

Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2011

Roy City Corporation Roy, Utah

Comprehensive Annual Financial Report For the Fiscal Year Ending June 30, 2011

Prepared by:

Cathy A. Spencer Management Services Director

ROY CITY CORPORATION

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INTRODUCTORY SECTION

Mayor Joe H. Ritchie

City Manager Christopher G. Davis



City Council
Willard S. Cragun
Bradley R. Hilton
Larry J. Peterson
Michael L. Stokes
David E. Tafoya

October 20, 2011

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, 2011.

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

The City's financial statements have been audited by Wiggins & Co., P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Roy City Corporation for the fiscal year ended June 30, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

including auditors' reports on the internal control structure and compliance with applicable laws and regulations, schedule of federal awards, and findings and recommendations are included in the Single Audit Section of this report.

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 22nd. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 43-45 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 82.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Roy City Corporation operates. After three years of recession, the economy of the State of Utah began to show signs of recovery in early FY 2011. One of the major recessionary indicators is sales tax. Sales tax throughout Utah and the City of Roy has increased slightly during the year. Roy City experienced continued growth in sales tax revenue through FY 2008 with total revenue that year of \$4,377,000. In the two subsequent years that amount declined to \$4,034,000 and \$3,672,000. For FY 2011, sales tax revenue rose to \$3,795,000, reflecting a modest increase of 3.35%. The administration anticipates that the economy will improve further in FY 2012 and has budgeted a 5.4% increase in sales tax revenue.

While Roy City and the State of Utah have not experienced as strong of a recession as some other parts of the country, consumer spending and low construction starts continue to impact the local economy. Last year, the City benefited from new commercial construction along its Midland Drive corridor. In FY 2011, the growth moved east with new businesses occupying vacant buildings along the 1900 West corridor. Creative Publish Solutions, a Layton publishing firm specializing in shopping center, retail and travel & tourism marketing, relocated their office and 32 employees to a 24,000 square foot building in the Golden Spike Technology Park.

CitiGroup opened a 22,000 square foot data center on the second floor of the lomega building in the Wasatch Executive Park. CitiGroup employs 60 individuals at the facility and manages an additional 45 home-based employees. Citigroup selected the Wasatch Executive Park to provide them the long-term option of developing a "campus" where they could potentially employ up to 2,000 people.

A local developer acquired the failed Stone Edge Commercial development from the Federal Deposit Insurance Corporation. The buildings and on-site improvements were completed by the developer and all twelve of the 1,000 square foot condominiums were sold to retail, office, and professional users.

U. S. Bank acquired the former Barnes Bank building from the Federal Deposit Insurance Corporation. U. S. Bank now has a total of 70 locations in Utah, with 58 along the Wasatch Front.

For three years what can be described as the "most strategically located aerospace research park in the nation" at Hill Air Force Base has been under discussion. In 2011, Sunset Ridge Development Partners, the developer of the enhanced use lease project, submitted a comprehensive Master Development Concept Plan for the entire 550 acre Falcon Hill development to the Military Installation Development Authority, and started construction on its first office building. A portion of the development, 32 acres, lies within the boundaries of Roy City.

The City has located within its boundaries or within close proximity major industries that provide employment to local residents. This includes an air force base, school district, and manufacturing facilities. Because of the nature of these employers and the diversity of industries throughout the State of Utah, unemployment in the area has not been as significant as other states. In June 2011, the local unemployment rate was 7.7%. This is an increase of .5% from the same time in 2010. The local unemployment rate is well below the national rate of 9.2%. Locally, jobs were up slightly in the most areas and where noted, losses were minimal. Losses occurred in the governmental sector by (.7%), with (5.9%) in federal government, (.1%) in local government, and 1.3% in state

government. Some of the largest increases occurred in professional and business services 5.0%, manufacturing 3.6%, transportation and utilities 3.7%, information services 2.5%, and leisure and hospitality of 2.1%.

Long-term Financial Planning

It is the policy of the Roy City Council to maintain a fund balance that ensures adequate reserves that will provide financial stability in the event of an unanticipated economic downturn. The State of Utah limits the amount of assigned and unassigned fund balance the City can have to 18% of budgeted general fund revenues. Normally, these amounts will not be programmed for expenditure and are only available for use within the confines of expenditure limitation imposed by the State of Utah. During FY 2011, Roy City benefited from increased sales tax revenue and along with keeping expenditures down, did not have to draw from fund balance for operations. Throughout the recessionary years, the City has been able to reduce expenditures without reducing staffing. Unassigned fund balance was \$2,414,923 at June 30, 2011, and \$2,008,431 at June 30, 2010. Total assigned and unassigned fund balance is currently 16.40% of budgeted revenue.

The City Council and administration have long strived to finance City operations on a pay as you go basis. The City has been successful at this and has very low debt compared to other cities of similar size. With the recent completion of a long-term capital improvement plan, the City has seen the need for financing alternatives in order to complete necessary projects. Since the completions of the study, the City has secured long-term financing for fire trucks, remodeling of the Municipal Building, and improvements to the water and sewer infrastructure system. With a sound savings plan in place, the City's redevelopment agency was able to early retire \$237,000 in bonded debt during the fiscal year. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 69-71.

Major Initiatives

Roy City has been fortunate to partner with UTA, UDOT, RAMP, WFRC, and other partners to construct the Denver Rio Grande Rail trail through the City. The Roy segment of the trail is just over three miles. This trail will now connect with trails extending into Utah County. The project cost over one million dollars with over ninety percent of the funding received from the federal government. The trail will be complete in the fall of 2011 but is already extensively used. Roy City will continue to partner with UTA and others to enhance the project.

The City has nearly completed all projects on the \$7.5 million water bond project. The final phase, a two million gallon reservoir and well on Hill Air Force Base should come on-line later in FY 2012. The City still has significant infrastructure needs to maintain its vital water system. The next phase of the City's plan for improvements will be reviewed in the next fiscal year.

The City began to update its General Plan during FY 2011 by holding a series of open houses to receive public input. The Plan is currently being drafted after which time it will be discussed by the Planning Commission and City Council. Completion and final acceptance of the General Plan is expected in January 2012.

During FY 2010, Roy City contracted for a study to be done on disproportionate business license fees. In FY 2011, the results of the study were used by the administration to create a new business license fee system. In conjunction with reworking the business license fees, a "Good Landlord Program" ordinance was established which allows for reductions in fees for landlords who meet requirements related to selecting tenants to occupy their properties. The fee reductions shall be implemented with the 2012 business license cycle.

Roy City participates in the Utah State Retirement System (the System). The System is a multiple employer, cost sharing defined benefit system which relies heavily on investment returns to fund future benefits. During the 2010 Utah legislative session, significant changes were made to the plan to compensate for the value lost over the recessionary years. Most of the changes enacted relate to employees who enter the System after July 1, 2011. Employees currently enrolled will not see any significant changes to benefits. Contribution rates paid by employers within the System will be increased to fund future benefits. These increases will impact the budgetary process each year, until such time as investments begin to see higher earning rates.

The City will continue to review city services provided to island areas within the City. This effort will be coordinated with other governmental entities involved with service delivery to determine whether these islands should be incorporated into the City.

While the economy has curtailed economic development significantly, Roy City through its Redevelopment Agency anticipates that during FY 2012, projects will be undertaken to enhance the economic viability of 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, 2011 was \$11,932,978, of which \$11,556,815 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 .5300%. At June 30, 2011, the portfolio yield on an actual 365 day year was .5463%.

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, 2010. 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. We would like to express our appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Wiggins & Co., P. C., for their cooperation. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Roy City Corporation's finances.

Respectfully submitted,

Christopher G. Davis

City Manager

Cathy A. Spencer

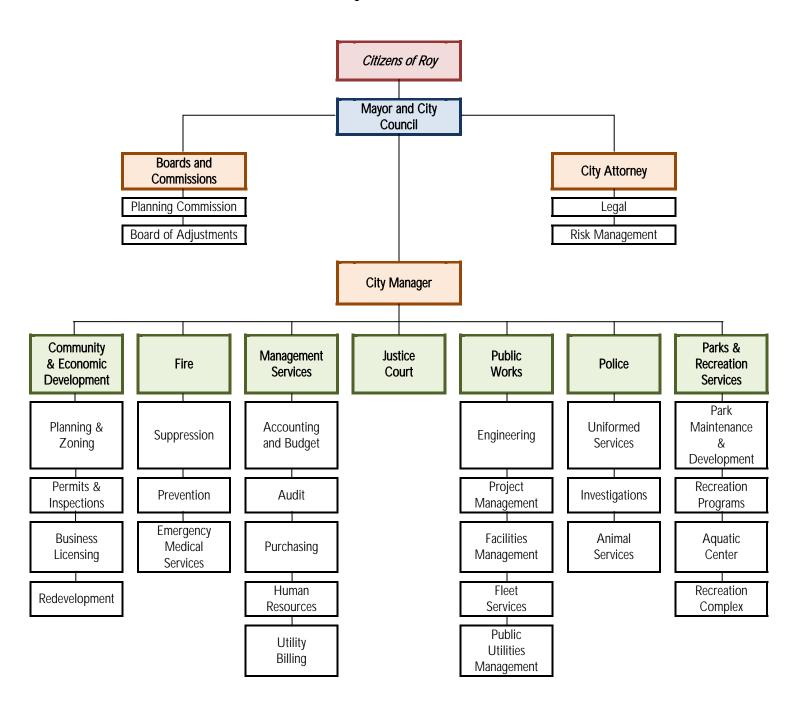
Management Services Director

ROY CITY CORPORATION List of Elected and Appointed Officials June 30, 2011

Elected Officials

Willard S. Cragun Bradley R. Hilton Larry J. Peterson Michael L. Stokes	Mayor
	Executive, Legal and Budgetary Officials
Andrew H. Blackburn	City Manager City Attorney Budget Officer
	Statutory Appointed Officials
Christopher G. Davis Nicole L. Higgs	Chief of PoliceCity RecorderCity TreasurerCity Engineer
	Department Directors
Jon S. Ritchie Cathy A. Spencer S. Ross Oliver	Community and Economic Development Director Fire Chief Management Services Director Public Works Director Parks & Recreation and Recreational Facilities Director

Roy City Corporation Organizational Chart



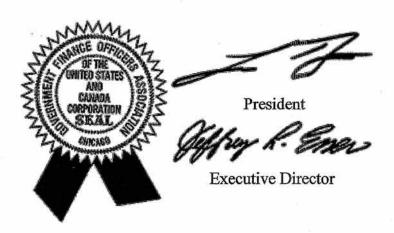
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Roy City Corporation Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



FINANCIAL SECTION



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 the City of Roy, Utah as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Roy, Utah'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 the 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 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 the City of Roy, Utah, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Redevelopment Agency 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 20, 2011 on our consideration of the City of Roy, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 18 through 30 and 82 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roy City, Utah's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

October 20, 2011

Wiggins; Co., PC

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 \$2,664,109. Approximately \$965,024 of the increase is attributable to operations of the utility funds, while \$1,699,085 is a result of governmental activities.
- The assets of Roy City Corporation exceeded its liabilities at the close of the most recent fiscal year by \$66,907,653 (net assets). Of this amount, \$10,857,321 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,568,132, an increase of \$621,462 in comparison with the prior year. Approximately \$3.94 million of the total amount is available for spending at the City's discretion within the general, capital projects and special revenue funds.
- ❖ At the close of the fiscal year, unassigned fund balance for the general fund was \$2,414,923 or 16.98% of the total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

<u>Governmental funds.</u> 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 and the redevelopment fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net 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 \$66,907,653 at the close of the most recent year, June 30, 2011.

By far, the largest portion of the City's net assets, 79.53%, 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 (4.25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,857,321, may be used to meet the City's ongoing obligations to citizens and creditors.

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

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-typ	oe Activities	Total		
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$12,740	\$12,023	\$6,951	\$ 7,741	\$19,691	\$19,764	
Capital assets	36,304	36,477	24,769	22,505	61,073	58,982	
Total assets	49,044	48,500	31,720	30,246	80,764	78,746	
Long-term debt							
outstanding	2,125	3,015	6,622	7,200	8,747	10,215	
Other liabilities	4,146	3,677	964	611	5,110	4,288	
Total liabilities	6,271	6,692	7,586	7,811	13,857	14,503	
Net assets:							
Invested in capital assets							
net of related debt	35,269	35,212	17,940	16,961	53,209	52,173	
Restricted	1,735	2,994	1,106	485	2,841	3,479	
Unrestricted	5,769	3,602	5,088	4,989	10,857	8,591	
Total net assets	\$42,773	\$41,808	\$24,134	\$22,435	\$66,907	\$64,243	

Governmental activities increased Roy City's net assets by \$965,024, while business-type activities increased net assets by \$1,699,085. 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							
	Governmenta	al Activities	Business-ty	pe Activities	To	tal	
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program revenues							
Charges for services	\$ 3,151	\$3,107	\$ 7,118	\$7,133	\$10,269	\$10,240	
Grants and contributions:							
Operating	1,200	1,148	-	-	1,200	1,148	
Capital	1,559	1,946	1,314	152	2,873	2,098	
General revenues:							
Property taxes	2,892	2,871	-	-	2,892	2,871	
Other taxes	6,941	6,810	-	-	6,941	6,810	
Investment earnings	59	68	11	24	70	92	
Other	68	66	-	-	68	66	
Total revenues	15,870	16,016	8,443	7,309	24,313	23,325	
Expenses:							
General government	3,258	3,202	-	-	3,258	3,202	
Public safety	7,249	7,130	-	-	7,249	7,130	
Public works	2,640	2,513	-	-	2,640	2,513	
Parks and recreation	2,414	2,465	-	-	2,414	2,465	
Interest and fiscal charges	51	62	-	-	51	62	
Water and sewer utility	-	-	4,120	4,093	4,120	4,093	
Storm sewer utility	-	-	368	347	368	347	
Solid waste utility			1,549	1,469	1,549	1,469	

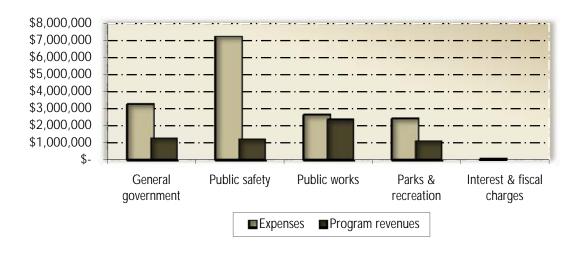
Total expenses	15,612	15,372	6,037	5,909	21,649	21,281
Increase in net assets before transfers	258	644	2,406	1,400	2,664	2,044
Transfers	707	726	(707)	(726)		
Increase in net assets	965	1,370	1,699	674	2,664	2,044
Net assets - beginning	41,808	40,438	22,435	21,761	64,243	62,199
Net assets – ending	\$42,773	\$41,808	\$24,134	\$22,435	\$66,907	\$64,243

Governmental activities. The governmental activities portion of the increase in net assets accounted for 36.22% of the total growth for the City as a whole.

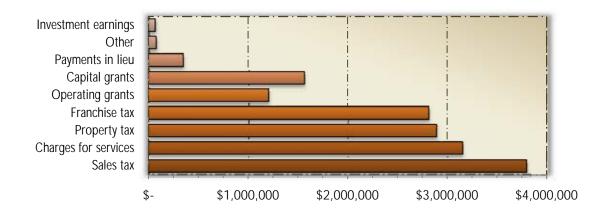
- ❖ Overall, property taxes increased by \$21,269 in the governmental funds from FY 2010. Property taxes in the general fund increased by \$6,928, while the increment received by the RDA increased \$14,341. The increases can be attributed to new growth.
- ❖ Other taxes were up \$130,330 over the previous fiscal year. Of that \$122,452 was a result of a 3.33% increase in sales tax revenue, while franchise tax revenue increased by 1.16% or \$32,210. The remaining portion of the change, a decrease of \$24,332, came from motor vehicle fees.
- Revenue from charges for services increased 1.40% from FY 2010. Some of the larger increases came from the ambulance fees, \$82,828; fines, \$91,450; and public safety, \$11,705. Fines increased because it was the first full year of the expanded Justice Court, and the court added small claims. For public safety, rates for parking tickets were increased. Charges for services related to building decreased \$119,817. This includes building permits, subdivision and development fees, and impact fees, and is a result of reduced new home construction. Recreational programs saw a decrease in participation and a reduction in revenue of \$10,777 from FY 2010. Animal boarding revenue was down \$10,614 because Roy City consolidated services with Weber County.
- ❖ In FY 2011, the City received a \$200,000 private donation to assist with the construction costs of the Hope Community Center. This was the third of five payments.
- Class C Road funds received was up 4.31%, \$43,366, from 2010.
- The City made final acceptance of several subdivisions during FY 2011. Infrastructure received from the developers, including streets, sidewalks, and curb and gutter totaled \$1,238,027.
- Roy City's average yield on investments decreased .0841% from FY 2010, and investment balances were down at the end of the year. As a result, income from interest dropped by \$8,760.
- ❖ Total expenses for wages and benefits were up \$61,042 from FY 2010. There were no wage or benefit increases in FY 2011. The increase in health insurance costs was small and covered by the City. Some positions which were open due to retirement were left unfilled and used as a chance to restructure departments with less staffing. A part-time employee was added to the Justice Court, as well as adjustments made to the Judge's compensation package.
- Operating expenses were increased by \$97,420. Much of the increase can be attributed to fuel and to grants. Small increases in expenditures were made in specific areas as requested by departments in budget meetings.
- ❖ Interest and fiscal charges are down \$10,839. Interest expense is going down as the debt is repaid. The Redevelopment Agency paid off its Series 1997 Revenue Refunding Bonds.

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

Expenses and Program Revenues – Governmental Activities



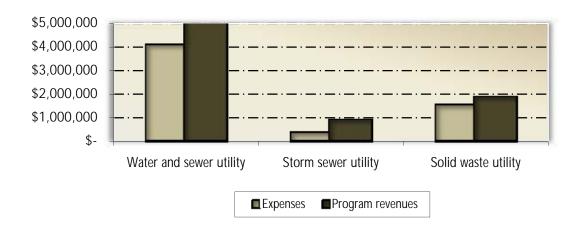
Revenues by Source – Governmental Activities



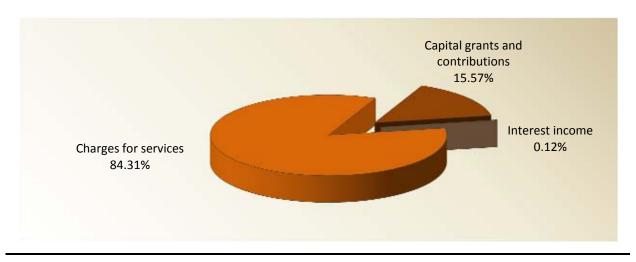
Business-type activities. The business-type activities portion of the increase in net assets was 63.78% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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

- Revenue from water, sewer, storm sewer and garbage services had an increase of \$4,483. Sewer fees were increased to cover rate increases from contractors.
- ❖ Impact and connection fees related to new construction decreased by \$12,254. This is consistent with the trend for building related revenue in the governmental funds.
- Revenue from late fees, shut off fees, and ownership transfers decreased by \$3,179.
- ❖ Proceeds from the 2008 Water and Sewer Revenue Bonds are invested in the Utah State Treasurer's Pool until drawn. Interest income decreased \$13,474 from the prior year. This is a result of lower interest rates and fewer funds on deposit.
- The City made final acceptance of several subdivisions during FY 2011. Infrastructure received from the developers, including water, sewer and storm sewer lines totaled \$1,314,163.

- ❖ Total expenses for wages and benefits were up \$72,568 from FY 2010. There were no wage or benefit increases in FY 2010. The increase in health insurance was small and covered by Roy City. An employee in Public Works Administration retired. All of the public works departments were restructured to save funds. A supervisor was added in the Water and Sewer Utility as a result of the restructuring.
- Operating costs decreased \$12,125. Areas of operations that had increases were utilities, fuel, water meters, and storm sewer systems operations. The majority of expense items decreased or did not materially differ from FY 2010.
- ❖ Debt service decreased by \$9,488. Interest expense is reduced as the debt is repaid.

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.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,568,132, an increase of \$621,462 from the prior year. Approximately 28.18%, or \$2,414,923, of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The fund balance of Capital Projects and Special Revenue Funds are classified as assigned and available for fund operations. At June 30, 2011, \$1,526,412 was available for spending in these funds. The remainder of fund balance is classified to indicate that it is not available for spending because it 1) cannot be spent because of its form, 2) is restricted by external sources, or 3) is committed to specific use.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,414,923, while the total fund balance was \$5,259,554. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 16.98% of total general fund expenditures, while total fund balance represents 36.97% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) increased by \$356,210. The increase consisted of 1) a 7.29% decrease in revenue of \$1,161,239, 2) a 1.46% increase in expenditures of \$204,936, 3) a 42.76% increase in proceeds from sale of assets of \$17,196, and 4) a 90.18% decrease in the amount transferred to capital projects funds of \$1,950,353.

Included in the *governmental funds* is \$281,332 which is unassigned but designated for specific capital projects. The capital projects fund accounts for financial resources the City has set aside for the acquisition or construction of major capital facilities and equipment, other than those finances by proprietary or special revenue funds. During FY 2011 the fund balance in the capital projects funds increased by \$86,491 or 44.39% compared to a \$1,091,774 decrease in FY 2010. The change in activity of \$1,178,265 can be attributed to 1) a 90.18% decrease in transfers from the general fund of \$1,950,353, and 2) a 96.13% decrease in project expenditures of \$3,128,618. At June 30, 2011, fund balances available for specific capital projects include Recreational Facilities Improvements of \$204,165, and Fire & Rescue Facilities and Equipment of \$77,167.

Also included within the *governmental funds* is \$3,027,246 which is assigned for specific purposes. For these special revenue funds, fund balance increased by \$178,761 or 6.28% compared to \$342,626 in FY 2010. The decrease in activity of \$163,865 is a result of 1) a 3.03% increase in property tax revenue of \$14,341, 2) a 42.20% decrease in impact fees of \$79,896, 3) a 4.14% increase in investment earnings of \$255, 4) a 12.92% decrease in cemetery fees of \$1,070, 5) a \$77,000 grant, 6) a 31.41% decrease in operating expenditures of \$70,080, 7) a 52.03% increase in capital outlay of \$38,305, and 8) a 546.58% increase in debt service of \$206,270. The Redevelopment Agency of Roy Utah exercised its option to early retire debt. At June 30, 2011, available fund balances in these special funds included Redevelopment Agency \$2,573,831; Storm Sewer Development \$235,004; Park Development \$68,826; and Cemetery \$149,585.

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

Unrestricted net assets of the water and sewer utility fund at the end of the fiscal year were \$2,846,359, for the storm sewer utility fund unrestricted net assets were \$722,731, and for the solid waste utility fund unrestricted net assets were \$1,434,432. Net assets for the three utilities grew, Change for the water and sewer utility fund totaled \$762,217, storm sewer utility fund \$555,243 and solid waste utility fund \$347,688.

The increase in net assets for the water and sewer utility fund exceeded the increase in FY 2010 by \$441,437. Operating revenues for the water and sewer utility fund decreased \$15,562, or .32% from the prior year, while expenses increased \$148,910 or 3.40%. Other factors in the increase in net assets are 1) interest income dropped 56.17% or \$13,474, 2) interest expense and bond costs dropped 3.04% or \$9,488, 3) losses on sale of assets increased \$31,613, and 4) contributions from developers increased \$641,508 or 571.35%.

The increase in net assets for the storm water utility fund exceeded the decrease in FY 2010 by \$556,002. Operating revenues for the storm water utility fund increased \$2,657, or .74% from the prior year, while expenses decreased \$33,018 or 8.23%, and contributions from developers increased \$520,327 or 1299.26%.

Operating revenue for the solid waste utility fund was down \$1,627 or .09% from FY 2010. Operating expenses decreased \$20,712 or 1.32%. These factors resulted in an increase in net assets \$19,085 greater than FY 2010.

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 \$14,712,353 to a final budget of \$14,770,997, an increase of \$58,644 or .40%. Some of the more significant changes to individual revenue and expenditure items are as follows:

- ❖ \$51,500 decrease in property tax revenue. The State of Utah changed the way property taxes were calculated. The impact of the change was not known at the time the original budget was set. An adjustment was made when the certified tax rate became known.
- ❖ \$150,000 decrease in sales tax revenue. The original budget was prepared with the idea that consumer spending would increase. As it became evident that this was not the case, the budget was adjusted.
- ❖ \$35,000 reduction in telecom revenue. The State of Utah collects the tax and remits to the cities. This could be related to land line phones being dropped in lieu of cell phones, or lower rates for cell phone service.
- ❖ \$91,880 increase in franchise fees. Part of the can be attributed to a long and cool spring allowing for higher revenue from natural gas and electric companies.

- ❖ \$170,850 increase in intergovernmental revenue. A number of grants were received after the original budget was approved. This includes Weber County \$25,699, Internet Crimes Against Children \$8,000, Energy Efficiency Block Grant \$134,200, EMS per capita \$9,095, and the loss of the Interoperability grant of \$25,634.
- ❖ \$171,884 increase in charges for services. This includes \$130,000 increase in ambulance services, \$20,000 in recreation complex admissions, \$21,000 in parking tickets.
- ❖ \$149,100 decrease in fines. This includes \$26,200 increase in small claims, \$110,500 decrease in the county portion of fines, and \$64,800 decrease in city fines.
- ❖ \$11,679 increase in miscellaneous revenue. The City received a dividend from its workers compensation provider.
- ❖ \$14,550 increase in sales of fixed assets. Two older police motorcycles were declared surplus property and sold.
- ❖ \$15,930 increase in information technology expenditures to purchase Net Motion software for public safety departments.
- ❖ \$33,964 increase in justice court expenditures for wages and benefits.
- \$134,200 increase in public works expenditures for the Energy Efficiency Block Grant.
- ❖ \$22,150 increase in fire expenditures. This includes removing the Interoperability grant of \$25,634, modification to the station alert system of \$17,458, the AFG grant of \$18,000, unemployment taxes of \$7,000, and ambulance accounting software \$3,231.
- ❖ \$79,593 increase in police expenditures. Includes \$25,699 to purchase lapel cameras, \$42,008 to purchase two new motorcycles, \$8,000 for overtime from Internet Crimes Against Children grant, and \$1,130 for the DOC grant.
- ❖ \$31,872 decrease in public works administration expenditures. Restructure departments to remove Public Works Assistant Director and add Streets Superintendent and Water Superintendent.
- ❖ \$102,500 increase in Class C Road funds. Increase cost of 6000 South Canal project.
- ❖ \$18,228 increase in street department expenditures. Add Street Superintendent with public works reorganization.
- \$126,226 increase in transfers. Funds needed to complete the Hope Community Center capital project.

The items described above resulted in expenditures outweighing revenues in the general fund. Where possible, expenditures reductions were made to offset the lower revenues. Because income levels dropped throughout the fiscal year, sufficient cuts could not be made to cover all the revenue lost. For budget purposes the City drew from fund balance reserves to cover the revenue shortfall of \$230,932. During the year, actual expenditures were less than budgetary estimates, and revenues exceeded budget so fund balance reserves were not used for operations.

<u>Budget to actual.</u> At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Most revenue classifications exceeded budget. The most noteworthy franchise tax, exceeded expectations by \$47,480. Revenues related to payments in lieu, licenses and permits and charges for services also were higher. Sales tax revenue, telecom receipts, and intergovernmental revenue were lower than budgeted by \$27,304, \$30,510 and \$8,926, respectively. In total, general fund revenue exceeded budget by \$21,732 or .15%.

Overall expenditures were \$797,630 under budget. Because of the significant amount that revenue estimates had to be adjusted, departments were asked to hold down expenditures whenever possible. There was no reduction in employees except in the area of seasonal help. Where possible, fewer seasonal employees were hired. The public buildings department was under budget by \$135,467, mainly the result of construction under the Energy Efficient

Block grant not being completed by year end. Total expenditures in the Class C Road Fund were \$470,905 under budget. A longer, cooler spring held off maintenance and constructions projects normally done in May and June. Three departments including the justice court, fire, and public works administration were over budget. Savings in other departments allowed the City as a whole to be under budget.

Capital Assets and Debt Administration

<u>Capital assets</u>. Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$53,208,464 (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 1.99% (a .16% increase in governmental activities and a 6.11% increase in business-type activities).

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

Governmental activities:

- Construction of the Hope Community Center, \$125,849.
- **❖** Landscaping on Hinckley Drive extension, \$47,959.
- Repair recreation complex roof, \$10,716.
- ❖ DR&G rail project, \$11,634.
- ❖ 2011 Chevrolet Silverado 3500 with plow and dump bed, \$47,884.
- ❖ 2005 Dew 72LC mover, \$18,900.
- ❖ Net Motion server and software, \$19,986.
- Replace police laptops, \$13,400.
- Replace desktops, \$9,996.
- ❖ Police laptops, \$13,601.
- First in Alarming equipment, \$34,795.
- Power Pro ambulance cots (2), \$22,202.
- **❖** Kawasaki Mule 4x4, \$14,708.
- Grasshopper 729 mower, \$11,507.
- ❖ 2011 Kawasaki Concourse 14 motorcycle (2), \$42,008.

Business type activities:

- Culinary water line replacement, \$128,156.
- ❖ 4000 South reservoir and well, \$50,824.
- ❖ Hill Air Force Base well, reservoir, and control building, \$1,164,336.

Shared activities:

- Reconstruct 6000 South Canal, \$333,842.
- ❖ 2012 International 7600 with plow and sander, \$196,951.
- ❖ Infrastructure from developers through acceptance of new subdivision, \$2,552,190. Includes curb, gutter, sidewalks, streets, water lines, sewer lines, storm drains, and land drains.

Roy City Corporation's Capital Assets (Stated in Thousands of Dollars and Net of Depreciation)							
	Governmenta	al Activities	Business-typ	e Activities	To	tal	
	2011	2011 2010 2011 2010					
Land	\$ 3,172	\$ 3,172	\$ 9	\$ 17	\$ 3,181	\$ 3,189	
Buildings	11,690	8,119	9	9	11,699	8,128	
Improvements other than bldgs	31,780	30,553	29,410	28,115	61,190	58,668	
Machinery and equipment	4,157	4,039	832	839	4,989	4,878	
Automobiles and trucks	5,765	5,669	1,127	957	6,892	6,626	
Construction in progress	180	3,460	3,700	2,138	3,880	5,598	
Accumulated depreciation	(20,440)	(18,535)	(10,318)	(9,569)	(30,758)	(28,104)	
Total capital assets	\$36,304	\$36,477	\$24,769	\$22,506	\$61,073	\$58,983	

Additional information on Roy City Corporation's capital assets can be found in Note 4 on pages 66-67 of this report.

<u>Long-term debt</u>. 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 \$295,651. Lease payments are due semi-annually in August and February.

At the end of the fiscal 2010 year, the City's blended component unit, the Redevelopment Agency of Roy Utah (RDA), had total bonded debt outstanding of \$237,000. In April 2011, the RDA exercised its option to call for redemption prior to maturity the entire amount of bonds outstanding.

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, 2011 is \$740,000.

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, 2011, the balance due on the bonds is \$6,855,000. The City originally received an "Aaa" rating from Moody's Investors Service on the Series 2008 bonds. In May 2010, the rating was revised to "A1".

Roy City Corporation's Outstanding Debt (Stated in Thousands of Dollars)							
	Governmenta	Activities	Business-type	Activities	Tot	al	
	2011	2010	2011	2010	2011	2010	
Capital lease Revenue bonds Total	\$ 296 740 \$1,036	\$ 435 1,067 \$1,502	\$ - 6,855 \$6,855	\$ - 7,140 \$7,140	\$ 296 7,595 \$7,891	\$ 435 8,207 \$8,642	

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 \$43,786,000, which significantly exceeds Roy City Corporation's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water,

sewer and electrical projects thus resulting in a debt limit of 8% of total taxable value. The City's water and sewer utility is allowed an additional \$43,786,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 4 on pages 69-71 of this report.

Economic Factors and Next Year's Budget and Rates

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

The following assumptions were used to develop the FY 2012 budget:

- ❖ Economic activity in the region is adversely affected by the national economy. The housing market, credit market, and consumer confidence remain uncertain.
- ❖ The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 7.7%. This compares to the State's average unemployment rate of 7.4% and the Mountain West's average of 8.9%. The Mountain West average is a decline of .2% from the prior year, while the metropolitan and State averages increased .5% and .2%, respectively.
- Roy City is near "build out" for residential dwellings. Revenue from services is near peak and one-time fees from development will diminish.
- Opening of new businesses is minimal, but some expansion continues 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.
- ❖ Sales tax revenue is calculated by the State based on a number of factors including point of sale and population. Sales tax is estimated with near zero growth based on the uncertainty of the overall economy.
- The budget includes no increases in wages and benefits, although a tiered bonus is expected for employees. Energy costs are expected to increase along with the cost of maintaining aging equipment. Capital expenditure will remain low, but will include some rotation of old vehicles.
- Enterprise fund activity reflects minimal rate increases to cover vendor increases.

During the current fiscal year, the fund balance in the general fund increased by \$607,341 to \$5,257,569. Roy City has appropriated \$200,000 of the fund balance for spending in the 2012 fiscal year.

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, 2011

		Primary Government					
	Governmental	Business-type					
	Activities	Activities	Total				
ASSETS							
Current assets:							
Cash	\$ 6,891,747	\$ 3,468,183	\$ 10,359,930				
Restricted cash: Class "C" roads	1,573,261	-	1,573,261				
Cash with fiscal agent	-	1,135,904	1,135,904				
Investment in water stock	-	16,100	16,100				
Interactivity receivable	(84,708)	84,708	-				
Accounts receivable - net of							
allowance for doubtful accounts	3,065,092	1,082,883	4,147,975				
Inventory	1,797,564	254,422	2,051,986				
Prepaid items	46,659	227,933	274,592				
Total current assets	13,289,615	6,270,133	19,559,748				
Noncurrent assets:							
Deferred charges	-	131,846	131,846				
Internal balances	(550,000)	550,000	-				
Capital assets:							
Land	3,171,733	8,500	3,180,233				
Buildings	11,690,154	9,339	11,699,493				
Improvements other than buildings	31,780,269	29,409,879	61,190,148				
Machinery and equipment	4,157,599	831,530	4,989,129				
Automobiles and trucks	5,764,544	1,126,799	6,891,343				
Construction in progress	180,316	3,700,490	3,880,806				
Less accumulated depreciation	(20,440,360)	(10,317,583)	(30,757,943)				
Total capital assets net of							
accumulated depreciation	36,304,255	24,768,954	61,073,209				
Total noncurrent assets	35,754,255	25,450,800	61,205,055				
Total assets	\$ 49,043,870	\$ 31,720,933	\$ 80,764,803				

ROY CITY CORPORATION Statement of Net Assets, continued June 30, 2011

	Primary Government					
	G	Governmental Activities		Business-type Activities		Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$	576,158	\$	557,566	\$	1,133,724
Accrued wages		358,762		22,032		380,794
Unearned revenue		2,523,488		-		2,523,488
Interest payable		11,702		81,645		93,347
Current portion of long-term debt		400,885		302,970		703,855
Total current liabilities		3,870,995		964,213		4,835,208
Long-term liabilities:						
Long-term debt due in more than one year		2,124,260		6,622,326		8,746,586
Guarantee deposits		275,356		_		275,356
Total liabilities		6,270,611		7,586,539		13,857,150
NET ASSETS						
Invested in capital assets, net of related debt		35,268,604		17,939,860		53,208,464
Restricted for:						
Debt service		-		1,106,304		1,106,304
Class "C" roads		1,735,564		-		1,735,564
Unrestricted		5,769,091		5,088,230		10,857,321
Total net assets	\$	42,773,259	\$	24,134,394	\$	66,907,653

ROY CITY CORPORATION Statement of Activities For the Fiscal Year Ended June 30, 2011

			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary government:				
Governmental activities:	ф 2.2E0.4O/	ф 1 000 410	ф 25/00	
General government	\$ 3,258,496	\$ 1,033,410	\$ 25,698	
Public safety Public works	7,248,790 2,639,589	1,039,604 71,260	124,328 1,050,030	
Parks and recreation	2,414,439	1,006,255	1,030,030	
Interest and fiscal charges	50,897	-	-	
Total governmental activities	15,612,211	3,150,529	1,200,056	
Business-type activities:				
Water and sewer utility	4,119,750	4,855,245	-	
Storm sewer utility	368,083	362,951	-	
Solid waste utility	1,548,614	1,899,813		
Total business-type activities	6,036,447	7,118,009		
Total primary government	\$ 21,648,658	\$ 10,268,538	\$ 1,200,056	
	General revenues: Property taxes Sales tax Franchise taxes Payments in lieu of taxes Unrestricted investment earnings Other revenues not restricted to specific programs Transfers			
	Total general revenues and transfers			
	Changes in net assets			
	Net assets - beginn	ning		
	Net assets - ending	J		

	Net (Expense) Revenue and Changes in Net Assets					
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total			
\$ 213,912 30,274 1,238,027 77,000	\$ (1,985,476) (6,054,584) (280,272) (1,331,184) (50,897)	\$ - - - -	\$ (1,985,476) (6,054,584) (280,272) (1,331,184) (50,897)			
1,559,213	(9,702,413)		(9,702,413)			
753,788 560,375 - 1,314,163 \$ 2,873,376	- - - - (9,702,413)	1,489,283 555,243 351,199 2,395,725 2,395,725	1,489,283 555,243 351,199 2,395,725 (7,306,688)			
	2,891,912 3,794,992 2,807,345 338,287 59,190 68,559 707,152	- - - 10,512 - (707,152)	2,891,912 3,794,992 2,807,345 338,287 69,702 68,559			
	10,667,437	(696,640)	9,970,797			
	965,024	1,699,085	2,664,109			
	41,808,235	22,435,309	64,243,544			
	\$ 42,773,259	\$ 24,134,394	\$ 66,907,653			

ROY CITY CORPORATION Balance Sheet Governmental Funds June 30, 2011

		 Special evenue Fund edevelopment	Go	Other overnmental	C	Total Governmental
	 General	 Agency	Funds		Funds	
ASSETS						
Cash	\$ 4,684,371	\$ 910,144	\$	741,578	\$	6,336,093
Restricted cash:						
Class "C" roads	1,573,261	-		-		1,573,261
Accounts receivable, net	2,987,834	-		-		2,987,834
Inventory	92,565	1,704,999		-		1,797,564
Prepaid items	 45,133	-		-		45,133
Total assets	\$ 9,383,164	\$ 2,615,143	\$	741,578	\$	12,739,885
LIABILITIES						
Accounts payable	\$ 538,794	\$ -	\$	6,831	\$	545,625
Accrued wages payable	354,542	-		-		354,542
Deferred revenue	2,404,918	41,312		-		2,446,230
Guarantee deposits	275,356	-		-		275,356
Advance from other funds	 550,000	-		_		550,000
Total liabilities	\$ 4,123,610	\$ 41,312	\$	6,831	\$	4,171,753

ROY CITY CORPORATION Balance Sheet, continued Governmental Funds June 30, 2011

				Special evenue Fund	Other		Total	
		General		Redevelopment		overnmental Funds	Governmental Funds	
		General	_	Agency		rulius		ruiius
FUND BALANCES								
Nonspendable:								
Inventory	\$	25,815	\$	1,704,999	\$	-	\$	1,730,814
Prepaid items		44,235		-		-		44,235
Restricted for:								
Class C roads		1,735,564		-		-		1,735,564
Committed for:								
Debt service		1,035,651		-		-		1,035,651
Assigned to:								
Encumbrances		1,985		-		-		1,985
Public safety		1,381		-		77,167		78,548
Storm sewer improvements		-		-		235,004		235,004
Park improvements		-		-		272,991		272,991
Cemetery		-		-		149,585		149,585
Redevelopment		-		868,832		-		868,832
Unassigned		2,414,923		-		-		2,414,923
Total fund balances		5,259,554		2,573,831		734,747		8,568,132
Total liabilities and fund								
balances	\$	9,383,164	\$	2,615,143	\$	741,578		
Amounts reported for governmental Capital assets used in government								
not reported in the funds. Long-term liabilities, including bor								36,304,255
and therefore are not reported ir Internal service funds are used by and risk management to individu	the fund managen	ls. nent to charge t	he co	osts of informat	tion te	chnology		(2,536,847)
funds are included in governmen								437,719
Net assets of governmental activities							\$	42,773,259

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

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2011

		Special		
		Revenue Fund	Other	Total
		Redevelopment	Governmental	Governmental
	General	Agency	Funds	Funds
Revenues:				
Taxes	\$ 9,006,591	\$ 487,658	-	\$ 9,494,249
Payments in lieu of taxes	338,287	-	-	338,287
Licenses and permits	282,723	-	-	282,723
Intergovernmental	1,244,242	-	77,000	1,321,242
Charges for services	2,741,540	-	-	2,741,540
Impact fees	-	-	109,428	109,428
Fines and forfeitures	723,989	-	-	723,989
Investment earnings	52,774	4,929	1,487	59,190
Property rental	38,616	-	-	38,616
Management fee	116,685	-	-	116,685
Contributions and donations	200,000	-	-	200,000
Miscellaneous	22,732	-	7,211	29,943
Total revenues	14,768,179	492,587	195,126	15,455,892
Expenditures:				
Current:				
General government	3,063,502	152,120	-	3,215,622
Public safety	7,017,209	-	-	7,017,209
Public works	1,945,751	-	-	1,945,751
Parks and recreation	1,919,779	-	898	1,920,677
Debt service:				
Principal retirement	229,706	237,000	-	466,706
Interest and fiscal charges	48,231	7,008		55,239
Capital outlay	-	-	237,775	237,775
Total expenditures	14,224,178	396,128	238,673	14,858,979
Excess (deficiency) of revenues				
over (under) expenditures	\$ 544,001	\$ 96,459	\$ (43,547)	\$ 596,913

Statement of Revenues, Expenditures, and Changes in Fund Balances, continued Governmental Funds

For the Fiscal Year Ended June 30, 2011

		General	Special Revenue Funds Redevelopment Agency		Other Governmental Funds		Total Governmental Funds	
Excess (deficiency) of revenues over (under) expenditures	\$	544,001	\$	96,459	\$	(43,547)	\$	596,913
Other financing sources (uses): Sale of capital assets Transfers in Transfers out		24,549 - (212,340)		- - -		- 212,340 -		24,549 212,340 (212,340)
Total other financing sources (uses)		(187,791)		<u>-</u>		212,340		24,549
Net change in fund balances		356,210		96,459		168,793		621,462
Fund balances - beginning of year		4,903,344		2,477,372		565,954		7,946,670
Fund balances - end of year	\$!	5,259,554	\$	2,573,831	\$	734,747	\$	8,568,132

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, 2011

Amounts reported for governmental activities in the statement of activities (page 34-35) are different because:	
Net change in fund balances - total governmental funds (page 39)	\$ 621,462
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(1,357,343)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	1,186,625
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.	471,048
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.	(39,687)
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.	 82,919
Change in net assets of governmental activities	\$ 965,024

ROY CITY CORPORATION General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2011

	Budgeted	Amounts	Actual	Variance with Final Budget - Positive/(Negative)	
	Original	Final	Amounts		
Revenues:					
Taxes:					
Property	\$ 2,450,000	\$ 2,398,500	\$ 2,404,253	\$ 5,753	
Sales	3,972,296	3,822,296	3,794,992	(27,304)	
Telecom gross receipts	580,000	545,000	514,490	(30,510)	
Franchise	1,833,500	1,925,380	1,972,860	47,480	
Paramedic	320,000	320,000	319,996	(4)	
Payments in lieu of taxes	330,000	330,000	338,287	8,287	
Licenses and permits	286,800	274,700	282,723	8,023	
Intergovernmental	1,082,318	1,253,168	1,244,242	(8,926)	
Charges for services	2,561,319	2,733,203	2,741,540	8,337	
Fines and forfeitures	870,000	720,900	723,989	3,089	
Investment earnings	51,000	51,000	52,774	1,774	
Property rental	39,000	34,500	38,616	4,116	
Management fee	116,685	116,685	116,685	-	
Contributions and donations	200,000	200,000	200,000	-	
Miscellaneous	9,435	21,115	22,732	1,617	
Total revenues	14,702,353	14,746,447	14,768,179	21,732	
Expenditures:					
General government:					
Legislative	423,111	423,111	413,067	10,044	
Legal	218,122	218,122	216,656	1,466	
Community & economic development	482,983	482,983	476,703	6,280	
Information technology	223,136	239,066	239,066	-	
Justice court	290,183	324,147	324,535	(388)	
Management services	551,489	552,489	532,806	19,683	
Public buildings	601,291	735,491	600,024	135,467	
Risk management	260,645	260,645	260,645	-	
	3,050,960	3,236,054	3,063,502	172,552	
Public safety:					
Animal control	165,605	161,305	142,830	18,475	
Fire	2,932,835	2,954,985	2,981,677	(26,692)	
Police	3,855,800	3,935,393	3,861,439	73,954	
	6,954,240	7,051,683	6,985,946	65,737	

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, 2011

	Budgeted	Amounts	Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive/(Negative)
Public works:				
Administration	418,566	386,694	395,531	(8,837)
Class "C" roads	962,000	1,064,500	593,595	470,905
Fleet services	197,903	197,903	196,009	1,894
Streets	557,864	576,092	539,589	36,503
	2,136,333	2,225,189	1,724,724	500,465
Parks and recreation:				
Aquatic center	424,146	424,146	410,912	13,234
Parks and recreation	956,582	958,086	916,016	42,070
Recreation complex	597,332	597,332	594,011	3,321
	1,978,060	1,979,564	1,920,939	58,625
Debt service:				
Principal	229,706	229,706	229,706	-
Interest and fiscal charges	48,482	48,482	48,231	251
	278,188	278,188	277,937	251
Total expenditures	14,397,781	14,770,678	13,973,048	797,630
Excess of revenues over				
expenditures	304,572	(24,231)	795,131	819,362
Other financing sources (uses):				
Sale of capital assets	10,000	24,550	24,550	-
Transfers out	(105,025)	(231,251)	(212,340)	18,911
Total other financing sources (uses)	(95,025)	(206,701)	(187,790)	18,911
Net change in fund balance	209,547	(230,932)	607,341	838,273
Fund balance - beginning of year	4,734,636	3,701,357	4,650,228	948,871
Fund balance - end of year	\$ 4,944,183	\$ 3,470,425	\$ 5,257,569	\$ 1,787,144

Redevelopment Agency - Special Revenue Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2011

	District	A	A -4l	Variance with Final Budget -
	Original	Amounts Final	Actual Amounts	Positive (Negative)
Revenues:	Original	- Tillul	Amounts	(regulive)
Property tax	\$ 475,000	\$ 475,000	\$ 487,658	\$ 12,658
Investment earnings	4,000	4,000	4,929	929
Total revenues	479,000	479,000	492,587	13,587
Expenditures:				
General government	1,045,255	1,045,255	152,120	893,135
Debt service:				
Principal retirement	237,000	237,000	237,000	-
Interest and fiscal charges	7,050	7,050	7,008	42
Capital outlay				
Total expenditures	1,289,305	1,289,305	396,128	893,177
Net change in fund balance	(810,305)	(810,305)	96,459	906,764
Fund balance - beginning of year	1,903,519	1,903,519	2,477,372	(573,853)
Fund balance - end of year	\$ 1,093,214	\$ 1,093,214	\$ 2,573,831	\$ 332,911

ROY CITY CORPORATION Statement of Net Assets Proprietary Funds June 30, 2011

	В	Governmental Activities -			
	Water & Sewer	Storm Sewer	Solid Waste	Solid Waste	
	Utility Fund	Utility Fund	Utility Fund	Total	Service Funds
ASSETS					
Current assets:					
Cash	\$ 1,558,805	\$ 669,839	\$ 1,239,539	\$ 3,468,183	\$ 555,654
Cash with fiscal agent	1,135,904	-	-	1,135,904	-
Investment in water stock	16,100	-	-	16,100	-
Accounts receivable - net of					
allowance for doubtful accounts	709,445	51,787	321,651	1,082,883	-
Inventory	226,965	27,195	262	254,422	-
Prepaid items	226,268	340	1,325	227,933	1,526
Total current assets	3,873,487	749,161	1,562,777	6,185,425	557,180
Noncurrent assets:					
Deferred charges	131,846	-	-	131,846	-
Advance to other fund	550,000	-	-	550,000	-
Capital assets:					
Land	8,500	-	-	8,500	-
Buildings	9,339	-	-	9,339	-
Improvements other than buildings	26,854,997	2,554,882	-	29,409,879	-
Machinery and equipment	696,059	90,135	471,385	1,257,579	684,778
Automobiles and trucks	700,750	-	-	700,750	-
Construction in progress	3,655,858	44,632	-	3,700,490	-
Less accumulated depreciation	(9,744,079)	(316,463)	(257,041)	(10,317,583)	(509,844)
Total capital assets net of					
accumulated depreciation	22,181,424	2,373,186	214,344	24,768,954	174,934
Total noncurrent assets	22,863,270	2,373,186	214,344	25,450,800	174,934
Total assets	26,736,757	3,122,347	1,777,121	31,636,225	732,114

ROY CITY CORPORATION Statement of Net Assets, continued Proprietary Funds June 30, 2011

	Bu	siness-type Activitie	es - Enterprise Fund	ds	Governmental Activities -
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	426,356	3,471	127,739	557,566	30,533
Accrued wages	17,400	4,026	606	22,032	4,220
Compensated absences	5,560	2,038	-	7,598	1,362
Recaptured losses	-	-	-	-	52,651
Interest payable	81,645	-	-	81,645	-
Revenue bonds payable	295,372			295,372	
Total current liabilities	826,333	9,535	128,345	964,213	88,766
Long-term liabilities, less current portion:					
Compensated absences	42,109	16,895	-	59,004	1,268
Recaptured losses	-	-	-	-	144,895
Revenue bonds payable	6,563,322	-	-	6,563,322	-
Total liabilities	7,431,764	26,430	128,345	7,586,539	234,929
NET ASSETS					
Invested in capital assets, net of					
related debt	15,352,330	2,373,186	214,344	17,939,860	174,934
Restricted for debt service	1,106,304	-	-	1,106,304	-
Unrestricted	2,846,359	722,731	1,434,432	5,003,522	322,251
Total net assets	\$ 19,304,993	\$ 3,095,917	\$ 1,648,776	24,049,686	\$ 497,185
Adjustment to reflect the consolic related to enterprise funds	dation of internal serv	vice fund activities		84,708	
Net assets of business-type activi	ties			\$ 24,134,394	

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2011

	Ви		Governmental Activities -		
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 3,810,202	\$ 362,951	\$ 1,899,813	\$ 6,072,966	\$ 667,199
Other fees	890,064	-	-	890,064	-
Other income	154,979			154,979	6,694
Total operating revenue	4,855,245	362,951	1,899,813	7,118,009	673,893
Operating expenses:					
Personnel services	1,181,778	185,739	113,829	1,481,346	146,686
Contractual services	2,079,903	48,132	1,355,938	3,483,973	258,447
Materials and supplies	385,722	80,214	25,365	491,301	33,690
Other general costs of services	204,705	3,187	22,026	229,918	60,750
Depreciation	670,783	50,811	34,967	756,561	65,609
Total operating expenses	4,522,891	368,083	1,552,125	6,443,099	565,182
Operating income	332,354	(5,132)	347,688	674,910	108,711
Non-operating revenues/(expenses):					
Interest income	10,512	-	-	10,512	-
Interest expense	(287,487)	-	-	(287,487)	-
Gain/(loss) on sale of capital assets	(31,613)	-	-	(31,613)	(2,571)
Bond issuance costs	(15,337)			(15,337)	
Total non-operating revenues/(expenses)	(323,925)			(323,925)	(2,571)
Income (loss) before contributions	8,429	(5,132)	347,688	350,985	106,140
Contribution from developers	753,788	560,375		1,314,163	
Changes in net assets	762,217	555,243	347,688	1,665,148	106,140

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	Ві	usiness-type Activitie	s - Enterprise Funds		Governmental Activities -
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Funds
Changes in net assets	762,217	555,243	347,688	1,665,148	106,140
Total net assets - beginning	18,542,776	2,540,674	1,301,088		391,045
Total net assets - ending	\$ 19,304,993	\$ 3,095,917	\$ 1,648,776		\$ 497,185
Adjustment to reflect the consolidation related to enterprise funds	n of internal service fur	nd activities		33,937	
Change in net assets of business-type	activities			\$ 1,699,085	

ROY CITY CORPORATION Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2011

	Bu	siness-type Activition	es - Enterprise Fund	ds	Governmental Activities -
	Water & Sewer			Solid Waste	
	Utility Fund	Utility Fund	Utility Fund	Total	Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 4,659,845	\$ 361,663	\$ 1,894,457	\$ 6,915,965	\$ -
Cash received from interfund activities	9,864	-	-	9,864	667,199
Other income	154,979	-	-	154,979	6,694
Payments to suppliers	(2,414,504)	(123,259)	(1,387,498)	(3,925,261)	(404,420)
Payments to employees	(1,171,291)	(185,076)	(113,821)	(1,470,188)	(146,639)
Payments for interfund services	(154,463)		(13,025)	(167,488)	_
Net cash provided by operating activities	1,084,430	53,328	380,113	1,517,871	122,834
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,569,388)	(354)	(175,300)	(1,745,042)	(74,784)
Principal paid on bond	(285,000)	-	-	(285,000)	-
Interest paid on bond	(291,120)	-	-	(291,120)	-
Fiscal agent fees paid	(1,500)			(1,500)	
Net cash used in capital and related financing					
activities	(2,147,008)	(354)	(175,300)	(2,322,662)	(74,784)
Cash flows from investing activities:					
Interest received	10,512			10,512	-
Net cash provided by investing activities	10,512			10,512	
Net increase (decrease) in cash	(1,052,066)	52,974	204,813	(794,279)	48,050
Cash - beginning of year	3,746,775	616,865	1,034,726	5,398,366	507,604
Cash - end of year	\$ 2,694,709	\$ 669,839	\$ 1,239,539	\$ 4,604,087	\$ 555,654

ROY CITY CORPORATION Statement of Cash Flows, continued Proprietary Funds For the Fiscal Year Ended June 30, 2011

		Bu	sines	s-type Activitie	es - E	nterprise Fund	ds			overnmental Activities -
	Water & Sewer		Storm Sewer		Solid Waste				Internal	
		tility Fund		tility Fund		Itility Fund		Total	Se	rvice Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:										
Operating income (loss)	\$	332,354	\$	(5,132)	\$	347,688	\$	674,910	\$	108,711
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:										
Depreciation		670,783		50,811		34,967		756,561		65,609
(Increase) decrease in accounts receivable Increase (decrease) in allowance for		(14,039)		(298)		884 -		(13,453)		-
uncollectible accounts		5,411		353		2,105		7,869		-
(Increase) decrease in inventory		13,362		7,240		530		21,132		-
(Increase) decrease in prepaid items		(264)		(55)		(97)		(416)		241
Increase (decrease) in accounts payable		66,337		(254)		(5,972)		60,111		10,252
Increase (decrease) in accrued wages		541		218		8		767		281
Increase (decrease) in compensated absences		9,945		445		-		10,390		(234)
Increase (decrease) in recaptured losses		-		-						(62,026)
Total adjustments		752,076		58,460		32,425		842,961		14,123
Net cash provided by operating activities	\$	1,084,430	\$	53,328	\$	380,113	\$	1,517,871	\$	122,834
Non-cash capital and related financing activities:										
Contribution of capital assets by developers	\$	753,788	\$	560,375					\$	-
Purchase of equipment on account		93,350								13,992
Total non-cash capital and related financing activities	\$	847,138	\$	560,375					\$	13,992

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NOTES TO THE FINANCIAL STATEMENTS

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.

<u>Blended Component Unit</u>. 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.

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 and proprietary funds. 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.

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 *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.

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

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

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

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits, and Investments

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

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

Restricted Assets

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are also recorded as expenditures when consumed rather than when purchased.

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.

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.

Capital Assets

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

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

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

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

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 (24 hour shift) accumulate 6.25 days per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual leave or a contribution to a City sponsored retirement plan. The incentive is paid annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of service and accumulated sick leave hours.

Long-term Obligations

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

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

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

Categories and Classification of Fund Balances

The City has implemented GASB 54 which establishes components for fund balance classifications based

primarily on the extent to which a government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are non-spendable, restricted, committed, assigned, and unassigned.

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

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

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

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

Unassigned fund balance includes all amounts not contained in the previous four classifications. All funds in the category are considered spendable resources. This category provided the resources necessary to meet unexpected expenditures or revenue shortfalls.

See Note 5 for further details of the various fund balance classifications.

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	\$56,744,615
Accumulated depreciation	(20,440,360)
Total difference	\$36,304,255

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, 2011 were:

Bonds payable	\$751,702
Capital lease financing	295,651
URMMA recaptured losses	197,546
Compensated absences	1,291,948
Total difference	\$2,536,847

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, 2011 include:

Cash	\$555,654
Prepaid items	1,526
Accounts payable	(30,533)
Accrued wages payable	(4,220)
Interactivity payable	(84,708)
Total difference	\$437,719

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	\$ 600,895
Depreciation expense	(1,958,238)
Total difference	(\$1,357,343)

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$270,886 increase to net assets is as follows:

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

(\$ 51,402)

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

1,238,027

Total difference \$1,186,625

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 \$471,048 difference is as follows:

Principal repayments:	
General obligation debt	(\$327,000)
Accrued interest payable	(4,342)
Capital lease	(139,706)
Total difference	(\$471,048)

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 an increase of \$39,687.

Another element of the reconciliation is the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. The net revenue of the activities of internal service funds should be reported with governmental activities. The detail of the \$82,919 difference is as follows:

Change in net assets of the internal service funds	\$106,140
Add: Capital outlay shown as expenditure	10,716
Less: Profit from charges to business-type activities	(33,937)
Total difference	\$ 82,919

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, 2011, there was \$499,711 in transfers requiring elimination.

<u>Explanation of Differences between Proprietary Fund Statement of Net Assets and the Government-wide</u> Statement of Net Assets

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

Interactivity receivable representing charges in excess of cost to business-type activities – prior years	\$50,771
Interactivity receivable representing charges in excess of cost to business-type activities – current year	33,937
Total difference	\$84,708

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 22nd, the budget is legally adopted by resolution for the following fiscal year which begins on July 1st. If a property tax increase is proposed, the City shall not adopt its final budget until a public hearing has been held. The latest possible date for adoption of a budget with a property tax increase is August 17th. All annual appropriations lapse at fiscal year end.

Budgets are prepared by fund, function, and department. The 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 an increase in the general fund of \$289,576; increase in the capital projects fund of \$126,226; decrease in the water and sewer utility of \$2,217; decrease in the storm water utility of \$8,391; increase in the storm water development fund of \$8,000; and increase in the information technology fund of \$5,310.

The increase in the general fund was attributed to new grants, construction projects, personnel changes, and lower revenue. Adjustments to the budget were made in various categories including personnel for \$2,342; operations and maintenance for \$153,709; purchase and construction of capital assets of \$200,916; and transfers to other funds for (\$67,391). In the general fund, revenue shortfalls exceeded the increase in appropriations. Available fund balance reserves of \$230,932 were used to make up the difference.

The change in the capital projects fund was for construction of the Hope Community Center and was funded by a transfer from the general fund.

The decrease in the water and sewer utility and storm sewer utility related to changes in staffing. The savings were used to offset amounts previously budgeted from retained earnings. The increase to the information technology fund was for public safety capital and was funded by a transfer from the general fund. The increase in storm sewer development expenditures was for the construction of infrastructure and was covered by increased revenues.

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

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.

Budget/GAAP Reconciliation

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

	General Fund
Net change in fund balance (budget) Beginning encumbrances Ending encumbrances	\$607,341 (253,116) 1,985
Net change in fund balance (GAAP)	\$356,210
Fund balance (budget) Ending encumbrances Fund balance (GAAP)	\$5,257,569 1,985 \$5,259,554
i dila balance (Or ir ii)	Ψ5,257,554

Tax Revenue

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

Sales taxes and telecom gross receipts taxes are collected by the Utah State Tax Commission and remitted to the City monthly. Franchise taxes are charged to various utility companies doing business within the City including cable television, natural gas, and electric companies. The fees are remitted on a monthly or quarterly basis and an accrual has been made for all fees due and payable to the City at June 30th.

Excess of Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the Justice Court, Fire Department, and Public Works Administration Department (the legal level of budgetary control) of the general fund by \$388, \$26,692, and \$8,837, respectively. The overages were funded by available and appropriable revenues received in excess of budget expectations.

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, 2011, the City and the Redevelopment Agency had \$10,657,302 and \$899,513, respectively, invested directly with the PTIF. Amounts invested with the PTIF are reported at cost which does not materially differ from fair value.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be covered. The City's policy for managing credit risk for deposits is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2011, \$200,303 of the City's bank balance of \$700,977 was uninsured and uncollateralized. For the Redevelopment Agency, all of its \$10,631 was insured within FDIC limits.

Receivables

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

	General Fund	Water and Sewer Utility Enterprise Fund	Storm Sewer Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total
Taxes	\$2,178,073	\$ -	\$ -	\$ -	\$2,178,073
Ambulance	1,346,135	-	-	-	1,346,135
Utilities	-	762,844	55,685	345,861	1,164,390
Special assessments	18,347	-	-	-	18,347
Intergovernmental	274,757	-	-	-	274,757
Other	165,381	-	-	-	165,381
Gross receivables	3,982,693	762,844	55,685	345,861	5,147,083
Less: allowance for					
uncollectible accounts	(994,859)	(53,399)	(3,898)	(24,210)	(1,076,366)
Net total receivables	\$2,987,834	\$709,445	\$51,787	\$321,651	\$4,070,717

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

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

	Unavailable	Unearned
Property taxes levied not yet due	\$2,178,073	\$2,178,073
Property taxes received not yet due	-	204,845
Special assessment levied	800	800
	\$2,178,873	\$2,383,718

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2011, is as follows:

Advances to/from other

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise	General	\$550,000

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

Inter-fund transfers:

Transfer In	Transfer Out	Amount
Capital improvements plan – capital		
projects fund	General	\$107,315
Fire & Rescue facilities and equipment –		
capital projects fund	General	33,500
Parks and recreational facilities		
improvements – capital projects fund	General	71,525
General fund	Water and sewer utility fund	552,700
General fund	Storm water utility fund	61,392
General fund	Solid waste utility fund	93,060
Water and sewer utility fund	Solid waste utility fund	9,864
		\$929,356

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

Capital Assets

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

Governmental activities:	
General government	\$ 232,371
Public safety	408,795
Public works, including depreciation of general infrastructure assets	870,722
Parks and recreation	511,957
Total depreciation expense – governmental activities	\$2,023,845
Business-type activities:	
Water and sewer utility enterprise	\$670,783
Storm water utility enterprise	50,811
Solid waste utility enterprise	34,967
Total depreciation expense – business-type activities	\$756,561

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$3,171,733	\$ -	\$ -	\$3,171,733
Construction in progress	3,459,962	188,594	(3,468,240)	180,316
Total capital assets not being depreciated	6,631,695	188,594	(3,468,240)	\$3,352,049
Capital assets being depreciated:				
Buildings	8,118,658	3,573,058	(1,562)	11,690,154
Improvements other than buildings	30,553,183	1,947,650	(720,564)	31,780,269
Machinery and equipment	4,021,138	239,386	(102,925)	4,157,599
Automobiles and trucks	5,687,614	161,122	(84,192)	5,764,544
Total capital assets being depreciated	48,380,593	5,921,216	(909,243)	53,392,566
Less accumulated depreciation for:				
Buildings	(3,246,463)	(192,308)	1,562	(3,437,209)
Improvements other than buildings	(8,442,624)	(1,057,843)	13,528	(9,486,939)
Machinery and equipment	(2,823,315)	(324,161)	63,581	(3,083,895)
Automobiles and trucks	(4,022,698)	(449,533)	39,914	(4,432,317)
Total accumulated depreciation	(18,535,100)	(2,023,845)	118,585	(20,440,360)
Total capital assets being depreciated, net	29,845,493	3,897,371	(790,658)	32,952,206
Governmental activities capital assets, net	\$36,477,188	\$4,085,965	(\$4,258,898)	\$36,304,255

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
· ·				<u> </u>
Capital assets not being depreciated:		_	(+ 0 0 (=)	
Land	\$ 17,365	\$ -	(\$ 8,865)	\$ 8,500
Construction in progress	2,137,379	1,563,111	-	3,700,490
Total capital assets not being depreciated	2,154,744	1,563,111	(8,865)	3,708,990
Capital assets being depreciated:				
Buildings	9,339	-	-	9,339
Improvements other than buildings	28,115,248	1,325,873	(31,242)	29,409,879
Machinery and equipment	839,100	4,140	(11,710)	831,530
Automobiles and trucks	956,799	170,000	-	1,126,799
Total capital assets being depreciated	29,920,486	1,500,013	(42,952)	31,377,547
Less accumulated depreciation for:				
Buildings	(2,124)	(235)	-	(2,359)
Improvements other than buildings	(8,234,951)	(586,409)	8,494	(8,812,866)
Machinery and equipment	(554,908)	(79,738)	-	(634,646)
Automobiles and trucks	(777,533)	(90,179)	-	(867,712)
Total accumulated depreciation	(9,569,516)	(756,561)	8,494	(10,317,583)
Total capital assets being depreciated, net	20,350,970	743,452	(34,458)	21,059,964
Business-type activities capital assets, net	\$22,505,714	\$2,306,563	(\$43,323)	\$24,768,954

Construction Commitments

The City has active construction projects as of June 30, 2011. The projects include infrastructure construction, improvements, and maintenance. At year-end the City's commitments with contractors are as follows:

Pr		

Hill Air Force Base Reservoir	\$332,339
Hill Air Force Base Well House	30,401
Street Maintenance Projects	397,011
Municipal Center HVAC upgrade	100,000
Total	\$859,751

Capital Lease

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

Asset:

Pierce 105' Heavy Duty Aerial Truck	\$630,661
Pierce 1500 GPM Enforcer Pumper Truck	312,901
	943,562
Less: accumulated depreciation	(365,685)
Total	\$577,877

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year ending June 30	Interest	Principal	Total Lease Payments
2012 2013	\$9,844 4,294	\$145,051 150,600	\$154,895 154,894
Total minimum lease payments Less: amount representing interest			309,789 (14,138)
Present value of future minimum lease payments			\$295,651

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. 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.

Principal payments are due annually in October. The Series 2007 bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount and accrued interest to the redemption date. Interest on the bonds is 4.05% with payments due semi-annually in April and October.

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

Year ending June 30	Interest	Principal and Mandatory Sinking Fund Redemption Amount	Total Debt Service	Mandatory Sinking Fund Redemption Date (October 1)
2012	\$ 28,067	\$ 94,000	\$122,067	2011
2013	24,199	97,000	121,199	2012
2014	20,189	101,000	121,189	2013
2015	16,018	105,000	121,018	2014
2016	11,664	110,000	121,664	2015
2017	7,128	114,000	121,128	2016
2018	2,410	119,000	121,410	2017
	\$109,675	\$740,000	\$849,675	

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, carry interest at a variable rate, and mature on April 1, 2017. The interest rate on the bonds was originally set at 5.5% and provided for the interest rate to be adjusted to 95%

Notes to the Financial Statements, Continued June 30, 2011

of the equivalent yield of the United States Treasury Bonds beginning in April 2003 and every fifth year thereafter. On April 1, 2008, the interest rate was adjusted to 2.43% through April 1, 2012.

The Series 1997 refunding bonds are callable for redemption, in whole or in part, prior to maturity. On April 1, 2011, the Redevelopment Agency exercised its option to early retire all of the bonded debt and remitted \$242,759 to the trustee for principal and interest.

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.

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
2012	\$ 280,365	\$ 295,000	\$ 575,365
2013	269,302	300,000	569,302
2014	258,052	315,000	573,052
2015	246,240	325,000	571,240
2016	233,240	340,000	573,240
2017-2021	952,000	1,905,000	2,857,000
2022-2026	533,057	2,310,000	2,843,057
2027-2028	70,035	1,065,000	1,135,035
	\$2,842,291	\$6,855,000	\$9,697,291

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.

The Series 2008 bonds maturing on March 15, 2028 are subject to mandatory sinking fund redemption. The redemption price is 100% of the principal amount and accrued interest to the redemption date. The principal amounts and dates due are \$520,000 due March 15, 2027, and \$545,000 due March 15, 2028.

Changes in Long-term Debt

Notes to the Financial Statements, Continued June 30, 2011

During the year ended June 30, 2011, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	\$ 435,357	\$ -	(\$ 139,706)	\$ 295,651	\$145,051
Bonds payable	1,067,000	-	(327,000)	740,000	94,000
Recaptured losses	259,573	24,034	(86,061)	197,546	52,651
Compensated absences	1,252,495	760,779	(721,326)	1,291,948	109,183
Governmental activity					
Long-term liabilities	\$3,014,425	\$784,813	(\$1,274,093)	\$2,525,145	\$400,885
Business-type activities:					
Bonds payable	\$7,144,082	\$ -	(\$285,388)	\$6,858,694	\$295,372
Compensated absences	56,212	53,332	(42,942)	66,602	7,598
Business-type activity Long-term liabilities	\$7,200,294	\$53,332	(\$328,330)	\$6,925,296	\$302,970
Long-term nabilities	\$7,200,274	ψυ 3, 332	(\$520,550)	ψ 0 ,7∠3,∠70	∌ 50∠,7/0

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, \$197,546 of internal service funds recaptured losses and \$2,630 of compensated absences is included in the above amounts and will be liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

5. Other Information

Fund Balances

The City is required to restrict part of its fund balance to account for the extent to which it is bound to honor constraints on the specific purpose of funds. The non-spendable and restricted balances are presented in the statement of net assets and the balance sheet of governmental fund and consist of inventory, prepaid items, and Class C Road funds.

Fund balances that are not restricted are categorized as committed, assigned, or unassigned. It is the City Council's intent to commit an amount equal to the unpaid portion of general obligation debt. At June 30, 2011, committed fund balance includes:

	General Fund
Debt service:	
Capital lease	\$ 295,651
Series 2007 sales tax revenue bonds	740,000
Total designated fund balance	\$1,035,651

The Management Services Director has been delegated the authority to assign amounts, which are neither restricted nor committed, to be used for specific purposes. At June 30, 2011 the City had assigned fund balance as follows:

	General Fund	Capital Projects Fund		•	Park Development Fund		Storm Sewer Development Fund		Cemetery Fund)A
Governmental											
activities:											
Encumbrances	\$1,985	\$	-	\$	-	\$	-	\$	-	\$	-
Traffic school	538		-		-		-		-		-
Police forfeitures	843		-		-		-		-		-
Recreational facilities	-	204,1	65	68,	826		-		-		-
Fire apparatus	-	77,1	67		-		-		-		-
Storm sewer	-		-		-	235	,004		-		-
Cemetery	-		-		-		-	149	,585		-
Redevelopment	-		-		-		-		-	868	,832
	\$3,366	\$281,3	32	\$68,	826	\$235	,004	\$149	,585	\$868	,832

- Encumbrances represent purchase commitments which were not completed by year end.
- ❖ *Traffic school* represents residual funds acquired from traffic school and set aside for police equipment purchases.
- ❖ *Police forfeitures* represent residual funds acquired from the sale of police evidence and set aside for police purchases.
- Recreational facilities are funds set aside for improvements to or construction of parks and recreational facilities. Assignments under the capital project fund are annual transfers from the general fund. Park development funds are acquired from a fee charged on building permits.
- Fire apparatus are funds set aside for the purchase of fire trucks and ambulances and acquired through a transfer from the general fund.
- ❖ Storm sewer is funds set aside to improve or construct storm sewer infrastructure. Storm sewer development funds are acquired from a fee charged on building permits.
- Cemetery is funds set aside to expand the City cemetery and acquired through the sale of cemetery plots.
- * Redevelopment is property tax assessments acquired by the Redevelopment Agency for redevelopment of specific areas of the City.

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

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

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). The seven members are appointed by the Governor and include the State Treasurer. Authority to establish and amend the plans provisions and contribution requirement lies with the Utah State Legislature. 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 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 2010-2011, 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 9.36% of the employee's annual covered salary. In the Local Governmental Non-contributory Retirement System, the City is required to contribute 13.37% of the employee's annual covered salary. In the Public Safety Retirement System Non-contributory Division, the City is required to contribute 28.82% of the employee's annual salary. In the Firefighters Retirement System for employers with social security coverage, plan members are required to contribute 16.77% of their annual covered salary, 1.23% of which is paid by the employee and 13.82% 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, 2011, 2010, and 2009 were \$10,008, \$9,189, and \$8,981, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2011, 2010, and 2009 were \$402,630, \$357,753, and \$371,208, respectively. City contributions for the Public Safety Non-contributory Retirement System for June 30,

2011, 2010, and 2009 were \$506,967, \$446,259, and \$442,684, respectively, and for the Firefighters Retirement System the contributions for June 30, 2011, 2010, and 2009, were \$191,582, \$175,947, and \$175,440, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

<u>Deferred Compensation Plan</u>

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 20.64%. 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.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$8,179,867 and eligible payroll under this plan was \$6,097,059 for the same period. At June 30, 2011 total plan assets were \$5,470,235. Total contribution requirements were \$181,725, or 2.98% 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 \$116,685 for FY 2011. Financial information relating to the project areas for the fiscal year ending June 30, 2011 is as follows:

	Project Area #2	Project Area #3	Project Area #4
Tax increment collected	\$331,885	\$ 55,773	\$100,000
Debt principal retired	-	237,000	-
Amount expended for: Administrative costs Interest	123,812 -	1,250 5,759	13,308

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 interfund 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, 2011 and 2010, 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, 2011, 2010, and 2009, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. Net assets of the fund are intended for funding future losses and totaled \$70,215 at June 30, 2011.

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, 2011, 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.

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Non-major Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

Capital Improvement Plan – This fund is used to account for the purchase, expansion, or construction of major capital facilities.

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, 2011

	Special Revenue Funds								
	St	torm Sewer	Park						
	D	evelopment	De	velopment	Cemetery			Total	
ASSETS									
Cash	\$	235,004	\$	75,657	\$	149,585	\$	460,246	
Total assets	\$	235,004	\$	75,657	\$	149,585	\$	460,246	
LIABILITIES									
Accounts payable	\$	-	\$	6,831	\$	-	\$	6,831	
Total liabilities				6,831				6,831	
FUND BALANCES									
Unrestricted, unassigned		235,004		68,826		149,585		453,415	
Total fund balances		235,004		68,826		149,585		453,415	
Total liabilities and fund balances	\$	235,004	\$	75,657	\$	149,585	\$	460,246	

		(Total							
	Fac	e & Rescue cilities and quipment		ecreational Facilities provements		Total		Non-Major Governmental Funds			
_	\$	77,167	\$	204,165	\$	281,332	\$	741,578			
-	\$	77,167	\$	204,165	\$	281,332	\$	741,578			
-	\$		\$		\$		\$	6,831			
-	Ψ	-	Ψ	<u>-</u>	Ψ		Ψ	6,831			
-											
_	\$	77,167	\$	204,165	\$	281,332	\$	734,747			
_		77,167		204,165		281,332		734,747			
_	\$	77,167	\$	204,165	\$	281,332	\$	741,578			

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the Fiscal Year Ended June 30, 2011

			Special Rev	enue l	- unds	
	orm Sewer evelopment	De	Park evelopment	Cemetery		Total
Revenues:	•		·			
Impact fees	\$ 65,428	\$	44,000	\$	-	\$ 109,428
Intergovernmental	-		77,000		-	77,000
Investment earnings	1,044		443		-	1,487
Miscellaneous	 				7,211	 7,211
Total revenues	 66,472		121,443		7,211	 195,126
Expenditures:						
Professional fees	_		898		-	898
Capital outlay	23,582		88,344		-	 111,926
Total expenditures	 23,582		89,242		_	112,824
Excess (deficiency) of revenues						
over (under) expenditures	 42,890		32,201		7,211	 82,302
Other financing sources:						
Transfers in	 				-	
Total other financing sources	 -		-		-	
Net change in fund balance	42,890		32,201		7,211	82,302
Fund balance - beginning of year	192,114		36,625		142,374	371,113
Fund balance - end of year	\$ 235,004	\$	68,826	\$	149,585	\$ 453,415

		Ca	pital Proj	ects Fu	unds			Total
lm	Capital provement Plan	Fire & Rescue Facilities and Equipment			ecreational Facilities provements		Total	lon-Major overnmental Funds
\$	- - - -	\$	- - - -	\$	- - - -	\$	- - - -	\$ 109,428 77,000 1,487 7,211
			-		-			195,126
	125,849 125,849		- - -		- - -		125,849 125,849	898 237,775 238,673
	(125,849)		-				(125,849)	(43,547)
	107,315 107,315 (18,534) 18,534	3	3,500 3,500 3,500 3,667	_	71,525 71,525 71,525 132,640	_	212,340 212,340 86,491 194,841	212,340 212,340 168,793 565,954
	10,334		_				174,041	
\$	_	\$ 7	7,167	\$	204,165	\$	281,332	\$ 734,747

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, 2011

	Budgeted Amounts Actual							
	Original		Final		Amounts		(Negative)	
Revenues:								
Impact fees	\$ 35,000	\$	43,000	\$	65,428	\$	22,428	
Investment earnings	 1,000		1,000		1,045		45	
Total revenues	 36,000		44,000		66,473		22,473	
Expenditures:								
Capital outlay	 _		25,000		23,583		1,417	
Total expenditures	 -		25,000		23,583		1,417	
Excess of revenues over								
expenditures	36,000		19,000		42,890		23,890	
Fund balance - beginning of year	 192,114		192,114		192,114		-	
Fund balance - end of year	\$ 228,114	\$	211,114	\$	235,004	\$	23,890	

Park Development - Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2011

	Pudgatas	A Amoun	to		Actual	Fin	riance with al Budget - Positive
	 Original	Amoun	Amounts Final		Actual		Negative)
Revenues:	 						
Impact fees	\$ 30,000	\$	30,000	\$	44,000	\$	14,000
Intergovernmental	112,000		112,000		77,000		(35,000)
Investment earnings	500		500		443		(57)
Total revenues	 142,500		142,500		121,443		(21,057)
Expenditures:							
Professional fees	-		-		898		(898)
Capital outlay	165,000		165,000		88,344		76,656
Total expenditures	165,000		165,000		89,242		75,758
Excess (deficiency) of revenues							
over (under) expenditures	(22,500)		(22,500)		32,201		54,701
Fund balance - beginning of year	 36,625		36,625		36,625		
Fund balance - end of year	\$ 14,125	\$	14,125	\$	68,826	\$	54,701

Cemetery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2011

	 Budgeted	d Amoun	ıts		Actual	Fina	iance with I Budget - Positive	
	 Original		Final		Amounts		(Negative)	
Revenues: Miscellaneous	\$ 10,000	\$	10,000	\$	7,211	\$	(2,789)	
Total revenues	10,000		10,000		7,211		(2,789)	
Net change in fund balance	10,000		10,000		7,211		(2,789)	
Fund balance - beginning of year	 142,374		142,374		142,374		_	
Fund balance - end of year	\$ 152,374	\$	152,374	\$	149,585	\$	(2,789)	

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, 2011

		Budgeted	Amoun	ts	Actual	Fina	riance with al Budget - Positive
	Original		, anoun	Final	 Amounts	(Negative)	
Expenditures:							
Capital outlay	\$		\$	126,226	\$ 125,849	\$	377
Total expenditures				126,226	125,849		377
Deficiency of expenditures							
over revenues				(126,226)	 (125,849)		377
Other financing sources:							
Transfers in		-		126,226	107,315		(18,911)
Total other financing sources				126,226	107,315		(18,911)
Net change in fund balance		-		-	(18,534)		(18,534)
Fund balance - beginning of year		18,534		18,534	 18,534		
Fund balance - end of year	\$	18,534	\$	18,534	\$ -	\$	(18,534)

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, 2011

		Budgeted	d Amount	es		Actual	Variand Final Bu Posi	udget -
	(Original		Final	Amounts		(Negative)	
Other financing sources: Transfers in	\$	33,500	\$	33,500	\$	33,500	\$	-
Total other financing sources		33,500		33,500		33,500		
Net change in fund balance		33,500		33,500		33,500		-
Fund balance - beginning of year		43,667		43,667		43,667		_
Fund balance - end of year	\$	77,167	\$	77,167	\$	77,167	\$	_

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, 2011

	Budgeted	l Amoun	ıts		Actual	Variano Final B Pos	
	 Original		Final	Amounts		(Negative)	
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		71,525		71,525		-
Fund balance - beginning of year	 132,640		132,640	-	132,640		
Fund balance - end of year	\$ 204,165	\$	204,165	\$	204,165	\$	

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, 2011

	Information Technology	Risk Management	Total
ASSETS			
Current assets:			
Cash	\$ 277,393	\$ 278,261	\$ 555,654
Prepaids		1,526	1,526
Total current assets	277,393	279,787	557,180
Noncurrent assets:			
Capital assets:			
Computer hardware	478,990	-	478,990
Software	205,788	-	205,788
Less accumulated depreciation	(509,844)		(509,844)
Total capital assets net of accumulated depr'n	174,934		174,934
Total assets	452,327	279,787	732,114
LIABILITIES			
Current liabilities:			
Accounts payable	18,507	12,026	30,533
Accrued wages	4,220	-	4,220
Compensated absences	1,362	-	1,362
Recaptured losses		52,651	52,651
Total current liabilities	24,089	64,677	88,766
Noncurrent liabilities:			
Compensated absences	1,268	-	1,268
Recaptured losses, less current portion		144,895	144,895
Total liabilities	25,357	209,572	234,929
NET ASSETS			
Invested in capital assets	174,934	-	174,934
Unrestricted	252,036	70,215	322,251
Total net assets	\$ 426,970	\$ 70,215	\$ 497,185

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets For the Fiscal Year Ended June 30, 2011

	Information	Risk	
	Technology	Management	Total
Operating revenue: Charges for services Other income	\$ 294,849 -	\$ 372,350 6,694	\$ 667,199 6,694
Total operating revenue	294,849	379,044	673,893
Operating expenses: Personnel services Contractual services Materials and supplies Insurance Other general costs of services Depreciation	146,686 49,955 28,329 - 2,237 65,609	5,361 208,492 58,513	146,686 49,955 33,690 208,492 60,750 65,609
Total operating expenses	292,816	272,366	565,182
Operating income	2,033	106,678	108,711
Non-operating expenses: Loss on sale of capital assets Total non-operating expenses	(2,571) (2,571)	<u> </u>	(2,571) (2,571)
Change in net assets	(538)	106,678	106,140
Total net assets - beginning	427,508	(36,463)	391,045
Total net assets - ending	\$ 426,970	\$ 70,215	\$ 497,185

Internal Service Funds Combining Statement of Cash Flows For the Fiscal Year Ended June 30, 2011

	Information	Risk	
	Technology	Management	Total
Cash flows from operating activities: Cash received from interfund services provided Other income	\$ 294,849	- 6,694	\$ 667,199 6,694
Payments to suppliers Payments to employees	(81,200) (146,639)	, , , ,	(404,420) (146,639)
Net cash provided by operating activities	67,004	55,830	122,834
Cash flows from capital and related financing activities:			
Purchase of capital assets	(74,784	4) -	(74,784)
Net cash used in capital and related financing activities	(74,784	4)	(74,784)
Net increase (decrease) in cash	(7,780	55,830	48,050
Cash - beginning of year	285,173	3 222,431	507,604
Cash - end of year	\$ 277,393	\$ 278,261	\$ 555,654
Reconciliation of operating income to net cash provided by operating activities:			4 400 744
Operating income Adjustments to reconcile operating income to net cash provided by operating activities:	\$ 2,033	3 \$ 106,678	\$ 108,711
Depreciation	65,609	9 -	65,609
(Increase) decrease in prepaid items		- 241	241
Increase (decrease) in accounts payable	(685	•	10,252
Increase (decrease) in accrued wages	28		281
Increase (decrease) in compensated absences Increase (decrease) in recaptured losses	(234	- (62,026)	(234) (62,026)
Total adjustments	64,97		14,123
Net cash provided by operating activities	\$ 67,004	\$ 55,830	\$ 122,834

Internal Service Funds Combining Statement of Cash Flows For the Fiscal Year Ended June 30, 2011

	Information Technology		Risk Management		Total	
Non-cash capital and related financing activities: Purchase of equipment on account	\$	13,992	\$		\$	13,992
Total non-cash capital and related financing activities	\$	13,992	\$	<u>-</u>	\$	13,992

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules By Source June 30, 2011 and 2010

	2011	2010
Governmental funds capital assets:		
Land	\$ 3,171,733	\$ 3,171,733
Buildings	11,690,154	8,118,658
Improvements other than buildings	31,780,269	30,553,183
Machinery and equipment	3,491,063	3,423,204
Vehicles	5,746,304	5,669,375
Construction in progress	180,316	3,459,211
Total governmental funds capital assets	\$ 56,059,839	\$ 54,395,364
Investments in governmental funds capital assets		
by source:		
General fund	\$ 26,165,135	\$ 25,987,179
Capital projects fund	14,774,969	14,649,120
Special revenue funds	6,854,022	6,731,379
Donations	8,265,713	7,027,686
Total governmental funds capital assets	\$ 56,059,839	\$ 54,395,364

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.

Capital Assets Used in the Operation of Governmental Funds Schedule By Function and Activity June 30, 2011

			Improvements other than	Machinery and		Construction		
Function and Activity	Land	Buildings	Buildings	Equipment	Vehicles	in Progress	Total	
General government:								
Legislative	\$ 414,713	\$ -	\$ -	\$ 27,157	\$ 32,317	\$ -	\$ 474,187	
Legal & risk management	-	-	-	12,502	-	10,716	23,218	
Justice court	-	-	-	31,643	-	-	31,643	
Community & economic dev.	-	-	-	28,336	43,182	-	71,518	
Management services	-	-	-	45,267	-	-	45,267	
Public buildings		8,988,009	101,986	245,271	158,185	-	9,493,451	
Total general government	414,713	8,988,009	101,986	390,176	233,684	10,716	10,139,284	
Public safety:								
Animal control	-	-	-	3,484	16,325	-	19,809	
Fire	69,417	938,782	4,485	591,634	1,856,137	-	3,460,455	
Police				286,817	1,229,095		1,515,912	
Total public safety	69,417	938,782	4,485	881,935	3,101,557		4,996,176	
Public works:								
Administration	185,268	-	13,703	21,143	25,656	-	245,770	
Class "C" roads	-	227,426	7,759,568	435,981	1,708,673	101,856	10,233,504	
Fleet services	-	-	-	84,039	98,997	-	183,036	
Streets	334,914	2,275	14,720,812	700,019	129,428		15,887,448	
Total public works	520,182	229,701	22,494,083	1,241,182	1,962,754	101,856	26,549,758	
Parks and recreation:								
Aquatic center	963,941	-	4,461,479	286,750	-	-	5,712,170	
Beautification	-	-	-	10,845	-	-	10,845	
Parks	1,203,480	174,931	4,570,513	358,121	258,697	67,744	6,633,486	
Recreation	-	471,596	20,522	103,402	131,670	-	727,190	
Recreation complex		887,135	127,201	218,652	57,942		1,290,930	
Total parks and recreation	2,167,421	1,533,662	9,179,715	977,770	448,309	67,744	14,374,621	
Total governmental funds								
capital assets	\$ 3,171,733	\$11,690,154	\$ 31,780,269	\$ 3,491,063	\$ 5,746,304	\$ 180,316	\$ 56,059,839	

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.

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Function and Activity For the Fiscal Year Ended June 30, 2011

	Balance			Balance
Function and Activity	July 1, 2010	Additions	Deletions	June 30, 2011
General government:				
Legislative	\$ 474,187	\$ -	\$ -	\$ 474,187
Legal & risk management	7,796	15,422	-	23,218
Justice court	23,946	7,698	-	31,644
Community & economic dev.	66,614	6,434	(1,530)	71,518
Management services	30,448	15,719	(900)	45,267
Public buildings	9,367,297	127,716	(1,562)	9,493,451
Redevelopment agency	737,469		(737,469)	
Total general government	10,707,757	172,989	(741,461)	10,139,285
Public safety:				
Animal control	34,480	-	(14,671)	19,809
Fire	3,414,992	56,997	(11,535)	3,460,454
Police	1,543,529	45,052	(72,668)	1,515,913
Total public safety	4,993,001	102,049	(98,874)	4,996,176
Public works:				
Administration	246,648	-	(878)	245,770
Class "C" roads	10,036,266	197,238	-	10,233,504
Fleet services	158,310	29,607	(4,882)	183,035
Streets	13,988,368	1,918,108	(19,027)	15,887,449
Total public works	24,429,592	2,144,953	(24,787)	26,549,758
Parks and recreation:				
Aquatic center	5,715,969	-	(3,800)	5,712,169
Beautification	10,845	-	-	10,845
Parks	6,521,987	111,499	-	6,633,486
Recreation	710,359	17,731	(900)	727,190
Recreation complex	1,305,854		(14,924)	1,290,930
Total parks and recreation	14,265,014	129,230	(19,624)	14,374,620
Total governmental funds				
capital assets	\$ 54,395,364	\$ 2,549,221	\$ (884,746)	\$ 56,059,839

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

STATISTICAL SECTION

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

Contents	Page
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	98
REVENUE CAPACITY These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.	110
DEBT CAPACITY 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.	116
DEMOGRAPHICS AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	120
OPERATING INFORMATION 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.	122

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 Nine Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
2010-11	\$ 10,268,538	\$ 1,200,056	\$ 2,873,376	\$ 9,832,536	\$ 59,190	\$ 68,559	\$ 24,302,255
2009-10	10,239,629	1,148,158	2,098,255	9,680,936	67,950	65,536	23,300,464
2008-09	9,653,597	2,169,821	1,166,628	10,008,970	214,159	46,875	23,260,050
2007-08	9,135,184	1,498,917	1,672,163	10,521,910	520,922	35,917	23,385,013
2006-07	8,788,560	1,293,113	45,148	10,451,169	615,774	85,299	21,279,063
2005-06	8,677,363	1,189,023	1,462,115	9,678,264	496,465	132,292	21,635,522
2004-05	8,625,415	1,152,072	623,329	8,852,773	264,234	47,903	19,565,726
2003-04	8,326,582	1,551,557	2,535,161	7,604,322	166,847	40,960	20,225,429
2002-03	8,957,904	418,096	4,745,797	7,446,276	291,928	71,425	21,931,426

Note:

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

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
2010-11	\$ 3,258,496	\$ 7,248,790	\$ 2,639,589	\$ 2,414,439	\$ 50,897	\$ 4,119,750	\$ 368,083	\$ 1,548,614	\$ 21,648,658
2009-10	3,201,528	7,130,287	2,512,928	2,465,297	61,736	4,092,647	346,546	1,468,750	21,279,719
2008-09	3,244,050	7,364,103	2,895,688	2,593,013	92,776	4,108,479	348,115	1,457,305	22,103,529
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

FISCAL YEAR	TAXES	 LICENSES AND PERMITS	INTERGOV- ERNMENTAL		CHARGES FOR SERVICES		Fines And Forfeitures		 NTEREST AND MISC	FIN	OTHER IANCING OURCES	 TOTAL
2010-11	\$ 9,344,878	\$ 282,723	\$	1,244,242	\$	2,741,540	\$	723,989	\$ 430,807	\$	24,549	\$ 14,792,728
2009-10	9,207,619	315,060		2,536,801		2,688,425		632,539	548,974		17,196	15,946,614
2008-09	9,558,024	281,482		1,498,797		2,680,954		631,725	470,449		12,128	15,133,559
2007-08	9,790,006	288,299		1,864,813		2,441,681		650,183	666,878	1	,059,310	16,761,170
2006-07	9,560,520	328,613		1,302,953		2,633,381		620,453	764,646		35,305	15,245,871
2005-06	8,977,857	342,186		1,271,823		2,579,183		613,871	653,000	1	,067,755	15,505,675
2004-05	8,140,462	348,808		1,478,565		2,679,867		574,018	424,430		13,524	13,659,674
2003-04	7,733,389	365,335		1,523,144		2,470,809		382,495	329,080		156,966	12,961,218
2002-03	7,229,285	443,752		1,496,518		1,916,586		171,388	404,048		530,853	12,192,430
2001-02	7,336,395	331,633		1,245,595		1,593,475		87,990	539,767		-	11,134,855

Note:

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

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Capital Outlay	Debt Service	Other Financing Uses	Total
2010-11	\$ 3,063,502	\$ 6,985,946	\$ 1,724,724	\$ 1,920,939	\$ -	\$ 277,937	\$ 212,340	\$ 14,185,388
2009-10	2,994,623	6,913,952	1,834,389	1,968,899	-	277,501	2,162,693	16,152,057
2008-09	2,945,590	6,915,667	2,109,472	1,995,110	-	278,943	490,275	14,735,057
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

Notes:

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

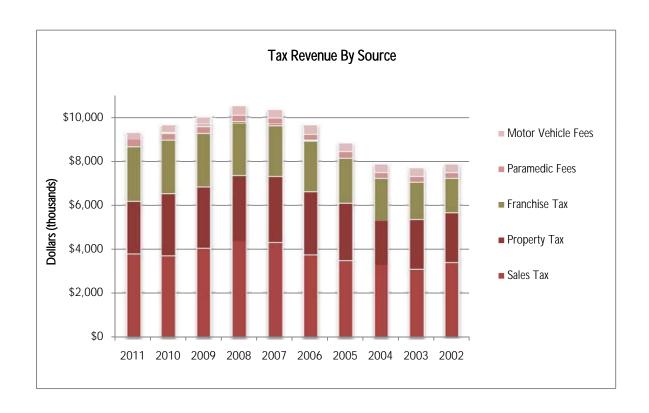
Other financing uses included transfers to the Capital Projects Fund for construction of capital assets.

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	P	roperty Tax	Fr	ranchise Tax	amedic Fees	V	Notor ehicle Fees	Total
2011	\$ 3,795	\$	2,404	\$	2,488	\$ 320	\$	338	\$ 9,345
2010	3,673		2,871		2,455	320		363	9,682
2009	4,035		2,814		2,431	320		409	10,009
2008	4,377		3,011		2,398	317		418	10,521
2007	4,301		3,044		2,282	310		426	10,363
2006	3,734		2,910		2,319	297		446	9,706
2005	3,467		2,620		2,077	287		401	8,852
2004	3,283		2,007		1,931	287		385	7,893
2003	3,083		2,266		1,718	275		379	7,721
2002	3,371		2,275		1,589	257		397	7,889



ROY CITY CORPORATION NET ASSETS BY COMPONENT

Last Nine Fiscal Years

(Amounts Expressed in Thousands)

	Fiscal Year																	
		2011		2010		2009		2008		2007		2006		2005		2004		2003
Governmental activities																		
Invested in capital assets, net of related debt	\$	35,269	\$	35,212	\$	33,055	\$	32,254	\$	30,408	\$	30,644	\$	28,338	\$	27,997	\$	24,833
Restricted		1,735		2,994		2,638		2,699		1,714		1,731		3,009		2,921		2,695
Unrestricted		5,769		3,602		4,745		5,177		8,463		6,707		3,795		2,945		4,296
Total governmental activities net assets	\$	42,773	\$	41,808	\$	40,438	\$	40,130	\$	40,585	\$	39,082	\$	35,142	\$	33,863	\$	31,824
Business-type activities																		
Invested in capital assets, net of related debt	\$	17,940	\$	16,961	\$	18,165	\$	17,370	\$	16,672	\$	14,931	\$	14,317	\$	13,948	\$	13,052
Restricted		1,106		485		902		-		-		-		-		-		-
Unrestricted		5,088		4,989		2,694		3,529		3,349		5,017		4,967		5,005		4,489
Total business-type activities net assets	\$	24,134	\$	22,435	\$	21,761	\$	20,899	\$	20,021	\$	19,948	\$	19,284	\$	18,953	\$	17,541
Primary government																		
Invested in capital assets, net of related debt	\$	53,209	\$	52,173	\$	51,220	\$	49,624	\$	47,080	\$	45,575	\$	42,655	\$	41,945	\$	37,885
Restricted		2,841		3,479		3,540		2,699		1,714		1,731		3,009		2,921		2,695
Unrestricted		10,857		8,591		7,439		8,706		11,812		11,724		8,762		7,950		8,785
Total primary government net assets	\$	66,907	\$	64,243	\$	62,199	\$	61,029	\$	60,606	\$	59,030	\$	54,426	\$	52,816	\$	49,365

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 Nine Fiscal Years

(Amounts Expressed in Thousands)

					Fis								
	2011	2010	2009	2008		2007	2006		2005		2004		2003
Expenses													
Governmental activities:													
General government	\$ 3,258	\$ 3,202	\$ 3,244	\$ 3,014	\$	2,731	\$ 2,581	\$	2,551	\$	2,342	\$	2,674
Public safety	7,249	7,130	7,364	7,242		6,544	6,423		6,103		5,956		5,650
Public works	2,640	2,513	2,896	2,454		2,758	2,693		2,610		1,917		2,291
Parks and recreation	2,414	2,465	2,593	2,708		2,613	2,446		2,108		1,981		1,766
Interest and fiscal charges	51	 62	 93	80		47	14		28		35		53
Total governmental activities expenses	15,612	15,372	16,190	15,498		14,693	14,157		13,400		12,231		12,434
Business-type activities:													
Water and sewer utility	4,120	4,093	4,109	3,646		4,896	4,862		4,571		4,436		4,223
Storm sewer utility	368	346	348	360		275	245		156		108		108
Solid waste utility	 1,549	 1,469	1,457	1,390		_	 -		-		_		-
Total business-type activities expenses	6,037	5,908	5,914	5,396		5,171	5,107		4,727		4,544		4,331
Total primary government expenses	\$ 21,649	\$ 21,280	\$ 22,104	\$ 20,894	\$	19,864	\$ 19,264	\$	18,127	\$	16,775	\$	16,765
Program Revenues													
Governmental activities:													
Charges for services:													
General government	\$ 1,034	\$ 993	\$ 874	\$ 907	\$	934	\$ 991	\$	927	\$	746	\$	659
Public safety	1,040	956	1,064	963		1,021	954		1,149		825		695
Public works	71	129	109	45		82	198		193		166		1,296
Parks and recreation	1,006	1,028	922	950		1,083	980		946		1,156		823
Operating grants and contributions	1,200	1,148	2,170	1,499		1,293	1,189		1,152		1,552		418
Capital grants and contributions	1,559	 1,946	 408	1,120		45	843		585		1,484		3,198
Total governmental activities program revenues	5,910	 6,200	5,547	5,484		4,458	5,155		4,952		5,929		7,089
Business-type activities:													
Charges for services:													
Water and sewer utility	4,855	4,871	4,522	4,107		5,312	5,201		5,061		5,090		5,148
Storm sewer utility	363	360	359	424		357	353		349		343		337
Solid waste utility	1,900	1,901	1,803	1,739		-	-		-		-		-
Capital grants and contributions	1,314	152	 759	552			619		38		1,051		1,548
Total business-type activities program revenues	8,432	7,284	7,443	6,822		5,669	6,173		5,448		6,484		7,033
Total primary government program revenues	\$ 14,342	\$ 13,484	\$ 12,990	\$ 12,306	\$	10,127	\$ 11,328	\$	10,400	\$	12,413	\$	14,122

ROY CITY CORPORATION CHANGES IN NET ASSETS

Last Nine Fiscal Years

(Amounts Expressed in Thousands)

	Fiscal Year																	
		2011		2010		2009		2008		2007		2006	2005		2004			2003
Net (expense)/revenue:																		
Governmental activities	\$	(9,702)	\$	(9,172)	\$	(10,643)	\$	(10,014)	\$	(10,235)	\$	(9,002)	\$	(8,448)	\$	(6,302)	\$	(5,345)
Business-type activities		2,395		1,376		1,529		1,426		498		1,066		721		1,940		2,702
Total primary government net expense	\$	(7,307)	\$	(7,796)	\$	(9,114)	\$	(8,588)	\$	(9,737)	\$	(7,936)	\$	(7,727)	\$	(4,362)	\$	(2,643)
General Revenues and Other Changes																		
in Net Assets																		
Governmental activities:																		
Taxes																		
Property taxes	\$	2,892	\$	2,871	\$	2,814	\$	3,011	\$	3,132	\$	2,882	\$	2,620	\$	2,007	\$	2,266
Sales taxes		3,795		3,673		4,035		4,377		4,301		3,734		3,467		3,282		3,083
Franchise taxes		2,807		2,775		2,751		2,716		2,592		2,616		2,365		1,931		1,718
Payments in lieu of taxes		338		363		410		418		426		446		401		385		379
Unrestricted investment earnings		59		68		214		521		616		496		264		167		274
Other revenues (uses) not restricted to																		
specific programs		69		66		47		(62)		85		132		48		41		71
Transfers		707		727		680		599		585		571		562		528		536
Total governmental activities		10,667		10,543		10,951		11,580		11,737		10,877		9,727		8,341		8,327
Business-type activities:																		
Other revenues (uses) not restricted to																		
specific programs		-		-		(131)		3		161		169		172		-		-
Unrestricted investment earnings		11		24		144		48		-		-		-		-		18
Transfers		(707)		(727)		(680)		(600)		(586)		(571)		(562)		(528)		(536)
Total business-type activities		(696)		(703)		(667)		(549)		(425)		(402)		(390)		(528)		(518)
Total primary government	\$	9,971	\$	9,840	\$	10,284	\$	11,031	\$	11,312	\$	10,475	\$	9,337	\$	7,813	\$	7,809
Change in Net Assets																		
Governmental activities	\$	965	\$	1,371	\$	308	\$	1,566	\$	1,502	\$	1,875	\$	1,279	\$	2,039	\$	2,982
Business-type activities		1,699		673		862		877		73		664		331		1,412		2,184
Total primary government	\$	2,664	\$	2,044	\$	1,170	\$	2,443	\$	1,575	\$	2,539	\$	1,610	\$	3,451	\$	5,166
					_		_		_		_				_			

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)

					Fisca	l Year				
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 9,494	\$ 9,318	\$ 9,600	\$ 10,104	\$ 9,937	\$ 9,260	\$ 8,451	\$ 7,507	\$ 7,342	\$ 7,889
Payments in lieu of taxes	338	363	409	418	426	446	401	385	379	-
Licenses and permits	283	315	281	288	329	342	349	365	444	332
Intergovernmental	1,321	2,537	1,534	1,900	1,338	1,272	1,737	1,648	1,497	1,246
Charges for services	2,742	2,688	2,681	2,442	2,633	2,579	2,680	2,471	1,922	1,593
Impact fees	109	189	56	77	123	159	175	203	416	316
Fines and forfeitures	724	633	632	650	620	614	574	382	171	88
Investment earnings	59	68	214	521	616	497	264	167	274	-
Property rental	39	43	11	11	12	18	17	16	35	-
Management fee	117	136	223	192	190	183	167	171	136	-
Miscellaneous	30	316	51	33	38	32	31	25	37	634
Total revenues	15,256	16,606	15,692	16,636	16,262	15,402	14,846	13,340	12,653	12,098
Expenditures										
General government	3,216	3,218	3,192	3,185	2,908	2,677	2,487	2,461	2,437	1,946
Public safety	7,017	6,885	7,026	7,097	6,365	7,427	5,872	5,954	5,560	4,657
Public works	1,946	1,893	2,411	2,015	2,488	2,789	2,635	2,736	2,297	1,301
Parks and recreation	1,920	1,969	1,996	2,309	2,066	2,114	1,912	1,802	1,592	1,091
Community development			-	-	-	-	-	-	-	118
Debt service:										
Principal retirement	467	250	243	155	149	131	130	128	130	25
Interest and fiscal charges	55	64	74	80	47	20	28	35	53	81
Capital outlay	238	3,328	1,050	3,048	702	1,645	724	1,241	4,613	2,841
Total expenditures	\$ 14,859	\$ 17,607	\$ 15,992	\$ 17,889	\$ 14,725	\$ 16,803	\$ 13,788	\$ 14,357	\$ 16,682	\$ 12,060

ROY CITY CORPORATION CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

397	\$ (1	1,001)	\$	(300)		2008	;	2007		2006		2005		2004		2003	2	2002
	\$ (1	1,001)	\$	(300)														.002
	\$ (1	(100,1	\$	(300)														
24				<u> </u>	\$	(1,253)	\$	1,537	\$	(1,401)	\$	1,058	\$	(1,017)	\$	(4,029)	\$	38
24																		
24																		
		17		12		59		35		123		14		22		6		44
-		-		-		-		-		945		-		-		-		-
-		-		-		1,000		-		-		-		-		-		-
-		-		-		-		-		-		-		-		53		-
200		-		-		-		-		-		-		-		-		-
-		-		-		-		-		-		-		-		525		-
212	2	2,163		490		1,467		565		1,538		556		444		2,344		987
(212)	(2	2,163)		(490)		(1,467)		(565)		(1,538)		(556)		(444)		(2,344)		(987)
224		17		12		1,059		35		1,068		14		22		584		44
621	\$	(984)	\$	(288)	\$	(194)	\$	1,572	\$	(333)	\$	1,072	\$	(995)	\$	(3,445)	\$	82
2 70/		2.3%		2.2%		1.7%		1.5%								1.6%		1.2%
-	200 - 212 (212) 224	200 	200 - 212 2,163 (212) (2,163) 224 17 621 \$ (984)	200 - 212 2,163 (212) (2,163) 224 17 621 \$ (984) \$	200 2 212 2,163 490 (212) (2,163) (490) 224 17 12 621 \$ (984) \$ (288)	200 2 212 2,163 490 (212) (2,163) (490) 224 17 12 621 \$ (984) \$ (288) \$	- - - 1,000 200 - - - - - - - 212 2,163 490 1,467 (212) (2,163) (490) (1,467) 224 17 12 1,059 621 \$ (984) \$ (288) \$ (194)	1,000 200 212 2,163 490 1,467 (212) (2,163) (490) (1,467) 224 17 12 1,059 621 \$ (984) \$ (288) \$ (194) \$	- - - 1,000 - 200 - - - - 212 2,163 490 1,467 565 (212) (2,163) (490) (1,467) (565) 224 17 12 1,059 35 621 \$ (984) \$ (288) \$ (194) \$ 1,572	- - - 1,000 - 200 - - - - 212 2,163 490 1,467 565 (212) (2,163) (490) (1,467) (565) 224 17 12 1,059 35 621 \$ (984) \$ (288) \$ (194) \$ 1,572 \$	- - - 1,000 - - 200 - - - - - 200 - - - - - - 212 2,163 490 1,467 565 1,538 (212) (2,163) (490) (1,467) (565) (1,538) 224 17 12 1,059 35 1,068 621 \$ (984) \$ (288) \$ (194) \$ 1,572 \$ (333)	- - - 1,000 - - 200 - - - - - 212 2,163 490 1,467 565 1,538 (212) (2,163) (490) (1,467) (565) (1,538) 224 17 12 1,059 35 1,068 621 \$ (984) \$ (288) \$ (194) \$ 1,572 \$ (333) \$	- - - 1,000 - <td>- - 1,000 - - - - 200 -</td> <td>- - 1,000 - - - - - 200 - - - - - - - - 212 2,163 490 1,467 565 1,538 556 444 (212) (2,163) (490) (1,467) (565) (1,538) (556) (444) 224 17 12 1,059 35 1,068 14 22 621 \$ (984) \$ (288) \$ (194) \$ 1,572 \$ (333) \$ 1,072 \$ (995)</td> <td>- - 1,000 -<td>- - - 1,000 -<td>- - - 1,000 -</td></td></td>	- - 1,000 - - - - 200 -	- - 1,000 - - - - - 200 - - - - - - - - 212 2,163 490 1,467 565 1,538 556 444 (212) (2,163) (490) (1,467) (565) (1,538) (556) (444) 224 17 12 1,059 35 1,068 14 22 621 \$ (984) \$ (288) \$ (194) \$ 1,572 \$ (333) \$ 1,072 \$ (995)	- - 1,000 - <td>- - - 1,000 -<td>- - - 1,000 -</td></td>	- - - 1,000 - <td>- - - 1,000 -</td>	- - - 1,000 -

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)

								Fisca	l Year							
	2	011	2010	2009	2	2008	2	2007		2006	 2005	2	004	2	2003	2002
General fund																
Non-spendable:																
Inventory	\$	26	\$ 89	\$ 94	\$	101	\$	57	\$	83	\$ 76	\$	74	\$	64	\$ 65
Prepaid items		44	46	33		113		33		40	43		16		52	12
Restricted for:																
Class C Roads		1,736	1,201	885		703		563		432	777		975		712	971
Public Safety		-	-	-		-		-		-	-		13		58	35
Committed for:																
Debt service		1,036	1,265	1,486		1,700		824		945	110		226		-	-
Assigned to:																
Encumbrances		2	253	283		696		220		157	237		335		431	82
Public Safety		1	40	40		40		54		49	35		11		23	17
Community development		-	-	-		-		-		-	-		-		1	1
Pedestrian safety		-	-	-		-		-		-	-		-		30	30
Land purchase		-	1	1		1		1		1	1		1		1	1
Unassigned		2,415	2,008	2,317		1,799		2,681		1,782	3,018		2,293		2,729	3,207
Total general fund	\$	5,260	\$ 4,903	\$ 5,139	\$	5,153	\$	4,433	\$	3,489	\$ 4,297	\$	3,944	\$	4,101	\$ 4,421

ROY CITY CORPORATION FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

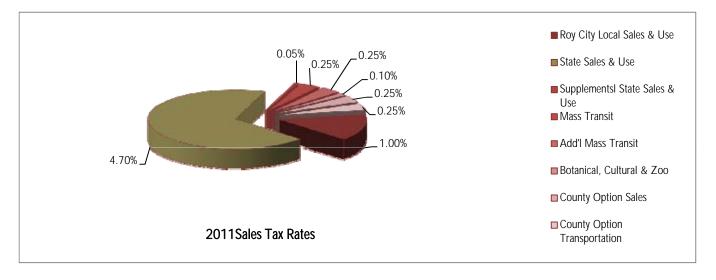
(Amounts Expressed in Thousands)

					Fisca	I Year				
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Other governmental funds										
Non-spendable:										
Inventory	\$ 1,705	\$ 1,705	\$ 1,705	\$ 950	\$ 966	\$ 974	\$ 953	\$ 964	\$ 967	\$ 962
Committed for:										
Debt service	-	237	267	296	326	355	382	408	432	458
Assigned to:										
Encumbrances	-	-	-	216	-	257	431	318	379	2
Public safety	77	44	157	114	199	190	3	4	57	11
Capital improvements	-	19	1,039	1,114	2,119	1,822	611	155	138	3
Storm sewer improvements	235	192	66	30	170	151	369	273	889	1,181
Park improvements	273	169	125	205	258	283	570	563	551	3,955
Cemetery improvements	150	142	134	127	120	110	103	97	90	84
Redevelopment	869	535	299	1,014	822	209	356	277	395	366
Total other governmental funds	\$ 3,309	\$ 3,043	\$ 3,792	\$ 4,066	\$ 4,980	\$ 4,351	\$ 3,778	\$ 3,059	\$ 3,898	\$ 7,022
Total governmental funds	\$ 8,569	\$ 7,946	\$ 8,931	\$ 9,219	\$ 9,413	\$ 7,840	\$ 8,075	\$ 7,003	\$ 7,999	\$ 11,443

In FY 2011, GASB 54 was implemented and changed the method of classifying fund balance. FY 2002-2010 have been adjusted to reflect classifications under GASB 54.

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

Fiscal Year	Roy City Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	Botanical, Cultural & Zoo	County Option Sales	County Option Transportation	Total for Roy City Residents
2011	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2010	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2009	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2008	1.00%	4.65%	-	0.25%	0.25%	0.10%	0.25%	0.25%	6.75%
2007	1.00%	4.75%	-	0.25%	0.25%	0.10%	0.25%	-	6.60%
2006	1.00%	4.75%	-	0.25%	0.25%	0.10%	0.25%	-	6.60%
2005	1.00%	4.75%	-	0.50%	-	0.10%	0.25%	-	6.60%
2004	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2003	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%
2002	1.00%	4.75%	-	0.50%	-	-	0.25%	-	6.50%



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 F Real Estate	Property Building	Personal Mobile Homes	Property Other	Centrally Assessed Property	Roy City Taxable Property Value	In	RDA Tax ncrement Value	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
2011	\$ 301,471	\$ 768,147	\$ 5,503	\$ 26,767	\$ 27,315	\$ 1,094,650	\$	34,553	\$ 1,129,203	2.266	\$ 1,894,347	59.61%
2010	346,923	809,567	5,659	27,527	28,285	1,181,254		36,707	1,217,961	2.084	1,865,033	65.31%
2009	336,573	799,018	5,595	25,644	27,690	1,158,495		36,025	1,194,520	2.096	2,023,123	59.04%
2008	247,624	824,163	5,719	26,674	24,828	1,072,430		56,578	1,129,008	2.178	1,940,216	58.19%
2007	233,599	704,371	5,684	24,672	24,335	936,564		56,097	992,661	2.451	1,650,376	60.15%
2006	224,519	669,961	5,956	29,417	25,284	904,564		50,573	955,137	2.514	1,575,436	60.63%
2005	218,424	653,538	6,275	34,751	24,379	884,584		52,783	937,367	2.144	1,542,451	60.77%
2004	214,196	641,116	6,523	37,821	24,913	912,484		12,085	924,569	2.080	1,518,354	60.89%
2003	207,234	626,795	6,951	37,918	25,269	865,787		38,380	904,167	2.065	1,486,006	60.85%
2002	201,376	605,703	7,973	44,787	24,409	833,395		50,853	884,248	2.060	1,446,721	61.12%

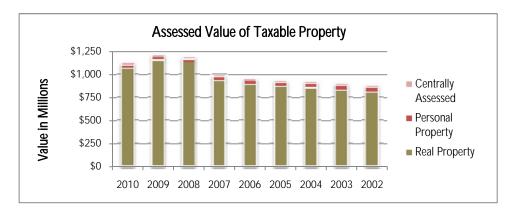
Notes:

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

Total property value is excluding fee-in-lieu.

Sources:

Weber County Auditor/Clerk, Assessor, and Treasurer offices



ROY CITY CORPORATION PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years Per \$1,000 Assessed Valuation

Fiscal Year	Roy City (General)	Weber County (All Components)	Weber School District (All Components)	Weber Basin Water Conservancy (Conservancy)	North Davis Sewer District (All Components)	Mosquito Abatement District (Abatement)	Roy Water Conservancy Subdistrict (Conservancy)	Weber Area Dispatch 911 & Emergency Svcs District (Multiple Svc)	Total Levy for Roy City Residents
2011	2.266	3.832	6.526	0.207	0.864	0.138	0.103	0.309	14.245
2010	2.084	3.560	5.721	0.188	0.763	0.128	0.095	0.286	12.825
2009	2.096	3.447	5.458	0.181	0.763	0.089	0.094	0.278	12.406
2008	2.178	3.608	5.626	0.200	0.763	0.094	0.103	0.293	12.865
2007	2.451	4.063	6.263	0.178	0.763	0.106	0.116	0.302	14.242
2006	2.514	4.284	6.427	0.193	0.763	0.110	0.119	-	14.410
2005	2.144	3.663	6.245	0.198	0.763	0.112	0.120	-	13.245
2004	2.080	3.609	6.061	0.196	0.763	0.111	0.116	-	12.936
2003	2.065	3.629	5.902	0.193	0.763	0.111	0.115	-	12.778
2002	2.060	3.647	5.764	0.193	0.763	0.111	0.115	-	12.653

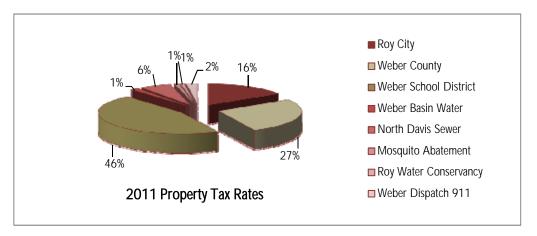
Notes:

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

(Amounts Expressed in Thousands)

				2011	
Taxpayer	Type of Business		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacificorp	Utility	\$	16,645	1	1.47%
Orchard Cove LTD	Residential properties		11,053	2	0.98%
Questar Gas	Utility		10,203	3	0.90%
Winco Foods LLC	Retail properties		8,697	4	0.77%
Boyer Iomega	Business Park		8,112	5	0.72%
America First Credit Union	Credit Union		7,553	6	0.67%
Roy Marketplace LC	Retail properties		6,106	7	0.54%
Boydean B Frazier Family Trust	Retail properties		5,553	8	0.49%
K B Family Roy, LLC	Retail properties		4,514	9	0.40%
RC Centre LC	Real Estate		4,198	10	0.37%
Total taxable value of 10 largest taxpayers			82,634		7.31%
Total taxable value of other taxpayers			1,046,569		92.69%
Total taxable value of all taxpayers		\$ 1	1,129,203		100.00%

Notes:

The computation of a ten year history began in FY 2003 with the implementation of GASB 34.

Comparative information prior to that time is not available.

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

Source:

Weber County Treasurer's office

ROY CITY CORPORATION PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Tax Years

(Dollar Values Expressed in Thousands)

Tax Year General Fund		Total Tax Levy		Current Tax Ilections	Percent of Levy Collected		elinquent Tax ellections		Total Tax Ilections	Percent of Total Tax Collected to Total Levy
2010	\$	2,475	\$	2,336	94.38%	\$	61	\$	2,397	96.85%
2010	φ	2,473	Ψ	2,336	94.88%	φ	61	φ	2,397	97.36%
2009		2,402		2,330	94.20%		73		2,347	97.20%
2008		2,431		2,290	94.20%		73 65		2,303 2,278	97.20%
2007		2,343		2,213	94.65%		68		2,270	97.61%
2005		2,261		2,174	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%
Redevelopment	: Agen	cy Special R	evenue	Fund						
2010	\$	488	\$	488	100.00%	\$	-	\$	488	100.00%
2009		473		473	100.00%		-		473	100.00%
2008		451		451	100.00%		-		451	100.00%
2007		732		732	100.00%		-		732	100.00%
2006		802		802	100.00%		-		802	100.00%
2005		728		728	100.00%		-		728	100.00%
2004		699		699	100.00%		13		712	101.86%
2003		156		121	77.56%		37		158	101.28%
2002		550		480	87.27%		11		491	89.27%
2001		643		553	86.00%		-		553	86.00%

Note:

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

Property taxes are collected and disbursed to entities by Weber County. The remittance advise related to delinquent taxes does not include information as to the particular year the tax covers. Delinquent collections are monies received for any previous tax year during the current fiscal year. The year 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)

		Real Property T	axable Value			esidential enstruction		mmercial nstruction		Other struction	Bank
Year	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	Deposits
2011	185,033	883,937	647	\$ 1,069,617	118	\$ 6,870,422	23	\$ 2,586,374	231	\$ 863,769	11,015
2010	183,183	972,791	517	1,156,491	111	5,371	13	8,693	212	3,837	11,071
2009	164,197	970,536	857	1,135,590	95	3,608	22	6,438	234	613	10,493
2008	154,105	916,801	881	1,071,787	147	8,686	26	6,677	197	684	11,590
2007	143,831	792,990	1,150	937,971	121	7,778	26	5,593	215	794	11,565
2006	133,782	759,312	1,386	894,480	146	11,032	24	6,186	243	700	11,951
2005	129,626	740,807	1,529	871,962	163	13,844	35	3,972	251	1,597	11,950
2004	123,305	730,711	1,296	855,312	188	14,204	46	3,608	194	560	11,516
2003	113,364	719,173	1,492	834,029	266	21,353	52	1,695	195	273	11,584
2002	104,471	701,005	1,603	807,079	361	27,720	48	4,458	134	375	15,619

Notes:

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

Weber County Auditor/Clerk's office

Weber County Treasurer's office

Roy City Community & Economic Development department

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

		G	overn	mental Activiti	es			В	ısiness-Type Activities			
Fiscal Year	General Obligation Bonds	Sales Tax Revenue Bonds		Capital Lease		Notes Payable	URMMA ecaptured Losses		Water Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2011	\$ -	\$ 740,000	\$	295,651	\$	-	\$ 197,546	\$	6,855,000	\$ 8,088,197	0.84%	219.29
2010	237,000	830,000		435,357		-	259,573		7,140,000	8,901,930	0.93%	245.50
2009	267,000	916,000		569,915		-	352,208		7,325,000	9,430,123	0.99%	264.36
2008	296,000	100,000		699,514		-	207,322		7,500,000	8,802,836	0.97%	251.17
2007	326,000	-		824,338		-	92,282		-	1,242,620	0.14%	35.50
2006	355,000	-		944,562		-	106,452		-	1,406,014	0.18%	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	0.14%	25.93

Notes:

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

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

Fiscal Year	(General Obligation Bonds	Sen Mo	ebt vice nies lable	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	D	Bonded ebt per Capita
2011	\$	-	\$	-	\$ -	0.00%	\$	-
2010		237,000		-	237,000	0.01%		6.54
2009		267,000		-	267,000	0.01%		7.48
2008		296,000		-	296,000	0.02%		8.45
2007		326,000		-	326,000	0.02%		9.31
2006		355,000		-	355,000	0.02%		10.06
2005		382,000		-	382,000	0.02%		10.83
2004		408,000		-	408,000	0.03%		11.60
2003		432,000		-	432,000	0.03%		12.41
2002		458,000		-	458,000	0.03%		13.40

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, 2011

Governmental Unit	General Bonded Debt Outstanding		Estimated Percentage Applicable to Roy City	Estimated Share of Overlapping Debt		
North Davis County Sewer District	\$	43,606,000	13.26%	\$	5,782,156	
Roy Water Conservancy Subdistrict		1,760,000	100.00%		1,760,000	
State of Utah		3,256,115,000	0.55%		17,908,633	
Weber Basin Water Conservancy District		26,649,989	3.18%		847,470	
Weber County		13,950,000	9.70%		1,353,150	
Weber County School District		96,125,000	14.31%		13,755,488	
Overlapping debt				\$	41,406,897	
Roy City bonded debt			100.00%			
Total direct and overlapping general						
bonded obligation debt				\$	41,406,897	

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										
	2011	2010	2009	2008	2007	2006		2005	2004	2003	2002
Debt Limit	\$ 43,786	\$ 47,250	\$ 46,340	\$ 42,897	\$ 37,463	\$ 36,183	\$	35,383	\$ 36,499	\$ 34,631	\$ 33,336
Total net debt applicable to limit											
Legal debt margin	\$ 43,786	\$ 47,250	\$ 46,340	\$ 42,897	\$ 37,463	\$ 36,183	\$	35,383	\$ 36,499	\$ 34,631	\$ 33,336
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							\$	1,094,650			
Debt limit (4% of total assessed value))						\$	43,786			
Debt applicable to limit: Total bonded debt						\$ 7,595					
Less:						Ф 7,0 9 0					
Special assessment bonds Revenue bonds Amounts available for repayment o	f general oblig	ation bonds				(7,595) -					
Other deductions allowed by law											
Total net debt applicable to limi	t										
Legal debt margin							\$	43,786			

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

ROY CITY CORPORATION DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Year	Population	Personal Income	 Per Capita Personal Income	Unemployment Rate
2011	36,884	\$ 960,235,555	\$ 26,034	8.6%
2010	36,260	957,363,464	26,403	7.6%
2009	35,672	952,600,462	26,704	4.1%
2008	35,048	911,579,390	26,009	3.1%
2007	35,008	865,697,426	24,729	3.3%
2006	35,280	800,090,043	22,678	4.6%
2005	35,259	725,376,285	20,573	5.5%
2004	35,180	677,921,762	19,270	6.4%
2003	34,801	663,978,219	19,079	6.2%
2002	34,185	645,893,209	18,894	5.2%

Notes:

Figures for 2002-2010 are from the 2000 U S Census. Figures for 2011 are from the 2010 U S Census.

Population figures from 2001-2010 are estimates as of July 1 of the previous year based on the U S Census' population estimates.

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

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

Sources:

U S Census Bureau

State of Utah Governor's office web sites

Utah Department of Workforce Services

ROY CITY CORPORATION PRINCIPAL EMPLOYERS Current Year and Ten Years Ago

		Fiscal Year								
		2011		2002						
Employer	Type of Business	Employees	Rank	Employees	Rank					
Hill Air Force Base	United States Air Force / Logistics	10,000 - 14,999	1	21,237	1					
Internal Revenue Service	Federal Government	5,000 - 6,999	2	4,500	3					
McKay-Dee Hospital	Health Care	3,000 - 3,999	3	2,500	6					
Weber School District	Public Education	3,000 - 3,999	3	1,750	7					
Weber State University	Higher Education	2,000 - 2,999	5	2,500	5					
Autoliv ASP	Manufacturing	1,000 - 1,999	6	5,500	2					
Fresenius USA, Inc.	Manufacturing	1,000 - 1,999	6	900	10					
Ogden School District	Public Education	1,000 - 1,999	6	1,750	8					
State of Utah	State Government	1,000 - 1,999	6	-	-					
Wal-Mart	Retail Center	1,000 - 1,999	6	-	-					
Convergys	Call Center			1,500	9					
Iomega Corporation	Manufacturing			4,500	4					

Note:

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

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

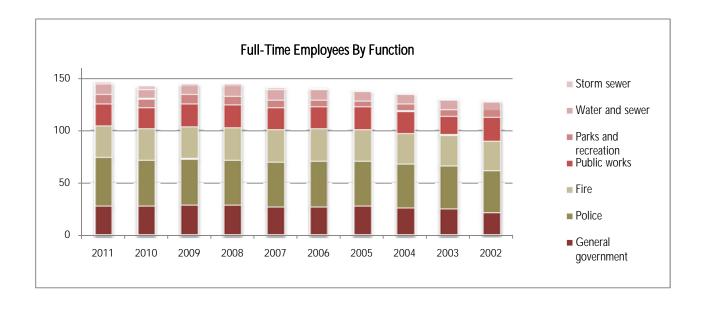
Actual employment numbers are not available to calculate the percentage of total employment by employer.

Sources:

Weber County Comprehensive Annual Financial Report 2010

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

	Full-time Employees as of June 30									
-	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Function										
General government	28	28	29	29	27	27	28	26	25	21
Public safety										
Police										
Officers	42	39	39	38	39	39	37	37	37	37
Civilians	5	5	5	5	4	5	6	5	4	4
Fire										
Firefighters and officers	29	29	30	30	30	30	29	29	29	27
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	21	20	22	22	21	21	22	21	18	23
Parks and recreation	9	9	9	8	8	7	6	7	7	7
Water and sewer	10	9	8	10	10	10	9	9	9	8
Storm sewer	2	3	2	2	2	1	1	1	1	1
Total	147	143	145	145	142	141	139	136	131	129



Notes:

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

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

ROY CITY CORPORATION OPERATING INDICATORS BY FUNCTION Last Seven Fiscal Years

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005		
Function									
Police									
Moving violations	4,086	1,864	1,980	2,692	2,509	2,496	2,259		
Non-moving violations	3,917	3,539	4,002	4,813	4,860	3,619	3,088		
DUI violations	106	85	121	123	103	113	118		
Parking violations	691	272	95	1,096	708	767	1,148		
Fire									
Number of calls dispatched - Fire	701	612	652	617	577	524	456		
Number of calls dispatched - Medical	3,923	4,196	3,986	3,944	3,814	3,606	3,490		
Streets									
Snow removal and sanding:									
Miles	9,925	8,504	13,326	19,759	2,728	7,529	4,212		
Hours	904	935	1,515	2,692	286	772	569		
Asphalt resurfacing (tons)	747	939	775	1,077	2,420	1,735	2,200		
Water									
Service connections	10,610	10,565	10,538	10,510	10,490	10,460	10,388		
Water main breaks	28	23	28	17	22	32	15		
Average daily consumption (gallons)	2,851,236	2,834,907	2,936,564	2,946,649	3,053,622	2,989,756	2,868,266		
Aquatic Center									
Admissions	119,648	113,607	72,089	73,944	70,424	75,594	62,954		
Complex									
Admissions	37,665	37,727	37,723	31,537	36,244	37,201	42,320		

Notes:

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

Police functions (other than parking violations) are for calendar year ended six months earlier.

Participants in instuctional 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 Nine Fiscal Years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	
Patrol units	20	22	22	22	22	22	22	25	25	
Motorcycle units	2	2	2	2	2	2	2	2	-	
Animal control units	2	2	2	2	2	2	2	2	2	
Fire										
Stations	2	2	2	2	2	2	2	2	2	
Streets										
Streets (miles)	114	114	114	113	110	110	110	109	108	
Curb and gutter (miles)	207	207	207	207	213	215	214	212	210	
Sidewalk (miles)	196	196	196	196	181	184	183	182	181	
Streetlights	806	806	806	806	791	791	791	777	772	
Traffic signals	2	2	2	2	2	2	2	-	-	
Parks and recreation										
Community centers	1	1	1	1	1	1	1	1	1	
Parks	10	10	10	10	10	9	9	9	9	
Park acreage	113	113	113	113	113	110	110	110	110	
Covered picnic areas	18	18	18	18	16	14	14	14	13	
Baseball/Softball diamonds	13	13	13	13	13	13	13	13	13	
Soccer fields	13	13	13	13	13	11	11	11	10	
Tennis courts	3	3	3	3	3	3	3	3	3	
Swimming pools	2	2	2	2	2	2	2	2	2	
Gymnasiums	2	2	1	1	1	1	1	1	1	
Sewer										
Sanitary sewers (miles)	117	117	117	117	112	112	112	112	111	
Storm sewers (miles)	83	83	83	83	79	79	79	78	73	
Water										
Water lines (miles)	153	153	153	153	151	151	151	150	148	
Fire hydrants	1,358	1,345	1,343	1,341	1,305	1,305	1,304	1,282	1,260	

Note:

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

Sources:

Various City departmental data

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



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, 2011, which collectively comprise Roy City Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Roy City Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Roy City Corporation as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Roy City Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roy City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Roy City Corporation's internal control.

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

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

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

October 20, 2011

Wiggins; Co., PC



Independent Auditors' Report On Compliance in Accordance With the State of Utah Legal Compliance Audit Guide

Honorable Mayor and Members of the City Council Roy, Utah

We have audited the financial statements, the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation for the year ended June 30, 2011 and have issued our report thereon dated October 20, 2011. As part of our audit, we have audited Roy City Corporation's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit* Guide for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Justice Court
Other General Issues
Impact Fees
Uniform Building Code Standards
Liquor Law Enforcement
B & C Road Funds

The City received the following major assistance programs from the State of Utah

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

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in the United States of America; the standards applicable to financial audits contained Government Auditing Standards issued by the Comptroller General of the United States; and the State of Utah Legal Compliance Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

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

In our opinion, except for the instance of noncompliance listed in the accompanying schedule of findings and questioned costs, Roy City Corporation complied with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011.

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

October 20, 2011

Wiggins; Co., PC

ROY CITY CORPORATION Schedule of Findings and Questioned Costs June 30, 2011

Budgetary Compliance

Finding #1: The expenditures in the Fire and Rescue Department exceeded budgetary appropriations.

<u>Recommendations</u>: We recommend that the City not incur expenditures or encumbrances in excess of budgetary appropriations for any department.

<u>Response</u>: The department incurred costs for retirement payouts and consultation services which were not budgeted. Throughout the year, it was anticipated that sufficient savings would be found in other areas to cover the shortfall. When it became evident that funding would not be sufficient, there was not enough time to properly advertise and request adjustment to the budget. Because total expenditures for the General Fund were below budget, funds were available to cover the overage.

Finding #2: The expenditures in the Justice Court exceeded budgetary appropriations.

<u>Recommendations</u>: We recommend that the City not incur expenditures or encumbrances in excess of budgetary appropriations for any department.

<u>Response</u>: Late in the year, the Judge was assigned as department director. He was not familiar with the budget process and over expended the office supply account. Since that time, the individual has had training and now understands why the problem occurred. Because total expenditures for the General Fund were below budget, funds were available to cover the overage.

<u>Finding #3</u>: The expenditures in the Public Works Administration Department exceeded budgetary appropriations.

<u>Recommendations</u>: We recommend that the City not incur expenditures or encumbrances in excess of budgetary appropriations for any department.

Response: The error was two-fold. An employee retired and rather than re-hire for the position, two other employees were promoted to cover the duties. An error was made in the calculation of the savings and the reallocation to the other departments. Secondly, during the month of June, engineering costs were high due to some unforeseen projects. It was too late in the year for the budget adjustments to be taken before the City Council. Because total expenditures for the General Fund were below budget, funds were available to cove the overages.