

Monthly Financial Report



Finance Department
September 2014

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

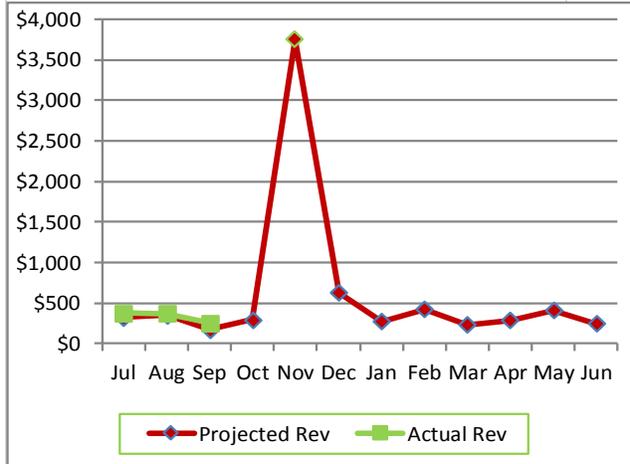
General Fund Revenue

For the Month Ending September 30, 2014

Through Sep 30, 2014

All Revenue Sources

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev	Var Fav/ (Unfav)	% Var
Jul	\$ 322	\$ 322	\$ 377	\$ 55	17%
Aug	347	347	369	22	6%
Sep	173	173	255	82	47%
Oct	292				
Nov	3,747				
Dec	626				
Jan	273				
Feb	421				
Mar	229				
Apr	284				
May	407				
Jun	249				
Total	7,370	842	1,001	159	19%
Cash Fwd	1,340	1,340	1,340	-	0%
Total	\$ 8,710	\$ 2,182	\$ 2,341	\$ 159	7%

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

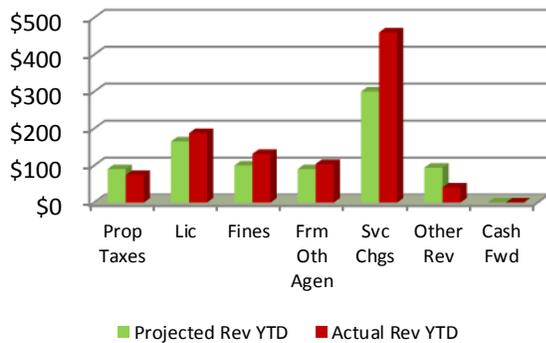
General Fund revenues collected through September are higher than projections by \$159,000. The favorable variance is mostly within the Service Charges category, specifically Transient Room Tax, Pool Income, Permits and Inspection Fees. Gas sales at the Airport are also up. In addition as reported last month, Sanitary Disposal Revenues were moved from the Other Revenue category to the Service Charges Revenue. The associated budget was not moved which is another reason for the variance in Service Charges. It is also causing Other Revenue to be lower than projections. This has been corrected and will appear in the October report. Property Taxes are under projections by \$16,000. As reported last month this is expected to correct by November

General Fund Revenue

Through Sep 30, 2014

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,500	\$ 90	\$ 75	\$ (16)	(17%)
Lic	695	165	188	22	14%
Fines	400	100	132	32	31%
Frm Oth Agen	376	91	105	14	15%
Svc Chgs	1,023	301	461	160	53%
Other Rev	377	94	41	(53)	(56%)
Cash Fwd	1,340	-	-	-	0%
Total	\$ 8,710	\$ 842	\$ 1,001	\$ 158	19%

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

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditures

For the Month Ending September 30, 2014

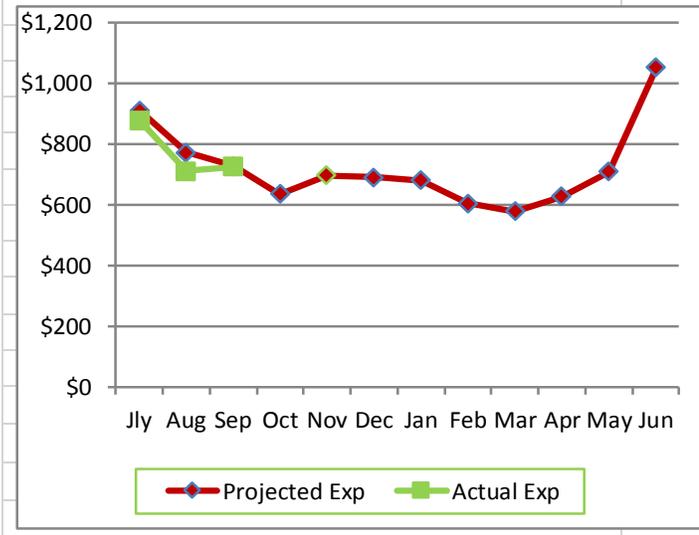
General Fund Expenditure Summary

Through Sep 30, 2014

All Requirements

(in \$1,000)

	Projected Exp	Projected Exp YTD	Actual Exp	Var Fav/ (Unfav)	% Var
Jly	\$ 910	\$ 910	\$ 878	\$ 32	4%
Aug	773	\$ 773	\$ 712	\$ 61	8%
Sep	727	\$ 727	\$ 725	\$ 3	0%
Oct	636				
Nov	694				
Dec	691				
Jan	680				
Feb	605				
Mar	579				
Apr	628				
May	709				
Jun	1,052				
Total	8,685	2,410	2,315	96	4%
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 2,410	\$ 2,315	\$ 96	4%



Overall departmental spending in September was under projections by \$96,000, a four percent favorable variance. Savings in Public Services and Public Safety made up the bulk of it, offset by a \$46,000 variance in Non-Departmental.

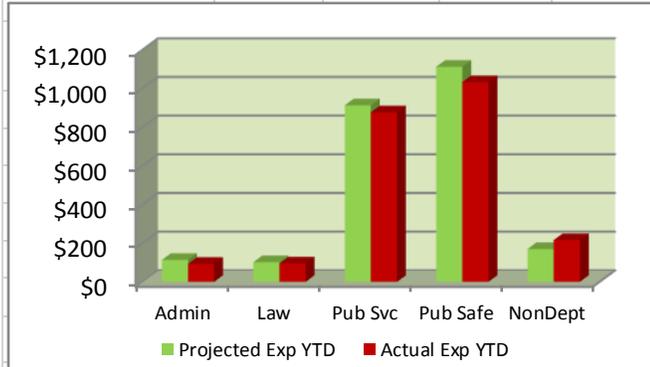
General Fund Expenditures

Through Sep 30, 2014

by Consolidated Department

(in \$1,000)

	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Admin	\$ 431	114	93	\$ 20	18%
Law	410	102	95	6	6%
Pub Svc	2,769	913	877	37	4%
Pub Safe	4,183	1,112	1,033	79	7%
NonDept	892	170	216	(46)	(27%)
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 2,410	\$ 2,315	\$ 96	4%



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

2014-2015 Monthly Financial Report

General Fund Expenditure Detail

For the Month Ending September 30, 2014

General Fund Expenditures by Department

	Annual Projected Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var Fav/ (Unfav)
City Council	\$ 32,400	\$ 9,901	\$ 4,719	\$ 5,182	52%
City Manager/Planning	332,355	86,555	73,836	12,719	15%
Finance	66,650	17,060	14,824	2,237	13%
Total Admin & Finance	431,405	113,516	93,379	20,138	18%
Legal	186,300	45,686	40,520	5,166	11%
Court	224,100	56,022	54,790	1,232	2%
Total Dept of Law	410,400	101,709	95,310	6,399	6%
Transportation	188,375	48,005	41,537	6,468	13%
Airport	266,700	112,222	112,032	190	0%
Bldg Inspection	334,300	82,708	81,898	810	1%
Parks	442,300	129,861	116,785	13,076	10%
Pool	375,350	237,084	239,402	(2,318)	(1%)
Municipal Buildings	11,400	2,634	5,329	(2,695)	(102%)
Library	642,800	159,698	148,967	10,731	7%
Recreation	416,500	120,341	113,968	6,373	5%
Conference Center	90,900	20,675	16,798	3,877	19%
Total Public Services	2,768,625	913,227	876,716	36,511	4%
Public Safety Center	87,500	20,810	26,843	(6,033)	(29%)
Police Operations	4,095,290	1,091,225	1,006,047	85,178	8%
Total Public Safety	4,182,790	1,112,036	1,032,890	79,146	7%
Non-Departmental	892,113	169,916	216,247	(46,331)	(27%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	917,113	169,916	216,247	(46,331)	(27%)
Total	\$ 8,710,333	\$ 2,410,404	\$ 2,314,542	\$ 95,862	4%

The two Public Service departments with negative variances are the Pool and Municipal Buildings. The Pool variance has decreased since August by nearly \$7,000 bringing it closer to projections. The variance is expected to continue to decrease over the next several months as spending drops with the closure of the pool. As reported in August, the overage in Municipal Buildings is due to the replacement of a failed air conditioning unit in City Hall.

The Police Operations budget includes \$69,000 for new vehicles which have not yet been purchased. This makes up the bulk of the \$85,000 positive variance in the department.

The overage in Non-Departmental is due to attorney fees for various issues.

2014-2015 Monthly Financial Report

Fund Balance - General Fund

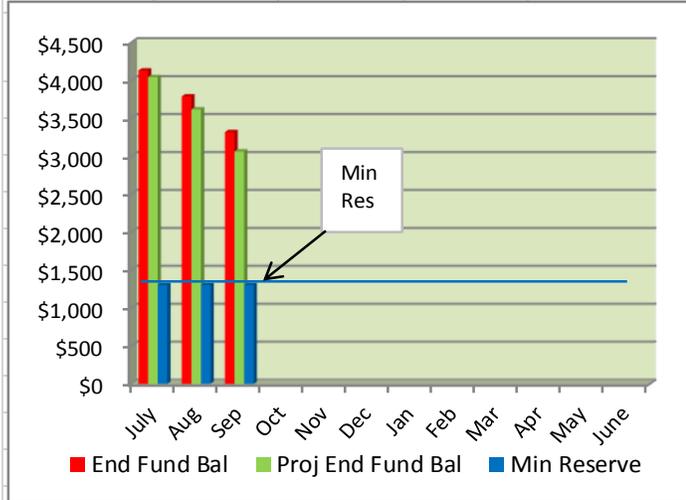
For the Month Ending September 30, 2014

General Fund

Through Sep 30, 2014

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,302,800

	Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 4,630	\$ 377	\$ (878)	\$ 4,129	\$ 4,042
Aug	4,129	369	(712)	\$ 3,786	\$ 3,616
Sep	3,786	255	(725)	\$ 3,316	\$ 3,061
Oct					
Nov					
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$ 4,630	\$ 1,001	\$ (2,315)	\$ 3,316	\$ 3,061

The City Council has established a minimum reserve for the General Fund of 15% of budgeted annual operating expenditures. The minimum reserve for 2014-15 is \$1,302,800. The ending fund balance as of September 30 is \$3.3 million which is \$2 million above the minimum amount.

2014-2015 Monthly Financial Report

Special Revenue Funds Report

For the Month Ending September 30, 2014

Special Revenue Funds

Revenues and Expenditures

	2014-15		Remaining Budget
	Annual Budget	Actual YTD	
Bonded Debt Fund			
Revenues	2,590,560	566,476	2,024,084
Expenditures	2,590,560	838,259	1,752,301
Transient Room Tax (TRT)			
Revenues	70,000	33,378	36,622
Expenditures	70,000	61,058	8,942
Recreation Special Revenue			
Revenues	133,500	96,024	37,476
Expenditures	133,500	23,874	109,626
Reserve Fund			
Revenues	4,732,977	4,034,156	698,821
Expenditures	4,732,977	92,029	4,640,948
Municipal Court Special Revenue			
Revenues	180,000	49,937	130,063
Expenditures	180,000	46,905	133,095
Miscellaneous Special Revenue			
Revenues	35,000	13,905	21,095
Expenditures	35,000	3,919	31,081
Conference Center			
Revenues	158,350	39,900	118,450
Expenditures	158,350	39,291	119,059
WWTP Construction Fund			
Revenues	4,000,000	4,287,439	(287,439)
Expenditures	4,000,000	1,375,997	2,624,003
EOTEC Grant Fund			
Revenues	6,000,000	6,006,843	(6,843)
Expenditures	6,000,000	5,523	5,994,477
Law Enforcement Special Revenue			
Revenues	42,100	19,375	22,725
Expenditures	42,100	2,630	39,470
Library Special Revenue			
Revenues	48,500	26,612	21,888
Expenditures	48,500	6,330	42,170
2014 Water & Sewer Rev Bonds			
Revenues	5,300,000	6,019	5,293,981
Expenditures	5,300,000	2,500	5,297,500

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 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 WWTP Construction Fund has received \$287,439 more than was estimated to be received. This is because several reimbursements received this fiscal year from the State Revolving Loan Fund were for expenditures that were made last fiscal year.

The \$6,843 revenues in the EOTEC Fund is for interest earnings. The interest has to be returned to the State and will be done once a year.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending September 30, 2014

Utility and Street Funds Report

Revenues & Expenditures

	2014-15 Annual			Variance	
	Budget	Budget YTD	Actual YTD	Fav/(Unfav)	% Variance
<u>Street Fund</u>					
Revenues	1,210,000	242,434	242,007	(427)	(0.2%)
Expenditures	1,210,000	388,210	368,189	20,021	5.2%
	-	(145,776)	(126,182)	19,594	---
<u>Utility Fund</u>					
Revenues	4,555,010	1,394,116	1,443,291	49,175	3.5%
Expenditures	4,555,010	876,355	888,718	(12,363)	(1.4%)
	-	517,761	554,573	36,812	---
<u>HES Fund</u>					
Revenues	8,531,878	2,850,628	3,019,413	168,785	5.9%
Expenditures	8,531,878	2,497,239	2,153,838	343,401	13.8%
	-	353,389	865,575	512,186	---
<u>Regional Water Fund</u>					
Revenues	\$ 593,566	\$ 211,066	\$ 215,701	\$ 4,635	2.2%
Expenditures	593,566	148,392	132,987	15,405	10.4%
	-	62,675	82,714	20,040	---

These funds are used to account for the City's business-type activities. Gas tax revenues, which are posted in the **Street Fund**, are almost right on target. Actual expenditures are 5% below projected as of the end of September, compared to a 12.8% variance last month.

Revenues and expenditures are both very close to projections in the **Utility Fund**, which accounts for Water and Wastewater activities.

Revenues in the **HES Fund** are 6% above projections at the end of September mostly due to earnings on investments and a \$42,000 conservation reimbursement from BPA. Power purchases are lower than projected, which is reflected in the 14% positive expenditure variance in the fund.

Revenues are almost right on target in the **Regional Water Fund**. Expenditures in the River Intake Station are lower than projected causing the positive 10.4% variance.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending September 30, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	3,244,877	3,787,057	83.1%	683,252	3,103,806
HES Fund	4,329,711	4,238,408	49.7%	1,279,782	2,958,626
Total	7,574,588	8,025,465	-	1,963,033	6,062,432

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 \$683,252 for the Utility Fund and \$1,279,782 for the HES Fund. Both funds have balances well above their minimum reserve levels for a total reserve of \$8 million.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending September 30, 2014

Capital Projects

	2014-15 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Improvements	\$ 50,000	\$ -	\$ -	\$ -	0%
Eastern Oregon Trade and Event Center	6,000,000	5,523	6,400,000	361,849	0%
Recycled Water Treatment Plant (RWTP)	7,600,000	1,375,998	30,700,000	5,868,883	90%
Water Line Extension	1,250,000	2,500	1,250,000	57,000	0%
Total	\$ 14,900,000	\$ 1,384,021	\$ 38,350,000	\$ 6,287,732	---

The City's capital projects for the 2014-15 fiscal year include taxiway realignment engineering at the Airport, continued development and construction of the Eastern Oregon Trade and Event Center (EOTEC), finalization of the upgrades at the Recycled Water Treatment Plant (RWTP), and a major water line extension from the Regional Water Plant to South 1st Street.

Airport Improvements

The budget for 2014-15 includes match money for two grants the City has been awarded. The awards total \$600,000 with another award expected next spring. These grants will cover the majority of the construction. The FAA changed its rules in the past few years and will not officially award discretionary grant funds until construction bids have been opened. Once that is done the department will award the exact amount needed. This is why the City is proceeding without the full project cost being awarded. No design work has been done yet, nor any expenditures made.

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. Expenditures are coming in slowly but that is expected to change as development is expected to ramp up considerably during this fiscal year.

Recycled Water Treatment Plant

This project includes upgrades, additions and modifications to the City's recycled-water treatment plant. Construction began in March 2013 and is approximately 97% 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 is being provided by revenue bonds, which the City issued in May 2014.

The Outfall, the final piece of the project, will cost an additional \$2.5 million and will be covered by a CWSRF loan. Bids for the project have been received and were opened September 10. DEQ reviewed and approved them and it is anticipated that the work will begin this winter and be completed by next summer.

Water Line Extension

This project is for construction of a water main from the Regional Water System's treatment plant on Hwy 207 eastward along Feedville Road, a distance of about 1.5 miles. This will enhance the City's water delivery capabilities.

**2014-15 Monthly Financial Report
City of Hermiston, Oregon
Investments
For the Month Ending September 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	Yield to
								Worst Call	Maturity (YTM)
3136G1BT5	\$ 2,000,000	\$ 1,961,539	\$ 1,982,240	FNMA	Aaa/AA+	1,042	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 991,384	FHLMC	Aaa/AA+	1,260	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,992,004	FFCB	Aaa/AA+	1,350	Y	1.85	1.85
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 985,148	FHLB	---	1,213	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 981,125	FHLMC	Aaa/AA+	1,200	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,043,880	FICO	---	773	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,009,549	FNMA	Aaa/AA+	853	N	0.78	0.78
US Agencies	\$ 9,065,000	\$ 8,951,508	\$ 8,985,330	---	---	---	---	---	---
LGIP ^{(1) (2)}	\$ 11,551,895	\$ 11,551,895	\$ 11,551,895	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 11,551,895	\$ 11,551,895	\$ 11,551,895	---	---	---	---	---	---
TOTAL ⁽³⁾	\$ 20,616,895	\$ 20,503,403	\$ 20,537,225	---	---	---	---	---	---

⁽¹⁾ \$5,034,050 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

⁽²⁾ \$4,506,019 of the balance in the LGIP is invested for the 2014 Sewer & Water Revenue Bonds

⁽³⁾ The total cost of investments shown here does not include unrealized losses of \$26,500 as determined by GAAP

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 Inv	Total Cost	% of Total Portfolio
< 90 Days	\$ 11,551,895	56.3%	US Agency	\$ 8,951,508	43.7%
90 Days - 3 Yrs	\$ 4,024,500	19.6%	Corporate	\$ -	0.0%
3 - 5 Yrs	\$ 4,927,008	24.0%	LGIP	\$ 11,551,895	56.3%
	\$ 20,503,403	100.0%		\$ 20,503,403	100.0%

Wtd Avg Matur: **493 Days (1.35 yrs)**
Wtd Avg Yield to Maturity: **0.90%**
Percent Callable: **38.2%**
Wtd Avg Credit Rating: **Aaa/AA+**