



CITY OF PORT LAVACA

FY 2015-2016 2nd Quarter Financial Overview

As of March 31, 2016

The City of Port Lavaca 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, sewer and garbage services to the citizens of Port Lavaca.
 - The **Beach Operating Fund** is used to account for the operations of the Port Lavaca Beach, RV Park, and Pier.
 - The **Port Revenue Fund** is used to account for the operations of the Port Commission, and to account for the rent generated from its harbors and docks.
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 Port Lavaca's Operations—please refer to the City's Comprehensive Annual Financial Report available on the City's website (www.portlavaca.org).
Go to the Finance Department's Page for all financial transparency information.

FINANCIAL OVERVIEW- City Wide

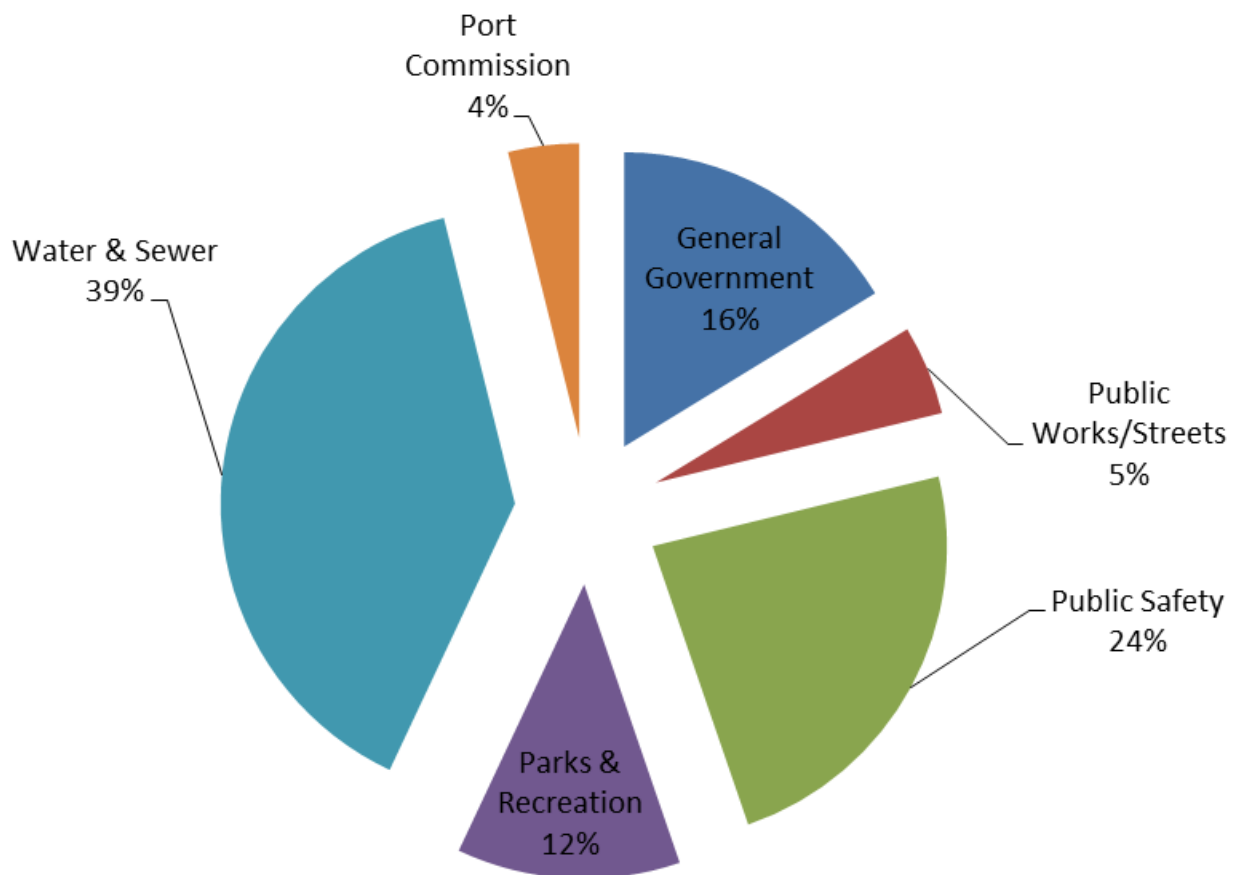
City Wide Revenues*

Combining all major funds, total City Wide Revenues are down \$72,364 as compared to quarter ended March 2015. This primary decrease is due the timing of property tax payment along with water consumption being down resulting in less water & sewer revenue.

City Wide Expenditures*

Expenditures are down \$209,465 as compared to March 2015. This is contributed to the timing of capital projects (land purchase, equipment) as compared to prior year. In addition, health care claims are significantly down from prior year (\$185,000).

Where do our dollars go?



General Fund Overview

Revenue Highlights

- As a percentage of budget, total General Fund Revenue is **73%**, exceeding the 2nd quarter benchmark of 50%.
- Sales tax receipts are up 4% (\$53,776) from prior year. Sales tax receipts are projected to be well above budget target of \$2,450,000.
- Franchise fees appear below budget target due to timing of payments, however will level out by year end.
- Licenses & Permits are down 3% (\$1,648) from prior year from prior year due to timing of building permits.
- Fines & Forfeitures (court fines & arrest fees) are up 19% (\$24,505) from prior year and in line with budget, however still below historical averages.
- Interest Income is slightly up from prior year and has exceeded the budget target of 50%.
- Bauer Center Rentals are slightly down from prior year, but has exceeded budget target by 44% or \$19,860.
- Grant and Contributions appear above budget due to timing of interlocal agreements/payments (Operation Stone Garden, Fire, and Animal Control Services).

GENERAL FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	14-15 Actual YTD	14-15 Budget	%	15-16 Actual YTD	15-16 Budget	%
<i>Revenues</i>						
Property Taxes	3,451,436	3,415,000	101%	3,362,182	3,494,000	96%
Sales Taxes	1,217,894	2,200,000	55%	1,271,670	2,450,000	52%
Franchise Taxes	219,848	585,600	38%	207,908	596,500	35%
Licenses and Permits	47,850	83,900	57%	46,202	83,200	56%
User and Svc Charges	46,239	47,000	98%	43,686	47,000	93%
Fines and Forfeitures	129,524	319,000	41%	154,029	281,000	55%
Other Revenue	93,995	277,000	34%	34,593	30,000	115%
Grant and Contribution	120,815	253,000	48%	249,506	256,800	97%
Intergovernmental Revenue	285,991	1,119,500	26%	334,365	581,500	58%
Total Revenue	\$ 5,613,592	\$ 8,300,000	68%	\$ 5,704,141	\$ 7,820,000	73%

General Fund Overview Continued

General Fund Expenditure Highlights

- As a percentage of budget, total General Fund Expenditures is 42%, being under the budgetary allocation of 50%.
- Most departments are under the 50% budget target. Health care claims are down from prior year by approximately \$106,729 (Non- Departmental). The City will continue to closely monitor claims activity.
- General Fund expenses are down \$145,548 as compared to the same quarter last year (primarily due to the timing of asset purchases & health care claims).

GENERAL FUND FINANCIAL SUMMARY

Expenditures by Department

	14-15 Actual YTD	14-15 Budget	%	15-16 Actual YTD	15-16 Budget	%
<i>Expenditures</i>						
City Council	11,839	28,600	41%	13,889	30,844	45%
City Manager	78,700	200,500	39%	80,356	252,020	32%
City Secretary	39,353	93,000	42%	51,890	94,640	55%
Human Resource	34,811	77,000	45%	31,224	81,425	38%
Municipal Court	43,854	115,925	38%	46,948	119,000	39%
Economic Development	9,188	72,000	0%	63,869	164,890	39%
Finance	103,214	208,550	49%	103,617	221,500	47%
City Hall	39,392	120,425	33%	28,377	108,750	26%
Police	831,890	1,605,350	52%	811,598	1,653,650	49%
Fire	534,391	1,188,563	45%	519,140	1,217,538	43%
Animal Control	51,451	108,700	47%	46,565	110,950	42%
Code Enforcement/Inspe	86,304	155,000	56%	81,651	159,850	51%
Streets	314,613	2,068,209	15%	551,765	1,253,109	44%
Parks and Recreation	474,523	561,100	85%	160,880	603,800	27%
Bauer Center	110,851	213,500	52%	105,249	240,950	44%
Non-Departmental	689,018	1,483,578	46%	610,827	1,507,084	41%
Total Expenditures	\$ 3,453,392	\$ 8,300,000	42%	\$ 3,307,845	\$ 7,820,000	42%
Revenues Over/Under	\$ 2,160,199.28			\$ 2,396,296.51		

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 46%. This is due to timing of the budgeted capital project (Bonorden & Commerce Sewer Line; Smith Water Line). Core revenues are meeting the budget target.
- Other Revenue is below budget target. This is due to the City budgeting to use \$614,000 of the reserve to fund various water and sewer projects as mentioned above.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 39% of budget and will be closer to budget target as we transfer out dollars to cover capital items.
- Health care claims are down by \$78,246 from prior year and at 28% of budget.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	14-15 Actual YTD	14-15 Budget	%	15-16 Actual YTD	15-16 Budget	%
<i>Revenues</i>						
User and Svc Charges	2,780,462	5,050,000	55%	2,601,568	5,114,000	51%
Fines and Forfeitures	46,343	92,000	50%	53,000	92,000	58%
Other Revenue	34,317	1,508,000	2%	45,377	669,000	7%
Grant and Contribution	-	-	0%	-	-	0%
Intergovernmental Rev.	-	-	0%	-	-	0%
Total Revenue	\$ 2,861,123	\$ 6,650,000	43%	\$ 2,699,946	\$ 5,875,000	46%
<i>Expenditures</i>						
Billing	117,055	292,125	40%	123,869	297,175	42%
Maintenance	344,512	1,936,300	18%	267,939	1,290,400	21%
WWTP	267,829	636,100	42%	204,190	593,250	34%
Non-Departmental	1,769,796	3,785,475	47%	1,693,728	3,694,175	46%
Total Expenditures	\$ 2,499,192	\$ 6,650,000	38%	\$ 2,289,727	\$ 5,875,000	39%
Revenues Over/Under	\$ 361,930.98			\$ 410,218.91		

Beach Fund Overview

Revenue Highlights

- As a percentage of budget, total Beach Fund Revenue appears to be below budget target due to the budgeting of reserves to fund capital projects (upgrade trailer spaces). Revenues are at 46% of budget without respect to using reserves for capital initiatives.
- RV rentals are down 1,217 from prior year, however should meet budget target. However, gate fees are up 5,177 (38%).

Expenditure Highlights

- As a percentage of budget, total expenditures are 48%, falling just under the 50% budget target due to the timing water cost related to use of splash pad.

BEACH FUND FINANCIAL SUMMARY

Revenues by Receipt Type

Time Period -- October through March 2016						
	14-15 Actual YTD	14-15 Budget	%	15-16 Actual YTD	15-16 Budget	%
<i>Revenues</i>						
User and Svc Charges	133,487	248,000	54%	139,100	263,500	53%
Other Revenue	2,719	140,000	2%	2,314	43,500	5%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 136,206	\$ 388,000	35%	\$ 141,414	\$ 307,000	46%
<i>Expenditures</i>						
Operations & Capital	198,781	388,000	51%	148,355	307,000	48%
Total Expenditures	\$ 198,781	\$ 388,000	51%	\$ 148,355	\$ 307,000	48%
Revenues Over/Under	\$ (62,574)			\$ (6,941)		

Port Commission Fund Overview

Revenue Highlights

- Revenues are down by \$5,129 as compared to prior year primarily due to tariffs. Port Commission revenue is 7% of the 50 % budget expectation due to budgeted reserves for funding operations and planning for a large dredging project (\$2,500,000).
- Tariffs are down \$9,022 as compared to prior year and under budget sitting at 36%. Harbor of Refuge lease revenue is anticipated to be recovered once dredging is complete.
- Nautical Landing's building and dock leases are up \$4,582 from prior year and on budgetary target.

Expenditure Highlights

- Overall operational expenditures are 46% of budget.
- Port Commission expenses are down from prior year by \$ 29,527 primarily due to personnel costs and lower maintenance costs.

PORT COMMISSION FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	14-15 Actual YTD	14-15 Budget	%	15-16 Actual YTD	15-16 Budget	%
<i>Revenues</i>						
User and Svc Charges	217,311	494,900	44%	212,181	433,500	49%
Fines and Forfeitures	568	300	189%	-	200	0%
Other Revenue	708	352,800	0%	1,462	2,544,300	0%
Grant and Contribution	2,001	2,000	100%	-	2,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 220,587	\$ 850,000	26%	\$ 213,643	\$ 2,980,000	7%
<i>Expenditures</i>						
Operations & Capital	248,525	850,000	29%	218,998	2,980,000	7%
Total Expenditures	\$ 248,525	\$ 850,000	29%	\$ 218,998	\$ 2,980,000	7%
Revenues Over/Under	\$ (27,938)			\$ (5,355)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund](#)

None

Proprietary Funds

[Public Utility Fund](#)

None

[Beach Fund](#)

None

[Port Commission](#)

Loss revenue due to shallow channel that has affected the tariffs and land lease; Most revenue should come back in line by next fiscal due to the completion of dredging.

Other Information:

Budgeting depreciation expense will continue to help the Utility, Beach, and Port Commission build reserves each year to help fund future infrastructure improvements, therefore balancing with reserve is what I will recommend to do when we have enough to fund a project and the City is able to maintain our reserve levels according to policy.

Monitoring:

Health care costs have continued to increase over the last few years. Even though claims are down this year (\$185,000)-- The City will continue to monitor health care claim activity – especially in the General Fund and Public Utility Fund.

RV Rentals- will monitor closely rental activity since down from prior year

Investment Report 2nd Quarter 2015-2016

The City has a weighted average portfolio of 74 days with an average book yield of .50%. The City is liquid with 91% of the portfolio in a 0-1 year bucket. Average interest rates have slightly increased since prior quarter. All short term investments average less than 1%. Investment earnings are \$18,367 for the quarter and up \$7,692 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking, Investment Pools, & CD's) to minimize interest rate risk in the future. The Investment Officer monitors security offerings, but most offerings are lower interest than what we have in our current checking account. Beginning February 1, 2016 the City began earning a variable rate of .38 average of the quarter (91 Day T-Bill + .10) vs an optional fixed rate of .30 from the City's primary depository.

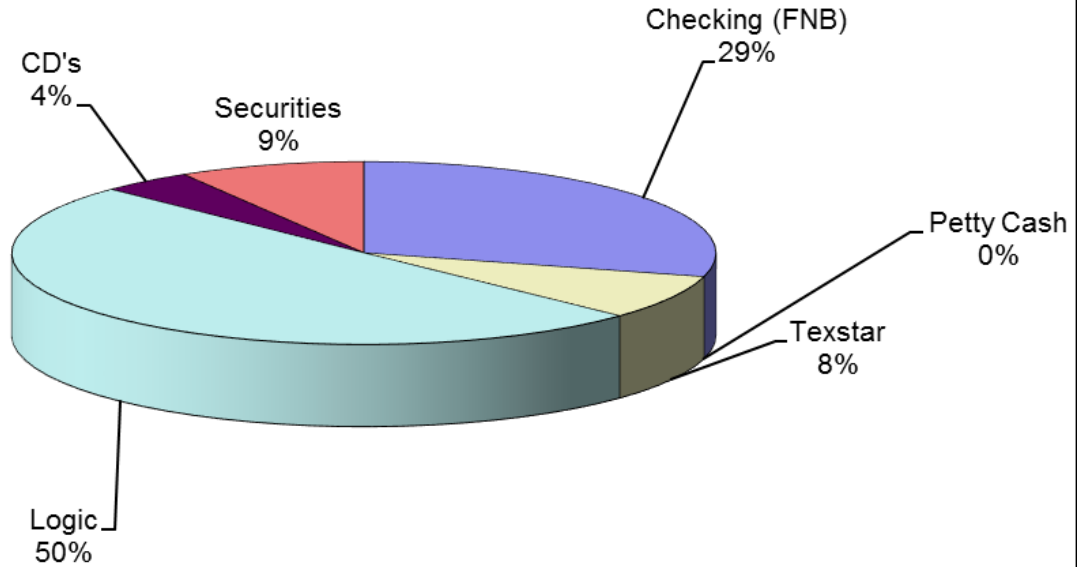
March 31, 2016 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$5,118,288.23	29.20%
Petty Cash (N/A)	\$2,225.00	0.01%
Texstar	\$1,379,801.60	7.87%
Logic	\$8,793,064.05	50.16%
CD's	\$735,000.00	4.19%
Securities	\$1,500,000.00	8.56%
	<u>\$17,528,378.88</u>	100.00%

Cash Balance	All Funds	\$17,528,378.88
Less Restricted Cash		
Operating Reserves-Policy	4,036,589.00	
Add'l Operating Reserves-Goal	1,234,399.00	
Health Reserve	924,846.00	
FARF Fund	516,547.57	
Projects Encumbered	312,640.01	
Other AP Encumbered	83,932.77	
Debt Payments Due	130,603.00	
Total	\$10,288,821.53	

This is the balance after all reserve policies and short term liabilities (City bills, Projects Encumbered & next scheduled debt payments) are taken into consideration.

Portfolio Diversification



City of Port Lavaca vs. Investment Pools for Quarter Ending March 31, 2016

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 17,528,378.88	\$ 17,528,563.88	185.00	0.50%	0.39%	0.210%
Weighted Average					
Maturity	74.72 Days		0.50%	Yield	