



CITY OF BAY CITY

Preliminary Year-End Financial Report Update As of September 2018 – Unaudited

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 **September 2018**, the twelfth month of the fiscal year, and **100%** 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.

1. 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 \$14,610,829 or 98.2% of the budget.

- **Property Tax.** The certified value totaled \$811 million. Through September, the City received 99% of the 4.2-million-dollar property tax maintenance and operation budget. Peak periods for property tax collections are January and February.
- **Sales tax.** September Sales Tax Allocation to the City is down 8.03% (\$38,641) as compared to September 2017. These are collections related to July that are remitted to the City in September. Collections are down YTD by \$96,891 as compared to prior year. Sales tax is still exceeded budget expectations of 4.2 million.
- Franchise fees are slightly over budget. Licenses & Permits appear to far exceed the budget target due to permitting of new school.
- Charges for services represents sanitation fees - \$2,364,610(102.1% of budget).
- “Miscellaneous” ended year above budget, due to various non-reoccurring reimbursements due to City along with interest income.
- Other Revenue holds a budget of 845,000. The City issued a tax note to fund capital improvements in the General Fund (Police Roof, Fire Roof, Library Roof, & various road equipment). Tax Note proceeds will reimburse funds with projects as jobs are complete.

General Fund Expenditure Highlights

Expenditures total 13,730,743 or 93.4% of budget.

- Most departments are under the 100% budget target. Budgets that are over the budget target are primarily due to timing of payments.
 - City Secretary exceeding budget target due to personnel expenditures.
 - Personnel Resources exceeding budget target due to increased contracted services.
 - Administrative Council exceeding budget due to personnel costs.

The General Fund’s fund balance is budgeted was budgeted to build \$177,000. **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) was 1.3 million which represents less than 10% operating reserve. The City plans to build reserve over the next 2-3 years. Sales tax, employee vacancies, and departmental savings aided in building the budget over \$800,000 (\$623,000 over the planned budget).

GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)			Unaudited		
Percent of Fiscal Year Complete	100%				
	Total Budget	Current Period	YTD Actual*	Over(Under) Budget to Date	Percent to Total Budget
Revenues					
Property Taxes	4,267,949	28,517	\$ 4,222,463	\$ 45,486	98.9%
Sales Tax	4,237,500	363,967	\$ 4,245,633	\$ (8,133)	100.2%
Other Local Taxes (Franchise)	1,300,000	104,801	1,325,775	\$ (25,775)	102.0%
Charges for Services (Sanitation)	2,316,000	199,851	2,364,610	\$ (48,610)	102.1%
Fines & Penalties	283,500	16,870	201,602	\$ 81,898	71.1%
Licenses & Permits	181,500	9,846	396,638	\$ (215,138)	218.5%
Miscellaneous	938,751	39,335	1,001,548	\$ (62,797)	106.7%
Transfers	513,800	381,576	852,559	\$ (338,759)	165.9%
Other Revenue	845,000	-	-	\$ 845,000	0.0%
Total Revenues	\$ 14,884,000	\$ 1,144,763	\$ 14,610,829	\$ 273,171	98.2%
Expenditures					
City Secretary	141,451	\$ 14,445	\$ 150,305	\$ (8,854)	106.3%
City General Services	2,622,540	208,955	2,428,648	\$ 193,892	92.6%
Administrative Council	206,205	23,945	214,918	\$ (8,713)	104.2%
Main Street	61,800	12,317	68,621	\$ (6,821)	111.0%
Personnel Resources	238,202	27,378	247,645	\$ (9,443)	104.0%
Municipal Court	308,019	26,392	277,123	\$ 30,896	90.0%
Finance	318,745	34,905	308,211	\$ 10,534	96.7%
Police	4,466,840	494,745	4,428,651	\$ 38,189	99.1%
Animal Impoundment	163,830	18,031	157,413	\$ 6,417	96.1%
Volunteer Fire Dept.	245,198	17,087	185,941	\$ 59,257	75.8%
Public Works	3,715,046	648,338	3,245,282	\$ 469,764	87.4%
Recycling Center	160,029	54,371	183,822	\$ (23,793)	114.9%
Parks	929,937	105,079	893,763	\$ 36,174	96.1%
Riverside Park	210,300	25,176	144,560	\$ 65,740	68.7%
Recreation	100,012	6,975	85,993	\$ 14,019	86.0%
Aquatics	282,096	42,351	274,856	\$ 7,240	97.4%
Library	536,750	81,867	434,993	\$ 101,757	81.0%
Total Expenditures	\$ 14,707,000	\$ 1,842,356	\$ 13,730,743	\$ 976,257	93.4%
*YTD does not includes encumbrances					
Net Revenue (Expenditures)	\$ 177,000	\$ (697,593)	\$ 880,086		
Beginning Fund Balance (10-1-17)	\$ 1,363,153	<i>Actual</i>	\$ 1,363,153		
Ending Fund Balance	\$ 1,540,153		\$ 2,243,239		
% of Operating Reserves	11.10%		15.25%		
Fund Balance Target 90 days (25%)	\$ 3,469,194				
Over/(Under) min Policy Level (25%)	\$ (1,929,041)				

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 102% being within budget expectations.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 90% of budget.
- All departments are within budget expectations.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)			Unaudited		
Percent of Fiscal Year Complete	100%				
	Total Budget	Current Period	YTD Actual*	Over(Under) Budget to Date	Percent to Total Budget
Revenues					
Charges for Services	\$ 7,522,000	\$ 669,666	\$ 7,583,431	\$ (61,431)	101%
Fines & Penalties	190,000	12,779	185,341	\$ 4,659	98%
Miscellaneous	9,000	1,947	99,258	\$ (90,258)	1103%
Total Revenues	\$ 7,721,000	\$ 684,392	7,868,030	\$ (147,030)	102%
Expenditures					
General Operation	\$ 3,803,885	\$ 270,142	\$ 3,622,392	\$ 181,493	95%
Water	2,149,829	786,824	1,927,593	\$ 222,236	90%
Sewer	1,680,786	145,390	1,295,203	\$ 385,583	77%
Warehouse Operations	86,500	12,738	85,373	\$ 1,127	99%
Total Expenditures	\$ 7,721,000	\$ 1,215,094	6,930,561	\$ 790,439	90%
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ -	\$ (530,702)	\$ 937,469	\$ (937,469)	
Beginning Reserve Balance 10-1-17	\$ 3,166,423	<i>Actual</i>	\$ 3,166,423		
Ending Reserve Balance w/ Bond Reserves	\$ 3,166,423	<i>Estimated</i>	\$ 4,103,892		
Ending Reserve Bal. Excl. Bond Reserves		<i>Estimated</i>	\$ 2,842,380		
% of Operating Reserves	43.28%		38.85%		
Target 90 days (25%)	1,829,060				
Over/(Under) Target	\$ 1,337,364				
<i>Bond Reserves are designated for capital projects</i>					

Airport Fund Overview

Revenue Highlights

- As a percentage of budget, total Airport Revenue is 92% being at budget expectations.
- 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)
- General Fund (Transfers In) subsidizes the Airport by \$150,000.

Expenditure Highlights

- As a percentage of budget, total expenditures are 80%.

AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)			Unaudited		
Percent of Fiscal Year Complete	100%				
	Total Budget	Current Period	YTD Actual*	Over(Under) Budget to Date	Percent to Total Budget
Revenues					
Charges for Services	\$ -	100	400	(400.00)	N/A
Miscellaneous (Rentals, Grants)	158,000	7,687	120,683	37,317.25	76%
Transfers (General Fund)	150,000	12,500	150,000	-	100%
Other Revenue (Fuel Sales)	160,500	9,845	189,738	(29,237.90)	118%
Total Revenues	\$ 468,500	\$ 30,132	460,821	\$ 7,679	98%
Expenditures					
Personnel	\$ 133,046	\$ 18,488	\$ 123,126	\$ 9,920	93%
Supplies & Materials	119,500	2,678	148,181	\$ (28,681)	124%
Other Charges & Services	82,104	6,678	73,958	\$ 8,146	90%
Repairs & Maintenance	138,829	20,213	87,792	\$ 51,037	63%
Capital Expenditures	32,021	-	25,864	\$ 6,157	81%
Total Expenditures	\$ 505,500	\$ 48,057	458,920	\$ 46,580	91%
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ (37,000)	\$ (17,924)	\$ 1,901		
Beginning Reserve Balance 10-1-17	\$ 109,256		\$ 109,256		
Ending Reserve Balance	\$ 72,256	<i>Estimated</i>	111,157		
<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 100%. This is due to the use of reserve for capital projects. Hotel tax receipts exceeded the budget target by \$36,585.
- The City also budgeted to receive outside financing sources \$585,000 (tax note) to replace the civic center roof. However, the roof will now be replaced with hotel reserve.

Expenditure Highlights

- As a percentage of budget, total expenditures are below the budget target, however this is due to the timing of capital projects (Texas Theatre rehab and the Civic Center roof).
- The City budgeted to use \$184,350 of Fund Balance to support the Bay City Theatre renovations, however the City will use less reserve than anticipated (estimated to use approx. \$150K).

HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)		Unaudited			
Percent of Fiscal Year Complete	100%				
	Total Budget	Current Period	YTD Actual*	Over(Under) Budget to Date	Percent to Total Budget
Revenues					
Hotel Occupancy Tax	\$ 725,000	135,086	\$ 761,585	\$ (36,585)	105%
Miscellaneous	657,650	7,412	92,401	\$ 565,249	14%
Total Revenues	\$ 1,382,650	\$ 142,497	\$ 853,986	\$ 528,664	62%
Expenditures					
Council Discretionary	\$ 173,545	4,233	165,500	8,045	95%
Tourism Department	219,955	22,865	225,380	(5,425)	102%
Civic Center	843,500	89,169	450,103	393,397	53%
Bay City Theatre	330,000	18,076	161,946	168,054	49%
Total Expenditures	\$ 1,567,000	\$ 134,344	\$ 1,002,930	\$ 564,070	64%
*YTD includes encumbrances					
Net Revenue (Expenditures)	\$ (184,350)	\$ 8,154	\$ (148,944)		
Beginning Fund Balance (10-1-17)	\$ 449,295	<i>Actual</i>	\$ 449,295		
Ending Fund Balance	\$ 264,945	<i>Estimated</i>	300,351		
<i>Proposed to maintain \$50,000</i>					



Investment Report Quarter Ended September 2018

The City has a weighted average portfolio of 1 day with an average book yield of 1.70%. 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 \$53,947.34 for the quarter and up \$32,871.70 as compared to the same quarter last year. The investment strategy currently is to primarily stay short with diversification (Checking & Investment Pools) to minimize interest rate risk in the future. However, the City will begin to build a laddered portfolio with some investment moving into 2-3 year maturities. The Investment Officer will begin investing in short term securities.

September 30, 2018 Balances

	Total Bal by Type	% of Portfolio
IBC (Pooled Cash)	\$2,213,115.80	20%
Prosperity Bank	\$275,161.95	2%
Petty Cash/Cash Drawers	\$3,577.00	0%
Texpool	\$6,238,926.65	55%
Texas Class	\$2,601,278.11	23%
CD's	\$-	0%
Securities	\$-	0%
	\$11,332,059.51	100.00%

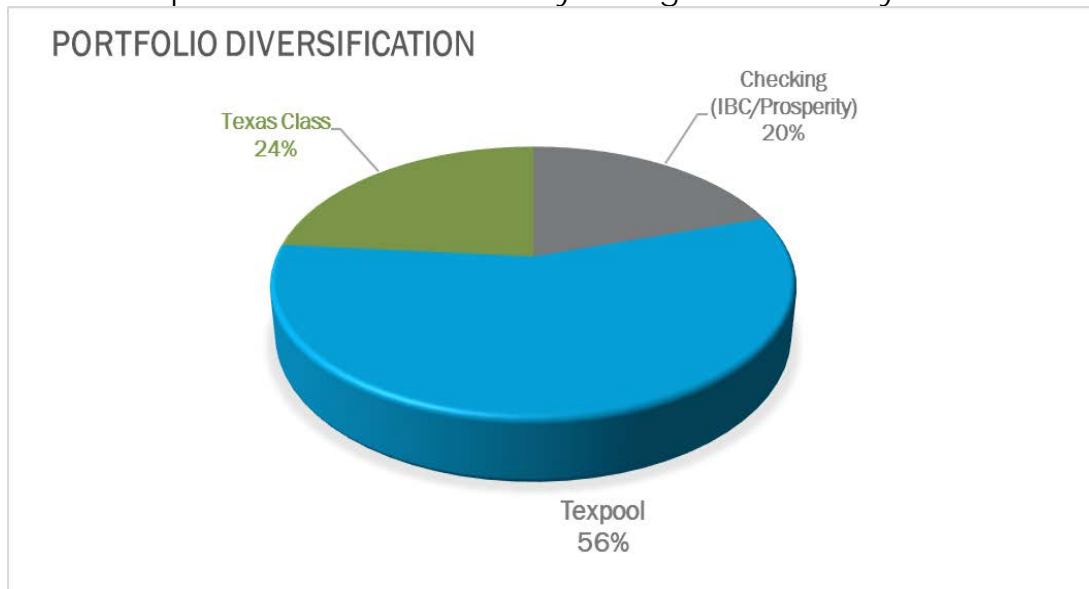
Interest Earnings

Interest received during the 4th quarter totaled \$ 53,947.34 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 9-30-18	Qtr 9-30-17	Over Prior Year
Interest Received	\$53,947.34	\$21,075.64	\$32,871.70

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	\$11,332,059.51	100%
1-2	\$ 0	0%
2-3	\$ 0	0%
3-4	\$ 0	0%
4-5	\$ 0	0%
Total	\$11,332,059.51	100%

 City of BAY CITY vs. Benchmarks for Quarter Ending SEPTEMBER 30, 2018						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 11,332,060	\$ 11,332,060	-	1.70%	2.10%	2.07%	
Weighted Average						
Maturity	1.00	Day(s)	1.70%	Yield		