



CITY OF PORT LAVACA

FY 2014-2015 1st Quarter Financial Overview

As of December 31, 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.

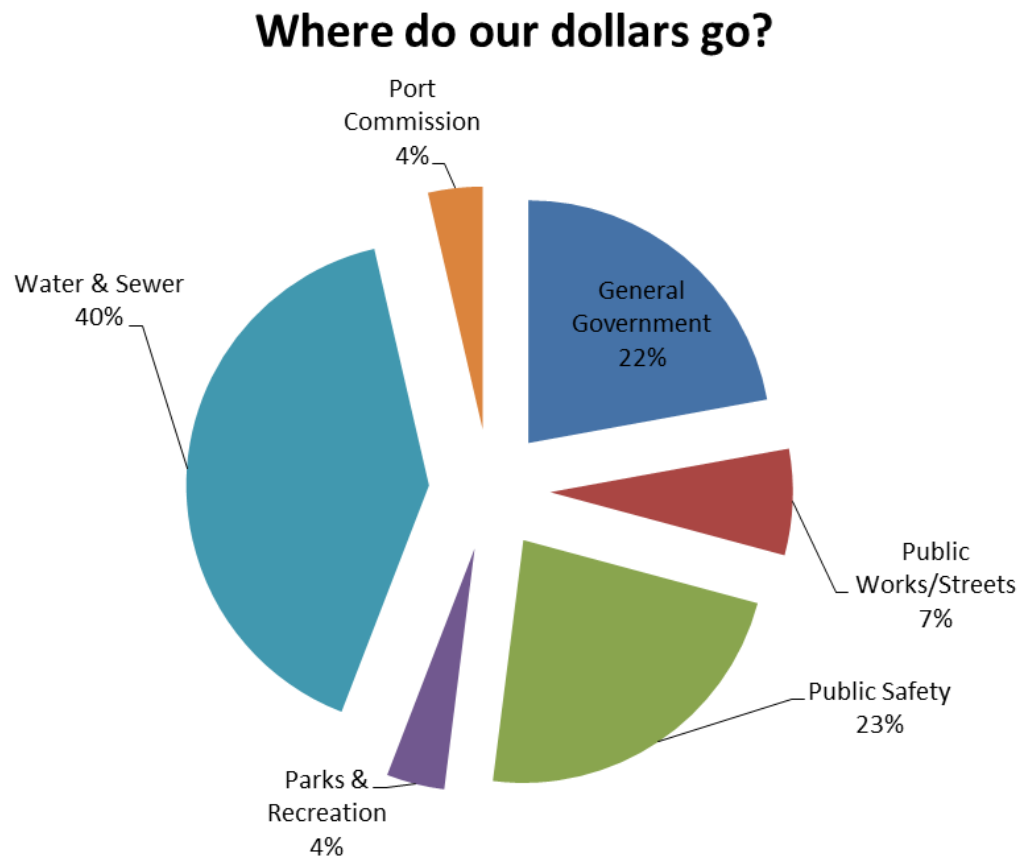
FINANCIAL OVERVIEW- City Wide

*City Wide Revenues**

Combining all major funds, total City Wide Revenues are up \$260,894 as compared to quarter ended December 2013. This primary increase is due the timing of water, sewer, and garbage payments.

*City Wide Expenditures**

Expenditures are down \$13,817 as compared to December 2013. This is contributed to the decrease in health care claims and the timing of capital projects as compared to prior year.



General Fund Overview

Revenue Highlights

- As a percentage of budget, total General Fund Revenue is **32%**, exceeding the 1st quarter benchmark of 25%.
- Sales tax receipts are down less than 1% from prior year. However, sales tax receipts are still expected to be above budget target of \$2,180,000.
- Franchise fees are stable.
- Licenses & Permits are down 43% (\$13,883) from prior year due to a decline in amusement licenses/fees.
- Fines & Forfeitures (court fines & arrest fees) are down 34% from prior year & below budget target of 25%.
- Interest Income is up \$3,762 from prior year and is 93% of budget target.
- Bauer Center Rentals are up \$3,075 over prior year.
- Grant and Contributions appear below budget due to timing of interlocal agreements.

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	1,727,163	3,265,000	53%	1,751,956	3,415,000	51%
Sales Taxes	577,226	2,180,000	26%	574,069	2,200,000	26%
Franchise Taxes	67,445	585,000	12%	67,923	585,600	12%
Licenses and Permits	31,748	82,900	38%	17,865	83,900	21%
User and Svc Charges	19,470	45,000	43%	22,811	47,000	49%
Fines and Forfeitures	71,518	349,000	20%	46,548	319,000	15%
Other Revenue	9,971	34,000	29%	37,717	277,000	14%
Grant and Contribution	-	248,500	0%	8,484	253,000	3%
Intergovernmental Revenue	132,195	510,600	26%	125,225	1,119,500	11%
Total Revenue	\$ 2,636,738	\$ 7,300,000	36%	\$ 2,652,598	\$ 8,300,000	32%

General Fund Overview Continued

General Fund Expenditure Highlights

- As a percentage of budget, total General Fund Expenditures is 17%, being under the budgetary allocation of 25%.
- All departments are under the 25% budget target. City Council appears over budget because of the misallocation of worker's compensation (correction has been made in January 2015). Health care claims are down from prior year (Non- Departmental). The City will continue to closely monitor claims activity.
- General Fund expenses are down \$45,681 as compared to the same quarter last year (primarily due to the timing of capital items coupled with the reduction 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	10,953	32,655	34%	9,818	28,600	34%
City Manager	48,139	202,098	24%	36,281	200,500	18%
City Secretary	27,784	83,611	33%	18,872	93,000	20%
Human Resource	14,040	77,333	18%	16,400	77,000	21%
Municipal Court	18,114	112,045	16%	18,991	116,425	16%
Economic Development	-	-	0%	28	72,000	0%
Finance	44,316	199,935	22%	47,983	208,550	23%
City Hall	15,319	121,325	13%	16,047	120,425	13%
Police	360,359	1,550,550	23%	353,080	1,605,350	22%
Fire	214,104	1,150,362	19%	253,612	1,188,563	21%
Animal Control	19,750	105,840	19%	23,079	108,700	21%
Code Enforcement/Inspection	30,028	153,619	20%	33,947	155,000	22%
Streets	193,124	1,606,975	12%	151,844	2,068,209	7%
Parks and Recreation	51,739	304,850	17%	53,782	561,100	10%
Bauer Center	16,406	229,500	7%	53,529	213,500	25%
Non-Departmental	426,636	1,369,802	31%	357,836	1,483,578	24%
Total Expenditures	\$ 1,490,811	\$ 7,300,500	20%	\$ 1,445,130	\$ 8,300,500	17%
Revenues Over/Under	\$ 1,145,927.21			\$ 1,207,467.72		

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 (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 17% of budget.
- Wastewater Treatment Plant is up from prior year due personnel costs (added new position) and testing fees.
- Health care claims are up \$48,286 from prior year and at 93% of budget.

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	1,257,716	5,031,000	25%	1,506,439	5,050,000	30%
Fines and Forfeitures	23,967	92,000	26%	22,838	92,000	25%
Other Revenue	12,638	1,228,000	1%	19,030	1,508,000	1%
Grant and Contribution	-	-	0%	-	-	0%
Intergovernmental Rev.	-	45,000	0%	-	-	0%
Total Revenue	\$ 1,294,322	\$ 6,396,000	20%	\$ 1,548,307	\$ 6,650,000	23%
<i>Expenditures</i>						
Billing	45,864	267,347	17%	47,195	292,125	16%
Maintenance	144,818	1,954,725	7%	139,616	1,936,300	7%
WWTP	91,286	641,572	14%	101,319	636,100	16%
Non-Departmental	826,061	3,532,356	23%	823,748	3,785,475	22%
Total Expenditures	\$ 1,108,029	\$ 6,396,000	17%	\$ 1,111,877	\$ 6,650,000	17%
Revenues Over/Under	\$ 186,292.52			\$ 436,429.50		

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 24% of budget without respect to using reserves for capital initiatives.
- Gate Fees are up \$2,102 compared to prior year.

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 (New Playground Equipment).

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	60,497	234,000	26%	61,216	248,000	25%
Other Revenue	454	296,000	0%	1,588	140,000	1%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 60,951	\$ 530,000	12%	\$ 62,804	\$ 388,000	16%
<i>Expenditures</i>						
Operations & Admin	37,672	530,000	7%	54,321	388,000	14%
Total Expenditures	\$ 37,672	\$ 530,000	7%	\$ 54,321	\$ 388,000	14%
Revenues Over/Under	\$ 23,279			\$ 8,483		

Port Commission Fund Overview

Revenue Highlights

- Revenues are down by \$10,803 as compared to prior year primarily due to Harbor of Refuge leases. Port Commission revenue is 13% of the 25 % budget expectation due to budgeted reserves for capital projects.
- Harbor of Refuge dock leases and tariffs are under budget. 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 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

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
<i>Revenues</i>						
User and Svc Charges	117,422	470,000	25%	104,924	494,900	21%
Fines and Forfeitures	154	200	77%	266	300	89%
Other Revenue	763	2,800	27%	344	352,800	0%
Grant and Contribution	-	2,000	0%	2,001	2,000	100%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 118,339	\$ 475,000	25%	\$ 107,535	\$ 850,000	13%
<i>Expenditures</i>						
Operations & Admin	99,119	475,000	21%	110,513	850,000	13%
Total Expenditures	\$ 99,119	\$ 475,000	21%	\$ 110,513	\$ 850,000	13%
Revenues Over/Under	\$ 19,220			\$ (2,978)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

General Fund

Proprietary Funds

Public Utility Fund

Health care claims

Beach Fund

None

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 December 2014 show only a slight decrease (.55%) as compared to prior year. However, January 2015 payment was up 7% as compared to January 2014. Overall appears steady.

Investment Report 1st Quarter 2014-2015

The City has a weighted average portfolio of 60 days with an average book yield of .21%. The City is liquid with 97% 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 \$11,423 for the quarter and up \$2,789 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.

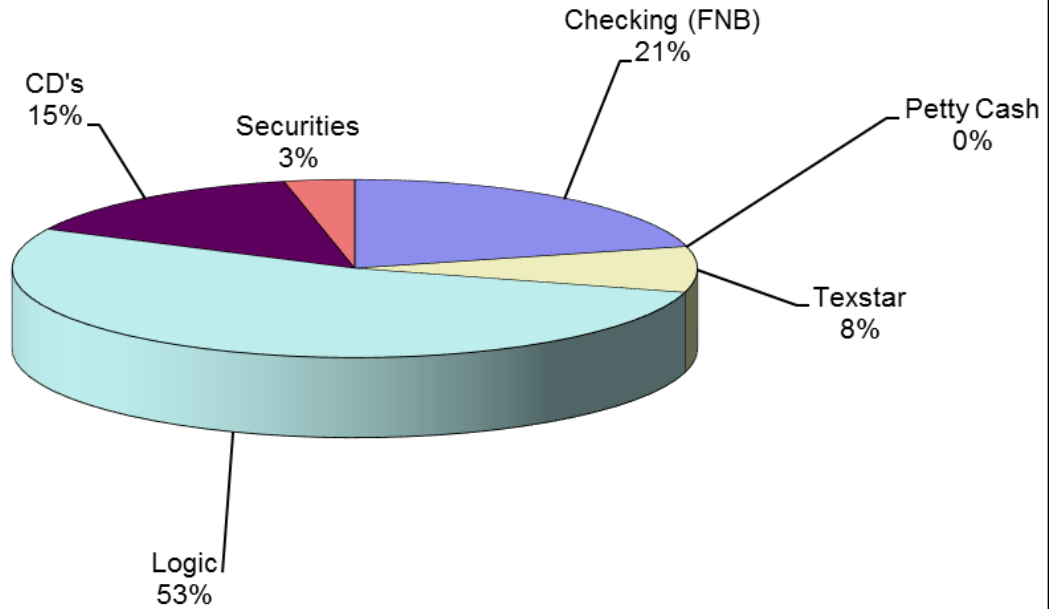
December, 2014 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$3,488,642.33	21.04%
Petty Cash (N/A)	\$2,225.00	0.01%
Texstar	\$1,377,535.21	8.31%
Logic	\$8,771,273.69	52.90%
CD's	\$2,391,140.81	14.42%
Securities	\$550,000.00	3.32%
	<u>\$16,580,817.04</u>	100.00%

Cash Balance	All Funds	\$16,580,817.04
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		2,707,397.58
Other AP Encumbered		148,420.98
Debt Payments Due		974,510.00
Total		\$6,900,635.48

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, 2014

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 16,580,817.04	\$ 16,582,973.04	2,156.00	0.21%	0.06%	0.040%
Weighted Average					
Maturity	59.92 Days		0.21% Yield		