

**CITY OF DELTA, UTAH
INDEPENDENT AUDITORS' REPORT
GENERAL-PURPOSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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JUNE 30, 2003**

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PETERSON · BLACK
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

August 21, 2003

The Honorable Mayor, and
Members of the City Council
City of Delta, Utah

Mayor and Council Members:

We have audited the accompanying general-purpose financial statements of the City of Delta, Utah, as of and for the year ended June 30, 2003, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the management of the City of Delta, Utah. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Delta, Utah, as of June 30, 2003, and the results of its operations and cash flows for the proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2003, on our consideration of Delta City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules, listed as Supplementary Information and Schedules, in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Delta, Utah. The information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Peterson, Black & Associates, P.C.

Peterson, Black & Associates, P.C.
Certified Public Accountants

CITY OF DELTA, UTAH
COMBINED BALANCE SHEET--
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2003

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2002)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FIDUCIARY FUND TYPES				ACCOUNT GROUPS		TOTALS	
	Debt		Capital		Enterprise		Trusts		General	Fixed Assets	(Memorandum Galy)	
	General	Service	Projects						General Long-Term Debt	2003	2002	
ASSETS AND OTHER DEBITS												
ASSETS												
Cash and Cash Equivalents	\$ 124,771	\$	\$	\$ 816,454	\$ 26,257	\$	\$	\$	\$	\$ 92,463	\$ 96,703	
Prepaid Expenses	4,063		17,300							21,363	43,125	
Receivables:												
Utility Billings	12,845			65,390						78,235	81,533	
Other	107,115									107,115	107,115	
Due From Other Funds	16,516			15,592						32,108	88,131	
Inventory			29,773	44,509						74,282	50,161	
Restricted Assets:												
Cash and Cash Equivalents	179,659	33,429	137,316	11,306	37,701					399,411	369,153	
Investments	806,487									806,487	775,962	
Interest Receivable		24,305								24,305	24,305	
Property and Equipment (Net, Where Applicable of Depreciation)												
Land				23,534					154,738	178,272	178,272	
Buildings and Systems				2,146,753					1,375,792	3,522,545	3,615,239	
Improvements Other than Buildings				21,510					490,264	511,774	520,110	
Machinery and Equipment				134,537					418,298	552,835	538,947	
Office Furniture and Equipment									145,492	145,492	131,588	
Vehicles				5,202					492,443	497,645	472,511	
Water Rights				299,864						299,864	290,024	
OTHER DEBITS												
Amount Available in Debt Service Fund									864,221	864,221	834,208	
Amount to be Provided for Retirement of Long-Term Debt									(18,250)	(18,250)	(68,159)	
TOTAL ASSETS AND OTHER DEBITS	\$ 460,969	\$ 864,221	\$ 183,329	\$ 3,649,511	\$ 63,958	\$ 3,077,027	\$ 845,931	\$ 9,144,946	\$ 9,193,434	\$ 9,193,434	\$ 9,193,434	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
 COMBINED BALANCE SHEET--
 ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2003

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2002)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES			FIDUCIARY FUND TYPES			ACCOUNT GROUPS			TOTALS	
	General	Debt Service		Capital Projects	Enterprise	Trusts	General	Fixed Assets	Term Debt	(Memorandum Only)		2003	2002	
		Due to Other Funds	Customer Deposits							Revenue Bonds Payable	General Obligations Bonds Payable			
LIABILITIES AND FUND EQUITY														
LIABILITIES														
Assigned Liabilities	\$ 129,503		\$ 1,057	\$ 9,306								\$ 171,436	\$ 59,243	
Due to Other Funds	15,592		16,516									32,108	88,131	
Customer Deposits	9,629			2,120								11,749	19,573	
Revenue Bonds Payable								722,477				722,477	767,267	
General Obligations Bonds Payable									123,456			123,456	131,000	
TOTAL LIABILITIES	158,724		24,343	32,226				845,931				1,061,224	1,067,214	
FUND EQUITY														
Contributed Capital				2,605,140								2,605,140	2,650,298	
Investment in General														
Fixed Assets								3,009,779				3,009,779	3,009,779	
Retained Earnings:														
Unreserved														
Bond Requirements				1,012,345								1,012,345	973,577	
Fund Balances:														
Reserved for:														
Road Improvements	135,362											135,362	131,169	
Fire Department	44,297											44,297	44,297	
Debt Service												864,221	834,208	
Library												37,701	36,955	
Capital Projects												130,273	212,366	
Inventories												28,713	21,706	
Unreserved	122,586							26,257				148,843	233,742	
TOTAL FUND EQUITY	302,245		864,221	3,617,285			63,958	3,009,779				8,016,474	8,126,220	
TOTAL LIABILITIES AND FUND EQUITY	\$ 460,969		\$ 864,221	\$ 3,649,511			\$ 63,958	\$ 3,009,779			\$ 845,931	\$ 9,077,698	\$ 9,193,434	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—ALL GOVERNMENTAL FUND TYPES
AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2002)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS	
	General	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)		
					2003	2002	
REVENUES							
Taxes	\$954,127	\$ 9,928	\$	\$	\$964,055	\$1,055,718	
Licenses and Permits	45,057				45,057	42,905	
Intergovernmental	259,108		249,535		508,643	225,773	
Charges for Services	234,385				234,385	218,396	
Fines and Penalties	35,512				35,512	40,535	
Interest	4,388	96,941	2,380	520	104,229	98,184	
Miscellaneous	1,570				1,570	50,316	
TOTAL REVENUES	1,564,147	106,869	251,915	520	1,923,451	1,728,827	
EXPENDITURES							
General Government	436,134				436,134	445,700	
Public Safety	323,513				323,513	355,181	
Public Works	586,297				586,297	487,879	
Parks and Public Property	254,745				254,745	220,008	
Capital Outlay			327,001		327,001	181,665	
Debt Service							
Principal		50,713			50,713	48,785	
Interest and Fees		38,950			38,950	41,121	
TOTAL EXPENDITURES	1,600,689	89,663	327,001		2,017,353	1,760,339	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,542)	17,206	(75,086)	520	(93,902)	(31,512)	
OTHER FINANCING SOURCES (USES)							
Transfers In			12,807		12,807	92,300	
Transfers Out	(12,807)				(12,807)	(92,300)	
TOTAL OTHER FINANCING SOURCES (USES)	(12,807)		12,807				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(49,349)	30,013	(75,086)	520	(93,902)	(31,512)	
FUND BALANCE - JULY 1	351,594	834,208	234,072	25,737	1,445,611	1,477,123	
FUND BALANCE - JUNE 30	\$ 302,245	\$ 864,221	\$ 158,986	\$ 26,257	\$ 1,351,709	\$ 1,445,611	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
BUDGET AND ACTUAL -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	GENERAL FUND		DEBT SERVICE		CAPITAL PROJECTS		EXPENDABLE TRUST FUNDS	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES								
TAXES AND ASSESSMENTS:								
Property Taxes	\$ 311,400	\$ 290,369	\$ 9,928	\$ 9,928	\$	\$	\$	\$
General Sales and Use Taxes	500,000	534,722	34,722					
TOTAL TAXES	944,400	954,127	9,727	9,928				
LICENSES AND PERMITS:								
Building Permits	20,000	21,383	1,383					
TOTAL LICENSES AND PERMITS	43,100	45,057	1,957					
INTERGOVERNMENTAL REVENUE:								
State Revenue	172,557	171,574	(983)					
Other Revenue	56,500	56,500						
TOTAL INTERGOVERNMENTAL REVENUE	265,514	259,108	(6,406)		530,000	249,535	(280,465)	
CHARGES FOR SERVICES:								
Aviation Fuel Sales	35,000	33,628	(1,372)					
Administrative Charges and Reimbursements	44,000	43,650	(350)					
Rentals and Fees	25,625	22,675	(2,950)					
TOTAL CHARGES FOR SERVICES	239,625	234,388	(5,240)					
FINES AND FORTUITIES:								
Interest Earnings	4,550	4,386	(164)					
MISCELLANEOUS:								
Reimbursements	6,850	10,289	3,439					
Other	29,456	31,570	2,114					
TOTAL MISCELLANEOUS	1,560,245	1,564,147	3,902	106,869	532,975	251,915	(281,060)	574
TOTAL REVENUE								520
								(54)

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
BUDGET AND ACTUAL -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	GENERAL FUND		DEBT SERVICE		CAPITAL PROJECTS		EXPENDABLE TRUST FUNDS		
	Budget	Actual	Variance-- Favorable (Unfavorable)	Budget	Actual	Variance-- Favorable (Unfavorable)	Budget	Actual	Variance-- Favorable (Unfavorable)
EXPENDITURES									
GENERAL GOVERNMENT:									
Mayor's Office	67,991	57,858	10,133						
City Council	43,463	37,860	5,603						
Judicial	46,857	43,914	2,943						
Treasurer	131,429	127,837	3,592						
Recorder	106,549	82,790	23,759						
City Hall	496,765	436,134	60,631						
TOTAL GENERAL GOVERNMENT									
PUBLIC SAFETY:									
Law Enforcement	200,457	200,394	63						
Fire Department	113,493	98,553	14,940						
Police Department	5,541	5,157	384						
Animal Control	23,613	16,409	7,204						
TOTAL PUBLIC SAFETY	345,863	323,513	22,350						
PUBLIC WORKS:									
Streets	534,747	445,114	89,636						
Sanitation	132,000	130,870	1,130						
Public Works	13,316	10,516	2,800						
TOTAL HIGHWAYS AND PUBLIC IMPROVEMENTS	680,083	586,297	93,786						
PARKS AND PUBLIC PROPERTY:									
Parks	57,276	57,244	34						
Library	135,419	124,572	10,847						
Algebra	55,610	48,415	7,195						
Celebrations	26,641	25,116	1,525						
TOTAL PARKS AND PUBLIC PROPERTY	274,946	254,745	20,201						
CAPITAL OUTLAY									
							767,047	327,001	440,046
DEBT SERVICE:									
Principal				50,713	50,713				
Interest and Fees				38,951	38,950				
TOTAL DEBT SERVICE				89,664	89,663				
TOTAL EXPENDITURES	1,797,657	1,600,689	196,968	89,664	89,663		767,047	327,001	440,046

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
BUDGET AND ACTUAL -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	GENERAL FUND		DEBT SERVICE		CAPITAL PROJECTS		EXPENDABLE TRUST FUNDS					
	Budget	Actual	Variance-- Favorable (Unfavorable)	Budget	Actual	Variance-- Favorable (Unfavorable)	Budget	Actual	Variance-- Favorable (Unfavorable)			
EXPENDITURES (Continued)												
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(237,412)	(36,542)	200,870	(12,807)	17,206	30,013	(234,072)	(75,086)	158,986	574	520	(54)
OTHER FINANCING SOURCES (USES)												
Operating Transfers Out:	(92,807)	(12,807)	(80,000)									
TOTAL OTHER FINANCING SOURCES (USES)	(92,807)	(12,807)	(80,000)	12,807	12,807							
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$ 330,219)	(49,349)	\$ 120,870	\$	30,013	\$ 30,013	(\$ 234,072)	(75,086)	\$ 158,986	\$ 574	520	(\$ 54)
FUND BALANCES - JULY 1		351,594			834,208			234,072			25,737	
FUND BALANCE - JUNE 30		\$ 302,245			\$ 864,221			\$ 158,986			\$ 26,257	

CITY OF DELTA, UTAH
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS--
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2002)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	Enterprise Funds	Nonexpendable Trust Funds	TOTALS (Memorandum Only)	
	2003	2002	2003	2002
OPERATING REVENUES				
Charges for Services	\$ 558,260	\$ 3	\$ 558,260	\$ 575,570
Miscellaneous	17,806		17,806	3,815
TOTAL OPERATING REVENUES	576,066		576,066	579,391
OPERATING EXPENSES				
Salaries	179,004		179,004	183,608
Employee Benefits	77,057		77,057	70,250
Professional Services	24,756		24,756	10,591
Materials and Supplies	34,196		34,196	26,628
Repairs and Maintenance	23,758		23,758	23,715
Office Supplies	12,112		12,112	9,380
Utilities	43,602		43,602	40,333
Telephone	3,059		3,059	3,215
Travel and Training	3,295		3,295	1,268
Insurance	16,447		16,447	9,778
Depreciation	157,948		157,948	160,073
Administrative Charges	29,900		29,900	29,900
Rent	4,600		4,600	4,600
Bad Debt	1,447		1,447	2,159
TOTAL OPERATING EXPENSES	611,181		611,181	579,397
OPERATING INCOME (LOSS)	(35,115)		(35,115)	(6)
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	18,656	746	19,402	35,615
Interest Expense and Service Fees				(8,145)
Miscellaneous	(9,971)		(9,971)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	8,685	746	19,402	27,470
NET INCOME (LOSS)	(26,430)	746	(15,713)	27,464
Transfer of depreciation on fixed assets acquired with contributed capital from contributed capital to retained earnings	64,998		64,998	64,998
INCREASE (DECREASE) IN RETAINED EARNINGS/FUND BALANCE	38,568	746	49,285	92,462
RETAINED EARNINGS/FUND BALANCE - JULY 1	973,577	36,955	1,010,532	918,070
RETAINED EARNINGS/FUND BALANCE - JUNE 30	\$ 1,012,145	\$ 37,701	\$ 1,059,817	\$ 1,010,532

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
COMBINED STATEMENT OF CASH FLOWS--
ALL PROPRIETARY FUND TYPES AND
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2002)

	PROPRIETARY FIDUCIARY		TOTALS	
	FUND TYPES	FUND TYPES	(Memorandum Only)	
	Enterprise Funds	Non- Expendable Trust Funds	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	(\$35,115)		(\$35,115)	(\$ 0)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	157,948		157,948	160,073
(Increase) Decrease in Accounts Receivable	2,219		2,219	6,427
(Increase) Decrease in Prepaid Expenses	12,911		12,911	(12,911)
(Increase) Decrease in Due From Other Funds	(9,920)		(9,920)	(1,692)
(Increase) Decrease in Inventories	(8,914)		(8,914)	(4,739)
(Increase) Decrease in Due to Other Funds	(2,459)		(2,459)	2,298
Increase (Decrease) in Accrued Liabilities	24,062		24,062	6,045
Increase (Decrease) in Customer Deposits	(9,940)		(9,940)	2,385
NET CASH PROVIDED BY OPERATING ACTIVITIES	130,792		130,792	157,878
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Revenue Bonds				(158,950)
Interest Paid on Revenue Bonds				(8,145)
Acquisition of Property and Equipment	(98,567)		(98,567)	(20,898)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(98,567)		(98,567)	(187,993)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	18,656	746	19,402	35,615
NET CASH PROVIDED BY INVESTING ACTIVITIES	18,656	746	19,402	35,615
NET INCREASE (DECREASE) IN CASH	50,881	746	51,627	5,500
CASH AT BEGINNING OF YEAR	795,879	36,955	832,834	827,334
CASH AT END OF YEAR	\$ 846,760	\$ 37,701	\$ 884,461	\$ 832,834
Cash and Cash Equivalents				
Unrestricted	\$ 835,454	\$	\$ 835,454	\$ 156,078
Restricted	11,306	37,701	49,007	671,256
	\$ 846,760	\$ 37,701	\$ 884,461	\$ 827,334

The Notes to the Financial Statements are an integral part of this statement.

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Delta City is a political subdivision of the State of Utah. The City is governed by a mayor and an elected board of five council members. The financial statements of Delta City include those of separately administered organizations that are controlled by or are dependent on the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters. Using these criteria no potential component units are included in the City's financial statements.

The accounting policies of Delta City, Utah, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the activities for which they are to be spent and the means by which spending activities are controlled.

The City has the following fund types and account groups:

Governmental funds are used to account for the City's general City activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after the end of the year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to Millard County prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30 of each year. Property taxes are collected by the Millard County Treasurer and remitted to the City shortly after collection.

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly.

Governmental funds used by Delta City include the following fund types:

The *general fund* is the general operating fund of the City. It is used for all financial resources except those required to be accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital improvements (other than those financed by enterprise and similar trust funds).

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds used by Delta City include the following fund type:

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of which is to have the costs of providing goods and services to the general public on a continuing basis financed or recovered primarily through user charges.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The *expendable trust fund* is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The *nonexpendable trust fund* is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

Account Groups. The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. **Applicable Accounting Standards**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the City has adopted GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.” The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 for proprietary activities.

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City considers cash and cash equivalents to be cash on hand, demand deposits, and all short-term investments with original maturities within three months or less from the date of acquisition. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on deposit and investment balances. All investments are stated at fair value based on market prices as of year-end.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables" (i.e., the current portion of interfund loans) or advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

3. Inventories

Inventory is valued at the lower of cost or market value and the City uses the first-in, first-out (FIFO) flow assumption determined by the moving weighted average method. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

4. Restricted Assets

Restricted assets consist of various cash balances that are restricted as to their use. Certain cash balances are restricted by provisions of bond resolutions. Customer deposits are restricted in the enterprise funds. Amounts held in the trust fund and Capital Project funds are restricted to be used for future project expenditures.

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

5. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

Fixed assets used in governmental fund types are recorded in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. No depreciation has been provided on general fixed assets.

Fixed assets used in proprietary fund type operations (i.e., the Water and Sewer funds) are accounted for within their respective funds. Annual depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings	40 Years
Improvements other than buildings	15-40 Years
Machinery and Equipment	5-40 Years
Autos and Trucks	3-7 Years
Office Furniture	5-15 Years

Donated fixed assets are recorded at the estimated fair market value at the date of donation. Assets acquired through a capital lease are recorded at the fair market value at the lease inception date. Public domain general fixed assets or infrastructure are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay associated with governmental funds are accrued and reported in the general long-term debt account group. No expenditure is reported for these amounts.

7. Long-term Obligations

The City reports long-term debt of the governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

10. Memorandum Only Total Columns

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns is not intended to and does not present financial position in conformity with generally accepted accounting principles, neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary procedures for the City have been established by Utah State statute in the Fiscal Procedures Act for Utah Cities. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements. In accordance with State law, all appropriations lapse at the end of the budget year. Accordingly, no encumbrances are recorded. At its option, the City may permit its expenditure accounts to remain open for a period of 30 days after the close of its fiscal year for the payment of approved invoices for goods received or services rendered prior to the close of the fiscal year.

The City prepares a budget for each fund including the operation of the enterprise funds.

Under Utah Code, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the Code for certain events.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH AND INVESTMENTS

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America, repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements, or certain other investments.

The Utah Public Treasurers' Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. UPTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the UPTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The UPTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the UPTIF are allocated to participants on the ratio of the participant's average daily balance.

Cash

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City funds. For the years ended June 20, 2003 and 2002, the City's carrying amount of deposits was \$583,392 and \$92,084 and the bank balance was \$663,010 and \$213,071, respectively. Of the bank balance, \$133,593 and \$133,593 was covered by Federal Depository Insurance. Deposits are not collateralized nor are they required to be by State statute.

Investments

The City's investments are categorized as follows to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealers trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agency, but not in the City's name.

	<u>CATEGORY</u>			Carrying Amount and Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments:				
U.S. Government Securities	\$ 806,487	—	—	\$ 806,487
Total Categorized Investments	<u>\$ 806,487</u>	<u>\$ —</u>	<u>\$ —</u>	806,487

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

Investments Not Subject to Categorization:	
Utah Public Treasurer's Investment Fund	<u>808,076</u>
Total Investments	1,614,563
Deposits with Banks	583,392
Cash on Hand	<u>425</u>
Total Cash and Investments	\$ <u>2,198,380</u>
Amounts shown on combined balance sheet:	
Cash and Cash Equivalents	\$ 992,482
Restricted Assets	
Cash and Cash Equivalents	399,411
Investments	<u>806,487</u>
Total	\$ <u>2,198,380</u>

B. FIXED ASSETS

The following is a summary of the fixed assets and accumulated depreciation of the Enterprise Funds at June 30, 2003.

	<u>Balance</u>	<u>Accumulated Depreciation</u>	<u>Net of Depreciation</u>
Land	\$ 23,534	\$	\$ 23,534
Buildings and Systems	4,578,095	2,383,342	2,194,753
Other improvements	41,623	20,113	21,510
Machinery and equipment	372,348	237,811	134,537
Vehicles	89,190	85,988	3,202
Water rights	<u>299,864</u>	<u>-</u>	<u>299,864</u>
Total	<u>\$5,404,654</u>	<u>\$2,727,254</u>	<u>\$2,677,400</u>

Activity in the General Fixed Assets Account Group was as follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Land	\$ 154,738	\$	\$	\$ 154,738
Buildings	1,374,836	956		1,375,792
Other improvements	496,964	1,100	(7,800)	490,264
Office furniture and Equipment	131,588	13,904		145,492
Machinery and Equipment	385,397	33,326	(425)	418,298
Vehicles	<u>466,256</u>	<u>26,187</u>	<u>-</u>	<u>492,443</u>
Total	<u>\$3,009,779</u>	<u>\$75,473</u>	<u>\$ (8,225)</u>	<u>\$3,077,027</u>

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

C. LONG-TERM DEBT

At June 30, 2003, long-term obligations reported in the general long-term debt account group included the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Road Improvement Bonds, (Original Amount \$1,300,000)	4.5%	July, 2015	\$ 722,477
General Obligation Bonds, (Original Amount \$143,990)	3.0%	July, 2020	<u>123,454</u>
Total			\$ <u>845,931</u>

The road improvement bonds are paid by income from restricted investments and by Class C road funds from the State.

Changes in General Long-Term Liabilities

During the year ended June 30, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2003</u>
Revenue Bonds	\$ 767,267	\$ -	\$ 44,790	\$ 722,477
G.O. Bonds	<u>133,000</u>	-	<u>9,546</u>	<u>123,454</u>
Total	<u>\$ 900,267</u>	<u>\$ -</u>	<u>\$54,336</u>	<u>\$ 845,931</u>

Annual debt service requirements to maturity for the bonds is as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 52,645	\$ 36,323
2005	54,825	34,041
2006	57,022	31,664
2007	59,318	29,188
2008	62,718	26,608
2009-2013	354,532	89,949
2014-2018	190,416	16,627
2019-2021	<u>14,455</u>	<u>872</u>
Total	<u>\$ 845,931</u>	<u>\$ 265,272</u>

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

The water revenue bond was paid in full during the year ended June 30, 2002. At such time the City was released from the bonds agreements including various restrictive covenants such as those requiring the maintenance of various reserve and sinking fund accounts.

D. COMMITMENTS AND CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In the opinion of the City's management, the potential for a material liability due to future audit disallowance is remote.

E. CONTRIBUTED CAPITAL

The changes in contributed capital were as follows:

	<u>Water</u>	<u>Sewer</u>
Beginning Balance	\$1,107,483	\$1,552,815
Contributions From:		
Outside Entities	<u>9,840</u>	
Total Contributions	9,840	-
Less:		
Depreciation of Contributed Assets	<u>(24,330)</u>	<u>(40,668)</u>
Ending Balance	<u>\$1,092,993</u>	<u>\$1,512,147</u>

F. RETIREMENT PLANS

Utah State Retirement

Plan Description. The City of Delta contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act, in Chapter 49, provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by

CITY OF DELTA, UTAH
NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)
JUNE 30, 2000

the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, and Local Governmental Noncontributory Retirement System for employers with social security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Noncontributory Retirement System, Delta City is required to contribute 8.69% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Delta City contributions to the Noncontributory Retirement System for June 30, 2003, 2002, and 2001 were \$33,846, \$31,439, and \$34,703, respectively. The contributions were equal to the required contributions for each year.

401(k) Plan

The employees of Delta City also participate in a 401(k) deferred compensation plan. The amount of the employer's contributions for the year ended June 30, 2003 was \$12,113.

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased insurance policies through various companies. A list of insurance and bonding coverage can be found in the bond covenant section of the bond report.

H. WEST MILLARD WATER AGENCY

During 2002 Delta City entered in an interlocal agreement with Hinckley Town, and Delta-Oasis Special Service District to create the West Millard Water Agency. The purpose of the Agency is to provide for the joint and coordinated funding of a water supply that meets the recently mandated drinking water standards for arsenic concentration.

**CITY OF DELTA, UTAH
COMBINING BALANCE SHEET--
CAPITAL PROJECT FUNDS
JUNE 30, 2003**

	Municipal				
	Equipment Acquisition	Streets and Drainage	Airport Improvements	Complex Renovation	Total
ASSETS					
Prepaid Expenses	\$	\$	\$17,300	\$	\$17,300
Inventory		28,713			28,713
Restricted Assets:					
Cash and Cash Equivalents	24,187	43,142	14,050	55,937	137,316
TOTAL ASSETS	<u>\$ 24,187</u>	<u>\$ 71,855</u>	<u>\$ 31,350</u>	<u>\$ 55,937</u>	<u>\$ 183,329</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accrued Liabilities	\$	\$	\$7,827	\$	\$7,827
Due to Other Funds			16,516		16,516
TOTAL LIABILITIES			<u>24,343</u>		<u>24,343</u>
FUND EQUITY					
Reserved For:					
Capital Projects	24,187	43,142	7,007	55,937	130,273
Inventories		28,713			28,713
TOTAL FUND EQUITY	<u>24,187</u>	<u>71,855</u>	<u>7,007</u>	<u>55,937</u>	<u>158,986</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 24,187</u>	<u>\$ 71,855</u>	<u>\$ 31,350</u>	<u>\$ 55,937</u>	<u>\$ 183,329</u>

CITY OF DELTA, UTAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES--
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Equipment Acquisition	Streets and Drainage	Municipal Airport Improvements	Complex Renovation	Total
REVENUES					
Intergovernmental	\$	\$	\$ 249,535	\$	\$ 249,535
Interest Income	590	907	410	473	2,380
TOTAL REVENUES	590	907	249,945	473	251,915
EXPENDITURES					
Capital Outlay:					
Public Works		21,775			21,775
Parks and Public Property	7,317		274,817	23,092	305,226
TOTAL EXPENDITURES	7,317	21,775	274,817	23,092	327,001
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,727)	(20,868)	(24,872)	(22,619)	(75,086)
FUND BALANCE - JULY 1	30,914	92,723	31,879	78,556	234,072
FUND BALANCE - JUNE 30	\$ 24,187	\$ 71,855	\$ 7,007	\$ 55,937	\$ 158,986

CITY OF DELTA, UTAH
COMBINING BALANCE SHEET--
ENTERPRISE FUNDS
JUNE 30, 2003

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 536,003	\$ 299,451	\$ 835,454
Prepaid Expenses			
Receivables:			
Utility Billings	46,429	18,961	65,390
Due From Other Funds	4,380	11,212	15,592
Inventory	34,162	10,207	44,369
Restricted Assets:			
Cash and Cash Equivalents	11,306		11,306
TOTAL CURRENT ASSETS	<u>632,280</u>	<u>339,831</u>	<u>972,111</u>
PROPERTY AND EQUIPMENT			
Land	11,767	11,767	23,534
Buildings and Systems	2,155,741	2,422,354	4,578,095
Accumulated Depreciation Buildings and Systems	(1,080,898)	(1,302,444)	(2,383,342)
Improvements other than Buildings	22,188	19,435	41,623
Accumulated Depreciation Improvements	(9,833)	(10,280)	(20,113)
Machinery and Equipment	166,351	205,997	372,348
Accumulated Depreciation Machinery and Equipment	(101,213)	(136,598)	(237,811)
Vehicles	42,057	47,133	89,190
Accumulated Depreciation Vehicles	(42,057)	(43,931)	(85,988)
Water Rights	299,864		299,864
NET PROPERTY AND EQUIPMENT	<u>1,463,967</u>	<u>1,213,433</u>	<u>2,677,400</u>
TOTAL ASSETS	<u>\$ 2,096,247</u>	<u>\$ 1,553,264</u>	<u>\$ 3,649,511</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accrued Liabilities	22,387	7,719	30,106
Customer Deposits	2,120		2,120
TOTAL CURRENT LIABILITIES	<u>24,507</u>	<u>7,719</u>	<u>32,226</u>
TOTAL LIABILITIES	<u>24,507</u>	<u>7,719</u>	<u>32,226</u>
EQUITY			
Contributed Capital	1,098,993	1,512,147	2,611,140
Retained Earnings:			
Unreserved	978,747	33,398	1,012,145
Total Retained Earnings	<u>978,747</u>	<u>33,398</u>	<u>1,012,145</u>
TOTAL EQUITY	<u>2,071,740</u>	<u>1,545,545</u>	<u>3,617,285</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 2,096,247</u>	<u>\$ 1,553,264</u>	<u>\$ 3,649,511</u>

CITY OF DELTA, UTAH
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS--
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Checks for Services	\$ 358,044	\$ 200,216	\$ 558,260
Miscellaneous	5,881	11,925	17,806
TOTAL OPERATING REVENUES	363,925	212,141	576,066
OPERATING EXPENSES			
Salaries	108,596	70,408	179,004
Employee Benefits	43,162	33,895	77,057
Professional Services	16,666	8,090	24,756
Materials and Supplies	27,728	6,468	34,196
Repairs and Maintenance	6,641	17,117	23,758
Office Supplies	11,261	851	12,112
Utilities	37,044	6,558	43,602
Telephone	1,775	1,284	3,059
Travel and Training	2,415	880	3,295
Insurance	10,200	6,247	16,447
Depreciation	80,221	87,727	157,948
Administrative Charges	17,480	12,420	29,900
Rent	4,600		4,600
Bad Debt	1,050	397	1,447
TOTAL OPERATING EXPENSES	358,839	252,342	611,181
OPERATING INCOME (LOSS)	5,086	(40,201)	(35,115)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	12,534	6,122	18,656
Miscellaneous	(9,971)		(9,971)
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,563	6,122	8,685
NET INCOME (LOSS)	7,649	(34,079)	(26,430)
Transfer of depreciation on fixed assets acquired with contributed capital from contributed capital to retained earnings	24,330	40,668	64,998
INCREASE IN RETAINED EARNINGS	31,979	6,589	38,568
RETAINED EARNINGS - JULY 1	946,768	26,809	973,577
RETAINED EARNINGS - JUNE 30	\$ 978,747	\$ 33,398	\$ 1,012,145

CITY OF DELTA, UTAH
COMBINING STATEMENT OF CASH FLOWS--
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Income	\$ 5,186	\$ 20,010	\$ 25,196
Adjustments to Reconcile Operating Income to			
Depreciation Expense	70,221	87,727	157,948
(Increase) Decrease in Prepaid Expenses	7,787	5,124	12,911
(Increase) Decrease in Inventories	(7,978)	(936)	(8,914)
Increase (Decrease) in Due to Other Funds		(2,459)	(2,459)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>84,706</u>	<u>46,086</u>	<u>130,792</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of Property and Equipment	(85,683)	(12,884)	(98,567)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(85,683)</u>	<u>(12,884)</u>	<u>(98,567)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,534</u>	<u>6,122</u>	<u>18,656</u>
CASH AT BEGINNING OF YEAR	<u>535,752</u>	<u>260,127</u>	<u>795,879</u>
CASH AT END OF YEAR	<u>\$ 547,309</u>	<u>\$ 299,451</u>	<u>\$ 846,760</u>
Cash and Cash Equivalents			
Unrestricted	\$ 536,003	\$ 299,451	\$ 835,454
Restricted	11,306		11,306
	<u>\$ 547,309</u>	<u>\$ 299,451</u>	<u>\$ 846,760</u>

CITY OF DELTA, UTAH
COMBINING BALANCE SHEET--TRUST FUNDS
JUNE 30, 2003

	NON- EXPENDABLE TRUST FUND	EXPENDABLE TRUST FUNDS	
	Library Trust	Street Lighting	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 26,257	\$ 26,257
Restricted Assets:			
Cash and Cash Equivalents	37,701		37,701
TOTAL ASSETS	<u>\$ 37,701</u>	<u>\$ 26,257</u>	<u>\$ 63,958</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to Other Funds	\$	\$	\$
TOTAL LIABILITIES	_____	_____	_____
FUND EQUITY			
Reserved for:			
Library Trust	37,701		37,701
Unreserved		26,257	26,257
TOTAL FUND EQUITY	<u>37,701</u>	<u>26,257</u>	<u>63,958</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 37,701</u>	<u>\$ 26,257</u>	<u>\$ 63,958</u>