

Monthly Financial Report



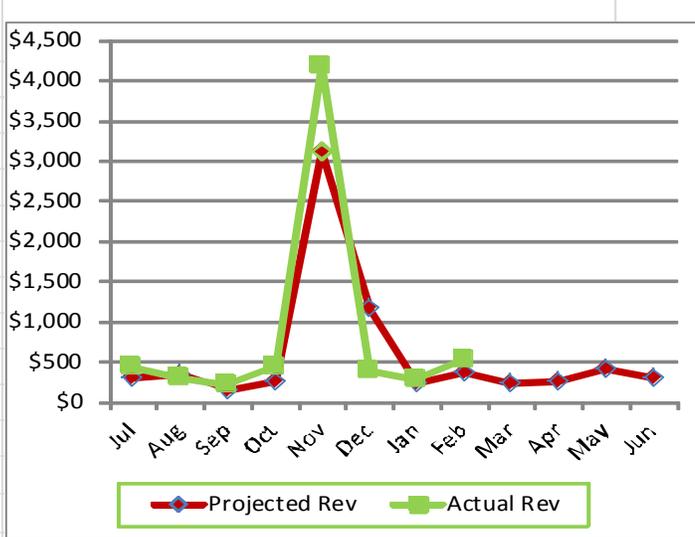
Finance Department

February 2014

2013-2014 Monthly Financial Report
City of Hermiston, Oregon
General Fund Revenue
For the Month Ending February 28, 2014

General Fund Revenue Summary
All Revenue Sources

Through February 28, 2014
(in \$1,000)



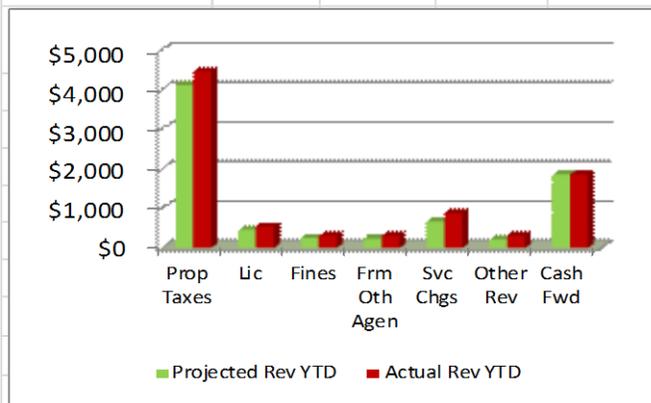
	Projected Rev	Projected Rev YTD	Actual Rev	Var Fav/ (Unfav)	% Var
Jul	\$ 302	\$ 302	\$ 446	\$ 144	48%
Aug	348	348	298	(50)	(14%)
Sep	159	159	211	52	33%
Oct	254	254	447	193	76%
Nov	3,110	3,110	4,175	1,065	34%
Dec	1,171	1,171	405	(766)	(65%)
Jan	235	235	297	62	26%
Feb	372	372	532	160	43%
Mar	239				
Apr	262				
May	411				
Jun	309				
Total	7,172	5,950	6,810	859	14%
Cash Fwd	1,859	1,859	1,859		
Total	\$ 9,031	\$ 7,809	\$ 8,670	\$ 859	11%

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

Revenues collected through February are \$859,000 higher than projections. Property Taxes and Service Charges make up approximately two-thirds of the variance. The City has collected \$93,000 more than it had budgeted for Property Taxes. Transient Room Tax and various Permits are boosting the variance in Service Charges.

General Fund Revenue
by Category

Through February 28, 2014
(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 4,107	\$ 4,468	\$ 362	9%
Lic	697	467	545	78	17%
Fines	400	254	309	55	22%
Frm Oth Agen	339	232	304	73	31%
Svc Chgs	1,021	670	879	209	31%
Other Rev	340	220	305	85	38%
Cash Fwd	1,859	1,859	1,859	-	0%
Total	\$ 9,031	\$ 7,809	\$ 8,670	\$ 859	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

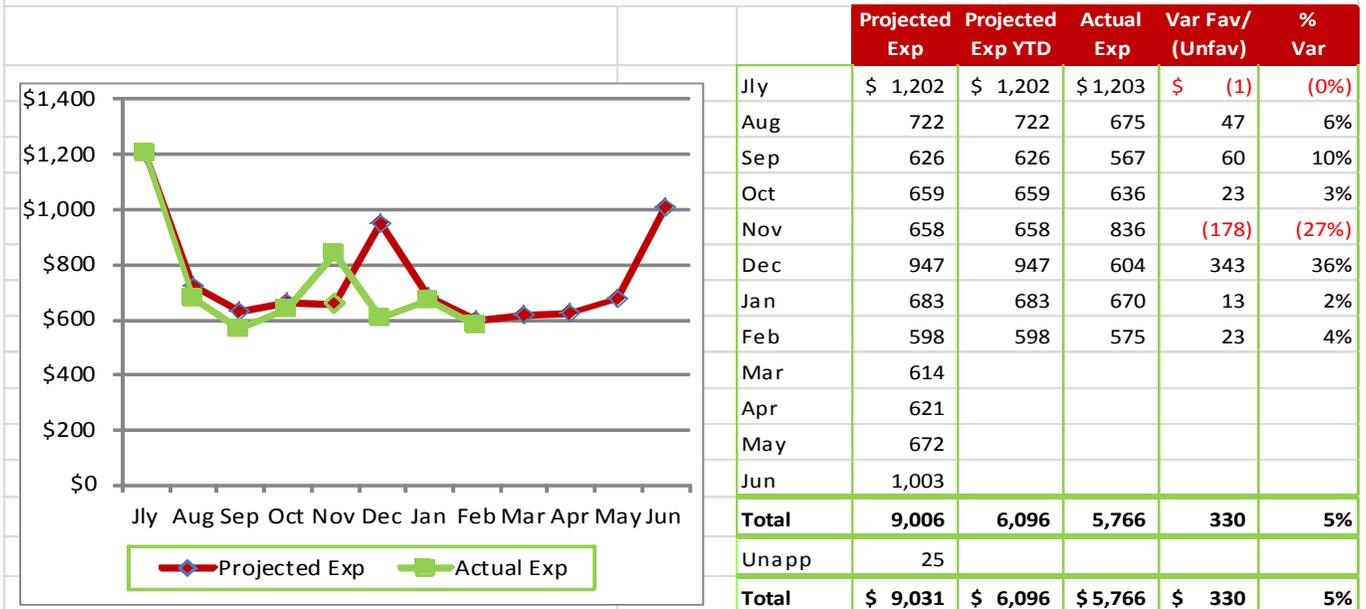
For the Month Ending February 28, 2014

General Fund Expenditure Summary

Through February 28, 2014

All Requirements

(in \$1,000)



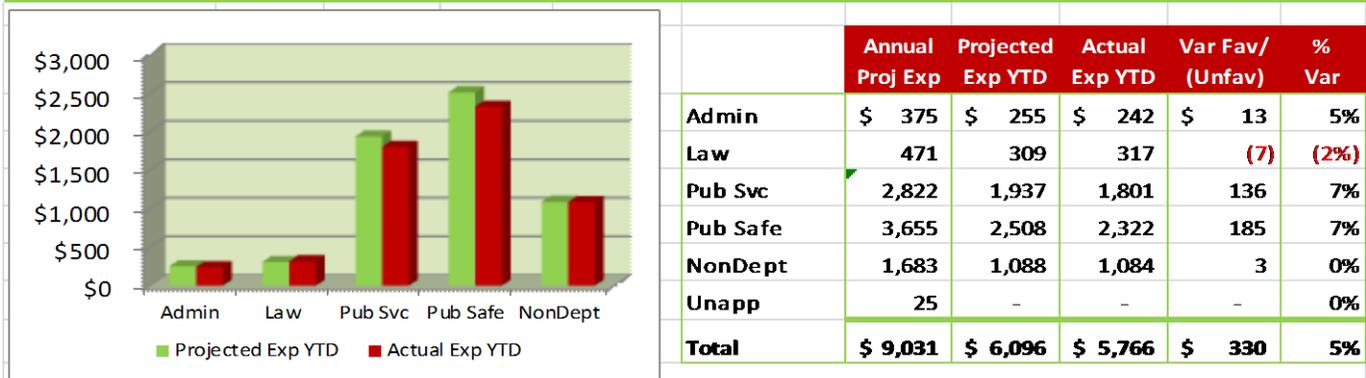
Departmental spending in the General Fund is under projections by \$330,000, an overall variance of 5%. The majority of this comes from lower than expected spending in the Parks and Police Departments.

General Fund Expenditures

Through February 28, 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 February 28, 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	\$ 20,852	\$ 18,172	\$ 2,681	13%
City Manager/Planning	277,654	188,659	181,854	6,805	4%
Finance	66,874	45,099	41,807	3,292	7%
Total Admin & Finance	374,823	254,610	241,832	12,777	5%
Legal	250,150	160,885	174,078	(13,193)	(8%)
Court	221,016	148,438	142,696	5,743	4%
Total Dept of Law	471,166	309,324	316,774	(7,450)	(2%)
Transportation	188,375	125,597	123,523	2,074	2%
Airport	297,554	227,797	226,200	1,597	1%
Bldg Inspection	335,424	220,693	211,301	9,393	4%
Parks	526,826	360,681	271,599	89,082	25%
Pool	370,148	268,164	256,078	12,086	5%
Municipal Buildings	11,200	8,178	7,255	923	11%
Library	598,889	398,077	377,946	20,131	5%
Recreation	402,919	265,890	267,356	(1,466)	(1%)
Conference Center	90,558	61,856	60,055	1,802	3%
Total Public Services	2,821,893	1,936,934	1,801,313	135,621	7%
Public Safety Center	124,100	106,727	104,025	2,703	3%
Police Operations	3,530,751	2,400,918	2,218,123	182,796	8%
Total Public Safety	3,654,851	2,507,645	2,322,147	185,498	7%
Non-Departmental	1,683,195	1,087,816	1,084,330	3,485	0%
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	1,087,816	1,084,330	3,485	0%
Total	\$ 9,030,928	\$ 6,096,328	\$ 5,766,396	\$ 329,932	5%

Most departments continue to show favorable variances through the end of February. The exceptions are Legal and Recreation. Legal continues to be over because of public defense costs and Recreation is over slightly in Personnel Services. A request to increase the appropriation for the public defense costs is included in the Supplemental Budget. 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

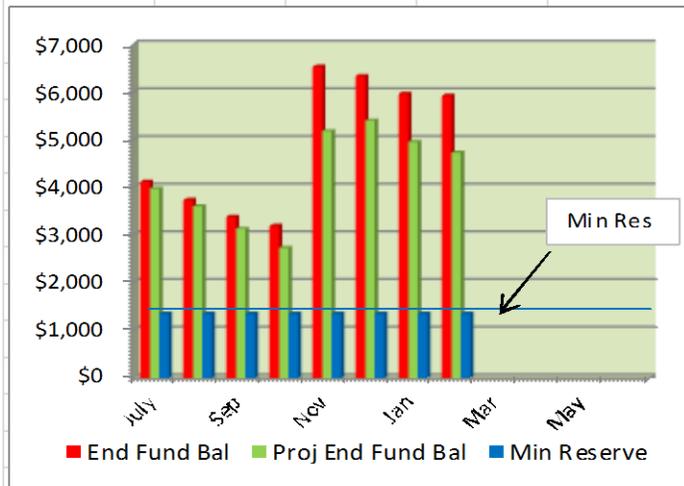
For the Month Ending February 28, 2014

General Fund

Through February 28, 2014

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,350,889

	⁽¹⁾ Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 4,871	\$ 446	\$ (1,203)	\$ 4,114	\$ 3,972
Aug	4,114	298	(675)	3,737	3,598
Sep	3,737	211	(567)	3,381	3,130
Oct	3,381	447	(636)	3,192	2,725
Nov	3,192	4,175	(836)	6,531	5,177
Dec	6,531	405	(604)	6,332	5,400
Jan	6,332	296	(670)	5,958	4,952
Feb	5,958	532	(575)	5,915	4,726
Mar					
Apr					
May					
June					
Total	\$ 4,871	\$ 6,810	\$ (5,766)	\$ 5,915	\$ 4,952

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 February 28, 2014 is \$5.9 million as compared to the projected ending fund balance for February of \$4.9 million. Since the beginning of the fiscal year fund balance has increased by a little over \$1 million.

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

2013-2014 Monthly Financial Report

Special Revenue Funds Report

For the Month Ending February 28, 2014

Special Revenue Funds Revenues and Expenditures

	2013-14 Annual Budget	Actual YTD	Remaining Budget
Bonded Debt Fund			
Revenues	1,809,132	1,048,612	760,520
Expenditures	1,809,132	1,063,199	745,933
Transient Room Tax (TRT)			
Revenues	77,156	78,527	(1,371)
Expenditures	77,156	83,940	* (6,784)
Recreation Special Revenue			
Revenues	429,000	375,763	53,237
Expenditures	429,000	291,648	137,352
Reserve Fund			
Revenues	5,400,826	5,345,911	54,915
Expenditures	5,400,826	515,976	4,884,850
911 Communications			
Revenues	803,705	558,801	244,904
Expenditures	803,705	523,973	279,732
Municipal Court Special Revenue			
Revenues	194,500	120,244	74,256
Expenditures	194,500	124,190	70,310
Miscellaneous Special Revenue			
Revenues	16,000	11,513	4,487
Expenditures	16,000	11,508	4,492
Conference Center			
Revenues	199,950	111,227	88,723
Expenditures	199,950	133,735	66,215
WWTP Construction Fund			
Revenues	16,000,000	4,960,849	11,039,151
Expenditures	16,000,000	7,241,071	8,758,929
EOTEC Grant Fund			
Revenues	3,000,000	18,000	2,982,000
Expenditures	3,000,000	103,545	2,896,455
Law Enforcement Special Revenue			
Revenues	50,000	33,430	16,570
Expenditures	50,000	27,501	22,499
Library Special Revenue			
Revenues	32,025	21,259	10,766
Expenditures	32,025	20,343	11,682

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.

* 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 February 28, 2014

Utility and Street Funds Report
Revenues & Expenditures

	2013-14 Annual			Variance	
	Budget	Budget YTD	Actual YTD	Fav/(Unfav)	% Variance
<u>Street Fund</u>					
Revenues	\$ 1,072,000	\$ 789,785	\$ 881,583	\$ 91,798	11.6%
Expenditures	1,072,000	757,627	706,480	51,147	6.8%
	-	32,158	175,103	142,945	18.9%
<u>Utility Fund</u>					
Revenues	3,847,000	2,682,791	2,972,353	289,562	10.8%
Expenditures	3,847,000	2,336,845	2,281,232	55,613	2.4%
	-	345,946	691,121	345,175	14.8%
<u>HES Fund</u>					
Revenues	8,050,725	5,662,185	5,813,617	151,432	2.7%
Expenditures	8,050,725	5,430,644	4,961,216	469,428	8.6%
	-	231,541	852,401	620,860	11.4%
<u>Regional Water Fund</u>					
Revenues	\$ 575,076	\$ 383,384	\$ 649,919	\$ 266,535	69.5%
Expenditures	575,076	383,384	366,153	17,231	4.5%
Total	-	-	283,766	283,766	

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 are running about 10.5% higher than projected. Excluding transfers-out, expenditures are below projections by 6.8% reflecting the normal slow-down of street maintenance during the 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 are coming in about 10% ahead of projections. Wastewater revenues are about 12% ahead. This reflects the City's conservative approach to budgeting for these activities. Expenditures in both departments are 2.4% below projections.

Revenues for the **HES Fund** are 2.7% 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 higher than expected production. 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

Utility and HES Funds Report

For the Month Ending February 28, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,335,531	86.7%	577,050	2,758,481
HES Fund	5,059,731	4,625,459	57.5%	1,207,609	3,417,850
Total	7,730,880	7,960,990	-	1,784,659	6,176,331

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 February 28, 2014 the Utility Fund's ending balance is \$3,335,531, well above the 15% reserve level. The ending balance in the HES Fund is \$4,625,459 also well above the minimum reserve.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending February 28, 2014

Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Fencing	\$ 30,000	\$ 239,582	\$ 30,000	\$ 239,582	80%
Eastern Oregon Trade and Event Center	3,000,000	103,545	6,400,000	351,326	0%
Oxbow Trail	280,000	179,599	350,000	179,599	51%
Recycled Water Treatment Plant	16,000,000	7,241,013	27,100,000	11,733,898	50%
Total	\$ 19,310,000	\$ 7,763,739	\$ 33,880,000	\$ 12,504,405	---

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, and the City anticipates making final payments in April.

Spent to date: \$215,623 - FAA Grant
 23,959 - City's match
 \$239,582 - 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.

Following direction from the EOTEC Board, the Frew Development Group (FDG) and the design team developed an initial schematic site plan. Stakeholder meetings were subsequently held and the schematic plan will be revised based on their input. The revised plan will then be presented to the EOTEC Board. An opportunity for the public to comment on the plan will follow that and the final plan will be presented to the EOTEC Board in April.

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. The contractor began work in late November clearing and grubbing the site and the work will be completed prior to the May 3rd 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. Good Shepherd Hospital recently contributed \$42,000 to extend the trail 1,000 feet to link with the bike lanes on 11th Street.

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 55% 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. We are coordinating with DEQ to provide a few final environmental documentation details. Project design has been submitted to DEQ for review. 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 February 28, 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	\$ 1,988,176	FNMA	Aaa/AA+	1,256	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 991,126	FHLMC	Aaa/AA+	1,474	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,997,780	FFCB	Aaa/AA+	1,564	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,009,074	FHLMC	Aaa/AA+	1,106	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 990,909	FHLB	---	1,427	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 983,415	FHLMC	Aaa/AA+	1,414	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,039,627	FICO	---	987	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,016,386	FNMA	Aaa/AA+	1,067	N	0.78	0.78
US Agencies	\$ 11,065,000	\$ 10,951,508	\$ 11,016,493	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 7,023,957	\$ 7,023,957	\$ 7,023,957	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,023,957	\$ 7,023,957	\$ 7,023,957	---	---	---	---	---	---
TOTAL	\$ 18,088,957	\$ 17,975,465	\$ 18,040,450	---	---	---	---	---	---

⁽¹⁾ \$5,018,210 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
< 90 Days	\$ 7,023,957	39.1%	US Agency	\$ 10,951,508	60.9%
90 Days - 3 Yrs	\$ 2,062,961	11.5%	Corporate	\$ -	0.0%
3 - 5 Yrs	\$ 8,888,547	49.4%	LGIP	\$ 7,023,957	39.1%
	\$ 17,975,465	100.0%		\$ 17,975,465	100.0%

Wtd Avg Maturity: 791 Days (2.2 yrs)
Wtd Avg Yield to Maturity: 1.01%
Percent Callable: 61%
Wtd Avg Credit Rating: Aaa/AA+