

The background of the cover features a vertical wooden fence with a light-colored wood grain. At the bottom, there is a blurred green field of grass. A semi-transparent white circle is positioned behind the company name.

# **ROY CITY CORPORATION**

**Roy, Utah**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**



# ROY CITY CORPORATION

Roy, Utah

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015

*Prepared by:*

*Cathy A. Spencer  
Management Services Director*



**ROY CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2015**

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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, 2015

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, 2015.

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, 2015, 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, 2015, 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 22<sup>nd</sup>. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 39-41 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 86.



## 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 2015 sales tax revenue increased 4.28% compared to 4.65% in FY 2014. Sales tax revenue continues to exceed prior year's highs. The administration anticipates the State's economy to continue to improve and thus has budgeted a small increase for FY 2016.

Another major revenue source for Roy City is its property taxes. The tax base remains strong. Residents and businesses take pride in their properties, keeping them well maintained and of value to the owners. Property taxes are the City's greatest individual revenue source next to sales taxes. In FY 2015, property tax revenue grew by \$50,298, or 1.94%. A nominal increase is expected for FY 2016.

With minimal open space in Roy available, residential construction starts have dropped. Currently, a few smaller residential subdivisions are under development. Miya Estates is a twenty lot subdivision with ten remaining. Hidden Cove Phase 4 contains nine lots with three lots sold. One other, Jamestown, is in the development stages and is proposed to have six townhomes. A new single family home subdivision, West Park, has been approved and is under construction on 4800 South between the Union Pacific Railway and the Utah Transit Authority Rail Trail. The entire subdivision will have seventy-two homes; phase one will consist of nineteen.

Two multi-family projects have received preliminary approval and are currently in the development stage. They include Station Square and Aderra Apartments. Station Square is a 31 unit senior housing project on 4000 South adjacent to the Frontrunner station. Aderra Apartments is still finalizing its site plan and is expected to have 114 units. The apartment complex will be located at 4700 South and 3500 West.

In the spring of 2013, Weber County voters approved a General Obligation Bond to fund new library buildings. One of the projects was a new headquarters library in Roy. At the Wasatch Executive Park, the Redevelopment Agency of Roy Utah (RDA) transferred property to Roy City which was then exchanged with Weber County for the construction of a new Southwest Branch of the Weber County Library System. The facility will not only replace the existing Roy facility, but will house the county library system's administrative offices. Construction of the library began in 2014 and is expected to be complete early in 2016. The facility will encompass the latest technologies and include meeting rooms, an amphitheater, and a café. The County traded the existing library branch to the City. After transferring the contents to the new facility, the old library will be used to store library artifacts for the Ogden Main Branch while it is under construction. How the old library will be used by the City, has yet to be determined.

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 2015 the local unemployment rate was 3.8%. This is a decrease of .2% from the same time in 2014. The local unemployment rate is well below the national rate of 5.3%. Of the nonfarm wage and salary employment, locally, jobs were flat or up slightly in all areas noted. Some of the largest increases occurred in professional and business services of 8.6%, financial activities of 5.7%, leisure and hospitality of 5.7%, trade transportation and utilities of 4.8%, manufacturing of 4.4%, and mining, lodging, and construction of 4.4%.

## 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 \$3,635,159 at June 30, 2015, and \$4,672,325 at June 30, 2014. In the past, Roy City has maintained its general fund balance near maximum levels. In FY 2015, the City Council approved reducing the amount to between 18-20% to fund projects. Projects include, but are not limited to, decorative lights along 1900 West in the business district, and realignment of George Wahlen North Park.

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 completion 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 2015. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 68-70.

### **Major Initiatives**

During FY 2015, Utah Department of Transportation (UDOT) completed the widening of the west end of Riverdale Road to 1900 West. This is one of the main entrances to the Roy. The project included 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 was widened to three lanes in all directions; curb, gutter, and sidewalk replaced; and beautification enhancements to the area made.

The governing council saw this as an opportunity to extend the beautification both north and south of the intersection along 1900 West and created a Beautification Committee to oversee just that. The Committee is comprised of the Mayor, two Council Members, the City Manager, the Management Services Director, and the Public Works Director. This year the Beautification Committee developed a plan to install decorative lighting between 5100 South and 5750 South; construct a brick water feature on the southeast side of 1900 West and Riverdale Road; and construct enclosed bus shelters in a joint venture with the Utah Transit Authority. At fiscal year end, the lights are partially installed, and planning on the development of the water feature has begun. For FY 2016, the committee will be looking at extending the lighting northward along 1900 West and, beautifying the 5600 South freeway entrances and exits.

Also in FY 2015, The City Council created an Economic Development Committee to look at ways to entice businesses into the City. This committee is comprised of the Mayor, two city council members, and the City Manager. Roy City contracted with a local redevelopment professional to work alongside the Economic Development Committee in their endeavors. It is the intent of the governing council to emphasize economic development within the City and work towards implementing aspects of a 2014 sales tax leakage and economic opportunity study. Maintaining economic vitality and promoting the unique dynamics of each economic district within the City is a priority.

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 addresses 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.



With a land swap between Roy City and the Weber School District in FY 2014, the City can set in motion its plan to realign George Wahlen North Park. To date, \$1,500,500 has been set aside for the construction. The facility is tentatively set to include a large pavilion, two sets of bathrooms, three ball diamonds, football and soccer fields, expanded parking areas, and a walking track. Planning and engineering work has begun, as well as preliminary site work. More substantial work on the construction will take place in the 2016 fiscal year.

The City Council continues to be aware of the changing dynamics of Roy City. Every year, less land is available for residential development. The lack of residential land and commercial buyers leads developers to request multi-family projects within commercial zones. The City Council is looking to review and possibly amend the general plan to deal with zoning and address the idea of transit oriented development around the Frontrunner station on 4000 South. Any new development adds traffic to already crowded City streets. Traffic concerns negatively impact the idea of multi-family housing or any large residential development within the City. Because of traffic concerns, the West Park subdivision was required to participate with the City in the construction of a round-a-bout on 4800 South. Traffic flow in the area was also changed to keep motorists safe. In the future, developers will be required to address traffic flow as part of the development process.

### **Independent Audit**

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, 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, 2015**

*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
Clinton Drake	City Attorney
Cathy A. Spencer	Budget Officer

*Statutory Appointed Officials*

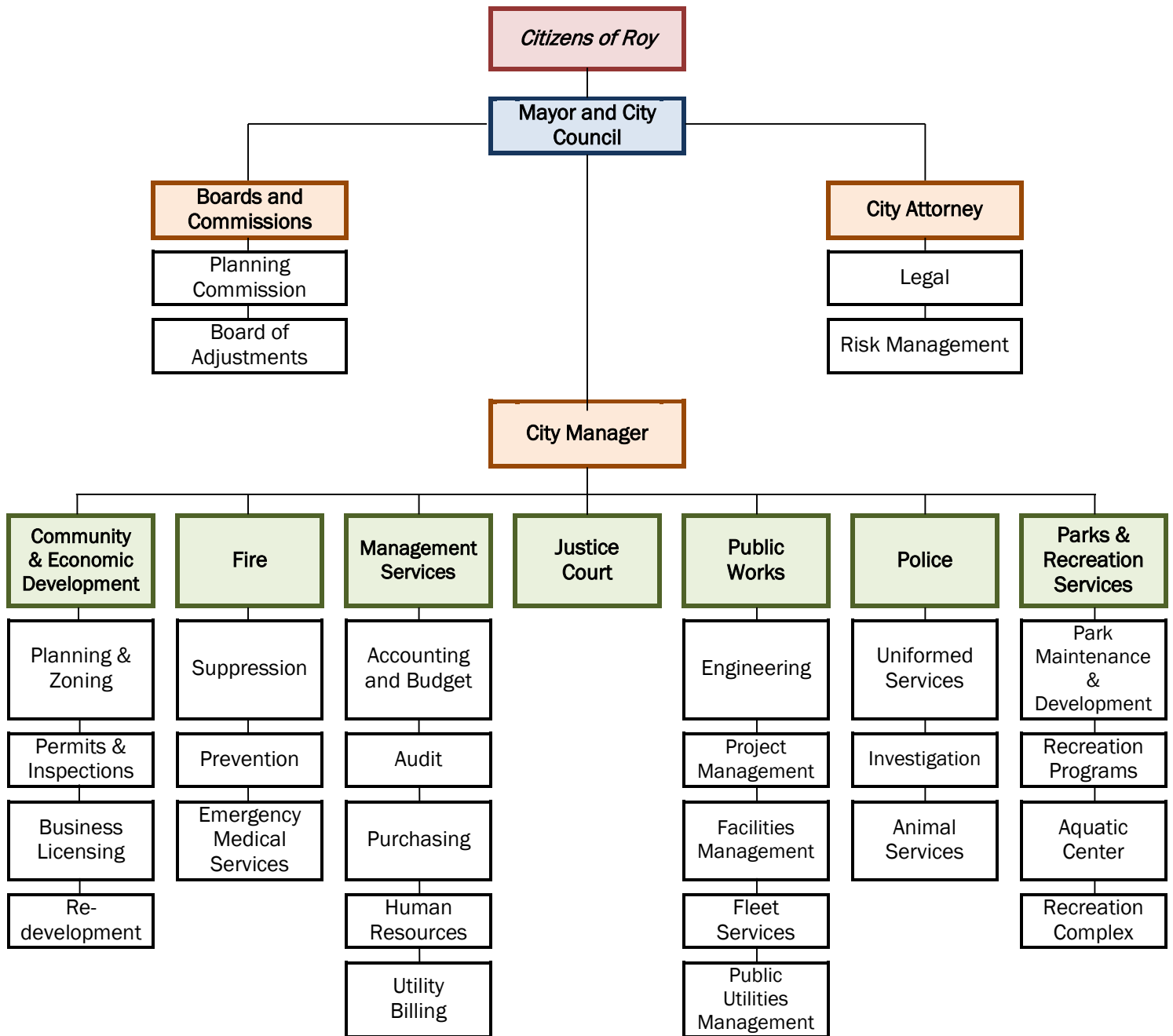
Carl G. Merino	Chief of Police
Amy S. Mortenson	City Recorder
Nicole L. Higgs	City Treasurer
Mark T. Miller	City Engineer

*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, 2014**

Executive Director/CEO



## FINANCIAL SECTION



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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Roy City Corporation, Utah (City) as of and for the year ended June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 Roy City Corporation, Utah, as of June 30, 2015, 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, pension schedules and budgetary comparison information on pages 16 through 28 and 86 through 91 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 required pension schedules, the combining statements and individual fund financial statements and schedules including the budgetary comparisons schedules, and the capital asset schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required pension schedules, the combining and individual fund financial statements and budgetary comparisons schedules and the capital asset schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2015, 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.

 *City of Roy, Utah*

Roy, Utah  
August 29, 2015



## 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 \$1,615,735. Approximately \$677,134 of the increase is attributable to operations of the governmental activities, while business-type activities resulted in an increase of \$938,601.
- 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 \$69,314,690 (net position). Of this amount, \$14,239,311 (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 \$11,674,128, an increase of \$268,850 from the prior year. Approximately \$8.41 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 \$3,635,159 or 23.05% of the total general fund expenditures.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

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



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

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

## **Fund Financial Statements**

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

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

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

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

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



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

## Notes to the Financial Statements

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

## Other Information

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

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,314,690 at the close of the most recent year, June 30, 2015.

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

<b>Roy City Corporation's Net Position</b> <b>(Stated in Thousands of Dollars)</b> <b>As of June 30</b>						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 16,914	\$ 16,193	\$ 9,563	\$ 8,375	\$ 26,477	\$ 24,568
Capital assets	34,303	34,705	24,409	24,753	58,712	59,458
Deferred outflows	732	-	73	41	805	41
Total assets and deferred outflows of resources	51,949	50,898	34,045	33,169	85,994	84,067
Long-term debt	1,739	1,873	5,770	6,081	7,509	7,954
Other liabilities	4,705	1,749	972	597	5,677	2,346
Deferred inflows	3,429	2,641	64	27	3,493	2,668
Total liabilities and deferred inflows of resources	9,873	6,263	6,806	6,705	16,679	12,968
Net position:						
Invested in capital assets net of related debt	33,958	34,249	18,786	18,806	52,744	53,055
Restricted	2,331	2,301	-	-	2,331	2,301
Unrestricted, as restated	5,787	8,085	8,453	7,658	14,240	15,743
Total net position	\$ 42,076	\$ 44,635	\$ 27,239	\$ 26,464	\$ 69,315	\$ 71,099



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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 3,888	\$ 3,439	\$ 9,103	\$ 8,158	\$ 12,991	\$ 11,597
Grants and contributions:						
Operating	1,261	1,268	-	-	1,261	1,268
Capital	178	435	58	-	236	435
General revenues						
Property taxes	2,687	2,659	-	-	2,687	2,659
Other taxes	7,933	7,833	-	-	7,933	7,833
Investment earnings	818	81	-	-	818	81
Contributions from other gvts	717	364	-	-	717	364
Other	386	62	201	196	587	258
Total revenues	<u>17,868</u>	<u>16,141</u>	<u>9,362</u>	<u>8,354</u>	<u>27,230</u>	<u>24,495</u>
<b>Expenses:</b>						
General government	4,331	3,328	-	-	4,331	3,328
Public safety	7,747	7,761	-	-	7,747	7,761
Public works	2,514	2,559	-	-	2,514	2,559
Parks and recreation	2,591	2,536	-	-	2,591	2,536
Interest and fiscal charges	8	10	-	-	8	10
Water and sewer utility	-	-	6,075	5,527	6,075	5,527
Storm sewer utility	-	-	498	404	498	404
Solid waste utility	-	-	1,850	1,729	1,850	1,729
Total expenses	<u>17,191</u>	<u>16,194</u>	<u>8,423</u>	<u>7,660</u>	<u>25,614</u>	<u>23,854</u>
Increase (decrease) in net position	677	(53)	939	694	1,616	641
Net position - beginning	41,398	44,688	26,300	25,770	67,698	70,458
Prior period adjustment:						
Beginning net pension asset	-	6	-	-	-	6
Beginning net pension liability	-	(3,243)	-	(164)	-	(3,407)
Net position - ending	<u>\$ 42,075</u>	<u>\$ 41,398</u>	<u>\$ 27,239</u>	<u>\$ 26,300</u>	<u>\$ 69,314</u>	<u>\$ 67,698</u>

By far, the largest portion of the City's net position, 76.09%, 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 (3.36%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,239,311, may be used to meet the City's ongoing obligations to citizens and creditors.



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

The City implemented GASB 68 on Accounting and Financial Reporting for Pensions in FY 2015. The Statement makes changes to the way transactions are recorded for pensions provided to the employees of state and local government employers through pension plans that are administered through trusts. The change was carried back to the prior year and is the reason for the prior period restatement of net position. See Note 4 – Accounting Changes for additional disclosures related to the change.

Governmental activities increased Roy City's net position by \$677,134, while business-type activities increased net position by \$938,601.

*Governmental activities.* The governmental activities portion of the increase in net position accounted for 41.91% of the total growth for the City as a whole.

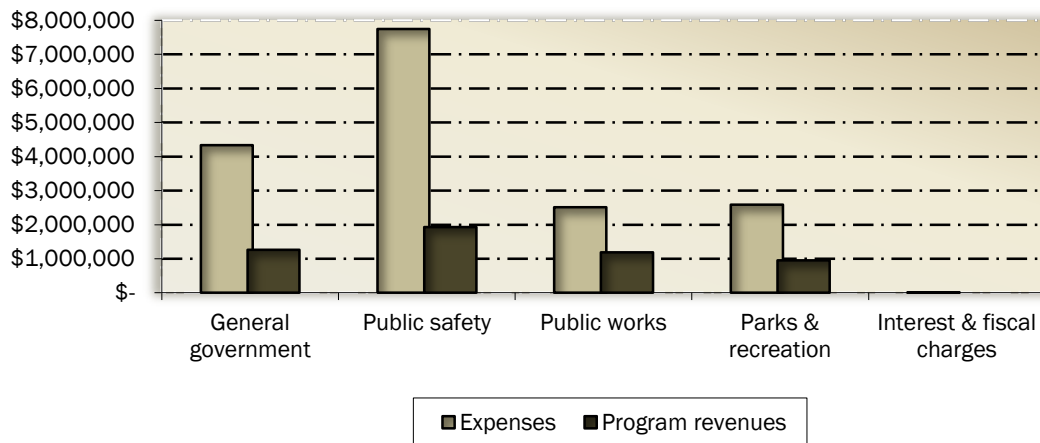
- Overall, property taxes increased by \$28,840 in the governmental funds from FY 2014. Property taxes in the general fund increased by \$50,298, while the increment received by the RDA decreased \$21,458. The increase for the general fund can be attributed to new growth, while the decrease for the RDA is a result of the haircut factor which incrementally reduces tax increment over the life of the project area.
- Other taxes were up \$99,370 over the previous fiscal year. Of that amount, \$192,632 came from sales tax revenue, while franchise tax revenue decreased by 2.38% or \$71,683. Payments in lieu of taxes also reflects a decrease, \$21,579, or 6.53%.
- Revenue from charges for services grew \$448,693 in comparison to FY 2014. The largest increases came from building permits, \$81,185; plan check fees, \$44,196; and ambulance, including transports, \$225,115. A new library branch office was constructed within the City and resulted in the increased building permits and plan check fees. Ambulance revenue increased due to the transport contract with the lasis medical facility. This was the first full year of providing service under the terms of the contract.
- Class C Road funds received were up 5.52%, or \$57,824, from 2014.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund increased 1.51% from FY 2014, and investment balances were up at the end of the year. As a result, income from interest increased by \$7,651. Other investment earnings increased \$729,706 because the Redevelopment Agency sold property for the library construction.
- Total expenses for wages and benefits were up \$650,922, or 6.21%, from FY 2014. A 1% cost of living adjustment for all employees was effective July 2014. In addition, up to a 2% merit was given to employees based on years of service. Both of these impacted wages, payroll taxes, and retirement. New employees were added in the Fire and Public Works Departments. Finally the City saw several long-term employees retire and receive payouts for accrued leave.
- Operating expenses increased from FY 2014. Highlights of the net increase include a decrease in election expense of \$25,073 as elections are held every other year; a \$106,159 decrease in risk management, for FY 2014 due to a reduction in claims and recaptured losses; a \$29,761 decrease in information technology as less was used for system maintenance; a \$14,258 increase in street light maintenance to maintain pole lights; an overall reduction in fuel costs City wide; a \$18,865 reduction in small equipment purchases for public safety; a \$76,608 decrease in public safety supplies purchased under grants in both the police and fire departments; a \$19,037 decrease in vehicle maintenance for the street division, heavier snowfall caused heavier use of equipment in FY 2014; a \$40,037 increase in supplies and equipment for the Aquatic Center, to paint and gelcoat the water slides; a \$16,239 decrease in RAMP funds used for maintenance, funds were used for capital purchases instead; an \$85,625 increase in Class C Roads



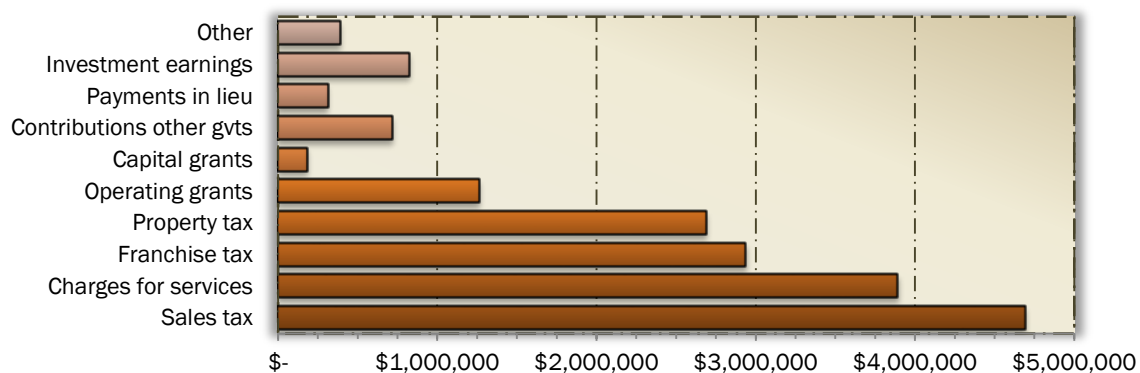
maintenance, a result of more miles of roads being repaired/resurfaced; a \$90,5560 decrease in professional and technical for the RDA, a retail leakage study was performed as well as engineering on a number of projects in FY 2014; a \$147,172 increase in spending on improvements within RDA areas, a number of projects are currently underway; and a \$1,164,032 increase in property donations in the RDA to help develop Wasatch Executive Park. 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 58.09% 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.



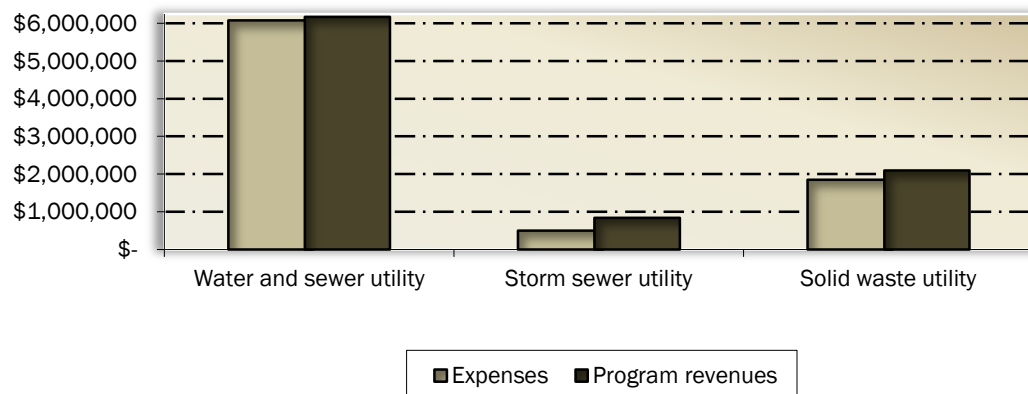
Key elements of the increase to net position of business-type activities include:

- Revenue from water, sewer, capital improvements, storm sewer and garbage services had an increase of \$934,775. Water revenue is down \$85,808, likely the result of conservation and a wetter than normal spring. One of the City's sewer service contractors raised rates, approximately 32%, as part of a five year plan. The rate increase was passed along to the customers resulting in an increase in sewer revenue. The City increased storm sewer rates from \$2.00 to \$4.50 per ERU (equivalent residential unit) to help with expansion and repairs of infrastructure. Other service fees rose slightly as a result of new growth.
- Impact and connection fees related to new construction increased minimally, \$6,796, a result of a large commercial project.
- Miscellaneous income decreased by \$5,248. The fee charged to transfer services to new homeowners and late fees were down.
- Total expenses for wages and benefits were up \$21,432 from FY 2014. As stated above, a cost of living adjustment of 1% was implemented in July 2014, as well as up to a 2% merit based upon years of service. The increased rates affect wages, taxes, and retirement and are the reason for the overall increase.
- Overall, operating costs increased \$691,613 in FY 2015. Utility costs increased by \$24,448 to run the reservoir. Contract rate for sewer increase by \$462,010 as a result of a capital improvement plan implemented by the sewer district. Maintenance of the storm sewer system was up \$41,350, made possible by the rate increase. Collection and disposal fees for solid waste was up \$72,724, citizens were opting out of the recycling program resulting in the increases. The dumpster program saw higher usage. Due to the increase cost of sewer and storm water, franchise fees were up \$32,447 and \$27,876 for sewer and storm water, respectively.
- Debt service decreased by \$12,141. 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:

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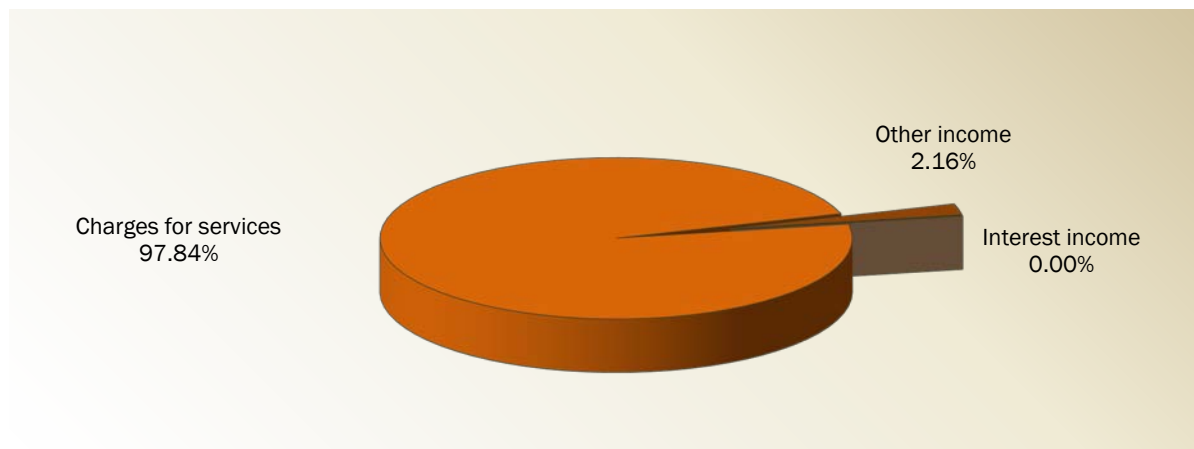
#### Expenses and Program Revenues – Business-type Activities





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## Revenues by Source – Business-type Activities



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## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$11,674,128, an increase of \$268,850 from the prior year. Approximately 31.14%, or \$3,635,159, 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, 2015, \$2,774,684 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 \$3,635,159, while the total fund balance was \$6,892,859. 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 23.05% of total general fund expenditures, while total fund balance represents 43.71% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) decreased by \$707,970 which is \$806,595 less than the prior year. When comparing FY 2015 to FY 2014 there was 1) a 2.54% increase in revenue of \$400,157, 2) a 1.71% increase in expenditures of \$264,738, 3) a 100% increase in contributions from other governments of \$455,714, 4) a 312.48% increase in the gain on sale of assets of \$169,278, and 5) an 712.19% increase in the amount transferred to capital projects funds of \$1,567,006.

Included in the *governmental funds* is \$2,297,915 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 2015 the fund balance in the capital projects funds increased by \$1,418,749



compared to a \$62,350 increase in FY 2014. When comparing FY 2015 to FY 2014, the increase can be attributed to a 712.19% increase in transfers from the general fund of \$1,787,031 exceeding a 133.57% increase in project expenditures of \$368,282. At June 30, 2015, fund balances available for specific capital projects include Capital Improvements of \$592,132, Recreational Facilities Improvements of \$1,632,615, and Fire & Rescue Facilities and Equipment of \$73,168.

Also included within the *governmental funds* is \$2,483,354 which is assigned for specific purposes. For these special revenue funds, fund balance decreased by \$441,929 compared to a decrease of \$12,004 in FY 2014. When comparing FY 2015 to FY 2014, the change of \$441,929 is a result of 1) a 30.14% decrease in property tax revenue of \$21,458, 2) a 85.16% increase in impact fees of \$44,792, 3) a 610.71% increase in investment earnings of \$729,86, 4) a 97.35% decrease in cemetery fees of \$3,484, 5) a 100% increase in grant revenue of \$5,000, 6) an 19.53% decrease in operating expenditures of \$74,420, 7) a 6.53% decrease in capital outlay of \$8,475, 8) a 28.40% decrease in contributions from other government units of \$103,499 and 9) an increase in intergovernmental of \$1,164,032. At June 30, 2015, available fund balances in these special funds included Redevelopment Agency \$2,006,585; Storm Sewer Development \$170,731; Park Development \$141,635; and Cemetery \$164,403.

*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 \$4,640,124, for the storm sewer utility fund unrestricted net position was \$953,468, and for the solid waste utility fund unrestricted net position was \$2,707,992. Net position for all proprietary funds increased. The increase for the water and sewer, storm sewer utility, and solid waste utility funds was \$301,385, \$354,176 and \$248,499, respectively.

The increase in net position for the water and sewer utility fund was lower than the increase in FY 2014 by \$71,279. Operating revenues for the water and sewer utility fund increased \$618,743, or 11.72% from the prior year, while operating expenses increased \$567,196 or 10.72%. Other factors in the increase in net position are 1) interest expense and bond costs dropped 4.78% or \$12,142, 2) gain on sale of assets decreased \$26,073, and 3) contributions from developers increased \$40,800 or 100.00%.

The increase in net position for the storm water utility fund exceeded the decrease in FY 2014 by \$387,963. Operating revenues for the storm water utility fund increased \$464,597, or 125.33% from the prior year, while expenses increased \$94,234 or 23.30%, and contributions from developers increased \$17,600 or 100%.

Operating revenue for the solid waste utility fund was up \$15,195 or .73% from FY 2014. Operating expenses increased \$98,566 or 5.61%. The gain on sale of capital assets decreased \$27,000 or 100%. These factors resulted in a decrease in the change in net position of \$72,900 from FY 2014.

### **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 \$17,327,406 to a final budget of \$18,599,108, an increase of \$1,271,702 or 7.34%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$45,000 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.
- \$14,000 increase in business licenses. Collections are higher on the good landlord program.
- \$20,000 increase in payments in lieu of taxes. Motor vehicle taxes came in higher than expected.
- \$53,000 increase in building permits. This is due to new commercial buildings under construction.



- \$9,875 increase in the Weber County Hiring Supplement. A new contract was negotiated for officers in the secondary schools.
- \$107,170 decrease in intergovernmental revenue. The City estimated obtaining grants from various sources. The actual amounts of the grant received varied from the original estimate. This includes \$2,665 reduction in State Liquor Law Funds; \$2,928 increase in funding from the State of Utah; and \$108,000 reduction in the RAMP grant from Weber County.
- \$40,000 in plan check fees. This is related to the new commercial construction.
- \$250,000 increase in ambulance services. Transports under the IASIS improved.
- \$15,500 reduction in parking violations. A milder winter resulted in fewer tickets.
- \$40,000 reduction in Aquatic Center admissions. Attendance was down.
- \$15,000 reduction in Recreation Complex admissions. Attendance was down.
- \$42,500 increase in Justice Court fines and fees.
- \$10,000 decrease in interest income. Savings rates decreased during the year.
- \$213,564 increase in proceeds from sale of assets. A street sweeper caught fire and insurance proceeds were received to purchase a new one.
- \$728,414 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. This has an offsetting impact of \$728,414 decrease to various departments' employee wage reimbursement accounts.
- \$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.
- \$83,064 increase in the legislative department expenditures. The City Manager retired and was paid out for accrued leave. In addition, capital expenditures increased.
- \$102,084 decrease in the legal department budget. Personnel changes occurred allowing for a savings in costs.
- \$571,242 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. Personnel changes, including a retirement, also impacted budget estimates.
- \$1,630,006 increase in transfers to the capital projects fund. \$16,506 was transferred for fire apparatus, \$868,500 for the realignment of George Wahlen North Park, and \$745,000 for beautification projects.
- \$131,562 increase in expenditures for the building maintenance department. The majority of the increase was for HVAC improvements to the Municipal Building.
- \$252,725 increase in expenditures in the police department. This increase was for employee retirements, grants, and capital.
- \$218,349 increase in fire department expenditures. This was done to increase the level of FTE's in the department and to upgrade the radios.
- \$252,067 increase in the street department expenditures. This was to replace the street sweeper which caught on fire and to overlay parking lots.
- \$18,539 increase in expenditures at the recreation complex. \$12,000 of the increase was for utilities.
- \$24,877 increase in expenditures at the aquatic center. The outdoor camera system was upgraded.
- \$77,512 decrease in parks and recreation department. A RAMP grant was not approved and the additional funding was provided for park cameras.

The budget adjustment in the General Fund resulted in revenues and other financing sources being reduced and expenditures and other financing uses increasing. This required a budgeted draw from fund balance



of \$1,818,513 to balance the budget. The City Council's intent was to lower the level of unrestricted fund balance in the General Fund. While actual expenditures were lower than projected and revenues exceeded estimates, total expenditures surpassed revenues by \$673,325.

**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 \$149,837; property taxes over by \$27,668; and Class C Roads allotment over by \$55,099. Revenues related to franchise taxes, grants, and ambulance fees are down \$56,380, \$23,123 and \$51,967, respectively. Building permits and Aquatic Center operations were higher than budgeted by \$9,045 and \$20,518, respectively. Fines in the justice court were higher than projected by \$18,717. In total, general fund revenues exceeded budgeted by \$614,800 or 3.84%.

Expenditures were \$978,673 under budget. Generally, departments are cautious with spending which results in the savings. No departmental budgets were overspent. Some of the more significant savings on budget can be found in the police department; under \$144,001 mainly on personnel, fuel, and special public safety supplies. Class C Roads under \$404,142; mainly on road maintenance and professional and technical services. The streets division under budget by \$66,876; including a savings on road maintenance of \$45,865 and fuel of \$9,580. Park and recreation saw a savings of \$87,891 related to part-time wages, and grant expenditures. Finally, the recreation complex had expenditures under budget by \$79,472, the result of the boiler project not being done.

### **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, 2015, amounts to \$52,744,643 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was a decrease of .58% (a .64% decrease in governmental activities and a .10% decrease in business-type activities).

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

#### **Governmental activities:**

- Generator for public works building, \$33,145.
- Reroof fire station 31, \$65,221.
- Municipal building HVAC improvements, \$162,996.
- Police vehicles, \$43,890.
- Breathing air compressor for firefighters (31), \$97,630.
- Portable radios for fire department, \$122,933.
- Street sweeper, \$192,525.
- Camera system for aquatic center, \$22,255.
- Refurbish ambulances (2), \$201,506.
- Decorative light poles on 1900 W, \$152,868.
- Salt spreaders (7), \$68,912.
- 1 ton trucks (2), \$100,762
- Land for round-a-bout on 4800 S, \$26,273.
- 5600 S detention pond improvements, \$65,150.
- Lighting at Roy Park, \$45,531.

#### **Business type activities:**

- Subdivision improvements from contractors, \$132,732.



- Riverdale road waterline, \$112,703.
- 1 ton truck for water department, \$50,381
- Scada software upgrade, \$82,185.
- 4000 S waterline project, \$28,500.
- Airvac vactron, \$113,571.
- Kabota with sweeper, \$24,201.
- Storm drain project, \$21,072.
- Laptop replacement (13), \$20,299.
- Surveillance system, \$14,931.
- Cisco blade, \$33,047.

Roy City Corporation's Capital Assets (State in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,901	\$ 3,875	\$ 139	\$ 139	\$ 4,040	\$ 4,014
Buildings	11,698	11,698	15	15	11,713	11,713
Improvmnts other than bldgs	33,969	33,483	34,309	33,933	68,278	67,416
Machinery and equipment	4,635	4,317	1,067	1,534	5,702	5,851
Automobiles and trucks	6,221	6,243	1,375	741	7,596	6,984
Construction in progress	277	130	938	982	1,215	1,112
Accumulated depreciation	(26,398)	(25,041)	(13,434)	(12,591)	(39,832)	(37,632)
Total capital assets	<u>\$ 34,303</u>	<u>\$ 34,705</u>	<u>\$ 24,409</u>	<u>\$ 24,753</u>	<u>\$ 58,712</u>	<u>\$ 59,458</u>

Additional information on Roy City Corporation's capital assets can be found in Note 5 on pages 65-67 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.

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. The City originally received an "Aaa" rating from Moody's Investors Service on the Series 2008 bonds. In May 2010, the rating was revised to "A1". The June 30, 2015 bond balances are as follows:

Roy City Corporation's Outstanding Debt (State in Thousands of Dollars)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ 345	\$ 456	\$ 5,620	\$ 5,945	\$ 5,965	\$ 6,401



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 \$47,077,000, 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 \$47,077,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 5 on pages 68-70 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 2016 budget:

- Economic conditions are improving across the county and in Utah and that trend is expected to continue. Possible risks tend to come from abroad, more than nationally and locally. While Utah has become more global, that link and the link to Roy, is minimal. Regional trends have the most impact on Utah, and regional trends in growth are good. Growth tends to be stronger within the State than nationally.
- Utah continues to be one of the fastest growing states in the nation, and population is a main driver in any state's economy.
- The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 3.8%. This compares to the State's average unemployment rate of 3.8%. The metropolitan and State averages decreased .2% and .1%, respectively.
- Roy City is near "build out" for residential dwellings. With less land available, growth is expected in multi-family units and commercial construction. 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 2016 as the local economy growth continues.
- The budget includes a 2% cost of living adjustment and a 1.0% merit for all employees, Health insurance costs will remain flat. No major changes in expenditures are expected. Emphasis will continue to be placed on replacing aging machinery, equipment, and infrastructure.
- Enterprise fund activity reflects rate increases to cover vendor increases.

During the current fiscal year, the fund balance in the general fund decreased by \$673,325 to \$6,852,076. Roy City has appropriated \$82,300 of general fund balance for projects originally budgeted in FY 2015, but held until FY 2016. In addition, \$400,000 of the restricted fund balance from Class C Roads has been allocated in the 2016 fiscal year. This is for capital improvements to the roadways of the City.

### **Request for Information**

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



## **BASIC FINANCIAL STATEMENTS**



**ROY CITY CORPORATION**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets:			
Cash	\$ 10,095,953	\$ 7,128,313	\$ 17,224,266
Restricted cash: Class "C" roads	2,182,546	-	2,182,546
Investment in water stock	-	16,100	16,100
Interactivity receivable	(151,150)	151,150	-
Accounts receivable - net of allowance for doubtful accounts	4,247,202	1,418,848	5,666,050
Inventory	86,419	211,629	298,048
Prepaid items	53,325	246,858	300,183
Total current assets	16,514,295	9,172,898	25,687,193
Noncurrent assets:			
Internal balances	(377,300)	377,300	-
Net pension asset	261,760	13,256	275,016
Investment in land	515,160	-	515,160
Capital assets:			
Land	3,901,316	139,434	4,040,750
Buildings	11,698,382	14,519	11,712,901
Improvements other than buildings	33,969,179	34,308,650	68,277,829
Machinery and equipment	4,635,283	1,066,660	5,701,943
Automobiles and trucks	6,220,850	1,375,050	7,595,900
Construction in progress	276,523	938,393	1,214,916
Less accumulated depreciation	(26,398,350)	(13,433,943)	(39,832,293)
Total capital assets net of accumulated depreciation	34,303,183	24,408,763	58,711,946
Total noncurrent assets	34,702,803	24,799,319	59,502,122
Deferred outflows of resources:			
Pensions	731,778	37,058	768,836
Bond insurance	-	35,905	35,905
Total assets and deferred outflows of resources	\$ 51,948,876	\$ 34,045,180	\$ 85,994,056



**ROY CITY CORPORATION**  
**Statement of Net Position, continued**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 989,629	\$ 790,687	\$ 1,780,316
Accrued wages	538,283	31,549	569,832
Compensated absences	120,559	10,273	130,832
Interest payable	1,664	67,922	69,586
Current portion of long-term debt	162,010	340,305	502,315
Total current liabilities	1,812,145	1,240,736	3,052,881
Long-term liabilities:			
Compensated absences	1,103,492	69,148	1,172,640
Long-term debt due in more than one year	350,903	5,281,998	5,632,901
Net pension liability	2,965,219	150,161	3,115,380
Guarantee deposits	212,006	-	212,006
Total long-term liabilities	4,631,620	5,501,307	10,132,927
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	738,832	37,415	776,247
Unearned revenue	2,690,713	26,598	2,717,311
Total liabilities and deferred inflows of resources	9,873,310	6,806,056	16,679,366
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	33,958,183	18,786,460	52,744,643
Restricted for:			
Class "C" roads	2,330,736	-	2,330,736
Unrestricted	5,786,647	8,452,664	14,239,311
Total net position	\$ 42,075,566	\$ 27,239,124	\$ 69,314,690

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, 2015**

		<b>Program Revenues</b>	
		<b>Charges for</b>	<b>Operating</b>
	<b>Expenses</b>	<b>Services</b>	<b>Grants and</b>
			<b>Contributions</b>
<b>FUNCTIONS/PROGRAMS</b>			
Primary government:			
Governmental activities:			
General government	\$ 4,330,730	\$ 1,190,683	\$ 100
Public safety	7,747,025	1,675,413	156,685
Public works	2,514,322	80,371	1,105,099
Parks and recreation	2,591,095	941,541	-
Interest and fiscal charges	8,445	-	-
Total governmental activities	<u>17,191,617</u>	<u>3,888,008</u>	<u>1,261,884</u>
Business-type activities:			
Water and sewer utility	6,075,016	6,169,246	-
Storm sewer utility	498,700	835,276	-
Solid waste utility	1,850,632	2,098,710	-
Total business-type activities	<u>8,424,348</u>	<u>9,103,232</u>	<u>-</u>
Total primary government	<u>\$ 25,615,965</u>	<u>\$ 12,991,240</u>	<u>\$ 1,261,884</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.



Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ 74,332	\$ (3,065,615)	\$ -	\$ (3,065,615)
94,531	(5,820,396)	-	(5,820,396)
-	(1,328,852)	-	(1,328,852)
8,886	(1,640,668)	-	(1,640,668)
-	(8,445)	-	(8,445)
177,749	(11,863,976)	-	(11,863,976)
58,400	-	152,630	152,630
-	-	336,576	336,576
-	-	248,078	248,078
58,400	-	737,284	737,284
\$ 236,149	(11,863,976)	737,284	(11,126,692)
	2,687,409	-	2,687,409
	4,689,837	-	4,689,837
	2,934,076	-	2,934,076
	308,786	-	308,786
	818,300	74	818,374
	716,621	-	716,621
	386,081	201,243	587,324
	12,541,110	201,317	12,742,427
	677,134	938,601	1,615,735
	41,398,432	26,300,523	67,698,955
	\$ 42,075,566	\$ 27,239,124	\$ 69,314,690



**ROY CITY CORPORATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<u>General</u>	<u>Special Revenue Fund Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 4,559,703	\$ 2,010,695	\$ 2,818,836	\$ 9,389,234
Restricted cash:				
Class "C" roads	2,182,546	-	-	2,182,546
Accounts receivable, net	4,198,782	-	-	4,198,782
Inventory	86,419	-	-	86,419
Prepaid items	45,189	-	-	45,189
Investment in land	455,714	59,446	-	515,160
Total assets	<u>\$ 11,528,353</u>	<u>\$ 2,070,141</u>	<u>\$ 2,818,836</u>	<u>\$ 16,417,330</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 900,067	\$ 35,152	\$ 44,152	\$ 979,371
Accrued wages payable	532,232	-	-	532,232
Guarantee deposits	212,006	-	-	212,006
Advance from other funds	377,300	-	-	377,300
Total liabilities	2,021,605	35,152	44,152	2,100,909
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	2,613,889	28,404	-	2,642,293
Total liabilities and deferred inflows of resources	<u>\$ 4,635,494</u>	<u>\$ 63,556</u>	<u>\$ 44,152</u>	<u>\$ 4,743,202</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	45,189	-	-	45,189
Prepaid items	86,419	-	-	86,419
Investment in land	455,714	59,446	-	515,160
Restricted for:				
Class C roads	2,272,782	-	-	2,272,782
Debt service	345,000			345,000



**ROY CITY CORPORATION**  
**Balance Sheet, continued**  
**Governmental Funds**  
**June 30, 2015**

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
FUND BALANCES, continued				
Assigned to:				
Public safety	\$ 11,813	\$ -	\$ 73,168	\$ 84,981
Storm sewer improvements	-	-	170,731	170,731
Capital improvements	-	-	592,132	592,132
Park improvements	-	-	1,774,250	1,774,250
Cemetery	-	-	164,403	164,403
Redevelopment	-	1,711,756	-	1,711,756
Other	40,783	235,383	-	276,166
Unassigned	3,635,159	-	-	3,635,159
Total fund balances	<u>6,892,859</u>	<u>2,006,585</u>	<u>2,774,684</u>	<u>11,674,128</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,528,353</u>	<u>\$ 2,070,141</u>	<u>\$ 2,818,836</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.	34,303,183
The proportionate share of the net pension asset and/or the proportionate share of the net pension liability and the deferred inflows and outflows of resources relating to pensions and pension expenses are not due and payable in the current period and therefore, are not reported in the funds.	(2,710,513)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,738,628)
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>547,396</u>
Net position of governmental activities	<u>\$ 42,075,566</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, 2015**

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 10,261,581	\$ 49,741	\$ -	\$ 10,311,322
Payments in lieu of taxes	308,786	-	-	308,786
Licenses and permits	382,323	-	-	382,323
Intergovernmental	1,365,201	-	-	1,365,201
Charges for services	2,634,076	-	-	2,634,076
Impact fees	-	-	97,390	97,390
Fines and forfeitures	774,217	-	-	774,217
Investment earnings	76,489	740,089	1,723	818,301
Property rental	29,810	-	-	29,810
Management fee	132,000	-	-	132,000
Contributions and donations	628,514	260,907	-	889,421
Miscellaneous	30,663	-	95	30,758
Total revenues	16,623,660	1,050,737	99,208	17,773,605
Expenditures:				
Current:				
General government	3,215,623	306,616	-	3,522,239
Public safety	8,046,183	-	-	8,046,183
Public works	2,165,122	-	-	2,165,122
Parks and recreation	2,221,230	-	-	2,221,230
Debt service:				
Principal retirement	111,000	-	-	111,000
Interest and fiscal charges	8,891	-	-	8,891
Capital outlay	-	-	489,508	489,508
Intergovernmental	-	1,164,032	-	1,164,032
Total expenditures	15,768,049	1,470,648	489,508	17,728,205
Excess (deficiency) of revenues over (under) expenditures	\$ 855,611	\$ (419,911)	\$ (390,300)	\$ 45,400



**ROY CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances, continued**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	General	Special Revenue Funds Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$ 855,611	\$ (419,911)	\$ (390,300)	\$ 45,400
Other financing sources (uses):				
Proceeds from sale of assets	223,450	-	-	223,450
Transfers in	-	-	1,787,031	1,787,031
Transfers out	(1,787,031)	-	-	(1,787,031)
Total other financing sources (uses)	(1,563,581)	-	1,787,031	223,450
Net change in fund balances	(707,970)	(419,911)	1,396,731	268,850
Fund balances - beginning of year	7,600,829	2,426,496	1,377,953	11,405,278
Fund balances - end of year	\$ 6,892,859	\$ 2,006,585	\$ 2,774,684	\$ 11,674,128

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, 2015**

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Amounts reported for governmental activities in the statement of activities (page 32-33) are different because:

Net change in fund balances - total governmental funds (page 37)	\$ 268,850
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.	(471,142)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	63,889
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.	111,445
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	152,813
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.	462,463
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.	88,816
Change in net position of governmental activities	<u><u>\$ 677,134</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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive/(Negative)</b>
Revenues:				
Taxes:				
Property	\$ 2,610,000	\$ 2,610,000	\$ 2,637,668	\$ 27,668
Sales	4,540,000	4,540,000	4,689,837	149,837
Telecom gross receipts	480,000	435,000	398,043	(36,957)
Franchise	2,226,460	2,220,460	2,201,037	(19,423)
Paramedic	350,000	335,000	334,996	(4)
Payments in lieu of taxes	320,000	320,000	308,786	(11,214)
Licenses and permits	295,200	362,200	382,323	20,123
Intergovernmental	1,430,520	1,333,225	1,365,201	31,976
Charges for services	3,177,189	2,666,775	2,634,076	(32,699)
Fines and forfeitures	713,000	755,500	774,217	18,717
Investment earnings	68,000	73,000	76,489	3,489
Property rental	35,500	28,000	29,810	1,810
Management fee	132,000	132,000	132,000	-
Contributions and donations	30,000	172,700	628,514	455,814
Miscellaneous	15,000	25,000	30,663	5,663
Total revenues	16,422,869	16,008,860	16,623,660	614,800
Expenditures:				
General government:				
Legislative	452,783	535,847	529,235	6,612
Legal	286,409	184,325	165,016	19,309
Community development	352,094	355,556	330,177	25,379
Information technology	297,167	299,267	299,267	-
Justice court	348,009	358,300	355,782	2,518
Finance	1,006,872	435,630	400,699	34,931
Public buildings	825,001	956,563	923,462	33,101
Risk management	216,107	216,107	216,107	-
	3,784,442	3,341,595	3,219,745	121,850
Public safety:				
Fire	3,416,019	3,634,368	3,595,153	39,215
Police	4,615,769	4,522,129	4,378,128	144,001
	8,031,788	8,156,497	7,973,281	183,216



**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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive/(Negative)</b>
Public works:				
Administration	373,578	179,613	168,048	11,565
Class "C" roads	1,494,860	1,494,860	1,090,718	404,142
Fleet services	232,518	168,336	164,191	4,145
Streets	591,109	843,176	776,300	66,876
	<u>2,692,065</u>	<u>2,685,985</u>	<u>2,199,257</u>	<u>486,728</u>
Parks and recreation:				
Aquatic center	562,733	587,610	568,212	19,398
Parks and recreation	1,136,584	1,059,072	971,181	87,891
Recreation complex	742,760	761,309	681,837	79,472
	<u>2,442,077</u>	<u>2,407,991</u>	<u>2,221,230</u>	<u>186,761</u>
Debt service:				
Principal	111,000	111,000	111,000	-
Interest and fiscal charges	9,009	9,009	8,891	118
	<u>120,009</u>	<u>120,009</u>	<u>119,891</u>	<u>118</u>
Total expenditures	<u>17,070,381</u>	<u>16,712,077</u>	<u>15,733,404</u>	<u>978,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(647,512)</u>	<u>(703,217)</u>	<u>890,256</u>	<u>1,593,473</u>
Other financing sources (uses):				
Proceeds from sale of assets	10,000	223,564	223,450	(114)
Transfers out	<u>(257,025)</u>	<u>(1,887,031)</u>	<u>(1,787,031)</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(247,025)</u>	<u>(1,663,467)</u>	<u>(1,563,581)</u>	<u>99,886</u>
Net change in fund balance	<u>(894,537)</u>	<u>(2,366,684)</u>	<u>(673,325)</u>	<u>1,693,359</u>
Fund balance - beginning of year	<u>7,525,401</u>	<u>7,525,401</u>	<u>7,525,401</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,630,864</u>	<u>\$ 5,158,717</u>	<u>\$ 6,852,076</u>	<u>\$ 1,693,359</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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Property tax	\$ 302,000	\$ 47,000	\$ 49,741	\$ 2,741
Investment earnings	7,000	7,000	740,089	733,089
Contributions from other government units	-	255,000	260,907	-
				5,907
Total revenues	309,000	309,000	1,050,737	741,737
Expenditures:				
General government	2,265,475	2,265,475	541,999	1,723,476
Intergovernmental	-	-	1,164,032	(1,164,032)
Total expenditures	2,265,475	2,265,475	1,706,031	559,444
Excess (deficiency) of revenues over expenditures	(1,956,475)	(1,956,475)	(655,294)	1,301,181
Fund balance - beginning of year	2,426,496	2,426,496	2,426,496	-
Fund balance - end of year	\$ 470,021	\$ 470,021	\$ 1,771,202	\$ 1,301,181

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



**ROY CITY CORPORATION**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash	\$ 3,652,042	\$ 920,493	\$ 2,555,778	\$ 7,128,313	\$ 706,719
Investment in water stock	16,100	-	-	16,100	-
Accounts receivable - net of allowance for doubtful accounts	931,095	119,693	368,060	1,418,848	-
Inventory	197,954	12,760	915	211,629	-
Prepaid items	246,326	153	379	246,858	8,136
Total current assets	5,043,517	1,053,099	2,925,132	9,021,748	714,855
Noncurrent assets:					
Advance to other fund	377,300	-	-	377,300	-
Net pension asset	11,221	2,035	-	13,256	2,860
Capital assets:					
Land	139,434	-	-	139,434	-
Buildings	14,519	-	-	14,519	-
Improvements other than buildings	31,314,379	2,994,271	-	34,308,650	-
Machinery and equipment	740,817	255,989	69,854	1,066,660	598,602
Automobiles and trucks	791,141	-	583,909	1,375,050	-
Construction in progress	917,321	21,072	-	938,393	-
Less accumulated depreciation	(12,423,532)	(607,502)	(402,909)	(13,433,943)	(433,186)
Total capital assets net of accumulated depreciation	21,494,079	2,663,830	250,854	24,408,763	165,416
Total noncurrent assets	21,882,600	2,665,865	250,854	24,799,319	168,276
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension	31,369	5,689	-	37,058	7,996
Bond insurance	35,905	-	-	35,905	-
Total assets and deferred outflows of resources	\$ 26,993,391	\$ 3,724,653	\$ 3,175,986	\$ 33,894,030	\$ 891,127



**ROY CITY CORPORATION**  
**Statement of Net Position, continued**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 542,997	\$ 31,619	\$ 216,071	\$ 790,687	\$ 10,258
Accrued wages	25,415	4,995	1,139	31,549	6,051
Compensated absences	8,083	2,190	-	10,273	2,071
Recaptured losses	-	-	-	-	49,010
Interest payable	67,922	-	-	67,922	-
Revenue bonds payable	340,305	-	-	340,305	-
Total current liabilities	984,722	38,804	217,210	1,240,736	67,390
Long-term liabilities, less current portion:					
Compensated absences	55,993	13,155	-	69,148	18,815
Recaptured losses	-	-	-	-	118,903
Net pension liability	127,107	23,054	-	150,161	32,400
Revenue bonds payable	5,281,998	-	-	5,281,998	-
Total liabilities	6,449,820	75,013	217,210	6,742,043	237,508
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension	31,671	5,744	-	37,415	8,073
Unearned revenue	-	26,598	-	26,598	-
Total liabilities and deferred inflows of resources	6,481,491	107,355	217,210	6,806,056	245,581
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	15,871,776	2,663,830	250,854	18,786,460	165,416
Unrestricted	4,640,124	953,468	2,707,922	8,301,514	480,130
Total net position	\$ 20,511,900	\$ 3,617,298	\$ 2,958,776	27,087,974	\$ 645,546
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				151,150	
Net position of business-type activities				\$ 27,239,124	

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, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
Operating revenues:					
Charges for services	\$ 5,279,027	\$ 835,276	\$ 2,098,710	\$ 8,213,013	\$ 682,283
Other fees	890,219	-	-	890,219	-
Other income	197,258	-	3,985	201,243	-
Total operating revenue	6,366,504	835,276	2,102,695	9,304,475	682,283
Operating expenses:					
Personnel services	1,267,651	175,430	130,458	1,573,539	167,749
Contractual services	3,185,458	78,542	1,603,904	4,867,904	227,622
Materials and supplies	508,673	154,441	18,350	681,464	51,196
Other general costs of services	194,964	6,736	17,490	219,190	47,253
Depreciation	700,583	83,551	83,994	868,128	65,106
Total operating expenses	5,857,329	498,700	1,854,196	8,210,225	558,926
Operating income	509,175	336,576	248,499	1,094,250	123,357
Non-operating revenues/ (expenses):					
Interest income	74	-	-	74	-
Interest expense	(242,131)	-	-	(242,131)	-
Bond issuance costs	(6,533)	-	-	(6,533)	-
Total non-operating revenues/(expenses)	(248,590)	-	-	(248,590)	-
Income before contributions	260,585	336,576	248,499	845,660	123,357
Contribution from developers	40,800	17,600	-	58,400	-
Changes in net position	\$ 301,385	\$ 354,176	\$ 248,499	\$ 904,060	\$ 123,357



**ROY CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Solid Waste Utility Fund	Total	
Changes in net position	\$ 301,385	\$ 354,176	\$ 248,499	\$ 904,060	\$ 123,357
Total net position - beginning, as restated	<u>20,210,515</u>	<u>3,263,122</u>	<u>2,710,277</u>		<u>522,189</u>
Total net position - ending	<u>\$ 20,511,900</u>	<u>\$ 3,617,298</u>	<u>\$ 2,958,776</u>		<u>\$ 645,546</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>34,541</u>	
Change in net position of business-type activities				<u>\$ 938,601</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, 2015**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 6,104,978	\$ 765,808	\$ 2,094,287	\$ 8,965,073	\$ -
Cash received from interfund activities	-	-	-	-	682,283
Other income	197,258	-	3,985	201,243	-
Payments to suppliers	(3,589,406)	(211,826)	(1,614,328)	(5,415,560)	(394,316)
Payments to employees	(1,279,835)	(178,792)	(130,262)	(1,588,889)	(164,679)
Payments for interfund services	(153,305)	-	(13,604)	(166,909)	-
Net cash provided by operating activities	1,279,690	375,190	340,078	1,994,958	123,288
<b>Cash flows from non-capital financing activities:</b>					
Payment on interfund advance	172,700	-	-	172,700	-
Net cash provided by non-capital financing activities	172,700	-	-	172,700	-
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from sale of capital	-	-	-	-	-
Acquisition and construction of capital assets	(234,400)	(160,819)	-	(395,219)	(70,378)
Principal paid on bond	(325,000)	-	-	(325,000)	-
Interest paid on bond	(246,267)	-	-	(246,267)	-
Fiscal agent fees paid	(1,500)	-	-	(1,500)	-
Net cash used in capital and related financing activities	(807,167)	(160,819)	-	(967,986)	(70,378)



**ROY CITY CORPORATION**  
**Statement of Cash Flows, continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
<b>Cash flows from investing activities:</b>					
Interest received	74	-	-	74	-
Net cash provided by investing activities	74	-	-	74	-
Net increase in cash	645,297	214,371	340,078	1,199,746	52,910
Cash - beginning of year	3,006,745	706,122	2,215,700	5,928,567	653,809
Cash - end of year	<u>\$ 3,652,042</u>	<u>\$ 920,493</u>	<u>\$ 2,555,778</u>	<u>\$ 7,128,313</u>	<u>\$ 706,719</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	<u>\$ 509,175</u>	<u>\$ 336,576</u>	<u>\$ 248,499</u>	<u>\$ 1,094,250</u>	<u>\$ 123,357</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	700,583	83,551	83,994	868,128	65,106
(Increase) decrease in accounts receivable	(52,784)	(68,812)	(283)	(121,879)	-
Increase (decrease) in allowance for uncollectible accounts	1,163	3,332	(495)	4,000	-
(Increase) decrease in inventory	5,949	2,536	(309)	8,176	-
(Increase) decrease in prepaids	(3,786)	(90)	4	(3,872)	(1,056)
(Increase) decrease in deferred outflows	(6,134)	(1,112)	-	(7,246)	(7,996)
(Increase) decrease in net pension asset	(10,957)	(1,987)	-	(12,944)	(2,793)
Increase (decrease) in accounts payable	131,574	21,459	8,472	161,505	(7,898)
Increase (decrease) in accrued wages	4,490	1,675	196	6,361	1,596



**ROY CITY CORPORATION**  
**Statement of Cash Flows, continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water &amp; Sewer Utility Fund</b>	<b>Storm Sewer Utility Fund</b>	<b>Solid Waste Utility Fund</b>	<b>Total</b>	
Increase (decrease) in compensated absences	5,869	(949)	-	4,920	7,220
Increase (decrease) in deferred inflows	31,671	5,744	-	37,415	8,073
Increase (decrease) in net pension liability	(37,123)	(6,733)	-	(43,856)	(3,031)
Increase (decrease) in recaptured losses	-	-	-	-	(59,290)
Total adjustments	770,515	38,614	91,579	900,708	(69)
Net cash provided by operating activities	<u>\$ 1,279,690</u>	<u>\$ 375,190</u>	<u>\$ 340,078</u>	<u>\$ 1,994,958</u>	<u>\$ 123,288</u>
<b>Non-cash capital and related financing activities:</b>					
Purchase of equipment on account	\$ 68,871	\$ -	\$ -		\$ -
Capital contributions from developers	40,800	17,600	-		-
Total non-cash capital and related financing activities	<u>\$ 109,671</u>	<u>\$ 17,600</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, 2015**

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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. In addition, Roy City includes the Redevelopment Agency of Roy Utah as a component unit.

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

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

Blended Component Unit. The Redevelopment Agency of Roy Utah (RDA) was established to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by a board of directors composed of the City's mayor and all members of the city council. Although it is a legally separate entity from the City, the RDA is reported as if it were a part of the primary government because it is the same governing body and the administrative staff of Roy City manages the activities of the RDA in essentially the same manner as it manages City activities. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund.

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



ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2015

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**Basis of Presentation**

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

**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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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within the City. The Redevelopment Agency receives its funding from property tax increment from the taxing entities it encompasses.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

### **Measurement Focus**

#### **Government-wide Financial Statements**

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

#### **Fund Financial Statements**

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

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

### **Basis of Accounting**

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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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

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

Governmental fund financial statements recognize revenues as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Sales and franchise taxes, and earned but 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 5 - Deferred Inflows/Outflows of Resources.

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

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

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

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

##### **Cash, Deposits, and Investments**

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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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investment of funds in time certificates of deposit with federally insured depositories, in the Utah Public Treasurer's Investment Fund (the Fund), in U. S. backed Government Securities, and other funds and obligations.

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The expenditure/expense of prepaid items is reflected in the fiscal year in which services are consumed.

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

**Investment in Land**

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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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**Capital Assets**

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

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

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

<b>Asset Type</b>	<b>Years</b>
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.



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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

**Accrued Liabilities and Long-term Obligations**

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

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

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

**Fund Equity**

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

**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.



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

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

#### Pensions

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



ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2015

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

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

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

Capital related items:

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

Cost of capital assets	\$ 60,701,533
Accumulated depreciation	<u>(26,398,350)</u>
Total difference	<u><u>\$ 34,303,183</u></u>

Pension related items:

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

Deferred outflows - pensions	\$ 731,778
Net pension asset	261,760
Deferred inflows - pensions	(738,832)
Net pension liability	<u>(2,965,219)</u>
Total difference	<u><u>\$ (2,710,513)</u></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, 2015 were:

Bonds payable	\$ 346,664
URMMA recaptured losses	167,913
Compensated absences	<u>1,224,051</u>
Total difference	<u><u>\$ 1,738,628</u></u>



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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Internal service funds:

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

Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net position at June 30, 2015 include:

Cash	\$ 706,719
prepaid items	8,136
Accounts payable	(10,258)
Accrued wages payable	(6,051)
Interactivity payable	<u>(151,150)</u>
Total difference	<u>\$ 547,396</u>

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

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

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

Capital outlay	\$ 1,584,842
Depreciation expense	<u>(2,055,984)</u>
Total difference	<u>\$ (471,142)</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$63,859 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.	\$ (10,443)
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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.

	74,332
Total difference	<u>\$ 63,889</u>



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
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Another element of the reconciliation is the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	\$ 111,000
Accrued interest payable	445
Total difference	<u>\$ 111,445</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 \$462,463 difference is as follows:

Compensated absences	\$ 95,142
Pension expenditures	367,321
Total difference	<u>\$ 462,463</u>

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the governmental funds. Contributions to the pension plan from non-employer contributing entities for FY 2015 are \$152,813.

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 \$88,816 difference is as follows:

Change in net position of the internal service funds	\$ 123,357
Less: Profit from charges to business-type activities	(34,541)
Total difference	<u>\$ 88,816</u>

A final element of the reconciliation is during the consolidation of internal service funds with governmental activities all inter-fund transfers between such funds should be eliminated. During the fiscal year ending June 30, 2015, there was \$682,283 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	\$ 116,609
Interactivity receivable representing charges in excess of cost to business-type activities - current year	34,541
Total difference	<u>\$ 151,150</u>



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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

Budgets are prepared by fund, function and department. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department level. Budget control is exercised at the department level. The fund budgets may be increased any time during the fiscal year by resolution of the City Council and following a public hearing. The City Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. Transfers of unexpended appropriations from one expenditure account to another within the same department can be made by the department director with the consent of the Budget Officer.

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations was an increase in the general fund of \$1,618,068; an increase in the capital projects fund of \$2,287,506; an increase in the water and sewer utility fund of \$177,537; an increase in storm sewer utility fund of \$7,000; an increase in the solid waste utility fund of \$46,202; an increase in the information technology fund of \$5,684; a decrease in the cemetery perpetual fund of \$4,500; an increase in the storm sewer development fund of \$45,000; and an increase in the park development fund of \$32,350.

The increase in the general fund was attributed to new grants, capital, projects, personnel, and operations. Adjustments to the budget were made in various categories including personnel reduced \$145,151; operations and maintenance decreased \$329,044; purchase and construction of capital assets increased \$460,157; and transfers to other funds increased \$1,632,106. The expenditure changes were covered by a decrease to tax revenue of \$51,000; an increase in licenses of \$67,000; a decrease in intergovernmental of \$112,295; an increase in charges for services of \$218,000; an increase of fines of \$42,500; an increase to miscellaneous income of \$363,764; and a reduction in contributions and transfers of \$728,414. The contribution from fund balance increased \$1,818,513.

The change in the capital projects fund was for capital improvements related to fire apparatus, parks and recreation, and beautification.

The majority of the increase in the water and sewer utility was from a program to change out water meters to radio read technology and increased the budget \$148,000. System repairs and construction projects accounted for a decrease of \$1,250; and personnel changes increased the budget by \$30,787. A small decrease was made in revenue estimates for the utility, requiring the net effect of the budget changes, \$187,179, to be taken from retained earnings.



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
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The modest increase in the storm sewer utility budget was the result of personnel changes, and was funded by an increase in revenue estimates. While changes to the individual line items were made in the fund, the net effect was to reduce expenses. The increase to the solid waste utility budget was due to an error in the depreciation calculation and a reduction in revenue from recycling. The net effect was reduce the contribution to retained earnings for the year.

The increase in information technology was for personnel expenditures. Additional fees were charged to the general and utility enterprise funds to partially cover the costs. The remainder was taken from reserves. The increase to the storm water development budget was an increase in revenue from a large commercial project.

The overall budget for the cemetery fund was reduced because all of the lots have now been sold.

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.

<b>General Fund</b>	
Net change in fund balance (budget)	\$ 673,325
Beginning encumbrances	75,428
Ending encumbrances	<u>(40,783)</u>
Net change in fund balance (GAAP)	<u>\$ 707,970</u>
 Fund balance (budget)	 \$ 6,852,076
Ending encumbrances	<u>40,783</u>
Fund balance (GAAP)	<u>\$ 6,892,859</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.

**Tax Revenue**

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

Sales taxes and telecom gross receipts taxes are collected by the Utah State Tax Commission and remitted



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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

#### **4. Accounting Changes**

##### **Prior Period Adjustments**

The Governmental Accounting Standards Board implemented new guidelines on accounting for pensions effective for fiscal years beginning after June 15, 2014. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows/inflows of resources, and expense/expenditures of pensions that are provided to the employees of state and local government employers and administered through trusts.

The implementation Statement No. 68 requires restatement of the City's net position for June 30, 2014 to account for the beginning net pension liability/(asset) and deferred outflows/(inflows) of resources related to the new accounting for pension plans. Details of the restatement of net position are as follows:

	<b>Governmenta Activities</b>	<b>Business- Type Activities</b>	<b>Statement of Revenues, Expenses, and Changes in Fund Net Position</b>	
	<b>Government- Wide</b>	<b>Government- Wide</b>	<b>Proprietary Funds</b>	
	<b>Statement Of Activities</b>	<b>Statement Of Activities</b>	<b>Water and Sewer Utility</b>	<b>Storm Sewer Utility</b>
Net position, as previously reported, June 30, 2014	\$ 44,634,826	\$ 26,464,415	\$ 20,349,246	\$ 3,288,283
Record beginning net pension asset	6,153	312	264	48
Record beginning net pension liability	<u>(3,242,547)</u>	<u>(164,204)</u>	<u>(138,995)</u>	<u>(25,209)</u>
Net position, as restated	<u>\$ 41,398,432</u>	<u>\$ 26,300,523</u>	<u>\$ 20,210,515</u>	<u>\$ 3,263,122</u>

#### **5. 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



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

The investment policy addresses investment-related risks as follows:

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

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

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

While the City's investment policy allows for a range of investments, at June 30, 2015 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 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, 2015, the City and the Redevelopment Agency had \$16,071,403, and \$1,974,651, respectively, invested directly with the PTIF. This amounts to 92.20% and 7.80% of total funds of the City and Redevelopment Agency's, respectively. Amounts invested with the PTIF are reported at cost which does not materially differ from fair value.

As of June 30, 2015, \$1,194,821 of the City's bank balance of \$1,444,821 was uninsured and uncollateralized. For the Redevelopment Agency, all of their \$36,044 was insured within FDIC limits. In the Water and Sewer Utility, \$3,187 held in a receiver's account for on-line bill pay was uninsured.



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**Receivables**

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

Governmental funds:

	<b>General Fund</b>
Taxes	\$ 3,104,305
Ambulance services	2,341,294
Special assessments	18,347
Intergovernmental	223,795
Other	184,165
Gross receivables	5,871,906
Less: allowance for uncollectible accounts	(1,673,124)
Net receivables	<u>\$ 4,198,782</u>

Enterprise funds:

	<b>Water and Sewer Utility Enterprise Fund</b>	<b>Storm Sewer Utility Enterprise Fund</b>	<b>Solid Waste Utility Enterprise Fund</b>	<b>Total</b>
Utilities	\$ 971,760	\$ 125,934	\$ 387,255	\$ 1,484,949
Intergovernmental	7,454	-	-	7,454
Other	45	-	-	45
Gross receivables	979,259	125,934	387,255	1,492,448
Less: allowance for uncollectible accounts	(48,165)	(6,241)	(19,195)	(73,601)
Net receivables	<u>\$ 931,094</u>	<u>\$ 119,693</u>	<u>\$ 368,060</u>	<u>\$ 1,418,847</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.

**Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 3,875,044	\$ 26,272	\$ -	\$ 3,901,316
Construction in progress	129,701	276,523	(129,701)	276,523
Total capital assets not being depreciated	<u>4,004,745</u>	<u>302,795</u>	<u>(129,701)</u>	<u>4,177,839</u>



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
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Capital assets being depreciated:

Buildings	11,698,381	1	-	11,698,382
Improvements other than buildings	33,482,718	494,686	(8,225)	33,969,179
Machinery and equipment	4,316,747	466,587	(148,051)	4,635,283
Automobiles and trucks	6,243,299	595,183	(617,632)	6,220,850
Total capital assets being depreciated	<u>55,741,145</u>	<u>1,556,457</u>	<u>(773,908)</u>	<u>56,523,694</u>

Less accumulated depreciation for:

Buildings	(4,282,036)	(260,100)	-	(4,542,136)
Improvements other than buildings	(12,867,891)	(1,198,722)	7,042	(14,059,571)
Machinery and equipment	(3,229,869)	(251,337)	144,393	(3,336,813)
Automobiles and trucks	(4,660,929)	(410,932)	612,031	(4,459,830)
Total accumulated depreciation	<u>(25,040,725)</u>	<u>(2,121,091)</u>	<u>763,466</u>	<u>(26,398,350)</u>

Total capital assets being depreciated, net	<u>30,700,420</u>	<u>(564,634)</u>	<u>(10,442)</u>	<u>30,125,344</u>
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Governmental activities capital assets, net	<u>\$ 34,705,165</u>	<u>\$ (261,839)</u>	<u>\$ (140,143)</u>	<u>\$ 34,303,183</u>
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<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 139,434	\$ -	\$ -	\$ 139,434
Construction in progress	<u>982,400</u>	<u>253,648</u>	<u>(297,655)</u>	<u>938,393</u>
Total capital assets not being depreciated	<u>1,121,834</u>	<u>253,648</u>	<u>(297,655)</u>	<u>1,077,827</u>
Capital assets being depreciated:				
Buildings	14,519	-	-	14,519
Improvements other than buildings	33,933,256	375,394	-	34,308,650
Machinery and equipment	950,207	141,723	(25,270)	1,066,660
Automobiles and trucks	<u>1,324,669</u>	<u>50,381</u>	<u>-</u>	<u>1,375,050</u>
Total capital assets being depreciated	<u>36,222,651</u>	<u>567,498</u>	<u>(25,270)</u>	<u>36,764,879</u>
Less accumulated depreciation for:				
Buildings	(3,452)	(494)	-	(3,946)
Improvements other than buildings	(10,868,677)	(736,642)	-	(11,605,319)
Machinery and equipment	(788,600)	(31,696)	25,270	(795,026)
Automobiles and trucks	<u>(930,356)</u>	<u>(99,296)</u>	<u>-</u>	<u>(1,029,652)</u>
Total accumulated depreciation	<u>(12,591,085)</u>	<u>(868,128)</u>	<u>25,270</u>	<u>(13,433,943)</u>
Total capital assets being depreciated, net	<u>23,631,566</u>	<u>(300,630)</u>	<u>-</u>	<u>23,330,936</u>
Business-type activities capital assets, net	<u>\$ 24,753,400</u>	<u>\$ (46,982)</u>	<u>\$ (297,655)</u>	<u>\$ 24,408,763</u>



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**Depreciation Expense**

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

Governmental activities:	
General government	\$ 251,597
Public safety	361,449
Public works, including depreciation of general infrastructure assets	971,512
Parks and recreation	471,427
Information technology	65,106
Total depreciation expense - governmental activities	<u>\$ 2,121,091</u>
Business-type activities:	
Water and sewer utility	\$ 700,583
Storm water utility	83,551
Solid waste utility	83,994
Total depreciation expense - business-type activities	<u>\$ 868,128</u>

**Inter-fund Receivables, Payables, and Transfers**

The composition of internal balances as of June 30, 2015, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise fund	General fund	\$ 377,300

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

Inter-fund transfers:

Transfer In	Transfer Out	Amount
Fire & Rescue facilities and equipment - capital projects fund	General fund	\$ 202,006
Parks and recreational facilities improvements - capital projects fund	General fund	840,025
Capital improvements - capital projects fund	General fund	745,000
		<u>\$ 1,787,031</u>

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



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**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 \$35,905 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, the City has \$768,836 in deferred charges related to pension plans. See Note 6 for a summary of this amount.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City reports three such items; available unearned revenue, unavailable revenue and pension plans. Available unearned revenue refers to resources that are received before the period(s) which they are required to be used. Unavailable revenue refers to resources that are reported as a receivable before the period(s) for which they are levied and for other imposed non-exchange transactions where resources are reported as receivables and use is permitted. See Note 6 for additional information on pension plans.

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

	<b>Governmental Funds</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>
Property taxes not yet levied	\$ 2,304,452	\$ 2,304,452	\$ -
Property taxes received not yet levied	267,491	267,491	-
Delinquent property taxes	-	48,420	-
Funding received for future use	69,550	69,550	26,598
Pensions	-	738,832	37,415
Special assessments levied	800	800	-
	<u>\$ 2,642,293</u>	<u>\$ 3,429,545</u>	<u>\$ 64,013</u>

**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.

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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

<b>Year Ending June 30</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2016	\$ 5,576	\$ 113,000	\$ 118,576
2017	3,438	115,000	118,438
2018	1,176	117,000	118,176
	<u>\$ 10,190</u>	<u>\$ 345,000</u>	<u>\$ 355,190</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:

<b>Year Ending June 30</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
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	175,840	400,000	575,840
2021-2025	625,070	2,220,000	2,845,070
2026-2028	137,862	1,565,000	1,702,862
	<u>\$ 1,788,332</u>	<u>\$ 5,620,000</u>	<u>\$ 7,408,332</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, 2015, the following activity occurred in liabilities reported as long-term:



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds payable	\$ 456,000	\$ -	\$ 111,000	\$ 567,000	113,000
Recaptured losses	227,203	-	(59,290)	167,913	49,010
Compensated absences	<u>1,311,974</u>	<u>783,476</u>	<u>(871,399)</u>	<u>1,224,051</u>	<u>120,559</u>
Governmental activities - Long-term liabilities	<u>\$ 1,995,177</u>	<u>\$ 783,476</u>	<u>\$ (819,689)</u>	<u>\$ 1,958,964</u>	<u>\$ 282,569</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 5,947,626	\$ -	\$ (325,323)	\$ 5,622,303	325,323
Compensated absences	<u>58,206</u>	<u>75,342</u>	<u>(54,127)</u>	<u>79,421</u>	<u>10,273</u>
Business-type activities - Long-term liabilities	<u>\$ 6,005,832</u>	<u>\$ 75,342</u>	<u>\$ (379,450)</u>	<u>\$ 5,701,724</u>	<u>\$ 335,596</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, \$167,913 of internal service funds recaptured losses and \$20,886 of compensated absences is included in the above amounts and will be liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

### **Fund Balances**

The City is required to restrict part of its fund balance to account for the extent to which it is bound to honor constraints on the specific purpose of funds. Fund balance allocations are presented in the statement of net position and the balance sheet of the governmental funds. The non-spendable portion of fund balance relates to inventory 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, 2015 the City had assigned fund balance as follows:

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Park Development Fund</b>	<b>Storm Sewer Development Fund</b>	<b>Cemetery Fund</b>	<b>RDA</b>
<b>Governmental funds:</b>						
Purchase commitments	\$ 40,783	\$ -	\$ -	\$ -	\$ -	\$ 235,383
Traffic school	11,813	-	-	-	-	-
Capital improvements	-	592,132	-	-	-	-
Recreational facilities	-	1,632,615	141,635	-	-	-
Fire apparatus	-	73,168	-	-	-	-
Storm sewer	-	-	-	170,731	-	-
Cemetery	-	-	-	-	164,403	-
Redevelopment	-	-	-	-	-	1,711,756
	<u>\$ 52,596</u>	<u>\$ 2,297,915</u>	<u>\$ 141,635</u>	<u>\$ 170,731</u>	<u>\$ 164,403</u>	<u>\$ 1,947,139</u>

- *Purchase commitments* represent resources that will be used to liquidate purchase orders which were not completed by year end.



ROY CITY CORPORATION  
Notes to the Financial Statements, Continued  
June 30, 2015

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

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

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

### **Pension Plan**

#### **Plan Description**

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

*Multiple employer cost sharing, public employees retirement systems:* the Public Employees Non-contributory Retirement System (Non-contributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System).

*Mixed agent, cost sharing, multiple employer retirement system:* the Public Safety Retirement System (Public Safety System).

*Multiple employer, cost sharing, public employees retirement systems:* the Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System).

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

The 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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

49 provides for the administration of the Utah Retirement Systems under the direction of the Utah State Retirement Board (Board). The seven members are appointed by the Governor and include the State Treasurer. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems is a component unit of the State of Utah. The Authority to establish and amend the defined benefit plans provisions and contribution requirement lies with the Utah State Legislature. URS issue a publicly available financial report that can be obtaining by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website [www.urs.org](http://www.urs.org).

**Benefits Provided**

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

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or Age Eligible for Benefit</b>	<b>Benefit Percent Per Year of Service</b>	<b>COLA **</b>
Non-Contributory	Highest 3 Years	30 Years Any Age 25 Years Any Age* 20 Years Age 60* 10 Years Age 62* 4 Years Age 65	2.0% Per Year All Years	Up to 4%
Contributory	Highest 5 Years	30 Years Any Age 20 Years Age 60* 10 Years Age 62* 4 Years Age 65	1.25% Per Year to June 1975; 2% Per Year July 1975 to Present	Up to 4%
Public Safety	Highest 3 Years	20 Year Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2% Per Year Over 20 Years	Up to 2.5% to 4% Depending on the Employer
Firefighters	Highest 3 Years	20 Year Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2% Per Year Over 20 Years	Up to 4%
Tier 2 Public Employees	Highest 5 Years	35 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years	Up to 2.5%
Tier 2 Public Safety and Firefighters	Highest 5 Years	25 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years	Up to 2.5%

\* With actuarial reductions.

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



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

Contributions

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

Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System:			
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Non-Contributory System:			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System:			
75 - Other Division A Non-Contributory Tier 1	N/A	N/A	35.710%
122 - Other Division A Contributory Tier 2	NA	NA	23.710%
Firefighters System:			
31 - Division A Tier 1	1.230%	13.820%	3.820%
132 - Division B Tier 2	N/A	N/A	10.800%

The City's contributions to the Local Governmental Contributory Retirement System Tier 1 and Tier 2 for the years ending June 30, 2015, 2014, and 2013 were \$40,172, \$36,435, and \$32,466, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2015, 2014, and 2013 were \$551,112, \$494,285, and \$502,348, respectively. City contributions for the Public Safety Contributory and Non-contributory Retirement System for June 30, 2015, 2014, and 2013 were \$608,399, \$574,033, and \$595,126, respectively, and for the Firefighters Retirement System Division A and B the contributions for June 30, 2015, 2014, and 2013, were \$89,423, \$205,933, and \$212,117, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

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

The net pension asset and liability were measured as of December 31, 2014. The total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using general accepted actuarial procedures. At December 31, 2014, Roy City reported a net pension asset of \$275,016 and a net pension liability of \$3,115,380.

The breakdown by System is as follows:



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

	<b>Proportionate Share</b>	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>
Non-Contributory System	0.03506427%	\$ -	\$ 1,522,573
Contributory System	0.01367805%	-	39,453
Public Safety System	1.23519000%	-	1,553,354
Firefighter System	4.49695460%	256,614	-
Tier 2 Public Employees System	0.07276920%	2,205	-
Tier 2 Public Safety and Firefighters System	1.09487180%	16,197	-
Total Net Pension Asset/Net Pension Liability		<u>\$ 275,016</u>	<u>\$ 3,115,380</u>

The proportion of the net pension assets and net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, the City recognized pension expense of \$939,026. At December 31, 2014 Roy City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 529	\$ 256,501
Changes in assumptions	-	519,746
Net difference between projected and actual earnings on pension plan investments	97,030	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	671,277	-
Total	<u>\$ 768,836</u>	<u>\$ 776,247</u>

Deferred outflows of resources related to pensions of \$671,277 were reported by the City and result from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2015	\$ (166,779)
2016	(161,955)
2017	(159,985)
2018	(98,907)
2019	(29,881)
Thereafter	(61,184)



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.50-10.5%, Average, Including inflation
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expense, Including Inflation

The 7.5% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real rate of return of 4.75% that is net of investment expense.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

	Men	Women
Public Safety and Firefighters Systems	RP 2000mWC -100%	EDUF (120%)
Local Government Public Employees	RP 2000mWC (100%)	EDUF (120%)

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage.

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

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

The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized below:



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		0.03%
	Expected arithmetic nominal returns		7.98%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of Net Pension Asset / Liability	\$ 8,600,264	\$ 2,840,364	\$ (1,883,357)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS Financial Report.



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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**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 23.94% 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 \$7,947,397 and eligible payroll under this plan was \$7,558,446 for the same period. At June 30, 2015 total plan assets were \$6,040,310. Total contribution requirements were \$59,719, or .79% of covered payroll, and were paid by the due dates.

**7. Other Information**

**Redevelopment Agency**

The Redevelopment Agency of Roy Utah (RDA) consists of four project areas and does not pay tax increment to any other taxing agency. The RDA pays the City a management fee, which totaled \$132,000 for FY 2015.

Financial information relating to the project areas for the fiscal year ending June 30, 2015 is as follows:

	<b>Project Area #2</b>	<b>Project Area #3</b>	<b>Project Area #4</b>	<b>General</b>
Tax increment collected	\$ 43,161	\$ 6,580	\$ -	\$ -
Contributions from other government units	266,373	34,534	-	-
Amount expended for:				
Administrative costs	115,876	10,000	7,200	-
Redevelopment activities	371,423	30,000	-	7,500

**Commitments**

The City had purchase orders outstanding at the end of the year which had not been fulfilled. For the general fund and special revenue fund the commitments totaled \$40,783 and \$235,383, respectively. The City had no open contracts for which work had not begun at June 30, 2015.



**ROY CITY CORPORATION**  
**Notes to the Financial Statements, Continued**  
**June 30, 2015**

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**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, 2015 and 2014, 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, 2015, 2014, and 2013, 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 \$342,906 at June 30, 2015.

**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, 2015, 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.



**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability in Utah Retirement Systems - Last 10 Fiscal Years**  
**December 31, 2014**

	<b>Non- Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Tier 2 Public Employees System</b>	<b>Tier 2 Public Safety and Firefighters System</b>
Proportion of the net pension liability / (asset)	0.3506427%	0.1367805%	1.2351900%	4.4969546%	0.0727692%	1.0948718%
Proportionate share of the net pension liability / (asset)	\$ 1,522,573	\$ 39,453	\$ 1,553,354	\$ (256,614)	\$ (2,205)	\$ (16,197)
Covered employee payroll	\$ 3,004,330	\$ 73,029	\$ 1,667,574	\$ 1,180,946	\$ 357,223	\$ 452,855
Proportionate share of the net pension liability / (asset) as a percentage of its covered employee payroll	50.7%	54.0%	93.2%	(21.7%)	(0.6%)	(3.6%)
Plan fiduciary net position as a percentage of the total net pension	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

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



**Required Supplementary Information**  
**Schedule of Utah State Retirement Systems Contributions - Last 10 Fiscal Years**  
**December 31, 2014**

	<u>Non- Contributory System</u>	<u>Contributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighters System</u>
Contractually required contribution	\$ 551,112	\$ 10,149	\$ 608,399	\$ 40,089	\$ 30,023	\$ 49,334
Contribution in relation to the contractually required contribution	<u>(551,112)</u>	<u>(10,149)</u>	<u>(608,399)</u>	<u>(40,089)</u>	<u>(30,023)</u>	<u>(49,334)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,004,330	\$ 73,029	\$ 1,667,574	\$ 1,180,946	\$ 357,223	\$ 452,855
Contribution as a percentage of covered employee payroll *	18.34%	13.90%	36.48%	3.39%	8.40%	10.89%

\* Contributions as a percentage of covered employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

Note: Amounts presented were determined as of calendar year January 1 - December 31. The schedule above is presented for the current year only. The 10 year schedule will need to be built prospectively as the information becomes available.



## **Non-major Governmental Funds**

### **Special Revenue Funds**

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

*Storm Sewer Development* – This fund is used to account for impact fees imposed for the expansion and enlargement of the City's storm sewer system. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Growth requires expansion or enlargement of public facilities to maintain the same level and quality of public service for all residents. Impact fees help fund the expansion of public facilities necessary to accommodate new growth.)

*Park Development* – This fund is used to account for the impact fees imposed for the expansion and enlargement of the City's parks. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Growth requires expansion or enlargement of public facilities to maintain the same level and quality of public service for all residents. Impact fees help fund the expansion of public facilities necessary to accommodate new growth.)

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

### **Capital Projects Funds**

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

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

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

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



**ROY CITY CORPORATION**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
<b>ASSETS</b>				
Cash	\$ 170,731	\$ 141,635	\$ 164,403	\$ 476,769
Total assets	<u>\$ 170,731</u>	<u>\$ 141,635</u>	<u>\$ 164,403</u>	<u>\$ 476,769</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Unrestricted, unassigned	170,731	141,635	164,403	476,769
Total fund balances	<u>170,731</u>	<u>141,635</u>	<u>164,403</u>	<u>476,769</u>
Total liabilities and fund balances	<u>\$ 170,731</u>	<u>\$ 141,635</u>	<u>\$ 164,403</u>	<u>\$ 476,769</u>



Capital Projects Funds				Total
Capital Improvements	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total	Non-Major Governmental Funds
\$ 612,292	\$ 97,160	\$ 1,632,615	\$ 2,342,067	\$ 2,818,836
\$ 612,292	\$ 97,160	\$ 1,632,615	\$ 2,342,067	\$ 2,818,836
\$ 20,160	\$ 23,992	\$ -	\$ 44,152	\$ 44,152
20,160	23,992	-	44,152	44,152
592,132	73,168	1,632,615	2,297,915	2,774,684
592,132	73,168	1,632,615	2,297,915	2,774,684
\$ 612,292	\$ 97,160	\$ 1,632,615	\$ 2,342,067	\$ 2,818,836



**ROY CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Special Revenue Funds			
	Storm Sewer Development	Park Development	Cemetery	Total
Revenues:				
Impact fees	\$ 74,390	\$ 23,000	\$ -	\$ 97,390
Investment earnings	1,030	693	-	1,723
Other income	-	-	95	95
Total revenues	75,420	23,693	95	99,208
Expenditures:				
Capital outlay	65,149	56,077	-	121,226
Total expenditures	65,149	56,077	-	121,226
Excess (deficiency) of revenues over (under) expenditures	10,271	(32,384)	95	(22,018)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	10,271	(32,384)	95	(22,018)
Fund balance - beginning of year	160,460	174,019	164,308	498,787
Fund balance - end of year	\$ 170,731	\$ 141,635	\$ 164,403	\$ 476,769



Capital Projects Funds				Total Non-Major Governmental Funds
Capital Improvements	Fire & Rescue Facilities and Equipment	Recreational Facilities & Improvements	Total	
\$ -	\$ -	\$ -	\$ -	\$ 97,390
-	-	-	-	1,723
-	-	-	-	95
-	-	-	-	99,208
152,868	201,505	13,909	368,282	489,508
152,868	201,505	13,909	368,282	489,508
(152,868)	(201,505)	(13,909)	(368,282)	(390,300)
745,000	202,006	840,025	1,787,031	1,787,031
745,000	202,006	840,025	1,787,031	1,787,031
592,132	501	826,116	1,418,749	1,396,731
-	72,667	806,499	879,166	1,377,953
\$ 592,132	\$ 73,168	\$ 1,632,615	\$ 2,297,915	\$ 2,774,684



**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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Impact fees	\$ 30,000	\$ 75,000	\$ 74,390	\$ (610)
Investment earnings	750	750	1,030	280
Total revenues	30,750	75,750	75,420	(330)
Expenditures:				
Capital outlay	140,000	140,000	65,149	74,851
Total expenditures	140,000	140,000	65,149	74,851
Excess (deficiency) of revenues over (under) expenditures	(109,250)	(64,250)	10,271	74,521
Fund balance - beginning of year	160,460	160,460	160,460	-
Fund balance - end of year	\$ 51,210	\$ 96,210	\$ 170,731	\$ 74,521



**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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Impact fees	\$ 20,000	\$ 20,000	\$ 23,000	\$ 3,000
Investment earnings	1,200	1,200	693	(507)
Total revenues	21,200	21,200	23,693	2,493
Expenditures:				
Capital outlay	81,000	113,350	56,077	57,273
Total expenditures	81,000	113,350	56,077	57,273
Excess (deficiency) of revenues over (under) expenditures	(59,800)	(92,150)	(32,384)	59,766
Fund balance - beginning of year	174,019	174,019	174,019	-
Fund balance - end of year	\$ 114,219	\$ 81,869	\$ 141,635	\$ 59,766



**ROY CITY CORPORATION**  
**Cemetery Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Revenues:				
Other income	\$ 5,000	\$ 500	\$ 95	\$ (405)
Total revenues	5,000	500	95	(405)
Net change in fund balance	5,000	500	95	(405)
Fund balance - beginning of year	164,308	164,308	164,308	-
Fund balance - end of year	<u>\$ 169,308</u>	<u>\$ 164,808</u>	<u>\$ 164,403</u>	<u>\$ (405)</u>



**ROY CITY CORPORATION**  
**Capital Improvement Plan - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures:				
Capital outlay	\$ -	\$ 745,000	\$ 152,868	\$ 592,132
Total expenditures	-	745,000	152,868	592,132
Deficiency of expenditures over revenues	-	(745,000)	(152,868)	592,132
Other financing sources:				
Transfers in	-	745,000	745,000	-
Total other financing sources	-	745,000	745,000	-
Net change in fund balance	-	-	592,132	592,132
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 592,132	\$ 592,132



**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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Expenditures:				
Capital outlay	\$ 160,000	\$ 202,006	\$ 201,505	\$ 501
Total expenditures	160,000	202,006	201,505	501
Deficiency of expenditures over revenues	(160,000)	(202,006)	(201,505)	501
Other financing sources:				
Transfers in	\$ 185,500	\$ 202,006	\$ 202,006	\$ -
Total other financing sources	185,500	202,006	202,006	-
Net change in fund balance	25,500	-	501	501
Fund balance - beginning of year	72,667	72,667	72,667	-
Fund balance - end of year	<u>\$ 98,167</u>	<u>\$ 72,667</u>	<u>\$ 73,168</u>	<u>\$ 501</u>



**ROY CITY CORPORATION**  
**Recreational Facilities Improvements - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Expenditures:				
Capital outlay	\$ -	\$ 1,500,500	\$ 13,909	\$ 1,486,591
Total expenditures	-	1,500,500	13,909	1,486,591
Deficiency of expenditures over revenues	-	(1,500,500)	(13,909)	1,486,591
Other financing sources:				
Operating transfers in	\$ 71,525	\$ 940,025	\$ 840,025	\$ (100,000)
Total other financing sources	71,525	940,025	840,025	(100,000)
Net change in fund balance	71,525	(560,475)	826,116	1,386,591
Fund balance - beginning of year	806,499	806,499	806,499	-
Fund balance - end of year	\$ 878,024	\$ 246,024	\$ 1,632,615	\$ 1,386,591



### **Internal Service Funds**

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

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

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



**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**

	Information Technology	Risk Management	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 196,658	\$ 510,061	\$ 706,719
Prepays	6,577	1,559	8,136
Total current assets	203,235	511,620	714,855
Non-current assets:			
Capital assets:			
Equipment	1,998	-	1,998
Computer hardware	462,870	-	462,870
Software	133,734	-	133,734
Less accumulated depreciation	(433,186)	-	(433,186)
Total capital assets net of accumulated depreciation	165,416	-	165,416
Net pension asset	2,860	-	2,860
Total non-current assets	168,276	-	168,276
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	7,996	-	7,996
Total assets and deferred outflows of resources	\$ 379,507	\$ 511,620	\$ 891,127
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 9,457	\$ 801	\$ 10,258
Accrued wages	6,051	-	6,051
Compensated absences	2,071	-	2,071
Recaptured losses	-	49,010	49,010
Total current liabilities	17,579	49,811	67,390



**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Net Position, continued**  
**June 30, 2015**

	Information Technology	Risk Management	Total
Non-current liabilities:			
Compensated absences	18,815	-	18,815
Recaptured losses, less current portion	-	118,903	118,903
Net pension liability	32,400	-	32,400
Total non-current liabilities	51,215	118,903	170,118
DEFERRED INFLOWS OF RESOURCES			
Pensions	8,073	-	8,073
Total liabilities and deferred inflows of resources	76,867	168,714	245,581
NET POSITION			
Invested in capital assets	165,416	-	165,416
Unrestricted	137,224	342,906	480,130
Total net position	\$ 302,640	\$ 342,906	\$ 645,546



**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2015**

	Information Technology	Risk Management	Total
Operating revenue:			
Charges for services	\$ 373,558	\$ 308,725	\$ 682,283
Total operating revenue	<u>373,558</u>	<u>308,725</u>	<u>682,283</u>
Operating expenses:			
Personnel services	167,749	-	167,749
Contractual services	76,204	-	76,204
Materials and supplies	49,660	1,536	51,196
Insurance	-	151,418	151,418
Other general costs of services	1,148	46,105	47,253
Depreciation	65,106	-	65,106
Total operating expenses	<u>359,867</u>	<u>199,059</u>	<u>558,926</u>
Operating income	13,691	109,666	123,357
Total net position - beginning, as restated	<u>288,949</u>	<u>233,240</u>	<u>522,189</u>
Total net position - ending	<u><u>\$ 302,640</u></u>	<u><u>\$ 342,906</u></u>	<u><u>\$ 645,546</u></u>



**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2015**

	Information Technology	Risk Management	Total
<b>Cash flows from operating activities:</b>			
Cash received from interfund services provided	\$ 373,558	\$ 308,725	\$ 682,283
Payments to suppliers	(133,115)	(261,201)	(394,316)
Payments to employees	(164,679)	-	(164,679)
Net cash provided by operating activities	75,764	47,524	123,288
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(70,378)	-	(70,378)
Net cash used in capital and related financing activities	(70,378)	-	(70,378)
Net increase in cash	5,386	47,524	52,910
Cash - beginning of year	191,272	462,537	653,809
Cash - end of year	\$ 196,658	\$ 510,061	\$ 706,719
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 13,691	\$ 109,666	\$ 123,357
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	65,106	-	65,106
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in prepaids	(1,071)	15	(1,056)
(Increase) decrease in net pension asset	(2,793)	-	(2,793)
(Increase) decrease in deferred outflows	(7,996)	-	(7,996)
Increase (decrease) in accounts payable	(5,031)	(2,867)	(7,898)
Increase (decrease) in accrued wages	1,596	-	1,596
Increase (decrease) in compensated absences	7,220	-	7,220
Increase (decrease) in net pension liability	(3,031)	-	(3,031)



**ROY CITY CORPORATION**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2015**

	Information Technology	Risk Management	Total
Increase (decrease) in deferred inflows	8,073		8,073
Increase (decrease) in recaptured losses	-	(59,290)	(59,290)
Total adjustments	62,073	(62,142)	(69)
Net cash provided by operating activities	\$ 75,764	\$ 47,524	\$ 123,288



**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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Governmental funds capital assets:		
Land	\$ 3,901,317	\$ 3,875,044
Buildings	11,698,381	11,698,381
Improvements other than buildings	33,969,178	33,482,717
Machinery and equipment	4,036,681	3,771,306
Vehicles	6,226,148	6,305,099
Construction in progress	276,523	129,701
Total governmental funds capital assets	<u>\$ 60,108,228</u>	<u>\$ 59,262,248</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 34,679,806	\$ 33,996,167
Capital projects fund	13,790,733	13,823,951
Special revenue funds	7,604,324	7,483,097
Donations	4,033,365	3,959,033
Total governmental funds capital assets	<u>\$ 60,108,228</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.



**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**June 30, 2015**

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	\$ 30,031	\$ 32,931	\$ -	\$ 1,192,725
Legal	-	-	-	4,707	-	-	4,707
Justice court	-	-	-	35,064	-	-	35,064
Community dvlpmt.	-	-	-	24,674	44,061	-	68,735
Finance	-	-	3,970	45,994	-	-	49,964
Public buildings	-	8,996,236	477,120	327,744	175,520	33,145	10,009,765
Total	1,125,238	8,996,236	485,615	468,214	252,512	33,145	11,360,960
Public safety:							
Fire	69,417	938,782	27,311	797,530	2,087,530	-	3,920,570
Police	-	-	1,768	287,503	1,394,246	-	1,683,517
Total	69,417	938,782	29,079	1,085,033	3,481,776	-	5,604,087
Public works:							
Administration	185,268	-	22,208	35,911	42,854	-	286,241
Class "C" roads	26,273	227,426	7,861,424	582,775	1,659,583	-	10,357,481
Fleet services	-	-	-	93,659	69,390	-	163,049
Streets	327,700	2,275	15,839,990	690,609	255,279	65,150	17,181,003
Total	539,241	229,701	23,723,622	1,402,954	2,027,106	65,150	27,987,774
Parks and recreation:							
Aquatic center	963,941	-	4,503,704	367,607	-	-	5,835,252
Beautification	-	-	-	3,579	-	152,868	156,447
Parks	1,203,480	174,931	4,858,182	452,126	358,707	13,909	7,061,335
Recreation	-	471,596	182,690	75,020	106,047	-	835,353
Recreation complex	-	887,135	186,286	182,148	-	11,451	1,267,020
Total	2,167,421	1,533,662	9,730,862	1,080,480	464,754	178,228	15,155,407
Total governmental capital assets	<u>\$ 3,901,317</u>	<u>\$ 11,698,381</u>	<u>\$ 33,969,178</u>	<u>\$ 4,036,681</u>	<u>\$ 6,226,148</u>	<u>\$ 276,523</u>	<u>\$ 60,108,228</u>

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



**ROY CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Fiscal Year Ended June 30, 2015**

<b>Function and Activity</b>	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
General government:				
Legislative	\$ 1,188,244	\$ 5,298	\$ (817)	\$ 1,192,725
Legal & risk management	4,707	-	-	4,707
Justice court	35,064	-	-	35,064
Community development	68,332	1,259	(856)	68,735
Finance	49,237	2,564	(1,837)	49,964
Public buildings	9,755,789	280,672	(26,696)	10,009,765
Total general government	11,101,373	289,793	(30,206)	11,360,960
Public safety:				
Fire	3,882,580	442,355	(404,365)	3,920,570
Police	1,678,378	114,803	(109,664)	1,683,517
Total public safety	5,560,958	557,158	(514,029)	5,604,087
Public works:				
Administration	286,240	1	-	286,241
Class "C" roads	10,403,355	197,921	(243,795)	10,357,481
Fleet services	163,049	-	-	163,049
Streets	16,868,220	332,007	(19,224)	17,181,003
Total public works	27,720,864	529,929	(263,019)	27,987,774
Parks and recreation:				
Aquatic center	5,773,377	61,875	-	5,835,252
Beautification	3,579	152,868	-	156,447
Parks	6,993,250	69,985	(1,900)	7,061,335
Recreation	835,353	-	-	835,353
Recreation complex	1,273,494	21,458	(27,932)	1,267,020
Total parks and recreation	14,879,053	306,186	(29,832)	15,155,407
Total governmental funds capital assets	\$ 59,262,248	\$ 1,683,066	\$ (837,086)	\$ 60,108,228

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	103
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
REVENUE CAPACITY	116
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.</i>	
DEBT CAPACITY	122
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
DEMOGRAPHICS AND ECONOMIC INFORMATION	126
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
OPERATING INFORMATION	128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

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



**ROY CITY CORPORATION**  
**GOVERNMENT-WIDE REVENUES**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>	<b>Unrestricted Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>
2014-15	\$ 12,991,240	\$ 1,261,884	\$ 236,149	\$ 10,620,108	\$ 818,374	\$ 1,303,945	\$ 27,231,700
2013-14	11,597,798	1,267,654	435,080	10,491,898	80,969	622,877	24,496,276
2012-13	11,428,781	1,263,404	1,329,151	10,168,511	593,896	731,494	25,515,237
2011-12	10,511,746	1,304,150	511,539	9,829,495	89,863	595,368	22,842,161
2010-11	10,268,538	1,200,056	2,873,376	9,532,826	69,702	402,960	24,347,458
2009-10	10,239,629	1,148,158	2,098,255	9,387,893	91,936	386,565	23,352,436
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



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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Parks and Recreation</b>	<b>Interest and Fiscal Charges</b>	<b>Water and Sewer Utility</b>	<b>Storm Sewer Utility</b>	<b>Solid Waste Utility</b>	<b>Total</b>
2014-15	\$ 4,330,730	\$ 7,747,025	\$ 2,514,322	\$ 2,591,095	\$ 8,445	\$ 6,075,016	\$ 498,700	\$ 1,850,632	\$ 25,615,965
2013-14	3,328,328	7,760,529	2,558,874	2,536,514	10,185	5,526,567	404,465	1,728,775	23,854,237
2012-13	3,329,353	7,612,498	2,999,507	2,623,244	8,308	4,589,355	382,653	1,608,499	23,153,417
2011-12	3,620,941	7,260,104	2,668,853	2,530,588	64,801	4,315,012	341,969	1,487,770	22,290,038
2010-11	3,258,496	7,248,790	2,639,589	2,414,439	50,897	4,111,957	368,083	1,548,614	21,640,865
2009-10	3,201,528	7,130,287	2,512,928	2,465,297	61,736	4,084,228	346,546	1,468,750	21,271,300
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

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**

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<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES AND PERMITS</b>	<b>INTERGOVERN- MENTAL</b>	<b>CHARGES FOR SERVICES</b>	<b>FINES AND FORFEITURES</b>	<b>INTEREST AND MISC</b>	<b>OTHER FINANCING SOURCES</b>	<b>TOTAL</b>
2014-15	\$ 10,570,367	\$ 382,323	\$ 1,365,201	\$ 2,634,076	\$ 774,217	\$ 897,476	\$ 223,450	\$ 16,847,110
2013-14	10,420,699	280,987	1,502,234	2,404,922	700,808	458,139	54,172	15,821,961
2012-13	9,602,554	234,559	1,268,489	3,272,233	730,772	470,957	1,701,928	17,281,492
2011-12	9,348,562	391,361	1,332,855	2,901,616	752,390	458,388	942,911	16,128,083
2010-11	9,045,168	282,723	1,244,242	2,741,540	723,989	430,807	358,950	14,827,419
2009-10	8,914,576	315,060	2,536,801	2,688,425	632,539	548,974	338,225	15,974,600
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

Note:

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



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

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Other Financing Uses</b>	<b>Total</b>
2014-15	\$ 3,219,745	\$ 7,973,281	\$ 2,199,257	\$ 2,221,230	\$ -	\$ 119,891	\$ 1,787,031	\$ 17,520,435
2013-14	2,925,292	8,199,184	1,815,218	2,209,599	-	119,596	220,025	15,488,914
2012-13	3,936,031	7,329,098	2,417,511	2,204,956	-	275,116	647,050	16,809,762
2011-12	3,190,479	7,359,687	1,819,427	2,050,866	-	311,594	657,142	15,389,195
2010-11	3,063,502	6,985,946	1,724,724	1,920,939	-	277,937	212,340	14,185,388
2009-10	2,994,623	6,913,952	1,834,389	1,968,899	-	277,501	2,162,693	16,152,057
2008-09	2,945,590	6,915,667	2,109,472	1,995,110	-	278,943	490,275	14,735,057
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

Notes:

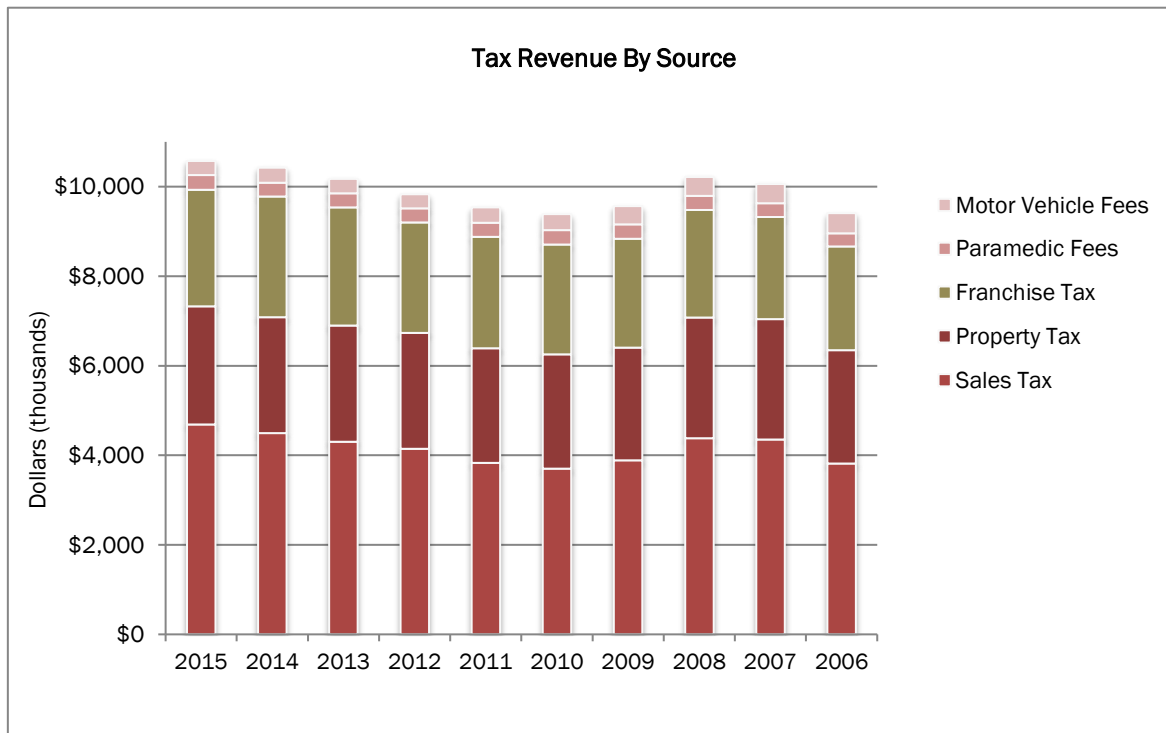
General government is limited to the City's General Fund.

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)**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Paramedic Fees</b>	<b>Motor Vehicle Fees</b>	<b>Total</b>
2015	\$ 4,690	\$ 2,638	\$ 2,599	\$ 335	\$ 309	\$ 10,571
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





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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Invested in capital assets, net of related debt	\$ 33,958	\$ 34,249	\$ 34,469	\$ 34,239	\$ 35,269	\$ 35,212	\$ 33,055	\$ 32,254	\$ 30,408	\$ 30,644
Restricted	2,331	2,301	2,261	2,116	1,735	2,994	2,638	2,699	1,714	1,731
Unrestricted	5,787	8,085	7,958	7,256	6,476	4,274	5,390	5,965	7,230	5,423
Total governmental activities net position	<u>\$ 42,076</u>	<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>
Business-type activities										
Invested in capital assets, net of related debt	\$ 18,786	\$ 18,806	\$ 18,574	\$ 18,334	\$ 17,940	\$ 16,961	\$ 18,165	\$ 17,370	\$ 16,672	\$ 14,931
Restricted	-	-	-	27	1,106	485	902	-	-	-
Unrestricted	8,453	7,658	7,196	6,121	5,014	4,907	2,604	3,433	3,349	5,017
Total business-type activities net position	<u>\$ 27,239</u>	<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>
Primary government										
Invested in capital assets, net of related debt	\$ 52,744	\$ 53,055	\$ 53,043	\$ 52,573	\$ 53,209	\$ 52,173	\$ 51,220	\$ 49,624	\$ 47,080	\$ 45,575
Restricted	2,331	2,301	2,261	2,143	2,841	3,479	3,540	2,699	1,714	1,731
Unrestricted	14,240	15,743	15,154	13,377	11,490	9,181	7,994	9,398	10,579	10,440
Total primary government net position	<u>\$ 69,315</u>	<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>



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

Page 1 of 3

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,331	\$ 3,328	\$ 2,961	\$ 3,621	\$ 3,258	\$ 3,202	\$ 3,244	\$ 3,014	\$ 2,731	\$ 2,581
Public safety	7,747	7,761	7,612	7,260	7,249	7,130	7,364	7,242	6,544	6,423
Public works	2,514	2,559	2,677	2,669	2,640	2,513	2,896	2,454	2,758	2,693
Parks and recreation	2,591	2,536	2,604	2,531	2,414	2,465	2,593	2,708	2,613	2,446
Interest and fiscal charges	8	10	8	65	51	62	93	80	47	14
Total governmental activities expenses	17,191	16,194	15,862	16,146	15,612	15,372	16,190	15,498	14,693	14,157
Business-type activities:										
Water and sewer utility	6,075	5,527	5,141	4,315	4,112	4,084	4,103	3,742	4,896	4,862
Storm sewer utility	499	404	438	342	368	346	348	360	275	245
Solid waste utility	1,850	1,729	1,711	1,488	1,549	1,469	1,457	1,390	-	-
Total business-type activities expenses	8,424	7,660	7,290	6,145	6,029	5,899	5,908	5,492	5,171	5,107
Total primary government expenses	\$ 25,615	\$ 23,854	\$ 23,152	\$ 22,291	\$ 21,641	\$ 21,271	\$ 22,098	\$ 20,990	\$ 19,864	\$ 19,264
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,191	\$ 966	\$ 987	\$ 1,164	\$ 1,034	\$ 993	\$ 874	\$ 907	\$ 934	\$ 991
Public safety	1,675	1,454	1,463	1,182	1,040	956	1,064	963	1,021	954
Public works	80	92	114	49	71	129	109	45	82	198
Parks and recreation	941	928	1,079	1,066	1,006	1,028	922	950	1,083	980
Operating grants and contributions	1,262	1,268	1,263	1,304	1,200	1,148	2,170	1,499	1,293	1,189
Capital grants and contributions	178	435	734	511	1,559	1,946	408	1,120	45	843
Total governmental activities program revenues	5,327	5,143	5,640	5,276	5,910	6,200	5,547	5,484	4,458	5,155



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

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	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Program Revenues, continued:</b>										
Business-type activities:										
Charges for services:										
Water and sewer utility	6,169	5,704	5,441	4,775	4,855	4,871	4,522	4,107	5,312	5,201
Storm sewer utility	835	371	367	364	363	360	359	424	357	353
Solid waste utility	2,099	2,083	1,976	1,913	1,900	1,901	1,803	1,739	-	-
Capital grants and contributions	58	-	595	-	1,314	152	759	552	-	619
Total business-type activities program revenues	9,161	8,158	8,379	7,052	8,432	7,284	7,443	6,822	5,669	6,173
Total primary government program revenues	\$ 14,488	\$ 13,301	\$ 14,019	\$ 12,328	\$ 14,342	\$ 13,484	\$ 12,990	\$ 12,306	\$ 10,127	\$ 11,328
Net (expense)/revenue:										
Governmental activities	\$ (11,864)	\$ (11,051)	\$ (10,222)	\$ (10,870)	\$ (9,702)	\$ (9,172)	\$ (10,643)	\$ (10,014)	\$ (10,235)	\$ (9,002)
Business-type activities	737	498	1,089	907	2,403	1,385	1,535	1,330	498	1,066
Total primary government net expense	\$ (11,127)	\$ (10,553)	\$ (9,133)	\$ (9,963)	\$ (7,299)	\$ (7,787)	\$ (9,108)	\$ (8,684)	\$ (9,737)	\$ (7,936)
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 2,687	\$ 2,658	\$ 2,602	\$ 2,591	\$ 2,558	\$ 2,550	\$ 2,514	\$ 2,702	\$ 2,774	\$ 2,499
Sales taxes	4,690	4,497	4,300	4,142	3,830	3,701	3,891	4,378	4,352	3,817
Franchise taxes	2,934	3,006	2,954	2,783	2,807	2,775	2,751	2,716	2,592	2,616
Payments in lieu of taxes	309	330	317	312	338	363	410	418	426	446
Unrestricted investment earnings	818	81	594	88	59	68	214	521	616	496
Contributions from other government units	717	364	479	331	334	321	300	309	358	383



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

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	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Revenues and Other</b>										
<b>Changes in Net Position, continued</b>										
Other revenues (uses) not restricted to specific programs	386	62	54	72	69	66	47	(62)	85	132
Transfers		-	-	680	707	727	680	599	585	571
Total governmental activities	<u>12,541</u>	<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>
Business-type activities:										
Other revenues (uses) not restricted to specific programs	-	-	199	193	-	-	(131)	3	161	169
Unrestricted investment earnings	-	-	-	2	11	24	144	48	-	-
Transfers	201	196	-	(680)	(707)	(727)	(680)	(600)	(586)	(571)
Total business-type activities	<u>201</u>	<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>
Total primary government	<u>\$ 12,742</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ 677	\$ (53)	\$ 1,078	\$ 129	\$ 1,000	\$ 1,399	\$ 164	\$ 1,567	\$ 1,553	\$ 1,958
Business-type activities	938	694	1,288	422	1,707	682	868	781	73	664
Total primary government	<u>\$ 1,615</u>	<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>

Notes:

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

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



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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes	\$ 10,311	\$ 10,162	\$ 9,853	\$ 10,136	\$ 9,195	\$ 9,025	\$ 9,156	\$ 9,795	\$ 9,630	\$ 8,961
Payments in lieu of taxes	309	330	317	312	338	363	409	418	426	446
Licenses and permits	382	281	235	391	283	315	281	288	329	342
Intergovernmental	1,365	1,497	1,268	1,541	1,321	2,537	1,534	1,900	1,338	1,272
Charges for services	2,634	2,405	2,562	2,902	2,742	2,688	2,681	2,442	2,633	2,579
Impact fees	97	53	117	95	109	189	56	77	123	159
Fines and forfeitures	774	701	731	752	724	633	632	650	620	614
Investment earnings	818	81	594	88	59	68	214	521	616	497
Property rental	30	34	32	37	39	43	11	11	12	18
Management fee	132	125	120	118	117	136	223	192	190	183
Contributions and donations	889	570	679	531	534	521	300	309	358	383
Miscellaneous	31	28	22	35	30	31	51	33	38	32
Total revenues	17,772	16,267	16,530	16,938	15,491	16,549	15,548	16,636	16,313	15,486
<b>Expenditures</b>										
General government	3,522	3,367	3,708	3,527	3,216	3,218	3,192	3,185	2,908	2,677
Public safety	8,046	8,130	7,324	7,361	7,017	6,885	7,026	7,097	6,365	7,427
Public works	2,165	2,040	1,884	1,805	1,946	1,893	2,411	2,015	2,488	2,789
Parks and recreation	2,221	2,228	2,172	2,075	1,920	1,969	1,996	2,309	2,066	2,114
Debt service:										
Principal retirement	111	109	260	239	467	250	243	155	149	131
Interest and fiscal charges	9	11	15	73	55	64	74	80	47	20
Intergovernmental	1,164	-	-	-	-	-	-	-	-	-
Capital outlay	489	287	307	187	238	3,328	1,050	3,048	702	1,645
Total expenditures	\$ 17,727	\$ 16,172	\$ 15,670	\$ 15,267	\$ 14,859	\$ 17,607	\$ 15,992	\$ 17,889	\$ 14,725	\$ 16,803



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

Page 2 of 2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excess of revenues over (under) expenditures	\$ 45	\$ 95	\$ 860	\$ 1,671	\$ 632	\$ (1,058)	\$ (444)	\$ (1,253)	\$ 1,588	\$ (1,317)
<b>Other financing sources (uses)</b>										
Proceeds from Sale of Assets	224	54	-	35	24	17	12	59	35	123
Capital lease financing	-	-	-	-	-	-	-	-	-	945
Proceeds from revenue bonds	-	-	-	577	-	-	-	1,000	-	-
Payment to refunding bond escrow agent	-	-	-	(560)	-	-	-	-	-	-
Transfers in	1,787	220	1,870	97	212	2,163	490	1,467	565	1,538
Transfers out	(1,787)	(220)	(1,870)	(97)	(212)	(2,163)	(490)	(1,467)	(565)	(1,538)
Total other financing sources (uses)	224	54	-	52	24	17	12	1,059	35	1,068
Net change in fund balances	\$ 269	\$ 149	\$ 860	\$ 1,723	\$ 656	\$ (1,041)	\$ (432)	\$ (194)	\$ 1,623	\$ (249)
Debt service as a percentage of noncapital expenditures	0.7%	0.8%	1.8%	2.1%	3.7%	2.3%	2.2%	1.7%	1.5%	1.2%

Notes:

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



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

Page 1 of 2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund										
Non-spendable:										
Inventory	\$ 45	\$ 37	\$ 27	\$ 29	\$ 26	\$ 89	\$ 94	\$ 101	\$ 57	\$ 83
Prepaid items	86	45	52	43	44	46	33	113	33	40
Investment in land	456	-	-	-	-	-	-	-	-	-
Restricted for:										
Class C Roads	2,273	2,301	2,261	2,115	1,736	1,201	885	703	563	432
Debt service	345	456	565	825	1,036	1,265	1,486	1,700	824	945
Assigned to:										
Recreation	-	-	22	-	-	-	-	-	-	-
Public Safety	12	14	63	8	1	40	40	40	54	49
Land purchase	-	-	-	-	-	1	1	1	1	1
Other	41	75	229	4	2	253	283	696	220	157
Unassigned	3,635	4,672	3,505	2,922	2,415	2,008	2,317	1,799	2,681	1,782
Total general fund	<u>\$ 6,893</u>	<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>



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

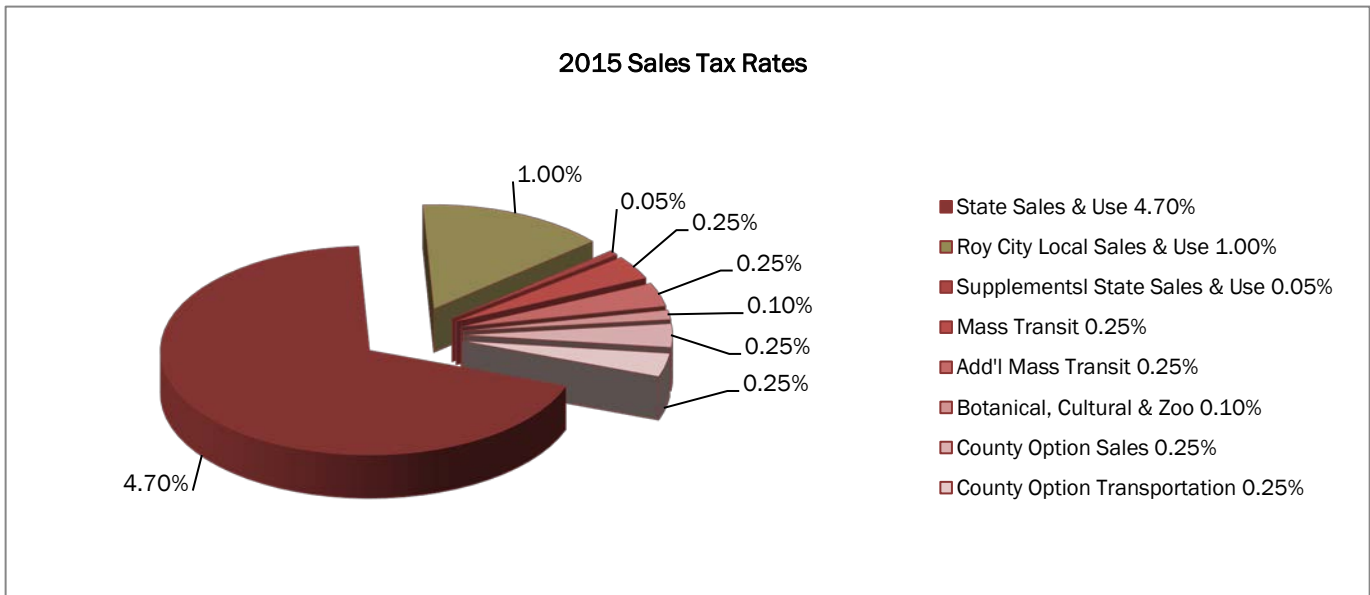
Page 2 of 2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other governmental funds										
Non-spendable:										
Inventory	\$ -	\$ 494	\$ 494	\$ 1,705	\$ 1,705	\$ 1,705	\$ 1,705	\$ 950	\$ 966	\$ 974
Investment in Land	60									
Restricted for:										
Debt service	-	-	-	-	-	237	267	296	326	355
Assigned to:										
Public safety	73	73	24	111	77	44	157	114	199	190
Capital improvements	592	-	-	-	-	19	1,039	1,114	2,119	1,822
Storm sewer improvements	171	160	119	181	235	192	66	30	170	151
Park improvements	1,774	981	1,088	481	273	169	125	205	258	283
Cemetery perpetual	164	164	161	158	150	142	134	127	120	110
Redevelopment	1,712	1,933	1,868	1,021	869	535	299	1,014	822	209
Other	235	-	-	-	-	-	-	216	-	257
Total other governmental funds	4,781	3,805	3,754	3,657	3,309	3,043	3,792	4,066	4,980	4,351
Total governmental funds	<u>\$ 11,674</u>	<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>



**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
2015	1.00%	4.70%	0.05%	0.25%	0.25%	0.10%	0.25%	0.25%	6.85%
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%



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							
2015	\$ 294,210	\$ 833,044	\$ 4,831	\$ 30,652	\$ 38,246	\$ 1,176,928	\$ 24,055	\$ 1,200,983	2.285	\$ 2,026,031	59.28%
2014	297,771	758,694	4,968	28,937	38,514	1,099,633	29,251	1,128,884	2.430	1,972,519	57.23%
2013	309,239	747,351	5,207	29,873	37,382	1,091,552	37,500	1,129,052	2.389	1,848,974	61.06%
2012	307,044	778,886	5,379	28,328	36,249	1,123,097	32,789	1,155,886	2.263	1,855,180	62.31%
2011	301,471	768,147	5,503	26,767	27,315	1,094,650	34,553	1,129,203	2.266	1,894,347	59.61%
2010	346,923	809,567	5,659	27,527	28,285	1,181,254	36,707	1,217,961	2.084	1,865,033	65.31%
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%

**Notes:**

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

Total property value is excluding fee-in-lieu.

**Sources:**

Weber County Auditor/Clerk, Assessor, and Treasurer Offices

State of Utah/Utah Certified Tax Rates





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

Fiscal Year	Roy City (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
2015	2.285	3.711	6.526	0.199	1.025	0.141	0.101	0.303	14.291
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

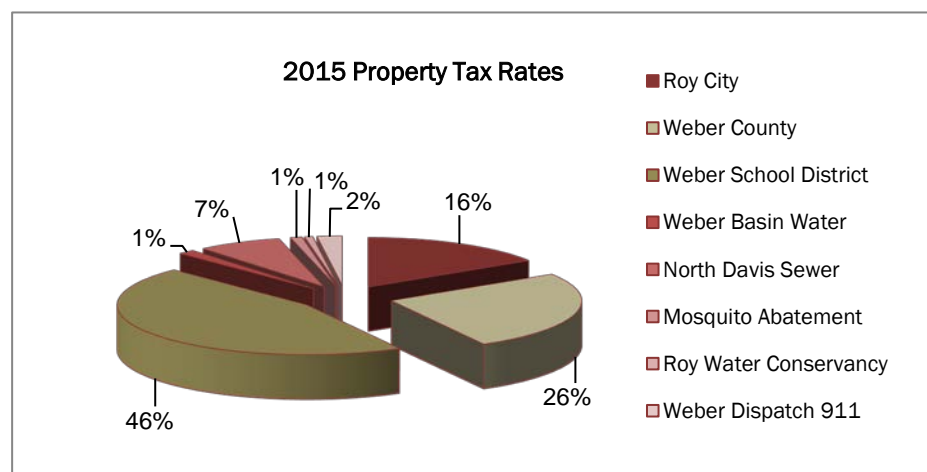
**Notes:**

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

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

**Source:**

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





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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
PACIFICORP	\$ 18,156	1	1.51%	\$ 7,662	4	0.80%
AMERICA FIRST FEDERAL CREDIT	15,822	2	1.32%	-		-
ORCHARD COVE LTD	12,557	3	1.05%	8,195	3	-
QUESTAR GAS	12,425	4	1.03%	7,014	5	0.73%
WINCO FOODS LLC	9,017	5	0.75%			-
SEABOARD DEVELOPMENT LLC	5,946	6	0.50%	-		0.00%
AA ALPINE STORAGE ROY LLC	5,515	7	0.46%	-		-
HARMON CITY INC	5,157	8	0.43%	4,498	9	-
KEL KEN ROY LLC	4,226	9	0.35%	-		-
COMCAST OF UTAH INC II	3,597	10	0.30%			-
BOYER IOMEGA	-		-	25,676	1	2.69%
IBP FUNDING	-		-	9,395	2	0.98%
K B FAMILY ROY LLC				5,500	6	
BOYDEN B REAZIER FAMILY TRUST	-		-	5,131	7	0.54%
QWEST COMMUNICATIONS	-		-	4,622	8	0.48%
ROY MARKETPLACE LC	-		-	4,174	10	0.44%
Total taxable value of 10 largest taxpayers	92,418		7.70%	81,867		6.66%
Total taxable value of other taxpayers	1,108,565		92.31%	873,270		93.34%
Total taxable value of all taxpayers	\$ 1,200,983		100.00%	\$ 955,137		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)**

<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Collected from Other Government Units</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections (a)</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collected to Total Levy (a)</b>
<b>General Fund</b>							
2014	\$ 2,749	\$ 2,554	\$ -	92.91%	\$ 83	\$ 2,637	95.93%
2013	2,671	2,513	-	94.08%	74	2,587	96.86%
2012	2,604	2,449	-	94.05%	62	2,511	96.43%
2011	2,542	2,399	-	94.37%	42	2,441	96.03%
2010	2,475	2,336	-	94.38%	61	2,397	96.85%
2009	2,462	2,336	-	94.88%	61	2,397	97.36%
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%
<b>Redevelopment Agency Special Revenue Fund</b>							
2014	\$ 311	\$ 50	\$ 261	100.00%	\$ -	\$ 311	100.00%
2013	436	72	364	100.00%	-	436	100.00%
2012	569	90	479	15.82%	-	90	15.82%
2011	481	150	331	31.19%	-	150	31.19%
2010	488	154	334	31.56%	-	154	31.56%
2009	473	152	321	32.14%	-	152	32.14%
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%

**Notes:**

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

In FY 2006, the property tax rate was increased to fund equipment and capital improvements.

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

**Source:**

Weber County Treasurer's Office



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

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

**Notes:**

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

**Sources:**

Weber County Auditor/Clerk's Office

Weber County Treasurer's Office

Roy City Community Development Department



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

Fiscal Year	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			
2015	\$ -	\$ 345,000	\$ -	\$ -	\$ 5,622,303	\$ 5,967,303	0.61%	\$ 157.54
2014	-	456,000	-	-	5,947,626	6,403,626	0.66%	169.71
2013	-	565,000	-	-	6,331,453	6,896,453	0.71%	183.40
2012	-	674,000	150,600	-	6,627,201	7,451,801	0.77%	199.27
2011	-	740,000	295,651	-	6,925,296	7,960,947	0.83%	215.84
2010	237,000	830,000	435,357	-	7,200,294	8,702,651	0.91%	240.01
2009	267,000	916,000	569,915	-	7,397,420	9,150,335	0.96%	256.51
2008	296,000	100,000	699,514	-	7,573,910	8,669,424	0.95%	247.36
2007	326,000	-	824,338	-	-	1,150,338	0.13%	32.86
2006	355,000	-	944,562	-	-	1,299,562	0.16%	36.84

Notes:

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



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Net Bonded Debt per Capita</b>
2015	\$ -	\$ -	\$ -	0.00%	\$ -
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

**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, 2015**

<b>Governmental Unit</b>	<b>General Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable to Roy City</b>	<b>Estimated Share of Overlapping Debt</b>
North Davis County Sewer District	\$ 30,100,000	13.26%	\$ 3,991,260
Roy Water Conservancy Subdistrict	1,114,000	100.00%	1,114,000
State of Utah	3,271,302,000	0.57%	18,646,421
Weber Basin Water Conservancy District	21,139,452	2.84%	600,360
Weber County	39,480,000	10.03%	3,959,844
Weber County School District	133,495,000	14.75%	19,690,513
Overlapping debt			\$ 48,002,398
Roy City bonded debt		100.00%	345,000
Total direct and overlapping general bonded obligation debt			<u>\$ 48,347,398</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 47,077	\$ 43,985	\$ 43,662	\$ 44,924	\$ 43,786	\$ 47,250	\$ 46,340	\$ 42,897	\$ 37,463	\$ 36,183
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 47,077</u>	<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>
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>\$ 1,176,929</u>	
Debt limit (4% of total assessed value)									\$ 47,077	
Debt applicable to limit:										
Total bonded debt							\$ 5,965			
Less:										
Revenue bonds							(5,965)			
Other deductions allowed by law							<u>-</u>			
Total net debt applicable to limit									<u>-</u>	
Legal debt margin									<u>\$ 47,077</u>	

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



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

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2015	37,877	\$ 972,952,878	\$ 25,687	4.3%
2014	37,733	968,999,361	25,680	5.2%
2013	37,604	966,968,727	25,715	6.6%
2012	37,395	964,076,497	25,781	7.8%
2011	36,884	960,235,555	26,034	8.6%
2010	36,260	957,363,464	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%

**Notes:**

Figures for 2006-2010 are from the 2000 U S Census. Subsequent years are from the 2010 U S Census.

Population figures from 2006-2010 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			
		2015		2006	
		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	5
Autoliv ASP	Manufacturing	2,000 - 2,999	4	2,000 - 2,999	4
Weber State University	Higher Education	2,000 - 2,999	5	2,000 - 2,999	6
Fresenius USA, Inc.	Manufacturing	1,000 - 1,999	6	1,000 - 1,999	8
America First Credit Union	Banking	500-999	7		
Associated Food Stores	Retail Center	500-999	8		
Columbia Ogden Regional	Hospital	500-999	9		
Convergys	Call Center	500-999	10	1,000 - 1,999	7
Weber School District	Public Education			3,000 - 3,999	3
Ogden School District	Public Education			1,000 - 1,999	9
State of Utah	State Government			1,000 - 1,999	10

**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.

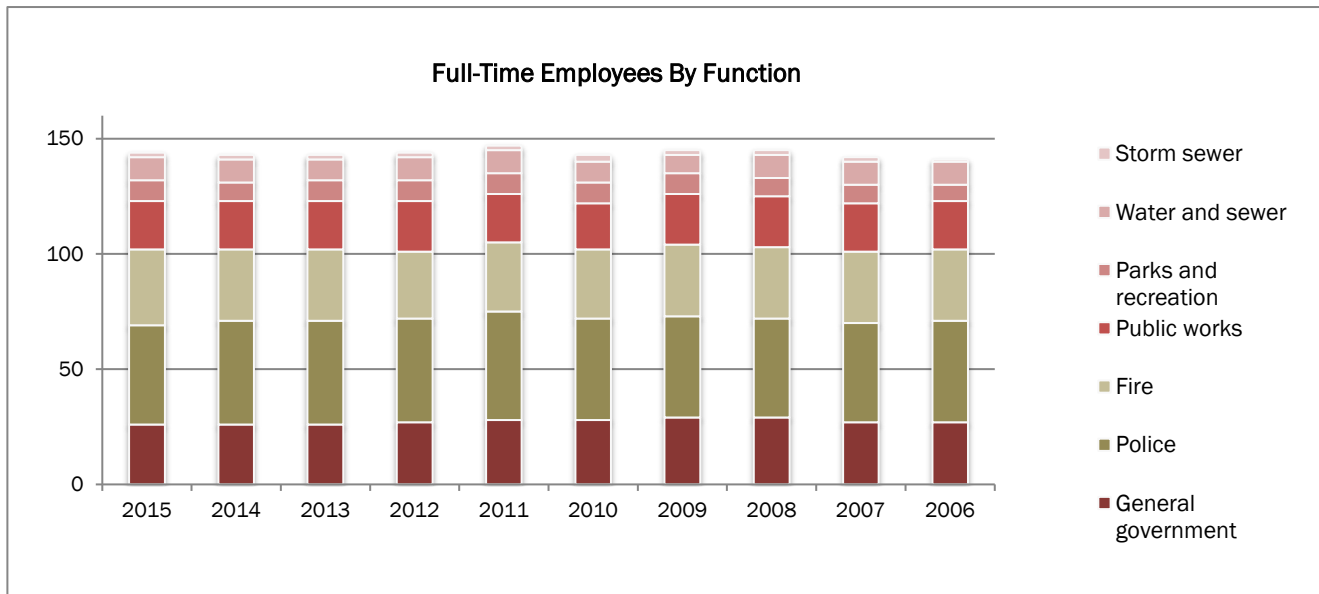
**Sources:**

Weber County Comprehensive Annual Financial Report 2014



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

Function	Full-time Employees as of June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	26	26	26	27	28	28	29	29	27	27
Public safety										
Police										
Officers	38	40	40	40	42	39	39	38	39	39
Civilians	5	5	5	5	5	5	5	5	4	5
Fire										
Firefighters and officers	32	30	30	28	29	29	30	30	30	30
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	21	21	21	22	21	20	22	22	21	21
Parks and recreation	9	8	9	9	9	9	9	8	8	7
Water and sewer	10	10	9	10	10	9	8	10	10	10
Storm sewer	2	2	2	2	2	3	2	2	2	1
<b>Total</b>	<b>144</b>	<b>143</b>	<b>143</b>	<b>144</b>	<b>147</b>	<b>143</b>	<b>145</b>	<b>145</b>	<b>142</b>	<b>141</b>



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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Moving violations	3,805	3,459	4,663	4,623	4,086	1,864	1,980	2,692	2,509	2,496
Non-moving violations	2,719	2,226	3,098	2,870	3,917	3,539	4,002	4,813	4,860	3,619
DUI violations	164	171	179	132	106	85	121	123	103	113
Parking violations	114	546	435	598	691	272	95	1,096	708	767
Fire										
Fire calls dispatched	1,196	1,063	641	955	701	612	652	617	577	524
Medical calls dispatched	4,283	3,850	4,283	3,702	3,923	4,196	3,986	3,944	3,814	3,606
Streets										
Snow removal and sanding:										
Miles	2,373	7,720	13,802	3,987	9,925	8,504	13,326	19,759	2,728	7,529
Hours	314	886	1,543	506	904	935	1,515	2,692	286	772
Asphalt resurfacing (tons)	1,793	857	660	581	747	939	775	1,077	2,420	1,735
Water										
Service connections	10,754	10,718	10,698	10,657	10,610	10,565	10,538	10,510	10,490	10,460
Water main breaks	16	23	25	16	28	23	28	17	22	32
Avg daily consumption										
in gallons	2,578,359	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
Aquatic Center										
Admissions	97,127	100,023	118,475	120,702	119,648	113,607	72,089	73,944	70,424	75,594
Complex										
Admissions	16,859	20,575	25,070	32,384	37,665	37,727	37,723	31,537	36,244	37,201

Sources:

Various City departmental data



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

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	24	24	24	20	22	22	22	22	22
Motorcycle units	0	0	2	2	2	2	2	2	2	2
Animal control units	2	2	2	2	2	2	2	2	2	2
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
<b>Streets (miles/units)</b>										
Streets	114.8	114.8	114.2	114.2	114.2	114.0	114.0	113.3	109.9	109.9
Curb and gutter	207.4	207.4	207.4	207.4	207.4	207.0	207.0	207.2	212.8	215.0
Sidewalk	196.4	196.4	196.4	196.4	196.4	196.0	196.0	196.2	181.4	184.0
Streetlights	855	849	817	812	806	806	806	806	791	791
Traffic signals	3	3	2	2	2	2	2	2	2	2
<b>Parks and recreation</b>										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	10	10	10	10	10	10	10	10	10	9
Park acreage	113	113	113	113	113	113	113	113	113	110
Covered picnic areas	18	18	18	18	18	18	18	18	16	14
Baseball diamonds	13	13	13	13	13	13	13	13	13	13
Soccer fields	17	17	17	17	13	13	13	13	13	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	2	1	1	1	1
<b>Sewer (miles)</b>										
Sanitary sewers	114.2	114.0	116.9	116.9	116.9	117.0	117.0	116.7	112.2	112.2
Storm sewers	83.2	83.0	83.0	83.0	83.0	83.0	83.0	82.8	79.1	79.1
<b>Water (miles/units)</b>										
Water lines	156.5	156.4	153.4	153.4	153.4	153.0	153.0	153.0	151.2	151.2
Fire hydrants	1,390	1,381	1,363	1,363	1,358	1,345	1,343	1,341	1,305	1,305

Sources:

Various City departmental data



## REPORTS ON COMPLIANCE AND INTERNAL CONTROL



Honorable Mayor and City Council  
Roy City Corporation, 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 Roy City Corporation, Utah, (City) as of and for the year ended June 30, 2015, 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, 2015.

#### **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.

  
Roy, Utah  
August 29, 2015



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**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  
The Roy City Corporation, Utah

**REPORT ON COMPLIANCE**

We have audited Roy City Corporation's 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 Roy City Corporation or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Compliance Audit Planning Procedures  
Budgetary Compliance  
Fund Balance  
Justice Courts  
Impact Fees  
Conflict of Interest

Utah Retirement Systems  
Enterprise Fund Transfers, Reimbursements, Loans  
Tax Levy Revenue Recognition  
Restricted Taxes  
Open Public Meetings Act  
Nepotism

The City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Roy City's compliance.

**Opinion on General State Compliance Requirements and Each Major State Program**

In our opinion, Roy City Corporation complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the Roy City Corporation or on each of its major state programs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

**Report On Internal Control Over Compliance**

Management of Roy City Corporation 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 Roy City Corporation's internal control over compliance with the compliance requirements that could have a direct and material effect on Roy City Corporation 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 Roy City Corporation's internal control over compliance.



A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state 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 material weakness may exist that may not have been identified.

#### **Purpose of Report**

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

#### **Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Roy City Corporation's basic financial statements. We issued our report thereon dated August 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

 : Company, P.C.

Roy, Utah  
August 29, 2015



**ROY CITY CORPORATION**  
**SCHEDULE OF EXPENDITURES OF STATE GRANTS, CONTRACT AND LOAN FUND**  
**For The Year Ended June 30, 2015**

<u>Grant Name</u>	<u>Award/Contract Number</u>	<u>Year of Last Audit</u>	<u>Grant Expenditures</u>
UTAH DEPARTMENT OF TRANSPORTATION			
Class B&C Road Funds	FY 15 Funds	2014	<u>\$1,090,717.96</u>
Subtotal - Department of Transportation			<u>1,090,717.96</u>
UTAH DEPARTMENT OF PUBLIC SAFETY			
USAR Grant	2013SHSP	N/A	\$4,765.08
Click it or Ticket (CIOT)	N/A	N/A	\$776.25
DUI Enforcement Grant	N/A	N/A	10,128.98
Alive at 25 - Utah Safety Council	N/A	N/A	<u>787.50</u>
Subtotal - Department of Public Safety			<u>\$10,916.48</u>
UTAH COMMISSION OF CRIMINAL AND JUVENILE JUSTICE			
State Liquor Law Allotment	N/A	N/A	\$40,334.76
Victims Assistance Program Grant	14-VOCA-50	2015	<u>13,338.60</u>
Subtotal - Commission of Criminal and Juvenile Justice			<u>\$53,673.36</u>
UTAH DEPARTMENT OF JUSTICE			
JCTST Grant	N/A	N/A	<u>\$3,928.00</u>
Subtotal - Department of Health			<u>\$3,928.00</u>
UTAH DEPARTMENT OF HEALTH			
EMS Grant	152700123	N/A	<u>\$6,664.00</u>
Subtotal - Department of Health			<u>\$6,664.00</u>
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			<u><u>\$1,165,899.80</u></u>