

Monthly Financial Report



Finance Department

March 2014

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

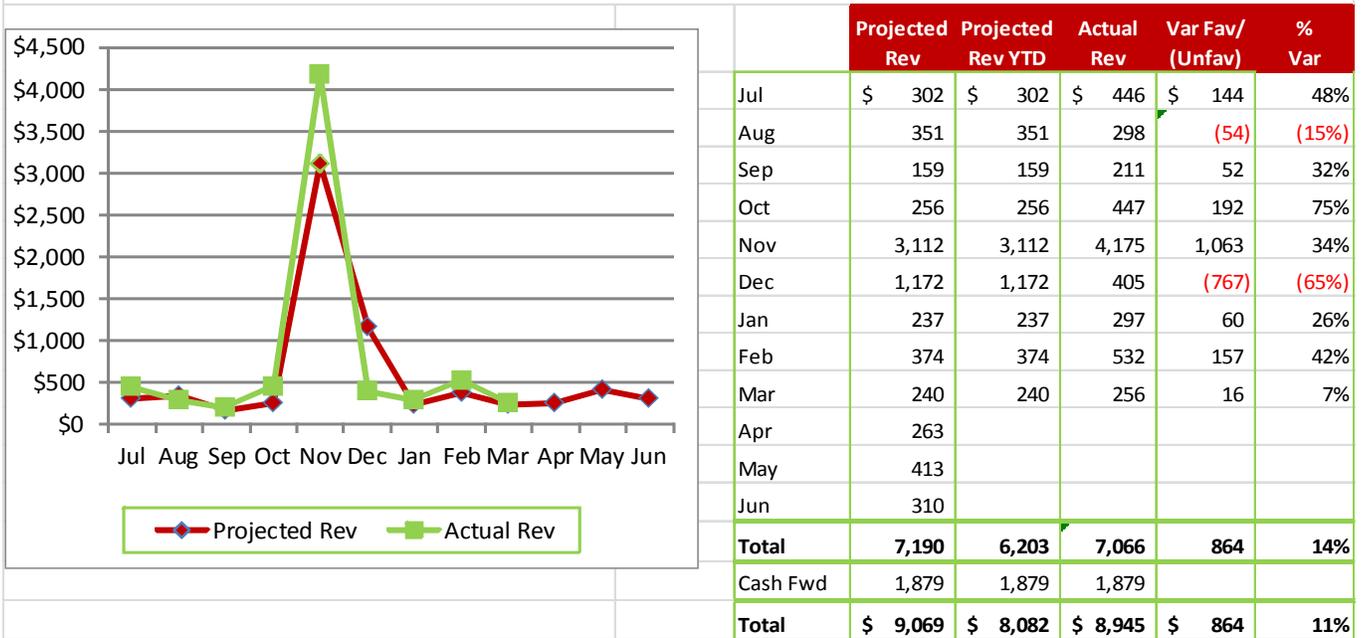
For the Month Ending March 31, 2014

General Fund Revenue Summary

Through March 31, 2014

All Revenue Sources

(in \$1,000)



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

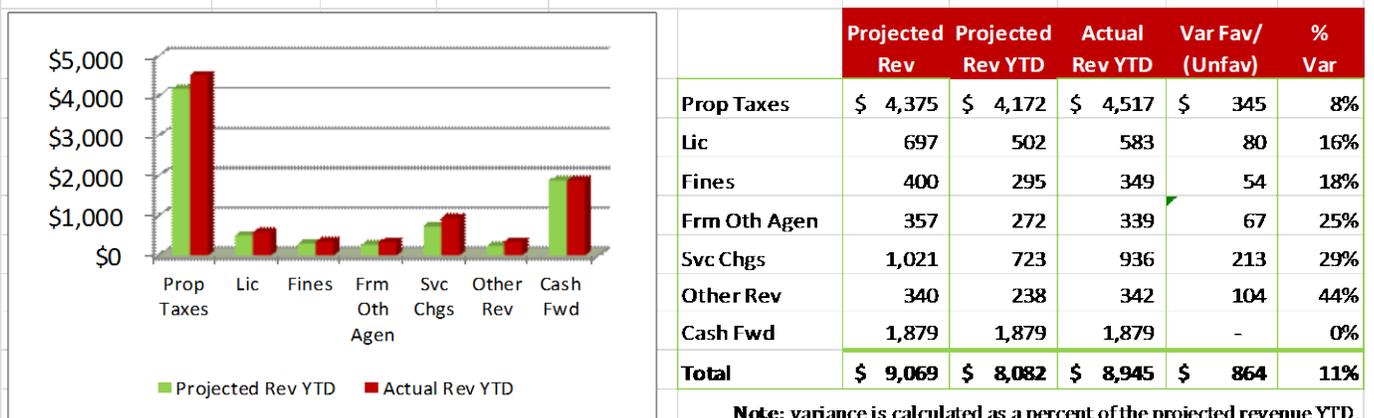
Revenues collected through March are \$864,000 higher than projections. Property Taxes and Service Charges continue to make up two-thirds of the variance. The City has collected \$142,000 more than it had budgeted for Property Taxes. Transient Room Tax and various Permits are boosting the variance in Service Charges.

General Fund Revenue

Through March 31, 2014

by Category

(in \$1,000)



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

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditures

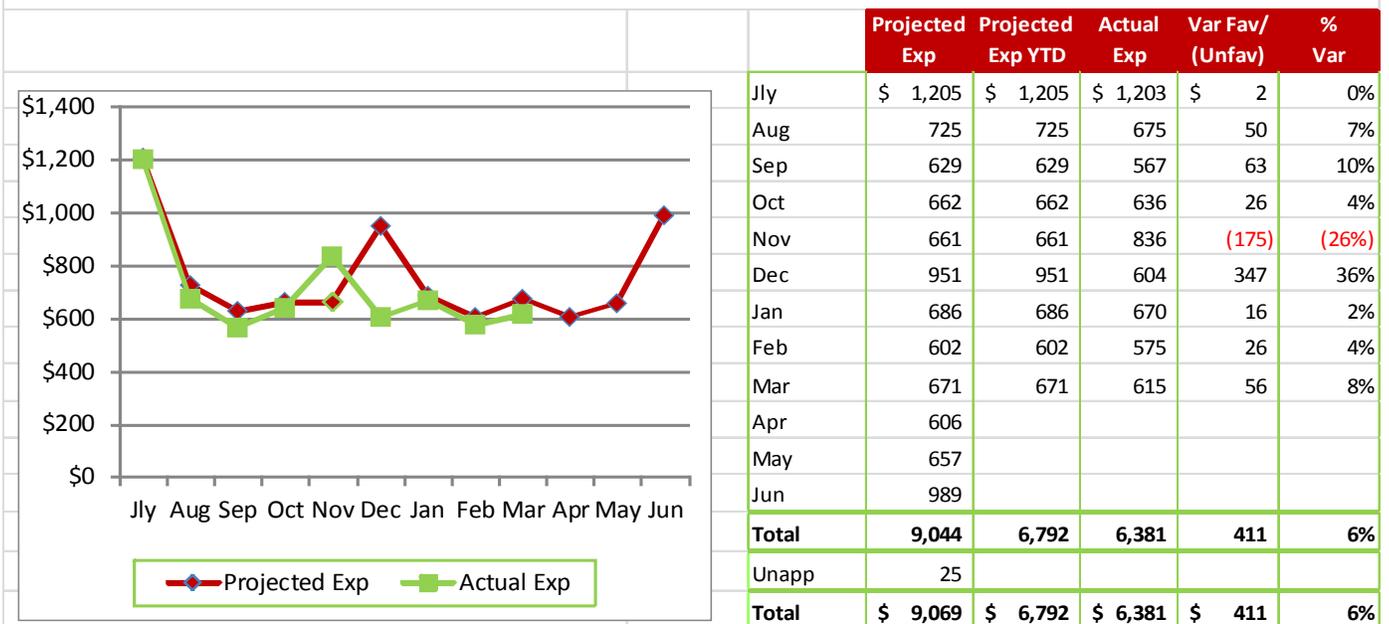
For the Month Ending March 31, 2014

General Fund Expenditure Summary

Through March 31, 2014

All Requirements

(in \$1,000)



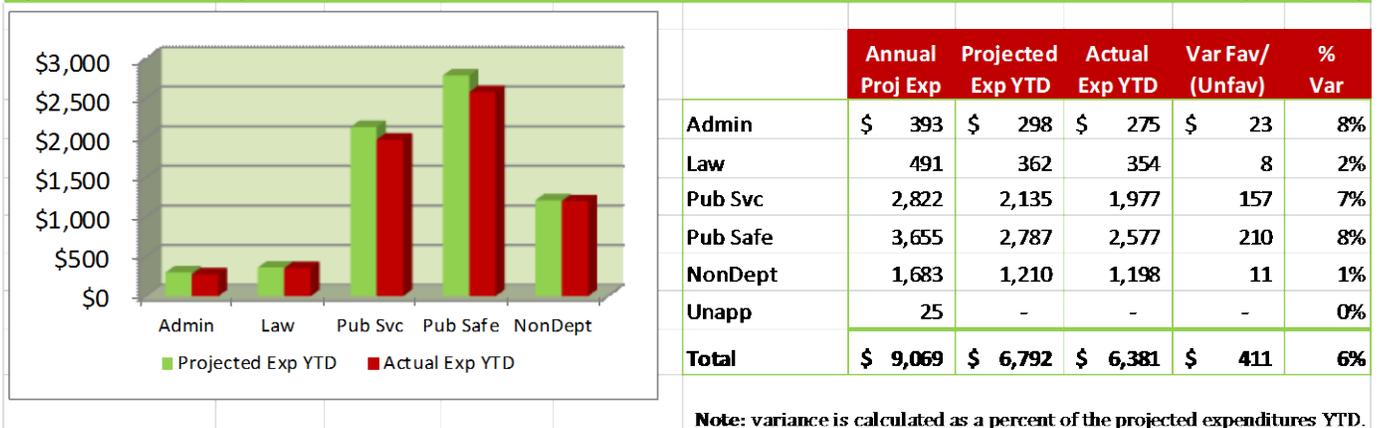
Departmental spending in the General Fund is under projections by \$411,000, an overall variance of 6%. The majority of this comes from lower than expected spending in the Parks and Police Departments offset by minimal variances in the City Council and Municipal Buildings Departments.

General Fund Expenditures

Through March 31, 2014

by Consolidated Department

(in \$1,000)



2013-2014 Monthly Financial Report

General Fund Expenditure Detail For the Month Ending March 31, 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	\$ 23,300	\$ 24,013	\$ (713)	(3%)
City Manager/Planning	295,654	224,101	204,205	19,897	9%
Finance	66,874	50,995	46,734	4,261	8%
Total Admin & Finance	392,823	298,396	274,951	23,445	8%
Legal	270,150	196,163	193,888	2,275	1%
Court	221,016	166,081	160,057	6,025	4%
Total Dept of Law	491,166	362,245	353,945	8,300	2%
Transportation	188,375	141,269	137,994	3,275	2%
Airport	297,554	244,908	232,548	12,360	5%
Bldg Inspection	335,424	249,819	239,281	10,539	4%
Parks	526,826	398,753	309,394	89,359	22%
Pool	370,148	271,921	253,715	18,206	7%
Municipal Buildings	11,200	8,847	9,002	(155)	(2%)
Library	598,889	448,375	432,607	15,768	4%
Recreation	402,919	301,448	300,867	581	0%
Conference Center	90,558	69,190	61,629	7,561	11%
Total Public Services	2,821,893	2,134,531	1,977,037	157,494	7%
Public Safety Center	124,100	110,303	108,255	2,049	2%
Police Operations	3,530,751	2,676,681	2,468,878	207,803	8%
Total Public Safety	3,654,851	2,786,984	2,577,132	209,852	8%
Non-Departmental	1,683,195	1,209,884	1,198,397	11,487	1%
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	1,209,884	1,198,397	11,487	1%
Total	\$ 9,068,928	\$ 6,792,040	\$ 6,381,462	\$ 410,578	6%

Most departments continue to show favorable variances through the end of March. The exceptions are the City Council and Municipal Buildings Departments. The City Council variance is due to one-time payments for the National League of Cities conference. This variance is expected to reduce and the department end within budget by year-end. The variance in Municipal Buildings is caused by unexpected repairs that were needed at City Hall. This variance is also expected to reduce and the department fall within budget by year-end.

2013-2014 Monthly Financial Report

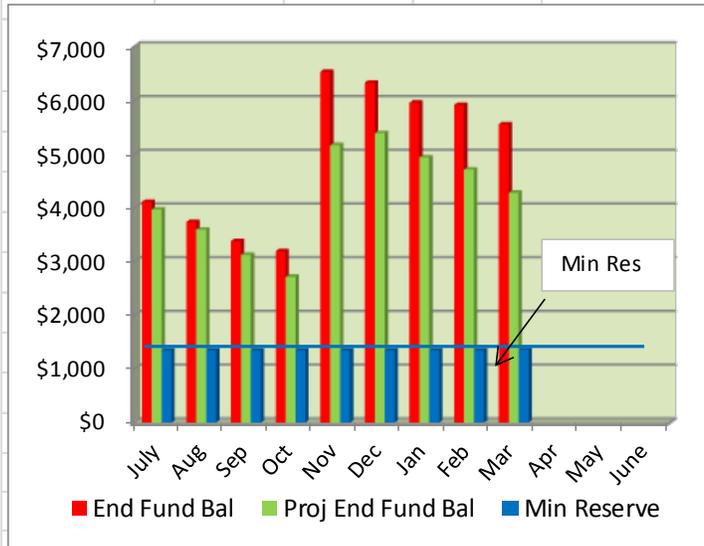
Fund Balance - General Fund
For the Month Ending March 31, 2014

General Fund

Through March 31, 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					
May					
June					
Total	\$ 4,871	\$ 7,066	\$ (6,381)	\$ 5,556	\$ 4,940

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 March 31, 2014 is \$5.6 million as compared to the projected ending fund balance for March of \$4.9 million. Since the beginning of the fiscal year fund balance has increased by approximately \$685,000.

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

2013-2014 Monthly Financial Report

Special Revenue Funds Report For the Month Ending March 31, 2014

Special Revenue Funds Revenues and Expenditures

	2013-14 Annual		Remaining
	Budget	Actual YTD	Budget
Bonded Debt Fund			
Revenues	1,809,132	1,610,226	198,906
Expenditures	1,809,132	1,621,505	187,627
Transient Room Tax (TRT)			
Revenues	114,656	78,527	36,129
Expenditures	114,656	87,074	27,582
Recreation Special Revenue			
Revenues	658,850	427,493	231,357
Expenditures	658,850	300,723	358,127
Reserve Fund			
Revenues	5,788,326	5,163,628	624,698
Expenditures	5,788,326	552,315	5,236,011
911 Communications			
Revenues	808,705	617,546	191,159
Expenditures	808,705	582,121	226,584
Municipal Court Special Revenue			
Revenues	183,500	137,085	46,415
Expenditures	183,500	140,026	43,474
Miscellaneous Special Revenue			
Revenues	138,500	12,839	125,661
Expenditures	138,500	12,833	125,667
Conference Center			
Revenues	199,950	116,018	83,932
Expenditures	199,950	145,162	54,788
WWTP Construction Fund			
Revenues	16,000,000	7,897,481	8,102,519
Expenditures	16,000,000	8,177,223	7,822,777
EOTEC Grant Fund			
Revenues	3,000,000	20,301	2,979,699
Expenditures	3,000,000	108,545	2,891,455
Law Enforcement Special Revenue			
Revenues	50,000	34,546	15,454
Expenditures	50,000	27,576	22,424
Library Special Revenue			
Revenues	32,025	22,399	9,626
Expenditures	32,025	20,468	11,557

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 March 31, 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	\$ 859,785	\$ 952,171	\$ 92,386	10.7%
Expenditures	1,072,000	767,483	710,433	57,050	7.4%
	-	92,302	241,738	149,436	19.5%
<u>Utility Fund</u>					
Revenues	3,847,000	2,943,273	3,286,802	343,529	11.7%
Expenditures	3,847,000	2,895,613	2,791,493	104,120	3.6%
	-	47,661	495,309	447,649	15.5%
<u>HES Fund</u>					
Revenues	8,060,725	6,248,725	6,544,932	296,207	4.7%
Expenditures	8,060,725	6,306,434	5,909,635	396,799	6.3%
	-	(57,709)	635,297	693,006	11.0%
<u>Regional Water Fund</u>					
Revenues	\$ 650,076	\$ 527,576	\$ 700,863	\$ 173,287	32.8%
Expenditures	650,076	487,557	402,953	84,604	17.4%
	-	40,019	297,910	257,891	

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 still running about 10.6% higher than projected. Excluding transfers-out, expenditures are below projections by 8%. Much of the Street Maintenance work will be done over the remaining few months of the fiscal year.

Water and Wastewater are both tracked in the **Utility Fund**. Water revenues are coming in about 11% ahead of projections. Wastewater revenues are about 10% ahead. This reflects the City's conservative approach to budgeting for these activities. Expenditures in both departments are 3.6% below projections.

Revenues for the **HES Fund** are 4.7% 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 was made for these items during the Supplemental Budget process.

2013-2014 Monthly Financial Report

Utility and HES Funds Report For the Month Ending March 31, 2014

Utility and HES Funds Report Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,139,719	81.6%	577,050	2,562,669
HES Fund	5,059,731	4,408,355	54.7%	1,209,109	3,199,246
Total	7,730,880	7,548,074	-	1,786,159	5,761,915

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 of March 31, 2014 the Utility Fund's ending balance is \$3,139,719, well above the 15% reserve level. The ending balance in the HES Fund is \$4,408,355 also well above the minimum reserve.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending March 31, 2014

Capital Projects

	2013-14 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Fencing	\$ 360,000	\$ 239,958	\$ 360,000	\$ 239,958	80%
Eastern Oregon Trade and Event Center	3,000,000	108,545	6,400,000	356,326	0%
Oxbow Trail	429,850	180,349	455,000	180,349	40%
Recycled Water Treatment Plant	16,000,000	8,177,223	27,100,000	12,670,108	50%
Total	\$ 19,789,850	\$ 8,706,075	\$ 34,315,000	\$ 13,446,741	---

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: \$215,963 - 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. Once approved by the EOTEC Board, FDG will use the site plan to refine the budget and construction schedule.

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. 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 \$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. The asphalt work has been completed on the trail and the Rocky Heights Parking lot. The construction will be complete prior to the dedication date of May 3, 2014 and the trail furnishings will be installed over the summer as benches, garbage cans, and signs 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 70% 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 is in the final stages of issuing the bonds with closing of the sale expected in mid-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 March 31, 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	Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,976,842	FNMA	Aaa/AA+	1,225	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 985,437	FHLMC	Aaa/AA+	1,443	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,987,294	FFCB	Aaa/AA+	1,533	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,006,654	FHLMC	Aaa/AA+	1,075	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 983,457	FHLB	---	1,396	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 977,311	FHLMC	Aaa/AA+	1,383	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,035,340	FICO	---	956	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,010,288	FNMA	Aaa/AA+	1,036	N	0.78	0.78
US Agencies	\$ 11,065,000	\$ 10,951,508	\$ 10,962,623	---	---	---	---	---	---
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	\$ 17,989,752	---	---	---	---	---	---

⁽¹⁾ \$5,020,502 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
< 90 Days	\$ 7,027,129	39.1%
90 Days - 3 Yrs	\$ 4,062,961	22.6%
3 - 5 Yrs	\$ 6,888,547	38.3%
	\$ 17,978,637	100.0%

Type of Investment	Total Cost	% of Total Portfolio
US Agency	\$ 10,951,508	60.9%
Corporate	\$ -	0.0%
LGIP	\$ 7,027,129	39.1%
	\$ 17,978,637	100.0%

Wtd Avg Maturity: 772 Days (2.1 yrs)
Wtd Avg Yield to Maturity: 1.01%
Percent Callable: 61%
Wtd Avg Credit Rating: Aaa/AA+