

STAFF REPORT

City Council Consent Item

DATE: September 15, 2025

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Amy Nilsen, City Manager

SUBJECT: Finance Department Monthly Report

STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Sales Tax Revenue:

The City received sales tax revenue reports for the period of January through March 2025 from the City's sales tax consultant HdL. Sales tax increased 0.7% as compared to the same time period last year. For comparison purposes the State was up just 0.3% which demonstrates a macro economic issue pushing sales tax revenue down not just in Fortuna but statewide. Additional information on Q1 2025 sales tax can be found in the Newsletter attached to this staff report.

Updated revenue projections show the City coming in below (approximately \$60,000) our budgeted amount of \$2,200,000 for FY 2024-25. The updated revenue estimate would represent the 2nd lowest over the last 5 fiscal years sales tax receipts. On the positive side the City budgeted conservatively and built in macro-economic events within the FY 2025-26 budget estimate of \$2,168,500 so no immediate action is needed.

Fiscal Year 2024-25 Financial Statement Audit:

July 1 signaled the start of a new fiscal year for the City. As such, staff are working on closing the previous fiscal year and preparing for the City's annual financial statement audit. The City's auditor will be Michael O'Connor from O'Connor and Company who also performed last year's audit for the City. Michael and his staff are planning to come on site for a week to conduct interim audit work during the month of October.

Finance staff will be preparing for this interim audit work by preparing the necessary reconciliations, reports, adjustments and backup information that is required during the audit process. Having these documents ready prior to the auditors' arrival has provided for a smooth audit process in past years.

Measure E Update:

The Measure E committee's next regularly scheduled meeting is set for September 16, 2025 at 5:30pm. The primary purpose of this meeting will be 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 2025-26.

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
- Transit Trips to Eureka for Seniors
- PT Code Compliance Officer Position
- K-9 Program
- Encampment Outreach and Cleanup Services
- Storm Drain Maintenance Projects
- Street Maintenance Projects

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 August 2025
- Q1 2025 Sales Tax Newsletter