

URBANDALE  
POLICE  
DEPARTMENT

CITY OF URBANDALE, IOWA  
JUNE 30, 2010  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

**CITY OF URBANDALE, IOWA**  
Comprehensive Annual Financial Report  
Years Ended June 30, 2010 and June 30, 2009



## **INTRODUCTORY SECTION**

# CITY OF URBANDALE, IOWA

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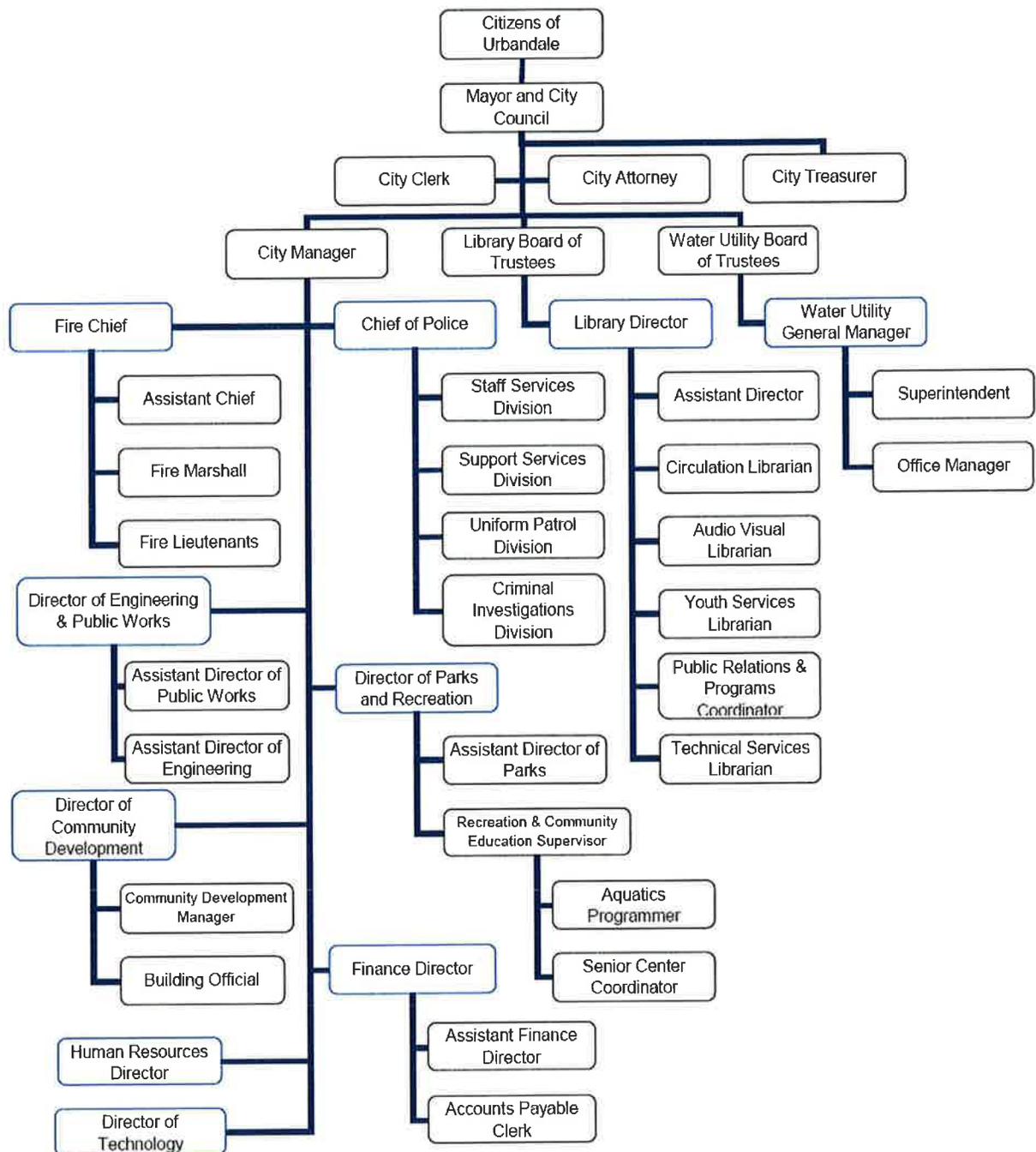
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## CITY OF URBANDALE, IOWA



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
Mike Carver	Mayor Pro Tem
John Forbes	Council Member
Mary Polson	Council Member
Ron Pogge	Council Member
Tom Gayman	Council Member
A. J. Johnson	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, 2009

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.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emen".

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, 2009.

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 8, 2010

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, 2010 and 2009 (FY10 and FY09), 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 FY10 and FY09. 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 FY10 and FY09 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 for the Governmental Funds in the required supplementary information section of this report.

## **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**

Residential construction in Urbandale reflected the national trend in FY10 by remaining below the City's long-term norm, but did trend upward from FY09. The gradual recovery has continued throughout calendar 2010, which saw several builders take out permits for new housing starts after sitting out recent years. Most of the overbuilt, unsold new residential units from Urbandale's version of the national housing bubble had been sold by the end of calendar 2009 and are no longer a drag on the market.

Urbandale continues to have significant potential for residential development, with approximately 558 fully developed vacant lots currently ready for housing construction and approximately 2,600 additional units that have

received preliminary plat or zoning approval. At the same time, the number of vacant lots for detached single family residential had been drawn down to 432 lots by the end of the first quarter of FY11, which reflects a 2 to 3 year supply at the recent rates of new housing construction. That supply is typical from a historic perspective, so continued residential permitting in calendar 2011 should lead to increased platting activity in calendar 2011, supporting the continued recovery of the development and building community. Also, public water and sanitary sewer has already been extended to serve large amounts of additional vacant land, mostly owned by developers, that when developed will cause Urbandale's current population to nearly double.

The FY10 commercial and industrial development valuation declined significantly from FY09, but that year-to-year comparison is a statistical anomaly rather than reflecting current conditions. The FY09 figure contains "trailing" development that was already in the pipeline in the first half of FY09, especially in the first quarter of FY09 prior to calendar 2008's national economic shut-down, so a calendar year comparison is a better indicator for current conditions. The valuation of calendar 2009 commercial and industrial construction totaled about 52.4% of the City's annual average for the last 10-years. Increased permitting in calendar 2010 through mid-November has reached 75.0% of the annual total compared to the same 10-year average.

The upward trend of calendar 2010 appears likely to continue in calendar 2011. Urbandale has approved plans for over 776,000 square feet of commercial and industrial development projects that appear to remain viable over an immediate to multi-year time frame, so Urbandale is expected to experience steady commercial and industrial growth over at least the next several years with a gradual return to the historical norm. Urbandale also has a significant land supply for continued long-term commercial and industrial growth, for the next 20 to 40 years or more, depending on the sector and historic trend line that is selected.

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

	Fiscal Year 2010		Fiscal Year 2009	
	# of Permits	Valuation	# of Permits	Valuation
Residential	244	35,845,625	218	\$ 27,227,888
Nonresidential	67	24,590,381	76	40,740,604
Miscellaneous minor	379	927,951	364	808,070
Total	690	61,363,957	658	\$ 68,776,562

### **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. In 2008, these goals were updated to reflect current financial performance standards and benchmarks. 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 sixteen 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). The 2010-15+ CIP was adopted by the City Council in January, 2010. The approved FY10 CIP anticipated the expenditure of \$14,921,400 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements. Property tax supported general obligation bonds would provide approximately \$5,004,700 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.
- The 2011-2016+ CIP is currently under development and is being reviewed by a citizen's advisory committee in November and December, 2010, with final adoption by the City Council anticipated in January, 2011. This preliminary FY11 CIP proposes the expenditure of \$15,038,200 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements. Property tax supported general obligation bonds would provide approximately \$5,605,300 of needed funding. Since the new CIP for 2011-2016+ is currently under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2011-2016+ CIP will be substantially completed before the development of the FY2011-12 annual operating budget.

#### **FY10 and FY11 Initiatives**

The Mayor and City Council in FY10 and FY11 initiated several programs and policies that will influence the City's financial operations. The key initiatives included the following:

- The American Recovery and Reinvestment Act (ARRA) of 2009 enabled the City to seek formula based funding for projects. In February, 2010 the City submitted an application to the State of Iowa EECBG. The three projects were awarded and were programmed in the Capital Improvements Program for 2010. The three projects were: (1) to retrofit lighting systems within the Parks Maintenance facility, Public Works facility, Fire Stations #41 and #42; (2) to retrofit Douglas Avenue street lighting from 62<sup>nd</sup> to 75<sup>th</sup> Street with LED lights, and to also serve as the lead agency for this grant; and (3) to retrofit high pressure vapor lights at several City owned parking lots.
- The Building Zoning Fees updated in June, 2009, become effective in January, 2010. The fees include pass-through service fees and separate administrative and notification / postage charges. This was the first comprehensive revision in the Zoning Fees since 1972.
- In March, 2010, Council approved the purchase of an electronic time clock system that will fully integrate the City's payroll system with a third party timekeeping system to achieve organizational efficiency and cost savings. The electronic system will replace a totally manual system at a total cost for the system, including hardware of \$46,346.
- On April 6, 2010, live broadcasts of the City Council meetings began on the cable provider's local government access channel. Prior to that date, the meetings were delayed tape broadcast the week after the meeting. The live broadcast was made possible by the cable provider's upgrade from an analog to a digital platform, and by the Council's approval in November, 2009, to purchase AV equipment for digital recording, at a cost of \$15,893.
- The ten year annexation moratorium agreement between the Cities of Urbandale and Grimes expired in June, 2010. The cities approved a one year extension agreement that will expire in August, 2011. This additional year will enable the cities to continue to evaluate future options.

- In September, 2010, renewed the City's participation in the Homeland Security Regional effort with 18 area cities and 3 counties. Urbandale committed to three additional years, to end June 30, 2013, at a fixed annual contribution of \$54,069, which is \$1.51 per capita, based on Urbandale's population of 35,904 as determined by the 2005 Special Census.
- In October, 2010, renewed an amended 28E agreement for Westcom joint dispatching for Police, Fire, Emergency Medical Services, and other communications, between the Cities of Clive, Urbandale, and West Des Moines. The original agreement was approved in August 2000. This new agreement will be perpetual, unless terminated following the guidelines in the agreement.
- Since FY07-08 the Fire Department has gradually retrofitted the City's 11 outdoor warning sirens with a two-way monitoring system. The conversion of the final two sirens was included in the FY10 budget.
- The City Council approved several economic development initiatives, including:
  - In November, 2009, approved an ordinance to amend and expand the Downtown/Merle Hay Mall Urban Renewal TIF (Tax Increment Financing) district.
  - In April, 2010, approved a \$100,000 City Revolving Loan Fund to Continental Western to renovate a 122,000 square foot addition, add 76 new jobs, and retain 144 jobs.
  - Adopted the FY2010-11 budget that included \$90,000 to implement an economic development program to further the City's long term commitment to the Economic Development Taskforce activities.
- The adopted FY2010-11 budget again allocated \$15,000 for the Urbandale Food Pantry to lease space and pay for utilities; this is the third consecutive year for this allocation of the initial three year agreement that began in FY2008-09. The Urbandale Food Pantry is managed by the Urbandale Caring Corps. The Urbandale Ministerial Alliance contributes \$20,000 to the pantry, and identifies volunteers to staff, collect and distribute the food.
- The adopted FY2010-11 budget also funded as a new initiative, the Urbandale Community Action Network (U-CAN) Committee, in the amount of \$50,000.
- The adopted FY2010-11 budget created the Storm Water Utility, which will be supported solely by user fees not property taxes. This utility will provide funding to improve the storm sewer and creek systems, and to fund larger storm water improvement projects throughout the City in future years.
- An agreement was approved by the City Council in February, 2009, to purchase approximately 19.9 acres of land at 170th Street and Waterford Road to be used for a future Parks and Public Works facility, with construction programmed in the CIP for 2015+. This facility will be located west of Interstate 35/80, and will reduce field staff travel time to access supplies and equipment to provide services.
- Financial Policies: In May, 2009, the City Council approved a 28E agreement with the Iowa League of Cities and 30 other cities to accept credit and debit cards via web, phone and in-office, at a nominal annual fee. In June, 2009, the City Council approved the initial Debt Policy and the initial Post-Issuance Compliance debt policy, both to adhere to Internal Revenue Service and external audit guidelines. Also in June, 2009, the City Council approved the initial Intangible Asset Policy and procedures to adhere to the new governmental accounting standard for intangible assets. In August, 2010, the City Council approved an agreement for a revenue sharing program on vendor related purchases in a joint "pool" with other metro cities.
- Two general obligation bonds from 2000 and 2002, were refunded by the City Council in October 2010

through the issuance of a new 2010B bond of \$2.9 million at a lower interest rate, which will save approximately \$245,000 in interest expense over the old bonds. The City also issued \$8.5 million in new general obligation bond for the 2010-2011 CIP projects.

- The City's monthly solid waste fee was increased from \$8.00 to \$10.00 on July 1, 2009. This \$2.00 increase was implemented to reduce the property tax support for the solid waste program. The City's monthly fee partially covers the program cost per household, which includes weekly garbage collection, Spring Cleanup, Yard waste collection, bulk collections, and recycling. In June, 2010, the Solid Waste Collection fees were adjusted for private collector permits, extra household containers, Spring Cleanup appliance stickers, and log and limb collections. In the future, an increase of \$1.00 is planned for July 1, 2011 and July 1, 2013.
- In March, 2010, the Fire Department was awarded a SAFER grant (Staffing for Adequate Fire and Emergency Response) sponsored by the Department of Homeland Security's Office for Domestic Preparedness. The goal of the SAFER grant is to increase the number of trained "front line" firefighters available in the community. The SAFER enabled Urbandale to add 6 Firefighters to be funded by the grant for two years. All 6 were hired by the end of September, 2010.
- In March, 2010, the City Council approved a consultant agreement to conduct an executive search which led to hiring the City's first full-time Director of Human Resources in June, 2010.
- Both Fire stations will be improved. Fire Station #41, located on Douglas Avenue near 72<sup>nd</sup> Street, will be remodeled and expanded to accommodate 24 hour staffing, based on a contract awarded in July 2010, for \$661,650, with an estimated completion date by December 2010. At Fire Station #42, located on 121<sup>st</sup> Street north of Douglas Parkway, the HVAC system will be updated, based on a contract awarded in June 2010, for \$77,600.
- Fire and Safety Training (FAST) Center: This training center, located adjacent to Urbandale Fire Station #42, was completed in July 2010, and the public open house was attended by the Mayors and Council members, Fire and EMS staff, and residents of the three partnership cities. The initial 28E agreement approved in June, 2009, is for 10 years. Under this agreement, Clive, Urbandale, and Windsor Heights will cost share the construction and annual maintenance costs. This facility will provide essential fire and safety training in a controlled situation. In addition, each City's Police department could use the facility for training purposes.
- In June, 2010, the City's ambulance fee rates were revised, resulting in an increase from the 2006 rates, and aligning Urbandale more closely with the surrounding cities for the same services. The additional revenue will partially offset the cost of EMS staffing.
- The Police Station expansion and renovation project was accepted in August, 2009, at a final cost of \$2,256,858. This project added 9,000 square feet and partially renovated the existing facility.
- In May, 2010, the 28E Agreement was renewed for the Suburban Emergency Response Team (SERT) pursuant to the Iowa Code Chapter 28E. The new agreement added the Dallas County Sheriff's Department and the Ankeny Police Department, to the existing membership of Urbandale, West Des Moines, Clive, Johnston, and Altoona Police Departments. The agreement will expire on June 30, 2015.
- In April, 2010, the City Council approved the first amendment to the DART (Des Moines Area Regional Transit) authority agreement to allow the DART to issue General Obligation Bonds to secure funds for system improvements. Urbandale was one of 19 member cities which unanimously approved this amendment, which was also approved by the Secretary of State's Office.

- As a recognized “Tree City USA”, the City Council promotes the annual Arbor Day celebration. The FY10 celebration planted 43 trees as Phase 2 in the “Timberline East Open Space Park”. This was a reforestation and beautification effort since the park ground was previously agricultural fields, and a storm sewer drainage improvement project and trail project were constructed in the park by the new housing developments.
- In June, 2010, the City Council approved changes to the non-union employee health insurance program, including the elimination of free Single coverage for PPO plans A and B, and approved percentage contributions for Single and Family coverage, and eliminated future enrollments in PPO plan A. Also changed dependent coverage from 19 to 26 years, and removed lifetime maximum benefit restrictions for all four City plans.
- Union Contracts: The Firefighters Union contract expires in July 2011 and is currently being renegotiated. The Laborer Union and Police Union three year contracts will expire in July 2012.

#### Park improvements:

- The Public Art Committee’s long range plan was approved by the City Council in June, 2008. The public art is funded through the City’s debt issues by assessing projects meeting specific criteria at 1% of the project GOB or TIF cost. The initial two bronze sculptures, at a total cost of \$20,748, were installed on May 4, 2010.
- The “Charles Gabus Memorial Tree and Gardens”, which is located in the City’s central administrative campus south of the Library, is a  $\frac{3}{4}$  acre park dedicated by the City Council in May, 2009. This park was made possible through a Polk County grant, City matching funds, local business donations, and private donations raised by “Friends of the Park”. Private donations provided for the installation of electricity in July 2009, at a total cost \$115,155, and the installation of a water fountain in July 2010, valued at approximately \$70,000, and a shade feature in August 2010, valued at approximately \$29,000. The fountain and shade structure were formally dedicated on October 5, 2010.
- The City Council approved a development agreement in October 2009 with the developer of Waterford Landing at 156th Street to donate approximately 27 acres, which will enable the development to spread out the park development costs for sanitary sewer, streets and sidewalks to connect to the parkland.
- The City Council approved the dredging project of Parkview Lake at the popular Lakeview Park in February, 2010, at a contract award of \$226,001. The lake was last dredged in 1984, and will include shore rip-rapping and a year-round dock, and should reopen in Fall, 2010.
- In August, 2010, the City Council provided final approval as constructed for the North Raccoon Valley Trail project at a cost of \$318,626. This project constructed the trail through Timberline Park, south from the Douglas Parkway culvert to connect with the bridge over Little Walnut Creek. It is a vital connection to the Raccoon Valley Regional Trail further to the south. Also constructed the offshoot trail connection around Timber Ridge Townhomes south of the 142<sup>nd</sup> Street round-about. Awarded in June, 2010, for \$131,022, the 142nd Street Trail Connection will connect the offset above to go under the bridges at 142<sup>nd</sup> Street and Douglas Parkway to access into the southeast area of Walnut Creek Regional Park.
- In September, 2010, the City Council provided final approval as constructed for the Swimming Pool Remodeling project at a cost of \$396,485. This project provided for a new pool liner, roof membrane, and updated lock rooms. The improvements were intended to extend the life of the pool until at least 2013. The City and School District approved a revised 28E agreement in February, 2009, which set June 30, 2013, as the date that will end the District’s obligation to fund 40% of the annual operating costs. The

agreement also allows the District to proceed with demolition after June 30, 2013 if the land is needed for other District activities prior to the initial termination date of January 19, 2026.

- In November, 2010, the City Council provided final approval as constructed for the Little Walnut Creek Trail Extension to Prairie Avenue project at a cost of \$61,251. This project constructed a trail connection in the Walnut Creek Regional Park.
- In November, 2010, the City Council provided final approval as constructed for the Timberline/Days Run Trail project at a cost of \$246,991. This project constructed an 8-foot wide north from Douglas Parkway north through the Timberline and Days Run neighborhoods, to connect to an existing trail near 125th Street and Tanglewood Drive. This trail is a significant link west of Interstate 35/80 to connect to existing and future trails.
- In November, 2009, the City Council approved the purchase of 100 trees for \$15,900 to reforest an area in the Walnut Creek Regional Park that was cleared to install a sewer line for a nearby residential development. In October, 2010, an additional 200 trees for \$29,150, was approved to supplement the reforestation effort in the park.
- Park projects – The City Council awarded contracts for the following major projects that are not yet completed:
  - Awarded in April, 2010, for \$288,653, the Telby Knolls Trails Project – Phase I, would construct an 8 foot wide trail from 160<sup>th</sup> Street in Telby Knolls to the existing trail in Summit Estates, including a bridge over a drainage way, to be completed by October 2010.
  - Walker Johnston Regional Park: Awarded in June, 2010, for \$57,300, a year-round dock pier will be constructed on the southeast side of the pond. Awarded in August, 2010, for \$361,308, the 8 tennis courts will be refurbished, to be completed by October, 2010.
  - The third phase of the Little Walnut Creek Trail project would provide for the construction of a trail bridge that would connect two trails at Little Walnut Creek in the Walnut Creek Regional Park. The City Council awarded the construction contract in June, 2010, for \$195,165. This bridge was vital to the park trail system. Also in June, 2010, the City initiated condemnation to secure property vital to the park master plan and interior trail system.
  - In August, 2010, the City Council authorized proceeding with condemnation as the only remaining alternative to acquire approximately 5.06 acres of a private agricultural parcel essential to complete the park corridor along Walnut Creek, within the Walnut Creek Regional Park.
  - Awarded in August, 2010, for \$17,500, an architectural services agreement to design the Lions Park Shelter House improvements project.
  - Awarded in September, 2010, for \$85,318, an architectural services agreement to design the Walker Johnston Park Shelter House improvements project. The Walker Johnston Shelter House project would replace the existing structure built in 1958 as a private home.
  - Awarded in October, 2010, for \$67,080, the Walnut Creek Hills Park Project to install playground equipment as approved in the CIP 2010-2015 program.

- Street project final approvals - The City Council accepted the following major projects as completed during the year:
  - November, 2009: Reconstructed 156<sup>th</sup> Street from south corporate limits, north to Meredith Drive, as a five-lane concrete roadway. Total cost of \$5,007,219.
  - December, 2009: Meredith Drive between 76th Street to Merle Hay Road, installed ADA accessible ramps at 53 locations as required by the Iowa Department of Transportation. Total cost of \$41,254.
  - December, 2009: Rehabilitated Meredith Drive from 76th Street to 86th Street with concrete patching and asphalt overlay. Total cost of \$526,725.
  - January, 2010: Reconstructed 74th Street and Goodman Drive on 74<sup>th</sup> Street from Hickory Lane to Goodman Drive, and on Goodman Drive from 72<sup>nd</sup> Street to 74<sup>th</sup> Street, as a two-lane concrete roadway. Total cost of \$548,227.
  - March, 2010: Constructed left turn lanes to 70th Street at Hickman Road, and installed a new traffic signal at 70<sup>th</sup> Street and Hickman Road. This was a joint project with Windsor Heights. Total cost of \$261,941.
  - March, 2010: Meredith Drive sidewalks along the north side of Meredith Drive from the Interstate 35/80 to 128th Street, to provide a vital east to west link to connect to 128th Street. Total cost of \$99,588.
  - May, 2010: In the Deer Creek subdivision, removed a timber retaining wall and replaced it with a masonry retaining wall. Total cost of \$98,735.
  - August, 2010: Extended Northpark Drive ¼ miles west to 100th Street. This project will provide a vital east to west concrete roadway from 100th Street to 86th Street in the business corridor north of Interstate 35/80. Total cost of \$562,204.
  - October, 2010: Reconstructed Aurora Avenue from 128th Street to ¼ miles west of 128th Street, along Webster Elementary School and Jeff Harm Park. Total cost of \$628,121.
- Street project contracts awarded – The City Council awarded contracts for the following major projects that are not yet completed:
  - July, 2009: Awarded contract for \$719,933, to construct intersection improvements at 86<sup>th</sup> Street and Meredith Drive, and 100<sup>th</sup> Street and Douglas Avenue. The 86th Street and Meredith Drive project will add right turn lanes for northbound and southbound onto 86th Street, and westbound onto Meredith Drive. The 100th Street and Douglas Avenue project will add right turn lanes for eastbound and westbound, and a dual northbound left turn lane. The projects will increase intersection capacity and will be completed in 2010.
  - July, 2009: Awarded contract for \$980,935, to construct 128th Street as a five-lane roadway from Meredith Drive to the north corporate limit. The project completion date was December 2009. In June, 2010, awarded a contract for \$94,512 to install a sidewalk by September 2010 along the east side of 128<sup>th</sup> Street from Meredith Drive to the north corporate limit to connect to the City of Grimes' existing trail.
  - November, 2009: Awarded contract for \$511,247, to widen 86<sup>th</sup> Street at Northpark Drive/Birchwood Court, 50% joint cost project with the City of Johnston. This project would benefit commercial development and ease traffic congestion at 86th Street off Interstate 35/80. The project will be completed by September 2010.

- December, 2009: Awarded contract for \$1,367,436, to rehabilitate 100<sup>th</sup> Street between Douglas Avenue and Hickman Road. The project will be completed by Fall 2010.
- April, 2010: Awarded contract for \$867,720, to construct roadway improvements in the Deer Creek subdivision, and a change order in August, 2010, for \$107,494, for additional asphalt paving as a result of the hard winter and construction traffic. The project was completed in 2010.
- April, 2010: Awarded contract for \$2,241,872, to construct Douglas Parkway as a five-lane roadway from 156<sup>th</sup> Street to the west corporate limit, joint project with Clive and Waukee. The project will be completed by December 2010.
- June, 2010: Awarded contract for \$58,614, to construct an eastbound left turn lane at 121<sup>st</sup> Street and Douglas Parkway. The project will be completed by October 2010.
- September, 2010: Awarded an engineering design agreement for the North Walnut Creek drainage study. The results of the culvert design flow based on the North Walnut Creek at Hickman Road, will have a significant impact on future street projects for the location of Plum Drive, reconstruction of 100<sup>th</sup> Street reconstruction, and construction of the 100<sup>th</sup> Street Interchange. The results of the drainage study flow rate will be submitted to FEMA in 2010.
- October, 2010: Awarded contract for \$390,503, to construct an asphalt overlay on the City of Urbandale's portion of Meredith Drive from 156<sup>th</sup> Street to Alice's Road. This is a joint project with the City of Clive, which has jurisdiction for the south side of Meredith Drive from west of 163<sup>rd</sup> Street to Alice's Road. The project will be completed by November 2010.
- November, 2010: Awarded an engineering service agreement for \$97,665, to design auxiliary turn lanes at 86<sup>th</sup> Street and Douglas Avenue.
- November, 2010: Awarded an engineering service agreement for \$48,600, to design 128<sup>th</sup> widening project from Hickman Road to Douglas Parkway as a 4 lane boulevard.
- Street Lighting – The City Council accepted proposals from MidAmerican Energy in:
  - August, 2009, to install 24 street lights in the median of 128<sup>th</sup> Street from Meredith Drive to the north corporate limit, for a cost of \$57,153.
  - April, 2010, to install 7 street lights on Douglas Avenue from 109<sup>th</sup> Street to Interstate 35/80, for a cost of \$44,104.
  - June, 2010, to install 20 street lights along Douglas Parkway from 156<sup>th</sup> Street to the west corporate limit, for a cost of \$44,929.
  - November, 2010: Awarded an engineering service agreement for \$39,500, to design an LED street lighting project to retrofit streetscape and pedestrian lights along Douglas Avenue and 70<sup>th</sup> Street, and to retrofit City owned parking lot lights and some parks to LED lighting.
- Traffic Signals – The City Council approved a 28E agreement in March, 2010, with the City of Des Moines for the design and construction of the Merle Hay Road Traffic Signal Fiber Interconnect Project and the Traffic Signal Maintenance Agreement. The two cities share traffic signals on Merle Hay Road at the intersections of Aurora Avenue, Meredith Drive, and Sutton Place. Under the traffic signal maintenance agreement, the City of Urbandale would fund the energy costs for all three signals and perform the maintenance duties for the traffic signal at Sutton Place. The City of Des Moines would maintain the traffic signals at Aurora Avenue and Meredith Drive. The initial term of the maintenance agreement is two years after adoption, then indefinite, with a 30 day notice of withdrawal.

- Traffic Signals – The City Council awarded contracts in June, 2010, to install a traffic signal at 104<sup>th</sup> Street and Meredith Drive, and to modify the signal at 109<sup>th</sup> Street and Douglas.
- Other Public Works related contracts awarded – The City Council awarded contracts for the following projects that are not yet completed:
  - August, 2010: Awarded contract for \$204,204, for storm sewer improvements from Douglas Parkway north to Little Walnut Creek. The project will be completed by Fall 2010.
  - August, 2010: Awarded the initial 5 year purchase agreement to standardize equipment for solid waste roll-out containers to improve efficiency of repairs.
  - September, 2010: Awarded an engineering design agreement for the 73<sup>rd</sup> Place south of Aurora Avenue drainage study.
- In November, 2010, the Capital Improvements Program (CIP) Committee was appointed, and will review the proposed 2011-2016+ CIP over the next two months to identify the projects to be constructed annually, and which would be funded by bonded debt, through the operating budget, and with other funding sources.

### **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 FY10, 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 FY10, exclusive of the Component Unit, was \$305,456, compared to income of \$772,232 in FY09.

### **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 FY10. The City's health insurance program was modified in FY09 to provide employees with two new wellness-based plans in addition to the two existing Preferred Provider Organization (PPO) coverage options. The new plans have higher deductible levels than the existing PPO options, with one qualifying as an IRS designated high-deductible plan, which allows the City to offer an HSA (health savings account) for participants of the high-deductible 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 in 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 FY09. 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, 2010 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,



A.J. Johnson  
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

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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 (City), as of and for the years ended June 30, 2010 and 2009, 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, 2010 and 2009, and the respective changes in financial position, and cash flows, where applicable, 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 8, 2010, 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 audits.

The Management's Discussion and Analysis and the required supplementary 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the basic financial statements of the City of Urbandale. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit 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 "Eric Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa  
December 8, 2010

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2010 and June 30, 2009

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, 2010 (FY10) and June 30, 2009 (FY09). 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 FY10 and FY09 by \$126,394,624 and \$118,179,664 (net assets), respectively. Of these amounts, \$17,062,713 and \$17,488,224 (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 \$8,214,960 and \$7,698,691 in FY10 and FY09, respectively. This increase was mostly attributable to increased charges for services from solid waste fees, donated infrastructure and developer/joint project revenues brought in from capital projects.
- For FY10 and FY09, the City's governmental funds reported combined ending fund balances of \$20,729,836 and \$19,692,938, respectively. The FY10 fund balance represented an increase of \$1,036,898 and was primarily attributed to a \$.8 million increase in the general fund, a \$.5 million increase in the debt service fund, and \$.4 million increase in the capital projects fund. These increases were offset by \$.5 million decrease in road use fund. The FY09 fund represented an increase of \$2,609,264 and was primarily attributed to a \$2.3 million increase in the tax increment financing fund and \$.6 million increase in general fund balance. These increases were offset by \$.5 million decrease in capital projects fund.
- At the end of FY10, unreserved fund balance for the general fund was \$8,121,932 or 39.1% of total general fund expenditures. At the end of FY09, unreserved fund balance for the general fund was \$7,267,746 or 36.9% 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.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2010 and June 30, 2009

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.

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 2010 and 2009.

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.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2010 and June 30, 2009

The City of Urbandale maintains 23 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 18 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.

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 60 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 62 through 64 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. In 2009, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* and has prepared the schedule of funding progress for the City's other postemployment benefit (OPEB) plan on page 65.

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**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 68 through 80 of this report. Statistical information related to the City's financial position can be found on pages 83 through 95 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 FY10, FY09, and FY08 is presented for comparative purposes.

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 \$126,394,624, \$118,179,664, and \$110,480,973 at the close of FY10, FY09, and FY08 respectively.

The largest portion of the City's net assets in FY10 (76.4 %) 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 \$5,682,363 from FY09 to FY10, and increased by \$3,647,830 from FY08 to FY09.

An additional portion of the City's net assets (7.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$20,339,398 may be used to meet the government's ongoing obligations to residents and creditors. In FY09, restricted assets represented (8.3%) of the City's net assets and unrestricted net assets totaled \$17,488,224.

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, IOWA**  
**Management's Discussion and Analysis**  
**June 30, 2010 and June 30, 2009**

**City of Urbandale Net Assets**

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
Current assets	\$ 60,273,013	56,206,097	52,219,882
Capital assets	139,719,656	133,827,294	123,864,463
Total assets	<u>199,992,669</u>	<u>190,033,391</u>	<u>176,084,345</u>
Long-term liabilities	37,733,477	38,385,237	32,593,036
Other liabilities	35,864,568	33,468,490	33,010,336
Total liabilities	<u>73,598,045</u>	<u>71,853,727</u>	<u>65,603,372</u>
Net assets:			
Invested in capital assets, net of related debt	96,574,657	90,892,294	87,244,464
Restricted	9,480,569	9,799,146	10,195,609
Unrestricted	20,339,398	17,488,224	13,040,900
Total net assets	<u>\$ 126,394,624</u>	<u>118,179,664</u>	<u>110,480,973</u>

As noted above, the City's net assets increased by \$8,214,960 from FY09 to FY10. This growth can be attributed to the increase in capital asset investment, net of debt, as well as a higher cash/investments balance at year end.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2010 and June 30, 2009

**Governmental activities**

Governmental activities increased the City's net assets by \$8,214,960, \$7,698,691, and \$5,857,441 for FY10, FY09, and FY08 respectively. The following table depicts that change in net assets.

**City of Urbandale's Changes in Net Assets**

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
Revenues:			
Program revenues:			
Charge for services	\$ 4,903,749	3,998,599	3,292,601
Operating grants and contributions	3,732,397	3,766,839	3,812,429
Capital grants and contributions	4,139,360	1,928,279	2,346,682
General revenues:			
Taxes	25,576,318	25,200,955	22,804,660
Other	593,470	1,131,596	1,437,885
Total revenues	<u>38,945,294</u>	<u>36,026,268</u>	<u>33,694,257</u>
Expenses:			
Public safety	8,357,868	7,516,393	7,663,358
Public works	9,827,801	8,819,908	9,397,720
Health and social services	550	21,813	58,463
Culture and recreation	6,207,147	5,969,809	5,856,498
Community and economic development	2,288,562	1,962,340	1,032,369
General government	2,360,518	2,177,622	2,162,208
Interest and fiscal charges	1,687,888	1,859,692	1,666,200
Total expenses	<u>30,730,334</u>	<u>28,327,577</u>	<u>27,836,816</u>
Increase in net assets	8,214,960	7,698,691	5,857,441
Net assets – beginning	<u>118,179,664</u>	<u>110,480,973</u>	<u>104,623,532</u>
Net assets – ending	<u>\$ 126,394,624</u>	<u>118,179,664</u>	<u>110,480,973</u>

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

- Charges for services increased by \$905,150 (22.6%) and by \$705,998 (21.4%) during FY10 and FY09 respectively. The FY10 reflects an increase primarily from solid waste monthly fees revenue, and improvement in the building permit area due to additional new construction permit issuances. FY09 reflects an increase from solid waste monthly fees revenue, but this increase was tempered by the continued slowing in the building permit area due to fewer construction permit issuances and the economy.
- Operating grants and contributions decreased \$34,442 (0.9%) in FY10 due to less intergovernmental revenues in the form of federal police forfeiture funds and FEMA grants. FY09 decreased \$45,590 (1.2%) due partially 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

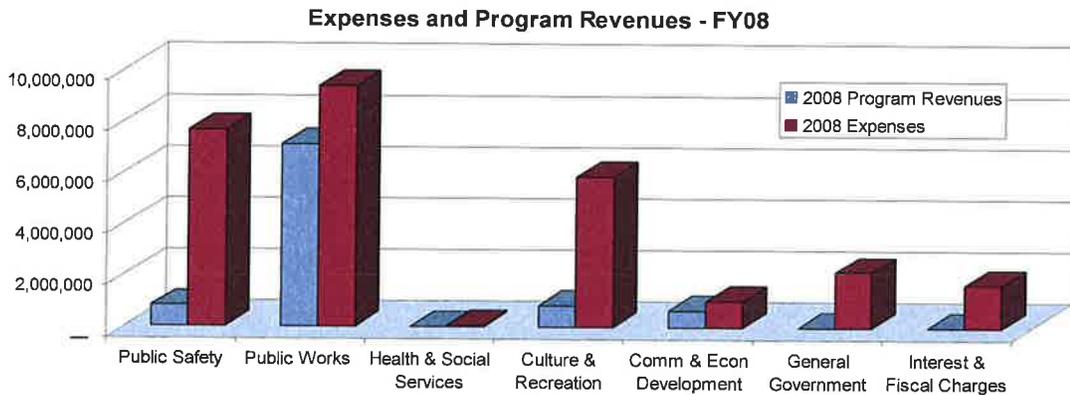
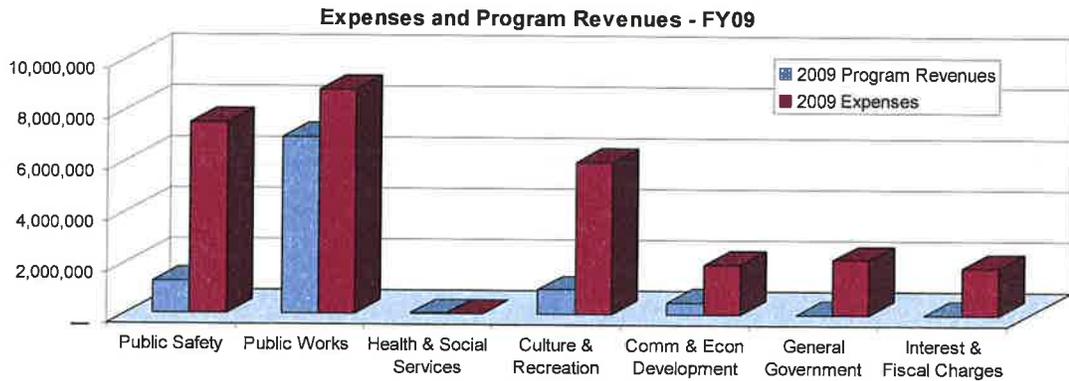
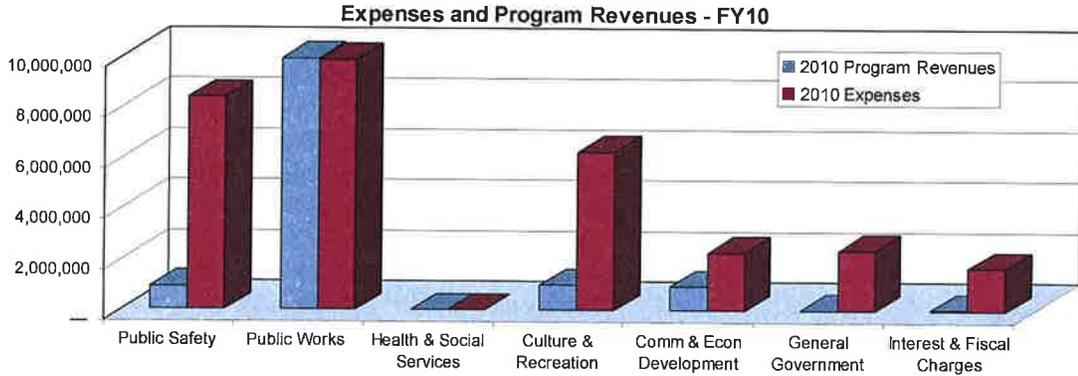
**CITY OF URBANDALE, IOWA**  
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June 30, 2010 and June 30, 2009

fluctuate up and down based on the timing and number of projects in any given year. The decline in escrow funds was offset by increases from intergovernmental revenues in the form of federal police forfeiture funds and FEMA grants.

- Capital Grants and Contributions increased \$2,211,081 (114.7%) in FY10 and decreased by \$418,403 (17.8%) in FY09 due to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These items can fluctuate up and down based on the timing and number of projects completed in any given year. These donations have increased net assets by \$983,900, \$516,852, and \$1,327,405 in FY10, FY09, and FY08, respectively. Additionally, in FY10 the City had \$737,000 in revenues received from multi-city projects that the City served in a lead capacity.
- Total taxes increased by \$375,363 (1.5%) and \$2,396,295 (10.0%) during FY10 and FY09, respectively. The receipts for FY10 reflected slower valuation growth within the community, and offset by a decreased certification in the Fawn Creek tax increment financing districts. The receipts for FY09 reflected stable valuation growth along with increased certification in the Northwest Market and Fawn Creek tax increment financing districts.
- Other revenues have decreased by \$538,126 (47.6%) in FY10 and \$306,289 (21.3%) in FY09 due to continued decline in interest rates on investments since early 2009.

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The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2010, 2009, and 2008:



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**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 FY10, FY09, and FY08, the City's governmental funds reported combined fund balances of \$20,729,836, \$19,692,938, and \$17,083,674, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects payments. The increase in fund balances in FY09 is the result of transferring funds being held in the capital projects fund for property tax rebates to the tax increment financing fund due to a change in the state code. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$839,857 (11.5%) and \$633,000 (9.5%) in FY10 and FY09, respectively. The City has seen stable, but continued growth of property tax base from the record construction growth in FY05, FY04 and FY03, and continues to see decreasing investment income as a result of decreasing interest rates. An additional \$1 per household per month increase in garbage service fees and a \$350,000 flow-through CEBA grant have also contributed to the \$1.27 million increase in general fund revenues. Additionally, expenditures in all functions were less than anticipated. Together, these have resulted in a positive change in the general fund balance at year end.
- The road use tax fund balance decreased \$451,556 (56.7%) and \$180,113 (18.4%) in FY10 and FY09, respectively. The FY10 decrease represents lower than anticipated road use tax receipts that continue to increase at a slower rate than expenses of the departments funded by these revenues. Starting in FY11, a storm water utility enterprise fund has been established to fund storm water related expenses, which will transfer approximately \$300,000 worth of expenses from the road use fund. The FY09 decrease represents lower than anticipated road use tax receipts and council approved funding for an unanticipated storm sewer project.
- The fund balance for the tax increment financing (TIF) fund increased \$19,077 (0.8%) in FY10 and \$2,321,502 (14,954.3%) in FY09. FY10 increase represents normal operations of TIF rebate activity for the City. The City administers a 5 year declining balance TIF rebate program for the 2 active TIF districts, which means each year as these rebates progress through the program, the amount of the rebate is reduced, as well as the revenue needed to fund the program. The fluctuation in 2009 is a result of a change in the State of Iowa code such that the TIF fund was required to only transfer out portions of TIF receipts that were being used to make debt service payments (required to be paid from debt service fund). Any other TIF expenses are now required to be paid directly out of the TIF fund. The City has historically used the capital projects fund to pay expenses related to TIF, so all TIF funds held in capital projects fund were transferred into the TIF fund.
- The fund balance of the debt service fund increased by \$496,541 (198.3%) in FY10 and by \$51,225 (25.7%) in FY09. The FY10 increase is due primarily to the higher property tax and special assessment receipts, as well as federal interest subsidy received on the 2009 Series Build America Bonds. The FY09 increase is due primarily to the higher property tax receipts and an increase in TIF revenues being collected and transferred to debt service fund to fund TIF supported debt payments.
- For FY10, the \$425,511 (5.8%) increase in the capital projects fund balance is primarily attributable to timing of project payments and related receipts associated with those projects. Project expenditures were down \$4.1 million over FY09, while revenues and other financing sources and uses were down \$3.1 million. In FY09, the \$573,951 (7.3%) decrease in the capital projects fund balance is primarily

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attributable to timing of project payments. Project expenditures were up \$2.66 million over FY08 due to several significant paving projects being underway.

- The nonmajor governmental funds fund balance decreased \$292,532 (17.5%) due to the spend down of police forfeiture balances carried over from prior year as well as expenditures for development of the Memorial Tree Park. In FY09, the \$357,601 (27.2%) increase was primarily attributable to the increase in federal police forfeiture receipts.

**Proprietary funds**

Unrestricted net assets of the proprietary funds were \$8,060,713, \$7,429,675 and \$6,235,869 in FY10, FY09, and FY08, respectively. An additional \$2,601,789, \$2,315,240 and \$2,510,114 in FY10, FY09, and FY08, respectively, of net assets was restricted for funds invested in capital assets of the equipment replacement fund. In FY10 and FY09, the increase in net assets for the proprietary funds resulted from lower than anticipated insurance claims paid in the risk management fund and increased charges for services in the risk management and equipment replacement funds.

**Budgetary Highlights (FY10)**

Differences between the original budget and the final amended budget amounted to a \$740,385 increase in appropriations and can be briefly summarized as follows:

- \$308,500 for unbudgeted State and Federal forfeiture funds purchases
- \$170,000 for Memorial Tree Park development costs
- \$101,885 for grant related computer and material purchases in Library
- \$80,000 for unanticipated overtime costs associated with winter storm clean-up efforts
- \$20,000 for higher than anticipated street lighting utility costs
- \$30,000 for higher than anticipated salary and benefits for new City Manager position
- \$10,000 for grant writing services to apply for federal grant programs
- \$10,000 for unbudgeted unemployment costs for the swimming pool

The revised expenditures were offset by \$101,885 in library grant funds, \$40,000 in cable franchise revenues, \$10,000 in pool program revenues, \$22,000 in federal grant funds, \$100,000 in State I-Jobs grant funding, \$51,500 in State and Federal forfeiture funds, \$170,000 from available Memorial Tree Park fund balance, and \$245,000 in available forfeiture fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$4,352,114 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions.

**Budgetary Highlights (FY09)**

Differences between the original budget and the final amended budget amounted to a \$4,658,013 increase in appropriations and can be briefly summarized as follows:

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- \$3,850,000 for capital improvement projects that were anticipated to be completed ahead of schedule
- \$211,000 for unbudgeted State and Federal forfeiture funds received
- \$182,000 for unanticipated overtime costs and materials costs associated with storm clean-up efforts
- \$101,913 for grant related computer and material purchases in Library
- \$100,000 for Memorial Tree Park improvements made as a result of donated funds
- \$60,000 for unanticipated fire station building repairs
- \$58,100 for purchasing unbudgeted fire turnout gear and equipment with grant funds
- \$50,000 for higher than anticipated utility costs for street lighting
- \$30,000 for unanticipated storm sewer repairs
- \$15,000 for playground safety tile installation purchased with grant funds

The revised expenditures were offset by \$101,913 in library grant funds, \$30,000 in solid waste grant funds, \$151,100 in FEMA grant funds, \$211,000 in State and Federal forfeiture funds, \$100,000 in private donations, \$60,000 from ambulance fees, \$15,000 in state DNR grants, \$3,850,000 in available capital projects fund balance, and \$139,000 in available road use fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$6,759,406 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 62 through 64 of this report.

**Capital Asset and Debt Administration**

***Capital assets***

In FY10, FY09, and FY08, the City had invested \$179,785,104, \$170,330,799, and \$156,689,747, 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 \$9,454,305, \$13,641,052, and \$10,463,193, respectively. The value of these capital assets, net of depreciation at June 30, 2010, 2009, and 2008, is depicted below.

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

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land	\$ 5,972,873	5,972,873	5,332,415
Buildings and improvements	23,046,609	22,214,452	21,575,362
Machinery and equipment	10,638,915	9,686,905	9,402,137
Artwork	274,096	253,150	253,150
Infrastructure	132,535,560	116,948,147	107,323,421
Share of undivided equity interest assets	801,941	771,680	629,921
Construction in progress	6,515,110	14,483,592	12,173,341
Total	\$ 179,785,104	170,330,799	156,689,747
Accumulated depreciation	(40,065,448)	(36,503,505)	(32,825,284)
	<u>\$ 139,719,656</u>	<u>133,827,294</u>	<u>123,864,463</u>

This year's major capital asset additions included:

- The donation of construction improvements by private parties (\$983,900)
- The ongoing construction of the 128<sup>th</sup> Street north of Meredith Drive project (\$982,500)
- The ongoing construction of the Northpark Drive extension & turn lane paving projects (\$940,500)
- The purchase of a replacement ladder truck for the fire department (\$732,000)
- The completion of the Meredith Drive 76<sup>th</sup> to 86<sup>th</sup> Street paving and RISE projects (\$694,000)
- The completion of the 156<sup>th</sup> Street paving project (\$668,600)
- The ongoing construction of the Douglas & 100<sup>th</sup> turn lane project (\$660,100)
- The completion of a fire training facility (\$595,400)
- The completion of the 3 traffic signal projects (\$500,000)
- The ongoing construction of the North Raccoon Valley Trail bridge project (\$454,800)
- The ongoing construction of the Douglas Parkway paving and reconstruction project (\$449,400)
- The ongoing construction of the Timberline trail project (\$235,600)
- The ongoing construction of the Deer Creek paving project (\$211,300)
- The completion of the Plum Drive west of 100<sup>th</sup> Street paving project (\$198,800)

Additional information on the City's capital assets can be found on page 45 (footnote 4) of this report.

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***Long-term debt***

In FY10, FY09, and FY08 the City had total long-term debt of \$43,375,000, \$43,270,000, and \$37,061,934, respectively. Of these amounts, \$38,770,000, \$38,290,000, and \$31,710,000 represented general obligation bond debt. Another \$930,000, \$955,000, and \$1,055,000 represented outstanding certificates of participation debt. The City also had \$3,675,000, \$3,985,000, and \$4,290,000 of general obligation General Fund capital loan notes. Finally, \$0, \$0, and \$6,934 represented outstanding government loans payable. All of this debt was backed by the City's full faith and credit.

	<u>Balance</u> <u>June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2010</u>
General obligation bonds	\$ 38,290,000	6,570,000	6,090,000	\$ 38,770,000
General obligation certificates of participation	995,000	—	65,000	930,000
General obligation General Fund capital loan notes	3,985,000	—	310,000	3,675,000
	<u>\$ 43,270,000</u>	<u>6,570,000</u>	<u>6,465,000</u>	<u>\$ 43,375,000</u>
	<u>Balance</u> <u>June 30, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2009</u>
General obligation bonds	\$ 31,710,000	16,995,000	10,415,000	\$ 38,290,000
General obligation certificates of participation	1,055,000	—	60,000	995,000
General obligation General Fund capital loan notes	4,290,000	—	305,000	3,985,000
Government loans payable	6,934	—	6,934	—
	<u>\$ 37,061,934</u>	<u>16,995,000</u>	<u>10,786,934</u>	<u>\$ 43,270,000</u>
	<u>Balance</u> <u>June 30, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2008</u>
General obligation bonds	\$ 30,145,000	7,005,000	5,440,000	\$ 31,710,000
General obligation certificates of participation	1,115,000	—	60,000	1,055,000
General obligation General Fund capital loan notes	4,265,000	300,000	275,000	4,290,000
Government loans payable	13,731	—	6,797	6,934
	<u>\$ 35,538,731</u>	<u>7,305,000</u>	<u>5,781,797</u>	<u>\$ 37,061,934</u>

During FY10 and FY09, the City's total debt increased by \$105,000 and \$6,208,066, respectively. The key factors in these increases for FY10 were \$6,570,000 in taxable general obligation bonds (Build America Bonds – Direct Payment) and in FY09 \$12,225,000 in general obligation bonds and \$4,770,000 in general obligation refunding bonds.

In FY10, these projects included:

- The paving of: Aurora Avenue (\$705,000), and the Police station access drive (\$160,000).

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- The construction of: the 86<sup>th</sup> & Meredith turn lanes (\$187,500), Meredith Drive trail (\$165,800), Raccoon River Valley trail connection (\$575,000), Walnut Creek Regional Park trail (\$296,000), 121<sup>st</sup> Street widening (\$32,500), Timberline trail (\$315,000), 100<sup>th</sup> & Douglas turn lanes (\$425,000), and sidewalks (\$60,000)
- The installation of a traffic signals at: 121<sup>st</sup>/123<sup>rd</sup>/125<sup>th</sup>/128<sup>th</sup> and Meredith Drive (\$218,400), 128<sup>th</sup> & Douglas (\$135,000), NW Urbandale Drive & Aurora (\$140,000), and 72<sup>nd</sup> Street & Aurora (\$57,500)
- The installation of street lighting along 128<sup>th</sup> Street (\$120,000)
- Street rehabilitation at: 86<sup>th</sup> Street medians (\$40,000), Deer Creek subdivision (\$125,000), Meredith Drive (\$450,000), and City-wide spot rehab (\$465,800)
- The remodeling of Fire Station #41 (\$538,000), construction of a training facility at Fire Station #42 (\$380,000), and renovation of the swimming pool (\$518,000)
- The City's share of public safety dispatch operations relocation (\$196,100)
- The acquisition of land for future public works maintenance facility (\$100,000)
- The improvement of Murphy Park (\$17,000) and purchase of public art (\$44,600)

In FY09, these projects included:

- The refunding of Series 1995, 1999, 2000 and 2001 general obligation bonds
- The construction of: Clive trail connection (\$278,000), 128<sup>th</sup> Street trail (\$66,400), 86<sup>th</sup> and Northpark turn lanes (\$453,800), 100<sup>th</sup> Street extension (\$715,200), Douglas and 100<sup>th</sup> Street turn lanes (\$130,000), and sidewalks (\$150,000)
- The paving of: 72<sup>nd</sup> Street (\$230,000), 74<sup>th</sup> and Goodman (\$660,300), The improvement of 70<sup>th</sup> Street and Hickman Road intersection (\$64,000), 128<sup>th</sup> Street (\$3,035,800), 156<sup>th</sup> Street (\$5,470,600), and concrete patching and street rehabilitation at various locations (\$202,000)
- The asphalt overlay of Meredith Drive (\$248,000)
- The reconstruction of the Walker Johnston Park tennis courts (\$140,400)
- The installation of a traffic signals at Douglas and 104<sup>th</sup> Street (\$140,000)
- The installation of street lighting along 128<sup>th</sup> Street (\$90,000)

The City of Urbandale maintains an Aa1 rating from Moody's Investors Service for its general obligation debt. This rating was most recently affirmed on September 8, 2010.

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 \$154,705,952, 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.

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**Economic Factors and Next Year's Budget and Rates**

In calendar 2010, the City will issue about 150 single-family residential permits, compared to the 111 single-family permits that were issued in 2009. The year saw permits issued to several builders who had been on the sidelines for several years as excess inventory was sold, both their own and that of former competitors. The number of developed, vacant lots has been drawn down to traditional levels, suggesting that platting activity is starting to rebound. Permits for a total of 105 single-family homes were issued in 2008; for 235 units in 2007; and for 377 units in 2006. The long-term annual mean for single-family permits, from 1961 through 1999 and excluding the extra-ordinary 2000's decade, is 190 units. Community stability is demonstrated by the fact that the annual median for the same period is 189 units.

Residential construction has increased the City's population to 38,445 residents according to a July, 2009 Census estimate, making Urbandale the third-fastest growing city in Iowa since the 2000 Census in terms of population gain. City staff estimates that when the 2010 count is released it will show Urbandale's population to be about 39,400 persons. A Special Census in 2005 counted 35,904 residents, and the City's 2000 Census population was 29,072 residents.

Commercial and industrial construction underwent a moderate recovery in 2010, with the issuance of about 80 permits having an approximate valuation of \$31.9 million, compared to 2009's issuance of 64 permits for commercial and industrial construction with a permit valuation of \$18.8 million. The annual mean valuation for 2000-09 is \$35.93 million. 2008 was the fourth-best valuation in Urbandale's history, with the issuance of 101 permits bearing a total valuation of \$44.90 million. 2007 holds the valuation record, at \$81.74 million.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2011. The fiscal year 2011 budget anticipated an increase of \$1,531,234 (4.1%) in expenditures over the fiscal year 2010 adopted budget. Of this total, operating expenses will be increased by \$1,026,844 (3.5%), and debt service expenses will be increased by \$505,390 (6.5%). The adopted expenditures for fiscal year 2011 will not require any change in the general tax levy rate of \$7.17. In response to growing pension costs for the City's public safety uniformed staff, and new \$0.10 levy was adopted for FY10 to help offset the City's pension contribution to the Municipal Fire and Police Retirement System. The City's combined tax levy rate is \$9.23/\$1,000 valuation.

The FY11 budget anticipates the creation of four new full time fire positions in the City. These additions, as well as increases in salary and benefit costs for existing employees will increase personnel costs by approximately \$945,286 (6.0%) in FY11. Other factors impacting the FY11 budget include the financing of infrastructure maintenance and improvement projects, the increasing cost of 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 86<sup>th</sup> Street, Urbandale, Iowa, 50322.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2010

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Assets</b>		
Current assets:		
Cash and pooled cash investments	\$ 30,378,505	119,881
Cash equivalents	—	1,083,375
Restricted cash	—	497,796
Accounts receivable	389,620	761,336
Taxes receivable:		
Current	785,441	—
Succeeding year	25,690,550	—
Special assessments receivable:		
Current	555,203	—
Succeeding year	662,967	—
Accrued interest	6,790	2,060
Due from other governments	1,015,041	—
Due from component unit	20,940	—
Due from primary government	—	5,768
Loan receivable	405,000	—
Inventories	101,777	332,968
Deferred bond issuance costs	261,179	—
Restricted assets - due from primary government	—	280
Prepaid expense and other assets	—	54,093
Total current assets	<u>60,273,013</u>	<u>2,857,557</u>
Noncurrent assets:		
Capital assets		
Equipment	10,638,915	800,240
Buildings	19,516,017	1,181,173
Distribution system	—	27,124,135
Improvements other than building	3,530,592	—
Land and right of way	5,972,873	—
Construction in progress	6,515,110	—
Artwork	274,096	—
Infrastructure	132,535,560	—
Share of undivided equity interest assets	801,941	—
Accumulated depreciation	<u>(40,065,448)</u>	<u>(8,489,871)</u>
Total capital assets	<u>139,719,656</u>	<u>20,615,677</u>
Total assets	\$ <u>199,992,669</u>	<u>23,473,234</u>

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2010

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 2,521,303	21,421
Water revenue bonds payable	—	175,000
General obligation bonds payable	5,595,000	—
Certificate of participation payable	70,000	—
Capital loan note payable	325,000	—
Issuance costs payable	—	13,390
Interest payable	130,652	10,498
Compensation and payroll taxes	727,918	64,734
Compensated absences - current	701,116	69,636
Due to City of Urbandale	—	20,942
Due to other governments	—	483,941
Customer deposits payable - restricted	—	54,040
Unearned revenue	25,793,579	—
Total current liabilities	<u>35,864,568</u>	<u>913,602</u>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,055,000
General obligation bond payable	33,175,000	—
Certificate of participation payable	860,000	—
Capital loan note payable	3,350,000	—
Other postemployment benefits	89,796	18,020
Compensated absences	258,681	86,688
Total noncurrent liabilities	<u>37,733,477</u>	<u>3,159,708</u>
Total liabilities	<u>73,598,045</u>	<u>4,073,310</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	96,574,657	17,385,677
Restricted:		
For capital projects	7,758,144	—
Purpose restricted by legislation	631,789	—
Donor restricted purposes	1,090,636	—
Unrestricted	20,339,398	2,014,247
Total net assets	<u>\$ 126,394,624</u>	<u>19,399,924</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2009

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Assets</b>		
Current assets:		
Cash and pooled cash investments	\$ 28,187,620	49,679
Cash equivalents	—	1,677,934
Restricted cash	—	495,140
Accounts receivable	277,609	680,850
Taxes receivable:		
Current	860,676	—
Succeeding year	23,953,986	—
Special assessments receivable:		
Current	470,939	—
Succeeding year	379,642	—
Accrued interest	16,693	4,410
Due from other governments	1,165,971	1,000
Due from component unit	10,493	—
Due from primary government	—	8,652
Loan receivable	500,000	—
Inventories	148,201	91,317
Deferred bond issuance costs	234,267	—
Restricted assets - due from primary government	—	420
Prepaid expense and other assets	—	37,847
	<hr/>	<hr/>
Total current assets	56,206,097	3,047,249
Noncurrent assets:		
Capital assets		
Equipment	9,686,905	789,002
Buildings	19,516,017	1,181,173
Distribution system	—	26,643,381
Improvements other than building	2,698,435	—
Land and right of way	5,972,873	—
Construction in progress	14,483,592	103,710
Artwork	253,150	—
Infrastructure	116,948,147	—
Share of undivided equity interest assets	771,680	—
Accumulated depreciation	(36,503,505)	(7,881,120)
	<hr/>	<hr/>
Total capital assets	133,827,294	20,836,146
	<hr/>	<hr/>
Total assets	\$ 190,033,391	23,883,395

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2009

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 2,764,658	112,181
Water revenue bonds payable	—	170,000
General obligation bonds payable	5,240,000	—
Certificate of participation payable	65,000	—
Capital loan note payable	310,000	—
Interest payable	126,230	11,050
Compensation and payroll taxes	494,784	39,244
Compensated absences - current	513,832	71,775
Due to City of Urbandale	—	10,494
Due to other governments	—	386,764
Customer deposits payable - restricted	—	58,640
Unearned revenue	23,953,986	—
Total current liabilities	<u>33,468,490</u>	<u>860,148</u>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,230,000
General obligation bond payable	33,050,000	—
Certificate of participation payable	930,000	—
Capital loan note payable	3,675,000	—
Other postemployment benefits	49,987	8,890
Compensated absences	680,250	102,239
Total noncurrent liabilities	<u>38,385,237</u>	<u>3,341,129</u>
Total liabilities	<u>71,853,727</u>	<u>4,201,277</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	90,892,294	17,436,146
Restricted:		
For capital projects	7,758,144	—
Purpose restricted by legislation	1,346,443	—
Donor restricted purposes	1,120,070	—
Unrestricted	17,062,713	2,245,972
Total net assets	<u>\$ 118,179,664</u>	<u>19,682,118</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Activities

Year Ended June 30, 2010

	Program Revenues			Primary Government		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental		Component
					Total		Unit
<b>Primary government</b>							
Governmental activities:							
Public safety	\$ 8,357,868	755,056	158,547	—	(7,444,265)	—	
Public works	9,827,801	2,610,131	3,129,434	4,139,360	51,124	—	
Health and social services	550	—	—	—	(550)	—	
Culture and recreation	6,207,147	757,723	224,915	—	(5,224,509)	—	
Community and economic development	2,288,562	780,839	165,133	—	(1,342,590)	—	
General government	2,360,518	—	10,000	—	(2,350,518)	—	
Interest and fiscal charges	1,687,888	—	44,368	—	(1,643,520)	—	
Total governmental activities	30,730,334	4,903,749	3,732,397	4,139,360	(17,954,828)	—	
<b>Component unit</b>							
Urbandale Water Utility	\$ 6,442,583	5,283,083	668,005	129,410		(362,085)	
<b>General Revenues:</b>							
Taxes:							
Property tax				\$ 20,190,515			
Tax increment financing district tax				3,369,190			
Hotel Motel tax				1,140,672			
Franchise taxes				307,738			
Utility excise tax				568,203			
Total taxes				25,576,318			
Interest				305,456		9,180	
Miscellaneous				288,014		70,711	
Total general revenues				26,169,788		79,891	
Changes in net assets				8,214,960		(282,194)	
Net assets - beginning				118,179,664		19,682,118	
Net assets - ending				\$ 126,394,624		\$ 19,399,924	

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Activities

Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government Governmental Activities Total	Component Unit
			Capital Grants and Contributions			
<b>Primary government</b>						
Governmental activities:						
Public safety	\$ 7,516,393	808,148	445,527	—	(6,262,718)	—
Public works	8,819,908	2,014,238	3,006,709	1,928,279	(1,870,682)	—
Health and social services	21,813	—	34,241	—	12,428	—
Culture and recreation	5,969,809	683,512	280,362	—	(5,005,935)	—
Community and economic development	1,962,340	492,701	—	—	(1,469,639)	—
General government	2,177,622	—	—	—	(2,177,622)	—
Interest and fiscal charges	1,859,692	—	—	—	(1,859,692)	—
Total governmental activities	28,327,577	3,998,599	3,766,839	1,928,279	(18,633,860)	—
<b>Component unit</b>						
Urbandale Water Utility	\$ 6,094,811	4,988,245	320,950	664,210		(121,406)
<b>General Revenues:</b>						
Taxes:				\$		
Property tax				18,768,124		
Tax increment financing district tax				4,400,172		
Hotel Motel tax				1,064,797		
Franchise taxes				411,915		
Utility excise tax				555,947		
Total taxes				25,200,955		
Interest				772,232		14,358
Miscellaneous				359,364		117,656
Total general revenues				26,332,551		132,014
Changes in net assets				7,698,691		10,608
Net assets - beginning				110,480,973		19,671,510
Net assets - ending				\$ 118,179,664		\$ 19,682,118

See accompanying notes to financial statements.

**CITY OF URBAN DALE, IOWA**

Balance Sheet  
Governmental Funds  
June 30, 2010

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and pooled cash investments	\$ 8,584,896	587,503	2,300,049	539,788	8,493,130	1,378,098	21,883,464
Taxes receivable:							
Current	151,051	198,791	56,054	46,669	—	332,876	785,441
Succeeding year	16,467,854	—	4,026,163	4,966,845	—	229,688	25,690,550
Special assessments receivable:							
Current	—	—	—	457,569	97,634	—	555,203
Succeeding years	—	—	—	175,102	487,865	—	662,967
Accounts receivable	265,774	—	—	—	120,212	—	385,986
Accrued interest	6,790	—	—	—	—	—	6,790
Due from component unit	17,925	3,015	—	—	—	—	20,940
Due from other governments	47,222	—	—	—	957,819	10,000	1,015,041
Loan receivable	—	—	—	—	405,000	—	405,000
Inventories	24,286	77,491	—	—	—	—	101,777
<b>Total assets</b>	<b>\$ 25,565,798</b>	<b>866,800</b>	<b>6,382,266</b>	<b>6,185,973</b>	<b>10,561,660</b>	<b>1,950,662</b>	<b>51,513,159</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 255,894	466,022	—	—	1,350,641	10,784	2,083,341
Compensation and payroll taxes	598,227	51,775	—	—	—	—	650,002
Employee benefits	73,970	3,946	—	—	—	—	77,916
Deferred revenue	23,635	—	—	472,182	1,452,875	332,822	2,281,514
Deferred revenue for succeeding years	16,467,854	—	4,026,163	4,966,845	—	229,688	25,690,550
<b>Total liabilities</b>	<b>17,419,580</b>	<b>521,743</b>	<b>4,026,163</b>	<b>5,439,027</b>	<b>2,803,516</b>	<b>573,294</b>	<b>30,783,323</b>
<b>Fund balances</b>							
Reserved for encumbrances	—	—	—	—	6,433,516	—	6,433,516
Reserved for inventories	24,286	77,491	—	—	—	—	101,777
Reserved for debt service	—	—	—	746,946	—	—	746,946
Reserved for loan receivable	—	—	—	—	405,000	—	405,000
Unreserved, reported in:							
General fund	8,121,932	—	—	—	—	—	8,121,932
Capital projects fund	—	—	—	—	919,628	—	919,628
Special revenue funds	—	267,566	2,356,103	—	—	1,377,368	4,001,037
<b>Total fund balances</b>	<b>8,146,218</b>	<b>345,057</b>	<b>2,356,103</b>	<b>746,946</b>	<b>7,758,144</b>	<b>1,377,368</b>	<b>20,729,836</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,565,798</b>	<b>866,800</b>	<b>6,382,266</b>	<b>6,185,973</b>	<b>10,561,660</b>	<b>1,950,662</b>	<b>51,513,159</b>

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, 2010

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

Total fund balances – governmental funds		\$ 20,729,836
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 173,918,864	
Less accumulated depreciation	<u>(36,800,997)</u>	137,117,867
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		2,178,485
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		261,179
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	8,495,041	
Due from customers	3,634	
Capital assets, net of accumulated depreciation	2,601,789	
Accounts payable	<u>(437,962)</u>	10,662,502
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	38,770,000	
Certificate of participation payable	930,000	
Capital loan note	3,675,000	
Accrued interest on the bonds and certificates	130,652	
Other postemployment benefits	89,796	
Compensated absences	<u>959,797</u>	<u>(44,555,245)</u>
Net assets of governmental activities		\$ <u><u>126,394,624</u></u>

See accompanying notes to financial statements.

CITY OF URBAN DALE, IOWA

Balance Sheet

Governmental Funds

June 30, 2009

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and pooled cash investments	\$ 7,387,938	634,746	2,302,192	187,425	8,294,189	1,685,271	20,491,761
Taxes receivable:							
Current	191,127	243,056	93,314	61,147	—	272,032	860,676
Special assessments receivable:	15,991,548	—	3,173,571	4,788,867	—	—	23,953,986
Current	—	—	—	249,574	221,365	—	470,939
Succeeding years	—	—	—	49,214	330,428	—	379,642
Accounts receivable	253,335	6,755	—	—	—	—	260,090
Accrued interest	16,693	—	—	—	—	—	16,693
Due from component unit	9,204	1,289	—	—	—	—	10,493
Due from other governments	55,903	1,722	—	—	1,107,369	977	1,165,971
Loan receivable	—	—	—	—	500,000	—	500,000
Inventories	38,615	109,586	—	—	—	—	148,201
Total assets	\$ 23,944,363	997,154	5,569,077	5,336,227	10,453,351	1,958,280	48,258,452
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 184,207	166,614	58,480	—	2,055,306	16,348	2,480,955
Compensation and payroll taxes	411,999	31,606	—	—	—	—	443,605
Employee benefits	48,858	2,321	—	—	—	—	51,179
Deferred revenue	1,390	—	—	296,955	1,065,412	272,032	1,635,789
Deferred revenue for succeeding years	15,991,548	—	3,173,571	4,788,867	—	—	23,953,986
Total liabilities	16,638,002	200,541	3,232,051	5,085,822	3,120,718	288,380	28,565,514
<b>Fund balances</b>							
Reserved for encumbrances	—	—	—	—	3,347,694	—	3,347,694
Reserved for inventories	38,615	109,586	—	—	—	—	148,201
Reserved for debt service	—	—	—	250,405	—	—	250,405
Reserved for loan receivable	—	—	—	—	500,000	—	500,000
Unreserved, reported in:							
General fund	7,267,746	—	—	—	—	—	7,267,746
Capital projects fund	—	—	—	—	3,484,939	—	3,484,939
Special revenue funds	—	687,027	2,337,026	—	—	1,669,900	4,693,953
Total fund balances	7,306,361	796,613	2,337,026	250,405	7,332,633	1,669,900	19,692,938
Total liabilities and fund balances	\$ 23,944,363	997,154	5,569,077	5,336,227	10,453,351	1,958,280	48,258,452

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, 2009

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

Total fund balances – governmental funds		\$ 19,692,938
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 164,449,785	
Less accumulated depreciation	<u>(32,937,731)</u>	131,512,054
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		1,635,789
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		234,267
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	7,695,859	
Due from customers	17,519	
Capital assets, net of accumulated depreciation	2,315,240	
Accounts payable	<u>(283,703)</u>	9,744,915
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	38,290,000	
Certificate of participation payable	995,000	
Capital loan note	3,985,000	
Accrued interest on the bonds and certificates	126,230	
Other postemployment benefits	49,987	
Compensated absences	<u>1,194,082</u>	<u>(44,640,299)</u>
Net assets of governmental activities		\$ <u><u>118,179,664</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, 2010

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 16,736,557	—	3,369,190	4,886,914	—	522,867	25,515,528
Special assessments	—	—	—	244,515	1,519,105	—	1,763,620
Licenses and permits	520,744	—	—	—	—	—	520,744
Use of money and property	71,900	—	28,577	16,046	98,012	6,363	220,898
Intergovernmental	297,882	—	—	44,368	740,460	46,579	4,258,723
Charges for services	3,272,348	3,129,434	—	—	—	—	3,272,348
Miscellaneous	679,687	—	—	54,934	737,729	258,362	1,730,712
Total revenues	21,579,118	3,129,434	3,397,767	5,246,777	3,095,306	834,171	37,282,573
<b>Expenditures</b>							
Current operating expenditures:							
Public safety	8,091,812	—	—	—	—	277,222	8,369,034
Public works	3,172,089	—	—	—	—	—	6,753,079
Culture and recreation	3,319,804	3,580,990	—	—	—	771,484	6,091,288
Community and economic development	1,467,245	—	2,967	—	—	69,997	1,540,209
General government	2,225,451	—	—	—	—	—	2,225,451
Capital outlay	—	—	797,252	—	8,863,984	—	9,661,236
Debt service:							
Principal	270,000	—	—	6,195,000	—	—	6,465,000
Interest	200,860	—	—	1,442,526	—	—	1,643,386
Total expenditures	20,747,261	3,580,990	800,219	7,637,526	8,863,984	1,118,703	42,748,683
Excess (deficiency) of revenues over (under) expenditures	831,857	(451,556)	2,597,548	(2,390,749)	(5,768,678)	(284,532)	(5,466,110)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	6,570,000	—	6,570,000
Premium/discount on bond issuance	—	—	—	—	(66,992)	—	(66,992)
Transfers in	8,000	—	—	2,887,290	—	—	2,895,290
Transfers out	—	—	(2,578,471)	—	(308,819)	(8,000)	(2,895,290)
Total other financing sources (uses)	8,000	—	(2,578,471)	2,887,290	6,194,189	(8,000)	6,503,008
Net changes in fund balances	839,857	(451,556)	19,077	496,541	425,511	(292,532)	1,036,898
Fund balances at beginning of year	7,306,361	796,613	2,337,026	250,405	7,332,633	1,669,900	19,692,938
Fund balances at end of year	\$ 8,146,218	345,057	2,356,103	746,946	7,758,144	1,377,368	20,729,836

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, 2010

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

Net change in fund balances – governmental funds	\$	1,036,898
<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	\$	8,896,215
Depreciation expense		<u>(4,014,977)</u>
		4,881,238
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		724,575
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		542,696
In the statement of activities, certain operating expenses – compensated absences and other postemployment benefits – 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 (\$217,741) for vacation expense, (\$16,544) for sick leave expense, and \$39,809 for other postemployment benefits.		194,476
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.		6,465,000
Issuance of bond principal, net of premium/discount, 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.		(6,503,008)
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.		(4,422)
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.		(40,080)
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>917,587</u>
Change in net assets of governmental activities	\$	<u><u>8,214,960</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, 2009

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 15,629,354	—	4,400,172	4,632,648	—	596,418	25,258,592
Special assessments	—	—	—	35,269	247,527	—	282,796
Licenses and permits	588,471	—	—	—	—	—	588,471
Use of money and property	164,263	—	38,488	54,900	306,699	14,942	579,292
Intergovernmental	536,437	2,988,543	—	—	1,122,789	348,703	4,996,472
Charges for services	3,067,070	—	—	—	—	—	3,067,070
Miscellaneous	319,324	—	—	—	56,079	253,319	628,722
<b>Total revenues</b>	<b>20,304,919</b>	<b>2,988,543</b>	<b>4,438,660</b>	<b>4,722,817</b>	<b>1,733,094</b>	<b>1,213,382</b>	<b>35,401,415</b>
<b>Expenditures</b>							
Current operating expenditures:							
Public safety	7,651,990	—	—	—	—	185,393	7,837,383
Public works	3,111,161	3,168,656	—	—	—	—	6,279,817
Health and social services	21,263	—	—	—	—	—	21,263
Culture and recreation	5,248,357	—	—	—	—	662,188	5,910,545
Community and economic development	1,041,575	—	—	—	—	200	1,041,775
General government	2,129,304	—	966,789	—	—	—	2,129,304
Capital outlay	—	—	—	—	12,990,044	—	13,956,833
Debt service:							
Principal	265,000	—	—	5,790,000	—	—	6,055,000
Interest	211,269	—	—	1,618,962	—	—	1,830,231
<b>Total expenditures</b>	<b>19,679,919</b>	<b>3,168,656</b>	<b>966,789</b>	<b>7,408,962</b>	<b>12,990,044</b>	<b>847,781</b>	<b>45,062,151</b>
Excess (deficiency) of revenues over (under) expenditures	625,000	(180,113)	3,471,871	(2,686,145)	(11,256,950)	365,601	(9,660,736)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	12,225,000	—	12,225,000
Refunding bond issuance	—	—	—	4,743,905	26,095	—	4,770,000
Current refunding of general obligation debt	—	—	—	(4,725,000)	—	—	(4,725,000)
Transfers in	8,000	—	1,368,096	2,718,465	—	—	4,094,561
Transfers out	—	—	(2,518,465)	—	(1,568,096)	(8,000)	(4,094,561)
<b>Total other financing sources (uses)</b>	<b>8,000</b>	<b>—</b>	<b>(1,150,369)</b>	<b>2,737,370</b>	<b>10,682,999</b>	<b>(8,000)</b>	<b>12,270,000</b>
Net changes in fund balances	633,000	(180,113)	2,321,502	51,225	(573,951)	357,601	2,609,264
Fund balances at beginning of year	6,673,361	976,726	15,524	199,180	7,906,584	1,312,299	17,083,674
Fund balances at end of year	\$ 7,306,361	\$ 796,613	\$ 2,337,026	\$ 250,405	\$ 7,332,633	\$ 1,669,900	\$ 19,692,938

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, 2009

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

Net change in fund balances – governmental funds	\$	2,609,264
<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	\$	13,932,490
Depreciation expense		<u>(3,409,167)</u>
		10,523,323
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(365,187)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		78,354
In the statement of activities, certain operating expenses – compensated absences and other postemployment benefits – 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 (\$89,992) for vacation expense, (\$4,881) for sick leave expense, and \$49,987 for other postemployment benefits.		44,886
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.		10,780,000
Issuance of bond principal, net of premium/discount, 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.		(16,948,492)
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.		(3,406)
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.		(25,917)
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.		6,934
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>998,932</u>
Change in net assets of governmental activities	\$	<u><u>7,698,691</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets –  
Proprietary Funds

June 30, 2010

	<b>Assets</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:		
Cash and pooled cash investments	\$	8,495,041
Accounts receivable		3,634
Capital assets, net		<u>2,601,789</u>
Total assets	\$	<u>11,100,464</u>
	<b>Liabilities</b>	
Current liabilities:		
Accounts payable		<u>437,962</u>
Total liabilities	\$	<u>437,962</u>
	<b>Net Assets</b>	
Net assets:		
Invested in capital assets	\$	2,601,789
Unrestricted		<u>8,060,713</u>
Total net assets	\$	<u><u>10,662,502</u></u>

Statement of Net Assets –  
Proprietary Funds

June 30, 2009

	<b>Assets</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:		
Cash and pooled cash investments	\$	7,695,859
Accounts receivable		17,519
Capital assets, net		<u>2,315,240</u>
Total assets	\$	<u>10,028,618</u>
	<b>Liabilities</b>	
Current liabilities:		
Accounts payable	\$	<u>283,703</u>
Total liabilities	\$	<u>283,703</u>
	<b>Net Assets</b>	
Net Assets		
Invested in capital assets	\$	2,315,240
Unrestricted		<u>7,429,675</u>
Total net assets	\$	<u><u>9,744,915</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

Year Ended June 30, 2010

	<b>Total Governmental activities - Internal Service Funds</b>
	<u>                    </u>
Operating revenues:	
Charges for services	\$ 3,714,891
Other	421,554
Total operating revenues	<u>4,136,445</u>
Operating expenses:	
Insurance premiums and claims	2,707,444
Data processing	69,455
Depreciation	645,076
Total operating expenses	<u>3,421,975</u>
Operating income	<u>714,470</u>
Nonoperating revenues (expenses):	
Interest income	84,558
Gain (loss) on sale of equipment	118,559
Total nonoperating revenues (expenses)	<u>203,117</u>
Change in net assets	917,587
Net assets at beginning of year	<u>9,744,915</u>
Net assets at end of year	\$ <u><u>10,662,502</u></u>

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

Year Ended June 30, 2009

	<b>Total Governmental activities - Internal Service Funds</b>
	<u>                    </u>
Operating revenues:	
Charges for services	\$ 3,400,348
Other	279,764
Total operating revenues	<u>3,680,112</u>
Operating expenses:	
Insurance premiums and claims	2,265,821
Data processing	468
Depreciation	643,813
Total operating expenses	<u>2,910,102</u>
Operating income	<u>770,010</u>
Nonoperating revenues (expenses):	
Interest income	192,940
Gain (loss) on sale of equipment	(5,241)
Total nonoperating revenues (expenses)	<u>187,699</u>
Income before contributions	957,709
Capital contributions	<u>41,223</u>
Change in net assets	998,932
Net assets at beginning of year	<u>8,745,983</u>
Net assets at end of year	\$ <u><u>9,744,915</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2010

	<b>Total Governmental activities - Internal Service Funds</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,150,330
Payments to suppliers	<u>(2,717,158)</u>
Net cash provided by operating activities	<u>1,433,172</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(951,839)
Proceeds from sale of capital assets	<u>233,291</u>
Net cash used in capital and related financing activities	<u>(718,548)</u>
Cash flows from investing activities:	
Interest on investments	<u>84,558</u>
Net increase in cash and cash equivalents	799,182
Cash and cash equivalents at beginning of year	<u>7,695,859</u>
Cash and cash equivalents at end of year	\$ <u><u>8,495,041</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 714,470
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	645,076
Change in due from customers	13,885
Change in accounts payable and accrued liability	<u>59,741</u>
Net cash provided by operating activities	\$ <u><u>1,433,172</u></u>

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2009

	<b>Total Governmental activities - Internal Service Funds</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,680,392
Payments to suppliers	<u>(2,268,824)</u>
Net cash provided by operating activities	<u>1,411,568</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(283,629)
Proceeds from sale of capital assets	<u>4,100</u>
Net cash used in capital and related financing activities	<u>(279,529)</u>
Cash flows from investing activities:	
Interest on investments	<u>192,940</u>
Net increase in cash and cash equivalents	1,324,979
Cash and cash equivalents at beginning of year	<u>6,370,880</u>
Cash and cash equivalents at end of year	\$ <u><u>7,695,859</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 770,010
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	643,813
Change in accounts receivable	280
Change in deferred revenue	<u>(2,535)</u>
Net cash provided by operating activities	\$ <u><u>1,411,568</u></u>
Noncash capital activities:	
Contributions of capital assets from government	\$ <u><u>41,223</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

**Statement of Fiduciary Net Assets**

June 30, 2010

<b>Assets</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,135,435
Other assets	200
Total assets	\$ <u>1,135,635</u>
<b>Liabilities</b>	
Liabilities:	
Due to component unit	\$ 6,048
Due to other governments	245,934
Deposits and remittances due	883,653
Total liabilities	\$ <u>1,135,635</u>

**Statement of Fiduciary Net Assets**

June 30, 2009

<b>Assets</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,254,640
Other assets	38,970
Total assets	\$ <u>1,293,610</u>
<b>Liabilities</b>	
Liabilities:	
Due to component unit	\$ 9,072
Due to other governments	346,340
Deposits and remittances due	938,198
Total liabilities	\$ <u>1,293,610</u>

See accompanying notes to financial statements.

# CITY OF URBANDALE, IOWA

## Notes to Financial Statements

June 30, 2010 and 2009

### (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, 2010 and 2009

**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.

# CITY OF URBANDALE, IOWA

## Notes to Financial Statements

June 30, 2010 and 2009

### 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 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, 2008 assessed property valuations; are for the tax accrual period July 1, 2009 through June 30, 2010; and reflect the tax asking contained in the budget certified by the City in March, 2009.

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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2010 and 2009

*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 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2010 and 2009

#### **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.

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

#### **(d) 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.

#### **(e) 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.

#### **(f) 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.

#### **(g) 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, 2010 and 2009

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.

**(h) Inventories**

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

**(i) 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.

**(j) 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, other than intangible 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. The City defines intangible assets as those items with costs in excess of \$100,000.

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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

***(k) 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 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, unspent grant proceeds, 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 and unspent grant proceeds.

***(l) 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.

***(m) 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.

***(n) Self-insurance***

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$40,000 per employee and \$1,678,000 and \$1,563,000 in the aggregate for June 30, 2010 and 2009, 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, 2010 and 2009

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

	<u>2010</u>	<u>2009</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 150,000	140,000
Incurred claims and claim adjustment expenses	1,469,033	1,212,066
Payments	<u>(1,439,033)</u>	<u>(1,202,066)</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>\$ 180,000</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, 2010 and 2009 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, money market funds, 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, 2010 and 2009 are \$30,378,505 and \$28,187,620, respectively. The City's agency funds had cash and pooled cash investments of \$1,135,435 and \$1,254,640 at June 30, 2010 and 2009 respectively.

Included in the City's cash equivalents total noted above, are investments in money market mutual funds totaling \$18,103,114 and \$449,352 at June 30, 2010, and June 30, 2009, respectively. These funds are invested in US government obligations and repurchase agreements collateralized by US Government obligations. These money market mutual funds are not rated and do not have a stated maturity date. Also included in the City's cash equivalents total, is an investment in the Iowa Public Agency Investment Trust (IPAIT) \$3,006, and \$0 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2010 and 2009

At June 30, 2010 and 2009 cash equivalents of the Component Unit include a money market account of \$1,001,194 and \$1,600,123 respectively, and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,222, and \$136,030 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. Additionally, there are two Certificates of Deposit totaling \$416,784.

*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.

*Credit risk.* The City's investment policy prohibits investments in commercial paper and other corporate debt. The City and 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, 2010 and 2009 are in certificates of deposit, money market accounts, money market mutual funds, 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 URBANDAILE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

**(4) Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2010 and 2009 is as follows:

	<u>July 1, 2009</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,528,394	—	—	5,528,394
Construction in progress	14,483,592	8,063,577	16,032,059	6,515,110
Right of way	444,479	—	—	444,479
Total capital assets not being depreciated	<u>20,456,465</u>	<u>8,063,577</u>	<u>16,032,059</u>	<u>12,487,983</u>
Capital assets being depreciated:				
Equipment	9,686,905	2,164,852	1,212,842	10,638,915
Buildings	19,516,017	—	—	19,516,017
Improvements other than buildings	2,698,435	832,157	—	3,530,592
Artwork	253,150	20,946	—	274,096
Infrastructure	116,948,147	15,587,413	—	132,535,560
Share of undivided equity interest assets	771,680	30,261	—	801,941
Total capital assets being depreciated	<u>149,874,334</u>	<u>18,635,629</u>	<u>1,212,842</u>	<u>167,297,121</u>
Less accumulated depreciation for:				
Equipment	5,309,744	990,692	1,098,110	5,202,326
Buildings	3,902,638	389,634	—	4,292,272
Improvements other than buildings	721,905	226,083	—	947,988
Artwork	107,802	12,919	—	120,721
Infrastructure	26,021,337	2,960,269	—	28,981,606
Share of undivided equity interest assets	440,079	80,456	—	520,535
Total accumulated depreciation	<u>36,503,505</u>	<u>4,660,053</u>	<u>1,098,110</u>	<u>40,065,448</u>
Total capital assets, net	\$ <u>133,827,294</u>	<u>22,039,153</u>	<u>16,146,791</u>	<u>139,719,656</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

	<u>July 1, 2008</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,124,042	404,352	—	5,528,394
Construction in progress	12,173,341	12,524,165	10,213,914	14,483,592
Right of way	208,373	236,106	—	444,479
Total capital assets not being depreciated	<u>17,505,756</u>	<u>13,164,623</u>	<u>10,213,914</u>	<u>20,456,465</u>
Capital assets being depreciated:				
Equipment	9,402,137	598,901	314,133	9,686,905
Buildings	19,516,017	—	—	19,516,017
Improvements other than buildings	2,059,345	650,169	11,079	2,698,435
Artwork	253,150	—	—	253,150
Infrastructure	107,323,421	9,624,726	—	116,948,147
Share of undivided equity interest assets	629,921	217,120	75,361	771,680
Total capital assets being depreciated	<u>139,183,991</u>	<u>11,090,916</u>	<u>400,573</u>	<u>149,874,334</u>
Less accumulated depreciation for:				
Equipment	4,651,483	951,240	292,979	5,309,744
Buildings	3,513,004	389,634	—	3,902,638
Improvements other than buildings	622,334	110,650	11,079	721,905
Artwork	95,144	12,658	—	107,802
Infrastructure	23,494,143	2,527,194	—	26,021,337
Share of undivided equity interest assets	449,176	61,604	70,701	440,079
Total accumulated depreciation	<u>32,825,284</u>	<u>4,052,980</u>	<u>374,759</u>	<u>36,503,505</u>
Total capital assets, net	\$ <u>123,864,463</u>	<u>20,202,559</u>	<u>10,239,728</u>	<u>133,827,294</u>

Depreciation expense of \$4,660,053 and \$4,052,980 for the years ended June 30, 2010 and 2009, respectively, was charged to the following governmental functions:

	<u>2010</u>	<u>2009</u>
Public safety	\$ 557,919	551,577
Public works	3,370,205	2,877,587
Health & Social	550	550
Culture and recreation	568,522	465,489
Community and economic development	25,996	23,425
General government	136,861	134,352
Total depreciation expense	\$ <u>4,660,053</u>	<u>4,052,980</u>

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

Capital asset activity for the Component Unit for the years ended June 30, 2010 and 2009 is as follows:

	<b>2010</b>			
	<b>July 1, 2009 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2010 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 789,002	39,437	28,199	800,240
Buildings	1,181,173	—	—	1,181,173
Distribution system	26,643,381	500,074	19,320	27,124,135
Construction in progress	103,710	266,954	370,664	—
Total capital assets being depreciated	<u>28,717,266</u>	<u>806,465</u>	<u>418,183</u>	<u>29,105,548</u>
Less accumulated depreciation for:				
Equipment	476,002	85,923	28,199	533,726
Buildings	468,958	30,617	—	499,575
Distribution system	6,936,160	539,047	18,637	7,456,570
Total accumulated depreciation	<u>7,881,120</u>	<u>655,587</u>	<u>46,836</u>	<u>8,489,871</u>
Total capital assets, net	<u>\$ 20,836,146</u>	<u>150,878</u>	<u>371,347</u>	<u>20,615,677</u>
	<b>2009</b>			
	<b>July 1, 2008 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2009 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 657,305	164,979	33,282	789,002
Buildings	1,181,173	—	—	1,181,173
Distribution system	25,756,469	959,798	72,886	26,643,381
Construction in progress	—	399,298	295,588	103,710
Total capital assets being depreciated	<u>27,594,947</u>	<u>1,524,075</u>	<u>401,756</u>	<u>28,717,266</u>
Less accumulated depreciation for:				
Equipment	428,415	80,869	33,282	476,002
Buildings	438,341	30,617	—	468,958
Distribution system	6,429,610	529,401	22,851	6,936,160
Total accumulated depreciation	<u>7,296,366</u>	<u>640,887</u>	<u>56,133</u>	<u>7,881,120</u>
Total capital assets, net	<u>\$ 20,298,581</u>	<u>883,188</u>	<u>345,623</u>	<u>20,836,146</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

**(5) Long-Term Obligations**

**(a) General Obligation Bonds**

Details of general obligation bonds payable at June 30, 2010 and 2009 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Amount Outstanding June 30, 2009</u>
Street, park and public works improvements	10/01/02	3.00 to 3.50	6/13	550,000 to 725,000	5,720,000	1,995,000	2,705,000
Street, park and public works improvements	09/01/03	3.00 to 3.75	6/14	695,000 to 810,000	7,155,000	3,055,000	3,765,000
Street, park and public works	10/01/04	2.70 to 3.60	6/15	445,000 to 610,000	5,400,000	2,635,000	3,095,000
Housing/Urban Development	10/01/04	4.00 to 5.30	6/19	60,000 to 105,000	1,035,000	740,000	805,000
Street/Bridge	07/01/05	3.40	6/16	415,000 to 525,000	5,225,000	2,890,000	3,330,000
Street/Bridge	08/01/06	3.90 to 4.10	6/16	275,000 to 800,000	4,385,000	2,745,000	3,020,000
Streets	09/01/07	4.00	6/17	950,000 to 490,000	7,005,000	4,895,000	5,385,000
Streets, parks and trails	08/01/08	3.00 to 4.00	6/18	455,000 to 2,100,000	12,225,000	10,960,000	11,415,000
Refunding bond	05/01/09	1.10 to 2.30	6/14	585,000 to 1,635,000	4,770,000	3,135,000	4,770,000
Streets, parks, fire trails, and pool	11/01/09	.70 to 4.625	6/21	200,000 to 850,000	6,570,000	5,720,000	—
					<u>\$ 59,490,000</u>	<u>38,770,000</u>	<u>38,290,000</u>

**(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, 2010, the restricted cash on the balance sheet includes \$26,972 in the Sinking fund, \$101,235 in the Improvement Fund, \$315,549 in the Reserve Fund.

**(c) 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 5.75%. Total outstanding principal at June 30, 2010 and 2009 was \$930,000 and \$995,000 respectively, with the final payment due June 2020.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

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

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 \$105,000 to \$190,000 with interest rates from 3.25% to 4.45%. Total outstanding principal at June 30, 2010 and 2009 was \$2,040,000 and \$2,145,000 respectively, with the final payment due June 2024.

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 \$80,000 to \$130,000 with interest rates from 3.97% to 4.30%. Total outstanding principal at June 30, 2010 and 2009 was \$1,165,000 and \$1,245,000 respectively, with the final payment due June 2021.

Also 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 \$100,000 to \$120,000 with interest rates from 5.60% to 5.90%. Total outstanding principal at June 30, 2010 and 2009 was \$230,000 and \$335,000 respectively, with the final payment due June 2012. This debt has an offsetting loan receivable from Homemakers Corporation that will be used to repay the City for debt service on this capital loan note.

In 2007, the City also issued \$300,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$20,000 to \$30,000 with interest rates from 3.65% to 4.15%. Total outstanding principal at June 30, 2010 and 2009 was \$240,000 and \$260,000, with the final payment due June 2020.

**(e) General Obligation Refunding Bonds**

In 2009, the City issued \$4,770,000 in General Obligation Refunding Bonds for the current refunding of series 1995, 1999, 2000 and 2001 bonds. The refunding was undertaken to capture the benefits of a lower interest rate environment to reduce future debt service interest payments. The reacquisition price exceeded the net carrying amount of the old debt by \$45,000, which covers costs of issuance and will be amortized over the life of the new debt. The maturity schedule and principal payments of the new debt exactly mirror the schedules of the debt being refunded. The transaction resulted in a net economic gain of \$330,323 due to lower interest costs. The total difference in debt service between the issuances was \$345,353.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2010 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation Certificates of Participation		General Obligation General Fund Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 5,595,000	1,364,281	70,000	51,650	325,000	151,937
2012	5,410,000	1,202,449	75,000	47,975	345,000	137,791
2013	5,455,000	1,028,011	80,000	44,000	230,000	122,280
2014	5,280,000	848,217	85,000	39,720	240,000	113,620
2015	4,445,000	666,453	90,000	35,130	255,000	104,576
2016-2020	11,885,000	1,215,987	530,000	94,375	1,440,000	364,132
2021-2024	700,000	32,375	—	—	840,000	85,152
	<u>\$ 38,770,000</u>	<u>6,357,773</u>	<u>930,000</u>	<u>312,850</u>	<u>3,675,000</u>	<u>1,079,488</u>

The annual principal and interest requirements to maturity for the Component Unit's obligations at June 30, 2010 are as follows:

Years Ending June 30,	Water Revenue Bonds	
	Principal	Interest
2011	\$ 175,000	125,970
2012	185,000	119,145
2013	190,000	111,930
2014	200,000	104,520
2015	205,000	96,720
2016-2020	1,155,000	357,045
2021-2024	1,120,000	111,735
	<u>\$ 3,230,000</u>	<u>1,027,065</u>



**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

2009 Actual value of Property (unaudited)	\$ 3,961,619,049
Debt limit - 5% of assessed valuation	\$ 198,080,952
Amount of debt applicable to debt limit:	
General obligation certificates of participation	(930,000)
General obligation General Fund capital loan notes	(3,675,000)
General obligation bonds	<u>(38,770,000)</u>
Legal debt margin	\$ <u>154,705,952</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 7155 Lake Drive, Suite 201 West Des Moines, IA 50266	IPERS PO Box 9117 Des Moines, IA 50306
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**(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, 2010, 2009, and 2008 under the two plans were as follows:

	<u>Plan Member Contributions</u>			<u>City Contributions</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
IPERS –						
Basic	4.30%	4.10%	3.90%	6.65%	6.35%	6.05%
Fire	6.14%	5.63%	5.64%	9.20%	8.45%	8.47%
MFPRS	9.40%	9.35%	9.35%	17.00%	18.75%	25.48%

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

The City's contributions to MFPRS and IPERS for the years ended June 30, 2010, 2009, and 2008 were equal to the required contributions for each year as follows:

	2010	2009	2008
IPERS	\$ 493,839	451,571	410,711
MFPRS	602,396	661,660	789,822

The Component Unit's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$69,343, \$67,994, and 61,410, 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 \$25,469 and \$24,719 for the years ended June 30, 2010 and 2009, respectively. The Water Utility's employees made contributions to the plan of \$42,448 and \$41,198 for the years ended June 30, 2010 and 2009, respectively.

**(7) Other Postemployment Benefits (OPEB)**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009. No separately issued audit report is available for this OPEB plan.

Plan Description - The City operates a partially self-insured single-employer benefit plan which provides medical/prescription drug benefits for active employees, qualified retirees, and their spouses/families. There are 155 active and 9 retired members/spouses in the plan. Participants must meet IPERS/MFPRS retirement system eligibility requirements, or be age 62 or older at retirement to participate in the retiree benefit plan. Plan benefits are not available for retirees past age 65.

The medical/prescription drug coverage is provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

Funding Policy - The contribution requirements of plan members are established by, and may be amended by the City. The City has established a formal OPEB funding policy, which internally designates a portion of the Risk Management Fund's net asset balance in an amount at least equal to the City's annual required contribution (ARC), as actuarially calculated, to be set aside to provide for future retiree benefit costs. This internal designation does not qualify as "funding" under GASB Statement No.45, so for purposes of disclosure and report presentation, the City is considered to be financing the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years using a level dollar approach.

The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan and changes in the City's net OPEB obligation for the years ended June 30, 2010 and 2009, respectively:

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 92,116	86,543
Interest on net OPEB obligation	2,499	-
Annual OPEB cost	<u>94,615</u>	<u>86,543</u>
Contributions made, net of retiree contributions	<u>(54,806)</u>	<u>(36,556)</u>
Increase in net OPEB obligation	39,809	49,987
Net OPEB obligation beginning of year	<u>49,987</u>	-
Net OPEB obligation end of year	<u>\$ 89,796</u>	<u>49,987</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the City contributed \$170,955 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$116,149 in premiums, or 67.9% of the claims costs.

For the year ended June 30, 2009, the City contributed \$105,069 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$65,513 in premiums, or 62.4% of the claims costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 and 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 94,615	57.93%	\$ 89,796
June 30, 2009	\$ 86,543	42.24%	\$ 49,987

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2010 and 2009

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,132,839, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,132,839. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,564,000 and the ratio of the UAAL to covered payroll was 13.2% as of June 30, 2010 and \$8,205,000 and 13.8% ratio of UAAL to covered payroll at June 30, 2009. As of June 30, 2010 and 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the City's funding policy. The projected annual health cost trend rate is 6%. The ultimate medical trend rate is 6%. Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience. The UAAL is being amortized over 30 years on a closed group basis.

#### **(8) Deferred Compensation Plan**

The City offers its employees several options for deferred compensation plans created and administered in accordance with Internal Revenue Code Section 457. The plans, which are available to all City employees, permit 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 plans 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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

**(9) 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-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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 10,997,496	7,230,664
Investments	39,124,514	39,093,825
Receivables	2,280,803	1,857,808
Other assets	850,273	826,016
Total assets	<u>\$ 53,253,086</u>	<u>49,008,313</u>
Total liabilities	\$ 26,103,027	22,626,518
Total equity	27,150,059	26,381,795
Total liabilities and equity	<u>\$ 53,253,086</u>	<u>49,008,313</u>
Total revenues	\$ 4,283,032	6,163,033
Total expenses	3,514,768	3,623,619
Net increase (decrease) in equity	<u>\$ 768,264</u>	<u>2,539,414</u>

**(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 577 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2010 and 2009

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 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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, 2010 and 2009 were \$331,931 and \$343,343 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 \$10,000,000 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, 2010, no liability has been recorded in the City's financial statements. As of June 30, 2010, 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, 2010 and 2009

**(10) Commitments**

**(a) 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 \$633,346 and \$554,367 and has an undivided interest in assets of the operation, net of depreciation, totaling \$281,406 and \$331,601 as of June 30, 2010 and 2009 respectively. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

**b) Construction and Purchase Commitments**

At June 30, 2010 and 2009, the following construction and purchase commitments had been made:

Project	2010	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 23,274,634	6,360,948
Special revenue fund – Road Use Tax	120,946	72,568
Total	\$ 23,395,580	6,433,516
Project	2009	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 25,081,308	2,855,056
Special revenue fund – Road Use Tax	626,067	464,449
Total	\$ 25,707,375	3,319,505

**(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 \$13,603 and \$15,585 during the years ended June 30, 2010 and 2009, respectively.

**(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 for each of the years ended June 30, 2010 and 2009.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

**(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, 2010 and 2009 to contribute to Water Works \$16,729,609 and \$17,709,144, respectively, plus interest at 2.50% 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>
2011	\$ 1,023,557	668,202
2012	1,073,229	631,830
2013	1,126,577	592,685
2014	1,179,264	548,067
2015	1,235,529	500,538
2016-2020	5,175,203	1,782,529
2021-2025	4,463,750	816,597
2026-2027	1,452,500	71,404
	<u>\$ 16,729,609</u>	<u>5,611,852</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 \$101,000 and \$160,000 at June 30, 2010 and June 30, 2009.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2010 and 2009

**(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, 2010 and 2009, there were three series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$6,931,056 and \$7,652,376 respectively.

**(11) Subsequent Events**

In October 2010, the City issued \$8,535,000 in general obligation bonds to be used primarily for street improvement projects, and park improvements. Additionally, in October 2010, the City issued \$2,955,000 in general obligation refunding bonds to be used for the current refunding of the City's Series 2002 general obligation bonds, and the Series 2000 general obligation certificates of participation.

**(12) Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2010 and 2009:

	2010	2009
Transfer to General fund from:		
Nonmajor governmental funds	8,000	8,000
Total transfers to General Fund	8,000	8,000
Transfer to TIF fund from:		
Capital projects fund	—	1,368,096
Total transfers to TIF fund	—	1,368,096
Transfer to Debt Service fund from:		
TIF fund	2,578,471	2,518,465
Capital projects fund	308,819	200,000
Total transfer to Debt Service fund	2,887,290	2,718,465
	\$ 2,895,290	4,094,561

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, 2010

	Governmental Funds Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>Revenues:</b>				
Property tax	\$ 20,245,015	20,212,354	20,212,354	32,661
Tax increment financing	3,406,450	2,551,293	2,551,293	855,157
Other city tax	1,954,618	2,099,331	2,139,331	(184,713)
Licenses and permits	515,471	582,775	582,775	(67,304)
Use of money and property	220,802	160,000	160,000	60,802
Intergovernmental	4,917,731	5,936,678	6,212,063	(1,294,332)
Charges for services	3,294,359	3,213,930	3,223,930	70,429
Special assessments	1,533,307	3,008,000	3,008,000	(1,474,693)
Miscellaneous	1,654,245	1,852,750	1,852,750	(198,505)
<b>Total receipts</b>	<b>37,741,998</b>	<b>39,617,111</b>	<b>39,942,496</b>	<b>(2,200,498)</b>
<b>Expenditures:</b>				
Public safety	8,227,165	8,519,386	8,827,886	600,721
Public works	6,328,738	6,528,610	6,628,610	299,872
Health and social services	-	38,200	38,200	38,200
Culture and recreation	6,053,344	6,196,096	6,477,981	424,637
Community and economic development	2,378,455	2,953,662	2,953,662	575,207
General government	2,196,976	2,244,780	2,294,780	97,804
Debt Service	8,108,386	8,174,297	8,174,297	65,911
Capital projects	9,586,338	11,836,100	11,836,100	2,249,762
<b>Total disbursements</b>	<b>42,879,402</b>	<b>46,491,131</b>	<b>47,231,516</b>	<b>4,352,114</b>
Excess (deficiency) of revenues over (under) expenditures	(5,137,404)	(6,874,020)	(7,289,020)	(2,151,616)
Other financing sources, net	6,529,103	6,467,200	6,467,200	(61,903)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,391,699	(406,820)	(821,820)	(2,213,519)
Fund balances at beginning of year	20,491,762	13,047,280	13,047,280	(7,444,482)
Fund balances at end of year	\$ 21,883,461	12,640,460	12,225,460	(9,658,001)

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 37,741,998	(459,425)	37,282,573
Expenditures/expenses	42,879,402	(130,719)	42,748,683
Net	(5,137,404)	(328,706)	(5,466,110)
Other financing sources, net	6,529,103	(26,095)	6,503,008
Beginning fund balances/net assets	20,491,762	(798,824)	19,692,938
Ending fund balances/net assets	\$ 21,883,461	(1,153,625)	20,729,836

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, 2009

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Revenues:</b>				
Property tax	\$ 18,648,222	18,781,234	18,781,234	(133,012)
Tax increment financing	4,322,382	3,458,465	3,458,465	863,917
Other city tax	2,014,007	2,015,808	2,015,808	(1,801)
Licenses and permits	577,787	672,600	672,600	(94,813)
Use of money and property	625,733	235,000	235,000	390,733
Intergovernmental	4,396,003	4,288,360	4,797,373	(401,370)
Charges for services	3,021,326	2,752,175	2,812,175	209,151
Special assessments	295,751	790,000	790,000	(494,249)
Miscellaneous	593,276	1,700,800	1,700,800	(1,107,524)
<b>Total receipts</b>	<b>34,494,487</b>	<b>34,694,442</b>	<b>35,263,455</b>	<b>(768,968)</b>
<b>Expenditures:</b>				
Public safety	7,800,507	7,858,401	8,187,501	386,994
Public works	6,272,518	6,230,316	6,410,316	137,798
Health and social services	44,300	35,000	65,000	20,700
Culture and recreation	5,852,707	5,958,056	6,226,969	374,262
Community and economic development	1,948,347	3,116,175	3,116,175	1,167,828
General government	2,590,446	2,648,445	2,648,445	57,999
Debt Service	12,133,962	7,466,634	12,236,634	102,672
Capital projects	13,425,711	14,086,864	17,936,864	4,511,153
<b>Total disbursements</b>	<b>50,068,498</b>	<b>47,399,891</b>	<b>56,827,904</b>	<b>6,759,406</b>
Excess (deficiency) of revenues over (under) expenditures	(15,574,011)	(12,705,449)	(21,564,449)	(5,990,438)
Other financing sources, net	17,006,587	12,074,500	16,944,500	(62,087)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,432,576	(630,949)	(4,619,949)	(6,052,525)
Fund balances at beginning of year	19,059,186	13,422,952	13,422,952	(5,636,234)
Fund balances at end of year	\$ 20,491,762	12,792,003	8,803,003	(11,688,759)

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 34,494,487	906,928	35,401,415
Expenditures/expenses	50,068,498	(5,006,347)	45,062,151
Net	(15,574,011)	5,913,275	(9,660,736)
Other financing sources, net	17,006,587	(4,736,587)	12,270,000
Beginning fund balances/net assets	19,059,186	(1,975,512)	17,083,674
Ending fund balances/net assets	\$ 20,491,762	(798,824)	19,692,938

See accompanying notes to required supplementary information.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010 and 2009

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, 2010 and 2009 were amended during the year to allow the City to increase program expenditures by \$740,385 and \$11,233,013, respectively and increased program revenues by \$325,385 and \$7,244,013, respectively. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Component Unit were \$11,504,184 and \$10,773,269 compared to a legal budget of \$12,211,895 and \$11,510,908 for the years ended June 30, 2010 and 2009, respectively.

**CITY OF URBANDALE, IOWA**  
**Required Supplementary Information**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**June 30, 2010 and 2009**

<u>Ended June 30,</u>	<u>Valuation Date</u>	<u>Assets (a)</u>	<u>(AAL) (b)</u>	<u>(UAAL (b-a)</u>	<u>Ratio (a/b)</u>	<u>Payroll (c)</u>	<u>Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 1,132,839	\$ 1,132,839	0.00%	\$ 8,205,000	13.81%
2010	July 1, 2008	\$ -	\$ 1,132,839	\$ 1,132,839	0.00%	\$ 8,564,000	13.23%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **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.

*Police and Fire Retirement* – to account for the revenues generated by the Police & Fire Retirement property tax levy, which can be used to pay the City’s share of MFPRSI pension contributions.

*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.

*Memorial Tree Park* – to account for funds received from donors and held for improvements at the Urbandale Memorial Tree Park.

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

*Park Improvements* – to account for funds received from donors and cell tower lease payments from third-party vendors, which has been restricted for use on non-budgeted public park improvements throughout the City.

*ERT #1* – 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.

*McDivitt Cemetery* - to account for funds received from McDivitt Cemetery columbarium sales and held for improvements at the cemetery.

*Tobacco Inspection* – to account for funds received from the State for tobacco enforcement activities and held for specific tobacco related projects and programs through the police department.

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

*Making a Connection* – to account for money received through a local grant and private donations to support a cultural diversity camp operated by the Recreation Department.

*Alcohol Inspection* – to account for funds received from Employee & Family Resources, Inc. for alcohol enforcement activities and held for specific alcohol related projects and programs through the police department.

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information  
Nonmajor Governmental Funds

June 30, 2010

	Hotel Motel	Police and Fire Retirement	Parkland	Colby Woods Park	Memorial Tree Park	Fire Donations	Fire Training	Fire Equipment	Park Improvements
<b>Assets</b>									
Cash and pooled cash investments	\$ 171,558	—	218,770	53,446	2,798	23,144	5,898	2,031	41,091
Taxes receivable:									
Current	332,822	54	—	—	—	—	—	—	—
Succeeding year	—	229,688	—	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—	—	—	—
Total assets	\$ 504,380	229,742	218,770	53,446	2,798	23,144	5,898	2,031	41,091
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	—	—	—	—	—	—	143	—	—
Deferred revenue	332,822	—	—	—	—	—	—	—	—
Deferred revenue for succeeding year	—	229,688	—	—	—	—	—	—	—
Total liabilities	332,822	229,688	—	—	—	—	143	—	—
Fund balances:									
Unreserved - undesignated	171,558	54	218,770	53,446	2,798	23,144	5,755	2,031	41,091
Total fund balances	171,558	54	218,770	53,446	2,798	23,144	5,755	2,031	41,091
Total liabilities and fund balances	\$ 504,380	229,742	218,770	53,446	2,798	23,144	5,898	2,031	41,091

CITY OF URBANDALE, IOWA

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	McDivitt Cemetery	Tobacco Inspection	Donations and Escrow	Making A Connection MAC	Alcohol Inspection	Total
<b>Assets</b>										
Cash and pooled cash investments	\$ —	600	105,060	555	13,327	7,897	722,139	7,636	2,148	1,378,098
Taxes receivable:										
Current	—	—	—	—	—	—	—	—	—	332,876
Succeeding year	—	—	—	—	—	—	—	—	—	229,688
Due from Other Governments	—	10,000	—	—	—	—	—	—	—	10,000
Total assets	\$ —	10,600	105,060	555	13,327	7,897	722,139	7,636	2,148	1,950,662
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable	—	—	10,585	—	—	—	—	56	—	10,784
Deferred revenue	—	—	—	—	—	—	—	—	—	332,822
Deferred revenue for succeeding year	—	—	—	—	—	—	—	—	—	229,688
Total liabilities	—	—	10,585	—	—	—	—	56	—	573,294
Fund balances:										
Unreserved - undesignated	—	10,600	94,475	555	13,327	7,897	722,139	7,580	2,148	1,377,568
Total fund balances	—	10,600	94,475	555	13,327	7,897	722,139	7,580	2,148	1,377,568
Total liabilities and fund balances	\$ —	10,600	105,060	555	13,327	7,897	722,139	7,636	2,148	1,950,662

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information  
Nonmajor Governmental Funds

June 30, 2009

	Hotel Motel	Parkland	Colby Woods Park	Memorial Tree Park	Fire Donations	Fire Training	Fire Equipment	Park Improvements
<b>Assets</b>								
Cash and pooled cash investments	\$ 245,706	220,003	52,918	157,056	10,990	6,122	3,544	16,679
Taxes receivable:								
Current	272,032	—	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—	—	—
Total assets	\$ 517,738	220,003	52,918	157,056	10,990	6,122	3,544	16,679
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ —	—	—	984	—	—	—	—
Deferred revenue	272,032	—	—	—	—	—	—	—
Total liabilities	272,032	—	—	984	—	—	—	—
Fund balances:								
Unreserved - undesignated	245,706	220,003	52,918	156,072	10,990	6,122	3,544	16,679
Total fund balances	245,706	220,003	52,918	156,072	10,990	6,122	3,544	16,679
Total liabilities and fund balances	\$ 517,738	220,003	52,918	157,056	10,990	6,122	3,544	16,679



CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds  
Year Ended June 30, 2010

	Hotel Motel	Police and Fire Retirement	Parkland	Colby Woods Park	Memorial Tree Park	Fire Donations	Fire Training	Fire Equipment	Park Improvements
<b>Revenues</b>									
Taxes	\$ 522,813	54	—	—	—	—	—	—	—
Use of money and property	—	—	2,180	528	570	168	69	33	400
Intergovernmental	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	6,265	16,556	3,195	—	24,012
Total revenues	522,813	54	2,180	528	6,835	16,724	3,264	33	24,412
<b>Expenditures</b>									
Current operating expenditures									
Public safety	596,961	—	—	—	—	4,570	3,631	1,546	—
Culture and recreation	—	—	3,413	—	160,109	—	—	—	—
Community and Economic Development	—	—	—	—	—	—	—	—	—
Total expenditures	596,961	—	3,413	—	160,109	4,570	3,631	1,546	—
Excess (deficiency) of revenues over (under) expenditures	(74,148)	54	(1,233)	528	(153,274)	12,154	(367)	(1,513)	24,412
Transfers out	—	—	—	—	—	—	—	—	—
Total transfers	—	—	—	—	—	—	—	—	—
Net changes in fund balances	(74,148)	54	(1,233)	528	(153,274)	12,154	(367)	(1,513)	24,412
Fund balances - beginning	245,706	—	220,003	52,918	156,072	10,990	6,122	3,544	16,679
Fund balances - ending	\$ 171,558	54	218,770	53,446	2,798	23,144	5,755	2,031	41,091

CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds  
Year Ended June 30, 2010

ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	McDivitt Cemetery	Tobacco Inspection	Donations Escrow	Making A Connection	Alcohol Inspection	Total
<b>Revenues</b>									
—	—	—	—	—	—	—	—	—	522,867
—	59	2,016	—	259	61	—	6	14	6,363
—	—	43,539	—	—	2,500	—	—	540	46,579
—	28,390	—	1,600	4,600	—	165,134	8,610	—	258,362
—	28,449	45,555	1,600	4,859	2,561	165,134	8,616	554	834,171
<b>Expenditures</b>									
89	22,870	242,916	1,263	—	202	—	—	135	277,222
—	—	—	—	9,965	—	—	1,036	—	771,484
—	—	—	—	—	—	69,997	—	—	69,997
89	22,870	242,916	1,263	9,965	202	69,997	1,036	135	1,118,703
(89)	5,579	(197,361)	337	(5,106)	2,359	95,137	7,580	419	(284,532)
—	—	—	—	(8,000)	—	—	—	—	(8,000)
—	—	—	—	(8,000)	—	—	—	—	(8,000)
(89)	5,579	(197,361)	337	(13,106)	2,359	95,137	7,580	419	(292,532)
89	5,021	291,836	218	26,433	5,538	627,002	—	1,729	1,669,900
—	10,600	94,475	555	13,327	7,897	722,139	7,580	2,148	1,377,368

**CITY OF URBANDALE, IOWA**

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

Nonmajor Governmental Funds  
Year Ended June 30, 2009

	Hotel/Motel	Parkland	Colby Woods Park	Memorial Tree Park	Fire Donations	Fire Training	Fire Equipment	Park Improvements
<b>Revenues</b>								
Taxes	\$ 596,418	—	—	—	—	—	—	—
Use of money and property	—	5,516	1,327	817	210	181	89	25
Intergovernmental	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	177,814	8,721	1,611	—	16,654
Total revenues	596,418	5,516	1,327	178,631	8,931	1,792	89	16,679
<b>Expenditures</b>								
Current operating expenditures								
Public safety	—	—	—	—	773	3,100	—	—
Culture and recreation	622,045	—	—	37,418	—	—	—	—
Community and Economic Development	—	—	—	—	—	—	—	—
Total expenditures	622,045	—	—	37,418	773	3,100	—	—
Excess (deficiency) of revenues over (under) expenditures	(25,627)	5,516	1,327	141,213	8,158	(1,308)	89	16,679
Transfers out	—	—	—	—	—	—	—	—
Total transfers	—	—	—	—	—	—	—	—
Net changes in fund balances	(25,627)	5,516	1,327	141,213	8,158	(1,308)	89	16,679
Fund balances - beginning	271,333	214,487	51,591	14,859	2,832	7,430	3,455	—
Fund balances - ending	\$ 245,706	220,003	52,918	156,072	10,990	6,122	3,544	16,679

**CITY OF URBAN DALE, IOWA**

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

Nonmajor Governmental Funds

Year Ended June 30, 2009

ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	McDivitt Cemetery	Tobacco Inspection	Donations Escrow	Alcohol Inspection	Total
<b>Revenues</b>								
	—	—	—	—	—	—	—	596,418
2	360	5,762	—	541	91	—	21	14,942
	—	343,103	—	—	2,800	—	2,800	348,703
	12,912	—	—	11,600	—	24,007	—	253,319
2	13,272	348,865	—	12,141	2,891	24,007	2,821	1,213,382
<b>Expenditures</b>								
	26,079	154,269	—	—	80	—	1,092	185,393
	—	—	—	2,725	—	—	—	662,188
	—	—	—	—	—	200	—	200
	26,079	154,269	—	2,725	80	200	1,092	847,781
2	(12,807)	194,596	—	9,416	2,811	23,807	1,729	365,601
	—	—	—	(8,000)	—	—	—	(8,000)
	—	—	—	(8,000)	—	—	—	(8,000)
2	(12,807)	194,596	—	1,416	2,811	23,807	1,729	357,601
87	17,828	97,240	218	25,017	2,727	603,195	—	1,312,299
89	5,021	291,836	218	26,433	5,538	627,002	1,729	1,669,900

**CITY OF URBANDALE, IOWA**  
Combining Statement of Net Assets –  
Proprietary Funds  
June 30, 2010

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:					
Cash and pooled cash investments	\$ 600,885	3,440,277	45,789	4,408,090	8,495,041
Accounts receivable	—	—	—	3,634	3,634
Capital assets, net	—	2,601,789	—	—	2,601,789
Total assets	<u>600,885</u>	<u>6,042,066</u>	<u>45,789</u>	<u>4,411,724</u>	<u>11,100,464</u>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	28,264	227,946	—	181,752	437,962
Total liabilities	<u>28,264</u>	<u>227,946</u>	<u>—</u>	<u>181,752</u>	<u>437,962</u>
Net assets:					
Invested in capital assets	—	2,601,789	—	—	2,601,789
Unrestricted	572,621	3,212,331	45,789	4,229,972	8,060,713
Total net assets	<u>\$ 572,621</u>	<u>5,814,120</u>	<u>45,789</u>	<u>4,229,972</u>	<u>10,662,502</u>

Statement of Net Assets –  
Proprietary Funds  
June 30, 2009

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:					
Cash and pooled cash investments	\$ 531,745	3,348,422	64,669	3,751,023	7,695,859
Accounts receivable	13,539	—	—	3,980	17,519
Capital assets, net	—	2,315,240	—	—	2,315,240
Total assets	<u>545,284</u>	<u>5,663,662</u>	<u>64,669</u>	<u>3,755,003</u>	<u>10,028,618</u>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	—	133,428	—	150,275	283,703
Total liabilities	<u>—</u>	<u>133,428</u>	<u>—</u>	<u>150,275</u>	<u>283,703</u>
Net assets:					
Invested in capital assets	—	2,315,240	—	—	2,315,240
Unrestricted	545,284	3,214,994	64,669	3,604,728	7,429,675
Total net assets	<u>\$ 545,284</u>	<u>5,530,234</u>	<u>64,669</u>	<u>3,604,728</u>	<u>9,744,915</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Revenues, Expenses, and Changes in  
Net Assets – Proprietary Funds  
Year Ended June 30, 2010

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 676,779	775,541	50,000	2,212,571	3,714,891
Other	70,385	—	—	351,169	421,554
Total operating revenues	747,164	775,541	50,000	2,563,740	4,136,445
Operating expenses:					
Insurance premiums and claims	724,128	—	—	1,983,316	2,707,444
Data processing	—	—	69,455	—	69,455
Depreciation	—	645,076	—	—	645,076
Total operating expenses	724,128	645,076	69,455	1,983,316	3,421,975
Operating income (loss)	23,036	130,465	(19,455)	580,424	714,470
Nonoperating revenues (expenses):					
Interest income	4,301	34,862	575	44,820	84,558
Gain (loss) on sale of equipment	—	118,559	—	—	118,559
Total nonoperating revenues (expenses)	4,301	153,421	575	44,820	203,117
Change in net assets	27,337	283,886	(18,880)	625,244	917,587
Net assets at beginning of year	545,284	5,530,234	64,669	3,604,728	9,744,915
Net assets at end of year	\$ 572,621	5,814,120	45,789	4,229,972	10,662,502

Statement of Revenues, Expenses, and Changes in  
Net Assets – Proprietary Funds  
Year Ended June 30, 2009

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 670,077	733,418	—	1,996,853	3,400,348
Other	122,103	—	—	157,661	279,764
Total operating revenues	792,180	733,418	—	2,154,514	3,680,112
Operating expenses:					
Insurance premiums and claims	650,943	—	—	1,614,878	2,265,821
Data processing	—	—	468	—	468
Depreciation	—	643,813	—	—	643,813
Total operating expenses	650,943	643,813	468	1,614,878	2,910,102
Operating (loss) income	141,237	89,605	(468)	539,636	770,010
Nonoperating revenues (expenses):					
Interest income	10,790	83,349	1,626	97,175	192,940
Gain (loss) on sale of equipment	—	(5,241)	—	—	(5,241)
Total nonoperating revenues (expenses)	10,790	78,108	1,626	97,175	187,699
Income before contributions	152,027	167,713	1,158	636,811	957,709
Capital contributions	—	41,223	—	—	41,223
Change in net assets	152,027	208,936	1,158	636,811	998,932
Net assets at beginning of year	393,257	5,321,298	63,511	2,967,917	8,745,983
Net assets at end of year	\$ 545,284	5,530,234	64,669	3,604,728	9,744,915

## CITY OF URBANDALE, IOWA

Combining Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2010

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 760,703	775,541	50,000	2,564,086	4,150,330
Payments to suppliers	(695,864)	—	(69,455)	(1,951,839)	(2,717,158)
Net cash (used in) provided by operating activities	64,839	775,541	(19,455)	612,247	1,433,172
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(951,839)	—	—	(951,839)
Proceeds from sale of capital assets	—	233,291	—	—	233,291
Net cash used in capital and related financing activities	—	(718,548)	—	—	(718,548)
Cash flows from investing activities:					
Interest on investments	4,301	34,862	575	44,820	84,558
Net (decrease) increase in cash and cash equivalents	69,140	91,855	(18,880)	657,067	799,182
Cash and cash equivalents at beginning of year	531,745	3,348,422	64,669	3,751,023	7,695,859
Cash and cash equivalents at end of year	\$ 600,885	3,440,277	45,789	4,408,090	8,495,041
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 23,036	130,465	(19,455)	580,424	714,470
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	—	645,076	—	—	645,076
Change in due from customers	13,539	—	—	346	13,885
Change in accounts payable	28,264	—	—	31,477	59,741
Net cash (used in) provided by operating activities	\$ 64,839	775,541	(19,455)	612,247	1,433,172

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2009

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 795,876	733,418	—	2,151,098	3,680,392
Payments to suppliers	(658,433)	—	(5,788)	(1,604,603)	(2,268,824)
Net cash (used in) provided by operating activities	137,443	733,418	(5,788)	546,495	1,411,568
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(283,629)	—	—	(283,629)
Proceeds from sale of capital assets	—	4,100	—	—	4,100
Net cash used in capital and related financing activities	—	(279,529)	—	—	(279,529)
Cash flows from investing activities:					
Interest on investments	10,790	83,349	1,626	97,175	192,940
Net (decrease) increase in cash and cash equivalents	148,233	537,238	(4,162)	643,670	1,324,979
Cash and cash equivalents at beginning of year	383,512	2,811,184	68,831	3,107,353	6,370,880
Cash and cash equivalents at end of year	\$ 531,745	3,348,422	64,669	3,751,023	7,695,859
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 141,237	89,605	(468)	539,636	770,010
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	—	643,813	—	—	643,813
Change in accounts receivable	3,696	—	—	(3,416)	280
Change in accounts payable	(7,490)	—	(5,320)	10,275	(2,535)
Net cash (used in) provided by operating activities	\$ 137,443	733,418	(5,788)	546,495	1,411,568
Noncash capital activities:					
Contributions of capital assets from government	\$ —	41,223	—	—	41,223

**CITY OF URBANDALE, IOWA**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2010**

**Schedule 6**

	<b>Agency Funds</b>		
<b>Assets</b>	<b>Collections and Deposits</b>	<b>Revolving Loan</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,034,225	101,210	1,135,435
Other assets	200	—	200
Total assets	\$ 1,034,425	101,210	1,135,635
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 6,048	—	6,048
Due to other governments	144,724	101,210	245,934
Deposits and remittances due	883,653	—	883,653
Total liabilities	\$ 1,034,425	101,210	1,135,635

**Combining Statement of Fiduciary Net Assets**  
**June 30, 2009**

	<b>Agency Funds</b>		
<b>Assets</b>	<b>Collections and Deposits</b>	<b>Revolving Loan</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,055,254	199,386	1,254,640
Other assets	38,970	—	38,970
Total assets	\$ 1,094,224	199,386	1,293,610
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 9,072	—	9,072
Due to other governments	146,954	199,386	346,340
Deposits and remittances due	938,198	—	938,198
Total liabilities	\$ 1,094,224	199,386	1,293,610

**CITY OF URBANDALE, IOWA**  
Combining Statement of Changes in Assets  
and Liabilities – Agency Funds  
Year Ended June 30, 2010

<b>Collections and Deposits Fund</b>	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2010</b>
<b>Assets:</b>				
Cash and Pooled Cash Investments	1,055,254	350,200	371,229	1,034,225
Other Assets	38,970	—	38,770	200
	<u>\$ 1,094,224</u>	<u>350,200</u>	<u>409,999</u>	<u>1,034,425</u>
<b>Liabilities:</b>				
Due to Component Unit	\$ 9,072	63,940	66,964	6,048
Due to Other Governments	146,954	96,761	98,991	144,724
Deposits and Remittances Due	938,198	189,499	244,044	883,653
	<u>\$ 1,094,224</u>	<u>350,200</u>	<u>409,999</u>	<u>1,034,425</u>
<b>Revolving Loan Fund</b>				
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 199,386	1,824	100,000	101,210
<b>Liabilities:</b>				
Due to Other Governments	\$ 199,386	1,824	100,000	101,210
Total agency funds assets	<u>\$ 1,293,610</u>	<u>352,024</u>	<u>509,999</u>	<u>1,135,635</u>
Total agency funds liabilities	<u>\$ 1,293,610</u>	<u>352,024</u>	<u>509,999</u>	<u>1,135,635</u>

**Combining Statement of Changes in Assets**  
and Liabilities – Agency Funds  
Year Ended June 30, 2009

<b>Collections and Deposits Fund</b>	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2009</b>
<b>Assets:</b>				
Cash and Pooled Cash Investments	1,069,126	418,462	432,334	1,055,254
Other Assets	40,300	3,670	5,000	38,970
	<u>\$ 1,109,426</u>	<u>422,132</u>	<u>437,334</u>	<u>1,094,224</u>
<b>Liabilities:</b>				
Due to Component Unit	\$ 3,024	55,119	49,071	9,072
Due to Other Governments	148,594	126,294	127,934	146,954
Deposits and Remittances Due	957,808	240,719	260,329	938,198
	<u>\$ 1,109,426</u>	<u>422,132</u>	<u>437,334</u>	<u>1,094,224</u>
<b>Revolving Loan Fund</b>				
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 194,387	4,999	—	199,386
<b>Liabilities:</b>				
Due to Other Governments	\$ 194,387	4,999	—	199,386
Total agency funds assets	<u>\$ 1,303,813</u>	<u>427,131</u>	<u>437,334</u>	<u>1,293,610</u>
Total agency funds liabilities	<u>\$ 1,303,813</u>	<u>427,131</u>	<u>437,334</u>	<u>1,293,610</u>

**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 Eight Fiscal Years**  
**(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>								
Governmental activities:								
Public Safety	\$ 4,723,324	5,213,450	5,625,803	6,221,356	6,594,536	7,663,358	7,516,393	8,357,868
Public Works	6,855,234	8,094,446	8,163,032	10,469,810	8,468,881	9,397,720	8,819,908	9,827,801
Health and social services	22,910	27,896	26,992	23,975	12,993	58,463	21,813	550
Culture and recreation	4,630,423	4,737,141	5,079,163	5,121,013	5,449,786	5,856,498	5,969,809	6,207,147
Community and economic development	892,675	1,024,584	1,470,696	1,721,213	1,118,862	1,032,369	1,962,340	2,288,562
General government	1,426,875	1,693,262	1,670,787	1,906,563	2,030,465	2,162,208	2,177,622	2,360,518
Interest on long-term debt	1,097,841	1,223,284	1,370,808	1,492,724	1,556,998	1,666,200	1,859,692	1,687,888
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>	<u>27,836,816</u>	<u>28,327,577</u>	<u>30,730,334</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Public safety	\$ 498,394	562,099	478,114	648,715	683,209	767,670	808,148	755,056
Public works	543,092	1,152,021	2,008,454	1,325,201	1,800,708	1,265,580	2,014,238	2,610,131
Culture and recreation	564,766	584,691	562,110	638,135	573,022	595,242	683,512	757,723
Community and economic development	818,110	1,275,846	1,152,026	1,237,983	893,678	664,109	492,701	780,839
Operating grants and contributions	2,830,362	3,078,828	3,225,412	4,145,283	3,360,153	3,812,429	3,766,839	3,732,397
Capital grants and contributions	2,125,148	8,616,427	4,902,157	7,188,470	5,269,911	2,346,682	1,928,279	3,401,631
Total governmental activities program revenue:	\$ <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>	<u>9,451,712</u>	<u>9,693,717</u>	<u>12,037,777</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>	<u>(18,385,104)</u>	<u>(18,633,860)</u>	<u>(18,692,557)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes:								
Property taxes	\$ 11,982,163	12,999,952	13,566,423	14,677,676	16,337,862	17,953,587	18,768,124	20,190,515
Tax increment financing district tax	1,256,723	1,134,596	3,451,749	2,747,565	3,510,146	2,835,582	4,400,172	3,369,190
Hotel Motel tax	808,198	797,323	1,050,706	1,051,441	1,067,930	1,207,270	1,064,797	1,140,672
Property tax replacement/state consolidated	336,937	-	-	-	-	-	-	-
Franchise fees	268,430	291,212	280,546	253,319	254,940	262,803	411,915	307,738
Utility excise tax	542,847	585,285	563,766	545,167	549,396	545,418	555,947	568,203
Sales tax	24,967	6,067	-	-	-	-	-	-
Investment earnings	277,184	295,357	609,911	999,332	1,390,248	1,253,439	772,232	305,456
Miscellaneous	166,901	327,918	258,526	541,895	197,208	184,446	359,364	1,025,743
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>	<u>24,242,545</u>	<u>26,332,551</u>	<u>26,907,517</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>	<u>5,857,441</u>	<u>7,698,691</u>	<u>8,214,960</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 Eight Fiscal Years  
(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>TIF Tax</b>	<b>Hotel Motel Tax</b>	<b>Property Tax Replacement</b>	<b>Franchise Tax</b>	<b>Utility Excise Tax</b>	<b>Sales Tax</b>	<b>Total</b>
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
2008	17,953,587	2,835,582	1,207,270	-	262,803	545,418	-	22,804,660
2009	18,768,124	4,400,172	1,064,797	-	411,915	555,947	-	25,200,955
2010	20,190,515	3,369,190	1,140,672	-	307,738	568,203	-	25,576,318

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 Eight Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	87,244,464	90,892,294	96,574,657
Restricted	3,096,415	6,392,428	9,959,951	8,373,251	10,761,007	10,195,609	9,799,146	9,480,569
Unrestricted	9,053,607	7,352,649	10,606,430	11,045,081	12,851,133	13,040,900	17,488,224	20,339,398
Total governmental activities net assets	\$ 66,527,936	76,221,495	84,924,114	93,967,642	104,623,532	110,480,973	118,179,664	126,394,624

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 URBAN DALE, IOWA

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 7,516	6,383	9,427	8,064	3,183	39,691	22,321	22,138	38,615	24,286
Unreserved	2,660,045	3,241,053	3,955,165	5,129,821	5,719,813	5,888,802	6,643,233	6,651,223	7,267,746	8,121,932
Total general fund	\$ 2,667,561	3,247,436	3,964,592	5,137,885	5,722,996	5,928,493	6,665,554	6,673,361	7,306,361	8,146,218
All other governmental funds										
Reserved	\$ 3,146,111	4,092,967	2,196,110	4,307,679	7,763,252	4,384,598	7,589,796	8,181,975	4,207,685	7,662,953
Unreserved, reported in:										
Special revenue funds	1,027,504	871,911	2,015,739	1,690,187	2,450,607	3,198,600	-	2,228,338	4,693,953	4,001,037
Capital projects funds	1,991,260	-	-	-	-	861,478	3,429,651	-	3,484,939	919,628
Total all other governmental funds	\$ 6,164,875	4,964,878	4,211,849	5,997,866	10,213,859	8,444,676	11,019,447	10,410,313	12,386,577	12,583,618

CITY OF URBANDALE, IOWA

Table V

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Taxes	\$ 12,234,498	13,239,885	14,833,002	15,724,975	18,843,072	19,282,212	21,713,917	22,771,437	25,258,592	25,515,528
Special assessments	161,159	299,345	47,527	129,326	71,363	174,960	262,161	173,738	282,796	1,763,620
Licenses and permits	755,571	845,686	973,578	1,484,081	1,227,938	1,046,638	929,211	805,474	588,471	520,744
Use of money and property	612,106	262,675	205,884	238,116	504,228	772,861	1,091,181	974,052	579,292	220,898
Intergovernmental	3,762,900	3,658,462	3,000,788	3,501,073	3,231,391	4,618,523	4,049,014	4,165,488	4,996,472	4,258,723
Charges for services	631,309	771,480	1,131,085	1,686,028	2,217,100	2,282,337	2,419,323	2,473,369	3,067,070	3,272,348
Miscellaneous	696,084	792,137	722,199	649,467	2,385,991	1,477,583	849,263	836,896	628,722	1,730,712
Total revenues	\$ 18,853,627	19,869,670	20,914,063	23,413,066	28,481,083	29,655,114	31,314,070	32,200,454	35,401,415	37,282,573
<b>Expenditures:</b>										
Public safety	\$		4,771,091	5,128,491	5,439,939	6,258,706	6,609,967	7,599,894	7,837,383	8,369,034
Public works			4,683,208	5,255,628	5,250,496	5,106,124	5,647,118	5,898,132	6,279,817	6,753,079
Health and social services			22,910	27,896	26,992	23,975	18,355	57,913	21,263	-
Culture and recreation			4,249,781	4,390,807	4,762,141	5,082,065	5,224,415	5,649,633	5,910,545	6,091,288
Community and economic development			858,138	1,008,858	1,398,042	1,748,707	1,118,975	1,055,601	1,041,775	1,540,209
General government			1,271,661	1,336,552	1,476,033	1,761,537	1,949,626	2,097,042	2,129,304	2,225,451
Community Protection			4,830,839							
Human Development			3,527,909							
Home and Community Environment			4,735,950							
Policy and Administration			1,469,068							
Capital outlay			5,033,190							
Debt service										
Principal			2,028,014							
Interest			1,136,281							
Total expenditures	\$ 22,545,565	21,724,305	28,274,333	27,481,704	32,701,902	36,443,800	34,372,238	40,106,781	45,062,151	42,748,683
Excess of revenues over (under) expenditures	\$ (3,691,938)	(1,854,635)	(7,360,270)	(4,068,638)	(4,220,819)	(6,788,686)	(3,058,168)	(7,906,327)	(9,660,736)	(5,466,110)
<b>Other financing sources (uses):</b>										
Transfers in	\$ 256,024	-	1,440,084	1,473,523	4,959,765	4,224,262	4,755,032	6,522,967	4,094,561	2,895,290
Transfers out	-	-	(1,364,473)	(1,573,523)	(4,959,765)	(4,224,262)	(4,755,032)	(6,522,967)	(4,094,561)	(2,895,290)
General obligation bond and loan proceeds	1,431,373	1,442,573	5,696,362	7,155,000	9,091,262	5,225,000	6,370,000	7,305,000	12,225,000	6,570,000
Refunding bond issuance	-	-	-	-	-	-	-	-	4,770,000	-
Current refunding of general obligation debt	-	-	-	-	-	-	-	-	(4,725,000)	-
Discounts on bonds	-	-	-	(27,052)	(69,339)	-	-	-	-	(66,992)
Total other financing sources (uses)	\$ 1,687,397	1,442,573	5,771,973	7,027,948	9,021,923	5,225,000	6,370,000	7,305,000	12,270,000	6,503,008
Net change in fund balances	\$ (2,004,541)	(412,062)	(1,588,297)	2,959,310	4,801,104	(1,563,686)	3,311,832	(601,327)	2,609,264	1,036,898
Debt service as a percentage of noncapital expenditures	18.07%	18.37%	18.64%	20.05%	21.79%	22.78%	24.21%	24.90%	25.35%	24.51%

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 Government. 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
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	1,061,573	-	254,940	549,396	-	21,713,917
2008	17,953,587	2,835,582	1,174,047	-	262,803	545,418	-	22,771,437
2009	18,768,124	4,400,172	1,122,434	-	411,915	555,947	-	25,258,592
2010	20,190,515	3,369,190	1,079,882	-	307,738	568,203	-	25,515,528

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**						
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%
2008 *	2,421,283,590	820,529,520	-	79,788,938	-	3,321,602,048	9.220	1,936,887,271	171.49%
2009 *	2,591,242,390	845,255,940	-	74,752,539	-	3,511,250,869	9.220	2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	-	86,825,196	-	3,755,561,186	9.220	2,174,306,380	172.72%

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, 2010**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 59,233,991	1	1.577%	\$		
Aurora Business Park I, LLC	46,332,700	2	1.234%	35,300,150	1	1.900%
Marsh I LLC	30,410,000	3	0.810%			
Deerfield Retirement Community	21,015,790	4	0.560%			
Park Avenue Partners	19,844,000	5	0.528%			
City I LLC	19,630,000	6	0.523%			
Homemakers Plaza, Inc.	18,654,820	7	0.497%			
Berkley Holding Corp	18,467,600	8	0.492%			
Nottingham Square Apartments	17,579,100	9	0.468%			
Ladco Properties	16,229,000	10	0.432%			
Jared R. & Elaine E. Johnson				27,172,460	2	1.460%
Merle Hay Mall, Ltd.				18,923,460	3	1.020%
Anderson Properties				18,325,000	4	0.990%
Shelter Properties VI				14,359,080	5	0.770%
G.K. Poperties				12,998,010	6	0.700%
Teachers Ins. & Annuity				12,227,850	7	0.660%
Mark Anderson Properties Inc.				11,668,800	8	0.630%
Fountain Three				11,606,650	9	0.630%
Super Valu Stores, Inc.				10,359,980	10	0.560%

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
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%
2008	18,562,815	18,499,005	99.66%	17,904	18,516,909	99.75%
2009	19,349,838	19,324,071	99.87%	24,376	19,348,447	99.99%
2010	20,784,813	20,758,718	99.87%	48,553	20,807,271	100.11%

**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.

\* Collected amount included TIF receipts, which results in over 100% collection of levied tax.

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	Percentage of Total Debt Outstanding to Median Family Income	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
2001	20,195,000	1,390,000	-	21,585,000	742.47	0.327%	629,055	20,955,945	1.59%	720.83
2002	19,450,000	1,350,000	-	20,800,000	715.47	0.339%	395,485	20,404,515	1.48%	701.86
2003	22,700,000	1,310,000	-	24,010,000	825.88	0.294%	252,361	23,757,639	1.60%	817.20
2004	26,835,000	1,265,000	-	28,100,000	966.57	0.251%	(304,562)	28,404,562	1.88%	977.04
2005	29,635,000	1,220,000	2,540,000	33,395,000	930.12	0.211%	253,909	33,141,091	2.05%	923.05
2006	30,585,000	1,170,000	2,445,000	34,200,000	952.54	0.206%	311,360	33,888,640	1.84%	943.87
2007	30,145,000	1,115,000	4,195,000	35,455,000	987.49	0.199%	230,288	35,204,712	1.89%	980.52
2008	31,710,000	1,055,000	4,290,000	37,055,000	1,032.06	0.190%	199,180	36,855,820	1.90%	1,026.51
2009	38,290,000	995,000	3,985,000	43,270,000	1,205.16	0.163%	250,405	43,019,595	2.14%	1,198.18
2010	38,770,000	930,000	3,675,000	43,375,000	1,208.08	0.163%	746,946	42,628,054	1.96%	1,187.28

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

\*\* Information not available

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	Counities and Assessors	Transit	
2001	6.920	2.050	8.970	12.340	9.459	0.000	31.710
2002	6.918	2.043	8.961	12.911	9.639	0.000	32.415
2003	6.920	2.050	8.970	13.439	9.722	0.000	33.098
2004	7.020	2.050	9.070	12.963	9.762	0.000	32.806
2005	7.022	2.051	9.073	12.128	9.965	0.000	32.181
2006	7.020	2.050	9.070	13.513	9.943	0.000	33.615
2007	7.020	2.050	9.070	13.477	10.175	0.131	33.929
2008	7.170	2.050	9.220	15.719	10.162	0.172	36.239
2009	7.170	2.050	9.220	16.272	10.125	0.229	36.754
2010	7.170	2.050	9.220	16.266	9.971	0.271	36.635

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, 2010**

<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	\$ 562,363,610	21.60%	\$ <u>121,479,326</u>
Subtotal, overlapping debt			121,479,326
City of Urbandale direct debt			<u>43,375,000</u>
Total direct and overlapping debt			<u>\$ 164,854,326</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 November 2010

CITY OF URBAN DALE, IOWA

Table XIII  
Legal Debt Margin Information  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 92,776,343	92,947,399	103,819,572	115,300,627	126,553,653	137,426,918	159,247,466	187,214,411	194,184,675	198,080,952
Total net debt applicable to limit	\$ 21,585,000	20,800,000	24,010,000	28,100,000	33,428,334	34,220,395	35,538,731	37,061,798	43,270,000	43,375,000
Legal debt margin	\$ 71,191,343	72,147,399	79,809,572	87,200,627	93,125,319	103,206,523	123,708,735	150,152,613	150,914,675	154,705,952
Total net debt applicable to the limit as a percentage of debt limit	23.27%	22.38%	23.13%	24.37%	26.41%	24.90%	22.32%	19.80%	22.28%	21.90%

Legal Debt Margin Calculation for Fiscal Year 2010

Actual value of property, 2009	\$ 3,961,619,049
Add back: exempt real property	-
Total assessed value	\$ 3,961,619,049
Debt limit (5% of total assessed value)	\$ 198,080,952
Debt applicable to limit:	
General obligation bonds	(38,770,000)
General obligation certificates of participation	(930,000)
General obligation General Fund capital loan notes	(3,675,000)
Total net debt applicable to limit	(43,375,000)
Legal debt margin	\$ 154,705,952

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>Median Family Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2001	29,072	70,548	29,021	37.0	3.30%
2002	29,072	70,548	29,021	37.0	4.00%
2003	29,072	70,548	29,021	37.0	4.50%
2004	29,072	70,548	29,021	37.0	4.80%
2005	35,904	70,548	29,021	37.0	5.10%
2006	35,904	70,548	29,021	35.9	3.70%
2007	35,904	70,548	29,021	35.9	3.00%
2008	35,904	70,548	29,021	35.9	3.30%
2009	35,904	70,548	29,021	35.9	5.50%
2010	35,904	70,548	29,021	35.9	5.60%

**Data Sources:**

Population, median family income, per capita income and median age are from the 2000 full census, and the special census in 2005. No data for personal income was reported in either census. Unemployment rates are based on Des Moines Metro area rates; information obtained from Bond Official Statements from each respective year.

**CITY OF URBANDALE, IOWA**

**Table XV**

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

	<u>2010</u>			<u>2001</u>		
	<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>
<b>Employer:</b>						
Marsh & McLennan	1,100	1	0.153%			
CitiGroup	600	2	0.084%			
Wells Fargo Financial	530	3	0.074%			
U.S. Postal Services	500	4	0.070%	500	1	**
Urbandale Community Schools	450	5	0.063%			
Iowa Health Home Care	400	6	0.056%			
MidAmerican Energy	350	7	0.049%	210	7	**
Continental Western Insurance	340	8	0.047%	280	4	**
Allied Group	300	9	0.042%	300	3	**
Compressor Controls	300	10	0.042%	250	5	**
SuperValue Foods				410	2	**
Yellow Freight				243	6	**
Pepsi-cola Bottling Co				200	8	**
Ziegler				200	9	**
First Data's/Donnelly				200	10	**

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

Total City Employment Source: Urbandale Chamber of Commerce statistics

\*\*Information not available

**CITY OF URBANDALE, IOWA**

**Table XVI**

**Full-time Equivalent Employees as of June 30**

<b>FUNCTION</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	41.00	42.00	42.00	42.00	42.00	44.00	46.50	47.00	48.00	48.00
Civilians	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Fire:										
Firefighters & Officers	* 7.50	6.75	7.00	7.00	6.25	5.75	6.00	9.75	12.25	14.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 10.75	10.00	11.00	11.75	11.00	12.25	13.25	15.50	20.00	12.00
Total	<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>79.25</u>	<u>88.25</u>	<u>82.00</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	15.25	15.25	15.75	16.00	16.25	17.50	17.50	20.00	17.50	17.00
Traffic Safety	0.50	0.75	1.25	1.25	1.25	1.25	1.00	1.00	1.00	0.75
Engineering Services	5.25	5.25	5.50	5.50	5.50	5.50	6.00	7.50	6.25	6.00
Street Cleaning	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Solid Waste	5.50	5.50	5.50	5.50	4.50	4.50	4.50	6.00	8.75	7.00
Sanitary Sewer	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00	2.50	2.50
Storm Sewer	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.50	0.50	0.75
Public Works Admin	4.50	4.50	4.50	4.50	4.50	4.00	4.50	4.50	4.50	5.00
Total	<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>43.50</u>	<u>42.00</u>	<u>40.00</u>
<b><u>HEALTH &amp; SOCIAL SERVICES</u></b>										
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b><u>CULTURE &amp; RECREATION</u></b>										
Library	23.00	25.50	25.50	25.50	25.50	26.00	25.00	24.50	25.50	28.00
Parks	19.00	22.50	21.50	16.00	16.00	16.00	15.00	17.50	16.75	14.25
Grounds Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation	5.00	5.00	5.00	5.00	5.00	5.00	3.75	2.00	3.75	3.75
Senior Citizens	1.25	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00
Swimming Pool	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.25	13.00
Total	<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>51.00</u>	<u>53.25</u>	<u>62.00</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	4.00	4.00	4.50	4.50	4.50	5.50	6.00	6.00	5.75	6.00
Community Development	4.00	4.50	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00
Total	<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>10.00</u>	<u>10.75</u>	<u>11.00</u>
<b><u>GENERAL GOVERNMENT</u></b>										
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	3.00	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	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Legal Services/Human Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.75	1.00
Technology	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25
General Support	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Total	<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>	<u>10.75</u>	<u>11.00</u>	<u>11.25</u>
Grand total	<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>	<u>194.50</u>	<u>205.25</u>	<u>206.25</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**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Public Safety</u></b>										
Police										
Total calls for service	**	16,342	19,840	12,942	12,514	17,684	13,262	13,771	13,492	^ 40,653
Total arrests	1,519	2,024	2,251	1,600	1,029	1,515	1,876	1,842	1,101	1,028
Fire										
Number of calls answered/received	289	317	340	283	285	102	*1,762	1,972	2,496	2,341
Inspections	100	210	493	611	413	309	108	176	264	262
EMS										
Number of calls answered	1,229	1,190	1,235	1,294	1,398	1,407	1,593	1,824	1,804	1,697
Animal Control										
Pet Licenses issued	902	875	1,094	1,260	1,260	1,500	1,561	1,561	1,602	1,589
<b><u>Public Works</u></b>										
Roadway Maintenance										
Total lane miles maintained	364	370	380	396	407	410	413	415	418	422
Asphalt streets repaired (tons)	182	360	396	1,423	1,610	3,180	2,607	2,188	2,186	2,323
Solid Waste Collection										
Number of households	9,060	9,584	9,930	10,340	10,930	11,450	11,950	12,290	12,540	12,750
Tons of refuse collected	6,830	8,012	8,761	9,388	9,818	10,307	11,248	11,232	11,369	10,548
Tons of recycling collected	2,036	1,994	2,257	2,510	2,580	2,814	2,968	3,126	2,941	2,947
Tons of yard waste collected	1,964	1,662	2,054	1,761	1,955	2,120	2,463	2,325	2,684	2,677
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	210,416	346,127	267,404	293,521	261,390	275,170	296,846	213,967	353,954	226,786
<b><u>Culture &amp; Recreation</u></b>										
Library										
Registered borrowers	34,419	32,003	36,897	43,426	44,610	46,214	45,696	44,518	45,122	46,423
Circulation	490,176	548,388	574,581	609,484	617,217	621,395	649,028	644,028	721,363	714,973
Recreation										
Programs offered	315	361	385	402	421	429	433	447	459	462
Senior Center										
Total participants in all programs	10,982	14,058	15,673	22,730	24,532	26,500	29,047	30,146	30,468	29,022
Swimming Pool										
Pool Users	73,279	73,359	72,110	67,235	63,974	55,559	62,835	65,566	49,177^^	45,605
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Inspections	8,561	6,503	9,341	8,741	10,802	8,609	5,760	4,564	3,487	3,502
Community Development										
Building Permits	877	974	1,201	1,337	1,389	1,158	890	830	712	689
<b><u>General Government</u></b>										
Mayor and City Council										
Quarterly newsletters published	57,200	58,200	70,400	74,200	74,200	80,000	80,000	80,000	***	***
Finance and Records										
Purchase orders processed	3,417	2,914	2,610	2,773	3,048	3,235	2,931	2,925	1,785	219
Technology										
Intelligent workstations	**	**	109	112	133	172	205	273	261	251
General Support										
Safety incidents	63	55	37	38	43	35	38	39	50	44

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

^ The calls responded to changed to calls received at dispatch for 09/10.

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

\*\* Performance measurement information not available for these years.

\*\*\* The Mayor/Council newsletter is now published monthly in the Urbandale Living magazine. No longer applicable.

^^ The swimming pool was closed for renovations for 3 months of the fiscal year, which caused a significant decrease in users.

CITY OF URBANDALE, IOWA

Table XVIII

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b><u>Public Safety</u></b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/arked & unmarked	22	22	21	24	24	24	26	26	29	30
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<b><u>Public Works</u></b>										
Roadway Maintenance										
Streets (miles)	157	160	166	166	170	171	172	173	174	176
Streetlights	3,229	3,321	3,371	3,481	3,724	3,765	3,954	4,160	4,353	4,400
Traffic signals	24	27	30	31	31	31	33	35	47	47
Solid Waste Collection										
Collection trucks	6	6	6	6	7	7	7	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers	149	150	163	171	181	184	187	194	196	198
<b><u>Culture &amp; Recreation</u></b>										
Libraries										
Number of Park Acres	1	1	1	1	1	1	1	1	1	1
Parks	534	534	530	676	857	880	903	904	904	904
Swimming Pools	23	23	26	27	45	47	47	48	48	49
Wading Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	3	3	3	3	3	3	3	3	3	3
	12	12	12	12	12	12	12	12	12	12
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Vehicles	3	4	4	5	5	5	5	5	5	5

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND  
INTERNAL CONTROLS**



**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**

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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, 2010 and 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 8, 2010. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Cost, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. 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 and Questioned Costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

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, and 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 8, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON ITS MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

---

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

Compliance

We have audited the compliance of the City of Urbandale, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2010. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Urbandale, Iowa, complied, in all material respects, with the compliance requirements referred to above that that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

## Internal Control Over Compliance

Management of the City of Urbandale, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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, and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the typed name and date.

Dubuque, Iowa  
December 8, 2010

**CITY OF URBANDALE, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Expenditures</u>
Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		\$ <u>7,535</u>
Pass-Through Program From:			
City of Des Moines, Iowa:			
ARRA- Edward Byrne Memorial Justice Assistance Grant Program	16.738	209-SB-B9-0580	49,810
Edward Byrne Memorial Justice Assistance Grant Program	16.738	209-DJ-BX-0141	<u>12,091</u>
			<u>61,901</u>
Total Department of Justice			<u>69,436</u>
Department of Transportation:			
Pass-Through Program From:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-7875(625)-8U-77	27,000
Highway Planning and Construction	20.205	STP-E-7875(631)-8V-77	79,671
Highway Planning and Construction	20.205	STP-U-7875(628)-86-77	109,091
Highway Planning and Construction	20.205	STP-U-7875(628)-86-77	219,091
Highway Planning and Construction	20.205	STP-U-7875(630)-8V-77	<u>45,352</u>
			<u>480,205</u>
Pass-Through Program From:			
Iowa Department of Public Safety:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	PAP 10-410, Task 76	15,427
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	PAP 09-410, Task 72	<u>5,041</u>
			<u>20,468</u>
Total Department of Transportation			<u>500,673</u>
Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		<u>10,000</u>
Department of Education:			
Pass-Through Program From:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	84.397	S37A090016A	<u>42,874</u>
Total federal expenditures			<u>\$ 622,983</u>

See accompanying notes to the schedule of expenditures of federal awards.

**CITY OF URBANDALE, IOWA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Urbandale, Iowa, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF URBANDALE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

**Part I: Summary of the Independent Auditor's Results:**

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes  
Significant deficiency Yes (Part II)

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major program:

Material weakness identified No  
Significant deficiency None reported

Type of auditor's report issued on compliance for the major program Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of the major program:

CFDA Number  
20.205

Name of Federal Program or Cluster  
Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee No

**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESS:**

II-A-10 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

CITY OF URBANDALE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

**Part II: Findings Related to the Financial Statements: (continued)**

Cause – The material audit adjustments were related to capital projects and special assessments. The City's capital project activity has increased significantly. Many of the projects have multiple funding sources, including grants and reimbursements from other governments. Even though the number, size, and complexity of the capital projects have grown, the size of the finance staff has remained limited.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend that finance staff work together with the engineering staff to development a process to identify and track the needed information to record the proper receivable, deferred revenue, payable and capital asset balances at year end.

Response – The City accepts the recommendation as stated. More emphasis will be placed on identifying reimbursements and other revenue sources on projects in which the City is serving as the lead agency.

Conclusion – Response accepted.

**SIGNIFICANT DEFICIENCY:**

II-B-10 Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – Duties are not able to be properly segregated. 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.

Cause – The limited number of office employees prevents a proper segregation of accounting duties necessary to assure optimal internal control.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – City officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

**CITY OF URBANDALE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

**Part II: Findings Related to the Financial Statements: (continued)**

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 III: Other Findings Related to Required Statutory Reporting:**

- III-A-10 Certified Budget – City expenditures by function during the year ended June 30, 2010, did not exceed the amount budgeted.
- III-B-10 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- III-C-10 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-10 Business Transactions – No business transactions between the City and City officials or employees were noted.
- III-E-10 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.
- III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.





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

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We have audited the 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, for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 14, 2010. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Urbandale are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2010. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the cost of contributed infrastructure from developers is based on estimated unit cost on City funded projects. We evaluated the key factors and assumptions used to develop the contributed infrastructure costs in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of incurred but not reported health insurance liability is based on third-party administrator's calculations and estimates. We evaluated the key factors and assumptions used to develop incurred but not reported health insurance liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of sick leave liability is based on the requirements for employees to be eligible to receive the benefit and the likelihood employees will reach those requirements before termination. We evaluated the key factors and assumptions used to develop sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of other postemployment benefits liability is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements, detected as a result of audit procedures, were corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Governmental</u>
	<u>Statements</u>	<u>Activities</u>
<b>Road Use Tax Fund</b>		
To record the second half of the I-Jobs reclassification entry to move the grant proceeds to the Capital Projects Fund	\$ (156,818)	\$ (156,818)
<b>Debt Service Fund</b>		
To increase special assessment receivable for the County's June 2010 receipts received by the City in July 2010	160,489	160,489
<b>Capital Projects Fund</b>		
To defer revenue related to miscellaneous billing module receivables	(160,553)	-
To record capital project reimbursement receivables due from other governments	181,432	552,075
To remove accounts payable related to fiscal year 2011 contract	131,408	131,408

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Honorable Mayor and  
Members of the City Council  
City of Urbandale, Iowa  
Page 3

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 8, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

*New Accounting Pronouncements*

We have included additional information regarding new accounting pronouncements.

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

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to the City of Urbandale, Iowa.

Sincerely,

EIDE BAILLY LLP  
CPAs & Business Advisors

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
December 8, 2010

**CITY OF URBANDALE**  
**YEAR ENDED JUNE 30, 2010**  
**NEW ACCOUNTING PRONUCEMENTS**

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**Governmental Accounting Standards Board (GASB)**

GASB has issued one statement not yet implemented by the City that will affect the City's financial statements, as follows:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.



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

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In planning and performing our audit of the 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 year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness:

A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles. During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements. The material audit adjustments were related to capital projects and special assessments. The City's capital project activity has increased significantly. Many of the projects have multiple funding sources, including grants and reimbursements from other governments. Even though the number, size, and complexity of the capital projects have grown, the size of the finance staff has remained limited.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

To the Honorable Mayor and  
Members of the City Council  
City of Urbandale, Iowa  
Page 2

To assure optimal internal control, controls should properly segregate duties. Proper segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles. Duties are not able to be properly segregated due to the limited number of office employees. 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. Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

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

Sincerely,

EIDE BAILLY LLP  
CPAs & Business Advisors

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
December 8, 2010