



## CITY OF BAY CITY

### FY 2016-2017 3rd Quarter Financial Overview

### As of June 30, 2017

*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 is comprised of three sections:*

1. The **Financial Overview** reports the performance of the major operating funds of the City primarily in a narrative context. The fund descriptions are as follows:
  - 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.
2. The **Financial Summary** provides comparative data for revenues and expenditures by fund and by department. Data shows current quarter information as it relates to prior year budget and prior year actual.
3. The **Investment Report** provides a description of investment activity during the quarter.

Since 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 available on the City's website ([www.cityofbaycity.org](http://www.cityofbaycity.org)). Go to the Finance Department's Page for all financial transparency information.

## FINANCIAL OVERVIEW- City Wide

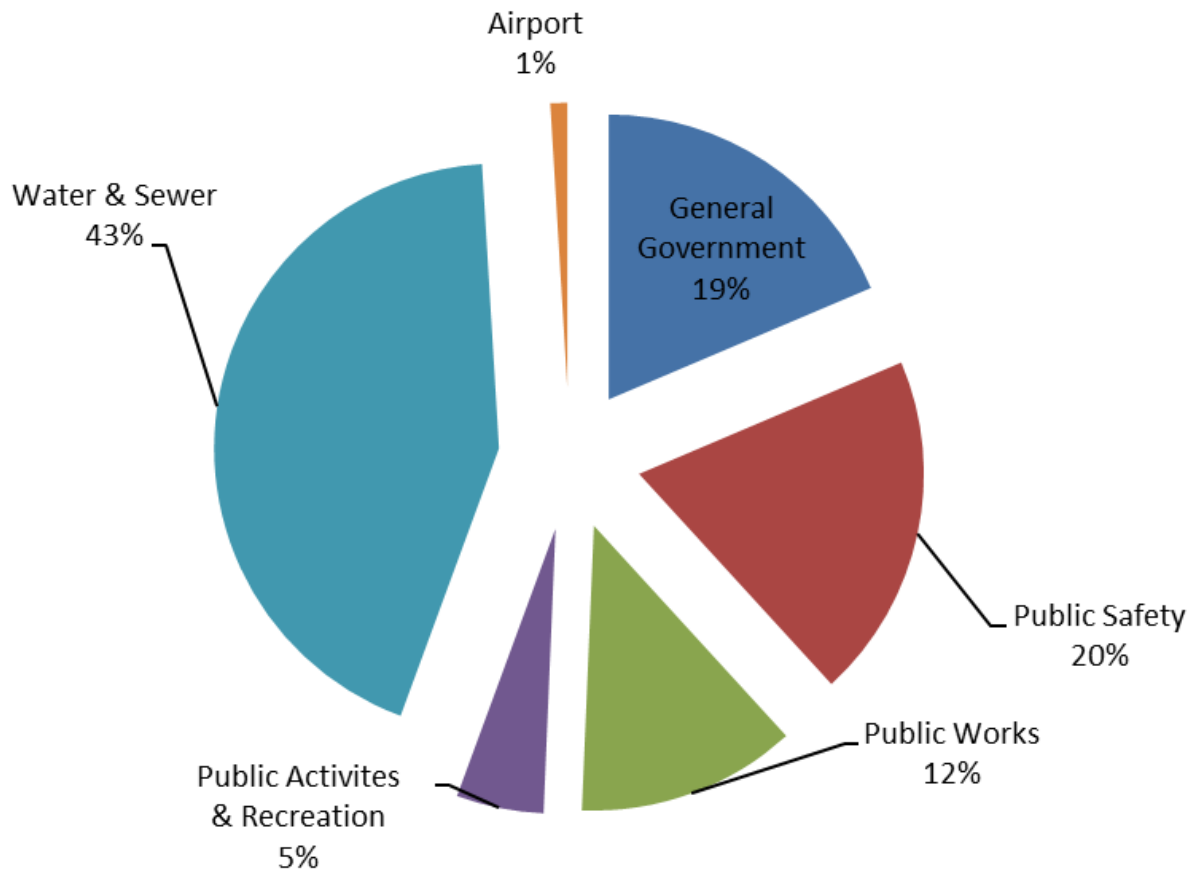
### *City Wide Revenues\**

Combining all major funds, total City Wide Revenues are down \$2,782,664 as compared to quarter ended June 2016. This primary decrease is due the timing of grant reimbursements in prior year (Tenaris Project).

### *City Wide Expenditures\**

Expenditures are down \$2,851,454 as compared to June 2016. This is contributed to the timing of capital projects (primarily Tenaris) as compared to prior year.

## Where do our dollars go?



## General Fund Overview

### Revenue Highlights

- As a percentage of budget, total General Fund Revenue is **81%**, over the 3rd quarter benchmark of 75%. ([Timing of property Tax Payments- 97%](#))
- Sales tax receipts are up approximately 5% (\$164,000) from prior year. Sales tax receipts are projected to exceed the budget target of \$4,117,500. ([Projected Year End- \\$4,235,715](#))
- Sanitation Fee Revenue meeting budget target.
- Franchise fees are stable.
- Licenses & Permits are down \$90,543 from prior year due to building permits and is not expected to meet the budget target. ([Amendment](#))
- Fines & Forfeitures (court fines & arrest fees) are in line with prior year and is anticipated to meet budget. ([Amendment made last quarter to lower court fine revenue](#))
- Miscellaneous Income is up from prior year due to rental income however, under budget due to timing of interlocal agreements.
- Other Revenue is below the budget mark due timing of park recreational income.

### GENERAL FUND FINANCIAL SUMMARY

#### Revenues by Receipt Type

	15-16 Actual YTD	15-16 Budget	%	16-17 Actual YTD	16-17 Budget	%
<i>Revenues</i>						
Property Taxes	\$ 3,606,014	\$ 3,843,854	94%	3,778,908	3,888,309	97%
Other Taxes	3,816,206	5,402,089	71%	4,008,226	5,215,000	77%
Charges for Services	1,715,785	2,248,366	76%	1,779,578	2,353,843	76%
Fines & Penalties	196,295	307,700	64%	192,413	280,227	69%
Licenses & Permits	198,436	209,750	95%	107,894	207,000	52%
Miscellaneous	305,852	858,045	36%	324,827	697,397	47%
Transfer In	523,495	707,294	74%	446,425	522,549	85%
Other Revenue	19,562	20,700	95%	10,854	25,700	42%
<b>Total Revenue</b>	<b>\$ 10,381,645</b>	<b>\$ 13,597,798</b>	<b>76%</b>	<b>\$ 10,649,124</b>	<b>\$ 13,190,025</b>	<b>81%</b>

## **General Fund Overview Continued**

### **General Fund Expenditure Highlights**

- As a percentage of budget, total General Fund Expenditures is 72%.
- Most departments are under the 75% budget target. Budgets that are over the budget target are due to timing of payments and should level out by year end.
- General Fund expenses are down \$75,514 as compared to the same quarter last year (primarily due to the timing of capital purchases).
- Fund Balance is anticipated dip below policy reserve levels by year end. City policy requires a minimum fund balance between 15 and 20% of general fund operating expenditures.

### **GENERAL FUND FINANCIAL SUMMARY**

#### **Expenditures by Department**

	15-16 Actual YTD	15-16 Budget	%	16-17 Actual YTD	16-17 Budget	%
<i>Expenditures</i>						
City Secretary	\$ 257,798	330,196	78%	219,890	369,149	60%
City General Services	2,596,567	3,326,510	78%	2,439,144	3,117,010	78%
Administrative Council	188,462	266,357	71%	212,215	262,517	81%
Main Street	29,009	43,391	67%	46,961	57,564	82%
Municipal Court	222,330	309,811	72%	221,782	311,367	71%
Finance	166,892	225,255	74%	224,958	349,910	64%
Police	3,404,603	4,594,603	74%	3,468,178	4,752,098	73%
Animal Impoundment	107,088	162,740	66%	119,018	172,244	69%
Volunteer Fire Dept.	133,783	186,851	72%	136,288	193,446	70%
Public Works	2,120,259	3,381,570	63%	2,213,741	2,936,749	75%
Recycling Center	198,812	242,358	82%	99,622	177,290	56%
Parks	521,585	853,439	61%	558,511	936,865	60%
Riverside Park	166,000	226,994	73%	113,264	173,712	65%
Recreation	111,174	147,246	76%	74,417	113,737	65%
Aquatics	121,646	237,435	51%	122,505	245,388	50%
<b>Total Expenditures</b>	<b>\$ 10,346,009</b>	<b>\$ 14,534,756</b>	<b>71%</b>	<b>\$ 10,270,495</b>	<b>\$ 14,169,046</b>	<b>72%</b>
<b>Net Revenue (Expenditures)</b>	<b>35,636</b>	<b>(936,958)</b>		<b>378,629</b>	<b>(979,021)</b>	
<b>Beginning Fund Balance</b>				1,975,014	1,975,014	<b>14%</b>
<b>Ending Fund Balance</b>				2,353,643	<b>995,993</b>	<b>7%</b>

## **Public Utility Fund Overview**

### **Revenue Highlights**

- The Public Utility fund's core water and sewer revenue is up from prior years by \$377,555, however is projected to be under the budget target by approximately \$150,000 due to higher expectations from the Tenaris development & other businesses opening this year. ([Amendment](#))

### **Expenditure Highlights**

- Total expenditures for the Utility Fund sit nicely at 62% of budget.
- All departments are within budget except for warehouse operations (timing of building repairs).

## **PUBLIC UTILITY FUND FINANCIAL SUMMARY**

### **Revenues by Receipt Type**

	15-16 Actual YTD	15-16 Budget	%	16-17 Actual YTD	16-17 Budget	%
<i>Revenues</i>						
Charges for Services	\$ 5,110,018	7,549,747	68%	5,487,573	7,567,497	73%
Fines & Penalties	137,409	200,000	0%	144,903	200,000	72%
License & Permits	-	-	0%	-	-	0%
Miscellaneous	2,624,027	2,236,169	117%	(375,273)	10,350	-3626%
Transfers	540,633	554,973	97%	-	-	0%
<b>Total Revenue</b>	<b>\$ 8,412,088</b>	<b>\$ 10,540,889</b>	<b>80%</b>	<b>\$ 5,257,204</b>	<b>\$ 7,777,847</b>	<b>68%</b>
<i>Expenditures</i>						
General Operation	3,148,349	\$ 4,279,932	74%	3,008,954	4,210,984	71%
Water Division	1,732,563	2,240,331	77%	1,031,703	1,833,187	56%
Sewer Division	3,094,253	3,877,460	80%	1,023,623	2,155,883	47%
Warehouse Operations	103,056	143,166	72%	97,479	75,660	129%
<b>Total Expenditures</b>	<b>\$ 8,078,221</b>	<b>\$ 10,540,889</b>	<b>77%</b>	<b>\$ 5,161,758</b>	<b>\$ 8,275,714</b>	<b>62%</b>
<b>Net Revenue (Expenditures)</b>	<b>\$ 333,867.38</b>	<b>\$ -</b>		<b>\$ 95,445.22</b>	<b>\$ (497,867)</b>	
<b>Beginning Fund Balance</b>				\$ 2,624,084	\$ 2,624,084	
<b>Ending Fund Balance</b>				\$ 2,719,529	\$ 2,126,217	

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, total Airport revenue exceeds the budget mark slightly due T-Hanger rentals.
- T-Hanger rentals are up 12% or \$8,559 from prior year.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 60% due to timing of capital projects planned.

## AIRPORT FUND FINANCIAL SUMMARY

### Revenues by Receipt Type

	15-16 Actual YTD	15-16 Budget	%	16-17 Actual YTD	16-17 Budget	%
<i>Revenues</i>						
Charges for Services	\$ 100	-	0%	275	-	0%
Miscellaneous	111,944	143,000	78%	125,985	155,000	81%
Transfers	90,348	120,464	75%	165,805	200,000	83%
Other Revenue	114,721	233,500	49%	120,852	233,500	52%
Cost of Fuel	(88,195)	(148,067)	60%	(79,257)	(148,067)	54%
<b>Total Revenue</b>	<b>\$ 228,919</b>	<b>\$ 348,897</b>	<b>66%</b>	<b>\$ 333,661</b>	<b>\$ 440,433</b>	<b>76%</b>
<i>Expenditures</i>						
Personnel	\$ 76,194	104,179	73%	84,663	124,037	68%
Supplies & Materials	6,530	9,900	66%	9,621	14,500	66%
Other Charges & Services	58,731	82,216	71%	51,352	98,104	52%
Repairs & Maintenance	36,445	122,200	30%	112,261	191,500	59%
Capital Expenditures	-	35,200	0%	60,525	100,610	60%
<b>Total Expenditures</b>	<b>\$ 177,899</b>	<b>\$ 353,695</b>	<b>50%</b>	<b>\$ 318,422</b>	<b>\$ 528,751</b>	<b>60%</b>
<b>Net Revenue (Expenditures)</b>	<b>\$ 51,020</b>	<b>\$ (4,798)</b>		<b>\$ 15,240</b>	<b>\$ (88,318)</b>	
<b>Beginning Fund Balance</b>				\$ 128,257	\$ 128,257	
<b>Ending Fund Balance</b>				\$ 143,497	\$ 39,939	

## FINANCIAL CHALLENGES OF THE CITY

### ***Governmental Funds***

#### General Fund

Reserve Levels-The City will work to find savings in this year's budget then develop a budget plan for FY 18 to close the deficit funding gap.

### ***Proprietary Funds***

#### Public Utility Fund

Revenues are lower than anticipated, however anticipated expenditures are down as well. The City will only use reserve to cover cost of capital projects (recoating of ground storage water tanks; Hwy 35 & Norvell water lines)—these were carryover projects from last fiscal year.

#### Airport

None

### **Monitoring:**

#### **Sales Tax**

**Court Fines- on target now**

**Building Permits- still below target (Amendment needed or can be offset by Sale tax)**

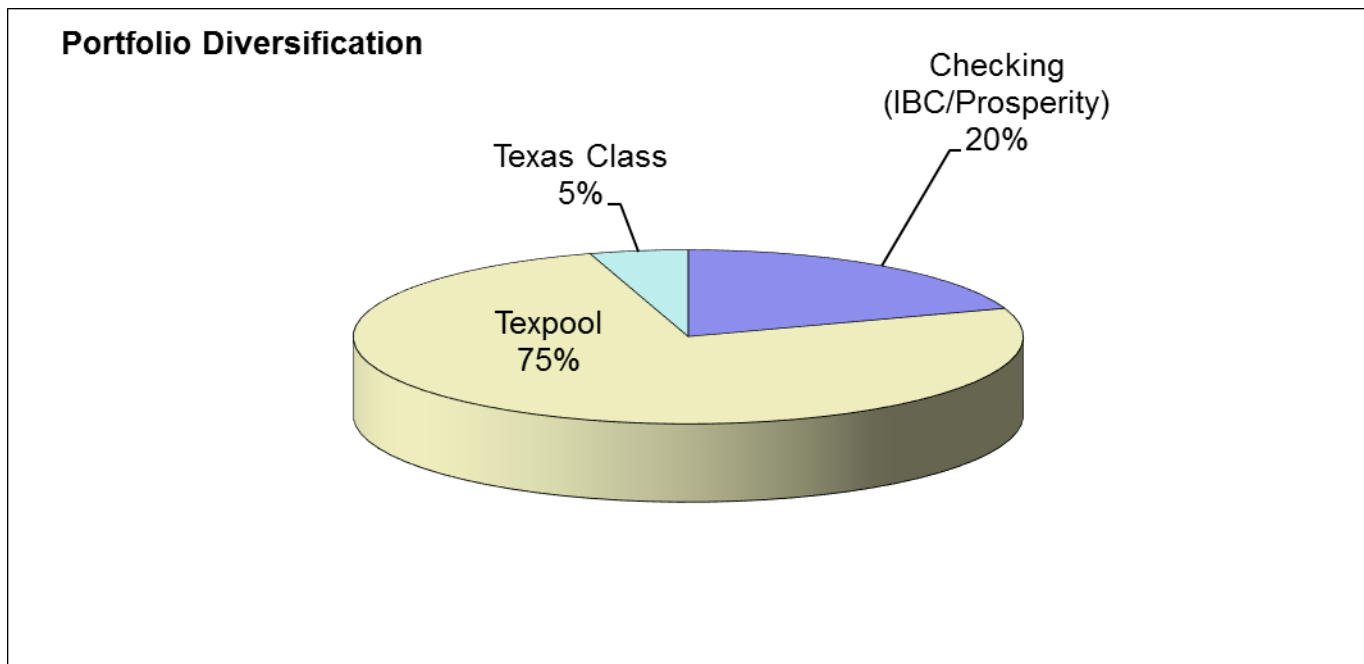
**Property Tax Collections**

# Investment Report 3rd Quarter 2016-2017

The City has a weighted average portfolio of 1 day with an average book yield of .67%. The City is liquid with 100% of the portfolio in a 0-1-year maturity. Average interest rates have slightly increased since prior quarter. All short-term investments average less than 1%. Investment earnings are \$17,299 for the quarter and up \$11,151 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 laddered portfolio with some investment moving into 2-3 year maturities. The Investment Officer will begin to monitor security offerings as the City earns no interest in the primary depository.

## June 30, 2017 Balances

	Total Bal by Type	% of Portfolio
IBC/Prosperity	\$2,118,075.80	19.72%
Petty Cash (N/A)	\$4,002.00	0.04%
Texpool	\$8,110,869.43	75.50%
Texas Class	\$509,479.30	4.74%
CD's	\$-	0.00%
Securities	\$-	0.00%
	<u>\$10,742,426.53</u>	<u>100.00%</u>







*City of BAY CITY vs. Benchmarks  
for Quarter Ending JUNE 30, 2017*

	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>Unrealized Gain/&lt;Loss&gt;</b>	<b>Average Book Yield</b>		<b>Benchmark Pools</b>	<b>Benchmark 90 Day T-Bill</b>
	\$ 10,742,426.53	\$ 10,742,426.53	-	0.67%		<b>0.94%</b>	<b>0.91%</b>
	<b>Weighted Average</b>						
	<b>Maturity</b>	1.00 Day(s)		0.67%	Yield		