IVINS CITY

Mayor
Chris Hart

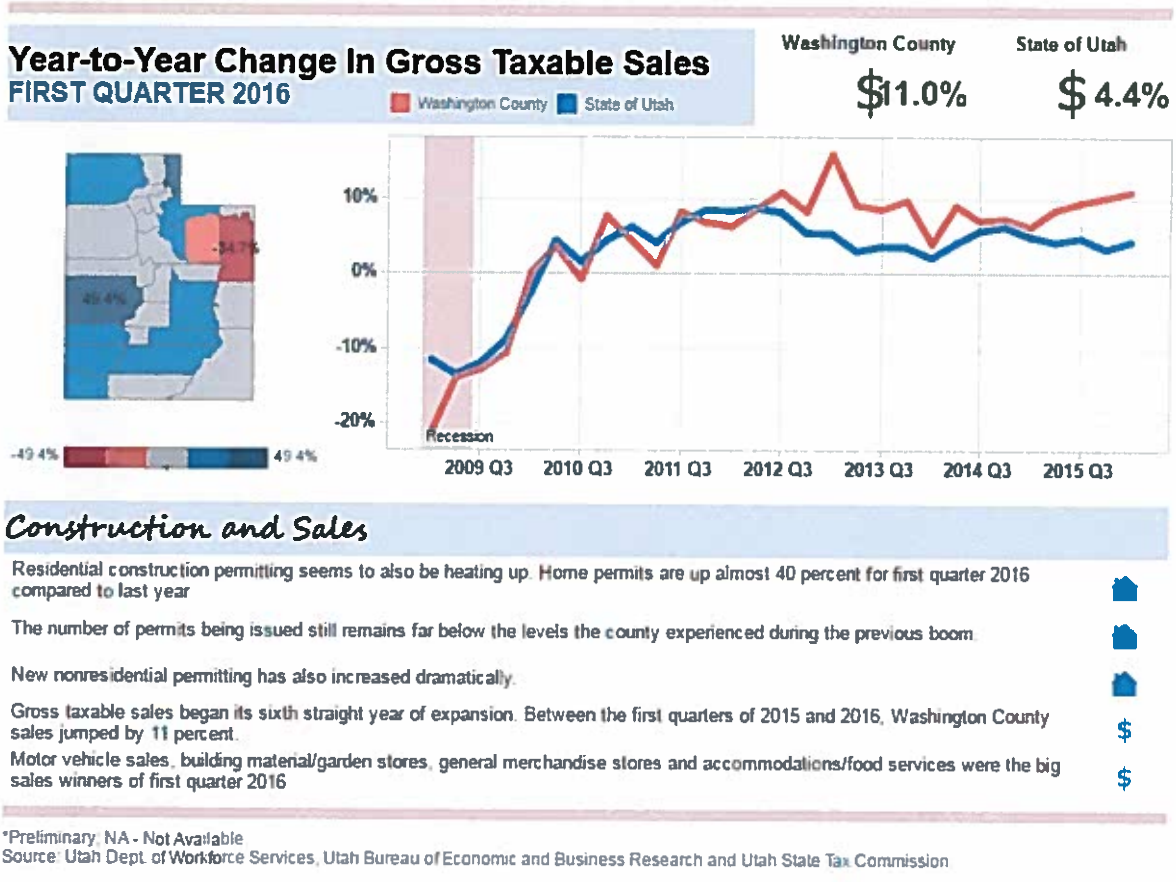
City Manager / Attorney
Dale Coulam

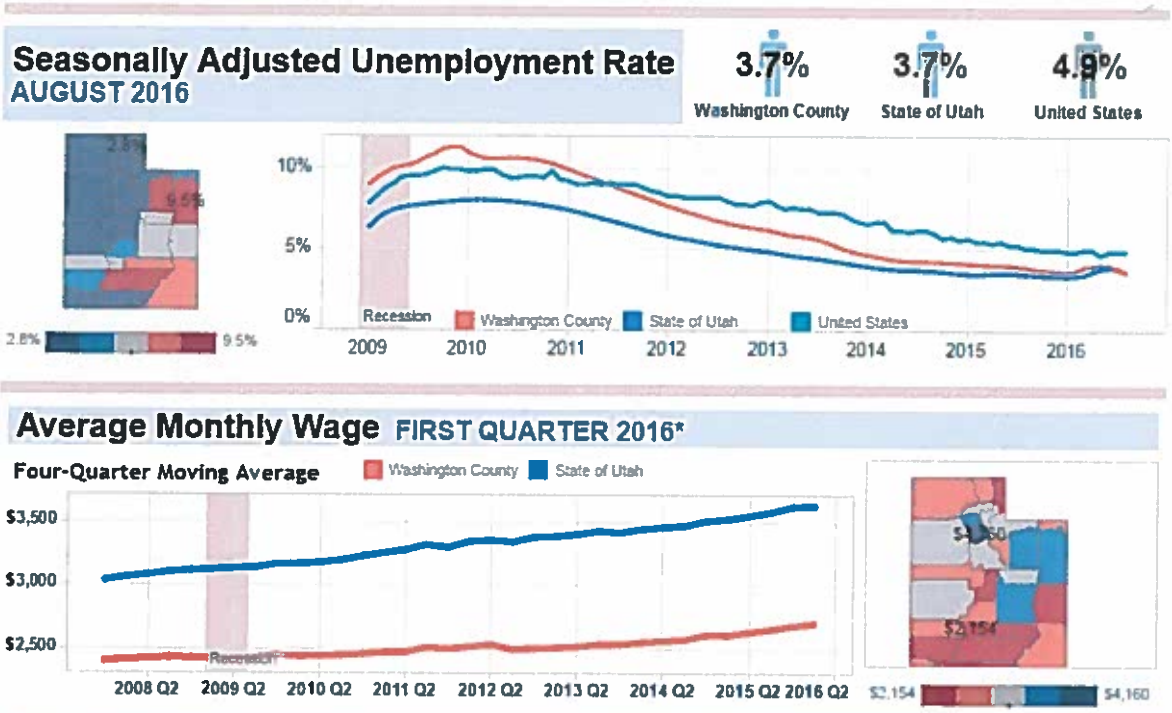
City Council
Ron Densley
Jenny Johnson
Cheyne McDonald
Dennis Mehr
Steven Roberts

This memorandum includes the FY 2016 - 2017 Interim Statement of Actual and Estimated Revenues and Expenditures through the First Quarter (Q1) ending September 30, 2016. The Interim Financial Report incorporates an overview of the financial state of the City along with revenue and expenditure summaries for the Government Type Funds (General Fund, Impact Fee Funds, and Capital Projects Fund), and Enterprise Funds (Water and Wastewater).

OVERVIEW

Ivins City is financially stable and well positioned to provide services to the residents in the future. Growth has been strong in the first quarter of FY 2017 and the upcoming months look stable for the local economy. The city benefits from the stability and growth on both the state and local level. There is some concern, with the upcoming election, about the national economy and its effects on the state and local economies. The current budget and council direction strive to meet the ongoing issues of providing high quality services to the residents. The county is well positioned within the state to have steady growth and a measure of consistency in the economy during the remainder of the fiscal year.





Low unemployment rates put pressure on wage growth, which helps to increase taxable sales. Washington County's economic indicators continue to be stable. Unemployment is down, jobs are growing, construction is steady, and sales are improving. Low unemployment rates and continued job growth are putting pressure on wage growth. The county's unemployment rate continues to be low at 3.7%. Construction starts project to modest, sustainable growth. First quarter gross taxable sales produced a strong 11.0% year-to-year gain. Statewide local sales taxes are up 4.4% for the fiscal year. The current economic climate for Ivins and the County support continued moderate, manageable growth.

The city, in the General Fund, has seen stable, solid growth in tax revenue, consistency in B & C Road Money, and strong building related revenue. The city issued 114 new home building permits last fiscal year and has issued 36 through the 1st Quarter of FY 2017, ahead of projections because of a busy quarter. Revenue in the General Fund is meeting expectations through the first quarter of the fiscal year. Property Tax is not received until December and January of the fiscal year and B & C Road Money has been delayed due to negotiation between the ULCT, UAC, UDOT, and the Legislature to rectify a calculation issue with HB 60 from last year.

The Impact Fee Funds (Public Safety, Street, and Park Funds) are all above the revenue expectations for the year to date. The city has seen a consistent, sustainable trend in building permits. There have been no major expenditures to date in these funds. The updates for the Parks and Public Safety Impact Fee Facilities Plans and Impact Fee Analyses will be complete this year. The city has received a CIB matching grant to cover up to 50% of the cost of these studies.

The Capital Projects Fund has a number of projects planned for the year. The projects include: Fire Station Remodel Highway 91 Improvements, Ivins Reservoir, Desert Rose Park, Street Gap Fill and a variety of other Parks & Trails

Improvements. These projects will take place during the course of the year, with many utilizing impact fees to cover the costs.

The Enterprise Funds are running as expected and operating revenues are stable. The Storm Water Impact Fee Facilities Plans (IFFP) and Impact Fee Analysis is complete. The updated plans for the Sewer and Secondary Water are currently being prepared by the consultants. There are funds to cover the planned projects, bond payments, and updated IFFP.

There are a few potential positive developments that will benefit the city. The Sentierre Resort and Sanctuary Spa has received approval for three (3) of its villas. They appear to be near securing funding for the hotel construction and hopeful that it will be underway later this fiscal year. Rocky Vista University is under construction for their main building and student housing. All of these items should bring more activity and recognition to the area. The city staff is proactively looking to control expenditures and operate more efficiently. The city should be able to meet its obligations and maintain established service levels with current revenues.

This memorandum is a summary overview of the financial condition of the city. The following information reflects the adopted budget for Ivins City. The accompanying attachments provide greater detail into the Governmental and Enterprise Funds operations and include the financial standing of Ivins City as of September 30, 2016.

GOVERNMENT TYPE FUNDS

	General Fund	Impact Fee Funds	Capital Projects Fund
Revenues to Date (9/30/2016)	$ 1,138,524	$ 237,728	$ 0
Expenditures to Date (9/30/2016)	$ 1,501,868	$ 5,993	$ 47,316
Net Revenues over/(under) Expenditures	($ 363,344)	$ 231,735	($ 47,316)

GENERAL FUND

For the period ending September 30, 2016, the General Fund realized $1,138,524 in revenues and $1,501,868 in expenditures; net revenues over / (under) expenditures totals ($363,344). It is typical to run a deficit in the General Fund during the first half of the fiscal year. Total revenues sum to 19.0% of budget; whereas, total expenditures sum to 25.1% of budget. The largest budgeted revenue source for the General Fund is Property Tax. This revenue is received primarily in December and January.

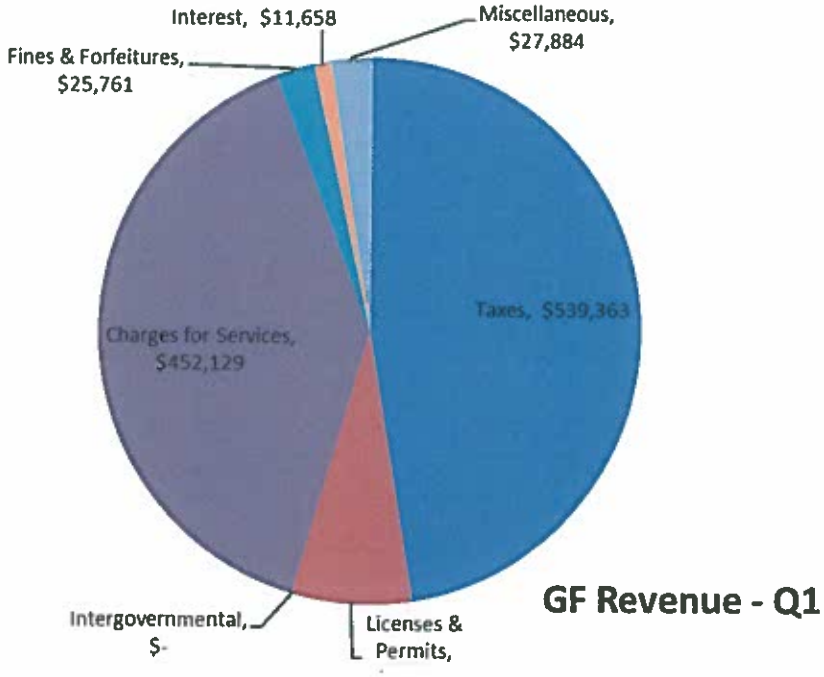
Revenues

General Fund revenues are separated into eight (8) categories:

1) Taxes which include property taxes, sales & use taxes, and franchise taxes. Current Year Property and Sales Taxes account for 70.5% of this revenue category with property tax revenue being received during the 2nd and 3rd quarters of the year.
2) Licenses & Permits include business and animal licenses and building permits. Business license renewals are due during the 2nd quarter of the year.
3) Intergovernmental include state and federal grants, B&C road money, and state liquor funds.
4) Charges for Services include administrative fees for the City along with refuse collection fees, ambulance fees, SRO reimbursement, and the Santa Clara portion of SCI operating costs.

5) Fines & Forfeitures include court fines, ACE penalties, and animal control fees.
6) Interest includes all applicable interest earned from General Fund monies.
7) Miscellaneous includes donations, recreation program fees, animal shelter donations, gain on sale of assets, and lease proceeds.
8) Contributions and Transfers capture the pass through revenue from the Perpetual Care and Habitat Funds.

Category	Q1	Budget	% Earned
Taxes	$ 539,363	$ 3,168,270	17.02%
Licenses & Permits	$ 81,729	$ 276,763	29.53%
Intergovernmental	$ -	$ 332,102	0.00%
Charges for Services	$ 452,129	$ 1,997,172	22.64%
Fines & Forfeitures	$ 25,761	$ 80,672	31.93%
Interest	$ 11,658	$ 28,913	40.32%
Miscellaneous	$ 27,884	$ 84,300	33.08%
Contributions & Transfers	$ -	$ 21,000	0.00%
Total	$ 1,138,524	$ 5,989,192	19.01%



The majority of the General Fund revenues meet and exceed expectations through the third quarter. B&C Road revenue from the state will see an increase during the second half of the fiscal year due to the legislature enacting transportation funding bills. This money must be used for road repair and maintenance. The majority of the Current Year Property Tax was received in December and January.

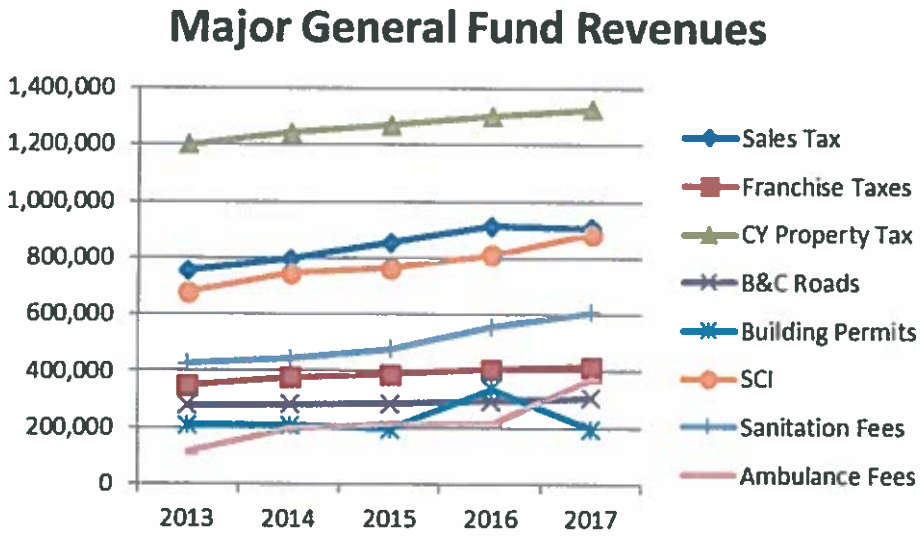
The local and state economies drive most of the large revenue sources, leaving the city little influence over them. The forecast of continued growth should enable the city to meet the budgeted revenue for this year and allow for projected to growth related increases in future budgets. The revenue from Santa Clara for their portion of SCI is directly tied to operating expenditures in Law Enforcement and determined by population and households.

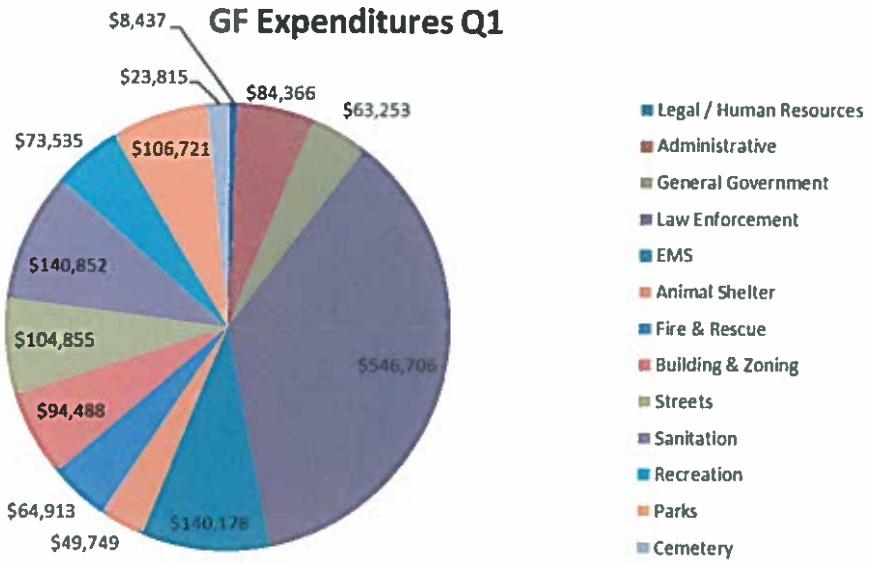
2nd Quarter Revenue Projections: Generally, revenues are stable and meeting expectations. This should continue and revenues will be monitored for any unexpected changes. The city has seen moderate growth and expects to meet the budgeted revenue amount for the fiscal year.

Expenditures

The Legal/HR, Administration, General Government, Public Safety (Law Enforcement, EMS, Animal Shelter, Fire), Building & Zoning, Public Works (Streets, Sanitation) and Parks (Parks, Recreation, Cemetery) Departments make up the General Fund. All departments are making a concerted effort to provide services, monitor expenditures, and stay within budget. All departments have some expenditures that are due early in the fiscal year, such as insurance and surety bonds, that inflate the 1st quarter numbers. The departments that have exceeded 25% of the budget have done so because of one time expenditures or the timing of payments. Each department is expected to come in under or meet their budgeted expenditures during the year.

Department	Q1	Budget	% Spent
Legal / Human Resources	$ 8,437	$ 99,062	8.52%
Administrative	$ 84,366	$ 321,371	26.25%
General Government	$ 63,253	$ 219,870	28.77%
Law Enforcement	$ 546,706	$ 2,001,688	27.31%
EMS	$ 140,178	$ 474,750	29.53%
Animal Shelter	$ 49,749	$ 190,706	26.09%
Fire & Rescue	$ 64,913	$ 195,574	33.19%
Building & Zoning	$ 94,488	$ 343,742	27.49%
Streets	$ 104,855	$ 673,435	15.57%
Sanitation	$ 140,852	$ 563,717	24.99%
Recreation	$ 73,535	$ 214,648	34.26%
Parks	$ 106,721	$ 392,035	27.22%
Cemetery	$ 23,815	$ 94,918	25.09%
Transfers	$ -	$ 203,676	0.00%
Total	$ 1,501,868	$ 5,989,192	25.08%





2nd Quarter Expenditure Projections: Q2 expenditures are projected to come in line within budget projections. Line items will be monitored carefully. Any expenditure amount overruns will need to be covered through line item reductions within each department. Each department director has been asked to monitor non-essential expenditures to help insure budgetary compliance.

IMPACT FEE FUNDS

The Impact Fee Funds consist of the Public Safety, Streets, and Parks Funds. For the period ending September 30, 2016 actual Impact Fee revenues are $237,728. The only expenditures to date in any of these funds is for the Parks Impact Fee Facility Plan and Analysis. The only planned expenditures this year are for transfers to the Debt Service Fund for bond payments, Impact Fee Studies, and Capital Projects Fund for impact fee eligible projects. These transfers will be made later in the year as payments are made or projects completed.

Category	Q1	Budget	% Earned
Public Safety	$ 15,249	$ 40,364	37.78%
Streets	$ 61,868	$ 259,470	23.84%
Parks	$ 160,611	$ 425,146	37.78%
Total	$ 237,728	$ 724,980	32.79%

CAPITAL PROJECTS FUND

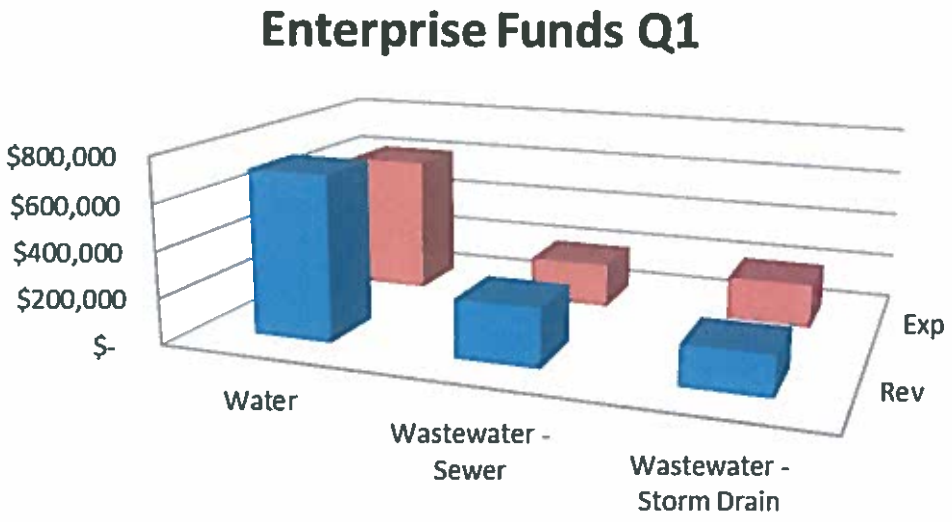
The Capital Projects Fund is used for the acquisition, repair or construction of major capital facilities such as buildings, streets, sidewalks, trails, and parks that are assets of the city. There are no revenues through September 30, 2016 and expenditures are $47,316. The revenue for this fund will be from transfers, with expenditures being made for the Center Street Flood Wall, Tuacahn Roundabout Statue and some Trail Improvements. The Center Street Flood Wall is split between the Waste Water Fund and Capital Projects. It was separated from the other Parks Projects. The final expenditures for the Tuacahn Roundabout Statue are included and will be covered with a portion of the Arts RAP Tax funds. Revenues and Expenses have met expectations through the first quarter.

Department	Q1	Budget	% Spent
Center Street Wall	$ 23,332	$ -	100.00%
Tuacahn Centerpiece / Roundabout	$ 17,054	$ -	100.00%
Highway 91	$ -		100.00%
Fire Station Remodel	$ -	$ 225,000	0.00%
Park & Trail Improvements	$ 6,930	$ 597,000	1.16%
Entry Feature	$ -	$ 50,000	0.00%
Street Projects	$ -	$ 160,000	100.00%
Total	$ 47,316	$ 1,032,000	4.58%

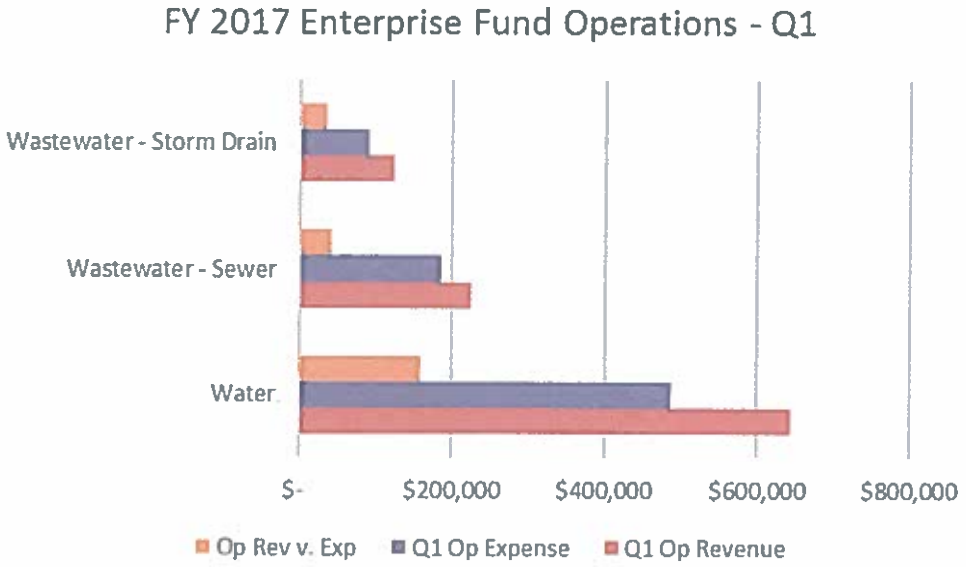
2nd Quarter Projections: The city will continue to work on projects as they come forward. Transfers to cover the related expenditures will be made later in the fiscal year.

ENTERPRISE FUNDS

The city has two (2) Enterprise Funds: Water and Waste Water. The Waste Water Fund includes both Sewer and Storm Water. The Sewer and Storm Water fund revenue is fairly predictable because there is no variable component to the fees. The fees for those funds are a set amount with no portion attributed to usage. The Water Fund revenue can vary because of usage sees a higher percentage of revenue during the 1st quarter due to the weather. The city is seeing similar usage during the first quarter compared to last year. For the period ending September 30, 2016 the revenues and expenditures for the Enterprise Funds are:



	Water	Wastewater - Sewer	Wastewater - Storm Drain
Rev	$718,710	$251,995	$171,160
Exp	$607,159	$194,274	$194,228



WATER FUND

For the period ending September 30, 2016, the Water Fund realized $718,710 in revenues and $607,159 in expenditures; net revenues over / (under) expenditures totals $111,551. With 25% of the fiscal year complete, total revenues sum to 33.1% of budget; whereas, total expenses sum to 13.1% of budget. The budgeted expenses include $2,175,000 in capital outlay for a new water tank and irrigation system. Some work has been completed on the irrigation system and the water tank is in the process of beginning construction.

Operating revenue is $644,440 and operating expenses are $486,513. These represent 32.4% and 27.6% of revenues and expenses, respectively. Typically, operating revenues are higher during the first and fourth quarters of the fiscal year because of usage related to outdoor watering and the weather. The operating expenditures are in line with expectations at this time. Both revenues and expenses will be monitored closely throughout the year.

Non – Operating revenues are meeting expectations at this time. The non – operating expenses are consistent with the budget projections. The revenues will be monitored for changes.

WASTE WATER FUND

SEWER

For the period ending September 30, 2016, the Sewer Fund realized $251,995 in revenues and $194,274 in expenditures; net revenues over / (under) expenditures totals $57,721. With 25% of the fiscal year complete, total revenues sum to 26.9% of budget; whereas, total expenditures sum to 21.8% of budget. Operating revenue is $224,896 and operating expenses are $184,648. These represent 25.5% and 22.9% of revenues and expenses, respectively. Both revenues and expenses will be monitored closely throughout the year.

STORM WATER

The Storm Water Fund realized $171,160 in revenues and $194,228 in expenditures; net revenues over / (under) expenditures totals ($23,068). There is a deficit due a payment for the Waste Water Bond being made in September. With

25% of the fiscal year complete, total revenues sum to 29.7% of budget; whereas, total expenditures sum to 7.53 % of budget. There is $1,925,000 budgeted for Storm Water projects this fiscal year.

Operating revenue is $122,500 and operating expenses are $88,326. These represent 24.5% and 26.9% of revenues and expenses, respectively. Both revenues and expenses will be monitored closely throughout the year.

The revenues for these two (2) funds are relatively stable because of the flat fees charged for the services. The major threats to the revenues are lack of payment by the residents and lack of growth. Impact Fee Facilities Plans and the associated fee analysis are planned for both Sewer and Storm Water this year. A number of Storm Water improvements will be undertaken during the year.

Department	Q1 Revenue	Q1 Expenditure	Rev v. Exp
Water	$ 718,710	$ 607,159	$ 111,551
Wastewater - Sewer	$ 251,995	$ 194,274	$ 57,721
Wastewater - Storm Drain	$ 171,160	$ 194,228	$ (23,068)
Total	$ 1,141,865	$ 995,662	$ 146,204

Projections and Summary

Revenues and expenditures should meet budget expectations in the 2nd quarter for the Enterprise Funds. The expenditures in each fund will be closely monitored. Revenues, particularly those tied to usage, will be reviewed regularly.

I hope that this interim statement helps to facilitate an understanding of the City's financial standing as of period ending September 30, 2016. Please review the attached documents for further information about the 1st quarter. Please feel free to contact me with any questions, concerns, or clarifications that you have.

Respectfully,

Wally Ritchie
Director of Finance

Ivins City
General Fund
For Period Ending September 30, 2016

Revenue

	Actual	Budget	% Earned
Taxes	$ 539,363	$ 3,168,270	17.02%
Licenses & Permits	$ 81,729	$ 276,763	29.53%
Intergovernmental	$ -	$ 332,102	0.00%
Charges for Services	$ 452,129	$ 1,997,172	22.64%
Fines & Forfeitures	$ 25,761	$ 80,672	31.93%
Interest	$ 11,658	$ 28,913	40.32%
Miscellaneous	$ 27,884	$ 84,300	33.08%
Contributions & Transfers	$ -	$ 21,000	0.00%
Total Revenue	**$ 1,138,524**	**$ 5,989,192**	**19.01%**

Expenditures

	Actual	Budget	% Spent
Legal / Human Resources	$ 8,437	$ 99,062	8.52%
Administrative	$ 84,366	$ 321,371	26.25%
General Government	$ 63,253	$ 219,870	28.77%
Law Enforcement	$ 546,706	$ 2,001,689	27.31%
EMS	$ 140,178	$ 474,750	29.53%
Animal Shelter	$ 49,749	$ 190,706	26.09%
Fire & Rescue	$ 64,913	$ 195,574	33.19%
Building & Zoning	$ 94,488	$ 343,742	27.49%
Streets	$ 104,855	$ 673,435	15.57%
Sanitation	$ 140,852	$ 563,717	24.99%
Recreation	$ 73,535	$ 214,648	34.26%
Parks	$ 106,721	$ 392,035	27.22%
Cemetery	$ 23,815	$ 94,918	25.09%
Transfers	$ -	$ 203,676	0.00%
Total Expenditures	**$ 1,501,868**	**$ 5,989,192**	**25.08%**
Revenue Over / (Under) Expenditures	**$ (363,344)**	**$ (0)**	

Ivins City
Water Fund
For Period Ending September 30, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 644,440	$ 1,991,791	32.35%
Non - Operating Income	$ 74,271	$ 182,623	40.67%
Total Revenue	**$ 718,710**	**$ 2,174,414**	**33.05%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 486,513	$ 1,765,173	27.56%
Non - Operating Expense	$ 120,647	$ 2,887,212	4.18%
Total Expenses	**$ 607,159**	**$ 4,652,385**	**13.05%**
Operating Revenue Over/(Under) Expenses	**$ 157,927**	**$ 226,618**	
Total Income / (Expense)	**$ 111,551**	**$ (2,477,971)**	

Ivins City
Sewer Fund
For Period Ending September 30, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 224,896	$ 883,414	25.46%
Non - Operating Income	$ 27,099	$ 54,489	49.73%
Total Revenue	**$ 251,995**	**$ 937,903**	**26.87%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 184,648	$ 804,876	22.94%
Non - Operating Expense	$ 9,626	$ 85,100	11.31%
Total Expenses	**$ 194,274**	**$ 889,976**	**21.83%**
Operating Revenue Over/(Under) Expenses	**$ 40,249**	**$ 78,538**	
Total Income / (Expense)	**$ 57,721**	**$ 47,927**	

Storm Water
For Period Ending September 30, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 122,500	$ 499,100	24.54%
Non - Operating Income	$ 48,660	$ 77,728	62.60%
Total Revenue	**$ 171,160**	**$ 576,828**	**29.67%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 88,326	$ 328,434	26.89%
Non - Operating Expense	$ 105,903	$ 2,249,258	4.71%
Total Expenses	**$ 194,228**	**$ 2,577,692**	**7.53%**
Operating Revenue Over/(Under) Expenses	**$ 34,174**	**$ 170,666**	
Total Income / (Expense)	**$ (23,068)**	**$(2,000,864)**	

Ivins City
Building & Zoning Activity
For Period Ending September 30, 2016

Building Permits

Month	New Home	Value	Additions	Value	Commercial	Value	Other	Value
July	14	$3,674,045	0	$0	0	$0	4	$206,984
August	16	$3,519,540	1	$25,000	0	$0	11	$247,658
September	6	$1,642,915	1	$24,000	0	$0	2	$65,800
Total	36	$8,836,500	2	$49,000	0	$0	17	$520,442
YTD	36	$8,836,500	2	$49,000	0	$0	17	$520,442

Subdivision Approvals

Name	
Taviawk XI - N	1 lot
Taviawk IX - O	2 lot
Sentierre Ph 1	3 lots
Shadow Canyon 3	22 lots