

STAFF REPORT

City Council Consent Item

DATE: October 17, 2022

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:

US Bank:

Staff have been working with our new US Bank representatives to decrease the amount of fees the City is charged per credit card transaction. I am pleased to announce that we were able to negotiate a 14% lower charge per credit card transaction which should equate to at least \$6,000 in annual savings for the City.

Additionally, due to the Federal Reserve increasing the Fed funds rate, staff have been reviewing the investment policy. As the Federal Reserve increases the Fed funds rate it opens up new investment opportunities for the City to take advantage of. Staff are working with US Bank on a potential new sweep account whereby the City would be able to take advantage of the daily cash held in our Checking Account. Staff will be presenting this option as well as an overview of all the City's investments at a regular Council Meeting in November.

Fiscal Year 2021-22 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, 2022 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 Streets 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.

Fiscal Year 2021-22 Financial Statement Audit:

July 1 signaled the start of a new fiscal year for the City. As such, staff is 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 R.J. Ricciardi, Inc., CPA who also performed last year's audit for the City. Last year Michael and his staff were unable to come onsite due to COVID which made the interim audit work more difficult and time consuming to complete. However, this year Michael and his staff are planning to come on site for a week to conduct interim audit, tentatively scheduled for later this month.

Finance staff have been 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 years past.

Measure E Update:

The Measure E committee held a regularly scheduled meeting on September 20. 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 2022-23. As part of this review staff highlighted via PowerPoint a few of the larger projects that staff have already begun working on this fiscal year. Staff additionally gave a preliminary review of how Fiscal Year 2021-22 Measure E expenditures ended the year compared to what was budgeted.

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
- Illegal Camp Coordination and Assistance
- K-9 Program
- Storm Drain Infrastructure Vulnerability Assessment Project
- Prop 1 LID 12th St Project
- Rohner Park Basketball Expansion Project

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 2022
- New Business List for Quarter 3 2022