



CITY OF PORT LAVACA

FY 2012-2013 3rd 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\$127,068 combining all major funds as compared to quarter ended June 2012. This increase is due to a one-time payment for tower usage rights along with an increase in building permits and sales tax revenue. Sales tax is projected to exceed the original budget target by \$290,000 with a projection closer to 2.4 million by year end.

*City Wide Expenditures**

Expenditures are up \$1,009,277 as compared to June 2012. This is contributed to the timing of capital projects in the current year (Pavilion at Bayfront Park; New Restroom at Lighthouse Beach; Breakwater & Dock A Additional match requirement; Water & Sewer line improvements).

General Fund Performance

Revenue Highlights

- Total General Fund Revenue as a percentage of budget is 93% exceeding the 3rd quarter benchmark of 75%.
- Sales tax receipts are up approximately \$80,000 from prior year.
- 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). Estimated to be down 47,000.
- Interest Income estimated to be down 15,000 by year end.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget
<i>Revenues</i>					
Taxes	5,446,884	6,098,000	89%	5,529,075	5,960,000
Licenses and Permits	84,157	96,000	88%	125,391	82,500
User and Svc Charges	37,918	45,500	83%	55,917	35,000
Fines and Forfeitures	275,050	377,000	73%	252,613	383,000
Other Revenue	61,014	196,860	31%	152,602	61,000
Grant and Contribution	223,750	248,500	90%	242,625	248,500
Intergovernmental Revenue	524,518	663,000	79%	388,511	495,000
Total Revenue	\$ 6,653,291	\$ 7,724,860	86%	\$ 6,746,735	\$ 7,265,000

General Fund Expenditure Highlights

- Total General Fund Expenditures as a percentage of budget is 73% falling under the budgetary allocation of 75%.
- Most all departments are under the 50% budget target with the exception of Human Resource (timing of HR policy manual and compensation plan project), Parks (timing of pavilion), Swimming Pool (high maintenance), and Non-Departmental (health claims & insurance). Health care claims down from prior year (Non- Departmental), however are at 88% of this year's budget. The City will closely monitor claims activity and amend the budget (**estimating near 86,000 over budget**).
- General Fund expenses are up \$123,274 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	19,333	27,722	70%	20,157	26,719	75%
City Manager	149,244	202,190	74%	141,794	203,782	70%
City Secretary	59,171	80,442	74%	57,335	80,919	71%
Human Resource	47,707	73,459	65%	49,488	75,932	65%
Legal	36,654	90,400	41%	50,131	63,000	80%
Municipal Court	66,021	104,893	63%	68,826	104,310	66%
Tax	82,878	116,354	71%	77,169	111,983	69%
Technology	20,284	39,570	51%	20,739	74,000	28%
Finance	137,394	194,250	71%	142,227	205,950	69%
City Hall	94,261	136,903	69%	87,232	131,045	67%
Police	1,120,678	1,618,800	69%	1,120,518	1,563,975	72%
Fire	932,533	1,299,547	72%	868,036	1,155,663	75%
Animal Control	70,767	122,850	58%	70,356	102,550	69%
Code Enforcement/Inspe	94,923	135,350	70%	95,725	142,700	67%
Streets	714,980	1,200,230	60%	996,337	1,386,800	72%
Parks and Recreation	567,558	983,150	58%	429,457	527,500	81%
Bauer Center	135,406	228,200	59%	157,274	234,100	67%
Swimming Pool Operatio	11,064	29,150	38%	28,354	28,550	99%
Non-Departmental	851,544	1,041,400	82%	854,519	1,045,522	82%
Total Expenditures	\$ 5,212,400	\$ 7,724,860	67%	\$ 5,335,674	\$ 7,265,000	73%

Public Utility Fund Performance

Revenue Highlights

- Total Water & Sewer Revenue as a percentage of budget is 69%, 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 71% 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 \$20,000 from prior year.

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	3,898,761	5,039,700	77%	3,868,170	4,942,300	78%
Fines and Forfeitures	71,259	90,000	79%	69,746	90,000	77%
Other Revenue	49,714	461,500	11%	51,027	751,700	7%
Grant and Contribution	-	-	0%	-	-	0%
Total Revenue	\$ 4,019,734	\$ 5,591,200	72%	\$ 3,988,943	\$ 5,784,000	69%
<i>Expenditures</i>						
Billing	216,068	305,225	71%	193,561	281,425	69%
Maintenance	913,174	1,252,733	73%	1,060,781	1,315,467	81%
WWTP	370,137	626,910	59%	391,058	741,709	53%
Water Production	753,575	1,105,000	68%	801,070	1,167,400	69%
Solid Waste Collection	459,119	715,000	64%	472,091	701,800	67%
Non-Departmental	1,127,110	1,586,332	71%	1,176,708	1,576,199	75%
Total Expenditures	\$ 3,839,183	\$ 5,591,200	69%	\$ 4,095,268	\$ 5,784,000	71%

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 57% of budget without respect to using reserves for capital initiatives.
- R.V. rentals are up \$6,000 as compared to prior year and 16% 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	199,105	224,000	89%	201,508	228,000	88%
Other Revenue	4,463	154,000	3%	3,831	132,000	3%
Intergovernmental Revenue	-	-	0%	-	-	0%
Total Revenue	\$ 203,568	\$ 378,000	54%	\$ 205,339	\$ 360,000	57%
<i>Expenditures</i>						
Operations & Admin	160,910	378,000	43%	209,889	360,000	58%
Total Expenditures	\$ 160,910	\$ 378,000	43%	\$ 209,889	\$ 360,000	58%
Revenues Over/Under	\$ 42,658			\$ (4,550)		

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 75%.
- Tariffs are below budget target however, tariffs are up from prior year by 28,000.

Expenditure Highlights

- Overall expenditures are over budget targets due to additional funding needed to match the Dock A project. An amendment will be presented to City Council.
- Port Commission expenses are up from prior year by \$ 670,000 due to timing of capital projects. (Dock A additional match, Breakwater, Building renovations)

	11-12 Actual YTD	11-12 Budget	%	12-13 Actual YTD	12-13 Budget	%
<i>Revenues</i>						
User and Svc Charges	303,739	409,000	74%	368,228	456,000	81%
Fines and Forfeitures	131	500	26%	442	200	221%
Other Revenue	5,353	164,950	3%	3,197	374,800	1%
Grant and Contribution	-	2,000	0%	-	2,000	0%
Intergovernmental Reve	-	-	0%	-	-	0%
Total Revenue	\$ 309,223	\$ 576,450	54%	\$ 371,867	\$ 833,000	45%
<i>Expenditures</i>						
Operations & Admin	348,549	576,450	60%	1,019,486	833,000	122%
Total Expenditures	\$ 348,549	\$ 576,450	60%	\$ 1,019,486	\$ 833,000	122%
Revenues Over/Under	\$ (39,325)			\$ (647,619)		

FINANCIAL CHALLENGES OF THE CITY

Governmental Funds

[General Fund](#)

Health care claims

Proprietary Funds

[Public Utility Fund](#)

Health care claims

[Beach Fund- No issues](#)

[Port Commission-No issues](#)

Dock A Match Amendment Needed

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 3rd Quarter 2012-2013

The City's combined investment portfolio is outperforming the City's benchmark of .06. The City has a weighted average portfolio of 27 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 \$9,809 for the quarter and down \$22,000 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.

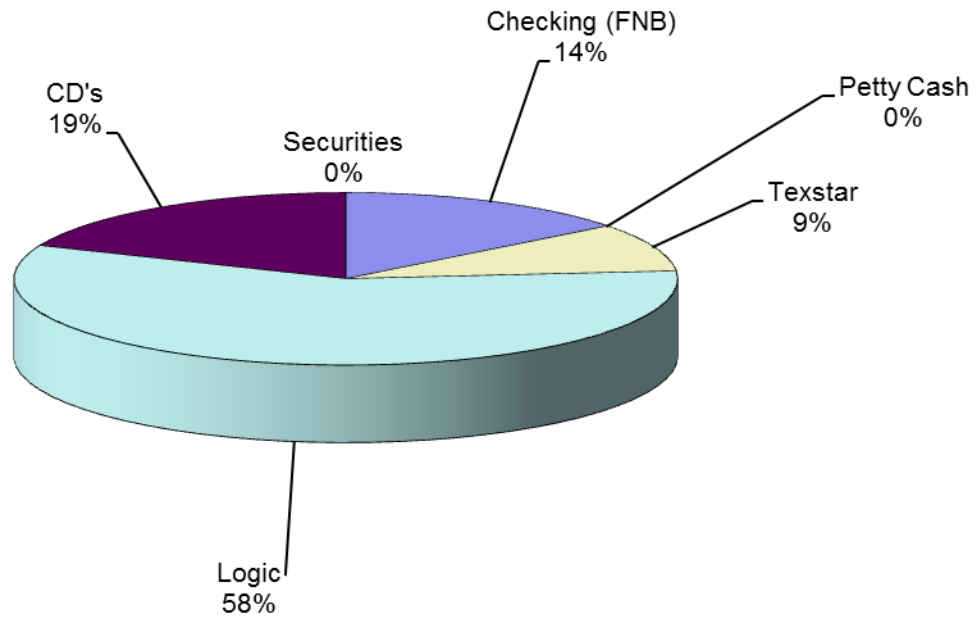
June 30, 2013 Balances

	Total Bal by Type	% of Portfolio
First National Bank	\$ 2,199,459.06	14.49%
Petty Cash (N/A)	\$ 2,025.00	0.01%
Texstar	\$ 1,376,751.48	9.07%
Logic	\$ 8,758,478.64	57.71%
CD's	\$ 2,841,292.45	18.72%
Securities	\$ -	0.00%
	\$ 15,178,006.63	100.00%

Cash Balance	<i>All Funds</i>	\$ 15,178,006.63
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		284,186.68
Other AP Encumbered		205,133.55
Debt Payments Due		138,008.25
Total		\$ 8,723,947.15

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 June 30, 2013

BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
\$ 15,178,006.63	\$ 15,178,006.63	-	0.27%	0.11%	0.060%
Weighted Average					
Maturity	27.17 Days		0.27%	Yield	