

ROY CITY CORPORATION

Roy, Utah



Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Prepared by:

*Amber Kelley
Management Services Director*

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INTRODUCTORY SECTION



December 2, 2025

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 annual comprehensive financial report (ACFR) of Roy City Corporation for the fiscal year ended June 30, 2025.

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 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 Child Richards CPA's & Advisors, 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, 2025, 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 unmodified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2025, 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 control 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 2018 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 City

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 38,107. 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 a six-member council structure 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 22nd. 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 84-86 as part of the required supplementary information. 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 96.

Local Economy

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. The largest revenue source for the City is provided through sales tax. In FY 2025, sales tax revenue increased 2.63%. In FY 2024, sales tax revenue decreased .43% and in FY 2023 increased 3.04%. Prior to FY 2023, the City had two consecutive years of double-digit sales tax growth. The City feels sales tax revenue has

begun to stabilize after large increases due to COVID and government stimulus programs. The City anticipates small increases over the next few years. Administration continues to be conservative in projecting revenues and thus has budgeted a small increase for FY 2026.

Another major revenue source for Roy City is its property taxes. The tax base remains strong. Residents and businesses take pride in their properties, keeping them well maintained and of value to the owners. Property taxes are the City's greatest individual revenue source next to sales taxes and provided 19.80% of the total general fund revenue.

The City has major industries located within its boundaries or within close proximity, that provide employment to local residents. This includes an air force base, school district, and manufacturing facilities. Because of the nature of these employers and the diversity of industries throughout the State of Utah, unemployment in the area has not been as significant as in other states. According to the Bureau of Labor Statistics, in June 2025 the local unemployment rate was 3.2% compared to 2.7% in June 2024. The local unemployment rate is below the national unemployment rate of 4.1%.

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 State of Utah limits the amount of assigned and unassigned fund balance the City can have to 35% of budgeted general fund revenues. Normally, 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. Unassigned fund balance was \$5,513,802 as of June 30, 2025, and \$4,797,429 as of June 30, 2024. The City Council has elected to maintain fund balance levels around 18% of general fund revenues. As of June 30, 2025, unassigned fund balance was 21.21% of general fund revenues up from 17.88% in 2024.

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. After the completion of a long-term capital improvement plan, the City saw 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. The Series 2008 Water & Sewer Bonds were called and reissued to the Series 2017. This was a savings of \$51,810 in the first year and we will continue to see savings for the next several years. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements on page 63.

Major Initiatives

The City's Economic Development Committee continues to look at ways to entice businesses into the City. This committee is comprised of the Mayor, two city council members, the City Manager and the Assistant City Manager/Economic Development Director. Roy City contracted with a local redevelopment professional to work alongside the Economic Development Committee in their endeavors. It is the intent of the governing council to emphasize economic development within the City. Maintaining economic vitality and promoting the unique dynamics of each economic district within the City is a priority. A Business Advisory Board was also established to further strengthen the economic activities throughout the City.

The City has been working to improve park amenities and facilities. Parks are an important part of our community and a priority for City Council. During FY 2025, Emma Russell Park was converted to secondary water for irrigation and irrigation timers were installed at all parks. These conservation efforts will allow the city to save money on watering as well as be more water responsible. The City also installed a new pool liner in the leisure pool at the Aquatic Center. The total cost for the liner was \$929,315 and is estimated to last 20 years.

Major road construction projects are currently underway in the City. The Utah Department of Transportation (UDOT) is in the process of a \$238 million project that includes the widening of 5600 South from three lanes to five, a new freeway interchange, a new pedestrian bridge, an extended trail system, and utility upgrades and drainage improvements. The project will reduce congestion and improve safety and mobility on 5600 South (SR-97) from I-15 to 3500 West (SR-108). Construction began in June 2023 and is expected to be completed in Fall 2026.

The City is continually in the process of updating the General Plan. The General Plan is an official document intended to help the public understand the broad planning goals for the City, and to assist City staff and decision makers as they evaluate future development and growth opportunities. The focus of this update is on land use and related topics. Updating the General Plan provides an opportunity for the citizens of Roy to look at the community today and determine what areas require improvement and to peer into the future and plan for anticipated changes. The General Plan typically has a life of five to ten years, although it establishes a future vision for twenty years or more.

Adoption of the General Plan updates will require associated zoning ordinances, development guidelines and other implementation tools to be revised and adjusted to be in alignment with the general plan. For example, the City Center and Station Area form-based codes were developed concurrently with this planning process, ensuring that the policies and specific codes are fully aligned with the planning vision.

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.

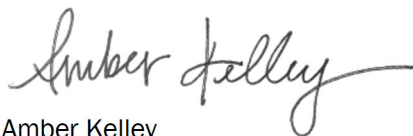
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. 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 ACFR 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 Finance Department. We would like to express our appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Child Richards CPA's & Advisors, for their cooperation. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Roy City Corporation's finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Amber Kelley", with a stylized flourish at the end.

Amber Kelley
Management Services Director

ROY CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2025

Elected Officials

Robert Dandoy	Mayor
Ann Jackson	City Councilperson
Sophie Paul	City Councilperson
Bryon Saxton	City Councilperson
Randy Scadden	City Councilperson
Diane Wilson	City Councilperson

Executive, Legal and Budgetary Officials

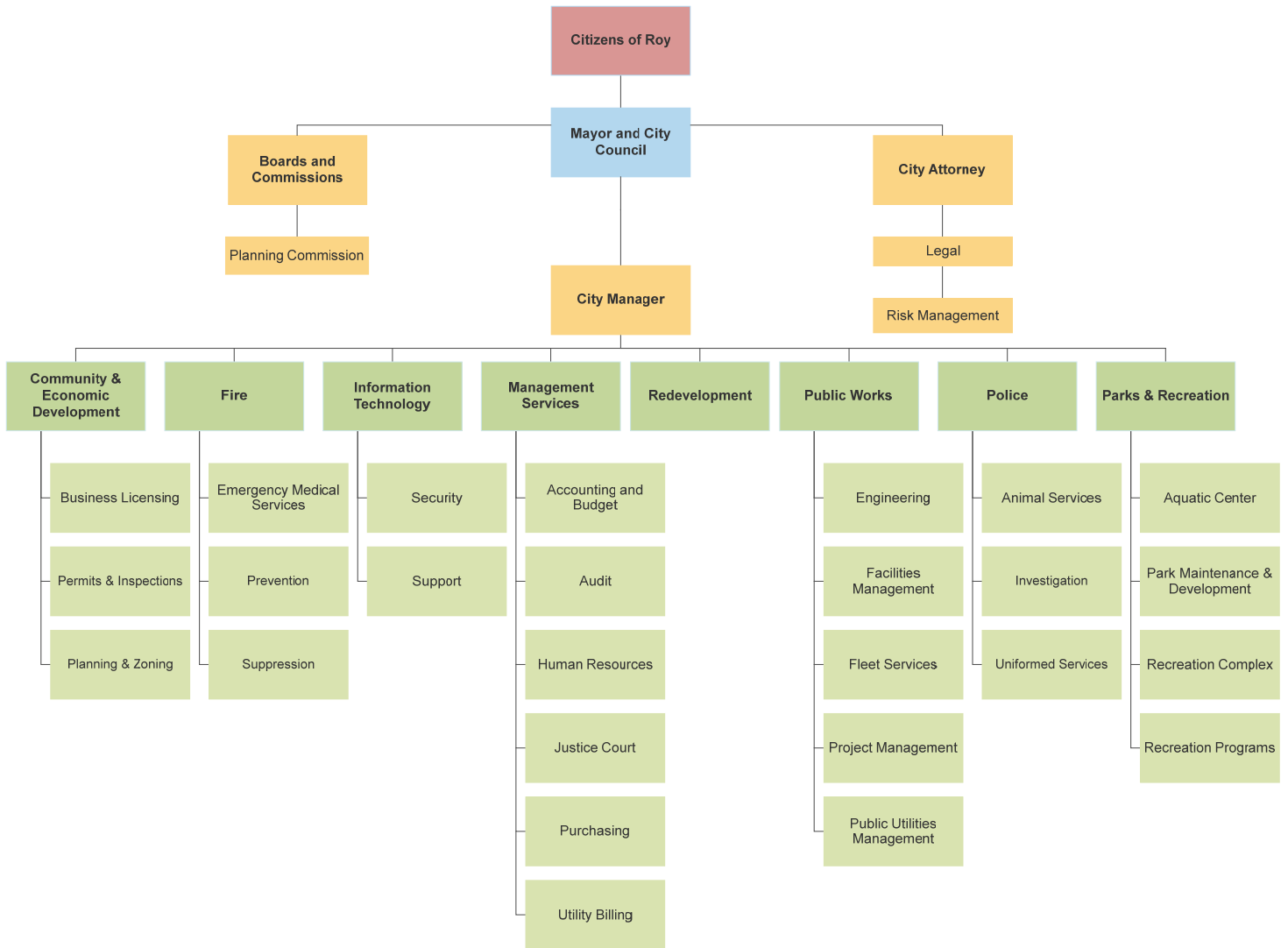
Matthew D. Andrews	City Manager
Matthew Wilson	City Attorney
Amber Kelley	Budget Officer

Statutory Appointed Officials

Matthew H. Gwynn	Chief of Police
Brittany Fowers	City Recorder
Nicole L. Higgs	City Treasurer
Mark T. Miller	City Engineer
Trent D. Nelson	Justice Court Judge

Department Directors

Brody Flint	Assistant City Manager/Community Development Director
Theron J. Williams	Fire Chief
Amber Kelley	Management Services Director
Brandon Edwards	Public Works Director
Michelle Howard	Parks & Recreation Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Roy City Corporation
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Roy City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roy City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Roy City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roy City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roy City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roy City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roy City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roy City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information of the general fund and major special revenue funds, schedule of the proportionate share of net pension liability, and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roy City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balance with a budget to actual comparison for nonmajor funds, and the combining statements for the Internal Service Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of Roy City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Roy City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roy City's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
November 25, 2025

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 position increased by \$4,376,662. Governmental activities increased \$1,585,973 while business-type activities increased by \$2,790,689.
- The assets and deferred outflows of resources of Roy City Corporation exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$103,792,319 (net position). Of this amount, \$26,566,602 (unrestricted net position) 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 \$23,377,987, an increase of \$2,745,707 from the prior year. Approximately \$5.5 million of the total amount is available for spending at the City's discretion within the general, capital projects and special revenue funds.
- At the close of the fiscal year, unassigned fund balance for the general fund was \$5,513,802 or 24.26% 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 position* presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases and decreases in net position 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 position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 the funds of the City can be divided into two categories: governmental funds, and proprietary 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 seven 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 and the redevelopment fund. Data from the other six 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 Solid Waste 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.

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 position may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$103,792,319 at the close of the most recent year, June 30, 2025.

Key elements of the City's net position can be found in the table below:

Roy City Corporation's Net Position (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Internal balances	\$ (77)	\$ (107)	\$ 77	\$ 107	\$ -	\$ -
Net pension asset	533	442	35	-	568	442
Current and other assets	32,626	29,575	12,857	11,704	45,483	41,279
Capital assets	36,931	37,582	32,839	32,074	69,770	69,656
Total assets	70,013	67,492	45,808	43,885	115,821	111,377
Deferred outflows	3,746	3,585	257	267	4,003	3,852
Total assets and deferred outflows of resources	73,759	71,077	46,065	44,152	119,824	115,229
Long-term debt	-	-	1,001	1,486	1,001	1,486
Other liabilities	7,405	7,091	1,625	2,010	9,030	9,101
Total liabilities	7,405	7,091	2,626	3,496	10,031	10,587
Deferred inflows	5,970	5,187	31	39	6,001	5,226
Total liabilities and deferred inflows of resources	13,375	12,278	2,657	3,535	16,032	15,813
Net position:						
Net investment in capital assets	36,663	37,424	31,274	30,136	67,937	67,560
Restricted	9,235	7,944	54	13	9,289	7,957
Unrestricted	14,486	13,431	12,080	10,468	26,566	23,899
Total net position	\$ 60,384	\$ 58,799	\$ 43,408	\$ 40,617	\$103,792	\$ 99,416

The change in net position for the current and prior year is as follows:

Roy City Corporation's Changes in Net Position (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 5,462	\$ 5,385	\$ 16,121	\$ 14,122	\$ 21,583	\$ 19,507
Grants and contributions:						
Operating	3,004	4,012	-	-	3,004	4,012
Capital	981	750	97	4,441	1,078	5,191
General revenues						
Property taxes	5,287	4,527	-	-	5,287	4,527
Other taxes	11,676	11,523	-	-	11,676	11,523
Investment earnings	1,059	1,378	452	498	1,511	1,876
Contributions from other gyts	15	18	-	-	15	18
Other	37	204	15	37	52	241
Total revenues	<u>27,521</u>	<u>27,797</u>	<u>16,685</u>	<u>19,098</u>	<u>44,206</u>	<u>46,895</u>
Expenses:						
General government	4,571	4,707	-	-	4,571	4,707
Public safety	14,223	12,952	-	-	14,223	12,952
Public works	3,116	4,025	-	-	3,116	4,025
Parks and recreation	4,026	3,853	-	-	4,026	3,853
Interest and fiscal charges/Other	-	-	-	-	-	-
Water and sewer utility	-	-	9,868	9,059	9,868	9,059
Storm sewer utility	-	-	1,035	936	1,035	936
Solid waste utility	-	-	2,991	2,874	2,991	2,874
Total expenses	<u>25,936</u>	<u>25,537</u>	<u>13,894</u>	<u>12,869</u>	<u>39,830</u>	<u>38,406</u>
Increase (decrease) in net position	1,585	2,260	2,791	6,229	4,376	8,489
Net position - beginning	<u>58,799</u>	<u>56,539</u>	<u>40,617</u>	<u>34,388</u>	<u>99,416</u>	<u>90,927</u>
Net position - ending	<u>\$ 60,384</u>	<u>\$ 58,799</u>	<u>\$ 43,408</u>	<u>\$ 40,617</u>	<u>\$ 103,792</u>	<u>\$ 99,416</u>

By far, the largest portion of the City's net position, 65.45%, 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 needed 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 position (8.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$26,566,602, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year and prior fiscal year, Roy City Corporation was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City has no individual funds reporting a deficit in unrestricted net position.

Governmental activities increased Roy City's net position by \$1,585,973 while business-type activities increased net position by \$2,790,689.

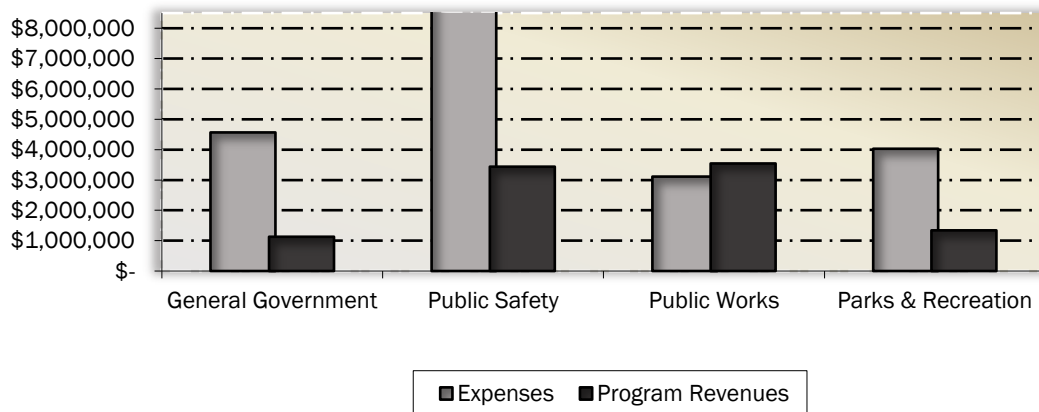
Governmental activities. The governmental activities portion of the change in net position accounted for a 1.60% increase in the growth for the City as a whole.

- Sales tax increased \$214,852 or 2.63%. While the economy in the State of Utah continues to show growth, this growth has considerably slowed down over the past few years. Last year in Roy City, sales tax decreased .43% and the year prior to that sales tax increased 3.04%. Since the State of Utah overall has continued to see economic growth year after year, the City expects sales tax to see small growth in the next few years.
- Other taxes were down \$61,806 over the previous fiscal year. Franchise taxes related to power increased \$175,445 or 17.15% while franchise taxes related to gas decreased \$257,382 or 31.79%. In Feb. 2025, Rocky Mountain Power approved an 18.1% rate increase and in July 2024, Enbridge Gas approved a 29.53% rate decrease resulting in the changes in franchise taxes received.
- Class C Road funds received were up 15.42%, or \$257,294 from 2024.
- Transportation Infrastructure funds received were up 2.33%, or \$16,774 from 2024.
- Building permit revenue was up \$204,753 or 128.84% due to a few multi-unit developments that are being built.
- Revenue from charges for services increased \$346,397 in comparison to FY 2024. The largest variances in this category were from the following:
 - Weber County Paramedic services was up \$47,000 or 8.95% due to a new contract agreement with the county.
 - Ambulance revenue was down \$695,609 or 29.23% due to changes in service areas. Hooper and West Haven cities are now part of Weber Fire District, therefore Roy City does not respond to calls in these areas unless needed.
 - Aquatic Center revenue was up \$18,219 or 2.92%.
 - Recreation revenue was up \$30,574 or 23.73% due to an increase in program fees.
 - Complex revenue increased \$365,773 due to the completion of the renovation and the facility fully opening in Aug 2024.
 - Development Services revenue was up \$54,797 or 80.23% due to plan check fees related to the multi-unit developments.
- Justice Court revenue was up \$6,759 or .87%.
- Intergovernmental revenue from grants and local sources was down \$1,493,023 or 78.98%. Roy City was able to recognize many grants in 2024 and works hard to secure grants as they are needed. In 2025, the City received \$397,253 in intergovernmental revenue and represents a typical year.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund was 4.8165% in 2025 compared to 5.3449% in 2024. Revenue from interest decreased \$223,136 or 43.12%. While this decrease was partially due to the decrease in the average rate, it was largely due to a decrease in money in the Investment Fund. ARPA Funds spent in 2024 decreased our cash on hand.
- Total expenses for wages and benefits increased \$534,329 or 3.15%, from 2024. This was due to a 3% cost of living increase for all employees effective Aug 20, 2024 and merit increases of 2.0% - 3.75% given to all employees on their anniversary date. The City also had a 4% increase in health insurance premiums that was absorbed both by the City and employees. Due to employee turnover in the past year, expenses for wages and benefits were lower than expected.

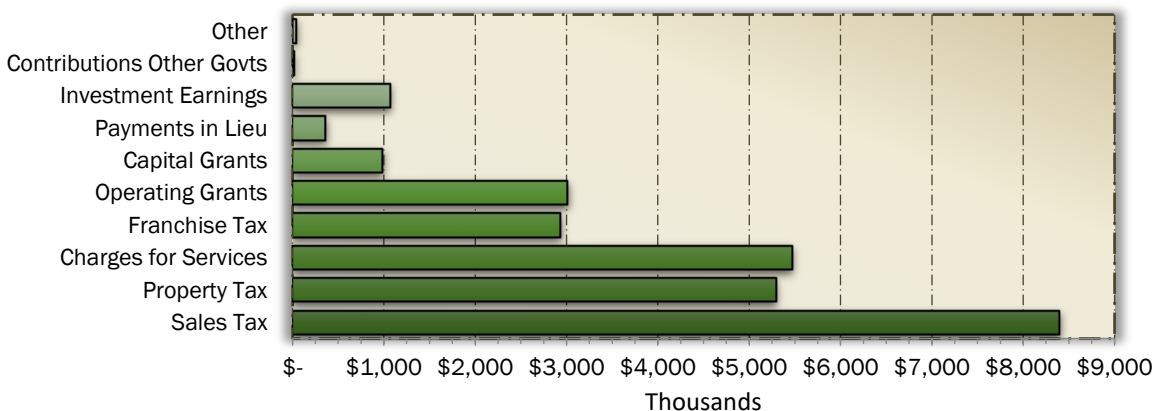
- Operating expenses decreased from 2024 by \$887,338 or 16.72%. During budget preparations for 2025, all departments were tasked with cutting 7.5% from their operations budgets. This was to balance the budget while still allowing for a 3% cost of living adjustment to employee wages. Notable department decreases include the following:
 - Decrease of \$101,460 in Administration departments.
 - Decrease of \$21,562 in Building & Grounds Maintenance.
 - Decrease of \$66,435 in Police department operations and a \$61,996 increase in CSI and Animal Shelter increases from Weber County.
 - Decrease of \$149,199 in the Fire department.
 - Decrease of \$47,132 in Public Works.
 - Increase of \$163,993 in Complex operation expenditures due to the facility fully opening.
 - Decrease of \$21,621 in the Aquatic Center expenditures.
 - Decrease of \$11,724 in Roy Days expenditures.
 - Decrease of \$21,492 in Parks & Recreation operations and a \$40,636 increase in parks utilities.
 - Decrease of \$713,372 in Class C Road & Transportation expenditures due to less street projects this year.

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

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



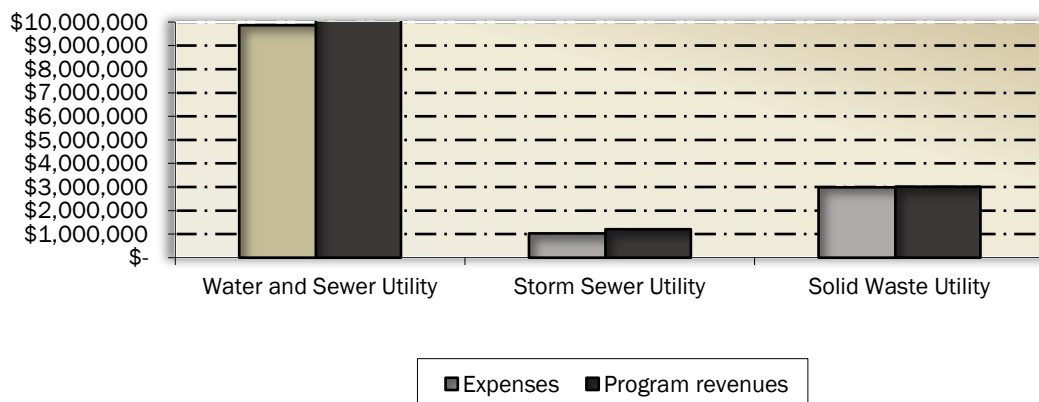
Business-type activities. The business-type activities portion of the increase in net position was 2.81% of the total growth for the City. At the end of the current fiscal year, all the City's business-type funds reported positive net position.

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

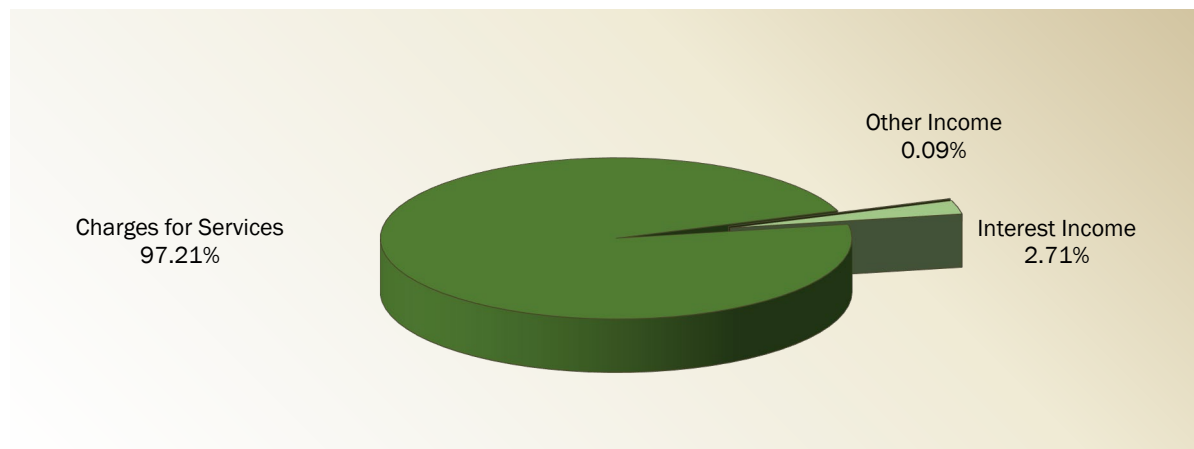
- Revenue from water, sewer, storm sewer and garbage user fees had an increase of \$1,924,244 or 13.07%.
 - Water revenue was up \$297,760 or 8.05%. Water rates were increased 5% effective July 1, 2024 due to an increase in fees from Weber Basin Water Conservancy District. This increase was passed along to the utility customers.
 - Capital improvement fee revenue increased \$1,650,410 or 181.46%. Rates were increased to provide funding for a waterline improvement project on 3500 West in conjunction with UDOT widening 3500 West from three lanes to five lanes. The total waterline improvement project cost is estimated at \$5M and is estimated to begin in 2026.
- Impact and connection fees related to new construction increased \$85,262 or 422.3%. This is due to a few multi-unit developments being built within the city.
- Total expenses for wages and benefits increased \$117,458 or 10.93% from 2024. This was due to a 3% cost of living increase for all employees effective Aug 20, 2024 and merit increases of 2.0% - 3.75% given to all employees on their anniversary date. The City also had a 4% increase in health insurance premiums that was absorbed both by the City and employees.
- Operating costs increased \$702,360 or 5.88% compared to 2024. Notable variances in operating costs included the following:
 - Increase of \$64,357 utilities.
 - Increase of \$100,803 in water and sewer systems operations expense due to an increase in supply costs and more maintenance needed during the year.
 - Increase of \$192,343 in depreciation expense.
 - Increase of \$79,311 in Weber Basin Water expense for an increase in annual water charges.
 - Increase of \$111,466 in garbage collection fees.
 - Increase of \$80,946 in interdepartmental expenses for services provided by governmental activities.
- Debt service decreased by \$10,413. Interest expense is reduced as the debt is repaid.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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, unassigned 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 \$23,377,987, an increase of \$2,745,707 from the prior year. Approximately 23.59%, or \$5,513,802, of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The fund balance of Capital Projects and Special Revenue Funds are classified as assigned and available for fund operations. At June 30, 2025, \$10,004,140 was available for spending in these funds. The remainder of fund balance is classified to indicate that it is not available for spending because it 1) cannot be spent because of its form, 2) is restricted by external sources, or 3) is committed to specific use.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,513,802, while the total fund balance was \$13,373,847. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 24.26% of total general fund expenditures, while total fund balance represents 58.85% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) increased by \$2,427,332. When comparing 2025 to 2024 there was 1) a 3.11% decrease in revenue of \$835,537 2) a 16.55% decrease in expenditures of \$4,507,461, 3) a 28.96% decrease in the gain on sale of assets of \$128,650, and 4) a 106.62% increase in the amount transferred out to other funds of \$611,750.

Included in the *governmental funds* is \$6,226,613 which is assigned for specific capital projects. The capital projects fund accounts for financial resources the City has set aside for the acquisition or construction of major capital facilities and equipment, other than those financed by proprietary or special revenue funds. In previous years, fund balances in the capital projects fund were divided into specific capital projects including Capital Improvements, Recreational Facilities Improvements and Fire & Rescue Facilities and Equipment. These are now reported together as one major fund with fund balances assigned

as appropriate. The capital projects fund is funded by interest earned and transfers. Interest earned was down \$79,445 or 22.55% due to a decrease in interest rates. A tax increase approved in 2005, allocated \$185,500 annually for fire apparatus and recreational facilities improvements. In 2025, this amount was transferred to the capital projects fund and assigned to Public Safety for future fire apparatus purchases. Revenue of \$315,600 from the sale of fixed assets was also transferred to the capital projects from the general fund for future capital purchases. The Capital Projects Fund also received \$240,797 in grants and utility rebates for capital upgrades. Total revenues and transfers in totaled \$1,699,137; total expenditures for the fund totaled \$1,842,763 resulting in a net decrease of \$143,626. At June 30, 2025, fund balances available for specific capital projects include Capital Improvements of \$5,639,613, Recreational Facilities Improvements of \$216,000 and Public Safety of \$371,000.

Also included within the *governmental funds* is \$3,777,527 which is assigned for specific purposes. For these special revenue funds, fund balance increased by \$462,001. At June 30, 2025, available fund balances in these special funds included Redevelopment Agency \$2,905,925; Storm Sewer Development \$467,324; Park Development \$225,850; and Cemetery \$178,428.

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.

Unrestricted net position of the water and sewer utility fund at the end of the fiscal year was \$4,546,343, for the storm sewer utility fund unrestricted net position was \$2,325,056, and for the solid waste utility fund unrestricted net position was \$4,763,362. Unrestricted net position in the water and sewer utility fund increased by \$1,453,872. The storm water utility fund and solid waste utility fund both increased net position by \$166,860 and \$17,056, respectively.

Operating revenues in the water & sewer utility fund increased over the prior year by \$1,981,284 or 19.99% due to rate increases approved July 1, 2024. Operating revenues in the storm sewer utility fund increased by \$6,851 or .57%. Operating expenses in the solid waste utility fund increased by \$11,280 or .38%.

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 \$28,175,937 to a final budget of \$29,439,091 an increase of \$1,263,154 or 4.48%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$60,000 increase in franchise tax revenues from an increase received from Pacifcorp.
- \$500,000 decrease in franchise tax revenues and increase in charges for services – Public Safety for a reclassification of paramedic revenues received from Weber County.
- \$118,154 increase in Intergovernmental revenues from various grants received by the Police and Fire departments.
- \$60,000 increase in fire expenditures for mental health grant expenses.
- \$85,000 increase in budgeted expenses for the renovation of the Complex project. This was for final project costs that carried over from the previous year. The Complex reopened August 2024.
- \$500,000 increase in budgeted revenue for sale of fixed assets for vehicles sold during the year.
- \$1,000,000 increase in transfer to Capital Projects from the sale of fixed assets and for future capital purchases.

The budget adjustment in the General Fund resulted in revenues and other financing sources increasing and expenditures and other financing uses increasing. This required a budgeted draw from fund balance of \$585,000 to balance the budget.

Budget to actual. At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results.

In total, general fund revenues were under budgeted estimates by \$2,506,290 or 8.79%. The most noteworthy differences are as follows:

- Intergovernmental revenues were under projections by \$2,904,285. The City has several street projects currently under construction that are funded mostly through grants received from the State and local organizations. At the beginning of the budget year, the City anticipated receiving all the grant revenue and funding all the expenditures. As the projects began, the State (UDOT) decided to oversee the projects resulting in the City only being required to pay their share of the project costs. Therefore, budgeted revenues and expenditures were overstated.
- Ambulance revenues were under projections by \$633,140 due to the loss of servicing West Haven and Hooper areas.

Expenditures were \$5,528,284 or 19.57% under budget. Generally, departments are cautious with spending which results in the savings. Some of the more significant savings on budget are as follows:

- Legislative Department under budget \$147,363. The city newsletter was cancelled and is now produced in-house; council members did not attend their annual training this year and reduced expenses in community relations, beautification and council contingency to reduce costs.
- Police Department under budget \$291,909 due to staffing issues throughout the year.
- Class C Roads under budget \$814,116 due to changes in road projects.
- Fleet Services under budget \$92,714; \$68,400 was due to employee turnover.
- Transportation Infrastructure under budget \$3,440,621. As stated above, the City has several street projects under construction that are funded mostly through grants. The City anticipated funding all the expenditures but as the projects began, UDOT decided to manage the projects and the City was only required to pay their share of the project costs resulting in a decrease in budgeted expenditures.
- Parks & Recreation under budget \$223,130 due to employee turnover and one position going unfilled for the year.
- Recreation Complex under budget \$80,387 due to a decrease in part time wages. The facility initially planned to open in February 2024 but due to construction delays opened August 2024. Programs needed to be reestablished and were not fully running for the entire year.

Without the transfers to the Capital Projects Fund, actual revenues and expenditures were both lower than projected estimates; total revenues surpassed expenditures by \$3,612,832. After including the transfers, revenues exceeded expenditures by \$2,427,332; of this \$1,677,342 is restricted for roads.

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, 2025, amounts to \$69,770,133 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was an increase of \$114,458 or .16% (a 1.73% decrease in governmental activities and an 2.38% increase in business-type activities).

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

Governmental activities:

- Completion of the Complex renovation project \$86,434
- 8 Police vehicles and equipment \$433,680
- 2 Fire administration vehicles \$125,000
- 3 Public Works vehicles \$175,997

- 2 Parks & Recreation vehicles \$124,986
- 1 IT vehicle \$62,312
- Aquatic Center leisure pool liner \$929,315
- Emma Russell Park secondary water conversion \$35,630
- Irrigation timers at all parks \$38,797
- 10,000 gallon gasoline tank \$80,148
- 3100 West curb, gutter & sidewalk project \$72,438
- 4000 South pedestrian railroad crossing \$83,398
- 4300 West curb, gutter & sidewalk project \$77,493
- 4800 South & Layton canal crossing \$45,390
- 5500 South safe sidewalk project \$230,931
- 6000 South & 3100 West roundabout \$101,487
- 4900 South & 3100 West storm drain improvements \$123,932

Business type activities:

- 10,000 gallon gasoline tank \$240,443
- I-15 & 5600 South waterline replacement \$76,434
- 2450 West waterline replacement \$156,406
- Covered parking at the shop \$102,369
- 6000 S & 3100 West waterline replacement \$352,135
- 4050 W & 5700-5850 South waterline replacement \$260,189
- 4400 South sewer lift station \$305,854
- Vactor sewer cleaning machine \$590,771
- 3 Vehicles \$162,617

Roy City Corporation's Capital Assets (State in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,222	\$ 4,222	\$ 548	\$ 548	\$ 4,770	\$ 4,770
Water shares	-	-	16	16	16	16
Buildings	12,393	12,393	362	362	12,755	12,755
Improvements other than bldgs	47,542	45,996	50,112	47,956	97,654	93,952
Machinery and equipment	6,985	6,984	2,569	1,942	9,554	8,926
Automobiles and trucks	11,601	11,403	2,205	1,985	13,806	13,388
Construction in progress	580	199	-	894	580	1,093
Right of use	197	197	-	-	197	197
Accumulated depreciation	(46,589)	(43,812)	(22,973)	(21,629)	(69,562)	(65,441)
Total capital assets	\$ 36,931	\$ 37,582	\$ 32,839	\$ 32,074	\$ 69,770	\$ 69,656

Additional information on Roy City Corporation's capital assets can be found in Note 3 on pages 59-61 of this report.

Long-term debt. 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. In October 2017, the City refinanced these bonds with the same mature date of March 2028. Interest is due semi-annually in

September and March. The City originally received an “Aaa” rating from Moody’s Investors Service on the Series 2008 bonds. In May 2010, the rating was revised to “A1”. The June 30, 2025 bond balances are as follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds	\$ -	\$ -	\$ 1,486	\$ 1,962	\$ 1,486	\$ 1,962

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 \$124,675,000, 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 \$124,675,000 in debt obligation.

Additional information on Roy City Corporation’s long-term debt activity can be found in Note 3 on page 63 of this report.

Economic Factors and Next Year’s Budget and Rates

The City reviews State and regional economic data in developing its annual budget. The assumptions derived from the data are reviewed by the City Council in its approval of the budget. Monthly reports are presented to the City Council to provide both budget and actual information for monitoring the financial activities of the City.

The following assumptions were used to develop the FY 2026 budget:

- Economic conditions are stabilizing across the county and in Utah and that trend is expected to continue throughout the next year. Growth tends to be stronger within the State than nationally, but minimal growth is anticipated and has been budgeted for accordingly.
- Utah continues to be one of the fastest growing states in the nation, and population is a main driver in any state’s economy.
- When budgets were prepared in March 2025, the unemployment rate for the State of Utah was 3.2%. This compared to the National average unemployment rate of 4.2%.
- Revenue from services is near peak and one-time fees from development continue to be low. All rates were reviewed in 2025 to ensure the City is charging appropriately for services.
- The City is seeking new business in Roy. Some expansion is expected within the central business district and on the west side of the City. A new multi-use development is in the planning stages on the east side of the City as part of the Redevelopment Agency projects.
- Sales tax revenue is calculated by the State based on a number of factors including point of sale and population. Sales tax is expected to hold steady for the coming year but we are cautiously optimistic there will be growth in 2026.
- The budget includes a 2.0% to 3.75% merit for all employees. No major changes in expenditures are expected. A 5-year strategic plan was developed and will help with the annual budget process.
- Enterprise fund activity reflects rate increases to cover vendor increases.

During the current fiscal year, the fund balance in the general fund increased by \$2,427,332 to \$13,373,847; \$150,662 of this is non-spendable and \$7,709,383 is restricted for roads and public transit. Fund balance reserves will be allocated to fund a capital improvement plan including but not limited to, fire apparatus, parks, and recreational facilities.

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
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash	\$ 15,845,292	\$ 9,970,920	\$ 25,816,212
Restricted Cash	8,511,022	-	8,511,022
Interactivity Receivable	(498,763)	498,763	-
Accounts Receivable (Net)	1,027,762	1,480,706	2,508,468
Lease Receivable	119,288	-	119,288
Due From Other Governments	7,417,042	61,229	7,478,271
Inventory	118,729	368,223	486,952
Prepaid Expenses	85,463	477,343	562,806
Total Current Assets	32,625,835	12,857,184	45,483,019
Noncurrent Assets:			
Internal Balances	(77,300)	77,300	-
Net Pension Asset	533,382	34,345	567,727
Capital Assets:			
Water Shares	-	16,100	16,100
Land	4,222,021	547,420	4,769,441
Buildings	12,392,577	362,040	12,754,617
Improvements	47,542,134	50,111,613	97,653,747
Machinery and Equipment	6,985,302	2,570,232	9,555,534
Automobiles and Trucks	11,601,518	2,204,756	13,806,274
Construction in Progress	579,717	-	579,717
Right of use	196,894	-	196,894
Less Accumulated Depreciation	(46,588,716)	(22,973,475)	(69,562,191)
Total Capital Assets, Net	36,931,447	32,838,686	69,770,133
Total Noncurrent Assets	37,387,529	32,950,331	70,337,860
Total Assets	70,013,364	45,807,515	115,820,879
Deferred Outflows of Resources:			
Bond Refunding Amortizable Interest	-	16,175	16,175
Pensions	3,746,123	241,223	3,987,346
Total Deferred Outflows of Resources	3,746,123	257,398	4,003,521
Total Assets and Deferred Outflows of Resources	73,759,487	46,064,913	119,824,400

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	1,099,175	775,095	1,874,270
Accrued Wages	1,054,335	41,506	1,095,841
Compensated Absences	401,529	37,145	438,674
Accrued Interest	-	8,901	8,901
Lease Liability	39,379	-	39,379
Current Portion of Long-Term Debt	-	485,000	485,000
Total Current Liabilities	2,594,418	1,347,647	3,942,065
Long-Term Liabilities:			
Compensated Absences	1,721,341	86,510	1,807,851
Guarantee Deposits	55,500	-	55,500
Lease Liability	78,758	-	78,758
Long-Term Debt Due in More Than One Year	-	1,001,000	1,001,000
Net Pension Liability	2,955,316	190,300	3,145,616
Total Noncurrent Liabilities	4,810,915	1,277,810	6,088,725
Total Liabilities	7,405,333	2,625,457	10,030,790
Deferred Inflows of Resources:			
Deferred Inflows of Resources Relating to Grants	247,110	-	247,110
Deferred Inflows of Resources Relating to Leases	117,492	-	117,492
Deferred Inflows of Resources Relating to Other	50,000	-	50,000
Deferred Inflows of Resources Relating to Pensions	491,321	31,639	522,960
Deferred Inflows of Resources Property Taxes	5,063,729	-	5,063,729
Total Deferred Inflows of Resources	5,969,652	31,639	6,001,291
Total Liabilities and Deferred Inflows of Resources	13,374,985	2,657,096	16,032,081
NET POSITION			
Net Investment in Capital Assets	36,662,370	31,274,293	67,936,663
Restricted For Net Position:			
Roads and Public Transit	7,709,383	-	7,709,383
Impact Fees	693,174	-	693,174
Net Pension	832,868	53,629	886,497
Unrestricted	14,486,707	12,079,895	26,566,602
Total Net Position	\$ 60,384,502	\$ 43,407,817	\$ 103,792,319

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 4,570,752	\$ 1,126,252	\$ -	\$ -	\$ (3,444,500)	\$ -	\$ (3,444,500)
Public Safety	14,223,557	3,066,475	369,832	-	(10,787,250)	-	(10,787,250)
Public Works	3,116,123	-	2,566,001	980,830	430,708	-	430,708
Parks and Recreation	4,025,769	1,269,021	68,667	-	(2,688,081)	-	(2,688,081)
Total Governmental Activities	25,936,200	5,461,748	3,004,500	980,830	(16,489,122)	-	(16,489,122)
Business-type Activities							
Water & Sewer Utility	9,867,635	11,891,716	-	97,368	-	2,121,449	2,121,449
Storm Sewer Utility	1,035,046	1,211,592	-	-	-	176,546	176,546
Solid Waste Utility	2,991,318	3,017,825	-	-	-	26,507	26,507
Total Business-type Activities	13,893,999	16,121,133	-	97,368	-	2,324,502	2,324,502
Total Government	\$ 39,830,199	\$ 21,582,881	\$ 3,004,500	\$ 1,078,198	(16,489,122)	2,324,502	(14,164,620)
General Revenues:							
Taxes							
Property					5,286,589	-	5,286,589
Sales and Use					8,394,701	-	8,394,701
Franchise					2,924,634	-	2,924,634
Fee in Lieu					357,016	-	357,016
Interest and Investment Earnings					1,059,837	451,387	1,511,224
Contributions From Other Governments					14,750	-	14,750
Other Revenues not Restricted for Programs					37,568	14,800	52,368
Transfers					-	-	-
Total General Revenues and Transfers					18,075,095	466,187	18,541,282
Change in Net Position					1,585,973	2,790,689	4,376,662
Net Position at Beginning of Year					58,798,529	40,617,128	99,415,657
Net Position at End of Year					\$ 60,384,502	\$ 43,407,817	\$ 103,792,319

The accompanying notes are an integral part of these financial statements.

ROY CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

		Special Revenue Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
	General	Redevelopment Agency	Capital Improvements		
ASSETS					
Cash	\$ 4,766,497	\$ 2,867,257	\$ 6,008,832	\$ 178,428	\$ 13,821,014
Restricted Cash	7,709,383	-	-	801,639	8,511,022
Accounts Receivable	1,027,762	-	-	-	1,027,762
Lease Receivable	119,288	-	-	-	119,288
Due From Other Governments	7,155,299	39,743	222,000	-	7,417,042
Inventory	118,729	-	-	-	118,729
Prepaid Expenses	31,933	-	-	-	31,933
TOTAL ASSETS	\$ 20,928,891	\$ 2,907,000	\$ 6,230,832	\$ 980,067	\$ 31,046,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 895,887	\$ 1,075	\$ 4,219	\$ 108,465	\$ 1,009,646
Accrued Wages and Benefits	1,048,026	-	-	-	1,048,026
Guarantee Deposits	55,500	-	-	-	55,500
Advance from Other Funds	77,300	-	-	-	77,300
TOTAL LIABILITIES	2,076,713	1,075	4,219	108,465	2,190,472
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grant Funds	247,110	-	-	-	247,110
Unavailable Revenue - Leases	117,492	-	-	-	117,492
Unavailable Revenue - Other	50,000	-	-	-	50,000
Unavailable Revenue - Property taxes	5,063,729	-	-	-	5,063,729
TOTAL DEFERRED INFLOWS OF RESOURCES	5,478,331	-	-	-	5,478,331
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,555,044	1,075	4,219	108,465	7,668,803
FUND BALANCES					
Non-spendable:					
Inventory	118,729	-	-	-	118,729
Prepays	31,933	-	-	-	31,933
Restricted for:					
Roads and Public Transit	7,709,383	-	-	-	7,709,383
Impact Fees	-	-	-	693,174	693,174
Assigned:					
Public Safety	-	-	371,000	-	371,000
Recreation	-	-	216,000	-	216,000
Capital Projects	-	-	5,639,613	-	5,639,613
Cemetery	-	-	-	178,428	178,428
Redevelopment Agency	-	2,905,925	-	-	2,905,925
Unassigned	5,513,802	-	-	-	5,513,802
TOTAL FUND BALANCES	13,373,847	2,905,925	6,226,613	871,602	23,377,987
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES	\$ 20,928,891	\$ 2,907,000	\$ 6,230,832	\$ 980,067	\$ 31,046,790

The accompanying notes are an integral part of these financial statements.

ROY CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

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

Total fund balances—total governmental funds	\$ 23,377,987
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund fund financial statements.	
Capital Assets	36,931,447
Less amounts reported in internal service fund, represented below	(421,283)
Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,745,087
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(484,317)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	3,692,720
Net Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	525,778
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Those liabilities consist of:	
Net Pension Liability	(2,913,186)
Compensated Absences	(2,069,731)
Net position of governmental activities	<u>\$ 60,384,502</u>

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Special Revenue Fund Redevelopment Agency	Capital Project Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 16,465,480	\$ 140,444	\$ -	\$ -	\$ 16,605,924
Payments in lieu	357,016	-	-	-	357,016
Licenses and Permits	577,752	-	-	-	577,752
Intergovernmental	3,060,905	418,312	222,000	41,245	3,742,462
Charges for Services	3,629,655	-	-	-	3,629,655
Fines and Forfeitures	779,615	-	-	-	779,615
Interest Income	613,989	133,949	272,840	39,059	1,059,837
Property Rental	83,437	-	-	-	83,437
Management Fees	391,289	-	-	-	391,289
Contributions and Donations	14,750	-	-	-	14,750
Miscellaneous	18,651	-	18,797	120	37,568
Impact Fees	-	-	-	242,868	242,868
Total Revenues	25,992,539	692,705	513,637	323,292	27,522,173
EXPENDITURES					
Current Operating:					
General Government	3,841,927	400,064	-	123,932	4,365,923
Public Safety	12,117,631	-	-	-	12,117,631
Public Works	1,296,951	-	-	-	1,296,951
Parks and Recreation	1,525,552	-	-	-	1,525,552
Capital Outlay					
General Government	102,143	-	18,369	-	120,512
Public Safety	790,263	-	558,680	-	1,348,943
Public Works	1,299,392	-	136,986	-	1,436,378
Parks and Recreation	1,751,448	-	1,128,728	-	2,880,176
Total Expenditures	22,725,307	400,064	1,842,763	123,932	25,092,066
Excess of Revenues Over (Under) Expenditures	3,267,232	292,641	(1,329,126)	199,360	2,430,107
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	315,600	-	-	-	315,600
Transfers-In	30,000	(30,000)	1,185,500	-	1,185,500
Transfers-Out	(1,185,500)	-	-	-	(1,185,500)
Total Other Financing Sources (Uses)	(839,900)	(30,000)	1,185,500	-	315,600
Net Change in Fund Balances	2,427,332	262,641	(143,626)	199,360	2,745,707
Fund Balances at Beginning of Year	10,946,515	2,643,284	6,370,239	672,242	20,632,280
Fund Balances at End of Year	\$ 13,373,847	\$ 2,905,925	\$ 6,226,613	\$ 871,602	\$ 23,377,987

The accompanying notes are an integral part of these financial statements.

ROY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance, total governmental funds	\$ 2,745,707
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Amounts reported for governmental activities
in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlays	2,897,400	
Depreciation Expense	<u>(3,261,859)</u>	(364,459)

The net book value of capital assets disposed of during the year.	(189,149)
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Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The net income of certain activities of the Internal Service Fund is reported with governmental activities.	49,549
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The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements.	(607,633)
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Nonemployer pension contributions do not provide current financial resources and are not reported in the revenues/expense of the funds.	-
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Repayment of debt principal and compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The debt principal repaid are as follows:	
Recaptured loss liability	-
Net change of Compensated Absences	<u>(48,042)</u>

Change in net position of governmental activities	<u><u>\$ 1,585,973</u></u>
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The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Govern- mental Activities
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Fund
ASSETS					
Current Assets:					
Cash	\$ 3,005,111	\$ 2,281,022	\$ 4,684,787	\$ 9,970,920	\$ 2,024,278
Accounts Receivable (Net)	1,082,803	110,026	287,877	1,480,706	-
Due From Other Governments	61,229	-	-	61,229	-
Inventory	368,223	-	-	368,223	-
Prepaid Expenses	477,343	-	-	477,343	53,530
Total Current Assets	4,994,709	2,391,048	4,972,664	12,358,421	2,077,808
Noncurrent Assets:					
Due From Other Funds	77,300	-	-	77,300	-
Net Pension Asset	23,333	11,012	-	34,345	7,604
Capital Assets:					
Water Shares	16,100	-	-	16,100	-
Land	139,434	274,498	133,488	547,420	-
Buildings	216,881	63,582	81,577	362,040	-
Improvements	46,212,724	3,898,889	-	50,111,613	-
Machinery and Equipment	1,265,808	1,111,796	192,628	2,570,232	858,519
Automobiles and Trucks	1,538,205	-	666,551	2,204,756	62,312
Construction in Progress	-	-	-	-	-
Right of use asset	-	-	-	-	196,894
Less Accumulated Depreciation	(20,253,882)	(2,096,591)	(623,002)	(22,973,475)	(696,442)
Total Capital Assets, Net	29,135,270	3,252,174	451,242	32,838,686	421,283
Total Noncurrent Assets	29,235,903	3,263,186	451,242	32,950,331	428,887
Total Assets	34,230,612	5,654,234	5,423,906	45,308,752	2,506,695
Deferred Outflows of Resources:					
Refunding Amortizable Interest	16,175	-	-	16,175	-
Pension	163,876	77,347	-	241,223	53,403
Total Deferred Outflows of Resources	180,051	77,347	-	257,398	53,403
Total Assets and Deferred Outflows of Resources	\$ 34,410,663	\$ 5,731,581	\$ 5,423,906	\$ 45,566,150	\$ 2,560,098

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS -Continued
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Govern- mental Activities
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Fund
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 495,813	\$ 69,980	\$ 209,302	\$ 775,095	\$ 89,529
Accrued Wages	27,291	14,215	-	41,506	6,309
Compensated Absences	25,675	11,470	-	37,145	4,426
Accrued Interest	8,901	-	-	8,901	-
Lease Liability	-	-	-	-	39,379
Revenue Bonds Payable	485,000	-	-	485,000	-
Total Current Liabilities	1,042,680	95,665	209,302	1,347,647	139,643
Noncurrent Liabilities:					
Compensated Absences	51,704	34,806	-	86,510	48,713
Net Pension Liability	129,281	61,019	-	190,300	42,130
Lease Liability	-	-	-	-	78,758
Revenue Bonds Payable	1,001,000	-	-	1,001,000	-
Total Noncurrent Liabilities	1,181,985	95,825	-	1,277,810	169,601
Total Liabilities	2,224,665	191,490	209,302	2,625,457	309,244
Deferred Inflows of Resources - Pensions	21,494	10,145	-	31,639	7,004
Total Liabilities and Deferred Inflows of Resources	2,246,159	201,635	209,302	2,657,096	316,248
NET POSITION					
Net Investment in Capital Assets	27,618,161	3,204,890	451,242	31,274,293	421,283
Unrestricted	4,546,343	2,325,056	4,763,362	11,634,761	1,822,567
Total Net Position	32,164,504	5,529,946	5,214,604	42,909,054	2,243,850
Total Liabilities and Net Position	\$ 34,410,663	\$ 5,731,581	\$ 5,423,906		\$ 2,560,098
Beginning net position of internal service fund activities related to enterprise funds				483,963	
Adjustment to reflect consolidation of internal service fund to enterprise funds				14,800	
Net Position of Business -Type Activities				\$ 43,407,817	

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Govern-mental Activities
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 11,669,873	\$ 1,211,592	\$ 3,017,825	\$ 15,899,290	\$ 1,167,391
Other Operating Revenues	221,843	-	-	221,843	2,600
Total Operating Revenues	11,891,716	1,211,592	3,017,825	16,121,133	1,169,991
Operating Expenses:					
Personnel Services	859,841	366,441	-	1,226,282	197,791
Contractual Services	4,924,426	-	2,415,126	7,339,552	-
Materials and Supplies	1,214,195	242,884	199,082	1,656,161	102,000
Other General Costs of Services	299,922	16,168	7,614	323,704	442,044
Professional and Technical	127,113	17,386	31,756	176,255	236,595
Internal Fees	1,165,859	185,127	326,954	1,677,940	-
Depreciation	1,216,136	218,238	10,786	1,445,160	163,984
Total Operating Expenses	9,807,492	1,046,244	2,991,318	13,845,054	1,142,414
Operating Income (Loss)	2,084,224	165,348	26,507	2,276,079	27,577
Nonoperating Revenues (Expenses)					
Interest Revenue	117,097	105,775	228,515	451,387	-
Gain/Loss On Sale Of Asset	(22,607)	11,198	-	(11,409)	36,772
Interest Expense	(37,536)	-	-	(37,536)	-
Transfer from General Fund	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	56,954	116,973	228,515	402,442	36,772
Capital Grants and Contributions	97,368	-	-	97,368	-
Change in Net Position	2,238,546	282,321	255,022	2,775,889	64,349
Total Net Position - Beginning	29,925,958	5,247,625	4,959,582		2,179,501
Total Net Position - Ending	\$ 32,164,504	\$ 5,529,946	\$ 5,214,604		\$ 2,243,850
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				14,800	
Changes in net position of business-type activities				\$ 2,790,689	

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Govern-mental Activities
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash Received From Customers	\$ 11,695,522	\$ 1,211,529	\$ 3,010,482	\$ 15,917,533	\$ -
Cash Received From Interfund Activities	-	-	-	-	1,169,991
Cash Paid to Suppliers	(6,803,115)	(251,071)	(2,768,092)	(9,822,278)	(719,691)
Cash Paid to Employees	(870,918)	(384,676)	-	(1,255,594)	(187,710)
Cash Paid to Interfund Activities	(1,225,859)	(185,127)	(326,954)	(1,737,940)	-
Net Cash Provided (Used) by Operating Activities	2,795,630	390,655	(84,564)	3,101,721	262,590
Cash Flows from Noncapital Financing Activities					
Transfers In/Out	-	-	-	-	-
Payments on Interfund Advance	30,000	-	-	30,000	-
Net Cash Used in Noncapital Financing Activities	30,000	-	-	30,000	-
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(1,661,290)	(426,145)	(248,751)	(2,336,186)	(134,520)
Proceeds From Sales of Long-Term Assets	58,500	56,360	-	114,860	104,000
Proceeds from Grants	-	-	-	-	-
Impact Fees	97,368	-	-	97,368	-
Principal Payments - Bonds and Leases	(476,000)	-	-	(476,000)	(39,379)
Interest Paid	(37,536)	-	-	(37,536)	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(2,018,958)	(369,785)	(248,751)	(2,637,494)	(69,899)
Cash Flows from Investing Activities					
Interest on Investments	117,097	105,775	228,515	451,387	-
Net Cash Provided by Investing Activities	117,097	105,775	228,515	451,387	-
Net Increase (Decrease) in Cash	923,769	126,645	(104,800)	945,614	192,691
Cash - Beginning of Year	2,081,342	2,154,377	4,789,587	9,025,306	1,831,587
Cash - End of Year	\$ 3,005,111	\$ 2,281,022	\$ 4,684,787	\$ 9,970,920	\$ 2,024,278

The accompanying notes are an integral part of these financial statements.

ROY CITY
STATEMENT OF CASH FLOWS -Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Govern-mental Activities
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ 2,084,224	\$ 165,348	\$ 26,507	\$ 2,276,079	\$ 27,577
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation	1,216,136	218,238	10,786	1,445,160	163,984
Changes in Assets and Liabilities:					
Accounts Receivable	(196,194)	(63)	(7,343)	(203,600)	-
Inventory	70,694	2,248	1,168	74,110	-
Prepaid Expenses	(63,045)	-	-	(63,045)	28,027
Accounts Payable	(305,108)	23,119	(115,682)	(397,671)	32,921
Recaptured Losses	-	-	-	-	-
Accrued Wages & Compensated Absences	4,394	6,928	-	11,322	11,884
Net Pension Liability	(15,471)	(25,163)	-	(40,634)	(1,803)
Net Cash Provided by Operating Activities	<u>\$ 2,795,630</u>	<u>\$ 390,655</u>	<u>\$ (84,564)</u>	<u>\$ 3,101,721</u>	<u>\$ 262,590</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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 most significant of the City's accounting policies are described below:

Reporting Entity

The reporting entity is comprised of the primary government with component units included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and agencies that are not legally separate from the City. Roy City includes the Redevelopment Agency of Roy Utah as a component unit.

Component units are legally separate entities and can be either blended or discretely presented with the primary government. Blending is used if the component unit is an integral part of the primary government and a discrete presentation is used if the component unit is not integral. One of four situations must be met for a component unit to be blended; 1) substantively the same governing body with a financial benefit or burden relationship, 2) substantively the same governing body with operational responsibility, 3) almost exclusive service or benefit to the primary government, or 4) total debt of the component unit repayable almost entirely from resources of the primary government.

Based upon the application of the 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 all 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 it is the same governing body and the administrative staff of Roy City manages the activities of the RDA in essentially the same manner as it manages City activities. 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.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, along with fund financial statements which provide a more detailed level of financial information.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the City and its component unit. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City's general revenues, from business-type activities, generally financed in whole or part with fees charged to external customers. The operating activities of the internal service funds are eliminated to avoid duplicating revenues and expenditures.

The statement of net position presents the financial position of the governmental and business-type activities at year-end.

The statement of activities presents a comparison between direct expenses and programs revenues for each function of the City's governmental activities and each identifiable activity of the business-type activities. A function is a grouping of similar activities to capture the expenses and program revenues associated with a distinct functional activity. 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. The determining factor for identifying which function charges for services pertain to, is which function generates the revenue. For grants and contributions, the determining factor is, to which function is the revenue restricted.

Taxes, fees in lieu, and other revenue sources not properly included among program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City records transactions in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements are prepared separately for governmental and proprietary funds and are designed to present financial information at a more detailed level. Major individual governmental and enterprise funds are reported in separate columns with combined columns for nonmajor funds. The internal service funds are presented in a single column of the proprietary fund statements.

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 *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 Redevelopment Agency receives its funding from property tax increment from the taxing entities it encompasses.

The *capital improvements fund* is used to account for resources that are set aside to future capital projects.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

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 *storm sewer utility fund* is used to account for the activities of the City's storm sewer system.

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.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included in the statement of net position. The statement of activities reports the revenues and expenditures.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports the source (i.e., revenues and other financing sources) and the uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included in the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are reported using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting, while proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, deferred inflows of resources, and the presentation of expenses versus expenditures.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

The use of financial resources to acquire capital assets are shown as assets in the government-wide and proprietary fund financial statements and as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide and proprietary fund financial statements, and as other financing sources on the governmental fund financial statements. 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. For the government-wide and proprietary 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.

Governmental fund financial statements recognize revenues 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. Sales and franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the government.

Non-exchange transactions in which the City receives value without directly giving equal value in return, may include property taxes, grants, and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

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 providing administrative services for such funds. Elimination of these charges would distort the total costs and program revenues reported for the various functions concerned.

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

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net position or Equity

Cash, Deposits, and Investments

Cash includes cash on hand, demand deposits with banks, deposits in cash management pools that have the general characteristics of demand deposit accounts, and deposits in a receiver's account for on-line bill pay. The City adopted an investment policy by resolution that allows for the investment of funds in time certificates of deposit with federally insured depositories, in the Utah Public Treasurer's Investment Fund (the Fund), in U. S. backed Government Securities, and other funds and obligations.

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations.

Restricted Assets

Class C Road and the Local Option Sales Tax funds are classified as restricted assets on the balance sheet because their use is restricted by laws and regulations. These road funds are restricted for use in maintaining roads and for pedestrian safety throughout the City.

Receivables, Payables, and Interfund Balances

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.

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". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental activities and business-type activities, which are reclassified as "inter-activity 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.

Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental fund types are recorded as expenditures when consumed. Inventories of the proprietary funds are expensed when consumed.

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. The expenditure/expense of prepaid items is reflected in the fiscal year in which services are consumed.

At the fund reporting level, fund balance is designated as non-spendable for an amount equal to inventories and prepaid items, as this amount is not available for general appropriations.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Investment in Land

Land acquired by the City and the Redevelopment Agency and held for resale is classified as an investment in land.

Capital Assets

General capital assets relate to governmental activities and do not specifically relate to activities of the proprietary funds. These assets generally result from expenditures in the governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position and does not report the assets in the governmental fund financial statements. Capital assets used by proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary funds statement of net position.

Capital assets are defined by the City as assets with an initial and individual cost of more than \$5,000 and an estimated useful life of more than two years. These assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Outlays for major improvements are capitalized. The City's infrastructure, referred to below, consists of roads, storm sewer systems, curb, gutter, sidewalk, and street lights.

All reported capital assets, except land and construction in progress, are depreciated using the straight line method over the following useful lives:

Asset Type	Years
Wells	25
Reservoirs	40 - 50
Water and sewer systems	50
Infrastructure	15 - 30
Vehicles	5 - 8
Machinery and equipment	5 - 30
Furniture and fixtures	5 - 10
Software	3 - 5

Donated assets are recorded at acquisition 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 expensed. Capital assets received in a service concession arrangement are reported at acquisition value.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

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, sick leave 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 position and as expenses in the government-wide statement of activities. Accumulated vacation, sick leave 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, including social security and Medicare costs, 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 (24 hour shift) accumulate 6.25 days 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. The liability for sick leave is calculated based on percentages that would be paid in the event the employee terminated employment.

Accrued Liabilities and Long-term Obligations

All payables and accrued liabilities are reported in the government-wide financial statements. 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 position. Bond discounts and premiums are amortized over the life of the applicable debt. Bond insurance costs are recognized as outflows of resources in the reporting period in which they are incurred and amortized using the effective interest method over the life of the bonds.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. 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 are included in long-term obligations and 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.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Fund Balance

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

Non-spendable fund balance includes amounts that cannot be spent due to their form (e.g. inventory and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balance includes amounts that are mandated for a specific purpose (e.g. Class C Road funds, Local Option Sales Tax, and grants) by external parties, constitutional provisions, or enabling legislation.

Committed fund balance includes amounts that are set aside for a specific purpose by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally, which is passage of a resolution by a majority vote.

Assigned fund balance comprises amounts intended to be used by the City for specific purposes that are neither considered restricted or committed. Intent can be expressed by the City Council or the Management Services Director. The Management Services Director has been designated by resolution to assign fund balance.

Unassigned fund balance includes all amounts in the general fund not contained in the previous four classifications. All funds in the category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures or revenue shortfalls. The general fund is the only fund that reports unassigned fund balances.

When both restricted and non-restricted funds are available for expenditure, the City will start with the most restricted category and spend those funds first. Similarly, when an expenditure is incurred for amounts in any of the unrestricted classifications of fund balance, the City will reduce committed amounts first, followed by assigned and then unassigned amounts.

The City has a minimum fund balance policy in the general fund of no less than 8% of budget revenue. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level.

Net Position

The net position represents the difference between assets and liabilities. The net position component, "net investment in capital assets", consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used (i.e. the amount the City has not spent) for the acquisition, construction, or improvement of those assets. The net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining balance of the net position is reported as unrestricted.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Pensions

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

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of item reported under this category. *Unavailable revenue- property taxes* are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. *Unavailable revenue- ARPA* reports unspent funds received from the Coronavirus State and Local Fiscal Recovery Funds. *Deferred inflows related to leases* represents the value of the lease receivable (present value of lease payments expected to be received during the lease term) plus any payments received at or before the commencement of the lease term that relate to future periods. *Deferred inflows related to pensions* are also reported in this category.

Leases as a lessee / Subscription Based Information Technology Arrangements (SBITAs):

The City recognizes a liability and an intangible right-to-use assets in the government-wide financial statements. At the commencement of a lease / SBITA, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct / implementation costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases / SBITAs include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) term, and (3) payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The term includes the noncancellable period of the lease / SBITA. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the term if the lease / SBITA is reasonably certain to be extended (or not terminated). The City monitors changes in circumstances that would require a remeasurement of its lease / SBITAs and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Leases as a lessee / Subscription Based Information Technology Arrangements (SBITAs):

Assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. Payments due under the lease / SBITA contracts are fixed payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in leases / SBITAs to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercisable only by the City and not by the respective lessor. The payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the City's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Leases as a Lessor: The City is a lessor for noncancellable leases of office space and land.

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. 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 governmental and proprietary 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 22nd, the budget is legally adopted by resolution for the following fiscal year which begins on July 1st. 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 17th. All annual appropriations lapse at fiscal year-end.

Budgets are prepared by fund, function and department. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department level. Budget control is exercised at the department level. 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 Budget Officer.

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 15th with a lien date of January 1st. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. An accrual has been made for uncollected current and prior year's property taxes which remains outstanding at June 30th.

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 30th.

Compensated Absences

Liabilities for compensated absences are recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. Compensated absences are measured and reported under the economic resources measurement focus, but not on the current financial resources measurement focus.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds

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.

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in checking accounts as well as time deposits.

Investments are recorded at fair value based upon quoted market prices at year-end (Level 1 inputs) and other significant observable inputs (Level 2), except where there is no material difference between cost and fair value. The difference between the purchase price and fair value, when material, is recorded as interest income. Each fund's portion of this pool is displayed on the combined balance sheet which also includes accounts that are separately held by the City's component unit. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool.

Deposits 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 UMMC"). The Act requires that City funds be deposited with a "qualified depository" which has been certified by the Utah State Commissioner of Financial Institutions as having met its Rule 11. Rule 11 established the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments for the City are also governed by the Act and rules of the UMMC. In addition, the City has adopted its own written investment policy which allows for investments in the following: 1) Obligations of the U. S. Treasury including bills, notes, and bonds; 2) U. S. Government Agencies; 3) Banker's Acceptances which are eligible for discounts at a federal reserve bank and which have a remaining term to maturity of 270 days or less; 4) Commercial paper which is rated P-1 by Moody's Investors Services or Standard and Poor's, having a remaining term to maturity of 270 days or less; 5) Negotiable certificates of deposit having a term to maturity of 365 days or less and variable rate certificates maturing in two years or less re-priced semi-annually; 6) Repurchase agreements with qualified depositories or dealers certified by the Utah Money Management Council; 7) Municipal obligations which are of the State, incorporated city, town, school district, or other political subdivision; 8) The Utah State Treasurer's Investment Pool. The policy does not allow for investments in foreign currency.

The investment policy addresses investment-related risks as follows:

Credit risk - The City will minimize credit risk, the risk that an issuer or other counterparty of an investment will not fulfill its obligation to pay interest and/or principal, by: 1) limiting investments to those authorized in the policy, 2) utilizing only those financial institutions, brokers, dealers, intermediaries, and advisers which have been certified by the Act, 3) limiting the amount of money invested in a single institution; and 4) diversifying the investment portfolio.

Interest rate risk - The City will minimize the risk that the market value of securities in the portfolio will diminish due to changes in general interest rates by: 1) structuring the investment portfolio with staggered maturity dates to meet cash requirements, and 2) investing operating funds primarily in the Utah State Treasurer's Investment Pool.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Custodial credit risk – All investment transactions held in safekeeping by a third-party shall be in a separate account in the name of the City and evidenced by a receipt issued within 15 days of the transaction. The third-party bank or trust company must be certified by the UMMC as a depository.

While the City's investment policy allows for a range of investments, at June 30, 2025, the only investment tool utilized was the Utah Public Treasurer's Investment Fund ("PTIF"), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and UMMC requirements. The PTIF is not registered with the SEC as an investment company and is not rated. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionately in any realized gains or losses on investments. The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. 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 City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2025, the City and the Redevelopment Agency investments consisted of the following:

	Roy City	RDA
Utah Public Treasurer's Investment Fund	\$ 30,072,499	\$ 2,823,090
Maturity	NA	NA
Rating	Not rated	Not rated
Fair Market Value (FMV)	Level input 1	Level input 1
Recurring FMV measurement	Matrix Pricing	Matrix Pricing

As of June 30, 2025, the City's uninsured bank balance was \$1,205,805. The Redevelopment Agency did not have any uninsured bank balance.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Cash and investments of the City are reported as follows:

Cash on hand and on deposit:	
Cash on deposit	\$ 1,427,520
Petty cash	4,125
PTIF investment - General	30,072,499
PTIF investment - RDA	2,823,090
Total cash and investments	<u>\$ 34,327,234</u>

Cash and investments are included in the accompanying statement of net position as follows:

Unrestricted cash	\$ 25,816,212
Restricted cash	8,511,022
Total cash and investments	<u>\$ 34,327,234</u>

Disaggregation of Receivables and Payables

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

	Balances Due to Roy City		
	Due From Government Units	Accounts Receivable	Total
Governmental Activities:			
Receivables:			
Businesses - franchise tax	\$ -	\$ 220,732	\$ 220,732
Ambulance billing service provider	-	4,931,168	4,931,168
Other businesses	-	723	723
Other governments	292,087	-	292,087
Utah State Tax Commission	1,602,912	-	1,602,912
Utah Department of Transportation	374,274	-	374,274
County - current property taxes	84,040	-	84,040
Taxpayers - unavailable taxes	5,063,729	-	5,063,729
	<u>7,417,042</u>	<u>5,152,623</u>	<u>12,569,665</u>
Allowance for doubtful accounts	-	(4,124,861)	(4,124,861)
	<u>\$ 7,417,042</u>	<u>\$ 1,027,762</u>	<u>\$ 8,444,804</u>

All of the receivables are expected to be collected within one year.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

	Due From Government Units	Accounts Receivable	Total
Business-type Activities:			
Other governments	\$ 61,229	\$ -	\$ 61,229
Customers	-	1,526,359	1,526,359
Gross receivables	61,229	1,526,359	1,587,588
Less: allowance for uncollectibles	-	(45,653)	(45,653)
Net total receivables	<u>\$ 61,229</u>	<u>\$ 1,480,706</u>	<u>\$ 1,541,935</u>

	Accounts Payable Due To:		
	Governmental Activities	Business-Type Activities	Total
Due to Other Governments	\$ 236,422	\$ 78,160	\$ 314,582
Due to Vendors	862,753	696,935	1,559,688
Total	<u>\$ 1,099,175</u>	<u>\$ 775,095</u>	<u>\$ 1,874,270</u>

Leases as Lessor

AT & T Lease – On June 12, 2001, the City entered into a 25-year lease agreement with AT & T for the lease of real property for the purpose of transmission and reception of communications signals. Based on this agreement, the City is receiving annual payments through 2026.

Verizon Lease – On November 7, 2024, the City entered into a 5-year lease agreement with Verizon for the lease of real property for the purpose of transmission and reception of communication signals. Based on this agreement, the City is receiving annual payments through 2028.

These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
AT & T	\$ 18,447	\$ 18,055	\$ 608
Verizon	100,841	21,097	5,303
Total lease agreements:	<u>\$ 119,288</u>	<u>\$ 39,152</u>	<u>\$ 5,911</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities:	Balance	Increases	Decreases	Reclass	Balance
Capital assets not being depreciated:					
Land	\$ 4,222,021	\$ -	\$ -	\$ -	\$ 4,222,021
Construction in progress	199,513	380,204	-	-	579,717
Total capital assets not being depreciated	4,421,534	380,204	-	-	4,801,738
Capital assets being depreciated:					
Buildings	12,392,577	-	-	-	12,392,577
Improvements other than buildings	45,995,532	1,550,745	(4,143)	-	47,542,134
Machinery and equipment	6,983,738	178,996	(177,432)	-	6,985,302
Automobiles and trucks	11,403,084	921,976	(723,542)	-	11,601,518
Right of use assets - equipment	196,894	-	-	-	196,894
Total capital assets being depreciated	76,971,825	2,651,717	(905,117)	-	78,718,425
Less accumulated depreciation for:					
Buildings	(6,580,965)	(221,300)	-	-	(6,802,265)
Improvements other than buildings	(26,225,208)	(1,629,753)	1,364	-	(27,853,597)
Machinery and equipment	(4,867,419)	(506,267)	170,593	-	(5,203,093)
Automobiles and trucks	(6,098,642)	(1,029,144)	476,783	-	(6,651,003)
Right of use assets - equipment	(39,379)	(39,379)	-	-	(78,758)
Total accumulated depreciation:	(43,811,613)	(3,425,843)	648,740	-	(46,588,716)
Total capital assets being depreciated, net	33,160,212	(774,126)	(256,377)	-	32,129,709
Governmental activities capital assets, net	\$37,581,746	\$ (393,922)	\$ (256,377)	\$ -	\$ 36,931,447

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Capital Assets

Business-type Activities:	Balance	Increases	Decreases	Reclass	Balance
Capital assets not being depreciated:					
Land	\$ 547,420	\$ -	\$ -	\$ -	\$ 547,420
Water shares	16,100	-	-	-	16,100
Construction in progress	893,667	-	-	(893,667)	-
Total capital assets not being depreciated	<u>1,457,187</u>	<u>-</u>	<u>-</u>	<u>(893,667)</u>	<u>563,520</u>
Capital assets being depreciated:					
Buildings	362,040	-	-	-	362,040
Improvements other than buildings	47,956,425	1,322,789	(61,268)	893,667	50,111,613
Machinery and equipment	1,941,684	732,788	(104,240)	-	2,570,232
Automobiles and trucks	1,985,386	280,609	(61,239)	-	2,204,756
Total capital assets being depreciated	<u>52,245,535</u>	<u>2,336,186</u>	<u>(226,747)</u>	<u>893,667</u>	<u>55,248,641</u>
Less accumulated depreciation for:					
Buildings	(40,504)	(13,711)	-	-	(54,215)
Improvements other than buildings	(19,036,771)	(1,105,945)	31,764	-	(20,110,952)
Machinery and equipment	(1,222,243)	(175,815)	59,078	-	(1,338,980)
Automobiles and trucks	(1,329,275)	(149,689)	9,636	-	(1,469,328)
Total accumulated depreciation:	<u>(21,628,793)</u>	<u>(1,445,160)</u>	<u>100,478</u>	<u>-</u>	<u>(22,973,475)</u>
Total capital assets being depreciated, net	<u>30,616,742</u>	<u>891,026</u>	<u>(126,269)</u>	<u>893,667</u>	<u>32,275,166</u>
Business-type activities capital assets, net	<u>\$32,073,929</u>	<u>\$ 891,026</u>	<u>\$(126,269)</u>	<u>\$ -</u>	<u>\$ 32,838,686</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Capital Assets

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

Governmental activities:

General government	\$ 93,647
Public Safety	996,342
Public works, including general infrastructure assets	1,371,184
Parks and recreation	800,686
Information technology	163,984
Total depreciation expense - governmental activities	<u>\$ 3,425,843</u>

Business-type activities:

Water and sewer utility	\$ 1,216,136
Storm water utility	218,238
Solid waste utility	10,786
Total depreciation expense - business-type activities	<u>\$ 1,445,160</u>

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2025 is as follows: Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and Sewer Utility	General Fund	\$ 77,300

The funds were used for on-sight improvements of a development within Roy City's central business district. The district is within one of the redevelopment project areas. A portion of the advances are expected to be repaid within the next fiscal year.

Inter-fund transfers:

Paid to	Paid from	Amount
Capital Improvements Fund	General Fund	\$ 1,185,500
General Fund	RDA Fund	30,000
		<u>\$ 1,215,500</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Inter-fund Receivables, Payables, and Transfers

Transfers are used to move revenue from the fund that statute or budget requires them to collect, to the fund the budget authorizes them to expend. The transfers to the capital project fund segregate money for anticipated capital projects. All City transfers are authorized by annual budget appropriation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenditure/expense) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City reports three such items; available unearned revenue, unavailable revenue and pension plans. Available unearned revenue refers to resources that are received before the period(s) which they are required to be used. Unavailable revenue refers to resources that are reported as a receivable before the period(s) for which they are levied and for other imposed non-exchange transactions where resources are reported as receivables and use is permitted.

The City reports the following deferred inflows of resources on the governmental funds balance sheet and the government-wide statement of net position:

	Governmental Funds	Governmental Activities	Business Type Activities
Property taxes not yet levied	\$ 5,063,729	\$ 5,063,729	\$ -
Unspent Grant Funds	247,110	247,110	-
Donations	50,000	50,000	-
Leases	117,492	117,492	-
Pensions	-	491,321	31,639
	<u>\$ 5,478,331</u>	<u>\$ 5,969,652</u>	<u>\$ 31,639</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Long-Term Debt and Liabilities

Water and Sewer Revenue Refunding Bonds

In October 2017 the City issued \$4,599,000 of water and sewer revenue refunding bonds, series 2017 with an average interest rate of 2.057 percent to advance refund \$4,930,000 of outstanding water and sewer revenue bonds, series 2008 with an average interest rate of 4.244 percent. The net proceeds of \$5,010,876, (after payment of \$55,943 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$4,930,000 of the outstanding 2008 Series bonds. As a result, the 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The balance of advance defeased bonds is \$1,962,000.

The City completed the advance refunding to reduce its total debt service payments over the next 10 years by \$519,275 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$459,627.

The bonds bear interest at 2.057% and mature in March 2028. Interest is due semi-annually in September and March, while principal payments are due annually in March.

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 485,000	\$ 30,566	\$ 515,566
2027	494,000	20,590	514,590
2028	<u>507,000</u>	<u>10,428</u>	<u>517,428</u>
	<u>\$ 1,486,000</u>	<u>\$ 61,584</u>	<u>\$ 1,547,584</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Long-Term Debt and Liabilities

Changes in Long-term Liabilities

During the year ended June 30, 2025, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$2,063,933	\$1,489,038	\$(1,430,101)	\$2,122,870	\$ 401,529
Governmental activities total	<u>\$2,063,933</u>	<u>\$1,489,038</u>	<u>\$(1,430,101)</u>	<u>\$2,122,870</u>	<u>\$ 401,529</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	\$1,962,000	\$ -	\$ (476,000)	\$1,486,000	\$ 485,000
Compensated absences	<u>120,176</u>	<u>110,973</u>	<u>(107,494)</u>	<u>123,655</u>	<u>37,145</u>
Business-type activities total	<u>\$2,082,176</u>	<u>\$ 110,973</u>	<u>\$ (583,494)</u>	<u>\$1,609,655</u>	<u>\$ 522,145</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for of the internal service funds are included as part of the above totals for governmental activities. At year end, \$53,139 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.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Leases

On July 31, 2023 the City entered into a lease agreement with Compunet for networking gear. The value of the asset is \$196,895. Lease agreements are summarized as follows:

Description	Original Date	Term	Payment Amount	Interest Rate	Original Lease Liability	Balance June 30, 2025	Asset Value
Network Gear	7/31/2023	5 yrs	\$ 39,379	0%	\$ 189,323	\$ 157,515	\$118,137

Year Ending June 30:	Principal	Interest	Total
2025	\$ 39,379	\$ -	\$ 39,379
2026	39,379	-	39,379
2027	39,379	-	39,379
	<u>\$ 118,137</u>	<u>\$ -</u>	<u>\$ 118,137</u>

Fund Balances

The City is required to restrict part of its fund balance to account for the extent to which it is bound to honor constraints on the specific purpose of funds. Fund balance allocations are presented in the statement of net position and the balance sheet of the governmental funds.

The non-spendable portion of fund balance relates to inventory, prepaid items and investment in land. The restricted balance consists of the remaining Class C Roads, Local Option Sales Tax funds, and Impact Fees. No portion of fund balance was considered to be committed.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

At June 30, 2025, assigned fund balance is as follows:

	General Fund	RDA	Capital Projects Fund	Park Development Fund	Storm Sewer Development Fund	Cemetery Fund
Governmental Funds:						
Nonspendable	\$ 150,662	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Roads	7,709,383	-	-	-	-	-
Park Impact fees	-	-	-	225,850	-	-
Storm impact fees	-	-	-	-	467,324	-
Assigned for:						
Public safety	-	-	312,500	-	-	-
Recreational facilities	-	-	673,200	-	-	-
Capital improvements	-	-	5,240,913	-	-	-
Cemetery	-	-	-	-	-	178,428
Redevelopment	-	2,905,925	-	-	-	-
Unassigned	5,513,802	-	-	-	-	-
	<u>\$13,373,847</u>	<u>\$2,905,925</u>	<u>\$6,226,613</u>	<u>\$ 225,850</u>	<u>\$ 467,324</u>	<u>\$178,428</u>

- *Purchase obligations* represent resources that will be used to liquidate purchase orders which were not completed by year end.
- *Capital improvements* are funds set aside to improve or construct City infrastructure. Funding comes from a transfer from the general fund.
- *Recreational facilities* are funds set aside for improvements to or construction of parks and recreational facilities. Assignments under the capital project fund are annual transfers from the general fund. Park development funds are acquired from a fee charged on building permits.
- *Fire apparatus* are funds set aside for the purchase of fire trucks and ambulances and acquired through a transfer from the general fund.
- *Storm sewer* is funds set aside to improve or construct storm sewer infrastructure. Storm sewer development funds are acquired from a fee charged on building permits.

Fund Balances

- *Cemetery* is funds set aside to expand the City cemetery and acquired through the sale of cemetery plots.
- *Redevelopment* is property tax assessments acquired by the Redevelopment Agency for redevelopment of specific areas of the City.

The Management Services Director has been delegated the authority to assign amounts, which are neither restricted nor committed, to be used for specific purposes.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. Detailed Notes for All Funds (Continued)

Net Position

The City reports net position in three categories: restricted, unrestricted, and net investment in capital assets. The City's restricted net position includes unspent restricted funds for road projects from Class C fund allotments, transportation sales tax, unspent impact fees, and the net position in pension related balances. The calculation on the restricted pension amounts and the net investment in capital assets are as follows:

	Governmental Activities	Business Type Activities	Total
Total Capital Assets, Net	\$ 36,931,447	\$ 32,838,686	\$ 69,770,133
Bond Refunding Amortizable Interest	-	16,175	16,175
Lease Liability	(118,137)	-	(118,137)
Capital Related Accounts Payable	(150,940)	(94,568)	(245,508)
Current Portion of Long-Term Debt	-	(485,000)	(485,000)
Long-Term Debt	-	(1,001,000)	(1,001,000)
	<u>\$ 36,662,370</u>	<u>\$ 31,274,293</u>	<u>\$ 67,936,663</u>

	Governmental Activities	Business Type Activities	Total
Net Pension Asset	\$ 533,382	\$ 34,345	\$ 567,727
Deferred Outflows of Resources	3,746,123	241,223	3,987,346
Deferred Inflows of Resources	(491,321)	(31,639)	(522,960)
Net Pension Liability	(2,955,316)	(190,300)	(3,145,616)
Unrestricted Fund Supplement	-	-	-
	<u>\$ 832,868</u>	<u>\$ 53,629</u>	<u>\$ 886,497</u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans

Plan Description

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

Defined Benefit Plans

Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems. Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system; Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system; Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple-employer, cost sharing, public employee retirement system.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

All accumulated assets are available to pay any benefit (or to refund any contribution) to any plan member or beneficiary.

Contributions made after the measurement date of the net pension liability/collective net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Employee Retirement Systems and Pension Plans

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2.00% per year July 1, 2020 to present	Up to 2.5%

* with actuarial reductions

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

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Contribution Rate Summary

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

Contribution rates as of June 30, 2025 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Noncontributory System			
15 - Local Government Division Tier 1	-	16.97%	-
111 - Local Government Division Tier 2	-	15.19%	0.70%
211 - Tier 2 401K Option	-	5.19%	10.00%
Public Safety System			
Noncontributory			
43 - Other Div A with 4% COLA Tier 2	-	35.21%	-
122 - Tier 2 DB Hybrid Public Safety	4.73%	26.49%	-
211 - Tier 2 401K Option	-	12.49%	14.00%
Firefighters Retirement System			
31 - Other Division A	15.05%	1.61%	-
132 - Tier 2 DB Hybrid Firefighters	4.73%	14.08%	-
211 - Tier 2 401K Option	-	0.08%	14.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 455,398	\$ -
Public Safety System	532,838	-
Firefighters System	31,422	143,425
Tier 2 Public Employees System	315,867	14,545
Tier 2 Public Safety and Firefighter	643,621	150,386
Tier 2 DC Only System	28,113	-
Tier 2 DC Public Safety and Firefighter	16,732	-
Total Contributions	\$ 2,023,991	\$ 308,356

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

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At June 30, 2025, we reported a net pension asset of \$567,727 and a net pension liability of \$3,145,616.

	(Measurement Date): December 31, 2024				
	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share Dec 31, 2023	Increase (Decrease)
Noncontributory System	\$ 931,591	\$ -	0.2937738%	0.2990660%	-0.0052922%
Public Safety System	1,716,376	-	1.1092706%	1.1586333%	-0.0493627%
Firefighters System	-	567,727	3.2321046%	1.8857142%	1.3463904%
Tier 2 Public Employees System	201,296	-	0.0674948%	0.0669471%	0.0005477%
Tier 2 Public Safety and Firefighter	296,353	-	0.6552300%	0.7794472%	-0.1242172%
	<u>\$ 3,145,616</u>	<u>\$ 567,727</u>			

The net pension asset and liability were measured as of December 31, 2024 and the total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of January 1, 2024 and rolled forward using general accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025 we recognized pension expense of \$2,588,943.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

At June 30, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,626,662	\$ 16,958
Changes in assumptions	356,027	4,674
Net difference between projected and actual earnings on pension plan investments	772,014	-
Changes in proportion and differences between contributions and proportionate share of contributions	212,603	501,326
Contributions subsequent to the measurement date	1,020,040	-
Total	\$ 3,987,346	\$ 522,958

\$1,020,040 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 988,105
2026	1,377,040
2027	(254,726)
2028	(19,895)
2029	110,721
Thereafter	\$ 243,103

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$849,258.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 555,094	\$ -
Changes in assumptions	77,060	-
Net difference between projected and actual earnings on pension plan investments	280,610	-
Changes in proportion and differences between contributions and proportionate share of contributions	407	2,293
Contributions subsequent to the measurement date	230,080	-
Total	<u>\$ 1,143,251</u>	<u>\$ 2,293</u>

\$ 230,080 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 532,848
2026	512,684
2027	(113,862)
2028	(20,792)
2029	-
Thereafter	\$ -

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 1,053,189.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,371	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	297,055	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	17,561
Contributions subsequent to the measurement date	258,007	-
Total	<u>\$ 736,433</u>	<u>\$ 17,561</u>

\$ 258,007 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 181,747
2026	421,647
2027	(120,657)
2028	(21,872)
2029	-
Thereafter	\$ -

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$35,985.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 623,758	\$ -
Changes in assumptions	45,537	-
Net difference between projected and actual earnings on pension plan investments	162,275	-
Changes in proportion and differences between contributions and proportionate share of contributions	123,570	470,919
Contributions subsequent to the measurement date	15,965	-
Total	<u>\$ 971,105</u>	<u>\$ 470,919</u>

\$ 15,965 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 214,245
2025	352,322
2026	(57,290)
2027	(25,056)
2028	-
Thereafter	\$ -

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 219,799.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,022	\$ 1,387
Changes in assumptions	67,230	21
Net difference between projected and actual earnings on pension plan investments	12,866	-
Changes in proportion and differences between contributions and proportionate share of contributions	30,743	2,855
Contributions subsequent to the measurement date	172,365	-
Total	<u>\$ 370,226</u>	<u>\$ 4,263</u>

\$ 172,365 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 23,153
2025	35,769
2026	15,319
2027	18,781
2028	44,738
Thereafter	\$ 55,838

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 430,712.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179,417	\$ 15,571
Changes in assumptions	166,200	4,654
Net difference between projected and actual earnings on pension plan investments	19,209	-
Changes in proportion and differences between contributions and proportionate share of contributions	57,882	7,696
Contributions subsequent to the measurement date	343,623	-
Total	\$ 766,331	\$ 27,921

\$343,623 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 36,112
2025	54,617
2026	21,765
2027	29,043
2028	65,983
Thereafter	\$ 187,266

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.25 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on an actuarial experience study for the period ending December 31, 2022.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	35%	7.01%	2.45%
Debt Securities	20%	2.54%	0.51%
Real Assets	18%	5.45%	0.98%
Private Equity	12%	10.05%	1.21%
Absolute Return	15%	4.36%	0.65%
Cash and Cash Equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 3,939,864	\$ 931,591	\$ (1,591,377)
Public Safety System	5,272,955	1,716,376	(1,185,737)
Firefighters System	1,235,532	(567,727)	(2,038,073)
Tier 2 Public Employees System	601,222	201,296	(109,807)
Tier 2 Public Safety and Firefighter	1,010,536	296,353	(274,648)
Total	\$ 12,060,109	\$ 2,577,889	\$ (5,199,642)

Net Pension Asset	\$ (567,727)
Net Pension Liability	<u>3,145,616</u>
	<u><u>\$ 2,577,889</u></u>

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Savings Plans

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

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

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

401(k) Plan	2025	2024	2023
Employer Contributions	\$ 106,740	\$ 95,378	\$ 63,990
Employee Contributions	53,624	40,883	32,432
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	49,837	38,176	30,250
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	55,575	38,466	51,489
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	800	725	100

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. Other Information

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 \$391,289 for FY 2025.

Financial information relating to the project areas for the fiscal year ending June 30, 2025 is as follows:

	Project Area #2	Project Area #3	Project Area #4	General
Tax increment collected	\$ 130,791	\$ 9,653	\$ -	\$ -
Contributions from other government units	370,383	47,929	-	-
Other revenue	-	-	-	133,949
Amount expended for:				
Administrative costs	352,160	27,390	-	11,739
Redevelopment activities	8,200	30,000	-	575

Commitments

The City had no open contracts for which work had not begun at June 30, 2025.

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.

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, 2025, 2024, and 2023, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. Net position of the fund is intended for funding future losses and totaled \$640,640 at June 30, 2025.

ROY CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. Other Information

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, 2025, 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.

Subsequent Event

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

Compensated Absences - Change in Accounting Principle

The City has adopted Statement No. 101 of the Governmental Accounting Standards Board – Compensated Absences. The adoption of a new accounting standard requires retrospective application. The City's financial statement line items affected by this application are compensated absences in the liability section and the associated salaries and wages expense. The change in accounting principle did not have an effect on the beginning financial position of the City.

**REQUIRED
SUPPLEMENTARY INFORMATION**

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property	\$ 4,945,000	\$ 4,945,000	\$ 5,146,145	\$ 201,145
Sales and Use Taxes	8,200,000	8,200,000	8,394,701	194,701
Telecommunication	160,000	160,000	167,511	7,511
Franchise	3,160,850	2,720,850	2,757,123	36,273
Payments in lieu	360,000	360,000	357,016	(2,984)
Licenses and Permits	406,000	406,000	577,752	171,752
Intergovernmental	5,847,036	5,965,190	3,060,905	(2,904,285)
Charges for Services - General	88,500	88,500	157,211	68,711
Charges for Services - Public Safety	2,419,000	2,920,000	2,286,860	(633,140)
Charges for Services - Parks & Rec	960,000	959,000	1,185,584	226,584
Fines and Forfeitures	692,000	692,000	779,615	87,615
Interest Income	625,000	625,000	613,989	(11,011)
Property Rental	36,000	36,000	83,437	47,437
Management Fees	391,289	391,289	391,289	-
Contributions and Donations	10,000	10,000	14,750	4,750
Miscellaneous	20,000	20,000	18,651	(1,349)
Total Revenues	28,320,675	28,498,829	25,992,539	(2,506,290)
Expenditures:				
General Government:				
Legislative	\$ 563,837	\$ 563,837	\$ 416,477	\$ 147,360
Legal	452,585	452,585	403,668	48,917
Community Development	791,721	791,721	760,590	31,131
Information Technology	627,031	627,031	627,031	-
Court	497,108	497,108	450,741	46,367
Finance	531,185	556,185	459,211	96,974
Public Buildings	536,743	571,743	557,831	13,912
Risk Management	268,521	268,521	268,521	-
	4,268,731	4,328,731	3,944,070	384,661
Public Safety:				
Fire	5,723,327	5,804,881	5,754,821	50,060
Police	7,408,382	7,444,982	7,153,073	291,909
	13,131,709	13,249,863	12,907,894	341,969

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public Works				
Administration	421,050	421,050	354,250	66,800
Class C Roads	1,782,040	1,782,040	967,924	814,116
Fleet Services	254,969	254,969	162,255	92,714
Streets	815,718	815,718	760,161	55,557
Transportation Infrastructure	3,792,374	3,792,374	351,753	3,440,621
	<u>7,066,151</u>	<u>7,066,151</u>	<u>2,596,343</u>	<u>4,469,808</u>
Parks and Recreation				
Aquatic Center	835,185	835,185	834,558	627
Parks and Recreation	1,668,479	1,668,479	1,445,349	223,130
Recreation Complex	895,611	980,611	900,224	80,387
Roy Days	124,571	124,571	96,869	27,702
	<u>3,523,846</u>	<u>3,608,846</u>	<u>3,277,000</u>	<u>331,846</u>
Total Expenditures	<u>27,990,437</u>	<u>28,253,591</u>	<u>22,725,307</u>	<u>5,528,284</u>
Other financing sources (uses):				
Proceeds from sales of assets	-	500,000	315,600	(184,400)
Transfers in	30,000	30,000	30,000	-
Transfers out	(185,500)	(1,185,500)	(1,185,500)	-
Total other financing sources (uses)	<u>(155,500)</u>	<u>(655,500)</u>	<u>(839,900)</u>	<u>(184,400)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>174,738</u>	<u>(410,262)</u>	<u>2,427,332</u>	<u>2,837,594</u>
Fund Balances at Beginning of Year	<u>10,946,515</u>	<u>10,946,515</u>	<u>10,946,515</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 11,121,253</u>	<u>\$ 10,536,253</u>	<u>\$ 13,373,847</u>	<u>\$ 2,837,594</u>

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RDA FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	\$ 55,500	\$ 55,500	\$ 140,444	\$ 84,944
Intergovernmental:	272,000	272,000	418,312	146,312
Interest Income	50,000	50,000	133,949	83,949
Other Income	-	-	-	-
Total Revenues	377,500	377,500	692,705	315,205
Expenditures:				
Current Operating:				
General Government	1,530,809	1,530,809	400,064	1,130,745
Total Expenditures	1,530,809	1,530,809	400,064	1,130,745
Other financing sources (uses):				
Transfers in/(out)	-	-	(30,000)	(30,000)
Appropriations of Fund Balances	-	-	-	-
Total other financing sources (uses)	-	-	(30,000)	(30,000)
Excess (Deficiency) of Revenues over Expenditures	(1,153,309)	(1,153,309)	262,641	1,415,950
Fund Balances at Beginning of Year	2,643,284	2,643,284	2,643,284	-
Fund Balances at End of Year	\$ 1,489,975	\$ 1,489,975	\$ 2,905,925	\$ 1,415,950

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025 with a measurement date of December 31, 2024
Last 10 fiscal years

		Noncontributory	Contributory	Public Safety	Firefighters	Tier 2 Public	Safety and
		System	System	System	System	Employees	Firefighters
						System	System
Proportion of the net pension liability (asset)	2024	0.29%	0.00%	1.11%	3.23%	0.07%	0.65%
	2023	0.30%	0.00%	1.16%	1.89%	0.07%	0.78%
	2022	0.32%	0.00%	1.12%	2.18%	0.07%	0.84%
	2021	0.33%	0.00%	1.04%	2.26%	0.07%	0.84%
	2020	0.32%	0.00%	1.15%	2.71%	0.06%	0.74%
	2019	0.35%	0.26%	1.18%	3.26%	0.07%	0.81%
	2018	0.35%	0.47%	1.24%	3.26%	0.08%	0.87%
	2017	0.35%	0.42%	1.24%	3.87%	0.08%	0.94%
	2016	0.34%	0.34%	1.18%	4.10%	0.08%	1.03%
	2015	0.36%	0.18%	1.15%	4.47%	0.08%	1.00%
Proportionate share of the net pension liability (asset)	2024	\$ 931,591	\$ -	\$ 1,759,376	\$ (567,727)	\$ 201,296	\$ 296,353
	2023	693,702	-	1,657,036	(442,566)	130,305	293,612
	2022	540,885	-	1,453,208	(566,441)	79,351	69,985
	2021	(1,909,592)	-	(845,911)	(1,499,757)	(28,942)	(42,615)
	2020	166,687	-	951,990	(757,752)	9,133	66,785
	2019	1,304,378	16,938	1,899,692	(404,231)	15,076	76,492
	2018	2,580,431	191,351	3,180,672	423,901	33,241	21,711
	2017	1,542,480	34,565	1,946,645	(241,629)	7,394	(10,860)
	2016	2,156,374	110,320	2,402,526	(32,284)	8,857	(8,914)
	2015	2,041,938	125,798	2,063,462	(81,042)	(168)	(14,639)
Covered payroll	2024	\$ 2,708,654	\$ -	\$ 1,759,255	\$ 980,408	\$ 1,999,510	\$ 2,990,934
	2023	2,761,287	-	1,797,065	793,230	1,730,807	2,953,364
	2022	2,835,783	-	1,589,382	917,773	1,586,263	2,581,142
	2021	2,884,010	-	1,360,462	983,136	1,268,172	2,016,317
	2020	2,814,488	-	1,624,193	970,251	1,015,127	1,482,528
	2019	2,966,515	46,313	1,666,550	1,043,573	931,692	1,340,232
	2018	2,985,104	88,257	1,723,898	1,015,041	905,682	1,156,719
	2017	3,026,142	86,192	1,730,852	1,131,855	821,370	990,872
	2016	2,944,508	80,674	1,620,081	1,150,834	651,172	848,418
	2015	3,122,071	76,262	1,550,072	1,203,594	497,757	596,172

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS (continued)
JUNE 30, 2025 with a measurement date of December 31, 2024
Last 10 fiscal years

		Noncontributory System	Contributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	2024	34.39%	0.00%	97.56%	-57.91%	10.07%	9.91%
	2023	25.12%	0.00%	92.21%	-55.79%	7.53%	9.94%
	2022	19.07%	0.00%	91.43%	-61.72%	5.00%	2.71%
	2021	-66.21%	0.00%	-62.18%	-152.57%	-2.28%	-2.11%
	2020	5.92%	0.00%	58.61%	-78.10%	0.90%	4.50%
	2019	43.53%	36.57%	113.99%	-38.74%	1.62%	5.71%
	2018	86.44%	216.81%	184.50%	41.76%	3.67%	1.87%
	2017	50.97%	40.10%	112.47%	-21.35%	0.90%	-1.10%
	2016	73.23%	136.75%	148.30%	-2.81%	1.36%	-1.05%
	2015	65.40%	164.96%	133.12%	-6.73%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	2024	96.02%	0.00%	93.30%	104.64%	87.44%	90.10%
	2023	96.90%	0.00%	93.44%	106.79%	89.58%	89.10%
	2022	97.50%	0.00%	93.60%	108.40%	92.30%	96.40%
	2021	108.70%	0.00%	104.20%	120.10%	103.80%	102.80%
	2020	99.20%	0.00%	95.50%	110.50%	98.30%	93.10%
	2019	93.70%	98.60%	90.90%	105.00%	96.50%	89.60%
	2018	87.00%	91.20%	84.70%	94.30%	90.80%	95.60%
	2017	91.90%	98.20%	90.20%	103.00%	97.40%	103.00%
	2016	87.30%	92.90%	86.50%	100.40%	95.10%	103.60%
	2015	87.80%	85.70%	87.10%	101.00%	100.20%	110.70%

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025 with a measurement date of December 31, 2024
Last 10 fiscal years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2025	\$ 508,911	\$ 508,911	\$ -	\$ 2,874,058	17.71%
	2024	494,748	494,748	-	2,799,901	17.67%
	2023	508,911	508,911	-	2,874,058	17.71%
	2022	510,159	510,159	-	2,789,024	18.29%
	2021	503,892	503,892	-	2,753,095	18.30%
	2020	544,332	544,332	-	2,975,053	18.31%
	2019	538,120	538,120	-	2,950,477	18.24%
	2018	556,332	556,332	-	3,088,157	18.02%
	2017	526,565	526,565	-	2,936,523	17.93%
	2016	537,756	537,756	-	3,000,792	17.92%
Contributory System	2025	-	-	-	-	0.00%
	2024	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
	2020	216	216	-	1,494	14.46%
	2019	13,185	13,185	-	91,183	14.46%
	2018	12,736	12,736	-	88,076	14.46%
	2017	11,850	11,850	-	81,953	14.46%
	2016	11,379	11,379	-	78,691	14.46%
Public Safety System	2025	566,725	566,725	-	1,742,156	32.53%
	2024	586,426	586,426	-	1,815,300	32.30%
	2023	566,725	566,725	-	1,742,156	32.53%
	2022	459,067	459,067	-	1,365,373	33.61%
	2021	512,358	512,358	-	1,479,160	34.64%
	2020	592,767	592,767	-	1,702,420	34.82%
	2019	579,233	579,233	-	1,664,839	34.91%
	2018	617,925	617,925	-	1,769,295	34.92%
	2017	580,929	580,929	-	1,663,874	34.91%
	2016	555,499	555,499	-	1,564,573	35.50%
Firefighters System	2025	26,876	26,876	-	884,041	3.04%
	2024	33,055	33,055	-	871,818	3.79%
	2023	26,876	26,876	-	884,041	3.04%
	2022	34,799	34,799	-	873,209	3.99%
	2021	40,029	40,029	-	987,426	4.05%
	2020	46,928	46,928	-	1,045,693	4.49%
	2019	46,215	46,215	-	1,002,858	4.61%
	2018	42,876	42,876	-	1,091,723	3.93%
	2017	45,198	45,198	-	1,167,685	3.87%
	2016	45,897	45,897	-	1,155,267	3.97%

See accompanying notes to required supplementary information

ROY CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025 with a measurement date of December 31, 2024
Last 10 fiscal years

Tier 2 Public Employees System *	2025	\$	282,334	\$	282,334	\$	-	\$	1,763,479	16.01%
	2024		294,205		294,205		-		1,837,627	16.01%
	2023		282,334		282,334		-		1,763,479	16.01%
	2022		221,678		221,678		-		1,380,726	16.06%
	2021		172,936		172,936		-		1,095,331	15.79%
	2020		150,990		150,990		-		964,173	15.66%
	2019		146,198		146,198		-		940,781	15.54%
	2018		126,587		126,587		-		840,147	15.07%
	2017		116,161		116,161		-		783,685	14.82%
	2016		82,639		82,639		-		555,939	14.86%
Tier 2 Public Safety and Firefighters System *	2025		575,685		575,685		-		2,897,805	19.87%
	2024		596,486		596,486		-		2,994,724	19.92%
	2023		575,685		575,685		-		2,897,805	19.87%
	2022		428,129		428,129		-		2,158,642	19.83%
	2021		334,971		334,971		-		1,734,283	19.31%
	2020		232,262		232,262		-		1,459,902	15.91%
	2019		196,256		196,256		-		1,211,828	16.20%
	2018		164,553		164,553		-		1,051,689	15.65%
	2017		152,448		152,448		-		971,487	15.69%
	2016		113,608		113,608		-		685,924	16.56%
Tier 2 Public Employees DC Only System *	2025		17,572		17,572		-		283,872	6.19%
	2024		28,374		28,374		-		458,388	6.19%
	2023		17,572		17,572		-		283,872	6.19%
	2022		13,995		13,995		-		209,195	6.69%
	2021		14,726		14,726		-		220,127	6.69%
	2020		14,348		14,348		-		214,475	6.69%
	2019		12,662		12,662		-		189,260	6.69%
	2018		9,718		9,718		-		145,259	6.69%
	2017		3,867		3,867		-		59,555	6.49%
	2016		1,915		1,915		-		28,632	6.69%
Tier 2 Public Safety and Firefighters DC Only System *	2025		19,574		19,574		-		231,631	8.45%
	2024		21,162		21,162		-		330,265	6.41%
	2023		19,574		19,574		-		231,631	8.45%
	2022		14,554		14,554		-		112,043	12.99%
	2021		13,200		13,200		-		101,615	12.99%
	2020		7,059		7,059		-		51,579	13.69%
	2019		5,324		5,324		-		42,695	12.47%
	2018		5,563		5,563		-		42,828	12.99%
	2017		5,153		5,153		-		39,670	12.99%
	2016		4,739		4,739		-		36,480	12.99%

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

ROY CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2025

Changes in Assumptions:

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

SUPPLEMENTARY INFORMATION

ROY CITY
NOTES TO THE SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2025

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Storm Sewer Development – This fund is used to account for impact fees imposed for the expansion and enlargement of the City's storm sewer system. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Fees must be held in a separate ledger account, retain the interest earned, and may only be expended for system improvements in the specific public facility type for which the fee was collected.)

Park Development – This fund is used to account for the impact fees imposed for the expansion and enlargement of the City's parks. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Fees must be held in a separate ledger account, retain the interest earned, and may only be expended for system improvements in the specific public facility type for which the fee was collected.)

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

The City has created capital projects funds in order to distinguish operating activities from capital activities. The capital projects funds are not used for routine capital outlay, rather for the acquisition and construction of major capital assets and for capital acquisition or construction financed with borrowed or contributed resources. The funds are financed by transfers from the general fund and are not used for projects financed by proprietary funds.

Capital Improvements (major fund)– This fund is used to account for construction of and improvements to infrastructure throughout the City.

**ROY CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
Assets				
Cash	\$ -	\$ -	\$ 178,428	\$ 178,428
Restricted Cash	575,789	225,850	-	801,639
Total Assets	\$ 575,789	\$ 225,850	\$ 178,428	\$ 980,067
Liabilities				
Liabilities				
Accounts Payable	\$ 108,465	\$ -	\$ -	\$ 108,465
Total Liabilities	108,465	-	-	108,465
Fund Balances				
Restricted for Impact Fees	467,324	225,850	-	693,174
Assigned	-	-	178,428	178,428
Total Fund Balances	467,324	225,850	178,428	871,602
Total Liabilities and Fund Balances	\$ 575,789	\$ 225,850	\$ 178,428	\$ 980,067

ROY CITY
COMBINING STATEMENT OF REVENUES,
EXPENDITURE, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
REVENUES				
Impact Fees	\$ 112,088	\$ 130,780	\$ -	\$ 242,868
Intergovernmental	-	41,245	-	41,245
Interest Income	24,482	6,233	8,344	39,059
Miscellaneous	-	-	120	120
Total Revenues	136,570	178,258	8,464	323,292
EXPENDITURES				
Current Operating				
General Government	123,932	-	-	123,932
Public Safety	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlays				
General Government	-	-	-	-
Storm Sewer	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Total Expenditures	123,932	-	-	123,932
Excess of Revenues Over (Under) Expenditures	12,638	178,258	8,464	199,360
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	-	-
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	12,638	178,258	8,464	199,360
Fund Balances at Beginning of Year	454,686	47,592	169,964	672,242
Fund Balances at End of Year	\$ 467,324	\$ 225,850	\$ 178,428	\$ 871,602

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORM SEWER DEVELOPMENT - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Impact Fees	\$ 50,000	\$ 50,000	\$ 112,088	\$ 62,088
Interest Income	10,000	10,000	24,482	14,482
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>136,570</u>	<u>76,570</u>
 Expenditures:				
Project Outlays	196,000	196,000	123,932	72,068
Total Expenditures	<u>196,000</u>	<u>196,000</u>	<u>123,932</u>	<u>72,068</u>
 Net Change in Fund Balance	<u>(136,000)</u>	<u>(136,000)</u>	<u>12,638</u>	<u>148,638</u>
Fund Balances at Beginning of Year	<u>454,686</u>	<u>454,686</u>	<u>454,686</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 318,686</u>	<u>\$ 318,686</u>	<u>\$ 467,324</u>	<u>\$ 148,638</u>

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK DEVELOPMENT - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Impact Fees	\$ 30,000	\$ 30,000	\$ 130,780	\$ 100,780
Intergovernmental	-	-	41,245	41,245
Interest Income	30,000	3,000	6,233	3,233
Total Revenues	60,000	33,000	178,258	145,258
Expenditures:				
Project Outlays	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	60,000	33,000	178,258	145,258
Fund Balances at Beginning of Year	47,592	47,592	47,592	-
Fund Balances at End of Year	\$ 107,592	\$ 80,592	\$ 225,850	\$ 145,258

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CEMETERY - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other Revenue	\$ -	\$ -	\$ 120	\$ 120
Interest Income	-	-	8,344	8,344
Total Revenues	-	-	8,464	8,464
 Expenditures:				
Project Outlays	-	-	-	-
Total Expenditures	-	-	-	-
 Net Change in Fund Balance	-	-	8,464	8,464
Fund Balances at Beginning of Year	169,964	169,964	169,964	-
Fund Balances at End of Year	<u>\$ 169,964</u>	<u>\$ 169,964</u>	<u>\$ 178,428</u>	<u>\$ 8,464</u>

ROY CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Other Revenue	\$ -	\$ 18,800	\$ 18,797	\$ (3)
Intergovernmental	-	222,000	222,000	-
Interest Income	200,000	200,000	272,840	72,840
Total Revenues	200,000	440,800	513,637	72,837
Expenditures:				
Current Operating:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay				
General Government	92,000	92,000	18,369	73,631
Public Safety	431,680	558,680	558,680	-
Public Works	200,000	200,000	136,986	63,014
Parks and Recreation	363,200	1,316,000	1,128,728	187,272
Total Expenditures	1,086,880	2,166,680	1,842,763	323,917
Other Financing Sources:				
Transfer In(Out)	185,500	1,185,500	1,185,500	-
Total Other Financing Sources	185,500	1,185,500	1,185,500	-
Net Change in Fund Balance	(701,380)	(540,380)	(143,626)	396,754
Fund Balances at Beginning of Year	6,370,239	6,370,239	6,370,239	-
Fund Balances at End of Year	\$ 5,668,859	\$ 5,829,859	\$ 6,226,613	\$ 396,754

ROY CITY
NOTES TO THE SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2025

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 those 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
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

	Information Technology	Risk Management	Total
ASSETS			
Current Assets:			
Cash	\$ 1,379,798	\$ 644,480	\$ 2,024,278
Prepaid Expenses	53,530	-	53,530
Total Current Assets	<u>1,433,328</u>	<u>644,480</u>	<u>2,077,808</u>
Noncurrent Assets:			
Net Pension Asset	7,604	-	7,604
Capital Assets:			
Furnishings and Fixtures	1,998	-	1,998
Computer Hardware	775,459	-	775,459
Software	81,062	-	81,062
Automobiles and Trucks	62,312	-	62,312
Right of use asset	196,894	-	196,894
Less Accumulated Depreciation	(696,442)	-	(696,442)
Total Capital Assets, Net	<u>421,283</u>	<u>-</u>	<u>421,283</u>
Total Noncurrent Assets	<u>428,887</u>	<u>-</u>	<u>428,887</u>
Total Assets	<u>1,862,215</u>	<u>644,480</u>	<u>2,506,695</u>
Deferred Outflows of Resources - Pensions	53,403	-	53,403
Total Assets and Deferred Outflows of Resources	<u>\$ 1,915,618</u>	<u>\$ 644,480</u>	<u>\$ 2,560,098</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 85,689	\$ 3,840	\$ 89,529
Accrued Wages	6,309	-	6,309
Lease Liability	39,379	-	39,379
Compensated Absences	4,426	-	4,426
Total Current Liabilities	<u>135,803</u>	<u>3,840</u>	<u>139,643</u>
Noncurrent Liabilities:			
Compensated Absences	48,713	-	48,713
Lease Liability	78,758	-	78,758
Net Pension Liability	42,130	-	42,130
Total Noncurrent Liabilities	<u>169,601</u>	<u>-</u>	<u>169,601</u>
Total Liabilities	<u>305,404</u>	<u>3,840</u>	<u>309,244</u>
Deferred Inflows of Resources - Pensions	7,004	-	7,004
Total Liabilities and Deferred Inflows of Resources	<u>312,408</u>	<u>3,840</u>	<u>316,248</u>
NET POSITION			
Net Investment in Capital Assets	421,283	-	421,283
Unrestricted	1,181,927	640,640	1,822,567
Total Net Position	<u>1,603,210</u>	<u>640,640</u>	<u>2,243,850</u>
Total Liabilities and Net Position	<u>\$ 1,915,618</u>	<u>\$ 644,480</u>	<u>\$ 2,560,098</u>

The accompanying notes are an integral part of these financial statements.

ROY CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Information Technology	Risk Management	Total
Operating Revenues:			
Charges for Services	\$ 783,789	\$ 383,602	\$ 1,167,391
Other Operating Revenues	-	2,600	2,600
Total Operating Revenues	783,789	386,202	1,169,991
Operating Expenses:			
Personnel Services	197,791	-	197,791
Contractual Services	-	-	-
Materials and Supplies	102,000	-	102,000
Professional and Technical	236,595	-	236,595
Other General Costs of Services	90,945	351,099	442,044
Depreciation & Amortization	163,984	-	163,984
Total Operating Expenses	791,315	351,099	1,142,414
Operating Income (Loss)	(7,526)	35,103	27,577
Nonoperating Revenues (Expenses)			
Interest Revenue	-	-	-
Gain on sale	36,772	-	36,772
Total Nonoperating Revenues (Expenses)	36,772	-	36,772
Net Income (Loss) Before Transfers	29,246	35,103	64,349
Transfers In (Out)	-	-	-
Change in Net Position	29,246	35,103	64,349
Total Net Position - Beginning	1,573,964	605,537	2,179,501
Total Net Position - Ending	\$ 1,603,210	\$ 640,640	\$ 2,243,850

The accompanying notes are an integral part of these financial statements.

ROY CITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Information Technology	Risk Management	Total
Cash Flows from Operating Activities			
Cash Received From Interfund Services	\$ 783,789	\$ 386,202	\$ 1,169,991
Cash Paid to Suppliers	(369,281)	(350,410)	(719,691)
Cash Paid to Employees	(187,710)	-	(187,710)
Net Cash Provided (Used) by Operating Activities	226,798	35,792	262,590
Cash Flows from Noncapital Financing Activities			
Payment on Interfund Advance	-	-	-
Net Cash Used in Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(134,520)	-	(134,520)
Proceeds from Sale of Assets	104,000	-	104,000
Payment on Lease Liability	(39,379)	-	(39,379)
Net Cash Provided (Used) in Capital and Related Financing Activities	(69,899)	-	(69,899)
Cash Flows from Investing Activities			
Interest on Investments	-	-	-
Net Cash Provided by Investing Activities	-	-	-
Net Increase (Decrease) in Cash	156,899	35,792	192,691
Cash - July 1	1,222,899	608,688	1,831,587
Cash - June 30	\$ 1,379,798	\$ 644,480	\$ 2,024,278
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (7,526)	\$ 35,103	\$ 27,577
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation & Amortization	163,984	-	163,984
Changes in Assets and Liabilities:			
Prepaid Expenses	28,027	-	28,027
Accounts Payable	32,232	689	32,921
Recovered Loss Liability	-	-	-
Accrued Wages	988	-	988
Compensated Absences	10,896	-	10,896
Net Pension Liability	(1,803)	-	(1,803)
Net Cash Provided by Operating Activities	\$ 226,798	\$ 35,792	\$ 262,590

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

ROY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2025 AND 2024

	2025	2024
Governmental Funds Capital Assets:		
Land	\$ 4,222,021	\$ 4,222,021
Buildings	12,392,577	12,392,577
Improvements other than Buildings	47,542,134	45,995,532
Machinery and Equipment	6,126,783	6,139,892
Vehicles	11,539,206	11,297,641
Construction in Progress	579,717	199,513
Total Governmental Funds Capital Assets	\$ 82,402,438	\$ 80,247,176
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 42,567,999	\$ 42,185,635
Capital Projects Fund	26,299,177	24,650,211
Special Revenue Funds	9,270,468	9,146,536
Donations	4,264,794	4,264,794
Total Governmental Funds Capital Assets	\$ 82,402,438	\$ 80,247,176

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 position.

ROY CITY CORPORATION
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2025

Function and Activity	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
General Government:					
Legislative	\$ 2,087,039	\$ 8,230	\$ -	\$ -	\$ 2,095,269
Legal	-	-	-	-	-
Justice Court	41,219	-	-	-	41,219
Community Developm	169,210	-	(34,641)	-	134,569
Finance	16,166	-	-	-	16,166
Public Buildings	10,738,010	8,130	(1)	-	10,746,139
Total	13,051,644	16,360	(34,642)	-	13,033,362
Public Safety:					
Fire	7,253,376	138,558	(11,949)	-	7,379,985
Police	3,662,403	502,513	(403,430)	-	3,761,486
Total	10,915,779	641,071	(415,379)	-	11,141,471
Public Works:					
Administration	560,880	124,986	(64,850)	-	621,016
Class "C" Roads	11,844,539	80,148	(72,414)	-	11,852,273
Fleet Services	260,674	40,200	(260,674)	(40,200)	-
Shop	-	12,000	-	252,089	264,089
Streets	19,704,849	745,879	(7,345)	40,200	20,483,583
Trans. Infrastructure	705,644	-	-	-	705,644
Total	33,076,586	1,003,213	(405,283)	252,089	33,926,605
Parks and Recreation:					
Aquatic Center	6,356,053	937,924	(65,605)	-	7,228,372
Beautification	-	-	-	-	-
Parks	12,001,931	80,605	(1,704)	-	12,080,832
Recreation	1,061,066	124,986	(65,021)	-	1,121,031
Recreation Complex	3,784,117	93,241	(6,593)	-	3,870,765
Total	23,203,167	1,236,756	(138,923)	-	24,301,000
Total Governmental Capital Assets	\$ 80,247,176	\$ 2,897,400	\$ (994,227)	\$ 252,089	\$ 82,402,438
Internal Service Funds	949,289				920,831
Amount reported on					
Statement of Net Position	\$ 81,196,465				\$ 83,323,269

ROY CITY CORPORATION
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2025

Function and Activity	Land	Buildings	Improvements	Machinery and Equipment	Vehicles	Const ruction in Progress	Total
General Government:							
Legislative	\$ 1,180,427	\$ 20,031	\$ 28,683	\$ 866,128	\$ -	\$ -	\$ 2,095,269
Legal	-	-	-	-	-	-	-
Justice Court	-	-	10,000	31,219	-	-	41,219
Community Developm	-	-	-	63,713	70,856	-	134,569
Finance	-	-	3,970	12,196	-	-	16,166
Public Buildings	-	9,392,686	827,316	365,951	160,186	-	10,746,139
Total	1,180,427	9,412,717	869,969	1,339,207	231,042	-	13,033,362
Public Safety:							
Fire	69,417	922,306	393,586	1,096,902	4,897,774	-	7,379,985
Police	-	-	233,387	476,937	3,051,162	-	3,761,486
Total	69,417	922,306	626,973	1,573,839	7,948,936	-	11,141,471
Public Works:							
Administration	185,269	-	109,340	19,174	307,233	-	621,016
Class "C" Roads	26,273	248,901	8,590,536	938,794	2,047,769	-	11,852,273
Fleet Services	-	-	-	-	-	-	-
Shop	-	-	12,000	144,587	107,502	-	264,089
Streets	434,361	36,398	18,509,107	680,464	243,536	579,717	20,483,583
Trans. Infrastructure	-	-	695,644	10,000	-	-	705,644
Total	645,903	285,299	27,916,627	1,793,019	2,706,040	579,717	33,926,605
Parks and Recreation:							
Aquatic Center	963,939	-	5,822,056	442,377	-	-	7,228,372
Beautification	-	-	-	-	-	-	-
Parks	1,362,335	407,425	9,216,414	717,497	377,161	-	12,080,832
Recreation	-	471,596	269,610	103,798	276,027	-	1,121,031
Recreation Complex	-	893,234	2,820,485	157,046	-	-	3,870,765
Total	2,326,274	1,772,255	18,128,565	1,420,718	653,188	-	24,301,000
Total Governmental Capital Assets	\$ 4,222,021	\$ 12,392,577	\$ 47,542,134	\$ 6,126,783	\$ 11,539,206	\$ 579,717	\$ 82,402,438
Internal Service Funds	-	-	-	858,519	62,312	-	920,831
Amount reported on Statement of Net Position	\$ 4,222,021	\$ 12,392,577	\$ 47,542,134	\$ 6,985,302	\$ 11,601,518	\$ 579,717	\$ 83,323,269

STATISTICAL SECTION

This part of Roy City Corporation's Annual Comprehensive 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	108
<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	121
<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	127
<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	131
<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	133
<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 Annual Comprehensive Financial Reports for the relevant year.

ROY CITY CORPORATION
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Contributions from other Gvt Units	Miscellaneous	Total
2024-25	\$ 21,582,881	\$ 3,004,500	\$ 1,078,198	\$ 16,962,940	\$ 1,511,224	\$ 14,750	\$ 52,368	\$ 44,206,861
2023-24	19,506,592	4,011,688	5,191,940	16,050,019	1,876,670	18,000	392,704	47,047,613
2022-23	18,389,960	2,309,448	992,349	16,575,511	1,425,870	24,490	(97,948)	39,619,680
2021-22	17,410,454	1,773,111	233,673	15,490,743	(60,999)	1,023,243	863,952	36,734,177
2020-21	17,015,509	5,114,775	224,404	14,571,522	154,611	935,325	748,751	38,764,897
2019-20	15,714,536	1,758,331	359,039	13,490,908	430,686	829,396	808,061	33,390,957
2018-19	15,293,469	1,641,152	233,673	12,580,192	618,215	711,141	245,956	31,323,798
2017-18	14,835,045	1,942,147	541,446	12,478,793	367,027	661,586	1,202,695	32,028,739
2016-17	14,222,446	1,628,543	133,683	12,189,922	212,108	755,046	294,155	29,435,903
2015-16	13,511,142	1,356,020	260,587	10,850,597	127,281	453,589	292,758	26,851,974
2014-15	12,991,240	1,261,884	236,149	10,620,108	818,374	-	1,303,945	27,231,700

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

Fiscal Year	General Government	Cares Act	Public Safety	Highways and Streets	Parks and Recreation	Capital Outlays	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
2024-25	\$ 4,570,752		\$ 14,223,557	\$ 3,116,123	\$ 4,025,769			\$ 9,867,635	\$ 1,035,046	\$ 2,991,318	\$ 39,830,200
2023-24	4,706,868	-	12,951,773	4,025,366	3,853,565	-	-	9,058,910	935,765	2,874,611	38,406,858
2022-23	4,136,273	-	11,335,562	4,244,548	3,303,271	-	-	9,035,146	908,709	2,639,226	35,602,735
2021-22	3,667,694	-	8,199,333	3,310,397	3,150,917	2,484,093	-	8,784,281	825,640	2,364,930	32,787,285
2020-21	3,597,401	3,334,621	7,939,841	2,946,265	2,369,058	331,088	-	9,112,681	869,756	2,341,433	32,842,144
2019-20	3,947,985	-	9,812,380	3,170,352	2,354,288	325,611	-	8,343,139	762,387	2,160,145	30,876,287
2018-19	5,718,370	-	8,786,682	2,102,800	2,830,061	-	-	8,431,834	726,240	2,133,710	30,729,697
2017-18	3,818,502	-	8,656,121	2,800,324	3,190,074	-	582	8,157,867	669,714	1,893,385	29,186,569
2016-17	3,357,633	-	9,060,658	3,364,725	2,998,691	-	4,383	7,275,028	634,642	1,780,606	28,476,366
2015-16	3,538,719	-	8,190,940	2,619,945	2,768,728	-	6,488	6,826,334	516,205	1,850,687	26,318,046
2014-15	4,330,730	-	7,747,025	2,514,322	2,591,095	-	8,445	6,075,016	498,700	1,850,632	25,615,965

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERN- MENTAL	CHARGES FOR SERVICES	FINES AND FORFEITURES	INTEREST AND MISC	OTHER FINANCING SOURCES	TOTAL
2024-25	\$ 16,822,496	\$ 577,752	\$ 3,060,905	\$ 3,629,655	\$ 779,615	\$ 632,640	\$ 489,476	\$ 25,992,539
2023-24	15,987,592	392,576	4,395,859	3,792,438	772,856	1,041,751	889,254	27,272,326
2022-23	16,214,192	497,372	2,708,391	3,196,469	703,098	1,080,863	296,675	24,697,060
2021-22	15,420,802	637,124	1,924,411	3,464,352	517,988	948,782	116,104	23,029,563
2020-21	14,504,002	1,026,864	5,216,756	3,138,406	524,593	1,003,906	188,790	25,603,317
2019-20	13,403,365	808,862	1,921,454	2,300,647	622,326	952,061	57,518	20,066,233
2018-19	12,515,103	508,790	1,671,634	2,713,949	704,209	930,055	79,261	19,123,001
2017-18	12,420,810	370,189	2,314,810	2,588,017	820,148	411,330	1,374,106	20,299,410
2016-17	12,124,040	455,997	1,645,327	2,555,482	679,629	420,367	452,684	18,333,526
2015-16	10,801,204	386,127	1,404,758	2,427,003	780,647	327,638	67,304	16,194,681
2014-15	10,570,367	382,323	1,365,201	2,634,076	774,217	897,476	223,450	16,847,110

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Cares Act	Debt Service	Other Financing Uses	Total
2024-25	\$ 3,944,070	\$ 12,907,894	\$ 2,596,343	\$ 3,277,000			\$ 1,155,500	\$ 23,880,807
2023-24	4,408,796	13,329,696	4,204,063	5,290,213	-	-	543,750	27,776,518
2022-23	3,772,623	11,468,714	3,097,128	2,961,188	-	-	2,345,386	23,645,039
2021-22	4,052,896	10,593,341	3,274,695	2,709,320	-	-	3,440,500	24,070,752
2020-21	3,365,379	8,516,788	2,725,244	2,242,547	3,334,621	-	2,907,292	23,091,871
2019-20	3,223,187	9,214,881	2,612,644	2,511,549	-	-	1,866,434	19,428,695
2018-19	3,587,311	8,720,933	2,102,800	2,830,061	-	-	410,500	17,651,605
2017-18	3,570,141	9,066,057	2,771,147	2,837,011	-	118,170	2,067,400	20,429,926
2016-17	3,323,182	8,596,891	3,221,211	2,830,370	-	119,933	715,780	18,807,367
2015-16	2,839,461	8,028,590	1,702,043	2,530,734	-	120,014	257,025	15,477,867
2014-15	3,219,745	7,973,281	2,199,257	2,221,230	-	119,891	1,787,031	17,520,435

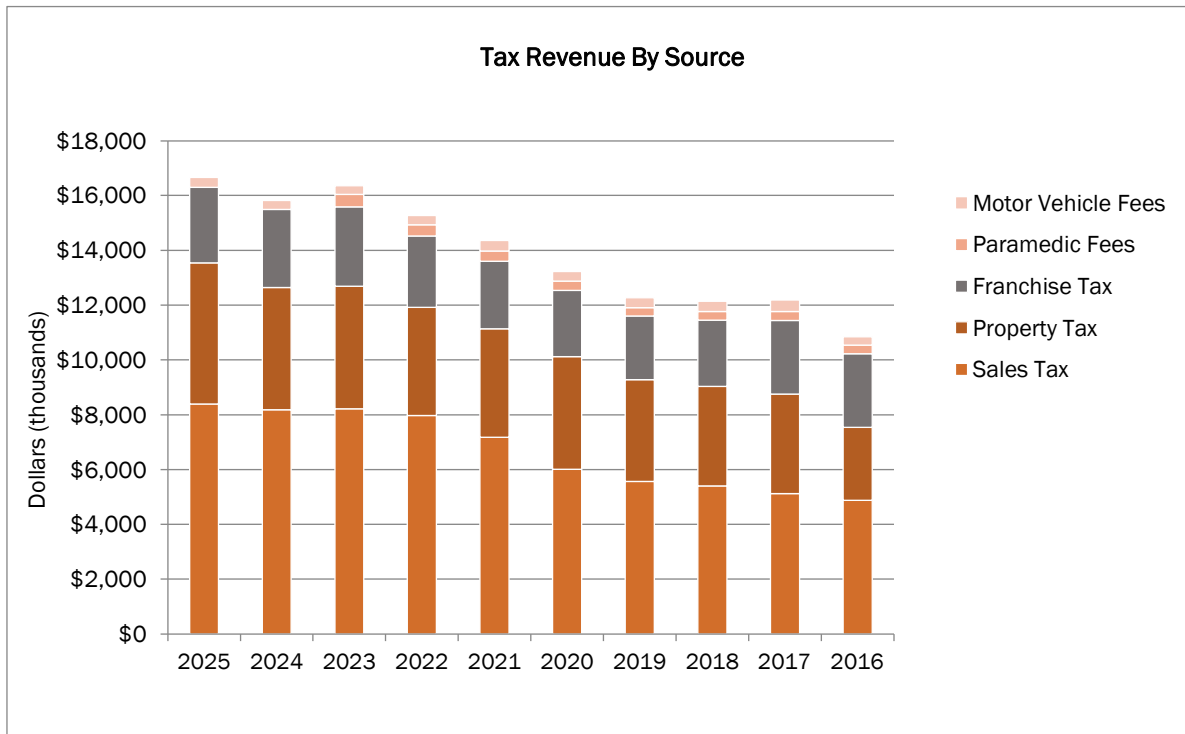
Notes:

General government is limited to the City's General Fund.

Other financing uses included transfers to the Capital Projects Fund for construction of capital assets.

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
2025	\$ 8,395	\$ 5,146	\$ 2,757	\$ -	\$ 357	\$ 16,655
2024	8,180	4,464	2,849	-	330	15,823
2023	8,215	4,469	2,901	455	311	16,351
2022	7,973	3,942	2,604	410	340	15,269
2021	7,173	3,967	2,459	373	384	14,356
2020	6,015	4,108	2,416	336	350	13,225
2019	5,569	3,714	2,323	301	363	12,270
2018	5,399	3,634	2,413	320	378	12,144
2017	5,118	3,641	2,684	320	426	12,189
2016	4,878	2,661	2,685	320	306	10,850



*In 2024 Paramedic Fees were reclassified as charges for services.

ROY CITY CORPORATION
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	2025	2024	2023	2022	Fiscal Year 2021	2020	2019	2018	2017	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 36,662	\$ 37,424	\$ 34,857	\$ 34,802	\$ 33,971	\$ 34,457	\$ 36,063	\$ 35,589	\$ 33,743	\$ 33,326
Restricted	9,235	7,944	7,863	5,254	4,854	4,085	3,729	2,861	2,434	2,689
Unrestricted	14,487	13,430	13,818	14,033	12,446	6,532	4,254	5,309	5,511	5,686
Total governmental activities net position	<u>\$ 60,384</u>	<u>\$ 58,798</u>	<u>\$ 56,538</u>	<u>\$ 54,089</u>	<u>\$ 51,271</u>	<u>\$ 45,074</u>	<u>\$ 44,046</u>	<u>\$ 43,759</u>	<u>\$ 41,688</u>	<u>\$ 41,701</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 31,274	\$ 30,136	\$ 24,320	\$ 22,327	\$ 21,506	\$ 20,984	\$ 20,253	\$ 20,534	\$ 20,075	\$ 19,816
Restricted	54	13	-	-	-	-	-	-	-	-
Unrestricted	12,080	10,468	10,068	10,494	10,186	10,527	10,197	9,355	9,043	8,329
Total business-type activities net position	<u>\$ 43,408</u>	<u>\$ 40,617</u>	<u>\$ 34,388</u>	<u>\$ 32,821</u>	<u>\$ 31,692</u>	<u>\$ 31,511</u>	<u>\$ 30,450</u>	<u>\$ 29,889</u>	<u>\$ 29,118</u>	<u>\$ 28,145</u>
Primary government										
Net Investment in capital assets	\$ 67,937	\$ 67,560	\$ 59,178	\$ 57,129	\$ 55,477	\$ 55,441	\$ 56,316	\$ 56,123	\$ 53,818	\$ 53,142
Restricted	9,289	7,957	7,863	5,254	4,854	4,085	3,729	2,861	2,434	2,689
Unrestricted	26,567	23,898	23,886	24,527	22,631	17,059	14,451	14,664	14,554	14,015
Total primary government net position	<u>\$ 103,793</u>	<u>\$ 99,415</u>	<u>\$ 90,927</u>	<u>\$ 86,910</u>	<u>\$ 82,962</u>	<u>\$ 76,585</u>	<u>\$ 74,496</u>	<u>\$ 73,648</u>	<u>\$ 70,806</u>	<u>\$ 69,846</u>

ROY CITY CORPORATION
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 1 of 3

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government	\$ 4,571	\$ 4,707	\$ 4,136	\$ 3,668	\$ 3,597	\$ 3,948	\$ 5,718	\$ 3,819	\$ 3,358	\$ 3,539
Cares Act	-	-	-	-	3,335	-	-	-	-	-
Public safety	14,224	12,952	11,336	8,199	7,940	9,812	8,787	8,656	9,061	8,191
Public works	3,116	4,025	4,245	3,310	2,946	3,170	2,103	2,800	3,365	2,620
Parks and recreation	4,026	3,853	3,303	3,151	2,369	2,354	2,830	3,190	2,998	2,769
Interest and fiscal charges	-	-	-	-	-	-	-	1	4	6
Capital Outlays	-	-	-	2,484	331	326	-	-	-	-
Total governmental activities expenses	<u>\$ 25,937</u>	<u>\$ 25,537</u>	<u>\$ 23,020</u>	<u>\$ 20,812</u>	<u>\$ 20,518</u>	<u>\$ 19,610</u>	<u>\$ 19,438</u>	<u>\$ 18,466</u>	<u>\$ 18,786</u>	<u>\$ 17,125</u>
Business-type activities:										
Water and sewer utility	\$ 9,868	\$ 9,059	\$ 9,035	\$ 8,784	\$ 9,113	\$ 8,343	\$ 8,432	\$ 8,158	\$ 7,275	\$ 6,826
Storm sewer utility	1,035	936	909	826	870	762	726	670	635	516
Solid waste utility	2,991	2,875	2,639	2,365	2,341	2,160	2,134	1,893	1,780	1,851
Total business-type activities expenses	<u>13,894</u>	<u>12,870</u>	<u>12,583</u>	<u>11,975</u>	<u>12,324</u>	<u>11,265</u>	<u>11,292</u>	<u>10,721</u>	<u>9,690</u>	<u>9,193</u>
Total primary government expenses	<u><u>\$ 39,831</u></u>	<u><u>\$ 38,407</u></u>	<u><u>\$ 35,603</u></u>	<u><u>\$ 32,787</u></u>	<u><u>\$ 32,842</u></u>	<u><u>\$ 30,875</u></u>	<u><u>\$ 30,730</u></u>	<u><u>\$ 29,187</u></u>	<u><u>\$ 28,476</u></u>	<u><u>\$ 26,318</u></u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,126	\$ 852	\$ 962	\$ 1,374	\$ 2,042	\$ 1,703	\$ 1,330	\$ 1,246	\$ 1,213	\$ 1,236
Public safety	3,066	3,710	3,020	2,373	1,988	1,446	1,707	1,558	1,534	1,466
Public works	-	-	-	-	-	-	-	-	23	51
Parks and recreation	1,269	823	767	873	660	582	890	974	1,046	965
Operating grants and contributions	3,005	4,012	2,309	1,773	51,145	1,758	1,641	1,942	1,638	1,356
Capital grants and contributions	981	750	910	234	224	359	234	482	92	160
Total governmental activities program revenues	<u>\$ 9,447</u>	<u>\$ 10,147</u>	<u>\$ 7,968</u>	<u>\$ 6,627</u>	<u>\$ 56,059</u>	<u>\$ 5,848</u>	<u>\$ 5,802</u>	<u>\$ 6,202</u>	<u>\$ 5,546</u>	<u>\$ 5,234</u>

ROY CITY CORPORATION
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 2 of 3

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Program Revenues, continued:										
Business-type activities:										
Charges for services:										
Water and sewer utility	\$ 11,892	\$ 9,910	\$ 9,945	\$ 9,397	\$ 9,111	\$ 8,823	\$ 8,402	\$ 8,168	\$ 7,433	\$ 6,833
Storm sewer utility	1,212	1,205	899	898	871	860	852	848	849	840
Solid waste utility	3,018	3,007	2,797	2,496	2,344	2,300	2,113	2,041	2,125	2,119
Capital grants and contributions	97	4,442	82	-	-	-	-	59	42	100
Total business-type activities program revenues	16,219	18,564	13,723	12,791	12,326	11,983	11,367	11,116	10,449	9,892
Total primary government program revenues	<u>\$ 25,666</u>	<u>\$ 28,711</u>	<u>\$ 21,691</u>	<u>\$ 19,418</u>	<u>\$ 68,385</u>	<u>\$ 17,831</u>	<u>\$ 17,169</u>	<u>\$ 17,318</u>	<u>\$ 15,995</u>	<u>\$ 15,126</u>
Net (expense)/revenue:										
Governmental activities	\$ (16,489)	\$ (15,391)	\$ (15,051)	\$ (14,186)	\$ (10,489)	\$ (13,761)	\$ (13,636)	\$ (12,264)	\$ (13,240)	\$ (11,891)
Business-type activities	2,325	5,694	1,140	816	2	717	75	395	759	699
Total primary government net expense	<u>\$ (14,164)</u>	<u>\$ (9,697)</u>	<u>\$ (13,911)</u>	<u>\$ (13,370)</u>	<u>\$ (10,487)</u>	<u>\$ (13,044)</u>	<u>\$ (13,561)</u>	<u>\$ (11,869)</u>	<u>\$ (12,481)</u>	<u>\$ (11,192)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 5,287	\$ 4,527	\$ 4,520	\$ 4,012	\$ 4,035	\$ 4,196	\$ 3,780	\$ 3,692	\$ 3,641	\$ 2,661
Sales taxes	8,395	8,180	8,215	7,973	7,173	6,015	5,569	5,399	5,118	4,878
Franchise taxes	2,925	3,013	3,530	3,166	2,979	2,931	2,868	3,011	3,005	3,005
Payments in lieu of taxes	357	330	311	340	384	350	364	378	426	306
Unrestricted investment earnings	1,060	1,378	1,042	(33)	104	265	385	221	212	127
Contributions from other government units	15	18	24	1,023	935	829	711	662	755	454
Gain (Loss) on sale of assets	-	-	(199)	67	161	(27)	79	779	-	-

ROY CITY CORPORATION
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 3 of 3

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other										
Changes in Net Position, continued										
Other revenues (uses) not restricted to specific programs	\$ 38	\$ 204	\$ 58	\$ 455	\$ 459	\$ 656	\$ 167	\$ 194	\$ 80	\$ 85
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 18,077</u>	<u>\$ 17,650</u>	<u>\$ 17,501</u>	<u>\$ 17,003</u>	<u>\$ 16,230</u>	<u>\$ 15,215</u>	<u>\$ 13,923</u>	<u>\$ 14,336</u>	<u>\$ 13,237</u>	<u>\$ 11,516</u>
Business-type activities:										
Other revenues (uses) not restricted to specific programs	\$ 15	\$ 37	\$ 49	\$ 334	\$ 204	\$ 178	\$ 253	\$ 232	\$ 214	\$ 208
Unrestricted investment earnings	451	498	384	(28)	50	165	233	146	-	-
Gain (Loss) on sale of assets	-	-	(6)	8	(76)	-	-	(3)	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 466</u>	<u>\$ 535</u>	<u>\$ 427</u>	<u>\$ 314</u>	<u>\$ 178</u>	<u>\$ 343</u>	<u>\$ 486</u>	<u>\$ 375</u>	<u>\$ 214</u>	<u>\$ 208</u>
Total primary government	<u><u>\$ 18,543</u></u>	<u><u>\$ 18,185</u></u>	<u><u>\$ 17,928</u></u>	<u><u>\$ 17,317</u></u>	<u><u>\$ 16,408</u></u>	<u><u>\$ 15,558</u></u>	<u><u>\$ 14,409</u></u>	<u><u>\$ 14,711</u></u>	<u><u>\$ 13,451</u></u>	<u><u>\$ 11,724</u></u>
Change in Net Position										
Governmental activities	\$ 1,586	\$ 2,259	\$ 2,450	\$ 2,818	\$ 5,742	\$ 1,453	\$ 287	\$ 2,072	\$ (3)	\$ (375)
Business-type activities	<u>2,791</u>	<u>6,229</u>	<u>1,567</u>	<u>1,130</u>	<u>181</u>	<u>1,061</u>	<u>561</u>	<u>770</u>	<u>973</u>	<u>907</u>
Total primary government	<u><u>\$ 4,377</u></u>	<u><u>\$ 8,488</u></u>	<u><u>\$ 4,017</u></u>	<u><u>\$ 3,948</u></u>	<u><u>\$ 5,923</u></u>	<u><u>\$ 2,514</u></u>	<u><u>\$ 848</u></u>	<u><u>\$ 2,842</u></u>	<u><u>\$ 970</u></u>	<u><u>\$ 532</u></u>

Notes:

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

Page 1 of 2

	2025	2024	2023	2022	Fiscal Year 2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 16,606	\$ 15,720	\$ 15,810	\$ 15,151	\$ 14,187	\$ 13,141	\$ 12,217	\$ 12,101	\$ 11,764	\$ 10,544
Paramedic	-	-	455	-	-	-	-	-	-	-
Payments in lieu of taxes	357	330	311	340	384	350	364	378	426	306
Licenses and permits	578	393	497	637	1,027	809	509	370	456	386
Intergovernmental	3,742	4,733	3,034	2,241	5,523	2,233	1,976	2,586	1,645	1,405
Charges for services	3,630	3,792	3,196	3,464	3,138	2,301	2,714	2,588	2,555	2,427
Impact fees	243	29	185	83	122	196	203	110	125	124
Fines and forfeitures	780	773	703	518	525	622	704	820	680	781
Investment earnings	1,060	1,378	1,042	(33)	104	265	385	221	212	127
Property rental	83	53	33	28	47	19	28	26	29	30
Management fee	391	374	320	170	162	164	165	163	132	130
Contributions and donations	15	18	24	52	30	54	38	46	49	30
Miscellaneous	38	204	58	44	67	68	23	47	21	25
Total revenues	\$ 27,523	\$ 27,797	\$ 25,668	\$ 22,695	\$ 25,316	\$ 20,222	\$ 19,326	\$ 19,456	\$ 18,094	\$ 16,315
Expenditures										
General government	\$ 4,366	\$ 4,766	\$ 4,129	\$ 4,307	\$ 3,672	\$ 3,630	\$ 3,848	\$ 3,835	\$ 3,472	\$ 3,614
Cares Act	-	-	-	-	3,335	-	-	-	-	-
Public safety	12,118	12,643	11,469	10,593	8,517	9,302	8,951	8,841	8,526	8,009
Public works	1,297	2,889	3,097	3,275	2,725	2,613	2,103	2,771	3,221	1,736
Parks and recreation	1,526	2,714	2,961	2,709	2,243	2,512	2,830	2,901	2,774	2,525
Debt service:										
Principal retirement	-	-	-	-	-	-	-	117	115	113
Interest and fiscal charges	-	-	-	-	-	-	-	1	5	7
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	5,786	5,786	2,914	2,599	546	326	1,784	1,337	901	750
Total expenditures	\$ 25,093	\$ 28,798	\$ 24,570	\$ 23,483	\$ 21,038	\$ 18,383	\$ 19,516	\$ 19,803	\$ 19,014	\$ 16,754

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

Page 2 of 2

	2025	2024	2023	2022	Fiscal Year 2021	2020	2019	2018	2017	2016
Excess of revenues over (under) expenditures	\$ 2,430	\$ (1,001)	\$ 1,098	\$ (788)	4,280	\$ 1,839	\$ (190)	\$ (347)	\$ (920)	\$ (439)
Other financing sources (uses)										
Proceeds from sale of assets	315	444	297	116	189	58	79	984	81	67
Contributions from other government units	-	-	-	707	629	518	407	390	649	267
Proceeds from revenue bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	1,186	574	3,317	3,441	2,907	1,866	411	2,067	716	257
Transfers out	(1,186)	(574)	(3,317)	(3,441)	(2,907)	(1,866)	(411)	(2,067)	(716)	(257)
Total other financing sources (uses)	315	444	297	823	818	576	486	1,374	730	334
Net change in fund balances	<u>\$ 2,745</u>	<u>\$ (557)</u>	<u>\$ 1,395</u>	<u>\$ 35</u>	<u>\$ 5,098</u>	<u>\$ 2,415</u>	<u>\$ 296</u>	<u>\$ 1,027</u>	<u>\$ (190)</u>	<u>\$ (105)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	0.8%

Notes:

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)

Page 1 of 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Non-spendable:										
Inventory	\$ 119	\$ 142	\$ 132	\$ 84	\$ 105	\$ 90	\$ 117	\$ 101	\$ 55	\$ 106
Prepaid items	32	4	368	21	136	136	1	29	40	80
Investment in land	-	-	-	-	103	87	456	456	456	456
Restricted for:										
Roads and public transit	7,709	6,003	6,079	5,254	4,854	4,085	3,729	2,861	2,434	2,689
Debt service	-	-	-	-	-	-	-	-	117	232
Assigned to:										
Recreation	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	19	16	12	9
Land purchase	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	21	21	21	116	317	193	26
Unassigned	5,514	4,797	4,871	4,707	5,911	4,199	4,091	3,486	3,967	3,997
Total general fund	<u>\$ 13,374</u>	<u>\$ 10,946</u>	<u>\$ 11,450</u>	<u>\$ 10,087</u>	<u>\$ 11,130</u>	<u>\$ 8,618</u>	<u>\$ 8,552</u>	<u>\$ 7,281</u>	<u>\$ 7,288</u>	<u>\$ 7,595</u>

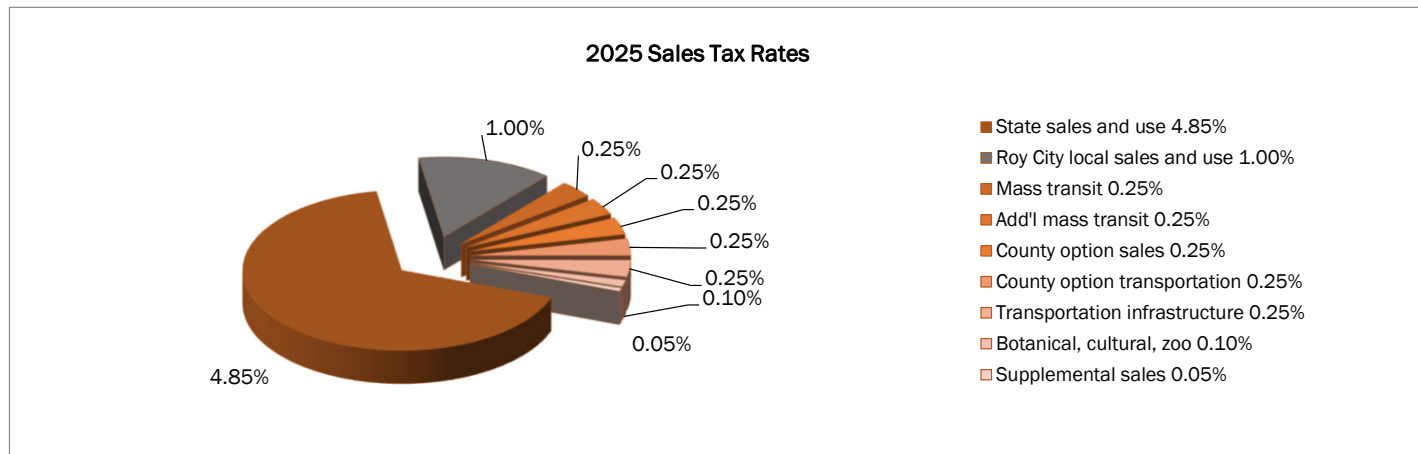
ROY CITY CORPORATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 2 of 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other governmental funds										
Non-spendable:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in land	-	-	-	-	-	-	59	60	60	60
Prepays	-	260	-	-	-	-	-	-	-	-
Restricted for:										
Impact Fees	693	502	662	-	-	-	-	-	-	-
Assigned to:										
Public safety	371	313	-	826	802	870	697	699	530	259
Capital improvements	5,640	5,125	6,267	5,749	4,824	1,925	368	103	207	206
Storm sewer improvements	-	-	-	317	289	229	131	269	191	191
Recreational facilities	216	673	116	255	318	702	753	1,994	1,241	1,579
Cemetery perpetual	178	170	167	167	165	165	165	165	165	165
Redevelopment	2,906	2,643	2,526	2,392	2,232	2,151	1,975	1,834	1,697	1,513
Other	-	-	-	-	-	-	-	-	-	1
Total other governmental funds	10,004	9,686	9,738	9,706	8,630	6,042	4,148	5,124	4,091	3,974
Total governmental funds	<u>\$ 23,378</u>	<u>\$ 20,632</u>	<u>\$ 21,188</u>	<u>\$ 19,793</u>	<u>\$ 19,760</u>	<u>\$ 14,660</u>	<u>\$ 12,700</u>	<u>\$ 12,405</u>	<u>\$ 11,379</u>	<u>\$ 11,569</u>

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

Fiscal Year	State Sales & Use	Roy City Local	Mass Transit	Add'l Mass Transit	County Option Sales	County Option Transp'n	Transp'n Infra-structure	Botanical, Cultural & Zoo	Suppl State Sales & Use	Total for Roy City Residents
2025	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2024	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2023	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2022	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2021	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2020	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2019	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2018	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.10%
2017	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.10%
2016	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2015	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%



Note: Rates are given as of the second quarter of each year.
Source: Utah State Tax Commission - Sales Tax Division (web site)

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							
2025	\$ 998,922	\$ 2,117,957	\$ 35,575	\$ 82,959	\$ 50,354	\$ 3,207,972	\$ 77,794	\$ 3,285,766	1.665	\$ 5,710,502	57.54%
2024	941,068	2,043,450	28,202	56,010	50,420	3,061,404	57,747	3,119,151	1.551	5,544,562	56.26%
2023	815,922	2,267,956	23,651	38,336	63,322	3,171,142	38,045	3,209,187	1.484	5,257,889	61.04%
2022	39,544	1,725,078	18,991	36,224	62,312	2,403,446	(521,297)	1,882,149	1.733	5,474,255	34.38%
2021	579,759	1,406,190	14,695	35,896	64,315	2,068,033	32,822	2,100,855	1.959	4,103,466	51.20%
2020	385,542	1,407,869	10,866	33,034	57,791	1,863,018	32,084	1,895,102	2.123	3,468,916	54.63%
2019	350,284	1,221,104	7,536	31,932	53,964	1,633,044	31,776	1,664,820	2.358	3,138,279	53.05%
2018	332,189	1,039,624	4,406	28,893	49,228	1,431,616	22,724	1,454,340	2.650	2,744,368	52.99%
2017	308,598	961,851	4,703	28,428	45,489	1,326,579	22,490	1,349,069	2.828	2,213,939	60.94%
2016	306,225	867,855	4,818	28,504	42,304	1,229,554	20,152	1,249,706	2.202	2,208,667	56.58%
2015	294,210	833,044	4,831	30,652	38,246	1,176,928	24,055	1,200,983	2.285	2,026,031	59.28%

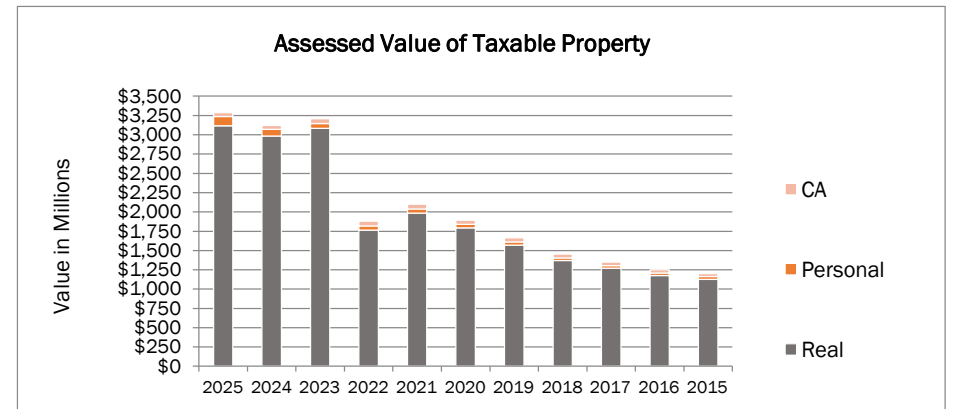
Notes:

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

Total property value is excluding fee-in-lieu.

Sources:

Weber County Auditor/Clerk, Assessor, and Treasurer Offices
State of Utah/Utah Certified Tax Rates



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

Fiscal Year	Roy City	Overlapping Rates							Total Direct Rate and Overlapping Rates
		Weber County	Weber School District	Weber Basin Water Conservancy	North Davis Sewer District	Mosquito Abatement District	Roy Water Conservancy Subdistrict	Weber Area Dispatch 911 & Emergency Svcs District	
2025	1.665	2.162	5.417	0.196	0.449	0.066	0.045	0.167	10.167
2024	1.551	2.117	5.536	0.200	0.476	0.068	0.046	0.173	10.167
2023	1.484	2.110	5.468	0.167	0.468	0.068	0.044	0.173	9.982
2022	1.733	2.529	5.500	0.132	0.682	0.084	0.056	0.215	10.931
2021	1.959	2.868	5.806	0.146	0.769	0.094	0.063	0.241	11.946
2020	2.123	3.121	6.038	0.153	0.800	0.101	0.068	0.239	12.643
2019	2.358	3.335	6.237	0.164	0.869	0.108	0.075	0.234	13.380
2018	2.650	3.670	6.298	0.174	0.949	0.119	0.084	0.257	14.201
2017	2.828	3.341	6.693	0.187	1.025	0.127	0.090	0.273	14.564
2016	2.202	3.543	6.643	0.196	1.025	0.134	0.097	0.288	14.128

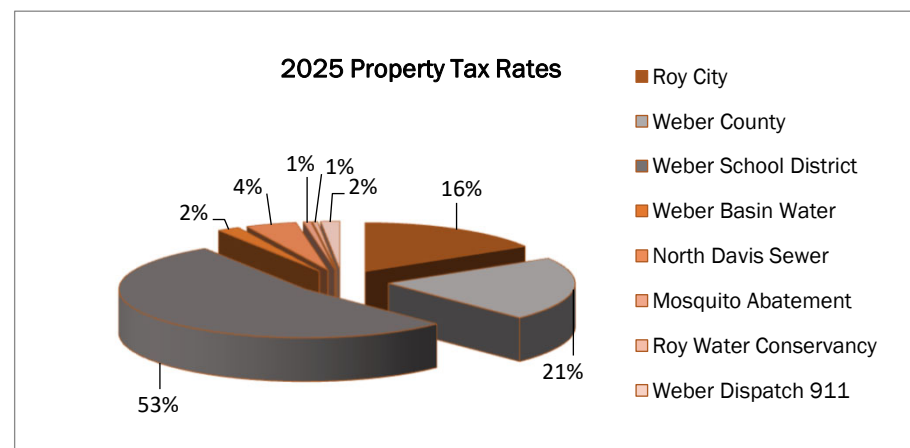
Notes:

Overlapping rates are those of local and county governments that apply to property owners within Roy City.

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
(Amounts Expressed in Thousands)

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
ORCHARD COVE LTD	\$ 32,231	1	1.03%	\$ 12,557	4	1.05%
AMERICA FIRST FEDERAL CREDIT	29,382	2	0.94%	16,569	2	1.38%
QUESTAR GAS	22,472	3	0.72%	13,461	3	1.12%
PACIFICORP	19,967	4	0.64%	19,195	1	1.60%
ABINGTON HEIGHTS LLC	14,557	5	0.47%			0.00%
ADERRA LLC	12,568	7	0.40%			0.00%
MONTE VISTA MOBILE HOME PARK	13,087	6	0.42%			0.00%
ORCHARDS AT 19TH LC	10,339	8	0.33%			0.00%
AA ALPINE STORAGE ROY LLC	9,918	9	0.32%	5,950	8	0.50%
IHC HEALTH SERVICES INC	9,848	10	0.32%			
WINCO FOODS LLC			0.00%	8,638	5	0.72%
DAVIS HOSPITAL & MEDICAL CENTER			0.00%	7,168	6	0.60%
HARMON CITY INC			0.00%	5,331	9	0.44%
ROY CITY CENTRE LLC			0.00%	6,228	7	0.52%
K B FAMILY ROY LLC			0.00%	4,781	10	0.40%
Total taxable value of 10 largest taxpayers	174,369		5.59%	99,878		8.33%
Total taxable value of other taxpayers	2,944,782		94.42%	1,101,105		91.67%
Total taxable value of all taxpayers	\$ 3,119,151		100.00%	\$ 1,200,983		100.00%

Notes:

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)

Tax Year	Total Tax Levy	Current Tax Collections	Collected from Other Government Units	Percent of Levy Collected	Delinquent Tax Collections (a)	Total Tax Collections	Percent of Total Tax Collected to Total Levy (a)
General Fund							
2024	\$ 5,457	\$ 5,051	-	92.56%	\$ 96	\$ 5,147	94.32%
2023	4,832	4,403	-	91.12%	62	4,465	92.40%
2022	4,778	4,410	-	91.63%	59	4,469	93.53%
2021	4,231	3,877	-	94.47%	65	3,942	93.17%
2020	4,124	3,896	-	99.93%	71	3,967	96.19%
2019	4,033	4,030	-	93.07%	78	4,108	101.86%
2018	3,937	3,664	-	93.07%	51	3,715	94.36%
2017	3,860	3,589	-	92.98%	44	3,633	94.12%
2016	3,794	3,583	-	94.44%	67	3,650	96.20%
2015	2,755	2,546	-	92.41%	66	2,612	94.81%
Redevelopment Agency Special Revenue Fund							
2024	\$ 494	\$ 140	\$ 418	112.96%	-	\$ 558	112.96%
2023	401	62	337	99.50%	-	399	99.50%
2022	382	51	326	98.69%	-	377	98.69%
2021	376	70	317	102.93%	-	387	102.93%
2020	366	68	306	102.19%	-	374	102.19%
2019	374	88	311	106.68%	-	399	106.68%
2018	369	65	304	100.00%	-	369	100.00%
2017	329	49	267	96.05%	-	316	96.05%
2016	343	66	277	100.00%	-	343	100.00%
2015	316	49	267	100.00%	-	316	100.00%

Notes:

In FY 2014, RDA tax collections were separated between agency tax increment and tax contribution from other governmental units

Property taxes are collected and disbursed to entities by Weber County. The delinquent taxes remittance advice does not include information as to the particular year the tax covers. Delinquent collections cover previous tax year monies received in the current fiscal year. Because the collection cannot be broken down by year, the percentages of total tax collected is skewed.

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	
2025	\$ 396,534	\$ 2,718,776	\$ 1,570	\$ 3,116,880	96	\$ 14,314,831	58	\$ 7,384,771	783	\$ 10,224,467	\$ 31,245
2024	369,489	2,613,635	1,395	2,984,519	89	3,336,950	37	4,190,879	645	8,124,169	26,200
2023	335,965	2,746,179	1,735	3,083,879	156	36,421,821	50	11,236,983	671	9,410,933	32,938
2022	304,642	2,010,353	1,445	2,316,440	198	16,161,102	46	7,832,169	712	8,645,705	30,597
2021	273,713	1,711,205	1,031	1,985,949	193	16,601,217	30	6,294,649	699	7,358,541	25,816
2020	252,994	1,539,333	1,084	1,793,411	159	16,261,757	34	20,663,060	515	5,255,632	23,544
2019	239,087	1,331,478	823	1,571,388	192	13,267,035	26	3,193,469	398	3,064,515	19,363
2018	222,816	1,148,337	659	1,371,812	95	4,174,971	29	3,404,594	442	3,864,945	18,050
2017	212,387	1,057,391	672	1,270,450	241	14,363,697	22	4,778,201	474	4,501,900	19,302
2016	205,079	968,438	563	1,174,080	74	3,885,374	28	2,944,429	290	1,840,226	17,700

Notes:

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

Sources:

Weber County Auditor/Clerk's Office

Weber County Treasurer's Office

Roy City Community Development Department

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

Fiscal Year	Population	Personal Income	Governmental Activities			Notes Payable	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Sales Tax Revenue Bonds	Right of use Lease Liability		Water Revenue Bonds			
2025	38,107	\$ 1,101,251,467	\$ -	\$ -	\$ 118,137	\$ -	\$ 1,486,000	\$ 1,604,137	0.15%	\$ 42.10
2024	38,592	1,085,404,560	-	-	157,515	-	1,962,000	2,119,515	0.20%	54.92
2023	38,785	1,067,786,089	-	-	-	-	2,428,000	2,428,000	0.23%	62.60
2022	39,358	1,048,596,769	-	-	-	-	2,888,000	2,888,000	0.28%	73.38
2021	39,306	1,042,239,110	-	-	-	-	3,336,000	3,336,000	0.32%	84.87
2020	39,544	1,033,454,745	-	-	-	-	3,776,000	3,776,000	0.37%	95.49
2019	39,519	1,027,290,999	-	-	-	-	4,213,000	4,213,000	0.41%	106.61
2018	38,812	1,023,810,045	-	-	-	-	4,599,000	4,599,000	0.45%	118.49
2017	38,201	1,020,340,886	-	117,000	-	-	4,931,711	5,048,711	0.49%	132.16
2016	37,964	977,214,412	-	232,000	-	-	5,281,998	5,513,998	0.56%	145.24
2015	37,877	972,952,878	-	345,000	-	-	5,622,303	5,967,303	0.61%	157.54

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

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
2025	\$ -	\$ -	\$ -	0.00%	\$ -
2024	-	-	-	0.00%	-
2023	-	-	-	0.00%	-
2022	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

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, 2025

Governmental Unit	General Bonded Debt Outstanding	Estimated Percentage Applicable to Roy City	Estimated Share of Overlapping Debt
North Davis County Sewer District	\$ -	13.74%	\$ -
Roy Water Conservancy Subdistrict	-	100.00%	-
State of Utah	1,554,245,000	0.56%	8,703,772
Weber Basin Water Conservancy District	7,135,000	2.58%	184,083
Weber County	32,380,000	0.98%	317,324
Weber County School District	498,256,216	13.00%	64,773,308
Overlapping debt			\$ 73,978,487
Roy City:			
Right of use lease liability		100.00%	118,137
Total direct and overlapping debt			<u>\$ 74,096,624</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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limit	\$ 124,675	\$ 119,381	\$ 123,355	\$ 92,658	\$ 79,438	\$ 71,736	\$ 62,856	\$ 54,873	\$ 53,063	\$ 49,182
Total net debt applicable to limit	-	0	-	-	-	-	-	-	-	-
Legal debt margin	<u>124675</u>	<u>\$ 119,381</u>	<u>\$ 123,355</u>	<u>\$ 92,658</u>	<u>\$ 79,438</u>	<u>\$ 71,736</u>	<u>\$ 62,856</u>	<u>\$ 54,873</u>	<u>\$ 53,063</u>	<u>\$ 49,182</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>\$ 3,116,879</u>
Debt limit (4% of total assessed value)										<u>\$ 124,675</u>
Debt applicable to limit:										
Total bonded debt									\$ 1,486	
Less:										
Revenue bonds									(1,486)	
Other deductions allowed by law									-	
Total net debt applicable to limit										<u>-</u>
Legal debt margin										<u>\$ 124,675</u>

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

ROY CITY CORPORATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2025	38,107	\$ 1,101,251,467	\$ 28,899	3.3%
2024	38,592	1,085,404,560	28,125	2.7%
2023	38,785	1,067,786,089	27,531	2.5%
2022	39,358	1,048,596,769	26,643	2.9%
2021	39,306	1,042,239,110	26,516	4.8%
2020	39,544	1,033,454,745	26,134	3.0%
2019	39,519	1,027,290,999	25,995	3.5%
2018	38,812	1,023,810,045	26,379	3.7%
2017	38,201	1,020,340,886	26,710	3.9%
2016	37,964	977,214,412	25,741	4.0%

Notes:

Population figures are from www.census.gov.

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

Unemployment figures 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

Kem C. Gardner Policy Institute

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

Employer	Fiscal Year					
	2025			2015		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Hill Air Force Base	10,000 - 14,999	1	11.4%	10,000-14,999	1	10.8%
Internal Revenue Service	7,000 - 9,999	2	5.5%	4,000 - 4,999	2	3.8%
Weber School District	4,000 - 4,999	3	3.9%			
McKay-Dee Hospital	4,000 - 4,999	4	3.0%	3,000 - 3,999	3	2.9%
Northrop Grmman Corp	3,000 - 3,999	5	2.2%			
Weber State University	3,000 - 3,999	6	2.2%	2,000 - 2,999	7	1.2%
Autoliv	2,000 - 2,999	7	1.3%	2,000 - 2,999	4	2.1%
America First Credit Union	2,000 - 2,999	8	1.3%	500 - 999	5	1.2%
Fresenius USA Mfg, Inc	1,000 - 1,999	9	1.3%	1,000 - 1,999	6	1.2%
Ogden School District	1,000 - 1,999	10	1.3%			
Associated Food Stores				500 - 999	8	0.6%
Ogden Regional Medical				500 - 999	9	0.6%
Marketstar				500 - 999	10	0.6%
Total	<u>32,000 - 46,990</u>		<u>33.4%</u>	<u>29,000 - 43,990</u>		<u>25.0%</u>

Note:

The Utah Department of Workforce Services provides employment information on a county basis. Roy City is the second largest city in Weber County.

Hill Air Force Base is considered to be in Davis County, which is contiguous to Weber County.

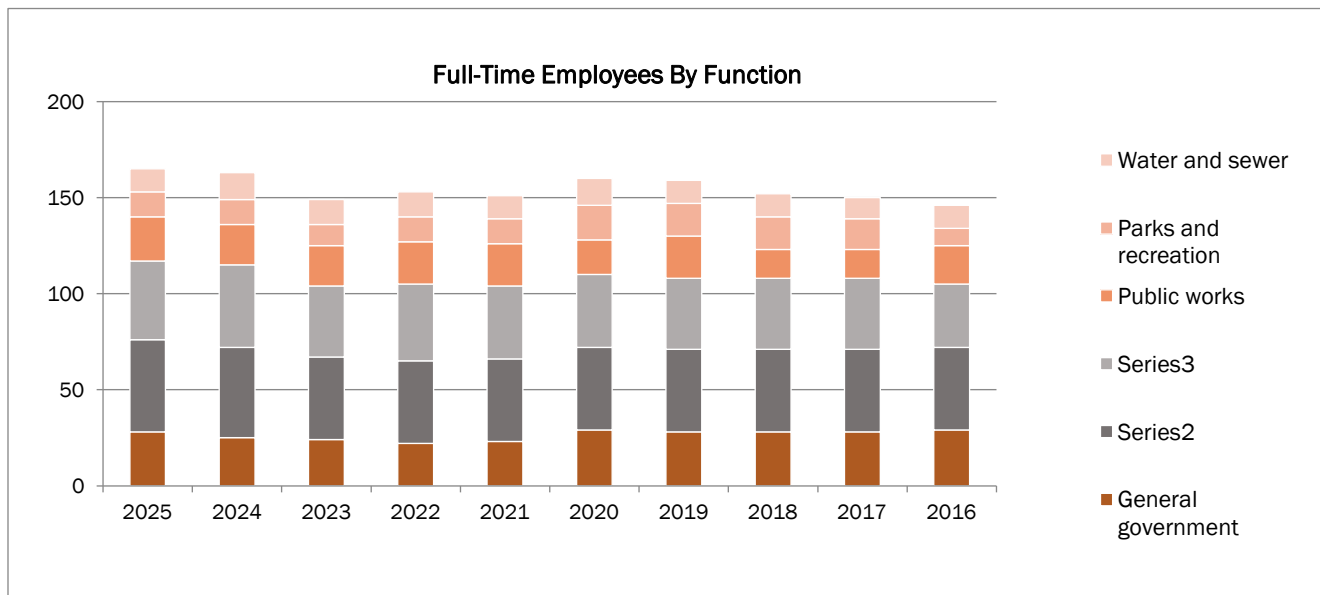
Actual employment numbers are not available to calculate the percentage of total employment by employer.

Sources:

Weber County Annual Comprehensive Financial Report 2024

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

Function	Full-time Employees as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government	28	25	24	22	23	29	28	28	28	29
Public safety										
Police										
Officers	41	40	39	38	37	39	39	39	39	39
Civilians	7	7	7	7	5	6	6	6	6	4
Fire										
Firefighters and officers	40	42	36	39	37	37	36	36	36	32
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	23	21	21	22	22	18	22	15	15	20
Parks and recreation	13	13	11	13	13	18	17	17	16	9
Water and sewer	12	14	13	13	12	14	12	12	11	12



Notes:

In 2017, staffing was reclassified between public works and parks and recreation to better reflect actual duties.

In 2016, two employees were reclassified from public works to general government.

ROY CITY CORPORATION
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Court filings										
Moving violations	3,653	3,474	4,425	3,507	2,929	3,116	3,126	4,757	4,016	3,596
Non-moving violations	2,575	2,309	3,250	2,463	1,023	1,979	1,955	2,309	3,164	2,946
DUI violations	91	89	160	176	163	116	110	126	192	151
Parking violations	42	45	294	24	6	201	356	330	464	189
Fire										
Fire calls dispatched	725	79	108	601	740	591	524	504	1,249	1,187
Medical calls dispatched	4,736	4,463	4,462	5,465	4,987	4,747	4,879	4,793	4,092	3,963
						5,338	5,403	5,297	5,341	5,150
Streets										
Snow removal and sanding:										
Miles	4,025	7,966	14,339	3,779	4,026	6,562	8,595	10,024	22,004	13,390
Asphalt resurfacing (tons)	924	1,844	3,335	1,092	892	1,324	1,642	983	1,251	1,598
Water										
Service connections	11,232	11,183	11,087	11,095	10,975	11,252	10,823	11,035	10,852	10,786
Water main breaks	64	43	87	26	32	33	14	24	15	15
Avg daily consumption										
in gallons	2,760,190	2,614,510	2,602,820	2,674,210	2,828,000	2,667,120	2,729,008	2,713,054	2,632,164	2,768,581
Aquatic Center										
Admissions	92,982	95,653	83,823	90,762	46,843	71,053	101,891	111,153	111,066	100,408
Complex										
Admissions	78,625	3,317	39,784	86,113	87,982	74,264	99,959	17,431	17,317	16,325

Sources:
Various City departmental data

ROY CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	30	30	24	24	24	24	24	24	22
Motorcycle units	-	-	-	-	-	-	-	-	-	-
Animal control units	2	2	2	2	2	2	2	2	2	2
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Streets (miles/units)										
Streets	118	118	118	118	118	118	118	115	115	115
Curb and gutter	208	208	208	208	208	208	208	208	208	208
Sidewalk	197	197	197	197	197	197	197	197	197	197
Streetlights	958	985	985	985	983	983	983	983	973	860
Parks and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	10	10	10	10	10	10	10	10	10	10
Park acreage	123	123	123	123	123	123	123	120	120	113
Covered picnic areas	20	20	20	17	17	17	17	17	17	18
Baseball diamonds	14	14	14	14	14	14	14	14	14	13
Soccer fields	17	17	17	17	17	17	17	17	17	17
Tennis courts	2	2	2	2	2	2	2	2	2	3
Pickleball courts	2	2	1	1	1	1	1	1	1	-
Swimming pools	2	2	2	2	2	2	2	2	2	2
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Sewer (miles)										
Sanitary sewers	116	116	116	116	116	115	115	115	115	115
Storm sewers	99	84	84	84	84	84	84	84	84	84
Water (miles/units)										
Water lines	159	157	157	157	157	157	157	157	157	157
Fire hydrants	1,438	1,404	1,404	1,404	1,390	1,390	1,390	1,390	1,390	1,390

Sources:
Various City departmental data

AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S 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***

To the Mayor and City Council of
Roy City

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roy City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Roy City's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roy City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roy City's internal control. Accordingly, we do not express an opinion on the effectiveness of Roy City's internal control.

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy City's financial statements are free from 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 financial statements. 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*.

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Child Richards CPAs & Advisors

Ogden, Utah
November 25, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

To the Mayor and City Council of
Roy City

Report On Compliance

We have audited Roy City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

Budgetary Compliance
Fund Balance
Justice Court
Restricted Taxes and Related Restricted Revenue
Fraud Risk Assessment
Governmental Fees
Impact Fees
Utah Retirement Systems

Opinion on Compliance

In our opinion, Roy City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Roy City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Roy City's compliance with the compliance requirements referred to above.

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Roy City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roy City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Roy City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Roy City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Roy City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of Roy City's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We noted other matters that we reported to management of the City in a separate letter dated November 25, 2025.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Child Richards CPAs & Advisors

Ogden, Utah
November 25, 2025