

Monthly Financial Report



Finance Department
October 2014

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

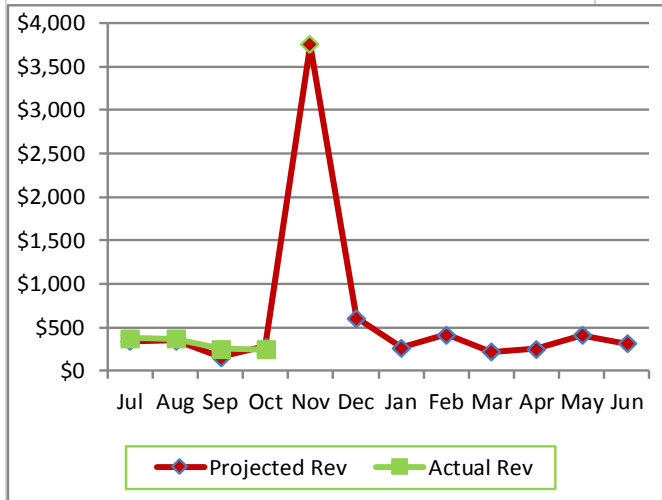
General Fund Revenue

For the Month Ending October 31, 2014

Through Oct 31, 2014

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				
Dec	607				
Jan	265				
Feb	415				
Mar	219				
Apr	253				
May	412				
Jun	316				
Total	7,370	1,133	1,249	117	10%
Cash Fwd	1,340	1,340	1,340	-	0%
Total	\$ 8,710	\$ 2,473	\$ 2,589	\$ 117	5%

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

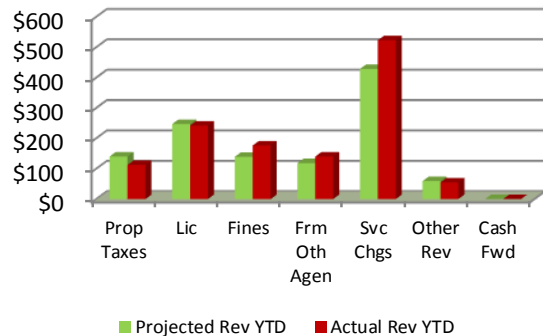
General Fund revenues collected through October are \$117,000 higher than projections. Fines, Service Charges and receipts From Other Agencies are all contributing to the favorable variance. The variance is mostly reflective of the conservative budget approach Hermiston has historically used. Property Taxes are still running behind projections, but as reported last month this is expected to correct by November.

General Fund Revenue

Through Oct 31, 2014

by Category

(in \$1,000)



	Projected Rev	Projected Rev YTD	Actual Rev YTD	Var Fav/ (Unfav)	% Var
Prop Taxes	\$ 4,500	\$ 140	\$ 112	\$ (28)	(20%)
Lic	695	247	242	(5)	(2%)
Fines	400	139	177	38	27%
Frm Oth Agen	376	118	140	22	18%
Svc Chgs	1,223	428	523	95	22%
Other Rev	177	59	55	(5)	(8%)
Cash Fwd	1,340	-	-	-	0%
Total	\$ 8,710	\$ 1,133	\$ 1,249	\$ 117	10%

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 October 31, 2014

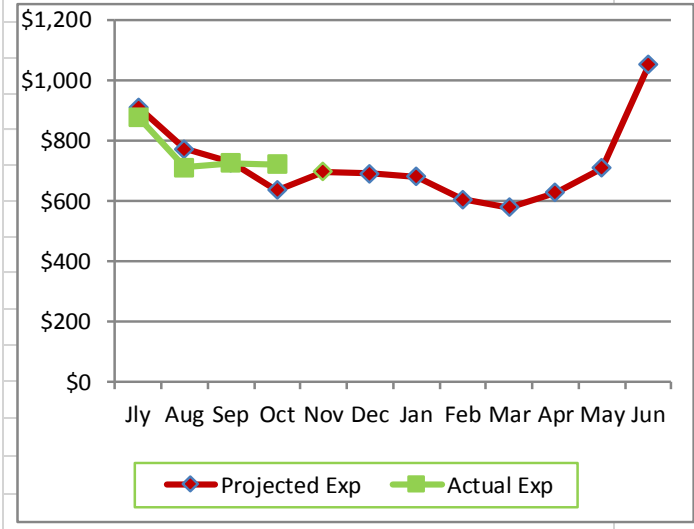
General Fund Expenditure Summary

Through Oct 31, 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	\$ 636	\$ 721	\$ (85)	(13%)
Nov	694				
Dec	691				
Jan	680				
Feb	605				
Mar	579				
Apr	628				
May	709				
Jun	1,052				
Total	8,685	3,046	3,035	11	0%
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 3,046	\$ 3,035	\$ 11	0%



Overall departmental spending through October was under projections by \$11,000, less than four tenths of a percent variance. The largest savings were in Public Safety, offset by an \$118,000 variance in Non-Departmental. The \$50,000 loan to the Hermiston Urban Renewal Agency was processed in October within non-departmental causing the majority of this variance.

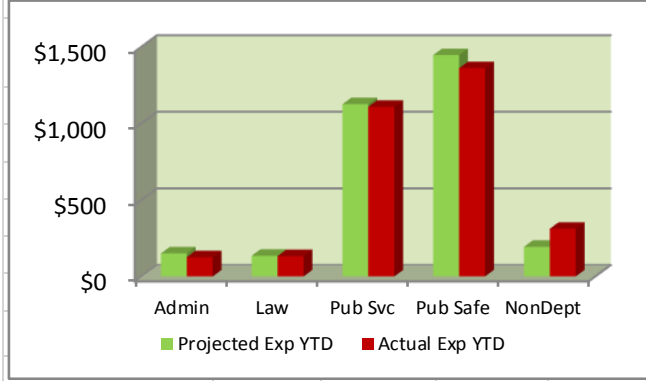
General Fund Expenditures

Through Oct 31, 2014

by Consolidated Department

(in \$1,000)

	Annual Proj Exp	Projected Exp YTD	Actual Exp YTD	Var Fav/ (Unfav)	% Var
Admin	\$ 431	150	126	\$ 24	16%
Law	410	135	132	2	2%
Pub Svc	2,769	1,124	1,107	17	2%
Pub Safe	4,183	1,444	1,359	85	6%
NonDept	892	193	311	(118)	(61%)
Unapp	25	-	-	-	0%
Total	\$ 8,710	\$ 3,046	\$ 3,035	\$ 11	0%



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 October 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	\$ 12,759	\$ 7,586	\$ 5,173	41%
City Manager/Planning	332,355	115,039	99,749	15,290	13%
Finance	66,650	22,267	18,255	4,012	18%
Total Admin & Finance	431,405	150,064	125,590	24,475	16%
Legal	186,300	60,431	58,713	1,718	3%
Court	224,100	74,229	73,705	524	1%
Total Dept of Law	410,400	134,660	132,418	2,242	2%
Transportation	188,375	64,176	57,176	7,000	11%
Airport	266,700	138,397	139,213	(816)	(1%)
Bldg Inspection	334,300	109,689	107,584	2,105	2%
Parks	442,300	166,985	157,899	9,086	5%
Pool	375,350	245,328	252,616	(7,288)	(3%)
Municipal Buildings	11,400	2,939	5,964	(3,025)	(103%)
Library	642,800	216,602	208,328	8,274	4%
Recreation	416,500	151,495	147,287	4,208	3%
Conference Center	90,900	28,615	30,801	(2,186)	(8%)
Total Public Services	2,768,625	1,124,225	1,106,868	17,357	2%
Public Safety Center	87,500	28,041	33,068	(5,027)	(18%)
Police Operations	4,095,290	1,416,240	1,326,422	89,818	6%
Total Public Safety	4,182,790	1,444,281	1,359,490	84,791	6%
Non-Departmental	892,113	193,081	311,132	(118,051)	(61%)
Unappropriated	25,000	-	-	-	-
Total Non-Dept	917,113	193,081	311,132	(118,051)	(61%)
Total	\$ 8,710,333	\$ 3,046,311	\$ 3,035,498	\$ 10,814	0%

Four Public Service departments have negative variances. Two of these, in the Pool and Conference Center budgets, are due to the payment in October of annual property and general liability insurance. The Airport has a small variance related to the purchase of fuel. As reported in August, the overage in Municipal Buildings is due to the replacement of a failed air conditioning unit in City Hall.

The \$5,027 variance in the Public Safety Center reflects repairs, paint, carpeting and other items related to the consolidation of the dispatch center. These one-time costs were budgeted, so the variance is expected to correct itself over the remainder of the year. The overage in Non-Departmental is primarily due to the annual insurance payment.

2014-2015 Monthly Financial Report

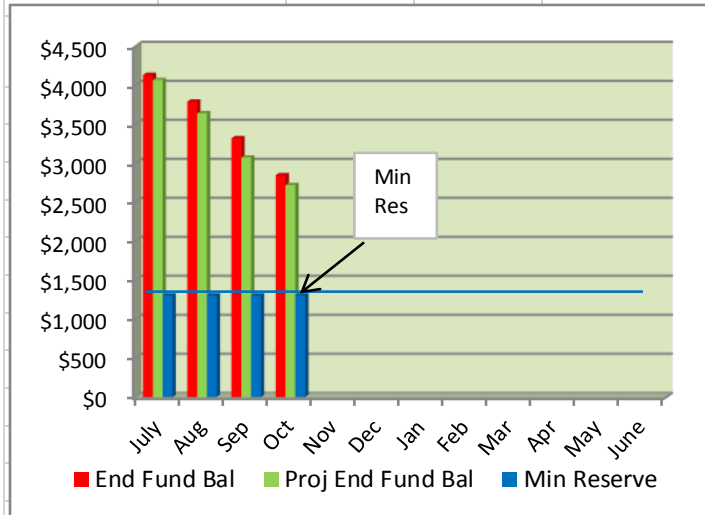
Fund Balance - General Fund For the Month Ending October 31, 2014

General Fund

Through Oct 31, 2014

Ending Fund Balance

(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					
Dec					
Jan					
Feb					
Mar					
Apr					
May					
June					
Total	\$ 4,630	\$ 1,249	\$ (3,036)	\$ 2,843	\$ 2,717

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 October 31 is \$2.8 million, a decrease of \$1.8 million since the beginning of the fiscal year. We expect to see a significant upward spike in this during November as the property taxes come in.

2014-2015 Monthly Financial Report

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

Special Revenue Funds Revenues and Expenditures

	2014-15		Remaining
	Annual Budget	Actual YTD	Budget
Bonded Debt Fund			
Revenues	2,590,560	662,447	1,928,113
Expenditures	2,590,560	931,732	1,658,828
Transient Room Tax (TRT)			
Revenues	70,000	33,378	36,622
Expenditures	70,000	40,267	29,733
Recreation Special Revenue			
Revenues	133,500	101,554	31,946
Expenditures	133,500	29,686	103,814
Reserve Fund			
Revenues	4,732,977	4,027,798	705,179
Expenditures	4,732,977	315,595	4,417,382
Municipal Court Special Revenue			
Revenues	180,000	71,761	108,239
Expenditures	180,000	68,237	111,763
Miscellaneous Special Revenue			
Revenues	35,000	14,738	20,262
Expenditures	35,000	4,721	30,279
Conference Center			
Revenues	158,350	53,276	105,074
Expenditures	158,350	50,704	107,646
WWTP Construction Fund			
Revenues	4,000,000	4,783,836	(783,836)
Expenditures	4,000,000	1,740,820	2,259,180
EOTEC Grant Fund			
Revenues	6,000,000	6,009,151	(9,151)
Expenditures	6,000,000	5,510	5,994,490
Law Enforcement Special Revenue			
Revenues	42,100	23,518	18,582
Expenditures	42,100	7,720	34,380
Library Special Revenue			
Revenues	48,500	28,170	20,330
Expenditures	48,500	6,850	41,650
2014 Water & Sewer Rev Bonds			
Revenues	5,300,000	8,076	5,291,924
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 \$783,836 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 EOTEC Fund has also received more revenue that was estimated for 2014-15. This is interest earnings that have to be returned to the State according to the grant agreement.

2014-2015 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending October 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	327,934	329,462	1,528	0.5%
Expenditures	1,210,000	440,364	421,395	18,969	4.3%
	-	(112,430)	(91,933)	20,497	---
<u>Utility Fund</u>					
Revenues	4,555,010	1,805,188	1,851,255	46,067	2.6%
Expenditures	4,555,010	1,260,863	1,333,080	(72,217)	(5.7%)
	-	544,325	518,175	(26,150)	---
<u>HES Fund</u>					
Revenues	8,531,878	3,532,378	3,717,392	185,014	5.2%
Expenditures	8,531,878	2,582,757	2,779,142	(196,385)	(7.6%)
	-	949,621	938,250	(11,371)	---
<u>Regional Water Fund</u>					
Revenues	\$ 593,566	\$ 256,966	\$ 276,597	\$ 19,631	7.6%
Expenditures	593,566	201,812	183,558	18,254	9.0%
	-	55,154	93,039	37,885	---

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 4.3% below projected as of the end of October, mainly due to lower than expected personnel costs.

The **Utility Fund's** revenues are 2.6% above projections and expenditures are 5.7% above. Most of the positive variance in revenues is attributable to Water revenues while the expenditure variance is being caused by the payment of annual insurance in both Sewer and Water.

Revenues in the **HES Fund** are 5.2% above projections at the end of October mostly due to earnings on investments and a \$42,000 conservation reimbursement from BPA. Expenditures are higher than projected primarily due to the payment of annual insurance and a \$10,000 contribution for energy assistance.

Non-potable receipts are driving the positive revenue variance in the **Regional Water Fund**. Personnel Services in the River Intake Station continue to be lower than projected causing the positive 9% variance in expenditures.

2014-2015 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending October 31, 2014

Utility and HES Funds Report

Reserve Balances

	Beginning Reserve	Ending Reserve	% Ending Reserve	Minimum Reserve Requirement	Difference
Utility Fund	3,244,877	3,714,579	81.5%	683,252	3,031,328
HES Fund	4,329,711	4,311,083	50.5%	1,279,782	3,031,301
Total	7,574,588	8,025,662	-	1,963,033	6,062,629

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 over \$8 million.

2014-2015 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending October 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	1,740,821	30,700,000	6,233,706	90%
Water Line Extension	1,250,000	2,500	1,250,000	57,000	0%
Total	\$ 14,900,000	\$ 1,748,831	\$ 38,350,000	\$ 6,652,542	---

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 grants the City expects to receive. The City has already been awarded two grants totaling \$600,000 with another award expected next spring. The awarded grants are:

FAA Non-Primary Entitlement (NPE) Grant - \$300,000

Connect Oregon Grant - \$300,000

The FAA NPE grant is for design of the taxiway realignment and requires a 10% match from the City. The Connect Oregon Grant will be used to provide the match and money for construction of the taxiway. The grant that is expected next spring is an FAA Discretionary Grant, the amount of which is contingent upon the successful bid for the project. The FAA changed its rules in the past few years and will not officially award discretionary grant funds until construction bids have been opened. These grants will cover the majority of the construction. 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. Six bids were received for the Grading and Site Utilities and the successful bidder was Barton Laser Leveling. The EOTEC Board approved the contract at a special meeting on November 7, 2014. Construction is expected to start in early December.

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. The project is on schedule to be completed in December 2014. Total costs are estimated at \$27.1 million, which is being provided by a Clean Water State Revolving Fund (CWSRF) loan and 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. The project has been bid out and awarded. Construction is anticipated to begin in late November or early December 2014. The "in-water" portion of the work will be done the summer of 2015 with project completion also expected in 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. The surveying and mapping have been completed.

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

**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	\$ 1,991,166	FNMA	Aaa/AA+	1,011	Y	1.37	1.37
3134G35P1	\$ 1,000,000	\$ 979,970	\$ 997,089	FHLMC	Aaa/AA+	1,229	Y	1.71	1.71
3133EATP3	\$ 2,000,000	\$ 1,968,078	\$ 2,000,208	FFCB	Aaa/AA+	1,319	Y	1.85	1.85
313381UZ6	\$ 1,000,000	\$ 985,720	\$ 989,453	FHLB	---	1,182	Y	1.31	1.31
3137EADN6	\$ 1,000,000	\$ 978,757	\$ 989,912	FHLMC	Aaa/AA+	1,169	N	1.29	1.29
31771CCJ2	\$ 1,065,000	\$ 1,042,845	\$ 1,047,854	FICO	---	742	N	0.70	0.70
3135G0GY3	\$ 1,000,000	\$ 1,013,901	\$ 1,012,083	FNMA	Aaa/AA+	822	N	0.78	0.78
US Agencies	\$ 9,065,000	\$ 8,929,771	\$ 9,027,765	---	---	---	---	---	---
LGIP ^{(1) (2)}	\$ 11,557,133	\$ 11,557,133	\$ 11,557,133	Varies	---/AA	1	N	0.54	0.54
LGIP	\$ 11,557,133	\$ 11,557,133	\$ 11,557,133	---	---	---	---	---	---
TOTAL⁽³⁾	\$ 20,622,133	\$ 20,486,904	\$ 20,584,898	---	---	---	---	---	---

⁽¹⁾ \$5,036,349 of the balance in the LGIP is held by the City for the Eastern Oregon Trade and Event Center (EOTEC).

⁽²⁾ \$4,508,076 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
< 90 Days	\$ 11,557,133	56.4%
90 Days - 3 Yrs	\$ 4,017,246	19.6%
3 - 5 Yrs	\$ 4,912,525	24.0%
	\$ 20,486,904	100.0%

Type of Inv	Total Cost	% of Total Portfolio
US Agency	\$ 8,929,771	43.6%
Corporate	\$ -	0.0%
LGIP	\$ 11,557,133	56.4%
	\$ 20,486,904	100.0%

Wtd Avg Matur: **479 Days (1.31 yrs)**
Wtd Avg Yield to Maturity: **0.90%**
Percent Callable: **38.2%**
Wtd Avg Credit Rating: **Aaa/AA+**