



ROY CITY CORPORATION

Roy, Utah

**Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2014**



Where Past, Present, and Future Come Together

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Prepared by:

Cathy A. Spencer
Management Services Director

Where Past, Present, and Future Come Together

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INTRODUCTORY SECTION

Mayor

Willard S. Cragun

City Manager

Andrew H. Blackburn



City Council

Margie Becraft
John R. Cordova
Bradley R. Hilton
David E. Tafoya
Karlene Yeoman

August 29, 2014

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, 2014.

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 Litz & Company, 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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The State of Utah requires the City to be audited in accordance with Government Auditing Standards (GAO Yellow Book 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 City

The City of Roy was incorporated on March 10, 1937 as Roy City Corporation. It is located in the northern part of the state along the Wasatch Front. Hill Air Force Base borders the City on the east and provides employment to many of the City's residents. Roy City Corporation currently occupies a land area of 7.8 square miles and serves a population of approximately 37,000. 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 41-43 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 80.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Roy City Corporation operates. The local economy in Roy continues to see growth. In FY 2014 sales tax revenue increased 4.65% compared to 5.48% in FY 2013. Sales tax revenue reached a new high this year exceeding FY 2008's pre-recession high of \$4,377,000 by nearly \$200,000. The administration anticipates the State's economy to continue to improve and thus has budgeted a 1.0% increase in sales tax.

During the year, a residential subdivision called Miya Estates was established. The subdivision is located off of 4800 South and will include twenty single family homes.

At the Wasatch Executive Park, the Redevelopment Agency of Roy Utah (RDA) transferred property to Roy City which was then exchanged with the Weber School District for the construction of a new North Park Elementary School. The school was completed in the spring of 2014 and opened to its first class of students in the fall of 2014.

With the completion of the new elementary school, the school district will demolish the old school and out buildings and remove the asphalt parking and play areas. The City plans to relocate George Wahlen North Park west onto the old school property. Upon completion George Wahlen North Park will have the same acreage as it currently does. New facilities will be constructed to replace aging and insufficient infrastructure. The City will also be applying for a R.A.M.P. grant through Weber County to help fund the project.

In the spring of 2013, Weber County voters approved a General Obligation Bond to fund new library buildings. The new headquarters library will be built on property in the Wasatch Executive Park directly next to the new North Park Elementary School. The RDA will be trading acreage in the Wasatch Executive Park to Weber County in exchange for the current library facility and property on 4800 South. Construction of the library will begin in early FY 2015.

lasis Health Care Corporation opened a 15,000 square foot emergency center and scanning facility in spring 2013. Since that time, Tanner Clinic has constructed a medical office building adjacent to lasis providing easy access to ongoing medical care for Roy citizens. Wasatch Peak Physical Therapy is a major tenant of the Tanner Clinic building.

The City has located within its boundaries or within close proximity major industries that provide employment to local residents. This includes an air force base, school district, and manufacturing facilities. Because of the nature of these employers and the diversity of industries throughout the State of Utah, unemployment in the area has not been as significant as other states. According to the Bureau of Labor Statistics, in June 2014 the local unemployment rate was 4.0%. This is a decrease of 1.2% from the same time in 2013. The local unemployment rate is well below the national rate of 6.1%. Of the nonfarm wage and salary employment, locally, jobs were up slightly in all areas noted. Some of the largest increases occurred in construction of 9.6%, information of 5.9%, mining and logging of 4.1%, manufacturing of 3.9%, education of 3.8%, leisure and hospitality of 3.8%, and other services of 3.9%.

Long-term Financial Planning

It is the policy of the Roy City Council to maintain a fund balance that ensures adequate reserves that will provide financial stability in the event of an unanticipated economic downturn. The State of Utah limits the amount of assigned and unassigned fund balance the City can have to 25% of budgeted general fund revenues. Normally, these amounts will not be programmed for expenditure and are only available for use

within the confines of expenditure limitation imposed by the State of Utah. Unassigned fund balance was \$4,672,325 at June 30, 2014, and \$3,505,492 at June 30, 2013.

The City Council and administration have long strived to finance City operations on a pay as you go basis. The City has been successful at this and has very low debt compared to other cities of similar size. After the completion of a long-term capital improvement plan, the City saw the need for financing alternatives in order to complete necessary projects. Since the completions of the study, the City has secured long-term financing for fire trucks, remodeling of the Municipal Building, and improvements to the water and sewer infrastructure system. The City had no new debt issues in FY 2014. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 67-69.

Major Initiatives

The Utah Department of Transportation (UDOT) is underway to widen the remaining west end of Riverdale Road to 1900 West. The project includes replacing the bridge over I-15, reconstructing the on-ramp and off-ramp at the bridge, and reconstructing the intersection of 1900 West at Riverdale Road. The intersection will be widened to three lanes in all directions; curb, gutter, and sidewalk replaced; and beautification enhancements to the area made. The governing council sees this as an opportunity to extend the beautification both north and south of the intersection along 1900 West. The planning process is underway to determine the type of beautification that could be done with the intent of implementing changes in FY 2015. With Riverdale Road being a major entryway into the City, the changes will aid to invite visitors and developers into the community.

The City and UDOT jointly submitted a proposal to the Weber County Commission to purchase corridor right of way from Hinckley Drive to 4000 South. The County granted the request for \$1,000,000 to purchase the right of way. Ultimately the corridor of Midland Drive and 3500 West will be widened to the end of the City's south boundary.

The RDA commissioned a sales tax leakage and economic opportunity study which was completed in January 2014 by the firm of Lewis, Young, Robertson, and Burningham. Their team of experts includes a commercial real estate broker and a planning and architectural firm. The final report organizes the City into five economic districts and defines goals, strategies, and action plans for each district as well as for the entire City. It is the intent of the governing council to emphasize economic development within the City and work towards implementing aspects of the report to maintain economic vitality and promote the unique dynamics of each economic district within the City.

The City, the RDA, and Weber County are working on a joint project which will have property on the frontage of 1900 West, where the current George Wahlen North Park exists, transferred to the RDA for development. Once completed, the new elementary school, library, park and developable property will be a catalyst to the improvement of the northeast section of the City. This development encompasses a large area in an aging part of the City. A new round-a-bout will address traffic calming and safety for residents, students, library patrons, and visitors. The Weber School District, Weber County, Library Board, Roy City and the RDA will continue to coordinate their efforts to maximize the positive impact of these new facilities to the community.

The City continues to replace and upgrade water lines as part of the plan adopted by the City Council when water rates were raised. The focus has been primarily on aging water lines on the east side of the City.

The City Council in partnership with Waste Management adopted an opt-out recycling program. Waste Management lowered their collection fees for garbage and set levels of fees for recycling depending upon participation. The City and Waste Management took numerous steps to inform citizens regarding the new program. After some challenging weeks, over 80% of the residents now participate in recycling. The City

and Waste Management have made a commitment to review the program to seek ways to lower the cost of recycling in the future.

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, 2013. 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, Litz & Company, 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,



Cathy A. Spencer
Management Services Director

ROY CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2014

Elected Officials

Willard S. Cragun ----- Mayor
Margie Becraft ----- City Councilperson
John R. Cordova ----- City Councilperson
Bradley R. Hilton ----- City Councilperson
David E. Tafoya ----- City Councilperson
Karlene Yeoman ----- City Councilperson

Executive, Legal and Budgetary Officials

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

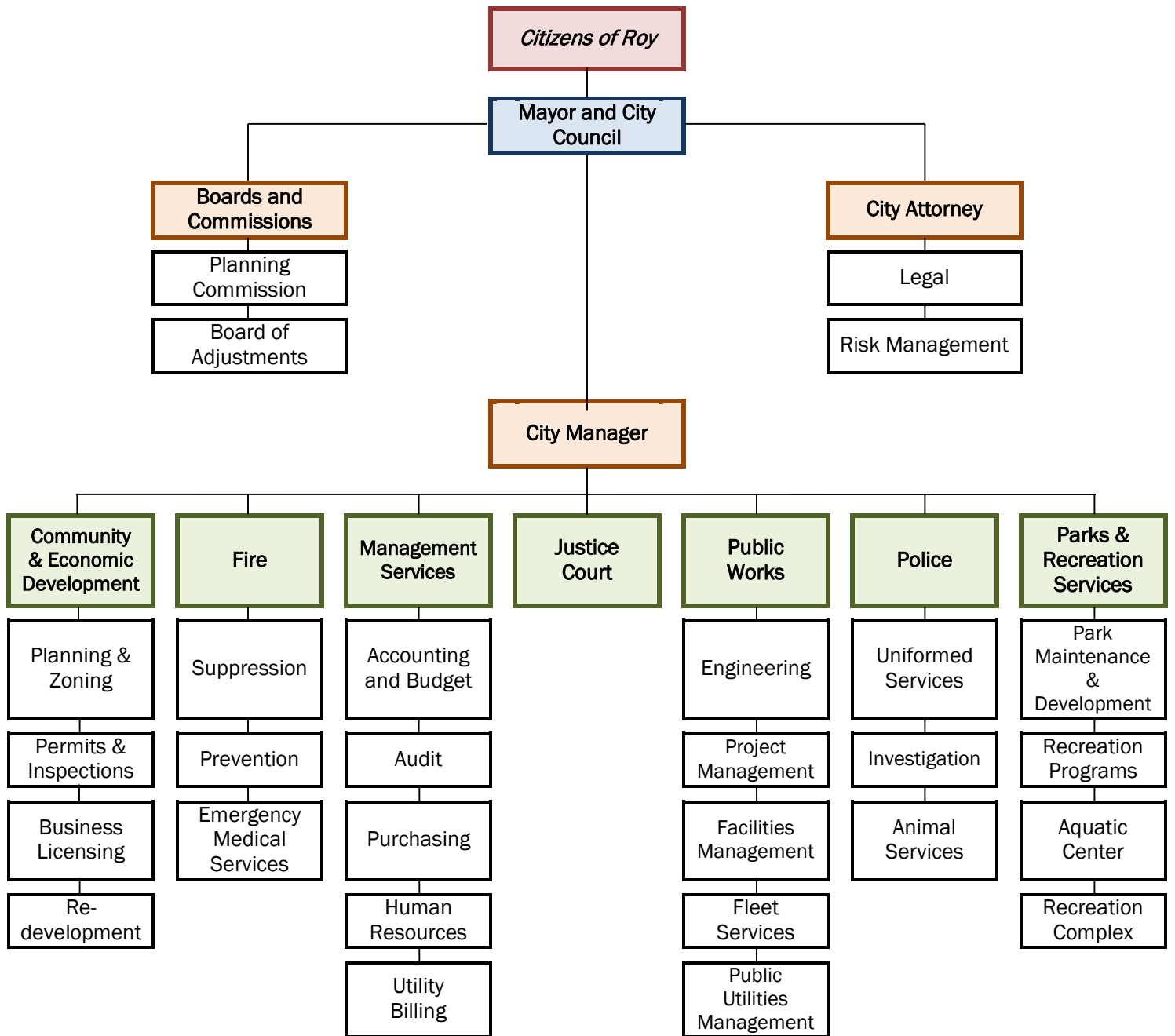
Statutory Appointed Officials

Michael R. Elliott ----- Chief of Police
Amy S. Mortenson ----- City Recorder
Nicole L. Higgs ----- City Treasurer
Mark T. Miller ----- City Engineer

Department Directors

Jason R. Poulsen ----- Fire Chief
Cathy A. Spencer ----- Management Services Director
S. Ross Oliver ----- Public Works Director
Travis J. Flint ----- Parks & Recreation and Recreational Facilities Director
R. Scott Waterfall ----- Justice Court Judge

Roy City Corporation
Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Roy City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and 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 the City of Roy, Utah (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roy, Utah, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 16 through 29 and 80 through 84 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison 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 nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Roy & Company, P.C.

**Roy, Utah
August 29, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Financial Highlights

- The City's net position increased by \$642,039. Approximately \$694,697 of the increase is attributable to operations of the business-type activities, while a decrease of \$52,658 is a result of governmental activities.
- The assets and deferred outflows of resources of Roy City Corporation exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$71,099,241 (net position). Of this amount, \$15,743,511 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,405,278, an increase of \$148,971 in comparison with the prior year. Approximately \$7.99 million of the total amount is available for spending at the City's discretion within the general, capital projects and special revenue funds.
- At the close of the fiscal year, unassigned fund balance for the general fund was \$4,672,325 or 30.14% of the total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,099,241 at the close of the most recent year, June 30, 2014.

Key elements of the City's net position and increase in net position can be found in the tables below:

Roy City Corporation's Net Position (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 16,193	\$ 15,555	\$ 8,375	\$ 7,896	\$ 24,568	\$ 23,451
Capital assets	34,705	35,034	24,753	24,836	59,458	59,870
Deferred outflows	-	-	41	46	41	46
Total assets and deferred outflows of resources	<u>50,898</u>	<u>50,589</u>	<u>33,169</u>	<u>32,778</u>	<u>84,067</u>	<u>83,367</u>
Long-term debt	1,873	2,002	6,081	6,331	7,954	8,333
Other liabilities	1,749	1,235	597	677	2,346	1,912
Deferred inflows	2,641	2,664	27	-	2,668	2,664
Total liabilities and deferred inflows of resources	<u>6,263</u>	<u>5,901</u>	<u>6,705</u>	<u>7,008</u>	<u>12,968</u>	<u>12,909</u>
Net position:						
Invested in capital assets net of related debt	34,249	34,469	18,806	18,574	53,055	53,043
Restricted	2,301	2,261	-	-	2,301	2,261
Unrestricted, as restated	<u>8,085</u>	<u>7,958</u>	<u>7,658</u>	<u>7,196</u>	<u>15,743</u>	<u>15,154</u>
Total net position	<u>\$ 44,635</u>	<u>\$ 44,688</u>	<u>\$ 26,464</u>	<u>\$ 25,770</u>	<u>\$ 71,099</u>	<u>\$ 70,458</u>

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 3,439	\$ 3,644	\$ 8,158	\$ 7,785	\$ 11,597	\$ 11,429
Grants and contributions:						
Operating	1,268	1,263	-	-	1,268	1,263
Capital	435	734	-	595	435	1,329
General revenues						
Property taxes	2,659	2,600	-	-	2,659	2,600
Other taxes	7,833	7,572	-	-	7,833	7,572
Investment earnings	81	594	-	-	81	594
Contributions from other gyts	364	479	-	-	364	479
Other	62	54	196	198	258	252
Total revenues	<u>16,141</u>	<u>16,940</u>	<u>8,354</u>	<u>8,578</u>	<u>24,495</u>	<u>25,518</u>
Expenses:						
General government	3,328	2,961	-	-	3,328	2,961
Public safety	7,761	7,612	-	-	7,761	7,612
Public works	2,559	2,677	-	-	2,559	2,677
Parks and recreation	2,536	2,604	-	-	2,536	2,604
Interest and fiscal charges	10	8	-	-	10	8
Water and sewer utility	-	-	5,527	5,141	5,527	5,141
Storm sewer utility	-	-	404	438	404	438
Solid waste utility	-	-	1,729	1,711	1,729	1,711
Total expenses	<u>16,194</u>	<u>15,862</u>	<u>7,660</u>	<u>7,290</u>	<u>23,854</u>	<u>23,152</u>
Increase (decrease) in net position	(53)	1,078	694	1,288	641	2,366
Net position - beginning, as restated	<u>44,688</u>	<u>43,610</u>	<u>25,770</u>	<u>24,482</u>	<u>70,458</u>	<u>68,092</u>
Net position - ending	<u>\$ 44,635</u>	<u>\$ 44,688</u>	<u>\$ 26,464</u>	<u>\$ 25,770</u>	<u>\$ 71,099</u>	<u>\$ 70,458</u>

By far, the largest portion of the City's net position, 74.62%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$15,743,511, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year and prior fiscal year, Roy City Corporation is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its

separate governmental and business-type activities. The City has no individual funds reporting a deficit in unrestricted net position.

The City changed its method of calculating sales tax revenue by accruing revenue received through August 31st. The change was carried back to the prior year and is the reason for the prior period adjustment for net position. See Note 5 – Prior Period Adjustment for additional disclosures related to the change.

Governmental activities decreased Roy City's net position by \$52,658, while business-type activities increased net position by \$694,697.

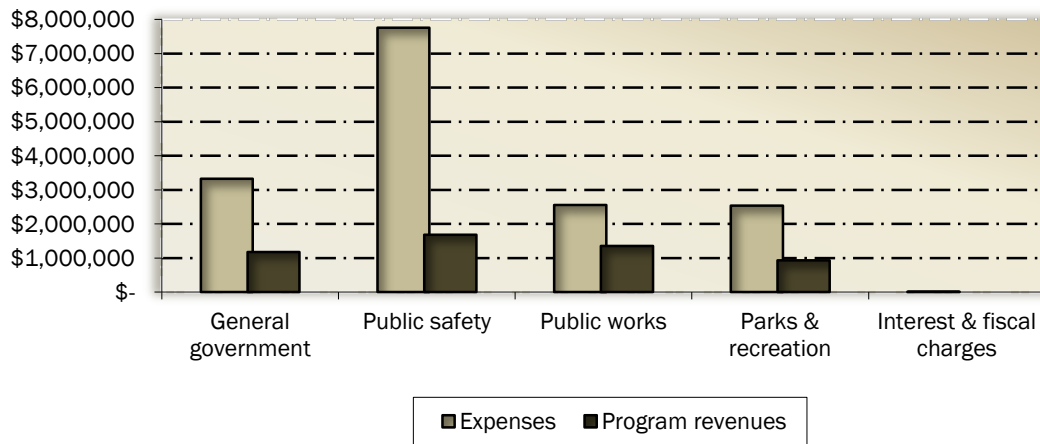
Governmental activities. The governmental activities portion of the increase in net position accounted for (8.20%) of the total growth for the City as a whole.

- Overall, property taxes increased by \$58,582 in the governmental funds from FY 2013. Property taxes in the general fund increased by \$76,716, while the increment received by the RDA decreased \$18,134. The increase for the general fund can be attributed to new growth, while the decrease for the RDA is a result of two factors. First, there was a slight decrease in growth in two districts. Second, the maximum increment for one of the districts has been reached.
- Other taxes were up \$263,573 over the previous fiscal year. Of that amount, \$199,962 came from a 4.65% increase in sales tax revenue, while franchise tax revenue increased by 2.41% or \$63,611.
- Revenue from charges for services decreased from FY 2013. The largest increases came from business licenses, \$102,489. FY 2014 was the first full year of the Good Landlord Program. In FY 2013, the program was implemented but many allowances were provided to owners as the program was rolled out. Some of the more significant decreases came from development where building permit revenue was down \$53,425; plan checks down \$22,118, and street cuts and chip and seal down \$30,753. Overall development is down as the City has less open land on upon which new construction can take place. Public safety revenue, including ambulance fees and traffic school, was down \$7,581. This was a result of a reduced number of calls and citations, as well as lower collection rates. Recreational revenue was down \$110,026, of which \$66,960 was the result of apparel sales which occurred in FY 2013 and not FY 2014. Attendance was down at the Aquatic Center and Recreation Complex and there was less participation in the classes offered. Justice Court fines were down \$24,627 from FY 2013 and is also the result of fewer citations and lower collection rates. Cemetery lot sales and burials are up \$4,116 and \$3,920, respectively.
- In FY 2014, the City received a \$200,000 private donation to assist with the construction costs of the Hope Community Center. This was the final of five payments.
- Class C Road funds received was down 4.37%, or \$47,874, from 2013.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund decreased 6.17% from FY 2013, and investment balances were up at the end of the year. As a result, income from interest decreased by \$9,685. Other investment earnings decreased \$503,212 because the City sold property in FY 2013.
- Total expenses for wages and benefits were up \$178,015, or 1.64%, from FY 2013. A 2% cost of living adjustment for all employees was effective July 2013. This impacted wages, payroll taxes, and retirement. In addition, retirement rates for the Utah Retirement System continue to increase to cover losses incurred during the recession. The increase in health insurance costs was small and covered by the City and the employees.
- Operating expenses decreased from FY 2013. Highlights of the net decrease include an increase in election expense of \$25,081 as elections are held every other year; a decrease in community activities of \$15,877, FY 2013 was Roy City's 75th anniversary celebration; an \$80,765 increase in risk management, for FY 2013 a portion of fund balance was used for operations to reduce the balance; a \$33,233 increase in information technology to purchase capital; a \$17,662 increase in vehicle maintenance for the street division, heavier snowfall caused heavier use of equipment;

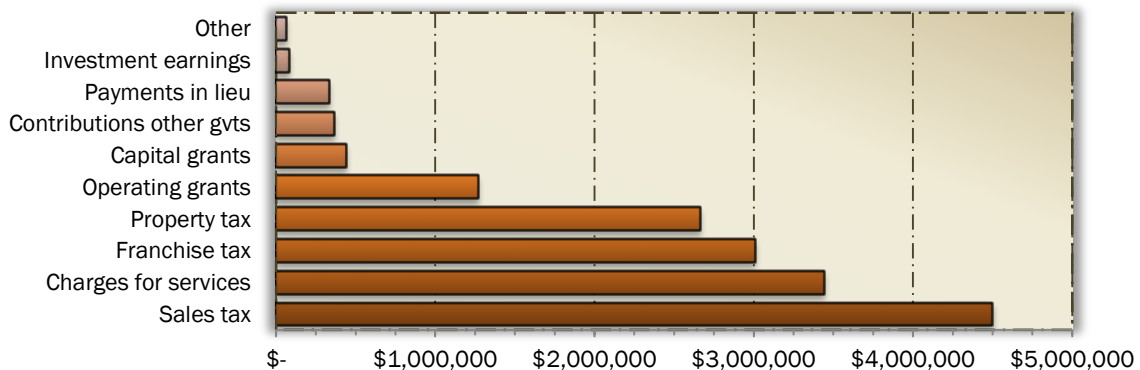
a \$18,768 decrease in supplies and equipment for the Aquatic Center, in FY 2013 a number of outdoor chairs were replaced; a \$71,743 decrease in recreation program supplies, in FY 2013 a fund raising program was held for the football teams and not repeated in FY 2014; a \$117,477 decrease in Class C Roads maintenance, a result of few miles of roads being repaired; a \$27,811 decrease in Class C Roads engineering, less projects need less engineering; a \$68,415 increase in professional and technical for the RDA, a retail leakage study was performed as well as engineering on a number of projects; and a \$41,150 increase in spending on improvements within RDA areas, a number of projects are currently underway. Other expenditure differences between fiscal years exist, but are the result of annual budgeting. No significant changes in operations were made.

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

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



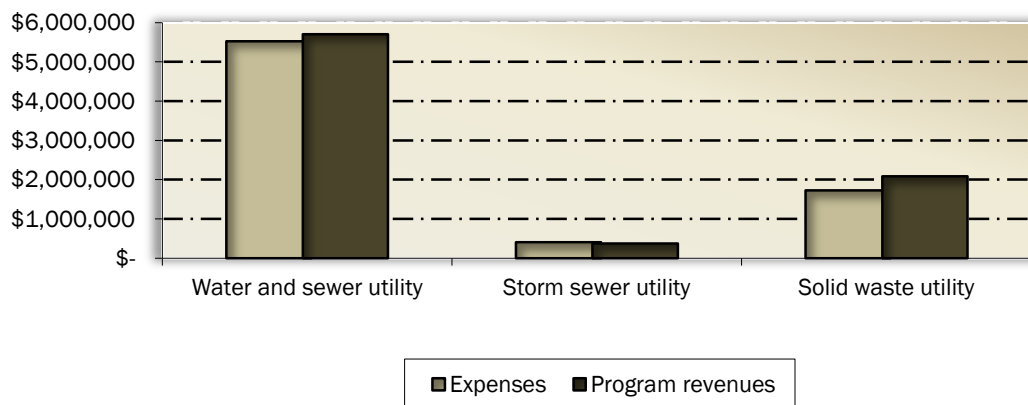
Business-type activities. The business-type activities portion of the increase in net position was 108.20% of the total growth for the City. At the end of the current fiscal year, all of the City’s business-type funds reported positive net position.

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

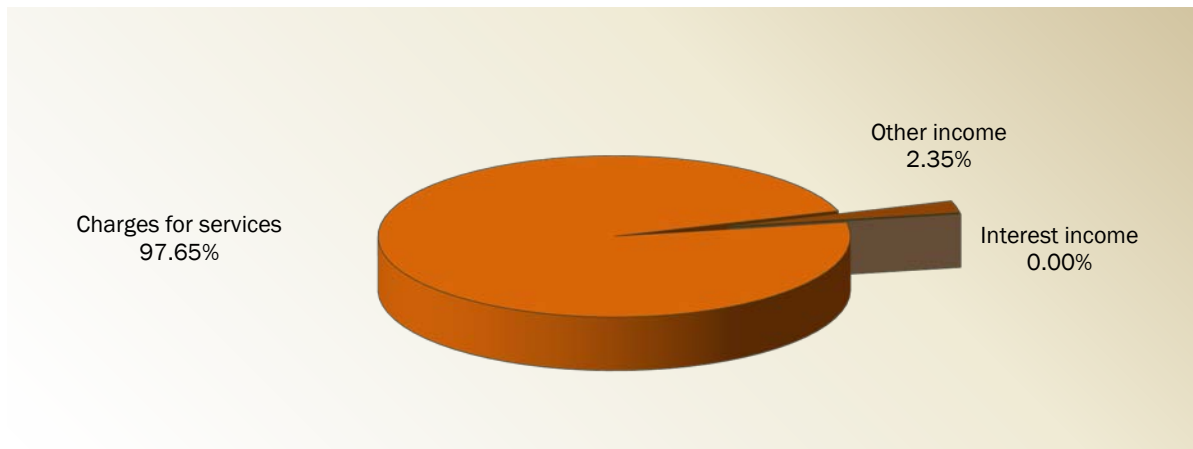
- Revenue from water, sewer, capital improvements, storm sewer and garbage services had an increase of \$400,951. The City implemented an “opt-out” recycling program. The program allowed for a discounted rate on garbage service for those that participated. Revenue from garbage was reduced, while recycling revenue increased. Participation in the program was approximately 85%. One of the City’s sewer service contractors raised rates. The rate increase was passed along to the customers resulting in an increase in sewer revenue. Other service fees rose slightly as a result of new growth.
- Impact and connection fees related to new construction decreased by \$27,399. Construction starts were very low.
- Miscellaneous income increased by \$7,637. This is a small increase from the prior year, likely a result of late fees and recycling of metals dropped at the dumpsters.
- Total expenses for wages and benefits were up \$12,326 from FY 2013. As stated above, a cost of living adjustment of 2% was implemented in July 2013. The increase in health insurance costs was small and covered by the City and the employees. The Utah Retirement System increased rates to help absorb losses in the fund over the last few years.
- Overall, operating costs increased in FY 2014. Contract rate for sewer increase by \$223,453 as a result of a capital improvement plan implemented by the sewer district. The City implemented an opt-out recycling program. This changed the makeup of expenditures in the solid waste utility as garbage collection fees were down \$65,219 and recycling collection fees were up \$239,980. As a result of the recycling program, landfill costs were down \$33,563. Due to the increase cost of sewer and garbage, franchise fees were up \$16,844 and \$6,435 for sewer and garbage, respectively.
- Debt service decreased by \$11,397. Interest expense is reduced as the debt is repaid.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,405,278, an increase of \$148,971 from the prior year. Approximately 40.97%, or \$4,672,325, 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, 2014, \$1,377,953 was available for spending in these funds. The remainder of fund balance is classified to indicate that it is not available for spending because it 1) cannot be spent because of its form, 2) is restricted by external sources, or 3) is committed to specific use.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,672,325, while the total fund balance was \$7,600,829. 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 30.14% of total general fund expenditures, while total fund balance represents 49.03% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) increased by \$98,625 which is \$662,147 less than the prior year. When comparing FY 2014 to FY 2013 there was 1) a 1.80% decrease in revenue of \$288,399, 2) a 2.32% decrease in expenditures of \$367,784, 3) a 100% increase in proceeds from sale of assets of \$54,175, and 4) a 65.99% decrease in the amount transferred to capital projects funds of \$427,025.

Included in the *governmental funds* is \$879,166 which is assigned for specific capital projects. The capital projects fund accounts for financial resources the City has set aside for the acquisition or construction of major capital facilities and equipment, other than those finances by proprietary or special revenue funds. During FY 2014 the fund balance in the capital projects funds increased by \$62,350 compared to a

\$475,394 increase in FY 2013. When comparing FY 2014 to FY 2013, the \$413,044 change can be attributed to a 65.99% decrease in transfers from the general fund of \$427,025 exceeding an 8.14% decrease in project expenditures of \$13,981. At June 30, 2014, fund balances available for specific capital projects include Recreational Facilities Improvements of \$806,499, and Fire & Rescue Facilities and Equipment of \$72,667.

Also included within the *governmental funds* is \$2,431,511 which is assigned for specific purposes. For these special revenue funds, fund balance decreased by \$12,004 compared to a decrease of \$377,937 in FY 2013. When comparing FY 2014 to FY 2013, the change of \$365,933 is a result of 1) a 20.30% decrease in property tax revenue of \$18,134, 2) a 54.93% decrease in impact fees of \$64,114, 3) a 97.58% decrease in investment earnings of \$482,470, 4) a 40.35% increase in cemetery fees of \$1,029, 5) a 100% decrease in grant revenue of \$5,000, 6) an 89.03% increase in operating expenditures of \$179,468, 7) a 4.53% decrease in capital outlay of \$6,154, 8) a 23.95% decrease in contributions from other government units of \$114,793 and 9) a decrease in transfers out of \$1,222,729. At June 30, 2014, available fund balances in these special funds included Redevelopment Agency \$1,932,724; Storm Sewer Development \$160,460; Park Development \$174,019; and Cemetery \$164,308.

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

Unrestricted net position of the water and sewer utility fund at the end of the fiscal year was \$4,447,283, for the storm sewer utility fund unrestricted net position was \$719,320, and for the solid waste utility fund unrestricted net position was \$2,375,429. Net position for the water and sewer utility fund and the solid waste utility fund increased, while the storm sewer utility decreased \$33,786. The change for the water and sewer, and solid waste utility funds increased by \$372,664 and \$357,399, respectively.

The increase in net position for the water and sewer utility fund was less than the increase in FY 2013 by \$260,058. Operating revenues for the water and sewer utility fund increased \$258,416, or 4.58% from the prior year, while operating expenses increased \$235,719 or 4.66%. Other factors in the increase in net position are 1) interest income dropped 114.81% or \$31, 2) interest expense and bond costs dropped 4.27% or \$11,651, 3) gain on sale of assets increased \$26,073, and 4) contributions from developers decreased \$320,448 or 100.00%.

The decrease in net position for the storm water utility fund exceeded the increase in FY 2013 by \$289,189. Operating revenues for the storm water utility fund increased \$3,687, or 1.00% from the prior year, while expenses increased \$18,618 or 4.82%, and contributions from developers decreased \$174,258 or 100%. Grant revenue decreased \$100,000, or 100%.

Operating revenue for the solid waste utility fund was up \$108,820 or 5.50% from FY 2013. Operating expenses increased \$147,131 or 9.15%. The gain on sale of capital assets was \$27,000 or 100%. These factors resulted in a decrease in net position of \$11,311 from FY 2013.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and other financing uses was amended from an original total of \$16,057,964 to a final budget of \$15,919,452, a decrease of \$138,512 or .86%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$23,000 increase in property tax revenue. When the budget was approved the certified tax rate had not been received by the County. Once the rate was received the budget was adjusted.
- \$40,000 increase in sales tax revenue. Consumer sales continued to increase in the State at a rate higher than originally projected.

- \$25,000 reduction in telecom revenue. The State of Utah collects and disburses these funds. There continues to be a decline in land based phone systems in lieu of cellular phones.
- \$108,000 increase in franchise fees. Part of this can be attributed to weather conditions, longer and colder winters allow for higher utility costs as do hotter summers. At the time budgets are prepared these conditions are not known, so adjustments were needed to account for the conditions.
- \$20,000 increase in payments in lieu of taxes. Motor vehicle taxes came in higher than expected.
- \$24,687 increase in the Weber County Hiring Supplement. A new contract was negotiated for officers in the secondary schools.
- \$342,396 increase in intergovernmental revenue. The City does not budget for grants until the likelihood of funding is certain. A number of grants were received after the original budget was approved. This includes \$44,185 from Utah Department of Transportation; \$20,400 increase in funding from the State of Utah; and \$209,500 from Weber County. The State Liquor Law allotment was increased \$8,300.
- \$145,000 decrease in ambulance services. Transports on new contracts were not as high as first estimated. Collection rates are down.
- \$34,000 reduction in admissions and classes at the Aquatic Center and Recreation Complex. Attendance down.
- \$16,000 increase in Justice Court fines and fees.
- \$10,000 decrease in interest income. Savings rates decreased during the year.
- \$49,000 increase in sale of fixed assets. A number of vehicles were sold rather than taken to auction.
- \$713,795 decrease in transfers from the Utility Enterprise Funds. The Utah State Auditor issued guidance on accounting for transfers between funds to reimburse for costs. Rather than showing the transfers as revenue, they are now shown as a reduction of the costs.
- \$142,700 increase in transfers from the Redevelopment Agency. An agreement was set in place for the Redevelopment Agency to reimburse the City for costs incurred with one of the RDA project areas.
- \$713,795 reduction in expenditures for personnel, shown as employee wage reimbursement, throughout the various departments of the City.
- \$32,406 decrease in the management services department expenditures. Funding for an increase to employee compensation was placed in the sundry account. When a determination was made as to what form the compensation would take and how much each department would be allocated, the funds were transferred from sundry and allocated to the specific departments.
- \$84,400 increase in transfers. \$34,400 was transferred to the Information Technology fund for equipment. \$100,000 was transferred to the Capital Projects Fund for the realignment of George Wahlen North Park. \$50,000 reduction in set aside for police radios.
- \$40,000 increase in capital assets for the building maintenance department. This was used to replace the boiler control panel and the roof on the Municipal Building, as well as purchasing a scissor lift.
- \$54,911 increase in expenditures in the police department for grant related items. This includes overtime, and equipment.
- \$260,900 increase to capital to replace vehicles, radios and radars in the police department.
- \$91,178 increase to part time wages, benefits, and equipment for expenditures under the grants received and increase funding for maintenance.
- \$16,100 increase in capital to purchase a gurney with increased funding under the Weber County paramedic contract.
- \$10,000 increased funding for vehicle maintenance in the street division.
- \$9,500 increase in capital to replace the vacuum and diving boards at the Aquatic Center.
- \$44,185 increase in maintenance of the parks division to install a sprinkler system on the Hinckley Drive overpass.

- \$113,500 increase in capital in the parks division to purchase a mower, pressure washer, and truck with plow.

The budget adjustment in the General Fund resulted in revenues being reduced more than expenditures. This required a budgeted draw from fund balance of \$144,582 to balance the budget. While actual expenditures were lower than projected and revenues exceeded estimates, total revenues surpassed expenditures by \$498,900.

Budget to actual. At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Most revenue classifications exceeded budget. Some of the most noteworthy items, sales tax exceeded expectations by \$86,729; property taxes over by \$14,370; and franchise fees over by \$87,070. The budget was prepared showing a transfer from the Redevelopment Agency of \$142,700. The transfer was not made until early FY 2015 resulting in a balance lower than budget. Revenues related to franchise taxes, planning and development, and recreation also were higher. Building permits, grant funding, and Aquatic Center operations were lower than budgeted by \$34,140, \$68,107 and \$16,119, respectively. Fines in the justice court were lower than projected by \$40,192. In total, general fund revenue was exceeded budgeted by \$45,037 or .29%.

Expenditures were \$650,120 under budget. Generally, departments are cautious with spending and resulting in the savings. Three departmental budgets were overspent. This includes the public buildings, streets, and recreation complex. The overages were minimal at \$4,391, \$11,846 and \$4,766, respectively. The building maintenance budget was over spent on utilities at the City facilities due to a colder winter. The street division is responsible for snow plowing during the winter. Over-time and part-times wages, along with fuel and vehicle maintenance were over spent due to the winter snowfall. Utilities at the Recreation Complex were also over budget due to a colder than expected winter. The legal department was under budget by \$29,895; the result of the Victims Advocate Grant not being fully utilized and the prosecutor working fewer hours. The finance department was under budget by \$21,655 from small savings in all areas. The police department was under budget by \$260,059, mainly the result of employees on military leave. The department also had savings in professional and technical, equipment, fuel, and telephone expenditures. Savings in the fire department of \$55,656 are the result of a reduction in part-time hours used along with the related benefits. The aquatic center had a savings of \$18,185, the result of less part-time hours used and a reduction in costs of goods sold. Parks and recreation was under budget by \$51,640. The project to install sprinklers on Hinckley drive was not done and the purchase of equipment was made under budgeted amounts. Total expenditures in the Class C Road Fund were \$195,075 under budget. With no capital projects planned, the expenditures for engineering services were low. Actual road maintenance was lower than expected.

Capital Assets and Debt Administration

Capital assets. Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$53,054,939 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was an increase of .02% (a .64% decrease in governmental activities and a 1.25% increase in business-type activities).

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

Governmental activities:

- Street division dump truck, \$131,107.
- Street division trucks (2), \$51,983.
- Vehicle for Deputy Fire Chief, \$29,722.
- Refurbish Pierce Fire Engine, \$201,471.

- Parks division truck, \$36,639.
- Vehicles for police officers (12), \$334,310.
- Lights for Roy Park, \$129,701.
- Diving boards, water heaters and pool controllers for Aquatic Center, \$24,007.
- Exercise equipment at Recreation Complex, \$15,425.
- Power cot gurney for ambulance, \$16,109.
- Jacobsen rotary mower for parks, \$65,746.
- Portable radios for police officers (32), \$85,274.
- 1999 articulating boom for public works, \$23,000.
- 50 foot boom for public works, \$58,400.
- Scissor lift for public works, \$14,491.
- Hot water boiler for municipal building, \$61,860.
- Replace roof on municipal building, \$18,538.
- Replace roof on Recreation Complex, \$157,675.
- Install curb, gutter, and sidewalk on 4400 South, \$209,500.

Business type activities:

- Water division trucks (2), \$65,408.
- Hill Air Force Base well house generator, \$90,014.
- Replace water lines under Riverdale Road, \$161,416.
- Replace sewer lines under Riverdale Road \$23,535.
- 5950 South water line replacement, \$110,388.
- 50" rotary mower quick hitch kit for detention basin mowing, \$14,168.
- Mack truck with hook lift to transport dumpsters, \$184,332.

Shared activities:

- John Deere loader, \$156,900.

Roy City Corporation's Capital Assets (State in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,875	\$ 3,882	\$ 139	\$ 139	\$ 4,014	\$ 4,021
Buildings	11,698	11,698	15	14	11,713	11,712
Improvmnts other than bldgs	33,483	32,966	33,933	33,717	67,416	66,683
Machinery and equipment	4,317	4,113	1,534	1,401	5,851	5,514
Automobiles and trucks	6,243	5,826	741	729	6,984	6,555
Construction in progress	130	139	982	771	1,112	910
Accumulated depreciation	(25,041)	(23,590)	(12,591)	(11,935)	(37,632)	(35,525)
Total capital assets	\$ 34,705	\$ 35,034	\$ 24,753	\$ 24,836	\$ 59,458	\$ 59,870

Additional information on Roy City Corporation's capital assets can be found in Note 4 on pages 65-66 of this report.

Long-term debt. 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. In June 2012, the City refinanced the long-term portion of the 2007 bonds by issuing \$577,000 in sales tax revenue refunding bonds. The series 2012 sales tax revenue refunding bonds mature in October 2017. Interest is due semi-annually in April and October, while principal is due annually. At year end, the City had \$456,000 outstanding on the bonds.

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, 2014, the balance due on the bonds is \$5,945,000. 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 (State in Thousands of Dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ 456	\$ 565	\$ 5,945	\$ 6,260	\$ 6,401	\$ 6,825

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 \$43,985,000, 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 \$43,985,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 4 on pages 67-69 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 2014 budget:

- Economic activity in the region is adversely affected by the national economy. Consumer confidence is growing with upswings in the housing and credit markets. Growth tends to be stronger within the State than nationally.
- The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 4.0%. This compares to the State's average unemployment rate of 3.9%. The metropolitan and State averages decreased 1.2% and 1.3%, respectively.
- Roy City is near "build out" for residential dwellings. With less land available, growth is expected in multi-family housing units. Revenue from services is near peak and one-time fees from development continue to be low.
- Opening of new businesses is minimal, but some expansion is expected within the central business district and on the west side of the City.
- Sales tax revenue is calculated by the State based on a number of factors including point of sale and population. Sales tax is expected to continue a gradual increase in FY 2015 as the local economy grows.

- The budget includes a 1% cost of living adjustment and a graduated 2.0% merit for all employees, Health insurance costs continue to rise. Expenditures that are expected to increase include fuel, utilities, repairs and maintenance. The replacement of aging capital will continue as the revenue projects remain steady with the previous year.
- Enterprise fund activity reflects rate increases to cover vendor increases.

During the current fiscal year, the fund balance in the general fund increased by \$333,047 to \$7,525,041. Roy City has appropriated \$431,860 of the restricted fund balance from Class C Roads for spending in the 2014 fiscal year. This is for capital improvements to the roadways of the City. \$116,312 of the general funds unreserved fund balance has been appropriate for spending in FY 2015. This was done to reduce the unreserved balance.

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.

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BASIC FINANCIAL STATEMENTS

ROY CITY CORPORATION
Statement of Net Position
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash	\$ 9,997,906	\$ 5,928,586	\$ 15,926,492
Restricted cash: Class "C" roads	2,112,335	-	2,112,335
Investment in water stock	-	16,100	16,100
Interactivity receivable	(116,609)	116,609	-
Accounts receivable - net of allowance for doubtful accounts	4,094,945	1,300,923	5,395,868
Inventory	601,857	219,805	821,662
Prepaid items	52,503	242,985	295,488
Total current assets	<u>16,742,937</u>	<u>7,825,008</u>	<u>24,567,945</u>
Noncurrent assets:			
Internal balances	(550,000)	550,000	-
Capital assets:			
Land	3,875,044	139,434	4,014,478
Buildings	11,698,381	14,519	11,712,900
Improvements other than buildings	33,482,718	33,933,256	67,415,974
Machinery and equipment	4,316,747	1,534,116	5,850,863
Automobiles and trucks	6,243,299	740,760	6,984,059
Construction in progress	129,701	982,400	1,112,101
Less accumulated depreciation	(25,040,725)	(12,591,085)	(37,631,810)
Total capital assets net of accumulated depreciation	<u>34,705,165</u>	<u>24,753,400</u>	<u>59,458,565</u>
Total noncurrent assets	<u>34,155,165</u>	<u>25,303,400</u>	<u>59,458,565</u>
Deferred outflows of resources:			
Bond insurance	-	40,938	40,938
Total assets and deferred outflows of resources	<u>\$ 50,898,102</u>	<u>\$ 33,169,346</u>	<u>\$ 84,067,448</u>

ROY CITY CORPORATION
Statement of Net Position, continued
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,035,929	\$ 559,311	\$ 1,595,240
Accrued wages	372,038	25,188	397,226
Compensated absences	124,312	12,829	137,141
Interest payable	2,109	71,707	73,816
Current portion of long-term debt	162,627	325,323	487,950
Total current liabilities	<u>1,697,015</u>	<u>994,358</u>	<u>2,691,373</u>
Long-term liabilities:			
Compensated absences	1,187,662	61,672	1,249,334
Long-term debt due in more than one year	520,576	5,622,303	6,142,879
Guarantee deposits	216,503	-	216,503
Total long-term liabilities	<u>1,924,741</u>	<u>5,683,975</u>	<u>7,608,716</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,641,520</u>	<u>26,598</u>	<u>2,668,118</u>
Total liabilities and deferred inflows of resources	<u>6,263,276</u>	<u>6,704,931</u>	<u>12,968,207</u>
NET POSITION			
Invested in capital assets, net of related debt	34,249,165	18,805,774	53,054,939
Restricted for:			
Class "C" roads	2,300,791	-	2,300,791
Unrestricted	8,084,870	7,658,641	15,743,511
Total net position	<u>\$ 44,634,826</u>	<u>\$ 26,464,415</u>	<u>\$ 71,099,241</u>

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

ROY CITY CORPORATION
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>
			<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Primary government:			
Governmental activities:			
General government	\$ 3,328,328	\$ 965,833	\$ 12,001
Public safety	7,760,529	1,453,886	208,378
Public works	2,558,874	91,981	1,047,275
Parks and recreation	2,536,514	927,615	-
Interest and fiscal charges	10,185	-	-
Total governmental activities	<u>16,194,430</u>	<u>3,439,315</u>	<u>1,267,654</u>
Business-type activities:			
Water and sewer utility	5,526,567	5,704,289	-
Storm sewer utility	404,465	370,679	-
Solid waste utility	1,728,775	2,083,515	-
Total business-type activities	<u>7,659,807</u>	<u>8,158,483</u>	<u>-</u>
Total primary government	<u>\$ 23,854,237</u>	<u>\$ 11,597,798</u>	<u>\$ 1,267,654</u>
General revenues:			
Property taxes			
Sales tax			
Franchise taxes			
Payments in lieu of taxes			
Unrestricted investment earnings			
Contributions from other government units			
Other revenues not restricted to specific programs			
Total general revenues and transfers			
Changes in net position			
Net position - beginning, as restated			
Net position - ending			

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

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 200,000	\$ (2,150,494)	\$ -	\$ (2,150,494)
22,580	(6,075,685)	-	(6,075,685)
209,500	(1,210,118)	-	(1,210,118)
3,000	(1,605,899)	-	(1,605,899)
-	(10,185)	-	(10,185)
<u>435,080</u>	<u>(11,052,381)</u>	<u>-</u>	<u>(11,052,381)</u>
-	-	177,722	177,722
-	-	(33,786)	(33,786)
-	-	354,740	354,740
<u>-</u>	<u>-</u>	<u>498,676</u>	<u>498,676</u>
<u>\$ 435,080</u>	<u>(11,052,381)</u>	<u>498,676</u>	<u>(10,553,705)</u>
	2,658,569	-	2,658,569
	4,497,205	-	4,497,205
	3,005,759	-	3,005,759
	330,365	-	330,365
	80,943	26	80,969
	364,406	-	364,406
	62,476	195,995	258,471
	<u>10,999,723</u>	<u>196,021</u>	<u>11,195,744</u>
	(52,658)	694,697	642,039
	44,687,484	25,769,718	70,457,202
	<u>\$ 44,634,826</u>	<u>\$ 26,464,415</u>	<u>\$ 71,099,241</u>

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Special Revenue Fund Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 5,715,917	\$ 2,127,555	\$ 1,500,625	\$ 9,344,097
Restricted cash:				
Class "C" roads	2,112,335	-	-	2,112,335
Accounts receivable, net	4,030,677	73	-	4,030,750
Advance to other funds	-	-	-	-
Inventory	108,085	493,772	-	601,857
Prepaid items	45,423	-	-	45,423
Total assets	<u>\$ 12,012,437</u>	<u>\$ 2,621,400</u>	<u>\$ 1,500,625</u>	<u>\$ 16,134,462</u>
LIABILITIES				
Accounts payable	\$ 740,070	\$ 155,031	\$ 122,672	\$ 1,017,773
Accrued wages payable	367,583	-	-	367,583
Guarantee deposits	216,503	-	-	216,503
Advance from other funds	550,000	-	-	550,000
Total liabilities	<u>1,874,156</u>	<u>155,031</u>	<u>122,672</u>	<u>2,151,859</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>2,537,452</u>	<u>39,873</u>	<u>-</u>	<u>2,577,325</u>
Total liabilities and deferred inflows of resources	<u>\$ 4,411,608</u>	<u>\$ 194,904</u>	<u>\$ 122,672</u>	<u>\$ 4,729,184</u>

ROY CITY CORPORATION
Balance Sheet, continued
Governmental Funds
June 30, 2014

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventory	\$ 37,248	\$ 493,772	\$ -	\$ 531,020
Prepaid items	45,423	-	-	45,423
Restricted for:				
Class C roads	2,300,791	-	-	2,300,791
Debt service	456,000	-	-	456,000
Assigned to:				
Encumbrances	75,428	-	-	75,428
Public safety	13,614	-	72,667	86,281
Storm sewer improvements	-	-	160,460	160,460
Park improvements	-	-	980,518	980,518
Cemetery	-	-	164,308	164,308
Redevelopment	-	1,932,724	-	1,932,724
Unassigned	4,672,325	-	-	4,672,325
Total fund balances	<u>7,600,829</u>	<u>2,426,496</u>	<u>1,377,953</u>	<u>11,405,278</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,012,437</u>	<u>\$ 2,621,400</u>	<u>\$ 1,500,625</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,705,165
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,997,286)
Internal service funds are used by management to charge the costs of information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>521,669</u>
Net position of governmental activities	<u>\$ 44,634,826</u>

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

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 10,090,334	\$ 71,199	\$ -	\$ 10,161,533
Payments in lieu of taxes	330,365	-	-	330,365
Licenses and permits	280,987	-	-	280,987
Intergovernmental	1,502,234	-	(5,000)	1,497,234
Charges for services	2,404,922	-	-	2,404,922
Impact fees	-	-	52,598	52,598
Fines and forfeitures	700,808	-	-	700,808
Investment earnings	68,992	9,817	2,134	80,943
Property rental	34,560	-	-	34,560
Management fee	124,750	-	-	124,750
Contributions and donations	205,500	-	-	205,500
Miscellaneous	24,337	-	3,579	27,916
Total revenues	15,767,789	81,016	53,311	15,902,116
Expenditures:				
Current:				
General government	2,985,736	381,036	-	3,366,772
Public safety	8,130,062	-	-	8,130,062
Public works	2,040,235	-	-	2,040,235
Parks and recreation	2,227,682	-	-	2,227,682
Debt service:				
Principal retirement	109,000	-	-	109,000
Interest and fiscal charges	10,596	-	-	10,596
Capital outlay	-	-	287,376	287,376
Total expenditures	15,503,311	381,036	287,376	16,171,723
Excess (deficiency) of revenues over (under) expenditures	\$ 264,478	\$ (300,020)	\$ (234,065)	\$ (269,607)

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances, continued
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Special Revenue Funds Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$ 264,478	\$ (300,020)	\$ (234,065)	\$ (269,607)
Other financing sources (uses):				
Contributions from other government units	-	364,406	-	364,406
Gain/(loss) on sale of assets	54,172	-	-	54,172
Transfers in	-	-	220,025	220,025
Transfers out	(220,025)	-	-	(220,025)
Total other financing sources (uses)	(165,853)	364,406	220,025	418,578
Net change in fund balances	98,625	64,386	(14,040)	148,971
Fund balances - beginning of year, as restated	7,502,204	2,362,110	1,391,993	11,256,307
Fund balances - end of year	\$ 7,600,829	\$ 2,426,496	\$ 1,377,953	\$ 11,405,278

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

ROY CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Government-wide Statement of Activities
For the Fiscal Year Ended June 30, 2014

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)	\$ 148,971
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(305,737)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	12,539
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, deferred bond insurance costs are reported in the governmental fund's operating statement because these transactions require the use of financial resources but are reported on the government-wide statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	109,411
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.	(5,534)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	<u>(12,308)</u>
Change in net position of governmental activities	<u><u>\$ (52,658)</u></u>

ROY CITY CORPORATION
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,550,000	\$ 2,573,000	\$ 2,587,370	\$ 14,370
Sales	4,370,476	4,410,476	4,497,205	86,729
Telecom gross receipts	505,000	480,000	471,799	(8,201)
Franchise	2,030,560	2,138,560	2,225,630	87,070
Paramedic	320,000	335,000	308,330	(26,670)
Payments in lieu of taxes	300,000	320,000	330,365	10,365
Licenses and permits	308,200	308,200	280,987	(27,213)
Intergovernmental	1,205,983	1,573,066	1,502,234	(70,832)
Charges for services	3,285,495	2,394,700	2,404,922	10,222
Fines and forfeitures	725,000	741,000	700,808	(40,192)
Investment earnings	80,000	70,000	68,992	(1,008)
Property rental	35,500	33,500	34,560	1,060
Management fee	124,750	124,750	124,750	-
Contributions and donations	200,000	205,500	205,500	-
Miscellaneous	12,000	15,000	24,337	9,337
Total revenues	16,052,964	15,722,752	15,767,789	45,037
Expenditures:				
General government:				
Legislative	482,996	424,016	410,539	13,477
Legal	285,729	226,871	196,976	29,895
Community & economic develop.	347,445	341,654	328,504	13,150
Information technology	261,915	296,315	296,315	-
Justice court	340,619	347,619	344,713	2,906
Finance	630,968	399,292	377,637	21,655
Public buildings	722,866	712,362	716,753	(4,391)
Risk management	253,855	253,855	253,855	-
	3,326,393	3,001,984	2,925,292	76,692
Public safety:				
Fire	3,476,041	3,583,319	3,527,663	55,656
Police	4,615,769	4,931,580	4,671,521	260,059
	8,091,810	8,514,899	8,199,184	315,715

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
Public works:				
Administration	365,300	166,730	161,913	4,817
Class "C" roads	1,142,000	1,142,000	946,925	195,075
Fleet services	222,234	222,234	217,626	4,608
Streets	583,816	476,908	488,754	(11,846)
	<u>2,313,350</u>	<u>2,007,872</u>	<u>1,815,218</u>	<u>192,654</u>
Parks and recreation:				
Aquatic center	479,901	493,901	475,716	18,185
Parks and recreation	993,960	1,141,028	1,089,388	51,640
Recreation complex	637,929	639,729	644,495	(4,766)
	<u>2,111,790</u>	<u>2,274,658</u>	<u>2,209,599</u>	<u>65,059</u>
Debt service:				
Principal	109,000	109,000	109,000	-
Interest and fiscal charges	10,596	10,596	10,596	-
	<u>119,596</u>	<u>119,596</u>	<u>119,596</u>	<u>-</u>
Total expenditures	<u>15,962,939</u>	<u>15,919,009</u>	<u>15,268,889</u>	<u>650,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,025</u>	<u>(196,257)</u>	<u>498,900</u>	<u>695,157</u>
Other financing sources (uses):				
Gain/(loss) on sale of assets	5,000	54,000	54,172	172
Transfers in	-	142,700	-	(142,700)
Transfers out	(120,025)	(220,025)	(220,025)	-
Total other financing sources (uses)	<u>(115,025)</u>	<u>(23,325)</u>	<u>(165,853)</u>	<u>(142,528)</u>
Net change in fund balance	<u>(25,000)</u>	<u>(219,582)</u>	<u>333,047</u>	<u>552,629</u>
Fund balance - beginning of year, as restated	<u>7,192,354</u>	<u>7,192,354</u>	<u>7,192,354</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,167,354</u>	<u>\$ 6,972,772</u>	<u>\$ 7,525,401</u>	<u>\$ 552,629</u>

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

ROY CITY CORPORATION
Redevelopment Agency - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property tax	\$ 447,343	\$ 81,643	\$ 71,199	\$ (10,444)
Investment earnings	6,000	6,000	9,817	3,817
Total revenues	<u>453,343</u>	<u>87,643</u>	<u>81,016</u>	<u>(6,627)</u>
Expenditures:				
General government	2,111,565	2,218,065	381,036	1,837,029
Total expenditures	<u>2,111,565</u>	<u>2,218,065</u>	<u>381,036</u>	<u>1,837,029</u>
Excess (deficiency) of revenues over expenditures	<u>(1,658,222)</u>	<u>(2,130,422)</u>	<u>(300,020)</u>	<u>1,830,402</u>
Other financing sources (uses):				
Contributions from other government units	-	365,700	364,406	(1,294)
Total other financing sources (uses)	<u>-</u>	<u>365,700</u>	<u>364,406</u>	<u>(1,294)</u>
Net change in fund balance	(1,658,222)	(1,764,722)	64,386	1,829,108
Fund balance - beginning of year	<u>2,362,110</u>	<u>2,362,110</u>	<u>2,362,110</u>	<u>-</u>
Fund balance - end of year	<u>\$ 703,888</u>	<u>\$ 597,388</u>	<u>\$ 2,426,496</u>	<u>\$ 1,829,108</u>

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

ROY CITY CORPORATION
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash	\$ 3,006,764	\$ 706,122	\$ 2,215,700	\$ 5,928,586	\$ 653,809
Investment in water stock	16,100	-	-	16,100	-
Accounts receivable - net of allowance for doubtful accounts	879,428	54,213	367,282	1,300,923	-
Inventory	203,903	15,295	607	219,805	-
Prepaid items	242,540	63	382	242,985	7,080
Total current assets	4,348,735	775,693	2,583,971	7,708,399	660,889
Noncurrent assets:					
Advance to other fund	550,000	-	-	550,000	-
Capital assets:					
Land	139,434	-	-	139,434	-
Buildings	14,519	-	-	14,519	-
Improvements other than buildings	30,956,585	2,976,671	-	33,933,256	-
Machinery and equipment	764,110	116,243	653,763	1,534,116	552,269
Automobiles and trucks	740,760	-	-	740,760	-
Construction in progress	982,400	-	-	982,400	-
Less accumulated depreciation	(11,748,218)	(523,951)	(318,916)	(12,591,085)	(392,125)
Total capital assets net of accumulated depreciation	21,849,590	2,568,963	334,847	24,753,400	160,144
Total noncurrent assets	22,399,590	2,568,963	334,847	25,303,400	160,144
DEFERRED OUTFLOWS OF RESOURCES					
Bond insurance	40,938	-	-	40,938	-
Total assets and deferred outflows of resources	\$ 26,789,263	\$ 3,344,656	\$ 2,918,818	\$ 33,052,737	\$ 821,033

ROY CITY CORPORATION
Statement of Net Position, continued
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 341,552	\$ 10,160	\$ 207,599	\$ 559,311	\$ 18,156
Accrued wages	20,925	3,320	943	25,188	4,455
Compensated absences	9,863	2,966	-	12,829	595
Recaptured losses	-	-	-	-	51,627
Interest payable	71,707	-	-	71,707	-
Revenue bonds payable	325,323	-	-	325,323	-
Total current liabilities	<u>769,370</u>	<u>16,446</u>	<u>208,542</u>	<u>994,358</u>	<u>74,833</u>
Long-term liabilities, less current portion:					
Compensated absences	48,343	13,329	-	61,672	13,072
Recaptured losses	-	-	-	-	175,576
Revenue bonds payable	5,622,303	-	-	5,622,303	-
Total liabilities	<u>6,440,016</u>	<u>29,775</u>	<u>208,542</u>	<u>6,678,333</u>	<u>263,481</u>
DEFERRED INFLOWS OF RESOURCES					
	-	26,598	-	26,598	-
Total liabilities and deferred inflows of resources	<u>6,440,016</u>	<u>56,373</u>	<u>208,542</u>	<u>6,704,931</u>	<u>263,481</u>
NET POSITION					
Invested in capital assets, net of related debt	15,901,964	2,568,963	334,847	18,805,774	160,144
Unrestricted	4,447,283	719,320	2,375,429	7,542,032	397,408
Total net position	<u>\$ 20,349,247</u>	<u>\$ 3,288,283</u>	<u>\$ 2,710,276</u>	<u>26,347,806</u>	<u>\$ 557,552</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>116,609</u>	
Net position of business-type activities				<u>\$ 26,464,415</u>	

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

ROY CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 4,824,044	\$ 370,679	\$ 2,083,515	\$ 7,278,238	\$ 733,045
Other fees	880,245	-	-	880,245	-
Other income	193,481	-	2,514	195,995	61,865
Total operating revenue	<u>5,897,770</u>	<u>370,679</u>	<u>2,086,029</u>	<u>8,354,478</u>	<u>794,910</u>
Operating expenses:					
Personnel services	1,222,971	177,221	137,471	1,537,663	163,166
Contractual services	2,734,186	37,191	1,529,795	4,301,172	225,089
Materials and supplies	419,298	111,284	18,749	549,331	103,257
Other general costs of services	209,281	1,788	18,860	229,929	252,825
Depreciation	704,397	76,982	50,755	832,134	64,461
Total operating expenses	<u>5,290,133</u>	<u>404,466</u>	<u>1,755,630</u>	<u>7,450,229</u>	<u>808,798</u>
Operating income (loss)	<u>607,637</u>	<u>(33,787)</u>	<u>330,399</u>	<u>904,249</u>	<u>(13,888)</u>
Non-operating revenues/ (expenses):					
Interest income	26	-	-	26	-
Interest expense	(254,273)	-	-	(254,273)	-
Gain/(loss) on sale of capital assets	26,073	-	27,000	53,073	-
Bond issue costs	(6,799)	-	-	(6,799)	-
Total non-operating revenues/(expenses)	<u>(234,973)</u>	<u>-</u>	<u>27,000</u>	<u>(207,973)</u>	<u>-</u>
Changes in net position	372,664	(33,787)	357,399	696,276	(13,888)
Total net position - beginning	<u>19,976,583</u>	<u>3,322,070</u>	<u>2,352,878</u>		<u>571,440</u>
Total net position - ending	<u>\$ 20,349,247</u>	<u>\$ 3,288,283</u>	<u>\$ 2,710,277</u>		<u>\$ 557,552</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,580)</u>	
Change in net position of business-type activities				<u>\$ 694,696</u>	

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

ROY CITY CORPORATION
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 5,635,727	\$ 369,684	\$ 2,054,654	\$ 8,060,065	\$ -
Cash received from interfund activities	-	-	-	-	806,079
Other income	193,482	-	2,514	195,996	61,865
Payments to suppliers	(3,198,105)	(116,501)	(1,517,418)	(4,832,024)	(486,806)
Payments to employees	(1,212,544)	(177,841)	(137,336)	(1,527,721)	(156,769)
Payments for interfund services	(168,212)	-	(14,663)	(182,875)	-
Net cash provided by operating activities	<u>1,250,348</u>	<u>75,342</u>	<u>387,751</u>	<u>1,713,441</u>	<u>224,369</u>
Cash flows from capital and related financing activities:					
Capital grant	-	100,000	-	100,000	-
Proceeds from sale of capital	4,700	-	27,000	31,700	-
Acquisition and construction of capital assets	(549,330)	(14,168)	(194,196)	(757,694)	(36,831)
Principal paid on bond	(315,000)	-	-	(315,000)	-
Interest paid on bond	(258,053)	-	-	(258,053)	-
Fiscal agent fees paid	(1,500)	-	-	(1,500)	-
Net cash used in capital and related financing activities	<u>(1,119,183)</u>	<u>85,832</u>	<u>(167,196)</u>	<u>(1,200,547)</u>	<u>(36,831)</u>
Cash flows from investing activities:					
Interest received	26	-	-	26	-
Net cash provided by investing activities	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>
Net increase (decrease) in cash	131,191	161,174	220,555	512,920	187,538
Cash - beginning of year	<u>2,875,573</u>	<u>544,948</u>	<u>1,995,145</u>	<u>5,415,666</u>	<u>466,271</u>
Cash - end of year	<u>\$ 3,006,764</u>	<u>\$ 706,122</u>	<u>\$ 2,215,700</u>	<u>\$ 5,928,586</u>	<u>\$ 653,809</u>

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 607,637	\$ (33,787)	\$ 330,399	\$ 904,249	\$ (13,888)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	704,397	76,982	50,755	832,134	64,461
(Increase) decrease in accounts receivable	(61,527)	(632)	(26,095)	(88,254)	73,034
Increase (decrease) in allowance for uncollectible accounts	2,429	(5)	1,094	3,518	-
(Increase) decrease in inventory	14,364	6,085	672	21,121	-
(Increase) decrease in prepaids	(5,736)	240	930	(4,566)	(5,563)
Increase (decrease) in accounts payable	(21,643)	482	29,860	8,699	9,348
Increase (decrease) in accrued wages	4,195	(401)	136	3,930	577
Increase (decrease) in compensated absences	6,232	(220)	-	6,012	5,820
Increase (decrease) in deferred inflows	-	26,598	-	26,598	-
Increase (decrease) in recaptured losses	-	-	-	-	90,580
Total adjustments	642,711	109,129	57,352	809,192	238,257
Net cash provided by operating activities	<u>\$ 1,250,348</u>	<u>\$ 75,342</u>	<u>\$ 387,751</u>	<u>\$ 1,713,441</u>	<u>\$ 224,369</u>
Non-cash capital and related financing activities:					
Purchase of equipment on account	\$ 24,067	\$ -	\$ -		\$ -
Total non-cash capital and related financing activities	<u>\$ 24,067</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

ROY CITY CORPORATION
Notes to the Financial Statements
June 30, 2014

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

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Roy City Corporation (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are the representation of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, as applicable to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The City applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided that they do not conflict with or contradict GASB pronouncements. For the enterprise funds, the City applies any FASB statements and interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

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

Reporting Entity

The reporting entity is comprised of the primary government, and component units included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and agencies that are not legally separate from the City. For Roy City, this entity includes the component unit described below.

Component units are legally separate entities for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial supports to the organization; or the City is obligated for the debt of the organization.

Based upon the application of the criteria, the City has one component unit.

Blended Component Unit. The Redevelopment Agency of Roy Utah (RDA) was established to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by a board of directors composed of the City's mayor and 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.

Basis of Presentation

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

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

Government-wide Financial Statements

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

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

The statement of activities presents a comparison between direct expenses and programs revenues for each function of the City's governmental activities and each identifiable activity of the business-type activities. A function is a grouping of similar activities to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those which are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. The determining factor for identifying which function charges for services pertain to, is which function generates the revenue. For grants and contributions, the determining factor is, to which function is the revenue restricted.

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *redevelopment agency special revenue fund* is used to account for specific revenue sources that are legally restricted for the improvement, rehabilitation, and redevelopment of blighted areas within the City. The Redevelopment Agency receives its funding from property tax increment from the taxing entities it encompasses.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

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.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

The use of financial resources to acquire capital assets are shown as assets in the government-wide and proprietary fund financial statements and as expenditures in the governmental fund financial statements.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Proceeds of long-term debt are recorded as a liability in the government-wide and proprietary fund financial statements, and as other financing sources on the governmental fund financial statements. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

For the government-wide and proprietary fund financial statements, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements recognize revenues as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Sales and franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the government.

Non-exchange transactions in which the City receives value without directly giving equal value in return, may include property taxes, grants, and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied (see Note 3 – Tax Revenue). Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. See Note 4 - Deferred Inflows/Outflows of Resources.

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

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

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

Assets, Liabilities, and Net position or Equity

Cash, Deposits, and Investments

Cash includes cash on hand, demand deposits with banks, deposits in cash management pools that have the general characteristics of demand deposit accounts, and deposits in a receiver's account for on-line bill pay. The City adopted an investment policy by resolution that allows for the investment of funds in time certificates of deposit with federally insured depositories, in the Utah

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Public Treasurer's Investment Fund (the Fund), in U. S. backed Government Securities, and other funds and obligations.

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

Restricted Assets

Class C Road funds are classified as restricted assets on the balance sheet because their use is restricted by laws and regulations. The road funds are restricted for use in maintaining roads and streets throughout the City.

Receivables, Payables, and Interfund Balances

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "inter-activity receivable or inter-activity payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental activities and business-type activities, which are reclassified as "interactivity balances".

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

Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental fund types are recorded as expenditures when consumed. Inventories of the proprietary funds are expensed when consumed. 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. The expenditure/expense of prepaid items is reflected in the fiscal year in which services are consumed.

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

Capital Assets

General capital assets relate to governmental activities and do not specifically relate to activities of the proprietary funds. These assets generally result from expenditures in the governmental funds. The City reports these assets in the governmental activities column of the government-wide

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

statement of net position and does not report the assets in the governmental fund financial statements. Capital assets used by proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary funds statement of net position.

Capital assets are defined by the City as assets with an initial and individual cost of more than \$1,500 and an estimated useful life of more than two years. These assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Outlays for major improvements are capitalized. The City's infrastructure consists of roads, storm sewer systems, curb, gutter, sidewalk, and street lights.

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

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

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

Compensated Absences

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

Sick leave amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Regular employees accumulate sick leave benefits at the rate of twelve days per year, while firefighters (24 hour shift) accumulate 6.25 days per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

leave or a contribution to a City sponsored retirement plan. The incentive is paid annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of service and accumulated sick leave hours. The liability for sick leave is calculated based on percentages that would be paid in the event the employee terminated employment.

Accrued Liabilities and Long-term Obligations

All payables and accrued liabilities are reported in the government-wide financial statements. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond discounts and premiums are amortized over the life of the applicable debt. Bond insurance costs are recognized as outflows of resources in the reporting period in which they are incurred and amortized using the effective interest method over the life of the bonds.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Fund Equity

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

Fund Balance

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

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

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

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

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

Unassigned fund balance includes all amounts 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.

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

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

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

Net Position

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

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

Capital related items:

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

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

Cost of capital assets	\$ 59,745,890
Accumulated depreciation	<u>(25,040,725)</u>
Total difference	<u>\$ 34,705,165</u>

Long-term debt transactions:

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

Balances at June 30, 2014 were:

Bonds payable	\$ 458,109
URMMA recaptured losses	227,203
Compensated absences	<u>1,311,974</u>
Total difference	<u>\$ 1,997,286</u>

Internal service funds:

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

Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net position at June 30, 2014 include:

Cash	\$ 653,809
prepaid items	7,080
Accounts payable	(18,156)
Accrued wages payable	(4,455)
Interactivity payable	<u>(116,609)</u>
Total difference	<u>\$ 521,669</u>

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

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

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

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Capital outlay	\$ 1,702,653
Depreciation expense	<u>(2,008,390)</u>
Total difference	<u>\$ (305,737)</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$12,539 increase to net position is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (44,961)
Donations of and trade in of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>57,500</u>
Total difference	<u>\$ 12,539</u>

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 position. Also, governmental funds report the effect of bond insurance, 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 \$109,411 difference is as follows:

Debt repayments:	
Sales tax revenue bonds principal	\$ 109,000
Accrued interest payable	<u>411</u>
Total difference	<u>\$ 109,411</u>

Another element of the reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. At year end, the change in compensated absences of the general fund was an increase of \$5,534.

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 \$12,308 difference is as follows:

Change in net position of the internal service funds	\$ (13,887)
Less: Profit from charges to business-type activities	<u>1,579</u>
Total difference	<u>\$ (12,308)</u>

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Notes to the Financial Statements, Continued
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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, 2014, there was \$733,045 in transfers requiring elimination.

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

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

Interactivity receivable representing charges in excess of cost to business-type activities - prior years	\$ 118,188
Interactivity receivable representing charges in excess of cost to business-type activities - current year	<u>(1,579)</u>
Total difference	<u>\$ 116,609</u>

3. Stewardship, Compliance, and Accountability

Budgetary Information

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

Budgets are prepared by fund, function and department. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department level. Budget control is exercised at the department level. The fund budgets may be increased any time during the fiscal year by resolution of the City Council and following a public hearing. The City Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. Transfers of unexpended appropriations from one expenditure account to another within the same department can be made by the department director with the consent of the 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 was an increase in the general fund of \$6,070; an increase in the capital projects fund of \$111,645; an increase in the water and sewer utility fund of \$282,483; a decrease in storm sewer utility fund of \$28,680; increase in the solid waste utility fund of \$100,000; an increase in the information technology fund of \$43,000; an increase in the park development fund of \$5,000; and an increase in the redevelopment agency of \$106,500.

The increase in the general fund was attributed to new grants, capital, projects, cost of living increases, and operations. Adjustments to the budget were made in various categories including personnel reduced

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Notes to the Financial Statements, Continued
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\$682,445; operations and maintenance increased \$144,881; purchase and construction of capital assets increased \$459,234; and transfers to other funds increased \$84,400. The expenditure changes were covered by an increase to tax revenue of \$181,000; increase in intergovernmental of \$367,083; a reduction in charges for services of \$177,000; an increase of fines of \$16,000; an increase to miscellaneous income of \$40,000; and a reduction in contributions and transfers of \$421,013. The contribution from fund balance increased \$144,582.

The change in the capital projects fund was for capital improvements.

The increase in the water and sewer utility was the result of a rate increase by the sewer service provider of \$290,300 and a reduction in transfers from other funds to cover personnel costs. The storm sewer utility decrease lowered personnel costs due to an employee retirement. The increase to the solid waste utility budget was due to the implementation of an opt-out recycling programs, which in part lowered waste collection fees.

The increase in information technology was to add funds to replace outdated software. Additional fees were charged to the general and utility enterprise funds to cover the costs. The increase to the park development budget was for capital improvements. Unassigned reserves were used to provide funding.

The increase in the redevelopment agency budget was for improvements.

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

Budget/GAAP Reconciliation

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

GENERAL FUND	
Net change in fund balance (budget)	\$ 333,047
Beginning encumbrances	(309,850)
Ending encumbrances	<u>75,428</u>
Net change in fund balance (GAAP)	<u>\$ 98,625</u>
Fund balance (budget)	\$ 7,525,401
Ending encumbrances	<u>75,428</u>
Fund balance (GAAP)	<u>\$ 7,600,829</u>

Cash and Cash Equivalents

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
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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, 2014, expenditures exceeded appropriations in the Public Buildings, Streets and Recreation Complex departments (the legal level of budgetary control) of the general fund by \$4,391, \$11,846 and \$4,766, 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

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in checking accounts as well as time deposits. Investments are stated at cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet which also includes accounts that are separately held by the City's component unit.

Deposits for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by the rules of the Utah Money Management Council ("the UMMC"). The Act requires that City funds be deposited with a "qualified depository" which has been certified by the Utah State Commissioner of Financial Institutions as having met its Rule 11. Rule 11 established the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments for the City are also governed by the Act and rules of the UMMC. In addition, the City has adopted its own written investment policy which allows for investments in the following: 1) Obligations of the U. S. Treasury including bills, notes, and bonds; 2) U. S. Government Agencies; 3) Banker's Acceptances which are eligible for discounts at a federal reserve bank and which have a remaining term to maturity of 270 days or less; 4) Commercial paper which is rated P-1 by Moody's Investors Services or Standard and Poor's, having a remaining term to maturity of 270 days or less; 5) Negotiable certificates of deposit having a term to maturity of 365 days or less and variable rate certificates maturing in two years or less re-priced semi-annually; 6) Repurchase agreements with qualified depositories or dealers certified by the Utah Money Management Council; 7) Municipal obligations which are of the State, incorporated city, town, school district, or other political subdivision; 8) The Utah State Treasurer's Investment Pool.

While the City's investment policy allows for a range of investments, at June 30, 2014 the only investment tool utilized is the Utah Public Treasurer's Investment Fund ("PTIF"), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and UMMC requirements. The PTIF is not registered

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

with the SEC as an investment company and is not rated. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionately in any realized gains or losses on investments. The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance. As of June 30, 2014, the City and the Redevelopment Agency had \$15,172,062 and \$2,106,503, respectively, invested directly with the PTIF. Amounts invested with the PTIF are reported at cost which does not materially differ from fair value.

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 which matches anticipated cash flows. The City will structure its investment portfolio so that maturity dates are staggered to meet cash requirements of ongoing operations, thereby avoiding the need to sell securities prior to maturity.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to pay interest or principal. The City minimizes credit risk by limiting investments to securities rated A1/P1/First Tier by two nationally recognized rating agencies, one of which must be Moody's or Standard and Poor's. Risk is also minimized by using financial institutions certified by the UMMC.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. At June 30, 2014 the City's cash and investments in the PTIF and qualified institutions is 95.38% and 4.57%, respectively.

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, 2014, \$572,475 of the City's bank balance of \$822,475 was uninsured and uncollateralized. For the Redevelopment Agency, all of their \$33,337 was insured within FDIC limits. In the Water and Sewer Utility, \$2,255 held in a receiver's account for on-line bill pay was uninsured.

Custodial credit risk for investments is the risk that in the event of the failure of a counter party, the City will not be able to recover the value of its investment. Investments in the PTIF by the City and Redevelopment Agency are exposed to custodial credit risk.

Receivables

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

Governmental and internal service funds:

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	Redevelopment		
	General Fund	Agency	Total
Taxes	\$ 3,078,706	\$ -	\$ 3,078,706
Ambulance services	1,956,452	-	1,956,452
Special assessments	18,347	-	18,347
Intergovernmental	208,388	-	208,388
Other	215,945	73	216,018
Gross receivables	5,477,838	73	5,477,911
Less: allowance for uncollectible accounts	(1,447,161)	-	(1,447,161)
Net receivables	<u>\$ 4,030,677</u>	<u>\$ 73</u>	<u>\$ 4,030,750</u>

Enterprise funds:

	Water and Sewer Utility Enterprise Fund	Storm Sewer Utility Enterprise Fund	Waste Utility Enterprise Fund	Total
	Utilities	\$ 923,642	\$ 57,123	\$ 386,973
Intergovernmental	2,788	-	-	2,788
Gross receivables	926,430	57,123	386,973	1,370,526
Less: allowance for uncollectible accounts	(47,002)	(2,910)	(19,691)	(69,603)
Net receivables	<u>\$ 879,428</u>	<u>\$ 54,213</u>	<u>\$ 367,282</u>	<u>\$ 1,300,923</u>

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenditure/expense) until then. The City reports the deferred charge on bond insurance of \$40,938 in the government-wide statement of net position. This amount is deferred and amortized over the life of the water and sewer revenue bonds.

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

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Notes to the Financial Statements, Continued
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The City reports the following deferred inflows of resources on the governmental funds balance sheet and the government-wide statement of net position:

	Governmental Funds	Governmental Activities
Property taxes not yet levied	\$ 2,284,606	\$ 2,284,606
Property taxes received not yet levied	277,034	277,034
Delinquent property taxes	-	64,195
Grants received for future use	14,886	14,886
Special assessments levied	800	800
	<u>\$ 2,577,326</u>	<u>\$ 2,641,521</u>

Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,882,258	\$ -	\$ (7,214)	\$ 3,875,044
Construction in progress	138,914	273,383	(282,596)	129,701
Total capital assets not being depreciated	<u>4,021,172</u>	<u>273,383</u>	<u>(289,810)</u>	<u>4,004,745</u>
Capital assets being depreciated:				
Buildings	11,698,381	-	-	11,698,381
Improvements other than buildings	32,966,397	552,034	(35,713)	33,482,718
Machinery and equipment	4,113,057	468,660	(264,970)	4,316,747
Automobiles and trucks	5,825,832	907,241	(489,774)	6,243,299
Total capital assets being depreciated	<u>54,603,667</u>	<u>1,927,935</u>	<u>(790,457)</u>	<u>55,741,145</u>
Less accumulated depreciation for:				
Buildings	(4,000,685)	(281,351)	-	(4,282,036)
Improvements other than buildings	(11,719,267)	(1,170,736)	22,112	(12,867,891)
Machinery and equipment	(3,228,335)	(228,031)	226,497	(3,229,869)
Automobiles and trucks	(4,642,042)	(392,732)	373,845	(4,660,929)
Total accumulated depreciation	<u>(23,590,329)</u>	<u>(2,072,850)</u>	<u>622,454</u>	<u>(25,040,725)</u>
Total capital assets being depreciated, net	<u>31,013,338</u>	<u>(144,915)</u>	<u>(168,003)</u>	<u>30,700,420</u>
Governmental activities capital assets, net	<u>\$ 35,034,510</u>	<u>\$ 128,468</u>	<u>\$ (457,813)</u>	<u>\$ 34,705,165</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 139,434	\$ -	\$ -	\$ 139,434
Construction in progress	770,970	385,354	(173,924)	982,400
Total capital assets not being depreciated	<u>910,404</u>	<u>385,354</u>	<u>(173,924)</u>	<u>1,121,834</u>
Capital assets being depreciated:				
Buildings	14,519	-	-	14,519
Improvements other than buildings	33,716,747	216,509	-	33,933,256
Machinery and equipment	1,401,405	291,908	(159,197)	1,534,116
Automobiles and trucks	728,754	65,408	(53,402)	740,760
Total capital assets being depreciated	<u>35,861,425</u>	<u>573,825</u>	<u>(212,599)</u>	<u>36,222,651</u>
Less accumulated depreciation for:				
Buildings	(2,958)	(494)	-	(3,452)
Improvements other than buildings	(10,137,268)	(731,409)	-	(10,868,677)
Machinery and equipment	(832,606)	(82,569)	146,727	(768,448)
Automobiles and trucks	(962,590)	(17,663)	29,745	(950,508)
Total accumulated depreciation	<u>(11,935,422)</u>	<u>(832,135)</u>	<u>176,472</u>	<u>(12,591,085)</u>
Total capital assets being depreciated, net	<u>23,926,003</u>	<u>(258,310)</u>	<u>(36,127)</u>	<u>23,631,566</u>
Business-type activities capital assets, net	<u>\$ 24,836,407</u>	<u>\$ 127,044</u>	<u>\$ (210,051)</u>	<u>\$ 24,753,400</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 248,794
Public safety	354,542
Public works, including depreciation of general infrastructure assets	941,553
Parks and recreation	463,500
Information technology	64,461
Total depreciation expense - governmental activities	<u>\$ 2,072,850</u>
Business-type activities:	
Water and sewer utility	\$ 704,398
Storm water utility	76,982
Solid waste utility	50,755
Total depreciation expense - business-type activities	<u>\$ 832,135</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2014, is as follows:

Advances to/from other funds:

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

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

Inter-fund transfers:

Transfer In	Transfer Out	Amount
Fire & Rescue facilities and equipment - capital projects fund	General fund	\$ 48,500
Parks and recreational facilities improvements - capital projects fund	General fund	171,525
		<u>\$ 220,025</u>

Transfers are used to move revenue from the fund that statute or budget requires them to collect, to the fund the budget authorizes them to expend. The transfers to the capital project fund segregate money for anticipated capital projects. Funds transferred to the general fund by the utility funds are for wages and benefits of employees who provide services to both general municipal and utility operations. All City transfers either occur on a regular basis or are authorized by annual budget appropriation.

Leases

Operating Lease

The City acquired an elementary school and land from a local school district in exchange for vacant real estate. The school district has constructed a new elementary school and will lease the old school from the City until such time as the new school begins operations. In consideration of granting the lease, the school district will pay for the demolition of the building located on the leased premises. The lease expires in the fall of 2014, 120 days after the new school opens and demolition is completed. The school and land acquired through the exchange total \$710,525.

Long-Term Debt and Liabilities

Sales Tax Revenue Refunding Bonds

In June 2012, the City issued \$577,000 of sales tax revenue refunding bonds for the purpose of refunding the long-term portion of the City's outstanding sales tax revenue bonds and paying costs of issuance of the refunding bonds.

The refunding was done to achieve a debt service savings. The bonds were sold at par, carry interest at various rates, 1.4%-2.0%, and mature on October 1, 2017.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Annual debt service for the sales tax revenue refunding bonds is as follows:

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 7,391	\$ 111,000	\$ 118,391
2016	5,514	113,000	118,514
2017	3,432	115,000	118,432
2018	1,170	117,000	118,170
	<u>\$ 17,507</u>	<u>\$ 456,000</u>	<u>\$ 473,507</u>

The refunding and defeasance of Series 2007 bonds was accomplished by depositing the net proceeds \$560,117 (\$577,000 less costs of issuance of \$16,883) with an escrow agent to pay the principal and interest on and to otherwise redeem the refunded bonds. The City reduced its debt service payments by \$17,283 and obtained an economic gain of \$16,112. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The Series 2012 refunding bonds are subject to optional redemption prior to maturity on any interest payment date, at the option of the City, in whole or in part.

Water and Sewer Revenue Bonds

In March 2008, the City 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 were 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.

The bonds bear interest at various 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.

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

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 246,240	\$ 325,000	\$ 571,240
2016	233,240	340,000	573,240
2017	219,640	350,000	569,640
2018	205,640	365,000	570,640
2019	191,040	380,000	571,040
2020-2024	712,682	2,140,000	2,852,682
2025-2028	226,090	2,045,000	2,271,090
	<u>\$ 2,034,572</u>	<u>\$ 5,945,000</u>	<u>\$ 7,979,572</u>

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 Liabilities

During the year ended June 30, 2014, the following activity occurred in liabilities reported as long-term:

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 565,000	\$ -	\$(109,000)	\$ 456,000	111,000
Recaptured losses	136,623	147,059	(56,479)	227,203	51,627
Compensated absences	1,300,620	744,709	(733,355)	1,311,974	124,312
Governmental activities - Long-term liabilities	<u>\$ 2,002,243</u>	<u>\$ 891,768</u>	<u>\$(898,834)</u>	<u>\$ 1,995,177</u>	<u>\$ 286,939</u>
Business-type activities:					
Bonds payable	\$ 6,262,520	\$ -	\$(314,894)	\$ 5,947,626	325,323
Compensated absences	68,487	27,935	(38,216)	58,206	9,863
Business-type activities - Long-term liabilities	<u>\$ 6,331,007</u>	<u>\$ 27,935</u>	<u>\$(353,110)</u>	<u>\$ 6,005,832</u>	<u>\$ 335,186</u>

Internal service funds predominantly serve the governmental funds. Accordingly long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$227,203 of internal service funds recaptured losses and \$13,667 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. Fund balance allocations are presented in the statement of net position and the balance sheet of the governmental funds. The non-spendable portion of fund balance relates to inventory and prepaid items. The restricted balances consist of debt service for the Series 2012 sales tax revenue refunding bonds and the remaining Class C Roads funds. At year end, no portion of fund balance was considered to be committed.

At June 30, 2014 the City had assigned fund balance as follows:

	General Fund	Capital Projects Fund	Park Development Fund	Storm Sewer Development Fund	Cemetery Fund	RDA
Governmental funds:						
Encumbrances	\$ 75,428	\$ -	\$ -	\$ -	\$ -	\$ -
Traffic school	13,614	-	-	-	-	-
Recreational facilities	-	806,499	174,019	-	-	-
Fire apparatus	-	72,667	-	-	-	-
Storm sewer	-	-	-	160,460	-	-
Cemetery	-	-	-	-	164,308	-
Redevelopment	-	-	-	-	-	1,932,724
	<u>\$ 89,042</u>	<u>\$ 879,166</u>	<u>\$ 174,019</u>	<u>\$ 160,460</u>	<u>\$ 164,308</u>	<u>\$ 1,932,724</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

- *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.
- *Recreational facilities* are funds set aside for improvements to or construction of parks and recreational facilities. Assignments under the capital project fund are annual transfers from the general fund. Park development funds are acquired from a fee charged on building permits.
- *Fire apparatus* are funds set aside for the purchase of fire trucks and ambulances and acquired through a transfer from the general fund.
- *Storm sewer* is funds set aside to improve or construct storm sewer infrastructure. Storm sewer development funds are acquired from a fee charged on building permits.
- *Cemetery* is funds set aside to expand the City cemetery and acquired through the sale of cemetery plots.
- *Redevelopment* is property tax assessments acquired by the Redevelopment Agency for redevelopment of specific areas of the City.

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

Employee Retirement Systems and Pension Plans

Pension Plan

Plan Description. The City contributes to the Local Government Contributory Retirement System Tier I and Tier 2 and Local Governmental Non-contributory Retirement System, Public Safety Non-contributory Retirement System Tier 1 and Contributory Tier 2 for employers with social security coverage, and Firefighters Retirement System Tier I and Tier 2 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, defined retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statute. The Systems cover Roy City as well as all participating eligible employers in the State of Utah. Roy City is legally obligated to contribute to the retirement system as long as they have employees meeting membership requirements.

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 2013-2014, plan members in the Local Governmental Contributory Retirement System Tier 1 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 13.28% of the employee's annual covered salary. In the Local Government Contributory Retirement System Tier 2, there are no employee

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

contributions and the City contributes 13.99% of eligible salary. In the Local Governmental Non-contributory Retirement System, the City is required to contribute 17.29% of the employee's annual covered salary. In the Public Safety Retirement System Non-contributory Division Tier 1, the City is required to contribute 34.17% of the employee's annual salary and for the Contributory Division Tier 2 contributions are 22.37%. In the Firefighters Retirement System Tier 1 for employers with social security coverage, plan members are required to contribute 15.05% 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 City is also required to contribute 2.96% of the employee's annual covered salary. For the Firefighters Retirement System Tier 2 for employers with social security coverage, the City is required to contribute 11.02% of eligible salary. 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 Tier 1 and Tier 2 for the years ending June 30, 2014, 2013, and 2012 were \$36,435, \$32,466, and \$16,830, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2014, 2013, and 2012 were \$494,285, \$502,348, and \$448,415, respectively. City contributions for the Public Safety Contributory and Non-contributory Retirement System for June 30, 2014, 2013, and 2012 were \$574,033, \$595,126, and \$526,945, respectively, and for the Firefighters Retirement System Division A and B the contributions for June 30, 2014, 2013, and 2012, were \$205,933, \$212,117, and \$193,064, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

Deferred Compensation Plan

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

401A Plan

The City provides a 401a plan for employees, which is administered by ICMA Retirement Corporation. All permanent full-time employees along with elected officials and permanent intermittent employees are eligible to participate in the plan. The City contributes 15.45% of earnings for merit participants, 16.46% for police officers, 17.64% for firefighters, and 23.03% for administrative participants, minus the City's contribution to the Utah State Retirement System on behalf of the participant for the plan year. Participants are not required to contribute to this plan but may make voluntary after tax contributions. Benefits after termination of employment are paid to individuals based on account balances in lump sum, or as periodic benefit payments, at the option of the participant. Authority to establish and amend the provisions and contribution requirements lies with the Roy City Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$8,389,333 and eligible payroll under this plan was \$6,988,500 for the same period. At June 30, 2014 total plan assets were \$6,141,118. Total contribution requirements were \$68,455, or .98% of covered payroll, and were paid by the due dates.

Redevelopment Agency

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

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 \$124,750 for FY 2014.

Financial information relating to the project areas for the fiscal year ending June 30, 2014 is as follows:

	Project Area #2	Project Area #3	Project Area #4	General
Tax increment collected	\$ 265,579	\$ 43,683	\$ 126,344	\$ -
Amount expended for:				
Administrative costs	111,148	10,060	6,320	-
Redevelopment activities	107,661	142,700	-	3,148

Commitments

The City had no contract commitments for which work had not begun at June 30, 2014.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City uses an internal service fund to account for its risk financing activities with the inter-fund premiums being treated as inter-fund services used. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. At June 30, 2014 and 2013, 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, 2014, 2013, and 2012, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. Net position of the fund is intended for funding future losses and totaled \$233,240 at June 30, 2014.

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, 2014, 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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

Prior Period Adjustments

Standards direct that sales tax revenue should be recognized as revenue as soon as the underlying sale takes place and the funds become available to finance expenditures of the current period. Previously the City recorded sales tax revenue received during the fiscal year because it is available to finance expenditures of that period. The State of Utah collects sales tax for Roy City. Business are required to remit sales tax to the State within 30 days of collection and the State then remits to the taxing entities within another 30 days. Roy City receives 50% of taxes raised using its own taxing power, and a *shared* portion raised by other government's taxing power and based on population.

In order to better reflect governmental practices, the City has made an adjustment to include all types of sales tax revenue received up to 60 days after the end of the fiscal year in the financial statements. A prior period adjustment has been made to include revenues received in July and August 2013 in the beginning net position amount.

Details of the prior period adjustment are as follows:

	<u>General Fund</u> <u>Statement of</u> <u>Revenues,</u> <u>Expenditures,</u> <u>and Changes in</u> <u>Fund Balance -</u> <u>Budget to Actual</u>	<u>Governmental</u> <u>Funds</u> <u>Statement of</u> <u>Revenues,</u> <u>Expenditures,</u> <u>and Changes in</u> <u>Fund Balance</u>	<u>Governmental</u> <u>Activities</u> <u>Government-wide</u> <u>Statement of</u> <u>Activities</u>
Fund balance, as previously reported, June 30, 2013	\$ 6,414,108	\$ 6,723,958	
Accrue sales tax revenue	<u>778,246</u>	<u>778,246</u>	
Fund balance, as restated	<u>\$ 7,192,354</u>	<u>\$ 7,502,204</u>	
Fund balance, as previously reported, June 30, 2012	\$ 5,944,953	\$ 5,963,185	
Accrue sales tax revenue	<u>775,761</u>	<u>775,761</u>	
Fund balance, as restated	<u>\$ 6,720,714</u>	<u>\$ 6,738,946</u>	
Net position, as previously reported, June 30, 2013			\$ 43,909,238
Accrue sales tax revenue			<u>778,246</u>
Net position, as restated			<u>\$ 44,687,484</u>
Net position, as previously reported, June 30, 2012			\$ 42,834,792
Accrue sales tax revenue			<u>775,761</u>
Net position, as restated			<u>\$ 43,610,553</u>

Subsequent Events

An elementary school obtained by the City through a land sale and trade is set to be demolished in the fall

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2014

of 2014. The demolition will be carried out by the previous owner at no cost to the City. See Operating Leases for additional information.

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were to be issued. Except as noted above, there are no subsequent events to disclose.

Non-major Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

ROY CITY CORPORATION
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue Funds			Total
	Storm Sewer Development	Park Development	Cemetery	
ASSETS				
Cash	\$ 160,460	\$ 296,691	\$ 164,308	\$ 621,459
Total assets	<u>\$ 160,460</u>	<u>\$ 296,691</u>	<u>\$ 164,308</u>	<u>\$ 621,459</u>
LIABILITIES				
Accounts payable	\$ -	\$ 122,672	\$ -	\$ 122,672
Total liabilities	<u>-</u>	<u>122,672</u>	<u>-</u>	<u>122,672</u>
FUND BALANCES				
Unrestricted, unassigned	160,460	174,019	164,308	498,787
Total fund balances	<u>160,460</u>	<u>174,019</u>	<u>164,308</u>	<u>498,787</u>
Total liabilities and fund balances	<u>\$ 160,460</u>	<u>\$ 296,691</u>	<u>\$ 164,308</u>	<u>\$ 621,459</u>

Capital Projects Funds			Total
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ 72,667	\$ 806,499	\$ 879,166	\$ 1,500,625
<u>\$ 72,667</u>	<u>\$ 806,499</u>	<u>\$ 879,166</u>	<u>\$ 1,500,625</u>
\$ -	\$ -	\$ -	\$ 122,672
<u>-</u>	<u>-</u>	<u>-</u>	<u>122,672</u>
72,667	806,499	879,166	1,377,953
<u>72,667</u>	<u>806,499</u>	<u>879,166</u>	<u>1,377,953</u>
<u>\$ 72,667</u>	<u>\$ 806,499</u>	<u>\$ 879,166</u>	<u>\$ 1,500,625</u>

ROY CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds			Total
	Storm Sewer Development	Park Development	Cemetery	
Revenues:				
Impact fees	\$ 40,598	\$ 12,000	\$ -	\$ 52,598
Investment earnings	742	1,392	-	2,134
Intergovernmental	-	(5,000)	-	(5,000)
Other income	-	-	3,579	3,579
Total revenues	<u>41,340</u>	<u>8,392</u>	<u>3,579</u>	<u>53,311</u>
Expenditures:				
Maintenance	-	-	-	-
Capital outlay	-	129,701	-	129,701
Total expenditures	<u>-</u>	<u>129,701</u>	<u>-</u>	<u>129,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,340</u>	<u>(121,309)</u>	<u>3,579</u>	<u>(76,390)</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	41,340	(121,309)	3,579	(76,390)
Fund balance - beginning of year	<u>119,120</u>	<u>295,328</u>	<u>160,729</u>	<u>575,177</u>
Fund balance - end of year	<u>\$ 160,460</u>	<u>\$ 174,019</u>	<u>\$ 164,308</u>	<u>\$ 498,787</u>

Capital Projects Funds			Total
Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 52,598
-	-	-	2,134
-	-	-	(5,000)
-	-	-	3,579
-	-	-	53,311
-	-	-	-
-	157,675	157,675	287,376
-	157,675	157,675	287,376
-	(157,675)	(157,675)	(234,065)
48,500	171,525	220,025	220,025
48,500	171,525	220,025	220,025
48,500	13,850	62,350	(14,040)
24,167	792,649	816,816	1,391,993
\$ 72,667	\$ 806,499	\$ 879,166	\$ 1,377,953

ROY CITY CORPORATION
Storm Sewer Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 50,000	\$ 50,000	\$ 40,598	\$ (9,402)
Investment earnings	1,000	1,000	742	(258)
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>41,340</u>	<u>(9,660)</u>
Expenditures:				
Capital outlay	142,000	142,000	-	142,000
Total expenditures	<u>142,000</u>	<u>142,000</u>	<u>-</u>	<u>142,000</u>
Excess (deficiency) of revenues over (under) expenditures	(91,000)	(91,000)	41,340	132,340
Fund balance - beginning of year	<u>119,120</u>	<u>119,120</u>	<u>119,120</u>	<u>-</u>
Fund balance - end of year	<u>\$ 28,120</u>	<u>\$ 28,120</u>	<u>\$ 160,460</u>	<u>\$ 132,340</u>

ROY CITY CORPORATION
Park Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 40,000	\$ 40,000	\$ 12,000	\$ (28,000)
Intergovernmental	-	-	(5,000)	(5,000)
Investment earnings	1,000	1,000	1,392	392
Total revenues	<u>41,000</u>	<u>41,000</u>	<u>8,392</u>	<u>(32,608)</u>
Expenditures:				
Capital outlay	141,000	146,000	129,701	16,299
Total expenditures	<u>141,000</u>	<u>146,000</u>	<u>129,701</u>	<u>16,299</u>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(105,000)	(121,309)	(16,309)
Fund balance - beginning of year	<u>295,328</u>	<u>295,328</u>	<u>295,328</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 195,328</u></u>	<u><u>\$ 190,328</u></u>	<u><u>\$ 174,019</u></u>	<u><u>\$ (16,309)</u></u>

ROY CITY CORPORATION
Cemetery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other income	\$ 5,000	\$ 5,000	\$ 3,579	\$ (1,421)
Total revenues	5,000	5,000	3,579	(1,421)
Net change in fund balance	5,000	5,000	3,579	(1,421)
Fund balance - beginning of year	160,729	160,729	160,729	-
Fund balance - end of year	<u>\$ 165,729</u>	<u>\$ 165,729</u>	<u>\$ 164,308</u>	<u>\$ (1,421)</u>

ROY CITY CORPORATION
Fire and Rescue Facilities and Equipment - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources:				
Transfers in	\$ 48,500	\$ 48,500	\$ 48,500	\$ -
Total other financing sources	48,500	48,500	48,500	-
Net change in fund balance	48,500	48,500	48,500	-
Fund balance - beginning of year	24,167	24,167	24,167	-
Fund balance - end of year	\$ 72,667	\$ 72,667	\$ 72,667	\$ -

ROY CITY CORPORATION
Recreational Facilities Improvements - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay	\$ 100,000	\$ 158,620	\$ 157,675	\$ 945
Total expenditures	100,000	158,620	157,675	945
Deficiency of expenditures over revenues	(100,000)	(158,620)	(157,675)	945
Other financing sources:				
Operating transfers in	\$ 71,525	\$ 171,525	\$ 171,525	\$ -
Total other financing sources	71,525	171,525	171,525	-
Net change in fund balance	(28,475)	12,905	13,850	945
Fund balance - beginning of year	792,649	792,649	792,649	-
Fund balance - end of year	\$ 764,174	\$ 805,554	\$ 806,499	\$ 945

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 Position
June 30, 2014

	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 191,272	\$ 462,537	\$ 653,809
Prepays	5,506	1,574	7,080
Total current assets	<u>196,778</u>	<u>464,111</u>	<u>660,889</u>
Noncurrent assets:			
Capital assets:			
Equipment	1,998	-	1,998
Computer hardware	418,637	-	418,637
Software	131,634	-	131,634
Less accumulated depreciation	<u>(392,125)</u>	<u>-</u>	<u>(392,125)</u>
Total capital assets net of accumulated depreciation	<u>160,144</u>	<u>-</u>	<u>160,144</u>
Total assets	<u>356,922</u>	<u>464,111</u>	<u>821,033</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,488	3,668	18,156
Accrued wages	4,455	-	4,455
Compensated absences	595	-	595
Recaptured losses	-	51,627	51,627
Total current liabilities	<u>19,538</u>	<u>55,295</u>	<u>74,833</u>
Noncurrent liabilities:			
Compensated absences	13,072	-	13,072
Recaptured losses, less current portion	-	175,576	175,576
Total liabilities	<u>32,610</u>	<u>230,871</u>	<u>263,481</u>
NET POSITION			
Invested in capital assets	160,144	-	160,144
Unrestricted	<u>164,168</u>	<u>233,240</u>	<u>397,408</u>
Total net position	<u>\$ 324,312</u>	<u>\$ 233,240</u>	<u>\$ 557,552</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Information Technology	Risk Management	Total
Operating revenue:			
Charges for services	\$ 370,395	\$ 362,650	\$ 733,045
Other income	-	61,865	61,865
Total operating revenue	<u>370,395</u>	<u>424,515</u>	<u>794,910</u>
Operating expenses:			
Personnel services	163,166	-	163,166
Contractual services	70,035	-	70,035
Materials and supplies	98,499	4,758	103,257
Insurance	-	155,054	155,054
Other general costs of services	1,434	251,391	252,825
Depreciation	64,461	-	64,461
Total operating expenses	<u>397,595</u>	<u>411,203</u>	<u>808,798</u>
Operating income (loss)	(27,200)	13,312	(13,888)
Total net position - beginning	<u>351,512</u>	<u>219,928</u>	<u>571,440</u>
Total net position - ending	<u>\$ 324,312</u>	<u>\$ 233,240</u>	<u>\$ 557,552</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from interfund services provided	\$ 370,395	\$ 435,684	\$ 806,079
Other income	-	61,865	61,865
Payments to suppliers	(168,507)	(318,299)	(486,806)
Payments to employees	(156,769)	-	(156,769)
Net cash provided by operating activities	<u>45,119</u>	<u>179,250</u>	<u>224,369</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(36,831)	-	(36,831)
Net cash used in capital and related financing activities	<u>(36,831)</u>	<u>-</u>	<u>(36,831)</u>
Net increase in cash	8,288	179,250	187,538
Cash - beginning of year	<u>182,984</u>	<u>283,287</u>	<u>466,271</u>
Cash - end of year	<u>\$ 191,272</u>	<u>\$ 462,537</u>	<u>\$ 653,809</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (27,200)</u>	<u>\$ 13,312</u>	<u>\$ (13,888)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	64,461	-	64,461
(Increase) decrease in accounts receivable	-	73,034	73,034
(Increase) decrease in prepaids	(5,506)	(57)	(5,563)
Increase (decrease) in accounts payable	6,967	2,381	9,348
Increase (decrease) in accrued wages	577	-	577
Increase (decrease) in compensated absences	5,820	-	5,820
Increase (decrease) in recaptured losses	-	90,580	90,580
Total adjustments	<u>72,319</u>	<u>165,938</u>	<u>238,257</u>
Net cash provided by operating activities	<u>\$ 45,119</u>	<u>\$ 179,250</u>	<u>\$ 224,369</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental funds capital assets:		
Land	\$ 3,875,044	\$ 3,882,258
Buildings	11,698,381	11,698,381
Improvements other than buildings	33,482,717	33,030,915
Machinery and equipment	3,771,306	3,585,493
Vehicles	6,305,099	5,825,832
Construction in progress	129,701	282,596
Total governmental funds capital assets	<u>\$ 59,262,248</u>	<u>\$ 58,305,475</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 33,996,167	\$ 33,305,292
Capital projects fund	13,823,951	13,672,341
Special revenue funds	7,483,097	7,368,809
Donations	3,959,033	3,959,033
Total governmental funds capital assets	<u>\$ 59,262,248</u>	<u>\$ 58,305,475</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2014

Function and Activity	Land	Buildings	Improvments other than Buildings	Machinery and Equipment	Vehicles	Constructn in Progress	Total
General government:							
Legislative	\$ 1,125,238	\$ -	\$ 4,525	\$ 25,550	\$ 32,931	\$ -	\$ 1,188,244
Legal	-	-	-	4,707	-	-	4,707
Justice court	-	-	-	35,064	-	-	35,064
Econ. Development	-	-	-	24,271	44,061	-	68,332
Finance	-	-	3,970	45,267	-	-	49,237
Public buildings	-	8,996,236	253,949	347,419	158,185	-	9,755,789
Total	1,125,238	8,996,236	262,444	482,278	235,177	-	11,101,373
Public safety:							
Fire	69,417	938,782	23,572	627,750	2,223,059	-	3,882,580
Police	-	-	1,768	284,246	1,392,364	-	1,678,378
Total	69,417	938,782	25,340	911,996	3,615,423	-	5,560,958
Public works:							
Administration	185,268	-	22,208	35,910	42,854	-	286,240
Class "C" roads	-	227,426	7,861,424	517,093	1,797,412	-	10,403,355
Fleet services	-	-	-	93,659	69,390	-	163,049
Streets	327,700	2,275	15,765,658	692,498	80,089	-	16,868,220
Total	512,968	229,701	23,649,290	1,339,160	1,989,745	-	27,720,864
Parks and recreation:							
Aquatic center	963,941	-	4,503,704	305,732	-	-	5,773,377
Beautification	-	-	-	3,579	-	-	3,579
Parks	1,203,480	174,931	4,672,405	454,026	358,707	129,701	6,993,250
Recreation	-	471,596	182,690	75,020	106,047	-	835,353
Recreation complex	-	887,135	186,844	199,515	-	-	1,273,494
Total	2,167,421	1,533,662	9,545,643	1,037,872	464,754	129,701	14,879,053
Total governmental capital assets	\$ 3,875,044	\$ 11,698,381	\$ 33,482,717	\$ 3,771,306	\$ 6,305,099	\$ 129,701	\$ 59,262,248

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2014

Function and Activity	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
General government:				
Legislative	\$ 1,188,244	\$ -	\$ -	\$ 1,188,244
Legal & risk management	4,706	1	-	4,707
Justice court	35,064	-	-	35,064
Economic development	71,518	20,379	(23,565)	68,332
Finance	45,267	3,970	-	49,237
Public buildings	9,633,191	187,266	(64,668)	9,755,789
Total general government	<u>10,977,990</u>	<u>211,616</u>	<u>(88,233)</u>	<u>11,101,373</u>
Public safety:				
Animal control	3,484	-	(3,484)	-
Fire	3,634,510	274,048	(25,978)	3,882,580
Police	1,560,529	505,759	(387,910)	1,678,378
Total public safety	<u>5,198,523</u>	<u>779,807</u>	<u>(417,372)</u>	<u>5,560,958</u>
Public works:				
Administration	283,749	2,491	-	286,240
Class "C" roads	10,216,798	274,990	(88,433)	10,403,355
Fleet services	161,845	2,380	(1,176)	163,049
Streets	16,924,773	383,278	(439,831)	16,868,220
Total public works	<u>27,587,165</u>	<u>663,139</u>	<u>(529,440)</u>	<u>27,720,864</u>
Parks and recreation:				
Aquatic center	5,749,370	24,007	-	5,773,377
Beautification	10,845	-	(7,266)	3,579
Parks	6,861,532	310,443	(178,725)	6,993,250
Recreation	615,885	220,933	(1,465)	835,353
Recreation complex	1,304,165	31,683	(62,354)	1,273,494
Total parks and recreation	<u>14,541,797</u>	<u>587,066</u>	<u>(249,810)</u>	<u>14,879,053</u>
Total governmental funds capital assets	<u>\$ 58,305,475</u>	<u>\$ 2,241,628</u>	<u>\$ (1,284,855)</u>	<u>\$ 59,262,248</u>

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

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 <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	99
REVENUE CAPACITY <i>These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.</i>	111
DEBT CAPACITY <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	117
DEMOGRAPHICS AND ECONOMIC INFORMATION <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	121
OPERATING INFORMATION <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	123

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

ROY CITY CORPORATION
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
2013-14	\$ 11,597,798	\$ 1,267,654	\$ 435,080	\$ 10,491,898	\$ 80,969	\$ 622,877	\$ 24,496,276
2012-13	11,428,781	1,263,404	1,329,151	10,168,511	593,896	731,494	25,515,237
2011-12	10,511,746	1,304,150	511,539	9,829,495	89,863	595,368	22,842,161
2010-11	10,268,538	1,200,056	2,873,376	9,532,826	69,702	402,960	24,347,458
2009-10	10,239,629	1,148,158	2,098,255	9,387,893	91,936	386,565	23,352,436
2008-09	9,653,597	2,169,821	1,166,628	9,565,468	358,593	346,839	23,260,946
2007-08	9,135,184	1,498,917	1,672,163	10,213,606	568,450	344,982	23,433,302
2006-07	8,788,560	1,293,113	45,148	10,144,775	615,774	603,577	21,490,947
2005-06	8,677,363	1,189,023	1,462,115	9,378,662	496,465	684,085	21,887,713
2004-05	8,625,415	1,152,072	623,329	8,524,160	264,234	592,815	19,782,025

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
2013-14	\$ 3,328,328	\$ 7,760,529	\$ 2,558,874	\$ 2,536,514	\$ 10,185	\$ 5,526,567	\$ 404,465	\$ 1,728,775	\$ 23,854,237
2012-13	3,329,353	7,612,498	2,999,507	2,623,244	8,308	4,589,355	382,653	1,608,499	23,153,417
2011-12	3,620,941	7,260,104	2,668,853	2,530,588	64,801	4,315,012	341,969	1,487,770	22,290,038
2010-11	3,258,496	7,248,790	2,639,589	2,414,439	50,897	4,111,957	368,083	1,548,614	21,640,865
2009-10	3,201,528	7,130,287	2,512,928	2,465,297	61,736	4,084,228	346,546	1,468,750	21,271,300
2008-09	3,244,050	7,364,103	2,895,688	2,593,013	92,776	4,103,262	348,115	1,457,305	22,098,312
2007-08	3,014,200	7,242,253	2,453,832	2,707,689	80,034	3,741,916	360,261	1,389,521	20,989,706
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

Notes:

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

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERNMENTAL	CHARGES FOR SERVICES	FINES AND FORFEITURES	INTEREST AND MISC	OTHER FINANCING SOURCES	TOTAL
2013-14	\$ 10,420,699	\$ 280,987	\$ 1,502,234	\$ 2,404,922	\$ 700,808	\$ 458,139	\$ 54,172	\$ 15,821,961
2012-13	9,602,554	234,559	1,268,489	3,272,233	730,772	470,957	1,701,928	17,281,492
2011-12	9,348,562	391,361	1,332,855	2,901,616	752,390	458,388	942,911	16,128,083
2010-11	9,045,168	282,723	1,244,242	2,741,540	723,989	430,807	358,950	14,827,419
2009-10	8,914,576	315,060	2,536,801	2,688,425	632,539	548,974	338,225	15,974,600
2008-09	9,114,522	281,482	1,498,797	2,680,954	631,725	470,449	312,092	14,990,021
2007-08	9,481,702	288,299	1,864,813	2,441,681	650,183	666,878	1,368,375	16,761,931
2006-07	9,254,126	328,613	1,302,953	2,633,381	620,453	764,646	392,867	15,297,039
2005-06	8,678,255	342,186	1,271,823	2,579,183	613,871	653,000	1,451,110	15,589,428
2004-05	7,811,849	348,808	1,478,565	2,679,867	574,018	424,430	386,526	13,704,063

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

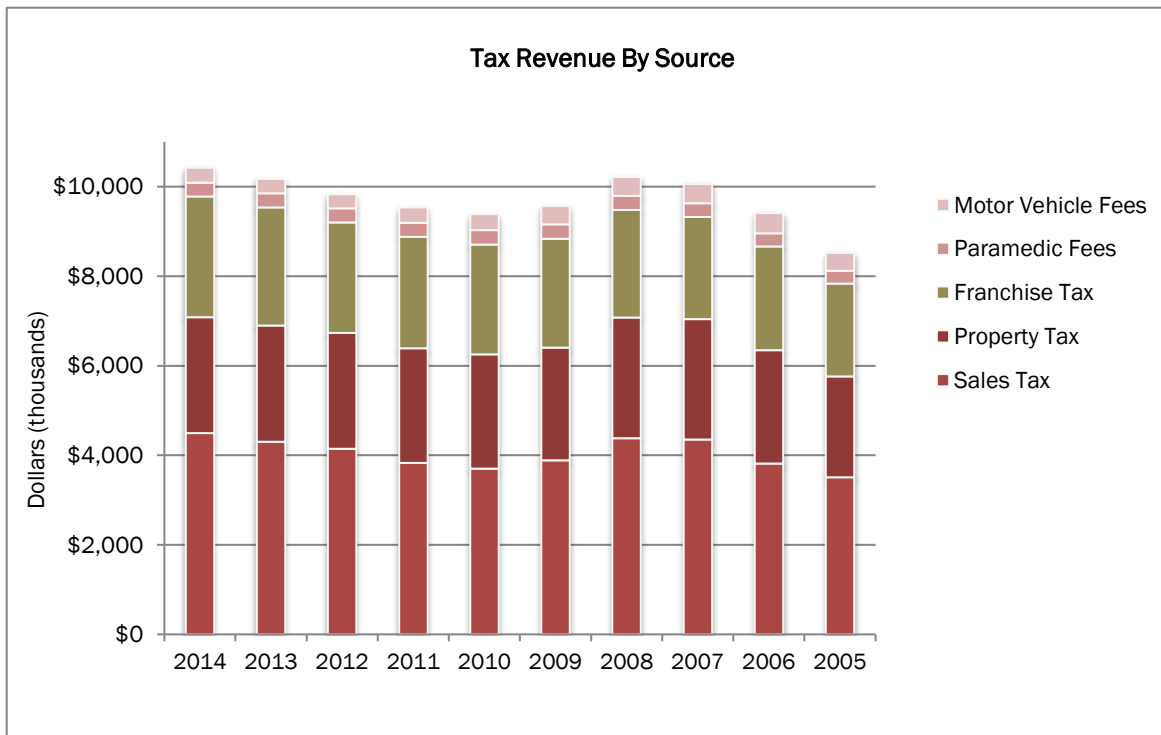
Notes:

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

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

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Paramedic Fees	Motor Vehicle Fees	Total
2014	\$ 4,498	\$ 2,587	\$ 2,697	\$ 308	\$ 330	\$ 10,420
2013	4,300	2,600	2,634	320	317	10,171
2012	4,142	2,591	2,464	320	312	9,829
2011	3,830	2,558	2,488	320	338	9,534
2010	3,701	2,550	2,455	320	363	9,389
2009	3,891	2,514	2,431	320	409	9,565
2008	4,378	2,702	2,398	317	418	10,213
2007	4,352	2,686	2,282	310	426	10,056
2006	3,817	2,527	2,319	297	446	9,406
2005	3,512	2,247	2,077	287	401	8,524



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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	\$ 34,249	\$ 34,469	\$ 34,239	\$ 35,269	\$ 35,212	\$ 33,055	\$ 32,254	\$ 30,408	\$ 30,644	\$ 28,338
Restricted	2,301	2,261	2,116	1,735	2,994	2,638	2,699	1,714	1,731	887
Unrestricted	8,085	7,958	7,256	6,476	4,274	5,390	5,965	7,230	5,423	6,613
Total governmental activities net position	<u>\$ 44,635</u>	<u>\$ 44,688</u>	<u>\$ 43,611</u>	<u>\$ 43,480</u>	<u>\$ 42,480</u>	<u>\$ 41,083</u>	<u>\$ 40,918</u>	<u>\$ 39,352</u>	<u>\$ 37,798</u>	<u>\$ 35,838</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 18,806	\$ 18,574	\$ 18,334	\$ 17,940	\$ 16,961	\$ 18,165	\$ 17,370	\$ 16,672	\$ 14,931	\$ 14,317
Restricted	-	-	27	1,106	485	902	-	-	-	-
Unrestricted	7,658	7,196	6,121	5,014	4,907	2,604	3,433	3,349	5,017	4,967
Total business-type activities net position	<u>\$ 26,464</u>	<u>\$ 25,770</u>	<u>\$ 24,482</u>	<u>\$ 24,060</u>	<u>\$ 22,353</u>	<u>\$ 21,671</u>	<u>\$ 20,803</u>	<u>\$ 20,021</u>	<u>\$ 19,948</u>	<u>\$ 19,284</u>
Primary government										
Invested in capital assets, net of related debt	\$ 53,055	\$ 53,043	\$ 52,573	\$ 53,209	\$ 52,173	\$ 51,220	\$ 49,624	\$ 47,080	\$ 45,575	\$ 42,655
Restricted	2,301	2,261	2,143	2,841	3,479	3,540	2,699	1,714	1,731	887
Unrestricted	15,743	15,154	13,377	11,490	9,181	7,994	9,398	10,579	10,440	11,580
Total primary government net position	<u>\$ 71,099</u>	<u>\$ 70,458</u>	<u>\$ 68,093</u>	<u>\$ 67,540</u>	<u>\$ 64,833</u>	<u>\$ 62,754</u>	<u>\$ 61,721</u>	<u>\$ 59,373</u>	<u>\$ 57,746</u>	<u>\$ 55,122</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 3,328	\$ 2,961	\$ 3,621	\$ 3,258	\$ 3,202	\$ 3,244	\$ 3,014	\$ 2,731	\$ 2,581	\$ 2,551
Public safety	7,761	7,612	7,260	7,249	7,130	7,364	7,242	6,544	6,423	6,103
Public works	2,559	2,677	2,669	2,640	2,513	2,896	2,454	2,758	2,693	2,610
Parks and recreation	2,536	2,604	2,531	2,414	2,465	2,593	2,708	2,613	2,446	2,108
Interest and fiscal charges	10	8	65	51	62	93	80	47	14	28
Total governmental activities expenses	<u>16,194</u>	<u>15,862</u>	<u>16,146</u>	<u>15,612</u>	<u>15,372</u>	<u>16,190</u>	<u>15,498</u>	<u>14,693</u>	<u>14,157</u>	<u>13,400</u>
Business-type activities:										
Water and sewer utility	5,527	5,141	4,315	4,112	4,084	4,103	3,742	4,896	4,862	4,571
Storm sewer utility	404	438	342	368	346	348	360	275	245	156
Solid waste utility	1,729	1,711	1,488	1,549	1,469	1,457	1,390	-	-	-
Total business-type activities expenses	<u>7,660</u>	<u>7,290</u>	<u>6,145</u>	<u>6,029</u>	<u>5,899</u>	<u>5,908</u>	<u>5,492</u>	<u>5,171</u>	<u>5,107</u>	<u>4,727</u>
Total primary government expenses	<u>\$ 23,854</u>	<u>\$ 23,152</u>	<u>\$ 22,291</u>	<u>\$ 21,641</u>	<u>\$ 21,271</u>	<u>\$ 22,098</u>	<u>\$ 20,990</u>	<u>\$ 19,864</u>	<u>\$ 19,264</u>	<u>\$ 18,127</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 966	\$ 987	\$ 1,164	\$ 1,034	\$ 993	\$ 874	\$ 907	\$ 934	\$ 991	\$ 927
Public safety	1,454	1,463	1,182	1,040	956	1,064	963	1,021	954	1,149
Public works	92	114	49	71	129	109	45	82	198	193
Parks and recreation	928	1,079	1,066	1,006	1,028	922	950	1,083	980	946
Operating grants and contributions	1,268	1,263	1,304	1,200	1,148	2,170	1,499	1,293	1,189	1,152
Capital grants and contributions	435	734	511	1,559	1,946	408	1,120	45	843	585
Total governmental activities program revenues	<u>5,143</u>	<u>5,640</u>	<u>5,276</u>	<u>5,910</u>	<u>6,200</u>	<u>5,547</u>	<u>5,484</u>	<u>4,458</u>	<u>5,155</u>	<u>4,952</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Program Revenues, continued:										
Business-type activities:										
Charges for services:										
Water and sewer utility	5,704	5,441	4,775	4,855	4,871	4,522	4,107	5,312	5,201	5,061
Storm sewer utility	371	367	364	363	360	359	424	357	353	349
Solid waste utility	2,083	1,976	1,913	1,900	1,901	1,803	1,739	-	-	-
Capital grants and contributions	-	595	-	1,314	152	759	552	-	619	38
Total business-type activities program revenues	<u>8,158</u>	<u>8,379</u>	<u>7,052</u>	<u>8,432</u>	<u>7,284</u>	<u>7,443</u>	<u>6,822</u>	<u>5,669</u>	<u>6,173</u>	<u>5,448</u>
Total primary government program revenues	<u>\$ 13,301</u>	<u>\$ 14,019</u>	<u>\$ 12,328</u>	<u>\$ 14,342</u>	<u>\$ 13,484</u>	<u>\$ 12,990</u>	<u>\$ 12,306</u>	<u>\$ 10,127</u>	<u>\$ 11,328</u>	<u>\$ 10,400</u>
Net (expense)/revenue:										
Governmental activities	\$ (11,051)	\$ (10,222)	\$ (10,870)	\$ (9,702)	\$ (9,172)	\$ (10,643)	\$ (10,014)	\$ (10,235)	\$ (9,002)	\$ (8,448)
Business-type activities	498	1,089	907	2,403	1,385	1,535	1,330	498	1,066	721
Total primary government net expense	<u>\$ (10,553)</u>	<u>\$ (9,133)</u>	<u>\$ (9,963)</u>	<u>\$ (7,299)</u>	<u>\$ (7,787)</u>	<u>\$ (9,108)</u>	<u>\$ (8,684)</u>	<u>\$ (9,737)</u>	<u>\$ (7,936)</u>	<u>\$ (7,727)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,658	\$ 2,602	\$ 2,591	\$ 2,558	\$ 2,550	\$ 2,514	\$ 2,702	\$ 2,774	\$ 2,499	\$ 2,247
Sales taxes	4,497	4,300	4,142	3,830	3,701	3,891	4,378	4,352	3,817	3,512
Franchise taxes	3,006	2,954	2,783	2,807	2,775	2,751	2,716	2,592	2,616	2,365
Payments in lieu of taxes	330	317	312	338	363	410	418	426	446	401
Unrestricted investment earnings	81	594	88	59	68	214	521	616	496	264
Contributions from other government units	364	479	331	334	321	300	309	358	383	373

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other										
Changes in Net Position, continued										
Other revenues (uses) not restricted to specific programs	62	54	72	69	66	47	(62)	85	132	48
Transfers	-	-	680	707	727	680	599	585	571	562
Total governmental activities	<u>10,998</u>	<u>11,300</u>	<u>10,999</u>	<u>10,702</u>	<u>10,571</u>	<u>10,807</u>	<u>11,581</u>	<u>11,788</u>	<u>10,960</u>	<u>9,772</u>
Business-type activities:										
Other revenues (uses) not restricted to specific programs	-	199	193	-	-	(131)	3	161	169	172
Unrestricted investment earnings	-	-	2	11	24	144	48	-	-	-
Transfers	196	-	(680)	(707)	(727)	(680)	(600)	(586)	(571)	(562)
Total business-type activities	<u>196</u>	<u>199</u>	<u>(485)</u>	<u>(696)</u>	<u>(703)</u>	<u>(667)</u>	<u>(549)</u>	<u>(425)</u>	<u>(402)</u>	<u>(390)</u>
Total primary government	<u>\$ 11,194</u>	<u>\$ 11,499</u>	<u>\$ 10,514</u>	<u>\$ 10,006</u>	<u>\$ 9,868</u>	<u>\$ 10,140</u>	<u>\$ 11,032</u>	<u>\$ 11,363</u>	<u>\$ 10,558</u>	<u>\$ 9,382</u>
Change in Net Position										
Governmental activities	\$ (53)	\$ 1,078	\$ 129	\$ 1,000	\$ 1,399	\$ 164	\$ 1,567	\$ 1,553	\$ 1,958	\$ 1,324
Business-type activities	694	1,288	422	1,707	682	868	781	73	664	331
Total primary government	<u>\$ 641</u>	<u>\$ 2,366</u>	<u>\$ 551</u>	<u>\$ 2,707</u>	<u>\$ 2,081</u>	<u>\$ 1,032</u>	<u>\$ 2,348</u>	<u>\$ 1,626</u>	<u>\$ 2,622</u>	<u>\$ 1,655</u>

Notes:

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

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 10,162	\$ 9,853	\$ 10,136	\$ 9,195	\$ 9,025	\$ 9,156	\$ 9,795	\$ 9,630	\$ 8,961	\$ 8,122
Payments in lieu of taxes	330	317	312	338	363	409	418	426	446	401
Licenses and permits	281	235	391	283	315	281	288	329	342	349
Intergovernmental	1,497	1,268	1,541	1,321	2,537	1,534	1,900	1,338	1,272	1,737
Charges for services	2,405	2,562	2,902	2,742	2,688	2,681	2,442	2,633	2,579	2,680
Impact fees	53	117	95	109	189	56	77	123	159	175
Fines and forfeitures	701	731	752	724	633	632	650	620	614	574
Investment earnings	81	594	88	59	68	214	521	616	497	264
Property rental	34	32	37	39	43	11	11	12	18	17
Management fee	125	120	118	117	136	223	192	190	183	167
Miscellaneous	28	22	35	30	31	51	33	38	32	31
Total revenues	15,697	15,851	16,407	14,957	16,028	15,248	16,327	15,955	15,103	14,517
Expenditures										
General government	3,367	3,708	3,527	3,216	3,218	3,192	3,185	2,908	2,677	2,487
Public safety	8,130	7,324	7,361	7,017	6,885	7,026	7,097	6,365	7,427	5,872
Public works	2,040	1,884	1,805	1,946	1,893	2,411	2,015	2,488	2,789	2,635
Parks and recreation	2,228	2,172	2,075	1,920	1,969	1,996	2,309	2,066	2,114	1,912
Debt service:										
Principal retirement	109	260	239	467	250	243	155	149	131	130
Interest and fiscal charges	11	15	73	55	64	74	80	47	20	28
Capital outlay	287	307	187	238	3,328	1,050	3,048	702	1,645	724
Total expenditures	\$ 16,172	\$ 15,670	\$ 15,267	\$ 14,859	\$ 17,607	\$ 15,992	\$ 17,889	\$ 14,725	\$ 16,803	\$ 13,788

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Excess of revenues over (under) expenditures	\$ (475)	\$ 181	\$ 1,140	\$ 98	\$ (1,579)	\$ (744)	\$ (1,562)	\$ 1,230	\$ (1,700)	\$ 729
Other financing sources (uses)										
Sale of capital assets	54	-	35	24	17	12	59	35	123	14
Capital lease financing	-	-	-	-	-	-	-	-	945	-
Proceeds from revenue bonds	-	-	577	-	-	-	1,000	-	-	-
Payment to refunding bond escrow agent		-	(560)							
Contributions from private source	206	200	200	200	200	-	-	-	-	-
Contributions from other government units	364	479	331	334	321	300	309	358	383	373
Transfers in	220	1,870	97	212	2,163	490	1,467	565	1,538	556
Transfers out	(220)	(1,870)	(97)	(212)	(2,163)	(490)	(1,467)	(565)	(1,538)	(556)
Total other financing sources (uses)	624	679	583	558	538	312	1,368	393	1,451	387
Net change in fund balances	<u>\$ 149</u>	<u>\$ 860</u>	<u>\$ 1,723</u>	<u>\$ 656</u>	<u>\$ (1,041)</u>	<u>\$ (432)</u>	<u>\$ (194)</u>	<u>\$ 1,623</u>	<u>\$ (249)</u>	<u>\$ 1,116</u>
Debt service as a percentage of noncapital expenditures	0.8%	1.8%	2.1%	3.7%	2.3%	2.2%	1.7%	1.5%	1.2%	1.3%

Notes:

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

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

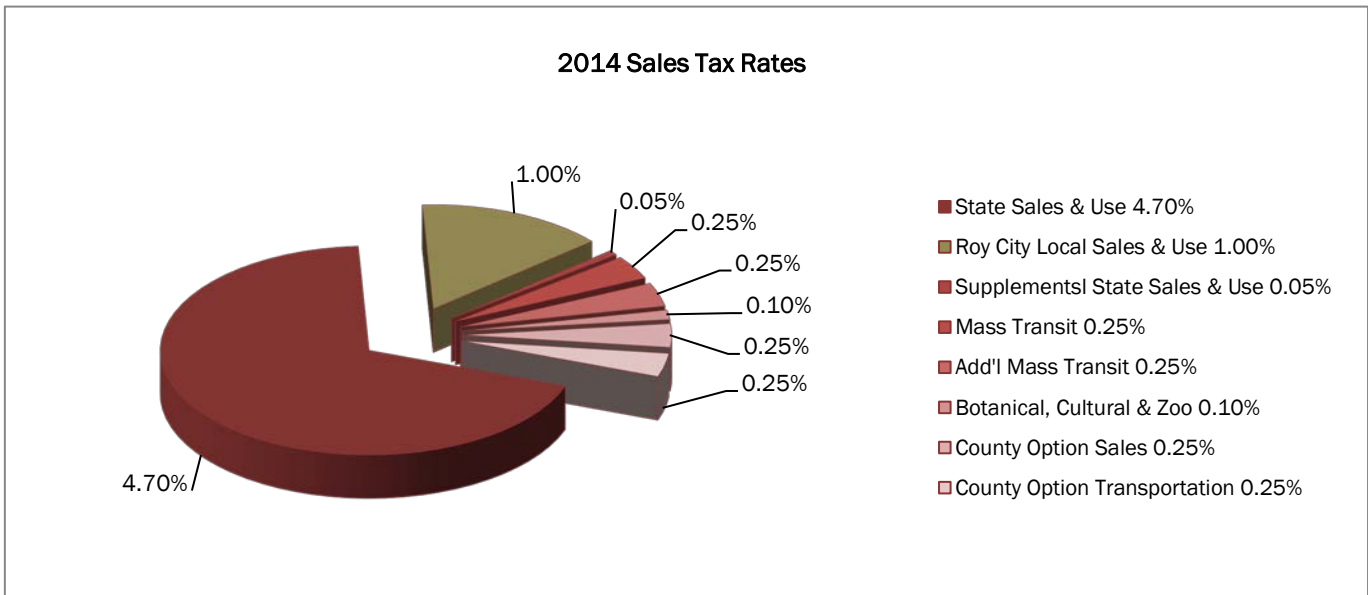
	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Non-spendable:										
Inventory	\$ 37	\$ 27	\$ 29	\$ 26	\$ 89	\$ 94	\$ 101	\$ 57	\$ 83	\$ 76
Prepaid items	45	52	43	44	46	33	113	33	40	43
Restricted for:										
Class C Roads	2,301	2,261	2,115	1,736	1,201	885	703	563	432	777
Debt service	456	565	825	1,036	1,265	1,486	1,700	824	945	110
Assigned to:										
Encumbrances	75	229	4	2	253	283	696	220	157	237
Recreation	-	22	-	-	-	-	-	-	-	-
Public Safety	14	63	8	1	40	40	40	54	49	35
Land purchase		-	-	-	1	1	1	1	1	1
Unassigned	4,672	3,505	2,922	2,415	2,008	2,317	1,799	2,681	1,782	3,018
Total general fund	<u>\$ 7,600</u>	<u>\$ 6,724</u>	<u>\$ 5,946</u>	<u>\$ 5,260</u>	<u>\$ 4,903</u>	<u>\$ 5,139</u>	<u>\$ 5,153</u>	<u>\$ 4,433</u>	<u>\$ 3,489</u>	<u>\$ 4,297</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other governmental funds										
Non-spendable:										
Inventory	\$ 494	\$ 494	\$ 1,705	\$ 1,705	\$ 1,705	\$ 1,705	\$ 950	\$ 966	\$ 974	\$ 953
Restricted for:										
Debt service	-	-	-	-	237	267	296	326	355	382
Assigned to:										
Encumbrances	-	-	-	-	-	-	216	-	257	431
Public safety	73	24	111	77	44	157	114	199	190	3
Capital improvements	-	-	-	-	19	1,039	1,114	2,119	1,822	611
Storm sewer improvements	160	119	181	235	192	66	30	170	151	369
Park improvements	981	1,088	481	273	169	125	205	258	283	570
Cemetery perpetual	164	161	158	150	142	134	127	120	110	103
Redevelopment	1,933	1,868	1,021	869	535	299	1,014	822	209	356
Total other governmental funds	<u>3,805</u>	<u>3,754</u>	<u>3,657</u>	<u>3,309</u>	<u>3,043</u>	<u>3,792</u>	<u>4,066</u>	<u>4,980</u>	<u>4,351</u>	<u>3,778</u>
Total governmental funds	<u>\$ 11,405</u>	<u>\$ 10,478</u>	<u>\$ 9,603</u>	<u>\$ 8,569</u>	<u>\$ 7,946</u>	<u>\$ 8,931</u>	<u>\$ 9,219</u>	<u>\$ 9,413</u>	<u>\$ 7,840</u>	<u>\$ 8,075</u>

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

Fiscal Year	Roy City Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	Botanical, Cultural & Zoo	County Option Sales	County Option Transportation	Total for Roy City Residents
2014	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2013	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
2012	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
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%



Note:

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

Source:

Utah State Tax Commission web site - Sales Tax Division

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

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property	Roy City Taxable Property Value	RDA Tax Increment Value	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Building	Mobile Homes	Other							
2014	\$ 297,771	\$ 758,694	\$ 4,968	\$ 28,937	\$ 38,514	\$ 1,099,633	\$ 29,251	\$ 1,128,884	2.430	\$ 1,972,519	57.23%
2013	309,239	747,351	5,207	29,873	37,382	1,091,552	37,500	1,129,052	2.389	1,848,974	61.06%
2012	307,044	778,886	5,379	28,328	36,249	1,123,097	32,789	1,155,886	2.263	1,855,180	62.31%
2011	301,471	768,147	5,503	26,767	27,315	1,094,650	34,553	1,129,203	2.266	1,894,347	59.61%
2010	346,923	809,567	5,659	27,527	28,285	1,181,254	36,707	1,217,961	2.084	1,865,033	65.31%
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%

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

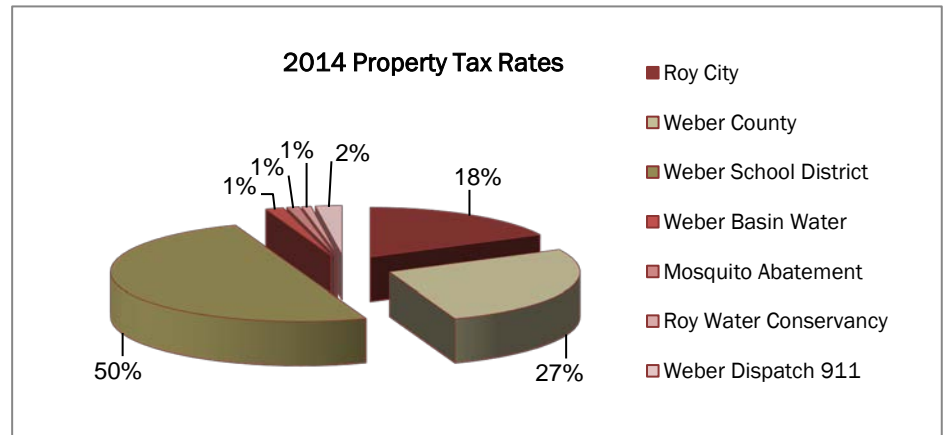
Fiscal Year	Roy City (General)	Weber County (All Components)	Weber School District (All Components)	Weber Basin Water Conservancy (Conservancy)	North Davis Sewer District (All Components)	Mosquito Abatement District (Abatement)	Roy Water Conservancy Subdistrict (Conservancy)	Weber Area Dispatch 911 & Emergency Svcs District (Multiple Svc)	Total Levy for Roy City Residents
2014	2.430	3.718	6.920	0.210	1.025	0.146	0.108	0.310	14.867
2013	2.389	3.966	7.071	0.215	0.993	0.148	0.106	0.316	15.204
2012	2.263	3.916	6.833	0.217	0.928	0.141	0.101	0.301	14.700
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

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)

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
PACIFICORP	\$ 17,102	1	6.66%	\$ 6,185	4	0.66%
AMERICA FIRST CREDIT UNION	13,380	2	5.21%	-		-
WINCO FOODS LLC	12,168	3	4.74%	-		-
QUESTAR GAS	11,524	4	4.49%	5,568	5	0.59%
ORCHARD COVE LTD	10,958	5	4.27%	8,243	2	-
AA ALPINE STORAGE ROY LLC	5,573	6	2.17%	-		0.00%
SEABOARD DEVELOPMENT LLC	5,473	7	2.13%	-		-
HARMON CITY INC.	5,444	8	2.12%	2,863	10	-
ROY MARKETPLACE L C	5,262	9	2.05%	-		-
K B FAMILY ROY LLC	4,654	10	1.81%	3,285	9	-
BOYER IOMEGA	-		-	25,676	1	2.74%
BP FUNDING	-		-	7,587	3	0.81%
QWEST COMMUNICATIONS	-		-	3,504	7	0.37%
COMCAST OF UTAH INC II	-		-	3,365	8	0.36%
BOYDEN B REAZIER FAMILY TRUST	-		-	5,131	6	0.55%
Total taxable value of 10 largest taxpayers	91,538		35.65%	71,407		6.08%
Total taxable value of other taxpayers	165,131		64.35%	865,959		93.92%
Total taxable value of all taxpayers	\$ 256,669		100.00%	\$ 937,366		100.00%

Notes:

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

Source:

Weber County Treasurer's office

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

<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Collected from Other Gov. Units</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections (a)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collected to Total Levy (a)</u>
General Fund							
2013	\$ 2,671	\$ 2,513	\$ -	94.08%	\$ 74	\$ 2,587	96.86%
2012	2,604	2,449	-	94.05%	62	2,511	96.43%
2011	2,542	2,399	-	94.37%	42	2,441	96.03%
2010	2,475	2,336	-	94.38%	61	2,397	96.85%
2009	2,462	2,336	-	94.88%	61	2,397	97.36%
2008	2,431	2,290	-	94.20%	73	2,363	97.20%
2007	2,345	2,213	-	94.37%	65	2,278	97.14%
2006	2,297	2,174	-	94.65%	68	2,242	97.61%
2005	2,261	2,123	-	93.90%	59	2,182	96.51%
2004	1,894	1,790	-	94.51%	117	1,907	100.69%
Redevelopment Agency Special Revenue Fund							
2013	\$ 436	\$ 72	\$ 364	100.00%	\$ -	\$ 436	100.00%
2012	569	90	479	15.82%	-	90	15.82%
2011	481	150	331	31.19%	-	150	31.19%
2010	488	154	334	31.56%	-	154	31.56%
2009	473	152	321	32.14%	-	152	32.14%
2008	451	151	300	33.48%	-	151	33.48%
2007	732	423	309	57.79%	-	423	57.79%
2006	802	444	358	55.36%	-	444	55.36%
2005	728	345	383	47.39%	-	345	47.39%
2004	699	326	373	46.64%	13	339	48.50%

Note:

In FY 2014, RDA tax collections were separated between agency tax increment and tax contribution from other Governmental units for the three districts that are currently active. Adjustments were made retroactive for those districts only due to the availability of data.

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.

a) 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. Because the collection cannot be broken down by year, the percentage of total tax collected is skewed.

Source:

Weber County Treasurer's office

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

Year	Real Property Taxable Value				Residential Construction		Commercial Construction		Other Construction		Bank Deposits
	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	
2014	\$ 194,923	\$ 861,171	\$ 371	\$ 1,056,465	97	\$ 5,478,286	22	\$ 3,531,856	272	\$ 1,040,310	\$ 14,936
2013	191,895	864,341	353	1,056,589	95	6,724,364	30	6,064,301	183	800,626	15,995
2012	195,103	890,294	533	1,085,930	125	8,160,255	30	3,476,815	243	749,870	12,590
2011	185,033	883,937	647	1,069,617	118	6,870,422	23	2,586,374	231	863,769	11,015
2010	183,183	972,791	517	1,156,491	111	5,371	13	8,693	212	3,837	11,071
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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Lease	Notes Payable	Water Revenue Bonds			
2014	\$ -	\$ 456,000	\$ -	\$ -	\$ 5,945,000	\$ 6,401,000	0.66%	\$ 169.64
2013	-	565,000	-	-	6,260,000	6,825,000	0.71%	181.50
2012	-	674,000	150,600	-	6,560,000	7,384,600	0.77%	197.48
2011	-	740,000	295,651	-	6,855,000	7,890,651	0.82%	213.93
2010	237,000	830,000	435,357	-	7,140,000	8,642,357	0.90%	238.34
2009	267,000	916,000	569,915	-	7,325,000	9,077,915	0.95%	254.48
2008	296,000	100,000	699,514	-	7,500,000	8,595,514	0.94%	245.25
2007	326,000	-	824,338	-	-	1,150,338	0.13%	32.86
2006	355,000	-	944,562	-	-	1,299,562	0.16%	36.84
2005	382,000	-	-	103,873	-	485,873	0.07%	13.78

Notes:

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

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

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
2014	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
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

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, 2014

<u>Governmental Unit</u>	<u>General Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to Roy City</u>	<u>Estimated Share of Overlapping Debt</u>
North Davis County Sewer District	\$ 34,455,000	13.40%	\$ 4,616,970
Roy Water Conservancy Subdistrict	1,258,000	100.00%	1,258,000
State of Utah	3,256,342,000	0.57%	18,561,149
Weber Basin Water Conservancy District	22,440,060	3.03%	679,934
Weber County	41,010,000	9.76%	4,002,576
Weber County School District	121,390,000	14.51%	17,613,689
Overlapping debt			\$ 46,732,318
Roy City bonded debt		100.00%	456,000
Total direct and overlapping general bonded obligation debt			<u>\$ 47,188,318</u>

Note:

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

Sources:

Individual governmental units

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 43,985	\$ 43,662	\$ 44,924	\$ 43,786	\$ 47,250	\$ 46,340	\$ 42,897	\$ 37,463	\$ 36,183	\$ 35,383
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 43,985</u>	<u>\$ 43,662</u>	<u>\$ 44,924</u>	<u>\$ 43,786</u>	<u>\$ 47,250</u>	<u>\$ 46,340</u>	<u>\$ 42,897</u>	<u>\$ 37,463</u>	<u>\$ 36,183</u>	<u>\$ 35,383</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total assessed value									<u>\$ 1,099,633</u>	
Debt limit (4% of total assessed value)									\$ 43,985	
Debt applicable to limit:										
Total bonded debt								\$ 6,401		
Less:										
Revenue bonds								(6,401)		
Other deductions allowed by law								-		
Total net debt applicable to limit								-		
Legal debt margin									<u>\$ 43,985</u>	

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

ROY CITY CORPORATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	37,733	\$ 968,999,361	\$ 25,680	5.2%
2013	37,604	966,968,727	25,715	6.6%
2012	37,395	964,076,497	25,781	7.8%
2011	36,884	960,235,555	26,034	8.6%
2010	36,260	957,363,464	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%

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**

Employer	Type of Business	Fiscal Year			
		2014		2005	
		Employees	Rank	Employees	Rank
Hill Air Force Base	United States Air Force / Logistics	10,000 - 14,999	1	20,000 - 25,000	1
Internal Revenue Service	Federal Government	5,000 - 6,999	2	5,000 - 6,999	2
McKay-Dee Hospital	Health Care	3,000 - 3,999	3	2,000 - 2,999	6
Weber School District	Public Education	3,000 - 3,999	4	3,000 - 3,999	3
Weber State University	Higher Education	2,000 - 2,999	5	3,000 - 3,999	4
Autoliv ASP	Manufacturing	1,000 - 1,999	6	2,000 - 2,999	5
Fresenius USA, Inc.	Manufacturing	1,000 - 1,999	7	1,000 - 1,999	7
Ogden School District	Public Education	1,000 - 1,999	8	1,000 - 1,999	-
State of Utah	State Government	1,000 - 1,999	9	1,000 - 1,999	10
Wal-Mart	Retail Center	1,000 - 1,999	10	1,000 - 1,999	9
Convergys	Call Center	500-999	-	1,000 - 1,999	8

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.

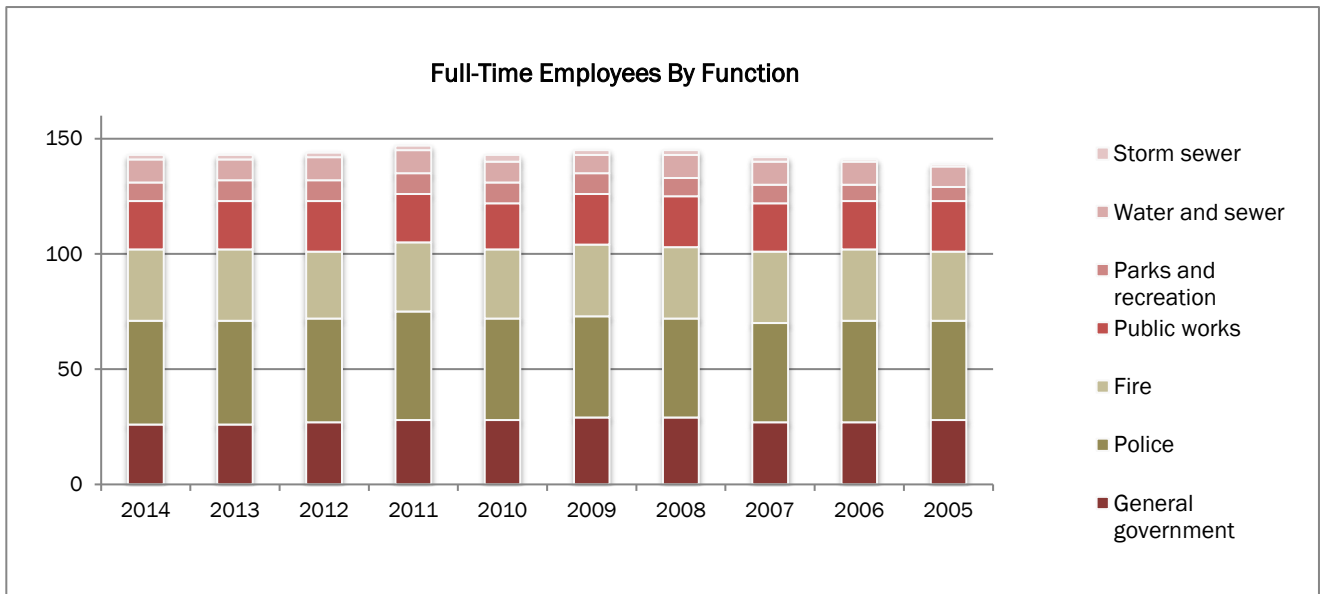
Actual employment numbers are not available to calculate the percentage of total employment by employer.

Sources:

Weber County Comprehensive Annual Financial Report 2013

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

Function	Full-time Employees as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	26	26	27	28	28	29	29	27	27	28
Public safety										
Police										
Officers	40	40	40	42	39	39	38	39	39	37
Civilians	5	5	5	5	5	5	5	4	5	6
Fire										
Firefighters and officers	30	30	28	29	29	30	30	30	30	29
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	21	21	22	21	20	22	22	21	21	22
Parks and recreation	8	9	9	9	9	9	8	8	7	6
Water and sewer	10	9	10	10	9	8	10	10	10	9
Storm sewer	2	2	2	2	3	2	2	2	1	1
Total	143	143	144	147	143	145	145	142	141	139



Notes:

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

ROY CITY CORPORATION
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Moving violations	3,459	4,663	4,623	4,086	1,864	1,980	2,692	2,509	2,496	2,259
Non-moving violations	2,226	3,098	2,870	3,917	3,539	4,002	4,813	4,860	3,619	3,088
DUI violations	171	179	132	106	85	121	123	103	113	118
Parking violations	546	435	598	691	272	95	1,096	708	767	1,148
Fire										
Fire calls dispatched	1,063	641	955	701	612	652	617	577	524	456
Medical calls dispatched	3,850	4,283	3,702	3,923	4,196	3,986	3,944	3,814	3,606	3,490
Streets										
Snow removal and sanding:										
Miles	7,720	13,802	3,987	9,925	8,504	13,326	19,759	2,728	7,529	4,212
Hours	886	1,543	506	904	935	1,515	2,692	286	772	569
Asphalt resurfacing (tons)	857	660	581	747	939	775	1,077	2,420	1,735	2,200
Water										
Service connections	10,718	10,698	10,657	10,610	10,565	10,538	10,510	10,490	10,460	10,388
Water main breaks	23	25	16	28	23	28	17	22	32	15
Avg daily consumption										
in gallons	2,826,756	2,885,636	2,737,570	2,851,236	2,834,907	2,936,564	2,946,649	3,053,622	2,989,756	2,868,266
Aquatic Center										
Admissions	100,023	118,475	120,702	119,648	113,607	72,089	73,944	70,424	75,594	62,954
Complex										
Admissions	20,575	25,070	32,384	37,665	37,727	37,723	31,537	36,244	37,201	42,320

Sources:

Various City departmental data

ROY CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	20	22	22	22	22	22	22
Motorcycle units	0	2	2	2	2	2	2	2	2	2
Animal control units	2	2	2	2	2	2	2	2	2	2
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Streets (miles/units)										
Streets	114.8	114.2	114.2	114.2	114.0	114.0	113.3	109.9	109.9	110.0
Curb and gutter	207.4	207.4	207.4	207.4	207.0	207.0	207.2	212.8	215.0	214.0
Sidewalk	196.4	196.4	196.4	196.4	196.0	196.0	196.2	181.4	184.0	183.0
Streetlights	849	817	812	806	806	806	806	791	791	791
Traffic signals	3	2	2	2	2	2	2	2	2	2
Parks and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	10	10	10	10	10	10	10	10	9	9
Park acreage	113	113	113	113	113	113	113	113	110	110
Covered picnic areas	18	18	18	18	18	18	18	16	14	14
Baseball diamonds	13	13	13	13	13	13	13	13	13	13
Soccer fields	17	17	17	13	13	13	13	13	11	11
Tennis courts	3	3	3	3	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2	2	2	2	2
Gymnasiums	2	2	2	2	2	1	1	1	1	1
Sewer (miles)										
Sanitary sewers	114.0	116.9	116.9	116.9	117.0	117.0	116.7	112.2	112.2	112.0
Storm sewers	83.0	83.0	83.0	83.0	83.0	83.0	82.8	79.1	79.1	79.0
Water (miles/units)										
Water lines	156.4	153.4	153.4	153.4	153.0	153.0	153.0	151.2	151.2	151.0
Fire hydrants	1,381	1,363	1,363	1,358	1,345	1,343	1,341	1,305	1,305	1,304

Sources:

Various City departmental data

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REPORTS ON COMPLIANCE AND INTERNAL CONTROL

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing
Standards**

**Honorable Mayor and City Council
Roy, Utah**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roy, Utah, (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 29, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Litz & Company, P.C.

**Roy, Utah
August 29, 2014**

**Independent Auditor's Report of Compliance with
applicable Requirements and on Internal Control
over Compliance in Accordance with the
State Compliance Audit Guide**

**Honorable Mayor and City Council
Roy, Utah**

REPORT ON COMPLIANCE

We have audited the City of Roy's (City) compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

Cash Management	Utah Retirement Systems
Budgetary Compliance	Transfers from Utility Enterprise Funds
Fund Balance	Government Records Access Management Act
Justice Courts	Conflicts of Interest
Impact Fees	Budgetary Notices and Format

The City received state funding from the following programs classified as major programs for the year ended June 30, 2014:

B&C Road Funds (Department of Transportation)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City's or its major programs occurred. 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 on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, City complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2014-1 and 2014-2.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and recommendations as item 2014-1 that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and recommendations as item 2014-1. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of Report

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

A handwritten signature in blue ink that reads "Lutz & Company, P.C.". The signature is written in a cursive style with a large initial "L" and a stylized ampersand.

Roy, Utah
August 29, 2014

Roy City Corporation
Schedule of Findings and Recommendations
June 30, 2014

2014-1 Budgetary Compliance

Finding: The City's actual expenditures exceeded budgetary expenditures in the Public Building, Streets, and Recreation Complex departments.

Recommendation: We would recommend that the City implement additional procedures to ensure that when budgetary limits have been reached that responsible parties are notified that any additional expenditures will not be processed. We also recommend that the City periodically adjust budgets as needed to accommodate changing departmental needs and to comply with State statutes.

Questioned Costs:

\$ - 0 -

City Response: Some required expenditures occurred late in the fiscal year. Because of the timing of the transactions, enough time was not available to advertise and hold a public hearing to adjust the budget. Because total revenues and other financing sources exceeded expenditures in the General Fund, sufficient monies were available to cover the overage.

2014-2 Fund Balance

Finding: Utah Code places maximum limits of 25% on the unrestricted fund balance of the general fund. The City's General Fund balance exceeded the maximum limit by \$819,420.

Recommendation: The City should maintain fund balances within the legal limitation prescribed by state statutes. We would recommend that during the next fiscal year the general fund budget for a deficit or transfer monies to the capital projects fund.

Questioned Costs:

\$ - 0 -

City Response: A prior period adjustment was made to the financial statements increasing the fund balance enough to throw it over the maximum 25% limit. In FY 2015, the City is looking at a number of beautification and capital projects that will require additional funding. The fund balance reserve will be budgeted for use during the FY 2015 fiscal year, bringing it within the allowed amount.