IVINS CITY

*Mayor*
*Chris Hart*

*City Council*
*Ron Densley*
*Miriah Elliott*
*Jenny Johnson*
*Cheyne McDonald*
*Dennis Mehr*

*City Manager / Attorney*
*Dale Coulam*

This memorandum includes the FY 2017 - 2018 Interim Statement of Actual and Estimated Revenues and Expenditures through the Second Quarter (Q2) ending December 31, 2017. 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 2018 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 political unrest and rhetoric, about the national economy and its effects on the state and local economies. Growth in the economy has been strong, but appears to be slowing a bit. 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.

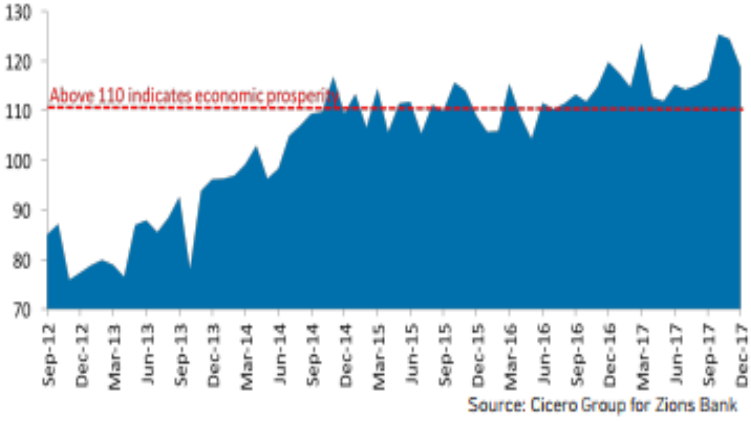
### STATE FACTS (VALUE & RANK)

- Median Household Income: **$65,977** (2016) **12th**
- Annual Mean Wages & Salaries: **$44,130** (2015) **28th**
- Per Capita Personal Income: **$40,744** (2016) **41st**
- Personal Income (% Change): **5.6%** (2015-2016) **2nd**
- Population Growth Rate: **1.9%** (2017: 3,101,833) **3rd**
- Total Fertility Rate: **2.33** (2013) **1st**
- Median Age: **30.6** (2016) **1st**
- Household Size: **3.17** (2015) **1st**

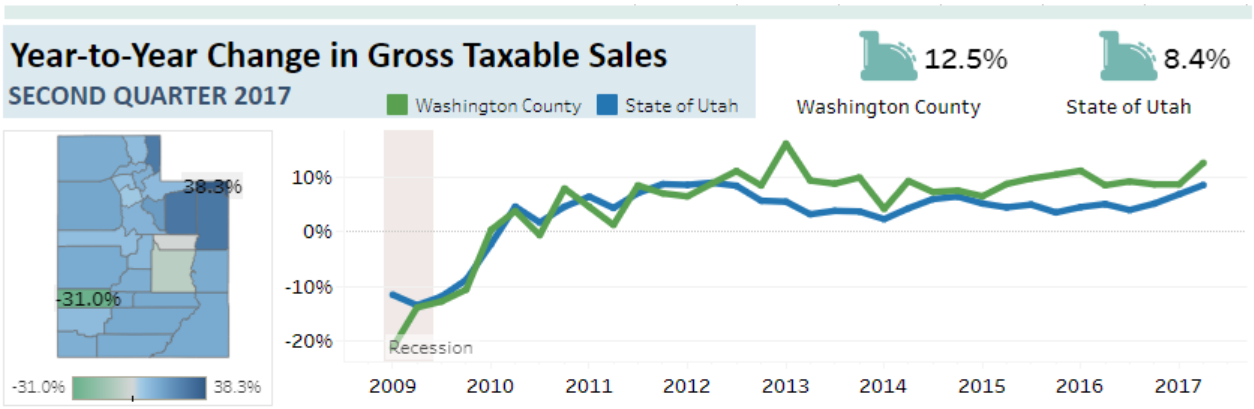
Sources: Census Bureau, Bureau of Economic Analysis, Bureau of Labor Statistics, National Center for Health Statistics, statista.com

### UTAH CONSUMER CONFIDENCE REMAINS HIGH

November 2017: Zions Bank Utah Consumer Attitude Index = 118.7




Source: Cicero Group for Zions Bank




## Construction & Sales

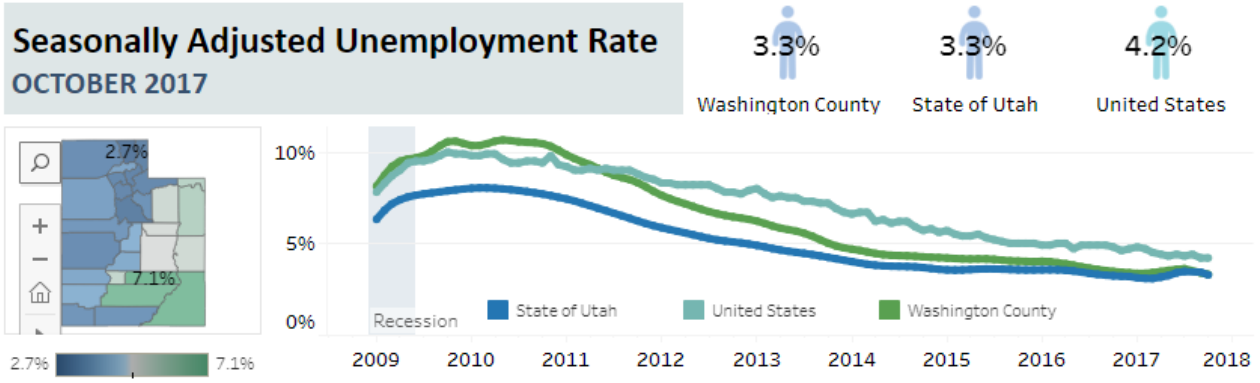
Home permits for the first eight months of 2017 are up a dramatic 32 percent from the same time period in 2016. While rampant speculation has yet to rear its head, this market bears watching.

Due to an incredibly strong 2016 permitting year, nonresidential construction values are down 70 percent so far in 2017.

Still on a roll, gross taxable sales showed a 13-percent year-over increase in the second quarter of 2017.

Retail trade took the lead in sales gains with a particularly strong increase in motor vehicle/parts sales.

*Preliminary: NA - Not Available Source: Utah Dept of Workforce Svcs; Kem C. Gardner Policy Institute; Utah State Tax Commission.




## Unemployment & Wages

Washington County's jobless rate edged downward to 3.3 percent in October 2017.

Keep in mind that strong job growth is more important in the economic scheme than is a slight rise in a "full-employment" level unemployment rate.

So far in 2017, new claims for unemployment insurance are trending in line with figures for 2015 and 2016.

Retail trade, professional/business services and leisure/hospitality services (all with seasonal or temporary characteristics) produced the largest numbers of claims so far this year.

After a dramatic increase in average wages in first quarter 2016, second quarter gains paled. However, overall, wages are trending up and should continue to do so given the tight labor market.

*Preliminary. Source: U.S. Bureau of Labor Statistics and Utah Dept of Workforce Services.

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 low, job growth is strong, construction starts are increasing, and sales are rising. Low unemployment rates and continued job growth are putting pressure on wage growth. The county's unemployment rate continues to be low at 3.3%. Construction starts project to modest, sustainable growth.

Second quarter gross taxable sales produced a strong 12.5% year-to-year gain in Washington County. 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 Funds, and strong building related revenue. The city issued 135 new home building permits last fiscal year and has issued 55 through the 2nd Quarter of FY 2018, ahead of projections because of a busy 1st quarter. Revenue in the General Fund is exceeding expectations through the second quarter of the fiscal year. The majority of Property Tax was received in December with another large receipt in January of the fiscal year. B & C Road funds have come in ahead of projections and the city received a reimbursement from the state for the Snow Canyon entrance road work from 2012.

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 Public Safety, Streets, and Parks Impact Fee Facilities Plans and Impact Fee Analyses are current.

The Capital Projects Fund has a number of projects planned for the year. The projects include: Fire Apparatus, Fire Lake Park at Ivins Reservoir, Desert Rose Park, City Hall Updates, 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 and Sewer Impact Fee Facilities Plans (IFFP) and Impact Fee Analysis is complete. The updated plans for the Water 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 some positive developments that will benefit the city. The Sentierre Resort and Sanctuary Spa expects to close on its first round of funding in January. Rocky Vista University has opened and students are attending. SITLA looks to sign an agreement with a development group for a proposal on the 120 acres east of Puerto Drive. These projects 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, 2017.

## GOVERNMENT TYPE FUNDS

| | **General Fund** | **Impact Fee Funds** | **Capital Projects Fund** |
|---|---|---|---|
| Revenues to Date (12/31/2017) | $ 4,235,213 | $ 296,009 | $ 250,000 |
| Expenditures to Date (12/31/2017) | $ 3,016,226 | $ 250,000 | $ 674,961 |
| **Net Revenues over/(under) Expenditures** | $ 1,218,987 | $ 46,009 | ($ 424,961) |

**GENERAL FUND**

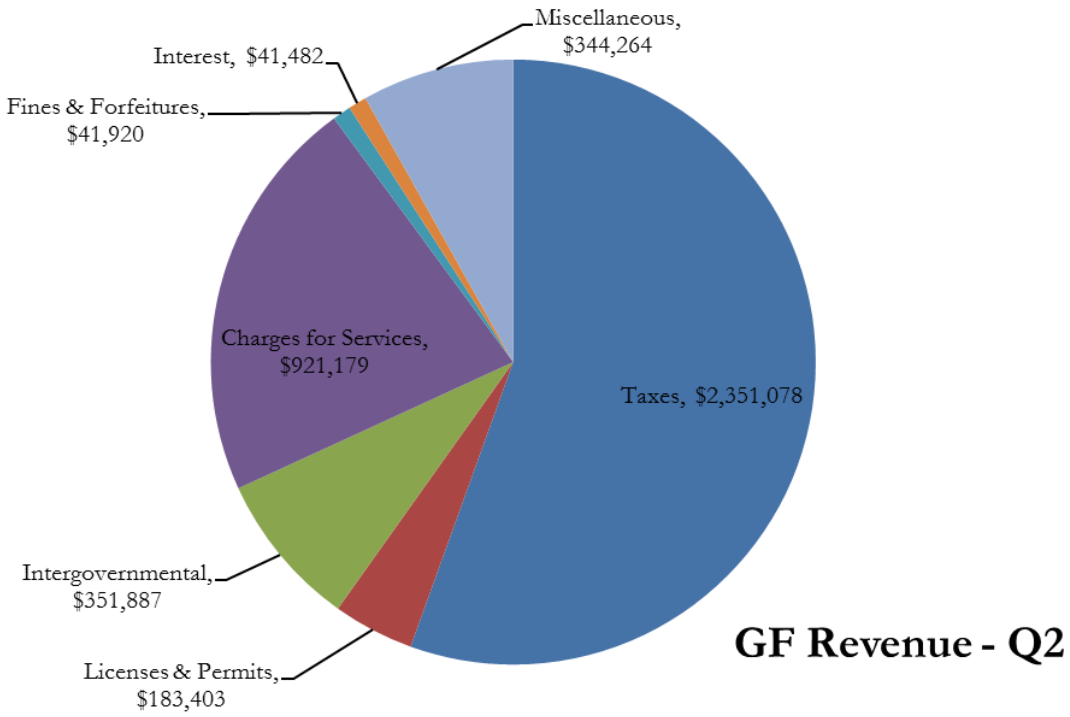
For the period ending December 31, 2017, the General Fund realized $4,235,213 in revenues and $3,016,226 in expenditures; net revenues over / (under) expenditures totals $1,218,987. The large Net Revenue total is due to the receipt of Property Tax revenues during the 2nd Quarter. This amount will be reduced as a result of ongoing operations during the second half of the fiscal year. Total revenues sum to 65.9% of budget; whereas, total expenditures sum to 46.9% 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 | $ 2,351,078 | $ 3,367,984 | 69.81% |
| Licenses & Permits | $ 183,403 | $ 292,065 | 62.80% |
| Intergovernmental | $ 351,887 | $ 386,758 | 90.98% |
| Charges for Services | $ 921,179 | $ 2,079,624 | 44.30% |
| Fines & Forfeitures | $ 41,920 | $ 84,882 | 49.39% |
| Interest | $ 41,482 | $ 37,360 | 111.03% |
| Miscellaneous | $ 344,264 | $ 150,625 | 228.56% |
| Contributions & Transfers | $ - | $ 21,000 | 0.00% |
| Total | $ 4,235,213 | $ 6,420,298 | 65.97% |




The majority of the General Fund revenues meet and exceed expectations through the second quarter. The city received a large reimbursement from UDOT that is a one-time revenue. B&C Road revenue from the state will see an increase due to the legislature enacting transportation funding bills last year. This money must be used for road repair and maintenance. The majority of the Current Year Property Tax was received in December.

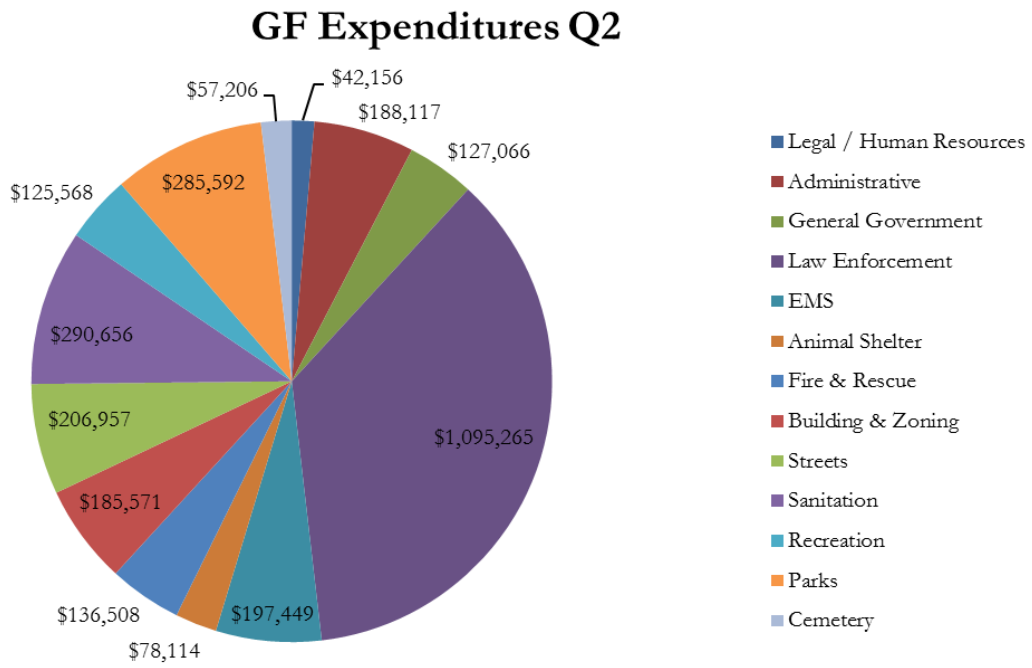
The local and state economies drive most of the large revenue sources, leaving the city little influence over them. The forecast of continued growth should enable the city to meet the budgeted revenue for this year and allow for projected to growth related increases in future budgets. The revenue from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

**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 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 2nd quarter numbers. The departments that have exceeded 50% 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 | Q2 | Budget | % Spent |
|---|---|---|---|
| Legal / Human Resources | $ 42,156 | $ 98,623 | 42.74% |
| Administrative | $ 188,117 | $ 335,750 | 56.03% |
| General Government | $ 127,066 | $ 222,505 | 57.11% |
| Law Enforcement | $ 1,095,265 | $ 2,144,111 | 51.08% |
| EMS | $ 197,449 | $ 430,394 | 45.88% |
| Animal Shelter | $ 78,114 | $ 169,180 | 46.17% |
| Fire & Rescue | $ 136,508 | $ 312,076 | 43.74% |
| Building & Zoning | $ 185,571 | $ 351,522 | 52.79% |
| Streets | $ 206,957 | $ 734,289 | 28.18% |
| Sanitation | $ 290,656 | $ 578,878 | 50.21% |
| Recreation | $ 125,568 | $ 217,310 | 57.78% |
| Parks | $ 285,592 | $ 518,582 | 55.07% |
| Cemetery | $ 57,206 | $ 127,587 | 44.84% |
| Transfers | $ - | $ 179,491 | 0.00% |
| Total | $ 3,016,226 | $ 6,420,298 | 46.98% |




**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, 2017 actual Impact Fee revenues are $296,009. The only expenditure to date has been a transfer from Public Safety to Capital Projects for a portion of the fire apparatus. The only planned expenditures this year are for transfers to the Debt Service Fund for bond payments 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 | $ 8,048 | $ 9,487 | 84.83% |
| Streets | $ 86,688 | $ 154,800 | 56.00% |
| Parks | $ 201,272 | $ 359,415 | 56.00% |
| Total | $ 296,009 | $ 523,702 | 56.52% |

**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. The only revenues through December 31, 2017 is a transfer from Public Safety Impact Fees for $250,000 and expenditures are $674,961. The revenue for this fund will be from transfers, with expenditures being made for a Fire Apparatus, Cemetery Improvements, City Office Improvements, Desert Rose Parks, Fire Lake Park, Trail Improvements, Entry Feature, and various Street Projects. Revenues and Expenses have met expectations through the first quarter.

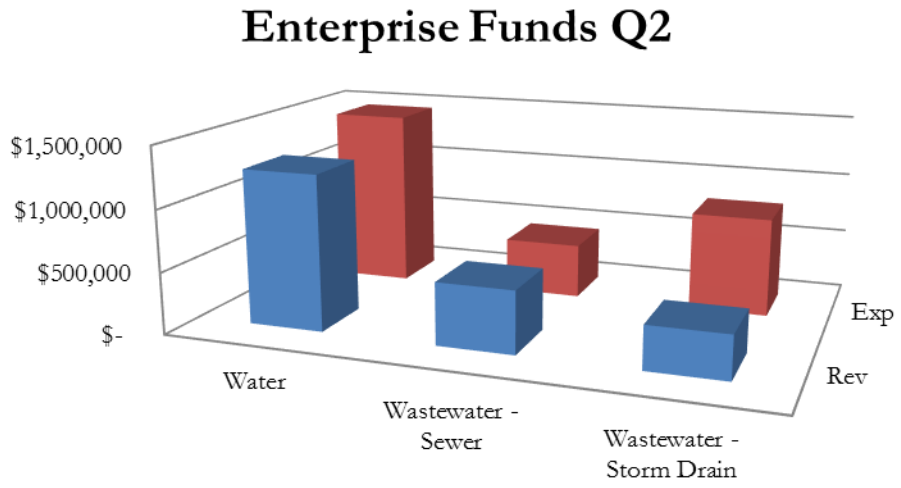
| Department | Q2 | Budget | % Spent |
|---|---|---|---|
| Fire Apparatus | $ 541,962 | $ - | 100.00% |
| Cemetery Improvements | $ - | $ 111,488 | 100.00% |
| City Office Improvements | $ 22,398 | $ 20,000 | 100.00% |
| Fire Station Remodel | $ - | $ 300,000 | 0.00% |
| Park & Trail Improvements | $ 62,609 | $ 526,190 | 11.90% |
| Entry Feature | $ - | $ 40,000 | 0.00% |
| Street Projects | $ 47,993 | $ 150,000 | 100.00% |
| Total | $ 674,961 | $ 1,147,678 | 58.81% |

**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.

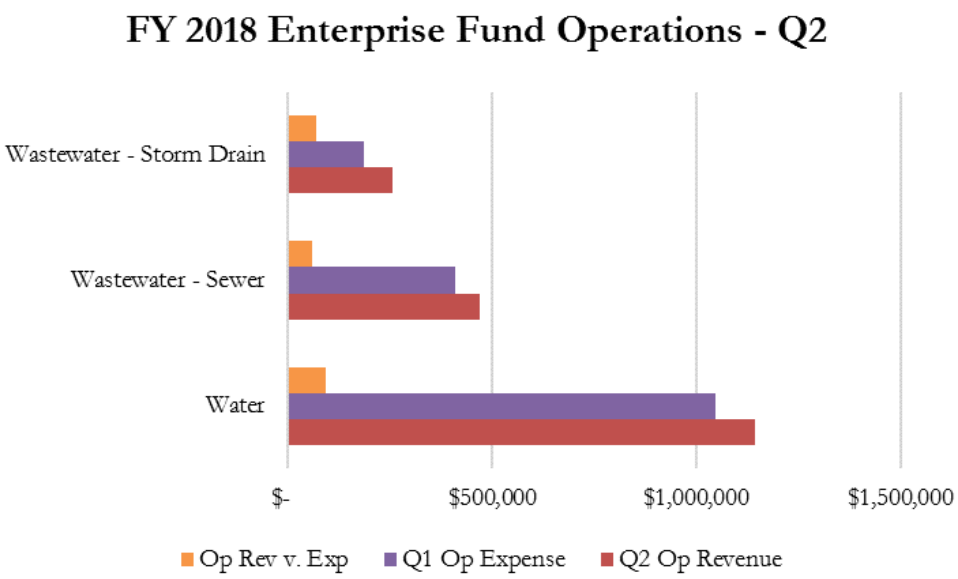
**ENTERPRISE FUNDS**

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, 2017 the revenues and expenditures for the Enterprise Funds are:




| | Water | Wastewater - Sewer | Wastewater - Storm Drain |
|---|---|---|---|
| Rev | $1,260,314 | $505,109 | $350,588 |
| Exp | $1,457,441 | $445,428 | $803,772 |




**WATER FUND**

For the period ending December 31, 2017, the Water Fund realized $1,260,314 in revenues and $1,457,441 in expenses; net revenues over / (under) expenses totals ($197,127). With 50% of the fiscal year complete, total revenues sum to 56.8% of budget; whereas, total expenses sum to 38.3% of budget. The budgeted expenses include $1,250,000 in capital outlay for the irrigation system. Some work has been completed on the irrigation system and the final work on the water tank has been completed.

Operating revenue is $1,142,572 and operating expenses are $1,047,307. These represent 56.8% and 57.2% 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 was a large payment for water purchase to St. George City that was a carryover from last year. The other 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, 2017, the Sewer Fund realized $505,109 in revenues and $445,428 in expenses; net revenues over / (under) expenses totals $59,681. With 50% of the fiscal year complete, total revenues sum to 50.5% of budget; whereas, total expenditures sum to 42.1% of budget. Operating revenue is $471,368 and operating expenses are $411,902. These represent 50.1% and 47.9% of revenues and expenses, respectively. Both revenues and expenses will be monitored closely throughout the year.

**STORM WATER**

The Storm Water Fund realized $350,588 in revenues and $803,772 in expenses; net revenues over / (under) expenses totals ($453,184). There is a deficit due a payment for the Waste Water Bond being made in September and planned projects. With 50% of the fiscal year complete, total revenues sum to 59.6% of budget; whereas, total expenses sum to 42.5 % of budget. There is $1,200,000 budgeted for Storm Water projects this fiscal year.

Operating revenue is $256,323 and operating expenses are $186,631. These represent 49.9% and 52.7% 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.

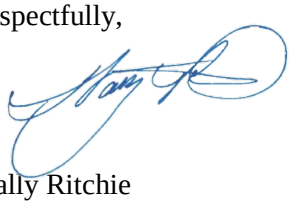
| Department | Q2 Revenue | Q1 Expense | Rev v. Exp |
|---|---|---|---|
| Water | $ 1,260,314 | $ 1,457,441 | $ (197,127) |
| Wastewater - Sewer | $ 505,109 | $ 445,428 | $ 59,681 |
| Wastewater - Storm Drain | $ 350,588 | $ 803,772 | $ (453,184) |
| Total | $ 2,116,010 | $ 2,706,641 | $ (590,631) |

**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, 2017. Please review the attached documents for further information about the 2nd 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, 2017**

## Revenue

| | Actual | Budget | % Earned |
|---|---|---|---|
| Taxes | $ 2,351,078 | $ 3,367,984 | 69.81% |
| Licenses & Permits | $ 183,403 | $ 292,065 | 62.80% |
| Intergovernmental | $ 351,887 | $ 386,758 | 90.98% |
| Charges for Services | $ 921,179 | $ 2,079,624 | 44.30% |
| Fines & Forfeitures | $ 41,920 | $ 84,882 | 49.39% |
| Interest | $ 41,482 | $ 37,360 | 111.03% |
| Miscellaneous | $ 344,264 | $ 150,625 | 228.56% |
| Contributions & Transfers | $ - | $ 21,000 | 0.00% |
| **Total Revenue** | **$ 4,235,213** | **$6,420,298** | **65.97%** |

## Expenditures

| | Actual | Budget | % Spent |
|---|---|---|---|
| Legal / Human Resources | $ 42,156 | $ 98,623 | 42.74% |
| Administrative | $ 188,117 | $ 335,750 | 56.03% |
| General Government | $ 127,066 | $ 222,505 | 57.11% |
| Law Enforcement | $ 1,095,265 | $ 2,144,112 | 51.08% |
| EMS | $ 197,449 | $ 430,394 | 45.88% |
| Animal Shelter | $ 78,114 | $ 169,180 | 46.17% |
| Fire & Rescue | $ 136,508 | $ 312,076 | 43.74% |
| Building & Zoning | $ 185,571 | $ 351,522 | 52.79% |
| Streets | $ 206,957 | $ 734,289 | 28.18% |
| Sanitation | $ 290,656 | $ 578,878 | 50.21% |
| Recreation | $ 125,568 | $ 217,310 | 57.78% |
| Parks | $ 285,592 | $ 518,582 | 55.07% |
| Cemetery | $ 57,206 | $ 127,587 | 44.84% |
| Transfers | $ - | $ 179,491 | 0.00% |
| **Total Expenditures** | **$ 3,016,226** | **$6,420,298** | **46.98%** |
| **Revenue Over / (Under) Expenditures** | **$ 1,218,987** | **$ (0)** | |

**Ivins City**
**Water Fund**
**For Period Ending December 31, 2017**

**Revenue**

| | Actual | Budget | % Earned |
|---|---|---|---|
| Operating Income | $ 1,142,572 | $ 2,011,559 | 56.80% |
| Non - Operating Income | $ 117,742 | $ 207,487 | 56.75% |
| **Total Revenue** | **$ 1,260,314** | **$ 2,219,046** | **56.80%** |

**Expenses**

| | Actual | Budget | % Spent |
|---|---|---|---|
| Operating Expense | $ 1,047,307 | $ 1,830,523 | 57.21% |
| Non - Operating Expense | $ 410,134 | $ 1,974,930 | 20.77% |
| **Total Expenses** | **$ 1,457,441** | **$ 3,805,453** | **38.30%** |
| **Operating Revenue Over/(Under) Expenses** | **$ 95,265** | **$ 181,036** | |
| **Total Income / (Expense)** | **$ (197,127)** | **$ (1,586,407)** | |

**Ivins City**
**Sewer Fund**
**For Period Ending December 31, 2017**

**Revenue**

| | Actual | Budget | % Earned |
|---|---|---|---|
| Operating Income | $ 471,368 | $ 941,035 | 50.09% |
| Non - Operating Income | $ 33,741 | $ 58,541 | 57.64% |
| **Total Revenue** | **$ 505,109** | **$ 999,576** | **50.53%** |

**Expenses**

| | Actual | Budget | % Spent |
|---|---|---|---|
| Operating Expense | $ 411,902 | $ 859,434 | 47.93% |
| Non - Operating Expense | $ 33,526 | $ 197,500 | 16.98% |
| **Total Expenses** | **$ 445,428** | **$ 1,056,934** | **42.14%** |
| **Operating Revenue Over/(Under) Expenses** | **$ 59,467** | **$ 81,601** | |
| **Total Income / (Expense)** | **$ 59,681** | **$ (57,358)** | |

**Ivins City**
**Storm Water**
**For Period Ending December 31, 2017**

**Revenue**

| | Actual | Budget | % Earned |
|---|---|---|---|
| Operating Income | $ 256,323 | $ 514,073 | 49.86% |
| Non - Operating Income | $ 94,265 | $ 74,252 | 126.95% |
| **Total Revenue** | **$ 350,588** | **$ 588,325** | **59.59%** |

**Expenses**

| | Actual | Budget | % Spent |
|---|---|---|---|
| Operating Expense | $ 186,631 | $ 353,849 | 52.74% |
| Non - Operating Expense | $ 617,142 | $ 1,538,250 | 40.12% |
| **Total Expenses** | **$ 803,772** | **$ 1,892,099** | **42.48%** |
| **Operating Revenue Over/(Under) Expenses** | **$ 69,692** | **$ 160,224** | |
| **Total Income / (Expense)** | **$ (453,184)** | **$ (1,303,774)** | |

**Ivins City**
**Building & Zoning Activity**
**For Period Ending December 31, 2017**

**Building Permits**

| Month | New Home | Value | Additions | Value | Commercial | Value | Other | Value |
|---|---|---|---|---|---|---|---|---|
| **July** | 13 | $3,808,475 | 3 | $50,000 | 0 | $0 | 8 | $228,432 |
| **August** | 11 | $2,905,305 | 5 | $83,305 | 0 | $0 | 12 | $361,893 |
| **September** | 10 | $2,724,745 | 3 | $279,980 | 0 | $0 | 9 | $211,291 |
| **October** | 6 | $2,872,035 | 2 | $118,000 | 0 | $0 | 3 | $126,200 |
| **November** | 6 | $1,539,585 | 1 | $6,240 | 0 | $0 | 5 | $251,300 |
| **December** | 9 | $2,193,860 | 2 | $805,000 | 0 | $0 | 4 | $130,000 |
| **Total** | 55 | $16,044,005 | 16 | $1,342,525 | 0 | $0 | 41 | $1,309,116 |

**Subdivision Approvals**

| Name | |
|---|---|
| **Crescent Moon Village** | 3 lots |
| **Taviawk IX-S** | 1 lot |
| **Freemont @ Snow Canyon** | 30 lots |