

Council Staff Report

**To:**

Kevin Fuhr, Interim City Manager

Agenda Item Number:

11731

From

Madeline Prentice, Director

Department

Finance

For Agenda of:

7/25/2023

Proceeding Type

City Manager's Report

Subject

1st Quarter Financial Report

Reviewed and Approved by:

☒ City Manager

☐ Community Development

☐ Fire

☐ Municipal Services

☐ Police

☐ City Attorney

☐ Finance

☐ Human Resources

☐ Parks, Rec, & Cultural Services

☐ Technology Services

Expenditure Required:

\$ 0.00

Amount Budgeted:

\$ 0.00

Appropriation Required:

\$ 0.00

Action Requested

N/A

Packet Attachments (if any)

2023 1st qtr financial results.docx

58.01KB

1st Quarter Exhibit 1.pdf

114.07KB

Overview

The 2023 first quarter financial results are attached for review.

Fiscal and Policy Implications

N/A

Options and Results**Approve, Authorize, or Adopt:**

N/A

Provide Amended Direction:

Staff will bring back options for recommended changes.

No Action Taken:

N/A

CITY OF MOSES LAKE
2023 FUND SUMMARY
AS OF: MARCH 2023

	BEG. FUND BAL.	REVENUES				EXPENDITURES				END. FUND BAL.	
		2022 Actual Revenues	2023 Amended Budget	2023 Actual Revenues	2023 Actual Revenues	2022 Actual Expenditures	2023 Amended Budget	2023 Actual Expenditures	2023 Actual Expenditures	2023 (Use) Gain of Fund Balance	3/31/2023
GENERAL FUND	1/1/2023										
Legislative						154,699	155,124	48,115			
Executive						618,111	833,328	229,030			
Human Resources						565,244	547,837	120,073			
Finance						1,140,758	1,311,710	321,419			
Community Development						2,077,917	2,608,471	592,564			
Legal						203,049	278,730	34,160			
Misc. Services						1,975,753	2,198,943	613,542			
Library						68,543	64,500	16,800			
Engineering						2,050,125	2,619,744	651,586			
Parks, Rec & Cultural Services						7,197,352	7,564,846	1,532,138			
Police						10,397,439	11,442,546	3,260,290			
Fire						4,516,448	5,441,730	1,429,666			
TOTAL GENERAL FUND	\$ 9,882,028	\$ 32,688,504	\$ 31,069,375	\$ 6,501,490	20.9%	\$ 30,965,438	\$ 35,067,507	\$ 8,849,382	25.2%	\$ (2,347,891)	\$ 7,534,137
OTHER OPERATING/ENTERPRISE FUNDS											
Tourism Activities -102	1,191,843	1,113,806	680,000	165,853	24.4%	779,399	705,000	246,953	35.0%	57,198	1,249,041
Grants & Donations -103	1,039,663	213,081	105,345	39,523	37.5%	196,318	108,000	41,330	38.3%	(1,807)	1,037,856
Local Fiscal Recovery -105	6,227,015	3,365,998	-	-	0.0%	504,046	6,291,000	280,000	4.5%	(280,000)	5,947,015
Homeless Services -110	405,296	880,919	2,387,522	365,756	15.3%	847,444	2,338,663	56,521	2.4%	(26,126)	379,170
Opioid Abatement - 111	33,296	33,296	-	-	0.0%	-	-	-	0.0%	-	33,296
Paths & Trails - 114	104,099	11,881	12,000	1,058	8.8%	996	27,000	-	0.0%	515	104,614
Streets - 116	855,636	1,906,178	1,976,614	482,394	24.4%	2,275,041	2,684,119	582,304	21.7%	(99,910)	755,726
Transportation Benefit District - 170	890,968	2,522,574	2,176,000	1,179,228	54.2%	2,154,000	2,175,000	543,750	25.0%	31,054	922,021
Water/Wastewater Operating - 411/412	6,251,996	17,824,338	14,333,260	3,128,060	21.8%	15,201,980	15,701,921	3,323,602	21.2%	(195,542)	6,056,454
Sanitation -490	1,732,712	5,883,567	5,125,000	1,411,695	27.5%	5,363,853	4,971,700	857,700	17.3%	553,996	2,286,708
Stormwater - 493	821,781	1,641,591	1,465,304	281,952	19.2%	823,262	1,348,607	275,321	20.4%	6,632	828,413
Airport - 495	103,953	205,079	41,000	23,049	56.2%	41,505	106,852	20,922	19.6%	2,127	106,080
Ambulance - 498	1,115,538	3,587,298	3,881,083	982,980	25.3%	3,600,966	3,744,519	1,175,805	31.4%	(192,825)	922,712
Central Svc - 517	788,571	2,149,006	2,671,660	667,920	25.0%	1,973,991	2,847,086	638,135	22.4%	29,785	818,356
Equipment Rental -519	2,623,193	2,827,011	2,978,612	1,025,169	34.4%	3,718,209	3,207,608	1,273,133	39.7%	(247,965)	2,375,229
Build Maint -528	2,191,488	2,525,900	1,994,460	500,932	25.1%	1,829,679	1,889,599	479,801	25.4%	20,510	2,211,998
TOTAL OTHER OPERATING/ENTERPRISE	\$ 26,377,048	\$ 46,691,525	\$ 39,827,860	\$ 10,255,570	25.7%	\$ 39,310,688	\$ 48,146,673	\$ 9,795,277	20.3%	\$ (342,358)	\$ 26,034,690

**CITY OF MOSES LAKE
2023 FUND SUMMARY
AS OF: MARCH 2023**

	BEG. FUND BAL.	REVENUES				EXPENDITURES				END. FUND BAL.	
		2022 Actual Revenues	2023 Amended Budget	2023 Actual Revenues	% Received	2022 Actual Expenditures	2023 Amended Budget	2023 Actual Expenses	% Expended	2023 (Use) Gain of Fund Balance	3/31/2023
CAPITAL IMPROVEMENT	1/1/2023										
Street Repair/Reconst - 119	1,538,847	3,851,722	3,359,852	870,196	25.9%	6,754,585	3,700,000	52,919	1.4%	817,277	2,356,124
Parks & Recreation Improvement - 314	886,009	124,255	-	-	0.0%	6,893,122	-	61,289	0.0%	(56,417)	829,592
Park Mitigation Capital Proj - 315	33,632	-	-	-	0.0%	-	-	-	0.0%	-	33,632
Community Services Center - 316	-	-	15,000,000	-	0.0%	-	15,000,000	-	0.0%	-	-
Water Rights - 471	1,999,271	933,560	800,000	87,879	11.0%	-	1,000,000	27,746	2.8%	60,134	2,059,405
Water/Sewer Construction - 477	5,605,824	3,900,000	3,170,000	792,498	25.0%	3,063,215.46	5,600,000	933,974	16.7%	(141,476)	5,464,347
TOTAL CAPITAL IMPROVEMENT	\$ 10,063,583	\$ 8,809,537	\$ 22,329,852	\$ 1,750,573	7.8%	\$ 16,710,922	\$ 25,300,000	\$ 1,075,928	4.3%	\$ 679,518	\$ 10,743,101
RISK MGMT/EMPLOYEE BENEFIT RESERVES											
Unemployment Compensation - 501	59,875	105,237	85,100	21,249	25.0%	85,788	74,000	375	0.5%	20,874	80,749
Risk Management -503	383,045	1,012,000	1,454,250	1,454,250	100.0%	1,060,118	1,454,639	1,432,971	98.5%	21,280	404,324
Firemen's Relief & Pension - 611	376,653	47,917	55,500	-	0.0%	34,799	55,000	9,723	17.7%	(9,723)	366,930
TOTAL RISK MGMT/EMPL. BENEFIT RESERVES	\$ 819,572	\$ 1,165,153	\$ 1,594,850	\$ 1,475,499	92.5%	\$ 1,180,704	\$ 1,583,639	\$ 1,443,069	91.1%	\$ 32,430	\$ 852,002
DEBT SERVICE											
LOCAL Borrowing 21/22 - 282	976,889	1,452,500	1,354,652	338,664	25.0%	989,824	1,354,652	-	0.0%	338,664	1,315,553
GOB 2016 Refunding-286	184,768	375,900	376,200	94,050	25.0%	375,729	376,200	27,563	7.3%	66,488	251,255
Water-Sewer 2011 Bond-450	10,304	-	-	-	0.0%	-	-	-	0.0%	-	10,304
Bond Reserve-2011 451	567,600	-	-	-	0.0%	-	-	-	0.0%	-	567,600
Water-Sewer 2004 Bond-452	6,367	686,248	1,224,000	306,000	25.0%	686,325	1,224,000	57,075	4.7%	248,925	255,292
Water-Sewer 2004 Bond Reserve-453	701,500	-	-	-	0.0%	-	-	-	0.0%	-	701,500
PWTF W/S Debt Serv - 485	20,196	532,100	-	-	0.0%	532,059	-	-	0.0%	-	20,196
2015 GO Bond Redempt- 487	9,313	76,000	75,400	18,852	25.0%	75,146	75,300	5,513	7.3%	13,340	22,653
TOTAL DEBT SERVICE	\$ 2,476,938	\$ 3,122,748	\$ 3,030,252	\$ 757,566	25.0%	\$ 2,659,083	\$ 3,030,152	\$ 90,150	3.0%	\$ 667,416	\$ 3,144,354
TOTAL CITY BUDGET	\$ 49,619,169	\$ 92,477,468	\$ 97,852,189	\$ 20,740,699	21.2%	\$ 90,826,836	\$ 113,127,972	\$ 21,253,806	18.8%	\$ (1,310,886)	\$ 48,308,283

MEMORANDUM

To: Kevin Fuhr, Interim City Manager
From: Madeline Prentice, Finance Director
Subject: 2023 1st Quarter Budget Revenue and Expenditure Report

I am pleased to submit the City of Moses Lake's 2023 first quarter actual results compared to budgeted revenue and expenditure report for all city funds. Beginning Fund Balances shown are subject to final adjustments made as a result of the year-end closing process, which will not be officially concluded until the State Auditor's work is completed.

Overall, the City is performing as expected in many areas through the first quarter of 2023. At the end of the first quarter, we are seeing typical variances tied to position vacancies and the timing of expenses. We are continuing to see growth in sales tax, and as of the end of the 1st quarter are 7.5% above budget. We ended the first quarter slightly under budgeted revenues Citywide due to timing of revenues for charges for goods and services, intergovernmental revenues and capital projects. Citywide expenses ended the first quarter under budget by 6.3% due to underspending in most funds and capital projects not anticipated to be complete until later in the year.

This report is summarized by type of fund, and reported by functional type, and includes the following sections:

- **City-Wide Overview**
- **General Fund Revenue Analysis**
- **General Fund Expenditure Analysis**
- **Other Funds Analysis**
- **Conclusion**
- **Exhibit I**—Fund Detail that supports the Summaries

City-Wide Overview

CITYWIDE REVENUE COMPARISON

AS OF: MARCH 2023

(Budget vs Actual - 25% of year)

CITYWIDE REVENUE	YEAR-TO-DATE				2023 ACTUAL	% OF BUDGET
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET	
General Fund	25,887,624	25,951,726	30,293,658	32,688,504	31,069,375	6,501,490 20.9%
Operating/Enterprise Funds	36,197,672	40,604,420	45,052,116	46,691,525	39,827,860	9,315,242 23.4%
Capital Improvement Funds	7,973,837	5,841,751	17,152,700	8,809,537	22,329,852	1,750,573 7.8%
Risk Mgmt/Employee Benefit	704,765	909,527	966,680	1,165,153	1,594,850	1,475,499 92.5%
Debt Service Funds	2,269,748	2,268,797	3,180,950	3,122,748	3,030,252	757,566 25.0%
TOTAL CITYWIDE REVENUES	73,033,646	75,576,221	96,646,104	92,477,468	97,852,189	19,800,370 20.2%

CITYWIDE EXPENSE COMPARISON

AS OF: MARCH 2023

(Budget vs Actual - 25% of year)

CITYWIDE EXPENDITURES	YEAR-TO-DATE				2023 ACTUAL	% OF BUDGET
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET	
General Fund	25,580,122	26,845,963	27,650,429	30,965,438	35,067,499	8,849,382 25.2%
Operating/Enterprise Funds	36,266,759	39,822,798	38,237,363	38,955,688	48,146,673	9,656,979 20.1%
Capital Improvement Funds	6,734,114	7,306,373	9,180,367	16,710,922	25,300,000	1,075,928 4.3%
Risk Mgmt/Employee Benefit	837,344	989,361	887,335	1,180,704	1,583,639	1,443,069 91.1%
Debt Service Funds	643,388	2,188,792	2,640,520	2,659,083	3,030,152	90,150 3.0%
TOTAL CITYWIDE EXPENDITURES	70,061,727	77,153,286	78,596,014	90,471,836	113,127,963	21,115,508 18.7%

General Fund Revenue Analysis

CITY OF MOSES LAKE GENERAL FUND REVENUES AS OF: MARCH 2023 (Budget vs Actual - 25% of year)							
	YEAR-TO-DATE						
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET	2023 ACTUAL	% OF BUDGET
<i>310 - Taxes</i>							
Property Tax	7,425,811	7,808,702	7,899,047	8,482,243	8,821,500	432,944	4.9%
Sales Tax	7,216,489	7,509,197	9,721,190	10,718,921	9,200,000	2,528,422	27.5%
Sales Tax - Public Safety	-	982,158	1,416,209	1,679,634	1,550,000	454,987	29.4%
Utility Tax	3,364,293	3,282,678	3,550,324	3,376,320	3,681,000	1,022,297	27.8%
Gambling Tax	263,173	130,769	203,027	229,656	206,000	57,133	27.7%
Other Taxes	89,026	34,306	42,359	64,778	49,000	16,414	33.5%
Subtotal-Taxes	18,358,793	19,747,809	22,832,156	24,551,552	23,507,500	4,512,196	19.2%
<i>320 - Licenses & Permits</i>	727,066	920,713	1,098,771	738,177	894,000	246,922	27.6%
<i>330 - Intergovernmental Revenues</i>	890,364	1,988,660	1,466,318	1,403,463	1,130,290	186,152	16.5%
<i>340 - Charges for Goods & Services</i>	1,894,157	822,280	1,932,477	2,442,070	2,547,760	444,970	17.5%
<i>350 - Fines and Penalties</i>	937,086	643,672	1,030,324	973,581	978,000	151,421	15.5%
<i>360 - Miscellaneous Revenues</i>	680,995	322,820	199,487	941,067	360,150	649,509	180.3%
<i>390 - Other Financing Resources</i>	-	59,863	233,774	2,285	1,500	-	0.0%
TOTAL GENERAL FUND REVENUES	23,488,460	24,505,817	28,793,307	31,052,195	29,419,200	6,191,170	21.0%
<i>Other General Fund - Sources</i>							
Cost Allocations	1,847,467	945,909	1,000,351	1,042,920	1,125,175	288,945	25.7%
Transfers In	551,697	500,000	500,000	593,389	525,000	21,375	4.1%
TOTAL GENERAL FUND REVENUES	25,887,624	25,951,726	30,293,658	32,688,504	31,069,375	6,501,490	20.9%

Property Tax – The first half of the Property Tax assessment is due to the Grant County Treasurer by April 30, and the second half is due October 31. The budget was set based on assumptions of new construction and collection rates, and then discounted for collection delinquencies. The second quarter results will include the first half collections of Property Tax assessments.

Sales Tax – Actual sales tax at the end of the first quarter exceeded budgeted sales tax by \$228k (2.5%) but is down 10.9% over the same period in 2022 to end the quarter at \$2.53 million.

Sales Tax-Public Safety—This represents the 0.3% Criminal Justice Tax. Collections for the Public Safety sales tax for the first quarter are 29.4% of budget at \$455 thousand and \$89k (24.5%) ahead of 2022.

Utility Tax – This revenue source experiences fluctuations either from rate adjustments or seasonal usage. We ended the first quarter of the year 2.8% higher than budget at \$1.02 million and 9.6% higher than the same period in 2022. Increases in Water, Stormwater, Wastewater, and Solid Waste were offset by decreases in telephone and cable TV utility taxes.

Gambling Taxes—This revenue stream is historically higher in the first half of the year. First quarter revenues are exceeding budget by 2.7% and are 5.4% higher than the same time period in 2022. We ended the first quarter at \$57k or 27.7% of budget.

Other Taxes—This consists of Leasehold Excise Tax and Admissions Tax. Through the first quarter, Leasehold Excise tax is 49.4% below the same time period in 2022 and 1.2% behind budget. Admissions Tax remains strong and ended the quarter at \$10.7k or 42.8% of budget and ahead of 2022 by 6.9%.

Licenses and Permits – This revenue is generated by the development community and is difficult to budget because it is volatile by nature. 2023 first quarter results are at 27.6% of budget, ending the quarter at \$247k and ahead of first quarter 2022 by 23.3%.

Intergovernmental Revenue – This category includes State-shared revenue, the PUD privilege tax, Criminal Justice funding and other grants. Due to the timing of payments, the category is lagging budget by 8.5% at the end of the first quarter but is anticipated to catch up or exceed budget by the end of the second quarter.

Charges for Goods and Services primarily consist of:

- Fees charged for Parks and Recreation Programs, and;
- School Resource Officers reimbursed by Moses Lake School District

The bulk of the fees charged for Parks and Recreation programs are received in the 3rd quarter of the year. Activity and program fees for the first quarter are up over 2022, exceeding 2022 revenues by \$54.6k or 60.6% largely due to the opening of the Larson Recreation Center but are under budget by 7.5% at the end of the first quarter.

Fines and Penalties consist almost entirely of fines generated by the red-light camera program. Changes in how tickets are processed through the County court system occurred earlier this year, resulting in minimal citations being submitted/processed. Until the issues are fully resolved, revenues are anticipated to remain below budget.

Miscellaneous Revenues include interest earnings on investments and facility rentals. Interest earnings are significantly higher than budgeted, leading to Miscellaneous Revenues coming in at \$650k or 180.3% of budget through the first quarter. Facility rentals are down 5.4% from last year, but we expect this to turn around by the end of the second quarter.

Other Financing Resources is made up primarily of the City Administrative fee charged to funds for services provided by the executive branch and finance.

Summary --Overall, through the first quarter of the year, General Fund revenue is slightly below budget at 20.9% or \$6.5 million but is ahead of the same time period in 2022 by \$318.5k or 5.2%. We anticipate being on or exceeding budget by the end of the second quarter.

General Fund Expenditure Analysis

CITY OF MOSES LAKE GENERAL FUND EXPENDITURES AS OF: MARCH 2023 (Budget vs Actual - 25% of year)							
GENERAL FUND EXPENDITURES	YEAR-TO-DATE					2023 ACTUAL	% OF BUDGET
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET		
Legislative	348,327	357,490	264,280	154,699	155,124	48,115	31.0%
Executive	938,597	865,604	619,149	618,111	833,328	229,030	27.5%
Human Resources	301,375	192,726	330,357	565,244	547,837	120,073	21.9%
Finance	1,090,564	1,203,967	1,169,215	1,140,758	1,311,710	321,419	24.5%
Community Development	1,411,301	1,640,960	1,693,384	2,077,917	2,608,471	592,564	22.7%
Legal	208,641	211,192	195,236	203,049	278,730	34,160	12.3%
Misc. Services	1,804,832	2,340,491	1,924,954	1,975,753	2,198,943	613,542	27.9%
Library	78,976	78,269	63,526	68,543	64,500	16,800	26.0%
Engineering	2,055,148	2,210,430	1,702,648	2,050,125	2,619,744	651,586	24.9%
Parks, Rec & Cultural Services	5,874,843	5,161,426	6,546,020	7,197,352	7,564,846	1,532,138	20.3%
Police	7,647,601	8,296,331	8,909,683	10,397,439	11,442,546	3,260,290	28.5%
Fire	3,819,916	4,287,077	4,231,976	4,516,448	5,441,730	1,429,666	26.3%
TOTAL GENERAL FUND EXPENDITURES	25,580,122	26,845,963	27,650,429	30,965,438	35,067,507	8,849,382	25.2%

In total, General Fund Expenditures for the first quarter of the year are essentially on budget at 25.2% but increased by 35.1% over the same period in 2022. This increase consists primarily of salaries/benefits and overtime costs (40.2%) as well as increases in supplies and professional services costs (38.0%).

Since General Fund is over 60% staffing, events affecting total payroll have a significant impact on budgets. Position vacancies may start out being an “overage” because of the cashout of earned accrued leave balances, but then can produce savings when the position is vacant for any length of time. Most variances in individual divisions are the result of increased staffing, overtime or additional professional services.

The Legislative budget is 6.0% over budget, largely due to increased travel, registration, and membership costs.

The Police budget is up slightly due to overtime as the Police Department filled in security for the Homeless Sleep Center until a contract with a security company could be negotiated. Some of the overtime costs will be reimbursed through the Homeless Center grant funds.

All other General Fund budgets are at varying levels compared to budget.

Conclusion—General Fund at the end of the first quarter is on budget at 25.2% of adopted budget in expenditures. Sales Tax and Criminal Justice tax offset revenues that are more unpredictable and cyclical in nature. As of the end of March, general fund reserves decreased by \$2.3 million. We anticipate reserves to rebound and show a net gain by the end of the second quarter.

Other Funds Analysis

OTHER FUNDS REVENUES AND EXPENDITURES

AS OF: MARCH 2023

(Budget vs Actual - 25% of year)

	YEAR-TO-DATE						% OF
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET	2023 ACTUAL	
OTHER FUNDS REVENUES							
Operating/Enterprise Funds	36,197,672	40,604,420	45,052,116	46,691,525	39,827,860	9,315,242	23.4%
Capital Improvement Funds	7,973,837	5,841,751	17,152,700	8,809,537	22,329,852	1,750,573	7.8%
Risk Mgmt/Employee Benefit	704,765	909,527	966,680	1,165,153	1,594,850	1,475,499	92.5%
Debt Service Funds	2,269,748	2,268,797	3,180,950	3,122,748	3,030,252	757,566	25.0%
TOTAL OTHER FUNDS REVENUES	47,146,022	49,624,495	66,352,447	59,788,963	66,782,814	13,298,880	19.9%

	YEAR-TO-DATE						% OF
	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 BUDGET	2023 ACTUAL	
OTHER FUNDS EXPENDITURES							
Operating/Enterprise Funds	36,266,759	39,822,798	38,237,363	38,955,688	48,146,673	9,656,979	20.1%
Capital Improvement Funds	6,734,114	7,306,373	9,180,367	16,710,922	25,300,000	1,075,928	4.3%
Risk Mgmt/Employee Benefit	837,344	989,361	887,335	1,180,704	1,583,639	1,443,069	91.1%
Debt Service Funds	643,388	2,188,792	2,640,520	2,659,083	3,030,152	90,150	3.0%
TOTAL OTHER FUNDS EXPENDITURES	44,481,605	50,307,323	50,945,585	59,506,398	78,060,464	12,266,125	15.7%

Variances in capital funds are related to timing of major projects, as well as capital components in operating funds (such as Building Maintenance, Fleet Maintenance, Central Services and Stormwater capital projects/purchases). Debt Service funds primarily only have interest payments due in the first half of the year—principal payments are typically scheduled for later in the year so the fund can build up the necessary balance. Property and liability insurance premiums are due at the first of the year, so the Risk Management fund is overspent during the year and corrects by the end of the year.

Hotel/Motel tax ended the quarter essentially on budget at \$166k or 24.4% and 15.8% above first quarter 2022. Expenditures are below budget but most expenses are paid out later in the year.

Homeless Services is under budget in both revenues and expenses due to timing of requesting reimbursement on the grants and invoices received for payment. Additionally, as the Homeless shelter location continues to be discussed/reviewed, the ARPA funds allocated for the project have not been spent.

Water/Wastewater Fund revenues typically increase during the hotter months, as more water is used for irrigating. Revenues and expenditures are both slightly under budget at 21.8% and 21.2% respectively.

The Sanitation Fund is 2.5% above budget in revenues, ending the quarter at \$1.4 million. Expenses are under budget by 7.7% at the end of the first quarter, but extra pickups during the spring and summer months will likely reduce this gap.

The Ambulance fund is on budget in revenues, but over budget in expenses. We will be doing a thorough analysis of the staff coding of salaries/benefits to ensure that costs are being captured accurately in the correct budget. Additionally, the first quarter budget amendment for the AWC grant has not been reflected in the budget yet.

Equipment Rental/Fleet Maintenance is at 34.4% in revenue due to sales of surplus vehicles. Expenses are over budget due to a number of capital purchases from 2022 were not received until early 2023. We will re-evaluate the budget and bring a budget amendment to Council for consideration if necessary.

Conclusion

Overall, 2023 Citywide results through the first quarter are as expected. First quarter revenues ended at \$19.8 million or 20.2%, slightly below budget but 8.6% or \$1.56 million ahead of first quarter 2022. Most variances are related to normal timing. Citywide expenses are under budget by 18.8% ending the quarter at \$21.1 million. All funds have positive fund balances at the end of the first quarter with a net use of Citywide fund balance of \$1.3 million. Second quarter preliminary results are showing an increase in fund balance which will result in an overall increase in fund balance reserves.