



CITY OF BAY CITY

FY 2018 3rd Quarter Financial Report

As of June 30, 2018

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 **June 2018**, the ninth month, and **75.00%** of FY 2018.

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 \$11,279,809 or 78.1% of the budget.

- Property Tax. The certified value totaled \$811 million. Through June, the City received \$4,135,891 or (96.9%) of the 4.2-million-dollar property tax maintenance and operation budget. Most property taxes were received by Jan 2018.
- Sales tax. Third Quarter Sales Tax Allocation to the City is down 4% (\$62,200) as compared to third quarter in prior year. Year to date collections are down by \$49,000. Sales tax is still anticipated to exceed budget expectations. (\$180,000)
- Franchise fees are in line with budget. Licenses & Permits appear to far exceed the budget target, however this additional revenue will be offset by a third-party inspection contracted by the City.
- Fines and penalties (Court Fines, Arrest Fees) are below budget expectations by \$55,000.
- Charges for services represents sanitation fees - \$1,766,938 (76% of budget).
- Other Revenue holds a budget of 540,000. The City issued a tax note to fund capital improvements in the General Fund (Police Roof and Library Roof).

General Fund Expenditure Highlights

Expenditures total 9,580,151 or 66.3% of budget.

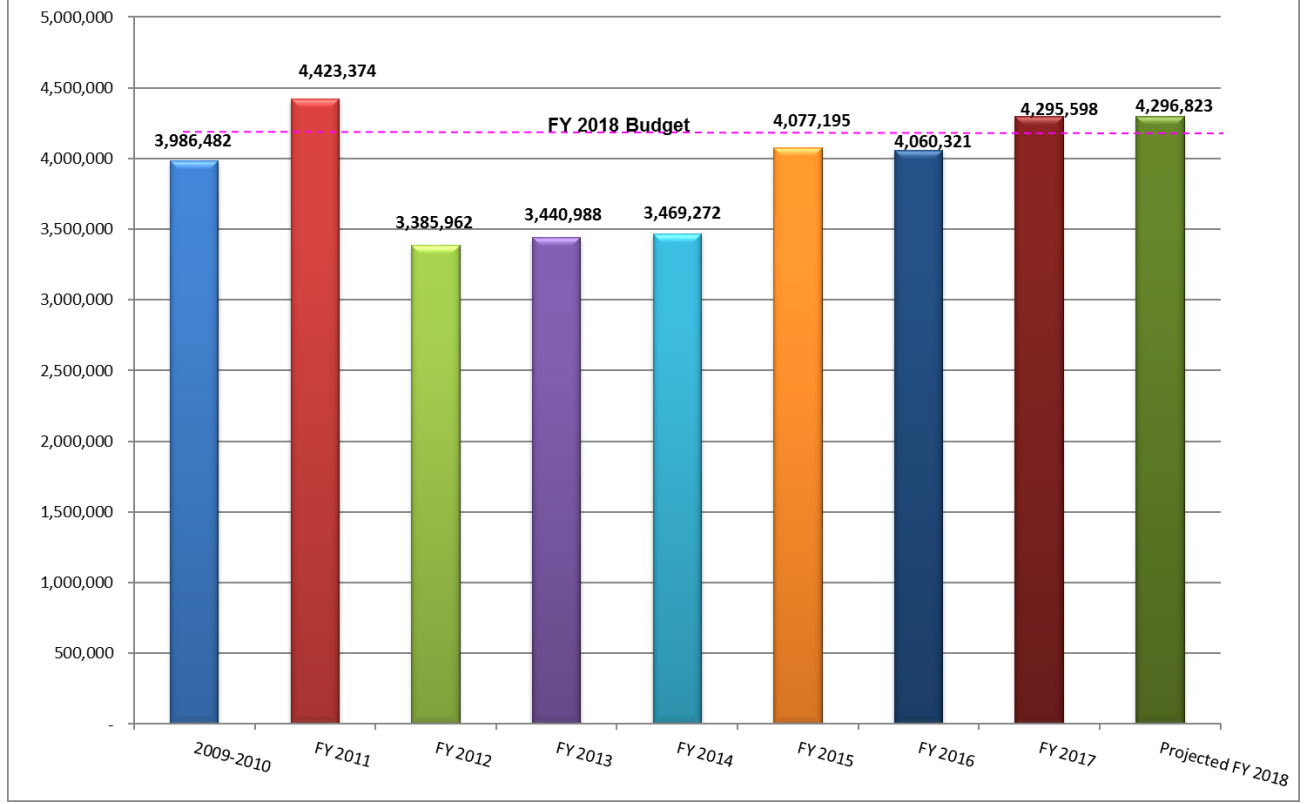
- Most departments are under the 75% budget target. Budgets that are over the budget target are primarily due to timing of payments.
 - City Secretary exceeding budget target due to timing of expenditures.
 - Main Street budget is exceeding budget target due to unanticipated payment for downtown lighting (Amendment)
 - Fire Department exceeding budget target due to timing of support payment to the Volunteer Fire Department.

The General Fund's fund balance is budgeted to remain flat. **The city reserve level currently is below the minimum policy of 25%.** See bottom of page 3 for more clarification. The beginning cash position (October 1, 2017) 1.3 million represents less than 10% operating reserve. The City plans to build reserve over the next 3-4 years. 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	75%				
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget	
Beginning Fund Balance	\$ 1,363,153	\$ 1,363,153			
REVENUES					
Property Taxes	4,267,949	4,135,891	132,058	96.9%	
Sales Tax	4,117,500	3,170,650	946,850	77.0%	
Other Local Taxes (Franchise)	1,300,000	938,755	361,245	72.2%	
Charges for Services (Sanitation)	2,316,000	1,766,938	549,062	76.3%	
Fines & Penalties	283,500	157,097	126,403	55.4%	
Licenses & Permits	181,500	366,329	(184,829)	201.8%	
Miscellaneous	927,751	358,798	568,953	38.7%	
Transfers	513,800	385,350	128,450	75.0%	
Other Revenue	540,000	-	540,000	0.0%	
Total Revenues	\$ 14,448,000	\$ 11,279,809	\$ 3,168,191	78.1%	
EXPENDITURES					
City Secretary	141,451	117,198	24,253	82.9%	
City General Services	2,622,540	1,772,685	849,855	67.6%	
Administrative Council	206,205	154,553	51,652	75.0%	
Main Street	50,800	49,123	1,677	96.7%	
Personnel Resources	238,202	181,954	56,248	76.4%	
Municipal Court	308,019	205,032	102,987	66.6%	
Finance	318,745	222,753	95,992	69.9%	
Police	4,666,840	3,236,811	1,430,029	69.4%	
Animal Impoundment	163,830	114,731	49,099	70.0%	
Fire Department	185,198	158,626	26,572	85.7%	
Public Works	3,177,046	2,032,401	1,144,645	64.0%	
Recycling Center	160,029	105,996	54,033	66.2%	
Parks	929,937	623,871	306,066	67.1%	
Riverside Park	210,300	89,230	121,070	42.4%	
Recreation	100,012	61,682	38,330	61.7%	
Aquatics	282,096	164,290	117,806	58.2%	
Library	686,750	289,216	397,534	42.1%	
Total Expenditures	\$ 14,448,000	\$ 9,580,151	\$ 4,867,849	66.3%	
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ -	\$ 1,699,658			
Ending Fund Balance	\$ 1,363,153	\$ 3,062,811			
% of Operating Reserves	9.82%	21.20%			
Fund Balance Target 90 days (25%)	\$ 3,469,194				
Over/(Under) min Policy Level (25%)	\$ (2,106,041)				

SALES TAX YEARLY COMPARISON



	<i>3rd Quarter</i>		<i>% Change from</i>	
	Fiscal Year 2017	Fiscal Year 2018	Prior Year	Variance
April	440,187.92	440,009.75	-0.04%	(178.17)
May	598,827.56	529,851.32	-11.52%	(68,976.24)
June	443,980.15	450,934.30	1.57%	6,954.15
Total	1,482,995.63	1,420,795.37	-4.19%	(62,200.26)
City General Fund (75%)	1,112,246.72	1,065,596.53		(46,650.20)
BCCDC (25%)	370,748.91	355,198.84		(15,550.07)
	1,482,995.63	1,420,795.37		(62,200.26)

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 75% being on target with budget expectations.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 59% of budget.
- All departments are within budget expectations.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	75%				
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget	
Beginning Fund Balance	\$ 3,166,423	\$ 3,166,423			
REVENUES					
Charges for Services	7,522,000	5,597,593	1,924,407	74%	
Fines & Penalties	190,000	147,235	42,766	77%	
Miscellaneous	9,000	24,952	(15,952)	0%	
Total Revenues	7,721,000	5,769,780	1,951,220	75%	
EXPENDITURES					
General Operation	3,803,885	2,734,034	1,069,851	72%	
Water	2,149,829	881,504	1,268,325	41%	
Sewer	1,680,786	904,709	776,077	54%	
Warehouse Operations	86,500	59,795	26,705	69%	
Total Expenditures	\$ 7,721,000	\$ 4,580,043	\$ 3,140,957	59%	
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ -	\$ 1,189,737			
Ending Fund Balance	\$ 3,166,423	\$ 4,356,160			
% of Operating Reserves	43.28%	59.54%			
Target 90 days (25%)	1,829,060				
Over/(Under) Target	\$ 1,337,364				

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, core Airport revenues meet budget expectations. Timing of TXDOT RAMP Grant causes "Miscellaneous" revenue to appear below the budget target.
- General Fund (Transfers In) subsidizes the Airport by \$150,000.

Expenditure Highlights

- As a percentage of budget, total expenditures are 65%. Capital Expenditures represent 100% of budget—this is due to the timing of the TXDOT airport project.

AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	75%				
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget	
Beginning Fund Balance	\$ 109,256	\$ 109,256			
REVENUES					
Charges for Services	-	250	(250)	0%	
Miscellaneous	158,000	93,876	64,124	59%	
Transfers	150,000	112,500	37,500	75%	
Other Revenue (Fuel Sales)	160,500	133,970	26,530	83%	
Total Revenues	\$ 468,500	\$ 340,596	\$ 127,904	73%	
EXPENDITURES					
Personnel	133,046	82,365	50,682	62%	
Supplies & Materials	119,500	116,853	2,647	98%	
Other Charges & Services	82,104	52,146	29,958	64%	
Repairs & Maintenance	138,829	44,174	94,655	32%	
Capital Expenditures	32,021	32,181	(160)	100%	
Total Expenditures	\$ 505,500	\$ 327,718	\$ 177,782	65%	
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ (37,000)	\$ 12,878			
Ending Fund Balance	\$ 72,256	\$ 122,134			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes \$150,000					

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

Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 75%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. June receipts will not be remitted until July.
- The City also budgeted to receive outside financing sources \$585,000 (tax note) to replace the civic center roof. This is budgeted as part of Miscellaneous Income in the report.

Expenditure Highlights

- As a percentage of budget, total expenditures are below the budget target, however this is due to the timing various budgets within the Hotel / Motel Fund.
- The City budgeted to use \$184,350 of Fund Balance to support the Bay City Theatre renovations. Hotel savings will aid in the renovation of the Texas Theatre.

HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	75%			
	Total Budget	YTD Actual*	Over(Under) Budget to Date	% FY 2018 Budget
Beginning Fund Balance	\$ 449,295	\$ 449,295		
Revenues				
Hotel Occupancy Tax	\$ 725,000	\$ 457,636	\$ 267,364	63%
Miscellaneous	657,650	74,106	\$ 583,544	11%
Total Revenues	\$ 1,382,650	531,742	\$ 850,908	38%
Expenditures				
Council Discretionary	\$ 173,545	100,055	73,490	58%
Tourism Department	219,955	169,274	50,681	77%
Civic Center	843,500	215,612	627,888	26%
Bay City Theatre	330,000	31,053	298,947	9%
Total Expenditures	\$ 1,567,000	\$ 515,994	\$ 1,051,006	33%
*YTD includes encumbrances				
Net Revenue (Expenditures)	\$ (184,350)	\$ 15,748		
Ending Fund Balance	\$ 264,945	\$ 465,043		
<i>Proposed to maintain \$50,000</i>				

Departmental Highlights - Quarter Activity

Building Department New Homes



23 NEW RESIDENTIAL HOMES!

Value Added: \$4.5 million Total Taxes= \$29,000

(Note: 37 Homes YTD; 6.9 million value; 45K taxes)

Commercial

BUSINESS 2

Value Added: \$26 million (school) Total Taxes= \$0

(Note: 8 Commercial YTD; 35 million value (26 million is school); 59K taxes)

	April- June 2017	April – June 2018
Building Inspections	625	497

Street and Bridge

Utility

	April- June 2018		April- June 2018
Concrete Pavement Repair	7	Water Leaks	74
Ditch Cleaning	43	Meter Leaks	46
Asphalt Pavement Repair	83	Sewer Repairs	193
Utility/Asphalt/Concrete Repair	17	Low Pressure Reads	22
Signs	27	Meter Swaps	448
Traffic Control Devices	11		

Police Statistics

	April- June 2017	April – June 2018
Calls for service	8376	7236
Arrests	345	381
Cases assigned to CID	790	659
Cases cleared by CID	416	485

Civic Center

	Fiscal YTD 2017	Fiscal YTD 2018
Total Revenue	\$56,648	\$70,263
Total Expenditures	\$202,088	\$215,612

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund](#)

Reserve Levels-The City needs to build reserves up to policy level over the next 3-4 fiscal years. The City has proactively provided amendments to offset Riverside Park Income due to park closure. (Hurricane Harvey). Amendments approved this quarter will support building reserves.

Proprietary Funds

[Public Utility Fund](#)

None

[Airport](#)

None

Monitoring:

Sales Tax

Court Fines- Below Budget Target- 56%

Investment Report 3rd Quarter Fiscal Year 2018

The City has a weighted average portfolio of 1 day with an average book yield of 1.56%. The City is liquid with 100% of the portfolio in a 0-1-year maturity. Average interest rates have increased since prior quarter. All short-term investments average less than 2%. Investment earnings are \$50,915 for the quarter and up \$33,616 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking & Investment Pools) to minimize interest rate risk in the future. However, the City will begin to build a ladder portfolio with some investment moving into 2-3 year maturities. The Investment Officer will begin to investing in short term securities.

June 30, 2018 Balances

	Total Bal by Type	% of Portfolio
IBC/Prosperity	\$ 2,607,829.95	20%
Petty Cash/Cash Drawers	\$ 3,577.00	0%
Texstar	\$ 7,205,430.37	56%
Texas Class	\$ 3,034,945.47	24%
CD's	\$ -	0%
Securities	\$ -	0%
	\$12,851,782.79	100 %

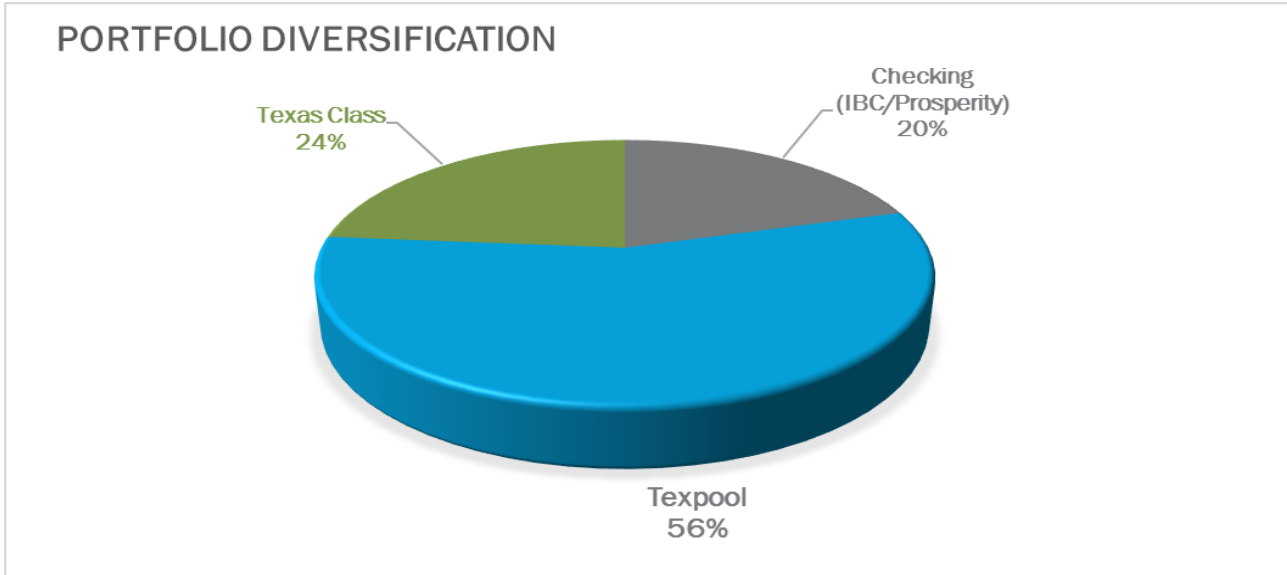
Interest Earnings

Interest received during the 3rd quarter totaled \$ 50,915 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 6-30-17	Qtr 6-30-18	Over Prior Year
Interest Received	\$17,299	\$50,915	\$33,616

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	\$12,851,783	100%
1-2	\$ 0	0%
2-3	\$ 0	0%
Total	\$12,851,783	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending JUNE 30, 2018						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 12,851,783	\$ 12,851,783	-	1.56%	1.90%	1.90%	
Weighted Average						
Maturity	1.00 Day(s)		1.56% Yield			