

Monthly Financial Report



Finance Department

September 2013

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

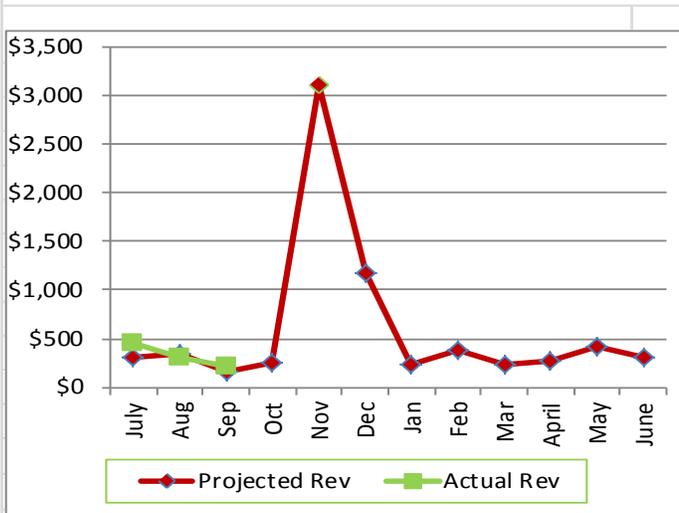
For the Month Ending September 30, 2013

General Fund Revenue Summary

Through September 2013

All Revenue Sources

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev	Var Fav/ (Unfav)	% Var
July	\$ 302	\$ 302	\$ 446	\$ 144	48%
Aug	348	348	298	(49)	(14%)
Sep	159	159	211	52	33%
Oct	254				
Nov	3,110				
Dec	1,171				
Jan	235				
Feb	372				
Mar	239				
April	262				
May	411				
June	309				
Total	7,172	809	955	147	18%
Cash Fwd	1,859				
Total	\$ 9,031	\$ 809	\$ 955	\$ 147	18%

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

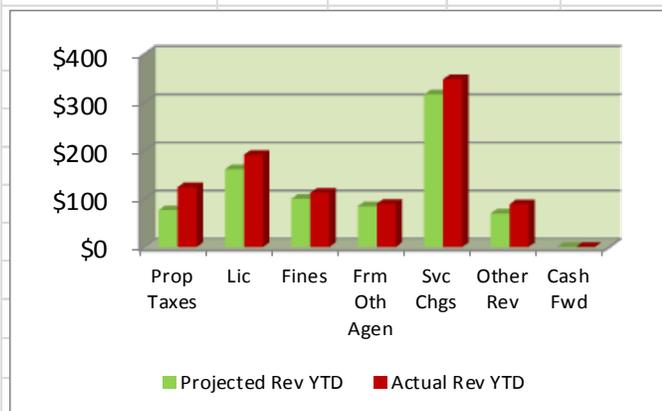
Primary sources of revenue in the General Fund include Property Tax (61%), Charges for Services (14%), Licenses and Franchises (10%), Fines and Penalties (6%), and Revenues from Other Agencies (5%). Because property tax is such a large part of the General Fund's revenues, the timing of these receipts affects the overall revenue collection pattern as seen in the graph above. The bulk of property tax revenues are received in November and December of each year. Other General Fund revenues are collected more evenly throughout the year. Revenues collected through September are over projections by 18% primarily due to property taxes.

General Fund Revenue

Through September 30, 2013

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 77	\$ 124	\$ 48	62%
Lic	697	161	191	30	19%
Fines	400	100	112	12	12%
Frm Oth Agen	339	85	90	5	6%
Svc Chgs	1,021	317	348	31	10%
Other Rev	340	69	89	19	28%
Cash Fwd	1,859	-	-	-	0%
Total	\$ 9,031	\$ 809	\$ 955	\$ 146	18%

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

2013-2014 Monthly Financial Report

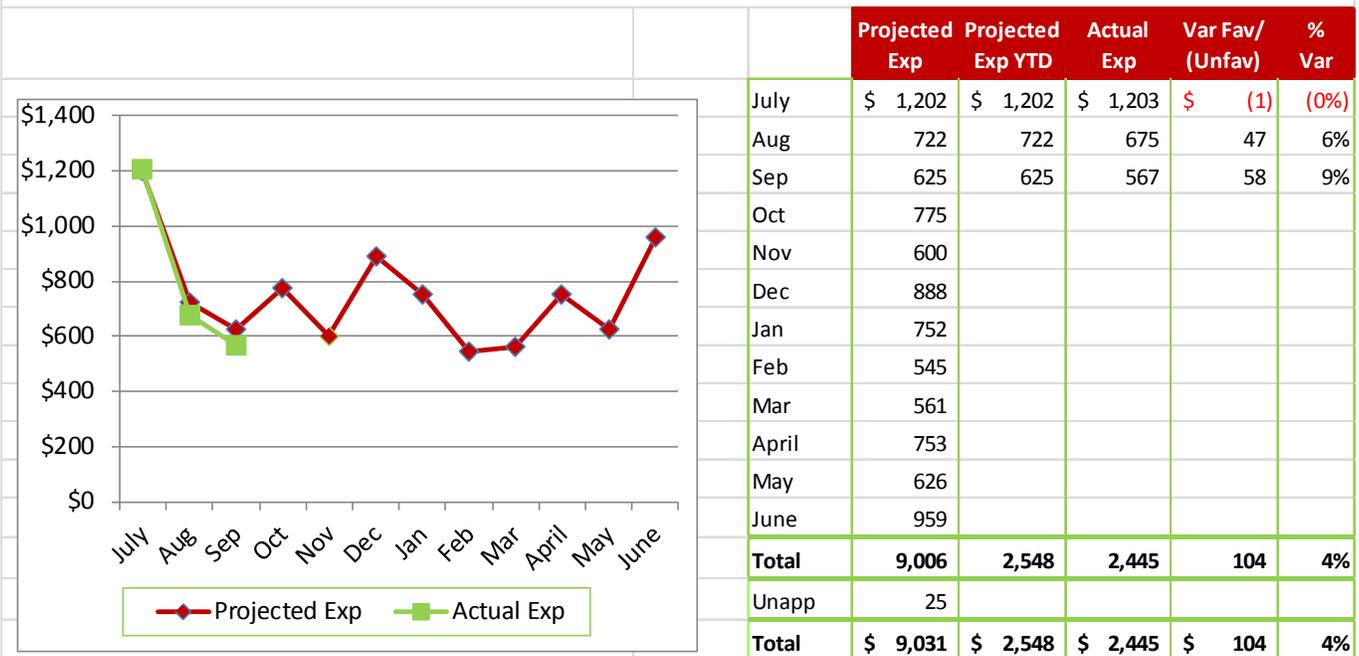
City of Hermiston, Oregon
 General Fund Expenditures
 For the Month Ending September 30, 2013

General Fund Expenditure Summary

Through September 2013

All Requirements

(in \$1,000)



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

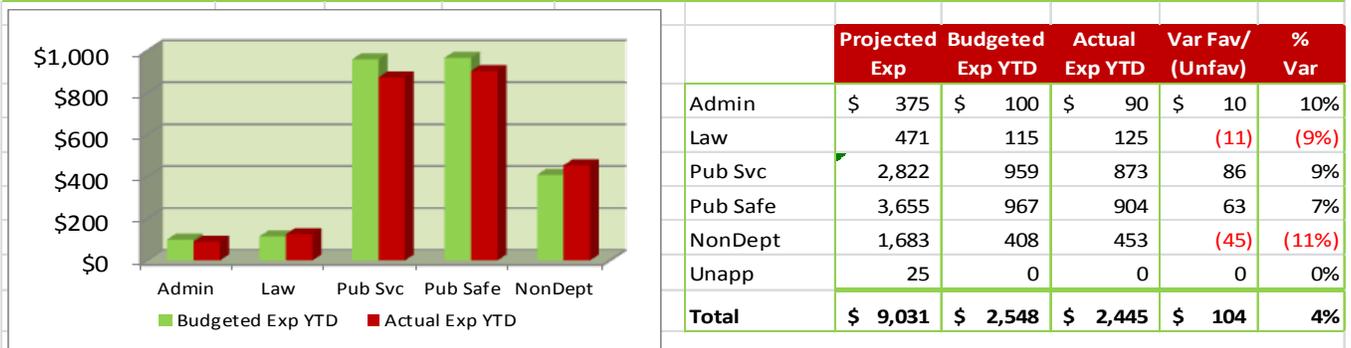
Spending in the General Fund departments also follows a fairly consistent pattern. Expenditures are typically higher in July at the beginning of the fiscal year due to the busy summer season in Parks and Recreation, which includes the opening of the Hermiston Aquatic Center. Higher expenditures are also seen in April and May due to the ramping up for the summer season. The spike in June spending is the result of operating transfers from the General Fund to the Street Fund and 911 Communication Fund which has normally been done at the end of the fiscal year. Beginning in September 2013 these transfers are being made in monthly allocations. Transfers for special projects will continue to occur annually, either at the beginning of the year or following the supplemental budget as approved. Through September spending is within projections by 4%.

General Fund Expenditures

Through September 30, 2013

by Consolidated Department

(in \$1,000)



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

2013-2014 Monthly Financial Report

City of Hermiston, Oregon General Fund Expenditure Detail For the Month Ending September 30, 2013

General Fund Expenditures by Department

	2013-14 Annual Budget	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var Fav/ (Unfav)
City Council	\$ 30,295	\$ 9,427	\$ 7,251	\$ 2,177	7%
City Manager/Planning	277,654	73,570	66,439	7,131	3%
Finance	66,874	16,946	15,963	984	1%
Total Admin & Finance	374,823	99,944	89,652	10,292	3%
Legal	250,150	58,926	73,651	(14,725)	(6%)
Court	221,016	55,710	51,625	4,085	2%
Total Dept of Law	471,166	114,636	125,276	(10,640)	(2%)
Transportation	188,375	48,004	46,401	1,604	1%
Airport	297,554	127,063	121,530	5,533	4%
Bldg Inspection	335,424	83,599	79,150	4,449	5%
Parks	526,826	174,031	123,595	50,436	29%
Pool	370,148	235,000	221,512	13,487	6%
Municipal Buildings	11,200	2,559	4,060	(1,501)	(59%)
Library	598,889	148,541	144,683	3,858	3%
Recreation	402,919	118,996	111,779	7,217	6%
Conference Center	90,558	21,176	20,294	882	4%
Total Public Services	2,821,893	958,970	873,004	85,966	9%
Public Safety Center	124,100	33,753	26,091	7,663	23%
Police Operations	3,530,751	932,793	877,506	55,287	6%
Total Public Safety	3,654,851	966,546	903,596	62,950	7%
Non-Departmental	1,683,195	408,324	453,185	(44,861)	(11%)
Unappropriated	25,000	-	-	-	
Total Non-Dept	1,708,195	408,324	453,185	(44,861)	(11%)
Total	\$ 9,030,928	\$ 2,548,420	\$ 2,444,713	\$ 103,707	4%

As of the end of September most departments are under their expected spending. Exceptions are Legal, Municipal Buildings and Non-Departmental. The Legal department is over projections due to public defense costs and non-prosecution services provided by the City Attorney. Municipal Buildings is over due to shelving and other purchases for the City Hall storage area to address archiving needs. The 11% variance in Non-Departmental is due to interfund transfers. As noted earlier, these have been spread out in monthly allocations beginning in September.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Detail

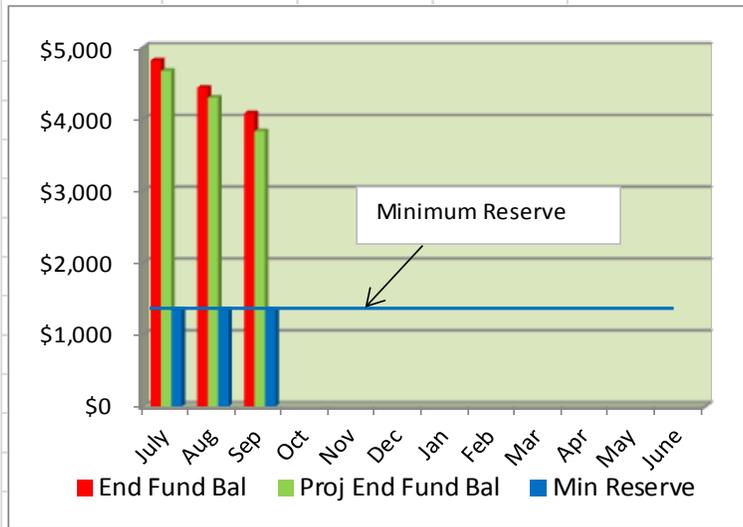
For the Month Ending September 30, 2013

General Fund

Through September 30, 2013

Ending Fund Balance

(in \$1,000)



	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	3,837
Oct					
Nov					
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$ 5,577	\$ 955	\$ (2,445)	\$ 4,087	\$ 3,837

Minimum Reserve = \$1,350,889

The City Council has established a minimum reserve for the General Fund of 15% of annual operating expenditures. For 2013-14 this equates to \$1,350,889. The ending fund balance as of September 30, 2013 is \$4,087,171, a decrease of \$1,489,789 since the beginning of the fiscal year. This is to be expected as expenditures are more evenly distributed throughout the year than revenue collections, which peak in November and December.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Funds Report

For the Month Ending September 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	\$ 422,285	\$ 441,441	\$ 19,156	1.8%
Expenditures	1,072,000	359,475	331,179	28,296	2.6%
	-	62,810	110,262	47,452	4.4%
<u>Reserve Fund</u>					
Revenues	5,400,826	410,254	388,888	(21,366)	(0.4%)
Expenditures	5,400,826	247,848	144,828	103,020	1.9%
	-	162,406	244,060	81,654	1.5%
<u>Utility Fund</u>					
Revenues	3,847,000	1,200,289	1,377,322	177,033	4.6%
Expenditures	3,847,000	1,000,065	989,016	11,049	0.3%
	-	200,224	388,306	188,082	4.9%
<u>HES Fund</u>					
Revenues	8,050,725	1,773,310	1,922,715	149,405	1.9%
Expenditures	8,050,725	2,337,897	2,402,772	(64,875)	(0.8%)
	-	(564,587)	(480,057)	84,530	1.0%

Other significant activities of the City are tracked in the Street, Reserve, Utility and Hermiston Energy Services (HES) Funds. The Street Fund accounts for gas tax revenues of approximately \$800,000-\$900,000 per year and Surface Transportation Program (STP) revenues of approximately \$170,000 - \$200,000 per year. The gas tax is received in monthly distributions from the state. STP revenues are typically received once a year after projects have been completed and the request for reimbursement submitted. Excluding transfers-out of the fund, expenditures normally occur fairly evenly throughout the year.

The Reserve Fund revenue sources are transfers-in from operating funds and accumulated cash. Due to the project-oriented nature of the fund expenditures do not follow a predictable pattern so the budgeted year-to-date expenditures excludes amounts that are being accumulated to be spent at a later time.

The Utility Fund includes both the Water and Wastewater Treatment departments. Water

revenues are seasonal with the larger amounts being received July through October before tapering off in November and picking back up again in March. Wastewater revenues are received on an almost even level through the year. Excluding semi-annual transfers for debt service and expenditures for capital outlay, expenditures in both departments usually follow an even pattern throughout the year.

Revenues for the HES Fund also follow a seasonal pattern; the highest months are February, March, August and December in that order. As with the Utility Fund, excluding debt service and capital outlay, expenditures remain mostly even through the year.

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 September 30, 2013

Selected Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Street Fund	501,820	611,428	57.0%	N/A	N/A
Reserve Fund	4,303,391	4,547,451	84.2%	N/A	N/A
Utility Fund	2,671,149	3,043,499	79.1%	577,050	2,466,449
HES Fund	5,059,731	4,578,466	56.9%	1,207,609	3,370,858
Total	12,536,091	12,780,844	-	1,784,659	5,837,307

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 September 30, 2013 for the Utility Fund is \$3,043,499 well above the 15% reserve level. The ending balance in the HES Fund is \$4,578,466; also well above the reserve level.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending September 30, 2013

Capital Projects

	YTD		LTD		%
	2013-14 Budget	Expenditures	LTD Budget	Expenditures	Complete
Airport Improvements	\$ 30,000	\$ 23,597	\$ 30,000	\$ 23,597	8%
Eastern Oregon Trade and Event Center	3,000,000	68,545	6,400,000	316,326	0%
Oxbow Trail	280,000	2,482	350,000	2,482	1%
Recycled Water Treatment Plant	16,000,000	2,302,588	27,100,000	6,795,473	25%
Total	\$ 19,310,000	\$ 2,397,212	\$ 33,880,000	\$ 7,137,878	---

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 Improvements

The Umatilla County Fair Board, the Farm City Pro Rodeo Board, Umatilla County, and the City of Hermiston have partnered together to sponsor the development of the EOTEC on 75 acres of ground just south of the Hermiston Airport. The Airport Improvements project will install perimeter fencing on the airport grounds to separate it from the EOTEC and the many thousands of people expected to visit the site annually. The fence is intended to prevent EOTEC visitors from entering the airport area as well as to prevent them from cutting across the runway to access the EOTEC site. Design work and bidding have been completed, and a contractor has been selected. Construction began in early October 2013 and is expected to last up to 60 days. Due to the favorable bids, the length of the fence which can be completed has extended north along Ott Road to Highland Extension.

The total estimated cost of the Airport project is \$300,000. The current budget does not include a \$270,000 grant from the FAA which the City has received, which will be added as part of the Supplemental Budget.

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.

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 trail connects three park sites and will be an essential link in the 6.5 mile Hermiston Loop Trail. The total estimated cost of the project is \$380,000.

Recycled Water Treatment Plant

This project includes upgrades to the existing head-works structure, construction of a membrane bioreactor, a new chemical building for dechlorination, modification of the existing chlorine building, addition of an improved irrigation pump-station and major upgrades to plant controls including plant automation and a new SCADA system. The total estimated cost of the project is \$27.2 million. The Clean Water State Revolving Fund has provided \$21.1 million of the funding and is expected to provide an additional \$2.5 million for the outfall portion of the project. The remaining amount will be provided by revenue bonds. Construction began in March 2013, is 25% complete and is expected to be finished in October 2014.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Investments

For the Month Ending September 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	Yield to Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,971,946	FNMA	Aaa/AA+	1,407	Y	1.37	1.37
3134G35P1	\$ 2,000,000	\$ 1,971,468	\$ 1,969,130	FHLMC	Aaa/AA+	1,625	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,975,140	FFCB	Aaa/AA+	1,715	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,005,584	FHLMC	Aaa/AA+	1,257	Y	1.13	1.13
US Agencies	\$ 8,000,000	\$ 7,907,585	\$ 7,921,800	---	---	---	---	---	---
46625HHN3	\$ 1,000,000	\$ 1,060,739	\$ 1,027,535	JPM	Aa3/A	244	N	0.62	0.62
Corporates	\$ 1,000,000	\$ 1,060,739	\$ 1,027,535	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 5,009,785	\$ 5,009,785	\$ 5,009,785	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 5,009,785	\$ 5,009,785	\$ 5,009,785	---	---	---	---	---	---
TOTAL	\$ 14,009,785	\$ 13,978,109	\$ 13,959,120	---	---	---	---	---	---

⁽¹⁾ The balance in the LGIP is the money 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. (**Note:** Security maturities and purchases during September caused the structure of the portfolio to shift so that currently more than 50% of the portfolio is maturing in 3-5 years. This will be corrected during October.) 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	\$ 5,009,785	35.8%
90 Days - 3 Yrs	\$ 1,060,739	7.6%
3 - 5 Yrs	\$ 7,907,585	56.6%
	\$ 13,978,109	100.0%

Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 7,907,585	56.6%
Corporate	\$ 1,060,739	7.6%
LGIP	\$ 5,009,785	35.8%
	\$ 13,978,109	100.0%

Weighted Avg Maturity: 875 Days (2.40 years)
Weighted Avg Yield to Maturity: 1.10%
Percent Callable: 57%
Weighted Average Credit Rating: Aaa/AA+

