

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
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Michael L. Smith, CPA
Jason L. Tanner, CPA

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Practice Section*

December 12, 2014

To the Honorable Mayor and the Members of City Council
City of Draper

We have audited the financial statements of City of Draper as of and for the year ended June 30, 2014, and have issued our report thereon dated November 26, 2014. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 26, 2014, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Draper solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Draper is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2014.

The following accounting pronouncements are required to be adopted by the City in its June 30, 2015 financial statements:

- GASB No. 67, Financial Reporting for Pension Plans. This standard is intended to improve financial reporting by requiring local governmental entities that participate in defined benefit pension plans that are administered by a trust to record a pro-rata share of the trust's pension obligation on its financial statements. The City participates in the State of Utah's Retirement System (URS). The URS is a qualified trust, as defined by this standard. The effect this standard has on the City's June 30, 2015 financial statements will be determined by the URS, and is unknown at this time.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We noted no accounting significant estimates that we considered to be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all significant identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management as detailed in the attached schedule.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Draper's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter date November 26, 2014.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Draper, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Draper's auditors.

The results of our audit noted three instances of noncompliance that was communicated to you in a separate letter dated November 26, 2014.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Draper's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Mayor, City Council, and management of City of Draper and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.
December 12, 2014

Client: **2589 - City of Draper**
 Engagement: **AA2014 - CITY OF DRAPER, UTAH**
 Period Ending: **6/30/2014**
 Trial Balance: **TB-1 - Trial Balance**
 Workpaper:
 Fund Level: **Fund Type**
 Index: **GOV, PRO**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 102				
To record Q2 Comcast franchise tax AR & revenue (Apr-Jun)				
11-130016	A/R - Year End Accruals	S-6	77,040.00	
11-30-1203	Cable TV Franchise Fees			77,040.00
Total			<u><u>77,040.00</u></u>	<u><u>77,040.00</u></u>
Adjusting Journal Entries JE # 103				
To record June revenue and AR for room and telecom				
11-130016	A/R - Year End Accruals	S-3	56,889.00	
11-30-1103	Telephone License Tax			49,003.00
11-30-1106	Transient Room Tax			7,886.00
Total			<u><u>56,889.00</u></u>	<u><u>56,889.00</u></u>
Adjusting Journal Entries JE # 104				
To true-up property tax AR and unearned AR per PT-693				
11-130012	A/R - Deferred Property Taxes	E-2	283,884.00	
82-130012	A/R - Deferred Property Tax		17,323.00	
11-260010	Deferred Property Tax Revenue			283,884.00
82-260010	Deferred Property Tax Revenue			17,323.00
Total			<u><u>301,207.00</u></u>	<u><u>301,207.00</u></u>
Adjusting Journal Entries JE # 112				
To adjust Aquarium note to actual by including reclassing first 2 interest payments				
11-130082	Note Receivable -Living Planet	E-8	86,929.00	
11-37-1010	Agreements		86,929.00	
11-260011	Deferred Inflow of Resources			86,929.00
11-37-2001	Earned Interest			86,929.00
Total			<u><u>173,858.00</u></u>	<u><u>173,858.00</u></u>
Adjusting Journal Entries JE # 113				
To record encroachment agreements as a note receivable and deferred revenue				
11-130085	Notes Receivable - Encroachments_Open Space	E-9	211,707.00	
11-260012	Deferred Inflow- Notes Rec - Encroachments			211,707.00
Total			<u><u>211,707.00</u></u>	<u><u>211,707.00</u></u>
Proposed Journal Entries				
Proposed Journal Entries JE # 301				
To pass on recording additional capital asset developer donations for the water distribution network.				
51-160025	Water System	K-2.1	26,460.00	
52-160024	Storm Water System		37,656.00	
51-30-0009	Contributed Capital			26,460.00
52-30-0009	Contributed Capital			37,656.00
Total			<u><u>64,116.00</u></u>	<u><u>64,116.00</u></u>
Total Proposed Journal Entries			<u><u>64,116.00</u></u>	<u><u>64,116.00</u></u>

CITY OF DRAPER

**Report on Internal Control and Compliance
And
State Compliance Report**

Year Ended June 30, 2014

CITY OF DRAPER
Report on Internal Control and Compliance
and State Compliance Report
Year Ended June 30, 2014

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

Honorable Mayor and Members of the City Council
City of Draper, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Draper, Utah ("the City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 14-1, 14-2, and 14-3.

Management's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 26, 2014

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR STATE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE

Honorable Mayor and Members of the City Council
City of Draper, Utah

Report on Compliance with General State Compliance Requirements and for Each Major State Program

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

The general compliance requirements applicable to the City are identified as follows:

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

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

B & C Road Funds (UDOT)
State Appropriations for Roads (UDOT)
GOED (Economic Development)

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on General State Compliance Requirements and Each Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying Schedule of Findings and Responses as items 14-1, 14-2, and 14-3. Our opinion on compliance is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning

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

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying Schedule of Findings and Responses as item 14-2.

The City's response to the internal control finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's responses was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Draper as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 26, 2014

CITY OF DRAPER, UTAH
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

<u>State Agency / Program Name</u>	<u>Contract #</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
<u>Utah Department of Transportation</u>			
B&C Road	FY 2014	FY 2014	\$ 1,388,147
State Appropriations for Roads	H.B.s	FY 2014	<u>2,138,974</u>
Subtotal - Utah Department of Transportation			<u>3,527,121</u>
<u>Utah Commission on Criminal & Juvenile Justice</u>			
DUI Enforcement & Education Program	FY 2014		7,742
State Asset Forfeiture Grant (SAFG)	14N23		5,997
State Liquor Tax	FY 2014		<u>11,505</u>
Subtotal - UCCJJ			<u>25,244</u>
<u>Utah Governor's Office of Economic Development</u>			
American Preparatory Academy Reimbursement	142003	FY2014	250,000
Draper City	142003	FY 2014	<u>259,802</u>
Subtotal - Office of Economic Development			509,802
<u>Utah Office for Victims of Crime</u>			
VAWA	FY 2014		7,044
<u>Utah Department of Public Safety</u>			
Utah Division of Emergency Management	FY2013		11,000
<u>Utah Department of Natural Resources</u>			
Utah Division of State Parks & Recreation	Grant 99999		<u>70,915</u>
Total Grant, Contract, and Loan Fund Expenditures			<u><u>\$ 4,151,126</u></u>

CITY OF DRAPER, UTAH
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Requirement/Program

Current Year Findings

14-1 Deficit Fund Balance

Finding: Under Utah State law, deficit fund balances in any fund are not permitted. We noted a deficit fund balance in the Risk Management Internal Service Fund of \$767,083 as of June 30, 2014.

Recommendation: The City should take appropriate action, if feasible, to eliminate this deficit fund balance in accordance with State compliance guidelines.

Management's Response: Management does have a 2-3 year plan to eliminate the negative fund balance in the Risk Management Internal Service Fund. The plan will be either through direct appropriation from other fund balances and/or a cost allocation charged to operating other departments and divisions.

14-2 Budgetary Compliance

Finding: State law, *Utah Code 10-6-123*, requires that officers and employees of an entity shall not incur expenditures in excess of the total appropriation for any department or fund. For the year ended June 30, 2014, expenditures exceeded budgeted amounts in the following fund:

<u>Fund</u>	<u>Department/Category</u>	<u>Amount over Budget</u>
General Fund	Total expenditures	\$9,523,533

Recommendation: The City should monitor the status over expenditures as compared to the budget through the year, and amend the budget as necessary to ensure compliance with State Code.

Management's Response: Management will monitor expenditures throughout the year and amend the budget as needed to ensure compliance with State Code.

CITY OF DRAPER, UTAH
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Requirement/Program

Current Year Findings

14-3 General Fund Balance

Finding: State law, *Utah Code 10-6-116(2)*, stipulates that the maximum General Fund aggregate unassigned, assigned, and committed fund balance may not exceed 25% of the total revenues of the General Fund for the current fiscal year. At June 30, 2014, the City's aggregate unassigned, assigned, and committed General Fund balance totaled 28.7%.

Recommendation: The City should monitor and amend their FY2015 General Fund budget as necessary to appropriate any excess fund balance as described above in order to comply with State Code.

Management's Response: Management concurs and will monitor and amend the General Fund's fund balance as needed to ensure compliance with State Code.

NO FEE

4927653
12 JUNE 90 09:40 AM
KATIE L. DIXON
RECORDER, SALT LAKE COUNTY, UTAH
ASSOCIATED TITLE
REC BY: REBECCA GRAY DEPUTY

AFTER RECORDING, PLEASE RETURN TO:
City of Draper
12441 South 900 East
Draper, Utah 84020

4927653

SPECIAL WARRANTY DEED

THIS DEED, dated the 11th day of June, 1990, is executed by the UTAH STATE RETIREMENT FUND, a common Trust Fund created pursuant to Title 49, Utah Code Annotated, 1953, as amended (hereinafter referred to as "Grantor"), whose address is 540 East 200 South, Salt Lake City, Utah 84102, in favor of the CITY OF DRAPER, a municipal corporation of the State of Utah (hereinafter referred to as "Grantee"), whose address is 12441 South 900 East, Draper, Utah 84020.

WITNESSETH:

IN CONSIDERATION of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby CONVEYS AND WARRANTS against (but only against) all claiming by, through, or under it unto Grantee the following-described realty situated in Salt Lake County, State of Utah, SUCH REALTY TO BE USED AS A PUBLIC STREET:

TRACT 2:

BEGINNING at a point on the Westerly line of the Utah Power and Light corridor, said point being South 1330.79 feet and West 1442.96 feet from the Northeast corner of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian; and running thence along said Westerly line of the Utah Power and Light corridor the following three (3) courses: South 09°21'26" East 1459.95 feet; South 26°45'01" East 868.53 feet; South 03°19'23" East 158.01 feet to the North right of way line of 12300 South Street; thence along said North right of way line of 12300 South Street South 89°49'20" West 85.13 feet; thence North 03°19'23" West 130.86 feet to the beginning of a 205.42 foot radius curve to the left (chord bears North 15°02'12" West 83.41 feet); thence Northwesterly along the arc of said curve 83.99 feet; thence North 26°45'01" West 784.40 feet; thence North 09°21'26" West 1383.75 feet to the beginning of a 30.00 foot radius curve to the left (chord bears North 49°41'03" West 38.83 feet); thence Northwesterly along the arc of said curve 42.23 feet; thence South 89°59'19" West 827.34 feet; thence North 00°00'41" West 72.00 feet; thence North 89°59'19" East 911.89 feet to the point of BEGINNING.

EXCEPTING AND EXCLUDING from the foregoing, however, each and every portion of the above-described property that is not currently owned by Grantor, including, without limitation, the portion owned by Salt Lake City, a municipal corporation.

THE CONVEYANCE HEREBY ACCOMPLISHED IS SUBJECT TO all of the following:

6-8-90

UK 6227 PG 2839

(1) Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

(2) Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said realty or by making inquiry of persons in possession thereof.

(3) Easements, claims of easement, or encumbrances which are not shown by the public records.

(4) Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

(5) Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.

(6) Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

(7) Taxes and assessments for the year 1990.

(8) Delinquent taxes and related tax sales for the year 1989 in the respective amounts of \$264.05 and \$682.98, plus penalty, interest, and costs.

(9) Farmland Assessment roll-back taxes resulting from the subsequent withdrawal of the following Applications for Assessment and Taxation of Agricultural Land: (a) Application recorded September 13, 1971, as Entry No. 2408908 in Book 2996 at Page 853; (b) Application recorded September 6, 1972, as Entry No. 2482387 in Book 3147 at Page 10; and (c) Application recorded December 31, 1981, as Entry No. 2636300 in Book 5327 at Page 1833.

(10) The fact that the above-described realty is located within the boundaries of Draper City and Salt Lake County Sewerage Improvement District No. 1, and is subject to charges and assessments levied by reason thereof.

(11) Pole Line Easement in favor of Utah Power and Light Company, recorded October 5, 1954, as Entry No. 1392660 in Book 1130 at Page 385.

(12) The fact that there currently is or may currently be no access to the above-described realty, or a portion thereof, by either public roadway or private right-of-way.

(13) Each matter or state of facts that would be revealed or shown by a thorough and complete examination, inspection, and survey of the above-described

realty, including, without limitation, a dirt canal road and a 33-foot wide canal strip or right-of-way.

(14) Reservations and exceptions set forth in Patent recorded February 18, 1887 in Book 2D of Deeds at Page 249.

(15) Reservations and exceptions set forth in Patent recorded April 28, 1888 in Book 2N of Deeds at Page 233.

(16) Effect of the instrument entitled "Notice of Adoption of Redevelopment Plan Entitled 'West Freeway Neighborhood Development Plan, As Amended,' and dated April 16, 1990," recorded May 30, 1990, as Entry No. 4922285 in Book 6224 at Page 1285.

(17) Any matters arising by or through the acts or neglect of Grantee.

With respect to the delinquent taxes and tax sales noted above as item No. (8) and with respect to any additional or "roll-back" taxes assessed after the recordation of this Deed for years prior to 1990 due to change in use of the above-described realty, Grantor hereby covenants to indemnify Grantee against such taxes (but such indemnification shall not extend to damage resulting from the refusal of any person to purchase or lease the realty or to lend on the security thereof).

THE REALTY CONVEYED BY THIS DEED IS INTENDED TO BE, AND SHALL BE, USED AS A PUBLIC STREET.

IN WITNESS WHEREOF, Grantor has executed this Deed on or as of the day and year first above written.

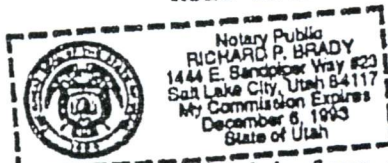
"Grantor":

UTAH STATE RETIREMENT FUND,
a Common Trust Fund created
pursuant to Title 49, Utah Code
Annotated, 1953, as amended

By Devon W. Olson
Devon W. Olson,
Assistant Investment Officer/
Real Estate

STATE OF UTAH)
COUNTY OF SALT LAKE)

ss.



The foregoing instrument was acknowledged before me this 11 day of June, 1990, by DEVON W. OLSON, the Assistant Investment Officer/Real Estate of the UTAH STATE RETIREMENT FUND.

My Commission Expires:

12/6/93

Richard P. Brady
Notary Public
Residing at: _____