

# Monthly Financial Report



Finance Department

December 2013



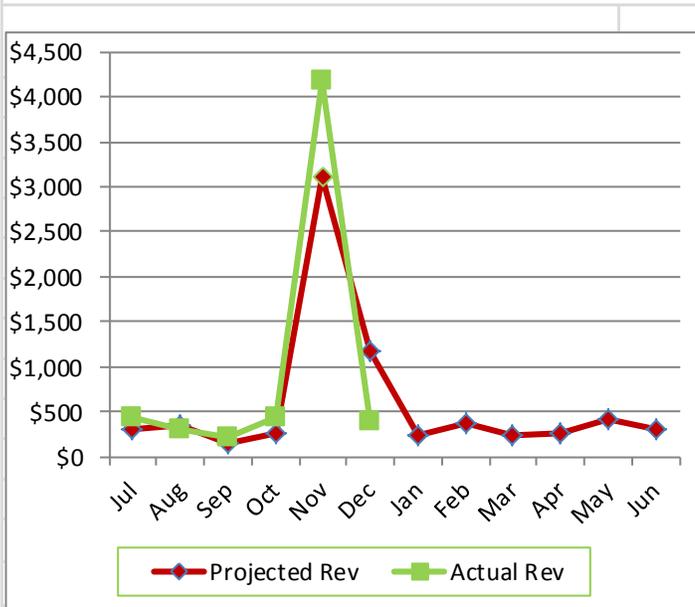
**2013-2014 Monthly Financial Report**  
**City of Hermiston, Oregon**  
**General Fund Revenue**  
**For the Month Ending December 31, 2013**

**General Fund Revenue Summary**

**Through December 31, 2013**

All Revenue Sources

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev	Var Fav/ (Unfav)	% Var
Jul	\$ 302	\$ 302	\$ 446	\$ 144	48%
Aug	348	348	298	(50)	(14%)
Sep	159	159	211	52	33%
Oct	254	254	447	193	76%
Nov	3,110	3,110	4,175	1,065	34%
Dec	1,171	1,171	405	(766)	(65%)
Jan	235				
Feb	372				
Mar	239				
Apr	262				
May	411				
Jun	309				
<b>Total</b>	<b>7,172</b>	<b>5,343</b>	<b>5,981</b>	<b>638</b>	<b>12%</b>
Cash Fwd	1,859	1,859	1,859		
<b>Total</b>	<b>\$ 9,031</b>	<b>\$ 7,202</b>	<b>\$ 7,840</b>	<b>\$ 638</b>	<b>9%</b>

Note: variance is calculated as a percent of the projected revenue YTD.

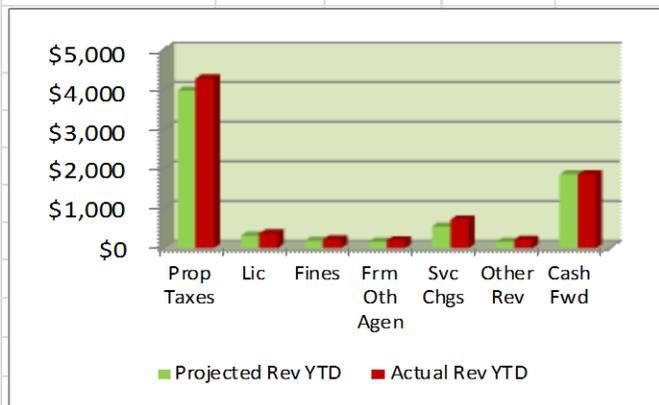
Revenues year-to-date through December continue to be higher than projections mainly due to Property Taxes providing a favorable variance of \$638,000. In past years the bulk of Property Taxes were received in both November and December. This year nearly the total amount budgeted for the year was received in November.

**General Fund Revenue**

**Through December 31, 2013**

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
<b>Prop Taxes</b>	<b>\$ 4,375</b>	<b>\$ 3,964</b>	<b>\$ 4,269</b>	<b>\$ 305</b>	<b>8%</b>
Lic	697	318	369	51	16%
Fines	400	189	224	35	19%
Frm Oth Agen	339	165	199	34	21%
Svc Chgs	1,021	546	713	167	31%
Other Rev	340	160	206	47	29%
Cash Fwd	1,859	1,859	1,859	-	0%
<b>Total</b>	<b>\$ 9,031</b>	<b>\$ 7,202</b>	<b>\$ 7,840</b>	<b>\$ 638</b>	<b>9%</b>

Note: variance is calculated as a percent of the projected revenue YTD.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditures

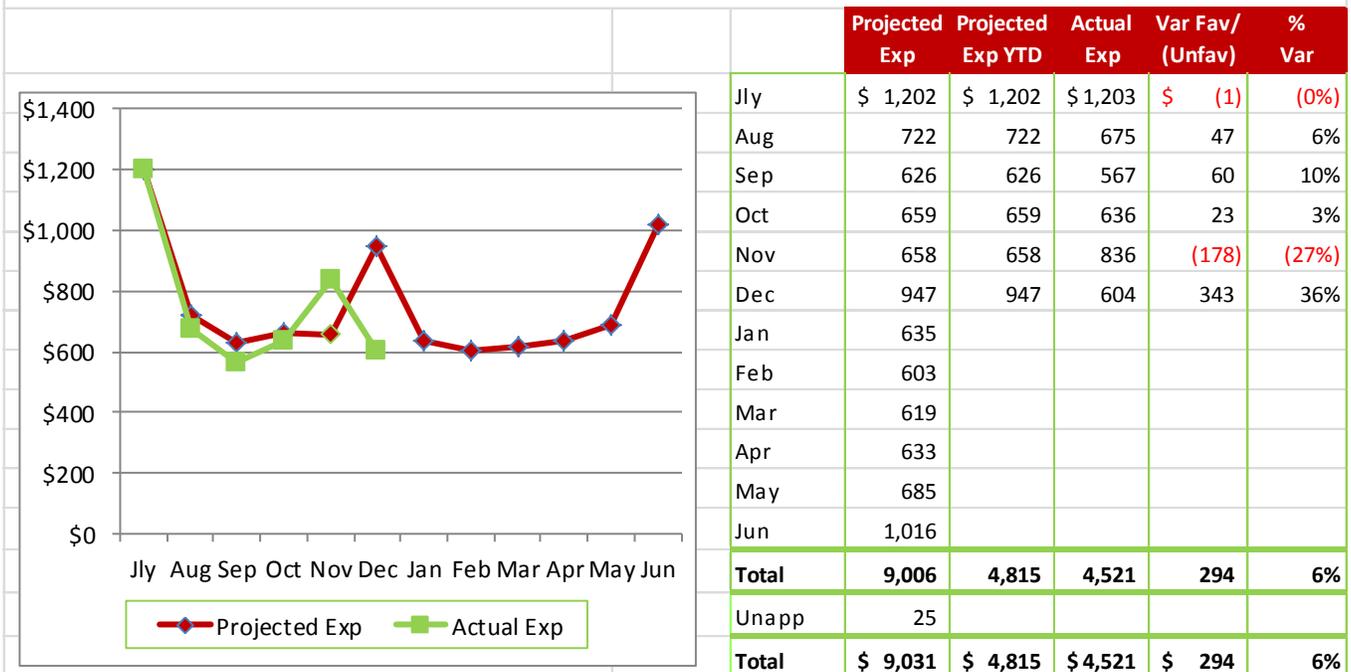
For the Month Ending December 31, 2013

## General Fund Expenditure Summary

Through December 31, 2013

All Requirements

(in \$1,000)



Note: variance is calculated as a percent of the projected expenditures YTD.

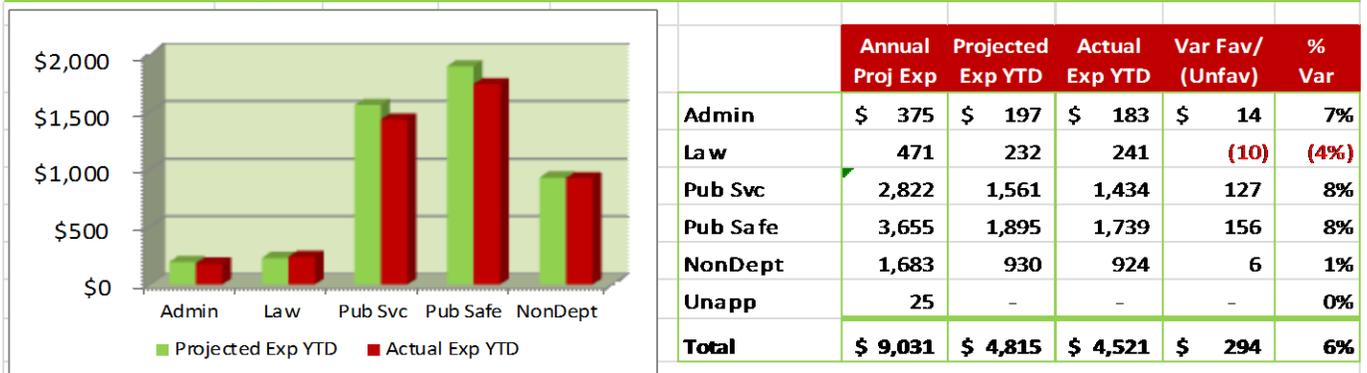
Departmental spending in the General Fund is under projections by \$294,000, an overall variance of 6%. The majority of this comes from lower than expected spending in Airport, Parks, Library and Police.

## General Fund Expenditures

Through December 31, 2013

by Consolidated Department

(in \$1,000)



Note: variance is calculated as a percent of the projected expenditures YTD.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditure Detail

For the Month Ending December 31, 2013

## General Fund Expenditures by Department

	Annual Projected Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var Fav/ (Unfav)
City Council	\$ 30,295	\$ 17,630	\$ 14,709	\$ 2,921	17%
City Manager/Planning	277,654	146,148	137,475	8,673	6%
Finance	66,874	33,126	30,795	2,331	7%
<b>Total Admin &amp; Finance</b>	<b>374,823</b>	<b>196,904</b>	<b>182,978</b>	<b>13,925</b>	<b>7%</b>
Legal	250,150	118,510	133,211	(14,701)	(12%)
Court	221,016	113,121	108,275	4,846	4%
<b>Total Dept of Law</b>	<b>471,166</b>	<b>231,632</b>	<b>241,486</b>	<b>(9,854)</b>	<b>(4%)</b>
Transportation	188,375	96,290	93,290	3,001	3%
Airport	297,554	184,361	171,826	12,535	7%
Bldg Inspection	335,424	164,240	157,422	6,818	4%
Parks	526,826	296,775	220,700	76,075	26%
Pool	370,148	259,132	246,369	12,763	5%
Municipal Buildings	11,200	6,123	6,100	23	0%
Library	598,889	303,364	285,006	18,358	6%
Recreation	402,919	202,953	208,070	(5,117)	(3%)
Conference Center	90,558	47,738	45,104	2,635	6%
<b>Total Public Services</b>	<b>2,821,893</b>	<b>1,560,978</b>	<b>1,433,887</b>	<b>127,091</b>	<b>8%</b>
Public Safety Center	124,100	63,600	60,241	3,360	5%
Police Operations	3,530,751	1,831,889	1,678,813	153,077	8%
<b>Total Public Safety</b>	<b>3,654,851</b>	<b>1,895,490</b>	<b>1,739,053</b>	<b>156,437</b>	<b>8%</b>
Non-Departmental	1,683,195	929,672	923,549	6,123	1%
Unappropriated	25,000	-	-	-	-
<b>Total Non-Dept</b>	<b>1,708,195</b>	<b>929,672</b>	<b>923,549</b>	<b>6,123</b>	<b>1%</b>
<b>Total</b>	<b>\$ 9,030,928</b>	<b>\$ 4,814,674</b>	<b>\$ 4,520,953</b>	<b>\$ 293,722</b>	<b>6%</b>

Midway through the fiscal year most departments are under their expected spending with two exceptions. Legal continues to be over because of public defense costs and Recreation is over in personal services. The variance in Recreation is expected to reduce over the course of the year and fall within budget by year-end.

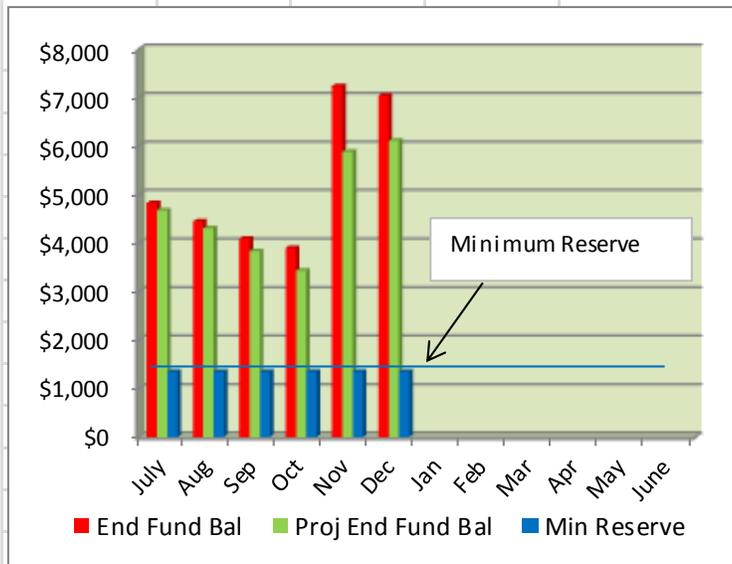
# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Fund Balance - General Fund

For the Month Ending December 31, 2013

**General Fund** **Through December 31, 2013**  
**Ending Fund Balance** **(in \$1,000)**



Minimum Reserve = \$1,350,889

	Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 5,577	\$ 446	\$ (1,203)	\$ 4,820	\$ 4,678
Aug	4,820	298	(675)	4,443	4,303
Sep	4,443	211	(567)	4,087	3,836
Oct	4,087	447	(636)	3,898	3,431
Nov	3,898	4,175	(836)	7,237	5,883
Dec	7,237	405	(604)	7,038	6,106
Jan					
Feb					
Mar					
Apr					
May					
June					
<b>Total</b>	<b>\$ 5,577</b>	<b>\$ 5,982</b>	<b>\$ (4,521)</b>	<b>\$ 7,038</b>	<b>\$ 5,883</b>

The City Council has established a minimum reserve for the General Fund of 15% of annual operating expenditures. For 2013-14 this is \$1,350,889. The ending fund balance as of December 31, 2013 is \$7 million as compared to the projected ending fund balance for December of \$6.1 million. Since the beginning of the fiscal year fund balance has increased by \$1.5 million.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Funds Report

For the Month Ending December 31, 2013

## Selected Funds Report

### Revenues & Expenditures

	2013-14 Annual			Variance	
	Budget	Budget YTD	Actual YTD	Fav/(Unfav)	% Variance
<b><u>Street Fund</u></b>					
Revenues	\$ 1,072,000	\$ 641,035	\$ 705,733	\$ 64,698	10.1%
Expenditures	1,072,000	596,974	575,111	21,863	3.7%
	-	44,061	130,622	86,561	14.5%
<b><u>Reserve Fund</u></b>					
Revenues	5,400,826	4,982,047	5,126,445	144,398	2.9%
Expenditures	5,400,826	407,043	338,658	68,385	16.8%
	-	4,575,005	4,787,787	212,783	52.3%
<b><u>Utility Fund</u></b>					
Revenues	3,847,000	2,185,678	2,412,623	226,945	10.4%
Expenditures	3,847,000	1,813,127	1,784,695	28,432	1.6%
	-	372,551	627,928	255,377	14.1%
<b><u>HES Fund</u></b>					
Revenues	8,050,725	4,446,201	4,500,133	53,932	1.2%
Expenditures	8,050,725	4,222,012	4,102,206	119,806	2.8%
	-	224,190	397,927	173,738	4.1%

Other major activities of the City are tracked in the **Street, Reserve, Utility, and Hermiston Energy Services (HES)** Funds. **Street Fund** revenues include gas tax and Surface Transportation Program (STP) allotments from the State. Gas tax revenues are running about 7% higher than projected. Excluding transfers-out, expenditures are below projections by 3.7%. This reflects the normal slow-down of street and sign maintenance due to the colder weather; work then typically picks back up in the spring. Street crack-filling is expected to begin in March.

The **Reserve Fund** resources are primarily made up of transfers-in from operating funds, accumulated cash, Transient Room Tax (TRT) for Parks and Recreation and grant funds for projects. Through December revenues are over projections by about 3% due to grant, TRT and miscellaneous receipts. Expenditures through December include computer software and hardware upgrades, transfers to other funds, street projects, the airport project and repairs on Well 4.

Water and Wastewater are both tracked in the **Utility Fund**. Water revenues continue to come in about 5% ahead of projections. Wastewater revenues are also 5% ahead. This reflects the City's conservative approach to budgeting for these activities. Expenditures in both departments are following their normal pattern so far.

Revenues for the **HES Fund** are just 1.2% above projections due to conservation credits received from the BPA for conservation-related expenditures such as rebates for energy-efficient appliances, insulation, and energy audits.

**Note:** The funds excluded from this report are Bonded Debt, all Special Revenue Funds, 911 Communications Fund, Regional Water Fund, Wastewater Treatment Plant Construction Fund and the EOTEC Grant Fund.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Funds Report

For the Month Ending December 31, 2013

## Selected Funds Report

### Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Street Fund	501,820	636,788	59.4%	N/A	N/A
Reserve Fund	4,303,391	4,484,153	83.0%	N/A	N/A
Utility Fund	2,671,149	3,283,121	85.3%	577,050	2,706,071
HES Fund	5,059,731	4,652,132	57.8%	1,207,609	3,444,524
<b>Total</b>	<b>12,536,091</b>	<b>13,056,194</b>	<b>-</b>	<b>1,784,659</b>	<b>6,150,595</b>

The City Council has established a minimum working capital (current assets less current liabilities) of forty-five (45) days of annual operating expenses for both the Utility Fund and HES Fund. This equates to \$577,050 for the Utility Fund and \$1,207,609 for the HES Fund. As of December 31, 2013 the Utility Fund's ending balance is \$3,283,121, well above the 15% reserve level. The ending balance in the HES Fund is \$4,652,132 also well above the minimum reserve.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending December 31, 2013

## Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Fencing	\$ 30,000	\$ 97,350	\$ 30,000	\$ 97,350	32%
Eastern Oregon Trade and Event Center	3,000,000	93,545	6,400,000	341,326	0%
Oxbow Trail	280,000	11,613	350,000	11,613	3%
Recycled Water Treatment Plant	16,000,000	4,302,856	27,100,000	8,795,741	35%
<b>Total</b>	\$ 19,310,000	\$ 4,505,364	\$ 33,880,000	\$ 9,246,030	---

The City has multiple capital projects underway including improvements at the Airport, development and construction of the Eastern Oregon Trade and Event Center (EOTEC), development of the Oxbow Trail and upgrades at the Recycled Water Treatment Plant.

### **Airport Fencing**

Perimeter Security Group has fully completed all on-site work on this project. The City's engineer, Precision Approach Engineering, will conduct a final inspection of the materials/workmanship in mid-January and initiate final project close-out.

The current budget does not include a \$270,000 grant from the FAA the City received, which will be added as part of the 2013-14 supplemental budget. Total expenditures to date include \$87,615 from the grant and \$8,735 from the City/EOTEC match for a total of \$97,350. Major invoices from Perimeter Security Group are still expected once inspections are completed, which will represent the lion's share of materials and labor.

Spent to date: \$87,615 - FAA Grant  
                   9,735 - City's match  
                   \$97,350 - Total

### **Eastern Oregon Trade and Event Center**

The EOTEC, a joint City-County effort, is envisioned to be a multi-purpose event center which will host many different types of shows and regional events including family, convention, trade, conference and entertainment. Preliminary programming notes and schematic design plans have been completed, and the building is scheduled to open in May of 2016 in time to hold the 2016 Umatilla County Fair and Farm Pro Rodeo at the facility in August. Currently, the total estimated budget for the project is approximately \$14.8 million. The budget includes a \$6.4 million grant provided by the State. The County has contributed \$3.9 million; donations are expected to provide an additional \$4.5 million in funding to complete the project.

Frew Development Group (FDG) sent out a Request for Qualifications for Architectural and Engineering Design Services in December. A total of six proposals were received and three firms were invited to interview with members of the EOTEC Board and FDG on January 14, 2014.

**Oxbow Trail**

The Oxbow Trail project is a bike and pedestrian recreational trail approximately 1.5 miles long extending from the southwest section of the Bureau of Reclamation property known as the "Oxbow" site to the northeast portion of the property. The Oxbow site is 222 acres of protected conservation land adjacent to the Umatilla River in the Hermiston Urban Growth Boundary. The Bureau and Hermiston Irrigation District have approved the license agreement allowing the trail to be constructed on the property and the City will own and manage the improvements.

The construction contract, which included extending the trail eastward near 11<sup>th</sup> Street and Elm, was awarded to Three Kings Environmental in October 2013 for \$325,010. The contractor began work in late November clearing and grubbing the site and the work will be completed by June 2014. This project includes paving the Rocky Heights soccer field parking lot. The total estimated cost of the project is \$380,000 of which \$135,000 is being funded by a State grant.

**Recycled Water Treatment Plant**

This project includes upgrades, additions and modifications to the City's waste-water treatment plant. Construction began in March 2013 and is approximately 35% complete.

Total costs are estimated at \$27.2 million with the majority of the funding being provided by the Clean Water State Revolving Fund. The remaining amount will be provided by revenue bonds, which the City is planning to issue in May 2014. The project is on schedule to be completed in October 2014.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Investments

For the Month Ending December 31, 2013

## Investment Report by Type

Cusip No.	Par Value	Cost	Market Value	Issuer	Rating Moody's/S&P	Days to Maturity	Callable Y/N	Yield to Worst Call	Yield to Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,973,448	FNMA	Aaa/AA+	1,316	Y	1.37	1.37
3134G35P1	\$ 2,000,000	\$ 1,971,468	\$ 1,962,324	FHLMC	Aaa/AA+	1,534	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,964,670	FFCB	Aaa/AA+	1,624	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,008,234	FHLMC	Aaa/AA+	1,166	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 981,227	FHLB	---	1,487	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 974,371	FHLMC	Aaa/AA+	1,474	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,034,088	FICO	---	1,047	N	0.70	0.70
US Agencies	\$ 11,065,000	\$ 10,922,214	\$ 10,898,362	---	---	---	---	---	---
LGIP <sup>(1)</sup>	\$ 7,017,930	\$ 7,017,930	\$ 7,017,930	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,017,930	\$ 7,017,930	\$ 7,017,930	---	---	---	---	---	---
TOTAL	\$ 18,082,930	\$ 17,940,144	\$ 17,916,292	---	---	---	---	---	---

<sup>(1)</sup> \$5,013,853 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

The City of Hermiston has established certain policies regarding its investments. In order to limit credit and interest rate risk, investments are diversified by security type, maturity, issuer, and call provisions. At least 25% of funds available for investing will be invested in the Local Government Investment Pool (LGIP), with a qualified depository institution, or investments maturing in less than 90 days. 50% or more of the portfolio will be invested in securities maturing in less than three years. *(NOTE: Due to investing activity in December only 44.9% is maturing in less than three years. This will be corrected in January.)*

The maximum average maturity for the portfolio shall be 3 years and the maximum maturity of individual securities in the portfolio shall be 5 years. No more than 75% of the portfolio may be callable. The minimum weighted average credit rating of the portfolio's investments shall be Aa/AA by Moody's and Standard & Poor's respectively. The breakdown of the City's portfolio is shown below.

Maturity	Total Cost	% of Total Portfolio
< 90 Days	\$ 7,017,930	39.1%
90 Days - 3 Yrs	\$ 1,042,845	5.8%
3 - 5 Yrs	\$ 9,879,369	55.1%
	\$ 17,940,144	100.0%

Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 10,922,214	60.9%
Corporate	\$ -	0.0%
LGIP	\$ 7,017,930	39.1%
	\$ 17,940,144	100.0%

<b>Weighted Avg Maturity:</b> 851 Days (2.3 years)
<b>Weighted Avg Yield to Maturity:</b> 1.07%
<b>Percent Callable:</b> 55%
<b>Weighted Average Credit Rating:</b> Aaa/AA+