



# CITY OF BAY CITY

## FY 2021 3rd Quarter Financial Report

### As of June 30, 2021

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 **June 2021**, the ninth month, and **75.00%** 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 \$12,299,695 or 77.5% of the budget.

- Property Tax. The certified value totaled \$898 million. Through June, the City received \$4,273,686 or (97.3%) 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. Third Quarter Sales Tax Allocation to the City is **up** 12.54% (\$202,184) as compared to the third quarter in prior year.
- Franchise fees are slightly under budget but should be in line by year end. Licenses & Permit fees are under the budget target; however this should level out over time. (timing of permits pulled)
- Fines and penalties (Court Fines) are slightly under budget expectations.
- Charges for services represents sanitation fees - \$1,940,990 (75.7% 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 \$10,690,994 or 65.2% of budget.

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

- Finance- increased personnel costs related to new hire in training to replace an upcoming Finance employee due to retirement. In addition, increased personnel costs related to "Disaster" paperwork (Cares Act, Winter Storm Uri)- Amendment will be needed

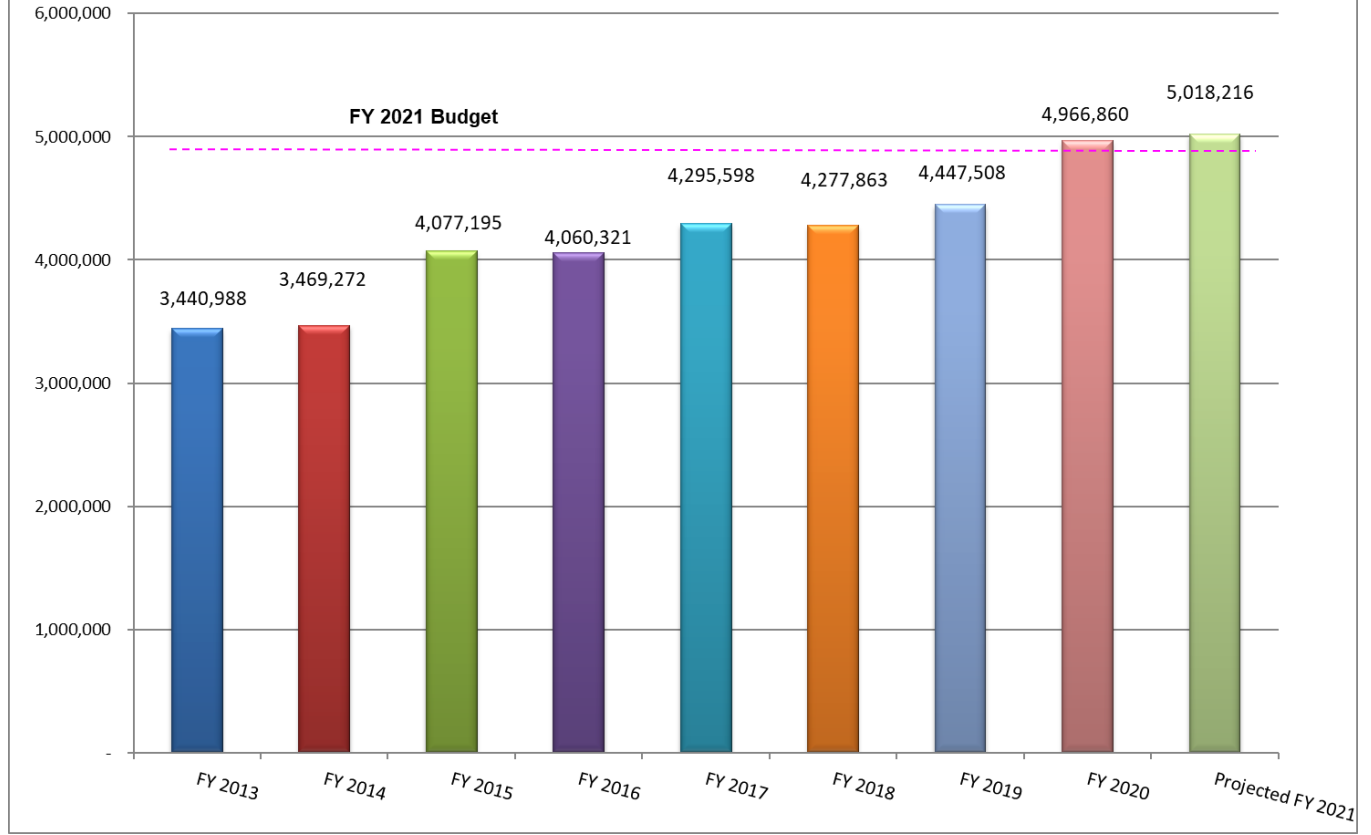
### **Fund Balance**

The General Fund's fund balance is budgeted to decrease by \$531,265. **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, 2020) was 4.6 million which represents approximately 32% 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	75%				
	<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>	\$ 4,632,970	\$ 4,632,970			
<b>REVENUES</b>					
Property Taxes	4,391,617	4,273,686	117,931	97.3%	
Sales Tax	4,725,000	3,646,751	1,078,249	77.2%	
Other Local Taxes (Franchise)	1,326,000	972,662	353,338	73.4%	
Charges for Services (Sanitation)	2,565,000	1,940,990	624,010	75.7%	
Fines & Penalties	201,000	148,814	52,186	74.0%	
Licenses & Permits	192,500	118,298	74,202	61.5%	
Miscellaneous	1,797,752	694,870	1,071,513	38.7%	
Transfers (Hotel/Motel & Utility)	671,500	503,625	167,875	75.0%	
<b>Total Revenues</b>	\$ 15,870,369	\$ 12,299,695	\$ 3,539,304	<b>77.5%</b>	
<b>EXPENDITURES</b>					
City Secretary	113,157	72,242	40,915	63.8%	
City General Services	3,161,270	1,930,111	1,231,159	61.1%	
Administrative Council	307,405	217,456	89,949	70.7%	
Main Street	65,000	39,831	25,169	61.3%	
Human Resources	267,699	188,153	79,546	70.3%	
Municipal Court	348,485	227,947	120,538	65.4%	
Finance	347,318	270,553	76,765	77.9%	
Code Enforcement	315,575	180,143	135,432	57.1%	
Police	4,828,411	3,467,448	1,360,963	71.8%	
Animal Impoundment	174,948	130,613	44,335	74.7%	
Fire Department	200,191	144,823	55,368	72.3%	
Street and Bridgne	3,819,249	2,358,017	1,461,232	61.7%	
Recycling Center	191,622	139,304	52,318	72.7%	
Parks	1,171,380	609,510	561,870	52.0%	
Riverside Park	203,321	118,624	84,697	58.3%	
Recreation	101,823	73,506	28,317	72.2%	
Pool Operations	287,764	183,994	103,771	63.9%	
Library	497,016	338,720	158,296	68.2%	
<b>Total Expenditures</b>	\$ 16,401,634	\$ 10,690,994	\$ 5,710,640	<b>65.2%</b>	
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ (531,265)	\$ 1,608,701			
Ending Fund Balance	\$ 4,101,705	\$ 6,241,671			
% of Operating Reserves	28%	43%			
Fund Balance Target 90 days (25%)	\$ 3,591,756				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 509,949</b>				

### SALES TAX YEARLY COMPARISON



	<i>3rd Quarter</i>		<b>% Change from Prior Year</b>	<b>Variance</b>
	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2021</b>		
<b>April</b>	453,890.68	480,812.84	<b>5.93%</b>	<b>26,922.16</b>
<b>May</b>	589,146.38	737,231.14	<b>25.14%</b>	<b>148,084.76</b>
<b>June</b>	568,917.65	596,094.84	<b>4.78%</b>	<b>27,177.19</b>
<b>Total</b>	<b>1,611,954.71</b>	<b>1,814,138.82</b>	<b>12.54%</b>	<b>202,184.11</b>
<b>City General Fund (75%)</b>	1,208,966.03	1,360,604.12		151,638.08
<b>BCCDC (25%)</b>	402,988.68	453,534.71		50,546.03
	<b>1,611,954.71</b>	<b>1,814,138.82</b>		<b>202,184.11</b>

<b>Budget FY 2021</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,725,000</b>	<b>5,018,216</b>	<b>293,216</b>

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 74% 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 67% of budget.
- All utility departments are within budget parameters since amendments were made to account for compensation plan and utility infrastructure repairs. The City currently plans to utilize a portion of the Utility savings to offset the infrastructure emergency repairs.

### 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 2021 Budget	
<b>Beginning Fund Balance</b>	\$ 2,855,067	\$ 2,855,067			
<b>REVENUES</b>					
Charges for Services	8,177,000	6,110,870	2,066,130	75%	
Fines & Penalties	140,000	92,963	47,037	66%	
Miscellaneous	58,000	6,986	51,014	12%	
<b>Total Revenues</b>	<b>8,375,000</b>	<b>6,210,818</b>	<b>2,164,182</b>	<b>74%</b>	
<b>EXPENDITURES</b>					
Utility Billing	325,305	204,987	120,318	63%	
Utility Maintenance	2,453,682	1,714,755	738,927	70%	
Water & WWTP Division	1,970,835	1,255,226	715,609	64%	
Utility Operations	3,933,678	2,604,075	1,329,603	66%	
<b>Total Expenditures</b>	<b>\$ 8,683,500</b>	<b>\$ 5,779,043</b>	<b>\$ 2,904,457</b>	<b>67%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (308,500)</b>	<b>\$ 431,776</b>			
<b>Ending Fund Balance</b>	<b>\$ 2,546,567</b>	<b>\$ 3,286,843</b>			
% of Operating Reserves	28%	37%			
<b>Target 90 days (25%)</b>	<b>\$ 2,206,635</b>				
<b>Over/(Under) Target</b>	<b>\$ 339,932</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 exceeding budget expectations.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.
- The Bay City Community Development Corporation has contributed \$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 67%.

### AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)				
Percent of Fiscal Year Complete	75%			
	<b>Total Budget</b>	<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2021 Budget</b>
<b>Beginning Fund Balance</b>	\$ 84,120	\$ 84,120		
<b>REVENUES</b>				
Charges for Services	-	-	-	0%
Miscellaneous (Rentals, Grants)	157,500	129,870	27,630	82%
Transfers (General Fund)	225,000	168,750	56,250	75%
Other Revenue (Fuel Sales)	180,500	168,875	11,625	94%
<b>Total Revenues</b>	\$ 563,000	\$ 467,495	\$ 95,505	<b>83%</b>
<b>EXPENDITURES</b>				
Personnel	215,400	140,665	74,735	65%
Supplies & Materials	175,400	134,995	40,405	77%
Other Charges & Services	114,050	73,317	40,733	64%
Repairs & Maintenance	126,900	76,809	50,091	61%
Capital Expenditures	-	-	-	0%
Transfers	-	-	-	0%
<b>Total Expenditures</b>	\$ 631,750	\$ 425,787	\$ 205,963	<b>67%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (68,750)	\$ 41,709		
<b>Ending Fund Balance</b>	\$ 15,370	\$ 125,829		
<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 75%, this is due the timing of hotel payments and ongoing COVID-19 suspected impact. Most hotels remit tax on a monthly or quarterly basis. (April-June receipts will not be remitted until July)
- Miscellaneous Income: Civic Center rentals are at 82% 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	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget
<b>Beginning Fund Balance</b>	\$ 611,956	\$ 611,956		
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 600,000	\$ 318,597	\$ 281,403	53%
Interest Income	1,000	160	\$ 840	16%
Rental Fees- Civic Center	80,000	65,970	\$ 14,031	82%
Other Income- Special Events	1,500	50	\$ 1,450	3%
Other Income- Civic Center	7,500	7,688	\$ (188)	103%
<b>Total Revenues</b>	\$ 690,000	392,463	\$ 297,537	<b>57%</b>
<b>Expenditures</b>				
Hotel General	\$ 126,500	111,483	15,017	88%
Tourism Department	287,020	133,028	153,992	46%
Civic Center	383,480	245,925	137,555	64%
Bay City Theatre	35,000	16,949	18,051	48%
<b>Total Expenditures</b>	\$ 832,000	\$ 507,385	\$ 324,615	<b>61%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (142,000)	\$ (114,922)		
Ending Fund Balance	\$ 469,956	\$ 497,034		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights

3<sup>rd</sup> Quarter Activity

## Building Department

### New Homes



**8 NEW RESIDENTIAL HOMES (YTD = 25 Homes)**

**Value Added: Unknown**

### Commercial Permits

**BUSINESS**

**3 Permits for 3<sup>rd</sup> QTR (YTD= 5 permits)**

3<sup>rd</sup> Qtr Value Added: \$1,450,000 (616 Ave F. Storage Bldg-\$250k; Tejas Food Mart- \$1.2M)

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

1<sup>st</sup> Qtr Value Added: \$330K (Shipleys 76K; TSO 254K)

**Total Estimated Taxes= \$11,462**

Building Dept.	Apr-June 2020	Apr-June 2021
Building Inspections	359*	293*
Fire Inspections	2	4
COC Issued	2	None
*City and Bureau Veritas (3 <sup>rd</sup> Party) handle inspections		

Street and Bridge	Apr-June 2020	Apr-June 2021	Utility	Apr-June 2020	Apr-June 2021
Concrete Pavement Repair	3	5	Water Leaks	103	70
Ditch Cleaning	12	29	Meter Leaks	9	11
Asphalt Pavement Repair	27	53	Sewer Repairs	129	90
Utility/Asphalt/Concrete Repair	2	6	Low Pressure Reads	5	8
Signs	20	24	Meter Swaps	77	120
Traffic Control Devices	9	9	Water/Sewer Taps	6	9

Police Statistics	Apr-June 2020	Apr-June 2021
Calls for service	7,004	9,060
Arrests	225	261
Cases assigned to CID	430	466
Cases cleared by CID	408	545

Civic Center	YTD 2020	YTD 2021
Total Revenue	\$47,125	\$65,970
Total Expenditures	\$172,021	\$245,925



## OTHER FINANCIAL NOTES

### **Governmental Funds**

#### General Fund

Meeting reserve policy!

Amendments: Hamman Road Drainage Project; EAC Building Repair; Finance Dept.

### **Proprietary Funds**

#### Public Utility Fund

Amendment: Reflect TWDB payments and reduce use of reserves.

#### Airport

None

### **Monitoring:**

#### **Sales Tax**

October-December (**up** 100K or 6.5% over PY)

January-March (**down** \$150K or 9.5% from PY)

April-June (**up** \$ 202K). YTD up approximately \$152,000 from prior year.

**Hotel Tax Revenue-** Anticipate loss due to ongoing 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. One amendment has been made reducing revenue by \$50K.

# Investment Report 3rd Quarter Fiscal Year 2021

The City has a weighted average portfolio of 3 days with an average book yield of .28%. 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 .15%. Investment earnings are \$8,920.13 for the quarter and down \$16,106.26 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.

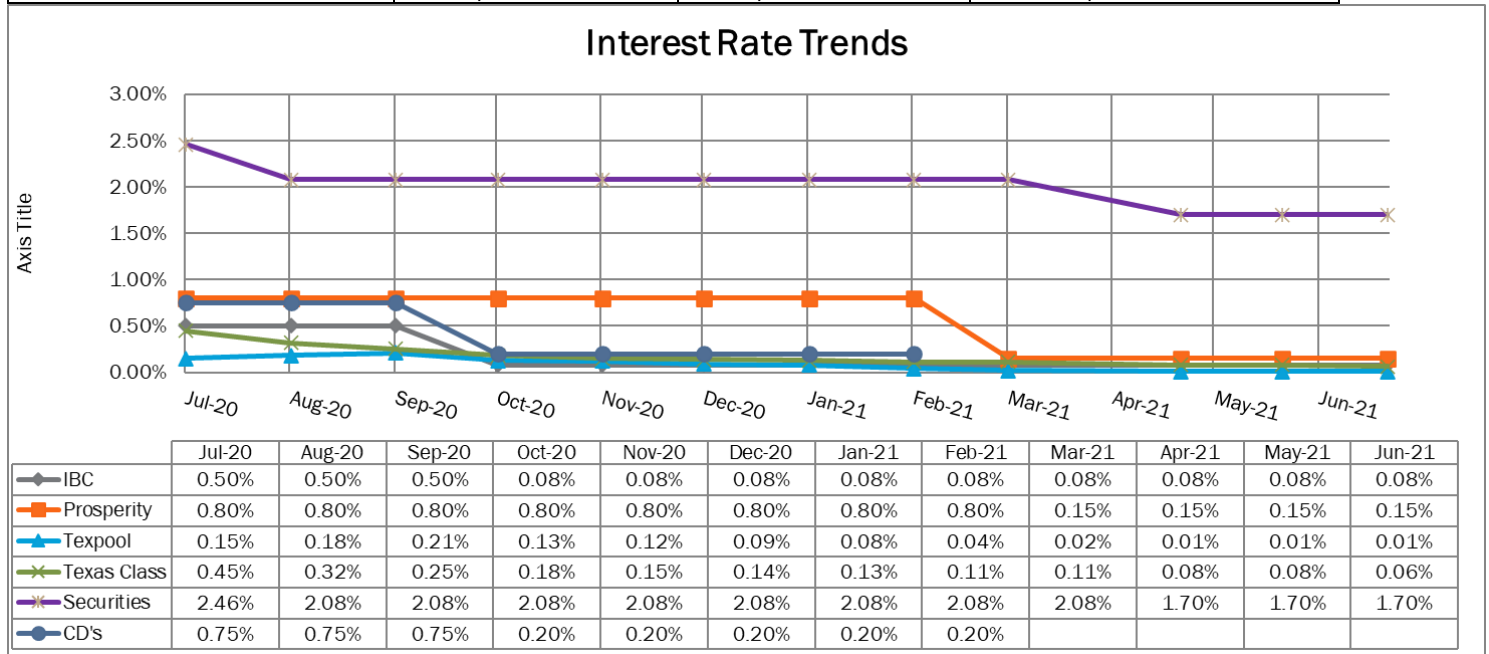
## June 30, 2021 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 5,048,425.08	31%
Prosperity Bank	\$ 814,973.84	5%
Prosperity Bank- Money Market	\$ 4,359,431.31	27%
Petty Cash/Cash Drawers	\$ 4,112.00	0%
Texpool	\$ 2,056,422.67	13%
Texas Class	\$ 3,311,909.26	21%
CD's	\$ -	0%
Securities	\$ 494,000.00	3%
	<b>\$16,089,274.16</b>	<b>100 %</b>

## Interest Earnings

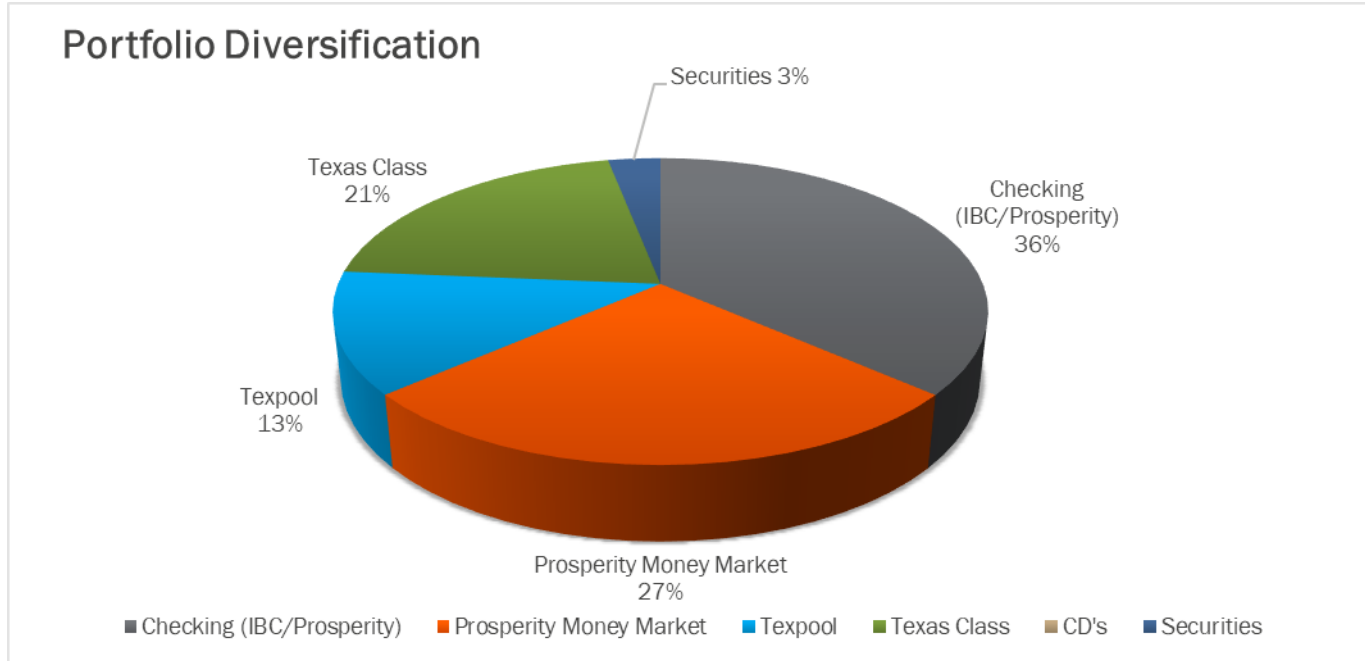
Interest received during the 3rd quarter totaled \$ 8,920.13 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 06-30-21	Qtr 06-30-20	Over Prior Year
Interest Received	\$8,920.13	\$25,026.39	<\$16,106.26>



## *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.

<b>Years to Maturity</b>	<b>Face Value</b>	<b>% Total</b>
0-1	\$16,089,274.16	100%
1-2	\$ 0	0%
<b>Total</b>	<b>\$16,089,274.16</b>	<b>100%</b>



*City of BAY CITY vs. Benchmarks  
for Quarter Ending June 30, 2021*

<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>Unrealized Gain/&lt;Loss&gt;</b>	<b>Average Book Yield</b>	<b>Benchmark Pools</b>	<b>Benchmark 90 Day T-Bill</b>
\$ 16,089,274	\$ 16,092,058	2,784.00	0.28%	<b>0.04%</b>	<b>0.02%</b>
<b>Weighted Average</b>					
<b>Maturity</b>	3.09	Day(s)	0.28%	Yield	