

# ROY CITY CORPORATION

Roy, Utah

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## Comprehensive Annual Financial Report



For the Fiscal Year Ended **June 30, 2008**

# **Comprehensive Annual Financial Report For the City of Roy, Utah**

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**Fiscal Year Ended June 30, 2008**

Prepared by:  
Cathy A. Spencer  
Management Services Director

**ROY CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2008**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal -----	6
Certificate of Achievement for Excellence in Financial Reporting -----	14
Organizational Chart -----	15
List of Elected and Appointed Officials -----	16

**FINANCIAL SECTION**

Independent Auditors' Report -----	18
Management's Discussion and Analysis -----	20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets -----	34
Statement of Activities -----	36
Fund Financial Statements:	
Balance Sheets – Governmental Funds -----	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds -----	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual:	
General Fund -----	43
Capital Improvement Plan – Capital Projects Fund -----	45
Redevelopment Agency of Roy Utah – Special Revenue Fund -----	46
Statement of Net Assets – Proprietary Funds -----	47
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds -----	49
Statement of Cash Flows – Proprietary Funds -----	51
Statement of Fiduciary Net Assets – Fiduciary Funds -----	53
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds -----	54
Notes to the Financial Statements -----	56
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-major Governmental Funds -----	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds -----	82
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual:	
Storm Sewer Development – Special Revenue Fund -----	84
Park Development – Special Revenue Fund -----	85
Cemetery – Special Revenue Fund -----	86
Fire and Rescue Facilities and Equipment – Capital Projects Fund -----	87
Recreational Facilities Improvements – Capital Projects Fund -----	88

**ROY CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2008**

**TABLE OF CONTENTS, Continued**

**FINANCIAL SECTION, Continued**

Combining Statement of Net Assets – Internal Service Funds .....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –	
Internal Service Funds .....	91
Combining Statement of Cash Flows – Internal Service Funds .....	92
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source .....	94
Schedule by Function and Activity .....	95
Schedule by Changes by Function and Activity .....	96
Supplementary Information	
Impact Fees .....	98

**STATISTICAL SECTION**

**Fund Information:**

Government-wide Revenues .....	102
Government-wide Expenses by Function .....	103
General Governmental Revenues and Other Financing Sources .....	104
General Governmental Expenditures (Budget Basis) and Other Uses by Function .....	105
Governmental Activities Tax Revenues by Source .....	106
Net Assets by Component .....	107
Changes in Net Assets .....	108
Fund Change in Fund Balances of Governmental Funds .....	110
Fund Balances of Governmental Funds .....	112
Sales Tax Rates – Direct and Overlapping Governments .....	113
Assessed Value and Estimated Actual Value of Taxable Property .....	114
Property Tax Rates – Direct and Overlapping Governments .....	115
Principal Property Taxpayers .....	116
Property Tax Levies and Collections .....	117
Property Value, Construction and Bank Deposits .....	118
Ratios of Outstanding Debt by Type .....	119
Ratios of General Bonded Debt Outstanding .....	120
Direct and Overlapping Governmental Activities Debt .....	121
Legal Debt Margin Information .....	122
Demographic and Economic Statistics .....	123
Principal Employers .....	124
Full-time City Government Employees by Function .....	125
Operating Indicators by Function .....	126
Capital Statistics by Function .....	127

ROY CITY CORPORATION  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2008

TABLE OF CONTENTS, Continued

COMPLIANCE SECTION

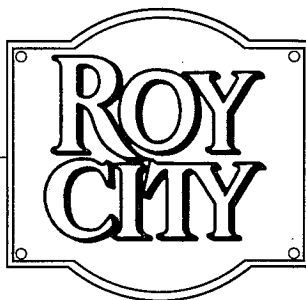
Single Audit:

Independent Auditors' Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards -----	130
Schedule of Findings on Internal Controls -----	132

State Legal Compliance:

Independent Auditors' Legal Compliance Report -----	133
Summary of Findings and Questioned Costs-----	135

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October 1, 2008

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, 2008.

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 Schmitt, Griffiths, Smith & 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, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

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

## **Profile of the Government**

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

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

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

The annual budget serves as the foundation for Roy City Corporation's financial planning and control. All departments of the City are required to submit requests for appropriations to the Budget Officer in March of each year. The Budget Officer and City Manager use these requests as the starting point for developing a tentative budget. The Budget Officer then presents the tentative budget to the governing council at their first meeting in May. The council is required to hold public hearings on the tentative budget and to adopt a final budget no later than June 22<sup>nd</sup>. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between



departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 43-44 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the major governmental funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 84.

## **Factors Affecting Financial Condition**

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

*Local Economy.* The economies of Roy and the State of Utah are following the national trend of deceleration. Problems in the housing and financial markets are the primary cause of the economic decline and have led to fewer homes being built in Roy as well as a softening of retail sales. While the number of new homes constructed is down, the City anticipated the trend in formulating its budget. The economy is a factor, but so is the availability of lots for construction. The borders of Roy City have been defined and within a few years, will be fully built out.

While the economy is slowing, there is still some business growth taking place in Roy City. America First Credit Union is expanding into a 70,000 square foot building at Wasatch Executive Park. The building originally housed Iomega's corporate offices and has remained to some extent vacant since the relocation of much of that company's workforce. America First Credit Union anticipates the building to be fully occupied by the end of 2008 with approximately 330 employees. Wasatch Executive Park is located within the City's redevelopment project area #2. The Redevelopment Agency will assist America First with on-site and off-site improvements totaling \$175,000.

Ogden Clinic is expanding in Roy with a 16,000 square foot medical clinic. The \$2,500,000 facility will be constructed on 5.28 acres along 5200 South and 3500 West and is expected to open in late 2009. The City views this as a welcome addition to the community which should serve to augment the surrounding single-family neighborhoods. Not only will the citizens of Roy be well served by this facility, but those from the adjoining communities as well.

Groundbreaking on the Falcon Hill National Aerospace Research Park will commence in October 2008. The project is part of the Air Force's Enhanced Use Lease program that supplements the Department of Defense by leasing land to private sector for development, in return for construction of projects needed on Hill Air Force Base. The Falcon Hill project will be located on approximately 550 acres on the west side of Hill AFB adjacent to Interstate 15. One of the main western entrances to the project will be Roy City's 5600 South. Construction at the Roy Gate will begin late in phase one of the project and will include office space, retail and restaurant space, and a hotel. While only a small amount of the project area actually rests within Roy City, the benefits to the local economy will be great. The developers are hoping to attract new high-tech companies from many areas across the country and not take existing tenants from nearby communities. Communities such as Roy will benefit by providing construction and related services during the initial build and housing for employees of the new tenants. Phase I of the project encompasses 180 acres, will take six to nine years to complete, and is anticipated to infuse \$500 million into the local economy.

*Employment.* Based on current economic projections, the population of Roy is expected to grow at a very slow rate. The 2000 census set the City's population at 32,885, with 52% of the population in the labor force. Those

in the work force travel an average of twenty-two minutes to work, which indicates that the majority of the working population is employed outside of the City. The median family income is \$53,763, slightly above the national median family income of \$50,046.

In June 2008, the local unemployment rate was 3.6%. This is an increase of .6% from the same time in 2007. The local unemployment rate is well below the national rate of 5.5%. In the State of Utah, jobs were lost in the area of construction and gained in education, health services, trade, transportation, and utilities.

*Major Employer.* One of the major employers of the City's residents is Hill Air Force Base (Hill AFB). Premiere fighter wings including, 75<sup>th</sup> Air Base Wing, the 388<sup>th</sup>, and the 419<sup>th</sup>, make their home at the base. The Ogden Air Logistics Center (the Center) is the host unit and largest organization at Hill AFB. The Center provides worldwide engineering and logistics management for the F-16 Fighting Falcon and A-10 Thunderbolt. It is responsible for repairing various missiles, rocket motors, munitions, and some of the Air Force's most sophisticated weapons systems. Hill AFB is the State's leading employer with more than 23,500 civilian, military, and contractors supporting an estimated 7.5 million production hours. From just over 3,000 acres in 1939, Hill AFB has grown to encompass 6,698 acres in both Davis and Weber Counties, with management of an additional 962,076 acres throughout Northern Utah. In addition to the salaries paid to the military and civilian force, Hill AFB spends funds locally for contracts and construction. This results in a national economic impact of \$2.02 billion, more than \$1.2 billion of which benefits Utah's economy. Because of its broad base of expertise and workloads directed by the Base Relocation and Closure Commission to the Ogden Air Logistic Center, Hill AFB's future continues to look promising.

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

The City Council and administration have long strived to finance City operations on a pay as you go basis. The City has been successful at this and has very low debt compared to other cities of similar size. In FY 2005, with the completion of a long-term capital improvement plan, the City began to see the need for financing in order to complete necessary projects. The outline of the plan showed the need for fire apparatus, upgrading and expansion of buildings, and repair and replacement of components of the City's water and sewer infrastructure. In FY 2006, the City took the first step to implement the capital improvement plan by purchasing \$944,000 in fire apparatus through a capital lease.

In FY 2008, two more projects within the plan were started and financed through the issuance of long-term debt. A \$1,000,000 sales tax revenue bond was issued to fund a portion of the expansion and remodeling of the municipal building. An additional \$1,500,000 in existing City funds was provided for the remainder of the construction costs.

\$7.5 million in water and sewer revenue bonds were issued to begin phase one of a plan to replace, improve, and construct additions to the City's water and sewer infrastructure system. Implementation cost of the three phases of the water and sewer infrastructure plan are expected to approximate \$30 million. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 71-75.

*Major Initiatives.* Most notably, the two largest projects within the City in FY 2008 were the remodeling of the municipal building and implementation of the water and sewer infrastructure improvement plan. The municipal building project included a 1,800 square foot addition and remodeling of the main floor of the building housing the City's administrative, finance, community and economic development, justice court, and police departments. The addition will be used for the police department including office space, evidence storage and animal control services. Additional office space was obtained in the administrative area by combining the council chambers and the court room. The \$2.5 million project was funded through City reserves and \$1 million in sales tax revenue bonds.

In 2007, the City performed an in-depth study and identified \$30 million in additions and improvements needed for its water and sewer systems. The study was presented to and approved by the City Council for implementation. Because of the size of the overall project, it was broken down into three phases. It is estimated that each phase will take three years to complete. Phase 1 includes \$7.5 million of improvements to the water storage and distribution system for the City. This includes constructing wells, reservoirs, and pump facilities along with the installation and replacement of water mains, corroded pipelines and appurtenances in order to upgrade corroded pipelines and increase water storage capacity. All of the waterline projects are located in existing streets and will require pavement and surface repairs. Construction began in March 2008 with the 6000 South culinary waterline replacement. In order to finance the project \$7.5 million in water and sewer revenue bonds were issued. Debt service payments on the bonds will be made through a \$5 per month capital improvement fee charged to users.

The "Front Runner" commuter rail project was completed in April 2008. The Utah Transit Authority constructed a 502 stall Roy Park & Ride Station located at 4000 South. This station will see over forty stops per day and is within two blocks of the Wasatch Executive Park. The new transit system and park and ride station will facilitate commuters in both directions and enhance the opportunity for potential tenants at Wasatch Executive Park. The commuter rail station is located adjacent to the City's Redevelopment Project Area #2. The Redevelopment Agency contributed \$50,000 towards artwork visible throughout the park and ride area.

The 1850 West roadway from 5600 South to the Marketplace Plaza Shopping Center has been completed. The new road will improve access to the Marketplace Plaza Shopping Center, Walgreen's, and any future commercial development that may occur in the area. The roadway is located within the City's redevelopment project area #1 which paid the total project cost of \$314,740.

*Future Initiatives.* When forming the FY 2009 budget, the City took into consideration the slowdown in the local and national economies. In 2007, Home Depot received approval from Roy City to construct a 135,000 square foot home improvement store at 3500 West and 5600 South. The Roy store is now one of approximately 50 stores under entitlement and development that have been postponed due to national economic conditions. Revenue from the store was initially calculated into the City's FY 2009 budget projections and had to be removed.

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

Another emphasis of the Redevelopment Agency is to assist business property owners with development of their property. The objective is to keep buildings from remaining empty for long periods of time and potentially falling into disrepair. During the next fiscal year, the Redevelopment Agency has several projects projected to be completed within the City.

## **Cash Management**

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

Cash temporarily idle during the year was invested with the Utah State Treasurer's Investment Pool (the Pool), which is approved by the Utah Money Management Council. Total funds in custody of the City Treasurer as of June 30, 2008 was \$10,020,417, of which \$9,384,716 were deposited with the State Treasurer's Investment Pool. Statutes allow cities to invest in the Pool, even though deposits are uninsured. The average yield on cash invested in the Pool was 4.42535%. At June 30, 2008, the portfolio yield on an actual 365 day year was 3.0185%.

## **Risk Management**

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

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

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

## **Independent Audit**

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

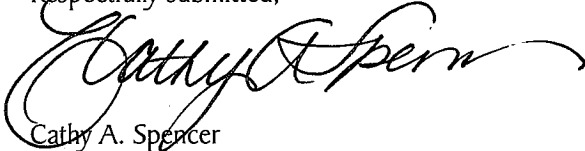
## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Management Services Department. I would like to express my appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Schmitt, Griffiths, Smith & Co., P. C., for their cooperation. Credit must also be given to the Mayor, City Council, and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of Roy City Corporation's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Cathy A. Spencer", with a large, stylized flourish at the end.

Cathy A. Spencer  
Management Services Director

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# 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, 2007

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



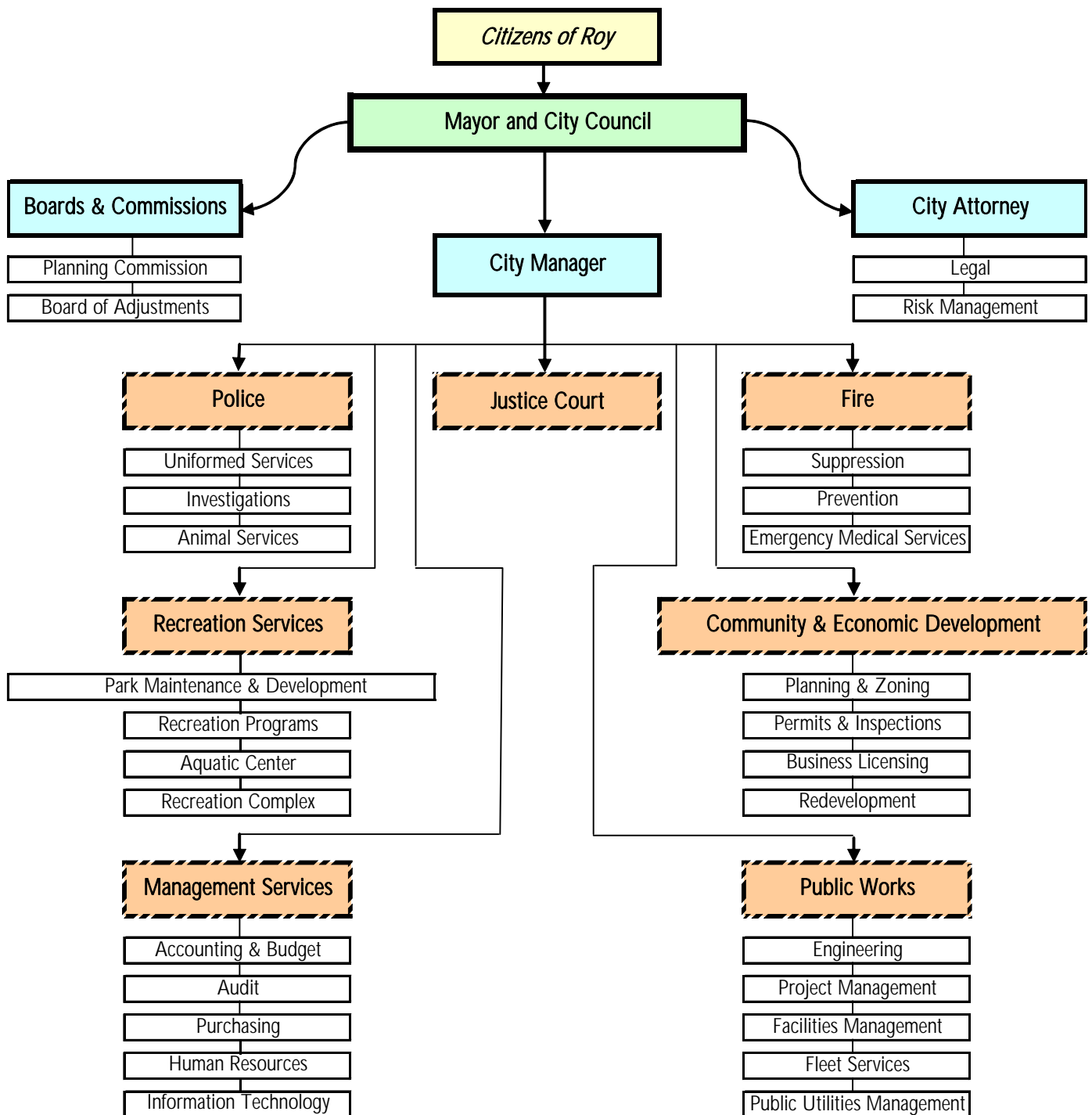
*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

ROY CITY CORPORATION  
Organizational Chart





ROY CITY CORPORATION  
List of Elected and Appointed Officials  
June 30, 2008

Elected Officials

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

Executive, Legal and Budgetary Officials

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

Statutory Appointed Officials

Gregory G. Whinham	-----	Chief of Police
Christopher G. Davis	-----	City Recorder
Linda Benson	-----	City Treasurer
Mark T. Miller	-----	City Engineer

Department Directors

Anthony D. Reynolds	-----	Community and Economic Development Director
Jon S. Ritchie	-----	Fire Chief
Cathy A. Spencer	-----	Management Services Director
Michael A. Mansfield	-----	Public Works Director
Virgil C. Howe	-----	Parks & Recreation and Recreational Facilities Director

## FINANCIAL SECTION

# Schmitt, Griffiths, Smith & Co., P.C.

Harlan P. Schmitt, MBA, CPA  
Sherman H. Smith, MBA, CFP, CPA  
Brent H. Griffiths, MBA, CPA  
Mark C. Furniss, CPA  
Stuart L. Tholen, CPA  
Dan C. Milne, MLM, CMA, CPA  
Nikki J. Thon, MAcc, CPA

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

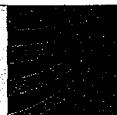
We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Roy City Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of Roy City Corporation, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2008 on our consideration of the Roy City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



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

*Schmitt, Griffiths, Smith & Co.*

October 1, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### Financial Highlights

- ❖ The City's net assets increased by \$2,443,198. Approximately \$877,000 of the increase is attributable to operations of the utility funds, while \$1.56 million is a result of governmental fund operations.
- ❖ The net assets of Roy City Corporation exceeded its liabilities at the close of the most recent fiscal year by \$61,028,635 (net assets). Of this amount, \$8,706,195 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,219,387, a decrease of \$193,640 in comparison with the prior year. Approximately \$4.5 million of the total amount is available for spending at the City's discretion (unreserved fund balance).
- ❖ At the close of the fiscal year, unreserved fund balance for the general fund was \$1,799,295 or 12.35% of the total general fund expenditures.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of Roy City Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Roy City Corporation include general government, public safety, highways and streets, community and economic development, redevelopment, culture and recreation, storm sewer development, and park development. The business-type activities of Roy City Corporation include the Water and Sewer Utility Fund, Solid Waste Utility Fund, and Storm Sewer Utility Fund.

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

## Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Roy City Corporation maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvement plan fund and the redevelopment fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

*Proprietary funds.* Roy City Corporation maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Solid Waste Utility, and for its Storm Sewer Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Roy City Corporation uses internal service funds to account for its

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility and Solid Waste Utility, which are considered to be major funds of Roy City Corporation and the Storm Sewer Utility, which is considered to be a non-major fund. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* within this report.

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

## **Notes to the Financial Statements**

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

## **Other Information**

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

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets exceeded liabilities by \$61,028,635 at the close of the most recent year, June 30, 2008.

By far, the largest portion of the City's net assets, 81.31%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (4.42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8,706,195, may be used to meet the City's ongoing obligations to citizens and creditors.

The following table reflects the condensed statement of net assets:

**Roy City Corporation's Net Assets**  
(Stated in Thousands of Dollars)  
As of June 30

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$13,203	\$13,075	\$11,261	\$ 3,836	\$24,464	\$16,911
Capital assets	33,954	31,233	17,924	16,672	51,878	47,905
Total assets	<u>47,157</u>	<u>44,308</u>	<u>29,185</u>	<u>20,508</u>	<u>76,342</u>	<u>64,816</u>
Long-term debt outstanding	3,450	2,399	7,574	62	11,024	2,461
Other liabilities	3,577	3,345	712	424	4,289	3,769
Total liabilities	<u>7,027</u>	<u>5,744</u>	<u>8,286</u>	<u>486</u>	<u>15,313</u>	<u>6,230</u>
Net assets:						
Invested in capital assets net of related debt	32,254	30,408	17,370	16,672	49,624	47,080
Restricted	2,699	1,714	-	-	2,699	1,714
Unrestricted	5,177	6,442	3,529	3,350	8,706	9,792
Total net assets, as restated	<u>\$40,130</u>	<u>\$38,564</u>	<u>\$20,899</u>	<u>\$20,022</u>	<u>\$61,029</u>	<u>\$58,586</u>

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

Governmental activities increased Roy City's net assets by \$1,566,148, while business-type activities increased net assets by \$877,050. Key elements of the City's increase in net assets can be found in the table below:

**Roy City Corporation's Changes in Net Assets**  
(Stated in Thousands of Dollars)  
As of June 30

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 2,865	\$ 3,120	\$ 6,270	\$ 5,669	\$ 9,135	\$ 8,789
Operating grants and Contributions	1,499	1,293	-	-	1,499	1,293
Capital grants and Contributions	1,120	45	552	-	1,672	45
General revenues:						
Property taxes	3,010	3,044	-	-	3,010	3,044
Other taxes	7,511	7,319	-	-	7,511	7,319
Investment earnings	521	616	-	-	521	616
Other	( 62)	85	51	160	( 11)	245
Total revenues	<u>16,464</u>	<u>15,522</u>	<u>6,873</u>	<u>5,829</u>	<u>23,337</u>	<u>21,351</u>



Expenses:						
General government	3,014	2,731	-	-	3,014	2,731
Public safety	7,242	6,544	-	-	7,242	6,544
Public works	2,454	2,758	-	-	2,454	2,758
Parks and recreation	2,708	2,613	-	-	2,708	2,613
Interest and fiscal charges	80	47	-	-	80	47
Water and sewer utility	-	-	3,646	4,896	3,646	4,896
Storm sewer utility	-	-	360	275	360	275
Solid waste utility	-	-	1,390	-	1,390	-
Total expenses	<u>15,498</u>	<u>14,693</u>	<u>5,396</u>	<u>5,171</u>	<u>20,894</u>	<u>19,864</u>
Increase in net assets before transfers	966	829	1,477	658	2,443	1,487
Transfers	<u>600</u>	<u>585</u>	<u>( 600)</u>	<u>( 585)</u>	<u>-</u>	<u>-</u>
Increase in net assets	1,566	1,414	877	73	2,443	1,487
Net assets – beginning, as restated	<u>38,564</u>	<u>37,150</u>	<u>20,022</u>	<u>19,949</u>	<u>58,586</u>	<u>57,099</u>
Net assets – ending	<u>\$40,130</u>	<u>\$38,564</u>	<u>\$20,899</u>	<u>\$20,022</u>	<u>\$61,029</u>	<u>\$58,586</u>

*Governmental activities.* The governmental activities portion of the increase in net assets accounted for 64% of the total growth for the City as a whole.

- ❖ Overall, property taxes decreased by \$121,312 in the governmental funds from FY 2007. Property taxes in the general fund decreased by \$50,742, while the increment received by the RDA decreased \$70,570. The decrease in the general fund can be attributed to a reduction in new home construction and lower collection rates. For the RDA, the reduction can be attributed to a reduction in incremental value which is gradually reduced at five year increments in each district.
- ❖ Other taxes were up by \$192,054 over the previous fiscal year. Of that increase \$76,285 or 39.72% was a result of sales tax, while franchise tax revenue increased by 60.58% or \$116,356. The remaining portion of the change, a decrease of \$587, came from motor vehicle fees and paramedic aboard fees.
- ❖ Revenue from charges for services decreased 8.17% from FY 2007. The largest reduction in revenue, \$112,692, came from the City's aquatic facilities. Some surrounding cities have constructed similar facilities and have increased the competition for customers. Ambulance revenues decreased \$61,852. Services have seen a decrease, and collection percentages are dropping. Finally, the reduction in home building has reduced building permit revenue by \$41,621 and impact fees by \$46,390. The economic concerns across the country have contributed to reduced recreational participation, home construction, and also citizens abilities to pay their bills.
- ❖ In FY 2008, the City received its first installment of a \$1,000,000 grant from Weber County to assist in the construction of a senior citizens center and boys and girls club. The payment totaled \$333,000.
- ❖ The City made final acceptance of several subdivisions during FY 2008. Infrastructure received from the developers, including streets, sidewalks, and curb and gutter totaled \$718,994.
- ❖ Roy City's average yield on investments decreased .85655% from fiscal year 2007. Investment balances were also down at the end of the year, which added with the lower rates made income from interest shrink by \$95,000.
- ❖ Total expenses for wages and benefits were up \$939,963 from FY 2007. Employees receive up to a 3.5% merit annually. A 2.0% cost of living adjustment was approved for all employees. Health insurance

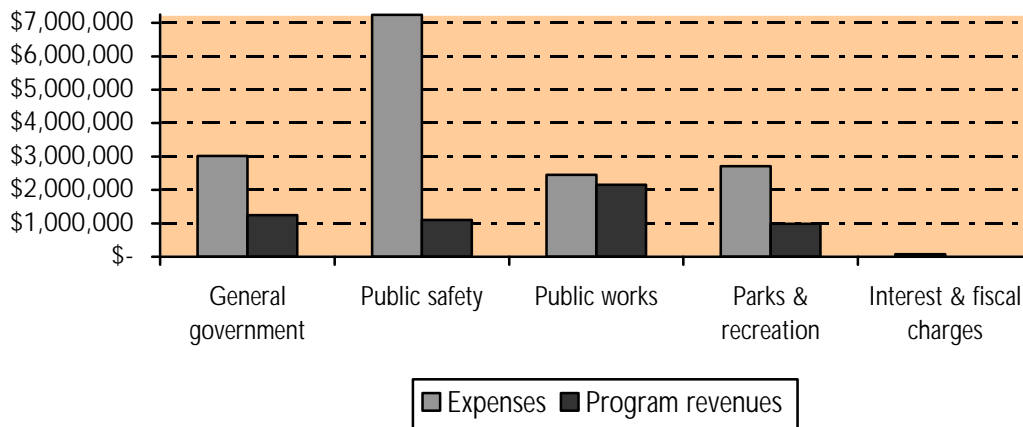
costs were up 10% from the prior year. In addition, several long-term employees retired from the City requiring payouts of accrued leave.

- ❖ Operating expenses in total did not fluctuate significantly. Reductions were made in some areas to allow for increases in others. Election expense was up \$30,000; fuel up over \$45,000; ambulance billing services up \$15,000; and redevelopment expenses for beautification, demolition, and improvements were up \$35,000.
- ❖ Interest and fiscal charges are up \$34,738. A new bond was taken out in FY 2008 for the Municipal Building remodel.

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

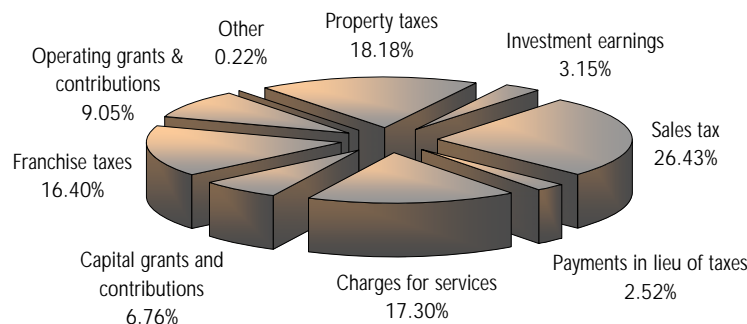
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#### Expenses and Program Revenues – Governmental Activities




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#### Revenues by Source – Governmental Activities



*Business-type activities.* The business-type activities portion of the increase in net assets was 5% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

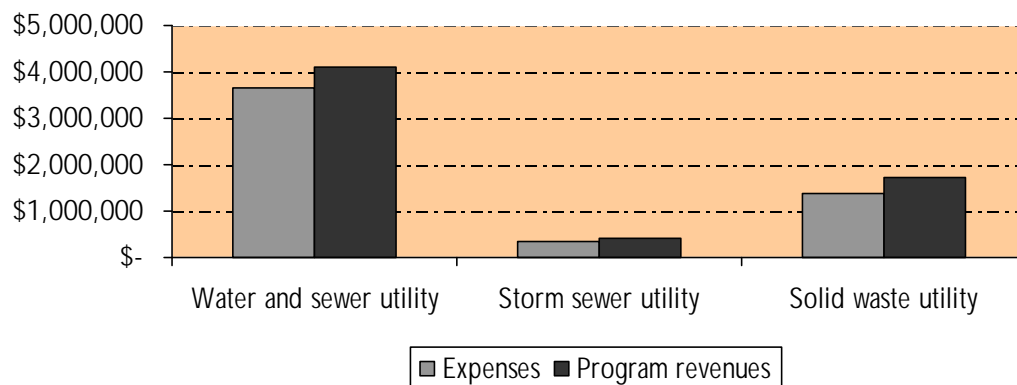
Key elements of the increase to net assets of business-type activities include:

- ❖ In 2008, the function of solid waste collection was split off from the water and sewer utility fund. The solid waste utility fund was started to better track operations of the utility.
- ❖ Revenue from water, sewer, storm sewer and garbage services had an increase of \$379,767. A new capital improvement fee was implemented in January 2008 to service debt on the water and sewer revenue bonds. Revenue from the new fee approximated \$380,800.
- ❖ Impact and connection fees related to new home construction decreased by \$21,213.
- ❖ Revenue from late fees, shut off fees, and ownership transfers increased by \$17,740.
- ❖ The City made final acceptance of several subdivisions during FY 2008. Infrastructure received from the developers, including water, sewer and storm sewer lines totaled \$552,045.
- ❖ Total expenses for wages and benefits were up \$76,653 from FY 2007. Employees receive up to a 3.5% merit annually. A 2.0% cost of living adjustment was approved for all employees. Health insurance costs were up 10% from the prior year.
- ❖ Operating costs increased 1.48% or \$69,018. The majority of the increase came from system maintenance costs.
- ❖ Debt service increased \$91,383. The City issued \$7,500,000 in water and sewer revenue bonds. Issuance costs and interest were paid in FY 2008.

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

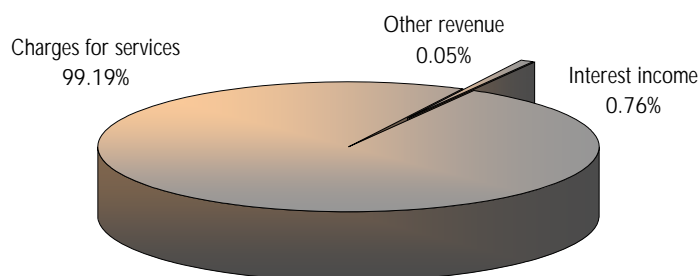
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#### Expenses and Program Revenues – Business-type Activities



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## Revenues by Source – Business-type Activities



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## Financial Analysis of the Government's Funds

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

*Governmental funds.* The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,219,387, a decrease of \$193,640 from the prior year. Approximately 48.53%, or \$4,474,386, of this amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service, or 3) for a variety of restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,840,839, while the total fund balance was \$5,152,917. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 12.63% of total general fund expenditures, while total fund balance represents 35.36% of that same amount.

During the fiscal year, the fund balance of Roy City Corporation's general fund (budget basis) increased by \$243,774. Key factors in the change are as follows:

- ❖ The economy began to slow in FY 2008 in Utah. With the exception of property taxes and developer contributions, the revenue analysis for the governmental funds is the same as that for the government-wide financial statements discussed above. In the governmental funds, property taxes grew modestly in the general fund by \$37,433 over FY 2007.

- ❖ All the major revenue categories from motor vehicle fees, licenses, permits, charges for services, interest, and other showed a decrease from FY 2007. Franchise fee revenue from utilities showed an increase. This could be attributed to two factors. First, in FY 2007, Questar Gas deducted a portion of excess natural gas franchise fees collected after hurricane Katrina. In 2008, the natural gas fees were as collected with no adjustments. Second, the winter months of FY 2008 were severe which equates to higher usage on electricity and natural gas and eventually to higher franchise fees collected.
- ❖ Revenue from justice court fines was up 5%, or \$29,569.
- ❖ An old fire truck was sold in FY 2008 for \$45,000.
- ❖ The City projected revenues to be flat, or even lower in FY 2008 than in FY 2007. As a result, increases to operating and capital expenditures were kept down. Revenue increases were used to fund the increases in personnel and benefit costs.
- ❖ Capital expenditures in the general fund were down \$234,129 from FY 2007. In the capital projects fund, Class C road fund, and park and storm sewer development funds, major project expenditures were up \$2,443,486. The bulk of this \$2,183,567 was for the Municipal Building remodel. In the redevelopment fund, capital expenditures for redevelopment activities were up by \$372,096.
- ❖ For FY 2008, the City continued to set funds aside for the municipal building renovations. In addition, grant proceeds were transferred to the capital projects fund for the future construction of the boys and girls club and senior citizen center. Total set aside for the two projects was \$1,362,160.
- ❖ City-wide departments worked to keep expenditures down. The majority of departments did not expend all of their budgeted funds. General government was under budget by \$134,689; public safety under budget by \$84,351; public works under by \$134,549; and parks and recreation under budget by \$48,799.

Included in the *governmental funds* is \$1,300,180 which is designated for specific capital projects. The net decrease in the capital projects fund balances during the current year of \$1,080,236 was the result of capital expenditures for an ambulance and completing a major portion of the Municipal Building remodel. At June 30, 2008, fund balances available for specific capital projects include Capital Improvements Plan of \$1,113,788, Recreational Facilities Improvements of \$72,575, and Fire & Rescue Facilities and Equipment of \$113,817.

Also included within the *governmental funds* is \$2,549,749 which was raised for specific purposes. For these special revenue funds, unreserved fund balance decreased by \$49,685 as a result of capital projects. At June 30, 2008, available fund balances in these special funds included Redevelopment Agency \$2,259,582; Storm Sewer Development \$30,195; Park Development \$132,714; and Cemetery \$127,258.

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

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

Unrestricted net assets of the water and sewer utility fund at the end of the fiscal year were \$2,200,806, for the storm sewer utility fund unrestricted net assets were \$675,713, and for the solid waste utility fund unrestricted net assets were \$581,005. Net assets for all three utilities grew in FY 2008. Change for the water and sewer utility fund totaled \$295,541, storm sewer utility fund \$287,447, and solid waste utility fund \$264,415.

Operating revenues for the water and sewer utility fund increased 9.18% from the prior year, while expenditures decreased 8.72%. The increase in revenue resulted from the implementation of a \$5 per month capital improvement fee to pay debt service on the \$7.5 million water and sewer revenue bond. Most operating expenses did not significantly vary from the prior year. Engineering fees rose nearly \$40,000 for project planning and design. This project engineering determined the scope of work that could be accomplished in phase one of the capital improvements plan. Non-operating expenses for bond issuance costs and interest were up \$91,383. Infrastructure contributions of \$328,195 from developers helped to keep the change in net assets positive for the fiscal year.

For the storm sewer utility fund, service revenues were up slightly to \$358,305, a .5% increase. Personnel services were up 18.74% and contractual services were up 42.52%. One-half FTE's were added to the fund to enable the City to remain compliant with federal guidelines related to storm sewer management. The City receives impact fees for storm sewer development. With construction down and most of the City built out, the impact fee revenue has been mostly used up. This transfers responsibility for capital improvements and maintenance to the storm sewer utility fund. Infrastructure contributions from developers totaled \$223,850. System operating and maintenance expense was up \$50,007, or 83.60% from FY 2007.

Revenue from operations for the solid waste utility fund was up 1.11%, \$19,121, for FY 2008. The City also implemented a recycling program in April 2008. The program is voluntary and costs the homeowner \$5.95 per month. For FY 2008, the City received \$4,903 from recycling. There were no significant changes in employee costs during the year and only minor increases in operating expenses due to increased customer base and recycling.

### **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 \$18,471,359 to a final budget of \$18,467,577, a decrease of \$3,782. Although the net change in expenditures is minimal, some of the more significant individual revenue and expenditure items are as follows:

- ❖ \$150,000 increase in bond proceeds. The original budget included \$850,000 for revenue bonds to fund the remodeling of the Municipal Building. Actual bond proceeds were \$1,000,000.
- ❖ \$666,000 reduction in bond proceeds. The original budget included \$2,000,000 for revenue bonds to construct the Hope Community Center. This estimate was reduced by the amount of funding to be received from other sources.
- ❖ \$100,000 reduction in revenue from grants which were not awarded by funding agencies.
- ❖ \$97,000 increase in wages and benefits for employee retirements and overtime related to snow removal and construction projects.
- ❖ \$10,000 increase in public safety expenditures to purchase a K-9 dog.
- ❖ \$195,000 increase in public safety expenditures to purchase vehicles.
- ❖ \$100,000 reduction in public safety capital expenditures related to grant awards.
- ❖ \$80,000 increase in general government capital expenditures for wireless communications equipment.
- ❖ \$50,000 increase in transfers to capital projects. This was done for legal compliance to allocate the FY 2007 fund balance overage.
- ❖ \$221,000 increase in public works projects and maintenance.
- ❖ \$39,350 increase in debt service for \$1,000,000 Sales Tax Revenue bonds.
- ❖ \$430,100 reduction in debt service for Hope Community Center bond which was not issued.

The revenue changes related to bonds and grants offset the changes to grant and debt service expenditures. Because overall budgeted revenues did not increase, the other expenditure increases shown above were funded by two sources. First, a redistribution of funds budgeted from one department to another. And second, available fund balance. During the year, expenditures were less than budgetary estimates, thus allowing the actual amount drawn from fund balance to be less than expected.

*Budget to actual.* At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Tax revenue and justice court fines exceeded expectations by \$79,741 and \$40,183, respectively. Revenues related to construction and charges for services were lower than expected. Building and development fees were \$20,048 below budget expectation; ambulance fees were \$51,715 below budget; and recreational services were \$54,498 below budget. With interest rates dropping, investment revenue was \$24,772 below budget.

Overall revenues were \$53,183 below estimates. All departments operated within the allotted budgets and made up the revenue shortage by not expending \$402,400 of the funds allocated. A savings of \$177,795 was seen in wages and benefits. Most of this can be attributed to overestimating hours needed for part-time employees. In addition, retirements and terminations left unspent allocations for wages when the positions were filled with new employees at lower rates, or left unfilled for a period of time. Operating expenditures were under budget by \$4,838 and capital expenditures by \$219,767. Some capital projects in the Class C Road Fund were not completed in FY 2008 and were re-budgeted for FY 2009.

### **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, 2008, amounts to \$49,623,942 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 5.40% (a 6.07% increase in governmental activities and a 4.19% increase in business-type activities).

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

- ❖ Construction, including furnishings and equipment, of Municipal Building, \$2,189,547.
- ❖ Architect and engineering fees for the Hope Community Center, \$183,940.
- ❖ Continuing construction on Emma Russell Park, \$103,389. The project is multi-year and estimated at \$2.2 million.
- ❖ Purchase mobile stage/movie screen for ongoing use at Roy Days, \$42,692.
- ❖ Purchase surveillance system for Aquatic Center, \$45,192.
- ❖ Purchase ultraviolet water purification system for City pools, \$183,571.
- ❖ Purchase vehicles with equipment for parks and streets divisions, \$162,810.
- ❖ Purchase asphalt compactor, \$62,245.
- ❖ Purchase motor grader, \$107,240.
- ❖ Purchase loader, \$31,195.
- ❖ Purchase software system for Recreation Complex, \$7,444.
- ❖ Purchase ambulance, \$118,834.
- ❖ Purchase vehicle for Fire Chief, \$34,403.
- ❖ Remodel kitchen at Station 31, \$16,475.

- ❖ Purchase defibrillators for fire department, \$13,290.
- ❖ Replace sprinkling system at cemetery, \$16,023.
- ❖ Purchase vehicles and related equipment for police department, \$305,118.
- ❖ Purchase tasers for police officers, \$29,598.
- ❖ Complete the City's portion of a UDOT project to widen 4800 South, \$35,686.
- ❖ Complete realignment of intersection of Airport Road and Riverdale Road, \$14,576.
- ❖ Overlay 6000 South, \$158,493.
- ❖ Construct 1850 West roadway, \$314,740.
- ❖ Purchase art for Roy Frontrunner Station, \$50,000.
- ❖ Continue with improvement to the Howard's Slough and Meadow Creek Pond for \$189,996.
- ❖ Improvements to South Fork Meadows detention pond, \$8,500.
- ❖ Construct storm drain at Howard's Slough and 5500 South, \$79,979.
- ❖ Infrastructure from developers through acceptance of new subdivision, \$1,269,676. Includes curb, gutter, sidewalks, streets, water lines, sewer lines, storm drains, and land drains.
- ❖ Construct improvements to water and sewer infrastructure, \$952,153.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 3,172	\$ 3,337	\$ 17	\$ 9	\$ 3,189	\$ 3,346
Buildings	5,528	5,694	9	9	5,537	5,703
Improvements other than bldgs	26,367	25,171	22,426	20,971	48,793	46,142
Machinery and equipment	3,720	3,611	895	696	4,615	4,307
Automobiles and trucks	5,614	5,170	652	654	6,266	5,824
Construction in progress	4,562	2,047	2,372	2,253	6,934	4,300
Accumulated depreciation	(15,010)	(13,797)	(8,447)	(7,921)	(23,457)	(21,718)
Total capital assets	<u>\$33,953</u>	<u>\$31,233</u>	<u>\$17,924</u>	<u>\$16,671</u>	<u>\$51,877</u>	<u>\$47,904</u>

Additional information on Roy City Corporation's capital assets can be found in note 4 on pages 68-70 of this report.

Long-term debt. In 2006, the City financed the purchase of two new fire trucks through a capital lease. The lease obligates the City for seven years and requires an annual appropriation or renewal by the City Council of an amount equal to the annual lease payment. At year end, the balance due on the lease totaled \$699,514. Lease payments are due semi-annually in August and February.

At the end of the current fiscal year, the City's blended component unit, the Redevelopment Agency of Roy Utah (RDA), had total bonded debt outstanding of \$296,000. The entire amount of the debt is backed by the full faith and credit of the RDA. The RDA has pledged future tax increment to repay the debt. The City has entered into an annual contribution agreement whereby it agrees to budget an amount equal to the amount by which the payments due on the bonds for any fiscal year exceeds the amount of tax increment available to the RDA for payment.

In October 2007, the City issued \$1,000,000 in sales tax revenue bonds to fund remodeling costs of the Municipal Building. The bonds mature in October 2017, with principal payments due annually. Interest is due semi-annually in April and October. The balance due on the bonds at June 30, 2008 is \$1,000,000.



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

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital lease	\$ 700	\$ 824	\$ -	\$ -	\$ 700	\$ 824
Revenue bonds	1,296	-	7,500	-	8,796	-
Total	<u>\$1,996</u>	<u>\$ 824</u>	<u>\$7,500</u>	<u>\$ -</u>	<u>\$9,496</u>	<u>\$ 824</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$42,897,000, which is significantly in excess of 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 \$42,897,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in note 4 on pages 71-75 of this report.

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

- ❖ The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 3.6%. This compares to the state's average unemployment rate of 3.3% and the Mountain West's average of 4.7%.
- ❖ New businesses continue to expand outside of the central business district.
- ❖ Revitalization is taking place in the central business district with the removal or remodel of older structures, making way for new businesses.
- ❖ Economic trends in the region compare favorably to national indices.

These factors were considered in preparing the City's budget for the 2009 fiscal year. During the current fiscal year, the fund balance in the general fund increased by \$234,774. Roy City has appropriated \$70,000 of this amount for spending in the 2009 fiscal year. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during FY 2009.

### Request for Information

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

## BASIC FINANCIAL STATEMENTS

**ROY CITY CORPORATION**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 8,638,076	\$ 1,847,704	\$ 10,485,780
Restricted cash: Class "C" roads	1,038,805	-	1,038,805
Cash with fiscal agent	-	6,940,320	6,940,320
Investment in water stock	-	16,100	16,100
Interactivity receivable	(71,323)	71,323	-
Accounts receivable - net of allowance for doubtful accounts	2,980,896	1,098,632	4,079,528
Inventory	1,050,962	320,537	1,371,499
Prepaid items	115,982	244,148	360,130
Total current assets	13,753,398	10,538,764	24,292,162
Noncurrent assets:			
Deferred charges	-	171,869	171,869
Internal balances	(550,000)	550,000	-
Capital assets:			
Land	3,171,733	17,365	3,189,098
Buildings	5,527,923	9,339	5,537,262
Improvements other than buildings	26,367,314	22,425,928	48,793,242
Machinery and equipment	3,719,964	895,264	4,615,228
Automobiles and trucks	5,614,282	651,354	6,265,636
Construction in progress	4,562,204	2,372,262	6,934,466
Less accumulated depreciation	(15,009,794)	(8,447,636)	(23,457,430)
Total capital assets net of accumulated depreciation	33,953,626	17,923,876	51,877,502
Total noncurrent assets	33,403,626	18,645,745	52,049,371
Total assets	\$ 47,157,024	\$ 29,184,509	\$ 76,341,533

ROY CITY CORPORATION  
Statement of Net Assets, continued  
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 722,666	\$ 610,247	\$ 1,332,913
Accrued wages	318,156	15,836	333,992
Unearned revenue	2,349,105	-	2,349,105
Interest payable	-	85,839	85,839
Current portion of long-term debt	408,879	485,954	894,833
Total current liabilities	3,798,806	1,197,876	4,996,682
Long-term liabilities:			
Long-term debt due in more than one year	3,040,813	7,087,956	10,128,769
Guarantee deposits	187,447	-	187,447
Total liabilities	7,027,066	8,285,832	15,312,898
NET ASSETS			
Invested in capital assets, net of related debt	32,254,112	17,369,830	49,623,942
Restricted for:			
Debt service	1,995,514	-	1,995,514
Class "C" roads	702,984	-	702,984
Unrestricted	5,177,348	3,528,847	8,706,195
Total net assets	\$ 40,129,958	\$ 20,898,677	\$ 61,028,635

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

**ROY CITY CORPORATION**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

		<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>
			<u>Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>			
Primary government:			
Governmental activities:			
General government	\$ 3,014,200	\$ 907,372	\$ -
Public safety	7,242,253	963,334	109,554
Public works	2,453,832	44,436	1,389,363
Parks and recreation	2,707,689	950,007	-
Interest and fiscal charges	80,034	-	-
Total governmental activities	<u>15,498,008</u>	<u>2,865,149</u>	<u>1,498,917</u>
Business-type activities:			
Water and sewer utility	3,646,235	4,107,034	-
Storm sewer utility	360,261	423,858	-
Solid waste utility	<u>1,389,521</u>	<u>1,739,143</u>	<u>-</u>
Total business-type activities	<u>5,396,017</u>	<u>6,270,035</u>	<u>-</u>
Total primary government	<u>\$ 20,894,025</u>	<u>\$ 9,135,184</u>	<u>\$ 1,498,917</u>
General revenues:			
Property taxes			
Sales tax			
Franchise taxes			
Payments in lieu of taxes			
Unrestricted investment earnings			
Other revenues not restricted to specific programs			
Gain/(loss) on sale of capital assets			
Transfers			
Total general revenues and transfers			
Changes in net assets			
Net assets - beginning, as restated			
Net assets - ending			

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
\$ 339,660	\$ (1,767,168)	\$ -	\$ (1,767,168)
26,235	(6,143,130)	-	(6,143,130)
718,994	(301,039)	-	(301,039)
35,229	(1,722,453)	-	(1,722,453)
-	(80,034)	-	(80,034)
<u>1,120,118</u>	<u>(10,013,824)</u>	<u>-</u>	<u>(10,013,824)</u>
328,195	-	788,994	788,994
223,850	-	287,447	287,447
-	-	349,622	349,622
<u>552,045</u>	<u>-</u>	<u>1,426,063</u>	<u>1,426,063</u>
<u>\$ 1,672,163</u>	<u>(10,013,824)</u>	<u>1,426,063</u>	<u>(8,587,761)</u>
	3,010,621	-	3,010,621
	4,377,481	-	4,377,481
	2,715,870	-	2,715,870
	417,938	-	417,938
	520,922	47,528	568,450
	35,917	-	35,917
	(98,305)	2,987	(95,318)
	<u>599,528</u>	<u>(599,528)</u>	<u>-</u>
	<u>11,579,972</u>	<u>(549,013)</u>	<u>11,030,959</u>
	1,566,148	877,050	2,443,198
	<u>38,563,810</u>	<u>20,021,627</u>	<u>58,585,437</u>
	<u>\$ 40,129,958</u>	<u>\$ 20,898,677</u>	<u>\$ 61,028,635</u>

ROY CITY CORPORATION  
Balance Sheet  
Governmental Funds  
June 30, 2008

		Capital Projects Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Redevelopment Agency		
<b>ASSETS</b>					
Cash	\$ 4,740,718	\$ 1,320,788	\$ 1,575,696	\$ 520,954	\$ 8,158,156
Restricted cash:					
Class "C" roads	1,038,805	-	-	-	1,038,805
Accounts receivable, net	2,976,576	-	-	-	2,976,576
Inventory	100,962	-	950,000	-	1,050,962
Prepaid items	112,871	-	-	-	112,871
Total assets	<u>\$ 8,969,932</u>	<u>\$ 1,320,788</u>	<u>\$ 2,525,696</u>	<u>\$ 520,954</u>	<u>\$ 13,337,370</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 485,414	\$ 207,000	\$ 9,318	\$ 14,777	\$ 716,509
Accrued wages payable	314,922	-	-	-	314,922
Unearned revenue	2,279,232	-	69,873	-	2,349,105
Guarantee deposits	187,447	-	-	-	187,447
Advance from other funds	550,000	-	-	-	550,000
Total liabilities	<u>\$ 3,817,015</u>	<u>\$ 207,000</u>	<u>\$ 79,191</u>	<u>\$ 14,777</u>	<u>\$ 4,117,983</u>

ROY CITY CORPORATION  
Balance Sheet, continued  
Governmental Funds  
June 30, 2008

		Capital Projects Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Redevelopment Agency		
FUND BALANCES					
Reserved for:					
Encumbrances	\$ 695,747	\$ -	\$ 186,923	\$ -	\$ 882,670
Inventory & prepaid items	213,833	-	950,000	-	1,163,833
Class "C" roads	702,984	-	-	-	702,984
Debt service	1,699,514	-	296,000	-	1,995,514
Unreserved, reported in:					
General fund	1,799,295	-	-	-	1,799,295
Capital projects funds	-	-	-	216,010	216,010
Special revenue funds	-	1,113,788	840,480	290,167	2,244,435
Designated, unreserved	41,544	-	173,102	-	214,646
Total fund balances	5,152,917	1,113,788	2,446,505	506,177	9,219,387
Total liabilities and fund balances	\$ 8,969,932	\$ 1,320,788	\$ 2,525,696	\$ 520,954	

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.	33,953,626
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,449,692)
Internal service funds are used by management to charge the costs of information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	406,637
Net assets of governmental activities	\$ 40,129,958

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



**ROY CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	General	Capital Projects Fund Capital Improvements	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,372,068	\$ -	\$ 731,903	\$ -	\$ 10,103,971
Payments in lieu of taxes	417,938	-	-	-	417,938
Licenses and permits	288,299	-	-	-	288,299
Intergovernmental	1,864,813	-	-	35,229	1,900,042
Charges for services	2,441,681	-	-	-	2,441,681
Impact fees	-	-	-	76,440	76,440
Fines and forfeitures	650,183	-	-	-	650,183
Investment earnings	438,653	-	68,525	13,745	520,923
Property rental	10,800	-	-	-	10,800
Management fee	192,308	-	-	-	192,308
Miscellaneous	25,117	-	-	8,073	33,190
Total revenues	<u>15,701,860</u>	<u>-</u>	<u>800,428</u>	<u>133,487</u>	<u>16,635,775</u>
Expenditures:					
Current:					
General government	2,958,086	-	225,559	744	3,184,389
Public safety	7,097,365	-	-	-	7,097,365
Public works	2,015,362	-	-	-	2,015,362
Parks and recreation	2,309,095	-	-	-	2,309,095
Debt service:					
Principal retirement	124,824	-	30,000	-	154,824
Interest and fiscal charges	69,408	-	10,626	-	80,034
Capital outlay	-	2,367,507	185,172	494,977	3,047,656
Total expenditures	<u>14,574,140</u>	<u>2,367,507</u>	<u>451,357</u>	<u>495,721</u>	<u>17,888,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,127,720</u>	<u>\$ (2,367,507)</u>	<u>\$ 349,071</u>	<u>\$ (362,234)</u>	<u>\$ (1,252,950)</u>

ROY CITY CORPORATION  
Statement of Revenues, Expenditures, and Changes in Fund Balances, continued  
Governmental Funds  
For the Fiscal Year Ended June 30, 2008

	General	Capital Projects Fund Capital Improvements	Special Revenue Funds Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$ 1,127,720	\$ (2,367,507)	\$ 349,071	\$ (362,234)	\$ (1,252,950)
Other financing sources (uses):					
Sale of capital assets	59,310	-	-	-	59,310
Revenue bond proceeds	1,000,000	-	-	-	1,000,000
Transfers in	-	1,362,160	-	105,130	1,467,290
Transfers out	(1,467,290)	-	-	-	(1,467,290)
Total other financing sources (uses)	(407,980)	1,362,160	-	105,130	1,059,310
Net change in fund balances	719,740	(1,005,347)	349,071	(257,104)	(193,640)
Fund balances - beginning of year	4,433,177	2,119,135	2,097,434	763,281	9,413,027
Fund balances - end of year	<u>\$ 5,152,917</u>	<u>\$ 1,113,788</u>	<u>\$ 2,446,505</u>	<u>\$ 506,177</u>	<u>\$ 9,219,387</u>

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

**ROY CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

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

Net change in fund balances - total governmental funds (page 41)	\$ (193,640)
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 outlays exceeded depreciation in the current period.	2,125,228
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(157,615)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	718,994
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(845,176)
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.	(89,020)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	<u>7,377</u>
Change in net assets of governmental activities	<u><u>\$ 1,566,148</u></u>

**ROY CITY CORPORATION**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Taxes:				
Property	\$ 2,215,635	\$ 2,273,385	\$ 2,278,717	\$ 5,332
Sales	4,350,000	4,368,000	4,377,481	9,481
Telecom gross receipts	525,000	555,000	575,238	20,238
Franchise	1,771,560	1,778,560	1,823,250	44,690
Paramedic	313,700	316,837	317,382	545
Payments in lieu of taxes	420,000	420,000	417,938	(2,062)
Licenses and permits	340,500	293,000	288,299	(4,701)
Intergovernmental	2,008,598	1,908,798	1,864,813	(43,985)
Charges for services	2,569,928	2,540,778	2,441,681	(99,097)
Fines and forfeitures	635,000	610,000	650,183	40,183
Investment earnings	473,675	463,425	438,653	(24,772)
Property rental	9,000	9,000	10,800	1,800
Management fee	192,308	192,308	192,308	-
Miscellaneous	25,952	25,952	25,117	(835)
Total revenues	15,850,856	15,755,043	15,701,860	(53,183)
Expenditures:				
General government:				
Legislative	577,970	518,720	474,671	44,049
Legal	230,640	211,890	210,245	1,645
Community & economic development	502,185	476,885	432,813	44,072
Information technology	203,360	283,360	283,360	-
Justice court	180,673	171,873	165,959	5,914
Management services	537,180	533,030	521,963	11,067
Public buildings	533,836	482,769	454,827	27,942
Risk management	372,511	372,511	372,511	-
	3,138,355	3,051,038	2,916,349	134,689
Public safety:				
Animal control	188,001	172,894	159,846	13,048
Fire	3,079,557	3,027,730	2,985,211	42,519
Police	3,737,875	3,929,028	3,900,244	28,784
	7,005,433	7,129,652	7,045,301	84,351

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
Public works:				
Administration	364,792	375,459	375,213	246
Class "C" roads	1,141,000	1,361,858	1,239,886	121,972
Fleet services	198,147	206,368	205,907	461
Streets	775,081	787,665	775,795	11,870
	<u>2,479,020</u>	<u>2,731,350</u>	<u>2,596,801</u>	<u>134,549</u>
Parks and recreation:				
Aquatic center	480,793	485,293	483,272	2,021
Parks and recreation	1,005,662	1,029,457	1,001,991	27,466
Recreation complex	794,971	831,471	812,160	19,311
	<u>2,281,426</u>	<u>2,346,221</u>	<u>2,297,423</u>	<u>48,798</u>
Debt service:				
Principal	495,424	124,824	124,824	-
Interest and fiscal charges	89,571	69,421	69,408	13
	<u>584,995</u>	<u>194,245</u>	<u>194,232</u>	<u>13</u>
Total expenditures	<u>15,489,229</u>	<u>15,452,506</u>	<u>15,050,106</u>	<u>402,400</u>
Excess of revenues over expenditures	<u>361,627</u>	<u>302,537</u>	<u>651,754</u>	<u>349,217</u>
Other financing sources (uses):				
Sale of capital assets	50,000	50,000	59,310	9,310
Revenue bond proceeds	2,850,000	2,334,000	1,000,000	(1,334,000)
Transfers out	(2,982,130)	(3,015,071)	(1,467,290)	1,547,781
Total other financing sources (uses)	<u>(82,130)</u>	<u>(631,071)</u>	<u>(407,980)</u>	<u>223,091</u>
Net change in fund balance	279,497	(328,534)	243,774	572,308
Fund balance - beginning of year	<u>3,426,117</u>	<u>2,689,706</u>	<u>4,213,396</u>	<u>1,523,690</u>
Fund balance - end of year	<u>\$ 3,705,614</u>	<u>\$ 2,361,172</u>	<u>\$ 4,457,170</u>	<u>\$ 2,095,998</u>

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

**ROY CITY CORPORATION**  
**Capital Improvement Plan - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures:				
Capital outlay	\$ 4,826,538	\$ 5,148,135	\$ 2,367,507	\$ 2,780,628
Total expenditures	4,826,538	5,148,135	2,367,507	2,780,628
Excess of expenditures over revenues	(4,826,538)	(5,148,135)	(2,367,507)	2,780,628
Other financing sources:				
Transfers in	2,877,000	3,029,000	1,362,160	(1,666,840)
Total other financing sources	2,877,000	3,029,000	1,362,160	(1,666,840)
Net change in fund balance	(1,949,538)	(2,119,135)	(1,005,347)	1,113,788
Fund balance - beginning of year	2,119,135	2,119,135	2,119,135	-
Fund balance - end of year	<u>\$ 169,597</u>	<u>\$ -</u>	<u>\$ 1,113,788</u>	<u>\$ 1,113,788</u>

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

**ROY CITY CORPORATION**  
**Redevelopment Agency - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Property tax	\$ 800,000	\$ 800,000	\$ 731,903	\$ (68,097)
Investment earnings	42,500	42,500	68,525	26,025
Total revenues	842,500	842,500	800,428	(42,072)
Expenditures:				
General government	476,138	476,138	225,559	250,579
Debt service:				
Principal retirement	30,000	30,000	30,000	-
Interest and fiscal charges	10,626	10,626	10,626	-
Capital outlay	518,862	518,862	372,095	146,767
Total expenditures	1,035,626	1,035,626	638,280	397,346
Net change in fund balance	(193,126)	(193,126)	162,148	355,274
Fund balance - beginning of year	2,097,434	2,097,434	2,097,434	-
Fund balance - end of year	\$ 1,904,308	\$ 1,904,308	\$ 2,259,582	\$ 355,274

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

ROY CITY CORPORATION  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash	\$ 830,638	\$ 620,438	\$ 396,628	\$ 1,847,704	\$ 479,920
Cash with fiscal agent	6,940,320	-	-	6,940,320	-
Investment in water stock	16,100	-	-	16,100	-
Accounts receivable - net of allowance for doubtful accounts	664,301	132,696	301,635	1,098,632	4,320
Inventory	292,098	28,439	-	320,537	-
Prepaid items	222,168	21,980	-	244,148	3,111
Total current assets	8,965,625	803,553	698,263	10,467,441	487,351
Noncurrent assets:					
Deferred charges	171,869	-	-	171,869	-
Advance to other fund	550,000	-	-	550,000	-
Capital assets:					
Land	17,365	-	-	17,365	-
Buildings	9,339	-	-	9,339	-
Improvements other than buildings	20,939,673	1,486,255	-	22,425,928	-
Machinery and equipment	512,417	94,278	288,569	895,264	589,452
Automobiles and trucks	651,354	-	-	651,354	-
Construction in progress	2,258,204	114,058	-	2,372,262	-
Less accumulated depreciation	(8,112,583)	(175,161)	(159,892)	(8,447,636)	(387,872)
Total capital assets net of accumulated depreciation	16,275,769	1,519,430	128,677	17,923,876	201,580
Total noncurrent assets	16,997,638	1,519,430	128,677	18,645,745	201,580
Total assets	25,963,263	2,322,983	826,940	29,113,186	688,931



ROY CITY CORPORATION  
Statement of Net Assets, continued  
Proprietary Funds  
June 30, 2008

	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	387,912	105,187	117,148	610,247	6,158
Accrued wages	12,777	2,949	110	15,836	3,234
Compensated absences	6,905	1,990	-	8,895	1,156
Recaptured losses	-	-	-	-	69,005
Interest payable	85,839	-	-	85,839	-
Revenue bonds payable	477,059	-	-	477,059	-
Total current liabilities	970,492	110,126	117,258	1,197,876	79,553
Long-term liabilities, less current portion:					
Compensated absences	42,414	17,714	-	60,128	3,153
Recaptured losses	-	-	-	-	138,317
Revenue bonds payable	7,027,828	-	-	7,027,828	-
Total liabilities	8,040,734	127,840	117,258	8,285,832	221,023
NET ASSETS					
Invested in capital assets, net of related debt	15,721,723	1,519,430	128,677	17,369,830	201,580
Unrestricted	2,200,806	675,713	581,005	3,457,524	266,328
Total net assets	\$ 17,922,529	\$ 2,195,143	\$ 709,682	20,827,354	\$ 467,908
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				71,323	
Net assets of business-type activities				\$ 20,898,677	

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

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
Operating revenues:					
Charges for services	\$ 3,456,310	\$ 358,305	\$ 1,739,143	\$ 5,553,758	\$ 809,850
Other fees	501,790	-	-	501,790	-
Other income	148,934	65,553	-	214,487	-
Total operating revenue	4,107,034	423,858	1,739,143	6,270,035	809,850
Operating expenses:					
Personnel services	1,180,861	156,683	106,188	1,443,732	146,802
Contractual services	1,877,004	36,155	1,307,060	3,220,219	239,244
Materials and supplies	297,297	111,088	16,582	424,967	24,957
Other general costs of services	215,363	10,341	17,841	243,545	299,666
Depreciation	528,295	45,994	27,057	601,346	61,588
Total operating expenses	4,098,820	360,261	1,474,728	5,933,809	772,257
Operating income	8,214	63,597	264,415	336,226	37,593
Non-operating revenues/(expenses):					
Interest income	47,528	-	-	47,528	-
Interest expense	(85,840)	-	-	(85,840)	-
Gain/(loss) on sale of capital assets	2,987	-	-	2,987	(570)
Bond issuance costs	(5,543)	-	-	(5,543)	-
Total non-operating revenues/(expenses)	(40,868)	-	-	(40,868)	(570)
Income (loss) before contributions	(32,654)	63,597	264,415	295,358	37,023
Contribution from developers	328,195	223,850	-	552,045	-
Changes in net assets	295,541	287,447	264,415	847,403	37,023

**ROY CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
Changes in net assets	295,541	287,447	264,415	847,403	37,023
Total net assets - beginning	17,626,988	1,907,696	445,267		430,885
Total net assets - ending	<u>\$ 17,922,529</u>	<u>\$ 2,195,143</u>	<u>\$ 709,682</u>		<u>\$ 467,908</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>29,647</u>	
Change in net assets of business-type activities				<u>\$ 877,050</u>	

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

**ROY CITY CORPORATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 3,851,343	\$ 356,713	\$ 1,726,465	\$ 5,934,521	\$ -
Cash received from interfund activities	-	-	-	-	809,850
Other income	148,933	65,553	-	214,486	-
Payments to suppliers	(2,415,745)	(164,229)	(1,222,374)	(3,802,348)	(451,390)
Payments to employees	(1,172,775)	(152,463)	(106,078)	(1,431,316)	(143,204)
Payments for interfund services	(138,581)	-	-	(138,581)	-
Net cash provided (used) by operating activities	273,175	105,574	398,013	776,762	215,256
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from bond	612,094	-	-	612,094	-
Purchase and construction of capital assets	(954,978)	(100,039)	(151,385)	(1,206,402)	(96,406)
Payment of bond issuance costs	(177,413)	-	-	(177,413)	-
Proceeds from sale of capital assets	3,800	-	-	3,800	-
Net cash used in capital and related financing activities	(516,497)	(100,039)	(151,385)	(767,921)	(96,406)
Net increase (decrease) in cash	(243,322)	5,535	246,628	8,841	118,850
Cash - beginning of year	1,073,960	614,903	150,000	1,838,863	361,070
Cash - end of year	\$ 830,638	\$ 620,438	\$ 396,628	\$ 1,847,704	\$ 479,920

**ROY CITY CORPORATION**  
**Statement of Cash Flows, continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 8,214	\$ 63,597	\$ 264,415	\$ 336,226	\$ 37,593
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	528,295	45,994	27,057	601,346	61,588
(Increase) decrease in accounts receivable	(102,999)	(1,318)	(11,164)	(115,481)	(4,320)
Increase (decrease) in allowance for uncollectible accounts	3,863	53	447	4,363	-
(Increase) decrease in inventory	(26,045)	(28,440)	-	(54,485)	-
(Increase) decrease in prepaid items	(6,310)	(21,980)	-	(28,290)	2,185
Increase (decrease) in accounts payable	(139,929)	43,449	117,148	20,668	(427)
Increase (decrease) in accrued wages	4,558	908	110	5,576	1,547
Increase (decrease) in compensated absences	3,528	3,311	-	6,839	2,050
Increase (decrease) in recaptured losses	-	-	-	-	115,040
Total adjustments	264,961	41,977	133,598	440,536	177,663
Net cash provided (used) by operating activities	<u>\$ 273,175</u>	<u>\$ 105,574</u>	<u>\$ 398,013</u>	<u>\$ 776,762</u>	<u>\$ 215,256</u>
<b>Non-cash capital and related financing activities:</b>					
Contribution of capital assets by developers	\$ 326,832	\$ 289,289			
Purchase of equipment on account	181,416	60,028			
Capital asset trade-ins	10,017	-			
Purchase of equipment on account	<u>\$ 518,265</u>	<u>\$ 349,317</u>			

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

ROY CITY CORPORATION  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	<u>Roy Association of Senior Adults</u>
ASSETS	
Cash	\$      71,924
Total assets	<u>\$      71,924</u>
NET ASSETS	
Held in trust for RASA	<u>\$      71,924</u>
Total net assets	<u>\$      71,924</u>

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

ROY CITY CORPORATION  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2008

	<u>Roy Association of Senior Adults</u>
Additions:	
Investment earnings	\$ 3,189
Total additions	<u>3,189</u>
Changes in net assets	3,189
Total net assets - beginning	<u>68,735</u>
Total net assets - ending	<u><u>\$ 71,924</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS



ROY CITY CORPORATION  
Notes to the Financial Statements  
June 30, 2008

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**1. Summary of Significant Accounting Policies**

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

**Organization**

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

**Reporting Entity**

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

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

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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

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

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

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

**Cash, Deposits, and Investments**

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

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

**Receivables and Payables**

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

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

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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

**Inventories and Prepaid Items**

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

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

**Restricted Assets**

Certain assets are classified as restricted because their use is restricted by laws and regulations.

**Capital Assets**

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

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

Asset Type	Years
Wells	25
Reservoirs	40 – 50
Water distribution and sewer collection systems	50
Infrastructure	15 – 30
Vehicles	5 – 8
Equipment and machinery	5 – 30
Furniture and fixtures	5 – 10
Software	3 – 5

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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**Compensated Absences**

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

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

**Long-term Obligations**

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

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

Recaptured losses are a result of the inter-local cooperative agreement with Utah Risk Management Mutual Association. The City reimburses URMMA over a five year period for claims and legal fees paid by them on behalf of Roy City.

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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**Fund Equity**

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

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

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

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

Capital related items:

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

Cost of capital assets	\$48,963,420
Accumulated depreciation	(15,009,794)
Total difference	<u>\$33,953,626</u>

Long-term debt transactions:

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

Balances at June 30, 2008 were:

Bonds payable	\$1,296,000
Capital lease financing	699,514
URMMA recaptured losses	207,322
Compensated absences	1,246,856
Total difference	<u>\$3,449,692</u>

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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Internal service funds:

Internal service funds are properly classified as proprietary funds. Nonetheless, the assets and liabilities of internal service funds must be included as part of governmental activities for purposes of government-wide financial reporting whenever they primarily serve governmental funds. Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net assets at June 30, 2008 include:

Cash	\$479,920
Accounts receivable	4,320
Prepaid items	3,111
Accounts payable	(6,157)
Accrued wages payable	(3,234)
Interactivity payable	(71,323)
Total difference	<u>\$406,637</u>

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

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

Capital outlay	\$4,027,021
Depreciation expense	(1,901,793)
Total difference	<u>\$2,125,228</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$157,615 difference is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>(\$157,615)</u>
Total difference	<u>(\$157,615)</u>



ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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Another element of the reconciliation is the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of the \$845,176 difference is as follows:

Debt issued:	
Issuance of revenue bond	\$1,000,000
Principal repayments:	
General obligation debt	(30,000)
Capital lease	(124,824)
Total difference	<u>\$ 845,176</u>

Another element of the reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. At year end, the change in compensated absences of the general fund was \$89,020.

Another element of the reconciliation is the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. Therefore, the net revenue of the activities of internal service funds should be reported with governmental activities. At June 30, 2008, the net revenue of the information technology and risk management internal service funds was \$7,377.

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, 2008, there were no transfers requiring elimination.

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

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

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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Interactivity receivable representing charges in excess of cost to business-type activities – prior years	\$41,676
Interactivity receivable representing charges in excess of cost to business-type activities – current year	<u>29,647</u>
Total difference	<u><u>\$71,323</u></u>

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

**Budgetary Information**

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

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

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations were decrease in the general fund of \$308,682; increase in the capital projects fund of \$321,597; decrease in the water and sewer utility of \$1,547,089; increase in the storm water utility of \$65,439; increase in the solid waste utility of \$1,710,000; decrease in park development of \$40,000; and increase in the information technology fund of \$62,090.

The decrease in the general fund was attributed to changes in personnel, operations and maintenance of \$173,110, purchase and construction of capital assets of \$34,674, transfers to other funds of (\$125,716), and debt service of (\$390,750). The increase in the capital projects fund was for the purchase or construction of capital assets, while the changes in the storm sewer utility, information technology, and park development were for operations and purchase and construction of capital assets. The decrease in the water and sewer utility was to transfer revenue and expenditures related to solid waste collection and disposal into a new separate fund. The increase in the solid waste utility was the creation of the new fund for solid waste collection and disposal. Other supplemental appropriations were not considered to be material.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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Encumbrance accounting is employed in the governmental funds. Under this method, outstanding purchase orders and contracts are treated similar to expenditures. Accordingly, the financial statements presented in accordance with generally accepted accounting principles differ from the budgetary basis.

**Budget/GAAP Reconciliation**

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

	General Fund	Redevelopment Agency	Recreational Facilities Improvements
Net change in fund balance (budget)	\$243,774	\$162,148	\$10,340
Beginning encumbrances	(219,781)	-	-
Ending encumbrances	695,747	186,923	29,618
Net change in fund balance (GAAP)	<u>\$719,740</u>	<u>\$349,071</u>	<u>\$39,958</u>
 Fund balance (budget)	 \$4,457,170	 \$2,259,582	 \$ 72,575
Ending encumbrances	695,747	186,923	29,618
Fund balance (GAAP)	<u>\$5,152,917</u>	<u>\$2,446,505</u>	<u>\$102,193</u>

**Tax Revenue**

Real property taxes are collected by the County Treasurer and remitted to the City shortly after collection. The tax levy is established by June 15<sup>th</sup> with a lien date of January 1<sup>st</sup>. Taxes are due and payable on November 1<sup>st</sup> and delinquent after 12 o'clock noon on November 30<sup>th</sup> of each year. An accrual of uncollected current and prior year's property taxes beyond that which was received at final settlement in the first quarter of the calendar year has not been made, as the amount is deemed to be immaterial.

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

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

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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**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.

**4. Detailed Notes for All Funds**

**Deposits and Investments**

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

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

*Custodial credit risk for investments* is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting credit risk for investments is to comply with the Utah Money Management Act. The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance. The PTIF pool has not been rated. As of June 30, 2008, the City and the Redevelopment Agency had \$9,384,716 and \$1,432,923, respectively, invested directly with the PTIF. Amounts invested with the PTIF are reported at fair value.

*Custodial credit risk for deposits* is the risk that in the event of a bank failure, the City's deposits may not be covered. The City's policy for managing credit risk for deposits is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2008, \$535,700 of the City's bank balance of \$635,700 was uninsured and uncollateralized. For the Redevelopment Agency, all of its \$82,239 was insured within FDIC limits.

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

**Receivables**

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

	General Fund	Water and Sewer Utility Enterprise Fund	Storm Sewer Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Information Technology Fund	Total
Taxes	\$2,196,569	\$ -	\$ -	\$ -	\$ -	\$2,196,569
Ambulance	1,073,273	-	-	-	-	1,073,273
Utilities	-	685,459	54,487	314,202	-	1,054,148
Special assessments	14,443	-	-	-	-	14,443
Intergovernmental	337,733	6,302	80,388	-	-	424,423
Other	33,851	-	-	-	4,320	38,171
Gross receivables	3,655,869	691,761	134,875	314,202	4,320	4,801,027
Less: allowance for uncollectible accounts	(679,293)	(27,460)	(2,179)	(12,567)	-	(721,499)
Net total receivables	<u>\$2,976,576</u>	<u>\$664,301</u>	<u>\$132,696</u>	<u>\$301,635</u>	<u>\$4,320</u>	<u>\$4,079,528</u>

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

	Unavailable	Unearned
Property taxes levied not yet due	\$2,053,318	\$2,053,318
Property taxes received not yet due	-	294,987
Special assessment levied	800	800
	<u>\$2,054,118</u>	<u>\$2,349,105</u>

**Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$3,336,733	\$ -	(\$ 165,000)	\$3,171,733
Construction in progress	2,047,210	3,566,447	(1,051,453)	4,562,204
Total capital assets not being depreciated	5,383,943	3,566,447	(1,216,453)	7,733,937
Capital assets being depreciated:				
Buildings	5,693,865	16,476	(182,418)	5,527,923
Improvements other than buildings	25,171,218	1,264,071	(67,975)	26,367,314
Machinery and equipment	3,611,346	717,684	(609,066)	3,719,964
Automobiles and trucks	5,169,962	872,327	(428,007)	5,614,282
Total capital assets being depreciated	39,646,391	2,870,558	(1,287,466)	41,229,483
Less accumulated depreciation for:				
Buildings	(2,801,117)	(145,323)	72,790	(2,873,650)
Improvements other than buildings	(5,399,812)	(966,826)	28,852	(6,337,786)
Machinery and equipment	(2,424,057)	(325,229)	403,797	(2,345,489)
Automobiles and trucks	(3,172,577)	(526,003)	245,711	(3,452,869)
Total accumulated depreciation	(13,797,563)	(1,963,381)	751,150	(15,009,794)
Total capital assets being depreciated, net	25,848,828	907,177	(536,316)	26,219,689
Governmental activities capital assets, net	\$31,232,771	\$4,473,624	(\$1,752,769)	\$33,953,626
 Business-type Activities	 Beginning Balance	 Increases	 Decreases	 Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,865	\$ 8,500	\$ -	\$ 17,365
Construction in progress	2,253,178	998,225	(879,141)	2,372,262
Total capital assets not being depreciated	2,262,043	1,006,725	(879,141)	2,389,627
Capital assets being depreciated:				
Buildings	9,339	-	-	9,339
Improvements other than buildings	20,970,998	1,454,930	-	22,425,928
Machinery and equipment	695,895	249,630	(50,261)	895,264
Automobiles and trucks	654,328	31,758	(34,732)	651,354
Total capital assets being depreciated	22,330,560	1,736,318	(84,993)	23,981,885
Less accumulated depreciation for:				
Buildings	(1,421)	( 235)	-	(1,656)
Improvements other than buildings	(6,954,926)	(440,126)	-	(7,395,052)
Machinery and equipment	(527,461)	(93,656)	39,673	(581,444)
Automobiles and trucks	(436,887)	(67,329)	34,732	(469,484)
Total accumulated depreciation	(7,920,695)	(601,346)	74,405	(8,447,636)
Total capital assets being depreciated, net	14,409,865	1,134,972	(10,588)	15,534,249
Business-type activities capital assets, net	\$16,671,908	\$2,141,697	(\$889,729)	\$17,923,876

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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

Governmental activities:	
General government	\$ 203,420
Public safety	462,073
Public works, including depreciation of general infrastructure	
Assets	736,460
Parks and recreation	561,428
	<hr/>
Total depreciation expense – governmental activities	\$1,963,381
	<hr/>
Business-type activities:	
Water and sewer utility enterprise	\$528,295
Storm water utility enterprise	45,994
Solid waste utility enterprise	27,057
	<hr/>
Total depreciation expense – business-type activities	\$601,346
	<hr/>

**Construction Commitments**

The City has active construction projects as of June 30, 2008. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, infrastructure improvements, and additions to parks and recreational facilities. At year-end the City's commitments with contractors are as follows:

Project:	
2008 Culinary Water Line Replacement	\$579,995
	<hr/>
Total	\$579,995
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**Inter-fund Receivables, Payables, and Transfers**

The composition of internal balances as of June 30, 2008, is as follows:

Advances to/from other funds:

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

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

Inter-fund transfers:

Transfer In	Transfer Out	Amount
Capital improvements plan – capital projects fund	General	\$1,362,160
Fire & Rescue facilities and equipment – capital projects fund	General	33,605
Recreational facilities improvements - capital projects fund	General	71,525
		<u>\$1,467,290</u>

The funds will be used for construction of capital assets or major capital repairs. These types of transfers occur on a regular basis as capital projects are approved within the City.

**Operating Lease**

The City leases three backhoes on an annual basis. The total cost of the leases was \$18,000 for the year ended June 30, 2008. The leases are renewable annually and therefore do not have commitments for future minimum lease payments.

**Capital Lease**

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

The assets acquired through the lease are as follows:

Asset:	
Pierce 105' Heavy Duty Aerial Truck	\$630,661
Pierce 1500 GPM Enforcer Pumper Truck	312,901
	<u>943,562</u>
Less: accumulated depreciation	(129,908)
Total	<u>\$813,654</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2008, are as follows:



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

Year ending June 30	Interest	Principal	Total Lease Payments
2009	\$25,295	\$129,599	\$154,894
2010	20,337	134,558	154,895
2011	15,189	139,706	154,895
2012	9,844	145,051	154,895
2013	4,294	150,600	154,894
Total minimum lease payments			774,473
Less: amount representing interest			(74,959)
Present value of future minimum lease payments			<u>\$699,514</u>

**Long-Term Debt**

**Sales Tax Revenue Bonds**

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

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

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

Year ending June 30	Interest	Principal	Total Debt Service
2009	\$ 38,799	\$ 84,000	\$ 122,799
2010	35,356	86,000	121,356
2011	31,792	90,000	121,792
2012	28,067	94,000	122,067
2013	24,199	97,000	121,199
2014-2018	57,409	549,000	606,409
	<u>\$215,622</u>	<u>\$1,000,000</u>	<u>\$1,215,622</u>

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

Tax Increment and Annual Appropriation Revenue Refunding Bonds

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

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

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

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

<u>Year ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2009	\$ 7,193	\$ 29,000	\$36,193
2010	6,488	30,000	36,488
2011	5,759	32,000	37,759
2012	4,981	34,000	38,981
2013	4,155	36,000	40,155
2014-2017	8,408	135,000	143,408
	<u>\$36,984</u>	<u>\$296,000</u>	<u>\$332,984</u>

Water and Sewer Revenue Bonds

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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

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

Year ending June 30	Interest	Principal	Total Debt Service
2009	\$ 302,059	\$ 175,000	\$ 477,059
2010	298,452	185,000	483,452
2011	291,053	285,000	576,053
2012	280,365	295,000	575,365
2013	269,302	300,000	569,302
2014-2018	1,162,812	1,695,000	2,857,812
2019-2023	796,175	2,060,000	2,856,175
2024-2028	333,638	2,505,000	2,838,638
	<u>\$3,733,856</u>	<u>\$7,500,000</u>	<u>\$11,233,856</u>

Changes in Long-term Debt

During the year ended June 30, 2008, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	\$ 824,338	\$ -	(\$124,824)	\$ 699,514	\$129,599
Bonds payable	326,000	1,000,000	(30,000)	1,296,000	113,000
Recaptured losses	92,282	153,435	(38,395)	207,322	69,005
Compensated absences	1,155,785	764,467	(673,396)	1,246,856	97,275
Governmental activity Long-term liabilities	<u>\$2,398,405</u>	<u>\$1,917,902</u>	<u>(\$866,615)</u>	<u>\$3,449,692</u>	<u>\$408,879</u>
Business-type activities:					
Bonds payable	\$ -	\$7,504,887	\$ -	\$7,504,887	\$477,059
Compensated absences	62,184	56,868	(50,029)	69,023	8,895
Business-type activity Long-term liabilities	<u>\$62,184</u>	<u>\$7,561,755</u>	<u>(\$50,029)</u>	<u>\$7,573,910</u>	<u>\$485,954</u>

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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Internal service funds predominantly serve the governmental funds. Accordingly long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$207,322 of internal service funds recaptured losses and \$4,309 of compensated absences are included in the above amounts and are liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

## **5. Other Information**

### **Reservations and Designations of Fund Balances**

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

Fund balance designations have been established to reflect the administration's tentative plans for the funds and are subject to change. At June 30, 2008, the City had designated fund balance as follows:

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

### **Employee Retirement Systems and Pension Plans**

#### **Pension Plan**

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

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102-2099 or by calling 1-800-365-8772.

*Funding Policy.* For the fiscal year 2007-2008, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary, all of which is paid by the City for the employee, and the City is required to contribute 7.61% of the employee's annual covered salary. In the Local Governmental Non-contributory Retirement System, the City is required to contribute 11.62% of the employee's annual covered salary. In the Public Safety Retirement System Non-contributory Division, the City is required to contribute 22.61% of the employee's annual salary. In the Firefighters Retirement System for employers with social security coverage, plan members are required to contribute 12.76% of their annual covered salary, 1.23% of which is paid by the employee and 11.53% which is paid by the City for the employee. The contribution rates are actuarially determined. The contribution requirements of the System are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2008, 2007, and 2006 were \$9,429, \$8,203, and \$7,320, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2008, 2007, and 2006 were \$376,068, \$348,258, and \$317,020, respectively. City contributions for the Public Safety Non-contributory Retirement System for June 30, 2008, 2007, and 2006 were \$403,740, \$361,098, and \$297,794, respectively, and for the Firefighters Retirement System the contributions for June 30, 2008, 2007, and 2006 were \$167,428, \$125,905, and \$91,177, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

#### **Deferred Compensation Plan**

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

#### **401A Plan**

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

**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2008**

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In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$7,859,234 and eligible payroll under this plan was \$6,578,318 for the same period. At June 30, 2008 total plan assets were \$6,234,366. Total contribution requirements were \$294,069, or 4.48% of covered payroll, and were paid by the due dates.

**Redevelopment Agency**

The Redevelopment Agency of Roy Utah (RDA) consists of four project areas and does not pay tax increment to any other taxing agency. The RDA pays the City a management fee, which totaled \$192,308 for FY 2008. Financial information relating to the project areas for the fiscal year ending June 30, 2008 is as follows:

	Project Area #1	Project Area #2	Project Area #3	Project Area #4
Tax increment collected	\$269,851	\$314,394	\$ 47,658	\$100,000
Outstanding debt principal	-	-	296,000	-
Amount expended for:				
Administrative costs	433,424	157,853	1,250	40,559
Interest	-	-	9,376	-

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City uses an internal service fund to account for its risk financing activities with the inter-fund premiums being treated as inter-fund services used. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. At June 30, 2008 and 2007, 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, 2008, 2007, and 2006, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. Ending net assets of the fund are intended to finance future losses and totaled \$21,078 at June 30, 2008.

ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2008

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**Contingent Liabilities**

**Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. At June 30, 2008, the City had not been informed by federal or state agencies of any grant violations.

**Litigation and Claims**

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

**Prior Period Adjustment**

In prior years, the City considered property taxes levied in the fiscal year as earned but unavailable and eliminated the liability for deferred revenue in the government-wide financial statements. Under the modified accrual basis of accounting, property taxes levied cannot be recognized until available to liquidate liabilities of the current period. Therefore, the beginning net assets for governmental activities in the Statement of Activities have been reduced by \$2,020,699 to correct the error for FY 2007. The fund financial statements are not affected by the adjustment.

The liability for recaptured losses in the Risk Management Fund was not included on the proprietary funds and internal service funds Statement of Net Assets in prior years. Each year, the change in recaptured losses should be reflected as an expense and flow through the fund's Statement of Revenues, Expenses and Changes in Net Assets. To correct the error, the beginning net assets of the Risk Management Fund were reduced by \$92,282 which represents the ending balance of recaptured losses for FY 2007. The liability was correctly consolidated into the government-wide financial statements and as a result these reports were not affected by the adjustment.

## **Non-major Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

### **Capital Projects Funds**

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

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

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



ROY CITY CORPORATION  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2008

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
ASSETS				
Cash	\$ 33,907	\$ 143,579	\$ 127,258	\$ 304,744
Inventory	-	-	-	-
Total assets	<u>\$ 33,907</u>	<u>\$ 143,579</u>	<u>\$ 127,258</u>	<u>\$ 304,744</u>
LIABILITIES				
Accounts payable	\$ 3,712	\$ 10,865	\$ -	\$ 14,577
Total liabilities	<u>3,712</u>	<u>10,865</u>	<u>-</u>	<u>14,577</u>
FUND BALANCES				
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	<u>30,195</u>	<u>132,714</u>	<u>127,258</u>	<u>290,167</u>
Total fund balances	<u>30,195</u>	<u>132,714</u>	<u>127,258</u>	<u>290,167</u>
Total liabilities and fund balances	<u>\$ 33,907</u>	<u>\$ 143,579</u>	<u>\$ 127,258</u>	<u>\$ 304,744</u>

Capital Projects Funds			Total
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ 113,817	\$ 102,393	\$ 216,210	\$ 520,954
-	-	-	-
<u>\$ 113,817</u>	<u>\$ 102,393</u>	<u>\$ 216,210</u>	<u>\$ 520,954</u>
\$ -	\$ 200	\$ 200	\$ 14,777
-	200	200	14,777
-	29,618	29,618	29,618
113,817	72,575	186,392	476,559
113,817	102,193	216,010	506,177
<u>\$ 113,817</u>	<u>\$ 102,393</u>	<u>\$ 216,210</u>	<u>\$ 520,954</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, 2008**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
Revenues:				
Impact fees	\$ 38,440	\$ 38,000	\$ -	\$ 76,440
Intergovernmental	-	35,229		35,229
Investment earnings	4,346	9,399	-	13,745
Miscellaneous	652	-	7,421	8,073
Total revenues	43,438	82,628	7,421	133,487
Expenditures:				
Materials and supplies	744	-	-	744
Capital outlay	198,495	146,081	-	344,576
Total expenditures	199,239	146,081	-	345,320
Excess (deficiency) of revenues over (under) expenditures	(155,801)	(63,453)	7,421	(211,833)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(155,801)	(63,453)	7,421	(211,833)
Fund balance - beginning of year	185,996	196,167	119,837	502,000
Fund balance - end of year	\$ 30,195	\$ 132,714	\$ 127,258	\$ 290,167

Capital Projects Funds			Total
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 76,440
			35,229
-	-	-	13,745
-	-	-	8,073
-	-	-	133,487
-	-	-	744
118,834	31,567	150,401	494,977
118,834	31,567	150,401	495,721
(118,834)	(31,567)	(150,401)	(362,234)
33,605	71,525	105,130	105,130
33,605	71,525	105,130	105,130
(85,229)	39,958	(45,271)	(257,104)
199,046	62,235	261,281	763,281
\$ 113,817	\$ 102,193	\$ 216,010	\$ 506,177

**ROY CITY CORPORATION**  
**Storm Sewer Development - Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Impact fees	\$ 50,000	\$ 50,000	\$ 38,440	\$ (11,560)
Investment earnings	10,000	10,000	4,346	(5,654)
Miscellaneous	-	-	652	652
Total revenues	60,000	60,000	43,438	(16,562)
Expenditures:				
Materials and supplies	-	744	744	-
Capital outlay	200,000	199,256	198,495	761
Total expenditures	200,000	200,000	199,239	761
Excess (deficiency) of revenues over (under) expenditures	(140,000)	(140,000)	(155,801)	(15,801)
Fund balance - beginning of year	185,996	185,996	185,996	-
Fund balance - end of year	\$ 45,996	\$ 45,996	\$ 30,195	\$ (15,801)

**ROY CITY CORPORATION**  
**Park Development - Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Impact fees	\$ 45,000	\$ 45,000	\$ 35,229	\$ (9,771)
Intergovernmental	35,000	35,000	38,000	3,000
Investment earnings	7,500	7,500	9,399	1,899
Total revenues	87,500	87,500	82,628	(4,872)
Expenditures:				
Capital outlay	217,140	177,140	146,081	31,059
Total expenditures	217,140	177,140	146,081	31,059
Excess (deficiency) of revenues over (under) expenditures	(129,640)	(89,640)	(63,453)	26,187
Fund balance - beginning of year	196,167	196,167	196,167	-
Fund balance - end of year	\$ 66,527	\$ 106,527	\$ 132,714	\$ 26,187

ROY CITY CORPORATION  
 Cemetery Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual  
 For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Miscellaneous	\$ 7,500	\$ 7,500	\$ 7,421	\$ (79)
Total revenues	7,500	7,500	7,421	(79)
Net change in fund balance	7,500	7,500	7,421	(79)
Fund balance - beginning of year	119,837	119,837	119,837	-
Fund balance - end of year	\$ 127,337	\$ 127,337	\$ 127,258	\$ (79)

**ROY CITY CORPORATION**  
**Fire and Rescue Facilities and Equipment - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures:				
Capital outlay	\$ 118,500	\$ 118,500	\$ 118,834	\$ (334)
Total expenditures	118,500	118,500	118,834	(334)
Excess of expenditures over revenues	(118,500)	(118,500)	(118,834)	(334)
Other financing sources:				
Transfers in	33,605	33,605	33,605	-
Total other financing sources	33,605	33,605	33,605	-
Net change in fund balance	(84,895)	(84,895)	(85,229)	(334)
Fund balance - beginning of year	199,046	199,046	199,046	-
Fund balance - end of year	<u>\$ 114,151</u>	<u>\$ 114,151</u>	<u>\$ 113,817</u>	<u>\$ (334)</u>



**ROY CITY CORPORATION**  
**Recreational Facilities Improvements - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures:				
Capital outlay	\$ -	\$ 61,000	\$ 61,185	\$ (185)
Total expenditures	-	61,000	61,185	(185)
Excess of expenditures over revenues	-	(61,000)	(61,185)	(185)
Other financing sources:				
Operating transfers in	71,525	71,525	71,525	-
Total other financing sources	71,525	71,525	71,525	-
Net change in fund balance	71,525	10,525	10,340	(185)
Fund balance - beginning of year	62,235	62,235	62,235	-
Fund balance - end of year	\$ 133,760	\$ 72,760	\$ 72,575	\$ (185)

## Internal Service Funds

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

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

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

ROY CITY CORPORATION  
Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2008

	Information Technology	Risk Management	Total
ASSETS			
Current assets:			
Cash	\$ 248,947	\$ 230,973	\$ 479,920
Accounts receivable	4,320	-	4,320
Prepays	2,082	1,029	3,111
Total current assets	<u>255,349</u>	<u>232,002</u>	<u>487,351</u>
Noncurrent assets:			
Capital assets:			
Computer hardware	394,863	-	394,863
Software	194,589	-	194,589
Less accumulated depreciation	<u>(387,872)</u>	<u>-</u>	<u>(387,872)</u>
Total capital assets net of accumulated depr'n	<u>201,580</u>	<u>-</u>	<u>201,580</u>
Total assets	<u>456,929</u>	<u>232,002</u>	<u>688,931</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,556	3,602	6,158
Accrued wages	3,234	-	3,234
Compensated absences	1,156	-	1,156
Recaptured losses	<u>-</u>	<u>69,005</u>	<u>69,005</u>
Total current liabilities	<u>6,946</u>	<u>72,607</u>	<u>79,553</u>
Noncurrent liabilities:			
Compensated absences, less current portion	3,153	-	3,153
Recaptured losses, less current portion	<u>-</u>	<u>138,317</u>	<u>138,317</u>
Total liabilities	<u>10,099</u>	<u>210,924</u>	<u>221,023</u>
NET ASSETS			
Invested in capital assets	201,580	-	201,580
Unrestricted	<u>245,250</u>	<u>21,078</u>	<u>266,328</u>
Total net assets	<u>\$ 446,830</u>	<u>\$ 21,078</u>	<u>\$ 467,908</u>

ROY CITY CORPORATION  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended June 30, 2008

	Information Technology	Risk Management	Total
Operating revenue:			
Charges for services	\$ 334,200	\$ 475,650	\$ 809,850
Total operating revenue	<u>334,200</u>	<u>475,650</u>	<u>809,850</u>
Operating expenses:			
Personnel services	146,802	-	146,802
Contractual services	22,139	-	22,139
Materials and supplies	23,612	1,345	24,957
Insurance	-	217,105	217,105
Other general costs of services	1,659	298,007	299,666
Depreciation	61,588	-	61,588
Total operating expenses	<u>255,800</u>	<u>516,457</u>	<u>772,257</u>
Operating income (loss)	<u>78,400</u>	<u>(40,807)</u>	<u>37,593</u>
Non-operating expenses:			
Loss on sale of capital assets	<u>(570)</u>	-	<u>(570)</u>
Total non-operating expenses	<u>(570)</u>	-	<u>(570)</u>
Change in net assets	77,830	(40,807)	37,023
Total net assets - beginning , as restated	<u>369,000</u>	<u>61,885</u>	<u>430,885</u>
Total net assets - ending	<u><u>\$ 446,830</u></u>	<u><u>\$ 21,078</u></u>	<u><u>\$ 467,908</u></u>

ROY CITY CORPORATION  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2008

	Information Technology	Risk Management	Total
<b>Cash flows from operating activities:</b>			
Cash received from interfund services provided	\$ 334,200	\$ 475,650	\$ 809,850
Payments to suppliers	(50,364)	(401,026)	(451,390)
Payments to employees	(143,204)	-	(143,204)
Net cash provided by operating activities	<u>140,632</u>	<u>74,624</u>	<u>215,256</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(96,406)	-	(96,406)
Net cash used in capital and related financing activities	<u>(96,406)</u>	<u>-</u>	<u>(96,406)</u>
Net increase in cash	44,226	74,624	118,850
Cash - beginning of year	<u>204,721</u>	<u>156,349</u>	<u>361,070</u>
Cash - end of year	<u><u>\$ 248,947</u></u>	<u><u>\$ 230,973</u></u>	<u><u>\$ 479,920</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 78,400	\$ (40,807)	\$ 37,593
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	61,588	-	61,588
(Increase) decrease in accounts receivable	(4,320)	-	(4,320)
(Increase) decrease in prepaid items	2,185	-	2,185
Increase (decrease) in accounts payable	(818)	391	(427)
Increase (decrease) in accrued wages	1,547	-	1,547
Increase (decrease) in compensated absences	2,050	-	2,050
Increase (decrease) in recaptured losses	-	115,040	115,040
Total adjustments	<u>62,232</u>	<u>115,431</u>	<u>177,663</u>
Net cash provided by operating activities	<u><u>\$ 140,632</u></u>	<u><u>\$ 74,624</u></u>	<u><u>\$ 215,256</u></u>

CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS

ROY CITY CORPORATION  
Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules By Source  
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 3,171,733	\$ 3,336,733
Buildings	5,527,922	5,693,865
Improvements other than buildings	26,367,314	25,171,218
Machinery and equipment	3,219,787	3,107,632
Vehicles	5,727,648	5,169,962
Construction in progress	4,907,198	2,252,437
Total governmental funds capital assets	<u>\$ 48,921,602</u>	<u>\$ 44,731,847</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 25,802,949	\$ 25,524,218
Capital projects fund	10,890,814	8,430,419
Special revenue funds	6,500,643	5,769,009
Donations	5,727,196	5,008,201
Total governmental funds capital assets	<u>\$ 48,921,602</u>	<u>\$ 44,731,847</u>

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

**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**June 30, 2008**

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Vehicles	Construction in Progress	Total
General government:							
Legislative	\$ 414,713	\$ -	\$ -	\$ 26,258	\$ 32,317	\$ -	\$ 473,288
Legal & risk management	-	-	-	7,796	-	-	7,796
Justice court	-	-	-	23,946	-	-	23,946
Community & economic dev.	-	-	-	23,432	43,182	-	66,614
Management services	-	-	-	32,238	-	-	32,238
Public buildings	-	2,876,082	101,986	219,765	173,516	2,487,467	5,858,816
Redevelopment agency	-	-	172,472	18,747	-	364,740	555,959
Total general government	414,713	2,876,082	274,458	352,182	249,015	2,852,207	7,018,657
Public safety:							
Animal control	-	-	-	-	30,996	-	30,996
Fire	69,417	927,360	4,485	427,269	1,810,125	-	3,238,656
Police	-	-	-	364,273	1,430,130	-	1,794,403
Total public safety	69,417	927,360	4,485	791,542	3,271,251	-	5,064,055
Public works:							
Administration	185,268	-	13,703	29,877	25,656	-	254,504
Class "C" roads	-	227,426	6,948,406	308,660	1,416,107	779,293	9,679,892
Shop	-	-	-	86,450	69,390	-	155,840
Streets	334,914	2,275	10,453,197	719,308	184,153	1,063,086	12,756,933
Total public works	520,182	229,701	17,415,306	1,144,295	1,695,306	1,842,379	22,847,169
Parks and recreation:							
Aquatic center	963,941	-	4,461,479	278,347	-	-	5,703,767
Beautification	-	-	-	10,845	-	-	10,845
Parks	1,203,480	174,931	4,062,251	312,859	322,927	212,612	6,289,060
Recreation	-	456,011	22,134	112,081	131,207	-	721,433
Recreation complex	-	863,837	127,201	217,636	57,942	-	1,266,616
Total parks and recreation	2,167,421	1,494,779	8,673,065	931,768	512,076	212,612	13,991,721
Total governmental funds capital assets	<u>\$ 3,171,733</u>	<u>\$ 5,527,922</u>	<u>\$ 26,367,314</u>	<u>\$ 3,219,787</u>	<u>\$ 5,727,648</u>	<u>\$ 4,907,198</u>	<u>\$ 48,921,602</u>

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



**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Fiscal Year Ended June 30, 2008**

Function and Activity	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
General government:				
Legislative	\$ 474,472	\$ 41,991	\$ 43,175	\$ 473,288
Legal & risk management	7,356	1,940	1,500	7,796
Justice court	12,206	11,740	-	23,946
Community & economic dev.	65,213	26,374	24,973	66,614
Management services	28,297	6,341	2,400	32,238
Public buildings	3,887,906	2,328,798	357,888	5,858,816
Redevelopment agency	196,016	366,115	6,172	555,959
Total general government	4,671,466	2,783,299	436,108	7,018,657
Public safety:				
Animal control	34,480	-	3,484	30,996
Fire	3,084,712	195,495	41,551	3,238,656
Police	1,896,728	534,824	637,149	1,794,403
Total public safety	5,015,920	730,319	682,184	5,064,055
Public works:				
Administration	269,347	-	14,843	254,504
Class "C" roads	9,239,481	1,135,416	695,005	9,679,892
Shop	150,532	5,308	-	155,840
Streets	11,878,915	917,489	39,471	12,756,933
Total public works	21,538,275	2,058,213	749,319	22,847,169
Parks and recreation:				
Aquatic center	5,512,868	193,449	2,550	5,703,767
Beautification	11,665	-	820	10,845
Parks	6,128,819	190,143	29,902	6,289,060
Recreation	746,433	-	25,000	721,433
Recreation complex	1,106,401	179,950	19,735	1,266,616
Total parks and recreation	13,506,186	563,542	78,007	13,991,721
Total governmental funds capital assets	\$ 44,731,847	\$ 6,135,373	\$ 1,945,618	\$ 48,921,602

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

## SUPPLEMENTARY INFORMATION

**ROY CITY CORPORATION**  
**Supplementary Information**  
**June 30, 2008**

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Impact Fees

The addition of new residential and commercial developments necessitates Roy City to expand existing infrastructure including water lines, sanitary sewer lines, storm drains, and parks. The City is responsible for these services and in order to fund the infrastructure expansion, must charge the individual home owners or the developers impact fees. State law requires the City to track the source and expenditures for each project.

Governmental Activities

Impact fees collected for storm sewer development and park development are accounted for in separate funds. The following tables show six years of net revenues over/(under) expenditures and the project to which the funds are budgeted to be used.

**Impact Fee Source – Storm Sewer**

	Balance	Planned Expenditure	Capital Project
2003	\$ 906,229		
2004	(618,934)		
2005	84,083		
2006	(196,226)		
2007	10,845		
2008	(155,801)	2008	\$30,196 Hamblin Detention Pond
Ending Balance	<u>\$ 30,196</u>		

**Impact Fee Source – Parks**

	Balance	Planned Expenditure	Capital Project
2003	\$ 545,092		
2004	17,803		
2005	7,088		
2006	(352,002)		
2007	(21,815)		
2008	(63,453)	2008	\$132,713 Emma Russell Parking Lot
Ending Balance	<u>\$ 132,713</u>		

**ROY CITY CORPORATION**  
**Supplementary Information, Continued**  
**June 30, 2008**

Business-type Activities

Impact fees for water and sewer services are included in the Water and Sewer Utility Enterprise Fund. Expenses exceed fees collected each year and therefore do not carry a balance forward. The following tables show the last six years of history for impact fees collected and the capital project for which the funds were used.

**Impact Fee Source - Water**

	Revenue	Expense	Capital Project
2003	\$ 152,660	\$ 251,824	Foxglen waterline
2004	72,485	87,095	Foxglen waterline
2005	55,760	102,883	6000 South waterline
2006	47,770	119,077	4800 South waterline
2007	44,160	561,473	4800 South waterline
2008	34,000	103,173	4800 South waterline
	\$ 406,835	\$1,225,525	

**Impact Fee Source – West Sanitary Sewer**

	Revenue	Expense	Capital Project
2003	\$ 24,920	\$ 74,541	4300 West sewer lift station
2004	3,080	9,953	4300 W redundant sewer main
2005	1,960	6,405	4300 W redundant sewer main
2006	2,240	23,004	4300 W redundant sewer main
2007	1,120	799,961	4300 W redundant sewer main
2008	280	6,565	4300 W redundant sewer main
	\$ 33,600	\$920,429	

**Impact Fee Source – East Sanitary Sewer**

	Revenue	Expense	Capital Project
2003	\$ 3,110	\$ -	
2004	1,934	-	
2005	1,500	-	
2006	1,641	-	
2007	1,300	109,354	4800 South CIPP
2008	810	6,906	4800 South CIPP
	\$10,295	\$116,260	

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## 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	102
<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	113
<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	119
<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	123
<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	125
<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 Six Fiscal Years

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

Note:

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

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

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

Note:

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

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



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

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FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOV- ERNMENTAL	CHARGES FOR SERVICES	FINES AND FORFEITURES	INTEREST AND MISC	OTHER FINANCING SOURCES	TOTAL
2007-08	\$ 9,790,006	\$ 288,299	\$ 1,864,813	\$ 2,441,681	\$ 650,183	\$ 666,878	\$ 1,059,310	\$ 16,761,170
2006-07	9,560,520	328,613	1,302,953	2,633,381	620,453	764,646	35,305	15,245,871
2005-06	8,977,857	342,186	1,271,823	2,579,183	613,871	653,000	1,067,755	15,505,675
2004-05	8,140,462	348,808	1,478,565	2,679,867	574,018	424,430	13,524	13,659,674
2003-04	7,733,389	365,335	1,523,144	2,470,809	382,495	329,080	156,966	12,961,218
2002-03	7,229,285	443,752	1,496,518	1,916,586	171,388	404,048	530,853	12,192,430
2001-02	7,336,395	331,633	1,245,595	1,593,475	87,990	539,767	-	11,134,855
2000-01	6,921,261	378,449	1,291,508	1,482,737	76,655	826,685	24,876	11,002,171
1999-00	6,507,010	523,349	1,486,572	1,337,608	79,763	1,050,499	-	10,984,801
1998-99	5,850,000	447,602	1,249,353	1,326,636	78,962	667,331	-	9,619,884

Note:

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

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

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Other Financing Uses</b>	<b>Total</b>
2007-08	\$ 2,916,349	\$ 7,045,301	\$ 2,596,801	\$ 2,297,423	\$ -	\$ 194,232	\$ 1,467,290	\$ 16,517,396
2006-07	2,703,855	6,520,599	2,348,492	2,070,886	-	154,894	565,426	14,364,152
2005-06	2,421,910	7,406,572	2,751,103	2,104,453	-	110,104	1,537,886	16,332,028
2004-05	2,218,865	5,902,467	2,490,537	1,925,333	-	116,337	555,696	13,209,235
2003-04	2,189,415	5,954,467	2,628,713	1,805,393	-	122,570	321,462	13,022,020
2002-03	2,092,671	5,559,930	2,645,894	1,591,269	-	-	971,186	12,860,950
2001-02	1,946,325	4,656,523	1,301,717	1,091,207	1,332,259	-	986,887	11,314,918
2000-01	2,066,879	4,418,677	1,114,283	1,016,115	1,766,285	-	1,248,758	11,630,997
1999-00	1,627,415	4,263,988	996,369	915,853	1,870,325	-	1,299,100	10,973,050
1998-99	1,584,926	3,919,521	913,629	822,698	873,622	30,375	219,144	8,363,915

**Notes:**

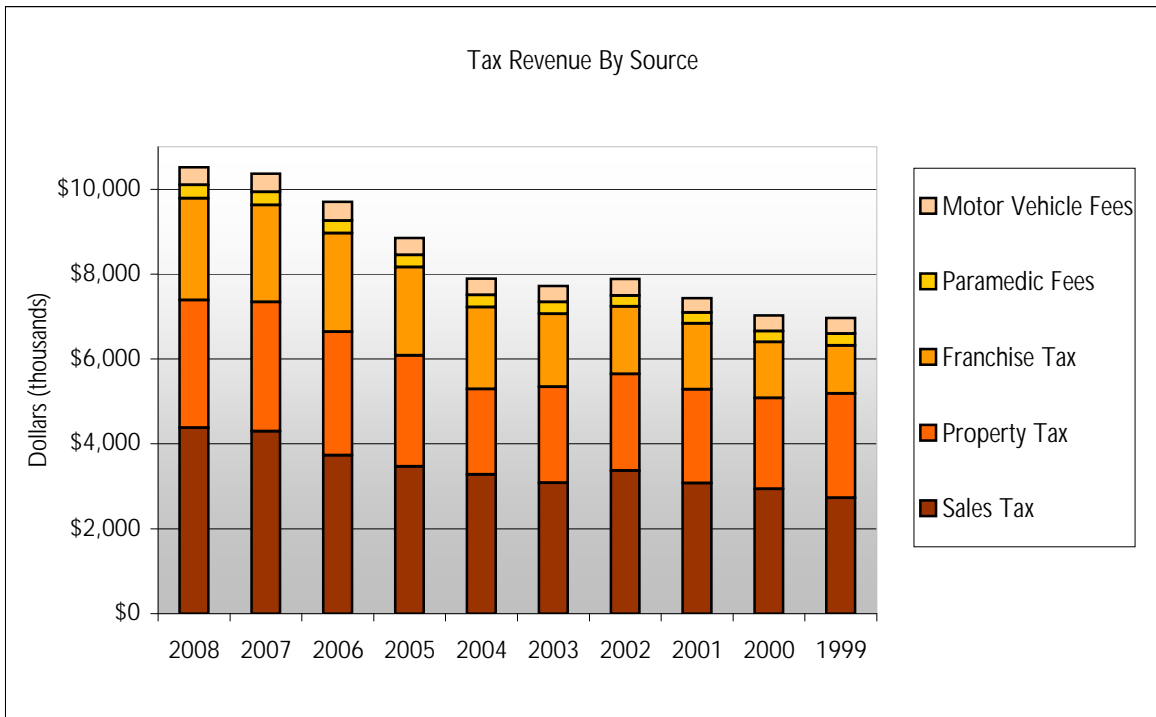
General government is limited to the City's general fund.

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

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

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Paramedic Fees	Motor Vehicle Fees	Total
2008	\$ 4,377	\$ 3,011	\$ 2,398	\$ 317	\$ 418	\$ 10,521
2007	4,301	3,044	2,282	310	426	10,363
2006	3,734	2,910	2,319	297	446	9,706
2005	3,467	2,620	2,077	287	401	8,852
2004	3,283	2,007	1,931	287	385	7,893
2003	3,083	2,266	1,718	275	379	7,721
2002	3,371	2,275	1,589	257	397	7,889
2001	3,075	2,212	1,549	257	343	7,436
2000	2,940	2,143	1,319	257	366	7,025
1999	2,732	2,452	1,134	279	372	6,969



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

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

Note:

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

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

Page 1 of 2

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

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

Page 2 of 2

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

**Note:**

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

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

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

Page 1 of 2

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues</b>										
Taxes	\$ 10,104	\$ 9,937	\$ 9,260	\$ 8,451	\$ 7,507	\$ 7,342	\$ 7,889	\$ 7,437	\$ 7,025	\$ 6,969
Payments in lieu of taxes	418	426	446	401	385	379	-	-	-	-
Licenses and permits	288	329	342	349	365	444	332	378	523	448
Intergovernmental	1,900	1,338	1,272	1,737	1,648	1,497	1,246	1,292	1,487	1,249
Charges for services	2,442	2,633	2,579	2,680	2,471	1,922	1,593	1,483	1,338	1,327
Impact fees	77	123	159	175	203	416	316	461	1,018	768
Fines and forfeitures	650	620	614	574	382	171	88	77	80	79
Investment earnings	521	616	497	264	167	274	-	-	-	-
Property rental	11	12	18	17	16	35	-	-	-	-
Management fee	192	190	183	167	171	136	-	-	-	-
Miscellaneous	33	38	32	31	25	37	634	1,228	1,045	804
Total revenues	16,636	16,262	15,402	14,846	13,340	12,653	12,098	12,356	12,516	11,644
<b>Expenditures</b>										
General government	3,185	2,908	2,677	2,487	2,461	2,437	1,946	2,067	1,629	1,595
Public safety	7,097	6,365	7,427	5,872	5,954	5,560	4,657	4,419	4,264	3,919
Public works	2,015	2,488	2,789	2,635	2,736	2,297	1,301	1,118	1,033	1,108
Parks and recreation	2,309	2,066	2,114	1,912	1,802	1,592	1,091	1,016	916	823
Community development	-	-	-	-	-	-	118	128	74	157
Debt service:										
Principal retirement	155	149	131	130	128	130	25	328	97	114
Interest and fiscal charges	80	47	20	28	35	53	81	107	115	93
Capital outlay	3,048	702	1,645	724	1,241	4,613	2,841	2,353	2,958	2,633
Total expenditures	\$ 17,889	\$ 14,725	\$ 16,803	\$ 13,788	\$ 14,357	\$ 16,682	\$ 12,060	\$ 11,536	\$ 11,086	\$ 10,442

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

Page 2 of 2

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Excess of revenues over (under) expenditures	\$ (1,253)	\$ 1,537	\$ (1,401)	\$ 1,058	\$ (1,017)	\$ (4,029)	\$ 38	\$ 820	\$ 1,430	\$ 1,202
<b>Other financing sources (uses)</b>										
Sale of capital assets	59	35	123	14	22	6	44	25	245	106
Capital lease financing	-	-	945	-	-	-	-	-	-	-
Proceeds from revenue bonds	1,000	-	-	-	-	-	-	-	-	-
Contribution from other governmental unit	-	-	-	-	-	53	-	-	-	-
Residual equity transfer from risk management fund	-	-	-	-	-	525	-	-	-	-
Transfers in	1,467	565	1,538	556	444	2,344	987	1,224	1,485	640
Transfers out	(1,467)	(565)	(1,538)	(556)	(444)	(2,344)	(987)	(1,249)	(1,510)	(640)
Total other financing sources (uses)	1,059	35	1,068	14	22	584	44	-	220	106
Net change in fund balances	\$ (194)	\$ 1,572	\$ (333)	\$ 1,072	\$ (995)	\$ (3,445)	\$ 82	\$ 820	\$ 1,650	\$ 1,308
Debt service as a percentage of noncapital expenditures	1.7%	1.5%	1.2%	1.3%	1.5%	1.6%	1.2%	5.0%	2.9%	2.8%

Note:

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

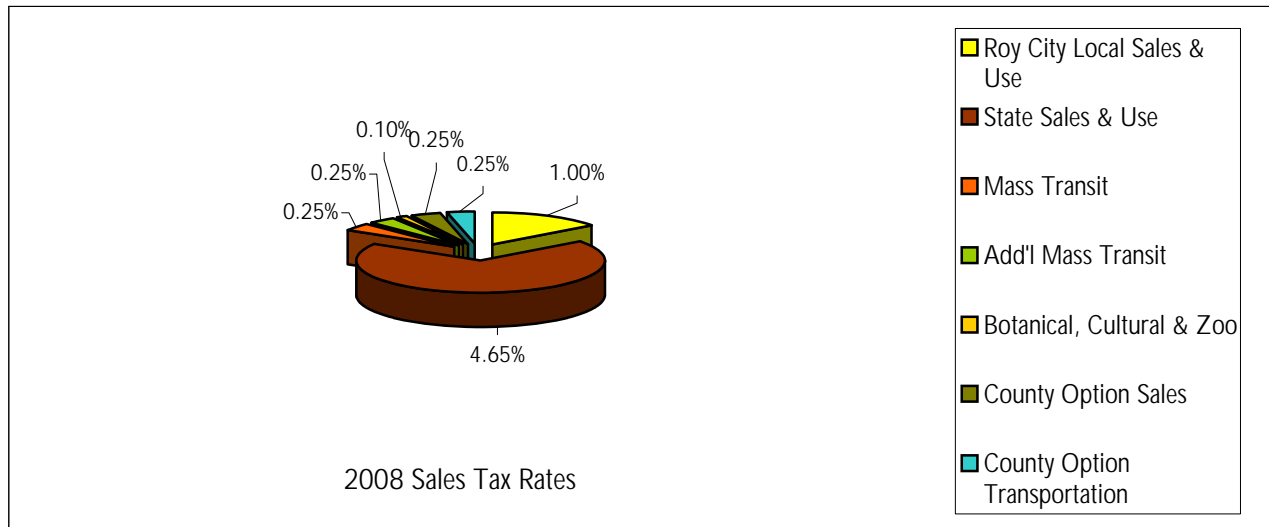


ROY CITY CORPORATION  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General fund										
Reserved	\$ 3,312	\$ 1,698	\$ 1,657	\$ 1,243	\$ 1,639	\$ 1,751	\$ 1,598	\$ 1,758	\$ 2,059	\$ 2,156
Designated, unreserved	42	55	50	36	12	24	18	10	69	71
Unreserved	1,799	2,680	1,782	3,018	2,293	2,327	2,805	2,860	3,177	3,083
Total general fund	<u>\$ 5,153</u>	<u>\$ 4,433</u>	<u>\$ 3,489</u>	<u>\$ 4,297</u>	<u>\$ 3,944</u>	<u>\$ 4,102</u>	<u>\$ 4,421</u>	<u>\$ 4,628</u>	<u>\$ 5,305</u>	<u>\$ 5,310</u>
All other governmental funds										
Reserved	\$ 1,433	\$ 1,292	\$ 1,586	\$ 1,766	\$ 1,282	\$ 1,345	\$ 964	\$ 1,280	\$ 1,196	\$ 1,079
Designated, unreserved reported in:										
Special revenue funds	173	158	135	109	97	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,244	1,149	553	1,288	1,521	2,564	3,738	3,153	2,801	2,012
Capital projects funds	216	2,380	2,078	614	158	(12)	2,228	2,207	1,147	396
Total all other governmental funds	<u>\$ 4,066</u>	<u>\$ 4,979</u>	<u>\$ 4,352</u>	<u>\$ 3,777</u>	<u>\$ 3,058</u>	<u>\$ 3,897</u>	<u>\$ 6,930</u>	<u>\$ 6,640</u>	<u>\$ 5,144</u>	<u>\$ 3,487</u>

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

Fiscal Year	Roy City Local Sales & Use	State Sales & Use	Mass Transit	Additional Mass Transit	Botanical, Cultural & Zoo	County Option Sales	County Option Transportation	Total for Roy City Residents
2008	1.00%	4.65%	0.25%	0.25%	0.10%	0.25%	0.25%	6.75%
2007	1.00%	4.75%	0.25%	0.25%	0.10%	0.25%	-	6.60%
2006	1.00%	4.75%	0.25%	0.25%	0.10%	0.25%	-	6.60%
2005	1.00%	4.75%	0.50%	-	0.10%	0.25%	-	6.60%
2004	1.00%	4.75%	0.50%	-	-	0.25%	-	6.50%
2003	1.00%	4.75%	0.50%	-	-	0.25%	-	6.50%
2002	1.00%	4.75%	0.50%	-	-	0.25%	-	6.50%
2001	1.00%	4.75%	0.50%	-	-	0.25%	-	6.50%
2000	1.00%	4.75%	0.25%	-	-	0.25%	-	6.25%
1999	1.00%	4.75%	0.25%	-	-	0.25%	-	6.25%



Note:

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

Source:

Utah State Tax Commission web site - Sales Tax Division

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

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property	Roy City Taxable Property Value	RDA Tax Increment Value	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Building	Mobile Homes	Other							
2008	\$ 247,624	\$ 824,163	\$ 5,719	\$ 26,674	\$ 24,828	\$ 1,072,430	\$ 56,578	\$ 1,129,008	2.178	\$ 1,940,216	58.19%
2007	233,599	704,371	5,684	24,672	24,335	936,564	56,097	992,661	2.451	1,650,376	60.15%
2006	224,519	669,961	5,956	29,417	25,284	904,564	50,573	955,137	2.514	1,575,436	60.63%
2005	218,424	653,538	6,275	34,751	24,379	884,584	52,783	937,367	2.144	1,542,451	60.77%
2004	214,196	641,116	6,523	37,821	24,913	912,484	12,085	924,569	2.080	1,518,354	60.89%
2003	207,234	626,795	6,951	37,918	25,269	865,787	38,380	904,167	2.065	1,486,006	60.85%
2002	201,376	605,703	7,973	44,787	24,409	833,395	50,853	884,248	2.060	1,446,721	61.12%
2001						774,267	31,674	805,941	2.225	1,450,227	55.57%
2000						665,662	37,643	703,305	2.465	1,118,225	62.89%
1999						554,211	85,234	639,445	2.438	1,018,999	62.75%

**Notes:**

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

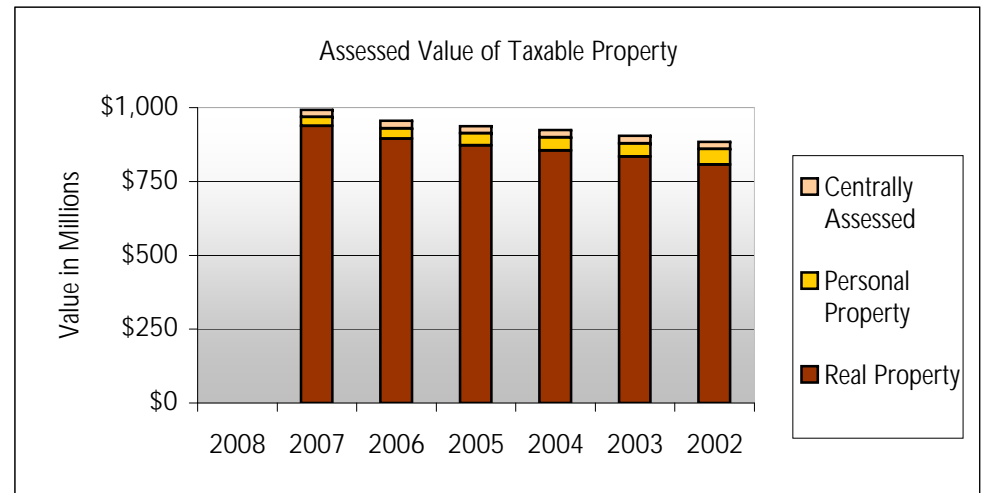
Beginning in 2002, the City began reporting property values based on classification.

Classification information on prior years was not available.

Total property value is excluding fee-in-lieu.

**Sources:**

Weber County Auditor/Clerk, Assessor, & Treasurer offices



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

Fiscal Year	Roy City	Weber County	Weber County School District	Weber Basin Water Conservancy District	North Davis County Sewer District	Weber County Mosquito Abatement District	Roy Water Conservancy Subdistrict	Weber Area Dispatch 911 & Emergency District	Total Levy for Roy City Residents
2008	2.178	3.608	5.626	0.200	0.763	0.094	0.103	0.293	12.865
2007	2.451	4.063	6.263	0.178	0.763	0.106	0.116	0.302	14.242
2006	2.514	4.284	6.427	0.193	0.763	0.110	0.119	-	14.410
2005	2.144	3.663	6.245	0.198	0.763	0.112	0.120	-	13.245
2004	2.080	3.609	6.061	0.196	0.763	0.111	0.116	-	12.936
2003	2.065	3.629	5.902	0.193	0.763	0.111	0.115	-	12.778
2002	2.060	3.647	5.764	0.193	0.763	0.111	0.115	-	12.653
2001	2.225	4.012	5.790	0.200	0.763	0.118	0.125	-	13.233
2000	2.465	4.231	5.930	0.139	0.732	0.125	0.138	-	13.760
1999	2.438	3.359	6.032	0.141	0.708	0.127	0.137	-	12.942

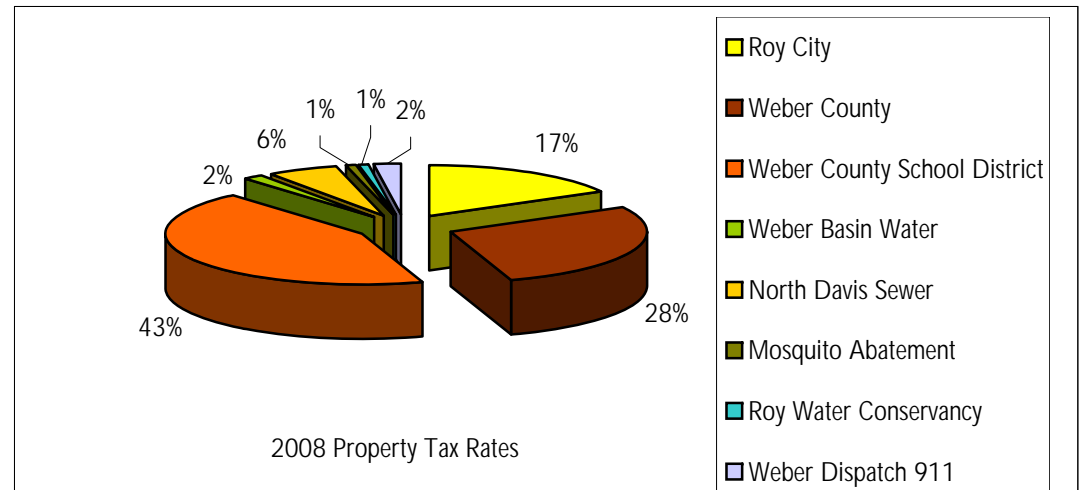
**Notes:**

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

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

**Source:**

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



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

Taxpayer	Type of Business	2008		Percentage of Total Taxable Assessed Value	1999		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Boyer Iomega	Business Park	\$ 12,758	1	1.13%	\$ 70,601	2	11.04%
Pacificorp	Utility	11,258	2	1.00%	6,281	4	0.98%
Orchard Cove LTD	Residential properties	10,283	3	0.91%	81,948	1	12.82%
America First Credit Union	Credit Union	7,623	4	0.68%			
Questar Gas	Utility	7,068	5	0.63%			
Roy Marketplace LC	Retail properties	6,578	6	0.58%	3,477	7	0.54%
IBP Funding	Business Park	6,264	7	0.55%			
Boydean B Frazier Family Trust	Retail properties	5,424	8	0.48%			
Harmon City Inc	Retail properties	4,697	9	0.42%	3,350	8	0.52%
Roy City Centre Realty Limited	Retail properties	4,321	10	0.38%	6,061	5	0.95%
Damson/Birtcher Realty Income	Retail properties				7,674	3	1.20%
Qwest Communications	Utility				4,122	6	0.64%
B & D Development LC	Retail properties				2,799	9	0.44%
Pikes Peak, Inc	Retail properties				2,587	10	0.40%
Total taxable value of 10 largest taxpayers		76,274		6.76%	188,900		29.53%
Total taxable value of other taxpayers		1,052,734		93.24%	450,545		70.47%
Total taxable value of all taxpayers		<u>\$ 1,129,008</u>		<u>100.00%</u>	<u>\$ 639,445</u>		<u>100.00%</u>

Note:

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

Source:

Weber County Treasurer's office

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

<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collected to Total Levy</b>
General Fund						
2007	\$ 2,345	\$ 2,213	94.37%	\$ 65	\$ 2,278	97.14%
2006	2,297	2,174	94.65%	68	2,242	97.61%
2005	2,261	2,123	93.90%	59	2,182	96.51%
2004	1,894	1,790	94.51%	117	1,907	100.69%
2003	1,897	1,793	94.52%	56	1,849	97.47%
2002	1,788	1,709	95.58%	66	1,775	99.27%
2001	1,725	1,628	94.38%	94	1,722	99.83%
2000	1,723	1,648	95.65%	49	1,697	98.49%
1999	1,641	1,573	95.86%	51	1,624	98.96%
1998	1,351	1,282	94.89%	51	1,333	98.67%
Redevelopment Agency Special Revenue Fund						
2007	\$ 732	\$ 732	100.00%	\$ -	\$ 732	100.00%
2006	802	802	100.00%	-	802	100.00%
2005	728	728	100.00%	-	728	100.00%
2004	699	699	100.00%	13	712	101.86%
2003	156	121	77.56%	37	158	101.28%
2002	550	480	87.27%	11	491	89.27%
2001	643	553	86.00%	-	553	86.00%
2000	423	509	120.33%	7	516	121.99%
1999	518	518	100.00%	-	518	100.00%
1998	1,103	1,113	100.91%	6	1,119	101.45%

**Note:**

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

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

**Source:**

Weber County Treasurer's office

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

Year	Real Property Taxable Value				Residential Construction		Commercial Construction		Other Construction		Bank Deposits
	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	
2008	\$ 154,105	\$ 916,801	\$ 881	\$ 1,071,787	147	\$ 8,686	26	\$ 6,677	197	\$ 684	\$ 11,590
2007	143,831	792,990	1,150	937,971	121	7,778	26	5,593	215	794	11,565
2006	133,782	759,312	1,386	894,480	146	11,032	24	6,186	243	700	11,951
2005	129,626	740,807	1,529	871,962	163	13,844	35	3,972	251	1,597	11,950
2004	123,305	730,711	1,296	855,312	188	14,204	46	3,608	194	560	11,516
2003	113,364	719,173	1,492	834,029	266	21,353	52	1,695	195	273	11,584
2002	104,471	701,005	1,603	807,079	361	27,720	48	4,458	134	375	15,619
2001					429	38,878	5	2,555	254	5,148	14,959
2000					574	44,717	28	5,847	164	849	15,226
1999					520	42,550	21	7,572	128	1,353	13,931

**Notes:**

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

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

**Sources:**

Weber County Auditor/Clerk's office

Weber County Treasurer's office

Roy City Community & Economic Development department

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

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Lease	Notes Payable	URMMA Recaptured Losses	Water Revenue Bonds			
2008	\$ 296,000	\$ 1,000,000	\$ 699,514	\$ -	\$ 207,322	\$ 7,500,000	\$ 9,702,836	0.99%	\$ 276.84
2007	326,000	-	824,338	-	92,282	-	1,242,620	0.14%	35.50
2006	355,000	-	944,562	-	106,452	-	1,406,014	0.17%	39.85
2005	382,000	-	-	103,873	127,810	-	613,683	0.08%	17.41
2004	408,000	-	-	208,053	-	-	616,053	0.09%	17.51
2003	432,000	-	-	316,270	-	-	748,270	0.11%	21.50
2002	458,000	-	-	428,544	-	-	886,544	0.13%	25.93
2001	483,000	-	-	24,228	-	-	507,228	0.08%	15.25
2000	810,672	-	-	339,383	-	-	1,150,055	0.20%	34.97
1999	908,131	-	-	426,159	-	-	1,334,290	0.24%	39.18

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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Net Bonded Debt per Capita</b>
2008	\$ 296,000	\$ -	\$ 296,000	0.02%	\$ 8.45
2007	326,000	-	326,000	0.02%	9.31
2006	355,000	-	355,000	0.02%	10.06
2005	382,000	-	382,000	0.02%	10.83
2004	408,000	-	408,000	0.03%	11.60
2003	432,000	-	432,000	0.03%	12.41
2002	458,000	-	458,000	0.03%	13.40
2001	483,000	-	483,000	0.03%	14.52
2000	810,672	-	810,672	0.07%	24.65
1999	908,131	-	908,131	0.09%	26.66

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, 2008

<u>Governmental Unit</u>	<u>General Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to Roy City</u>	<u>Estimated Share of Overlapping Debt</u>
North Davis County Sewer District	\$ 51,413,000	15.08%	\$ 7,755,429
Roy Water Conservancy Subdistrict	2,140,000	100.00%	2,140,000
State of Utah	1,161,510,000	0.56%	6,499,127
Weber Basin Water Conservancy District	30,986,405	2.81%	872,137
Weber County	21,125,000	10.65%	2,249,810
Weber County School District	105,585,000	14.14%	14,933,447
			<hr/>
Overlapping debt			\$ 34,449,950
Roy City bonded debt		100.00%	<hr/> 296,000
Total direct and overlapping general bonded obligation debt			<hr/> <hr/> \$ 34,745,950

Note:

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

Sources:

Individual governmental units

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt Limit	\$ 42,897	\$ 37,463	\$ 36,183	\$ 35,383	\$ 36,499	\$ 34,631	\$ 33,336	\$ 30,971	\$ 26,626	\$ 22,168
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 42,897</u>	<u>\$ 37,463</u>	<u>\$ 36,183</u>	<u>\$ 35,383</u>	<u>\$ 36,499</u>	<u>\$ 34,631</u>	<u>\$ 33,336</u>	<u>\$ 30,971</u>	<u>\$ 26,626</u>	<u>\$ 22,168</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>\$ 1,072,430</u>					
Debt limit (4% of total assessed value)					\$ 42,897					
Debt applicable to limit:										
Total bonded debt				\$ 8,500						
Less:										
Special assessment bonds				-						
Revenue bonds				(8,500)						
Amounts available for repayment of general obligation bonds				-						
Other deductions allowed by law				<u>-</u>						
Total net debt applicable to limit					<u>-</u>					
Legal debt margin					<u>\$ 42,897</u>					

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

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

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2008	35,048	\$ 979,513,775	\$ 27,948	3.1%
2007	35,008	900,288,396	25,717	3.3%
2006	35,280	832,059,516	23,584	4.6%
2005	35,259	754,360,395	21,395	5.5%
2004	35,180	705,009,715	20,040	6.4%
2003	34,801	690,509,026	19,842	6.2%
2002	34,185	671,701,387	19,649	5.2%
2001	33,265	635,479,079	19,104	4.2%
2000	32,885	585,155,690	17,794	3.3%
1999	34,059	562,672,780	16,521	4.8%

Notes:

All figures for 2000 are from the 2000 US Census.

Population figures from 2001-2007 are estimates as of July 1 of the previous year based on the US Census' population estimates. Population figures from 1999 are estimates based on new home construction.

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

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

Sources:

U S Census Bureau

State of Utah Governor's office web sites

Utah Department of Workforce Services

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

Employer	Type of Business	Fiscal Year			
		2008		2004	
		Employees	Rank	Employees	Rank
Hill Air Force Base	United States Air Force / Logistics	10,000 - 14,999	1	20,000 - 25,000	1
Internal Revenue Service	Federal Government	5,000 - 6,999	2	5,000 - 6,999	2
Weber School District	Public Education	3,000 - 3,999	3	3,000 - 3,999	3
McKay-Dee Hospital	Health Care	3,000 - 3,999	3	2,000 - 2,999	4
Autoliv ASP	Manufacturing	2,000 - 2,999	4	2,000 - 2,999	4
Weber State University	Higher Education	2,000 - 2,999	4	3,000 - 3,999	3
Convergys	Call Center	1,000 - 1,999	5	1,000 - 1,999	5
Fresenius USA, Inc.	Manufacturing	1,000 - 1,999	5	1,000 - 1,999	5
Ogden School District	Public Education	1,000 - 1,999	5	1,000 - 1,999	5
State of Utah	State Government	1,000 - 1,999	5		
Wal-Mart	Retail			1,000 - 1,999	5

Note:

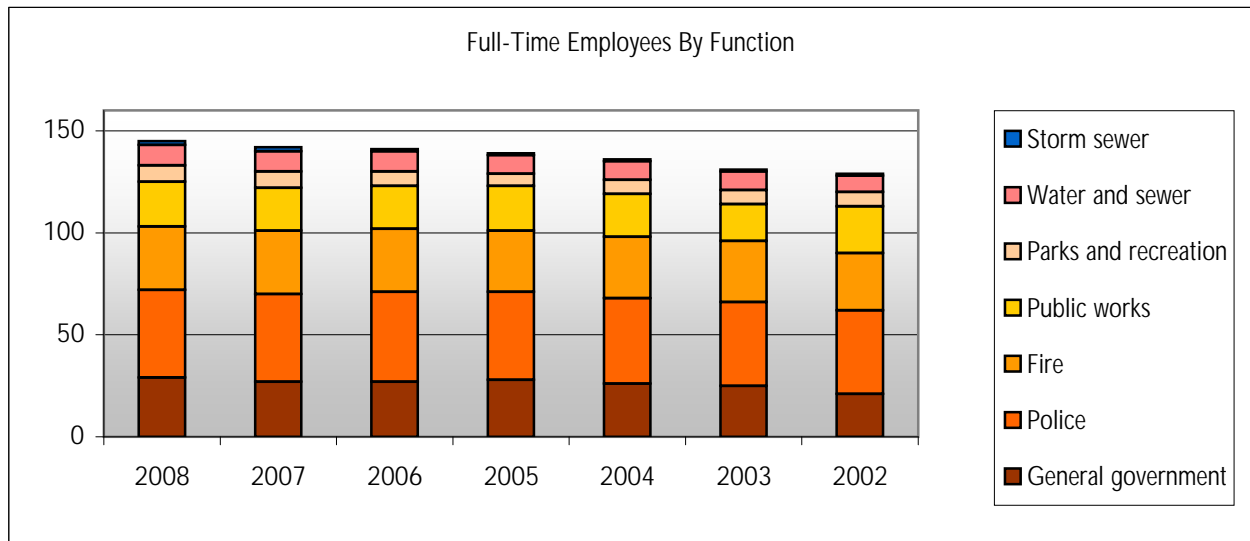
The Utah Department of Workforce Services provides employment information on a county basis. Roy City is the second largest city in Weber County. Comparative data from ten years ago is not available at this time.

Sources:

Weber County Comprehensive Annual Financial Report 2007 & 2003

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

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



**Notes:**

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

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

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

Function	Fiscal Year			
	2008	2007	2006	2005
Police				
Moving violations	2,692	2,509	2,496	2,259
Non-moving violations	4,813	4,860	3,619	3,088
DUI violations	123	103	113	118
Parking violations	1,096	708	767	1,148
Fire				
Number of calls answered - Fire	617	577	524	456
Number of calls answered - Medical	3,944	3,814	3,606	3,490
Streets				
Snow removal and sanding:				
Miles	19,759	2,728	7,529	4,212
Hours	2,692	286	772	569
Asphalt resurfacing (tons)	1,077	2,420	1,735	2,200
Water				
Service connections	10,510	10,490	10,460	10,388
Water main breaks	17	22	32	15
Average daily consumption (gallons)	2,946,649	3,053,622	2,989,756	2,868,266
Aquatic Center				
Admissions	73,944	70,424	75,594	62,954
Complex				
Admissions	31,537	36,244	37,201	42,320
Participants in instructional classes	-	2,975	2,765	2,722

**Notes:**

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

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

**Sources:**

Various City departmental data

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

Function	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Police						
Stations	1	1	1	1	1	1
Patrol units	22	22	22	22	25	25
Motorcycle units	2	2	2	2	2	-
Animal control units	2	2	2	2	2	2
Fire						
Stations	2	2	2	2	2	2
Streets						
Streets (miles)	113	110	110	110	109	108
Curb and gutter (miles)	207	213	215	214	212	210
Sidewalk (miles)	196	181	184	183	182	181
Streetlights	806	791	791	791	777	772
Traffic signals	2	2	2	2	-	-
Parks and recreation						
Community centers	1	1	1	1	1	1
Parks	10	10	9	9	9	9
Park acreage	113	113	110	110	110	110
Covered picnic areas	18	16	14	14	14	13
Baseball/Softball diamonds	13	13	13	13	13	13
Soccer fields	13	13	11	11	11	10
Tennis courts	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2
Gymnasiums	1	1	1	1	1	1
Sewer						
Sanitary sewers (miles)	117	112	112	112	112	111
Storm sewers (miles)	83	79	79	79	78	73
Water						
Water lines (miles)	155	151	151	151	150	148
Fire hydrants	1,341	1,305	1,305	1,304	1,282	1,260

Note:

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

Sources:

Various City departmental data



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

# Schmitt, Griffiths, Smith & Co., P.C.

Harlan P. Schmitt, MBA, CPA  
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## Independent Auditors' Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Mayor and Members of the City Council  
Roy, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2008, which collectively comprise Roy City Corporation's basic financial statements and have issued our report thereon dated October 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

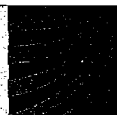
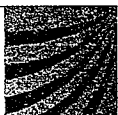
In planning and performing our audit, we considered Roy City Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Roy City Corporation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also



considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

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

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



October 1, 2008

ROY CITY CORPORATION  
Schedule of Findings on Internal Controls  
June 30, 2008

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Finding #08-01: In the fiscal year 2007 government-wide financial statements, Roy City Corporation (the City) recognized revenue from property taxes budgeted for use in fiscal 2008, rather than recording it as deferred revenue.

Recommendation: We recommend that the City ensure that revenue from property taxes is recognized during the period for which it was budgeted in a manner consistent with recently adopted accounting standards.

Response: When implementing the GASB 34 reporting model, the City made an interpretation of the guidance on deferred property taxes. Upon further research of earned versus unearned revenue as related to property taxes, it was determined that the City had incorrectly recognized future property tax revenues rather than deferring them. Within the fiscal year 2008 financial statements is a prior period adjustment to restate the fiscal year 2007 government-wide financial statements. The accounting standards related to deferred and budgeted property tax revenue in the government-wide financial statements have been applied appropriately for fiscal year 2008.

## Independent Auditors' Report On State of Utah Legal Compliance

Honorable Mayor and Members of the City Council  
Roy, Utah

We have audited the financial statements of Roy City Corporation for the year ended June 30, 2008 and have issued our report thereon dated October 1, 2008. As part of our audit, we have audited Roy City Corporation's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2008. The City received the following major state assistance programs from the State of Utah:

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

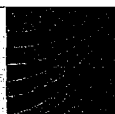
Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation and Property Tax Limitations  
Justice Court Compliance  
Other General Compliance Requirements  
Impact Fees and Other Development Fees

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

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

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined in the accompanying schedule of audit findings.



In our opinion, except for the instances of noncompliance listed in the accompanying state compliance schedule of audit findings, Roy City Corporation complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2008.

*Schmitt, Huffitts, Swann & Co.*

October 1, 2008

ROY CITY CORPORATION  
State Compliance Schedule of Audit Findings  
Year Ended June 30, 2008

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**Budgetary Compliance**

Finding #08-1: Roy City Corporation (the "City") published an initial notice specifically relating to the adoption of the budget, when the meeting was rescheduled, no revised notice was published. The City is required to establish the time and place of a public hearing to consider adoption of the budget and should publish notice of the hearing as prescribed by Utah state law.

Recommendation: We recommend that the City comply with Utah state law by providing the required notice for adoption of the budget.

Response: After publishing the original budget notice, financial factors came to light which required considering an increase to the certified tax rate. The City placed the necessary quarter page ad for the public hearing on the tax increase and incorrectly concluded the ad also contained language on the budget hearing. The City understands the error which occurred and will ensure that two separate notices appear when considering future tax increases.

Finding #08-2: The City formally adopted its budget, however not before the Utah state prescribed deadline in the case of a tax increase of August 17<sup>th</sup>.

Recommendation: We recommend that the City comply with Utah state law by formally adopting its budget on or before August 17<sup>th</sup> when dealing with an increased tax rate.

Response: The City worked diligently with Weber County and the State of Utah to ensure that the appropriate advertising was done for the proposed increase in the certified tax rate. In setting the date for the meeting, it was assumed by the City that it had until August 22<sup>nd</sup>, as with June 22<sup>nd</sup> in the case of no tax increase, to hold the hearing. The error has been noted and steps will be taken to ensure that all future hearings are held prior to dates prescribed by state statute.