

Monthly Financial Report



Includes the Hermiston Urban Renewal Agency

**Finance Department
December 2014**

2014-2015 Monthly Financial Report

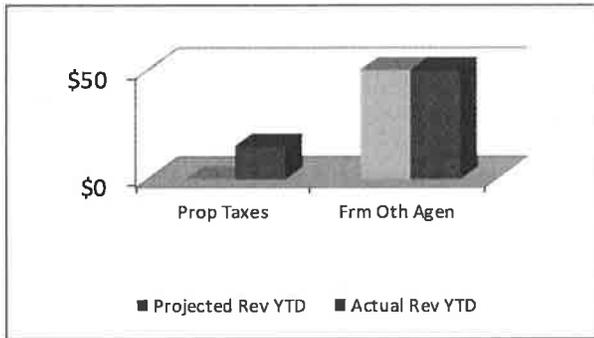
Hermiston Urban Renewal Agency (HURA)
For the Month Ending December 31, 2014

Revenues

by Category

Through Dec 31, 2014

(in \$1,000)



| | Projected Rev | Projected Rev YTD | Actual Rev YTD | Var Fav/ (Unfav) | % Var |
|--------------|---------------|-------------------|----------------|------------------|------------|
| Prop Taxes | \$ - | \$ - | \$ 15 | \$ 15 | 0% |
| Frm Oth Agen | 50 | 50 | 50 | - | 0% |
| Total | \$ 50 | \$ 50 | \$ 65 | \$ 15 | 30% |

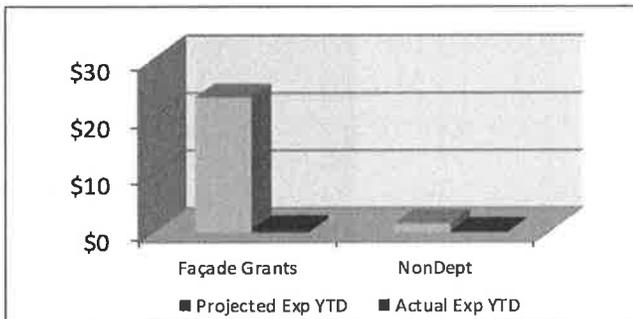
Note: variance is calculated as a percent of the projected revenue YTD.

Expenditures

by Character

Through Dec 31, 2014

(in \$1,000)



| | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var |
|---------------|-----------------|-------------------|----------------|------------------|------------|
| Façade Grants | \$ 47 | \$ 24 | \$ 1 | \$ 23 | 98% |
| NonDept | 3 | 2 | 0 | 1 | 93% |
| Total | \$ 50 | \$ 26 | \$ 1 | \$ 24 | 94% |

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

Because this is the first fiscal year for the HURA no tax increment revenues were included in the budget. The revenue for the Agency was budgeted to come from a loan of \$50,000 from the City of Hermiston. However, through the end of December the Agency has received \$15,000 in tax revenues. One façade grant totaling approximately \$600 has been paid for a roof replacement. One additional grant has been approved but the grantee has not yet requested reimbursement.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

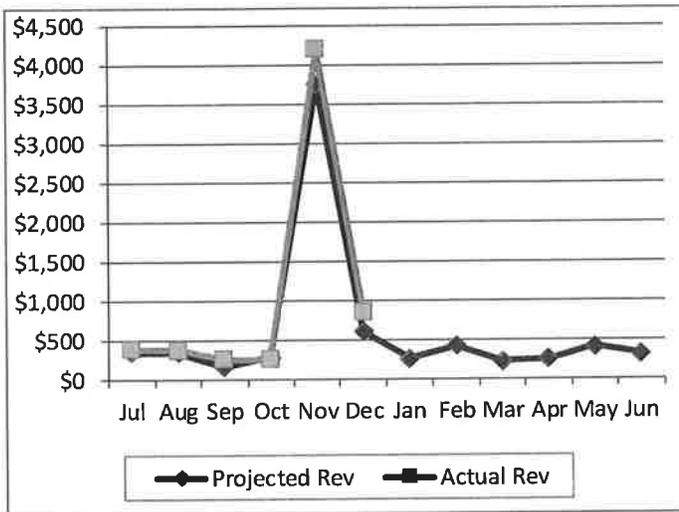
General Fund Revenue

For the Month Ending December 31, 2014

Through Dec 31, 2014

(in \$1,000)

All Revenue Sources



| | Projected Rev | Projected Rev YTD | Actual Rev | Var Fav/ (Unfav) | % Var |
|--------------|-----------------|-------------------|-----------------|------------------|------------|
| Jul | \$ 344 | \$ 344 | \$ 377 | \$ 34 | 10% |
| Aug | 347 | 347 | 369 | 22 | 6% |
| Sep | 161 | 161 | 255 | 94 | 59% |
| Oct | 281 | 281 | 248 | (33) | -12% |
| Nov | 3,751 | 3,751 | 4,191 | 439 | 12% |
| Dec | 607 | 607 | 855 | 247 | 41% |
| Jan | 265 | | | | |
| Feb | 415 | | | | |
| Mar | 219 | | | | |
| Apr | 253 | | | | |
| May | 412 | | | | |
| Jun | 316 | | | | |
| Total | 7,370 | 5,491 | 6,295 | 804 | 15% |
| Cash Fwd | 1,340 | 1,340 | 1,340 | - | 0% |
| Total | \$ 8,710 | \$ 6,831 | \$ 7,634 | \$ 804 | 12% |

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

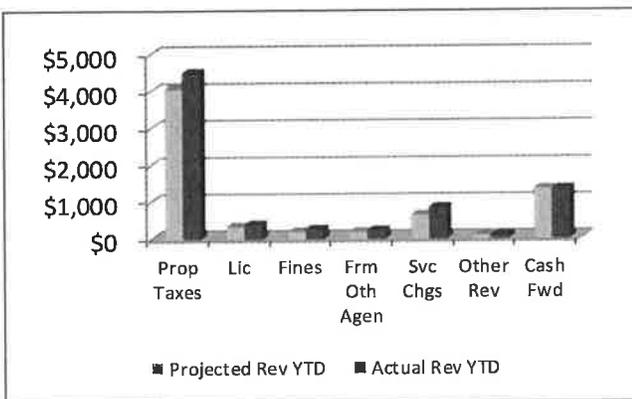
General Fund revenues collected through December are \$804,000 higher than projections. Property Taxes account for a little over half of the variance with Fines, receipts From Other Agencies and Service Charges making up the majority of the remainder. The variance is mostly reflective of the City's conservative budget approach.

General Fund Revenue

by Category

Through Dec 31, 2014

(in \$1,000)



| | Projected Rev | Projected Rev YTD | Actual Rev YTD | Var Fav/ (Unfav) | % Var |
|--------------|-----------------|-------------------|-----------------|------------------|------------|
| Prop Taxes | \$ 4,500 | \$ 4,062 | \$ 4,495 | \$ 433 | 11% |
| Lic | 695 | 327 | 380 | 53 | 16% |
| Fines | 400 | 191 | 260 | 69 | 36% |
| Frn Oth Agen | 376 | 179 | 224 | 45 | 25% |
| Svc Chgs | 1,223 | 637 | 840 | 203 | 32% |
| Other Rev | 177 | 94 | 96 | 1 | 1% |
| Cash Fwd | 1,340 | 1,340 | 1,340 | - | 0% |
| Total | \$ 8,710 | \$ 6,831 | \$ 7,634 | \$ 804 | 12% |

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

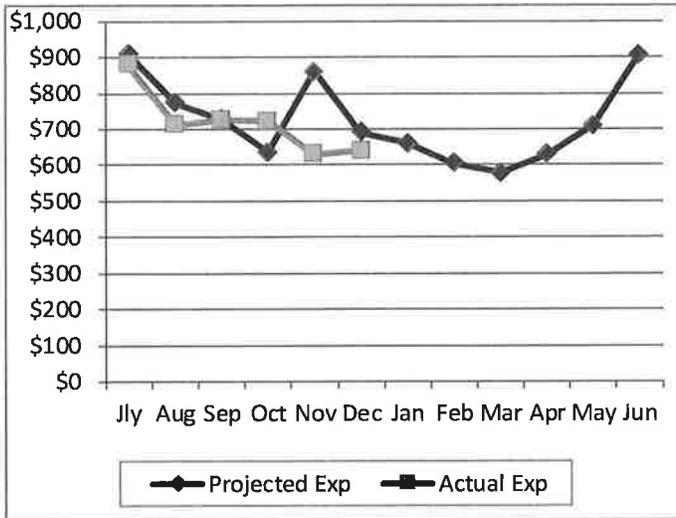
2014-2015 Monthly Financial Report

City of Hermiston, Oregon General Fund Expenditures

For the Month Ending December 31, 2014

General Fund Expenditure Summary All Requirements

Through Dec 31, 2014
(in \$1,000)

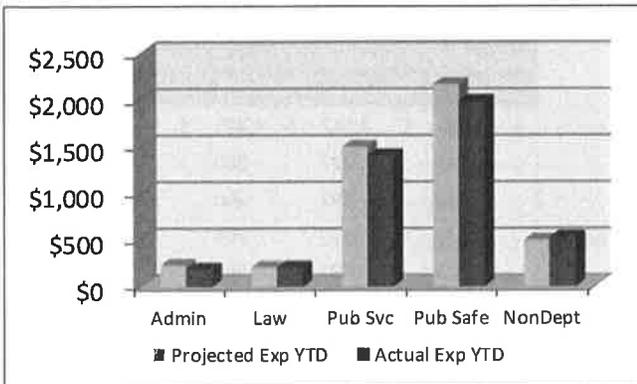


| | Projected Exp | Projected Exp YTD | Actual Exp | Var Fav/ (Unfav) | % Var |
|--------------|-----------------|-------------------|-----------------|------------------|-----------|
| Jly | \$ 910 | \$ 910 | \$ 878 | \$ 32 | 4% |
| Aug | 773 | \$ 773 | \$ 712 | \$ 61 | 8% |
| Sep | 727 | \$ 727 | \$ 725 | \$ 2 | 0% |
| Oct | 636 | \$ 636 | \$ 721 | \$ (85) | (13%) |
| Nov | 861 | \$ 861 | \$ 630 | \$ 231 | 27% |
| Dec | 691 | \$ 691 | \$ 640 | \$ 51 | 7% |
| Jan | 659 | | | | |
| Feb | 605 | | | | |
| Mar | 579 | | | | |
| Apr | 628 | | | | |
| May | 709 | | | | |
| Jun | 906 | | | | |
| Total | 8,685 | 4,598 | 4,305 | 293 | 6% |
| Unapp | 25 | - | - | - | 0% |
| Total | \$ 8,710 | \$ 4,598 | \$ 4,305 | \$ 293 | 6% |

Departmental spending through December was under projections by \$293,000, a six percent variance. The largest savings were in Public Safety with an \$183,000 variance and Public Services with a \$93,000 variance.

General Fund Expenditures by Consolidated Department

Through Dec 31, 2014
(in \$1,000)



| | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var |
|--------------|-----------------|-------------------|-----------------|------------------|-----------|
| Admin | \$ 431 | 226 | 183 | \$ 43 | 19% |
| Law | 410 | 205 | 201 | 3 | 2% |
| Pub Svc | 2,769 | 1,499 | 1,406 | 93 | 6% |
| Pub Safe | 4,183 | 2,172 | 1,989 | 183 | 8% |
| NonDept | 892 | 496 | 526 | (30) | (6%) |
| Unapp | 25 | - | - | - | 0% |
| Total | \$ 8,710 | \$ 4,598 | \$ 4,305 | \$ 293 | 6% |

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

2014-2015 Monthly Financial Report

General Fund Expenditure Detail For the Month Ending December 31, 2014

General Fund Expenditures by Department

| | Annual Projected Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var Fav/ (Unfav) |
|----------------------------------|-------------------------|----------------------|---------------------|---------------------|-----------------------|
| City Council | \$ 32,400 | \$ 18,122 | \$ 9,968 | \$ 8,154 | 45% |
| City Manager/Planning | 332,355 | 175,057 | 149,493 | 25,563 | 15% |
| Finance | 66,650 | 33,039 | 23,467 | 9,573 | 29% |
| Total Admin & Finance | 431,405 | 226,218 | 182,928 | 43,290 | 19% |
| Legal | 186,300 | 90,309 | 89,973 | 336 | 0% |
| Court | 224,100 | 114,390 | 111,402 | 2,988 | 3% |
| Total Dept of Law | 410,400 | 204,699 | 201,375 | 3,324 | 2% |
| Transportation | 188,375 | 96,837 | 83,968 | 12,869 | 13% |
| Airport | 266,700 | 164,932 | 145,631 | 19,301 | 12% |
| Bldg Inspection | 334,300 | 163,235 | 157,232 | 6,003 | 4% |
| Parks | 442,300 | 230,830 | 209,825 | 21,005 | 9% |
| Pool | 375,350 | 261,671 | 257,155 | 4,516 | 2% |
| Municipal Buildings | 11,400 | 3,798 | 7,018 | (3,220) | (85%) |
| Library | 642,800 | 324,611 | 301,988 | 22,623 | 7% |
| Recreation | 416,500 | 208,839 | 201,677 | 7,162 | 3% |
| Conference Center | 90,900 | 44,986 | 41,615 | 3,371 | 7% |
| Total Public Services | 2,768,625 | 1,499,739 | 1,406,109 | 93,630 | 6% |
| Public Safety Center | 87,500 | 41,243 | 45,314 | (4,071) | (10%) |
| Police Operations | 4,095,290 | 2,130,465 | 1,943,405 | 187,060 | 9% |
| Total Public Safety | 4,182,790 | 2,171,708 | 1,988,719 | 182,989 | 8% |
| Non-Departmental | 892,113 | 496,019 | 526,252 | (30,233) | (6%) |
| Unappropriated | 25,000 | - | - | - | - |
| Total Non-Dept | 917,113 | 496,019 | 526,252 | (30,233) | (6%) |
| Total | \$ 8,710,333 | \$ 4,598,384 | \$ 4,305,383 | \$ 293,001 | 6% |

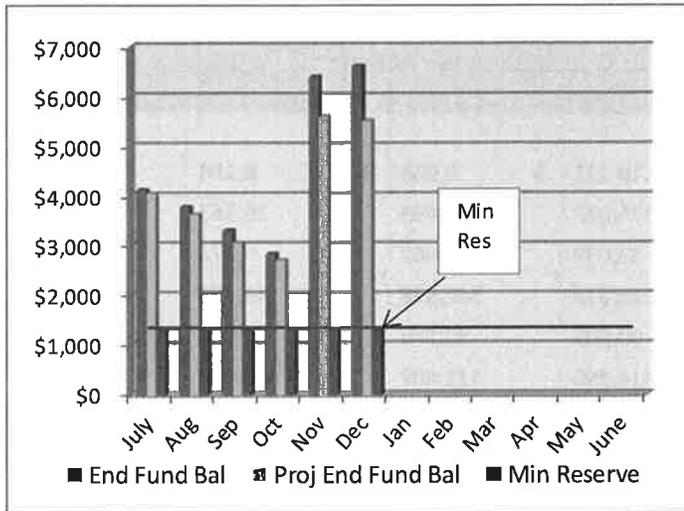
The largest variances year-to-date are in Police Operations and Non-Departmental. The favorable \$187,000 variance in Police Operations is largely due to savings in overtime and unexpended budget for motor vehicles. The unfavorable \$30,000 variance in Non-Departmental is due to a periodic transfer that was made in December. Both of these variances are expected to normalize by year-end.

2014-2015 Monthly Financial Report

Fund Balance - General Fund
For the Month Ending December 31, 2014

General Fund
Ending Fund Balance

Through Dec 31, 2014
(in \$1,000)



| | Begin Fund Bal | Rev | Exp | End Fund Bal | Proj End Fund Bal |
|--------------|----------------|----------|------------|--------------|-------------------|
| July | \$ 4,630 | \$ 377 | \$ (878) | \$ 4,129 | \$ 4,064 |
| Aug | 4,129 | 369 | (712) | \$ 3,786 | \$ 3,638 |
| Sep | 3,786 | 255 | (725) | \$ 3,316 | \$ 3,071 |
| Oct | 3,316 | 248 | (721) | \$ 2,843 | \$ 2,717 |
| Nov | 2,843 | 4,191 | (630) | 6,404 | \$ 5,607 * |
| Dec | 6,404 | 855 | (640) | 6,619 | \$ 5,523 |
| Jan | | | | | |
| Feb | | | | | |
| Mar | | | | | |
| Apr | | | | | |
| May | | | | | |
| June | | | | | |
| Total | \$ 4,630 | \$ 6,295 | \$ (4,305) | \$ 6,620 | \$ 5,523 |

Minimum Reserve = \$1,302,800

* Corrected

The City Council has established a minimum reserve for the General Fund of 15% of budgeted annual operating expenditures. The minimum reserve for 2014-15 is \$1,302,800. Halfway through the fiscal year the fund balance is \$6.6 million compared to a projected fund balance of \$5.5 million. The balance has increased \$2 million since the beginning of the fiscal year.

2014-2015 Monthly Financial Report

Special Revenue Funds Report For the Month Ending December 31, 2014

Special Revenue Funds Revenues and Expenditures

| | 2014-15 Annual | | Remaining Budget |
|---|----------------|------------|---------------------|
| | Budget | Actual YTD | |
| Bonded Debt Fund | | | |
| Revenues | 2,590,560 | 1,099,141 | 1,491,419 |
| Expenditures | 2,590,560 | 1,087,453 | 1,503,107 |
| Transient Room Tax (TRT) | | | |
| Revenues | 70,000 | 53,161 | 16,839 |
| Expenditures | 70,000 | 43,580 | 26,420 |
| Recreation Special Revenue | | | |
| Revenues | 133,500 | 113,689 | 19,811 |
| Expenditures | 133,500 | 46,170 | 87,330 |
| Reserve Fund | | | |
| Revenues | 4,732,977 | 4,291,000 | 441,977 |
| Expenditures | 4,732,977 | 477,901 | 4,255,076 |
| Municipal Court Special Revenue | | | |
| Revenues | 180,000 | 101,092 | 78,908 |
| Expenditures | 180,000 | 95,726 | 84,274 |
| Miscellaneous Special Revenue | | | |
| Revenues | 35,000 | 17,244 | 17,756 |
| Expenditures | 35,000 | 7,273 | 27,727 |
| Conference Center | | | |
| Revenues | 158,350 | 73,012 | 85,338 |
| Expenditures | 158,350 | 75,606 | 82,744 |
| WWTP Construction Fund | | | |
| Revenues | 4,000,000 | 4,918,630 | (918,630) |
| Expenditures | 4,000,000 | 1,740,820 | 2,259,180 |
| EOTEC Grant Fund | | | |
| Revenues | 6,000,000 | 6,000,000 | - |
| Expenditures | 6,000,000 | 5,510 | 5,994,490 |
| Law Enforcement Special Revenue | | | |
| Revenues | 42,100 | 37,403 | 4,697 |
| Expenditures | 42,100 | 23,350 | 18,750 |
| Library Special Revenue | | | |
| Revenues | 48,500 | 37,373 | 11,127 |
| Expenditures | 48,500 | 10,419 | 38,081 |
| 2014 Water & Sewer Rev Bonds | | | |
| Revenues | 5,300,000 | 11,918 | 5,288,082 |
| Expenditures | 5,300,000 | 317,265 | 4,982,735 |

The City uses multiple Special Revenue funds to account for revenues that are restricted to expenditure for particular purposes. They include funds for debt service, economic development, parks and recreation, capital projects, and grants. Since these funds are not operational 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 WWTP Construction Fund has received \$918,630 more than was estimated to be received. This is because several reimbursements received this fiscal year from the State Revolving Loan Fund were for expenditures that were made last fiscal year.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending December 31, 2014

Utility and Street Funds Report

Revenues & Expenditures

| | 2014-15 Annual | | | Variance | |
|-----------------------------------|----------------|------------|------------|-------------|------------|
| | Budget | Budget YTD | Actual YTD | Fav/(Unfav) | % Variance |
| <u>Street Fund</u> | | | | | |
| Revenues | 1,210,000 | 625,275 | 647,280 | 22,005 | 3.5% |
| Expenditures | 1,210,000 | 655,293 | 616,578 | 38,715 | 5.9% |
| | - | (30,018) | 30,702 | 60,720 | --- |
| <u>Utility Fund</u> | | | | | |
| Revenues | 4,555,010 | 2,500,123 | 2,689,155 | 189,032 | 7.6% |
| Expenditures | 4,555,010 | 1,788,142 | 1,780,525 | 7,617 | 0.4% |
| | - | 711,981 | 908,630 | 196,649 | --- |
| <u>HES Fund</u> | | | | | |
| Revenues | 8,531,878 | 4,744,378 | 4,921,633 | 177,255 | 3.7% |
| Expenditures | 8,531,878 | 4,435,336 | 3,982,292 | 453,044 | 10.2% |
| | - | 309,042 | 939,341 | 630,299 | --- |
| <u>Regional Water Fund</u> | | | | | |
| Revenues | \$ 593,566 | \$ 338,566 | \$ 396,037 | \$ 57,471 | 17.0% |
| Expenditures | 593,566 | 296,783 | 258,581 | 38,202 | 12.9% |
| | - | 41,783 | 137,456 | 95,673 | --- |

These funds are used to account for the City's business-type activities. Gas tax revenues, which are posted in the **Street Fund**, are about 2% above projections. The fund has also received its annual reimbursement for street-related projects. This year's reimbursement was approximately \$135,000. Labor and other operating expenditures are below projections reflecting the winter slow-down in activity.

Both Water and Wastewater revenues are ahead of projections causing the **Utility Fund's** favorable 7.6% revenue variance. Expenditures are almost right on target, less than 1/2% below projections.

Revenues in the **HES Fund** are 3.7% above projections and expenditures are about 10% below. The majority of the expenditure variance is due to power purchases that have not yet been made. The budget includes \$4.4 million for these and as of the end of December \$2.6 million remains unexpended.

Non-potable receipts are still driving the positive revenue variance in the **Regional Water Fund**. Electricity and Miscellaneous Contractual costs are lower than expected so far this year causing the majority of the positive expenditure variance.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending December 31, 2014

Utility and HES Funds Report

Reserve Balances

| | Beginning Reserve | Ending Reserve | % Ending Reserve | Minimum Reserve Requirement | Difference |
|--------------|-------------------|------------------|------------------|-----------------------------|------------------|
| Utility Fund | 3,244,877 | 4,236,900 | 93.0% | 561,577 | 3,675,323 |
| HES Fund | 4,329,711 | 4,309,451 | 50.5% | 1,051,875 | 3,257,576 |
| Total | 7,574,588 | 8,546,351 | - | 1,613,452 | 6,932,899 |

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 approximately \$562,000 for the Utility Fund and \$1.1 million for the HES Fund. Both funds have balances well above their minimum reserve levels for a total reserve of \$8.5 million.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending December 31, 2015

Capital Projects

| | 2014-15 Budget | YTD Expenditures | LTD Budget | LTD Expenditures | % Complete |
|---|----------------------|---------------------|----------------------|---------------------|---------------|
| Airport Improvements | \$ 50,000 | \$ - | \$ - | \$ - | 0% |
| Eastern OR Trade & Event Ctr (EOTEC) Pipeline | \$ 1,800,000 | \$ 116,207 | \$ 1,800,000 | \$ 116,207 | 30% |
| EOTEC Construction | 6,000,000 | 5,510 | 6,400,000 | 361,836 | 0% |
| Recycled Water Treatment Plant (RWTP) | 5,100,000 | 2,024,509 | 28,200,000 | 6,517,394 | 98% |
| RWTP Outfall | 2,500,000 | 31,076 | 2,500,000 | 31,076 | 25% |
| Water Line Extension | 1,250,000 | 2,500 | 1,250,000 | 57,000 | 0% |
| Total | \$ 16,700,000 | \$ 2,179,802 | \$ 40,150,000 | \$ 7,083,513 | --- |

Airport Improvements

During the design of the taxiway realignment PAE, the project engineer, discovered the fueling tanks will be too close to the taxiway when it is moved. The feasibility of moving the fuel tanks is being explored and the FAA has tentatively determined that the expense may be covered by the construction grant. No invoices have been received for work done through December and no funds have been spent to date. The funding sources for the project are:

- FAA Non-Primary Entitlement (NPE) Design Grant - \$300,000
- Connect Oregon Grant - \$300,000
- FAA Construction Grant – Amount Contingent upon Bids
- City of Hermiston - \$50,000

Eastern Oregon Trade and Event Center (EOTEC) Pipeline

This project includes extending the water distribution system and sanitary sewer collection system to the new EOTEC facility. Construction began in early December and the new water and sewer lines south of the airport have been constructed and tested. The project is on hold pending review of an archaeological preclearance at the EOTEC site, which is being completed by Frew Development. Frew anticipates that construction will be allowed to proceed before the end of January. Construction is approximately 30% complete.

EOTEC Facility Design and Construction

The Design/Build packages for the remaining pieces of construction on the site, the Livestock Barns and Rodeo Arena, are being finalized by Frew and should be ready for bidding in February 2015. The site pedestrian lighting, vendor power, fencing and underground irrigation packages are in the process of being finalized and are also expected to be issued in February.

Recycled Water Treatment Plant

Construction on upgrades, additions and modifications to the City's recycled-water treatment plant began in March 2013 and is approximately 98% complete. The project is expected to be finished in February 2015. The contractor has requested additional time to complete outstanding items.

RWTP Outfall

The Outfall, the final piece of the RWTP project, is about 25% complete. Construction began mid-January 2015 with installation of portions of the pipeline across the LGW Ranch. The "in-water" portion of the work will be done the summer of 2015 with project completion expected in the early fall of 2015.

Water Line Extension

This project is for construction of a water main from the Regional Water System's treatment plant which will enhance the City's water delivery capabilities. The surveying and mapping have been completed; the Simplot agreement has been signed and the necessary easements are being drafted.

2014-15 Monthly Financial Report
City of Hermiston, Oregon
Investments
For the Month Ending December 31, 2014

Investment Report
by Type

| Cusip No. | Par Value | Principal 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 | \$ 1,960,500 | \$ 1,985,144 | FNMA | Aaa/AA+ | 950 | Y | 1.37 | 1.37 |
| 3134G35P1 | \$ 1,000,000 | \$ 979,970 | \$ 993,448 | FHLMC | Aaa/AA+ | 1,168 | Y | 1.71 | 1.71 |
| 3133EATP3 | \$ 2,000,000 | \$ 1,968,078 | \$ 1,994,170 | FFCB | Aaa/AA+ | 1,258 | Y | 1.85 | 1.85 |
| 313381UZ6 | \$ 1,000,000 | \$ 985,720 | \$ 985,428 | FHLB | --- | 1,121 | Y | 1.31 | 1.31 |
| 3137EADN6 | \$ 1,000,000 | \$ 978,757 | \$ 985,318 | FHLMC | Aaa/AA+ | 1,108 | N | 1.29 | 1.29 |
| 31771CCJ2 | \$ 1,065,000 | \$ 1,042,845 | \$ 1,047,048 | FICO | --- | 681 | N | 0.70 | 0.70 |
| 3135G0GY3 | \$ 1,000,000 | \$ 1,013,901 | \$ 1,009,046 | FNMA | Aaa/AA+ | 761 | N | 0.78 | 0.78 |
| US Agencies | \$ 9,065,000 | \$ 8,929,771 | \$ 8,999,602 | --- | --- | --- | --- | --- | --- |
| LGIP ⁽¹⁾⁽²⁾ | \$ 14,567,488 | \$ 14,567,488 | \$ 14,567,488 | Varies | ---/AA | 1 | N | 0.54 | 0.54 |
| LGIP | \$ 14,567,488 | \$ 14,567,488 | \$ 14,567,488 | --- | --- | --- | --- | --- | --- |
| TOTAL | \$ 23,632,488 | \$ 23,497,259 | \$ 23,567,090 | --- | --- | --- | --- | --- | --- |

The City of Hermiston has established certain policies for 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 | Par Value | % of Total Portfolio |
|-----------------|---------------|-------------------------|
| < 90 Days | \$ 14,567,488 | 61.6% |
| 90 Days - 3 Yrs | \$ 4,065,000 | 17.2% |
| 3 - 5 Yrs | \$ 5,000,000 | 21.2% |
| | \$ 23,632,488 | 100.0% |

| Type of Inv | Par Value | % of Total Portfolio |
|-------------|---------------|-------------------------|
| US Agency | \$ 9,065,000 | 38.4% |
| Corporate | \$ - | 0.0% |
| LGIP | \$ 14,567,488 | 61.6% |
| | \$ 23,632,488 | 100.0% |

Wtd Avg Matur: **394 Days (1.08 yrs)**
Wtd Avg Yield to Maturity: **0.85%**
Percent Callable: **32.3%**
Wtd Avg Credit Rating: **Aaa/AA+**