

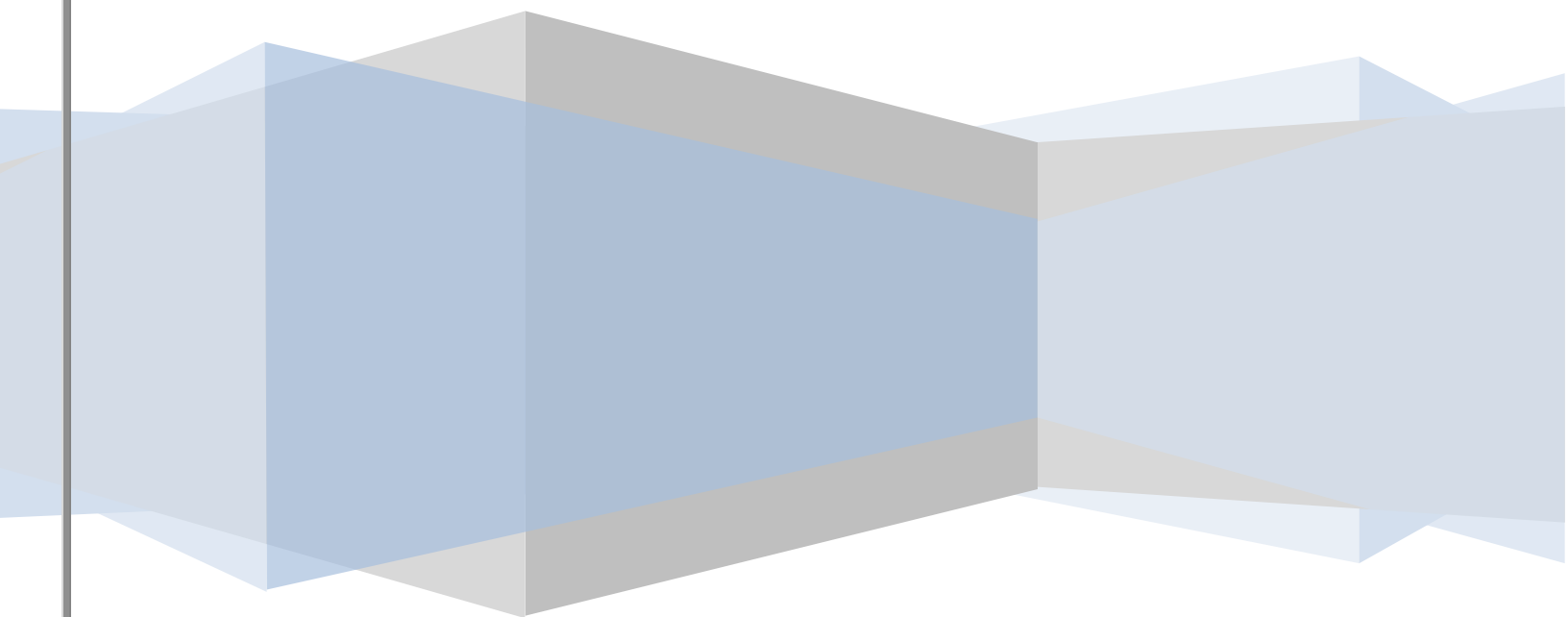
# ROY CITY CORPORATION

Roy, Utah

## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended

June 30, 2009



# ROY CITY CORPORATION

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009

*Prepared by:*

*Cathy A. Spencer  
Management Services Director*

**ROY CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2009**

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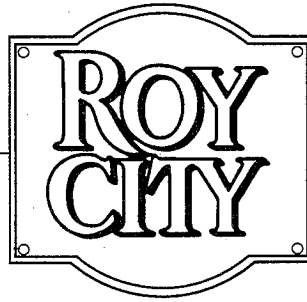
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## INTRODUCTORY SECTION



September 4, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Roy:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Roy City Corporation for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Roy City Corporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Roy City Corporation has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Roy City Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Roy City Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Wiggins & Co., P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Roy City Corporation for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Roy City Corporation's MD&A can be found immediately following the report of the independent auditors.

Entities receiving funding from the federal government are federally mandated to undergo a "Single Audit" designed to meet the special needs of federal grantor agencies. The Single Audit Act of 1996 and the U. S. Office of Management and Budget's Circular A-133 governing single audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls



and legal requirements involving the administration of federal awards. Although the City received funds under federal financial assistance programs, the revenue was not sufficient to require a single audit.

The State of Utah requires the City to be audited in accordance with Government Auditing Standards (GAO Yellow Book 2003 Revision) and sets forth general requirements for auditors to follow in its Compliance Manual for Audits of Local Governments. The City is responsible for compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; and other special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah Legal Compliance Audit Guide.

## **Profile of the Government**

The City of Roy was incorporated on March 10, 1937 as Roy City Corporation. It is located in the northern part of the state along the Wasatch Front. Hill Air Force Base borders the City on the east and provides employment to many of the City's residents. Roy City Corporation currently occupies a land area of 7.8 square miles and serves a population of approximately 36,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Roy City Corporation operates under the council-mayor form of government. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five other members, known as the City Council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the directors of the various departments. The Mayor and City Council are elected on a non-partisan, at-large basis and serve four-year staggered terms.

Roy City Corporation provides a full range of services, including police and fire protection; water, sewer and sanitation; construction and maintenance of highways, streets, and other infrastructure; and recreational activities. The governing council of the City also serves as the Board of Directors for the Redevelopment Agency of Roy, Utah (RDA). The RDA is a separate legal entity, but due to the oversight responsibilities of the City's governing council in the decision making process, is reported within the financial statements of Roy City Corporation. Additional information on the RDA can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for Roy City Corporation's financial planning and control. All departments of the City are required to submit requests for appropriations to the Budget Officer in March of each year. The Budget Officer and City Manager use these requests as the starting point for developing a tentative budget. The Budget Officer then presents the tentative budget to the governing council at their first meeting in May. The council is required to hold public hearings on the tentative budget and to adopt a final budget no later than June 22<sup>nd</sup>. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 43-46 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the major governmental funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 84.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Roy City Corporation operates.

*Local Economy.* Roy City has been impacted by the recession affecting the entire nation. Although Roy and the State of Utah have not seen as strong of a recession as the rest of the country, declines in new home construction and retail sales have caused reductions in revenue streams. The City anticipated a lower number of new homes being constructed in formulating its budget. While the economy is a factor, availability of lots is also important. There are not a lot of building lots available within the City boundaries. Reductions in retail sales were also taken into consideration when preparing the FY 2009 budget.

Although residential growth is down, some encouraging activity is happening in the commercial sector. America First Credit Union (AFCU) acquired the former Iomega Headquarters building in the Wasatch Executive Park. All of AFCU's mortgage operations, member services call center, and indirect lending operations will be located at the 70,000 square foot Roy facility. AFCU moved 220 employees to the first floor of the Roy facility in the first quarter of 2009. Over time, the number of employees in the building will grow to 330.

The owner of the Gold's Gym and former Anderson Lumber building completed a \$1.5 million remodel of the entire building and relocated Gold's Gym to the former Anderson Lumber space. The expanded Gold's Gym occupies 30,000 square feet leaving 12,000 square feet of available retail space on the east end of the building.

The Redevelopment Agency of Roy Utah purchased the former Sports Addiction and Lucky Discount properties on the southwest corner of 1900 West and Riverdale Road. The dilapidated buildings have been demolished and the .88 acre site is available for private development activity.

Groundbreaking on the Falcon Hill National Aerospace Research Park took place on October 10, 2008. The project is part of the Air Force's Enhanced Use Lease program and is the largest such project in the Department of the Air Force's history. Buildings will be owned by the developers and constructed on non-excess land owned by the Air Force. The Falcon Hill project will be located on approximately 550 acres on the west side of Hill AFB adjacent to Interstate 15. One of the main western entrances to the project will be Roy City's 5600 South. Construction at the Roy "North" Gate will begin late in phase one of the project and is expected to cover approximately 90 acres. The North Gate is expected to contain 1,100,000 square feet of office space, 73,000 square feet of retail space, 16,000 square feet of restaurant space, and a 150 room hotel and convention center. While only a small amount of the project area actually rests within Roy City, the benefits to the local economy will be great. Efforts are being made by the State to ensure that as many Utah based subcontractors and suppliers as possible are hired for the project. With the economy showing such a large decrease in commercial construction, this project will create new work for local businesses. Communities such as Roy will benefit by providing construction and related services during the initial build and housing for employees of the new tenants. Phase I of the project which encompasses 180 acres, will take six to nine years to complete, and is anticipated to infuse \$500 million into the local economy. It is estimated that 15,000 new aerospace industry jobs and approximately 60,000 additional jobs will be generated by the completion of the Falcon Hill project.

*Employment.* Based on current economic projections, the population of Roy is expected to grow at a very slow rate. The 2000 census set the City's population at 32,885, with 52% of the population in the labor force. Those in the work force travel an average of twenty-two minutes to work, which indicates that the majority of the working

population is employed outside of the City. The median family income is \$53,763, slightly above the national median family income of \$50,046.

In June 2009, the local unemployment rate was 6.0%. This is an increase of 2.4% from the same time in 2008. The local unemployment rate is well below the national rate of 9.5%. Locally, jobs were lost in the areas of construction, manufacturing, and business services at rates of (18.3%), (11.0%), and (9.1%) respectively. Gains, although small, were noted in education and health services, and government.

*Major Employer.* One of the major employers of the City's residents is Hill Air Force Base (Hill AFB). Hill AFB is an Air Force Material Command base located in northern Utah, east of Roy City. The Ogden Air Logistics Center (the Center) is the host organization with the 75<sup>th</sup> Air Base Wing providing the support. The Center provides worldwide engineering and logistics management for the F-16 Fighting Falcon and A-10 Thunderbolt II and Minuteman III intercontinental ballistic missile. The base performs depot maintenance of the F-16, A-10, and C-130 Hercules aircraft. Premiere fighter wings including the 388<sup>th</sup> and the 419<sup>th</sup> make their home at the base along with the 84<sup>th</sup> Combat Sustainment Wing, 309<sup>th</sup> Maintenance Wing, 508<sup>th</sup> Aerospace Sustainment Wing, and 25 associate units. Hill AFB is one of the State's leading employers with more than 23,500 civilian, military, and contractors supporting an estimated 7.5 million production hours. From just over 3,000 acres in 1939, Hill AFB has grown to encompass 6,698 acres in both Davis and Weber Counties, with management of an additional 962,076 acres throughout Northern Utah. In addition to the salaries paid to the military and civilian force, Hill AFB spends funds locally for contracts and construction. Because of its broad base of expertise and workloads directed by the Base Relocation and Closure Commission to the Ogden Air Logistic Center, Hill AFB's future continues to look promising.

Weber School District is another major employer in Roy City. Ten of the District's forty-five schools are located in Roy. The District is the fifth largest in Utah and employs over 3,000 teachers, aides, and support staff. With over 30,000 students and spending of nearly \$5,000 per student, Weber School District is an important contributor to Roy City's economy.

*Long-term Financial Planning.* It is the policy of the Roy City Council to maintain a fund balance that ensures adequate reserves that will provide financial stability in the event of an unanticipated economic downturn. The unreserved undesignated fund balance is kept between 15% and 18% of budgeted general fund revenues. These amounts will not be programmed for expenditure and are only available for use within the confines of expenditure limitation imposed by the State of Utah.

The City Council and administration have long strived to finance City operations on a pay as you go basis. The City has been successful at this and has very low debt compared to other cities of similar size. With the recent completion of a long-term capital improvement plan, the City has seen the need for financing alternatives in order to complete necessary projects. Since the completions of the study, the City has secured long-term financing for fire trucks, remodeling of the Municipal Building, and improvements to the water and sewer infrastructure system. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 71-74.

*Major Initiatives.* Most notably, the two largest projects within the City in FY 2009 were the construction of the Hope Community Center and the continuation of improvements to the water and sewer infrastructure. The Hope Community Center is a multi-use facility being constructed adjacent to the Municipal Building. The 25,600 square foot facility will house the Boys & Girls Clubs of Weber County, the Roy Hillside Senior Citizen Center, and a gymnasium for use in the City's recreation program. The \$3.7 million project is being funded with City reserves,

a \$1,000,000 donation from the Hall Foundation, R.A.M.P. funding of \$1,000,000, and \$1,000,000 from a Community Development Block Grant. The project is expected to be complete in December 2009.

In 2007, the City performed an in-depth study and identified \$30 million in additions and improvements needed for its water and sewer systems. The study was presented to and approved by the City Council for implementation. Because of the size of the overall project, it was broken down into three phases. It is estimated that each phase will take three years to complete. Phase 1 includes \$7.5 million of improvements to the water storage and distribution systems of the City. This includes constructing wells, reservoirs, and pump facilities along with the installation and replacement of water mains, corroded pipelines and appurtenances in order to upgrade corroded pipelines and increase water storage capacity. During FY 2009, \$2,580,000 was allocated to the improvements. A large portion of the culinary water lines have been replaced and construction of the 5175 South pump house is underway. City crews have worked along side the contractors during the process including replacing valves on the new culinary water lines. City crews also performed the demolition of the abandoned Hill Air Force Base storage tanks and pump house in preparation for the construction of a new facility with a three million gallon storage capacity. Drilling of a new 1,076 foot well at Hill Air Force Base is currently in progress with completion expected in September 2009. The reservoir will be constructed next to the well and will be completed in 2010.

*Future Initiatives.* When forming the FY 2009 budget, the City took into consideration the slowdown in the local and national economies. In 2009, WinCo Foods received approval from Roy City for a 95,000 square foot grocery store to be constructed at 6000 South and 3500 West. The 13.71 acre development also included 16,000 square feet of in-line retail space and two retail/restaurant pad sites. WinCo Foods plans to begin construction in late 2009 and open in mid-2010.

With limitations on funding, emphasis will be placed on maintaining operations and levels of service and proceeding with ongoing projects. The first priority of the City will be to continue with the improvements to the water and sewer infrastructure. Additional portions of Phase 1 have been bid and are currently under construction.

Another emphasis of the Redevelopment Agency is to assist business property owners with development of their property. The objective is to keep buildings from remaining empty for long periods of time and potentially falling into disrepair. During FY 2009, the Redevelopment Agency purchased a vacant commercial site with a dilapidated building. The building was demolished and the site readied for resale. The Redevelopment Agency is optimistic that the now vacant lot will be more appealing to potential buyers.

## **Cash Management**

Roy City Corporation follows the requirements of the Utah Money Management Act (Act) in handling its depository and temporary investment transactions. This law requires the deposit of City funds in a "qualified depository". The Act defines "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The Act also defines the types of securities allowed as appropriate for temporary investments of the City and the conditions for making investment transactions. The provisions of this act substantially protect the City from loss of investment principal; therefore the City's investments are not collateralized as allowed by State law. The City has never lost any invested funds.

Cash temporarily idle during the year was invested with the Utah State Treasurer's Investment Pool (the Pool), which is approved by the Utah Money Management Council. Total funds in custody of the City Treasurer as of June 30, 2009 was \$10,427,043, of which \$9,896,257 were deposited with the State Treasurer's Investment Pool. Statutes allow cities to invest in the Pool, even though deposits are uninsured. The average yield on cash invested in the Pool was 2.0622%. At June 30, 2009, the portfolio yield on an actual 365 day year was 1.0107%.

## **Risk Management**

As a provider of a wide variety of governmental services, the City continues to emphasize risk management. The proliferation of legal actions, ever increasing claims consciousness of the public, and constantly increasing costs of accidents continue to be major concerns. The risk management objectives of Roy City Corporation are (1) the continuity of essential City services, (2) the safety of employees and the public, and (3) the avoidance of unnecessary and unreasonable liability exposure.

The City provides for its general liability risks through a joint protection agreement with the Utah Risk Management Mutual Association (URMMA). URMMA was formed in 1985 by cities throughout Utah to meet the risk management and insurance needs of its members. URMMA provides for the City's lawful liabilities resulting from bodily injury, property damage, and personal injury. Additional coverage for facilities, assets, errors and omissions, and worker's compensation are provided by commercial policies that are renewed annually.

As part of the City's comprehensive plan, resources are being accumulated in the Risk Management Fund to provide for losses not covered by insurance. Additionally, various risk control techniques, including employee accident prevention training, responsible insurance coverage, and a safety committee are maintained to minimize accident-related losses.

## **Independent Audit**

The State Uniform Fiscal Procedures Act (10-6-151) requires an annual audit of the City's accounts by an independent auditor. The City has complied with this requirement and the auditors' opinion has been included in this report.

## **Awards and Acknowledgements**

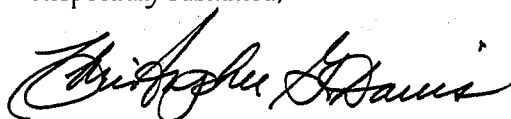
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Management Services Department. I would like to express my appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Wiggins & Co., P. C., for their cooperation. Credit must also be given to the Mayor, City Council, and City Manager for their unflinching

support for maintaining the highest standards of professionalism in the management of Roy City Corporation's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris G. Davis".

Christopher G. Davis  
City Manager

A handwritten signature in black ink, appearing to read "Cathy A. Spencer".

Cathy A. Spencer  
Management Services Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Roy City Corporation  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

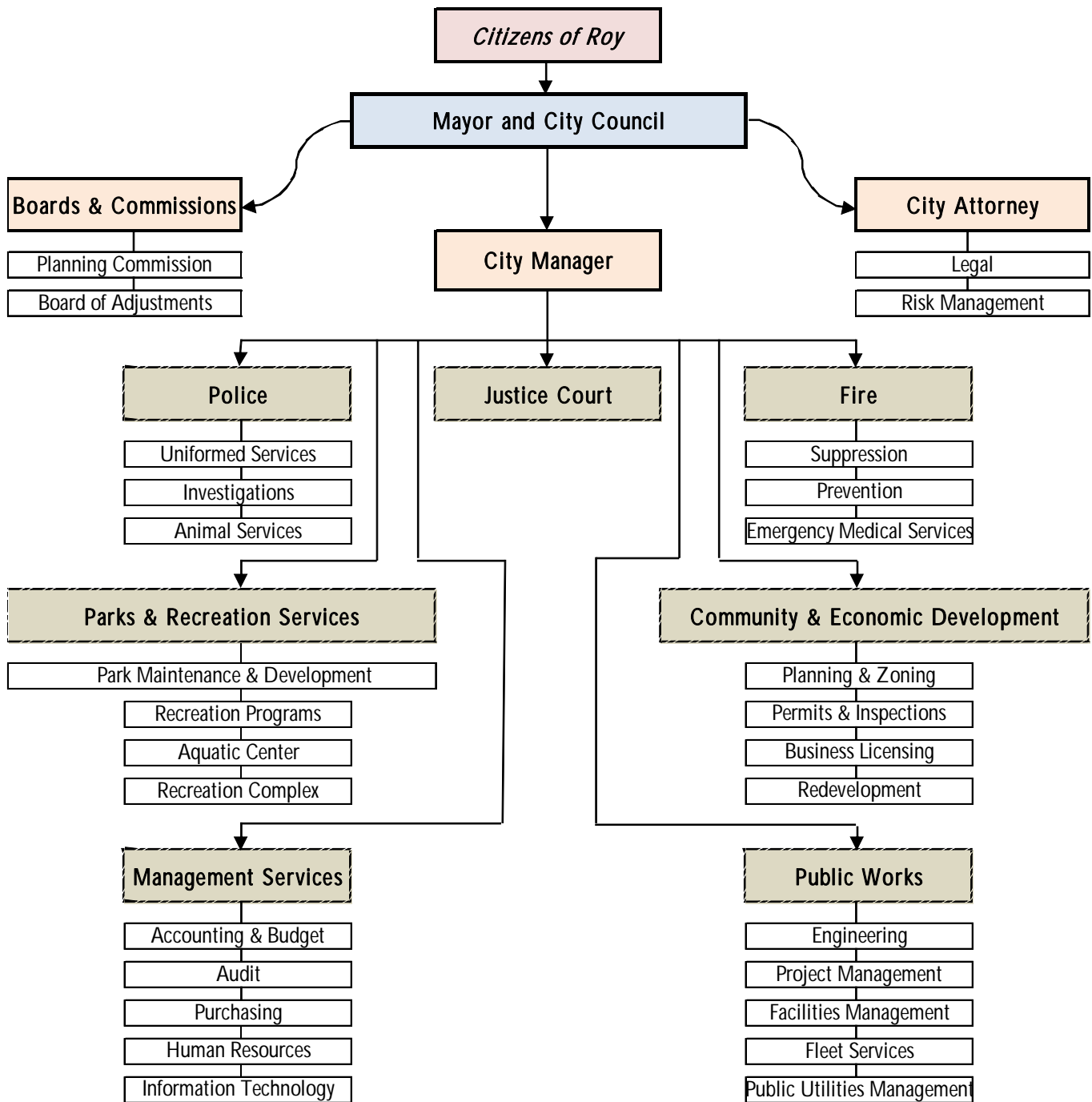
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ROY CITY CORPORATION  
Organizational Chart**





**ROY CITY CORPORATION**  
**List of Elected and Appointed Officials**  
**June 30, 2009**

*Elected Officials*

Joe H. Ritchie	-----	Mayor
Margie B. Becraft	-----	City Councilperson
Willard S. Cragun	-----	City Councilperson
Larry J. Peterson	-----	City Councilperson
Michael L. Stokes	-----	City Councilperson
David E. Tafoya	-----	City Councilperson

*Executive, Legal and Budgetary Officials*

Christopher G. Davis	-----	City Manager
Andrew H. Blackburn	-----	City Attorney
Cathy A. Spencer	-----	Budget Officer

*Statutory Appointed Officials*

Gregory G. Whinham	-----	Chief of Police
Christopher G. Davis	-----	City Recorder
Nicole L. Higgs	-----	City Treasurer
Mark T. Miller	-----	City Engineer

*Department Directors*

Anthony D. Reynolds	-----	Community and Economic Development Director
Jon S. Ritchie	-----	Fire Chief
Cathy A. Spencer	-----	Management Services Director
S. Ross Oliver	-----	Public Works Director
Travis J. Flint	-----	Parks & Recreation and Recreational Facilities Director

## FINANCIAL SECTION



Honorable Mayor and Members of the City Council  
City of Roy, Utah

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Roy City Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic 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 Roy City Corporation, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2009 on our consideration of the Roy City Corporation's internal control over financial reporting and our 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and non-major fund budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roy City Corporation basic financial statements. The introductory section, combining and individual non-major



fund financial statements, schedules and statistical data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wiggins, Co., PC*

November 4, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Roy City Corporation's discussion and analysis is designed to assist the reader in focusing on significant financial issues; provide an overview of the City's financial activity; identify changes in the City's financial position; and identify any material deviations from the budget.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented in conjunction with the letter of transmittal and the City's financial statements.

### Financial Highlights

- ❖ The City's net assets increased by \$1,170,178. Approximately \$860,000 of the increase is attributable to operations of the utility funds, while \$308,000 is a result of governmental activities.
- ❖ The net assets of Roy City Corporation exceeded its liabilities at the close of the most recent fiscal year by \$62,198,813 (net assets). Of this amount, \$7,439,589 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,931,139, a decrease of \$288,248 in comparison with the prior year. Approximately \$4.2 million of the total amount is available for spending at the City's discretion (unreserved fund balance).
- ❖ At the close of the fiscal year, unreserved fund balance for the general fund was \$2,358,198 or 16.09% of the total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances in a manner similar to a private-sector business. The governmental and business-type activities are consolidated into columns which add to a total for the primary government.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, the reader will need to consider other non-financial factors. This statement combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Roy City Corporation that are principally supported by taxes and intergovernmental revenues (governmental 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). The governmental activities of Roy City Corporation include general government, public safety, highways and streets, community and economic development, redevelopment, culture and recreation, storm sewer development, and park development. The business-type activities of Roy City Corporation include the Water and Sewer Utility Fund, Storm Sewer Utility Fund, and Solid Waste Utility Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity, the Redevelopment Agency of Roy Utah (RDA) for which Roy City Corporation is financially accountable. Although a legally separate entity, this *blended component unit* is, in substance, part of the City's governmental operations and is included as part of the primary government for financial reporting purposes.

## 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* These 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 spendable resources*, as well as on *balances of spendable* resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because 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 the government's 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 *governmental funds* and *governmental activities*.

Roy City Corporation maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvement plan fund and the redevelopment fund. Data from the other five governmental 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.* Roy City Corporation maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Storm Sewer Utility, and for its Storm Sewer Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Roy City Corporation uses internal service funds to account for its

management information systems and risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility and Solid Waste Utility, which are considered to be major funds of Roy City Corporation and the Storm Sewer Utility, which is considered to be a non-major fund. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* within this report. Some of the City's administrative personnel provide services to both general municipal and utility operations. These individuals are paid through the general fund. Resources are transferred from the various enterprise funds to the general fund to cover a portion of the salaries attributed to utility operations.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Other Information**

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets exceeded liabilities by \$62,198,813 at the close of the most recent year, June 30, 2009.

By far, the largest portion of the City's net assets, 82.35%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (5.69%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$7,439,589, may be used to meet the City's ongoing obligations to citizens and creditors.

The following table reflects the condensed statement of net assets:



<b>Roy City Corporation's Net Assets</b> <b>(Stated in Thousands of Dollars)</b> <b>As of June 30</b>						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$13,095	\$13,203	\$9,013	\$11,261	\$22,108	\$24,464
Capital assets	34,541	33,954	21,343	17,924	55,884	51,878
Total assets	<u>47,636</u>	<u>47,157</u>	<u>30,356</u>	<u>29,185</u>	<u>77,992</u>	<u>76,342</u>
Long-term debt outstanding	3,445	3,450	7,397	7,574	10,842	11,024
Other liabilities	3,753	3,577	1,198	712	4,951	4,289
Total liabilities	<u>7,198</u>	<u>7,027</u>	<u>8,595</u>	<u>8,286</u>	<u>15,793</u>	<u>15,313</u>
Net assets:						
Invested in capital assets net of related debt	33,055	32,254	18,165	17,370	51,220	49,624
Restricted	2,638	2,699	902	-	3,540	2,699
Unrestricted	4,745	5,177	2,694	3,529	7,439	8,706
Total net assets	<u>\$40,438</u>	<u>\$40,130</u>	<u>\$21,761</u>	<u>\$20,899</u>	<u>\$62,199</u>	<u>\$61,029</u>

At the end of the current fiscal year, Roy City Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Risk Management Fund was the only fund reporting a deficit in unrestricted net assets, \$139,947. The deficit was created with individual claim settlements paid on behalf of the City under a joint protection agreement. The deficit will eventually be eliminated when the settlements are repaid.

Governmental activities increased Roy City's net assets by \$307,916, while business-type activities increased net assets by \$862,262. Key elements of the City's increase in net assets can be found in the table below:

<b>Roy City Corporation's Changes in Net Assets</b> <b>(Stated in Thousands of Dollars)</b> <b>As of June 30</b>						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 2,970	\$ 2,865	\$ 6,683	\$ 6,270	\$ 9,653	\$ 9,135
Grants and contributions:						
Operating	2,170	1,499	-	-	2,170	1,499
Capital	408	1,120	759	552	1,167	1,672
General revenues:						
Property taxes	2,814	3,010	-	-	2,814	3,010
Other taxes	7,195	7,511	-	-	7,195	7,511
Investment earnings	214	521	144	-	358	521
Other	47	( 62)	( 131)	51	( 84)	( 11)
Total revenues	<u>15,818</u>	<u>16,464</u>	<u>7,455</u>	<u>6,873</u>	<u>23,273</u>	<u>23,337</u>



Expenses:						
General government	3,244	3,014	-	-	3,244	3,014
Public safety	7,364	7,242	-	-	7,364	7,242
Public works	2,896	2,454	-	-	2,896	2,454
Parks and recreation	2,593	2,708	-	-	2,593	2,708
Interest and fiscal charges	93	80	-	-	93	80
Water and sewer utility	-	-	4,108	3,646	4,108	3,646
Storm sewer utility	-	-	348	360	348	360
Solid waste utility	-	-	1,457	1,390	1,457	1,390
Total expenses	<u>16,190</u>	<u>15,498</u>	<u>5,913</u>	<u>5,396</u>	<u>22,103</u>	<u>20,894</u>
Increase (decrease) in net assets before transfers	( 372)	966	1,542	1,477	1,170	2,443
Transfers	<u>680</u>	<u>600</u>	<u>( 680)</u>	<u>( 600)</u>	<u>-</u>	<u>-</u>
Increase in net assets	308	1,566	862	877	1,170	2,443
Net assets - beginning	<u>40,130</u>	<u>38,564</u>	<u>20,899</u>	<u>20,022</u>	<u>61,029</u>	<u>58,586</u>
Net assets – ending	<u>\$40,438</u>	<u>\$40,130</u>	<u>\$21,761</u>	<u>\$20,899</u>	<u>\$62,199</u>	<u>\$61,029</u>

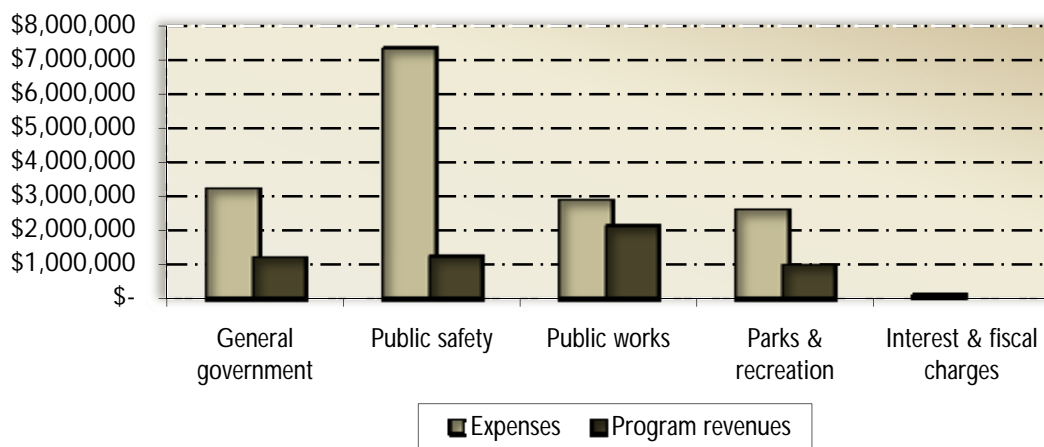
*Governmental activities.* The governmental activities portion of the increase in net assets accounted for 26% of the total growth for the City as a whole.

- ❖ Overall, property taxes decreased by \$196,641 in the governmental funds from FY 2008. Property taxes in the general fund increased by \$84,316, while the increment received by the RDA decreased \$280,957. The decrease is a result of Project Area #1 reaching the end of its time limit.
- ❖ Other taxes were down \$316,298 over the previous fiscal year. Of that \$342,964 was a result of a 7.83% reduction in sales tax revenue, while franchise tax revenue increased by 1.36% or \$32,735. The remaining portion of the change, a decrease of \$6,070, came from motor vehicle fees and paramedic aboard fees.
- ❖ Revenue from charges for services increased 3.54% from FY 2008. The largest increase in revenue, \$114,501, came from ambulance services. Calls for service have increased and the rate was adjusted to State approved levels in August 2008. Recreational activities and facilities provided an increase in revenue of \$71,103. The continued decline in new home construction has reduced building permit revenue by \$5,076 and impact fees by \$20,534. Other areas of revenue reductions include traffic school, hazmat fees, cemetery lots, grave openings, and animal licensing.
- ❖ In FY 2009, the City received the second installment of a \$1,000,000 grant from Weber County to assist in the construction of a senior citizens center and boys and girls club. The payment totaled \$333,000.
- ❖ Class C Road funds received were down 28.57%, \$396,928, from 2008. Some of this can be attributed to lower gas prices.
- ❖ The City made final acceptance of several subdivisions during FY 2009. Infrastructure received from the developers, including streets, sidewalks, and curb and gutter totaled \$1,028,577.
- ❖ Roy City's average yield on investments decreased 2.3632% from fiscal year 2008, and investment balances were down at the end of the year. As a result, income from interest shrank by \$307,000.
- ❖ Total expenses for wages and benefits were up \$228,475 from FY 2008. On July 1, 2008 employees received a 3.8% cost of living adjustment in lieu of merit increases. Other items contributing to the increase include a 10% increase in health insurance costs and several employees retiring and receiving payouts of accrued leave.

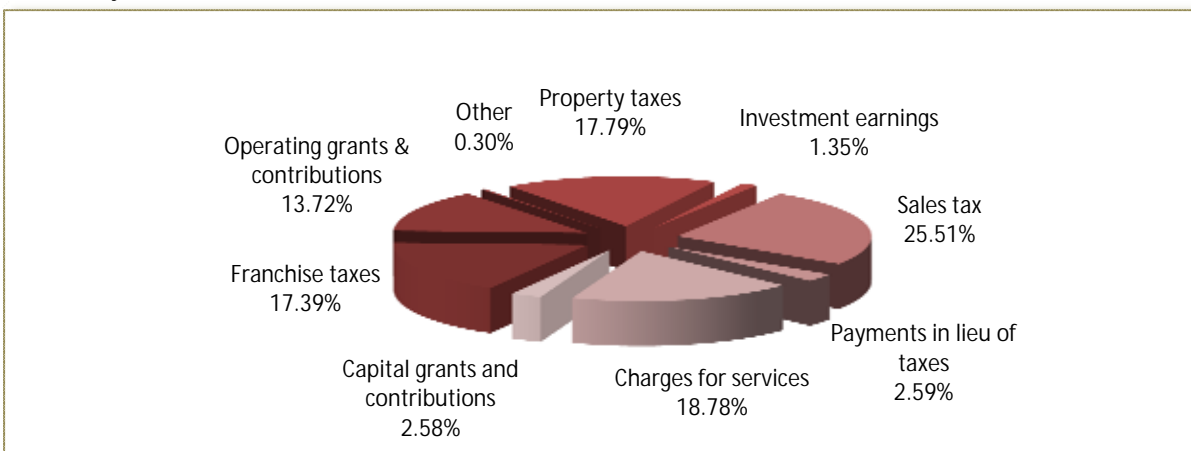
- ❖ Operating expenses in total did not fluctuate significantly. With the slow economy, cuts were made in expenditures from 2008 to 2009. Overall, operating expenditures were reduced to allow for the cost of living adjustment given to employees. The one exception is expenditures for road maintenance under Class C Roads which increased \$493,178 from 2008 levels.
- ❖ Interest and fiscal charges are up \$12,742. Interest expense was up \$32,492 and fiscal charges were down \$19,750. Bonds issuance costs of \$21,000 were incurred in 2008. A full year's worth of interest was paid on the bonds in 2009.

The following graphs display a different perspective on governmental activities reflected in the City's statement of activities:

#### Expenses and Program Revenues – Governmental Activities



#### Revenues by Source – Governmental Activities



*Business-type activities.* The business-type activities portion of the increase in net assets was 74% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

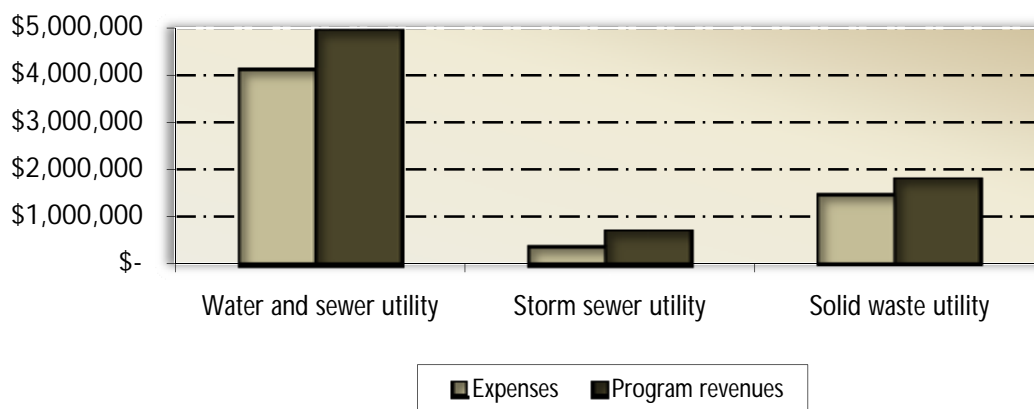
Key elements of the increase to net assets of business-type activities include:

- ❖ Revenue from water, sewer, storm sewer and garbage services had an increase of \$469,513. A new capital improvement fee was implemented in January 2008 to service debt on the water and sewer revenue bonds. In addition, a recycling program was implemented in 2008. This fiscal year, 2009, represents the first full year that both the capital improvement and recycling fees were collected.
- ❖ Impact and connection fees related to new home construction decreased by \$16,711.
- ❖ Revenue from late fees, shut off fees, and ownership transfers increased by \$23,258.
- ❖ Proceeds from the 2008 Water and Sewer Revenue Bonds are invested in the Utah State Treasurer's Pool until drawn. Interest income increased \$96,905 from the prior year. This is a result of proceeds being invested for a full year in 2009.
- ❖ The City made final acceptance of several subdivisions during FY 2009. Infrastructure received from the developers, including water, sewer and storm sewer lines totaled \$758,975.
- ❖ Total expenses for wages and benefits were up \$2,363 from FY 2008. On July 1, 2008 employees received a 3.8% cost of living adjustment in lieu merit increases. Other items contributing to the increase include a 10% increase in health insurance costs and several employees retiring and receiving payouts of accrued leave. Changes in staffing also occurred in FY 2009 which reduced the overall FTE's.
- ❖ Operating costs increased \$205,465. Areas of operations that had increases were system maintenance, insurance, sewer district contract, data processing, residential garbage pick-up, and recycling pick-up. Decreased costs were found in engineering, landfill, and fuel.
- ❖ Debt service increased \$224,181. The City issued \$7,500,000 in water and sewer revenue bonds in FY 2008. A full year of issuance costs and interest were realized in FY 2009.

The following graphs display a different perspective on business-type activities reflected in the City's statement of activities:

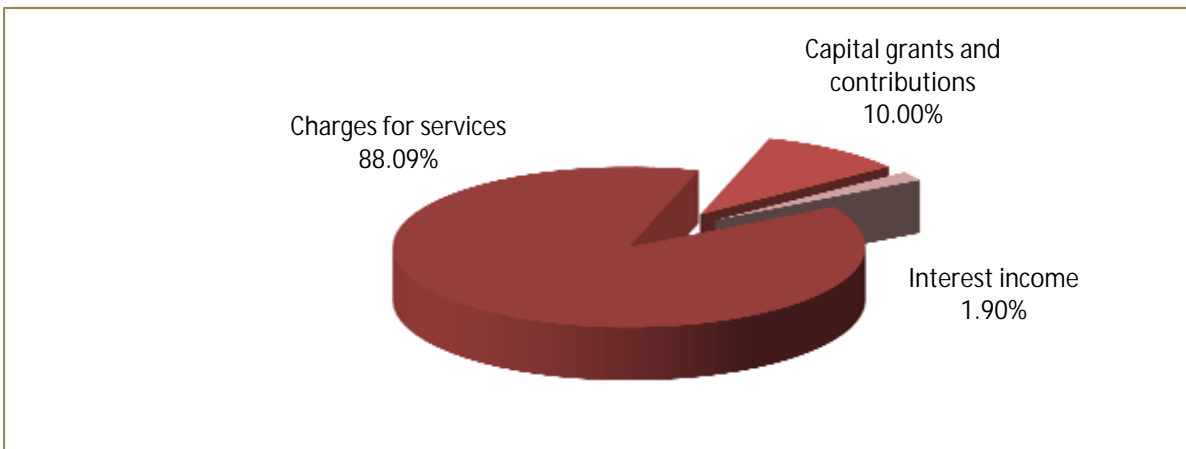
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#### Expenses and Program Revenues – Business-type Activities



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### Revenues by Source – Business-type Activities



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### Financial Analysis of the Government's Funds

As noted earlier, Roy City Corporation uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,931,139, a decrease of \$288,248 from the prior year. Approximately 46.79%, or \$4,178,673, of this amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service, or 3) for a variety of restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,358,198, while the total fund balance was \$5,138,665. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 16.09% of total general fund expenditures, while total fund balance represents 35.06% of that same amount.

During the fiscal year, the fund balance of Roy City Corporation's general fund (budget basis) increased by \$398,501. Key factors in the change are as follows:

- ❖ The economic downturn of FY 2009 had a significant impact on the City. With the exception of developer contributions, the revenue analysis for the governmental funds is the same as that for the government-wide financial statements discussed above. If long-term financing is excluded, the general fund revenue was down \$224,199 from FY 2008. The City felt the effects of lower consumer spending

and lower interest rates. In sales tax and interest alone, the City experienced a \$573,389 drop in revenue. Fortunately those were offset by higher participation in recreational activities, \$71,103; increases in grant proceeds, \$30,913; property taxes, \$84,316; ambulance services, \$114,501; and franchise fees, \$32,735.

- ❖ Revenue from justice court fines was down 3.37%, or \$21,610.
- ❖ Contributions and donations were up \$125,801. The Interdepartmental reimbursement increased \$80,547 because of a shifting of employees between funds. The Redevelopment Agency management fee was increased to cover employee costs associated with redevelopment activities. And, a private donation of \$15,000 was received to improve the Recreation Complex facility.
- ❖ The City projected revenues to be flat, or even lower in FY 2009 than in FY 2008. Because there were no new revenues available, operating and capital expenditures had to be reduced to cover increases in wages and benefits.
- ❖ Transfers to the internal service funds were also reduced to balance the budget. The Risk Management and Information Technology Funds received \$163,008 less in funding for FY 2009 and relied on fund balance reserves for the difference.
- ❖ Capital expenditures in the general fund, including Class C Roads, were down \$699,870 from FY 2008. In FY 2009 approximately \$254,700 was spent on capital compared to \$954,600 in FY 2008. Of the \$254,700 spent in FY 2009, \$201,300 or 79% was funded by grants or state road funds.
- ❖ For FY 2009, the City continued to set funds aside for capital facility improvements. In addition, grant proceeds were transferred to the capital projects fund for the future construction of the boys and girls club and senior citizen center. Total set aside for the projects was \$490,275.
- ❖ City-wide departments worked to keep expenditures down. The majority of departments did not expend all of their budgeted funds. General government was under budget by \$97,995; public safety under budget by \$176,912; public works under by \$1,341,203; and parks and recreation under budget by \$96,089.

Included in the *governmental funds* is \$1,286,615 which is designated for specific capital projects. The net decrease in the capital projects fund balances during the current year of \$43,183 was the result of capital expenditures for upgrades to the Recreation Complex and completing a portion of the Hope Community Center. At June 30, 2009, fund balances available for specific capital projects include Capital Improvements Plan of \$1,038,774, Recreational Facilities Improvements of \$90,674, and Fire & Rescue Facilities and Equipment of \$157,167.

Also included within the *governmental funds* is \$533,860 which was raised for specific purposes. For these special revenue funds, unreserved fund balance decreased by \$769,889 as a result of operations and capital expenditures. At June 30, 2009, available fund balances in these special funds included Redevelopment Agency \$299,182; Storm Sewer Development \$66,079; Park Development \$34,506; and Cemetery \$134,093.

*Proprietary funds.* Roy City Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Prior to FY 2009, the City's solid waste collection and disposal operations were included in the Water and Sewer Utility Enterprise Fund. These operations were moved to the Solid Waste Utility Enterprise Fund in January 2008 with beginning net assets of \$445,267.

Unrestricted net assets of the water and sewer utility fund at the end of the fiscal year were \$1,064,596, for the storm sewer utility fund unrestricted net assets were \$737,897, and for the solid waste utility fund unrestricted net

assets were \$866,694. Net assets for all three utilities grew in FY 2009. Change for the water and sewer utility fund totaled \$299,467, storm sewer utility fund \$346,290, and solid waste utility fund \$262,803.

Operating revenues for the water and sewer utility fund increased 10.10% from the prior year, while expenditures increased 5.98%. The increase in revenue resulted from the January 2008 implementation of a \$5 per month capital improvement fee to pay debt service on the \$7.5 million water and sewer revenue bond. Most operating expenses did not significantly vary from the prior year. Engineering fees fell nearly \$47,000 because project planning and design can now be charged to the projects financed by the bonds. Costs to maintain the systems rose \$71,000 as needed repairs were piggybacked onto the major construction projects. Non-operating expenses for bond issuance costs and interest were up \$224,181. Infrastructure contributions of \$423,494 from developers helped to keep the change in net assets positive for the fiscal year.

For the storm sewer utility fund, service revenues were up slightly to \$358,855, a .15% increase. Personnel services were down 6.21% and contractual services were up 57.66%. A reduction in FTE's was made in both clerical and operational employees. The reduction will continue until the economy changes and more funds become available. The increase in contractual services relates to engineering services. As revenue from development fees shrinks, this fund becomes responsible for maintaining the City's storm sewer system. Projects must be engineered and estimated prior to being approved and started. Infrastructure contributions from developers totaled \$335,481. System operating and maintenance expense was down \$17,213, or 15.49% from FY 2008.

Revenue from operations for the solid waste utility fund was up 3.54%, \$63,881, for FY 2009. The City implemented a recycling program in April 2009. The program is voluntary and costs the homeowner \$5.95 per month. The revenue increase was the result of a full year of the recycling program. There were no significant changes in employee costs during the year. Overall, other costs including professional services and maintenance increased by \$56,198, or 4.02%. Although individual line items fluctuated, the overall reasons for the increase were a full year of recycling collection, a decrease in landfill costs because of recycling, and an increase in the residential garbage collection contract.

### **General Fund Budgetary Highlights**

During the fiscal year, the general fund's original budget for expenditures and other financing uses was amended from an original total of \$15,951,795 to a final budget of \$15,252,507, a decrease of \$699,288. Some of the more significant changes to individual revenue and expenditure items are as follows:

- ❖ \$460,000 decrease in sales tax revenue. The original budget was prepared as the economy began to decline. As the year progressed it was evident that consumer spending was lower than originally projected and needed to be adjusted.
- ❖ \$250,000 reduction in Class C Road Funds. Gas prices dropped significantly and consumers purchased less fuel which equated to a reduction in funds available for distribution by the State.
- ❖ \$67,675 net reduction in revenue from grants which were not approved by the funding agencies.
- ❖ \$70,000 decrease ambulance services. Originally calls were down the first half of the fiscal year, but increased again the second half.
- ❖ \$34,400 increase in revenue from recreation programs. Participation was higher than anticipated.
- ❖ \$181,000 decrease in interest income. Saving rates dropped as the economy declined. Also, fewer funds were on deposit.

- ❖ \$311,337 increase in use of fund balance. Reductions in other revenue items required accessing fund balance reserves for operations.
- ❖ \$29,238 reduction in legislative expenditures due to the reduction in available revenues.
- ❖ \$67,250 increase in transfers to special revenue funds for capital expenditures.
- ❖ \$48,055 increase in building maintenance expenditures. Used to reorganize personnel in various public works departments.
- ❖ \$119,034 decrease in police expenditures. Reduce personnel costs due to lower revenues.
- ❖ \$123,294 decrease in fire and rescue expenditures. Grants which were applied for were not funded, and expenditures were reduced to help offset the reduction in available revenues.
- ❖ \$103,249 decrease in public works administration expenditures. Used to reorganize personnel in various public works departments.
- ❖ \$87,073 decrease in recreation complex expenditures. Used to restructure maintenance personnel back to public works divisions.
- ❖ \$55,880 decrease in parks and recreation expenditures. Reduced costs due to the reduction in available revenues.
- ❖ \$250,000 decrease in Class C Road expenditures. Reductions were made in road maintenance and new equipment due to the reduction in revenue.

Declines in consumer spending and reduced investment rates caused a significant decrease in revenue for the City. Where possible, expenditures reductions were made to offset the lower revenues. Because a good portion of the fiscal year had expired before income levels dropped, sufficient cuts could not be made to cover all the revenue lost. For budget purposes the City drew from fund balance reserves to cover the revenue shortfall. During the year, expenditures were less than budgetary estimates, thus allowing the actual amount drawn from fund balance to be less than expected.

*Budget to actual.* At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Most revenue classifications exceeded budget. The most noteworthy tax revenue, intergovernmental, and charges for services exceeded expectations by \$54,730, \$145,463, and \$69,179, respectively. Revenues related to licenses and permits and investment earnings were lower, but not significantly, than budgeted amounts. In total, general fund revenue exceeded budget by \$291,014 or 1.96%.

Overall expenditures were \$502,449 under budget. A savings of \$265,519 was seen in wages and benefits. Most of this can be attributed to overestimating hours needed for part-time employees. In addition, retirements and terminations left unspent allocations for wages when the positions were filled with new employees at lower rates, or left unfilled for a period of time. Operating expenditures were under budget by \$162,019. Capital expenditures and debt service were not materially different from budget amounts. Some capital projects in the Class C Road Fund were not completed in FY 2009 and were re-budgeted for FY 2010. Total expenditures in the Class C Road Fund were \$76,958 under budget.

### **Capital Assets and Debt Administration**

*Capital assets.* Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$51,219,915 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 3.22% (a 2.48% increase in governmental activities and a 4.58% increase in business-type activities).

Major capital asset events during the current fiscal year include the following:

- ❖ Construction of the Hope Community Center, \$360,364.
- ❖ Remodel and expansion of the Municipal Building, \$46,650
- ❖ Construct parking lot at Emma Russell Park, \$233,570.
- ❖ Purchase commercial property and demolish building for future redevelopment, \$754,999.
- ❖ Construct Roundabout on 4400 South and Airport Road, \$191,186.
- ❖ Purchase Plymovent vehicle exhaust system for Fire Station, \$11,422.
- ❖ Purchase thermal imaging cameras for fire apparatus, \$18,650.
- ❖ Purchase commercial washing machines for turnout gear, \$13,592.
- ❖ Purchase portable radios for fire apparatus, \$10,960.
- ❖ Purchase trim mower, \$7,105.
- ❖ Purchase aerator, \$5,863.
- ❖ Purchase vehicle for Public Works Director, \$24,525.
- ❖ Purchase truck with utility bed, \$37,696.
- ❖ Purchase 10' dump body with spreader, \$43,602.
- ❖ Purchase 16' salt spreader, \$31,595
- ❖ Purchase three backhoes, \$198,941.
- ❖ Purchase mini excavator, \$37,552.
- ❖ Purchase skid steer loader, \$17,433.
- ❖ Purchase roll-off containers, \$7,516.
- ❖ Upgrade filtration system at pools, \$88,855.
- ❖ Purchase server trio, \$25,993.
- ❖ Annual rotation of obsolete desktop and laptop computers, \$15,269.
- ❖ Purchase firewall, \$11,117.
- ❖ Purchase SQL server, \$18,587.
- ❖ Construct detention pond, \$61,765.
- ❖ Replace 5175 S culinary water well and building, \$464,701.
- ❖ Construct Hill Air Force Base well, \$576,361.
- ❖ Infrastructure from developers through acceptance of new subdivision, \$1,028,577. Includes curb, gutter, sidewalks, streets, water lines, sewer lines, storm drains, and land drains.
- ❖ Construct improvements to water and sewer infrastructure, \$2,242,144.

Roy City Corporation's Capital Assets (Stated in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 3,172	\$ 3,172	\$ 17	\$ 17	\$ 3,189	\$ 3,189
Buildings	7,858	5,528	9	9	7,867	5,537
Improvements other than bldgs	30,017	26,367	25,277	22,426	55,294	48,793
Machinery and equipment	3,927	3,720	1,045	895	4,972	4,615
Automobiles and trucks	5,499	5,614	701	652	6,200	6,266
Construction in progress	821	4,562	3,158	2,372	3,979	6,934
Accumulated depreciation	(16,753)	(15,010)	(8,864)	(8,447)	(25,617)	(23,457)
Total capital assets	<u>\$34,541</u>	<u>\$33,953</u>	<u>\$21,343</u>	<u>\$17,924</u>	<u>\$55,884</u>	<u>\$51,877</u>



Additional information on Roy City Corporation's capital assets can be found in note 4 on pages 67-69 of this report.

Long-term debt. In 2006, the City financed the purchase of two new fire trucks through a capital lease. The lease obligates the City for seven years and requires an annual appropriation or renewal by the City Council of an amount equal to the annual lease payment. At year end, the balance due on the lease totaled \$569,915. Lease payments are due semi-annually in August and February.

At the end of the current fiscal year, the City's blended component unit, the Redevelopment Agency of Roy Utah (RDA), had total bonded debt outstanding of \$267,000. The entire amount of the debt is backed by the full faith and credit of the RDA. The RDA has pledged future tax increment to repay the debt. The City has entered into an annual contribution agreement whereby it agrees to budget an amount equal to the amount by which the payments due on the bonds for any fiscal year exceeds the amount of tax increment available to the RDA for payment.

In October 2007, the City issued \$1,000,000 in sales tax revenue bonds to fund remodeling costs of the Municipal Building. The bonds mature in October 2017, with principal payments due annually. Interest is due semi-annually in April and October. The balance due on the bonds at June 30, 2009 is \$916,000.

Roy City issued \$7,500,000 in water and sewer revenue bonds in March 2008 to finance the acquisition and construction of replacements, improvements and additions to the City's water and sewer system. Principal payments are due annually in March through 2028. Interest is due semi-annually in September and March. At June 30, 2009, the balance due on the bonds is \$7,325,000. The City received an "Aaa" rating from Moody's Investors Service on the Series 2008 bonds.

Roy City Corporation's Outstanding Debt (Stated in Thousands of Dollars)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital lease	\$ 570	\$ 700	\$ -	\$ -	\$ 570	\$ 700
Revenue bonds	1,183	1,296	7,325	7,500	8,508	8,796
Total	<u>\$1,753</u>	<u>\$1,996</u>	<u>\$7,325</u>	<u>\$7,500</u>	<u>\$9,078</u>	<u>\$9,496</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$46,340,000, which significantly exceeds Roy City Corporation's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer and electrical projects thus resulting in a debt limit of 8% of total taxable value. The City's water and sewer utility is allowed an additional \$46,340,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in note 4 on pages 71-73 of this report.

#### Economic Factors and Next Year's Budget and Rates

- ❖ The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 6.0%. This compares to the state's average unemployment rate of 5.7% and the Mountain West's average of 6.8%.
- ❖ New businesses continue to expand outside of the central business district.
- ❖ Revitalization is taking place in the central business district with the removal or remodel of older structures, making way for new businesses.
- ❖ Economic trends in the region compare favorably to national indices.

These factors were considered in preparing the City's budget for the 2010 fiscal year. During the current fiscal year, the fund balance in the general fund increased by \$398,501. Roy City has appropriated \$121,035 of this amount for spending in the 2010 fiscal year. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during FY 2010.

### **Request for Information**

This financial report is designed to provide a general overview of Roy City Corporation's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Management Services Director, 5051 South 1900 West, Roy, Utah 84067.

## BASIC FINANCIAL STATEMENTS

**ROY CITY CORPORATION**  
**Statement of Net Assets**  
**June 30, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 7,805,256	\$ 1,646,454	\$ 9,451,710
Restricted cash: Class "C" roads	975,333	-	975,333
Cash with fiscal agent	-	5,052,724	5,052,724
Investment in water stock	-	16,100	16,100
Interactivity receivable	(25,025)	25,025	-
Accounts receivable - net of allowance for doubtful accounts	3,056,910	1,043,670	4,100,580
Inventory	1,799,310	294,630	2,093,940
Prepaid items	33,204	224,036	257,240
Total current assets	13,644,988	8,302,639	21,947,627
Noncurrent assets:			
Deferred charges	-	160,303	160,303
Internal balances	(550,000)	550,000	-
Capital assets:			
Land	3,171,733	17,365	3,189,098
Buildings	7,857,623	9,339	7,866,962
Improvements other than buildings	30,016,898	25,277,119	55,294,017
Machinery and equipment	3,927,191	788,672	4,715,863
Automobiles and trucks	5,499,382	956,799	6,456,181
Construction in progress	821,085	3,158,387	3,979,472
Less accumulated depreciation	(16,753,178)	(8,864,187)	(25,617,365)
Total capital assets net of accumulated depreciation	34,540,734	21,343,494	55,884,228
Total noncurrent assets	33,990,734	22,053,797	56,044,531
Total assets	\$ 47,635,722	\$ 30,356,436	\$ 77,992,158

**ROY CITY CORPORATION**  
**Statement of Net Assets, continued**  
**June 30, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 659,386	\$ 1,094,800	\$ 1,754,186
Accrued wages	305,177	16,604	321,781
Unearned revenue	2,655,106	-	2,655,106
Interest payable	18,989	86,673	105,662
Current portion of long-term debt	488,937	196,628	685,565
Total current liabilities	4,127,595	1,394,705	5,522,300
Long-term liabilities:			
Long-term debt due in more than one year	2,955,590	7,200,792	10,156,382
Guarantee deposits	114,663	-	114,663
Total liabilities	7,197,848	8,595,497	15,793,345
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	33,054,819	18,165,096	51,219,915
Restricted for:			
Debt service	1,752,915	901,631	2,654,546
Class "C" roads	884,763	-	884,763
Unrestricted	4,745,377	2,694,212	7,439,589
Total net assets	\$ 40,437,874	\$ 21,760,939	\$ 62,198,813

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

**ROY CITY CORPORATION**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

		<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>
			<u>Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>			
Primary government:			
Governmental activities:			
General government	\$ 3,244,050	\$ 874,123	\$ -
Public safety	7,364,103	1,064,351	148,809
Public works	2,895,688	109,077	2,021,012
Parks and recreation	2,593,013	922,442	-
Interest and fiscal charges	92,776	-	-
Total governmental activities	<u>16,189,630</u>	<u>2,969,993</u>	<u>2,169,821</u>
Business-type activities:			
Water and sewer utility	4,108,479	4,521,656	-
Storm sewer utility	348,115	358,923	-
Solid waste utility	1,457,305	1,803,025	-
Total business-type activities	<u>5,913,899</u>	<u>6,683,604</u>	<u>-</u>
Total primary government	<u>\$ 22,103,529</u>	<u>\$ 9,653,597</u>	<u>\$ 2,169,821</u>
General revenues:			
Property taxes			
Sales tax			
Franchise taxes			
Payments in lieu of taxes			
Unrestricted investment earnings			
Other revenues not restricted to specific programs			
Gain/(loss) on sale of capital assets			
Transfers			
Total general revenues and transfers			
Changes in net assets			
Net assets - beginning			
Net assets - ending			

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
\$ 333,000	\$ (2,036,927)	\$ -	\$ (2,036,927)
24,553	(6,126,390)	-	(6,126,390)
-	(765,599)	-	(765,599)
50,100	(1,620,471)	-	(1,620,471)
-	(92,776)	-	(92,776)
407,653	(10,642,163)	-	(10,642,163)
423,494	-	836,671	836,671
335,481	-	346,289	346,289
-	-	345,720	345,720
758,975	-	1,528,680	1,528,680
\$ 1,166,628	(10,642,163)	1,528,680	(9,113,483)
	2,813,979	-	2,813,979
	4,034,517	-	4,034,517
	2,751,220	-	2,751,220
	409,254	-	409,254
	214,159	144,434	358,593
	46,875	-	46,875
	-	(130,777)	(130,777)
	680,075	(680,075)	-
	10,950,079	(666,418)	10,283,661
	307,916	862,262	1,170,178
	40,129,958	20,898,677	61,028,635
	\$ 40,437,874	\$ 21,760,939	\$ 62,198,813

**ROY CITY CORPORATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

		Capital Projects Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Redevelopment Agency		
<b>ASSETS</b>					
Cash	\$ 5,054,286	\$ 1,177,762	\$ 610,599	\$ 482,519	\$ 7,325,166
Restricted cash:					
Class "C" roads	975,333	-	-	-	975,333
Accounts receivable, net	2,986,214	-	-	-	2,986,214
Inventory	94,311	-	1,704,999	-	1,799,310
Prepaid items	32,485	-	-	-	32,485
Total assets	<u>\$ 9,142,629</u>	<u>\$ 1,177,762</u>	<u>\$ 2,315,598</u>	<u>\$ 482,519</u>	<u>\$ 13,118,508</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 495,203	\$ 138,988	\$ 2,441	\$ -	\$ 636,632
Accrued wages payable	301,664	-	-	-	301,664
Unearned revenue	2,542,434	-	41,976	-	2,584,410
Guarantee deposits	114,663	-	-	-	114,663
Advance from other funds	550,000	-	-	-	550,000
Total liabilities	<u>\$ 4,003,964</u>	<u>\$ 138,988</u>	<u>\$ 44,417</u>	<u>\$ -</u>	<u>\$ 4,187,369</u>



**ROY CITY CORPORATION**  
**Balance Sheet, continued**  
**Governmental Funds**  
**June 30, 2009**

		Capital Projects Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Redevelopment Agency		
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 282,994	\$ -	\$ -	\$ -	\$ 282,994
Inventory & prepaid items	126,795	-	1,704,999	-	1,831,794
Class "C" roads	884,763	-	-	-	884,763
Debt service	1,485,915	-	267,000	-	1,752,915
Unreserved, reported in:					
General fund	2,316,654	-	-	-	2,316,654
Capital projects funds	-	-	-	247,841	247,841
Special revenue funds	-	1,038,774	110,048	234,678	1,383,500
Designated, unreserved	41,544	-	189,134	-	230,678
Total fund balances	<u>5,138,665</u>	<u>1,038,774</u>	<u>2,271,181</u>	<u>482,519</u>	<u>8,931,139</u>
Total liabilities and fund balances	<u>\$ 9,142,629</u>	<u>\$ 1,177,762</u>	<u>\$ 2,315,598</u>	<u>\$ 482,519</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,540,734
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,463,516)
Internal service funds are used by management to charge the costs of information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>429,517</u>
Net assets of governmental activities	<u>\$ 40,437,874</u>

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

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	General	Capital Projects Fund Capital Improvements	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,148,770	\$ -	\$ 450,946	\$ -	\$ 9,599,716
Payments in lieu of taxes	409,254	-	-	-	409,254
Licenses and permits	281,482	-	-	-	281,482
Intergovernmental	1,498,797	-	-	35,100	1,533,897
Charges for services	2,680,954	-	-	-	2,680,954
Impact fees	-	-	-	55,907	55,907
Fines and forfeitures	631,725	-	-	-	631,725
Investment earnings	192,847	-	17,528	3,784	214,159
Property rental	10,800	-	-	-	10,800
Management fee	222,562	-	-	-	222,562
Contributions and donations	15,000	-	-	-	15,000
Miscellaneous	29,240	-	-	6,835	36,075
Total revenues	<u>15,121,431</u>	<u>-</u>	<u>468,474</u>	<u>101,626</u>	<u>15,691,531</u>
Expenditures:					
Current:					
General government	2,945,590	-	246,839	-	3,192,429
Public safety	7,025,673	-	-	-	7,025,673
Public works	2,411,452	-	-	-	2,411,452
Parks and recreation	1,995,878	-	-	-	1,995,878
Debt service:					
Principal retirement	213,599	-	29,000	-	242,599
Interest and fiscal charges	65,344	-	8,443	-	73,787
Capital outlay	-	408,014	359,516	282,559	1,050,089
Total expenditures	<u>14,657,536</u>	<u>408,014</u>	<u>643,798</u>	<u>282,559</u>	<u>15,991,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 463,895</u>	<u>\$ (408,014)</u>	<u>\$ (175,324)</u>	<u>\$ (180,933)</u>	<u>\$ (300,376)</u>

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances, continued**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>General</u>	<u>Capital Projects Fund Capital Improvements</u>	<u>Special Revenue Funds Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 463,895	\$ (408,014)	\$ (175,324)	\$ (180,933)	\$ (300,376)
Other financing sources (uses):					
Sale of capital assets	12,128	-	-	-	12,128
Transfers in	-	333,000	-	157,275	490,275
Transfers out	(490,275)	-	-	-	(490,275)
Total other financing sources (uses)	(478,147)	333,000	-	157,275	12,128
Net change in fund balances	(14,252)	(75,014)	(175,324)	(23,658)	(288,248)
Fund balances - beginning of year	5,152,917	1,113,788	2,446,505	506,177	9,219,387
Fund balances - end of year	<u>\$ 5,138,665</u>	<u>\$ 1,038,774</u>	<u>\$ 2,271,181</u>	<u>\$ 482,519</u>	<u>\$ 8,931,139</u>

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

**ROY CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

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Amounts reported for governmental activities in the statement of activities (page 37) are different because:

Net change in fund balances - total governmental funds (page 41)	\$ (288,248)
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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(502,766)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	1,020,824
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	223,610
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(95,030)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	<u>(50,474)</u>
Change in net assets of governmental activities	<u><u>\$ 307,916</u></u>

**ROY CITY CORPORATION**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Taxes:				
Property	\$ 2,325,000	\$ 2,345,000	\$ 2,363,033	\$ 18,033
Sales	4,500,000	4,040,000	4,034,517	(5,483)
Telecom gross receipts	565,000	565,000	596,795	31,795
Franchise	1,841,340	1,821,340	1,834,429	13,089
Paramedic	320,000	320,000	319,996	(4)
Payments in lieu of taxes	410,000	410,000	409,254	(746)
Licenses and permits	318,300	288,300	281,482	(6,818)
Intergovernmental	1,671,009	1,353,334	1,498,797	145,463
Charges for services	2,641,075	2,611,775	2,680,954	69,179
Fines and forfeitures	610,000	610,000	631,725	21,725
Investment earnings	379,757	198,757	192,847	(5,910)
Property rental	9,000	9,000	10,800	1,800
Management fee	222,562	222,562	222,562	-
Contributions and donations	-	12,500	15,000	2,500
Miscellaneous	28,000	22,850	29,240	6,390
Total revenues	15,841,043	14,830,418	15,121,431	291,013
Expenditures:				
General government:				
Legislative	531,346	502,108	484,921	17,187
Legal	228,175	218,375	214,311	4,064
Community & economic development	501,603	502,143	494,495	7,648
Information technology	224,022	224,022	224,022	-
Justice court	177,067	167,117	162,081	5,036
Management services	564,347	564,510	540,553	23,957
Public buildings	548,414	596,469	556,366	40,103
Risk management	268,841	268,841	268,841	-
	3,043,815	3,043,585	2,945,590	97,995
Public safety:				
Animal control	175,772	166,888	155,536	11,352
Fire	3,290,593	3,167,299	3,067,747	99,552
Police	3,877,426	3,758,392	3,692,384	66,008
	7,343,791	7,092,579	6,915,667	176,912

**ROY CITY CORPORATION**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual, continued**  
**For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Public works:				
Administration	489,512	386,263	378,308	7,955
Class "C" roads	1,176,744	926,744	849,786	76,958
Fleet services	213,131	210,592	205,413	5,179
Streets	732,020	717,076	675,965	41,111
	<u>2,611,407</u>	<u>2,240,675</u>	<u>2,109,472</u>	<u>131,203</u>
Parks and recreation:				
Aquatic center	438,982	437,571	402,204	35,367
Parks and recreation	1,027,786	971,906	927,420	44,486
Recreation complex	768,795	681,722	665,486	16,236
	<u>2,235,563</u>	<u>2,091,199</u>	<u>1,995,110</u>	<u>96,089</u>
Debt service:				
Principal	213,600	213,600	213,599	1
Interest and fiscal charges	65,594	65,594	65,344	250
	<u>279,194</u>	<u>279,194</u>	<u>278,943</u>	<u>251</u>
Total expenditures	<u>15,513,770</u>	<u>14,747,232</u>	<u>14,244,782</u>	<u>502,450</u>
Excess of revenues over expenditures	<u>327,273</u>	<u>83,186</u>	<u>876,649</u>	<u>793,463</u>
Other financing sources (uses):				
Sale of capital assets	15,000	15,000	12,127	(2,873)
Transfers out	<u>(438,025)</u>	<u>(505,275)</u>	<u>(490,275)</u>	<u>15,000</u>
Total other financing sources (uses)	<u>(423,025)</u>	<u>(490,275)</u>	<u>(478,148)</u>	<u>12,127</u>
Net change in fund balance	(95,752)	(407,089)	398,501	805,590
Fund balance - beginning of year	<u>4,457,170</u>	<u>4,457,170</u>	<u>4,457,170</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,361,418</u>	<u>\$ 4,050,081</u>	<u>\$ 4,855,671</u>	<u>\$ 805,590</u>

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

**ROY CITY CORPORATION**  
**Redevelopment Agency - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Property tax	\$ 470,000	\$ 470,000	\$ 450,946	\$ (19,054)
Investment earnings	63,500	63,500	17,528	(45,972)
Total revenues	533,500	533,500	468,474	(65,026)
Expenditures:				
General government	483,657	483,657	246,839	236,818
Debt service:				
Principal retirement	29,000	29,000	29,000	-
Interest and fiscal charges	8,450	8,450	8,443	7
Capital outlay	1,134,570	1,134,570	172,593	961,977
Total expenditures	1,655,677	1,655,677	456,875	1,198,802
Net change in fund balance	(1,122,177)	(1,122,177)	11,599	1,133,776
Fund balance - beginning of year	2,259,582	2,259,582	2,259,582	-
Fund balance - end of year	\$ 1,137,405	\$ 1,137,405	\$ 2,271,181	\$ 1,133,776

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

**ROY CITY CORPORATION**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash	\$ 358,418	\$ 672,486	\$ 615,550	\$ 1,646,454	\$ 480,090
Cash with fiscal agent	5,052,724	-	-	5,052,724	-
Investment in water stock	16,100	-	-	16,100	-
Accounts receivable - net of allowance for doubtful accounts	673,754	58,604	311,312	1,043,670	-
Inventory	245,795	47,622	1,213	294,630	-
Prepaid items	223,653	-	383	224,036	719
Total current assets	6,570,444	778,712	928,458	8,277,614	480,809
Noncurrent assets:					
Deferred charges	160,303	-	-	160,303	-
Advance to other fund	550,000	-	-	550,000	-
Capital assets:					
Land	17,365	-	-	17,365	-
Buildings	9,339	-	-	9,339	-
Improvements other than buildings	23,341,324	1,935,795	-	25,277,119	-
Machinery and equipment	665,958	82,678	296,085	1,044,721	603,736
Automobiles and trucks	700,750	-	-	700,750	-
Construction in progress	3,158,387	-	-	3,158,387	-
Less accumulated depreciation	(8,458,956)	(214,937)	(190,294)	(8,864,187)	(395,360)
Total capital assets net of accumulated depreciation	19,434,167	1,803,536	105,791	21,343,494	208,376
Total noncurrent assets	20,144,470	1,803,536	105,791	22,053,797	208,376
Total assets	26,714,914	2,582,248	1,034,249	30,331,411	689,185



**ROY CITY CORPORATION**  
**Statement of Net Assets, continued**  
**Proprietary Funds**  
**June 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1,015,625	17,901	61,274	1,094,800	22,754
Accrued wages	12,877	3,237	490	16,604	3,513
Compensated absences	9,335	1,902	-	11,237	1,827
Recaptured losses	-	-	-	-	76,203
Interest payable	86,673	-	-	86,673	-
Revenue bonds payable	185,391	-	-	185,391	-
Total current liabilities	1,309,901	23,040	61,764	1,394,705	104,297
Long-term liabilities, less current portion:					
Compensated absences	38,917	17,775	-	56,692	-
Recaptured losses	-	-	-	-	276,005
Revenue bonds payable	7,144,100	-	-	7,144,100	-
Total liabilities	8,492,918	40,815	61,764	8,595,497	380,302
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	16,255,769	1,803,536	105,791	18,165,096	208,376
Restricted	901,631	-	-	901,631	-
Unrestricted	1,064,596	737,897	866,694	2,669,187	100,507
Total net assets	<u>\$ 18,221,996</u>	<u>\$ 2,541,433</u>	<u>\$ 972,485</u>	21,735,914	<u>\$ 308,883</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				25,025	
Net assets of business-type activities				<u>\$ 21,760,939</u>	

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

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
Operating revenues:					
Charges for services	\$ 3,479,388	\$ 358,855	\$ 1,803,024	\$ 5,641,267	\$ 658,697
Other fees	868,916	-	-	868,916	-
Other income	173,354	68	-	173,422	3,830
Total operating revenue	4,521,658	358,923	1,803,024	6,683,605	662,527
Operating expenses:					
Personnel services	1,267,280	146,946	112,138	1,526,364	148,536
Contractual services	1,873,089	57,001	1,352,674	3,282,764	20,929
Materials and supplies	396,362	93,875	24,386	514,623	31,721
Other general costs of services	190,890	3,983	20,621	215,494	543,032
Depreciation	616,157	46,309	30,402	692,868	76,980
Total operating expenses	4,343,778	348,114	1,540,221	6,232,113	821,198
Operating income	177,880	10,809	262,803	451,492	(158,671)
Non-operating revenues/(expenses):					
Interest income	144,433	-	-	144,433	-
Interest expense	(302,497)	-	-	(302,497)	-
Gain/(loss) on sale of capital assets	(130,777)	-	-	(130,777)	(354)
Bond issuance costs	(13,066)	-	-	(13,066)	-
Total non-operating revenues/(expenses)	(301,907)	-	-	(301,907)	(354)
Income (loss) before contributions	(124,027)	10,809	262,803	149,585	(159,025)
Contribution from developers	423,494	335,481	-	758,975	-
Changes in net assets	299,467	346,290	262,803	908,560	(159,025)

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Changes in net assets	299,467	346,290	262,803	908,560	(159,025)
Total net assets - beginning	17,922,529	2,195,143	709,682		467,908
Total net assets - ending	<u>\$ 18,221,996</u>	<u>\$ 2,541,433</u>	<u>\$ 972,485</u>		<u>\$ 308,883</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(46,298)</u>	
Change in net assets of business-type activities				<u>\$ 862,262</u>	

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

**ROY CITY CORPORATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 4,326,870	\$ 432,243	\$ 1,789,496	\$ 6,548,609	\$ -
Cash received from interfund activities	-	-	-	-	663,017
Other income	173,354	68	-	173,422	3,830
Payments to suppliers	(2,271,510)	(179,279)	(1,434,691)	(3,885,480)	(431,808)
Payments to employees	(1,268,247)	(146,685)	(111,766)	(1,526,698)	(150,739)
Payments for interfund services	(149,233)	-	(16,601)	(165,834)	-
Net cash provided by operating activities	811,234	106,347	226,438	1,144,019	84,300
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(2,851,857)	(61,765)	(7,516)	(2,921,138)	(84,130)
Principal paid on bond	(175,000)	-	-	(175,000)	-
Interest paid on bond	(301,905)	-	-	(301,905)	-
Fiscal agent fees paid	(1,500)	-	-	(1,500)	-
Proceeds from sale of capital assets	14,933	7,466	-	22,399	-
Net cash used in capital and related financing activities	(3,315,329)	(54,299)	(7,516)	(3,377,144)	(84,130)
<b>Cash flows from investing activities:</b>					
Interest received	144,279	-	-	144,279	-
Net cash provided by investing activities	144,279	-	-	144,279	-
Net increase (decrease) in cash	(2,359,816)	52,048	218,922	(2,088,846)	170
Cash - beginning of year, as restated	7,770,958	620,438	396,628	8,788,024	479,920
Cash - end of year	\$ 5,411,142	\$ 672,486	\$ 615,550	\$ 6,699,178	\$ 480,090

**ROY CITY CORPORATION**  
**Statement of Cash Flows, continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 177,880	\$ 10,809	\$ 262,803	\$ 451,492	\$ (158,671)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	616,157	46,309	30,402	692,868	76,980
(Increase) decrease in accounts receivable	(10,108)	74,090	(10,081)	53,901	4,320
Increase (decrease) in allowance for uncollectible accounts	655	2	404	1,061	-
(Increase) decrease in inventory	46,303	(19,182)	(1,213)	25,908	-
(Increase) decrease in prepaid items	(1,485)	21,980	(375)	20,120	2,392
Increase (decrease) in accounts payable	(17,201)	(27,922)	(55,874)	(100,997)	16,596
Increase (decrease) in accrued wages	100	288	372	760	279
Increase (decrease) in compensated absences	(1,067)	(27)	-	(1,094)	(2,482)
Increase (decrease) in recaptured losses	-	-	-	-	144,886
Total adjustments	633,354	95,538	(36,365)	692,527	242,971
Net cash provided by operating activities	<u>\$ 811,234</u>	<u>\$ 106,347</u>	<u>\$ 226,438</u>	<u>\$ 1,144,019</u>	<u>\$ 84,300</u>
<b>Non-cash capital and related financing activities:</b>					
Contribution of capital assets by developers	\$ 423,494	\$ 335,481			
Purchase of equipment on account	644,914	59,365			
Capital asset trade-ins	58,000	-			
Total non-cash capital and related financing activities	<u>\$ 1,126,408</u>	<u>\$ 394,846</u>			

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

ROY CITY CORPORATION  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	<u>Roy Association of Senior Adults</u>
ASSETS	
Cash	<u>\$ 73,422</u>
Total assets	<u><u>\$ 73,422</u></u>
NET ASSETS	
Held in trust for RASA	<u>\$ 73,422</u>
Total net assets	<u><u>\$ 73,422</u></u>

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

ROY CITY CORPORATION  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2009

	<u>Roy Association of Senior Adults</u>
Additions:	
Investment earnings	\$ 1,498
Total additions	<u>1,498</u>
Changes in net assets	1,498
Total net assets - beginning	<u>71,924</u>
Total net assets - ending	<u><u>\$ 73,422</u></u>

## NOTES TO THE FINANCIAL STATEMENTS



**ROY CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**1. Summary of Significant Accounting Policies**

This summary of significant accounting policies of Roy City Corporation (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are the representation of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, as applicable to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

**Organization**

The City of Roy was incorporated March 10, 1937 as Roy City Corporation. The City is a municipal corporation governed by an elected mayor and five-member council and provides the following services as authorized by its charter; public safety, public utilities, highways and streets, sanitation, social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

**Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the GASB Statement #14. Component units are legally separate entities that meet any one of the following three tests. The first test for including a potential component unit within the reporting entity is whether the primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit. A second criterion is whether the potential component unit is fiscally dependent upon the primary government. A third criterion is whether the financial statements would be misleading if data from the potential component unit were not included. A primary government is said to be financially accountable for a component unit if it meets either of the first two criteria. Based upon the application of these criteria, the City has one component unit.

**Blended Component Unit.** The Redevelopment Agency of Roy Utah (RDA) was established to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by a board of directors composed of the City's mayor and members of the city council. Although it is a legally separate entity from the City, the RDA is reported as if it were a part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund.

The RDA does not prepare separately issued financial statements. Financial information for the RDA may be obtained at the City administrative offices.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2009

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Sales and use taxes, franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. All other revenues are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City not accounted for by a separate, specialized fund.

The *capital improvements – capital projects fund* is used to account for construction of and major improvements to city owned buildings.

The *redevelopment agency special revenue fund* is used to account for specific revenue sources that are legally restricted for the improvement, rehabilitation, and redevelopment of blighted areas within the City.

The City reports the following major proprietary funds:

The *water and sewer utility enterprise fund* is used to account for the activities of the City's water and sewer distribution operations.

The *solid waste utility enterprise fund* is used to account for the activities of the City's solid waste collection and disposal, as well as the recycling program.

Additionally, the City reports the following fund types:

*Internal service funds* are used to account for information technology and risk management services provided to various departments on a cost reimbursement basis.

A *fiduciary fund* is maintained for the activities of the Roy Association of Senior Adults, a private-purpose trust fund, which accounts for the resources of a group of senior citizens in the City.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative services for such funds. Elimination of these charges would distort the total costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and fees in lieu.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Assets, Liabilities, and Net Assets or Equity**

**Cash, Deposits, and Investments**

Cash includes cash on hand, demand deposits with banks, and deposits in cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (the Fund) and other investments allowed by the State of Utah's Money Management Act.

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund does not materially differ from the fair value of the Fund shares.

**Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "inter-activity receivable or inter-activity payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "interactivity balances".

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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Accounts receivable for services related to governmental activities and trade accounts receivable for business-type activities are shown net of allowance for doubtful accounts. The allowance is calculated using a percentage of total accounts receivable in conjunction with an evaluation of items over 180 days.

**Inventories and Prepaid Items**

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased. Land acquired by the Redevelopment Agency and held for resale is classified as inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Restricted Assets**

Certain proceeds of the City's Water and Sewer Utility Enterprise Fund revenue bonds as well as Class C Road funds are classified as restricted assets on the balance sheet because their use is restricted by bond covenants, laws and regulations. The "revenue bond construction" account is used to report those proceeds that are restricted for use in construction. The road funds are restricted for use in maintaining roads and streets throughout the City.

**Capital Assets**

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are defined by the City as assets with an initial and individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated assets are recorded at estimated fair market value at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Outlays for major improvements are capitalized as the projects are completed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<b>Asset Type</b>	<b>Years</b>
Wells	25
Reservoirs	40 – 50
Water distribution and sewer collection systems	50
Infrastructure	15 – 30

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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Vehicles	5 – 8
Equipment and machinery	5 – 30
Furniture and fixtures	5 – 10
Software	3 – 5

**Compensated Absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Compensated absences are reported in governmental funds only if an employee has resigned or retired and the accrued leave has not been paid out. The accumulated vacation and compensatory time that is not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. Accumulated vacation and compensatory time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Year-end liabilities for compensated absences are accrued at the employee's current hourly rate for the maximum possible separation benefit.

Sick leave amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Regular employees accumulate sick leave benefits at the rate of twelve days per year, while firefighters accumulate 6.25 days (24 hour shift) per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual leave or a contribution to a City sponsored retirement plan. The incentive is paid annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of service and accumulated sick leave hours.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond discounts and premiums, as well as issuance costs, are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Recaptured losses result from an inter-local cooperative agreement with Utah Risk Management Mutual Association. The City reimburses URMMA over five years for claims and legal fees paid on its behalf.

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2009

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**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

**2. Reconciliation of Government-wide and Fund Financial Statements**

**Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. The difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$51,293,912
Accumulated depreciation	<u>(16,753,178)</u>
Total difference	<u>\$34,540,734</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets.

Balances at June 30, 2009 were:

Bonds payable	\$1,183,000
Capital lease financing	569,915
URMMA recaptured losses	352,208
Compensated absences	<u>1,339,404</u>
Total difference	<u>\$3,444,527</u>

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2009

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Internal service funds:

Internal service funds are properly classified as proprietary funds. Nonetheless, the assets and liabilities of internal service funds must be included as part of governmental activities for purposes of government-wide financial reporting whenever they primarily serve governmental funds. Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net assets at June 30, 2009 include:

Cash	\$480,090
Prepaid items	719
Accounts payable	(22,754)
Accrued wages payable	(3,513)
Interactivity payable	(25,025)
Total difference	<u>\$429,517</u>

**Explanation of Differences between Governmental Fund Operating Statements and the Statement of Net Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the amount capital assets exceeded depreciation, the elements of this difference are as follows:

Capital outlay	\$ 1,573,675
Depreciation expense	(2,076,441)
Total difference	<u>(\$ 502,766)</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$1,020,824 increase to net assets is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(\$ 7,753)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Total difference

1,028,577  
\$1,020,824



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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Another element of the reconciliation is the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of the \$223,610 difference is as follows:

Principal repayments:	
General obligation debt	(\$113,000)
Accrued interest payable	18,989
Capital lease	(129,599)
Total difference	<u><u>(\$223,610)</u></u>

Another element of the reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. At year end, the change in compensated absences of the general fund was \$95,030.

Another element of the reconciliation is the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. Therefore, the net revenue of the activities of internal service funds should be reported with governmental activities. At June 30, 2009, the net revenue of certain activities of the information technology and risk management internal service funds was \$50,474.

A final element of the reconciliation is during the consolidation of internal service funds with governmental activities, all inter-fund transfers between such funds should be eliminated. During the fiscal year ending June 30, 2009, there were no transfers requiring elimination.

**Explanation of Differences between Proprietary Fund Statement of Net Assets and the Government-wide Statement of Net Assets**

The proprietary fund statement of net assets includes reconciliation between *net assets – total proprietary funds* and *net assets of business type activities* as reported in the government-wide statements of net assets. The description of the difference is as follows:

Interactivity receivable representing charges in excess of cost to business-type activities – prior years	\$71,322
Interactivity receivable representing charges in excess of cost to business-type activities – current year	<u>(46,297)</u>
Total difference	<u><u>\$25,025</u></u>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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**3. Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities". Budgets are prepared for all funds excluding fiduciary funds. On or before the first day of April, all agencies of the City submit requests for appropriation to the City Manager and Budget Officer so that a budget can be prepared. On the first Tuesday in May, the proposed budget is presented to the City Council for tentative acceptance. The City Council then reviews, adjusts, and holds a public hearing on the budget. On or before June 22<sup>nd</sup>, the budget is legally adopted by resolution for the following fiscal year which begins on July 1<sup>st</sup>. If a property tax increase is proposed, the City shall not adopt its final budget until a public hearing has been held. The latest possible date for adoption of a budget with a property tax increase is August 17<sup>th</sup>. All annual appropriations lapse at fiscal year end.

Budgets are prepared by fund, function, and department. The fund budgets may be increased any time during the fiscal year by resolution of the City Council and following a public hearing. The City Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. Transfers of unexpended appropriations from one expenditure account to another within the same department can be made by the department director with the consent of the City Manager and Budget Officer.

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations were a decrease in the general fund of \$699,280; increase in the capital projects fund of \$42,400; increase in the water and sewer utility of \$80,762; increase in the storm water utility of \$190; increase in park development of \$28,000; and increase in the information technology fund of \$200.

The decrease in the general fund was attributed to a reduction in revenue. In order to maintain a balanced budget, changes in personnel, operations and maintenance of (\$599,792), purchase and construction of capital assets of (\$166,746), and transfers to other funds of \$67,250. The increase in the transfers was to assist with the construction of park amenities paid through the capital projects and park development funds. The changes in the water and sewer utility, storm sewer utility, and information technology funds were for personnel and operations. In the general fund, revenue shortfalls exceeded the reduction in appropriations. Available fund balance reserves were used to make up the difference. Fund balance reserves were also used in the park development fund to cover increased construction costs.

Encumbrance accounting is employed in the governmental funds for budgetary basis. Under this method, outstanding purchase orders and contracts are treated similar to expenditures. For financial statements presented in accordance with generally accepted accounting principles, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year. Accordingly, the GAAP and budgetary financial statements differ.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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**Budget/GAAP Reconciliation**

The following schedules reconcile net change in fund balances and fund balances under encumbrance accounting (budget) to the same balances under GAAP.

	General Fund	Redevelopment Agency	Recreational Facilities Improvements
Net change in fund balance (budget)	\$ 398,501	\$ 11,599	\$ 18,099
Beginning encumbrances	(695,747)	(186,923)	(29,618)
Ending encumbrances	282,994	-	-
Net change in fund balance (GAAP)	<u>(\$ 14,252)</u>	<u>(\$175,324)</u>	<u>(\$ 11,519)</u>
 Fund balance (budget)	 \$4,855,671	 \$2,271,181	 \$90,674
Ending encumbrances	282,994	-	-
Fund balance (GAAP)	<u>\$5,138,665</u>	<u>\$2,271,181</u>	<u>\$90,674</u>

**Cash and Cash Equivalents**

For purposes of the statement of cash flows for proprietary and internal service funds, cash equivalents are defined as highly liquid investments, with original maturities of less than ninety days that are held for sale in the ordinary course of business.

**Tax Revenue**

Real property taxes are collected by the County Treasurer and remitted to the City shortly after collection. The tax levy is established by June 15<sup>th</sup> with a lien date of January 1<sup>st</sup>. Taxes are due and payable on November 1<sup>st</sup> and delinquent after 12 o'clock noon on November 30<sup>th</sup> of each year. An accrual has been made for uncollected current and prior year's property taxes which remains outstanding at June 30<sup>th</sup>.

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

Franchise taxes are charged to various utility companies doing business within the City including cable television, natural gas, and electric companies. The fees are remitted on a monthly or quarterly basis and an accrual has been made for all fees due and payable to the City at June 30<sup>th</sup>.

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2009

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**Net Asset Deficit**

The Risk Management Fund, an internal service fund, has a net asset deficit as of June 30, 2009. The fund incurred the deficit due to the recognition of a liability for recaptured losses. Funding for recaptured losses is expected in the year of maturity.

**4. Detailed Notes for All Funds**

**Deposits and Investments**

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code* Annotated, Title 51, Chapter 7, "the Act") and by the rules of the Utah Money Management Council ("the Council"). The following is a discussion of risks related to Roy City's cash management activities.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested.

*Custodial credit risk for investments* is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting credit risk for investments is to comply with the Utah Money Management Act. The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance. The PTIF pool has not been rated. As of June 30, 2009, the City and the Redevelopment Agency had \$9,365,711 and \$530,546, respectively, invested directly with the PTIF. Amounts invested with the PTIF are reported at cost which does not materially differ from fair value.

*Custodial credit risk for deposits* is the risk that in the event of a bank failure, the City's deposits may not be covered. The City's policy for managing credit risk for deposits is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2009, \$242,593 of the City's bank balance of \$516,620 was uninsured and uncollateralized. For the Redevelopment Agency, all of its \$80,054 was insured within FDIC limits.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

**Receivables**

Receivables as of year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer Utility Enterprise Fund	Storm Sewer Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total
Taxes	\$2,088,405	\$ -	\$ -	\$ -	\$2,088,405
Ambulance	1,234,083	-	-	-	1,234,083
Utilities	-	701,869	54,516	324,283	1,080,668
Special assessments	18,347	-	-	-	18,347
Intergovernmental	263,747	-	6,269	-	270,016
Other	173,417	-	-	-	173,417
Gross receivables	3,777,999	701,869	60,785	324,283	4,864,936
Less: allowance for uncollectible accounts	(791,785)	(28,115)	(2,181)	(12,971)	(835,052)
Net total receivables	<u>\$2,986,214</u>	<u>\$673,754</u>	<u>\$58,604</u>	<u>\$311,312</u>	<u>\$4,029,884</u>

The only receivables not expected to be collected within one year are the \$18,347 of special assessment receivables reported in the general fund.

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes levied not yet due	\$2,088,405	\$2,088,405
Property taxes received not yet due	-	263,012
Escrow held for improvements	-	232,193
Special assessment levied	800	800
	<u>\$2,089,205</u>	<u>\$2,584,410</u>

**Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 3,171,733	\$ -	\$ -	\$3,171,733
Construction in progress	4,562,204	982,561	(4,723,680)	821,085
Total capital assets not being depreciated	<u>7,733,937</u>	<u>982,561</u>	<u>(4,723,680)</u>	<u>3,992,818</u>
Capital assets being depreciated:				
Buildings	5,527,923	2,329,700	-	7,857,623
Improvements other than buildings	26,367,314	3,651,958	(2,374)	30,016,898
Machinery and equipment	3,719,964	390,451	(183,224)	3,927,191
Automobiles and trucks	5,614,282	155,646	(270,546)	5,499,382
Total capital assets being depreciated	<u>41,229,483</u>	<u>6,527,755</u>	<u>(456,144)</u>	<u>47,301,094</u>
Less accumulated depreciation for:				
Buildings	(2,873,650)	(185,880)	-	(3,059,530)
Improvements other than buildings	(6,337,786)	(1,067,052)	818	(7,404,020)
Machinery and equipment	(2,345,489)	(410,913)	173,640	(2,582,762)
Automobiles and trucks	(3,452,869)	(523,791)	269,794	(3,706,866)
Total accumulated depreciation	<u>(15,009,794)</u>	<u>(2,187,636)</u>	<u>444,252</u>	<u>(16,753,178)</u>
Total capital assets being depreciated, net	<u>26,219,689</u>	<u>4,340,119</u>	<u>(11,892)</u>	<u>30,547,916</u>
Governmental activities capital assets, net	<u>\$33,953,626</u>	<u>\$5,322,680</u>	<u>(\$4,735,572)</u>	<u>\$34,540,734</u>

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 17,365	\$ -	\$ -	\$ 17,365
Construction in progress	2,372,262	3,095,483	(2,309,358)	3,158,387
Total capital assets not being depreciated	<u>2,389,627</u>	<u>3,095,483</u>	<u>(2,309,358)</u>	<u>3,175,752</u>
Capital assets being depreciated:				
Buildings	9,339	-	-	9,339
Improvements other than buildings	22,425,928	3,256,057	(404,866)	25,277,119
Machinery and equipment	895,264	225,794	(332,386)	788,672
Automobiles and trucks	651,354	318,270	(12,825)	956,799
Total capital assets being depreciated	<u>23,981,885</u>	<u>3,800,121</u>	<u>(750,077)</u>	<u>27,031,929</u>
Less accumulated depreciation for:				
Buildings	(1,656)	( 233)	-	(1,889)
Improvements other than buildings	(7,395,052)	(516,805)	216,403	(7,695,454)
Machinery and equipment	(581,444)	(85,579)	186,432	(480,591)
Automobiles and trucks	(469,484)	(229,593)	12,824	(686,253)
Total accumulated depreciation	<u>(8,447,636)</u>	<u>(832,210)</u>	<u>415,659</u>	<u>(8,864,187)</u>
Total capital assets being depreciated, net	<u>15,534,249</u>	<u>2,967,911</u>	<u>(334,418)</u>	<u>18,167,742</u>
Business-type activities capital assets, net	<u>\$17,923,876</u>	<u>\$6,063,394</u>	<u>(\$2,643,776)</u>	<u>\$21,343,494</u>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

Depreciation was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 201,641
Public safety	458,443
Public works, including depreciation of general infrastructure	
Assets	819,670
Parks and recreation	596,687
	<hr/>
Total depreciation expense – governmental activities	\$2,076,441
	<hr/>
Business-type activities:	
Water and sewer utility enterprise	\$616,157
Storm water utility enterprise	46,309
Solid waste utility enterprise	30,402
	<hr/>
Total depreciation expense – business-type activities	\$692,868
	<hr/>

**Construction Commitments**

The City has active construction projects as of June 30, 2009. The projects include infrastructure improvements, additions to municipal buildings and recreational facilities. At year-end the City's commitments with contractors are as follows:

Project:	
2008 Culinary Water Line Replacement	\$ 113,981
HAFB Well Replacement	74,399
5175 South Well house	76,831
Hope Community Center	2,794,963
	<hr/>
Total	\$3,060,174
	<hr/>

**Inter-fund Receivables, Payables, and Transfers**

The composition of internal balances as of June 30, 2009, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise	General	\$550,000
		<hr/>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

The funds were used for on-sight improvements of a development within Roy City's central business district. The advance is not expected to be repaid within the next fiscal year.

Inter-fund transfers:

Transfer In	Transfer Out	Amount
Capital improvements plan – capital projects fund	General	\$ 333,000
Fire & Rescue facilities and equipment – capital projects fund	General	43,350
Parks and recreational facilities improvements – capital projects fund	General	113,925
General fund	Water and sewer utility fund	680,075
Water and sewer utility fund	Solid waste utility fund	13,516
		\$1,183,866

The funds transferred to the capital project fund will be used for construction of capital assets or major capital repairs. These types of transfers occur on a regular basis as capital projects are approved within the City. Funds transferred between the general fund and the utility funds are for wages and benefits of employees who provide services to both general municipal and utility operations.

**Capital Lease**

Roy City has entered into a lease agreement as lessee for financing the acquisition of fire trucks. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the lease are as follows:

Asset:	
Pierce 105' Heavy Duty Aerial Truck	\$630,661
Pierce 1500 GPM Enforcer Pumper Truck	312,901
	943,562
Less: accumulated depreciation	(208,610)
Total	\$734,952

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2009, are as follows:



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

<b>Year ending June 30</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Lease Payments</b>
2010	\$20,337	\$134,558	\$154,895
2011	15,189	139,706	154,895
2012	9,844	145,051	154,895
2013	4,294	150,600	154,894
Total minimum lease payments			619,579
Less: amount representing interest			(49,664)
Present value of future minimum lease payments			<u>\$569,915</u>

**Long-Term Debt**

**Sales Tax Revenue Bonds**

In October 2007, the City issued \$1,000,000 of sales tax revenue bonds for the purpose of financing a portion of the costs to expand and remodel the municipal building and to pay expenses incurred in connection with the issuance and sale of the bonds.

Principal payments are due annually in October. Interest on the bonds is 4.05% with payments due semi-annually in April and October. The bonds are a special limited obligation of the City with certain local sales and use taxes pledged for debt service, and are not general obligation indebtedness.

Annual debt service requirements to maturity for the sales tax revenue bonds are as follows:

<b>Year ending June 30</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2010	\$ 35,356	\$ 86,000	\$ 121,356
2011	31,792	90,000	121,792
2012	28,067	94,000	122,067
2013	24,199	97,000	121,199
2014	20,189	101,000	121,189
2015-2018	37,220	448,000	485,220
	<u>\$176,823</u>	<u>\$916,000</u>	<u>\$1,092,823</u>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

Tax Increment and Annual Appropriation Revenue Refunding Bonds

In November 1997, the Redevelopment Agency of Roy Utah issued \$615,000 of tax increment and annual appropriation revenue refunding bonds for the purpose of prepaying obligations under a promissory note issued by the RDA to developers of the City Centre project. The prepayment was done to restructure debt payments and to achieve a debt service savings.

The net proceeds from the sale of the Series 1997 refunding bonds of \$605,775 (\$615,000 less a purchaser's discount of \$9,225) along with \$483,621 of RDA funds were used to prepay the RDA's obligation under the note. The bonds were discounted to 98.5% of par, bear interest at a variable rate, and mature on April 1, 2017. The interest rate on the bonds was originally set at 5.5%. The bond agreement provides for the interest rate to be adjusted to a rate equal to 95% of the equivalent yield of the United States Treasury Bonds beginning in April 2003 and every fifth year thereafter, not to exceed 12% per annum. On April 1, 2008, the interest rate was adjusted to 2.43% through April 1, 2012.

The result of the refunding was a reduction in interest rates from 9% (imputed) on the note to 5.5% variable on the Series 1997 bonds. The refunding decreased total debt service by \$653,245 and resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$152,266.

Refunding bond annual debt service requirements to maturity are as follows:

<b>Year ending June 30</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2010	\$ 6,488	\$ 30,000	\$36,488
2011	5,759	32,000	37,759
2012	4,981	34,000	38,981
2013	4,155	36,000	40,155
2014	3,281	31,000	34,281
2015-2017	5,127	104,000	109,127
	<u>\$29,791</u>	<u>\$267,000</u>	<u>\$296,791</u>

Water and Sewer Revenue Bonds

In March 2008, the City also issued bonds with the net revenues of the Water and Sewer Utility Enterprise Fund pledged toward the payment of principal and interest. The \$7,500,000 Series 2009 Water and Sewer Revenue Bonds will be used to finance construction projects to replace deteriorating water and sewer system infrastructure; construct additional facilities; and pay costs associated with the issuance of the bonds. The bonds constitute a special limited obligation of the City and not considered general obligation indebtedness.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

The bonds bear interest at variable rates from 3.75-4.35% and mature in March 2028. Interest is due semi-annually in September and March, while principal payments are due annually in March. Under terms of the indenture, net proceeds from the sale of the Series 2008 bonds (the principal amount, plus a net offering premium of \$4,887, less underwriter's discount and bond insurance) are deposited into a construction account held by trustee. Disbursements are made from the account upon request by the City.

Annual debt service requirements to maturity for the water and sewer revenue bonds are as follows:

Year ending June 30	Interest	Principal	Total Debt Service
2010	\$ 298,452	\$ 185,000	\$ 483,452
2011	291,053	285,000	576,053
2012	280,365	295,000	575,365
2013	269,302	300,000	569,302
2014	258,052	315,000	573,052
2015-2019	1,095,800	1,760,000	2,855,800
2020-2024	712,683	2,140,000	2,852,683
2025-2028	226,090	2,045,000	2,271,090
	<u>\$3,431,797</u>	<u>\$7,325,000</u>	<u>\$10,756,797</u>

Changes in Long-term Debt

During the year ended June 30, 2009, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	\$ 699,514	\$ -	(\$ 129,599)	\$ 569,915	\$134,558
Bonds payable	1,296,000	-	(113,000)	1,183,000	116,000
Recaptured losses	207,322	213,891	(69,005)	352,208	76,203
Compensated absences	1,246,856	814,369	(721,821)	1,339,404	162,176
Governmental activity					
Long-term liabilities	<u>\$3,449,692</u>	<u>\$1,028,260</u>	<u>(\$1,033,425)</u>	<u>\$3,444,527</u>	<u>\$488,937</u>
Business-type activities:					
Bonds payable	\$7,504,887	\$ -	(\$175,396)	\$7,329,491	\$185,391
Compensated absences	69,023	54,263	(55,357)	67,929	11,236
Business-type activity					
Long-term liabilities	<u>\$7,573,910</u>	<u>\$54,263</u>	<u>(\$230,753)</u>	<u>\$7,397,420</u>	<u>\$196,627</u>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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Internal service funds predominantly serve the governmental funds. Accordingly long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$352,208 of internal service funds recaptured losses and \$1,827 of compensated absences is included in the above amounts and will be liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

**5. Other Information**

**Reservations and Designations of Fund Balances**

The City is required to reserve part of its fund balance to account for certain types of revenues, expenditures, and encumbrances. The reserve balances are presented in the statement of net assets and the balance sheet of governmental funds.

Fund balance designations have been established to reflect the administration's tentative plans for the funds and are subject to change. At June 30, 2009, the City had designated fund balance as follows:

Sale of land	\$ 1,000
Traffic school	39,701
Police forfeiture income	<u>842</u>
Total designated fund balance	<u>\$41,543</u>

**Employee Retirement Systems and Pension Plans**

**Pension Plan**

*Plan Description.* The City contributes to the Local Government Contributory Retirement System and Local Governmental Non-contributory Retirement System, Public Safety Retirement System for employers with social security coverage, and Firefighters Retirement System for employers with social security coverage which are cost-sharing multiple-employer defined benefit pension plans administered by Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Non-contributory System, Public Safety Retirement System for employers with social security coverage, and Firefighters Retirement System for employers with social security coverage. A copy of the report

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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can be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102-2099 or by calling 1-800-753-7361.

*Funding Policy.* For the fiscal year 2008-2009, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary, all of which is paid by the City for the employee, and the City is required to contribute 7.61% of the employee's annual covered salary. In the Local Governmental Non-contributory Retirement System, the City is required to contribute 11.62% of the employee's annual covered salary. In the Public Safety Retirement System Non-contributory Division, the City is required to contribute 22.61% of the employee's annual salary. In the Firefighters Retirement System for employers with social security coverage, plan members are required to contribute 13.14% of their annual covered salary, 1.23% of which is paid by the employee and 11.91% which is paid by the City for the employee. The contribution rates are actuarially determined. The contribution requirements of the System are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2009, 2008, and 2007 were \$8,981, \$9,429, and \$8,203, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2009, 2008, and 2007 were \$371,208, \$376,068, and \$348,258, respectively. City contributions for the Public Safety Non-contributory Retirement System for June 30, 2009, 2008, and 2007 were \$442,684, \$403,740, and \$361,098, respectively, and for the Firefighters Retirement System the contributions for June 30, 2009, 2008, and 2007 were \$175,440, \$167,428, and \$125,905, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

#### **Deferred Compensation Plan**

The City also participates in deferred compensation plans created in accordance with Internal Revenue Code Section 457 and has adopted Governmental Accounting Standards Board Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". As a result, the City's 457 plans are reported as trust funds of the plan administrator rather than as agency funds of the City.

#### **401A Plan**

The City provides a 401a plan for employees, which is administered by ICMA Retirement Corporation. All permanent full-time employees, excluding those enrolled in the Utah Public Safety Retirement, along with elected officials and permanent intermittent employees are eligible to participate in the plan. The City contributes 15.45% of earnings for merit participants and 17.64% for firefighters, minus the City's contribution to the Utah State Retirement System on behalf of the participant for the plan year. The contribution rate for administrative participants is 18.57%. Participants are not required to contribute to this plan but may make voluntary after tax contributions. Benefits after termination of employment are paid to individuals based on account balances in lump sum, or as periodic benefit payments, at the option of the participant.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2009**

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In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$8,323,977 and eligible payroll under this plan was \$5,483,551 for the same period. At June 30, 2009 total plan assets were \$5,435,600. Total contribution requirements were \$299,128, or 5.46% of covered payroll, and were paid by the due dates.

**Redevelopment Agency**

The Redevelopment Agency of Roy Utah (RDA) consists of four project areas and does not pay tax increment to any other taxing agency. The RDA pays the City a management fee, which totaled \$222,562 for FY 2009. Financial information relating to the project areas for the fiscal year ending June 30, 2009 is as follows:

	Project Area #1	Project Area #2	Project Area #3	Project Area #4
Tax increment collected	\$ -	\$300,967	\$ 49,979	\$100,000
Outstanding debt principal	-	-	267,000	-
Amount expended for:				
Administrative costs	118,861	700,486	1,250	41,040
Interest	-	-	7,193	-

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City uses an internal service fund to account for its risk financing activities with the inter-fund premiums being treated as inter-fund services used. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. At June 30, 2009 and 2008, there were no outstanding claims or judgments that management considered necessary for accrual.

Premiums are paid into the risk management fund by other funds and are available to pay claims, claim reserves and administrative costs of programs. During the fiscal years ending June 30, 2009, 2008, and 2007, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. The fund has a deficit in ending net assets of \$139,947 at June 30, 2009. The deficit is a result of recording recaptured losses (claims paid by Utah Risk Management Mutual) which will be repaid over five years.

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2009

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Contingent Liabilities

Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. At June 30, 2009, the City had not been informed by federal or state agencies of any grant violations.

Litigation and Claims

The City is currently named as a defendant in various lawsuits. While the final outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Prior Period Adjustment

In the prior year, the City did not include cash held with fiscal agent in its Statement of Cash Flows for the Water and Sewer Utility Enterprise Fund. Under generally accepted accounting principles, a government must include cash held in restricted accounts as part of the cash balance it reports in the statement of cash flows. As a result, the beginning cash balance in the Statement of Cash Flows - Proprietary Funds for the fiscal year ended June 30, 2009 has been increased by \$6,940,320. No other financial statements were affected by this adjustment.

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## **Non-major Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

*Storm Sewer Development* – This fund is used to account for impact fees charged to expand and maintain the City's storm sewer system.

*Park Development* – This fund is used to account for the impact fees charged for the creation, expansion and maintenance of the City's parks.

*Cemetery* – This fund is used to account for monies held to expand and maintain the City cemetery. Funding for the cemetery fund comes from 20% of the sales price of cemetery lots.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary funds.

*Fire and Rescue Facilities and Equipment* – This fund is used to account for the purchase of major fire equipment such as ladder trucks and ambulances, and construction and expansion of facilities.

*Recreational Facilities Improvements* - This fund is used to account for the replacement of aging infrastructure and improvements to and expansion of recreational facilities throughout the City.

**ROY CITY CORPORATION**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2009**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
ASSETS				
Cash	\$ 66,079	\$ 34,506	\$ 134,093	\$ 234,678
Inventory	-	-	-	-
Total assets	<u>\$ 66,079</u>	<u>\$ 34,506</u>	<u>\$ 134,093</u>	<u>\$ 234,678</u>
FUND BALANCES				
Unreserved, undesignated	<u>\$ 66,079</u>	<u>\$ 34,506</u>	<u>\$ 134,093</u>	<u>\$ 234,678</u>
Total fund balances	<u>66,079</u>	<u>34,506</u>	<u>134,093</u>	<u>234,678</u>
Total liabilities and fund balances	<u>\$ 66,079</u>	<u>\$ 34,506</u>	<u>\$ 134,093</u>	<u>\$ 234,678</u>

Capital Projects Funds			Total Non-Major Governmental Funds
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	
\$ 157,167	\$ 90,674	\$ 247,841	\$ 482,519
-	-	-	-
<u>\$ 157,167</u>	<u>\$ 90,674</u>	<u>\$ 247,841</u>	<u>\$ 482,519</u>
\$ 157,167	\$ 90,674	\$ 247,841	\$ 482,519
157,167	90,674	247,841	482,519
<u>\$ 157,167</u>	<u>\$ 90,674</u>	<u>\$ 247,841</u>	<u>\$ 482,519</u>

**ROY CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
Revenues:				
Impact fees	\$ 34,907	\$ 21,000	\$ -	\$ 55,907
Intergovernmental	-	35,100		35,100
Investment earnings	977	2,807	-	3,784
Miscellaneous	-	-	6,835	6,835
Total revenues	35,884	58,907	6,835	101,626
Expenditures:				
Capital outlay	-	157,115	-	157,115
Total expenditures	-	157,115	-	157,115
Excess (deficiency) of revenues over (under) expenditures	35,884	(98,208)	6,835	(55,489)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	35,884	(98,208)	6,835	(55,489)
Fund balance - beginning of year	30,195	132,714	127,258	290,167
Fund balance - end of year	\$ 66,079	\$ 34,506	\$ 134,093	\$ 234,678

Capital Projects Funds			Total
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 55,907
			35,100
-	-	-	3,784
-	-	-	6,835
-	-	-	101,626
-	125,444	125,444	282,559
-	125,444	125,444	282,559
-	(125,444)	(125,444)	(180,933)
43,350	113,925	157,275	157,275
43,350	113,925	157,275	157,275
43,350	(11,519)	31,831	(23,658)
113,817	102,193	216,010	506,177
\$ 157,167	\$ 90,674	\$ 247,841	\$ 482,519

**ROY CITY CORPORATION**  
**Storm Sewer Development - Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Impact fees	\$ 30,000	\$ 30,000	\$ 34,907	\$ 4,907
Investment earnings	1,500	1,500	977	(523)
Miscellaneous	500	500	-	(500)
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>35,884</u>	<u>3,884</u>
Excess of revenues over expenditures	32,000	32,000	35,884	3,884
Fund balance - beginning of year	<u>30,195</u>	<u>30,195</u>	<u>30,195</u>	<u>-</u>
Fund balance - end of year	<u>\$ 62,195</u>	<u>\$ 62,195</u>	<u>\$ 66,079</u>	<u>\$ 3,884</u>

**ROY CITY CORPORATION**  
**Park Development - Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Impact fees	\$ 40,000	\$ 25,000	\$ 21,000	\$ (4,000)
Intergovernmental	35,000	35,000	35,100	100
Investment earnings	5,000	5,000	2,807	(2,193)
Total revenues	80,000	65,000	58,907	(6,093)
Expenditures:				
Capital outlay	163,000	191,000	157,115	33,885
Total expenditures	163,000	191,000	157,115	33,885
Excess (deficiency) of revenues over (under) expenditures	(83,000)	(126,000)	(98,208)	27,792
Other financing sources:				
Transfers in	-	15,000	-	(15,000)
Total other financing sources	-	15,000	-	(15,000)
Net change in fund balance	(83,000)	(111,000)	(98,208)	12,792
Fund balance - beginning of year	132,714	132,714	132,714	-
Fund balance - end of year	\$ 49,714	\$ 21,714	\$ 34,506	\$ 12,792

**ROY CITY CORPORATION**  
**Cemetery Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 6,835	\$ (1,165)
Total revenues	8,000	8,000	6,835	(1,165)
Net change in fund balance	8,000	8,000	6,835	(1,165)
Fund balance - beginning of year	127,258	127,258	127,258	-
Fund balance - end of year	\$ 135,258	\$ 135,258	\$ 134,093	\$ (1,165)



**ROY CITY CORPORATION**  
**Fire and Rescue Facilities and Equipment - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Expenditures:				
Capital outlay	\$ 33,500	\$ 43,350	\$ -	\$ 43,350
Total expenditures	33,500	43,350	-	43,350
Excess of expenditures over revenues	(33,500)	(43,350)	-	43,350
Other financing sources:				
Transfers in	33,500	43,350	43,350	-
Total other financing sources	33,500	43,350	43,350	-
Net change in fund balance	-	-	43,350	43,350
Fund balance - beginning of year	113,817	113,817	113,817	-
Fund balance - end of year	\$ 113,817	\$ 113,817	\$ 157,167	\$ 43,350

**ROY CITY CORPORATION**  
**Recreational Facilities Improvements - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Expenditures:				
Capital outlay	\$ 76,000	\$ 118,400	\$ 95,826	\$ 22,574
Total expenditures	76,000	118,400	95,826	22,574
Excess of expenditures over revenues	(76,000)	(118,400)	(95,826)	22,574
Other financing sources:				
Operating transfers in	71,525	113,925	113,925	-
Total other financing sources	71,525	113,925	113,925	-
Net change in fund balance	(4,475)	(4,475)	18,099	22,574
Fund balance - beginning of year	72,575	72,575	72,575	-
Fund balance - end of year	\$ 68,100	\$ 68,100	\$ 90,674	\$ 22,574

## Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

*Information Technology* – This fund is used to account for the accumulation and allocation of costs associated with the electronic data processing. It provides service to all governmental and proprietary funds and is financed by charges made to the other funds.

*Risk Management* - This fund is used to account for the costs of insurance premiums and claims made against the City. Monies are accumulated in this fund to pay premiums for liability and property damage insurance and other claims. The City participates in the Utah Risk Management Mutual Association for its liability and property damage insurance. Insurance for facilities, equipment and vehicles is purchased from private insurers. The fund is financed by charges made to the general and proprietary funds.

**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2009**

	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 259,139	\$ 220,951	\$ 480,090
Prepays	-	719	719
Total current assets	<u>259,139</u>	<u>221,670</u>	<u>480,809</u>
Noncurrent assets:			
Capital assets:			
Computer hardware	413,423	-	413,423
Software	190,313	-	190,313
Less accumulated depreciation	<u>(395,360)</u>	<u>-</u>	<u>(395,360)</u>
Total capital assets net of accumulated depr'n	<u>208,376</u>	<u>-</u>	<u>208,376</u>
Total assets	<u>467,515</u>	<u>221,670</u>	<u>689,185</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	13,345	9,409	22,754
Accrued wages	3,513	-	3,513
Compensated absences	1,827	-	1,827
Recaptured losses	<u>-</u>	<u>76,203</u>	<u>76,203</u>
Total current liabilities	<u>18,685</u>	<u>85,612</u>	<u>104,297</u>
Noncurrent liabilities:			
Recaptured losses, less current portion	<u>-</u>	<u>276,005</u>	<u>276,005</u>
Total liabilities	<u>18,685</u>	<u>361,617</u>	<u>380,302</u>
<b>NET ASSETS</b>			
Invested in capital assets	208,376	-	208,376
Unrestricted	<u>240,454</u>	<u>(139,947)</u>	<u>100,507</u>
Total net assets	<u>\$ 448,830</u>	<u>\$ (139,947)</u>	<u>\$ 308,883</u>

**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2009**

	Information Technology	Risk Management	Total
Operating revenue:			
Charges for services	\$ 280,047	\$ 378,650	\$ 658,697
Miscellaneous	-	3,830	3,830
Total operating revenue	<u>280,047</u>	<u>382,480</u>	<u>662,527</u>
Operating expenses:			
Personnel services	148,536	-	148,536
Contractual services	20,929	-	20,929
Materials and supplies	29,330	2,391	31,721
Insurance	-	217,668	217,668
Other general costs of services	1,918	323,446	325,364
Depreciation	76,980	-	76,980
Total operating expenses	<u>277,693</u>	<u>543,505</u>	<u>821,198</u>
Operating income (loss)	<u>2,354</u>	<u>(161,025)</u>	<u>(158,671)</u>
Non-operating expenses:			
Loss on sale of capital assets	(354)	-	(354)
Total non-operating expenses	<u>(354)</u>	<u>-</u>	<u>(354)</u>
Change in net assets	2,000	(161,025)	(159,025)
Total net assets - beginning	<u>446,830</u>	<u>21,078</u>	<u>467,908</u>
Total net assets - ending	<u><u>\$ 448,830</u></u>	<u><u>\$ (139,947)</u></u>	<u><u>\$ 308,883</u></u>

**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from interfund services provided	\$ 284,367	\$ 378,650	\$ 663,017
Other income	-	3,830	3,830
Payments to suppliers	(39,306)	(392,502)	(431,808)
Payments to employees	(150,739)	-	(150,739)
Net cash provided (used) by operating activities	<u>94,322</u>	<u>(10,022)</u>	<u>84,300</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	<u>(84,130)</u>	<u>-</u>	<u>(84,130)</u>
Net cash used in capital and related financing activities	<u>(84,130)</u>	<u>-</u>	<u>(84,130)</u>
Net increase (decrease) in cash	10,192	(10,022)	170
Cash - beginning of year	<u>248,947</u>	<u>230,973</u>	<u>479,920</u>
Cash - end of year	<u><u>\$ 259,139</u></u>	<u><u>\$ 220,951</u></u>	<u><u>\$ 480,090</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ 2,354</u>	<u>\$ (161,025)</u>	<u>\$ (158,671)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	76,980	-	76,980
(Increase) decrease in accounts receivable	4,320	-	4,320
(Increase) decrease in prepaid items	2,082	310	2,392
Increase (decrease) in accounts payable	10,789	5,807	16,596
Increase (decrease) in accrued wages	279	-	279
Increase (decrease) in compensated absences	(2,482)	-	(2,482)
Increase (decrease) in recaptured losses	<u>-</u>	<u>144,886</u>	<u>144,886</u>
Total adjustments	<u>91,968</u>	<u>151,003</u>	<u>242,971</u>
Net cash provided (used) by operating activities	<u><u>\$ 94,322</u></u>	<u><u>\$ (10,022)</u></u>	<u><u>\$ 84,300</u></u>

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules By Source**  
**June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 3,171,733	\$ 3,171,733
Buildings	7,857,623	5,527,922
Improvements other than buildings	30,016,898	26,367,314
Machinery and equipment	3,323,453	3,219,787
Vehicles	5,499,382	5,727,648
Construction in progress	821,085	4,907,198
Total governmental funds capital assets	<u>\$ 50,690,174</u>	<u>\$ 48,921,602</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 25,881,989	\$ 25,802,949
Capital projects fund	11,394,654	10,890,814
Special revenue funds	6,657,758	6,500,643
Donations	6,755,773	5,727,196
Total governmental funds capital assets	<u>\$ 50,690,174</u>	<u>\$ 48,921,602</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**June 30, 2009**

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Vehicles	Construction in Progress	Total
General government:							
Legislative	\$ 414,713	\$ -	\$ -	\$ 27,157	\$ 32,317	\$ -	\$ 474,187
Legal & risk management	-	-	-	7,796	-	-	7,796
Justice court	-	-	-	23,946	-	-	23,946
Community & economic dev.	-	-	-	23,432	43,182	-	66,614
Management services	-	-	-	32,238	-	-	32,238
Public buildings	-	5,182,861	101,986	221,265	173,516	586,953	6,266,581
Redevelopment agency	-	-	706,620	19,772	-	(123)	726,269
Total general government	414,713	5,182,861	808,606	355,606	249,015	586,830	7,597,631
Public safety:							
Animal control	-	-	-	3,484	30,996	-	34,480
Fire	69,417	938,782	4,485	473,760	1,812,520	-	3,298,964
Police	-	-	-	344,411	1,251,647	-	1,596,058
Total public safety	69,417	938,782	4,485	821,655	3,095,163	-	4,929,502
Public works:							
Administration	185,268	-	13,703	22,021	25,656	-	246,648
Class "C" roads	-	227,426	7,759,568	399,867	1,433,347	-	9,820,208
Fleet services	-	-	-	88,921	69,390	-	158,311
Streets	334,914	2,275	12,544,859	700,018	134,388	-	13,716,454
Total public works	520,182	229,701	20,318,130	1,210,827	1,662,781	-	23,941,621
Parks and recreation:							
Aquatic center	963,941	-	4,461,479	270,991	-	-	5,696,411
Beautification	-	-	-	10,845	-	-	10,845
Parks	1,203,480	174,931	4,274,863	332,906	303,274	234,255	6,523,709
Recreation	-	456,011	22,134	97,047	131,207	-	706,399
Recreation complex	-	875,337	127,201	223,576	57,942	-	1,284,056
Total parks and recreation	2,167,421	1,506,279	8,885,677	935,365	492,423	234,255	14,221,420
Total governmental funds capital assets	<u>\$ 3,171,733</u>	<u>\$ 7,857,623</u>	<u>\$ 30,016,898</u>	<u>\$ 3,323,453</u>	<u>\$ 5,499,382</u>	<u>\$ 821,085</u>	<u>\$ 50,690,174</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Fiscal Year Ended June 30, 2009**

<b>Function and Activity</b>	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>
General government:				
Legislative	\$ 473,288	\$ 899	\$ -	\$ 474,187
Legal & risk management	7,796	-	-	7,796
Justice court	23,946	-	-	23,946
Community & economic dev.	66,614	-	-	66,614
Management services	32,238	-	-	32,238
Public buildings	5,858,816	407,765	-	6,266,581
Redevelopment agency	555,959	172,592	2,282	726,269
Total general government	7,018,657	581,256	2,282	7,597,631
Public safety:				
Animal control	30,996	3,484	-	34,480
Fire	3,238,656	66,220	5,912	3,298,964
Police	1,794,403	1,785	200,130	1,596,058
Total public safety	5,064,055	71,489	206,042	4,929,502
Public works:				
Administration	254,504	-	7,856	246,648
Class "C" roads	9,679,892	956,042	815,726	9,820,208
Fleet services	155,840	3,328	858	158,310
Streets	12,756,933	1,028,578	69,056	13,716,455
Total public works	22,847,169	1,987,948	893,496	23,941,621
Parks and recreation:				
Aquatic center	5,703,767	999	8,355	5,696,411
Beautification	10,845	-	-	10,845
Parks	6,289,060	247,223	12,574	6,523,709
Recreation	721,433	1,245	16,279	706,399
Recreation complex	1,266,616	18,687	1,247	1,284,056
Total parks and recreation	13,991,721	268,154	38,455	14,221,420
Total governmental funds capital assets	\$ 48,921,602	\$ 2,908,847	\$ 1,140,275	\$ 50,690,174

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

## STATISTICAL SECTION

This part of Roy City Corporation's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
FINANCIAL TRENDS	98
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
REVENUE CAPACITY	109
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.</i>	
DEBT CAPACITY	115
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
DEMOGRAPHICS AND ECONOMIC INFORMATION	119
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
OPERATING INFORMATION	121
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**ROY CITY CORPORATION**  
**GOVERNMENT-WIDE REVENUES**  
Last Seven Fiscal Years

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<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>	<b>Unrestricted Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>
2008-09	\$ 9,653,597	\$ 2,169,821	\$ 1,166,628	\$ 10,008,970	\$ 214,159	\$ 46,875	\$ 23,260,050
2007-08	9,135,184	1,498,917	1,672,163	10,521,910	520,922	35,917	23,385,013
2006-07	8,788,560	1,293,113	45,148	10,451,169	615,774	85,299	21,279,063
2005-06	8,677,363	1,189,023	1,462,115	9,678,264	496,465	132,292	21,635,522
2004-05	8,625,415	1,152,072	623,329	8,852,773	264,234	47,903	19,565,726
2003-04	8,326,582	1,551,557	2,535,161	7,604,322	166,847	40,960	20,225,429
2002-03	8,957,904	418,096	4,745,797	7,446,276	291,928	71,425	21,931,426

Note:

The computation of government-wide revenues began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

**ROY CITY CORPORATION**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
Last Seven Fiscal Years

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Parks and Recreation</b>	<b>Interest and Fiscal Charges</b>	<b>Water and Sewer Utility</b>	<b>Storm Sewer Utility</b>	<b>Solid Waste Utility</b>	<b>Total</b>
2008-09	\$ 3,243,982	\$ 7,370,376	\$ 2,893,160	\$ 2,593,711	\$ 92,776	\$ 4,108,479	\$ 348,115	\$ 1,457,305	\$ 22,107,904
2007-08	3,014,200	7,242,253	2,453,832	2,707,689	80,034	3,646,235	360,261	1,389,521	20,894,025
2006-07	2,730,889	6,544,530	2,758,402	2,612,841	46,892	4,896,054	274,795	-	19,864,403
2005-06	2,580,946	6,422,616	2,693,600	2,446,046	13,706	4,862,265	244,680	-	19,263,859
2004-05	2,551,374	6,102,834	2,609,811	2,108,559	27,601	4,570,564	156,148	-	18,126,891
2003-04	2,341,597	5,956,373	1,917,323	1,980,840	35,153	4,435,633	108,650	-	16,775,569
2002-03	2,673,990	5,649,611	2,291,492	1,766,306	52,682	4,222,921	108,314	-	16,765,316

Note:

Prior to FY 2008, the Solid Waste Utility Fund was combined with the Water and Sewer Utility Fund.

The computation of government-wide expenses began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

**ROY CITY CORPORATION**  
**GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES**  
Last Ten Fiscal Years

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<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES AND PERMITS</b>	<b>INTERGOV- ERNMENTAL</b>	<b>CHARGES FOR SERVICES</b>	<b>FINES AND FORFEITURES</b>	<b>INTEREST AND MISC</b>	<b>OTHER FINANCING SOURCES</b>	<b>TOTAL</b>
2008-09	\$ 9,558,024	\$ 281,482	\$ 1,498,797	\$ 2,680,954	\$ 631,725	\$ 470,449	\$ 12,128	\$ 15,133,559
2007-08	9,790,006	288,299	1,864,813	2,441,681	650,183	666,878	1,059,310	16,761,170
2006-07	9,560,520	328,613	1,302,953	2,633,381	620,453	764,646	35,305	15,245,871
2005-06	8,977,857	342,186	1,271,823	2,579,183	613,871	653,000	1,067,755	15,505,675
2004-05	8,140,462	348,808	1,478,565	2,679,867	574,018	424,430	13,524	13,659,674
2003-04	7,733,389	365,335	1,523,144	2,470,809	382,495	329,080	156,966	12,961,218
2002-03	7,229,285	443,752	1,496,518	1,916,586	171,388	404,048	530,853	12,192,430
2001-02	7,336,395	331,633	1,245,595	1,593,475	87,990	539,767	-	11,134,855
2000-01	6,921,261	378,449	1,291,508	1,482,737	76,655	826,685	24,876	11,002,171
1999-00	6,507,010	523,349	1,486,572	1,337,608	79,763	1,050,499	-	10,984,801

Note:

General government is limited to the City's general fund.

**ROY CITY CORPORATION**  
**GENERAL GOVERNMENTAL EXPENDITURES (Budget Basis) AND OTHER USES BY FUNCTION**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Other Financing Uses</b>	<b>Total</b>
2008-09	\$ 2,945,590	\$ 6,915,667	\$ 2,109,472	\$ 1,995,110	\$ -	\$ 278,943	\$ 490,275	\$ 14,735,057
2007-08	2,916,349	7,045,301	2,596,801	2,297,423	-	194,232	1,467,290	16,517,396
2006-07	2,703,855	6,520,599	2,348,492	2,070,886	-	154,894	565,426	14,364,152
2005-06	2,421,910	7,406,572	2,751,103	2,104,453	-	110,104	1,537,886	16,332,028
2004-05	2,218,865	5,902,467	2,490,537	1,925,333	-	116,337	555,696	13,209,235
2003-04	2,189,415	5,954,467	2,628,713	1,805,393	-	122,570	321,462	13,022,020
2002-03	2,092,671	5,559,930	2,645,894	1,591,269	-	-	971,186	12,860,950
2001-02	1,946,325	4,656,523	1,301,717	1,091,207	1,332,259	-	986,887	11,314,918
2000-01	2,066,879	4,418,677	1,114,283	1,016,115	1,766,285	-	1,248,758	11,630,997
1999-00	1,627,415	4,263,988	996,369	915,853	1,870,325	-	1,299,100	10,973,050

**Notes:**

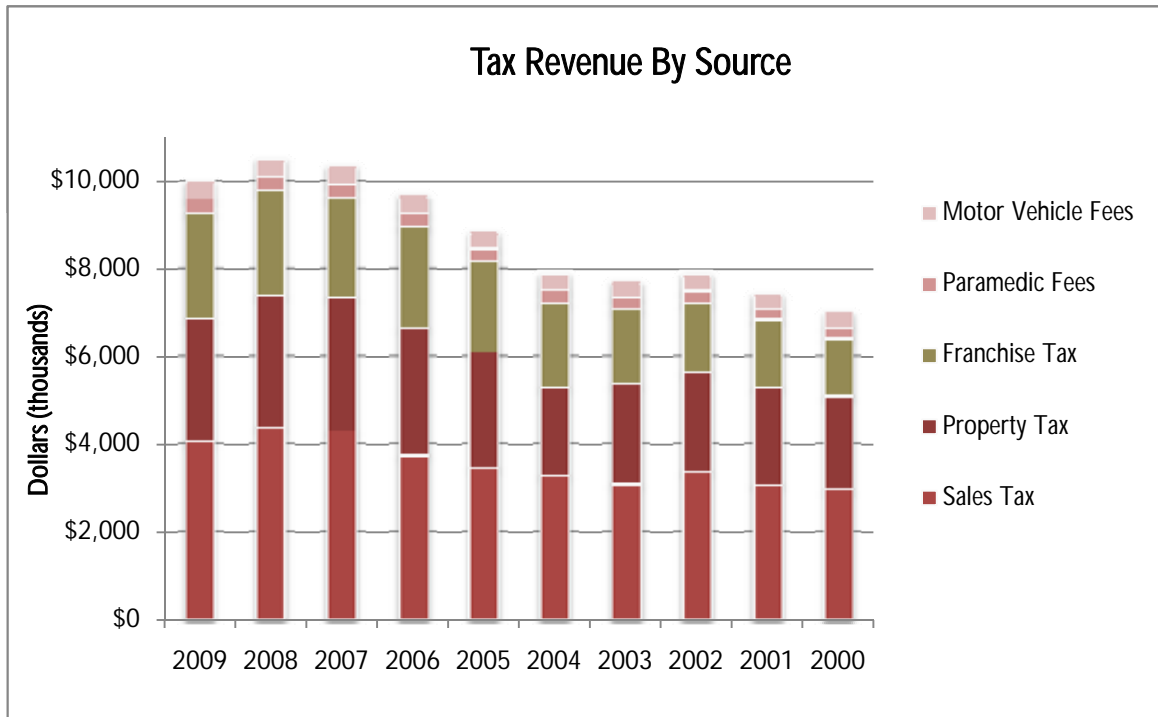
General government is limited to the City's general fund.

In FY '00-'08, other financing uses included transfers to the Capital Projects Fund for construction of capital assets.

Beginning in FY '03, capital outlay expenditures are included under the function for which they were acquired.

**ROY CITY CORPORATION**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Paramedic Fees	Motor Vehicle Fees	Total
2009	\$ 4,035	\$ 2,814	\$ 2,431	\$ 320	\$ 409	\$ 10,009
2008	4,377	3,011	2,398	317	418	10,521
2007	4,301	3,044	2,282	310	426	10,363
2006	3,734	2,910	2,319	297	446	9,706
2005	3,467	2,620	2,077	287	401	8,852
2004	3,283	2,007	1,931	287	385	7,893
2003	3,083	2,266	1,718	275	379	7,721
2002	3,371	2,275	1,589	257	397	7,889
2001	3,075	2,212	1,549	257	343	7,436
2000	2,940	2,143	1,319	257	366	7,025





**ROY CITY CORPORATION**  
**NET ASSETS BY COMPONENT**  
Last Seven Fiscal Years  
(Amounts Expressed in Thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital assets, net of related debt	\$ 33,055	\$ 32,254	\$ 30,408	\$ 30,644	\$ 28,338	\$ 27,997	\$ 24,833
Restricted	2,638	2,699	1,714	1,731	3,009	2,921	2,695
Unrestricted	4,745	5,177	8,463	6,707	3,795	2,945	4,296
Total governmental activities net assets	<u>\$ 40,438</u>	<u>\$ 40,130</u>	<u>\$ 40,585</u>	<u>\$ 39,082</u>	<u>\$ 35,142</u>	<u>\$ 33,863</u>	<u>\$ 31,824</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 18,165	\$ 17,370	\$ 16,672	\$ 14,931	\$ 14,317	\$ 13,948	\$ 13,052
Restricted	902	-	-	-	-	-	-
Unrestricted	2,694	3,529	3,349	5,017	4,967	5,005	4,489
Total business-type activities net assets	<u>\$ 21,761</u>	<u>\$ 20,899</u>	<u>\$ 20,021</u>	<u>\$ 19,948</u>	<u>\$ 19,284</u>	<u>\$ 18,953</u>	<u>\$ 17,541</u>
Primary government							
Invested in capital assets, net of related debt	\$ 51,220	\$ 49,624	\$ 47,080	\$ 45,575	\$ 42,655	\$ 41,945	\$ 37,885
Restricted	3,540	2,699	1,714	1,731	3,009	2,921	2,695
Unrestricted	7,439	8,706	11,812	11,724	8,762	7,950	8,785
Total primary government net assets	<u>\$ 62,199</u>	<u>\$ 61,029</u>	<u>\$ 60,606</u>	<u>\$ 59,030</u>	<u>\$ 54,426</u>	<u>\$ 52,816</u>	<u>\$ 49,365</u>

Note:

The computation of government-wide expenses began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

**ROY CITY CORPORATION**  
**CHANGES IN NET ASSETS**  
Last Seven Fiscal Years  
(Amounts Expressed in Thousands)

Page 1 of 2

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>							
Governmental activities:							
General government	\$ 3,244	\$ 3,014	\$ 2,731	\$ 2,581	\$ 2,551	\$ 2,342	\$ 2,674
Public safety	7,364	7,242	6,544	6,423	6,103	5,956	5,650
Public works	2,896	2,454	2,758	2,693	2,610	1,917	2,291
Parks and recreation	2,593	2,708	2,613	2,446	2,108	1,981	1,766
Interest and fiscal charges	93	80	47	14	28	35	53
Total governmental activities expenses	16,190	15,498	14,693	14,157	13,400	12,231	12,434
Business-type activities:							
Water and sewer utility	4,109	3,646	4,896	4,862	4,571	4,436	4,223
Storm sewer utility	348	360	275	245	156	108	108
Solid waste utility	1,457	1,390	-	-	-	-	-
Total business-type activities expenses	5,914	5,396	5,171	5,107	4,727	4,544	4,331
Total primary government expenses	\$ 22,104	\$ 20,894	\$ 19,864	\$ 19,264	\$ 18,127	\$ 16,775	\$ 16,765
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	\$ 874	\$ 907	\$ 934	\$ 991	\$ 927	\$ 746	\$ 659
Public safety	1,064	963	1,021	954	1,149	825	695
Public works	109	45	82	198	193	166	1,296
Parks and recreation	922	950	1,083	980	946	1,156	823
Operating grants and contributions	2,170	1,499	1,293	1,189	1,152	1,552	418
Capital grants and contributions	408	1,120	45	843	585	1,484	3,198
Total governmental activities program revenues	5,547	5,484	4,458	5,155	4,952	5,929	7,089
Business-type activities:							
Charges for services:							
Water and sewer utility	4,522	4,107	5,312	5,201	5,061	5,090	5,148
Storm sewer utility	359	424	357	353	349	343	337
Solid waste utility	1,803	1,739	-	-	-	-	-
Capital grants and contributions	759	552	-	619	38	1,051	1,548
Total business-type activities program revenues	7,443	6,822	5,669	6,173	5,448	6,484	7,033
Total primary government program revenues	\$ 12,990	\$ 12,306	\$ 10,127	\$ 11,328	\$ 10,400	\$ 12,413	\$ 14,122

**ROY CITY CORPORATION**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years**  
**(Amounts Expressed in Thousands)**

Page 2 of 2

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue:							
Governmental activities	\$ (10,643)	\$ (10,014)	\$ (10,235)	\$ (9,002)	\$ (8,448)	\$ (6,302)	\$ (5,345)
Business-type activities	1,529	1,426	498	1,066	721	1,940	2,702
Total primary government net expense	<u>\$ (9,114)</u>	<u>\$ (8,588)</u>	<u>\$ (9,737)</u>	<u>\$ (7,936)</u>	<u>\$ (7,727)</u>	<u>\$ (4,362)</u>	<u>\$ (2,643)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 2,814	\$ 3,011	\$ 3,132	\$ 2,882	\$ 2,620	\$ 2,007	\$ 2,266
Sales taxes	4,035	4,377	4,301	3,734	3,467	3,282	3,083
Franchise taxes	2,751	2,716	2,592	2,616	2,365	1,931	1,718
Payments in lieu of taxes	410	418	426	446	401	385	379
Unrestricted investment earnings	214	521	616	496	264	167	274
Other revenues (uses) not restricted to specific programs	47	(62)	85	132	48	41	71
Transfers	680	599	585	571	562	528	536
Total governmental activities	<u>10,951</u>	<u>11,580</u>	<u>11,737</u>	<u>10,877</u>	<u>9,727</u>	<u>8,341</u>	<u>8,327</u>
Business-type activities:							
Other revenues (uses) not restricted to specific programs	(131)	3	161	169	172	-	-
Unrestricted investment earnings	144	48	-	-	-	-	18
Transfers	(680)	(600)	(586)	(571)	(562)	(528)	(536)
Total business-type activities	<u>(667)</u>	<u>(549)</u>	<u>(425)</u>	<u>(402)</u>	<u>(390)</u>	<u>(528)</u>	<u>(518)</u>
Total primary government	<u>\$ 10,284</u>	<u>\$ 11,031</u>	<u>\$ 11,312</u>	<u>\$ 10,475</u>	<u>\$ 9,337</u>	<u>\$ 7,813</u>	<u>\$ 7,809</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 308	\$ 1,566	\$ 1,502	\$ 1,875	\$ 1,279	\$ 2,039	\$ 2,982
Business-type activities	862	877	73	664	331	1,412	2,184
Total primary government	<u>\$ 1,170</u>	<u>\$ 2,443</u>	<u>\$ 1,575</u>	<u>\$ 2,539</u>	<u>\$ 1,610</u>	<u>\$ 3,451</u>	<u>\$ 5,166</u>

**Note:**

Prior to FY 2008, the Solid Waste Utility Fund was combined with the Water and Sewer Utility Fund.

The computation of government-wide expenses began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

**ROY CITY CORPORATION**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Thousands)**

Page 1 of 2

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues</b>										
Taxes	\$ 9,600	\$ 10,104	\$ 9,937	\$ 9,260	\$ 8,451	\$ 7,507	\$ 7,342	\$ 7,889	\$ 7,437	\$ 7,025
Payments in lieu of taxes	409	418	426	446	401	385	379	-	-	-
Licenses and permits	281	288	329	342	349	365	444	332	378	523
Intergovernmental	1,534	1,900	1,338	1,272	1,737	1,648	1,497	1,246	1,292	1,487
Charges for services	2,681	2,442	2,633	2,579	2,680	2,471	1,922	1,593	1,483	1,338
Impact fees	56	77	123	159	175	203	416	316	461	1,018
Fines and forfeitures	632	650	620	614	574	382	171	88	77	80
Investment earnings	214	521	616	497	264	167	274	-	-	-
Property rental	11	11	12	18	17	16	35	-	-	-
Management fee	223	192	190	183	167	171	136	-	-	-
Miscellaneous	51	33	38	32	31	25	37	634	1,228	1,045
Total revenues	15,692	16,636	16,262	15,402	14,846	13,340	12,653	12,098	12,356	12,516
<b>Expenditures</b>										
General government	3,192	3,185	2,908	2,677	2,487	2,461	2,437	1,946	2,067	1,629
Public safety	7,026	7,097	6,365	7,427	5,872	5,954	5,560	4,657	4,419	4,264
Public works	2,411	2,015	2,488	2,789	2,635	2,736	2,297	1,301	1,118	1,033
Parks and recreation	1,996	2,309	2,066	2,114	1,912	1,802	1,592	1,091	1,016	916
Community development	-	-	-	-	-	-	-	118	128	74
Debt service:										
Principal retirement	243	155	149	131	130	128	130	25	328	97
Interest and fiscal charges	74	80	47	20	28	35	53	81	107	115
Capital outlay	1,050	3,048	702	1,645	724	1,241	4,613	2,841	2,353	2,958
Total expenditures	\$ 15,992	\$ 17,889	\$ 14,725	\$ 16,803	\$ 13,788	\$ 14,357	\$ 16,682	\$ 12,060	\$ 11,536	\$ 11,086

ROY CITY CORPORATION  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)

Page 2 of 2

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Excess of revenues over (under) expenditures	\$ (300)	\$ (1,253)	\$ 1,537	\$ (1,401)	\$ 1,058	\$ (1,017)	\$ (4,029)	\$ 38	\$ 820	\$ 1,430
<b>Other financing sources (uses)</b>										
Sale of capital assets	12	59	35	123	14	22	6	44	25	245
Capital lease financing	-	-	-	945	-	-	-	-	-	-
Proceeds from revenue bonds	-	1,000	-	-	-	-	-	-	-	-
Contribution from other governmental unit	-	-	-	-	-	-	53	-	-	-
Residual equity transfer from risk management fund	-	-	-	-	-	-	525	-	-	-
Transfers in	490	1,467	565	1,538	556	444	2,344	987	1,224	1,485
Transfers out	(490)	(1,467)	(565)	(1,538)	(556)	(444)	(2,344)	(987)	(1,249)	(1,510)
Total other financing sources (uses)	12	1,059	35	1,068	14	22	584	44	-	220
Net change in fund balances	\$ (288)	\$ (194)	\$ 1,572	\$ (333)	\$ 1,072	\$ (995)	\$ (3,445)	\$ 82	\$ 820	\$ 1,650
Debt service as a percentage of noncapital expenditures	2.2%	1.7%	1.5%	1.2%	1.3%	1.5%	1.6%	1.2%	5.0%	2.9%

Note:

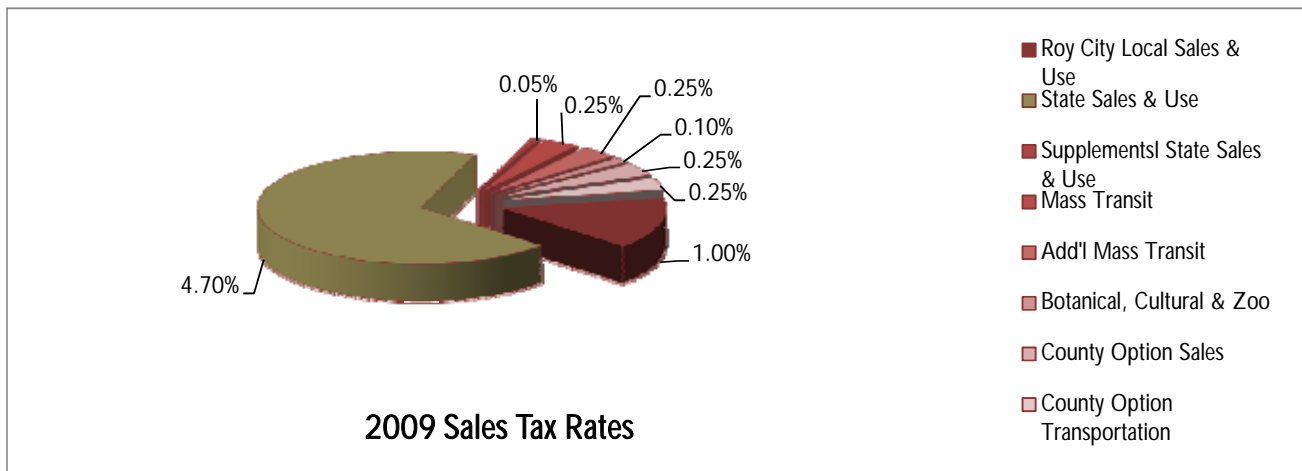
Capital expenditures reported in various functional categories of expenditures have been deducted to arrive at the debt service percentage of noncapital expenditures.

ROY CITY CORPORATION  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General fund										
Reserved	\$ 2,780	\$ 3,312	\$ 1,698	\$ 1,657	\$ 1,243	\$ 1,639	\$ 1,751	\$ 1,598	\$ 1,758	\$ 2,059
Designated, unreserved	42	42	55	50	36	12	24	18	10	69
Unreserved	2,317	1,799	2,680	1,782	3,018	2,293	2,327	2,805	2,860	3,177
Total general fund	<u>\$ 5,139</u>	<u>\$ 5,153</u>	<u>\$ 4,433</u>	<u>\$ 3,489</u>	<u>\$ 4,297</u>	<u>\$ 3,944</u>	<u>\$ 4,102</u>	<u>\$ 4,421</u>	<u>\$ 4,628</u>	<u>\$ 5,305</u>
All other governmental funds										
Reserved	\$ 1,972	\$ 1,433	\$ 1,292	\$ 1,586	\$ 1,766	\$ 1,282	\$ 1,345	\$ 964	\$ 1,280	\$ 1,196
Designated, unreserved reported in:										
Special revenue funds	189	173	158	135	109	97	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,383	2,244	1,149	553	1,288	1,521	2,564	3,738	3,153	2,801
Capital projects funds	248	216	2,380	2,078	614	158	(12)	2,228	2,207	1,147
Total all other governmental funds	<u>\$ 3,792</u>	<u>\$ 4,066</u>	<u>\$ 4,979</u>	<u>\$ 4,352</u>	<u>\$ 3,777</u>	<u>\$ 3,058</u>	<u>\$ 3,897</u>	<u>\$ 6,930</u>	<u>\$ 6,640</u>	<u>\$ 5,144</u>

**ROY CITY CORPORATION**  
**SALES TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years

Fiscal Year	Roy City Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	Botanical, Cultural & Zoo	County Option Sales	County Option Transportation	Total for Roy City Residents
2009	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2008	1.00%	4.65%	-	0.25%	0.25%	0.10%	0.25%	0.25%	6.75%
2007	1.00%	4.75%	-	0.25%	0.25%	0.10%	0.25%	-	6.60%
2006	1.00%	4.75%	-	0.25%	0.25%	0.10%	0.25%	-	6.60%
2005	1.00%	4.75%	-	0.50%	-	0.10%	0.25%	-	6.60%
2004	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2003	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2002	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2001	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2000	1.00%	4.75%	-	0.25%	-	-	0.25%	-	6.25%



Note:

Rates are given as of the second quarter of each year.

Source:

Utah State Tax Commission web site - Sales Tax Division

**ROY CITY CORPORATION**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Thousands)**

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property	Roy City Taxable Property Value	RDA Tax Increment Value	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Building	Mobile Homes	Other							
2009	\$ 336,573	\$ 799,018	\$ 5,595	\$ 25,644	\$ 27,690	\$ 1,158,495	\$ 36,025	\$ 1,194,520	2.096	\$ 2,023,123	59.04%
2008	247,624	824,163	5,719	26,674	24,828	1,072,430	56,578	1,129,008	2.178	1,940,216	58.19%
2007	233,599	704,371	5,684	24,672	24,335	936,564	56,097	992,661	2.451	1,650,376	60.15%
2006	224,519	669,961	5,956	29,417	25,284	904,564	50,573	955,137	2.514	1,575,436	60.63%
2005	218,424	653,538	6,275	34,751	24,379	884,584	52,783	937,367	2.144	1,542,451	60.77%
2004	214,196	641,116	6,523	37,821	24,913	912,484	12,085	924,569	2.080	1,518,354	60.89%
2003	207,234	626,795	6,951	37,918	25,269	865,787	38,380	904,167	2.065	1,486,006	60.85%
2002	201,376	605,703	7,973	44,787	24,409	833,395	50,853	884,248	2.060	1,446,721	61.12%
2001						805,941	41,527	847,468	2.225	1,450,227	58.44%
2000						703,305	106,590	809,895	2.465	1,118,225	72.43%

**Notes:**

Taxable property value is based on the calendar year ending six months before the fiscal year ends.

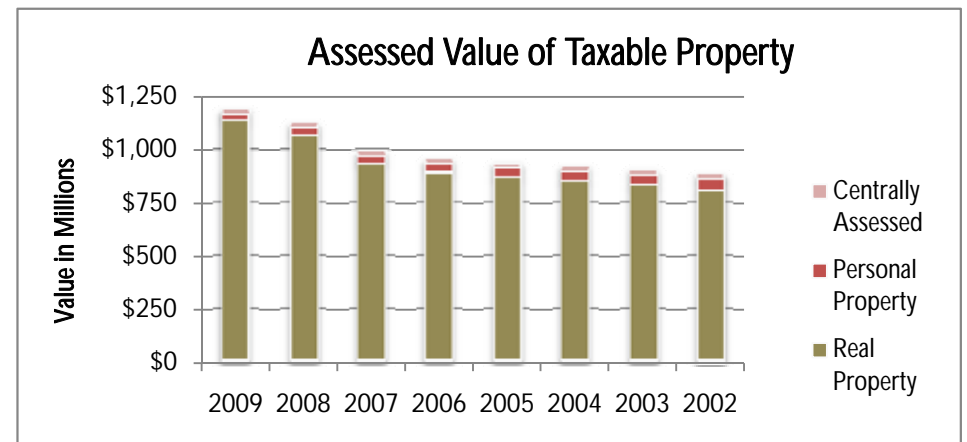
Beginning in 2002, the City began reporting property values based on classification.

Classification information on prior years was not available.

Total property value is excluding fee-in-lieu.

**Sources:**

Weber County Auditor/Clerk, Assessor, and Treasurer offices





**ROY CITY CORPORATION**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years  
 Per \$1,000 Assessed Valuation

Fiscal Year	Roy City	Weber County	Weber County School District	Weber Basin Water Conservancy District	North Davis County Sewer District	Weber County Mosquito Abatement District	Roy Water Conservancy Subdistrict	Weber Area Dispatch 911 & Emergency District	Total Levy for Roy City Residents
2009	2.096	3.447	5.458	0.181	0.763	0.089	0.094	0.278	12.406
2008	2.178	3.608	5.626	0.200	0.763	0.094	0.103	0.293	12.865
2007	2.451	4.063	6.263	0.178	0.763	0.106	0.116	0.302	14.242
2006	2.514	4.284	6.427	0.193	0.763	0.110	0.119	-	14.410
2005	2.144	3.663	6.245	0.198	0.763	0.112	0.120	-	13.245
2004	2.080	3.609	6.061	0.196	0.763	0.111	0.116	-	12.936
2003	2.065	3.629	5.902	0.193	0.763	0.111	0.115	-	12.778
2002	2.060	3.647	5.764	0.193	0.763	0.111	0.115	-	12.653
2001	2.225	4.012	5.790	0.200	0.763	0.118	0.125	-	13.233
2000	2.465	4.231	5.930	0.139	0.732	0.125	0.138	-	13.760

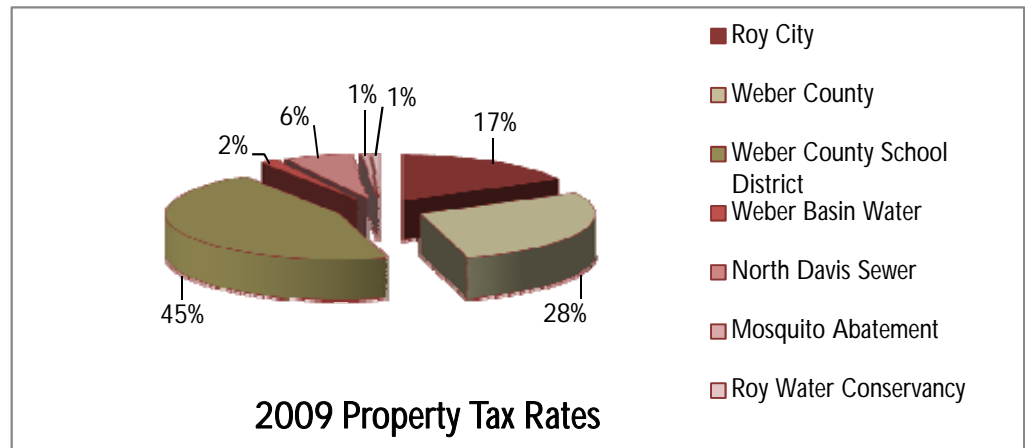
**Notes:**

Overlapping rates are those of local and county governments that apply to property owners within Roy City. Not all overlapping rates apply to all Roy City property owners (e.g., the rates for special districts apply only to the property owners whose property is located within the geographic boundaries of the special district).

The total levy for Roy City residents does not include the Central Weber Sewer Improvement District or the Hooper Water Improvement District due to the small number of properties located within those districts.

**Source:**

Utah State Tax Commission - Property Tax Division office and web site



**ROY CITY CORPORATION**  
**PRINCIPAL PROPERTY TAX PAYERS**  
Current Year and Nine Years Ago  
(Amounts Expressed in Thousands)

Taxpayer	Type of Business	2009		Percentage of Total Taxable Assessed Value	2000		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Pacificorp	Utility	\$ 12,578	1	1.05%	\$ 6,481	5	0.80%
Boyer Iomega	Business Park	12,518	2	1.05%	63,372	1	7.82%
Orchard Cove LTD	Residential properties	11,021	3	0.92%	8,268	2	1.02%
America First Credit Union	Credit Union	9,203	4	0.77%			
Questar Gas	Utility	7,706	5	0.65%	5,642	6	0.70%
Roy Marketplace LC	Retail properties	7,107	6	0.59%	3,511	9	0.43%
Boydean B Frazier Family Trust	Retail properties	6,145	7	0.51%	2,824	10	0.35%
IBP Funding	Business Park	5,293	8	0.44%			
K B Family Roy, LLC	Retail properties	4,652	9	0.39%			
Roy City Centre Realty Limited	Retail properties	4,497	10	0.38%	6,509	4	0.80%
ANA/Edwards LC	Retail properties				7,674	3	0.95%
Harmon City Inc	Retail properties				5,265	7	0.65%
U S West Communications	Utility				4,422	8	0.55%
Total taxable value of 10 largest taxpayers		80,720		6.76%	113,968		14.07%
Total taxable value of other taxpayers		1,113,800		93.24%	695,927		85.93%
Total taxable value of all taxpayers		<u>\$ 1,194,520</u>		<u>100.00%</u>	<u>\$ 809,895</u>		<u>100.00%</u>

Note:

Information on the top tax payers is presented based on property tax because it is not available on sales tax.

Source:

Weber County Treasurer's office

**ROY CITY CORPORATION**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Tax Years**  
**(Dollar Values Expressed in Thousands)**

<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collected to Total Levy</b>
General Fund						
2008	\$ 2,431	\$ 2,290	94.20%	\$ 73	\$ 2,363	97.20%
2007	2,345	2,213	94.37%	65	2,278	97.14%
2006	2,297	2,174	94.65%	68	2,242	97.61%
2005	2,261	2,123	93.90%	59	2,182	96.51%
2004	1,894	1,790	94.51%	117	1,907	100.69%
2003	1,897	1,793	94.52%	56	1,849	97.47%
2002	1,788	1,709	95.58%	66	1,775	99.27%
2001	1,725	1,628	94.38%	94	1,722	99.83%
2000	1,723	1,648	95.65%	49	1,697	98.49%
1999	1,641	1,573	95.86%	51	1,624	98.96%
Redevelopment Agency Special Revenue Fund						
2008	\$ 451	\$ 451	100.00%	\$ -	\$ 451	100.00%
2007	732	732	100.00%	-	732	100.00%
2006	802	802	100.00%	-	802	100.00%
2005	728	728	100.00%	-	728	100.00%
2004	699	699	100.00%	13	712	101.86%
2003	156	121	77.56%	37	158	101.28%
2002	550	480	87.27%	11	491	89.27%
2001	643	553	86.00%	-	553	86.00%
2000	423	509	120.33%	7	516	121.99%
1999	518	518	100.00%	-	518	100.00%

**Note:**

In 2006, the property tax rate was increased to fund various projects including new fire trucks, expansion of the municipal building and recreational facilities improvements.

Delinquent collections are monies received for any previous tax year during the current fiscal year. Details of the tax year for which the collection was levied is not available.

**Source:**

Weber County Treasurer's office

**ROY CITY CORPORATION**  
**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS**  
**Last Ten Fiscal Years**  
**(Dollar Values Expressed in Thousands)**

Year	Real Property Taxable Value				Residential Construction		Commercial Construction		Other Construction		Bank Deposits
	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	
2009	\$ 164,197	\$ 970,536	\$ 857	\$ 1,135,590	95	\$ 3,608	22	\$ 6,438	234	\$ 613	\$ 10,493
2008	154,105	916,801	881	1,071,787	147	8,686	26	6,677	197	684	11,590
2007	143,831	792,990	1,150	937,971	121	7,778	26	5,593	215	794	11,565
2006	133,782	759,312	1,386	894,480	146	11,032	24	6,186	243	700	11,951
2005	129,626	740,807	1,529	871,962	163	13,844	35	3,972	251	1,597	11,950
2004	123,305	730,711	1,296	855,312	188	14,204	46	3,608	194	560	11,516
2003	113,364	719,173	1,492	834,029	266	21,353	52	1,695	195	273	11,584
2002	104,471	701,005	1,603	807,079	361	27,720	48	4,458	134	375	15,619
2001					429	38,878	5	2,555	254	5,148	14,959
2000					574	44,717	28	5,847	164	849	15,226

**Notes:**

Taxable property value, construction units and construction values are based on the calendar year ending six months before the fiscal year ends.

Beginning in 2002, the City began reporting property values based on classification. Classification information on prior years was not available.

**Sources:**

Weber County Auditor/Clerk's office

Weber County Treasurer's office

Roy City Community & Economic Development department

**ROY CITY CORPORATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Lease	Notes Payable	URMMA Recaptured Losses	Water Revenue Bonds			
2009	\$ 267,000	\$ 916,000	\$ 569,915	\$ -	\$ 352,208	\$ 7,325,000	\$ 9,430,123	0.95%	\$ 264.36
2008	296,000	100,000	699,514	-	207,322	7,500,000	8,802,836	0.93%	251.17
2007	326,000	-	824,338	-	92,282	-	1,242,620	0.14%	35.50
2006	355,000	-	944,562	-	106,452	-	1,406,014	0.17%	39.85
2005	382,000	-	-	103,873	127,810	-	613,683	0.08%	17.41
2004	408,000	-	-	208,053	-	-	616,053	0.09%	17.51
2003	432,000	-	-	316,270	-	-	748,270	0.11%	21.50
2002	458,000	-	-	428,544	-	-	886,544	0.13%	25.93
2001	483,000	-	-	24,228	-	-	507,228	0.08%	15.25
2000	810,672	-	-	339,383	-	-	1,150,055	0.20%	34.97

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See the Schedule of Demographic and Economic Statistics for personal income and population data.

**ROY CITY CORPORATION**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Net Bonded Debt per Capita</b>
2009	\$ 267,000	\$ -	\$ 267,000	0.01%	\$ 7.48
2008	296,000	-	296,000	0.02%	8.45
2007	326,000	-	326,000	0.02%	9.31
2006	355,000	-	355,000	0.02%	10.06
2005	382,000	-	382,000	0.02%	10.83
2004	408,000	-	408,000	0.03%	11.60
2003	432,000	-	432,000	0.03%	12.41
2002	458,000	-	458,000	0.03%	13.40
2001	483,000	-	483,000	0.03%	14.52
2000	810,672	-	810,672	0.07%	24.65

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

Sources:

U S Census Bureau

Weber County Auditor/Clerk's office

**ROY CITY CORPORATION**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
As of June 30, 2009

<u>Governmental Unit</u>	<u>General Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to Roy City</u>	<u>Estimated Share of Overlapping Debt</u>
North Davis County Sewer District	\$ 51,413,000	13.80%	\$ 7,096,934
Roy Water Conservancy Subdistrict	1,910,000	100.00%	1,910,000
State of Utah	1,492,620,000	0.53%	7,935,238
Weber Basin Water Conservancy District	29,496,167	2.99%	882,539
Weber County	19,000,000	9.98%	1,896,754
Weber County School District	108,935,000	14.55%	15,844,856
Overlapping debt			\$ 35,566,321
Roy City bonded debt		100.00%	267,000
Total direct and overlapping general bonded obligation debt			<u>\$ 35,833,321</u>

**Note:**

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by taking Roy City's taxable property value and dividing by the governmental unit's taxable property value.

**Sources:**

Individual governmental units

**ROY CITY CORPORATION**  
**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt Limit	\$ 46,340	\$ 42,897	\$ 37,463	\$ 36,183	\$ 35,383	\$ 36,499	\$ 34,631	\$ 33,336	\$ 30,971	\$ 26,626
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 46,340</u>	<u>\$ 42,897</u>	<u>\$ 37,463</u>	<u>\$ 36,183</u>	<u>\$ 35,383</u>	<u>\$ 36,499</u>	<u>\$ 34,631</u>	<u>\$ 33,336</u>	<u>\$ 30,971</u>	<u>\$ 26,626</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total assessed value						<u>\$ 1,158,495</u>				
Debt limit (4% of total assessed value)						\$ 46,340				
Debt applicable to limit:										
Total bonded debt					\$ 8,241					
Less:										
Special assessment bonds					-					
Revenue bonds					(8,241)					
Amounts available for repayment of general obligation bonds					-					
Other deductions allowed by law					<u>-</u>					
Total net debt applicable to limit						<u>-</u>				
Legal debt margin						<u>\$ 46,340</u>				

Note: Does not include values for the Redevelopment Agency Special Revenue Fund.



**ROY CITY CORPORATION**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2009	35,672	\$ 990,663,847	\$ 27,771	4.1%
2008	35,048	948,003,681	27,049	3.1%
2007	35,008	900,288,396	25,717	3.3%
2006	35,280	832,059,516	23,584	4.6%
2005	35,259	754,360,395	21,395	5.5%
2004	35,180	705,009,715	20,040	6.4%
2003	34,801	690,509,026	19,842	6.2%
2002	34,185	671,701,387	19,649	5.2%
2001	33,265	635,479,079	19,104	4.2%
2000	32,885	585,155,690	17,794	3.3%

Notes:

All figures for 2000 are from the 2000 US Census.

Population figures from 2001-2007 are estimates as of July 1 of the previous year based on the US Census' population estimates.

Personal income figures, other than 2000, are estimates based on annual growth rates for the State of Utah.

Unemployment figures, other than 2000, are rates for Weber County. Information on a city level is not available.

Sources:

U S Census Bureau

State of Utah Governor's office web sites

Utah Department of Workforce Services

**ROY CITY CORPORATION**  
**PRINCIPAL EMPLOYERS**  
Current Year and Five Years Ago

Employer	Type of Business	Fiscal Year			
		2009		2004	
		Employees	Rank	Employees	Rank
Hill Air Force Base	United States Air Force / Logistics	10,000 - 14,999	1	20,000 - 25,000	1
Internal Revenue Service	Federal Government	5,000 - 6,999	2	5,000 - 6,999	2
Weber School District	Public Education	3,000 - 3,999	3	3,000 - 3,999	3
McKay-Dee Hospital	Health Care	3,000 - 3,999	3	2,000 - 2,999	4
Autoliv ASP	Manufacturing	2,000 - 2,999	4	2,000 - 2,999	4
Weber State University	Higher Education	2,000 - 2,999	4	3,000 - 3,999	3
Convergys	Call Center	1,000 - 1,999	5	1,000 - 1,999	5
Fresenius USA, Inc.	Manufacturing	1,000 - 1,999	5	1,000 - 1,999	5
Ogden School District	Public Education	1,000 - 1,999	5	1,000 - 1,999	5
State of Utah	State Government	1,000 - 1,999	5		
Wal-Mart	Retail			1,000 - 1,999	5

Note:

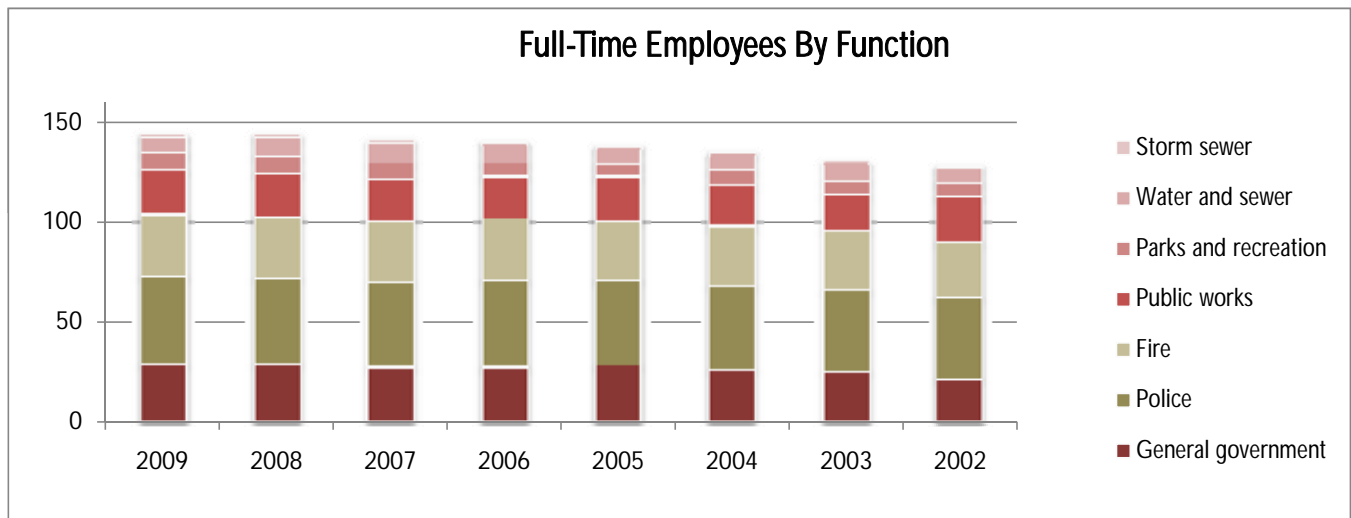
The Utah Department of Workforce Services provides employment information on a county basis. Roy City is the second largest city in Weber County. Comparative data from ten years ago is not available at this time.

Sources:

Weber County Comprehensive Annual Financial Report 2008 & 2003

**ROY CITY CORPORATION**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
Last Eight Fiscal Years

Function	Full-time Employees as of June 30							
	2009	2008	2007	2006	2005	2004	2003	2002
General government	29	29	27	27	28	26	25	21
Public safety								
Police								
Officers	39	38	39	39	37	37	37	37
Civilians	5	5	4	5	6	5	4	4
Fire								
Firefighters and officers	30	30	30	30	29	29	29	27
Civilians	1	1	1	1	1	1	1	1
Public works	22	22	21	21	22	21	18	23
Parks and recreation	9	8	8	7	6	7	7	7
Water and sewer	8	10	10	10	9	9	9	8
Storm sewer	2	2	2	1	1	1	1	1
<b>Total</b>	<b>145</b>	<b>145</b>	<b>142</b>	<b>141</b>	<b>139</b>	<b>136</b>	<b>131</b>	<b>129</b>



**Notes:**

In 2009, one employee was reclassified from general government to parks & recreation.

In 2003, three employees were reclassified from public works to general government.

Roy City began presenting these statistics in 2002. Comparative data prior to that time is not available.

**ROY CITY CORPORATION**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Five Fiscal Years**

Function	Fiscal Year				
	2009	2008	2007	2006	2005
Police					
Moving violations	1,980	2,692	2,509	2,496	2,259
Non-moving violations	4,002	4,813	4,860	3,619	3,088
DUI violations	121	123	103	113	118
Parking violations	95	1,096	708	767	1,148
Fire					
Number of calls dispatched - Fire	652	617	577	524	456
Number of calls dispatched - Medical	3,986	3,944	3,814	3,606	3,490
Streets					
Snow removal and sanding:					
Miles	13,326	19,759	2,728	7,529	4,212
Hours	1,515	2,692	286	772	569
Asphalt resurfacing (tons)	775	1,077	2,420	1,735	2,200
Water					
Service connections	10,538	10,510	10,490	10,460	10,388
Water main breaks	28	17	22	32	15
Average daily consumption (gallons)	2,936,564	2,946,649	3,053,622	2,989,756	2,868,266
Aquatic Center					
Admissions	72,089	73,944	70,424	75,594	62,954
Complex					
Admissions	37,723	31,537	36,244	37,201	42,320

**Notes:**

Roy City began presenting these statistics in 2005. Comparative data prior to that time is not available.

Participants in instructional classes at the complex was unavailable at the time of this report.

**Sources:**

Various City departmental data

**ROY CITY CORPORATION**  
**CAPITAL STATISTICS BY FUNCTION**  
 Last Seven Fiscal Years

Function	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Police							
Stations	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	25	25
Motorcycle units	2	2	2	2	2	2	-
Animal control units	2	2	2	2	2	2	2
Fire							
Stations	2	2	2	2	2	2	2
Streets							
Streets (miles)	114	113	110	110	110	109	108
Curb and gutter (miles)	207	207	213	215	214	212	210
Sidewalk (miles)	196	196	181	184	183	182	181
Streetlights	806	806	791	791	791	777	772
Traffic signals	2	2	2	2	2	-	-
Parks and recreation							
Community centers	1	1	1	1	1	1	1
Parks	10	10	10	9	9	9	9
Park acreage	113	113	113	110	110	110	110
Covered picnic areas	18	18	16	14	14	14	13
Baseball/Softball diamonds	13	13	13	13	13	13	13
Soccer fields	13	13	13	11	11	11	10
Tennis courts	3	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2	2
Gymnasiums	1	1	1	1	1	1	1
Sewer							
Sanitary sewers (miles)	117	117	112	112	112	112	111
Storm sewers (miles)	83	83	79	79	79	78	73
Water							
Water lines (miles)	153	153	151	151	151	150	148
Fire hydrants	1,343	1,341	1,305	1,305	1,304	1,282	1,260

**Note:**

Roy City began presenting these statistics in 2003. Comparative data prior to that time is not available.

**Sources:**

Various City departmental data

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**REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
INCLUDING REPORTS REQUIRED UNDER THE  
SINGLE AUDIT ACT**



Independent Auditors' Report On Internal Control Over Financial Reporting  
and On Compliance and Other Matters Based On An  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

Honorable Mayor and Members of the City Council  
Roy, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2009, which collectively comprise Roy City Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Roy City Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Roy City Corporation as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Roy City Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roy City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Roy City Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as part of our audit, we performed procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented. We also performed procedures to test the operating effectiveness of certain controls.

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 functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Roy City Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.



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 Roy City Corporation'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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy City Corporation's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Roy City Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and responses. We did not audit Roy City Corporation's response and, accordingly, we express no opinion on it.

This communications is intended solely for the information and use of the audit committee, administration, the Mayor, 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.

Wiggins & Co., PC

November 4, 2009



ROY CITY CORPORATION  
Schedule of Findings on Internal Controls  
June 30, 2009

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Finding #09-01: The prior year proprietary fund cash flow statement did not include all activity related to cash held by fiscal agent or the ending cash balance. This caused the beginning cash balance on the current year proprietary fund cash flow statement to be understated.

Criteria: The cash flow statement presented in the prior year was materially misstated.

Cause of Condition: The City does not have a system in place to independently review the financial statements prior to issuance.

Effect of Condition: The prior year financial statements are materially misstated.

Recommendation: The City should implement a procedure where someone other than the preparer performs a review of the financial statements prior to issuance.

Response: The City will review the costs and benefit of having additional trained personnel available to perform the review recommended above. At this time, and with current economic conditions, the City will put more emphasis on a thorough review of the financial statements with exists personnel.



Independent Auditors' Report On  
State of Utah Legal Compliance

Honorable Mayor and Members of the City Council  
Roy, Utah

We have audited the financial statements, the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation for the year ended June 30, 2009 and have issued our report thereon dated November 4, 2009. As part of our audit, we have audited Roy City Corporation's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major state assistance programs from the State of Utah:

Liquor Law Enforcement (State Tax Commission)  
B & C Road Funds (Department of Transportation)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation and Property Tax Limitations  
Justice Court  
Other General Issues  
Impact Fees  
Uniform Building Code Standards

The management of Roy City Corporation is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

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



In our opinion, Roy City Corporation 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, 2009.

The report is intended solely for the information and use of management of the City and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

Wiggins & Co., PC

November 4, 2009