



CITY OF PORT LAVACA

FY 2013-2014 3rd Quarter Financial Overview

As of June 30, 2014

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

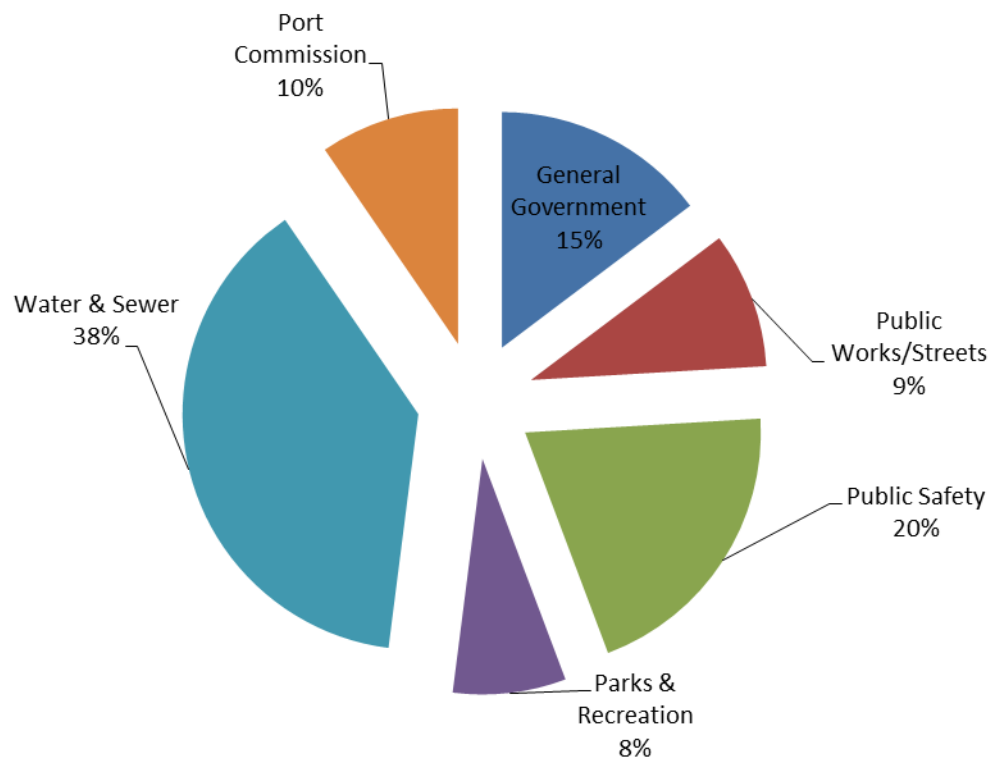
City Wide Revenues*

Combining all major funds, total City Wide Revenues are up \$188,299 as compared to quarter ended June 2014. This increase is due the timing of property tax payments and the increase payment from the County (fire interlocal agreement plus funding of brush truck).

City Wide Expenditures*

Expenditures are up \$136,392 as compared to June 2014. This is primarily contributed to the increase in health care claims and the timing of the George Street Reconstruction 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 **95%**, exceeding the 2nd quarter benchmark of 75%.
- Sales tax receipts are down approximately \$19,350 (1%) from prior year. However, sales tax receipts are still expected to be above budget target of \$2,180,000.
- Franchise fees are up \$27,936 (8%) from prior year.
- Licenses & Permits are down 13% from prior year, however exceeds budget target.
- Fines & Forfeitures (court fines & arrest fees) are down 10% from prior year & below budget target of 75%.
- Interest Income is up \$4,408 from prior year and exceeds 100% of budget target.
- Bauer Center Rentals are up \$10,365 over prior year.
- Grant and Contributions appear above budget due to the County funding a brush truck. Additional revenue will be offset by the brush truck when payment made.

GENERAL FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
Property Taxes	3,351,941	3,240,000	103%	3,484,937	3,265,000	107%
Sales Taxes	1,838,176	2,315,000	79%	1,818,825	2,180,000	83%
Franchise Taxes	338,958	593,000	57%	366,894	585,000	63%
Licenses and Permits	125,391	143,000	88%	108,698	82,900	131%
User and Svc Charges	55,917	72,000	78%	65,504	45,000	146%
Fines and Forfeitures	252,613	378,000	67%	227,138	349,000	65%
Other Revenue	152,602	159,600	96%	75,624	34,000	222%
Grant and Contribution	242,625	250,500	97%	397,917	248,500	160%
Intergovernmental Reve	388,511	495,000	78%	395,514	510,600	77%
Total Revenue	\$ 6,746,735	\$ 7,646,100	88%	\$ 6,941,050	\$ 7,300,000	95%

General Fund Overview Continued

General Fund Expenditure Highlights

- As a percentage of budget, total General Fund Expenditures is 78%, being just over the budgetary allocation of 75%.
- Most all departments are under the 75% budget target with the exception of City Secretary (timing of election cost), Animal Control (Facility Improvements), Streets (timing of infrastructure repairs), and Non-Departmental (health claims & IT Services). Health care claims are up from prior year (Non- Departmental). The City will closely monitor claims activity and amend the budget if needed.
- General Fund expenses are up \$322,263 as compared to the same quarter last year (primarily due to the timing of street project & health claims).

GENERAL FUND FINANCIAL SUMMARY

Expenditures by Department

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
City Council	20,157	28,719	70%	24,237	32,655	74%
City Manager	141,794	203,782	70%	148,891	202,098	74%
City Secretary	57,335	80,919	71%	71,792	83,611	86%
Human Resource	49,488	75,932	65%	45,372	77,333	59%
Municipal Court	68,826	106,310	65%	67,876	111,545	61%
Finance	142,227	205,950	69%	148,180	199,935	74%
City Hall	86,348	130,145	66%	87,127	121,325	72%
Police	1,120,518	1,606,575	70%	1,143,512	1,550,550	74%
Fire	868,036	1,192,663	73%	783,297	1,150,362	68%
Animal Control	70,356	105,050	67%	83,902	105,840	79%
Code Enforcement/Inspe	95,725	142,700	67%	100,584	153,619	65%
Streets	996,337	1,436,800	69%	1,305,503	1,606,975	81%
Parks and Recreation	458,696	655,400	70%	192,752	304,850	63%
Bauer Center	157,274	246,100	64%	125,305	229,500	55%
Non-Departmental	1,002,558	1,354,505	74%	1,329,606	1,369,802	97%
Total Expenditures	\$ 5,335,675	\$ 7,571,550	70%	\$ 5,657,938	\$ 7,300,000	78%
Revenues Over/Under	\$ 1,411,059.52			\$ 1,283,112.46		

Public Utility Fund Overview

Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 62%. This is due to timing of the budgeted capital project (Automated Meter Reading). Core revenues are exceeding the budget target.
- Other Revenue is below budget target. This is due to the City budgeting to use \$1,166,000 of the reserve to fund various water and sewer projects including a large meter replacement.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 69% of budget.
- Utility Maintenance is up from prior year due to timing of the Water & Sewer projects.
- Health care claims are down \$73,000 from prior year.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
User and Svc Charges	3,868,170	5,078,300	76%	3,853,637	5,031,000	77%
Fines and Forfeitures	69,746	90,000	77%	68,705	92,000	75%
Other Revenue	51,027	753,700	7%	43,814	1,228,000	4%
Grant and Contribution	-	-	0%	-	-	0%
Intergovernmental Rev.	-	-	0%	-	45,000	0%
Total Revenue	\$ 3,988,943	\$ 5,922,000	67%	\$ 3,966,156	\$ 6,396,000	62%
<i>Expenditures</i>						
Billing	193,561	294,425	66%	170,692	267,347	64%
Maintenance	1,060,781	1,340,467	79%	1,379,162	1,954,725	71%
WWTP	391,058	714,709	55%	376,682	641,572	59%
Non-Departmental	2,449,868	3,572,399	69%	2,479,336	3,532,356	70%
Total Expenditures	\$ 4,095,268	\$ 5,922,000	69%	\$ 4,405,872	\$ 6,396,000	69%
Revenues Over/Under	\$ (106,325.52)			\$ (439,716.09)		

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. Revenues are at 40% of budget without respect to using reserves for capital initiatives.
- R.V. rentals are up compared to prior year and 15% over our current year budget target.

Expenditure Highlights

- As a percentage of budget, total expenditures is 72%, falling just under the 75% budget target due to the timing of capital improvements at Lighthouse Beach Park (Splash Pad & T-Head on Fishing Pier).

BEACH FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
User and Svc Charges	201,508	228,000	88%	209,455	234,000	90%
Other Revenue	3,831	132,000	3%	3,439	296,000	1%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 205,339	\$ 360,000	57%	\$ 212,894	\$ 530,000	40%
<i>Expenditures</i>						
Operations & Admin	209,889	360,000	58%	381,215	530,000	72%
Total Expenditures	\$ 209,889	\$ 360,000	58%	\$ 381,215	\$ 530,000	72%
Revenues Over/Under	\$ (4,550)			\$ (168,321)		

Port Commission Fund Overview

Revenue Highlights

- As a percentage of the budget, total Port Commission revenue is 80%
- All building and dock leases are above budgetary mark of 75%.
- Tariffs are slightly below the budget target.

Expenditure Highlights

- Overall expenditures are below budget targets due to timing of operational planned expenditures.
- Port Commission expenses are down from prior year by \$ 667,000 due to timing of capital projects in prior year.

PORT COMMISSION FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
User and Svc Charges	368,228	481,000	77%	378,407	470,000	81%
Fines and Forfeitures	442	200	221%	732	200	366%
Other Revenue	3,197	669,800	0%	1,943	2,800	69%
Grant and Contribution	-	2,000	0%		2,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 371,867	\$ 1,153,000	32%	\$ 381,083	\$ 475,000	80%
<i>Expenditures</i>						
Operations & Admin	1,019,486	1,153,000	88%	351,686	475,000	74%
Total Expenditures	\$ 1,019,486	\$ 1,153,000	88%	\$ 351,686	\$ 475,000	74%
Revenues Over/Under	\$ (647,619)			\$ 29,397		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund](#)

Health care claims

Proprietary Funds

[Public Utility Fund-No issues](#)

None

[Beach Fund- No issues](#)

None

[Port Commission-No issues](#)

None

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 along with the city's windstorm and liability insurance. The City will closely monitor health care claim activity. The City's claims are trending better than prior year.

Sales tax payments (Oct- Aug) as of August are up nearly \$16,000 from prior year or .70% and projected to be \$250,000 over the budget target of \$2,180,000.

Investment Report 3rd Quarter 2013-2014

The City has a weighted average portfolio of 31 days with an average book yield of .18%. The City is liquid with 100% of the portfolio in a 0-1 year bucket. Average interest rates have remained steady since prior quarter. All short term investments average less than 1%. Investment earnings are \$7,787 for the quarter and down \$2,022 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, 2013 the City began earning a fixed rate of .30 from the City's primary depository.

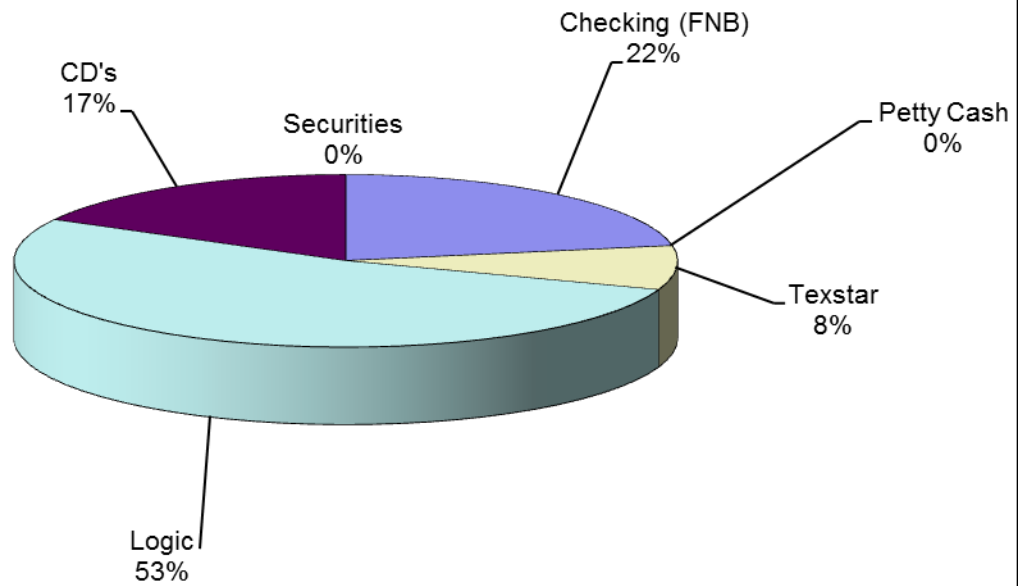
June 30, 2014 Balances

	Total Bal by Type	% of Portfolio
First National Bank	3,709,949	22.20%
Petty Cash (N/A)	\$2,225	0.01%
Texstar	1,377,273	8.24%
Logic	8,767,266	52.46%
CD's	2,855,063	17.08%
Securities	0	0.00%
	<u>\$16,711,776</u>	100.00%

Cash Balance	All Funds	\$16,711,776
Less Restricted Cash		
Operating Reserves-Policy	3,695,890	
Add'l Operating Reserves-Goal	1,204,299	
Health Reserve	676,542	
FARF Fund	273,122	
Projects Encumbered	1,576,334	
Other AP Encumbered	133,709	
Debt Payments Due	165,860	
Total	\$8,986,020	

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 June 30, 2014

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 16,711,776.47	\$ 16,711,776.47	-	0.18%	0.07%	0.040%
Weighted Average					
Maturity	30.69 Days		0.18%	Yield	