

ROY CITY CORPORATION

Roy, Utah

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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Prepared by:

Camille Cook
Management Services Director

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INTRODUCTORY SECTION



November 28, 2020

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, 2020.

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, 2020, 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 auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's 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 2018 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 38-40 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 87.

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 despite the COVID-19 pandemic. In FY 2020 sales tax revenue increased 8.00% compared to 3.16% in FY 2019. Sales tax revenue continues to exceed prior year's highs, but overall growth is slowing. The administration anticipates the State's economy may continue to slow due to the current pandemic and thus has budgeted a small decrease for FY 2021.

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 22.34% of the total general fund revenue. In FY 2020, property tax revenue, including prior year delinquencies, grew by \$393,721 or 10.6%. A nominal increase is expected for FY 2021.

Currently, a few residential subdivisions are under development. A single family home subdivision, West Park phase three, is still under construction on 4800 South between the Union Pacific Railway and the Utah Transit Authority Rail Trail. The current phase will have 27 lots. Crestwood Estates at approximately 4200 West 6025 South will have 65 lots. Midland Square at approximately 2800 West and 4150 West will have 78 lots. Four other small subdivisions are also being built and will add a combined total of 30 more lots.

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 2020 the local unemployment rate was 5.0%. This is an increase of 1.5% from the same time in 2019. The local unemployment rate is well below the national rate of 10.2%. Of the nonfarm wage and salary employment, locally, jobs were up in all areas except manufacturing, information, financial activities, leisure & hospitality, and other services. Some of the largest increases occurred in government of 6.0%, mining, logging and construction of 2.3%, and trade, transportation, and utilities of 3.00%.

Long-term Financial Planning

It is the policy of the Roy City Council to maintain a fund balance that ensures adequate reserves that will provide financial stability in the event of an unanticipated economic downturn. The State of Utah limits the amount of assigned and unassigned fund balance the City can have to 25% of budgeted general fund revenues. Normally, these amounts will not be programmed for expenditure and are only available for use within the confines of expenditure limitation imposed by the State of Utah. Unassigned fund balance was \$4,199,045 at June 30, 2020, and \$4,090,711 at June 30, 2019. 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 48-77.

Major Initiatives

The City's Beautification 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 Director. In FY 2020, the Beautification Committee focused on entrance signs at various locations throughout the City and a sign to commemorate and identify Memorial Park.

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. A Business Advisory Board was also established to further strengthening the economic activities throughout the City.

The City has been working to improve park amenities and facilities. Parks are an important part of our community and a priority for City Council. In FY 2020 another restroom was added to George Wahlen North Park. Fitness stations and improvements to the walking path were added to Municipal Park.

The City is also in the process of updating the General Plan. The General Plan is an official document intended to help the public understand the broad planning goals for the City, and to assist City staff and decision makers as they evaluate future development and growth opportunities. The focus of this update is on land use and related topics. Updating the General Plan provides an opportunity for the citizens of Roy to take a look at the community today and determine what areas requires improvement and to peer into the future and plan for anticipated changes. The General Plan typically has a life of five to ten years, although it establishes a future vision for twenty years or more.

Adoption of the General Plan updates will require associated zoning ordinances, development guidelines and other implementation tools to be revised and adjusted to be in alignment with the general plan. For example, the City Center and Station Area form-based codes were developed concurrently with this planning process, ensuring that the policies and specific codes are fully aligned with the planning vision.

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 auditor's 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, 2019. 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,



Camille Cook
Management Services Director

ROY CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2020

Elected Officials

Robert Dandoy	Mayor
Jan Burrell	City Councilperson
Bryon Saxton	City Councilperson
Joe Paul	City Councilperson
Ann Jackson	City Councilperson
Diane Wilson	City Councilperson

Executive, Legal and Budgetary Officials

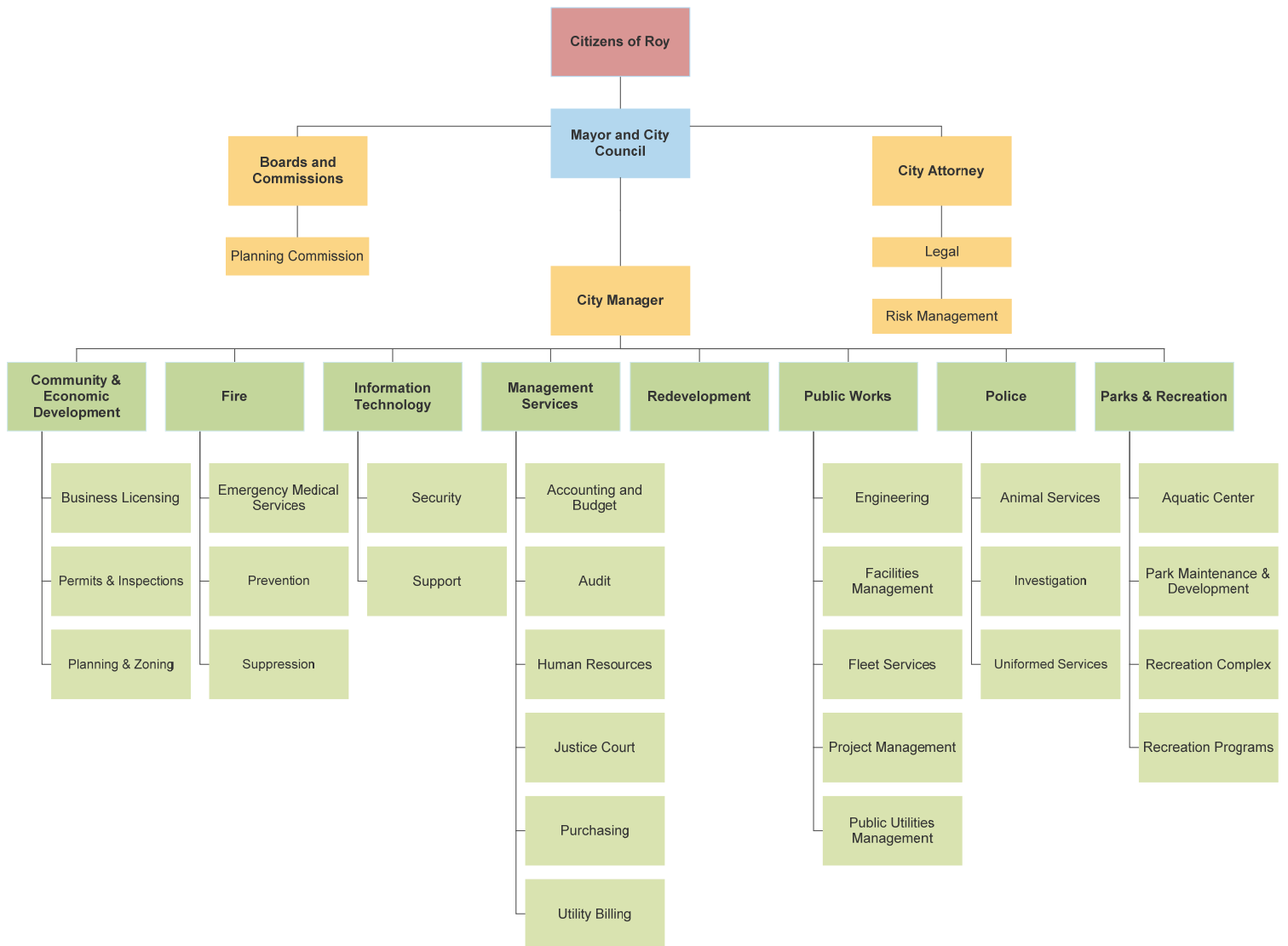
Matthew D. Andrews	City Manager
Andrew H. Blackburn	City Attorney
Camille Cook	Budget Officer

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

Craig Golden	Fire Chief
Camille Cook	Management Services Director
S. Ross Oliver	Public Works Director
Travis J. Flint	Parks & Recreation Director





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, 2019

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, 2020, 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, 2020, 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 - 27 and 78 - 81 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 1, 2020 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 1, 2020

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 \$2,514,670. Governmental activities incurred an increase of \$1,453,426 from operations, while business-type activities resulted in an increase of \$1,061,244.
- 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 \$77,040,101 (net position). Of this amount, \$17,059,054 (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 \$14,660,507 an increase of \$2,415,364 from the prior year. Approximately \$4.2 million of the total amount is available for spending at the City's discretion within the general, capital projects and special revenue funds.
- At the close of the fiscal year, unassigned fund balance for the general fund was \$4,199,045 or 21.41% of the total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of Roy City Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility and Solid Waste Utility, which are considered to be major funds of Roy City Corporation and

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,040,101 at the close of the most recent year, June 30, 2020.

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	
	2020	2019	2020	2019	2020	2019
Internal balances	\$ (227)	\$ (257)	\$ 227	\$ 257	\$ -	\$ -
Net pension asset	379	-	26	-	405	-
Current and other assets	22,386	18,455	11,569	11,449	33,955	29,904
Capital assets	34,913	35,805	24,782	24,748	59,695	60,553
Total assets	57,451	54,003	36,604	36,454	94,055	90,457
Deferred outflows	1,441	3,197	144	270	1,585	3,467
Total assets and deferred outflows of resources	58,892	57,200	36,748	36,724	95,640	93,924
Long-term debt	120	-	3,336	3,776	3,456	3,776
Other liabilities	6,462	9,094	1,758	2,194	8,220	11,288
Total liabilities	6,582	9,094	5,094	5,970	11,676	15,064
Deferred inflows	6,780	4,317	144	48	6,924	4,365
Total liabilities and deferred inflows of resources	13,362	13,411	5,238	6,018	18,600	19,429
Net position:						
Net investment in capital assets	34,913	36,062	20,983	20,253	55,896	56,315
Restricted	4,085	3,729	-	-	4,085	3,729
Unrestricted	6,532	4,255	10,527	10,196	17,059	14,451
Total net position	\$ 45,530	\$ 44,046	\$ 31,510	\$ 30,449	\$ 77,040	\$ 74,495

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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 3,732	\$ 3,927	\$ 11,983	\$ 11,366	\$ 15,715	\$ 15,293
Grants and contributions:						
Operating	1,758	1,641	-	-	1,758	1,641
Capital	359	233	-	-	359	233
General revenues						
Property taxes	4,196	3,779	-	-	4,196	3,779
Other taxes	9,296	8,801	-	-	9,296	8,801
Investment earnings	265	385	165	233	430	618
Contributions from other gvts	829	711	-	-	829	711
Other	629	246	178	253	807	499
Total revenues	<u>21,064</u>	<u>19,723</u>	<u>12,326</u>	<u>11,852</u>	<u>33,390</u>	<u>31,575</u>
Expenses:						
General government	3,948	5,718	-	-	3,948	5,718
Public safety	9,812	8,786	-	-	9,812	8,786
Public works	3,170	2,103	-	-	3,170	2,103
Parks and recreation	2,354	2,830	-	-	2,354	2,830
Interest and fiscal charges/Other	326	-	-	-	326	-
Water and sewer utility	-	-	8,343	8,431	8,343	8,431
Storm sewer utility	-	-	762	726	762	726
Solid waste utility	-	-	2,160	2,134	2,160	2,134
Total expenses	<u>19,610</u>	<u>19,437</u>	<u>11,265</u>	<u>11,291</u>	<u>30,875</u>	<u>30,728</u>
Increase (decrease) in net position	1,454	286	1,061	561	2,515	847
Net position - beginning	<u>44,046</u>	<u>43,760</u>	<u>30,449</u>	<u>29,888</u>	<u>74,495</u>	<u>73,648</u>
Prior Period Adjustment	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>
Net position - ending	<u>\$ 45,530</u>	<u>\$ 44,046</u>	<u>\$ 31,510</u>	<u>\$ 30,449</u>	<u>\$ 77,040</u>	<u>\$ 74,495</u>

By far, the largest portion of the City's net position, 72.55%, 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 (5.30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,059,054, 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.

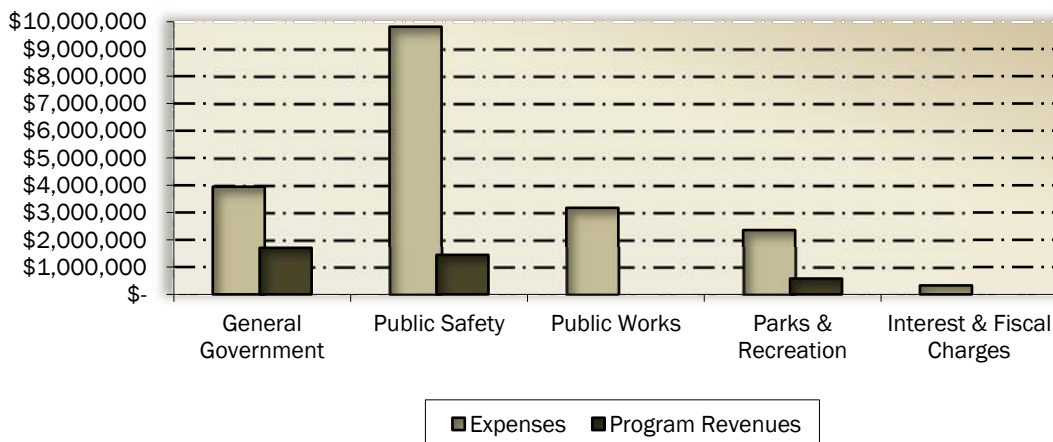
Governmental activities increased Roy City's net position by \$1,453,426 while business-type activities increased net position by \$1,061,244.

Governmental activities. The governmental activities portion of the change in net position accounted for a 1.90% increase in the growth for the City as a whole.

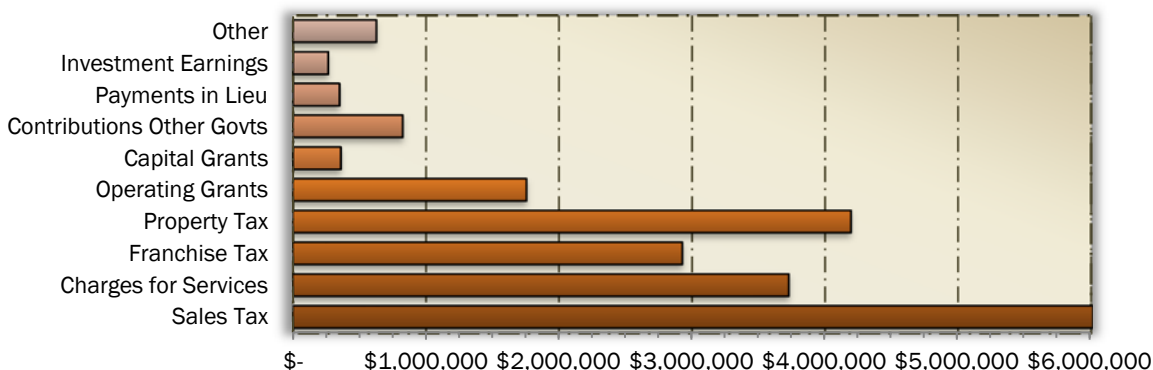
- Overall, property taxes increased by \$416,176 in the governmental funds. Property taxes in the general fund increased by \$393,721, and the increment received by the RDA increased \$22,455. The increase for the general fund can be attributed to the new growth added to the City along with a change in accounting principles to recognize tax revenue when it is earned rather than assessed. The change for the RDA is the result of an increase to property values.
- Sales tax increased \$445,354 or 8.00%. The economy in the State of Utah continued a strong growth pattern despite the current COVID-19 global pandemic.
- Other taxes were up \$49,186 over the previous fiscal year. Of that amount, \$64,598 represents a loss in telecom gross receipts. Franchise taxes increased by \$92,921. Payments in lieu of taxes reflects a decreased, \$13,804 or 3.80%.
- Class C Road funds received were down 2.07%, or \$29,518 from 2019.
- 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 \$518,338 from the tax in FY 2020.
- Revenue from charges for services decreased \$413,065 in comparison to FY 2019. The largest decreases came from Ambulance fees, \$433,763; Aquatic Center decreased \$146,719 due to the 2020 season closure due to the COVID-19 pandemic; and the Complex decreased \$137,333 due to unforeseen closures and changes in hours due to the COVID-19 pandemic. There was an increase in Fire & Rescue IASIS transport fees of \$182,760 due to increased transport calls; and plan check fees, \$157,719 due to the MIDA development near Hill Air Force Base.
- Roy City's average yield on investments in the Utah Public Treasurer's Investment Fund was 2.05% in FY 2020, and investment balances were up at the end of the year. As a result, revenue from interest decreased by \$187,529.
- Total expenses for wages and benefits increased \$50,105, or 0.41%, from FY 2019. A 2% - 2.5% merit was given to eligible public employees and a 3.75% merit for eligible public safety employees.
- Operating expenses increased from FY 2019 by \$618,325. Highlights of the net increase include Election Expenses due to a municipal election year increased \$41,584. COVID-19 Expenditures increased by \$57,380.16 due to the current global pandemic. Insurance premiums and Risk Management costs decreased \$47,195 to the General Fund. The transfer to Information Technology increased by \$105,370 due to necessary technology upgrades. Transfers to the Capital Projects Fund increased by \$1,455,934. Streetlight maintenance decreased by \$119,679. Fire received an AFG Federal Fire Grant to purchase new turnout equipment for \$157,278. Street maintenance and capital projects for Class C Road Fund increased \$244,329 and \$118,089, respectively.
- Capital expenditures decreased \$158,785 or 16.50% decrease over FY 2019. Improvements were made to George Wahlen North Park and Municipal Park. George Wahlen North Park is nearing completion and anticipated to be substantially completed by the end of FY 2021.

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 1.39% 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:

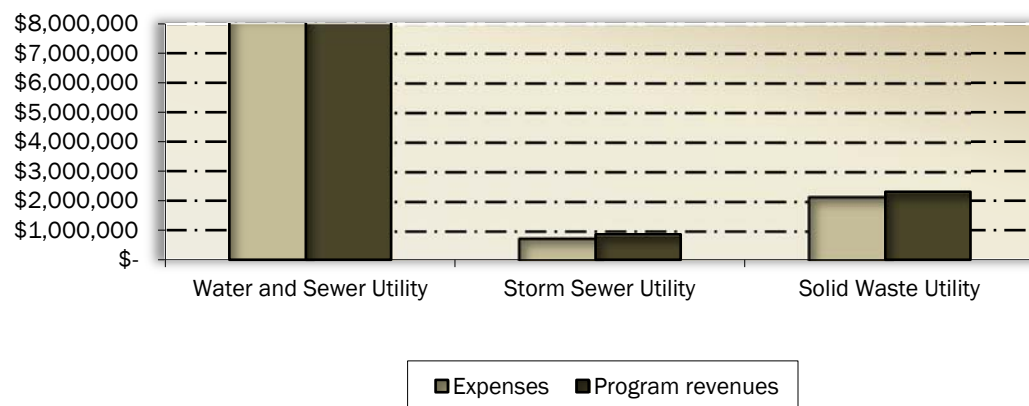
- Revenue from water, sewer, capital improvements, storm sewer and garbage services had an increase of \$513,256. Water revenue is up \$317,539 due to a rate increase. Sewer revenue increased \$93,249. One of the City's sewer service contractors continued to raise rates as part of a five year plan. The rate increase was passed along to the customers increasing the base rate. Storm sewer revenue increased \$8,088. The City's garbage collection revenue increased \$127,546 due to increased garbage collection rates.
- Impact and connection fees related to new construction increased \$94,543, largely a result of commercial projects.
- Total expenses for wages and benefits was down \$95,136 from FY 2019. 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. There was turnover and retirements in the utility funds resulting in employees making less than their predecessors.

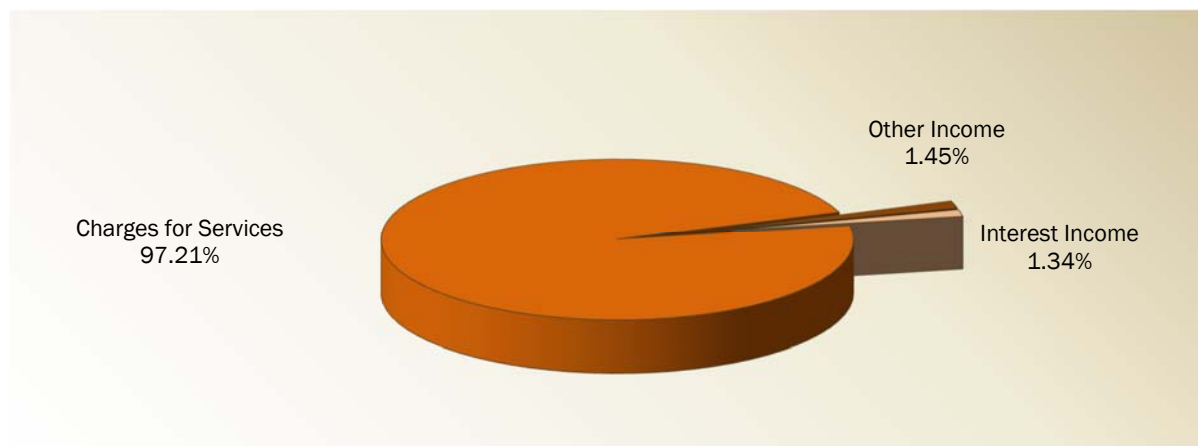
- Overall, operating costs increased \$68,853 in FY 2020. Water meter costs decreased \$316,361 to replace meter to radio reads. This will be a five year project. Contract rate for sewer increased by \$22,907 as a result of a capital improvement plan implemented by the sewer district. Culinary water fees increased \$45,908 due to an increase by the provider. Maintenance of the storm sewer system was up \$9,914. Disposal fees for solid waste increased \$112,735. Due to the increased rates for water and sewer, franchise fees were up \$24,644 and \$11,269 for Solid Waste, respectively.
- Debt service decreased by \$13,388. 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 \$14,660,507, an increase of \$2,415,364 from the prior year. Approximately 28.64%, or \$4,199,045, 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, 2020, \$3,891,692 was available for spending in these funds. The remainder of fund balance is classified to indicate that it is not available for spending because it 1) cannot be spent because of its form, 2) is restricted by external sources, or 3) is committed to specific use.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,199,045, while the total fund balance was \$8,617,752. 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 21.41% of total general fund expenditures, while total fund balance represents 43.94% of that same amount. During the fiscal year, the fund balance of Roy City Corporation's general fund (GAAP basis) increased by \$521,187 which is \$83,860 less than the prior year. When comparing FY 2020 to FY 2019 there was 1) a 6.79% increase in revenue of \$1,340,000, 2) a 0.89% increase in expenditures of \$172,703, 3) a decrease in the gain on sale of assets of \$105,623, and 4) a 354.67% increase in the amount transferred to capital projects funds of \$1,455,934.

Included in the *governmental funds* is \$3,212,447 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 2020 the fund balance in the capital projects funds increased by \$1,591,938 compared to a \$1,066,014 decrease in FY 2019. When comparing FY 2020 to FY 2019, the increase can be attributed to a 81.74% decrease in project expenditures of \$1,457,924. At June 30, 2020, fund balances available for specific capital projects include Capital Improvements of \$1,924,723, Recreational Facilities Improvements of \$332,347 and Fire & Rescue Facilities and Equipment of \$870,283.

Also included within the *governmental funds* is \$6,063,399 which is assigned for specific purposes. For these special revenue funds, fund balance increased by \$1,959,650 compared to an increase of \$90,175 in FY 2019. When comparing FY 2020 to FY 2019, the change of \$1,959,650 is a result of 1) a 7.57% increase in tax revenue of \$924,520, 2) a 3.58% decrease in impact fees of \$7,275, 3) a 81.74% decrease in capital outlay of \$1,457,924, and 4) a 27.36% increase in contributions from other government units of \$111,356. At June 30, 2020, available fund balances in these special funds included Redevelopment Agency \$2,151,063; Storm Sewer Development \$229,317; Park Development \$369,901; and Cemetery \$165,121.

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 \$4,731,693, for the storm sewer utility fund unrestricted net position was \$1,646,286, and for the solid waste utility fund unrestricted net position was \$3,935,907. Net position for all proprietary funds increased. The

increase for the water and sewer, storm sewer utility, and solid waste utility funds was \$722,958, \$129,529 and \$222,835, respectively.

The increase in net position for the water and sewer utility fund was higher than the increase in FY 2019 by \$459,394. Operating revenues for the water and sewer utility fund increased \$397,744, or 4.62% from the prior year, while operating expenses decreased \$75,307 or 0.90%.

The increase in net position for the storm sewer utility fund was lower than the increase in FY 2019 by \$32,902. Operating revenues for the storm water utility fund decreased \$11,303, or 1.33% from the prior year, while expenses increased \$36,147 or 4.98%.

Operating revenue for the solid waste utility fund increased \$190,475 or 8.98% from FY 2019. Operating expenses increased \$26,435 or 1.24%. These factors resulted in a decrease in the change in net position of \$131,329 from FY 2019.

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 \$18,483,966 to a final budget of \$19,540,163 an increase of \$2,406,495 or 14.37%. Some of the more significant budget changes to individual revenue and expenditure items are as follows:

- \$126,473 recognized for a FEMA Grant to purchase Fire SCBA breathing apparatuses and an additional \$31,927 from Fund Balance to cover upgrades for thermal imaging and buddy breathing.
- \$55,000 for Aquatic Center boiler replacement.
- \$304,154 in General Property Taxes to recognize a change in accounting practices in recognizing property tax revenue in the year it was collected.
- \$160,000 in RAMP Grant revenue was recognized; \$156,000 of deferred revenue was transferred to the Capital Projects fund for George Wahlen Park and \$4,000 in current EZ Grants was recognized for Roy Days.
- \$255,000 was approved for the purchase of 5 new police vehicles from the increased property tax revenue.
- \$385,000 in Building Permits were recognized due to one time building permit revenue from the MIDA Project. Plan Checks were also increased by \$220,000 for the same project revenue.
- \$100,000 was recognized for the sale of fixed assets from various departments.
- \$800,000 was recognized as a use of Fund Balance due to the unknown economic impacts of the COVID-19 pandemic.
- \$1,524,934 was approved as a transfer to the Capital Projects fund for future allocation.

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 \$1,035,653 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 revenues surpassed expenditures by \$637,538.

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 \$541,829; Building Permits were over by \$16,594; Fire & Rescue IASIS Transports were over by \$91,185; and the Utility Enterprise Fund Franchise Fees were over by \$26,484. Revenues related to Business Licensing were up \$2,188. In total, general fund revenues did not meet budgeted estimates by \$820,246 or 5.8%.

Expenditures were \$1,689,084 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 budget \$289,953 due to not filling positions and the purchase of new police vehicles were not available for delivery during FY 2020. The Aquatic Center budge was under \$198,328 mainly from being shut down during the 2020 summer season due to COVID-19; Recreation Complex was under by \$120,154 due to the same reasons. The streets division was under budget by \$106,355 mainly due to employee turnover and decreased wage and benefit expenses. 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, 2020 amounts to \$55,896,267 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total change in the City's investment in capital assets for the current fiscal year was a decrease of 1.55% (a 4.45% decrease in governmental activities and a 3.61% increase in business-type activities).

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

Governmental activities:

- George Wahlen North Park \$130,560
- Municipal Park Improvements \$66,208
- Library Remodel \$74,324
- 1900 West Street Lights \$106,167
- Aquatic Center Wading Pool Liner \$111,401
- Old Recreation Building Remodel \$67,709
- Aquatic Center Boiler Replacement \$58,485

Business type activities:

- 2019 Water Line Replacement \$448,963
- 2200 West Water Line Services \$75,094
- SW-2 Mac Truck \$92,129
- 4300 West Sewer Line Repairs \$116,127

Roy City Corporation's Capital Assets (State in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,285	\$ 4,285	\$ 281	\$ 139	\$ 4,566	\$ 3,968
Buildings	11,811	11,827	187	119	11,998	11,946
Improvments other than bldgs	35,540	35,411	39,187	38,466	74,727	73,877
Machinery and equipment	5,094	5,224	1,594	1,404	6,688	6,628
Automobiles and trucks	7,483	7,629	1,296	1,271	8,779	8,900
Construction in progress	6,269	5,759	-	-	6,269	5,759
Accumulated depreciation	(35,569)	(34,132)	(17,763)	(16,908)	(53,332)	(51,040)
Total capital assets	<u>\$ 34,913</u>	<u>\$ 36,003</u>	<u>\$ 24,782</u>	<u>\$ 24,491</u>	<u>\$ 59,695</u>	<u>\$ 60,038</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. 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, 2020 bond balances are as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 3,776	\$ 4,213	\$ 3,776	\$ 4,213

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 \$71,736,461, 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 \$71,736,461 in debt obligation.

Additional information on Roy City Corporation's long-term debt activity can be found in Note 4 on pages 64-65 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 2021 budget:

- Economic conditions are unstable across the county and in Utah and that trend is expected to continue throughout the COVID-19 pandemic. Growth tends to be stronger within the State than nationally and it is anticipated that once the pandemic is over, growth will continue.
- 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 5.0%. This compares to the State's average unemployment rate of 5.3%.
- 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 have a short-term decrease due to COVID-19. It is unknown what the long term effects of the current pandemic will mean for economic growth.
- The budget includes a 2.5% to 3.75% merit for all employees, Health insurance costs has a 2.6% 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 increased by \$521,187 to \$8,617,752. 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash	\$ 12,138,685	\$ 8,701,497	\$ 20,840,182
Restricted cash: Roads and public transit	4,233,984	-	4,233,984
Investment in water stock	-	16,100	16,100
Interactivity receivable	(213,216)	213,216	-
Accounts receivable - net of allowance for doubtful accounts	6,000,820	1,888,835	7,889,655
Inventory	90,147	414,954	505,101
Prepaid items	136,269	334,109	470,378
Total current assets	<u>22,386,689</u>	<u>11,568,711</u>	<u>33,955,400</u>
Noncurrent assets:			
Internal balances	(227,300)	227,300	-
Net pension asset	378,885	25,346	404,231
Capital assets:			
Land	4,284,842	280,772	4,565,614
Buildings	11,810,746	186,719	11,997,465
Improvements other than buildings	35,540,309	39,187,732	74,728,041
Machinery and equipment	5,093,470	1,593,986	6,687,456
Automobiles and trucks	7,482,885	1,296,385	8,779,270
Construction in progress	6,269,437	-	6,269,437
Less accumulated depreciation	<u>(35,569,094)</u>	<u>(17,763,303)</u>	<u>(53,332,397)</u>
Total capital assets net of accumulated depreciation	<u>34,912,595</u>	<u>24,782,291</u>	<u>59,694,886</u>
Total noncurrent assets	<u>35,064,180</u>	<u>25,034,937</u>	<u>60,099,117</u>
Deferred outflows of resources:			
Bond refunding amortizable interest	-	56,614	56,614
Pensions	1,441,208	87,832	1,529,040
Total deferred outflows of resources	<u>1,441,208</u>	<u>144,446</u>	<u>1,585,654</u>
Total assets and deferred outflows of resources	<u>\$ 58,892,077</u>	<u>\$ 36,748,094</u>	<u>\$ 95,640,171</u>

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

ROY CITY CORPORATION
Statement of Net Position, continued
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,317,344	\$ 1,028,087	\$ 2,345,431
Accrued wages	377,986	22,043	400,029
Compensated absences	225,071	87,767	312,838
Interest payable	-	22,619	22,619
Current portion of long-term debt	-	440,000	440,000
Total current liabilities	<u>1,920,401</u>	<u>1,600,516</u>	<u>3,520,917</u>
Long-term liabilities:			
Compensated absences	1,231,962	28,253	1,260,215
Long-term debt due in more than one year	120,000	3,336,000	3,456,000
Net pension liability	3,183,581	128,996	3,312,577
Guarantee deposits	126,927	-	126,927
Total long-term liabilities	<u>4,662,470</u>	<u>3,493,249</u>	<u>8,155,719</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	1,759,236	143,555	1,902,791
Unearned revenue	5,020,643	-	5,020,643
Total long-term liabilities	<u>6,779,879</u>	<u>143,555</u>	<u>6,923,434</u>
Total liabilities and deferred inflows of resources	<u>13,362,750</u>	<u>5,237,320</u>	<u>18,600,070</u>
NET POSITION			
Net investment in capital assets	34,912,595	20,983,672	55,896,267
Restricted for:			
Roads and public transit	4,084,780	-	4,084,780
Unrestricted	6,531,952	10,527,102	17,059,054
Total net position	<u>\$ 45,529,327</u>	<u>\$ 31,510,774</u>	<u>\$ 77,040,101</u>

ROY CITY CORPORATION
Statement of Activities
For the Fiscal Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Government activities:			
General government	\$ 3,947,985	\$ 1,703,198	\$ 28,674
Public safety	9,812,380	1,446,389	331,245
Public works	3,170,352	-	1,398,412
Parks and recreation	2,354,288	582,248	-
Capital outlays	325,611	-	-
Total governmental activities	19,610,616	3,731,835	1,758,331
Business-type activities:			
Water and sewer utility	8,343,139	8,822,565	-
Storm sewer utility	762,387	859,947	-
Solid waste utility	2,160,145	2,300,189	-
Total business-type activities	11,265,671	11,982,701	-
Total primary government	\$ 30,876,287	\$ 15,714,536	\$ 1,758,331
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			
Prior period adjustment			
Net position - ending			

ROY CITY CORPORATION
Statement of Activities, continued
For the Fiscal Year Ended June 30, 2020

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,216,113)	\$ -	\$ (2,216,113)
-	(8,034,746)	-	(8,034,746)
258,211	(1,513,729)	-	(1,513,729)
100,828	(1,671,212)	-	(1,671,212)
-	(325,611)	-	(325,611)
359,039	(13,761,411)	-	(13,761,411)
-	-	479,426	479,426
-	-	97,560	97,560
-	-	140,044	140,044
-	-	717,030	717,030
\$ 359,039	(13,761,411)	717,030	(13,044,381)
	4,195,650	-	4,195,650
	6,014,750	-	6,014,750
	2,930,806	-	2,930,806
	349,702	-	349,702
	265,265	165,421	430,686
	829,396	-	829,396
	(26,854)	-	(26,854)
	656,122	178,793	834,915
	15,214,837	344,214	15,559,051
	1,453,426	1,061,244	2,514,670
	44,045,922	30,449,530	74,495,452
	29,979	-	29,979
	\$ 45,529,327	\$ 31,510,774	\$ 77,040,101

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

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2020

		Special Revenue Fund	Other	Total
	General	Redevelopment Agency	Governmental Funds	Governmental Funds
ASSETS				
Cash	\$ 5,122,011	\$ 2,124,939	\$ 3,976,786	\$ 11,223,736
Restricted cash	4,233,984	-	-	4,233,984
Accounts receivable, net	5,996,655	28,074	-	6,024,729
Inventory	90,147	-	-	90,147
Prepaid items	136,269	-	-	136,269
Investment in land	-	-	-	-
Total Assets	<u>\$ 15,579,066</u>	<u>\$ 2,153,013</u>	<u>\$ 3,976,786</u>	<u>\$ 21,708,865</u>
LIABILITIES				
Accounts payable	\$ 1,188,250	\$ 1,950	\$ 85,094	\$ 1,275,294
Accrued wages payable	374,285	-	-	374,285
Guarantee deposits	126,927	-	-	126,927
Advance from other funds	227,300	-	-	227,300
Total liabilities	1,916,762	1,950	85,094	2,003,806
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	5,044,552	-	-	5,044,552
Total liabilities and deferred inflows of resources	<u>6,961,314</u>	<u>1,950</u>	<u>85,094</u>	<u>7,048,358</u>
FUND BALANCES				
Nonspendable:				
Inventory	90,147	-	-	90,147
Prepaid items	136,269	-	-	136,269
Investment in land	86,867	-	-	86,867
Restricted for:				
Roads and public transit	4,084,780	-	-	4,084,780

ROY CITY CORPORATION
Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
FUND BALANCES, continued				
Assigned to:				
Public safety	-	-	870,283	870,283
Legislative programs	-	-	-	-
Storm sewer improvements	-	-	229,317	229,317
Capital improvements	-	-	1,924,723	1,924,723
Park improvements	-	-	702,248	702,248
Cemetery	-	-	165,121	165,121
Redevelopment	-	2,151,063	-	2,151,063
Other	20,644	-	-	20,644
Unassigned	4,199,045	-	-	4,199,045
Total fund balances	<u>8,617,752</u>	<u>2,151,063</u>	<u>3,891,692</u>	<u>14,660,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,579,066</u>	<u>\$ 2,153,013</u>	<u>\$ 3,976,786</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 are not reported in the funds. The amount reported is net of accumulated	34,912,595
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 are not reported in the funds.	(3,122,724)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	(1,577,033)
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.	655,982
Net Position of governmental activities	<u>\$ 45,529,327</u>

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Special Revenue Fund Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,053,663	\$ 87,543	\$ -	\$ 13,141,206
Payments in lieu of taxes	349,702	-	-	349,702
Licenses and permits	808,862	-	-	808,862
Intergovernmental	1,921,454	311,058	-	2,232,512
Charges for services	2,300,647	-	-	2,300,647
Impact fees	-	-	195,916	195,916
Fines and forfeitures	622,326	-	-	622,326
Investment earnings	185,959	38,597	40,709	265,265
Property rental	19,363	-	-	19,363
Management fee	164,041	-	-	164,041
Contributions and donations	53,668	-	-	53,668
Other income	10,692	56,711	100	67,503
Total Revenues	19,490,377	493,909	236,725	20,221,011
Expenditures:				
Current:				
General government	3,252,896	377,280	-	3,630,176
Public safety	9,301,523	-	-	9,301,523
Public works	2,612,644	-	-	2,612,644
Parks and recreation	2,511,549	-	-	2,511,549
Project outlays	-	-	325,611	325,611
Total expenditures	17,678,612	377,280	325,611	18,381,503
Excess (deficiency) of revenues over (under) expenditures	\$ 1,811,765	\$ 116,629	\$ (88,886)	\$ 1,839,508

ROY CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances, continued
Governmental Funds
For the Fiscal Year Ended June 30, 2020

		Special Revenue		
		Fund	Other	Total
	General	Redevelopment	Governmental	Governmental
		Agency	Funds	Funds
Other financing sources (uses)				
Proceeds from sale of assets	57,518	-	-	57,518
Contributions from other government units	518,338	-	-	518,338
Transfers in	-	-	1,866,434	1,866,434
Transfers out	(1,866,434)	-	-	(1,866,434)
Total other financing sources (uses)	(1,290,578)	-	1,866,434	575,856
Net change in fund balances	521,187	116,629	1,777,548	2,415,364
Fund balances - beginning of year	8,552,279	2,034,434	2,114,144	12,700,857
Prior period adjustment	(455,714)	-	-	(455,714)
Fund balances - end of year	<u>\$ 8,617,752</u>	<u>\$ 2,151,063</u>	<u>\$ 3,891,692</u>	<u>\$ 14,660,507</u>

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, 2020

Amounts reported for governmental activities in the statement of activities (pages 31-32)
are different because:

Net change in fund balances - total governmental funds (page 36)	\$ 2,415,364
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.	(996,801)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(119,324)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, deferred bond insurance costs are reported in the governmental fund's operating statement because these transactions require the use of financial resources 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.	(30,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	177,561
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>6,624</u>
Change in net position of governmental activities	<u><u>\$ 1,453,424</u></u>

ROY CITY CORPORATION
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Taxes:				
Property	\$ 3,775,379	\$ 4,109,533	\$ 4,108,107	\$ (1,426)
Sales	5,472,921	5,472,921	6,014,750	541,829
Telecom gross receipts	200,000	200,000	178,851	(21,149)
Franchise	2,378,700	2,378,700	2,415,955	37,255
Paramedic	336,000	336,000	336,000	-
Payments in lieu of taxes	380,000	380,000	349,702	(30,298)
Licenses and permits	406,900	791,900	808,862	16,962
Intergovernmental	1,609,025	1,925,905	1,921,454	(4,451)
Charges for services	2,524,500	2,744,500	2,300,647	(443,853)
Fines and forfeitures	621,000	621,000	622,326	1,326
Investment earnings	135,500	135,500	185,959	50,459
Property rental	28,500	28,500	19,363	(9,137)
Management fee	204,041	1,199,694	164,041	(1,035,653)
Contributions and donations	430,000	465,978	572,006	106,028
Miscellaneous	20,000	38,830	10,692	(28,138)
Total revenue	18,522,466	20,828,961	20,008,715	(820,246)
Expenditures:				
General government:				
Legislative	486,784	518,484	492,352	(26,132)
Legal	368,899	372,824	355,711	(17,113)
Community development	409,046	409,046	377,270	(31,776)
Information technology	502,355	531,355	502,355	(29,000)
Justice court	392,009	392,009	359,972	(32,037)
Finance	370,194	370,194	347,411	(22,783)
Public buildings	614,858	665,858	613,500	(52,358)
Risk management	174,616	174,616	174,616	-
	3,318,761	3,434,386	3,223,187	(211,199)
Public safety:				
Fire	3,979,794	4,163,006	4,120,231	(42,775)
Police	5,085,936	5,384,602	5,094,650	(289,952)
	9,065,730	9,547,608	9,214,881	(332,727)

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Public works:				
Administration	357,589	357,589	308,749	(48,840)
Class "C" roads	1,451,600	1,566,918	1,430,805	(136,113)
Fleet services	196,961	196,961	172,046	(24,915)
Streets	782,011	782,011	675,656	(106,355)
Transportation infrastructure	400,000	400,000	25,388	(374,612)
	<u>3,188,161</u>	<u>3,303,479</u>	<u>2,612,644</u>	<u>(690,835)</u>
Parks and recreation:				
Aquatic center	703,216	755,716	557,388	(198,328)
Parks and recreation	1,393,492	1,393,492	1,258,908	(134,584)
Recreation complex	621,717	658,397	538,244	(120,153)
Roy Days	119,389	158,267	157,009	(1,258)
	<u>2,837,814</u>	<u>2,965,872</u>	<u>2,511,549</u>	<u>(454,323)</u>
Total expenditures	<u>18,410,466</u>	<u>19,251,345</u>	<u>17,562,261</u>	<u>(1,689,084)</u>
Excess of revenues over expenditures	<u>112,000</u>	<u>1,577,616</u>	<u>2,446,454</u>	<u>868,838</u>
Other financing sources (uses):				
Issuance of debt	6,500	121,818	-	(121,818)
Proceeds from sale of assets	67,000	167,000	57,518	(109,482)
Transfer out	(185,500)	(1,866,434)	(1,866,434)	-
Total other financing sources (uses)	<u>(112,000)</u>	<u>(1,577,616)</u>	<u>(1,808,916)</u>	<u>(231,300)</u>
Net change in fund balance	-	-	637,538	637,538
Fund balance - beginning of year	7,980,214	7,980,214	7,980,214	7,980,214
Prior period adjustment	(455,714)	(455,714)	(455,714)	(455,714)
Fund balance - end of year	<u>\$ 7,524,500</u>	<u>\$ 7,980,214</u>	<u>\$ 8,617,752</u>	<u>\$ 8,617,752</u>

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Property tax	\$ 58,675	\$ 58,675	\$ 87,543	\$ 28,868
Intergovernmental	2,357,942	2,357,942	311,058	(2,046,884)
Investment earnings	30,000	30,000	38,597	8,597
Other income	-	-	56,711	56,711
Total revenue	2,446,617	2,446,617	493,909	(1,952,708)
Expenditures:				
General government	-	-	377,280	377,280
Total expenditures	-	-	377,280	377,280
Net change in fund balance	2,446,617	2,446,617	116,629	(2,329,988)
Fund balance - beginning of year	2,034,434	2,034,434	2,034,434	2,034,434
Fund balance - end of year	\$ 4,481,051	\$ 4,481,051	\$ 2,151,063	\$ (295,554)

ROY CITY CORPORATION
Statement of Net Position
Proprietary Fund
June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	
ASSETS					
Current assets:					
Cash	\$ 3,392,484	\$ 1,599,294	\$ 3,709,719	\$ 8,701,497	\$ 914,949
Investment in water stock	16,100	-	-	16,100	-
Accounts Receivable - net of allowance for doubtful accounts	1,372,111	122,354	394,370	1,888,835	-
Inventory	411,265	2,761	928	414,954	-
Prepaid items	334,086	-	23	334,109	-
Total current assets	5,526,046	1,724,409	4,105,040	11,355,495	914,949
Noncurrent assets:					
Advance to other fund	227,300	-	-	227,300	-
Capital assets:					
Land	147,285	-	133,487	280,772	-
Buildings	186,719	-	-	186,719	-
Improvements other than buildings	35,435,684	3,752,048	-	39,187,732	-
Machinery and equipment	872,312	565,858	155,816	1,593,986	706,156
Automobiles and trucks	798,438	-	497,947	1,296,385	-
Less accumulated depreciation	(15,906,152)	(1,230,532)	(626,619)	(17,763,303)	(479,768)
Total capital assets net of accumulated depreciation	21,534,286	3,087,374	160,631	24,782,291	226,388
Total noncurrent assets	21,780,060	3,094,246	160,631	25,034,937	230,915
Total assets	27,306,106	4,818,655	4,265,671	36,390,432	1,145,864
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding amortizable interest	56,614	-	-	56,614	-
Pension	84,961	2,871	-	87,832	23,288
Total deferred outflows of resources	\$ 141,575	\$ 2,871	\$ -	\$ 144,446	\$ 23,288

ROY CITY CORPORATION
Statement of Net Position, continued
Proprietary Fund
June 30, 2020

	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	\$ 848,455	\$ 10,499	\$ 169,133	\$ 1,028,087	\$ 42,049
Accrued Wages	16,059	5,984	-	22,043	3,701
Compensated absences	59,835	27,932	-	87,767	4,209
Recaptured losses				-	-
Interest payable	22,619	-	-	22,619	-
Revenue bonds payable	440,000	-	-	440,000	-
Total current liabilities	<u>1,386,968</u>	<u>44,415</u>	<u>169,133</u>	<u>1,600,516</u>	<u>49,959</u>
Long-term liabilities, less current portion:					
Compensated absences	21,926	6,327	-	28,253	24,172
Recaptured losses				-	120,000
Net pension liability	121,246	7,750	-	128,996	27,652
Revenue bonds payable	3,336,000	-	-	3,336,000	-
Total liabilities	<u>4,866,140</u>	<u>58,492</u>	<u>169,133</u>	<u>5,093,765</u>	<u>221,783</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	114,181	29,374	-	143,555	33,915
Unearned Revenue	-	-	-	-	-
Total deferred inflows of resources	<u>114,181</u>	<u>29,374</u>	<u>-</u>	<u>143,555</u>	<u>33,915</u>
NET POSITION					
Net investments in capital assets	17,735,667	3,087,374	160,631	20,983,672	226,388
Unrestricted	<u>4,731,693</u>	<u>1,646,286</u>	<u>3,935,907</u>	<u>10,313,886</u>	<u>687,066</u>
Total net position	<u>\$ 22,467,360</u>	<u>\$ 4,733,660</u>	<u>\$ 4,096,538</u>	<u>\$ 31,297,558</u>	<u>\$ 913,454</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>213,216</u>	
Net position of business-type activities				<u>\$ 31,510,774</u>	

ROY CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	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	\$ 7,825,785	\$ 859,947	\$ 2,300,189	\$ 10,985,921	\$ 877,396
Other fees	996,780	-	-	996,780	-
Other income	178,991	3,215	10,665	192,871	-
Total operating revenue	<u>9,001,556</u>	<u>863,162</u>	<u>2,310,854</u>	<u>12,175,572</u>	<u>877,396</u>
Operating expenses:					
Personnel services	1,447,787	393,764	240,825	2,082,376	175,393
Contractual services	5,096,228	89,971	1,899,331	7,085,530	274,922
Materials and supplies	900,608	126,893	7,480	1,034,981	74,817
Other general costs of services	49,708	8,484	5,345	63,537	274,999
Depreciation	<u>755,806</u>	<u>143,275</u>	<u>7,164</u>	<u>906,245</u>	<u>84,719</u>
Total Operating expenses	<u>8,250,137</u>	<u>762,387</u>	<u>2,160,145</u>	<u>11,172,669</u>	<u>884,850</u>
Operating income	<u>751,419</u>	<u>100,775</u>	<u>150,709</u>	<u>1,002,903</u>	<u>(7,454)</u>
Non-operating revenues and (expenses):					
Interest income	64,541	28,754	72,126	165,421	-
Gain/(loss) on sale of assets	-	-	-	-	-
Interest expenses	(91,502)	-	-	(91,502)	-
Bond fees	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>
Total non-operating revenues/(expenses)	<u>(28,461)</u>	<u>28,754</u>	<u>72,126</u>	<u>72,419</u>	<u>-</u>
Changes in net position	722,958	129,529	222,835	1,075,322	(7,454)
Total net position - beginning	<u>21,744,402</u>	<u>4,604,131</u>	<u>3,873,703</u>		<u>920,908</u>
Total net position - ending	<u>\$ 22,467,360</u>	<u>\$ 4,733,660</u>	<u>\$ 4,096,538</u>		<u>\$ 913,454</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(14,078)	
Change in net position of business-type activities				<u>\$ 1,061,244</u>	

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

ROY CITY CORPORATION
Statement of Cash Flows
Proprietary Fund
June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 8,747,104	\$ 857,232	\$ 2,273,904	\$ 11,878,240	\$ -
Cash received from interfund activities	-	-	-	-	877,397
Other income	178,991	3,215	10,665	192,871	-
Payments to suppliers	(5,986,855)	(250,600)	(2,088,369)	(8,325,824)	(477,312)
Payments to employees	(1,275,082)	(393,638)	(226,564)	(1,895,284)	(171,497)
Payments for interfund services	(178,046)	-	(14,261)	(192,307)	-
Net cash provided by operating activities	1,486,112	216,209	(44,625)	1,657,696	228,588
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	(970,790)	(92,972)	(133,489)	(1,197,251)	(110,392)
Funds placed in escrow on bond refunding	(437,000)	-	-	(437,000)	-
Interest paid on bond	(87,530)	-	-	(87,530)	-
Net cash used in capital and related financing activities	(1,495,320)	(92,972)	(133,489)	(1,721,781)	(110,392)

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer Utility	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Activities - Internal Service Funds
Cash flows from investing activities:					
Interest received	64,541	28,754	72,126	165,421	-
Net cash provided by investing activities	64,541	28,754	72,126	165,421	-
Net increase (decrease) in cash	85,333	151,991	(105,988)	131,336	118,196
Cash - beginning of year	3,307,151	1,447,303	3,815,707	8,570,161	796,753
Cash - end of year	<u>\$ 3,392,484</u>	<u>\$ 1,599,294</u>	<u>\$ 3,709,719</u>	<u>\$ 8,701,497</u>	<u>\$ 914,949</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	<u>\$ 751,419</u>	<u>\$ 100,775</u>	<u>\$ 150,709</u>	<u>\$ 1,002,903</u>	<u>\$ (7,454)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	755,806	143,275	7,164	906,245	84,719
(Increase) decrease in accounts receivable	(75,419)	(2,556)	(26,421)	(104,396)	-
Increase (decrease) in allowance for uncollectible accounts	(42)	(159)	136	(65)	-
(Increase) decrease in inventory	137,697	643	(7)	138,333	-
(Increase) decrease in prepaids	(36,257)	-	154	(36,103)	3,976
(Increase) decrease in deferred outflows	85,618	31,850	-	117,468	20,983
(Increase) decrease in net pension asset	(18,474)	(6,872)	-	(25,346)	(4,527)
Increase (decrease) in accounts payable	(41,751)	(25,894)	(176,359)	(244,004)	23,451
Increase (decrease) in accrued					

ROY CITY CORPORATION
Statement of Cash Flows, continued
Proprietary Fund
June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water & Sewer Utility Fund	Storm-Sewer Utility Fund	Solid Waste Utility Fund	Total	Internal Service Funds
Increase (decrease) in compensated absences	(3,216)	130	-	(3,086)	4,209
Increase (decrease) in deferred inflows	69,551	25,872	-	95,423	17,045
Increase (decrease) in net pension liability	(142,526)	(53,018)	-	(195,544)	(34,930)
Increase (decrease) in recaptured losses	-	-	-	-	120,000
Total adjustments	734,693	115,435	(195,333)	654,795	236,042
Net cash provided by operating activities	<u>\$ 1,486,112</u>	<u>\$ 216,210</u>	<u>\$ (44,624)</u>	<u>\$ 1,657,698</u>	<u>\$ 228,588</u>
Non-cash capital and related financing activities:					
Purchase of equipment on account	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions from developers	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds refunded	-	-	-	-	-
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

ROY CITY CORPORATION
Notes to the Financial Statements
June 30, 2020

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 with 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. 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, 2020

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, 2020

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, 2020

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, 2020

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 "inter-activity 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, 2020

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, 2020

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, 2020

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

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.

Deferred outflows/inflows of resources: In addition to assets, financial statements will sometimes report 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 will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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	\$ 70,481,689
Accumulated depreciation	(35,569,094)
Total difference	<u>\$ 34,912,595</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	\$ 1,441,208
Net pension asset	378,885
Deferred inflows - pensions	(1,759,236)
Net pension liability	(3,183,581)
Total difference	<u>\$ (3,122,724)</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, 2020 were:

URMMA recaptured losses	\$ 120,000
Compensated absences	1,457,033
Total difference	<u>\$ 1,577,033</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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, 2020 include:

Cash	\$ 914,949
Net pension asset	4,527
Deferred outflows - pensions	23,288
Accounts payable	(42,049)
Accrued wages payable	(3,701)
Net pension liability	(27,816)
Interactivity payable	(213,216)
Total difference	<u>\$ 655,982</u>

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

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

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

Capital outlay	\$ 1,264,706
Depreciation expense	(2,261,507)
Total difference	<u>\$ (966,801)</u>

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$119,320 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.	\$ (119,322)
Total difference	<u>\$ (119,322)</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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 2020 are \$386,496.

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 \$30,000 difference is as follows:

Claims for insurance	\$ (30,000)
Total difference	<u>\$ (30,000)</u>

Additional expenses that are reported on the statement of activities which do not require the use of current financial resources are as follows:

Compensated absences	\$ 59,409
Pension expenditures	118,152
Total difference	<u>\$ 177,561</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 \$136,091 difference is as follows:

Change in net position of the internal service funds	\$ (7,454)
Less: Profit from charges to business-type activities	14,078
Total difference	<u>\$ 6,624</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, 2020, there was \$877,396 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	\$ 227,294
Interactivity receivable representing charges in excess of cost to business-type activities - current year	(14,078)
Total difference	<u>\$ 213,216</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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 \$2,414,445; an increase in the capital improvements plan fund of \$1,844,586; an increase in the Class C Road Fund of \$115,318; an increase in the storm sewer development fund of \$57,000; an increase of \$312,609 in the park development fund; an increase in the water and sewer utility fund of \$175,600; \$25,000 increase in the storm sewer utility fund; \$500 increase in the storm sewer utility fund; an increase in the solid waste utility fund of \$900; an increase in the information technology fund of \$32,200; and an increase of \$71,800 in the risk management 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 \$92,933; operations and maintenance increased \$324,153; purchase and construction of capital assets increased \$316,425; and the transfer to capital projects fund increased \$1,680,934. The expenditure changes were covered by an increase in property tax of \$334,154; increase in building permit revenue of \$385,000; increased plan check fees of \$220,000; sale of fixed assets of \$100,000; grant revenue of \$325,880; and miscellaneous other revenue sources of \$62,758. The contribution from fund balance increased \$986,653.

The changes in the capital projects fund were for capital improvements related to parks and recreation of \$319,652, and a transfer to general capital improvement projects of \$1,524,934 to be appropriated in future years. These expenditure increases were covered by increased contributions from fund balance of \$163,652, and a transfer from the general fund of \$1,680,934.

The increase in the water and sewer utility was due to changes in capital and operations. Adjustments to the budget were made including an increase in operations and maintenance of \$3,600 and an increase in capital of \$177,000. An increase in the use of fund balance reserves was made in the amount of \$175,600.

The changes in the storm water utility fund were to increase operations by \$500 and were covered by increased use of fund balance reserves of \$500.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

The increase to the solid waste utility fund was to cover operations increases of \$900. These expenses were covered by an increased use of fund balance reserves of \$900.

The information technology operations budget increased by \$32,200 were offset by an increase in charges for services of \$29,000 and a use of fund balance reserves of \$3,200.

The risk management insurance premiums budget increased by \$26,000 and the reserve for claims increased by \$45,800 and were offset by an increased use of fund balance reserves of \$71,800.

Class C road fund equipment had a budgeted increase of \$115,318 and an increased use of fund balance reserves of \$115,318 for interest earned.

The increase in the storm sewer development fund capital budgets of \$57,000 was covered by increased revenue projections of \$57,000.

The park development fund had a budgeted increase of \$312,609 for capital projects. The increased expenses were offset by increased park development fees of \$70,200 and a use of fund balance reserves of \$242,409.

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

Budget/GAAP Reconciliation

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

General Fund	
Net change in fund	
balance (budget)	\$ 637,538
Beginning encumbrances	(116,351)
Net change	
in fund balance (GAAP)	\$ 521,187
Fund balance (budget)	\$ 8,617,752
Fund balance (GAAP)	\$ 8,617,752

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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.

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.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

The investment policy addresses investment-related risks as follows:

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

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

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

While the City's investment policy allows for a range of investments, at June 30, 2020, 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, 2020, the City and the Redevelopment Agency investments consisted of the following:

	Roy City	RDA
Utah Public Treasurer's Investment Fund	\$ 22,817,567	\$ 1,923,614
Maturity	NA	NA
Rating	Not rated	Not rated
Fair Market Value (FMV)	Level input 1	Level input 1
Recurring FMV measurement	Matrix Pricing Model	Matrix Pricing Model

As of June 30, 2020, all of the City's bank balance of \$116,018 was insured. For the Redevelopment Agency, all of the bank balance of \$197,311 was insured within FDIC limits. In the Water and Sewer Utility all of the bank balance of \$3,162 held in a receiver's account for on-line bill pay was insured within FDIC limits.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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	RDA
Taxes	\$ 4,838,441	\$ -
Ambulance services	3,269,874	-
Special Assessments	18,347	-
Intergovernmental	27,126	-
Other	667,850	28,074
Gross receivables	8,821,638	28,074
Less: Allowance for uncollectible accounts	(2,824,983)	-
Net receivables	<u>\$ 5,996,655</u>	<u>\$ 28,074</u>

Enterprise funds:

	Water and Sewer Utility Enterprise	Storm Sewer Utility Enterprise	Solid Waste Utility Enterprise Fund	Total
Utilities	\$ 1,398,443	\$ 126,641	\$ 408,180	\$ 1,933,264
Intergovernmental	20,135	-	-	20,135
Gross receivables	1,418,578	126,641	408,180	1,953,399
Less: Allowance for uncollectible accounts	(46,467)	(4,287)	(13,810)	(64,564)
Net receivables	<u>\$ 1,372,111</u>	<u>\$ 122,354</u>	<u>\$ 394,370</u>	<u>\$ 1,888,835</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, 2020

Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,284,842	\$ -	\$ -	\$ 4,284,842
Construction in progress	5,758,841	510,596	-	6,269,437
Total capital assets not being depreciated	<u>10,043,683</u>	<u>510,596</u>	<u>-</u>	<u>10,554,279</u>
Capital assets being depreciated:				
Buildings	11,827,222	-	(16,476)	11,810,746
Improvements other than buildings	35,410,826	129,483	-	35,540,309
Machinery and equipment	5,223,913	205,265	(335,708)	5,093,470
Automobiles and trucks	7,629,149	529,754	(676,018)	7,482,885
Total capital assets being depreciated	<u>60,091,110</u>	<u>864,502</u>	<u>(1,028,202)</u>	<u>59,927,410</u>
Less accumulated depreciation for:				
Buildings	(5,576,253)	(304,921)	16,476	(5,864,698)
Improvements other than buildings	(19,084,417)	(985,906)	-	(20,070,323)
Machinery and equipment	(3,981,396)	(290,314)	335,708	(3,936,002)
Automobiles and trucks	(5,489,683)	(765,085)	556,697	(5,698,071)
Total accumulated depreciation:	<u>(34,131,749)</u>	<u>(2,346,226)</u>	<u>908,881</u>	<u>(35,569,094)</u>
Total capital assets being depreciated, net	<u>25,959,361</u>	<u>(1,481,724)</u>	<u>(119,321)</u>	<u>24,358,316</u>
Governmental activities capital assets, net	<u>\$ 36,003,044</u>	<u>\$ (971,128)</u>	<u>\$ (119,321)</u>	<u>\$ 34,912,595</u>

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 139,434	\$ 141,338	\$ -	\$ 280,772
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>139,434</u>	<u>141,338</u>	<u>-</u>	<u>280,772</u>
Capital assets being depreciated:				
Buildings	119,010	67,709	-	186,719
Improvements other than buildings	38,465,973	735,959	(14,200)	39,187,732
Machinery and equipment	1,403,488	204,673	(14,175)	1,593,986
Automobiles and trucks	1,271,070	47,569	(22,254)	1,296,385
Total capital assets being depreciated	<u>41,259,541</u>	<u>1,055,910</u>	<u>(50,629)</u>	<u>42,264,822</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	(11,349)	(2,303)	-	(13,652)
Improvements other than buildings	(14,745,071)	(817,952)	14,200	(15,548,823)
Machinery and equipment	(901,288)	(68,646)	14,175	(955,759)
Automobiles and trucks	(1,249,980)	(17,342)	22,254	(1,245,068)
Total accumulated depreciation:	<u>(16,907,688)</u>	<u>(906,243)</u>	<u>50,629</u>	<u>(17,763,302)</u>
Total capital assets being depreciated, net	<u>24,351,853</u>	<u>149,667</u>	<u>-</u>	<u>24,501,520</u>
Business-type activities capital assets, net	<u>\$ 24,491,287</u>	<u>\$ 291,005</u>	<u>\$ -</u>	<u>\$ 24,782,292</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 339,110
Public Safety	521,055
Public works, including depreciation of general infrastructure assets	555,259
Parks and recreation	501,760
Roads	335,603
Transportation	8,720
Information technology	84,719
Total depreciation expense - governmental activities	<u>\$ 2,346,226</u>
Business-type activities:	
Water and sewer utility	\$ 755,804
Storm water utility	143,275
Solid waste utility	7,164
Total depreciation expense - business-type activities	<u>\$ 906,243</u>

Inter-fund Receivables, Payables, and Transfers

The composition of internal balances as of June 30, 2020 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer utility enterprise fund	General fund	\$ 227,300

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, 2020

Inter-fund transfers:

Receivable Fund	Payable Fund	Amount
Fire & Rescue facilities equipment - capital projects fund	General fund	\$ 185,500
Capital improvements - capital projects fund	General fund	1,524,934
		<u>\$ 1,866,434</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 \$1,529,045 in deferred charges related to pension plans. See Note 6 for a summary of this amount. In addition, in 2018 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 \$24,262 has been amortized as interest expense (\$8,087 in 2020) resulting in a remaining balance of \$56,614.

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, 2020

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	\$ 3,823,927	\$ 3,823,927	\$ -
Funding received for future use	1,219,825	1,195,916	-
Pensions	-	1,759,236	143,555
Special assessments levied	800	800	-
	<u>\$ 5,044,552</u>	<u>\$ 6,779,879</u>	<u>\$ 143,555</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, the 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 balance of advance defeased bonds is \$3,785,000.

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
2021	\$ 440,000	\$ 77,672	\$ 517,672
2022	448,000	68,620	516,620
2023	460,000	59,406	519,406
2024	466,000	49,944	515,944
2025	476,000	40,358	516,358
2026-2028	1,486,000	61,584	1,547,584
	<u>\$ 3,776,000</u>	<u>\$ 357,584</u>	<u>\$ 3,615,912</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Recaptured losses	\$ -	\$ 120,000	\$ -	\$ 120,000	\$ -
Compensated absences	1,512,234	798,400	(853,601)	1,457,033	225,071
Governmental activities - Long-term liabilities	<u>\$ 1,512,234</u>	<u>\$ 918,400</u>	<u>\$ (853,601)</u>	<u>\$ 1,577,033</u>	<u>\$ 225,071</u>
Business-type activities:					
Bonds payable	\$ 4,213,000	\$ -	\$ (437,000)	\$ 3,776,000	\$ 440,000
Compensated absences	119,106	-	(3,086)	116,020	24,620
Business-type activities - Long-term liabilities	<u>\$ 4,332,106</u>	<u>\$ -</u>	<u>\$ (440,086)</u>	<u>\$ 3,892,020</u>	<u>\$ 464,620</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, \$28,381 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, 2020, 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	\$ 20,644	\$ -	\$ -	\$ -	\$ -	\$ -
Capital improvements	-	1,924,723	-	-	-	-
Recreational facilities	-	332,347	369,901	-	-	-
Fire apparatus	-	870,283	-	-	-	-
Storm sewer	-	-	-	229,317	-	-
Cemetery	-	-	-	-	165,121	-
Redevelopment	-	-	-	-	-	2,151,063
	<u>\$ 20,644</u>	<u>\$ 3,127,353</u>	<u>\$ 369,901</u>	<u>\$ 229,317</u>	<u>\$ 165,121</u>	<u>\$ 2,151,063</u>

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

- *Purchase obligations* 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

General Information About the Pension Plan

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). The Utah Retirement 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).
- *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 under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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 20 years any age* 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
Firefighters	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 4%
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, 2020

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, 2020 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	15.54%	1.03%
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	24.29%	0.70%
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.38%	0.70%
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, 2020

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 544,656	N/A
Contributory System	216	90
Public Safety System	592,767	-
Firefighters Retirement System	46,928	153,204
Tier 2 Public Employees System	150,990	-
Tier 2 Public Safety and Firefighter	232,262	-
Tier 2 DC Only System	14,348	N/A
Tier 2 DC Public Safety and Firefighter System	7,059	N/A
	<u>\$ 1,589,226</u>	<u>\$ 153,294</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, 2020, we reported a net pension asset of \$404,231 and a net pension liability of \$ 3,312,576.

System	Measurement Date: December 31, 2019			December 31, 2018	Increase (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	
Noncontributory System	\$ -	\$ 1,304,378	0.3460926%	0.3504247%	-0.0043321%
Contributory System	-	16,938	0.2584499%	0.4715379%	-0.2130880%
Public Safety System	-	1,899,692	1.1831536%	1.2363720%	-0.0532184%
Firefighters Retirement System	404,231	-	3.2594012%	3.2646087%	-0.0052075%
Tier 2 Public Employees System	-	15,076	0.0670334%	0.0776142%	-0.0105808%
Tier 2 Public Safety and Firefighter	-	76,492	0.8131922%	0.8665285%	-0.0533363%
	<u>\$ 404,231</u>	<u>\$ 3,312,576</u>			

The net pension asset and liability were measured as of December 31, 2019. 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, 2019 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, 2020 we recognized pension expense of \$1,372,867.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

At June 30, 2020 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	\$ 257,314	\$ 121,027
Changes in assumptions	399,940	33,822
Net difference between projected and actual earnings on pension plan investments	-	1,645,725
Changes in proportion and differences between contributions and proportionate share of contributions	83,686	102,217
Contributions subsequent to the measurement date	788,101	-
	<u>\$ 1,529,041</u>	<u>\$ 1,902,791</u>

\$788,101 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, 2019.

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
2020	\$ (325,433)
2021	(397,093)
2022	90,350
2023	(589,448)
2024	11,424
Thereafter	48,349

Actuarial Assumptions

The total pension liability in the December 31, 2019, 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, 2019, 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, 2020

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 and is applied consistently to each defined benefit pension plan. 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%. 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 remained unchanged at 6.95%.

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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%, 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%) or 1-percentage-point higher (7.95%) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 4,074,025	\$ 1,304,378	\$ (1,005,480)
Contributory System	132,230	16,938	(80,283)
Public Safety System	4,920,940	1,899,692	(555,654)
Firefighters Retirement System	826,659	(404,231)	(1,402,737)
Tier 2 Public Employees System	130,010	15,076	(73,746)
Tier 2 Public Safety and Firefighter	270,218	76,492	(67,317)
	<u>\$ 10,354,082</u>	<u>\$ 2,908,345</u>	<u>\$ (3,185,217)</u>

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:

	2020	2019	2018
401(k) Plan			
Employer Contributions	48,050	44,391	46,241
Employee Contributions	21,919	10,447	11,499
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	49,714	23,872	23,525
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	16,179	7,042	6,534

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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 18.47% of earnings for merit participants, 35.71% for police officers, 18.43% for firefighters, and 24.61% 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 \$9,197,620 and eligible payroll under this plan was \$8,475,231 for the same period. At June 30, 2020 total plan assets were \$5,919,122. Total contribution requirements were \$50,851, or .60% 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 \$164,041 for FY 2020.

Financial information relating to the project areas for the fiscal year ending June 30, 2020 is as follows:

	Project Area #2	Project Area #3	Project Area #4	General
Tax increment collected	\$ 75,284	\$ 12,260	\$ -	\$ -
Contributions from other government units	267,722	43,336	-	-
Amounte expended for:			-	-
Administrative costs	148,041	11,000	-	5,000
Redevelopment activities	153,794	59,446	-	-

Commitments

The City had no open contracts for which work had not begun at June 30, 2020.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City uses an internal service fund to account for its risk financing activities with the inter-fund premiums being treated as inter-fund services used. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not

ROY CITY CORPORATION
Notes to the Financial Statements, Continued
June 30, 2020

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, 2020, the city management accrued an estimate of \$120,000 for outstanding claims or judgments.

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, 2020, 2019 and 2018, 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 \$407,907 at June 30, 2020.

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, 2020, 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.

Prior Period adjustment

The governmental activities net position as of June 30, 2019 was increased by \$29,979 and the general fund was decreased by \$455,714. The reduction in the general fund was caused by a restatement related to land held for investment that was held on the books on June 30, 2019. During FY 2020, management discovered that the land had already been placed in service in prior years. The reduction in the governmental activities was caused by adjustments to the property and equipment accounts.

REQUIRED SUPPLEMENTARY INFORMATION

Changes in Pension Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability in Utah Retirement Systems - Last 10 Fiscal Years
December 31, 2019

	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)	2019	0.3460926%	0.2584499%	1.1831536%	3.2594012%	0.0670334%	0.8131922%
	2018	0.3504247%	0.4715379%	1.2363720%	3.2646087%	0.0776142%	0.8665285%
	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)	2019	\$ 1,304,378	\$ 16,938	\$ 1,899,692	\$ (404,231)	\$ 15,076	\$ 76,492
	2018	2,580,431	191,351	3,180,672	423,901	33,241	21,711
	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	2019	\$ 2,966,515	\$ 46,313	\$ 1,666,550	\$ 1,043,573	\$ 931,692	\$ 1,340,232
	2018	2,985,104	88,257	1,723,898	1,015,041	905,682	1,156,719
	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	2019	43.53%	36.57%	113.99%	-38.74%	1.62%	5.71%
	2018	86.44%	216.81%	184.50%	41.76%	3.67%	1.87%
	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	2019	93.7%	98.6%	90.9%	105.0%	96.5%	89.6%
	2018	87.0%	91.2%	84.7%	94.3%	90.8%	95.6%
	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%

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

Required Supplementary Information
Schedule of Utah State Retirement Systems Contributions - Last 10 Fiscal Years
June 30, 2020

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2020	\$ 544,332	\$ 544,332	\$ -	\$ 2,975,053	18.31%
	2019	538,120	538,120	-	2,950,477	18.24%
	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%
Contributory System	2020	\$ 216	\$ 216	\$ -	\$ 1,494	14.46%
	2019	13,185	13,185	-	91,183	14.46%
	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%
Public Safety System	2020	\$ 592,767	\$ 592,767	\$ -	\$ 1,702,420	34.82%
	2019	579,233	579,233	-	1,664,839	34.91%
	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%
Firefighters System	2020	\$ 46,928	\$ 46,928	\$ -	\$ 1,045,693	4.49%
	2019	46,215	46,215	-	1,002,858	4.61%
	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%
Tier 2 Public Employees System*	2020	\$ 150,990	\$ 150,990	\$ -	\$ 964,173	15.66%
	2019	146,198	146,198	-	940,781	15.54%
	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%
Tier 2 Public Safety and Firefighters System*	2020	\$ 232,262	\$ 232,262	\$ -	\$ 1,459,902	15.91%
	2019	196,256	196,256	-	1,211,828	16.20%
	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%
Tier 2 Public Employees DC Only System*	2020	\$ 14,348	\$ 14,348	\$ -	\$ 214,475	6.69%
	2019	12,662	12,662	-	189,260	6.69%
	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%
Tier 2 Public Safety and Firefighters DC Only System*	2020	\$ 7,059	\$ 7,059	\$ -	\$ 51,579	13.69%
	2019	5,324	5,324	-	42,695	12.47%
	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%

* 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, 2020

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
ASSETS				
Cash	\$ 229,317	\$ 369,901	165,121	\$ 764,339
Total Assets	<u>229,317</u>	<u>369,901</u>	<u>165,121</u>	<u>764,339</u>
LIABILITIES				
Accounts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Assigned	229,317	369,901	165,121	764,339
Total fund balances	<u>229,317</u>	<u>369,901</u>	<u>165,121</u>	<u>764,339</u>
Total liabilities and fund balances	<u>\$ 229,317</u>	<u>\$ 369,901</u>	<u>\$ 165,121</u>	<u>\$ 764,339</u>

ROY CITY CORPORATION
Combining Balance Sheet, continued
Non-Major Governmental Funds
June 30, 2020

Capital Projects Funds				Total
Capital Improvements	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	Non-Major Governmental Funds
\$ 1,924,723	\$ 870,283	\$ 417,441	\$ 3,212,447	\$ 3,976,786
<u>1,924,723</u>	<u>870,283</u>	<u>417,441</u>	<u>3,212,447</u>	<u>3,976,786</u>
-	-	85,094	85,094	85,094
-	-	85,094	85,094	85,094
1,924,723	870,283	332,347	3,127,353	3,891,692
<u>1,924,723</u>	<u>870,283</u>	<u>332,347</u>	<u>3,127,353</u>	<u>3,891,692</u>
<u>\$ 1,924,723</u>	<u>\$ 870,283</u>	<u>\$ 417,441</u>	<u>\$ 3,212,447</u>	<u>\$ 3,976,786</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, 2020

	Special Revenue Fund			
	Storm Sewer Development	Park Development	Cemetery	Total Special Revenue Funds
Revenues:				
Impact fees	\$ 95,088	100,828	\$ -	\$ 195,916
Investment earnings	2,964	5,787	-	8,751
Other income	-	-	100	100
Total revenues	<u>98,052</u>	<u>106,615</u>	<u>100</u>	<u>204,767</u>
Expenditures:				
Project outlays	-	19,157	-	19,157
Total expenditures	<u>-</u>	<u>19,157</u>	<u>-</u>	<u>19,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,052</u>	<u>87,458</u>	<u>100</u>	<u>185,610</u>
Other financing sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	98,052	87,458	100	185,610
Fund balances - beginning of year	131,265	282,443	165,021	578,729
Fund balances - end of year	<u>\$ 229,317</u>	<u>\$ 369,901</u>	<u>\$ 165,121</u>	<u>\$ 764,339</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, 2020

Capital Improvements	Capital Projects Funds			Total Non-Major Governmental Funds
	Fire & Rescue Facilities and Equipment	Recreational Facilities Improvements	Total Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ 195,916
31,958	-	-	31,958	40,709
-	-	-	-	100
31,958	-	-	31,958	236,725
-	12,165	294,289	306,454	325,611
-	12,165	294,289	306,454	325,611
31,958	(12,165)	(294,289)	(274,496)	(88,886)
1,524,934	185,500	156,000	1,866,434	1,866,434
1,524,934	185,500	156,000	1,866,434	1,866,434
1,556,892	173,335	(138,289)	1,591,938	1,777,548
367,831	696,948	470,636	1,535,415	2,114,144
\$ 1,924,723	\$ 870,283	\$ 332,347	\$ 3,127,353	\$ 3,891,692

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 25,000	\$ 82,000	\$ 95,088	\$ 13,088
Investment earnings	4,500	4,500	2,964	(1,536)
Total revenue	<u>29,500</u>	<u>86,500</u>	<u>98,052</u>	<u>11,552</u>
Expenditures:				
Project Outlays	<u>146,000</u>	<u>203,000</u>	-	(203,000)
Total expenditures	<u>146,000</u>	<u>203,000</u>	-	(203,000)
Net change in fund balance	(116,500)	(116,500)	98,052	214,552
Fund balance - beginning of year	<u>131,265</u>	<u>131,265</u>	<u>131,265</u>	<u>1,586,792</u>
Fund balance - end of year	<u>\$ 14,765</u>	<u>\$ 14,765</u>	<u>\$ 229,317</u>	<u>\$ 1,801,344</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Impact Fees	\$ 30,000	\$ 100,200	\$ 100,828	\$ 628
Investment earnings	4,000	4,000	5,787	1,787
Total revenue	<u>34,000</u>	<u>104,200</u>	<u>106,615</u>	<u>2,415</u>
Expenditures:				
Project Outlays	<u>90,000</u>	<u>402,609</u>	<u>19,157</u>	<u>(383,452)</u>
Total expenditures	<u>90,000</u>	<u>402,609</u>	<u>19,157</u>	<u>(383,452)</u>
Net change in fund balance	(56,000)	(298,409)	87,458	385,867
Fund balance - beginning of year	<u>282,443</u>	<u>282,443</u>	<u>282,443</u>	<u>1,586,792</u>
Fund balance - end of year	<u>\$ 226,443</u>	<u>\$ (15,966)</u>	<u>\$ 369,901</u>	<u>\$ 1,972,659</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Other Revenue	\$ -	\$ -	\$ 100	\$ 100
Total revenue	-	-	100	100
Net change in fund balance	-	-	100	100
Fund balance - beginning of year	165,021	165,021	165,021	1,586,792
Fund balance - end of year	<u>\$ 165,021</u>	<u>\$ 165,021</u>	<u>\$ 165,121</u>	<u>\$ 1,586,892</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Revenues:				
Investment earnings	\$ 30,000	\$ 30,000	\$ 31,958	\$ 1,958
Total revenues	30,000	30,000	31,958	1,958
Expenditures:				
Project Outlays	20,000	20,000	-	(20,000)
Total expenditures	20,000	20,000	-	(20,000)
Other Financing Sources:				
Transfers In/(Out)	-	1,524,934	1,524,934	-
Total Other Financing Sources	-	1,524,934	1,524,934	-
Net change in fund balance	10,000	1,534,934	1,556,892	21,958
Fund balance - beginning of year	367,831	367,831	367,831	-
Fund balance - end of year	\$ 377,831	\$ 1,902,765	\$ 1,924,723	\$ 21,958

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ 28,000	\$ 28,000	\$ 12,165	\$ (15,835)
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>12,165</u>	<u>(15,835)</u>
Other Financing Sources:				
Transfers In/(Out)	<u>185,500</u>	<u>185,500</u>	<u>185,500</u>	<u>-</u>
Total Other Financing Sources	<u>185,500</u>	<u>185,500</u>	<u>185,500</u>	<u>-</u>
Net change in fund balance	157,500	157,500	173,335	15,835
Fund balance - beginning of year	<u>696,948</u>	<u>696,948</u>	<u>696,948</u>	<u>-</u>
Fund balance - end of year	<u>\$ 854,448</u>	<u>\$ 854,448</u>	<u>\$ 870,283</u>	<u>\$ 15,835</u>

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive/(Negative)
Expenditures:				
Project Outlays	\$ 150,000	\$ 469,652	\$ 294,289	\$ (175,363)
Total expenditures	<u>150,000</u>	<u>469,652</u>	<u>294,289</u>	<u>(175,363)</u>
Other Financing Sources:				
Transfers In/(Out)	-	156,000	156,000	-
Total Other Financing Sources	<u>-</u>	<u>156,000</u>	<u>156,000</u>	<u>-</u>
Net change in fund balance	(150,000)	(313,652)	(138,289)	175,363
Fund balance - beginning of year	470,636	470,636	470,636	-
Fund balance - end of year	<u>\$ 320,636</u>	<u>\$ 156,984</u>	<u>\$ 332,347</u>	<u>\$ 175,363</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, 2020

	Information Technology	Risk Management	Total
ASSETS			
Current assets:			
Cash	\$ 374,876	\$ 540,073	\$ 914,949
Total current assets	<u>374,876</u>	<u>540,073</u>	<u>914,949</u>
Noncurrent assets:			
Net pension asset	4,527	-	4,527
Capital assets:			
Furnishings and fixtures	1,998	-	1,998
Computer hardware	608,078	-	608,078
Software	96,080	-	96,080
Less accumulated depreciation	<u>(479,768)</u>	<u>-</u>	<u>(479,768)</u>
Total capital assets net of accumulated depreciation	<u>226,388</u>	<u>-</u>	<u>226,388</u>
Total noncurrent assets	<u>230,915</u>	<u>-</u>	<u>230,915</u>
Total assets	<u>605,791</u>	<u>540,073</u>	<u>1,145,864</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	23,288	-	23,288
Total deferred outflows of resources	<u>\$ 23,288</u>	<u>\$ -</u>	<u>\$ 23,288</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Net Position, continued
June 30, 2020

	Information Technology	Risk Management	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 29,884	\$ 12,165	\$ 42,049
Accrued Wages	3,701	-	3,701
Compensated absences	4,209	-	4,209
Total current liabilities	<u>37,794</u>	<u>12,165</u>	<u>49,959</u>
Long-term liabilities, less current portion:			
Compensated absences	24,172	-	24,172
Recaptured losses	-	120,000	120,000
Net pension liability	27,652	-	27,652
Total liabilities	<u>89,618</u>	<u>132,165</u>	<u>221,783</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	33,915	-	33,915
Total deferred inflows of resources	<u>33,915</u>	<u>-</u>	<u>33,915</u>
NET POSITION			
Net investments in capital assets	226,388	-	226,388
Unrestricted	279,158	407,908	687,066
Total net position	<u>\$ 505,546</u>	<u>\$ 407,908</u>	<u>\$ 913,454</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, 2020

	Information Technology	Risk Management	Total
Operating revenues:			
Charges for services	\$ 627,944	\$ 249,452	\$ 877,396
Total operating revenue	<u>627,944</u>	<u>249,452</u>	<u>877,396</u>
Operating expenses:			
Personnel services	175,393	-	175,393
Contractual services	135,406	139,516	274,922
Materials and supplies	74,817	-	74,817
Other general costs of services	8,895	266,104	274,999
Depreciation	84,719	-	84,719
Total Operating expenses	<u>479,230</u>	<u>405,620</u>	<u>884,850</u>
Operating income (loss)	<u>148,714</u>	<u>(156,168)</u>	<u>(7,454)</u>
Changes in net position	148,714	(156,168)	(7,454)
Total net position - beginning	356,832	564,076	920,908
Total net position - ending	<u>\$ 505,546</u>	<u>\$ 407,908</u>	<u>\$ 913,454</u>

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Information Technology	Risk Management	Total
Cash flows from operating activities:			
Cash received from interfund services provided	\$ 627,945	\$ 249,452	\$ 877,397
Other income	-	-	-
Payments to suppliers	(192,015)	(285,297)	(477,312)
Payments to employees	(171,497)	-	(171,497)
Net cash provided by operating activities	264,433	(35,845)	228,588
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(110,392)	-	(110,392)
Net cash used in capital and related financing activities	(110,392)	-	(110,392)
Net increase (decrease) in cash	154,041	(35,845)	118,196
Cash - beginning of year	220,835	575,918	796,753
Cash - end of year	\$ 374,876	\$ 540,073	\$ 914,949
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 148,714	\$ (156,168)	\$ (7,454)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	84,719	-	84,719
(Increase) decrease in prepaids	3,976	-	3,976
(Increase) decrease in deferred outflows	20,983	-	20,983
(Increase) decrease in net pension asset	(4,527)	-	(4,527)

ROY CITY CORPORATION
Internal Service Funds
Combining Statement of Cash Flows, continued
For the Fiscal Year Ended June 30, 2019

	Information Technology	Risk Management	Total
Increase (decrease) in accounts payable	23,128	323	23,451
Increase (decrease) in accrued wages	1,116	-	1,116
Increase (decrease) in compensated absences	4,209	-	4,209
Increase (decrease) in deferred inflows	17,045	-	17,045
Increase (decrease) in net pension liability	(34,930)	-	(34,930)
Increase (decrease) in recaptured losses	-	120,000	120,000
Total adjustments	115,719	120,323	236,042
Net cash provided by operating activities	<u>\$ 264,433</u>	<u>\$ (35,845)</u>	<u>\$ 228,588</u>

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

ROY CITY CORPORATION
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets:		
Land	\$ 4,284,843	\$ 4,284,843
Buildings	11,810,746	11,827,222
Improvements other than Buildings	35,540,309	35,410,826
Machinery and Equipment	5,093,470	5,223,913
Vehicles	7,482,885	7,629,149
Construction in Progress	6,269,437	5,758,841
Total Governmental Funds Capital Assets	<u>\$ 70,481,690</u>	<u>\$ 70,134,793</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 39,134,884	\$ 39,169,933
Capital Projects Fund	18,375,358	18,074,583
Special Revenue Funds	8,706,653	8,625,483
Donations	4,264,794	4,264,794
Total Governmental Funds Capital Assets	<u>\$ 70,481,690</u>	<u>\$ 70,134,793</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, 2020

Function and Activity	Land	Buildings	Improvments other than Buildings	Machinery and Equipment	Vehicles	Construction in Progress	Total
General Government:							
Legislative	\$ 1,209,110	\$ -	\$ 12,137	\$ 729,652	\$ 84,821	\$ 20,031	\$ 2,055,751
Legal	-	-	-	3,920	-	-	3,920
Justice Court	-	-	-	51,954	-	-	51,954
Community Developm	-	-	-	25,739	52,093	-	77,833
Finance	-	-	3,970	17,268	-	-	21,238
Public Buildings	-	9,555,973	718,303	339,400	192,975	280,065	11,086,716
Total	1,209,110	9,555,973	734,410	1,167,933	329,890	300,096	13,297,412
Public Safety:							
Fire	69,417	922,306	35,311	761,252	2,901,691	15,683	4,705,661
Police	-	-	1,768	259,393	1,751,928	-	2,013,089
Total	69,417	922,306	37,079	1,020,645	4,653,619	15,683	6,718,750
Public Works:							
Administration	185,268	-	22,208	48,791	25,656	16,662	298,585
Class "C" Roads	26,273	227,426	8,382,629	628,923	1,661,836	215,679	11,142,766
Fleet Services	-	-	-	127,067	69,390	-	196,457
Streets	327,700	2,275	16,075,420	688,557	235,338	939,706	18,268,996
Trans. Infrastructure	-	-	134,395	10,000	-	440,585	584,980
Total	539,241	229,701	24,614,652	1,503,337	1,992,221	1,612,632	30,491,783
Parks and Recreation:							
Aquatic Center	963,940	-	4,627,797	406,984	-	67,987	6,066,709
Beautification	-	-	-	3,579	-	835,117	838,696
Parks	1,047,420	174,931	5,019,373	513,716	417,309	3,437,922	10,610,671
Recreation	-	471,595	185,666	91,652	89,847	-	838,759
Recreation Complex	-	911,955	321,331	385,623	-	-	1,618,909
Total	2,011,360	1,558,481	10,154,168	1,401,554	507,155	4,341,026	19,973,744
Total Governmental							
Capital Assets	<u>\$ 3,829,128</u>	<u>\$ 12,266,460</u>	<u>\$ 35,540,309</u>	<u>\$ 5,093,470</u>	<u>\$ 7,482,885</u>	<u>\$ 6,269,437</u>	<u>\$ 70,481,689</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, 2020

Function and Activity	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
General Government:				
Legislative	\$ 2,066,660	\$ -	\$ (10,908)	\$ 2,055,751
Legal & Risk Management	0	3,920	-	3,920
Justice Court	51,954	-	-	51,954
Community Development	111,628	34,554	(68,350)	77,833
Finance	46,628	-	(25,390)	21,238
Public Buildings	11,104,843	8,745	(26,872)	11,086,716
Total General Government	13,381,713	47,219	(131,520)	13,297,411
Public Safety:				
Fire	5,089,649	15,683	(399,672)	4,705,661
Police	1,852,503	257,577	(96,991)	2,013,089
Total Public Safety	6,942,152	273,260	(496,662)	6,718,749
Public Works:				
Administration	281,923	16,662	-	298,585
Class "C" Roads	11,104,280	291,096	(252,610)	11,142,766
Fleet Services	191,457	5,000	-	196,457
Streets	18,285,093	12,848	(28,945)	18,268,996
Transportation Infrastructure	559,592	25,388	-	584,980
Total Public Works	30,422,344	350,994	(281,554)	30,491,784
Parks and Recreation:				
Aquatic Center	5,891,221	179,388	(3,900)	6,066,708
Beautification	838,696	-	-	838,696
Parks	10,208,460	409,539	(7,328)	10,610,671
Recreation	846,281	9,386	(16,908)	838,759
Recreation Complex	1,603,927	18,820	(3,838)	1,618,909
Total Parks and Recreation	19,388,585	617,133	(31,974)	19,973,744
Total Governmental Funds Capital Assets	<u>\$ 70,134,793</u>	<u>\$ 1,288,606</u>	<u>\$ (941,710)</u>	<u>\$ 70,481,689</u>

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

STATISTICAL SECTION

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

Contents	Page
FINANCIAL TRENDS	104
<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	120
<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	123
<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	127
<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	129
<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
2019-20	\$ 15,714,536	\$ 1,758,331	\$ 359,039	\$ 13,490,908	\$ 430,686	\$ 829,396	\$ 808,061	\$ 33,390,957
2018-19	15,293,469	1,641,152	233,673	12,580,192	618,215	711,141	245,956	31,323,798
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

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Capital Outlays	Interest and Fiscal Charges	Water and Sewer Utility	Storm Sewer Utility	Solid Waste Utility	Total
2019-20	\$ 3,947,985	\$ 9,812,380	\$ 3,170,352	\$ 2,354,288	\$ 325,611	\$ -	\$ 8,343,139	\$ 762,387	\$ 2,160,145	\$ 30,876,287
2018-19	5,718,370	8,786,682	2,102,800	2,830,061	-	-	8,431,834	726,240	2,133,710	30,729,697
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

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
2019-20	\$	13,403,365	\$ 808,862	\$ 1,921,454	\$ 2,300,647	\$ 622,326	\$ 952,061	\$ 57,518	\$ 20,066,233
2018-19		12,515,103	508,790	1,671,634	2,713,949	704,209	930,055	79,261	19,123,001
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

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
2019-20	\$ 3,223,187	\$ 9,214,881	\$ 2,612,644	\$ 2,511,549	\$ -	\$ 1,866,434	\$ 19,428,695
2018-19	3,587,311	8,720,933	2,102,800	2,830,061	-	410,500	17,651,605
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

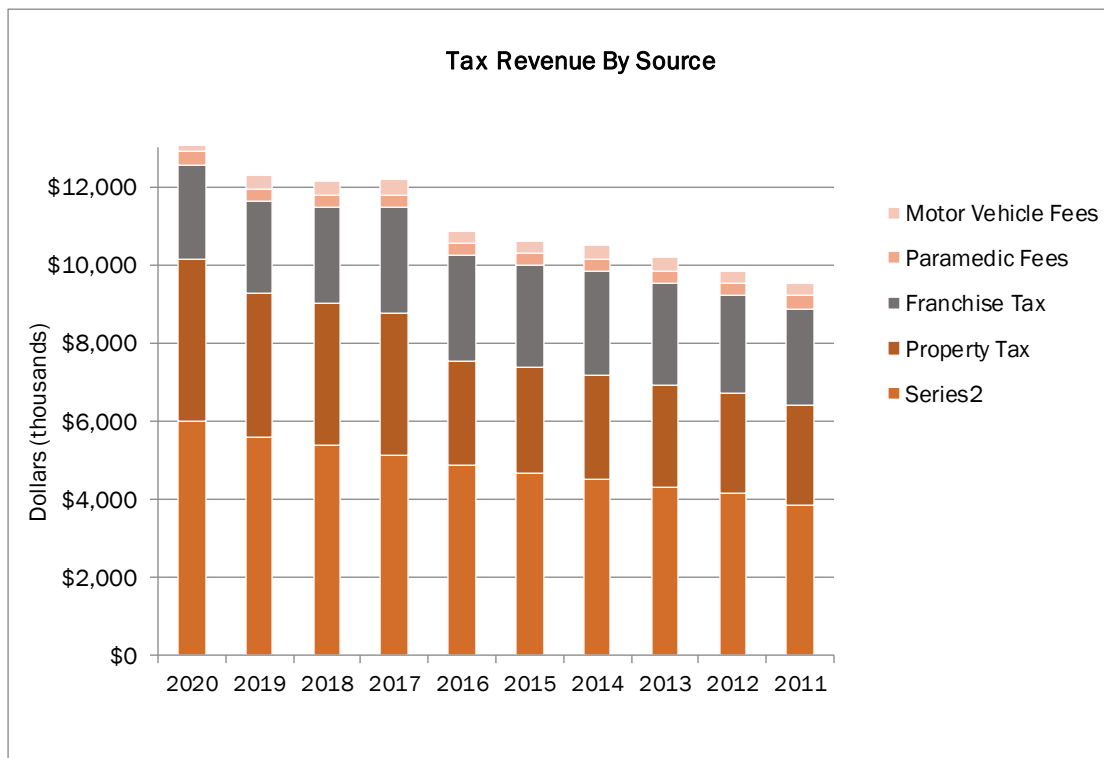
Notes:

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
2020	\$ 6,015	\$ 4,108	\$ 2,416	\$ 336	\$ 350	\$ 13,225
2019	5,569	3,714	2,323	301	363	12,270
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



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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 34,913	\$ 36,063	\$ 35,589	\$ 33,743	\$ 33,326	\$ 33,958	\$ 34,249	\$ 34,469	\$ 34,239	\$ 35,269
Restricted	4,085	3,729	2,861	2,434	2,689	2,331	2,301	2,261	2,116	1,735
Unrestricted	6,532	4,254	5,309	5,511	5,686	5,787	8,085	7,958	7,256	6,476
Total governmental activities net position	<u>\$ 45,530</u>	<u>\$ 44,046</u>	<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>
Business-type activities										
Invested in capital assets, net of related debt	\$ 20,984	\$ 20,253	\$ 20,534	\$ 20,075	\$ 19,816	\$ 18,786	\$ 18,806	\$ 18,574	\$ 18,334	\$ 17,940
Restricted	-	-	-	-	-	-	-	-	27	1,106
Unrestricted	10,527	10,197	9,355	9,043	8,329	8,453	7,658	7,196	6,121	5,014
Total business-type activities net position	<u>\$ 31,511</u>	<u>\$ 30,450</u>	<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>
Primary government										
Net Investment in capital assets	\$ 55,897	\$ 56,316	\$ 56,123	\$ 53,818	\$ 53,142	\$ 52,744	\$ 53,055	\$ 53,043	\$ 52,573	\$ 53,209
Restricted	4,085	3,729	2,861	2,434	2,689	2,331	2,301	2,261	2,143	2,841
Unrestricted	17,059	14,451	14,664	14,554	14,015	14,240	15,743	15,154	13,377	11,490
Total primary government net position	<u>\$ 77,041</u>	<u>\$ 74,496</u>	<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>

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

Page 1 of 3

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 3,948	\$ 5,718	\$ 3,819	\$ 3,358	\$ 3,539	\$ 4,331	\$ 3,328	\$ 2,961	\$ 3,621	\$ 3,258
Public safety	9812	8,787	8,656	9,061	8,191	7,747	7,761	7,612	7,260	7,249
Public works	3170	2,103	2,800	3,365	2,620	2,514	2,559	2,677	2,669	2,640
Parks and recreation	2354	2,830	3,190	2,998	2,769	2,591	2,536	2,604	2,531	2,414
Interest and fiscal charges	-	-	1	4	6	8	10	8	65	51
Capital Outlays	326	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>19,610</u>	<u>19,438</u>	<u>18,466</u>	<u>18,786</u>	<u>17,125</u>	<u>17,191</u>	<u>16,194</u>	<u>15,862</u>	<u>16,146</u>	<u>15,612</u>
Business-type activities:										
Water and sewer utility	8343	8,432	8,158	7,275	6,826	6,075	5,527	5,141	4,315	4,112
Storm sewer utility	762	726	670	635	516	499	404	438	342	368
Solid waste utility	2160	2,134	1,893	1,780	1,851	1,850	1,729	1,711	1,488	1,549
Total business-type activities expenses	<u>11,265</u>	<u>11,292</u>	<u>10,721</u>	<u>9,690</u>	<u>9,193</u>	<u>8,424</u>	<u>7,660</u>	<u>7,290</u>	<u>6,145</u>	<u>6,029</u>
Total primary government expenses	<u>\$ 30,875</u>	<u>\$ 30,730</u>	<u>\$ 29,187</u>	<u>\$ 28,476</u>	<u>\$ 26,318</u>	<u>\$ 25,615</u>	<u>\$ 23,854</u>	<u>\$ 23,152</u>	<u>\$ 22,291</u>	<u>\$ 21,641</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,703	\$ 1,330	\$ 1,246	\$ 1,213	\$ 1,236	\$ 1,191	\$ 966	\$ 987	\$ 1,164	\$ 1,034
Public safety	1446	1,707	1,558	1,534	1,466	1,675	1,454	1,463	1,182	1,040
Public works			-	23	51	80	92	114	49	71
Parks and recreation	582	890	974	1,046	965	941	928	1,079	1,066	1,006
Operating grants and contributions	1758	1,641	1,942	1,638	1,356	1,262	1,268	1,263	1,304	1,200
Capital grants and contributions	359	234	482	92	160	178	435	734	511	1,559
Total governmental activities program revenues	<u>5,848</u>	<u>5,802</u>	<u>6,202</u>	<u>5,546</u>	<u>5,234</u>	<u>5,327</u>	<u>5,143</u>	<u>5,640</u>	<u>5,276</u>	<u>5,910</u>

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

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	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues, continued:										
Business-type activities:										
Charges for services:										
Water and sewer utility	\$ 8,823	8,402	8,168	7,433	6,833	6,169	5,704	5,441	4,775	4,855
Storm sewer utility	860	852	848	849	840	835	371	367	364	363
Solid waste utility	2,300	2,113	2,041	2,125	2,119	2,099	2,083	1,976	1,913	1,900
Capital grants and contributions			59	42	100	58	-	595	-	1,314
Total business-type activities program revenues	11,983	11,367	11,116	10,449	9,892	9,161	8,158	8,379	7,052	8,432
Total primary government program revenues	<u>\$ 17,831</u>	<u>\$ 17,169</u>	<u>\$ 17,318</u>	<u>\$ 15,995</u>	<u>\$ 15,126</u>	<u>\$ 14,488</u>	<u>\$ 13,301</u>	<u>\$ 14,019</u>	<u>\$ 12,328</u>	<u>\$ 14,342</u>
Net (expense)/revenue:										
Governmental activities	\$ (13,761)	\$ (13,636)	\$ (12,264)	\$ (13,240)	\$ (11,891)	\$ (11,864)	\$ (11,051)	\$ (10,222)	\$ (10,870)	\$ (9,702)
Business-type activities	717	75	395	759	699	737	498	1,089	907	2,403
Total primary government net expense	<u>\$ (13,044)</u>	<u>\$ (13,561)</u>	<u>\$ (11,869)</u>	<u>\$ (12,481)</u>	<u>\$ (11,192)</u>	<u>\$ (11,127)</u>	<u>\$ (10,553)</u>	<u>\$ (9,133)</u>	<u>\$ (9,963)</u>	<u>\$ (7,299)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,196	\$ 3,780	\$ 3,692	\$ 3,641	\$ 2,661	\$ 2,687	\$ 2,658	\$ 2,602	\$ 2,591	\$ 2,558
Sales taxes	6015	5,569	5,399	5,118	4,878	4,690	4,497	4,300	4,142	3,830
Franchise taxes	2931	2,868	3,011	3,005	3,005	2,934	3,006	2,954	2,783	2,807
Payments in lieu of taxes	350	364	378	426	306	309	330	317	312	338
Unrestricted investment earnings	265	385	221	212	127	818	81	594	88	59
Contributions from other government units	829	711	662	755	454	717	364	479	331	334
Gain on sale of assets	-27	79	779	-	-	-	-	-	-	-

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

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	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other										
Changes in Net Position, continued										
Other revenues (uses) not restricted to specific programs	656	167	194	80	85	386	62	54	72	69
Transfers		-	-	-	-	-	-	-	680	707
Total governmental activities	15,215	13,923	14,336	13,237	11,516	12,541	10,998	11,300	10,999	10,702
Business-type activities:										
Other revenues (uses) not restricted to specific programs	178	253	232	214	208	201	196	199	193	-
Unrestricted investment earnings	165	233	146	-	-	-	-	-	2	11
Gain on sale of assets		-	(3)	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-	(680)	(707)
Total business-type activities	343	486	375	214	208	201	196	199	(485)	(696)
Total primary government	\$ 15,558	\$ 14,409	\$ 14,711	\$ 13,451	\$ 11,724	\$ 12,742	\$ 11,194	\$ 11,499	\$ 10,514	\$ 10,006
Change in Net Position										
Governmental activities	1453	\$ 287	\$ 2,072	\$ (3)	\$ (375)	\$ 677	\$ (53)	\$ 1,078	\$ 129	\$ 1,000
Business-type activities	1061	561	770	973	907	938	694	1,288	422	1,707
Total primary government	\$ 2,514	\$ 848	\$ 2,842	\$ 970	\$ 532	\$ 1,615	\$ 641	\$ 2,366	\$ 551	\$ 2,707

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 13,141	\$ 12,217	\$ 12,101	\$ 11,764	\$ 10,544	\$ 10,311	\$ 10,162	\$ 9,853	\$ 10,136	\$ 9,195
Payments in lieu of taxes	350	364	378	426	306	309	330	317	312	338
Licenses and permits	809	509	370	456	386	382	281	235	391	283
Intergovernmental	2,233	1,976	2,586	1,645	1,405	1,365	1,497	1,268	1,541	1,321
Charges for services	2,301	2,714	2,588	2,555	2,427	2,634	2,405	2,562	2,902	2,742
Impact fees	196	203	110	125	124	97	53	117	95	109
Fines and forfeitures	622	704	820	680	781	774	701	731	752	724
Investment earnings	265	385	221	212	127	818	81	594	88	59
Property rental	19	28	26	29	30	30	34	32	37	39
Management fee	164	165	163	132	130	132	125	120	118	117
Contributions and donations	54	38	46	49	30	628	570	679	531	534
Miscellaneous	68	23	47	21	25	31	28	22	35	30
Total revenues	20,222	19,326	19,456	18,094	16,315	17,511	16,267	16,530	16,938	15,491
Expenditures										
General government	3630	3,848	3,835	3,472	3,614	3,522	3,367	3,708	3,527	3,216
Public safety	9302	8,951	8,841	8,526	8,009	8,046	8,130	7,324	7,361	7,017
Public works	2613	2,103	2,771	3,221	1,736	2,165	2,040	1,884	1,805	1,946
Parks and recreation	2512	2,830	2,901	2,774	2,525	2,221	2,228	2,172	2,075	1,920
Debt service:										
Principal retirement			117	115	113	111	109	260	239	467
Interest and fiscal charges			1	5	7	9	11	15	73	55
Intergovernmental			-	-	-	1,164	-	-	-	-
Capital outlay	326	1,784	1,337	901	750	489	287	307	187	238
Total expenditures	\$ 18,383	\$ 19,516	\$ 19,803	\$ 19,014	\$ 16,754	\$ 17,727	\$ 16,172	\$ 15,670	\$ 15,267	\$ 14,859

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

Page 2 of 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Excess of revenues over (under) expenditures	\$ 1,839	\$ (190)	\$ (347)	\$ (920)	\$ (439)	\$ (216)	\$ 95	\$ 860	\$ 1,671	\$ 632
Other financing sources (uses)										
Proceeds from sale of assets	58	79	984	81	67	224	54	-	35	24
Contributions from other government units	518	407	390	649	267	260	-	-	-	-
Proceeds from revenue bonds			-	-	-	-	-	-	577	-
Payment to refunding bond escrow agent			-	-	-	-	-	-	(560)	-
Transfers in	1866	411	2,067	716	257	1,787	220	1,870	97	212
Transfers out	(1,866)	(411)	(2,067)	(716)	(257)	(1,787)	(220)	(1,870)	(97)	(212)
Total other financing sources (uses)	576	486	1,374	730	334	484	54	-	52	24
Net change in fund balances	<u>\$ 2,415</u>	<u>\$ 296</u>	<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>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.7%	0.7%	0.8%	0.7%	0.8%	1.8%	2.1%	3.6%

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)

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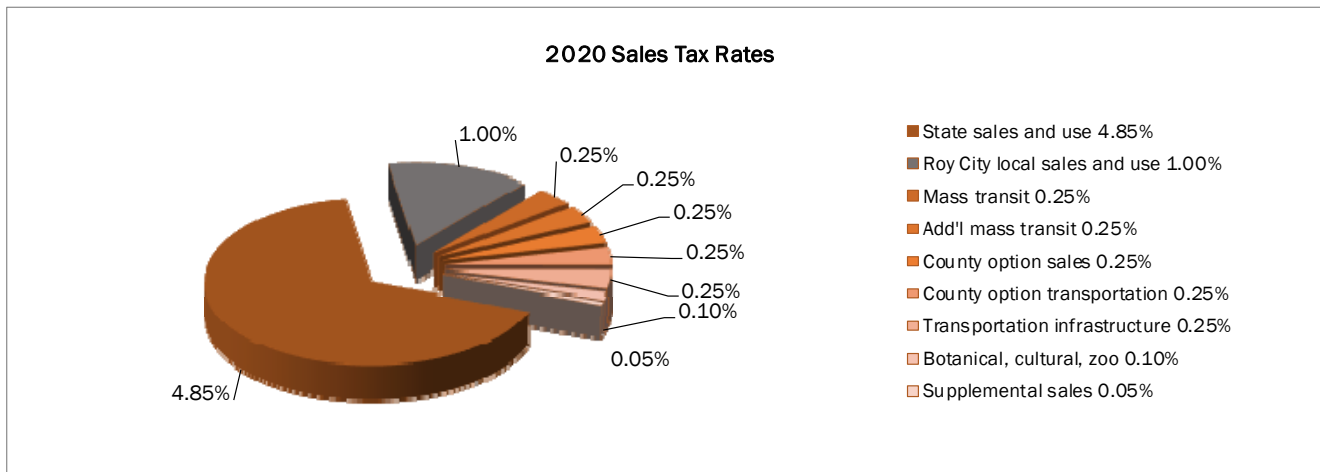
	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Non-spendable:										
Inventory	\$ 90	\$ 117	\$ 101	\$ 55	\$ 106	\$ 45	\$ 37	\$ 27	\$ 29	\$ 26
Prepaid items	136	1	29	40	80	86	45	52	43	44
Investment in land	87	456	456	456	456	456	-	-	-	-
Restricted for:										
Roads and public transit	4,085	3,729	2,861	2,434	2,689	2,273	2,301	2,261	2,115	1,736
Debt service			-	117	232	345	456	565	825	1,036
Assigned to:										
Recreation		-	-	-	-	-	-	22	-	-
Public Safety		19	16	12	9	12	14	63	8	1
Legislative		23	15	14	-	-	-	-	-	-
Land purchase			-	-	-	-	-	-	-	-
Other	21	116	317	193	26	41	75	229	4	2
Unassigned	4,199	4,091	3,486	3,967	3,997	3,635	4,672	3,505	2,922	2,415
Total general fund	<u>\$ 8,618</u>	<u>\$ 8,552</u>	<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>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other governmental funds										
Non-spendable:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494	\$ 494	\$ 1,705	\$ 1,705
Investment in land		59	60	60	60	\$ 60				
Restricted for:										
Debt service			-	-	-	-	-	-	-	-
Assigned to:										
Public safety	870	697	699	530	259	73	73	24	111	77
Capital improvements	1,925	368	103	207	206	592	-	-	-	-
Storm sewer										
improvements	229	131	269	191	191	171	160	119	181	235
Park improvements	702	753	1,994	1,241	1,579	1,774	981	1,088	481	273
Cemetery perpetual	165	165	165	165	165	164	164	161	158	150
Redevelopment	2,151	1,975	1,834	1,697	1,513	1,712	1,933	1,868	1,021	869
Other		-	-	-	1	235	-	-	-	-
Total other governmental funds	6,042	4,148	5,124	4,091	3,974	4,781	3,805	3,754	3,657	3,309
Total governmental funds	\$ 14,660	\$ 12,700	\$ 12,405	\$ 11,379	\$ 11,569	\$ 11,674	\$ 11,405	\$ 10,478	\$ 9,603	\$ 8,569

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	Supp'l State Sales & Use	Total for Roy City Residents
2020	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
2019	4.85%	1.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.10%	0.05%	7.25%
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%	0.00%	0.10%	0.05%	6.85%
2015	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2014	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2013	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2012	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	0.10%	0.05%	6.85%
2011	4.70%	1.00%	0.25%	0.25%	0.25%	0.25%	0.00%	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							
2020	\$ 385,542	\$ 1,407,869	\$ 10,866	\$ 33,034	\$ 57,791	\$ 1,863,018	\$ 32,084	\$ 1,895,102	2.123	\$ 3,468,916	54.63%
2019	350,284	1,221,104	7,536	31,932	53,964	1,633,044	31,776	1,664,820	2.358	3,138,279	53.05%
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%

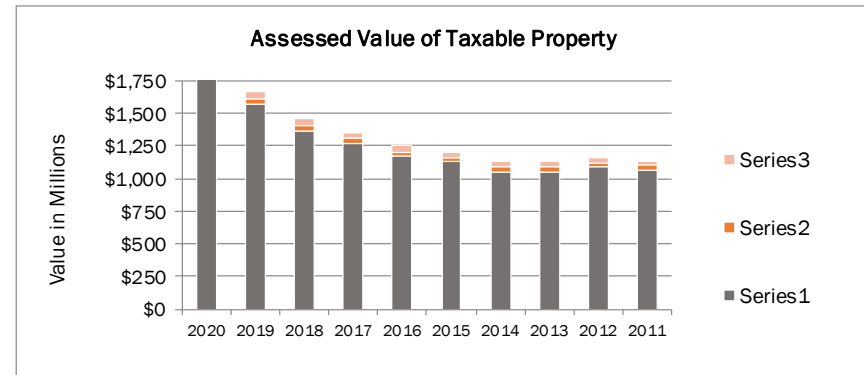
Notes:

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	
2020	2.123	3.121	6.038	0.153	0.800	0.101	0.068	0.239	12.643
2019	2.358	3.335	6.237	0.164	0.869	0.108	0.075	0.234	13.380
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

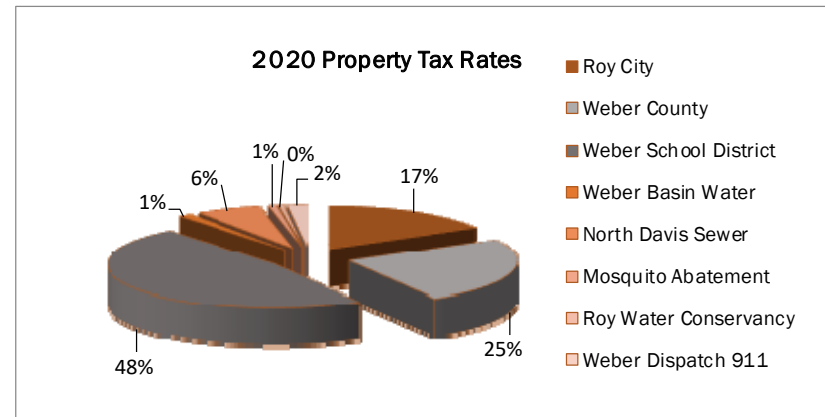
Notes:

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AMERICA FIRST FEDERAL CREDIT	\$ 20,922	2	1.26%	\$ 7,553	6	0.63%
PACIFICORP	22,993	1	1.38%	16,645	1	1.39%
QUESTAR GAS	16,999	3	1.02%	10,203	3	0.85%
ORCHARD COVE LTD	15,056	4	0.90%	11,053	2	0.93%
ORCHARDS AT 19TH LC	6,522	7	0.39%			
WINCO FOODS LLC	6,958	6	0.42%	8,697	4	0.73%
DAVIS HOSPITAL & MEDICAL CENTER	-		0.00%			0.00%
AA ALPINE STORAGE ROY LLC	6,794	5	0.41%			0.00%
ROY MARKETPLACE LC	-		0.00%	6,106	7	0.51%
UNION PACIFIC RAILROAD COMPANY	5,787	8	0.35%			0.00%
HARMON CITY INC	-		0.00%	-		0.00%
ADERRA LLC	5,705	9	0.34%			
KEL KEN ROY LLC	4,650	10	0.28%			
RC Centre LC				4,198	10	0.35%
K B FAMILY ROY, LLC				4,514	9	0.38%
BOYER IOMEGA				8,112	5	0.68%
IBP FUNDING				-		0.00%
BOYDEN B REAZIER FAMILY TRUST				5,553	8	0.46%
COMCAST OF UTAH INC II				-		0.00%
Total taxable value of 10 largest taxpayers	112,386		6.75%	82,634		6.91%
Total taxable value of other taxpayers	1,552,434		93.26%	1,113,800		93.09%
Total taxable value of all taxpayers	\$ 1,664,820		100.00%	\$ 1,194,520		100.00%

Notes:

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

Source:

Weber County Treasurer's Office

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

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							
2019	\$ 4,033	\$ 4,030	-	99.93%	\$ 78	4,108	101.86%
2018	3,937	3,664	-	93.07%	51	3,715	94.36%
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%
Redevelopment Agency Special Revenue Fund							
2020							
2019	\$ 374.00	\$ 88	\$ 311.00	106.68%	\$ -	399	106.68%
2018	369	65	304	100.00%	-	369	100.00%
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%

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	
2020	\$ 252,994	\$ 1,539,333	\$ 1,084	\$ 1,793,411	159	\$ 16,261,757	34	\$ 20,663,060	515	\$ 5,255,632	\$23,544
2019	\$ 239,087	\$ 1,331,478	\$ 823	\$ 1,571,388	192	\$ 13,267,035	26	\$ 3,193,469	398	\$ 3,064,515	\$19,363
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

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	Population	Personal Income	Governmental Activities				Business-Type	Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Sales Tax		Notes Payable	Activities			
				Revenue Bonds	Capital Lease		Water Revenue Bonds			
2020	40,111	\$1,033,454,745	\$ -	\$ -	\$ -	\$ -	\$ 3,776,000	\$ 3,776,000	0.37%	\$ 94.14
2019	39,519	\$1,027,290,999	\$ -	\$ -	\$ -	\$ -	\$ 4,213,000	\$ 4,213,000	0.41%	\$ 106.61
2018	38,812	\$1,023,810,045	-	-	-	-	4,599,000	4,599,000	0.45%	118.49
2017	38,201	\$1,020,340,886	-	117,000	-	-	4,931,711	5,048,711	0.49%	132.16
2016	37,964	\$ 977,214,412	-	232,000	-	-	5,281,998	5,513,998	0.56%	145.24
2015	37,877	\$ 972,952,878	-	345,000	-	-	5,622,303	5,967,303	0.61%	157.54
2014	37,733	\$ 968,999,361	-	456,000	-	-	5,947,626	6,403,626	0.66%	169.71
2013	37,604	\$ 966,968,727	-	565,000	-	-	6,331,453	6,896,453	0.71%	183.40
2012	37,395	964,076,497	-	674,000	150,600	-	6,627,201	7,451,801	0.77%	199.27
2011	36,884	960,235,555	-	740,000	295,651	-	6,925,296	7,960,947	0.83%	215.84

Notes:

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

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

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

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
2020	\$ -	\$ -	\$ -	0.00%	-
2019	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	-

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, 2020

Governmental Unit	General Bonded Debt Outstanding	Estimated Percentage Applicable to Roy City	Estimated Share of Overlapping Debt
North Davis County Sewer District	\$ 13,675,000	13.62%	\$ 1,862,535
Roy Water Conservancy Subdistrict	359,000	100.00%	359,000
State of Utah	2,374,390,000	0.53%	12,584,267
Weber Basin Water Conservancy District	10,870,000	2.46%	267,402
Weber County	41,865,000	10.38%	4,345,587
Weber County School District	193,720,000	14.75%	28,573,700
Overlapping debt			\$ 47,992,491
Roy City bonded debt		100.00%	117,000
Total direct and overlapping general bonded obligation debt			<u><u>\$ 48,109,491</u></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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 71,736	\$ 62,856	\$ 54,873	\$ 53,063	\$ 49,182	\$ 47,077	\$ 43,985	\$ 43,662	\$ 44,924	\$ 43,786
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 71,736</u>	<u>\$ 62,856</u>	<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>
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>\$ 1,793,412</u>
Debt limit (4% of total assessed value)										\$ 71,736
Debt applicable to limit:										
Total bonded debt								\$ 3,776		
Less:										
Revenue bonds								(3,776)		
Other deductions allowed by law								-		
Total net debt applicable to limit										-
Legal debt margin										<u>\$ 71,736</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
2020	40,111	1,033,454,745	\$ 25,765	3.0%
2019	39,519	1,027,290,999	25,995	3.5%
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%

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					
	2020			2010		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Hill Air Force Base	10,000 - 14,999	1	11.6%	10,000-14,999	1	11.4%
Internal Revenue Service	5,000 - 6,999	2	5.5%	5,000 - 6,999	2	5.5%
Weber School District	4,000 - 4,999	3	4.2%	3,000 - 3,999	4	3.2%
McKay-Dee Hospital	3,000 - 3,999	4	3.2%	3,000 - 3,999	3	3.2%
Weber State University	3,000 - 3,999	5	3.2%	2,000 - 2,999	5	3.2%
Autoliv ASP	2,000 - 2,999	6	2.3%	2,000 - 2,999	6	1.4%
State of Utah	2,000 - 2,999	7	2.3%	1,000 - 1,999	10	1.4%
Fresenius USA Mfg, Inc	1,000 - 1,999	8	1.4%	1,000 - 1,999	8	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>32,000-46,990</u>		<u>36.5%</u>	<u>29,000 - 43,990</u>		<u>33.5%</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.

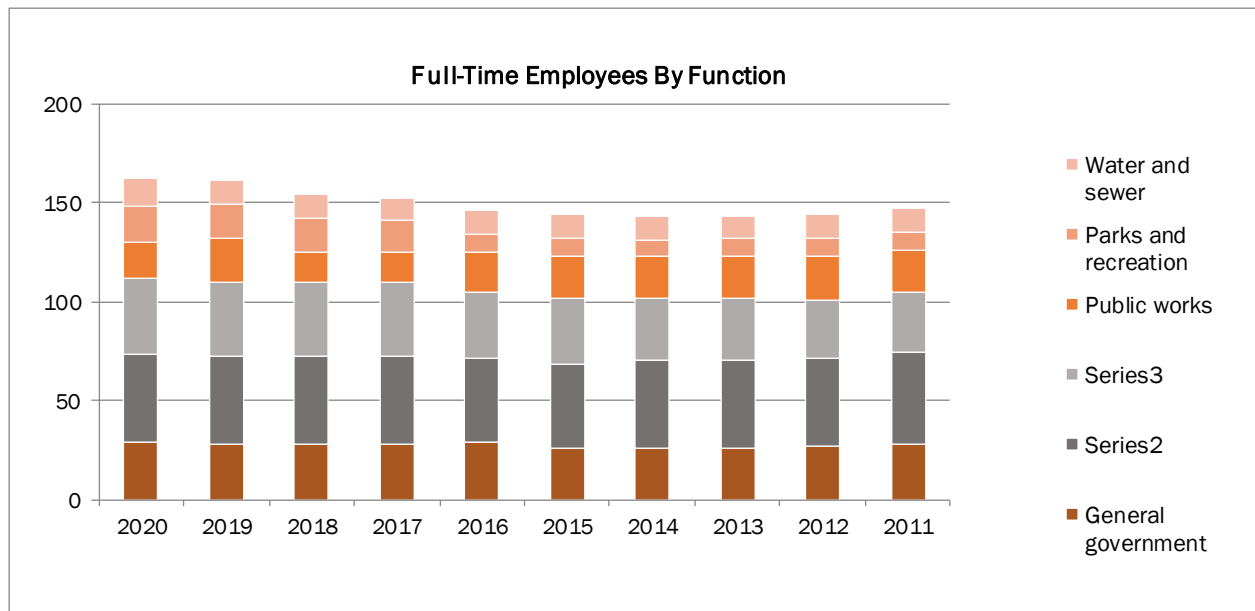
Actual employment numbers are not available to calculate the percentage of total employment by employer.

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	29	28	28	28	29	26	26	26	27	28
Public safety										
Police										
Officers	39	39	39	39	39	38	40	40	40	42
Civilians	6	6	6	6	4	5	5	5	5	5
Fire										
Firefighters and officers	37	36	36	36	32	32	30	30	28	29
Civilians	1	1	1	1	1	1	1	1	1	1
Public works	18	22	15	15	20	21	21	21	22	21
Parks and recreation	18	17	17	16	9	9	8	9	9	9
Water and sewer	14	12	12	11	12	12	12	11	12	12
Total	162	161	154	152	146	144	143	143	144	147



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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Court filings										
Moving violations	3116	3126	4,757	4,016	3,596	3,805	3,459	4,663	4,623	4,086
Non-moving violations	1979	1955	2,309	3,164	2,946	2,719	2,226	3,098	2,870	3,917
DUI violations	116	110	126	192	151	164	171	179	132	106
Parking violations	201	356	330	464	189	114	546	435	598	691
Fire										
Fire calls dispatched	591	524	504	1,249	1,187	1,196	1,063	641	955	701
Medical calls dispatched	4,747	4879	4,793	4,092	3,963	4,283	3,850	4,283	3,702	3,923
	5,338	5403	5,297	5,341	5,150	5,479	4,913	4,924	4,657	4,624
Streets										
Snow removal and sanding:										
Miles	6,562	8,595	10,024	22,004	13,390	2,373	7,720	13,802	3,987	9,925
Hours	666	825	1,231	2,156	1,742	314	886	1,543	506	904
Asphalt resurfacing (tons)	1,324	1,642	983	1,251	1,598	1,793	857	660	581	747
Water										
Service connections	11,252	10,823	11,035	10,852	10,786	10,754	10,718	10,698	10,657	10,610
Water main breaks	33	14	24	15	15	16	23	25	16	28
Avg daily consumption										
in gallons	2,667,120.00	2,729,008	2,713,054	2,632,164	2,768,581	2,578,359	2,826,756	2,885,636	2,737,570	2,851,236
Aquatic Center										
Admissions	71,053	101,891	111,153	111,066	100,408	97,127	100,023	118,475	120,702	119,648
Complex										
Admissions	74,264	99,959	17,431	17,317	16,325	16,859	20,575	25,070	32,384	37,665

Sources:
Various City departmental data

ROY CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	22	22	24	24	24	20
Motorcycle units	0	0	0	0	0	0	0	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	117.9	117.9	115.1	115.1	115.1	114.8	114.8	114.2	114.2	114.2
Curb and gutter	208.4	208.4	208.4	208.0	208.0	207.4	207.4	207.4	207.4	207.4
Sidewalk	197.4	197.4	197.4	197.0	197.0	196.4	196.4	196.4	196.4	196.4
Streetlights	983	983	983	973	860	855	849	817	812	806
Traffic signals	3	3	3	3	3	3	3	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	123	123	120	120	113	113	113	113	113	113
Covered picnic areas	17	17	17	17	18	18	18	18	18	18
Baseball diamonds	14	14	14	14	13	13	13	13	13	13
Soccer fields	17	17	17	17	17	17	17	17	17	13
Tennis courts	2	2	2	2	3	3	3	3	3	3
Pickleball courts	1	1	1	1	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	2
Sewer (miles)										
Sanitary sewers	114.8	114.8	114.8	114.6	114.6	114.2	114.0	116.9	116.9	116.9
Storm sewers	83.8	83.8	83.8	83.7	83.7	83.2	83.0	83.0	83.0	83.0
Water (miles/units)										
Water lines	157.1	157.1	156.9	156.9	156.9	156.5	156.4	153.4	153.4	153.4
Fire hydrants	1,390	1,390	1,390	1,390	1,390	1,390	1,381	1,363	1,363	1,358

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, 2020, 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 1, 2020.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of Roy City Corporation, we considered 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 Roy City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Roy City Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-01, 2020-02, and 2020-03 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-04 to be a significant deficiency.

Compliance and Other Matters

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

Roy City Corporation's Response to Findings

Roy City Corporation's response to the findings identified in our engagement is attached to the accompanying schedule of findings and questioned costs. Roy City Corporation's response was not subjected to the auditing procedures applied in the engagement to audit 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 1, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY 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 state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Fraud Risk Assessment
Justice Courts	Cash Management
Restricted Taxes and Related Revenues	

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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Roy City Corporation's compliance with those requirements.

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, 2020.

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 1, 2020

ROY CITY CORPORATION
Schedule of Findings and Recommendations
June 30, 2020

Finding 2020-01. Sales tax receivable posted to cash

CONDITION: An adjusting entry of \$1,113,768 was required to increase the receivable for sales taxes.

CRITERIA: Generally Accepted Accounting Principles (GAAP) requires receivables to be recorded if recognition criteria are met.

CAUSE OF CONDITION: In the monthly process to record the revenue, the accountant over posting sales tax revenue posts the proceeds to cash. This same procedure was completed to record the July and August revenues, resulting in cash being overstated and receivables being understated.

POTENTIAL EFFECT OF CONDITION: Accounts receivable was understated by \$1,113,768 and cash was overstated by the same amount.

RECOMMENDATION: As part of the month end close, the accounting system should adopt formal procedures in order to record receivables in the correct account. Procedures should be adopted in which such entries are reviewed and approved.

Finding 2020-02. Property tax receivables not posted

CONDITION: An adjusting entry of \$3,823,927 was required to accrue the receivable and deferral of the 2020 property tax levy.

CRITERIA: GAAP requires receivables to be recorded if recognition criteria are met. Further, deferred inflows of resources are required to be recorded for taxes that are due but not yet collected.

CAUSE OF CONDITION: The closing process does not have formal procedures for recording the property taxes receivable and offsetting deferred inflows of resources related to the 2020 property tax levy. As a result, the entry was missed.

POTENTIAL EFFECT OF CONDITION: Accounts receivable was understated by \$3,823,927 and cash was overstated by the same amount.

RECOMMENDATION: As part of the month end close, the accounting system should include a formal procedure for accruing the deferred property tax levy and related receivable. Procedures should be adopted in which such entries are reviewed and approved.

Finding 2020-03. Property and equipment reconciliation

CONDITION: During FY 2020, the City converted the property and equipment accounting to a new system. During our auditing procedures, we noted that there were several accounts that were not reconciled.

CRITERIA: The property and equipment accounts should be reconciled.

ROY CITY CORPORATION
Schedule of Findings and Recommendations
June 30, 2020

CAUSE OF CONDITION: The new property and equipment accounting system was implemented near year end which created difficulty for staff in reconciling prior to the year end audit.

POTENTIAL EFFECT OF CONDITION: Significant time and resources were needed in order to reconcile the accounts to the year end balances.

RECOMMENDATION: As part of the month end close, the accounting system should include a formal procedure for completing the property and equipment account reconciliations. Procedures should be adopted in which such entries are reviewed and approved.

Finding 2020-04. Bank reconciliations not posted timely

CONDITION: During our testing of the bank reconciliations, we noted that the bank reconciliations were not signed off in a timely manner. Upon further review, we were informed that the accountant over the bank reconciliations did complete the reconciliations timely, but did not sign them off when they were completed.

CRITERIA: Sign off dates should agree to the date the procedure was performed.

CAUSE OF CONDITION: The accountant did not sign off because he wanted to make sure nothing changed before finalizing the bank reconciliation.

POTENTIAL EFFECT OF CONDITION: It is difficult to determine the actual date the bank reconciliations were completed if they are not signed off on that date. Further, the bank reconciliations should be signed off prior to the books being closed.

RECOMMENDATION: As part of the month end close, the accounting system should include a formal procedure for completing the bank reconciliations. Procedures should be adopted in which such reconciliations are reviewed and approved.

ROY CITY CORPORATION
Schedule of Prior Year Findings
June 30, 2019

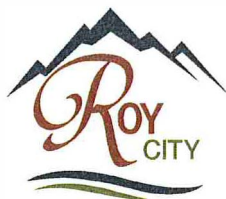
There were no prior year audit findings.

Mayor

- Robert Dandoy

City Manager

- Matt Andrews

**Council Members**

- Jan Burrell
- Joe Paul
- Bryon Saxton
- Ann Jackson
- Diane Wilson

December 1, 2020

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

In response to the Schedule of Findings and Recommendations for the financials ending June 30, 2020, we agree with the auditors' comments, and the following action will be taken to improve the situation.

Finding 2020-01: Sales tax revenue was recorded correctly and verified as part of the year-end process; however, it was not caught that the entry was posted to cash instead of receivables. Each month end closing process was completed correctly. More care will be taken to verify the balances in the balance sheet accounts at year-end closing to compare them to prior year-end amounts to help to bring any large discrepancies to our attention. A new process will be established that once the monthly closing is done, the Accounting Manager will spend the remainder of the month looking through all accounts to look for any abnormalities.

Finding 2020-02: Property tax receivables was not posted as part of the year-end process. Each month end closing process was completed correctly. Comparisons will be made to compare budget to actual amounts and to also compare the balance sheet totals to prior year-end amounts to help to bring any large discrepancies to our attention.

Finding 2020-03: A new month end process will be established for the Accounting Manager to reconcile the property and equipment spreadsheet, capital asset accounting system, and general ledger balances monthly. This reconciliation will be signed off monthly by the Finance Director. Furthermore, to create more checks and balances, Accounts Payable will enter the new property and equipment information into the capital asset accounting system and will create a property and equipment additions spreadsheet to track all new assets. This process will further separate the responsibilities and allow for another spreadsheet to verify with any discrepancies discovered during the new month end reconciliation process. The City Manager and Finance Director will also provide an internal training to all accounting staff on fixed assets.

Finding 2020-04: A new month end process standard will be established to close the bank reconciliations monthly. The Finance Director will sign off on the monthly closing.

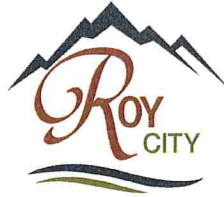
Thank you,

Mayor

- Robert Dandoy

City Manager

- Matt Andrews



Council Members

- Jan Burrell
- Joe Paul
- Bryon Saxton
- Ann Jackson
- Diane Wilson

A handwritten signature in blue ink, which appears to read "Brody E. Flint", is written over a horizontal line.

Brody E. Flint

Roy City Assistant Attorney

bflint@royutah.org

(801) 774-1000