IVINS CITY

Mayor
Chris Hart

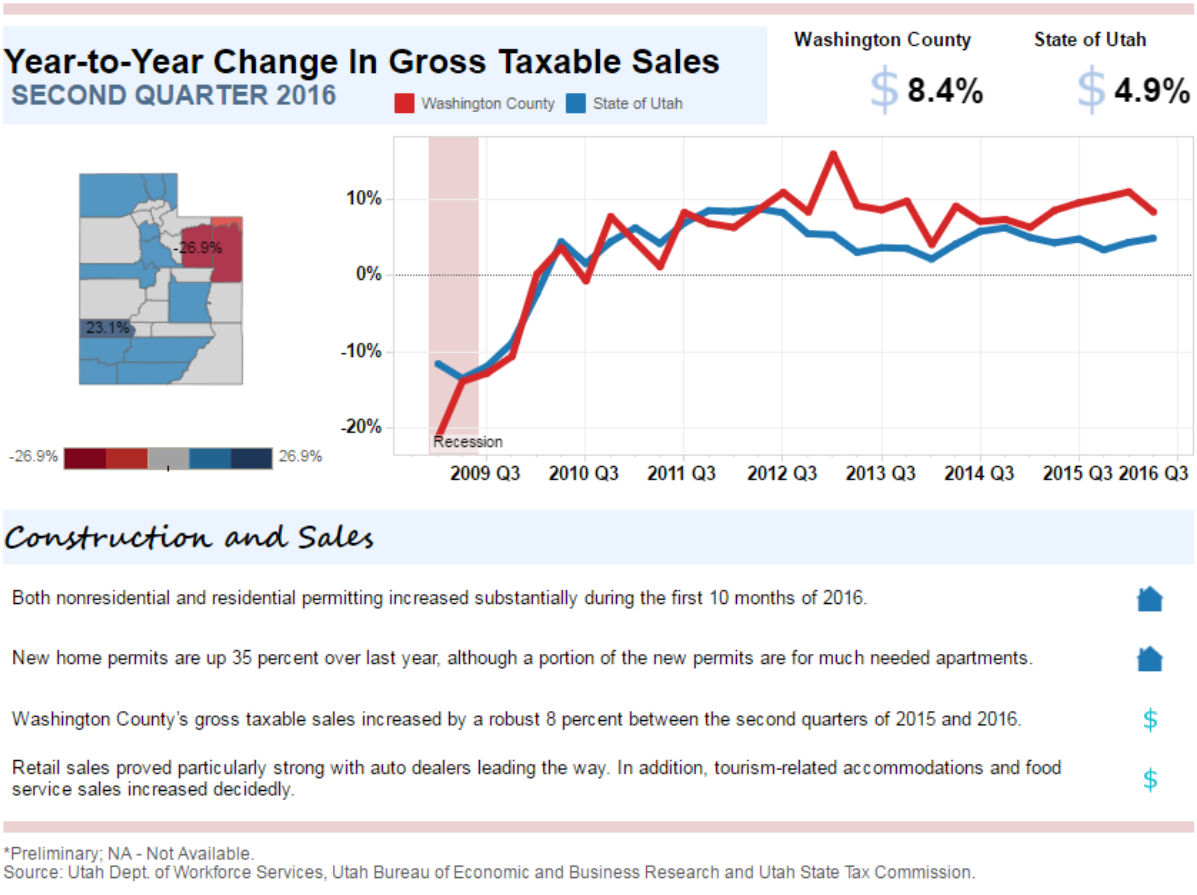
City Manager / Attorney
Dale Coulam

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

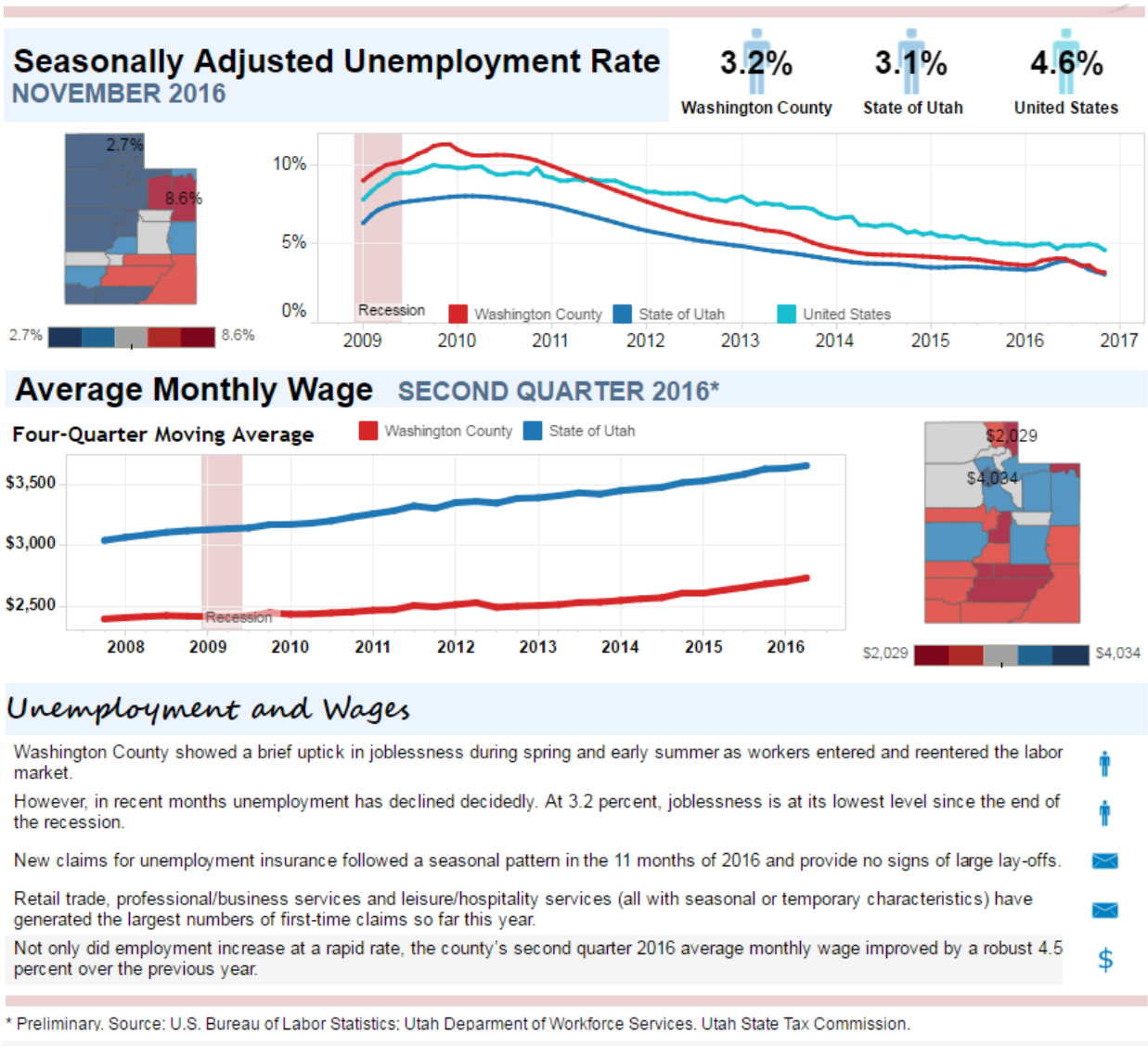
This memorandum includes the FY 2016 - 2017 Interim Statement of Actual and Estimated Revenues and Expenditures through the Second Quarter (Q2) ending December 31, 2016. The Interim Financial Report incorporates an overview of the financial state of the City along with revenue and expenditure summaries 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 second 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. 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.



*Preliminary; NA - Not Available.
Source: Utah Dept. of Workforce Services, Utah Bureau of Economic and Business Research and Utah State Tax Commission.



Low unemployment rates and wage growth, lead to more spendable income, which helps to increase taxable sales. Washington County's economic indicators continue to be show growth and be stable. Unemployment is down, jobs are growing, construction is steady, and sales are strong. Low unemployment rates and continued job growth are putting pressure on wage growth. Average monthly wages have increased 4.5% over the previous year. The county's unemployment rate continues to be low at 3.2%. Construction starts project to strong, sustainable growth. Second quarter gross taxable sales produced a strong 8.4% year-to-year gain. Statewide sales are up 4.9% for the fiscal year. The current economic climate for Ivins and the County support continued strong, 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 74 through the 2nd Quarter of FY 2017, ahead of projections because of a busy first half of the year. Revenue in the General Fund is ahead expectations through the second quarter of the fiscal year. The majority of Property Tax was received in December, with another significant payment coming in January. The B & C Road Money that had been delayed due to negotiation between the ULCT, UAC, UDOT, and the Legislature to rectify a calculation issue with HB 60 from last year has been received and is slightly more than anticipated.

The Impact Fee Funds (Public Safety, Street, and Park Funds) are all meeting or 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, Center Street Flood Wall, 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 it is planned be underway in the 3rd quarter. 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 December 31, 2016.

GOVERNMENT TYPE FUNDS

	General Fund	Impact Fee Funds	Capital Projects Fund
Revenues to Date (12/31/2016)	$ 3,762,043	$ 506,541	$ 0
Expenditures to Date (12/31/2016)	$ 3,009,446	$ 23,276	$ 142,570
Net Revenues over/(under) Expenditures	$ 752,597	$ 483,265	($ 142,570)

GENERAL FUND

For the period ending December 31, 2016, the General Fund realized $3,762,043 in revenues and $3,009,446 in expenditures; net revenues over / (under) expenditures totals $752,597. The large Net Revenue total is due to the receipt of Property Tax revenues during the 2nd Quarter. This amount will be reduced as a result of ongoing operations during the second half of the fiscal year. Total revenues sum to 62.8% of budget; whereas, total expenditures sum to 50.3% of budget. The largest budgeted revenue source for the General Fund is Property Tax. This revenue is received primarily in December and January.

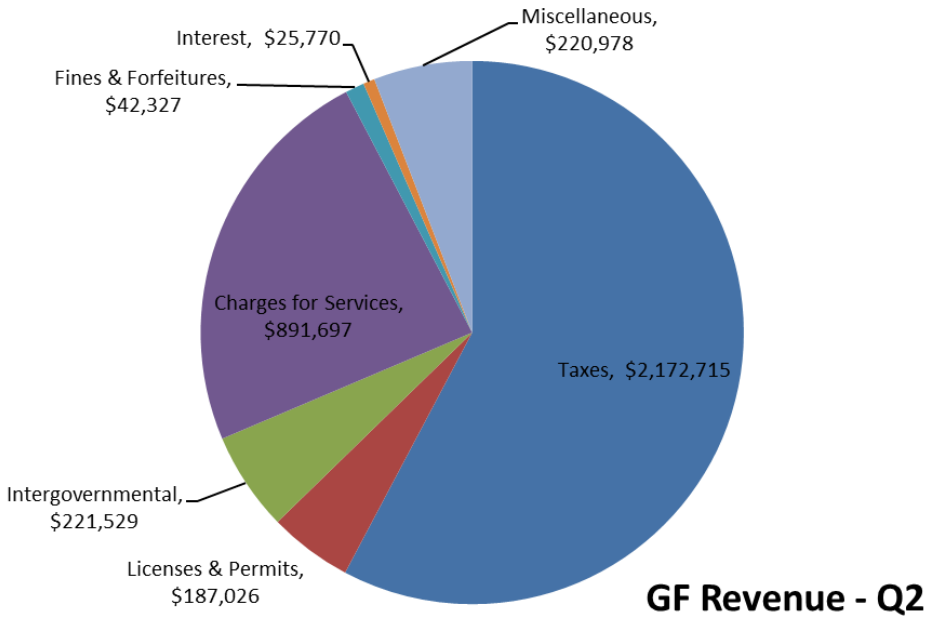
Revenues

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.

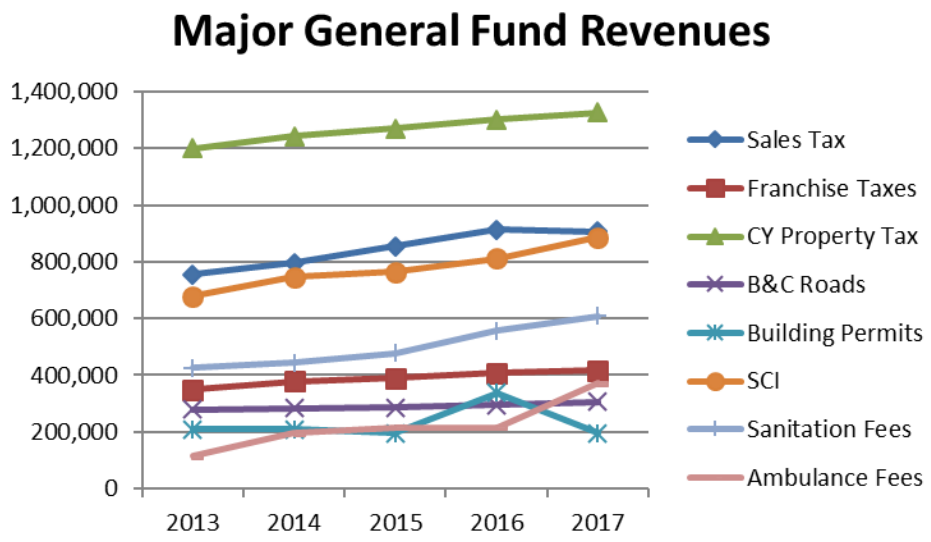
Category	Q2	Budget	% Earned
Taxes	$ 2,172,715	$ 3,168,270	68.58%
Licenses & Permits	$ 187,026	$ 276,763	67.58%
Intergovernmental	$ 221,529	$ 332,102	66.71%
Charges for Services	$ 891,697	$ 1,997,172	44.65%
Fines & Forfeitures	$ 42,327	$ 80,672	52.47%
Interest	$ 25,770	$ 28,913	89.13%
Miscellaneous	$ 220,978	$ 84,300	262.13%
Contributions & Transfers	$ -	$ 21,000	0.00%
Total	$ 3,762,043	$ 5,989,192	62.81%



The majority of the General Fund revenues meet and exceed expectations through the second quarter. B&C Road revenue from the state will see an increase during 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, with another large deposit coming in 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

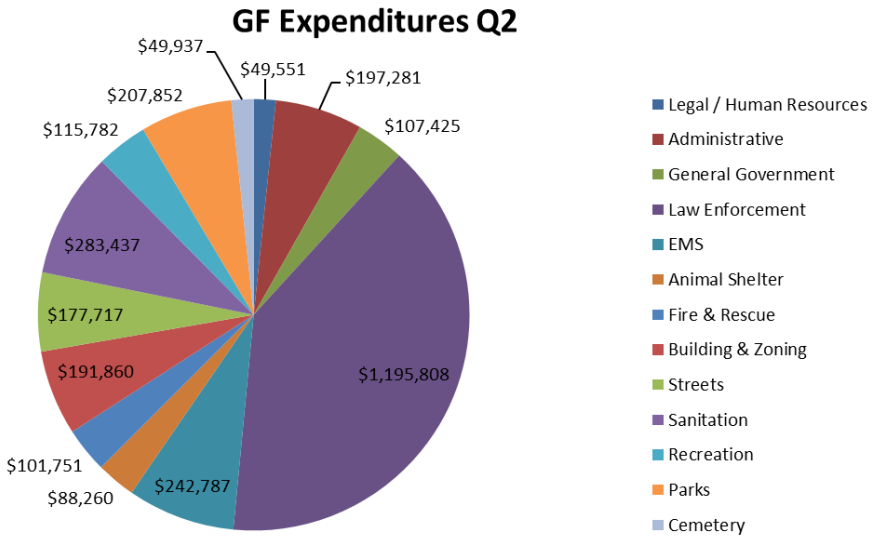
growth related increases in future budgets. The revenue from Santa Clara for their portion of SCI is directly tied to operating expenditures in Law Enforcement and determined by population and households.



3rd 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 or exceed 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, and are primarily complete for the year. The departments that have exceeded 50% of the budget have done so because of one time expenditures or the timing of payments. The Administration and Law Enforcement departments both exceed 50% due to the purchase of vehicles. The offset for the purchases is in the form of loan proceeds and will be addressed in the FY 2017 Budget to Complete. Each department is expected to come in under or meet their budgeted expenditures during the year.



Department	Q2	Budget	% Spent
Legal / Human Resources	$ 49,551	$ 99,062	50.02%
Administrative	$ 197,281	$ 321,371	61.39%
General Government	$ 107,425	$ 219,870	48.86%
Law Enforcement	$ 1,195,808	$ 2,001,688	59.74%
EMS	$ 242,787	$ 474,750	51.14%
Animal Shelter	$ 88,260	$ 190,706	46.28%
Fire & Rescue	$ 101,751	$ 195,574	52.03%
Building & Zoning	$ 191,860	$ 343,742	55.82%
Streets	$ 177,717	$ 673,435	26.39%
Sanitation	$ 283,437	$ 563,717	50.28%
Recreation	$ 115,782	$ 214,648	53.94%
Parks	$ 207,852	$ 392,035	53.02%
Cemetery	$ 49,937	$ 94,918	52.61%
Transfers	$ -	$ 203,676	0.00%
Total	$ 3,009,446	$ 5,989,192	50.25%

3rd Quarter Expenditure Projections: Q3 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 December 31, 2016 actual Impact Fee revenues are $506,541. The Streets Impact Fee revenue is below budgeted projections due to the new Streets Impact Fee Analysis that significantly reduced the fee charged. 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	Q2	Budget	% Earned
Public Safety	$ 33,188	$ 40,364	82.22%
Streets	$ 123,788	$ 259,470	47.71%
Parks	$ 349,564	$ 425,146	82.22%
Total	$ 506,541	$ 724,980	69.87%

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 December 31, 2016 and expenditures are $142,570. 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

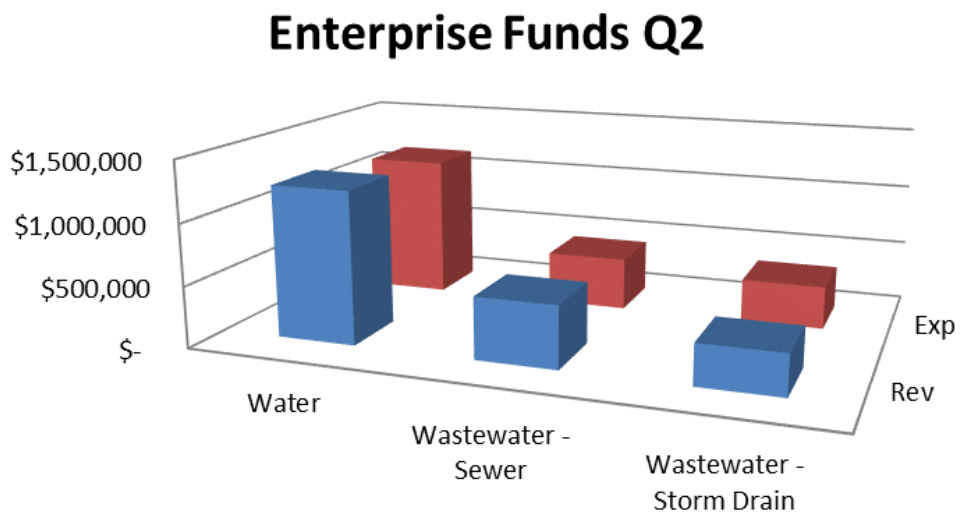
expenditures for the Tuacahn Roundabout Statue are included and will be covered with a portion of the Arts RAP Tax funds. Revenues and Expenses have met expectations through the first quarter.

Department	Q2	Budget	% Spent
Center Street Wall	$ 43,416	$ -	100.00%
Tuacahn Centerpiece / Roundabout	$ 18,861	$ -	100.00%
Highway 91	$ 54,327		100.00%
Fire Station Remodel	$ -	$ 225,000	0.00%
Park & Trail Improvements	$ 25,967	$ 597,000	4.35%
Entry Feature	$ -	$ 50,000	0.00%
Street Projects	$ -	$ 160,000	100.00%
Total	$ 142,570	$ 1,032,000	13.81%

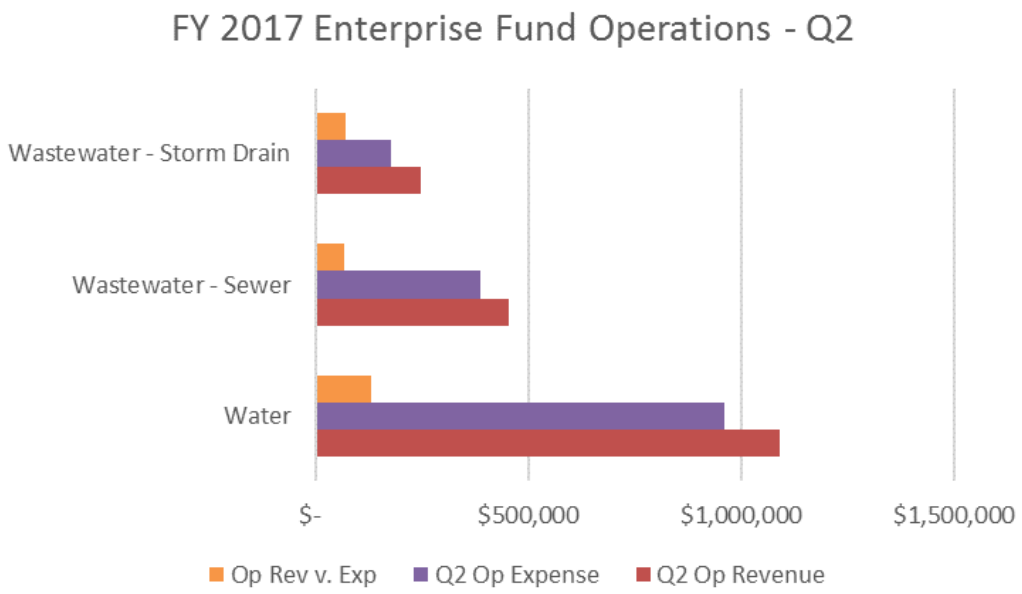
3rd Quarter Projections: The city will continue to work on projects as they come forward. Transfers to cover the related expenditures will be made later in the fiscal year.

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 December 31, 2016 the revenues and expenditures for the Enterprise Funds are:



	Water	Wastewater - Sewer	Wastewater - Storm Drain
Rev	$1,242,601	$504,958	$331,823
Exp	$1,162,581	$431,569	$352,254



WATER FUND

For the period ending December 31, 2016, the Water Fund realized $1,242,601 in revenues and $1,162,581 in expenditures; net revenues over / (under) expenditures totals $80,020. With 50% of the fiscal year complete, total revenues sum to 57.1% of budget; whereas, total expenses sum to 25.0% 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 construction.

Operating revenue is $1,091,254 and operating expenses are $961,562. These represent 54.8% and 54.5% 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 December 31, 2016, the Sewer Fund realized $504,958 in revenues and $431,569 in expenditures; net revenues over / (under) expenditures totals $73,389. With 50% of the fiscal year complete, total revenues sum to 53.8% of budget; whereas, total expenditures sum to 48.5% of budget. Operating revenue is $454,173 and operating expenses are $387,428. These represent 51.4% and 48.1% of revenues and expenses, respectively. Both revenues and expenses will be monitored closely throughout the year.

STORM WATER

The Storm Water Fund realized $331,823 in revenues and $352,254 in expenditures; net revenues over / (under) expenditures totals ($20,432). There is a deficit due a payment for the Waste Water Bond being made in September and ongoing projects. With 50% of the fiscal year complete, total revenues sum to 57.5% of budget; whereas, total expenditures sum to 13.7 % of budget. There is $1,925,000 budgeted for Storm Water projects this fiscal year.

Operating revenue is $245,958 and operating expenses are $176,215. These represent 49.3% and 53.7% 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	Q2 Revenue	Q2 Expenditure	Rev v. Exp
Water	$ 1,242,601	$ 1,162,581	$ 80,020
Wastewater - Sewer	$ 504,958	$ 431,569	$ 73,389
Wastewater - Storm Drain	$ 331,823	$ 352,254	$ (20,432)
Total	$ 2,079,382	$ 1,946,404	$ 132,978

Projections and Summary

Revenues and expenditures should meet budget expectations in the 3rd 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 December 31, 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 December 31, 2016

Revenue

	Actual	Budget	% Earned
Taxes	$2,172,715	$3,168,270	68.58%
Licenses & Permits	$ 187,026	$ 276,763	67.58%
Intergovernmental	$ 221,529	$ 332,102	66.71%
Charges for Services	$ 891,697	$1,997,172	44.65%
Fines & Forfeitures	$ 42,327	$ 80,672	52.47%
Interest	$ 25,770	$ 28,913	89.13%
Miscellaneous	$ 220,978	$ 84,300	262.13%
Contributions & Transfers	$ -	$ 21,000	0.00%
Total Revenue	**$3,762,043**	**$5,989,192**	**62.81%**

Expenditures

	Actual	Budget	% Spent
Legal / Human Resources	$ 49,551	$ 99,062	50.02%
Administrative	$ 197,281	$ 321,371	61.39%
General Government	$ 107,425	$ 219,870	48.86%
Law Enforcement	$1,195,808	$2,001,689	59.74%
EMS	$ 242,787	$ 474,750	51.14%
Animal Shelter	$ 88,260	$ 190,706	46.28%
Fire & Rescue	$ 101,751	$ 195,574	52.03%
Building & Zoning	$ 191,860	$ 343,742	55.82%
Streets	$ 177,717	$ 673,435	26.39%
Sanitation	$ 283,437	$ 563,717	50.28%
Recreation	$ 115,782	$ 214,648	53.94%
Parks	$ 207,852	$ 392,035	53.02%
Cemetery	$ 49,937	$ 94,918	52.61%
Transfers	$ -	$ 203,676	0.00%
Total Expenditures	**$3,009,446**	**$5,989,192**	**50.25%**
Revenue Over / (Under) Expenditures	**$ 752,597**	**$ (0)**	

Ivins City
Water Fund
For Period Ending December 31, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 1,091,254	$ 1,991,791	54.79%
Non - Operating Income	$ 151,348	$ 182,623	82.87%
Total Revenue	**$ 1,242,601**	**$ 2,174,414**	**57.15%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 961,562	$ 1,765,173	54.47%
Non - Operating Expense	$ 201,018	$ 2,887,212	6.96%
Total Expenses	**$ 1,162,581**	**$ 4,652,385**	**24.99%**
Operating Revenue Over/(Under) Expenses	**$ 129,691**	**$ 226,618**	
Total Income / (Expense)	**$ 80,020**	**$ (2,477,971)**	

Ivins City
Sewer Fund
For Period Ending December 31, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 454,173	$ 883,414	51.41%
Non - Operating Income	$ 50,785	$ 54,489	93.20%
Total Revenue	**$ 504,958**	**$ 937,903**	**53.84%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 387,428	$ 804,876	48.14%
Non - Operating Expense	$ 44,141	$ 85,100	51.87%
Total Expenses	**$ 431,569**	**$ 889,976**	**48.49%**
Operating Revenue Over/(Under) Expenses	**$ 66,745**	**$ 78,538**	
Total Income / (Expense)	**$ 73,389**	**$ 47,927**	

Ivins City
Storm Water
For Period Ending December 31, 2016

Revenue

	Actual	Budget	% Earned
Operating Income	$ 245,958	$ 499,100	49.28%
Non - Operating Income	$ 85,865	$ 77,728	110.47%
Total Revenue	**$ 331,823**	**$ 576,828**	**57.53%**

Expenses

	Actual	Budget	% Spent
Operating Expense	$ 176,215	$ 328,434	53.65%
Non - Operating Expense	$ 176,039	$ 2,249,258	7.83%
Total Expenses	**$ 352,254**	**$ 2,577,692**	**13.67%**
Operating Revenue Over/(Under) Expenses	**$ 69,743**	**$ 170,666**	
Total Income / (Expense)	**$ (20,432)**	**$(2,000,864)**	

Ivins City
Building & Zoning Activity
For Period Ending December 31, 2016

Building Permits

Month	New Home	Value	Additions	Value	Commercial	Value	Other	Value
October	9	$2,534,470	1	$44,335	0	$0	16	$456,893
November	23	$5,941,540	1	$37,035	0	$0	24	$479,009
December	6	$1,958,320	2	$91,675	0	$0	15	$472,011
Total	38	$10,434,330	4	$173,045	0	$0	55	$1,407,913
YTD	74	$19,270,830	6	$222,045	0	$0	86	$2,270,390