



CITY OF BAY CITY

FY 2021 1st Quarter Financial Report

As of December 31, 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 **December 2020**, the third month, and **25.00%** 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).

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 \$3,622,258 or 23.3% of the budget.

- Property Tax. The certified value totaled \$898 million. Through December, the City received \$1,032,589 or (23.5%) 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** 6.5% (\$99,639) as compared to the first quarter in prior year.
- 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 under budget expectations by \$10,000.
- Charges for services represents sanitation fees - \$641,833 (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 3,433,615 or 21.7% of budget.

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

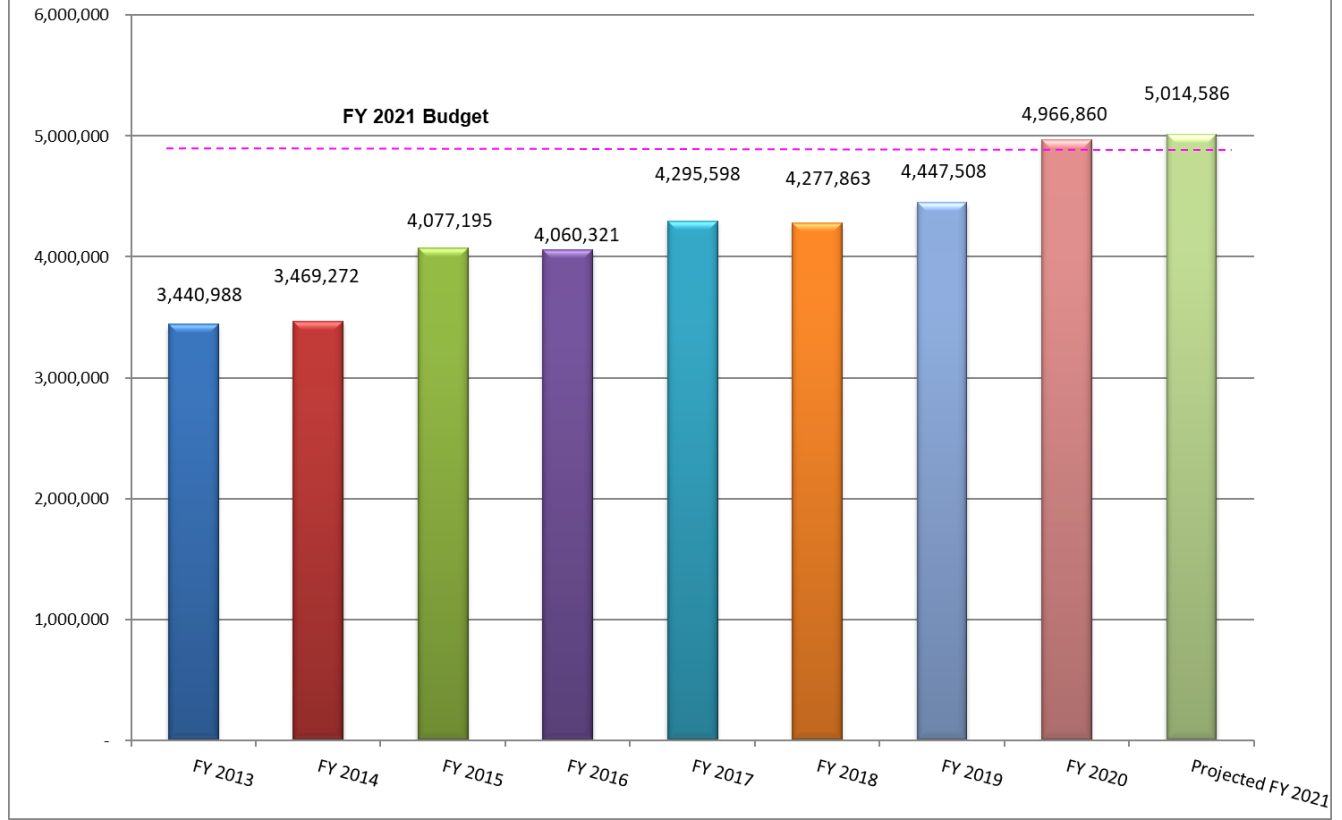
- Finance- personnel related costs (OT related to COVID-19); timing of supply purchases
- Police- personnel related costs (OT related to COVID-19); timing of capital purchases
- Recycling Center- HGAC grant (refurbishing bins)- amendment
- Recreation- timing of payments related to Christmas Tree lighting and July 4th show scheduled for 2021.

The General Fund's fund balance is budgeted to decrease by \$276,797. **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, 2020) was 4.5 million which represents approximately 30% operating expenditures including transfers. Transfers include departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to maintain reserves that meet or minimally exceed the 25% reserve requirement. The goal is to maintain reserves between 90 & 120 days. Reserves above 90 days or 25% may be used to fund non-reoccurring expenditures (i.e. capital projects).

GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget	
Beginning Fund Balance (Unaudited)	\$ 4,553,362	\$ 4,553,362	Pre-Audit		
REVENUES					
Property Taxes	4,391,617	1,032,589	3,359,028	23.5%	
Sales Tax	4,725,000	1,225,121	3,499,879	25.9%	
Other Local Taxes (Franchise)	1,326,000	346,862	979,138	26.2%	
Charges for Services (Sanitation)	2,565,000	641,833	1,923,167	25.0%	
Fines & Penalties	201,000	37,322	163,678	18.6%	
Licenses & Permits	192,500	34,305	158,195	17.8%	
Miscellaneous	1,489,586	136,350	1,353,236	9.2%	
Transfers (Hotel/Motel & Utility)	671,500	167,875	503,625	25.0%	
Total Revenues	\$ 15,562,203	\$ 3,622,258	\$ 11,939,945	23.3%	
EXPENDITURES					
City Secretary	111,745	21,817	89,928	19.5%	
City General Services	3,279,806	622,272	2,657,534	19.0%	
Administrative Council	307,405	77,747	229,658	25.3%	
Main Street	65,000	6,074	58,926	9.3%	
Human Resources	264,874	68,275	196,599	25.8%	
Municipal Court	344,249	72,562	271,687	21.1%	
Finance	341,670	93,029	248,641	27.2%	
Code Enforcement	312,750	45,581	267,169	14.6%	
Police	4,520,281	1,343,898	3,176,383	29.7%	
Animal Impoundment	170,712	42,246	128,466	24.7%	
Fire Department	198,863	16,473	182,390	8.3%	
Street and Bridge	3,513,461	566,187	2,947,274	16.1%	
Recycling Center	170,180	53,031	117,149	31.2%	
Parks	1,160,083	179,229	980,854	15.4%	
Riverside Park	201,909	35,271	166,638	17.5%	
Recreation	101,823	28,694	73,129	28.2%	
Pool Operations	286,352	48,358	237,994	16.9%	
Library	487,837	112,872	374,965	23.1%	
Total Expenditures	\$ 15,839,000	\$ 3,433,615	\$ 12,405,385	21.7%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (276,797)	\$ 188,643			
Ending Fund Balance	\$ 4,276,565	\$ 4,742,005			
% of Operating Reserves	27%	30%			
Fund Balance Target 90 days (25%)	\$ 3,959,750				
Over/(Under) min Policy Level (25%)	\$ 316,815				

SALES TAX YEARLY COMPARISON



	<i>1st Quarter</i>		% Change from Prior Year	Variance
	Fiscal Year 2020	Fiscal Year 2021		
October	500,975.16	530,001.27	5.79%	29,026.11
November	522,356.43	569,017.64	8.93%	46,661.21
December	510,524.10	534,475.69	4.69%	23,951.59
Total	1,533,855.69	1,633,494.60	6.50%	99,638.91
City General Fund (75%)	1,150,391.77	1,225,120.95		74,729.18
BCCDC (25%)	383,463.92	408,373.65		24,909.73
	1,533,855.69	1,633,494.60		99,638.91

Budget FY 2021	Projected Sales Tax	Exceeding Budget
4,725,000	5,014,586	289,586

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 25% 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 21% of budget.
- All utility departments are within budget parameters.

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 2021 Budget
Beginning Fund Balance	\$ 2,795,686	\$ 2,795,686	Pre-Audit	
REVENUES				
Charges for Services	8,177,000	2,052,524	6,124,476	25%
Fines & Penalties	140,000	27,992	112,008	20%
Miscellaneous	58,000	1,875	56,125	3%
Total Revenues	8,375,000	2,082,390	6,292,610	25%
EXPENDITURES				
Utility General	321,069	62,713	258,356	20%
Utility Maintenance	2,131,236	516,893	1,614,343	24%
Water & WWTP Division	1,959,599	319,362	1,640,237	16%
Warehouse Operations	3,963,096	881,402	3,081,694	22%
Total Expenditures	\$ 8,375,000	\$ 1,780,370	\$ 6,594,630	21%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ -	\$ 302,021		
Ending Fund Balance	\$ 2,795,686	\$ 3,097,707		
% of Operating Reserves	33%	37%		
Target 90 days (25%)	2,093,750			
Over/(Under) Target	\$ 701,936			
<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 slightly under budget expectations.
- Timing of TXDOT RAMP Grant causes “Miscellaneous” revenue to appear under the budget target.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.
- The Bay City Community Development Corporation is contributing \$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 20%.

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 2021 Budget	
Beginning Fund Balance	\$ 144,218	\$ 144,218	Pre-Audit		
REVENUES					
Charges for Services	-	-	-	0%	
Miscellaneous (Rentals, Grants)	157,500	34,391	123,109	22%	
Transfers (General Fund)	225,000	56,250	168,750	25%	
Other Revenue (Fuel Sales)	180,500	30,464	150,036	17%	
Total Revenues	\$ 563,000	\$ 121,106	\$ 441,894	22%	
EXPENDITURES					
Personnel	215,400	43,982	171,418	20%	
Supplies & Materials	175,400	35,410	139,990	20%	
Other Charges & Services	80,300	24,068	56,232	30%	
Repairs & Maintenance	126,900	18,013	108,887	14%	
Capital Expenditures	-	-	-	0%	
Transfers	-	-	-	0%	
Total Expenditures	\$ 598,000	\$ 121,472	\$ 476,528	20%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (35,000)	\$ (366)			
Ending Fund Balance	\$ 109,218	\$ 143,852			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes approx. \$225,000-250,000 each year					

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 and ongoing COVID-19 suspected impact. Most hotels remit tax on a monthly or quarterly basis. (October-December receipts will not be remitted until January)
- Miscellaneous Income: Civic Center rentals are at 28% 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	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget
Beginning Fund Balance	\$ 619,007	\$ 619,007	Pre-Audit	
Revenues				
Hotel Occupancy Tax	\$ 650,000	\$ 22,410	\$ 627,590	3%
Interest Income	1,000	18	\$ 982	2%
Rental Fees- Civic Center	55,000	15,655	\$ 39,346	28%
Other Income- Special Events	1,500	30	\$ 1,470	2%
Other Income- Civic Center	2,500	825	\$ 1,675	33%
Total Revenues	\$ 710,000	38,938	\$ 671,062	5%
Expenditures				
Hotel General	\$ 126,500	74,955	51,545	59%
Tourism Department	287,020	30,146	256,874	11%
Civic Center	378,480	66,363	312,117	18%
Bay City Theatre	260,000	1,386	258,614	1%
Total Expenditures	\$ 1,052,000	\$ 172,851	\$ 879,149	16%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (342,000)	\$ (133,913)		
Ending Fund Balance	\$ 277,007	\$ 485,094		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights - Quarter Activity

Building Department New Homes



8 NEW RESIDENTIAL HOMES

Value Added: Unknown

Commercial Permits

BUSINESS

2

Value Added: \$330K (Shipley's 76K; TSO 254K)

Total Estimated Taxes= \$2,161

	Oct - Dec 2019	Oct - Dec 2020
Building Inspections	435*	505*
COC Issued	None	None
*City and Bureau Veritas (3 rd Party) handle inspections		

Street and Bridge

Utility

	Oct- Dec 2019	Oct-Dec 2020		Oct-Dec 2019	Oct-Dec 2020
Concrete Pavement Repair	3	3	Water Leaks	125	84
Ditch Cleaning	13	5	Meter Leaks	25	22
Asphalt Pavement Repair	58	33	Sewer Repairs	138	40
Utility/Asphalt/Concrete Repair	17	18	Low Pressure Reads	9	4
Signs	12	2	Meter Swaps	244	112
Traffic Control Devices	12	3	Water/Sewer Taps	6	13

Police Statistics

	Oct - Dec 2019	Oct - Dec 2020
Calls for service	9,459	5,649
Arrests	364	160
Cases assigned to CID	484	511
Cases cleared by CID	587	507

Civic Center

	Oct- Dec 2019	Oct-Dec 2020
Total Revenue	\$22,213	\$15,654
Total Expenditures	\$42,482	\$66,363

OTHER FINANCIAL NOTES

Governmental Funds

[General Fund](#)

Meeting reserve policy!

Amendments: Police Cars - \$212,000

Proprietary Funds

[Public Utility Fund](#)

None

[Airport](#)

Amendment: Mowing Contract

Monitoring:

Sales Tax – very good trend from October to December. January payment was lower than prior year.

Hotel Tax Revenue- Anticipate loss due to ongoing COVID-19. January 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 1st Quarter Fiscal Year 2021

The City has a weighted average portfolio of 15 days with an average book yield of .50%. 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. All short-term investments average less than 1%. Investment earnings are \$22,381 for the quarter and down \$11,282 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 2 years to maturity) to minimize interest rate risk in the future.

December 31, 2020 Balances

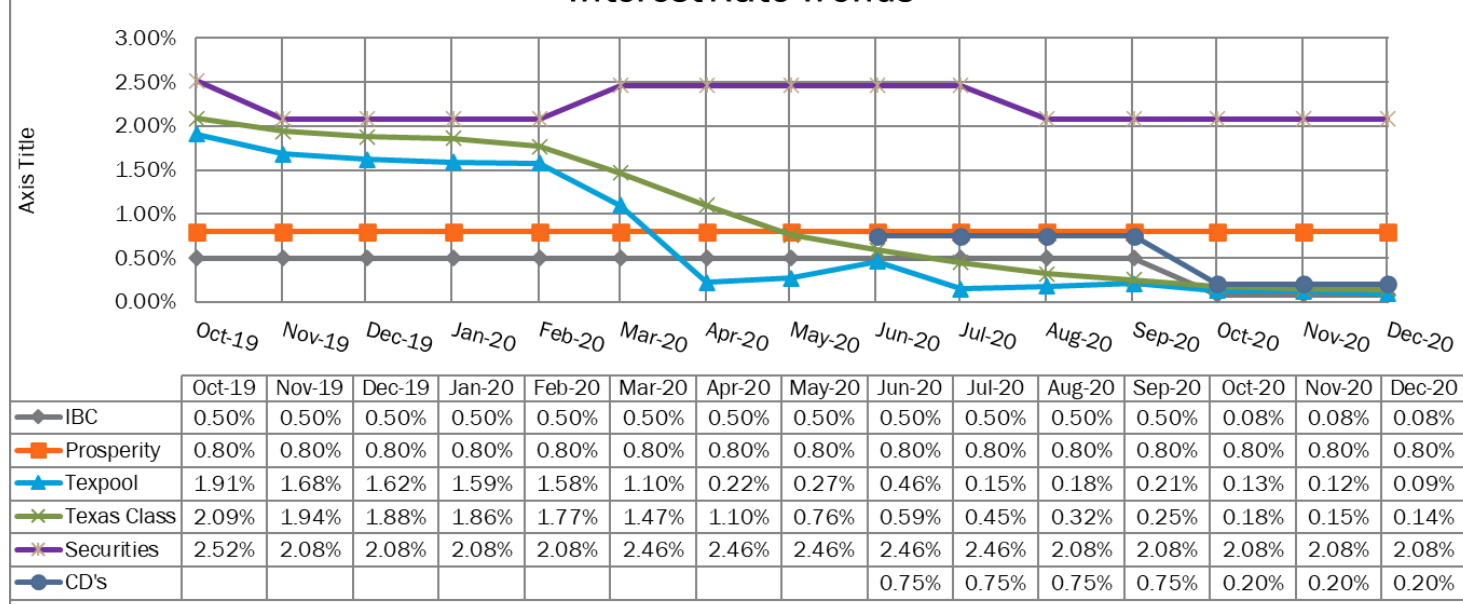
	Total Bal by Type	% of Portfolio
IBC	\$ 1,295,885.52	8%
Prosperity Bank	\$ 210,094.58	1%
Prosperity Bank- Money Market	\$ 4,348,758.07	28%
Petty Cash/Cash Drawers	\$ 4,112.00	0%
Texpool	\$ 2,156,118.57	14%
Texas Class	\$ 3,310,351.44	22%
CD's	\$ 3,007,438.52	20%
Securities	\$ 989,000.00	7%
	\$15,321,758.70	100 %

Interest Earnings

Interest received during the 1st quarter totaled \$ 22,381 and represents interest paid on checking accounts and investments.

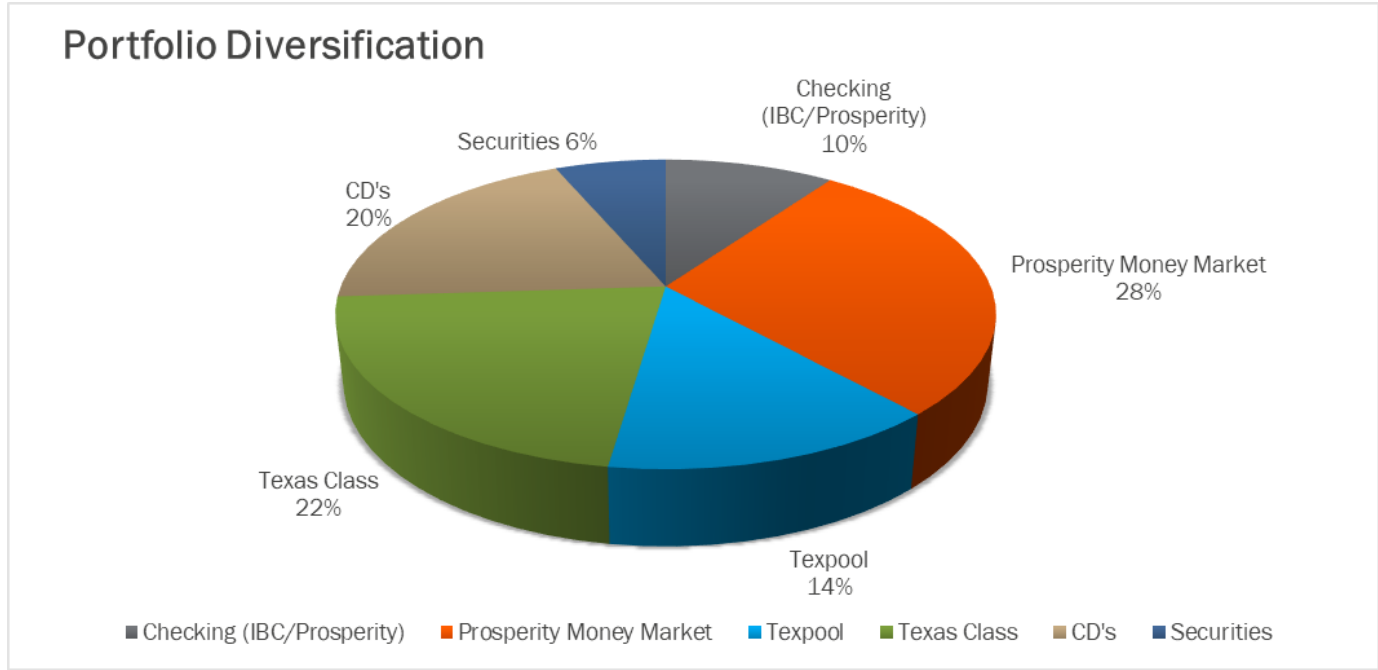
Portfolio	Qtr 12-31-20	Qtr 12-31-19	Over Prior Year
Interest Received	22,381	\$33,663	<\$11,282>

Interest Rate Trends



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	\$15,321,758.70	100%
1-2	\$ 0	0%
Total	\$15,321,758.70	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending December 31, 2020						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 15,321,759	\$ 15,330,498	8,739.00	0.50%	0.14%	0.09%	
Weighted Average						
Maturity	15.26 Day(s)		0.50% Yield			