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 is 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

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

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

<table>
<thead>
<tr>
<th></th>
<th>12-13 Actual YTD</th>
<th>12-13 Budget</th>
<th>%</th>
<th>13-14 Actual YTD</th>
<th>13-14 Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>User and Svc Charges</td>
<td>3,868,170</td>
<td>5,078,300</td>
<td>76%</td>
<td>3,853,637</td>
<td>5,031,000</td>
<td>77%</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>69,746</td>
<td>90,000</td>
<td>77%</td>
<td>68,705</td>
<td>92,000</td>
<td>75%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>51,027</td>
<td>753,700</td>
<td>7%</td>
<td>43,814</td>
<td>1,228,000</td>
<td>4%</td>
</tr>
<tr>
<td>Grant and Contribution</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Intergovernmental Rev.</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>45,000</td>
<td>0%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$ 3,988,943</td>
<td>$ 5,922,000</td>
<td>67%</td>
<td>$ 3,966,156</td>
<td>$ 6,396,000</td>
<td>62%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12-13 Actual YTD</th>
<th>12-13 Budget</th>
<th>%</th>
<th>13-14 Actual YTD</th>
<th>13-14 Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing</td>
<td>193,561</td>
<td>294,425</td>
<td>66%</td>
<td>170,692</td>
<td>267,347</td>
<td>64%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,060,781</td>
<td>1,340,467</td>
<td>79%</td>
<td>1,379,162</td>
<td>1,954,725</td>
<td>71%</td>
</tr>
<tr>
<td>WWTP</td>
<td>391,058</td>
<td>714,709</td>
<td>55%</td>
<td>376,682</td>
<td>641,572</td>
<td>59%</td>
</tr>
<tr>
<td>Non-Departmental</td>
<td>2,449,868</td>
<td>3,572,399</td>
<td>69%</td>
<td>2,479,336</td>
<td>3,532,356</td>
<td>70%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$ 4,095,268</td>
<td>$ 5,922,000</td>
<td>69%</td>
<td>$ 4,405,872</td>
<td>$ 6,396,000</td>
<td>69%</td>
</tr>
<tr>
<td>Revenues Over/Under</td>
<td>(106,325.52)</td>
<td></td>
<td></td>
<td>$ (439,716.09)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**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**

<table>
<thead>
<tr>
<th></th>
<th>12-13 Actual YTD</th>
<th>12-13 Budget</th>
<th>%</th>
<th>13-14 Actual YTD</th>
<th>13-14 Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User and Svc Charges</td>
<td>201,508</td>
<td>228,000</td>
<td>88%</td>
<td>209,455</td>
<td>234,000</td>
<td>90%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>3,831</td>
<td>132,000</td>
<td>3%</td>
<td>3,439</td>
<td>296,000</td>
<td>1%</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$205,339</td>
<td>$360,000</td>
<td>57%</td>
<td>$212,894</td>
<td>$530,000</td>
<td>40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12-13 Actual YTD</th>
<th>12-13 Budget</th>
<th>%</th>
<th>13-14 Actual YTD</th>
<th>13-14 Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations &amp; Admin</td>
<td>209,889</td>
<td>360,000</td>
<td>58%</td>
<td>381,215</td>
<td>530,000</td>
<td>72%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$209,889</td>
<td>$360,000</td>
<td>58%</td>
<td>$381,215</td>
<td>$530,000</td>
<td>72%</td>
</tr>
<tr>
<td><strong>Revenues Over/Under</strong></td>
<td>$(4,550)</td>
<td></td>
<td></td>
<td></td>
<td>$(168,321)</td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>12-13 Actual YTD</th>
<th>12-13 Budget</th>
<th>%</th>
<th>13-14 Actual YTD</th>
<th>13-14 Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User and Svc Charges</td>
<td>368,228</td>
<td>481,000</td>
<td>77%</td>
<td>378,407</td>
<td>470,000</td>
<td>81%</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>442</td>
<td>200</td>
<td>221%</td>
<td>732</td>
<td>200</td>
<td>366%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>3,197</td>
<td>669,800</td>
<td>0%</td>
<td>1,943</td>
<td>2,800</td>
<td>69%</td>
</tr>
<tr>
<td>Grant and Contribution</td>
<td>-</td>
<td>2,000</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$371,867</td>
<td>$1,153,000</td>
<td>32%</td>
<td>$381,083</td>
<td>$475,000</td>
<td>80%</td>
</tr>
</tbody>
</table>

Expenditures

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations &amp; Admin</td>
<td>1,019,486</td>
<td>1,153,000</td>
<td>88%</td>
<td>351,686</td>
<td>475,000</td>
<td>74%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$1,019,486</td>
<td>$1,153,000</td>
<td>88%</td>
<td>$351,686</td>
<td>$475,000</td>
<td>74%</td>
</tr>
<tr>
<td>Revenues Over/Under</td>
<td>$ (647,619)</td>
<td></td>
<td></td>
<td>$ 29,397</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.
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

<table>
<thead>
<tr>
<th>Total Bal by Type</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>3,709,949</td>
</tr>
<tr>
<td>Petty Cash (N/A)</td>
<td>$2,225</td>
</tr>
<tr>
<td>Texstar</td>
<td>1,377,273</td>
</tr>
<tr>
<td>Logic</td>
<td>8,767,266</td>
</tr>
<tr>
<td>CD’s</td>
<td>2,855,063</td>
</tr>
<tr>
<td>Securities</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,711,776</strong></td>
</tr>
</tbody>
</table>

### Cash Balance

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

This is the balance after all reserve policies and short term liabilities (City bills, Projects Encumbered & next scheduled debt payments) are taken into consideration.
### City of Port Lavaca vs. Investment Pools
#### for Quarter Ending June 30, 2014

<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>$16,711,776.47</td>
<td>$16,711,776.47</td>
<td>-</td>
<td>0.18%</td>
<td>0.07%</td>
<td>0.040%</td>
</tr>
</tbody>
</table>

**Weighted Average**

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.69 Days</td>
<td>0.18% Yield</td>
</tr>
</tbody>
</table>