



CITY OF BAY CITY

FY 2023 2nd Quarter Financial Report

As of March 31, 2023

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 2023**, the sixth month, and **50.00%** of FY 2023.

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 \$10,624,006 or 63.3% of the budget.

- Property Tax. The certified value totaled \$1 billion. Through March, the City received \$4.7 million or (92.9%) of the 5-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** 10% (\$171,374) as compared to the second quarter in prior year. Current year-end projection will exceed budget by at least \$254,000 assuming future months are the same as prior year.
- Franchise fees are slightly below budget target due to timing of franchise payments.
- Licenses & Permit fees are slightly under budget target due to timing of housing activity.
- Fines and penalties (Court Fines) are under budget expectations by 23K.
- Charges for services represent sanitation fees - \$688,491 (49% of budget).
- Miscellaneous Revenue represents interest income, grant payments, interlocal agreements (i.e. County), and various park rental income- \$706,684
- Transfers In appear below budget due to the timing of purchase for capital equipment (parks mower that will be supported by the Fixed Asset Replacement Fund).

General Fund Expenditure Highlights

Expenditures total \$7,064,552 or 41.6% of budget.

Most departments are under the 50% budget target. Budgets that are over the budget target are primarily due to timing of payments and should not need amendments currently.

- Administrative Council- travel and training (reclassified to City General)
- Human Resources- Timing of payments of various operational expenditures
- Code Enforcement - Timing of vehicle repairs & building demolition costs
- Police- Timing of building repairs, misc. furniture & equipment
- Recreational Programs- Timing of payments for community events (i.e. July 4th deposit)

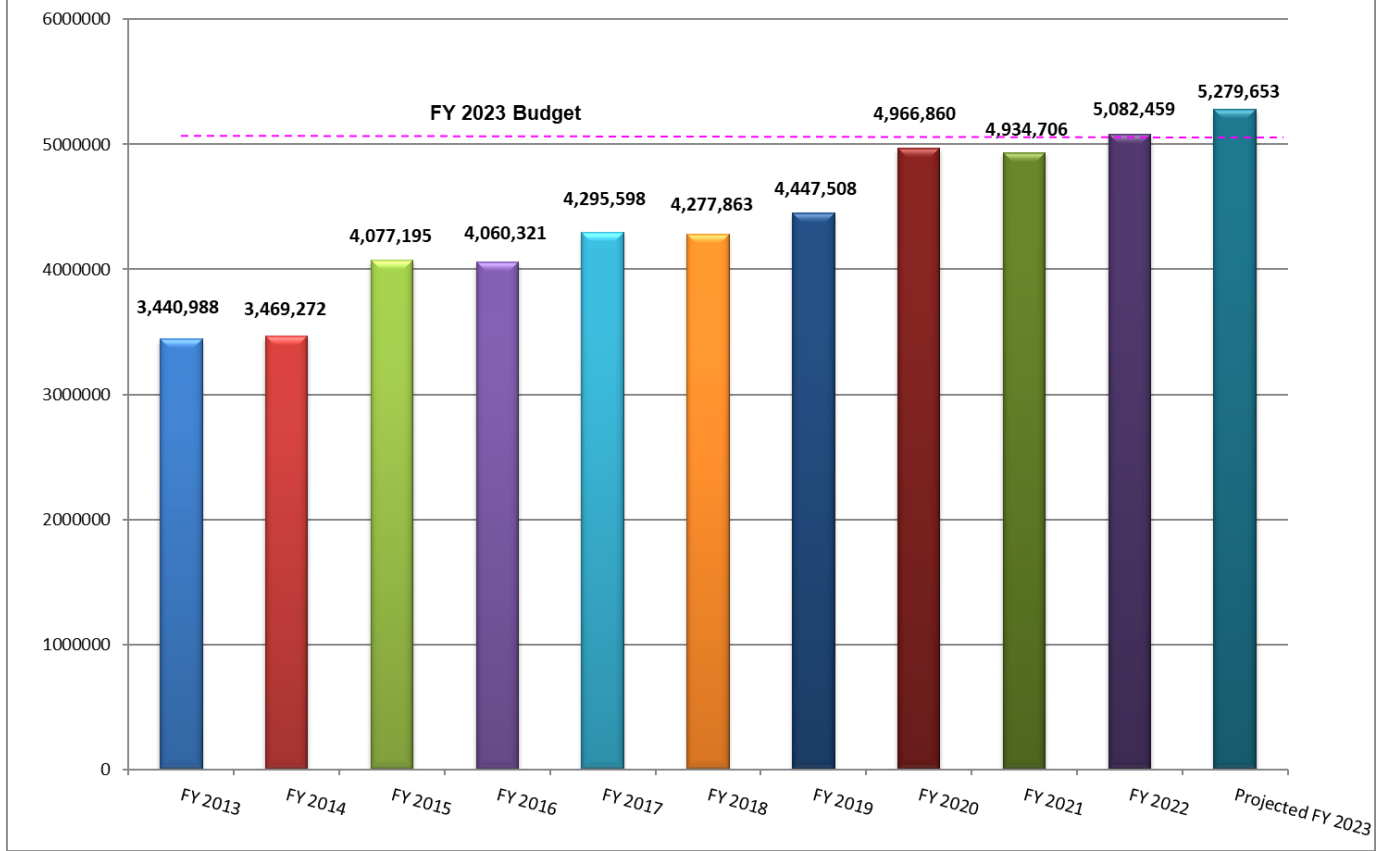
Fund Balance

The General Fund's fund balance is budgeted to decrease. **The City's reserve level currently is at the minimum policy of 25%.** See bottom of page 3 for more clarification. The audited beginning cash position (October 1, 2022) was 4.2 million which represents approximately 25% 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 2023 Budget	
Beginning Fund Balance	\$ 4,170,432	\$ 4,170,432	Audited		
REVENUES					
Property Taxes	5,046,200	4,687,859	(358,341)	92.9%	
Sales Tax	5,025,000	2,673,416	(2,351,584)	53.2%	
Other Local Taxes (Franchise)	1,399,000	688,491	(710,509)	49.2%	
Charges for Services (Sanitation)	2,714,000	1,339,715	(1,374,285)	49.4%	
Fines & Penalties	190,800	72,131	(118,669)	37.8%	
Licenses & Permits	198,500	87,710	(110,790)	44.2%	
Miscellaneous	1,356,500	706,684	(649,816)	52.1%	
Transfers (Hotel/Motel & Utility)	848,000	368,000	(480,000)	43.4%	
Total Revenues	\$ 16,778,000	\$ 10,624,006	\$ (6,153,994)	63.3%	
EXPENDITURES					
Administrative Council	326,007	171,941	154,066	52.7%	
City General Services	3,247,493	1,045,518	2,201,975	32.2%	
City Secretary	126,789	47,677	79,112	37.6%	
Main Street	75,000	28,547	46,453	38.1%	
Human Resources	262,371	137,957	124,414	52.6%	
Municipal Court	367,890	169,217	198,673	46.0%	
Finance	376,104	185,904	190,200	49.4%	
Code Enforcement	446,284	227,546	218,738	51.0%	
Police	4,860,753	2,497,597	2,363,156	51.4%	
Animal Impoundment	208,964	93,682	115,282	44.8%	
Fire Department	149,050	25,044	124,006	16.8%	
Recycling Center	305,990	146,243	159,747	47.8%	
Street and Bridge	3,758,869	1,462,372	2,296,497	38.9%	
Parks	1,361,324	395,998	965,326	29.1%	
Riverside Park	204,513	80,850	123,663	39.5%	
Recreational Programs	83,265	46,446	36,819	55.8%	
Pool Operations	297,707	77,479	220,228	26.0%	
Library	504,627	224,533	280,094	44.5%	
Total Expenditures	\$ 16,963,000	\$ 7,064,552	\$ 9,898,448	41.6%	
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ (185,000)	\$ 3,559,454			
Ending Fund Balance	\$ 3,985,432	\$ 7,729,886			
% of Operating Reserves	24%	46%			
Fund Balance Target 90 days (25%)	\$ 4,137,409				
Over/(Under) min Policy Level (25%)	\$ (151,977)				

SALES TAX YEARLY COMPARISON



	2nd Quarter		% Change from Prior Year	Variance
	Fiscal Year 2022	Fiscal Year 2023		
January	554,301.76	529,677.26	-4.44%	(24,624.50)
February	633,535.98	733,116.05	15.72%	99,580.07
March	489,946.50	586,364.63	19.68%	96,418.13
Total	1,677,784.24	1,849,157.94	10.21%	171,373.70
City General Fund (75%)	1,258,338.18	1,386,868.46		128,530.28
BCCDC (25%)	419,446.06	462,289.49		42,843.43
	1,677,784.24	1,849,157.94		171,373.70

Budget FY 2023	Projected Sales Tax	Exceeding Budget	5%
5,025,000	5,279,653	254,653	

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 53% and slightly above budget expectations. (City bills one month in arrears)
- Miscellaneous Income is above the budget mark due to interest income.

Expenditure Highlights

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

Budget target is 50%. Departmental budgets that are over the budget target are primarily due to the following:

- Utility Billing- timing of bad debt write-offs
- Utility Maintenance- Emergency water repairs (amendment)
- The Utility reserve is budgeted to be approximately 27% of operating expenditures by year-end 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 2023 Budget
Beginning Fund Balance	3,900,618	\$ 3,900,618	Audited	
REVENUES				
Charges for Services	9,700,500	5,119,207	(4,581,293)	53%
Fines & Penalties	145,000	93,606	(51,394)	65%
Miscellaneous	12,500	47,993	35,493	384%
Transfers	29,000	-	(29,000)	0%
Total Revenues	9,887,000	5,260,805	(4,597,195)	53%
EXPENDITURES				
Utility Billing	502,953	270,497	232,456	54%
Utility Maintenance	2,077,828	1,178,034	899,794	57%
Water & WWTP Division	1,962,386	912,518	1,049,868	47%
Utility Operations	6,694,833	2,917,680	3,777,153	44%
Total Expenditures	\$ 11,238,000	\$ 5,278,729	\$ 5,959,271	47%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (1,351,000)	\$ (17,924)		
Ending Fund Balance	\$ 2,549,618	\$ 3,882,694		
% of Operating Reserves	27%	41%		
Target 90 days (25%)	\$ 2,338,815			
Over/(Under) Target	\$ 210,803			

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, overall Airport revenues (primarily fuel sales) are lower than budget expectations due to the taxi-way construction project. However, net fuel sales are \$31K.
- T-Hanger rentals are over budget mark by 19% or 19K.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

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 2023 Budget	
Beginning Fund Balance	\$ 138,344	\$ 138,344	Audited		
REVENUES					
Charges for Services	-	100	100	0%	
Miscellaneous (Rentals, Grants)	160,500	107,612	(52,888)	67%	
Transfers (General Fund)	225,000	112,500	(112,500)	50%	
Other Revenue (Fuel Sales)	412,500	110,120	(302,380)	27%	
Total Revenues	\$ 798,000	\$ 330,332	\$ (467,668)	41%	
EXPENDITURES					
Personnel	237,850	102,126	135,724	43%	
Supplies & Materials	334,150	86,870	247,280	26%	
Other Charges & Services	119,500	43,427	76,073	36%	
Repairs & Maintenance	127,500	72,243	55,257	57%	
Capital Expenditures	54,000	-	54,000	0%	
Transfers	-	-	-	0%	
Total Expenditures	\$ 873,000	\$ 304,667	\$ 568,333	35%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (75,000)	\$ 25,665			
Ending Fund Balance	\$ 63,344	\$ 164,009			
<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 50%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. Second quarter (Jan-Mar) receipts will not be remitted until April.
- Interest income is \$4K over budget.
- Other Income- Special events relate to sponsorships coming in for the 2023 Day of the Dead Festival.
- Miscellaneous Income: Civic Center rentals are at 53% or \$3K above the budget target. (Timing)

Expenditure Highlights

- As a percentage of budget, total expenditures are at 19%.

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 2023 Budget
Beginning Fund Balance	\$ 711,404	\$ 711,404	Audited	
Revenues				
Hotel Occupancy Tax	620,000	199,407	\$ 420,593	32%
Interest Income	500	4,692	\$ (4,192)	938%
Rental Fees- Civic Center	81,000	42,687	\$ 38,314	53%
Insurance Claims	-	52,447	\$ (52,447)	
Other Income- Special Events	10,000	19,351	\$ (9,351)	194%
Other Income	5,500	331	\$ 5,170	6%
Total Revenues	\$ 717,000	318,914	\$ 398,086	44%
Expenditures				
Hotel General	104,500	34,394	70,106	33%
Tourism Department	274,500	112,318	162,182	41%
Civic Center	382,000	121,499	260,501	32%
Bay City Theatre	8,000	233	7,767	3%
CE -Building			-	
Total Expenditures	\$ 769,000	\$ 268,444	\$ 500,556	35%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (52,000)	\$ 50,470		
Ending Fund Balance	\$ 659,404	\$ 761,874		
<i>Proposed to maintain \$50,000</i>				

OTHER FINANCIAL NOTES

Governmental Funds

[General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 5.00% (March – Year % Change)

Municipal Cost Index (MCI)- up 4.90% (March– 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.

Amendment needed to remove use of reserves in order to maintain 25%-- the offset will be sales tax.

Proprietary Funds

[Public Utility Fund](#)

Emergency water and sewer infrastructure repairs and water wells (amendments)

[Airport](#)

Monitor Fuel Sales

Monitoring:

Sales Tax

Hotel Tax Revenue

Investment Report 2nd Quarter Fiscal Year 2023

The City has a weighted average portfolio of 183 days with an average book yield of 3.19%. The City is liquid with 76% of the portfolio in a 0-1-year maturity. Average interest rates have increased since prior quarter except for fixed term investments. Investment earnings are \$118,088 for the quarter and up \$104,222 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.

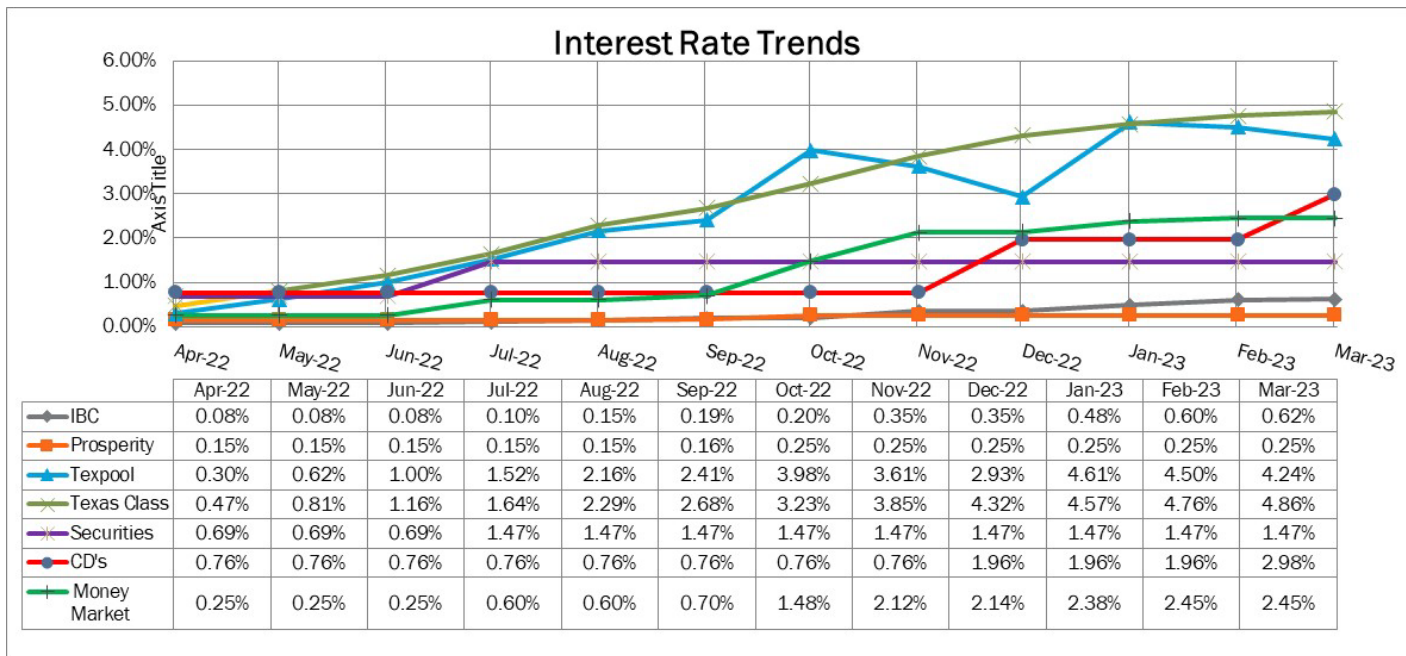
March 31, 2023 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 236,073.67	2%
Prosperity Bank	\$ 830,067.03	6%
Prosperity Bank- Money Market	\$ 1,413,023.02	10%
Petty Cash/Cash Drawers	\$ 4,222.00	0%
Texpool	\$ 4,368,329.90	30%
Texas Class	\$ 3,102,445.75	22%
CD's	\$ 2,477,000.00	17%
Securities	\$ 1,963,972.65	13%
	\$14,395,134.02	100 %

Interest Earnings

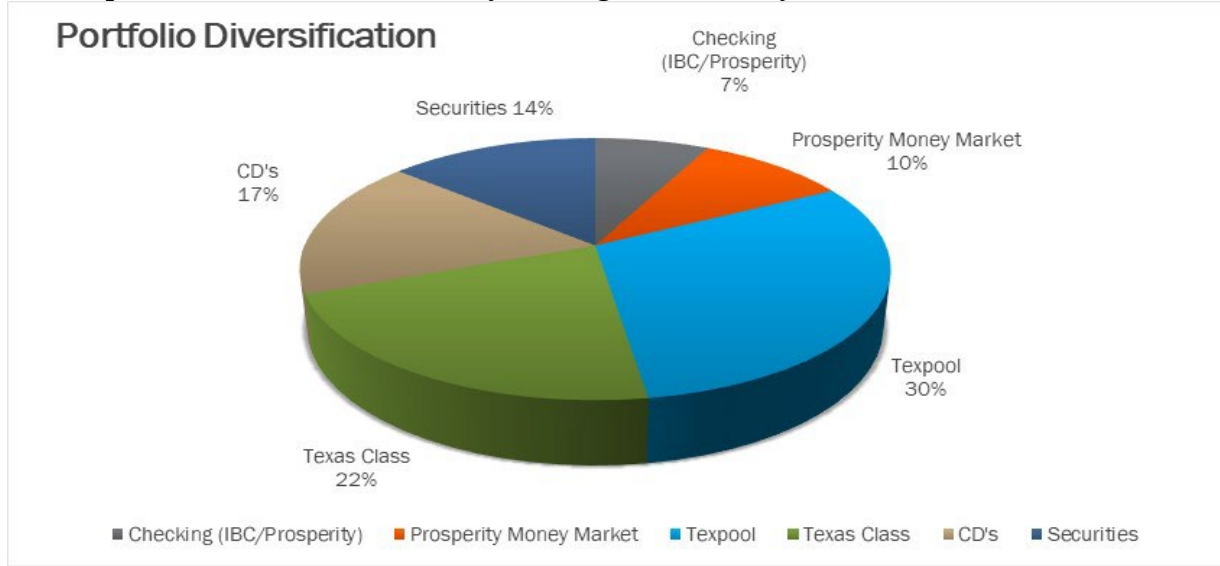
Interest received during the 2nd quarter totaled \$ 118,088 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 3-31-23	Qtr 3-31-22	Over Prior Year
Interest Received	\$118,088	\$13,866	\$104,222



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	\$ 10,943,391	76%
1-2	\$ 1,485,000	10%
2-3	\$ 1,469,743	10%
3-4	\$ 497,000	4%
4-5	\$ 0	0%
Total	\$14,395,134	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending MARCH 31, 2023						
BOOK VALUE	MARKET VALUE	Unrealized Gain/(<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 13,777,161	\$ 13,558,718	(218,443.77)	3.19%	4.59%	4.79%	
Weighted Average						
Maturity	182.95 Day(s)		3.19%	Yield		