



# CITY OF BAY CITY

## FY 2024 3rd Quarter Financial Report

### As of June 30, 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 **June 2024**, the ninth month, and **75.00%** 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 \$15,098,613 or 85% of the budget.

- Property Tax. The certified value totaled \$1.2 billion. Through June, the City received \$4,900,613 or (94.8%) of the 5.2-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 7.83% (\$137,130) as compared to the third quarter in prior year.
- Franchise fees are slightly under budget due to timing of franchise tax payments.
- Licenses & Permit fees are over 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 - \$2,397,523 (74.3% of budget).
- Miscellaneous Revenue represents interest income, grant payments, interlocal agreements (i.e. County), and various park rental income- \$1,762,612

### **General Fund Expenditure Highlights**

Expenditures total \$13,263,934 or 71.9% of budget.

Most departments are under the 75% budget target. Budgets that are above the budget target are primarily due to timing of payments and will most likely require amendments.

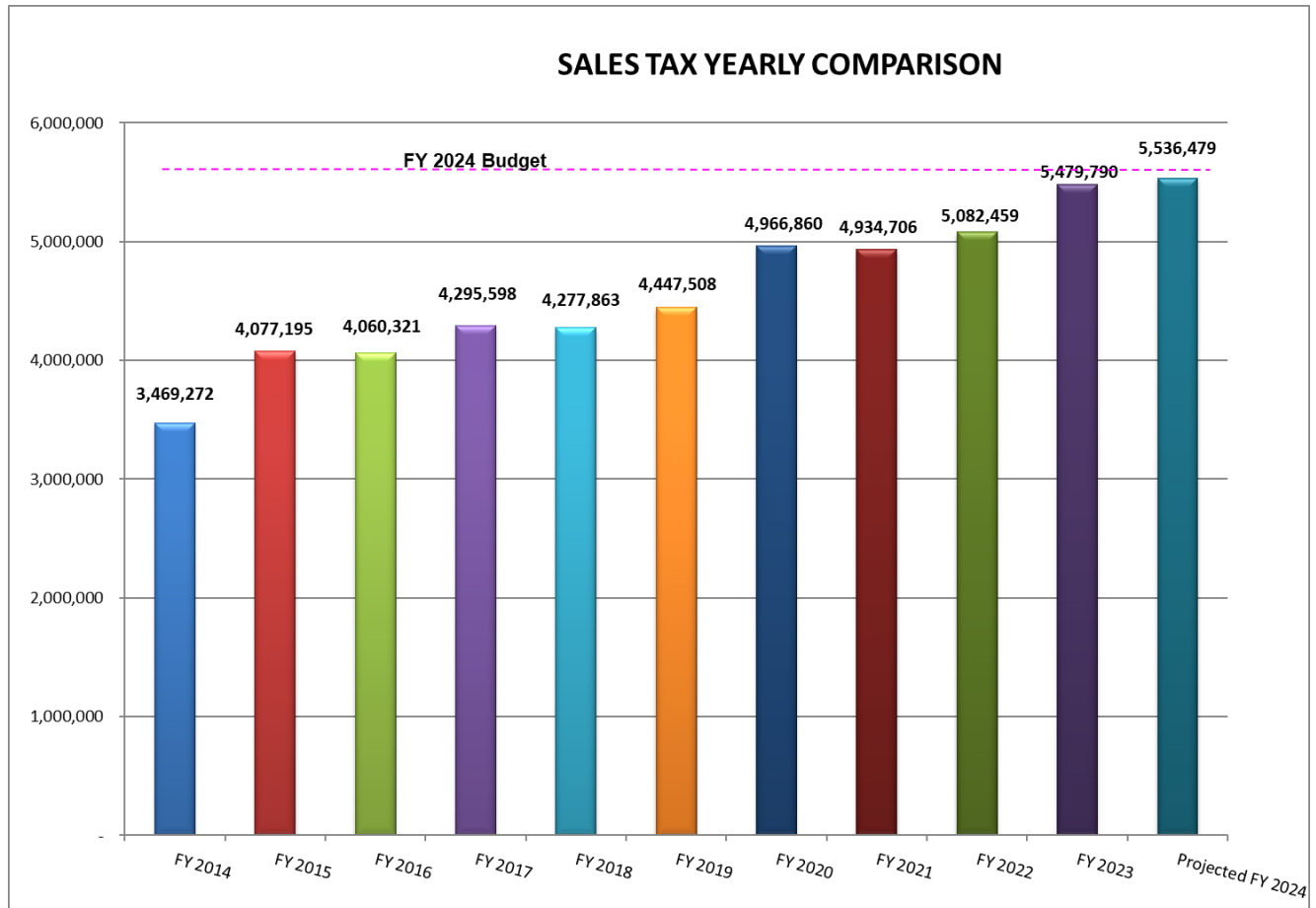
- Administrative Council- Timing of wages earned by City Manager
- City General- Transfers to TIRZ & Capital Project funds
- Recycling Center- Equipment Repair (Baler)
- Parks- Timing of improvements at Hardeman Park Soccer Field (setting of poles), Service Ctr windows
- Recreational Programs- Timing 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 5.5 million which represents approximately 29% of 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 June 30, 2024					
General Fund (Fund 11)					
Percent of Fiscal Year Complete	75%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget	
<b>Beginning Fund Balance</b>	\$ 5,560,727	\$ 5,560,727	Audited		
<b>REVENUES</b>					
Property Taxes	5,172,000	4,900,613	(271,387)		94.8%
Sales Tax	5,547,000	4,128,800	(1,418,200)		74.4%
Other Local Taxes (Franchise)	1,350,000	977,537	(372,463)		72.4%
Charges for Services (Sanitation)	3,228,000	2,397,523	(830,477)		74.3%
Fines & Penalties	157,800	116,593	(41,207)		73.9%
Licenses & Permits	210,000	179,234	(30,766)		85.3%
Miscellaneous	1,215,700	1,762,612	546,912		145.0%
Transfers (Hotel/Motel & Utility)	873,000	635,700	(237,300)		72.8%
<b>Total Revenues</b>	\$ 17,753,500	\$ 15,098,613	\$ (2,654,887)		<b>85.0%</b>
<b>EXPENDITURES</b>					
Administrative Council	336,406	286,524	49,882		85.2%
City General Services	3,449,250	2,871,115	578,135		83.2%
City Secretary	207,211	86,324	120,887		41.7%
Main Street	75,000	22,710	52,290		30.3%
Human Resources	275,380	195,409	79,971		71.0%
Municipal Court	467,251	372,855	94,396		79.8%
Finance	448,120	289,449	158,671		64.6%
Code Enforcement	476,699	348,503	128,196		73.1%
Police	5,081,887	3,778,054	1,303,833		74.3%
Animal Impoundment	196,064	146,595	49,469		74.8%
Fire Department	176,050	67,985	108,065		38.6%
Recycling Center	215,652	171,550	44,102		79.5%
Street and Bridge	4,457,317	2,775,812	1,681,505		62.3%
Parks	1,230,037	794,858	435,179		64.6%
Riverside Park	209,664	139,077	70,587		66.3%
Recreational Programs	92,600	76,219	16,381		82.3%
Pool Operations	527,169	388,989	138,180		73.8%
Library	516,743	451,907	64,836		87.5%
<b>Total Expenditures</b>	\$ 18,438,500	\$ 13,263,934	\$ 5,174,566		<b>71.9%</b>
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ (685,000)	\$ 1,834,679			
Ending Fund Balance	\$ 4,875,727	\$ 7,395,406			
% of Operating Reserves	29%	44%			
Fund Balance Target 90 days (25%)	\$ 4,137,409				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 738,318</b>				



	3rd Quarter		% Change from	
	Fiscal Year 2023	Fiscal Year 2024	Prior Year	
April	527,187.48	588,295.42	↑ 11.59%	61,107.94
May	673,276.24	690,106.09	2.50%	16,829.85
June	550,608.93	609,801.10	10.75%	59,192.17
<b>Total</b>	<b>1,751,072.65</b>	<b>1,888,202.61</b>	<b>7.83%</b>	<b>137,129.96</b>
				-
<b>City General Fund (75%)</b>	1,313,304.49	1,416,151.96		102,847.47
<b>BCCDC (25%)</b>	437,768.16	472,050.65		34,282.49
	<b>1,751,072.65</b>	<b>1,888,202.61</b>		<b>137,129.96</b>

<b>Budget FY 2024</b>	<b>Projected Sales Tax</b>	<b>Variance</b>
<b>5,547,000</b>	<b>5,536,479</b>	<b>(10,521)</b>

*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 83% and above budget expectations.
- Miscellaneous Income is above the budget mark due to interest income.

### **Expenditure Highlights**

Total expenditures for the Utility Fund are 69% of budget.

Budget target is 75%. Each departmental budgets are within the budget parameters.

The Utility reserve is budgeted to be approximately 39% 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 June 30, 2024				
Utility Fund (Fund 61)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
<b>Beginning Fund Balance</b>	5,296,276	\$ 5,296,276	Audited	
<b>REVENUES</b>				
Charges for Services	11,217,500	9,211,723	(2,005,777)	82%
Fines & Penalties	180,000	137,486	(42,514)	76%
Miscellaneous	102,500	195,308	92,808	191%
<b>Total Revenues</b>	11,500,000	9,544,517	(1,955,483)	<b>83%</b>
<b>EXPENDITURES</b>				
Utility Billing	704,472	423,861	280,611	60%
Utility Maintenance	3,315,875	2,349,086	966,789	71%
Water & WWTP Division	2,112,276	1,257,399	854,877	60%
Utility Operations	6,817,377	4,923,517	1,893,860	72%
<b>Total Expenditures</b>	\$ 12,950,000	\$ 8,953,863	\$ 3,996,137	<b>69%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (1,450,000)	\$ 590,654		
<b>Ending Fund Balance</b>	\$ 3,846,276	\$ 5,886,930		
% of Operating Reserves	41%	62%		
<b>Target 90 days (25%)</b>	\$ 2,338,815			
<b>Over/(Under) Target</b>	<b>\$ 1,507,461</b>			
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 51%.

### **AIRPORT FUND FINANCIAL SUMMARY**

City of Bay City				
Financial Statement				
As of June 30, 2024				
Municipal Airport Fund (Fund 64)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
<b>Beginning Fund Balance</b>	\$ 209,979	\$ 209,979	Audited	
<b>REVENUES</b>				
Charges for Services	-	150	150	0%
Miscellaneous (Rentals, Grants)	318,500	151,163	(167,337)	47%
Transfers (General Fund & BCCDC)	281,000	168,750	(112,250)	60%
Other Revenue (Fuel Sales)	265,500	127,376	(138,124)	48%
<b>Total Revenues</b>	<b>\$ 865,000</b>	<b>\$ 447,439</b>	<b>\$ (417,561)</b>	<b>52%</b>
<b>EXPENDITURES</b>				
Personnel	261,850	158,403	103,447	60%
Supplies & Materials	243,150	116,354	126,796	48%
Other Charges & Services	87,500	110,785	(23,285)	127%
Repairs & Maintenance	127,500	93,802	33,698	74%
Capital Expenditures	297,000	35,904	261,096	12%
Transfers	-	-	-	0%
<b>Total Expenditures</b>	<b>\$ 1,017,000</b>	<b>\$ 515,247</b>	<b>\$ 501,753</b>	<b>51%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (152,000)</b>	<b>\$ (67,808)</b>		
<b>Ending Fund Balance</b>	<b>\$ 57,979</b>	<b>\$ 142,171</b>		
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 slightly 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 209% or \$10K over budget expectations.
- Other Income- Special events relate to the 2023 Day of the Dead Festival.
- Miscellaneous Income: Civic Center rentals are over the budget target, will continue to pick up.

### **Expenditure Highlights**

- As a percentage of budget, total expenditures are at 64%.

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

City of Bay City				
Financial Statement				
As of June 30, 2024				
Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
<b>Beginning Fund Balance</b>	\$ 866,951	\$ 866,951	Audited	
<b>Revenues</b>				
Hotel Occupancy Tax	615,000	394,994	\$ 220,006	64%
Interest Income	10,000	20,889	\$ (10,889)	209%
Rental Fees- Civic Center	85,000	70,423	\$ 14,578	83%
Other Income- Special Events	10,000	24,921	\$ (14,921)	249%
Other Income	5,000	2,555	\$ 2,445	51%
<b>Total Revenues</b>	<b>\$ 725,000</b>	<b>513,782</b>	<b>\$ 211,218</b>	<b>71%</b>
<b>Expenditures</b>				
Hotel General	103,000	52,500	50,500	51%
Tourism Department	277,500	179,952	97,548	65%
Civic Center	409,000	269,573	139,427	66%
Bay City Theatre	500	356	144	71%
CE -Building			-	
<b>Total Expenditures</b>	<b>\$ 790,000</b>	<b>\$ 502,381</b>	<b>\$ 287,619</b>	<b>64%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (65,000)</b>	<b>\$ 11,401</b>		
Ending Fund Balance	\$ 801,951	\$ 878,352		
Proposed to maintain \$50,000				

## OTHER FINANCIAL NOTES

### ***Governmental Funds***

#### [General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 3.0 % (June – Year % Change)

Municipal Cost Index (MCI)- up 2.14% (May– 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 2024

The City has a weighted average portfolio of 101 days with an average book yield of 4.34%. 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 \$200,260 for the quarter and up \$31,466 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.

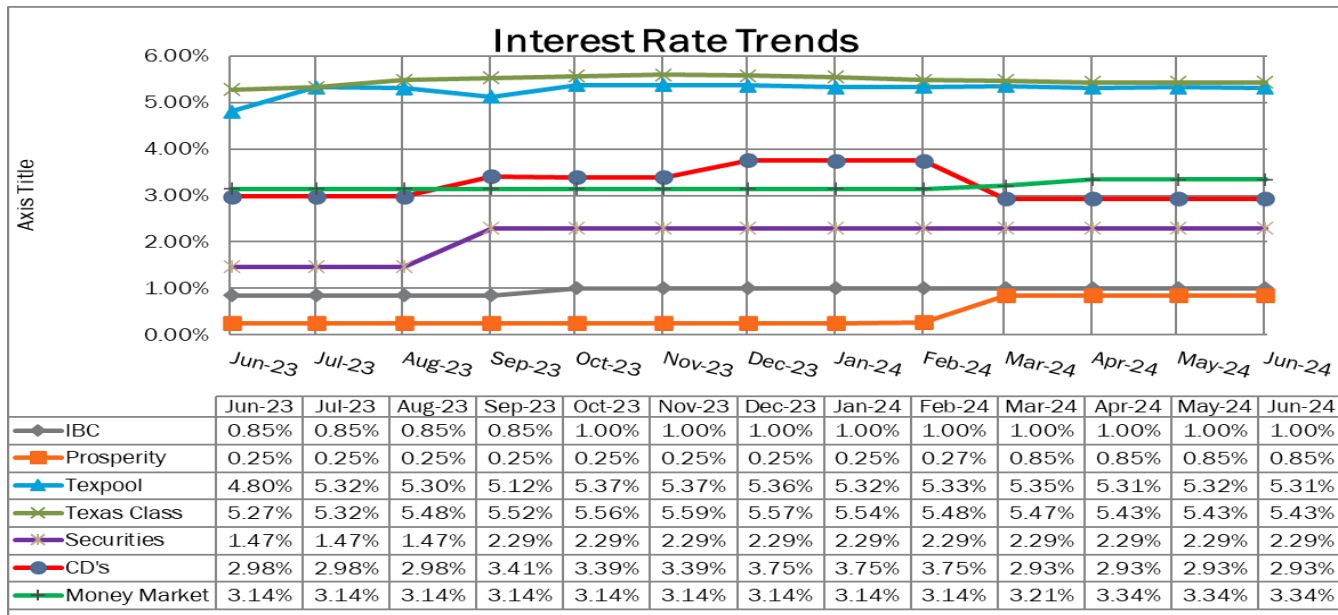
## June 30, 2024 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 165,710.91	1%
Prosperity Bank	\$ 1,399,535.22	8%
Prosperity Bank- Money Market	\$ 270,813.40	1%
Petty Cash/Cash Drawers	\$ 2,327.73	0%
Texpool	\$ 5,603,185.77	29%
Texas Class	\$ 7,080,771.49	37%
CD's	\$ 2,480,000.00	13%
Securities	\$ 2,020,980.60	11%
	<b>\$19,023,325.12</b>	<b>100 %</b>

## Interest Earnings

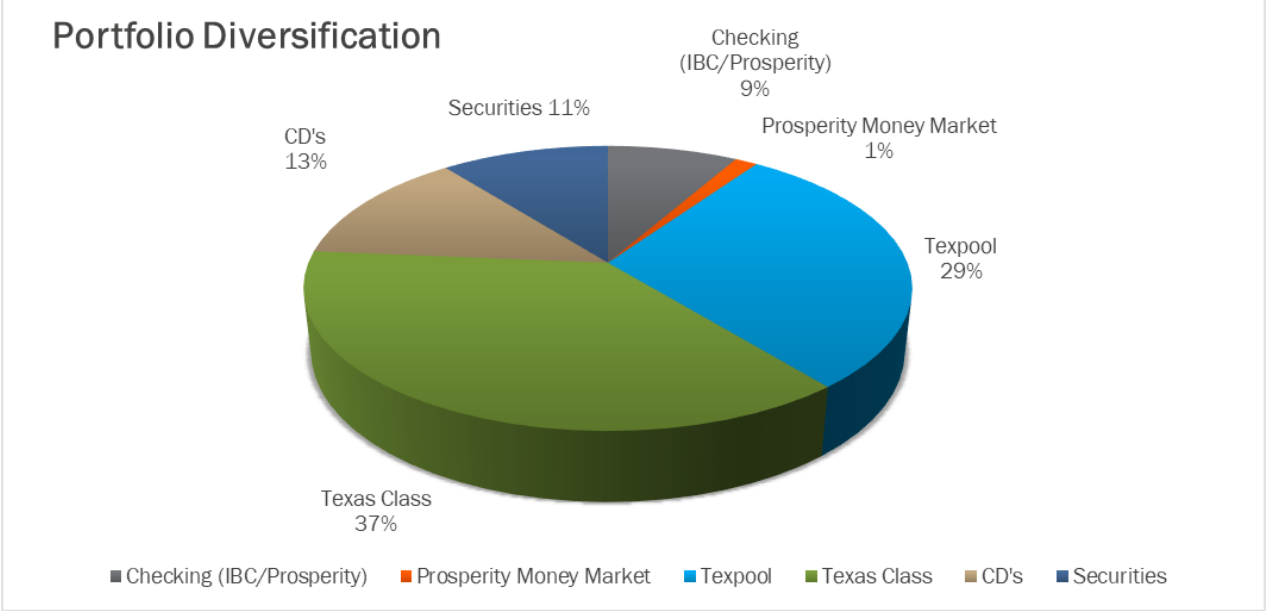
Interest received during the 3rd quarter totaled \$ 200,260 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 6-30-23	Qtr 6-30-24	Over Prior Year
Interest Received	\$168,794	\$200,260	\$31,466



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	\$ 15,759,344	83%
1-2	\$ 2,018,736	10%
2-3	\$ 1,245,245	7%
3-4	\$ 0	0%
4-5	\$ 0	0%
Total	\$ 19,023,325	100%

	City of BAY CITY vs. Benchmarks					
	for Quarter Ending June 30, 2024					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 19,087,345	\$ 19,023,325	(64,019.40)	4.34%	5.37%	5.38%
	Weighted Average					
	Maturity	101.04	Day(s)	4.34%	Yield	