

Monthly Financial Report



Finance Department

May 2014

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

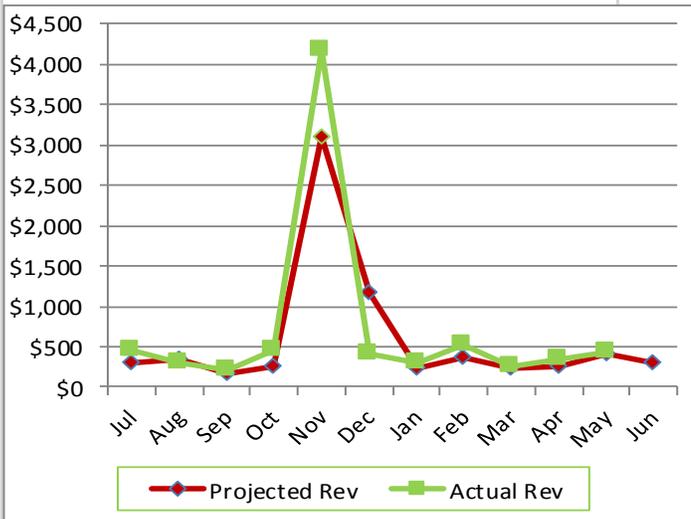
For the Month Ending May 31, 2014

General Fund Revenue Summary

Through May 31, 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				
Total	7,190	6,879	7,844	965	14%
Cash Fwd	1,879	1,879	1,879	-	
Total	\$ 9,069	\$ 8,759	\$ 9,724	\$ 965	11%

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

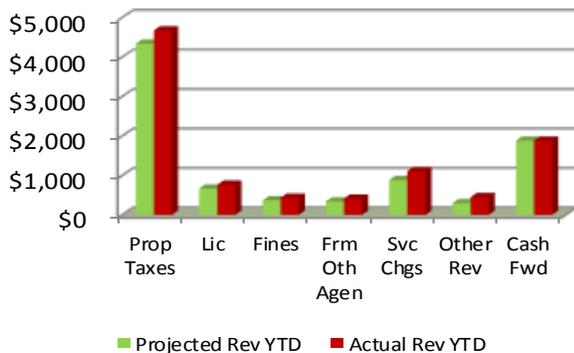
Revenues collected through May are \$965,000 higher than projections. Property Taxes, Service Charges, Licenses and Permits and Other Revenue make up \$821,000 of the variance. The City has collected \$297,000 more than it had budgeted for Property Taxes and \$86,000 more than it budgeted for Service 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 by Category

Through May 31, 2014

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,375	\$ 4,330	\$ 4,672	\$ 341	8%
Lic	697	665	767	103	15%
Fines	400	365	436	71	19%
Frm Oth Agen	357	339	412	73	22%
Svc Chgs	1,021	881	1,107	226	26%
Other Rev	340	299	451	151	51%
Cash Fwd	1,879	1,879	1,879	-	0%
Total	\$ 9,069	\$ 8,759	\$ 9,724	\$ 965	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

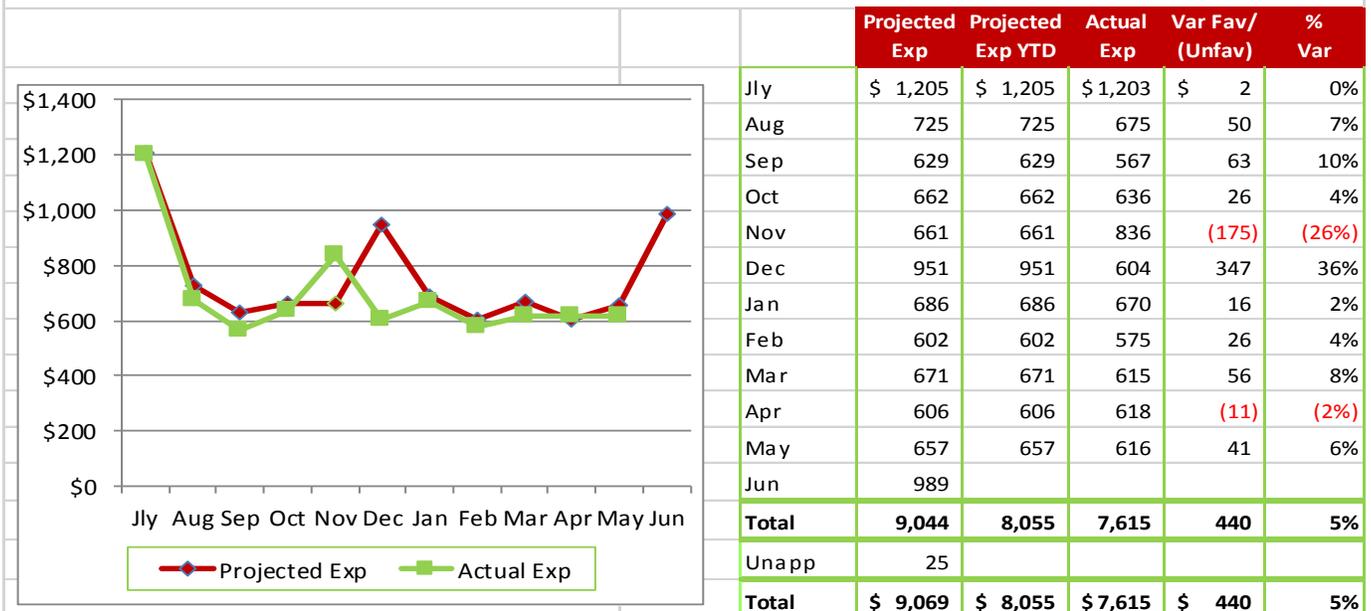
For the Month Ending May 31, 2014

General Fund Expenditure Summary

Through May 31, 2014

All Requirements

(in \$1,000)



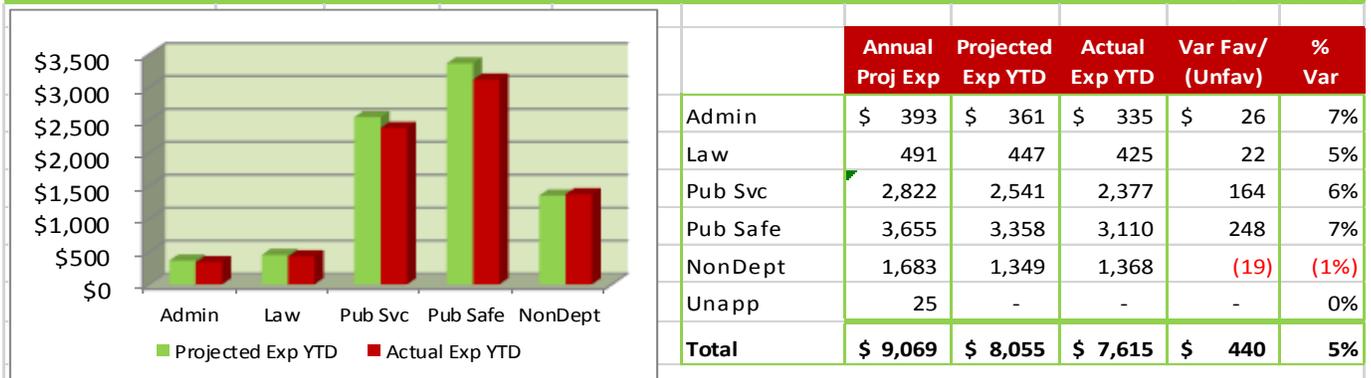
Departmental spending in the General Fund is under projections by \$440,000, an overall variance of 5%. The majority of this comes from lower than expected spending in the Parks and Police Departments offset by minimal variances in the City Council, Recreation and Non-Departmental Departments.

General Fund Expenditures

Through May 31, 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 May 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	\$ 28,057	\$ 29,073	\$ (1,015)	(4%)
City Manager/Planning	295,654	271,686	248,273	23,413	9%
Finance	66,874	61,050	57,937	3,113	5%
Total Admin & Finance	392,823	360,793	335,282	25,511	7%
Legal	270,150	244,020	229,515	14,505	6%
Court	221,016	202,962	195,417	7,545	4%
Total Dept of Law	491,166	446,982	424,932	22,051	5%
Transportation	188,375	172,622	167,292	5,330	3%
Airport	297,554	281,787	277,214	4,573	2%
Bldg Inspection	335,424	305,256	292,597	12,659	4%
Parks	526,826	483,416	389,866	93,549	19%
Pool	370,148	291,263	264,173	27,089	9%
Municipal Buildings	11,200	10,426	9,908	518	5%
Library	598,889	549,942	529,144	20,798	4%
Recreation	402,919	363,414	371,559	(8,145)	(2%)
Conference Center	90,558	82,770	74,761	8,010	10%
Total Public Services	2,821,893	2,540,896	2,376,514	164,382	6%
Public Safety Center	124,100	119,198	114,729	4,470	4%
Police Operations	3,530,751	3,238,909	2,995,723	243,187	8%
Total Public Safety	3,654,851	3,358,108	3,110,451	247,656	7%
Non-Departmental	1,683,195	1,348,527	1,367,927	(19,400)	(1%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,708,195	1,348,527	1,367,927	(19,400)	(1%)
Total	\$ 9,068,928	\$ 8,055,306	\$ 7,615,106	\$ 440,200	5%

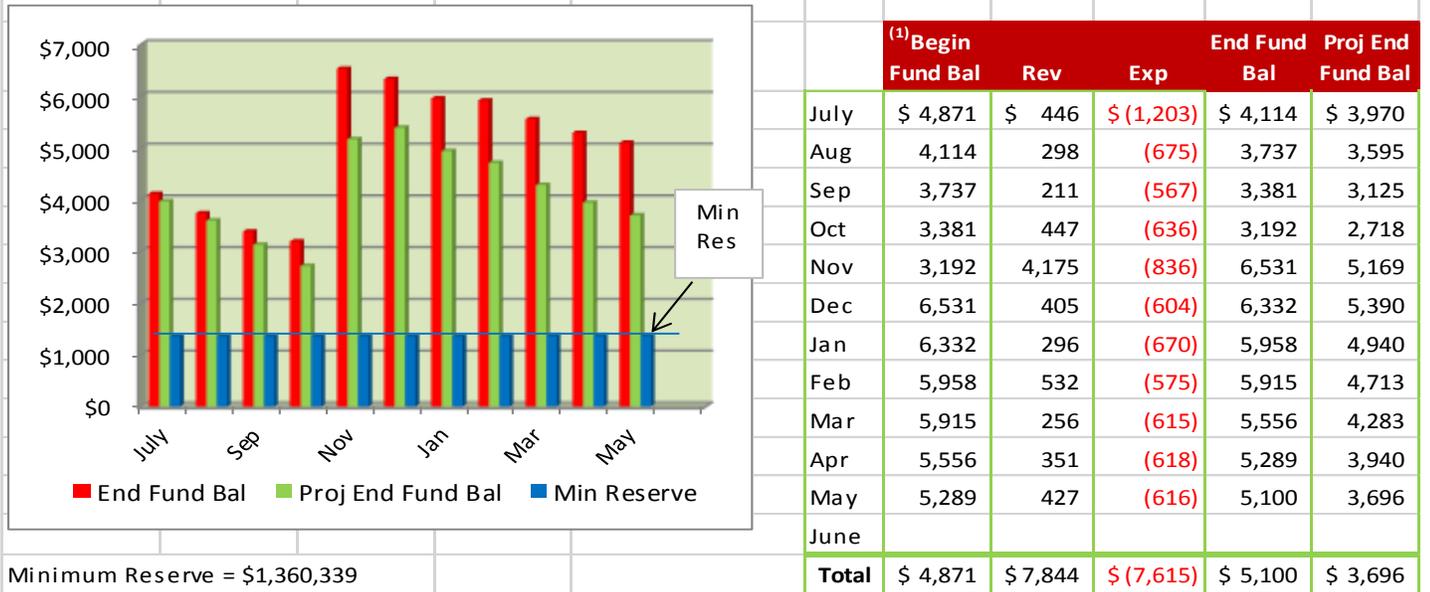
Most departments continue to show favorable variances through the end of May. The exceptions are the City Council, Recreation and Non-departmental departments. The City Council variance is due to costs related to training and travel and miscellaneous expenditures. This variance is expected to reduce and the department finish the year within budget. 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.

2013-2014 Monthly Financial Report

Fund Balance - General Fund

For the Month Ending May 31, 2014

General Fund **Through May 31, 2014**
Ending Fund Balance **(in \$1,000)**



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 as of May 31, 2014 is \$5.1 million as compared to the projected ending fund balance for May of \$3.7 million. Since the beginning of the fiscal year fund balance has increased by approximately \$229,000.

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

2013-2014 Monthly Financial Report

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

Special Revenue Funds Revenues and Expenditures

	2013-14 Annual		Remaining Budget
	Budget	Actual YTD	
Bonded Debt Fund			
Revenues	1,809,132	1,620,839	188,293
Expenditures	1,809,132	1,667,341	141,791
Transient Room Tax (TRT)			
Revenues	114,656	130,942	(16,286)
Expenditures	114,656	92,027	22,629
Recreation Special Revenue			
Revenues	658,850	524,435	134,415
Expenditures	658,850	632,821	26,029
Reserve Fund			
Revenues	5,788,326	5,485,276	303,050
Expenditures	5,788,326	772,842	5,015,484
911 Communications			
Revenues	808,705	764,845	43,860
Expenditures	808,705	679,548	129,157
Municipal Court Special Revenue			
Revenues	183,500	171,116	12,384
Expenditures	183,500	172,734	10,766
Miscellaneous Special Revenue			
Revenues	138,500	132,782	5,718
Expenditures	138,500	132,687	5,813
Conference Center			
Revenues	199,950	150,238	49,712
Expenditures	199,950	168,959	30,991
WWTP Construction Fund			
Revenues	16,000,000	11,498,259	4,501,741
Expenditures	16,000,000	13,666,215	2,333,785
EOTEC Grant Fund			
Revenues	3,000,000	24,831	2,975,169
Expenditures	3,000,000	108,545	2,891,455
Law Enforcement Special Revenue			
Revenues	50,000	39,253	10,747
Expenditures	50,000	34,985	15,015
Library Special Revenue			
Revenues	32,025	27,485	4,540
Expenditures	32,025	26,709	5,316

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 May 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	1,008,535	1,101,983	93,448	9.3%
Expenditures	1,072,000	928,136	867,126	61,010	6.6%
	-	80,399	234,857	154,458	---
<u>Utility Fund</u>					
Revenues	3,847,000	3,502,362	3,937,339	434,977	12.4%
Expenditures	3,847,000	3,562,184	3,430,802	131,382	3.7%
	-	(59,822)	506,537	566,359	---
<u>HES Fund</u>					
Revenues	8,060,725	7,619,207	7,818,250	199,043	2.6%
Expenditures	8,060,725	7,504,736	7,000,419	504,317	6.7%
	-	114,471	817,831	703,360	---
<u>Regional Water Fund</u>					
Revenues	\$ 650,076	\$ 609,243	\$ 763,982	\$ 154,739	25.4%
Expenditures	650,076	595,903	533,198	62,705	10.5%
	-	13,340	230,784	217,444	---

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 10.1% higher than projected. Excluding transfers-out, expenditures are below projections by 6.6%.

Water and Wastewater are both tracked in the **Utility Fund**. Water revenues are coming in about 11.1% ahead of projections and Wastewater revenues are coming in about 13% ahead reflecting the City's conservative budgeting approach. Expenditures in both departments are 3.7% below projections.

HES Fund revenues are 2.6% above projections, again due to conservative budgeting. Most of the positive variance in expenditures is due to lower than projected power purchases. Other expenditure items that are below projections are Other Professional Services, and Miscellaneous Contractual.

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 May 31, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	2,671,149	3,148,569	81.8%	577,050	2,571,519
HES Fund	5,059,731	4,580,889	56.8%	1,209,109	3,371,780
Total	7,730,880	7,729,458	-	1,786,159	5,943,299

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 fund's ending fund balances are well above the 15% reserve level.

2013-2014 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending May 31, 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 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) and LRS Architects have completed the initial civil schematic design (CSD), consisting of a water, sanitary, storm water/grading and overall site plan. After input from the Fire Marshal, changes were made to the CSD. FDG is in the process of costing the infrastructure to help further define the construction budget for this part of the project. FDG continues to refine the preliminary budget for phase one of the project which 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. 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 May 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	Yield to Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,988,496	FNMA	Aaa/AA+	1,164	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 992,068	FHLMC	Aaa/AA+	1,382	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 2,000,220	FFCB	Aaa/AA+	1,472	Y	1.85	1.85
3134G4FD5	\$ 2,000,000	\$ 2,000,000	\$ 2,004,228	FHLMC	Aaa/AA+	1,014	Y	1.13	1.13
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 994,049	FHLB	---	1,335	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 984,935	FHLMC	Aaa/AA+	1,322	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,044,441	FICO	---	895	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,016,060	FNMA	Aaa/AA+	975	N	0.78	0.78
US Agencies	\$ 11,065,000	\$ 10,951,508	\$ 11,024,497	---	---	---	---	---	---
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	\$ 18,098,372	\$ 17,984,880	\$ 18,057,869	---	---	---	---	---	---

⁽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.

Maturity	Total Cost	% of Total Portfolio	Type of Investment	Total Cost	% of Total Portfolio	
< 90 Days	\$ 7,033,372	39.1%	US Agency	\$ 10,951,508	60.9%	Wtd Avg Maturity: 735 Days (2.01 yrs)
90 Days - 3 Yrs	\$ 4,062,961	22.6%	Corporate	\$ -	0.0%	Wtd Avg Yield to Maturity: 1.01%
3 - 5 Yrs	\$ 6,888,547	38.3%	LGIP	\$ 7,033,372	39.1%	Percent Callable: 61%
	\$ 17,984,880	100.0%		\$ 17,984,880	100.0%	Wtd Avg Credit Rating: Aaa/AA+