IVINS CITY

Mayor
Chris Hart

City Manager / Attorney
Dale Coulam

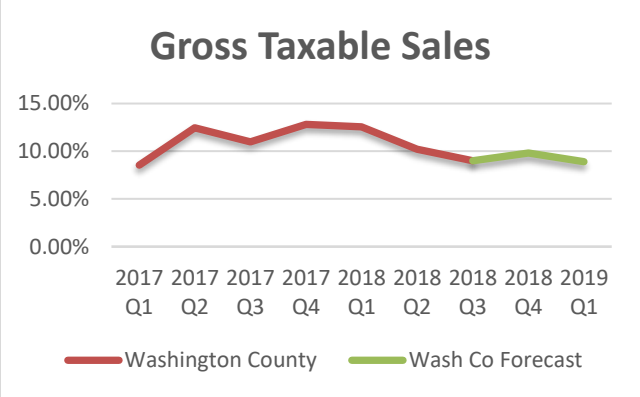
City Council
Ron Densley
Miriah Elliott
Jenny Johnson
Cheyne McDonald
Dennis Mehr

This memorandum includes the FY 2018 - 2019 Interim Statement of Actual and Estimated Revenues and Expenditures through the Third Quarter (Q3) ending March 31, 2019. 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 continued in the third quarter of FY 2019 and the upcoming months look to continue that growth, although at a slightly slower pace 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.

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 and job growth has been 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 3.4%. Construction starts project to modest, sustainable growth. The most recent quarter's data (Q3 CY 2018) showed growth of 9.01% in gross taxable sales. The current economic climate for Ivins and the County support continued moderate, manageable growth.



The City's General Fund has seen stable tax revenues, consistency in B & C Road Funds, and strong building related revenue. The city issued 145 new home building permits last fiscal year and has issued 88 through the 3rd Quarter of FY 2019, on pace to meet projections but slowing. Revenue in the General Fund is meeting expectations through the third quarter of the fiscal year. The majority of Property Tax was received in December with another large receipt in January of the fiscal year.

The Impact Fee Funds (Public Safety, Street, and Park Funds) are all meeting the revenue expectations for the year to date. The city has seen a consistent growth in building permits. The Unity Park bond payment was made from the park impact fees fund, other than that item no expenditures have been made from 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 Station Remodel, Fire Lake Park at Ivins Reservoir, Cemetery Improvements, Skate 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 Impact Fee Facilities Plans (IFFP) and Impact Fee Analysis, along with a rate study for 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 appear to be near securing funding for the hotel construction and hopeful that it will be underway later this fiscal year. Rocky Vista University has welcomed its second class. There is a potential development on the SITLA 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, 2018.

GOVERNMENT TYPE FUNDS

	General Fund	Impact Fee Funds	Capital Projects Fund
Revenues to Date (3/31/2019)	$ 5,686,018	$ 531,058	$ 0
Expenditures to Date (3/31/2019)	$ 4,691,173	$ 143,118	$ 461,037
Net Revenues over/(under) Expenditures	$ 994,846	$ 387,940	($ 461,037)

GENERAL FUND

For the period ending March 31, 2019, the General Fund realized $5,686,018 in revenues and $4,691,173 in expenditures; net revenues over / (under) expenditures totals $994,846. This is the normal financial position for this time of year as the City has received the majority of property tax revenue in the General Fund during December. We're 75% through this fiscal year and total revenues sum to 79.6% of budget; whereas, total expenditures sum to 65.65% of budget. The largest budgeted revenue source for the General Fund is Property Tax. This revenue is received primarily in December and January.

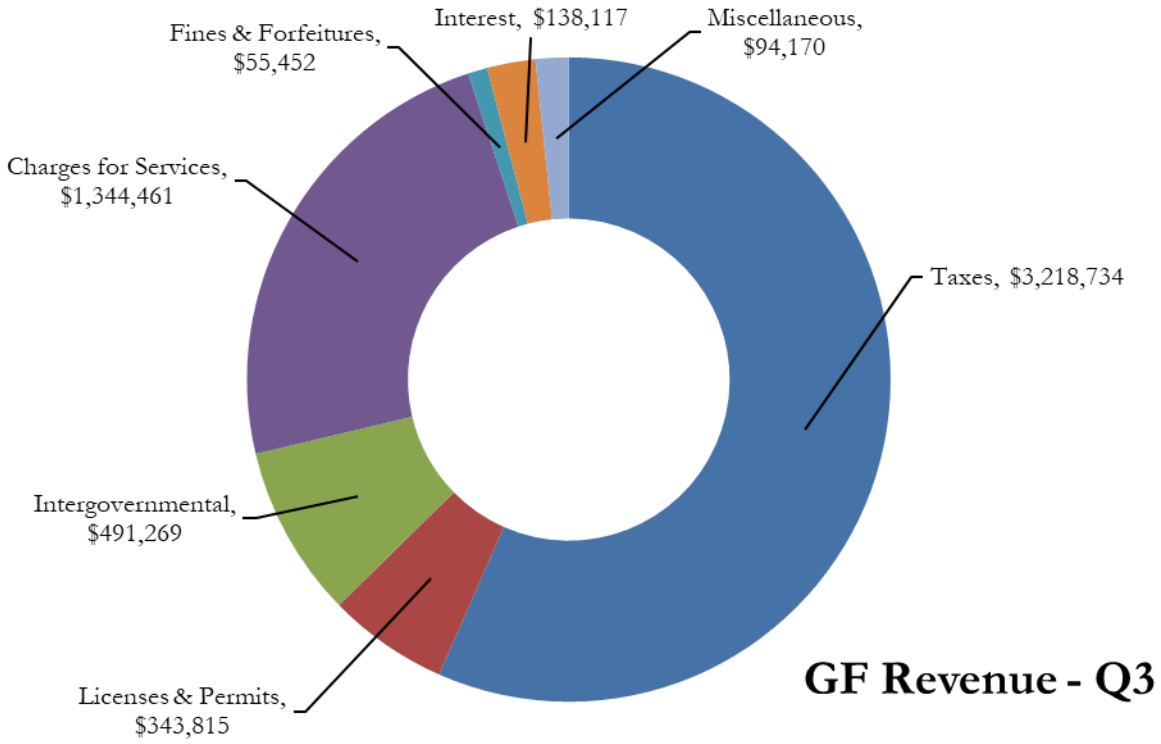
Revenues

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 88.1% 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	Q3	Budget	% of Budget
Taxes	$ 3,218,734	$ 3,654,660	88.07%
Licenses & Permits	$ 343,815	$ 327,449	105.00%
Intergovernmental	$ 491,269	$ 447,579	109.76%
Charges for Services	$ 1,344,461	$ 1,967,713	68.33%
Fines & Forfeitures	$ 55,452	$ 89,550	61.92%
Interest	$ 138,117	$ 64,357	214.61%
Miscellaneous	$ 94,170	$ 291,650	32.29%
Contributions & Transfers	$ -	$ 302,940	0.00%
Total	$ 5,686,018	$ 7,145,898	79.57%



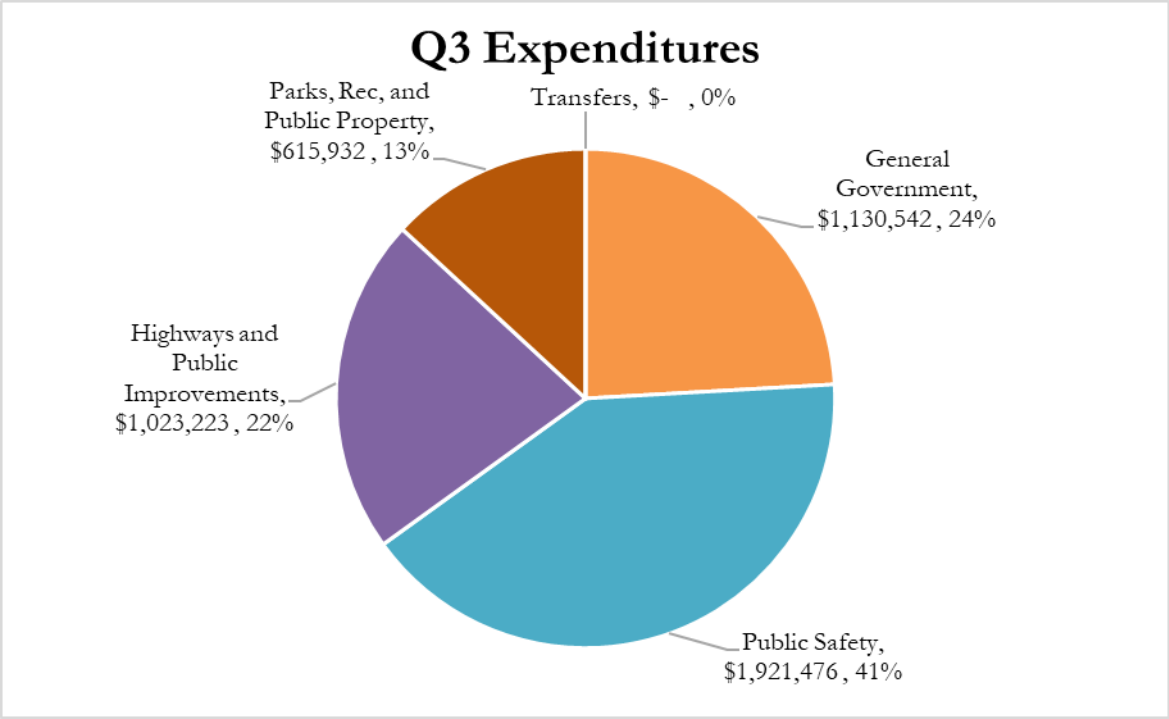
The local and state economies drive most of the large revenue sources, leaving the city little influence over them. The forecast of continued growth should enable the city to meet the budgeted revenue for this year and allow for growth related increases in future budgets. The revenue from Santa Clara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

4th 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, Animal Shelter), 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. Journal entries were made in the 3rd quarter to move the fire truck lease payment to General Government, where the SCI fire and ambulance costs are budgeted to. This puts the general government department well ahead of year-to-date projections and it's estimated that a shift in departmental budgets will be necessary closer to year end in order to keep appropriations within departmental budgets and comply with Utah state law.

Function	Department	Q3	Budget	% Spent
General Government	Legal / Human Resources	$ 75,801	$ 106,941	70.88%
	Administrative	$ 255,459	$ 375,430	68.04%
	General Government	$ 799,282	$ 962,953	83.00%
Public Safety	Law Enforcement	$ 1,777,890	$ 2,265,244	78.49%
	EMS	$ -	$ -	0.00%
	Animal Shelter	$ 143,586	$ 219,486	65.42%
	Fire & Rescue	$ -	$ -	0.00%
Highways and Public Improvements	Building & Zoning	$ 259,748	$ 378,826	68.57%
	Streets	$ 303,043	$ 794,130	38.16%
	Sanitation	$ 460,432	$ 620,778	74.17%
Parks, Rec, and Public Property	Recreation	$ 169,463	$ 238,485	71.06%
	Parks	$ 372,408	$ 518,745	71.79%
	Cemetery	$ 74,061	$ 137,940	53.69%
Transfers		$ -	$ 526,940	0.00%
Total		$ 4,691,173	$ 7,145,898	65.65%



4th Quarter Expenditure Projections: Q4 expenditures are projected to come in line within budget projections, aside from the SCI fire & ambulance item mentioned above. 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 March 31, 2019 actual Impact Fee revenues are $531,058. There's only one expenditure in the impact funds which was a transfer to the MBA fund from the Park Impact Fees Fund for a bond payment on Unity Park. The only planned expenditures this year are for debt service on bond payments and Capital Projects for impact fee eligible projects. These transfers will mostly be made later in the year as payments are made or projects completed.

Category	Q2	Budget	% Earned
Public Safety	$ 11,965	$ 9,487	126.12%
Streets	$ 154,703	$ 182,664	84.69%
Parks	$ 364,390	$ 359,415	101.38%
Total	$ 531,058	$ 551,566	96.28%

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 March 31, 2019 and expenditures are $618,830. The revenue for this fund will be from transfers, with expenditures being made for Cemetery Improvements, Desert Rose Park, Fire Lake Park, Trail Improvements, and various Street Projects. Revenues and Expenditures have met expectations through the second quarter.

Department	Q2	Budget	% Spent
Fire Station Remodel	$ -	$ 100,000	0.00%
Cemetery Improvements	$ 108,129	$ 131,488	82.23%
UNITY Park Skate Park	$ -	$ 250,000	0.00%
Park & Trail Improvements	$ 492,626	$ 825,452	59.68%
Street Projects	$ 18,075	$ 365,000	4.95%
Entry Signs	$ -	$ 20,000	0.00%
Total	$ 618,830	$ 1,691,940	36.58%

4th 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 usage sees a higher percentage of revenue during the 1st and 4th quarters due to the weather. The city is seeing similar usage during the first quarter compared to last year. For the period ending March 31, 2019 the revenues and expenditures for the Enterprise Funds are:

FY 2019 Q3 Enterprise Funds

	Water Fund			Wastewater - Sewer			Wastewater - Storm Drain		
	YTD Actuals	Budget	% of Budget	YTD Actuals	Budget	% of Budget	YTD Actuals	Budget	% of Budget
Operating Revenues	1,591,001	2,184,030	72.8%	818,186	968,766	84.5%	462,584	526,925	87.8%
Operating Expenses	1,388,433	1,996,374	69.5%	649,443	928,617	69.9%	305,822	381,366	80.2%
Operating Income	202,568	187,656	107.9%	168,743	40,149	420.3%	156,762	145,559	107.7%
Non Operating Income	177,728	223,487	79.5%	59,654	61,765	96.6%	1,459,398	83,282	1752.4%
Non Operating Expenses	330,062	4,772,580	6.9%	224,759	663,600	33.9%	1,673,706	2,907,600	57.6%
Non Operating Income/(Expense)	(152,334)	(4,549,093)	3.3%	(165,105)	(601,835)	27.4%	(214,308)	(2,824,318)	7.6%
Change in Net Position	50,234	(4,361,437)	-1.2%	3,638	(561,686)	-0.6%	(57,547)	(2,678,759)	2.1%

WATER FUND

For the period ending March 31, 2019, the Water Fund realized $1,768,729 in revenues and $1,718,495 in expenditures; net revenues over / (under) expenditures totals $50,234. With 75% of the fiscal year complete, total revenues sum to 73.5% of budget; whereas, total expenses sum to 25.4% of budget. The budgeted expenses include $4,300,000 in capital outlay for the irrigation system. The Culinary Water and Secondary Water Master Plans and Impact Fee studies were completed in the 3rd quarter and the Council has approved the rates recommended by the City's consultant.

Operating revenues total $1,591,001 and operating expenses are $1,388,433. These represent 72.8% and 79.5% of budgeted 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, excluding the $4.3 million budgeted for the irrigation project which is not expected to be completed in FY 2019. The revenues will be monitored for changes.

WASTE WATER FUND

SEWER

For the period ending March 31, 2019, the Sewer Fund realized $877,840 in revenues and $874,203 in expenditures; net revenues over / (under) expenditures totals $3,638. With 75% of the fiscal year complete, total revenues sum to 85.2% of budget; whereas, total expenditures sum to 54.9% of budget. Operating revenue is $818,186 and operating expenses are $649,443. These represent 84.5% and 69.9% of budgeted revenues and expenses, respectively. Both revenues and expenses will be monitored closely throughout the year.

STORM WATER

The Storm Water Fund realized $1,921,982 in revenues and $1,979,529 in expenditures; net revenues over / (under) expenditures totals ($57,547). With 75% of the fiscal year complete, total revenues sum to 315% of budget; whereas, total expenditures sum to 60.2 % of budget. Revenues are much higher than budget due to an NRCS reimbursement received in October. There is $1.7 million budgeted for Storm Water projects this fiscal year.

Operating revenue is $462,584 and operating expenses are $305,822. These represent 87.8% and 80.2% of budgeted 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. A number of Storm Water improvements will be undertaken during the year.

Projections and Summary

Revenues and expenditures should meet budget expectations in the 4th 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 this report helps facilitate an understanding of the City's financial standing as of period ending March 31, 2019. Please review the attached documents for further information about the 3rd quarter. Please feel free to contact me with any questions, concerns, or clarifications that you have.

Respectfully,

Lane Mecham
Director of Finance

ECONOMIC SNAPSHOT Washington County

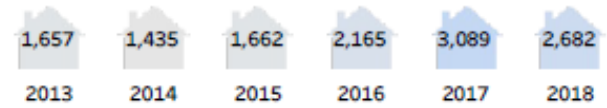
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Washington County

Construction Permitting 2018

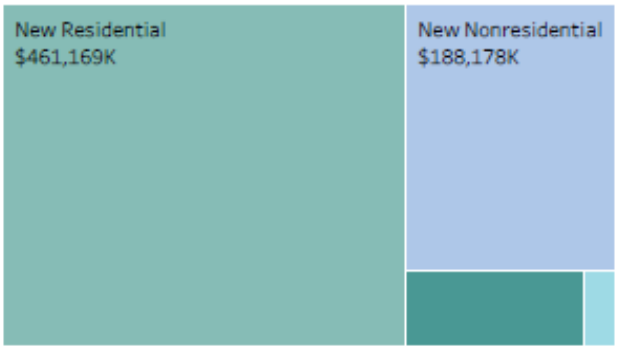
State of Utah Washington Coun..

Dwelling Unit Permits

Change
-13%

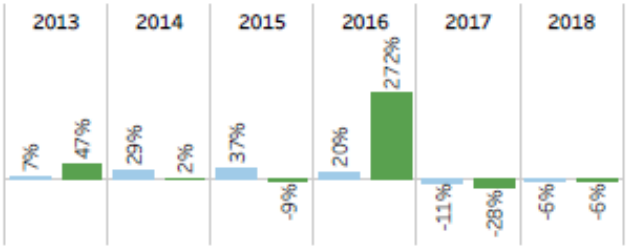


2018

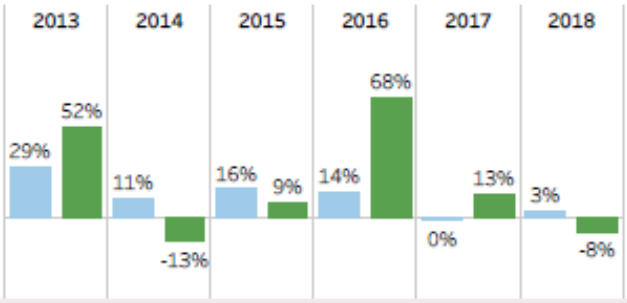


Add/Alt/Repair Nonres New Nonresidential
Add/Alt/Repair Res New Residential

Change in Nonresidential Values



Change in Total Values

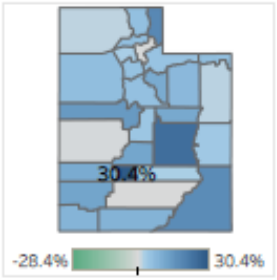


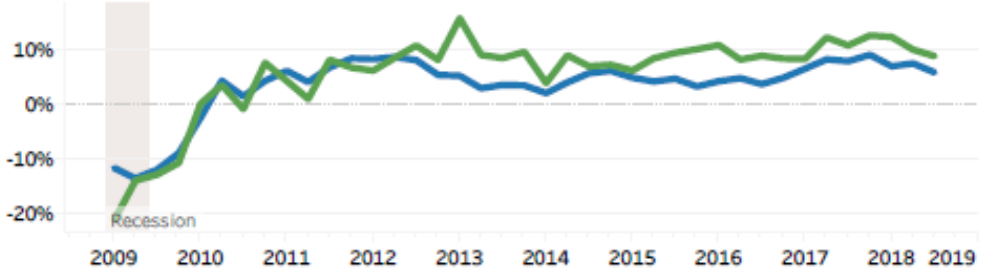
Year-to-Year Change in Gross Taxable Sales..

Washington County State of Utah

9.0%
Washington County

6.0%
State of Utah





Construction & Sales

The number of homes permitted in the first 11 months of 2018 dropped 13 percent from the same period in 2017 suggesting the home-building cycle may have peaked.

Nonresidential construction values are also down slightly from a very healthy 2017.

Washington County's gross taxable sales growth remained strong with a 9 percent increase between the third quarters of 2017 and 2018.

Retail trade was the largest mover and shaker in the Washington County sales world during third quarter.

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

ECONOMIC SNAPSHOT ..

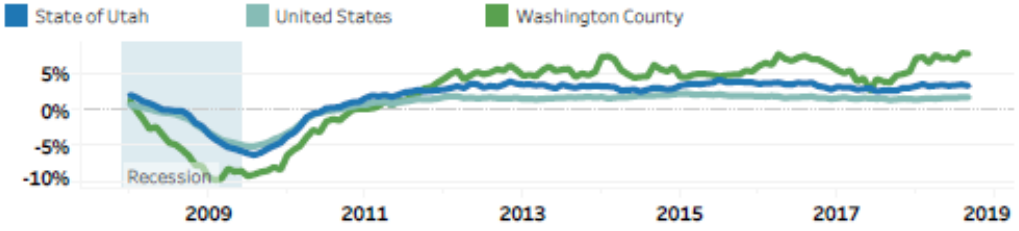
Select Area
Washington County

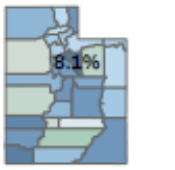
Updated 3/31/2019

Year-to-Year Change in Nonfarm Jobs..

5,010

Washington County	State of Utah	United States
7.8%	3.3%	1.7%

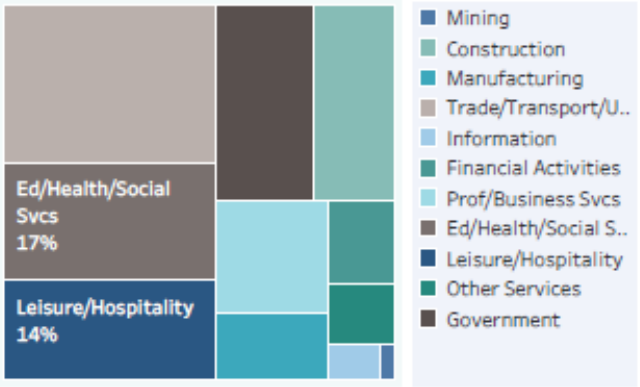






59	Mining	28.6%
1,059	Construction	16.0%
-161	Manufacturing	-4.6%
1,129	Trade/Transport..	7.7%
-22	Information	-2.5%
77	Financial Activiti..	3.1%
977	Prof/Business S..	18.9%
522	Ed/Health/Socia..	4.7%
849	Leisure/Hospital..	9.2%
24	Other Services	1.3%
498	Government	5.5%

Employment Share 12 Months ending ..



How's the economy?

Washington County's labor market continued to produce new employment at a staggering pace. This rapid expansion is certainly approaching "too hot" territory. However, hiring will likely slow in the months ahead particularly in construction and accommodations. Not surprisingly joblessness remains very low. A slight nonseasonal surge in unemployment insurance claims may result in slightly higher rates in the months ahead. Sales remain strong, but construction permitting appears to have peaked. Even with such a strong economic performance, the wise should continue to watch the national indicators in the year ahead.

Jobs

Washington County's nonfarm job creation continued to run at a blistering pace. Between September 2017 and September 2018, the county added more than 5,000 net, new jobs for a growth rate of 7.8 percent.

However, some of this gain is only "on paper" thanks to improved distribution of state government employment at the county level. Without state government adjustments, the county's job growth measured about 4,600 positions—still a very robust and p..

Construction, professional/business services, leisure/hospitality services, retail trade and healthcare/social services were among the major job producers.

There are a few minor chinks in Washington County job-growth armor. Manufacturing and information both lost employment. However, growth remains remarkably broad-based.

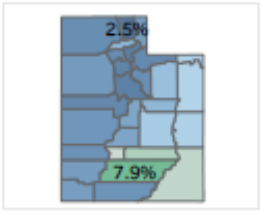
* Preliminary. Source: U.S. Bureau of Labor Statistics; Utah Department of Workforce Services.

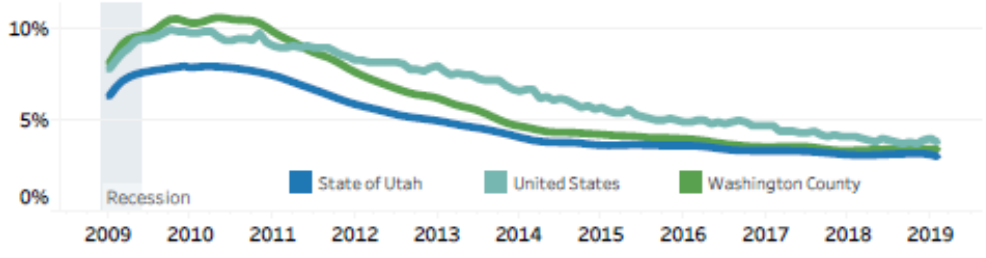
ECONOMIC SNAPSHOT Washington Count

Select Area
Washington County

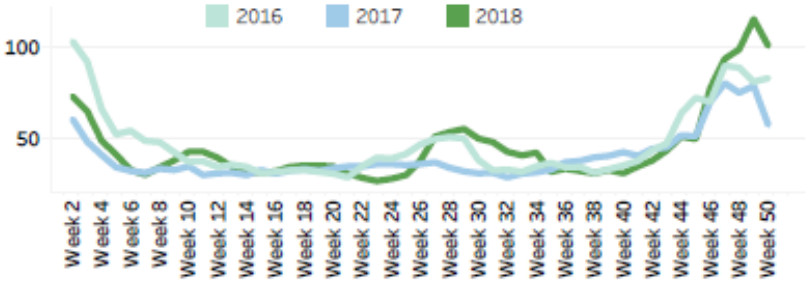
Seasonally Adjusted Unemployment Rate..

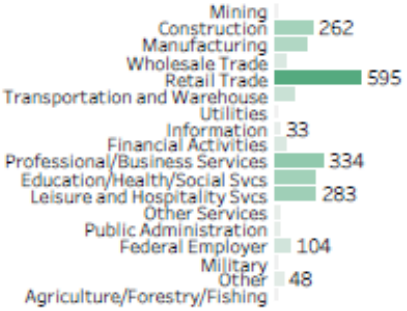
Washington County	State of Utah	United States
3.4%	3.0%	3.8%



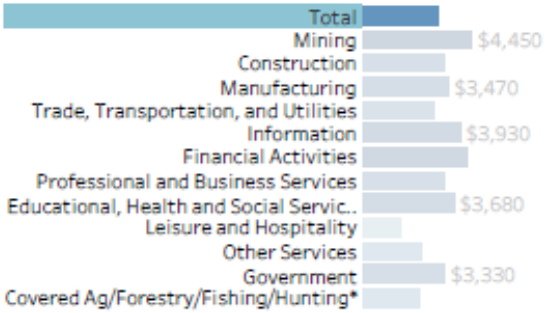


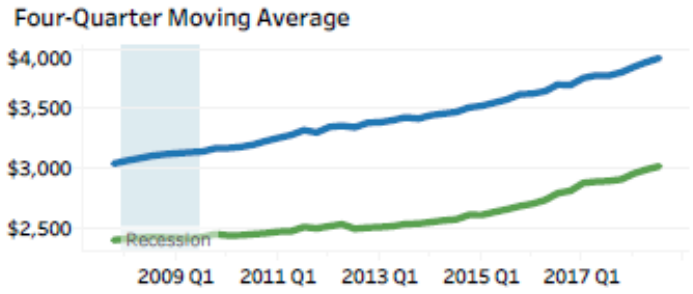
Initial Claims for Unemployment Insurance YTD 2018





Average Monthly Wage* THIRD QUARTER 2018





Unemployment & Wages

Washington County's unemployment rate measured 3.5 percent in December 2018, up slightly from a year ago.

This slight uptick may actually be a blessing to employers having difficulty filling openings at current wages.

In 2018, first-time claims for unemployment insurance remained very low until year-end when transportation/warehousing claim..

Retail trade, professional/business services (which include "temp" agencies), manufacturing and education/health/social service..

The tight labor market continues to place upward pressure on wages. Between the third quarters of 2017 and 2018, Washington ..

The highest average wages can be found in mining (rock quarries), information and private education/health/social services.

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