



# CITY OF BAY CITY

## FY 2020 3rd Quarter Financial Report

### As of June 30, 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 **June 2020**, the ninth month, and **75.00%** 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](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 \$11,993,525 or 79.4% of the budget.

- Property Tax. The certified value totaled \$869 million. Through June, the City received \$4,249,802 or (95.8%) of the 4.4-million-dollar property tax maintenance and operation budget. Most property taxes are received by January to avoid penalties.
- Sales tax. Third Quarter Sales Tax Allocation (April-June) to the City is up 10.77% or \$156,773 as compared to the third quarter in prior year. Sales tax is up over prior year (Oct-June) by \$318,915.
- Franchise fees are slightly under budget expectations. Licenses & Permits exceed the budget target due to large value commercial permits pulled.
- Fines and penalties (Court Fines) are above budget expectations by \$19,000.
- Charges for services represents sanitation fees - \$1,885,964 (75% 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 10,216,919 or 67.6% of budget.

Most departments are under the 75% budget target. Budgets that are over the budget target are primarily due to the following:

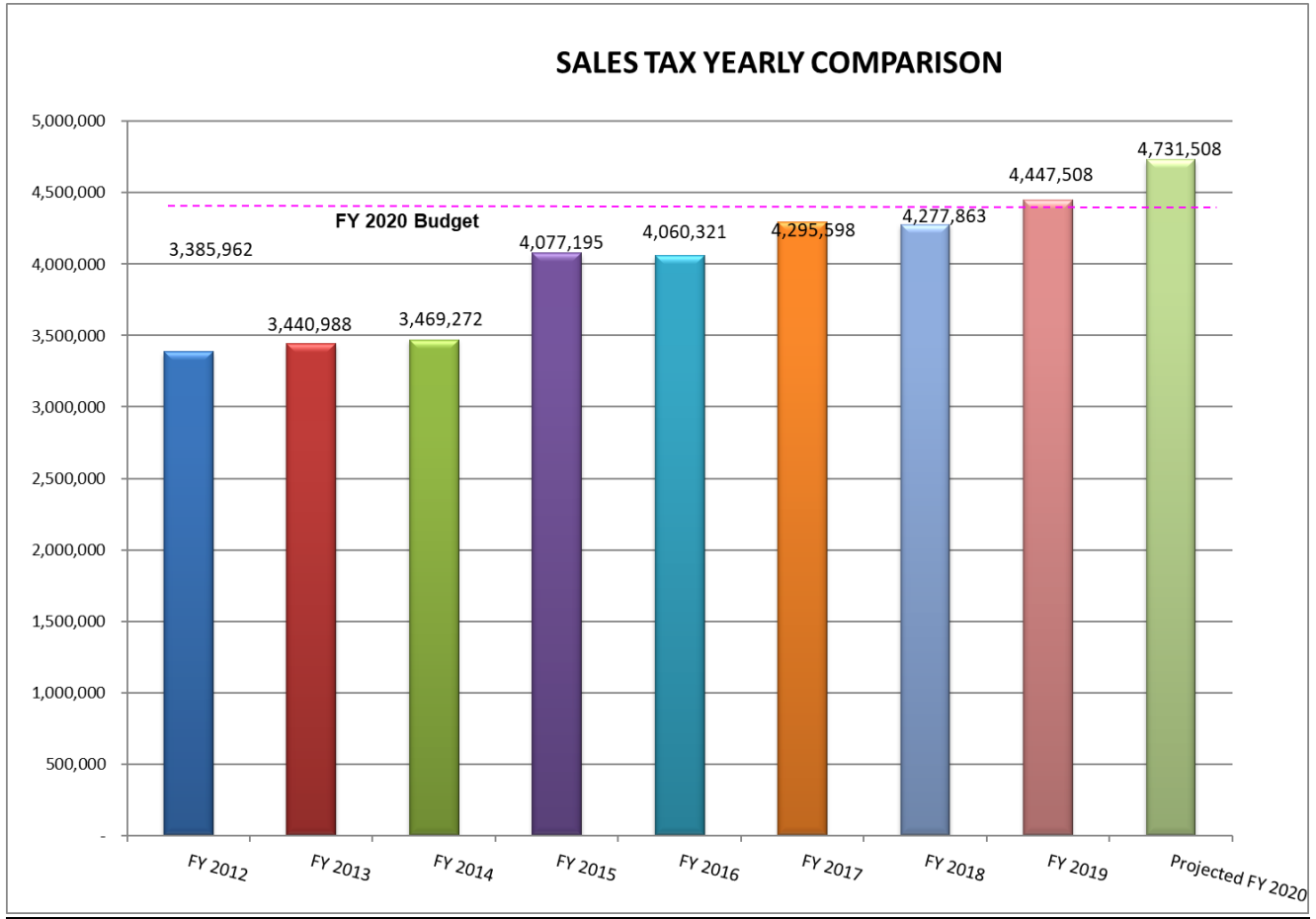
- Human Resource- timing of payments
- Fire Department- timing of payments
- Recycling Center- timing of payments
- Parks- timing of the Dreamscape Project

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	75%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
<b>Beginning Fund Balance (Unaudited)</b>	\$ 3,210,330	\$ 3,210,330			
<b>REVENUES</b>					
Property Taxes	4,434,737	4,249,802	184,935	95.8%	
Sales Tax	4,350,000	3,532,262	817,738	81.2%	
Other Local Taxes (Franchise)	1,321,000	950,133	370,867	71.9%	
Charges for Services (Sanitation)	2,527,000	1,885,964	641,036	74.6%	
Fines & Penalties	203,000	171,834	31,166	84.6%	
Licenses & Permits	196,000	182,262	13,738	93.0%	
Miscellaneous	1,432,945	535,787	897,158	37.4%	
Transfers	643,500	485,482	158,018	75.4%	
<b>Total Revenues</b>	<b>\$ 15,108,182</b>	<b>\$ 11,993,525</b>	<b>\$ 3,114,657</b>	<b>79.4%</b>	
<b>EXPENDITURES</b>					
City Secretary	153,269	58,492	94,777	38.2%	
City General Services	2,498,547	1,784,122	714,425	71.4%	
Administrative Council	318,192	239,914	78,278	75.4%	
Main Street	58,000	40,193	17,807	69.3%	
Human Resources	287,112	220,974	66,138	77.0%	
Municipal Court	328,673	220,124	108,549	67.0%	
Finance	337,281	252,533	84,748	74.9%	
Police	4,618,763	3,322,678	1,296,085	71.9%	
Animal Impoundment	167,892	110,532	57,360	65.8%	
Fire Department	199,319	151,319	48,000	75.9%	
Street and Bridgne	3,461,184	1,929,583	1,531,601	55.7%	
Recycling Center	161,926	122,750	39,176	75.8%	
Parks	1,405,308	1,162,105	243,203	82.7%	
Riverside Park	184,103	101,776	82,327	55.3%	
Recreation	99,823	54,064	45,759	54.2%	
Pool Operations	275,841	116,255	159,586	42.1%	
Library	518,754	329,505	189,249	63.5%	
<b>Total Expenditures</b>	<b>\$ 15,073,987</b>	<b>\$ 10,216,919</b>	<b>\$ 4,857,068</b>	<b>67.8%</b>	
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ 34,195</b>	<b>\$ 1,776,606</b>			
Ending Fund Balance	\$ 3,244,525	\$ 4,986,936			
% of Operating Reserves	22%	35%			
Fund Balance Target 90 days (25%)	<b>\$ 3,606,502</b>				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ (361,977)</b>				

### SALES TAX YEARLY COMPARISON



	<i>3rd Quarter</i>		% Change from	
	Fiscal Year 2019	Fiscal Year 2020	Prior Year	Variance
<b>April</b>	401,835.17	453,890.68	12.95%	52,055.51
<b>May</b>	565,251.54	589,146.38	4.23%	23,894.84
<b>June</b>	488,094.60	568,917.65	16.56%	80,823.05
<b>Total</b>	<b>1,455,181.31</b>	<b>1,611,954.71</b>	<b>10.77%</b>	<b>156,773.40</b>

<b>Budget 2020</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,350,000</b>	<b>4,731,508</b>	<b>381,508</b>

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 72% appearing to be slightly below budget expectations. (City bills one month in arrears)

### Expenditure Highlights

- Total expenditures for the Utility Fund are 63% of budget.
- Utility budget is planned to utilize \$1,814,500 of savings to fund emergency infrastructure repairs and capital projects.

### PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget
<b>Beginning Fund Balance</b>	\$ 3,756,008	\$ 3,756,008		
<b>REVENUES</b>				
Charges for Services	7,755,500	5,589,334	2,166,166	72%
Fines & Penalties	145,000	57,216	87,784	39%
Miscellaneous	65,000	84,245	(19,245)	130%
<b>Total Revenues</b>	<b>7,965,500</b>	<b>5,730,795</b>	<b>2,234,705</b>	<b>72%</b>
<b>EXPENDITURES</b>				
Utility Billing	903,392	587,508	315,884	65%
Utility Maintenance	2,958,330	1,994,297	964,033	67%
Water & WWTP Division	2,354,432	1,403,730	950,702	60%
Utility Operations	3,563,846	2,203,039	1,360,807	62%
<b>Total Expenditures</b>	<b>\$ 9,780,000</b>	<b>\$ 6,188,574</b>	<b>\$ 3,591,426</b>	<b>63%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (1,814,500)</b>	<b>\$ (457,778)</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,941,508</b>	<b>\$ 3,298,230</b>		
% of Operating Reserves	27%	45%		
<b>Target 90 days (25%)</b>	<b>1,820,599</b>			
<b>Over/(Under) Target</b>	<b>\$ 120,909</b>			

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, core Airport revenues are near budget expectations. Fuel is less than budget while rentals are on target.
- 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 64%. 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	75%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
<b>Beginning Fund Balance</b>	\$ 394,987	\$ 394,987			
<b>REVENUES</b>					
Charges for Services	-	200	(200)	0%	
Miscellaneous (Rentals, Grants)	153,300	88,896	64,404	58%	
Transfers (General Fund)	330,000	247,500	82,500	75%	
Other Revenue (Fuel Sales)	180,500	126,974	53,526	70%	
<b>Total Revenues</b>	<b>\$ 663,800</b>	<b>\$ 463,570</b>	<b>\$ 200,230</b>	<b>70%</b>	
<b>EXPENDITURES</b>					
Personnel	213,217	146,292	66,925	69%	
Supplies & Materials	174,600	101,361	73,239	58%	
Other Charges & Services	79,550	56,657	22,893	71%	
Repairs & Maintenance	126,900	59,662	67,238	47%	
Capital Expenditures	311,200	266,979	44,221	86%	
Transfers	86,301	-	86,301	0%	
<b>Total Expenditures</b>	<b>\$ 991,768</b>	<b>\$ 630,951</b>	<b>\$ 360,817</b>	<b>64%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (327,968)</b>	<b>\$ (167,381)</b>			
<b>Ending Fund Balance</b>	<b>\$ 67,019</b>	<b>\$ 227,607</b>			
<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 75%, this is due the timing of hotel payments & the effects of COVID-19. Hotels remit tax on a monthly or quarterly basis. (April-June receipts will not be remitted until July)
- Miscellaneous Income: Civic Center rentals & special event income are below the budget target by \$17,000.

### 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		75%		
	<b>Total Budget</b>	<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2020 Budget</b>
<b>Beginning Fund Balance</b>	\$ 487,418	\$ 487,418		
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 750,000	\$ 420,554	\$ 329,446	56%
Miscellaneous	101,000	64,224	\$ 36,776	64%
<b>Total Revenues</b>	<b>\$ 851,000</b>	<b>484,778</b>	<b>\$ 366,222</b>	<b>57%</b>
<b>Expenditures</b>				
Hotel General	\$ 108,000	98,454	9,546	91%
Tourism Department	292,000	162,966	129,034	56%
Civic Center	350,000	172,021	177,979	49%
Bay City Theatre	150,000	37,051	112,949	25%
<b>Total Expenditures</b>	<b>\$ 900,000</b>	<b>\$ 470,492</b>	<b>\$ 429,508</b>	<b>52%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (49,000)</b>	<b>\$ 14,286</b>		
Ending Fund Balance	\$ 438,418	\$ 501,704		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights - Quarterly Activity

## Building Department New Residential Homes



7 NEW RESIDENTIAL HOMES (1<sup>st</sup>, 2<sup>nd</sup>, & 3<sup>rd</sup> Qtr)

Value Added: Unknown

## Commercial Permits

**BUSINESS** 8

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

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

3<sup>rd</sup> Qtr Value Added: \$ 715K (Vivian Nail Salon; Starbucks= \$4,687

	1 <sup>st</sup> Qtr FY 19	1 <sup>st</sup> Qtr FY 20
Building Inspections	494	433
	2nd Qtr FY 19	2ndQtr FY 20
Building Inspections	453	446
	3rd Qtr FY 19	3 <sup>rd</sup> Qtr FY 20
Building Inspections	341	359
<b>Total</b>	<b>1,288</b>	<b>1,238</b>

Street and Bridge	3rd Qtr 2019	3rd Qtr 2020	Utility	3rd Qtr 2019	3rd Qtr 2020
Concrete Pavement Repair	10	3	Water Leaks	100	103
Ditch Cleaning	34	12	Meter Leaks	43	9
Asphalt Pavement Repair	59	27	Sewer Repairs	189	129
Utility/Asphalt/Concrete Repair	20	2	Low Pressure Reads	17	5
Signs	27	20	Meter Swaps	131	77
Traffic Control Devices	27	9	Water/Sewer Taps	11	6

## Police Statistics

	3rd Qtr FY 19	3rd Qtr FY 20
Calls for service	5,945	4,306
Arrests	140	63
Cases assigned to CID	474	430
Cases cleared by CID	557	408

## Civic Center

	Oct- June '19	Oct-June '20
Total Revenue	\$73,322	\$47,125
Total Expenditures	\$189,637	\$172,021



## 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 – March, April and May collections have exceeded prior year. Currently, sales tax has not been impacted.

### *Proprietary Funds*

#### Public Utility Fund

Extreme amount of infrastructure repairs (amendment may be needed again)

#### 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. Labor markets (job loss) could impact us in the future.

**Hotel Tax Revenue**- Anticipate loss due to COVID-19. July 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 3<sup>rd</sup> Quarter Fiscal Year 2020

The City has a weighted average portfolio of 35 days with an average book yield of .93%. The City is relatively liquid with 97% 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 3%. Investment earnings are \$25,026 for the quarter and down \$30,758 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.

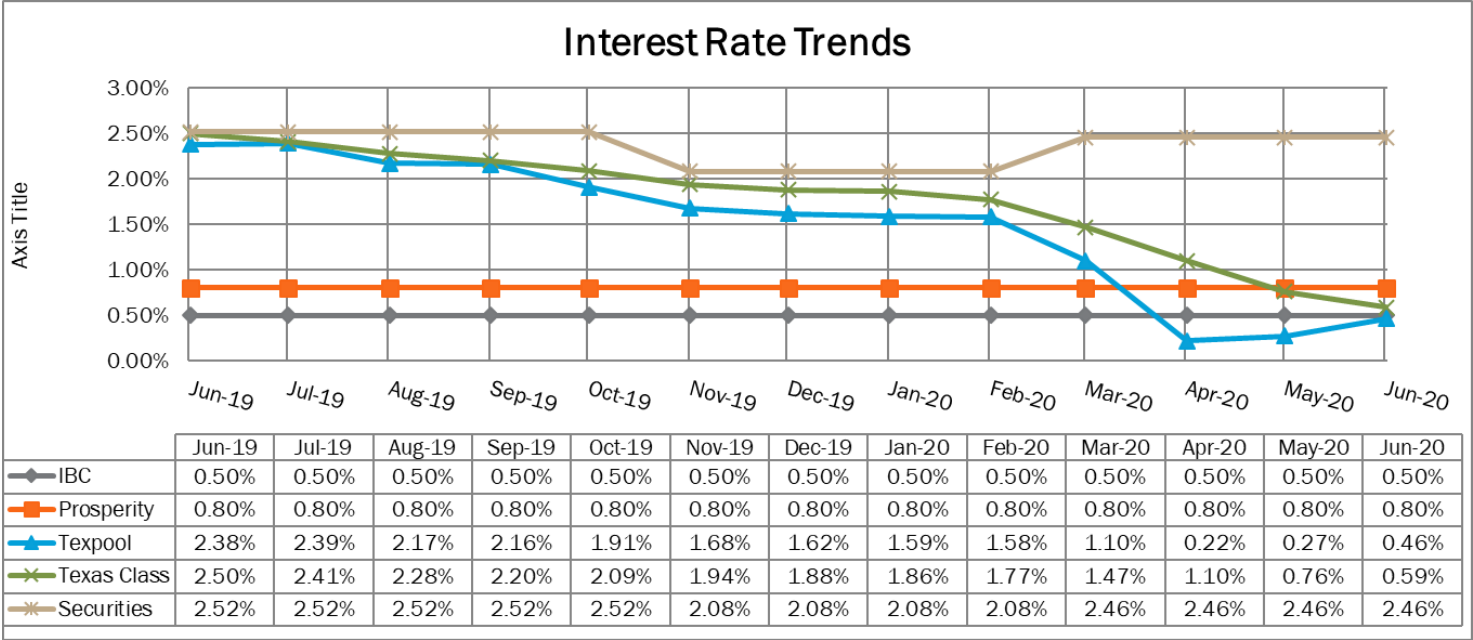
## June 30, 2020 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 1,815,572.27	10%
Prosperity Bank	\$ 486,789.07	3%
Prosperity Bank-Money Market	\$ 3,001,885.25	17%
Petty Cash/Cash Drawers	\$ 4,112.00	0%
Texpool	\$ 3,553,694.85	20%
Texas Class	\$ 3,905,811.76	22%
CD's	\$ 3,000,000.00	17%
Securities	\$ 1,995,130.00	11%
	<b>17,762,995.20</b>	<b>100 %</b>

## Interest Earnings

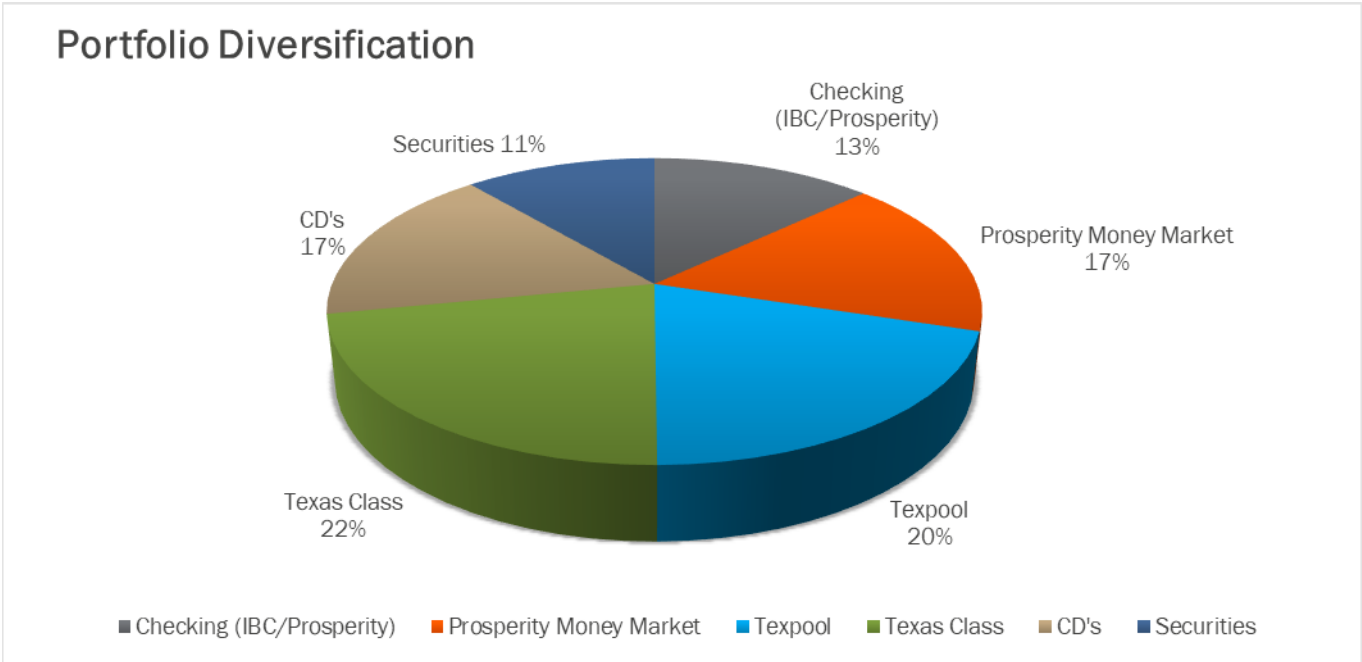
Interest received during the 3<sup>rd</sup> quarter totaled \$ 25,026 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 6-30-19	Qtr 6-30-20	Over Prior Year
Interest Received	55,784	\$25,026	<\$30,758>



### 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	\$17,268,995	97%
1-2	\$ 494,000	3%
<b>Total</b>	<b>\$17,762,995</b>	<b>100%</b>

	City of BAY CITY vs. Benchmarks for Quarter Ending June 30, 2020					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 17,762,995	\$ 17,785,912	22,917.00	0.93%	<b>0.57%</b>	<b>0.13%</b>
	<b>Weighted Average</b>					
	<b>Maturity</b>	34.51 Day(s)		0.93% Yield		