



CITY OF BAY CITY

FY 2023 3rd Quarter Financial Report

As of June 30, 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 **June 2023**, the ninth month, and **75.00%** 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 \$13,914,871 or 81.1% of the budget.

- Property Tax. The certified value totaled \$1 billion. Through June, the City received \$4.9 million or (97.5%) of the 5-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 to the City is **up** 4.8% (\$79,874) as compared to the third quarter in prior year. Current year-end projection will exceed budget by at least \$360,000 assuming future months are at least 3% over 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 30K.
- Charges for services represent sanitation fees - \$2,008,261 (74% of budget).
- Miscellaneous Revenue represents interest income, grant payments, interlocal agreements (i.e. County), and various park rental income- \$1,091,574

General Fund Expenditure Highlights

Expenditures total \$11,163,817 or 65% of budget.

Most departments are under the 75% budget target. Budgets that are over the budget target are primarily due to timing of payments and should not need amendments currently.

- Animal Impound- This budget is slightly over budget target due to Personnel & Building Improvements.

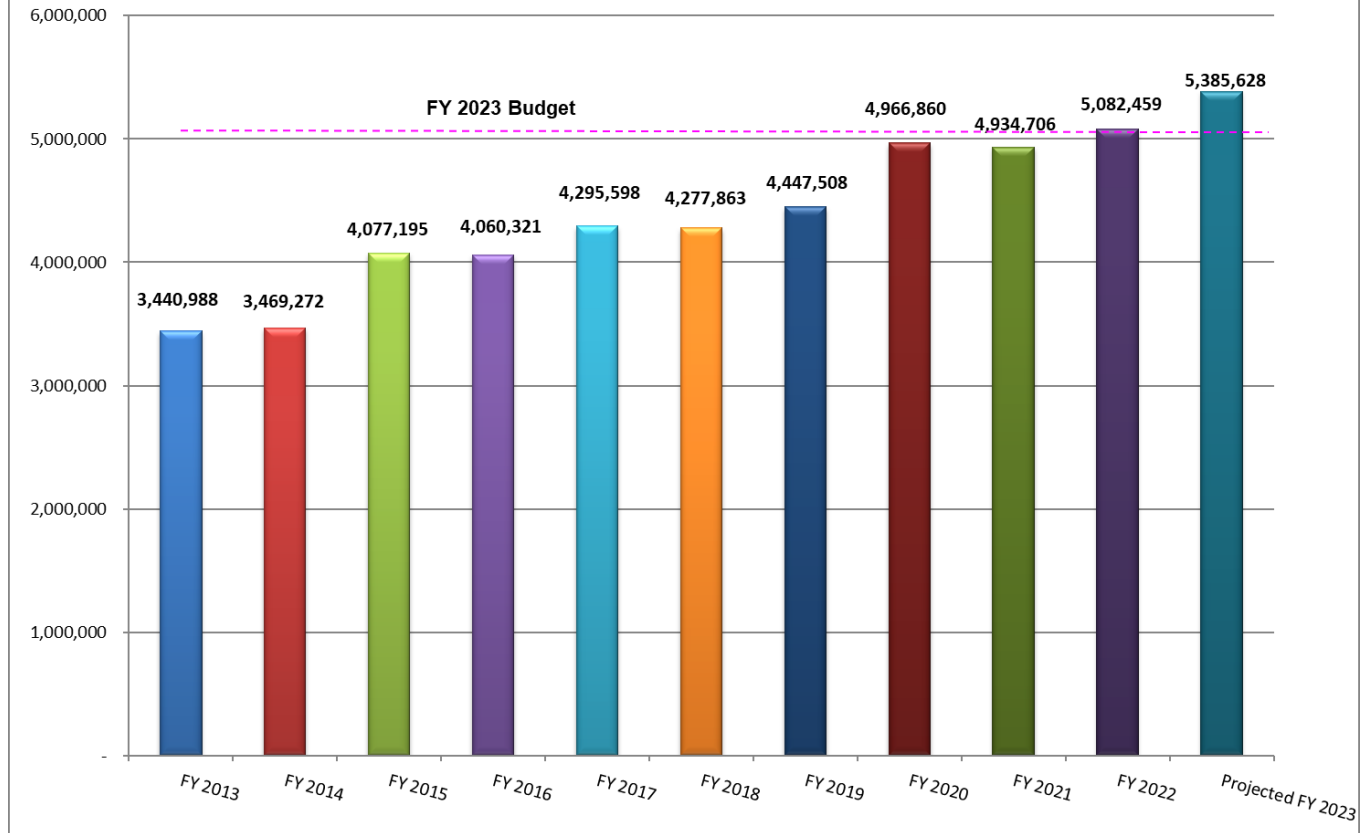
Fund Balance

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	75%			
	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	4,917,764	(128,436)	97.5%
Sales Tax	5,301,000	3,986,721	(1,314,279)	75.2%
Other Local Taxes (Franchise)	1,399,000	1,012,524	(386,476)	72.4%
Charges for Services (Sanitation)	2,714,000	2,008,261	(705,739)	74.0%
Fines & Penalties	190,800	112,432	(78,368)	58.9%
Licenses & Permits	198,500	143,346	(55,154)	72.2%
Miscellaneous	1,469,000	1,091,574	(377,426)	74.3%
Transfers (Hotel/Motel & Utility)	848,000	642,250	(205,750)	75.7%
Total Revenues	\$ 17,166,500	\$ 13,914,871	\$ (3,251,629)	81.1%
EXPENDITURES				
Administrative Council	335,552	227,800	107,752	67.9%
City General Services	3,012,372	1,923,792	1,088,580	63.9%
City Secretary	131,013	74,132	56,881	56.6%
Main Street	75,000	29,147	45,853	38.9%
Human Resources	283,709	203,858	79,851	71.9%
Municipal Court	381,646	255,883	125,763	67.0%
Finance	396,618	275,720	120,898	69.5%
Code Enforcement	475,584	333,223	142,361	70.1%
Police	5,117,503	3,666,606	1,450,897	71.6%
Animal Impoundment	222,350	170,554	51,796	76.7%
Fire Department	149,050	47,859	101,191	32.1%
Recycling Center	315,740	195,063	120,677	61.8%
Street and Bridge	3,770,619	2,396,218	1,374,401	63.5%
Parks	1,390,765	676,642	714,123	48.7%
Riverside Park	208,998	123,897	85,101	59.3%
Recreational Programs	83,265	55,950	27,315	67.2%
Pool Operations	300,339	155,633	144,706	51.8%
Library	516,377	351,841	164,536	68.1%
Total Expenditures	\$ 17,166,500	\$ 11,163,817	\$ 6,002,683	65.0%
*YTD does not includes encumbrances				
Net Revenue (Expenditures)	\$ -	\$ 2,751,054		
Ending Fund Balance	\$ 4,170,432	\$ 6,921,486		
% of Operating Reserves	25%	41%		
Fund Balance Target 90 days (25%)	\$ 4,137,409			
Over/(Under) min Policy Level (25%)	\$ 33,023			

SALES TAX YEARLY COMPARISON



	3rd Quarter		% Change from Prior Year	Variance
	Fiscal Year 2022	Fiscal Year 2023		
April	494,826.91	527,187.48	↑	32,360.57
May	644,828.71	673,276.24		4.41%
June	531,543.36	550,608.93		3.59%
Total	1,671,198.98	1,751,072.65	4.78%	79,873.67
City General Fund (75%)	1,253,399.24	1,313,304.49		59,905.25
BCCDC (25%)	417,799.75	437,768.16		19,968.42
	1,671,198.98	1,751,072.65		79,873.67

Budget FY 2023	Projected Sales Tax	Exceeding Budget	↑ 7%
5,025,000	5,385,628	360,628	

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 81% and above budget expectations.
- Miscellaneous Income is above the budget mark due to interest income.

Expenditure Highlights

Total expenditures for the Utility Fund are 72% of budget.

Budget target is 75%. Departmental budgets that are over the budget target are primarily due to the following:

- Utility Operations- timing expenditures
- The Utility reserve is budgeted to be approximately 37% 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	75%				
	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	9,710,500	7,873,171	(1,837,329)	81%	
Fines & Penalties	170,000	142,807	(27,193)	84%	
Miscellaneous	77,500	98,034	20,534	126%	
Transfers	29,000	-	(29,000)	0%	
Total Revenues	9,987,000	8,114,011	(1,843,989)	81%	
EXPENDITURES					
Utility Billing	570,703	382,072	188,631	67%	
Utility Maintenance	2,177,828	1,418,320	759,508	65%	
Water & WWTP Division	1,979,345	1,370,359	608,986	69%	
Utility Operations	5,610,124	4,272,153	1,337,971	76%	
Total Expenditures	\$ 10,338,000	\$ 7,442,905	\$ 2,895,095	72%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (351,000)	\$ 671,107			
Ending Fund Balance	\$ 3,549,618	\$ 4,571,725			
% of Operating Reserves	37%	48%			
Target 90 days (25%)	\$ 2,338,815				
Over/(Under) Target	\$ 1,210,803				
<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 (primarily fuel sales) are lower than budget expectations due to the taxi-way construction project. However, net fuel sales are generating \$79K profit.
- T-Hanger rentals are over budget mark by 30% or 30K.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

Expenditure Highlights

- As a percentage of budget, total expenditures are 51%.

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 2023 Budget
Beginning Fund Balance	\$ 138,344	\$ 138,344	Audited	
REVENUES				
Charges for Services	-	100	100	0%
Miscellaneous (Rentals, Grants)	160,500	143,119	(17,381)	89%
Transfers (General Fund)	225,000	168,750	(56,250)	75%
Other Revenue (Fuel Sales)	412,500	157,893	(254,607)	38%
Total Revenues	\$ 798,000	\$ 469,861	\$ (328,139)	59%
EXPENDITURES				
Personnel	237,850	161,775	76,075	68%
Supplies & Materials	334,150	90,662	243,488	27%
Other Charges & Services	119,500	82,090	37,410	69%
Repairs & Maintenance	127,500	94,681	32,819	74%
Capital Expenditures	54,000	20,000	34,000	37%
Transfers	-	-	-	0%
Total Expenditures	\$ 873,000	\$ 449,208	\$ 423,792	51%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (75,000)	\$ 20,654		
Ending Fund Balance	\$ 63,344	\$ 158,998		
<i>No minimum Fund Balance Policy</i>				
<i>General Fund subsidizes appox. \$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. Most hotels remit tax on a monthly or quarterly basis. Third quarter (April-June) receipts will not be remitted until July.
- Interest income is \$9.7K 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 82% or \$6K above the budget target.

Expenditure Highlights

- As a percentage of budget, total expenditures are at 63%.

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 2023 Budget
Beginning Fund Balance	\$ 711,404	\$ 711,404	Audited	
Revenues				
Hotel Occupancy Tax	620,000	365,406	\$ 254,594	59%
Interest Income	500	10,234	\$ (9,734)	2047%
Rental Fees- Civic Center	81,000	66,728	\$ 14,272	82%
Insurance Claims	52,000	52,447	\$ (447)	101%
Other Income- Special Events	10,000	22,026	\$ (12,026)	220%
Other Income	5,500	2,690	\$ 2,810	49%
Total Revenues	\$ 769,000	519,531	\$ 249,469	68%
Expenditures				
Hotel General	104,500	51,533	52,967	49%
Tourism Department	274,500	145,185	129,315	53%
Civic Center	382,000	290,165	91,835	76%
Bay City Theatre	8,000	233	7,767	3%
CE -Building			-	
Total Expenditures	\$ 769,000	\$ 487,116	\$ 281,884	63%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ -	\$ 32,414		
Ending Fund Balance	\$ 711,404	\$ 743,818		
<i>Proposed to maintain \$50,000</i>				

OTHER FINANCIAL NOTES

Governmental Funds

[General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 3.00% (June – Year % Change)

Municipal Cost Index (MCI)- up 0% (June– 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 3rd Quarter Fiscal Year 2023

The City has a weighted average portfolio of 155 days with an average book yield of 3.63%. The City is liquid with 78% 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 \$168,794 for the quarter and up \$155,534 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.

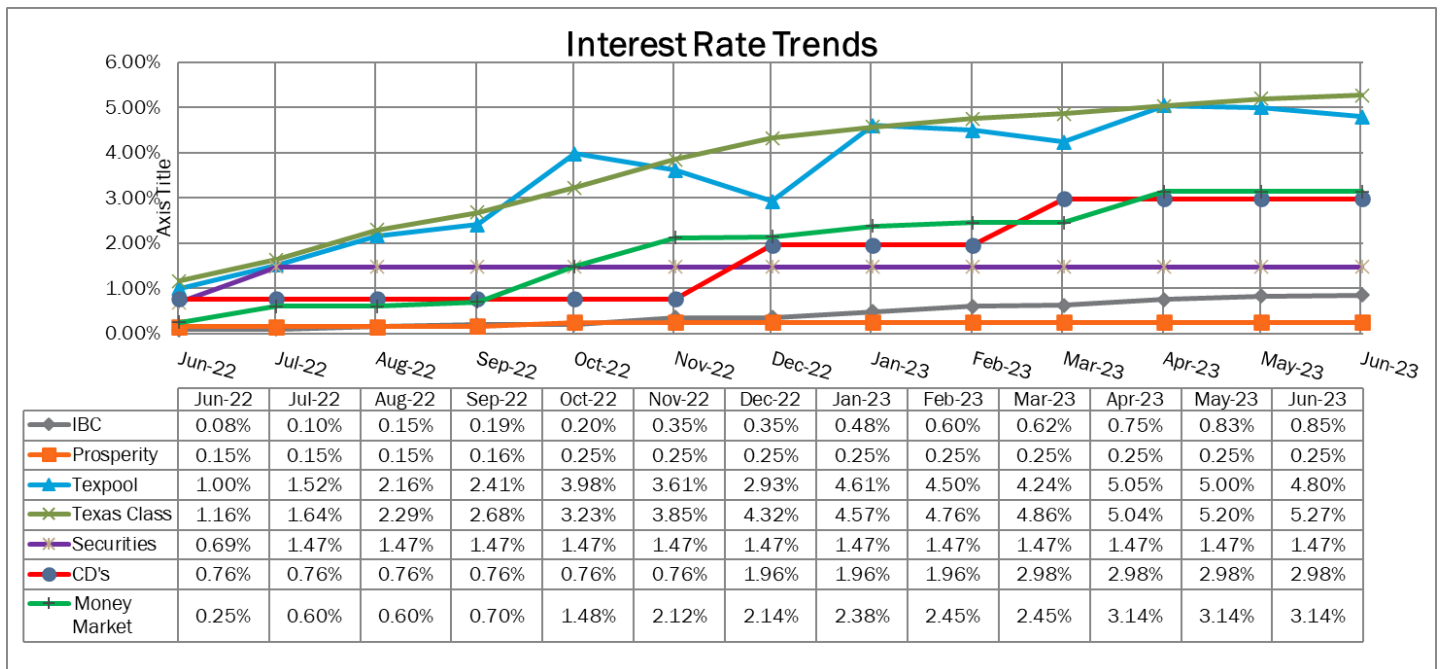
June 30, 2023 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 439,063.90	3%
Prosperity Bank	\$ 516,364.63	4%
Prosperity Bank- Money Market	\$ 1,122,518.02	8%
Petty Cash/Cash Drawers	\$ 4,072.00	0%
Texpool	\$ 4,824,448.72	33%
Texas Class	\$ 3,288,030.04	22%
CD's	\$ 2,477,000.00	17%
Securities	\$ 1,963,972.65	13%
	\$14,635,469.96	100 %

Interest Earnings

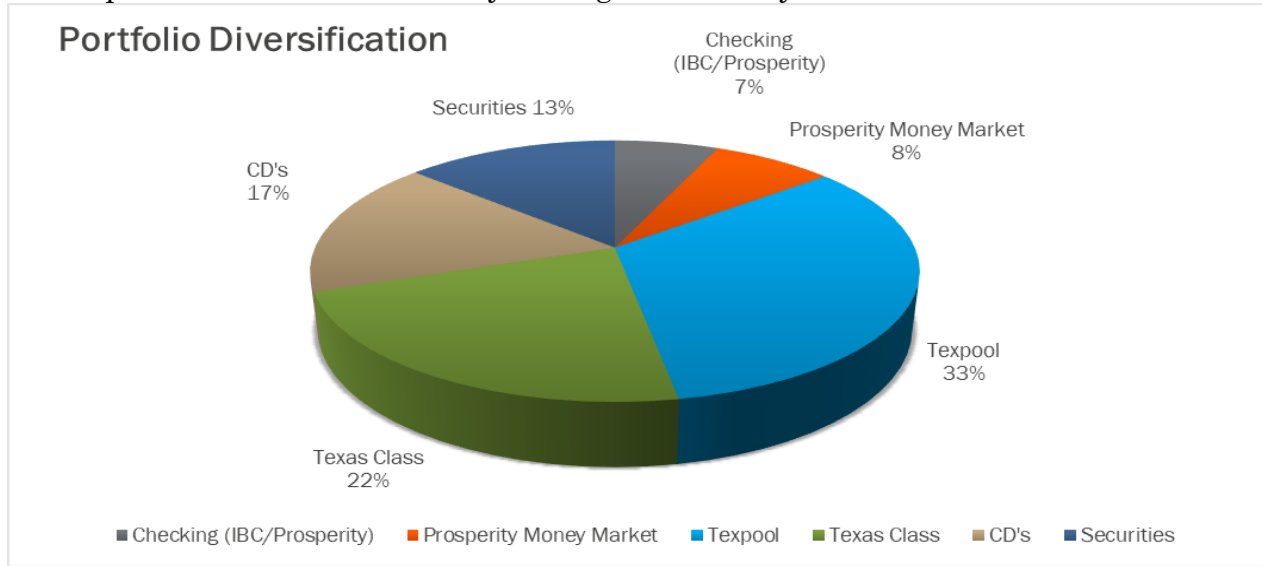
Interest received during the 3rd quarter totaled \$ 168,794 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 6-30-23	Qtr 6-30-22	Over Prior Year
Interest Received	\$168,794	\$13,260	\$155,534



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	\$ 11,431,727	78%
1-2	\$ 2,246,148	15%
2-3	\$ 460,595	3%
3-4	\$ 497,000	4%
4-5	\$ 0	0%
Total	\$14,635,470	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending JUNE 30, 2023						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 14,017,497	\$ 13,789,641	(227,855.99)	3.63%	5.06%	5.28%	
Weighted Average						
Maturity	155.01	Day(s)	3.63%	Yield		