

Monthly Financial Report



Includes the Hermiston Urban Renewal Agency

Finance Department
May 2015

2014-2015 Monthly Financial Report

Hermiston Urban Renewal Agency (HURA)

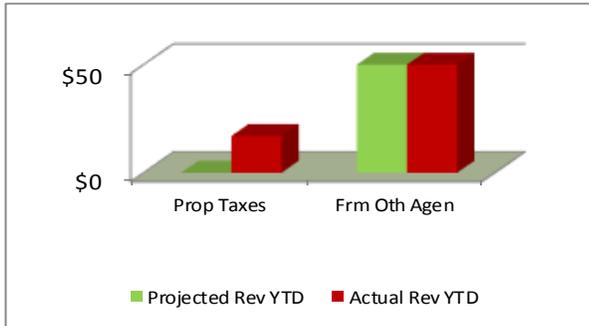
For the Month Ending May 31, 2015

Revenues

by Category

Through May 31, 2015

(in \$1,000)



	Annual Proj Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ -	\$ -	\$ 17	\$ 17	0%
Frm Oth Agen	50	50	50	-	0%
Total	\$ 50	\$ 50	\$ 67	\$ 17	34%

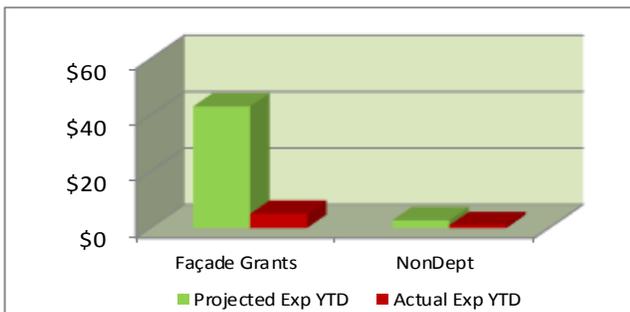
Note: variance is calculated as a percent of the projected revenue YTD.

Expenditures

by Character

Through May 31, 2015

(in \$1,000)



	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Façade Grants	\$ 47	\$ 43	\$ 5	\$ 38	88%
NonDept	3	3	1	2	64%
Total	\$ 50	\$ 46	\$ 6	\$ 40	87%

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

Little activity occurred in May in the Urban Renewal Agency. An additional \$425 was received in property taxes bringing the year-to-date total to approximately \$17,000. Expenditures remain at \$6,000.

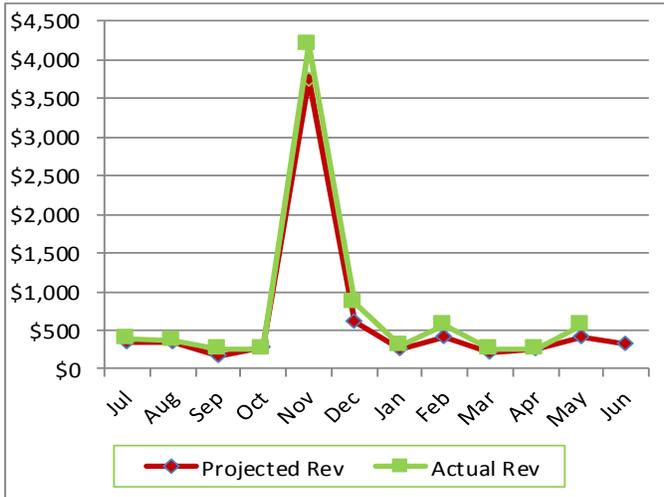
2014-2015 Monthly Financial Report

City of Hermiston, Oregon

General Fund Revenue

For the Month Ending May 31, 2015

All Revenue Sources Through May 31, 2015 (in \$1,000)

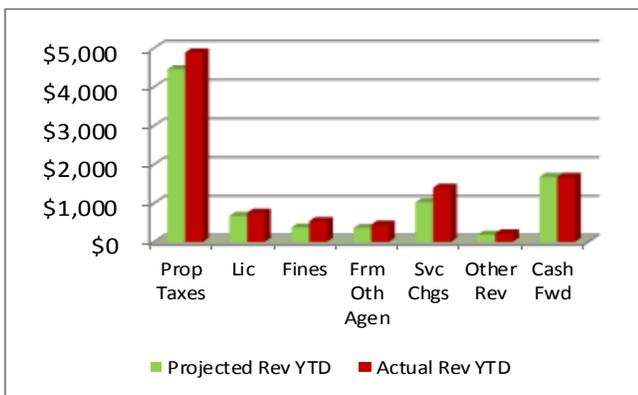


	Projected Rev	Projected Rev YTD	Actual Rev	Var Fav/ (Unfav)	% Var
Jul	\$ 344	\$ 344	\$ 377	\$ 34	10%
Aug	347	347	369	22	6%
Sep	161	161	255	94	59%
Oct	281	281	248	(33)	-12%
Nov	3,751	3,751	4,191	439	12%
Dec	607	607	855	247	41%
Jan	265	265	305	40	15%
Feb	415	415	561	146	35%
Mar	219	219	247	28	13%
Apr	253	253	264	12	5%
May	412	412	562	151	37%
Jun	316	-	-	-	-
Total	7,371	7,054	8,234	1,179	17%
Cash Fwd	1,676	1,676	1,676	-	0%
Total	\$ 9,047	\$ 8,731	\$ 9,910	\$ 1,179	14%

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

As we near the end of the fiscal year General Fund revenues are \$1.2 million higher than projections. Pool Income and Transient Room Tax helped Service Charges grow by \$195,000 in May. \$36,000 in Pool revenue came in during the month as opposed to \$4,100 last May. In addition, \$77,000 in fourth quarter TRT revenue was posted in May bringing the year-to-date total to \$326,250. This is \$92,000 over the estimate for the year.

General Fund Revenue Through May 31, 2015 (in \$1,000) by Category



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,500	\$ 4,452	\$ 4,886	\$ 434	10%
Lic	695	670	753	84	13%
Fines	400	368	535	167	45%
Frm Oth Agen	376	357	445	88	25%
Svc Chgs	1,223	1,022	1,397	374	37%
Other Rev	177	186	217	31	17%
Cash Fwd	1,676	1,676	1,676	-	0%
Total	\$ 9,047	\$ 8,731	\$ 9,910	\$ 1,179	14%

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

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

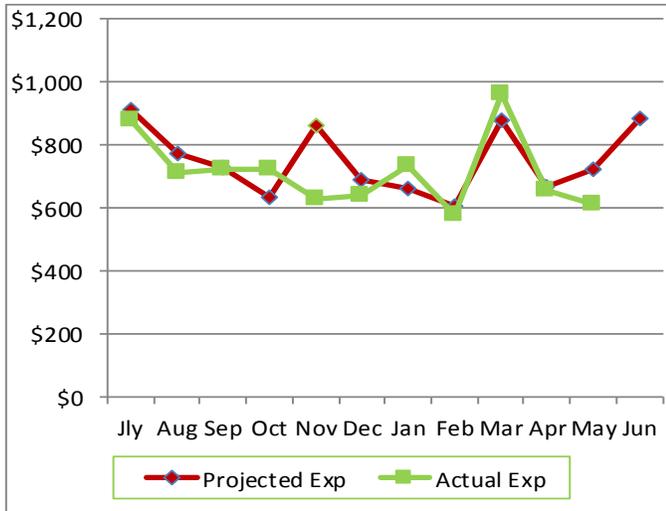
General Fund Expenditures

For the Month Ending May 31, 2015

General Fund Expenditure Summary

All Requirements

Through May 31, 2015
(in \$1,000)

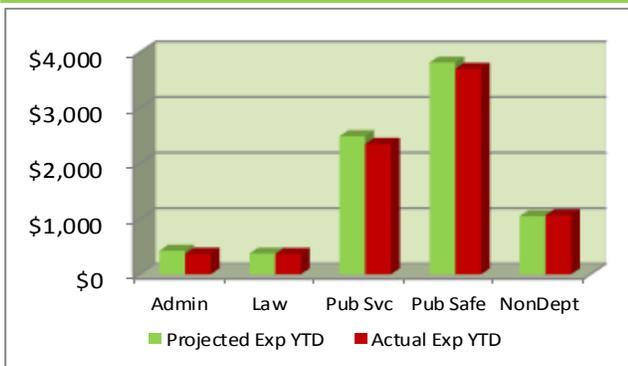


	Projected Exp	Projected Exp YTD	Actual Exp	Var Fav/ (Unfav)	% Var
Jly	\$ 910	\$ 910	\$ 878	\$ 32	4%
Aug	773	\$ 773	\$ 712	\$ 61	8%
Sep	727	\$ 727	\$ 725	\$ 2	0%
Oct	636	\$ 636	\$ 721	\$ (85)	(13%)
Nov	861	\$ 861	\$ 630	\$ 231	27%
Dec	691	\$ 691	\$ 640	\$ 51	7%
Jan	659	\$ 659	\$ 732	\$ (72)	(11%)
Feb	605	\$ 605	\$ 577	\$ 28	5%
Mar	881	\$ 881	\$ 964	\$ (83)	(9%)
Apr	670	670	\$ 655	\$ 15	2%
May	721	721	\$ 612	\$ 108	15%
Jun	887	-	-	-	-
Total	9,022	8,135	7,846	289	4%
Unapp	25	-	-	-	0%
Total	\$ 9,047	\$ 8,135	\$ 7,846	\$ 289	4%

The positive variance in expenditures grew significantly from \$181,000 in April to \$289,000 in May. Public Services accounts for \$138,000 of the variance with Public Safety adding \$110,000 and Administration adding \$55,000. Non-Department's unfavorable variance shrank by \$87,000 in April to \$19,000 in May.

General Fund Expenditures by Consolidated Department

Through May 31, 2015
(in \$1,000)



	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Admin	\$ 469	425	370	\$ 55	13%
Law	411	373	368	5	1%
Pub Svc	2,775	2,484	2,347	138	6%
Pub Safe	4,183	3,810	3,698	110	3%
NonDept	1,184	1,043	1,062	(19)	(2%)
Unapp	25	-	-	-	0%
Total	\$ 9,047	\$ 8,135	\$ 7,846	\$ 289	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 May 31, 2015

General Fund Expenditures

by Department

	Annual Projected			Var Fav/ (Unfav)	% Var Fav/ (Unfav)
	Exp	Projected Exp YTD	Actual Exp YTD		
City Council	\$ 32,400	\$ 30,003	\$ 20,139	\$ 9,865	33%
City Manager/Planning	370,355	334,008	302,268	31,740	10%
Finance	66,650	60,571	47,389	13,182	22%
Total Admin & Finance	469,405	424,582	369,796	54,787	13%
Legal	186,300	167,460	163,484	3,976	2%
Court	224,600	205,740	204,989	751	0%
Total Dept of Law	410,900	373,200	368,473	4,727	1%
Transportation	188,375	172,995	145,960	27,035	16%
Airport	273,300	255,255	227,259	27,996	11%
Bldg Inspection	334,300	303,868	296,832	7,036	2%
Parks	442,300	394,337	388,419	5,918	2%
Pool	375,350	295,635	289,177	6,458	2%
Municipal Buildings	11,400	9,485	10,206	(721)	(8%)
Library	642,800	590,506	545,632	44,874	8%
Recreation	416,500	380,025	364,717	15,308	4%
Conference Center	90,900	82,198	78,972	3,226	4%
Total Public Services	2,775,225	2,484,304	2,347,174	137,130	6%
Public Safety Center	87,500	81,895	74,367	7,528	9%
Police Operations	4,095,290	3,727,810	3,624,080	103,730	3%
Total Public Safety	4,182,790	3,809,705	3,698,447	111,258	3%
Non-Departmental	1,183,473	1,043,208	1,061,779	(18,571)	(2%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	1,208,473	1,043,208	1,061,779	(18,571)	(2%)
Total	\$ 9,046,793	\$ 8,134,999	\$ 7,845,669	\$ 289,331	4%

The General Fund's favorable expenditure variance is \$289,331, which is 4% of projected expenditures year-to-date. The five departments with the highest percentage variances are City Council (33%), Finance (22%), Transportation (16%), Airport (11%) and Manager/Planning (10%). In terms of dollars, the Police Department has the highest favorable variance (\$104,730); the Library has the second (\$44,874), Manager/Planning has the third (\$31,740), the Airport has the fourth (\$27,996) and Transportation has the fifth (\$27,035).

The City Council's variance is due to unexpended travel and training. Finance has savings in personnel costs, as does the Manager/Planning department. The Manager/Planning department also has savings in Miscellaneous Contractual. Transportation's costs are 12% lower than they were last year, but the revenue is also down 10%. The Police Department's savings are primarily in Miscellaneous Contractual and Nuisance Abatement. The Library's variance is mostly due to personnel cost savings.

2014-2015 Monthly Financial Report

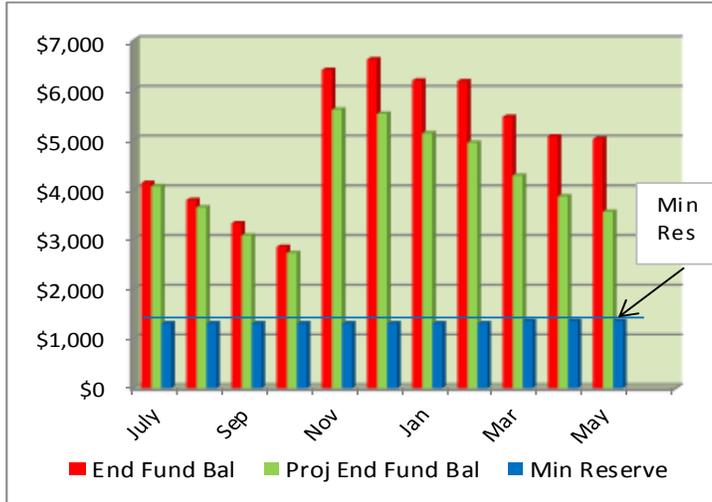
Fund Balance - General Fund For the Month Ending May 31, 2015

General Fund

Ending Fund Balance

Through May 31, 2015

(in \$1,000)



	Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 4,630	\$ 377	\$ (878)	\$ 4,129	\$ 4,064
Aug	4,129	369	(712)	\$ 3,786	\$ 3,638
Sep	3,786	255	(725)	\$ 3,316	\$ 3,071
Oct	3,316	248	(721)	\$ 2,843	\$ 2,717
Nov	2,843	4,191	(630)	6,404	\$ 5,607
Dec	6,404	855	(640)	6,619	\$ 5,523
Jan	6,619	305	(732)	6,192	\$ 5,128
Feb	6,192	560	(577)	6,175	\$ 4,938
Mar	6,175	247	(964)	5,458	\$ 4,276
Apr	5,458	264	(655)	5,067	\$ 3,859
May	5,067	562	(612)	5,017	\$ 3,549
June					
Total	\$ 4,630	\$ 8,232	\$ (7,845)	\$ 5,017	\$ 3,549

Minimum Reserve = \$1,353,269

* Corrected

The City Council has established a minimum reserve for the General Fund of 15% of budgeted annual operating expenditures. Factoring in the expenditures added through the supplemental budget, the minimum reserve for 2014-15 is \$1,353,269. The fund balance is a little over \$5 million as of the end of May compared to the projected fund balance of \$3.5 million. Fund balance has increased \$387,000 since the beginning of the fiscal year.

2014-2015 Monthly Financial Report

Special Revenue Funds Report For the Month Ending May 31, 2015

Special Revenue Funds Revenues and Expenditures

	2014-15		Remaining
	Annual Budget	Actual YTD	Budget
Bonded Debt Fund			
Revenues	2,590,560	1,828,421	762,139
Expenditures	2,590,560	1,836,366	754,194
Transient Room Tax (TRT)			
Revenues	70,000	89,726	(19,726)
Expenditures	70,000	64,674	5,326
Recreation Special Revenue			
Revenues	279,200	309,464	(30,264)
Expenditures	279,200	140,489	138,711
Reserve Fund			
Revenues	7,146,227	6,078,746	1,067,481
Expenditures	7,146,227	1,455,836	5,690,391
Municipal Court Special Revenue			
Revenues	200,000	187,756	12,244
Expenditures	200,000	179,917	20,083
Miscellaneous Special Revenue			
Revenues	35,000	24,203	10,797
Expenditures	35,000	14,238	20,762
Conference Center			
Revenues	158,350	148,100	10,250
Expenditures	158,350	138,037	20,313
RWTP Construction Fund			
Revenues	4,000,000	4,918,630	(918,630)
Expenditures	4,000,000	1,022,566	2,977,434
EOTEC Grant Fund			
Revenues	6,000,000	6,000,000	-
Expenditures	6,000,000	1,195,499	4,804,501
Law Enforcement Special Revenue			
Revenues	78,814	74,497	4,317
Expenditures	78,814	39,368	39,446
Library Special Revenue			
Revenues	48,500	47,138	1,362
Expenditures	48,500	24,043	24,457
2014 Water & Sewer Rev Bonds			
Revenues	5,300,000	17,926	5,282,074
Expenditures	5,300,000	3,422,954	1,877,046
Senior Center Const			
Revenues	2,073,360	73,360	2,000,000
Expenditures	2,073,360	528	2,072,832

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 \$918,630 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 Senior Center Construction Fund was added as part of the Supplemental Budget. Resources include \$2M from a CDBG grant and \$73,360 in matching funds from the City.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending May 31, 2015

Utility and Street Funds Report

Revenues & Expenditures

	2014-15 Annual			Variance	
	Budget	Budget YTD	Actual YTD	Fav/(Unfav)	% Variance
<u>Street Fund</u>					
Revenues	1,238,000	1,054,673	1,091,256	36,583	3.5%
Expenditures	1,238,000	1,078,561	1,018,936	59,625	5.5%
	-	(23,888)	72,320	96,208	---
<u>Utility Fund</u>					
Revenues	5,518,960	4,537,800	4,755,008	217,208	4.8%
Expenditures	5,518,960	3,963,987	3,824,324	139,663	3.5%
	-	573,813	930,684	356,871	---
<u>HES Fund</u>					
Revenues	9,154,878	8,548,878	8,639,149	90,271	1.1%
Expenditures	9,154,878	8,508,373	7,925,951	582,422	6.8%
	-	40,505	713,198	672,693	---
<u>Regional Water Fund</u>					
Revenues	\$ 761,096	\$ 674,346	\$ 673,443	\$ (903)	(0.1%)
Expenditures	761,096	728,358	703,157	25,201	3.5%
	-	(54,012)	(29,714)	24,298	---

These funds are used to account for the City's business-type activities. The **Street Fund** accounts for gas tax revenues, which continue to come in higher than projections. As of the end of May the variance is 3.5%. The positive expenditure variance will probably remain about where it is because no other projects that are available for reimbursement by the state will be done this fiscal year.

Overall revenues in the **Utility Fund** are 4.8% above projections while expenditures are 3.5% below. Net gain to the fund is projected to be about \$357,000.

Revenues in the **HES Fund** are now almost right on track, while expenditures continue to run between 6 and 7% below projections. As with multiple departments in the General Fund, the utility is experiencing personnel cost savings. In addition, the utility still has over \$800,000 remaining unexpended in power purchases.

As of the end of May, the **Regional Water Fund's** revenues and expenditures are very close in line with projections. The fund's budget was adjusted to account for Simplot's contribution to the water line project and expenditures are just 3.5% below projections.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending May 31, 2015

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	3,244,877	4,124,968	74.7%	680,420	3,444,548
HES Fund	4,329,711	3,460,307	37.8%	1,128,684	2,331,623
Total	7,574,588	7,585,275	-	1,809,103	5,776,172

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 \$680,420 for the Utility Fund and \$1.1 million for the HES Fund. Both funds have balances well above their minimum reserve levels for a total reserve of \$7.6 million.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending May 31, 2015

Capital Projects

	2014-15 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Improvements	\$ 650,000	\$ 225,716	\$ 650,000	\$ 225,716	*See Below
Eastern OR Trade & Event Ctr (EOTEC) Pipeline	1,800,000	631,132	1,800,000	631,132	80%
EOTEC Construction	6,000,000	1,195,499	6,400,000	1,551,825	0%
Recycled Water Treatment Plant (RWTP)	5,100,000	3,231,503	28,200,000	7,724,388	100%
RWTP Outfall	2,500,000	1,104,629	2,500,000	1,104,629	90%
Water Line Extension	1,250,000	116,889	1,250,000	171,389	0%
Total	\$ 17,300,000	\$ 6,505,368	\$ 40,800,000	\$ 11,409,079	---

Major capital projects for the 2014-15 fiscal year include the taxiway realignment at the Airport, extending the water distribution system and sanitary sewer collection system to the new EOTEC facility, continued development and construction of the EOTEC facility, and a major water line extension from the Regional Water Plant to South 1st Street. In addition, upgrades at the Recycled Water Treatment Plant (RWTP) were completed with only minor items to correct. The plant has been operating for 2 months. Engineering by Kennedy Jenks to complete record drawings and provide the O&M manual to DEQ standards is ongoing. A performance certification for DEQ SRF will be completed in March of 2016.

Airport Improvements

A back-log of projects at the FAA has substantially delayed approval of the preliminary design of the Airport Taxiway. To alleviate this back-log, the FAA has brought on additional staff, and our project has been assigned a new Project Manager, which has led to additional delays to get him up to speed. FAA is now nearly complete with its review of the preliminary design, and final design approval is expected by mid-to-late June, so the project advertisement is expected by the end of June. These delays mean the 3rd phase of the project will now almost certainly have to be delayed until the spring of 2016.

For FAA funding purposes, this project was broken into two pieces – Design and Construction. The Design portion uses the City’s normal Non-Primary Entitlement grant funds. The Construction portion will use FAA discretionary grant funding. Further information is provided in the table below.

Funding Source	Budgeted Amount	Expended to Date	Percent Complete
FAA NPE Design Grant	\$300,000	\$199,305	66%
Connect Oregon Grant	\$300,000	\$22,145	7%
FAA Discretionary Grant	Contingent upon bids	\$0	0%
City of Hermiston	\$0	\$0	0%

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending May 31, 2015

EOTEC Pipeline

This project will extend the water distribution system and sanitary sewer collection system to the new EOTEC facility. It also includes construction of a sanitary sewer pump station and force main on the EOTEC site that will be owned and operated by the City of Hermiston. Construction began in early December 2014 and the new water and sewer lines south of the airport have been constructed and tested. The pump-station wet-well has been installed. The wet-well will be epoxy lined before the pumps are installed and the station is commissioned (anticipated to be July 2015). Construction is approximately 80% complete.

EOTEC Facility Design and Construction

Site work on the facility is well under way including the access road, which is almost complete. The Board approved a final design for the event center on May 19th keeping the project on schedule to be completed by May 2016. Construction of the building is expected to start mid- to late June.

RWTP Outfall

The Outfall, the final piece of the Recycled Water Treatment Plant project, began in January 2015 and is about 90% complete. Installation of a majority of the pipeline is complete and has been tested. Valve vaults and air release valve stations are complete. The piping has been backfilled and the ground surface has been restored. The West Extension canal outlet structure is complete with the canal and relocation of a customer service connection completed at the request of WEID. The "in-water" portion of the work will be done in mid-July. It is anticipated that the project will be complete in the early fall of 2015.

Water Line Extension

This project is for construction of a water main from the Regional Water System's treatment plant which will enhance the city's water-delivery capabilities. No significant updates since last month.

2014-15 Monthly Financial Report
City of Hermiston, Oregon
Investments
For the Month Ending May 31, 2015

Investment Report
by Type

Cusip No.	Par Value	Principal 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	\$ 1,995,900	FNMA	Aaa/AA+	799	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 979,970	\$ 999,593	FHLMC	Aaa/AA+	1,017	Y	1.71	1.71
3135G0QK2	\$ 2,000,000	\$ 1,985,750	\$ 1,985,370	FFCB	Aaa/AA+	1,587	Y	1.71	1.71
313381UZ6	\$ 1,000,000	\$ 985,720	\$ 995,030	FHLB	---	970	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 978,757	\$ 996,131	FHLMC	Aaa/AA+	957	N	1.29	1.29
3135G0GY3	\$ 1,000,000	\$ 1,013,901	\$ 1,009,633	FNMA	Aaa/AA+	610	N	0.78	0.78
US Agencies	\$ 8,000,000	\$ 7,904,598	\$ 7,981,657	---	---	---	---	---	---
LGIP ⁽¹⁾⁽²⁾	\$ 9,383,749	\$ 9,383,749	\$ 9,383,749	Varies	---/AA	1	N	0.50	0.50
LGIP	\$ 9,383,749	\$ 9,383,749	\$ 9,383,749	---	---	---	---	---	---
TOTAL	\$ 17,383,749	\$ 17,288,347	\$ 17,365,406	---	---	---	---	---	---

⁽¹⁾ \$5,051,028 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

⁽²⁾ \$517,926 of the balance in the LGIP is invested for the 2014 Sewer & Water Revenue Bonds.

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	Par Value	% of Total Portfolio	Type of Inv	Par Value	% of Total Portfolio	Various Investment Parameters	With LGIP	Without LGIP
< 90 Days	\$ 9,383,749	54.0%	US Agency	\$ 8,000,000	46.0%	WTD Avg Mat	479 Days	479 Days
90 Days - 3 Yr	\$ 6,000,000	34.5%	Corporate	\$ -	0.0%	Wtd Avg Yield to Mat	0.92%	1.41%
3 - 5 Yrs	\$ 2,000,000	11.5%	LGIP	\$ 9,383,749	54.0%	Percent Callable	34.5%	48.7%
	\$ 17,383,749	100.0%		\$ 17,383,749	100.0%	Wtd Avg Credit Rating	Aaa/AA+	Aaa/AA+