

ROY CITY CORPORATION

Roy, Utah

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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Prepared by:

*Camille Cook
Management Services Director*

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INTRODUCTORY SECTION



November 18, 2019

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Roy City Corporation for the fiscal year ended June 30, 2019.

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

The City's financial statements have been audited by Wiggins & Co., P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Roy City Corporation for the fiscal year ended June 30, 2019, 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, 2019, 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 Uniform Guidance 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 38,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Roy City Corporation operates under the council-manager 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 38-40 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the major governmental funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 87.

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 local economy in Roy continues to see growth. In FY 2019 sales tax revenue increased 3.16% compared to 5.47% in FY 2018. Sales tax revenue continues to exceed prior year's highs, but overall growth is slowing. The administration anticipates the State's economy to continue to improve and thus has budgeted a small increase for FY 2020.

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 21.63% of the total general fund revenue. In FY 2019, property tax revenue, including prior year delinquencies, grew by \$80,772, or 2.22%. A nominal increase is expected for FY2020.

Currently, a few smaller residential subdivisions are under development. A single family home subdivision, West Park phase three, is under construction on 4800 South between the Union Pacific Railway and the Utah Transit Authority Rail Trail. The new phase will have 27 lots. James Place subdivision is nearing completion and will have 12 lots total located around 5425 South 4000 West. Crestwood subdivision is located at approximately 6000 South 4300 West and will have 65 lots. Another single family home subdivision, JP Bar Farms will have 14 lots located at approximately 6000 South 4025 West.

The City has located within its boundaries or within close proximity major industries 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 other states. According to the Bureau of Labor Statistics, in June 2019 the local unemployment rate was 3.5%. This is a decrease of .2% from the same time in 2018. The local unemployment rate is well below the national rate of 3.7%. Of the nonfarm wage and salary employment, locally, jobs were up in all areas except information. Some of the largest increases occurred in mining, logging and construction of 8.3%, education and health services of 8.6%, and leisure and hospitality of 8.3%.

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 25% 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 \$4,090,711 at June 30, 2019, and \$3,485,664 at June 30, 2018. In the past, Roy City has maintained its general fund balance near maximum levels. The City Council has elected to maintain the fund balance levels around 18%.

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 is a savings of \$51,810 in the first year. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 67-68.

Major Initiatives

The City's Beautification Committee is comprised of the Mayor, two Council Members, the City Manager, the Management Services Director, the Public Works Director, and the Parks and Recreation and Recreational Facilities Director. In FY 2019, the Beautification Committee focused on installing historical markers at various locations throughout the City and seeking volunteers to assist in the maintenance of the D&RG trail.

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, and the City Manager. 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.

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. In FY 2019 a splash pad was added to George Wahlen North Park. Fitness stations and improvements to the walking path were added to Municipal Park.

The City is also 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 take a look at the community today and determine what areas requires 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.

The City Council continues to be aware of the changing dynamics of Roy City. Every year, less land is available for residential development. The lack of residential land and commercial buyers leads developers to request multi-family projects within commercial zones. The City Council is looking to review and possibly amend the general plan to deal with zoning and address the idea of transit oriented development around the Frontrunner station on 4000 South. Any new development adds traffic to already crowded City streets. Traffic concerns negatively impact the idea of multi-family housing or any large residential development within the City. In the future, developers will be required to address traffic flow as part of the development process.

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the 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, Wiggins & Co., P. C., 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,



Camille Cook
Management Services Director

ROY CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2019

Elected Officials

Robert Dandoy	Mayor
David E. Tafoya	City Councilperson
Karlene Yeoman	City Councilperson
Jan Burrell	City Councilperson
Bryon Saxton	City Councilperson
Joe Paul	City Councilperson

Executive, Legal and Budgetary Officials

Matthew D. Andrews	City Manager
Andrew H. Blackburn	City Attorney
Camille Cook	Budget Officer

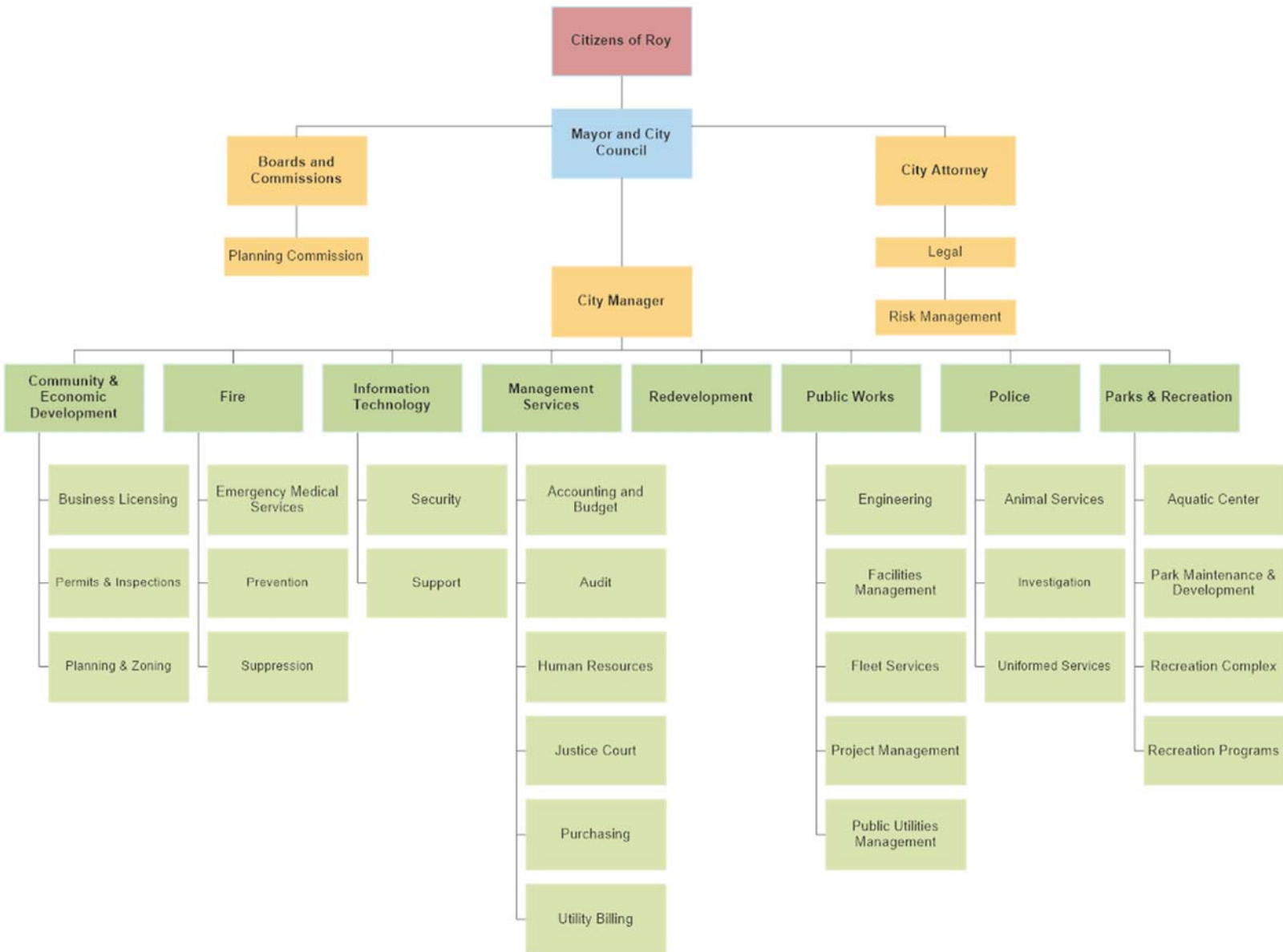
Statutory Appointed Officials

Carl G. Merino	Chief of Police
Morgan Langholf	City Recorder
Nicole L. Higgs	City Treasurer
Mark T. Miller	City Engineer
Trent D. Nelson	Justice Court Judge

Department Directors

Jeffrey R. Comeau	Fire Chief
Camille Cook	Management Services Director
S. Ross Oliver	Public Works Director
Travis J. Flint	Parks & Recreation and Recreational Facilities Director

ROY CITY CORPORATION Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Roy City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Roy City Corporation, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roy City Corporation (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 16 - 28 and 78 - 81 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roy City Corporation's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparisons schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, including the budgetary comparisons schedules, and the capital asset schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplemental budgetary schedules and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2019 on our consideration of Roy City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Corporation's internal control over financial reporting and compliance.

Wiggins & Co., P.C.

Ogden, UT

November 18, 2019

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 \$847,227. Governmental activities incurred an increase of \$286,129 from operations, while business-type activities resulted in an increase of \$561,098.
- 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 \$74,495,451 (net position). Of this amount, \$14,450,907 (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 \$12,700,858, an increase of \$294,925 from the prior year. Approximately \$8.55 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 \$4,090,711 or 32.21% 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 of 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 of 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 \$74,495,451 at the close of the most recent year, June 30, 2019.

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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 18,455	\$ 17,989	\$ 11,449	\$ 10,162	\$ 29,904	\$ 28,151
Capital assets	35,805	35,537	24,748	25,497	60,553	61,034
Total assets	54,260	53,526	36,197	35,659	90,457	89,185
Deferred outflows	3,197	3,309	270	283	3,467	3,592
Total assets and deferred outflows of resources	57,457	56,835	36,467	35,942	93,924	92,777
Long-term debt	-	1,571	3,776	4,722	3,776	6,293
Other liabilities	9,094	4,835	2,194	1,122	11,288	5,957
Total liabilities	9,094	6,406	5,970	5,844	15,064	12,250
Deferred inflows	4,317	6,670	48	210	4,365	6,880
Total liabilities and deferred inflows of resources	13,411	13,076	6,018	6,054	19,429	19,130
Net position:						
Net investment in capital assets	36,062	35,589	20,253	20,534	56,315	56,123
Restricted	3,729	2,861	-	-	3,729	2,861
Unrestricted	4,255	5,309	10,196	9,355	14,451	14,664
Total net position	\$ 44,046	\$ 43,759	\$ 30,449	\$ 29,889	\$ 74,495	\$ 73,648

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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 3,927	\$ 3,778	\$ 11,366	\$ 11,057	\$ 15,293	\$ 14,835
Grants and contributions:						
Operating	1,641	1,942	-	-	1,641	1,942
Capital	233	482	-	59	233	541
General revenues						
Property taxes	3,779	3,692	-	-	3,779	3,692
Other taxes	8,801	8,787	-	-	8,801	8,787
Investment earnings	385	221	233	146	618	367
Contributions from other gvts	711	662	-	-	711	662
Other	246	973	253	230	499	1,203
Total revenues	<u>19,723</u>	<u>20,537</u>	<u>11,852</u>	<u>11,492</u>	<u>31,575</u>	<u>32,029</u>
Expenses:						
General government	5,718	3,819	-	-	5,718	3,819
Public safety	8,786	8,656	-	-	8,786	8,656
Public works	2,103	2,800	-	-	2,103	2,800
Parks and recreation	2,830	3,190	-	-	2,830	3,190
Interest and fiscal charges	-	1	-	-	-	1
Water and sewer utility	-	-	8,431	8,158	8,431	8,158
Storm sewer utility	-	-	726	670	726	670
Solid waste utility	-	-	2,134	1,893	2,134	1,893
Total expenses	<u>19,437</u>	<u>18,466</u>	<u>11,291</u>	<u>10,721</u>	<u>30,728</u>	<u>29,187</u>
Increase (decrease) in net position	286	2,071	561	771	847	2,842
Net position - beginning	<u>43,760</u>	<u>41,688</u>	<u>29,888</u>	<u>29,117</u>	<u>73,648</u>	<u>70,805</u>
Net position - ending	<u>\$ 44,046</u>	<u>\$ 43,759</u>	<u>\$ 30,449</u>	<u>\$ 29,888</u>	<u>\$ 74,495</u>	<u>\$ 73,647</u>

By far, the largest portion of the City's net position, 81.87%, 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 (8.47%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,450,907, 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 is 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.

The City implemented GASB 68 on Accounting and Financial Reporting for Pensions in FY 2015. The Statement makes changes to the way transactions are recorded for pensions provided to the employees of state and local government employers through pension plans that are administered through trusts.

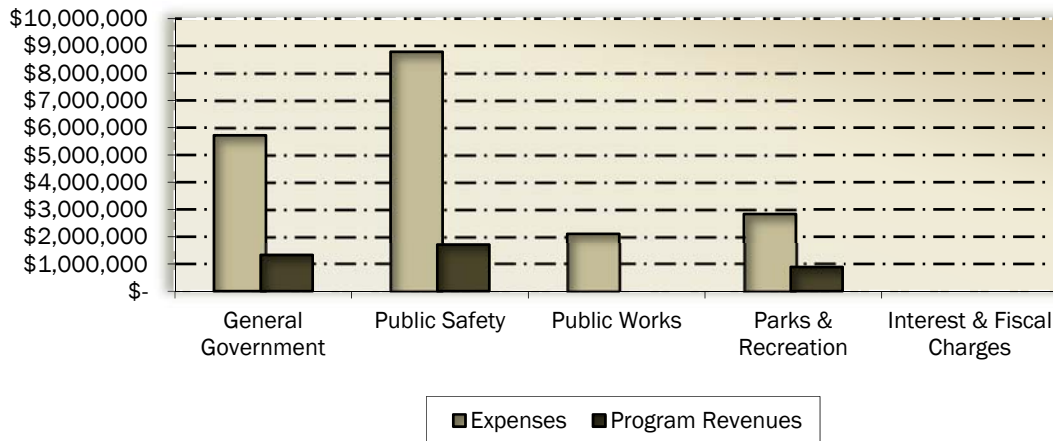
Governmental activities increased Roy City's net position by \$286,129 while business-type activities increased net position by \$561,098.

Governmental activities. The governmental activities portion of the change in net position accounted for a 0.38% increase in the growth for the City as a whole.

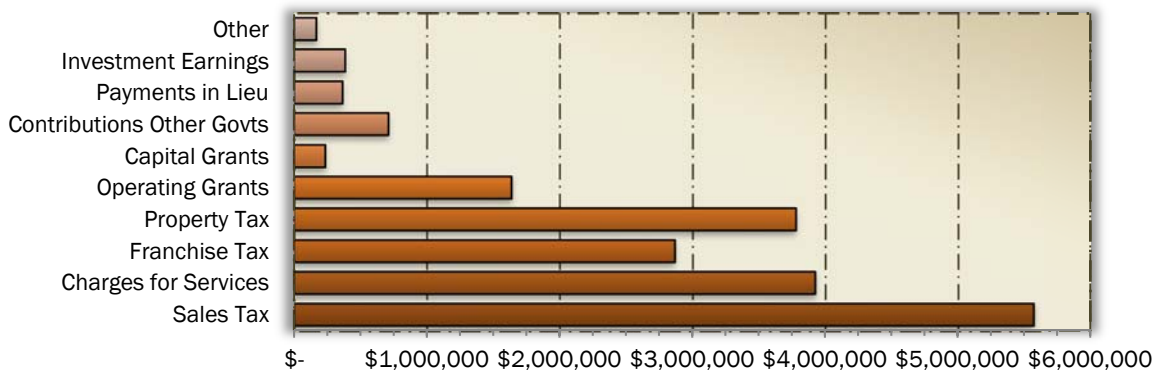
- Overall, property taxes increased by \$114,294 in the governmental funds. Property taxes in the general fund increased by \$74,266, and the increment received by the RDA increased \$40,028. The increase for the general fund can be attributed to the new growth added to the City. The change for the RDA is the result of an increase to property values.
- Sales tax increased \$170,752 or 3.16%. The economy in the State of Utah continued a strong growth pattern.
- Other taxes were down \$157,230 over the previous fiscal year. Of that amount, \$33,881 represents a loss in telecom gross receipts. Franchise taxes decreased by \$90,246. Payments in lieu of taxes reflects a decreased, \$14,436, or 3.81%.
- Class C Road funds received were up 6.52%, or \$87,449 from 2018.
- A new local option sales tax was approved by voters in Weber County in 2015. The allocation to cities can be used for transportation infrastructure as well as pedestrian safety. Roy City received \$406,982 from the tax in FY 2019.
- Revenue from charges for services increased \$125,396 in comparison to FY 2018. The largest increases came from Ambulance fees, \$272,661; and plan check fees, \$65,391. There was a decrease in Fire & Rescue IASIS transport fees of \$123,619 due to decreased transport calls; a decrease in Aquatic Center revenue of \$31,567 due to a decrease in attendance on a number of cold days during the summer.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund was 2.80% in FY 2019, and investment balances were up at the end of the year. As a result, revenue from interest increased by \$150,006.
- Total expenses for wages and benefits decreased \$180,060, or 1.46%, from FY 2018. A 2% - 2.5% merit was given to eligible public employees and a 3.75% merit for eligible public safety employees. In addition, there were numerous retirements where employees were paid out for their accrued vacation and sick leave and the new employees in those positions were paid less than their predecessors.
- Operating expenses decreased from FY 2018 by \$180,060. Highlights of the net decrease include Street repairs and maintenance in the Class C Road Fund were down \$71,717 and down \$284,769 in the Transportation Infrastructure Fund. A decrease of \$32,672 in election expenses due to a non-election year and an increase of \$38,382 in council contingency due to historical markers, the magazine publication, and lighting on 1900 West in the legislative department. In the building maintenance department we had an increase of \$27,149 for the maintenance of the Streetlights
- Capital expenditures decreased \$754,996, or 43.97% decrease over FY 2018. Improvements were made to George Wahlen North Park; and a new ambulance and power load equipment were purchased for the Fire & Rescue Department.

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

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. The business-type activities portion of the increase in net position was 0.76% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net position.

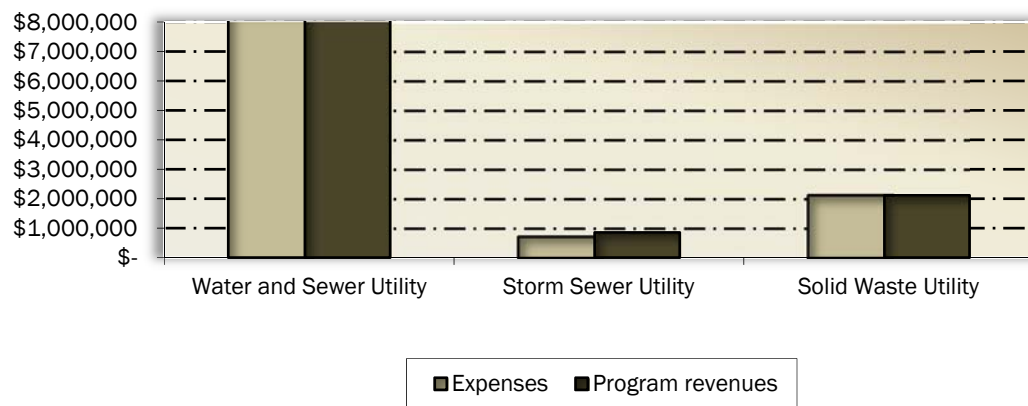
Key elements of the increase to net position of business-type activities include:

- Revenue from water, sewer, capital improvements, storm sewer and garbage services had an increase of \$332,396. Water revenue is up \$161,690, due to a rate increase. Sewer revenue increased \$43,043. One of the City's sewer service contractors continued to raise rates as part of a five year plan. The rate increase was passed along to the customers increasing the base rate. Storm sewer revenue increased \$3,657. The City's garbage collection revenue increased \$39,493 due to increased garbage collection rates.
- Impact and connection fees related to new construction increased \$13,700, largely a result of commercial projects.

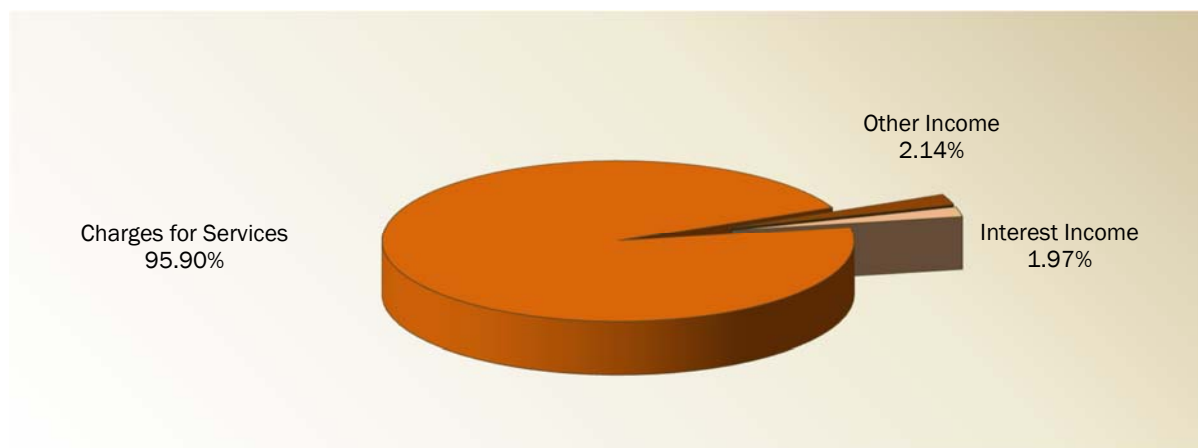
- Total expenses for wages and benefits was up \$67,045 from FY 2018. As stated above, a cost was up due to a 2.5% merit was provided to employees and health insurance increase. The increased rates affect wages, taxes, and retirement.
- Overall, operating costs increased \$503,774 in FY 2019. Water meter costs increased \$132,933 to replace meter to radio reads. This will be a five year project. Contract rate for sewer increase by \$41,011 as a result of a capital improvement plan implemented by the sewer district. Culinary water fees increased \$33,036 due to an increase by the provider. Maintenance of the storm sewer system was up \$880. Disposal fees for solid waste increased \$53,988. Due to the increased rates for water and sewer, franchise fees were up \$12,238 and \$4,326 for Solid Waste, respectively.
- Debt service decreased by \$26,398. 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 \$12,700,858, an increase of \$294,925 from the prior year. Approximately 32.21%, or \$4,090,711, 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, 2019, \$2,161,528 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 \$4,090,711, while the total fund balance was \$8,552,279. 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 22.57% of total general fund expenditures, while total fund balance represents 47.18% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) increased by \$605,047 which is \$598,175 more than the prior year. When comparing FY 2019 to FY 2018 there was 1) a 1.55% decrease in revenue of \$288,546, 2) a 4.57% decrease in expenditures of \$797,145, 3) a decrease in the gain on sale of assets of \$904,496 for the sale of land, and 4) a 404% decrease in the amount transferred to capital projects funds of \$1,656,900.

Included in the *governmental funds* is \$1,535,415 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. During FY 2019 the fund balance in the capital projects funds decreased by \$1,066,014 compared to a \$798,683 increase in FY 2018. When comparing FY 2019 to FY 2018, the decrease can be attributed to a 13.09% increase in project expenditures of \$1,516,232. At June 30, 2019, fund balances available for specific capital projects include Capital Improvements of \$367,831, Recreational Facilities Improvements of \$470,636, and Fire & Rescue Facilities and Equipment of \$696,948.

Also included within the *governmental funds* is \$2,613,164 which is assigned for specific purposes. For these special revenue funds, fund balance increased by \$90,175 compared to an increase of \$235,453 in FY 2018. When comparing FY 2019 to FY 2018, the change of \$90,175 is a result of 1) a 10.92% increase in property tax revenue of \$65,088, 2) a 45.95% increase in impact fees of \$203,190, 3) a 44.57% increase in investment earnings of \$76,511, 4) a 34.44% decrease in cemetery fees of \$180, 5) a 21.88% increase in operating expenditures of \$290,734, 6) a 93.67% increase in capital outlay of \$302,126, and 7) a 10.82% increase in contributions from other government units of \$304,160. At June 30, 2019, available fund balances in these special funds included Redevelopment Agency \$2,034,435; Storm Sewer Development \$131,265; Park Development \$282,443; and Cemetery \$165,021.

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 \$4,663,335, for the storm sewer utility fund unrestricted net position was \$1,466,454, and for the solid waste utility

fund unrestricted net position was \$3,839,396. Net position for all proprietary funds increased. The increase for the water and sewer, storm sewer utility, and solid waste utility funds was \$429,164, \$232,171 and \$136,826, respectively.

The increase in net position for the water and sewer utility fund was higher than the increase in FY 2018 by \$108,516. Operating revenues for the water and sewer utility fund increased \$230,334, or 2.68% from the prior year, while operating expenses increased \$380,541 or 4.57%.

The increase in net position for the storm sewer utility fund was lower than the increase in FY 2018 by \$13,185. Operating revenues for the storm water utility fund decreased \$22,941, or 2.69% from the prior year, while expenses increased \$56,526 or 7.78%.

Operating revenue for the solid waste utility fund increased \$75,286 or 3.55% from FY 2018. Operating expenses increased \$240,325 or 11.26%. These factors resulted in an increase in the change in net position of \$136,826 from FY 2018.

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 \$16,666,022 to a final budget of \$17,475,412, an increase of \$809,390 or 4.63%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$337,000 increase in revenue from Capital Projects Fund to transfer City's portion of the Ice Rink due to cancellation of the project.
- \$21,000 increase to the budgeted use of fund balance reserves to cover expenditures related to the D&RG bathroom and parking lot project.
- \$187,000 transfer from the General Fund to the Water & Sewer Utility Fund for the advance made by the Water Utility Enterprise Fund to the Redevelopment Agency of Roy Utah.
- \$65,000 increase in Building Permits revenue to account for increased building permits issued.
- \$277,253 increase in budgeted use of fund balance reserves including \$15,145 carryover of FY2018 State Liquor Law Enforcement allocation funds.
- \$36,500 decrease in Council Contingency to help cover various expenses city-wide.
- \$225,000 transfer to the Capital Projects Fund from a decrease in Streets Capital Assets by \$121,000 and Building Capital Assets by \$102,000.
- \$34,459 increase to Police Capital Assets to replace a Ford Explorer.
- \$39,500 increase to Fire Capital Assets to cover a power gurney purchase of \$19,000, adding a light package to the Fire Chief's new truck for \$4,500, and \$16,000 for the purchase of 2 new thermal imaging cameras.
- \$18,000 increase in Fire Equipment, Supplies, and Maintenance to purchase 12 sets of ballistic gear for the front-line Fire apparatus to protect firefighters during active assailant calls.
- \$30,000 increase to Aquatic Center Capital Maintenance account; \$5,000 will cover a new ice machine recommended by the Health Department and \$25,000 for purchasing new metal round tables for patrons to use.
- \$32,000 increase the Community Development Capital Assets budget to purchase a new Code Enforcement vehicle.
- \$32,950 increase in Recreation Complex personnel budgets to cover personnel costs and retirements.
- \$32,950 increase in Aquatic Center personnel budgets to cover personnel costs and retirements.

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 \$312,920 to balance the budget. The City Council's intent was to lower the level of unrestricted fund balance in the General Fund. While actual expenditures were lower than projected and revenues exceeded estimates, total revenues surpassed expenditures by \$538,806.

Budget to actual. At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Overall revenue classifications were less than expected. Some of the most noteworthy items, sales tax exceeded expectations by \$261,170; Building Permits were over by \$70,484; Class C Roads allotment over by \$227,930; and the Ambulance Fees over by \$244,047. Revenues related to Business Licensing was down \$34,235. In total, general fund revenues did not meet budgeted estimates by \$303,870 or 1.7%.

Expenditures were \$845,909 under budget. Generally, departments are cautious with spending which results in the savings. Some of the more significant savings on budget can be found in the police department; under \$187,212 mainly from being at less than full staffing, equipment, and special public safety supplies; Class C Roads under by \$319,653 on capital projects and professional and technical services; the streets division under budget by \$71,296 including capital projects. The finance department was under budget by \$91,919 and the fire department under budget by \$81,119 from employee wages and benefits. The parks and recreation department was under budget by \$54,114 from wages and benefits, fuel, and capital. None of the individual departments was over the allotted budget.

Capital Assets and Debt Administration

Capital assets. Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$56,315,541 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was a decrease of 0.34% (a 1.31% increase in governmental activities and a 1.39% decrease in business-type activities).

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

Governmental activities:

- George Wahlen North Park \$1,312,759
- Municipal Park Improvements \$13,906
- Ambulance 32 Replacement \$165,400
- Power Load Equipment \$22,496
- 5800 S. Sidewalk \$60,916
- Emma Russell Storm Drain Improvements \$241,211
- Security System Upgrades \$16,600

Business type activities:

- Chlorine Analyzer and Smart Valve \$6,720
- SCADA - 5700 S. PRV Pit and Vault \$87,685
- SCADA - 6000 S. and 4800 S. \$31,873
- Mini X Trailer \$7,885
- Replace W-6 Dump Bed \$24,815
- Benches for Meadow Creek Pond \$6,507
- Mini X \$62,577

Roy City Corporation's Capital Assets
(State in Thousands of Dollars and Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,829	\$ 3,745	\$ 139	\$ 139	\$ 3,968	\$ 3,884
Buildings	11,827	11,780	119	105	11,946	11,885
Improvmnts other than bldgs	35,411	35,400	38,466	38,365	73,877	73,765
Machinery and equipment	5,224	5,090	1,404	1,277	6,628	6,367
Automobiles and trucks	7,629	7,188	1,271	1,271	8,900	8,459
Construction in progress	5,759	4,000	-	-	5,759	4,000
Accumulated depreciation	(34,132)	(32,129)	(16,908)	(15,965)	(51,040)	(48,094)
Total capital assets	<u>\$ 35,547</u>	<u>\$ 35,074</u>	<u>\$ 24,491</u>	<u>\$ 25,192</u>	<u>\$ 60,038</u>	<u>\$ 60,266</u>

Additional information on Roy City Corporation's capital assets can be found in Note 4 on pages 64-65 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, 2019 bond balances are as follows:

Roy City Corporation's Outstanding Debt
(State in Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ -	\$ -	\$ 4,213	\$ 4,599	\$ 4,213	\$ 4,599

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 \$61,584,034, 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 \$61,584,034 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 4 on pages 67-68 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 2019 budget:

- Economic conditions are improving across the county and in Utah and that trend is expected to continue. Possible risks tend to come from abroad, more than nationally and locally. While Utah has become more global, that link and the link to Roy, is minimal. Regional trends have the most impact on Utah, and regional trends in growth are good. Growth tends to be stronger within the State than nationally.
- Utah continues to be one of the fastest growing states in the nation, and population is a main driver in any state's economy.
- The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 3.5%. This compares to the State's average unemployment rate of 2.8%.
- Roy City is near "build out" for residential dwellings. With less land available, the City Council is seeing many request for multi-family housing project. Roy City is one of the most densely populated areas in the State, and the City Council is leaning towards single family dwellings and away from multi-family. The City is interested in the prospects of multi-use of residential and commercial together.
- Revenue from services is near peak and one-time fees from development continue to be low.
- 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.
- 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 continue a gradual increase in FY 2019 as the local economy growth continues.
- The budget includes a 2.5% to 3.75% merit for all employees, Health insurance costs has a 4% increase. No major changes in expenditures are expected. A capital improvements plan will be shaped to 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 \$1,270,764 to \$8,552,279. 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 CORPORATION
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash	\$ 9,354,854	\$ 8,570,161	\$ 17,925,015
Restricted cash: Roads and public transit	3,425,871	-	3,425,871
Investment in water stock	-	16,100	16,100
Interactivity Receivable	(227,293)	227,293	-
Accounts receivable - net of allowance for doubtful accounts	5,779,154	1,784,374	7,563,528
Inventory	117,133	553,287	670,420
Prepaid items	4,857	298,005	302,862
Total current assets	<u>18,454,576</u>	<u>11,449,220</u>	<u>29,903,796</u>
Noncurrent assets:			
Internal balances	(257,300)	257,300	-
Investment in land	<u>515,160</u>	<u>-</u>	<u>515,160</u>
Capital assets:			
Land	3,829,128	139,434	3,968,562
Buildings	11,827,222	119,010	11,946,232
Improvements other than buildings	35,410,826	38,465,973	73,876,799
Machinery and equipment	5,223,913	1,403,488	6,627,401
Automobiles and trucks	7,629,149	1,271,070	8,900,219
Construction in progress	5,758,841	-	5,758,841
Less accumulated depreciation	<u>(34,131,749)</u>	<u>(16,907,688)</u>	<u>(51,039,437)</u>
Total capital assets net of accumulated depreciation	<u>35,547,330</u>	<u>24,491,287</u>	<u>60,038,617</u>
Total noncurrent assets	<u>35,805,190</u>	<u>24,748,587</u>	<u>60,553,777</u>
Deferred outflows of resources:			
Bond refunding amortizable interest	-	64,701	64,701
Pensions	<u>3,197,224</u>	<u>205,300</u>	<u>3,402,524</u>
Total deferred outflows of resources	<u>3,197,224</u>	<u>270,001</u>	<u>3,467,225</u>
Total assets and deferred outflows of resources	<u>\$ 57,456,990</u>	<u>\$ 36,467,808</u>	<u>\$ 93,924,798</u>

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

ROY CITY CORPORATION
Statement of Net Position, continued
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts Payable	\$ 988,298	\$ 1,272,092	\$ 2,260,390
Accrued Wages	376,113	16,173	392,286
Compensated absences	168,887	90,853	259,740
Interest payable	-	25,236	25,236
Current portion of long-term debt	-	437,000	437,000
Total current liabilities	1,533,298	1,841,354	3,374,652
Long-term liabilities:			
Compensated absences	1,343,347	28,253	1,371,600
Long-term debt due in more than one year	-	3,776,000	3,776,000
Net pension liability	6,106,767	324,540	6,431,307
Guarantee deposits	111,177	-	111,177
Total long-term liabilities	7,561,291	4,128,793	11,690,084
DEFERRED INFLOWS OF RESOURCES			
Pensions	332,761	48,132	380,893
Unearned revenue	3,983,718	-	3,983,718
Total long-term liabilities	4,316,479	48,132	4,364,611
Total liabilities and deferred inflows of resources	13,411,068	6,018,279	19,429,347
NET POSITION			
Net investment in capital assets	36,062,490	20,253,051	56,315,541
Restricted for:			
Roads and public transit	3,729,003	-	3,729,003
Unrestricted	4,254,429	10,196,478	14,450,907
Total net position	\$ 44,045,922	\$ 30,449,529	\$ 74,495,451

ROY CITY CORPORATION
Statement of Activities
For the Fiscal Year Ended June 30, 2019

			Program Revenues
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary government:			
Government activities:			
General government	\$ 5,718,370	\$ 1,330,026	\$ 20,586
Public safety	8,786,682	1,707,316	192,636
Public works	2,102,800	-	1,427,930
Parks and recreation	2,830,061	889,606	-
Total governmental activities	<u>19,437,913</u>	<u>3,926,948</u>	<u>1,641,152</u>
Business-type activities:			
Water and sewer utility	8,431,834	8,401,816	-
Storm sewer utility	726,240	851,859	-
Solid waste utility	2,133,710	2,112,846	-
Total business-type activities	<u>11,291,784</u>	<u>11,366,521</u>	<u>-</u>
Total primary government	<u>\$ 30,729,697</u>	<u>\$ 15,293,469</u>	<u>\$ 1,641,152</u>
General revenues:			
Property taxes			
Sales tax			
Franchise taxes			
Payments in lieu of taxes			
Unrestricted investment earnings			
Contributions from other government units			
Gain on sale of assets			
Other revenues not restricted to specific programs			
Total general revenues and transfers			
Changes in net position			
Net position - beginning			
Net position - ending			

ROY CITY CORPORATION
Statement of Activities, continued
For the Fiscal Year Ended June 30, 2019

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (4,367,758)	\$ -	\$ (4,367,758)
-	(6,886,730)	-	(6,886,730)
127,173	(547,697)	-	(547,697)
106,500	(1,833,955)	-	(1,833,955)
233,673	(13,636,140)	-	(13,636,140)
-	-	(30,018)	(30,018)
-	-	125,619	125,619
-	-	(20,864)	(20,864)
-	-	74,737	74,737
\$ 233,673	(13,636,140)	74,737	(13,561,403)
	3,779,476	-	3,779,476
	5,569,396	-	5,569,396
	2,867,814	-	2,867,814
	363,506	-	363,506
	384,980	233,235	618,215
	711,141	-	711,141
	78,769	-	78,769
	167,187	253,126	420,313
	13,922,269	486,361	14,408,630
	286,129	561,098	847,227
	43,759,793	29,888,431	73,648,224
	\$ 44,045,922	\$ 30,449,529	\$ 74,495,451

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2019

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 4,392,250	\$ 2,004,323	\$ 2,161,528	\$ 8,558,101
Restricted cash	3,425,871	-	-	3,425,871
Accounts Receivable, net	5,757,149	-	-	5,757,149
Inventory	117,133	-	-	117,133
Prepaid items	881	-	-	881
Investment in land	455,714	59,446	-	515,160
Total Assets	<u>14,148,998</u>	<u>2,063,769</u>	<u>2,161,528</u>	<u>18,374,295</u>
LIABILITIES				
Accounts payable	922,213	122	47,384	969,719
Accrued wages payable	373,528	-	-	373,528
Guarantee deposits	111,177	-	-	111,177
Advance from other funds	257,300	-	-	257,300
Total liabilities	<u>1,664,218</u>	<u>122</u>	<u>47,384</u>	<u>1,711,724</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>3,932,501</u>	<u>29,212</u>	<u>-</u>	<u>3,961,713</u>
Total liabilities and deferred inflows of resources	<u>5,596,719</u>	<u>29,334</u>	<u>47,384</u>	<u>5,673,437</u>
FUND BALANCES				
Nonspendable:				
Inventory	117,133	-	-	117,133
Prepaid items	881	-	-	881
Investment in land	455,714	59,446	-	515,160
Restricted for:				
Roads and public transit	3,729,003	-	-	3,729,003

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2019

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
FUND BALANCES, continued				
Assigned to:				
Public safety	19,380	-	696,948	716,328
Legislative programs	23,106	-	-	23,106
Storm sewer improvements	-	-	131,265	131,265
Capital improvements	-	-	367,831	367,831
Park improvements	-	-	753,079	753,079
Cemetery	-	-	165,021	165,021
Redevelopment	-	1,974,989	-	1,974,989
Other	116,351	-	-	116,351
Unassigned	4,090,711	-	-	4,090,711
Total fund balances	<u>8,552,279</u>	<u>2,034,435</u>	<u>2,114,144</u>	<u>12,700,858</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,148,998</u>	<u>\$ 2,063,769</u>	<u>\$ 2,161,528</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amount reported is net of accumulated depreciation.	35,547,350
The proportionate share of the net pension asset and/or the proportionate share of the net pension liability and the deferred inflows and outflows of resources related to pensions and pension expenses are not due and payable in the current period and therefore, are not reported in the funds.	(3,242,304)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,512,234)
Internal service funds are used by management to charge the costs of information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	552,252
Net Position of governmental activities	<u>\$ 44,045,922</u>

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 12,151,597	\$ 65,089	\$ -	\$ 12,216,686
Payments in lieu of taxes	363,506	-	-	363,506
Licenses and permits	508,790	-	-	508,790
Intergovernmental	1,671,634	304,159	-	1,975,793
Charges for services	2,713,949	-	-	2,713,949
Impact fees	-	-	203,191	203,191
Fines and forfeitures	704,209	-	-	704,209
Investment earnings	269,670	62,766	52,544	384,980
Property rental	27,696	-	-	27,696
Management fee	164,592	-	-	164,592
Contributions and donations	38,120	-	-	38,120
Other income	22,995	-	180	23,175
Total Revenues	18,636,758	432,014	255,915	19,324,687
Expenditures:				
Current:				
General government	3,557,602	290,733	-	3,848,335
Public Safety	8,951,274	-	-	8,951,274
Public Works	2,102,800	-	-	2,102,800
Parks and recreation	2,830,061	-	-	2,830,061
Project outlays	-	-	1,783,535	1,783,535
Total expenditures	17,441,737	290,733	1,783,535	19,516,005
Excess (deficiency) of revenues over (under) expenditures	\$ 1,195,021	\$ 141,281	\$ (1,527,620)	\$ (191,318)

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances, continued
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$ 1,195,021	\$ 141,281	\$ (1,527,620)	\$ (191,318)
Other financing sources (uses)				
Proceeds from sale of assets	79,261	-	-	79,261
Contributions from other government units	406,982	-	-	406,982
Transfers in	-	-	410,500	410,500
Transfers out	(410,500)	-	-	(410,500)
Total other financing sources (uses)	75,743	-	410,500	486,243
Net change in fund balances	1,270,764	141,281	(1,117,120)	294,925
Fund balances - beginning of year	7,281,515	1,893,154	3,231,264	12,405,933
Fund balances - end of year	\$ 8,552,279	\$ 2,034,435	\$ 2,114,144	\$ 12,700,858

ROY CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Government-wide Statement of Activities
For the Fiscal Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (pages 31-32)
are different because:

Net change in fund balances - total governmental funds (page 36)	\$ 294,925
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	494,233
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(492)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(638,628)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	136,091
Change in net position of governmental activities	<u>\$ 286,129</u>

ROY CITY CORPORATION
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Taxes:				
Property	\$ 3,690,379	\$ 3,690,379	\$ 3,714,387	\$ 24,008
Sales	5,233,226	5,308,226	5,569,396	261,170
Telecom gross receipts	320,000	320,000	243,448	(76,552)
Franchise	2,355,000	2,355,000	2,323,033	(31,967)
Paramedic	320,000	320,000	301,333	(18,667)
Payments in lieu of taxes	390,000	390,000	363,506	(26,494)
Licenses and permits	401,900	466,900	508,790	41,890
Intergovernmental	1,443,125	1,462,595	1,671,634	209,039
Charges for services	2,494,300	2,494,300	2,713,949	219,649
Fines and forfeitures	706,000	706,000	704,209	(1,791)
Investment earnings	182,000	207,000	269,670	62,670
Property rental	30,500	30,500	27,696	(2,804)
Management fee	164,592	814,512	164,592	(649,920)
Contributions and donations	430,000	430,000	445,102	15,102
Miscellaneous	20,000	20,000	22,995	2,995
Total revenue	18,181,022	19,015,412	19,043,740	28,328
Expenditures:				
General government:				
Legislative	734,572	698,072	578,576	(119,496)
Legal	390,514	390,514	370,404	(20,110)
Community development	431,171	436,871	409,996	(26,875)
Information technology	396,985	396,985	396,985	-
Justice Court	410,699	410,699	366,919	(43,780)
Finance	449,496	449,496	357,577	(91,919)
Public buildings	850,786	909,886	885,043	(24,843)
Risk management	221,811	221,811	221,811	-
	3,886,034	3,914,334	3,587,311	(327,023)
Public safety:				
Fire	3,803,347	3,866,317	3,785,199	(81,118)
Police	5,060,176	5,122,947	4,935,734	(187,213)
	8,863,523	8,989,264	8,720,933	(268,331)

ROY CITY CORPORATION
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual, continued
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
Public works:				
Administration	171,659	171,659	141,338	(30,321)
Class "C" roads	1,256,400	1,281,400	961,747	(319,653)
Fleet services	200,666	200,666	174,796	(25,870)
Streets	748,296	835,296	764,003	(71,293)
Transportation infrastructure	391,000	391,000	60,916	(330,084)
	<u>2,768,021</u>	<u>2,880,021</u>	<u>2,102,800</u>	<u>(777,221)</u>
Parks and recreation:				
Aquatic center	629,120	701,070	675,933	(25,137)
Parks and recreation:	1,218,334	1,428,748	1,374,633	(54,115)
Recreation complex	643,501	681,251	644,754	(36,497)
Roy Days	119,389	142,624	134,741	(7,883)
	<u>2,610,344</u>	<u>2,953,693</u>	<u>2,830,061</u>	<u>(123,632)</u>
Total expenditures	<u>18,127,922</u>	<u>18,737,312</u>	<u>17,241,105</u>	<u>(1,496,207)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,100</u>	<u>278,100</u>	<u>1,802,635</u>	<u>1,524,535</u>
Other financing sources (uses):				
Issuance of debt	35,400	35,400	-	(35,400)
Proceeds from sale of assets	97,000	97,000	79,261	(17,739)
Transfer out	<u>(185,500)</u>	<u>(410,500)</u>	<u>(410,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(53,100)</u>	<u>(278,100)</u>	<u>(331,239)</u>	<u>(53,139)</u>
Net change in fund balance	-	-	1,471,396	1,471,396
Fund balance - beginning of year	6,964,532	6,964,532	6,964,532	1,469,892
Fund balance - end of year	<u>\$ 6,964,532</u>	<u>\$ 6,964,532</u>	<u>\$ 8,435,928</u>	<u>\$ 2,941,288</u>

ROY CITY CORPORATION
Redevelopment Agency - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Property tax	\$ 51,000	\$ 51,000	\$ 65,089	\$ 14,089
Intergovernmental	2,294,660	2,294,660	304,159	(1,990,501)
Investment earnings	18,000	18,000	62,766	44,766
Total revenue	2,363,660	2,363,660	432,014	(1,931,646)
Expenditures:				
General government	2,363,660	2,363,660	290,733	(2,072,927)
Total expenditures	2,363,660	2,363,660	290,733	(2,072,927)
Net change in fund balance	-	-	141,281	141,281
Fund balance - beginning of year	1,893,154	1,893,154	1,893,154	1,586,792
Fund balance - end of year	\$ 1,893,154	\$ 1,893,154	\$ 2,034,435	\$ 1,728,073

ROY CITY CORPORATION
Statement of Net Position
Proprietary Fund
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
ASSETS					
Current assets:					
Cash	\$ 3,307,151	\$ 1,447,303	\$ 3,815,707	\$ 8,570,161	\$ 796,753
Investment in water stock	16,100	-	-	16,100	-
Accounts Receivable - net of allowance for doubtful accounts	1,296,650	119,639	368,085	1,784,374	-
Inventory	548,962	3,404	921	553,287	-
Prepaid items	297,829	-	176	298,005	3,976
Total current assets	5,466,692	1,570,346	4,184,889	11,221,927	800,729
Noncurrent assets:					
Advance to other fund	257,300	-	-	257,300	-
Capital assets:					
Land	139,434	-	-	139,434	-
Buildings	119,010	-	-	119,010	-
Improvements other than buildings	34,700,568	3,765,405	-	38,465,973	-
Machinery and equipment	773,943	473,729	155,816	1,403,488	713,274
Automobiles and trucks	773,123	-	497,947	1,271,070	-
Less accumulated depreciation	(15,186,775)	(1,101,457)	(619,456)	(16,907,688)	(512,558)
Total capital assets net of accumulated depreciation	21,319,303	3,137,677	34,307	24,491,287	200,716
Total noncurrent assets	21,576,603	3,137,677	34,307	24,748,587	200,716
Total assets	27,043,295	4,708,023	4,219,196	35,970,514	1,001,445
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding amortizable interest	64,701	-	-	64,701	-
Pension	170,579	34,721	-	205,300	44,271
Total deferred outflows of resources	\$ 235,280	\$ 34,721	\$ -	\$ 270,001	\$ 44,271

ROY CITY CORPORATION
Statement of Net Position, continued
Proprietary Fund
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 890,205	\$ 36,394	\$ 345,493	\$ 1,272,092	\$ 18,599
Accrued Wages	12,353	3,820	-	16,173	2,585
Compensated absences	63,051	27,802	-	90,853	4,933
Interest payable	25,236	-	-	25,236	-
Revenue bonds payable	437,000	-	-	437,000	-
Total current liabilities	<u>1,427,845</u>	<u>68,016</u>	<u>345,493</u>	<u>1,841,354</u>	<u>26,117</u>
Long-term liabilities, less current portion:					
Compensated absences	21,926	6,327	-	28,253	19,239
Net pension liability	263,772	60,768	-	324,540	62,582
Revenue bonds payable	3,776,000	-	-	3,776,000	-
Total liabilities	<u>5,489,543</u>	<u>135,111</u>	<u>345,493</u>	<u>5,970,147</u>	<u>107,938</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	<u>44,630</u>	<u>3,502</u>	<u>-</u>	<u>48,132</u>	<u>16,870</u>
Total deferred inflows of resources	<u>44,630</u>	<u>3,502</u>	<u>-</u>	<u>48,132</u>	<u>16,870</u>
NET POSITION					
Net investments in capital assets	17,081,067	3,137,677	34,307	20,253,051	200,716
Unrestricted	<u>4,663,335</u>	<u>1,466,454</u>	<u>3,839,396</u>	<u>9,969,185</u>	<u>720,192</u>
Total net position	<u>\$ 21,744,402</u>	<u>\$ 4,604,131</u>	<u>\$ 3,873,703</u>	<u>\$ 30,222,236</u>	<u>\$ 920,908</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>227,293</u>	
Net position of business-type activities				<u>\$ 30,449,529</u>	

ROY CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Operating revenues:					
Charges for services	\$ 7,414,998	\$ 851,859	\$ 2,112,846	\$ 10,379,703	\$ 813,103
Other fees	986,818	-	-	986,818	-
Other income	201,996	-	7,533	209,529	21,232
Total operating revenue	<u>8,603,812</u>	<u>851,859</u>	<u>2,120,379</u>	<u>11,576,050</u>	<u>834,335</u>
Operating expenses:					
Personnel services	1,423,319	364,568	130,666	1,918,553	155,750
Contractual services	4,935,147	99,272	1,946,287	6,980,706	285,546
Materials and supplies	1,177,179	112,267	8,176	1,297,622	51,291
Other general costs of services	34,373	8,075	3,261	45,709	83,262
Depreciation	755,426	142,058	45,320	942,804	78,797
Total Operating expenses	<u>8,325,444</u>	<u>726,240</u>	<u>2,133,710</u>	<u>11,185,394</u>	<u>654,646</u>
Operating income	<u>278,368</u>	<u>125,619</u>	<u>(13,331)</u>	<u>390,656</u>	<u>179,689</u>
Non-operating revenues and (expenses):					
Interest income	91,586	36,812	104,837	233,235	-
Interest expenses	(104,890)	-	-	(104,890)	-
Bond fees	(1,500)	-	-	(1,500)	-
Total non-operating revenues/(expenses)	<u>(14,804)</u>	<u>36,812</u>	<u>104,837</u>	<u>126,845</u>	<u>-</u>
Changes in net position	263,564	162,431	91,506	517,501	179,689
Total net position - beginning	<u>21,480,838</u>	<u>4,441,700</u>	<u>3,782,197</u>		<u>741,219</u>
Total net position - ending	<u>\$ 21,744,402</u>	<u>\$ 4,604,131</u>	<u>\$ 3,873,703</u>		<u>\$ 920,908</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>43,597</u>	
Change in net position of business-type activities				<u>\$ 561,098</u>	

ROY CITY CORPORATION
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Cash flows from operating activities:					
Cash received from customers and users	\$ 8,346,369	\$ 851,966	\$ 2,090,489	\$ 11,288,824	\$ -
Cash received from interfund activities	-	-	-	-	813,104
Other income	201,996	-	7,533	209,529	21,232
Payments to suppliers	(6,249,484)	(188,187)	(1,751,591)	(8,189,262)	(510,055)
Payments to employees	(1,225,998)	(352,884)	(116,405)	(1,695,287)	(173,030)
Payments for interfund services	(178,046)	-	(14,261)	(192,307)	-
Net cash provided by operating activities	894,837	310,895	215,765	1,421,497	151,251
Cash flows from non-capital financing activities:					
Payment on interfund advance	30,000	-	-	30,000	-
Net cash provided by non-capital financing activities	30,000	-	-	30,000	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(169,029)	(72,318)	-	(241,347)	(58,389)
Funds placed in escrow on bond refunding	(386,000)	-	-	(386,000)	-
Interest paid on bond	(133,098)	-	-	(133,098)	-
Net cash used in capital and related financing activities	(688,127)	(72,318)	-	(760,445)	(58,389)

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Cash flows from investing activities:					
Interest received	91,586	36,812	104,837	233,235	-
Net cash provided by investing activities	91,586	36,812	104,837	233,235	-
Net increase (decrease) in cash	328,296	275,389	320,602	924,287	92,862
Cash - beginning of year	2,978,855	1,171,914	3,495,105	7,645,874	703,891
Cash - end of year	<u>\$ 3,307,151</u>	<u>\$ 1,447,303</u>	<u>\$ 3,815,707</u>	<u>\$ 8,570,161</u>	<u>\$ 796,753</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	<u>\$ 278,368</u>	<u>\$ 125,619</u>	<u>\$ (13,331)</u>	<u>\$ 390,656</u>	<u>\$ 179,689</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	755,426	142,058	45,320	942,804	78,797
(Increase) decrease in accounts receivable	(53,088)	511	(22,024)	(74,601)	-
Increase (decrease) in allowance for uncollectible accounts	(2,359)	(404)	(333)	(3,096)	-
(Increase) decrease in inventory	(232,351)	460	(921)	(232,812)	-
(Increase) decrease in prepaids	(9,124)	146	(21)	(8,999)	26,342
(Increase) decrease in deferred outflows	3,639	1,721	-	5,360	349
(Increase) decrease in net pension asset	13,163	3,867	-	17,030	3,760
Increase (decrease) in accounts payable	138,690	30,822	207,076	376,588	7,249
Increase (decrease) in accrued wages	(606)	(247)	-	(853)	(8,585)

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Funds
Increase (decrease) in compensated absences	(7,430)	2,848	-	(4,582)	(15,373)
Increase (decrease) in deferred inflows	(121,161)	(40,298)	-	(161,459)	(29,012)
Increase (decrease) in net pension liability	131,670	43,793	-	175,463	31,581
Increase (decrease) in recaptured losses	-	-	-	-	(123,547)
Total adjustments	616,469	185,277	229,097	1,030,843	(28,439)
Net cash provided by operating activities	<u>\$ 894,837</u>	<u>\$ 310,896</u>	<u>\$ 215,766</u>	<u>\$ 1,421,499</u>	<u>\$ 151,250</u>
Non-cash capital and related financing activities:					
Capital contributions from developers	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds refunded	-	-	-	-	-
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

ROY CITY CORPORATION
Notes to the Financial Statements
June 30, 2019

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, and 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. In addition, 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 the Financial Statements, Continued
June 30, 2019

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 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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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.

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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 (see Note 3 – Tax Revenue). 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. See Note 4 - Deferred Inflows/Outflows of Resources.

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

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.

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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 "interactivity balances".

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

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.

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 \$1,500 and an estimated useful life of more than two years. These assets are recorded at cost (or estimated

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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 distribution system and sewer collection 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 estimated fair market value at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend an asset's useful life are expensed.

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-

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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”.

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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.

See Note 4 for further details of the various fund balance classifications.

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.

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/inflows of resources: In addition to assets, financial statements 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 position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

Capital related items:

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

Cost of capital assets	\$ 69,679,099
Accumulated depreciation	(34,131,749)
Total difference	<u>\$ 35,547,350</u>

Pension related items:

In governmental fund financial statements, a net pension liability is recognized to the extent the liability is expected to be liquidated with expendable available financial resources. However, the statement of net position includes a liability (asset) whenever plan net position is less than (exceeds) the City's total pension liability, even though the City funds the full amount of the actuarially calculated annual contribution each year.

Deferred outflows - pensions	\$ 3,197,224
Deferred inflows - pensions	(332,761)
Net pension liability	(6,106,767)
Total difference	<u>\$ (3,242,304)</u>

Long-term debt transactions:

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

Balances at June 30, 2019 were:

Compensated absences	\$ 1,512,234
Total difference	<u>\$ 1,512,234</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Internal service funds:

Internal service funds are properly classified as proprietary funds. Nonetheless, the assets and liabilities of internal service funds must be included as part of governmental activities for purposes of government-wide financial reporting whenever they primarily serve governmental funds.

Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net position at June 30, 2019 include:

Cash	\$ 796,753
Prepaid items	3,976
Accounts payable	(18,599)
Accrued wages payable	(2,585)
Interactivity payable	(227,293)
Total difference	<u>\$ 552,252</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the amount capital assets exceeded depreciation, the elements of this difference are as follows:

Capital outlay	\$ 2,801,987
Depreciation expense	(2,307,754)
Total difference	<u>\$ 494,233</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$492 decrease to net position is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (492)
Total difference	<u>\$ (492)</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the governmental funds. Contributions to the pension plan from non-employer contributing entities for FY 2019 are \$78,196.

Another element of the reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. At year end the \$638,628 difference is as follows:

Compensated absences	\$ (80,126)
Pension expenditures	(558,502)
Total difference	<u>\$ (638,628)</u>

Another element of the reconciliation is the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. The net revenue of the activities of internal service funds should be reported with governmental activities. The detail of the \$136,091 difference is as follows:

Change in net position of the internal service funds	\$ 179,689
Less: Profit from charges to business-type activities	(43,598)
Total difference	<u>\$ 136,091</u>

A final element of the reconciliation is during the consolidation of internal service funds with governmental activities all inter-fund transfers between such funds should be eliminated. During the fiscal year ending June 30, 2019, there was \$575,092 in transfers requiring elimination.

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

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

Interactivity receivable representing charges in excess of cost to business-type activities - prior years	\$ 183,695
Interactivity receivable representing charges in excess of cost to business-type activities - current year	43,598
Total difference	<u>\$ 227,293</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

3. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted in accordance with the “Uniform Fiscal Procedures Act of Utah Cities”. Budgets are prepared for all 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.

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations was an increase in the general fund of \$609,390; an increase in the capital improvements plan fund of \$225,000; an increase in the storm sewer development fund of \$122,000; an increase of \$68,500 in the park development fund; an increase in the water and sewer utility fund of \$385,000; \$25,000 increase in the storm sewer utility fund; \$68,500 increase in the storm sewer utility fund; an increase in the solid waste utility fund of \$218,187; an increase in the information technology fund of \$154,935; and no increase in the risk management fund.

The increase in the general fund was attributed an increase in capital, projects, personnel, and operations. Adjustments to the budget were made in various categories including: personnel increased \$75,000; operations and maintenance increased \$264,731; purchase and construction of capital assets increased \$244,659; and the transfer to capital projects fund increased \$225,000. The expenditure changes were covered by an increase in general sales & use tax of \$75,000; increase in building permit revenue of \$65,000; grant revenue of \$19,470; and transfer from the capital projects fund of \$337,000. The contribution from fund balance increased \$312,920.

The changes in the capital projects fund were for capital improvements related to parks and recreation of \$1,491,989, a transfer to the general fund of \$337,000 to return the funding for the ice rink, an increased return to fund balance of \$225,000 to be appropriated in future years, and \$309 to cover the purchase of a 2019 ambulance for the Fire Department. These expenditure increases were covered by increased contributions from fund balance of \$1,799,298, increased interest earned by \$30,000, and a transfer from the general fund of \$225,000.

The increase in the water and sewer utility was due to changes in capital, and operations. Adjustments to the budget were made including an increase in operations and maintenance of \$198,000. An increase of \$63,000 was made in revenue estimates for water fees; an increase of \$85,000 in interest earnings; and \$50,000, to be contributed to retained earnings.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

The changes in the storm water utility fund were to increase operations by \$25,000 and were covered by increased budgeted interest earnings of \$25,000.

The increase to the solid waste utility fund was to cover \$126,255 in increased costs of recycling and trash disposal and \$20,000 to cover increased utilization of the City dumpster program. These expenses were covered by an increase in interest earned of \$95,000 and an increase in the refuse collection revenue of \$51,255.

The risk management capital budget increased by \$16,000 and the operations were increase by \$138,935 and were offset by an increase in anticipated insurance claims reimbursement of \$16,000 and a use of fund balance reserves of \$138,935.

Class C road fund maintenance had a budgeted increase of \$25,000 and an increased projection of \$25,000 for interest earned.

The increase in the storm sewer development fund capital budgets of \$122,000 was covered by increased revenue projections of \$69,500; increased interest earned of \$2,500; and a use of fund balance reserves of \$50,000.

The park development fund had a budgeted increase of \$68,500 for capital projects. The increased expenses were offset by increased park development fees of \$67,500 and increased interest earned of \$1,000.

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

Budget/GAAP Reconciliation

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

General Fund	
Net change in fund	
balance (budget)	\$ 1,471,396
Beginning encumbrances	(316,983)
Ending encumbrances	116,351
Net change	
in fund balance (GAAP)	<u>\$ 1,270,764</u>
Fund balance (budget)	\$ 8,435,928
Furniture and fixtures	116,351
Fund balance (GAAP)	<u>\$ 8,552,279</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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.

4. 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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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.

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, 2019, 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, 2019, the City and the Redevelopment Agency investments consisted of the following:

	Roy City	RDA
Utah Public Treasurer's Investment Fund	\$ 18,925,657	\$ 1,947,792
Maturity	NA	NA
Rating	Not rated	Not rated
Fair Market Value (FMV)	Level input 1	Level input 1
Recurring FMV measurement	Matrix Pricing Model	Matrix Pricing Model

As of June 30, 2019, \$31,845 of the City's bank balance of \$408,063 was uninsured and uncollateralized. For the Redevelopment Agency, all of the bank balance of \$48,491 was insured within FDIC limits. In the Water and Sewer Utility all of the bank balance of \$23,639 held in a receiver's account for on-line bill pay was insured within FDIC limits.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Receivables

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

Governmental funds:

	General Fund	Park Development
Taxes	\$ 4,421,267	\$ -
Ambulance services	3,269,138	-
Special Assessments	18,347	-
Intergovernmental	27,126	-
Other	667,850	-
Gross receivables	8,403,728	-
Less: Allowance for uncollectible accounts	(2,646,579)	-
Net receivables	<u>\$ 5,757,149</u>	<u>\$ -</u>

Enterprise funds:

	Water and Sewer Utility Enterprise	Storm Sewer Utility Enterprise	Solid Waste Utility Enterprise Fund	Total
Utilities	\$ 1,324,738	\$ 124,085	\$ 381,759	\$ 1,830,582
Intergovernmental	18,421	-	-	18,421
Gross receivables	1,343,159	124,085	381,759	1,849,003
Less: Allowance for uncollectible accounts	(46,509)	(4,446)	(13,674)	(64,629)
Net receivables	<u>\$ 1,296,650</u>	<u>\$ 119,639</u>	<u>\$ 368,085</u>	<u>\$ 1,784,374</u>

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,745,256	\$ 83,872	\$ -	\$ 3,829,128
Construction in progress	4,000,372	1,758,469	-	5,758,841
Total capital assets not being depreciated	<u>7,745,628</u>	<u>1,842,341</u>	<u>-</u>	<u>9,587,969</u>
Capital assets being depreciated:				
Buildings	11,780,076	47,146	-	11,827,222
Improvements other than buildings	35,399,674	11,152	-	35,410,826
Machinery and equipment	5,089,544	258,047	(123,678)	5,223,913
Automobiles and trucks	7,188,369	701,689	(260,909)	7,629,149
Total capital assets being depreciated	<u>59,457,663</u>	<u>1,018,034</u>	<u>(384,587)</u>	<u>60,091,110</u>
Less accumulated depreciation for:				
Buildings	(5,317,286)	(258,967)	-	(5,576,253)
Improvements other than buildings	(17,803,550)	(1,280,867)	-	(19,084,417)
Machinery and equipment	(3,789,799)	(315,275)	123,678	(3,981,396)
Automobiles and trucks	(5,218,637)	(531,463)	260,417	(5,489,683)
Total accumulated depreciation:	<u>(32,129,272)</u>	<u>(2,386,572)</u>	<u>384,095</u>	<u>(34,131,749)</u>
Total capital assets being depreciated, net	<u>27,328,391</u>	<u>(1,368,538)</u>	<u>(492)</u>	<u>25,959,361</u>
Governmental activities capital assets, net	<u>\$ 35,074,019</u>	<u>\$ 473,803</u>	<u>\$ (492)</u>	<u>\$ 35,547,330</u>

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 139,434	\$ -	\$ -	\$ 139,434
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>139,434</u>	<u>-</u>	<u>-</u>	<u>139,434</u>
Capital assets being depreciated:				
Buildings	105,020	13,990	-	119,010
Improvements other than buildings	38,365,061	100,912	-	38,465,973
Machinery and equipment	1,277,043	126,445	-	1,403,488
Automobiles and trucks	1,271,070	-	-	1,271,070
Total capital assets being depreciated	<u>41,018,194</u>	<u>241,347</u>	<u>-</u>	<u>41,259,541</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	(9,046)	(2,303)	-	(11,349)
Improvements other than buildings	(13,937,940)	(807,131)	-	(14,745,071)
Machinery and equipment	(823,643)	(77,645)	-	(901,288)
Automobiles and trucks	(1,194,255)	(55,725)	-	(1,249,980)
Total accumulated depreciation:	<u>(15,964,884)</u>	<u>(942,804)</u>	<u>-</u>	<u>(16,907,688)</u>
Total capital assets being depreciated, net	<u>25,053,310</u>	<u>(701,457)</u>	<u>-</u>	<u>24,351,853</u>
Business-type activities capital assets, net	<u>\$ 25,192,744</u>	<u>\$ (701,457)</u>	<u>\$ -</u>	<u>\$ 24,491,287</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 309,565
Public Safety	527,504
Public works, including depreciation of general infrastructure assets	952,802
Parks and recreation	517,883
Information technology	78,797
Total depreciation expense - governmental activities	<u>\$ 2,386,551</u>
Business-type activities:	
Water and sewer utility	\$ 755,018
Storm water utility	142,058
Solid waste utility	45,320
Total depreciation expense - business-type activities	<u>\$ 942,396</u>

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2019 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise fund	General fund	\$ 257,300

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Inter-fund transfers:

Receivable Fund	Payable Fund	Amount
Fire & Rescue facilities equipment - capital projects fund	General fund	\$ 185,500
Capital improvements - capital projects fund	General fund	225,000
		<u>\$ 410,500</u>

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. The City has \$3,402,524 in deferred charges related to pension plans. See Note 6 for a summary of this amount. In addition, in 2018 the City advance defeased \$4,930,000 of outstanding Water and Sewer Revenue Bonds, Series 2008 (water and sewer utility fund). The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and amortized as a component of interest expense. The amount deferred was \$80,876 of which \$16,175 has been amortized as interest expense (\$8,087 in 2019) resulting in a remaining balance of \$64,701.

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. See Note 6 for additional information on pension plans.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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	\$ 3,427,648	\$ 3,427,648	\$ -
Property taxes received not yet levied	333,367	355,372	-
Funding received for future use	199,898	199,898	-
Pensions	-	332,761	48,132
Special assessments levied	800	800	-
	<u>\$ 3,961,713</u>	<u>\$ 4,316,479</u>	<u>\$ 48,132</u>

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 \$4,185,000.

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	Interest	Principal	Total
2020	\$ 437,000	\$ 86,660	\$ 523,660
2021	440,000	77,672	517,672
2022	448,000	68,620	516,620
2023	460,000	59,406	519,406
2024	466,000	49,944	515,944
2025-2028	1,962,000	101,942	2,063,942
	<u>\$ 4,213,000</u>	<u>\$ 444,244</u>	<u>\$ 4,133,584</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Recaptured losses	\$ 123,547	\$ -	\$ (123,547)	\$ -	\$ -
Compensated absences	1,447,481	897,629	(832,876)	1,512,234	168,887
Governmental activities - Long-term liabilities	<u>\$ 1,571,028</u>	<u>\$ 897,629</u>	<u>\$ (956,423)</u>	<u>\$ 1,512,234</u>	<u>\$ 168,887</u>
Business-type activities:					
Bonds payable	\$ 4,599,000	\$ -	\$ (386,000)	\$ 4,213,000	\$ 437,000
Compensated absences	123,688	(4,582)	-	119,106	24,620
Business-type activities - Long-term liabilities	<u>\$ 4,722,688</u>	<u>\$ (4,582)</u>	<u>\$ (386,000)</u>	<u>\$ 4,332,106</u>	<u>\$ 461,620</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$24,172 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.

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 and Local Option Sales Tax funds. No portion of fund balance was considered to be committed. At June 30, 2019, assigned fund balance is as follows:

	General Fund	Capital Projects Fund	Park Development Fund	Storm Sewer Development Fund	Cemetery Fund	RDA
Governmental Funds:						
Purchase obligations	\$ 116,351	\$ -	\$ -	\$ -	\$ -	\$ -
Legislative programs	23,106	-	-	-	-	-
Traffic school	19,380	-	-	-	-	-
Capital improvements	-	367,831	-	-	-	-
Recreational facilities	-	470,636	282,443	-	-	-
Fire apparatus	-	696,948	-	-	-	-
Storm sewer	-	-	-	131,265	-	-
Cemetery	-	-	-	-	165,021	-
Redevelopment	-	-	-	-	-	1,974,989
	<u>\$ 158,837</u>	<u>\$ 1,535,415</u>	<u>\$ 282,443</u>	<u>\$ 131,265</u>	<u>\$ 165,021</u>	<u>\$ 1,974,989</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

- *Purchase obligations* represent resources that will be used to liquidate purchase orders which were not completed by year end.
- *Legislative programs* represents residual funds acquired from donations and set aside for the Roy Days celebration.
- *Traffic school* represents residual funds acquired from traffic school and set aside for police equipment purchases.
- *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.
- *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.

5. Employee Retirement Systems and Pension Plans

General Information About the Pension Plan

Plan Description

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

Defined Benefit Plans

- *Multiple employer cost sharing, public employees retirement systems:* the Public Employees Non-contributory Retirement System (Non-contributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System).
- *Cost sharing, multiple-employer public employee retirement system:* the Public Safety Retirement System (Public Safety System).
- *Multiple employer, cost sharing, public employee retirement system:* the Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters 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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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.

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.

Summary of Benefits Provided

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Non-Contributory	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	Highest 5 Years	30 years any age 20 years any age* 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	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 upon employer
Tier 2 Public Employees	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.50% per year all years	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 the Financial Statements, Continued
June 30, 2019

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, 2019 are as follows:

System	Employee	Employer	Employer 401(k)
Contributory System			
11 Local Government Div - Tier1	6.00%	14.46%	N/A
111 Local Government Div - Tier2	N/A	15.54%	1.15%
Noncontributory System			
15 Local Government Div Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	24.25%	0.74%
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	12.00%
232 Firefighters	N/A	0.08%	12.00%

*** 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 the Financial Statements, Continued
June 30, 2019

Required contributions for the current year and prior two years are as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 538,120	N/A
Contributory System	13,185	5,471
Public Safety System	579,233	-
Firefighters Retirement System	46,215	150,876
Tier 2 Public Employees System	146,198	-
Tier 2 Public Safety and Firefighter	196,256	-
Tier 2 DC Only System	12,662	N/A
Tier 2 DC Public Safety and Firefighter System	5,324	N/A
	<u>\$ 1,537,193</u>	<u>\$ 156,347</u>

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, 2019, we reported a net pension asset of \$252,486 and a net pension liability of \$3,531,082.

System	Measurement Date: December 31, 2018			December 31, 2017	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Increase (Decrease)
Noncontributory System	\$ -	\$ 2,580,431	0.3504247%	0.3520598%	-0.0016351%
Contributory System	-	191,351	0.4715379%	0.4247650%	0.0467729%
Public Safety System	-	3,180,672	1.2363720%	1.2409621%	-0.0045901%
Firefighters Retirement System	-	423,901	3.2646087%	3.8688262%	-0.6042175%
Tier 2 Public Employees System	-	33,241	0.0776142%	0.0838608%	-0.0062466%
Tier 2 Public Safety and Firefighter	-	21,711	0.8665285%	0.9385360%	-0.0720075%
	<u>\$ -</u>	<u>\$ 6,431,307</u>			

The net pension asset and liability were measured as of December 31, 2018. 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, 2018 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, 2019 we recognized pension expense of \$2,138,464.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

System	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 132,990	\$ 282,831
Changes in assumptions	965,735	50,602
Net difference between projected and actual earnings on pension plan investments	1,395,734	-
Changes in proportion and differences between contributions and proportionate share of contributions	146,457	47,460
Contributions subsequent to the measurement date	761,608	-
	<u>\$ 3,402,524</u>	<u>\$ 380,893</u>

\$761,608 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, 2018.

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
2019	\$ 951,999
2020	288,788
2021	214,045
2022	727,782
2023	34,950
Thereafter	42,458

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

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	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

Sensitivity of the Proportionate Share of the Net Pension Asset and Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 5,288,490	\$ 2,580,431	\$ 325,333
Contributory System	406,208	191,351	10,487
Public Safety System	6,234,679	3,180,672	701,490
Firefighters Retirement System	1,581,851	423,901	(513,728)
Tier 2 Public Employees System	133,168	33,241	(43,878)
Tier 2 Public Safety and Firefighter	163,760	21,711	(86,992)
	<u>\$ 13,808,156</u>	<u>\$ 6,431,307</u>	<u>\$ 392,712</u>

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.

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

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

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	44,391	46,241	37,457
Employee Contributions	10,447	11,499	14,185
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	23,872	23,525	19,555
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	7,042	6,534	7,125

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

401A Plan

The City provides a 401a plan for employees, which is administered by ICMA Retirement Corporation. All permanent full-time employees along with elected officials and permanent intermittent employees are eligible to participate in the plan. The City contributes 15.45% of earnings for merit participants, 16.46% for police officers, 17.64% for firefighters, and 24.16% for administrative participants, minus the City's contribution to the Utah State Retirement System on behalf of the participant for the plan year. Participants are not required to contribute to this plan but may make voluntary after tax contributions. Benefits after termination of employment are paid to individuals based on account balances in lump sum, or as periodic benefit payments, at the option of the participant. Authority to establish and amend the provisions and contribution requirements lies with the Roy City Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$10,852,072 and eligible payroll under this plan was \$8,600,667 for the same period. At June 30, 2019 total plan assets were \$5,950,925. Total contribution requirements were \$51,357, or .60% of covered payroll, and were paid by the due dates.

6. 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 \$164,592 for FY 2019.

Financial information relating to the project areas for the fiscal year ending June 30, 2019 is as follows:

	Project Area #2	Project Area #3	Project Area #4	General
Tax increment collected	\$ 56,710	\$ 8,379	\$ -	\$ -
Contributions from other government units	265,238	38,921	-	-
Amounts expended for:			-	-
Administrative costs	148,592	11,000	-	5,000
Redevelopment activities	123,017	-	-	3,125

Commitments

The City had purchase orders outstanding at the end of the year which had not been fulfilled. For the general fund the commitments totaled \$116,351. The City had no open contracts for which work had not begun at June 30, 2019.

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2019

reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. At June 30, 2019, there were no outstanding claims or judgments that management considered necessary for accrual.

Premiums are paid into the risk management fund by other funds and are available to pay claims, claim reserves and administrative costs of programs. During the fiscal years ending June 30, 2019, 2018 and 2017, 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 \$564,075 at June 30, 2019.

Contingent Liabilities

Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. At June 30, 2019, 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.

REQUIRED SUPPLEMENTARY INFORMATION

Changes in Pension Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability in Utah Retirement Systems - Last 10 Fiscal Years
December 31, 2018

	Year Ending December 31	Non-		Public Safety System	Firefighters System	Tier 2		Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
		Contributory System	Contributory System						
Proportion of the net pension liability / (asset)	2018	0.3504247%	0.4715379%	1.2363720%	3.2646087%			0.0776142%	0.8665285%
	2017	0.3520598%	0.4247650%	1.2409621%	3.8688262%			0.0838608%	0.9385360%
	2016	0.3358198%	0.3362274%	1.1839327%	4.0952062%			0.0794033%	1.0268670%
	2015	0.3608630%	0.1789819%	1.1519670%	4.4745102%			0.0770444%	1.0019573%
	2014	0.3506427%	0.1367805%	1.2351900%	4.4969546%			0.0727692%	1.0948718%
Proportionate share of the net pension liability / (asset)	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)
	2014	1,522,573	39,453	1,553,354	(256,614)			(2,205)	(16,197)
Covered payroll	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
	2014	3,004,330	73,029	1,667,574	1,180,946			357,223	452,855
Proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	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%
	2014	50.70%	54.00%	93.20%	-21.70%			-0.06%	-3.60%
Plan fiduciary net position as a percentage of the total net pension	2018	87.0%	91.2%	84.7%	94.3%			90.8%	95.6%
	2017	91.9%	98.2%	90.2%	103.0%			97.4%	103.0%
	2016	87.3%	92.9%	86.5%	100.4%			95.1%	103.6%
	2015	87.8%	85.7%	87.1%	101.0%			100.2%	110.7%
	2014	90.2%	94.0%	90.5%	103.5%			103.5%	120.5%

Note: The schedule above is presented for the current year only. In accordance with paragraph 81.a of GASB 68, a 10 year history is required. The 10 year schedule will need to be built prospectively as the information becomes available.

Required Supplementary Information
Schedule of Utah State Retirement Systems Contributions - Last 10 Fiscal Years
June 30, 2019

	As of Fiscal	Actuarial	Contributions in	Contribution		Contributions
	Year Ended	Determined	Contractually	Deficiency	Covered	as a Percentage
	June 30,	Contributions	Required	(Excess)	Payroll	of Covered
			Contribution			Payroll
Noncontributory System	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	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	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	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%
Tier 2 Public Employees System*	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*	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*	2019	\$ 12,662	\$ 12,662	\$ -	\$ 189,260	6.49%
	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*	2019	\$ 5,324	\$ 5,324	\$ -	\$ 42,695	12.99%
	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 System.

Tier 2 Systems were created effective July 1, 2011.

Non-major Governmental Funds

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 – This fund is used to account for construction of and improvements to infrastructure throughout the City.

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

Recreational Facilities Improvements – This fund is used to account for the construction, expansion, and replacement of recreational facilities throughout the City.

ROY CITY CORPORATION
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
ASSETS				
Cash	\$ 131,265	\$ 282,443	165,021	\$ 578,729
Accounts Receivable, net	-	-	-	-
Total Assets	<u>131,265</u>	<u>282,443</u>	<u>165,021</u>	<u>578,729</u>
LIABILITIES				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES				
Assigned	<u>131,265</u>	<u>282,443</u>	<u>165,021</u>	<u>578,729</u>
Total fund balances	<u>131,265</u>	<u>282,443</u>	<u>165,021</u>	<u>578,729</u>
Total liabilities and fund balances	<u>\$ 131,265</u>	<u>\$ 282,443</u>	<u>\$ 165,021</u>	<u>\$ 578,729</u>

ROY CITY CORPORATION
Combining Balance Sheet, continued
Non-Major Governmental Funds
June 30, 2019

Capital Projects Funds				Total Non-Major Governmental Funds
Capital Improvements	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	
\$ 367,831	\$ 696,948	\$ 518,020	\$ 1,582,799	\$ 2,161,528
-	-	-	-	-
<u>367,831</u>	<u>696,948</u>	<u>518,020</u>	<u>1,582,799</u>	<u>2,161,528</u>
-	-	47,384	47,384	47,384
-	-	47,384	47,384	47,384
367,831	696,948	470,636	1,535,415	2,114,144
<u>367,831</u>	<u>696,948</u>	<u>470,636</u>	<u>1,535,415</u>	<u>2,114,144</u>
<u>\$ 367,831</u>	<u>\$ 696,948</u>	<u>\$ 518,020</u>	<u>\$ 1,582,799</u>	<u>\$ 2,161,528</u>

ROY CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
Revenues:				
Impact fees	\$ 96,691	106,500	\$ -	\$ 203,191
Investment earnings	5,874	6,951	-	12,825
Other income	-	-	180	180
Total revenues	<u>102,565</u>	<u>113,451</u>	<u>180</u>	<u>216,196</u>
Expenditures:				
Project outlays	<u>241,211</u>	<u>26,091</u>	<u>-</u>	<u>267,302</u>
Total expenditures	<u>241,211</u>	<u>26,091</u>	<u>-</u>	<u>267,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(138,646)</u>	<u>87,360</u>	<u>180</u>	<u>(51,106)</u>
Other financing sources				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(138,646)</u>	<u>87,360</u>	<u>180</u>	<u>(51,106)</u>
Fund balances - beginning of year	<u>269,911</u>	<u>195,083</u>	<u>164,841</u>	<u>629,835</u>
Fund balances - end of year	<u>\$ 131,265</u>	<u>\$ 282,443</u>	<u>\$ 165,021</u>	<u>\$ 578,729</u>

ROY CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

Capital Improvements	Capital Projects Funds			Total Non-Major Governmental Funds
	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ 203,191
39,719	-	-	39,719	52,544
-	-	-	-	180
39,719	-	-	39,719	255,915
-	187,896	1,328,337	1,516,233	1,783,535
-	187,896	1,328,337	1,516,233	1,783,535
39,719	(187,896)	(1,328,337)	(1,476,514)	(1,527,620)
225,000	185,500	-	410,500	410,500
225,000	185,500	-	410,500	410,500
264,719	(2,396)	(1,328,337)	(1,066,014)	(1,117,120)
103,112	699,344	1,798,973	2,601,429	3,231,264
\$ 367,831	\$ 696,948	\$ 470,636	\$ 1,535,415	\$ 2,114,144

ROY CITY CORPORATION
Storm Sewer Development - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 20,000	\$ 89,500	\$ 96,691	\$ 7,191
Investment earnings	2,000	4,500	5,874	1,374
Total revenue	<u>22,000</u>	<u>94,000</u>	<u>102,565</u>	<u>8,565</u>
Expenditures:				
Project Outlays	<u>146,000</u>	<u>268,000</u>	<u>241,211</u>	<u>(26,789)</u>
Total expenditures	<u>146,000</u>	<u>268,000</u>	<u>241,211</u>	<u>(26,789)</u>
Net change in fund balance	(124,000)	(174,000)	(138,646)	35,354
Fund balance - beginning of year	<u>269,911</u>	<u>269,911</u>	<u>269,911</u>	<u>1,586,792</u>
Fund balance - end of year	<u>\$ 145,911</u>	<u>\$ 95,911</u>	<u>\$ 131,265</u>	<u>\$ 1,622,146</u>

ROY CITY CORPORATION
Park Development - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 20,000	\$ 87,500	\$ 106,500	\$ 19,000
Investment earnings	3,000	4,000	6,951	2,951
Total revenue	<u>23,000</u>	<u>91,500</u>	<u>113,451</u>	<u>21,951</u>
Expenditures:				
Project Outlays	200,000	268,500	26,091	(242,409)
Total expenditures	<u>200,000</u>	<u>268,500</u>	<u>26,091</u>	<u>(242,409)</u>
Net change in fund balance	(177,000)	(177,000)	87,360	264,360
Fund balance - beginning of year	195,083	195,083	195,083	1,586,792
Fund balance - end of year	<u>\$ 18,083</u>	<u>\$ 18,083</u>	<u>\$ 282,443</u>	<u>\$ 1,851,152</u>

ROY CITY CORPORATION
Cemetery - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Other Revenue	\$ -	\$ -	\$ 180	\$ 180
Total revenue	-	-	180	180
Net change in fund balance	-	-	180	180
Fund balance - beginning of year	164,841	164,841	164,841	1,586,792
Fund balance - end of year	<u>\$ 164,841</u>	<u>\$ 164,841</u>	<u>\$ 165,021</u>	<u>\$ 1,586,972</u>

ROY CITY CORPORATION
Capital Improvement Plan - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Investment earnings	\$ -	\$ 30,000	\$ 39,719	\$ 9,719
Total revenues	-	30,000	39,719	9,719
Expenditures:				
Project Outlays	-	-	-	-
Total expenditures	-	-	-	-
Other Financing Sources:				
Transfers In/(Out)	-	225,000	225,000	-
Total Other Financing Sources	-	225,000	225,000	-
Net change in fund balance	-	255,000	264,719	9,719
Fund balance - beginning of year	103,112	103,112	103,112	-
Fund balance - end of year	\$ 103,112	\$ 358,112	\$ 367,831	\$ 9,719

ROY CITY CORPORATION
Fire and Rescue Facilities and Equipment - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ 187,587	\$ 187,896	\$ 187,896	\$ -
Total expenditures	187,587	187,896	187,896	-
Other Financing Sources:				
Transfers In/(Out)	185,500	185,500	185,500	-
Total Other Financing Sources	185,500	185,500	185,500	-
Net change in fund balance	(2,087)	(2,396)	(2,396)	-
Fund balance - beginning of year	699,344	699,344	699,344	-
Fund balance - end of year	\$ 697,257	\$ 696,948	\$ 696,948	\$ -

ROY CITY CORPORATION
Recreational Facilities Improvements - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ -	\$ 1,491,989	\$ 1,328,337	\$ (163,652)
Total expenditures	-	1,491,989	1,328,337	(163,652)
Other Financing Sources:				
Transfers In/(Out)	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net change in fund balance	-	(1,491,989)	(1,328,337)	163,652
Fund balance - beginning of year	1,798,973	1,798,973	1,798,973	-
Fund balance - end of year	<u>\$ 1,798,973</u>	<u>\$ 306,984</u>	<u>\$ 470,636</u>	<u>\$ 163,652</u>

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 CORPORATION
Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	Information Technology	Risk Management	Total
ASSETS			
Current assets:			
Cash	\$ 220,835	\$ 575,918	\$ 796,753
Prepaid items	3,976	-	3,976
Total current assets	<u>224,811</u>	<u>575,918</u>	<u>800,729</u>
Noncurrent assets:			
Capital assets:			
Furnishings and fixtures	1,998	-	1,998
Computer hardware	615,196	-	615,196
Software	96,080	-	96,080
Less accumulated depreciation	<u>(512,558)</u>	<u>-</u>	<u>(512,558)</u>
Total capital assets net of accumulated depreciation	<u>200,716</u>	<u>-</u>	<u>200,716</u>
Total noncurrent assets	<u>200,716</u>	<u>-</u>	<u>200,716</u>
Total assets	<u>425,527</u>	<u>575,918</u>	<u>1,001,445</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	44,271	-	44,271
Total deferred outflows of resources	<u>\$ 44,271</u>	<u>\$ -</u>	<u>\$ 44,271</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Net Position, continued
June 30, 2019

	Information Technology	Risk Management	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,757	\$ 11,842	\$ 18,599
Accrued Wages	2,585	-	2,585
Compensated absences	4,933	-	4,933
Total current liabilities	<u>14,275</u>	<u>11,842</u>	<u>26,117</u>
Long-term liabilities, less current portion:			
Compensated absences	19,239	-	19,239
Net pension liability	62,582	-	62,582
Total liabilities	<u>96,096</u>	<u>11,842</u>	<u>107,938</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	16,870	-	16,870
Total deferred inflows of resources	<u>16,870</u>	<u>-</u>	<u>16,870</u>
NET POSITION			
Net investments in capital assets	200,716	-	200,716
Unrestricted	156,116	564,076	720,192
Total net position	<u>\$ 356,832</u>	<u>\$ 564,076</u>	<u>\$ 920,908</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Information Technology	Risk Management	Total
Operating revenues:			
Charges for services	\$ 496,231	\$ 316,872	\$ 813,103
Other income	-	21,232	21,232
Total operating revenue	<u>496,231</u>	<u>338,104</u>	<u>834,335</u>
Operating expenses:			
Personnel services	155,750	-	155,750
Contractual services	112,737	172,809	285,546
Materials and supplies	51,291	-	51,291
Other general costs of services	3,071	80,191	83,262
Depreciation	78,797	-	78,797
Total Operating expenses	<u>401,646</u>	<u>253,000</u>	<u>654,646</u>
Operating income (loss)	<u>94,585</u>	<u>85,104</u>	<u>179,689</u>
Changes in net position	94,585	85,104	179,689
Total net position - beginning	<u>262,247</u>	<u>478,972</u>	<u>741,219</u>
Total net position - ending	<u>\$ 356,832</u>	<u>\$ 564,076</u>	<u>\$ 920,908</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Information Technology	Risk Management	Total
Cash flows from operating activities:			
Cash received from interfund services provided	\$ 496,232	\$ 316,872	\$ 813,104
Other income	-	21,232	21,232
Payments to suppliers	(140,753)	(369,302)	(510,055)
Payments to employees	(173,030)	-	(173,030)
Net cash provided by operating activities	182,449	(31,198)	151,251
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(58,389)	-	(58,389)
Net cash used in capital and related financing activities	(58,389)	-	(58,389)
Net increase (decrease) in cash	124,060	(31,198)	92,862
Cash - beginning of year	96,775	607,116	703,891
Cash - end of year	\$ 220,835	\$ 575,918	\$ 796,753
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 94,585	\$ 85,104	\$ 179,689
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	78,797	-	78,797
(Increase) decrease in prepaids	26,342	-	26,342
(Increase) decrease in deferred outflows	349	-	349
(Increase) decrease in net pension asset	3,760	-	3,760

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows, continued
For the Fiscal Year Ended June 30, 2019

	Information Technology	Risk Management	Total
Increase (decrease) in accounts payable	4	7,245	7,249
Increase (decrease) in accrued wages	(8,585)	-	(8,585)
Increase (decrease) in compensated absences	(15,373)	-	(15,373)
Increase (decrease) in deferred inflows	(29,012)	-	(29,012)
Increase (decrease) in net pension liability	31,581	-	31,581
Increase (decrease) in recaptured losses	-	(123,547)	(123,547)
Total adjustments	87,863	(116,302)	(28,439)
Net cash provided by operating activities	\$ 182,448	\$ (31,198)	\$ 151,250

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Governmental Funds Capital Assets:		
Land	\$ 3,829,129	\$ 3,745,256
Buildings	11,827,224	11,780,076
Improvements other than Buildings	35,410,826	35,399,674
Machinery and Equipment	4,510,640	4,391,993
Vehicles	7,629,148	7,188,369
Construction in Progress	5,758,842	4,000,372
Total Governmental Funds Capital Assets	<u>\$ 68,965,808</u>	<u>\$ 66,505,741</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 38,007,030	\$ 37,374,089
Capital Projects Fund	18,074,583	16,560,023
Special Revenue Funds	8,619,401	8,306,834
Donations	4,264,794	4,264,794
Total Governmental Funds Capital Assets	<u>\$ 68,965,808</u>	<u>\$ 66,505,741</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2019

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Vehicles	Construction in Progress	Total
General Government:							
Legislative	\$ 1,209,110	\$ -	\$ 4,525	\$ 34,902	\$ 84,821	\$ 20,031	\$ 1,353,389
Legal	-	-	-	-	-	-	0
Justice Court	-	-	-	51,954	-	-	51,954
Community Development	-	-	-	38,894	72,734	-	111,628
Finance	-	-	3,970	42,658	-	-	46,628
Public Buildings	-	9,100,259	713,608	339,400	215,797	280,065	10,649,129
Total	1,209,110	9,100,259	722,103	507,808	373,352	300,096	12,212,728
Public Safety:							
Fire	69,417	938,782	35,311	885,750	3,160,389	-	5,089,649
Police	-	-	1,768	242,652	1,608,083	-	1,852,503
Total	69,417	938,782	37,079	1,128,402	4,768,472	-	6,942,152
Public Works:							
Administration	185,268	-	22,208	48,790	25,656	-	281,922
Class "C" Roads	26,273	227,426	8,382,629	643,098	1,724,866	99,989	11,104,281
Fleet Services	-	-	-	122,067	69,390	-	191,457
Streets	327,700	2,275	16,071,420	689,457	255,279	938,962	18,285,093
Trans. Infrastructure	-	-	134,395	10,000	-	415,197	559,592
Total	539,241	229,701	24,610,652	1,513,411	2,075,191	1,454,148	30,422,344
Parks and Recreation:							
Aquatic Center	963,940	-	4,516,397	410,883	-	-	5,891,220
Beautification	-	-	-	3,579	-	835,117	838,696
Parks	1,047,420	174,931	5,017,598	492,945	306,087	3,169,482	10,208,462
Recreation	-	471,596	185,666	82,971	106,047	-	846,280
Recreation Complex	-	911,955	321,331	370,641	-	-	1,603,927
Total	2,011,360	1,558,482	10,040,992	1,361,018	412,134	4,004,599	19,388,585
Total Governmental							
Capital Assets	<u>\$ 3,829,128</u>	<u>\$ 11,827,224</u>	<u>\$ 35,410,826</u>	<u>\$ 4,510,639</u>	<u>\$ 7,629,149</u>	<u>\$ 5,758,842</u>	<u>\$ 68,965,808</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2019

Function and Activity	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
General Government:				
Legislative	\$ 1,226,498	\$ 129,224	\$ (2,334)	\$ 1,353,388
Legal & Risk Management	4,707	-	(4,707)	0
Justice Court	51,708	5,700	(5,454)	51,954
Community Development	107,304	5,700	(1,376)	111,628
Finance	39,663	6,965	-	46,628
Public Buildings	10,578,991	70,138	-	10,649,129
Total General Government	12,008,871	217,727	(13,871)	12,212,728
Public Safety:				
Fire	4,561,385	529,740	(1,476)	5,089,649
Police	1,882,822	142,188	(172,507)	1,852,503
Total Public Safety	6,444,207	671,928	(173,983)	6,942,152
Public Works:				
Administration	281,923	-	-	281,923
Class "C" Roads	11,022,027	82,253	-	11,104,280
Fleet Services	179,056	15,088	(2,688)	191,457
Streets	17,958,738	326,355	-	18,285,093
Transportation Infrastructure	498,676	60,916	-	559,592
Total Public Works	29,940,420	484,611	(2,688)	30,422,344
Parks and Recreation:				
Aquatic Center	5,861,171	30,050	-	5,891,221
Beautification	838,696	-	-	838,696
Parks	8,993,131	1,365,607	(150,278)	10,208,460
Recreation	839,841	7,540	(1,100)	846,281
Recreation Complex	1,579,404	24,523	-	1,603,927
Total Parks and Recreation	18,112,243	1,427,720	(151,378)	19,388,585
Total Governmental Funds				
Capital Assets	\$ 66,505,741	\$ 2,801,986	\$ (341,919)	\$ 68,965,808

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

STATISTICAL SECTION

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

Contents	Page
FINANCIAL TRENDS	106
<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	119
<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	125
<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	129
<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	131
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

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

ROY CITY CORPORATION
GOVERNMENT-WIDE REVENUES
Last 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
2018-19	\$ 15,293,469	\$ 1,641,152	\$ 233,673	\$ 12,580,192	\$ 618,215	\$ 711,141	\$ 499,082	\$ 31,576,924
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
2013-14	11,597,798	1,267,654	435,080	10,491,898	80,969	-	622,877	24,496,276
2012-13	11,428,781	1,263,404	1,329,151	10,168,511	593,896	-	731,494	25,515,237
2011-12	10,511,746	1,304,150	511,539	9,829,495	89,863	-	595,368	22,842,161
2010-11	10,268,538	1,200,056	2,873,376	9,532,826	69,702	-	402,960	24,347,458
2009-10	10,239,629	1,148,158	2,098,255	9,387,893	91,936	-	386,565	23,352,436

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
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
2013-14	3,328,328	7,760,529	2,558,874	2,536,514	10,185	5,526,567	404,465	1,728,775	23,854,237
2012-13	3,329,353	7,612,498	2,999,507	2,623,244	8,308	4,589,355	382,653	1,608,499	23,153,417
2011-12	3,620,941	7,260,104	2,668,853	2,530,588	64,801	4,315,012	341,969	1,487,770	22,290,038
2010-11	3,258,496	7,248,790	2,639,589	2,414,439	50,897	4,111,957	368,083	1,548,614	21,640,865
2009-10	3,201,528	7,130,287	2,512,928	2,465,297	61,736	4,084,228	346,546	1,468,750	21,271,300

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
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					
2013-14	10,420,699	280,987	1,502,234	2,404,922	700,808	458,139	54,172	15,821,961					
2012-13	9,602,554	234,559	1,268,489	3,272,233	730,772	470,957	1,701,928	17,281,492					
2011-12	9,348,562	391,361	1,332,855	2,901,616	752,390	458,388	942,911	16,128,083					
2010-11	9,045,168	282,723	1,244,242	2,741,540	723,989	430,807	358,950	14,827,419					
2009-10	8,914,576	315,060	2,536,801	2,688,425	632,539	548,974	338,225	15,974,600					

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	Debt Service	Other Financing Uses	Total
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
2013-14	2,925,292	8,199,184	1,815,218	2,209,599	119,596	220,025	15,488,914
2012-13	3,936,031	7,329,098	2,417,511	2,204,956	275,116	647,050	16,809,762
2011-12	3,190,479	7,359,687	1,819,427	2,050,866	311,594	657,142	15,389,195
2010-11	3,063,502	6,985,946	1,724,724	1,920,939	277,937	212,340	14,185,388
2009-10	2,994,623	6,913,952	1,834,389	1,968,899	277,501	2,162,693	16,152,057
2008-09	2,945,590	6,915,667	2,109,472	1,995,110	278,943	490,275	14,735,057

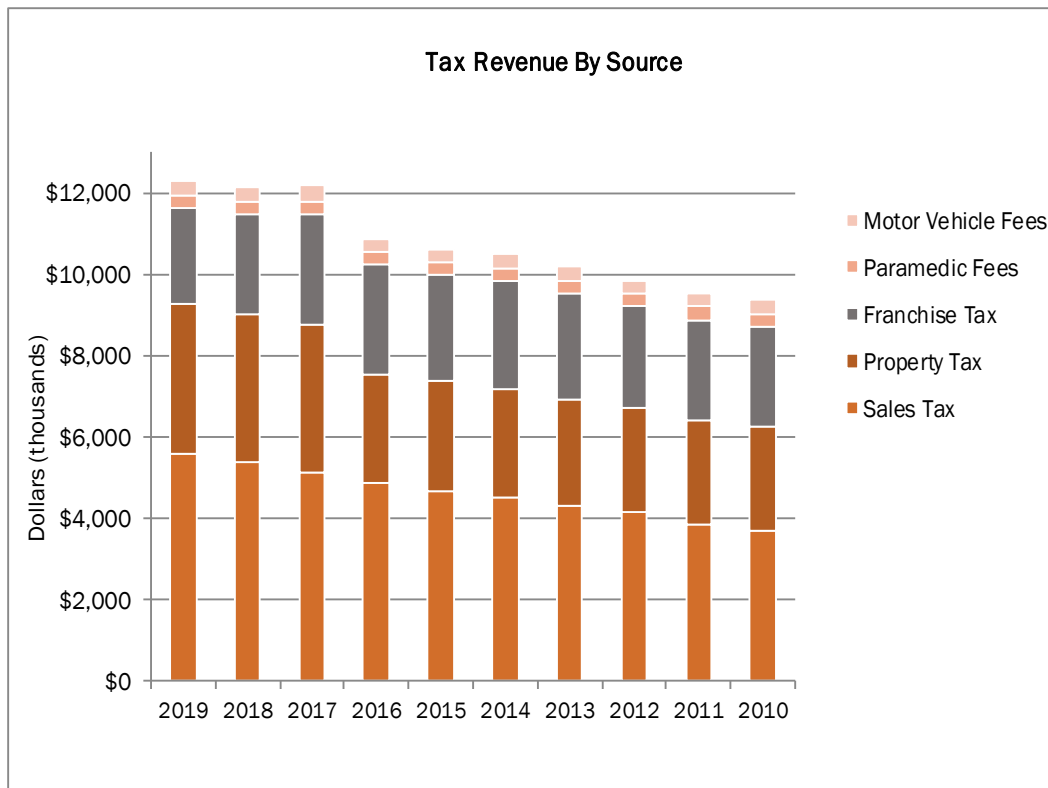
Notes:

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
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
2015	4,690	2,689	2,599	335	309	10,622
2014	4,498	2,658	2,697	308	330	10,491
2013	4,300	2,600	2,634	320	317	10,171
2012	4,142	2,591	2,464	320	312	9,829
2011	3,830	2,558	2,488	320	338	9,534
2010	3,701	2,550	2,455	320	363	9,389



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Invested in capital assets, net of related debt	\$ 36,063	\$ 35,589	\$ 33,743	\$ 33,326	\$ 33,958	\$ 34,249	\$ 34,469	\$ 34,239	\$ 35,269	\$ 35,212
Restricted	3,729	2,861	2,434	2,689	2,331	2,301	2,261	2,116	1,735	2,994
Unrestricted	4,254	5,309	5,511	5,686	5,787	8,085	7,958	7,256	6,476	4,274
Total governmental activities net position	\$ 44,046	\$ 43,759	\$ 41,688	\$ 41,701	\$ 42,076	\$ 44,635	\$ 44,688	\$ 43,611	\$ 43,480	\$ 42,480
Business-type activities										
Invested in capital assets, net of related debt	\$ 20,253	\$ 20,534	\$ 20,075	\$ 19,816	\$ 18,786	\$ 18,806	\$ 18,574	\$ 18,334	\$ 17,940	\$ 16,961
Restricted	-	-	-	-	-	-	-	27	1,106	485
Unrestricted	10,197	9,355	9,043	8,329	8,453	7,658	7,196	6,121	5,014	4,907
Total business-type activities net position	\$ 30,450	\$ 29,889	\$ 29,118	\$ 28,145	\$ 27,239	\$ 26,464	\$ 25,770	\$ 24,482	\$ 24,060	\$ 22,353
Primary government										
Net Investment in capital assets	\$ 56,316	\$ 56,123	\$ 53,818	\$ 53,142	\$ 52,744	\$ 53,055	\$ 53,043	\$ 52,573	\$ 53,209	\$ 52,173
Restricted	3,729	2,861	2,434	2,689	2,331	2,301	2,261	2,143	2,841	3,479
Unrestricted	14,451	14,664	14,554	14,015	14,240	15,743	15,154	13,377	11,490	9,181
Total primary government net position	\$ 74,496	\$ 73,648	\$ 70,806	\$ 69,846	\$ 69,315	\$ 71,099	\$ 70,458	\$ 68,093	\$ 67,540	\$ 64,833

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

Page 1 of 3

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Fiscal Year									
Expenses										
Governmental activities:										
General government	\$ 5,718	\$ 3,819	\$ 3,358	\$ 3,539	\$ 4,331	\$ 3,328	\$ 2,961	\$ 3,621	\$ 3,258	\$ 3,202
Public safety	8,787	8,656	9,061	8,191	7,747	7,761	7,612	7,260	7,249	7,130
Public works	2,103	2,800	3,365	2,620	2,514	2,559	2,677	2,669	2,640	2,513
Parks and recreation	2,830	3,190	2,998	2,769	2,591	2,536	2,604	2,531	2,414	2,465
Interest and fiscal charges	-	1	4	6	8	10	8	65	51	62
Total governmental activities expenses	19,438	18,466	18,786	17,125	17,191	16,194	15,862	16,146	15,612	15,372
Business-type activities:										
Water and sewer utility	8,432	8,158	7,275	6,826	6,075	5,527	5,141	4,315	4,112	4,084
Storm sewer utility	726	670	635	516	499	404	438	342	368	346
Solid waste utility	2,134	1,893	1,780	1,851	1,850	1,729	1,711	1,488	1,549	1,469
Total business-type activities expenses	11,292	10,721	9,690	9,193	8,424	7,660	7,290	6,145	6,029	5,899
Total primary government expenses	\$ 30,730	\$ 29,187	\$ 28,476	\$ 26,318	\$ 25,615	\$ 23,854	\$ 23,152	\$ 22,291	\$ 21,641	\$ 21,271
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,330	\$ 1,246	\$ 1,213	\$ 1,236	\$ 1,191	\$ 966	\$ 987	\$ 1,164	\$ 1,034	\$ 993
Public safety	1,707	1,558	1,534	1,466	1,675	1,454	1,463	1,182	1,040	956
Public works		-	23	51	80	92	114	49	71	129
Parks and recreation	890	974	1,046	965	941	928	1,079	1,066	1,006	1,028
Operating grants and contributions	1,641	1,942	1,638	1,356	1,262	1,268	1,263	1,304	1,200	1,148
Capital grants and contributions	234	482	92	160	178	435	734	511	1,559	1,946
Total governmental activities program revenues	5,802	6,202	5,546	5,234	5,327	5,143	5,640	5,276	5,910	6,200

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

Page 2 of 3

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues, continued:										
Business-type activities:										
Charges for services:										
Water and sewer utility	8,402	8,168	7,433	6,833	6,169	5,704	5,441	4,775	4,855	4,871
Storm sewer utility	852	848	849	840	835	371	367	364	363	360
Solid waste utility	2,113	2,041	2,125	2,119	2,099	2,083	1,976	1,913	1,900	1,901
Capital grants and contributions	-	59	42	100	58	-	595	-	1,314	152
Total business-type activities program revenues	11,367	11,116	10,449	9,892	9,161	8,158	8,379	7,052	8,432	7,284
Total primary government program revenues	\$ 17,169	\$ 17,318	\$ 15,995	\$ 15,126	\$ 14,488	\$ 13,301	\$ 14,019	\$ 12,328	\$ 14,342	\$ 13,484
Net (expense)/revenue:										
Governmental activities	\$ (13,636)	\$ (12,264)	\$ (13,240)	\$ (11,891)	\$ (11,864)	\$ (11,051)	\$ (10,222)	\$ (10,870)	\$ (9,702)	\$ (9,172)
Business-type activities	75	395	759	699	737	498	1,089	907	2,403	1,385
Total primary government net expense	\$ (13,561)	\$ (11,869)	\$ (12,481)	\$ (11,192)	\$ (11,127)	\$ (10,553)	\$ (9,133)	\$ (9,963)	\$ (7,299)	\$ (7,787)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,780	\$ 3,692	\$ 3,641	\$ 2,661	\$ 2,687	\$ 2,658	\$ 2,602	\$ 2,591	\$ 2,558	\$ 2,550
Sales taxes	5,569	5,399	5,118	4,878	4,690	4,497	4,300	4,142	3,830	3,701
Franchise taxes	2,868	3,011	3,005	3,005	2,934	3,006	2,954	2,783	2,807	2,775
Payments in lieu of taxes	364	378	426	306	309	330	317	312	338	363
Unrestricted investment earnings	385	221	212	127	818	81	594	88	59	68
Contributions from other government units	711	662	755	454	717	364	479	331	334	321
Gain on sale of assets	79	779	-	-	-	-	-	-	-	-

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

Page 3 of 3

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Fiscal Year									
General Revenues and Other										
Changes in Net Position, continued										
Other revenues (uses) not restricted to specific programs	167	194	80	85	386	62	54	72	69	66
Transfers	-	-	-	-	-	-	-	680	707	727
Total governmental activities	13,923	14,336	13,237	11,516	12,541	10,998	11,300	10,999	10,702	10,571
Business-type activities:										
Other revenues (uses) not restricted to specific programs	253	232	214	208	201	196	199	193	-	-
Unrestricted investment earnings	233	146	-	-	-	-	-	2	11	24
Gain on sale of assets	-	(3)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(680)	(707)	(727)
Total business-type activities	486	375	214	208	201	196	199	(485)	(696)	(703)
Total primary government	\$ 14,409	\$ 14,711	\$ 13,451	\$ 11,724	\$ 12,742	\$ 11,194	\$ 11,499	\$ 10,514	\$ 10,006	\$ 9,868
Change in Net Position										
Governmental activities	\$ 287	\$ 2,072	\$ (3)	\$ (375)	\$ 677	\$ (53)	\$ 1,078	\$ 129	\$ 1,000	\$ 1,399
Business-type activities	561	770	973	907	938	694	1,288	422	1,707	682
Total primary government	\$ 848	\$ 2,842	\$ 970	\$ 532	\$ 1,615	\$ 641	\$ 2,366	\$ 551	\$ 2,707	\$ 2,081

Notes:

Prior to FY 2013, personnel service costs paid to the General Fund by the Utility Funds were considered to be transfers.

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

Page 1 of 2

	2019	2018	2017	2016	2015	Fiscal Year					2011	2010
						2014	2013	2012	2011	2010		
Revenues												
Taxes	\$ 12,217	\$ 12,101	\$ 11,764	\$ 10,544	\$ 10,311	\$ 10,162	\$ 9,853	\$ 10,136	\$ 9,195	\$ 9,025		
Payments in lieu of taxes	364	378	426	306	309	330	317	312	338	363		
Licenses and permits	509	370	456	386	382	281	235	391	283	315		
Intergovernmental	1,976	2,586	1,645	1,405	1,365	1,497	1,268	1,541	1,321	2,537		
Charges for services	2,714	2,588	2,555	2,427	2,634	2,405	2,562	2,902	2,742	2,688		
Impact fees	203	110	125	124	97	53	117	95	109	189		
Fines and forfeitures	704	820	680	781	774	701	731	752	724	633		
Investment earnings	385	221	212	127	818	81	594	88	59	68		
Property rental	28	26	29	30	30	34	32	37	39	43		
Management fee	165	163	132	130	132	125	120	118	117	136		
Contributions and donations	38	46	49	30	628	570	679	531	534	521		
Miscellaneous	23	47	21	25	31	28	22	35	30	31		
Total revenues	19,326	19,456	18,094	16,315	17,511	16,267	16,530	16,938	15,491	16,549		
Expenditures												
General government	3,848	3,835	3,472	3,614	3,522	3,367	3,708	3,527	3,216	3,218		
Public safety	8,951	8,841	8,526	8,009	8,046	8,130	7,324	7,361	7,017	6,885		
Public works	2,103	2,771	3,221	1,736	2,165	2,040	1,884	1,805	1,946	1,893		
Parks and recreation	2,830	2,901	2,774	2,525	2,221	2,228	2,172	2,075	1,920	1,969		
Debt service:												
Principal retirement		117	115	113	111	109	260	239	467	250		
Interest and fiscal charges		1	5	7	9	11	15	73	55	64		
Intergovernmental		-	-	-	1,164	-	-	-	-	-		
Capital outlay	1,784	1,337	901	750	489	287	307	187	238	3,328		
Total expenditures	\$ 19,516	\$ 19,803	\$ 19,014	\$ 16,754	\$ 17,727	\$ 16,172	\$ 15,670	\$ 15,267	\$ 14,859	\$ 17,607		

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

Page 2 of 2

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Excess of revenues over (under) expenditures	\$ (190)	\$ (347)	\$ (920)	\$ (439)	\$ (216)	\$ 95	\$ 860	\$ 1,671	\$ 632	\$ (1,058)
Other financing sources (uses)										
Proceeds from sale of assets	79	984	81	67	224	54	-	35	24	17
Contributions from other government units	407	390	649	267	260	-	-	-	-	-
Proceeds from revenue bonds		-	-	-	-	-	-	577	-	-
Payment to refunding bond escrow agent		-	-	-	-	-	-	(560)	-	-
Transfers in	411	2,067	716	257	1,787	220	1,870	97	212	2,163
Transfers out	(411)	(2,067)	(716)	(257)	(1,787)	(220)	(1,870)	(97)	(212)	(2,163)
Total other financing sources (uses)	486	1,374	730	334	484	54	-	52	24	17
Net change in fund balances	\$ 296	\$ 1,027	\$ (190)	\$ (105)	\$ 268	\$ 149	\$ 860	\$ 1,723	\$ 656	\$ (1,041)
Debt service as a percentage of noncapital expenditures	0.0%	0.7%	0.7%	0.8%	0.7%	0.8%	1.8%	2.1%	3.6%	2.2%

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund										
Non-spendable:										
Inventory	\$ 117	\$ 101	\$ 55	\$ 106	\$ 45	\$ 37	\$ 27	\$ 29	\$ 26	\$ 89
Prepaid items	1	29	40	80	86	45	52	43	44	46
Investment in land	456	456	456	456	456	-	-	-	-	-
Restricted for:										
Roads and public transit	3,729	2,861	2,434	2,689	2,273	2,301	2,261	2,115	1,736	1,201
Debt service		-	117	232	345	456	565	825	1,036	1,265
Assigned to:										
Recreation	-	-	-	-	-	-	22	-	-	-
Public Safety	19	16	12	9	12	14	63	8	1	40
Legislative	23	15	14	-	-	-	-	-	-	-
Land purchase		-	-	-	-	-	-	-	-	1
Other	116	317	193	26	41	75	229	4	2	253
Unassigned	4,091	3,486	3,967	3,997	3,635	4,672	3,505	2,922	2,415	2,008
Total general fund	\$ 8,552	\$ 7,281	\$ 7,288	\$ 7,595	\$ 6,893	\$ 7,600	\$ 6,724	\$ 5,946	\$ 5,260	\$ 4,903

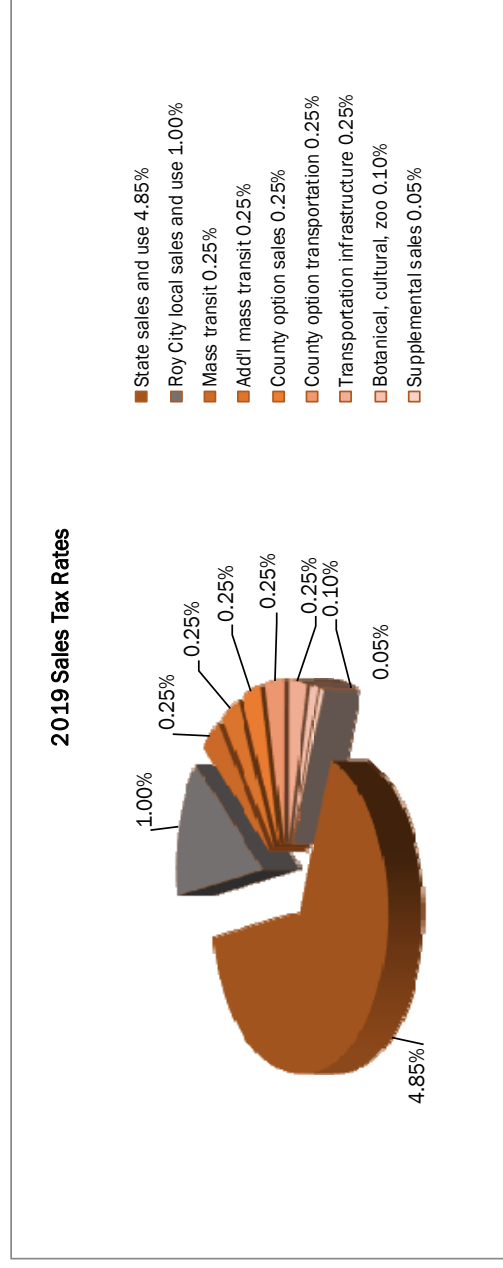
ROY CITY CORPORATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 2 of 2

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other governmental funds										
Non-spendable:										
Inventory		\$ -	\$ -	\$ -	\$ -	\$ 494	\$ 494	\$ 1,705	\$ 1,705	\$ 1,705
Investment in land	59	60	60	60	60					
Restricted for:										
Debt service		-	-	-	-	-	-	-	-	237
Assigned to:										
Public safety	697	699	530	259	73	73	24	111	77	44
Capital improvements	368	103	207	206	592	-	-	-	-	19
Storm sewer improvements	131	269	191	191	171	160	119	181	235	192
Park improvements	753	1,994	1,241	1,579	1,774	981	1,088	481	273	169
Cemetery perpetual	165	165	165	165	164	164	161	158	150	142
Redevelopment	1,975	1,834	1,697	1,513	1,712	1,933	1,868	1,021	869	535
Other	-	-	-	1	235	-	-	-	-	-
Total other governmental funds	4,148	5,124	4,091	3,974	4,781	3,805	3,754	3,657	3,309	3,043
Total governmental funds	\$ 12,700	\$ 12,405	\$ 11,379	\$ 11,569	\$ 11,674	\$ 11,405	\$ 10,478	\$ 9,603	\$ 8,569	\$ 7,946

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

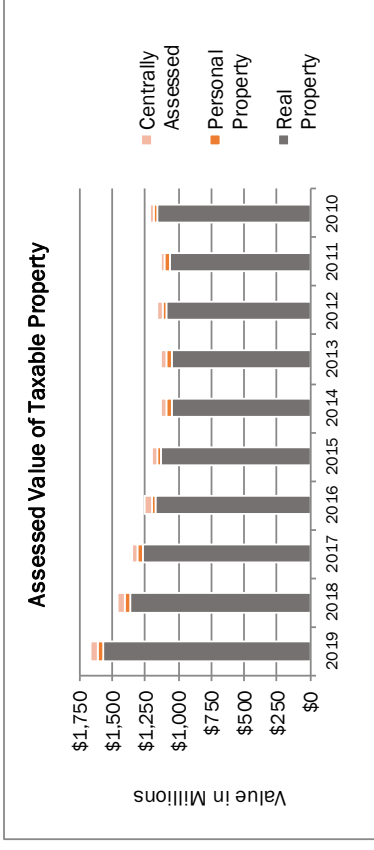
Fiscal Year	State Sales & Use	Roy City Local	Mass Transit	Add'l Mass Transit	County Option Sales	County Option	Transp'n structure	Transp'n Infra-structure	Botanical, Cultural & Zoo	Suppl'l State Sales & Use	Total for Roy City Residents
2019	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2018	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.10%
2017	4.70%	1.00%	0.25%	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%	0.25%	0.00%	0.10%	0.05%	6.85%
2015	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2014	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2013	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2012	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2011	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2010	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2009	4.70%	1.00%	0.25%	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								
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%
2014	297,771	758,694	4,968	28,937	38,514	1,099,633	29,251		1,128,884	2.430	1,972,519	57.23%
2013	309,239	747,351	5,207	29,873	37,382	1,091,552	37,500		1,129,052	2.389	1,848,974	61.06%
2012	307,044	778,886	5,379	28,328	36,249	1,123,097	32,789		1,155,886	2.263	1,855,180	62.31%
2011	301,471	768,147	5,503	26,767	27,315	1,094,650	34,553		1,129,203	2.266	1,894,347	59.61%
2010	346,923	809,567	5,659	27,527	28,285	1,181,254	36,707		1,217,961	2.084	1,865,033	65.31%



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		North Davis Sewer District	Mosquito Abatement District	Roy Water Conservancy Subdistrict	Weber Area			
				Water Conservancy	Dispatch 911 & Emergency Svcs District				Dispatch 911 & Emergency Svcs District			
2019	2.358	3.335	6.237	0.164	0.869	0.108	0.075	0.234	0.234	13.380		
2018	2.650	3.670	6.298	0.174	0.949	0.119	0.084	0.257	0.257	14.201		
2017	2.828	3.341	6.693	0.187	1.025	0.127	0.090	0.273	0.273	14.564		
2016	2.202	3.543	6.643	0.196	1.025	0.134	0.097	0.288	0.288	14.128		
2015	2.285	3.711	6.526	0.199	1.025	0.141	0.101	0.303	0.303	14.291		
2014	2.430	3.718	6.920	0.210	1.025	0.146	0.108	0.310	0.310	14.867		
2013	2.389	3.966	7.071	0.215	0.993	0.148	0.106	0.316	0.316	15.204		
2012	2.263	3.916	6.833	0.217	0.928	0.141	0.101	0.301	0.301	14.700		
2011	2.266	3.832	6.526	0.207	0.864	0.138	0.103	0.309	0.309	14.245		
2010	2.084	3.560	5.721	0.188	0.763	0.128	0.095	0.286	0.286	12.825		

Notes:

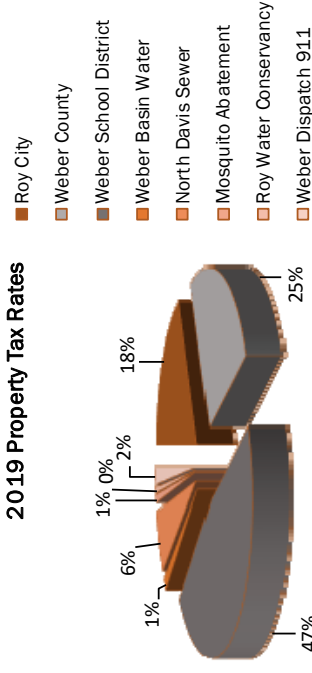
Overlapping rates are those of local and county governments that apply to property owners within Roy City.

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

2019 Property Tax Rates



ROY CITY CORPORATION
PRINCIPAL PROPERTY TAX PAYERS
Current Year
(Amounts Expressed in Thousands)

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AMERICA FIRST FEDERAL CREDIT	\$ 26,448	1	1.59%	\$ 9,668	4	0.81%
PACIFICORP	24,198	2	1.45%	17,626	1	1.48%
QUESTAR GAS	15,466	3	0.93%	-		0.00%
ORCHARD COVE LTD	15,056	4	0.90%	10,416	2	0.87%
WINCO FOODS LLC	7,840	5	0.47%			0.00%
DAVIS HOSPITAL & MEDICAL CENTER	7,515	6	0.45%			0.00%
AA ALPINE STORAGE ROY LLC	6,640	7	0.40%			0.00%
ROY MARKETPLACE LC	6,466	8	0.39%	6,107	5	0.51%
UNION PACIFIC RAILROAD COMPANY	6,175	9	0.37%			0.00%
HARMON CITY INC	5,943	10	0.36%	5,485	7	0.46%
						0.00%
K B FAMILY ROY, LLC				4,508	10	0.38%
BOYER IOMEGA				10,101	3	0.85%
IBP FUNDING				5,091	8	0.43%
BOYDEN B REAZIER FAMILY TRUST				5,967	6	0.50%
COMCAST OF UTAH INC II				4,806	9	0.40%
Total taxable value of 10 largest taxpayers	121,747		7.31%	79,775		6.69%
Total taxable value of other taxpayers	1,543,073		92.70%	1,113,800		93.31%
Total taxable value of all taxpayers	\$ 1,664,820		100.00%	\$ 1,194,520		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							
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%
2014	2,749	2,554	-	92.91%	83	2,637	95.93%
2013	2,671	2,513	-	94.08%	74	2,587	96.86%
2012	2,604	2,449	-	94.05%	62	2,511	96.43%
2011	2,542	2,399	-	94.37%	42	2,441	96.03%
2010	2,475	2,336	-	94.38%	61	2,397	96.85%
2009	2,462	2,336	-	94.88%	61	2,397	97.36%
Redevelopment Agency Special Revenue Fund							
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%
2014	311	50	261	100.00%	-	311	100.00%
2013	436	72	364	100.00%	-	436	100.00%
2012	569	90	479	15.82%	-	90	15.82%
2011	481	150	331	31.19%	-	150	31.19%
2010	488	154	334	31.56%	-	154	31.56%
2009	473	152	321	32.14%	-	152	32.14%

Notes:

In FY 2014, RDA tax collections were separated between agency tax increment and tax contribution from other governmental units three active districts. Due to the availability of data, adjustments were made retroactive for those districts only.

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	Bank Deposits
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
2015	201,671	924,999	584	1,127,254	81	3,273,450	27	16,611,350	288	1,113,649	17,516
2014	194,923	861,171	371	1,056,465	97	5,478,286	22	3,531,856	272	1,040,310	14,936
2013	191,895	864,341	353	1,056,589	95	6,724,364	30	6,064,301	183	800,626	15,995
2012	195,103	890,294	533	1,085,930	125	8,160,255	30	3,476,815	243	749,870	12,590
2011	185,033	883,937	647	1,069,617	118	6,870,422	23	2,586,374	231	863,769	11,015
2010	183,183	972,791	517	1,156,491	111	5,371	13	8,693	212	3,837	11,071

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						Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Sales Tax		Capital Lease	Notes Payable	Water							
				Revenue	Bonds			Revenue	Bonds						
2019	39,519	\$1,027,290,999	\$ -	\$ -	\$ -	-	-	\$ 4,213,000	-	\$ 4,213,000	\$ 4,213,000	0.41%	\$ 106.61		
2018	38,812	1,023,810,045	-	-	-	-	-	4,599,000	-	4,599,000	4,599,000	0.45%	118.49		
2017	38,201	1,020,340,886	-	-	117,000	-	-	4,931,711	-	4,931,711	5,048,711	0.49%	132.16		
2016	37,964	977,214,412	-	-	232,000	-	-	5,281,998	-	5,281,998	5,513,998	0.56%	145.24		
2015	37,877	972,952,878	-	-	345,000	-	-	5,622,303	-	5,622,303	5,967,303	0.61%	157.54		
2014	37,733	968,999,361	-	-	456,000	-	-	5,947,626	-	5,947,626	6,403,626	0.66%	169.71		
2013	37,604	966,968,727	-	-	565,000	-	-	6,331,453	-	6,331,453	6,896,453	0.71%	183.40		
2012	37,395	964,076,497	-	-	674,000	150,600	-	6,627,201	-	6,627,201	7,451,801	0.77%	199.27		
2011	36,884	960,235,555	-	-	740,000	295,651	-	6,925,296	-	6,925,296	7,960,947	0.83%	215.84		
2010	36,260	957,363,464	237,000	-	830,000	435,357	-	7,200,294	-	7,200,294	8,702,651	0.91%	240.01		

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
2019	\$ -	\$ -	\$ -	0.00%	-
2018	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2010	237,000	-	237,000	0.01%	6.64

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, 2019

Governmental Unit	General Bonded Debt Outstanding	Estimated Percentage Applicable to Roy City	Estimated Share of Overlapping Debt
North Davis County Sewer District	\$ 17,115,000	13.62%	\$ 2,331,063
Roy Water Conservancy Subdistrict	514,000	100.00%	514,000
State of Utah	2,498,192,000	0.53%	13,240,418
Weber Basin Water Conservancy District	11,650,000	2.46%	286,590
Weber County	43,725,000	10.38%	4,538,655
Weber County School District	158,720,000	14.75%	23,411,200
Overlapping debt			\$ 44,321,926
Roy City bonded debt		100.00%	-
Total direct and overlapping general bonded obligation debt			<u>\$ 44,321,926</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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 62,856	\$ 54,873	\$ 53,063	\$ 49,182	\$ 47,077	\$ 43,985	\$ 43,662	\$ 44,924	\$ 43,786	\$ 47,250
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 62,856</u>	<u>\$ 54,873</u>	<u>\$ 53,063</u>	<u>\$ 49,182</u>	<u>\$ 47,077</u>	<u>\$ 43,985</u>	<u>\$ 43,662</u>	<u>\$ 44,924</u>	<u>\$ 43,786</u>	<u>\$ 47,250</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total assessed value										<u>\$ 1,571,388</u>
Debt limit (4% of total assessed value)										\$ 62,856
Debt applicable to limit:										
Total bonded debt									\$ 4,213	
Less:										
Revenue bonds									(4,213)	
Other deductions allowed by law									-	
Total net debt applicable to limit									-	-
Legal debt margin										<u>\$ 62,856</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	Unemployment Rate
			Personal Income	
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%
2015	37,877	972,952,879	25,687	4.3%
2014	37,733	968,999,361	25,680	5.2%
2013	37,604	966,968,727	25,715	6.6%
2012	37,395	964,076,497	25,781	7.8%
2011	36,884	960,235,555	26,034	8.6%
2010	36,260	957,363,465	26,403	7.6%

Notes:

Figures for 2008-2010 are from the 2000 U S Census. Subsequent years are from the 2010 U S Census.

Population figures from 2008-2010 are estimates as of July 1 of the previous year based on the U S Census' population estimates.

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

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

Employer	Fiscal Year					
	2019			2009		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Hill Air Force Base	10,000 - 14,999	1	11.8%	10,000-14,999	1	11.4%
Internal Revenue Service	4,000 - 4,999	2	4.3%	5,000 - 6,999	2	5.5%
Weber School District	3,000 - 3,999	3	3.3%	3,000 - 3,999	4	3.2%
McKay-Dee Hospital	3,000 - 3,999	4	3.3%	3,000 - 3,999	3	3.2%
Weber State University	3,000 - 3,999	5	3.3%	2,000 - 2,999	6	2.3%
Autoliv ASP	2,000 - 2,999	6	2.4%	2,000 - 2,999	5	2.3%
Fresenius USA, Inc.	1,000 - 1,999	7	1.4%	1,000 - 1,999	8	1.4%
State of Utah	1,000 - 1,999	8	1.4%	1,000 - 1,999	10	1.4%
America First Credit Union	1,000 - 1,999	9	1.4%	-	-	-
Ogden School District	1,000 - 1,999	10	1.4%	1,000 - 1,999	9	1.4%
Convergys				1,000 - 1,999	7	1.4%
Total	<u>29,000 - 42,990</u>		<u>34.0%</u>	<u>29,000 - 43,990</u>		<u>33.5%</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.

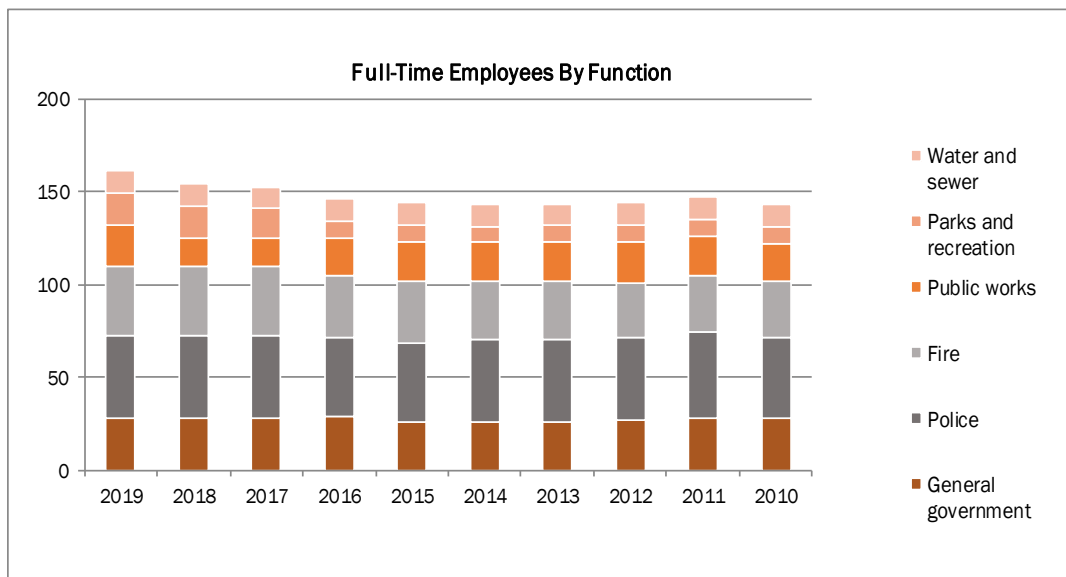
Actual employment numbers are not available to calculate the percentage of total employment by employer.

Sources:

Weber County Comprehensive Annual Financial Report 2017

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

Function	Full-time Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government	28	28	28	29	26	26	26	27	28	28
Public safety										
Police										
Officers	39	39	39	39	38	40	40	40	42	39
Civilians	6	6	6	4	5	5	5	5	5	5
Fire										
Firefighters and officers	36	36	36	32	32	30	30	28	29	29
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	22	15	15	20	21	21	21	22	21	20
Parks and recreation	17	17	16	9	9	8	9	9	9	9
Water and sewer	12	12	11	12	12	12	11	12	12	12
Total	161	154	152	146	144	143	143	144	147	143



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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Court filings										
Moving violations	3,126	4,757	4,016	3,596	3,805	3,459	4,663	4,623	4,086	1,864
Non-moving violations	1,955	2,309	3,164	2,946	2,719	2,226	3,098	2,870	3,917	3,539
DUI violations	110	126	192	151	164	171	179	132	106	85
Parking violations	356	330	464	189	114	546	435	598	691	272
Fire										
Fire calls dispatched	524	504	1,249	1,187	1,196	1,063	641	955	701	612
Medical calls dispatched	4,879	4,793	4,092	3,963	4,283	3,850	4,283	3,702	3,923	4,196
	5,403	5,297	5,341	5,150	5,479	4,913	4,924	4,657	4,624	4,808
Streets										
Snow removal and sanding:										
Miles	8,595	10,024	22,004	13,390	2,373	7,720	13,802	3,987	9,925	8,504
Hours	825	1,231	2,156	1,742	314	886	1,543	506	904	935
Asphalt resurfacing (tons)	1,642	983	1,251	1,598	1,793	857	660	581	747	939
Water										
Service connections	10,823	11,035	10,852	10,786	10,754	10,718	10,698	10,657	10,610	10,565
Water main breaks	14	24	15	15	16	23	25	16	28	23
Avg daily consumption										
in gallons	2,729,008	2,713,054	2,632,164	2,768,581	2,578,359	2,826,756	2,885,636	2,737,570	2,851,236	2,834,907
Aquatic Center										
Admissions	101,891	111,153	111,066	100,408	97,127	100,023	118,475	120,702	119,648	113,607
Complex										
Admissions	99,959	17,431	17,317	16,325	16,859	20,575	25,070	32,384	37,665	37,727

Sources:
Various City departmental data

ROY CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	22	22	24	24	24	20	22
Motorcycle units	0	0	0	0	0	0	2	2	2	2
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	117.9	115.1	115.1	115.1	114.8	114.8	114.2	114.2	114.2	114.0
Curb and gutter	208.4	208.4	208.0	208.0	207.4	207.4	207.4	207.4	207.4	207.0
Sidewalk	197.4	197.4	197.0	197.0	196.4	196.4	196.4	196.4	196.4	196.0
Streetlights	983	983	973	860	855	849	817	812	806	806
Traffic signals	3	3	3	3	3	3	2	2	2	2
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	120	120	113	113	113	113	113	113	113
Covered picnic areas	17	17	17	18	18	18	18	18	18	18
Baseball diamonds	14	14	14	13	13	13	13	13	13	13
Soccer fields	17	17	17	17	17	17	17	17	13	13
Tennis courts	2	2	2	3	3	3	3	3	3	3
Pickleball courts	1	1	1	0	0	0	0	0	0	0
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	114.8	114.8	114.6	114.6	114.2	114.0	116.9	116.9	116.9	117.0
Storm sewers	83.8	83.8	83.7	83.7	83.2	83.0	83.0	83.0	83.0	83.0
Water (miles/units)										
Water lines	157.1	156.9	156.9	156.9	156.5	156.4	153.4	153.4	153.4	153.0
Fire hydrants	1,390	1,390	1,390	1,390	1,390	1,381	1,363	1,363	1,358	1,345

Sources:

Various City departmental data

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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*

Honorable Mayor and City Council
Roy City Corporation, Utah

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Roy City Corporation, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Roy City Corporation's basic financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Roy City Corporation's internal control over financial reporting (internal control) to determine the 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 the Roy City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Roy City Corporation'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.

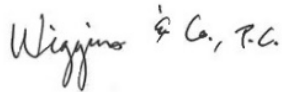
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy City Corporation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "Wiggins & Co., P.C.".

Ogden, Utah
November 18, 2019

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

Honorable Mayor and City Council
Roy City Corporation, Utah

Report on Compliance

We have audited Roy City Corporation's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor that could have a direct and material effect on Roy City Corporation for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Public Treasurer's Bond
Justice Courts	Tax Levy Revenue Recognition
Utah Retirement Systems	
Restricted Taxes and Related Revenues	
Enterprise Fund Transfers, Reimbursements, Loans, and Services	

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Roy City Corporation's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Roy City Corporation occurred. An audit includes examining, on a test basis, evidence about Roy City Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Roy City Corporation's compliance with those requirements.

Opinion on Compliance

In our opinion, Roy City Corporation complied, in all material respects, with the general compliance requirements referred to above for the year ended June 30, 2019.

Report on Internal Control over Compliance

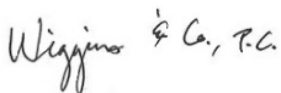
Management of Roy City Corporation is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roy City Corporation's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Roy City Corporation's internal control over compliance.

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 detect, and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weaknesses 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 general 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 general 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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies. We did not identify any deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that may not been identified.

Purpose of Report

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 *State Compliance Audit Guide*. Accordingly this report is not suitable for any other purpose.



Ogden, Utah
November 18, 2019

ROY CITY CORPORATION
Schedule of Findings and Recommendations
June 30, 2019

There were no findings to report for the year ended June 30, 2019.

ROY CITY CORPORATION
Schedule of Prior Year Findings
June 30, 2018

2018-01 STATE COMPLIANCE REGARDING CITY COUNCIL MINUTES

CONDITION: Minutes of public meeting were not posted to the Utah State Public Notice website as required.

CRITERIA: Utah Code Section 52-4-203 requires that minutes from a public meeting, i.e. the City Council meetings, are posted to the Utah State Public Notice website within 3 days of the minutes being approved..

CAUSE OF CONDITION: The minutes were posted to the City's website but there was an oversight with regards to posting to the State website.

POTENTIAL EFFECT OF CONDITION: Noncompliance with Utah State legislative requirements. Also, the public may not have timely record of action taken by the City Council.

RECOMMENDATION: The minutes of all public meetings of the City should be posted to the Utah State Public Notice website. The City should adopt procedures to ensure the minutes are posted in a timely manner.

STATUS: The City has implemented procedures to address this finding.