

ROY CITY CORPORATION

Roy, Utah

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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Prepared by:

*Matthew D. Andrews
Management Services Director*

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INTRODUCTORY SECTION



December 17, 2018

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, 2018.

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

The City's financial statements have been audited by Wiggins & Co., P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Roy City Corporation for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2018, 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 2011 Revision) and sets forth general requirements for auditors to follow in its Compliance Manual for Audits of Local Governments. The City is responsible for compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; and other special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah Legal Compliance Audit Guide.

Profile of the City

The City of Roy was incorporated on March 10, 1937 as Roy City Corporation. It is located in the northern part of the state along the Wasatch Front. Hill Air Force Base borders the City on the east and provides employment to many of the City's residents. Roy City Corporation currently occupies a land area of 7.8 square miles and serves a population of approximately 38,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for Roy City Corporation's financial planning and control. All departments of the City are required to submit requests for appropriations to the Budget Officer in March of each year. The Budget Officer and City Manager use these requests as the starting point for developing a tentative budget. The Budget Officer then presents the tentative budget to the governing council at their first meeting in May. The council is required to hold public hearings on the tentative budget and to adopt a final budget no later than June 22nd. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 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 89.

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 2018 sales tax revenue increased 5.47% compared to 4.92% in FY 2017. 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 2018.

Another major revenue source for Roy City is its property taxes. The tax base remains strong. Residents and businesses take pride in their properties, keeping them well maintained and of value to the owners. Property taxes are the City's greatest individual revenue source next to sales taxes, and provided 19.37% of the total general fund revenue. In FY 2018, property tax revenue, including prior year delinquencies, grew by \$74,457, or 2.07%. A nominal increase is expected for FY2019.

Currently, a few smaller residential subdivisions are under development. A single family home subdivision, West Park phase two, is under construction on 4800 South between the Union Pacific Railway and the Utah Transit Authority Rail Trail. The New phase will have 22 lots. Another single family home subdivision, James Place will have 12 lots total located around 5425 South 4000 West.

The City has located within its boundaries or within close proximity major industries that provide employment to local residents. This includes an air force base, school district, and manufacturing facilities. Because of the nature of these employers and the diversity of industries throughout the State of Utah, unemployment in the area has not been as significant as other states. According to the Bureau of Labor Statistics, in June 2018 the local unemployment rate was 3.0%. This is a decrease of .9% from the same time in 2017. The local unemployment rate is well below the national rate of 4.0%. Of the nonfarm wage and salary employment, locally, jobs were up in all areas except information, mining and logging and other services. Some of the largest increases occurred in construction of 4.7%, trade, transportation and utilities of 4.1%.

Long-term Financial Planning

It is the policy of the Roy City Council to maintain a fund balance that ensures adequate reserves that will provide financial stability in the event of an unanticipated economic downturn. The State of Utah limits the amount of assigned and unassigned fund balance the City can have to 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 \$3,485,664 at June 30, 2018, and \$3,967,495 at June 30, 2017. In the past, Roy City has maintained its general fund balance near maximum levels. The City Council has elected to maintain the fund balance levels around 18%.

The City Council and administration have long strived to finance City operations on a pay as you go basis. The City has been successful at this and has very low debt compared to other cities of similar size. After the completion of a long-term capital improvement plan, the City saw the need for financing alternatives in order to complete necessary projects. Since the completions of the study, the City has secured long-term financing for fire trucks, remodeling of the Municipal Building, and improvements to the water and sewer infrastructure system. The Series 2008 Water & Sewer Bonds were called and reissued to the Series 2017. This is a savings of \$51,810 in the first year. For more information on the City's long-term debt, see the Detailed Notes to the Financial Statements pages 69-70.

Major Initiatives

The governing council saw 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, the Public Works Director, and the Parks and Recreation and Recreational Facilities Director. In FY 2018, the Beautification Committee continued with the installation of decorative lighting north to 4800 south and north from 6000 South. Construction of a brick water feature on the southeast side of 1900 West and Riverdale Road was completed. For FY 2019, the committee will be looking to install historical markers at various locations throughout the City and seek volunteers to assist in the maintenance of the D&RG trail.

The City's Economic Development Committee continues to look at ways to entice businesses into the City. This committee is comprised of the Mayor, two city council members, and the City Manager. Roy City contracted with a local redevelopment professional to work alongside the Economic Development Committee in their endeavors. It is the intent of the governing council to emphasize economic development within the City. Maintaining economic vitality and promoting the unique dynamics of each economic district within the City is a priority.

The City has been working towards a project which will have property on the frontage of 1900 West, where the old George Wahlen North Park existed. The current owners of commercial property located adjacent to the park purchased the property and expanded their facilities southward. This allowed the owner to bring additional services to the Wasatch Executive Park site.

With a land swap between Roy City and the Weber School District in FY 2014, the City set in motion its plan to realign George Wahlen North Park. 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. The grand opening is set to be in November 2018.

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

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Matthew D. Andrews
Management Services Director

ROY CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2018

Elected Officials

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

Executive, Legal and Budgetary Officials

Jason R. Poulsen	Interim City Manager
Andrew H. Blackburn	City Attorney
Matthew D. Andrews	Budget Officer

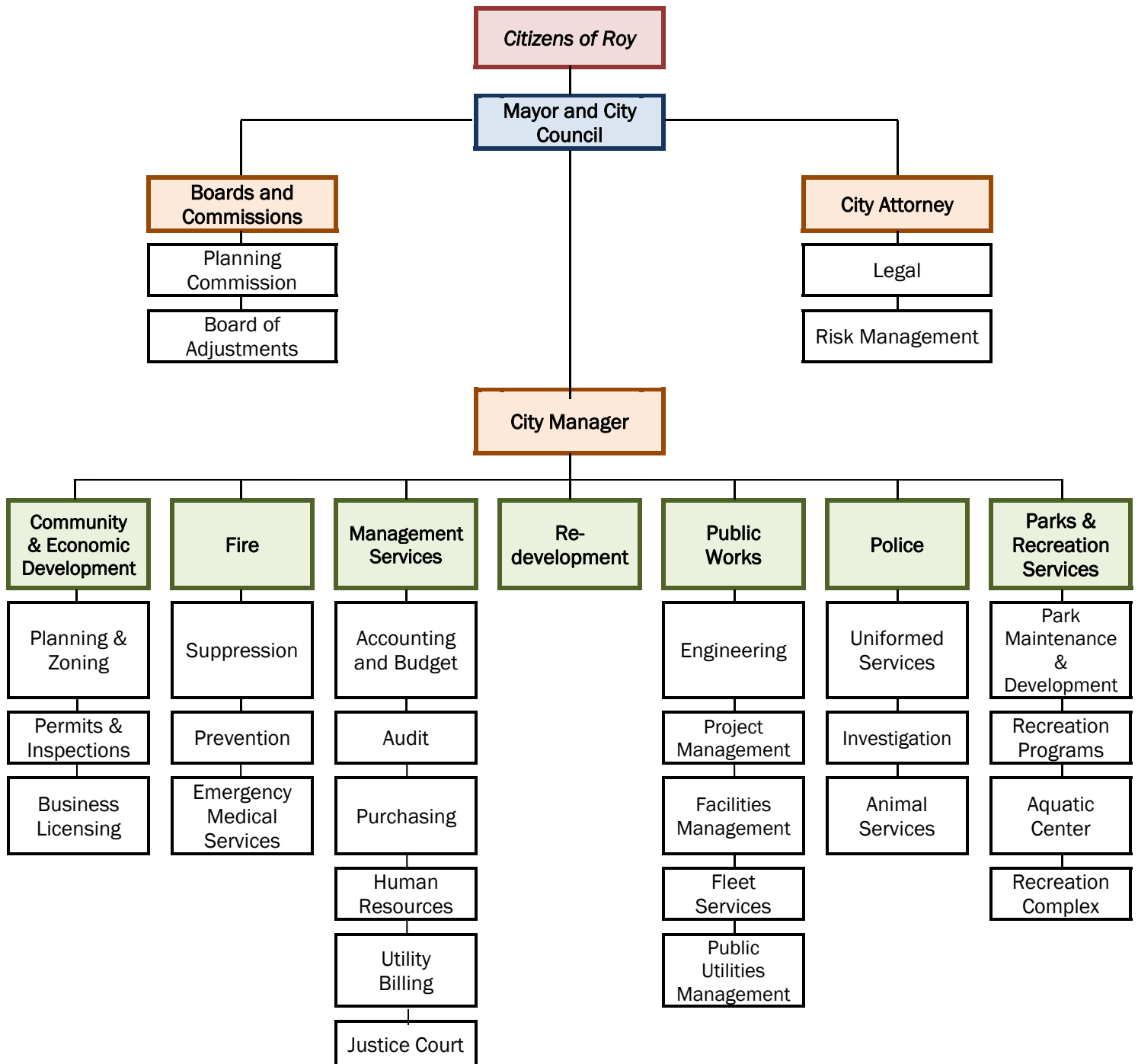
Statutory Appointed Officials

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

Department Directors

Jeffrey R. Comeau	Interim Fire Chief
Matthew D. Andrews	Management Services Director
S. Ross Oliver	Public Works Director
Travis J. Flint	Parks & Recreation and Recreational Facilities Director

Roy City Corporation
Organizational Chart





Government Finance Officers Association

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

Presented to

**Roy City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Roy City Corporation, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roy City Corporation (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 16 - 28 and 82 - 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2018 on our consideration of Roy City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Roy City Corporation's internal control over financial reporting and compliance.

Wiggins & Co., P.C.

Ogden, UT

December 17, 2018

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 \$2,842,170. Governmental activities incurred an increase of \$2,071,512 from operations, while business-type activities resulted in an increase of \$770,658.
- 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 \$73,648,224 (net position). Of this amount, \$14,664,048 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,405,933, an increase of \$1,027,264 from the prior year. Approximately \$11.4 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 \$3,485,664 or 28.1% 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 eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the redevelopment fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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 \$73,648,224 at the close of the most recent year, June 30, 2018.

Key elements of the City's net position can be found in the table below:

Roy City Corporation's Net Position (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 17,989	\$ 17,454	\$ 10,162	\$ 10,341	\$ 28,151	\$ 27,795
Capital assets	35,537	33,975	25,497	25,007	61,034	58,982
Total assets	53,526	51,429	35,659	35,348	89,185	86,777
Deferred outflows	3,309	2,873	283	172	3,592	3,045
Total assets and deferred outflows of resources	56,835	54,302	35,942	35,520	92,777	89,822
Long-term debt	1,571	1,583	4,722	5,094	6,293	6,677
Other liabilities	4,835	6,119	1,122	1,228	5,957	7,347
Total liabilities	6,406	7,702	5,844	6,322	12,250	14,024
Deferred inflows	6,670	4,912	210	80	6,880	4,992
Total liabilities and deferred inflows of resources	13,076	12,614	6,054	6,402	19,130	19,016

Roy City Corporation's Net Position, continued (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Net position:						
Net investment in capital assets	35,589	33,743	20,534	20,076	56,123	53,819
Restricted	2,861	2,434	-	-	2,861	2,434
Unrestricted	5,309	5,511	9,355	9,042	14,664	14,553
Total net position	<u>\$ 43,759</u>	<u>\$ 41,688</u>	<u>\$ 29,889</u>	<u>\$ 29,118</u>	<u>\$ 73,648</u>	<u>\$ 70,806</u>

The change in net position for the current and prior year is as follows:

Roy City Corporation's Changes in Net Position (Stated in Thousands of Dollars) As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 3,778	\$ 3,816	\$ 11,057	\$ 10,407	\$ 14,835	\$ 14,223
Grants and contributions:						
Operating	1,942	1,628	-	-	1,942	1,628
Capital	482	92	59	42	541	134
General revenues						
Property taxes	3,692	3,641	-	-	3,692	3,641
Other taxes	8,787	8,549	-	-	8,787	8,549
Investment earnings	221	212	146	-	367	212
Contributions from other gvts	662	755	-	-	662	755
Other	973	80	230	214	1,203	294
Total revenues	<u>20,537</u>	<u>18,773</u>	<u>11,492</u>	<u>10,663</u>	<u>32,029</u>	<u>29,436</u>
Expenses:						
General government	3,819	3,358	-	-	3,819	3,358
Public safety	8,656	9,060	-	-	8,656	9,060
Public works	2,800	3,365	-	-	2,800	3,365
Parks and recreation	3,190	2,999	-	-	3,190	2,999
Interest and fiscal charges	1	4	-	-	1	4
Water and sewer utility	-	-	8,158	7,275	8,158	7,275
Storm sewer utility	-	-	670	634	670	634
Solid waste utility	-	-	1,893	1,781	1,893	1,781
Total expenses	<u>18,466</u>	<u>18,786</u>	<u>10,721</u>	<u>9,690</u>	<u>29,187</u>	<u>28,476</u>
Increase (decrease) in net position	2,071	(13)	771	973	2,842	960
Net position - beginning	41,688	41,701	29,117	28,145	70,805	69,846
Net position - ending	<u>\$ 43,759</u>	<u>\$ 41,688</u>	<u>\$ 29,888</u>	<u>\$ 29,118</u>	<u>\$ 73,647</u>	<u>\$ 70,806</u>

By far, the largest portion of the City's net position, 81.83%, 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 (3.89%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,664,048, may be used to meet the City's ongoing obligations to citizens and creditors.

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

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

Governmental activities increased Roy City's net position by \$2,071,512, while business-type activities increased net position by \$770,658.

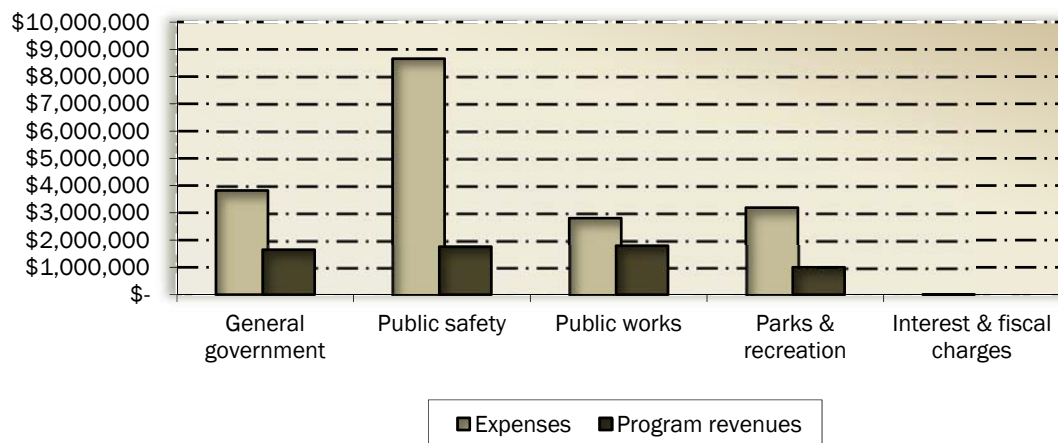
Governmental activities. The governmental activities portion of the change in net position accounted for a 2.81% increase in the growth for the City as a whole.

- Overall, property taxes increased by \$60,550 in the governmental funds. Property taxes in the general fund increased by \$74,457, while the increment received by the RDA decreased \$13,907. The increase for the general fund can be attributed to the new growth added to the City. The change for the RDA is the result of the change in the City's property tax rate.
- Sales tax increased \$280,380 or 5.19%. The economy in the State of Utah continued a strong growth pattern.
- Other taxes were down \$9,997 over the previous fiscal year. Of that amount, \$42,093 represents a loss in telecom gross receipts. An increase of \$47,240 was provided by franchise taxes. Payments in lieu of taxes reflects a decreased, \$16,017, or 36.2%.
- Class C Road funds received were up 6.49%, or \$87,009 from 2017. This was due to an issue related to fund allocation percentages throughout the State of Utah in 2016. The final settlement for the prior year was not available prior to the preparation of the financial statements so an estimate was made. That estimate proved to be lower than the actual allowing for some of the funding to flow through to FY 2018.
- A new local option sales tax was approved by voters in Weber County in 2015. The allocation to cities can be used for transportation infrastructure as well as pedestrian safety. Roy City received \$390,349 from the tax in FY 2018. This was the first full year for implementation of the tax.
- Revenue from charges for services increased \$33,453 in comparison to FY 2017. The largest increases came from Fire & Rescue IASIS transport services, \$25,459; building & field rentals, \$15,228; and Complex revenues, \$15,187.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund was 2.32% in FY 2018, and investment balances were up at the end of the year. As a result, income from interest increased by \$154,919.

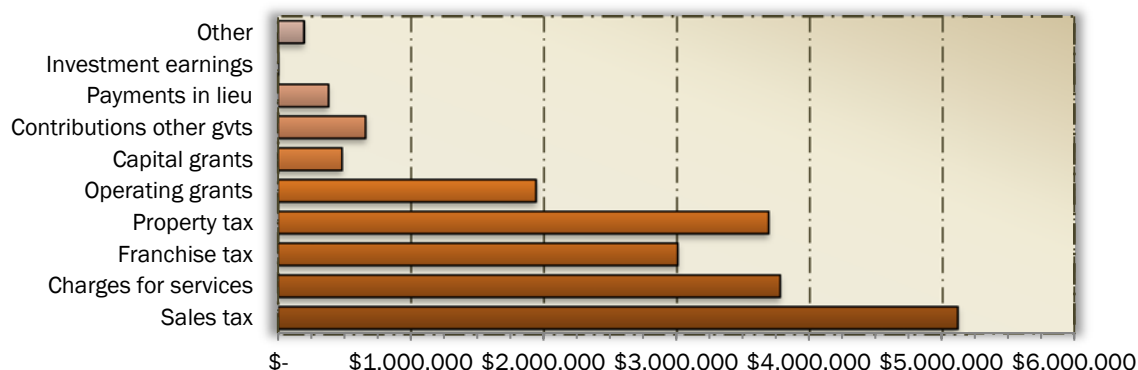
- Total expenses for wages and benefits were up \$436,027, or 3.56%, from FY 2017. A 2% - 2.5% merit was given to eligible public employees and a 3.75% merit for eligible public safety employees. In addition, there were numerous retirements where employees were paid out for their accrued vacation and sick leave.
- Operating expenses decreased from FY 2017 by \$486,148. Highlights of the net decrease include Street repairs and maintenance in the Class C Road Fund were down \$354,044 and down \$212,921 in the Transportation Infrastructure Fund. An increase of \$32,546 in election expenses due to the election year in the legislative department. There was an increase to non-capital beautification of \$41,565 for the City's continued efforts to make improvements along 1900 W. In the building maintenance department we had a decrease of \$23,889 for the maintenance of the Streetlights
- Capital expenditures increased \$819,417, or 30.62% decrease over FY 2017. Improvements were made to the basement of the Municipal Building; and grant funding through CDGB helped with upgrades with roads and sidewalk in the Hal-Vern subdivision.

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



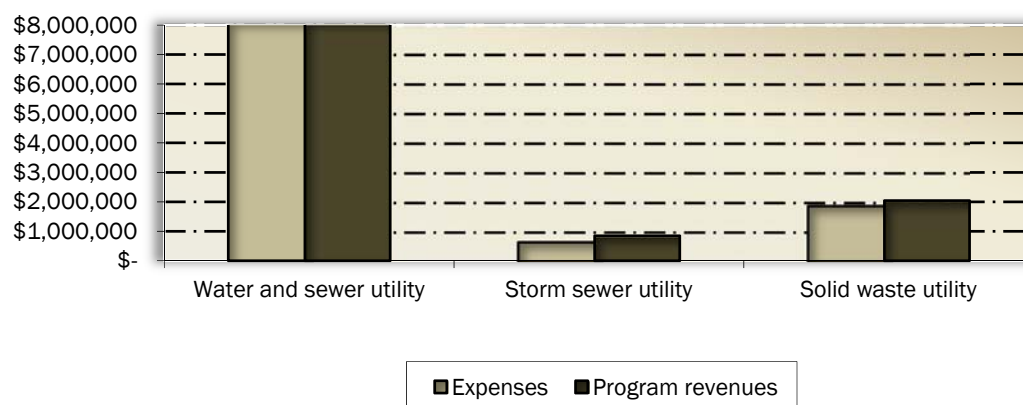
Business-type activities. The business-type activities portion of the increase in net position was 1.05 % of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net position.

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

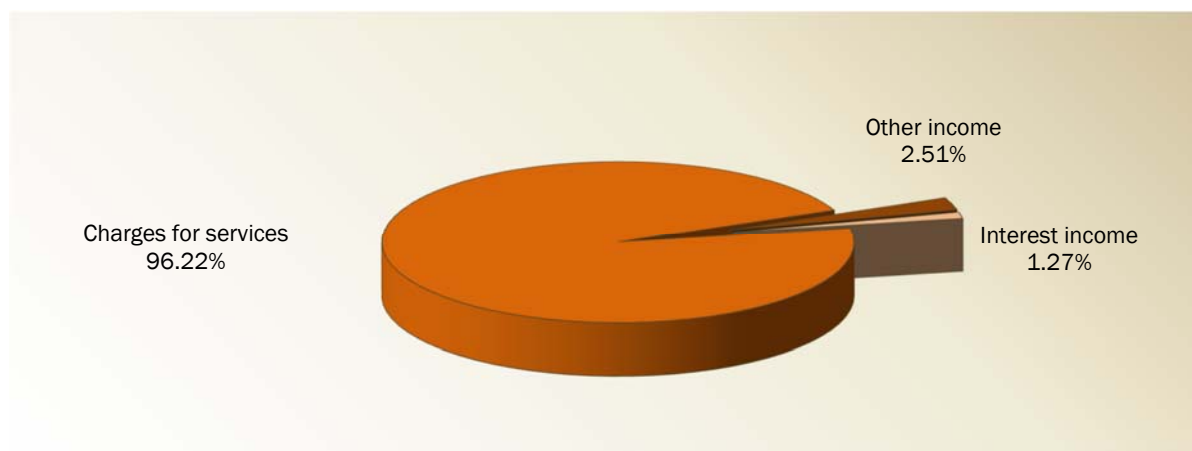
- Revenue from water, sewer, capital improvements, storm sewer and garbage services had an increase of \$796,037. Water revenue is up \$165,025, due to a rate increase. Sewer revenue increased \$578,269. One of the City's sewer service contractors continued to raise rates as part of a five year plan. The rate increase was passed along to the customers increasing the base rate. Storm sewer revenue decreased \$949. The City's garbage collection revenue decreased \$84,579 due to customers opting out the recycling program and not paying for both garbage collection and recycling
- Impact and connection fees related to new construction decreased \$12,555, largely a result of commercial projects.
- Total expenses for wages and benefits was up \$115,537 from FY 2017. As stated above, a cost was up due to a 2.5% merit was provided to employees and health insurance increase. The increased rates affect wages, taxes, and retirement.
- Overall, operating costs increased \$874,907 in FY 2018. Water meter costs increased \$357,828 to replace meter to radio reads. This will be a five year project. Contract rate for sewer increase by \$504,532 as a result of a capital improvement plan implemented by the sewer district. Culinary water fees increased \$28,245 due to an increase by the provider. Maintenance of the storm sewer system was down \$58,774. Disposal fees for solid waste dropped \$87,277. Due to the increased rates for water and sewer, franchise fees were up \$44,598 and \$5,049 for Solid waste, respectively.
- Debt service decreased by \$83,988. Interest expense is reduced as the debt is repaid.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,405,933, an increase of \$1,027,264 from the prior year. Approximately 28.01%, or \$3,485,664, 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, 2018, \$3,231,264 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 \$3,485,664, while the total fund balance was \$7,281,515. 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 18.87% of total general fund expenditures, while total fund balance represents 47.87% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) decreased by \$6,872 which is \$299,674 less than the prior year. When comparing FY 2018 to FY 2017 there was 1) a 5.52% decrease in revenue of \$1,044,462, 2) a 1.72% decrease in expenditures of \$314,590, 3) an increase in the gain on sale of assets of \$903,181 for the sale of land, and 4) a 288.83% increase in the amount transferred to capital projects funds of \$1,351,620.

Included in the *governmental funds* is \$2,601,429 which is assigned for specific capital projects. The capital projects fund accounts for financial resources the City has set aside for the acquisition or construction of major capital facilities and equipment, other than those financed by proprietary or special revenue funds. During FY 2018 the fund balance in the capital projects funds increased by \$798,683 compared to a \$25,767 decrease in FY 2017. When comparing FY 2018 to FY 2017, the increase can be attributed to a 78.11% increase in project expenditures of \$1,317,700 exceeding a 188.83% increase in transfers from the general fund of \$2,067,400. At June 30, 2018, fund balances available for specific capital projects include Capital Improvements of \$103,112, Recreational Facilities Improvements of \$1,798,973, and Fire & Rescue Facilities and Equipment of \$699,344.

Also included within the *governmental funds* is \$2,522,989 which is assigned for specific purposes. For these special revenue funds, fund balance increased by \$235,453 compared to an increase of \$142,097 in FY 2017. When comparing FY 2018 to FY 2017, the change of \$206,805 is a result of 1) a 2.16% decrease in property tax revenue of \$6,008, 2) a 11.9% decrease in impact fees of \$14,829, 3) a 81.81% increase in investment earnings of \$19,086, 4) a 572.22% increase in cemetery fees of \$206, 5) a 28.2% increase in operating expenditures of \$227,116, 6) a 88.88% decrease in capital outlay of \$19,126, and 7) a 11.99% decrease in contributions from other government units of \$57,983. At June 30, 2018, available fund balances in these special funds included Redevelopment Agency \$1,893,154; Storm Sewer Development \$269,911; Park Development \$195,083; and Cemetery \$164,841.

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 \$4,234,171, for the storm sewer utility fund unrestricted net position was \$1,234,283, and for the solid waste utility fund unrestricted net position was \$3,702,570. Net position for all proprietary funds increased. The increase for the water and sewer, storm sewer utility, and solid waste utility funds was \$320,648, \$245,356 and \$208,911, respectively.

The increase in net position for the water and sewer utility fund was lower than the increase in FY 2017 by \$74,884. Operating revenues for the water and sewer utility fund increased \$767,825, or 9.96% from the prior year, while operating expenses increased \$842,708 or 11.52%.

The increase in net position for the storm sewer utility fund exceeded the increase in FY 2017 by \$245,356. Operating revenues for the storm water utility fund increased \$54,472, or 6.33 % from the prior year, while expenses increased \$35,072 or 5.53%.

Operating revenue for the solid waste utility fund was down \$26,259 or 1.23 % from FY 2017. Operating expenses increased \$112,665 or 6.33%. These factors resulted in an increase in the change in net position of \$208,911 from FY 2017.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and other financing uses was amended from an original total of \$18,712,664 to a final budget of \$21,346,842, an increase of \$2,634,178 or 14.08%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$276,310 increase in general sales & use tax revenue. The State of Utah economy continued to grow and hold strong through FY 2018
- \$250,000 increase in grant funding. The City was awarded C.D.B.G grant.
- \$33,625 increase in Police Supplement. There was an increase to the contract for school resource officers.
- \$139,000 increase in grant revenue. Various public safety grants were applied for.
- \$487,646 increase in RAMP grant income. The city was awarded various RAMP grants.
- \$725,000 decrease in other financing sources. The city decided to fund a new fire truck from fund balance rather than leasing to own.
- \$930,000 increase in sale of real property. The city sold the east part of George Wahlen North Park to America First Credit Union.
- \$42,700 increase in proceeds from the sale of assets. The City began posing surplus property on the Public Surplus web site for sales.
- \$537,000 increase to transfer to Capital Projects Fund for construction of a skate park.
- \$15,600 increase for cameras and badge system at the fire houses.
- \$200,000 increase to city municipal building basement remodel.
- \$39,500 increase for purchase of new city manager's vehicle.
- \$65,548 increase for funding for City manager position due to termination and rehiring.
- \$8,000 increase for a contribution to the YCC.
- \$46,771 increase for budgeting RAMP grant expenditures.

The budget adjustment in the General Fund resulted in revenues and other financing sources increasing and expenditures and other financing uses increasing. This required a budgeted draw from fund balance of \$1,176,352 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 \$130,516.

Budget to actual. At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Overall revenue classifications were less than expected. Some of the most noteworthy items, sales tax exceeded expectations by \$95,807; Franchise tax over by \$60,664; Class C Roads allotment over by \$140,480; and the Justice Court fines over by \$117,202. Revenues related to Business licensing was down \$38,982. In total, general fund revenues exceeded budget by \$155,924 or .77%.

Expenditures were \$916,909 under budget. Generally, departments are cautious with spending which results in the savings. Some of the more significant savings on budget can be found in the police department; under \$90,792 mainly from being at less than full staffing, equipment, and special public safety supplies; Class C Roads under by \$269,789 on capital projects and professional and technical services; the streets division under budget by \$131,347 including capital projects. The fire department under budget by \$72,986 from employee wages and benefits. The parks and recreation department was under budget by \$19,307 from wages and benefits, fuel, and capital. None of the individual departments was over the allotted budget.

Capital Assets and Debt Administration

Capital assets. Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$56,122,890 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was an increase of 4.28% (a 5.47% increase in governmental activities and a 2.28% increase in business-type activities).

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

Governmental activities:

- Municipal Building basement remodel, \$245,871.
- Municipal Building Bathrooms, \$62,567.
- Construction to relocate George Wahlen North Park, \$881,167.
- Replacement of police vehicles, \$145,509.
- Fire Truck, \$574,468.
- 6000 S. Parking/Bathrooms, \$32,224.
- Weight Room Remodel, \$20,031.
- Roy West Park improvements, \$35,690.
- Security System upgrades, \$12,374.
- 1900 W Curb Gutter Sidewalk, \$96,854.

Business type activities:

- Water lines 4900 S, 4850 S, \$517,268.
- SCADA – 5500 S. PRV pit, \$18,506.
- John Deere Loader, \$41,000.
- Case backhoe, \$61,300.
- Halverne water and sewerline replacement project, \$210,294.
- 2018 Chevy Silverado, \$39,153.
- Union Pacific Storm Pipe, \$32,070.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,745	\$ 3,901	\$ 139	\$ 139	\$ 3,884	\$ 4,040
Buildings	11,780	11,692	105	105	11,885	11,797
Improvmnts other than bldgs	35,400	35,196	38,365	37,215	73,765	72,411
Machinery and equipment	5,090	4,933	1,277	1,180	6,367	6,113
Automobiles and trucks	7,188	6,506	1,271	1,271	8,459	7,777
Construction in progress	4,000	1,721	-	126	4,000	1,847
Accumulated depreciation	(32,129)	(29,974)	(15,965)	(15,029)	(48,094)	(45,003)
Total capital assets	<u>\$ 35,074</u>	<u>\$ 33,975</u>	<u>\$ 25,192</u>	<u>\$ 25,007</u>	<u>\$ 60,266</u>	<u>\$ 58,982</u>

Additional information on Roy City Corporation's capital assets can be found in Note 4 on pages 66-67 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 matured 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 matured in October 2017. Interest was due semi-annually in April and October, while principal was 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. In October 2017, the City refinanced these bonds with the same mature date of March 2028. Interest is due semi-annually in September and March. The City originally received an "Aaa" rating from Moody's Investors Service on the Series 2008 bonds. In May 2010, the rating was revised to "A1". The June 30, 2018 bond balances are as follows:

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ 117	\$ 4,599	\$ 4,930	\$ 4,599	\$ 5,047

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 \$54,873,000, 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 \$54,873,000 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 4 on pages 69-70 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 2019 budget:

- Economic conditions are improving across the county and in Utah and that trend is expected to continue. Possible risks tend to come from abroad, more than nationally and locally. While Utah has become more global, that link and the link to Roy, is minimal. Regional trends have the most impact on Utah, and regional trends in growth are good. Growth tends to be stronger within the State than nationally.
- Utah continues to be one of the fastest growing states in the nation, and population is a main driver in any state's economy.
- The unemployment rate for the Ogden/Clearfield metropolitan area within which Roy City is located, is currently 3.7%. This compares to the State's average unemployment rate of 3.0%.
- Roy City is near "build out" for residential dwellings. With less land available, the City Council is seeing many request for multi-family housing project. Roy City is one of the most densely populated areas in the State, and the City Council is leaning towards single family dwellings and away from multi-family. The City is interested in the prospects of multi-use of residential and commercial together.
- Revenue from services is near peak and one-time fees from development continue to be low.
- The City is seeking new business in Roy, Some expansion is expected within the central business district and on the west side of the City.
- Sales tax revenue is calculated by the State based on a number of factors including point of sale and population. Sales tax is expected to continue a gradual increase in FY 2018 as the local economy growth continues.
- The budget includes a 2.5% to 3.75% merit for all employees, Health insurance costs has a 4% increase. No major changes in expenditures are expected. A capital improvements plan will be shaped to help with the annual budget process.
- Enterprise fund activity reflects rate increases to cover vendor increases.

During the current fiscal year, the fund balance in the general fund decreased by \$130,516 to \$6,964,532. Fund balance reserves will be allocated to fund a capital improvement plan including but not limited to, fire apparatus, parks, and recreational facilities.

Request for Information

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

BASIC FINANCIAL STATEMENTS

ROY CITY CORPORATION
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash	\$ 9,583,370	\$ 7,645,874	\$ 17,229,244
Restricted cash: Roads and public transit	2,610,110	-	2,610,110
Investment in water stock	-	16,100	16,100
Interactivity Receivable	(183,696)	183,696	-
Accounts receivable - net of allowance for doubtful accounts	5,818,293	1,706,677	7,524,970
Inventory	101,394	320,475	421,869
Prepaid items	59,378	289,005	348,383
Total current assets	<u>17,988,849</u>	<u>10,161,827</u>	<u>28,150,676</u>
Noncurrent assets:			
Internal balances	(287,300)	287,300	-
Net pension asset	235,456	17,030	252,486
Investment in land	<u>515,160</u>	<u>-</u>	<u>515,160</u>
Capital assets:			
Land	3,745,256	139,434	3,884,690
Buildings	11,780,076	105,020	11,885,096
Improvements other than buildings	35,399,674	38,365,061	73,764,735
Machinery and equipment	5,089,544	1,277,043	6,366,587
Automobiles and trucks	7,188,369	1,271,070	8,459,439
Construction in progress	4,000,372	-	4,000,372
Less accumulated depreciation	<u>(32,129,272)</u>	<u>(15,964,884)</u>	<u>(48,094,156)</u>
Total capital assets net of accumulated depreciation	<u>35,074,019</u>	<u>25,192,744</u>	<u>60,266,763</u>
Total noncurrent assets	<u>35,537,335</u>	<u>25,497,074</u>	<u>61,034,409</u>
Deferred outflows of resources:			
Bond refunding amortizable interest	-	72,788	72,788
Pensions	<u>3,309,468</u>	<u>210,660</u>	<u>3,520,128</u>
Total deferred outflows of resources	<u>3,309,468</u>	<u>283,448</u>	<u>3,592,916</u>
Total assets and deferred outflows of resources	<u>\$ 56,835,652</u>	<u>\$ 35,942,349</u>	<u>\$ 92,778,001</u>

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

ROY CITY CORPORATION
Statement of Net Position, continued
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts Payable	\$ 1,070,723	\$ 895,503	\$ 1,966,226
Accrued Wages	281,769	17,026	298,795
Compensated absences	157,236	24,260	181,496
Interest payable	-	60,033	60,033
Current portion of long-term debt	40,818	386,000	426,818
Total current liabilities	<u>1,550,546</u>	<u>1,382,822</u>	<u>2,933,368</u>
Long-term liabilities:			
Compensated absences	1,290,245	99,428	1,389,673
Long-term debt due in more than one year	82,729	4,213,000	4,295,729
Net pension liability	3,382,005	149,077	3,531,082
Guarantee deposits	100,677	-	100,677
Total long-term liabilities	<u>4,855,656</u>	<u>4,461,505</u>	<u>9,317,161</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	2,840,043	209,591	3,049,634
Unearned revenue	3,829,614	-	3,829,614
Total long-term liabilities	<u>6,669,657</u>	<u>209,591</u>	<u>6,879,248</u>
Total liabilities and deferred inflows of resources	<u>13,075,859</u>	<u>6,053,918</u>	<u>19,129,777</u>
NET POSITION			
Net investment in capital assets	35,589,179	20,533,711	56,122,890
Restricted for:			
Roads and public transit	2,861,286	-	2,861,286
Unrestricted	5,309,328	9,354,720	14,664,048
Total net position	<u>\$ 43,759,793</u>	<u>\$ 29,888,431</u>	<u>\$ 73,648,224</u>

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

ROY CITY CORPORATION
Statement of Activities
For the Fiscal Year Ended June 30, 2018

			Program Revenues
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary government:			
Government activities:			
General government	\$ 3,818,502	\$ 1,246,144	\$ 401,309
Public safety	8,656,121	1,557,740	200,358
Public works	2,800,324	-	1,340,480
Parks and recreation	3,190,074	974,470	-
Interest and fiscal charges	582	-	-
Total governmental activities	<u>18,465,603</u>	<u>3,778,354</u>	<u>1,942,147</u>
Business-type activities:			
Water and sewer utility	8,157,867	8,167,743	-
Storm sewer utility	669,714	848,202	-
Solid waste utility	1,893,385	2,040,746	-
Total business-type activities	<u>10,720,966</u>	<u>11,056,691</u>	<u>-</u>
Total primary government	<u>\$ 29,186,569</u>	<u>\$ 14,835,045</u>	<u>\$ 1,942,147</u>
General revenues:			
Property taxes			
Sales tax			
Franchise taxes			
Payments in lieu of taxes			
Unrestricted investment earnings			
Contributions from other government units			
Gain on sale of assets			
Other revenues not restricted to specific programs			
Total general revenues and transfers			
Changes in net position			
Net position - beginning			
Net position - ending			

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

ROY CITY CORPORATION
Statement of Activities, continued
For the Fiscal Year Ended June 30, 2018

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,171,049)	\$ -	\$ (2,171,049)
-	(6,898,023)	-	(6,898,023)
455,024	(1,004,820)	-	(1,004,820)
27,460	(2,188,144)	-	(2,188,144)
-	(582)	-	(582)
482,484	(12,262,618)	-	(12,262,618)
37,872	-	47,748	47,748
21,090	-	199,578	199,578
-	-	147,361	147,361
58,962	-	394,687	394,687
\$ 541,446	(12,262,618)	394,687	(11,867,931)
	3,691,599	-	3,691,599
	5,398,644	-	5,398,644
	3,010,608	-	3,010,608
	377,942	-	377,942
	220,976	146,051	367,027
	661,586	-	661,586
	779,215	(2,500)	776,715
	193,560	232,420	425,980
	14,334,130	375,971	14,710,101
	2,071,512	770,658	2,842,170
	41,688,281	29,117,773	70,806,054
	\$ 43,759,793	\$ 29,888,431	\$ 73,648,224

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

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2018

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,683,757	\$ 1,874,962	\$ 3,320,760	\$ 8,879,479
Restricted cash	2,610,110	-	-	2,610,110
Accounts Receivable, net	5,816,818	-	1,475	5,818,293
Inventory	101,394	-	-	101,394
Prepaid items	29,060	-	-	29,060
Investment in land	455,714	59,446	-	515,160
Total Assets	<u>12,696,853</u>	<u>1,934,408</u>	<u>3,322,235</u>	<u>17,953,496</u>
LIABILITIES				
Accounts payable	955,402	13,000	90,971	1,059,373
Accrued wages payable	270,599	-	-	270,599
Guarantee deposits	100,677	-	-	100,677
Advance from other funds	287,300	-	-	287,300
Total liabilities	<u>1,613,978</u>	<u>13,000</u>	<u>90,971</u>	<u>1,717,949</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>3,801,360</u>	<u>28,254</u>	<u>-</u>	<u>3,829,614</u>
deferred inflows of resources	<u>5,415,338</u>	<u>41,254</u>	<u>90,971</u>	<u>5,547,563</u>
FUND BALANCES				
Nonspendable:				
Inventory	101,394	-	-	101,394
Prepaid items	29,060	-	-	29,060
Investment in land	455,714	59,446	-	515,160
Restricted for:				
Roads and public transit	2,861,286	-	-	2,861,286

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

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2018

		Special Revenue		
		Fund	Other	Total
		Redevelopment	Governmental	Governmental
	General	Agency	Funds	Funds
FUND BALANCES, continued				
Assigned to:				
Public safety	16,192	-	699,344	715,536
Legislative programs	15,222	-	-	15,222
Storm sewer improvements	-	-	269,911	269,911
Capital improvements	-	-	103,112	103,112
Park improvements	-	-	1,994,056	1,994,056
Cemetery	-	-	164,841	164,841
Redevelopment	-	1,833,708	-	1,833,708
Other	316,983	-	-	316,983
Unassigned	3,485,664	-	-	3,485,664
Total fund balances	<u>7,281,515</u>	<u>1,893,154</u>	<u>3,231,264</u>	<u>12,405,933</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,696,853</u>	<u>\$ 1,934,408</u>	<u>\$ 3,322,235</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amount reported is net of accumulated depreciation.	35,074,019
The proportionate share of the net pension asset and/or the proportionate share of the net pension liability and the deferred inflows and outflows of resources related to pensions and pension expenses are not due and payable in the current period and therefore, are not reported in the funds.	(2,677,124)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,571,028)
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.	527,993
Net Position of governmental activities	<u>\$ 43,759,793</u>

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

		Special Revenue Fund		
	General	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 12,042,868	\$ 57,983	\$ -	\$ 12,100,851
Payments in lieu of taxes	377,942	-	-	377,942
Licenses and permits	370,189	-	-	370,189
Intergovernmental	2,314,810	271,237	-	2,586,047
Charges for services	2,588,017	-	-	2,588,017
Impact fees	-	-	109,821	109,821
Fines and forfeitures	820,148	-	-	820,148
Investment earnings	129,580	34,709	56,687	220,976
Property rental	26,055	-	-	26,055
Management fee	162,769	-	-	162,769
Contributions and donations	45,923	-	-	45,923
Other income	47,003	-	242	47,245
Total Revenues	<u>18,925,304</u>	<u>363,929</u>	<u>166,750</u>	<u>19,455,983</u>
Expenditures:				
Current:				
General government	3,607,813	227,116	-	3,834,929
Public Safety	8,840,699	-	-	8,840,699
Public Works	2,771,147	-	-	2,771,147
Parks and recreation	2,901,053	-	-	2,901,053
Debt service:				
Principal retirement	117,000	-	-	117,000
Interest and fiscal charges	1,170	-	-	1,170
Project outlays	-	-	1,336,827	1,336,827
Total expenditures	<u>18,238,882</u>	<u>227,116</u>	<u>1,336,827</u>	<u>19,802,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 686,422</u>	<u>\$ 136,813</u>	<u>\$ (1,170,077)</u>	<u>\$ (346,842)</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, continued
Governmental Funds
For the Fiscal Year Ended June 30, 2018

		Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
	General			
Excess (deficiency) of revenues over (under) expenditures	\$ 686,422	\$ 136,813	\$ (1,170,077)	\$ (346,842)
Other financing sources (uses)				
Proceeds from sale of assets	983,757	-	-	983,757
Contributions from other government units	390,349	-	-	390,349
Transfers in	-	-	2,067,400	2,067,400
Transfers out	(2,067,400)	-	-	(2,067,400)
Total other financing sources (uses)	(693,294)	-	2,067,400	1,374,106
Net change in fund balances	(6,872)	136,813	897,323	1,027,264
Fund balances - beginning of year	7,288,387	1,756,341	2,333,941	11,378,669
Fund balances - end of year	\$ 7,281,515	\$ 1,893,154	\$ 3,231,264	\$ 12,405,933

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, 2018

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

Net change in fund balances - total governmental funds (page 37)	\$ 1,027,264
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,263,511
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(134,511)
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 affect 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 that 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.	117,588
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	10,132
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.	(188,916)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	<u>(23,556)</u>
Change in net position of governmental activities	<u>\$ 2,071,512</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Taxes:				
Property	\$ 3,641,876	\$ 3,641,876	3,633,616	\$ (8,260)
Sales	5,026,527	5,302,837	5,398,644	95,807
Telecom gross receipts	325,000	325,000	277,329	(47,671)
Franchise	2,352,615	2,352,615	2,413,279	60,664
Paramedic	320,000	320,000	320,000	-
Payments in lieu of taxes	390,000	390,000	377,942	(12,058)
Licenses and permits	401,900	401,900	370,189	(31,711)
Intergovernmental	1,402,301	2,330,194	2,314,810	(15,384)
Charges for services	2,488,600	2,488,600	2,588,017	99,417
Fines and forfeitures	706,000	706,000	820,148	114,148
Investment earnings	182,000	182,000	129,580	(52,420)
Property rental	30,500	30,500	26,055	(4,445)
Management fee	189,769	1,366,121	162,769	(1,203,352)
Contributions and donations	420,500	426,423	436,272	9,849
Miscellaneous	20,076	20,076	47,003	26,927
Total revenue	17,897,664	20,284,142	19,315,653	(968,489)
Expenditures:				
General government:				
Legislative	497,586	666,934	639,994	(26,940)
Legal	346,214	394,306	366,493	(27,813)
Community development	415,496	415,496	405,134	(10,362)
Information technology	338,893	338,893	338,893	-
Justice Court	387,434	390,334	373,021	(17,313)
Finance	495,921	625,496	549,332	(76,164)
Public buildings	827,357	737,357	693,049	(44,308)
Risk management	204,225	204,225	204,225	-
	3,513,126	3,773,041	3,570,141	(202,900)
Public safety:				
Fire	4,495,629	4,387,384	4,314,393	(72,991)
Police	4,811,223	4,842,456	4,751,664	(90,792)
	9,306,852	9,229,840	9,066,057	(163,783)

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

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Public works:				
Administration	173,742	173,742	163,693	(10,049)
Class "C" roads	1,221,000	1,221,000	951,210	(269,790)
Fleet services	181,828	181,828	139,912	(41,916)
Streets	842,404	1,301,992	1,170,647	(131,345)
Transportation infrastructure	381,000	381,000	345,685	(35,315)
	<u>2,799,974</u>	<u>3,259,562</u>	<u>2,771,147</u>	<u>(488,415)</u>
Parks and recreation:				
Aquatic center	665,248	678,748	663,672	(15,076)
Parks and recreation:	1,116,707	1,243,421	1,224,115	(19,306)
Recreation complex	831,241	851,854	827,212	(24,642)
Roy Days	99,339	123,299	122,012	(1,287)
	<u>2,712,535</u>	<u>2,897,322</u>	<u>2,837,011</u>	<u>(60,311)</u>
Debt Service:				
Principal	117,000	117,000	117,000	-
Interest and fiscal charges	2,677	2,677	1,170	(1,507)
	<u>119,677</u>	<u>119,677</u>	<u>118,170</u>	<u>(1,507)</u>
Total expenditures	<u>18,452,164</u>	<u>19,279,442</u>	<u>18,362,526</u>	<u>(916,916)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(554,500)</u>	<u>1,004,700</u>	<u>953,127</u>	<u>(51,573)</u>
Other financing sources (uses):				
Issuance of debt	725,000	-	-	-
Proceeds from sale of assets	90,000	1,062,700	983,757	(78,943)
Transfer out	(260,500)	(2,067,400)	(2,067,400)	-
Total other financing sources (uses)	<u>554,500</u>	<u>(1,004,700)</u>	<u>(1,083,643)</u>	<u>(78,943)</u>
Net change in fund balance	-	-	(130,516)	(130,516)
Fund balance - beginning of year	<u>7,792,568</u>	<u>5,625,156</u>	<u>7,095,048</u>	<u>1,469,892</u>
Fund balance - end of year	<u>\$ 7,792,568</u>	<u>\$ 5,625,156</u>	<u>\$ 6,964,532</u>	<u>\$ 1,339,376</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Property tax	\$ 51,000	\$ 51,000	\$ 57,983	\$ 6,983
Intergovernmental	1,933,091	1,933,091	271,237	(1,661,854)
Investment earnings	18,000	18,000	34,709	16,709
Total revenue	2,002,091	2,002,091	363,929	(1,638,162)
Expenditures:				
General government	2,002,091	2,002,091	227,116	(1,774,975)
Total expenditures	2,002,091	2,002,091	227,116	(1,774,975)
Net change in fund balance	-	-	136,813	136,813
Fund balance - beginning of year	1,756,340	1,756,340	1,756,341	1,586,792
Fund balance - end of year	\$ 1,756,340	\$ 1,756,340	\$ 1,893,154	\$ 1,723,605

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

ROY CITY CORPORATION
Statement of Net Position
Proprietary Fund
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
ASSETS					
Current assets:					
Cash	\$ 2,978,855	\$ 1,171,914	\$ 3,495,105	\$ 7,645,874	\$ 703,891
Investment in water stock	16,100	-	-	16,100	-
Accounts Receivable - net of allowance for doubtful accounts	1,241,203	119,746	345,728	1,706,677	-
Inventory	316,611	3,864	-	320,475	-
Prepaid items	288,705	146	154	289,005	30,318
Total current assets	4,841,474	1,295,670	3,840,987	9,978,131	734,209
Noncurrent assets:					
Advance to other fund	287,300	-	-	287,300	-
Net pension asset	13,163	3,867	-	17,030	3,760
Capital assets:					
Land	139,434	-	-	139,434	-
Buildings	105,020	-	-	105,020	-
Improvements other than buildings	34,606,164	3,758,897	-	38,365,061	-
Machinery and equipment	713,308	407,919	155,816	1,277,043	697,552
Automobiles and trucks	773,123	-	497,947	1,271,070	-
Less accumulated depreciation	(14,431,349)	(959,399)	(574,136)	(15,964,884)	(476,427)
Total capital assets net of accumulated depreciation	21,905,700	3,207,417	79,627	25,192,744	221,125
Total noncurrent assets	22,206,163	3,211,284	79,627	25,497,074	224,885
Total assets	27,047,637	4,506,954	3,920,614	35,475,205	959,094
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding amortizable interest	72,788	-	-	72,788	-
Pension	174,218	36,442	-	210,660	44,620
Total deferred outflows of resources	\$ 247,006	\$ 36,442	\$ -	\$ 283,448	\$ 44,620

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

ROY CITY CORPORATION
Statement of Net Position, continued
Proprietary Fund
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 751,513	\$ 5,573	\$ 138,417	\$ 895,503	\$ 11,350
Accrued Wages	12,959	4,067	-	17,026	11,170
Compensated absences	19,563	4,697	-	24,260	4,933
Recaptured losses				-	40,818
Interest payable	60,033	-	-	60,033	-
Revenue bonds payable	386,000	-	-	386,000	-
Total current liabilities	<u>1,230,068</u>	<u>14,337</u>	<u>138,417</u>	<u>1,382,822</u>	<u>68,271</u>
Long-term liabilities, less current portion:					
Compensated absences	72,844	26,584	-	99,428	34,612
Recaptured losses				-	82,729
Net pension liability	132,102	16,975	-	149,077	31,001
Revenue bonds payable	4,213,000	-	-	4,213,000	-
Total liabilities	<u>5,648,014</u>	<u>57,896</u>	<u>138,417</u>	<u>5,844,327</u>	<u>216,613</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	<u>165,791</u>	<u>43,800</u>	<u>-</u>	<u>209,591</u>	<u>45,882</u>
Total deferred inflows of resources	<u>165,791</u>	<u>43,800</u>	<u>-</u>	<u>209,591</u>	<u>45,882</u>
NET POSITION					
Net investments in capital assets	17,246,667	3,207,417	79,627	20,533,711	221,125
Unrestricted	<u>4,234,171</u>	<u>1,234,283</u>	<u>3,702,570</u>	<u>9,171,024</u>	<u>520,094</u>
Total net position	<u>\$ 21,480,838</u>	<u>\$ 4,441,700</u>	<u>\$ 3,782,197</u>	<u>\$ 29,704,735</u>	<u>\$ 741,219</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>183,696</u>	
Net position of business-type activities				<u>\$ 29,888,431</u>	

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

ROY CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Operating revenues:					
Charges for services	\$ 7,210,265	\$ 848,202	\$ 2,040,746	\$ 10,099,213	\$ 715,366
Other fees	957,478	-	-	957,478	-
Other income	205,735	26,598	4,347	236,680	5,941
Total operating revenue	8,373,478	874,800	2,045,093	11,293,371	721,307
Operating expenses:					
Personnel services	1,365,011	324,012	126,114	1,815,137	215,263
Contractual services	4,805,067	90,193	1,703,060	6,598,320	283,989
Materials and supplies	978,985	116,652	13,883	1,109,520	43,585
Other general costs of services	34,029	6,077	4,325	44,431	124,091
Depreciation	761,811	132,780	46,003	940,594	76,368
Total Operating expenses	7,944,903	669,714	1,893,385	10,508,002	743,296
Operating income	428,575	205,086	151,708	785,369	(21,989)
Non-operating revenues and (expenses):					
Interest income	69,668	19,180	57,203	146,051	-
Gain/(loss) on sale of assets	(2,500)	-	-	(2,500)	(5,827)
Interest expenses	(131,289)	-	-	(131,289)	-
Bond issuance costs	(81,678)	-	-	(81,678)	-
Total non-operating revenues/(expenses)	(145,799)	19,180	57,203	(69,416)	(5,827)
Income before contributions	282,776	224,266	208,911	715,953	(27,816)
Contribution from developers	37,872	21,090	-	58,962	-
Changes in net position	\$ 320,648	\$ 245,356	\$ 208,911	\$ 774,915	\$ (27,816)

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, continued
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	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	\$ 320,648	\$ 245,356	\$ 208,911	\$ 774,915	\$ (27,816)
Total net position - beginning	21,160,190	4,196,344	3,573,286		769,035
Total net position - ending	<u>\$ 21,480,838</u>	<u>\$ 4,441,700</u>	<u>\$ 3,782,197</u>		<u>\$ 741,219</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(4,260)	
Change in net position of business-type activities				<u>\$ 770,655</u>	

ROY CITY CORPORATION
Statement of Cash Flows
Proprietary Fund
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Cash flows from operating activities:					
Cash received from customers and users	\$ 8,056,607	\$ 821,486	\$ 2,056,601	\$ 10,934,694	\$ -
Cash received from interfund activities	-	-	-	-	715,366
Other income	205,735	26,598	4,347	236,680	5,941
Payments to suppliers	(5,780,531)	(224,604)	(1,795,294)	(7,800,429)	(447,843)
Payments to employees	(1,190,694)	(308,877)	(111,807)	(1,611,378)	(197,074)
Payments for interfund services	(157,941)	-	(14,307)	(172,248)	-
Net cash provided by operating activities	1,133,176	314,603	139,540	1,587,319	76,390
Cash flows from non-capital financing activities:					
Payment on interfund advance	30,000	-	-	30,000	-
Net cash provided by non-capital financing activities	30,000	-	-	30,000	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(974,116)	(93,249)	-	(1,067,365)	(52,480)
Proceeds from sale of assets	-	-	-	-	-
Funds placed in escrow on bond refunding	(467,820)	-	-	(467,820)	-
Principal paid on bond	-	-	-	-	-
Interest paid on bond	(124,762)	-	-	(124,762)	-
Fiscal agent fees paid	-	-	-	-	-
Net cash used in capital and related financing activities	(1,566,698)	(93,249)	-	(1,659,947)	(52,480)

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

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
Cash flows from investing activities:					
Interest received	70,612	19,180	57,203	146,995	-
Net cash provided by investing activities	70,612	19,180	57,203	146,995	-
Net increase (decrease) in cash	(332,910)	240,534	196,743	104,367	23,910
Cash - beginning of year	3,311,765	931,380	3,298,362	7,541,507	679,981
Cash - end of year	<u>\$ 2,978,855</u>	<u>\$ 1,171,914</u>	<u>\$ 3,495,105</u>	<u>\$ 7,645,874</u>	<u>\$ 703,891</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	<u>\$ 428,575</u>	<u>\$ 205,086</u>	<u>\$ 151,708</u>	<u>\$ 785,369</u>	<u>\$ (21,989)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	761,811	132,780	46,003	940,594	76,368
(Increase) decrease in accounts receivable	(112,359)	111	17,208	(95,040)	-
Increase (decrease) in allowance for uncollectible accounts	1,223	(229)	(1,353)	(359)	-
(Increase) decrease in inventory	50,295	601	843	51,739	-
(Increase) decrease in prepaids	(24,061)	(14)	(15)	(24,090)	(1,285)
(Increase) decrease in deferred outflows	(49,563)	(12,556)	-	(62,119)	(8,437)
(Increase) decrease in net pension asset	6,870	15	-	6,885	(3,760)
Increase (decrease) in accounts payable	11,316	(12,269)	(74,854)	(75,807)	(1,553)
Increase (decrease) in accrued wages	420	1,698	-	2,118	8,399

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

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
June 30, 2018

Increase (decrease) in compensated absences	9,919	11,664	-	21,583	8,064
Increase (decrease) in deferred inflows	120,188	8,706	-	128,894	34,340
Increase (decrease) in net pension liability	(71,458)	(20,990)	-	(92,448)	(20,417)
Increase (decrease) in recaptured losses	-	-	-	-	6,660
Total adjustments	<u>704,601</u>	<u>109,517</u>	<u>(12,168)</u>	<u>801,950</u>	<u>98,379</u>
Net cash provided by operating activities	<u>\$ 1,133,176</u>	<u>\$ 314,603</u>	<u>\$ 139,540</u>	<u>\$ 1,587,319</u>	<u>\$ 76,390</u>
Non-cash capital and related financing activities:					
Capital contributions from developers	\$ 37,872	\$ 21,090	\$ -	\$ 58,962	\$ -
Bonds refunded	<u>4,930,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-cash capital and related financing activities	<u>\$ 4,967,872</u>	<u>\$ 21,090</u>	<u>\$ -</u>	<u>\$ 58,962</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, 2018

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

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

The reporting entity is comprised of the primary government, and component units included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and agencies that are not legally separate from the City. In addition, Roy City includes the Redevelopment Agency of Roy Utah as a component unit.

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

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

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

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

Basis of Presentation

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

Additionally, the City reports the following fund types:

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

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

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

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

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

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

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

Assets, Liabilities, and Net position or Equity

Cash, Deposits, and Investments

Cash includes cash on hand, demand deposits with banks, deposits in cash management pools that have the general characteristics of demand deposit accounts, and deposits in a receiver's account for on-line bill pay. The City adopted an investment policy by resolution that allows for the investment of funds in time certificates of deposit with federally insured depositories, in the Utah Public Treasurer's Investment Fund (the Fund), in U. S. backed Government Securities, and other funds and obligations.

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Restricted Assets

Class C Road and the Local Option Sales Tax funds are classified as restricted assets on the balance sheet because their use is restricted by laws and regulations. These road funds are restricted for use in maintaining roads and for pedestrian safety throughout the City.

Receivables, Payables, and Interfund Balances

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

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

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

Inventories and Prepaid Items

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

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

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

Investment in Land

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

Capital Assets

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

Capital assets are defined by the City as assets with an initial and individual cost of more than \$1,500 and an estimated useful life of more than two years. These assets are recorded at cost (or estimated

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

historical cost) and updated for additions and retirements during the fiscal year. Outlays for major improvements are capitalized. The City's infrastructure, referred to below, consists of roads, storm sewer systems, curb, gutter, sidewalk, and street lights.

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-term Obligations

All payables and accrued liabilities are reported in the government-wide financial statements. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

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

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

Fund Equity

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

Fund Balance

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

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

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

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

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

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

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

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

Net Position

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

Pensions

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, 2018

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	\$ 67,203,291
Accumulated depreciation	(32,129,272)
Total difference	<u>\$ 35,074,019</u>

Pension related items:

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

Deferred outflows - pensions	\$ 3,309,468
Net pension asset	235,456
Deferred inflows - pensions	(2,840,043)
Net pension liability	(3,382,005)
Total difference	<u>\$ (2,677,124)</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, 2018 were:

URMMA recaptured losses	\$ 123,547
Compensated absences	1,447,481
Total difference	<u>\$ 1,571,028</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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, 2018 include:

Cash	\$ 703,891
Prepaid items	30,318
Accounts payable	(11,350)
Accrued wages payable	(11,170)
Interactivity payable	(183,696)
Total difference	<u>\$ 527,993</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	\$ 3,574,754
Depreciation expense	(2,311,243)
Total difference	<u>\$ 1,263,511</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$134,511 decrease to net position is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (198,715)
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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.	64,204
Total difference	<u>\$ (134,511)</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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 \$117,588 difference is as follows:

Sales tax revenue bonds principal	\$ 117,000
Accrued interest payable	588
Total difference	<u>\$ 117,588</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 2018 are \$10,132.

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 \$188,916 difference is as follows:

Compensated absences	\$ (91,416)
Pension expenditures	(97,500)
Total difference	<u>\$ (188,916)</u>

Another element of the reconciliation is the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. The net revenue of the activities of internal service funds should be reported with governmental activities. The detail of the \$23,556 difference is as follows:

Change in net position of the internal service funds	\$ (27,816)
Less: Profit from charges to business-type activities	4,260
Total difference	<u>\$ (23,556)</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, 2018, there was \$715,366 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	\$ 187,956
Interactivity receivable representing charges in excess of cost to business-type activities - current year	(4,260)
Total difference	<u>\$ 183,696</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

3. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations was an increase in the general fund of \$827,278; an increase in the capital projects fund of \$1,806,900; an increase in the water and sewer utility fund of \$193,834; no increase or decrease in storm sewer utility fund; an increase in the solid waste utility fund of \$112,778; an increase in the information technology fund of \$18,718; an increase in the risk management fund of \$32,500; an increase in the storm sewer development fund of \$125,250; and no increase or decrease in the park development fund.

The increase in the general fund was attributed an increase in capital, projects, personnel, and operations. Adjustments to the budget were made in various categories including personnel increased \$301,845; operations and maintenance increased \$29,041; and purchase and construction of capital assets increased \$2,303,292. The expenditure changes were covered by an increase in general sales & use tax of \$276,310; C.D.B.G. Grant revenue of \$250,000; RAMP grant revenue of 487,646; and sale of real property of 930,000. The contribution from fund balance increased \$1,176,352.

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

The increase in the water and sewer utility was due to changes in personnel, capital, and operations. Adjustments to the budget were made including an increase in personnel of \$5,900; and operations and maintenance increased \$187,934. An increase of \$3,987 was made in revenue estimates for sewer fees; and \$189,847, to be contributed to retained earnings.

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Budget/GAAP Reconciliation

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

General Fund	
Net change in fund	
balance (budget)	\$ (130,516)
Beginning encumbrances	(193,339)
Ending encumbrances	<u>316,983</u>
Net change	
in fund balance (GAAP)	<u>\$ (6,872)</u>
Fund balance (budget)	\$ 6,964,532
Furniture and fixtures	316,983
Fund balance (GAAP)	<u>\$ 7,281,515</u>

Tax Revenue

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

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

4. Detailed Notes for All Funds

Cash and Cash Equivalents

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

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in checking accounts as well as time deposits.

Investments are recorded at fair value based upon quoted market prices at year-end (Level 1 inputs) and other significant observable inputs (Level 2), except where there is no material difference between cost and fair value. The difference between the purchase price and fair value, when material, is recorded as interest income. Each fund's portion of this pool is displayed on the combined balance sheet which also includes accounts that are separately held by the City's component unit. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool.

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

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

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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, 2018 the only investment tool utilized was the Utah Public Treasurer's Investment Fund ("PTIF"), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and UMMC requirements. The PTIF is not registered with the SEC as an investment company and is not rated. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionately in any realized gains or losses on investments. The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2018, the City and the Redevelopment Agency investments consisted of the following:

	Roy City	RDA
Utah Public Treasurer's		
Investment Fund	\$ 17,679,630	\$ 1,823,091
Maturity	NA	NA
Rating	Not rated	Not rated
Fair Market Value (FMV)	Level input 2	Level input 2
Recurring FMV measurement	Matrix Pricing Model	Matrix Pricing Model

As of June 30, 2018, \$12,865 of the City's bank balance of \$370,210 was uninsured and uncollateralized. For the Redevelopment Agency, all of their \$107,344 was insured within FDIC limits. In the Water and Sewer Utility, \$45,162 held in a receiver's account for on-line bill pay was uninsured.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Receivables

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

Governmental funds:

	General Fund	Park Development
Taxes	\$ 4,324,020	\$ -
Ambulance services	2,953,129	-
Special Assessments	18,347	-
Intergovernmental	251,366	-
Other	659,039	1,475
Gross receivables	8,205,901	1,475
Less: Allowance for uncollectible accounts	(2,389,083)	-
Net receivables	<u>\$ 5,816,818</u>	<u>\$ 1,475</u>

Enterprise funds:

	Water and Sewer Utility Enterprise	Storm Sewer Utility Enterprise	Solid Waste Utility Enterprise Fund	Total
Utilities	\$ 1,276,051	\$ 124,596	\$ 359,735	\$ 1,760,382
Intergovernmental	14,020	-	-	14,020
Gross receivables	1,290,071	124,596	359,735	1,774,402
Less: Allowance for uncollectible accounts	(48,868)	(4,850)	(14,007)	(67,725)
Net receivables	<u>\$ 1,241,203</u>	<u>\$ 119,746</u>	<u>\$ 345,728</u>	<u>\$ 1,706,677</u>

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,901,316	\$ -	\$ (156,060)	\$ 3,745,256
Construction in progress	1,721,180	2,279,192	-	4,000,372
Total capital assets not being depreciated	<u>5,622,496</u>	<u>2,279,192</u>	<u>(156,060)</u>	<u>7,745,628</u>
Capital assets being depreciated:				
Buildings	11,692,585	87,491	-	11,780,076
Improvements other than buildings	35,195,071	204,603	-	35,399,674
Machinery and equipment	4,933,204	279,067	(122,727)	5,089,544
Automobiles and trucks	6,505,636	841,083	(158,350)	7,188,369
Total capital assets being depreciated	<u>58,326,496</u>	<u>1,412,244</u>	<u>(281,077)</u>	<u>59,457,663</u>
Less accumulated depreciation for:				
Buildings	(5,057,732)	(259,554)	-	(5,317,286)
Improvements other than buildings	(16,522,046)	(1,281,504)	-	(17,803,550)
Machinery and equipment	(3,552,589)	(347,083)	109,873	(3,789,799)
Automobiles and trucks	(4,841,891)	(499,470)	122,724	(5,218,637)
Total accumulated depreciation:	<u>(29,974,258)</u>	<u>(2,387,611)</u>	<u>232,597</u>	<u>(32,129,272)</u>
Total capital assets being depreciated, net	<u>28,352,238</u>	<u>(975,367)</u>	<u>(48,480)</u>	<u>27,328,391</u>
Governmental activities capital assets, net	<u>\$ 33,974,734</u>	<u>\$ 1,303,825</u>	<u>\$ (204,540)</u>	<u>\$ 35,074,019</u>

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 139,434	\$ -	\$ -	\$ 139,434
Construction in progress	444,345	-	(444,345)	-
Total capital assets not being depreciated	<u>583,779</u>	<u>-</u>	<u>(444,345)</u>	<u>139,434</u>
Capital assets being depreciated:				
Buildings	105,020	-	-	105,020
Improvements other than buildings	36,896,488	1,468,573	-	38,365,061
Machinery and equipment	1,179,568	101,691	(4,216)	1,277,043
Automobiles and trucks	1,271,070	-	-	1,271,070
Total capital assets being depreciated	<u>39,452,146</u>	<u>1,570,264</u>	<u>(4,216)</u>	<u>41,018,194</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	(6,742)	(2,304)	-	(9,046)
Improvements other than buildings	(13,132,869)	(805,071)	-	(13,937,940)
Machinery and equipment	(759,735)	(68,124)	4,216	(823,643)
Automobiles and trucks	(1,129,568)	(64,687)	-	(1,194,255)
Total accumulated depreciation:	<u>(15,028,914)</u>	<u>(940,186)</u>	<u>4,216</u>	<u>(15,964,884)</u>
Total capital assets being depreciated, net	<u>24,423,232</u>	<u>630,078</u>	<u>-</u>	<u>25,053,310</u>
Business-type activities capital assets, net	<u>\$ 25,007,011</u>	<u>\$ 630,078</u>	<u>\$ (444,345)</u>	<u>\$ 25,192,744</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 306,988
Public Safety	496,001
Public works, including depreciation of general infrastructure assets	985,357
Parks and recreation	522,897
Information technology	76,368
Total depreciation expense - governmental activities	<u>\$ 2,387,611</u>
Business-type activities:	
Water and sewer utility	\$ 761,403
Storm water utility	132,780
Solid waste utility	46,003
Total depreciation expense - business-type activities	<u>\$ 940,186</u>

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2018, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise fund	General fund	\$ 287,300

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Inter-fund transfers:

Receivable Fund	Payable Fund	Amount
Fire & Rescue facilities equipment - capital projects fund	General fund	\$ 169,400
Parks and recreational facilities improvements - capital projects fund	General fund	1,623,000
Capital improvements - capital projects fund	General fund	275,000
		<u>\$ 2,067,400</u>

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenditure/expense) until then. The City has \$3,520,128 in deferred charges related to pension plans. See Note 6 for a summary of this amount. In addition, the City advance defeased \$4,930,000 of outstanding Water and Sewer Revenue Bonds, Series 2008 (water and sewer utility fund). The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and amortized as a component of interest expense. The amount deferred was \$80,876 of which \$8,088 was amortized as interest expense, resulting in a remaining balance of \$72,788.

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

	Governmental Funds	Governmental Activities	Business Type Activities
Property taxes not yet levied	\$ 3,345,841	\$ 3,345,841	\$ -
Property taxes received not yet levied	312,791	312,791	-
Funding received for future use	170,182	170,182	-
Pensions	-	2,840,043	209,591
Special assessments levied	800	800	-
	<u>\$ 3,829,614</u>	<u>\$ 6,669,657</u>	<u>\$ 209,591</u>

Long-Term Debt and Liabilities

Water and Sewer Revenue Refunding Bonds

In October 2017 the City issued \$4,599,000 of water and sewer revenue refunding bonds, series 2017 with an average interest rate of 2.057 percent to advance refund \$4,930,000 of outstanding water and sewer revenue bonds, series 2008 with an average interest rate of 4.244 percent. The net proceeds of \$5,010,876, (after payment of \$55,943 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$4,930,000 of the outstanding 2008 Series bonds. As a result, these 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The City completed the advance refunding to reduce its total debt service payments over the next 10 years by \$519,275 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$459,627.

The bonds bear interest at 2.057% and mature in March 2028. Interest is due semi-annually in September and March, while principal payments are due annually in March.

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

Year Ending June 30	Interest	Principal	Total
2019	\$ 386,000	\$ 133,229	\$ 519,229
2020	437,000	86,660	523,660
2021	440,000	77,672	517,672
2022	448,000	68,620	516,620
2023	460,000	59,406	519,406
2024-2028	2,428,000	151,886	2,579,886
	<u>\$ 4,599,000</u>	<u>\$ 577,473</u>	<u>\$ 4,657,244</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 117,000	\$ -	\$ (117,000)	\$ -	\$ -
Recaptured losses	116,887	45,286	(38,626)	123,547	40,818
Compensated absences	1,347,999	982,977	(883,495)	1,447,481	157,236
Governmental activities - Long-term liabilities	<u>\$ 1,581,886</u>	<u>\$ 1,028,263</u>	<u>\$ (1,039,121)</u>	<u>\$ 1,571,028</u>	<u>\$ 198,054</u>
Business-type activities:					
Bonds payable	\$ 4,931,711	\$ 4,597,289	\$ (4,930,000)	\$ 4,599,000	\$ 386,000
Compensated absences	102,105	21,583	-	123,688	24,620
Business-type activities - Long-term liabilities	<u>\$ 5,033,816</u>	<u>\$ 4,618,872</u>	<u>\$ (4,930,000)</u>	<u>\$ 4,722,688</u>	<u>\$ 410,620</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$123,547 of internal service funds recaptured losses and \$39,549 of compensated absences is included in the above amounts and will be liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

Fund Balances

The City is required to restrict part of its fund balance to account for the extent to which it is bound to honor constraints on the specific purpose of funds. Fund balance allocations are presented in the statement of net position and the balance sheet of the governmental funds.

The non-spendable portion of fund balance relates to inventory, prepaid items and investment in land. The restricted balance consists of the remaining Class C Roads and Local Option Sales Tax funds. No portion of fund balance was considered to be committed. At June 30, 2018 assigned fund balance is as follows:

	General Fund	Capital Projects Fund	Park Development Fund	Storm Sewer Development Fund	Cemetery Fund	RDA
Governmental Funds:						
Purchase obligations	\$ 316,983	\$ -	\$ -	\$ -	\$ -	\$ -
Legislative programs	15,222	-	-	-	-	-
Traffic school	16,192	-	-	-	-	-
Capital improvements	-	103,112	-	-	-	-
Recreational facilities	-	1,798,973	195,083	-	-	-
Fire apparatus	-	699,344	-	-	-	-
Storm sewer	-	-	-	269,911	-	-
Cemetery	-	-	-	-	164,841	-
Redevelopment	-	-	-	-	-	1,833,708
	<u>\$ 348,397</u>	<u>\$ 2,601,429</u>	<u>\$ 195,083</u>	<u>\$ 269,911</u>	<u>\$ 164,841</u>	<u>\$ 1,833,708</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

- *Purchase commitments* represent resources that will be used to liquidate purchase orders which were not completed by year end.
- *Legislative programs* represents residual funds acquired from donations and set aside for the Roy Days celebration.
- *Traffic school* represents residual funds acquired from traffic school and set aside for police equipment purchases.
- *Capital improvements* are funds set aside to improve or construct City infrastructure. Funding comes from a transfer from the general fund.
- *Recreational facilities* are funds set aside for improvements to or construction of parks and recreational facilities. Assignments under the capital project fund are annual transfers from the general fund. Park development funds are acquired from a fee charged on building permits.
- *Fire apparatus* are funds set aside for the purchase of fire trucks and ambulances and acquired through a transfer from the general fund.
- *Storm sewer* is funds set aside to improve or construct storm sewer infrastructure. Storm sewer development funds are acquired from a fee charged on building permits.
- *Cemetery* is funds set aside to expand the City cemetery and acquired through the sale of cemetery plots.
- *Redevelopment* is property tax assessments acquired by the Redevelopment Agency for redevelopment of specific areas of the City.

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

5. Employee Retirement Systems and Pension Plans

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:

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Summary of Benefits Provided

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Non-Contributory	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Contributory	Highest 5 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0 per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.50% per year all years	Up to 2.5%

* With actuarial reductions

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

Contribution Rate Summary

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

Contribution rates as of June 30, 2018 are as follows:

System	Employee	Employer	Employer 401(k)
Contributory System			
11 Local Government Div - Tier1	6.00%	14.46%	N/A
111 Local Government Div - Tier2	N/A	15.11%	1.58%
Noncontributory System			
15 Local Government Div Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	23.73%	1.26%
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	3.93%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	10.82%	1.26%
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	12.00%
232 Firefighters	N/A	0.08%	12.00%

*** Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 556,332	N/A
Contributory System	12,736	-
Public Safety System	617,925	-
Firefighters Retirement System	42,876	12,566
Tier 2 Public Employees System	126,587	-
Tier 2 Public Safety and Firefighter	164,553	-
Tier 2 DC Only System	9,718	N/A
Tier 2 DC Public Safety and Firefighter System	5,563	N/A
	<u>\$ 1,536,290</u>	<u>\$ 12,566</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2018, we reported a net pension asset of \$252,486 and a net pension liability of \$3,531,082.

System	Measurement Date: December 31, 2017			December 31, 2016	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Increase (Decrease)
Noncontributory System	\$ -	\$ 1,542,480	0.3520598%	0.3358198%	0.0162400%
Contributory System	-	34,563	0.4276500%	0.3362274%	0.0914226%
Public Safety System	-	1,946,645	1.2409621%	1.1839327%	0.0570294%
Firefighters Retirement System	241,626	-	3.8688262%	4.0952062%	-0.2263800%
Tier 2 Public Employees System	-	7,394	0.8386080%	0.0794033%	0.7592047%
Tier 2 Public Safety and Firefighter	10,860	-	0.9385360%	1.0268670%	-0.0883310%
	<u>\$ 252,486</u>	<u>\$ 3,531,082</u>			

The net pension asset and liability were measured as of December 31, 2017. 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, 2017 and rolled forward using general accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018 we recognized pension expense of \$1,622,326.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

At June 30, 2018 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

System	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,349	\$ 500,932
Changes in assumptions	1,634,399	142,362
Net difference between projected and actual earnings on pension plan investments	889,173	2,312,550
Changes in proportion and differences between contributions and proportionate share of contributions	194,043	93,790
Contributions subsequent to the measurement date	762,164	-
	<u>\$ 3,520,128</u>	<u>\$ 3,049,634</u>

\$762,164 reported as deferred outflows of resources related to pensions, results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows / (Inflows) of Resources
2018	\$ 192,360
2019	283,639
2020	(389,508)
2021	(477,707)
2022	49,110
Thereafter	50,436

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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 in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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

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

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 4,171,589	\$ 1,542,480	\$ (643,494)
Contributory System	234,353	34,565	(133,022)
Public Safety System	4,904,671	1,946,645	(450,801)
Firefighters Retirement System	1,030,958	(241,629)	(1,269,898)
Tier 2 Public Employees System	87,058	7,394	(54,039)
Tier 2 Public Safety and Firefighter	96,168	(10,860)	(92,629)
	<u>\$ 10,524,797</u>	<u>\$ 3,278,595</u>	<u>\$ (2,643,883)</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

401(k) Plan

457(b) Plan

Roth IRA Plan

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

	2018	2017	2016
401(k) Plan			
Employer Contributions	46,241	37,457	25,961
Employee Contributions	11,499	14,185	12,094
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	23,525	19,555	18,689
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,534	7,125	8,465

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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 23.98% for administrative participants, minus the City's contribution to the Utah State Retirement System on behalf of the participant for the plan year. Participants are not required to contribute to this plan but may make voluntary after tax contributions. Benefits after termination of employment are paid to individuals based on account balances in lump sum, or as periodic benefit payments, at the option of the participant. Authority to establish and amend the provisions and contribution requirements lies with the Roy City Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$10,739,057 and eligible payroll under this plan was \$8,874,444 for the same period. At June 30, 2018 total plan assets were \$5,609,788. Total contribution requirements were \$49,479, or .56% of covered payroll, and were paid by the due dates.

6. Other Information

Redevelopment Agency

The Redevelopment Agency of Roy Utah (RDA) consists of four project areas and does not pay tax increment to any other taxing agency. The RDA pays the City a management fee, which totaled \$162,769 for FY 2018.

Financial information relating to the project areas for the fiscal year ending June 30, 2018 is as follows:

	Project Area #2	Project Area #3	Project Area #4	General
Tax increment collected	\$ 50,572	\$ 7,231	\$ -	\$ -
Contributions from other government units	237,797	33,440	-	-
Amounts expended for:			-	-
Administrative costs	146,769	11,000	-	5,000
Redevelopment activities	64,327	-	-	20

Commitments

The City had purchase orders outstanding at the end of the year which had not been fulfilled. For the general fund the commitments totaled \$316,983. The City had no open contracts for which work had not begun at June 30, 2018.

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-

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2018

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, 2018, 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, 2018, 2017, and 2016, 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 \$478,972 at June 30, 2018.

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, 2018, the City had not been informed by federal or state agencies of any grant violations.

Litigation and Claims

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

Subsequent Event

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

REQUIRED SUPPLEMENTARY INFORMATION

Changes in Pension Assumptions

The following actuarial assumption changes were adopted January 1, 2017. The assumed investment return assumption was decreased from 7.20% to 6.95% and the assumed inflation rate was decreased from 2.60% to 2.50%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.10% from the prior year's assumption.

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability in Utah Retirement Systems - Last 10 Fiscal Years
December 31, 2017

	Year Ending December 31	Non- Contributory System	Contributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportion of the net pension liability / (asset)	2017	0.3520598%	0.4247650%	1.2409621%	3.8688262%	0.0838608%	0.9385360%
	2016	0.3358198%	0.3362274%	1.1839327%	4.0952062%	0.0794033%	1.0268670%
	2015	0.3608630%	0.1789819%	1.1519670%	4.4745102%	0.0770444%	1.0019573%
	2014	0.3506427%	0.1367805%	1.2351900%	4.4969546%	0.0727692%	1.0948718%
Proportionate share of the net pension liability / (asset)	2017	\$ 1,542,480	\$ 34,565	\$ 1,946,645	\$ (241,629)	\$ 7,394	\$ (10,860)
	2016	2,156,374	110,320	2,402,526	(32,284)	8,857	(8,914)
	2015	2,041,938	125,798	2,063,462	(81,042)	(168)	(14,639)
	2014	1,522,573	39,453	1,553,354	(256,614)	(2,205)	(16,197)
Covered employee payroll	2017	\$ 3,026,142	\$ 86,192	\$ 1,730,852	\$ 1,131,855	\$ 821,370	\$ 990,872
	2016	2,944,508	80,674	1,620,081	1,150,834	651,172	848,418
	2015	3,122,071	76,262	1,550,072	1,203,594	497,757	596,172
	2014	3,004,330	73,029	1,667,574	1,180,946	357,223	452,855
Proportionate share of the net pension liability / (asset) as a percentage of its covered employee payroll	2017	50.97%	40.10%	112.47%	-21.35%	0.90%	-1.10%
	2016	73.23%	136.75%	148.30%	-2.81%	1.36%	-1.05%
	2015	65.40%	164.96%	133.12%	-6.73%	-0.03%	-2.46%
	2014	50.70%	54.00%	93.20%	-21.70%	-0.06%	-3.60%
Plan fiduciary net position as a percentage of the total net pension	2017	91.9%	98.2%	90.2%	103.0%	97.4%	103.0%
	2016	87.3%	92.9%	86.5%	100.4%	95.1%	103.6%
	2015	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
	2014	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

Required Supplementary Information
Schedule of Utah State Retirement Systems Contributions - Last 10 Fiscal Years
June 30, 2018

	As of Fiscal	Actuarial	Contributions in	Contribution	Covered	Contributions
	Year Ended	Determined	Contractually	deficiency	Paroll	as a Percentage
	June 30,	Contributions	Required	(excess)		of Covered
			Contribution			Employee
						Payroll
Noncontributory syster	2018	\$ 556,332	\$ 556,332	\$ -	\$ 3,088,157	18.02%
	2017	526,565	526,565	-	2,936,523	17.93%
	2016	537,756	537,756	-	3,000,792	17.92%
	2015	552,605	552,605	-	3,063,484	18.04%
Contributory System	2018	\$ 12,736	\$ 12,736	\$ -	\$ 88,076	14.46%
	2017	11,850	11,850	-	81,953	14.46%
	2016	11,379	11,379	-	78,691	14.46%
	2015	10,778	10,778	-	74,535	14.46%
Public Safety system	2018	\$ 617,925	\$ 617,925	\$ -	\$ 1,769,295	34.92%
	2017	580,929	580,929	-	1,663,874	34.91%
	2016	555,499	555,499	-	1,564,573	35.50%
	2015	573,975	573,975	-	1,607,323	35.71%
Firefighters system	2018	\$ 42,876	\$ 42,876	\$ -	\$ 1,091,723	3.93%
	2017	45,198	45,198	-	1,167,685	3.87%
	2016	45,897	45,897	-	1,155,267	3.97%
	2015	45,783	45,783	-	1,207,295	3.79%
Tier 2 public employees system*	2018	\$ 126,587	\$ 126,587	\$ -	\$ 840,147	15.07%
	2017	116,161	116,161	-	783,685	14.82%
	2016	82,639	82,639	-	555,939	14.86%
	2015	64,590	64,590	-	432,329	14.94%
Tier 2 public safety and firefighters system*	2018	\$ 164,553	\$ 164,553	\$ -	\$ 1,051,689	15.65%
	2017	152,448	152,448	-	971,487	15.69%
	2016	113,608	113,608	-	685,924	16.56%
	2015	93,295	93,295	-	543,231	17.17%
Tier 2 public employees DC only system*	2018	\$ 9,718	\$ 9,718	\$ -	\$ 145,259	6.69%
	2017	3,867	3,867	-	59,555	6.49%
	2016	1,915	1,915	-	28,632	6.69%
	2015	827	827	-	12,301	6.72%
Tier 2 public safety and firefighters DC only system*	2018	\$ 5,563	\$ 5,563	\$ -	\$ 42,828	12.99%
	2017	5,153	5,153	-	39,670	12.99%
	2016	4,739	4,739	-	36,480	12.99%
	2015	-	-	-	-	0.00%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 System.

Tier 2 Systems were created effective July 1, 2011.

Non-major Governmental Funds

Special Revenue Funds

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

Storm Sewer Development – This fund is used to account for impact fees imposed for the expansion and enlargement of the City's storm sewer system. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Fees must be held in a separate ledger account, retain the interest earned, and may only be expended for system improvements in the specific public facility type for which the fee was collected.)

Park Development – This fund is used to account for the impact fees imposed for the expansion and enlargement of the City's parks. (Impact fees are a one-time charge imposed by a local government to mitigate the impact on infrastructure caused by new development. Fees must be held in a separate ledger account, retain the interest earned, and may only be expended for system improvements in the specific public facility type for which the fee was collected.)

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

Capital Projects Funds

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

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

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

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

ROY CITY CORPORATION
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
ASSETS				
Cash	\$ 269,911	\$ 193,608	164,841	\$ 628,360
Accounts Receivable, net	-	1,475	-	1,475
Total Assets	<u>269,911</u>	<u>195,083</u>	<u>164,841</u>	<u>629,835</u>
LIABILITIES				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES				
Assigned	<u>269,911</u>	<u>195,083</u>	<u>164,841</u>	<u>629,835</u>
Total fund balances	<u>269,911</u>	<u>195,083</u>	<u>164,841</u>	<u>629,835</u>
Total liabilities and fund balances	<u>\$ 269,911</u>	<u>\$ 195,083</u>	<u>\$ 164,841</u>	<u>\$ 629,835</u>

ROY CITY CORPORATION
Combining Balance Sheet, continued
Non-Major Governmental Funds
June 30, 2018

Capital Improvements	Capital Projects Funds			Total Non-Major Governmental Funds
	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	
\$ 179,523	\$ 699,344	\$ 1,813,533	\$ 2,692,400	\$ 3,320,760
-	-	-	-	1,475
<u>179,523</u>	<u>699,344</u>	<u>1,813,533</u>	<u>2,692,400</u>	<u>3,322,235</u>
76,411	-	14,560	90,971	90,971
<u>76,411</u>	<u>-</u>	<u>14,560</u>	<u>90,971</u>	<u>90,971</u>
103,112	699,344	1,798,973	2,601,429	3,231,264
<u>103,112</u>	<u>699,344</u>	<u>1,798,973</u>	<u>2,601,429</u>	<u>3,231,264</u>
<u>\$ 179,523</u>	<u>\$ 699,344</u>	<u>\$ 1,813,533</u>	<u>\$ 2,692,400</u>	<u>\$ 3,322,235</u>

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

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
Revenues:				
Impact fees	\$ 82,361	27,460	\$ -	\$ 109,821
Investment earnings	4,482	3,222	-	7,704
Other income	-	-	242	242
Total revenues	<u>86,843</u>	<u>30,682</u>	<u>242</u>	<u>117,767</u>
Expenditures:				
Project outlays	<u>8,001</u>	<u>11,126</u>	<u>-</u>	<u>19,127</u>
Total expenditures	<u>8,001</u>	<u>11,126</u>	<u>-</u>	<u>19,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,842</u>	<u>19,556</u>	<u>242</u>	<u>98,640</u>
Other financing sources				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	78,842	19,556	242	98,640
Fund balances - beginning of year	191,069	175,527	164,599	531,195
Fund balances - end of year	<u>\$ 269,911</u>	<u>\$ 195,083</u>	<u>\$ 164,841</u>	<u>\$ 629,835</u>

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

Capital Improvements	Capital Projects Funds			Total Non-Major Governmental Funds
	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ 109,821
48,983	-	-	48,983	56,687
-	-	-	-	242
48,983	-	-	48,983	166,750
427,983	-	889,717	1,317,700	1,336,827
427,983	-	889,717	1,317,700	1,336,827
(379,000)	-	(889,717)	(1,268,717)	(1,170,077)
275,000	169,400	1,623,000	2,067,400	2,067,400
275,000	169,400	1,623,000	2,067,400	2,067,400
(104,000)	169,400	733,283	798,683	897,323
207,112	529,944	1,065,690	1,802,746	2,333,941
\$ 103,112	\$ 699,344	\$ 1,798,973	\$ 2,601,429	\$ 3,231,264

ROY CITY CORPORATION
Storm Sewer Development - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 18,750	\$ 18,750	\$ 82,361	\$ 63,611
Investment earnings	2,000	2,000	4,482	2,482
Total revenue	<u>20,750</u>	<u>20,750</u>	<u>86,843</u>	<u>66,093</u>
Expenditures:				
Project Outlays	<u>20,750</u>	<u>146,000</u>	<u>8,001</u>	<u>(137,999)</u>
Total expenditures	<u>20,750</u>	<u>146,000</u>	<u>8,001</u>	<u>(137,999)</u>
Net change in fund balance	-	(125,250)	78,842	204,092
Fund balance - beginning of year	<u>191,069</u>	<u>191,069</u>	<u>191,069</u>	<u>1,586,792</u>
Fund balance - end of year	<u>\$ 191,069</u>	<u>\$ 65,819</u>	<u>\$ 269,911</u>	<u>\$ 1,790,884</u>

ROY CITY CORPORATION
Park Development - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 25,000	\$ 25,000	\$ 27,460	\$ 2,460
Investment earnings	3,000	3,000	3,222	222
Total revenue	<u>28,000</u>	<u>28,000</u>	<u>30,682</u>	<u>2,682</u>
Expenditures:				
Project Outlays	115,000	115,000	11,126	(103,874)
Total expenditures	<u>115,000</u>	<u>115,000</u>	<u>11,126</u>	<u>(103,874)</u>
Net change in fund balance	(87,000)	(87,000)	19,556	106,556
Fund balance - beginning of year	175,527	175,527	175,527	1,586,792
Fund balance - end of year	<u>\$ 88,527</u>	<u>\$ 88,527</u>	<u>\$ 195,083</u>	<u>\$ 1,693,348</u>

ROY CITY CORPORATION
Cemetery - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Other Revenue	\$ -	\$ -	\$ 242	\$ 242
Total revenue	-	-	242	242
Net change in fund balance	-	-	242	242
Fund balance - beginning of year	164,599	164,599	164,599	1,586,792
Fund balance - end of year	<u>\$ 164,599</u>	<u>\$ 164,599</u>	<u>\$ 164,841</u>	<u>\$ 1,587,034</u>

ROY CITY CORPORATION
Capital Improvement Plan - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 48,983	\$ 48,983
Total revenues	-	-	48,983	48,983
Expenditures:				
Project Outlays	150,000	482,112	427,983	(54,129)
Total expenditures	150,000	482,112	427,983	(54,129)
Other Financing Sources:				
Transfers In/(Out)	-	275,000	275,000	-
Total Other Financing Sources	-	275,000	275,000	-
Net change in fund balance	(150,000)	(207,112)	(104,000)	103,112
Fund balance - beginning of year	207,112	207,112	207,112	-
Fund balance - end of year	\$ 57,112	\$ -	\$ 103,112	\$ 103,112

ROY CITY CORPORATION
Fire and Rescue Facilities and Equipment - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Other Financing Sources:				
Transfers In/(Out)	260,500	169,400	169,400	-
Total Other Financing Sources	260,500	169,400	169,400	-
Net change in fund balance	260,500	169,400	169,400	-
Fund balance - beginning of year	529,944	529,944	529,944	-
Fund balance - end of year	\$ 790,444	\$ 699,344	\$ 699,344	\$ -

ROY CITY CORPORATION
Recreational Facilities Improvements - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ 800,000	\$ 2,688,690	\$ 889,717	\$ (1,798,973)
Total expenditures	<u>800,000</u>	<u>2,688,690</u>	<u>889,717</u>	<u>(1,798,973)</u>
Other Financing Sources:				
Transfers In/(Out)	-	1,623,000	1,623,000	-
Total Other Financing Sources	<u>-</u>	<u>1,623,000</u>	<u>1,623,000</u>	<u>-</u>
Net change in fund balance	(800,000)	(1,065,690)	733,283	1,798,973
Fund balance - beginning of year	1,065,690	1,065,690	1,065,690	-
Fund balance - end of year	<u>\$ 265,690</u>	<u>\$ -</u>	<u>\$ 1,798,973</u>	<u>\$ 1,798,973</u>

Internal Service Funds

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

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

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

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Net Position
June 30, 2018

	Information Technology	Risk Management	Total
ASSETS			
Current assets:			
Cash	\$ 96,775	\$ 607,116	\$ 703,891
Prepaid items	30,318	-	30,318
Total current assets	<u>127,093</u>	<u>607,116</u>	<u>734,209</u>
Noncurrent assets:			
Net pension asset	3,760	-	3,760
Capital assets:			
Furnishings and fixtures	1,998	-	1,998
Computer hardware	599,474	-	599,474
Software	96,080	-	96,080
Less accumulated depreciation	<u>(476,427)</u>	<u>-</u>	<u>(476,427)</u>
Total capital assets net of accumulated depreciation	<u>221,125</u>	<u>-</u>	<u>221,125</u>
Total noncurrent assets	<u>224,885</u>	<u>-</u>	<u>224,885</u>
Total assets	<u>351,978</u>	<u>607,116</u>	<u>959,094</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	44,620	-	44,620
Total deferred outflows of resources	<u>\$ 44,620</u>	<u>\$ -</u>	<u>\$ 44,620</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Net Position, continued
June 30, 2018

	Information Technology	Risk Management	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,753	\$ 4,597	\$ 11,350
Accrued Wages	11,170	-	11,170
Compensated absences	4,933	-	4,933
Recaptured losses	-	40,818	40,818
Total current liabilities	<u>22,856</u>	<u>45,415</u>	<u>68,271</u>
Long-term liabilities, less current portion:			
Compensated absences	34,612	-	34,612
Recaptured losses	-	82,729	82,729
Net pension liability	31,001	-	31,001
Total liabilities	<u>88,469</u>	<u>128,144</u>	<u>216,613</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	45,882	-	45,882
Total deferred inflows of resources	<u>45,882</u>	<u>-</u>	<u>45,882</u>
NET POSITION			
Net investments in capital assets	221,125	-	221,125
Unrestricted	41,122	478,972	520,094
Total net position	<u>\$ 262,247</u>	<u>\$ 478,972</u>	<u>\$ 741,219</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Information Technology	Risk Management	Total
Operating revenues:			
Charges for services	\$ 423,616	\$ 291,750	\$ 715,366
Other income	-	5,941	5,941
Total operating revenue	<u>423,616</u>	<u>297,691</u>	<u>721,307</u>
Operating expenses:			
Personnel services	215,263	-	215,263
Contractual services	109,277	174,712	283,989
Materials and supplies	43,585	-	43,585
Other general costs of services	2,643	121,448	124,091
Depreciation	76,368	-	76,368
Total Operating expenses	<u>447,136</u>	<u>296,160</u>	<u>743,296</u>
Operating income (loss)	<u>(23,520)</u>	<u>1,531</u>	<u>(21,989)</u>
Non-operating revenues and (expenses):			
Gain/(loss) on sale of assets	(5,827)	-	(5,827)
Total non-operating revenues/(expenses)	<u>(5,827)</u>	<u>-</u>	<u>(5,827)</u>
Changes in net position	(29,347)	1,531	(27,816)
Total net position - beginning	291,594	477,441	769,035
Total net position - ending	<u>\$ 262,247</u>	<u>\$ 478,972</u>	<u>\$ 741,219</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Information Technology	Risk Management	Total
Cash flows from operating activities:			
Cash received from interfund services provided	\$ 423,616	\$ 291,750	\$ 715,366
Other income	-	5,941	5,941
Payments to suppliers	(162,536)	(285,307)	(447,843)
Payments to employees	(197,074)	-	(197,074)
Net cash provided by operating activities	64,006	12,384	76,390
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(52,480)	-	(52,480)
Net cash used in capital and related financing activities	(52,480)	-	(52,480)
Net increase (decrease) in cash	11,526	12,384	23,910
Cash - beginning of year	85,249	594,732	679,981
Cash - end of year	\$ 96,775	\$ 607,116	\$ 703,891
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (23,520)	\$ 1,531	\$ (21,989)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	76,368	-	76,368
(Increase) decrease in prepaids	(2,865)	1,580	(1,285)
(Increase) decrease in deferred outflows	(8,437)	-	(8,437)
(Increase) decrease in net pension asset	(3,760)	-	(3,760)

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows, continued
For the Fiscal Year Ended June 30, 2018

	Information Technology	Risk Management	Total
Increase (decrease) in accounts payable	(4,166)	2,613	(1,553)
Increase (decrease) in accrued wages	8,399	-	8,399
Increase (decrease) in compensated absences	8,064	-	8,064
Increase (decrease) in deferred inflows	34,340	-	34,340
Increase (decrease) in net pension liability	(20,417)	-	(20,417)
Increase (decrease) in recaptured losses	-	6,660	6,660
Total adjustments	87,526	10,853	98,379
Net cash provided by operating activities	\$ 64,006	\$ 12,384	\$ 76,390

**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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Governmental funds capital assets:		
Land	\$ 3,745,256	\$ 3,901,316
Buildings	11,780,077	11,692,586
Improvements other than buildings	35,399,674	35,277,478
Machinery and equipment	4,391,993	4,287,971
Vehicles	7,188,369	6,595,180
Construction in progress	4,000,372	1,721,180
Total governmental funds capital assets	<u>\$ 66,505,741</u>	<u>\$ 63,475,711</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 37,374,089	\$ 36,228,548
Capital projects fund	16,560,023	15,242,323
Special revenue funds	8,306,834	7,804,250
Donations	4,264,794	4,200,590
Total governmental funds capital assets	<u>\$ 66,505,741</u>	<u>\$ 63,475,711</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, 2018

Function and Activity	Land	Buildings	Improvmts other than Buildings	Machinery and Equipment	Vehicles	Constructn in Progress	Total
General government:							
Legislative	\$ 1,125,238	\$ -	\$ 4,525	\$ 37,236	\$ 39,469	\$ 20,031	\$ 1,226,499
Legal	-	-	-	4,707	-	-	4,707
Justice court	-	-	-	51,708	-	-	51,708
Community dvlpmt.	-	-	-	34,570	72,734	-	107,304
Finance	-	-	3,970	35,693	-	-	39,663
Public buildings	-	9,065,932	711,991	339,400	215,797	245,871	10,578,991
Total	1,125,238	9,065,932	720,486	503,314	328,000	265,902	12,008,872
Public safety:							
Fire	69,417	938,782	35,311	826,282	2,691,593	-	4,561,385
Police	-	-	1,768	242,652	1,638,402	-	1,882,822
Total	69,417	938,782	37,079	1,068,934	4,329,995	-	6,444,207
Public works:							
Administration	185,268	-	22,208	48,790	25,656	-	281,922
Class "C" roads	26,273	227,426	8,382,629	606,197	1,679,514	99,989	11,022,028
Fleet services	-	-	-	109,666	69,390	-	179,056
Streets	327,700	2,275	16,071,420	689,457	255,279	612,607	17,958,738
Trans. Infrastructure	-	-	134,395	10,000	-	354,281	498,676
Total	539,241	229,701	24,610,652	1,464,110	2,029,839	1,066,877	29,940,420
Parks and recreation:							
Aquatic center	963,940	-	4,516,397	380,833	-	-	5,861,170
Beautification	-	-	-	3,579	-	835,117	838,696
Parks	1,047,420	174,931	5,008,063	535,754	394,488	1,832,476	8,993,132
Recreation	-	471,596	185,666	76,531	106,047	-	839,840
Recreation complex	-	899,135	321,331	358,938	-	-	1,579,404
Total	2,011,360	1,545,662	10,031,457	1,355,635	500,535	2,667,593	18,112,242
Total governmental capital assets	<u>\$ 3,745,256</u>	<u>\$ 11,780,077</u>	<u>\$ 35,399,674</u>	<u>\$ 4,391,993</u>	<u>\$ 7,188,369</u>	<u>\$ 4,000,372</u>	<u>\$ 66,505,741</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2018

Function and Activity	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
General government:				
Legislative	\$ 1,203,297	\$ 66,465	\$ (43,264)	\$ 1,226,498
Legal & risk management	4,707	-	-	4,707
Justice court	62,613	14,400	(25,305)	51,708
Community development	101,337	5,967	-	107,304
Finance	44,650	-	(4,987)	39,663
Public buildings	10,263,663	336,567	(21,239)	10,578,991
Total general government	11,680,267	423,399	(94,795)	12,008,871
Public safety:				
Fire	4,140,081	593,733	(172,429)	4,561,385
Police	1,725,314	247,052	(89,544)	1,882,822
Total public safety	5,865,395	840,785	(261,973)	6,444,207
Public works:				
Administration	274,733	7,190	-	281,923
Class "C" roads	10,884,253	137,774	-	11,022,027
Fleet services	182,451	-	(3,395)	179,056
Streets	17,400,126	558,612	-	17,958,738
Transportation infrastructure	152,991	345,685	-	498,676
Total public works	28,894,554	1,049,261	(3,395)	29,940,420
Parks and recreation:				
Aquatic center	5,848,000	22,713	(9,542)	5,861,171
Beautification	656,584	182,112	-	838,696
Parks	8,168,214	1,045,019	(220,102)	8,993,131
Recreation	843,102	11,750	(15,011)	839,841
Recreation complex	1,519,595	63,919	(4,110)	1,579,404
Total parks and recreation	17,035,495	1,325,513	(248,765)	18,112,243
Total governmental funds capital assets	\$ 63,475,711	\$ 3,638,958	\$ (608,928)	\$ 66,505,741

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

STATISTICAL SECTION

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

Contents	Page
FINANCIAL TRENDS	106
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
REVENUE CAPACITY	119
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.</i>	
DEBT CAPACITY	125
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
DEMOGRAPHICS AND ECONOMIC INFORMATION	129
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
OPERATING INFORMATION	131
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

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

ROY CITY CORPORATION
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Contributions from other Gvt Units	Miscellaneous	Total
2017-18	\$ 14,835,045	\$ 1,942,147	\$ 541,446	\$ 12,478,793	\$ 367,027	\$ 661,586	\$ 1,202,695	\$ 32,028,739
2016-17	14,222,446	1,628,543	133,683	12,189,922	212,108	755,046	294,155	29,435,903
2015-16	13,511,142	1,356,020	260,587	10,850,597	127,281	453,589	292,758	26,851,974
2014-15	12,991,240	1,261,884	236,149	10,620,108	818,374	-	1,303,945	27,231,700
2013-14	11,597,798	1,267,654	435,080	10,491,898	80,969	-	622,877	24,496,276
2012-13	11,428,781	1,263,404	1,329,151	10,168,511	593,896	-	731,494	25,515,237
2011-12	10,511,746	1,304,150	511,539	9,829,495	89,863	-	595,368	22,842,161
2010-11	10,268,538	1,200,056	2,873,376	9,532,826	69,702	-	402,960	24,347,458
2009-10	10,239,629	1,148,158	2,098,255	9,387,893	91,936	-	386,565	23,352,436
2008-09	9,653,597	2,169,821	1,166,628	9,565,468	358,593	-	346,839	23,260,946

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
2017-18	\$ 3,818,502	\$ 8,656,121	\$ 2,800,324	\$ 3,190,074	\$ 582	\$ 8,157,867	\$ 669,714	\$ 1,893,385	\$ 29,186,569
2016-17	3,357,633	9,060,658	3,364,725	2,998,691	4,383	7,275,028	634,642	1,780,606	28,476,366
2015-16	3,538,719	8,190,940	2,619,945	2,768,728	6,488	6,826,334	516,205	1,850,687	26,318,046
2014-15	4,330,730	7,747,025	2,514,322	2,591,095	8,445	6,075,016	498,700	1,850,632	25,615,965
2013-14	3,328,328	7,760,529	2,558,874	2,536,514	10,185	5,526,567	404,465	1,728,775	23,854,237
2012-13	3,329,353	7,612,498	2,999,507	2,623,244	8,308	4,589,355	382,653	1,608,499	23,153,417
2011-12	3,620,941	7,260,104	2,668,853	2,530,588	64,801	4,315,012	341,969	1,487,770	22,290,038
2010-11	3,258,496	7,248,790	2,639,589	2,414,439	50,897	4,111,957	368,083	1,548,614	21,640,865
2009-10	3,201,528	7,130,287	2,512,928	2,465,297	61,736	4,084,228	346,546	1,468,750	21,271,300
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

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERN- MENTAL	CHARGES FOR SERVICES	FINES AND FORFEITURES	INTEREST AND MISC	OTHER FINANCING SOURCES	TOTAL
2017-18	\$ 12,420,810	\$ 370,189	\$ 2,314,810	\$ 2,588,017	\$ 820,148	\$ 411,330	\$ 1,374,106	\$ 20,299,410
2016-17	12,124,040	455,997	1,645,327	2,555,482	679,629	420,367	452,684	18,333,526
2015-16	10,801,204	386,127	1,404,758	2,427,003	780,647	327,638	67,304	16,194,681
2014-15	10,570,367	382,323	1,365,201	2,634,076	774,217	897,476	223,450	16,847,110
2013-14	10,420,699	280,987	1,502,234	2,404,922	700,808	458,139	54,172	15,821,961
2012-13	9,602,554	234,559	1,268,489	3,272,233	730,772	470,957	1,701,928	17,281,492
2011-12	9,348,562	391,361	1,332,855	2,901,616	752,390	458,388	942,911	16,128,083
2010-11	9,045,168	282,723	1,244,242	2,741,540	723,989	430,807	358,950	14,827,419
2009-10	8,914,576	315,060	2,536,801	2,688,425	632,539	548,974	338,225	15,974,600
2008-09	9,114,522	281,482	1,498,797	2,680,954	631,725	470,449	312,092	14,990,021

Note:

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

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Debt Service	Other Financing Uses	Total
2017-18	\$ 3,570,141	\$ 9,066,057	\$ 2,771,147	\$ 2,837,011	\$ 118,170	\$ 2,067,400	\$ 20,429,926
2016-17	3,323,182	8,596,891	3,221,211	2,830,370	119,933	715,780	18,807,367
2015-16	2,839,461	8,028,590	1,702,043	2,530,734	120,014	257,025	15,477,867
2014-15	3,219,745	7,973,281	2,199,257	2,221,230	119,891	1,787,031	17,520,435
2013-14	2,925,292	8,199,184	1,815,218	2,209,599	119,596	220,025	15,488,914
2012-13	3,936,031	7,329,098	2,417,511	2,204,956	275,116	647,050	16,809,762
2011-12	3,190,479	7,359,687	1,819,427	2,050,866	311,594	657,142	15,389,195
2010-11	3,063,502	6,985,946	1,724,724	1,920,939	277,937	212,340	14,185,388
2009-10	2,994,623	6,913,952	1,834,389	1,968,899	277,501	2,162,693	16,152,057
2008-09	2,945,590	6,915,667	2,109,472	1,995,110	278,943	490,275	14,735,057

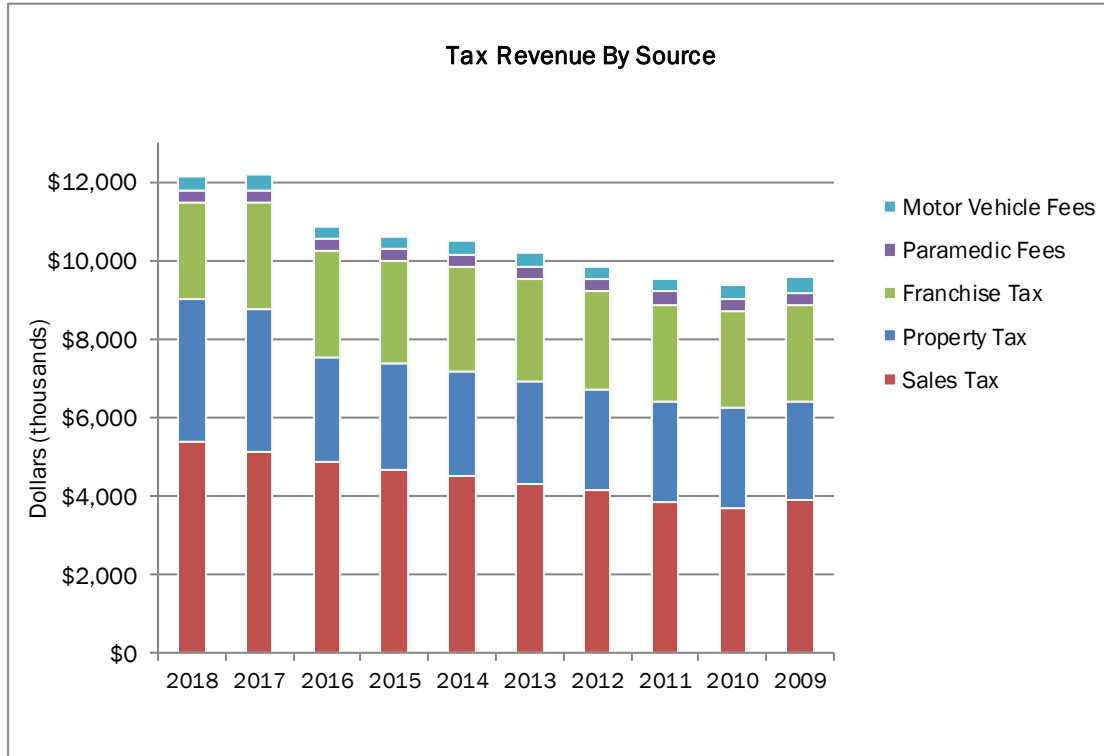
Notes:

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

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

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Paramedic Fees	Motor Vehicle Fees	Total
2018	\$ 5,399	\$ 3,634	\$ 2,413	\$ 320	\$ 378	\$ 12,144
2017	5,118	3,641	2,684	320	426	12,189
2016	4,878	2,661	2,685	320	306	10,850
2015	4,690	2,689	2,599	335	309	10,622
2014	4,498	2,658	2,697	308	330	10,491
2013	4,300	2,600	2,634	320	317	10,171
2012	4,142	2,591	2,464	320	312	9,829
2011	3,830	2,558	2,488	320	338	9,534
2010	3,701	2,550	2,455	320	363	9,389
2009	3,891	2,514	2,431	320	409	9,565



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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Invested in capital assets, net of related debt	\$ 35,589	\$ 33,743	\$ 33,326	\$ 33,958	\$ 34,249	\$ 34,469	\$ 34,239	\$ 35,269	\$ 35,212	\$ 33,055
Restricted	2,861	2,434	2,689	2,331	2,301	2,261	2,116	1,735	2,994	2,638
Unrestricted	5,309	5,511	5,686	5,787	8,085	7,958	7,256	6,476	4,274	5,390
Total governmental activities net position	<u>\$ 43,759</u>	<u>\$ 41,688</u>	<u>\$ 41,701</u>	<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>
Business-type activities										
Invested in capital assets, net of related debt	\$ 20,534	\$ 20,075	\$ 19,816	\$ 18,786	\$ 18,806	\$ 18,574	\$ 18,334	\$ 17,940	\$ 16,961	\$ 18,165
Restricted	-	-	-	-	-	-	27	1,106	485	902
Unrestricted	9,355	9,043	8,329	8,453	7,658	7,196	6,121	5,014	4,907	2,604
Total business-type activities net position	<u>\$ 29,889</u>	<u>\$ 29,118</u>	<u>\$ 28,145</u>	<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>
Primary government										
Net Investment in capital assets	\$ 56,123	\$ 53,818	\$ 53,142	\$ 52,744	\$ 53,055	\$ 53,043	\$ 52,573	\$ 53,209	\$ 52,173	\$ 51,220
Restricted	2,861	2,434	2,689	2,331	2,301	2,261	2,143	2,841	3,479	3,540
Unrestricted	14,664	14,554	14,015	14,240	15,743	15,154	13,377	11,490	9,181	7,994
Total primary government net position	<u>\$ 73,648</u>	<u>\$ 70,806</u>	<u>\$ 69,846</u>	<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>

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

Page 1 of 3

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 3,819	\$ 3,358	\$ 3,539	\$ 4,331	\$ 3,328	\$ 2,961	\$ 3,621	\$ 3,258	\$ 3,202	\$ 3,244
Public safety	8,656	9,061	8,191	7,747	7,761	7,612	7,260	7,249	7,130	7,364
Public works	2,800	3,365	2,620	2,514	2,559	2,677	2,669	2,640	2,513	2,896
Parks and recreation	3,190	2,998	2,769	2,591	2,536	2,604	2,531	2,414	2,465	2,593
Interest and fiscal charges	1	4	6	8	10	8	65	51	62	93
Total governmental activities expenses	18,466	18,786	17,125	17,191	16,194	15,862	16,146	15,612	15,372	16,190
Business-type activities:										
Water and sewer utility	8,158	7,275	6,826	6,075	5,527	5,141	4,315	4,112	4,084	4,103
Storm sewer utility	670	635	516	499	404	438	342	368	346	348
Solid waste utility	1,893	1,780	1,851	1,850	1,729	1,711	1,488	1,549	1,469	1,457
Total business-type activities expenses	10,721	9,690	9,193	8,424	7,660	7,290	6,145	6,029	5,899	5,908
Total primary government expenses	\$ 29,187	\$ 28,476	\$ 26,318	\$ 25,615	\$ 23,854	\$ 23,152	\$ 22,291	\$ 21,641	\$ 21,271	\$ 22,098
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,246	\$ 1,213	\$ 1,236	\$ 1,191	\$ 966	\$ 987	\$ 1,164	\$ 1,034	\$ 993	\$ 874
Public safety	1,558	1,534	1,466	1,675	1,454	1,463	1,182	1,040	956	1,064
Public works	-	23	51	80	92	114	49	71	129	109
Parks and recreation	974	1,046	965	941	928	1,079	1,066	1,006	1,028	922
Operating grants and contributions	1,942	1,628	1,356	1,262	1,268	1,263	1,304	1,200	1,148	2,170
Capital grants and contributions	482	92	160	178	435	734	511	1,559	1,946	408
Total governmental activities program revenues	6,202	5,536	5,234	5,327	5,143	5,640	5,276	5,910	6,200	5,547

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

Page 2 of 3

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues, continued:										
Business-type activities:										
Charges for services:										
Water and sewer utility	8,168	7,433	6,833	6,169	5,704	5,441	4,775	4,855	4,871	4,522
Storm sewer utility	848	849	840	835	371	367	364	363	360	359
Solid waste utility	2,041	2,125	2,119	2,099	2,083	1,976	1,913	1,900	1,901	1,803
Capital grants and contributions	59	42	100	58	-	595	-	1,314	152	759
Total business-type activities program revenues	11,116	10,449	9,892	9,161	8,158	8,379	7,052	8,432	7,284	7,443
Total primary government program revenues	\$ 17,318	\$ 15,985	\$ 15,126	\$ 14,488	\$ 13,301	\$ 14,019	\$ 12,328	\$ 14,342	\$ 13,484	\$ 12,990
Net (expense)/revenue:										
Governmental activities	\$ (12,264)	\$ (13,250)	\$ (11,891)	\$ (11,864)	\$ (11,051)	\$ (10,222)	\$ (10,870)	\$ (9,702)	\$ (9,172)	\$ (10,643)
Business-type activities	395	759	699	737	498	1,089	907	2,403	1,385	1,535
Total primary government net expense	\$ (11,869)	\$ (12,491)	\$ (11,192)	\$ (11,127)	\$ (10,553)	\$ (9,133)	\$ (9,963)	\$ (7,299)	\$ (7,787)	\$ (9,108)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,692	\$ 3,641	\$ 2,661	\$ 2,687	\$ 2,658	\$ 2,602	\$ 2,591	\$ 2,558	\$ 2,550	\$ 2,514
Sales taxes	5,399	5,118	4,878	4,690	4,497	4,300	4,142	3,830	3,701	3,891
Franchise taxes	3,011	3,005	3,005	2,934	3,006	2,954	2,783	2,807	2,775	2,751
Payments in lieu of taxes	378	426	306	309	330	317	312	338	363	410
Unrestricted investment earnings	221	212	127	818	81	594	88	59	68	214
Contributions from other government units	662	755	454	717	364	479	331	334	321	300
Gain on sale of assets	779	-	-	-	-	-	-	-	-	-

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

Page 3 of 3

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other										
Changes in Net Position, continued										
Other revenues (uses) not restricted to specific programs	194	80	85	386	62	54	72	69	66	47
Transfers	-	-	-	-	-	-	680	707	727	680
Total governmental activities	14,336	13,237	11,516	12,541	10,998	11,300	10,999	10,702	10,571	10,807
Business-type activities:										
Other revenues (uses) not restricted to specific programs	232	214	208	201	196	199	193	-	-	(131)
Unrestricted investment earnings	146	-	-	-	-	-	2	11	24	144
Gain on sale of assets	(3)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(680)	(707)	(727)	(680)
Total business-type activities	375	214	208	201	196	199	(485)	(696)	(703)	(667)
Total primary government	<u>\$ 14,711</u>	<u>\$ 13,451</u>	<u>\$ 11,724</u>	<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>
Change in Net Position										
Governmental activities	\$ 2,072	\$ (13)	\$ (375)	\$ 677	\$ (53)	\$ 1,078	\$ 129	\$ 1,000	\$ 1,399	\$ 164
Business-type activities	770	973	907	938	694	1,288	422	1,707	682	868
Total primary government	<u>\$ 2,842</u>	<u>\$ 960</u>	<u>\$ 532</u>	<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>

Notes:

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

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

Page 1 of 2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$12,101	\$11,764	\$ 10,544	\$ 10,311	\$ 10,162	\$ 9,853	\$ 10,136	\$ 9,195	\$ 9,025	\$ 9,156
Payments in lieu of taxes	378	426	306	309	330	317	312	338	363	409
Licenses and permits	370	456	386	382	281	235	391	283	315	281
Intergovernmental	2,586	1,645	1,405	1,365	1,497	1,268	1,541	1,321	2,537	1,534
Charges for services	2,588	2,555	2,427	2,634	2,405	2,562	2,902	2,742	2,688	2,681
Impact fees	110	125	124	97	53	117	95	109	189	56
Fines and forfeitures	820	680	781	774	701	731	752	724	633	632
Investment earnings	221	212	127	818	81	594	88	59	68	214
Property rental	26	29	30	30	34	32	37	39	43	11
Management fee	163	132	130	132	125	120	118	117	136	223
Contributions and donations	46	49	30	628	570	679	531	534	521	300
Miscellaneous	47	21	25	31	28	22	35	30	31	51
Total revenues	<u>19,456</u>	<u>18,094</u>	<u>16,315</u>	<u>17,511</u>	<u>16,267</u>	<u>16,530</u>	<u>16,938</u>	<u>15,491</u>	<u>16,549</u>	<u>15,548</u>
Expenditures										
General government	3,835	3,472	3,614	3,522	3,367	3,708	3,527	3,216	3,218	3,192
Public safety	8,841	8,526	8,009	8,046	8,130	7,324	7,361	7,017	6,885	7,026
Public works	2,771	3,221	1,736	2,165	2,040	1,884	1,805	1,946	1,893	2,411
Parks and recreation	2,901	2,774	2,525	2,221	2,228	2,172	2,075	1,920	1,969	1,996
Debt service:										
Principal retirement	117	115	113	111	109	260	239	467	250	243
Interest and fiscal charges	1	5	7	9	11	15	73	55	64	74
Intergovernmental	-	-	-	1,164	-	-	-	-	-	-
Capital outlay	1,337	901	750	489	287	307	187	238	3,328	1,050
Total expenditures	<u>\$19,803</u>	<u>\$19,014</u>	<u>\$ 16,754</u>	<u>\$ 17,727</u>	<u>\$ 16,172</u>	<u>\$ 15,670</u>	<u>\$ 15,267</u>	<u>\$ 14,859</u>	<u>\$ 17,607</u>	<u>\$ 15,992</u>

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

Page 2 of 2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess of revenues over (under) expenditures	\$ (347)	\$ (920)	\$ (439)	\$ (216)	\$ 95	\$ 860	\$ 1,671	\$ 632	\$ (1,058)	\$ (444)
Other financing sources (uses)										
Proceeds from sale of assets	984	81	67	224	54	-	35	24	17	12
Contributions from other government units	390	649	267	260	-	-	-	-	-	-
Proceeds from revenue bonds	-	-	-	-	-	-	577	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	(560)	-	-	-
Transfers in	2,067	716	257	1,787	220	1,870	97	212	2,163	490
Transfers out	(2,067)	(716)	(257)	(1,787)	(220)	(1,870)	(97)	(212)	(2,163)	(490)
Total other financing sources (uses)	1,374	730	334	484	54	-	52	24	17	12
Net change in fund balances	<u>\$ 1,027</u>	<u>\$ (190)</u>	<u>\$ (105)</u>	<u>\$ 268</u>	<u>\$ 149</u>	<u>\$ 860</u>	<u>\$ 1,723</u>	<u>\$ 656</u>	<u>\$ (1,041)</u>	<u>\$ (432)</u>
Debt service as a percentage of noncapital expenditures	0.7%	0.7%	0.8%	0.7%	0.8%	2.0%	2.1%	3.6%	2.2%	2.1%

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Non-spendable:										
Inventory	\$ 101	\$ 55	\$ 106	\$ 45	\$ 37	\$ 27	\$ 29	\$ 26	\$ 89	\$ 94
Prepaid items	29	40	80	86	45	52	43	44	46	33
Investment in land	456	456	456	456	-	-	-	-	-	-
Restricted for:										
Roads and public transit	2,861	2,434	2,689	2,273	2,301	2,261	2,115	1,736	1,201	885
Debt service	-	117	232	345	456	565	825	1,036	1,265	1,486
Assigned to:										
Recreation	-	-	-	-	-	22	-	-	-	-
Public Safety	16	12	9	12	14	63	8	1	40	40
Legislative	15	14	-	-	-	-	-	-	-	-
Land purchase	-	-	-	-	-	-	-	-	1	1
Other	317	193	26	41	75	229	4	2	253	283
Unassigned	3,486	3,967	3,997	3,635	4,672	3,505	2,922	2,415	2,008	2,317
Total general fund	<u>\$ 7,281</u>	<u>\$ 7,288</u>	<u>\$ 7,595</u>	<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>

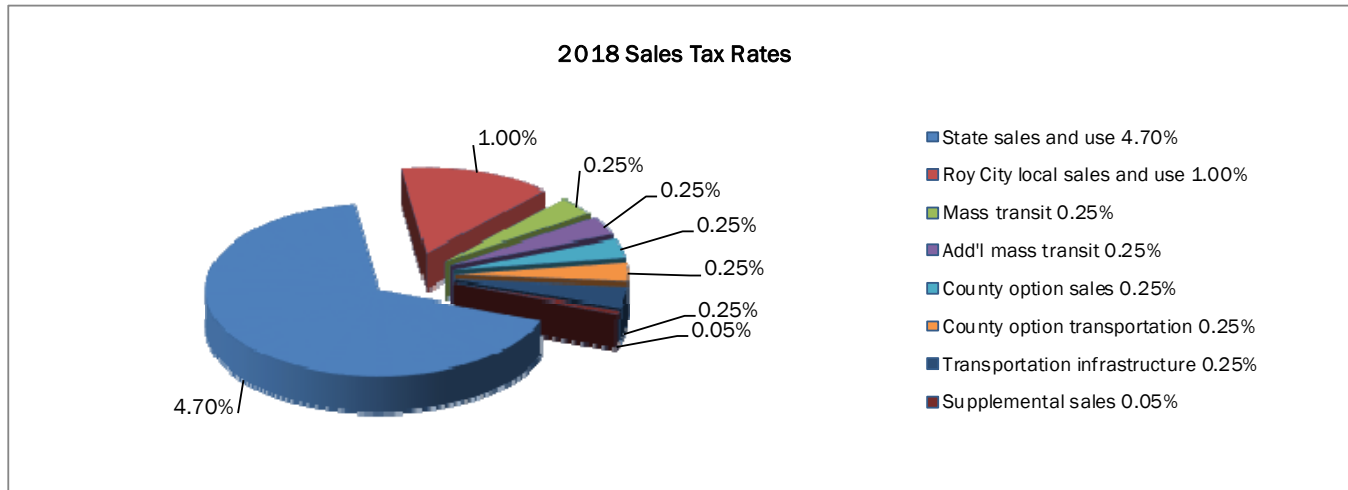
ROY CITY CORPORATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 2 of 2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other governmental funds										
Non-spendable:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 494	\$ 494	\$ 1,705	\$ 1,705	\$ 1,705	\$ 1,705
Investment in land	60	60	60	60	-	-	-	-	-	-
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	237	267
Assigned to:										
Public safety	699	530	259	73	73	24	111	77	44	157
Capital improvements	103	207	206	592	-	-	-	-	19	1,039
Storm sewer improvements	269	191	191	171	160	119	181	235	192	66
Park improvements	1,994	1,241	1,579	1,774	981	1,088	481	273	169	125
Cemetery perpetual	165	165	165	164	164	161	158	150	142	134
Redevelopment	1,834	1,697	1,513	1,712	1,933	1,868	1,021	869	535	299
Other	-	-	1	235	-	-	-	-	-	-
Total other governmental funds	5,124	4,091	3,974	4,781	3,805	3,754	3,657	3,309	3,043	3,792
Total governmental funds	<u>\$ 12,405</u>	<u>\$ 11,379</u>	<u>\$ 11,569</u>	<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>

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

Fiscal Year	State Sales & Use	Roy City Local	Mass Transit	Add'l Mass Transit	County Option Sales	County Option Transp'n	Transp'n Infra-structure	Botanical, Cultural & Zoo	Suppl State Sales & Use	Total for Roy City Residents
2018	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.10%
2017	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.10%
2016	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2015	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2014	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2013	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2012	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2011	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2010	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%
2009	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	-	0.10%	0.05%	6.85%



Note: Rates are given as of the second quarter of each year.
Source: Utah State Tax Commission - Sales Tax Division (web site)

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

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property	Roy City Taxable Property Value	RDA Tax Increment Value	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Building	Mobile Homes	Other							
2018	\$ 332,189	\$ 1,039,624	\$ 4,406	\$ 28,893	\$ 49,228	\$ 1,431,616	\$ 22,724	\$ 1,454,340	2.650	\$ 2,744,368	52.99%
2017	308,598	961,851	4,703	28,428	45,489	1,326,579	22,490	1,349,069	2.828	2,213,939	60.94%
2016	306,225	867,855	4,818	28,504	42,304	1,229,554	20,152	1,249,706	2.202	2,208,667	56.58%
2015	294,210	833,044	4,831	30,652	38,246	1,176,928	24,055	1,200,983	2.285	2,026,031	59.28%
2014	297,771	758,694	4,968	28,937	38,514	1,099,633	29,251	1,128,884	2.430	1,972,519	57.23%
2013	309,239	747,351	5,207	29,873	37,382	1,091,552	37,500	1,129,052	2.389	1,848,974	61.06%
2012	307,044	778,886	5,379	28,328	36,249	1,123,097	32,789	1,155,886	2.263	1,855,180	62.31%
2011	301,471	768,147	5,503	26,767	27,315	1,094,650	34,553	1,129,203	2.266	1,894,347	59.61%
2010	346,923	809,567	5,659	27,527	28,285	1,181,254	36,707	1,217,961	2.084	1,865,033	65.31%
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%

Notes:

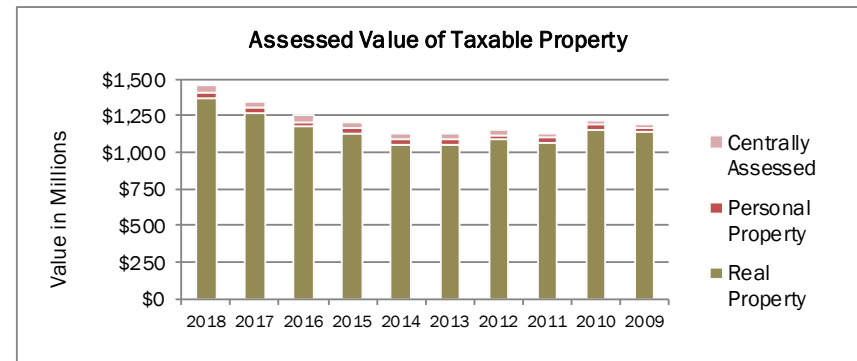
Taxable property value is based on the calendar year ending six months before the fiscal year ends.

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	Weber County	Weber School District	Overlapping Rates					Total Direct Rate and Overlapping Rates
				Weber Basin Water Conservancy	North Davis Sewer District	Mosquito Abatement District	Roy Water Conservancy Subdistrict	Weber Area Dispatch 911 & Emergency Svcs District	
2018	2.650	3.670	6.298	0.174	0.949	0.119	0.084	0.257	14.201
2017	2.828	3.341	6.693	0.187	1.025	0.127	0.090	0.273	14.564
2016	2.202	3.543	6.643	0.196	1.025	0.134	0.097	0.288	14.128
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

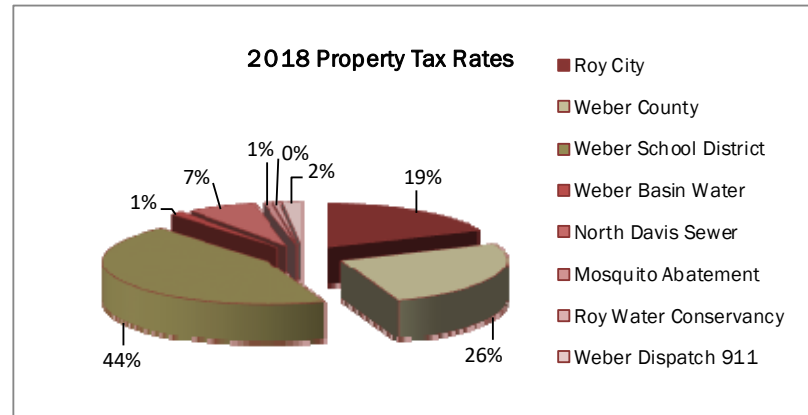
Notes:

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

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

Source:

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



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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
PACIFICORP	\$ 21,296	1	1.46%	\$ 12,578	1	1.05%
AMERICA FIRST FEDERAL CREDIT	20,689	2	1.42%	9,203	4	0.77%
QUESTAR GAS	14,717	3	1.01%	7,706	5	0.65%
ORCHARD COVE LTD	14,339	4	0.99%	11,021	3	0.92%
WINCO FOODS LLC	6,633	5	0.46%			
UNION PACIFIC RAILROAD COMPANY	6,333	6	0.44%			
AA ALPINE STORAGE ROY LLC	6,325	7	0.43%			
ADERRA LLC	5,195	8	0.36%			
KEL KEN ROY LLC	4,435	9	0.30%			
HARMON CITY INC	4,411	10	0.30%			
K B FAMILY ROY, LLC				4,652	9	0.39%
BOYER IOMEGA				12,518	2	1.05%
ROY MARKETPLACE LC				7,107	6	0.59%
IBP FUNDING				5,293	8	0.44%
BOYDEN B REAZIER FAMILY TRUST				6,145	7	0.51%
ROY CITY CENTRE LLC				4,497	10	0.38%
Total taxable value of 10 largest taxpayers	104,373		7.17%	80,720		6.75%
Total taxable value of other taxpayers	1,349,967		92.83%	1,113,800		93.25%
Total taxable value of all taxpayers	<u>\$ 1,454,340</u>		<u>100.00%</u>	<u>\$ 1,194,520</u>		<u>100.00%</u>

Notes:

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

Source:

Weber County Treasurer's Office

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

Tax Year	Total Tax Levy	Current Tax Collections	Collected from Other Government Units	Percent of Levy Collected	Delinquent Tax Collections (a)	Total Tax Collections	Percent of Total Tax Collected to Total Levy (a)
General Fund							
2017	\$ 3,860	\$ 3,589		92.98%	\$ 44	\$ 3,633	94.12%
2016	3,794	3,583	-	94.44%	67	3,650	96.20%
2015	2,755	2,546	-	92.41%	66	2,612	94.81%
2014	2,749	2,554	-	92.91%	83	2,637	95.93%
2013	2,671	2,513	-	94.08%	74	2,587	96.86%
2012	2,604	2,449	-	94.05%	62	2,511	96.43%
2011	2,542	2,399	-	94.37%	42	2,441	96.03%
2010	2,475	2,336	-	94.38%	61	2,397	96.85%
2009	2,462	2,336	-	94.88%	61	2,397	97.36%
2008	2,431	2,290	-	94.20%	73	2,363	97.20%
Redevelopment Agency Special Revenue Fund							
2017	\$ 329	\$ 49	\$ 267	96.05%	\$ -	\$ 316	96.05%
2016	343	66	277	100.00%	-	343	100.00%
2015	316	49	267	100.00%	-	316	100.00%
2014	311	50	261	100.00%	-	311	100.00%
2013	436	72	364	100.00%	-	436	100.00%
2012	569	90	479	15.82%	-	90	15.82%
2011	481	150	331	31.19%	-	150	31.19%
2010	488	154	334	31.56%	-	154	31.56%
2009	473	152	321	32.14%	-	152	32.14%
2008	451	151	300	33.48%	-	151	33.48%

Notes:

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

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

Source:

Weber County Treasurer's Office

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

Year	Real Property Taxable Value				Residential Construction		Commercial Construction		Other Construction		Bank Deposits
	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	
2018	\$ 222,816	\$ 1,148,337	\$ 659	\$ 1,371,812	95	\$ 4,174,971	29	\$ 3,404,594	442	\$ 3,864,945	\$18,050
2017	212,387	1,057,391	672	1,270,450	241	14,363,697	22	4,778,201	474	4,501,900	19,302
2016	205,079	968,438	563	1,174,080	74	3,885,374	28	2,944,429	290	1,840,226	17,700
2015	201,671	924,999	584	1,127,254	81	3,273,450	27	16,611,350	288	1,113,649	17,516
2014	194,923	861,171	371	1,056,465	97	5,478,286	22	3,531,856	272	1,040,310	14,936
2013	191,895	864,341	353	1,056,589	95	6,724,364	30	6,064,301	183	800,626	15,995
2012	195,103	890,294	533	1,085,930	125	8,160,255	30	3,476,815	243	749,870	12,590
2011	185,033	883,937	647	1,069,617	118	6,870,422	23	2,586,374	231	863,769	11,015
2010	183,183	972,791	517	1,156,491	111	5,371	13	8,693	212	3,837	11,071
2009	164,197	970,536	857	1,135,590	95	3,608	22	6,438	234	613	10,493

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			
2018	\$ -	\$ -	\$ -	\$ -	\$ 4,599,000	\$ 4,599,000	0.45%	\$ 118.49
2017	-	117,000	-	-	4,931,711	5,048,711	0.49%	132.16
2016	-	232,000	-	-	5,281,998	5,513,998	0.56%	145.24
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

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
2018	\$ -	\$ -	\$ -	0.00%	-
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2010	237,000	-	237,000	0.01%	6.54
2009	267,000	-	267,000	0.01%	7.48

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, 2018

Governmental Unit	General Bonded Debt Outstanding	Estimated Percentage Applicable to Roy City	Estimated Share of Overlapping Debt
North Davis County Sewer District	\$ 20,465,000	13.62%	\$ 2,787,333
Roy Water Conservancy Subdistrict	667,000	100.00%	667,000
State of Utah	2,498,192,000	0.53%	13,240,418
Weber Basin Water Conservancy District	12,725,000	2.46%	313,035
Weber County	47,381,904	10.38%	4,918,242
Weber County School District	133,250,000	14.75%	19,654,375
Overlapping debt			\$ 41,580,403
Roy City bonded debt		100.00%	117,000
Total direct and overlapping general bonded obligation debt			<u>\$ 41,697,403</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 54,873	\$ 53,063	\$ 49,182	\$ 47,077	\$ 43,985	\$ 43,662	\$ 44,924	\$ 43,786	\$ 47,250	\$ 46,340
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 54,873</u>	<u>\$ 53,063</u>	<u>\$ 49,182</u>	<u>\$ 47,077</u>	<u>\$ 43,985</u>	<u>\$ 43,662</u>	<u>\$ 44,924</u>	<u>\$ 43,786</u>	<u>\$ 47,250</u>	<u>\$ 46,340</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>\$ 1,371,813</u>
Debt limit (4% of total assessed value)										\$ 54,873
Debt applicable to limit:										
Total bonded debt								\$ 4,599		
Less:										
Revenue bonds								(4,599)		
Other deductions allowed by law								-		
Total net debt applicable to limit										-
Legal debt margin										<u>\$ 54,873</u>

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

ROY CITY CORPORATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2018	38,812	\$1,023,810,045	\$ 26,379	3.7%
2017	38,201	1,020,340,886	26,710	3.9%
2016	37,964	977,214,412	25,741	4.0%
2015	37,877	972,952,879	25,687	4.3%
2014	37,733	968,999,361	25,680	5.2%
2013	37,604	966,968,727	25,715	6.6%
2012	37,395	964,076,497	25,781	7.8%
2011	36,884	960,235,555	26,034	8.6%
2010	36,260	957,363,465	26,403	7.6%
2009	35,672	952,600,463	26,704	4.1%

Notes:

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

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

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

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

Sources:

U S Census Bureau

State of Utah Governor's Office web sites

Utah Department of Workforce Services

ROY CITY CORPORATION
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

Employer	Fiscal Year					
	2018			2008		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Hill Air Force Base	10,000 - 14,999	1	12.0%	20,000 - 25,000	1	11.7%
Internal Revenue Service	4,000 - 4,999	2	4.3%	5,000 - 6,999	2	5.6%
Weber School District	3,000 - 3,999	3	3.4%	3,000 - 3,999	4	3.3%
McKay-Dee Hospital	3,000 - 3,999	4	3.4%	2,000 - 2,999	3	3.3%
Weber State University	3,000 - 3,999	5	3.4%	2,000 - 2,999	6	2.3%
Autoliv ASP	2,000 - 2,999	6	2.4%	2,000 - 2,999	5	2.3%
Fresenius USA, Inc.	1,000 - 1,999	7	1.4%	1,000 - 1,999	8	1.4%
State of Utah	1,000 - 1,999	8	1.4%	1,000 - 1,999	10	1.4%
America First Credit Union	1,000 - 1,999	9	1.4%	-	-	-
Ogden School District	1,000 - 1,999	10	1.4%	1,000 - 1,999	9	1.4%
Convergys				1,000 - 1,999	7	1.4%
Total	<u>29,000 - 42,990</u>		<u>34.5%</u>	<u>38,000 - 53,000</u>		<u>34.1%</u>

Note:

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

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

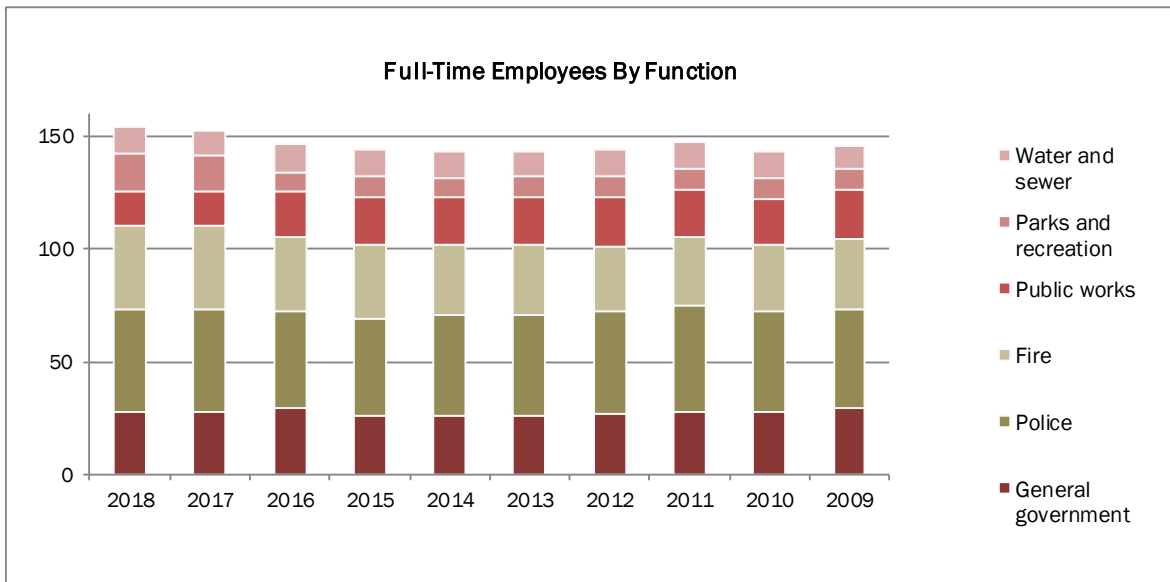
Actual employment numbers are not available to calculate the percentage of total employment by employer.

Sources:

Weber County Comprehensive Annual Financial Report 2017

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

Function	Full-time Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	28	28	29	26	26	26	27	28	28	29
Public safety										
Police										
Officers	39	39	39	38	40	40	40	42	39	39
Civilians	6	6	4	5	5	5	5	5	5	5
Fire										
Firefighters and officers	36	36	32	32	30	30	28	29	29	30
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	15	15	20	21	21	21	22	21	20	22
Parks and recreation	17	16	9	9	8	9	9	9	9	9
Water and sewer	12	11	12	12	12	11	12	12	12	10
Total	154	152	146	144	143	143	144	147	143	145



Notes:

In 2017, staffing was reclassified between public works and parks and recreation to better reflect actual duties.

In 2016, two employees were reclassified from public works to general government.

ROY CITY CORPORATION
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Court filings										
Moving violations	4,757	4,016	3,596	3,805	3,459	4,663	4,623	4,086	1,864	1,980
Non-moving violations	2,309	3,164	2,946	2,719	2,226	3,098	2,870	3,917	3,539	4,002
DUI violations	126	192	151	164	171	179	132	106	85	121
Parking violations	330	464	189	114	546	435	598	691	272	95
Fire										
Fire calls dispatched	504	1,249	1,187	1,196	1,063	641	955	701	612	652
Medical calls dispatched	4,793	4,092	3,963	4,283	3,850	4,283	3,702	3,923	4,196	3,986
	5,297	5,341	5,150	5,479	4,913	4,924	4,657	4,624	4,808	4,638
Streets										
Snow removal and sanding:										
Miles	10,024	22,004	13,390	2,373	7,720	13,802	3,987	9,925	8,504	13,326
Hours	1,231	2,156	1,742	314	886	1,543	506	904	935	1,515
Asphalt resurfacing (tons)	983	1,251	1,598	1,793	857	660	581	747	939	775
Water										
Service connections	11,035	10,852	10,786	10,754	10,718	10,698	10,657	10,610	10,565	10,538
Water main breaks	24	15	15	16	23	25	16	28	23	28
Avg daily consumption										
in gallons	2,713,054	2,632,164	2,768,581	2,578,359	2,826,756	2,885,636	2,737,570	2,851,236	2,834,907	2,936,564
Aquatic Center										
Admissions	111,153	111,066	100,408	97,127	100,023	118,475	120,702	119,648	113,607	72,089
Complex										
Admissions	17,431	17,317	16,325	16,859	20,575	25,070	32,384	37,665	37,727	37,723

Sources:

Various City departmental data

ROY CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	22	22	24	24	24	20	22	22
Motorcycle units	0	0	0	0	0	2	2	2	2	2
Animal control units	2	2	2	2	2	2	2	2	2	2
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Streets (miles/units)										
Streets	115.1	115.1	115.1	114.8	114.8	114.2	114.2	114.2	114.0	114.0
Curb and gutter	208.4	208.0	208.0	207.4	207.4	207.4	207.4	207.4	207.0	207.0
Sidewalk	197.4	197.0	197.0	196.4	196.4	196.4	196.4	196.4	196.0	196.0
Streetlights	983	973	860	855	849	817	812	806	806	806
Traffic signals	3	3	3	3	3	2	2	2	2	2
Parks and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	10	10	10	10	10	10	10	10	10	10
Park acreage	120	120	113	113	113	113	113	113	113	113
Covered picnic areas	17	17	18	18	18	18	18	18	18	18
Baseball diamonds	14	14	13	13	13	13	13	13	13	13
Soccer fields	17	17	17	17	17	17	17	13	13	13
Tennis courts	2	2	3	3	3	3	3	3	3	3
Pickleball courts	1	1	0	0	0	0	0	0	0	0
Swimming pools	2	2	2	2	2	2	2	2	2	2
Gymnasiums	2	2	2	2	2	2	2	2	2	1
Sewer (miles)										
Sanitary sewers	114.8	114.6	114.6	114.2	114.0	116.9	116.9	116.9	117.0	117.0
Storm sewers	83.8	83.7	83.7	83.2	83.0	83.0	83.0	83.0	83.0	83.0
Water (miles/units)										
Water lines	156.9	156.9	156.9	156.5	156.4	153.4	153.4	153.4	153.0	153.0
Fire hydrants	1,390	1,390	1,390	1,390	1,381	1,363	1,363	1,358	1,345	1,343

Sources:

Various City departmental data

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
Roy City Corporation, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roy City Corporation, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Roy City Corporation's basic financial statements and have issued our report thereon dated December 17, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roy City Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items, finding 2018-01.

Roy City Corporation's Response to Findings

Roy City Corporation's response to the finding identified in our audit is described in the accompanying report. Roy City Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Wiggins & Co., P.C.

Ogden, Utah
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROLS
OVER COMPLIANCE IN ACCORDANCE WITH THE
STATE COMPLIANCE AUDIT GUIDE

Honorable Mayor and City Council
Roy City Corporation, Utah

Report on Compliance

We have audited Roy City Corporation's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on Roy City Corporation for the year ended June 30, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, Roy City Corporation complied, in all material respects, with the general compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2018-01. Our opinion on compliance is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

Purpose of Report

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

Wiggins & Co., P.C.

Ogden, Utah
December 17, 2018

ROY CITY CORPORATION
Schedule of Findings and Recommendations
June 30, 2018

2018-01 STATE COMPLIANCE REGARDING CITY COUNCIL MINUTES

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

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

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

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

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

CLIENT RESPONSE: See attached response.

ROY CITY CORPORATION
Schedule of Findings and Recommendations
June 30, 2018

Mayor • Robert Dandoy
City Manager • Jason Poulsen



City Council • Dave Tafoya
• Karlene Yeoman
• Jan Burrell
• Bryan Saxton
• Joe Paul

December 12, 2018

Altina Scott,
Wiggins & Co., PC
5327 S. Adams Ave., Ste. A.
Ogden, UT 84405

Re: Audit Finding- Requirement of Public Minutes to be posted to the State's Public Notice Website

We are fixing the issue of our public meeting minutes not being posted to the State public notice website in a timely manner. The issue is being addressed by the City Recorder, City Planner, legal staff, and through enhanced oversight of our City Manager. The city recorder has been updated on the necessity to post public minutes within three days of their approval to the state public notice website. Our city recorder will undergo additional specific training regarding the requirement of *Utah Code Ann. 52-4-203*. More consistent oversight and review will be done by our legal staff. Legal staff will be checking to make sure minutes are returned to the city promptly and posted to the State website within the three days of their approval, as required by *Utah Code Ann. 52-4-203(4)(f)(ii)*. Also, the city recorder will be updating any minutes not currently on the state's website under the supervision of our legal staff this week. The responsibility for this correction is mainly with the city recorder and legal staff.

If you need any additional information please feel free to contact me.

Thank you,

Brody E. Flint
Roy City Assistant Attorney
bflint@royutah.org
801-774-1000