

Monthly Financial Report



Finance Department

October 2013

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

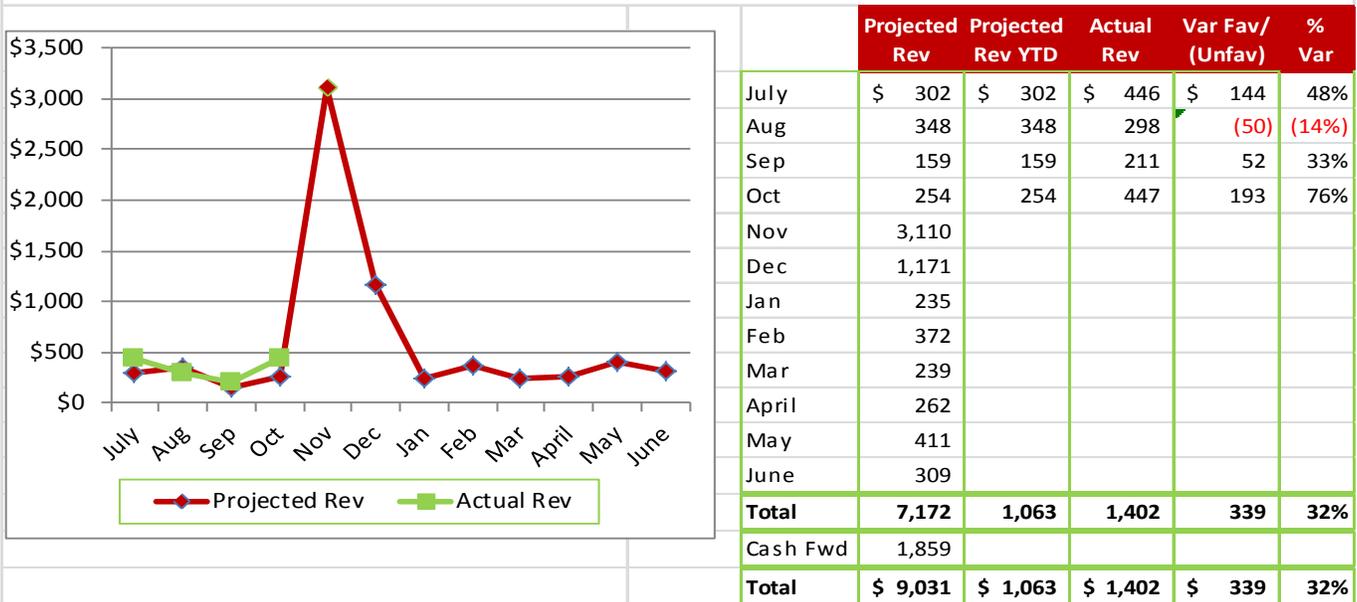
For the Month Ending October 31, 2013

General Fund Revenue Summary

Through October 31 2013

All Revenue Sources

(in \$1,000)



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

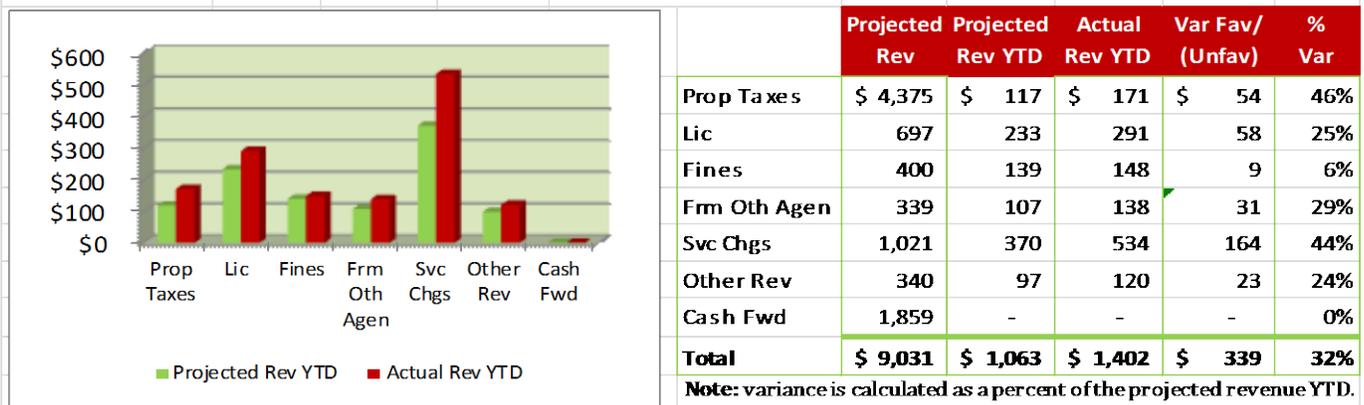
Revenues through October are coming in following the projected pattern as indicated by the graph above. Property Taxes and Charges for Services are above projections year-to-date primarily because they are historically budgeted conservatively. Licenses are also up compared to projections; this is due to the collection from several companies of past-due franchise revenues triggered by the recent renewal of franchise agreements between them and the City. The Revenues from Other Agencies category includes Liquor Excise Tax, which is also budgeted conservatively. In addition, collections are up approximately 6% year-to-date compared to last fiscal year. This is in line with the 5% growth the State reports seeing.

General Fund Revenue by Category

Through October 31, 2013

by Category

(in \$1,000)



2013-2014 Monthly Financial Report

City of Hermiston, Oregon General Fund Expenditures

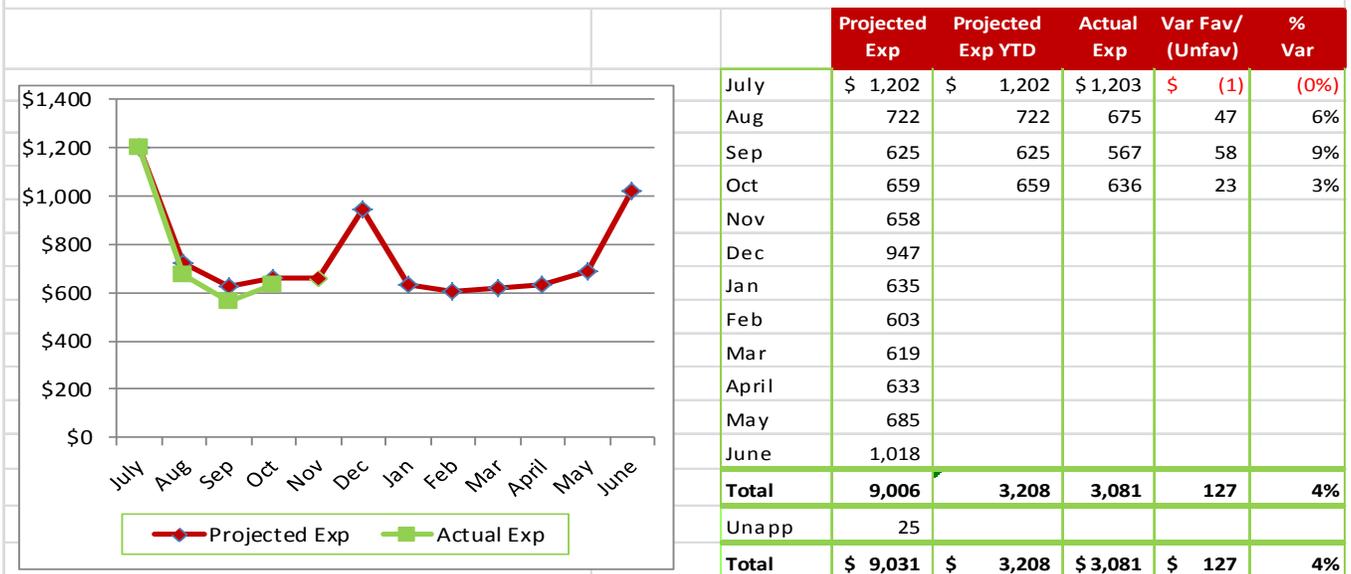
For the Month Ending October 31, 2013

General Fund Expenditure Summary

Through October 31, 2013

All Requirements

(in \$1,000)



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

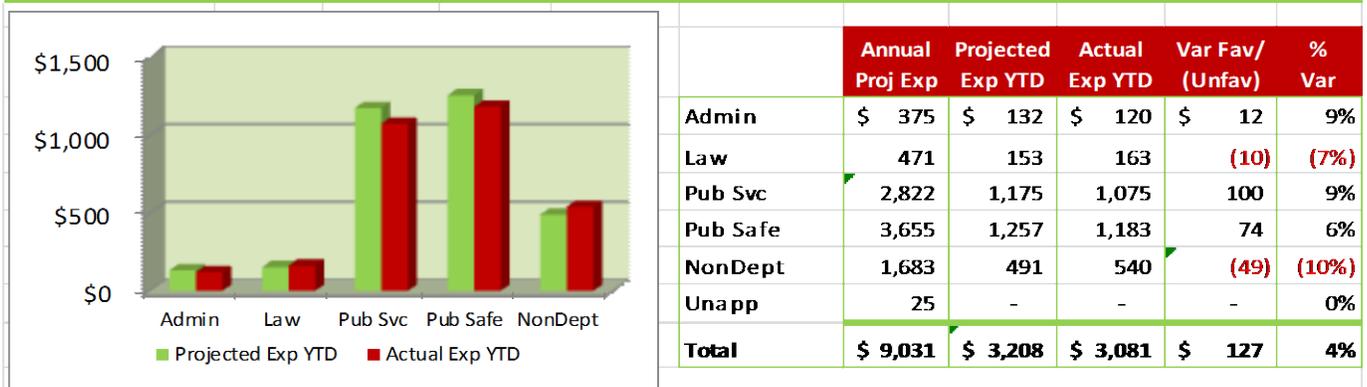
Spending in the General Fund departments is also following the expected pattern. As the summer season comes to a close, expenditures typically begin to decrease before spiking in December due to semi-annual debt service payments which come due. Through October overall spending is within projections by 4%.

General Fund Expenditures

Through October 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 October 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	\$ 12,076	\$ 10,739	\$ 1,338	11%
City Manager/Planning	277,654	97,316	88,949	8,367	9%
Finance	66,874	22,299	20,671	1,628	7%
Total Admin & Finance	374,823	131,691	120,358	11,333	9%
Legal	250,150	79,341	93,254	(13,913)	(18%)
Court	221,016	73,203	69,309	3,894	5%
Total Dept of Law	471,166	152,543	162,563	(10,020)	(7%)
Transportation	188,375	64,073	61,899	2,175	3%
Airport	297,554	154,253	140,523	13,730	9%
Bldg Inspection	335,424	110,580	106,049	4,531	4%
Parks	526,826	218,516	164,863	53,653	25%
Pool	370,148	244,089	228,822	15,266	6%
Municipal Buildings	11,200	2,964	4,721	(1,757)	(59%)
Library	598,889	200,585	192,716	7,869	4%
Recreation	402,919	148,727	148,285	442	0%
Conference Center	90,558	31,133	26,774	4,359	14%
Total Public Services	2,821,893	1,174,919	1,074,652	100,268	9%
Public Safety Center	124,100	44,123	37,133	6,990	16%
Police Operations	3,530,751	1,213,108	1,145,726	67,382	6%
Total Public Safety	3,654,851	1,257,230	1,182,858	74,372	6%
Non-Departmental	1,683,195	490,860	540,378	(49,518)	(10%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	490,860	540,378	(49,518)	(10%)
Total	\$ 9,030,928	\$ 3,207,244	\$ 3,080,809	\$ 126,435	4%

As of the end of October most departments are under their expected spending. The exceptions continue to be Legal, Municipal Buildings 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 Non-Departmental is due to a transfer to the Recreation Special Revenue Fund for the Oxbow Trail project.

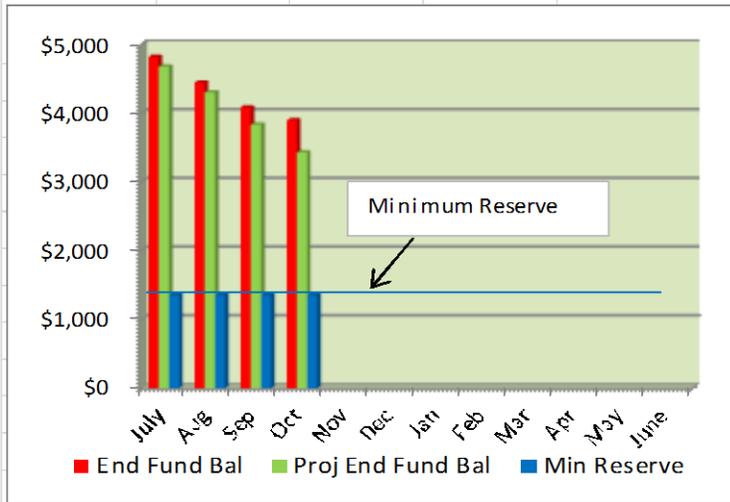
2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Detail

For the Month Ending October 31, 2013

General Fund **Through October 31, 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					
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$5,577	\$ 1,402	\$ (3,081)	\$ 3,898	\$ 3,433

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 October 31, 2013 is \$3.9 million as compared to the projected ending fund balance for October of \$3.4 million. Since the beginning of the fiscal year fund balance has decreased by of \$1.7 million. Fund balance is expected to grow beginning in November as property tax revenues start to come in.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Funds Report

For the Month Ending October 31, 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	\$ 501,035	\$ 533,926	\$ 32,891	6.6%
Expenditures	1,072,000	443,261	403,116	40,145	9.1%
	-	57,774	130,810	73,036	16.5%
<u>Reserve Fund</u>					
Revenues	5,400,826	384,214	455,887	71,673	18.7%
Expenditures	5,400,826	298,001	255,517	42,484	14.3%
	-	86,213	200,370	114,157	38.3%
<u>Utility Fund</u>					
Revenues	3,847,000	1,608,840	1,783,513	174,673	10.9%
Expenditures	3,847,000	1,310,332	1,278,001	32,331	2.5%
	-	298,508	505,512	207,004	15.8%
<u>HES Fund</u>					
Revenues	8,050,725	2,345,112	2,585,364	240,252	10.2%
Expenditures	8,050,725	3,092,421	2,993,920	98,501	3.2%
	-	(747,309)	(408,556)	338,753	11.0%

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 4% higher than projected and this year's STP allotment has been received in full. Excluding transfers-out, expenditures are below projections by 9.1%. 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.

Primary sources of revenue in the **Reserve Fund** are 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 October 31 revenues are over projections by almost 19% due to grant and TRT receipts and miscellaneous revenue. Since the fund is primarily project-oriented much of the budget reflects amounts to be spent at a later time. Expenditures through October 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 10% ahead of projections and Wastewater revenues are about 11% 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 also above projections through the end of October. 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 October 31, 2013

Selected Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Street Fund	501,820	631,976	59.0%	N/A	N/A
Reserve Fund	4,303,391	4,503,761	83.4%	N/A	N/A
Utility Fund	2,671,149	3,160,705	82.2%	577,050	2,583,655
HES Fund	5,059,731	4,649,967	57.8%	1,207,609	3,442,359
Total	12,536,091	12,946,409	-	1,784,659	6,026,014

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 October 31, 2013 for the Utility Fund is \$3,160,705, well above the 15% reserve level. The ending balance in the HES Fund is \$4,649,967 also well above the reserve level.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending October 31, 2013

Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Improvements	\$ 30,000	\$ 31,265	\$ 30,000	\$ 31,265	10%
Eastern Oregon Trade and Event Center	3,000,000	83,545	6,400,000	331,326	0%
Oxbow Trail	280,000	6,054	350,000	6,054	2%
Recycled Water Treatment Plant	16,000,000	2,794,816	27,100,000	7,287,701	27%
Total	\$ 19,310,000	\$ 2,915,680	\$ 33,880,000	\$ 7,656,346	---

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 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 contractor has been on-site since mid-October surveying, clearing the fence path and constructing fence. Due to the favorable bid for construction, a request was submitted to the FAA to use the excess grant funding to extend the length of the fence all the way north along Ott Road to Highland extension. The request was favorably received and the City is now awaiting official approval from the FAA.

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.

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 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 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 in late November and completed by June 2014. The total estimated cost of the project is \$380,000.

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 32% 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 October 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	\$ 1,971,946	FNMA	Aaa/AA+	1,376	Y	1.37	1.37
3134G35P1	\$ 2,000,000	\$ 1,971,468	\$ 1,969,130	FHLMC	Aaa/AA+	1,594	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,975,140	FFCB	Aaa/AA+	1,684	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,005,584	FHLMC	Aaa/AA+	1,226	Y	1.13	1.13
3135GOVF7	\$ 1,500,000	\$ 1,500,409	\$ 1,500,409	FNMA	---	1,048	Y	0.76	0.76
US Agencies	\$ 9,500,000	\$ 9,407,993	\$ 9,422,209	---	---	---	---	---	---
46625HHN3	\$ 1,000,000	\$ 1,060,739	\$ 1,027,535	JPM	Aa3/A	213	N	0.62	0.62
Corporates	\$ 1,000,000	\$ 1,060,739	\$ 1,027,535	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 7,159,785	\$ 7,159,785	\$ 7,159,785	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,159,785	\$ 7,159,785	\$ 7,159,785	---	---	---	---	---	---
TOTAL	\$ 17,659,785	\$ 17,628,518	\$ 17,609,529	---	---	---	---	---	---

⁽¹⁾ \$5,009,351 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	\$ 7,012,033	40.1%
90 Days - 3 Yrs	\$ 2,560,304	14.6%
3 - 5 Yrs	\$ 7,907,585	45.2%
	\$ 17,479,922	100.0%

Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 9,407,150	53.8%
Corporate	\$ 1,060,739	6.1%
LGIP	\$ 7,012,033	40.1%
	\$ 17,479,922	100.0%

Weighted Avg Maturity: 774 Days (2.12 years)
Weighted Avg Yield to Maturity: 1.01%
Percent Callable: 54%
Weighted Average Credit Rating: Aaa/AA+