

STAFF REPORT

Consent Agenda Item

DATE: October 16, 2023

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Merritt Perry, City Manager

SUBJECT: Finance Department Monthly Report

STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Fiscal Year 2022-23 Transportation Development Act (TDA) Audit:

Finance received a letter notifying staff that the firm of Anderson, Lucas, Somerville & Borges, LLP (ALSB) has been engaged by the Humboldt County Association of Governments for fiscal year ended June 30, 2023 to audit Fortuna's Transportation Development Act (TDA) activities. The TDA requires annual audit examinations of all entities claiming Local Transportation Funds (LTF) which the City claims annually to help fund the Senior Bus program as well as street improvement projects.

ALSB has requested staff prepare various schedules and other reconciliations that they require as part of the audit. Additionally, staff provided a number of documents for ALSB to review as part of the interim audit work. A draft audit report will be provided to the City upon the auditor's completed review of the requested documents.

Sales Tax Update:

Finance staff continue to closely monitor the City's sales tax revenue streams. Sales tax revenue is the largest General Fund revenue source for the City and as such fluctuations in sales tax have the largest effect on the City's finances.

For sales tax receipts between April and June 2023 the City of Fortuna actual receipts, excluding reporting aberrations, were down 3.0% as compared to April to June 2022. For comparison the County realized a 2.8% decrease and the State of California also realized a 2.8% decrease.

For fiscal year 2022-23 general sales tax and Measure E transaction and use tax totaled \$3,973,992. Although though the City budgeted conservatively for the year at a combined \$4,083,000, revenue fell short by about \$100,000.

For comparison fiscal year 2021-22 combined sales tax and Measure transaction and use tax was \$4,339,191. Fiscal year 2022-23 revenue fell by nearly 8.5% compared to fiscal year 2021-22. The declines can be primarily attributed to declines in the fuel and service stations (-19%) and general consumer goods (-13%) categories.

Additional information about how the City's sales tax performed will be presented with the Mid-Year budget presentation scheduled for the beginning of February.

Measure E Update:

The Measure E committee held a regularly scheduled meeting on September 19, 2023 at 5:30pm. The primary purpose of this meeting was for Staff to review with the Committee the list of Measure E funded projects that were included in the Council Adopted Budget for fiscal year 2023-24 and review preliminary results for FY 2022-23 for revenues and expenditures. Staff also highlighted sales tax revenue trends with the committee.

List of Measure E items funded this month:

- (2) Police Detective Positions
- Police Community Services Officer Position
- Police Records Clerk Position
- Parks and Recreation Director Position
- Recreation Program Supervisor Position
- Police Officer Over Hire
- Transit Trips to Eureka for Seniors
- PT Code Compliance Officer Position
- K-9 Program
- Storm Drain Infrastructure Vulnerability Assessment Project
- Prop 1 LID 12th St Project
- Police Facility Project
- Fortuna Senior Center Program MOU

An activity log displaying important Finance data is attached for informational purposes.

RECOMMENDED COUNCIL ACTION:

Receive Finance Department Monthly Report. Consent Agenda vote.

ATTACHMENTS:

- Finance Staff Activity Log for September 2023
- New Business List for Quarter 3 2023