

CITY OF URBANDALE, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED: June 30, 2007



Preschool Firefighters

Photograph by Fandel of the Des Moines Register

CITY OF URBANDALE, IOWA
Comprehensive Annual Financial Report
Years Ended June 30, 2007 and June 30, 2006



INTRODUCTORY SECTION

CITY OF URBANDALE, IOWA

Table of Contents

	Page
INTRODUCTORY SECTION	
Table of Contents	I
Organization Chart and Principal Officials	V
Certificate of Achievement	VI
Letter of Transmittal	IX
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statements of Net Assets	18
Statements of Activities	22
Fund Financial Statements	
Balance Sheet – Governmental Funds, 2007	24
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets, 2007	25
Balance Sheet – Governmental Funds, 2006	26
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets, 2006	27
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, 2007	28
Reconciliations of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – to the Statement of Activities , 2007	29
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, 2006	30
Reconciliations of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – to the Statement of Activities , 2006	31
Statements of Net Assets –Proprietary Funds	30
Statements of Revenues, Expenses, and Changes in Net Assets –Proprietary Funds	33
Statements of Cash Flows –Proprietary Funds	34
Statements of Fiduciary Net Assets	35
Notes to Financial Statements	36
Required Supplementary Information:	
Budgetary Comparison Schedules of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash-Basis) – Governmental Funds	60
Notes to Required Supplementary Information – Budgetary Reporting	62

CITY OF URBANDALE, IOWA

Table of Contents, Continued

	Schedule	Page
Other Supplementary Information:		
Combining Balance Sheets – Nonmajor Governmental Funds	1	66
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	2	70
Combining Statements of Net Assets – Proprietary Funds	3	74
Combining Statements of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	4	78
Combining Statements of Cash Flows – Proprietary Funds	5	76
Combining Statements of Fiduciary Net Assets	6	77
Combining Statements of Changes in Assets and Liabilities – Agency Funds	7	78
 STATISTICAL SECTION (UNAUDITED)		
	Table	Page
Financial Trends and Revenue Capacity Information:		
Changes in Net Assets: Accrual Basis	I	81
Governmental Activities Tax Revenues By Source: Accrual Basis	II	82
Net Assets by Component: Accrual Basis	III	82
Fund Balances of Governmental Funds: Modified Accrual Basis	IV	83
Changes in Fund Balances of Governmental Funds: Modified Accrual Basis	V	84
Governmental Activities Tax Revenues By Source: Modified Accrual Basis	VI	85
Assessed Value and Estimated Actual Value of Taxable Property	VII	85
Principal Property Taxpayers	VIII	86
Property Tax Levies and Collection	IX	86
Debt Capacity Information:		
Ratios of Outstanding Debt by Type and General Bonded Debt	X	87
Property Tax Rates: Direct and Overlapping Governments	XI	87
Direct and Overlapping Government Activities Debt	XII	88
Legal Debt Margin Information	XIII	89
Demographic and Economic Information:		
Demographic and Economic Statistics	XIV	90
Principal Employers	XV	90
Operating Information:		
Full-time Equivalent Employees as of June 30	XVI	91
Operating Indicators by Function	XVII	92
Capital Asset Statistics by Function	XVIII	93

REPORTS ON COMPLIANCE AND ON INTERNAL CONTROLS

Page

Report on Internal Control Over Financial Reporting and Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Governmental
Auditing Standards*

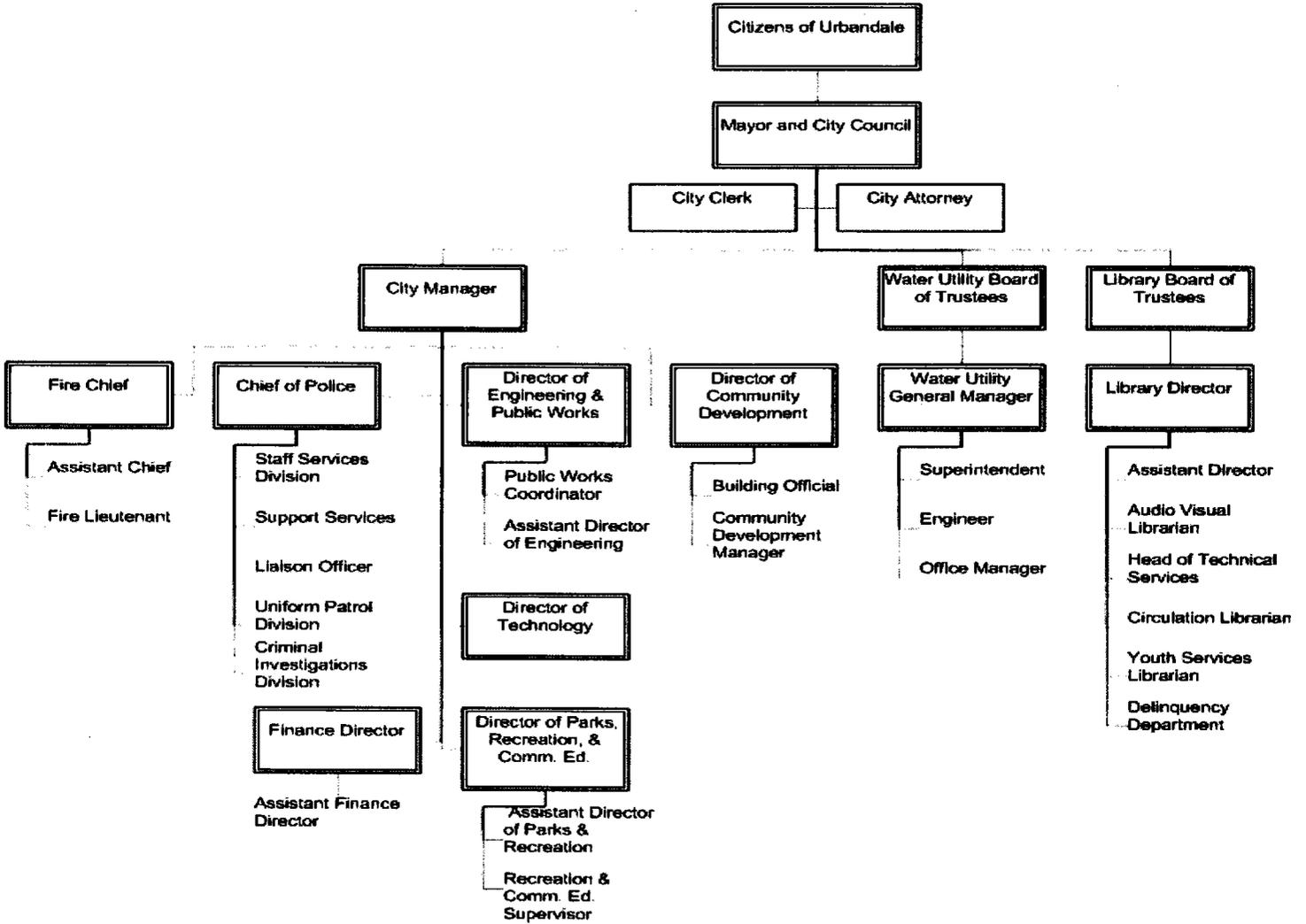
95

Schedule of Findings

97



CITY OF URBANDALE, IOWA



Note: Library operations are under the supervision of the Library Board.
 Water operations are under the supervision of the Water Utility Board.

<u>Name</u>	<u>Title</u>
Robert D. Andeweg	Mayor
John Forst	Mayor Pro Tem
John Forbes	Council Member
Mary Polson	Council Member
Ron Pogge	Council Member
Doug Getter	Council Member
Robert Layton	City Manager
Nicole Lamb	Finance Director
Kim Keisler	Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbandale
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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 Urbandale, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.





City of
Urbandale

December 11, 2007

The Honorable Mayor and
Members of the City Council
City of Urbandale, Iowa:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Urbandale, Iowa, (the City) for the fiscal years ending June 30, 2007 and 2006 (FY07 and FY06), in accordance with the provisions of Section 384.22 of the Code of Iowa and accounting principles generally accepted in the United States of America (GAAP).

The Comprehensive Annual Financial Report includes all governmental activities, organizations, and functions controlled by or dependent upon the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Urbandale Water Utility (the Water Utility) is legally separate but the City is financially accountable for it. A three-member board appointed by the City Council governs the Water Utility, and the Water Utility's operating budget is subject to the approval of the City Council. The Water Utility provides water service exclusively to the citizens of Urbandale on behalf of the City. The Water Utility is reported as a discretely presented component unit of the City.

The City is responsible for the accuracy of the data presented in the Comprehensive Annual Financial Report. To the best of our knowledge and belief, the government-wide financial statements, fund financial statements, budgetary comparison, management's discussion and analysis and statistical tables included in this report, present fairly the financial condition of the City. To provide a reasonable basis for making these representations, internal controls have been established within the Finance and Records Department. The internal control framework is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls are adequate to ensure the continued integrity of the City's financial management practices.

The Code of Iowa requires an annual audit be made of the books of accounts, financial records, and transactions of all administrative departments of the City by the State Auditor or by a certified public accountant selected by the City Council. Eide Bailly LLP, Certified Public Accountants, conducted the audits for FY07 and FY06. The independent audits involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audits, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for FY07 and FY06 are fairly presented in conformity with GAAP. The independent auditors' report has been included in this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal was designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Urbandale, incorporated in 1917, is located in central Iowa, adjacent to the City of Des Moines. The City also shares common borders with five other communities. The City occupies a land area of approximately 22 square miles, located both in Polk and Dallas counties. The City's official 2005 population was 35,904. Since 1980, Urbandale has been one of the fastest growing cities in Iowa, experiencing a population growth of approximately 100% during that period of time.

In 1965, the City Council adopted the Mayor-Council, with City Manager, form of government by ordinance. The policy making and legislative authority is vested in the City Council, which consists of five members. The City Council Members are elected on an at-large basis and serve four-year staggered terms. The Mayor serves as the chief executive officer for the City and presides over the City Council meetings. The City Council is responsible for adopting ordinances and resolutions, appointing board and commission members, adopting the annual operating budget and capital improvements program, authorizing contracts and hiring the City Manager, City Attorney and City Clerk. The City Manager serves as the chief administrative officer and is responsible for executing the policies of the City Council, supervising the day-to-day operations of the organization and hiring, firing and disciplining the organization's employees. However, the City Manager does not directly supervise the activities of the Water Utility and Library. These operations are governed by separate boards, which are appointed by the Mayor and City Council. Each board appoints a director to oversee the administrative operations of the department.

The City provides a wide range of public services, including police, fire and emergency medical service, library, parks and recreation, animal control, street maintenance, solid waste collection, code enforcement, water and sanitary and storm sewer. Additionally, the organization is supported by several administrative operations, including technology, community development, city manager, finance and records and legal. The annual budget represents the operating plan for all of these functions. Additionally, this document serves as a financial planning and control mechanism for the City. All departments are required to submit budget requests to the City Manager's office by early December. These requests are reviewed by the City Manager and a recommended operating budget is formulated for the City Council's consideration. In January and February, the Mayor and City Council participate in a series of work sessions to review the budget recommendations and to formulate a final budget document. The Code of Iowa requires the City Council to conduct a public hearing on the proposed budget and to adopt the final document by March 15. The City's expenditures are grouped into functions. The expenditure levels approved in the budget may not be exceeded on a function level unless a budget amendment is approved by the City Council. To assist the City Council in its monitoring of expenditures and revenues, quarterly budget summaries are prepared by the Finance and Records Department. Budget to actual comparisons are provided in this report for the Governmental Funds, on pages 60 and 61, respectively.

ASSESSMENT OF ECONOMIC CONDITION

To better understand the context of the City's financial statements, the following background information is provided for the reader.

Local Economy

The level of residential construction slowed somewhat in Urbandale during FY07. The number of residential permits dropped from 650 in FY06 to 416 in FY07. However, FY07 still matched the record residential growth rates of the late 1980's and early 1990's. Several other communities in the Des Moines metro area experienced similar residential permit trends, reflecting the slowdown in residential starts on a national level. It is anticipated that residential growth may continue to slow during the next year, resulting from higher interest rates and an increase in the cost of construction materials. Urbandale continues to have significant potential for residential development, with an estimated 850 lots currently ready for housing construction.

Commercial and industrial development grew significantly in FY07 in terms of valuation, deviating from the trend of slight growth generally experienced in other jurisdictions in the Des Moines metro area and nationally. Urbandale has approved plans for over 606,000 square feet of commercial and industrial development and has a significant land supply for continued growth. These factors make it likely that Urbandale will continue to experience steady commercial and industrial development during the next several years.

Permit and valuation data for the previous two fiscal years are summarized in the following table:

	<u>Fiscal Year 2007</u>		<u>Fiscal Year 2006</u>	
	<u># of Permits</u>	<u>Valuation</u>	<u># of Permits</u>	<u>Valuation</u>
Residential	416	\$ 61,066,923	650	\$ 99,874,313
Nonresidential	121	71,275,692	121	29,242,632
Miscellaneous minor	356	1,407,950	386	739,523
Total	<u>893</u>	<u>\$ 133,750,565</u>	<u>1,157</u>	<u>\$ 129,856,468</u>

Long Term Financial Planning

In 1981, the City Council approved fiscal performance goals for the City’s operations. These goals concentrated on revenue, expenditure, reserve, investment, capital improvement, debt and financial reporting performance and were designed to maintain or improve the City’s financial position. In approving the fiscal performance goals, the City Council emphasized the need for balancing current economic conditions in the community with the residents’ demands for effective service delivery. The preparation of the City’s annual operating budget and the five year capital improvements program are governed by the fiscal performance goals. As a result of these goals, the annual operating budget has been prepared on a two year basis, fund balances have been maintained at adequate levels and the property tax levy rate has remained relatively stable for the past fourteen years. To further assist the planning process for the operating budget, the City Council has approved long term staffing and long term financial plans and adopted a strategic plan for technology.

The long term improvement of the City’s infrastructure is outlined in the five-year capital improvements program (CIP), which is currently under review by a citizen’s advisory committee. The recommended FY08 capital improvements program anticipates the expenditure of \$20,063,400 for various park, bridge, sidewalk, storm sewer, street, traffic signal, public building and water system improvements. Property tax supported general obligation bonds will provide approximately \$10,157,600 million of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

FY07 and FY08 Initiatives

The Mayor and City Council in FY07 and FY08 initiated several programs and policies that will influence the City’s financial operations. The key initiatives included the following:

- In 2007, Urbandale was recognized as one of the top 100 places to live in America by CNN and Money Magazine. The City’s ranking jumped from 53rd in 2005 to 39th in 2007. Urbandale’s ranking was attributed to a favorable housing market, low crime rate and exceptional quality of life. This achievement will be highlighted in the City’s and the Urbandale Chamber of Commerce’s marketing materials during the next two years.
- The second phase of the Police Station expansion project was started in FY07. This phase of the project will include the construction of offices for the detective and internal affairs division, an office for the property officer, a property and evidence storage area, a report writing office, conference rooms, locker rooms, and public restrooms. Additionally, the existing Police Station will be partially remodeled. The cost for this work

will be approximately \$2,090,000, which will be funded through the sale of general obligation capital loan notes.

- In order to address possible terrorist threats and to collect intelligence data related to terrorism, a regional homeland security unit was created in FY07. The unit is comprised of a tactical unit, a bomb squad, a fusion center and an identification section. The annual cost for this initiative is approximately \$1.5 million, with Urbandale's share totaling approximately \$58,000. An intergovernmental agreement for the program describes the purpose and staffing arrangements for each of the program's components; establishes the protocols for utilizing the program's services; defines the funding responsibilities; and establishes a reporting mechanism. A total of 21 jurisdictions are participating in the program.
- The City Council designated certain records related to emergency preparedness as confidential in FY07. This information was designated confidential since its disclosure could reasonably be expected to jeopardize the safety of employees, visitors, persons or property in the care of the City. Some of the records included under this designation included public building plans and security response plans. This action was authorized by the Iowa Legislature in 2006.
- In FY08, the City assumed funding responsibility for a restorative justice program that targets juvenile offenders. Typical offenses handled by the program include possession of alcohol, illegal substances or paraphernalia, theft, and harassment. To participate, a youth must accept responsibility for his/her crime. An intake screening process assesses the youth's strengths and deficits and determines if a referral for assistive services is needed. Additionally, the youth must participate in a restorative justice intervention. In its first year, 167 youth offenders successfully completed the program. The annual cost for the program is approximately \$31,500.
- A suburban emergency response team was created by the cities of Urbandale, West Des Moines, Clive and Windsor Heights in FY06. The unit was expanded in FY07 to include Altoona and Johnston. This team provides specialized tactical and crisis negotiation responses for critical incidents in high risk situations. This unit has two entry teams, one crisis intervention team and one long rifle unit. The entry teams also assist in the planning and execution of high risk and drug related search warrants. Each city is responsible for the cost of its employees in the unit.
- To enhance the City's fire service, a new ladder truck was purchased in FY08, at a cost of \$751,572. This unit was equipped with a 100 foot aerial ladder, six ground ladders and three sizes of hose totaling 1,875 feet in length. The new truck replaced a 1986 unit.
- In 2001, the City Council adopted a Multi-Hazard Mitigation Plan jointly prepared by the City and the Polk County Emergency Management Agency. The plan identified risks from natural and technological disasters and the resources required for the City to recover from a disaster. The City recently agreed to participate in a multi-jurisdictional effort with the PCEMA to develop a new plan. This plan should be completed in FY08.
- In FY07, the City formalized its participation in the Metro Area Fire Investigators Task Force. The task force is comprised of fire investigators from twelve public safety agencies. The group discusses fire causes and suspicious fires in the area to determine if there are similar patterns. Additionally, it provides investigative assistance when requested by a member jurisdiction.
- The fire and EMS operations for the cities of Clive, Urbandale and West Des Moines were awarded a loan in the amount of \$100,000 by the Iowa Department of Management for the purchase and installation of fiber optic cabling and videoconferencing equipment. The cabling and equipment allowed the three cities to conduct emergency services training in one location while the training is viewed simultaneously at the other two locations. This system was installed in FY07.

- The City's building, residential, and fire codes were updated in FY08. The revised codes reflect the changes instituted by the international codes. Additionally, several amendments were approved to make the codes more consistent with other communities in the metropolitan area.
- In FY07, the City joined with twenty other jurisdictions to create the Metro Licensing Board of Examiners. This initiative would have consolidated trade licensing and created regional mini-boards of examiners for the electrical, mechanical and plumbing codes. The program was to be administered by the City of Des Moines. Since all of the licensing revenue was to be retained by Des Moines, it was estimated that Urbandale would have lost approximately \$25,000 in annual revenue. However, before this program could be started, the Iowa Legislature created a statewide licensing program. The statewide program will replace the metro effort but will not be operational until FY09.
- The Walnut Creek Regional Park Master Plan was approved by the City Council in FY07. As noted in the Master Plan, this park will primarily consist of woodlands and protected open space, with limited improvements such as bike paths, gardens, picnic areas and a nature center. It is estimated that \$2.9 million will be needed to construct the projects recommended in the Master Plan through 2010. Since 1995, the City has been able to acquire 186.36 acres for the park, which is expected to eventually reach 227 acres in size. The first trail segment in the new park will be constructed in FY08.
- Phase IV of the Walker Johnston Regional Playground Project will be completed in FY08. This phase will expand the elevated deck of the treehouse and install a wood fort play structure, a rope bridge and a climbing net. The cost for this work will be approximately \$147,000.
- In response to concerns expressed by the American Lung Association, the City Council approved a prohibition of tobacco products in all park areas where youth 17 years old and younger participate in organized recreational activities. The City Council also approved a total ban in the City's skateboard park.
- In February, 2007, Urbandale voters rejected a plan to construct a community center and an outdoor wading and splash pool, at a cost of \$21 million. The facility would have contained three basketball courts, a walking/jogging track, a leisure pool, a wave pool, a lap pool, a fitness center, a community room and a child care center. The project would have also provided for the construction of a new wading and splash pool at Lions Park. After the vote, the Mayor and City Council appointed a citizens committee to explore options for the City's aquatic programming. These options include the upgrading of the existing swimming pool, the construction of an outdoor aquatics center and the construction of a new indoor aquatics center. It is anticipated that the committee will formulate its recommendations in early 2008.
- Voters in the region also rejected a one cent sales tax to fund Project Destiny in FY07. Proceeds from this tax would have been used to reduce property taxes, fund quality of life amenities and finance local improvement projects. It was estimated that the Project Destiny sales tax would have generated \$75 million annually.
- Due to the City's continued growth in Dallas County, Douglas Parkway was improved in FY07 and FY08. This project provided for the construction of a four-lane bridge, with sidewalks, over Walnut Creek. Additionally, Douglas Parkway was paved as a four-lane roadway from approximately 142nd Street to 156th Street. The cost of these improvements was approximately \$5.1 million.
- In FY08, the City will replace the Waterford Road bridge at Walnut Creek. This bridge has the lowest IDOT bridge rating of all structures in the City. A grant has been received from the Iowa Department of Transportation for the bridge replacement and paving project, resulting in a contribution of approximately \$562,400 for the \$1.1 million project.

CITY OF URBANDALE

- Construction is nearing completion on another bridge project in Dallas County, the 156th Street bridge over Little Walnut Creek. This project provides for the installation of two 120 foot long bridges, each with a 32 foot width. These bridges will accommodate north and south bound traffic on 156th Street. A trail connection is also under construction. The total cost for this project is approximately \$1.4 million.
- In FY08, Polk County and the cities of Johnston, Grimes and Urbandale completed two interchange justification studies for locations along the I35/80 corridor. The studies revealed that traffic volumes, based on the MPO's current traffic modeling, could not justify the construction of interchanges at 100th Street and Meredith Drive at the present time. However, it was noted that the MPO's new traffic modeling work may produce different results in the future, especially for the 100th Street interchange. The jurisdictions have received \$1,020,000 in Federal grant funds for the first phase of the 100th Street Interchange Project and these funds were matched by \$255,000 in local funds. The Iowa Department of Transportation has approved the use of these funds for the completion of the preliminary and final designs for the interchange and bridge.
- Significant growth in the Interstate corridor was experienced during both years. In FY08, property tax rebates were provided to twenty office and industrial developments located in the Northwest Market Center tax increment district. Additionally, tax increment funds were allocated for the construction of Plum Drive, between 100th Street and Northwest Urbandale Drive; 128th Street, north of Meredith Drive; and Northpark Drive, east of 100th Street.
- In response to increased traffic volumes, the cities of Johnston and Urbandale approved a funding agreement for the construction of new turn lanes at 86th Street and Northpark Drive in FY07. This project will widen 86th Street to allow for dual northbound and southbound left turn lanes at the Northpark Drive/Birchwood Court intersection. The total cost for the project will be \$795,000, with Urbandale's share estimated to be \$404,000.
- In order to address growing traffic problems and to accommodate a new elementary school in the Johnston School District, NW 54th Avenue and 72nd Street, north of Meredith Drive, were paved in FY07. This project was jointly funded by Polk County and the cities of Johnston and Urbandale and included the installation of a traffic signal and northbound left turn lane at the intersection of 72nd Street and Meredith Drive. Under the funding agreement, Polk County contributed \$2,220,000 for this project, with Johnston contributing \$650,000 and Urbandale contributing \$230,000.
- The Iowa Department of Transportation awarded the cities of Clive and Urbandale \$500,000 in Congestion Mitigation and Air Quality funding and \$390,000 in Traffic Safety Improvement Program funding for the 86th Street & Hickman Road Intersection Improvement Project. This project provides for the construction of auxiliary turn lanes and the installation of a new traffic signal at the 86th Street and Hickman Road intersection. It is anticipated that these improvements will be completed in FY08, at a cost of \$1.4 million.
- The cities of Windsor Heights and Urbandale recently received a \$200,000 Congestion Mitigation and Air Quality grant from the Iowa Department of Transportation for the improvement of the 70th Street and Hickman Road intersection. This project will add left turn lanes on 70th Street and modify the traffic signal to accommodate the new geometry. The project is currently under design and is scheduled for bidding in March, 2008.
- In FY07, the City contracted with the Center for Transportation Research and Education to conduct a pavement condition inventory. Under this contract, all of the City's streets were analyzed and pavement condition data was generated. This data will serve as the foundation for an update of the City's Street Management Report, which identifies future street rehabilitation projects.
- The City recently applied to the Iowa Department of Transportation for assistance with the construction of 128th Street, from Meredith Drive to the City's north corporate limit. This improvement is needed to

accommodate new development in the Paragon Office Park. The roadway would be constructed with four travel lanes and traffic signals would be installed at Plum Drive and Meredith Drive. Polk County has also pledged \$200,000 for the construction of this improvement. It is anticipated that the southern section of the road, from Meredith Drive to Aurora Avenue, would also be constructed in FY08.

- In FY07, the City modified a development agreement with the owners of Paragon Office Park, 128th Street and Meredith Drive, to include a full ten year property tax rebate for the construction of a Class A commercial office building with at least 90,000 square feet of space. In order to receive this incentive, the developers were required to make a minimum investment of \$13,950,000. The estimated value of the rebate is \$4,267,640. As an alternative, the developer was allowed to seek reimbursement for the cost of infrastructure improvements in the Paragon Office Park, in an amount not to exceed \$4,267,640. This incentive package was partially responsible for attracting Marsh and McLennan Companies, Inc. to the development. The company is building a 215,000 square foot office building to accommodate approximately 1,065 employees and is considering a 50,000 square foot addition.
- A significant Urbandale business, Homemakers Furniture, started an addition of 164,000 square-feet of space to its existing 300,000 square-foot showroom and warehouse building in FY08. The expansion of this facility will cost approximately \$25 million and will create 36 new jobs. To assist with this project, the City provided a \$500,000, 2% interest loan, to be repaid over a five-year period. Tax increment funds are financing the difference between the Homemakers repayment and the debt service for the capital loan notes, which is estimated to be \$88,798 over the five-year period.
- Due to the growing demand for new retail development in Urbandale, a special subcommittee of the Planning and Zoning Commission and City Council was formed to study the impact of retail uses in the interstate corridor. To assist the subcommittee with its work, a consultant was hired to survey current development and commercial market conditions in the City and surrounding areas and to develop a conceptual land use plan for the interstate corridor. The consultant completed this work in FY07 and identified potential sites for various retail uses, including big box stores and shopping centers. The consultant's recommendations were endorsed by the subcommittee and eventually approved by the City Council, with limited modifications.
- In order to comply with the National Pollutant Discharge Elimination System requirements, the City Council adopted a Construction Site Erosion and Sediment Control ordinance in FY07 and a Post Construction Storm Water Ordinance in FY08. These ordinances were prepared by staff representatives from the cities of Clive, Waukee, West Des Moines and Urbandale. Both ordinances attempt to eliminate erosion from construction and reconstruction sites. Under these programs, the City is allowed to inspect a private property to ensure compliance with NPDES standards.
- In 2006, the City entered into a three year agreement with a local vendor for the mowing of medians, roadsides and public rights-of-way, at a cost of \$194,233. In FY07, the vendor terminated the agreement and the City solicited new proposals for this service. The mowing of rural rights-of-way was switched from the private vendor to City crews. However, the cost for the remaining services still increased by approximately \$18,000 under the new vendor.
- The Metro Waste Authority awarded the City a \$63,038 Curb It! grant in FY07. The proceeds from this grant were used to promote recycling in Urbandale; to purchase equipment for the City's solid waste program; to purchase promotional yard waste bags; to purchase 350 automated solid waste containers; and to initiate a pilot program for the covering of recycling bins.
- In 2001, the cities of Clive, Johnston, West Des Moines and Windsor Heights created the WestHELP home improvement program. This program provided \$12,500 in forgivable loan funds for homeowners wishing to upgrade their properties. In order to make the program more attractive to outside funding agencies and to

provide a larger base for the sharing of administrative costs, its membership was expanded in FY07. The program was renamed the Metro Home Improvement Program and the cities of Altoona, Ankeny, Bondurant, Grimes, Pleasant Hill and Polk City were added as members.

- Also in 2001, the City Council adopted the Strategic Plan for Technology. This plan noted that Urbandale would use technology to gain a strategic advantage over other communities and to enhance Urbandale's standing as a world-class city. The plan was updated in FY07 to recognize the City's technology accomplishments and to identify new initiatives in the areas of Service to the Community, Workforce Support and Technology Management.
- In an effort to reduce the City's cost for natural gas, the City Council authorized participation in the Iowa Joint Utility Management Program (IJUMP), a joint energy purchasing pool, during FY07. IJUMP's savings are derived from purchasing under one statewide contract, sharing the administrative costs and fees among all participants, and maximizing both the natural gas volume purchased and the number of participants. It is estimated that the City's annual savings will range from \$3,000 to \$10,000 depending on the severity of the winter.
- The City's financial management and payroll system will be upgraded in FY08. The new system will utilize a web-browser based platform to operate the general ledger, budgetary reporting, purchasing, accounts payable and payroll functions. All of the existing records will be converted to the new system by July 1, 2008. The cost for the system is estimated to be \$200,000.
- Two actions were taken by the City Council in FY07 to enhance the City's workers compensation program. First, Iowa Methodist Occupational Medicine was designated as the healthcare provider for all work related injuries and illnesses. This action should improve the level of care for injured employees. Second, a return to work policy was adopted. This policy will allow employees to perform alternate work assignments during their rehabilitation periods.
- The City Council also adopted three important expense policies in 2007. First, it approved a Public Improvement Policy and Procedures Manual. This document established the bid requirements for three levels of public improvement projects. Second, it approved a Purchasing Policy and Procedures Manual. This manual established five tiers of cost thresholds and the bid procedures related to each tier. It also created a "buy local" component. Third, an Employee Travel Policy and Procedures Manual was approved. This document provided guidance on a full range of travel related situations and expense categories.
- Working with the Iowa Department of Administrative Services, an Urbandale Management Training Program and an Urbandale Certificate Program were established in FY08. The training program consists of eight training sessions offered quarterly over the next two years. The certificate program affords managers and supervisors the opportunity to take an additional five courses over an additional two year period of time. These programs are offered to all of the organization's managers and supervisors.
- The City's cable television franchise agreement expired on December 17, 2006. The City Council approved a renewal process and employed a cable attorney to coordinate the negotiation process. Negotiations were conducted for a year but did not result in a new franchise agreement or community service agreement. Instead, the provider opted to file for a State franchise as authorized by the 2007 Iowa Legislature. Under this arrangement, the City will continue to collect franchise fees and receive the use of two local access channels.
- In FY07, a charter was approved for the City's Audit Committee. The Charter outlines the responsibilities and duties of the Committee as it relates to the appointment of the independent accounting firm, the review of reports from both management and the external auditor on the City's finances, compliance, and internal control policies, the review of related party transactions, and regular reporting to the City Council. The City

Council also adopted a Whistle-Blower Policy and a Policy Statement on Conflict of Interests, Code of Ethics and Gifts. The Policy Statement was amended in FY08 to reflect the proper treatment of employee honorariums.

Cash Management Policies and Practices

Cash temporarily idle for operations for more than thirty days was invested in time certificates of deposit at least at the minimum rate as prescribed monthly by the State Treasurer's office and in financial instruments of the federal government. The City Council's investment policy is to offer these investments to local banks. During FY07, all temporarily idle cash was accepted by local banks. If not accepted by local banks, the investments would have been offered to banks in Des Moines, Iowa. Interest income from investments in FY07, exclusive of the Component Unit, was \$1,390,248, compared to income of \$999,332 in FY06.

Risk Management

In 1983, the City converted to a self-funded group health insurance plan. This program was designed to reduce health insurance costs through the assumption of additional risk. During the past twenty-four years, the City has realized a significant savings from self-funding and has been able to establish an insurance reserve fund. Proceeds from this reserve were utilized to reduce the General Fund and Road Use Tax Fund contributions for health insurance in FY07. The City's health insurance program was modified in FY06 to provide employees with a new Preferred Provider Organization (PPO) coverage option. This plan has higher deductible levels than the other PPO option and replaces the City's basic indemnity plan.

FY89 marked the first year of the City's participation in the Iowa Communities Assurance Pool. This program combines traditional insurance coverage with a risk pooling arrangement. The City's comprehensive general liability, automobile, police, property and public officials liability coverage are provided directly by the pool. The remaining portion of the City's insurance program, workers compensation, was once again placed with the Iowa Municipalities Workers Compensation Association. This program also utilizes a pooling concept to provide cities and counties with workers compensation coverage. Both public sector pools are in sound financial condition and should present the City with long-term premium savings.

The City's risk management program also involves a loss control and accident review program. Through the property and casualty insurance pools, the City receives loss control services. The pools review City operations on a periodic basis and submit recommendations for safety improvements. All claims submitted against the City are also reviewed to determine if changes are needed in the safety program. A City-wide safety committee has been established to review all employee accidents and to establish a safety policy manual. The safety committee receives technical assistance from the Des Moines Water Works Safety Officer under a contractual arrangement. The safety committee also meets annually with the City's management staff to discuss possible improvements in the safety program. All of these actions should reduce the City's potential for personal injury, property damage and liability claims.

Pension Benefits

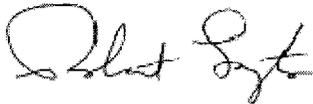
The City contributes to the Municipal Fire and Police Retirement System of Iowa for its sworn officers in the Police Department and full time staff in the Fire Department. The City contributes to the Iowa Public Employees Retirement System for all other employees. Both of these State-wide systems provide retirement, disability and death benefits for its members and beneficiaries, which are established by State statute. The City is required to contribute a percentage of an employee's annual income, as established by the systems. Additional information regarding the two retirement systems is contained on pages 52 and 53 of the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for FY06. This is the highest form of recognition in the area of governmental financial reporting. The Comprehensive Annual Financial Report for the year ended June 30, 2007 will be submitted to GFOA for review.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance and Records Department. Special recognition is due to Ms. Kim Keisler, Assistant Finance Director, Ms. Su Zanna Prophet, Assistant City Manager, and Ms. Debra Mains, City Clerk. We also wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert L. Layton
City Manager



Nicole M. Lamb
Finance Director

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Urbandale, Iowa

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa (the City), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Urbandale. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of June 30, 2007 and 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Urbandale. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
December 11, 2007

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

This section of the City of Urbandale's (the City) Comprehensive Annual Financial Report presents management's discussion and analysis of the City's fiscal performance during the fiscal years that ended on June 30, 2007 (FY07) and June 30, 2006 (FY06). It should be read in conjunction with the transmittal letter at the front of this report and the City's financial statements, which immediately follow this section.

Financial Highlights

- The assets of the City of Urbandale exceeded its liabilities at the close of FY07 and FY06 by \$104,623,532 and \$93,967,642 (net assets), respectively. Of these amounts, \$12,851,133 and \$11,045,081 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$10,655,890 and \$9,043,528 in FY07 and FY06, respectively. Most of these increases were attributable to donated infrastructure and increased property taxes for tax increment debt.
- For FY07 and FY06, the City's governmental funds reported combined ending fund balances of \$17,685,001 and \$14,373,169, respectively. The FY07 fund balance represented an increase of \$3,311,832 and was primarily attributed to a \$2.6 million increase in the capital projects fund balance and \$.7 million increase in the general fund balance. The FY06 fund balance represented a decrease of \$1,563,686 and was primarily attributed to a \$2.4 million planned decrease in the capital projects fund balance and \$.7 million increase in the non-major governmental funds.
- At the end of FY07, unreserved fund balance for the general fund was \$6,643,233 or 38.2% of total general fund expenditures. At the end of FY06, unreserved fund balance for the general fund was \$5,888,802 or 35.2% of total general fund expenditures.

Overview of the Financial Statements

The basic financial statements consist of four parts:

Management's Discussion and Analysis (this section),

Government Wide Financial Statements,

Fund Financial Statements, and

Notes to the Financial Statements.

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Urbandale's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City of Urbandale's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may indicate whether the City's financial position is improving or deteriorating.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

The Statement of Activities shows how the City's net assets have changed during the most recent fiscal year. All changes in net assets 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 are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements report on functions of the City of Urbandale that are principally supported by taxes and intergovernmental revenues, known as governmental activities. The governmental activities of the City include Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government and interest and fiscal charges.

The government-wide financial statements may also report the functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. However, the City of Urbandale has no business-type activities to report for fiscal years 2007 and 2006.

The government-wide financial statements include not only the City of Urbandale itself, known as the primary government, but also a legally separate Water Utility for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. See footnote 1(b) to the financial statements for further information.

The government-wide financial statements can be found on pages 18 through 23 of this report.

Fund financial statements

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

Governmental funds

Most of the City's basic services are included in governmental funds, which focus on:

1. The inflows and outflows of cash and other financial assets that can be readily converted to cash, and
2. The balances left at year-end that are available for spending.

The governmental funds statements provide a detailed short-term view of the City of Urbandale's finances, indicating whether more or fewer financial resources can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in a reconciliation following the governmental funds statements that explains the relationship (or differences) between them.

The City of Urbandale maintains 17 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund, road use fund, tax increment financing fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

The basic governmental fund financial statements can be found on pages 24 through 31 of this report.

Proprietary funds

The City of Urbandale maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Urbandale uses internal service funds to account for equipment replacement, technology, risk management and the general liability insurance program. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The City maintains four internal service funds, which are presented individually in the combining proprietary fund statements. The summary proprietary fund financial statements can be found on pages 32 through 34 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Urbandale's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The summary fiduciary funds financial statements can be found on page 35 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 58 of this report.

Required Supplementary Information

The City of Urbandale adopts an annual appropriated budget, prepared on a cash basis. A budgetary comparison statement has been provided on pages 60 through 62 to demonstrate compliance with this legal budget. A reconciliation between the revenues and expenditures, prepared on the modified accrual basis, versus the budget, prepared on the cash basis, is also included.

Other information

In addition to the financial statements and the accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information section. Combining fund statements can be found on pages 66 through 78 of this report. Statistical information related to the City's financial position can be found on pages 81 through 93 of this report.

Government Wide Financial Analysis

The following condensed financial information serves as the key financial data and indicators for management, monitoring, and planning. Financial data for FY07, FY06, and FY05 is presented for comparative purposes.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Urbandale, assets exceeded liabilities by \$104,623,532, \$93,967,642, and \$84,924,114 at the close of FY07, FY06, and FY05 respectively.

The largest portion of the City's net assets in FY07 (77.4%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; therefore they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's investment in capital assets increased by \$6,462,082 from FY06 to FY07, and increased by \$10,191,577 from FY05 to FY06.

An additional portion of the City's net assets (10.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$12,851,133 may be used to meet the government's ongoing obligations to residents and creditors. In FY06, restricted assets represented (8.9%) of the City's net assets and unrestricted net assets totaled \$11,045,081.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, which comprises its governmental activities.

City of Urbandale Net Assets

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 48,488,605	43,066,225	44,449,405
Capital assets	116,536,391	108,749,310	97,752,733
Total assets	<u>165,024,996</u>	<u>151,815,535</u>	<u>142,202,138</u>
Long-term liabilities	31,469,905	30,550,769	30,310,185
Other liabilities	28,931,559	27,297,124	26,967,839
Total liabilities	<u>60,401,464</u>	<u>57,847,893</u>	<u>57,278,024</u>
Net assets:			
Invested in capital assets, net of related debt	81,011,392	74,549,310	64,357,733
Restricted	10,761,007	8,373,251	9,959,951
Unrestricted	12,851,133	11,045,081	10,606,430
Total net assets	<u>\$ 104,623,532</u>	<u>93,967,642</u>	<u>84,924,114</u>

As noted above, the City's net assets increased by \$10,655,890 from FY06 to FY07. Much of this growth can be attributed to the increase in capital asset investment, net of debt, (60.6%) and an increase in ending cash balance (37.9%).

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

Governmental activities

Governmental activities increased the City's net assets by \$10,655,890, \$9,043,528, and \$8,702,619 for FY07, FY06, and FY05 respectively. The following table depicts that change in net assets.

City of Urbandale's Changes in Net Assets

	<u>Governmental Activities</u> <u>2007</u>	<u>Governmental Activities</u> <u>2006</u>	<u>Governmental Activities</u> <u>2005</u>
Revenues:			
Program revenues:			
Charge for services	\$ 3,950,617	3,850,034	4,200,704
Operating grants and contributions	3,360,153	4,145,283	3,225,412
Capital grants and contributions	5,269,911	7,188,470	4,902,157
General revenues:			
Taxes	21,720,274	19,275,168	18,913,190
Other	1,587,456	1,541,227	868,437
Total revenues	<u>35,888,411</u>	<u>36,000,182</u>	<u>32,109,900</u>
Expenses:			
Public safety	6,594,536	6,221,356	5,625,803
Public works	8,468,881	10,469,810	8,163,032
Health and social services	12,993	23,975	26,992
Culture and recreation	5,449,786	5,121,013	5,079,163
Community and economic development	1,118,862	1,721,213	1,470,696
General government	2,030,465	1,906,563	1,670,787
Interest and fiscal charges	1,556,998	1,492,724	1,370,808
Total expenses	<u>25,232,521</u>	<u>26,956,654</u>	<u>23,407,281</u>
Increase in net assets	10,655,890	9,043,528	8,702,619
Net assets – beginning	93,967,642	84,924,114	76,221,495
Net assets – ending	<u>\$ 104,623,532</u>	<u>93,967,642</u>	<u>84,924,114</u>

Key elements of the increase in net assets are as follows:

- Charges for services increased by \$100,583 (2.6%) and decreased by \$350,670 (8.3%) during FY07 and FY06, respectively. The FY07 saw continued decline in the building permit area primarily attributed to the slow down of the construction permit issuances, but an offsetting increase in special assessment revenues. The FY06 decline is primarily attributed to the stabilization of the construction permit issuances. The City had, in the prior 3 years, been experiencing record highs in new construction permit issuance.
- Total taxes increased by \$2,445,106 (12.7%) and \$361,978 (1.9%) during FY07 and FY06, respectively. The receipts for FY07 increase is a reflection of valuation growth within the community and increased certification in the Northwest Market tax increment financing district. The receipts for

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

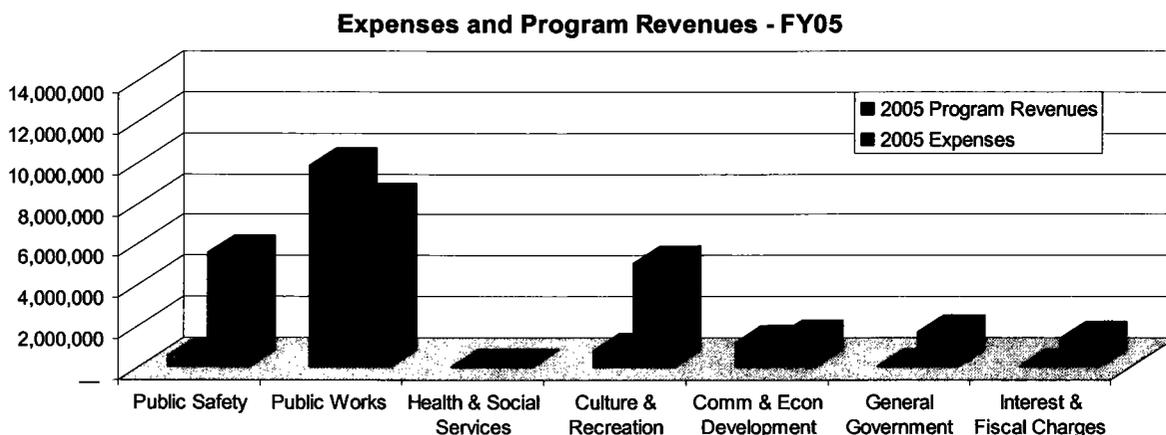
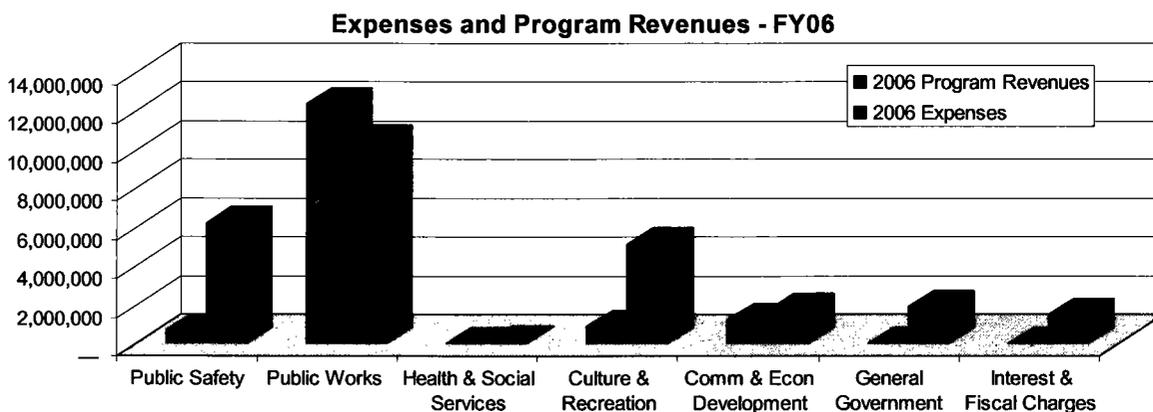
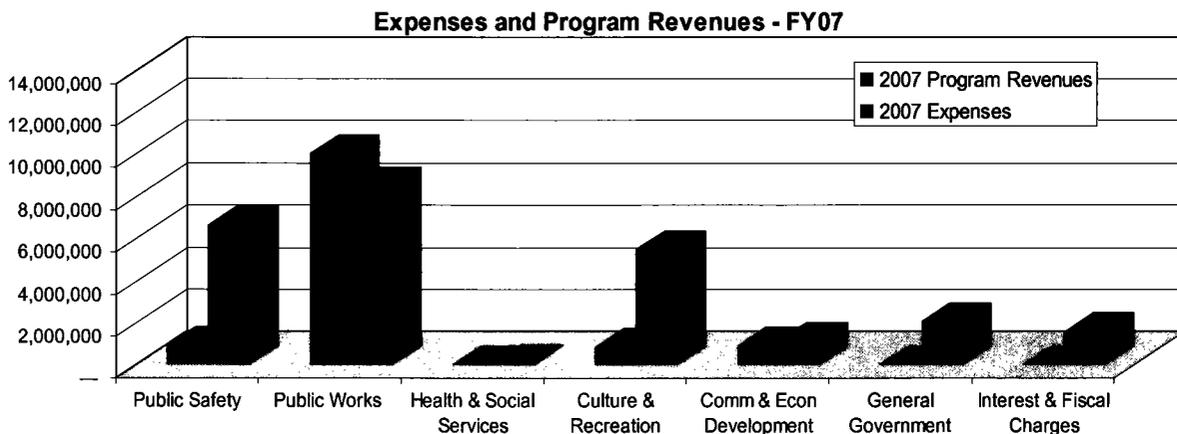
June 30, 2007 and June 30, 2006

FY06 had increased over FY05, but the true growth amount is diluted due to the FY05 error correction in tax certification, which left FY05 receipts unusually high.

- Operating grants and contributions decreased \$785,130 (18.9%) in FY07 due to lower construction escrow revenues received by the City from developers. These monies are paid to the City to reimburse for costs incurred by the City to complete roads, turn lanes, street signs and lighting for any area that benefits a developer's project. These revenues can fluctuate up and down based on the timing and number of projects in any given year. FY06 saw an increase \$919,871 due to a high level of construction escrow revenues and also in part to an increase in Road Use taxes received. The Road Use tax increase is a result of a special census that was conducted in July 2005 and certified in December 2005. The certified population of the City increased 23.5% to 35,904.
- Other revenues have increased \$46,229 (3%) in FY07 due to a continuing upward trend in interest rates on investments during the year. The \$390,916 increase in interest income was offset by a decrease in miscellaneous revenues due to the lack of gains generated in FY06 from the sale of the former City Hall building. FY06 had a \$672,790 (77.5%) increase due to the increase in interest rates and a gain on sale of assets related to the sale of the former City Hall building.
- Capital Grants and Contributions decreased \$1,918,559 (26.7%) in FY07 due to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These donations have increased net assets by \$3,525,193, \$6,018,003, and \$2,939,426, in FY07, FY06, and FY05, respectively.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
 June 30, 2007 and June 30, 2006

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2007, 2006, and 2005:



CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

Financial Analysis of the Government's Funds

The City of Urbandale uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

In FY07, FY06, and FY05, the City's governmental funds reported combined fund balances of \$17,685,001, \$14,373,169, and \$15,936,855, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects during the year. The increase in fund balances in FY07 is the result of a delay in construction of a large paving project. In FY06, the decrease in fund balances reflected the completion of several projects that were planned for FY05. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$737,061 (12.4%) and \$205,497 (3.6%) in FY07 and FY06, respectively. The City has continued to see increases in property taxes due to record construction growth in FY05, FY04 and FY03, as well as increasing investment income as a result of increasing interest rates during the year. However, the increased revenues were not fully expended to support operations due, primarily, to expenditures in the public safety and culture and recreation functions being less than anticipated, which resulted in a positive change in the general fund balance at year end.
- The fund balance for the road use tax fund decreased \$135,687 (19%) and \$55,019 (7.1%) in FY07 and FY06, respectively. This decrease can be primarily attributed to the planned use of fund balance for street improvement projects during the year as well as stagnating Road Use tax revenues.
- The fund balance for the tax increment financing (TIF) fund decreased \$15,470 (65.5%) in FY07 and increased \$22,000 (1357.2%) in FY06 due to the timing of cashflow at year end. Since this fund is a flow-through for the TIF funds received during the year, at year end the fund balance should be zero unless there are revenues received after year end that relate to the current fiscal year, and are therefore accrued under the modified accrual basis of accounting.
- As mentioned above, the \$2,650,347 (56.8%) increase in the capital projects fund balance in FY07 resulted from delays in construction of Plum Drive paving (final phase), Waterford bridge, and the police station expansion project. In FY06, the \$2,432,766 (34.3%) decrease in the capital improvements projects fund balance resulted from the completion of several capital improvement projects planned for and delayed in FY05. The primary projects involved the paving of Plum Drive (initial phase), the construction of the 142nd Street bridge and the construction of City Hall.

Proprietary funds

Unrestricted net assets of the proprietary funds were \$5,208,627, \$4,951,127 and \$4,541,770, in FY07, FY06, and FY05, respectively. An additional \$2,445,403, \$1,872,502, and \$1,586,373 in FY07, FY06, and FY05, respectively, of net assets was restricted for funds invested in capital assets of the equipment replacement fund. In FY07 and FY06, the increase in net assets for the proprietary funds resulted from increased contributions to the equipment replacement fund and increased premiums for insurance in the risk management fund.

Budgetary Highlights (FY07)

Differences between the original budget and the final amended budget amounted to a \$378,152 increase in appropriations and can be briefly summarized as follows:

- \$96,302 for grant related computer and material purchases in Library

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

- \$86,000 for contributions to outside agencies as required by higher than anticipated Hotel/Motel tax receipts
- \$40,000 in economic development assistance for a business expansion project
- \$34,500 for higher than anticipated WestCom operating costs
- \$26,200 for purchasing new solid waste containers for a yard waste collection program
- \$20,000 for unanticipated overtime costs associated with winter storm clean-up efforts
- \$20,000 for additional crossing guards required for new elementary school
- \$20,000 for purchasing a used rear-loading solid waste truck with grant monies
- \$15,000 for unbudgeted Federal forfeiture funds received
- \$11,100 for unbudgeted permit refunds and auction proceed remittances
- \$9,050 for police equipment and defibrillator purchases resulting from donated monies

The revised expenditures were offset by \$96,302 in library grant funds, \$86,000 in Hotel/Motel receipts, \$46,200 in solid waste grant funds, \$40,000 in State economic development assistance, \$20,000 in FEMA grant funds, \$20,000 from school reimbursements, \$19,100 from general fund investment income, \$15,400 in vehicle impound and storage fees, \$15,000 in Federal forfeiture funds, \$11,100 from city auction proceeds, and \$9,050 in private donations. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$7,399,555 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions. Budget to actual schedules for the City are located on pages 60 through 62 of this report.

Budgetary Highlights (FY06)

Differences between the original budget and the final amended budget amounted to a \$1,999,645 increase in appropriations and can be briefly summarized as follows:

- \$992,540 for capital projects overages, primarily the 138th/142nd Street and Meredith bridges
- \$390,000 in economic development assistance for a business expansion project
- \$124,000 for police uniforms, training and higher than anticipated WestCom operating costs
- \$97,000 for the public safety fiber optics communication project that was budgeted for FY07
- \$95,160 for grant related computer and material purchases in Library
- \$74,000 for the interstate corridor study and parks needs study
- \$59,600 for contributions to outside agencies as required by higher than anticipated Hotel/Motel tax receipts
- \$42,250 for unbudgeted permit refunds and auction proceed remittances

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

- \$42,000 for the Iowa Events Center contribution and marketing campaign
- \$36,000 for fire uniform replacements and unexpected building repairs
- \$25,000 for the purchase of additional land for the Walnut Creek Regional Park
- \$22,095 for unbudgeted State and Federal forfeiture funds received
- \$17,500 for purchasing new solid waste containers for a yard waste collection program
- \$7,500 for higher than anticipated asphalt repair costs

The revised expenditures were offset by \$390,000 in State economic development assistance, \$167,650 from general fund investment income, \$101,600 in Hotel/Motel receipts, \$95,160 in library grant funds, \$49,000 in building permit fees, \$34,600 from city auction proceeds, \$22,095 in State and Federal forfeiture funds, \$17,500 in solid waste grant funds, \$7,500 in available Road Use Tax fund balance, \$992,540 in available capital projects fund balance and \$97,000 in available general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$2,484,751 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions. Budget to actual schedules for the City are located on pages 60 through 62 of this report.

Capital Asset and Debt Administration

Capital assets

In FY07, FY06, and FY05, the City had invested \$146,226,554, \$135,316,087, and \$121,436,477, respectively, in a broad range of capital assets, including land, public buildings and improvements, machinery and equipment, art work, and infrastructure (streets, parks, trails, and traffic safety equipment). This amount represents a net increase, including additions and deletions, of \$10,910,467, \$13,879,610, and \$8,515,232, respectively. The value of these capital assets, net of depreciation at June 30, 2007, 2006, and 2005, is depicted below.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

City of Urbandale's Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$ 5,332,415	5,211,473	5,082,819
Buildings and improvements	19,499,018	19,354,411	16,768,405
Machinery and equipment	9,276,200	8,460,868	7,384,138
Artwork	253,150	253,150	243,150
Infrastructure	105,788,181	94,470,847	87,255,070
Share of undivided equity interest assets	550,980	462,825	434,144
Construction in progress	5,526,610	7,102,513	4,268,751
Total	\$ 146,226,554	135,316,087	121,436,477
Accumulated depreciation	(29,690,163)	(26,566,775)	(23,683,744)
	<u>\$ 116,536,391</u>	<u>108,749,312</u>	<u>97,752,733</u>

This year's major capital asset additions included:

- The construction of the Meredith Drive and 138th/142nd Street bridges (\$6.3 million)
- The ongoing construction of the Douglas Parkway and Waterford bridges (\$2.9 million)
- The donation of construction improvements by private parties (\$3.5 million)
- The purchase of two automated and one front-loading solid waste trucks (\$535,000)
- The purchase of two ambulances (\$265,000)

Additional information on the City's capital assets can be found in note 4 on pages 45 through 47 of this report.

Long-term debt

In FY07, FY06, and FY05 the City had total long-term debt of \$35,538,731, \$34,220,395, and \$33,428,334, respectively. Of these amounts, \$30,145,000, \$30,585,000, and \$29,635,000 represented general obligation bond debt. Another \$1,115,000, \$1,170,000, and \$1,220,000 represented outstanding certificates of participation debt. The City also had \$4,265,000, \$2,445,000, and \$2,540,000 of general obligation General Fund capital loan notes. Finally, \$13,731, \$20,395 and \$33,334 represented outstanding government loans payable. All of this debt was backed by the City's full faith and credit.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

	<u>Balance</u> <u>June 30, 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2007</u>
General obligation bonds	\$ 30,585,000	4,385,000	4,825,000	\$ 30,145,000
General obligation certificates of participation	1,170,000	—	55,000	1,115,000
General obligation General Fund capital loan notes	2,445,000	1,985,000	165,000	4,265,000
Government loans payable	20,395	—	6,664	13,731
	<u>\$ 34,220,395</u>	<u>6,370,000</u>	<u>5,051,664</u>	<u>\$ 35,538,731</u>

	<u>Balance</u> <u>June 30, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2006</u>
General obligation bonds	\$ 29,635,000	5,225,000	4,275,000	\$ 30,585,000
General obligation certificates of participation	1,220,000	—	50,000	1,170,000
General obligation General Fund capital loan notes	2,540,000	—	95,000	2,445,000
Government loans payable	33,334	—	12,939	20,395
	<u>\$ 33,428,334</u>	<u>5,225,000</u>	<u>4,432,939</u>	<u>\$ 34,220,395</u>

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2005</u>
General obligation bonds	\$ 26,835,000	6,435,000	3,635,000	\$ 29,635,000
General obligation certificates of participation	1,265,000	—	45,000	1,220,000
General obligation General Fund capital loan notes	—	2,630,000	90,000	2,540,000
Government loans payable	—	33,334	—	33,334
	<u>\$ 28,100,000</u>	<u>9,098,334</u>	<u>3,770,000</u>	<u>\$ 33,428,334</u>

During FY07 and FY06, the City's total debt increased by \$1,318,336 and \$792,061, respectively. The key factors in these increases were \$6,370,000 (FY07) in general obligation bond and general obligation general fund capital loan notes and \$5,225,000 (FY06) general obligation bond issues for various improvement projects.

In FY07, these projects included:

- The reconstruction of Douglas Parkway bridge (\$1,437,500)
- The construction and remodeling of the police station (\$1,429,200)
- The paving of Douglas Parkway (\$1,349,600)

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

- The paving of Plum Drive and 100th Street extension (\$885,250)
- The funding for an urban renewal loan for Homemakers Corporation (\$500,000)
- The reconstruction of Waterford Road bridge (\$370,000)
- The installation of a traffic signal at 82nd Street and Hickman Road (\$125,000)
- The paving of Douglas Avenue and 79th Street turn lanes (\$71,000)
- The construction of the Hallbrook bike trail (\$40,000)
- The installation of sidewalks (\$35,000)

In FY06, these projects included:

- The construction and paving of Meredith Bridge (\$2,552,100)
- The widening and rehabilitation of 86th Street (\$856,300)
- The paving of Plum Drive (\$534,500)
- The acquisition of a fire truck (\$492,000)
- The construction and paving of the 138th/142nd Street bridge (\$444,000)
- The paving of Douglas Parkway (\$217,800)
- The installation of sidewalks (\$60,000)

The City of Urbandale maintains an Aa2 rating from Moody's Investors Service for its general obligation debt. This rating was most recently affirmed on August 1, 2007.

State statutes limit the amount of debt that a governmental entity may issue to 5% of the actual value of property within the corporate limits. The current debt limitation for the City of Urbandale is \$159,247,466, which is in excess of the City's current outstanding debt.

Additional information on the City's long-term debt can be found in note 5 on pages 48 through 52 of this report.

Economic Factors and Next Year's Budget and Rates

- In 2007, the City will issue an estimated 240 single-family residential permits, reflecting the national slowdown in the housing market. This new construction comes on the heels of record setting years in 2005, 2004 and 2003, when 562, 665 and 637 single-family permits were issued, respectively, and a more recent slowdown in 2006 of 345 single-family permits being issued.
- Residential construction since 2000 has increased the City's population to 35,904 residents, based on figures from the City's 2005 special census. The City's 2000 population was 29,072 residents.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2007 and June 30, 2006

- Commercial and industrial construction in 2007 remained steady in terms of the number of permits, but the permit valuation increased over the prior two years, with an estimated 115 permits anticipated for 2007. These permits will have an estimated value of \$79,100,000. Actual commercial and industrial permit results from 2006 and 2005 were 119 and 127 permits issued with a value of \$46,230,000 and \$33,740,000, respectively.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2008. The fiscal year 2008 budget anticipated an increase of \$2,309,874 (7.5%) in expenditures over the fiscal year 2007 adopted budget. Of this total, operating expenses will be increased by \$1,452,761 (5.9%), and debt service expenses will be increased by \$857,113 (13.9%). The adopted expenditures for fiscal year 2008 will require a \$0.15 increase in the general tax levy rate to \$7.17. The City's combined tax levy rate is \$9.22/\$1,000 valuation.

The FY08 budget anticipates the creation of seven new full time and two new part time positions in the City. These additions, as well as increases in salary and benefit costs for existing employees will increase personnel costs by approximately \$966,230 (7.6%) in FY08. Other factors impacting the FY08 budget include the financing of infrastructure maintenance and improvement projects, the increasing cost of gasoline and diesel fuel, the introduction of new technologies in a number of departments, and operating equipment purchases in several departments.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Manager's Office, 3600 86th Street, Urbandale, Iowa, 50322.



CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2007

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets		
Current assets:		
Cash and pooled cash investments	\$ 24,426,493	66,532
Cash equivalents	—	2,444,083
Restricted cash	—	512,716
Accounts receivable	150,096	903,082
Taxes receivable:		
Current	621,989	—
Succeeding year	21,396,427	—
Special assessments receivable:		
Current	490,243	—
Succeeding year	413,778	—
Accrued interest	69,980	28,119
Due from other governments	637,990	42,323
Due from component unit	11,621	—
Due from primary government	—	12,449
Inventories	43,788	87,546
Discount on bonds and deferred issuance costs	226,200	—
Restricted assets - due from primary government	—	620
Prepaid expense and other assets	—	39,470
Total current assets	<u>48,488,605</u>	<u>4,136,940</u>
Noncurrent assets:		
Capital assets		
Equipment	9,276,200	640,867
Buildings	17,442,877	1,181,173
Distribution system	—	21,358,569
Improvements other than building	2,056,141	—
Land	5,332,415	—
Construction in progress	5,526,610	3,390,317
Artwork	253,150	—
Infrastructure	105,788,181	—
Share of undivided equity interest assets	550,980	—
Accumulated depreciation	(29,690,163)	(6,735,595)
Total capital assets	<u>116,536,391</u>	<u>19,835,331</u>
Total assets	<u>\$ 165,024,996</u>	<u>23,972,271</u>

CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2007

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,955,422	80,127
Water revenue bonds payable	—	160,000
General obligation bonds payable	4,340,000	—
Certificate of participation payable	60,000	—
Capital loan note payable	255,000	—
Government loan payable	6,797	—
Interest payable	118,389	12,106
Compensation and payroll taxes	319,906	27,220
Compensated absences - current	479,618	59,973
Due to City of Urbandale	—	11,621
Due to other governments	—	435,687
Customer deposits payable - restricted	—	76,300
Unearned revenue for succeeding year	21,396,427	—
Total current liabilities	<u>28,931,559</u>	<u>863,034</u>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,565,000
General obligation bond payable	25,805,000	—
Certificate of participation payable	1,055,000	—
Capital loan note payable	4,010,000	—
Government loan payable	6,934	—
Compensated absences	592,971	57,725
Total noncurrent liabilities	<u>31,469,905</u>	<u>3,622,725</u>
Total liabilities	<u>60,401,464</u>	<u>4,485,759</u>
Net Assets		
Invested in capital assets, net of related debt	81,011,392	16,110,331
Restricted:		
For capital projects	7,315,834	—
Purpose restricted by legislation	974,038	—
Donor restricted purposes	2,471,135	—
Unrestricted	12,851,133	3,376,181
Total net assets	<u>\$ 104,623,532</u>	<u>19,486,512</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2006

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets		
Current assets:		
Cash and pooled cash investments	\$ 20,387,897	83,500
Cash equivalents	—	2,398,573
Restricted cash	—	1,458,288
Accounts receivable	79,503	776,028
Taxes receivable:		
Current	893,969	—
Succeeding year	20,386,216	—
Special assessments receivable:		
Current	319,771	—
Succeeding year	290,395	—
Accrued interest	106,730	26,257
Due from other governments	298,098	171,223
Due from component unit	5,286	—
Due from primary government	—	16,044
Inventories	125,220	100,617
Discount on bonds and deferred issuance costs	173,140	—
Restricted assets - due from primary government	—	840
Prepaid expense and other assets	—	40,078
	<hr/>	<hr/>
Total current assets	43,066,225	5,071,448
Noncurrent assets:		
Capital assets		
Equipment	8,460,867	548,120
Buildings	17,442,877	1,181,173
Distribution system	—	20,750,267
Improvements other than building	1,911,535	—
Land	5,211,473	—
Construction in progress	7,102,512	2,811,005
Artwork	253,150	—
Infrastructure	94,470,847	—
Share of undivided equity interest assets	462,825	—
Accumulated depreciation	(26,566,776)	(6,253,631)
	<hr/>	<hr/>
Total capital assets	108,749,310	19,036,934
	<hr/>	<hr/>
Total assets	\$ 151,815,535	24,108,382
	<hr/>	<hr/>
Liabilities		

CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2006

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
Current liabilities:		
Accounts payable	\$ 1,840,601	91,013
Water revenue bonds payable	—	150,000
General obligation bonds payable	4,010,000	—
Certificate of participation payable	55,000	—
Capital loan note payable	95,000	—
Government loan payable	6,664	13,785
Interest payable	110,768	12,668
Compensation and payroll taxes	309,703	25,151
Compensated absences - current	439,138	56,074
Due to City of Urbandale	—	5,286
Due to other governments	44,035	476,796
Customer deposits payable - restricted	—	77,450
Unearned revenue for succeeding year	20,386,215	—
Total current liabilities	<u>27,297,124</u>	<u>908,223</u>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,725,000
General obligation bond payable	26,575,000	—
Certificate of participation payable	1,115,000	—
Capital loan note payable	2,350,000	—
Government loan payable	13,731	—
Compensated absences	497,038	44,296
Total noncurrent liabilities	<u>30,550,769</u>	<u>3,769,296</u>
Total liabilities	<u>57,847,893</u>	<u>4,677,519</u>
Net Assets		
Invested in capital assets, net of related debt	74,549,310	16,106,818
Restricted:		
For capital projects	4,665,487	—
Purpose restricted by legislation	1,297,067	—
Donor restricted purposes	2,410,697	—
Unrestricted	11,045,081	3,324,045
Total net assets	<u>\$ 93,967,642</u>	<u>19,430,863</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Activities

Year Ended June 30, 2007

					<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Program Revenues</u>				<u>Primary Government</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities Total</u>	<u>Component Unit</u>
Primary government						
Governmental activities:						
Public safety	\$ 6,594,536	683,209	203,528	—	(5,707,799)	—
Public works	8,468,881	1,800,708	2,914,835	5,269,911	1,516,573	—
Health and social services	12,993	—	—	—	(12,993)	—
Culture and recreation	5,449,786	573,022	241,790	—	(4,634,974)	—
Community and economic development	1,118,862	893,678	—	—	(225,184)	—
General government	2,030,465	—	—	—	(2,030,465)	—
Interest and fiscal charges	1,556,998	—	—	—	(1,556,998)	—
Total governmental activities	<u>25,232,521</u>	<u>3,950,617</u>	<u>3,360,153</u>	<u>5,269,911</u>	<u>(12,651,840)</u>	<u>—</u>
Component unit						
Urbandale Water Utility	\$ <u>6,544,783</u>	<u>5,628,240</u>	<u>508,351</u>	<u>240,215</u>		<u>(167,977)</u>
General Revenues:						
Taxes:						
Property tax				\$ 16,337,862		
Tax increment financing district tax				3,510,146		
Hotel Motel tax				1,067,930		
Franchise taxes				254,940		
Utility excise tax				<u>549,396</u>		
Total taxes					21,720,274	—
Interest					1,390,248	148,781
Miscellaneous					<u>197,208</u>	<u>74,845</u>
Total general revenues					<u>23,307,730</u>	<u>223,626</u>
Changes in net assets					10,655,890	55,649
Net assets - beginning					<u>93,967,642</u>	<u>19,430,863</u>
Net assets - ending					<u>\$ 104,623,532</u>	<u>19,486,512</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Activities

Year Ended June 30, 2006

				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
				<u>Primary Government</u>		
				<u>Governmental Activities Total</u>	<u>Component Unit</u>	
		<u>Program Revenues</u>				
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>			
Primary government						
Governmental activities:						
Public safety	\$ 6,221,356	648,715	41,800	—	(5,530,841)	—
Public works	10,469,810	1,325,201	3,852,532	7,188,470	1,896,393	—
Health and social services	23,975	—	—	—	(23,975)	—
Culture and recreation	5,121,013	638,135	250,951	—	(4,231,927)	—
Community and economic development	1,721,213	1,237,983	—	—	(483,230)	—
General government	1,906,563	—	—	—	(1,906,563)	—
Interest and fiscal charges	1,492,724	—	—	—	(1,492,724)	—
Total governmental activities	<u>26,956,654</u>	<u>3,850,034</u>	<u>4,145,283</u>	<u>7,188,470</u>	<u>(11,772,867)</u>	<u>—</u>
Component unit						
Urbandale Water Utility	\$ <u>5,614,619</u>	<u>5,416,300</u>	<u>531,866</u>	<u>967,825</u>		<u>1,301,372</u>
General Revenues:						
Taxes:						
Property tax			\$ 14,677,676			
Tax increment financing district tax			2,747,565			
Hotel Motel tax			1,051,441			
Franchise taxes			253,319			
Utility excise tax			<u>545,167</u>			
Total taxes				19,275,168	—	
Interest				999,332	206,954	
Miscellaneous				541,895	199,523	
Total general revenues				<u>20,816,395</u>	<u>406,477</u>	
Changes in net assets				9,043,528	1,707,849	
Net assets - beginning				<u>84,924,114</u>	<u>17,723,014</u>	
Net assets - ending				\$ <u>93,967,642</u>	<u>19,430,863</u>	

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Balance Sheet

Governmental Funds

June 30, 2007

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Assets							
Cash and pooled cash investments	\$ 6,870,847	601,972	—	233,706	8,126,188	2,852,307	18,685,020
Taxes receivable:							
Current	54,973	245,837	8,152	16,582	—	296,445	621,989
Succeeding year	14,282,266	—	2,837,039	4,277,122	—	—	21,396,427
Special assessments receivable:							
Current	—	—	—	369,061	121,182	—	490,243
Succeeding years	—	—	—	—	413,778	—	413,778
Accounts receivable	137,838	105	—	—	—	—	137,943
Accrued interest	69,980	—	—	—	—	—	69,980
Due from component unit	9,583	2,038	—	—	—	—	11,621
Due from other governments	155,378	67,696	—	—	391,830	23,086	637,990
Inventories	20,114	23,674	—	—	—	—	43,788
Total assets	\$ 21,600,979	941,322	2,845,191	4,896,471	9,052,978	3,171,838	42,508,779
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 329,575	273,915	—	—	810,557	7,915	1,421,962
Compensation and payroll taxes	262,911	20,619	—	—	—	—	283,530
Employee benefits	34,979	1,397	—	—	—	—	36,376
Deferred revenue	25,694	67,696	—	369,061	926,587	296,445	1,685,483
Deferred revenue for succeeding years	14,282,266	—	2,837,039	4,277,122	—	—	21,396,427
Total liabilities	14,935,425	363,627	2,837,039	4,646,183	1,737,144	304,360	24,823,778
Fund balances							
Reserved for encumbrances	2,207	—	—	—	7,315,834	—	7,318,041
Reserved for inventories	20,114	23,674	—	—	—	—	43,788
Reserved for debt service	—	—	—	250,288	—	—	250,288
Unreserved, reported in:							
General fund	6,643,233	—	—	—	—	—	6,643,233
Special revenue funds	—	554,021	8,152	—	—	2,867,478	3,429,651
Total fund balances	6,665,554	577,695	8,152	250,288	7,315,834	2,867,478	17,685,001
Total liabilities and fund balances	\$ 21,600,979	941,322	2,845,191	4,896,471	9,052,978	3,171,838	42,508,779

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2007

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

Total fund balances – governmental funds		\$ 17,685,001
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 140,579,954	
Less accumulated depreciation	<u>(26,488,966)</u>	114,090,988
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		1,697,022
Debt issuance costs are reported as "other financing uses" in the governmental funds, but as unamortized assets or liabilities in the statement of net assets		
Unamortized general obligation bond issuance expense		226,200
Internal service funds are used by management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Cash	5,741,473	
Due from customers	12,153	
Capital assets, net of accumulated depreciation	2,445,403	
Deferred revenue	(11,539)	
Accounts payable	<u>(533,460)</u>	7,654,030
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds payable	30,145,000	
Certificate of participation payable	1,115,000	
Capital loan note	4,265,000	
Government loan payable	13,731	
Accrued interest on the bonds and certificates	118,389	
Compensated absences	<u>1,072,589</u>	<u>(36,729,709)</u>
Net assets of governmental activities		\$ <u>104,623,532</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Balance Sheet

Governmental Funds

June 30, 2006

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Assets							
Cash and pooled cash investments	\$ 6,232,049	492,367	—	245,321	5,268,986	2,957,051	15,195,774
Taxes receivable:							
Current	67,678	491,237	23,622	21,345	—	290,087	893,969
Succeeding year	12,922,890	—	3,450,922	4,012,404	—	—	20,386,216
Special assessments receivable:							
Current	—	—	—	233,373	86,398	—	319,771
Succeeding years	—	—	—	14,650	275,745	—	290,395
Accounts receivable	79,503	—	—	—	—	—	79,503
Accrued interest	106,714	—	—	—	—	16	106,730
Due from component unit	3,426	1,860	—	—	—	—	5,286
Due from other governments	119,202	—	—	—	178,896	—	298,098
Inventories	35,291	89,929	—	—	—	—	125,220
Total assets	\$ 19,566,753	1,075,393	3,474,544	4,527,093	5,810,025	3,247,154	37,700,962
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 379,051	341,477	—	—	697,529	181,548	1,599,605
Due to other governments	44,035	—	—	—	—	—	44,035
Compensation and payroll taxes	255,174	19,041	—	—	—	—	274,215
Employee benefits	33,995	1,493	—	—	—	—	35,488
Deferred revenue	—	—	—	233,373	171,264	290,087	694,724
Deferred revenue for succeeding years	12,926,005	—	3,450,922	4,027,054	275,745	—	20,679,726
Total liabilities	13,638,260	362,011	3,450,922	4,260,427	1,144,538	471,635	23,327,793
Fund balances							
Reserved for encumbrances	4,400	223,994	—	—	3,804,009	—	4,032,403
Reserved for inventories	35,291	89,929	—	—	—	—	125,220
Reserved for debt service	—	—	—	266,666	—	—	266,666
Unreserved, reported in:							
General fund	5,888,802	—	—	—	—	—	5,888,802
Capital projects fund	—	—	—	—	861,478	—	861,478
Special revenue funds	—	399,459	23,622	—	—	2,775,519	3,198,600
Total fund balances	5,928,493	713,382	23,622	266,666	4,665,487	2,775,519	14,373,169
Total liabilities and fund balances	\$ 19,566,753	1,075,393	3,474,544	4,527,093	5,810,025	3,247,154	37,700,962

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2006

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

Total fund balances – governmental funds		\$ 14,373,169
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Capital assets	\$ 130,337,976	
Less accumulated depreciation	<u>(23,461,168)</u>	106,876,808
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		988,235
Debt issuance costs are reported as "other financing uses" in the governmental funds, but as unamortized assets or liabilities in the statement of net assets		
Unamortized general obligation bond issuance expense		173,140
Internal service funds are used by management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Cash	5,192,123	
Capital assets, net of accumulated depreciation	1,872,502	
Accounts payable	<u>(240,996)</u>	6,823,629
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds payable	30,585,000	
Certificate of participation payable	1,170,000	
Capital loan note	2,445,000	
Government loan payable	20,395	
Accrued interest on the bonds and certificates	110,768	
Compensated absences	<u>936,176</u>	<u>(35,267,339)</u>
Net assets of governmental activities		\$ <u>93,967,642</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2007

	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Taxes	\$ 13,509,373	—	3,510,146	3,999,164	—	695,234	21,713,917
Special assessments	—	—	—	22,282	239,879	—	262,161
Licenses and permits	929,211	—	—	—	—	—	929,211
Use of money and property	521,094	—	—	94,548	458,805	16,734	1,091,181
Intergovernmental	303,909	2,747,014	—	—	998,091	—	4,049,014
Charges for services	2,360,268	—	—	—	—	59,055	2,419,323
Miscellaneous	488,036	—	—	—	201,327	159,900	849,263
Total revenues	<u>18,111,891</u>	<u>2,747,014</u>	<u>3,510,146</u>	<u>4,115,994</u>	<u>1,898,102</u>	<u>930,923</u>	<u>31,314,070</u>
Expenditures							
Current operating expenditures:							
Public safety	6,558,581	—	—	—	—	51,386	6,609,967
Public works	2,729,163	2,895,601	—	—	—	22,354	5,647,118
Health and social services	18,355	—	—	—	—	—	18,355
Culture and recreation	4,629,373	—	—	—	—	595,042	5,224,415
Community and economic development	1,060,286	—	—	—	—	58,689	1,118,975
General government	1,949,626	—	—	—	—	—	1,949,626
Capital outlay	—	—	—	—	7,234,283	—	7,234,283
Debt service:							
Principal	220,000	—	—	4,825,000	—	—	5,045,000
Interest	209,446	—	—	1,315,053	—	—	1,524,499
Total expenditures	<u>17,374,830</u>	<u>2,895,601</u>	<u>—</u>	<u>6,140,053</u>	<u>7,234,283</u>	<u>727,471</u>	<u>34,372,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>737,061</u>	<u>(148,587)</u>	<u>3,510,146</u>	<u>(2,024,059)</u>	<u>(5,336,181)</u>	<u>203,452</u>	<u>(3,058,168)</u>
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	6,370,000	—	6,370,000
Transfers in	—	12,900	—	2,007,681	2,734,451	—	4,755,032
Transfers out	—	—	(3,525,616)	—	(1,117,923)	(111,493)	(4,755,032)
Total other financing sources (uses)	<u>—</u>	<u>12,900</u>	<u>(3,525,616)</u>	<u>2,007,681</u>	<u>7,986,528</u>	<u>(111,493)</u>	<u>6,370,000</u>
Net changes in fund balances	737,061	(135,687)	(15,470)	(16,378)	2,650,347	91,959	3,311,832
Fund balances at beginning of year	5,928,493	713,382	23,622	266,666	4,665,487	2,775,519	14,373,169
Fund balances at end of year	<u>\$ 6,665,554</u>	<u>577,695</u>	<u>8,152</u>	<u>250,288</u>	<u>7,315,834</u>	<u>2,867,478</u>	<u>17,685,001</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2007

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

Net change in fund balances, as restated – governmental funds	\$	3,311,832
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlays	\$	7,234,283
Depreciation expense		<u>(3,125,588)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		4,108,695
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		3,105,485
In the statement of activities, certain operating expenses – compensated absences – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (the amount actually paid). The current year difference is \$104,119 for vacation expense, and \$32,294 for sick leave expense.		708,787
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		(136,413)
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		5,045,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(6,292,470)
Bond issuance costs and discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance. In the government-wide financial statements, these costs are amortized over the life of the debt issue.		(7,621)
Repayment of government loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		(24,470)
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The net gain of the internal service funds is reported with governmental activities.		6,664
Change in net assets of governmental activities		<u>830,401</u>
	\$	<u><u>10,655,890</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2006

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 12,234,185	—	2,747,565	3,586,352	—	714,110	19,282,212
Special assessments	—	—	—	33,278	141,682	—	174,960
Licenses and permits	1,046,638	—	—	—	—	—	1,046,638
Use of money and property	364,769	—	—	72,708	323,119	12,265	772,861
Intergovernmental	661,991	2,806,345	—	—	1,150,187	—	4,618,523
Charges for services	2,282,337	—	—	—	—	—	2,282,337
Miscellaneous	366,062	—	—	—	36,189	1,075,332	1,477,583
Total revenues	16,955,982	2,806,345	2,747,565	3,692,338	1,651,177	1,801,707	29,655,114
Expenditures							
Current operating expenditures:							
Public safety	6,068,510	—	—	—	—	190,196	6,258,706
Public works	2,519,760	2,586,364	—	—	—	—	5,106,124
Health and social services	23,975	—	—	—	—	—	23,975
Culture and recreation	4,353,625	—	—	—	—	728,440	5,082,065
Community and economic development	1,712,753	—	—	—	—	35,954	1,748,707
General government	1,761,537	—	—	—	—	—	1,761,537
Capital outlay	—	—	—	—	10,569,539	—	10,569,539
Debt service:							
Principal	145,000	—	—	4,275,000	—	—	4,420,000
Interest	165,325	—	—	1,307,822	—	—	1,473,147
Total expenditures	16,750,485	2,586,364	—	5,582,822	10,569,539	954,590	36,443,800
Excess (deficiency) of revenues over (under) expenditures	205,497	219,981	2,747,565	(1,890,484)	(8,918,362)	847,117	(6,788,686)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	5,225,000	—	5,225,000
Transfers in	—	—	—	1,903,241	2,321,021	—	4,224,262
Transfers out	—	(275,000)	(2,725,565)	—	(1,060,425)	(163,272)	(4,224,262)
Total other financing sources (uses)	—	(275,000)	(2,725,565)	1,903,241	6,485,596	(163,272)	5,225,000
Net changes in fund balances	205,497	(55,019)	22,000	12,757	(2,432,766)	683,845	(1,563,686)
Fund balances at beginning of year	5,722,996	768,401	1,622	253,909	7,098,253	2,091,674	15,936,855
Fund balances at end of year	\$ 5,928,493	713,382	23,622	266,666	4,665,487	2,775,519	14,373,169

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2006

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

Net change in fund balances, as restated – governmental funds	\$	(1,563,686)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	\$	10,569,541
Depreciation expense		<u>(2,821,461)</u>
		7,748,080
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		2,962,369
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		14,514
In the statement of activities, certain operating expenses – compensated absences – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (the amount actually paid). The current year difference is \$10,111 for vacation expense, and \$12,944 for sick leave expense.		(23,055)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		4,420,000
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(5,197,675)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(1,576)
Bond issuance costs and discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance. In the government-wide financial statements, these costs are amortized over the life of the debt issue.		(16,796)
Repayment of government loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		5,867
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The net gain of the internal service funds is reported with governmental activities.		<u>695,486</u>
Change in net assets of governmental activities	\$	<u><u>9,043,528</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Net Assets –
Proprietary Funds

June 30, 2007

	Assets	Total Governmental activities - Internal Service Funds
Current assets:		
Cash and pooled cash investments	\$	5,741,473
Accounts receivable		12,153
Capital assets, net		<u>2,445,403</u>
Total assets	\$	<u>8,199,029</u>
	Liabilities	
Current liabilities:		
Deferred revenue	\$	11,539
Accounts payable		<u>533,460</u>
Total liabilities	\$	<u>544,999</u>
	Net Assets	
Net assets:		
Invested in capital assets	\$	2,445,403
Unrestricted		<u>5,208,627</u>
Total net assets	\$	<u><u>7,654,030</u></u>

Statement of Net Assets –
Proprietary Funds

June 30, 2006

	Assets	Total Governmental activities - Internal Service Funds
Current assets:		
Cash and pooled cash investments	\$	5,192,123
Capital assets, net		<u>1,872,502</u>
Total assets	\$	<u>7,064,625</u>
	Liabilities	
Current liabilities:		
Accounts payable	\$	<u>240,996</u>
Total liabilities	\$	<u>240,996</u>
	Net Assets	
Net Assets		
Invested in capital assets	\$	1,872,502
Unrestricted		<u>4,951,127</u>
Total net assets	\$	<u><u>6,823,629</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Cash Flows –
Proprietary Funds

Year Ended June 30, 2007

	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,233,759
Payments to suppliers	<u>(2,148,209)</u>
Net cash provided by operating activities	<u>1,085,550</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(872,767)
Proceeds from sale of capital assets	<u>37,500</u>
Net cash used in capital and related financing activities	<u>(835,267)</u>
Cash flows from investing activities:	
Interest on investments	<u>299,067</u>
Net increase in cash and cash equivalents	549,350
Cash and cash equivalents at beginning of year	<u>5,192,123</u>
Cash and cash equivalents at end of year	\$ <u><u>5,741,473</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 495,747
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	599,129
Change in accounts receivable	(12,153)
Change in deferred revenue	11,539
Change in accounts payable and accrued liability	<u>(8,712)</u>
Net cash provided by operating activities	\$ <u><u>1,085,550</u></u>

Statement of Cash Flows –
Proprietary Funds

Year Ended June 30, 2006

	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,943,405
Payments to suppliers	<u>(1,977,111)</u>
Net cash provided by operating activities	<u>966,294</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(823,835)
Proceeds from sale of capital assets	<u>103,400</u>
Net cash used in capital and related financing activities	<u>(720,435)</u>
Cash flows from investing activities:	
Interest on investments	<u>226,471</u>
Net increase in cash and cash equivalents	472,330
Cash and cash equivalents at beginning of year	<u>4,719,793</u>
Cash and cash equivalents at end of year	\$ <u><u>5,192,123</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 378,164
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	598,091
Change in accounts payable and accrued liability	<u>(9,961)</u>
Net cash provided by operating activities	\$ <u><u>966,294</u></u>

See accompanying notes to financial statements.

CITY OF URBAN DALE, IOWA

Statement of Fiduciary Net Assets

June 30, 2007

Assets	Total Agency Funds
Cash and pooled cash investments	\$ 1,341,470
Other assets	41,398
Total assets	\$ <u>1,382,868</u>
Liabilities	
Liabilities:	
Due to component unit	\$ 12,449
Due to other governments	368,190
Deposits and remittances due	1,002,229
Total liabilities	\$ <u>1,382,868</u>

Statement of Fiduciary Net Assets

June 30, 2006

Assets	Total Agency Funds
Cash and pooled cash investments	\$ 1,324,734
Other assets	41,998
Total assets	\$ <u>1,366,732</u>
Liabilities	
Liabilities:	
Due to component unit	\$ 16,044
Due to other governments	346,291
Deposits and remittances due	1,004,397
Total liabilities	\$ <u>1,366,732</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

(a) The Financial Reporting Entity

The City of Urbandale, Iowa, (the City) is located in Polk County and was incorporated in 1917 under the laws of the state of Iowa (the State), later amended in July 1975 under the Home Rule City Act. The City operates by ordinance under the mayor-council-manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

In accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The reporting entity includes those of the City of Urbandale (the Primary Government) and its Component Unit. The City has also considered all other potential organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no organizations or agencies other than the Component Unit which should be included in these basic financial statements.

(b) Discretely Presented Component Unit

The Component Unit column in the financial statements presents the financial data of the Urbandale Water Utility (the Water Utility). The Water Utility is governed by a three-member board appointed by the City Council (the Council), and the Water Utility's operating budget is subject to the approval of the Council. Accordingly, financial accountability exists and the Water Utility is presented in the reporting entity, although it is legally separate from the City. The Water Utility provides water service exclusively to the citizens of Urbandale on behalf of the City. Complete financial statements of the Water Utility can be obtained directly from its administrative office at the following address:

Urbandale Water Utility
3720 86th Street
Urbandale, Iowa 50322

(c) Measurement Focus, Basis of Accounting and Basis of Presentation

Under GASB 34, the annual financial report will now include two separate sets of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differ between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The structure of the government-wide financial statements is described in the following two paragraphs.

Statement of Net Assets – presents the City’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The Statement of Activities – demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Governmental Funds

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after year-end. Other revenues are considered to be available if they are expected to be received within 60 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, and charges for services. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Fines, forfeitures, licenses, and permit revenues are recorded when the City receives cash because they are generally not measurable until actually received. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met as long as they have met the available and measurable criteria.

Property tax receivable is recognized at the time an enforceable legal claim is established, which is March 15, the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes are not material and are not recorded as receivables. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property taxes are levied on July 1 and are payable in two installments on September 30 and March 31 of the fiscal year with a 1½% per month penalty for delinquent payments; are based on January 1, 2005 assessed property valuations; are for the tax accrual period July 1, 2006 through June 30, 2007; and reflect the tax asking contained in the budget certified by the City in March, 2006.

The City reports the following major governmental funds:

General Fund – used to account for the general operations of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City’s general service departments, street and highway maintenance, public safety, sanitation, parks, library, and recreation programs, are accounted for in this fund.

Road Use Tax Fund – utilized to account for the operations of street maintenance. Financing is provided by the City’s share of state gasoline taxes, which are received on a per capita basis. State law requires these revenues to be received and disbursed in a special revenue fund.

Tax Increment Financing Fund – used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

Debt Service Fund – utilized to account for the funding and payment of interest and principal of general obligation debt of the City.

Capital Projects Fund – used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through internal service funds.

Proprietary Funds

The proprietary funds are used to account for a government's ongoing operations and activities which are similar to those often found in the private sector. The proprietary funds use the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses include the cost of services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The following comprises the City's proprietary funds, none of which are designated as major funds:

General Liability Fund – an internal service fund utilized to finance and account for the City's property and casualty and workers compensation insurance transactions.

Risk Management Fund – an internal service fund utilized to finance and account for the transactions related to the City's dental, life, long-term disability and self-insured employee health insurance plans.

Equipment Replacement Fund – an internal service fund utilized to finance and account for the acquisition of capital assets for designated departments within the City.

Technology Fund – an internal service fund utilized to finance and account for the acquisition of major technology-related capital assets that are not funded through the Capital Projects or Equipment Replacement funds.

Fiduciary Funds

The fiduciary funds are used to account for assets held as an agent for others in an agency capacity. The agency funds are custodial in nature and do not present results of operations. The funds are accounted for using the accrual basis of accounting, with no measurement focus. The City has the following fiduciary funds:

Collections and Deposits Fund – an agency fund utilized to finance and account for refundable deposits and other flow-through funds collected by the City to be paid out to another party.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Revolving Loan Fund – an agency fund utilized to fund economic development loans and account for repayments of principal and interest from borrowers.

(d) Governmental Accounting Standards Board (GASB) Pronouncements

In 2006, the City adopted the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section. The adoption of this pronouncement resulted in the modification, addition and deletion of certain tables within the statistical section of the June 30, 2006 report to conform with the guidance provided in the pronouncement.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

(e) Use of Estimates

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 the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

(f) Encumbrances

The fund balances in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, because the City intends to honor these purchase commitments. The City does not treat encumbrances as expenditures for GAAP purposes.

(g) Fund Balance Reserves

Governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assets not available for spending in the subsequent year's budget are long-term and subsequent years' receivables, inventories, and prepaid items.

(h) Cash and Pooled Cash Investments

Except for the Component Unit, the City maintains a cash and investment pool that is available for use by all funds. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. These pooled deposits are invested on a short-term basis, and interest income is generally allocated to each participating fund based upon the percentage of its average balance.

The City's investments are all participating interest-earning contracts with maturities at purchase of less than one year, and are carried at amortized cost as permitted by Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

For purposes of the statement of cash flows, the proprietary funds consider all investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Cash equivalents of the Component Unit include a money market account and an investment in the Iowa Public Agency Investment Trust (IPAIT), which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance.

(i) Inventories

Inventories of materials and supplies are valued at average cost. Inventories are recorded as an expenditure at the time of consumption.

(j) Unbilled Revenues

Utilizing the first billing subsequent to year-end, the Component Unit accrues unbilled revenues for services rendered subsequent to the last billing date and prior to year-end based upon the number of days unbilled.

(k) Capital Assets

Capital assets, which include real property, equipment and vehicles, artwork, buildings, infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), and the City's share of assets in an undivided equity interest, are reported in the governmental activities column in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$2,000 and estimated useful lives in excess of one year.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	50
Improvements other than buildings	5 – 30
Vehicles and equipment	3 – 20
Distribution system	50
Artwork	20
Infrastructure	10 – 65
Share of undivided equity interest assets	5 – 15

(l) Deferred Revenues

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred revenue at the fund level represents the amount of assets that have been

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

recognized, but the related revenue has not been recognized since it is not available. Deferred revenue at the fund level consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year-end. Unearned revenue at the government-wide level consists of the succeeding year property tax receivable.

(m) Long-Term Debt

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made.

(n) Comparative data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

(o) Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated vacation and sick leave is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide financial statements as well as in the Component Unit. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

(p) Self-insurance

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$35,000 per employee and \$1,590,000 and \$1,533,920 in the aggregate for June 30, 2007 and 2006, respectively. The operating funds are charged premiums (based upon historical claim experience) by the Risk Management Fund, which is accounted for as an Internal Service Fund. The accrued liability for estimated claims represents an estimate, based on actuarial valuation, of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported, and is classified with accounts payable.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

The table below presents the changes in claim liabilities for the past two years for the City's employee health insurance.

	<u>2007</u>	<u>2006</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 150,000	159,613
Incurring claims and claim adjustment expenses	1,189,549	1,243,949
Payments	<u>(1,194,549)</u>	<u>(1,253,562)</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ <u>145,000</u>	<u>150,000</u>

(2) Cash and Pooled Cash Investments and Cash Equivalents

The City's and its Component Unit's deposits at June 30, 2007 and 2006 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The investment interest income of the Road Use Tax Fund has been assigned to the City's General Fund.

The City is authorized by state statute to invest public funds in interest bearing savings, money market, or checking accounts at a bank, savings and loan association or credit union in the State of Iowa that is approved by the Council and the Treasurer of the State of Iowa, in obligations of the United States government, its agencies, and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Council and the Treasurer of the State of Iowa; The Iowa Public Agency Investment Trust (IPAIT), perfected repurchase agreements; and certain registered open-end management investment companies.

Certificates of deposit and obligations of the United States government are classified as cash and pooled cash investments in the financial statements and are included with bank deposits in this note. The cash equivalents of the City's non-fiduciary funds at June 30, 2007 and 2006 are \$24,426,493 and \$20,387,896, respectively. The City's agency funds had cash and pooled cash investments of \$1,341,470 and \$1,324,734 at June 30, 2007 and 2006, respectively.

At June 30, 2007 and 2006, cash equivalents of the Component Unit included a money market account of \$2,390,459 and \$2,351,937 respectively, and an investment in IPAIT of \$129,305 and \$123,246, respectively, which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization.

Interest rate risk. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Credit risk. The Component Unit's investment in Iowa Public Agency Investment Trust is unrated. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance. All other investments held by the City at June 30, 2007 and 2006 are in certificates of deposit and obligations of the United States government held with depository institutions approved by the Council.

Concentration of credit risk. The City places dollar limits, ranging from \$6 - \$14 million, on the amount that may be invested in any one approved depository institution. The City also has a diversification policy to reduce risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, or a specific class of securities.

Custodial credit risk - deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City held no such investments during the year.

(3) Restricted Assets

Customer deposits, a sinking fund and a reserve fund as defined by the Component Unit's water revenue bond covenants are separately disclosed in the balance sheet of the Component Unit.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(4) Capital Assets

Capital assets activity for the Primary Government for the year ended June 30, 2007 and 2006 is as follows:

	<u>July 1, 2006 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007 Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,003,100	120,942	—	5,124,042
Construction in progress	7,102,513	6,274,107	7,850,010	5,526,610
Right of way	208,373	—	—	208,373
	<u>12,313,986</u>	<u>6,395,049</u>	<u>7,850,010</u>	<u>10,859,025</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Equipment	8,460,868	1,421,292	605,960	9,276,200
Buildings	17,442,877	—	—	17,442,877
Improvements other than buildings	1,911,534	144,607	—	2,056,141
Artwork	253,150	—	—	253,150
Infrastructure	94,470,847	11,317,334	—	105,788,181
Share of undivided equity interest assets	462,825	88,155	—	550,980
	<u>123,002,101</u>	<u>12,971,388</u>	<u>605,960</u>	<u>135,367,529</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Equipment	4,211,731	898,926	601,330	4,509,327
Buildings	2,805,575	348,532	—	3,154,107
Improvements other than buildings	431,650	98,493	—	530,143
Artwork	69,830	12,657	—	82,487
Infrastructure	18,726,044	2,311,568	—	21,037,612
Share of undivided equity interest assets	321,945	54,542	—	376,487
	<u>26,566,775</u>	<u>3,724,718</u>	<u>601,330</u>	<u>29,690,163</u>
Total accumulated depreciation				
Total capital assets, net	\$ <u>108,749,312</u>	<u>15,641,719</u>	<u>7,854,640</u>	<u>116,536,391</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

	<u>July 1, 2005</u>			<u>June 30, 2006</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 4,874,446	129,734	1,080	5,003,100
Construction in progress	4,268,751	7,367,332	4,533,570	7,102,513
Right of way	208,373	—	—	208,373
Total capital assets not being depreciated	<u>9,351,570</u>	<u>7,497,066</u>	<u>4,534,650</u>	<u>12,313,986</u>
Capital assets being depreciated:				
Equipment	7,384,138	1,573,351	496,621	8,460,868
Buildings	14,909,695	2,591,458	58,276	17,442,877
Improvements other than buildings	1,858,710	52,824	—	1,911,534
Artwork	243,150	10,000	—	253,150
Infrastructure	87,255,070	7,215,777	—	94,470,847
Share of undivided equity interest assets	434,144	28,681	—	462,825
Total capital assets being depreciated	<u>112,084,907</u>	<u>11,472,091</u>	<u>554,897</u>	<u>123,002,101</u>
Less accumulated depreciation for:				
Equipment	3,835,769	860,035	484,073	4,211,731
Buildings	2,512,645	345,378	52,448	2,805,575
Improvements other than buildings	338,268	93,382	—	431,650
Artwork	57,381	12,449	—	69,830
Infrastructure	16,661,170	2,064,874	—	18,726,044
Share of undivided equity interest assets	278,511	43,434	—	321,945
Total accumulated depreciation	<u>23,683,744</u>	<u>3,419,552</u>	<u>536,521</u>	<u>26,566,775</u>
Total capital assets, net	<u>\$ 97,752,733</u>	<u>15,549,605</u>	<u>4,553,026</u>	<u>108,749,312</u>

Depreciation expense of \$3,724,718 and \$3,419,552 for the years ended June 30, 2007 and 2006, respectively, was charged to the following governmental functions:

	<u>2007</u>	<u>2006</u>
Public safety	\$ 439,612	373,006
Public works	2,697,193	2,486,082
Health & Social	137	-
Culture and recreation	424,219	409,330
Community and economic development	26,080	22,628
General government	137,477	128,506
Total depreciation expense	<u>\$ 3,724,718</u>	<u>3,419,552</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Capital asset activity for the Component Unit for the years ended June 30, 2007 and 2006 is as follows:

	2007			
	July 1, 2006 Balance	Increases	Decreases	June 30, 2007 Balance
Capital assets being depreciated:				
Equipment	\$ 548,120	142,596	49,849	640,867
Buildings	1,181,173	—	—	1,181,173
Distribution system	20,750,267	615,046	6,744	21,358,569
Construction in progress	2,811,005	579,312	—	3,390,317
Total capital assets being depreciated	<u>25,290,565</u>	<u>1,336,954</u>	<u>56,593</u>	<u>26,570,926</u>
Less accumulated depreciation for:				
Equipment	345,616	67,516	32,242	380,890
Buildings	377,737	29,987	—	407,724
Distribution system	5,530,278	423,447	6,744	5,946,981
Total accumulated depreciation	<u>6,253,631</u>	<u>520,950</u>	<u>38,986</u>	<u>6,735,595</u>
Total capital assets, net	<u>\$ 19,036,934</u>	<u>816,004</u>	<u>17,607</u>	<u>19,835,331</u>
	2006			
	July 1, 2005 Balance	Increases	Decreases	June 30, 2006 Balance
Capital assets being depreciated:				
Equipment	\$ 706,208	36,686	194,774	548,120
Buildings	1,181,173	—	—	1,181,173
Distribution system	19,511,136	1,246,717	7,586	20,750,267
Construction in progress	442,983	2,368,022	—	2,811,005
Total capital assets being depreciated	<u>21,841,500</u>	<u>3,651,425</u>	<u>202,360</u>	<u>25,290,565</u>
Less accumulated depreciation for:				
Equipment	429,905	50,435	134,724	345,616
Buildings	346,490	31,247	—	377,737
Distribution system	5,126,719	411,145	7,586	5,530,278
Total accumulated depreciation	<u>5,903,114</u>	<u>492,827</u>	<u>142,310</u>	<u>6,253,631</u>
Total capital assets, net	<u>\$ 15,938,386</u>	<u>3,158,598</u>	<u>60,050</u>	<u>19,036,934</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(5) Long-Term Obligations

(a) General Obligation Bonds

Details of general obligation bonds payable at June 30, 2007 and 2006 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding June 30, 2007	Amount Outstanding June 30, 2006
Street, fire, and refunding	11/01/95	4.90 to 5.25	6/11	350,000 to 400,000	\$ 3,835,000	1,500,000	1,850,000
Street	01/01/98	4.30 to 4.35	6/07	250,000	1,920,000	—	250,000
Street	10/01/98	4.35 to 4.40	6/09	225,000 to 350,000	2,535,000	575,000	925,000
Library/Misc.	08/01/99	4.60 to 4.88	6/14	300,000 to 575,000	6,520,000	2,845,000	3,370,000
Library/Park	05/01/00	5.00 to 5.35	6/14	275,000 to 650,000	6,025,000	3,025,000	3,585,000
Street, park, and public works improvements	08/01/01	3.90 to 4.30	6/11	100,000 to 200,000	1,450,000	650,000	750,000
Street, park and public works improvements	10/01/02	2.50 to 3.50	6/13	440,000 to 725,000	5,720,000	3,845,000	4,285,000
Street, park and public works improvements	09/01/03	2.50 to 3.75	6/14	560,000 to 810,000	7,155,000	5,085,000	5,645,000
Street, park and public works	10/01/04	2.20 to 3.60	6/15	425,000 to 610,000	5,400,000	3,975,000	4,400,000
Housing/Urban Development	10/01/04	3.35 to 5.30	6/19	55,000 to 105,000	1,035,000	925,000	980,000
Street/Bridge	07/01/05	3.4	6/16	395,000 to 525,000	5,225,000	4,150,000	4,545,000
Street/Bridge	08/01/06	3.80 to 4.10	6/16	275,000 to 815,000	4,385,000	3,570,000	—
					\$ 51,205,000	30,145,000	30,585,000

(b) Water Revenue Bonds

On June 16, 2005, the Component Unit issued \$4,000,000 in Water Revenue bonds. The bonds were issued for the construction of a 2.0 million gallon elevated storage facility and to install new water mains. Interest is payable semi-annually, each December 1 and June 1, at 3.90%. Principal payments are due June 1 of each year, and range from \$125,000 to 300,000, with final maturity in 2024. At June 30, 2007, the restricted cash on the balance sheet includes \$25,336 in the Sinking fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

(c) Government Loans Payable

The City and two other cities have jointly received loan monies from the State in connection with the construction of certain public safety communication improvements. At June 30, 2007 and 2006, the City's share of loan monies, which bear interest at 2.0%, was \$13,731 and \$20,395, respectively. Annual loan payments started on June 1, 2005 and continue through June 1, 2009.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

The Component Unit has an agreement with the City of Des Moines, Iowa, Board of Water Works Trustees (Water Works). Water Works issued revenue bonds, part of which were used to improve the capabilities of the City-owned booster station. The Component Unit has agreed to repay to Water Works the costs associated with the capital assets developed by Water Works in conjunction with this construction project. The final payment to Des Moines Water Works was made on December 1, 2006. At June 30, 2007 and 2006, the Component Unit was obligated to repay to Water Works \$0 and \$39,187, respectively, plus 3.15% to 3.40% interest in conjunction with this project.

(d) *General Obligation Certificates of Participation*

In 2000, the City issued \$1,430,000 in General Obligation Certificates of Participation for acquiring a structure to house the City's Departments of Community Development and Engineering/Public Works. Principal payments range from \$60,000 to \$120,000 with interest rates from 5.15% to 6.25%. Total outstanding principal at June 30, 2007 and 2006 was \$1,115,000 and \$1,170,000 respectively, with the final payment due June 2020.

(e) *General Obligation General Fund Capital Loan Notes*

In 2006, the City issued \$1,470,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$70,000 to \$130,000 with interest rates from 3.90% to 4.30%. Total outstanding principal at June 30, 2007 and 2006 was \$1,400,000 and \$0 respectively, with the final payment due June 2021.

In 2006, the City also issued \$515,000 in General Obligation General Fund Taxable Capital Loan Notes for an urban renewal project which will fund a loan to Homemakers Corporation. Principal payments range from \$80,000 to \$120,000 with interest rates from 5.50% to 5.90%. Total outstanding principal at June 30, 2007 and 2006 was \$515,000 and \$0 respectively, with the final payment due June 2012.

In 2005, the City issued \$2,630,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing community development building to be used for administrative offices and city hall. Principal payments range from \$95,000 to \$190,000 with interest rates from 3.25% to 4.45%. Total outstanding principal at June 30, 2007 and 2006 was \$2,350,000 and \$2,445,000 respectively, with the final payment due June 2024.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2007 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation Certificates of Participation		General Obligation General Fund Capital Loan Notes		Government Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	4,340,000	1,166,250	60,000	61,870	255,000	192,554	6,798	274
2009	4,360,000	1,001,390	60,000	58,120	285,000	167,219	6,933	139
2010	4,210,000	834,065	65,000	55,030	290,000	155,031	—	—
2011	3,930,000	670,837	70,000	51,650	305,000	142,432	—	—
2012	3,410,000	518,610	75,000	47,975	325,000	129,036	—	—
2013-2017	9,695,000	892,272	450,000	173,890	1,150,000	487,997	—	—
2018-2022	200,000	16,112	335,000	39,335	1,285,000	238,090	—	—
2023-2024	—	—	—	—	370,000	24,832	—	—
	<u>\$ 30,145,000</u>	<u>5,099,536</u>	<u>1,115,000</u>	<u>487,870</u>	<u>4,265,000</u>	<u>1,537,191</u>	<u>13,731</u>	<u>413</u>

The annual principal and interest requirements to maturity for the Component Unit's obligations at June 30, 2007 are as follows:

Years Ending June 30,	Water Revenue Bonds	
	Principal	Interest
2008	\$ 160,000	145,275
2009	165,000	139,035
2010	170,000	132,600
2011	175,000	125,970
2012	185,000	119,145
2013-2017	1,030,000	482,235
2018-2022	1,255,000	265,200
2023-2024	585,000	34,515
	<u>\$ 3,725,000</u>	<u>1,443,975</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

Changes in long-term obligations for the years ended June 30, 2007 and 2006 are as follows:

		2007				
		Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due within 1 year
Primary government:						
General obligation bonds	\$	30,585,000	4,385,000	4,825,000	30,145,000	4,340,000
General obligation certificates of participation		1,170,000	—	55,000	1,115,000	60,000
General obligation General Fund capital loan notes		2,445,000	1,985,000	165,000	4,265,000	255,000
Government loans payable		20,395	—	6,664	13,731	6,797
Compensated absences		936,176	153,390	16,977	1,072,589	479,618
	\$	<u>35,156,571</u>	<u>6,523,390</u>	<u>5,068,641</u>	<u>36,611,320</u>	<u>5,141,415</u>
Component unit:						
Water revenue bonds	\$	3,875,000	—	150,000	3,725,000	160,000
Government loans payable		13,784	—	13,784	—	—
Compensated absences		100,370	21,189	3,861	117,698	59,973
	\$	<u>3,989,154</u>	<u>21,189</u>	<u>167,645</u>	<u>3,842,698</u>	<u>219,973</u>
		2006				
		Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Due within 1 year
Primary government:						
General obligation bonds	\$	29,635,000	5,225,000	4,275,000	30,585,000	4,010,000
General obligation certificates of participation		1,220,000	—	50,000	1,170,000	55,000
General obligation General Fund capital loan notes		2,540,000	—	95,000	2,445,000	95,000
Government loans payable		33,334	—	12,939	20,395	6,664
Compensated absences		913,121	30,152	7,097	936,176	439,138
	\$	<u>34,341,455</u>	<u>5,255,152</u>	<u>4,440,036</u>	<u>35,156,571</u>	<u>4,605,802</u>
Component unit:						
Water revenue bonds		4,000,000	—	125,000	3,875,000	150,000
Government loans payable	\$	39,187	—	25,403	13,784	13,784
Compensated absences		103,718	6,360	9,708	100,370	56,074
	\$	<u>4,142,905</u>	<u>6,360</u>	<u>160,111</u>	<u>3,989,154</u>	<u>219,858</u>

Typically, the general fund has been used in prior years to liquidate long-term liabilities other than debt.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

2005 Actual value of Property (unaudited)	\$ 3,184,949,315
Debt limit - 5% of assessed valuation	\$ 159,247,466
Amount of debt applicable to debt limit:	
Government loan payable	(13,731)
General obligation certificates of participation	(1,115,000)
General obligation General Fund capital loan notes	(4,265,000)
General obligation bonds	<u>(30,145,000)</u>
Legal debt margin	\$ <u>123,708,735</u>

(6) Retirement Plans

(a) Plan Descriptions

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRS) and the Iowa Public Employees Retirement System (IPERS), which are cost-sharing multiple-employer defined benefit pension plans. MFPRS administered by a Board of Trustees while the IPERS plan is administered by the State of Iowa. MFPRS and IPERS provide retirement, disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute to plan members and beneficiaries. MFPRS and IPERS issue publicly available financial reports that include financial statements and required supplementary information for the respective plans.

The reports may be obtained by contacting the respective organizations at the following addresses:

Municipal Fire and Police Retirement System of Iowa	IPERS
7155 Lake Drive	PO Box 9117
West Des Moines, IA 50263	Des Moines, IA 50306

(b) Funding Policy

MFPRS and IPERS plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute.

The contribution rates for plan members and the City in years ended June 30, 2007, 2006, and 2005 under the two plans were as follows:

	Plan Member Contributions			City Contributions		
	2007	2006	2005	2007	2006	2005
IPERS – Basic	3.70 %	3.70	3.70	5.75	5.75	5.75
MFPRS	<u>9.35</u>	<u>9.35</u>	<u>9.35</u>	<u>27.75</u>	<u>28.21</u>	<u>24.92</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

The City's contributions to MFPRS and IPERS for the years ended June 30, 2007, 2006, and 2005 were equal to the required contributions for each year as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
IPERS	\$ 367,691	349,126	330,669
MFPRS	<u>712,083</u>	<u>708,396</u>	<u>581,718</u>

The Component Unit's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$50,858, \$50,816, and \$46,578, respectively.

(c) Money Purchase Plan

The Component Unit also offers its employees a money purchase plan created and administered in accordance with Internal Revenue Code Section 401(a). The plan, available to all full-time Water Utility employees, permits them to contribute up to 8% of their salary with the Water Utility matching 60% of the employee's contribution.

All assets and income of the plan are held in trusts established for the exclusive benefit of eligible participants and their beneficiaries in accordance with Internal Revenue Code Section 401(a). No part of the trusts shall revert to the Water Utility or be used for or diverted to purposes other than the exclusive benefit of participants and their beneficiaries. Third-party administrators who act in a trustee capacity manage the plans. Accordingly, these plan assets are not reported in the Water Utility's financial statements. The Water Utility made contributions to the plan of \$18,705 and \$17,388 for the years ended June 30, 2007 and 2006, respectively. The Water Utility's employees made contributions to the plan of \$31,175 and \$28,980 for the years ended June 30, 2007 and 2006, respectively.

(7) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created and administered in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All assets and income of the plan are held in trusts established for the exclusive benefit of eligible participants and their beneficiaries in accordance with Internal Revenue Code Section 457(g). No part of the trusts shall revert to the City or be used for or diverted to purposes other than the exclusive benefit of participants and their beneficiaries. Third-party administrators who act in a trustee capacity manage the plans. Accordingly, these plan assets are not reported in the City's financial statements.

(8) 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. The City maintains a Risk Management Fund (an Internal Service Fund) to account for its uninsured risks of loss. The Risk Management Fund provides employee health and group life insurance coverage for City employees. Workers compensation and general liability and auto liability coverages are provided through the City's participation in self-

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

insurance risk pools as described in the subsequent paragraphs. Commercial insurance is purchased for all other risks of loss. Settlements have not exceeded coverages for each of the past three fiscal years.

(a) Iowa Municipalities Workers' Compensation Association

The City is a member of the Iowa Municipalities Workers' Compensation Association (the Association), which was established to provide members a group self-insurance program for their workers' compensation liabilities. Approximately 300 cities and counties participate in the Association. The members participating in the Association to manage and conduct the business and affairs of the Association elect a board of trustees consisting of seven members.

The following table sets forth summarized financial data of the Association as of June 30, 2007 and 2006:

	2007	2006
Cash and cash equivalents	\$ 3,258,130	2,047,455
Investments	34,188,519	30,203,122
Receivables	1,817,560	1,368,218
Other assets	496,239	238,716
Total assets	\$ 39,760,448	33,857,511
Total liabilities	\$ 21,589,230	18,465,385
Total equity	18,171,218	15,392,126
Total liabilities and equity	\$ 39,760,448	33,857,511
Total revenues	\$ 5,677,535	6,867,019
Total expenses	2,898,443	2,816,878
Net increase (decrease) in equity	\$ 2,779,092	4,050,141

(b) Iowa Communities Assurance Pool

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007 and 2006 were \$335,980 and \$312,481 respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the City's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(9) Commitments

(a) Construction and Purchase Commitments

At June 30, 2007 and 2006, the following construction and purchase commitments had been made:

	2007	
Project	Costs Incurred to Date	Total Contracts
Capital projects fund	\$ 7,673,013	9,712,726
General fund	2,007	156,037
Total	\$ 7,675,020	9,868,763
	2006	
Project	Costs Incurred to Date	Total Contracts
Capital projects fund	\$ 12,514,373	16,318,382
General fund	48,491	52,891
Special revenue fund – Road Use Tax	—	223,993
Total	\$ 12,562,864	16,595,266

(b) Joint Operation

In August of 2000, the City entered into a joint operation of a centralized emergency dispatch center (Westcom) with two other Des Moines suburbs. Westcom was established as an undivided interest ownership arrangement, whereby titles to assets in Westcom are held individually by the City and the other two Des Moines suburbs. The City showed expenditures of \$550,980 and \$505,201 and has an undivided interest in assets of the operation, net of depreciation, totaling \$174,493 and \$140,880 as of June 30, 2007 and 2006 respectively.

(c) Principal Park Renovation Pledge

The City, in conjunction with seven other governmental entities, pledged to pay the annual debt service on \$750,000 of City of Des Moines debt through future anticipated hotel/motel receipts, to assist in the renovation of Principal Park Stadium, a triple-A baseball facility located in downtown Des Moines. The City's portion of the pledge is in the form of a loan repayment over fifteen years. The pledge is allocated based upon the City's pro rata share of total hotel/motel tax collections of all seven entities for the year preceding the due date of the debt service obligation. The City made payments totaling \$14,599 and \$15,656 during the years ended June 30, 2007 and 2006, respectively.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(d) Iowa Events Center

In 2006, the City Council committed \$640,000 for the Iowa Events Center project, over a 20 year period. The City's contribution will be utilized for the payment of debt service on the bonds issued by Polk County to finance the construction of the downtown arena. The City made payments totaling \$32,000 during the year ended June 30, 2007 and 2006.

(e) Des Moines Water Works

The Component Unit has entered into agreements with Water Works for the construction of Water Works-owned booster stations, treatment plant, feeder mains, and a storage tank, which will enhance service to the City. Water Works designed, constructed, and financed the booster stations, a treatment plant, feeder mains, and a storage tank through the issuance of revenue bonds. The Component Unit has commitments outstanding at June 30, 2007 and 2006 to contribute to Water Works \$19,920,511 and \$21,049,219, respectively, plus interest at 2.5% to 4.375% in conjunction with these projects.

Future minimum payments in conjunction with these commitments are:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,272,278	773,508
2009	939,090	734,796
2010	979,535	701,298
2011	1,023,557	666,451
2012	1,073,229	629,997
2013-2017	6,188,391	2,480,259
2018-2022	4,201,931	1,381,144
2023-2026	4,242,500	474,326
	<u>\$ 19,920,511</u>	<u>7,841,779</u>

(f) Central Iowa Regional Drinking Water Commission

The Component Unit, in conjunction with 23 other governmental entities that provide water services, created a Central Iowa Regional Drinking Water Commission (the Commission). The Commission was created to (1) jointly plan and coordinate implementation for water supply, treatment, distribution, and storage facilities; (2) enable the participants in the Commission to jointly provide services in a cost effective manner; and (3) enable the participants in the Commission to undertake joint or coordinated procurement of goods and services. The Commission has not set a budget for expenditures. The Water Utility will be responsible for its proportional share of the budgeted expenses, which will be determined on the basis of the ratio of its retail customer accounts to the total retail customers of all participants, using the most recent information available each year.

(g) Loan Guarantees

The City is providing loan guarantees for the Urbandale Soccer Club, the Urbandale Girls Recreation Association and the Urbandale Little League, which approximated \$551,000 and \$684,000 at June 30, 2007 and June 30, 2006.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2007 and 2006

(h) Conduit Debt

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not 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, 2007 and 2006, there were three series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$7,364,716 and \$7,511,836 respectively.

(10) Subsequent Events

In September 2007, the City issued \$7,005,000 in general obligation bonds to be used primarily for street improvement projects.

In October 2007, \$300,000 in general obligation capital loan notes were issued for remodeling of the police station.

(11) Transfer Reconciliation

The following is a schedule of transfers of the City for the years ended June 30, 2007 and 2006

	2007	2006
Transfer to Road Use fund from:		
Nonmajor governmental funds	12,900	—
Total transfers to special revenue fund	12,900	—
Transfers to capital projects fund from:		
Nonmajor governmental funds	—	60,545
Road use fund	—	275,000
TIF fund	2,734,451	1,985,476
Total transfers to capital projects fund	2,734,451	2,321,021
Transfer to debt service fund from:		
TIF fund	791,165	740,089
Capital projects fund	1,117,923	1,060,425
Nonmajor governmental funds	98,593	102,727
Total transfer to debt service fund	2,007,681	1,903,241
Transfer to internal service fund from:		
Internal service fund	—	102,000
Total transfer to internal service fund	—	102,000
	\$ 4,755,032	4,326,262

Transfers are primarily used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

FINANCIAL SECTION

Required Supplementary Financial Schedules

CITY OF URBANDALE, IOWA
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances
 Budget and Actual (Cash Basis) -
 Governmental Funds

Year Ended June 30, 2007

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Revenues:				
Property tax	\$ 16,355,430	16,384,618	16,384,618	(29,188)
Tax increment financing	3,525,615	2,868,988	2,868,988	656,627
Other city tax	1,865,908	1,580,050	1,666,050	199,858
Licenses and permits	901,636	1,267,750	1,267,750	(366,114)
Use of money and property	1,091,158	372,500	391,600	699,558
Intergovernmental	4,544,613	5,156,965	5,377,417	(832,804)
Charges for services	2,382,113	2,172,215	2,194,615	187,498
Special assessments	263,500	3,154,600	3,154,600	(2,891,100)
Miscellaneous	656,996	368,800	399,000	257,996
Total receipts	31,586,969	33,326,486	33,704,638	(2,117,669)
Expenditures:				
Public safety	6,683,994	6,956,949	7,035,499	351,505
Public works	5,627,884	5,787,503	5,853,703	225,819
Health and social services	18,355	35,000	35,000	16,645
Culture and recreation	5,248,030	5,456,639	5,638,941	390,911
Community and economic development	1,117,889	1,208,582	1,248,582	130,693
General government	2,375,632	2,427,883	2,438,983	63,351
Debt Service	6,140,052	6,153,504	6,153,504	13,452
Capital projects	7,031,533	13,238,712	13,238,712	6,207,179
Total disbursements	34,243,369	41,264,772	41,642,924	7,399,555
Excess (deficiency) of revenues over (under) expenditures	(2,656,400)	(7,938,286)	(7,938,286)	(5,281,886)
Other financing sources, net	6,365,880	5,901,950	5,901,950	(463,930)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,709,480	(2,036,336)	(2,036,336)	(5,745,816)
Fund balances at beginning of year	14,683,031	8,550,867	8,550,867	(6,132,164)
Fund balances at end of year	\$ 18,392,511	6,514,531	6,514,531	(11,877,980)

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 31,586,969	(272,899)	31,314,070
Expenditures/expenses	34,243,369	128,869	34,372,238
Net	(2,656,400)	(401,768)	(3,058,168)
Other financing sources, net	6,365,880	4,120	6,370,000
Beginning fund balances/net assets	14,683,031	(309,862)	14,373,169
Ending fund balances/net assets	\$ 18,392,511	(707,510)	17,685,001

See accompanying notes to required supplementary information.

CITY OF URBANDALE, IOWA
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances
 Budget and Actual (Cash Basis) -
 Governmental Funds

Year Ended June 30, 2006

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Revenues:				
Property tax	\$ 14,636,588	14,711,803	14,711,803	(75,215)
Tax increment financing	2,725,565	2,740,700	2,740,700	(15,135)
Other city tax	1,856,970	1,515,120	1,515,120	341,850
Licenses and permits	1,046,638	1,249,425	1,298,425	(251,787)
Use of money and property	776,730	120,000	287,650	489,080
Intergovernmental	4,682,834	4,527,400	5,153,755	(470,921)
Charges for services	2,264,770	2,222,050	2,222,050	42,720
Special assessments	185,757	779,120	779,120	(593,363)
Miscellaneous	1,413,115	577,500	612,100	801,015
Total receipts	29,588,967	28,443,118	29,320,723	268,244
Expenditures:				
Public safety	6,219,215	6,400,335	6,679,430	460,215
Public works	5,095,089	5,487,828	5,512,828	417,739
Health and social services	23,974	34,000	34,000	10,026
Culture and recreation	5,095,563	5,052,145	5,248,905	153,342
Community and economic development	1,762,679	1,468,353	1,907,353	144,674
General government	2,082,117	2,080,242	2,147,492	65,375
Debt Service	5,582,822	5,668,866	5,668,866	86,044
Capital projects	11,228,955	11,383,751	12,376,291	1,147,336
Total disbursements	37,090,414	37,575,520	39,575,165	2,484,751
Excess (deficiency) of revenues over (under) expenditures	(7,501,447)	(9,132,402)	(10,254,442)	(2,752,995)
Other financing sources, net	4,899,031	5,225,000	5,225,000	325,969
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,602,416)	(3,907,402)	(5,029,442)	(2,427,026)
Fund balances at beginning of year	17,285,447	13,580,309	13,580,309	(3,705,138)
Fund balances at end of year	\$ 14,683,031	9,672,907	8,550,867	(6,132,164)

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 29,588,967	66,147	29,655,114
Expenditures/expenses	37,090,414	(646,614)	36,443,800
Net	(7,501,447)	712,761	(6,788,686)
Other financing sources, net	4,899,031	325,969	5,225,000
Beginning fund balances/net assets	17,285,447	(1,348,592)	15,936,855
Ending fund balances/net assets	\$ 14,683,031	(309,862)	14,373,169

See accompanying notes to required supplementary information.

CITY OF URBANDALE, IOWA

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007 and 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund. In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. However, emphasis is placed on monitoring budgets by individual funds and by major classifications within functions, such as personnel, operations and maintenance, and capital outlay. Deviations from budgeted amounts by major classifications within programs must be approved by the City Manager. Monthly reports are prepared by Department and program to monitor program expenditures and legally budgeted amounts. All appropriations lapse at the end of the fiscal year.

State law mandates that annual budgets for funds other than Agency and Internal Service for the fiscal year beginning July 1 must be certified to the county auditor no later than March 15, preceding the beginning of the fiscal year. The Council also annually adopts a five-year capital improvement plan. The review and adoption of a budget is handled in accordance with state laws, as there is no City ordinance governing the budget process. Preliminary review of all operating budget requests is conducted by the City manager (the Manager) at a Departmental level. The Manager's budget, considered as a plan of financial operation along with proposed sources of revenues, is presented to the Council at least two months prior to certification. The Council holds hearings with the Manager, department heads, boards, and commissions, as well as a public hearing prior to adopting a budget. By resolution, the Council adopts a budget effective July 1 and certifies it to the county auditor, who, in turn, certifies the City's budget to the State Department of Management. This budget becomes the appropriation and is prepared on a cash basis (budget basis).

Amendments to the budget are considered annually only if revenue sources are available (i.e., unanticipated revenues and budget surpluses). There can be no additional levy of property taxes. The actual amendment process, as prescribed by state law, is identical to the procedures followed for the original budget, including certification. The budgets for the fiscal years ending June 30, 2007 and 2006 were amended during the year to allow the City to increase program expenditures by \$378,152 and \$1,999,645, respectively and increased program revenues by \$378,152 and 877,605, respectively. The 2007 amendments were obtained to provide for Westcom operating expenses, police equipment, training and crossing guards, storm cleanup, solid waste programs, library expenditures, a CEBA loan and auction remittances. These costs were offset by Federal and local grant funds, donations, intergovernmental revenues, investment income, auction proceeds, and vehicle impound administrative revenues. The 2006 amendments were obtained to provide for capital improvement projects, Westcom operating expenses, fire station building repairs, fire communications project, uniforms and training for new police staff, asphalt repair, yard waste program, Iowa Events Center contribution, library expenditures, marketing campaign, CEBA loans, a development study, a technology contract, and auction and sales tax remittances. These costs were offset by the special census, fiber optic network expenses, solid waste containers, additional costs for PW facility and the purchase of park land.

The actual expenditures of the Component Unit were \$11,869,251 and \$12,368,331 compared to a legal budget of \$12,332,036 and \$14,003,230 for the years ended June 30, 2007 and 2006, respectively.



FINANCIAL SECTION

Other Supplementary Financial Schedules

CITY OF URBANDALE, IOWA

Nonmajor Governmental Funds

Special Revenue Funds:

Hotel/motel fund - to account for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of convention and tourism.

Parkland - to account for funds held by the city for future parkland purchases.

Colby Woods Park - to account for funds held by the city for Colby Woods park improvements.

Walker Johnston Memorial - to account for funds held for Walker Johnston park improvements.

Fire Department training, equipment & donations – to account for monies held for the specific fire projects.

ERT #1 – to account for funds received from an emergency response team grant.

ERT – GASA - to account for funds received from an emergency response team grant.

Evidence and Forfeited Property – to account for forfeited funds and property received by the City from drug enforcement efforts, police action or investigation. The City must use these forfeited funds and property to enhance law enforcement.

Federal Forfeited Property – to account for funds and property received by the City from federal investigations.

Police Donations - to account for money received to be used on specific police projects

Donation and escrow – to account for money received from builders/investors to be used on specific street/park projects

Police Retirement – to account for state statute restricted monies to be used for future City contributions to the statewide retirement system, as provided by the Code of Iowa, Chapter 411.

CITY OF URBANDALE, IOWA
 Combining Balance Sheet Information
 Nonmajor Governmental Funds

June 30, 2007

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
Assets							
Cash and pooled cash investments	\$ 297,396	198,424	49,319	—	3,481	5,686	3,304
Taxes receivable:							
Current	296,445	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—	—
Total assets	<u>\$ 593,841</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>5,686</u>	<u>3,304</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ —	—	—	—	—	707	—
Deferred revenue	296,445	—	—	—	—	—	—
Total liabilities	<u>296,445</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>707</u>	<u>—</u>
Fund balances:							
Unreserved - undesignated	297,396	198,424	49,319	—	3,481	4,979	3,304
Total fund balances	<u>297,396</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>4,979</u>	<u>3,304</u>
Total liabilities and fund balances	<u>\$ 593,841</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>5,686</u>	<u>3,304</u>

CITY OF URBANDALE, IOWA

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	Donations and Escrow	Total
Assets						
Cash and pooled cash investments	\$ 481	10,879	70,146	2,601	2,210,590	2,852,307
Taxes receivable:						
Current	—	—	—	—	—	296,445
Due from Other Governments	—	15,553	7,533	—	—	23,086
Total assets	<u>\$ 481</u>	<u>26,432</u>	<u>77,679</u>	<u>2,601</u>	<u>2,210,590</u>	<u>3,171,838</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ —	665	4,499	2,044	—	7,915
Deferred revenue	—	—	—	—	—	296,445
Total liabilities	<u>—</u>	<u>665</u>	<u>4,499</u>	<u>2,044</u>	<u>—</u>	<u>304,360</u>
Fund balances:						
Unreserved - undesignated	481	25,767	73,180	557	2,210,590	2,867,478
Total fund balances	<u>481</u>	<u>25,767</u>	<u>73,180</u>	<u>557</u>	<u>2,210,590</u>	<u>2,867,478</u>
Total liabilities and fund balances	<u>\$ 481</u>	<u>26,432</u>	<u>77,679</u>	<u>2,601</u>	<u>2,210,590</u>	<u>3,171,838</u>

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information
Nonmajor Governmental Funds

June 30, 2006

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
Assets							
Cash and pooled cash investments	\$ 507,176	188,090	68,840	1,282	3,642	5,982	5,036
Taxes receivable:							
Current	290,087	—	—	—	—	—	—
Accrued interest	—	2	—	14	—	—	—
Total assets	<u>\$ 797,263</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,982</u>	<u>5,036</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 181,457	—	—	—	—	91	—
Deferred revenue	290,087	—	—	—	—	—	—
Total liabilities	<u>471,544</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91</u>	<u>—</u>
Fund balances:							
Unreserved - undesignated	<u>325,719</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,891</u>	<u>5,036</u>
Total fund balances	<u>325,719</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,891</u>	<u>5,036</u>
Total liabilities and fund balances	<u>\$ 797,263</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,982</u>	<u>5,036</u>

CITY OF URBANDALE, IOWA

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2006

	ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	Donations and Escrow	Police Retirement	Total
Assets							
Cash and pooled cash investments	\$ 1,746	10,603	28,500	500	2,135,654	—	2,957,051
Taxes receivable:							
Current	—	—	—	—	—	—	290,087
Accrued interest	—	—	—	—	—	—	16
Total assets	<u>\$ 1,746</u>	<u>10,603</u>	<u>28,500</u>	<u>500</u>	<u>2,135,654</u>	<u>—</u>	<u>3,247,154</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ —	—	—	—	—	—	181,548
Deferred revenue	—	—	—	—	—	—	290,087
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>471,635</u>
Fund balances:							
Unreserved - undesignated	—	—	—	—	—	—	598,516
Total fund balances	<u>1,746</u>	<u>10,603</u>	<u>28,500</u>	<u>500</u>	<u>2,135,654</u>	<u>—</u>	<u>2,775,519</u>
Total liabilities and fund balances	<u>\$ 1,746</u>	<u>10,603</u>	<u>28,500</u>	<u>500</u>	<u>2,135,654</u>	<u>—</u>	<u>3,247,154</u>

CITY OF URBANDALE, IOWA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2007

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
Revenues							
Taxes	\$ 695,234	—	—	—	—	—	—
Use of money and property	—	10,332	2,833	46	181	—	—
Charges for services	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	330	5,471	800
Total revenues	<u>695,234</u>	<u>10,332</u>	<u>2,833</u>	<u>46</u>	<u>511</u>	<u>5,471</u>	<u>800</u>
Expenditures							
Current operating expenditures							
Public safety	—	—	—	—	672	6,383	2,532
Culture and recreation	593,700	—	—	1,342	—	—	—
Public works	—	—	22,354	—	—	—	—
Community and Economic Development	31,264	—	—	—	—	—	—
Total expenditures	<u>624,964</u>	<u>—</u>	<u>22,354</u>	<u>1,342</u>	<u>672</u>	<u>6,383</u>	<u>2,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,270</u>	<u>10,332</u>	<u>(19,521)</u>	<u>(1,296)</u>	<u>(161)</u>	<u>(912)</u>	<u>(1,732)</u>
Transfers out	<u>(98,593)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total transfers	<u>(98,593)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balances	(28,323)	10,332	(19,521)	(1,296)	(161)	(912)	(1,732)
Fund balances - beginning	<u>325,719</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,891</u>	<u>5,036</u>
Fund balances - ending	<u>\$ 297,396</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>4,979</u>	<u>3,304</u>

CITY OF URBANDALE, IOWA

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2007

	<u>ERT #1</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Donations Escrow</u>	<u>Total</u>
Revenues						
Taxes	—	—	—	—	—	695,234
Use of money and property	14	731	2,597	—	—	16,734
Charges for services	—	—	59,055	—	—	59,055
Miscellaneous	5,393	26,830	—	5,815	115,261	159,900
Total revenues	<u>5,407</u>	<u>27,561</u>	<u>61,652</u>	<u>5,815</u>	<u>115,261</u>	<u>930,923</u>
Expenditures						
Current operating expenditures						
Public safety	6,672	12,397	16,972	5,758	—	51,386
Culture and recreation	—	—	—	—	—	595,042
Public works	—	—	—	—	—	22,354
Community and Economic Development	—	—	—	—	27,425	58,689
Total expenditures	<u>6,672</u>	<u>12,397</u>	<u>16,972</u>	<u>5,758</u>	<u>27,425</u>	<u>727,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,265)</u>	<u>15,164</u>	<u>44,680</u>	<u>57</u>	<u>87,836</u>	<u>203,452</u>
Transfers out	—	—	—	—	(12,900)	(111,493)
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,900)</u>	<u>(111,493)</u>
Net changes in fund balances	(1,265)	15,164	44,680	57	74,936	91,959
Fund balances - beginning	1,746	10,603	28,500	500	2,135,654	2,775,519
Fund balances - ending	<u>481</u>	<u>25,767</u>	<u>73,180</u>	<u>557</u>	<u>2,210,590</u>	<u>2,867,478</u>

CITY OF URBANDALE, IOWA

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2006

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
Revenues							
Taxes	\$ 714,110	—	—	—	—	—	—
Use of money and property	—	7,337	2,922	49	216	—	—
Miscellaneous	—	43,425	—	—	1,630	1,268	900
Total revenues	<u>714,110</u>	<u>50,762</u>	<u>2,922</u>	<u>49</u>	<u>1,846</u>	<u>1,268</u>	<u>900</u>
Expenditures							
Current operating expenditures							
Public safety	—	—	—	—	3,013	91	—
Culture and recreation	728,440	—	—	—	—	—	—
Community and Economic Development	—	—	—	—	—	—	—
Total expenditures	<u>728,440</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,013</u>	<u>91</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,330)</u>	<u>50,762</u>	<u>2,922</u>	<u>49</u>	<u>(1,167)</u>	<u>1,177</u>	<u>900</u>
Transfers out	<u>(102,727)</u>	<u>(60,545)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total transfers	<u>(102,727)</u>	<u>(60,545)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balances	<u>(117,057)</u>	<u>(9,783)</u>	<u>2,922</u>	<u>49</u>	<u>(1,167)</u>	<u>1,177</u>	<u>900</u>
Fund balances - beginning	<u>442,776</u>	<u>197,875</u>	<u>65,918</u>	<u>1,247</u>	<u>4,809</u>	<u>4,714</u>	<u>4,136</u>
Fund balances - ending	<u>\$ 325,719</u>	<u>188,092</u>	<u>68,840</u>	<u>1,296</u>	<u>3,642</u>	<u>5,891</u>	<u>5,036</u>

CITY OF URBANDALE, IOWA

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2006

	<u>ERT #1</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Donations Escrow</u>	<u>Police Retirement</u>	<u>Total</u>
Revenues							
Taxes	—	—	—	—	—	—	714,110
Use of money and property	—	407	339	—	606	389	12,265
Miscellaneous	85	22,575	24,410	—	981,039	—	1,075,332
Total revenues	<u>85</u>	<u>22,982</u>	<u>24,749</u>	<u>—</u>	<u>981,645</u>	<u>389</u>	<u>1,801,707</u>
Expenditures							
Current operating expenditures							
Public safety	1,541	13,885	9,926	—	—	161,740	190,196
Culture and recreation	—	—	—	—	—	—	728,440
Community and Economic Development	—	—	—	—	35,954	—	35,954
Total expenditures	<u>1,541</u>	<u>13,885</u>	<u>9,926</u>	<u>—</u>	<u>35,954</u>	<u>161,740</u>	<u>954,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,456)</u>	<u>9,097</u>	<u>14,823</u>	<u>—</u>	<u>945,691</u>	<u>(161,351)</u>	<u>847,117</u>
Transfers out	—	—	—	—	—	—	(163,272)
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(163,272)</u>
Net changes in fund balances	<u>(1,456)</u>	<u>9,097</u>	<u>14,823</u>	<u>—</u>	<u>945,691</u>	<u>(161,351)</u>	<u>683,845</u>
Fund balances - beginning	<u>3,202</u>	<u>1,506</u>	<u>13,677</u>	<u>500</u>	<u>1,189,963</u>	<u>161,351</u>	<u>2,091,674</u>
Fund balances - ending	<u>1,746</u>	<u>10,603</u>	<u>28,500</u>	<u>500</u>	<u>2,135,654</u>	<u>—</u>	<u>2,775,519</u>

CITY OF URBANDALE, IOWA
Combining Statement of Net Assets –
Proprietary Funds
June 30, 2007

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:					
Cash and pooled cash investments	\$ 265,517	2,977,294	65,800	2,432,862	5,741,473
Accounts receivable	12,153	—	—	—	12,153
Capital assets, net	—	2,445,403	—	—	2,445,403
Total assets	<u>277,670</u>	<u>5,422,697</u>	<u>65,800</u>	<u>2,432,862</u>	<u>8,199,029</u>
Liabilities and Net Assets					
Current liabilities:					
Deferred revenue	11,539	—	—	—	11,539
Accounts payable	5,000	383,460	—	145,000	533,460
Total liabilities	<u>16,539</u>	<u>383,460</u>	<u>—</u>	<u>145,000</u>	<u>544,999</u>
Net assets:					
Invested in capital assets	—	2,445,403	—	—	2,445,403
Unrestricted	261,131	2,593,834	65,800	2,287,862	5,208,627
Total net assets	<u>\$ 261,131</u>	<u>5,039,237</u>	<u>65,800</u>	<u>2,287,862</u>	<u>7,654,030</u>

Statement of Net Assets –
Proprietary Funds
June 30, 2006

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:					
Cash and pooled cash investments	\$ 192,868	2,981,158	83,668	1,934,429	5,192,123
Capital assets, net	—	1,872,502	—	—	1,872,502
Total assets	<u>192,868</u>	<u>4,853,660</u>	<u>83,668</u>	<u>1,934,429</u>	<u>7,064,625</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	2,538	82,284	2,114	154,060	240,996
Total liabilities	<u>2,538</u>	<u>82,284</u>	<u>2,114</u>	<u>154,060</u>	<u>240,996</u>
Net assets:					
Invested in capital assets	—	1,872,502	—	—	1,872,502
Unrestricted	190,330	2,898,874	81,554	1,780,369	4,951,127
Total net assets	<u>\$ 190,330</u>	<u>4,771,376</u>	<u>81,554</u>	<u>1,780,369</u>	<u>6,823,629</u>

CITY OF URBANDALE, IOWA

Combining Statement of Revenues, Expenses, and Changes in
Net Assets – Proprietary Funds

Year Ended June 30, 2007

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 597,216	680,474	—	1,853,451	3,131,141
Other	48,187	4,304	—	62,105	114,596
Total operating revenues	645,403	684,778	—	1,915,556	3,245,737
Operating expenses:					
Insurance premiums and claims	584,486	—	—	1,535,278	2,119,764
Data processing	—	—	19,733	—	19,733
Equipment replacement expense	—	11,364	—	—	11,364
Depreciation	—	599,129	—	—	599,129
Total operating expenses	584,486	610,493	19,733	1,535,278	2,749,990
Operating (loss) income	60,917	74,285	(19,733)	380,278	495,747
Nonoperating revenues:					
Interest income	9,884	157,989	3,979	127,215	299,067
Gain on sale of equipment	—	35,587	—	—	35,587
Total nonoperating revenues	9,884	193,576	3,979	127,215	334,654
Change in net assets	70,801	267,861	(15,754)	507,493	830,401
Net assets at beginning of year	190,330	4,771,376	81,554	1,780,369	6,823,629
Net assets at end of year	\$ 261,131	5,039,237	65,800	2,287,862	7,654,030

Statement of Revenues, Expenses, and Changes in
Net Assets – Proprietary Funds

Year Ended June 30, 2006

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 477,773	623,565	—	1,716,159	2,817,497
Other	50,557	9,351	—	66,000	125,908
Total operating revenues	528,330	632,916	—	1,782,159	2,943,405
Operating expenses:					
Insurance premiums and claims	573,612	—	—	1,360,750	1,934,362
Data processing	—	—	32,788	—	32,788
Depreciation	—	598,091	—	—	598,091
Total operating expenses	573,612	598,091	32,788	1,360,750	2,565,241
Operating (loss) income	(45,282)	34,825	(32,788)	421,409	378,164
Nonoperating revenues:					
Interest income	6,946	126,839	4,264	88,422	226,471
Gain on sale of equipment	—	90,851	—	—	90,851
Total nonoperating revenues	6,946	217,690	4,264	88,422	317,322
(Loss) income before transfer	(38,336)	252,515	(28,524)	509,831	—
Transfer to/from other funds	—	(102,000)	102,000	—	—
Change in net assets	(38,336)	150,515	73,476	509,831	695,486
Net assets at beginning of year	228,666	4,620,861	8,078	1,270,538	6,128,143
Net assets at end of year	\$ 190,330	4,771,376	81,554	1,780,369	6,823,629

CITY OF URBANDALE, IOWA
Combining Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2007

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 644,789	673,414	—	1,915,556	3,233,759
Payments to suppliers	(582,024)	—	(21,847)	(1,544,338)	(2,148,209)
Net cash (used in) provided by operating activities	<u>62,765</u>	<u>673,414</u>	<u>(21,847)</u>	<u>371,218</u>	<u>1,085,550</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(872,767)	—	—	(872,767)
Proceeds from sale of capital assets	—	37,500	—	—	37,500
Net cash used in capital and related financing activities	<u>—</u>	<u>(835,267)</u>	<u>—</u>	<u>—</u>	<u>(835,267)</u>
Cash flows from investing activities:					
Interest on investments	9,884	157,989	3,979	127,215	299,067
Net (decrease) increase in cash and cash equivalents	<u>72,649</u>	<u>(3,864)</u>	<u>(17,868)</u>	<u>498,433</u>	<u>549,350</u>
Cash and cash equivalents at beginning of year	192,868	2,981,158	83,668	1,934,429	5,192,123
Cash and cash equivalents at end of year	<u>\$ 265,517</u>	<u>2,977,294</u>	<u>65,800</u>	<u>2,432,862</u>	<u>5,741,473</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 60,917	74,285	(19,733)	380,278	495,747
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Change in accounts receivable	(12,153)	—	—	—	(12,153)
Change in deferred revenue	11,539	—	—	—	11,539
Depreciation	—	599,129	—	—	599,129
Change in accounts payable	2,462	—	(2,114)	(9,060)	(8,712)
Net cash (used in) provided by operating activities	<u>62,765</u>	<u>673,414</u>	<u>(21,847)</u>	<u>371,218</u>	<u>1,085,550</u>

Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2006

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 528,330	632,916	—	1,782,159	2,943,405
Payments to suppliers	(572,056)	—	(30,674)	(1,374,381)	(1,977,111)
Net cash (used in) provided by operating activities	<u>(43,726)</u>	<u>632,916</u>	<u>(30,674)</u>	<u>407,778</u>	<u>966,294</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	—	(102,000)	102,000	—	—
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(823,835)	—	—	(823,835)
Proceeds from sale of capital assets	—	103,400	—	—	103,400
Net cash used in capital and related financing activities	<u>—</u>	<u>(720,435)</u>	<u>—</u>	<u>—</u>	<u>(720,435)</u>
Cash flows from investing activities:					
Interest on investments	6,946	126,839	4,264	88,422	226,471
Net (decrease) increase in cash and cash equivalents	<u>(36,780)</u>	<u>(62,680)</u>	<u>75,590</u>	<u>496,200</u>	<u>472,330</u>
Cash and cash equivalents at beginning of year	229,648	3,043,838	8,078	1,438,229	4,719,793
Cash and cash equivalents at end of year	<u>\$ 192,868</u>	<u>2,981,158</u>	<u>83,668</u>	<u>1,934,429</u>	<u>5,192,123</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (45,282)	34,825	(32,788)	421,409	378,164
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	—	598,091	—	—	598,091
Change in accounts payable	1,556	—	2,114	(13,631)	(9,961)
Net cash (used in) provided by operating activities	<u>(43,726)</u>	<u>632,916</u>	<u>(30,674)</u>	<u>407,778</u>	<u>966,294</u>

CITY OF URBANDALE, IOWA

Schedule 6

Combining Statement of Fiduciary Net Assets

June 30, 2007

Assets	Agency Funds		
	Collections and Deposits	Revolving Loan	Total Agency Funds
Cash and pooled cash investments	\$ 1,167,968	173,502	1,341,470
Other assets	41,398	—	41,398
Total assets	<u>\$ 1,209,366</u>	<u>173,502</u>	<u>1,382,868</u>
Liabilities			
Liabilities:			
Due to component unit	\$ 12,449	—	12,449
Due to other governments	194,688	173,502	368,190
Deposits and remittances due	<u>1,002,229</u>	<u>—</u>	<u>1,002,229</u>
Total liabilities	<u>\$ 1,209,366</u>	<u>173,502</u>	<u>1,382,868</u>

Combining Statement of Fiduciary Net Assets

June 30, 2006

Assets	Agency Funds		
	Collections and Deposits	Revolving Loan	Total Agency Funds
Cash and pooled cash investments	\$ 1,174,847	149,887	1,324,734
Other assets	41,998	—	41,998
Total assets	<u>\$ 1,216,845</u>	<u>149,887</u>	<u>1,366,732</u>
Liabilities			
Liabilities:			
Due to component unit	\$ 16,044	—	16,044
Due to other governments	196,404	149,887	346,291
Deposits and remittances due	<u>1,004,397</u>	<u>—</u>	<u>1,004,397</u>
Total liabilities	<u>\$ 1,216,845</u>	<u>149,887</u>	<u>1,366,732</u>

CITY OF URBANDALE, IOWA
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
Year Ended June 30, 2007

	Balance			Balance
Collections and Deposits Fund	June 30, 2006	Additions	Deductions	June 30, 2007
Assets:				
Cash and Pooled Cash Investments	1,174,847	865,691	872,570	1,167,968
Other Assets	41,998	900	1,500	41,398
	<u>\$ 1,216,845</u>	<u>866,591</u>	<u>874,070</u>	<u>1,209,366</u>
Liabilities:				
Due to Component Unit	\$ 16,044	206,563	210,158	12,449
Due to Other Governments	196,404	425,578	427,294	194,688
Deposits and Remittances Due	1,004,397	234,450	236,618	1,002,229
	<u>\$ 1,216,845</u>	<u>866,591</u>	<u>874,070</u>	<u>1,209,366</u>
Revolving Loan Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 149,887	23,615	—	173,502
Liabilities:				
Due to Other Governments	\$ 149,887	23,615	—	173,502
Total agency funds assets	<u>\$ 1,366,732</u>	<u>890,206</u>	<u>874,070</u>	<u>1,382,868</u>
Total agency funds liabilities	<u>\$ 1,366,732</u>	<u>890,206</u>	<u>874,070</u>	<u>1,382,868</u>

Combining Statement of Changes in Assets
and Liabilities – Agency Funds
Year Ended June 30, 2006

	Balance			Balance
Collections and Deposits Fund	June 30, 2005	Additions	Deductions	June 30, 2006
Assets:				
Cash and Pooled Cash Investments	1,323,757	1,164,205	1,313,115	1,174,847
Other Assets	42,998	—	1,000	41,998
	<u>\$ 1,366,755</u>	<u>1,164,205</u>	<u>1,314,115</u>	<u>1,216,845</u>
Liabilities:				
Due to Component Unit	\$ 15,253	226,287	225,496	16,044
Due to Other Governments	287,777	736,806	828,179	196,404
Deposits and Remittances Due	1,063,725	201,112	260,440	1,004,397
	<u>\$ 1,366,755</u>	<u>1,164,205</u>	<u>1,314,115</u>	<u>1,216,845</u>
Revolving Loan Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 143,515	6,372	—	149,887
Liabilities:				
Due to Other Governments	\$ 143,515	6,372	—	149,887

STATISTICAL SECTION

(Unaudited)

CITY OF URBANDALE, IOWA

Statistical Section

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

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

CITY OF URBANDALE, IOWA

Table I
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental activities:					
Public Safety	\$ 4,723,324	5,213,450	5,625,803	6,221,356	6,594,536
Public Works	6,855,234	8,094,446	8,163,032	10,469,810	8,468,881
Health and social services	22,910	27,896	26,992	23,975	12,993
Culture and recreation	4,630,423	4,737,141	5,079,163	5,121,013	5,449,786
Community and economic development	892,675	1,024,584	1,470,696	1,721,213	1,118,862
General government	1,426,875	1,693,262	1,670,787	1,906,563	2,030,465
Interest on long-term debt	1,097,841	1,223,284	1,370,808	1,492,724	1,556,998
Total governmental activities expenses	\$ <u>19,649,282</u>	<u>22,014,063</u>	<u>23,407,281</u>	<u>26,956,654</u>	<u>25,232,521</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Public safety	\$ 498,394	562,099	478,114	648,715	683,209
Public works	543,092	1,152,021	2,008,454	1,325,201	1,800,708
Culture and recreation	564,766	584,691	562,110	638,135	573,022
Community and economic development	818,110	1,275,846	1,152,026	1,237,983	893,678
Operating grants and contributions	2,830,362	3,078,828	3,225,412	4,145,283	3,360,153
Capital grants and contributions	2,125,148	8,616,427	4,902,157	7,188,470	5,269,911
Total governmental activities program revenues	\$ <u>7,379,872</u>	<u>15,269,912</u>	<u>12,328,273</u>	<u>15,183,787</u>	<u>12,580,681</u>
Net (expense)/revenue	\$ <u>(12,269,410)</u>	<u>(6,744,151)</u>	<u>(11,079,008)</u>	<u>(11,772,867)</u>	<u>(12,651,840)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 11,982,163	12,999,952	13,566,423	14,677,676	16,337,862
Tax increment financing district tax	1,256,723	1,134,596	3,451,749	2,747,565	3,510,146
Hotel Motel tax	808,198	797,323	1,050,706	1,051,441	1,067,930
Property tax replacement/state consolidated	336,937	-	-	-	-
Franchise fees	268,430	291,212	280,546	253,319	254,940
Utility excise tax	542,847	585,285	563,766	545,167	549,396
Sales tax	24,967	6,067	-	-	-
Investment earnings	277,184	295,357	609,911	999,332	1,390,248
Miscellaneous	166,901	327,918	258,526	541,895	197,208
Total governmental activities	\$ <u>15,664,350</u>	<u>16,437,710</u>	<u>19,781,627</u>	<u>20,816,395</u>	<u>23,307,730</u>
Change in Net Assets	\$ <u>3,394,940</u>	<u>9,693,559</u>	<u>8,702,619</u>	<u>9,043,528</u>	<u>10,655,890</u>

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

CITY OF URBANDALE, IOWA

Table II

**Governmental Activities Tax Revenues By Source
Last Five Fiscal Years
(accrual basis of accounting)**

Fiscal Year	Property Tax	TIF Tax	Hotel Motel Tax	Property Tax Replacement	Franchise Tax	Utility Excise Tax	Sales Tax	Total
2003	11,982,163	1,256,723	808,198	336,937	268,430	542,847	24,967	15,220,265
2004	12,999,952	1,134,596	797,323	-	291,212	585,285	6,067	15,814,435
2005	13,566,423	3,451,749	1,050,706	-	280,546	563,766	-	18,913,190
2006	14,677,676	2,747,565	1,051,441	-	253,319	545,167	-	19,275,168
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

CITY OF URBANDALE, IOWA

Table III

**Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 54,377,914	62,476,418	64,357,733	74,549,310	81,011,392
Restricted	3,096,415	6,392,428	9,959,951	8,373,251	10,761,007
Unrestricted	9,053,607	7,352,649	10,606,430	11,045,081	12,851,133
Total governmental activities net assets	<u>\$ 66,527,936</u>	<u>76,221,495</u>	<u>84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

CITY OF URBANDALE, IOWA

Table IV

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 557,416	474,993	5,373	7,516	6,383	9,427	8,064	3,183	39,691	22,321
Unreserved	1,686,820	1,910,403	2,209,793	2,660,045	3,241,053	3,955,165	5,129,821	5,719,813	5,888,802	6,643,233
Total general fund	\$ <u>2,244,236</u>	<u>2,385,396</u>	<u>2,215,166</u>	<u>2,667,561</u>	<u>3,247,436</u>	<u>3,964,592</u>	<u>5,137,885</u>	<u>5,722,996</u>	<u>5,928,493</u>	<u>6,665,554</u>
All other governmental funds										
Reserved	\$ 2,626,884	2,595,117	3,915,175	3,146,111	4,092,967	2,196,110	4,307,679	7,763,252	4,384,598	7,589,796
Unreserved, reported in:										
Special revenue funds	1,112,391	1,087,386	677,140	1,027,504	871,911	2,015,739	1,690,187	2,450,607	3,198,600	-
Capital projects funds	674,806	1,488,583	4,014,274	1,991,260	-	-	-	-	861,478	3,429,651
Total all other governmental funds	\$ <u>4,414,081</u>	<u>5,171,086</u>	<u>8,606,589</u>	<u>6,164,875</u>	<u>4,964,878</u>	<u>4,211,849</u>	<u>5,997,866</u>	<u>10,213,859</u>	<u>8,444,676</u>	<u>11,019,447</u>

CITY OF URBANDALE, IOWA

Table V
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues:										
Taxes	\$ 8,563,795	9,154,905	10,390,863	12,234,498	13,239,885	14,833,002	15,724,975	18,843,072	19,282,212	21,713,917
Special assessments	80,285	72,773	114,934	161,159	299,345	47,527	129,326	71,363	174,960	262,161
Licenses and permits	677,488	719,383	708,177	755,571	845,686	973,578	1,484,081	1,227,938	1,046,638	929,211
Use of money and property	378,753	409,291	570,954	612,106	262,675	205,884	238,116	504,228	772,861	1,091,181
Intergovernmental	3,690,207	3,771,984	3,387,688	3,762,900	3,658,462	3,000,788	3,501,073	3,231,391	4,618,523	4,049,014
Charges for services	425,181	579,270	646,067	631,309	771,480	1,131,085	1,686,028	2,217,100	2,282,337	2,419,323
Miscellaneous	692,028	415,100	743,605	696,084	792,137	722,199	649,467	2,385,991	1,477,583	849,263
Total revenues	\$ 14,507,737	15,122,706	16,562,288	18,853,627	19,869,670	20,914,063	23,413,066	28,481,083	29,655,114	31,314,070
Expenditures:										
Public safety	\$					4,771,091	5,128,491	5,439,939	6,258,706	6,609,967
Public works						4,683,208	5,255,628	5,250,496	5,106,124	5,647,118
Health and social services						22,910	27,896	26,992	23,975	18,355
Culture and recreation						4,249,781	4,390,807	4,762,141	5,082,065	5,224,415
Community and economic development						858,138	1,008,858	1,398,042	1,748,707	1,118,975
General government						1,271,661	1,336,552	1,476,033	1,761,537	1,949,626
Community Protection	4,198,327	4,112,840	4,267,123	4,615,153	4,830,839					
Human Development	2,678,143	3,110,330	3,603,739	3,527,909	3,891,200					
Home and Community Environment	4,520,233	4,002,348	4,584,870	4,735,950	4,692,349					
Policy and Administration	821,407	1,275,578	1,284,263	1,469,068	1,408,005					
Capital outlay	4,820,486	2,232,060	9,382,198	5,033,190	3,567,363	8,784,258	6,033,584	9,235,719	10,569,539	7,234,283
Debt service										
Principal	1,270,000	1,360,000	1,665,000	2,028,014	2,257,660	2,533,340	3,089,040	3,770,000	4,420,000	5,045,000
Interest	508,689	556,643	767,153	1,136,281	1,076,889	1,099,946	1,210,848	1,342,540	1,473,147	1,524,499
Total expenditures	\$ 18,817,285	16,649,799	25,554,346	22,545,565	21,724,305	28,274,333	27,481,704	32,701,902	36,443,800	34,372,238
Excess of revenues over (under) expenditures	\$ (4,309,548)	(1,527,093)	(8,992,058)	(3,691,938)	(1,854,635)	(7,360,270)	(4,068,638)	(4,220,819)	(6,788,686)	(3,058,168)
Other financing sources (uses):										
Transfers in	\$ -	-	-	256,024	-	1,440,084	1,473,523	4,959,765	4,224,262	4,755,032
Transfers out	-	-	-	-	-	(1,364,473)	(1,573,523)	(4,959,765)	(4,224,262)	(4,755,032)
General obligation bond and loan proceeds	1,908,384	2,529,930	12,446,487	1,431,373	1,442,573	5,696,362	7,155,000	9,091,262	5,225,000	6,370,000
Discounts on bonds	-	-	-	-	-	-	(27,052)	(69,339)	-	-
Total other financing sources (uses)	\$ 1,908,384	2,529,930	12,446,487	1,687,397	1,442,573	5,771,973	7,027,948	9,021,923	5,225,000	6,370,000
Net change in fund balances	\$ (2,401,164)	1,002,837	3,454,429	(2,004,541)	(412,062)	(1,588,297)	2,959,310	4,801,104	(1,563,686)	3,311,832
Debt service as a percentage of noncapital expenditures	12.71%	13.29%	15.04%	18.07%	18.37%	18.64%	20.05%	21.79%	22.78%	24.21%

Note: In fiscal year 2002-03 the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. As a result, departmental expenditures were restructured from a four program expenditure format to a six function expenditure format. None of the previous program alignments were applicable under GASB 34.

CITY OF URBANDALE, IOWA

Table VI

**Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified basis of accounting)**

Fiscal Year	Property Tax	TIF Tax	Hotel Motel Tax	Property Tax Replacement	Franchise Tax	Utility Excise Tax	Sales Tax	Total
1998	7,529,700	-	505,676	369,738	158,681	-	-	8,563,795
1999	7,972,414	-	624,770	369,015	188,706	-	-	9,154,905
2000	9,070,026	-	760,008	369,271	191,558	-	-	10,390,863
2001	10,073,243	267,553	760,810	368,182	228,448	536,262	-	12,234,498
2002	10,829,068	357,675	881,262	355,291	272,682	543,907	-	13,239,885
2003	11,889,531	1,256,723	513,567	336,937	268,430	542,847	24,967	14,833,002
2004	13,235,112	1,134,596	472,703	-	291,212	585,285	6,067	15,724,975
2005	13,857,223	3,451,749	689,788	-	280,546	563,766	-	18,843,072
2006	15,022,051	2,747,565	714,110	-	253,319	545,167	-	19,282,212
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274

CITY OF URBANDALE, IOWA

Table VII

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property		Personal Property	Utilities	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles**						
1998 *	1,483,559,865	***	6,074,922	84,315,449	-	1,573,950,236	8.519	998,374,319	157.65%
1999 *	1,531,356,260	***	4,822,374	73,938,848	-	1,610,117,482	8.490	1,125,152,341	143.10%
2000 *	1,696,052,735	***	2,746,456	70,703,563	-	1,769,502,754	8.840	1,220,882,904	144.94%
2001 *	1,782,676,310	***	2,013,603	70,836,949	-	1,855,526,862	8.970	1,314,441,320	141.16%
2002 *	1,993,300,560	***	877,707	71,117,523	-	2,065,295,790	8.961	1,382,611,219	149.38%
2003 *	2,110,349,240	***	-	71,999,960	-	2,182,349,200	8.970	1,486,485,113	146.81%
2004 *	2,306,012,540	***	-	69,266,599	-	2,375,279,139	9.070	1,513,935,720	156.89%
2005 *	2,485,584,468	***	-	73,039,041	-	2,558,623,509	9.073	1,616,728,419	158.26%
2006 *	1,953,108,280	894,663,140	-	79,125,577	-	2,926,896,997	9.070	1,841,892,936	158.91%
2007 *	2,177,142,609	753,509,944	-	84,049,627	-	3,014,702,180	9.074	1,862,794,051	161.84%

Source: Polk and Dallas County - Auditor's Office.

Tax rate information can be found in Table XI.

* Total included Polk County and Dallas County.

**Computer equipment and industrial machinery are only items taxed and are being phased out.

***Residential & commercial property total is combined.

CITY OF URBANDALE, IOWA

Table VIII

**Principal Property Taxpayers
June 30, 2007**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 60,366,094	1	2.002%	\$ 68,599,144	1	4.358%
Aurora Business Park I, LLC	42,424,870	2	1.407%	30,958,970	2	1.967%
Merle Hay Mall	19,768,000	3	0.656%	20,335,640	3	1.263%
Deerfield Retirement Community	18,223,840	4	0.604%			
Nottingham Square Apartments	18,865,500	5	0.626%			
Brad Johnson Investments	16,058,500	6	0.533%			
Mid-America Inv. Co.	15,847,660	7	0.526%			
City I LLC	15,119,600	8	0.502%			
G.K. Properties, Inc.	14,851,000	9	0.493%			
Ladco Properties	14,187,000	10	0.471%			
Shelter Properties VI				12,645,940	4	0.803%
Super Valu Stores, Inc.				11,285,750	5	0.701%
Teachers Ins. & Annuity				8,818,599	6	0.498%
Jared R. & Elaine E. Johnson				8,010,430	7	0.432%
Bradley Operating				6,637,750	8	0.321%
Waldo Morris				6,316,310	9	0.289%
Continental Western, Ind. Inc.				5,529,660	10	0.233%

Source: Bond Official Statements from debt issued in each respective year.
Property valuation data can be found in Table VII.

CITY OF URBANDALE, IOWA

Table IX

**Property Tax Levies and Collection
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	8,520,026	8,542,826	100.27%	3,449	8,546,275	100.31%
1999	9,193,046	9,162,755	99.67%	47	9,162,802	99.67%
2000	9,954,073	10,136,513	101.83%	5,250	10,141,763	101.89%
2001	10,974,319	11,168,356	101.77%	-	11,168,356	101.77%
2002	11,795,895	11,974,338	101.51%	5,673	11,980,011	101.56%
2003	12,534,941	12,617,576	100.66%	14,745	12,632,321	100.78%
2004	13,590,679	13,347,710	98.21%	915	13,348,625	98.22%
2005	14,169,913	14,138,517	99.78%	4,040	14,142,557	99.81%
2006	15,262,673	15,052,537	98.62%	6,290	15,058,827	98.66%
2007	16,938,918	16,887,258	99.70%	26,528	16,913,786	99.85%

Notes:

Taxes are due July and are delinquent on October 1 for first half and April 1 for second half.

Penalty for delinquency: 1 percent per month. No discount allowed.

Uncollected taxes are handled as follows: delinquent real estate tax list is published in the newspaper prior to May 16. Tax sale date is the first Monday in June.

Taxes are collected by Polk County and distributed to the City of Urbandale proportionate to its levy to all levies.

Source: Tax Certifications, Polk and Dallas County Auditor's offices, and Statistical Section information from each respective year.

CITY OF URBANDALE, IOWA

Table X

**Ratios of Outstanding Debt by Type and General Bonded Debt
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	GO Certificates of Participation	GO General Fund Capital Notes	Total Primary Government Outstanding Debt	Total Outstanding Debt Per Capita	Less: Amounts Available in Debt Service Fund	Net General Obligation Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property	Net General Bonded Debt Per Capita
1998	10,075,000	-	-	10,075,000	365.50	791,703	9,283,297	0.93%	336.78
1999	11,250,000	-	-	11,250,000	408.13	794,227	10,455,773	0.93%	379.31
2000	20,700,000	1,430,000	-	22,130,000	761.21	848,967	21,281,033	1.74%	732.01
2001	20,195,000	1,390,000	-	21,585,000	742.47	629,055	20,955,945	1.59%	720.83
2002	19,450,000	1,350,000	-	20,800,000	715.47	395,485	20,404,515	1.48%	701.86
2003	22,700,000	1,310,000	-	24,010,000	825.88	252,361	23,757,639	1.60%	817.20
2004	26,835,000	1,265,000	-	28,100,000	966.57	(304,562)	28,404,562	1.88%	977.04
2005	29,635,000	1,220,000	2,540,000	33,395,000	930.12	253,909	33,141,091	2.05%	923.05
2006	30,585,000	1,170,000	2,445,000	34,200,000	952.54	311,360	33,888,640	1.84%	943.87
2007	30,145,000	1,115,000	4,195,000	35,455,000	987.49	250,288	35,204,712	1.89%	980.52

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Population data can be found in Table XIV.
Property valuation data can be found in Table VII.

CITY OF URBANDALE, IOWA

Table XI

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Tax rates per \$1,000 of assessed valuation

Fiscal Year	City of Urbandale Direct Rates			Overlapping Rates				Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	Urbandale School District	Counties and Assessors	Community College	Urbandale Sanitary Sewer		State of Iowa
1998	6.820	1.699	8.519	15.432	9.115	0.472	0.480	0.005	34.024
1999	6.820	1.670	8.490	14.427	9.287	0.506	0.451	0.005	33.166
2000	6.920	1.920	8.840	14.378	9.279	0.525	0.428	0.005	33.454
2001	6.920	2.050	8.970	12.340	9.459	0.545	0.391	0.005	31.710
2002	6.918	2.043	8.961	12.911	9.639	0.545	0.354	0.005	32.415
2003	6.920	2.050	8.970	13.439	9.722	0.546	0.417	0.004	33.098
2004	7.020	2.050	9.070	12.963	9.762	0.582	0.425	0.004	32.806
2005	7.022	2.051	9.073	12.128	9.965	0.599	0.412	0.004	32.181
2006	7.020	2.050	9.070	13.513	9.943	0.684	0.401	0.004	33.615
2007	7.020	2.050	9.073	13.477	10.175	0.687	0.385	0.004	33.801

Notes:
State law limits maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation (100% basis) effective July 1, 1976.
Limitation does not include debt service and pension requirements.

Sources: Tax Certifications, Polk County Auditor's Office and Official Bond Statements from debt issued in each respective year.

CITY OF URBANDALE, IOWA

Table XII

**Direct and Overlapping Government Activities Debt
As of June 30, 2007**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Polk	\$ 543,721,000	21.24%	\$ <u>115,465,098</u>
Subtotal, overlapping debt			115,465,098
City of Urbandale direct debt			<u>42,530,000</u>
Total direct and overlapping debt			\$ <u><u>157,995,098</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Urbandale. This process recognizes that, when considering the government's ability to issue and repay long-term debt the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Bond Official Statement June 2007

CITY OF URBANDALE, IOWA

**Table XIII
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 78,697,512	80,505,874	88,475,138	92,776,343	92,947,399	103,819,572	115,300,627	126,553,653	137,426,918	159,247,466
Total net debt applicable to limit	\$ 10,075,000	11,250,000	22,130,000	21,585,000	20,800,000	24,010,000	28,100,000	33,428,334	34,220,395	35,538,731
Legal debt margin	\$ 68,622,512	69,255,874	66,345,138	71,191,343	72,147,399	79,809,572	87,200,627	93,125,319	103,206,523	123,708,735
Total net debt applicable to the limit as a percentage of debt limit	14.68%	16.24%	33.36%	30.32%	28.83%	30.08%	32.22%	35.90%	33.16%	28.73%

Legal Debt Margin Calculation for Fiscal Year 2006

Actual value of property, 2005	\$ 3,184,949,315
Add back: exempt real property	-
Total assessed value	\$ 3,184,949,315
Debt limit (5% of total assessed value)	\$ 159,247,466
Debt applicable to limit:	
General obligation bonds	(30,145,000)
General obligation certificates of participation	(1,115,000)
General obligation General Fund capital loan notes	(4,265,000)
Government loan payable	(13,731)
Total net debt applicable to limit	<u>(35,538,731)</u>
Legal debt margin	\$ <u>123,708,735</u>

Source: Notes to the Financial Statements and Bond Official Statements from each respective year.

CITY OF URBANDALE, IOWA

Table XIV

**Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1997	27,565	\$ **	**	3.30%
1998	27,565	**	**	2.50%
1999	27,565	**	**	2.50%
2000	29,072	29,021	37.0	2.60%
2001	29,072	29,021	37.0	3.30%
2002	29,072	29,021	37.0	4.00%
2003	29,072	29,021	37.0	4.50%
2004	29,072	29,021	37.0	4.80%
2005	35,904	29,021	37.0	5.10%
2006	35,904	29,021	35.9	3.70%
2007	35,904	29,021	35.9	3.00%

Data Sources:

Population, per capita income and median age are from the 2000 full census, and the special census in 2005.

Unemployment rates are based on Des Moines Metro area rates; information obtained from Bond Official Statements from each respective year.

** Information not available

CITY OF URBANDALE, IOWA

Table XV

**Principal Employers
Current Year and Nine Years Ago**

Employer:	2007			1998		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Wells Fargo Financial	900	1	0.125%			
U.S. Postal Services	500	2	0.070%	500	1	**
Continental Western Insurance	340	3	0.047%	280	4	**
Allied Group	300	4	0.042%	300	3	**
Compressor Controls	300	5	0.042%	250	5	**
Rain and Hail	300	6	0.042%			
Pepsi-Cola Bottling Co.	240	7	0.033%	200	8	**
Yellow Freight	240	8	0.033%	243	6	**
MidAmerican Energy	210	9	0.029%	210	7	**
First Data's/Donnelly	200	10	0.028%	200	10	**
Super Value Foods				410	2	**
Ziegler				200	9	**

Data Source: Bond official statements from debt issued in respective fiscal years

Total City Employment Source: Urbandale Chamber of Commerce 2006 statistics

**Information not available

CITY OF URBANDALE, IOWA

Table XVI

Full-time Equivalent Employees as of June 30

FUNCTION	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>PUBLIC SAFETY</u>										
Police:										
Officers	39.00	40.00	40.00	41.00	42.00	42.00	42.00	42.00	44.00	46.50
Civilians	8.50	9.50	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fire:										
Firefighters & Officers	* 1.00	7.75	7.50	7.50	6.75	7.00	7.00	6.25	5.75	6.00
Civilians	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 1.00	9.00	8.75	10.75	10.00	11.00	11.75	11.00	12.25	13.25
Total	<u>50.00</u>	<u>66.75</u>	<u>61.75</u>	<u>66.25</u>	<u>65.75</u>	<u>67.00</u>	<u>67.75</u>	<u>66.25</u>	<u>69.00</u>	<u>72.75</u>
<u>PUBLIC WORKS</u>										
Roadway Maintenance	15.00	15.00	14.75	15.25	15.25	15.75	16.00	16.25	17.50	17.50
Traffic Safety	0.50	0.50	0.75	0.50	0.75	1.25	1.25	1.25	1.25	1.00
Engineering Services	3.25	4.25	4.25	5.25	5.25	5.50	5.50	5.50	5.50	6.00
Street Cleaning	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50
Solid Waste	7.00	7.00	7.00	5.50	5.50	5.50	5.50	4.50	4.50	4.50
Sanitary Sewer	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50
Storm Sewer	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.25
Public Works Admin	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.50
Total	<u>33.75</u>	<u>34.75</u>	<u>34.75</u>	<u>34.50</u>	<u>35.25</u>	<u>36.50</u>	<u>36.75</u>	<u>36.00</u>	<u>36.75</u>	<u>37.75</u>
<u>HEALTH & SOCIAL SERVICES</u>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>CULTURE & RECREATION</u>										
Library	16.50	17.00	19.00	23.00	25.50	25.50	25.50	25.50	26.00	25.00
Parks	17.00	18.00	18.00	19.00	22.50	21.50	16.00	16.00	16.00	15.00
Grounds Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.75
Senior Citizens	1.25	1.25	1.25	1.25	1.75	1.75	1.75	1.75	1.75	1.75
Swimming Pool	3.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Total	<u>44.25</u>	<u>46.75</u>	<u>48.75</u>	<u>53.75</u>	<u>60.25</u>	<u>59.25</u>	<u>53.75</u>	<u>53.75</u>	<u>54.25</u>	<u>51.00</u>
<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>										
Code Enforcement	4.00	4.00	4.00	4.00	4.00	4.50	4.50	4.50	5.50	6.00
Community Development	4.00	4.00	4.00	4.00	4.50	5.00	5.00	5.00	5.00	4.00
Total	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.50</u>	<u>9.50</u>	<u>9.50</u>	<u>9.50</u>	<u>10.50</u>	<u>10.00</u>
<u>GENERAL GOVERNMENT</u>										
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance and Records	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00	4.00
Technology	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
General Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Total	<u>5.50</u>	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>	<u>7.50</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>9.00</u>	<u>10.00</u>
Grand total	<u>141.50</u>	<u>162.75</u>	<u>159.75</u>	<u>169.00</u>	<u>177.25</u>	<u>180.25</u>	<u>175.75</u>	<u>173.50</u>	<u>179.50</u>	<u>181.50</u>

Source: City Clerk's office; payroll records for each respective year.

* Indicates Paid On Call staff hours are not available

CITY OF URBANDALE, IOWA

Table XVII

Operating Indicators by Function
Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Public Safety</u>										
Police										
Total calls for service	**	**	**	**	16,342	19,840	12,942	12,514	17,684	13,262
Total arrests	**	**	**	1,519	2,024	2,251	1,600	1,029	1,515	1,876
Fire										
Number of calls answered/received	**	**	**	289	317	340	283	285	102	*1,762
Inspections	**	**	**	100	210	493	611	413	309	108
EMS										
Number of calls answered	**	**	**	1,229	1,190	1,235	1,294	1,398	1,407	1,593
Animal Control										
Pet Licenses issued	**	**	**	902	875	1,094	1,260	1,260	1,500	1,561
<u>Public Works</u>										
Roadway Maintenance										
Total lane miles maintained	**	**	**	364	370	380	396	407	410	413
Asphalt streets repaired (tons)	**	**	**	182	360	396	1,423	1,610	3,180	2,607
Solid Waste Collection										
Number of households	**	**	**	9,060	9,584	9,930	10,340	10,930	11,450	11,950
Tons of refuse collected	**	**	**	6,830	8,012	8,761	9,388	9,818	10,307	11,248
Tons of recycling collected	**	**	**	2,036	1,994	2,257	2,510	2,580	2,814	2,968
Tons of yard waste collected	**	**	**	1,964	1,662	2,054	1,761	1,955	2,120	2,463
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	**	**	**	210,416	346,127	267,404	293,521	261,390	275,170	296,846
<u>Culture & Recreation</u>										
Library										
Registered borrowers	**	**	**	34,419	32,003	36,897	43,426	44,610	46,214	45,696
Circulation	397,067	378,004	378,004	490,176	548,388	574,581	609,484	617,217	621,395	649,028
Recreation										
Programs offered	**	**	**	315	361	385	402	421	429	433
Senior Center										
Total participants in all programs	**	**	**	10,982	14,058	15,673	22,730	24,532	26,500	29,047
Swimming Pool										
Pool Users	**	**	**	73,279	73,359	72,110	67,235	63,974	55,559	62,835
<u>Community and Economic Development</u>										
Code Enforcement										
Inspections	**	**	**	8,561	6,503	9,341	8,741	10,802	8,609	5,760
Community Development										
Building Permits	675	771	901	877	974	1,201	1,337	1,389	1,158	890
<u>General Government</u>										
Mayor and City Council										
Quarterly newsletters published	**	**	**	57,200	58,200	70,400	74,200	74,200	80,000	80,000
Finance and Records										
Purchase orders processed	**	**	**	3,417	2,914	2,610	2,773	3,048	3,235	2,931
Technology										
Intelligent workstations	**	**	**	**	**	109	112	133	172	205
General Support										
Safety incidents	**	**	**	63	55	37	38	43	35	38

Source: Performance measurement sections of adopted budget documents for each respective fiscal year

* The calls answered changed to calls received at dispatch for 06/07.

** Performance measurement information not available for these years.

CITY OF URBANDALE, IOWA

Table XVIII

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Public Safety</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	18	19	21	22	22	21	24	24	24	26
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Roadway Maintenance										
Streets (miles)	129	129	129	157	160	166	166	170	171	172
Streetlights	2802	3093	3093	3229	3321	3371	3481	3,724	3,765	3,954
Traffic signals	17	20	20	24	27	30	31	31	31	33
Solid Waste Collection										
Collection trucks	6	6	6	6	6	6	6	7	7	7
Sanitary Sewer and Wastewater										
Sanitary Sewers	133	136	136	149	150	163	171	181	184	187
<u>Culture & Recreation</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	423	423	423	534	534	530	676	857	880	903
Parks	22	22	22	23	23	26	27	45	47	47
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<u>Community and Economic Development</u>										
Code Enforcement										
Vehicles	3	3	3	3	4	4	5	5	5	5

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND
INTERNAL CONTROLS**



CPAs & BUSINESS ADVISORS

**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**

To the Honorable Mayor and
Members of the City Council
City of Urbandale, Iowa

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of and for the years ended June 30, 2007 and 2006, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 11, 2007. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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*. However, we noted a certain immaterial instance of noncompliance or other matters that is described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to management of the City of Urbandale, Iowa, in a separate letter dated December 11, 2007.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Urbandale, Iowa, and other parties to whom the City of Urbandale, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Urbandale, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Dubuque, Iowa
December 11, 2007

CITY OF URBANDALE, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

I-A-07 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. Currently one individual prepares the bank reconciliations, has the ability to transfer funds between bank accounts, has the ability to enter invoices into the accounts payable system, and prepares and posts entries to the general ledger.

Recommendation – We realize that in an entity of your size it is not always possible to segregate duties to obtain maximum internal control. We recommend that management be aware of the situation when assigning duties that may be incompatible and try to achieve the maximum internal control possible under the circumstances.

Response – The management of the City is aware of the segregation issue within the Finance and Records Department. However, with a small department, even with careful consideration when assigning duties, these issues are unavoidable. Management believes it has built in sufficient oversight controls throughout the financial management process to effectively mitigate the risk of fraud.

Conclusion – Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-07 Certified Budget – City expenditures by function during the year ended June 30, 2007, did not exceed the amount budgeted.

II-B-07 Questionable Expenditures – We noted no expenditures that we believe might fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

II-C-07 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-07 Business Transactions – Business transactions between the City and employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Sara Pearson, Library Director, spouse is partner in Laden & Pearson	Legal services	\$ 68,165

CITY OF URBANDALE, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting: (continued)

The transactions with Laden & Pearson may represent a conflict of interest since they were not entered into through competitive bidding in accordance with Chapter 362.5(4) of Code of Iowa.

Response – The City's relationship with Laden & Pearson has been a longstanding professional one. No issues in the past would support any consideration of a conflict of interest for the City. Mr. Pearson works with the City's prosecution cases, not general legal matters.

Conclusion – Response accepted.

- II-E-07 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-07 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.