



# CITY OF BAY CITY

## FY 2023 1st Quarter Financial Report

### As of December 31, 2022

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 2022**, the third month, and **25.00%** 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](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 \$3,417,804 or 20.7% of the budget.

- Property Tax. The certified value totaled \$1 billion. Through December, the City received \$634,657 or (12.6%) of the 5-million-dollar property tax maintenance and operation budget. Most property taxes are received by January to avoid penalties.
- Sales tax. First Quarter Sales Tax Allocation to the City is **up** 4% (\$73,430) as compared to the first quarter in prior year. Current year-end projection will exceed budget by at least \$158,000 assuming future months are the same as prior year.
- Franchise fees are slightly above 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 slightly under budget expectations.
- Charges for services represents sanitation fees - \$664,898 (25% of budget).
- Miscellaneous Revenue is under budget target due to the timing of grant payments, timing of payments from interlocal agreements (i.e. County), and various park rental income.
- Transfers In appear below budget due to the timing of purchase for capital equipment (parks mower that will be support by the Fixed Asset Replacement Fund).

### **General Fund Expenditure Highlights**

Expenditures total \$3,012,081 or 18.1% 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 travel and training
- Recreational Programs- Timing of payments for community events (Christmas events, July 4<sup>th</sup> deposits)

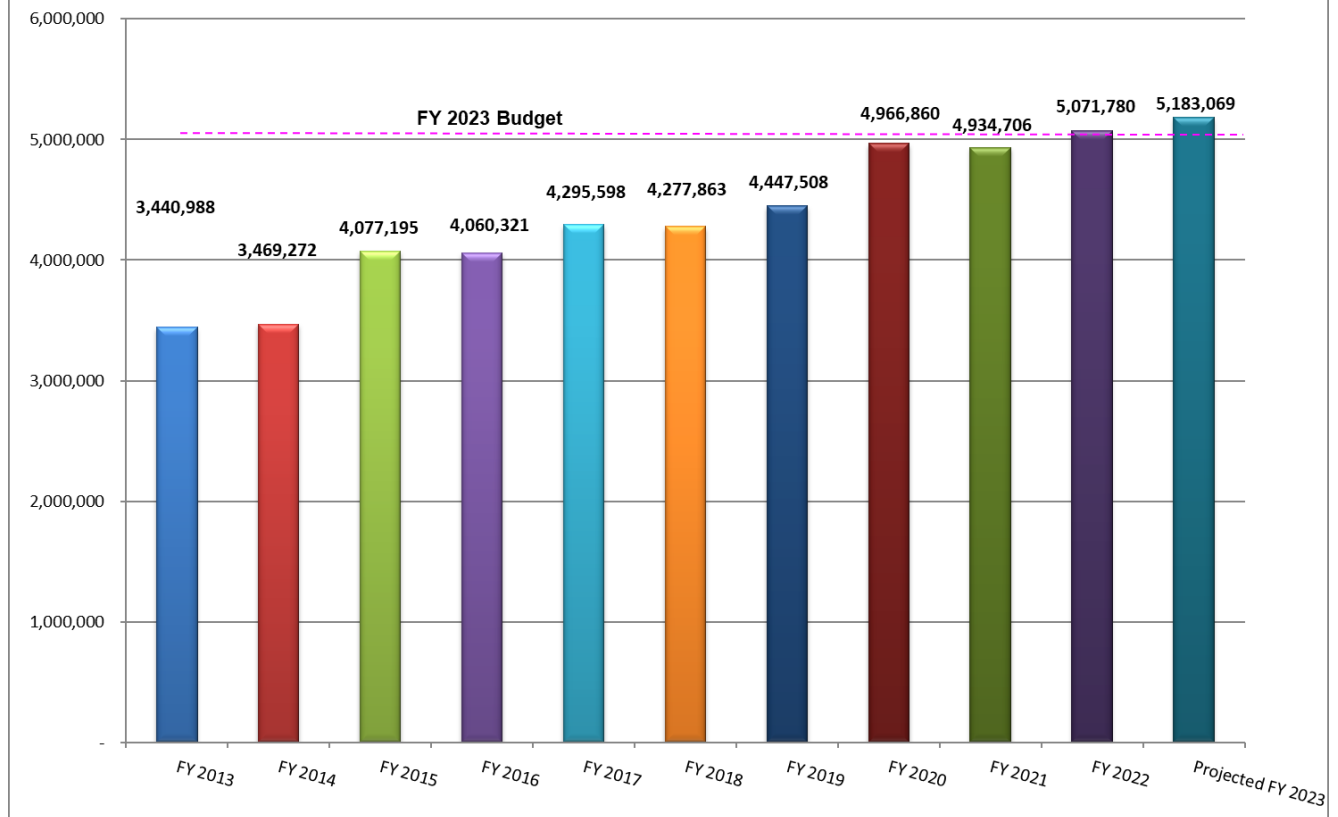
### **Fund Balance**

The General Fund's fund balance is budgeted to decrease. **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, 2022) was 4.2 million which represents approximately 28% 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 2023 Budget	
<b>Beginning Fund Balance</b>	\$ 4,249,593	\$ 4,249,593	Unaudited		
<b>REVENUES</b>					
Property Taxes	5,046,200	634,657	(4,411,543)	12.6%	
Sales Tax	5,025,000	1,286,548	(3,738,452)	25.6%	
Other Local Taxes (Franchise)	1,399,000	353,770	(1,045,230)	25.3%	
Charges for Services (Sanitation)	2,714,000	664,898	(2,049,102)	24.5%	
Fines & Penalties	190,800	29,073	(161,727)	15.2%	
Licenses & Permits	198,500	45,656	(152,844)	23.0%	
Miscellaneous	1,073,500	219,201	(854,299)	20.4%	
Transfers (Hotel/Motel & Utility)	848,000	184,000	(664,000)	21.7%	
<b>Total Revenues</b>	<b>\$ 16,495,000</b>	<b>\$ 3,417,804</b>	<b>\$ (13,077,196)</b>	<b>20.7%</b>	
<b>EXPENDITURES</b>					
Administrative Council	326,007	88,418	237,590	27.1%	
City General Services	3,247,493	530,043	2,717,450	16.3%	
City Secretary	126,789	22,541	104,248	17.8%	
Main Street	75,000	9,000	66,000	12.0%	
Human Resources	262,371	65,615	196,756	25.0%	
Municipal Court	367,890	78,148	289,742	21.2%	
Finance	376,104	88,375	287,729	23.5%	
Code Enforcement	446,284	106,423	339,861	23.8%	
Police	4,823,753	1,149,782	3,673,971	23.8%	
Animal Impoundment	208,964	44,048	164,916	21.1%	
Fire Department	149,050	15,128	133,922	10.1%	
Recycling Center	297,990	38,864	259,126	13.0%	
Street and Bridge	3,722,869	414,400	3,308,469	11.1%	
Parks	1,159,324	162,861	996,463	14.0%	
Riverside Park	204,513	37,402	167,111	18.3%	
Recreational Programs	83,265	29,778	53,487	35.8%	
Pool Operations	297,707	40,894	256,813	13.7%	
Library	504,627	90,360	414,267	17.9%	
<b>Total Expenditures</b>	<b>\$ 16,680,000</b>	<b>\$ 3,012,081</b>	<b>\$ 13,667,919</b>	<b>18.1%</b>	
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (185,000)</b>	<b>\$ 405,723</b>			
Ending Fund Balance	\$ 4,064,593	\$ 4,655,316			
% of Operating Reserves	26%	30%			
Fund Balance Target 90 days (25%)	\$ 3,793,677				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 270,916</b>				

### SALES TAX YEARLY COMPARISON



	<i>1st Quarter</i>		<b>% Change from Prior Year</b>	<b>Variance</b>
	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>		
<b>October</b>	534,614.44	548,852.96	2.66%	<b>14,238.52</b>
<b>November</b>	626,681.62	608,716.01	-2.87%	<b>(17,965.61)</b>
<b>December</b>	480,671.18	557,827.93	16.05%	<b>77,156.75</b>
<b>Total</b>	<b>1,641,967.24</b>	<b>1,715,396.90</b>	<b>4.47%</b>	<b>73,429.66</b>
<b>City General Fund (75%)</b>	1,231,475.43	1,286,547.68		55,072.24
<b>BCCDC (25%)</b>	410,491.81	428,849.23		18,357.42
	<b>1,641,967.24</b>	<b>1,715,396.90</b>		<b>73,429.66</b>

<b>Budget FY 2023</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>5,025,000</b>	<b>5,183,069</b>	<b>158,069</b>

**3%**

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 26% and slightly above budget expectations. (City bills one month in arrears)
- Miscellaneous Income is above the budget mark due to interest income.

### Expenditure Highlights

Total expenditures for the Utility Fund are 23% of budget.

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

- Utility Billing- timing of bad debt write-offs
- Utility reserve is estimated to be approximately 35% of operating expenditures by year-end and will be drawn down to take care of any emergency repairs and/or needed capital projects. This reserve increased due to large projects carrying over from prior year. (ie. Mockingbird Water Plant)

### 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 2023 Budget
<b>Beginning Fund Balance</b>	4,056,567	\$ 4,056,567	Unaudited	
<b>REVENUES</b>				
Charges for Services	9,700,500	2,560,257	(7,140,243)	26%
Fines & Penalties	145,000	43,445	(101,555)	30%
Miscellaneous	12,500	4,949	(7,551)	40%
Transfers	29,000	-	(29,000)	0%
<b>Total Revenues</b>	<b>9,887,000</b>	<b>2,608,651</b>	<b>(7,249,349)</b>	<b>26%</b>
<b>EXPENDITURES</b>				
Utility Billing	502,953	152,075	350,878	30%
Utility Maintenance	2,051,828	492,380	1,559,448	24%
Water & WWTP Division	1,862,386	389,131	1,473,255	21%
Utility Operations	6,694,833	1,573,768	5,121,065	24%
<b>Total Expenditures</b>	<b>\$ 11,112,000</b>	<b>\$ 2,607,354</b>	<b>\$ 8,504,646</b>	<b>23%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (1,225,000)</b>	<b>\$ 1,297</b>		
<b>Ending Fund Balance</b>	<b>\$ 2,831,567</b>	<b>\$ 4,057,864</b>		
% of Operating Reserves	35%	50%		
<b>Target 90 days (25%)</b>	<b>\$ 1,982,997</b>			
<b>Over/(Under) Target</b>	<b>\$ 848,570</b>			

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, overall Airport revenues are lower than budget expectations due to the taxi-way construction project.
- T-Hanger rentals are over budget mark by 4% or 4K.
- Fuel sales are trending lower than budget by 10% or \$43K. This is expected to rebound!
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 13%.

### 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 2023 Budget	
<b>Beginning Fund Balance</b>	\$ 101,494	\$ 101,494	Unaudited		
<b>REVENUES</b>					
Charges for Services	-	100	100		0%
Miscellaneous (Rentals, Grants)	160,500	52,904	(107,596)		33%
Transfers (General Fund)	225,000	56,250	(168,750)		25%
Other Revenue (Fuel Sales)	412,500	59,894	(352,606)		15%
<b>Total Revenues</b>	<b>\$ 798,000</b>	<b>\$ 169,149</b>	<b>\$ (628,851)</b>		<b>21%</b>
<b>EXPENDITURES</b>					
Personnel	237,850	46,518	191,332		20%
Supplies & Materials	334,150	3,162	330,988		1%
Other Charges & Services	119,500	25,978	93,522		22%
Repairs & Maintenance	127,500	34,953	92,547		27%
Capital Expenditures	54,000	-	54,000		0%
Transfers	-	-	-		0%
<b>Total Expenditures</b>	<b>\$ 873,000</b>	<b>\$ 110,611</b>	<b>\$ 762,389</b>		<b>13%</b>
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (75,000)</b>	<b>\$ 58,538</b>			
<b>Ending Fund Balance</b>	<b>\$ 26,494</b>	<b>\$ 160,032</b>			
<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. Most hotels remit tax on a monthly or quarterly basis. (Oct-Dec receipts will not be remitted until January).
- Miscellaneous Income: Civic Center rentals are at 21% which 4% or \$3K below the budget target. (Timing)

### Expenditure Highlights

- As a percentage of budget, total expenditures are at 19%.

### 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 2023 Budget
<b>Beginning Fund Balance</b>	\$ 710,965	\$ 710,965	Unaudited	
<b>Revenues</b>				
Hotel Occupancy Tax	620,000	23,483	\$ 596,517	4%
Interest Income	500	161	\$ 339	32%
Rental Fees- Civic Center	81,000	17,145	\$ 63,855	21%
Insurance Claims	-		\$ -	
Other Income- Special Events	10,000	19,051	\$ (9,051)	191%
Other Income	5,500	705	\$ 4,795	13%
<b>Total Revenues</b>	<b>\$ 717,000</b>	<b>60,545</b>	<b>\$ 656,455</b>	<b>8%</b>
<b>Expenditures</b>				
Hotel General	104,500	17,255	87,245	17%
Tourism Department	274,500	69,182	205,318	25%
Civic Center	330,000	48,985	281,015	15%
Bay City Theatre	8,000	233	7,767	3%
CE -Building			-	
<b>Total Expenditures</b>	<b>\$ 717,000</b>	<b>\$ 135,655</b>	<b>\$ 581,345</b>	<b>19%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ -</b>	<b>\$ (75,110)</b>		
Ending Fund Balance	\$ 710,965	\$ 635,854		

# Departmental Highlights - 1st Quarter Activity

## Building Department New Homes



**1<sup>st</sup> Qtr 3 NEW RESIDENTIAL HOMES**

Value Added: Unknown

## Commercial Permits

**BUSINESS**

1<sup>st</sup> Qtr – 0 permits

**Total Estimated Taxes= \$0**

Building Dept.	Oct-Dec 2021	Oct-Dec 2022
*Building Inspections-City	*	216
*Building Inspections-3 <sup>rd</sup> Party	367	307
Fire Inspections	0	2
COC Issued	0	0
*City and Bureau Veritas (3 <sup>rd</sup> Party) handle inspections		

Street and Bridge	Oct-Dec 2021	Oct-Dec 2022	Utility	Oct-Dec 2021	Oct-Dec 2022
Concrete Pavement Repair	7	6	Water Leaks	64	103
Ditch Cleaning	11	11	Meter Leaks	11	14
Asphalt Pavement Repair	35	40	Sewer Repairs	2	6
Utility/Asphalt/Concrete Repair	11	15	Low Pressure Reads	5	7
Signs	12	8	Meter Swaps	Accurate	813
Traffic Control Devices	16	8	Water/Sewer Taps	19	51

Civic Center	YTD FY 2022	YTD FY 2023
Total Revenue	\$17,575	\$17,145
Total Expenditures	\$40,334	\$48,984



## OTHER FINANCIAL NOTES

### **Governmental Funds**

#### [General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 6.39% (December – Year % Change)

Municipal Cost Index (MCI)- up 6.69% (Dec– 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 and water wells (amendments)

#### [Airport](#)

Monitor Fuel Sales

### **Monitoring:**

#### **Sales Tax**

#### **Hotel Tax Revenue**

# Investment Report 1st Quarter Fiscal Year 2023

The City has a weighted average portfolio of 198 days with an average book yield of 1.55%. The City is liquid with 79% 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 \$42,551 for the quarter and up \$33,686 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.

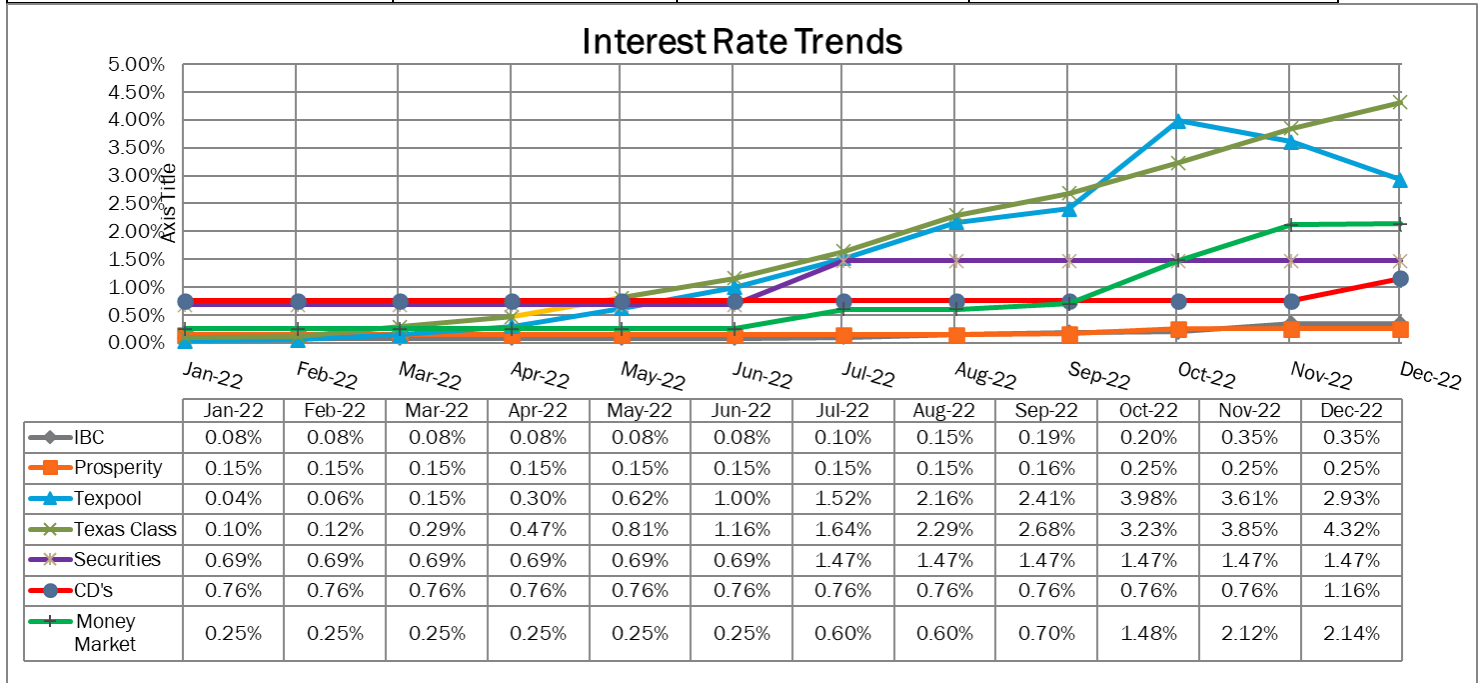
## December 31, 2022 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 4,084,528.25	28%
Prosperity Bank	\$ 280,418.12	2%
Prosperity Bank- Money Market	\$ 4,398,612.18	31%
Petty Cash/Cash Drawers	\$ 4,222.00	0%
Texpool	\$ 1,332,233.80	9%
Texas Class	\$ 579,070.54	4%
CD's	\$ 1,738,000.00	12%
Securities	\$ 2,072,152.00	14%
	<b>\$14,489,236.89</b>	<b>100 %</b>

## Interest Earnings

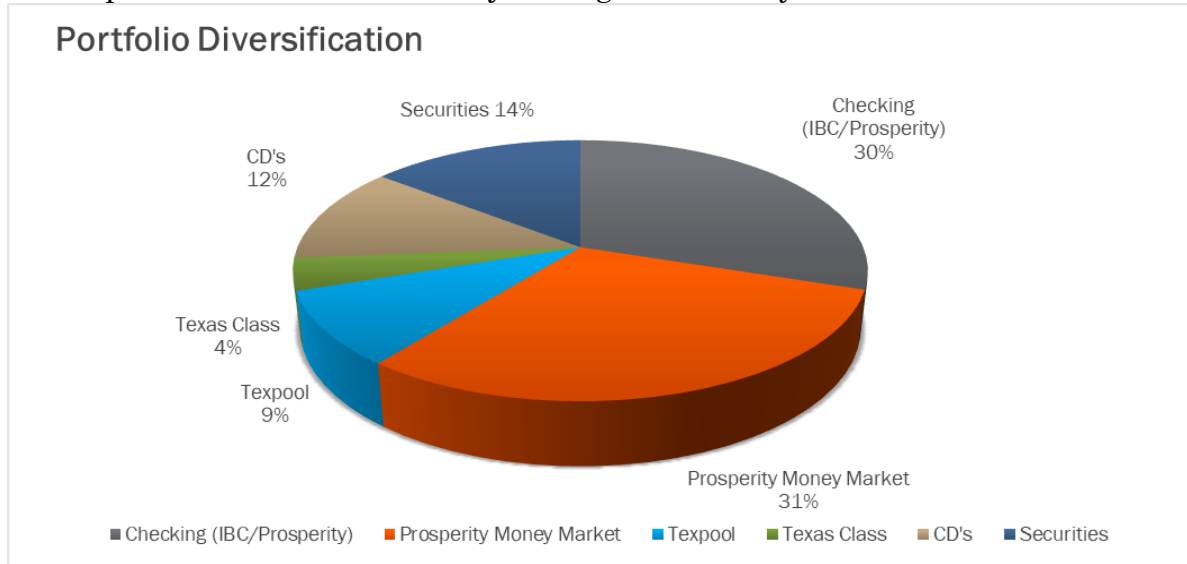
Interest received during the 1st quarter totaled \$ 42,551 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-22	Qtr 12-31-21	Over Prior Year
Interest Received	\$42,551	\$8,864	\$33,687



## 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	\$ 11,413,237	79%
1-2	\$ 994,000	7%
2-3	\$ 1,585,000	11%
3-4	\$ 497,000	3%
4-5	\$ 0	0%
<b>Total</b>	<b>\$14,489,237</b>	<b>100%</b>

 <b>City of BAY CITY vs. Benchmarks</b> for Quarter Ending DECEMBER 31, 2022						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 14,489,237	\$ 14,248,649	(240,588.02)	1.55%	3.66%	4.31%	
Weighted Average						
Maturity	198.91	Day(s)	1.55%	Yield		