



# CITY OF BAY CITY

## FY 2024 2nd Quarter Financial Report

### As of March 31, 2024

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 2024**, the sixth month, and **50.00%** of FY 2024.

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 \$10,729,178 or 60.7% of the budget.

- Property Tax. The certified value totaled \$1.2 billion. Through March, the City received \$4,609,356 or (89.1%) of the 5.2-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 **down** 3.65% (\$67,415) as compared to the second quarter in prior year.
- Franchise fees are slightly under budget due to timing of franchise tax 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 6K.
- Charges for services represent sanitation fees - \$1,569,748 (48.6% of budget).
- Miscellaneous Revenue represents interest income, grant payments, interlocal agreements (i.e. County), and various park rental income- \$566,293

### **General Fund Expenditure Highlights**

Expenditures total \$7,919,960 or 44.8% 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 will most likely require amendments.

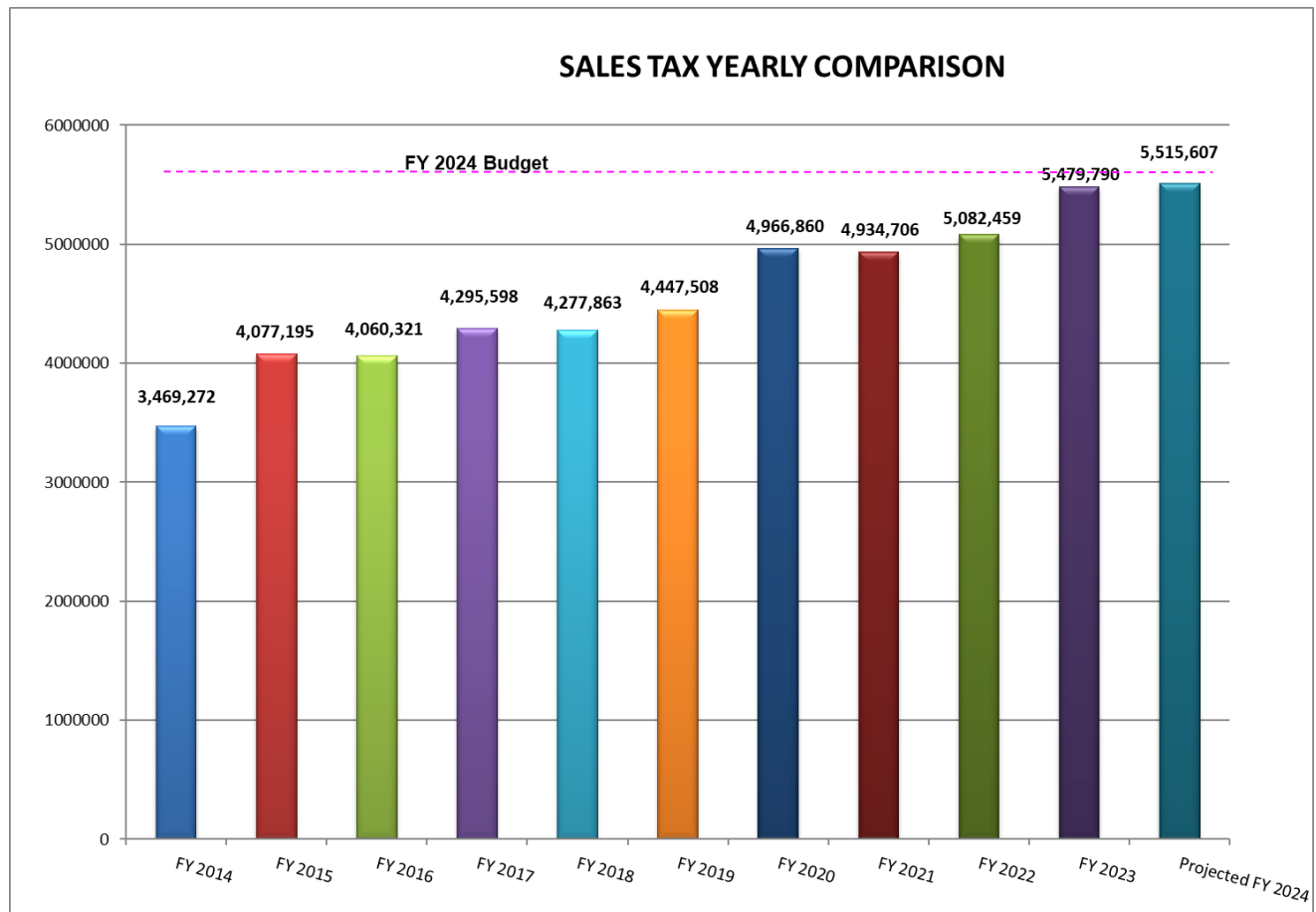
- Administrative Council- Timing of wages earned by City Manager
- Recycling Center- Equipment Repair (Baler)
- Parks- Timing of improvements at Hardeman Park Soccer Field (setting of poles), Service Ctr windows
- Recreational Programs- Timing of payments for events
- Library- Timing of grants

### **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 unaudited beginning cash position (October 1, 2023) was 5.6 million which represents approximately 33% operating expenditures including transfers. Transfers include funding for departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Regional 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 projects).

## GENERAL FUND FINANCIAL SUMMARY

City of Bay City					
Financial Statement					
As of March 31, 2024					
General Fund (Fund 11)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget	
<b>Beginning Fund Balance</b>	\$ 5,570,432	\$ 5,570,432	Unaudited		
<b>REVENUES</b>					
Property Taxes	5,172,000	4,609,356	(562,644)		89.1%
Sales Tax	5,547,000	2,712,648	(2,834,352)		48.9%
Other Local Taxes (Franchise)	1,350,000	667,149	(682,851)		49.4%
Charges for Services (Sanitation)	3,228,000	1,569,748	(1,658,252)		48.6%
Fines & Penalties	157,800	72,613	(85,187)		46.0%
Licenses & Permits	210,000	103,921	(106,079)		49.5%
Miscellaneous	1,142,200	566,293	(575,907)		49.6%
Transfers (Hotel/Motel & Utility)	873,000	427,450	(445,550)		49.0%
<b>Total Revenues</b>	\$ 17,680,000	\$ 10,729,178	\$ (6,950,822)		<b>60.7%</b>
<b>EXPENDITURES</b>					
Administrative Council	336,406	242,854	93,552		72.2%
City General Services	3,449,250	1,212,749	2,236,501		35.2%
City Secretary	207,211	53,363	153,848		25.8%
Main Street	75,000	22,710	52,290		30.3%
Human Resources	275,380	137,249	138,131		49.8%
Municipal Court	467,251	239,596	227,655		51.3%
Finance	448,120	199,437	248,683		44.5%
Code Enforcement	446,699	213,851	232,848		47.9%
Police	5,081,887	2,564,658	2,517,229		50.5%
Animal Impoundment	196,064	96,307	99,758		49.1%
Fire Department	176,050	25,111	150,939		14.3%
Recycling Center	200,652	112,833	87,819		56.2%
Street and Bridge	4,253,817	1,723,116	2,530,701		40.5%
Parks	983,037	579,899	403,138		59.0%
Riverside Park	209,664	92,802	116,862		44.3%
Recreational Programs	92,600	48,548	44,052		52.4%
Pool Operations	264,169	77,637	186,532		29.4%
Library	516,743	277,241	239,502		53.7%
<b>Total Expenditures</b>	\$ 17,680,000	\$ 7,919,960	\$ 9,760,040		<b>44.8%</b>
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ -	\$ 2,809,218			
Ending Fund Balance	\$ 5,570,432	\$ 8,379,650			
% of Operating Reserves	33%	50%			
Fund Balance Target 90 days (25%)	\$ 4,137,409				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 1,433,023</b>				



	2nd Quarter		% Change from	
	Fiscal Year 2023	Fiscal Year 2024	Prior Year	
January	529,677.26	544,522.47	2.80%	14,845.21
February	733,116.05	707,679.85	-3.47%	(25,436.20)
March	586,364.63	529,540.35	-9.69%	(56,824.28)
<b>Total</b>	<b>1,849,157.94</b>	<b>1,781,742.67</b>	<b>-3.65%</b>	<b>(67,415.27)</b>
City General Fund (75%)	1,386,868.46	1,336,307.00		(50,561.45)
BCCDC (25%)	462,289.49	445,435.67		(16,853.82)
	<b>1,849,157.94</b>	<b>1,781,742.67</b>		<b>(67,415.27)</b>

Budget FY 2024	Projected Sales Tax	Variance
5,547,000	5,515,607	(31,393)

*This considers future months are same as last year. (Conservative)*

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 55% and above budget expectations.
- Miscellaneous Income is above the budget mark due to interest income.

### Expenditure Highlights

Total expenditures for the Utility Fund are 49% of budget.

Budget target is 50%. Most departmental budgets are within the budget parameters. Utility Maintenance department is over target due to emergency infrastructure repairs.

The Utility reserve is budgeted to be approximately 47% of operating expenditures by year-end due to various projects crossing fiscal years. These funds will be drawn down to take care of any emergency repairs and/or needed capital projects.

## PUBLIC UTILITY FUND FINANCIAL SUMMARY

City of Bay City Financial Statement As of March 31, 2024				
Utility Fund (Fund 61)				
Percent of Fiscal Year Complete	50%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
<b>Beginning Fund Balance</b>	5,185,618	\$ 5,185,618	Unaudited	
<b>REVENUES</b>				
Charges for Services	11,217,500	6,037,388	(5,180,112)	54%
Fines & Penalties	180,000	96,070	(83,930)	53%
Miscellaneous	102,500	140,178	37,678	137%
<b>Total Revenues</b>	11,500,000	6,273,635	(5,226,365)	55%
<b>EXPENDITURES</b>				
Utility Billing	704,472	246,948	457,524	35%
Utility Maintenance	2,565,875	1,589,654	976,221	62%
Water & WWTP Division	2,112,276	840,616	1,271,660	40%
Utility Operations	6,817,377	3,310,963	3,506,414	49%
<b>Total Expenditures</b>	\$ 12,200,000	\$ 5,988,181	\$ 6,211,819	49%
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (700,000)	\$ 285,455		
<b>Ending Fund Balance</b>	\$ 4,485,618	\$ 5,471,073		
% of Operating Reserves	47%	58%		
<b>Target 90 days (25%)</b>	\$ 2,338,815			
<b>Over/(Under) Target</b>	\$ 2,146,803			
Designated for capital projects				
Some encumbered from Prior Year				

## **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.
- T-Hanger rentals over budget mark by 5% or 7K.
- Misc. Income appears under budget but it is just the timing of the grant funds to be received by TXDOT.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

### **Expenditure Highlights**

- As a percentage of budget, total expenditures are 30%.

### **AIRPORT FUND FINANCIAL SUMMARY**

City of Bay City					
Financial Statement					
As of March 31, 2024					
Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget	
<b>Beginning Fund Balance</b>	\$ 134,950	\$ 134,950	Unaudited		
<b>REVENUES</b>					
Charges for Services	-	150	150		0%
Miscellaneous (Rentals, Grants)	318,500	89,382	(229,118)		28%
Transfers (General Fund & BCCDC)	281,000	112,500	(168,500)		40%
Other Revenue (Fuel Sales)	265,500	80,817	(184,683)		30%
<b>Total Revenues</b>	\$ 865,000	\$ 282,849	\$ (582,151)		<b>33%</b>
<b>EXPENDITURES</b>					
Personnel	261,850	102,347	159,503		39%
Supplies & Materials	243,150	88,301	154,849		36%
Other Charges & Services	87,500	44,541	42,959		51%
Repairs & Maintenance	127,500	53,463	74,037		42%
Capital Expenditures	297,000	12,624	284,376		4%
Transfers	-	-	-		0%
<b>Total Expenditures</b>	\$ 1,017,000	\$ 301,276	\$ 715,724		<b>30%</b>
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ (152,000)	\$ (18,427)			
<b>Ending Fund Balance</b>	\$ (17,050)	\$ 116,523			
No minimum Fund Balance Policy					
General Fund subsidizes approx.					
\$225,000-250,000 each year					
FY 24 GF- \$225,000; BCCDC- \$56,000					

## **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-March) receipts will not be remitted until April.
- Interest income is 116% or \$1K over budget expectations.
- Other Income- Special events relate to sponsorships coming in for the 2023 Day of the Dead Festival.
- Miscellaneous Income: Civic Center rentals are over the budget target, will continue to pick up during Spring and Summer.

### **Expenditure Highlights**

- As a percentage of budget, total expenditures are at 36%.

### **HOTEL/MOTEL FUND FINANCIAL SUMMARY**

City of Bay City				
Financial Statement				
As of March 31, 2024				
Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	50%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
<b>Beginning Fund Balance</b>	\$ 866,953	\$ 866,953	Unaudited	
<b>Revenues</b>				
Hotel Occupancy Tax	615,000	164,940	\$ 450,060	27%
Interest Income	10,000	12,973	\$ (2,973)	130%
Rental Fees- Civic Center	85,000	47,525	\$ 37,475	56%
Other Income- Special Events	10,000	24,621	\$ (14,621)	246%
Other Income	5,000	1,690	\$ 3,310	34%
<b>Total Revenues</b>	<b>\$ 725,000</b>	<b>251,749</b>	<b>\$ 473,251</b>	<b>35%</b>
<b>Expenditures</b>				
Hotel General	103,000	34,000	69,000	33%
Tourism Department	277,500	127,620	149,880	46%
Civic Center	409,000	123,662	285,338	30%
Bay City Theatre	500	356	144	71%
CE -Building			-	
<b>Total Expenditures</b>	<b>\$ 790,000</b>	<b>\$ 285,638</b>	<b>\$ 504,362</b>	<b>36%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (65,000)</b>	<b>\$ (33,889)</b>		
Ending Fund Balance	\$ 801,953	\$ 833,064		
Proposed to maintain \$50,000				

## OTHER FINANCIAL NOTES

### ***Governmental Funds***

#### [General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 3.5 % (Mar – Year % Change)

Municipal Cost Index (MCI)- up 2.03% (Feb– 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](#)

Emergency water and sewer infrastructure repairs are ongoing.

#### [Airport](#)

### **Monitoring:**

#### **Sales Tax**

#### **Hotel Tax Revenue**



# Investment Report 2nd Quarter Fiscal Year 2024

The City has a weighted average portfolio of 122 days with an average book yield of 4.49%. The City is liquid with 83% of the portfolio in a 0-1-year maturity. Average interest rates have remained relatively flat since prior quarter except for fixed term investments. Investment earnings are \$200,737 for the quarter and up \$82,649 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.

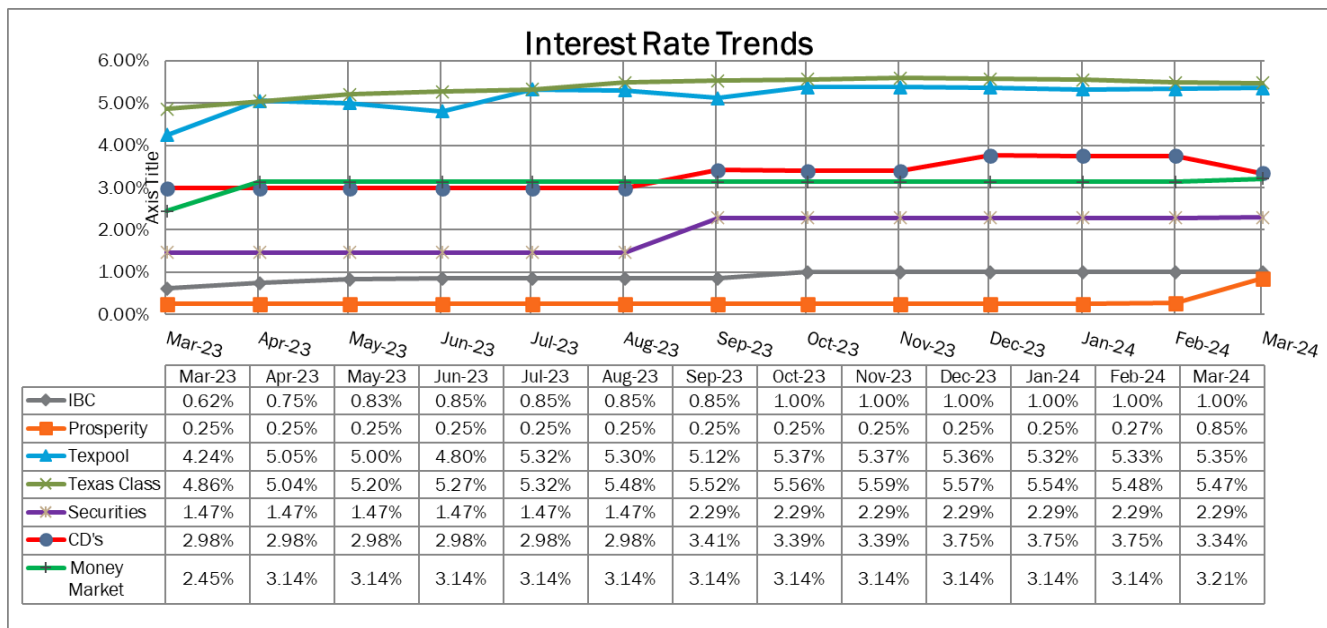
## March 31, 2024 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 145,308.07	1%
Prosperity Bank	\$ 839,229.98	4%
Prosperity Bank- Money Market	\$ 338,817.63	2%
Petty Cash/Cash Drawers	\$ 2,587.73	0%
Texpool	\$ 6,204,714.69	32%
Texas Class	\$ 6,985,867.06	36%
CD's	\$ 2,728,000.00	14%
Securities	\$ 2,007,316.25	11%
	<b>\$19,251,841.41</b>	<b>100 %</b>

## Interest Earnings

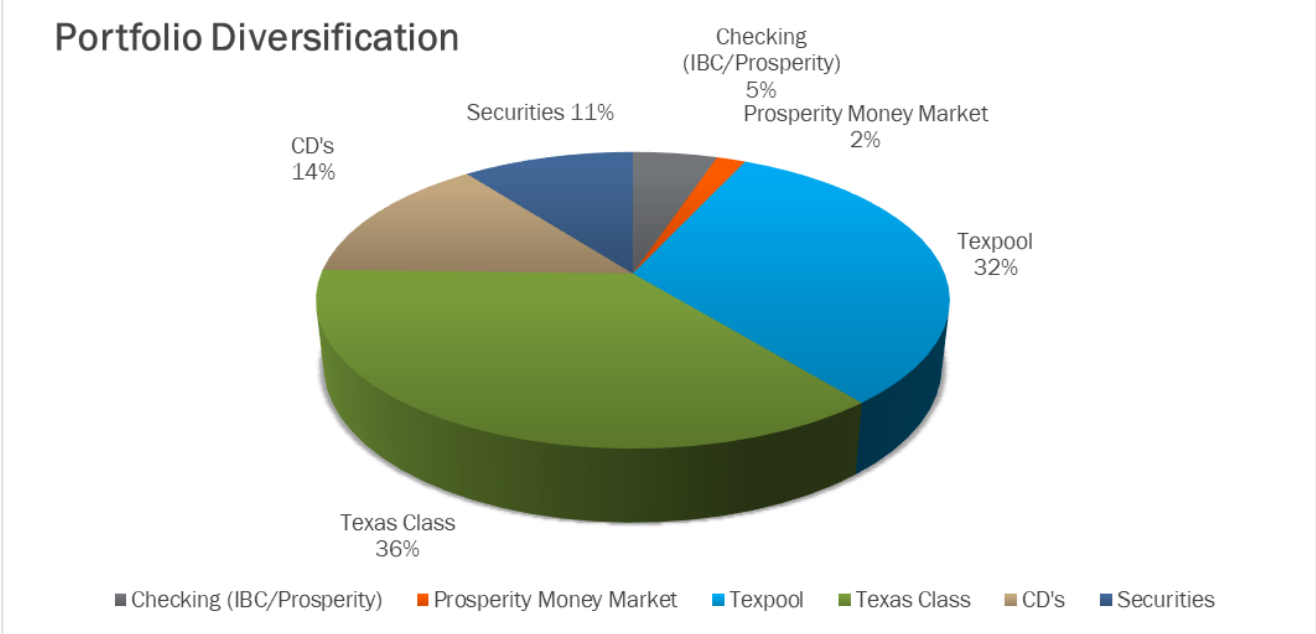
Interest received during the 2nd quarter totaled \$ 200,737 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 3-31-23	Qtr 3-31-24	Over Prior Year
Interest Received	\$118,088	\$200,737	\$82,649



## 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	\$ 16,001,525	83%
1-2	\$ 2,003,536	10%
2-3	\$ 1,246,780	7%
3-4	\$ 0	0%
4-5	\$ 0	0%
Total	\$ 19,251,841	100%

<div>City of BAY CITY vs. Benchmarks for Quarter Ending MARCH 31, 2024</div>						
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 19,329,525	\$ 19,251,841	(77,683.75)	4.49%	5.42%	5.38%
	Weighted Average					
	Maturity	122.18	Day(s)	4.49%	Yield	