CITY OF BATTLE CREEK

FY 2020 BUDGET STATUS
THROUGH 9/30/19

November 19, 2019

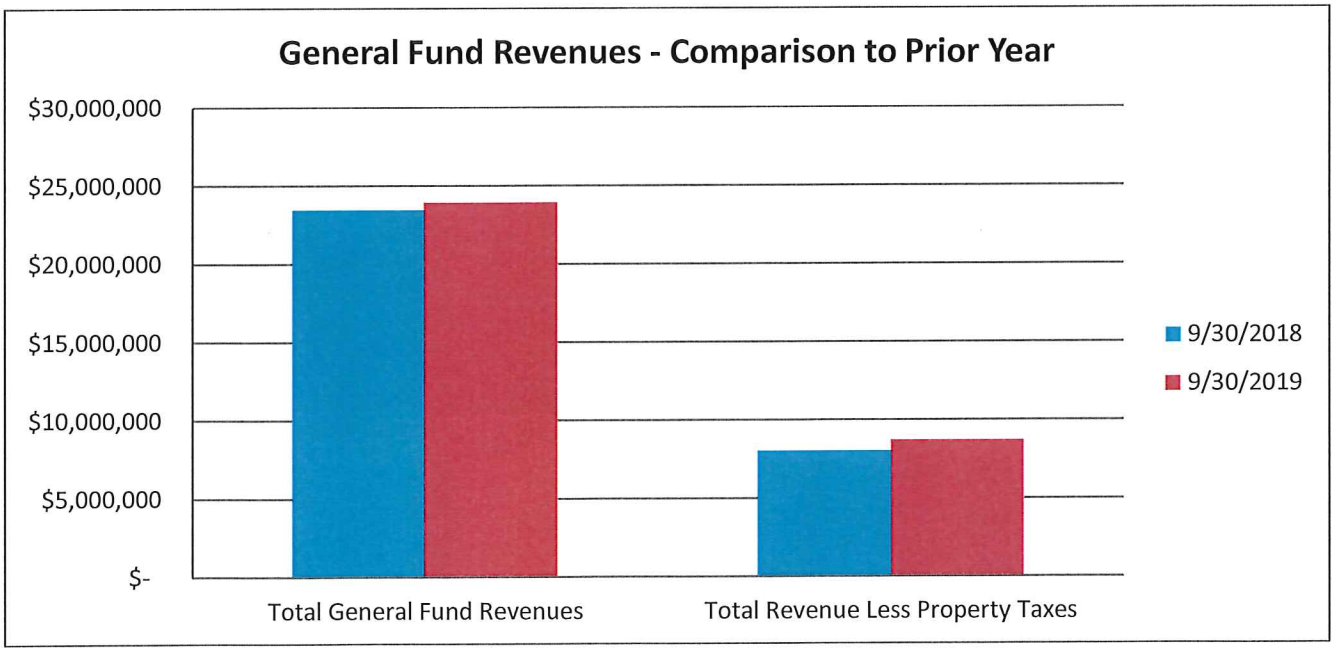
BUDGET POSITION SUMMARY AS OF SEPTEMBER 30, 2019

Please Note*: *References to funds being over or below budget are based upon one quarter of the fiscal year being completed (July 1 – September 30); hence an assumption is made that 25% of the line item should be realized. This assumption does not apply in all cases, as revenues and expenditures may be seasonal. Also, budget amounts shown include adjustments made from prior year appropriations carried forward, depreciation, and/or approved current year budget adjustments .

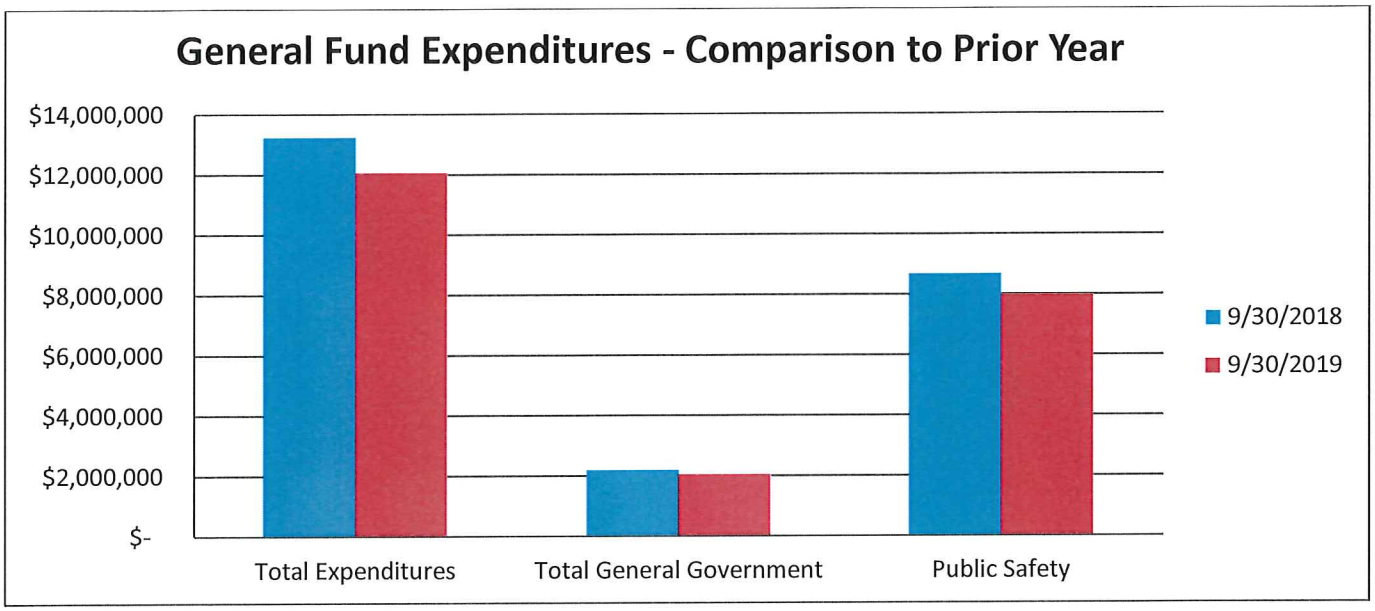
General Fund Revenue: For the three months ending September 30, 2019 total General Fund revenues are at 50.60% of budget; however, all of the City's property tax is billed in the first and second quarters of the fiscal year and the revenue is recorded. Excluding property taxes, all other revenue in the General Fund is at 27.20% of budget and is an increase of 8.45% compared to the same period one year ago. This is the first year that police services for Bedford Township has been billed for the entire year up-front. Without that change the difference in total revenue from the prior year would be less than 1%.

The following table provides a comparison of ***income tax collections*** for the three months ending September 30, 2019 compared to the same period last fiscal year.

		9/30/2018	9/30/2019	Difference	% Change
Personal & Partnership		$3,670,096	$3,320,481	($349,615)	-9.53%
Corporate		247,023	649,218	402,195	162.82%
Refunds		(203,494)	(164,208)	39,286	-19.31%
	Total	$3,713,625	$3,805,491	$91,866	2.47%

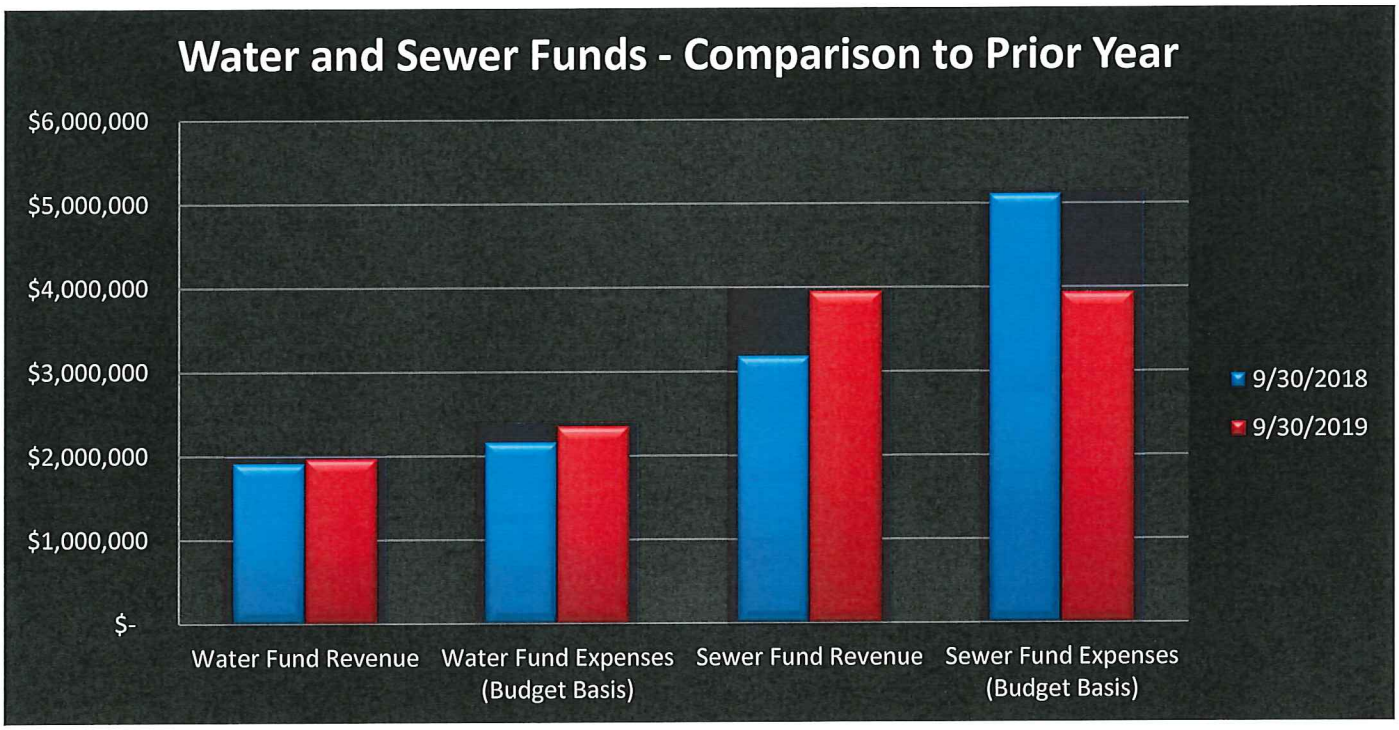


General Fund Expenditures: Total general fund expenditures are 25.81% of budget and 8.91% lower than prior year.



Major and Local Streets Funds (Act 51): Revenue in both the local and major street funds show increases of 10.63% and 9.09% respectively. Major streets expenditures are 22.88% of budget, and local streets expenditures are 20.93% of budget for the three months ended 9/30/19.

Enterprise Funds: Water fund revenues increased 3.00% from the prior year. Revenues in the sewer fund have increased 24.20% from the prior year, primarily due to increased industrial charges (44.50% increase over the prior year). Expenses in the water fund include budgeted amounts for substantial capital projects at the Verona Pumping Station (Radon, Iron, and Manganese Removal Facility Improvements).



Other: Attached is the Investment Portfolio Condition report as of September 30, 2019 from Comerica Bank. The pooled fund held $59,659,084 at 9/20/19 and shows 0.55% investment performance for the fiscal year and 2.76% for the calendar year through September 30, 2019.

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Three Months Ending September 30, 2019

	Original Budget	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Revenue						
Taxes:						
City Income Tax	$ 16,940,309	$ 16,940,309	$ 3,805,491	22.46%	$ 3,713,625	2.47%
Real Estate Taxes	$ 13,634,617	$ 13,634,617	$ 13,438,358	98.56%	$ 13,210,495	1.72%
Personal Property Taxes	$ 1,650,403	$ 1,650,403	$ 1,780,100	107.86%	$ 2,223,308	-19.93%
Administrative Fees	$ 693,553	$ 693,553	$ 526,613	75.93%	$ 514,422	2.37%
Other Taxes	$ 76,800	$ 76,800	$ 72,205	94.02%	$ 75,928	-4.90%
Total Taxes	$ 32,995,682	$ 32,995,682	$ 19,622,767	59.47%	$ 19,737,778	-0.58%
Licenses and Permits	$ 855,450	$ 855,450	$ 242,651	28.37%	$ 292,518	-17.05%
Intergovernmental:						
State Shared - Statutory	$ 1,522,801	$ 1,522,801	$ 380,700	25.00%	$ 369,610	3.00%
State Shared - Constitutional	$ 4,684,458	$ 4,684,458	$ 1,218,279	26.01%	$ 1,159,870	5.04%
Other	$ 633,000	$ 633,000	$ 31,476	4.97%	$ 11,622	170.82%
Total Intergovernmental	$ 6,840,259	$ 6,840,259	$ 1,630,455	23.84%	$ 1,541,102	5.80%
Charges for Services:						
Recreation	$ 2,383,985	$ 2,383,985	$ 890,327	58.36%	$ 878,113	1.39%
Police Services	$ 1,410,524	$ 1,410,524	$ 852,989	60.47%	$ 336,099	153.79%
Other	$ 104,000	$ 104,000	$ 28,385	27.29%	$ 16,261	74.55%
Total Charges for Services	$ 3,898,509	$ 3,898,509	$ 1,771,701	45.45%	$ 1,230,472	43.99%
Fines and Forfeitures	$ 120,000	$ 120,000	$ 25,146	20.96%	$ 30,019	-16.23%
Investment Income	$ 251,000	$ 251,000	$ 612	0.24%	$ 15,496	-96.05%
Other:						
Rents and Leases	$ 29,818	$ 29,818	$ 29,250	98.10%	$ 34,623	-15.52%
Contributions and Donations	$ 24,300	$ 24,300	$ -	0.00%	$ 980	-100.00%
Miscellaneous	$ 97,700	$ 97,700	$ 79,211	81.08%	$ 41,114	92.66%
Administrative Reimbursements	$ 2,148,909	$ 2,148,909	$ 513,755	23.91%	$ 529,088	-2.90%
Total Other Revenue	$ 2,300,727	$ 2,300,727	$ 622,216	27.04%	$ 605,805	2.71%
Total Revenue	$ 47,261,627	$ 47,261,627	$ 23,915,548	50.60%	$ 23,453,191	1.97%
Total Revenue Less Property Taxes	$ 31,976,607	$ 31,976,607	$ 8,697,091	27.20%	$ 8,019,388	8.45%

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Three Months Ending September 30, 2019

	Original Budget	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Expenditures						
General Government:						
Administration:						
Mayor & Commission	$ 116,243	$ 116,243	$ 47,326	40.71%	$ 48,654	-2.73%
City Clerk	$ 387,536	$ 387,536	$ 89,839	23.18%	$ 97,383	-7.75%
City Manager	$ 916,693	$ 916,693	$ 239,056	26.08%	$ 276,933	-13.68%
Lobbyist	$ -	$ -	$ -	0.00%	$ 9,000	-100.00%
City Hall	$ 449,019	$ 449,019	$ 114,994	25.61%	$ 115,208	-0.19%
Neighborhood Code Compliance	$ 298,385	$ 298,385	$ 74,288	24.90%	$ 104,276	-28.76%
Labor Relations	$ 269,581	$ 269,581	$ 61,616	22.86%	$ 25,357	142.99%
Human Resources	$ 357,684	$ 357,684	$ 89,633	25.06%	$ 102,828	-12.83%
Legal Department	$ 1,026,653	$ 1,026,653	$ 255,379	24.87%	$ 262,029	-2.54%
Elections	$ 268,574	$ 268,574	$ 10,669	3.97%	$ 57,889	-81.57%
Civil Service	$ 72,771	$ 72,771	$ 10,202	14.02%	$ 11,284	-9.59%
Total Administration	$ 4,163,139	$ 4,163,139	$ 993,002	23.85%	$ 1,110,841	-10.61%
Community Development:						
City Planning	$ 508,669	$ 586,669	$ 142,087	24.22%	$ 121,889	16.57%
Demolitions	$ 139,700	$ 139,700	$ 944	0.68%	$ 283	233.61%
Weed Control	$ 95,903	$ 95,903	$ 21,339	22.25%	$ 30,196	-29.33%
Land Management	$ 54,000	$ 54,000	$ 25,370	46.98%	$ 26,690	-4.95%
Total Community Development	$ 798,272	$ 876,272	$ 189,740	21.65%	$ 179,058	5.97%
Revenue Services:						
Finance	$ 1,146,932	$ 1,146,932	$ 273,433	23.84%	$ 295,369	-7.43%
Assessing	$ 1,000,064	$ 1,000,064	$ 240,117	24.01%	$ 259,408	-7.44%
Purchasing	$ 336,224	$ 336,224	$ 83,867	24.94%	$ 87,925	-4.62%
Treasurer's Office	$ 374,354	$ 374,354	$ 95,155	25.42%	$ 100,381	-5.21%
Income Tax Division	$ 683,892	$ 683,892	$ 167,302	24.46%	$ 160,232	4.41%
Total Revenue Services	$ 3,541,466	$ 3,541,466	$ 859,874	24.28%	$ 903,315	-4.81%
Total General Government	$ 8,502,877	$ 8,580,877	$ 2,042,617	23.80%	$ 2,193,214	-6.87%

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Three Months Ending September 30, 2019

	Original Budget	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Expenditures (continued)						
Public Safety:						
Police Department:						
Administration	$ 1,142,174	$ 1,142,174	$ 290,450	25.43%	$ 293,551	-1.06%
Crime Lab	$ 1,027,064	$ 1,027,064	$ 238,592	23.23%	$ 277,796	-14.11%
Investigation	$ 1,757,695	$ 1,757,695	$ 414,393	23.58%	$ 416,180	-0.43%
Fleet Management/Vehicle Inspection	$ 183,498	$ 183,498	$ 40,985	22.34%	$ 47,724	-14.12%
Special Investigative Unit	$ 1,153,511	$ 1,153,511	$ 307,999	26.70%	$ 319,798	-3.69%
Fusion Center	$ 564,792	$ 564,792	$ 122,987	21.78%	$ 145,423	0.00%
Records Management System	$ 178,937	$ 178,937	$ 420	0.23%	$ 216	94.23%
Management Services	$ 1,013,732	$ 1,013,732	$ 212,487	20.96%	$ 256,649	-17.21%
Animal Control	$ 461,141	$ 461,141	$ 91,725	19.89%	$ 91,866	-0.15%
Patrol	$ 9,521,219	$ 9,521,219	$ 2,593,791	27.24%	$ 2,784,687	-6.86%
Community Service	$ 481,572	$ 481,572	$ 89,359	18.56%	$ 112,599	-20.64%
Police Contracts	$ 647,632	$ 647,632	$ 178,748	27.60%	$ 168,995	5.77%
Officer Training	$ 244,506	$ 244,506	$ 69,488	28.42%	$ 83,431	-16.71%
Detention Center	$ 152,894	$ 152,894	$ 24,733	16.18%	$ 35,640	-30.60%
Total Police Department	$ 18,530,367	$ 18,530,367	$ 4,676,158	25.24%	$ 5,034,556	-7.12%
Fire Department:						
Administration	$ 1,301,622	$ 1,303,825	$ 355,092	27.23%	$ 377,417	-5.92%
Fire Fighting	$ 9,683,618	$ 9,681,415	$ 2,483,895	25.66%	$ 2,633,994	-5.70%
Total Fire Department	$ 10,985,240	$ 10,985,240	$ 2,838,987	25.84%	$ 3,011,411	-5.73%
Dispatch	$ 817,629	$ 817,629	$ 408,814	50.00%	$ 579,346	-29.44%
Emergency Services	$ 218,076	$ 218,076	$ 53,483	24.53%	$ 52,693	1.50%
Total Public Safety	$ 30,551,312	$ 30,551,312	$ 7,977,442	26.11%	$ 8,678,005	-8.07%
Public Works:						
Storm Cleanup/Extraordinary Event	$ -	$ -	$ 7,744	0.00%	$ 4,082	89.73%
Parks Building & Maint	$ 432,201	$ 432,201	$ 204,289	47.27%	$ 188,843	8.18%
Willard Beach	$ 35,397	$ 35,397	$ 9,211	26.02%	$ 12,879	-28.48%
Linear Park Maint & Development	$ 66,565	$ 66,565	$ 18,174	27.30%	$ 21,089	-13.82%
Downtown Maintenance	$ 803,870	$ 803,870	$ 212,440	26.43%	$ 241,961	-12.20%
Engineering	$ 125,334	$ 125,334	$ 30,949	24.69%	$ 29,851	3.68%
Retention Basin Rehabilitation	$ 54,664	$ 57,181	$ 33,556	58.68%	$ -	0.00%
Street Lighting	$ 1,350,000	$ 1,350,000	$ 104,384	7.73%	$ 231,303	-54.87%
Outside Services	$ 72,323	$ 72,323	$ 4,078	5.64%	$ 4,405	-7.43%
Total Public Works	$ 2,940,354	$ 2,942,871	$ 624,825	21.23%	$ 734,411	-14.92%

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Three Months Ending September 30, 2019

	Original Budget	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Expenditures (Continued)						
Recreation:						
Administration	$ 442,416	$ 442,416	$ 107,048	24.20%	$ 130,138	-17.74%
Sports	$ 869,039	$ 869,039	$ 249,981	28.77%	$ 256,636	-2.59%
Binder Park Golf Course	$ 1,214,826	$ 1,214,826	$ 429,765	35.38%	$ 381,800	12.56%
Youth Center & Water Park	$ 1,193,217	$ 1,193,217	$ 432,150	36.22%	$ 506,186	-14.63%
Total Recreation	$ 3,719,498	$ 3,719,498	$ 1,218,944	32.77%	$ 1,274,760	-4.38%
Unallocated:						
Intermodal Facility	$ -	$ -	$ -	0.00%	$ 20,248	-100.00%
Other	$ 919,898	$ 919,898	$ 191,278	20.79%	$ 333,008	-42.56%
Total Unallocated	$ 919,898	$ 919,898	$ 191,278	20.79%	$ 353,256	-45.85%
Total Expenditures	$ 46,633,939	$ 46,714,456	$ 12,055,106	25.81%	$ 13,233,647	-8.91%
Revenue Over Expenditures	$ 627,688	$ 547,171	$ 11,860,442		$ 10,219,544	
Other Financing Sources (Uses):						
Operating Transfers Out:						
Major & Local Streets	$ -	$ -	$ -	0.00%	$ -	0.00%
Major & Local Street Construction	$ -	$ -	$ -	0.00%	$ -	#DIV/0!
2013 Capital Improvement Bonds	$ (727,170)	$ (727,170)	$ -	0.00%	$ -	#DIV/0!
2016 Capital Improvement Bonds	$ (1,057,000)	$ (1,057,000)	$ -	0.00%	$ -	0.00%
Transit Subsidy	$ (638,230)	$ (638,230)	$ (159,558)	25.00%	$ (234,557)	-31.98%
Other	$ (91,660)	$ (91,660)	$ (74,481)	81.26%	$ (170,993)	-56.44%
Transfers From Component Units	$ 1,777,030	$ 1,778,606	$ 444,652	25.00%	$ 306,274	45.18%
Transfer from Other	$ 109,342	$ 109,342	$ -	0.00%	$ -	0.00%
Total Other Financing Sources (Uses)	$ (627,688)	$ (626,112)	$ 210,613	-33.64%	$ (99,277)	-312.15%
Revenue and Other Sources Over (Under) Expenditures and Other Uses	$ -	$ (78,941)	$ 12,071,055		$ 10,120,267	
Fund Balance, Beginning of Year	$ 6,522,130	$ 6,522,130	$ 6,522,130			
Fund Balance (Deficit), End of Period	$ 6,522,130	$ 6,443,189	$ 18,593,185			

CITY OF BATTLE CREEK, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Funds
For the Three Months Ending September 30, 2019

	Major Street and Trunkline Maintenance Fund				
	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Revenue					
Intergovernmental Revenue	$ 6,895,000	$ 1,845,291	26.76%	$ 1,671,904	10.37%
Interest	$ 2,500	$ (670)	0.00%	$ 3,751	-117.85%
Rents and Leases	$ 18,000	$ (9,282)	-51.57%	$ 6,699	-238.56%
Loan Collection (Distribution) and Other	$ 500	$ 181	36.22%	$ 212	-14.46%
Total Revenue	$ 6,916,000	$ 1,835,521	26.54%	$ 1,682,566	9.09%
Expenditures					
Highways and Streets	$ 4,863,950	$ 1,112,957	22.88%	$ 884,884	25.77%
Total Expenditures	$ 4,863,950	$ 1,112,957	22.88%	$ 884,884	25.77%
Revenue Over (Under) Expenditures	$ 2,052,050	$ 722,564		$ 797,682	
Other Financing Sources (Uses)					
Operating Transfers In:					
Major Street, General Fund and Other	$ -	$ -	0.00%	$ -	#DIV/0!
Operating Transfers Out:					
Local Streets Fund	$ (2,000,000)	$ (500,000)	25.00%	$ (500,000)	0.00%
Major Street Const. Fund	$ (500,000)	$ (125,000)	25.00%	$ (125,000)	0.00%
Auto Parking Fund	$ (9,000)	$ (2,250)	25.00%	$ (2,250)	0.00%
Other	$ -	$ -	0.00%	$ -	#DIV/0!
Total Other Financing Sources (Uses)	$ (2,509,000)	$ (627,250)	25.00%	$ (627,250)	0.00%
Revenue and Other Sources Over (Under) Expenditures and Other Uses	$ (456,950)	$ 95,314		$ 170,432	
Fund Balance, Beginning of Year	$ 3,039,672	$ 3,039,672			
Fund Balance (Deficit), End of Period	$ 2,582,722	$ 3,134,986			

CITY OF BATTLE CREEK, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Funds
For the Three Months Ending September 30, 2019

	Local Street Fund				
	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Revenue					
Intergovernmental Revenue	$ 1,735,000	$ 452,408	26.08%	$ 408,568	10.73%
Interest	$ -	$ -	0.00%	$ 483	-100.00%
Loan Collection (Distribution) and Other	$ 500	$ 181	36.21%	$ 38	379.02%
Total Revenue	$ 1,735,500	$ 452,589	26.08%	$ 409,089	10.63%
Expenditures					
Highways and Streets	$ 3,735,928	$ 781,877	20.93%	$ 871,069	-10.24%
Total Expenditures	$ 3,735,928	$ 781,877	20.93%	$ 871,069	-10.24%
Revenue Over (Under) Expenditures	$ (2,000,428)	$ (329,288)		$ (461,981)	
Other Financing Sources (Uses)					
Operating Transfers In:					
Major Street, General Fund and Other	$ 2,000,000	$ 500,000	25.00%	$ 500,000	0.00%
Total Other Financing Sources (Uses)	$ 2,000,000	$ 500,000	25.00%	$ 500,000	0.00%
Revenue and Other Sources Over (Under) Expenditures and Other Uses	$ (428)	$ 170,712		$ 38,019	
Fund Balance, Beginning of Year	$ 422,401	$ 422,401			
Fund Balance (Deficit), End of Period	$ 421,973	$ 593,113			

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Working Capital
Budget Basis
Sanitary Sewer and Wastewater Plant Fund
For the Three Months Ending September 30, 2019

	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Revenues					
Charges for Services:					
Residential	$ 6,375,000	$ 992,381	15.57%	$ 845,140	17.42%
Commercial	$ 3,716,000	$ 630,727	16.97%	$ 620,114	1.71%
Industrial	$ 6,260,000	$ 1,637,011	26.15%	$ 1,132,885	44.50%
Pennfield	$ 656,000	$ 147,048	22.42%	$ 131,438	11.88%
Emmett	$ 1,239,000	$ 287,884	23.24%	$ 222,098	29.62%
Springfield	$ 657,000	$ 135,837	20.68%	$ 128,929	5.36%
Bedford	$ 252,000	$ 36,091	14.32%	$ 32,367	11.51%
East Leroy	$ 13,000	$ 2,986	22.97%	$ 2,761	8.15%
Sewer Service	$ 25,000	$ 12,948	51.79%	$ (3,870)	-434.58%
Interest Income	$ 20,500	$ (2,240)	-10.93%	$ 27,041	-108.28%
Sale of Capital Assets	$ -	$ -	0.00%	$ -	0.00%
Miscellaneous	$ 185,000	$ 69,558	37.60%	$ 41,614	67.15%
Total Revenue	$ 19,398,500	$ 3,950,231	20.36%	$ 3,180,517	24.20%
Expenses					
Utility Administration	$ 786,333	$ 195,975	24.92%	$ 198,978	-1.51%
Collection	$ 3,144,366	$ 776,195	24.69%	$ 832,727	-6.79%
Operations	$ 5,974,801	$ 1,204,042	20.15%	$ 1,279,557	-5.90%
Maintenance	$ 2,804,371	$ 709,533	25.30%	$ 566,149	25.33%
Laboratory Services	$ 683,619	$ 155,010	22.67%	$ 158,317	-2.09%
Sanitary Sewer Program	$ 1,885,151	$ 86,270	4.58%	$ 192	44769.04%
Meter Replacement	$ 100,000	$ 9,080	9.08%	$ 62,245	-85.41%
Solids Handling Rehab	$ 744,707	$ 26,789	3.60%	$ 117,980	-77.29%
WWTP Rehabilitation	$ 251,180	$ 30,873	12.29%	$ 1,172,146	-97.37%
Other Projects	$ -	$ -	0.00%	$ -	N/A
Debt Service	$ 2,040,773	$ 701,400	34.37%	$ 687,748	1.99%
Operating Transfers Out	$ 100,000	$ 25,000	25.00%	$ 25,000	0.00%
Capital Outlay	$ 51,550	$ 14,687	28.49%	$ 6,869	113.83%
Total Expenses	$ 18,566,851	$ 3,934,854	21.19%	$ 5,107,908	-22.97%
Revenue Over (Under) Expenses	$ 831,649	$ 15,377		$ (1,927,390)	
Working Capital, Beginning of Year	$ 6,579,024	$ 6,579,024			
Working Capital, End of Period	$ 7,410,673	$ 6,594,401			

CITY OF BATTLE CREEK, MICHIGAN
Statement of Revenue, Expenditures and Changes in Working Capital
Budget Basis
Water Fund
For the Three Months Ending September 30, 2019

	Current Adjusted Budget	Current Year Actual	% CY Actual of Current Adjusted Budget	Prior Year Actual	% CY Actual Over (Under) PY Actual
Revenues					
Charges for Services:					
Residential	$ 3,600,000	$ 740,206	20.56%	$ 656,132	12.81%
Commercial	$ 2,100,000	$ 452,923	21.57%	$ 453,968	-0.23%
Industrial	$ 1,575,000	$ 362,139	22.99%	$ 348,331	3.96%
Pennfield	$ 50,000	$ 12,636	25.27%	$ 13,627	-7.27%
Emmett	$ 650,000	$ 159,695	24.57%	$ 161,445	-1.08%
Springfield	$ 225,000	$ 57,926	25.74%	$ 54,353	6.57%
Bedford	$ 97,000	$ 15,145	15.61%	$ 16,064	-5.72%
East Leroy	$ 10,800	$ 2,687	24.88%	$ 2,556	5.11%
Water Service	$ 280,000	$ 55,972	19.99%	$ 54,955	1.85%
Interest Income	$ 28,000	$ (860)	-3.07%	$ 19,310	-104.45%
Miscellaneous	$ 594,500	$ 110,691	18.62%	$ 131,109	-15.57%
Total Revenue	$ 9,210,300	$ 1,969,159	21.38%	$ 1,911,850	3.00%
Expenses					
Utility Administration	$ 1,761,720	$ 452,357	25.68%	$ 482,790	-6.30%
Billing and Collections	$ 205,089	$ 64,478	31.44%	$ 74,651	-13.63%
Field Services	$ 2,225,809	$ 515,503	23.16%	$ 575,509	-10.43%
Meter Shop	$ 254,761	$ 108,015	42.40%	$ 66,905	61.45%
Verona Pumping station	$ 1,812,456	$ 360,426	19.89%	$ 415,758	-13.31%
Wellhead Protection	$ 50,633	$ 16,324	32.24%	$ 1,587	928.37%
Watermain Program	$ 1,895,451	$ 473,274	24.97%	$ 409,985	15.44%
Other Projects	$ 4,151,006	$ 338,625	8.16%	$ 108,509	212.07%
Operating Transfers Out	$ 72,000	$ 18,000	25.00%	$ 18,000	0.00%
Capital Outlay	$ 32,870	$ 559	1.70%	$ 4,423	-87.37%
Total Expenses	$ 12,461,795	$ 2,347,561	18.84%	$ 2,158,116	8.78%
Revenue Over (Under) Expenses	$ (3,251,495)	$ (378,402)		$ (246,266)	
Working Capital, Beginning of Year	$ 9,650,546	$ 9,650,546			
Working Capital, End of Period	$ 6,399,051	$ 9,272,144			

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Wealth Management

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City of Battle Creek

Investment Portfolio Condition
as of September 30, 2019

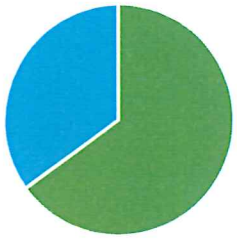
Market Value: $ 59,659,084.11

Income Earned

3rd Qtr:	$	235,038
YTD:	$	705,513
1 Year:	$	909,487

Asset Allocation:

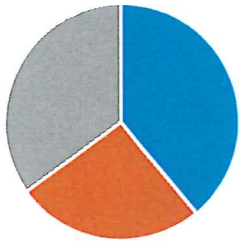
65.08% Fixed Income
34.92% Money Market



Fixed Income Money Market

Portfolio Composition:

39.11% U.S. Agency
25.97% U.S. Treasury
34.92% Money Market



U.S. Agency U.S. Treasury Money Market

Performance:

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Pooled Fund	0.55%	2.70%	3.81%	1.19%	1.48%	1.70%
Bonds	0.67%	3.15%	4.56%	1.41%	1.84%	2.15%
Benchmark Returns						
Merrill Lynch 1-3 US Treasury/Agency Index	*0.59%*	*3.02%*	*4.36%*	*1.54%*	*1.34%*	*1.19%*
Bloomberg Barclays Intermediate US Govt. Index	*1.18%*	*5.18%*	*7.52%*	*1.82%*	*2.18%*	*2.34%*

Fixed Income Characteristics:

Avg. Modified Duration:	1.81
Avg. Yield to Maturity:	1.68%
Avg. Moody Rating:	Aaa

Federal Reserve*:

The FOMC ended its recent September meeting by announcing that there would be a reduction in the federal funds rate target range to 1.75% to 2.00%. This was the second 25 basis point reduction in the quarter, following the one approved at the FOMC's July meeting. The move was widely expected, and had been fully priced in to the market. For the first time since 2016 there were three dissenters on the committee, with one seeking a more aggressive cut of 50 basis points, and two others not seeing the need for a reduction. Economists viewed the cuts in the quarter as an insurance policy against further slowdown caused by trade developments. The consensus among analysts is that there will likely be one more reduction this year, perhaps at the FOMC's October meeting. (The FOMC did enact a rate cut of 25 basis points on October 30 as expected.)

Interest Rates*:
Fixed income securities' prices and yields were buffeted by several factors during the quarter, foremost of which was the deceleration in economic growth resulting from the escalation in the trade war with China. Other issues prompting investor concern were the ongoing drama surrounding the UK's Brexit decision, and geopolitical tensions with nations such as Iran. The FOMC responded to the moderating growth in the US by lowering interest rates twice during the quarter, bringing the target federal funds rate range to 1.75%-2.00%. The slowing growth produced a rally in bond prices, and a drop in yields. Economists expect this trend to continue, as seven FOMC committee members anticipate cutting the fed funds rate by an additional 25 basis points this year. The fed funds rate is now expected to end 2020 at current levels, as opposed to an expectation of 2.4% three months ago.

The Treasury yield curve continued to maintain a "trough" shape during the third quarter, with yields on the shortest- and longest-term maturities being higher than yields in the intermediate-term "belly" of the curve. Overall, the Treasury curve moved lower from the prior quarter. In addition, the yield curve briefly inverted during the quarter, meaning that the yield on the 10-year Treasury declined below the yield on the 2-year Treasury. Historically, yield curve inversions have predicted economic recessions 9-12 months in the future. Some analysts, however, point out that the current situation may differ from previous instances in that there is heavy demand for U.S. Treasury debt because of low (or negative) yields on sovereign debt issued by other nations. Such demand drives up the prices of the securities, and lowers the yields. By the end of the quarter, the yield on the benchmark 10-year US Treasury note was lower, ended at 1.67%, compared to 2.01% on June 30.

The yield on the 3-month Treasury Bill settled at 1.82% at the end of the quarter, down about 25 basis points from the end of the previous quarter. The yield on the 5-year Treasury Note ended the quarter at 1.55%, compared to 1.8% on June 30, and as mentioned above, the yield on the 10-year Treasury Note fell to 1.67% from 2.03% over the same period. At the same time, the yield on the 30-year Treasury Bond declined, ending the period at 2.11%, compared to its beginning level of 2.55%. Inflation expectations were somewhat lower, with the Fed's gauge of five-year forward inflation expectations declining slightly from 1.80% on June 30.

City of Battle Creek Portfolio Observations:

The Federal Reserve has signaled that it will halt further rate cuts for the time being. Bond yields continued to move lower during the quarter which pushed bond prices higher. This resulted in a total plan rate of return of 0.55% for the quarter and 3.81% for the year after fees. Excluding the impact of cash holdings, the fixed income portfolio returned 0.67% for the quarter and 4.56% for the year.