



## CITY OF PORT LAVACA

### FY 2014-2015 2nd Quarter Financial Overview

### As of March 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

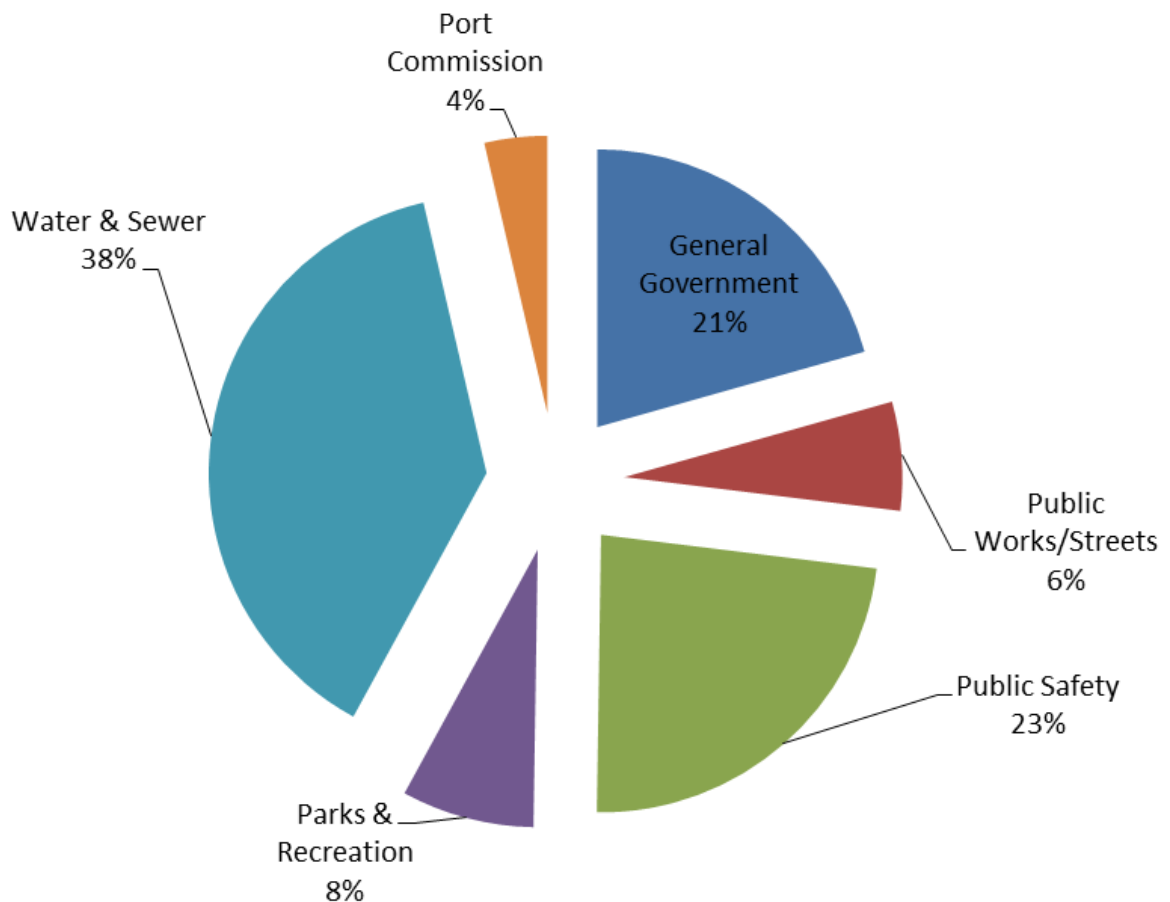
### ***City Wide Revenues\****

Combining all major funds, total City Wide Revenues are up \$108,031 as compared to quarter ended March 2014. This primary increase is due the timing of water, sewer, garbage and property tax payments.

### ***City Wide Expenditures\****

Expenditures are up \$444,554 as compared to March 2014. This is contributed to the recent land acquisition and 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 **68%**, exceeding the 2nd quarter benchmark of 50%.
- Property taxes have exceeded the budget target because of a higher than expected collection rate. Property tax receipts are up more than 3% (\$110,614) as compared to prior year due to collection rate and increased values on the tax roll.
- Sales tax receipts are up 2.74% (\$32,515) from prior year. Sales tax receipts are projected to be near \$2.4 million by year end.
- Franchise fees are below the budget target; however fees are stable as compared to prior year.
- Licenses & Permits are down 39% (\$30,557) from prior year due to a decline in amusement licenses/fees, however meets budget expectations.
- Fines & Forfeitures (court fines & arrest fees) are down 20% (\$32,304) from prior year & below budget target.
- Interest Income is up \$6,668 from prior year and is 83% of budget target.
- User & Service Charges (Bauer Center Rentals) are up \$5,037 over prior year.
- Grant and Contributions & Intergovernmental Revenue appear below budget due to timing of interlocal agreements & 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	3,340,822	3,265,000	102%	3,451,436	3,415,000	101%
Sales Taxes	1,185,378	2,180,000	54%	1,217,894	2,200,000	55%
Franchise Taxes	217,456	585,000	37%	219,848	585,600	38%
Licenses and Permits	78,407	82,900	95%	47,850	83,900	57%
User and Svc Charges	41,087	45,000	91%	46,239	47,000	98%
Fines and Forfeitures	161,829	349,000	46%	129,524	319,000	41%
Other Revenue	54,553	34,000	160%	93,995	277,000	34%
Grant and Contribution	397,917	248,500	160%	120,815	253,000	48%
Intergovernmental Revenue	282,869	510,600	55%	285,991	1,119,500	26%
<b>Total Revenue</b>	<b>\$ 5,760,317</b>	<b>\$ 7,300,000</b>	<b>79%</b>	<b>\$ 5,613,592</b>	<b>\$ 8,300,000</b>	<b>68%</b>

## **General Fund Overview Continued**

### ***General Fund Expenditure Highlights***

- As a percentage of budget, total General Fund Expenditures are 42%, being under the budgetary allocation of 50%.
- All departments are under the 50% budget target except Police, Parks, and Bauer Center. The Police and Bauer budgets are over slightly due to timing of various purchases and should be on budget target by fiscal year end. The Parks budget will require an amendment to reflect recent acquisition of land.
- Health care claims are down from prior year (Non- Departmental) by nearly \$87,000 and sits close to budget target. The City will continue to closely monitor claims activity.
- General Fund expenses are up \$265,673 as compared to the same quarter last year (primarily due to the timing of capital items coupled with the recent land acquisition).

### **GENERAL FUND FINANCIAL SUMMARY**

#### ***Expenditures by Department***

	13-14 Actual YTD	13-14 Budget	%	14-15 Actual YTD	14-15 Budget	%
City Council	17,903	32,655	55%	11,839	28,600	41%
City Manager	101,702	202,098	50%	78,700	200,500	39%
City Secretary	49,662	83,611	59%	39,353	93,000	42%
Human Resource	30,274	77,333	39%	34,811	77,000	45%
Municipal Court	43,081	112,045	38%	43,854	116,425	38%
Economic Development	-	-	0%	9,188	72,000	13%
Finance	99,129	199,935	50%	103,214	208,550	49%
City Hall	48,668	121,325	40%	39,392	120,425	33%
Police	777,528	1,550,550	50%	831,914	1,605,350	52%
Fire	493,169	1,150,362	43%	534,391	1,188,563	45%
Animal Control	50,480	105,840	48%	51,451	108,700	47%
Code Enforcement/Inspection	66,221	153,619	43%	86,304	155,000	56%
Streets	376,408	1,606,975	23%	314,613	2,068,209	15%
Parks and Recreation	113,791	304,850	37%	474,523	561,100	85%
Bauer Center	82,014	229,500	36%	110,851	213,500	52%
Non-Departmental	837,714	1,369,802	61%	689,018	1,483,578	46%
<b>Total Expenditures</b>	<b>\$ 3,187,744</b>	<b>\$ 7,300,500</b>	<b>44%</b>	<b>\$ 3,453,417</b>	<b>\$ 8,300,500</b>	<b>42%</b>
<b>Revenues Over/Under</b>	<b>\$ 2,572,573.30</b>			<b>\$ 2,160,174.78</b>		

## **Public Utility Fund Overview**

### ***Revenue Highlights***

- As a percentage of budget, total Water & Sewer Revenue is 43%. 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 38% of budget.
- Utility Billing is up from prior year due to the timing of expenses (maint. contract).
- 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 \$104,426 from prior year and exceeds budget.

## **PUBLIC UTILITY FUND FINANCIAL SUMMARY**

### ***Revenues by Receipt Type***

<i>Revenues</i>						
User and Svc Charges	2,519,367	5,031,000	50%	2,780,462	5,050,000	55%
Fines and Forfeitures	46,927	92,000	51%	46,343	92,000	50%
Other Revenue	27,093	1,228,000	2%	34,317	1,508,000	2%
Grant and Contribution	-	-	0%	-	-	0%
Intergovernmental Rev.	-	45,000	0%	-	-	0%
<b>Total Revenue</b>	<b>\$ 2,593,387</b>	<b>\$ 6,396,000</b>	<b>41%</b>	<b>\$ 2,861,123</b>	<b>\$ 6,650,000</b>	<b>43%</b>
<i>Expenditures</i>						
Billing	108,757	267,347	41%	117,055	292,125	40%
Maintenance	365,008	1,954,725	19%	344,512	1,936,300	18%
WWTP	229,936	641,572	36%	267,829	636,100	42%
Non-Departmental	1,582,375	3,532,356	45%	1,769,796	3,785,475	47%
<b>Total Expenditures</b>	<b>\$ 2,286,075</b>	<b>\$ 6,396,000</b>	<b>36%</b>	<b>\$ 2,499,192</b>	<b>\$ 6,650,000</b>	<b>38%</b>
<b>Revenues Over/Under</b>	<b>\$ 307,312.19</b>			<b>\$ 361,930.98</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 (playground). Revenues are at 35% of budget without respect to using reserves for capital initiatives.
- Gate Fees are up \$4,628 and RV Rental are up 6,309 as compared to prior year.

### ***Expenditure Highlights***

- As a percentage of budget, total expenditures are 51%, just over the 50% 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	123,179	234,000	53%	133,487	248,000	54%
Other Revenue	1,422	296,000	0%	2,719	140,000	2%
Intergovernmental Revenue	-	-	0%	-	-	0%
<b>Total Revenue</b>	<b>\$ 124,601</b>	<b>\$ 530,000</b>	<b>24%</b>	<b>\$ 136,206</b>	<b>\$ 388,000</b>	<b>35%</b>
<i>Expenditures</i>						
Operations & Admin	264,077	530,000	50%	198,781	388,000	51%
<b>Total Expenditures</b>	<b>\$ 264,077</b>	<b>\$ 530,000</b>	<b>50%</b>	<b>\$ 198,781</b>	<b>\$ 388,000</b>	<b>51%</b>
<b>Revenues Over/Under</b>	<b>\$ (139,476)</b>			<b>\$ (62,574)</b>		

## **Port Commission Fund Overview**

### ***Revenue Highlights***

- Port Commission revenue is 26% of the 50 % budget expectation primarily due to budgeted reserves for capital projects (Pinta Street).
- Revenues are down by \$24,585 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 \$12,000.
- 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 up from prior year by \$ 31,061 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	243,367	470,000	52%	217,311	494,900	44%
Fines and Forfeitures	455	200	228%	568	300	189%
Other Revenue	1,350	2,800	48%	708	352,800	0%
Grant and Contribution	-	2,000	0%	2,001	2,000	100%
Intergovernmental Reve	-	-	0%	-	-	0%
<b>Total Revenue</b>	<b>\$ 245,172</b>	<b>\$ 475,000</b>	<b>52%</b>	<b>\$ 220,587</b>	<b>\$ 850,000</b>	<b>26%</b>
<i>Expenditures</i>						
Operations & Admin	217,464	475,000	46%	248,525	850,000	29%
<b>Total Expenditures</b>	<b>\$ 217,464</b>	<b>\$ 475,000</b>	<b>46%</b>	<b>\$ 248,525</b>	<b>\$ 850,000</b>	<b>29%</b>
<b>Revenues Over/Under</b>	<b>\$ 27,708</b>			<b>\$ (27,938)</b>		

## FINANCIAL CHALLENGES OF THE CITY

### ***Governmental Funds***

#### General Fund

Acquisition of Land- Amendment  
Court Fine Revenue

### ***Proprietary Funds***

#### Public Utility Fund

Health care claims- Amendment

#### 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 March 2015 show an increase of 2.74% as compared to prior year. In addition, the May 2015 payment was up 3% as compared to May 2014. Overall appears steady and strong.

# Investment Report 2nd Quarter 2014-2015

The City has a weighted average portfolio of 89 days with an average book yield of .23%. The City is liquid with 94% 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 \$10,675 for the quarter and up \$2,869 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 3-5 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.

## March, 2015 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$5,825,569.63	34.21%
Petty Cash (N/A)	\$2,225.00	0.01%
Texstar	\$1,377,727.30	8.09%
Logic	\$8,773,265.49	51.52%
CD's	\$-	0.00%
Securities	\$1,050,000.00	6.17%
	<b>\$17,028,787.42</b>	<b>100.00%</b>

<b>Cash Balance</b>	<b>All Funds</b>	<b>\$17,028,787.42</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	273,122.00	
Projects Encumbered	2,713,151.69	
Other AP Encumbered	77,670.98	
Debt Payments Due	0.00	
<b>Total</b>	<b>\$8,388,111.75</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**

A 3D pie chart illustrating the distribution of a portfolio. The largest portion is Logic at 52%, followed by Checking (FNB) at 34%, Texstar at 8%, and Securities at 6%. CD's and Petty Cash both represent 0% of the portfolio.

Category	Percentage
Logic	52%
Checking (FNB)	34%
Texstar	8%
Securities	6%
CD's	0%
Petty Cash	0%

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