



CITY OF BAY CITY

FY 2022 1st Quarter Financial Report

As of December 31, 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 **December 2021**, the third month, and **25.00%** of FY 2022.

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 \$3,249,692 or 20% of the budget.

- Property Tax. The certified value totaled \$969 million. Through December, the City received \$729,736 or (15.7%) of the 4.6-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** .52% (\$8,473) as compared to the first quarter in prior year.
- Franchise fees & Licenses & Permit fees are slightly over the budget target.
- Fines and penalties (Court Fines) are slightly under budget expectations.
- Charges for services represents sanitation fees - \$656,176 (25% of budget).
- Miscellaneous Revenue & Transfers In appear below budget; however this is due to audit entries, the timing of grant payments and/or interlocal agreements. (i.e. Bay City Gas Company, County, BCCDC)

General Fund Expenditure Highlights

Expenditures total \$3,185,103 or 19.6% of budget.

Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to the timing of payments.

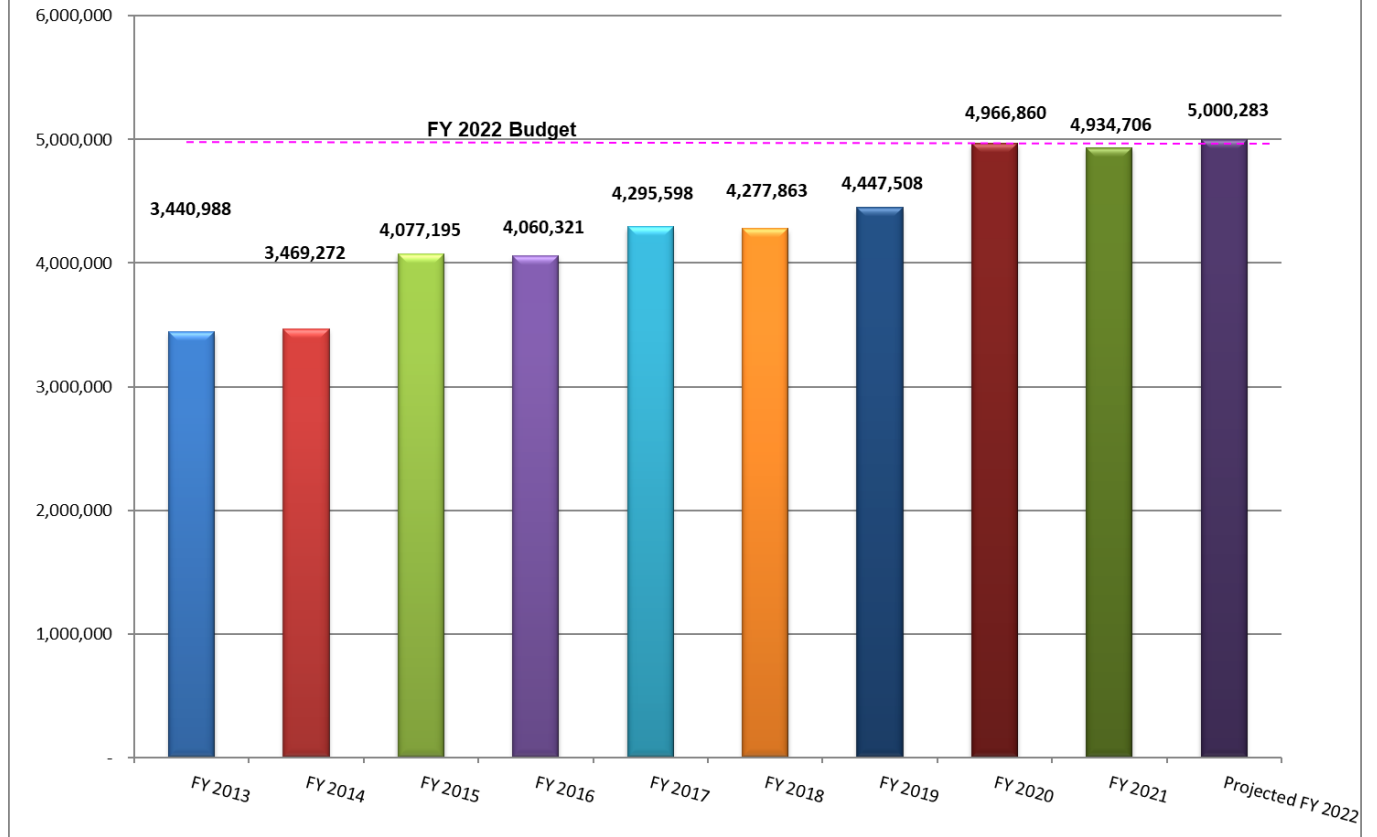
Fund Balance

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, 2021) was 4.9million which represents approximately 30% 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		25%			
	Total Budget		YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget
Beginning Fund Balance	\$ 4,892,164		\$ 4,892,164	Unaudited	
REVENUES					
Property Taxes	4,634,000		729,736	(3,904,264)	15.7%
Sales Tax	4,950,000		1,231,475	(3,718,525)	24.9%
Other Local Taxes (Franchise)	1,328,000		339,269	(988,731)	25.5%
Charges for Services (Sanitation)	2,630,000		656,176	(1,973,824)	24.9%
Fines & Penalties	192,300		44,085	(148,215)	22.9%
Licenses & Permits	193,500		54,621	(138,879)	28.2%
Miscellaneous	718,200		47,331	(670,869)	6.6%
Transfers (Hotel/Motel & Utility)	1,637,000		147,000	(1,490,000)	9.0%
Total Revenues	\$ 16,283,000		\$ 3,249,692	\$ (13,033,308)	20.0%
EXPENDITURES					
Administrative Council	311,426		70,138	241,287	22.5%
City General Services	3,112,390		706,440	2,405,951	22.7%
City Secretary	136,108		21,999	114,109	16.2%
Main Street	65,000		8,000	57,000	12.3%
Human Resources	269,341		71,938	197,403	26.7%
Municipal Court	354,222		71,967	282,256	20.3%
Finance	377,844		110,619	267,225	29.3%
Code Enforcement	415,449		114,978	300,471	27.7%
Police	4,645,675		1,068,303	3,577,372	23.0%
Animal Impoundment	174,590		31,270	143,320	17.9%
Fire Department	212,967		37,796	175,171	17.7%
Recycling Center	203,658		50,535	153,123	24.8%
Street and Bridgne	3,563,906		412,502	3,151,404	11.6%
Parks	1,358,029		164,306	1,193,723	12.1%
Riverside Park	190,057		39,134	150,923	20.6%
Recreation	101,164		41,869	59,295	41.4%
Pool Operations	282,309		42,886	239,423	15.2%
Library	508,865		120,423	388,442	23.7%
Total Expenditures	\$ 16,283,000		\$ 3,185,103	\$ 13,097,897	19.6%
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ -		\$ 64,590		
Ending Fund Balance	\$ 4,892,164		\$ 4,956,754		
% of Operating Reserves	30%		30%		
Fund Balance Target 90 days (25%)	\$ 4,014,986				
Over/(Under) min Policy Level (25%)	\$ 877,178				

SALES TAX YEARLY COMPARISON



	<i>1st Quarter</i>		% Change from Prior Year	Variance
	Fiscal Year 2021	Fiscal Year 2022		
October	530,001.27	534,614.44	0.87%	4,613.17
November	569,017.64	626,681.62	10.13%	57,663.98
December	534,475.69	480,671.18	-10.07%	(53,804.51)
Total	1,633,494.60	1,641,967.24	0.52%	8,472.64
City General Fund (75%)	1,225,120.95	1,231,475.43		6,354.48
BCCDC (25%)	408,373.65	410,491.81		2,118.16
	1,633,494.60	1,641,967.24		8,472.64

Budget FY 2022	Projected Sales Tax	Exceeding Budget
4,950,000	5,000,283	50,283

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 27% and in line with budget expectations. (City bills one month in arrears)
- Miscellaneous Income is above the budget mark due to insurance claims received not anticipated.

Expenditure Highlights

- Total expenditures for the Utility Fund are 19% of budget.
- All utility departments are within budget parameters.
- Utility reserve is approximately 39% of operating expenditures 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	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2022 Budget	
Beginning Fund Balance	\$ 4,002,323	\$ 4,002,323	Unaudited		
REVENUES					
Charges for Services	8,368,000	2,207,813	(6,160,187)	26%	
Fines & Penalties	120,000	47,455	(72,545)	40%	
Miscellaneous	12,000	52,477	40,477	437%	
Total Revenues	8,500,000	2,307,745	(6,192,255)	27%	
EXPENDITURES					
Utility Billing	406,057	62,888	343,169	15%	
Utility Maintenance	3,874,429	950,159	2,924,270	25%	
Water & WWTP Division	1,763,012	325,391	1,437,621	18%	
Utility Operations	2,956,502	333,581	2,622,921	11%	
Total Expenditures	\$ 9,000,000	\$ 1,672,019	\$ 7,327,981	19%	
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (500,000)	\$ 635,726			
Ending Fund Balance	\$ 3,502,323	\$ 4,638,049			
% of Operating Reserves	39%	52%			
Target 90 days (25%)	\$ 2,219,178				
Over/(Under) Target	\$ 1,283,145				
<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 are exceeding budget expectations. T-Hanger rentals & fuel sales are trending higher than budget.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.
- Miscellaneous Revenue appears under budget, but this is due to the timing of the Routine Annual Maintenance Program (RAMP) with TXDOT (\$50,000 per year).

Expenditure Highlights

- As a percentage of budget, total expenditures are 23%.

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 2022 Budget	
Beginning Fund Balance	\$ 94,886	\$ 94,886	Unaudited		
REVENUES					
Charges for Services	-	-	-		0%
Miscellaneous (Rentals, Grants)	169,500	34,037	(135,463)		20%
Transfers (General Fund)	245,000	61,250	(183,750)		25%
Other Revenue (Fuel Sales)	195,500	70,418	(125,082)		36%
Total Revenues	\$ 610,000	\$ 165,706	\$ (444,294)		27%
EXPENDITURES					
Personnel	231,450	47,891	183,559		21%
Supplies & Materials	164,750	60,044	104,706		36%
Other Charges & Services	101,300	24,636	76,664		24%
Repairs & Maintenance	127,500	15,976	111,524		13%
Capital Expenditures	20,000	-	20,000		0%
Transfers	-	-	-		0%
Total Expenditures	\$ 645,000	\$ 148,547	\$ 496,453		23%
*YTD does not include encumbrances					
Net Revenue (Expenditures)	\$ (35,000)	\$ 17,158			
Ending Fund Balance	\$ 59,886	\$ 112,044			
<i>No minimum Fund Balance Policy</i>					
<i>General Fund subsidizes approx.</i>					
<i>\$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 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 are at 22% which slightly below the budget target but should level out by year-end.
- Other Income- Special events represents proceeds made at the Day of the Dead Festival in November.

Expenditure Highlights

- As a percentage of budget, total expenditures are at 29% exceeding the budget target. This is primarily due to the timing of the Day of the Dead event. (amendment anticipated)

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 2022 Budget
Beginning Fund Balance	\$ 688,822	\$ 688,822	Unaudited	
Revenues				
Hotel Occupancy Tax	600,000	28,484	\$ 571,516	5%
Interest Income	500	51	\$ 449	10%
Rental Fees- Civic Center	80,000	17,575	\$ 62,425	22%
Other Income- Special Events	1,000	20,008	\$ (19,008)	2001%
Other Income- Civic Center	5,000	843	\$ 4,158	17%
Total Revenues	\$ 686,500	66,960	\$ 619,540	10%
Expenditures				
Hotel General	374,500	75,067	299,433	20%
Tourism Department	264,020	156,813	107,207	59%
Civic Center	297,480	40,334	257,146	14%
Bay City Theatre	62,000	1,530	60,470	2%
Total Expenditures	\$ 998,000	\$ 273,744	\$ 724,256	27%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (311,500)	\$ (206,785)		
Ending Fund Balance	\$ 377,322	\$ 482,037		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights

1st Quarter Activity

Building Department

New Homes



17 NEW RESIDENTIAL HOMES (YTD = 17 Homes)

Value Added: Unknown

Commercial Permits

BUSINESS

1 Permits for 1st QTR (YTD= 1 permits)

1st Qtr Value Added: \$200K (Coburn Chiropractic)

Total Estimated Taxes= \$1,310

Building Dept.	Oct- Dec 2020	Oct-Dec 2021
Building Inspections	505*	367*
Fire Inspections	0	0
COC Issued	2	None
*City and Bureau Veritas (3 rd Party) handle inspections		

Street and Bridge	Oct-Dec 2020	Oct-Dec 2021	Utility	Oct-Dec 2020	Oct-Dec 2021
Concrete Pavement Repair	3	7	Water Leaks	84	64
Ditch Cleaning	5	11	Meter Leaks	22	11
Asphalt Pavement Repair	33	35	Sewer Repairs	40	2
Utility/Asphalt/Concrete Repair	18	11	Low Pressure Reads	4	5
Signs	2	12	Meter Swaps	112	Accurate
Traffic Control Devices	3	16	Water/Sewer Taps	13	19

Police Statistics	Oct-Dec 2020	Oct-Dec 2021
Calls for service	8,686	7,885
Arrests	302	253
Cases assigned to CID	507	484
Cases cleared by CID	555	547

Civic Center	YTD FY 2021	YTD FY 2022
Total Revenue	\$15,654	\$17,575
Total Expenditures	\$66,363	\$40,334

OTHER FINANCIAL NOTES

Governmental Funds

General Fund

Meeting reserve policy!

Amendments: Hamman Road Drainage Project (Phase I)

Hotel Fund

Tourism Event (Amendment)

Proprietary Funds

Public Utility Fund

None

Airport

None

Monitoring:

Sales Tax

Hotel Tax Revenue

Investment Report 1st Quarter Fiscal Year 2022

The City has a weighted average portfolio of 249 days with an average book yield of .25%. The City is liquid with 80% of the portfolio in a 0-1-year maturity. Average interest rates have slightly increased since prior quarter except for fixed term investments & securities. Most short-term investments average less than .25%. Investment earnings are \$8,864.31 for the quarter and down \$13,517 as compared to the same quarter last year. The investment strategy currently is to diversify & structure a somewhat ladder portfolio (Checking, Investment Pools, and Securities less than 5 years to maturity) to minimize interest rate risk in the future.

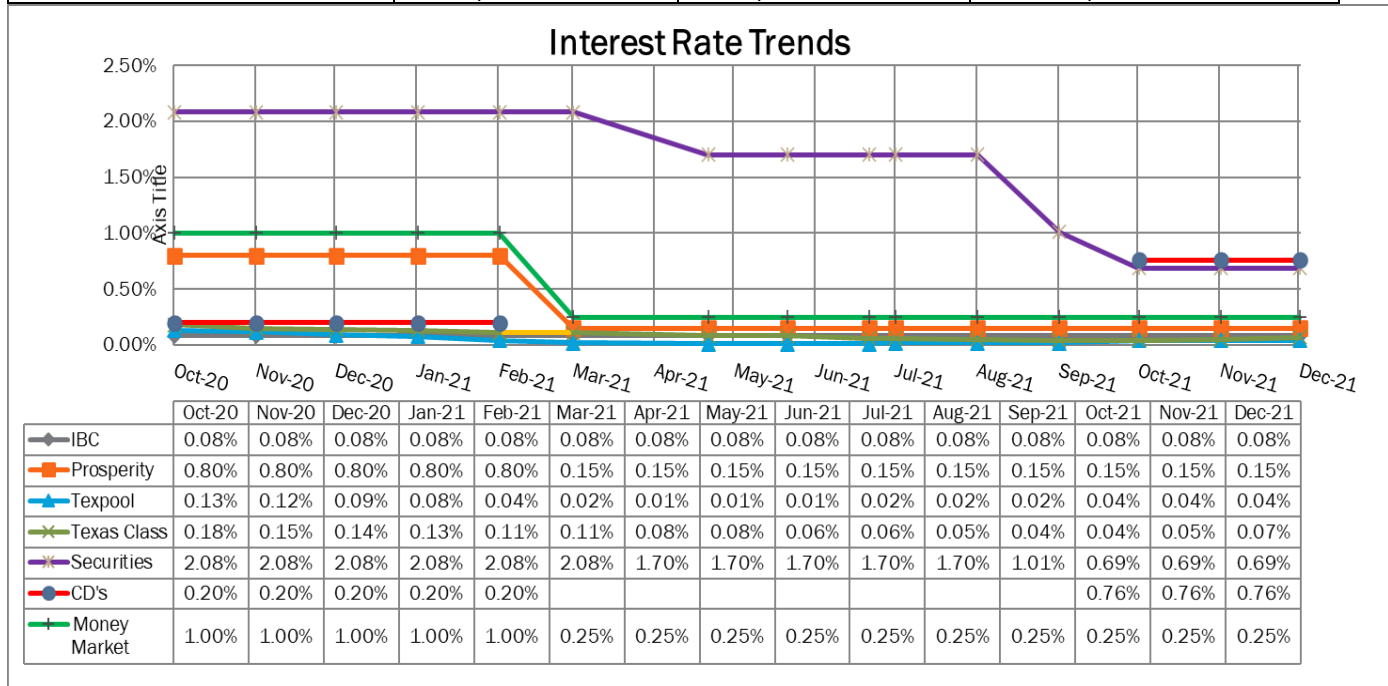
December 31, 2021 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 2,073,399.16	15%
Prosperity Bank	\$ 492,794.35	3%
Prosperity Bank- Money Market	\$ 4,364,928.26	31%
Petty Cash/Cash Drawers	\$ 4,012.00	0%
Texpool	\$ 2,056,733.11	15%
Texas Class	\$ 2,312,657.17	16%
CD's	\$ 1,242,000.00	9%
Securities	\$ 1,585,000.00	11%
	\$14,131,524.05	100 %

Interest Earnings

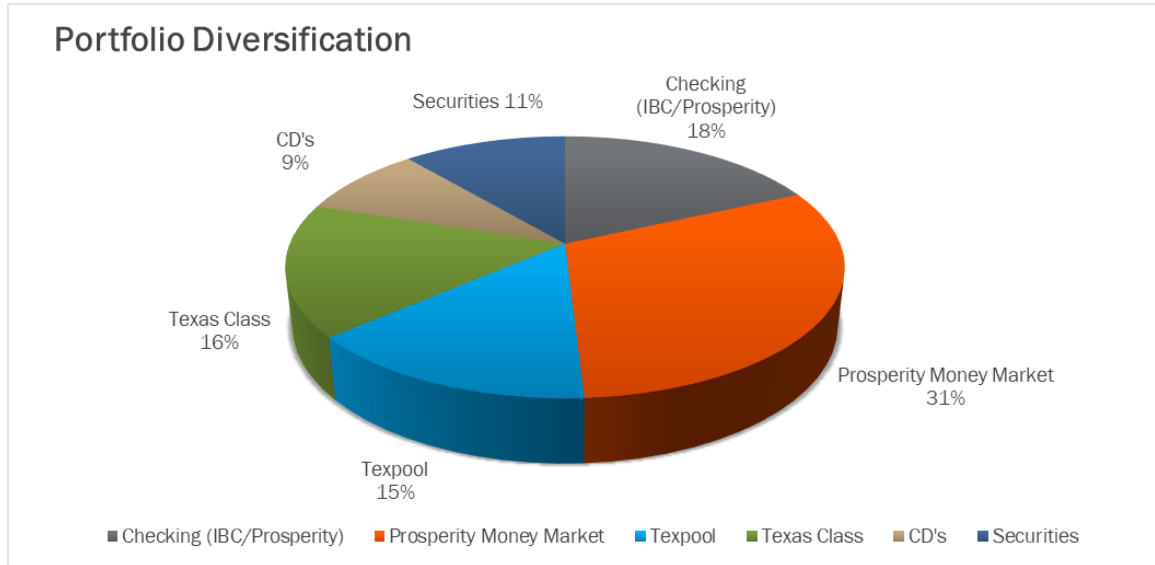
Interest received during the 3rd quarter totaled \$ 8,920.13 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-21	Qtr 12-31-20	Over Prior Year
Interest Received	\$8,864.31	\$22,381.40	<\$13,517.09>



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	\$11,304,524	80.00%
1-2	\$247,000	1.75%
2-3	\$498,000	3.52%
3-4	\$1,585,000	11.22%
4-5	\$497,000	3.51%
Total	\$14,131,524	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending December 31, 2021						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 14,131,524	\$ 14,130,410	(1,114.00)	0.25%	0.05%	0.05%	
Weighted Average						
Maturity	248.73 Day(s)		0.25% Yield			