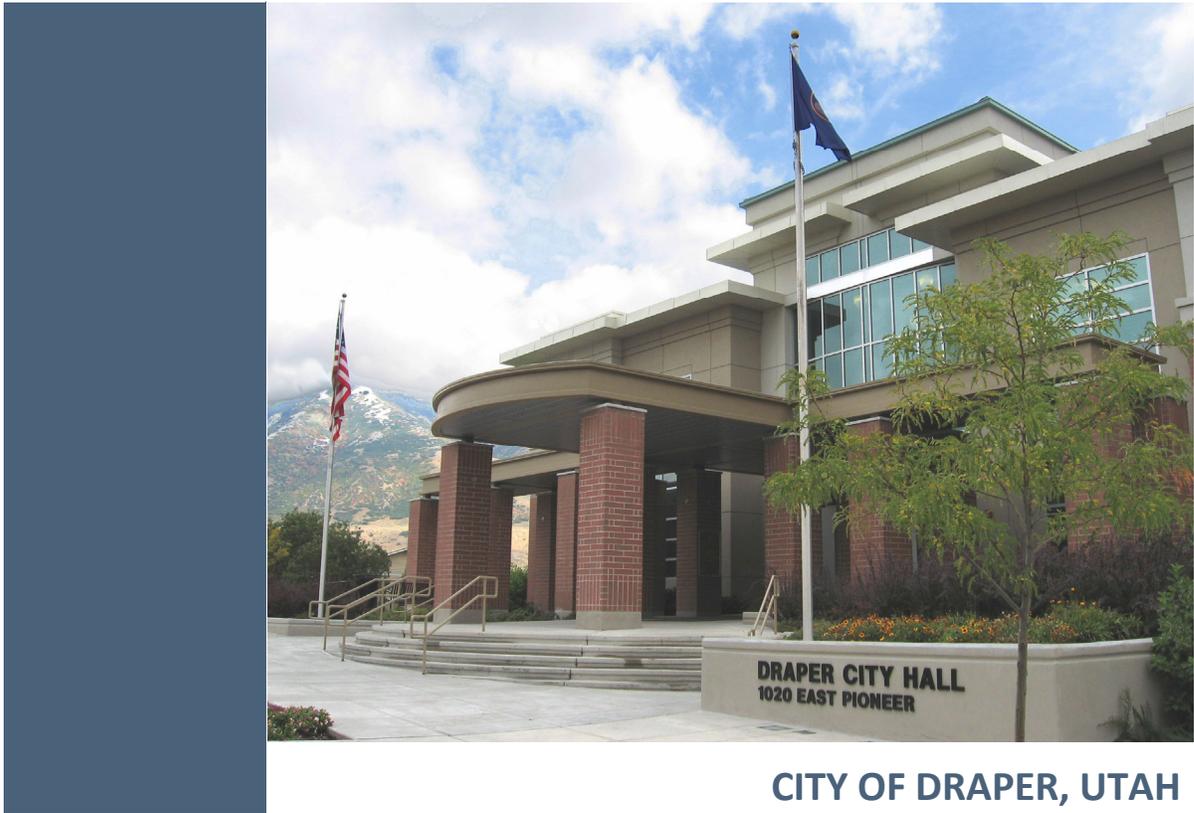




COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF DRAPER, UTAH

For Fiscal Year Ended June 30, 2013

CITY OF DRAPER, UTAH

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2013

Prepared by:

DRAPER CITY FINANCE DEPARTMENT

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INTRODUCTORY SECTION

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Darrell Smith, *Mayor*
William Colbert, *Council Member*
William Rappleye, *Council Member*
Jeff Stenquist, *Council Member*
Alan Summerhays, *Council Member*
Troy Walker, *Council Member*



1020 East Pioneer Road Draper, Utah 84020
Phone: (801) 576-6500 Fax: (801) 576-6389
Website: www.draper.ut.us

December 17, 2013

To the Honorable Mayor, Members of the City Council and Residents of City of Draper:

The Comprehensive Annual Financial Report (CAFR) of the City of Draper, Utah for the fiscal year ended June 30, 2013 is submitted herewith. This report has been prepared by the City's Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City's management.

State law requires that general-purpose local governments publish a complete set of financial statements in accordance with GAAP within six months of the close of each fiscal year. State law also requires that the report be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

As required by State law, Draper City's financial statements have been audited by Keddington & Christensen, LLC, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2013 are free of material misstatements. The 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 that there was a reasonable basis for rendering an unqualified opinion of the City's financial statements for the fiscal year ended June 30, 2013. Their report is included in the financial section of this report.

GAAP require management to 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 the MD&A and should be read in conjunction with it. The City's MD&A immediately follows the independent auditors' report. To provide a reasonable basis for making these representations, the management of Draper City 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 Draper City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Draper City's 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, this financial report is complete and reliable in all material respects.

City's Profile

The City of Draper, Utah was incorporated on February 22, 1978. The City has a population of approximately 44,103, making it the 15th largest city in the state and a city of the third class, as defined by the State of Utah. At build-out, the City is projected to have a population of 75,000. Draper City is located within the Salt Lake metropolitan area, and is approximately 30.12 square miles in size.

The City provides a full range of services to its businesses and residents. These include police and fire protection, culinary water, storm drain, solid waste and recycling collection and disposal, construction and maintenance of roadways, parks and recreation facilities, street lighting, and Draper Days along with other community and cultural events.

Draper City operates under the council-manager form of municipal government. The City Council is the legislative branch of the city government and is composed of the mayor and five council members. The term for each of these elected offices is four years. The City Council is responsible for passing ordinances, adopting the budget, appointing the city manager and other city officials required through state or local policy to be appointed by council. They are also responsible for appointing committees.

The city manager serves as the chief administrative officer responsible for directing the day-to-day operations of city affairs, and the implementation of City Council ordinances and policies as adopted. As the City Council's chief advisor, the city manager prepares a recommended budget for Council's consideration and recruits, hires and supervises city staff.

Utah state law requires the City to adopt a budget for all funds on an annual basis, and requires that all funds maintain a balanced budget, with some limited exceptions. State law also requires that departmental expenditures do not exceed appropriate funding levels, except in cases of emergency (such as a natural disaster). Authority to revise the approved budget rests with the City Council, which may be accomplished following the completion of noticing and hearing requirements.

Economic Condition

The local Draper economy has continued to recognize growth for the third consecutive year. The City realized its highest sales tax revenue in its history, demonstrating a complete recovery from the economic slowdown of 2008.

The City has continued to focus its efforts on balanced economic development growth, and recognized the symbiotic relationship between job creation and retail sales. Over the past several years, the City has continued to work with Utah Transit Authority on the development of several mass transit stations in areas which will support economic growth. These stations have been constructed with the FrontRunner station opening in December 2012 and TRAX stations opening in the summer of 2013. The arrival of mass transit to this community is expected to increase retail sales along with corporate growth.

Over the past fiscal year, Draper has experienced a higher level of independence from surrounding communities with the construction of several firsts – a full-service hospital and a public high school. These increased services in the community are expected to create a more jobs as well as foster livability and sustainability.

In addition to sustained livability, the City has attracted several companies that have increased its employment base. e-Bay has completed construction on the first phase of its new campus which is expected to employ over 4,000 people. The Loveland Living Planet Aquarium also began construction in

2012 with an anticipated opening in 2014. This Aquarium is anticipated to bring a unique cultural and recreational experience to its visitors.

The long term economic development outlook remains positive as the City has seen continued interest and growth from new businesses, expansion and job growth from current businesses, and an increased investment in opportunities that focus on tourism and recreation. RC Willey started construction on a new retail building that will generate significant sales tax for the City and Whole Foods has take over the old Albertson's store on 11400 South which will also created additional sales tax.

Long-term Financial Planning

The City has taken and will continue to take significant steps to address long-term financial stability. Some of these steps are:

- Revenue diversification
- Reviewing fees for service to reflect the cost of that service's delivery
- Continuing the funding of the infrastructure maintenance program
- Continuing the funding of reserve accounts
- Targeting expenditure reductions to match community priorities
- Continuing to follow conservative financial practices and policies
- Supporting innovation to promote continuous improvement

All of these were accomplished while continuing to focus on the City's long-term strategic vision and priorities.

The City has been judicious in the use of debt financing, and as such has positioned itself to be able to take advantage of low interest rates and low construction costs to fund infrastructure and other city facilities if needed. In Fiscal Year 2013, Draper City refunded two outstanding revenue bonds. The City was able to refund two of its lease revenue bonds into sales tax revenue bonds to recognize a net present value savings of over \$1.0 million in interest cost. In addition, the City Council approved the issuance of a sales tax revenue bond for the purchase of 2,314 acres of open space for \$5.6 million, and the issuance of a \$13 million sales tax revenue bond for the construction of the Loveland Living Planet Aquarium. Both of these investments are expected to continue to set the City of Draper apart as a hallmark location for residents and non-residents to enjoy unique recreational activities.

Relevant Financial Policies

Cash during the year was invested in the Public Treasurer's Investment Fund and certificates of deposit. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's bank deposits are uncollateralized and insured up to \$250,000 per institution by the FDIC. Utah operates under state statute allowing investments to be uncollateralized if state guidelines are followed.

The City is self-insured for unemployment costs. The City is also self-insured to \$7,500 for general liability. The City is a member of the Utah Risk Management Mutual Association, which provides general liability coverage for claims in excess of the self-insured amount up to \$6,000,000.

The City pays unused vacation, holiday, and compensatory time balances at termination.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Draper, Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the fourth consecutive year that Draper City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current comprehensive annual financial report 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 on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,



David Dobbins
City Manager



Bob Wylie
Finance Director

CITY OF DRAPER
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2013

ELECTED OFFICIALS

Mayor.....	Darrell Smith
City Council Member.....	William Colbert
City Council Member.....	William Rappleye
City Council Member.....	Jeff Stenquist
City Council Member.....	Alan Summerhays
City Council Member.....	Troy Walker

APPOINTED OFFICIALS AND DEPARTMENT HEADS

City Manager	David Dobbins
Assistant City Manager.....	Russell Fox
City Attorney.....	Douglas Ahlstrom
City Engineer.....	Troy Wolverton
City Recorder.....	Tracy Norr
City Treasurer.....	Joe Bryant
Community Development Director.....	<i>Vacant</i>
Finance Director.....	<i>Vacant</i>
Human Resources Director.....	Garth Smith
Justice Court Judge.....	Daniel Bertch
Police Chief.....	Bryan Roberts
Public Works Director.....	Glade Robbins

CITY OF DRAPER
OTHER BODIES UNDER THE DIRECTION OF THE CITY COUNCIL
June 30, 2013

BOARDS

Appeals Board
Board of Adjustment
Community-Oriented Policing Citizens Advisory Board (COPCAB)
Equestrian Center Advisory Board
Historic Preservation Board
Municipal Building Authority Board
Redevelopment Agency Board
Youth Council Advisory Board

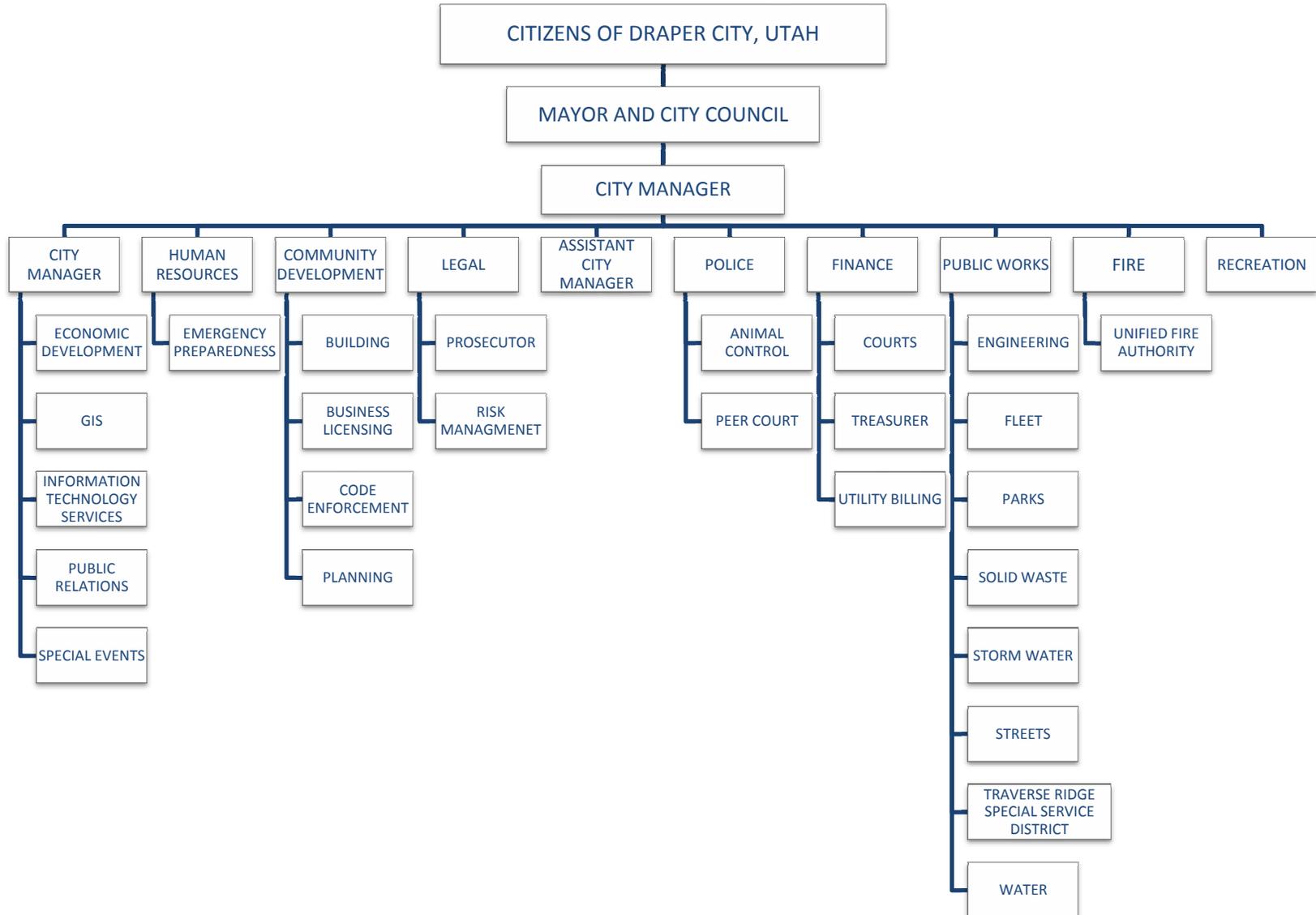
COMMISSIONS

Planning Commission
Tree Commission

COMMITTEES

Parks & Trails Committee

**CITY OF DRAPER
ORGANIZATIONAL CHART
June 30, 2013**





Government Finance Officers Association

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

Presented to

**City of Draper
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

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Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Draper as of and for the year ended June 30, 2013, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the City of Draper as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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 budgetary comparison information, as noted on the table of contents, 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 an opinion on the financial statements that collectively comprise the City of Draper's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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 budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2013, on our consideration of the City of Draper's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Draper City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 17, 2013

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013**

Draper City Corporation's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2013. As management of the City, we encourage readers to consider information contained in this discussion and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City exceeded the liabilities at the close of Fiscal Year 2013 (FY2013) by \$465 million (net position). This represents an increase of \$8,430,298 in net position over the previous fiscal year 2012. Of the \$465 million, \$28.4 million is in unrestricted net position which is available to meet ongoing obligations, which is an increase of \$2,542,192.
- FY2013 actual General Fund revenues were \$290,627 above expected or final budgeted numbers before Other Financing Sources. General Fund final budgeted revenues before Other Financing Sources were \$26,891,985 and final actual amounts are \$27,182,612. The largest increase from budgeted numbers came from Taxes. Franchise taxes were \$222,336 above budgeted. Another revenue category that came in above final budgeted numbers was Charges for Services. This category had a positive variance of \$116,408.
- General Fund revenue before Other Financing Sources increased \$1,533,437 in FY2013 from actual general fund revenues as compared to the same revenues in FY2012. Other increases were seen in Other Taxes \$324,774, Licenses and Permits \$653,367. Expenditures in the General Fund were \$1,132,847 below final budgeted numbers before debt service and other uses.
- Other Financing Sources in the General Fund included the proceeds from three bond issuances. These bond proceeds represented a \$19.7 million increase in revenue that was not originally budgeted. The total net amount of Other Financing Sources/Uses added \$11,301,280 towards the Net Change in Fund Balance. The total Net Change in Fund Balance increased by \$14,595,857.
- The total net position of \$465 million are made up of \$415 million invested in capital assets net of related debt, \$21.8 million in restricted net position and \$28.4 million in unrestricted net position.

Outstanding Debt: Draper City issued three new Revenue Bonds in FY2012. Series 2012A for \$4,915,000 for the purpose of purchasing open space, Series 2012B for \$6,905,000 for refunding the 2002B and 2004 bonds for \$6,905,000 and Series 2012C for \$12,530,000 used to finance the new aquarium in the city which is owned and operated by a non-profit organization. Total outstanding bonds at year-end increased by \$21,051,500 after retirements and scheduled bond payments.

Report Overview

This discussion and analysis is intended to serve as an introduction to the City of Draper's basic financial statements. The City of Draper's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that will help the reader to gain a more in-depth understanding of the City.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City of Draper's financial position as well as changes in financial position. This is similar to consolidated financial statements in a private sector business. The statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City of Draper's assets and liabilities, with the difference between the two reported as net position. An increase or decrease in net position over time may be used as an indicator of whether the financial condition of the City is improving or declining.

CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

The Statement of Activities presents information on how the City of Draper's net position changed during the most recent fiscal year. 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, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., debt interest payment when the fiscal year ends between interest payments).

Both of the government-wide financial statements distinguish functions of the City 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 the City include general government, public safety (police & fire), streets, planning, economic development, and parks and recreation. The Business-type Activities of the City of include culinary water, storm drain, and sanitation.

The government-wide financial statements include not only the City of Draper (the primary government), but also three legally separate component units, Traverse Ridge Special Service District, the Municipal Building Authority of the City of Draper, and the Redevelopment Agency of the City of Draper, for which the City is financially accountable. Financial information for these blended component units are presented with the financial statements for the City. The government-wide financial statements are found immediately following this discussion and analysis.

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. Some funds are required to be established by State law and/or bond covenants, however, City Council establishes other funds to help control and manage money for particular purposes (i.e. Historical Preservation Fund). All of the City's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, as well as to the basic services and operations of the governmental funds. Governmental fund information helps to determine whether there are changes in the financial resources available to finance the City's programs in the near future. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in the reconciliations after the fund financial statements.

The City maintains the following nine (9) individual governmental funds:

- General
- Municipal Building Authority
- Capital Improvement Projects
- Fire Impact Fee
- Transportation Impact Fee
- Park Impact Fee
- Police Impact Fee
- Redevelopment Agency
- Traverse Ridge Special Service District

Proprietary Funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but with additional detail, such as cash flows.

The City maintains the following three individual proprietary funds:

- Water (includes Impact Fees)
- Storm Water (includes Impact Fees)
- Solid Waste (Sanitation)

Notes to the Financial Statement - The notes provide additional information which is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the statements for major funds.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds. Combining and individual fund statements and schedules can be found after the Notes in the financial section.

Draper City's Statement of Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Draper, assets exceeded liabilities by \$465.6 million at the close of 2013.

By far, the largest portion of the City's net position (90%) reflects its investment in capital assets less any related outstanding debt. Capital assets are used to provide services to citizens; and as such, they are not available for future spending. Although the investment in 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. Unrestricted net position may be used to meet the City's ongoing obligations to residents and creditors.

The City continues to report positive balances in all three categories of net position - the government as a whole, as well as for its separate Governmental and Business-type Activities.

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Current and other assets	\$ 73,308,110	\$ 47,678,264	\$ 13,466,433	\$ 10,337,645
Capital assets	399,932,080	395,250,159	43,495,740	43,753,613
Total Assets	473,240,190	442,928,423	56,962,173	54,091,258
Current and other liabilities	4,559,099	13,676,643	2,720,960	641,856
Long-term liabilities	44,290,440	22,788,379	2,520,097	2,970,654
Total Liabilities	48,849,539	36,465,022	5,241,057	3,612,510
Total deferred inflows of resources	10,474,397	-	-	-
Net position:				
Net investment in capital assets	374,535,703	374,636,191	40,975,643	40,798,373
Restricted	19,481,754	12,635,617	2,224,174	2,994,064
Unrestricted	19,898,797	19,191,593	8,521,299	6,686,311
Total Net Position	\$ 413,916,254	\$ 406,463,401	\$ 51,721,116	\$ 50,478,748

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year-ended June 30, 2013.

Net position for governmental activities increased \$7,958,237. This increase is attributable to an increase development activity, and capital contributions to the City.

Net position for business-type activities increased \$1,257,782. The change in business-type activities is attributable to increased utility sales as well as increased development. Revenues from Charges for services increased \$543,670 or 7.24% from the previous year.

Overall, the City's revenues of \$47.6 million exceeded expenses of \$38.4 million, translating into an increase in net position of \$9,216,019 million before any prior year adjustments.

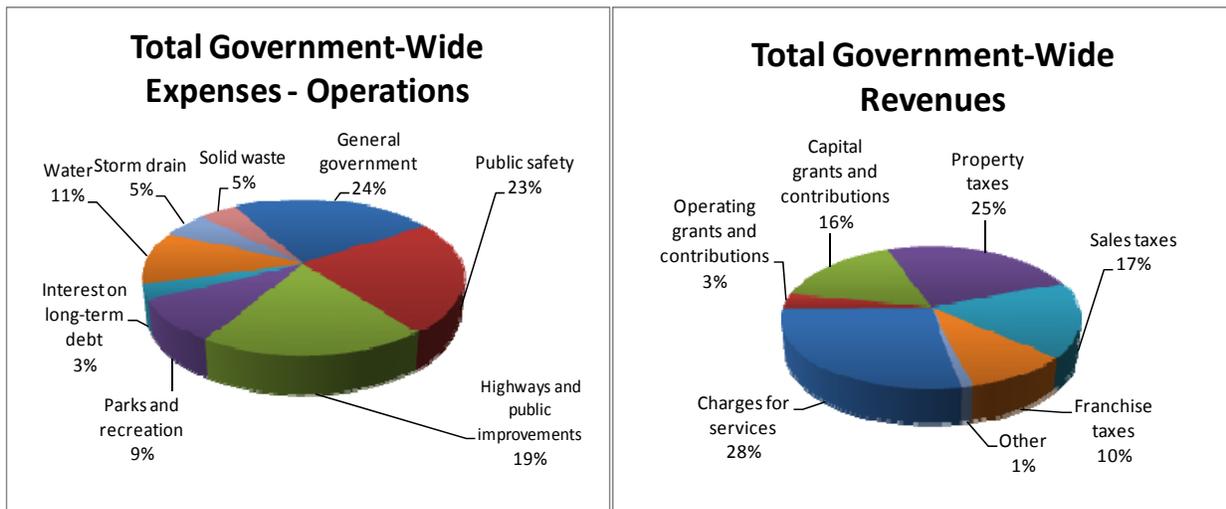
	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Revenues:				
Program revenues:				
Charges for services	\$ 5,112,848	\$ 4,901,275	\$ 8,051,220	\$ 7,507,550
Operating grants and contributions	1,503,827	1,460,727	-	-
Capital grants and contributions	6,908,876	11,915,979	922,739	5,220,742
General revenues:				
Property taxes	11,842,416	12,205,223	-	-
Sales and franchise taxes	12,746,792	11,847,175	-	-
Unrestricted investment earnings	285,538	302,589	85,263	94,145
Gain (loss) on disposition of assets	-	152,861	-	-
Miscellaneous	-	-	163,549	-
Total Revenues	<u>38,400,297</u>	<u>42,785,829</u>	<u>9,222,771</u>	<u>12,822,437</u>
Expenses:				
General government	9,280,255	10,982,453	-	-
Public safety	8,994,974	8,459,500	-	-
Highways and public improvements	7,479,013	8,977,668	-	-
Parks and recreation	3,474,203	3,089,016	-	-
Interest on long-term debt	1,213,615	1,071,024	-	-
Water	-	-	4,243,935	4,163,414
Storm drain	-	-	2,014,894	2,261,103
Solid waste	-	-	1,706,160	1,702,063
Total Expenses	<u>30,442,060</u>	<u>32,579,661</u>	<u>7,964,989</u>	<u>8,126,580</u>
Increase in net position before transfers	7,958,237	10,206,168	1,257,782	4,695,857
Transfers	-	-	-	-
Increase in Net Position	7,958,237	10,206,168	1,257,782	4,695,857
Net Position - Beginning	406,463,401	396,257,233	50,478,748	45,782,891
Prior Period Adjustment	(505,384)	-	(15,414)	-
Net Position - Ending	<u>\$ 413,916,254</u>	<u>\$ 406,463,401</u>	<u>\$ 51,721,116</u>	<u>\$ 50,478,748</u>

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Capital grants consist primarily of developer-donated infrastructure assets and change from year to year based on acceptance of such infrastructure by the City.

The primary source of charges for services was utility fees in the government-wide revenues, while taxes contributed the majority of general fund revenue.

The following two graphs display Draper City's government-wide revenues and expenses for the fiscal year-ended June 30, 2013.



Financial Analysis of the Government's Funds:

The City's Governmental Funds are accounted for using the modified accrual basis of accounting. The governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unassigned portion of this total fund balance is a measure of the available resources at June 30, 2013.

As the City completed the year, its Governmental Funds reported a combined fund balance of \$54 million, which is an increase of \$21.6 million compared to the prior fiscal year. Of that available fund balance, \$21 million is available for spending; however, \$15.9 million has been assigned by the City Council for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$5,083,615. The remaining \$33 million combined fund balance total is non-spendable in form (\$13,312) or is legally restricted by parties outside the financial reporting entity for 1) bond proceeds (\$11,018,156), 2) perpetual care of the City's cemetery (\$174,259), 3) RDA projects (\$500,000) 4) Grants (\$2,647,977), 5) B&C road (\$3,705,793) 6) Impact Fees (12,108,932) and 3) debt service (\$2,887,379).

General Fund:

The General Fund as reported consists of both the General Government Fund and Class B&C Roads Fund. At June 30, 2013, the fund balance of the combined General Fund was \$22.4 million which is an increase of \$14,595,857 or 185%. \$13.6 million of this increase is related to the bond proceeds that were received from the Series 2012A and Series 2012C bond.

General Government Fund - The General Government Fund accounts for all of the general services provided by the City of Draper. At June 30, 2013, the unassigned fund balance of the General Fund was \$5,083,615. Revenues exceeded expenditures by \$3.3 million, before Other Financing Sources. The current General Fund unassigned fund balance is 21.4% of estimated non-restricted General Fund revenue.

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

General Fund Revenues - As a whole, revenue sources recognized strong growth in 2013 with an increase of \$1.5 million (or 6%).

Taxes continued to be the largest source of revenue in the General Government Fund and represented 73 percent of total general fund revenues. This category was made up of sales tax, property tax, energy and franchise tax. Tax rates remained constant, but revenues increased \$710,036 (or 3.7%) when compared to the prior year.

- Sales tax revenues were the largest tax revenue contributor in 2013, and increased by \$574,843 (or 7.7%) as compared to 2012. This increase is the direct result of improved sales across all categories of business in the community.
- Property tax revenues decreased by \$149,581 (or 2.6%) in 2013. This change was the result of the collection of delinquent property tax from a major property owner.
- Franchise and energy tax increased by almost \$324,774 (or 7.4%) from the previous year. Tax rates remained constant, and the increase is attributed to increased sales.

License and permit revenues increased by \$653,367 (or 31.1%) from the previous year. This is the fourth consecutive year for increased revenues in this category following the sharp economic decline in 2009. Building Permit fees was the single largest increase with a \$536,841 (or 57.6%) increase over FY2012. In an effort to maintain fiscal sustainability, revenues in this category in excess of \$1.2 million are considered one-time revenues and are dedicated to support capital infrastructure. In 2013, the City realized \$2.7 million in license and permit revenue.

Fines and forfeitures decreased by \$17,961 (or 2.8%). This is the third consecutive year for reduced revenues in this category.

Intergovernmental revenue decreased \$30,868 from the prior year. This is entirely due to a decrease in Class B&C road funds distributed by the State of Utah. This revenue is based on a calculation of population, total lane miles of the municipality, and available revenues for distribution.

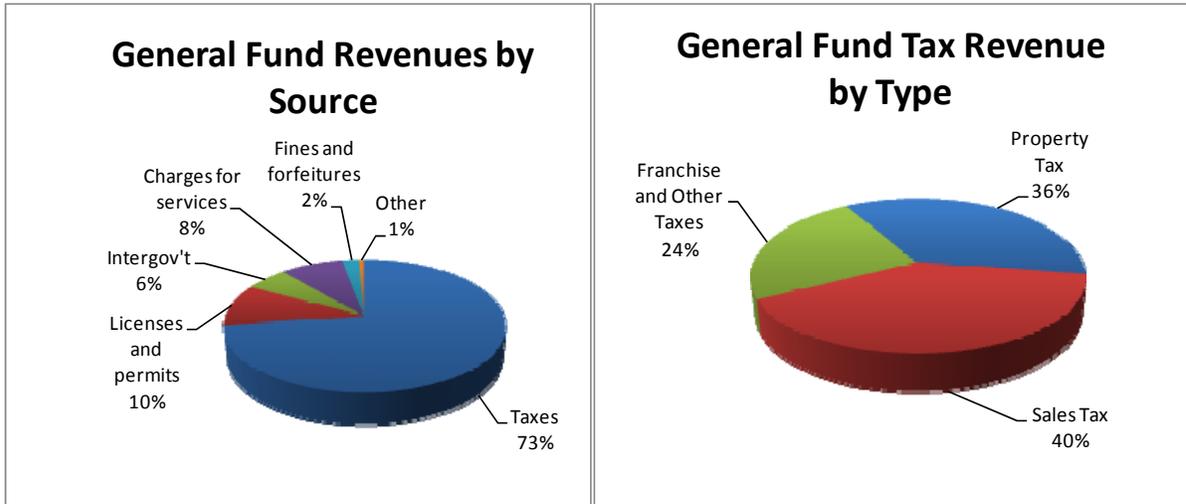
Finally, charges for services recognized an increase of 6.5 percent, or over \$140,000. This increase came from the administrative fee charged to other funds of the City based on revenues received in those funds. This fee is intended to reimburse the cost of providing management, administration, and overhead without allocating actual personnel and facilities to those funds. Parks Reservation fees also increased \$40,712.

The programs supported by general fund revenues (in order of how much they depend on general revenues to operate, with percentage of funding coming from general fund revenues) are:

		Amount of Program <u>funded w/GF</u>	% of program funded with <u>General revenues</u>
1 st	Public Safety	\$7,799,376	86.7 %
2 nd	General Government	\$5,181,022	55.8 %
3 rd	Parks and Recreation	\$1,680,464	48.4 %
4 th	Interest on long-term debt	\$1,213,615	13.9 %
5 th	Highway and Streets	\$1,042,032	100.0 %

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

The following charts illustrate General Fund Revenues by Source and Type.



General Fund Expenditures -

General fund expenditures decreased from \$24.4 million in 2012 to \$23.9 million in 2013, which represents a 2.3% decrease (or \$557,172).

Expenditures for general government activity decreased \$323,574.

Public safety expenditures increased by \$437,227 from the prior year. The increase came mostly from Police increasing \$233,481. The Public Safety category includes Police, Unified Fire Authority, Courts, Animal Control and Code Enforcement.

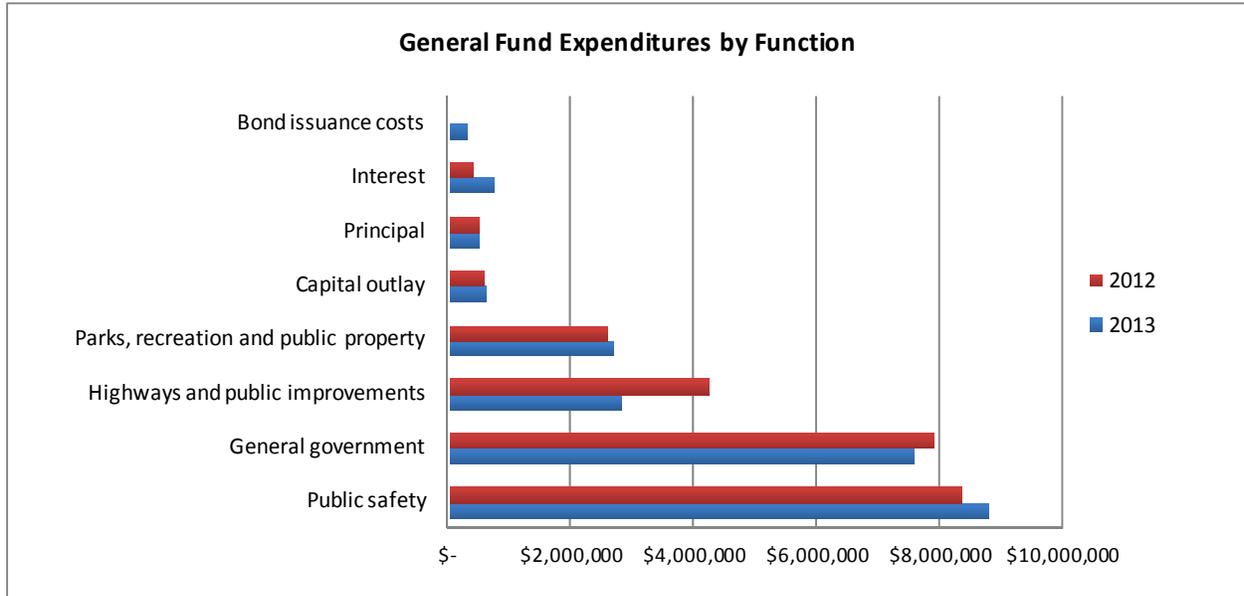
Highway and public improvements expenditures decreased by \$1.4 million in 2013. The City continues to prioritize the repair and maintenance of its roadway system. This amount includes Class B&C Roads Fund activity.

Expenditures in parks, recreation and public property also saw an increase of \$85,754 as compared to 2012. The City has continued to invest in the creation of community-oriented events and activities through recreation and city-sponsored community events, which has resulted in an increased personnel and operational cost. The balance of the increase is attributed to increased utility costs.

Class B&C Roads Fund – The Class B&C Roads Fund accounts for funds received from the State of Utah which are restricted for use for the construction and maintenance of roads classified as B or C. In April 2008, Utah State House Bill 242 redirected a portion of the bond proceeds from the \$10 vehicle registration surcharge for corridor preservation to specific road projects in local communities. The City of Draper was awarded \$11.0 million of the total \$37.75 million. Funds were received in March 2009.

At June 30, 2013, the restricted fund balance was \$3.7 million held in the general fund.

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**



General Fund Budgetary Highlights

The fiscal year 2013 originally adopted budget for the General Fund totaled \$24,683,414 before Other Financing Sources (Uses). The City Council approved four budget revisions during the year - September 2012, January 2013, April 2013 and June 2013.

Actual General Fund expenditures not including transfers for the year ending June 30, 2013, totaled \$23,888,035. This is \$797,379 below the originally adopted budget and \$1,132,847 below the final revised budget of \$25,020,882.

Other Financing Sources (Uses) had fiscal year amendments totaling \$27,079,408 to end the year with an approved budget of (\$27,715,731). The need for this was primarily the issuance of three bonds, Revenue Bonds Series 2012A/B and Series 2012C. The bond proceeds for the 2012 A were transferred to the Capital Project Fund. The actual final amount for the Transfers out was \$9,478,448 because the \$13,500,000 from the Series 2012C was not transferred but kept and restricted in the General Fund.

Other governmental Funds

Capital Improvement Projects Fund – The Capital Projects Fund has a total fund balance of \$15.7 million at June 30, 2013, all of which is either externally restricted or assigned for unfinished projects.

Redevelopment Fund – Property tax collections from the five previously established redevelopment areas increased 5.0 percent from the prior year to a total of \$3.9 million. Three of the five areas had increased collections reflecting increased property valuations in 2013. This is due in part to the Redevelopment Agency’s continued investment in the areas to maintain value.

Traverse Ridge Special Service District – Specially assessed property tax collections from the District are used to provide increased services due to high elevation. Property tax collections decreased from \$1,255,498 in 2012 to \$880,591 in 2013. This difference is attributed to a significant one-time collection of delinquent property tax by a major property holder in 2012. It is important to note the property tax rate remained unchanged with the exception of adjustment required by the Utah Truth-in-Taxation law.

Expenditures for that same period increased \$215,822 from the prior year. This increase was due to a capital outlay purchase of snow removal equipment.

**CITY OF DRAPER CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Impact Fee Funds – Impact fee revenues increased for the third year in a row. The total increase for all impact fees was \$1.3 million (or 73%). This is a direct result of the increased commercial development and a limited increase of residential development. Since impact fees are meant to provide the necessary infrastructure to support new development, budgets are developed using current resources.

Municipal Building Authority Fund – Lease revenue is intended to offset debt service. Revenues and expenditures remained constant in this fund.

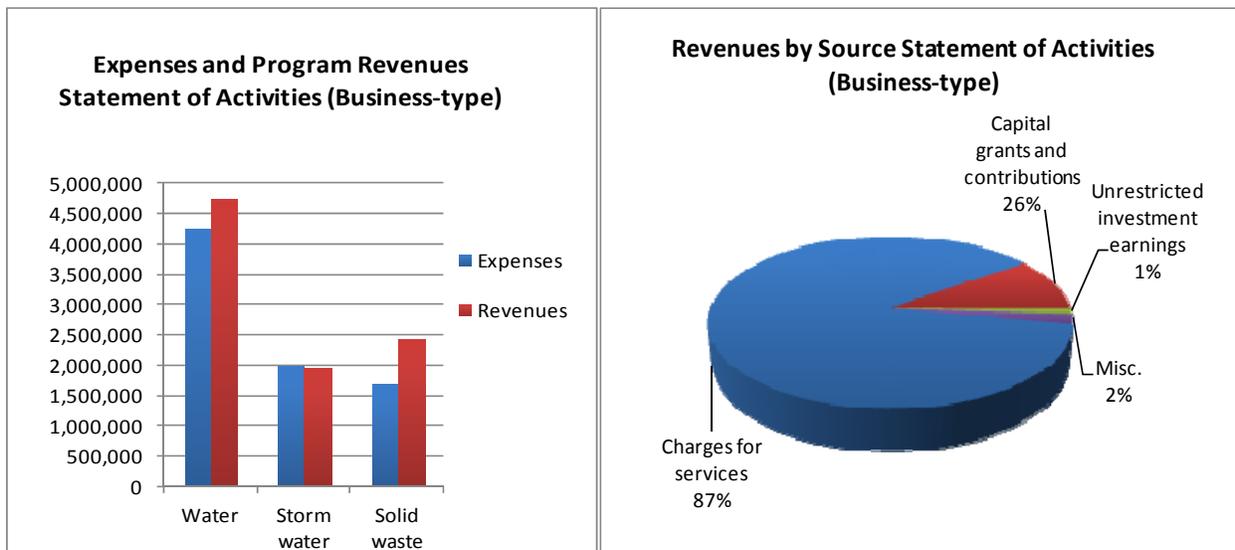
Proprietary (Enterprise) Funds:

Water Fund – Unrestricted net position in the Water Fund increased by \$1.1 million when compared to the previous year, with an ending unrestricted fund balance at June 30, 2013 of \$3.4 million. Revenues from water sales increased \$365,202 (or 9%) as compared to the previous fiscal year 2012. Operating expenses showed an increase of \$75,918 from \$4,109,859 in FY2012 to \$4,185,777 in FY2013. The Water Fund recognized a \$252,779 Operating Income before Non-operating revenues/expenses and before Capital Contributions/ Transfers. The Water Fund posted a positive change in Net position of \$508,188.

Storm Water Fund – Unrestricted net position in the Storm Water Fund increased by 32% (or \$389,445) which left a balance of \$1.8 million at June 30, 2013. This increase is the result of increased billing of the storm water utility. Revenues from Storm Water utility fees increased \$79,368 (or 6.7%) as compared to the previous fiscal year 2012. Operating expenses showed an increase of \$27,376 from \$1,964,832 in FY2012 to \$1,992,208 in FY2013. The Storm Water Fund recognized an operating loss of \$655,443 before Non-operating revenues/expenses and before Capital Contributions. After Capital Contributions of \$628,612, the Storm Sewer Fund had a negative change in net position of \$20,212.

Solid Waster Fund – Unrestricted net position in the Solid Waste Fund increased \$211,097 leaving a balance of \$3.2 million at June 30, 2013. Revenues from Solid Waste utility fees increased \$57,448 (or 2.6%) as compared to the previous fiscal year 2012. Operating expenses showed a decrease of \$15,805 from \$1,691,855 in FY2012 to \$1,676,050 in FY2013. The Solid Waste Fund recognized operating income of \$599,849 before Non-operating revenues/expenses and before Capital Contributions. After Non-operating revenues/expenses \$169,957, the Solid Waste Fund had a positive change in net position of \$769,806. The City began providing collection services in December 2009 in an effort to contain costs. These services were previously contracted to an outside provider.

The first chart illustrates operating program revenues to operating expenses per the Statement of Activities. The second chart illustrates the revenues by source which includes capital contributions from developers.



**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Capital Assets and Debt Administration

The City's investment in capital assets for its government and business type activities totaled \$443 million net of combined depreciation and amortization at June 30, 2013. Types of assets included in this category are land, right of ways, land improvements, buildings, machinery and equipment, park and other recreation facilities, roads (including curb and gutter), street lights, traffic signals, parking facilities, water distribution system, and storm water collection system. The change for the current year was \$4,831,756 (1.2%) in governmental activities and business-type activities has a net decrease of \$621,491 (or <1.4%>) for a combined increase of 0.09% government-wide.

Major capital asset events during fiscal year-ended June 30, 2013 include the following:

- Purchase of 2,314 acres of open space for parks and recreation for \$5,611,821. 87.6% of the financing for this purchase was with a Sales Tax Revenue Bond Series 2012A for \$4,915,000.
- Vehicle and equipment replacement of \$770,928.

Additional information regarding the City's capital assets can be found in Note 6 of the Notes to Financial Statements.

	Governmental Activities 2013	Governmental Activities 2012	Business - type Activities 2013	Business - type Activities 2012
Land and right of ways	\$ 311,960,639	\$ 306,701,302	\$ -	\$ -
Intangible asset - water tank capacity	-	-	2,000,000	2,000,000
Water shares	-	-	131,907	131,907
Infrastructure	56,891,206	54,566,514	-	-
Buildings	13,683,261	13,937,529	396,782	312,983
Improvements other than buildings	9,301,807	8,382,953	38,262,937	38,850,762
Machinery and equipment	2,568,879	2,310,846	2,478,025	2,457,714
Construction in progress	5,526,288	9,351,015	226,089	247
Total Capital Assets	<u>\$ 399,932,080</u>	<u>\$ 395,250,159</u>	<u>\$ 43,495,740</u>	<u>\$ 43,753,613</u>

Long-term Debt

As of June 30, 2013, Draper City's debt amounted to \$44,907,436. The City has issued several bonds in previous years to assist in building and acquiring capital assets. The City has one General Obligation Bond outstanding that was originally issued in Fiscal year 2005 for \$7,000,000 and it is the Series 2005. The purpose of this bond was to finance the acquisition of land in order to preserve open space. The outstanding balance on this bond as of June 30, 2013 was \$4,795,000. This is a decrease of \$300,000 from the prior fiscal year.

The City also issued three Sales Tax Revenue Bonds during FY2013.

Series 2012A had an original issue amount of \$4,915,000. The principle payments were deferred to begin until May 2025 with the final payment due May 2032. Interest payments began May 2013. This bond was issued to finance the costs of purchasing 2,314 acres of open space land.

Series 2012B had a total original issue amount of \$7,115,000. This bond had two components of uses. One of the uses of the proceeds was to do a cross over advanced refunding of the 2004 Sales Tax Revenue Bonds which will be retired in May 2014. The amount associated with this use was \$2,320,000. The second use of the bond proceeds were used for the current refunding of the 2002B Municipal Building Authority Lease Revenue Bond. The amount associated with this use is \$4,795,000. The maturity of Series 2012B will be in May 2024.

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Series 2012C Sales Tax Revenue Bond had an original issue amount of \$12,530,000. This bond was issued to finance a non-profit organizations cost to design and construct an aquarium within the city limits. The agreement with the non-profit organization is that they will be responsible for the debt-service payments. The maturity of this bond is until May 2032.

Total new issuance of Sales Tax Revenue Bonds for Fiscal Year 2013 was \$24,560,000 with additional unamortized amounts of \$3,578,772. With the retirements of the MBA lease revenue Bond and other debt service principal payments and other cost of \$6,738,697, the outstanding debt related to bonds increased by \$21,400,075 to \$44,322,342.

	Governmental Activities 2013	Governmental Activities 2012	Business - type Activities 2013	Business - type Activities 2012
Bonds payable	\$ 42,387,342	\$ 20,987,267	\$ 1,935,000	\$ 1,935,000
Capital leases	-	-	585,097	1,035,654
Total	<u>\$ 42,387,342</u>	<u>\$ 20,987,267</u>	<u>\$ 2,520,097</u>	<u>\$ 2,970,654</u>

Additional information on the City's long-term debt can be found in Note 9 of the Notes to Financial Statements.

Requests for information:

This financial report is designed to provide our residents, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City's Finance Department at City of Draper, 1020 East Pioneer Road, Draper, UT 84020, or call (801) 576-6500, or e-mail to bob.wylie@draper.ut.us.

BASIC FINANCIAL STATEMENTS

CITY OF DRAPER
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 11,353,939	\$ 8,268,894	\$ 19,622,833
Investments	7,929,666	-	7,929,666
Receivables:			
Accounts, net	2,901,342	943,364	3,844,706
Property taxes	10,474,397	-	10,474,397
Other taxes	2,063,562	-	2,063,562
Prepays	13,312	39,874	53,186
Notes receivable	3,045,771	-	3,045,771
Restricted cash and cash equivalents	35,526,121	2,232,174	37,758,295
Equity investment in joint venture	-	1,982,127	1,982,127
Capital assets, not being depreciated:			
Land and right of ways	311,960,639	-	311,960,639
Intangible asset - water tank capacity	-	2,000,000	2,000,000
Construction in progress	5,526,288	226,089	5,752,377
Water shares	-	131,907	131,907
Capital assets, net of accumulated depreciation:			
Buildings	13,683,261	396,782	14,080,043
Improvements other than buildings	9,301,807	38,262,937	47,564,744
Machinery and equipment	2,568,879	2,478,025	5,046,904
Furniture and fixtures	-	-	-
Infrastructure	56,891,206	-	56,891,206
Total Assets	<u>\$ 473,240,190</u>	<u>\$ 56,962,173</u>	<u>\$ 530,202,363</u>

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

CITY OF DRAPER
STATEMENT OF NET POSITION (Continued)
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 1,568,008	\$ 648,634	\$ 2,216,642
Accrued liabilities	163,958	54,531	218,489
Accrued interest payable	343,508	47,795	391,303
Developer and customer deposits	2,483,625	8,000	2,491,625
Unearned revenue	-	1,962,000	1,962,000
Noncurrent Liabilities:			
Due within one year	1,726,797	548,006	2,274,803
Due in more than one year	42,563,643	1,972,091	44,535,734
Total Liabilities	<u>48,849,539</u>	<u>5,241,057</u>	<u>54,090,596</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	<u>10,474,397</u>	<u>-</u>	<u>10,474,397</u>
Total Deferred Inflows of Resources	<u>10,474,397</u>	<u>-</u>	<u>10,474,397</u>
Net Position:			
Net investment in capital assets	374,535,703	40,975,643	415,511,346
Restricted for:			
Debt service	344,793	168,245	513,038
Impact fees	15,814,725	2,055,929	17,870,654
Perpetual care	174,259	-	174,259
RDA projects	500,000	-	500,000
Grants	2,647,977	-	2,647,977
Unrestricted	<u>19,898,797</u>	<u>8,521,299</u>	<u>28,420,096</u>
Total Net Position	<u>413,916,254</u>	<u>51,721,116</u>	<u>465,637,370</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 473,240,190</u>	<u>\$ 56,962,173</u>	<u>\$ 530,202,363</u>

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

CITY OF DRAPER
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 9,280,255	\$ 4,099,233	\$ -	\$ -	\$ (5,181,022)	\$ -	\$ (5,181,022)
Public safety	8,994,974	652,287	55,711	487,600	(7,799,376)	-	(7,799,376)
Highway and public improvements	7,479,013	19,278	1,448,116	4,969,587	(1,042,032)	-	(1,042,032)
Parks and recreation	3,474,203	342,050	-	1,451,689	(1,680,464)	-	(1,680,464)
Interest on long-term debt	1,213,615	-	-	-	(1,213,615)	-	(1,213,615)
Total Governmental Activities	30,442,060	5,112,848	1,503,827	6,908,876	(16,916,509)	-	(16,916,509)
Business-type Activities:							
Water	4,243,935	4,438,556	-	294,127	-	488,748	488,748
Storm Water	2,014,894	1,336,765	-	628,612	-	(49,517)	(49,517)
Solid waste	1,706,160	2,275,899	-	-	-	569,739	569,739
Total Business-type Activities	7,964,989	8,051,220	-	922,739	-	1,008,970	1,008,970
Total Government	\$ 38,407,049	\$ 13,164,068	\$ 1,503,827	\$ 7,831,615	(16,916,509)	1,008,970	(15,907,539)
General Revenues:							
Property taxes					11,842,416	-	11,842,416
Sales taxes					8,009,456	-	8,009,456
Franchise taxes					4,737,336	-	4,737,336
Unrestricted investment earnings					285,538	85,263	370,801
Miscellaneous					-	163,549	163,549
Total General Revenues					24,874,746	248,812	25,123,558
Changes in Net Position					7,958,237	1,257,782	9,216,019
Net Position, Beginning					406,463,401	50,478,748	456,942,149
Prior Period Adjustment					(505,384)	(15,414)	(520,798)
Net Position, Ending					\$ 413,916,254	\$ 51,721,116	\$ 465,637,370

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

CITY OF DRAPER
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Redevelopment Agency</u>	<u>Municipal Building Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 3,303,387	\$ 1,397,678	\$ 2,678,820	\$ 588,010	\$ 1,889,839	\$ 9,857,734
Investments	-	7,929,666	-	-	-	7,929,666
Receivables:						
Property taxes	5,938,576	-	3,903,937	-	631,884	10,474,397
Other taxes	2,063,562	-	-	-	-	2,063,562
Other, Net	352,785	2,543,842	-	-	4,715	2,901,342
Prepays	13,312	-	-	-	-	13,312
Notes receivable	3,045,771	-	-	-	-	3,045,771
Restricted cash and cash equivalents	19,431,452	4,638,613	-	310,912	11,145,144	35,526,121
Total Assets	<u>\$ 34,148,845</u>	<u>\$ 16,509,799</u>	<u>\$ 6,582,757</u>	<u>\$ 898,922</u>	<u>\$ 13,671,582</u>	<u>\$ 71,811,905</u>
Liabilities:						
Accounts payable	\$ 474,214	\$ 456,115	\$ 610,534	\$ -	\$ 27,145	\$ 1,568,008
Accrued liabilities	161,905	-	-	-	2,053	163,958
Developer and customer deposits	2,131,036	352,589	-	-	-	2,483,625
Total Liabilities	<u>2,767,155</u>	<u>808,704</u>	<u>610,534</u>	<u>-</u>	<u>29,198</u>	<u>4,215,591</u>
Deferred Inflows of Resources						
Unavailable revenue-property taxes	5,938,576	-	3,903,937	-	631,884	10,474,397
Unavailable revenue-notes receivable	3,045,771	-	-	-	-	3,045,771
Total Deferred Inflows of Resources	<u>8,984,347</u>	<u>-</u>	<u>3,903,937</u>	<u>-</u>	<u>631,884</u>	<u>13,520,168</u>
Fund Balances:						
Nonspendable						
Prepays	13,312	-	-	-	-	13,312
Restricted						
Debt service	2,576,467	-	-	310,912	-	2,887,379
Bond proceeds	11,018,156	-	-	-	-	11,018,156
Perpetual care	-	-	-	-	174,259	174,259
RDA project	-	500,000	-	-	-	500,000
Grants	-	2,647,977	-	-	-	2,647,977
B & C roads	3,705,793	-	-	-	-	3,705,793
Impact fees	-	1,138,047	-	-	10,970,885	12,108,932
Assigned						
Capital projects fund	-	11,415,071	-	-	-	11,415,071
RDA fund and projects	-	-	2,068,286	-	-	2,068,286
MBA fund	-	-	-	588,010	-	588,010
Traverse ridge fund	-	-	-	-	1,865,356	1,865,356
Unassigned	5,083,615	-	-	-	-	5,083,615
Total Fund Balances	<u>22,397,343</u>	<u>15,701,095</u>	<u>2,068,286</u>	<u>898,922</u>	<u>13,010,500</u>	<u>54,076,146</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 34,148,845</u>	<u>\$ 16,509,799</u>	<u>\$ 6,582,757</u>	<u>\$ 898,922</u>	<u>\$ 13,671,582</u>	<u>\$ 71,811,905</u>

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

CITY OF DRAPER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds	\$	54,076,146
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		399,932,080
Accrued interest on long term debt is not due and payable in the current period, and therefore is not recorded in the funds.		(343,508)
Long-term liabilities, including bonds, capital leases, compensated absences and notes are not due and payable in the current period, and therefore are not reported in the funds.		(44,290,440)
Deferred inflows of resources associated with the General Fund's note receivable is removed in the statement of net position.		3,045,771
The internal service fund is used by management to charge the cost of insurance and claims to other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		<u>1,496,205</u>
Total Net Position - Governmental Activities	\$	<u><u>413,916,254</u></u>

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

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Redevelopment Agency</u>	<u>Municipal Building Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes:						
Property	\$ 7,057,888	\$ -	\$ 3,903,937	\$ -	\$ 880,591	\$ 11,842,416
Sales	8,009,456	-	-	-	-	8,009,456
Franchise	4,737,336	-	-	-	-	4,737,336
Licenses and permits	2,753,909	-	-	-	-	2,753,909
Intergovernmental	1,559,341	-	-	-	-	1,559,341
Charges for services	2,281,193	-	-	-	-	2,281,193
Impact fees	-	-	-	-	3,151,050	3,151,050
Fines and forfeitures	614,663	-	-	-	-	614,663
Interest	109,058	90,527	5,871	-	80,452	285,908
Lease revenue	-	-	-	1,475,494	-	1,475,494
Donations and reimbursements	-	68,706	-	-	-	68,706
Miscellaneous	59,768	3,035,419	-	-	3,657	3,098,844
Total Revenues	<u>27,182,612</u>	<u>3,194,652</u>	<u>3,909,808</u>	<u>1,475,494</u>	<u>4,115,750</u>	<u>39,878,316</u>
Expenditures:						
Current:						
General government	7,553,142	-	-	-	350,267	7,903,409
Public safety	8,760,349	-	-	-	-	8,760,349
Highways and public improvements	2,790,679	-	-	-	233,785	3,024,464
Parks, recreation and public property	2,659,074	-	-	-	-	2,659,074
RDA expenditures	-	-	1,861,704	-	-	1,861,704
Capital outlay	604,424	10,278,544	-	-	248,707	11,131,675
Debt Service:						
Principal	495,000	-	-	6,195,000	-	6,690,000
Interest	735,701	-	-	540,334	-	1,276,035
Bond issuance costs	289,666	-	-	50,160	-	339,826
Total Expenditures	<u>23,888,035</u>	<u>10,278,544</u>	<u>1,861,704</u>	<u>6,785,494</u>	<u>832,759</u>	<u>43,646,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,294,577</u>	<u>(7,083,892)</u>	<u>2,048,104</u>	<u>(5,310,000)</u>	<u>3,282,991</u>	<u>(3,768,220)</u>
Other Financing Sources (Uses):						
Transfers in	1,598,783	11,066,415	419,187	914,629	4,255,824	18,254,838
Transfers out	(10,078,448)	(3,667,948)	(1,266,456)	(963,924)	(2,278,062)	(18,254,838)
Sale of capital assets	46,578	614,766	-	-	-	661,344
Impact fee reimbursement	-	-	-	-	(450,000)	(450,000)
Proceeds from bond issuance	19,765,000	-	-	4,795,000	-	24,560,000
Premium on bonds issued	3,015,138	-	-	564,295	-	3,579,433
Payments out of construction escrow	(3,045,771)	-	-	-	-	(3,045,771)
Total Other Financing Sources (Uses)	<u>11,301,280</u>	<u>8,013,233</u>	<u>(847,269)</u>	<u>5,310,000</u>	<u>1,527,762</u>	<u>25,305,006</u>
Net Change in Fund Balances	14,595,857	929,341	1,200,835	-	4,810,753	21,536,786
Fund Balances, Beginning	<u>7,801,486</u>	<u>14,846,007</u>	<u>867,451</u>	<u>898,922</u>	<u>8,055,072</u>	<u>32,468,938</u>
Prior Period Adjustment	<u>-</u>	<u>(74,253)</u>	<u>-</u>	<u>-</u>	<u>144,675</u>	<u>70,422</u>
Fund Balances, Ending	<u>\$ 22,397,343</u>	<u>\$ 15,701,095</u>	<u>\$ 2,068,286</u>	<u>\$ 898,922</u>	<u>\$ 13,010,500</u>	<u>\$ 54,076,146</u>

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

CITY OF DRAPER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	21,536,786
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay		11,038,871
Depreciation expense		(6,128,455)
<p>Contributed assets are not recorded in governmental funds due to no current resources being expended in the acquisition of such assets. The Statement of Net Position will record these contributed assets at their estimated fair value on the date of contribution.</p>		
		598,187
<p>Amounts loaned by the governmental funds are recorded as expenditures. However, the loan is recorded as an asset for the Statement of Net Position</p>		
		3,045,771
<p>Amortization of bond premiums and discounts, reported on the Statement of Activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		180,782
<p>Governmental funds report issuance of long-term debt and bond premiums as other financing sources. The Statement of Net Position records this as an increase to long-term debt.</p>		
		(28,138,772)
<p>Governmental assets deleted during the year with the respective gain (loss) on disposal are not shown in governmental funds.</p>		
		(756,260)
<p>Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position.</p>		
		6,690,000
<p>Expenses are recognized in the governmental funds when paid or due for; items not normally paid with available financial resources and interest on long-term debt. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable and changes due to compensated absences.</p>		
		<u>(108,673)</u>
Changes in Net Position of Governmental Activities	\$	<u>7,958,237</u>

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

CITY OF DRAPER
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Storm Water</u>	<u>Solid Waste</u>	<u>Total Enterprise</u>	Activities Internal Service Fund
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 3,226,395	\$ 3,947,111	\$ 1,095,388	\$ 8,268,894	\$ 1,496,205
Accounts receivable, net	578,046	154,163	211,155	943,364	-
Prepaid items	-	-	39,874	39,874	-
Restricted cash	176,245	2,055,929	-	2,232,174	-
Total Current Assets	<u>3,980,686</u>	<u>6,157,203</u>	<u>1,346,417</u>	<u>11,484,306</u>	<u>1,496,205</u>
Noncurrent Assets:					
Equity investment in joint venture	-	-	1,982,127	1,982,127	-
Capital assets:					
Intangible asset - water tank	2,000,000	-	-	2,000,000	-
Water shares	131,907	-	-	131,907	-
Buildings	91,972	-	345,107	437,079	-
Improvements other than buildings	27,163,054	30,631,445	-	57,794,499	-
Machinery and equipment	250,214	868,884	2,894,266	4,013,364	-
Furniture and fixtures	21,303	-	-	21,303	-
Construction in progress	-	226,089	-	226,089	-
Less: accumulated depreciation	(9,603,247)	(10,604,647)	(920,607)	(21,128,501)	-
Total Noncurrent Assets	<u>20,055,203</u>	<u>21,121,771</u>	<u>4,300,893</u>	<u>45,477,867</u>	<u>-</u>
Total Assets	<u>\$ 24,035,889</u>	<u>\$ 27,278,974</u>	<u>\$ 5,647,310</u>	<u>\$ 56,962,173</u>	<u>\$ 1,496,205</u>

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

CITY OF DRAPER
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Storm Water</u>	<u>Solid Waste</u>	<u>Total Enterprise</u>	Activities Internal Service Fund
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 335,774	\$ 249,963	\$ 62,897	\$ 648,634	\$ -
Deposits	8,000	-	-	8,000	-
Accrued liabilities	19,081	20,740	14,710	54,531	-
Accrued interest payable	47,795	-	-	47,795	-
Unearned revenue	-	1,962,000	-	1,962,000	-
Bond payable - current	82,000	-	-	82,000	-
Capital leases payable	-	-	466,006	466,006	-
Claims and judgments	-	-	-	-	380,418
Total Current Liabilities	<u>492,650</u>	<u>2,232,703</u>	<u>543,613</u>	<u>3,268,966</u>	<u>380,418</u>
Noncurrent Liability:					
Bond payable	1,853,000	-	-	1,853,000	-
Capital leases payable	-	-	119,091	119,091	-
Claims and judgments	-	-	-	-	1,115,787
Total Noncurrent Liability	<u>1,853,000</u>	<u>-</u>	<u>119,091</u>	<u>1,972,091</u>	<u>1,115,787</u>
Total Liabilities	<u>2,345,650</u>	<u>2,232,703</u>	<u>662,704</u>	<u>5,241,057</u>	<u>1,496,205</u>
Net Position:					
Net investment in capital assets	18,120,203	21,121,771	1,733,669	40,975,643	-
Restricted for impact fees	-	2,055,929	-	2,055,929	-
Restricted for debt service	168,245	-	-	168,245	-
Unrestricted	3,401,791	1,868,571	3,250,937	8,521,299	-
Total Net Position	<u>21,690,239</u>	<u>25,046,271</u>	<u>4,984,606</u>	<u>51,721,116</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 24,035,889</u>	<u>\$ 27,278,974</u>	<u>\$ 5,647,310</u>	<u>\$ 56,962,173</u>	<u>\$ 1,496,205</u>

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

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
For The Year Ended June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Storm Water</u>	<u>Solid Waste</u>	<u>Total Enterprise</u>	Activities Internal Service Fund
Operating Revenues:					
Water sales	\$ 4,414,538	\$ -	\$ -	\$ 4,414,538	\$ -
Storm water utility fees	-	1,254,257	-	1,254,257	-
Sanitation sales	-	-	2,275,899	2,275,899	-
Other charges for services	-	-	-	-	637,948
Miscellaneous income	17,168	82,508	-	99,676	-
Connection fees	6,850	-	-	6,850	-
Total Operating Revenues	<u>4,438,556</u>	<u>1,336,765</u>	<u>2,275,899</u>	<u>8,051,220</u>	<u>637,948</u>
Operating Expenses:					
Salaries and wages	534,053	471,817	456,504	1,462,374	-
Utilities	291,315	3,538	-	294,853	-
Water charges	1,575,718	-	-	1,575,718	-
Landfill fees	-	-	225,632	225,632	-
Sanitation charges	-	-	19,764	19,764	-
Supplies and repairs	182,171	178,895	312,786	673,852	-
Claims and insurance	-	-	-	-	637,948
Administrative	714,162	289,620	412,720	1,416,502	-
Depreciation	888,358	1,048,338	248,644	2,185,340	-
Total Operating Expenses	<u>4,185,777</u>	<u>1,992,208</u>	<u>1,676,050</u>	<u>7,854,035</u>	<u>637,948</u>
Operating Income (Loss)	<u>252,779</u>	<u>(655,443)</u>	<u>599,849</u>	<u>197,185</u>	<u>-</u>
Nonoperating Revenues (Expenses):					
Income (loss) on equity investment	-	-	163,549	163,549	-
Interest income	19,440	29,305	36,518	85,263	-
Interest expense	(49,295)	-	(27,929)	(77,224)	-
Gain (Loss) on sale of capital assets	(8,863)	(22,686)	(2,181)	(33,730)	-
Total Nonoperating Revenues (Expenses)	<u>(38,718)</u>	<u>6,619</u>	<u>169,957</u>	<u>137,858</u>	<u>-</u>
Income (Loss) Before Contributions	214,061	(648,824)	769,806	335,043	-
Capital Contributions	294,127	628,612	-	922,739	-
Impact fee reimbursement	-	-	-	-	-
Changes in Net Position	508,188	(20,212)	769,806	1,257,782	-
Net Position, Beginning	21,197,465	25,066,483	4,214,800	50,478,748	-
Prior Period Adjustments	(15,414)	-	-	(15,414)	-
Net Position, Ending	<u>\$ 21,690,239</u>	<u>\$ 25,046,271</u>	<u>\$ 4,984,606</u>	<u>\$ 51,721,116</u>	<u>\$ -</u>

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

CITY OF DRAPER
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Storm Water</u>	<u>Solid Waste</u>	<u>Total</u>	Activities Internal Service Fund
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 4,612,056	\$ 3,283,567	\$ 2,288,086	\$ 10,183,709	\$ 637,948
Payments to suppliers for goods and services	(2,853,471)	(271,135)	(970,800)	(4,095,406)	(525,565)
Payments to employees for salaries and benefits	(539,824)	(468,314)	(454,072)	(1,462,210)	-
Net cash provided (used) by operating activities	<u>1,218,761</u>	<u>2,544,118</u>	<u>863,214</u>	<u>4,626,093</u>	<u>112,383</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees received	193,795	377,699	-	571,494	-
Payments on capital leases	-	-	(450,557)	(450,557)	-
Interest paid on bonds and capital leases	(51,271)	-	(27,929)	(79,200)	-
Purchase of equipment/improvements	(326,049)	(924,925)	(358,977)	(1,609,951)	-
Proceeds from sale of assets	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(183,525)</u>	<u>(547,226)</u>	<u>(837,463)</u>	<u>(1,568,214)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received	19,440	29,305	36,518	85,263	-
Net cash provided (used) by investing activities	<u>19,440</u>	<u>29,305</u>	<u>36,518</u>	<u>85,263</u>	<u>-</u>
Net Increase (Decrease) In Cash	1,054,676	2,026,197	62,269	3,143,142	112,383
Cash At Beginning Of Year	<u>2,347,964</u>	<u>3,976,843</u>	<u>1,033,119</u>	<u>7,357,926</u>	<u>1,383,822</u>
Cash At End Of Year	<u>\$ 3,402,640</u>	<u>\$ 6,003,040</u>	<u>\$ 1,095,388</u>	<u>\$ 10,501,068</u>	<u>\$ 1,496,205</u>

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

CITY OF DRAPER
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water	Storm Water	Solid Waste	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 252,779	\$ (655,443)	\$ 599,849	\$ 197,185	\$ -
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:					
Depreciation	888,358	1,048,338	248,644	2,185,340	-
(Increase) decrease in assets:					
Accounts receivable	165,500	(15,198)	12,187	162,489	-
Increase (decrease) in liabilities:					
Accounts payable	(90,105)	200,918	102	110,915	-
Accrued liabilities	(5,771)	3,503	2,432	164	-
Payables from restricted assets	-	-	-	-	-
Unearned revenue	-	1,962,000	-	1,962,000	-
Deposits	8,000	-	-	8,000	-
Claims and judgements	-	-	-	-	112,383
Net cash provided (used) by operating activities	\$ 1,218,761	\$ 2,544,118	\$ 863,214	\$ 4,626,093	\$ 112,383
Noncash investing, capital, and financing activities					
Contribution of capital assets	\$ 100,332	\$ 250,913	\$ -	\$ 351,245	\$ -
Accrual of payment for construction in progress	\$ -	\$ 217,113	\$ -	\$ 217,113	\$ -
Equity investment adjustments for net income and ownership changes	\$ -	\$ -	\$ 163,549	\$ 163,549	\$ -

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

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Draper (the City) was incorporated on April 17, 1978, as a third class city under the provisions of the State of Utah and operates under a council-city manager form of government. The governing body consists of five elected council members and a mayor, each of which are elected to serve a four-year term. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highway and streets, solid waste, water, storm water, recreation and parks, public improvements, and planning and zoning.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

(A) The Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government.

The City of Draper Redevelopment Agency (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 composed of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The City of Draper Municipal Building Authority (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the MBA have been included in the financial reporting entity as a blended component unit. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

The Traverse Ridge Special Service District (TRSSD) was established to provide highway and transportation services, for the area within the City known as Suncrest. Services provided by the TRSSD include: snow removal, street lighting, road repair and maintenance, sweeping and disposal services. The TRSSD is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the TRSSD is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the TRSSD. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the TRSSD have been included in the financial reporting entity as a blended component unit. The TRSSD is included in these financial statements as the Traverse Ridge Special Service District Special Revenue Fund. Separate financial statements are not issued for the TRSSD.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, police and fire protection (public safety), parks and recreation and public works are classified as governmental activities. The City's water, storm drain, and solid waste services are classified as business-type activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, interest and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses, as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are taxes, licenses and permits and intergovernmental revenues. Primary expenses are for general government, public safety, public works, and parks and recreation.

The *Capital Projects Fund* account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds and Special Revenue Funds).

The Redevelopment Agency is a special revenue fund. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. This fund accounts for property tax increment revenues from redevelopment areas within the City, which will be used to revitalize and upgrade these areas with quality developments.

The *Municipal Building Authority* is a special revenue fund used to account for lease revenue proceeds which are used to remit payments for the related long-term debt.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water distribution system including; billing and collection from customers, water purchases, and system repairs and improvements.

The *Storm Water Fund* accounts for the activities of the City's storm drain distribution system including; billing customers, collections from customers, and system repairs and improvements.

The *Solid Waste Fund* accounts for the activities of the City's solid waste collection operations including; billing customers, collections from customers, garbage pick-up, and tipping and disposal fees.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

As previously mentioned, special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City reports the following nonmajor special revenue fund:

Traverse Ridge Special Service District (TRSSD) is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes in the District.

As previously mentioned, capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds and Special Revenue Funds). The City reports the following nonmajor capital projects funds:

The *Fire Impact Fund* accounts for fire related impact fees derived from new development and the need for related capital assets.

The *Transportation Impact Fund* accounts for road related impact fees derived from new development and the need for related capital assets.

The *Park Impact Fund* accounts for park related system impact fees derived from new development and the need for related capital assets.

The *Police Impact Fund* accounts for police related impact fees derived from new development and the need for related capital assets.

Permanent funds (Cemetery Fund) account for resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's maintenance and care of the Cemetery.

Internal service funds are used to account for the central financing of services provided by an internal service fund to various departments of the City on a cost-reimbursement basis. The Risk Management internal service fund accounts for the City's insurance activities.

As a general rule the effect of interfund 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 and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. The Cemetery Fund (Permanent Fund) does not adopt an annual budget. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the City Manager and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in the General Fund in any amounts greater than 25% of the current year's total General Fund revenues minus any beginning fund balances appropriated.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Tax Revenues (Continued)

special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County and Utah County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from each County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and Cash Equivalents, Deposits and Investments

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents and includes deposits with financial institutions, money market accounts, bond reserve accounts, and accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts. Investments consist of debt securities and term deposits with financial institutions. Investments of the City are stated at cost, which approximates their fair value.

(G) Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(H) Equity Investment in Joint Venture

The investment in Trans-Jordan Cities Landfill, a 9.88% owned joint venture is accounted for by the equity method of accounting. Under this method, the Solid Waste Fund (Enterprise Fund) records its share of the joint venture's net income or loss for each period.

(I) Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide and proprietary fund financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(J) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The government reports infrastructure assets on a network or subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

Assets	Years
Water Tanks	100
Infrastructure	10 to 45
Buildings and improvements	7 to 40
Improvements other than buildings	7 to 40
Machinery and equipment	5 to 15
Vehicles	5 to 10
Furniture and fixtures	5 to 10
Office equipment	3 to 7

(K) Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds as reported in the 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 available financial resources.

Other receivables at June 30, 2013, consisted of property taxes, franchise taxes, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. Management has estimated the allowance for uncollectibles to be \$452,268 which is estimated based on historical trends related to collections of accounts receivable.

(L) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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 so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes (property taxes which will be levied and collected more than 60 days after year end) and long-term notes receivable (repayments on this note will be collected more than 60 days after year end). These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Compensated Absences

Accumulated unpaid vacation is accrued as incurred on the government-wide financial statements, based on the years of service for each employee. Vacation time is accumulated on a biweekly basis and is fully vested when earned. The maximum annual carry forward of accrued vacation hours is 40 hours plus the current year maximum accrual. When an employee leaves or is terminated they are paid out at their current hourly rate.

(N) Long-Term Obligations

In the government-wide financial statements and proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds' Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period when the debt was issued and incurred. The face amount of debt issued is reported as an other financing source 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.

(O) Equity Classification

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- (1) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) *Restricted net position* – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(O) Equity Classification (Continued)

- (3) *Committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

- (4) *Assigned fund balance* Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- (5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not be restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary Fund equity is classified the same as in the government-wide statements.

When restricted, committed, assigned, or unassigned resources are available for use, it is the City's policy to use restricted resources first, followed by committed resources, followed by assigned, and then unassigned resources as they are needed.

(P) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as a component of "cash and cash equivalents", "restricted cash and cash equivalents", and "investments", which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act, however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2013 the balance of deposits and money market accounts exposed to custodial credit risk because it was uninsured and uncollateralized was \$13,836,777. The balance of the City's uninsured and uncollateralized term deposits was \$13,336,777.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. Of the City's investment in the Utah Public Treasurer's Investment Fund (PTIF) of \$43,776,320, the government has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer. Of the City's investment in certificates of deposit of \$5,387,080, the government has a custodial credit risk exposure of \$4,887,080 because the deposits are uninsured, unregistered, and the issuing bank is also the counterparty for these particular deposits. The City's investment in debt securities of \$2,542,586 had no custodial credit risk because the debt securities were held by the City and in the City's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

The City's investments in debt securities were rated AAA by Moody's and AAA by Standard and Poors.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The weighted average maturity of the City's investments, excluding the City's investment in the PTIF, as of June 30, 2013, was 2.36 years.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer. The remaining investments held by the City at June 30, 2013 are comprised of term deposits with two different financial institutions and investment in debt securities totaling \$7,929,666.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). 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 very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

For the year ended June 30, 2013, the City had investments of \$43,776,320 with the PTIF. The fair value of these investments was \$43,996,152 using a fair value factor of 1.00502171. The PTIF pool has not been rated.

Following are the City's cash and investments at June 30, 2013:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 3,359
Cash on deposit	2,283,973
Money market accounts	11,317,476
Utah State Treasurer's investment pool accounts	43,776,320
Total cash on hand and deposit	\$ 57,381,128
 Investments	
Term deposits	\$ 5,387,080
Debt securities	2,542,586
Total investments	\$ 7,929,666

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The purpose of the transfers was to provide cash flows, pay operating expenses, and to fund capital projects. During the current year the Capital Projects Fund also returned unexpended amounts back to the original fund after the conclusion of the project. Transfers among the funds during the current year were:

	Transfers In	Transfers Out
General Fund	\$ 1,598,783	\$ 10,078,448
MBA Fund	914,629	963,924
Capital Projects Fund	11,066,415	3,667,948
Redevelopment Agency	419,187	1,266,456
Other Nonmajor Governmental Funds	4,255,824	2,278,062
	\$ 18,254,838	\$ 18,254,838

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2013:

Governmental Activities	<u>Amount</u>
Restricted for debt service	\$ 344,793
Restricted for unspent bond proceeds	11,018,156
Restricted for refunding of bond	2,542,586
Restricted for cemetery	174,259
Restricted for future developmernt - impact fees	12,108,932
Restricted for capital projects	500,000
Restricted for grants	2,647,977
Restricted for developer and customer deposits	2,483,625
Restricted for "C" roads	<u>3,705,793</u>
Total governmental activities	<u>35,526,121</u>
Business-type Activities	
Restricted for future developmernt - impact fees	2,055,929
Restricted for debt service	168,245
Restricted for developer and customer deposits	<u>8,000</u>
Total business-type activities	<u>2,232,174</u>
Total restricted cash and cash equivalents	<u><u>\$ 37,758,295</u></u>

NOTE 5 EQUITY INVESTMENT IN JOINT VENTURE

Trans-Jordan Cities Landfill

The Solid Waste Fund has an 9.88% ownership in the Trans-Jordan Cities Landfill (Trans-Jordan), which is accounted for using the equity method. In addition to the City, the Trans-Jordan Cities Landfill is owned by the cities of Midvale, Murray, Sandy, South Jordan, West Jordan and Riverton which own 5.18%, 8.49%, 30.24%, 13.04%, 23.03% and 10.14% of the landfill, respectively. Trans-Jordan Cities Landfill is a separate legal entity and political subdivision of the State of Utah and was formed pursuant to the provisions of the Interlocal Cooperation Act in 1968. The City has no firm commitment to make additional equity investments in the Trans-Jordan Cities Landfill. The City's ownership in Trans-Jordan is calculated from the tipping fees for the preceding ten fiscal years. Tipping fees are paid from the solid waste fund and were \$225,632 for fiscal year 2013.

Trans-Jordan Cities Landfill was formed to construct, operate, and maintain a refuse dumping facility. Trans-Jordan is governed by its Board of Directors. Under the organization agreement, the Board of Directors are appointed by the member cities and are composed of the Mayors or their appointed representatives. The Board of Directors appoints the management and staff of the Trans-Jordan association and approves all financial matters such as the operating budget and usage fees.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 EQUITY INVESTMENT IN JOINT VENTURE (Continued)

Summarized financial information of the joint venture is presented below for the year ended June 30, 2013:

	Trans-Jordan Cities	Draper City's Share
Total assets	\$ 24,986,843	\$ 2,468,700
Total liabilities (includes post-closure liability)	\$ 4,924,824	\$ 486,573
Total net position	\$ 20,062,019	\$ 1,982,127
Total operating revenues	\$ 5,978,939	\$ 590,719
Total operating expenses	(6,074,844)	(600,195)
Net operating income (loss)	(95,905)	(9,476)
Total non-operating income	624,323	61,683
Net income (loss)	\$ 528,418	\$ 52,207

The complete financial statements for Trans-Jordan Cities Landfill for the year ended June 30, 2013, can be obtained from Trans-Jordan Cities, 10873 South 7200 West, South Jordan, Utah 84095.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 77,008,656	\$ 5,611,821	\$ (374,429)	\$ 82,246,048
Right of way - canals	660,900	-	(24,600)	636,300
Right of way - roads	229,031,746	46,545	-	229,078,291
Construction in progress	9,351,015	10,012,602	(13,837,329)	5,526,288
Total capital assets, not being depreciated	316,052,317	15,670,968	(14,236,358)	317,486,927
Capital assets, being depreciated:				
Buildings	15,516,836	-	-	15,516,836
Building improvements	1,810,856	207,760	-	2,018,616
Furniture and fixtures	450,780	-	-	450,780
Improvements	6,302,246	254,387	(29,713)	6,526,920
Machinery and equipment	3,683,887	307,801	(200,323)	3,791,365
Office equipment	356,803	186,927	(104,182)	439,548
Park assets/sporting fields	6,823,254	921,574	(17,759)	7,727,069
Paved trails	974,762	543,829	(21,535)	1,497,056
Vehicles	3,688,517	463,127	(251,850)	3,899,794
Infrastructure: roadways	77,311,392	6,378,385	(38,613)	83,651,164
Infrastructure: sidewalks	14,636,176	255,165	(49,957)	14,841,384
Infrastructure: street lights	1,956,977	38,900	(147,442)	1,848,435
Infrastructure: surfaces - parking lots	927,978	-	(4,859)	923,119
Infrastructure: traffic lights	170,275	50,554	(44,517)	176,312
Total capital assets, being depreciated	134,610,739	9,608,409	(910,750)	143,308,398
Less accumulated depreciation for:				
Buildings	(2,477,146)	(389,707)	-	(2,866,853)
Building improvements	(913,017)	(72,321)	-	(985,338)
Furniture and fixtures	(450,780)	-	-	(450,780)
Improvements	(3,756,412)	(359,881)	29,713	(4,086,580)
Machinery and equipment	(2,406,733)	(302,664)	195,122	(2,514,275)
Office equipment	(342,686)	(33,763)	104,182	(272,267)
Park assets/sporting fields	(1,688,202)	(351,291)	10,433	(2,029,060)
Paved trails	(272,695)	(72,243)	11,341	(333,597)
Vehicles	(2,668,942)	(310,912)	204,567	(2,775,287)
Infrastructure: roadways	(33,997,439)	(3,634,238)	6,079	(37,625,598)
Infrastructure: sidewalks	(4,919,921)	(483,560)	5,629	(5,397,852)
Infrastructure: street lights	(1,225,734)	(74,582)	71,738	(1,228,578)
Infrastructure: surfaces - parking lots	(227,225)	(34,791)	3,783	(258,233)
Infrastructure: traffic lights	(65,965)	(8,502)	35,520	(38,947)
Total accumulated depreciation	(55,412,897)	(6,128,455)	678,107	(60,863,245)
Total capital assets, net of accumulated depreciation	79,197,842	3,479,954	(232,643)	82,445,153
Governmental Activities capital assets, net	\$ 395,250,159	\$ 19,150,922	\$ (14,469,001)	\$ 399,932,080

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 247	\$ 611,138	\$ (385,296)	\$ 226,089
Intangible asset - water tank capacity	2,000,000	-	-	2,000,000
Water shares	131,907	-	-	131,907
Total capital assets, not being depreciated	2,132,154	611,138	(385,296.00)	2,357,996
Capital assets, being depreciated:				
Buildings	341,079	96,000	-	437,079
Vehicles	1,615,260	316,165	-	1,931,425
Office equipment	9,469	-	-	9,469
Machinery & equipment	2,063,082	34,095	(15,238)	2,081,939
Furniture & fixtures	11,834	-	-	11,834
Storm water system	29,703,965	949,748	(22,268)	30,631,445
Water system	22,647,699	339,346	(9,500)	22,977,545
Water tanks	4,185,508	-	-	4,185,508
Total capital assets, being depreciated	60,577,896	1,735,354	(47,006)	62,266,244
Less accumulated depreciation for:				
Buildings	(28,095)	(12,202)	-	(40,297)
Vehicles	(616,684)	(182,059)	-	(798,743)
Office equipment	(9,469)	-	-	(9,469)
Machinery & equipment	(603,946)	(142,136)	9,485	(736,597)
Furniture & fixtures	(11,834)	-	-	(11,834)
Storm water system	(9,184,837)	(987,228)	2,560	(10,169,505)
Water system	(8,234,442)	(819,439)	1,231	(9,052,650)
Water tanks	(267,127)	(42,278)	-	(309,405)
Total accumulated depreciation	(18,956,434)	(2,185,342)	13,276	(21,128,500)
Total capital assets, net of accumulated depreciation	41,621,462	(449,988)	(33,730)	41,137,744
Business-type Activities capital assets, net	\$ 43,753,616	\$ 161,150	\$ (419,026)	\$ 43,495,740

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 201,947
Public safety	433,315
Highways and public improvements	4,481,674
Parks and recreation	1,011,519
	<hr/>
Total depreciation expense - governmental activities	\$ 6,128,455
	<hr/> <hr/>

Business –type depreciation expense was charged to functions/programs as follows:

Business-type Activities	
Water Fund	\$ (888,358)
Storm Water Fund	(1,048,340)
Sanitation Fund	(248,644)
	<hr/>
Total depreciation expense - business-type activities	\$ (2,185,342)
	<hr/> <hr/>

The City has also purchased five million gallons of water storage capacity in an other governmental entity’s storage tank. The cost incurred in purchasing this capacity was \$2,000,000. The City reviews this asset on an annual basis to determine if impairment has occurred. No impairment has been recorded in the current year.

NOTE 7 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from customers that are held by the City for water connections or for construction projects and development agreements until such time for refund is warranted.

NOTE 8 DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE PROPERTY TAXES

In conjunction with GASB pronouncement 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued property tax receivable and a deferred inflow of resources for unavailable property tax revenue in the General Fund, TRSSD and Redevelopment Agency in the amounts of \$5,938,576, \$631,884 and \$3,903,937, respectively at June 30, 2013.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2013 was not expected to be received within 60 days after the year ended June 30, 2013, the City was required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2013.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 UNEARNED REVENUE

The City entered into a settlement agreement with a third party during the current year where the third party paid the City \$1,962,000 to complete a storm basin. At June 30, 2013 the City had not performed the criteria to recognize the revenue and as such the balance is in unearned revenue.

NOTE 10 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2013:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bond	\$ 5,095,000	\$ -	\$ (300,000)	\$ 4,795,000	\$ 315,000
Sales tax revenue bond	2,820,000	24,560,000	(395,000)	26,985,000	550,000
Municipal Building Authority lease revenue bonds	12,985,000	-	(5,995,000)	6,990,000	400,000
Less: unamortized discounts	(133,123)	-	133,123	-	-
Plus: unamortized premiums	220,390	3,578,772	(181,820)	3,617,342	-
Total bonds payable	<u>20,987,267</u>	<u>28,138,772</u>	<u>(6,738,697)</u>	<u>42,387,342</u>	<u>1,265,000</u>
Compensated absences	417,290	459,019	(469,416)	406,893	81,379
Other liabilities	1,383,822	637,948	(525,565)	1,496,205	380,418
Governmental activities long-term liabilities	<u>22,788,379</u>	<u>29,235,739</u>	<u>(7,733,678)</u>	<u>44,290,440</u>	<u>1,726,797</u>
Business-type Activities:					
Water revenue bond	1,935,000	-	-	1,935,000	82,000
Capital lease obligations	1,035,654	-	(450,557)	585,097	466,006
Business-type activities long-term liabilities	<u>2,970,654</u>	<u>-</u>	<u>(450,557)</u>	<u>2,520,097</u>	<u>548,006</u>
	<u>\$ 25,759,033</u>	<u>\$ 29,235,739</u>	<u>\$ (8,184,235)</u>	<u>\$ 46,810,537</u>	<u>\$ 2,274,803</u>

The following is a summary and description of the individual bonds and debts obligations of the City during the year ended June 30, 2013:

Governmental Activities:

General Obligation Bond

Amount

Series 2005 General Obligation Bonds, original issue of \$7,000,000, principal due in annual installments beginning February 2006, interest at 3.00% to 4.50% due in semi-annual installments beginning February 2006, with the final payment due February 2025. The bonds were issued to finance the acquisition of land in order to preserve open space within the City. These general obligation bonds were issued for governmental activities.

\$ 4,795,000

Total General Obligation Bonds - Governmental Activities

\$ 4,795,000

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

<u>Sales Tax Revenue Bond</u>	<u>Amount</u>
<p>Series 2012 A Sales Tax Revenue Bonds, original issue of \$4,915,000, principal due in annual installments beginning May 1, 2025, interest at 4.50% to 5.00% due in semi-annual installments which began May 1, 2013, with the final payment due May 1, 2032. The bonds were issued to finance the costs of purchasing open space land.</p>	\$ 4,915,000
<p>Series 2012 B Sales Tax Revenue Refunding Bonds (2004 refunding), original issue of \$2,320,000, principal is due in annual installments beginning May 1, 2013, interest at 2.00% to 4.00% due in semi-annual installments which began May 1, 2013, with the final payment due May 1, 2024. The bonds were issued for the crossover advanced refunding of the 2004 Sales Tax Revenue Bonds, to be retired on May 1, 2014. The new issue will reduce debt service payments for the City by \$270,834 with an economic gain of \$236,612 or 9.697%.</p>	2,310,000
<p>Series 2012 B Sales Tax Revenue Refunding Bonds (2002B refunding), original issue of \$4,795,000, principal is due in annual installments beginning May 1, 2013, interest at 2.00% to 4.00% due in semi-annual installments which began May 1, 2013, with the final payment due May 1, 2024. The bonds were issued for the current refunding of the 2002B Municipal Building Authority Lease Revenue Bond, original issue amount of \$7,770,000. The new issue will reduce debt service payments for the City by \$926,467 with an economic gain of \$827,550 or 15.585%.</p>	4,595,000
<p>Series 2012 C Sales Tax Revenue Bonds, original issue of \$12,530,000, principal due in annual installments beginning May 1, 2015, interest at 2.0% to 5.00% due in semi-annual installments which began May 1, 2013, with the final payment due May 1, 2032. The bonds were issued to finance a non-profit organization's costs of designing and constructing an aquarium within City limits.</p>	12,530,000
<p>Series 2004 Sales Tax Revenue Bonds, original issue of \$4,100,000, principal due in annual installments beginning May 2005, interest at 2.50% to 4.45% due in semi-annual installments beginning November 2004, with the final payment due May 2024. The bonds were issued to finance the costs of designing and constructing a city street that will run from Bangarter Highway to Highland</p>	<u>2,635,000</u>
<p>Total Sales Tax Revenue Bonds - Governmental Activities</p>	<u><u>\$ 26,985,000</u></u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

<u>Municipal Building Authority Lease Revenue Bonds</u>	<u>Amount</u>
<p>Municipal Building Authority Lease Revenue and Refunding Bonds Series 2007, original issue of \$3,355,000, principal due in annual installments beginning March 2008, interest at 4.00% to 5.00% due in semi-annual installments beginning March 2008, with the final payment due March 2027. The bonds were issued to finance construction costs of a new fire station and to refund the MBA series 2002 Lease Revenue Bonds.</p>	\$ 2,510,000
<p>Municipal Building Authority Lease Revenue Bonds Series 2005, original issue of \$6,080,000, principal due in annual installments beginning November 2006, interest at 3.50% to 5.00% due in semi-annual installments beginning May 2006, with the final payment due November 2025. The bonds were issued to finance the acquisition of park and recreation land and related construction</p>	<u>4,480,000</u>
<p>Total Municipal Building Authority Lease Revenue Bonds - Governmental Activities</p>	<u><u>\$ 6,990,000</u></u>

Business-type Activities

<u>Revenue Bonds</u>	<u>Amount</u>
<p>Water Revenue Bond, Series 2011, original issue of \$2,015,000 principal due in annual installments beginning July 2011, interest at 2.47% due in annual installments beginning July 2011, with the final payment due July 2031. The bonds were issued for the purpose of financing the costs of acquiring, constructing, and installing water lines, a storage tank, and related water improvements.</p>	<u>\$ 1,935,000</u>
<p>Total Revenue Bonds - Business-type Activities</p>	<u><u>\$ 1,935,000</u></u>

<u>Capital Lease Obligations</u>	<u>Amount</u>
<p>2009 Equipment Lease, original amount of \$2,200,000, lease payments due in monthly installments of \$39,874 including interest at 3.30% beginning October 2009, with the final payment due September 2014. The principal and interest payments are made from the solid waste fund. The lease was used to purchase garbage collection vehicles and equipment having an original cost of \$2,175,470 and accumulated depreciation of \$693,516 as of June 30, 2013.</p>	<u>\$ 585,097</u>
<p>Total Capital Leases - Business-type Activities</p>	<u><u>\$ 585,097</u></u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

All of the City's Sales Tax Revenue Bonds, Municipal Building Authority Lease Revenue Bonds and Water Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. An estimated \$8,350,000 in annual sales tax has been pledged through 2032. Total future Lease revenues of \$17,396,153 have been pledged through 2027. Total future RDA tax increments have been pledged for RDA commitments through 2030. Total future water net revenues of \$2,477,376 have been pledged through 2031. The current revenue recognized during the period for pledged Sales Tax Revenue bonds was \$8,009,456 compared to principal and interest of \$992,508, which equals a coverage multiple of 8.07. The current revenue recognized during the period for pledged Municipal Building Authority Lease Revenue bonds was \$1,475,494 compared to principal and interest of \$1,006,791 which equals a coverage multiple of 1.47. The current year revenue recognized during the year for pledged the Water Revenue was \$4,414,538 compared to principal and interest of \$49,771 which equals a coverage ratio of 88.70.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2013, are as follows:

Year Ending June 30,	Governmental Activities General Obligation Bonds	
	Principal	Interest
	Principal	Interest
2014	\$ 315,000	\$ 212,438
2015	325,000	199,050
2016	340,000	185,238
2017	355,000	170,788
2018	370,000	155,700
2019-2023	2,110,000	513,675
2024-2025	980,000	66,600
	\$ 4,795,000	\$ 1,503,489

Year Ending June 30,	Governmental Activities Sales Tax Revenue Bonds	
	Principal	Interest
	Principal	Interest
2014	\$ 550,000	\$ 1,164,500
2015	1,245,000	1,145,563
2016	1,280,000	1,111,113
2017	1,325,000	1,065,403
2018	1,370,000	1,012,073
2019-2023	7,775,000	4,174,223
2024-2028	7,065,000	2,514,090
2029-2032	6,375,000	816,500
	\$ 26,985,000	\$ 13,003,464

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Year Ending June 30,	Governmental Activities	
	MBA Lease Revenue Bonds	
	Principal	Interest
2014	\$ 400,000	\$ 298,546
2015	415,000	282,346
2016	430,000	265,546
2017	450,000	246,596
2018	470,000	226,509
2019-2023	2,680,000	804,860
2024-2028	2,145,000	187,082
	\$ 6,990,000	\$ 2,311,485

Year Ending June 30,	Business-type Activities	
	Water Revenue Bonds	
	Principal	Interest
2014	\$ 82,000	\$ 46,440
2015	84,000	44,472
2016	85,000	42,456
2017	88,000	40,416
2018	90,000	38,304
2019-2023	482,000	158,136
2024-2028	542,000	97,512
2029-2032	482,000	29,280
	\$ 1,935,000	\$ 497,016

Year Ending June 30,	Business-type Activities Capital Leases
2014	\$ 478,622
2015	119,622
Total minimum lease payments	598,244
Less: amount representing interest	(13,147)
Present value of net minimum lease payments	\$ 585,097

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

The bond sinking fund requirements to maturity for the long-term debt, as of June 30, 2013, are as follows:

Maturity	Bond Sinking Fund Par Amount	
	Series 2012 A	Series 2012 C
5/1/2025	\$ 525,000	\$ -
5/1/2026	545,000	750,000
5/1/2027	570,000	780,000
5/1/2028	-	815,000
5/1/2029	620,000	860,000
5/1/2030	650,000	900,000
5/1/2031	685,000	945,000
5/1/2032	720,000	995,000

NOTE 11 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; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. The government is self-insured for risk of loss involving employees, which amounts are based on work risk factors and experience as set forth by worker's compensation insurance. During the years ended June 30, 2011, 2012 and 2013, there were approximately \$86,000, \$65,700, and \$77,300, respectively, paid out in worker compensation claims.

The City is also a member of the Utah Risk Management Association (URMMA) which is an insurance pool of municipalities in the state for liability insurance. The pool purchases umbrella insurance against large claims, and each city has a \$7,500 deductible before the pool pays from its reserves and/or policy.

NOTE 12 RETIREMENT PLANS

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Noncontributory Retirement System, and Public Safety Noncontributory Retirement System, which are for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 RETIREMENT PLANS (Continued)

Funding policy:

The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the board. For the year ended June 30, 2013, the City was required to contribute a percent of covered salary to the respective systems, as follows:

	Employer Contribution Rate
Contributory System:	
Local Governmental Division Tier 2	12.74%
Noncontributory System:	
Local Governmental Division Tier 1	16.04%
Public Safety System:	
Other Division A contributory Tier 2	19.25%
Other Division A Noncontributory Tier 1	30.45%

The contributions were equal to the required contributions for each year. The City's contributions to the plans were as follows:

System	Year Ended June 30,	Employee paid Contributions	Employer paid for Employee Contribution	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:					
Local Governmental Division	2013	\$ -	\$ -	\$ 21,995	\$ 256,955
	2012	-	-	11,576	152,512
Noncontributory System:					
Local Governmental Division Tier 1	2013	\$ -	\$ -	\$ 796,463	\$ 4,933,017
	2012	-	-	692,519	5,063,716
	2011	-	-	665,712	5,006,547
Public Safety System:					
Other Division A Contributory	2013	\$ -	\$ -	\$ 12,124	\$ 109,222
	2012	-	-	1,655	15,840
Other Division A Noncontributory Tier 1	2013	\$ -	\$ -	\$ 437,294	\$ 1,626,024
	2012	-	-	351,036	1,610,204
	2011	-	-	327,095	1,253,357
Defined Contribution System:					
457 Plan	2013	\$ 56,065	\$ 4,925	\$ -	\$ -
	2012	48,542	4,596	-	-
	2011	50,174	3,896	-	-
401(k) Plan	2013	\$ 290,927	\$ 167,262	\$ -	\$ -
	2012	275,642	158,197	-	-
	2011	279,013	152,064	-	-

401(k) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(k) through the Utah State Retirement Systems. Contributions may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The 401(k) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(k) defined contribution plan are reflected in the financial statements.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 RETIREMENT PLANS (Continued)

457 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

In fiscal year 1997, the City adopted Governmental Accounting Standards Board Statement 32 (GASB No.32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the modifications to the plan documents to conform to the new provisions of the Internal Revenue Code, all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. Therefore, the assets are no longer assets of the City and are not included in the City's financial statements.

NOTE 13 REDEVELOPMENT AGENCY

In accordance with Utah State law, the City makes the following disclosures relative to the City of Draper Redevelopment Agency (RDA): The RDA collected \$3,903,937 of tax increment monies for its project areas of which \$1,026,964 was paid to developers of the projects. The RDA has several commitments for reimbursement to developers associated with the RDA project areas; see *Note 14* for terms and schedules on notes. These commitments are contingent on the future collection of tax increments on the associated properties or project areas. During 2013, the RDA expended \$365,537 toward tenant improvements and \$469,203 for administrative costs.

NOTE 14 COMMITMENTS AND AGREEMENTS

RDA Commitments

The RDA has an agreement to make annual payments of \$223,183 to Kohl's Department Stores, Inc. These payments are to be paid from the tax increment generated from the Kohl's Department Stores, Inc. tract. According to the agreement, payments are required to be paid to Kohl's Department Stores, Inc. "until such point in time as the net present value of the payments received by Kohl's Department Stores, Inc. calculated at a 6% discount rate from the Opening Date equals an aggregate total of \$1,642,648." The Opening Date was November 1, 2004. This tract was put on the tax rolls January 1, 2005. The first payment was made under this agreement during February 2006. Payments under this agreement totaling \$1,102,872 have been made to Kohl's from inception through June 30, 2013.

The RDA has an agreement to make annual payments of \$281,945 to Draper Peaks, LLC. These are based on amortization of the reimbursement amount of \$3,233,894 and based on a 20 year amortization schedule with interest at the rate of 6% per annum. Pursuant to the agreement the only source of funds obligated for payments under this agreement are from the tax increment generated from Draper Peaks LLC's tract. This tract was put on the tax rolls January 1, 2006. The first payment was made under this agreement during February 2007. Payments under this agreement totaling \$1,866,142 have been made to Draper Peaks from inception through June 30, 2013.

The RDA has an agreement to make annual payments of \$215,000 to Draper Peaks, LLC. These are based on amortization of the reimbursement amount of \$2,466,000 (based on a 20 year amortization schedule with interest at the rate of 6% per annum). Pursuant to the agreement the only source of funds obligated for payments under this agreement are from the tax increment generated from Draper Peaks LLC's tract. The first payment was made under this agreement during February 2008. Payments under

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 COMMITMENTS AND AGREEMENTS (Continued)

RDA Commitments (Continued)

this agreement totaling \$1,012,160 have been made to Draper Peaks from inception through June 30, 2013.

The RDA has an agreement to pay Edwards Lifesciences, LLC \$3,000,000 in annual payments of \$365,000 to \$750,000 as partial reimbursement for improvements in the West Freeway redevelopment area. The payments are to be paid from property tax increment generated within the District. Payments due in 2013 were made upon Edwards Lifesciences submitting requests for reimbursement of expenses incurred for the improvements. Payments due in 2013 through 2016 are contingent upon Edwards Lifesciences creating a certain amount of full time equivalent employee positions each year. The first payment was made under this agreement during January 2010. Payments totaling \$365,000 were made during the year. Payments under this agreement totaling \$1,905,000 have been made to Edwards Lifesciences from inception through June 30, 2013.

The RDA has an agreement to pay Hidden Valley, LLC \$1,582,148 as reimbursement for renovations to the Hidden Valley Shopping Center. An initial payment of \$600,000 was paid upon completion of the renovations in fiscal year 2011. The remaining balance is to be made in annual payments of \$245,537 with payments contingent upon the RDA receiving sufficient tax increment funds from property with the Sand Hills redevelopment area. Payments under this agreement totaling \$1,336,611 have been made to Hidden Valley, LLC from inception through June 30, 2013.

The RDA has an agreement to pay Big Fish Draper, Inc. \$600,000 in annual payments of \$120,000 as reimbursement for tenant improvements for a new restaurant in the Hidden Valley Shopping Center. All reimbursement payments are contingent upon the RDA receiving sufficient tax increment funds from property with the Sand Hills redevelopment area. The first payment was made during April 2011. Payments under this agreement totaling \$360,000 have been made to Big Fish Draper, Inc. from inception through June 30, 2013.

Other Commitments and Agreements

The City has entered into an agreement with Jordan Valley Water Conservancy District in January 2011 to purchase a minimum amount of water in perpetuity unless the agreement is terminated or amended by the mutual consent of the two parties. The agreement stipulates a minimum gallon per minute (GPM) water flow annual average of 3,450 with a maximum of 5,143 for calendar years 2013 and 2014 increasing to 3,800 and 5,665 respectively for 2015 and thereafter. During the year ended June 30, 2013 the City made water purchases of \$1,573,768 under this agreement.

The City has construction commitments outstanding at year end for projects which have been awarded and construction has begun, but which have not been paid for at year end. Total unpaid construction commitments at June 30, 2013 were \$3,538,386 on original contracts totaling \$4,074,489

NOTE 15 ENCROACHMENT AGREEMENTS

Periodically the Draper City Council authorizes the sale of small portions of the City's open space upon which abutting property owners have encroached. After a public hearing is held to declare the property surplus the abutting property owners purchase the encroached portion from the City. The buyers are given the option to either pay the entire sales price to the City upfront or enter into an agreement to make periodic payments with interest over time. Upon payment in full of principal and interest a quitclaim deed is issued by the City to the buyer for the property. Agreements in effect at June 30, 2013 have an interest rate of 4% with original terms ranging from 5 to 30 years. The final agreement is scheduled to end in January 2040. The remaining unpaid principal balance of the agreements due the City at June 30, 2013 was \$187,322.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 CONDUIT DEBT OBLIGATIONS

In December 2010, the City issued Recovery Zone Facility Revenue Bonds, Series 2010 of \$10,250,000 to provide financial assistance to a private-sector entity for the acquisition, construction, improvement, and equipment of hotel facilities deemed to promote the general welfare of the residents of the state of Utah. The bonds are payable solely and exclusively from the revenues arising from the pledge of a note which the private company has given as security for the bonds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013 the outstanding amount of this obligation is \$10,012,065.

NOTE 17 OTHER REQUIRED FUNDS DISCLOSURE

For the year ended June 30, 2013 the Municipal Building Authority Fund had expenditures that exceeded total appropriations by \$345,717.

NOTE 18 PRIOR PERIOD ADJUSTMENTS

In fiscal year 2013, the City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result, the City has removed the unamortized bond issuance costs at the government-wide level by adjusting all prior periods affected. Governmental activities removed \$505,384 and business-type activities removed \$15,414 of bond issuance costs.

Additionally, the City identified during the current year various impact fees revenues that had been allocated to the incorrect fund in previous fiscal years. These revenues were reallocated through adjustments to fund balance as follows: capital projects fund (\$74,253), transportation impact fund \$528,067, and park impact fund (\$383,392).

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Taxes:				
Property	\$ 6,552,076	\$ 7,086,200	\$ 7,057,888	\$ (28,312)
Sales	7,450,000	8,000,000	8,009,456	9,456
Franchise	4,350,000	4,515,000	4,737,336	222,336
Licenses and permits	1,348,000	2,894,800	2,753,909	(140,891)
Intergovernmental	1,511,500	1,513,000	1,559,341	46,341
Charges for services	1,999,452	2,164,785	2,281,193	116,408
Fines and forfeitures	675,000	587,200	614,663	27,463
Interest	45,000	80,000	109,058	29,058
Miscellaneous	9,000	51,000	59,768	8,768
Total Revenues	<u>\$ 23,940,028</u>	<u>\$ 26,891,985</u>	<u>\$ 27,182,612</u>	<u>\$ 290,627</u>

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Expenditures:				
City manager	\$ 816,407	\$ 676,225	\$ 622,347	\$ 53,878
Human resources	360,660	303,440	281,714	21,726
Facilities maintenance	565,758	580,639	570,289	10,350
Information systems	457,652	539,913	491,802	48,111
Development services	253,758	204,111	172,498	31,613
Building	744,275	767,475	779,112	(11,637)
Planning	388,519	375,496	321,638	53,858
Ordinance enforcement	133,317	133,317	127,115	6,202
Recorder	165,259	165,259	149,082	16,177
Economic development	390,600	277,175	272,194	4,981
Engineering	891,009	824,709	780,260	44,449
Fleet management	672,446	694,055	639,834	54,221
Cemetery	19,750	19,750	13,759	5,991
Mayor and city council	182,721	196,431	185,315	11,116
Finance	603,603	545,524	538,602	6,922
Nondepartmental	932,709	340,000	782,173	(442,173)
GIS	247,771	262,420	218,575	43,845
Police	4,511,226	4,329,662	4,259,835	69,827
Fire	3,647,904	3,647,904	3,645,686	2,218
Court	525,416	528,509	514,104	14,405
Legal services	907,335	676,960	1,184,008	(507,048)
Animal control	228,517	238,601	213,609	24,992
Public works	527,754	472,837	604,877	(132,040)
Streets	1,274,420	1,209,066	1,203,030	6,036
Parks	2,448,382	2,421,516	2,360,270	61,246
Recreation	548,099	614,049	453,168	160,881
B & C road expenditures	1,401,909	2,432,597	982,772	1,449,825
Debt service principal and interest	836,238	1,308,195	1,230,701	77,494
Bond issuance costs	-	235,047	289,666	(54,619)
Total Expenditures	<u>24,683,414</u>	<u>25,020,882</u>	<u>23,888,035</u>	<u>1,132,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(743,386)</u>	<u>1,871,103</u>	<u>3,294,577</u>	<u>1,423,474</u>
Other Financing Sources (Uses):				
Sale of capital assets	25,000	100,000	46,578	(53,422)
Proceeds from bond issuance	25,000	100,000	22,780,138	22,680,138
Proceeds from bond issuance	-	-	(3,045,771)	(3,045,771)
Transfers in	1,513,838	998,783	998,783	-
Transfers out	<u>(2,200,378)</u>	<u>(28,914,731)</u>	<u>(9,478,448)</u>	<u>19,436,283</u>
Total Other Financing Sources (Uses)	<u>(636,540)</u>	<u>(27,715,948)</u>	<u>11,301,280</u>	<u>39,017,228</u>
Net Change in Fund Balances *	<u>\$ (1,379,926)</u>	<u>\$ (25,844,845)</u>	<u>14,595,857</u>	<u>\$ 40,440,702</u>
Fund Balances, Beginning			<u>7,801,486</u>	
Fund Balances, Ending			<u>\$ 22,397,343</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Property Taxes	\$ 3,924,400	\$ 3,924,400	\$ 3,903,937	\$ (20,463)
Interest	-	-	5,871	5,871
Total Revenues	<u>3,924,400</u>	<u>3,924,400</u>	<u>3,909,808</u>	<u>(14,592)</u>
Expenditures:				
Current:				
RDA expenditures	2,195,230	2,195,230	1,861,704	333,526
Total Expenditures	<u>2,195,230</u>	<u>2,195,230</u>	<u>1,861,704</u>	<u>333,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,729,170</u>	<u>1,729,170</u>	<u>2,048,104</u>	<u>318,934</u>
Other Financing Sources (Uses):				
Transfers in	-	419,187	419,187	-
Transfers out	<u>(1,267,667)</u>	<u>(1,266,456)</u>	<u>(1,266,456)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,267,667)</u>	<u>(847,269)</u>	<u>(847,269)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 461,503</u>	<u>\$ 881,901</u>	1,200,835	<u>\$ 318,934</u>
Fund Balances, Beginning			<u>867,451</u>	
Fund Balances, Ending			<u>\$ 2,068,286</u>	

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – MUNICIPAL BUILDING AUTHORITY
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Lease revenue	\$ 1,451,895	\$ 860,796	\$ 1,475,494.00	\$ 614,698
Total Revenues	<u>1,451,895</u>	<u>860,796</u>	<u>1,475,494</u>	<u>614,698</u>
Expenditures:				
Debt Service:				
Principal	1,030,000	5,995,000	6,195,000	(200,000.00)
Interest	574,895	444,777	540,334	(95,557)
Bond issuance costs	-	-	50,160	(50,160)
Total Expenditures	<u>1,604,895</u>	<u>6,439,777</u>	<u>6,785,494</u>	<u>(345,717)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153,000)</u>	<u>(5,578,981)</u>	<u>(5,310,000)</u>	<u>268,981</u>
Other Financing Sources (Uses):				
Transfers in	-	5,963,348.00	914,629	(5,048,719)
Transfers out	-	(963,924.00)	(963,924)	-
Proceeds from bond issuance	-	-	4,795,000	4,795,000
Premium on bonds issued	-	-	564,295	564,295
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,999,424.00</u>	<u>5,310,000</u>	<u>(5,048,719)</u>
Net Change in Fund Balances *	<u>\$ (153,000)</u>	<u>\$ (579,557)</u>	<u>-</u>	<u>\$ 579,557</u>
Fund Balances, Beginning			<u>898,922</u>	
Fund Balances, Ending			<u>\$ 898,922</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

SUPPLEMENTAL INFORMATION

**CITY OF DRAPER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Capital Projects Funds				Special Revenue	Permanent	Total Other Governmental Funds
	Fire Impact Fund	Transportation Impact Fund	Park Impact Fund	Police Impact Fund	Traverse Ridge	Cemetery Fund	
Assets:							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,889,839	\$ -	\$ 1,889,839
Receivable:							
Accounts, net	-	-	-	-	4,715	-	4,715
Property taxes	-	-	-	-	631,884	-	631,884
Restricted cash and cash equivalents	<u>546,767</u>	<u>5,912,673</u>	<u>4,506,140</u>	<u>5,305</u>	<u>-</u>	<u>174,259</u>	<u>11,145,144</u>
Total Assets	<u><u>\$ 546,767</u></u>	<u><u>\$ 5,912,673</u></u>	<u><u>\$ 4,506,140</u></u>	<u><u>\$ 5,305</u></u>	<u><u>\$ 2,526,438</u></u>	<u><u>\$ 174,259</u></u>	<u><u>\$ 13,671,582</u></u>
Liabilities:							
Current liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 27,145	\$ -	\$ 27,145
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,053</u>	<u>-</u>	<u>2,053</u>
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,198</u>	<u>-</u>	<u>29,198</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,198</u>	<u>-</u>	<u>29,198</u>
Deferred Inflows of Resources							
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,884</u>	<u>-</u>	<u>631,884</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,884</u>	<u>-</u>	<u>631,884</u>
Fund Balances:							
Restricted							
Impact fees	546,767	5,912,673	4,506,140	5,305	-	-	10,970,885
Perpetual care	-	-	-	-	-	174,259	174,259
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,865,356</u>	<u>-</u>	<u>1,865,356</u>
Total Fund Balances	<u>546,767</u>	<u>5,912,673</u>	<u>4,506,140</u>	<u>5,305</u>	<u>1,865,356</u>	<u>174,259</u>	<u>13,010,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 546,767</u></u>	<u><u>\$ 5,912,673</u></u>	<u><u>\$ 4,506,140</u></u>	<u><u>\$ 5,305</u></u>	<u><u>\$ 2,526,438</u></u>	<u><u>\$ 174,259</u></u>	<u><u>\$ 13,671,582</u></u>

CITY OF DRAPER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<u>Capital Projects Funds</u>				<u>Special Revenue</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
	<u>Fire Impact Fund</u>	<u>Transportation Impact Fund</u>	<u>Park Impact Fund</u>	<u>Police Impact Fund</u>	<u>Traverse Ridge</u>	<u>Cemetery Fund</u>	
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 880,591	\$ -	\$ 880,591
Impact fees	225,463	1,368,686	1,446,689	110,212	-	-	3,151,050
Interest	4,748	36,645	17,651	8,593	12,815	-	80,452
Miscellaneous	-	3,657	-	-	-	-	3,657
Total Revenues	<u>230,211</u>	<u>1,408,988</u>	<u>1,464,340</u>	<u>118,805</u>	<u>893,406</u>	<u>-</u>	<u>4,115,750</u>
Expenditures:							
Current:							
General government	-	-	-	-	350,267	-	350,267
Highway and public improvements	-	-	-	-	233,785	-	233,785
Capital outlay	-	-	-	-	248,707	-	248,707
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>832,759</u>	<u>-</u>	<u>832,759</u>
Excess of Revenue Over (Under) Expenditures	<u>230,211</u>	<u>1,408,988</u>	<u>1,464,340</u>	<u>118,805</u>	<u>60,647</u>	<u>-</u>	<u>3,282,991</u>
Other Financing Sources (Uses):							
Transfers in	201,271	1,780,875	2,273,678	-	-	-	4,255,824
Transfers out	(752,327)	(500,000)	-	(1,025,735)	-	-	(2,278,062)
Impact fee reimbursement	-	(278,474)	(171,526)	-	-	-	(450,000)
Total Other Financing Sources (Uses)	<u>(551,056)</u>	<u>1,002,401</u>	<u>2,102,152</u>	<u>(1,025,735)</u>	<u>-</u>	<u>-</u>	<u>1,527,762</u>
Net Change in Fund Balances	<u>(320,845)</u>	<u>2,411,389</u>	<u>3,566,492</u>	<u>(906,930)</u>	<u>60,647</u>	<u>-</u>	<u>4,810,753</u>
Fund Balances, Beginning	867,612	2,973,217	1,323,040	912,235	1,804,709	174,259	8,055,072
Prior Period Adjustment	-	528,067	(383,392)	-	-	-	144,675
Fund Balances, Ending	<u>\$ 546,767</u>	<u>\$ 5,912,673</u>	<u>\$ 4,506,140</u>	<u>\$ 5,305</u>	<u>\$ 1,865,356</u>	<u>\$ 174,259</u>	<u>\$ 13,010,500</u>

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – MAJOR CAPITAL PROJECTS FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Interest	\$ 40,000	\$ 100,000	\$ 90,527	\$ (9,473)
Donations and reimbursements	-	6,124,998	68,706	(6,056,292)
Miscellaneous	-	12,000,000	3,035,419	(8,964,581)
Total Revenues	<u>40,000</u>	<u>18,224,998</u>	<u>3,194,652</u>	<u>(15,030,346)</u>
Expenditures:				
Capital outlay	<u>6,043,216</u>	<u>55,137,908</u>	<u>10,278,544</u>	<u>44,859,364</u>
Total Expenditures	<u>6,043,216</u>	<u>55,137,908</u>	<u>10,278,544</u>	<u>44,859,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,003,216)</u>	<u>(36,912,910)</u>	<u>(7,083,892)</u>	<u>29,829,018</u>
Other Financing Sources (Uses):				
Transfers in	4,175,604	27,281,989	11,066,415	(16,215,574)
Transfers out	-	(1,701,607)	(3,667,948)	(1,966,341)
Sale of capital assets	-	-	614,766	614,766
Total Other Financing Sources (Uses)	<u>4,175,604</u>	<u>25,580,382</u>	<u>8,013,233</u>	<u>(17,567,149)</u>
Net Change in Fund Balances *	<u>\$ (1,827,612)</u>	<u>\$ (11,332,528)</u>	<u>929,341</u>	<u>\$ 12,261,869</u>
Fund Balances, Beginning			14,846,007	
Prior Period Adjustment			<u>(74,253)</u>	
Fund Balances, Ending			<u>\$ 15,701,095</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – NONMAJOR FIRE
IMPACT FEE CAPITAL PROJECTS FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Impact fees	\$ 125,000	\$ 125,000	\$ 225,463	\$ 100,463
Interest	3,500	3,500	4,748	1,248
Total Revenues	<u>128,500</u>	<u>128,500</u>	<u>230,211</u>	<u>101,711</u>
Expenditures:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>128,500</u>	<u>128,500</u>	<u>230,211</u>	<u>101,711</u>
Other Financing Sources (Uses):				
Transfers in	-	101,271	201,271	100,000
Transfers out	<u>(246,171)</u>	<u>(652,327)</u>	<u>(752,327)</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>(246,171)</u>	<u>(551,056)</u>	<u>(551,056)</u>	<u>100,000</u>
Net Change in Fund Balances *	<u>\$ (117,671)</u>	<u>\$ (422,556)</u>	<u>(320,845)</u>	<u>\$ 101,711</u>
Fund Balances, Beginning			<u>867,612</u>	
Fund Balances, Ending			<u>\$ 546,767</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – NONMAJOR TRANSPORTATION
IMPACT FEE CAPITAL PROJECTS FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Impact fees	\$ 500,000	\$ 411,124	\$ 1,368,686	\$ 957,562
Interest	20,000	20,000	36,645	16,645
Miscellaneous	-	3,657	3,657	-
Total Revenues	<u>520,000</u>	<u>434,781</u>	<u>1,408,988</u>	<u>974,207</u>
Expenditures:				
Current:				
Highway and public improvements	-	(528,067)	-	(528,067)
Total Expenditures	<u>-</u>	<u>(528,067)</u>	<u>-</u>	<u>(528,067)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>520,000</u>	<u>962,848</u>	<u>1,408,988</u>	<u>446,140</u>
Other Financing Sources (Uses):				
Transfers in	-	-	1,780,875	1,780,875
Transfers out	(814,525)	(2,328,013)	(500,000)	1,828,013
Impact fee reimbursement	-	-	(278,474)	(278,474)
Total Other Financing Sources (Uses)	<u>(814,525)</u>	<u>(2,328,013)</u>	<u>1,002,401</u>	<u>3,330,414</u>
Net Change in Fund Balances *	<u>\$ (294,525)</u>	<u>\$ (1,365,165)</u>	<u>2,411,389</u>	<u>\$ 3,776,554</u>
Fund Balances, Beginning			2,973,217	
Prior Period Adjustment			<u>528,067</u>	
Fund Balances, Ending			<u>\$ 5,912,673</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – NONMAJOR PARK
IMPACT FEE CAPITAL PROJECTS FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Impact fees	\$ 300,000	\$ 151,958	\$ 1,446,689	\$ 1,294,731
Interest	6,000	6,000	17,651	11,651
Miscellaneous	-	(135,000)	-	135,000
Total Revenues	<u>306,000</u>	<u>22,958</u>	<u>1,464,340</u>	<u>1,441,382</u>
Expenditures:				
Current:				
Parks, recreation and public property	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306,000</u>	<u>22,958</u>	<u>1,464,340</u>	<u>1,441,382</u>
Other Financing Sources (Uses):				
Transfers in	-	2,088,212	2,273,678	185,466
Transfers out	(845,000)	-	-	-
Impact fee reimbursement	-	-	(171,526)	(171,526)
Total Other Financing Sources (Uses)	<u>(845,000)</u>	<u>2,088,212</u>	<u>2,102,152</u>	<u>185,466</u>
Net Change in Fund Balances *	<u>\$ (539,000)</u>	<u>\$ 2,111,170</u>	<u>3,566,492</u>	<u>\$ 1,455,322</u>
Fund Balances, Beginning			1,323,040	
Prior Period Adjustment			<u>(383,392)</u>	
Fund Balances, Ending			<u>\$ 4,506,140</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – NONMAJOR POLICE
IMPACT FEE CAPITAL PROJECTS FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Impact fees	\$ 70,000	\$ 105,000	\$ 110,212	\$ 5,212
Interest	5,000	8,500	8,593	93
Total Revenues	<u>75,000</u>	<u>113,500</u>	<u>118,805</u>	<u>5,305</u>
Expenditures:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,000</u>	<u>113,500</u>	<u>118,805</u>	<u>5,305</u>
Other Financing Sources (Uses):				
Transfers out	<u>(295,704)</u>	<u>(1,025,735)</u>	<u>(1,025,735)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(295,704)</u>	<u>(1,025,735)</u>	<u>(1,025,735)</u>	<u>-</u>
Net Change in Fund Balances *	<u>\$ (220,704)</u>	<u>\$ (912,235)</u>	<u>(906,930)</u>	<u>\$ 5,305</u>
Fund Balances, Beginning			<u>912,235</u>	
Fund Balances, Ending			<u>\$ 5,305</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

CITY OF DRAPER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL – NONMAJOR TRAVERSE
RIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Property taxes	\$ 689,168	\$ 689,168	\$ 880,591	\$ 191,423
Interest	5,000	5,000	12,815	7,815
Total Revenues	<u>694,168</u>	<u>694,168</u>	<u>893,406</u>	<u>199,238</u>
Expenditures:				
Current:				
General government	390,475	390,475	350,267	40,208
Highway and public improvement	367,826	367,826	233,785	134,041
Capital outlay	257,850	257,850	248,707	9,143
Total Expenditures	<u>1,016,151</u>	<u>1,016,151</u>	<u>832,759</u>	<u>183,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(321,983)</u>	<u>(321,983)</u>	<u>60,647</u>	<u>382,630</u>
Other Financing Sources (Uses):				
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances *	<u>\$ (341,983)</u>	<u>\$ (321,983)</u>	<u>60,647</u>	<u>\$ 382,630</u>
Fund Balances, Beginning			<u>1,804,709</u>	
Fund Balances, Ending			<u>\$ 1,865,356</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spendown) of fund balance.

STATISTICAL SECTION

STATISTICAL SECTION
INTRODUCTION
(Unaudited)

This part of the City of Draper’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 picture.

Contents

Financial Trend Data (tables 1-4)

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity Data (tables 5-11)

These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity Data (tables 12-16)

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information (tables 17-18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information (tables 19-20)

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 City provides and the activities it performs.

CITY OF DRAPER
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Table 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 25,631,657	\$ 303,064,800	\$ 337,535,615	\$ 341,776,835	\$ 347,553,110	\$ 360,289,317	\$ 360,249,757	\$ 366,814,545	\$ 374,636,191	\$ 374,535,703
Restricted	16,650,195	16,454,804	20,281,581	13,144,605	11,692,064	23,506,257	19,761,376	24,737,866	12,635,617	19,481,754
Unrestricted	6,244,914	11,767,959	4,952,903	14,296,227	15,383,284	9,744,796	13,968,806	4,704,822	19,191,593	19,898,797
Total Governmental Activities										
Net Position	\$ 48,526,766	\$ 331,287,563	\$ 362,770,099	\$ 369,217,667	\$ 374,628,458	\$ 393,540,370	\$ 393,979,939	\$ 396,257,233	\$ 406,463,401	\$ 413,916,254
Business-Type Activities										
Net investment in capital assets	\$ 9,079,262	\$ 26,373,465	\$ 32,099,866	\$ 29,726,092	\$ 30,503,250	\$ 34,016,586	\$ 35,745,175	\$ 37,879,103	\$ 40,798,373	\$ 40,975,643
Restricted	2,862,310	-	3,149,936	2,413,556	2,543,174	2,685,650	2,519,275	2,868,937	2,994,064	2,224,174
Unrestricted	3,533,289	6,842,866	1,482,855	6,019,333	6,146,061	4,743,843	5,108,982	5,034,851	6,686,311	8,521,299
Total Business-type Activities										
Net Position	\$ 15,474,861	\$ 33,216,331	\$ 36,732,657	\$ 38,158,981	\$ 39,192,485	\$ 41,446,079	\$ 43,373,432	\$ 45,782,891	\$ 50,478,748	\$ 51,721,116
Primary Government										
Net investment in capital assets	\$ 34,710,919	\$ 329,438,265	\$ 369,635,481	\$ 371,502,927	\$ 378,056,360	\$ 394,305,903	\$ 395,994,932	\$ 404,693,648	\$ 415,434,564	\$ 415,511,346
Restricted	19,512,505	16,454,804	23,431,517	15,558,161	14,235,238	26,191,907	22,280,651	27,606,803	15,629,681	21,705,928
Unrestricted	9,778,203	18,610,825	6,435,758	20,315,560	21,529,345	14,488,639	19,077,788	9,739,673	25,877,904	28,420,096
Total Primary Government										
Net Position	\$ 64,001,627	\$ 364,503,894	\$ 399,502,756	\$ 407,376,648	\$ 413,820,943	\$ 434,986,449	\$ 437,353,371	\$ 442,040,124	\$ 456,942,149	\$ 465,637,370

CITY OF DRAPER
Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)
Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities :										
General governmental	\$ 5,320,700	\$ 15,567,930	\$ 11,473,769	\$ 9,904,154	\$ 10,161,544	\$ 8,680,507	\$ 8,236,556	\$ 10,248,559	\$ 10,982,453	\$ 9,280,255
Public safety	4,682,041	6,061,997	3,799,718	7,139,481	8,903,761	8,880,296	9,072,990	8,596,218	8,459,500	8,994,974
Highway and public improvements	3,680,754	3,563,834	6,662,619	4,824,508	5,209,833	6,228,705	8,224,856	6,539,451	8,977,668	7,479,013
Parks and recreation	1,210,595	1,455,843	889,369	1,887,728	2,127,758	2,211,123	2,468,834	2,702,567	3,089,016	3,474,203
Interest on long-term debt	597,772	1,945,955	1,174,535	1,038,480	1,134,944	1,163,367	1,079,959	1,040,680	1,071,024	1,213,615
Total governmental activities expenses	15,491,862	28,595,559	24,000,010	24,794,351	27,537,840	27,163,998	29,083,195	29,127,475	32,579,661	30,442,060
Business-type activities :										
Water	1,676,510	2,156,374	2,502,620	2,933,266	2,786,647	3,170,973	3,405,643	3,532,503	4,163,414	4,243,935
Storm water	268,824	832,919	911,059	1,016,403	1,138,727	1,272,049	1,415,147	1,704,534	2,261,103	2,014,894
Solid waste	1,200,248	1,199,409	1,357,448	1,483,909	1,440,284	1,681,085	1,764,367	1,620,502	1,702,063	1,706,160
Ambulance (1)	268,316									
Arts Council (2)	34,488									
Interest on long-term debt		19,820								
Total business-type activities expenses	3,448,386	4,208,522	4,771,127	5,433,578	5,365,658	6,124,107	6,585,157	6,857,539	8,126,580	7,964,989
Total primary government expenses	\$ 18,940,248	\$ 32,804,081	\$ 28,771,137	\$ 30,227,929	\$ 32,903,498	\$ 33,288,105	\$ 35,668,352	\$ 35,985,014	\$ 40,706,241	\$ 38,407,049
Program Revenues										
Governmental activities :										
Charges for services										
General government	\$ 2,882,422	\$ 4,223,010	\$ 4,795,192	\$ 5,236,215	\$ 4,649,607	\$ 2,271,755	\$ 2,872,279	\$ 3,257,719	\$ 3,944,976	\$ 4,099,233
Public safety	1,182,407	751,448	980,616	1,455,226	1,447,803	758,642	880,569	796,025	667,198	652,287
Highway and public improvements	1,359,539		4,496,527	1,880,575	298,605	19,160	11,103	200,239	3,557	19,278
Parks and recreation	2,235,643	585,435	1,798,624	1,380,740	13,520	48,214	146,849	200,338	285,544	342,050
Operating grants and contributions	1,296,448	1,276,206	1,307,876	1,447,423	1,532,823	12,569,391	1,793,503	1,789,624	1,460,727	1,503,827
Capital grants and contributions	230,333	4,151,810	23,878,264	2,257,309	3,129,781	9,433,281	2,689,054	3,104,535	11,915,979	6,908,876
Total govern't act. program revenues	9,186,792	10,987,909	37,257,099	13,657,488	11,072,139	25,100,443	8,393,357	9,348,480	18,277,981	13,525,551
Business-type activities :										
Charges for services:										
Water	2,279,832	2,010,455	2,865,203	2,676,833	2,594,823	3,055,846	3,461,248	3,598,694	4,081,037	4,438,556
Storm water	1,317,542	1,298,942	1,492,905	1,403,829	1,018,600	847,774	937,853	1,022,805	1,208,062	1,336,765
Solid waste	1,185,255	1,263,661	1,397,005	1,844,417	1,927,638	1,968,513	2,092,800	2,194,246	2,218,451	2,275,899
Ambulance (1)	233,070									
Arts Council (2)	12,251									
Operating grants and contributions			4,588,323	485,566	536,323	2,404,582	1,975,405	2,381,659	5,220,742	922,739
Capital grants and contributions	375									
Total business-type act. program rev.	5,028,325.0	4,573,058.0	10,343,436.0	6,410,645	6,077,384	8,276,715	8,467,306	9,197,404	12,728,292	8,973,959
Total primary govern't program revenue	\$ 14,215,117	\$ 15,560,967	\$ 47,600,535	\$ 20,068,133	\$ 17,149,523	\$ 33,377,158	\$ 16,860,663	\$ 18,545,884	\$ 31,006,273	\$ 22,499,510

(1) The City transferred ambulance activity to the government activity charges for services in 2004.

(2) The City transferred arts council activity to the Draper Foundation in 2004.

CITY OF DRAPER
Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)
Table 2 (continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental activities	\$ (6,305,070)	\$ (17,607,650)	\$ 13,257,089	\$ 1,447,423	\$ (16,465,701)	\$ (2,063,555)	\$ (20,689,838)	\$ (19,778,995)	\$ (14,301,680)	\$ (16,916,509)
Business-type activities	1,580,239	364,536	5,572,309	977,067	711,726	2,152,608	1,882,149	2,339,865	4,601,712	1,008,970
Total primary govern't net (expense) rev	\$ (4,724,831)	\$ (17,243,114)	\$ 18,829,398	\$ 2,424,490	\$ (15,753,975)	\$ 89,053	\$ (18,807,689)	\$ (17,439,130)	\$ (9,699,968)	\$ (15,907,539)
General Revenues and Other Changes in Net Position										
Governmental activities :										
Taxes										
Property taxes	\$ 5,169,430	\$ 5,035,990	\$ 6,675,859	\$ 6,432,573	\$ 9,217,558	\$ 9,737,597	\$ 10,236,923	\$ 10,764,481	\$ 12,205,223	\$ 11,842,416
Sales taxes	3,863,931	4,468,849	5,580,462	6,764,067	7,442,507	6,794,978	6,574,579	6,815,929	7,434,613	8,009,456
Franchise taxes	2,267,021	2,821,094	3,454,213	3,635,183	3,938,830	4,078,070	4,068,090	4,254,768	4,412,562	4,737,336
Grants and contributions	4,128,515									
Special items	94,786	7,058,140								
Unrestricted investment earnings	208,009		1,098,053	1,336,676	1,277,597	558,617	249,815	193,988	302,589	285,538
Gain (loss) on sale of capital assets		638,031	(511,407)	(682,385)		(193,792)		27,123	152,861	
Transfers	134,520	1,691,491	(300,000)							
Total governmental activities	16,713,212	21,713,595	15,997,180	17,486,114	21,876,492	20,975,470	21,129,407	22,056,289	24,507,848	24,874,746
Business-type activities :										
Franchise tax			111,030							
Grants and contributions	824,922	1,200								
Unrestricted investment earnings	84,388	103,258	313,414	404,542	249,445	145,107	45,204	69,594	94,145	85,263
Gain (loss) on sale of capital assets		12,795		10,621		(44,121)				
Equity investment income (loss)			(19,985)	132,411	72,333					163,549
Transfers	(134,520)	(1,691,491)	300,000							
Total business-type activities	774,790	(1,574,238)	704,459	547,574	321,778	100,986	45,204	69,594	94,145	248,812
Total primary government	\$ 17,488,002	\$ 20,139,357	\$ 16,701,639	\$ 18,033,688	\$ 22,198,270	\$ 21,076,456	\$ 21,174,611	\$ 22,125,883	\$ 24,601,993	\$ 25,123,558
Change in Net Position										
Governmental activities	\$ 10,408,142	\$ 4,105,945	\$ 29,254,269	\$ 18,933,537	\$ 5,410,791	\$ 18,911,915	\$ 439,569	\$ 2,277,294	\$ 10,206,168	\$ 7,958,237
Business-type activities	2,355,029	(1,209,702)	6,276,768	1,524,641	1,033,504	2,253,594	1,927,353	2,409,459	4,695,857	1,257,782
Total primary government	\$ 12,763,171	\$ 2,896,243	\$ 35,531,037	\$ 20,458,178	\$ 6,444,295	\$ 21,165,509	\$ 2,366,922	\$ 4,686,753	\$ 14,902,025	\$ 9,216,019

CITY OF DRAPER
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 169,016		\$ 188,932	\$ 186,028	\$ 2,077,255	\$ 14,307,798	\$ 10,461,677			
Unreserved	3,404,894	4,586,750	3,214,748	3,148,530	3,683,311	3,684,179	4,100,368			
Non-spendable										
Restricted								4,699	13,538	13,312
Assigned								5,146,172	3,544,006	17,300,416
Unassigned								3,933,355	4,243,942	5,083,615
Total General Fund	\$ 3,573,910	\$ 4,586,750	\$ 3,403,680	\$ 3,334,558	\$ 5,760,566	\$ 17,991,977	\$ 14,562,045	\$ 9,084,226	\$ 7,801,486	\$ 22,397,343
All other governmental funds										
Reserved	\$ 16,481,179	\$ 16,245,633	\$ 14,047,246	\$ 13,065,856	\$ 10,526,248	\$ 9,198,459	\$ 9,299,699			
Unreserved, reported in:										
Capital projects funds	293,341	4,422,440	5,829,891	8,346,951	6,261,431	3,280,324	7,188,295			
Special revenue funds		3,049,367	1,601,399	2,461,483	1,771,149	2,570,508	2,482,020			
Debt service funds					1,374,717					
Restricted								9,617,956	9,091,608	15,742,080
Assigned								11,362,363	15,575,844	15,936,723
Total all other governmental funds	\$ 16,774,520	\$ 23,717,440	\$ 21,478,536	\$ 23,874,290	\$ 19,933,545	\$ 15,049,291	\$ 18,970,014	\$ 20,980,319	\$ 24,667,452	\$ 31,678,803
Total governmental funds	\$ 20,348,430	\$ 28,304,190	\$ 24,882,216	\$ 27,208,848	\$ 25,694,111	\$ 33,041,268	\$ 33,532,059	\$ 30,064,545	\$ 32,468,938	\$ 54,076,146

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CITY OF DRAPER
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)
Table 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues :										
Taxes	\$ 11,062,385	\$ 12,325,933	\$ 15,686,045	\$ 16,796,203	\$ 20,598,893	\$ 20,610,642	\$ 20,876,490	\$ 21,835,178	\$ 24,065,089	\$ 24,589,208
Licenses and permits	1,762,138	3,243,005	3,443,379	3,042,221	2,288,703	1,184,133	1,381,240	1,620,627	2,100,542	2,753,909
Intergovernmental	1,526,781	1,083,843	1,328,584	2,070,924	1,748,356	12,619,889	1,931,459	1,810,323	1,528,473	1,559,341
Charges for services	1,137,682	776,255	1,144,261	1,461,927	1,533,260	1,127,309	1,683,917	1,943,230	2,140,575	2,281,193
Impact fees	4,138,608	4,151,810	5,918,021	3,240,283	2,219,567	688,900	612,633	981,059	1,814,747	3,151,050
Fines and forfeitures	493,545	751,448	711,517	966,932	884,808	734,363	744,891	657,960	632,624	614,663
Interest		585,435	1,098,204	1,336,682	1,277,602	557,595	249,868	193,218	303,742	285,908
Lease revenue			400,000	1,107,597	1,295,567	1,560,086	1,451,482	1,446,147	1,449,031	1,475,494
Donations and reimbursements				421,645	81,064	48,875	9,000	186,044	1,074,534	68,706
Proceeds from insurance				658,680	21,947					
Miscellaneous	1,576,452	203,750	1,487,219	134,477	555,633	551,234	112,097	275,394	116,563	3,098,844
Total revenues	21,697,591	23,121,479	31,217,230	31,237,571	32,505,400	39,683,026	29,053,077	30,949,180	35,225,920	39,878,316
Expenditures :										
General government	3,993,805	5,761,704	10,937,485	8,061,902	7,783,482	6,895,011	6,892,421	7,961,086	8,594,510	7,903,409
Public safety	4,342,368	5,744,754	3,472,135	6,857,310	8,631,638	8,937,592	8,757,905	8,461,058	8,323,122	8,760,349
Highways and public improvements	1,986,003	1,214,110	655,250	1,265,167	2,308,445	3,013,282	4,641,992	2,944,482	4,467,542	3,024,464
Parks, recreation and public property	687,547	1,167,334	460,241	1,265,430	1,583,271	1,922,880	2,065,936	2,247,215	2,573,320	2,659,074
Redevelopment agency				1418,148	1,731,547	2,083,308	1,576,807	2,731,017	2,887,728	1,861,704
Capital outlay	12,442,736	8,684,342	23,037,553	7,909,437	12,479,413	7,903,893	2,873,161	7,986,583	3,846,843	11,131,675
Debt service		1,945,955								
Principal	690,119		1,181,402	1,188,519	1,285,781	1,271,000	1,210,000	1,250,000	1,310,000	6,690,000
Interest	411,440		1,000,074	1,081,946	1,069,277	1,121,966	1,074,848	1,028,110	992,618	1,276,035
Bond issuance cost			208,442		91,080					339,826
Total expenditures	24,554,018	24,518,199	40,952,582	29,047,859	36,963,934	33,148,932	29,093,070	34,609,551	32,995,683	43,646,536
Excess (deficiency) of revenues over (under) expenditures	(2,856,427)	(1,396,720)	(9,735,352)	2,189,712	(4,458,534)	6,534,094	(39,993)	(3,660,371)	2,230,237	(3,768,220)
Other financing sources (uses) :										
Operating transfers in	6,530,280	19,722,493	20,914,219	7,461,087	10,679,697	5,268,494	8,174,441	9,487,183	6,898,838	18,254,838
Operating transfers out	(6,536,344)	(18,031,022)	(2,124,219)	(7,461,087)	(10,679,697)	(5,268,494)	(8,174,441)	(9,487,183)	(6,898,838)	(18,254,838)
Bond and loan proceeds	5,164,807	7,058,140	6,080,000		3,355,000					24,560,000
Premium on bond issued					19,438					3,579,433
Payment to refunding bond escrow agent					(435,141)					(3,045,771)
Grants and contributions		192,363								
Impact fee reimbursement										(450,000)
Sale of assets		638,031		38,603	4,500	21,996	530,784	192,857	174,156	661,344
Total other financing sources (uses)	5,158,743	9,580,005	5,780,000	38,603	2,943,797	21,996	530,784	192,857	174,156	25,305,006
Net change in fund balances	\$ 2,302,316	\$ 8,183,285	\$ (3,955,352)	\$ 2,228,315	\$ (1,514,737)	\$ 6,556,090	\$ 490,791	\$ (3,467,514)	\$ 2,404,393	\$ 2,153,678
Debt service as a percentage of non-capital expenditures	9%	12%	13%	11%	10%	9%	9%	9%	8%	26%

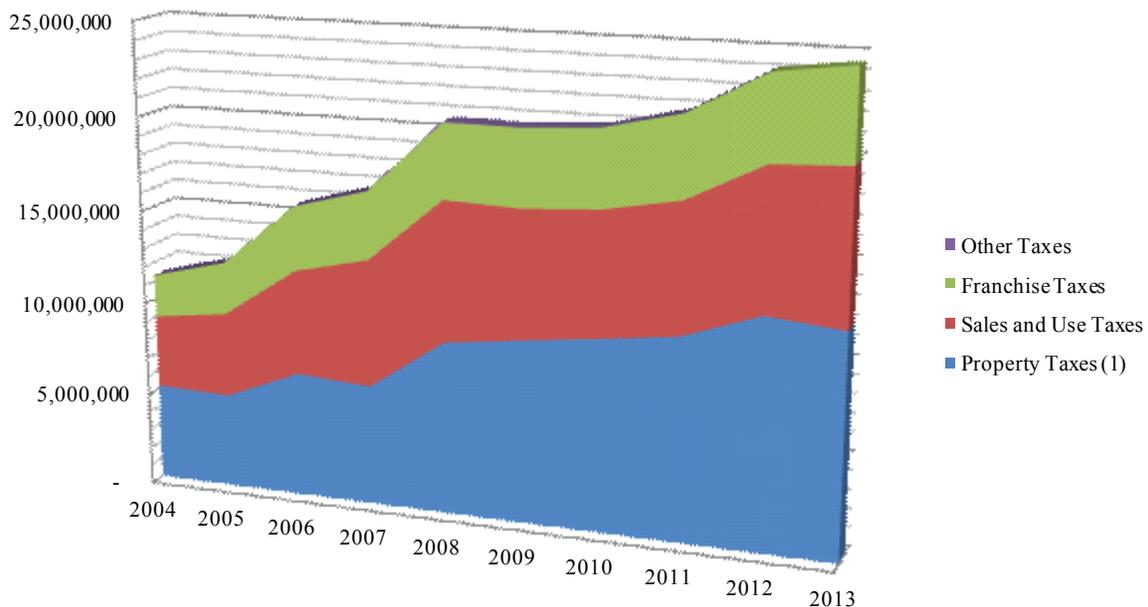
CITY OF DRAPER
Governmental Activities Tax Revenues by Source
(modified accrual basis of accounting)
Last Ten Fiscal Years
Table 5

Fiscal Year	Property Taxes (1)	Sales and Use Taxes	Franchise Taxes	Other Taxes	Total
2004	5,169,430	3,863,931	2,267,021	-	11,300,382
2005	5,035,990	4,504,654	2,785,289	-	12,325,933
2006	6,675,858	5,580,462	3,429,725	24,487	15,710,532
2007	6,432,572	6,764,067	3,599,564	35,618	16,831,821
2008	9,217,558	7,442,507	3,938,829	54,649	20,653,543
2009	9,737,594	6,794,978	4,078,070	-	20,610,642
2010	10,236,923	6,574,579	4,068,090	-	20,879,592
2011	10,764,481	6,815,929	4,254,768	-	21,835,178
2012	12,217,914	7,434,613	4,412,562	-	24,065,089
2013	11,842,416	8,009,456	4,737,336	-	24,589,208
Growth 2004-2013	229%	207%	209%		218%

Note: Since 2003, the redevelopment agency is included with the governmental funds per Generally Accepted Accounting Principles

(1) Property tax includes current and delinquent property tax, motor vehicle in-lieu tax, and special assessment tax for the Traverse Ridge Special Service District.

Tax Revenue by Source



CITY OF DRAPER
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Table 6

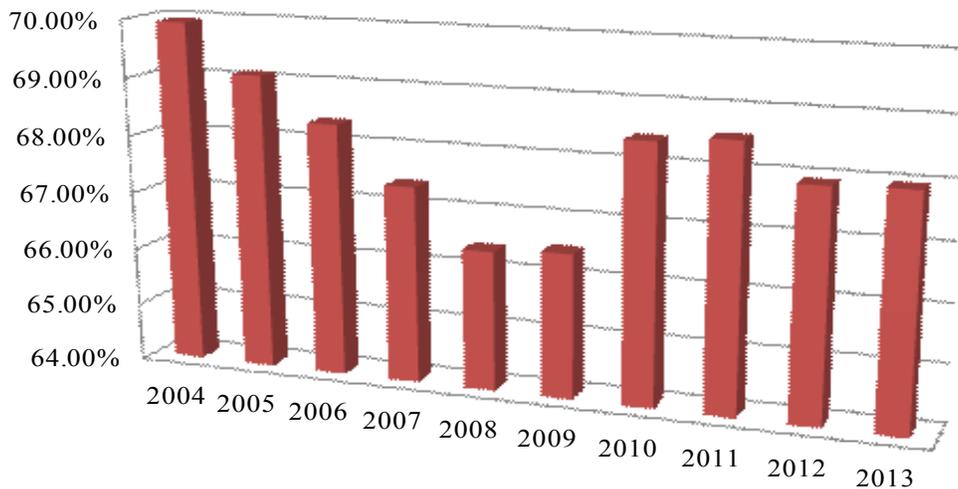
Fiscal Year	Tax Year	Primary Residential Property	Other Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value (1)	Assessed Value as a Percentage of Actual Value
2004	2003	1,109,893,288	1,003,148,122	2,113,041,410	0.001354	3,021,135,918	69.94%
2005	2004	1,232,740,513	1,023,615,165	2,256,355,678	0.001327	3,264,961,552	69.11%
2006	2005	1,482,152,584	1,138,082,850	2,620,235,434	0.001469	3,832,905,730	68.36%
2007	2006	1,919,868,960	1,327,534,969	3,247,403,929	0.001274	4,818,205,805	67.40%
2008	2007	2,522,056,612	1,557,932,548	4,079,989,160	0.001616	6,143,490,024	66.41%
2009	2008	2,813,106,199	1,754,281,505	4,567,387,704	0.001528	6,869,020,049	66.49%
2010	2009	2,222,092,030	1,721,482,935	3,943,574,965	0.001818	5,761,650,262	68.45%
2011	2010	2,165,506,188	1,696,353,040	3,861,859,228	0.001896	5,633,637,018	68.55%
2012	2011	2,029,669,287	1,488,211,613	3,517,880,900	0.001996	5,178,519,408	67.93%
2013	2012	2,027,602,106	1,493,230,644	3,520,832,750	0.002009	5,179,779,928	67.97%

Source: Utah State Tax Commission

Note: Property in Draper City is reassessed once every five years on average. The City assess property at approximately 55 percent of actual value for residential property and 100 percent of actual value for all other categories. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages.

(1) Assessed values are reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.

Assessed Value as a Percentage of Actual Value

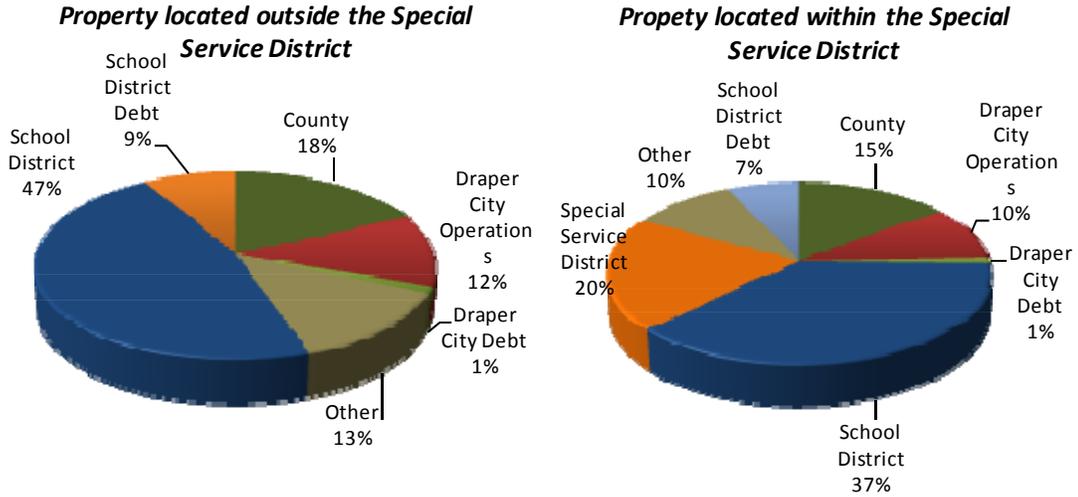


CITY OF DRAPER
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Table 7

Fiscal Year	Tax Year	City Direct Rates			Overlapping Rates				
		Operating	Debt Service	Total Direct	Salt Lake County	Canyons School District	Traverse Ridge Special District	Other	Total
SALT LAKE COUNTY									
Tax Area 051, 051A, 51B									
2003	2002	0.001337	0.000000	0.001337	0.002939	0.008344		0.002098	0.014718
2004	2003	0.001354	0.000000	0.001354	0.002868	0.008366		0.002081	0.014669
2005	2004	0.001327	0.000000	0.001327	0.002816	0.008856		0.002091	0.015090
2006	2005	0.001204	0.000265	0.001469	0.002682	0.008655		0.002059	0.014865
2007	2006	0.001055	0.000219	0.001274	0.002371	0.007347		0.001810	0.012802
2008	2007	0.001462	0.000154	0.001616	0.001994	0.006617		0.001612	0.011839
2009	2008	0.001374	0.000154	0.001528	0.001934	0.006150		0.001546	0.011158
2010	2009	0.001657	0.000161	0.001818	0.002278	0.005780		0.003211	0.013087
2011	2010	0.001728	0.000168	0.001896	0.002593	0.008060		0.001881	0.014430
2012	2011	0.001819	0.000177	0.001996	0.002696	0.008165		0.001963	0.014820
2013	2012	0.001831	0.000178	0.002009	0.002793	0.007111		0.003308	0.015221
Tax Area 055, 52A, 55A, 55B, 55C, 55D									
2003	2002	0.001337	0.000000	0.001337	0.002939	0.008344		0.002068	0.014688
2004	2003	0.001354	0.000000	0.001354	0.002868	0.008366		0.002051	0.014639
2005	2004	0.001327	0.000000	0.001327	0.002816	0.008856		0.002026	0.015025
2006	2005	0.001204	0.000265	0.001469	0.002682	0.008655		0.002000	0.014806
2007	2006	0.001055	0.000219	0.001274	0.002371	0.007347		0.001761	0.012753
2008	2007	0.001462	0.000154	0.001616	0.001994	0.006617		0.001572	0.011799
2009	2008	0.001374	0.000154	0.001528	0.001934	0.006150		0.001510	0.011122
2010	2009	0.001657	0.000161	0.001818	0.002278	0.005780		0.003168	0.013044
2011	2010	0.001728	0.000168	0.001896	0.002593	0.008060		0.001836	0.014385
2012	2011	0.001819	0.000177	0.001996	0.002696	0.008165		0.001915	0.014772
2013	2012	0.001831	0.000178	0.002009	0.002793	0.007111		0.00326	0.015173
Tax Area 056									
2003	2002	0.001337	0.000000	0.001337	0.002939	0.008344		0.001508	0.014128
2004	2003	0.001354	0.000000	0.001354	0.002868	0.008366		0.001536	0.014124
2005	2004	0.001327	0.000000	0.001327	0.002816	0.008856		0.001511	0.014510
2006	2005	0.001204	0.000265	0.001469	0.002682	0.008655		0.001527	0.014333
2007	2006	0.001055	0.000219	0.001274	0.002371	0.007347		0.001354	0.012346
2008	2007	0.001462	0.000154	0.001616	0.001994	0.006617		0.001242	0.011469
2009	2008	0.001374	0.000154	0.001528	0.001934	0.006150		0.001189	0.010801
2010	2009	0.001657	0.000161	0.001818	0.002278	0.005780		0.002789	0.012665
2011	2010	0.001728	0.000168	0.001896	0.002593	0.008060		0.001464	0.014013
2012	2011	0.001819	0.000177	0.001996	0.002696	0.008165		0.001516	0.014373
2013	2012	0.001831	0.000178	0.002009	0.002793	0.007111		0.002853	0.014766
Tax Area 54B									
2003	2002	0.001337	0.000000	0.001337	0.002939	0.008344	0.003038	0.002068	0.017726
2004	2003	0.001354	0.000000	0.001354	0.002868	0.008366	0.003120	0.002051	0.017759
2005	2004	0.001327	0.000000	0.001327	0.002816	0.008856	0.003507	0.002026	0.018532
2006	2005	0.001204	0.000265	0.001469	0.002682	0.008655	0.003181	0.002000	0.017987
2007	2006	0.001055	0.000219	0.001274	0.002371	0.007347	0.002389	0.001761	0.015142
2008	2007	0.001462	0.000154	0.001616	0.001994	0.006617	0.001997	0.001572	0.013796
2009	2008	0.001374	0.000154	0.001528	0.001934	0.006150	0.002073	0.001510	0.013195
2010	2009	0.001657	0.000161	0.001818	0.002278	0.005780	0.002635	0.003168	0.015679
2011	2010	0.001728	0.000168	0.001896	0.002593	0.008060	0.003171	0.001836	0.017556
2012	2011	0.001819	0.000177	0.001996	0.002696	0.008165	0.003803	0.001915	0.018575
2013	2012	0.001831	0.000178	0.002009	0.002793	0.007111	0.003773	0.00326	0.018946

CITY OF DRAPER
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Table 7 (Continued)

SALT LAKE COUNTY

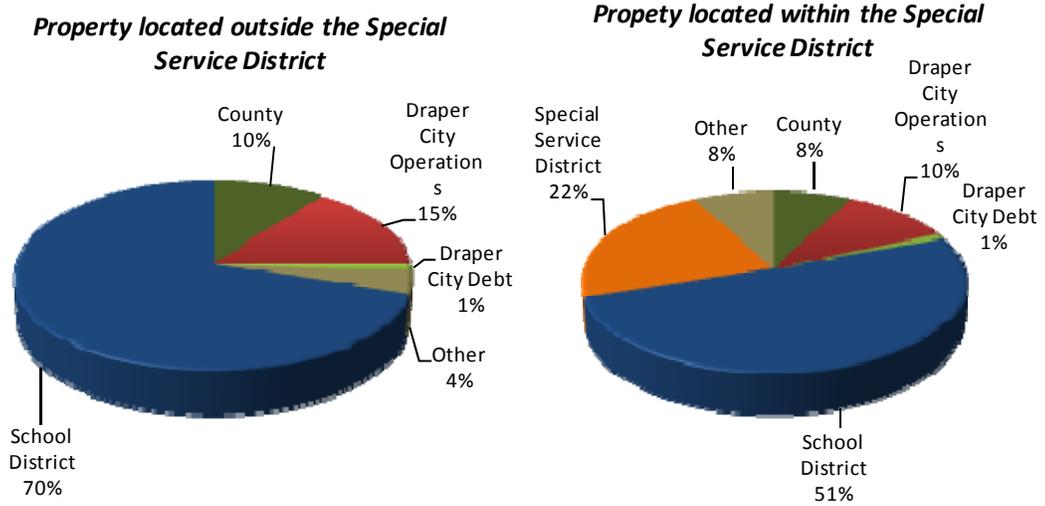


CITY OF DRAPER
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Table 7 (Continued)

Fiscal Year	Tax Year	City Direct Rates			Overlapping Rates				
		General Fund	Debt Service	Total Direct	Utah County	Alpine School District	Traverse Ridge Special District	Other	Total
UTAH COUNTY									
Tax Area 014 - New as of 2013									
2013	2012	0.001831	0.000178	0.002009	0.001324	0.008828		0.000891	0.013052
Tax Area 017									
2004	2003	0.001354	0.000000	0.001354	0.001411	0.007884		0.000394	0.011043
2005	2004	0.001327	0.000000	0.001327	0.001425	0.008119		0.000388	0.011259
2006	2005	0.001204	0.000265	0.001469	0.001391	0.008082		0.000433	0.011375
2007	2006	0.001055	0.000219	0.001274	0.001262	0.006883		0.000385	0.009804
2008	2007	0.001462	0.000154	0.001616	0.001000	0.006937		0.000324	0.009877
2009	2008	0.001374	0.000154	0.001528	0.001105	0.007057		0.000308	0.009998
2010	2009	0.001657	0.000161	0.001818	0.001203	0.007541		0.000424	0.010986
2011	2010	0.001728	0.000168	0.001896	0.001294	0.008220		0.000907	0.012317
2012	2011	0.001819	0.000177	0.001996	0.001342	0.008812		0.000464	0.012614
2013	2012	0.001831	0.000178	0.002009	0.001324	0.008828		0.000484	0.012645
Tax Area 018									
2004	2003	0.001354	0.000000	0.001354	0.001411	0.007884	0.003120	0.000791	0.014560
2005	2004	0.001327	0.000000	0.001327	0.001425	0.008119	0.003507	0.000780	0.015158
2006	2005	0.001204	0.000265	0.001469	0.001391	0.008082	0.003181	0.000833	0.014956
2007	2006	0.001055	0.000219	0.001274	0.001262	0.006883	0.002389	0.000738	0.012546
2008	2007	0.001462	0.000154	0.001616	0.001000	0.006937	0.001997	0.000724	0.012274
2009	2008	0.001374	0.000154	0.001528	0.001105	0.007057	0.002079	0.000692	0.012461
2010	2009	0.001657	0.000161	0.001818	0.001203	0.007541	0.002635	0.000824	0.014021
2011	2010	0.001728	0.000168	0.001896	0.001294	0.008220	0.003171	0.000857	0.015438
2012	2011	0.001819	0.000177	0.001996	0.001342	0.008812	0.003803	0.000888	0.016841
2013	2012	0.001831	0.000178	0.002009	0.001324	0.008828	0.003773	0.000927	0.016861
Tax Area 019									
2004	2003	0.001354	0.000000	0.001354	0.001411	0.007884	0.003120	0.001307	0.015076
2005	2004	0.001327	0.000000	0.001327	0.001425	0.008119	0.003507	0.001295	0.015673
2006	2005	0.001204	0.000265	0.001469	0.001391	0.008082	0.003181	0.001306	0.015429
2007	2006	0.001055	0.000219	0.001274	0.001262	0.006883	0.002389	0.001145	0.012953
2008	2007	0.001462	0.000154	0.001616	0.001000	0.006937	0.001997	0.001054	0.012604
2009	2008	0.001374	0.000154	0.001528	0.001105	0.007057	0.002079	0.001013	0.012782
2010	2009	0.001657	0.000161	0.001818	0.001203	0.007541	0.002635	0.001209	0.014406
2011	2010	0.001728	0.000168	0.001896	0.001294	0.008220	0.003171	0.001229	0.015810
2012	2011	0.001819	0.000177	0.001996	0.001342	0.008812	0.003803	0.001287	0.017240
2013	2012	0.001831	0.000178	0.002009	0.001324	0.008828	0.003773	0.001334	0.017268

CITY OF DRAPER
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Table 7 (Continued)

UTAH COUNTY



CITY OF DRAPER
Principal Property Tax Payers
Current Year and Ten Years Ago
Table 8

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pinnacle Reserve Associates, LLC	\$ 52,681,100	1	1.4%			
Inland Diversified Draper Peaks LLC	39,895,700	2	1.1%			
Inland Coca-Cola Bottling Corporation	37,730,600	3	1.0%			
Liberty Hill Partners, LP	26,201,300	4	0.7%			
IKEA Property, Inc	25,730,100	5	0.7%			
Allegro Investors	25,195,300	6	0.7%			
Miller-Draper, LLC	24,065,900	7	0.6%			
Inland Diversified Draper Crossing, LLC	21,416,800	8	0.6%			
Sorenson Associates The Pointe, LLC	11,250,500	9	0.3%			
Dae/Westbrook, LLC				82,936,340	1	3.7%
TRC Draper LTD Partnership				31,720,200	2	1.4%
Ballard Real Estate Holdings				24,735,700	3	1.1%
Draper Crossing, LC				21,496,100	4	1.0%
SNK Allegro Draper, LC				15,992,500	5	0.7%
CPG Finance II, LLC				10,408,500	6	0.5%
American Heritage-Draper, LLC				9,360,100	7	0.4%
eBay, Inc				9,138,200	8	0.4%
Carramerica Realty, LP				6,868,100	9	0.3%
	<u>\$ 264,167,300</u>		<u>7.0%</u>	<u>\$ 212,655,740</u>		<u>9.6%</u>
Total City Taxable Assessed Value	\$ 3,784,885,000			\$ 2,220,454,145		

Source: Salt Lake County Assessor

CITY OF DRAPER
Property Tax Levies and Collections
Last Ten Years
Table 9

Fiscal Year	Tax Year	Property Tax Rate	Property Tax Levied	Property Tax Collected	Percentage of Levy	Collection in Subsequent Years	Total Collected	Percentage of Levy (1)
2004	2003	0.001354	2,279,822	2,309,928	101.32%	110,694	2,420,622	106.18%
2005	2004	0.001327	2,406,604	2,575,017	107.00%	188,107	2,763,124	114.81%
2006	2005	0.001469	3,095,307	3,344,590	108.05%	127,611	3,472,201	112.18%
2007	2006	0.001274	3,372,712	3,439,242	101.97%	170,320	3,609,563	107.02%
2008	2007	0.001616	5,539,745	5,603,538	101.15%	242,996	5,846,534	105.54%
2009	2008	0.001528	5,794,633	5,652,896	97.55%	429,301	6,082,198	104.96%
2010	2009	0.001818	5,913,950	5,940,791	100.45%	494,740	6,435,531	108.82%
2011	2010	0.001896	5,919,243	5,769,809	97.48%	316,314	6,086,123	102.82%
2012	2011	0.001996	5,958,651	6,004,654	100.77%	411,384	6,416,038	107.68%
2013	2012	0.002009	5,939,100	6,007,083	101.14%	64,743	6,071,826	102.23%

N/A = Not available

(1) Amounts above represent taxes levied by Draper City and amounts collected by Salt Lake and Utah Counties and subsequently distributed to Draper City in that year for that levy. In accordance with Utah State law, the tax levy includes an allowance for both the 3-year average Board of Equalization grants or petition and the 5-year average tax collection rate. The intent of these allowances is to cause actual collections to more closely mirror the actual levy; however, these allowances may also enable actual

CITY OF DRAPER
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
Table 10

<u>Fiscal Year</u>	<u>City Direct Rate (1)</u>	<u>State of Utah</u>	<u>Salt Lake County</u>	<u>Mass Transit</u>	<u>Botanical, Cultural, Zoo</u>	<u>Total</u>
2004	1.000	4.750	0.250	0.500	0.100	6.60
2005	1.000	4.750	0.250	0.500	0.100	6.60
2006	1.000	4.750	0.250	0.500	0.100	6.60
2007	1.000	4.750	0.500	0.500	0.100	6.85
2008	1.000	4.650	0.500	0.550	0.100	6.80
2009	1.000	4.700	0.500	0.550	0.100	6.85
2010	1.000	4.700	0.500	0.550	0.100	6.85
2011	1.000	4.700	0.500	0.550	0.100	6.85
2012	1.000	4.700	0.500	0.550	0.100	6.85
2013	1.000	4.700	0.500	0.550	0.100	6.85

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

(1) Of the total sales taxes assessed by municipalities within the state, 50 percent is distributed based on point of sale and 50 percent is pooled and distributed based on population.

CITY OF DRAPER
Principal Sales Tax Payers
Current Year and Ten Years Ago
Table 11

Taxpayer	2013			2004		
	Sales Tax (1)	Rank	Percentage of Total Sales Tax(1)	Sales Tax (1)	Rank	Percentage of Total Sales Tax(1)
Karl Malone Toyota	N/A	1	N/A			
Ikea	N/A	2	N/A			
Velocity Auto Sales	N/A	3	N/A			
Harmon's Bangerter Crossing	N/A	4	N/A			
General RV	N/A	5	N/A			
Harmon's Draper	N/A	6	N/A	N/A	2	N/A
Geneva Rock	N/A	7	N/A	N/A	1	N/A
Ardell Brown RV Center	N/A	8	N/A			
Smith's Grocery	N/A	9	N/A	N/A	6	N/A
Kohls	N/A	10	N/A			
Fresh Markets				N/A	3	N/A
Albertson's 394				N/A	4	N/A
Wal-Mart Neighborhood Market				N/A	5	N/A
South Valley Motorsports				N/A	7	N/A
Kmart				N/A	8	N/A
Jack B Parson Co.				N/A	9	N/A
Henry Day Auto				N/A	10	N/A
	\$3,148,107		34.73%	\$1,204,061		32.83%
Total Sales Tax	\$9,064,405			\$3,667,041		

(1) Sales tax information is considered proprietary and cannot be shown by individual payer, so the group is shown in the aggregate.

N/A = Not applicable

Source: Utah State Tax Commission

CITY OF DRAPER
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Table 12

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Total</u>		
2004	-	-	-	-	0
2005	7,000,000	-	7,000,000	0.31%	210
2006	6,670,000	-	6,670,000	0.25%	189
2007	6,430,000	-	6,430,000	0.20%	169
2008	6,180,000	-	6,180,000	0.15%	152
2009	5,925,000	-	5,925,000	0.13%	141
2010	5,660,000	-	5,660,000	0.14%	131
2011	5,385,000	-	5,385,000	0.14%	125
2012	5,095,000	-	5,095,000	0.14%	116
2013	4,795,000	-	4,795,000	0.14%	109

Note: Amounts shown do not include deferred amounts related to discounts, premiums, or refunding activities.

(1) See Schedule 6 for property values.

(2) See Schedule 17 for population data.

CITY OF DRAPER
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Table 13

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Sales Tax Revenue Bonds	Lease Revenue Bonds	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases				
2004	-	-	-	13,547,000	495,841	315,000	1,754,310	-	16,112,151	2.43%	662,912,919	524
2005	7,000,000	-	3,955,000	9,127,000	376,642	270,000	-	281,239	21,009,881	2.87%	732,198,372	631
2006	6,670,000	-	3,805,000	14,761,000	254,323	220,000	-	190,321	25,900,644	3.06%	847,071,782	735
2007	6,430,000	-	3,650,000	14,093,000	128,804	170,000	-	190,322	24,662,126	2.57%	959,501,123	647
2008	6,180,000	-	3,495,000	16,266,000	-	115,000	-	95,277	26,151,277	2.38%	1,097,464,410	644
2009	5,925,000	-	3,335,000	15,410,000	-	60,000	-	-	24,730,000	2.40%	1,031,038,246	588
2010	5,660,000	-	3,170,000	14,630,000	-	-	-	1,892,871	25,352,871	2.37%	1,068,454,838	586
2011	5,385,000	-	3,000,000	13,825,000	-	2,015,000	-	1,471,431	25,696,431	2.38%	1,078,537,858	594
2012	5,095,000	-	2,820,000	12,985,000	-	1,935,000	-	1,035,654	23,870,654	2.09%	1,140,256,021	541
2013	4,795,000	-	2,698,500	12,108,000	-	1,853,000	-	584,961	46,325,961	3.57%	1,297,194,694	1,050

Note: Amounts shown do not include deferred amounts related to discounts, premiums, or refunding activities.

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

(1) See Schedule 18 for personal income and population data.

CITY OF DRAPER
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
Table 14

Entity	2013 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Entity's General Obligation Debt	City's Portion of G.O. Debt
Debt repaid with property taxes:					
Direct City Debt					
Draper City General Obligation Bond	\$ 3,784,885,000	\$ 3,784,885,000	100%	\$4,795,000	\$4,795,000
Overlapping Debt					
State of Utah	\$ 196,948,032,879	\$ 3,784,885,000	1.9%	\$ 3,225,435,000	\$ 61,283,265
CUWCD (2)	114,960,383,257	3,784,885,000	3.3%	259,970,000	8,579,010
Salt Lake County Canyons School District (3)	73,317,660,749	3,650,213,119	5.0%	224,720,000	11,236,000
	15,965,535,209	3,650,213,119	22.9%	243,867,400	55,845,635
Total Overlapping					<u>141,738,910</u>
Underlying Debt					
Alpine School District (4)	16,233,984,338	134,671,881	0.8%	373,595,000	2,988,760
Total Underlying					<u>2,988,760</u>
Total Overlapping and Underlying General Obligation Debt					\$ 144,727,670
Total Overlapping General Obligation Debt (Excluding the State of Utah) (5)					\$ 80,455,645
Total Direct General Obligation Bonded Indebtedness					<u>4,795,000</u>
Total Direct and Overlapping General Obligation Debt (Excluding the State of Utah) (4)					<u>\$ 85,250,645</u>

Notes:

(1) Preliminary; subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Central Utah Water Conservancy District (CUWCD) outstanding general obligation bonds are limited *ad valorem* tax bonds. Certain portions of the principal of and interest on CUWCD's general obligation bonds are paid from sales of water. Includes taxable valuation from Salt Lake and Utah counties.

(3) This is the portion of the City within Utah County.

(4) This is the portion of the City within Alpine School District, Utah County

(5) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

CITY OF DRAPER
Legal Debt Margin Information
Last Ten Fiscal Years
Table 15

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 120,845,437	\$ 130,598,462	\$ 153,316,229	\$ 192,728,232	\$ 245,739,601	\$ 274,760,802	\$ 230,466,010	\$ 225,345,481	\$ 207,140,776	\$ 207,191,197
Total debt applicable to limit	-	7,000,000	6,670,000	6,430,000	6,180,000	5,925,000	5,660,000	5,385,000	5,095,000	4,795,000
Legal debt margin	<u>\$ 120,845,437</u>	<u>\$ 123,598,462</u>	<u>\$ 146,646,229</u>	<u>\$ 186,298,232</u>	<u>\$ 239,559,601</u>	<u>\$ 268,835,802</u>	<u>\$ 224,806,010</u>	<u>\$ 219,960,481</u>	<u>\$ 202,045,776</u>	<u>\$ 202,396,197</u>
Total debt applicable to the limit as a percentage of debt limit	0.00%	5.36%	4.35%	3.34%	2.51%	2.16%	2.46%	2.39%	2.46%	2.31%

Legal Debt Margin Calculation for Fiscal Year 2013

Estimated market value	\$ 5,179,779,928
Debt limit (4% of market value)	\$ 207,191,197
Debt applicable to limit (1)	<u>4,795,000</u>
Legal Debt Margin	<u>\$ 202,396,197</u>

(1) Debt margin applies only to general obligation bonds.

(2) Draper City does not maintain a debt service fund.

CITY OF DRAPER
Pledged Revenue Coverage
Last Ten Fiscal Years
Table 16

Sales Tax Revenue Bonds

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	3,863,931	-	-	-	-
2005	4,504,654	145,000	162,154	307,154	14.67
2006	5,580,462	150,000	160,813	310,813	17.95
2007	6,764,067	155,000	157,063	312,063	21.68
2008	7,442,507	155,000	152,800	307,800	24.18
2009	6,794,978	160,000	148,150	308,150	22.05
2010	6,574,579	165,000	142,950	307,950	21.35
2011	6,815,929	170,000	137,175	307,175	22.19
2012	7,434,613	180,000	130,800	310,800	23.92
2013	8,009,456	395,000	597,508	992,508	8.07

Lease Revenue Bonds

Fiscal Year	Lease Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	535,173	135,000	392,772	527,772	1.01
2005	849,044	320,000	411,316	731,316	1.16
2006	400,000	446,000	534,735	980,735	0.41
2007	1,107,597	668,000	628,643	1,296,643	0.85
2008	1,295,567	1,182,000	626,020	1,808,020	0.72
2009	1,560,086	856,000	698,086	1,554,086	1.00
2010	1,451,482	780,000	664,982	1,444,982	1.00
2011	1,446,147	805,000	634,647	1,439,647	1.00
2012	1,449,031	840,000	602,531	1,442,531	1.00
2013	1,475,494	877,000	568,395	1,445,395	1.02

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

CITY OF DRAPER
Demographic and Economic Statistics
Last Ten Fiscal Years
Table 17

Fiscal Year	Population (1)	Percentage Growth	Personal Income (2)	Per Capita Personal Income	Number of residents 18 years and older (1)	Unemployment Rate (3)
2004	30,740		662,912,919	21,565	20,872	5.00%
2005	33,316	8.38%	732,198,372	21,977	22,622	4.10%
2006	35,231	5.75%	847,071,782	24,043	23,922	2.90%
2007	38,147	8.28%	959,501,123	25,153	25,902	2.60%
2008	40,608	6.45%	1,097,464,410	27,026	27,573	3.40%
2009	42,032	3.51%	1,031,038,246	24,530	28,540	6.30%
2010	43,239	2.87%	1,068,454,838	24,710	29,359	7.50%
2011	43,239	0.00%	1,078,537,858	24,944	29,359	6.40%
2012	44,103	2.00%	1,140,256,021	25,854	29,946	5.20%
2013	44,103	0.00%	1,297,194,694	29,413	29,946	4.50%

(1) Source: U.S. Census Bureau, Draper City, Utah

(2) Utah State Tax Commission - Federal Return Data by City (AGI)

(3) Utah Department of Workforce Services - All rates are annual (Years 2004 - 2011). United States Dept. of Labor - Draper City - Fiscal Year Avg. unemployment (Years 2012 - 2013).

CITY OF DRAPER
Principal Employers
Current Year and Nine Years Ago
Table 18

Employer	2013		2005	
	Number of Employees	Rank	Number of Employees	Rank
Utah State Prison	1,000-1,999		1,000-1,999	1
Ebay	1,000-1,999		500-999	5
1-800 Contacts	500-999		500-999	3
Affiliated Computer Services (ACS)	500-999		500-999	2
Coca-Cola	500-999		500-999	6
Edwards Lifesciences	250-499			
O'Curran	250-499			
Harmon's	250-499		100-249	8
EMC Corporation	250-499			
Musician's Friend	250-499		100-249	10
Ballard Medical			500-999	4
Cazier Excavation			100-249	9
Advanta Bank			250-499	7

Source: Draper City business licensing database and personal communication with entities by Draper City personnel. Utah Dept of Workforce Services FirmFind

CITY OF DRAPER
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Table 19

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
General Government										
Executive	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Administrative	8.25	8.75	12.00	12.00	11.50	10.50	8.00	9.00	8.00	8.00
Legal				1.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance/Treasurer	6.00	5.00	6.50	6.50	7.00	6.00	6.25	6.25	5.75	6.25
Information Systems	3.50	2.50				2.00	3.00	3.00	3.00	4.00
Facilities Management	5.82	6.62	7.32	7.75	7.75	7.25	5.50	5.50	5.50	5.50
Fleet Management	1.00	1.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00
Public Safety										
Police	30.62	32.12	38.79	38.60	42.64	43.64	44.64	44.64	47.80	48.30
Fire (1)										
Animal Control	2.50	2.50	3.00	3.00	3.50	3.50	3.50	3.50	3.00	3.00
Courts	5.23	5.23	6.23	6.23	6.23	6.23	5.60	5.60	6.10	5.60
Code Enforcement	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic and Community Development										
Administrative	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00	2.00
Building	10.00	10.00	12.00	12.00	14.00	10.00	8.00	8.00	8.00	8.00
Planning	7.54	7.54	8.50	8.50	9.77	7.00	5.00	5.00	4.00	4.00
Engineering	12.50	13.50	17.50	17.50	17.50	11.50	9.50	8.50	7.50	8.30
Public Works										
Administrative	3.00	3.00	3.00	3.00	3.50	3.75	3.75	3.75	3.75	3.00
Parks	7.00	12.00	15.00	15.00	19.50	19.50	19.50	19.50	19.50	20.00
Recreation					2.32	2.32	1.99	1.99	3.19	4.14
Streets	5.00	4.50	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
General Fund Total	119.96	126.26	147.84	149.08	167.21	155.19	145.23	145.23	146.09	149.09
Enterprise Funds										
Water	4.50	5.33	5.33	6.33	7.66	8.16	8.16	8.16	8.16	8.49
Storm Water	2.00	3.33	3.33	3.33	4.66	5.16	5.16	5.16	6.16	6.49
Solid Waste	0.25	0.83	0.83	0.83	1.16	6.66	6.66	6.66	8.01	8.54
Enterprise Fund Total	6.75	9.49	9.49	10.49	13.48	19.98	19.98	19.98	22.33	23.52
Internal Service Funds										
Class B&C Roads					1.00	2.00	2.00	2.00	2.00	2.00
Traverse Ridge Special Service Dist	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Internal Service Funds Total	2.00	3.00	3.00	3.00	4.00	5.00	5.00	5.00	5.00	5.00
Total Positions	128.71	138.75	160.33	162.57	184.69	180.17	170.21	170.21	173.42	177.61

(1) Fire and ambulance operations are contracted through United Fire Authority.

CITY OF DRAPER
Operating Indicators by Program/Function
Last Ten Fiscal Years
Table 20

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Area (Square miles)	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12
General Government										
Resolutions adopted	104	73	67	77	66	40	58	52	36	85
Fire Protection										
Fire stations	2	2	2	2	2	3	3	3	3	3
Full-time firefighters	21	21.5	21.5	21.5	28.5	28.5	28.5	28.5	28.5	28.5
Part-time firefighters	2	4	4	4	4	4	1	1	1	0
Police Protection										
Sworn police officers	24	25	31	30	34	34	34	34	34	37
Calls for service	16,172	20,672	22,663	22,125	17,309	31,309	41,671	40,419	22,449	25,484
Public Libraries (1)	0	0	1	1	1	1	1	1	1	1
Recreation										
Parks	28	29	29	29	34	34	34	35	36	38
Tennis courts	1	1	1	1	1	4	4	4	4	4
Swimming pools (1)	1	1	1	1	1	1	1	1	1	1
Golf courses (1)	1	1	1	1	1	1	1	1	1	1
Soccer fields	0	0	0	0	2	10	10	10	10	10
Baseball diamonds	5	5	5	5	8	8	8	9	10	10
Trails (in miles)	N/A	N/A	N/A	N/A	55	55	55	67.89	74.25	79.5
Park Acreage	154	1,174 (3)	1,178	1,178	1,318 (2)	1,318 (2)	1,318 (2)	1,318 (2)	1,318 (2)	1,323 (2)
Community Development										
Building permits issued	1,118	1,359	1,473	1,280	827	512	621	587	729	904
Business licenses issued	1,417	1,579	1,508	1,718	1,707	2028	1958	1985	2074	2027

CITY OF DRAPER
Operating Indicators by Program/Function
Last Ten Fiscal Years
Table 20 (Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Works										
Street lights	1,101	1,117	1,118	1,229	1,409	1,965	2,106	2,112	2,152	2,196
Street lane miles (4)	432	451	467	467	467	467	469	475	484	491
Traffic lights	12	12	12	30	34	58	93	93	95	119
Utility - Solid Waste										
Number of customers	N/A	7,528	8,007	8,556	8,835	9,122	9,443	9,378	9,479	9,646
Annual waste tonnage	N/A	15,936	17,207	18,932	17,848	16,467	17,514	15,950	16,765	17,306
Average annual waste per household (in tons)	N/A	2.1	2.1	2.2	2.0	1.8	1.9	1.7	1.8	1.8
Annual recycling tonnage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,218	2,084	2,031
Average annual recycling per household (in tons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.24	0.22	0.21
Utility - Storm Water										
Number of customers	N/A	8,342	8,879	9,549	9,913	10,092	10,315	10,403	10,257	10,205
Storm drain lines (in miles)	85.45	96.44	98.50	99.07	99.07	102.21	108.91	108.91	109.28	111.78
Utility - Water										
Number of customers	2491	2,656	2,917	3,225	3,346	3386	3650	3674	3708	3778
Average daily consumption per household (in gallons)	N/A	772	928	994	900	846	758	766	889	817
Gallons consumed (in millions)	N/A	748.3	988.2	1,169.9	1,098.8	1,045.4	1,009.8	1,026.7	1,203.5	1,126.9
Storage capacity (in millions of gallons)	4.1	4.1	4.1	9.1	9.1	9.1	9.1	9.1	11.4	11.4
Water lines (in miles)	68.45	68.55	77.57	77.88	77.88	77.88	77.88	77.88	77.88	81.63

(1) Owned and operated by Salt Lake County

(2) Includes Salt Lake County Flight Park which is owned and operated by Salt Lake County.

(3) City purchased Corner Canyon.

(4) Includes all lane miles (city-owned, private and pending).

N/A = not available as of year end

**CITY OF DRAPER
DRAPER, UTAH**

SUPPLEMENTARY REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K & C

Keddington & Christensen
Certified Public Accountants, LLC

**DRAPER CITY
SUPPLEMENTARY REPORTS
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Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**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
Members of the City Council
City of Draper
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 the City of Draper, as of and for the year ended June 30, 2013, which collectively comprise the City of Draper's (the City) basic financial statements and have issued our report thereon dated December 17, 2013.

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 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.

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 were not identified. However, as described in the accompanying *Schedule of Findings and Recommendations*, we identified 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 a deficiency described in the accompanying *Schedule of Findings and Recommendations* to be a material weakness.

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 a deficiency described in the accompany *Schedule of Findings and Recommendations* to be a significant deficiency.

Compliance and Other Matters

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

City of Draper's Response to Findings

City of Draper's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. City of Draper's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keddington & Christensen, LLC

December 17, 2013



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**INDEPENDENT AUDITOR'S REPORT
ON STATE OF UTAH
LEGAL COMPLIANCE**

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

Report on Compliance

We have audited the City of Draper's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013. The general compliance requirements applicable to the City are identified as follows:

Cash Management	Budgetary Compliance
Fund Balance	Justice Courts
Impact Fees	URS Compliance
Transfers from Utility Enterprise Funds	Government Records Access Management Act
Open and Public Meetings Act	

The City received the following major assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Auditor's Responsibility

Our responsibility is to express an opinion on Draper City's compliance based on our audit.

We conducted our audit 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 of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Draper City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying *Schedule of Findings and Recommendations*.

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, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

We did note 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 Recommendations*.

The Draper City's Response to Findings

Management's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of 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.

Keddington & Christensen, LLC

December 17, 2013

Draper City
Schedule of Findings and Recommendations
For The Year Ended June 30, 2013

SIGNIFICANT DEFICIENCY

SEGREGATION OF DUTIES

Finding:

During our audit we noted that certain accounting individuals have access to physical assets and also perform the related accounting and reconciling functions for those assets. This appears to be a result due to the size of the finance and accounting staff.

Recommendation:

The City should ensure that proper review and oversight functions are in place to compensate for the lack of segregation of duties.

City Response:

Management will implement procedures to ensure proper review and oversight of the reconciliation of the physical assets of the City.

MATERIAL WEAKNESS

MATERIAL ADJUSTMENTS

Finding:

During our audit we noted that there were various accounting areas that needed material audit adjustments in order to be compliant with generally accepted accounting principles (GAAP). These areas included: accrual of yearend sales taxes, accrual of yearend B&C road money, accrual of yearend construction costs, accrual of interest expense on debt, accrual of yearend payroll liability, recognition of changes in the equity investment in the Trans-Jordan landfill, recognition of bond proceeds in the incorrect fund, nonrecognition of a long-term note receivable in the general fund, recognition of bond draw and construction expenditures in the incorrect fund, and recognizing revenue before recognition criteria had been met. It appears that these areas of accounting were not reviewed for adherence to the respective accounting principles. The lack of a proper review could lead to the City's financial statements being materially misstated in accordance with GAAP.

Recommendation:

We recommend that a regular secondary review of the City's accounting be implemented by an individual adequately trained to ensure the City's accounting is compliant with GAAP.

City Response:

City Management strongly supports adhering to generally accepted accounting principles (GAAP). Management will work with staff to properly identify the necessary training to ensure the City is in compliance with these principles.

Draper City
Schedule of Findings and Recommendations (Continued)
For The Year Ended June 30, 2013

STATE OF UTAH LEGAL COMPLIANCE

EXPENDITURES IN EXCESS OF BUDGET

Finding:

Utah State Code Section 53a-17 states, “Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund”. During our audit we noted that the Municipal Building Authority Fund had expenditures that exceeded total appropriations by \$345,717.

Recommendation:

We recommend that the City closely monitor expenditures in the funds to ensure the City is in compliance with Utah State Code.

City Response:

City Management agrees with this finding which was related to the issuance of the 2012 Series B bond. Management will ensure that appropriate steps are implemented to monitor compliance and to avoid any future budget overruns.

OPEN & PUBLIC MEETINGS ACT

Finding:

Utah State Code Section 52-4-104 states, “The presiding officer of the public body shall ensure that the members of the public body are provided with annual training on the requirements of this chapter [open & public meetings Act].” During our audit and through inquiry of management sufficient evidence could not be provided that the specified annual training was provided to all members of the council.

Recommendation:

We recommend that the City provided annual training to all the members of the governing body on the requirements of open and public meetings and retain evidence of the training.

City Response:

In Fiscal Year 2013, Draper City’s Attorney did provide training for public officials regarding Open & Public Meeting Act. In Fiscal year 2014, Management will provide the necessary required training for the Open & Public Meeting Act and document the training.