YUMA COUNTY

Yuma County Administration Building

198 Main Street. Yuma, AZ 85364

Citizen's Annual Financial Report

For the Fiscal Year Ended June 30, 2008

"Yuma County Government is dedicated to providing customer-focused services to enhance the health, safety, well-being, and future of our entire Community.

Dear Citizens of Yuma County,

We are pleased to present Yuma County's seventh Popular Annual Financial Report (PAFR), prepared by the Department of Financial Services. This report provides a summary of the County's financial information in a simplified easy to read format. We hope this report gives you a better understanding of County government, local economic factors, and our financial condition.

Information in this report has been taken from the 2008 Yuma County Comprehensive Annual Financial Report (CAFR). The CAFR contains management's representations concerning the finances of Yuma County in the form of financial statements. The CAFR was prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP), was audited by Heinfeld, Meech & Co., and received an unqualified opinion. That is the best audit opinion possible. For more information or detail see the County's CAFR available at County Offices, or www.co.yuma.az.us.

This Popular Annual Financial Report summarizes the financial activities of the primary government of Yuma County. The reports and statements contained in the PAFR condenses and simplifies our 2008 Comprehensive Annual Financial Report for all Yuma County governmental funds which is based on GAAP. Governmental funds are used to account for all of Yuma County's expendable financial resources. Keep in mind that Governmental Funds seek to present and determine a financial position rather than the determination of income. The modified accrual basis of accounting is used in this report, which means revenues are recognized when measurable and available and expenditures when incurred.

The Popular Annual Financial Report of Yuma County was introduced as a means of increasing public confidence in County government and its elected officials through easier, more user-friendly financial reporting. The PAFR is **not** audited and does **not** conform to U.S. Generally Accepted Accounting Principles (GAAP) and governmental reporting standards.

As you review this report, we invite you to share any questions, concerns, or comments you may have. We also encourage you to review Yuma County's Comprehensive Annual Financial Report (CAFR), that is presented in the nature of full-disclosure. The CAFR can be found at the Administration Building at 198 Main Street, any County Library location, by calling (928) 373-1012, or on the County's website www.co.yuma.az.us.

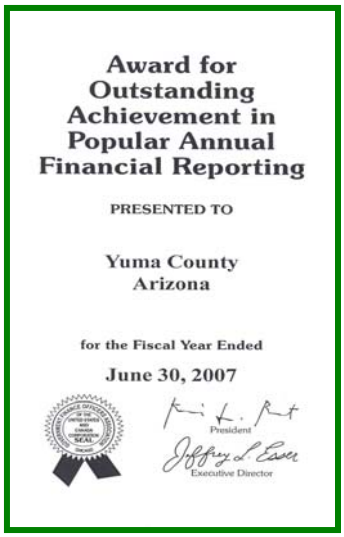
Respectfully,

Scott Holt
Director– Financial Services

TABLE OF CONTENTS

The Reporting Entity—Yuma County (Abridged)	*Page 01*
Economic Factors Affecting Financial Condition	*Page 02*
The Big Picture:	
(Sources) Where the money comes from...	*Page 03*
..Where the money goes (Uses)	*Page 04*
A Smaller Picture:	
(Sources) Where the majority of the money comes from…	*Page 05*
...Where the majority of the money goes (Uses)	*Page 06*
In the Spotlight	
The Criminal Justice System Expenditures	*Page 07*
How your County-wide Sales Taxes are Ultimately Used	*Page 08*
Combined Financial Activity Statement—Sources and Uses	*Page 09*
Combined Financial Position Statement—Benefits and Burdens	*Page 10*
Assessed Valuation	*Page 11*
Tax Collections	*Page 12*
Property Taxes	*Page 13*
Cash & Fund Balances and Retail Sales	*Page 14*
Long Term Plans	*Page 15*
Yuma County Board of Supervisors	*Page 16*

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Yuma County for its Popular Annual Financial Report for the fiscal year ended June 30, 2007. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.


Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

Yuma County
Arizona

for the Fiscal Year Ended

June 30, 2007

President

Executive Director

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting. requirements, and we are submitting it to GFOA.

THE REPORTING ENTITY

Yuma County (Abridged)

County Profile: Yuma County, bordered by California to the West and Mexico to the South, was founded in 1864 as one of the four original counties established by the first Territorial Legislature. It maintained its designated boundaries until 1983 when voters resolved to split Yuma County into La Paz County in the north and a "*new*" Yuma County in the south encompassing 5,522 square miles.

In 1540, just 48 years after Columbus stumbled upon the New World, 18 years after the conquest of Mexico by Cortez, and 67 years before the settlement of Jamestown, Hernando de Alarcon visited the site of what is now the city of Yuma. He was the first European to set foot in the area and to recognize the best natural crossing of the Colorado River.

From the 1850s through the 1870s, steamboats on the Colorado River transported passengers and goods to mines, ranches and military outposts in the area, serving the ports of Yuma, Laguna, Castle Dome, Norton's Landing, Ehrenberg, Aubry, Ft. Mohave and Hardyville.

For many years, Yuma served as the gateway to the new western territory of California. In 1870, the Southern Pacific Railroad bridged the river, and Yuma became a hub for the railroad and was selected as the county seat.

Much of Yuma County is desert land accented by rugged mountains. The Valley contains an abundance or arable land irrigated by the Colorado River.

The economy of the County is based largely on a variety of agricultural, service industries, wholesale and retail trade, military and government employment. During the winter months, the population nearly doubles with part-time residents, known as "snow birds".

Land Allocation

Indian reservations	0.2%
State of Arizona	7.7%
Individual or corporate	10.5%
U.S. Bureau of Land Mgmt.	14.8%
Other public lands	66.8%

Organization: A five-member Board of Supervisors carries out the governmental and administrative affairs of the County. Each member is elected from a designated district to serve a four-year concurrent term. The Board members collectively select the chair. The Board is responsible for establishing the policies of the County to provide guidance to the various County Departments, and appointing a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County. The Board also furnishes budget authority to all other County Elected Officials and the Court System.

Top Left to Right: Russell McCloud, Marco A. Reyes, Gregory S. Ferguson; Bottom Left to Right Lenore Lorona Stuart, Kathryn Prochaska.

40.00
30.00
20.00
10.00
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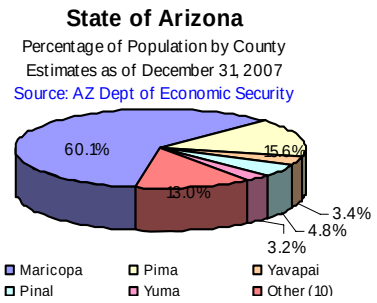
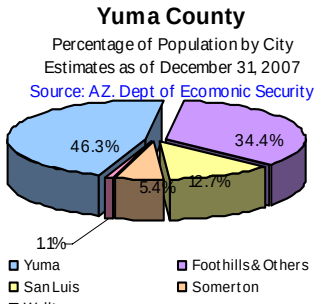
ECONOMIC FACTORS
AFFECTING FINANCIAL CONDITION

Population: At January 1, 2008, Yuma County's estimated annual population has grown at 25.8% since the last census to a total population of 201,298. This is slightly above the State of Arizona's growth of 20.7% in that same time with a total population of 6,500,194. Yuma County accounts for 3.1% of the total state population.

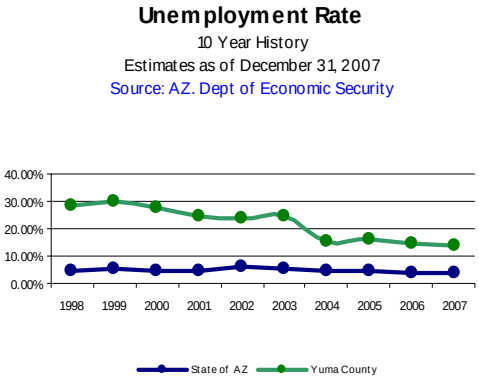
The majority of the population of Yuma County resides in the City of Yuma (46.3%). The Cities of San Luis, Somerton, the Town of Wellton, and all other areas account for 12.7%, 5.4%, 1.1%, and 34.5% respectively. Major growth continues in the Fortuna Foothills area and the City of San Luis.





Employment: Unemployment rate on January 1, 2008 is 13.9%, a 6.7% decrease from the previous year's 14.9%. The line chart shows a 10 year history of Yuma County and the State of Arizona's Unemployment rates (Non-Adjusted for seasonal workers).

Per the Arizona Department of Economic Security, the net change in Employment for Yuma County compared to last year was an additional 800 jobs. The State of Arizona experienced an increase of 31,500. Table below lists out, by Sector the employment increase / (decrease) for both Yuma County and the State of Arizona.

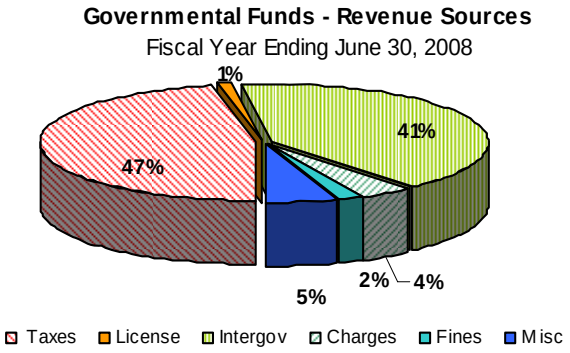


Sector	Yuma County	State of Arizona
Goods	(400)	(18,500)
Services	1,200	50,000
Mining & Construct	(500)	(29,200)
Manufacturing	100	(4,000)
Trade, Transp & Utilities	200	16,300
Financial Activities	-	(1,400)
All Government	200	(18,100)
All Other	-	36,400
Net Change	**800**	**31,500**

The Big Picture

(Sources) - Where the money comes from...

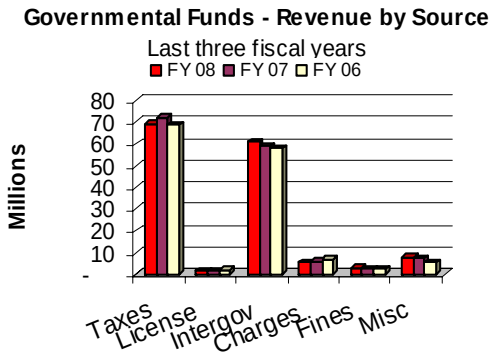
Governmental Funds: These funds are used to account for all Yuma County's expendable



REVENUES

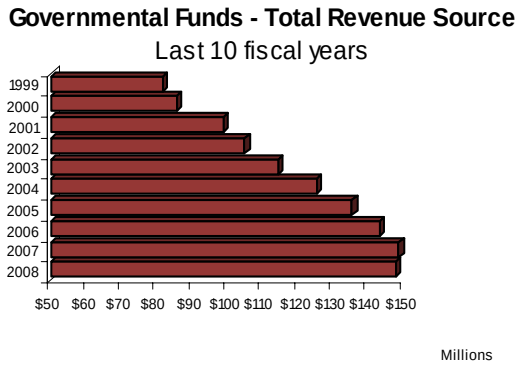
Yuma County's Governmental revenues totaled 147,743,013 for fiscal year 2007-2008.

The majority of this year's revenues are from two sources: **Taxes** (Primary Property and Sales tax); and **Intergovernmental** (Federal and State contributions).



The bar chart to the left shows a comparative three-year history of Yuma County revenues by source.

Fiscal year 2007-2008 recorded a .3% decrease in revenues. Reflection of a stable Local economy considering the declining state economy.



This last bar chart shows a ten year history of the total revenue source.

Total revenues have been increasing to an 7.2% average for the past ten years. The most significant increase was recorded for the fiscal year ending June 30, 2001 (15.4%).

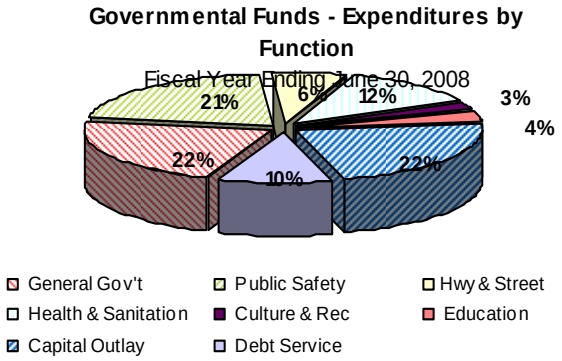
The Big Picture

...Where the money goes to - (Uses)

financial resources. Essentially account and record the governmental financial activities.

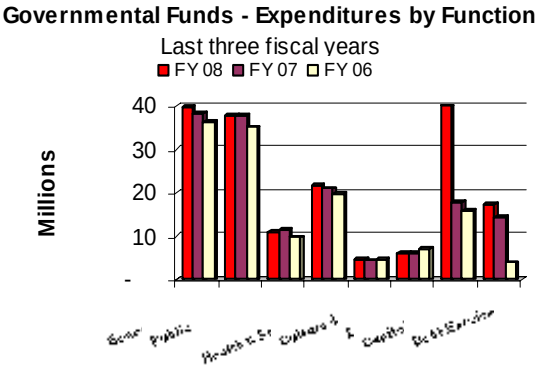
EXPENDITURES

During fiscal year end June 30, 2008 Yuma County's three major expenditure functions were General Government, Public Safety, and Capital Outlay. Combined they account for 65.9% of the total County's expenditures of $178,713,792.



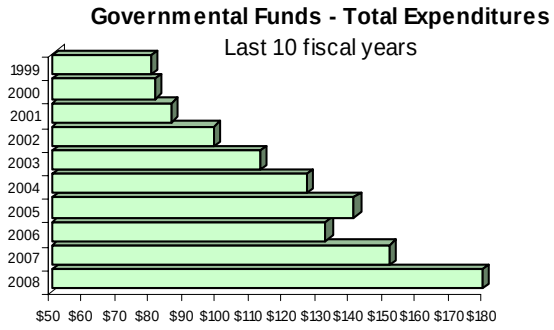
The bar chart to the right shows a comparative three year history of Yuma County's expenditures by function.

Fiscal year 2007-2008 recorded a 125% increase in capital expenditures due to the Library expansion.



This last bar chart shows a ten year total expenditure history.

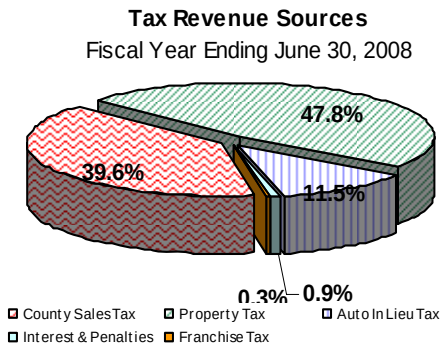
Total expenditures have been increasing to an 8.19% average for the past ten years. The most significant increase was recorded for the fiscal year ending June 30, 2008 (18%).



A Smaller Picture

(Sources) - Where the majority of the money comes from...

Revenues: Tax and Intergovernmental revenues have been County's major sources



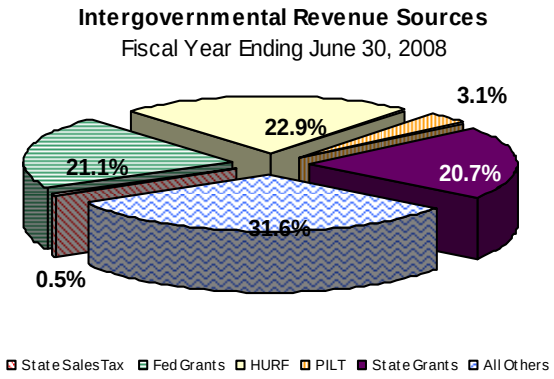
REVENUES

Sales Taxes represent nearly 40% of Tax Revenues. This tax is applied to certain sales transactions.

Property Taxes are based on assessed valuation.

Auto in Lieu of Tax comes from automobile licenses.

Franchise Fees are applied



Intergovernmental Revenues are received from other governmental entities such as State or Federal.

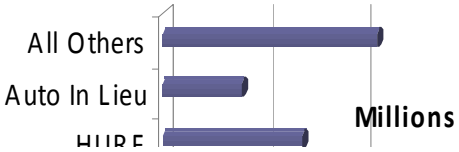
State Shared Sales Tax are applied to certain sales transactions State wide.

Grants from both Federal and State Governments are available to County by meeting certain requirements and have restrictions on use.

Highway User Revenue Fund (HURF) comes from tax applied to Gas.

Payment in Lieu of Tax (PILT) is the major item on Other revenue. It is a Federal contribution for land use.

Major Revenue Source Fiscal Year Ending June 30, 2008



Bar Chart shows Taxes are the major source of County's Revenues.

A Smaller Picture

...Where the majority of the money goes to - (Uses)

Expenditures: Traditionally the majority of expenditures are personnel related.

EXPENDITURES

Can be segregated in four classes for better analysis:

Personnel or salaries and benefits costs. $74.1 Millions

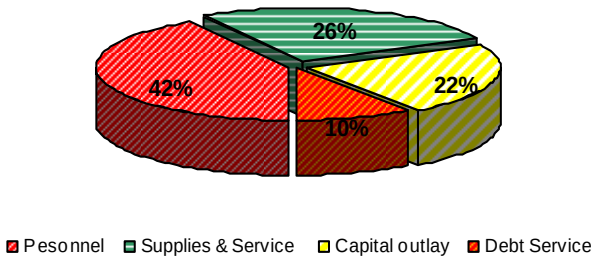
Supplies and Services Expenditures. $47.0 Millions

Capital Outlay purchases of large cost items. $40.1 Millions

Debt Service payments

Expenditures - by Classification

Fiscal Year Ending June 30, 2008



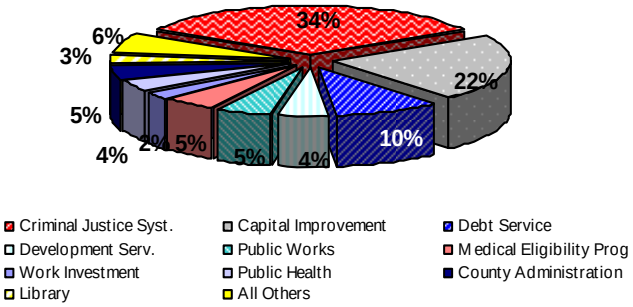
Agency Groups is another method of looking at all the County spending.

The predominate agency group is the Criminal Justice System (33%). The pie chart in the middle shows ten agencies that account for $167,297,438 or 94% of total expenditures.

Bar Chart at the bottom indicates that Debt Service is the second agency in which most funds are expended. Large debt services payments related to the bond issuance for the construction of the Justice center occurred in this fiscal year which paid them in full.

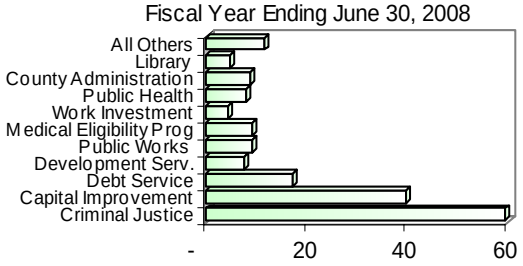
Expenditures - by Agency Group

Fiscal Year Ending June 30, 2008



Major Expenditures - by Agency Group

Fiscal Year Ending June 30, 2008



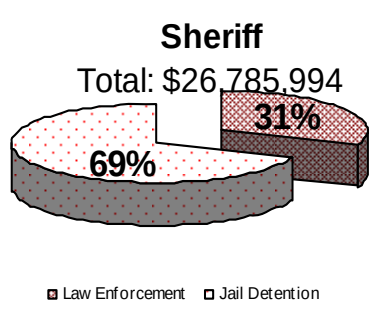
Million

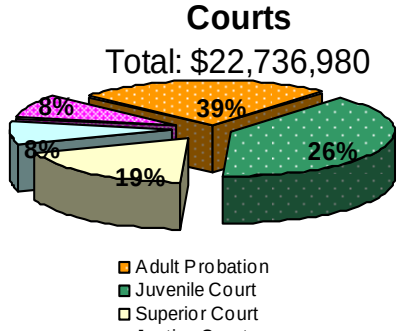
In the Spotlight

The Criminal Justice System Expenditures

The Sheriff

Law Enforcement accounts for the expenditures associated with patrol, investigations, and other normal operations. The Jail District is a tax-levying district established to acquire, construct, operate, and maintain the County Jail system. They primarily house inmates.



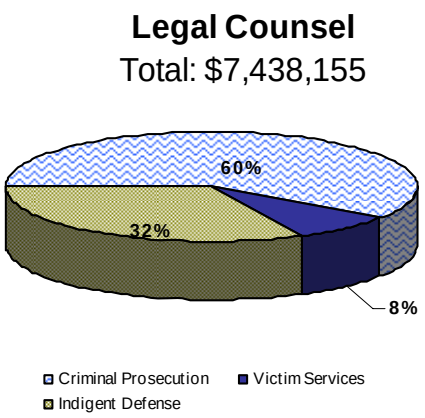


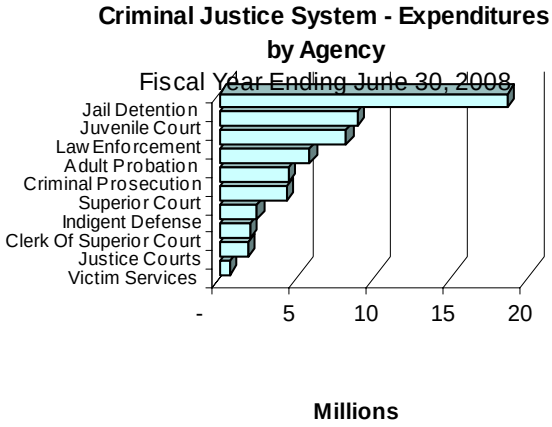
The Courts

Composed of Adult Probation, Juvenile Court, Superior Court, Clerk of Superior Court, and Justice Court. The Judicial Branch system interprets and enforces law; monitors perpetrators; and collects fees as assigned.

Legal Counsel

Both Criminal Prosecution and Victim Services are administrated through the Elected County Attorney. Indigent Defense are defense attorneys that are provided to people who can not afford an attorney administered through the Public Defender's and Legal Defender's offices. Instances of case overload or conflict are Court appointed to a contractual attorney.





In the Spotlight

How your County-wide Sales Taxes are Ultimately Used

County Sales Taxes	Governmental Funds 07-08	06-07	Increase $	%
General Fund (General Operations)	$12,373,201	$ 12,427,890	$ (54,689)	-0.4%
Jail District (General Operations)	12,372,890	12,427,423	(54,533)	-0.4%
Capital Projects (Specific Projects)	54,809	7,292,550	(7,237,741)	-99.2%
Health District (General Operations)	2,481,331	2,465,086	16,245	0.7%

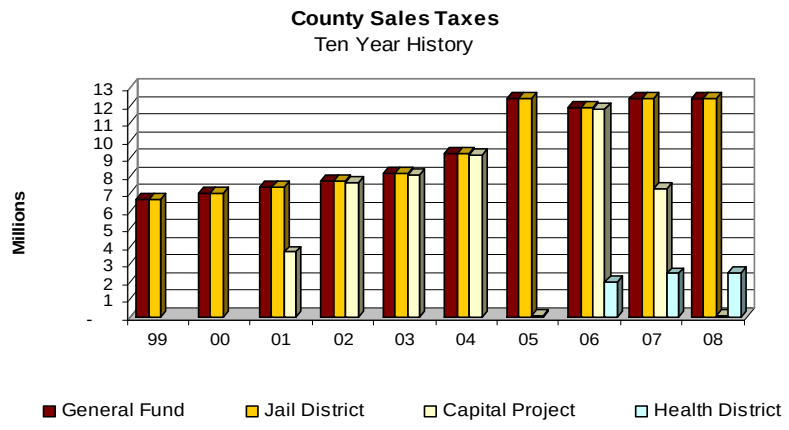
There are two (2) County sales taxes in Yuma County that are applied to certain transactions within the County limits. Each sales tax is one half of one percent (0.50%).

The first established is used to fund the General Fund's general operations.

The second established is the Jail District Sales Tax that was voter approved on May 15th, 1995 to finance the general operations of Yuma County's Jail District. This tax collection authority expires in 2015 unless extended by voter approval.

The Capital Projects Sales Tax was voter approved for the financing of Capital Projects on September 12th, 2000. The projects which were a part of this tax are six (6): New Juvenile Detention & Administration Facility, New Justice Center, Remodeling of Historic Courthouse, New Parking Structure, the Area Service Highway, and the Bond repayment for the Health Building. This tax was terminated when the maximum collection amount of $57,564,506 was reached in January, 2007.

The Health district has a one tenth of a percent sales tax (0.10%) to support the ongoing community health programs and the general operations of the District.



Yuma County
Combined Financial Activity Statement of Sources and Uses
Year Ended June 30, 2008 (in millions)

	General Fund		All Other Governmental Funds Combined	
Revenues	2008	2007	2008	2007
Taxes and Special Assessments	$ 37.00	$ 35.44	$ 31.98	$ 36.68
Licenses & Permits	0.99	1.12	0.56	0.36
Intergovernmental	22.35	23.01	38.56	35.78
Charges for Services	3.23	2.83	2.20	3.15
Fines & Forfeits	1.82	1.53	1.14	1.18
Miscellaneous	1.05	1.35	6.86	6.18
Total Revenues	$ 66.44	$ 65.27	$ 81.30	$ 83.33
Other Financing Sources				
Transfers In	0.01	0.42	34.92	27.62
Bond, Loan, & Lease Proceeds	0.19	0.14	43.72	10.35
Total Sources	$ 66.64	$ 65.83	$ 159.94	$ 121.30
Expenditures				
General Government	35.74	34.09	4.06	4.06
Public Safety	11.15	10.49	26.67	27.39
Highways & Streets	-	-	11.01	11.29
Health, Welfare, & Sanitation	10.24	10.02	11.61	10.96
Culture & Recreation	0.01	0.03	4.47	4.31
Education	0.34	0.34	5.92	5.85
Capital Outlay	0.75	0.82	39.36	16.97
Debt Service	0.10	0.16	17.28	14.06
Total Expenditures	$ 58.33	$ 55.96	$ 120.38	$ 94.89
Other Financing Uses				
Transfer Out	8.65	12.18	26.60	16.38
Total Uses	$ 66.98	$ 68.14	$ 146.98	$ 111.27
Excess Sources Over/(under) Uses	$ (0.34)	$ (2.31)	$ 12.96	$ 10.03

The Financial Activity Statement and Financial Position Statement are presented on a non-GAAP basis but were created employing the same accounting basis as used in the CAFR. Those desiring to view full disclosure, GAAP basis financial statements should refer to the County's CAFR. The CAFR can be obtained by either contacting Yuma County Finance or on the County's website

Yuma County
Combined Financial Position Statement - Benefits & Burdens
Year Ended June 30, 2008 (in millions)

	General Fund		All Other Governmental Funds Combined	
	2008	2007	2008	2007
Financial Benefits - (Assets)				
Cash & Invsmts w/ Cnty Treas	$ 12.25	$ 11.25	$ 105.80	$ 79.06
Cash & Invsmts w/ Others	-	-	9.06	21.70
Receivables	0.94	0.53	2.24	1.87
Due from other Funds & Govt's	7.63	8.08	11.36	16.13
Other Assets	0.12	0.07	0.07	0.25
Total Financial Benefits - (Assets)	$ 20.94	$ 19.94	$ 128.51	$ 119.02
Financial Burdens - (Liabilities)				
Owed to Vendors	0.80	1.05	5.79	4.05
Owed to Employees	1.81	1.15	1.71	1.21
Due to other Funds & Govts	3.09	2.30	7.45	13.92
Deposits held by County as Trustee	0.03	0.03	0.28	0.35
Debt Service Interest Payable	-	-	0.66	0.34
Debt Service Principal Payable	-	-	1.94	1.40
Deferred Revenues	0.75	0.63	0.76	0.76
Total Financial Burdens - (Liabilities)	$ 6.48	$ 5.15	$ 18.58	$ 22.02
Benefits over / (under) Burdens	$ 14.46	$ 14.79	$ 109.93	$ 97.00

The **Financial Activity Statement**, known in accounting terms as the "*Income Statement*", provides a record of the sources (revenues) and uses (expenditures) of providing County services.

The Excess Sources over / (under) Uses amount represents the gain or loss for the current year. This is similar to a business's "*net income*" except there are no provisions for certain items such as depreciation or claims and judgments

The **Financial Position Statement**, known in accounting terms as the "*Balance Sheet*", provides the financial benefits (assets) available to the County to provide services, while financial burdens (liabilities) describes the amount the County owes in providing those services.

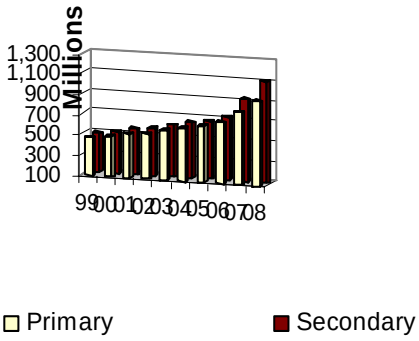
The Benefits over / (under) Burdens amount represents the difference between financial benefits and burdens. Since certain sources are restricted to only specific uses, the Benefits over Burdens should be looked at as only **similar** to the "*Net Worth"* or "*Net Equity*" of the County.

Assessed Valuation

Joe Wehrle, Assessor

The County Assessor's office welcomes all questions and inquires. If you have questions regarding primary or secondary assessed valuations; or your own assessed valuation, stop by the County Assessor's office located at 410 S. Maiden Lane, Yuma AZ or they can be reached at
(928) 373-6040
Monday through Friday from 8:00-5:00.

Yuma County - Total Assesed Valuations
Ten Year History

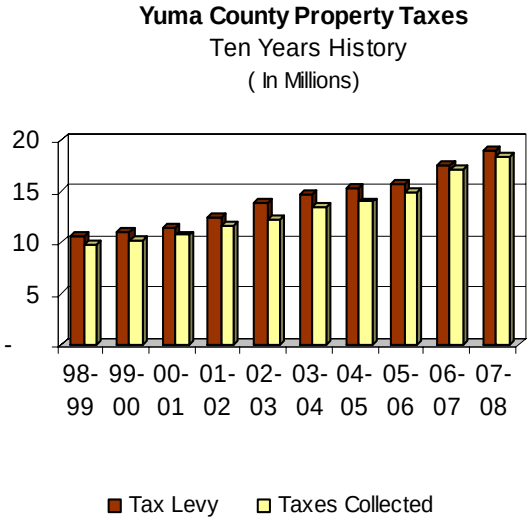


In tax collection year 2008, the net primary assessed valuation increased by 14.3% to $937.8 million and the net secondary assessed valuation increased 20.7% to $1,107.2 million. Yuma County's significant increase in assessed valuation was due primarily to the number of new residential and commercial constructions. This construction phenomena is being seen throughout the Arizona State of which had an increase of 15.18% and 32.07% for net primary and secondary assessed valuations, respectively. The primary assessed valuation is a legislated valuation, which provides taxes for general operations (General Fund). The secondary assessed valuation is a better indicator of market conditions since it is not restricted by statute and is the basis for the Flood Control District and Library District levies. Improvement Districts are generally levied and assessed using the acreage method, but may use the valuation method if it is more applicable to the circumstance. Above is a bar graph showing a ten (10) year history of Yuma County's net primary and secondary assessed valuations in total amount.

Tax Collections

The County Treasurer's office collects and distributes property taxes for the State, county, cities and towns, community college districts, school districts, and special districts. If you have questions regarding tax payments or collections by the County Treasurer, their office is located at 410 S. Maiden Lane, Yuma, AZ or they can be reached at (928) 539-7781 Monday through Friday from 8:00-5:00

Karen Fritz, Treasurer



Current (2007-08) real estate and personal property tax collections were 97.45 of the General Fund tax levy, which is down from 97.47% of last fiscal year (2006-07).
Note: this figure only recognizes taxes collected in the fiscal year in which the taxes were levied; it does not recognize taxes collected in subsequent fiscal years.

Total Taxes Collected for fiscal year 2007-2008 are at 98.91%, which is down from 99.11% of the prior fiscal year (2006-2007).
Note: this percentage recognizes all taxes collected, including those collected in subsequent fiscal years.

Though this increase in current collections reduces the fees associated with the collection of delinquent (late) taxes, it helps the county maintain a current cash flow and assists in future year budgeting as the uncollectible percentage decreases.

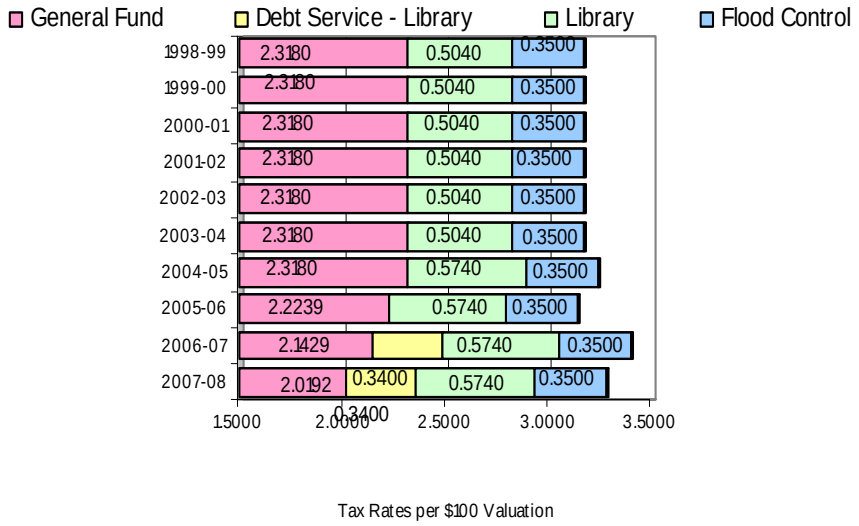
Property Taxes

History of Property Tax Rates

The County's last *primary* property tax rate increase was fiscal year 1997-98. The current County rate is $2.0192 per $100 Valuation. Primary net assessed valuations have increased 138.60% since that time.

Library District retained its operations property tax rate during current fiscal year (2007-08), but added $.3400 for voter approved bond repayments for enhancements to library facilities. The last time the Flood Control District's raised their property tax rate was for fiscal year 1998-99, however this rate is still lower than in fiscal year 1996-97. Both of these district's tax rates are applied to the *secondary* assessed valuation.

Below is a chart showing the property tax rates for the County, Library District, Flood Control, and the *old* Debt Service for the past fifteen years.

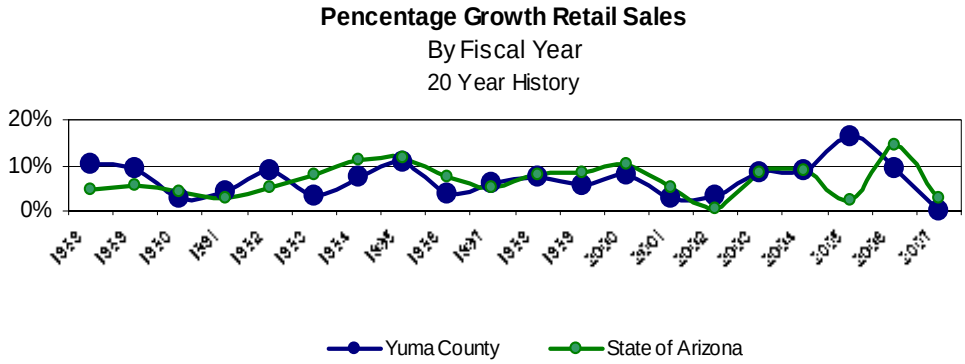


Why would your property taxes change even though the adopted tax rate has remained the same

Residential property taxes are calculated by applying the tax rate per $100 to the assessed valuation. If your property has a Full Cash Value of $80,000 the assessed valuation for residential property would be 10% or $8,000 and the tax rate is $2.0192 per $100, then the calculation for County Tax Liability would be:

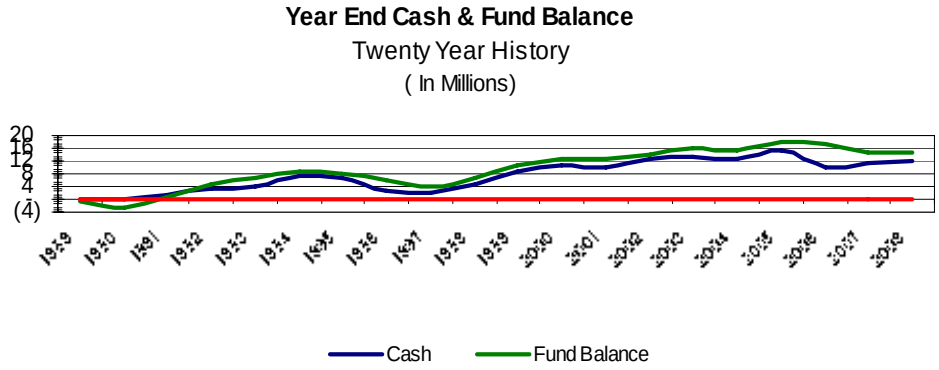
$80,000 times 10%, divided 100, multiplied by $2.0192 = **$161.54**.

Cash & Fund Balances and Retail Sales



Retail Sales

Retail sales grew at a rate of 0.12% this fiscal year, which is down from last years extraordinary growth rate of 4.4%. This is the sixth fiscal year since 2000 with higher rates of growth than the prior fiscal year. Above is a graph showing retail sales for Yuma County and the State of Arizona. There appears to be a leveling off of the previous large increases.



Cash & Fund Balance

At the close of fiscal year 2007-2008, the General Fund maintained adequate *cash* and *fund balance* (the difference between assets and liabilities) levels to carry forward to fiscal year 2008-2009 for continuing operations.

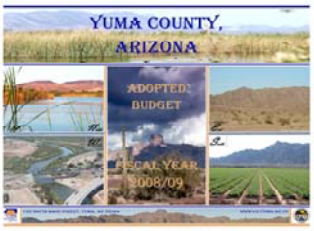
The graph above illustrates Yuma County's historically volatile Cash and Fund Balances with a Twenty (20) year history of year-end Cash and Fund Balances. The BLUE line is **Cash**, the GREEN line is **Fund Balance ("Net Worth")**, and the Red line marks **$0**.

Long Term Plans

Adopted Budget

One of the most important duties of the Board of Supervisors is to adopt an annual budget for the County.

The budget process provides the County Board of Supervisors with the opportunity to match the needs of its customers (the community) and available resources with the intent of gaining the maximum return on each tax dollar. The budget is more than just a financial plan. It is intended to fulfill four major functions through its role as: 1) A Policy Document, 2) A Financial Plan, 3) An Operations Guide, and 4) A Communication Medium.



Strategic Plan

The strategic Plan identifies a number of objectives the County intended to achieve by the year 2008. It is a separate document adopted by the Board of Supervisors and updated annually. It is a 5 year plan. The objectives of the Strategic Plan are integrated into the annual budget and form several of the Performance Measures appearing in each of the Agency budgets. The County is currently working on a new Plan which should be good for 5 years.

2010 Comprehensive Plan

The Comprehensive Plan is a 10 year plan that identifies the desired physical development of the County through the year 2010. In addition to providing a plan for land use, the plan identifies many possible strategies to bring about desired improvements.

Capital Improvement Program

C I P

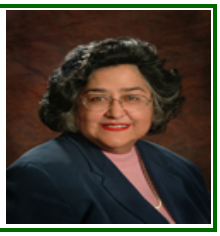
This program is a 5 year plan of improvement projects planned by the County. The plan identifies projects larger than $50,000 and mainly consists of construction projects, but also accounts for any associated debt with each project.

All these documents, as well as the CAFR, can be found at the Yuma County Administration Building located at 198 Main Street in Yuma, AZ or by calling (928) 373-1010 or on the Yuma County website www.co.yuma.az.us.

Board of Supervisors

Lenore L. Stuart

District 1
Precincts 1, 2, 3, 4, 5 and 6
District Covers: Northern and Eastern Yuma
Business Owner



Russell McCloud, Vice Chair

District 2
Precincts 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16
District Covers: Southern and Eastern most of Yuma City
Business Owner

Casey Prochaska

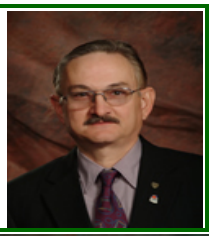
District 3
Precincts 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26
District Covers: Eastern Yuma County
Pharmacist

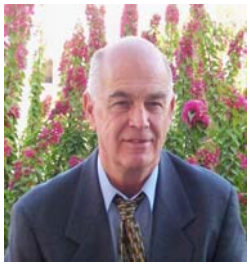
Marco A. (Tony) Reyes

District 4
Precincts 27, 28, 29, 30, 31, 32 and 33
District Covers
Southern Yuma County
Businessman

Gregory S. Ferguson, Chair

District 5
Precincts 34, 35, 36, 37, 38, 39, 40, 41 and 42
District Covers
Western Yuma County
Retired Marine





Right: Robert L. Pickels
County Administrator

Left: Scott G. Holt
Director of Finance

YUMA COUNTY

"Yuma County Government is dedicated to providing customer-focused services to enhance the health, safety, well-being, and future of our entire community."

BOARD OF SUPERVISORS

CHAIR
Gregory S. Ferguson, 5th District
VICE CHAIR
Russell McCloud, 2nd District

Lenore Loroña Stuart, 1st District

Kathryn (Casey) Prochaska, 3rd District

Marco A. (Tony) Reyes, 4th District

COUNTY ADMINISTRATOR
Robert L. Pickels

FINANCIAL SERVICES DIRECTOR
Scott G. Holt

"Serious about keeping you informed" - Channel 77

This report was brought to you by:
Yuma County's Department of Financial Services,
the Public and Legislative Affairs Office, and
the Yuma County Board of Supervisors.

www.co.yuma.az.us