of the Holders; and (iii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the Obligations authorized by the Indenture) the interest on which is likewise exempt from federal and State income taxes; and (vi) in connection with any other change in the Purchase Agreement that, in the opinion of counsel delivered to the Trustee, will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized or permitted under the Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

Section 9.5. Amendments to Purchase Agreement Requiring Consent of Holders.

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 of the Indenture and subject to the terms, provisions and limitations contained in the Indenture and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the Purchase Agreement only with the consent of the Holders of not less than a majority in principal amount of Obligations then Outstanding, given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the City to make payments, under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Obligations then Outstanding.

* * * * *

Section 10.1. Discharge of Indenture.

(a) If payment of all principal of and premium, if any, and interest on all of the Obligations in accordance with their terms and as provided in the Indenture and in the Purchase Agreement is made, or is provided for in accordance with Article 10 of the Indenture, and if all other sums, if any, payable under the Indenture shall be paid, then the liens, estates and security interests granted by the Indenture shall cease. Thereupon, upon the request of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien of the Indenture have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien of the Indenture and the Trustee shall transfer all property held by it under the Indenture, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Obligations, to the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection with the Indenture.

(b) The City may at any time surrender to the Trustee for cancellation any Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2. Providing for Payment of Obligations.

(a) Payment of all or any part of the Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate of an independent nationally recognized certified public accountant or firm of such accountants, to pay when due the principal or redemption price of and interest on such Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or such Depository Trustee irrevocably in trust for the Holders of such Obligations solely for the purpose of paying the principal or redemption price of and interest on such Obligations as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee or such Depository Trustee as to the dates upon which any such Obligations are to be redeemed prior to their respective dates.

* * * * *

(c) If payment of Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of an Obligation so provided for.

(d) Obligations, the payment of which has been provided for, in accordance with this Section, shall no longer be deemed outstanding under or secured by the Indenture. The obligation in respect of such Obligations shall nevertheless continue but the Holders of those Obligations will thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or such Depository Trustee to provide for the payment of such Obligations.

(e) No Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of Obligation is made, the interest payable on any Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Obligations.

* * * * *

Section 11.10 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Indenture and which provides that the City may within three years after its execution cancel any contract (including the Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating,

negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

	CITY OF YUMA, ARIZONA	
\$41,930,000*		\$42,085,000*
UTILITY SYSTEM REVENUE OBLIGATIONS, SERIES 2025A		UTILITY SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2025B

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “*Undertaking*”) is executed and delivered by the City of Yuma, Arizona (the “*City*”), in connection with the execution and delivery of \$41,930,000* principal amount of Utility System Revenue Obligations, Series 2025A (the “*2025A Obligations*”) and \$42,085,000* principal amount of Utility System Revenue Refunding Obligations, Series 2025B (the “*2025B Obligations*” and, collectively with the 2025A Obligations, the “*Obligations*”). The Obligations are being executed and delivered pursuant to the Series 2025 Obligation Indenture, dated as of November 1, 2025* (the “*Indenture*”), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

“*Annual Financial Information*” means the financial information and operating data set forth in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Final Official Statement*” means the Final Official Statement relating to the Obligations, dated _____, 2025.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

“GAAP” means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

“Listed Event” means the occurrence of events set forth in Exhibit II.

“Listed Events Disclosure” means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

“Purchase Agreement” means the Series 2025 Purchase Agreement, dated as of November 1, 2025*, by and between the City and the Trustee, in its separate capacity as “Seller.”

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

“State” means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP Numbers of the Obligations are as follows:

CUSIP (Base No. 988522)	Maturity Date (July 1)
----------------------------	---------------------------

2025A Obligations

2025B Obligations

4. Annual Financial Information Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

* *Subject to change.*

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Indenture, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Indenture at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Indenture.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the

Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

CITY OF YUMA, ARIZONA

By.....
John D. Simonton, Interim City Administrator

ATTEST:

.....
Lynda L. Bushong, City Clerk

APPROVED AS TO FORM:

.....
Richard W. Files, City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLES A-1 through and including A-6, TABLES A-8 through and including A-11, TABLE A-13, TABLE A-14 and “HISTORICAL, UNAUDITED ACTUAL AND BUDGETED NET REVENUES AND DEBT SERVICE COVERAGE” (in each case, actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2026. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee

holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to a remarketing agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to a remarketing agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to a remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the Underwriter or their agents and counsel take responsibility for the accuracy thereof.