



## CITY OF PORT LAVACA

### FY 2015-2016 1st Quarter Financial Overview

### As of December 31, 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](http://www.portlavaca.org)).  
Go to the Finance Department's Page for all financial transparency information.

## FINANCIAL OVERVIEW- City Wide

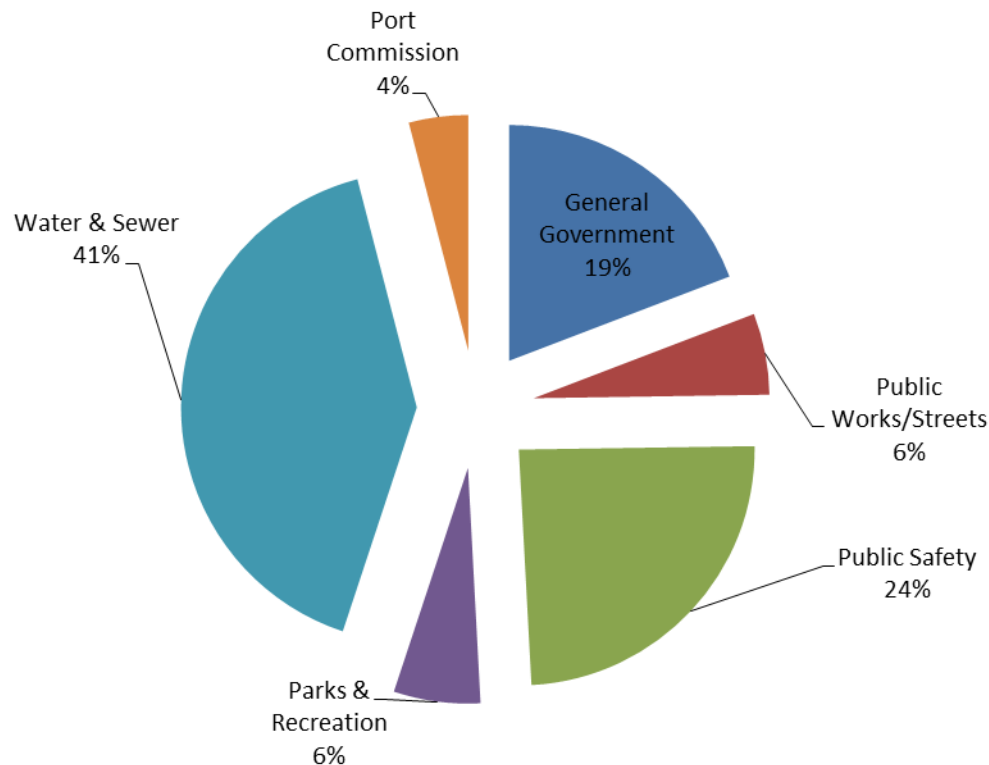
### *City Wide Revenues\**

Combining all major funds, total City Wide Revenues are up \$35,659 as compared to quarter ended December 2014. This primary increase is due the timing of taxes, water, sewer, and garbage payments.

### *City Wide Expenditures\**

Expenditures are up \$174,240 as compared to December 2014. This is contributed to personnel costs and the timing of capital projects (public works service center) 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 **36%**, exceeding the 1st quarter benchmark of 25%.
- Sales tax receipts are up 13.58% (\$77,946) from prior year. Sales tax receipts are projected to be above budget target of \$2,450,000.
- Franchise fees are stable.
- Licenses & Permits are up 45% (\$8,063) from prior year due to mechanical permits & alcohol licenses.
- Fines & Forfeitures (court fines & arrest fees) are up 23% (\$10,719) from prior year, however still below budget target of 25%.
- Interest Income is down \$3,791 from prior year, however is above the budget target of 25%.
- Bauer Center Rentals are slightly down from prior year, but has exceeded budget target by 21% or \$9,460.
- Grant and Contributions appear below budget due to timing of interlocal agreements/payments (Operation Stone Garden, 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            | 1,751,956           | 3,415,000           | 51%        | 1,898,631           | 3,494,000           | 54%        |
| Sales Taxes               | 574,069             | 2,200,000           | 26%        | 652,014             | 2,450,000           | 27%        |
| Franchise Taxes           | 67,923              | 585,600             | 12%        | 69,289              | 596,500             | 12%        |
| Licenses and Permits      | 17,865              | 83,900              | 21%        | 25,928              | 83,200              | 31%        |
| User and Svc Charges      | 22,811              | 47,000              | 49%        | 21,538              | 47,000              | 46%        |
| Fines and Forfeitures     | 46,548              | 319,000             | 15%        | 57,266              | 281,000             | 20%        |
| Other Revenue             | 37,717              | 277,000             | 14%        | 8,917               | 30,000              | 30%        |
| Grant and Contribution    | 8,484               | 253,000             | 3%         | (8,489)             | 256,800             | -3%        |
| Intergovernmental Revenue | 125,225             | 1,119,500           | 11%        | 122,375             | 581,500             | 21%        |
| <b>Total Revenue</b>      | <b>\$ 2,652,598</b> | <b>\$ 8,300,000</b> | <b>32%</b> | <b>\$ 2,847,470</b> | <b>\$ 7,820,000</b> | <b>36%</b> |

## **General Fund Overview Continued**

### **General Fund Expenditure Highlights**

- As a percentage of budget, total General Fund Expenditures is 20%, being under the budgetary allocation of 25%.
- Most departments are under the 25% budget target. Health care claims are down from prior year by approximately \$126,000 (Non- Departmental). The City will continue to closely monitor claims activity.
- General Fund expenses are up \$125,579 as compared to the same quarter last year (primarily due to personnel costs and timing of asset purchases).

### **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               | 9,818                  | 28,600              | 34%        | 6,898                  | 30,844              | 22%        |
| City Manager               | 36,281                 | 200,500             | 18%        | 37,027                 | 252,020             | 15%        |
| City Secretary             | 18,872                 | 93,000              | 20%        | 21,329                 | 94,640              | 23%        |
| Human Resource             | 16,400                 | 77,000              | 21%        | 17,341                 | 81,425              | 21%        |
| Municipal Court            | 18,991                 | 115,925             | 16%        | 22,722                 | 119,000             | 19%        |
| Economic Development       | 28                     | 72,000              | 0%         | 34,295                 | 164,890             | 21%        |
| Finance                    | 47,983                 | 208,550             | 23%        | 54,053                 | 221,500             | 24%        |
| City Hall                  | 16,047                 | 120,425             | 13%        | 12,514                 | 108,750             | 12%        |
| Police                     | 353,055                | 1,605,350           | 22%        | 396,684                | 1,653,650           | 24%        |
| Fire                       | 253,612                | 1,188,563           | 21%        | 284,009                | 1,217,538           | 23%        |
| Animal Control             | 23,079                 | 108,700             | 21%        | 23,933                 | 110,950             | 22%        |
| Code Enforcement/Inspe     | 33,947                 | 155,000             | 22%        | 45,833                 | 159,850             | 29%        |
| Streets                    | 151,844                | 2,068,209           | 7%         | 259,786                | 1,253,109           | 21%        |
| Parks and Recreation       | 53,782                 | 561,100             | 10%        | 63,081                 | 603,800             | 10%        |
| Bauer Center               | 53,529                 | 213,500             | 25%        | 55,673                 | 240,950             | 23%        |
| Non-Departmental           | 357,836                | 1,483,578           | 24%        | 235,508                | 1,507,084           | 16%        |
| <b>Total Expenditures</b>  | <b>\$ 1,445,105</b>    | <b>\$ 8,300,000</b> | <b>17%</b> | <b>\$ 1,570,685</b>    | <b>\$ 7,820,000</b> | <b>20%</b> |
| <b>Revenues Over/Under</b> | <b>\$ 1,207,492.22</b> |                     |            | <b>\$ 1,276,784.96</b> |                     |            |

## **Public Utility Fund Overview**

### ***Revenue Highlights***

- As a percentage of budget, total Water & Sewer Revenue is 23%. This is due to timing of the budgeted capital project (Bonorden & Commerce Sewer Line; Smith Water Line). Core revenues are exceeding 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 20% of budget.
- Health care claims are down by \$40,653 from prior year and at 12% 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       | 1,506,439            | 5,050,000           | 30%        | 1,320,507            | 5,114,000           | 26%        |
| Fines and Forfeitures      | 22,838               | 92,000              | 25%        | 25,844               | 92,000              | 28%        |
| Other Revenue              | 19,030               | 1,508,000           | 1%         | 20,332               | 669,000             | 3%         |
| Grant and Contribution     | -                    | -                   | 0%         | -                    | -                   | 0%         |
| Intergovernmental Rev.     | -                    | -                   | 0%         | -                    | -                   | 0%         |
| <b>Total Revenue</b>       | <b>\$ 1,548,307</b>  | <b>\$ 6,650,000</b> | <b>23%</b> | <b>\$ 1,366,683</b>  | <b>\$ 5,875,000</b> | <b>23%</b> |
| <i>Expenditures</i>        |                      |                     |            |                      |                     |            |
| Billing                    | 47,195               | 292,125             | 16%        | 57,446               | 297,175             | 19%        |
| Maintenance                | 139,616              | 1,936,300           | 7%         | 140,448              | 1,290,400           | 11%        |
| WWTP                       | 101,319              | 636,100             | 16%        | 94,681               | 593,250             | 16%        |
| Non-Departmental           | 823,748              | 3,785,475           | 22%        | 883,877              | 3,694,175           | 24%        |
| <b>Total Expenditures</b>  | <b>\$ 1,111,877</b>  | <b>\$ 6,650,000</b> | <b>17%</b> | <b>\$ 1,176,452</b>  | <b>\$ 5,875,000</b> | <b>20%</b> |
| <b>Revenues Over/Under</b> | <b>\$ 436,429.50</b> |                     |            | <b>\$ 190,231.56</b> |                     |            |

## **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 22% of budget without respect to using reserves for capital initiatives.
- RV rentals are down 4,363 from prior year, however should meet budget target.

### ***Expenditure Highlights***

- As a percentage of budget, total expenditures are 14%, falling just under the 25% budget target due to the timing of capital improvements at Lighthouse Beach Park (Upgrade Trailer Spaces).

## **BEACH 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       | 61,216           | 248,000           | 25%        | 56,853           | 263,500           | 22%        |
| Other Revenue              | 1,588            | 140,000           | 1%         | 780              | 43,500            | 2%         |
| Intergovernmental Revenue  | -                | -                 | 0%         | -                | -                 | 0%         |
| <b>Total Revenue</b>       | <b>\$ 62,804</b> | <b>\$ 388,000</b> | <b>16%</b> | <b>\$ 57,633</b> | <b>\$ 307,000</b> | <b>19%</b> |
| <i>Expenditures</i>        |                  |                   |            |                  |                   |            |
| Operations & Capital       | 54,321           | 388,000           | 14%        | 41,450           | 307,000           | 14%        |
| <b>Total Expenditures</b>  | <b>\$ 54,321</b> | <b>\$ 388,000</b> | <b>14%</b> | <b>\$ 41,450</b> | <b>\$ 307,000</b> | <b>14%</b> |
| <b>Revenues Over/Under</b> | <b>\$ 8,483</b>  |                   |            | <b>\$ 16,183</b> |                   |            |

## **Port Commission Fund Overview**

### ***Revenue Highlights***

- Revenues are up by \$27,582 as compared to prior year primarily due to dock and building leases. Port Commission revenue is 5% of the 25 % budget expectation due to budgeted reserves for funding operations and planning for a large dredging project (\$2,500,000).
- Tariffs are under budget sitting at 14%. Harbor of Refuge lease revenue is anticipated to be recovered once dredging is complete.
- Nautical Landing's building and dock leases are on budgetary target.

### ***Expenditure Highlights***

- Overall expenditures are below budget targets due to timing of operational & capital planned expenditures.
- Port Commission expenses are down from prior year by \$ 3,070.

## **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       | 104,924           | 494,900           | 21%        | 134,764           | 433,500             | 31%       |
| Fines and Forfeitures      | 266               | 300               | 89%        | -                 | 200                 | 0%        |
| Other Revenue              | 344               | 352,800           | 0%         | 354               | 2,544,300           | 0%        |
| Grant and Contribution     | 2,001             | 2,000             | 100%       | -                 | 2,000               | 0%        |
| Intergovernmental Revenue  | -                 | -                 | 0%         | -                 | -                   | 0%        |
| <b>Total Revenue</b>       | <b>\$ 107,535</b> | <b>\$ 850,000</b> | <b>13%</b> | <b>\$ 135,117</b> | <b>\$ 2,980,000</b> | <b>5%</b> |
| <i>Expenditures</i>        |                   |                   |            |                   |                     |           |
| Operations & Capital       | 110,513           | 850,000           | 13%        | 107,443           | 2,980,000           | 4%        |
| <b>Total Expenditures</b>  | <b>\$ 110,513</b> | <b>\$ 850,000</b> | <b>13%</b> | <b>\$ 107,443</b> | <b>\$ 2,980,000</b> | <b>4%</b> |
| <b>Revenues Over/Under</b> | <b>\$ (2,978)</b> |                   |            | <b>\$ 27,674</b>  |                     |           |

## 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; will update Council as timing of dredging project is clearer

### **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 quarter so far-- 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 1st Quarter 2015-2016

The City has a weighted average portfolio of 63 days with an average book yield of .30%. 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 \$14,460 for the quarter and up \$3,038 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.

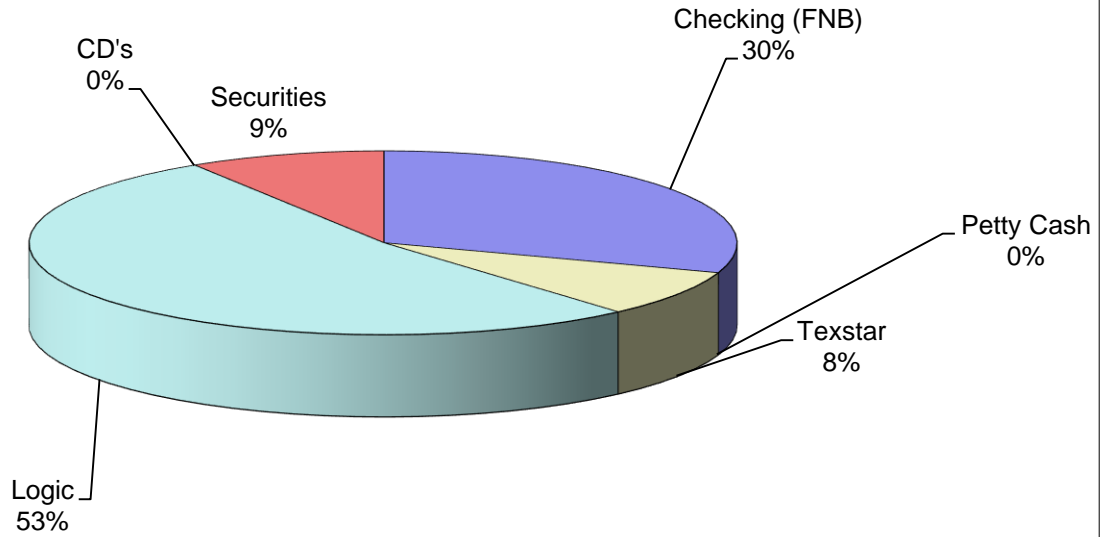
## December, 2015 Balances

|                     | Total Bal by Type      | % of Portfolio |
|---------------------|------------------------|----------------|
| First National Bank | \$5,063,955.07         | 30.27%         |
| Petty Cash (N/A)    | \$2,225.00             | 0.01%          |
| Texstar             | \$1,378,734.97         | 8.24%          |
| Logic               | \$8,782,886.03         | 52.50%         |
| CD's                | \$-                    | 0.00%          |
| Securities          | \$1,500,000.00         | 8.97%          |
|                     | <u>\$16,727,801.07</u> | 100.00%        |

|                               |                       |                        |
|-------------------------------|-----------------------|------------------------|
| <b>Cash Balance</b>           | <b>All Funds</b>      | <b>\$16,580,817.04</b> |
| <b>Less Restricted Cash</b>   |                       |                        |
| Operating Reserves-Policy     | 3,695,890.00          |                        |
| Add'l Operating Reserves-Goal | 1,204,299.00          |                        |
| Health Reserve                | 676,542.00            |                        |
| FARF Fund                     | 561,408.95            |                        |
| Projects Encumbered           | 734,063.98            |                        |
| Other AP Encumbered           | 26,446.42             |                        |
| Debt Payments Due             | 992,530.00            |                        |
| <b>Total</b>                  | <b>\$8,836,620.72</b> |                        |

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 December 31, 2015

| BOOK VALUE       | MARKET VALUE     | Unrealized Gain/<Loss> | Average Book Yield | Benchmark Pools | Benchmark 90 Day T-Bill |
|------------------|------------------|------------------------|--------------------|-----------------|-------------------------|
| \$ 16,727,801.07 | \$ 16,728,386.07 | 585.00                 | 0.30%              | 0.17%           | 0.160%                  |
| Weighted Average |                  |                        |                    |                 |                         |
| Maturity         | 62.60 Days       |                        | 0.30%              | Yield           |                         |