

Monthly Financial Report



Finance Department
August 2014

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

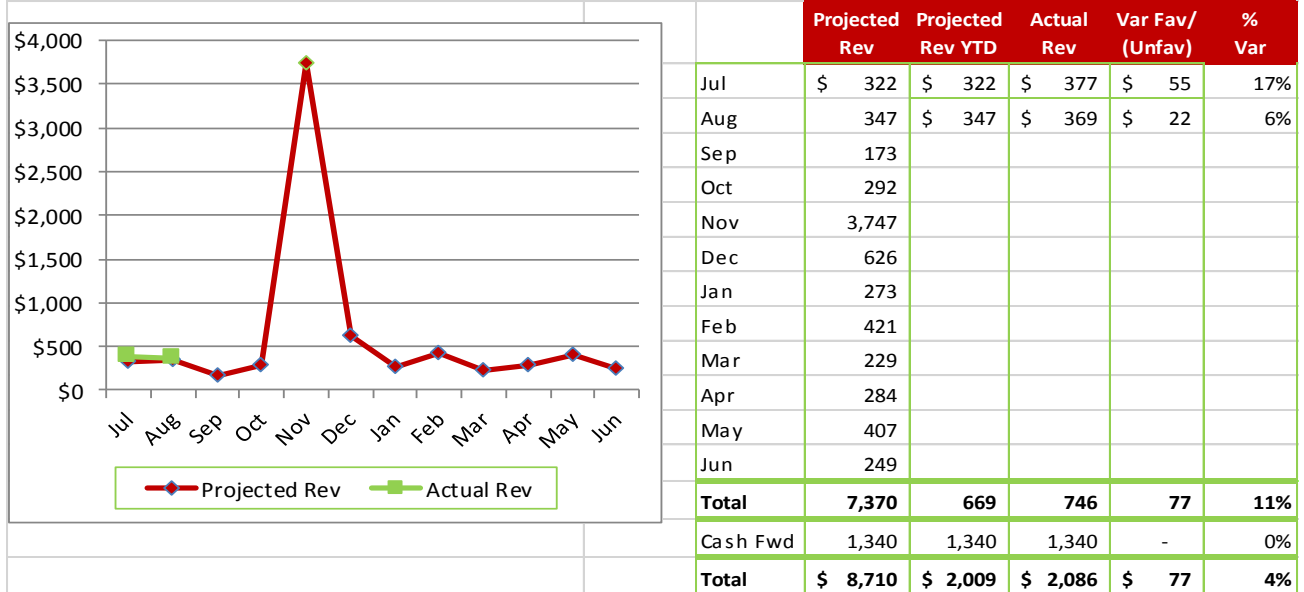
General Fund Revenue

For the Month Ending August 31, 2014

Through Aug 31, 2014

All Revenue Sources

(in \$1,000)



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

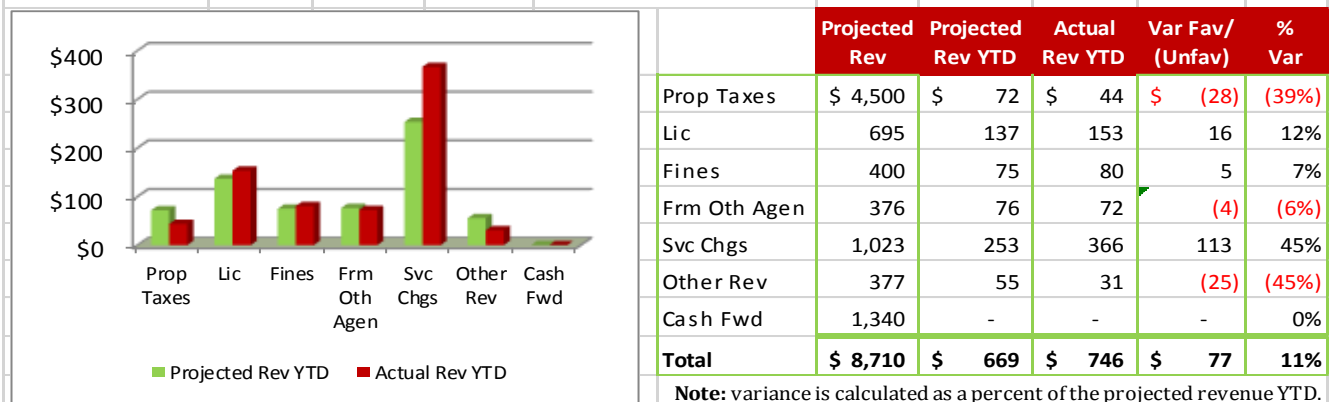
General Fund revenues collected through August are higher than projections by \$77,000. The favorable variance is primarily made up of Transient Room Tax, Pool Income and Parks & Recreation fees, which all fall within the Service Charges category. The favorable variance is offset by unfavorable variances in Property Taxes and Other Revenue. Property Taxes should catch up in November and December when the bulk of this revenue comes in. At the end of the last fiscal year actual Sanitary Disposal Revenues were moved from the Other Revenue category to the Service Charges Revenue. The associated budget was not moved causing Service Charges to be higher than projections and Other Revenue to be lower than projections. This will be corrected in October by moving the estimated revenues for Sanitary Disposal to the Service Charges category.

General Fund Revenue

Through Aug 31, 2014

by Category

(in \$1,000)



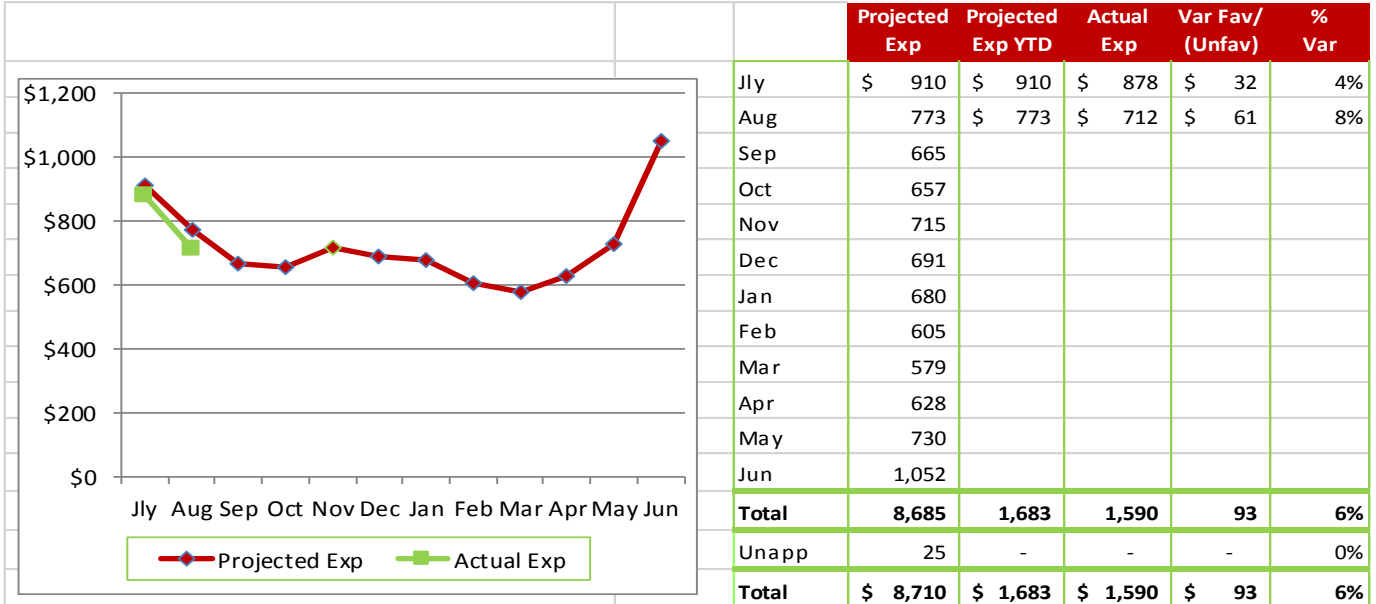
Note: variance is calculated as a percent of the projected revenue YTD.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

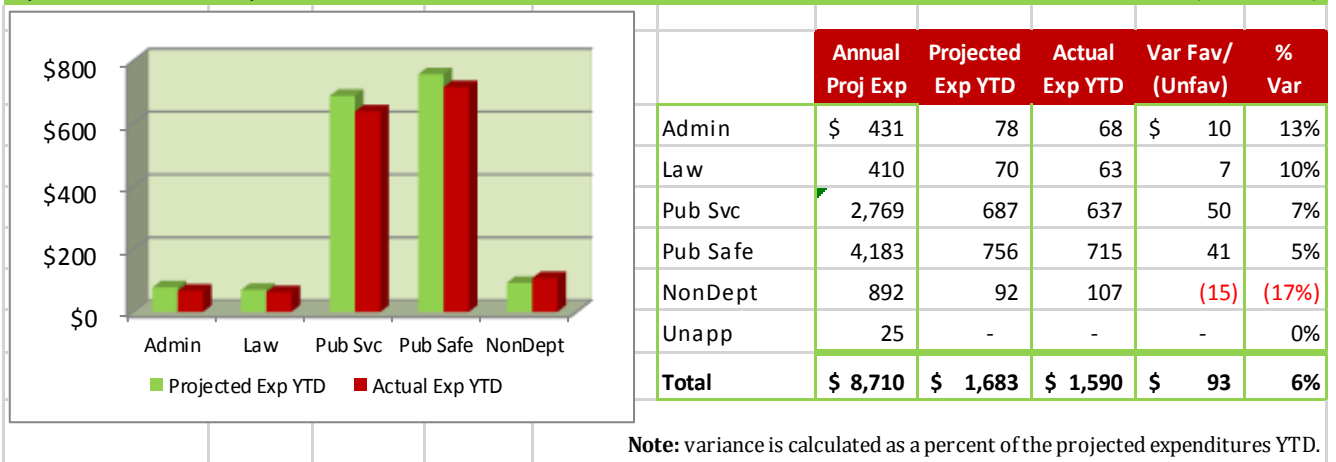
General Fund Expenditures

For the Month Ending August 31, 2014



Overall departmental spending in August was under projections by \$93,000, a six percent favorable variance. Savings in Public Services and Public Safety made up the bulk of it, offset somewhat by a \$15,000 variance in Non-Departmental.

General Fund Expenditures by Consolidated Department Through Aug 31, 2014 (in \$1,000)



2014-2015 Monthly Financial Report

General Fund Expenditure Detail

For the Month Ending August 31, 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	\$ 7,520	\$ 3,626	\$ 3,894	52%
City Manager/Planning	332,355	58,727	51,602	7,125	12%
Finance	66,650	11,615	12,382	(767)	-7%
Total Admin & Finance	431,405	77,862	67,609	10,253	13%
Legal	186,300	31,682	27,391	4,291	14%
Court	224,100	38,286	35,531	2,755	7%
Total Dept of Law	410,400	69,968	62,922	7,046	10%
Transportation	188,375	32,533	28,056	4,477	14%
Airport	266,700	86,548	50,311	36,237	42%
Bldg Inspection	334,300	55,334	53,653	1,681	3%
Parks	442,300	85,202	80,104	5,098	6%
Pool	375,350	215,596	224,679	(9,083)	(4%)
Municipal Buildings	11,400	1,709	4,461	(2,752)	(161%)
Library	642,800	108,180	100,776	7,404	7%
Recreation	416,500	88,624	86,074	2,550	3%
Conference Center	90,900	13,250	9,206	4,044	31%
Total Public Services	2,768,625	686,976	637,320	49,656	7%
Public Safety Center	87,500	12,603	19,338	(6,735)	(53%)
Police Operations	4,095,290	743,393	695,391	48,002	6%
Total Public Safety	4,182,790	755,996	714,729	41,267	5%
Non-Departmental	892,113	92,178	107,400	(15,222)	(17%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	917,113	92,178	107,400	(15,222)	(17%)
Total	\$ 8,710,333	\$ 1,682,980	\$ 1,589,980	\$ 93,000	6%

Public Service departments with notable variances include the Airport, Pool and Municipal Buildings. The Airport budgeted a \$40,000 transfer to Reserves as a grant match for the taxiway realignment project. The transfer has not yet been made, causing the positive variance of a little over \$36,000. The Pool variance reflects the spike in spending that occurs during the busy summer season. Spending will drop in September with the closure of the pool bringing the variance down as well. 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 \$48,000 positive variance in the department.

The overage in Non-Departmental is due to one-time costs for recruiting a new City Manager.

2014-2015 Monthly Financial Report

Fund Balance - General Fund

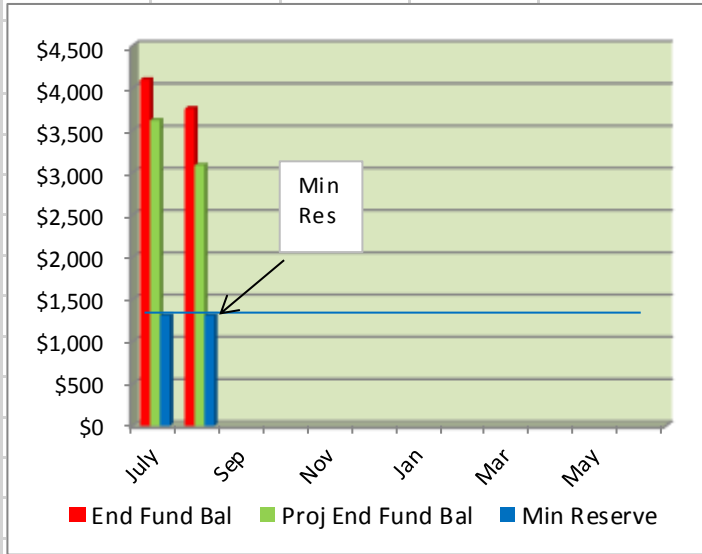
For the Month Ending August 31, 2014

General Fund

Through Aug 31, 2014

Ending Fund Balance

(in \$1,000)



	Begin Fund Bal	Rev	Exp	End Fund Bal	Proj End Fund Bal
July	\$ 4,630	\$ 377	\$ (910)	\$ 4,097	\$ 3,616
Aug	4,097	369	(712)	\$ 3,754	\$ 3,083
Sep					
Oct					
Nov					
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$ 4,630	\$ 746	\$ (1,622)	\$ 3,754	\$ 3,083

Minimum Reserve = \$1,302,800

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 August 31 is \$3,754,000 well above the minimum amount.

2014-2015 Monthly Financial Report

Special Revenue Funds Report

For the Month Ending August 31, 2014

Special Revenue Funds

Revenues and Expenditures

	2014-15		Remaining Budget
	Annual Budget	Actual YTD	
Bonded Debt Fund			
Revenues	2,590,560	3,284	2,587,276
Expenditures	2,590,560	277,213	2,313,347
Transient Room Tax (TRT)			
Revenues	70,000	19,158	50,842
Expenditures	70,000	49,017	20,983
Recreation Special Revenue			
Revenues	133,500	58,102	75,398
Expenditures	133,500	21,089	112,411
Reserve Fund			
Revenues	4,732,977	65,432	4,667,545
Expenditures	4,732,977	58,171	4,674,806
Municipal Court Special Revenue			
Revenues	180,000	29,498	150,502
Expenditures	180,000	27,864	152,136
Miscellaneous Special Revenue			
Revenues	35,000	2,282	32,718
Expenditures	35,000	2,322	32,678
Conference Center			
Revenues	158,350	23,857	134,493
Expenditures	158,350	25,318	133,032
WWTP Construction Fund			
Revenues	4,000,000	3,898,065	101,935
Expenditures	4,000,000	878,991	3,121,009
EOTEC Grant Fund			
Revenues	6,000,000	4,611	5,995,389
Expenditures	6,000,000	5,510	5,994,490
Law Enforcement Special Revenue			
Revenues	42,100	6,035	36,065
Expenditures	42,100	-	42,100
Library Special Revenue			
Revenues	48,500	2,579	45,921
Expenditures	48,500	5,232	43,268
2014 Water & Sewer Rev Bonds			
Revenues	5,300,000	4,030	5,295,970
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.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending August 31, 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	166,434	157,297	(9,137)	(5.5%)
Expenditures	1,210,000	117,915	102,820	15,095	12.8%
	-	48,519	54,477	5,958	---
<u>Utility Fund</u>					
Revenues	4,555,010	927,666	938,770	11,104	1.2%
Expenditures	4,555,010	549,732	526,099	23,633	4.3%
	-	377,935	412,671	34,736	---
<u>HES Fund</u>					
Revenues	8,531,878	1,287,750	1,313,144	25,394	2.0%
Expenditures	8,531,878	1,265,284	874,677	390,607	30.9%
	-	22,466	438,467	416,001	---
<u>Regional Water Fund</u>					
Revenues	\$ 593,566	\$ 86,700	\$ 61,594	\$ (25,106)	(29.0%)
Expenditures	593,566	100,906	72,470	28,436	28.2%
	-	(14,206)	(10,876)	3,330	---

Business-type activities are tracked in the **Street**, **Utility**, **Hermiston Energy Services (HES)** and **Regional Water Funds**. **Street Fund** revenues include gas tax, which is 5.5% less than projections, and Surface Transportation Program (STP) allotments from the State. STP allotments are reimbursements for street improvement projects. The City has not yet submitted reimbursement requests so no STP revenues have been collected yet this year. Excluding transfers-out, expenditures came in below projections by almost 13%. Water and Wastewater are both tracked in the **Utility Fund**. Water revenues are running 2.5% below projections at the end of August and Wastewater revenues are 0.39% below. Expenditures in both departments came in 4.3% below projections.

HES Fund revenues came in 2% above projections at the end of August. Most of the positive variance in expenditures is due to lower than projected power purchases.

Revenues and expenditures are both well below projections in the **Regional Water Fund**. Since the expenditure positive variance was higher than the negative revenue variance the overall fund variance was positive.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending August 31, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	3,244,877	3,669,194	80.6%	683,252	2,985,943
HES Fund	4,329,711	4,768,178	55.9%	1,279,782	3,488,396
Total	7,574,588	8,437,372	-	1,963,033	6,474,339

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 \$6.5 million.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending August 31, 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	5,510	6,400,000	361,836	0%
Recycled Water Treatment Plant (RWTP)	7,600,000	878,992	30,700,000	5,371,877	90%
Water Line Extension	1,250,000	2,500	1,250,000	57,000	0%
Total	\$ 14,900,000	\$ 887,002	\$ 38,350,000	\$ 5,790,713	---

The City's capital projects for the 2014-15 fiscal year include additional improvements 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 for which the City has applied. \$16,666 is earmarked for match for a \$150,000 FAA grant for Wide Area Augmentation System (WAAS) Approach Engineering. This grant is scheduled for 2014. The other grant is for taxiway realignment engineering. The match for this \$300,000 grant is \$33,333 and is also scheduled in 2014.

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 96% 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 the City issued in May 2014. Proceeds from the bond for project purposes were \$4,850,000. Of this, \$3.6 million was added to the RWTP budget and \$1.25 million was set aside for the Water Line Extension project. 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. The project was approved by the DEQ to be bid out and the bid opening was September 10th. The bids have been reviewed and approved by DEQ. It is anticipated that the work will begin this winter and be completed by the summer of 2015.

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 August 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	\$ 1,987,534	FNMA	Aaa/AA+	1,072	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 980,646	\$ 993,612	FHLMC	Aaa/AA+	1,290	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,974,578	\$ 1,997,790	FFCB	Aaa/AA+	1,380	Y	1.85	1.85
313381UZ6	\$ 1,000,000	\$ 989,652	\$ 990,650	FHLB	---	1,243	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 982,132	\$ 982,813	FHLMC	Aaa/AA+	1,230	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,043,804	FICO	---	803	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,020,116	\$ 1,010,469	FNMA	Aaa/AA+	883	N	0.78	0.78
US Agencies	\$ 9,065,000	\$ 8,951,508	\$ 9,006,672	---	---	---	---	---	---
LGIP ^{(1) (2)}	\$ 11,546,830	\$ 11,546,830	\$ 11,546,830	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 11,546,830	\$ 11,546,830	\$ 11,546,830	---	---	---	---	---	---
TOTAL ⁽³⁾	\$ 20,611,830	\$ 20,498,338	\$ 20,553,502	---	---	---	---	---	---

⁽¹⁾ \$5,031,826 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

⁽²⁾ \$4,504,030 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	\$ 11,546,830	56.3%	US Agency	\$ 8,951,508	43.7%	Wtd Avg Matur: 506 Days (1.39 yrs) Wtd Avg Yield to Maturity: 0.90% Percent Callable: 38.2% Wtd Avg Credit Rating: Aaa/AA+
90 Days - 3 Yr	\$ 4,024,500	19.6%	Corporate	\$ -	0.0%	
3 - 5 Yrs	\$ 4,927,008	24.0%	LGIP	\$ 11,546,830	56.3%	
	\$ 20,498,338	100.0%		\$ 20,498,338	100.0%	