



# CITY OF BAY CITY

## FY 2021 2nd Quarter Financial Report

### As of March 31, 2021

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 2021**, the sixth month, and **50.00%** of FY 2021.

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 \$9,106,661 or 58.5% of the budget.

- Property Tax. The certified value totaled \$898 million. Through March, the City received \$4,040,393 or (92%) 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 to the City is **down** 9.5% (\$149,152) as compared to the second quarter in prior year.
- Franchise fees are in line with budget. Licenses & Permits are under the budget target, however this should level out over time. (timing of permits pulled)
- Fines and penalties (Court Fines) are under budget expectations by \$8,000.
- Charges for services represents sanitation fees - \$1,276,229 (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 \$6,845,499 or 42.6% of budget.

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

- Fire Department- timing of support payment to Volunteer Fire Department
- Recycling Center- HGAC grant (refurbishing bins)- amendment

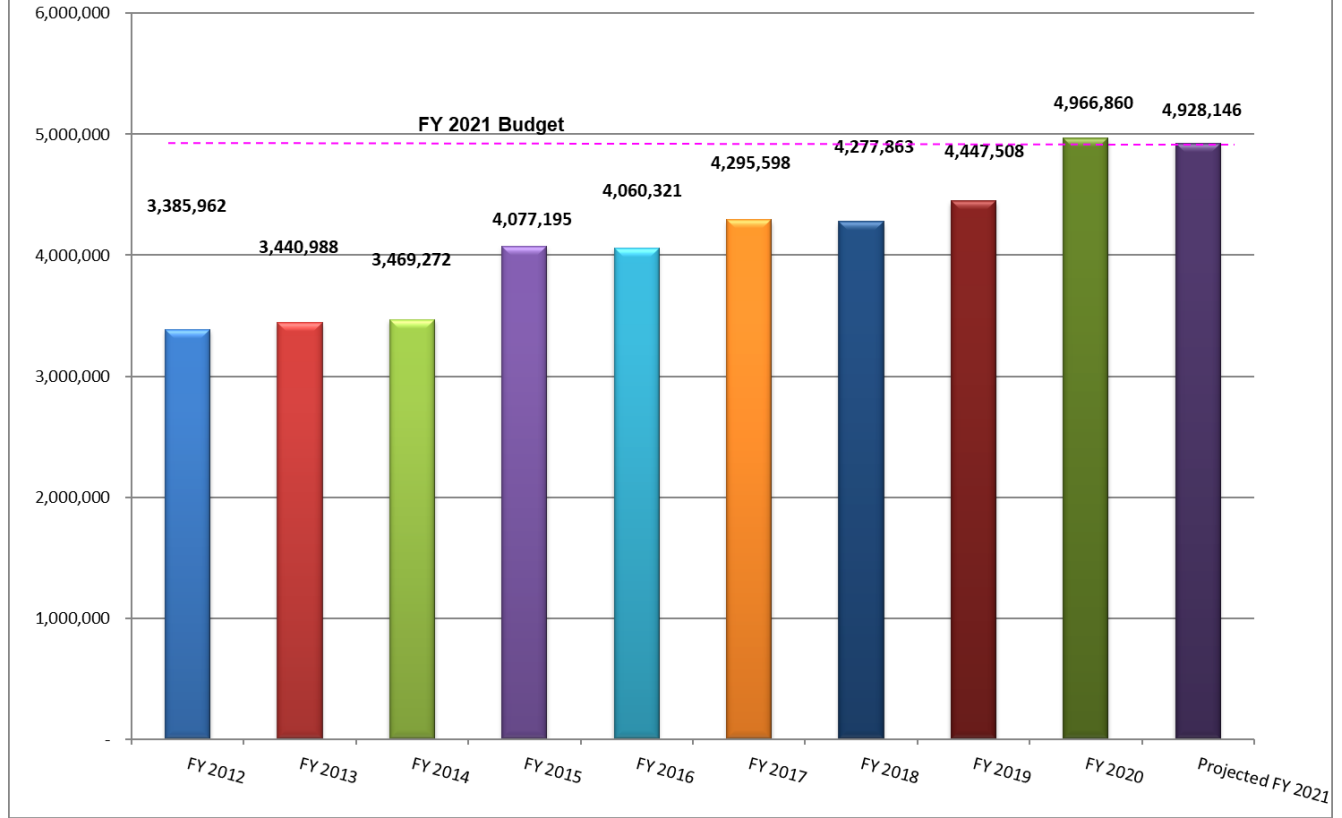
### **Fund Balance**

The General Fund's fund balance is budgeted to decrease by \$489,265 to purchase capital items (4 police units & the City's premier splashpad). **The City's reserve level currently meets the minimum policy of 25%.** See bottom of page 3 for more clarification. The unaudited beginning cash position (October 1, 2020) was 4.5 million which represents approximately 30% operating expenditures including transfers. Transfers include departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to maintain reserves that meet or minimally exceed the 25% reserve requirement. The goal is to maintain reserves between 90 & 120 days. Reserves above 90 days or 25% may be used to fund non-reoccurring expenditures (i.e. capital projects).

## GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete		50%			
	<b>Total Budget</b>		<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2021 Budget</b>
<b>Beginning Fund Balance (Unaudited)</b>	\$ 4,482,693		\$ 4,482,693	Pre-Audit	
<b>REVENUES</b>					
Property Taxes	4,391,617		4,040,393	351,224	92.0%
Sales Tax	4,725,000		2,286,160	2,438,840	48.4%
Other Local Taxes (Franchise)	1,326,000		665,499	660,501	50.2%
Charges for Services (Sanitation)	2,565,000		1,288,771	1,276,229	50.2%
Fines & Penalties	201,000		89,728	111,272	44.6%
Licenses & Permits	192,500		74,634	117,866	38.8%
Miscellaneous	1,489,586		325,725	1,163,861	21.9%
Transfers (Hotel/Motel & Utility)	671,500		335,750	335,750	50.0%
<b>Total Revenues</b>	<b>\$ 15,562,203</b>		<b>\$ 9,106,661</b>	<b>\$ 6,455,542</b>	<b>58.5%</b>
<b>EXPENDITURES</b>					
City Secretary	111,745		49,968	61,777	44.7%
City General Services	3,279,806		1,101,027	2,178,780	33.6%
Administrative Council	307,405		138,165	169,240	44.9%
Main Street	65,000		27,831	37,169	42.8%
Human Resources	264,874		128,149	136,725	48.4%
Municipal Court	344,249		144,600	199,649	42.0%
Finance	341,670		167,271	174,399	49.0%
Code Enforcement	312,750		102,012	210,738	32.6%
Police	4,732,749		2,359,106	2,373,643	49.8%
Animal Impoundment	170,712		79,272	91,440	46.4%
Fire Department	198,863		121,747	77,116	61.2%
Street and Bridgne	3,513,461		1,509,446	2,004,015	43.0%
Recycling Center	170,180		90,212	79,968	53.0%
Parks	1,160,083		379,215	780,868	32.7%
Riverside Park	201,909		65,039	136,870	32.2%
Recreation	101,823		47,668	54,155	46.8%
Pool Operations	286,352		123,841	162,511	43.2%
Library	487,837		210,929	276,908	43.2%
<b>Total Expenditures</b>	<b>\$ 16,051,468</b>		<b>\$ 6,845,499</b>	<b>\$ 9,205,969</b>	<b>42.6%</b>
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (489,265)</b>		<b>\$ 2,261,162</b>		
Ending Fund Balance	\$ 3,993,428		\$ 6,743,855		
% of Operating Reserves	25%		42%		
Fund Balance Target 90 days (25%)	<b>\$ 4,012,867</b>				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ (19,439)</b>				

### SALES TAX YEARLY COMPARISON



	<b>2nd Quarter</b>		<b>% Change from</b>	
	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2021</b>	<b>Prior Year</b>	<b>Variance</b>
<b>January</b>	477,720.61	470,742.79	-1.46%	(6,977.82)
<b>February</b>	611,567.87	471,009.57	-22.98%	(140,558.30)
<b>March</b>	474,582.44	472,966.32	-0.34%	(1,616.12)
<b>Total</b>	<b>1,563,870.92</b>	<b>1,414,718.68</b>	<b>-9.54%</b>	<b>(149,152.24)</b>
<b>City General Fund (75%)</b>	1,172,903.19	1,061,039.01		(111,864.18)
<b>BCCDC (25%)</b>	390,967.73	353,679.67		(37,288.06)
	<b>1,563,870.92</b>	<b>1,414,718.68</b>		<b>(149,152.24)</b>

<b>Budget FY 2021</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,725,000</b>	<b>4,928,146</b>	<b>203,146</b>

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 48% and in line with budget expectations. (City bills one month in arrears)
- Miscellaneous Income is below the budget mark due to low interest rate environment.

### Expenditure Highlights

- Total expenditures for the Utility Fund are 47% of budget.

Most utility departments are within budget parameters. Budgets that are over the budget target are primarily due to the following:

- Utility Maintenance- emergency water and sewer repairs

### 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 2021 Budget
<b>Beginning Fund Balance</b>	\$ 2,250,906	\$ 2,250,906	Pre-Audit	
<b>REVENUES</b>				
Charges for Services	8,177,000	3,949,335	4,227,665	48%
Fines & Penalties	140,000	56,223	83,777	40%
Miscellaneous	58,000	6,392	51,608	11%
<b>Total Revenues</b>	<b>8,375,000</b>	<b>4,011,951</b>	<b>4,363,049</b>	<b>48%</b>
<b>EXPENDITURES</b>				
Utility General	321,069	129,289	191,780	40%
Utility Maintenance	2,131,236	1,166,111	965,125	55%
Water & WWTP Division	1,959,599	890,391	1,069,208	45%
Warehouse Operations	3,963,096	1,716,173	2,246,923	43%
<b>Total Expenditures</b>	<b>\$ 8,375,000</b>	<b>\$ 3,901,963</b>	<b>\$ 4,473,037</b>	<b>47%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ -	\$ 109,988		
<b>Ending Fund Balance</b>	\$ 2,250,906	\$ 2,360,894		
% of Operating Reserves	27%	28%		
<b>Target 90 days (25%)</b>	2,093,750			
<b>Over/(Under) Target</b>	<b>\$ 157,156</b>			
<i>Designated for capital projects</i>				
<i>Some encumbered from Prior Year</i>				
City is budgeting \$406,848 in depreciation until year 1 TWDB debt payment is known.				

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, core Airport revenues are at budget expectations.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.
- The Bay City Community Development Corporation is contributing \$100,000 for the Taxiway project that is accounted for in a separate capital project fund.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 35%.

### 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 2021 Budget
<b>Beginning Fund Balance</b>	\$ 77,254	\$ 77,254	Pre-Audit	
<b>REVENUES</b>				
Charges for Services	-	-	-	0%
Miscellaneous (Rentals, Grants)	157,500	85,519	71,981	54%
Transfers (General Fund)	225,000	112,500	112,500	50%
Other Revenue (Fuel Sales)	180,500	86,034	94,466	48%
<b>Total Revenues</b>	<b>\$ 563,000</b>	<b>\$ 284,053</b>	<b>\$ 278,947</b>	<b>50%</b>
<b>EXPENDITURES</b>				
Personnel	215,400	84,676	130,724	39%
Supplies & Materials	175,400	54,314	121,086	31%
Other Charges & Services	114,050	36,605	77,445	32%
Repairs & Maintenance	126,900	43,971	82,929	35%
Capital Expenditures	-	-	-	0%
Transfers	-	-	-	0%
<b>Total Expenditures</b>	<b>\$ 631,750</b>	<b>\$ 219,566</b>	<b>\$ 412,184</b>	<b>35%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (68,750)</b>	<b>\$ 64,487</b>		
<b>Ending Fund Balance</b>	<b>\$ 8,504</b>	<b>\$ 141,741</b>		
<i>No minimum Fund Balance Policy</i>				
<i>General Fund subsidizes approx.</i>				
<i>\$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 50%, this is due the timing of hotel payments and ongoing COVID-19 suspected impact. Most hotels remit tax on a monthly or quarterly basis. (January - March receipts will not be remitted until April)
- Miscellaneous Income: Civic Center rentals are at 70% which is above the budget target.

### Expenditure Highlights

- As a percentage of budget, total expenditures are within budget parameters.
- Hotel General is above the budget target due to the timing of payment made to the Museum.

### 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 2021 Budget
<b>Beginning Fund Balance</b>	\$ 611,955	\$ 611,955	Pre-Audit	
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 650,000	\$ 148,337	\$ 501,663	23%
Interest Income	1,000	83	\$ 917	8%
Rental Fees- Civic Center	55,000	38,700	\$ 16,301	70%
Other Income- Special Events	1,500	30	\$ 1,470	2%
Other Income- Civic Center	2,500	6,658	\$ (4,158)	266%
<b>Total Revenues</b>	<b>\$ 710,000</b>	<b>193,806</b>	<b>\$ 516,194</b>	<b>27%</b>
<b>Expenditures</b>				
Hotel General	\$ 126,500	90,521	35,979	72%
Tourism Department	287,020	93,536	193,484	33%
Civic Center	378,480	109,066	269,414	29%
Bay City Theatre	260,000	1,386	258,614	1%
<b>Total Expenditures</b>	<b>\$ 1,052,000</b>	<b>\$ 294,510</b>	<b>\$ 757,490</b>	<b>28%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (342,000)</b>	<b>\$ (100,704)</b>		
Ending Fund Balance	\$ 269,955	\$ 511,252		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights

## Quarter Activity

### Building Department

#### New Homes



**9 NEW RESIDENTIAL HOMES (YTD = 17 Homes)**

**Value Added: Unknown**

#### Commercial Permits

**BUSINESS**

**0 for QTR 2 (YTD= 2 permits)**

**Value Added: \$330K (Shipley's 76K; TSO 254K)**

**Total Estimated Taxes= \$2,161**

	Jan-March 2020	Jan-March 2021
Building Inspections	446*	289*
Fire Inspections	1	2
COC Issued	3	None

\*City and Bureau Veritas (3<sup>rd</sup> Party) handle inspections

### Street and Bridge

### Utility

	Jan-March 2020	Jan-March 2021		Jan-March 2020	Jan-March 2021
Concrete Pavement Repair	4	5	Water Leaks	103	130
Ditch Cleaning	12	6	Meter Leaks	29	20
Asphalt Pavement Repair	46	44	Sewer Repairs	149	118
Utility/Asphalt/Concrete Repair	17	4	Low Pressure Reads	7	12
Signs	5	3	Meter Swaps	144	17
Traffic Control Devices	10	8	Water/Sewer Taps	4	14

### Police Statistics

	Jan-March 2020	Jan-March 2021
Calls for service	8,433	8,341
Arrests	288	254
Cases assigned to CID	547	448
Cases cleared by CID	775	585

### Civic Center

	YTD 2020	YTD 2021
Total Revenue	\$43,875	\$38,688
Total Expenditures	\$103,825	\$109,066



## OTHER FINANCIAL NOTES

### **Governmental Funds**

#### [General Fund](#)

Meeting reserve policy!

Amendments: Drainage Study, HGAC Grant, Public Safety Building Feasibility Study

### **Proprietary Funds**

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

Amendment: Utility Maintenance (infrastructure repairs)—monitoring for next quarter

#### [Airport](#)

None

### **Monitoring:**

**Sales Tax** – very good trend from October to December. January, February, and March payments were lower than prior year (down \$150,000). YTD down approximately \$50,000 from prior year. However, the City is still in line with budget but will continue to monitor.

**Hotel Tax Revenue-** Anticipate loss due to ongoing COVID-19. April hotel tax reports will be a better indicator of current and possible future impacts. Industrial activity in the area may offset some loss.

# Investment Report 2nd Quarter Fiscal Year 2021

The City has a weighted average portfolio of 5 days with an average book yield of .37%. The City is liquid with 100% of the portfolio in a 0-1-year maturity. Average interest rates have declined since prior quarter except for fixed term investments. Most short-term investments average less than .5%. Investment earnings are \$14,012 for the quarter and down \$22,717 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, 2021 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 5,335,288.10	32%
Prosperity Bank	\$ 311,988.04	2%
Prosperity Bank- Money Market	\$ 4,356,715.27	27%
Petty Cash/Cash Drawers	\$ 4,112.00	0%
Texpool	\$ 2,056,360.01	13%
Texas Class	\$ 3,311,293.95	20%
CD's	\$ -	0%
Securities	\$ 989,000.00	6%
	<b>\$16,364,757.37</b>	<b>100 %</b>

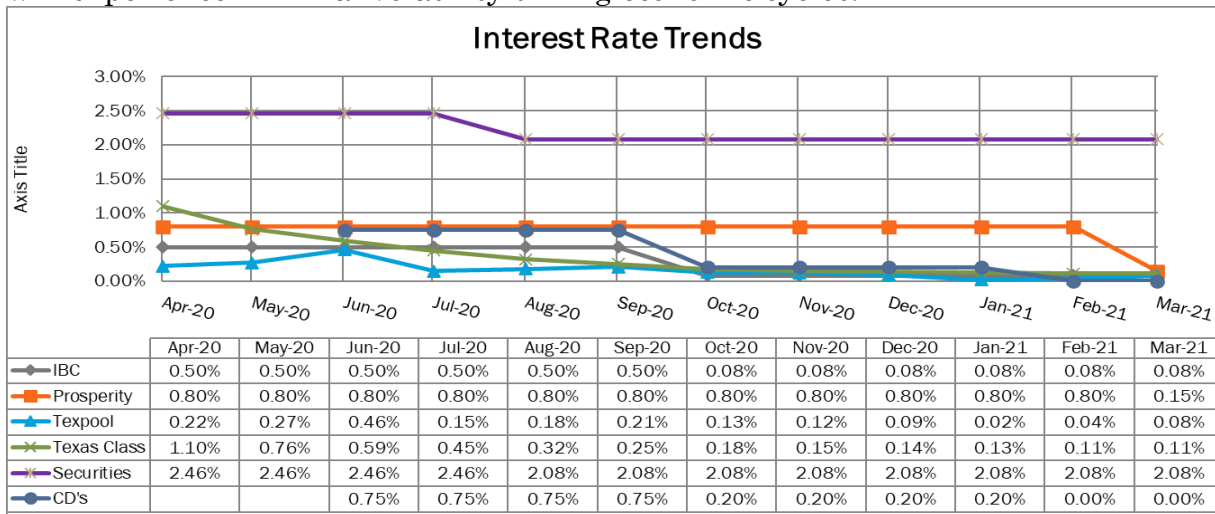
## Interest Earnings

Interest received during the 2nd quarter totaled \$ 14,012 and represents interest paid on checking accounts and investments.

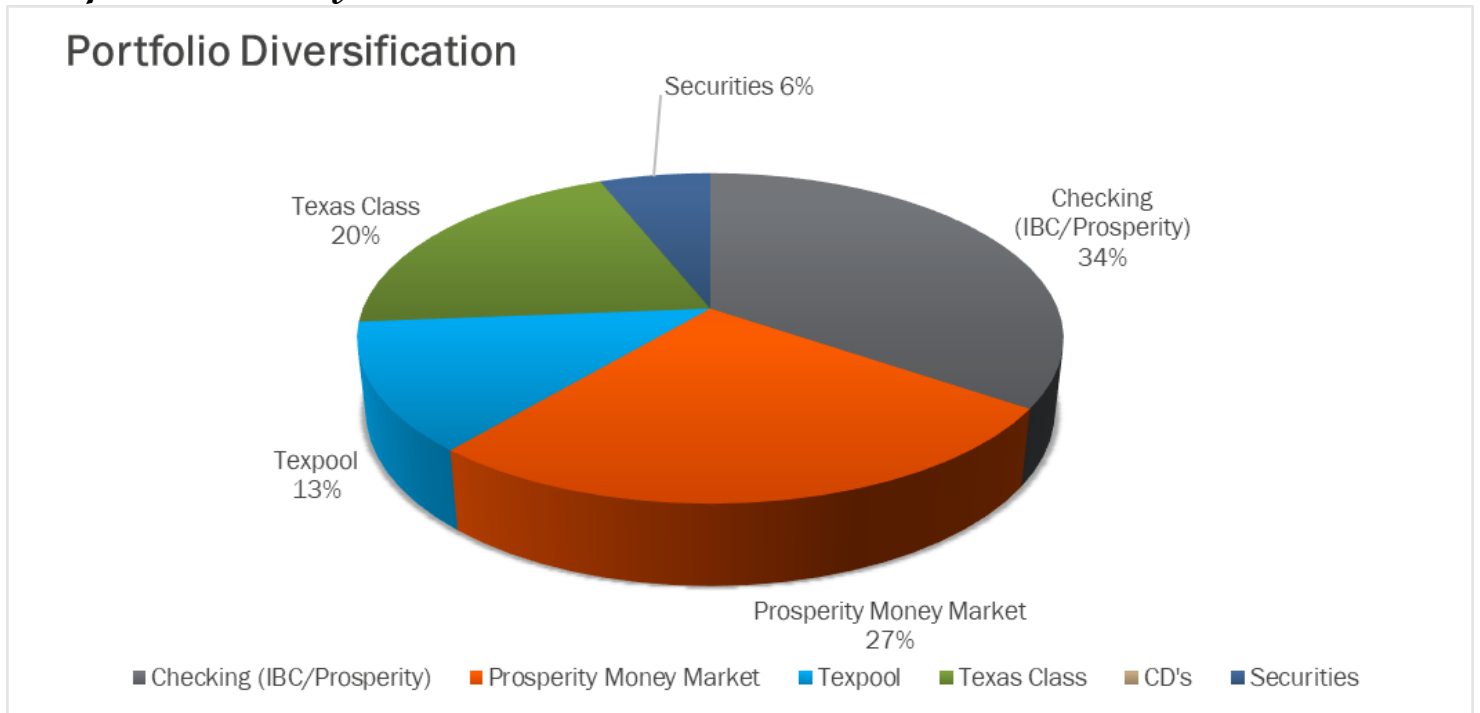
Portfolio	Qtr 03-31-21	Qtr 03-31-20	Over Prior Year
Interest Received	\$14,012	\$36,729	<\$22,717>

## 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	\$16,364,757.37	100%
1-2	\$ 0	0%
<b>Total</b>	<b>\$16,364,757.37</b>	<b>100%</b>

	City of BAY CITY vs. Benchmarks for Quarter Ending March 31, 2021					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 16,364,757	\$ 16,369,367	4,610.00	0.37%	0.09%	0.04%
	<b>Weighted Average</b>					
	<b>Maturity</b>	4.76 Day(s)		0.37% Yield		