



CITY OF PORT LAVACA

FY 2012-2013 1st Quarter Financial Overview

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 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 of the Public Utility Administration, Water Distribution, Sewer, and Solid Waste departments.
 - 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 major revenue and expenditure sources and by fund and department comparing to 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**

Total City Wide Revenues are up \$250,593 combining all major funds as compared to quarter ended December 2011. This increase is primarily due to the timing of property tax collections. Sales tax is projected to exceed the original budget target by \$135,000 with a projection closer to 2.3 million by year end.

*City Wide Expenditures**

Expenditures are up only by \$23,544 as compared to December 2011. This is contributed to the timing of capital projects in the current year (Pavilion at Bayfront Park; New Restroom at Lighthouse Beach).

General Fund Performance

Revenue Highlights

- Total General Fund Revenue as a percentage of budget is 36% meeting the first quarter benchmark of 25%.
- Sales tax receipts are down approximately \$12,000 from prior year. The City budgeted conservatively because of the volatile economy and is estimating year end revenues to be approximately \$2,300,000 or \$135,000 over target.
- Building & Mechanical permits are up \$7,000 from prior year. This is a good economic sign for the City.
- Fines & Forfeitures are below target (court fines, arrest fees).

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
Taxes	2,136,567	6,098,000	35%	2,342,279	5,960,000	39%
Licenses and Permits	20,609	96,000	21%	27,919	82,500	34%
User and Svc Charges	10,596	45,500	23%	17,637	35,000	50%
Fines and Forfeitures	68,324	377,000	18%	71,424	383,000	19%
Other Revenue	20,987	196,860	11%	15,265	61,000	25%
Grant and Contribution	43,750	248,500	18%	60,000	248,500	24%
Intergovernmental Reve	111,500	663,000	17%	114,525	495,000	23%
Total Revenue	\$ 2,412,333	\$ 7,724,860	31%	\$ 2,649,050	\$ 7,265,000	36%

General Fund Expenditure Highlights

- Total General Fund Expenditures as a percentage of budget is 22% falling under the budgetary allocation of 25%.
- Most all departments are under the 25% target. Health care claims are \$7,800 over prior year (Non- Departmental). The City will closely monitor claims and will amend budget if necessary.
- General Fund expenses are up \$31,964 as compared to the same quarter last year (primarily due to health care claims & the timing of Bayfront Parks new Pavilion).

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Expenditures</i>						
City Council	6,892	27,722	25%	6,001	26,719	22%
City Manager	48,929	202,190	24%	42,850	203,782	21%
City Secretary	22,970	80,442	29%	13,427	80,919	17%
Human Resource	13,629	73,459	19%	11,543	75,932	15%
Legal	4,655	90,400	5%	13,548	63,000	22%
Municipal Court	18,018	104,893	17%	20,907	104,310	20%
Tax	31,007	116,354	27%	27,383	111,983	24%
Technology	13,866	39,570	35%	6,474	74,000	9%
Finance	45,116	194,250	23%	46,355	205,950	23%
City Hall	29,291	136,903	21%	29,004	131,045	22%
Police	362,265	1,618,800	22%	378,991	1,563,975	24%
Fire	368,507	1,299,547	28%	249,511	1,155,663	22%
Animal Control	20,839	122,850	17%	21,640	102,550	21%
Code Enforcement/Inspe	29,323	135,350	22%	28,108	142,700	20%
Streets	187,718	1,200,230	16%	163,823	1,386,800	12%
Parks and Recreation	64,643	983,150	7%	172,649	527,500	33%
Bauer Center	46,023	228,200	20%	51,916	234,100	22%
Swimming Pool Operatic	2,321	29,150	8%	1,733	28,550	6%
Non-Departmental	277,745	1,041,400	27%	339,859	1,045,522	33%
Total Expenditures	\$ 1,593,757	\$ 7,724,860	21%	\$ 1,625,721	\$ 7,265,000	22%

Public Utility Fund Performance

Revenue Highlights

- Total Water & Sewer Revenue as a percentage of budget is 23%, however since the City bills in arrears- budget appears to be on target.
- Other Revenue is below budget target. This is due to the City budgeting to use \$693,000 of the reserve to fund the George Street Sewer Project & the Alamo Heights Waterline.

Expenditure Highlights

- Total expenditures for the Utility Fund sit nicely at 19% of budget.
- Utility Maintenance is down due to timing and cost of the Water & Sewer Rehab projects as compared to prior year resulting in overall cost in the Utility Fund to be lower.
- Health care claims are down \$10,000 from prior year.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	1,327,230	5,039,700	26%	1,311,267	4,942,300	27%
Fines and Forfeitures	27,361	90,000	30%	23,339	90,000	26%
Other Revenue	17,089	461,500	4%	15,574	751,700	2%
Grant and Contribution	-	-	0%	-	-	0%
Total Revenue	\$ 1,371,680	\$ 5,591,200	25%	\$ 1,350,180	\$ 5,784,000	23%
<i>Expenditures</i>						
Billing	76,167	305,225	25%	52,149	281,425	19%
Maintenance	188,159	1,252,733	15%	112,609	1,315,467	9%
WWTP	112,343	626,910	18%	151,266	741,709	20%
Water Production	292,376	1,105,000	26%	308,726	1,167,400	26%
Solid Waste Collection	167,785	715,000	23%	118,615	701,800	17%
Non-Departmental	387,703	1,586,332	24%	377,121	1,576,199	24%
Total Expenditures	\$ 1,224,534	\$ 5,591,200	22%	\$ 1,120,486	\$ 5,784,000	19%
Revenues Over/Under	\$ 147,145.77			\$ 229,694.06		

Beach Fund Performance

Revenue Highlights

- Total Beach Fund Revenue as a percentage of budget appears to be below target due to the budgeting of reserves to fund capital projects. Revenues are at 17% of budget without respect to using reserves for capital initiatives.
- R.V. rentals are up \$17,976 as compared to prior year and 31% over our current year budget target.

Expenditure Highlights

- Expenditures are above budget target, however the Beach Fund budgeted reserves to do capital improvements at Lighthouse Beach Park (new restrooms & lighting of boardwalk) (\$175,000)

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	44,404	224,000	20%	62,380	228,000	27%
Other Revenue	1,518	154,000	1%	357	132,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 45,922	\$ 378,000	12%	\$ 62,737	\$ 360,000	17%
<i>Expenditures</i>						
Operations & Admin	51,247	378,000	14%	100,404	360,000	28%
Total Expenditures	\$ 51,247	\$ 378,000	14%	\$ 100,404	\$ 360,000	28%
Revenues Over/Under	\$ (5,325)			\$ (37,668)		

Port Commission Fund Performance

Revenue Highlights

- Total Port Commission revenue appears to be below target; however most of this low percentage primarily is a result of budgeting of equity to balance the budget. The City will use reserves to cover the cost building improvements at Nautical Landings and construct a breakwater.
- All building and dock leases are above budgetary mark of 25%.
- Tariffs are below target but are expected to pick up soon.

Expenditure Highlights

- Overall expenditures are within budget targets (47%).
- Port Commission expenses are up from prior year by \$ 30,000 due to mitigation and other contracted services to resolve permitting issues.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	94,688	409,000	23%	114,319	456,000	25%
Fines and Forfeitures	24	500	5%	306	200	153%
Other Revenue	2,496	164,950	2%	1,145	374,800	0%
Grant and Contribution	-	2,000	0%	-	2,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 97,208	\$ 576,450	17%	\$ 115,769	\$ 833,000	14%
<i>Expenditures</i>						
Operations & Admin	102,834	576,450	18%	149,304	833,000	18%
Total Expenditures	\$ 102,834	\$ 576,450	18%	\$ 149,304	\$ 833,000	18%
Revenues Over/Under	\$ (5,626)			\$ (33,534)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

General Fund

Health Care Claims

Projects encumbered in 11-12, but not paid until 12-13.

Amendment may be needed to cover of health claims by end of year.

Amendment will be needed to cover costs of any projects paid in 12-13, but approved in 11-12. (i.e. possibly Fire Dept. Equipment)

Proprietary Funds

Public Utility Fund-No issues

Beach Fund- No issues

Port Commission

Tariffs Collections Down

Amendment is not anticipated at this time.

Plan to Recover:

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.

Health care costs have continued to increase in the General Fund; however claims are down in the Utility Fund. The City will closely monitor claim activity.

Tariffs are anticipated to increase.

Investment Report 1st Quarter 2012-2013

The City's combined investment portfolio is outperforming the City's benchmark by .17%. The City has a weighted average portfolio of 12 days with an average book yield of .32%. 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 \$1,490.32 for the quarter and down \$12,000 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. Investment Officer monitors security offerings, but most offerings are lower interest than what we have in our current checking account. Beginning February 1, the City will earn a fixed rate of .30.

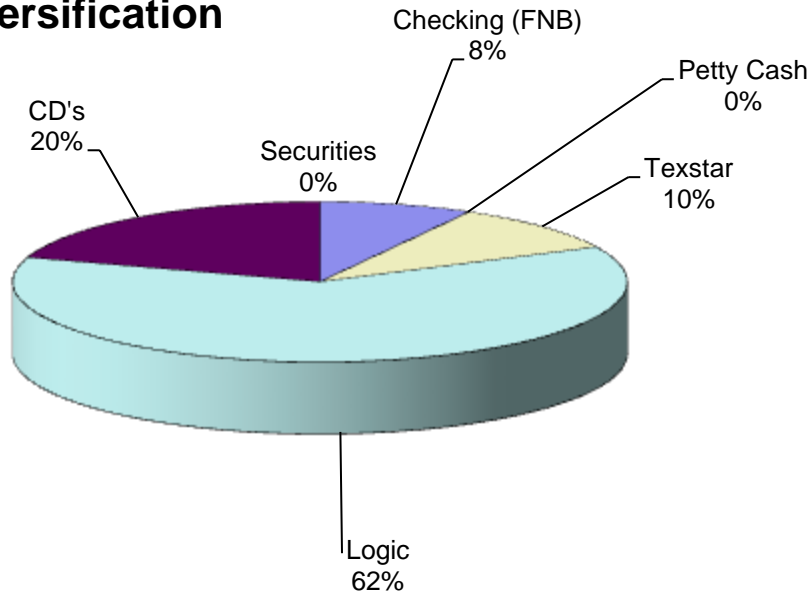
December 31, 2012 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$ 1,138,753.40	8.08%
Petty Cash (N/A)	\$ 2,025.00	0.01%
Texstar	\$ 1,376,114.37	9.76%
Logic	\$ 8,752,202.26	62.07%
CD's	\$ 2,831,585.01	20.08%
Securities	\$ -	0.00%
	\$ 14,100,680.04	100.00%

Cash Balance	<i>All Funds</i>	\$ 14,100,680.04
Less Restricted Cash		
Operating Reserves-Policy		3,333,693.00
Add'l Operating Reserves-Goal		1,455,227.00
Health Reserve		500,000.00
FARF Fund		250,000.00
Projects Encumbered		41,850.00
Other AP Encumbered		97,425.81
Debt Payments Due		-
Total		\$ 8,422,484.23

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, 2012								
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield		Benchmark Pools	Benchmark 90 Day T-Bill		
	\$ 14,100,680.04	\$ 14,100,680.04	-	0.32%		0.18%	0.080%		
	Weighted Average								
	Maturity	12.05 Days		0.32%	Yield				