

QUARTERLY FINANCIAL BRIEFING

2ND QUARTER FY 2023

FY 2022 Audit Results and Process

FY 2023 Financial Status

FY 2024 Outlook



February 14, 2023

TABLE OF CONTENTS



FY 2022 AUDIT RESULTS AND PROCESS

Development Fee	3
Financial (ACFR, SA)	5
Investments	10

FY 2023 FINANCIAL UPDATE

Revenue	17
Expenditures	22

FY 2024 OUTLOOK

Budget Calendar	28
TPT by Category	29

The format of this presentation is intended to serve as both a work session presentation and Quarterly Report Document.

All data may not be addressed during the presentation. Inquiries are welcomed during and after the work session.

ARS § 9-463.05:

- Biennial certified audit of land use assumptions, infrastructure improvements plan and development fees
- Hold a public hearing within 60 days of posting (Jan 31)
- Public Hearing February 15, 2023 at City Council meeting
- Auditor present at the public hearing
- AUP performed by HeinfeldMeech
- Period: July 1, 2020 – June 30, 2022

Infrastructure Improvement Plan (IIP)

- Dated February 27, 2019; Effective July 30, 2019
- A few things changed since then:
 - COVID19
 - Census 2020
 - Supply chain delays
 - Higher costs in construction and many commodities
 - Audit findings will reflect these;
 - Findings in IIP Audit not same as finding in SA
- Information regarding the next IIP will be forthcoming

<https://www.yumaaz.gov/government/engineering/development-engineering>

If you have any questions or would like more information, please [contact the Engineering Department](#).

Development Fees

City of Yuma Development Fees offset costs associated with providing necessary public services to new development. Arizona Revised Statutes (ARS) 9-463.05 and Yuma City Code Chapter 157 describe the requirements that the City of Yuma must follow relating to development fees.

The City of Yuma has established two service areas. New construction or a change of use to a more intense use in the North Service Area requires review under five different categories of development fees: Parks and Recreational Facilities Development Fee, Fire Facilities Development Fee, Police Facilities Development Fee, General Government Facilities Development Fee, and Streets Facilities Development Fee. There are no City of Yuma Development Fees for the South Service Area.

The following documents are related to City of Yuma Development Fees:

1. [Adopted Yuma Infrastructure Improvements Plan \(IIP\) & Draft Development Fees](#) (2/27/2019) Effective 07/30/2019
2. [Adopted Land Use Assumptions](#) (2/27/2019)
3. Current City of Yuma Development Fees - [Revised Fee Schedule](#). *
4. [Development Fee Ordinance O2019-019](#)
5. [City of Yuma Development Fee Annual Report](#) FY2021-2022 (Revised 09/22)
6. [City of Yuma Development Fee Annual Report](#) FY2020-2021 (Revised 09/21)
7. [City of Yuma Development Fee Annual Report](#) FY2019-2020 (Revised 09/20)
8. [City of Yuma Biennial Audit](#) (December 30, 2020)
9. [City of Yuma Impact Fee AUP Report](#) (January 31, 2023)

The Annual Financial Packet includes:

- Annual Comprehensive Financial Report (ACFR)
 - Federal Single Audit (OMB A-133)
 - Annual Expenditure Limitation Report (AELR) – Pending (due 3/31)
 - Highway User Revenue Fund (HURF) compliance letter
 - Communication to those Charged with Governance
-

The Finance department has undergone significant changes in expectations of behaviors, accuracy and reporting timeliness; now is moving to a new approach in accounting processes.

During this transition, the Accounting Division has experienced considerable staffing turnover, but is poised in a great position to flip the switch to be a premier Accounting Division.

SA Findings down from 14 to 1 (CAP)

+ ML recommendations to City-wide IC (no CAP)

Financial Audit

- ARS § 41-1491 requires auditor present results at City Council meeting (non-consent)
- Conducted by HeifeldMeech
- Unqualified (“Clean”) Opinion
- City back on standard schedule
- Monumental effort and change in Finance Dept., still much to go

Materiality

- Audit reviews data on test basis; Considers materiality to ACFR
- Finance Department does not have a triviality threshold
- When an error is detect, it's fixed going forward, then retro if possible

Financial Overview

- No adjustments for FY 2023 budget as result of the FY 2022 audit
- \$110.4 million paid to PSPRS
- Brings 2021 funding ratio to 105%
- However, market eroded to 100.1% ending 6/30/2022
- More with the FY 2024 budget
- Revenues exceed expenditures (net PSPRS) by \$1.4 million
- General fund designations:
 - PSPRS reserve (\$12 million),
 - vehicles that were order but not received (\$3 million);
 - unspent CIP (\$6 million); and
 - bond payments due days after year-end (\$14 million).
- Unassigned is \$24 million (25% of revenues) carried forward FY 2024

Finding

Payroll bank reconciliation was not performed timely.

The reconciliation for June 2022 was not provided until January 2023

Activity in the bank account was compared to the accounting records, however, **the differences identified** were **not fully** researched or resolved.

Status

- Finding does not impact the City's budget, revenues or expenditures
- Staff have identified all variances, with some remnants of 2018
- Completing research on the best approach and is resolving each instance in current year (FY 2023)

Reason and Response

- The City experienced a 100% turn over the payroll unit including those responsible for reconciliation
- Prioritizing attention among prior year findings (6/10-week plan); covering gap from turn over and extended absences
- Mitigate gaps due to turnover and/or extended leaves of absence and communicating status by:
 - Creating a functional unit that is primarily responsible for all 29 cash reconciliations
 - Including reconciliation progress in performance evaluations
 - Mandating continual professional education and training

New Approach – not 45+

Teach and learn through repetition; and awareness of the entire process more than once per year.

Quarterly closings with Mock Audits:

- Closings reviewed by the Finance Director and/or Assistant Director
- Creates repetition for consistently meeting deadlines with accuracy
- Requires demonstrations of:
 - Accuracy in accounting techniques
 - Timeliness of completing on time and being audit ready
- Develop knowledge redundancy:
 - Alternate responsibilities among multiple staff members
 - Build a system for continuity

Building System—an Example

Objective: to ensure continuity in finance operations through turnover and extended leave of absences.

Stop the practice of designating a specific complex task to 1 staff member and 1 staff member only.

Such as accounting for bonds, pensions and OPEB, cash reconciliations or grants accounting

Switch to spread the:

- ✓ 8 bonds among multiple staffers; (4 staffers handle 2 bonds each)
- ✓ 4 pensions and OPEB,
- ✓ 29 bank accounts,
- ✓ 85 grants and so forth.

Led by resident expert in each area

Discussion & Direction - Mayor and City Council



Next Topic: FY 2022 Investment Valuation

INVESTMENTS (2022 ACFR)

City of Yuma, Arizona
Notes to the Financial Statements
 June 30, 2022

Pages 78-80

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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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, 2022, were as follows:

Investment Type	Fair Value	Investment Maturities in Years			
		< 1 Year	1-2 Years	2-3 Years	3-5 Years
US Agencies:					
Federal Farm Credit Bank	4,912,611	-	4,912,611	-	-
Federal Home Loan Bank	37,456,609	-	2,880,686	12,239,728	22,336,195
Federal Home Loan Mtg. Corp.	17,718,403	-	17,718,403	-	-
Federal National Mtg. Assoc.	-	-	-	-	-
Federal Agriculture Mtg. Corp.	-	-	-	-	-
Money Market Funds					
Arizona State Investment Pool 5	252,046,090	252,046,090	-	-	-
Total Value	\$357,601,676	\$ 297,514,053	\$ 25,511,700	\$ 12,239,728	\$ 22,336,195

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

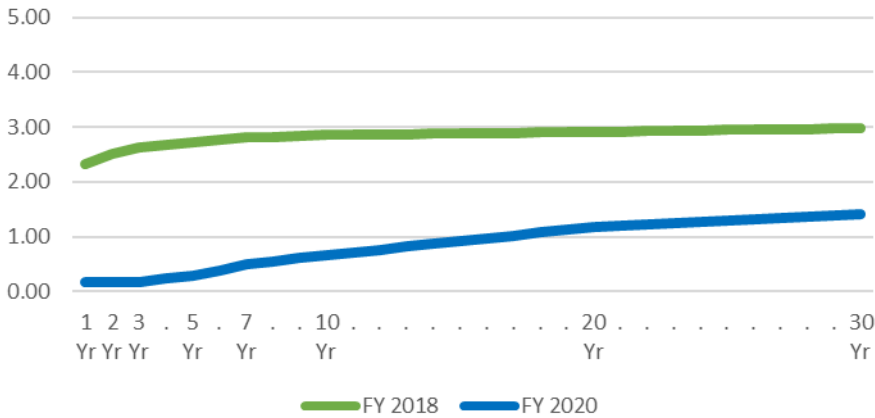
Fair Value

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

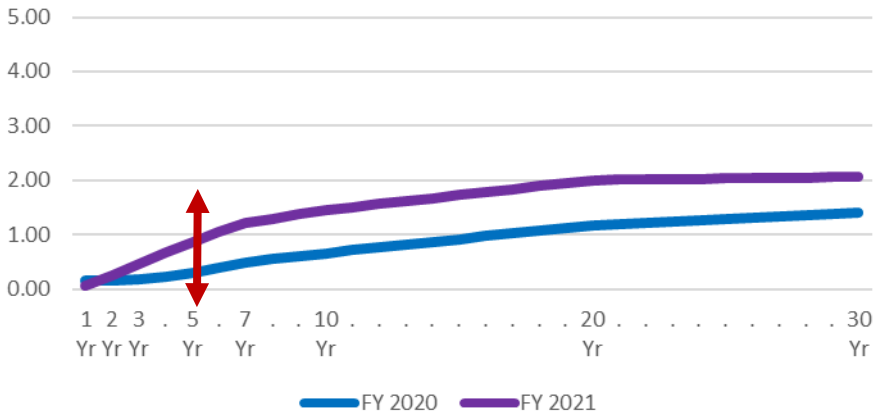
At the risk of unartfully over simplifying a complex concept

Investment Valuation

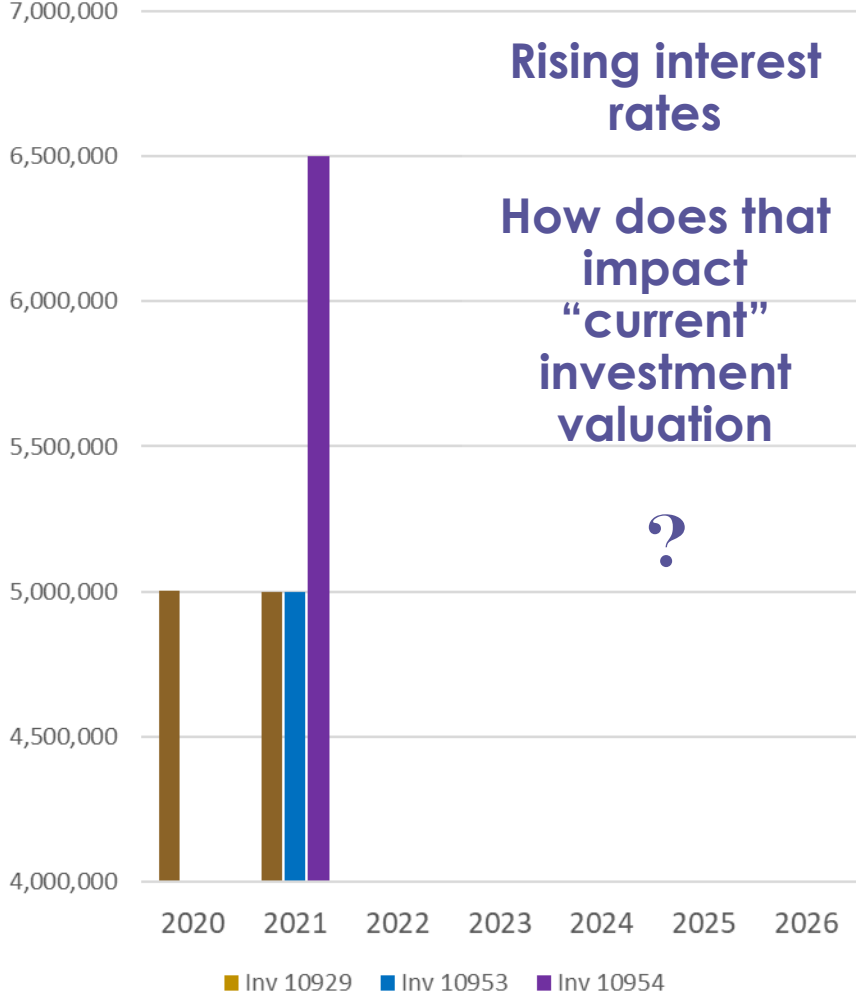
Yield Curve - Treasury



Yield Curve - Treasury

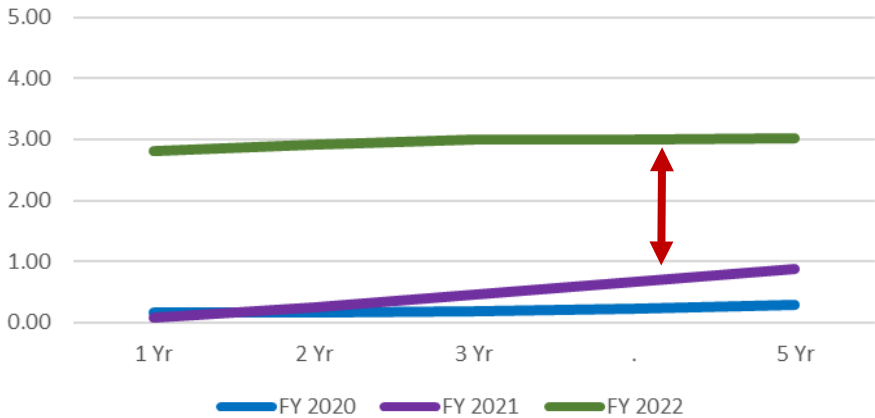


GASB 31 - Valuation

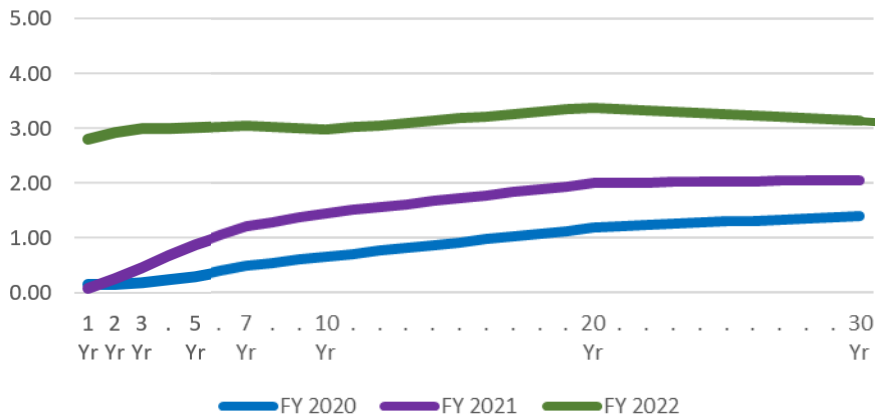


Investment Valuation

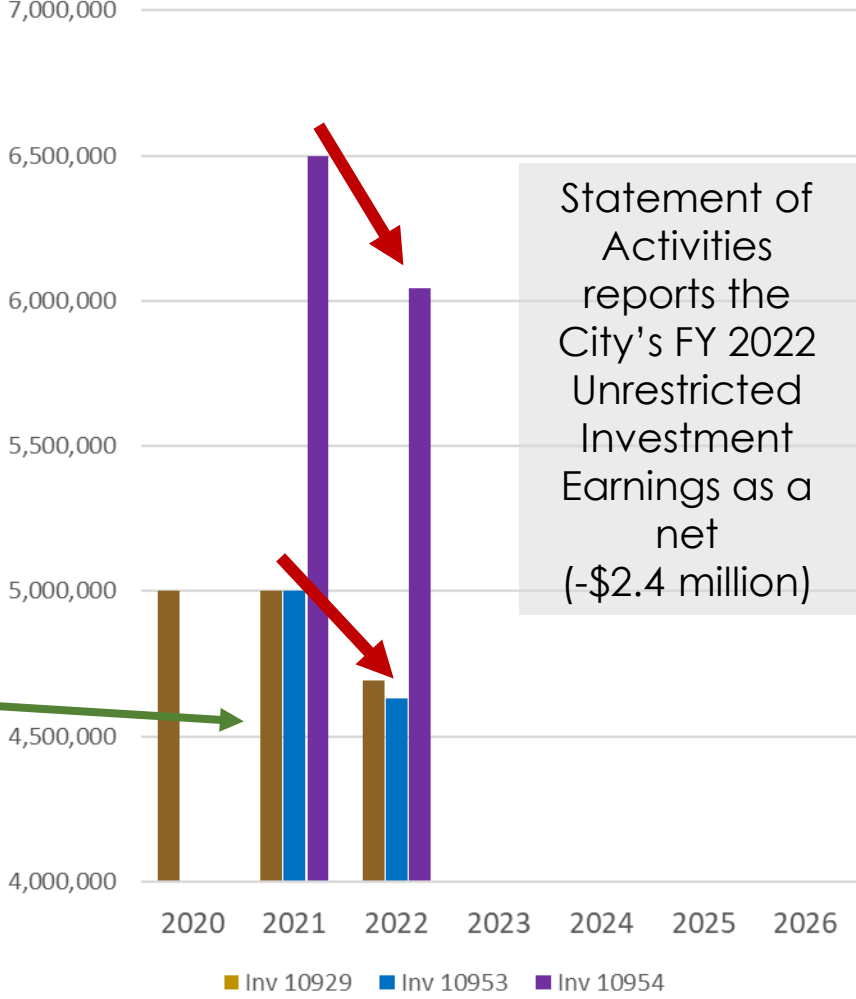
Yield Curve - Treasury (5 YEAR)



Yield Curve - Treasury

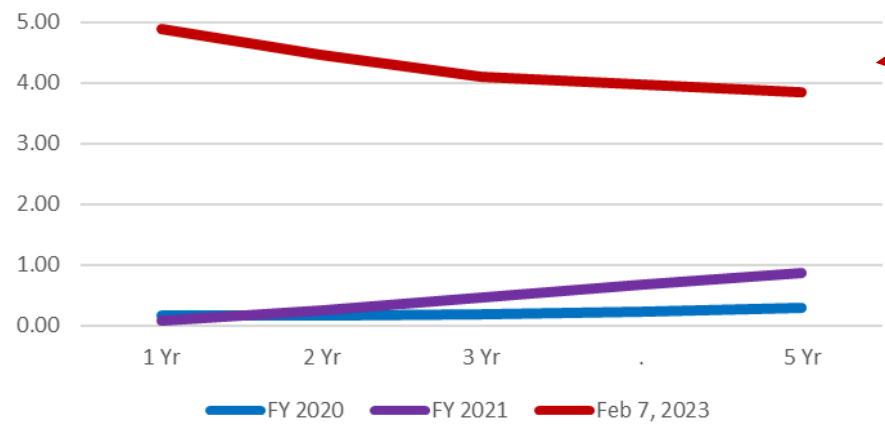


GASB 31 - Valuation

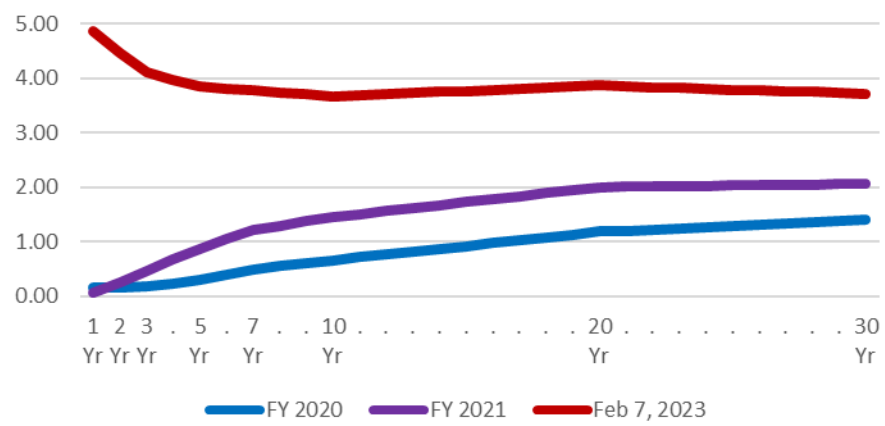


Investment Valuation

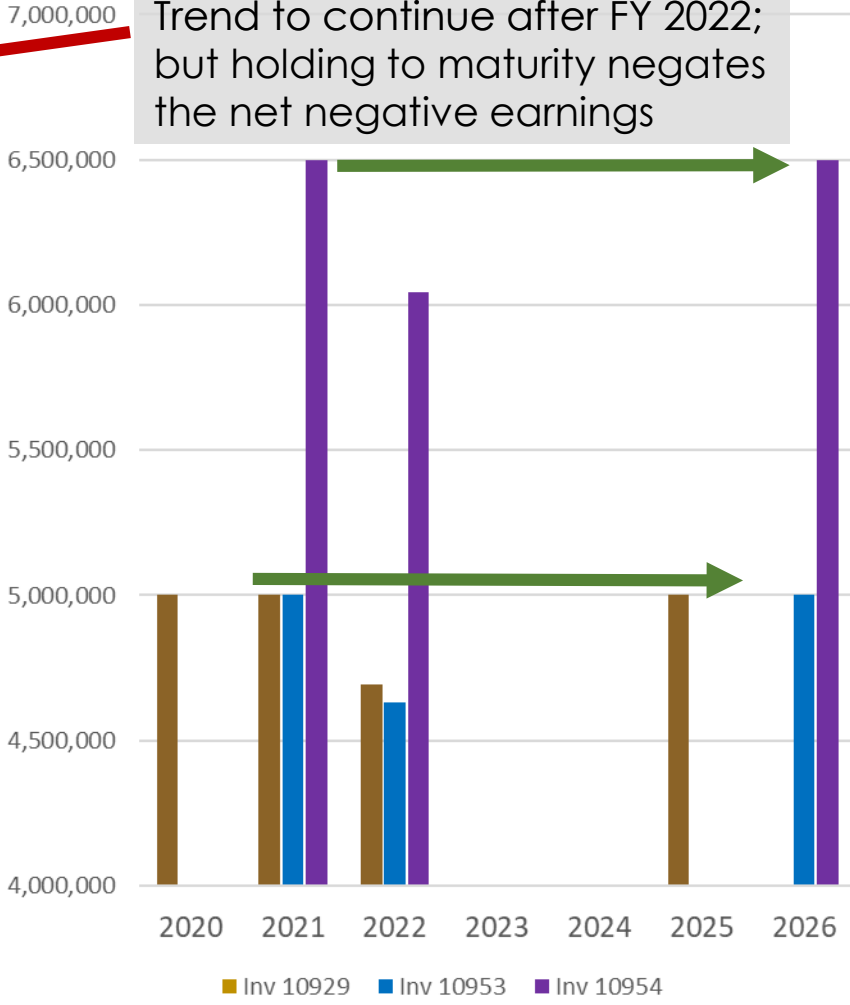
Yield Curve - Treasury (5 YEAR)



Yield Curve - Treasury



GASB 31 - Valuation



Is it a Loss; or valuation reporting?

- Decrease in value, not a loss unless:
 - Sell low; and not roll into higher yield (sometimes beneficial)
 - Default; US Agencies low risk
- Not like 2000's corporate debt:
 - LGIP, Lehman Brothers

Equities, Stocks, IRA, 401k:

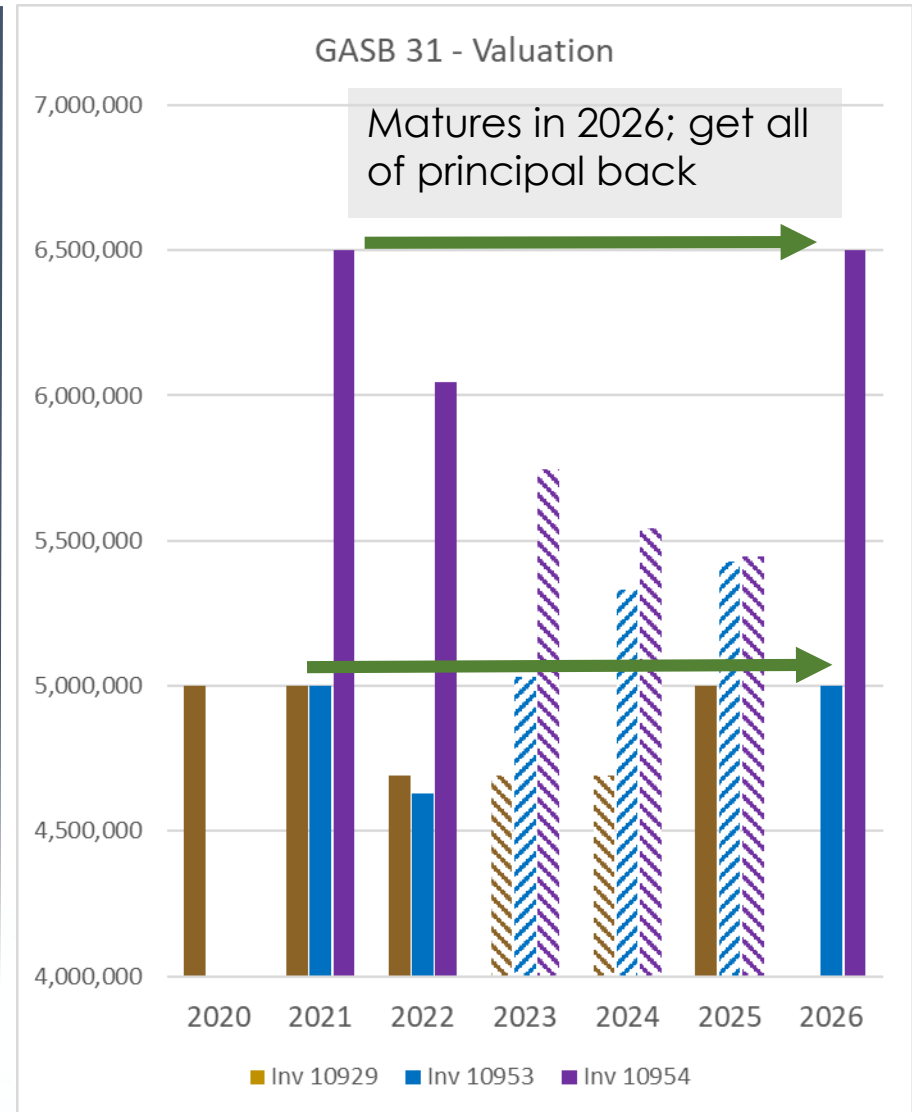
- Not like stocks or 401k where wait for equity to regain value
- Fixed Income = hold to maturity, get Principal

Value Appreciates vs Erodes:

- ✓ If holding to maturity, the end is the same:
 - Principal only
 - No more
 - No less

Buy / Sell before maturity:

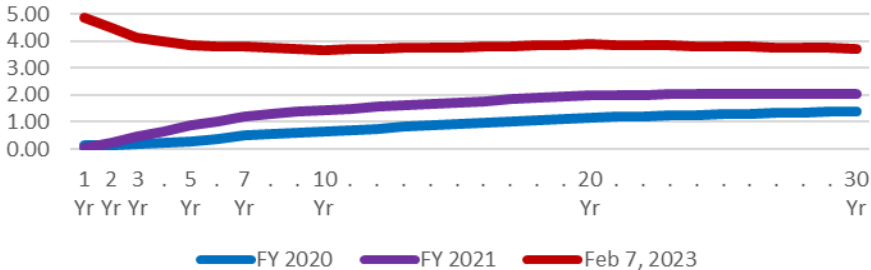
- Some investment strategies do buy / sell before maturity
- Seal in the gains; Reallocate early erosion for a net positive gain



Summary of Bonded Debt

Bond Type and Series	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Outstanding	Net Unamortized Premium (Discount)
Governmental Activities:						
2015 - Sr Lien Excise Revenue & Refunding	3.5-5.0%	10/21/2015	2035	\$48,105,000	\$36,325,000	\$2,261,611
2015 - Sr Lien Road Tax Refunding	2.0-5.0%	10/21/2015	2027	40,280,000	22,630,000	2,300,759
2021 - Sr. Lien Excise Revenue Refunding	4.00%	2/19/2021	2025	11,765,000	9,450,000	605,510
2021 - Taxable Pledged Revenue	0.3-2.6%	2/19/2021	2038	159,475,000	153,315,000	-
Business-type Activities						
2015 - Sr Lien Utility Sys Revenue Refunding	3.25-5.0%	10/21/2015	2032	89,675,000	64,770,000	5,936,600
2016 - Sr Lien Utility Sys Revenue Refunding	1.50%	11/8/2016	2024	37,835,000	9,715,000	-
2021 - Utility System Revenue Obligations	4.0-5.0%	12/28/2021	2041	71,040,000	71,040,000	15,057,116
Total Bonded Debt				\$458,175,000	\$367,245,000	\$26,161,596

Yield Curve - Treasury



- Same for holders of the City's bonds
- Updating investment policy is one of City Council's Strategic Initiatives
- Red-line is in progress

Discussion & Direction - Mayor and City Council



FY 2023 REVENUE MODEL



MAJOR OPERATING REVENUE			BENCHMARK (BM) TO BUDGET (BUD)				YEAR OVER YEAR		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Source	Fund	FY 2023 July-Dec	FY 2023 Total Budget	% of Budget	Bench Mark	BM Variance	FY 2022 July-Dec	Amount Change	% Change
(1) City Sales Tax (1.0%)	General	\$ 15,618,297	\$ 32,236,000	48%	47%	1.9%	\$ 14,676,734	\$ 941,563	6.4%
(2) Property Tax	"	9,128,604	15,008,556	61%	57%	3.6%	8,628,054	500,550	5.8%
(3) State Sales Tax	"	6,882,121	13,676,000	50%	48%	2.5%	6,405,404	476,717	7.4%
(4) State Income Tax	"	9,209,346	17,441,000	53%	49%	3.7%	6,337,706	2,871,640	45.3%
(5) Vehicle License Tax	"	2,530,976	5,260,000	48%	48%	0.0%	2,431,239	99,737	4.1%
(6) Gasoline Tax (0.5%)	HURF	4,487,882	9,500,000	47%	47%	0.2%	4,632,384	(144,502)	-3.1%
(7) Road Tax (0.5%)	Road Tax	7,807,804	15,946,000	49%	47%	2.4%	7,337,119	470,685	6.4%
(8) Public Safety Tax (0.2%)	Public Safety	3,122,060	6,344,000	49%	47%	2.7%	2,933,849	188,211	6.4%
(9) Two Percent Tax	Two Percent	4,060,982	8,280,000	49%	45%	3.8%	3,996,689	64,293	1.6%
(10) Water Revenues	Water	13,602,463	26,889,250	51%	51%	-0.1%	12,570,482	1,031,981	8.2%
(11) Wastewater Revenues	Wastewater	9,114,313	19,044,800	48%	49%	-1.2%	8,868,555	245,758	2.8%
(12) Solid Waste Fees	Solid Waste	2,528,453	5,509,500	46%	49%	-3.2%	2,428,219	100,234	4.1%
(13) TOTAL MAJOR OPERATING REVENUE		\$ 88,093,301	\$ 175,135,106	50%	49%	1.6%	\$ 81,246,434	\$ 6,846,867	8.4%

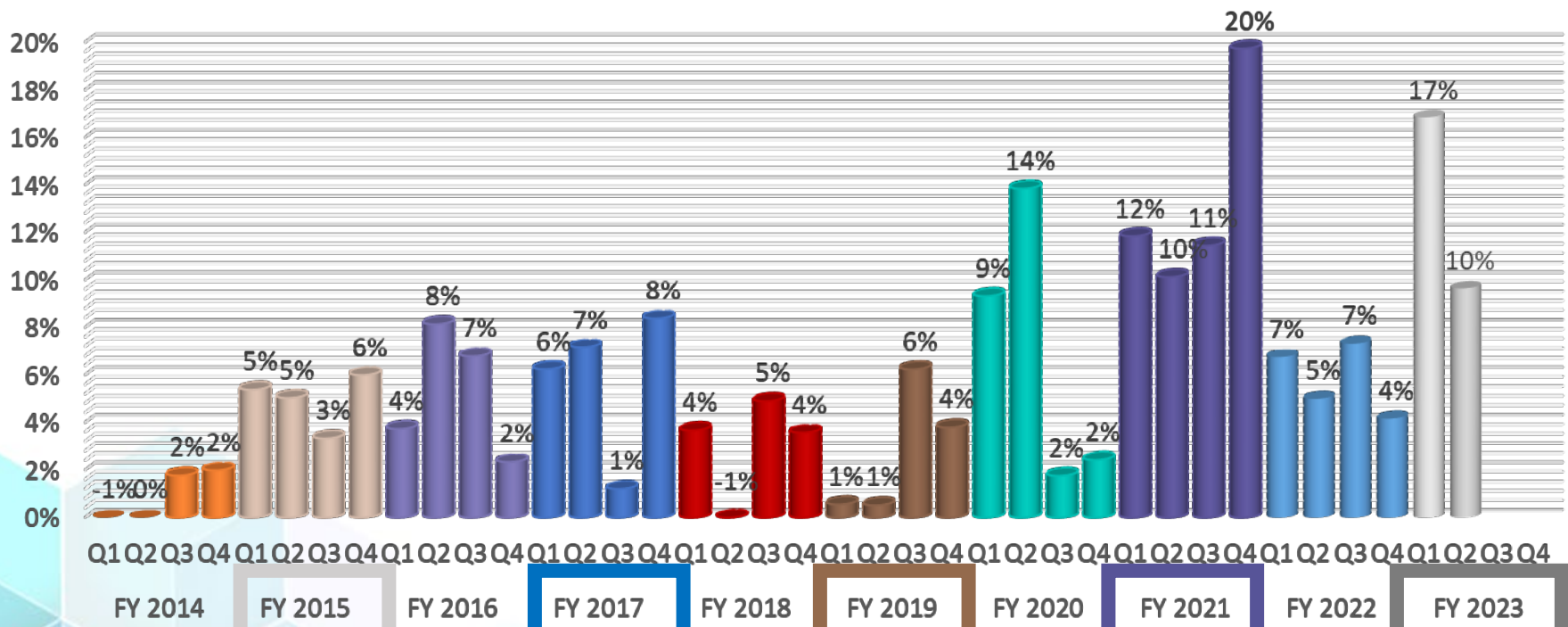
Sound revenue monitoring includes comparing historical trends with current collections and future expectations; and monitoring factors that drive each revenue including identifying risk indicators.

Column "F" is the percentage of total revenue typically collected in the first Quarter of the fiscal year. All factors consistent, this helps measure the likelihood of a revenue meeting the budget goal at year-end.

Column "G" compares the benchmark "F" with the current percentage of collections in column "E". The higher the % in "G", the greater the chance of making the budget goal.

This chart complements graphical revenue analysis for the General fund and includes other major revenue sources.

Revenue Analysis – General Fund



Key:

Q1 = July-September

Q2 = October-December

Q3 = January – March

Q4 = April – June

FY = Fiscal Year

This graph shows the % change for Q1 over Q1, Q2 over Q2, and so forth.

Growth can be from expanding the base, higher consumer consumption or and in increase in prices or tax rates.

This information is useful in detecting slowing revenue growth. This could be a signal of adverse impacts to the City's financial condition if the budget goal is not to be met.

Revenue Analysis – General Fund

Analysis:

- Q1= 2% over trend
- Q2 = high end of trend
- Goal set on expectations
- Sense flattening going to FY2024

Recommendation:

- ✓ Not add new or hold back priorities;
- ✓ Keep moving forward, approved initiatives and the FY 2023 Council adopted budget

End of FY 2023 budget hearings:

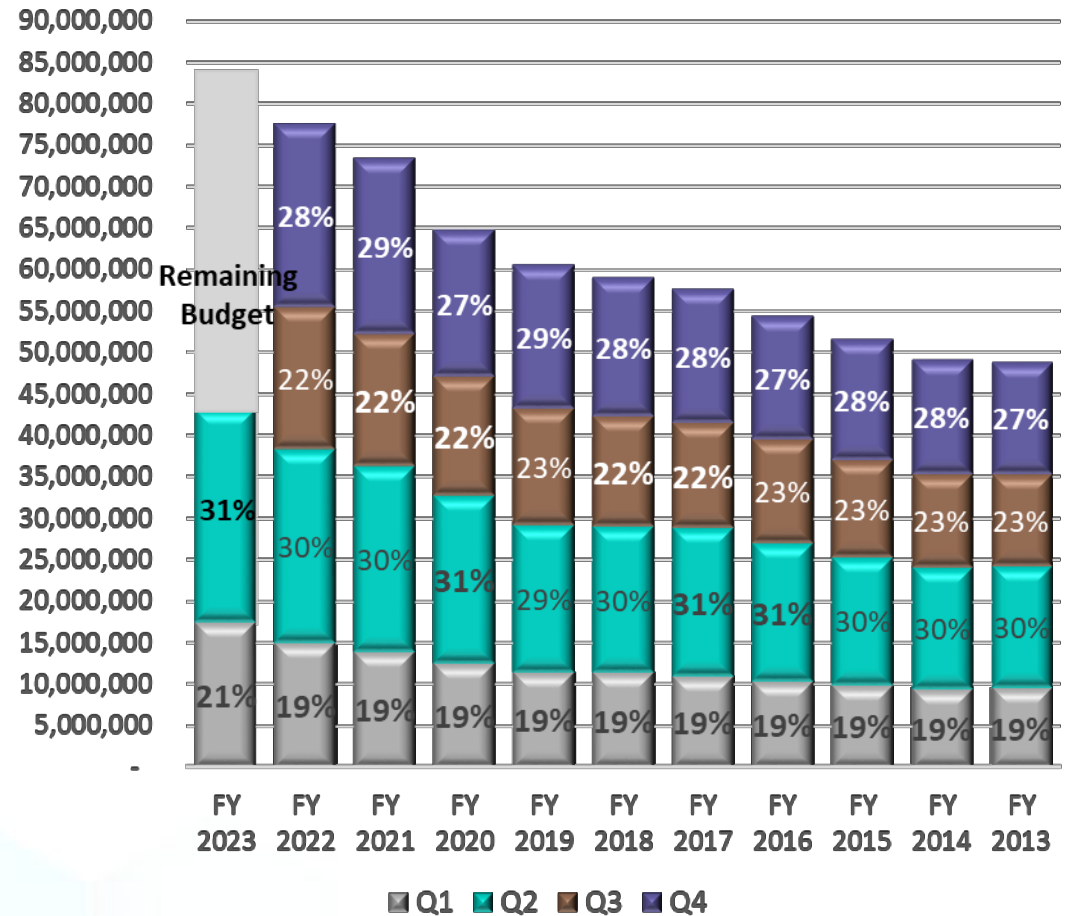
- Census population growth lower than estimates and rest of AZ
- Last minute updated state shared revenue estimates:
 - Smaller % shared or revenues
 - But bigger base to share
 - Caution for FY 2024 Legislation

Revenue data for FY 2024

LegilatiRecommendation:

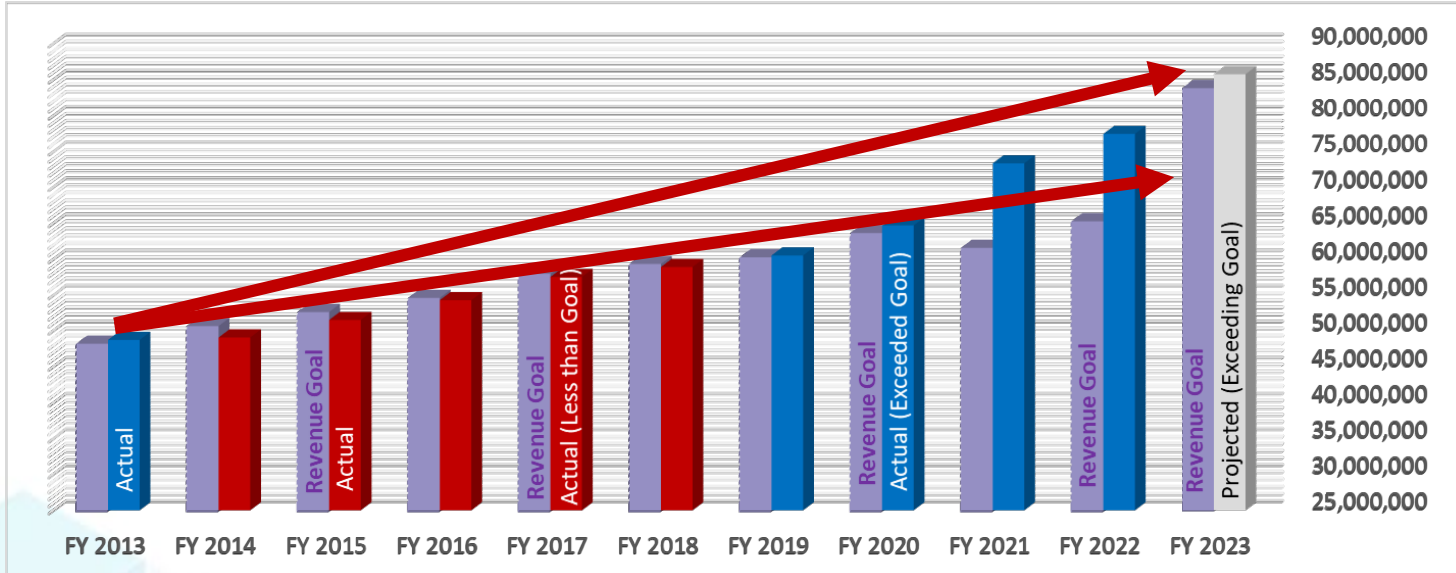
- ✓ Local TPT, by category provided in the FY 2024 section of this document

Percentage of Total Collections by Quarter

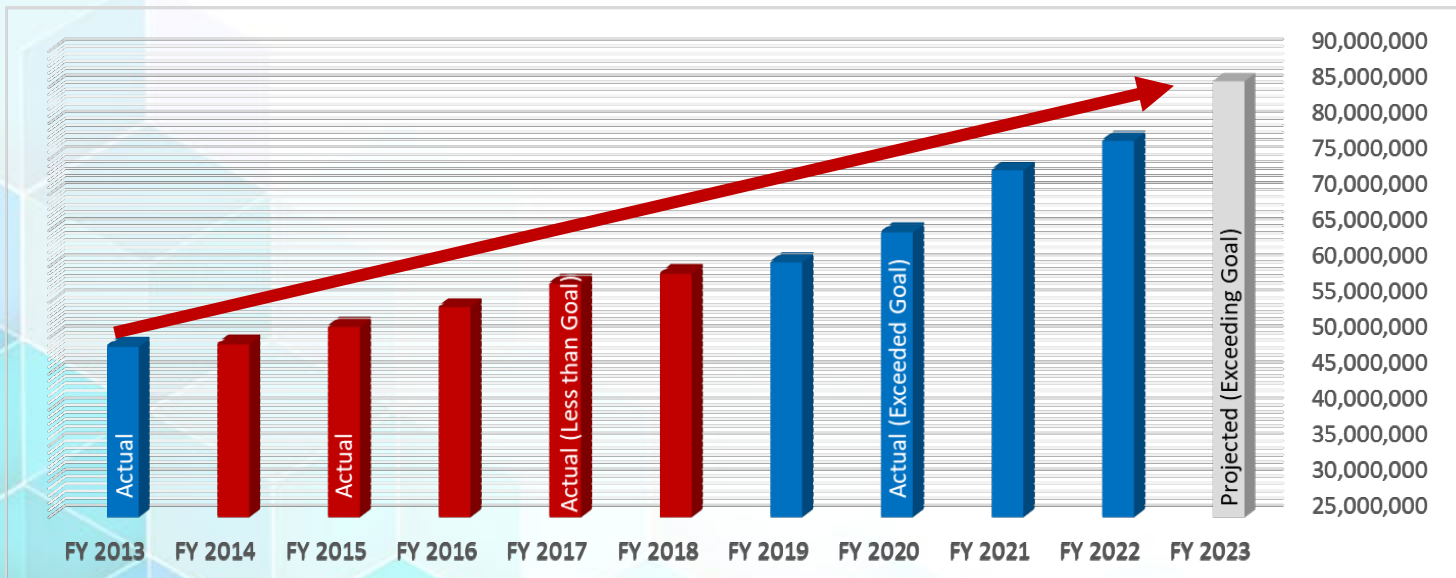


Graph shows amount and % of total collections by quarter. Note consistency of % in each Q since 2013.

Revenue Analysis – General Fund



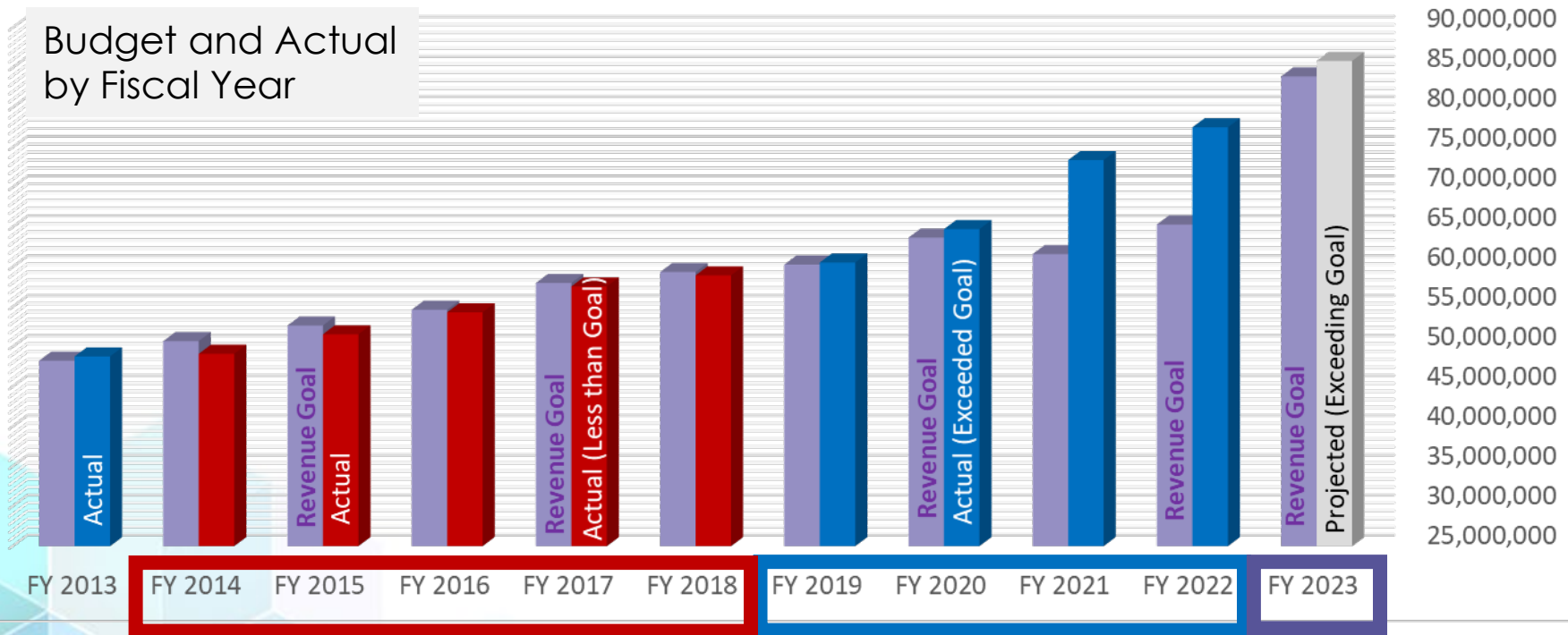
BUDGET



ACTUAL

Revenue Analysis – General Fund

Budget and Actual by Fiscal Year



Revenue goals are set lower, expected to be exceeded, within reason:

- If goal is exceeded, the revenue can be used the next FY;
- However, if goal is too low, it can cause delays in projects or leave important City Initiatives unfunded or held back

When revenue goals are set too high or not met, risk of overextended (stress test):

- Determine the extent of the amount and duration until revenues rebound
- If reduced expenditures are warranted
- Possible re-prioritization of programs

FY 2023 SPENDING LEVELS

Spending levels for FY2022 Q2 are provided for the following funds. Other funds can be added by request.

Governmental funds include:

- General Fund
- Highway User Revenue Fund
- City Road Tax Fund
- Public Safety Tax Fund
- Two Percent Tax Fund

Enterprise funds include:

- Water
- Wastewater
- Solid Waste

Governmental Funds

01 GENERAL FUND	BUDGET AND ACTUAL				YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Revenue	\$ 51,520,600	\$ 102,741,373	\$ 51,220,773	50%	\$ 47,020,193	\$ 4,500,408	10%
Total Expenditures (Operating)	(38,210,782)	(90,072,838)	(51,862,056)	42%	(32,628,659)	(5,582,123)	17%
Revenue Over (Under) Expenditures	\$ 13,309,818	\$ 12,668,535	Balance for CIP, Debt, Contingencies		\$ 14,391,534	\$ (1,081,716)	

02 HURF (HIGHWAY USER REVENUE FUND)	BUDGET AND ACTUAL				YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Revenue	\$ 4,537,807	\$ 9,541,500	\$ 5,003,693	48%	\$ 4,646,200	\$ (108,393)	-2%
Total Expenditures and Projects	(4,054,257)	(11,967,172)	(7,912,915)	34%	(4,471,650)	417,393	-9%
Revenue Over (Under) Expenditures	\$ 483,550	\$ (2,425,672)	Planned use of fund balance for CIP		\$ 174,550	\$ 309,000	

Monitoring operating expenditures tends to be near 25% for the 1st quarter, 50% the 2nd and 75% the 3rd.

However, if a large quantity of expenditures are made in single payments such as an annual subscription or lease, a quarter could run higher than expected. The same thing is true of seasonal revenues.

For the first quarter, all presented governmental operating funds are meeting their revenue benchmark goal and **spending less than 50%** of the approved budget.

Governmental Funds

03 CITY ROAD TAX (.05%) FUND

	BUDGET AND ACTUAL				YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Revenue	\$ 7,976,167	\$ 16,061,010	\$ 8,084,843	50%	\$ 7,382,609	\$ 593,558	8%
Total Expenditures and Projects	(3,128,577)	(24,427,343)	(21,298,766)	13%	(3,509,123)	380,546	-11%
Revenue Over (Under) Expenditures	\$ 4,847,590	\$ (8,366,333)	Planned use of fund balance for CIP		\$ 3,873,486	\$ 974,104	

04 PUBLIC SAFETY TAX (0.2%) FUND

	BUDGET AND ACTUAL				YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Revenue	\$ 3,173,636	\$ 6,356,000	\$ 3,182,364	50%	\$ 2,940,596	\$ 233,040	8%
Total Expenditures (Operating)	(2,412,421)	(6,004,143)	(3,591,722)	40%	(2,260,851)	(151,570)	7%
Revenue Over (Under) Expenditures	\$ 761,215	\$ 351,857	Balance for future use		\$ 679,745	\$ 81,470	

05 TWO PERCENT TAX FUND

	BUDGET AND ACTUAL				YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Revenue	\$ 4,540,934	\$ 9,107,500	\$ 4,566,566	50%	\$ 4,488,581	\$ 52,353	1%
Total Expenditures (Operating)	(3,253,105)	(9,492,758)	(6,239,653)	34%	(2,928,850)	(324,255)	11%
Revenue Over (Under) Expenditures	\$ 1,287,829	\$ (385,258)	Planned use of fund balance for equipment		\$ 1,559,731	\$ (271,902)	

Similar to many Arizona cities, Yuma's year-over-year spending is appearing higher in FY 2022 and again in FY 2023 than last fiscal years' due to reduced and deferred spending in FY 2021 related to COVID-19 caution. As supply chains loosens (vehicles), **this is expected to continue in FY 2024 and FY 2025.**

Enterprise Funds

06 WATER ENTERPRISE		BUDGET AND ACTUAL			YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Income	\$ 14,035,379	\$ 27,881,750	\$ 13,846,371	50%	\$ 13,073,602	\$ 961,777	7%
Total Expenses (Operating)	(7,807,083)	(21,674,641)	(13,867,558)	36%	(6,888,008)	(919,075)	13%
Income Over (Under) Expenses	\$ 6,228,296	\$ 6,207,109	Balance for CIP		\$ 6,185,594	\$ 42,702	

07 WASTEWATER ENTERPRISE		BUDGET AND ACTUAL			YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Income	\$ 10,100,714	\$ 19,122,300	\$ 9,021,586	53%	\$ 8,858,716	\$ 1,241,968	14%
Total Expenses (Operating)	(6,371,835)	(18,503,145)	(12,131,310)	34%	(5,876,353)	(495,482)	8%
Income Over (Under) Expenses	\$ 3,728,879	\$ 619,155			\$ 2,982,393	\$ 746,486	

08 SOLID WASTE ENTERPRISE		BUDGET AND ACTUAL			YEAR OVER YEAR		
	FY 2023 Q2	Total Budget	\$ Remaining	% Bud	FY 2022 Q2	\$ Change	% Change
Total Income	\$ 2,569,570	\$ 5,525,000	\$ 2,955,430	47%	\$ 2,422,614	\$ 146,956	6%
Total Expenses (Operating)	(2,129,132)	(5,179,206)	(3,050,074)	41%	(1,902,969)	(226,163)	12%
Income Over (Under) Expenses	\$ 440,438	\$ 345,794	Planned use of fund balance		\$ 519,645	\$ (70,207)	

Like the City's governmental funds, the enterprise funds **spending levels are under 50%**; while they are circling 50% of the revenue goals, the enterprise funds continue consistent revenue growth compared to last year.

Under current conditions there are no immediate indications in revenue or spending trends to warrant mitigating action to reduce or restrict expenditure budgets or City's operations and services.

Like the rest of the nation, the on-going caution for disruptions in economic and consumer confidence related to supply chains, inflationary factors, and the availability of materials and labor.

Continue staying flexible and adaptable with contingency plans and actions identified will assist the City in navigating these concerns.

Management will continue monitoring revenues, economic factors and legislative actions and will alert City Council with mitigating actions if revenue trends or risk indicators signal the onset of adverse conditions that will be detrimental to the City's financial condition.

Discussion & Direction - Mayor and City Council



Upcoming events impacting the FY 2024 Budget:

- City Council Retreat February 27th and 28th
- Labor Market Study Results March 1st
- Possible Financial Briefing March 14th
- State Legislative Sessions (Ongoing)

BUDGET CALENDAR

KEY DATES FOR MAYOR AND CITY COUNCIL'S 2024 BUDGET AND CIP		
DATE	TOPIC	EVENT
April 18	Budget	Administrators message, Executive Summary and Budget Briefs
May 1	CIP	Date Capital Improvement Plan Document will be Available by
May 2	Budget	Available for Follow-up, Questions and Discussions
May 3	Budget	Available for Follow-up, Questions and Discussions
May 17	CIP	Capital Improvement Plan Presentation and Discussion
"	Budget	Proposed Budget Adopted (Tentative Budget)
June 7	Budget	Public Hearing on the Budget
"	Taxes	and Truth-in-Taxation if Applicable
"	CIP	Adoption of CIP and Budget 2024
"	Taxes	Introduction of Tax Levy and MID Ordinances
June 21	Taxes	Adoption of Tax Levy and MID Ordinances

Subject to minor change

TPT 2022 & 2021 (Full Year)

- Specific Categories
- Tighter Projections
- Better Monitoring
- Leveling a bit in FY2023

CITY'S 1.7% SALES TAX (1.0% General; 0.5% Road; 0.2% Public Safety)

Category	FY 2022	FY 2021	Change in	
			\$	%
Retail	\$30,234,659	\$27,742,780	\$2,491,879	9.0%
Resturants and bars	5,818,497	4,756,792	1,061,705	22.3%
Food for home consumption	5,705,262	5,541,656	163,606	3.0%
Hotels	1,382,398	986,472	395,926	40.1%
Utilities	2,784,152	2,688,252	95,900	3.6%
All other	3,393,501	3,012,823	380,678	12.6%
Total Recurring	\$49,318,469	\$44,728,775	\$4,589,694	10.3%
Construction	4,001,825	3,139,253	862,572	27.5%
Total City's 1.7% Tax	\$53,320,294	\$47,868,028	\$5,452,266	11.4%

TWO PERCENT TAX (2.0%)

Category	FY 2022	FY 2021	Change in	
			\$	%
Resturants and bars	\$ 7,003,555	\$ 5,685,138	\$1,318,417	23.2%
Hotels	1,555,800	1,127,150	428,650	38.0%
Total Two Percent Tax	\$ 8,559,355	\$ 6,812,288	\$1,747,067	25.6%

- Flattens in FY 2023 Budget

TPT 2022 & 2021 (Full Year)

GENERAL FUND (1.0%)

Category	FY 2022	FY 2021	Change in	
			\$	%
Retail	\$17,785,094	\$16,319,282	\$1,465,812	9.0%
Restaurants and bars	3,422,645	2,798,113	624,532	22.3%
Food for home consumption	3,356,036	3,259,798	96,238	3.0%
Hotels	813,175	580,278	232,897	40.1%
Utilities	1,637,736	1,581,325	56,411	3.6%
All other	1,999,628	1,775,346	224,282	12.6%
Total Recurring	\$29,014,314	\$26,314,142	\$2,700,172	10.3%
Construction	2,354,015	1,846,619	507,396	27.5%
Total General Tax	\$31,368,329	\$28,160,761	\$3,207,568	11.4%

TWO PERCENT TAX (2.0%)

Category	FY 2022	FY 2021	Change in	
			\$	%
Restaurants and bars	\$ 7,003,555	\$ 5,685,138	\$1,318,417	23.2%
Hotels	1,555,800	1,127,150	428,650	38.0%
Total Two Percent Tax	\$ 8,559,355	\$ 6,812,288	\$1,747,067	25.6%

PUBLIC SAFETY (0.2%)

Category	FY 2022	FY 2021	Change in	
			\$	%
Retail	\$ 3,557,019	\$ 3,263,856	\$ 293,163	9.0%
Restaurants and bars	684,529	559,623	124,906	22.3%
Food for home consumption	671,207	651,960	19,247	3.0%
Hotels	162,635	116,056	46,579	40.1%
Utilities	327,547	316,265	11,282	3.6%
All other	396,727	352,196	44,531	12.6%
Total Recurring	\$ 5,799,664	\$ 5,259,956	\$ 539,708	10.3%
Construction	470,803	369,324	101,479	27.5%
Total Public Safety Tax	\$ 6,270,467	\$ 5,629,280	\$ 641,187	11.4%

ROAD TAX (0.5%)

Category	FY 2022	FY 2021	Change in	
			\$	%
Retail	\$ 8,892,547	\$ 8,159,641	\$ 732,906	9.0%
Restaurants and bars	1,711,323	1,399,056	312,267	22.3%
Food for home consumption	1,678,018	1,629,899	48,119	3.0%
Hotels	406,588	290,139	116,449	40.1%
Utilities	818,868	790,662	28,206	3.6%
All other	997,148	885,280	111,868	12.6%
Total Recurring	\$14,504,492	\$13,154,677	\$1,349,815	10.3%
Construction	1,177,007	923,310	253,697	27.5%
Total Road Tax	\$15,681,499	\$14,077,987	\$1,603,512	11.4%

TPT 2023 & 2022 (Q2)

- Half year →
- Steep increase →
- Slower, but still collecting →
- Flat as expected in FY 2023 Budget Goal →

CITY'S 1.7% SALES TAX (1.0% General; 0.5% Road; 0.2% Public Safety)				
Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Retail	\$15,021,087	\$13,926,115	\$1,094,972	7.9%
Resturants and bars	2,825,506	2,680,507	144,999	5.4%
Food for home consumption	3,140,606	2,434,755	705,851	29.0%
Hotels	641,419	633,470	7,949	1.3%
Utilities	1,515,463	1,563,094	(47,631)	-3.0%
All other	1,744,044	1,629,990	114,054	7.0%
Total Recurring	\$24,888,125	\$22,867,931	\$2,020,194	8.8%
Construction	1,660,036	2,079,773	(419,737)	-20.2%
Total City's 1.7% Tax	\$26,548,161	\$24,947,704	\$1,600,457	6.4%

TWO PERCENT TAX (2.0%)				
Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Resturants and bars	\$ 3,329,402	\$ 3,282,045	\$ 47,357	1.4%
Hotels	731,580	715,047	16,533	2.3%
Total Two Percent Tax	\$ 4,060,982	\$ 3,997,092	\$ 63,890	1.6%

TPT 2023 & 2022 (Q2)

GENERAL FUND (1.0%)

Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Retail	\$ 8,835,934	\$ 8,191,832	\$ 644,102	7.9%
Restaurants and bars	1,662,062	1,576,769	85,293	5.4%
Food for home consumption	1,847,415	1,432,209	415,206	29.0%
Hotels	377,305	372,629	4,676	1.3%
Utilities	891,449	919,467	(28,018)	-3.0%
All other	1,027,640	960,432	67,208	7.0%
Total Recurring	\$14,641,805	\$13,453,338	\$1,188,467	8.8%
Construction	976,492	1,223,396	(246,904)	-20.2%
Total General Tax	\$15,618,297	\$14,676,734	\$ 941,563	6.4%

TWO PERCENT TAX (2.0%)

Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Restaurants and bars	\$ 3,329,402	\$ 3,282,045	\$ 47,357	1.4%
Hotels	731,580	715,047	16,533	2.3%
Total Two Percent Tax	\$ 4,060,982	\$ 3,997,092	\$ 63,890	1.6%

PUBLIC SAFETY (0.2%)

Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Retail	\$ 1,767,187	\$ 1,638,366	\$ 128,821	7.9%
Restaurants and bars	332,412	315,354	17,058	5.4%
Food for home consumption	369,483	286,442	83,041	29.0%
Hotels	75,461	74,526	935	1.3%
Utilities	178,290	183,893	(5,603)	-3.0%
All other	203,929	190,589	13,340	7.0%
Total Recurring	\$ 2,926,762	\$ 2,689,170	\$ 237,592	8.8%
Construction	195,298	244,679	(49,381)	-20.2%
Total Public Safety Tax	\$ 3,122,060	\$ 2,933,849	\$ 188,211	6.4%

ROAD TAX (0.5%)

Category	July-Dec	July-Dec	Change in	
	FY 2023	FY 2022	\$	%
Retail	\$ 4,417,967	\$ 4,095,916	\$ 322,051	7.9%
Restaurants and bars	831,031	788,384	42,647	5.4%
Food for home consumption	923,708	716,104	207,604	29.0%
Hotels	188,653	186,315	2,338	1.3%
Utilities	445,724	459,734	(14,010)	-3.0%
All other	512,475	478,968	33,507	7.0%
Total Recurring	\$ 7,319,558	\$ 6,725,421	\$ 594,137	8.8%
Construction	488,246	611,698	(123,452)	-20.2%
Total Road Tax	\$ 7,807,804	\$ 7,337,119	\$ 470,685	6.4%

Acknowledgments

Thank you to all City staff who exhibited dedication, effort and excellence in ways that aren't reflected in audit reports; this Yuma team sub-set has made completion of the June 30, 2022 audit possible.

I also express my sincere appreciating to each member of the Finance Department for the contributions made in the preparation of this audit.

And to the Assistant Finance Director for staying on task as our 6-week 7-day per week plan tuned into 7-days per week 10-weeks plan.

Credit also must be given to the Mayor, City Council and the Administration for their support for maintaining and strengthening the utmost standards of professionalism in the management of the City.

QUARTERLY FINANCIAL BRIEFING

2ND QUARTER FY 2023

FY 2022 Audit Results and Process

FY 2023 Financial Status

FY 2024 Outlook



February 14, 2023