



# CITY OF BAY CITY

## FY 2022 3rd Quarter Financial Report

### As of June 30, 2022

The City of Bay City Finance Department is dedicated to excellence in local government, comprehensive fiscal management, compliance, and reporting. The Quarterly Report is used to provide our internal and external customers financial reporting with easy-to-read narratives regarding the City's financial position.

This report represents a general overview of financial operations through **June 2022**, the ninth month, and **75.00%** of FY 2022.

1. The **Financial Summaries** provide comparative data for revenues and expenditures by fund. Data shows current monthly and year to date information as it relates to budget. Beginning fund balances are estimates until the final audit is complete.
  - The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those accounted for in other specific funds. This fund includes all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.
  - The **Public Utility Fund** accounts for the operations costs to provide water and sewer services to the citizens of Bay City.
  - The **Airport Fund** is used to account for the operations of the Airport, and to account for the rent generated from its T-hangers and fuel sold.
  - The **Hotel/Motel Occupancy Tax Fund** was established to directly enhance and promote tourism and the convention and hotel industry, or other expenses as approved by State Law.
2. The **Investment Report** provides a description of investment activity during the quarter.

*This report does not include all funds related to the City of Bay City's Operations—please refer to the City's Comprehensive Annual Financial Report & the City's Annual Budget available on the City's website ([www.cityofbaycity.org](http://www.cityofbaycity.org)).*

*Go to the Finance Department's Web Page for all financial transparency information. This includes audits, budgets, quarterly reports, and check registers.*

## **General Fund Overview**

### **Revenue Highlights**

Revenues total \$12,725,301 or 77.5% of the budget.

- Property Tax. The certified value totaled \$969 million. Through June, the City received \$4,498,152 or (97.1%) of the 4.6-million-dollar property tax maintenance and operation budget. Most property taxes are received by January to avoid penalties.
- Sales tax. Third Quarter Sales Tax Allocation to the City is **down** 8% (\$142,940) as compared to the third quarter in prior year, however still up 3% YTD over prior year.
- Franchise fees are slightly below budget target due to timing of franchise payments.
- Licenses & Permit fees are over the budget target due to housing activity.
- Fines and penalties (Court Fines) are slightly under budget expectations.
- Charges for services represents sanitation fees - \$1,962,908 (75% of budget).
- Miscellaneous Revenue is over budget target due to the timing of grant payments, timing of payments from interlocal agreements (i.e. Bay City Gas Company, County), and various park rental income.
- Transfers In appear below budget due to the timing of planned expenditures for a project that will not occur (performance pavilion- hotel fund).

### **General Fund Expenditure Highlights**

Expenditures total \$11,606,476 or 67.9% of budget.

Most departments are under the 75% budget target. Budgets that are over the budget target are primarily due to the following:

- Police Department- Vehicle funded by the Justice Assistance Grant Program (amendment needed)
- Recreational Programs- Timing of payments for community events

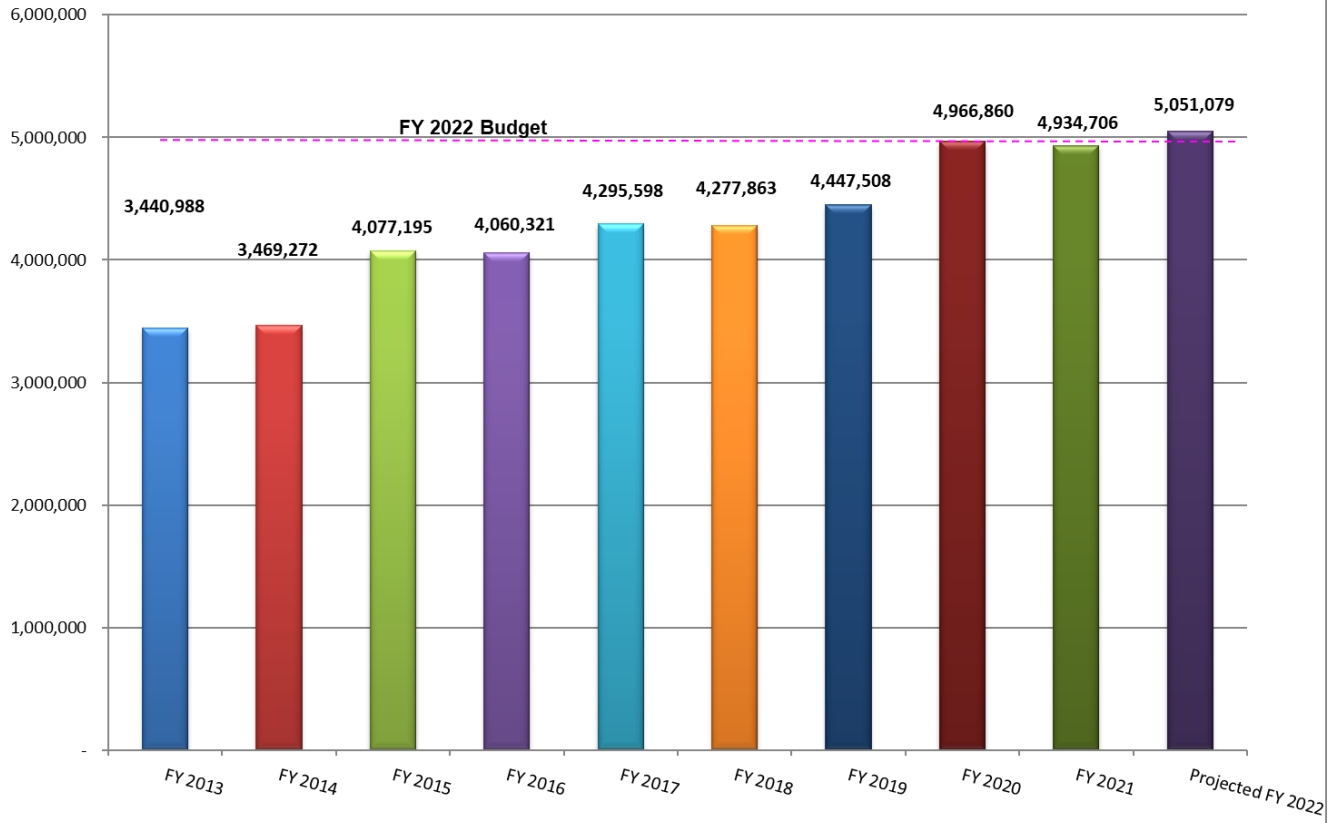
### **Fund Balance**


The General Fund's fund balance is budgeted to remain flat. **The City's reserve level currently is above the minimum policy of 25%.** See bottom of page 3 for more clarification. The audited beginning cash position (October 1, 2021) was 4.6 million which represents approximately 30% operating expenditures including transfers. Transfers include funding for departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to maintain reserves between 90 days (policy) and 120 days (goal) or 25% and 34% of operating expenditures. Reserves above 25% may be used to fund non-reoccurring expenditures (i.e. capital project).

## GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete		75%			
	<b>Total Budget</b>		<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2022 Budget</b>
<b>Beginning Fund Balance</b>	\$ 4,624,152		\$ 4,624,152	Audited	
<b>REVENUES</b>					
Property Taxes	4,634,000		4,498,152	(135,848)	97.1%
Sales Tax	5,052,000		3,743,213	(1,308,787)	74.1%
Other Local Taxes (Franchise)	1,328,000		962,778	(365,222)	72.5%
Charges for Services (Sanitation)	2,630,000		1,962,908	(667,092)	74.6%
Fines & Penalties	192,300		137,497	(54,803)	71.5%
Licenses & Permits	193,500		177,969	(15,531)	92.0%
Miscellaneous	748,200		643,785	(104,415)	86.0%
Transfers (Hotel/Motel & Utility)	1,637,000		599,000	(1,038,000)	36.6%
<b>Total Revenues</b>	\$ 16,415,000		\$ 12,725,301	\$ (3,689,699)	<b>77.5%</b>
<b>EXPENDITURES</b>					
Administrative Council	311,426		228,580	82,846	73.4%
City General Services	2,929,064		2,181,065	748,000	74.5%
City Secretary	138,238		88,614	49,624	64.1%
Main Street	65,000		28,926	36,074	44.5%
Human Resources	281,109		200,058	81,051	71.2%
Municipal Court	361,832		247,159	114,673	68.3%
Finance	391,861		292,145	99,716	74.6%
Code Enforcement	455,422		308,181	147,241	67.7%
Police	4,794,254		3,606,458	1,187,797	75.2%
Animal Impoundment	184,167		112,320	71,847	61.0%
Fire Department	212,967		129,036	83,931	60.6%
Recycling Center	209,078		153,733	55,345	73.5%
Street and Bridge	4,242,584		2,597,019	1,645,566	61.2%
Parks	1,422,684		744,948	677,736	52.4%
Riverside Park	196,995		119,113	77,882	60.5%
Recreational Programs	101,164		89,380	11,784	88.4%
Pool Operations	283,673		131,997	151,676	46.5%
Library	517,982		347,745	170,237	67.1%
<b>Total Expenditures</b>	\$ 17,099,500		\$ 11,606,476	\$ 5,493,024	<b>67.9%</b>
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ (684,500)		\$ 1,118,825		
Ending Fund Balance	\$ 3,939,652		\$ 5,742,977		
% of Operating Reserves	26%		37%		
Fund Balance Target 90 days (25%)	\$ 3,793,677				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 145,975</b>				

### SALES TAX YEARLY COMPARISON



	<i>3rd Quarter</i>		% Change from	
	Fiscal Year 2021	Fiscal Year 2022	Prior Year	Variance
April	480,812.84	494,826.91	2.91%	14,014.07
May	737,231.14	644,828.71	-12.53%	(92,402.43)
June	596,094.84	531,543.36	-10.83%	(64,551.48)
<b>Total</b>	<b>1,814,138.82</b>	<b>1,671,198.98</b>	<b>-7.88%</b>	<b>(142,939.84)</b>
<b>City General Fund (75%)</b>	1,360,604.12	1,253,399.24		(107,204.88)
<b>BCCDC (25%)</b>	453,534.71	417,799.75		(35,734.96)
	<b>1,814,138.82</b>	<b>1,671,198.98</b>		<b>(142,939.84)</b>

<b>Budget FY 2022</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,950,000</b>	<b>5,051,079</b>	<b>101,079</b>

 **2%**

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 77% and above budget expectations due to drought conditions. (City bills one month in arrears)
- Miscellaneous Income is above the budget mark due to interest income and insurance claims received not anticipated.

### Expenditure Highlights

- Total expenditures for the Utility Fund are 60% of budget.
- All utility departments are within budget parameters.
- Utility reserve is approximately 30% of operating expenditures and may be drawn down to take care of any emergency repairs and/or needed capital projects. This reserve is anticipated to be larger by year end due to projects such as the Mockingbird Plant electrical improvements carrying over to next fiscal year.

### PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	75%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget	
<b>Beginning Fund Balance</b>	4,045,790	\$ 4,045,790	Audited		
<b>REVENUES</b>					
Charges for Services	8,377,000	6,374,610	(2,002,390)	76%	
Fines & Penalties	120,000	123,583	3,583	103%	
Miscellaneous	36,000	69,120	33,120	192%	
<b>Total Revenues</b>	<b>8,533,000</b>	<b>6,567,314</b>	<b>(1,965,686)</b>	<b>77%</b>	
<b>EXPENDITURES</b>					
Utility Billing	438,944	287,740	151,204	66%	
Utility Maintenance	2,875,190	1,775,863	1,099,327	62%	
Water & WWTP Division	2,967,445	1,191,670	1,775,775	40%	
Utility Operations	3,866,421	2,812,250	1,054,171	73%	
<b>Total Expenditures</b>	<b>\$ 10,148,000</b>	<b>\$ 6,067,524</b>	<b>\$ 4,080,476</b>	<b>60%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (1,615,000)</b>	<b>\$ 499,790</b>			
<b>Ending Fund Balance</b>	<b>\$ 2,430,790</b>	<b>\$ 4,545,580</b>			
% of Operating Reserves	30%	57%			
<b>Target 90 days (25%)</b>	<b>\$ 1,982,997</b>				
<b>Over/(Under) Target</b>	<b>\$ 447,793</b>				
<i>Designated for capital projects</i>					
<i>Some encumbered from Prior Year</i>					

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, overall Airport revenues are exceeding budget expectations.
- T-Hanger rentals are over budget mark by 5% or 5K.
- Fuel sales are trending higher than budget by 23% or \$45K.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 79%. This is due to the rising costs of fuel purchased for re-sale. (Amendment)

### AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	75%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget	
<b>Beginning Fund Balance</b>	\$ 120,109	\$ 120,109	Audited		
<b>REVENUES</b>					
Charges for Services	-	-	-	0%	
Miscellaneous (Rentals, Grants)	197,500	149,668	(47,832)	76%	
Transfers (General Fund)	245,000	183,750	(61,250)	75%	
Other Revenue (Fuel Sales)	195,500	192,025	(3,475)	98%	
<b>Total Revenues</b>	<b>\$ 638,000</b>	<b>\$ 525,444</b>	<b>\$ (112,556)</b>	<b>82%</b>	
<b>EXPENDITURES</b>					
Personnel	231,450	160,656	70,794	69%	
Supplies & Materials	164,750	174,959	(10,209)	106%	
Other Charges & Services	101,300	80,502	20,798	79%	
Repairs & Maintenance	155,500	98,645	56,855	63%	
Capital Expenditures	20,000	18,145	1,855	91%	
Transfers	-	-	-	0%	
<b>Total Expenditures</b>	<b>\$ 673,000</b>	<b>\$ 532,907</b>	<b>\$ 140,094</b>	<b>79%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (35,000)</b>	<b>\$ (7,463)</b>			
<b>Ending Fund Balance</b>	<b>\$ 85,109</b>	<b>\$ 112,646</b>			
<i>No minimum Fund Balance Policy</i>					
<i>General Fund subsidizes approx. \$225,000-250,000 each year</i>					

## Civic & Cultural Arts Fund (Hotel /Motel Fund) Overview

### Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 75%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. (April -June receipts will not be remitted until July). July will be a better indicator of hotel revenue.
- Miscellaneous Income: Civic Center rentals are at 82% which 7% or \$6K above the budget target.

### Expenditure Highlights

- As a percentage of budget, total expenditures are at 52%.

### HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget
<b>Beginning Fund Balance</b>	\$ 693,257	\$ 693,257	Audited	
<b>Revenues</b>				
Hotel Occupancy Tax	600,000	278,007	\$ 321,993	46%
Interest Income	500	138	\$ 362	28%
Rental Fees- Civic Center	80,000	65,953	\$ 14,048	82%
Other Income- Special Events	20,000	20,458	\$ (458)	102%
Other Income	5,000	20,892	\$ (15,892)	418%
<b>Total Revenues</b>	<b>\$ 705,500</b>	<b>385,447</b>	<b>\$ 320,053</b>	<b>55%</b>
<b>Expenditures</b>				
Hotel General	374,500	108,188	266,312	29%
Tourism Department	316,020	241,765	74,255	77%
Civic Center	297,480	171,387	126,093	58%
Bay City Theatre	29,000	6,780	22,220	23%
<b>Total Expenditures</b>	<b>\$ 1,017,000</b>	<b>\$ 528,120</b>	<b>\$ 488,880</b>	<b>52%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (311,500)</b>	<b>\$ (142,673)</b>		
Ending Fund Balance	\$ 381,757	\$ 550,584		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights - 3rd Quarter Activity

## Building Department New Homes



**1<sup>st</sup> Qtr 17 NEW RESIDENTIAL HOMES**  
**2nd Qtr 28 NEW RESIDENTIAL HOMES (YTD = 45 Homes)**  
**3rd Qtr 32 NEW RESIDENTIAL HOMES (YTD = 77 Homes)**

Value Added: Unknown

## Commercial Permits

**BUSINESS**

**1 Permit YTD**

1<sup>st</sup> Qtr Value Added: \$200K (Coburn Chiropractic)

2nd Qtr & 3<sup>rd</sup>- 0 permits

**Total Estimated Taxes= \$1,310**

Building Dept.	April- June 2021	April-June 2022
*Building Inspections-City	133	208
*Building Inspections-3 <sup>rd</sup> Party	160	439
Fire Inspections	4	2
COC Issued	0	1
*City and Bureau Veritas (3 <sup>rd</sup> Party) handle inspections		

Street and Bridge	April-June 2021	April-June 2022	Utility	April-June 2021	April-June 2022
Concrete Pavement Repair	5	6	Water Leaks	70	171
Ditch Cleaning	29	5	Meter Leaks	11	10
Asphalt Pavement Repair	53	39	Sewer Repairs	90	4
Utility/Asphalt/Concrete Repair	6	31	Low Pressure Reads	8	3
Signs	24	6	Meter Swaps	120	1327
Traffic Control Devices	9	11	Water/Sewer Taps	9	25

Civic Center	YTD FY 2021	YTD FY 2022
Total Revenue	\$38,688	\$44,032
Total Expenditures	\$109,066	\$76,561



## OTHER FINANCIAL NOTES

### **Governmental Funds**

#### [General Fund](#)

Reserve – maintaining minimum levels required by policy  
Increased Fuel Prices, Vendor increases across commodities

CPI up 9.1% (June – Year % Change)

Municipal Cost Index (MCI)- up 12.45% (May – Year % Change)- This index was developed by American City & County and is designed to show the effects of inflation on the cost of providing municipal services.

### **Proprietary Funds**

#### [Public Utility Fund](#)

None

#### [Airport](#)

Amendment (Fuel Sales)

### **Monitoring:**

#### **Sales Tax**

#### **Hotel Tax Revenue**

#### **Fuel**

# Investment Report 3rd Quarter Fiscal Year 2022

The City has a weighted average portfolio of 207 days with an average book yield of .45%. The City is liquid with 80% of the portfolio in a 0-1-year maturity. Average interest rates have increased since prior quarter except for fixed term investments & securities. Investment earnings are \$13,260 for the quarter and up \$4,340 as compared to the same quarter last year. The investment strategy currently is to diversify & structure a somewhat laddered portfolio (Checking, Investment Pools, and Securities less than 5 years to maturity) to minimize interest rate risk in the future.

## June 30, 2022 Balances

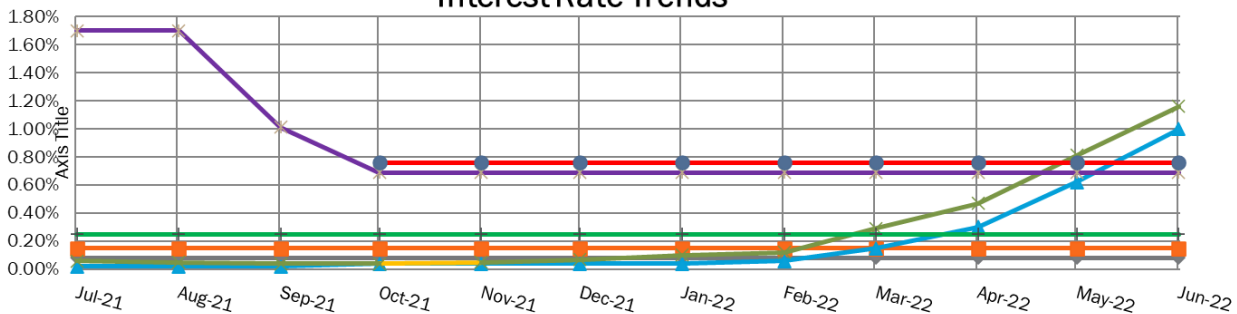
	Total Bal by Type	% of Portfolio
IBC	\$ 2,400,037.04	17%
Prosperity Bank	\$ 503,119.13	3%
Prosperity Bank- Money Market	\$ 4,370,713.46	30%
Petty Cash/Cash Drawers	\$ 4,322.00	0%
Texpool	\$ 2,060,463.95	14%
Texas Class	\$ 2,318,327.18	16%
CD's	\$ 1,242,000.00	9%
Securities	\$ 1,585,000.00	11%
	<b>\$14,483,982.76</b>	<b>100 %</b>

## Interest Earnings

Interest received during the 3rd quarter totaled \$ 13,260 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 6-30-22	Qtr 6-30-21	Over Prior Year
Interest Received	\$13,260	\$8,920	\$4,340

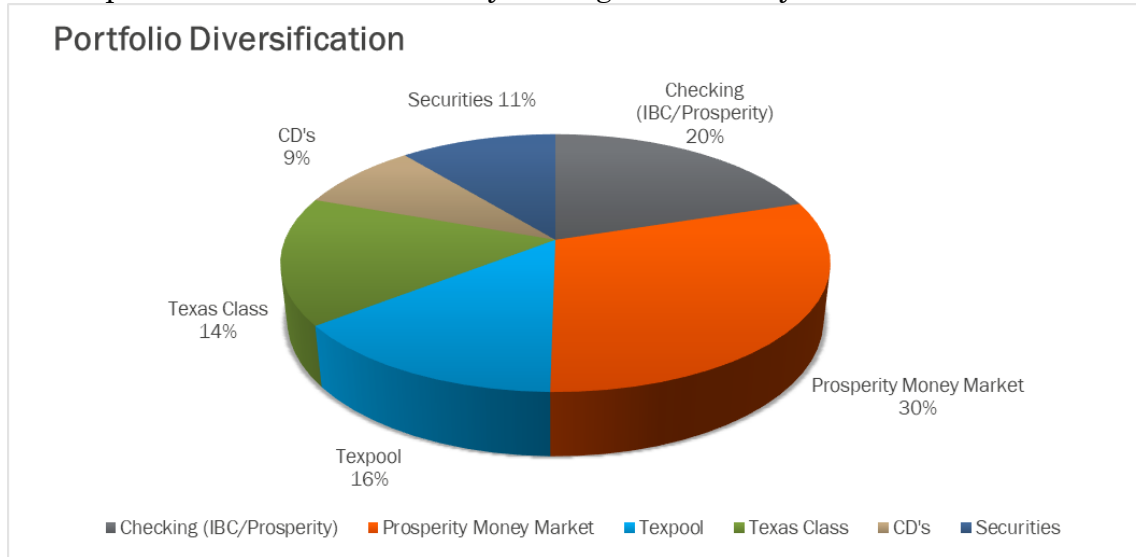
Interest Rate Trends



	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
IBC	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Prosperity	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Texpool	0.02%	0.02%	0.02%	0.04%	0.04%	0.04%	0.04%	0.06%	0.15%	0.30%	0.62%	1.00%
Texas Class	0.06%	0.05%	0.04%	0.04%	0.05%	0.07%	0.10%	0.12%	0.29%	0.47%	0.81%	1.16%
Securities	1.70%	1.70%	1.01%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
CD's				0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Money Market	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

## Portfolio Diversification


Portfolio Diversification is used to create a structure to reduce investment risks and a portfolio that will experience minimal volatility during economic cycles.



## Portfolio Maturity Schedule

The goal is to ladder the City's portfolio. Due to some economic uncertainty and low interest rates, staying short for investment purposes is the strategy for any investments.

Years to Maturity	Face Value	% Total
0-1	\$ 11,656,983	81%
1-2	\$ 247,000	2%
2-3	\$ 1,583,000	11%
3-4	\$ 500,000	3%
4-5	\$ 497,000	3%
<b>Total</b>	<b>\$14,483,983</b>	<b>100%</b>

 City of BAY CITY vs. Benchmarks for Quarter Ending JUNE 30, 2022						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 14,483,983	\$ 14,297,693	(186,290.00)	0.45%	0.73%	1.23%	
Weighted Average						
Maturity	207.37	Day(s)	0.45%	Yield		