



TO: Fruita City Council and Mayor

FROM: Margaret Sell, Finance Director/City Clerk

DATE: August 15, 2023

AGENDA TEXT: FINANCIAL REPORTS – Discussion of financial trends and a request to approve the July 2023 Financial Reports

BACKGROUND

RFP Audit Services. The City received 5 proposals for audit services. An initial evaluation was conducted by the evaluation team and 2 firms have been selected for the interview process. The terms of the engagement will be a four-year period with the option of extending the engagement for an additional four-year period.

TABOR Review Committee: The TABOR Review Committee held their first meeting on August 9, 2023. The Committee reviewed background information on TABOR as well as its history in the City of Fruita. A copy of the power point presentation is attached. The next two meetings are scheduled for August 30 from 5:30 to 7:00 and September 20 from 5:30 to 7:00 with a report to be presented to the City Council on October 17, 2023.

Fiscal Health Analysis Review: A copy of the Fiscal Health Analysis benchmarks previously presented to the City Council is attached for the discussion of financial trends.

Sales and use tax revenues. The following table provides a summary of sales and use tax revenues for June sales compared to the same period in 2022. Reductions in sales and use tax revenues were anticipated in the 2023 Budget. Collectively these revenues have surpassed the budget through June by \$333,000.

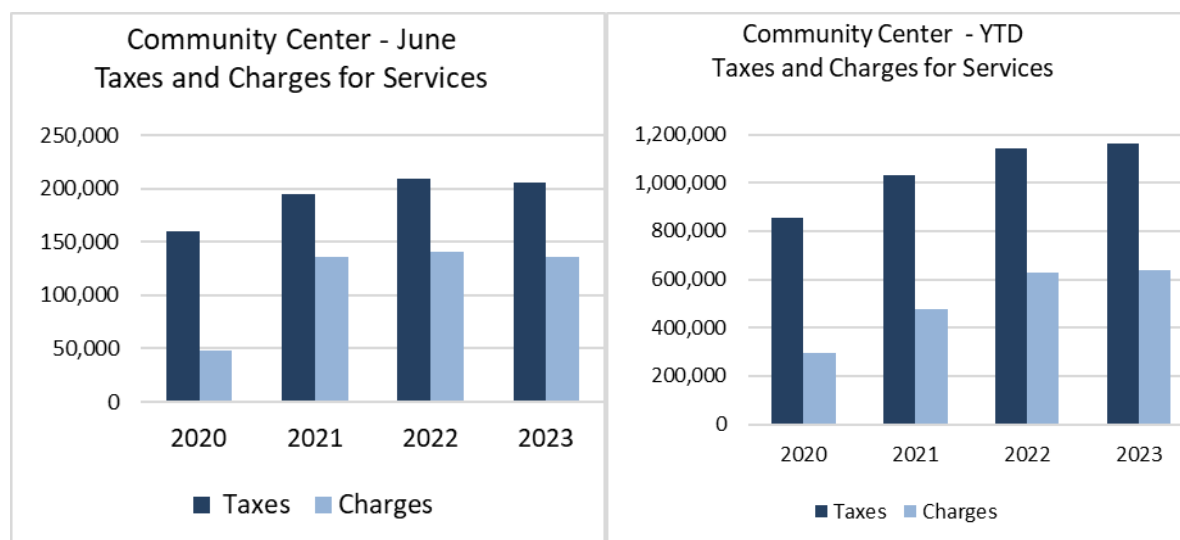
Summary of Sales and Use Tax Revenues - June 2023					
		Percent (%) Change		Dollar (\$) Change	
Type	Month	Month	Y-T-D	From prior year - YTD	Between actual and
City Sales Tax (2%)	Jun-23	6%	9%	\$ 143,781	\$ 216,072
Use tax on Motor Vehicles (2%)	Jun-23	-22%	-9%	\$ (35,734)	\$ (6,837)
Use tax on Building Materials (2%)	Jun-23	9%	-21%	\$ (49,061)	\$ (3,035)
Lodging Tax (3%)	Jun-23	10%	1%	\$ 646	\$ 15,656
County Sales Tax	Jun-23	0%	1%	\$ 14,488	\$ 95,553
Public Safety Tax	Jun-23	0%	1%	\$ 3,267	\$ 15,672
				\$ 77,387	\$ 333,081

The following table shows a monthly comparison between June 2022 and 2023 city sales tax collections by NAICS category. Retail trade shows the largest dollar increase of \$18,472 (8%).

Sales Tax Revenues by Category (3%)					
Jun-23					
Description	2021	2022	2023	1 yr % Chg	1 yr \$ Chg
Retail Trade	221,032	235,259	253,731	8%	18,472
Food	78,929	92,546	88,101	-5%	(4,445)
Other Miscellaneous	15,051	22,312	18,092	-19%	(4,220)
Utilities	24,284	26,059	24,130	-7%	(1,929)
Manufacturing	13,410	12,225	13,862	13%	1,637
Rental and Leasing	7,072	6,261	8,956	43%	2,695
Other Services	9,684	9,590	18,946	98%	9,356
Lodging	25,584	27,208	29,732	9%	2,524
Wholesale Trade	18,068	24,980	24,836	-1%	(144)
Communications	12,197	13,619	14,123	4%	504
Oil and Gas	-3,989	3,138	7,315	133%	4,177
Total	421,322	473,197	501,824	6%	28,627

Community Center Fund Charges for Services –June 2023

June 2023 charges for services (pass fees and recreation programs) are down 3% from the prior year while sales and use tax revenues are down 2% from the prior year. Annual revenues are up 2% for both user fees and tax revenues and are 53% of the budgeted amounts for the first 6 months of the year.



Actual vs Budget Report –July 2023. The attached Actual vs Budget report presents comparison information on budgeted vs actual revenues and expenses by fund and department for all funds. The following is a summary of the report by fund.

Revenues and Expenses as Percentage of Budget - July 2023		
Column 1 ▼	Revenues as a % Budget ▼	Expenses as a % of Budget ▼
General Fund	69%	45%
Conservation Trust Fund	63%	14%
Economic Development Fund	62%	60%
Marketing	55%	62%
Public Places Fund	73%	83%
Community Center	65%	45%
Fruita Housing Authority	0%	229%
Capital Projects	24%	24%
Debt Service	52%	24%
Devils Canyon Center	0%	0%
Irrigation Water *	59%	40%
Sewer*	33%	36%
Trash*	51%	42%
Fleet Maintenance Fund	100%	47%
Total	49%	38%

FISCAL IMPACT

None.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

These reports provide financial information to the Council to monitor the City's financial position and may be used as a tool to hold staff accountable for accomplishing goals and objectives set forth in the Budget.

OPTIONS AVAILABLE TO THE COUNCIL

- Approval of Financial Reports
- Approval of Financial Reports with clarification on specific items

RECOMMENDATION

It is the recommendation of staff that the Council by motion:

ACCEPT THE JULY 2023 FINANCIAL REPORTS AS PRESENTED