



CITY OF PORT LAVACA

FY 2012-2013 2nd 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 down \$62,224 combining all major funds as compared to quarter ended March 2012. This decrease is primarily due to the timing of intergovernmental revenue. Sales tax is projected to exceed the original budget target by \$235,000 with a projection closer to 2.4 million by year end.

City Wide Expenditures*

Expenditures are down \$117,127 as compared to March 2012. 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 75% exceeding the second quarter benchmark of 50%.
- Sales tax receipts are up approximately \$70,000 from prior year. The City budgeted conservatively because of the volatile economy and is estimating year end revenues to be approximately \$2,400,000 or \$235,000 over target.
- Building permits are up \$21,000 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	4,573,214	6,098,000	75%	4,647,392	5,960,000
Licenses and Permits	52,309	96,000	54%	88,321	82,500
User and Svc Charges	23,762	45,500	52%	40,169	35,000
Fines and Forfeitures	196,403	377,000	52%	167,067	383,000
Other Revenue	47,801	196,860	24%	35,356	61,000
Grant and Contribution	223,750	248,500	90%	242,625	248,500
Intergovernmental Revenue	413,018	663,000	62%	250,208	495,000
Total Revenue	\$ 5,530,257	\$ 7,724,860	72%	\$ 5,471,138	\$ 7,265,000

General Fund Expenditure Highlights

- Total General Fund Expenditures as a percentage of budget is 45% falling under the budgetary allocation of 50%.
- Most all departments are under the 50% budget target. Health care claims down from prior year (Non- Departmental). The City will closely monitor claims activity.
- General Fund expenses are down \$206,324 as compared to the same quarter last year (primarily due to the timing of projects and transfers).

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Expenditures</i>						
City Council	13,011	27,722	47%	13,599	26,719	51%
City Manager	102,569	202,190	51%	96,416	203,782	47%
City Secretary	42,301	80,442	53%	34,486	80,919	43%
Human Resource	27,338	73,459	37%	33,186	75,932	44%
Legal	16,686	90,400	18%	24,625	63,000	39%
Municipal Court	39,363	104,893	38%	47,452	104,310	45%
Tax	47,047	116,354	40%	52,464	111,983	47%
Technology	23,828	39,570	60%	11,697	74,000	16%
Finance	91,311	194,250	47%	100,776	205,950	49%
City Hall	71,110	136,903	52%	66,754	131,045	51%
Police	754,374	1,618,800	47%	786,287	1,563,975	50%
Fire	635,701	1,299,547	49%	509,853	1,155,663	44%
Animal Control	64,627	122,850	53%	47,663	102,550	46%
Code Enforcement/Inspe	64,586	135,350	48%	63,019	142,700	44%
Streets	379,208	1,200,230	32%	399,494	1,386,800	29%
Parks and Recreation	500,686	983,150	51%	305,445	527,500	58%
Bauer Center	95,755	228,200	42%	109,418	234,100	47%
Swimming Pool Operatio	4,887	29,150	17%	10,719	28,550	38%
Non-Departmental	474,742	1,041,400	46%	529,454	1,045,522	51%
Total Expenditures	\$ 3,449,129	\$ 7,724,860	45%	\$ 3,242,805	\$ 7,265,000	45%

Public Utility Fund Performance

Revenue Highlights

- Total Water & Sewer Revenue as a percentage of budget is 45%, however since the City bills in arrears- budget is on target.
- Other Revenue is below budget target. This is due to the City budgeting to use \$657,000 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 39% 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 up \$23,000 from prior year.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
Revenues						
User and Svc Charges	2,575,584	5,039,700	51%	2,532,006	4,942,300	51%
Fines and Forfeitures	48,243	90,000	54%	46,215	90,000	51%
Other Revenue	32,411	461,500	7%	32,091	751,700	4%
Grant and Contribution	-	-	0%	-	-	0%
Total Revenue	\$ 2,656,238	\$ 5,591,200	48%	\$ 2,610,313	\$ 5,784,000	45%
Expenditures						
Revenue Bond Debt Ser.	0			-		
Billing	156,349	305,225	51%	107,486	281,425	38%
Maintenance	352,746	1,252,733	28%	292,452	1,315,467	22%
WWTP	270,530	626,910	43%	268,847	741,709	36%
Water Production	478,860	1,105,000	43%	507,983	1,167,400	44%
Solid Waste Collection	283,872	715,000	40%	294,443	701,800	42%
Non-Departmental	749,380	1,586,332	47%	773,868	1,576,199	49%
Total Expenditures	\$ 2,291,737	\$ 5,591,200	41%	\$ 2,245,079	\$ 5,784,000	39%
Revenues Over/Under	\$ 364,500.87			\$ 365,233.59		

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 33% of budget without respect to using reserves for capital initiatives.
- R.V. rentals are up \$5,000 as compared to prior year and 5% over our current year budget target.

Expenditure Highlights

- Expenditures are below budget target due to timing of the 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	120,558	224,000	54%	115,663	228,000	51%
Other Revenue	2,665	154,000	2%	2,091	132,000	2%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 123,223	\$ 378,000	33%	\$ 117,754	\$ 360,000	33%
<i>Expenditures</i>						
Operations & Admin	95,007	378,000	25%	149,564	360,000	42%
Total Expenditures	\$ 95,007	\$ 378,000	25%	\$ 149,564	\$ 360,000	42%
Revenues Over/Under	\$ 28,215			\$ (31,810)		

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 50%.
- Tariffs are below budget target however, tariffs are up from prior year and are expected to be on target by year end.

Expenditure Highlights

- Overall expenditures are within budget targets (37%).
- Port Commission expenses are up from prior year by \$ 81,000 due to building renovations.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	192,562	409,000	47%	242,277	456,000	53%
Fines and Forfeitures	131	500	26%	377	200	189%
Other Revenue	3,967	164,950	2%	2,293	374,800	1%
Grant and Contribution	-	2,000	0%	-	2,000	0%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 196,660	\$ 576,450	34%	\$ 244,948	\$ 833,000	29%
<i>Expenditures</i>						
Operations & Admin	228,237	576,450	40%	309,535	833,000	37%
Total Expenditures	\$ 228,237	\$ 576,450	40%	\$ 309,535	\$ 833,000	37%
Revenues Over/Under	\$ (31,577)			\$ (64,587)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund-No issues](#)

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

Proprietary Funds

[Public Utility Fund-No issues](#)

[Beach Fund- No issues](#)

[Port Commission-No issues](#)

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 in the Utility Fund; however claims are down in the General Fund. The City will closely monitor claim activity.

Tariffs are anticipated to increase.

Investment Report 2nd Quarter 2012-2013

The City's combined investment portfolio is outperforming the City's benchmark by .13%. The City has a weighted average portfolio of 44 days with an average book yield of .27%. 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 \$9,716 for the quarter and down \$17,000 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 began earning a fixed rate of .30 from the City's primary depository.

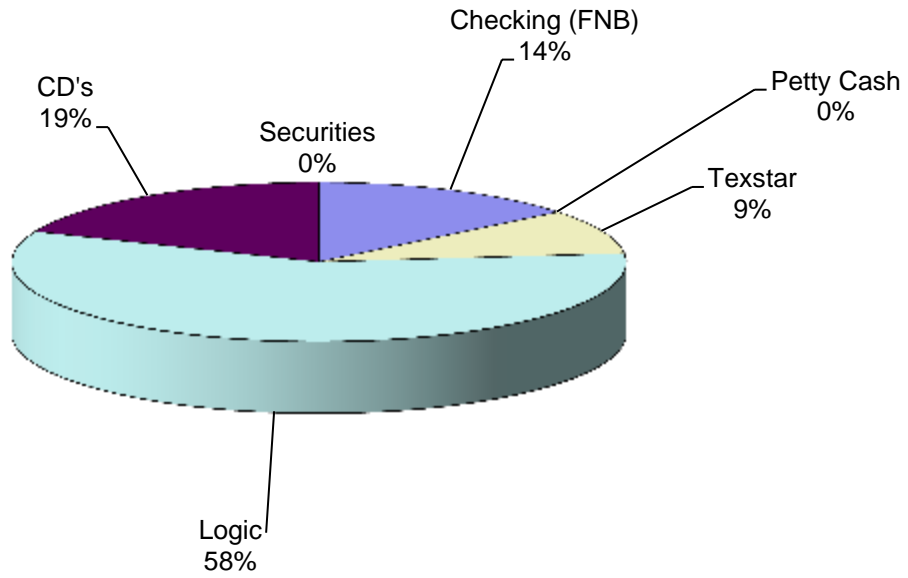
March 31, 2013 Balances


	Total Bal by Type	% of Portfolio
First National Bank	\$ 2,147,427.49	14.20%
Petty Cash (N/A)	\$ 2,025.00	0.01%
Texstar	\$ 1,376,479.92	9.10%
Logic	\$ 8,755,538.07	57.91%
CD's	\$ 2,836,506.33	18.76%
Securities	\$ -	0.00%
	\$ 15,117,976.81	100.00%

Cash Balance	<i>All Funds</i>	\$ 15,117,976.81
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		250,000.00
Projects Encumbered		188,301.28
Other AP Encumbered		61,241.09
Debt Payments Due		-
Total		\$ 9,041,703.44

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 March 31, 2013								
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield		Benchmark Pools		Benchmark 90 Day T-Bill	
	\$ 15,117,976.81	\$ 15,117,976.81	-	0.27%		0.13%		0.075%	
		Weighted Average							
	Maturity	44.31 Days		0.27%	Yield				