



CITY OF BAY CITY

FY 2020 2nd Quarter Financial Report

As of March 31, 2020

The City of Bay City Finance Department is dedicated to excellence in local government, comprehensive fiscal management, compliance and reporting. The Monthly 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 **March 2020**, the sixth month, and **50.00%** of FY 2020.

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).

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 \$9,188,506 or 61.2% of the budget.

- Property Tax. The certified value totaled \$869 million. Through March, the City received \$4,025,348 or (90.8%) of the 4.4-million-dollar property tax maintenance and operation budget. Most property taxes will be received by January to avoid penalties.
- Sales tax. Second Quarter Sales Tax Allocation (Jan-March) to the City is up 7.47% or \$108,717 as compared to the second quarter in prior year. Sales tax is up over prior year (Oct-March) by \$162,142.
- Franchise fees are in line with budget. Licenses & Permits exceed the budget target due to large value commercial permits pulled.
- Fines and penalties (Court Fines) are above budget expectations by \$41,000.
- Charges for services represents sanitation fees - \$1,255,469 (50% of budget).
- Miscellaneous Revenue appears below budget; however this is due to the timing of grant payments and/or interlocal agreements. (i.e. Bay City Gas Company, County, BCCDC)

General Fund Expenditure Highlights

Expenditures total 6,643,833 or 44.3% of budget.

Most departments are under the 50% budget target. Budgets that are over the budget target are primarily due to the following:

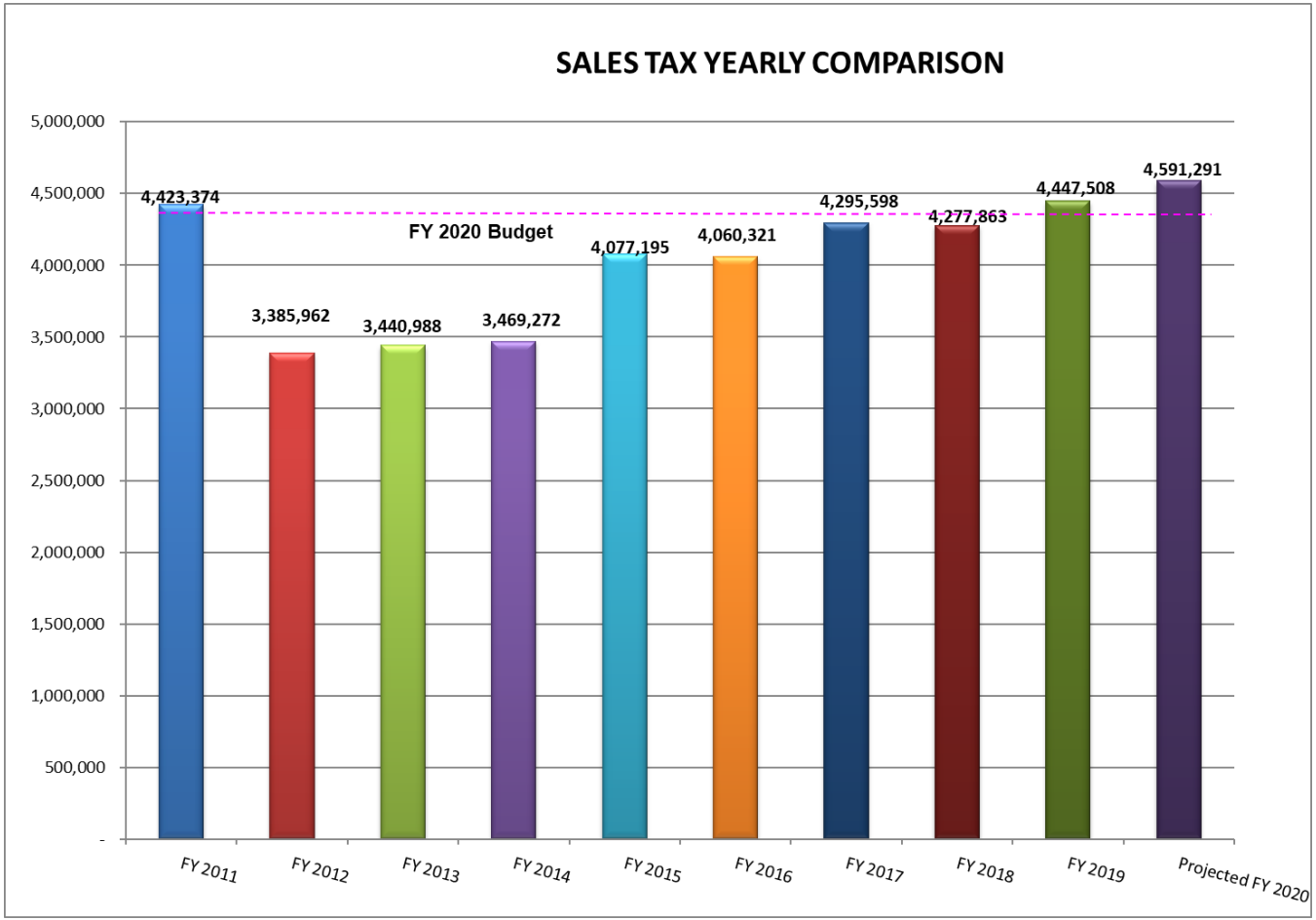
- Human Resource- timing of payments for City Manager search firm (amendment needed)
- Parks- timing of the Dreamscape Project

The General Fund's fund balance is budgeted to increase by \$34,195. **The city reserve level currently is below the minimum policy of 25%.** See bottom of page 3 for more clarification. The audited beginning cash position (October 1, 2019) was 3.2 million which represents approximately 22% operating reserve including transfers. Transfers include departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to build reserve over the next year to meet or exceed the minimum 25% reserve requirement. Sales tax and departmental savings should aide in the building of the reserve by fiscal year end.

GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance (Unaudited)	\$ 3,210,330	\$ 3,210,330			
REVENUES					
Property Taxes	4,434,737	4,025,348	409,389	90.8%	
Sales Tax	4,350,000	2,323,296	2,026,704	53.4%	
Other Local Taxes (Franchise)	1,321,000	651,881	669,119	49.3%	
Charges for Services (Sanitation)	2,527,000	1,255,469	1,271,531	49.7%	
Fines & Penalties	203,000	139,284	63,717	68.6%	
Licenses & Permits	196,000	158,345	37,655	80.8%	
Miscellaneous	1,343,763	318,135	1,025,628	23.7%	
Transfers	643,500	316,750	326,750	49.2%	
Total Revenues	\$ 15,019,000	\$ 9,188,506	\$ 5,830,494	61.2%	
EXPENDITURES					
City Secretary	153,269	50,020	103,249	32.6%	
City General Services	2,498,547	1,227,308	1,271,239	49.1%	
Administrative Council	318,192	151,788	166,404	47.7%	
Main Street	58,000	29,420	28,580	50.7%	
Human Resources	251,930	161,782	90,148	64.2%	
Municipal Court	328,673	152,587	176,086	46.4%	
Finance	337,281	158,065	179,216	46.9%	
Police	4,618,763	2,137,927	2,480,836	46.3%	
Animal Impoundment	167,892	68,773	99,119	41.0%	
Fire Department	199,319	73,227	126,092	36.7%	
Street and Bridgne	3,461,184	1,037,287	2,423,897	30.0%	
Recycling Center	161,926	81,537	80,389	50.4%	
Parks	1,405,308	925,134	480,174	65.8%	
Riverside Park	184,103	73,987	110,116	40.2%	
Recreation	99,823	32,536	67,287	32.6%	
Pool Operations	275,841	60,491	215,350	21.9%	
Library	464,754	221,965	242,789	47.8%	
Total Expenditures	\$ 14,984,805	\$ 6,643,833	\$ 8,340,972	44.3%	
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ 34,195	\$ 2,544,674			
Ending Fund Balance	\$ 3,244,525	\$ 5,755,004			
% of Operating Reserves	22%	40%			
Fund Balance Target 90 days (25%)	\$ 3,606,502				
Over/(Under) min Policy Level (25%)	\$ (361,977)				

SALES TAX YEARLY COMPARISON



	2nd Quarter		% Change from	
	Fiscal Year 2019	Fiscal Year 2020	Prior Year	Variance
January	420,788.91	477,720.61	13.53%	56,931.70
February	568,926.16	611,567.87	7.50%	42,641.71
March	465,438.78	474,582.44	1.96%	9,143.66
Total	1,455,153.85	1,563,870.92	7.47%	108,717.07

Budget 2020	Projected Sales Tax	Exceeding Budget
4,350,000	4,591,291	241,291

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 48% appearing to be slightly below budget expectations. (City bills one month in arrears)

Expenditure Highlights

- Total expenditures for the Utility Fund are 50% of budget.
- Utility Maintenance Department is at 100% of budget due to an extreme amount of emergency repairs of water and/or sewer lines (amendment needed)

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance	\$ 3,756,008	\$ 3,756,008			
REVENUES					
Charges for Services	7,698,000	3,668,136	4,029,864	48%	
Fines & Penalties	145,000	57,216	87,784	39%	
Miscellaneous	35,000	52,756	(17,756)	151%	
Total Revenues	7,878,000	3,778,108	4,099,892	48%	
EXPENDITURES					
Utility General	4,322,738	1,808,292	2,514,446	42%	
Utility Maintenance	1,576,330	1,577,609	(1,279)	100%	
Water & WWTP Division	2,696,432	926,631	1,769,801	34%	
Warehouse Operations	154,500	42,102	112,398	27%	
Total Expenditures	\$ 8,750,000	\$ 4,354,635	\$ 4,395,365	50%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (872,000)	\$ (576,527)			
Ending Fund Balance	\$ 2,884,008	\$ 3,179,481			
% of Operating Reserves	40%	44%			
Target 90 days (25%)	1,820,599				
Over/(Under) Target	\$ 1,063,409				
<i>Designated for capital projects or Emergency Infrastructure Repairs</i>					

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, core Airport revenues (fuel and rentals) are near budget expectations.
- Timing of TXDOT RAMP Grant causes “Miscellaneous” revenue to appear below the budget target.
- General Fund (Transfers In) subsidizes the Airport by \$255,000, an increase of \$105,000 over prior years to support new personnel and various capital projects associated with the “runway project”. Support for the airport is also coming in from the Bay City Community Development Corporation in the form of a grant match for the generator project (\$75,000). This is part of the \$330,000 transfer.

Expenditure Highlights

- As a percentage of budget, total expenditures are 70%. This is due to the final payment of the fuel trucks. (amendment needed)

AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance	\$ 394,987	\$ 318,567			
REVENUES					
Charges for Services	-	150	(150)		0%
Miscellaneous (Rentals, Grants)	153,300	59,930	93,370		39%
Transfers (General Fund)	330,000	165,000	165,000		50%
Other Revenue (Fuel Sales)	180,500	94,896	85,604		53%
Total Revenues	\$ 663,800	\$ 319,977	\$ 343,823		48%
EXPENDITURES					
Personnel	213,217	87,907	125,310		41%
Supplies & Materials	174,600	77,923	96,677		45%
Other Charges & Services	79,550	46,321	33,229		58%
Repairs & Maintenance	126,900	27,165	99,735		21%
Capital Expenditures	44,200	266,979	(222,779)		604%
Transfers	86,301	-	86,301		0%
Total Expenditures	\$ 724,768	\$ 506,295	\$ 218,473		70%
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (60,968)	\$ (186,318)			
Ending Fund Balance	\$ 334,019	\$ 132,249			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes \$250,000					
<i>Reserve encumbered for fuel trucks</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 50%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. (January-March receipts will not be remitted until April)
- Miscellaneous Income: Civic Center rentals & special event income are above the budget target by \$12,000.

Expenditure Highlights

- Total expenditures are below the budget target; however this is due to the timing of various expenditures within the Hotel / Motel Fund including the timing of the theatre project

HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	50%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget
Beginning Fund Balance	\$ 487,418	\$ 487,418		
Revenues				
Hotel Occupancy Tax	\$ 750,000	\$ 206,570	\$ 543,430	28%
Miscellaneous	101,000	61,556	\$ 39,444	61%
Total Revenues	\$ 851,000	268,126	\$ 582,874	32%
Expenditures				
Hotel General	\$ 108,000	85,520	22,480	79%
Tourism Department	292,000	135,359	156,641	46%
Civic Center	350,000	103,825	246,175	30%
Bay City Theatre	150,000	36,251	113,749	24%
Total Expenditures	\$ 900,000	\$ 360,955	\$ 539,045	40%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (49,000)	\$ (92,829)		
Ending Fund Balance	\$ 438,418	\$ 394,589		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights - Quarterly Activity

Building Department New Residential Homes



7 NEW RESIDENTIAL HOMES (1st and 2nd Qtr)

Value Added: Unknown

Commercial Permits

BUSINESS 6

1st Qtr Value Added: \$1.7 million (Family Dollar 650K; Plant Nursery 46K; Starbucks 1M)
Total Estimated Taxes= \$11,135

2nd Qtr Value Added: \$ 335K (Lennie Roberts (tax exempt); Berkley Eye Center; Dollar General= \$2,194

	1 st Qtr FY 19	1 st Qtr FY 20
Building Inspections	494	433
	2 nd Qtr FY 19	2 nd Qtr FY 20
Building Inspections	453	446
Total	947	879

Street and Bridge	2 nd Qtr 2019	2 nd Qtr 2020	Utility	2 nd Qtr 2019	2 nd Qtr 2020
Concrete Pavement Repair	6	4	Water Leaks	98	103
Ditch Cleaning	28	12	Meter Leaks	50	29
Asphalt Pavement Repair	73	46	Sewer Repairs	258	149
Utility/Asphalt/Concrete Repair	36	17	Low Pressure Reads	47	7
Signs	24	5	Meter Swaps	269	144
Traffic Control Devices	8	10	Water/Sewer Taps	8	4

Police Statistics

	2 nd Qtr FY 19	2 nd Qtr FY 20
Calls for service	7308	8433
Arrests	340	288
Cases assigned to CID	449	547
Cases cleared by CID	613	775

Civic Center

	Oct- March '19	Oct-March '20
Total Revenue	\$47,317	\$43,875
Total Expenditures	\$126,648	\$103,825

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund](#)

Reserve Levels-The City needs to build reserves up to policy level over next year. It is anticipated to meet or exceed our minimum reserve requirement by fiscal year end. GREAT NEWS!!

COVID-19 and its effect on sales tax (unknown)

Proprietary Funds

[Public Utility Fund](#)

Extreme amount of infrastructure repairs (amendment needed)

[Airport](#)

None

Monitoring:

Sales Tax – very good trend (relying on additional sales tax to boost the reserve and offset future sales tax loss (if any) due to COVID-19.

Hotel Tax Revenue- Anticipate some loss due to COVID-19 if travel restrictions remain in effect. However, Industrial activity in the area may offset some loss.

Investment Report 2nd Quarter Fiscal Year 2020

The City has a weighted average portfolio of 45 days with an average book yield of 1.64%. The City is relatively liquid with 91% of the portfolio in a 0-1-year maturity. Average interest rates have declined since prior quarter except for the banks. All short-term investments average less than 2%. Investment earnings are \$31,702 for the quarter and down \$28,936 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking, Investment Pools, and Securities less than 3 years to maturity) to minimize interest rate risk in the future.

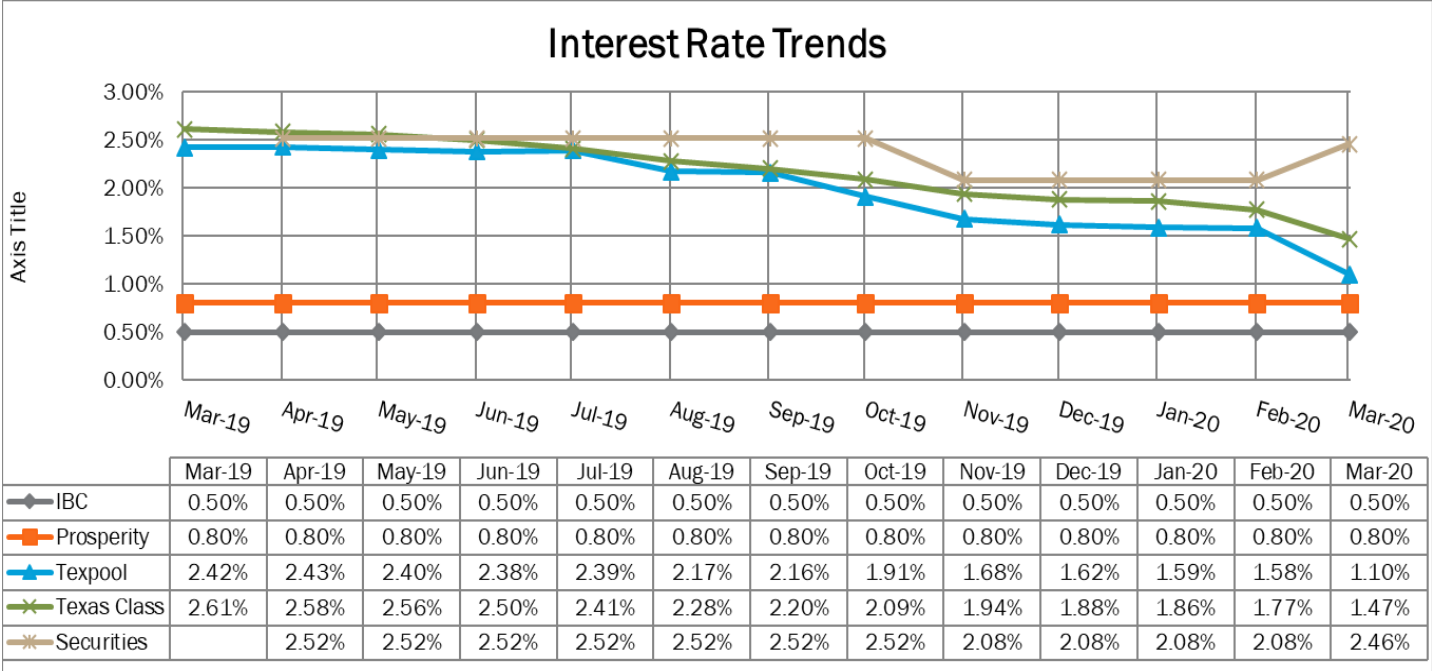
March 31, 2020 Balances

	Total Bal by Type	% of Portfolio
IBC	\$1,373,250.28	13%
Prosperity Bank	\$477,144.22	4%
Petty Cash/Cash Drawers	\$3,612.00	0%
Texpool	\$3,051,329.18	28%
Texas Class	\$3,897,906.41	36%
CD's	\$-	0%
Securities	\$1,995,130.00	19%
	\$10,798,372.09	100 %

Interest Earnings

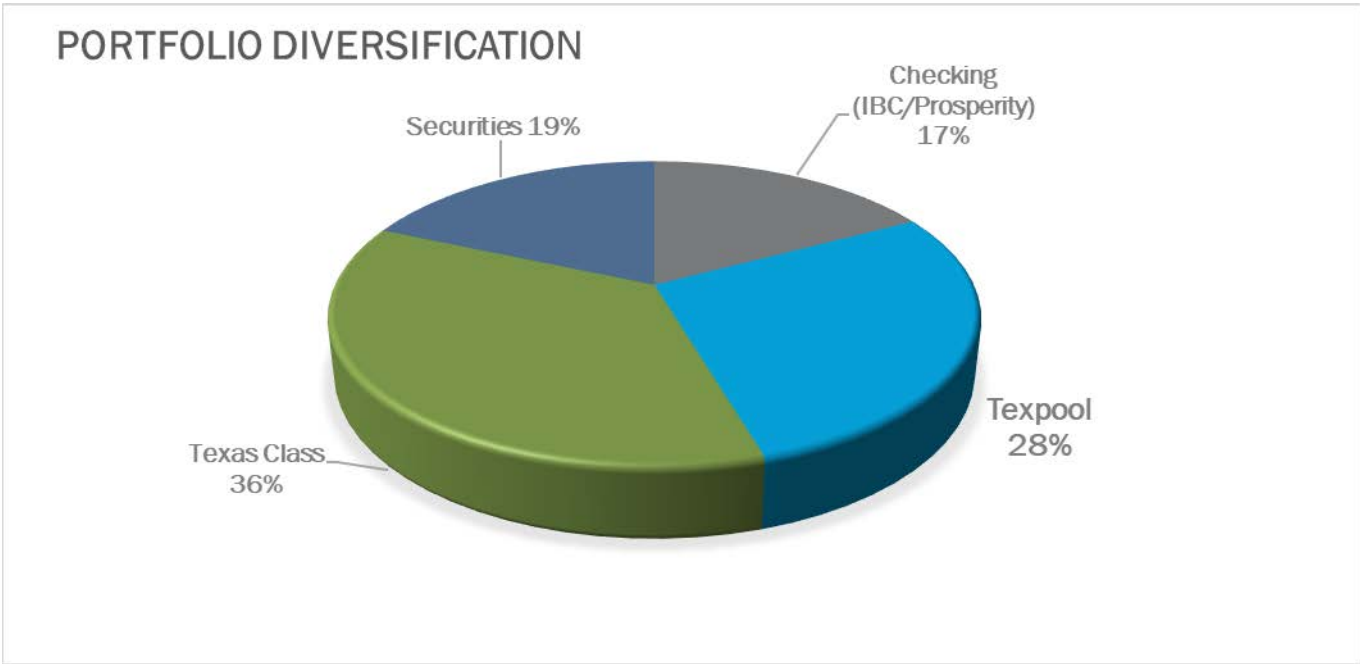
Interest received during the 2nd quarter totaled \$ 31,702 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 3-31-19	Qtr 3-31-20	Over Prior Year
Interest Received	60,638	\$31,702	<\$28,936>



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	\$9,809,372	91%
1-2	\$ 989,000	9%
Total	\$10,798,372	100%

	City of BAY CITY vs. Benchmarks for Quarter Ending March 31, 2020					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 10,798,372	\$ 10,816,395	18,023.00	1.64%	1.56%	0.96%
	Weighted Average					
	Maturity	45.57 Day(s)		1.64%	Yield	