

Monthly Financial Report



Includes the Hermiston Urban Renewal Agency

Finance Department
February 2015

2014-2015 Monthly Financial Report

Hermiston Urban Renewal Agency (HURA)

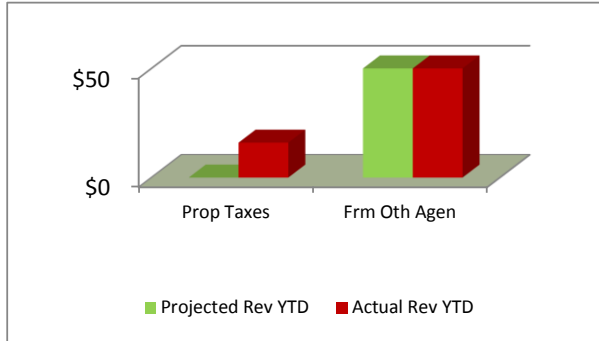
For the Month Ending February 28, 2015

Revenues

Through Feb 28, 2015

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ -	\$ -	\$ 16	\$ 16	0%
Frm Oth Agen	50	50	50	-	0%
Total	\$ 50	\$ 50	\$ 66	\$ 16	32%

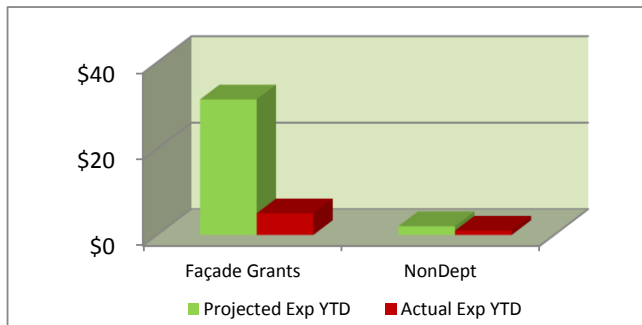
Note: variance is calculated as a percent of the projected revenue YTD.

Expenditures

Through Feb 28, 2015

by Character

(in \$1,000)



	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Façade Grants	\$ 47	\$ 31	\$ 5	\$ 26	84%
NonDept	3	2	1	1	50%
Total	\$ 50	\$ 34	\$ 6	\$ 27	80%

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

Because this is the first fiscal year for the HURA no tax increment revenues were included in the budget. The revenue for the Agency was budgeted to come from a loan of \$50,000 from the City of Hermiston. As of the end of February the Agency has received \$16,000 in tax revenues. A second façade grant was paid in February bringing the new total of grant reimbursements to \$5,000.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

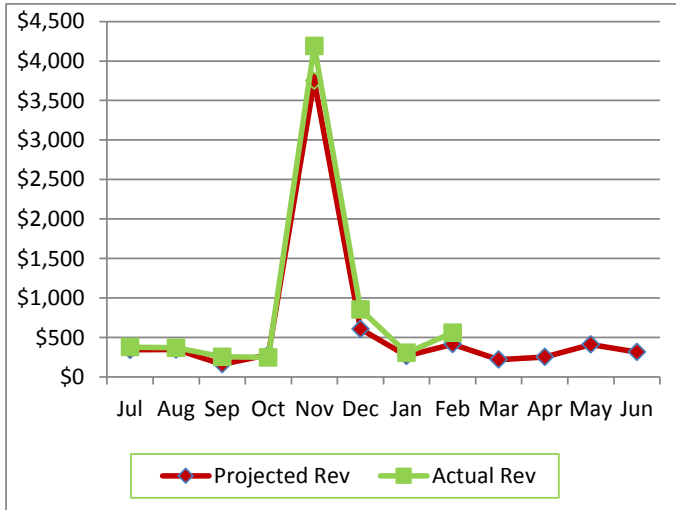
General Fund Revenue

For the Month Ending February 28, 2015

Through Feb 28, 2015

All Revenue Sources

(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				
Apr	253				
May	412				
Jun	316				
Total	7,370	6,171	7,160	989	16%
Cash Fwd	1,340	1,340	1,340	-	0%
Total	\$ 8,710	\$ 7,510	\$ 8,500	\$ 989	13%

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

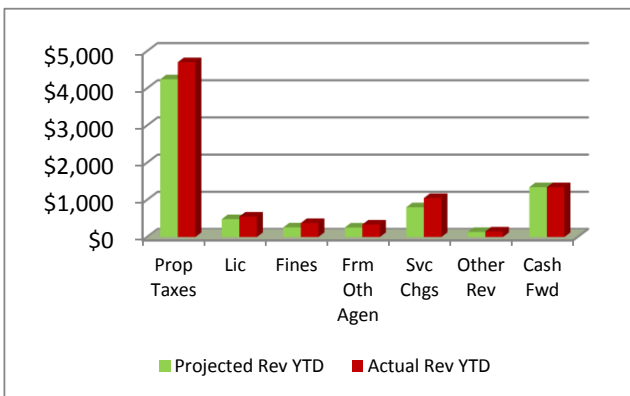
General Fund revenues continued their positive trend coming in \$989,000 higher than projections in February. As previously reported Property Taxes, Fines, Receipts From Other Agencies and Service Charges make up 90% of the variance. The variance is mostly reflective of the City's conservative budget approach.

General Fund Revenue

by Category

Through Feb 28, 2015

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,500	\$ 4,243	\$ 4,702	\$ 459	11%
Lic	695	480	549	69	14%
Fines	400	258	377	118	46%
Frm Oth Agen	376	255	336	81	32%
Svc Chgs	1,223	799	1,047	248	31%
Other Rev	177	136	149	13	10%
Cash Fwd	1,340	1,340	1,340	-	0%
Total	\$ 8,710	\$ 7,510	\$ 8,500	\$ 989	13%

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

2014-2015 Monthly Financial Report

City of Hermiston, Oregon General Fund Expenditures

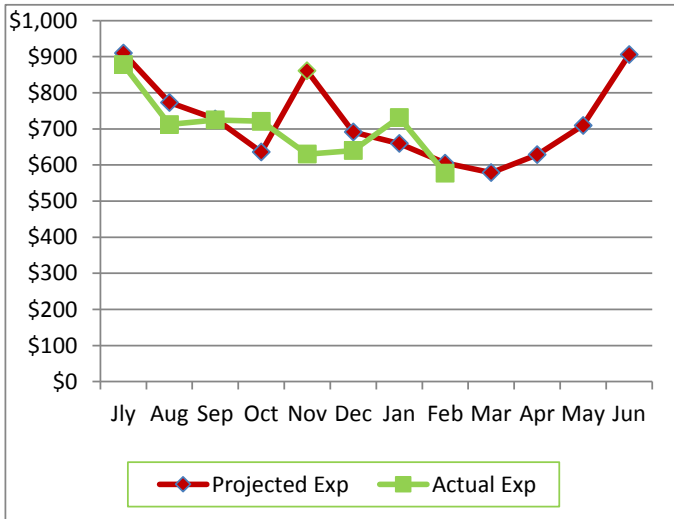
For the Month Ending February 28, 2015

General Fund Expenditure Summary

Through Feb 28, 2015

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	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	579	-	-	-	-
Apr	628	-	-	-	-
May	709	-	-	-	-
Jun	906	-	-	-	-
Total	8,685	5,863	5,614	249	4%
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 5,863	\$ 5,614	\$ 249	4%

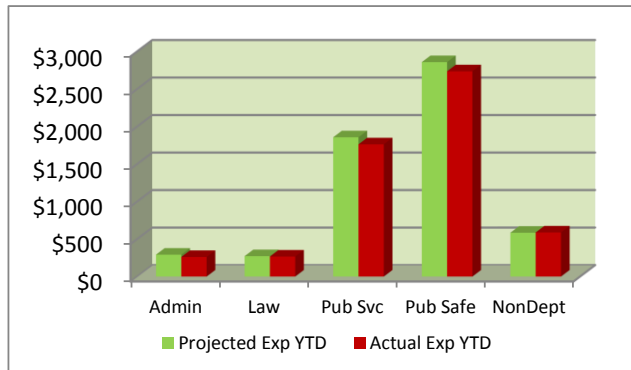
The positive variance in expenditures grew from \$221,000 in January to \$249,000 in February. The largest savings continue to be in Public Safety and Public Services. Combined, they make up 86% of the variance. Administrative Services also showed savings of \$31,000.

General Fund Expenditures

Through Feb 28, 2015

by Consolidated Department

(in \$1,000)



	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Admin	\$ 431	292	261	\$ 31	11%
Law	410	272	267	5	2%
Pub Svc	2,769	1,856	1,762	94	5%
Pub Safe	4,183	2,858	2,736	122	4%
NonDept	892	584	588	(4)	(1%)
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 5,863	\$ 5,614	\$ 249	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 February 28, 2015

General Fund Expenditures by Department

	Annual Projected Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var Fav/ (Unfav)
City Council	\$ 32,400	\$ 21,718	\$ 13,333	\$ 8,386	39%
City Manager/Planning	332,355	225,813	213,188	12,625	6%
Finance	66,650	44,291	34,630	9,661	22%
Total Admin & Finance	431,405	291,822	261,151	30,672	11%
Legal	186,300	121,244	116,563	4,681	4%
Court	224,100	150,406	150,080	326	0%
Total Dept of Law	410,400	271,650	266,643	5,007	2%
Transportation	188,375	126,600	108,845	17,755	14%
Airport	266,700	190,108	175,445	14,663	8%
Bldg Inspection	334,300	218,622	215,622	3,000	1%
Parks	442,300	284,735	266,297	18,438	6%
Pool	375,350	271,285	266,244	5,041	2%
Municipal Buildings	11,400	5,451	8,268	(2,817)	(52%)
Library	642,800	427,264	397,806	29,458	7%
Recreation	416,500	273,861	266,974	6,887	3%
Conference Center	90,900	59,499	56,920	2,579	4%
Total Public Services	2,768,625	1,857,426	1,762,421	95,005	5%
Public Safety Center	87,500	58,855	56,739	2,116	4%
Police Operations	4,095,290	2,799,304	2,679,475	119,829	4%
Total Public Safety	4,182,790	2,858,159	2,736,214	121,945	4%
Non-Departmental	892,113	583,903	587,854	(3,951)	(1%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	917,113	583,903	587,854	(3,951)	(1%)
Total	\$ 8,710,333	\$ 5,862,960	\$ 5,614,283	\$ 248,678	4%

All departments show favorable variances with the exception of Municipal Buildings and Non-Departmental. These variances are related to one-time expenditures, transfers, or attorney costs for miscellaneous items and are expected to correct themselves by the end of the fiscal year.

2014-2015 Monthly Financial Report

Fund Balance - General Fund

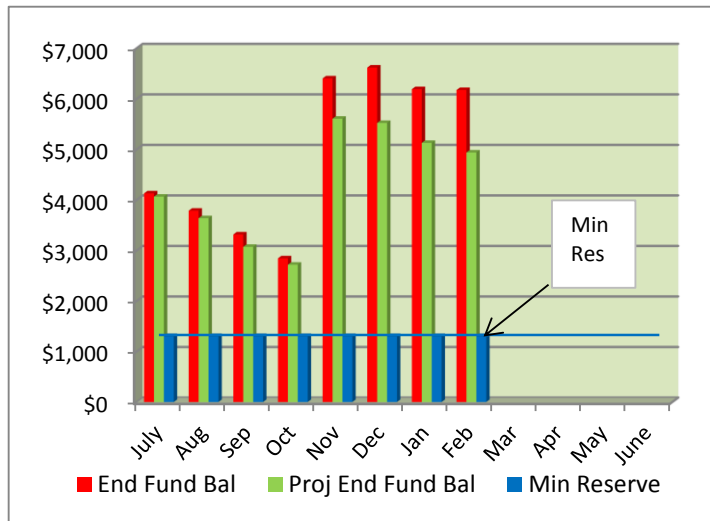
For the Month Ending February 28, 2015

General Fund

Through Feb 28, 2015

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,302,800

* Corrected

	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					
Apr					
May					
June					
Total	\$ 4,630	\$ 7,160	\$ (5,614)	\$ 6,175	\$ 4,938

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 fund balance is \$6.2 million at the end of February. This is a \$1.5 million increase since the beginning of the fiscal year.

2014-2015 Monthly Financial Report

Special Revenue Funds Report For the Month Ending February 28, 2015

Special Revenue Funds Revenues and Expenditures

	2014-15 Annual		Remaining
	Budget	Actual YTD	Budget
Bonded Debt Fund			
Revenues	2,590,560	1,112,513	1,478,047
Expenditures	2,590,560	1,132,366	1,458,194
Transient Room Tax (TRT)			
Revenues	70,000	71,288	(1,288)
Expenditures	70,000	44,831	25,169
Recreation Special Revenue			
Revenues	133,500	136,304	(2,804)
Expenditures	133,500	68,522	64,978
Reserve Fund			
Revenues	4,732,977	4,363,155	369,822
Expenditures	4,732,977	907,257	3,825,720
Municipal Court Special Revenue			
Revenues	180,000	135,149	44,851
Expenditures	180,000	127,730	52,270
Miscellaneous Special Revenue			
Revenues	35,000	19,390	15,610
Expenditures	35,000	9,654	25,346
Conference Center			
Revenues	158,350	96,985	61,365
Expenditures	158,350	100,169	58,181
WWTP Construction Fund			
Revenues	4,000,000	4,918,630	(918,630)
Expenditures	4,000,000	1,023,566	2,976,434
EOTEC Grant Fund			
Revenues	6,000,000	6,000,000	-
Expenditures	6,000,000	5,510	5,994,490
Law Enforcement Special Revenue			
Revenues	42,100	67,633	(25,533)
Expenditures	42,100	37,403	4,697
Library Special Revenue			
Revenues	48,500	41,508	6,992
Expenditures	48,500	19,861	28,639
2014 Water & Sewer Rev Bonds			
Revenues	5,300,000	15,477	5,284,523
Expenditures	5,300,000	1,608,475	3,691,525

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.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending February 28, 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	1,210,000	789,031	821,583	32,552	4.1%
Expenditures	1,210,000	773,207	723,317	49,890	6.5%
	-	15,824	98,266	82,442	---
<u>Utility Fund</u>					
Revenues	4,555,010	3,127,002	3,303,368	176,366	5.6%
Expenditures	4,555,010	2,337,873	2,391,659	(53,786)	(2.3%)
	-	789,129	911,709	122,580	---
<u>HES Fund</u>					
Revenues	8,531,878	6,032,128	6,137,317	105,189	1.7%
Expenditures	8,531,878	5,738,825	5,141,964	596,861	10.4%
	-	293,303	995,353	702,050	---
<u>Regional Water Fund</u>					
Revenues	\$ 593,566	\$ 452,518	\$ 532,679	\$ 80,161	17.7%
Expenditures	593,566	397,689	386,055	11,634	2.9%
	-	54,829	146,624	91,795	---

These funds are used to account for the City's business-type activities. The **Street Fund** accounts for gas tax revenues, which are about 4% above projections. Expenditures continue to run below projections but the Street Department has begun the annual crack-filling program so expenditures are expected to pick in the next month or two.

In the **Utility Fund** Wastewater revenues are almost right on target while Water revenues are about 7% ahead of projections. Both utility's expenditures are slightly ahead of projections as reflected in the 2.3% variance.

Revenues in the **HES Fund** are 1.7% ahead of projections and expenditures are 10.4% below. As noted previously the expenditure variance is primarily due to power purchases that have not yet been made. As of the end of February about 58% of the budget has been spent compared to 67% of the fiscal year elapsed.

Non-potable receipts are still driving the positive revenue variance in the **Regional Water Fund**. Expenditures are now just 2.9% below projections.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending February 28, 2015

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	3,244,877	4,434,989	97.4%	561,577	3,873,412
HES Fund	4,329,711	4,356,463	51.1%	1,051,875	3,304,588
Total	7,574,588	8,791,452	-	1,613,452	7,178,000

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 approximately \$562,000 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 \$8.8 million. The City has begun the process of reviewing the level of appropriate reserves in the utility and HES funds and expects to bring any recommended changes to Council as part of the 2015-16 budget development process.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending February 28, 2015

Capital Projects

	2014-15 Budget	YTD Expenditures	LTD Budget	LTD Expenditures	% Complete
Airport Improvements	\$ 50,000	\$ 27,255	\$ 50,000	\$ 27,255	0%
Eastern OR Trade & Event Ctr (EOTEC) Pipeline	\$ 1,800,000	\$ 494,156	\$ 1,800,000	\$ 494,156	30%
EOTEC Construction	6,000,000	5,510	6,400,000	361,836	0%
Recycled Water Treatment Plant (RWTP)	5,100,000	2,054,454	28,200,000	6,547,339	99%
RWTP Outfall	2,500,000	574,088	2,500,000	574,088	80%
Water Line Extension	1,250,000	2,500	1,250,000	57,000	0%
Total	\$ 16,700,000	\$ 3,157,963	\$ 40,200,000	\$ 8,061,674	---

The City's 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, 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

Design for the Taxiway Relocation is progressing well and on-schedule. The FAA and the state of Oregon have now both agreed that their grants may be used to upgrade the Fuel Farm. However, it is unknown at this time if the additional cost will remain within budget. Therefore, the Fuel Farm work will be put out to bid as two different options. The first option will be to just move the existing tanks (core project). Option 2 will remove the existing tank and install a new upgraded tank at the new location. Having both bid options will allow us to first see if there will be enough remaining budget projected from our Connect Oregon grant to cover the upgrade. The core project is still anticipated to be within budget.

Funding Source	Budgeted Amount	Expended to Date	Percent Complete
FAA NPE Design Grant	\$300,000	\$66,088	24%
Connect Oregon Grant	\$300,000	\$7,343	2%
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 February 28, 2015

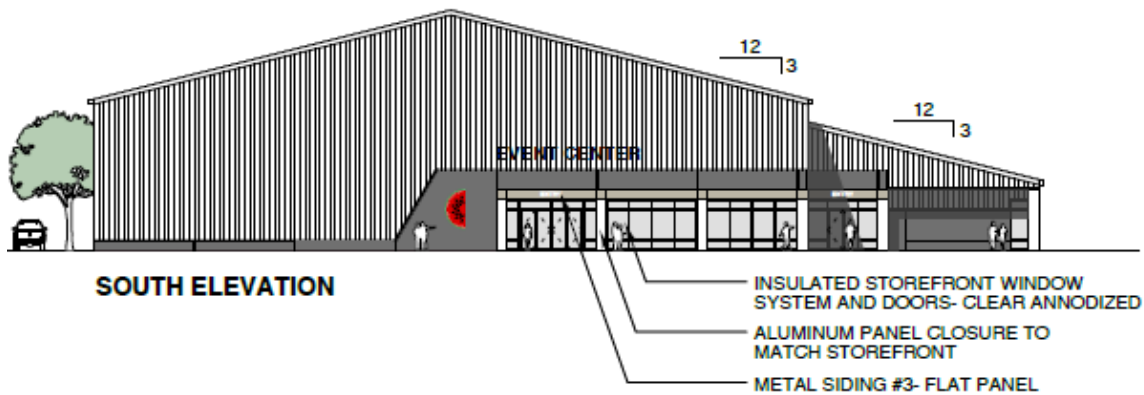
EOTEC Pipeline

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, and the new water and sewer lines south of the airport have been constructed and tested. The project is still on hold pending finalization of an archaeological pre-clearance, which is being completed by Frew Development. Frew has anticipated that construction will be allowed to proceed before the end of March. Construction is approximately 50% complete.



EOTEC Facility Design and Construction

At the February EOTEC Board meeting the Board approved Frew's recommendation to award Bid #2 to G2 Construction and to reject all the alternates at this time due to a lack of budget to retain them.



2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending February 28, 2015



Recycled Water Treatment Plant

The project to construct upgrades to the City's recycled-water treatment plant, including a new membrane Biologic Reactor (MBR) Building, has reached substantial completion with only minor punch list items to correct. Construction began in March 2013 and is approximately 99% complete. The contractor is working on closeout documentation, Operation and Maintenance Manuals and Record Drawings.

The City's new secondary treatment process MBR went on-line October 2014.

RWTP Outfall

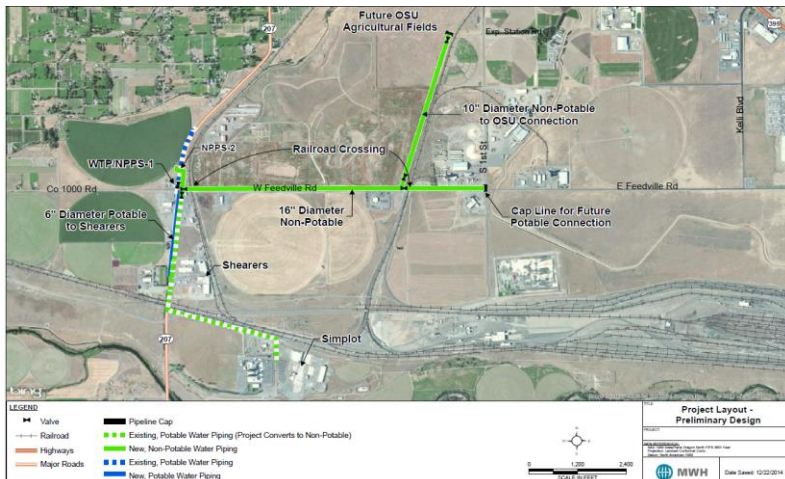
The Outfall, the final piece of the RWTP project, is about 80% complete. Construction began in mid-January 2015. Installation of a majority of the pipeline is complete and has been tested. Work is proceeding on other canal related work and the project is anticipated to be complete in the fall of 2015.



Future winter outfall location at Three Mile Dam.

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. The engineering design is nearing completion and work is being done to acquire the necessary easements. The project will be going out to bid in April.



**2014-15 Monthly Financial Report
City of Hermiston, Oregon
Investments
For the Month Ending February 28, 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	\$ 1,985,830	FNMA	Aaa/AA+	891	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 979,970	\$ 995,671	FHLMC	Aaa/AA+	1,109	Y	1.71	1.71
3135G0QK2	\$ 2,000,000	\$ 1,985,750	\$ 1,976,932	FFCB	Aaa/AA+	1,679	Y	1.71	1.71
313381UZ6	\$ 1,000,000	\$ 985,720	\$ 989,513	FHLB	---	1,062	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 978,757	\$ 991,693	FHLMC	Aaa/AA+	1,049	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,050,898	FICO	---	622	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,013,901	\$ 1,010,391	FNMA	Aaa/AA+	702	N	0.78	0.78
US Agencies	\$ 9,065,000	\$ 8,947,443	\$ 9,000,928	---	---	---	---	---	---
LGIP ⁽¹⁾⁽²⁾	\$ 12,368,458	\$ 12,368,458	\$ 12,368,458	Varies	---/AA	1	N	0.50	0.50
LGIP	\$ 12,368,458	\$ 12,368,458	\$ 12,368,458	---	---	---	---	---	---
TOTAL	\$ 21,433,458	\$ 21,315,901	\$ 21,369,386	---	---	---	---	---	---

⁽¹⁾ \$5,044,697 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

⁽²⁾ \$2,015,477 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	\$12,368,458	57.7%	US Agency	\$ 9,065,000	42.3%	WTD Avg Maturity	454 Days	454 Days
90 Days - 3 Yrs	\$ 6,065,000	28.3%	Corporate	\$ -	0.0%	Wtd Avg Yield to Maturity	0.85%	1.32%
3 - 5 Yrs	\$ 3,000,000	14.0%	LGIP	\$12,368,458	57.7%	Percent Callable	28.0%	37.0%
	\$21,433,458	100.0%		\$21,433,458	100.0%	Wtd Avg Credit Rating	Aaa/AA+	Aaa/AA+