



CITY OF PORT LAVACA

FY 2014-2015 3rd Quarter Financial Overview

As of June 30, 2015

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

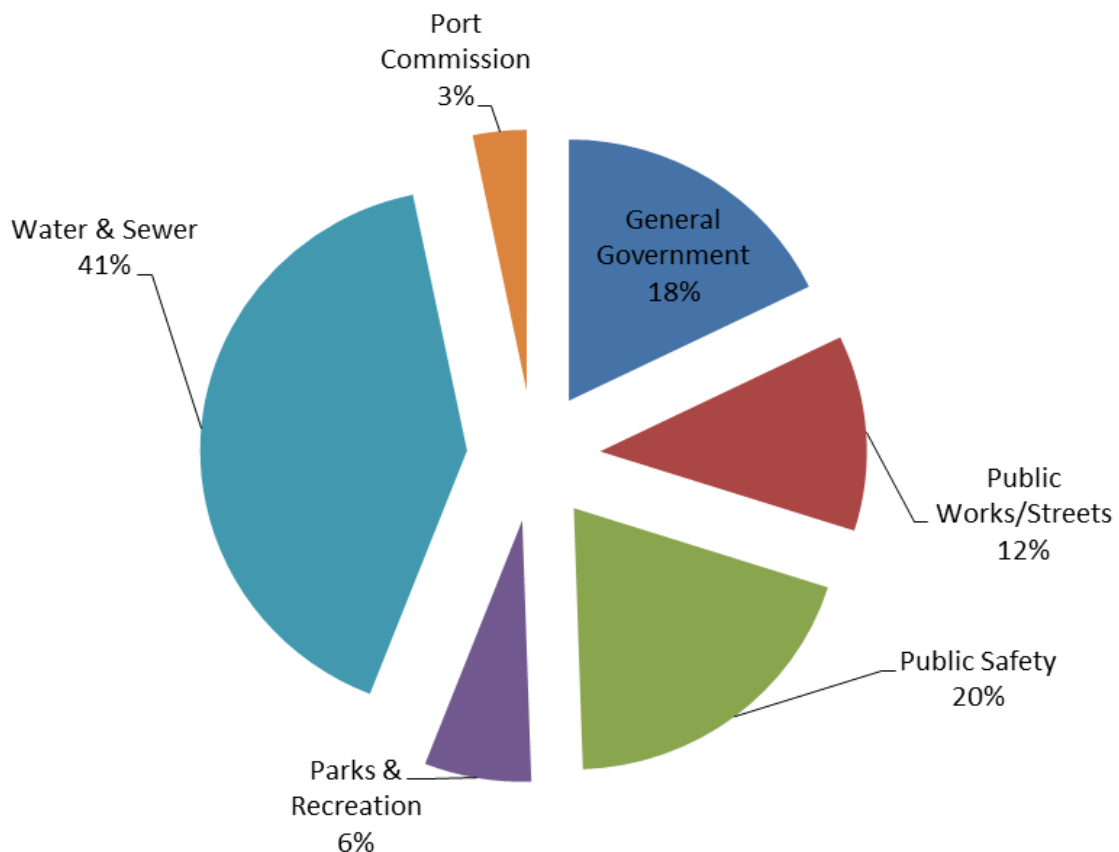
City Wide Revenues*

Combining all major funds, total City Wide Revenues are up \$491,615 as compared to quarter ended June 2014. This primary increase is due the timing of water, sewer, garbage and sales tax, and property tax payments.

City Wide Expenditures*

Expenditures are down \$866,950 as compared to June 2014. This is contributed to the timing of capital projects 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 **82%**, exceeding the 3rd quarter benchmark of 75%.
- Property taxes have exceeded the budget target because of a higher than expected collection rate. Property tax receipts are up more than 3% (\$111,588) as compared to prior year due to collection rate and increased values on the tax roll.
- Sales tax receipts are up 5% (\$96,025) from prior year. Sales tax receipts are projected to be near \$2.6 million by year end.
- Franchise fees are below the budget target; however fees are stable as compared to prior year.
- Licenses & Permits are down 38% (\$29,967) from prior year due to a decline in amusement licenses/fees, however meets budget expectations.
- Fines & Forfeitures (court fines & arrest fees) are down 13% (\$25,737) from prior year & below budget target.
- Interest Income is up \$11,144 from prior year and exceeds the budget target.
- User & Service Charges (Bauer Center Rentals) are up \$4,758 over prior year.
- Intergovernmental Revenue appears below budget due to timing of capital project transfers (Service Center, Pinta Road).

GENERAL FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
<i>Revenues</i>						
Property Taxes	3,484,937	3,265,000	107%	3,596,525	3,615,000	99%
Sales Taxes	1,818,825	2,180,000	83%	1,914,850	2,450,400	78%
Franchise Taxes	366,894	585,000	63%	368,084	585,600	63%
Licenses and Permits	108,698	82,900	131%	78,730	83,900	94%
User and Svc Charges	65,504	45,000	146%	70,262	47,000	149%
Fines and Forfeitures	227,138	349,000	65%	201,401	319,000	63%
Other Revenue	75,624	34,000	222%	105,675	283,650	37%
Grant and Contribution	397,917	248,500	160%	259,689	253,000	103%
Intergovernmental Revenue	395,514	510,600	77%	589,616	1,141,500	52%
Total Revenue	\$ 6,941,050	\$ 7,300,000	95%	\$ 7,184,833	\$ 8,779,050	82%

General Fund Overview Continued

General Fund Expenditure Highlights

- As a percentage of budget, total General Fund Expenditures are 60%, being under the budgetary allocation of 75%.
- All departments are under the 75% budget.
- Health care claims are down from prior year (Non- Departmental) by nearly \$227,191, however an amendment was made to increase claims budget by \$100,000. The City will continue to closely monitor claims activity.
- General Fund expenses are down \$353,015 as compared to the same quarter last year (primarily due to the timing of capital items coupled with timing of health care claims).

GENERAL FUND FINANCIAL SUMMARY

Expenditures by Department

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
City Council	24,237	32,655	74%	18,515	28,600	65%
City Manager	148,891	202,098	74%	115,923	200,500	58%
City Secretary	71,792	83,611	86%	67,154	93,000	72%
Human Resource	45,372	77,333	59%	50,997	77,000	66%
Municipal Court	67,876	112,045	61%	79,233	115,925	68%
Economic Development	-	-	0%	53,978	85,000	64%
Finance	148,180	199,935	74%	156,084	209,750	74%
City Hall	87,127	121,325	72%	58,801	120,425	49%
Police	1,143,512	1,550,550	74%	1,203,093	1,611,950	75%
Fire	783,297	1,150,362	68%	843,715	1,188,563	71%
Animal Control	83,902	105,840	79%	76,448	108,750	70%
Code Enforcement/Inspe	100,584	153,619	65%	129,326	213,200	61%
Streets	1,305,503	1,606,975	81%	629,179	2,068,209	30%
Parks and Recreation	192,752	304,850	63%	574,065	811,100	71%
Bauer Center	125,305	229,500	55%	145,996	213,500	68%
Non-Departmental	1,329,606	1,369,802	97%	1,102,416	1,633,578	67%
Total Expenditures	\$ 5,657,938	\$ 7,300,500	78%	\$ 5,304,922	\$ 8,779,050	60%
Revenues Over/Under	\$ 1,283,112.46			\$ 1,879,910.88		

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 \$1,450,000 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 58% of budget.
- Utility Maintenance is down from prior year due to the timing of capital projects.
- Wastewater Treatment Plant is up from prior year due personnel costs (added new position), testing fees, and water (pump broke).
- Health care claims are up \$143,023 from prior year and exceeds original budget target by \$101,825. An amendment was made to this budget line.

PUBLIC UTILITY FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
<i>Revenues</i>						
User and Svc Charges	3,853,637	5,031,000	77%	4,121,246	5,268,000	78%
Fines and Forfeitures	68,705	92,000	75%	70,505	92,000	77%
Other Revenue	43,814	1,228,000	4%	56,603	1,508,000	4%
Grant and Contribution	-	-	0%	-	-	0%
Intergovernmental Rev.	-	45,000	0%	-	-	0%
Total Revenue	\$ 3,966,156	\$ 6,396,000	62%	\$ 4,248,353	\$ 6,868,000	62%
<i>Expenditures</i>						
Billing	170,692	267,347	64%	171,086	292,125	59%
Maintenance	1,379,162	1,954,725	71%	474,825	1,936,300	25%
WWTP	376,682	641,572	59%	396,599	669,100	59%
Non-Departmental	2,479,336	3,532,356	70%	2,926,252	3,970,475	74%
Total Expenditures	\$ 4,405,872	\$ 6,396,000	69%	\$ 3,968,762	\$ 6,868,000	58%
Revenues Over/Under	\$ (439,716.09)			\$ 279,591.63		

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 (playground). Revenues are at 52% of budget without respect to using reserves for capital initiatives.
- Gate Fees are up \$4,237 and RV Rental are up 7,594 as compared to prior year.

Expenditure Highlights

- As a percentage of budget, total expenditures are 61%, under the 75% budget target due to the timing of capital improvements at Lighthouse Beach Park (Trailer Spaces).

BEACH FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
<i>Revenues</i>						
User and Svc Charges	209,455	234,000	90%	220,532	273,000	81%
Other Revenue	3,439	296,000	1%	3,487	155,000	2%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 212,894	\$ 530,000	40%	\$ 224,019	\$ 428,000	52%
<i>Expenditures</i>						
Operations & Capital	381,215	530,000	72%	262,599	428,000	61%
Total Expenditures	\$ 381,215	\$ 530,000	72%	\$ 262,599	\$ 428,000	61%
Revenues Over/Under	\$ (168,321)			\$ (38,580)		

Port Commission Fund Overview

Revenue Highlights

- Port Commission revenue is 37% of the 75% budget expectation primarily due to budgeted reserves for capital projects (Pinta Street).
- Revenues are down by \$45,491 as compared to prior year primarily due to Harbor of Refuge leases. Revenue is anticipated to be recovered once dredging is complete.
- Tariffs are up from prior year by nearly \$9,484.
- Nautical Landing's building and dock leases are on budgetary target.

Expenditure Highlights

- Overall expenditures are below budget targets due to timing of a capital project (Pinta Street).
- Port Commission expenses are up from prior year by \$ 41,792 due health care claims and depreciation expense.

PORT COMMISSION FUND FINANCIAL SUMMARY

Revenues by Receipt Type

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
<i>Revenues</i>						
User and Svc Charges	378,407	470,000	81%	331,633	428,900	77%
Fines and Forfeitures	732	200	366%	637	300	212%
Other Revenue	1,943	2,800	69%	1,321	463,800	0%
Grant and Contribution	-	2,000	0%	2,001	2,000	100%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 381,083	\$ 475,000	80%	\$ 335,592	\$ 895,000	37%
<i>Expenditures</i>						
Operations & Capital	351,686	475,000	74%	393,478	895,000	44%
Total Expenditures	\$ 351,686	\$ 475,000	74%	\$ 393,478	\$ 895,000	44%
Revenues Over/Under	\$ 29,397			\$ (57,886)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

General Fund

Court Fine Revenue

Health care claims- Amendment has been approved (budget increased by \$100,000)

Proprietary Funds

Public Utility Fund

Health care claims- Amendment has been approved (budget increased by \$140,000)

Beach Fund

Water Cost- Splash pad

Port Commission

Loss revenue due to shallow channel

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 along with the city's windstorm and liability insurance.

The City will closely monitor health care claim activity – especially in the Public Utility Fund. The City's claims are down in the General Fund.

Sales tax payments through June 2015 show an increase of 5% as compared to prior year. In addition, the August 2015 payment was up 34% (\$84,602) as compared to August 2014. The City has experienced steady increases since May 2015. Year End is expected to be near 2.7 million.

Investment Report 3rd Quarter 2014-2015

The City has a weighted average portfolio of 105 days with an average book yield of .26%. The City is liquid with 90% 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 \$11,643 for the quarter and up \$3,856 as compared to the same quarter last year. The investment strategy currently is to primarily stay short with diversification (Checking, Investment Pools, & CD's) to minimize interest rate risk in the future. However, the City is beginning to build a ladder portfolio with some investment moving into 2-5 year maturities. 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.

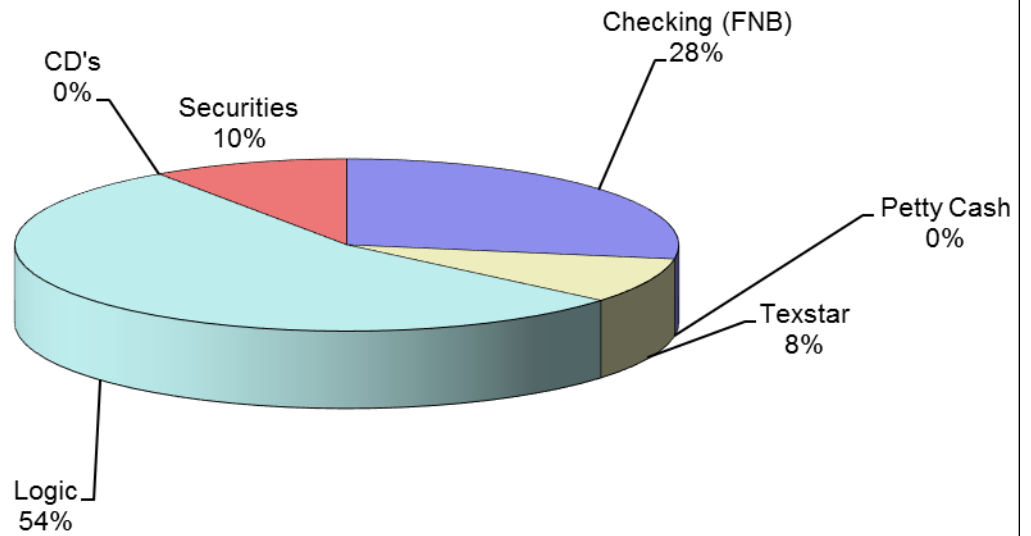
June, 2015 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$4,470,023.22	27.63%
Petty Cash (N/A)	\$2,225.00	0.01%
Texstar	\$1,377,963.39	8.52%
Logic	\$8,775,817.75	54.25%
CD's	\$-	0.00%
Securities	\$1,550,000.00	9.58%
	\$16,176,029.36	100.00%

Cash Balance	All Funds	\$16,176,029.36
Less Restricted Cash		
Operating Reserves-Policy		3,695,890.00
Add'l Operating Reserves-Goal		1,204,299.00
Health Reserve		676,542.00
FARF Fund		273,122.00
Projects Encumbered		1,865,503.41
Other AP Encumbered		138,136.62
Debt Payments Due		117,527.25
Total		\$8,205,009.08

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 2015

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 16,176,029.36	\$ 16,173,875.36	(2,154.00)	0.26%	0.09%	0.020%
Weighted Average					
Maturity	105.32 Days		0.26%	Yield	