



CITY OF BAY CITY

FY 2020 1st Quarter Financial Report

As of December 31, 2019

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 **December 2019**, the third month, and **25.00%** 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).

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 \$3,327,471 or 22.5% of the budget.

- Property Tax. The certified value totaled \$869 million. Through December, the City received \$763,476 or (17.2%) 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. First Quarter Sales Tax Allocation to the City is **up** 3.6% (\$53,425) as compared to the first quarter in prior year. Sales tax is anticipated to exceed budget expectations.
- Franchise fees are in line with budget. Licenses & Permits are slightly under the budget target, however this should level out over time. (timing of permits pulled)
- Fines and penalties (Court Fines) are above budget expectations by \$17,000.
- Charges for services represents sanitation fees - \$627,741 (25% 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 2,953,652 or 20.5% of budget.

Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to the following:

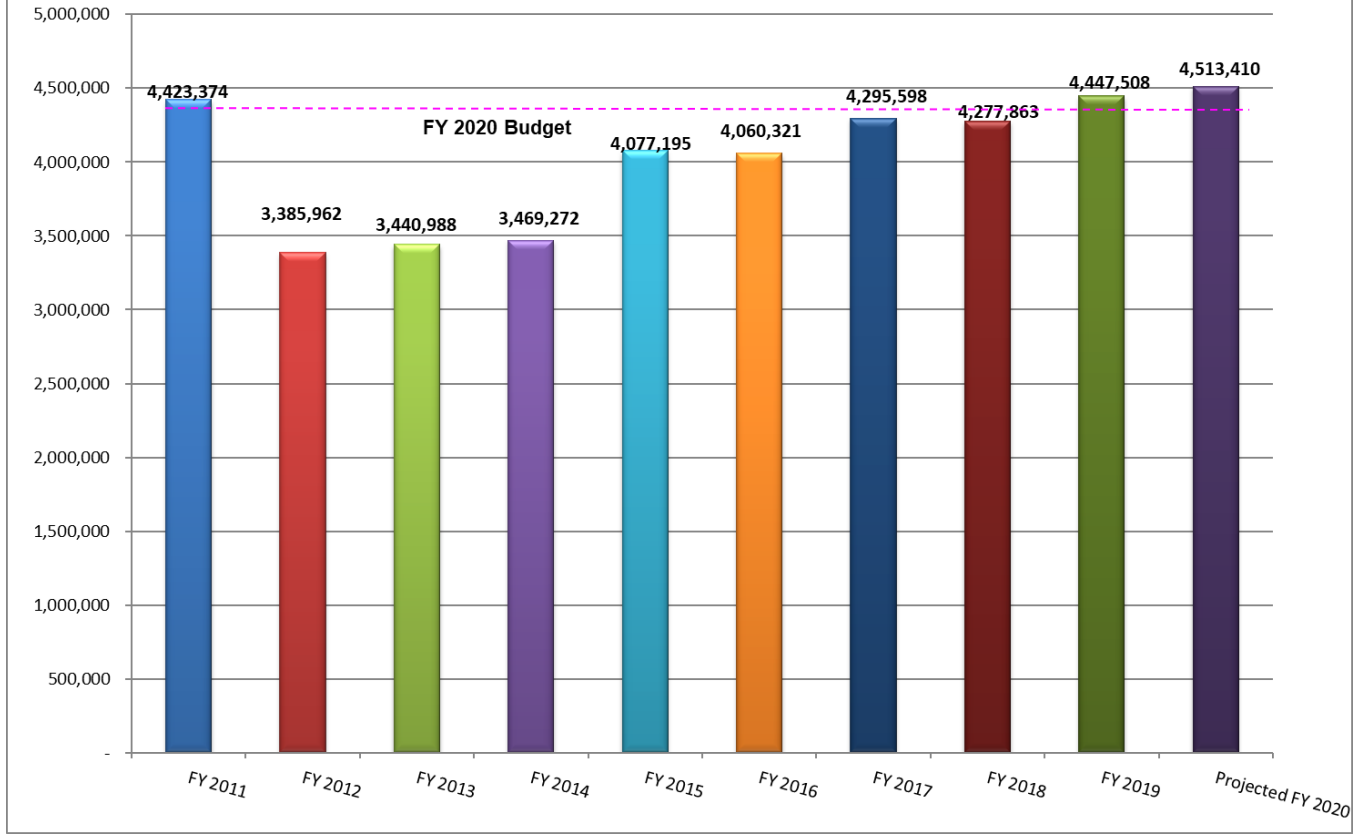
- Administrative Council- timing of personnel related costs (amendment anticipated)
- Human Resource- timing of payments for City Manager search firm (amendment needed)
- Parks- timing of the Dreamscape Project

The General Fund's fund balance is budgeted to increase by \$400,000. **The city reserve level currently is below the minimum policy of 25%.** See bottom of page 3 for more clarification. The unaudited 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	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance (Unaudited)	\$ 3,210,484	\$ 3,210,484	Pre-Audit		
REVENUES					
Property Taxes	4,434,737	763,476	3,671,261	17.2%	
Sales Tax	4,350,000	1,150,392	3,199,608	26.4%	
Other Local Taxes (Franchise)	1,321,000	345,186	975,814	26.1%	
Charges for Services (Sanitation)	2,527,000	627,741	1,899,259	24.8%	
Fines & Penalties	203,000	68,092	134,908	33.5%	
Licenses & Permits	196,000	33,931	162,069	17.3%	
Miscellaneous	1,143,763	180,277	963,486	15.8%	
Transfers	643,500	158,375	485,125	24.6%	
Total Revenues	\$ 14,819,000	\$ 3,327,471	\$ 11,491,529	22.5%	
EXPENDITURES					
City Secretary	150,039	20,377	129,662	13.6%	
City General Services	2,685,000	549,777	2,135,223	20.5%	
Administrative Council	316,254	82,160	234,094	26.0%	
Main Street	58,000	11,466	46,534	19.8%	
Human Resources	247,732	70,496	177,236	28.5%	
Municipal Court	323,290	73,508	249,782	22.7%	
Finance	329,100	79,251	249,849	24.1%	
Police	4,511,113	1,034,729	3,476,384	22.9%	
Animal Impoundment	164,662	37,089	127,573	22.5%	
Fire Department	198,242	30,926	167,316	15.6%	
Street and Bridgne	3,438,577	387,058	3,051,519	11.3%	
Recycling Center	158,266	38,948	119,318	24.6%	
Parks	825,508	344,887	480,621	41.8%	
Riverside Park	181,627	32,786	148,841	18.1%	
Recreation	99,823	22,483	77,340	22.5%	
Pool Operations	274,549	30,412	244,137	11.1%	
Library	457,218	107,299	349,919	23.5%	
Total Expenditures	\$ 14,419,000	\$ 2,953,652	\$ 11,465,348	20.5%	
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ 400,000	\$ 373,818			
Ending Fund Balance	\$ 3,610,484	\$ 3,584,302			
% of Operating Reserves	25%	25%			
Fund Balance Target 90 days (25%)	\$ 3,604,750				
Over/(Under) min Policy Level (25%)	\$ 5,734	\$ (20,448)			

SALES TAX YEARLY COMPARISON



	<i>1st Quarter</i>		% Change from Prior Year	Variance
	Fiscal Year 2019	Fiscal Year 2020		
October	478,488.55	500,975.16	4.70%	22,486.61
November	511,169.44	522,356.43	2.19%	11,186.99
December	490,772.79	510,524.10	4.02%	19,751.31
Total	1,480,430.78	1,533,855.69	3.61%	53,424.91
City General Fund (75%)	1,110,323.09	1,150,391.77		40,068.68
BCCDC (25%)	370,107.70	383,463.92		13,356.23
	1,480,430.78	1,533,855.69		53,424.91

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 24% appearing to be slightly below budget expectations. (City bills one month in arrears)

Expenditure Highlights

- Total expenditures for the Utility Fund are 21% of budget.
- Utility Maintenance Department is at 38% of budget due to an extreme amount of emergency repairs of water and/or sewer lines (amendment needed)

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance	\$ 3,518,137	\$ 3,518,137	Pre-Audit		
REVENUES					
Charges for Services	7,698,000	1,840,656	5,857,344	24%	
Fines & Penalties	145,000	35,672	109,328	25%	
Miscellaneous	35,000	34,858	142	100%	
Total Revenues	7,878,000	1,911,187	5,966,813	24%	
EXPENDITURES					
Utility General	4,351,157	899,282	3,451,875	21%	
Utility Maintenance	1,561,044	593,611	967,433	38%	
Water & WWTP Division	2,683,299	350,999	2,332,300	13%	
Warehouse Operations	154,500	17,366	137,134	11%	
Total Expenditures	\$ 8,750,000	\$ 1,861,259	\$ 6,888,741	21%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (872,000)	\$ 49,928			
Ending Fund Balance	\$ 2,646,137	\$ 3,568,065			
% of Operating Reserves	30%	41%			
Target 90 days (25%)	2,187,500				
Over/(Under) Target	\$ 458,637				
<i>Designated for capital projects</i>					
<i>Encumbered from PY \$315,575</i>					

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, core Airport revenues are meeting budget expectations.
- Timing of TXDOT RAMP Grant causes "Miscellaneous" revenue to appear above 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 17%. This is due to timing of capital projects. (generator, runway project)

AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
Beginning Fund Balance	\$ 318,567	\$ 318,567	Pre-Audit		
REVENUES					
Charges for Services	-	50	(50)		0%
Miscellaneous (Rentals, Grants)	153,300	26,410	126,890		17%
Transfers (General Fund)	330,000	82,500	247,500		25%
Other Revenue (Fuel Sales)	180,500	54,039	126,461		30%
Total Revenues	\$ 663,800	\$ 162,999	\$ 500,801		25%
EXPENDITURES					
Personnel	209,449	42,852	166,597		20%
Supplies & Materials	174,600	44,763	129,837		26%
Other Charges & Services	79,550	23,263	56,287		29%
Repairs & Maintenance	126,900	12,081	114,819		10%
Capital Expenditures	44,200	-	44,200		0%
Transfers	86,301	-	86,301		0%
Total Expenditures	\$ 721,000	\$ 122,958	\$ 598,042		17%
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (57,200)	\$ 40,041			
Ending Fund Balance	\$ 261,367	\$ 358,608			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes \$250,000					
Reserve encumbered for fuel trucks					

Civic & Cultural Arts Fund (Hotel /Motel Fund) Overview

Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 25%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. (October-December receipts will not be remitted until January)
- Miscellaneous Income: Civic Center rentals & special event income are above the budget target by \$12,000.

Expenditure Highlights

- Total expenditures are slightly above the budget target; however this is due to the timing of various expenditures within the Hotel / Motel Fund.

HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete		25%		
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget
Beginning Fund Balance	\$ 499,899	\$ 499,899	Pre-Audit	
Revenues				
Hotel Occupancy Tax	\$ 750,000	\$ 22,053	\$ 727,947	3%
Miscellaneous	101,000	37,029	\$ 63,971	37%
Total Revenues	\$ 851,000	59,082	\$ 791,918	7%
Expenditures				
Hotel General	\$ 108,000	72,850	35,150	67%
Tourism Department	292,000	83,981	208,019	29%
Civic Center	350,000	42,482	307,518	12%
Bay City Theatre	150,000	31,540	118,460	21%
Total Expenditures	\$ 900,000	\$ 230,853	\$ 669,147	26%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (49,000)	\$ (171,771)		
Ending Fund Balance	\$ 450,899	\$ 328,128		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights - Quarter Activity

Building Department New Homes



1 NEW RESIDENTIAL HOME

Value Added: Unknown

Commercial Permits

BUSINESS 3

Value Added: \$1.7 million (Family Dollar 650K; Plant Nursery 46K; Starbucks 1M)

Total Estimated Taxes= \$11,135

	Oct - Dec 2018	Oct - Dec 2019
Building Inspections	494	433
COC Issued		Burger King; Speedy Stop

Street and Bridge

Utility

	1 st Qtr 2018	1 st Qtr 2019		1 st Qtr 2018	1 st Qtr 2019
Concrete Pavement Repair	6	3	Water Leaks	109	125
Ditch Cleaning	18	13	Meter Leaks	34	25
Asphalt Pavement Repair	59	58	Sewer Repairs	235	138
Utility/Asphalt/Concrete Repair	17	17	Low Pressure Reads	45	9
Signs	7	12	Meter Swaps	275	244
Traffic Control Devices	12	12	Water/Sewer Taps	8	6

Police Statistics

	Oct - Dec 2018	Oct - Dec 2019
Calls for service	6,837	9459
Arrests	299	364
Cases assigned to CID	369	484
Cases cleared by CID	521	587

Civic Center

	Oct- Dec 2018	Oct-Dec 2019
Total Revenue	\$14,215	\$22,213
Total Expenditures	\$51,706	\$42,482

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!!

Proprietary Funds

Public Utility Fund

Extreme amount of infrastructure repairs (amendment needed)

Airport

None

Monitoring:

Sales Tax – very good trend

Investment Report 1st Quarter Fiscal Year 2020

The City has a weighted average portfolio of 65 days with an average book yield of 1.69%. The City is relatively liquid with 89% 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 2%. Investment earnings are \$33,663 for the quarter and down \$20,278 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.

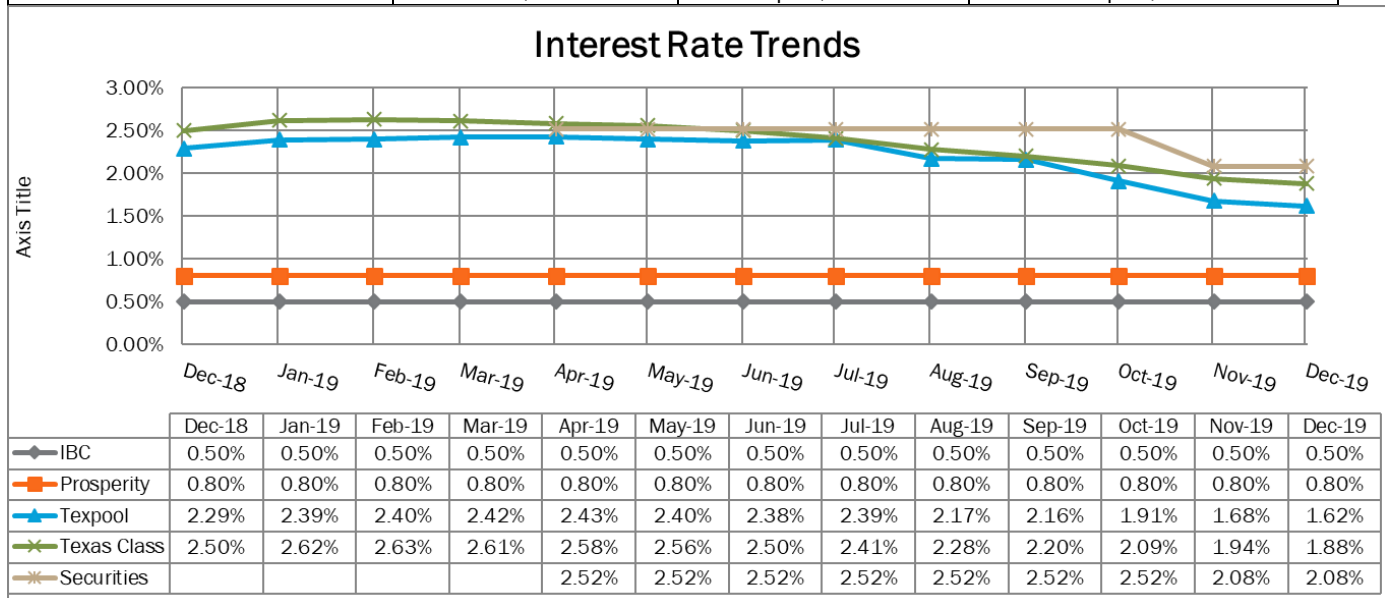
December 31, 2019 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 940,492.85	11%
Prosperity Bank	\$ 303,028.76	3%
Petty Cash/Cash Drawers	\$ 3,612.00	0%
Texpool	\$ 3,738,510.59	42%
Texas Class	\$ 2,884,654.76	33%
CD's	\$ -	0%
Securities	\$ 989,000.00	11%
	\$8,859,298.96	100 %

Interest Earnings

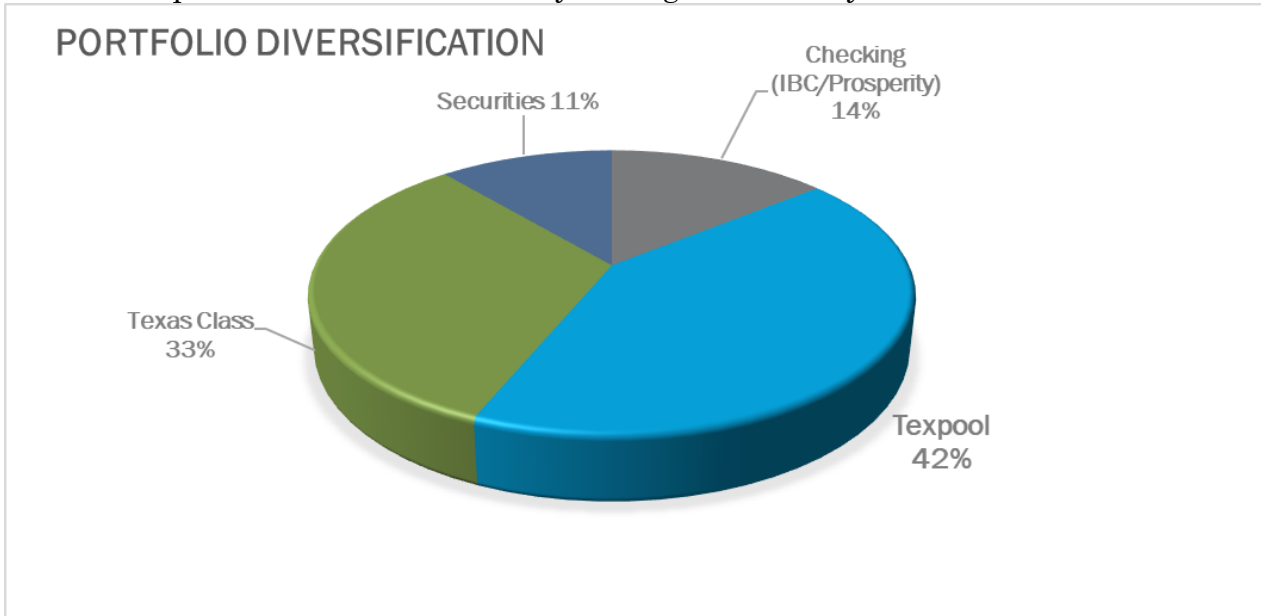
Interest received during the 1st quarter totaled \$ 33,663 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-19	Qtr 12-31-18	Over Prior Year
Interest Received	33,663	\$53,941	<\$20,278>



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	\$7,870,299	89%
1-2	\$ 989,000	11%
Total	\$8,859,299	100%

	City of BAY CITY vs. Benchmarks					
	for Quarter Ending December 31, 2019					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 8,859,299	\$ 8,864,088	4,789.00	1.69%	1.86%	1.53%
	Weighted Average					
	Maturity	65.23 Day(s)		1.69%	Yield	