

Monthly Financial Report



Finance Department

November 2013

2013-2014 Monthly Financial Report

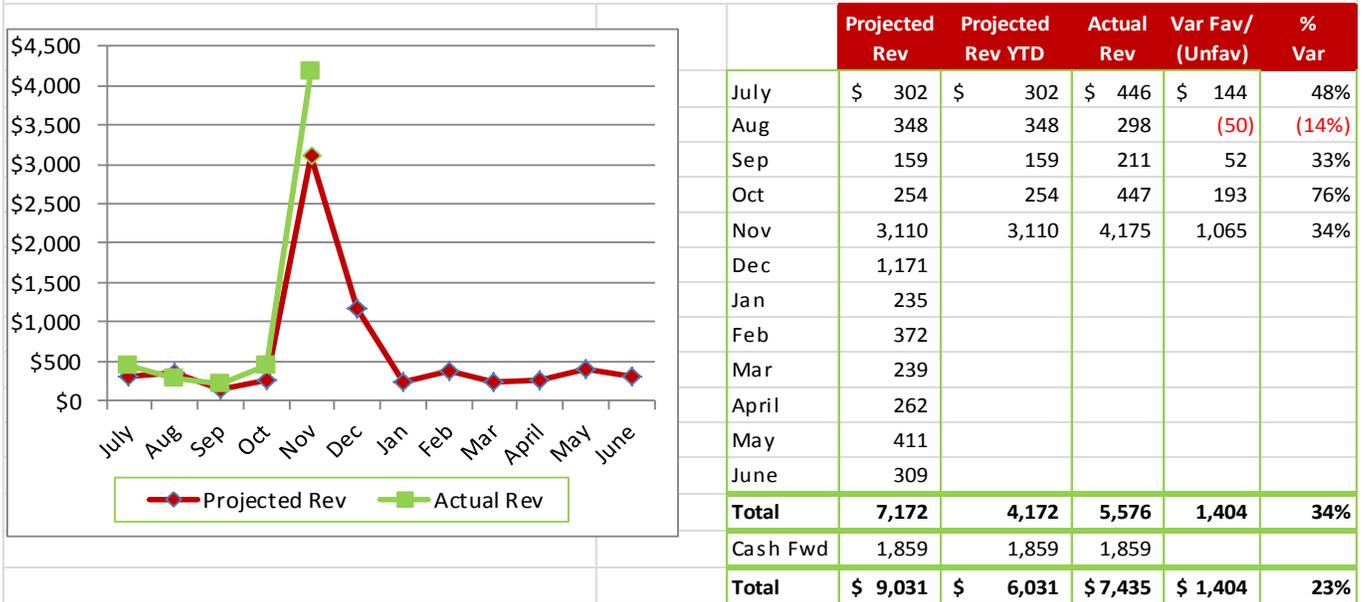
City of Hermiston, Oregon

General Fund Revenue

For the Month Ending November 30, 2013

General Fund Revenue Summary Through November 30, 2013

All Revenue Sources (in \$1,000)

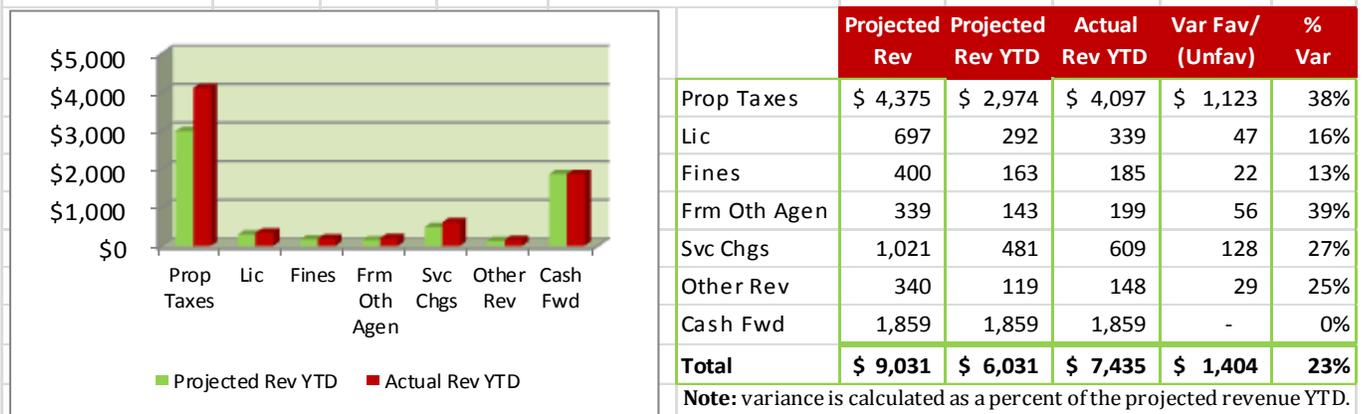


Note: variance is calculated as a percent of the projected revenue YTD.

Revenues through November are higher than projections mainly due to Property Taxes. In past years the bulk of Property Taxes has come in both November and December. This year nearly the total amount budgeted for the year was received in November.

General Fund Revenue Through November 30, 2013

by Category (in \$1,000)



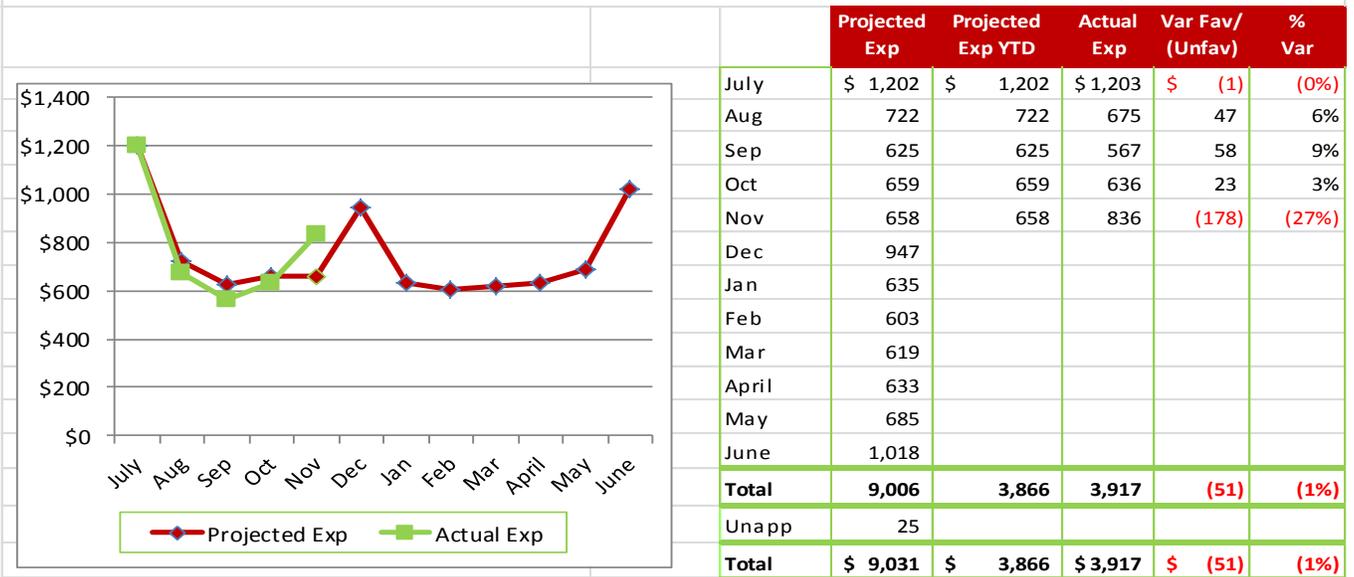
2013-2014 Monthly Financial Report

City of Hermiston, Oregon
General Fund Expenditures

For the Month Ending November 30, 2013

General Fund Expenditure Summary All Requirements

Through November 30, 2013
(in \$1,000)

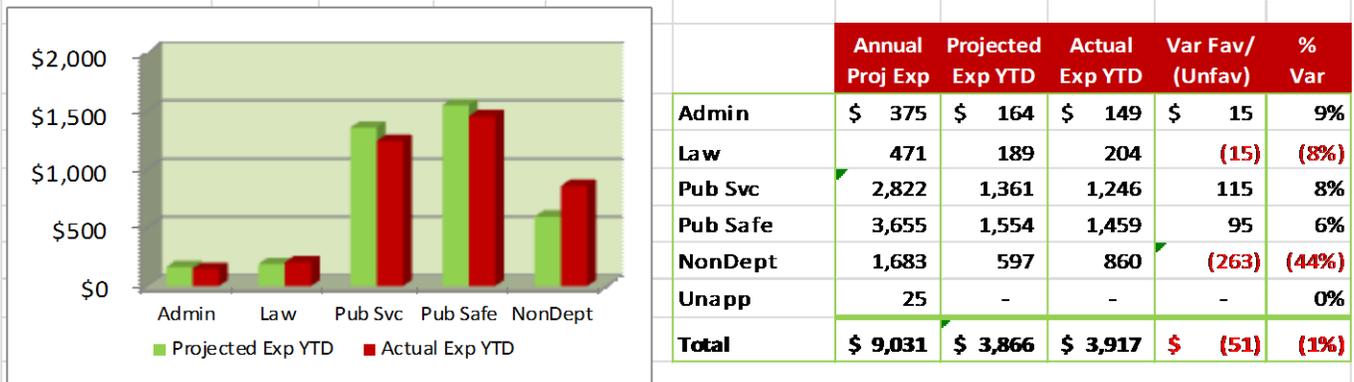


Note: variance is calculated as a percent of the projected expenditures YTD.

Departmental spending in the General Fund is within \$51,000 of projections for an overall variance of 1%. The majority of this variance is caused by spending in Non-Departmental, which is over projections by \$263,000. This is offset by favorable variances in the Airport, Parks, and Police departments.

General Fund Expenditures by Consolidated Department

Through November 30, 2013
(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 November 30, 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	\$ 13,577	\$ 11,938	\$ 1,640	12%
City Manager/Planning	277,654	120,889	111,798	9,091	8%
Finance	66,874	27,627	24,951	2,676	10%
Total Admin & Finance	374,823	162,093	148,686	13,407	8%
Legal	250,150	99,507	113,961	(14,454)	(15%)
Court	221,016	91,585	89,880	1,706	2%
Total Dept of Law	471,166	191,092	203,841	(12,748)	(7%)
Transportation	188,375	79,698	77,521	2,177	3%
Airport	297,554	166,298	149,947	16,351	10%
Bldg Inspection	335,424	136,479	130,540	5,940	4%
Parks	526,826	257,493	191,677	65,816	26%
Pool	370,148	250,746	238,635	12,111	5%
Municipal Buildings	11,200	3,473	5,179	(1,707)	(49%)
Library	598,889	251,186	236,053	15,132	6%
Recreation	402,919	175,543	178,737	(3,194)	(2%)
Conference Center	90,558	39,330	37,512	1,818	5%
Total Public Services	2,821,893	1,360,245	1,245,801	114,444	8%
Public Safety Center	124,100	53,396	56,296	(2,899)	(5%)
Police Operations	3,530,751	1,502,130	1,402,351	99,779	7%
Total Public Safety	3,654,851	1,555,526	1,458,646	96,880	6%
Non-Departmental	1,683,195	596,621	860,123	(263,502)	(44%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	596,621	860,123	(263,502)	(44%)
Total	\$ 9,030,928	\$ 3,865,577	\$ 3,917,097	\$ (51,520)	(1%)

As of the end of November most departments are under their expected spending. The exceptions are Legal, Municipal Buildings, Recreation, the Public Safety Center and Non-Departmental. As previously reported the Legal department is over projections due to public defense costs and non-prosecution services provided by the City Attorney. Also as reported in September, Municipal Buildings is over due to shelving and other purchases for the City Hall storage area to address archiving needs. The variance in Recreation is in personal services which is expected to reduce over the course of the year to fall within budget by year-end. The remodel of the Public Safety Center is causing that department to be slightly over budget. That is expected to also be within budget by the end of the year. The variance in Non-Departmental is due to a transfer to the Recreation Special Revenue Fund for the Oxbow Trail project.

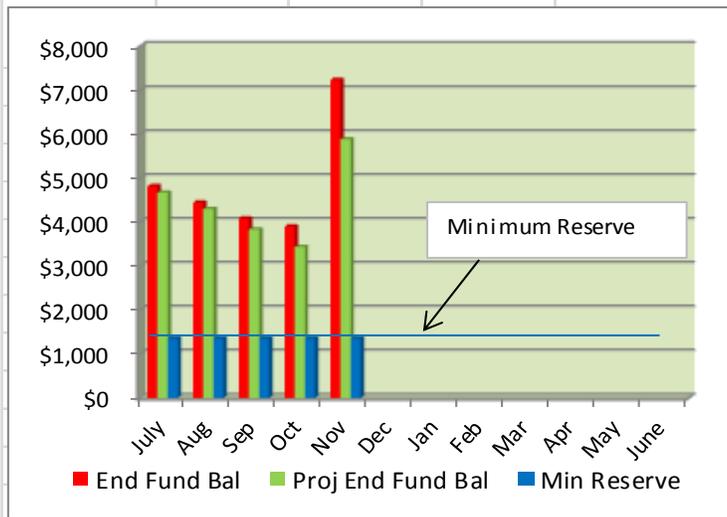
2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Detail

For the Month Ending November 30, 2013

General Fund **Through November 30, 2013**
Ending Fund Balance **(in \$1,000)**



Minimum Reserve = \$1,350,889

	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	3,837
Oct	4,087	447	(636)	3,898	3,433
Nov	3,898	4,175	(836)	7,237	5,884
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$5,577	\$ 5,577	\$ (3,917)	\$ 7,237	\$ 5,884

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 November 30, 2013 is \$7.2 million as compared to the projected ending fund balance for November of \$5.9 million. Since the beginning of the fiscal year fund balance has increased by of \$1.7 million.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Funds Report

For the Month Ending November 30, 2013

Selected Funds Report Revenues & Expenditures

	2013-14 Annual Budget	Budget YTD	Actual YTD	Variance Fav/(Unfav)	% Variance
<u>Street Fund</u>					
Revenues	\$ 1,072,000	\$ 571,035	\$ 615,899	\$ 44,864	7.9%
Expenditures	1,072,000	520,118	489,799	30,319	5.8%
	-	50,917	126,100	75,183	14.5%
<u>Reserve Fund</u>					
Revenues	5,400,826	4,954,790	5,090,916	136,126	2.7%
Expenditures	5,400,826	300,908	325,256	(24,348)	(8.1%)
	-	4,653,882	4,765,660	111,778	37.1%
<u>Utility Fund</u>					
Revenues	3,847,000	1,925,196	2,111,373	186,177	9.7%
Expenditures	3,847,000	1,566,671	1,570,614	(3,943)	(0.3%)
	-	358,525	540,759	182,234	11.6%
<u>HES Fund</u>					
Revenues	8,050,725	3,787,543	3,852,887	65,344	1.7%
Expenditures	8,050,725	3,666,823	3,584,745	82,078	2.2%
	-	120,720	268,142	147,422	4.0%

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 5% higher than projected and this year's STP allotment has been received in full. Excluding transfers-out, expenditures are below projections by 5.8%. 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.

The **Reserve Fund** revenues are primarily made up of transfers-in from operating funds and accumulated cash. The fund also receives some Transient Room Tax (TRT) for Parks and Recreation and grant funds for projects. As of November 30 revenues are over projections by about 3% due to grant and TRT receipts. Expenditures through November include computer software and hardware upgrades, transfers to other funds, street projects, the airport project and repairs on Well 4.

The **Utility Fund** includes both Water and Wastewater Treatment departments. Water revenues are about 5% ahead of projections and Wastewater revenues are about 9% ahead. This reflects the City's conservative approach to budgeting for the fund. Expenditures in both departments are following their normal pattern so far this year.

Revenues for the **HES Fund** are just slightly above projections through the end of November. This is partly 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 November 30, 2013

Selected Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Street Fund	501,820	632,266	59.0%	N/A	N/A
Reserve Fund	4,303,391	4,462,026	82.6%	N/A	N/A
Utility Fund	2,671,149	3,195,952	83.1%	577,050	2,618,902
HES Fund	5,059,731	4,522,347	56.2%	1,207,609	3,314,739
Total	12,536,091	12,812,591	-	1,784,659	5,933,641

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. For the HES Fund this equals \$1,207,609. The ending fund balance as of November 30, 2013 for the Utility Fund is \$3,195,952, well above the 15% reserve level. The ending balance in the HES Fund is \$4,522,347 also well above the reserve level.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending November 30, 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	88,545	6,400,000	336,326	0%
Oxbow Trail	280,000	9,089	350,000	9,089	3%
Recycled Water Treatment Plant	16,000,000	3,612,583	27,100,000	8,105,468	30%
Total	\$ 19,310,000	\$ 3,807,567	\$ 33,880,000	\$ 8,548,233	---

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 nearly completed the original section of fencing which was planned through conservative budgeting. Due to very favorable bids, the FAA has approved the City's request to move forward with extending the fence all the way north along Ott Road to Highland Extension. This extension will fall well within the total project amount of \$300,000.

The current budget does not include a \$270,000 grant from the FAA the City received, which will be added as part of the Supplemental Budget. Total expenditures to date include \$95,000 from the grant and \$10,600 from the City's match for a total of \$105,600.

Spent to date: \$87,615 (FAA Grant)
 \$9,735 (City's matching share)
 \$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, sports, convention, trade, conference and entertainment. Preliminary programming notes and schematic design plans have been completed for it 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.

The total estimated cost for the phased, complete build-out of the EOTEC is \$31.5 million. The current budget of \$6.4 million represents the grant provided by the State for the project. The County has contributed \$3.9 million; sponsorships and other donations are expected to provide an additional \$4.5 million in funding to complete the first phase.

The Frew Development Group has been engaged to oversee the planning, design and construction of the project. The Frew Group has two full-time employees located in Hermiston. The EOTEC primary office is now located at the Stanford Hansell Government Center. Project planning and design started at the beginning of November.

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 11th Street and Elm, was awarded to Three Kings Environmental in October 2013 for \$325,010. Contract documents are currently being finalized and construction is anticipated to begin December 9th and completed by June 2014. 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. The project is on schedule to be completed in October 2014.

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

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Investments

For the Month Ending November 30, 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	Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,985,812	FNMA	Aaa/AA+	1,346	Y	1.37	1.37
3134G35P1	\$ 2,000,000	\$ 1,971,468	\$ 1,980,032	FHLMC	Aaa/AA+	1,564	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,984,406	FFCB	Aaa/AA+	1,654	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,011,940	FHLMC	Aaa/AA+	1,196	Y	1.13	1.13
3135GOVF7	\$ 1,500,000	\$ 1,500,409	\$ 1,500,308	FNMA	Aaa/AA+	1,018	Y	0.76	0.76
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,039,087	FICO	---	1,077	N	0.70	0.70
US Agencies	\$ 10,565,000	\$ 10,450,839	\$ 10,501,585	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 7,014,763	\$ 7,014,763	\$ 7,014,763	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,014,763	\$ 7,014,763	\$ 7,014,763	---	---	---	---	---	---
TOTAL	\$ 17,579,763	\$ 17,465,602	\$ 17,516,348	---	---	---	---	---	---

⁽¹⁾ \$5,011,564 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 pool will be invested in securities maturing in less than 3 years. 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	\$ 7,014,763	40.2%
90 Days - 3 Yrs	\$ 2,543,254	14.6%
3 - 5 Yrs	\$ 7,907,585	45.3%
	\$ 17,465,602	100.0%

Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 10,450,839	59.8%
Corporate	\$ -	0.0%
LGIP	\$ 7,014,763	40.2%
	\$ 17,465,602	100.0%

Weighted Avg Maturity: 808 Days (2.21 years)
Weighted Avg Yield to Maturity: 1.01%
Percent Callable: 54%
Weighted Average Credit Rating: Aaa/AA+