

# Monthly Financial Report



Finance Department  
November 2014



# 2014-2015 Monthly Financial Report

City of Hermiston, Oregon

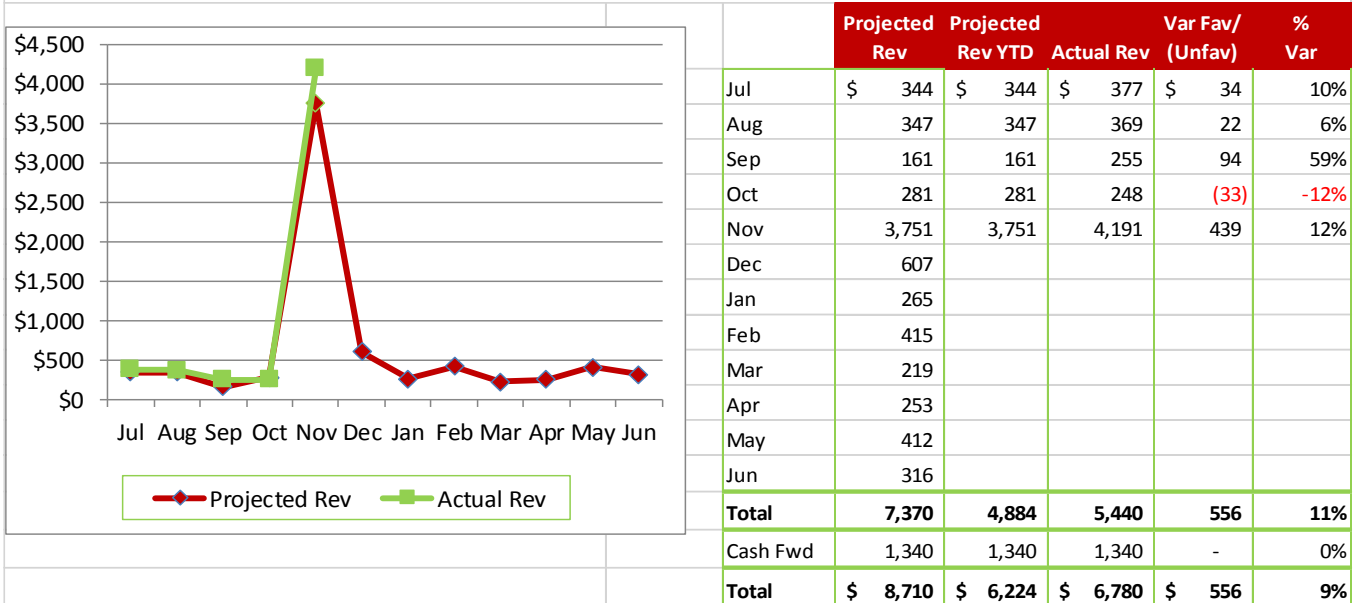
General Fund Revenue

For the Month Ending November 30, 2014

Through Nov 30, 2014

All Revenue Sources

(in \$1,000)



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

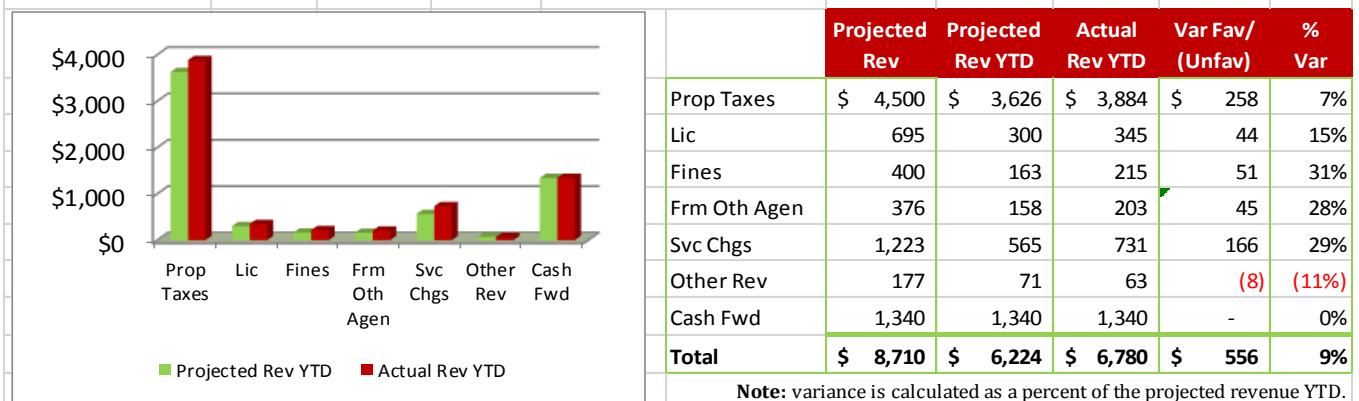
General Fund revenues collected through November are \$556,000 higher than projections. Fines, Service Charges and receipts From Other Agencies are all contributing to the favorable variance. The variance is mostly reflective of the conservative budget approach Hermiston has historically used. Property Taxes are now ahead of projections due to the collections received in November.

## General Fund Revenue

Through Nov 30, 2014

by Category

(in \$1,000)



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

# 2014-2015 Monthly Financial Report

## City of Hermiston, Oregon General Fund Expenditures

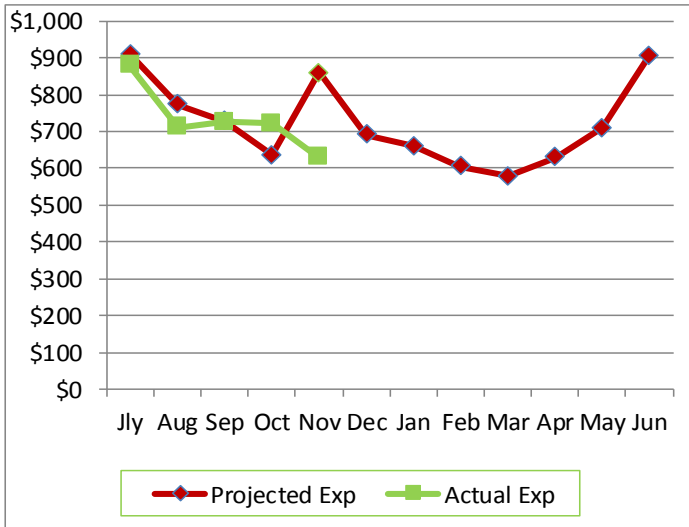
For the Month Ending November 30, 2014

### General Fund Expenditure Summary

Through Nov 30, 2014

All Requirements

(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             |                   |                 |                  |             |
| Jan          | 659             |                   |                 |                  |             |
| Feb          | 605             |                   |                 |                  |             |
| Mar          | 579             |                   |                 |                  |             |
| Apr          | 628             |                   |                 |                  |             |
| May          | 709             |                   |                 |                  |             |
| Jun          | 906             |                   |                 |                  |             |
| <b>Total</b> | <b>8,685</b>    | <b>3,907</b>      | <b>3,666</b>    | <b>241</b>       | <b>6.2%</b> |
| Unapp        | 25              | -                 | -               | -                | 0%          |
| <b>Total</b> | <b>\$ 8,710</b> | <b>\$ 3,907</b>   | <b>\$ 3,666</b> | <b>\$ 241</b>    | <b>6%</b>   |

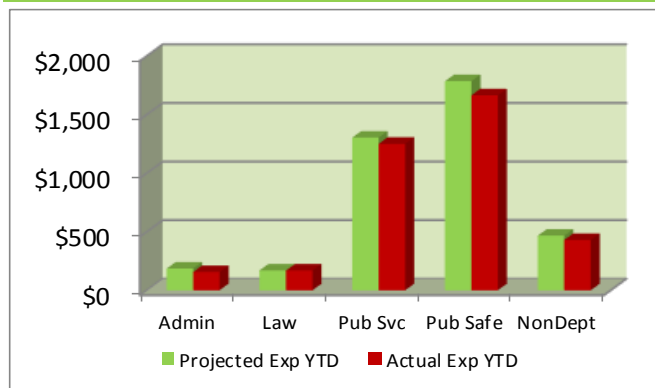
Overall departmental spending through November was under projections by \$241,000, a six percent variance. The largest savings were in Public Safety with a \$121,000 variance, Public Services with a \$54,000 variance and Non-Departmental with a \$37,000 variance.

### General Fund Expenditures

Through Nov 30, 2014

by Consolidated Department

(in \$1,000)



|              | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD  | Var Fav/ (Unfav) | % Var     |
|--------------|-----------------|-------------------|-----------------|------------------|-----------|
| Admin        | \$ 431          | 186               | 155             | \$ 31            | 17%       |
| Law          | 410             | 168               | 169             | (1)              | (1%)      |
| Pub Svc      | 2,769           | 1,303             | 1,249           | 54               | 4%        |
| Pub Safe     | 4,183           | 1,785             | 1,664           | 121              | 7%        |
| NonDept      | 892             | 466               | 429             | 37               | 8%        |
| Unapp        | 25              | -                 | -               | -                | 0%        |
| <b>Total</b> | <b>\$ 8,710</b> | <b>\$ 3,907</b>   | <b>\$ 3,666</b> | <b>\$ 241</b>    | <b>6%</b> |

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 November 30, 2014

### General Fund Expenditures by Department

|                                  | Annual Projected<br>Exp | Projected Exp<br>YTD | Actual Exp YTD      | Var Fav/<br>(Unfav) | % Var Fav/<br>(Unfav) |
|----------------------------------|-------------------------|----------------------|---------------------|---------------------|-----------------------|
| City Council                     | \$ 32,400               | \$ 14,374            | \$ 8,791            | \$ 5,583            | 39%                   |
| City Manager/Planning            | 332,355                 | 143,697              | 125,220             | 18,477              | 13%                   |
| Finance                          | 66,650                  | 27,508               | 21,091              | 6,418               | 23%                   |
| <b>Total Admin &amp; Finance</b> | <b>431,405</b>          | <b>185,579</b>       | <b>155,102</b>      | <b>30,478</b>       | <b>16%</b>            |
| Legal                            | 186,300                 | 75,499               | 75,476              | 23                  | 0%                    |
| Court                            | 224,100                 | 92,909               | 93,284              | (375)               | (0%)                  |
| <b>Total Dept of Law</b>         | <b>410,400</b>          | <b>168,409</b>       | <b>168,760</b>      | <b>(351)</b>        | <b>(0%)</b>           |
| Transportation                   | 188,375                 | 80,044               | 69,538              | 10,506              | 13%                   |
| Airport                          | 266,700                 | 148,322              | 141,480             | 6,842               | 5%                    |
| Bldg Inspection                  | 334,300                 | 135,228              | 131,981             | 3,247               | 2%                    |
| Parks                            | 442,300                 | 198,482              | 185,486             | 12,996              | 7%                    |
| Pool                             | 375,350                 | 252,686              | 250,953             | 1,733               | 1%                    |
| Municipal Buildings              | 11,400                  | 3,244                | 6,403               | (3,159)             | (97%)                 |
| Library                          | 642,800                 | 268,194              | 253,747             | 14,447              | 5%                    |
| Recreation                       | 416,500                 | 179,791              | 176,273             | 3,518               | 2%                    |
| Conference Center                | 90,900                  | 36,909               | 33,409              | 3,500               | 9%                    |
| <b>Total Public Services</b>     | <b>2,768,625</b>        | <b>1,302,899</b>     | <b>1,249,270</b>    | <b>53,629</b>       | <b>4%</b>             |
| Public Safety Center             | 87,500                  | 35,446               | 39,548              | (4,102)             | (12%)                 |
| Police Operations                | 4,095,290               | 1,749,173            | 1,624,286           | 124,887             | 7%                    |
| <b>Total Public Safety</b>       | <b>4,182,790</b>        | <b>1,784,619</b>     | <b>1,663,834</b>    | <b>120,785</b>      | <b>7%</b>             |
| Non-Departmental                 | 892,113                 | 465,753              | 428,676             | 37,077              | 8%                    |
| Unappropriated                   | 25,000                  | -                    | -                   | -                   | -                     |
| <b>Total Non-Dept</b>            | <b>917,113</b>          | <b>465,753</b>       | <b>428,676</b>      | <b>37,077</b>       | <b>8%</b>             |
| <b>Total</b>                     | <b>\$ 8,710,333</b>     | <b>\$ 3,907,259</b>  | <b>\$ 3,665,642</b> | <b>\$ 241,617</b>   | <b>6%</b>             |

All of the Public Service departments have favorable variances except for Municipal Buildings. As reported previously, the overage in is due to the replacement of a failed air conditioning unit in City Hall. This variance is expected to correct itself over the remainder of the year.

The \$4,100 variance in the Public Safety Center reflects costs related to the consolidation of the dispatch center. These one-time costs were budgeted, so this variance is also expected to correct itself over the remainder of the year.

# 2014-2015 Monthly Financial Report

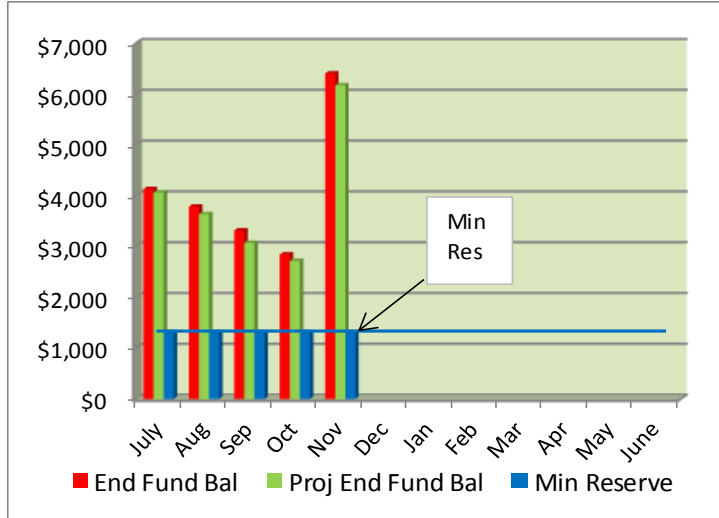
Fund Balance - General Fund  
For the Month Ending November 30, 2014

## General Fund

Through Nov 30, 2014

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,302,800

|              | 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           | \$ 6,174          |
| Dec          |                 |                 |                   |                 |                   |
| Jan          |                 |                 |                   |                 |                   |
| Feb          |                 |                 |                   |                 |                   |
| Mar          |                 |                 |                   |                 |                   |
| Apr          |                 |                 |                   |                 |                   |
| May          |                 |                 |                   |                 |                   |
| June         |                 |                 |                   |                 |                   |
| <b>Total</b> | <b>\$ 4,630</b> | <b>\$ 5,440</b> | <b>\$ (3,666)</b> | <b>\$ 6,404</b> | <b>\$ 6,174</b>   |

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. The fund balance as of the end of November is \$6.4 million compared to a projected fund balance of \$6.2 million. The balance has increased \$1.8 million since the beginning of the fiscal year.

# 2014-2015 Monthly Financial Report

## Special Revenue Funds Report For the Month Ending November 30, 2014

### Special Revenue Funds Revenues and Expenditures

|   | 2014-15 Annual |            | Remaining |
|---|----------------|------------|-----------|
|   | Budget         | Actual YTD | Budget    |
| <b>Bonded Debt Fund</b>                 |                |            |           |
| Revenues                                | 2,590,560      | 1,059,875  | 1,530,685 |
| Expenditures                            | 2,590,560      | 1,087,453  | 1,503,107 |
| <b>Transient Room Tax (TRT)</b>         |                |            |           |
| Revenues                                | 70,000         | 53,161     | 16,839    |
| Expenditures                            | 70,000         | 40,620     | 29,380    |
| <b>Recreation Special Revenue</b>       |                |            |           |
| Revenues                                | 133,500        | 104,190    | 29,310    |
| Expenditures                            | 133,500        | 38,662     | 94,838    |
| <b>Reserve Fund</b>                     |                |            |           |
| Revenues                                | 4,732,977      | 4,057,826  | 675,151   |
| Expenditures                            | 4,732,977      | 459,617    | 4,273,360 |
| <b>Municipal Court Special Revenue</b>  |                |            |           |
| Revenues                                | 180,000        | 87,011     | 92,989    |
| Expenditures                            | 180,000        | 82,787     | 97,213    |
| <b>Miscellaneous Special Revenue</b>    |                |            |           |
| Revenues                                | 35,000         | 15,629     | 19,371    |
| Expenditures                            | 35,000         | 5,643      | 29,357    |
| <b>Conference Center</b>                |                |            |           |
| Revenues                                | 158,350        | 62,457     | 95,893    |
| Expenditures                            | 158,350        | 64,009     | 94,341    |
| <b>WWTP Construction Fund</b>           |                |            |           |
| Revenues                                | 4,000,000      | 4,918,810  | (918,810) |
| Expenditures                            | 4,000,000      | 1,740,820  | 2,259,180 |
| <b>EOTEC Grant Fund</b>                 |                |            |           |
| Revenues                                | 6,000,000      | 6,000,000  | -         |
| Expenditures                            | 6,000,000      | 5,510      | 5,994,490 |
| <b>Law Enforcement Special Revenue</b>  |                |            |           |
| Revenues                                | 42,100         | 27,184     | 14,916    |
| Expenditures                            | 42,100         | 13,958     | 28,142    |
| <b>Library Special Revenue</b>          |                |            |           |
| Revenues                                | 48,500         | 29,182     | 19,318    |
| Expenditures                            | 48,500         | 9,245      | 39,255    |
| <b>2014 Water &amp; Sewer Rev Bonds</b> |                |            |           |
| Revenues                                | 5,300,000      | 10,013     | 5,289,987 |
| Expenditures                            | 5,300,000      | 256,694    | 5,043,306 |

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 \$918,810 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 November 30, 2014

### Utility and Street Funds Report

#### Revenues & Expenditures

|                                   | 2014-15 Annual |            |            | Variance    |            |
|-----------------------------------|----------------|------------|------------|-------------|------------|
|                                   | Budget         | Budget YTD | Actual YTD | Fav/(Unfav) | % Variance |
| <b><u>Street Fund</u></b>         |                |            |            |             |            |
| Revenues                          | 1,210,000      | 412,669    | 424,336    | 11,667      | 2.8%       |
| Expenditures                      | 1,210,000      | 495,853    | 463,091    | 32,762      | 6.6%       |
|                                   | -              | (83,184)   | (38,755)   | 44,429      | ---        |
| <b><u>Utility Fund</u></b>        |                |            |            |             |            |
| Revenues                          | 4,555,010      | 2,182,731  | 2,258,823  | 76,092      | 3.5%       |
| Expenditures                      | 4,555,010      | 1,529,444  | 1,545,263  | (15,819)    | (1.0%)     |
|                                   | -              | 653,287    | 713,560    | 60,273      | ---        |
| <b><u>HES Fund</u></b>            |                |            |            |             |            |
| Revenues                          | 8,531,878      | 4,138,378  | 4,211,023  | 72,645      | 1.8%       |
| Expenditures                      | 8,531,878      | 3,769,119  | 3,334,041  | 435,078     | 11.5%      |
|                                   | -              | 369,259    | 876,982    | 507,723     | ---        |
| <b><u>Regional Water Fund</u></b> |                |            |            |             |            |
| Revenues                          | \$ 593,566     | \$ 297,766 | \$ 332,425 | \$ 34,659   | 11.6%      |
| Expenditures                      | 593,566        | 249,298    | 213,128    | 36,170      | 14.5%      |
|                                   | -              | 48,468     | 119,297    | 70,829      | ---        |

These funds are used to account for the City's business-type activities. Gas tax revenues, which are posted in the **Street Fund**, are almost right on target. Actual expenditures are 6.6% below projected as of the end of November reflecting the winter slow-down in activity.

Both Water and Wastewater revenues are slightly ahead of pace causing the **Utility Fund's** favorable 3.5% variance. Expenditures are almost right on target, only 1% above projections.

Revenues in the **HES Fund** are 1.8% above projections and expenditures are 11.5% 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 November \$1.5 million has been spent leaving \$2.9 million unexpended.

Continuing the trend we have seen so far this fiscal year, Non-potable receipts are still driving the positive revenue variance in the **Regional Water Fund**. Expenditures in all sections in the fund are running lower than expected causing a positive variance of 14.5%.



# 2014-2015 Monthly Financial Report

## Utility and HES Funds Report For the Month Ending November 30, 2014

### Utility and HES Funds Report

#### Reserve Balances

|              | Beginning Reserve | Ending Reserve   | % Ending Reserve | Minimum Reserve Requirement | Difference       |
|--------------|-------------------|------------------|------------------|-----------------------------|------------------|
| Utility Fund | 3,244,877         | 3,327,598        | 73.1%            | 561,577                     | 2,766,021        |
| HES Fund     | 4,329,711         | 4,383,703        | 51.4%            | 1,051,875                   | 3,331,828        |
| <b>Total</b> | <b>7,574,588</b>  | <b>7,711,301</b> | <b>-</b>         | <b>1,613,452</b>            | <b>6,097,849</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 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 \$7.8 million.

# 2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending November 30, 2014

## Capital Projects

|   | 2014-15<br>Budget    | YTD<br>Expenditures | LTD<br>Budget        | LTD<br>Expenditures | %<br>Complete |
|---|----------------------|---------------------|----------------------|---------------------|---------------|
| Airport Improvements                          | \$ 50,000            | \$ -                | \$ -                 | \$ -                | 0%            |
| Eastern OR Trade & Event Ctr (EOTEC) Pipeline | \$ 1,800,000         | \$ 104,472          | \$ 1,800,000         | \$ 104,472          | 10%           |
| EOTEC Construction                            | 6,000,000            | 5,510               | 6,400,000            | 361,836             | 0%            |
| Recycled Water Treatment Plant (RWTP)         | 7,600,000            | 1,740,821           | 30,700,000           | 6,233,706           | 98%           |
| Water Line Extension                          | 1,250,000            | 2,500               | 1,250,000            | 57,000              | 0%            |
| <b>Total</b>                                  | <b>\$ 16,700,000</b> | <b>\$ 1,853,303</b> | <b>\$ 40,150,000</b> | <b>\$ 6,757,014</b> | <b>---</b>    |

The City's capital projects for the 2014-15 fiscal year include improvements at the Airport, water and sewer lines to the Eastern Oregon Trade and Event Center (EOTEC) facility, continued development and construction of the EOTEC, finalization of the upgrades at the Recycled Water Treatment Plant (RWTP), and a water line extension from the Regional Water Plant to South 1<sup>st</sup> Street.

### Airport Improvements

The budget for 2014-15 includes match money for grants the City expects to receive. The City has already been awarded two grants totaling \$600,000 with another award expected next spring. The awarded grants are:

FAA Non-Primary Entitlement (NPE) Grant - \$300,000

Connect Oregon Grant - \$300,000

The FAA NPE grant is for design of the taxiway realignment and requires a 10% match from the City. Precision Approach Engineering (PAE) has submitted their Scope of Work and estimate of engineering fees for design and construction to the City and FAA. Per FAA regulations, Reid Middleton was retained to do an Independent Fee Evaluation (IFE). PAE's estimate came in substantially lower than Reid Middleton's so FAA has asked for further examination to determine the cause of the difference. Pending the final results of the IFE, the contract for PAE is expected to be approved in December, with full-scale design work to begin immediately after.

### 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. The pre-construction conference has been held and roughly 600 feet of the sewer lines south of the airport have been constructed. Construction is approximately 10% complete.

### Eastern Oregon Trade and Event Center

During the past month FDG has finalized the design/build package for the Event Center and pending board approval will advertise the package for bidding in December. The site/pedestrian plighting, vendor power, fencing, asphalt paving and underground irrigation packages are in the process of being finalized for issuance.

### 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 January 2015.

The Outfall, the final piece of the project, has been bid out and awarded. Construction is anticipated to begin mid-January 2015. The "in-water" portion of the work will be done the summer of 2015 with project completion also expected next summer.

### Water Line Extension

This project is for construction of a water main from the Regional Water System's treatment plant on Hwy 207 eastward along Feedville Road, a distance of about 1.5 miles. This will enhance the City's water delivery capabilities. The surveying and mapping have been completed.

**2014-15 Monthly Financial Report  
City of Hermiston, Oregon  
Investments  
For the Month Ending November 30, 2014**

**Investment Report  
by Type**

| Cusip No.              | Par Value            | Principal Cost       | Market Value         | Issuer | Rating<br>Moody's/S&P | Days to<br>Maturity | Callable<br>Y/N | Yield to<br>Worst<br>Call | Yield to<br>Maturit<br>y (YTM) |
|------------------------|----------------------|----------------------|----------------------|--------|-----------------------|---------------------|-----------------|---------------------------|--------------------------------|
| 3136G1BT5              | \$ 2,000,000         | \$ 1,960,500         | \$ 1,991,756         | FNMA   | Aaa/AA+               | 1,011               | Y               | 1.37                      | 1.37                           |
| 3134G35P1              | \$ 1,000,000         | \$ 979,970           | \$ 997,321           | FHLMC  | Aaa/AA+               | 1,229               | Y               | 1.71                      | 1.71                           |
| 3133EATP3              | \$ 2,000,000         | \$ 1,968,078         | \$ 2,000,206         | FFCB   | Aaa/AA+               | 1,319               | Y               | 1.85                      | 1.85                           |
| 313381UZ6              | \$ 1,000,000         | \$ 985,720           | \$ 990,174           | FHLB   | ---                   | 1,182               | Y               | 1.31                      | 1.31                           |
| 3137EADN6              | \$ 1,000,000         | \$ 978,757           | \$ 989,338           | FHLMC  | Aaa/AA+               | 1,169               | N               | 1.29                      | 1.29                           |
| 31771CCJ2              | \$ 1,065,000         | \$ 1,042,845         | \$ 1,048,628         | FICO   | ---                   | 742                 | N               | 0.70                      | 0.70                           |
| 3135G0GY3              | \$ 1,000,000         | \$ 1,013,901         | \$ 1,013,132         | FNMA   | Aaa/AA+               | 822                 | N               | 0.78                      | 0.78                           |
| <b>US Agencies</b>     | <b>\$ 9,065,000</b>  | <b>\$ 8,929,771</b>  | <b>\$ 9,030,555</b>  | ---    | ---                   | ---                 | ---             | ---                       | ---                            |
| LGIP <sup>(1)(2)</sup> | \$ 11,562,063        | \$ 11,562,063        | \$ 11,562,063        | Varies | ---/AA                | 1                   | N               | 0.54                      | 0.54                           |
| <b>LGIP</b>            | <b>\$ 11,562,063</b> | <b>\$ 11,562,063</b> | <b>\$ 11,562,063</b> | ---    | ---                   | ---                 | ---             | ---                       | ---                            |
| <b>TOTAL</b>           | <b>\$ 20,627,063</b> | <b>\$ 20,491,834</b> | <b>\$ 20,592,618</b> | ---    | ---                   | ---                 | ---             | ---                       | ---                            |

<sup>(1)</sup> \$5,038,513 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

<sup>(2)</sup> \$4,510,013 of the balance in the LGIP is invested for the 2014 Sewer & Water Revenue Bonds

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<br>Total<br>Portfolio |
|-----------------|---------------|----------------------------|
| < 90 Days       | \$ 11,562,063 | 56.1%                      |
| 90 Days - 3 Yrs | \$ 4,065,000  | 19.7%                      |
| 3 - 5 Yrs       | \$ 5,000,000  | 24.2%                      |
|                 | \$ 20,627,063 | 100.0%                     |

| Type of Inv | Par Value     | % of<br>Total<br>Portfolio |
|-------------|---------------|----------------------------|
| US Agency   | \$ 9,065,000  | 43.9%                      |
| Corporate   | \$ -          | 0.0%                       |
| LGIP        | \$ 11,562,063 | 56.1%                      |
|             | \$ 20,627,063 | 100.0%                     |

|   |
|---|
| Wtd Avg Matur: <b>465 Days (1.21 yrs)</b> |
| Wtd Avg Yield to Maturity: <b>0.90%</b>   |
| Percent Callable: <b>38.5%</b>            |
| Wtd Avg Credit Rating: <b>Aaa/AA+</b>     |