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 December 2018, the third month, and 25.00% of FY 2019.

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 $3,267,649 or 21.7% of the budget.

- **Property Tax.** The certified value totaled $857 million. Through December, the City received $754,560 or (16.9%) of the 4.4-million-dollar property tax maintenance and operation budget. Most property taxes will be received by January to avoid penalties.

- **Sales tax.** First Quarter Sales Tax Allocation to the City is up 5% ($76,929) as compared to the first quarter in prior year. Sales tax is anticipated to exceed budget expectations.

- Franchise fees are in line with budget. Licenses & Permits 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 $15,000.

- Charges for services represents sanitation fees - $607,396 (25% of budget).

- Miscellaneous Revenue appears below budget; however this is due to the timing of grant payments and/or interlocal agreements. (i.e. Bay City Gas Company, County, BCCDC)

General Fund Expenditure Highlights

Expenditures total 3,242,996 or 21.6% of budget.

- Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to timing of payments.
  - 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 increase by $500,000. 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, 2018) was 2.2 million which represents approximately 16% operating reserve. The City plans to build reserve over the next 1-2 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 25%

<table>
<thead>
<tr>
<th></th>
<th>Total Budget</th>
<th>YTD Actual*</th>
<th>Over(Under) Budget to Date</th>
<th>% FY 2019 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$2,243,239</td>
<td>$2,243,239</td>
<td>Pre-Audit</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>4,459,684</td>
<td>754,560</td>
<td>3,705,124</td>
<td>16.9%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>4,275,000</td>
<td>1,110,323</td>
<td>3,164,677</td>
<td>26.0%</td>
</tr>
<tr>
<td>Other Local Taxes (Franchise)</td>
<td>1,312,500</td>
<td>331,625</td>
<td>980,875</td>
<td>25.3%</td>
</tr>
<tr>
<td>Charges for Services (Sanitation)</td>
<td>2,443,000</td>
<td>607,396</td>
<td>1,835,604</td>
<td>24.9%</td>
</tr>
<tr>
<td>Fines &amp; Penalties</td>
<td>203,000</td>
<td>34,998</td>
<td>168,002</td>
<td>17.2%</td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>180,500</td>
<td>89,998</td>
<td>90,502</td>
<td>49.9%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,415,516</td>
<td>134,673</td>
<td>1,280,843</td>
<td>9.5%</td>
</tr>
<tr>
<td>Transfers</td>
<td>741,800</td>
<td>204,076</td>
<td>537,724</td>
<td>27.5%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$15,031,000</td>
<td>$3,267,649</td>
<td>$11,763,351</td>
<td>21.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Secretary</td>
<td>148,949</td>
<td>32,526</td>
<td>116,423</td>
<td>21.8%</td>
</tr>
<tr>
<td>City General Services</td>
<td>2,708,449</td>
<td>679,129</td>
<td>2,029,320</td>
<td>25.1%</td>
</tr>
<tr>
<td>Administrative Council</td>
<td>207,580</td>
<td>44,490</td>
<td>163,090</td>
<td>21.4%</td>
</tr>
<tr>
<td>Main Street</td>
<td>55,800</td>
<td>10,773</td>
<td>45,027</td>
<td>19.3%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>246,623</td>
<td>60,246</td>
<td>186,377</td>
<td>24.4%</td>
</tr>
<tr>
<td>Municipal Court</td>
<td>318,522</td>
<td>67,425</td>
<td>251,097</td>
<td>21.2%</td>
</tr>
<tr>
<td>Finance</td>
<td>322,582</td>
<td>75,779</td>
<td>246,803</td>
<td>23.5%</td>
</tr>
<tr>
<td>Police</td>
<td>4,463,977</td>
<td>1,103,105</td>
<td>3,360,872</td>
<td>24.7%</td>
</tr>
<tr>
<td>Animal Impoundment</td>
<td>165,482</td>
<td>38,911</td>
<td>126,571</td>
<td>23.5%</td>
</tr>
<tr>
<td>Fire Department</td>
<td>194,391</td>
<td>132,626</td>
<td>61,765</td>
<td>68.2%</td>
</tr>
<tr>
<td>Street and Bridge</td>
<td>3,230,327</td>
<td>503,185</td>
<td>2,727,142</td>
<td>15.6%</td>
</tr>
<tr>
<td>Recycling Center</td>
<td>394,505</td>
<td>34,590</td>
<td>359,916</td>
<td>8.8%</td>
</tr>
<tr>
<td>Parks</td>
<td>1,015,961</td>
<td>170,314</td>
<td>845,647</td>
<td>16.8%</td>
</tr>
<tr>
<td>Riverside Park</td>
<td>273,517</td>
<td>50,154</td>
<td>223,363</td>
<td>18.3%</td>
</tr>
<tr>
<td>Recreation</td>
<td>94,186</td>
<td>22,549</td>
<td>71,637</td>
<td>23.9%</td>
</tr>
<tr>
<td>Pool Operations</td>
<td>266,681</td>
<td>28,050</td>
<td>238,631</td>
<td>10.5%</td>
</tr>
<tr>
<td>Library</td>
<td>423,468</td>
<td>189,143</td>
<td>234,325</td>
<td>44.7%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$14,531,000</td>
<td>$3,242,996</td>
<td>$11,288,004</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

*YTD does not includes encumbrances

|                      |             |             |                           |                 |
| **Net Revenue (Expenditures)** | $500,000    | $24,653     |                           |                 |
| Ending Fund Balance   | $2,743,239  | $2,267,892  |                           |                 |
| % of Operating Reserves | 19.77%     | 16.34%     |                           |                 |
| Fund Balance Target 90 days (25%) | $3,469,194 |             |                           |                 |
| Over/(Under) min Policy Level (25%) | $(725,955) | $(1,201,302) |                           |                 |
### 1st Quarter

<table>
<thead>
<tr>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2019</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>435,515.45</td>
<td>478,488.55</td>
<td>9.87%</td>
</tr>
<tr>
<td>November</td>
<td>489,619.93</td>
<td>511,169.44</td>
<td>4.40%</td>
</tr>
<tr>
<td>December</td>
<td>478,366.81</td>
<td>490,772.79</td>
<td>2.59%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,403,502.19</strong></td>
<td><strong>1,480,430.78</strong></td>
<td>5.48%</td>
</tr>
</tbody>
</table>

| City General Fund (75%) | 1,052,626.64 | 1,110,323.09 | 57,696.44 |
| BCCDC (25%)             | 350,875.55   | 370,107.70   | 19,232.15 |

<table>
<thead>
<tr>
<th>1st Quarter</th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2019</th>
<th>% Change from</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>435,515.45</td>
<td>478,488.55</td>
<td>9.87%</td>
<td>42,973.10</td>
</tr>
<tr>
<td>November</td>
<td>489,619.93</td>
<td>511,169.44</td>
<td>4.40%</td>
<td>21,549.51</td>
</tr>
<tr>
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<td>490,772.79</td>
<td>2.59%</td>
<td>12,405.98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,403,502.19</strong></td>
<td><strong>1,480,430.78</strong></td>
<td>5.48%</td>
<td><strong>76,928.59</strong></td>
</tr>
<tr>
<td>City General Fund (75%)</td>
<td>1,052,626.64</td>
<td>1,110,323.09</td>
<td>57,696.44</td>
<td></td>
</tr>
<tr>
<td>BCCDC (25%)</td>
<td>350,875.55</td>
<td>370,107.70</td>
<td>19,232.15</td>
<td></td>
</tr>
<tr>
<td><strong>1,403,502.19</strong></td>
<td><strong>1,480,430.78</strong></td>
<td></td>
<td><strong>76,928.59</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Public Utility Fund Overview**

**Revenue Highlights**

- As a percentage of budget, total Water & Sewer Revenue is 25% being on target with budget expectations.

**Expenditure Highlights**

- Total expenditures for the Utility Fund sit nicely at 16% of budget.
- All departments are within budget expectations.

**PUBLIC UTILITY FUND FINANCIAL SUMMARY**

<table>
<thead>
<tr>
<th>Utility Fund (Fund 61)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Fiscal Year Complete</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Budget</th>
<th>YTD Actual*</th>
<th>Over(Under) Budget to Date</th>
<th>% FY 2019 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$2,842,380</td>
<td>$2,842,380</td>
<td>Pre-Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>7,594,000</td>
<td>1,888,898</td>
<td>5,705,102</td>
<td>25%</td>
</tr>
<tr>
<td>Fines &amp; Penalties</td>
<td>175,000</td>
<td>43,097</td>
<td>131,903</td>
<td>25%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10,000</td>
<td>5,053</td>
<td>4,947</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>7,779,000</td>
<td>1,937,048</td>
<td>5,841,952</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility General</td>
<td>4,448,218</td>
<td>906,218</td>
<td>3,542,000</td>
<td>20%</td>
</tr>
<tr>
<td>Utility Maintenance</td>
<td>1,920,076</td>
<td>200,752</td>
<td>1,719,324</td>
<td>10%</td>
</tr>
<tr>
<td>Water &amp; WWTP Division</td>
<td>2,400,206</td>
<td>339,328</td>
<td>2,060,878</td>
<td>14%</td>
</tr>
<tr>
<td>Warehouse Operations</td>
<td>86,500</td>
<td>14,715</td>
<td>71,785</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>8,855,000</td>
<td>1,461,012</td>
<td>7,393,988</td>
<td>16%</td>
</tr>
<tr>
<td>*YTD does not include encumbrances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenue (Expenditures)</strong></td>
<td>$ (1,076,000)</td>
<td>$476,036</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$1,766,380</td>
<td>$3,318,416</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Operating Reserves</td>
<td>24.14%</td>
<td>45.36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target 90 days (25%)</td>
<td>1,829,060</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over/(Under) Target</td>
<td>$ (62,680)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Airport Fund Overview

Revenue Highlights

- As a percentage of budget, core Airport revenues are meeting budget expectations.
- Timing of TxDOT RAMP Grant causes “Miscellaneous” revenue to appear above the budget target.
- General Fund (TransfersIn) subsidizes the Airport by $250,000, an increase of $100,000 over prior year to support the “runway project”.

Expenditure Highlights

- As a percentage of budget, total expenditures are 31%. Repairs and Maintenance represent 75% of budget—this is due to the timing of the relocation of the fuel system.

AIRPORT FUND FINANCIAL SUMMARY

<table>
<thead>
<tr>
<th>Municipal Airport Fund (Fund 64)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Fiscal Year Complete</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>YTD Actual*</td>
<td>Over(Under) Budget to Date</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$ 116,752</td>
<td>$ 116,752</td>
<td>Pre-Audit</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>-</td>
<td>150</td>
<td>(150)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>156,000</td>
<td>81,296</td>
<td>74,704</td>
</tr>
<tr>
<td>Transfers</td>
<td>250,000</td>
<td>62,500</td>
<td>187,500</td>
</tr>
<tr>
<td>Other Revenue (Fuel Sales)</td>
<td>178,500</td>
<td>41,638</td>
<td>136,862</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$ 584,500</td>
<td>$ 185,584</td>
<td>$ 398,916</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>136,850</td>
<td>31,758</td>
<td>105,092</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>154,000</td>
<td>40,466</td>
<td>113,534</td>
</tr>
<tr>
<td>Other Charges &amp; Services</td>
<td>73,700</td>
<td>19,610</td>
<td>54,090</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>124,900</td>
<td>93,568</td>
<td>31,332</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>152,550</td>
<td>12,525</td>
<td>140,025</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$ 642,000</td>
<td>$ 197,926</td>
<td>$ 444,074</td>
</tr>
</tbody>
</table>

*YTD does not include encumbrances

Net Revenue (Expenditures) $ (57,500) $ (12,342)

Ending Fund Balance $ 59,252 $ 104,410

No minimum Fund Balance Policy

General Fund subsidizes $250,000
**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. (October-December receipts will not be remitted until January)

- Miscellaneous (Civic Center rental fees) are slightly under budget.

**Expenditure Highlights**

- Total expenditures are slightly below the budget target; however this is due to the timing various budgets within the Hotel / Motel Fund.

- Council Discretionary is at 54% due to timing of payment to the Museum.

**HOTEL/MOTEL FUND FINANCIAL SUMMARY**

<table>
<thead>
<tr>
<th>Civic &amp; Cultural Arts Fund (Fund 25)</th>
<th>Total Budget</th>
<th>YTD Actual*</th>
<th>Over(Under) Budget to Date</th>
<th>% FY 2019 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$ 419,255</td>
<td>$ 419,255</td>
<td>Pre-Audit</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel Occupancy Tax</td>
<td>$ 800,000</td>
<td>$ 35,109</td>
<td>$ 764,891</td>
<td>4%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>79,000</td>
<td>16,415</td>
<td>$ 62,585</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 879,000</td>
<td>51,524</td>
<td>$ 827,476</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Discretionary</td>
<td>$ 133,000</td>
<td>72,000</td>
<td>61,000</td>
<td>54%</td>
</tr>
<tr>
<td>Tourism Department</td>
<td>263,000</td>
<td>72,348</td>
<td>190,652</td>
<td>28%</td>
</tr>
<tr>
<td>Civic Center</td>
<td>311,000</td>
<td>51,706</td>
<td>259,294</td>
<td>17%</td>
</tr>
<tr>
<td>Bay City Theatre</td>
<td>172,000</td>
<td>6,763</td>
<td>165,237</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$ 879,000</td>
<td>$ 202,817</td>
<td>$ 676,183</td>
<td>23%</td>
</tr>
<tr>
<td>*YTD does not include encumbrances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenue (Expenditures)</strong></td>
<td>$ -</td>
<td>$ (151,293)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$ 419,255</td>
<td>$ 267,962</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Proposed to maintain $50,000
Departmental Highlights - Quarter Activity

Building Department
New Homes

2 NEW RESIDENTIAL HOMES!
Value Added: $579,000  Total Taxes= $3,792

Commercial

Value Added: $16 million (FB Stadium 15M; Ace Hardware 750K)  Total Taxes= $4,912

<table>
<thead>
<tr>
<th></th>
<th>Oct - Dec 2017</th>
<th>Oct - Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Inspections</td>
<td>260</td>
<td>494</td>
</tr>
</tbody>
</table>

Street and Bridge

<table>
<thead>
<tr>
<th></th>
<th>Oct - Dec 2018</th>
<th>Oct - Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete Pavement Repair</td>
<td>6</td>
<td>109</td>
</tr>
<tr>
<td>Ditch Cleaning</td>
<td>18</td>
<td>34</td>
</tr>
<tr>
<td>Asphalt Pavement Repair</td>
<td>59</td>
<td>235</td>
</tr>
<tr>
<td>Utility/Asphalt/Concrete Repair</td>
<td>17</td>
<td>45</td>
</tr>
<tr>
<td>Signs</td>
<td>7</td>
<td>275</td>
</tr>
<tr>
<td>Traffic Control Devices</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Utility

<table>
<thead>
<tr>
<th></th>
<th>Oct - Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Leaks</td>
<td>109</td>
</tr>
<tr>
<td>Meter Leaks</td>
<td>34</td>
</tr>
<tr>
<td>Sewer Repairs</td>
<td>235</td>
</tr>
<tr>
<td>Low Pressure Reads</td>
<td>45</td>
</tr>
<tr>
<td>Meter Swaps</td>
<td>275</td>
</tr>
<tr>
<td>Water/Sewer Taps</td>
<td>8</td>
</tr>
</tbody>
</table>

Police Statistics

<table>
<thead>
<tr>
<th></th>
<th>Oct - Dec 2017</th>
<th>Oct - Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calls for service</td>
<td>6,908</td>
<td>6,837</td>
</tr>
<tr>
<td>Arrests</td>
<td>263</td>
<td>299</td>
</tr>
<tr>
<td>Cases assigned to CID</td>
<td>775</td>
<td>369</td>
</tr>
<tr>
<td>Cases cleared by CID</td>
<td>503</td>
<td>521</td>
</tr>
</tbody>
</table>

Civic Center

<table>
<thead>
<tr>
<th></th>
<th>Fiscal YTD 2018</th>
<th>Fiscal YTD 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$18,200</td>
<td>$14,215</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$55,311</td>
<td>$51,706</td>
</tr>
</tbody>
</table>
FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

*General Fund*
Reserve Levels: The City needs to build reserves up to policy level over the next 1-2 fiscal years.

Proprietary Funds

*Public Utility Fund*
None

*Airport*
None

**Monitoring:**

*Sales Tax*
Investment Report 1st Quarter Fiscal Year 2019

The City has a weighted average portfolio of 1 day with an average book yield of 2.07%. 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 over 2%. Investment earnings are $53,941 for the quarter and up $32,104 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 when it is feasible to do so.

December 31, 2018 Balances

<table>
<thead>
<tr>
<th></th>
<th>Total Bal by Type</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBC</td>
<td>$941,580.74</td>
<td>9%</td>
</tr>
<tr>
<td>Prosperity Bank</td>
<td>$275,719.22</td>
<td>3%</td>
</tr>
<tr>
<td>Petty Cash/Cash Drawers</td>
<td>$3,577.00</td>
<td>0%</td>
</tr>
<tr>
<td>Texpool</td>
<td>$6,273,767.47</td>
<td>61%</td>
</tr>
<tr>
<td>Texas Class</td>
<td>$2,817,425.64</td>
<td>27%</td>
</tr>
<tr>
<td>CD's</td>
<td>$-</td>
<td>0%</td>
</tr>
<tr>
<td>Securities</td>
<td>$-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,312,070.07</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Interest Earnings

Interest received during the 1st quarter totaled $53,941 and represents interest paid on checking accounts and investments.

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Qtr 12-31-17</th>
<th>Qtr 12-31-18</th>
<th>Over Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Received</td>
<td>$21,837</td>
<td>$53,941</td>
<td>$32,104</td>
</tr>
</tbody>
</table>

Interest Rate Trends

<table>
<thead>
<tr>
<th>Date</th>
<th>IBC</th>
<th>Prosperity</th>
<th>Texpool</th>
<th>Texas Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-17</td>
<td>0.50%</td>
<td>0.25%</td>
<td>1.18%</td>
<td>1.41%</td>
</tr>
<tr>
<td>Jan-18</td>
<td>0.50%</td>
<td>0.25%</td>
<td>1.30%</td>
<td>1.56%</td>
</tr>
<tr>
<td>Feb-18</td>
<td>0.50%</td>
<td>0.25%</td>
<td>1.34%</td>
<td>1.62%</td>
</tr>
<tr>
<td>Mar-18</td>
<td>0.50%</td>
<td>0.48%</td>
<td>1.52%</td>
<td>1.75%</td>
</tr>
<tr>
<td>Apr-18</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.67%</td>
<td>1.75%</td>
</tr>
<tr>
<td>May-18</td>
<td>0.50%</td>
<td>1.00%</td>
<td>1.71%</td>
<td>1.95%</td>
</tr>
<tr>
<td>Jun-18</td>
<td>0.50%</td>
<td>1.00%</td>
<td>1.81%</td>
<td>2.06%</td>
</tr>
<tr>
<td>Jul-18</td>
<td>0.50%</td>
<td>0.90%</td>
<td>1.89%</td>
<td>2.16%</td>
</tr>
<tr>
<td>Aug-18</td>
<td>0.50%</td>
<td>0.90%</td>
<td>1.92%</td>
<td>2.24%</td>
</tr>
<tr>
<td>Sep-18</td>
<td>0.50%</td>
<td>0.80%</td>
<td>2.00%</td>
<td>2.24%</td>
</tr>
<tr>
<td>Oct-18</td>
<td>0.50%</td>
<td>0.80%</td>
<td>2.14%</td>
<td>2.26%</td>
</tr>
<tr>
<td>Nov-18</td>
<td>0.50%</td>
<td>0.80%</td>
<td>2.20%</td>
<td>2.34%</td>
</tr>
<tr>
<td>Dec-18</td>
<td>0.50%</td>
<td>0.80%</td>
<td>2.29%</td>
<td>2.42%</td>
</tr>
</tbody>
</table>

City of Bay City
Quarterly Report
**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.

<table>
<thead>
<tr>
<th>Years to Maturity</th>
<th>Face Value</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1</td>
<td>$10,312,070</td>
<td>100%</td>
</tr>
<tr>
<td>1-2</td>
<td>$ 0</td>
<td>0%</td>
</tr>
<tr>
<td>2-3</td>
<td>$ 0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,312,070</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**City of BAY CITY vs. Benchmarks for Quarter Ending December 31, 2018**

<table>
<thead>
<tr>
<th>BOOK VALUE</th>
<th>MARKET VALUE</th>
<th>Unrealized Gain/&lt;Loss&gt;</th>
<th>Average Book Yield</th>
<th>Benchmark Pools</th>
<th>Benchmark 90 Day T-Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 10,312,070</td>
<td>$ 10,312,070</td>
<td>-</td>
<td>2.07%</td>
<td>2.32%</td>
<td>2.34%</td>
</tr>
</tbody>
</table>

Weighted Average

Maturity: 1.00 Day(s)

Yield: 2.07%