

Monthly Financial Report



Finance Department

June 2014

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

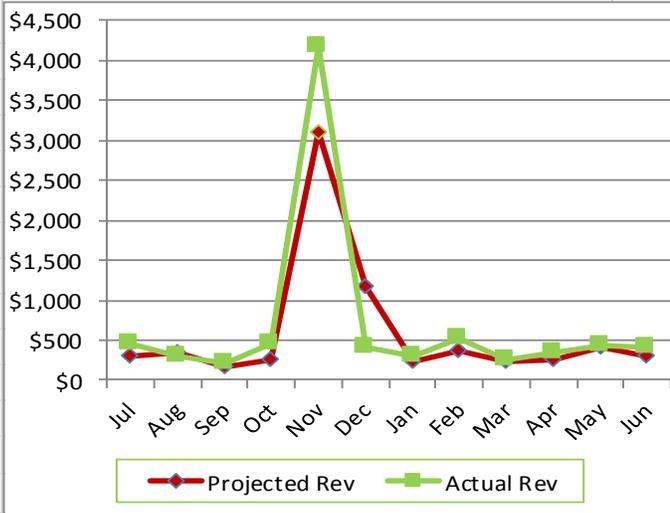
For the Month Ending June 30, 2014

General Fund Revenue Summary

Through June 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	413	427	13	3%
Jun	310	310	400	90	29%
Total	7,190	7,190	8,245	1,055	15%
Cash Fwd	1,879	1,879	1,879	-	0%
Total	\$ 9,069	\$ 9,069	\$ 10,124	\$ 1,055	12%

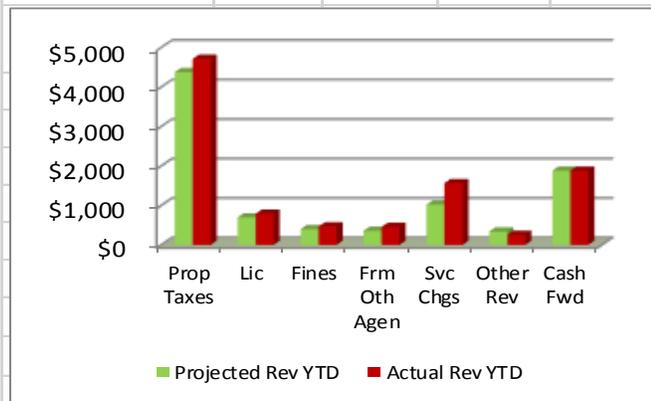
Note: variance is calculated as a percent of the projected revenue YTD.

Revenues collected in the fiscal year 2013-14 are \$1,055,000 higher than projections. Property Taxes and Service Charges make up \$883,000 of the variance. The City has collected \$341,000 more than it had budgeted for Property Taxes and \$542,000 more than it budgeted for Service Charges. The biggest contributor to the Service Charges category is Sanitary Disposal revenue. It was previously included in Other Revenue but was re-classified under Service Charges in June. The adjustment caused the negative variance in Other Revenue. Total collected for the year was approximately \$260,000.

General Fund Revenue by Category

Through June 30, 2014

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 4,375	\$ 4,716	\$ 341	8%
Lic	697	\$ 697	792	95	14%
Fines	400	\$ 400	467	67	17%
Frm Oth Agen	357	\$ 357	455	98	27%
Svc Chgs	1,021	\$ 1,021	1,563	542	53%
Other Rev	340	340	253	(86)	(25%)
Cash Fwd	1,879	1,879	1,879	-	0%
Total	\$ 9,069	\$ 9,069	\$ 10,124	\$ 1,055	12%

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 June 30, 2014

General Fund Expenditure Summary

Through June 30, 2014

All Requirements

(in \$1,000)

	Projected Exp	Projected Exp YTD	Actual Exp	Var Fav/ (Unfav)	% Var
Jly	\$ 1,205	\$ 1,205	\$ 1,203	\$ 2	0%
Aug	725	725	675	50	7%
Sep	629	629	567	63	10%
Oct	662	662	636	26	4%
Nov	661	661	836	(175)	(26%)
Dec	951	951	604	347	36%
Jan	686	686	670	16	2%
Feb	602	602	575	26	4%
Mar	671	671	615	56	8%
Apr	606	606	618	(11)	(2%)
May	657	657	616	41	6%
Jun	989	989	870	119	12%
Total	9,044	9,044	8,485	559	6%
Unapp	25	-	-	-	0%
Total	\$ 9,069	\$ 9,044	\$ 8,485	\$ 559	6%

Departmental spending in the General Fund at the end of the fiscal year is under projections by \$559,000, an overall variance of 6%. All departments came in under their budget at the end of the year.

General Fund Expenditures

Through June 30, 2014

by Consolidated Department

(in \$1,000)

	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Admin	\$ 393	\$ 393	\$ 365	\$ 27	7%
Law	491	491	466	26	5%
Pub Svc	2,822	2,822	2,683	139	5%
Pub Safe	3,655	3,655	3,486	168	5%
NonDept	1,683	1,683	1,485	198	12%
Unapp	25	-	-	-	0%
Total	\$ 9,069	\$ 9,044	\$ 8,485	\$ 559	6%

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 June 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	\$ 30,295	\$ 30,242	\$ 53	0%
City Manager/Planning	295,654	295,654	269,979	25,675	9%
Finance	66,874	66,874	65,124	1,750	3%
Total Admin & Finance	392,823	392,823	365,344	27,479	7%
Legal	270,150	270,150	252,564	17,586	7%
Court	221,016	221,016	213,004	8,012	4%
Total Dept of Law	491,166	491,166	465,568	25,598	5%
Transportation	188,375	188,375	180,748	7,627	4%
Airport	297,554	297,554	287,298	10,256	3%
Bldg Inspection	335,424	335,424	320,642	14,782	4%
Parks	526,826	526,826	480,492	46,334	9%
Pool	370,148	370,148	359,784	10,364	3%
Municipal Buildings	11,200	11,200	10,583	617	6%
Library	598,889	598,889	573,281	25,608	4%
Recreation	402,919	402,919	382,702	20,217	5%
Conference Center	90,558	90,558	87,015	3,543	4%
Total Public Services	2,821,893	2,821,893	2,682,545	139,348	5%
Public Safety Center	124,100	124,100	120,678	3,422	3%
Police Operations	3,530,751	3,530,751	3,365,728	165,023	5%
Total Public Safety	3,654,851	3,654,851	3,486,405	168,446	5%
Non-Departmental	1,683,195	1,683,195	1,485,204	197,991	12%
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	1,683,195	1,485,204	197,991	12%
Total	\$ 9,068,928	\$ 9,043,928	\$ 8,485,066	\$ 558,862	6%

The largest positive variances are in Public Safety and Non-departmental. Public Safety's positive variance is due to savings in labor and the Non-departmental variance is due to Transfers to Bonded Debt. As noted earlier, all departments finished the year under budget giving the entire fund a positive variance of \$559,000. This variance, together with the \$1,055,000 variance in revenues means the City had a positive variance of \$1,614,000.

2013-2014 Monthly Financial Report

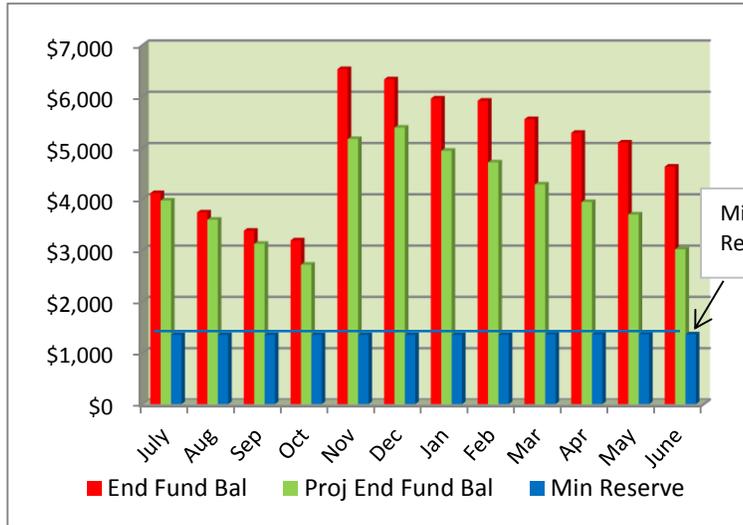
Fund Balance - General Fund For the Month Ending June 30, 2014

General Fund

Through June 30, 2014

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,360,339

	⁽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	351	(618)	5,289	3,940
May	5,289	427	(616)	5,100	3,696
June	5,100	400	(870)	4,630	3,018
Total	\$ 4,871	\$ 8,244	\$ (8,485)	\$ 4,630	\$ 3,018

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 for 2013-14 is \$1,360,339. The ending fund balance for the fiscal year is \$4.6 million as compared to the projected ending fund balance of \$3.0 million. Since the beginning of the fiscal year fund balance has decreased by approximately \$241,000.

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

2013-2014 Monthly Financial Report

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

Special Revenue Funds Revenues and Expenditures

	2013-14 Annual Budget	Actual YTD	Remaining Budget
Bonded Debt Fund			
Revenues	1,809,132	1,623,923	185,209
Expenditures	1,809,132	1,667,341	141,791
Transient Room Tax (TRT)			
Revenues	114,656	130,942	(16,286)
Expenditures	114,656	101,866	12,790
Recreation Special Revenue			
Revenues	658,850	537,584	121,266
Expenditures	658,850	658,558	292
Reserve Fund			
Revenues	5,788,326	5,517,379	270,947
Expenditures	5,788,326	857,688	4,930,638
911 Communications			
Revenues	808,705	823,590	(14,885)
Expenditures	808,705	738,464	70,241
Municipal Court Special Revenue			
Revenues	183,500	184,965	(1,465)
Expenditures	183,500	186,113	(2,613)
Miscellaneous Special Revenue			
Revenues	138,500	135,466	3,034
Expenditures	138,500	135,402	3,098
Conference Center			
Revenues	199,950	173,240	26,710
Expenditures	199,950	180,823	19,127
WWTP Construction Fund			
Revenues	16,000,000	11,498,259	4,501,741
Expenditures	16,000,000	14,282,066	1,717,934
EOTEC Grant Fund			
Revenues	3,000,000	2,229	2,997,771
Expenditures	3,000,000	108,545	2,891,455
Law Enforcement Special Revenue			
Revenues	50,000	43,156	6,844
Expenditures	50,000	41,602	8,398
Library Special Revenue			
Revenues	32,025	29,736	2,289
Expenditures	32,025	31,138	887

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 June 30, 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	1,072,000	1,194,050	122,050	11.4%
Expenditures	1,072,000	1,072,000	947,106	124,894	11.7%
	-	-	246,944	246,944	---
<u>Utility Fund</u>					
Revenues	3,847,000	3,847,000	4,350,808	503,808	13.1%
Expenditures	3,847,000	3,847,000	3,747,963	99,037	2.6%
	-	-	602,845	602,845	---
<u>HES Fund</u>					
Revenues	8,060,725	8,060,725	8,340,904	280,179	3.5%
Expenditures	8,060,725	8,060,725	7,774,251	286,474	3.6%
	-	-	566,653	566,653	---
<u>Regional Water Fund</u>					
Revenues	\$ 650,076	\$ 650,076	\$ 818,623	\$ 168,547	25.9%
Expenditures	650,076	650,076	593,337	56,739	8.7%
	-	-	225,286	225,286	---

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 ended the year about 10.1% higher than projected. Excluding transfers-out, expenditures came in below projections by 6.6%.

Water and Wastewater are both tracked in the **Utility Fund**. Water revenues came in about 11.1% ahead of projections and Wastewater revenues came in about 13% ahead. Expenditures in both departments came in 3.7% below projections.

HES Fund revenues also came in above projections. Most of the positive variance in expenditures is due to lower than projected power purchases. Other expenditure items that finished below projections are Other Professional Services, and Miscellaneous Contractual.

Both Potable and Non-Potable revenues finished the year ahead of projections in the **Regional Water Fund** due to higher than expected production. This increased both the revenues and electricity expenditures in the fund.

2013-2014 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending June 30, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,244,877	84.3%	577,050	2,667,827
HES Fund	5,059,731	4,329,711	53.7%	1,209,109	3,120,602
Total	7,730,880	7,574,588	-	1,786,159	5,788,429

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. Both funds ended the year well above the minimum reserve level.

**City of Hermiston, Oregon
Capital Projects Report
For the Month Ending June 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	447,554	455,000	447,554	90%
Recycled Water Treatment Plant	16,000,000	13,666,215	27,100,000	18,159,100	90%
Total	\$ 19,789,850	\$ 14,462,272	\$ 34,315,000	\$ 19,202,938	---

The City had multiple capital projects underway this fiscal year 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. Due to complications arising from closing out final contract punch-list items, the City's engineering firm, Precision Approach Engineering, is still recommending withholding the 10% retainage as specified in the project contract documents.

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, sports, 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 continued the process of estimating the cost of the infrastructure to help further define the construction budget for this part of the project. This exercise will further define what EOTEC will be able to include in the first phase of construction. FDG's CFO, Todd Nelson, was in Hermiston at the end of May to assist the construction team with the budget for fiscal year 2014-2015.

FDG has also developed a 3-D model of the site and all of its components that was displayed at the May EOTEC Board meeting and will also be shown on the EOTEC website.

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. Construction of the Oxbow Trail and the Rocky Heights parking lot is substantially complete at a cost of \$454,047. Other costs include benches, garbage cans, kiosks, and interpretive signs estimated at \$30,000. The benches and garbage cans have been installed. The interpretive panels will be installed over the summer as they arrive.

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 90% 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. The City received the bond proceeds 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 June 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	\$ 1,960,500	\$ 1,987,388	FNMA	Aaa/AA+	1,134	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 979,970	\$ 992,643	FHLMC	Aaa/AA+	1,352	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,968,078	\$ 1,999,816	FFCB	Aaa/AA+	1,442	Y	1.85	1.85
313381UZ6	\$ 1,000,000	\$ 985,720	\$ 992,119	FHLB	---	1,305	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 978,757	\$ 985,165	FHLMC	Aaa/AA+	1,292	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,043,339	FICO	---	895	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,013,901	\$ 1,013,537	FNMA	Aaa/AA+	975	N	0.78	0.78
US Agencies	\$ 9,065,000	\$ 8,929,771	\$ 9,014,007	---	---	---	---	---	---
LGIP ⁽¹⁾	\$ 7,033,372	\$ 7,033,372	\$ 7,033,372	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 7,033,372	\$ 7,033,372	\$ 7,033,372	---	---	---	---	---	---
TOTAL	\$ 16,098,372	\$ 15,963,143	\$ 16,047,379	---	---	---	---	---	---

⁽¹⁾ \$5,025,014 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.

Type of Investment	Total Cost	% of Total Portfolio	Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 8,929,771	55.9%	US Agency	\$ 8,929,771	55.9%
Corporate	\$ -	0.0%	Corporate	\$ -	0.0%
LGIP	\$ 7,033,372	44.1%	LGIP	\$ 7,033,372	44.1%
	\$ 15,963,143	100.0%		\$ 15,963,143	100.0%

Wtd Avg Matur: 683 Days (1.87 yrs)
Wtd Avg Yield to Maturity: 1%
Percent Callable: 54%
Wtd Avg Credit Rating: Aaa/AA+