

Monthly Financial Report



Finance Department

April 2014

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

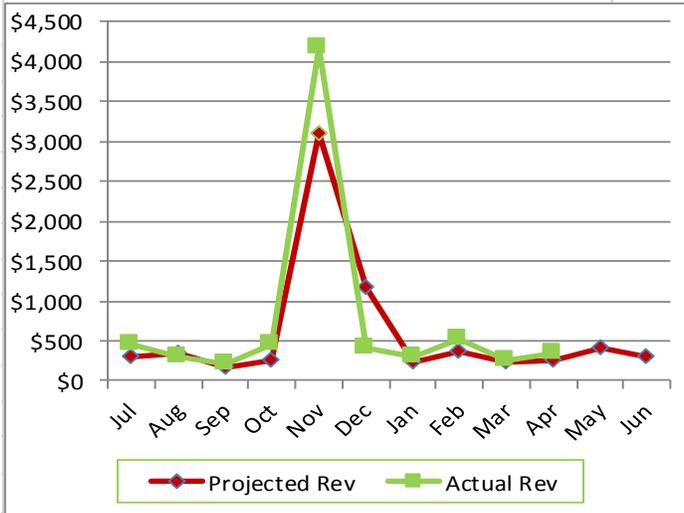
For the Month Ending April 30, 2014

General Fund Revenue Summary

Through April 30, 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	351	351	298	(54)	(15%)
Sep	159	159	211	52	32%
Oct	256	256	447	192	75%
Nov	3,112	3,112	4,175	1,063	34%
Dec	1,172	1,172	405	(767)	(65%)
Jan	237	237	297	60	26%
Feb	374	374	532	157	42%
Mar	240	240	256	16	7%
Apr	263	263	351	88	33%
May	413				
Jun	310				
Total	7,190	6,466	7,417	951	15%
Cash Fwd	1,879	1,879	1,879	-	
Total	\$ 9,069	\$ 8,345	\$ 9,297	\$ 951	11%

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

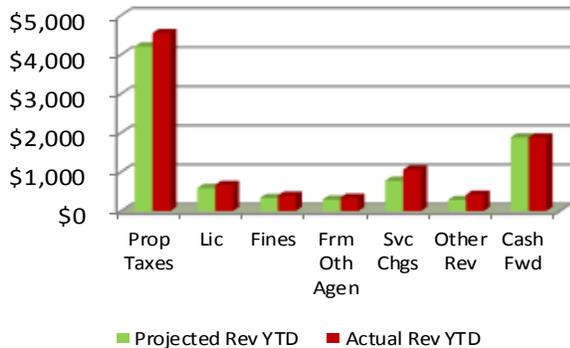
Revenues collected through April are \$951,000 higher than projections. Property Taxes, Service Charges and Other Revenue make up \$767,000 of the variance. The City has collected \$173,000 more than it had budgeted for Property Taxes and \$33,000 more than it budgeted for Service Charges. Transient Room Tax and various Permits are boosting the variance in Service Charges while Airport lease revenue, Interest Earnings and a variety of miscellaneous revenues are causing the variance in Other Revenues.

General Fund Revenue

Through April 30, 2014

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 4,201	\$ 4,548	\$ 346	8%
Lic	697	590	665	76	13%
Fines	400	332	394	62	19%
Frm Oth Agen	357	292	339	47	16%
Svc Chgs	1,021	775	1,054	280	36%
Other Rev	340	276	417	141	51%
Cash Fwd	1,879	1,879	1,879	-	0%
Total	\$ 9,069	\$ 8,345	\$ 9,297	\$ 951	11%

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

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditures

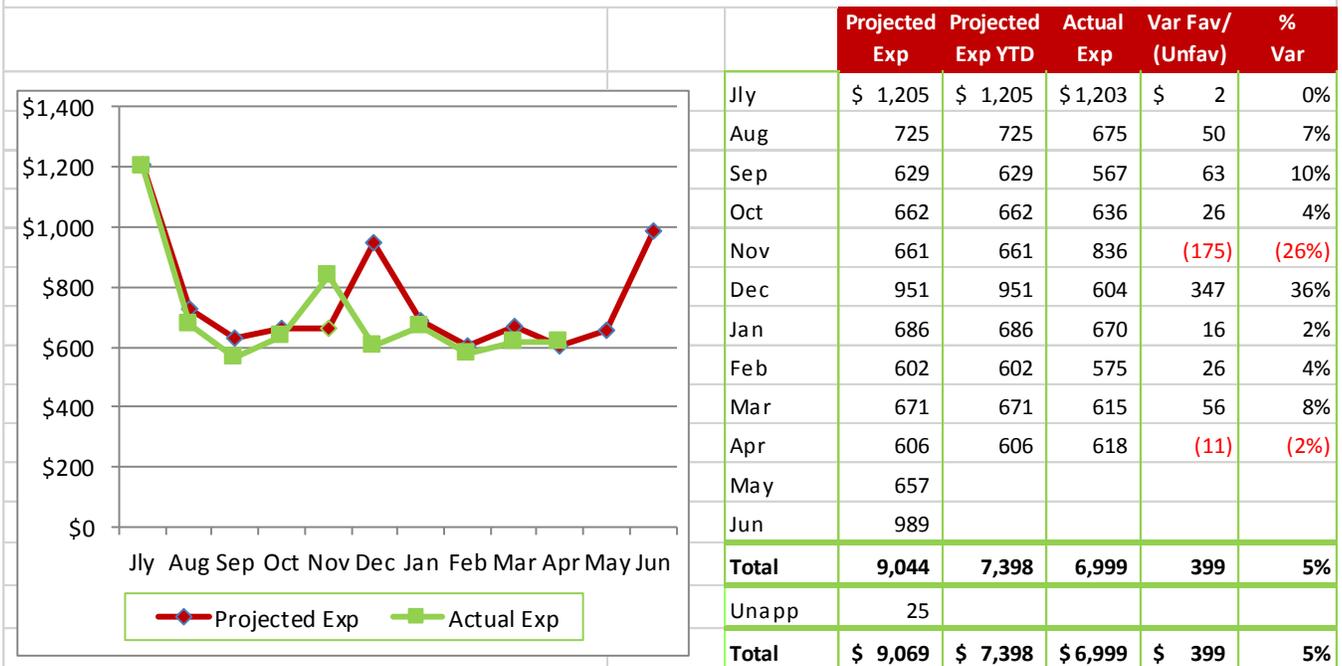
For the Month Ending April 30, 2014

General Fund Expenditure Summary

Through April 30, 2014

All Requirements

(in \$1,000)



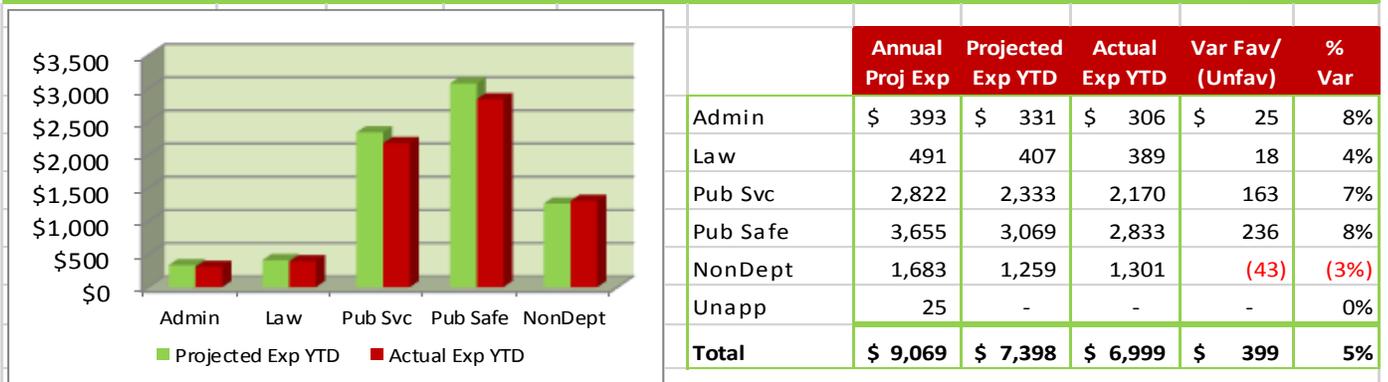
Departmental spending in the General Fund is under projections by \$399,000, an overall variance of 5%. The majority of this comes from lower than expected spending in the Parks and Police Departments offset by minimal variances in the City Council, Recreation and Non-Departmental Departments.

General Fund Expenditures

Through April 30, 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 April 30, 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	\$ 26,260	\$ 27,515	\$ (1,254)	(5%)
City Manager/Planning	295,654	248,153	225,954	22,200	9%
Finance	66,874	56,267	52,131	4,136	7%
Total Admin & Finance	392,823	330,681	305,599	25,081	8%
Legal	270,150	221,815	210,912	10,903	5%
Court	221,016	185,141	177,973	7,168	4%
Total Dept of Law	491,166	406,955	388,885	18,071	4%
Transportation	188,375	156,748	151,911	4,837	3%
Airport	297,554	263,591	249,326	14,265	5%
Bldg Inspection	335,424	277,315	266,692	10,623	4%
Parks	526,826	440,878	350,095	90,783	21%
Pool	370,148	277,556	256,849	20,706	7%
Municipal Buildings	11,200	9,576	9,553	23	0%
Library	598,889	498,698	480,241	18,456	4%
Recreation	402,919	332,952	337,582	(4,630)	(1%)
Conference Center	90,558	76,050	68,112	7,939	10%
Total Public Services	2,821,893	2,333,363	2,170,361	163,002	7%
Public Safety Center	124,100	115,073	111,565	3,509	3%
Police Operations	3,530,751	2,953,682	2,721,625	232,057	8%
Total Public Safety	3,654,851	3,068,755	2,833,189	235,566	8%
Non-Departmental	1,683,195	1,258,531	1,301,033	(42,502)	(3%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	1,258,531	1,301,033	(42,502)	(3%)
Total	\$ 9,068,928	\$ 7,398,285	\$ 6,999,067	\$ 399,218	5%

Most departments continue to show favorable variances through the end of April. The exceptions are the City Council, Recreation and Non-departmental departments. The City Council variance is due to additional costs related to the National League of Cities conference. This variance is expected to reduce and the department end within budget by year-end. The variance in Recreation is caused by the spike in labor that occurs during this part of the year as the department ramps up for summer. This variance is also expected to reduce and the department fall within budget by year-end. The non-departmental variance is due to legal invoices related to the medical marijuana issue.

2013-2014 Monthly Financial Report

Fund Balance - General Fund

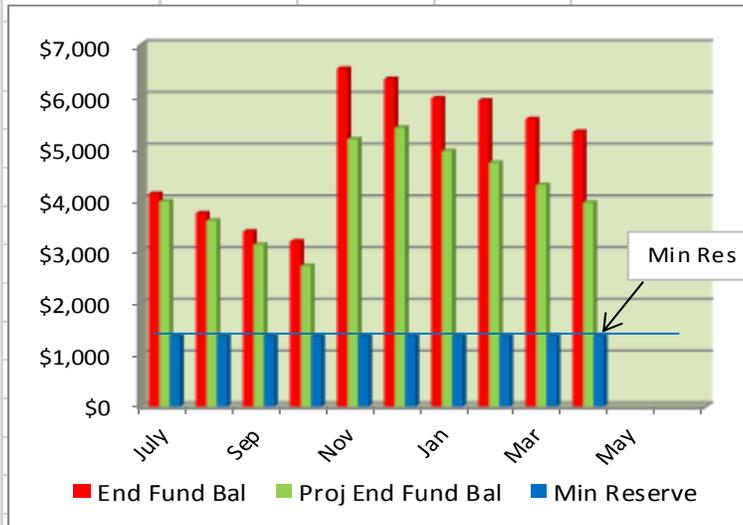
For the Month Ending April 30, 2014

General Fund

Through April 30, 2014

Ending Fund Balance

(in \$1,000)



	⁽¹⁾ Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 4,871	\$ 446	\$ (1,203)	\$ 4,114	\$ 3,970
Aug	4,114	298	(675)	3,737	3,595
Sep	3,737	211	(567)	3,381	3,125
Oct	3,381	447	(636)	3,192	2,718
Nov	3,192	4,175	(836)	6,531	5,169
Dec	6,531	405	(604)	6,332	5,390
Jan	6,332	296	(670)	5,958	4,940
Feb	5,958	532	(575)	5,915	4,713
Mar	5,915	256	(615)	5,556	4,283
Apr	5,556	371	(618)	5,309	3,940
May					
June					
Total	\$ 4,871	\$ 7,437	\$ (6,999)	\$ 5,309	\$ 3,940

Minimum Reserve = \$1,360,339

The City Council has established a minimum reserve for the General Fund of 15% of annual operating expenditures. After factoring in the supplemental budget, the minimum reserve is \$1,360,339. The ending fund balance as of April 30, 2014 is \$5.3 million as compared to the projected ending fund balance for April of \$3.9 million. Since the beginning of the fiscal year fund balance has increased by approximately \$438,000.

⁽¹⁾ Beginning fund balance has been restated to reflect corrected amount.

2013-2014 Monthly Financial Report

Special Revenue Funds Report For the Month Ending April 30, 2014

Special Revenue Funds Revenues and Expenditures

	2013-14 Annual Budget	Actual YTD	Remaining Budget
Bonded Debt Fund			
Revenues	1,809,132	1,612,391	196,741
Expenditures	1,809,132	1,621,505	187,627
Transient Room Tax (TRT)			
Revenues	114,656	130,942	(16,286)
Expenditures	114,656	89,587	25,069
Recreation Special Revenue			
Revenues	658,850	507,145	151,705
Expenditures	658,850	353,338	305,512
Reserve Fund			
Revenues	5,788,326	5,461,514	326,812
Expenditures	5,788,326	578,202	5,210,124
911 Communications			
Revenues	808,705	686,065	122,640
Expenditures	808,705	634,985	173,720
Municipal Court Special Revenue			
Revenues	183,500	155,755	27,745
Expenditures	183,500	158,337	25,163
Miscellaneous Special Revenue			
Revenues	138,500	131,594	6,906
Expenditures	138,500	131,524	6,976
Conference Center			
Revenues	199,950	134,688	65,262
Expenditures	199,950	155,769	44,181
WWTP Construction Fund			
Revenues	16,000,000	8,812,599	7,187,401
Expenditures	16,000,000	10,865,052	5,134,948
EOTEC Grant Fund			
Revenues	3,000,000	22,528	2,977,472
Expenditures	3,000,000	108,545	2,891,455
Law Enforcement Special Revenue			
Revenues	50,000	35,733	14,267
Expenditures	50,000	32,349	17,651
Library Special Revenue			
Revenues	32,025	26,385	5,640
Expenditures	32,025	22,862	9,163

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 – 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.

2013-2014 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending April 30, 2014

Utility and Street Funds Report Revenues & Expenditures

	2013-14		Variance		
	Annual Budget	Budget YTD	Actual YTD	Fav/(Unfav)	% Variance
<u>Street Fund</u>					
Revenues	1,072,000	929,785	1,020,325	90,540	9.7%
Expenditures	1,072,000	844,339	792,454	51,885	6.1%
	-	85,446	227,871	142,425	16.9%
<u>Utility Fund</u>					
Revenues	3,847,000	3,214,500	3,589,282	374,782	11.7%
Expenditures	3,847,000	3,282,267	3,172,108	110,159	3.4%
	-	(67,767)	417,174	484,941	14.8%
<u>HES Fund</u>					
Revenues	8,060,725	6,830,265	7,241,304	411,039	6.0%
Expenditures	8,060,725	6,918,989	6,503,892	415,097	6.0%
	-	(88,724)	737,412	826,136	11.9%
<u>Regional Water Fund</u>					
Revenues	\$ 650,076	\$ 568,409	\$ 734,020	\$ 165,611	29.1%
Expenditures	650,076	541,730	497,437	44,293	8.2%
	-	26,679	236,583	209,904	

Business-type activities are tracked in the **Street, Utility, Hermiston Energy Services (HES) and Regional Water Funds**. **Street Fund** revenues include gas tax and Surface Transportation Program (STP) allotments from the State. Gas tax revenues continue to come in about 10.4% higher than projected. Excluding transfers-out, expenditures are below projections by 8%. Much of the Street Maintenance work will be done over the remaining two months of the fiscal year.

Water and Wastewater are both tracked in the **Utility Fund**. Water revenues are coming in about 8.5% ahead of projections and Wastewater about 9.7% ahead reflecting the City's conservative budgeting approach. Expenditures in both departments are 3.4% below projections.

HES Fund revenues are 3.6% above projections, again due to conservative budgeting. Most of the positive variance in expenditures is due to lower than projected power purchases. However, warmer weather during May and June is expected to bring actuals in line with projections. Other expenditure items that are below projections are Personal Services, Other Professional Services, and Miscellaneous Contractual. Personal Services are under projections due to the passing of our long-time Superintendent, Russ Dorran, earlier this year. HES had an interim superintendent between January and March but there was a fairly significant difference between Russ's pay and the interim superintendent's pay.

Both Potable and Non-Potable revenues are up in the **Regional Water Fund** due to higher than expected production. This has increased both the revenues and electricity expenditures in the fund. An adjustment was made for these items during the Supplemental Budget in March but the revenue is still coming in high.

2013-2014 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending April 30, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,062,797	79.6%	577,050	2,485,747
HES Fund	5,059,731	4,500,470	55.8%	1,209,109	3,291,361
Total	7,730,880	7,563,267	-	1,786,159	5,777,108

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 \$1,209,109 for the HES Fund. As noted in previous months, the Utility Fund's ending balance is \$3,062,797, well above the 15% reserve level as is the HES Fund at \$4,500,470.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending April 30, 2014

Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Fencing	\$ 360,000	\$ 239,958	\$ 360,000	\$ 239,958	100%
Eastern Oregon Trade and Event Center	3,000,000	108,545	6,400,000	356,326	0%
Oxbow Trail	429,850	228,777	455,000	228,777	50%
Recycled Water Treatment Plant	16,000,000	10,865,052	27,100,000	15,357,937	50%
Total	\$ 19,789,850	\$ 11,442,332	\$ 34,315,000	\$ 16,182,998	---

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

All construction was completed in December. The City's engineering firm has been working with the contractor on final project closeout, but there are some remaining contract punch-list items so the City is withholding final payment until they are resolved.

Spent to date: \$215,963 - FAA Grant
 23,995 - City's match
 \$239,958 - 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. 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.

During the past month, Frew Development Group (FDG) has revised the schematic site plan using input that was gathered at numerous stakeholder meetings. The schematic design was also presented to the public at "open house" meetings in Hermiston, Milton-Freewater and Pendleton during April. It was also presented to the Hermiston City Council and the Umatilla County Commissioners during April to receive their input. The EOTEC Board also approved the plan in April and FDG is now using it to refine the preliminary budget for phase one of the project. Phase one includes the site and infrastructure, event center, Rodeo Arena, livestock barns, RV Park and furniture and fixtures. Frew is also developing a 3-D model of the site and its components.

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.

Three Kings Environmental was awarded the construction contract, which included extending the trail eastward near 11th Street and Elm, in October 2013 for \$325,010. They began work in late November clearing and grubbing the site in order to complete construction by May. This project includes paving the Rocky Heights soccer field parking lot at a cost of \$78,000. The total estimated cost of the project is \$380,000 which is partially funded by a State Parks Grant of \$135,000. Good Shepherd Hospital recently contributed \$42,000 to extend the trail 1,000 feet to link with the bike lanes on 11th Street. As of the end of April the construction of the Oxbow Trail and the Rocky Heights parking lot was substantially complete at a cost of \$454,047. Other costs will include benches, garbage cans, kiosks, and interpretive signs estimated at \$30,000.

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 on schedule to be completed in October 2014.

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. The City has finalized issuing the bonds with closing expected in mid-May 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 complete. The project will be bid out when the environmental review is complete which is anticipated to be the summer of 2014. It is anticipated that the work will begin this winter and be completed by the summer of 2015.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Investments

For the Month Ending April 30, 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	\$ 1,982,082	FNMA	Aaa/AA+	1,195	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 987,710	FHLMC	Aaa/AA+	1,413	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,990,394	FFCB	Aaa/AA+	1,503	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,005,394	FHLMC	Aaa/AA+	1,045	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 988,022	FHLB	---	1,366	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 979,872	FHLMC	Aaa/AA+	1,353	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,037,463	FICO	---	926	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,010,698	FNMA	Aaa/AA+	1,006	N	0.78	0.78
US Agencies	\$ 11,065,000	\$ 10,951,508	\$ 10,981,635	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 7,027,129	\$ 7,027,129	\$ 7,027,129	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,027,129	\$ 7,027,129	\$ 7,027,129	---	---	---	---	---	---
TOTAL	\$ 18,092,129	\$ 17,978,637	\$ 18,008,764	---	---	---	---	---	---

⁽¹⁾ \$5,022,720 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 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	Total Cost	% of Total Portfolio	Type of Investment	Total Cost	% of Total Portfolio	Wtd Avg Maturity: 772 Days (2.1 yrs) Wtd Avg Yield to Maturity: 1.01% Percent Callable: 61% Wtd Avg Credit Rating: Aaa/AA+
< 90 Days	\$ 7,027,129	39.1%	US Agency	\$ 10,951,508	60.9%	
90 Days - 3 Yrs	\$ 4,062,961	22.6%	Corporate	\$ -	0.0%	
3 - 5 Yrs	\$ 6,888,547	38.3%	LGIP	\$ 7,027,129	39.1%	
	\$ 17,978,637	100.0%		\$ 17,978,637	100.0%	