



# CITY OF BAY CITY

## FY 2022 2nd Quarter Financial Report

### As of March 31, 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 **March 2022**, the sixth month, and **50.00%** 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 \$9,617,438 or 59% of the budget.

- Property Tax. The certified value totaled \$969 million. Through March, the City received \$4,293,389 or (92.6%) of the 4.6-million-dollar property tax maintenance and operation budget. Most property taxes are received by January to avoid penalties.
- Sales tax. Second Quarter Sales Tax Allocation to the City is **up** 18% (\$263,065) as compared to the second quarter in prior year and up 9% YTD over prior year.
- Franchise fees & Licenses & Permit fees are slightly over the budget target.
- Fines and penalties (Court Fines) are slightly under budget expectations.
- Charges for services represents sanitation fees - \$1,310,988 (50% of budget).
- Miscellaneous Revenue & Transfers In appear below budget; however this is due to audit entries, the timing of grant payments, timing of transfers, and/or interlocal agreements. (i.e. Bay City Gas Company, County,)

### **General Fund Expenditure Highlights**

Expenditures total \$6,985,177 or 41.1% of budget.

Most departments are under the 50% budget target. Budgets that are over the budget target are primarily due to the timing of payments or compensation plan amendments.

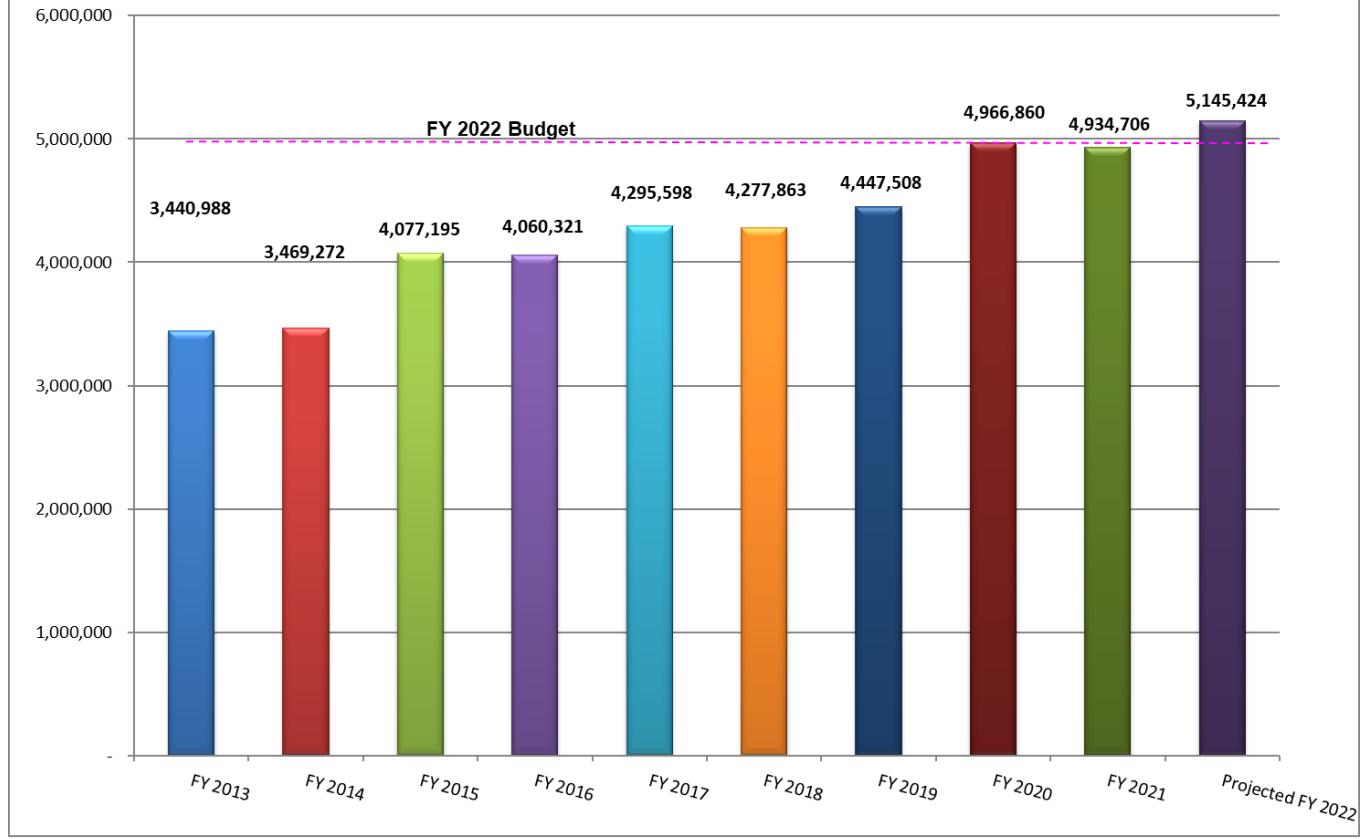
### **Fund Balance**

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	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget	
<b>Beginning Fund Balance</b>	\$ 4,624,152	\$ 4,624,152	Audited		
<b>REVENUES</b>					
Property Taxes	4,634,000	4,293,389	(340,611)	92.6%	
Sales Tax	4,950,000	2,489,814	(2,460,186)	50.3%	
Other Local Taxes (Franchise)	1,328,000	653,988	(674,012)	49.2%	
Charges for Services (Sanitation)	2,630,000	1,310,988	(1,319,012)	49.8%	
Fines & Penalties	192,300	98,337	(93,963)	51.1%	
Licenses & Permits	193,500	113,319	(80,181)	58.6%	
Miscellaneous	748,200	368,603	(379,597)	49.3%	
Transfers (Hotel/Motel & Utility)	1,637,000	289,000	(1,348,000)	17.7%	
<b>Total Revenues</b>	\$ 16,313,000	\$ 9,617,438	\$ (6,695,562)	<b>59.0%</b>	
<b>EXPENDITURES</b>					
Administrative Council	311,426	145,838	165,588	46.8%	
City General Services	3,130,390	1,300,709	1,829,681	41.6%	
City Secretary	136,108	58,048	78,060	42.6%	
Main Street	65,000	24,054	40,946	37.0%	
Human Resources	269,341	137,417	131,924	51.0%	
Municipal Court	354,222	157,322	196,900	44.4%	
Finance	377,844	195,939	181,905	51.9%	
Code Enforcement	445,449	195,254	250,195	43.8%	
Police	4,645,675	2,223,725	2,421,950	47.9%	
Animal Impoundment	174,590	70,899	103,691	40.6%	
Fire Department	212,967	51,324	161,643	24.1%	
Recycling Center	203,658	109,216	94,442	53.6%	
Street and Bridgne	4,190,406	1,479,921	2,710,485	35.3%	
Parks	1,398,029	391,636	1,006,393	28.0%	
Riverside Park	190,057	71,491	118,566	37.6%	
Recreation	101,164	65,893	35,271	65.1%	
Pool Operations	282,309	69,727	212,582	24.7%	
Library	508,865	236,764	272,101	46.5%	
<b>Total Expenditures</b>	\$ 16,997,500	\$ 6,985,177	\$ 10,012,323	<b>41.1%</b>	
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ (684,500)	\$ 2,632,261			
Ending Fund Balance	\$ 3,939,652	\$ 7,256,413			
% of Operating Reserves	26%	47%			
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>2nd Quarter</i>		<b>% Change from Prior Year</b>	<b>Variance</b>
	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2022</b>		
<b>January</b>	470,742.79	554,301.76	17.75%	83,558.97
<b>February</b>	471,009.57	633,535.98	34.51%	162,526.41
<b>March</b>	472,966.32	489,946.50	3.59%	16,980.18
<b>Total</b>	<b>1,414,718.68</b>	<b>1,677,784.24</b>	<b>18.59%</b>	<b>263,065.56</b>
<b>City General Fund (75%)</b>	1,061,039.01	1,258,338.18		197,299.17
<b>BCCDC (25%)</b>	353,679.67	419,446.06		65,766.39
	<b>1,414,718.68</b>	<b>1,677,784.24</b>		<b>263,065.56</b>

<b>Budget FY 2022</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
4,950,000	5,145,424	195,424

**4%**

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 51% and in line with budget expectations. (City bills one month in arrears)
- Miscellaneous Income is above the budget mark due to insurance claims received not anticipated.

### Expenditure Highlights

- Total expenditures for the Utility Fund are 38% of budget.
- All utility departments are within budget parameters.
- Utility reserve is approximately 36% of operating expenditures and may be drawn down to take care of any emergency repairs and/or needed capital projects.

### 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 2022 Budget	
<b>Beginning Fund Balance</b>	4,045,790	\$ 4,045,790	Audited		
<b>REVENUES</b>					
Charges for Services	8,368,000	4,230,624	(4,137,376)	51%	
Fines & Penalties	120,000	76,741	(43,259)	64%	
Miscellaneous	12,000	54,744	42,744	456%	
<b>Total Revenues</b>	<b>8,500,000</b>	<b>4,362,108</b>	<b>(4,137,892)</b>	<b>51%</b>	
<b>EXPENDITURES</b>					
Utility Billing	406,057	177,585	228,472	44%	
Utility Maintenance	2,078,012	758,318	1,319,694	36%	
Water & WWTP Division	2,956,502	657,049	2,299,453	22%	
Utility Operations	3,874,429	1,909,321	1,965,108	49%	
<b>Total Expenditures</b>	<b>\$ 9,315,000</b>	<b>\$ 3,502,273</b>	<b>\$ 5,812,727</b>	<b>38%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (815,000)</b>	<b>\$ 859,835</b>			
<b>Ending Fund Balance</b>	<b>\$ 3,230,790</b>	<b>\$ 4,905,625</b>			
% of Operating Reserves	40%	61%			
<b>Target 90 days (25%)</b>	<b>\$ 1,982,997</b>				
<b>Over/(Under) Target</b>	<b>\$ 1,247,793</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 3% or 3K.
- Fuel sales are trending higher than budget by 13% or \$26K.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 42%.

### 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 2022 Budget
<b>Beginning Fund Balance</b>	\$ 120,109	\$ 120,109	Audited	
<b>REVENUES</b>				
Charges for Services	-	-	-	0%
Miscellaneous (Rentals, Grants)	169,500	102,659	(66,841)	61%
Transfers (General Fund)	245,000	122,500	(122,500)	50%
Other Revenue (Fuel Sales)	195,500	124,329	(71,171)	64%
<b>Total Revenues</b>	<b>\$ 610,000</b>	<b>\$ 349,488</b>	<b>\$ (260,512)</b>	<b>57%</b>
<b>EXPENDITURES</b>				
Personnel	231,450	100,555	130,895	43%
Supplies & Materials	164,750	97,176	67,574	59%
Other Charges & Services	101,300	36,512	64,788	36%
Repairs & Maintenance	127,500	20,292	107,208	16%
Capital Expenditures	20,000	18,145	1,855	91%
Transfers	-	-	-	0%
<b>Total Expenditures</b>	<b>\$ 645,000</b>	<b>\$ 272,680</b>	<b>\$ 372,320</b>	<b>42%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (35,000)</b>	<b>\$ 76,807</b>		
<b>Ending Fund Balance</b>	<b>\$ 85,109</b>	<b>\$ 196,916</b>		
<i>No minimum Fund Balance Policy</i>				
General Fund subsidizes approx. \$225,000-250,000 each year				

## 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). April will be a better indicator of hotel revenue
- Miscellaneous Income: Civic Center rentals are at 55% which 5% or \$4K above the budget.

### Expenditure Highlights

- As a percentage of budget, total expenditures are at 38%.

#### HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	50%			
	<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>	\$ 693,257	\$ 693,257	Audited	
<b>Revenues</b>				
Hotel Occupancy Tax	600,000	172,182	\$ 427,818	29%
Interest Income	500	95	\$ 405	19%
Rental Fees- Civic Center	80,000	44,033	\$ 35,968	55%
Other Income- Special Events	20,000	20,015	\$ (15)	100%
Other Income- Civic Center	5,000	1,663	\$ 3,338	33%
<b>Total Revenues</b>	\$ 705,500	237,987	\$ 467,513	<b>34%</b>
<b>Expenditures</b>				
Hotel General	374,500	89,923	284,577	24%
Tourism Department	316,020	214,701	101,319	68%
Civic Center	297,480	76,561	220,919	26%
Bay City Theatre	29,000	1,530	27,470	5%
<b>Total Expenditures</b>	\$ 1,017,000	\$ 382,715	\$ 634,285	<b>38%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (311,500)	\$ (144,729)		
Ending Fund Balance	\$ 381,757	\$ 548,528		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights

## 2nd Quarter Activity

### Building Department

#### New Homes



1<sup>st</sup> Qtr 17 NEW RESIDENTIAL HOMES

2<sup>nd</sup> Qtr 28 NEW RESIDENTIAL HOMES (YTD = 45 Homes)

Value Added: Unknown

### Commercial Permits

**BUSINESS**

1 Permits for 1st QTR (YTD= 1 permits)

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

2<sup>nd</sup> Qtr Value Added: 0

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

Building Dept.	Jan-March 2021	Jan-March 2022
*Building Inspections-City	147	129
*Building Inspections-3 <sup>rd</sup> Party	142	171
Fire Inspections	2	0
COC Issued	0	1
*City and Bureau Veritas (3 <sup>rd</sup> Party) handle inspections		

Street and Bridge	Jan-March 2021	Jan-March 2022	Utility	Jan-March 2021	Jan-March 2022
Concrete Pavement Repair	3	7	Water Leaks	130	119
Ditch Cleaning	5	11	Meter Leaks	12	20
Asphalt Pavement Repair	33	35	Sewer Repairs	118	19
Utility/Asphalt/Concrete Repair	18	11	Low Pressure Reads	12	9
Signs	2	12	Meter Swaps	17	1650
Traffic Control Devices	3	16	Water/Sewer Taps	14	40

Police Statistics	Jan-March 2021	Jan-March 2022
Calls for service	8,341	6,481
Arrests	254	157
Cases assigned to CID	448	447
Cases cleared by CID	585	457

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](#)

Meeting reserve policy!

### **Proprietary Funds**

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

None

#### [Airport](#)

None

### **Monitoring:**

#### **Sales Tax**

#### **Hotel Tax Revenue**

# Investment Report 2nd Quarter Fiscal Year 2022

The City has a weighted average portfolio of 192 days with an average book yield of .24%. The City is liquid with 83% of the portfolio in a 0-1-year maturity. Average interest rates have slightly increased since prior quarter except for fixed term investments & securities. Most short-term investments average less than .30%. Investment earnings are \$13,866.26 for the quarter and down \$145.52 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.

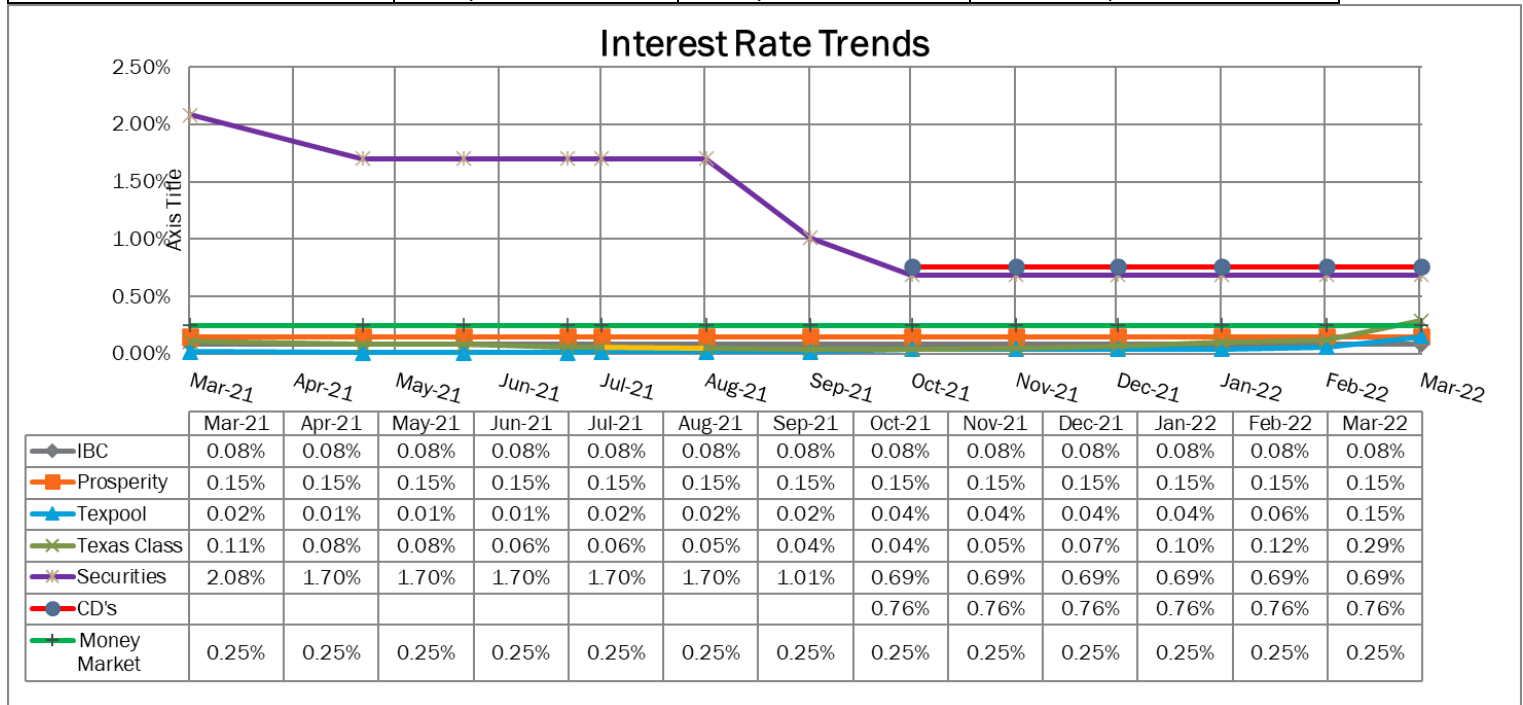
## March 31, 2022 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 4,929,123.93	29%
Prosperity Bank	\$ 501,722.63	3%
Prosperity Bank- Money Market	\$ 4,367,619.52	26%
Petty Cash/Cash Drawers	\$ 4,322.00	0%
Texpool	\$ 2,057,166.88	12%
Texas Class	\$ 2,313,626.08	14%
CD's	\$ 1,242,000.00	7%
Securities	\$ 1,585,000.00	9%
	<b>\$17,000,581.04</b>	<b>100 %</b>

## Interest Earnings

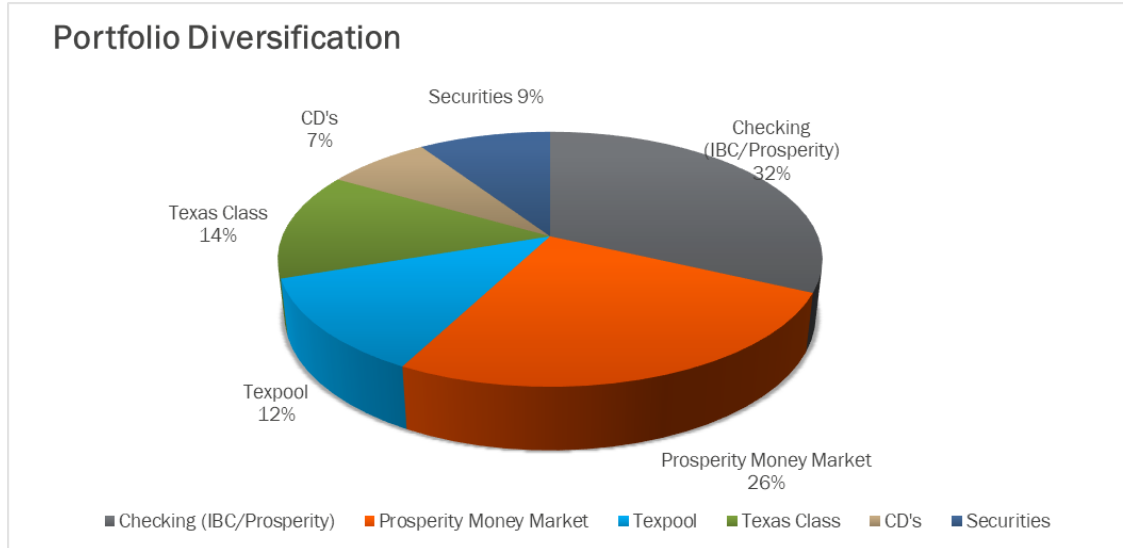
Interest received during the 2nd quarter totaled \$ 13,866.26 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 3-31-22	Qtr 3-31-21	Over Prior Year
Interest Received	\$13,866.26	\$14,011.78	<\$145.52>



## 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	\$ 14,173,581.04	83.37%
1-2	\$ 247,000.00	1.45%
2-3	\$ 498,000.00	2.93%
3-4	\$ 1,585,000.00	9.32%
4-5	\$ 497,000.00	2.92%
<b>Total</b>	<b>\$17,000,581.04</b>	<b>100%</b>

 City of BAY CITY vs. Benchmarks for Quarter Ending MARCH 31, 2022						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 17,000,581	\$ 16,854,749	(145,832.00)	0.24%	0.13%	0.37%	
Weighted Average						
Maturity	191.95 Day(s)		0.24%	Yield		