



## CITY OF PORT LAVACA

### FY 2013-2014 1st Quarter Financial Overview

### As of December 31, 2013

*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](http://www.portlavaca.org)).  
Go to the Finance Department's Page for all financial transparency information.

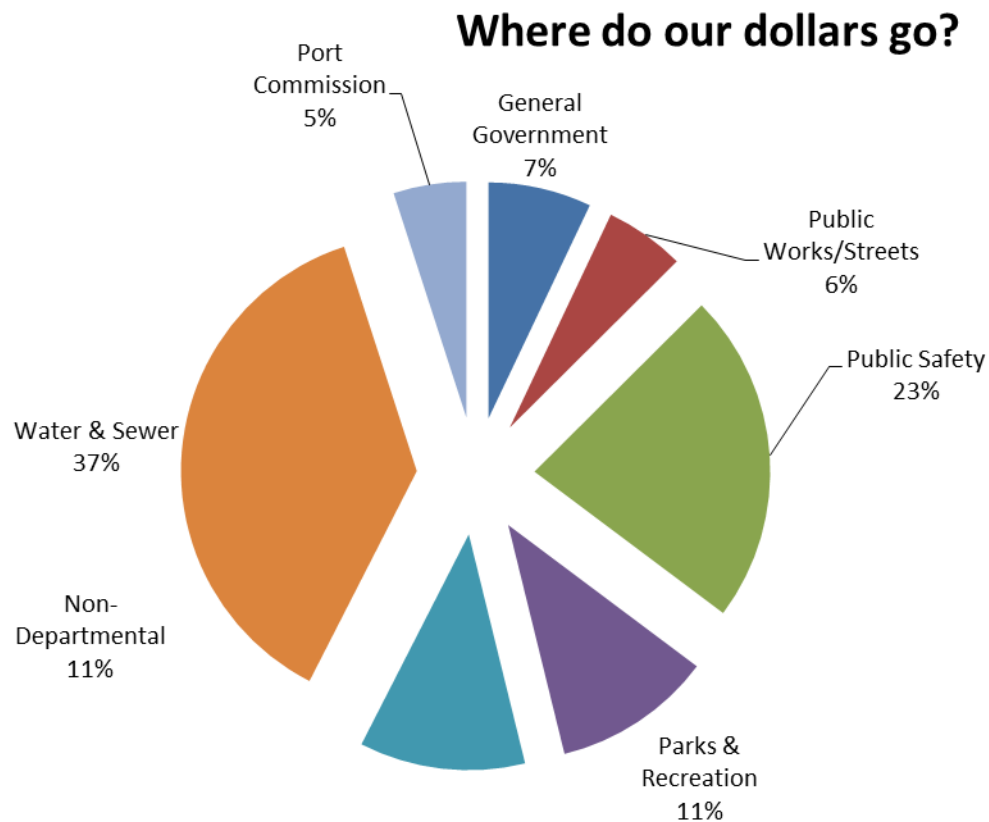
## FINANCIAL OVERVIEW- City Wide

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

Total City Wide Revenues are down \$56,827 combining all major funds as compared to quarter ended December 2012. This decrease is due the timing of franchise payments, a decrease in the demand for water, and the timing of animal control payment from the County (interlocal agreement).

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

Expenditures are down \$253,972 as compared to December 2012. This is contributed to the timing of capital projects as compared to prior year.



## **General Fund Performance**

### **Revenue Highlights**

- Total General Fund Revenue as a percentage of budget is **36%** exceeding the 1<sup>st</sup> quarter benchmark of 25%.
- Sales tax receipts are down approximately \$9,260 (1.6%) from prior year. However, sales tax receipts are still expected to be well above budget target of \$2,180,000.
- Builder & Electrical licenses are up from prior year. This is a good economic sign for the City.
- Fines & Forfeitures (court fines, arrest fees) are slightly below budget target of 25%, however slightly up from prior year during this time period.
- Interest Income up \$6,947 from prior year and at 21% over budget target.
- Bauer Center Rentals expected to be \$30,000 over budget.
- Grant and Contributions are below budget target due to timing of payments only.

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
Taxes	2,342,279	6,148,000	38%	2,371,835	6,030,000	39%
Licenses and Permits	27,919	143,000	20%	31,748	82,900	38%
User and Svc Charges	17,637	72,000	24%	19,470	45,000	43%
Fines and Forfeitures	71,424	378,000	19%	71,518	349,000	20%
Other Revenue	4,707	159,600	3%	9,971	34,000	29%
Grant and Contribution	60,000	250,500	24%	-	248,500	0%
Intergovernmental Reve	114,525	495,000	23%	132,195	510,600	26%
<b>Total Revenue</b>	<b>\$ 2,638,491</b>	<b>\$ 7,646,100</b>	<b>35%</b>	<b>\$ 2,636,738</b>	<b>\$ 7,300,000</b>	<b>36%</b>

### General Fund Expenditure Highlights

- Total General Fund Expenditures as a percentage of budget is 20% falling under the budgetary allocation of 25%.
- Most all departments are under the 100% budget target with the exception of City Council (timing of training), City Secretary (timing of election cost), Technology (amendment required due to new IT contracted service cost), and Non-Departmental (health claims). Health care claims up from prior year (Non- Departmental). The City will closely monitor claims activity and amend the budget if needed.
- General Fund expenses are down \$128,597 as compared to the same quarter last year (primarily due to the timing of projects & transfers).

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
City Council	6,001	28,719	21%	10,953	32,655	34%
City Manager	42,850	203,782	21%	48,139	202,098	24%
City Secretary	13,427	80,919	17%	27,784	83,611	33%
Human Resource	11,543	75,932	15%	14,040	77,333	18%
Legal	13,548	63,000	22%	13,973	68,000	21%
Municipal Court	20,907	106,310	20%	18,114	111,545	16%
Tax	27,383	111,983	24%	22,001	103,902	21%
Technology	6,474	38,000	17%	13,279	46,500	29%
Finance	46,355	205,950	23%	44,316	199,935	22%
City Hall	22,691	131,045	17%	15,336	122,325	13%
Police	378,991	1,606,575	24%	360,359	1,550,550	23%
Fire	249,511	1,192,663	21%	214,104	1,150,362	19%
Animal Control	21,640	105,050	21%	19,750	105,840	19%
Code Enforcement/Inspe	28,108	142,700	20%	30,028	153,619	20%
Streets	163,823	1,436,800	11%	193,150	1,606,975	12%
Parks and Recreation	172,649	654,500	26%	50,876	273,500	19%
Bauer Center	51,916	246,100	21%	16,406	229,500	7%
Swimming Pool Operatio	1,733	44,550	4%	846	30,350	3%
Non-Departmental	339,859	1,171,522	29%	377,357	1,151,400	33%
<b>Total Expenditures</b>	<b>\$ 1,619,408</b>	<b>\$ 7,646,100</b>	<b>21%</b>	<b>\$ 1,490,811</b>	<b>\$ 7,300,000</b>	<b>20%</b>
<b>Revenues Over/Under</b>	<b>\$ 1,019,082.41</b>			<b>\$ 1,145,927.21</b>		

## **Public Utility Fund Performance**

### **Revenue Highlights**

- Total Water & Sewer Revenue as a percentage of budget is 20%. This is due to a lower demand of water thus reducing revenue at this time. The City also bills in arrears which attributes to the “appearance” of the budget not being on target.
- Other Revenue is below budget target. This is due to the City budgeting to use \$1,166,000 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.
- Utility Maintenance is down due to timing of the Water & Sewer projects.
- Health care claims are down from prior year.

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<b>Revenues</b>						
User and Svc Charges	1,311,267	5,078,300	26%	1,257,716	5,031,000	25%
Fines and Forfeitures	23,339	90,000	26%	23,967	92,000	26%
Other Revenue	15,574	753,700	2%	12,638	1,228,000	1%
Grant and Contribution		-	0%	-	-	0%
Intergovernmental Rev.	-	-	0%	-	45,000	0%
<b>Total Revenue</b>	<b>\$ 1,350,180</b>	<b>\$ 5,922,000</b>	<b>23%</b>	<b>\$ 1,294,322</b>	<b>\$ 6,396,000</b>	<b>20%</b>
<b>Expenditures</b>						
Billing	52,149	294,425	18%	45,864	267,347	17%
Maintenance	112,609	1,340,467	8%	144,818	1,954,725	7%
WWTP	151,266	714,709	21%	91,286	641,572	14%
Water Production	308,726	1,174,400	26%	325,347	1,174,000	28%
Solid Waste Collection	118,615	706,800	17%	127,712	740,000	17%
Non-Departmental	377,121	1,691,199	22%	373,002	1,618,356	23%
<b>Total Expenditures</b>	<b>\$ 1,120,486</b>	<b>\$ 5,922,000</b>	<b>19%</b>	<b>\$ 1,108,029</b>	<b>\$ 6,396,000</b>	<b>17%</b>
<b>Revenues Over/Under</b>	<b>\$ 229,694.06</b>			<b>\$ 186,292.52</b>		

## **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 12% of budget without respect to using reserves for capital initiatives.
- R.V. rentals are down compared to prior year and 1% over our current year budget target.

### ***Expenditure Highlights***

- Expenditures are below budget target due to the timing of capital improvements at Lighthouse Beach Park (Splash Pad & T-Head on Fishing Pier).

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
User and Svc Charges	62,380	228,000	27%	60,497	234,000	26%
Other Revenue	357	132,000	0%	454	296,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
<b>Total Revenue</b>	<b>\$ 62,737</b>	<b>\$ 360,000</b>	<b>17%</b>	<b>\$ 60,951</b>	<b>\$ 530,000</b>	<b>12%</b>
<i>Expenditures</i>						
Operations & Admin	100,404	360,000	28%	37,672	530,000	7%
<b>Total Expenditures</b>	<b>\$ 100,404</b>	<b>\$ 360,000</b>	<b>28%</b>	<b>\$ 37,672</b>	<b>\$ 530,000</b>	<b>7%</b>
<b>Revenues Over/Under</b>	<b>\$ (37,668)</b>			<b>\$ 23,279</b>		

## **Port Commission Fund Performance**

### ***Revenue Highlights***

- Total Port Commission revenue as a percentage of the budget is right on target.
- All building and dock leases are above budgetary mark of 25%.
- Tariffs are up from prior year by \$3,000.

### ***Expenditure Highlights***

- Overall expenditures are below budget targets due to timing of operational planned expenditures.
- Port Commission expenses are down from prior year by \$ 50,000 due to timing of capital projects in prior year. (Building renovation)

	12-13 Actual YTD	12-13 Budget	%	13-14 Actual YTD	13-14 Budget	%
<i>Revenues</i>						
User and Svc Charges	114,319	481,000	24%	117,422	470,000	25%
Fines and Forfeitures	306	200	153%	154	200	77%
Other Revenue	1,145	669,800	0%	763	2,800	27%
Grant and Contribution		2,000	0%		2,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
<b>Total Revenue</b>	<b>\$ 115,769</b>	<b>\$ 1,153,000</b>	<b>10%</b>	<b>\$ 118,339</b>	<b>\$ 475,000</b>	<b>25%</b>
<i>Expenditures</i>						
Operations & Admin	149,304	1,153,000	13%	99,119	475,000	21%
<b>Total Expenditures</b>	<b>\$ 149,304</b>	<b>\$ 1,153,000</b>	<b>13%</b>	<b>\$ 99,119</b>	<b>\$ 475,000</b>	<b>21%</b>
<b>Revenues Over/Under</b>	<b>\$ (33,534)</b>			<b>\$ 19,220</b>		

## FINANCIAL CHALLENGES OF THE CITY

### *Governmental Funds*

#### [General Fund](#)

Health care claims

### *Proprietary Funds*

#### [Public Utility Fund-No issues](#)

None

#### [Beach Fund- No issues](#)

None

#### [Port Commission-No issues](#)

None

### **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 along with the city's windstorm and liability insurance. The City will closely monitor claim activity.

Tariffs are anticipated to increase.



# Investment Report 1st Quarter 2013-2014

The City's combined investment portfolio is outperforming the City's benchmark of .08. The City has a weighted average portfolio of 22.07 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 \$8,633 for the quarter and down \$792 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, 2013 the City began earning a fixed rate of .30 from the City's primary depository.

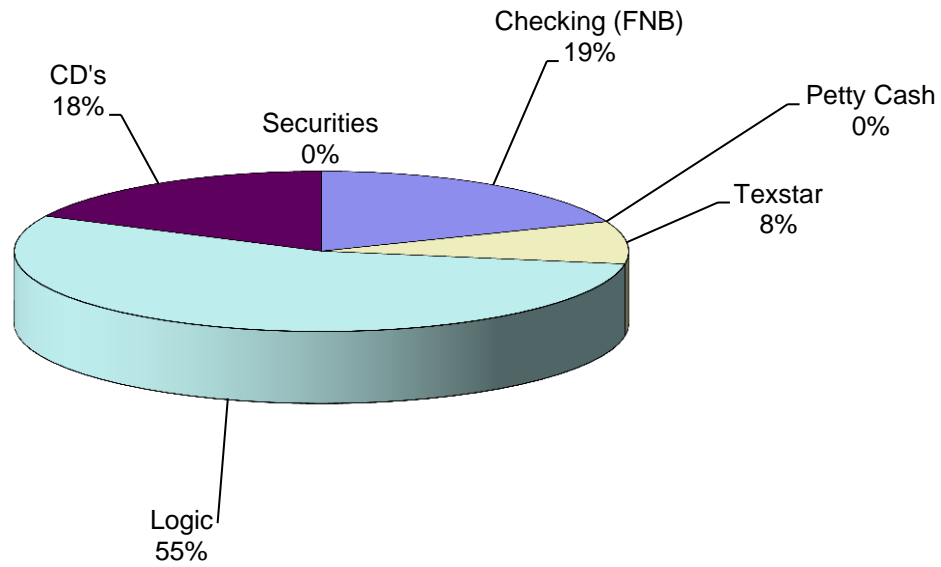
## December 31, 2013 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$ 3,039,980.18	18.96%
Petty Cash (N/A)	\$ 2,025.00	0.01%
Texstar	\$ 1,377,046.31	8.59%
Logic	\$ 8,763,275.71	54.66%
CD's	\$ 2,849,528.42	17.77%
Securities	\$ -	0.00%
	<b>\$ 16,031,855.62</b>	<b>100.00%</b>

<b>Cash Balance</b>	<i>All Funds</i>	<b>\$ 16,031,855.62</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		2,046,919.35
Other AP Encumbered		313,281.05
Debt Payments Due		853,008.25
<b>Total</b>		<b>\$ 6,968,793.97</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, 2013

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 16,031,855.62	\$ 16,031,855.62	-	0.21%	0.08%	0.065%
Weighted Average					
Maturity	22.07 Days		0.21%	Yield	