

**City of Delta, Utah  
Independent Auditor's Report  
Financial Statements  
June 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor  
Members of the City Council  
Delta City, Utah

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delta City Corporation, Utah (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financials statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of our audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delta City Corporation as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and respective budgetary comparison for the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 10 and other required supplementary information on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

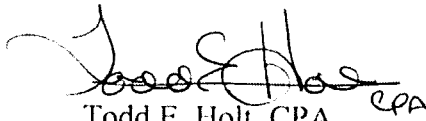
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delta City Corporation's basic financial statements. The budgetary comparison information and combining and individual nonmajor fund financial statements pages 49 through and 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and combining individual non major fund financial statements are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison information and the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated January 15, 2018 on my consideration of the City of Delta's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of my audit.

A handwritten signature in black ink, appearing to read "Todd E. Holt", with "CPA" written in smaller letters to the right of the signature.

Todd E. Holt, CPA

Delta, Utah

January 15, 2018



As the management of our City, we are pleased offer readers of our financial statements this narrative overview and analysis of the financial activities of our municipality for the fiscal year ended June 30, 2017. We wish to encourage those who would read this document to consider the information presented herein in conjunction with the financial statements in our focus to provide a more informative illustration of our financial position and operations.

#### **FINANCIAL HIGHLIGHTS**

- ✚ Our assets exceeded our liabilities at June 30, 2017 by \$21,416,197. Of this amount, unrestricted net assets of \$2,008,057 may be used to meet our ongoing obligations to citizens and creditors.
- ✚ The total net assets increased by \$1,863,330 at fiscal year-end. The increase in net assets from governmental type activities was \$1,825,857, and the increase from business type activities was \$37,474.
- ✚ At the close of the current fiscal year our governmental funds reported combined ending fund balances of \$1,183,077. After consideration of governmental type liabilities of \$319,915, there remains \$863,162 that is available for use in city governmental operations.
- ✚ At the end of the current fiscal year, the unassigned unreserved fund balance for the General Fund was \$177,677 or 7.16% of current year revenues, which is beneath the 25% limit and therefore is within compliance with § 10-6-116(2) Utah Code Annotated, 1953, as amended.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to our basic financial statements. These basic financial statements are comprised of three components, they being: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** – These financial documents are designed to provide our readers with a broad overview of our finances, in a manner similar with private-sector business. The Statement of Net Position presents information on all our assets and liabilities, with the difference between the two reported as net position. Obviously over time, illustrated increases and/or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how our net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish our functions that are principally supported by taxes and portion of their costs through user fees and intergovernmental revenues (governmental-type activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. We, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Our funds can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Such funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Given the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of our near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

We maintain a General Fund, a Debt Service Fund, a Special Revenue Fund, several Capital Project Funds and a Permanent Fund. Information is presented separately in the governmental fund balance sheet and governmental statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** – We also maintain proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. We maintain two individual enterprise funds for our Water and Sewer systems. As determined by generally accepted accounting principles, the Water and Sewer Enterprises meet the criteria for major fund classification.

**Notes to the Financial Statements** – In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As was earlier noted, net position may serve over as a useful indicator over a time of a government’s financial position. At June 30, 2017, the City’s assets exceeded its liabilities by \$21,416,197. The largest portion of the net position, \$19,011,262, totaling = 88.77%, a reflection of its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. While the investment in capital assets is reported net of related debt, the readers of this information should be aware that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

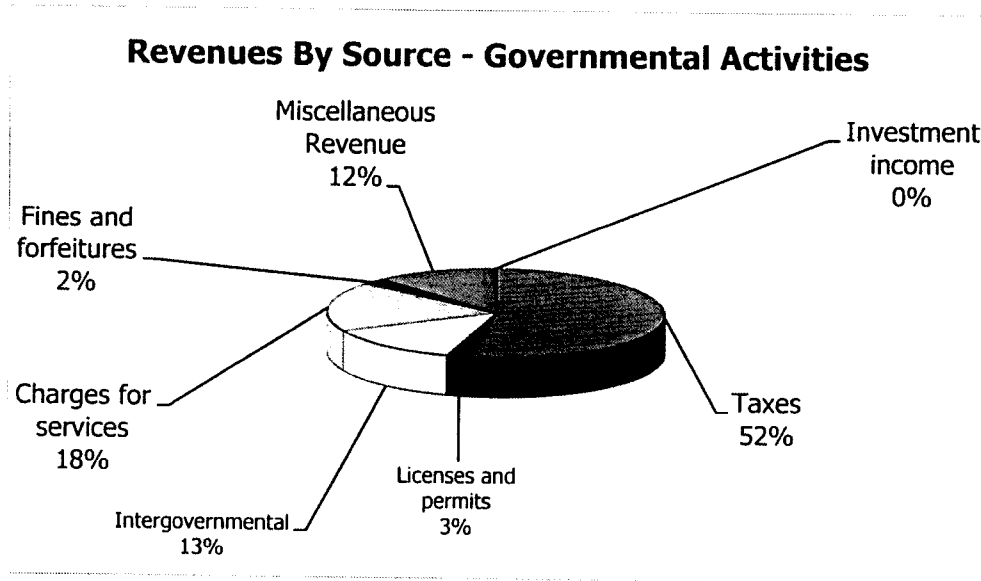
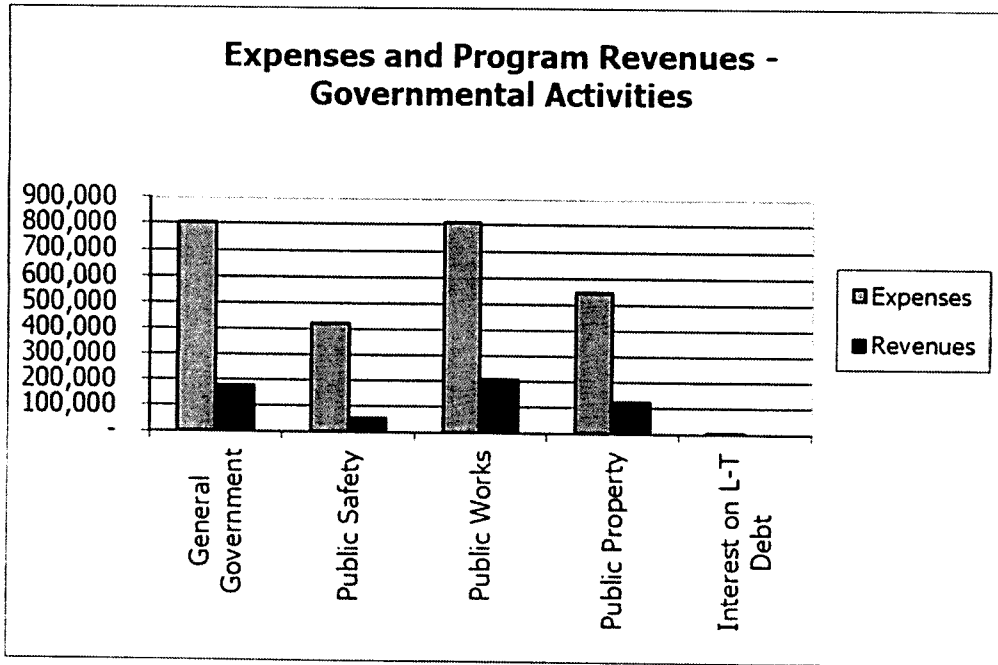


Net Position						
June 30, 2017 Compared to June 30, 2016						
	Government Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	1,368,398	3,893,320	1,578,638	1,440,271	2,947,036	5,333,591
Capital assets	16,057,083	14,075,168	6,673,446	6,843,554	22,730,529	20,918,722
Total assets	17,425,481	17,968,488	8,252,084	8,283,825	25,677,565	26,252,313
Other liabilities	185,322	392,240	111,280	63,843	296,602	456,083
Long-term liabilities outstanding	1,417,756	1,200,269	2,848,511	2,963,654	4,266,267	4,163,923
Total liabilities	1,603,078	1,592,509	2,959,791	3,027,497	4,562,869	4,620,006
Net assets:						
Invested in capital assets, net of related debt	15,032,816	13,071,691	3,978,446	4,025,537	19,011,262	17,097,228
Restricted	396,878	585,951	-	-	396,878	585,951
Unrestricted	644,857	763,641	1,363,200	1,278,636	2,008,057	2,042,277
Total net assets	16,074,551	14,421,283	5,341,646	5,304,173	21,416,197	19,725,456

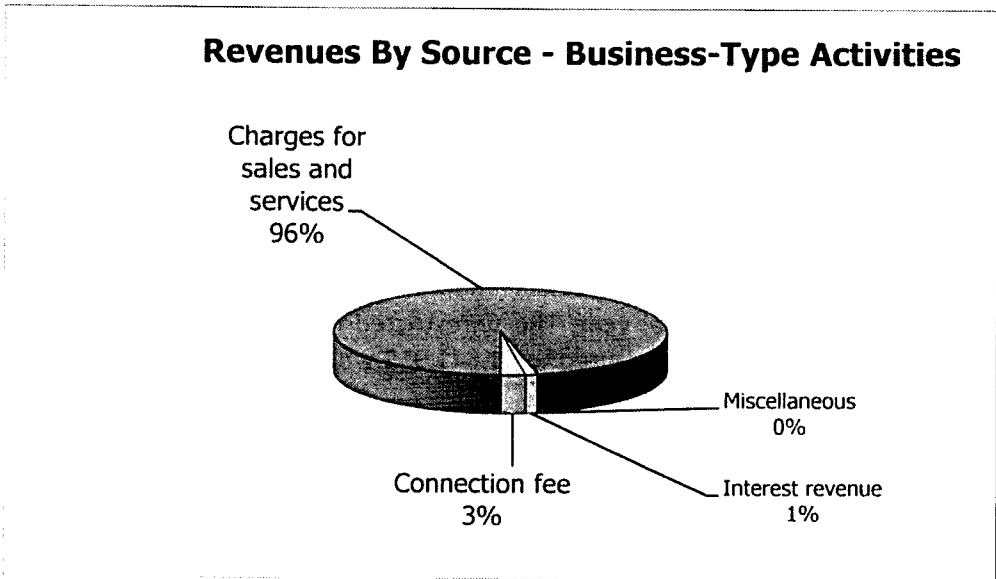
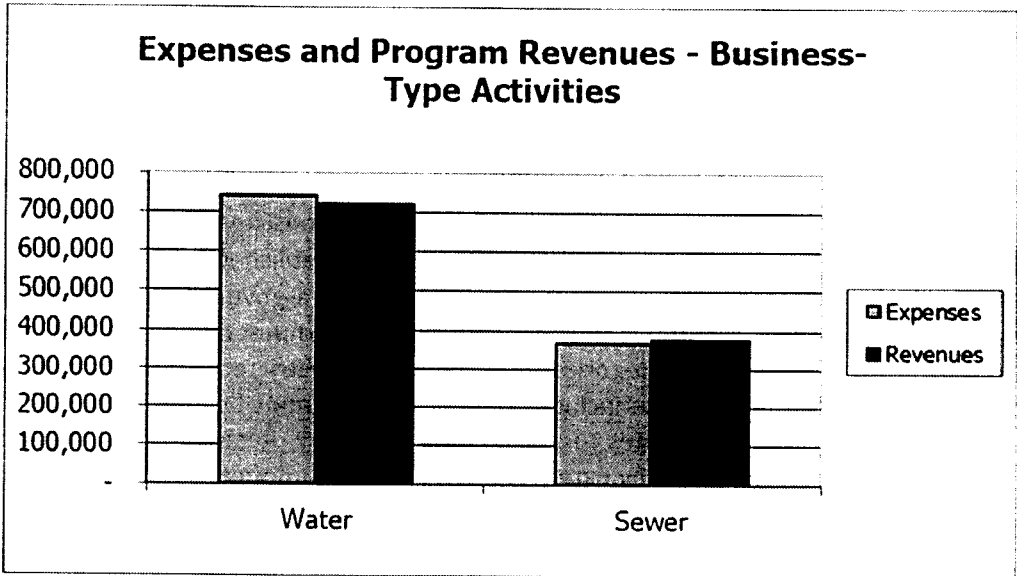
The expendable assets total \$2,404,935; of which \$396,878, or = 16.50% represents resources that are subject to restrictions on their use, and unrestricted net position of \$2,008,057 or = 83.50% may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year positive balances are reported in all three categories of net position, both for the government and its separate governmental and business-type activities.

Changes in Net Position						
June 30, 2017 Compared to June 30, 2016						
	Government Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	566,169	552,463	1,096,574	1,063,168	1,662,743	1,615,631
Operating Grants and Contributions	338,082	364,363	-	-	338,082	364,363
Capital Grants and Contributions	1,874,415	-	37,300	47,840	1,911,715	47,840
General Revenues:						
Property Taxes	376,131	375,527	-	-	376,131	375,527
Other Taxes	958,120	937,204	-	-	958,120	937,204
Unrestricted Investment Earnings	9,224	6,192	12,972	8,841	22,196	15,033
Other	287,405	424,156	1,375	1,075	288,780	425,231
Total Revenues	4,409,546	2,659,905	1,148,221	1,120,924	5,557,767	3,780,829
Expenses:						
General Government	805,131	690,716	-	-	805,131	690,716
Public Safety	420,405	365,503	-	-	420,405	365,503
Public Works	809,407	923,390	-	-	809,407	923,390
Parks, Recreation & Public Property	547,494	482,374	-	-	547,494	482,374
Principal Retirement	-	-	-	-	-	-
Interest on Long-Term Debt	1,253	1,214	-	-	1,253	1,214
Water	-	-	742,054	685,037	742,054	685,037
Sewer	-	-	368,695	357,835	368,695	357,835
Total Expenses	2,583,690	2,463,197	1,110,749	1,042,872	3,694,439	3,506,069
Increase in Net Assets before Transfers	1,825,857	196,708	37,474	78,052	1,863,328	274,760
Transfers	-	-	-	-	-	-
Gain/Loss on Sale of Assets	-	-	-	-	-	-
Increase in Net Assets	1,825,857	196,708	37,474	78,052	1,863,331	274,760
Net Assets - Beginning	14,308,961	14,224,577	5,304,172	5,226,120	19,613,133	19,450,697
Net Assets - Ending	16,134,818	14,421,285	5,341,646	5,304,172	21,476,464	19,725,456

**Governmental Activities** – Governmental activities increased our net position by \$1,825,857 or approximately 11.31%. The graphs presented below contain only regular operating revenues and does not reflect any effect of special one-time items or transfers.



**Business-Type Activities** – Business-type activities increased our net position by \$37,474. The graphs presented below contain regular operating revenues only and not the effects of special one-time items or transfers. Key elements contributing to the decrease in the business-type activities are as follows:



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier in this document, we use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Government Funds** – The purpose of the governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Information of this type is useful in assessing our

financing requirements. Particularly, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2017, our governmental funds reported combined ending fund balances of \$1,183,076. Of this balance, \$323,672, or  $\approx 27.35\%$  is unreserved fund balance, which is available for spending at the discretion and designation of the government. Regarding other fund balances, the Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions was created with the objective of enhancing the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Governmental fund balance is reported in five separate categories: non-spendable, restricted, committed, assigned, and unassigned. Non-spendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable and inventory. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the city council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City Council for specific purpose after the end of the fiscal year. Unassigned fund balance includes all remaining amounts. At June 30, 2017, we also held \$73,256 in non-spendable fund balances, \$299,700 in restricted fund balances and \$486,449 in assigned fund balances.

Our main operational fund is the General Fund. All financial activities of the municipality which are not required to be accounted for in separate funds either by State or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund.

Revenues derived from taxes remain by far the largest revenue source within the General Fund; representing approximately 53.79% of all revenues within this fund. The largest component of the tax base comes from general sales and use taxes, followed by property tax assessments. The total fund balance at June 30, 2017 for this main fund was \$537,384.

**Proprietary Funds** – The proprietary funds provide the same type of information that is found in the government-wide financial statements except in greater detail. The unrestricted net assets of the Water Fund totaled \$1,008,423; while the total net assets amounted to \$3,699,691, which included an \$20,454 increase in net assets during the fiscal year. The unrestricted net assets of the Sewer Fund totaled \$354,778; while the total net assets amounted to \$1,641,955 which incorporated a \$17,019 increase in net assets during the fiscal year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final General Fund budget, having been amended once for fiscal year 2017 was in the amount of \$3,166,334 (\$2,376,265 net of budgeted use of fund balances).

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – Our investment in capital assets for its governmental and business-type activities at June 30, 2017 amounted to \$22,730,529 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, vehicles and infrastructure (roads, sidewalks, curb and gutter, service lines, etc.).

**Delta City's Capital Assets  
(Net of Depreciation)**

	Government Activities	Business-Type Activities	Total for 2017
Water Stock	-	584,864	584,864
Land	657,877	23,534	681,411
Buildings	4,488,452	5,873,812	10,362,264
Improvements other than Buildings	850,919	7,252	858,171
Equipment	301,576	183,984	485,560
Infrastructure	9,758,259	-	9,758,259
<b>Total Assets</b>	<b>16,057,083</b>	<b>6,673,446</b>	<b>22,730,529</b>

**Long-Term Debt** – At the end of the current fiscal year, we had \$3,659,000 in outstanding bonded debt consisting of two lease revenue bonds, a water revenue bond and a water parity revenue bond. All bonded debt is secured by contractual investments or dedicated revenue streams.

**Delta City's Long-Term Debt**

	Government Activities	Business-Type Activities	Total for 2017
Lease Revenue Bond	187,000		187,000
Lease Revenue Bond	777,000		777,000
Water Revenue Bond	-	2,155,000	2,155,000
Water Parity Revenue Bond	-	540,000	540,000
<b>Total Long-Term Debt</b>	<b>964,000</b>	<b>2,695,000</b>	<b>3,659,000</b>

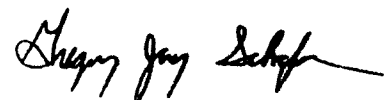
**ECONOMIC FACTORS AND BUDGETING CONSIDERATIONS**

The Mayor, Council Members, Administrative Officer/Recorder, Public Works Director and other department heads meet annually in a budget work session to critically analyze all appropriation requests. After a determination is made of necessary appropriations, they are matched against known and/or anticipated revenue streams and items removed or adjusted accordingly to balance the budgets in the governmental fund types. The Administrative Officer/Recorder and the Mayor also closely monitor the results of financial operations throughout the course of the fiscal year and also provide internal financial statements at each City Council meeting and at other times when necessary.

Economic conditions in Millard County and within the State of Utah are taken into consideration when weighing compensation issues and employee benefits – with a focus being on the fair and equitable treatment of our valued workforce along with insuring that our financial well-being remains intact and that all municipal services are being provided as needed.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of our finances for all those with an interest in the government's finances. As a political subdivision of the State of Utah, we are compliant with the Governmental Records and Management Act (GRAMA), therefore, any questions concerning any of the information provided in this report or request for additional financial information can be acquired and should be addressed to Gregory Jay Schafer, MMC, [gschafer@delta.utah.gov](mailto:gschafer@delta.utah.gov), Administrative Officer/Recorder, Delta City, 76 North 200 West, Delta, Utah 84624-9440.



**CITY OF DELTA, UTAH**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
Cash and Cash Equivalents	\$497,971	\$ 1,198,992	\$ 1,696,964
Prepaid Items	24,366	25,593	49,960
Utility Billing Receivable	19,507	127,088	146,596
Other Receivable	243,721	-	243,721
Inventory	23,889	109,727	133,616
<b>Restricted Assets:</b>			
Cash and Cash Equivalents	676,182	-	676,182
Internal Balances	(117,238)	117,238	-
<b>Capital Assets Not Being Depreciated</b>			
Water Stock	-	584,864	584,864
Land	657,877	23,534	681,411
<b>Capital Assets Being Depreciated (net)</b>			
Building	4,488,452	5,873,812	10,362,264
Improvements Other Than Buildings	850,919	7,252	858,171
Equipment	301,576	183,984	485,560
Infrastructure	9,758,259	-	9,758,259
Net pension asset	-	-	-
<b>Total Assets</b>	<b>17,425,482</b>	<b>8,252,085</b>	<b>25,677,567</b>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pensions	112,525	82,578	195,103
<b>Total deferred outflows of resources</b>	<b>112,525</b>	<b>82,578</b>	<b>195,103</b>
<b>Liabilities</b>			
Accrued Liabilities	112,910	51,879	164,789
Unearned Revenue	-	59,401	59,401
Community Center Deposits	62,730	-	62,730
Revenue Bonds Payable - Due With in One Year	60,267	123,000	183,267
Revenue Bonds Payable - Due in More Than One Year	964,000	2,572,000	3,536,000
Net pension liability	208,167	153,511	361,678
Compensated Absences	9,682	-	9,682
<b>Total Liabilities</b>	<b>1,417,756</b>	<b>2,959,791</b>	<b>4,377,547</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	45,700	33,226	78,926
Unavailable revenue	-	-	-
<b>Total deferred inflows of resources</b>	<b>45,700</b>	<b>33,226</b>	<b>78,926</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	15,032,816	3,978,446	19,011,262
<b>Restricted for:</b>			
Library Trust	39,648	-	39,648
Inventory	23,889	-	23,889
Road Improvements	323,764	-	323,764
Complex Renovation	(2,000)	-	(2,000)
Fire Department	11,577	-	11,577
Unrestricted (Deficit)	644,857	1,363,200	2,008,057
<b>Total Net Position</b>	<b>\$ 16,074,551</b>	<b>\$ 5,341,646</b>	<b>\$ 21,416,197</b>

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	Program Revenues			Net (Expense) Revenue and Charges in Net Assets		
	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General Government	\$ 805,131	\$ 9,125	\$ -	\$ (616,977)	\$ -	\$ (616,977)
Public Safety	420,405	101,338	1,874,415	1,611,782	-	1,611,782
Public Works	809,407	219,098	-	(382,073)	-	(382,073)
Parks, Recreation & Public Property	547,494	8,521	-	(416,503)	-	(416,503)
Interest on Long-Term Debt	1,253	-	-	(1,253)	-	(1,253)
<b>Total Governmental Activities</b>	<b>2,583,690</b>	<b>338,082</b>	<b>1,874,415</b>	<b>194,977</b>	<b>-</b>	<b>194,977</b>
<b>Business-Type Activities:</b>						
Water	742,054	-	32,500	-	11,363	11,363
Sewer	368,695	-	4,800	-	11,763	11,763
	1,110,749	-	37,300	-	23,126	23,126
<b>Total Primary Government</b>	<b>\$ 3,694,438</b>	<b>\$ 338,082</b>	<b>\$ 1,911,715</b>	<b>194,977</b>	<b>23,126</b>	<b>218,102</b>
<b>General Revenues</b>						
<b>Taxes:</b>						
Property Taxes				376,131		376,131
Sales Taxes				756,708		756,708
Franchise Taxes				201,412		201,412
Unrestricted Investment Earnings				9,224	12,972	22,196
Miscellaneous				287,405	1,375	288,780
<b>Total General Revenues and Transfers</b>				<b>1,630,880</b>	<b>14,347</b>	<b>1,645,228</b>
Change in Net Position				1,825,857	37,474	1,863,330
Net Position Beginning of Year				14,308,961	5,304,172	19,613,133
Net Position End of Year				\$ 16,134,818	\$ 5,341,646	\$ 21,476,464

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Airport Improvements	Complex Renovation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 215,009	\$ -	\$ -	\$ 282,962	\$ 497,971
Prepaid Expenses	24,366	-	-	-	24,366
Receivables (net)					
Utility Billings	19,507	-	-	-	19,507
Other	243,721	-	-	-	243,721
Due From Other Funds	17,355	-	-	-	17,355
Interest Receivable	-	-	-	-	-
Inventory	-	-	-	23,889	23,889
Other Asset	-	-	-	-	-
Restricted Cash and Cash Equivalents	335,341	301,193	-	39,648	676,182
<b>Total Assets</b>	<b>\$ 855,300</b>	<b>\$ 301,193</b>	<b>\$ -</b>	<b>\$ 346,500</b>	<b>\$ 1,502,992</b>
<b>Liabilities</b>					
Due To Other Funds	132,593	-	2,000	-	134,593
Accrued Liabilities	122,592	-	-	-	122,592
Deposits	62,730	-	-	-	62,730
<b>Total Liabilities</b>	<b>317,915</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>319,915</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable	24,366	-	-	48,889	73,256
Restricted	287,052	-	(2,000)	14,648	299,700
Assigned	48,289	301,193	-	136,968	486,449
Unassigned	177,677	-	-	145,995	323,672
<b>Total Fund Balances (Deficits)</b>	<b>537,385</b>	<b>301,193</b>	<b>(2,000)</b>	<b>346,500</b>	<b>1,183,077</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 855,300</b>	<b>\$ 301,193</b>	<b>\$ -</b>	<b>\$ 346,500</b>	<b>\$ 1,502,992</b>

The accompanying notes are an integral part of this statement.



**CITY OF DELTA, UTAH**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2017**

**Total Fund Balances - Governmental Funds Types** **\$ 1,183,077**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:

Land	\$ 657,877	
Buildings	5,716,665	
Improvements	1,678,823	
Equipment	1,791,084	
Infrastructure	9,758,259	
Accumulated Depreciation	<u>(3,545,625)</u>	
Total Capital Assets		16,057,083

The net pension asset is not an available resource and therefore is not reported in the governmental funds. -

Pension obligations, including deferred inflows and outflows relating to pensions, are not obligations in the current period and, therefore are not reported in the funds. These consist of:

Net Pension Liability	(208,167)	
Deferred Outflows/Inflows of Resources (net) - Pension	<u>66,825</u>	
		(141,342)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (964,000)

Net Position of Governmental Activities \$ 16,134,818

**CITY OF DELTA, UTAH**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	General	Debt Service	Airport Improvements	Complex Renovation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$1,293,543	\$ 40,708	\$ -	\$ -	\$ -	\$1,334,251
Licenses and Permits	64,113	-	-	-	-	64,113
Intergovernmental	323,770	-	-	1,874,415	-	2,198,185
Charges for Services	444,585	-	-	-	-	444,585
Fines and Forfeitures	57,471	-	-	-	-	57,471
Miscellaneous Revenue	287,405	-	-	-	-	287,405
Investment Income (Loss)	9,224	-	1,418	9,125	3,770	23,537
<b>Total Revenues</b>	<b>2,480,112</b>	<b>40,708</b>	<b>1,418</b>	<b>1,883,540</b>	<b>3,770</b>	<b>4,409,547</b>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	731,655	-	-	-	-	731,655
Public Safety	378,664	-	-	-	-	378,664
Highways and Public Improvements	797,950	-	1,700	2,125,422	10,027	2,935,099
Parks, Recreation, & Public Property	509,757	-	-	-	-	509,757
<b>Debt Service:</b>						
Principal Retirement	-	39,455	-	-	-	39,455
Interest and Fiscal Charges	-	1,253	-	-	-	1,253
<b>Total Expenditures</b>	<b>2,418,026</b>	<b>40,708</b>	<b>1,700</b>	<b>2,125,422</b>	<b>10,027</b>	<b>4,595,882</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>62,086</b>	<b>-</b>	<b>(282)</b>	<b>(241,882)</b>	<b>(6,257)</b>	<b>(186,335)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	205,877	-	-	205,877
Transfers Out	(205,877)	-	-	-	-	(205,877)
<b>Total Other Financing Sources (Uses)</b>	<b>(205,877)</b>	<b>-</b>	<b>205,877</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(143,791)</b>	<b>-</b>	<b>205,595</b>	<b>(241,882)</b>	<b>(6,257)</b>	<b>(186,335)</b>
<b>Fund Balances (Deficits) Beginning of Year</b>	<b>681,175</b>	<b>-</b>	<b>95,596</b>	<b>239,882</b>	<b>352,757</b>	<b>1,369,411</b>
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 537,384</b>	<b>\$ -</b>	<b>\$ 301,192</b>	<b>\$ (2,000)</b>	<b>\$ 346,500</b>	<b>\$ 1,183,076</b>

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Amounts reported for governmental activities in the statement of activities are different because:**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (186,335)</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,981,937
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Cash received for capital asset disposals is recorded as revenue in the fund financial statements. In the government-wide financial statements a gain or loss on disposition of capital assets is recorded based on the cash received and the book value of the asset. This is the difference between the cash received and the gain or loss on the disposal.

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available.

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayment of bond and capital lease principal expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets:

Payment of Bond Principal	39,455
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	(9,199)
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,825,857</u></b>
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**CITY OF DELTA, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash	\$ 814,023	\$ 384,969	\$ 1,198,992
Receivable (Net) - Utilities	91,668	35,420	127,088
Prepaid Expenditures	15,799	9,795	25,593
Receivable From Other Funds	130,991	1,602	132,593
Inventory	94,785	14,942	109,727
Total Current Assets	<u>\$1,147,265</u>	<u>446,729</u>	<u>1,593,994</u>
<b>Noncurrent Assets:</b>			
Water Stock	584,864	-	584,864
Land	11,767	11,767	23,534
Equipment	321,278	312,656	633,934
Less Accumulated Depreciation	<u>(242,913)</u>	<u>(207,037)</u>	<u>(449,950)</u>
Net Equipment	78,365	105,619	183,984
Buildings	7,084,106	2,469,531	9,553,637
Less Accumulated Depreciation	<u>(2,372,834)</u>	<u>(1,306,991)</u>	<u>(3,679,825)</u>
Net Buildings	4,711,273	1,162,539	5,873,812
Improvements	21,922	19,981	41,903
Less Accumulated Depreciation	<u>(21,922)</u>	<u>(12,729)</u>	<u>(34,651)</u>
Net Improvements	-	7,252	7,252
Net pension asset	-	-	-
Total Noncurrent Assets	<u>5,386,269</u>	<u>1,287,177</u>	<u>6,673,446</u>
Total Assets	<u>6,533,534</u>	<u>1,733,906</u>	<u>8,267,440</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pensions	41,256	41,322	82,578
Total deferred outflows of resources	<u>41,256</u>	<u>41,322</u>	<u>82,578</u>

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Due To Other Funds	15,355	-	15,355
Accrued Liabilities	13,231	38,648	51,879
Deferred Revenue - Customer Deposits	59,401	-	59,401
Water Bond Payable Current Portion	123,000	-	123,000
<b>Total Current Liabilities</b>	<u>210,986</u>	<u>38,648</u>	<u>249,635</u>
<b>Long Term Liabilities</b>			
Net pension Liability	74,673	78,838	153,511
Water Bond Payable	2,176,000	-	2,176,000
Parity Water Bond Payable	519,000	-	519,000
Less: Current Portion LT Debt	(123,000)	-	(123,000)
<b>Total Long Term Liabilities</b>	<u>2,646,673</u>	<u>78,838</u>	<u>2,725,511</u>
<b>Total Liabilities</b>	<u>2,857,659</u>	<u>117,486</u>	<u>2,975,146</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	17,439	15,787	33,226
Unavailable revenue	-	-	-
<b>Total deferred inflows of resources</b>	<u>17,439</u>	<u>15,787</u>	<u>33,226</u>
<b>Total Liabilities and deferred inflows of resources</b>	<u>2,875,098</u>	<u>133,273</u>	<u>3,008,372</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	2,691,269	1,287,177	3,978,446
Unrestricted	1,008,423	354,778	1,363,200
<b>Total Net Position</b>	<u>\$ 3,699,691</u>	<u>\$ 1,641,955</u>	<u>\$ 5,341,646</u>

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for Sales and Services	\$ 720,917	\$ 375,658	\$ 1,096,574
Miscellaneous	-	1,375	1,375
<b>Total Operating Revenues</b>	<u>720,917</u>	<u>377,033</u>	<u>1,097,949</u>
<b>Operating Expenses</b>			
Employee Salaries	201,210	98,704	299,914
Employee Benefits	128,364	60,180	188,544
Professional Services	17,061	4,096	21,157
Office Supplies	12,944	50	12,994
Materials and Supplies	27,134	24,587	51,722
Utilities	72,446	17,568	90,013
Telephone	4,602	337	4,939
Repairs & Maintenance	19,424	27,665	47,089
Depreciation	161,644	93,718	255,362
Travel and Training	1,869	2,496	4,365
Insurance	21,436	9,059	30,495
Administrative Charges	54,000	21,000	75,000
Rental	18,950	8,750	27,700
<b>Total Operating Expenses</b>	<u>742,054</u>	<u>368,695</u>	<u>1,110,749</u>
<b>Operating Income (Loss)</b>	<u>(21,137)</u>	<u>8,338</u>	<u>(12,799)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Revenue	9,091	3,881	12,972
Connection Fees	22,300	4,800	27,100
<b>Total Non-Operating Revenues (Expenses)</b>	<u>41,591</u>	<u>8,681</u>	<u>50,272</u>
<b>Income (Loss)</b>	20,454	17,019	37,473
<b>Change in Net Position</b>	20,454	17,019	37,473
<b>Net Position Beginning of Year</b>	<u>3,679,237</u>	<u>1,624,935</u>	<u>5,304,172</u>
<b>Net Position End of Year</b>	<u>\$ 3,699,691</u>	<u>\$ 1,641,954</u>	<u>\$ 5,341,645</u>

The accompanying notes are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 713,783	\$ 376,833	\$ 1,090,617
Miscellaneous Receipts	-	1,375	1,375
Payments to Suppliers	(326,557)	(149,811)	(476,368)
Payments to Employees	(329,574)	(98,711)	(428,285)
Net Cash Provided by (Used in) Operating Activities	<u>57,653</u>	<u>129,686</u>	<u>187,339</u>
<b>Cash Flows from Non-Capital Related Financing Activities</b>			
Transfers from (to) other funds	-	-	-
Net Cash Provided (Used in) Non-Capital Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of Capital Assets	(111,950)	(129,921)	(241,871)
Connection Fees Collected	22,300	4,800	27,100
Payments on Revenue Bond	(123,000)	-	(123,000)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(212,650)</u>	<u>(125,121)</u>	<u>(337,771)</u>
<b>Cash Flows from Investing Activities</b>			
Interest and Dividends Received	9,091	3,881	12,972
Net Cash Provided by Investment Activities	<u>9,091</u>	<u>3,881</u>	<u>12,972</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(145,906)	8,446	(137,460)
Cash and Cash Equivalents Beginning of Year	<u>843,760</u>	<u>306,521</u>	<u>1,150,281</u>
Cash and Cash Equivalents End of Year	<u>\$ 697,854</u>	<u>\$ 314,967</u>	<u>\$ 1,012,821</u>

The accompanying notes are an integral part of this statement.

**City of Delta City  
Statement of Cash Flows  
Proprietary Funds (continued)  
For the Year Ended June 30, 2017**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	\$ (21,137)	\$ 8,338	\$ (12,799)
Adjustments:			
Depreciation	161,644	93,718	255,362
(Increase) Decrease in Accounts Receivable	(12,978)	1,176	(11,803)
(Increase) Decrease in Prepaid Expenditures	(17,722)	(26,456)	(44,178)
(Increase) Decrease in Due From Other Funds	(53,815)	(1,602)	(55,417)
(Increase) Decrease in Inventories	(18,393)	(5,527)	(23,919)
(Increase) Decrease in Due To Other Funds	(998)	(134)	(1,132)
Increase (Decrease) in Accrued Liabilities	15,208	60,173	75,381
Increase (Decrease) in Customer Deposits	5,845	-	5,845
Increase (Decrease) in Deferred Inflows			-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 57,653</u></b>	<b><u>\$ 129,686</u></b>	<b><u>\$ 187,339</u></b>

The accompanying notes are an integral part of this statement.



**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City operates under a Mayor-Council form of government and provides the following services: public safety, highways and streets, water, sewer, sanitation, parks, recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of Delta City Corporation (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The City applies the criteria of GASB codification section 1200 to define the scope of the reporting entity. Consideration is given to various factors, including oversight and financial responsibility. Based upon the application of these criteria, the financial statements include all funds which collectively are referred to as the financial reporting entity of the City. As required by GAAP, the financial statements of the 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.

**B. Government-wide Financial Statements**

**Government-wide Financial Statements.** The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment.

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-wide Financial Statements (continued)**

Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements.** Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental funds are combined into a single column and reported as an other (nonmajor) fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Government-wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**Governmental Fund Financial Statements.** Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

as soon as they are measureable and available. "Measureable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days of year end, and therefore do not meet the "available" criterion, are not reported as revenue until collected. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measureable and their validity seems certain.

Sales and excise taxes, and franchise taxes, are considered "measureable" and recognized as revenue when received by merchants and will be remitted to the City in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measureable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include, principal and interest on long-term debt as well as expenditures related to compensated absences, are recognized when payment is due.

**D. Budgets**

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for funds. All annual appropriations lapse at fiscal year-end.

The City operates within the budget requirements for Cities as specified by State law. The Financial reports reflect the following budgetary standards.

1. By the first regular scheduled council meeting in May, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets (continued)**

3. By June 15, the budget is legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts within departments within the General Fund; however any transfer of budgeted amounts between departments within the General Fund must be approved by the City Council. The City must hold a public hearing to alter the total expenditures of the General Fund.
5. Budgeted amounts as originally adopted, or as amended by the City Council prior to June 30. Individual amendments which were not material in relation to the original appropriations which were amended.

**E. Cash and Cash Equivalents**

Unrestricted cash balances of all funds are combined to form a pool of cash and investments which is managed by the City Recorder and Mayor in accordance with the Money Management Act. Income from the investment pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for specific use due to constraints imposed by external parties or enabling legislation, or is cash held in trust in compliance with bond covenants, terms and conditions. When both restricted and unrestricted sources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments are recorded at fair value based upon quoted market prices as of June 30, 2017 except where there is no material difference between cost and fair value. The difference between the purchase price and the market price when material, is recorded as investment income.

Statement of Cash Flows are presented for Proprietary Funds under the direct method. For purposes of the Statement of cash flows, each fund considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

**F. Interfund transactions**

Interfund transactions represent transactions between different funds within the City. In general, interfund activity has been eliminated from the

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund transactions (continued)**

government-wide financial statements in an effort to minimize the doubling-up of revenues and expenses resulting from transactions.

**G. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension items described in Note 4 recorded as deferred outflows of resources.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unearned property taxes are reported as a deferred inflow of resources since they are recognized as receivables before the period for which the taxes are levied. The City also reported pension items as deferred inflows of resources.

**I. 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

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Inventories (continued)**

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.

**J. Capital Assets**

Capital assets include land, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads, bridges, lighting and sidewalks) and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental or business-type activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the government fund financial statements. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at their estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental activities is not capitalized. Interest on assets being readied for service in proprietary funds may be capitalized. No interest was capitalized during 2017.

Depreciation of all exhaustible fixed assets is recorded as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities, with accumulated depreciation reflected on proprietary fund and government-wide Statements of Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	10-45 years
Machinery and Equipment	10-15 years
Infrastructure	65 years

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**J. Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and a court-assessed judgment.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**K. Net Position/Fund Balances**

The difference between assets and liabilities is "Net Position" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested capital assets (net of related debt), restricted, and unrestricted. Net Position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Net Position/Fund Balances (continued)**

which amounts in the respective governmental fund financial statements are as follows:

**Non-spendable**---This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted**---This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed**---This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the City Council. These amounts cannot be used for any other purposes unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned**---This classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or the Mayor. No other body or official has the authority to constrain such amounts. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**Unassigned**---This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance for any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed.



**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Property Tax**

The property tax revenue of the City is collected and distributed by the Millard County Treasurer as an agent for the City. Utah statutes establish the process by which taxes are levied and collected. Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied June 15 and are due November 30. Property tax revenues are not recognized when levied, because they are not expected to be collected within 60 days after the end of current year. The property taxes levied have been included in the taxes receivable and deferred inflow amounts. This policy meets the criteria for GASB.

An annual uniform fee based on the age of motor vehicles is levied in lieu of ad valorem tax (property tax) on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicle fees are distributed by the county to each taxing entity in which the motor vehicle is located in the same proportion in which revenue from ad valorem property tax is distributed. The City recognizes motor vehicle fees as property tax revenue when collected by the County.

**NOTE 2. RECEIVABLES**

Receivables at June 30, 2017, consists of the following:

	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Accounts</u>	<u>Total</u>
<b>Governmental activities:</b>				
Receivables	\$ 243,721	\$ -	\$ 19,507	\$ 263,228
Bad Debt Reserve	-		-	-
<b>Total receivables</b>	<u>\$ 243,721</u>	<u>\$ -</u>	<u>\$ 19,507</u>	<u>\$ 263,228</u>
<b>Business-type activities:</b>				
Water Fund	\$ -	\$ 130,991	\$ 91,668	\$ 222,659
Sewer Fund	-	1,602	35,420	37,023
<b>Total Receivables</b>	<u>\$ -</u>	<u>\$ 132,593</u>	<u>\$ 127,088</u>	<u>\$ 259,682</u>

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Adjust	Ending Balance
<b>Governmental Activities</b>					
Land	657,877				657,877
Buildings	3,591,243	2,125,422			5,716,665
Other Improvements	1,659,500	19,324			1,678,823
Equipment	1,759,248	93,075	(61,239)		1,791,084
Infrastructure	9,758,259				9,758,259
Totals at Historical Cost	17,426,126	2,237,821	(61,239)	-	19,602,708
Less Accumulated Depreciation					
Buildings	(1,113,118)	(115,094)			(1,228,212)
Other Improvements	(749,785)	(78,119)			(827,904)
Equipment	(1,488,077)	(62,670)	61,239		(1,489,508)
Total Accumulated Depreciation	(3,350,980)	(255,884)	61,239	-	(3,545,625)
Governmental Activities Capital Assets, NET	14,075,146	1,981,937	-	-	16,057,083
<b>Business-type Activities</b>					
Land	23,534				23,534
Buildings & System	37,097				37,097
Other Improvements	41,903				41,903
Machinery & Equipment	315,749	59,194			374,943
Vehicles	313,639	9,000	(63,648)		258,991
Utility Plant	9,490,463	26,077			9,516,540
Contributed Capital Assets	(1,132,645)				(1,132,645)
Water Rights	584,864				584,864
Total at Historical Cost	9,674,604	94,271	(63,648)	-	9,705,226
Less Accumulated Depreciation					
Buildings & System	(35,074)	(310)			(35,384)
Other Improvements	(32,579)	(2,072)			(34,651)
Machinery & Equipment	(286,843)	(19,616)			(306,459)
Vehicles	(165,139)	(42,000)	63,648		(143,491)
Utility Plant	(1,883,410)	(200,364)			(2,083,774)
Contributed Capital Assets	(1,560,667)				(1,560,667)
Total Accumulated Depreciation	(3,963,712)	(264,362)	63,648	-	(4,164,426)
Business-type Activities Capital Assets, NET	5,710,892	(170,091)	-	-	5,540,800

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 3. CAPITAL ASSETS (continued)**

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 78,265
Public Safety	41,741
Parks and Public Property	<u>140,878</u>
Total depreciation expense - governmental activities	<u><u>\$ 260,884</u></u>
Business-type activities:	
Water	\$ 161,644
Sewer	<u>93,718</u>
Total depreciation expense - business-type activities	<u><u>\$ 255,362</u></u>

**NOTE 4. RETIREMENT PLANS**

**General Information about the Pension Plan**

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). The Utah Retirement Systems are comprised of the following pension trust funds:

**Defined Benefit Plans**

- Public Employee Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953 as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Utah retirement Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

funds defined as pension (and other employees benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

**Summary of Benefits by System**

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.00% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

\*with actuarial reductions

\*\* all post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2017 are as follows:

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
111 - Local Governmental Division Tier 2	N/A	14.91	1.78
<b>Noncontributory System</b>			
15 - Local Governmental Division Tier 1	N/A	18.47	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69	10.00

Tier 2 rates includes a statutory required contributions to finance the unfunded actuarial accrued liability of the Tier 1 Plans

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 84,034	N/A
Tier 2 Public Employees System	23,456	-
Tier 2 DC Only System	3,128	N/A
<b>Total Contributions</b>	<b>\$ 110,618</b>	<b>\$ -</b>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017 we reported a net pension asset of \$0 and a net pension liability of \$361,678.

	<u>(Measurement Date): December 31, 2016</u>				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 359,546	0.0559934%	0.0605229%	(0.000045295) %
Tier 2 Public Employees System	-	2,132	0.0191071%	0.0179797%	0.000011274 %
	<b>\$ -</b>	<b>\$ 361,678</b>			

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contribution to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017 we recognized the pension expense of \$126,149.

At June 30, 2017 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,810	\$ 11,552
Changes in assumptions	49,944	11,896
Net difference between projected and actual earnings on pension plan investments	80,711	23,944
Changes in proportion and differences between contributions and proportionate share of contributions	1,588	31,533
Contributions subsequent to the measurement date	55,049	-
Total	<u>\$ 195,102</u>	<u>\$ 78,925</u>

\$55,049 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2017	\$ 17,384
2018	\$ 17,695
2019	\$ 27,060
2020	\$ (1,757)
2021	\$ 64
Thereafter	\$ 680

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.35-10.35% average, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to Pensions (continued)**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100%</b>		<b>5.23%</b>
	Inflation		2.60%
	Expected arithmetic nominal return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) higher (8.20 percent) than the current rate:



**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 4. RETIREMENT PLANS (continued)**

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to Pensions (continued)**

<b>System</b>	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Noncontributory System	\$ 744,742	\$ 359,546	\$ 38,121
Tier 2 Public Employees System	14,508	2,131	(7,284)
<b>Total</b>	<b>\$ 759,250</b>	<b>\$ 361,677</b>	<b>\$ 30,837</b>

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the URS Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately URS financial report.

Delta City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

<b>401(k) Plan</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer Contributions	\$ 27,966	\$ 25,138	\$ 23,138
Employee Contributions	\$ 10,204	\$ 10,691	\$ 9,043
<b>401(k) Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 300	\$ -	\$ -

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 5. LONG-TERM DEBT OBLIGATIONS**

The City has the following long-term obligations at June 30, 2017.

Lease Revenue bond payable to Utah Permanent Community Impact Fund board, original amount \$777,000, to be repaid from the general fund. The bond matures October 2036, with annual payments due including interest at 1.5%. Payments begin October 2017

Revenue bond payable to the Utah State Division of Finance, original amount \$215,000, to be repaid from the general fund. The bond matures January 2044, with annual payments due there is no interest being charged on the bond. Principle payments began April 2014.

Water Revenue bond payable to the Utah State Division of Finance, original amount \$3,073,000, to be repaid from the water fund. The bond matures January 2037, with annual payments due there is no interest being charged on the bond. Principle payments began October 2008.

Water Parity bond payable to the Utah State Division of Finance, original amount \$624,000, to be repaid from the water fund. The bond matures January 2044, with annual payments due there is no interest being charged on the bond. Principle payments began January 2014.

The City has an obligation for compensated absences that arise from the accrual of unused vacation and sick time provided for eligible employees.

The City has an obligation for unfunded pension liability as described in Note 4.

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 5. LONG-TERM DEBT OBLIGATIONS (continued)**

Transactions affecting long-term obligations are as follows:

	Unfunded Pension Liability	Notes and Bonds Payable	Total
<b>Governmental</b>			
Balance, July 1	\$ 196,814	\$ 935,188	\$ 1,132,002
Additions	11,353		11,353
Retirements	-	(31,455)	(31,455)
Balance, June 30	<u>\$ 208,167</u>	<u>\$ 903,733</u>	<u>\$ 1,111,900</u>
Due within 1 Year	<u>\$ -</u>	<u>\$ 60,267</u>	<u>\$ 60,267</u>

	Unfunded Pension Liability	Notes and Bonds Payable	Total
<b>Business-type</b>			
Balance, July 1	\$ 145,654	\$ 2,695,000	\$ 2,840,654
Additions	7,857	-	7,857
Retirements	-	(123,000)	(123,000)
Balance, June 30	<u>\$ 153,511</u>	<u>\$ 2,572,000</u>	<u>\$ 2,725,511</u>
Due within 1 Year	<u>\$ -</u>	<u>\$ 123,000</u>	<u>\$ 123,000</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2017, are as follows:

Year Ending June 30	<u>Government Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 34,000	\$ 11,655	\$ 123,000	\$ -
2019	41,000	11,145	123,000	-
2020	42,000	10,635	123,000	-
2021	42,000	10,110	123,000	-
2022	43,000	9,585	123,000	-
2023-2027	221,000	39,720	615,000	-
2028-2032	236,000	25,320	615,000	-
2033-2037	251,000	9,795	615,000	-
2038-2042	35,000	-	220,000	-
2043-2047	19,000	-	15,000	-
Total	<u>\$ 964,000</u>	<u>\$ 127,965</u>	<u>\$ 2,695,000</u>	<u>\$ -</u>

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 6. SHORT-TERM DEBT**

The City had no external short-term debt during the year ended June 30, 2017.

**NOTE 7. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

No funds exceeded their budgets during the year ended June 30, 2017.

There were no fund balance/net position deficits at June 30, 2017.

**NOTE 8. CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds of the City. Each fund type's portion of this pool is disclosed on the governmental funds' balance sheet as cash and cash equivalents and restricted cash and cash equivalents.

The City complies with the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) and the related Rules of the Money Management Council (Council) in handling its depository and temporary investment transactions. City funds are deposited in qualified depositories as defined in the Act. The Act also authorizes the City to invest in the Utah Public Treasurer's Investment Fund (UPTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market funds and obligations of governmental agencies within the State of Utah. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The City considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

**Deposits**

At June 30, 2017, the bank balance was \$19,681. Of the total bank balance, \$19,681 was covered by federal depository insurance.

**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 deposit of City funds in a "qualified depository". The act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 8. CASH AND INVESTMENTS (continued)**

**Investments (continued)**

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.

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Utah Public Treasurer's Investment Pool	N/A	Not Rated	\$ 2,353,125
Total Investments			2,353,125
Deposits-cash in bank			19,681
Petty Cash			340
Total Cash and Investments			<u>\$ 2,373,146</u>
As reported in the financial statements:			
Cash and cash equivalents			\$ 1,696,964
Restricted cash and cash equivalents			676,182
			<u>\$ 2,373,146</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act and to invest mainly in the PTIF. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The act further limits the remaining term to maturity on all investments in commercial paper to 270 days or less and fixed-income securities to 365 days or less. The City has no investment policy that would further limit its interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Act, and other related rule. The Act and other related rules limit investments in commercial paper to a first tier rating of investments in fixed-income to a rating of A or higher as rated by Moody's Investor Services or by Standard and Poor's Corporation. The City has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the City's total portfolio with a single issuer. The City places no other limits on the amount it may invest in any one issuer.

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 8. CASH AND INVESTMENTS (continued)**

**Investments (continued)**

*Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for managing this risk is to adhere to the Act. The City places no other limit on the amount of investments to be held by counterparties.

The 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. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund investments must comply with the provisions of the Utah Money Management Act. The Fund is not SEC registered and is unrated. Participant accounts with the UPTIF are not insured or otherwise guaranteed by the State of Utah. The degree of risk of the UPTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top rated domestic commercial held by the Utah State Treasurer. The portfolio has a weighted average life of 90 days or less. The fair value of the District's position in the fund is the same as the value of the fund shares.

**NOTE 9. RECONCILIATION OF INTERFUND ACTIVITY**

The following tables provide a reconciliation of all interfund activity:

Description	Transfers Out	Transfers In
Road Bond Funding	-	-
General Fund	205,877	-
Water Fund	-	-
Sewer Fund	-	-
Other Funds	-	205,877
	<u>\$ 205,877</u>	<u>\$ 205,877</u>

**City of Delta, Utah**  
**Notes to Basic Financial Statements**  
**for the Year Ended June 30, 2017**

**NOTE 9. RECONCILIATION OF INTERFUND ACTIVITY (continued)**

	<u>Administrative Charges Paid</u>	<u>Administrative Charges Received</u>
Audit Reimbursement - Sewer	\$ 4,000	\$ -
Audit Reimbursement - Water	5,000	-
Water Fund Office Rent	-	-
Admin Reimbursement - Sewer	21,000	-
Admin Reimbursement - Water	54,000	-
Water Fund Office Rent	-	-
Admin Reimb - Water	-	54,000
Audit - Water	-	5,000
Admin Reimb - Sewer	-	21,000
Audit - Sewer	-	4,000
Total	<u>\$ 84,000</u>	<u>\$ 84,000</u>

	<u>Receivable</u>	<u>Payable</u>
General Fund	17,355	134,593
Water Fund	130,991	15,355
Sewer Fund	1,602	-
Total	<u>\$ 149,948</u>	<u>\$ 149,948</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City has purchased comprehensive general liability insurance through the Utah Local Governments Trust. The City pays premiums to the Trust for its general insurance coverage, automobile liability, and personal injury protection. The Trust is self-sustaining through member's premiums. The City is subject to a minimal deduction for claims.

**REQUIRED SUPPLEMENTARY INFORMATION**



**City of Delta, Utah**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**December 31, 2016**  
**Last 10 Fiscal Years\***

	December 31,		Tier 2 Public Employees System
	2014	2015	
Proportion of the net pension liability (asset)	0.0660811%	0.0605229%	0.0136053%
	2016	0.0599340%	0.0191071%
Proportionate share of the net pension liability (asset)	2014 \$ 286,940	\$ (412)	
	2015	342,468	(39)
	2016	359,546	2,131
Covered employee payroll	2014 \$ 555,316	\$ 67,165	
	2015	488,336	116,165
	2016	444,807	156,694
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	2014 51.70%	70.13%	-0.60%
	2015	80.83%	-0.03%
	2016		1.36%
Plan fiduciary net position as a percentage of the total pension liability	2014 90.2%		103.5%
	2015	87.8%	100.2%
	2016	87.3%	95.1%

\*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

**City of Delta, Utah**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**June 30, 2016**

As of fiscal year ended June 30,	Actuarial Determined contributions	Contributions in relation to the			Contributions as a percentage of covered employee payroll
		contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	
<b>Noncontributory System</b>					
2015	\$ 104,700	\$ 104,700	\$ -	\$ 566,867	18.47%
2016	80,812	80,812	-	437,533	18.47%
2017	84,034	84,034	-	454,974	18.47%
<b>Tier 2 Public Employees System*</b>					
2015	\$ 16,828	\$ 16,828	\$ -	\$ 112,638	14.94%
2016	20,867	20,867	-	139,954	14.91%
2017	23,456	23,456	-	157,317	14.91%
<b>Tier 2 Public Employees DC Only System*</b>					
2015	\$ -	\$ -	\$ -	\$ -	0.00%
2016	3,017	3,017	-	45,099	0.00%
2017	3,128	3,128	-	46,753	6.69%

\* Contributions in Tier2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 Systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of Covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**City of Delta, Utah**  
**Notes to Required Supplementary Information**  
**Utah Retirement Systems**  
**June 30, 2016**

**Changes in Assumptions**

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation assumptions were decreased by .015% from the prior year's assumption.

## **SUPPLEMENTARY INFORMATION**

**CITY OF DELTA, UTAH**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes:				
Ad Valorem Property Taxes	\$ 293,900	\$ 288,596	\$282,061	\$ (6,535)
Fee-in-lieu of Taxes	40,000	40,000	43,324	3,324
Prior Years' Delinquent Property Taxes	13,100	10,795	10,038	(757)
General Sales Taxes	625,000	650,000	740,544	90,544
Municipal Energy Fees	32,000	25,000	22,917	(2,083)
Franchise Fees	165,000	165,000	178,495	13,495
Transient Room Tax	10,000	10,000	16,164	6,164
Total Taxes	<u>1,179,000</u>	<u>1,189,391</u>	<u>1,293,543</u>	<u>104,152</u>
Licenses and Permits	54,250	58,235	64,113	5,878
Intergovernmental Revenue	276,464	274,736	323,770	49,034
Charges for Services	467,905	433,846	444,585	10,739
Fines and Forfeitures	41,000	51,102	57,471	6,369
Miscellaneous	199,160	471,738	296,630	(175,108)
Total Revenues	<u>2,217,779</u>	<u>2,479,048</u>	<u>2,480,112</u>	<u>1,064</u>
<b>Expenditures</b>				
General Government:				
General Government	811,923	743,881	751,292	(7,411)
Public Safety	392,240	371,171	378,664	(7,493)
Highways and Public Improvements	951,622	993,809	797,950	195,859
Parks, Recreation and Public Property	619,372	597,793	509,757	88,036
Total Expenditures	<u>2,775,157</u>	<u>2,706,654</u>	<u>2,437,663</u>	<u>268,991</u>
Excess of Revenues Over (Under) Expenditures	<u>(557,378)</u>	<u>(227,606)</u>	<u>42,449</u>	<u>270,055</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	741,482	709,184	-	(709,184)
Transfers Out	<u>(187,160)</u>	<u>(487,160)</u>	<u>(205,877)</u>	<u>281,283</u>
Total Other Financing Sources (Uses)	<u>554,322</u>	<u>222,024</u>	<u>(205,877)</u>	<u>(427,901)</u>
Net Change in Fund Balance	(3,056)	(5,582)	(163,428)	(157,846)
Fund Balance Beginning of Year	<u>681,175</u>	<u>681,175</u>	<u>681,175</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 678,119</u>	<u>\$ 675,593</u>	<u>\$ 517,747</u>	<u>\$ (157,846)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Fund		Permanent Fund		Capital Projects Funds		Total Nonmajor Governmental Funds
	Street Lighting		Library Trust		Streets and Drainage	Public Property Improvements	
<b>Assets</b>							
Cash and Cash Equivalents	33,857	\$ -	-	-	145,995	103,111	\$ 282,962
Cash and Cash Equivalents-Restricted	-	39,648	-	-	-	-	39,648
Due From Other Funds	-	-	-	-	-	-	-
Inventory	-	-	-	-	23,889	-	23,889
Prepaid Expenditures	-	-	-	-	-	-	0
<b>Total Assets</b>	<b>\$ 33,857</b>	<b>\$ 39,648</b>	<b>\$ 169,884</b>	<b>\$ 103,111</b>	<b>\$ 346,500</b>		
<b>Liabilities</b>							
Due To other Funds	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Nonspendable	-	25,000	-	-	23,889	-	48,889
Restricted	-	14,648	-	-	-	-	14,648
Committed	-	-	-	-	-	-	0
Assigned	33,857	-	-	-	-	103,111	136,968
Unassigned	-	-	-	-	145,995	-	145,995
<b>Total Fund Balances (Deficits)</b>	<b>33,857</b>	<b>39,648</b>	<b>169,884</b>	<b>103,111</b>	<b>346,500</b>		
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,857</b>	<b>\$ 39,648</b>	<b>\$ 169,884</b>	<b>\$ 103,111</b>	<b>\$ 346,500</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF DELTA, UTAH**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Fund	Permanent Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
		Street Lighting	Library Trust	Streets and Drainage	Public Property Improvements	
<b>Revenues</b>						
Investment Earnings	\$ 388	\$ 455	\$ 1,778	\$ 1,148	\$ 3,770	
Other Revenues	-	-	-	-	-	
<b>Total Revenues</b>	<b>388</b>	<b>455</b>	<b>1,778</b>	<b>1,148</b>	<b>3,770</b>	
<b>Expenditures</b>						
Highways and Public Improvements	-	-	10,027	-	10,027	
Capital Outlay	-	-	-	-	-	
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>10,027</b>	<b>-</b>	<b>10,027</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>388</b>	<b>455</b>	<b>(8,249)</b>	<b>1,148</b>	<b>(6,257)</b>	
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	-	-	-	
Transfers Out	-	-	-	-	-	
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Change in Fund Balances</b>	<b>388</b>	<b>455</b>	<b>(8,249)</b>	<b>1,148</b>	<b>(6,257)</b>	
<b>Fund Balances (Deficits) Beginning of Year</b>	<b>33,468</b>	<b>39,193</b>	<b>178,133</b>	<b>101,963</b>	<b>352,757</b>	
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 33,857</b>	<b>\$ 39,648</b>	<b>\$ 169,884</b>	<b>\$ 103,111</b>	<b>\$ 346,500</b>	

The notes to the financial statements are an integral part of this statement.

**Delta City**  
**Independent Auditor's Report in**  
**Accordance with *Government***  
***Auditing Standards***  
**State Compliance Report**  
**Management Letter**  
**June 30, 2017**





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor  
Members of the City Council  
Delta City, Utah

I have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Delta, Utah, as of and for the year ended June 30, 2017, which collectively comprise the City of Delta, Utah's basic financial statements and have issued my report thereon dated January 15, 2018. I conducted my 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the City of Delta, Utah's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Delta, Utah's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness on the City of Delta, Utah's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City of Delta, Utah's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the City of Delta, Utah's financial statements that is more than inconsequential will not be prevented or detected by the City of Delta, Utah's internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies that

results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Delta, Utah's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Delta, Utah's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Todd E. Holt, CPA

January 15, 2018



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todd@deltacpa.com

## INDEPENDENT AUDITORS' REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor  
Members of the City Council  
Delta City, Utah

I have audited the accompanying financial statements of the governmental activities, the business-type activities, funds, and the aggregate remaining fund information of the City of Delta, Utah, for the year ended June 30, 2017, and have issued my report thereon dated January 15, 2018.

The City received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the City of Delta's financial statements.)

Utah State Community Library Enhancement Fund  
Utah State Library Services & Technology Act Grant  
Utah State Fire and Rescue Academy Grants

My audit included test work of the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
B & C Roads  
Other General Issues  
Statement of Fees Charged, Collected, & Disbursed

The City did not receive any major grants for the year ended June 30, 2017.

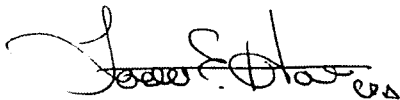
The management of the City of Delta is responsible for the City's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with

those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed no instances of noncompliance with requirements referred to above.

In my opinion, the City of Delta, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2017.

A handwritten signature in black ink, appearing to read "Todd E. Holt, CPA". The signature is stylized with a large initial "T" and a long horizontal stroke.

Todd E. Holt, CPA  
January 15, 2018

## ***CURRENT YEAR FINDINGS***

No findings in the current year

## ***PRIOR YEAR FINDINGS***

### **FINDING**

Long outstanding checks on the reconciliation report.

### **RECOMMENDATION**

Outstanding checks should be voided or reissued if they have not cleared in a reasonable amount of time.

### **FINDING**

Bank reconciliations were not prepared in a timely manner.

### **RECOMMENDATION**

Bank reconciliations should be prepared within a short time of receiving the banks statements.

### **FINDING**

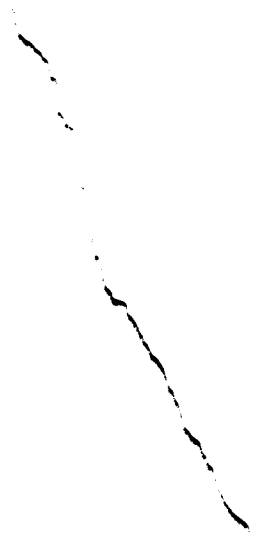
Bank statements are not being reviewed by someone other than the individual doing the reconciliation prior to being reconciled.

### **RECOMMENDATION**

An employee independent of the reconciliation process should review each bank statements prior to reconciliation.

### **FINDING**

Payroll checks were out of sequence and duplicate numbers were used.



**RECOMMENDATION**

Payroll should be electronically deposited to the employee's accounts.

**FINDING**

There is not enough cross training among office staff with regards to financial procedures and duties.

**RECOMMENDATION**

Cross training should be done with office staff with regards to duties and procedures.

