



CITY OF BAY CITY

FY 2024 1st Quarter Financial Report

As of December 31, 2023

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 2023**, the third month, and **25.00%** 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).

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 \$3,849,804 or 21.8% of the budget.

- Property Tax. The certified value totaled \$1.2 billion. Through December, the City received \$368,699 or (7.1%) of the 5.2-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** 6.9% (\$119,725) as compared to the first quarter in prior year.
- Franchise fees are exceeding the budget target (26.1%).
- Licenses & Permit fees are slightly under budget target due to timing of housing activity.
- Fines and penalties (Court Fines) are under budget expectations by 9K.
- Charges for services represent sanitation fees - \$769,603 (24% of budget).
- Miscellaneous Revenue represents interest income, grant payments, interlocal agreements (i.e. County), and various park rental income- \$223,250

General Fund Expenditure Highlights

Expenditures total \$3,264,346 or 18.5% of budget.

Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to timing of payments and should not need amendments currently.

- Parks- Timing of improvements at Hardeman Park Soccer Field (setting of poles)
- Recreational Programs- Timing of deposits for July 4th Firework show and Christmas Events

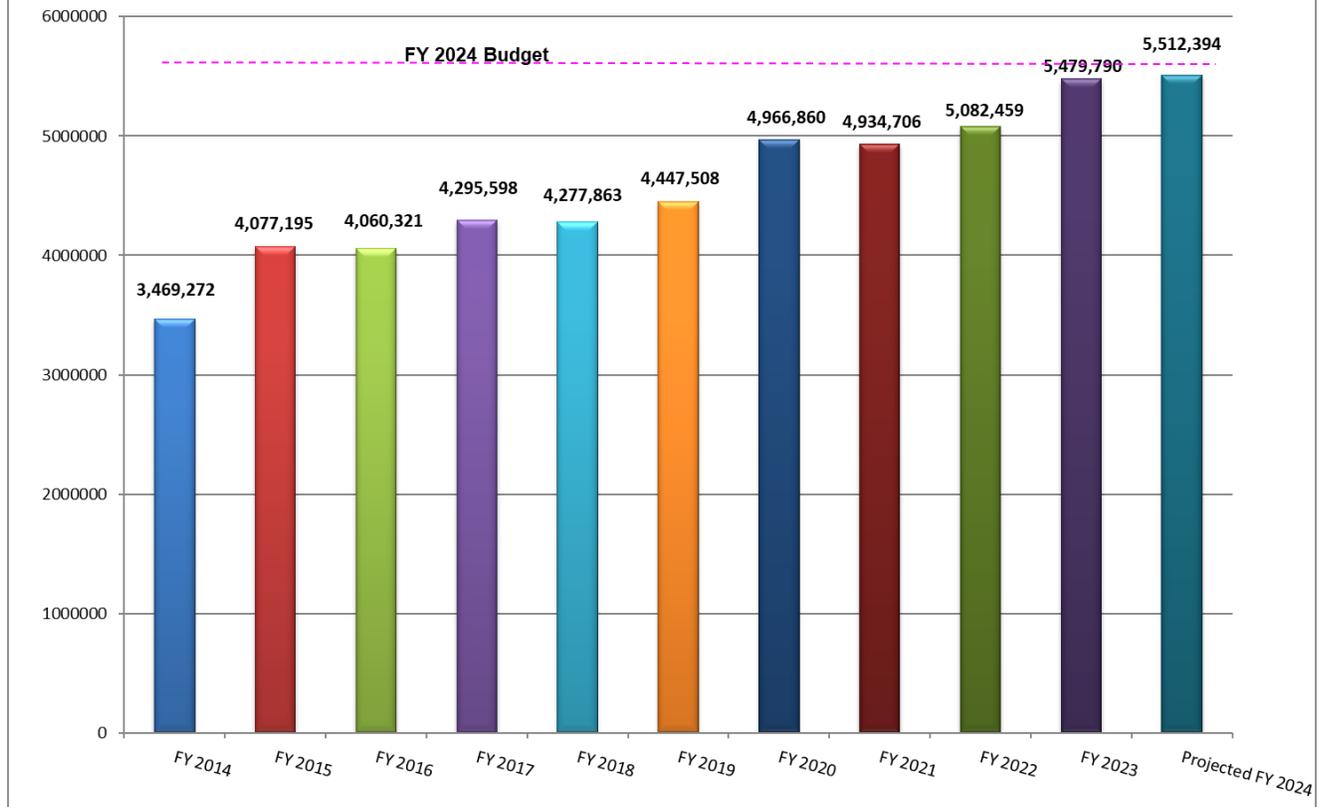
Fund Balance

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 5.6 million which represents approximately 33% 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

City of Bay City					
Financial Statement					
As of December 31, 2023					
General Fund (Fund 11)					
Percent of Fiscal Year Complete 25%					
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget	
Beginning Fund Balance	\$ 5,570,432	\$ 5,570,432	Unaudited		
REVENUES					
Property Taxes	5,172,000	368,699	(4,803,301)	7.1%	
Sales Tax	5,547,000	1,376,341	(4,170,659)	24.8%	
Other Local Taxes (Franchise)	1,350,000	351,992	(998,008)	26.1%	
Charges for Services (Sanitation)	3,228,000	769,603	(2,458,397)	23.8%	
Fines & Penalties	157,800	29,782	(128,018)	18.9%	
Licenses & Permits	210,000	41,916	(168,084)	20.0%	
Miscellaneous	1,142,200	688,220	(453,980)	60.3%	
Transfers (Hotel/Motel & Utility)	873,000	223,250	(649,750)	25.6%	
Total Revenues	\$ 17,680,000	\$ 3,849,804	\$ (13,830,196)	21.8%	
EXPENDITURES					
Administrative Council	336,406	76,176	260,230	22.6%	
City General Services	3,449,250	603,665	2,845,585	17.5%	
City Secretary	207,211	25,214	181,997	12.2%	
Main Street	75,000	18,293	56,707	24.4%	
Human Resources	275,380	60,482	214,898	22.0%	
Municipal Court	467,251	104,421	362,830	22.3%	
Finance	448,120	95,924	352,196	21.4%	
Code Enforcement	446,699	101,626	345,073	22.8%	
Police	5,081,887	1,118,110	3,963,777	22.0%	
Animal Impoundment	196,064	42,355	153,709	21.6%	
Fire Department	176,050	2,960	173,090	1.7%	
Recycling Center	200,652	49,333	151,319	24.6%	
Street and Bridge	4,253,817	447,636	3,806,181	10.5%	
Parks	983,037	276,853	706,184	28.2%	
Riverside Park	209,664	44,063	165,601	21.0%	
Recreational Programs	92,600	38,124	54,476	41.2%	
Pool Operations	264,169	35,505	228,664	13.4%	
Library	516,743	123,607	393,136	23.9%	
Total Expenditures	\$ 17,680,000	\$ 3,264,346	\$ 14,415,654	18.5%	
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ -	\$ 585,458			
Ending Fund Balance	\$ 5,570,432	\$ 6,155,890			
% of Operating Reserves	33%	37%			
Fund Balance Target 90 days (25%)	\$ 4,137,409				
Over/(Under) min Policy Level (25%)	\$ 1,433,023				

SALES TAX YEARLY COMPARISON



	1st Quarter		% Change from Prior Year	Variance
	Fiscal Year 2023	Fiscal Year 2024		
October	548,852.96	614,514.88	↑ 11.96%	65,661.92
November	608,716.01	616,349.06		1.25%
December	557,827.93	604,257.95		8.32%
Total	1,715,396.90	1,835,121.89	6.98%	119,724.99
City General Fund (75%)	1,286,547.68	1,376,341.42		89,793.74
BCCDC (25%)	428,849.23	458,780.47		29,931.25
	1,715,396.90	1,835,121.89		119,724.99

Budget FY 2024	Projected Sales Tax	Exceeding Budget
5,547,000	5,512,394	(34,606)

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 26% and above budget expectations.
- Miscellaneous Income is above the budget mark due to interest income.

Expenditure Highlights

Total expenditures for the Utility Fund are 22% of budget.

Budget target is 25%. Departmental budgets are within the budget parameters.

The Utility reserve is budgeted to be approximately 47% 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 December 31, 2023				
Utility Fund (Fund 61)				
Percent of Fiscal Year Complete	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
Beginning Fund Balance	5,185,618	\$ 5,185,618	Unaudited	
REVENUES				
Charges for Services	11,217,500	2,897,600	(8,319,900)	26%
Fines & Penalties	180,000	46,670	(133,330)	26%
Miscellaneous	102,500	72,100	(30,400)	70%
Total Revenues	11,500,000	3,016,370	(8,483,630)	26%
EXPENDITURES				
Utility Billing	704,472	73,926	630,546	10%
Utility Maintenance	2,565,875	505,439	2,060,436	20%
Water & WWTP Division	2,112,276	358,223	1,754,053	17%
Utility Operations	6,817,377	1,693,317	5,124,060	25%
Total Expenditures	\$ 12,200,000	\$ 2,630,905	\$ 9,569,095	22%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (700,000)	\$ 385,465		
Ending Fund Balance	\$ 4,485,618	\$ 5,571,083		
% of Operating Reserves	47%	59%		
Target 90 days (25%)	\$ 2,338,815			
Over/(Under) Target	\$ 2,146,803			
<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 (primarily fuel sales) are lower than budget expectations due to the taxi-way construction project. However, net fuel sales are generating \$11K profit.
- T-Hanger rentals over budget mark by 2% or 4K.
- 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 12%.

AIRPORT FUND FINANCIAL SUMMARY

City of Bay City				
Financial Statement				
As of December 31, 2023				
Municipal Airport Fund (Fund 64)				
Percent of Fiscal Year Complete	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
Beginning Fund Balance	\$ 134,950	\$ 134,950	Unaudited	
REVENUES				
Charges for Services	-	50	50	0%
Miscellaneous (Rentals, Grants)	318,500	37,328	(281,172)	12%
Transfers (General Fund & BCCDC)	281,000	56,250	(224,750)	20%
Other Revenue (Fuel Sales)	265,500	35,867	(229,633)	14%
Total Revenues	\$ 865,000	\$ 129,495	\$ (735,505)	15%
EXPENDITURES				
Personnel	261,850	37,868	223,982	14%
Supplies & Materials	243,150	25,918	217,232	11%
Other Charges & Services	87,500	31,826	55,674	36%
Repairs & Maintenance	127,500	18,162	109,338	14%
Capital Expenditures	297,000	12,624	284,376	4%
Transfers	-	-	-	0%
Total Expenditures	\$ 1,017,000	\$ 126,398	\$ 890,602	12%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (152,000)	\$ 3,097		
Ending Fund Balance	\$ (17,050)	\$ 138,047		
<i>No minimum Fund Balance Policy</i>				
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 below budget target of 25%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. First quarter (Oct-Dec) receipts will not be remitted until January.
- Interest income is 42% or \$4K over budget expectations.
- Other Income- Special events relate to sponsorships coming in for the 2023 Day of the Dead Festival.
- Miscellaneous Income: Civic Center rentals are under the budget target, however will pick up during Spring and Summer.

Expenditure Highlights

- As a percentage of budget, total expenditures are at 21%.
- Tourism dept exceeds budget target due to timing of festival.

HOTEL/MOTEL FUND FINANCIAL SUMMARY

City of Bay City				
Financial Statement				
As of December 31, 2023				
Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2024 Budget
Beginning Fund Balance	\$ 866,953	\$ 866,953	Unaudited	
Revenues				
Hotel Occupancy Tax	615,000	16,579	\$ 598,421	3%
Interest Income	10,000	6,725	\$ 3,275	67%
Rental Fees- Civic Center	85,000	15,323	\$ 69,678	18%
Other Income- Special Events	10,000	24,296	\$ (14,296)	243%
Other Income	5,000	800	\$ 4,200	16%
Total Revenues	\$ 725,000	63,723	\$ 661,277	9%
Expenditures				
Hotel General	103,000	17,000	86,000	17%
Tourism Department	277,500	76,980	200,520	28%
Civic Center	409,000	69,039	339,961	17%
Bay City Theatre	500	356	144	71%
CE -Building			-	
Total Expenditures	\$ 790,000	\$ 163,375	\$ 626,625	21%
*YTD does not include encumbrances				
Net Revenue (Expenditures)	\$ (65,000)	\$ (99,653)		
Ending Fund Balance	\$ 801,953	\$ 767,300		
Proposed to maintain \$50,000				

OTHER FINANCIAL NOTES

Governmental Funds

[General Fund](#)

Reserve – maintaining minimum levels required by policy

CPI up 3.6 % (Dec – Year % Change)

Municipal Cost Index (MCI)- up 1.68% (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 are ongoing.

[Airport](#)

Monitoring:

Sales Tax

Hotel Tax Revenue

Investment Report 1st Quarter Fiscal Year 2024

The City has a weighted average portfolio of 172 days with an average book yield of 4.30%. 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 \$169,054 for the quarter and up \$126,503 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.

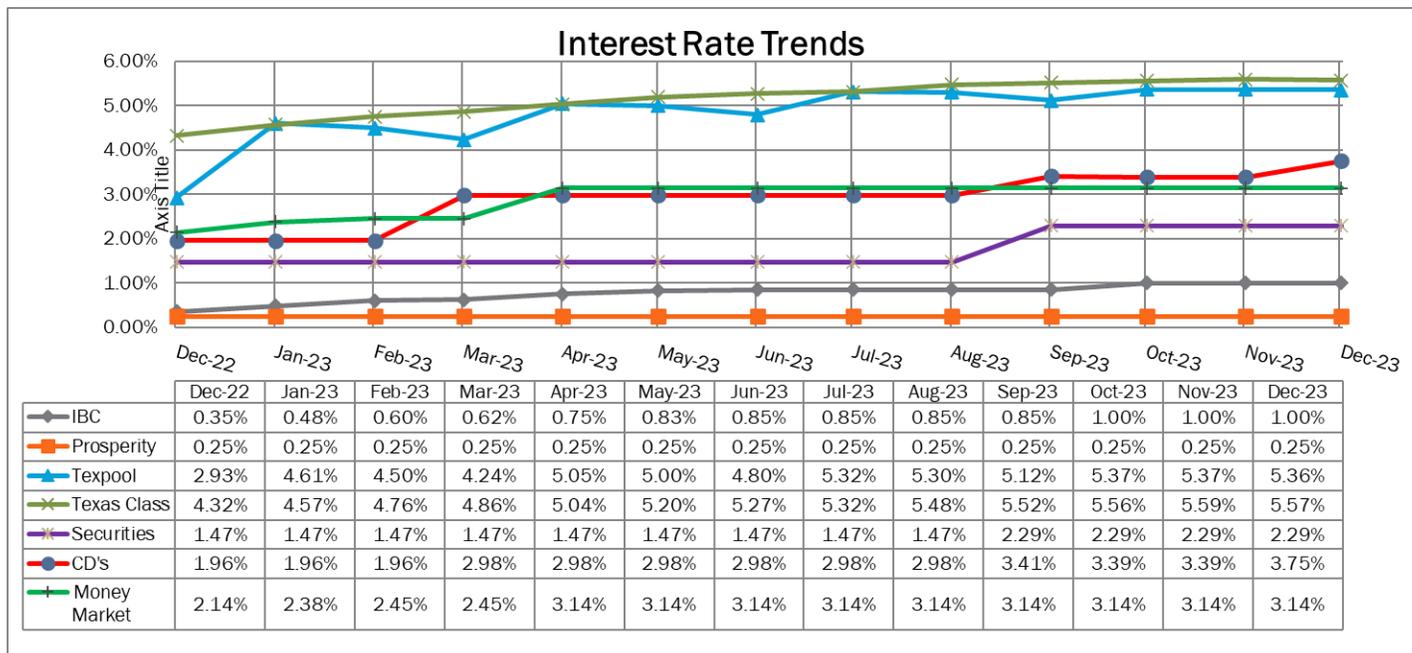
December 31, 2023 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 506,297.44	3%
Prosperity Bank	\$ 620,601.15	4%
Prosperity Bank- Money Market	\$ 336,160.88	2%
Petty Cash/Cash Drawers	\$ 3,972.00	0%
Texpool	\$ 5,697,934.96	35%
Texas Class	\$ 4,168,607.81	26%
CD's	\$ 2,976,000.00	18%
Securities	\$ 2,005,596.25	12%
	\$16,315,170.49	100 %

Interest Earnings

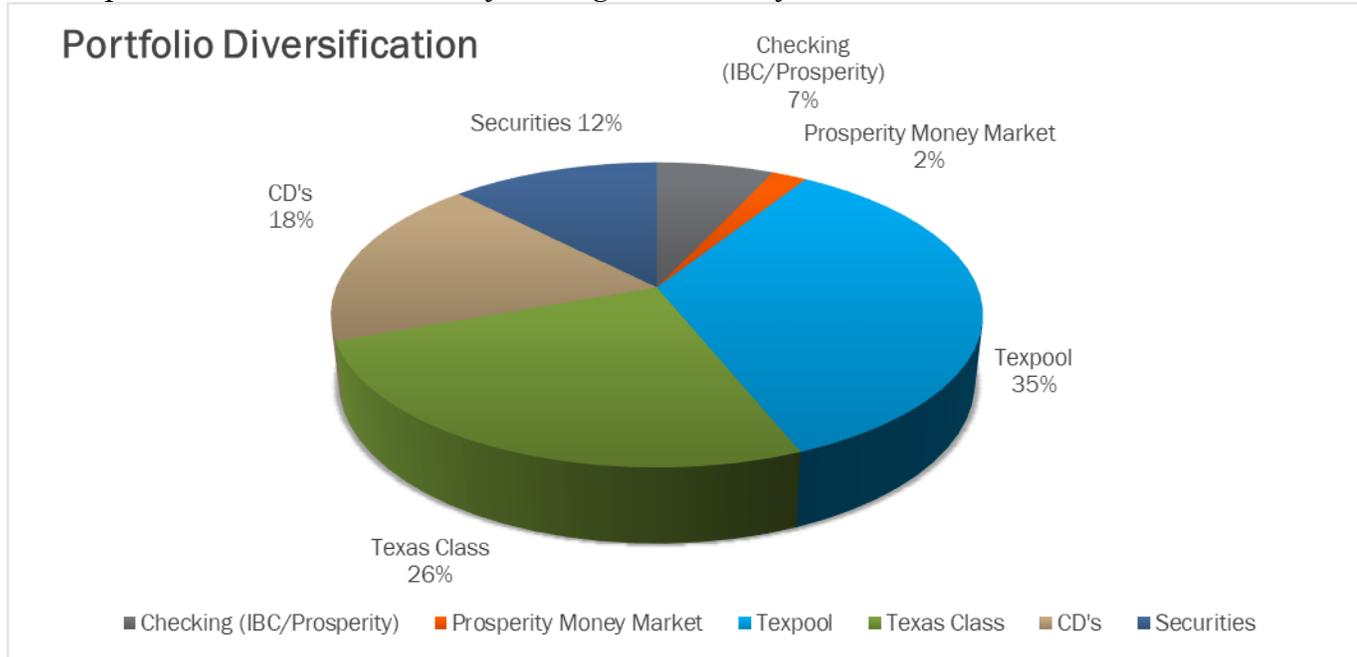
Interest received during the 1st quarter totaled \$ 168,794 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-23	Qtr 12-31-22	Over Prior Year
Interest Received	\$169,054	\$42,551	\$126,503



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	\$ 12,818,574	79%
1-2	\$ 1,780,361	11%
2-3	\$ 1,716,235	10%
3-4	\$ 0	0%
4-5	\$ 0	0%
Total	\$ 16,315,170	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending DECEMBER 31, 2023						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 16,394,574	\$ 16,315,170	(79,403.75)	4.30%	5.47%	5.41%	
Weighted Average						
Maturity	171.86 Day(s)		4.30%	Yield		