

# Monthly Financial Report



Finance Department

January 2014



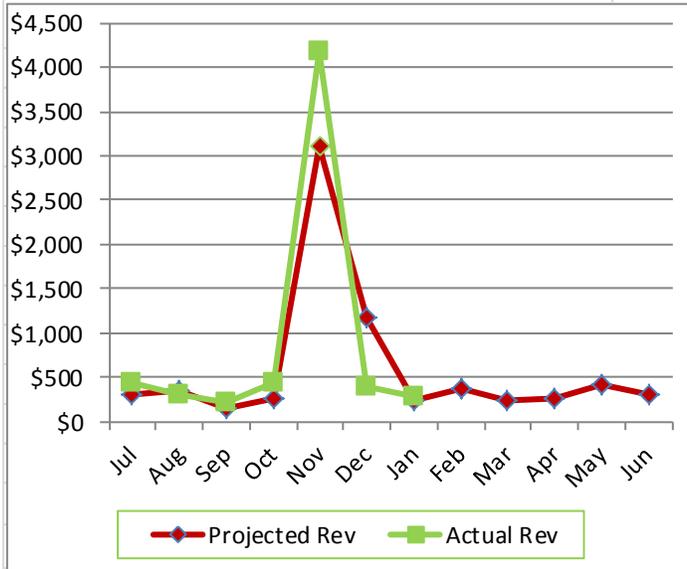
**2013-2014 Monthly Financial Report**  
**City of Hermiston, Oregon**  
**General Fund Revenue**  
**For the Month Ending January 31, 2014**

**General Fund Revenue Summary**

**Through January 31, 2014**

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	235	296	61	26%
Feb	372				
Mar	239				
Apr	262				
May	411				
Jun	309				
<b>Total</b>	<b>7,172</b>	<b>5,578</b>	<b>6,278</b>	<b>699</b>	<b>13%</b>
Cash Fwd	1,859	1,859	1,859		
<b>Total</b>	<b>\$ 9,031</b>	<b>\$ 7,437</b>	<b>\$ 8,137</b>	<b>\$ 699</b>	<b>9%</b>

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

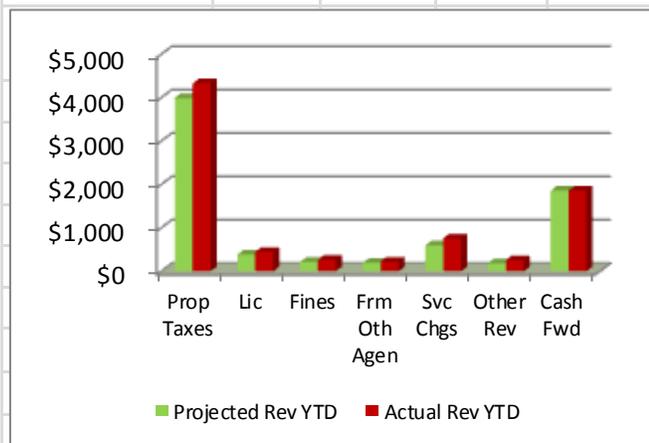
Revenues collected through January are about \$699,000 higher than projections mainly due to Property Taxes and Service Charges. The City has collected nearly the entire budgeted amount of Property Taxes. Service Charges, which include Transient Room Tax, Contract Revenue, and various Permits, are up in TRT revenue and Permits.

**General Fund Revenue**

**Through January 31, 2014**

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 3,993	\$ 4,328	\$ 335	8%
Lic	697	386	447	61	16%
Fines	400	216	263	47	22%
Frm Oth Agen	339	192	223	31	16%
Svc Chgs	1,021	602	759	157	26%
Other Rev	340	188	258	69	37%
Cash Fwd	1,859	1,859	1,859	-	0%
<b>Total</b>	<b>\$ 9,031</b>	<b>\$ 7,437</b>	<b>\$ 8,137</b>	<b>\$ 699</b>	<b>9%</b>

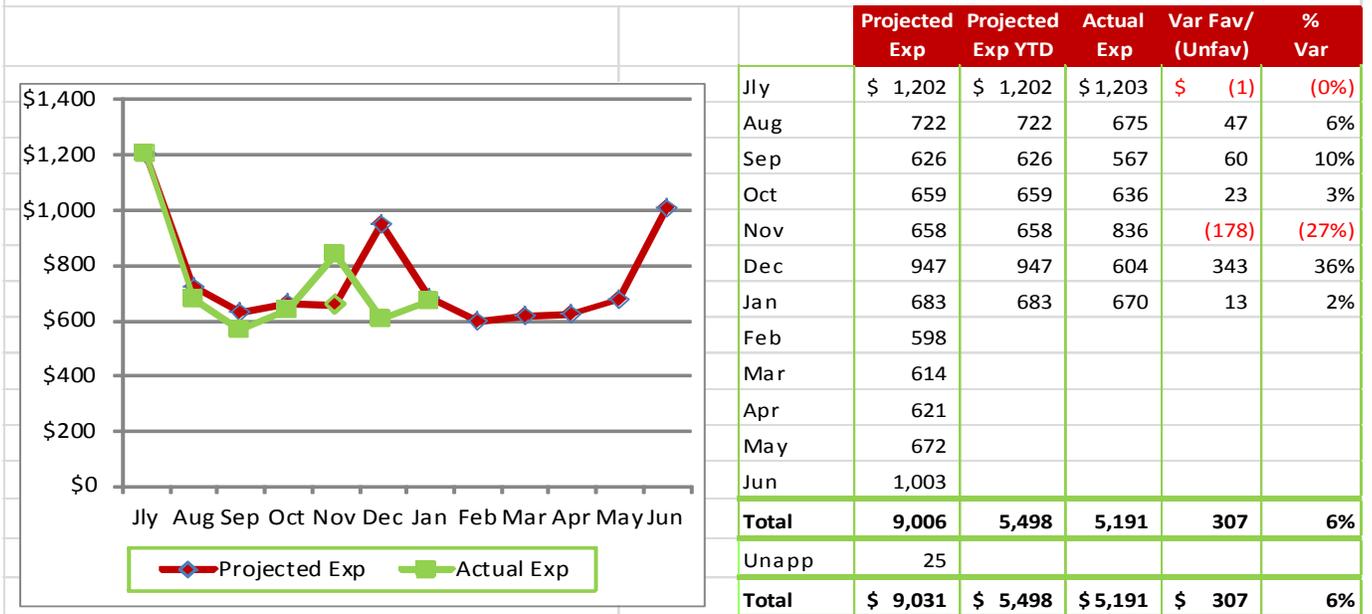
Note: variance is calculated as a percent of the projected revenue YTD.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon  
General Fund Expenditures

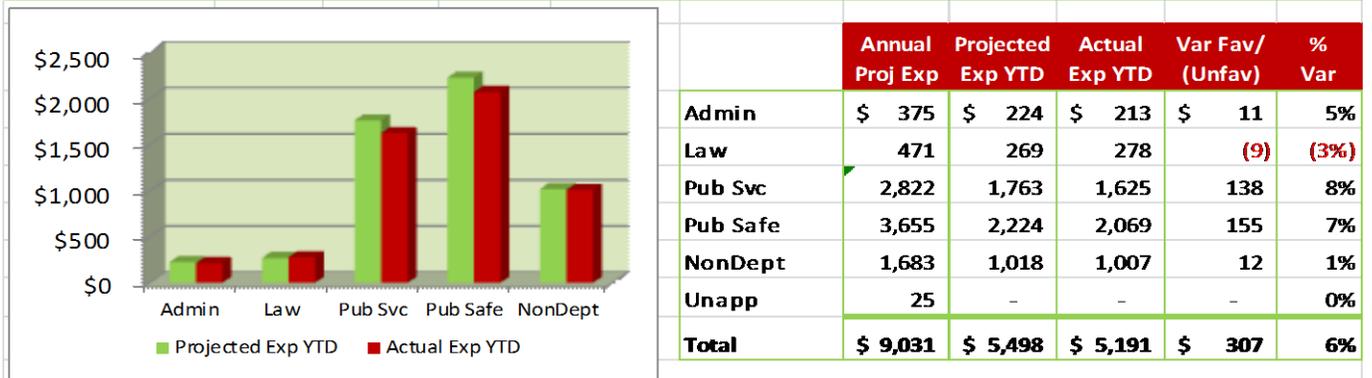
For the Month Ending January 31, 2014

## General Fund Expenditure Summary Through January 31, 2014 All Requirements (in \$1,000)



Departmental spending in the General Fund is under projections by \$307,000, an overall variance of 6%. The majority of this comes from lower than expected spending in the Parks, Library and Police Departments.

## General Fund Expenditures Through January 31, 2014 by Consolidated Department (in \$1,000)



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

# 2013-2014 Monthly Financial Report

## General Fund Expenditure Detail

For the Month Ending January 31, 2014

### General Fund Expenditures by Department

	Annual Projected Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var Fav/ (Unfav)
City Council	\$ 30,295	\$ 19,231	\$ 16,688	\$ 2,544	13%
City Manager/Planning	277,654	165,976	160,200	5,776	3%
Finance	66,874	38,628	35,941	2,688	7%
<b>Total Admin &amp; Finance</b>	<b>374,823</b>	<b>223,835</b>	<b>212,828</b>	<b>11,007</b>	<b>5%</b>
Legal	250,150	138,363	152,239	(13,876)	(10%)
Court	221,016	130,953	125,784	5,169	4%
<b>Total Dept of Law</b>	<b>471,166</b>	<b>269,316</b>	<b>278,023</b>	<b>(8,707)</b>	<b>(3%)</b>
Transportation	188,375	111,321	108,720	2,601	2%
Airport	297,554	220,915	199,348	21,567	10%
Bldg Inspection	335,424	191,990	184,476	7,514	4%
Parks	526,826	327,592	247,770	79,822	24%
Pool	370,148	263,122	251,616	11,505	4%
Municipal Buildings	11,200	7,200	6,797	403	6%
Library	598,889	351,153	336,339	14,814	4%
Recreation	402,919	234,012	236,988	(2,976)	(1%)
Conference Center	90,558	55,369	52,456	2,914	5%
<b>Total Public Services</b>	<b>2,821,893</b>	<b>1,762,674</b>	<b>1,624,510</b>	<b>138,164</b>	<b>8%</b>
Public Safety Center	124,100	100,997	99,504	1,494	1%
Police Operations	3,530,751	2,123,172	1,969,567	153,606	7%
<b>Total Public Safety</b>	<b>3,654,851</b>	<b>2,224,169</b>	<b>2,069,070</b>	<b>155,099</b>	<b>7%</b>
Non-Departmental	1,683,195	1,018,102	1,006,600	11,501	1%
Unappropriated	25,000	-	-	-	-
<b>Total Non-Dept</b>	<b>1,708,195</b>	<b>1,018,102</b>	<b>1,006,600</b>	<b>11,501</b>	<b>1%</b>
<b>Total</b>	<b>\$ 9,030,928</b>	<b>\$ 5,498,096</b>	<b>\$ 5,191,031</b>	<b>\$ 307,065</b>	<b>6%</b>

As of the end of January most departments continue to show favorable variances. The exceptions are Legal and Recreation. Legal continues to be over because of public defense costs and Recreation is over slightly in Personnel 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

## Fund Balance - General Fund

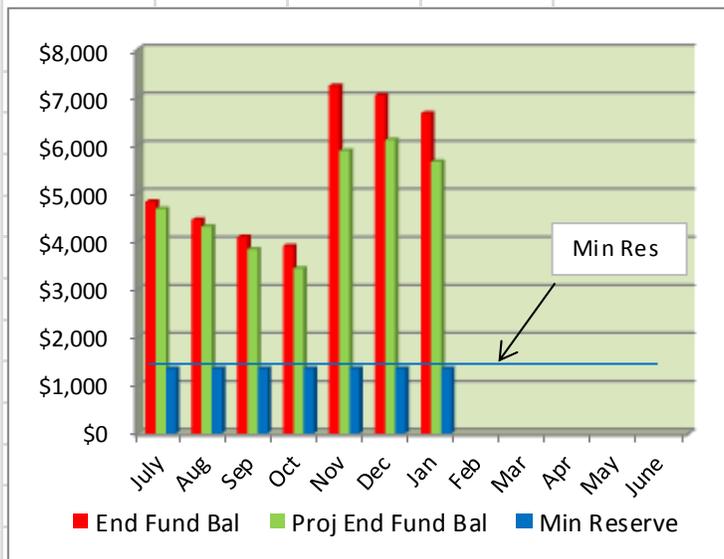
For the Month Ending January 31, 2014

### General Fund

Through January 31, 2014

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	7,038	296	(670)	6,664	5,658
Feb					
Mar					
Apr					
May					
June					
<b>Total</b>	<b>\$ 5,577</b>	<b>\$ 6,278</b>	<b>\$ (5,191)</b>	<b>\$ 6,664</b>	<b>\$ 5,658</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 January 31, 2014 is \$6.7 million as compared to the projected ending fund balance for January of \$5.7 million. Since the beginning of the fiscal year fund balance has increased by \$1.1 million.

# 2013-2014 Monthly Financial Report

## Special Revenue Funds Report

For the Month Ending January 31, 2014

### Special Revenue Funds Revenues and Expenditures

	2013-14 Annual Budget	Actual YTD	Remaining Budget
<b>Bonded Debt Fund</b>			
Revenues	1,809,132	1,038,973	770,159
Expenditures	1,809,132	1,065,106	744,026
<b>Transient Room Tax (TRT)</b>			
Revenues	77,156	64,203	12,953
Expenditures	77,156	101,865	* (24,709)
<b>Recreation Special Revenue</b>			
Revenues	429,000	371,489	57,511
Expenditures	429,000	286,958	142,042
<b>Reserve Fund</b>			
Revenues	5,400,826	5,307,385	93,441
Expenditures	5,400,826	370,593	5,030,233
<b>911 Communications</b>			
Revenues	803,705	470,129	333,576
Expenditures	803,705	465,706	337,999
<b>Municipal Court Special Revenue</b>			
Revenues	194,500	103,817	90,683
Expenditures	194,500	108,404	86,096
<b>Miscellaneous Special Revenue</b>			
Revenues	16,000	9,630	6,370
Expenditures	16,000	9,630	6,370
<b>Conference Center</b>			
Revenues	199,950	94,941	105,009
Expenditures	199,950	122,165	77,785
<b>WWTP Construction Fund</b>			
Revenues	16,000,000	4,960,849	11,039,151
Expenditures	16,000,000	6,032,256	9,967,744
<b>EOTEC Grant Fund</b>			
Revenues	3,000,000	15,923	2,984,077
Expenditures	3,000,000	98,545	2,901,455
<b>Law Enforcement Special Revenue</b>			
Revenues	50,000	33,066	16,934
Expenditures	50,000	26,551	23,449
<b>Library Special Revenue</b>			
Revenues	32,025	19,995	12,030
Expenditures	32,025	19,171	12,854

The City uses multiple Special Revenue funds to account for revenues that are restricted to expenditure for particular purses. They include funds for debt service, economic development, parks and recreation, capital projects, and grants. Since these funds are not operational – except for the 911 Communications Fund - and are used for specific purposes from year-to-year their expenditures do not typically follow a predictable pattern so budget variances are not calculated for them.

\*The budget in the TRT fund will be adjusted during the supplemental budget process to allow for the expenditures that were not known at the time the budget was developed.

**2013-2014 Monthly Financial Report**  
**Utility and Street Funds Report**  
**For the Month Ending January 31, 2014**

**Utility and Street 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	\$ 711,035	\$ 793,304	\$ 82,269	11.6%
Expenditures	1,072,000	673,830	643,958	29,872	4.4%
	-	37,205	149,346	112,141	16.6%
<b><u>Utility Fund</u></b>					
Revenues	3,847,000	2,431,117	2,704,941	273,824	11.3%
Expenditures	3,847,000	2,059,583	2,043,850	15,733	0.8%
	-	371,534	661,091	289,557	14.1%
<b><u>HES Fund</u></b>					
Revenues	8,050,725	5,075,907	5,160,610	84,703	1.7%
Expenditures	8,050,725	4,777,200	4,341,717	435,483	9.1%
	-	298,707	818,893	520,186	10.9%
<b><u>Regional Water Fund</u></b>					
Revenues	\$ 575,076	\$ 335,461	\$ 595,885	\$ 260,424	77.6%
Expenditures	575,076	335,461	335,755	(294)	(0.1%)
Total	-	-	260,130	260,130	

Business-type activities are tracked in the **Street, Utility, Hermiston Energy Services (HES)** and the Regional Water Funds. **Street Fund** revenues include gas tax and Surface Transportation Program (STP) allotments from the State. Gas tax revenues are running about 8.4% higher than projected. Excluding transfers-out, expenditures are below projections by 4.4% reflecting the normal slow-down of street maintenance due to cold weather. Work will pick back up in the spring with street crack-filling beginning in March.

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 1.7% above projections. Most of the positive variance in expenditures is due to lower than projected power purchases.

Both Potable and Non-Potable revenues are up in the **Regional Water Fund** due to more production than was expected. This is increasing both the revenues and electricity expenditures in the fund. An adjustment will be made for this during the Supplemental Budget process.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Utility and HES Funds Report

For the Month Ending January 31, 2014

## Utility and HES Funds Report

### Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,305,698	85.9%	577,050	2,728,648
HES Fund	5,059,731	4,590,369	57.0%	1,207,609	3,382,760
<b>Total</b>	<b>7,730,880</b>	<b>7,896,067</b>	<b>-</b>	<b>1,784,659</b>	<b>6,111,408</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 January 31, 2014 the Utility Fund's ending balance is \$3,305,698, well above the 15% reserve level. The ending balance in the HES Fund is \$4,590,369 also well above the minimum reserve.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending January 31, 2014

## Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Fencing	\$ 30,000	\$ 114,281	\$ 30,000	\$ 114,281	38%
Eastern Oregon Trade and Event Center	3,000,000	98,545	6,400,000	346,326	0%
Oxbow Trail	280,000	178,004	350,000	178,004	51%
Recycled Water Treatment Plant	16,000,000	6,032,256	27,100,000	10,525,141	50%
<b>Total</b>	<b>\$ 19,310,000</b>	<b>\$ 6,423,086</b>	<b>\$ 33,880,000</b>	<b>\$ 11,163,752</b>	<b>---</b>

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 completed the fencing project in December, and has submitted their final pay requests. Since the City received favorable construction bids, the project was extended down Ott Road to connect up with Highland. This extension brought the entire construction portion up to \$209,874. Precision Approach Engineering recommended payment of 90% of the total after a preliminary inspection of the work, and will recommend final payment after the final compliance check is complete.

Spent to date: \$102,853 - FAA Grant  
11,428 - City's match  
 \$114,281 - 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 host the 2016 Umatilla County Fair and Farm Pro Rodeo at the facility in August.

In January the EOTEC Board selected the Portland-based team of LSR Architects and Cardno WRG for design and civil engineering services. With the design team on board, FDG is leading the efforts to develop a schematic site plan. After meeting with stakeholders identified by the EOTEC Board and receiving input on a site plan, FDG will present a final version to the EOTEC Board for approval at its April meeting.

Currently, the total estimated budget for the project is approximately \$14.8 million. This 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. FDG continues to work on the budget which will be defined in more detail as the design progresses.

**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 has 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 prior to the May 3<sup>rd</sup> trail dedication. This project includes paving the Rocky Heights soccer field parking lot. The total estimated cost of the project is \$380,000 which is partially funded by a State Parks Grant of \$140,000.

**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 50% complete.

Total costs are estimated at \$27.1 million with the majority of the funding being provided by the Clean Water State Revolving Fund (CWSRF). 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.

The final piece of the project is the Outfall which will require an additional \$2.5 million. This will be funded by a CWSRF loan. An environmental review has been submitted to the State for approval and the project design is currently being finalized. Work cannot begin until all permits have been acquired so two schedules are tentatively planned. One schedule would have work begin this summer and complete by the end of 2014. The other schedule would have work begin this winter and complete by the summer of 2015.

# 2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Investments

For the Month Ending January 31, 2014

## 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	\$ 1,982,974	FNMA	Aaa/AA+	1,284	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 991,498	\$ 989,103	FHLMC	Aaa/AA+	1,502	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,998,594	FFCB	Aaa/AA+	1,592	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,008,968	FHLMC	Aaa/AA+	1,134	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 988,720	FHLB	---	1,455	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 980,207	FHLMC	Aaa/AA+	1,442	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,037,219	FICO	---	1,015	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,013,265	FNMA	Aaa/AA+	1,095	N	0.78	0.78
<b>US Agencies</b>	<b>\$ 11,065,000</b>	<b>\$ 10,962,360</b>	<b>\$ 10,999,050</b>	---	---	---	---	---	---
LGIP <sup>(1)</sup>	\$ 7,021,099	\$ 7,021,099	\$ 7,021,099	Varies	---/AA	1	N	0.54	0.54
<b>LGIP</b>	<b>\$ 7,021,099</b>	<b>\$ 7,021,099</b>	<b>\$ 7,021,099</b>	---	---	---	---	---	---
<b>TOTAL</b>	<b>\$ 18,086,099</b>	<b>\$ 17,983,459</b>	<b>\$ 18,020,149</b>	---	---	---	---	---	---

<sup>(1)</sup> \$5,016,142 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. 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	Type of Investment	Total Cost	% of Total Portfolio
< 90 Days	\$ 7,021,099	39.0%	US Agency	\$ 10,962,360	61.0%
90 Days - 3 Yrs	\$ 2,062,961	11.5%	Corporate	\$ -	0.0%
3 - 5 Yrs	\$ 8,899,399	49.5%	LGIP	\$ 7,021,099	39.0%
	\$ 17,983,459	100.0%		\$ 17,983,459	100.0%

<b>Wtd Avg Maturity:</b> 809 Days (2.2 yrs)
<b>Wtd Avg Yield to Maturity:</b> 1.01%
<b>Percent Callable:</b> 61.1%
<b>Wtd Avg Credit Rating:</b> Aaa/AA+