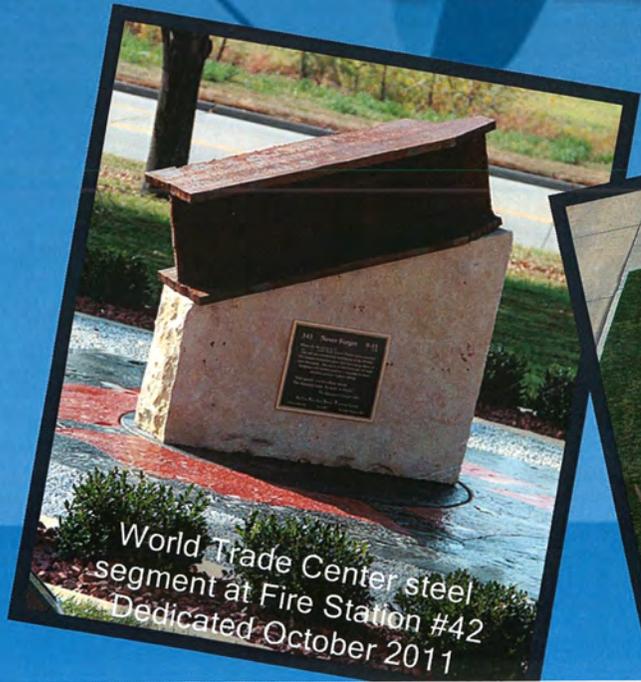


Fire Station #41 Renovation & Addition  
Opened Spring 2011

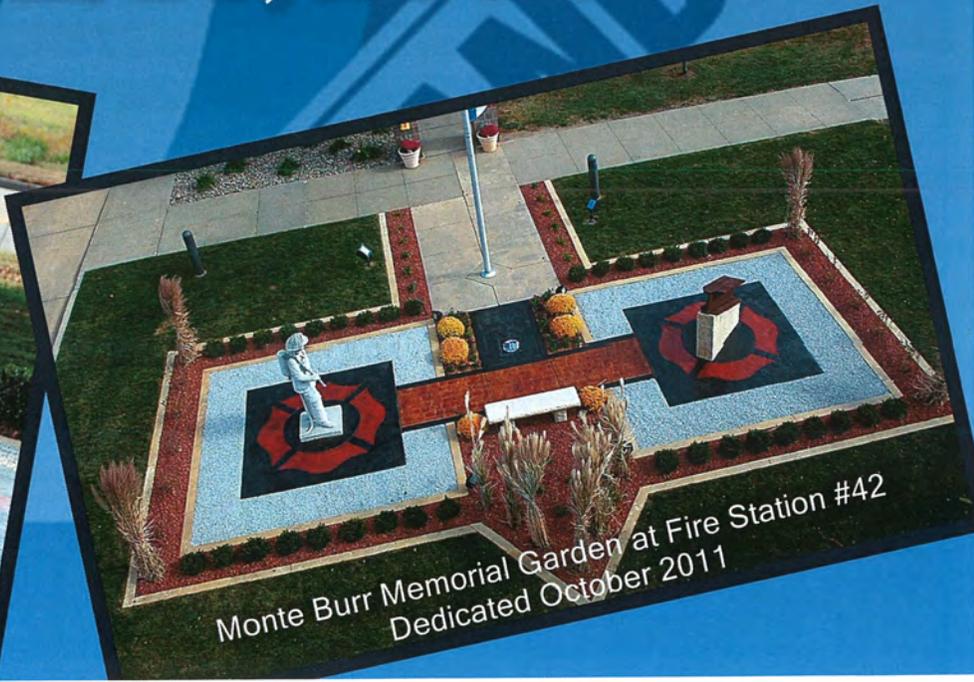


Mike Mercurio Memorial  
at Fire Station #42

# CITY OF URBANDALE, IOWA COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2012



World Trade Center steel  
segment at Fire Station #42  
Dedicated October 2011



Monte Burr Memorial Garden at Fire Station #42  
Dedicated October 2011

**CITY OF URBANDALE, IOWA**  
Comprehensive Annual Financial Report  
Year Ended June 30, 2012



## **INTRODUCTORY SECTION**

# CITY OF URBANDALE, IOWA

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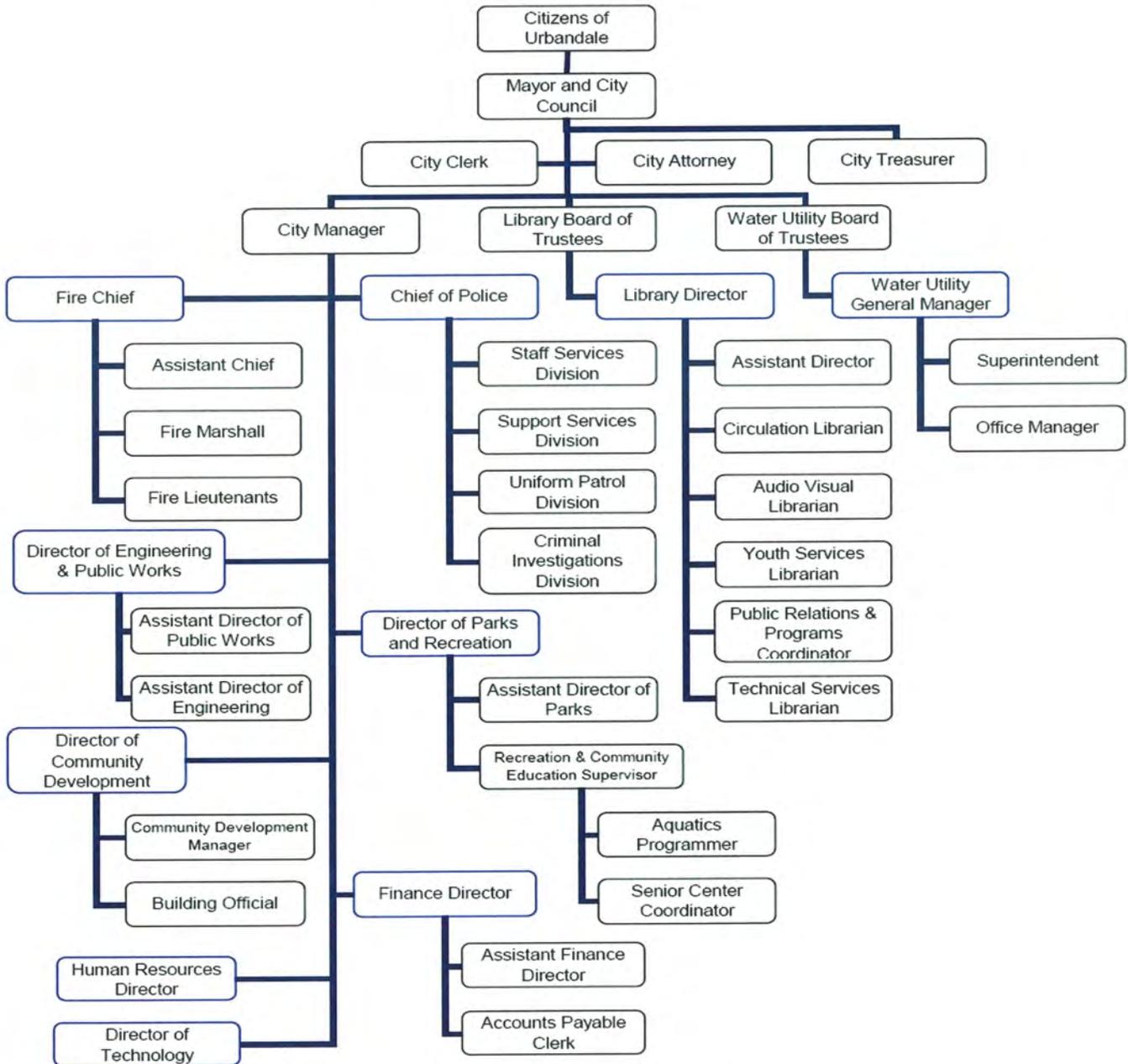
**CITY OF URBANDALE, IOWA**

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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
John Forbes	Mayor Pro Tem
Mike Carver	Council Member
Creighton Cox	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, 2011

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

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, 2011

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

November 20, 2012

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 year ended June 30, 2012 (FY12), 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 audit for FY12. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audits, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for FY12 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 complement 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 22.58 square miles in Polk and Dallas Counties. The City's 2010 Census population is 39,463 persons, and its numerical population gain during the 2000 decade ranked second among all Iowa cities. Urbandale's 2000 Census population was 29,072 persons.

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 continued its annual upward trend from FY 2009's low of 110 new single family residences. FY 2012 saw 194 new single family residences constructed, exceeding the City's long-term annual mean of 185 single-family only units, or 161-unit annual mean if the extraordinary period of 2001-2005 is excluded. FY 2012's \$54.38 million valuation for residential permits was the 7<sup>th</sup> highest in the City's history, exceeded only by the "boom" years of FY 2002 through FY 2007.

FY 2012's \$41.69 million total valuation for commercial and industrial permits ranked 4<sup>th</sup> in the City's history, following FY 2011's \$36.88 million valuation that was the 6<sup>th</sup> highest and demonstrating the vitality of Urbandale's economic situation.

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

	Fiscal Year 2012		Fiscal Year 2011	
	# of Permits	Valuation	# of Permits	Valuation
Residential	318	\$ 54,382,332	254	\$ 38,764,928
Nonresidential	89	41,692,558	76	36,882,137
Miscellaneous minor	393	825,876	395	4,800,575
Total	800	\$ 96,900,766	725	\$ 80,447,640

### **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 2012-17+ CIP was adopted by the City Council in February, 2012. The approved FY12 CIP anticipated the expenditure of \$18,452,400 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 \$5,291,500 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2013-2018+ CIP is currently under development and will be reviewed by a citizen's advisory committee in November and December, 2012, with final adoption by the City Council anticipated in January, 2013. This preliminary FY13 CIP proposes the expenditure of \$15,460,300 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2013. Property tax supported general obligation bonds would provide approximately \$5,203,700 of needed funding. Since the new CIP for 2013-2018+ is still under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2013-2018+ CIP will be substantially completed before the development of the FY13-14 annual operating budget.

### **FY12 and FY13 Initiatives**

The Mayor and City Council implemented programs and policies in FY12 and FY13 that will influence the City's financial operations during these two fiscal years and into the future. While many of the key initiatives reflect City specific projects and benefits, many reinforce the efforts by the Mayor and City Council to enhance the City's quality of life and to build cooperative partnerships on a local and regional

basis. The key recognitions and initiatives include the following:

- In September, 2011, issued \$8,935,000 in tax exempt general obligation bonds for Series 2011. The funds were used for the 2011-12 CIP projects, and to refinance a Series 2003 bond at a lower interest rate, which will save approximately \$104,000 in interest expense over the old bond.
- In February, 2012, adopted the Strategic Plan, which will expire in January, 2014. The Plan identified three priority issues, which are:
  - Access at 141 Interchange: Multi-jurisdictional, study/plan 2014, design 2014-16, construct 2017, significant cost, would improve access off of I35/80 and Hwy 141, and improve transportation and economic development.
  - Allocating City Resources: In response to diminished funding, strive toward innovation in service delivery and schedule evaluation of City function for the next 4-5 years.
  - Housing Options: Explore options for more rental, affordable, and senior housing; evaluate redevelopment, and seek developers for private sector development.
- In February, 2012, extended the 28E agreement for the salt storage facility. The Waste Management Authority (WMA) will transfer legal title of the facility to the member cities on June 30, 2013, and extend the agreement between the cities through June 30, 2028. Since Urbandale owns 1,800 tons or 15% of the storage capacity, it will contribute 15% to maintain the facility through 2028.
- In August, 2012, approved an agreement to update the 1999 Code of Ordinances and put the Code online, which could be accessed by the public and updated as changes occur in the future.
- In October, 2012, issued \$9,765,000 in general obligation bonds. The funds will be used for the FY2012-13 CIP projects.
- In October, 2012, selected a property casualty broker, and changed from a commission based fee to a flat annual fee of \$34,300 for the initial three year term, with an option to negotiate for a two year extension.
- In FY12, formalized 28E agreements for services provided by the City to the school system.
  - In August, 2011, approved the Community Education agreement.
  - In December, 2011, approved the School Crossing Guard agreements.
  - In June, 2012, approved the School Resource Officer agreement.
- The FY11, FY12 and FY13 budgets allocated \$50,000 for the Urbandale Community Action Network (UCAN) as a new initiative. The UCAN is a non-profit 501(c)(3) organization that became the “umbrella” organization for the Urbandale Food Pantry, Caring Corps, Leadership Urbandale, and other partnerships.
- The FY13 budget allocated \$20,000 for the Urbandale Food Pantry to lease space and pay for utilities. The Food Pantry opened on October 12, 2008 (FY09). The Urbandale Ministerial Alliance contributes significant funding to the pantry, and provides volunteers to staff, collect and distribute food and personal care items to those in need.

#### **Economic Development:**

- In February, 2012, approved an IDED GIVF Agreement for \$75,000 in loan assistance for Energy Control Technology to lease a 4,000 sqft building in Urbandale, to retain 8 jobs, and to create 15 jobs. Additionally, in March, 2012, the City approved a \$15,000 contribution from its Revolving Loan Fund (RLF) program to the project.

- In March, 2012, approved an IEDA HQJP application for \$371,106 in assistance for RAD Retail Acquisition & Development (Interstate All Battery Center), to lease and improve a warehouse in Urbandale, to relocate 158 jobs, and to create 57 jobs.
- In June, 2012, approved an IEDA HQJP application for \$337,700 in assistance for Van Meter, Inc., to build a 70,000 sqft warehouse and office in Urbandale, and to create 11 jobs.
- In September, 2012, approved an IEDA HQJP application for \$34,512 in assistance for DENSO Manufacturing Michigan, Inc., to lease 36,000 sqft warehouse in Urbandale, and to create 7 jobs.

#### **Public Safety:**

- In July 2010, the Police Department was accepted into the CALEA (Commission on Accreditation for Law Enforcement Agencies) program. It is a multi-year process to achieve CALEA accreditation that signifies professional standards in operations, compliance, and cost-efficient solutions of Police services. The CALEA accreditation is anticipated in July 2013.
- In September, 2011, at a total cost of \$688,178. Fire Station #41, located on Douglas Avenue near 72nd Street was remodeled and expanded to accommodate 24 hour staffing.
- In September, 2011, approved an initial 28E agreement between the Cities of Urbandale, Clive and West Des Moines for consolidated billing, licensing, and fee collection for cat and dog licenses by a private entity, which will distribute the net revenues to the partnership cities. The agreement provides for the possibility of a preliminary design and location of a consolidated animal control shelter. The initial 5 year agreement will expire at the end of FY2015-16.
- In January, 2012, adopted consistent pet regulations with the partnership Cities of Urbandale, Clive and West Des Moines, and adopted "WestPet" as the official name for the joint animal control endeavor.
- In February, 2012, adopted a standardized fees and fines schedule for the joint animal control program between the Cities of Urbandale, Clive and West Des Moines.
- In May, 2012, at a total cost of \$57,398. Installed two off-site generators to power the Police Station's Emergency Command Center (ECC) during a power outage. One generator was installed at the Library to power the phone system at the ECC. The other generator was installed at the City Administrative complex to power the computer system at the ECC.
- In June, 2012, renewed a 28E agreement for the City of West Des Moines to provide animal control services to Urbandale for FY2012-13 and FY2013-14, for a 2 year total of \$75,000.
- In September, 2012, for \$239,620, complete by November, 2012. To install geothermal at the Police Station to replace a conventional boiler system installed in 1982.

#### **Personnel:**

- Non-Union: In December, 2011, accepted the final consultant salary study recommendations for the comprehensive non-union salary and classification study. The last comprehensive non-union salary study was conducted in 1991.
- Union Contract: In February, 2012 approved the Laborers Union and the Police Union three year contracts for FY13, FY14, and FY15.
- Non-Union: In October, 2012, reduced from four health plans to a single health plan, retained the

8.5% cost share of the employee premium cost for the 2013 calendar year.

**Park improvements:**

- In May, 2012, accepted a Quit Claim Deed from the grantors for a future bequest of 12 acres to the City, of which half is an established arboretum. The properties will be named the “Jackaline and Paul Dunlap Arboretum” and “The Dunlap Meadow”. In June, 2012, accepted a Quit Claim Deed from the same benefactors for their home and residential property.
- In May, 2012, received \$45,000 in donations to fully fund the 2012 “Making a Connection (MAC) Camp”. The donations were from the Charles Gabus Family Foundation, Prairie Meadows, UCAN Endow Urbandale, Polk County, and the Lions Club. 2012 will be the third straight summer for the 5 day a week MAC Camp, which is provided at no cost to eligible elementary age children.
- In May, 2012, received \$45,000 from donations through the sale of paver stones and a \$5,000 Prairie Meadows grant to construct a Veterans Memorial on the east edge of the Charles Gabus Memorial Tree Park and Gardens to honor veterans of the five service branches. In August, 2012, contributed \$5,000 in cell tower revenue for flag poles and lighting.
- In May, 2012 approved a partnership agreement with Iowa State University’s Department of Architecture to design and build an open shelter at Lakeview Park for \$27,000.
- Park projects final approvals – the City Council accepted the following major projects as completed during the year:
  - In January, 2012: Rehabilitated the Lakeview Park pond and installed rip rap to protect the shore line at a total cost of \$229,086.
  - In April, 2012: Installed an aerating fountain in the Lakeview Park pond at a total cost of \$12,188—of which \$6,188 was donated by residents.
  - In January, 2012: Constructed the 142nd Street connection to Douglas Parkway from the Raccoon Valley Regional Trail into the Walnut Cree Regional Park under the bridges at 142nd Street and Douglas Parkway, at a total cost of \$132,021.
  - In May, 2012: Paved the parking lot at Walker Johnston Park, at a total cost of \$697,777.
  - In May, 2012: Replaced the Walker Johnston Park pedestrian bridge with a steel truss bridge and installed a trail connection to the new location, at a total cost of \$246,657.
  - In May, 2012: Acquired and installed a multi-piece steel public art sculpture by the new Walker Johnston Park pedestrian bridge, at a total cost of \$8,500.
  - In June, 2012: Reconstructed the eight tennis courts at Walker Johnston Park, at a total cost of \$382,529.
  - In September, 2012: Constructed the trail connection from Summit Estates to Berkshire Estates, at a total cost of \$214,884.
- Park projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - In July, 2011, for \$199,787, to construct a 10 foot wide trail connection to Clive from 156th Street along Little Walnut Creek trail.
  - In February, 2012, awarded a private mowing contract for three fiscal years at a consistent rate of \$215,360/year to mow all City owned parks, public grounds, and roadways.

- In May, 2012, for \$39,950, to design a master plan for four parcels owned or used by Park and Public Works, and to create the roofing and siding plans for the facility at 9565 Hickman Road.
- In July, 2012, for \$1,862,000, to construct a replacement Walker Johnston Shelter House at 5,800 sqft, of which 4,500 sqft will be a FEMA approved storm room. The construction cost will be funded 75% by FEMA and 10% by the State of Iowa.

#### **Public Works:**

- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
  - In July, 2011: Constructed intersection improvements at 86th Street and Meredith Drive, and at 100th Street and Douglas Avenue at a total cost of \$742,897.
  - In October, 2011: Constructed a 5 lane concrete roadway on Douglas Parkway from 156th Street to the west corporate limit as a joint project with the Cities of Clive and Waukee at a total cost of \$2,213,717.
  - In January, 2012: As a result of the Iowa Supreme Court denying the City's appeal, the City revised and lowered the road and sidewalk assessment schedule affecting 6 properties on 156th Street.
  - In May, 2012: Constructed Plum Drive from 100th Street to east of 86th Street, at a total cost of \$2,606,448.
- Street projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - In January, 2012, for \$1,699,185, to reconstruct the intersection of 86th Street and Douglas Avenue, including the installation of a storm sewer west of the intersection to North Walnut Creek.
  - In January, 2012, for \$674,738, to pave Douglas Ave between 100th St. to 111th St.
  - In March, 2012, for \$1,446,153, to widen 128th Street from Hickman Road to Douglas Parkway as a 4-lane roadway.
  - April, 2012, for \$2,121,127, to widen 121st Street from Douglas Parkway to Meredith Drive to a 5-lane roadway.
  - In April, 2012, for \$2,354,582.05, to widen Meredith Drive from 86th Street to NW Urbandale Drive as a 4-lane roadway.
  - In August, 2012, for \$126,181, to design the 100th Street and 54th Street intersection project which is a convergent intersection shared by the Cities of Grimes, Johnston and Urbandale. Urbandale share of the design cost is estimated at \$63,001.
- Street Lighting projects final approval – the City Council accepted the following major project as completed during the year:
  - In May, 2012: Installed retrofit streetscape lighting and pedestrian poles, and installed LED lighting in City parking lots, at a total cost of \$467,016.
- Street Lighting projects awarded – the City Council awarded contracts for the following projects that are not yet completed:
  - November, 2011, for \$162,450, to install 28 high pressure sodium street lights on Plum Drive from 100th Street east to approximately 1,000 feet west of 86th Street

- February, 2012, for \$53,445, to remove overhead lines and bury underground on south side of Douglas Avenue from 86th Street to North Walnut Creek.
  - May, 2012, for \$183,697, to install 42 high pressure sodium street lights on 128th Street from Hickman Road to Douglas Parkway
- Storm Sewer projects final approval – the City Council accepted the following major project as completed during the year:
    - In August, 2011: Installed storm sewer improvements from Douglas Parkway north to Little Walnut Creek, at a total cost of \$217,878.
  - Storm Sewer projects awarded - the City Council awarded contracts for the following projects that are not yet completed:
    - In May, 2012, for \$159,944, to prepare preliminary and final designs for the 73rd Place drainage study. The design will enable utility relocates to occur in 2013, and construction to occur in 2014 and 2015.
    - In June, 2012, for \$245,559, to install drainage improvements on Golfview Creek at the L.A. Ward Park along NW Urbandale Drive, and northeast of 98th St. and Aurora Ave.

### **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 FY12, 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 FY12, exclusive of the Component Unit, was \$129,415, compared to income of \$197,978 in FY11.

### **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-eight 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 FY12. The City's health insurance program was modified in FY09 to provide employees with two wellness-based plans in addition to the two existing Preferred Provider Organization (PPO) coverage options. Based on popularity of the wellness-based plan offering, and the upcoming federal mandates regarding healthcare, the City is modifying its health insurance program to consolidate down to one wellness plan, effective January 1, 2013.

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. For FY13, the City has opted to self-insure for the public safety uniformed staff's workers compensation coverage, but will continue to use IMWCA to service and process these claims.

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**

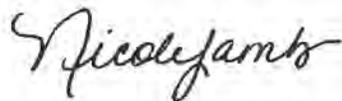
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for FY11. This is the highest form of recognition in the area of governmental financial reporting. The Comprehensive Annual Financial Report for the year ended June 30, 2012 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



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2012, 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, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 business-type 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, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the other postemployment benefits schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Eide Bailly LLP*

Dubuque, Iowa  
November 20, 2012

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2012

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 year that ended on June 30, 2012 (FY12). 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 FY12 by \$139,918,000 (net assets). Of these amounts, \$22,722,813 (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 \$7,739,807 in FY12. This increase was mostly attributable to increased special assessment revenue, donated infrastructure and additional tax revenues.
- For FY12, the City's governmental funds reported combined ending fund balances of \$23,271,499. The FY12 fund balance represented a decrease of \$457,512 and was primarily attributed to a \$3.4 million decrease in the capital projects fund. This decrease was offset by \$1.4 million increase in tax increment financing fund, and a \$1.6 million increase in the general fund.
- At the end of FY12, unrestricted fund balance for the general fund was \$10,481,934 or 49.1% of total general fund expenditures.

**Overview of the Financial Statements**

The basic financial statements consist of four parts:

- Management's Discussion and Analysis (this section),
- Government Wide Financial Statements,
- Fund Financial Statements, and
- Notes to the Financial Statements.

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

**Government-wide financial statements**

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

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

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.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2012

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 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. The City of Urbandale has one business-type activity to report for fiscal year 2012.

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 15 and 16 of this report.

**Fund financial statements**

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

***Governmental funds***

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

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

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

The City of Urbandale maintains 16 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 11 governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2012

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

***Proprietary funds***

The City maintains two different types of proprietary funds. An enterprise fund is used to report the same function presented as the business-type activity in the government-wide financial statements. The City uses an enterprise fund to account for its Storm Water Utility. 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 21 through 23 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 24 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 25 through 49 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 52 through 53 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 54.

**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 58 through 66 of this report. Statistical information related to the City's financial position can be found on pages 69 through 81 of this report.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2012

**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 FY12 and FY11 is presented for comparative purposes.

<b>City of Urbandale Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current assets	\$ 67,125,607	64,966,324	409,366	197,600	67,534,973	65,163,924
Capital assets	149,870,450	142,881,010	—	—	149,870,450	142,881,010
Total assets	<u>216,996,057</u>	<u>207,847,334</u>	<u>409,366</u>	<u>197,600</u>	<u>217,405,423</u>	<u>208,044,934</u>
Long-term liabilities	37,855,887	38,886,838	5,894	6,358	37,861,781	38,893,196
Other liabilities	39,602,329	36,859,586	23,313	113,959	39,625,642	36,973,545
Total liabilities	<u>77,458,216</u>	<u>75,746,424</u>	<u>29,207</u>	<u>120,317</u>	<u>77,487,423</u>	<u>75,866,741</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	105,840,450	98,056,010	—	—	105,840,450	98,056,010
Restricted	11,354,737	13,045,818	—	—	11,354,737	13,045,818
Unrestricted	22,342,654	20,999,082	380,159	77,283	22,722,813	21,076,365
Total net assets	<u>\$ 139,537,841</u>	<u>132,100,910</u>	<u>380,159</u>	<u>77,283</u>	<u>139,918,000</u>	<u>132,178,193</u>

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 \$139,918,000 and \$132,178,193 at the close of FY12 and FY11, respectively.

The largest portion of the City's net assets in FY12 (75.6%) 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 \$7,784,440 from FY11 to FY12.

An additional portion of the City's net assets (8.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$22,722,813 may be used to meet the government's ongoing obligations to residents and creditors. In FY11, restricted assets represented (9.9%) of the City's net assets and unrestricted net assets totaled \$21,076,365.

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 and business-type activity.

**CITY OF URBANDALE, IOWA**  
**Management's Discussion and Analysis**

June 30, 2012

As noted above, the City's net assets increased by \$7,739,807 from FY11 to FY12. This growth can be attributed primarily to the increase in capital asset investment, net of debt.

**Changes in Net Assets**

The following table depicts that change in net assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 5,043,082	4,823,872	597,750	501,127	5,640,832	5,324,999
Operating grants & contributions	4,565,604	4,406,337	—	27,495	4,565,604	4,433,832
Capital grants & contributions	3,767,023	2,402,438	—	—	3,767,023	2,402,438
General revenues:						
Taxes	28,724,324	27,089,641	—	—	28,724,324	27,089,641
Other	308,886	297,484	421	—	309,307	297,484
Total revenues	42,408,919	39,019,772	598,171	528,622	43,007,090	39,548,394
<b>Expenses:</b>						
Public safety	9,244,524	8,823,407	—	—	9,244,524	8,823,407
Public works	11,504,121	10,051,485	295,295	451,339	11,799,416	10,502,824
Culture and recreation	6,631,394	6,508,690	—	—	6,631,394	6,508,690
Community & econ development	3,126,449	3,038,267	—	—	3,126,449	3,038,267
General government	2,842,395	2,466,342	—	—	2,842,395	2,466,342
Interest and fiscal charges	1,623,105	1,703,156	—	—	1,623,105	1,703,156
Total expenses	34,971,988	32,591,347	295,295	451,339	35,267,283	33,042,686
Increase in net assets	7,436,931	6,428,425	302,876	77,283	7,739,807	6,505,708
Net assets – beginning	132,100,910	125,672,485	77,283	—	132,178,193	125,672,485
Net assets – ending	\$ 139,537,841	132,100,910	380,159	77,283	139,918,000	132,178,193

**Governmental activities**

Governmental activities increased the City's net assets by \$7,436,931 for FY12. Key elements of the increase in net assets are as follows:

- Charges for services increased by \$219,210 (4.5%) during FY12. This actually reflects an increase primarily from solid waste monthly fees, recreation programming revenues, and improvement in the building permit area due to additional new construction permit issuances.
- Operating grants and contributions increased \$159,267 (3.6%) in FY12 due to the second year of receipts of federal grants for the acquisition of 6 additional fire fighters, and the first year of receipts for a federal grant for the acquisition of 2 additional police officers.
- Capital Grants and Contributions increased \$1,364,585 (56.8%) in FY12 due partially 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 \$713,769 and \$466,618 in FY12 and FY11, respectively.

**CITY OF URBANDALE, IOWA**  
 Management's Discussion and Analysis  
 June 30, 2012

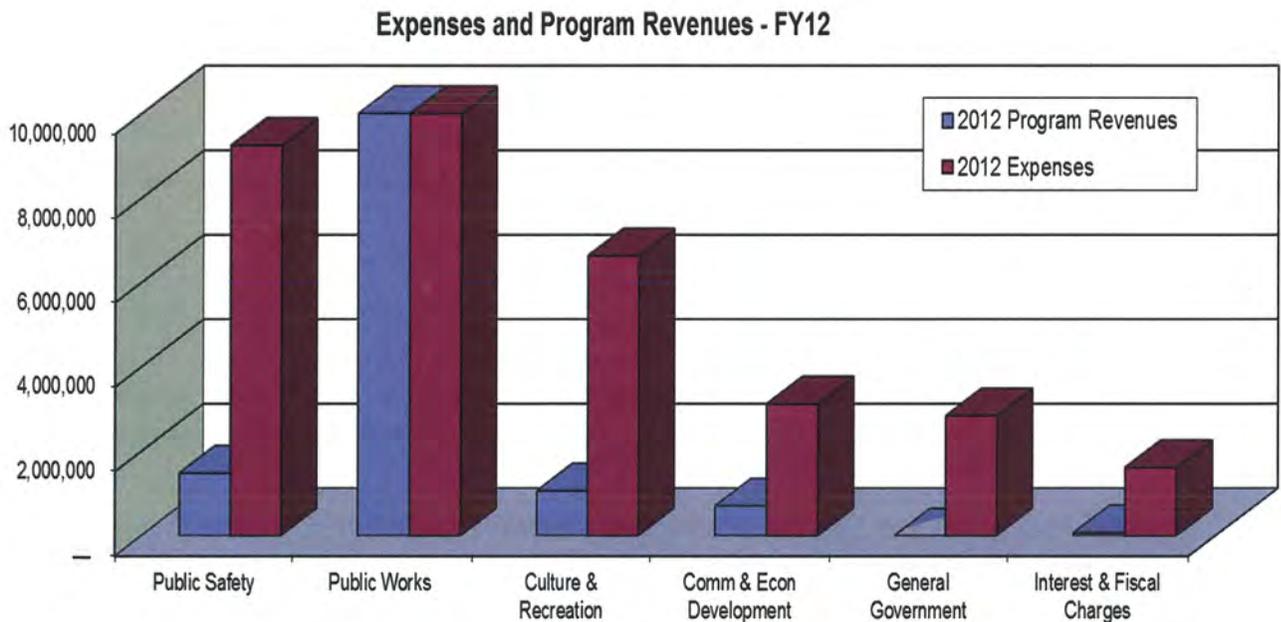
Additionally, in FY12 the City had \$662,000 in revenues received from multi-city projects that the City served in a lead capacity.

- Total taxes increased by \$1,634,683 (6.0%) during FY12. The receipts for FY12 reflect a \$0.10 tax levy increase to support the City's debt service obligations, which generated an additional \$272,000 in tax revenue, as well as a \$0.10 tax levy increase for the police and fire pension system, which generated an additional \$243,000 in tax revenue. Additionally, hotel motel tax receipts were up by \$142,000 in FY12, and tax increment financing district revenues collected were up by \$590,000.
- Other revenues have increased by \$11,402 (3.8%) in FY12 due to continued low interest rates on investments since early 2009.

**Business-type activities**

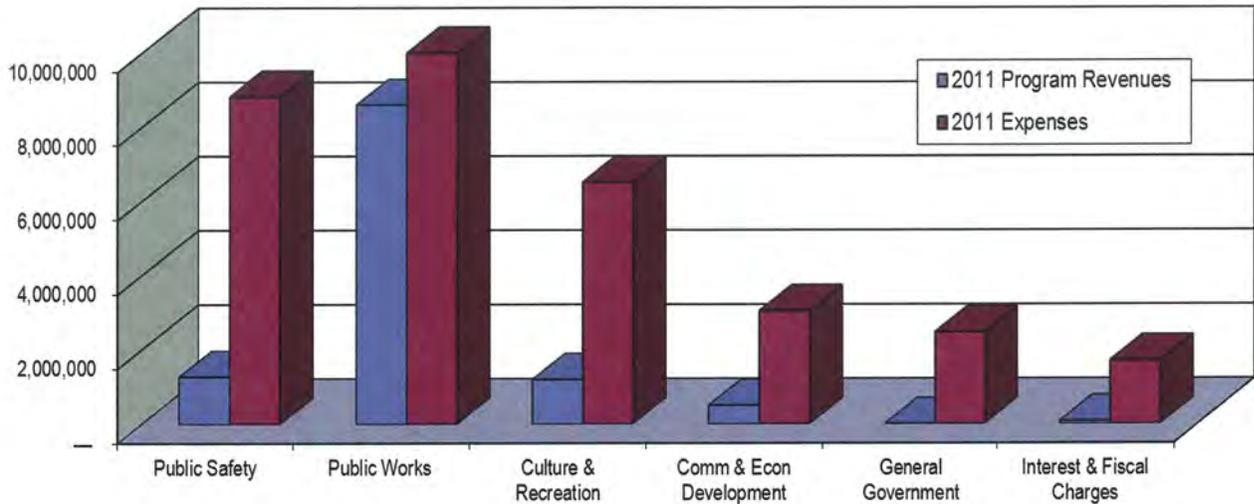
A Storm Water Utility was created in July 2010 as the City's first enterprise fund. This fund encompasses the activities formerly handled by the City's street cleaning and storm sewer departments, as well as storm water run-off inspections handled formerly by the engineering department. In order to fund these activities, a storm water user fee was established for all businesses and residences in Urbandale. These user fees are the sole source of funding in the charges for services line, generating \$597,750 in revenue for FY12. Business-type activities increased the City's net assets by \$302,876 for FY12.

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2012 and 2011:



**CITY OF URBANDALE, IOWA**  
 Management's Discussion and Analysis  
 June 30, 2012

**Expenses and Program Revenues - FY11**



**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 FY12 and FY11, the City's governmental funds reported combined fund balances of \$23,271,499, and \$23,729,011, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects payments. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$1,643,805 (18.6%) in FY12. 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. Continued federal grant funding six new fire fighters and two new police officers also contributed to the increase in general fund revenues. Additionally, increases in construction permit revenue while keeping expenditures 0.3% lower than in FY11, have together resulted in a positive change in the general fund balance at year end.
- The road use tax fund balance increased \$1,355,301 (157.1%) in FY12. The FY12 increase represents higher road use tax receipts due to higher certified 2010 census figures. Also key to the increase is the inception of a Storm Water Utility Enterprise Fund in FY11 to fund storm water related expenses. This transferred approximately \$295,000 worth of expenses from the road use and general funds.
- The fund balance for the tax increment financing (TIF) fund decreased \$63,645 (3.5%) in FY12. The FY12 decrease represents normal operations of TIF rebate activity for the City. The City administers a 5 year declining balance TIF rebate program for the 3 active TIF districts, which means each year as

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2012

these rebates progress through the program, the amount of the rebate is reduced, but reductions are offset by any new applicants to the program.

- The fund balance of the debt service fund decreased by \$121,544 (17.8%) in FY12. The FY12 decrease is due primarily to a current refunding of older debt in favor of new lower interest rate debt, as well overall increasing debt service payments.
- For FY12, the \$3,406,028 (30.5%) decrease in the capital projects fund balance is primarily attributable to timing of project payments and related receipts associated with those projects. Project expenditures were up \$3.27 million from FY11, while revenues and other financing sources and uses were down \$3.23 million.
- The nonmajor governmental funds fund balance increased \$134,599 (37.3%) due to the increase in hotel motel tax revenues and donations to the MAC Camp fund.

**Proprietary funds**

Unrestricted net assets of the proprietary funds were \$8,868,584 and \$8,924,327 in FY12 and FY11, respectively. An additional \$2,886,417 and \$2,842,582 in FY12 and FY11, respectively, of net assets was restricted for funds invested in capital assets of the equipment replacement fund. In FY12, the slight decrease in net assets for the proprietary funds resulted from higher insurance claims paid in the risk management fund and timing of equipment purchases in the technology and equipment replacement funds. These decreases were offset by the \$302,876 increase in the Storm Water Utility enterprise fund due to a \$0.25 monthly rate increase.

**Budgetary Highlights (FY12)**

Differences between the original budget and the final amended budget amounted to a \$3,755,026 increase in appropriations and can be briefly summarized as follows:

- \$2,357,426 for unanticipated debt service payment for current debt refunding
- \$792,000 for radio equipment costs related upgrade of Westcom dispatch system
- \$292,400 for unbudgeted transfer from special revenue to capital projects funds
- \$102,000 for unbudgeted asphalt street overlay at 109<sup>th</sup> Street
- \$75,000 for unanticipated state pass-thru economic development grant funding
- \$65,000 for grant related computer and material purchases in Library
- \$17,000 for unbudgeted Federal forfeiture funds purchases
- \$15,000 for military deployment contributions to police pension system
- \$15,000 for animal control costs
- \$14,600 for donation funded MAC camp expansion
- \$9,600 for unbudgeted software system upgrades for Community Development

**CITY OF URBANDALE, IOWA**  
**Management's Discussion and Analysis**

June 30, 2012

The revised expenditures were offset by \$2,357,426 in refunding bond proceeds, \$102,000 in additional road use tax revenues, \$100,000 in ambulance fees, \$75,000 in state pass-thru grant funds, \$65,000 in library grant funds, \$50,000 in court fines, \$17,000 in Federal forfeiture funds, \$15,000 in pet licensing revenue, \$9,600 in building inspection fees, \$8,000 from local grant funds, \$6,600 in private donations, \$292,400 in transfers from special revenue fund balances, and \$657,000 in available general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$4,059,788 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions.

Budget to actual schedule for the City is located on page 52 of this report.

**Capital Asset and Debt Administration**

***Capital assets***

In FY12 and FY11, the City had invested \$198,759,833 and \$187,104,973, 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 \$11,654,860, and \$7,319,869, respectively. The value of these capital assets, net of depreciation at June 30, 2012 and 2011, is depicted below.

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

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2012</b>	<b>2011</b>
Land	\$ 5,719,861	5,719,861
Buildings and improvements	24,948,438	24,792,089
Machinery and equipment	11,563,784	11,011,191
Artwork	297,775	286,768
Infrastructure	147,862,142	139,635,435
Share of undivided equity interest assets	828,149	847,603
Construction in progress	7,539,684	4,812,026
Total	\$ 198,759,833	187,104,973
Accumulated depreciation	(48,889,383)	(44,223,963)
	<b>\$ 149,870,450</b>	<b>142,881,010</b>

This year's major capital asset additions included:

- The donation of construction improvements by private parties (\$713,800)
- The completion of Plum Drive paving project (\$3,138,500)
- The completion of the Douglas Parkway reconstruction project (\$1,561,200)
- The completion of the 86<sup>th</sup> & Meredith and 100<sup>th</sup> & Douglas turn lane projects (\$900,500)
- The completion of the Walker Johnston parking lot paving project (\$719,600)

**CITY OF URBANDALE, IOWA**  
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- The completion of the 86<sup>th</sup> Street & Douglas Avenue reconstruction project (\$611,300)
- The ongoing construction of the Aurora Avenue connection through Walnut Creek Regional Park project (\$1,998,700)
- The ongoing construction of the Meredith Drive widening project (\$602,600)
- The ongoing construction of the 121<sup>st</sup> Street widening project (\$294,900)
- The ongoing construction of the 128<sup>th</sup> Street widening project (\$223,400)
- The purchase of an ambulance (\$209,100)

Additional information on the City's capital assets can be found on page 36 (footnote 4) of this report.

***Long-term debt***

In FY12 and FY11 the City had total long-term debt of \$44,030,000 and \$44,945,000, respectively. Of these amounts, \$41,025,000, and \$41,595,000, represented general obligation bond debt. The City also had \$3,005,000 and \$3,350,000 of general obligation General Fund capital loan notes. All of this debt was backed by the City's full faith and credit.

	<b>Balance</b> <b>June 30, 2011</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance</b> <b>June 30, 2012</b>
General obligation bonds	\$ 41,595,000	8,935,000	9,505,000	\$ 41,025,000
General obligation General Fund capital loan notes	3,350,000	—	345,000	3,005,000
	<u>\$ 44,945,000</u>	<u>8,935,000</u>	<u>9,850,000</u>	<u>\$ 44,030,000</u>
	<b>Balance</b> <b>June 30, 2010</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance</b> <b>June 30, 2011</b>
General obligation bonds	\$ 38,770,000	11,490,000	8,665,000	\$ 41,595,000
General obligation certificates of participation	930,000	—	930,000	—
General obligation General Fund capital loan notes	3,675,000	—	325,000	3,350,000
	<u>\$ 43,375,000</u>	<u>11,490,000</u>	<u>9,920,000</u>	<u>\$ 44,945,000</u>

During FY12, the City's total debt decreased by \$915,000. The key factors in this net decrease were the retirement of \$9,850,000 in debt offset by the issuance of \$8,935,000 in general obligation bonds.

In FY12, the projects funded by the bond issues included:

- Construction of:
  - Walnut Creek bridge at Aurora Avenue
  - Various public art projects throughout the City of Urbandale
  - Sidewalks at various locations in the City

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2012

- Paving of:
  - Walker Johnston parking lots
  - Aurora Avenue – through Walnut Creek Regional Park
- Reconstruction/rehabilitation of:
  - 86th & Douglas Ave intersection
  - Lakeview Pond (reimbursement for work already completed)
  - Walker Johnston Park foot bridge
  - Concrete street repairs at various locations in the City
- Trail improvements and construction at:
  - Telby Knolls
  - Glen Eagles Park – Brookview Drive & Plum Drive
  - Clive trail connection at 156th Street
- Park improvements at Telby Knolls and Summit Estates/Berkshire neighborhood parks
- Engineering/design plan preparation for:
  - Douglas Avenue medians
  - Walker Johnston shelter house reconstruction
  - Meredith Drive paving – 86th to NW Urbandale Drive
- Emergency generator for Police Command Center computer system
- Ambulance for EMS service
- Land acquisition and feasibility study for Parks and Public Works Maintenance facility and Walnut Creek Regional Park land
- Carpet replacement at the Library
- The current refunding of the Series 2003 general obligation bonds

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 August 3, 2012.

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 maximum debt limitation for the City of Urbandale is \$196,305,025, 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 37 through 41 of this report.

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

Subdivision platting activity continued to improve in calendar 2012, with a total of 7 new plats completed to create 160 lots. The number of plats correlates to historic figures, although the total number of new lots was still in the moderate range. Subdivision development activity first picked back up in calendar 2011, with four new subdivisions approved to create 106 new single-family lots. Just one or two plats with annual totals of fewer than 40 lots had been completed in each of the three prior calendar years, due to an oversupply of lots that resulted from the dramatic market correction of late 2007. Subsequent absorption has brought the lot supply back into line with the City's traditional two to three year supply for the annual rate of growth, resulting in renewed demand for subdivision development to replenish the lot supply. The vacuum created by the financial failure of development firms during the market correction also appears to be filling with new investors. City staff has reported that developers are actively seeking land acquisitions for future residential subdivisions. Local homebuilders appear to be optimistic about the 2013 housing market in Urbandale. There were 35 single-family house permits issued in October, 2012, with an additional 15 permits applied for in its last week. That's a historically high amount for an October, with such homes usually being constructed in anticipation of sales the following spring.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis

June 30, 2012

The markets for new townhouse and condominiums remain virtually nonexistent in the Des Moines Metro area. Both were very small niche markets in Urbandale and have had very little impact on the Urbandale's outlook.

Urbandale has significant capacity for continued residential growth, for decades under any realistic growth scenario. As of the end of October, 2012 the City has a supply of 343 fully developed vacant lots for single family residences, plus 45 vacant lots for townhouse construction. In addition, the City has approved preliminary plats and zoning for another 2,600 housing units. Altogether, Urbandale has enough land available within its current Corporate Limits, most of which is already served by major public infrastructure (sewer trunks and water mains), to eventually reach a population of about 70,000 persons without further annexation. Urbandale also has opportunities to annex additional, serviceable territory.

Urbandale has approved plans for over 525,000 square feet of commercial and industrial projects, although the approvals for 312,000 square feet of that total have expired. Some of those expired projects are expected to be redesigned and resubmitted for approval. At this point several developments that are expected for calendar 2013 construction are not included in that total, as they are currently being designed for spring 2013 submittal and approval. Urbandale has a sufficient land supply within its existing Corporate Limits to support continued commercial and industrial growth over at least the next 20 to 40 years, depending on the sector and historic trend line that is selected. The most-attractive parcels in that land supply from the standpoint of location are fully developed, with new public streets, water, and sewer already in place.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2013. The fiscal year 2013 budget anticipated an increase of \$1,181,706 (2.9%) in expenditures over the fiscal year 2012 adopted budget. The adopted expenditures for fiscal year 2013 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, an additional \$0.10 was added to the police & fire pension levy that was originally adopted in FY10 to help offset the City's pension contribution to the Municipal Fire and Police Retirement System. Additionally, the debt service levy rate remained unchanged at \$2.15. The City's combined tax levy rate is \$9.62/\$1,000 valuation.

Continued increases in pension contribution rates for both IPERS and MFPRS have also impacted the FY13 budget, but were mitigated by cost savings in group insurance contributions and a return to normal 26-pay periods for the fiscal year. These additions, as well as increases in salary and benefit costs for existing employees will increase personnel costs by approximately \$112,714 (0.7%) in FY13. Other factors impacting the FY13 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 86th Street, Urbandale, Iowa, 50322.

CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and pooled cash investments	\$ 33,027,138	399,716	33,426,854	72,097
Cash equivalents	—	—	—	1,309,684
Restricted cash	—	—	—	506,252
Accounts receivable	402,246	—	402,246	1,337,300
Taxes receivable:				
Current	835,377	—	835,377	—
Succeeding year	29,193,034	—	29,193,034	—
Special assessments receivable:				
Current	637,260	—	637,260	—
Succeeding year	1,442,819	—	1,442,819	—
Accrued interest	999	—	999	679
Due from other governments	1,081,037	—	1,081,037	51
Due from component unit	14,586	9,650	24,236	—
Due from primary government	—	—	—	7,362
Loan receivable	205,000	—	205,000	—
Inventories	210,550	—	210,550	332,882
Deferred bond issuance costs	75,561	—	75,561	—
Restricted assets - due from primary government	—	—	—	300
Prepaid expense and other assets	—	—	—	52,678
Total current assets	<u>67,125,607</u>	<u>409,366</u>	<u>67,534,973</u>	<u>3,619,285</u>
<b>Noncurrent assets:</b>				
<b>Capital assets</b>				
Equipment	11,563,784	—	11,563,784	784,983
Buildings	20,989,815	—	20,989,815	1,181,173
Distribution system	—	—	—	27,755,023
Improvements other than building	3,958,623	—	3,958,623	—
Land and right of way	5,719,861	—	5,719,861	—
Construction in progress	7,539,684	—	7,539,684	—
Artwork	297,775	—	297,775	—
Infrastructure	147,862,142	—	147,862,142	—
Share of undivided equity interest assets	828,149	—	828,149	—
Accumulated depreciation	(48,889,383)	—	(48,889,383)	(9,679,357)
Total capital assets	<u>149,870,450</u>	<u>—</u>	<u>149,870,450</u>	<u>20,041,822</u>
Total assets	<u>\$ 216,996,057</u>	<u>409,366</u>	<u>217,405,423</u>	<u>23,661,107</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 2,825,394	8,860	2,834,254	8,860
Water revenue bonds payable	—	—	—	190,000
General obligation bonds payable	6,215,000	—	6,215,000	—
Capital loan notes payable	230,000	—	230,000	50,000
Interest payable	119,387	—	119,387	12,553
Compensation and payroll taxes	290,422	3,794	294,216	30,019
Compensated absences - current	729,092	10,659	739,751	86,136
Due to City of Urbandale	—	—	—	24,236
Due to other governments	—	—	—	602,869
Customer deposits payable - restricted	—	—	—	47,220
Unearned revenue	29,193,034	—	29,193,034	—
Total current liabilities	<u>39,602,329</u>	<u>23,313</u>	<u>39,625,642</u>	<u>1,051,893</u>
<b>Noncurrent liabilities:</b>				
Water revenue bonds payable	—	—	—	2,680,000
General obligation bonds payable	34,810,000	—	34,810,000	—
Capital loan notes payable	2,775,000	—	2,775,000	1,215,996
Other postemployment benefits	270,887	—	270,887	42,928
Compensated absences	—	5,894	5,894	110,001
Total noncurrent liabilities	<u>37,855,887</u>	<u>5,894</u>	<u>37,861,781</u>	<u>4,048,925</u>
Total liabilities	<u>77,458,216</u>	<u>29,207</u>	<u>77,487,423</u>	<u>5,100,818</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	105,840,450	—	105,840,450	17,171,822
<b>Restricted:</b>				
For capital projects	6,342,111	—	6,342,111	—
Purpose restricted by legislation	4,948,623	—	4,948,623	—
Donor restricted purposes	64,003	—	64,003	—
Unrestricted	22,342,654	380,159	22,722,813	1,388,467
Total net assets	<u>\$ 139,537,841</u>	<u>380,159</u>	<u>139,918,000</u>	<u>18,560,289</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
Statement of Activities  
Year Ended June 30, 2012

	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total	Business-type Activities Total	Component Unit
<b>Primary government</b>							
Governmental activities:							
Public safety	\$ 9,244,524	934,695	549,203	—	(7,760,626)	—	—
Public works	11,504,121	2,569,959	3,712,524	3,767,023	(1,454,615)	—	—
Culture and recreation	6,631,394	832,949	229,852	—	(5,568,593)	—	—
Community and economic development	3,126,449	705,479	—	—	(2,420,970)	—	—
General government	2,842,395	—	—	—	(2,842,395)	—	—
Interest and fiscal charges	1,623,105	—	74,025	—	(1,549,080)	—	—
Total governmental activities	34,971,988	5,043,082	4,565,604	3,767,023	(21,596,279)	—	—
Business-type activities:							
Storm Water Utility	295,295	597,750	—	—	—	302,455	—
Total primary government	\$ 35,267,283	5,640,832	4,565,604	3,767,023	(21,596,279)	302,455	—
<b>Component unit</b>							(219,202)
Urbandale Water Utility	\$ 7,974,859	7,100,773	396,660	258,224	—	—	—
<b>General Revenues:</b>							
Taxes:							
Property tax				\$ 21,899,812			
Tax increment financing district tax				4,502,606			
Hotel/Motel tax				1,418,700			
Franchise taxes				312,006			
Utility excise tax				591,200			
Total taxes				28,724,324			
Interest				128,994		421	11,267
Miscellaneous				179,892		—	65,918
Total general revenues				29,033,210		421	77,185
Changes in net assets				7,436,931		302,876	(142,017)
Net assets - beginning				132,100,910		77,283	18,702,306
Net assets - ending				\$ 139,537,841		380,159	18,560,289

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
Balance Sheet  
Governmental Funds  
June 30, 2012

	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	\$ 10,368,483	1,888,222	1,698,862	535,882	9,312,414	500,502	24,304,365
Taxes receivable:							
Current	76,508	276,079	36,822	25,413	—	420,555	835,377
Succeeding year	16,187,305	—	6,988,157	5,340,272	—	677,300	29,193,034
Special assessments receivable:							
Current	—	—	—	514,466	122,794	—	637,260
Succeeding years	—	—	—	825,395	617,424	—	1,442,819
Accounts receivable	342,388	118	—	—	15,000	—	357,506
Accrued interest	999	—	—	—	—	—	999
Due from component unit	14,586	—	—	—	—	—	14,586
Due from other governments	405,844	1,615	—	—	672,254	1,324	1,081,037
Loan receivable	—	—	—	—	205,000	—	205,000
Inventories	13,877	196,673	—	—	—	—	210,550
<b>Total assets</b>	<b>\$ 27,409,990</b>	<b>2,362,707</b>	<b>8,723,841</b>	<b>7,241,428</b>	<b>10,944,886</b>	<b>1,599,681</b>	<b>58,282,533</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 175,447	123,299	—	—	2,239,227	8,333	2,546,306
Compensation and payroll taxes	232,303	18,707	—	—	—	—	251,010
Employee benefits	37,695	1,717	—	—	—	—	39,412
Deferred revenue	281,429	760	—	1,338,063	942,597	418,423	2,981,272
Deferred revenue for succeeding years	16,187,305	—	6,988,157	5,340,272	—	677,300	29,193,034
<b>Total liabilities</b>	<b>16,914,179</b>	<b>144,483</b>	<b>6,988,157</b>	<b>6,678,335</b>	<b>3,181,824</b>	<b>1,104,056</b>	<b>35,011,034</b>
<b>Fund balances</b>							
Nonspendable	\$ 13,877	196,673	—	—	205,000	—	415,550
Restricted	—	2,021,551	1,735,684	563,093	6,342,111	495,625	11,158,064
Assigned	—	—	—	—	1,215,951	—	1,215,951
Unassigned	10,481,934	—	—	—	—	—	10,481,934
<b>Total fund balances</b>	<b>10,495,811</b>	<b>2,218,224</b>	<b>1,735,684</b>	<b>563,093</b>	<b>7,763,062</b>	<b>495,625</b>	<b>23,271,499</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,409,990</b>	<b>2,362,707</b>	<b>8,723,841</b>	<b>7,241,428</b>	<b>10,944,886</b>	<b>1,599,681</b>	<b>58,282,533</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, 2012

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

Total fund balances – governmental funds		\$ 23,271,499
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 192,534,078	
Less accumulated depreciation	<u>(45,550,045)</u>	146,984,033
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		2,981,272
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		75,561
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	8,722,773	
Due from customers	44,740	
Capital assets, net of accumulated depreciation	2,886,417	
Accounts payable	<u>(279,088)</u>	11,374,842
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	41,025,000	
Capital loan note	3,005,000	
Accrued interest on the bonds and notes	119,387	
Other postemployment benefits	270,887	
Compensated absences	<u>729,092</u>	<u>(45,149,366)</u>
Net assets of governmental activities		\$ <u>139,537,841</u>

See accompanying notes to financial statements.

**CITY OF URBAN DALE, IOWA**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2012

	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	17,011,315	—	4,502,606	5,319,757	—	1,825,959	28,659,637
Special assessments	—	—	—	126,656	1,516,812	—	1,643,468
Licenses and permits	857,111	—	—	—	—	—	857,111
Use of money and property	32,256	—	5,112	22,194	41,275	439	101,276
Intergovernmental	682,912	3,712,524	—	74,025	386,949	30,951	4,887,361
Charges for services	3,618,859	—	—	—	—	—	3,618,859
Miscellaneous	369,656	—	—	43,159	694,197	57,319	1,164,331
Total revenues	22,572,109	3,712,524	4,507,718	5,585,791	2,639,233	1,914,668	40,932,043
<b>Expenditures</b>							
Current operating expenditures:							
Public safety	8,610,754	—	—	—	—	520,001	9,130,755
Public works	3,242,853	2,704,848	—	—	—	—	5,947,701
Culture and recreation	5,243,632	—	—	—	—	836,485	6,080,117
Community and economic development	1,361,754	—	1,745,948	—	—	—	3,107,702
General government	2,431,684	—	—	—	—	—	2,431,684
Capital outlay	—	—	—	—	12,277,796	—	12,277,796
Debt service:							
Principal	310,000	—	—	7,210,000	—	—	7,520,000
Interest	146,710	—	—	1,465,976	—	—	1,612,686
Total expenditures	21,347,387	2,704,848	1,745,948	8,675,976	12,277,796	1,356,486	48,108,441
Excess (deficiency) of revenues over (under) expenditures	1,224,722	1,007,676	2,761,770	(3,090,185)	(9,638,563)	558,182	(7,176,398)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	6,610,000	—	6,610,000
Refunding bond issuance	—	—	—	2,325,000	—	—	2,325,000
Premium/discount on bond issuance	—	—	—	44,201	69,685	—	113,886
Current refunding of general obligation debt	—	—	—	(2,330,000)	—	—	(2,330,000)
Transfers in	423,583	347,625	—	2,929,440	4,500	—	3,705,148
Transfers out	(4,500)	—	(2,825,415)	—	(451,650)	(423,583)	(3,705,148)
Total other financing sources (uses)	419,083	347,625	(2,825,415)	2,968,641	6,232,535	(423,583)	6,718,886
Net changes in fund balances	1,643,805	1,355,301	(63,645)	(121,544)	(3,406,028)	134,599	(457,512)
Fund balances at beginning of year	8,852,006	862,923	1,799,329	684,637	11,169,090	361,026	23,729,011
Fund balances at end of year	\$ 10,495,811	\$ 2,218,224	\$ 1,735,684	\$ 563,093	\$ 7,763,062	\$ 495,625	\$ 23,271,499

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, 2012

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

Net change in fund balances – governmental funds	\$	(457,512)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	\$	12,277,796
Depreciation expense		<u>(4,625,942)</u>
		7,651,854
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(706,249)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		484,375
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 \$(44,471) for vacation expense, \$(16,965) for sick leave expense, and \$110,934 for other postemployment benefits.		(49,498)
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.		9,850,000
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.		(9,010,836)
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.		7,764
Bond issuance costs and premiums/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.		(18,183)
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>(314,784)</u>
Change in net assets of governmental activities	\$	<u><u>7,436,931</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets –  
Proprietary Funds

June 30, 2012

	<u>Business-Type Activities - Non-Major Enterprise Fund</u>	<u>Governmental Activities</u>
<b>Assets</b>	<u>Storm Water Utility Fund</u>	<u>Internal Service Funds</u>
Current assets:		
Cash and pooled cash investments	\$ 399,716	8,722,773
Accounts receivable	—	44,740
Due from Component Unit	9,650	—
Total current assets	<u>409,366</u>	<u>8,767,513</u>
Noncurrent assets:		
Capital assets, net	—	2,886,417
Total noncurrent assets	<u>—</u>	<u>2,886,417</u>
Total assets	<u>\$ 409,366</u>	<u>11,653,930</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 8,860	279,088
Compensation and payroll taxes	3,464	—
Employee benefits	330	—
Compensated absences - current	10,659	—
Total current liabilities	<u>23,313</u>	<u>279,088</u>
Noncurrent liabilities:		
Compensated absences	5,894	—
Total noncurrent liabilities	<u>5,894</u>	<u>—</u>
Total liabilities	<u>\$ 29,207</u>	<u>279,088</u>
<b>Net Assets</b>		
Net assets:		
Invested in capital assets	\$ —	2,886,417
Unrestricted	380,159	8,488,425
Total net assets	<u>\$ 380,159</u>	<u>11,374,842</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, 2012

	<b>Business-Type</b>		<b>Governmental</b>	
	<b>Activities - Non-Major</b>			<b>Internal Service</b>
	<b>Enterprise Fund</b>			
	<b>Storm Water</b>	<b>Utility</b>		
	<b>Fund</b>			
	<hr/>		<hr/>	
Operating revenues:				
Charges for services	\$	597,750	3,306,978	
Other		—	958,572	
Total operating revenues		<hr/> 597,750	<hr/> 4,265,550	
Operating expenses:				
Insurance premiums and claims		—	3,534,128	
Data processing		—	415,686	
Storm water operations		295,295	—	
Depreciation		—	666,239	
Total operating expenses		<hr/> 295,295	<hr/> 4,616,053	
Operating income		<hr/> 302,455	<hr/> (350,503)	
Nonoperating revenues (expenses):				
Interest income		421	28,183	
Gain (loss) on sale of equipment		—	7,536	
Total nonoperating revenues (expenses)		<hr/> 421	<hr/> 35,719	
Change in net assets		302,876	(314,784)	
Net assets at beginning of year		77,283	11,689,626	
Net assets at end of year	\$	<hr/> <hr/> 380,159	<hr/> <hr/> 11,374,842	

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2012

	<b>Business-Type</b>		<b>Governmental</b>
	<b>Activities - Non-Major</b>		
	<b>Enterprise Fund</b>	<b>Internal Service</b>	
	<b>Storm Water</b>	<b>Utility</b>	<b>Funds</b>
	<b>Fund</b>		
Cash flows from operating activities:			
Receipts from customers and users	\$	595,249	4,266,518
Payments to employees		(211,708)	—
Payments to suppliers		(147,202)	(3,999,914)
Net cash provided by operating activities		<u>236,339</u>	<u>266,604</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets		—	(710,074)
Proceeds from sale of capital assets		—	7,536
Net cash used in capital and related financing activities		<u>—</u>	<u>(702,538)</u>
Cash flows from investing activities:			
Interest on investments		421	28,183
Net increase in cash and cash equivalents		<u>236,760</u>	<u>(407,751)</u>
Cash and cash equivalents at beginning of year		<u>162,956</u>	<u>9,130,524</u>
Cash and cash equivalents at end of year	\$	<u><u>399,716</u></u>	<u><u>8,722,773</u></u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$	302,455	(350,503)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		—	666,239
Change in due from customers		24,994	968
Change in accounts payable and accrued liability		(91,110)	(50,100)
Net cash provided by operating activities	\$	<u><u>236,339</u></u>	<u><u>266,604</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Fiduciary Net Assets

June 30, 2012

<b>Assets</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,241,455
Total assets	\$ <u>1,241,455</u>
<b>Liabilities</b>	
Liabilities:	
Due to component unit	\$ 7,362
Due to other governments	319,173
Deposits and remittances due	914,920
Total liabilities	\$ <u>1,241,455</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(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, 2012

**Government-wide Financial Statements** – The government-wide financial statements 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. 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, 2012

#### 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 in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2012 and unpaid taxes. 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 to the County Auditor by March 15 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 have been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. Delinquent property taxes are not material and are not recorded as receivables.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2011.

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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2012

operation of the City's general service departments, street and highway maintenance, public safety, sanitation, parks, library, and recreation programs, are accounted for in this fund.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 non-operating 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2012

*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.

*Storm Water Utility Fund* – an enterprise fund utilized to account for the operations and maintenance of the City's storm water program and improvements to the storm water system that are not funded through the Capital Projects fund.

#### **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.

*Escrow Fund* – an agency fund utilized to finance and account for refundable escrows from developers for capital improvement projects.

#### ***(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***

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

*Restricted* – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

*Assigned* – Amounts which the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. These amounts are designated by City Council through informal processes, such as by City policy.

*Unassigned* – All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(h) Components of Governmental Fund Balance**

As of June 30, 2012, fund balances are composed of the following:

	General	Debt Service	Capital Projects	Special Revenues	Total
<b>Nonspendable:</b>					
Inventory	13,877	-	-	196,673	210,550
Loan receivable	-	-	205,000	-	205,000
<b>Total nonspendable</b>	<u>13,877</u>	<u>-</u>	<u>205,000</u>	<u>196,673</u>	<u>415,550</u>
<b>Restricted for:</b>					
Debt service	-	563,093	-	1,735,684	2,298,777
Public works	-	-	-	2,021,551	2,021,551
Capital projects	-	-	6,342,111	-	6,342,111
Public safety retirement	-	-	-	7,188	7,188
Public safety	-	-	-	118,808	118,808
Cultural programs	-	-	-	369,629	369,629
<b>Total restricted</b>	<u>-</u>	<u>563,093</u>	<u>6,342,111</u>	<u>4,252,860</u>	<u>11,158,064</u>
<b>Assigned to:</b>					
Capital projects	-	-	1,215,951	-	1,215,951
Unassigned	10,481,934	-	-	-	10,481,934
<b>Total Fund Balances</b>	<u>10,495,811</u>	<u>563,093</u>	<u>7,763,062</u>	<u>4,449,533</u>	<u>23,271,499</u>

**(i) 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.

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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(j) Inventories**

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

**(k) 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.

**(l) 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

**(m) 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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

***(n) 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.

***(o) Compensated Absences***

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

***(p) Self-insurance***

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$40,000 per employee and \$1,935,809 in the aggregate for June 30, 2012. 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.

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

	<b>2012</b>	<b>2011</b>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 240,000	180,000
Incurred claims and claim adjustment expenses	2,107,357	2,038,969
Payments	(2,082,357)	(1,978,969)
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 265,000	240,000

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2012

#### (2) Cash and Pooled Cash Investments and Cash Equivalents

The City's and its Component Unit's deposits at June 30, 2012 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, 2012 are \$33,426,854. The City's agency funds had cash and pooled cash investments of \$1,241,455 at June 30, 2012.

Included in the City's cash equivalents total noted above, are investments in money market mutual funds totaling \$22,783,014 at June 30, 2012. 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.

At June 30, 2012 cash equivalents of the Component Unit include a money market account of \$1,292,632 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,337, 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 \$411,700 at June 30, 2012.

*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 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, 2012 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, currently \$30 million, on the amount that may be invested in any one approved depository institution. The City also has a diversification policy to reduce

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, or a specific class of securities.

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

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

**(3) Restricted Assets**

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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(4) Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2012 is as follows:

	<u>July 1, 2011</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,275,382	—	—	5,275,382
Construction in progress	4,812,026	10,315,197	7,587,539	7,539,684
Right of way	444,479	—	—	444,479
Total capital assets not being depreciated	<u>10,531,887</u>	<u>10,315,197</u>	<u>7,587,539</u>	<u>13,259,545</u>
Capital assets being depreciated:				
Equipment	11,011,191	1,126,124	573,531	11,563,784
Buildings	20,989,815	—	—	20,989,815
Improvements other than buildings	3,802,274	191,115	34,766	3,958,623
Artwork	286,768	11,007	—	297,775
Infrastructure	139,635,435	8,226,707	—	147,862,142
Share of undivided equity interest assets	847,603	—	19,454	828,149
Total capital assets being depreciated	<u>176,573,086</u>	<u>9,554,953</u>	<u>627,751</u>	<u>185,500,288</u>
Less accumulated depreciation for:				
Equipment	5,403,483	1,064,317	572,542	5,895,258
Buildings	4,717,288	447,315	—	5,164,603
Improvements other than buildings	1,209,324	282,637	34,766	1,457,195
Artwork	134,531	14,430	—	148,961
Infrastructure	32,171,178	3,418,493	—	35,589,671
Share of undivided equity interest assets	588,159	64,990	19,454	633,695
Total accumulated depreciation	<u>44,223,963</u>	<u>5,292,182</u>	<u>626,762</u>	<u>48,889,383</u>
Total capital assets, net	\$ <u>142,881,010</u>	<u>14,577,968</u>	<u>7,588,528</u>	<u>149,870,450</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

Depreciation expense of \$5,292,182 for the year ended June 30, 2012, was charged to the following governmental functions:

	<b>2012</b>
Public safety	\$ 687,973
Public works	3,812,724
Culture and recreation	627,656
Community and economic development	27,261
General government	136,568
Total depreciation expense	\$ 5,292,182

Capital asset activity for the Component Unit for the years ended June 30, 2012 is as follows:

	<b>2012</b>			
	<b>July 1, 2011 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 801,779	41,376	58,172	784,983
Buildings	1,181,173	—	—	1,181,173
Distribution system	27,254,946	508,197	8,120	27,755,023
Construction in progress	84,937	—	84,937	—
Total capital assets being depreciated	29,322,835	549,573	151,229	29,721,179
Less accumulated depreciation for:				
Equipment	562,519	69,569	58,172	573,916
Buildings	530,192	30,617	—	560,809
Distribution system	7,998,049	551,547	4,964	8,544,632
Total accumulated depreciation	9,090,760	651,733	63,136	9,679,357
Total capital assets, net	\$ 20,232,075	(102,160)	88,093	20,041,822

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(5) Long-Term Obligations**

**(a) General Obligation Bonds**

Details of general obligation bonds payable at June 30, 2012 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, 2012</u>
Street, park and public works	10/01/04	3.25 to 3.60	6/15	490,000 to 610,000	5,400,000	1,670,000
Housing/Urban Development	10/01/04	4.60 to 5.30	6/19	70,000 to 105,000	1,035,000	605,000
Street/Bridge	07/01/05	3.40	6/16	455,000 to 525,000	5,225,000	1,990,000
Street/Bridge	08/01/06	4.00 to 4.10	6/16	280,000 to 800,000	4,385,000	2,190,000
Streets	09/01/07	4.00	6/17	600,000 to 950,000	7,005,000	3,715,000
Streets, parks and trails	08/01/08	3.25 to 4.00	6/18	1,100,000 to 2,100,000	12,225,000	8,900,000
Refunding bond	05/01/09	1.60 to 2.30	6/14	585,000 to 650,000	4,770,000	1,235,000
Streets, parks, fire trails, and pool	11/01/09	2.25 to 4.63	6/21	200,000 to 700,000	6,570,000	5,320,000
Streets/Bridges parks/trails	10/01/10	2.00 to 3.00	6/22	335,000 to 1,000,000	8,535,000	7,135,000
Refunding bond	10/01/10	2.00 to 2.50	6/20	100,000 to 800,000	2,995,000	1,310,000
Streets/Bridges Parks/Trails	09/01/11	2.00 to 3.00	6/26	400,000 to 1,980,000	8,935,000	6,955,000
					<u>\$ 67,080,000</u>	<u>41,025,000</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, 2012, the restricted cash on the balance sheet includes \$25,151 in the Sinking Fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

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

In 2004, 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 \$115,000 to \$190,000 with interest rates from 3.50% to 4.45%. Total outstanding principal at June 30, 2012 was \$1,815,000, 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 \$90,000 to

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

\$130,000 with interest rates from 4.05% to 4.30%. Total outstanding principal at June 30, 2012 was \$990,000, 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 \$80,000 to \$120,000 with interest rates from 5.50% to 5.90%. This bond was fully paid in the current year. Total outstanding principal at June 30, 2012 is \$0. 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 3.80% to 4.15%. Total outstanding principal at June 30, 2012 was \$200,000, with the final payment due June 2020.

**(d) General Obligation Refunding Bonds**

In 2011, the City issued General Obligation bonds that included \$2,325,000 in for the current refunding of series 2003 General Obligation 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 was less than the net carrying amount of the old debt by \$5,000. 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 \$103,748 due to lower interest costs. The total difference in debt service between the issuances was \$104,455.

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2012 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation General Fund Capital Loan Notes	
	Principal	Interest	Principal	Interest
2013	\$ 6,215,000	1,307,166	230,000	122,280
2014	6,045,000	1,133,292	240,000	113,620
2015	5,445,000	950,403	255,000	104,576
2016	5,295,000	766,693	265,000	94,755
2017	4,375,000	582,757	275,000	84,400
2018-2022	12,050,000	1,188,462	1,370,000	245,298
2023-2026	1,600,000	114,400	370,000	24,832
	<u>\$ 41,025,000</u>	<u>6,043,173</u>	<u>3,005,000</u>	<u>789,761</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

The annual principal and interest requirements to maturity for the Component Unit's water revenue bonds at June 30, 2012 are as follows:

<b>Years Ending June 30,</b>	<b>Water Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2013	\$ 190,000	111,930
2014	200,000	104,520
2015	205,000	96,720
2016	215,000	88,725
2017	220,000	80,340
2018-2022	1,255,000	265,200
2023-2024	585,000	34,515
	<u>\$ 2,870,000</u>	<u>781,950</u>

At June 30, 2012 the full capital loan amount for the component unit was not yet disbursed. Principal and interest requirements to maturity for obligations based on the full amount of the loan at June 30, 2012 are as follows:

<b>Years Ending June 30,</b>	<b>Capital Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2013	\$ 50,000	38,700
2014	52,000	37,200
2015	53,000	35,640
2016	55,000	34,050
2017	57,000	32,400
2018-2022	315,000	135,150
2023-2027	368,000	84,810
2028-2031	340,000	25,890
	<u>\$ 1,290,000</u>	<u>423,840</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

Changes in long-term obligations for the years ended June 30, 2012 are as follows:

	2012				
	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
<b>Primary government:</b>					
General obligation bonds	\$ 41,595,000	8,935,000	9,505,000	41,025,000	6,215,000
General obligation General Fund capital loan notes	3,350,000	—	345,000	3,005,000	230,000
Other postemployment benefits	159,953	110,934	—	270,887	—
Compensated absences	790,528	16,367	77,803	729,092	729,092
	<u>\$ 45,895,481</u>	<u>9,062,301</u>	<u>9,927,803</u>	<u>45,029,979</u>	<u>7,174,092</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 16,491	62	—	16,553	10,659
<b>Component unit:</b>					
Water revenue bonds	\$ 3,055,000	—	185,000	2,870,000	190,000
Capital loan note	884,651	430,345	49,000	1,265,996	50,000
Other postemployment benefits	29,730	13,198	—	42,928	—
Compensated absences	151,250	44,887	—	196,137	86,136
	<u>\$ 4,120,631</u>	<u>488,430</u>	<u>234,000</u>	<u>4,375,061</u>	<u>326,136</u>

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

2010 Actual value of Property (unaudited)	\$ 3,999,995,593
Debt limit - 5% of assessed valuation	\$ 199,999,780
Amount of debt applicable to debt limit:	
General obligation General Fund capital loan notes	(3,005,000)
General obligation bonds	(41,025,000)
Legal debt margin	<u>\$ 155,969,780</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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

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

**(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. For MFPRS, The City's contribution rate cannot be less than 17%.

The contribution rates for plan members and the City in years ended June 30, 2012, 2011, and 2010 under the two plans is as follows:

	Plan Member Contributions			City Contributions		
	2012	2011	2010	2012	2011	2010
IPERS –						
Basic	5.38%	4.50%	4.30%	8.07%	6.95%	6.65%
Fire	6.65%	6.64%	6.14%	9.97%	9.95%	9.20%
MFPRS	9.40%	9.40%	9.40%	24.76%	19.90%	17.00%

The City's contributions to MFPRS and IPERS for the years ended June 30, 2012, 2011, and 2010 were equal to the required contributions for each year as follows:

	2012	2011	2010
IPERS	\$ 664,216	535,140	493,839
MFPRS	1,130,266	792,776	602,396

The Component Unit's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$97,865, \$75,512, and \$69,343, 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 \$30,023 the year

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

ended June 30, 2012. The Water Utility's employees made contributions to the plan of \$50,038 for the year ended June 30, 2012.

**(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.

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 year ended June 30, 2012:

	<b>2012</b>
Annual required contribution	\$ 102,730
Interest on net OPEB obligation	5,794
Adjustment to annual required contribution	(6,904)
Annual OPEB cost	101,620
Contributions made, net of retiree contributions	9,314
Increase in net OPEB obligation	110,934
Net OPEB obligation beginning of year	159,953
Net OPEB obligation end of year	\$ 270,887

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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, 2011.

For the year ended June 30, 2012, the City contributed \$37,746 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$47,059, or 124.6% 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, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 101,620	-9.17%	\$ 270,887
June 30, 2011	\$ 105,272	33.35%	\$ 159,953
June 30, 2010	\$ 94,615	57.93%	\$ 89,796

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$711,392, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$711,392. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,595,000 and the ratio of the UAAL to covered payroll was 7.4% as of June 30, 2012. As of June 30, 2012, 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, 2010 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2012

#### **(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.

#### **(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). The Association is a local government risk-sharing pool whose approximately 500 members include various municipal and county governments throughout the State of Iowa. The Association was formed in July, 1981 to formulate, develop and administer, on behalf of the member governments, a program of joint self-insurance to stabilize costs related to members' workers' compensation liabilities. 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. Program components include claims management, member education and loss control services. There have been no reductions in insurance coverage from prior years.

Each member pays annual premiums determined by using applicable standard rates for the exposure to risk and applicable experience modification factors of the National Council on Compensation Insurance. Each member may be subject to additional premiums to pay its pro rata share of claims which exceeds the Association's resources available to pay such claims. A distribution to members may also be made if the Association has excess monies remaining after payment of claims and expenses. The Association uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. Claims exceeding \$750,000 are reinsured in an amount not to exceed \$2,000,000 per occurrence. Members may withdraw from the Association at any time provided they provide assets for settlement of all pending claims.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2012

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Association for the year ended June 30, 2012 were \$434,920.

#### **(b) Iowa Communities Assurance Pool**

The City is a member of 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 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% 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, 2012 were \$349,708.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

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have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the City's financial statements. As of June 30, 2012, 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 casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**(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 \$502,977 and has an undivided interest in assets of the operation, net of depreciation, totaling \$633,695 as of June 30, 2012. 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, 2012, the following construction and purchase commitments had been made:

Project	2012	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 20,052,061	8,319,672
General Fund	245,559	189,685
Enterprise Fund - Storm Water Utility	276,689	1,389
Special revenue fund – Road Use Tax	469,249	48,711
Total	\$ 21,043,558	8,559,457

**(c) 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 the year ended June 30, 2012.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

**(d) Des Moines Water Works (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, 2012 to contribute to Water Works \$14,211,468, 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>
2013	\$ 1,130,271	546,968
2014	1,168,321	506,926
2015	1,208,142	465,529
2016	1,253,622	422,641
2017	1,289,445	380,269
2018-2022	3,063,750	1,375,489
2023-2027	5,097,917	474,326
	<u>\$ 14,211,468</u>	<u>4,172,148</u>

**(e) 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.

**(f) Loan Guarantees**

The City is providing loan guarantees for the Urbandale Sports Association, the Urbandale Girls Recreation Association, and the Urbandale Little League, which approximated \$511,200 at June 30, 2012.

**(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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2012

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, 2012, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$7,120,419.

**(11) Subsequent Events**

In September 2012, the City issued \$9,765,000 in general obligation bonds to be used primarily for street improvement projects and park improvements.

**(12) Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2012:

	<u>2012</u>
Transfer to General fund from:	
Nonmajor governmental funds	423,583
Total transfers to General Fund	<u>423,583</u>
Transfer to Capital projects fund from:	
General fund	4,500
Total transfers to Capital Projects fund	<u>4,500</u>
Transfer to Debt Service fund from:	
TIF fund	\$ 2,825,415
Capital projects fund	104,025
Total transfer to Debt Service fund	<u>2,929,440</u>
Transfer to Road Use fund from:	
Capital projects fund	\$ 347,625
Total transfer to Debt Service fund	<u>347,625</u>
	<u>\$ 3,705,148</u>

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 and Business-type Funds

Year Ended June 30, 2012

	Governmental	Enterprise	Total	Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual		Original	Final	Variance
Revenues:						
Property tax	\$ 21,935,647	-	21,935,647	22,003,271	22,003,271	(67,624)
Tax increment financing	4,518,935	-	4,518,935	4,619,909	4,619,909	(100,974)
Other city tax	2,247,239	-	2,247,239	2,083,494	2,083,494	163,745
Licenses and permits	863,719	-	863,719	716,198	740,798	122,921
Use of money and property	97,540	421	97,961	172,025	172,025	(74,064)
Intergovernmental	4,794,852	-	4,794,852	5,907,197	6,174,197	(1,379,345)
Charges for services	3,603,843	595,249	4,199,092	3,970,011	4,070,011	129,081
Special assessments	1,644,686	-	1,644,686	1,121,000	1,121,000	523,686
Miscellaneous	1,270,261	-	1,270,261	696,200	752,800	517,461
Total receipts	<u>40,976,722</u>	<u>595,670</u>	<u>41,572,392</u>	<u>41,289,305</u>	<u>41,737,505</u>	<u>(165,113)</u>
Expenditures:						
Public safety	9,327,860	-	9,327,860	9,480,242	10,319,242	991,382
Public works	6,428,916	-	6,428,916	6,511,979	6,613,979	185,063
Culture and recreation	6,244,352	-	6,244,352	6,179,681	6,259,281	14,929
Community and economic development	3,244,142	-	3,244,142	3,286,250	3,370,850	126,708
General government	2,482,330	-	2,482,330	2,590,602	2,590,602	108,272
Debt Service	11,462,686	-	11,462,686	9,210,001	11,567,427	104,741
Capital projects	10,966,749	-	10,966,749	13,485,700	13,485,700	2,518,951
Total disbursements	<u>50,157,035</u>	<u>-</u>	<u>50,157,035</u>	<u>50,744,455</u>	<u>54,207,081</u>	<u>4,050,046</u>
Business-type activities	-	358,910	358,910	368,652	368,652	9,742
Total all disbursements	<u>50,157,035</u>	<u>358,910</u>	<u>50,515,945</u>	<u>51,113,107</u>	<u>54,575,733</u>	<u>4,059,788</u>
Excess (deficiency) of revenues over (under) expenditures	(9,180,313)	236,760	(8,943,553)	(9,823,802)	(12,838,228)	(3,894,675)
Other financing sources, net	9,048,886	-	9,048,886	6,499,600	8,857,026	(191,860)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(131,427)	236,760	105,333	(3,324,202)	(3,981,202)	(4,086,535)
Fund balances at beginning of year	24,435,824	162,956	24,598,780	23,540,089	23,540,089	(1,058,691)
Fund balances at end of year	<u>\$ 24,304,397</u>	<u>399,716</u>	<u>24,704,113</u>	<u>20,215,887</u>	<u>19,558,887</u>	<u>(5,145,226)</u>

	Governmental Funds			Enterprise Fund		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Full Accrual Basis
Revenues	\$ 40,976,722	(44,679)	40,932,043	13,808,848	(13,210,677)	598,171
Expenditures/expenses	50,157,035	(2,048,594)	48,108,441	13,745,084	(13,449,789)	295,295
Net	(9,180,313)	2,003,915	(7,176,398)	63,764	239,112	302,876
Other financing sources, net	9,048,886	(2,330,000)	6,718,886	-	-	-
Beginning fund balances/net assets	24,435,824	(706,813)	23,729,011	1,824,269	(1,746,986)	77,283
Ending fund balances/net assets	<u>\$ 24,304,397</u>	<u>(1,032,898)</u>	<u>23,271,499</u>	<u>1,888,033</u>	<u>(1,507,874)</u>	<u>380,159</u>

See accompanying notes to required supplementary information.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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 year ending June 30, 2012 was amended during the year to allow the City to increase program expenditures by \$3,755,026 and increased program revenues by \$3,098,026. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Component Unit were \$13,745,084 compared to a legal budget of \$14,603,752 for the year ended June 30, 2012.

**CITY OF URBANDALE, IOWA**  
 Required Supplementary Information  
 Schedule of Funding Progress for the Retiree Health Plan  
 June 30, 2012

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2008	\$ -	\$ 1,132,839	\$ 1,132,839	0.00%	\$ 8,564,000	13.23%
2011	July 1, 2010	\$ -	\$ 711,392	\$ 711,392	0.00%	\$ 9,506,000	7.48%
2012	July 1, 2010	\$ -	\$ 711,392	\$ 711,392	0.00%	\$ 9,595,000	7.41%

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.

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

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

*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.

*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.

*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, 2012

	Hotel/Motel	Police and Fire Retirement	Memorial Tree Park	Fire Donation	Fire Equipment	Evidence and Forfeited Property
<b>Assets</b>						
Cash and pooled cash investments	\$ 333,664	5,056	—	10,627	2,048	21,832
Taxes receivable:						
Current	418,423	2,132	—	—	—	—
Succeeding year	—	677,300	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Total assets	\$ 752,087	684,488	—	10,627	2,048	21,832
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ —	—	—	—	—	—
Deferred revenue	418,423	—	—	—	—	—
Deferred revenue for succeeding year	—	677,300	—	—	—	—
Total liabilities	418,423	677,300	—	—	—	—
<b>Fund balances:</b>						
Restricted	333,664	7,188	—	10,627	2,048	21,832
Total fund balances	333,664	7,188	—	10,627	2,048	21,832
Total liabilities and fund balances	\$ 752,087	684,488	—	10,627	2,048	21,832

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information  
Nonmajor Governmental Funds

June 30, 2012

	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Alcohol Inspection	Total
<b>Assets</b>						
Cash and pooled cash investments	\$ 67,993	4,468	8,656	43,122	3,036	500,502
Taxes receivable:						
Current	—	—	—	—	—	420,555
Succeeding year	—	—	—	—	—	677,300
Due from Other Governments	945	329	50	—	—	1,324
Total assets	\$ 68,938	4,797	8,706	43,122	3,036	1,599,681
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	—	1,176	—	7,157	—	8,333
Deferred revenue	—	—	—	—	—	418,423
Deferred revenue for succeeding year	—	—	—	—	—	677,300
Total liabilities	—	1,176	—	7,157	—	1,104,056
<b>Fund balances:</b>						
Restricted	68,938	3,621	8,706	35,965	3,036	495,625
Total fund balances	68,938	3,621	8,706	35,965	3,036	495,625
Total liabilities and fund balances	\$ 68,938	4,797	8,706	43,122	3,036	1,599,681

**CITY OF URBAN DALE, IOWA**

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

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Hotel Motel	Police and Fire Retirement	Memorial Tree Park	Fire Donation	Fire Equipment	Evidence and Forfeited Property
<b>Revenues</b>						
Taxes	\$ 1,354,015	471,944	—	—	—	—
Use of money and property	—	18	4	38	6	45
Intergovernmental	—	—	—	—	—	—
Miscellaneous	—	—	—	1,765	—	11,861
Total revenues	1,354,015	471,962	4	1,803	6	11,906
<b>Expenditures</b>						
Current operating expenditures						
Public safety	—	466,121	—	8,391	—	3,062
Culture and recreation	795,231	—	4,181	—	—	—
Total expenditures	795,231	466,121	4,181	8,391	—	3,062
Excess (deficiency) of revenues over (under) expenditures	558,784	5,841	(4,177)	(6,588)	6	8,844
Transfers out	(422,500)	—	—	—	—	(1,083)
Total transfers	(422,500)	—	—	—	—	(1,083)
Net changes in fund balances	136,284	5,841	(4,177)	(6,588)	6	7,761
Fund balances - beginning	197,380	1,347	4,177	17,215	2,042	14,071
Fund balances - ending	\$ 333,664	7,188	—	10,627	2,048	21,832

**CITY OF URBANDALE, IOWA**

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

Nonmajor Governmental Funds  
Year Ended June 30, 2012

	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Alcohol Inspection	Total
<b>Revenues</b>						
Taxes	—	—	—	—	—	1,825,959
Use of money and property	233	—	25	61	9	439
Intergovernmental	18,601	—	1,150	11,000	200	30,951
Miscellaneous	—	4,181	—	39,512	—	57,319
Total revenues	18,834	4,181	1,175	50,573	209	1,914,668
<b>Expenditures</b>						
Current operating expenditures	37,885	4,392	150	—	—	520,001
Public safety	—	—	—	37,073	—	836,485
Culture and recreation	37,885	4,392	150	37,073	—	1,356,486
Total expenditures	(19,051)	(211)	1,025	13,500	209	558,182
Excess (deficiency) of revenues over (under) expenditures	—	—	—	—	—	(423,583)
Transfers out	—	—	—	—	—	(423,583)
Total transfers	—	—	—	—	—	—
Net changes in fund balances	(19,051)	(211)	1,025	13,500	209	134,599
Fund balances - beginning, as restated	87,989	3,832	7,681	22,465	2,827	361,026
Fund balances - ending	68,938	3,621	8,706	35,965	3,036	495,625

**CITY OF URBAN DALE, IOWA**  
Combining Statement of Net Assets –  
Proprietary Funds  
June 30, 2012

<b>Assets</b>	<b>General Liability</b>	<b>Equipment Replacement</b>	<b>Technology</b>	<b>Risk Management</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:					
Cash and pooled cash investments	\$ 436,613	3,437,843	433,650	4,414,667	8,722,773
Accounts receivable	—	—	2,718	42,022	44,740
Capital assets, net	—	2,886,417	—	—	2,886,417
Total assets	<u>436,613</u>	<u>6,324,260</u>	<u>436,368</u>	<u>4,456,689</u>	<u>11,653,930</u>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	721	—	2,342	276,025	279,088
Total liabilities	<u>721</u>	<u>—</u>	<u>2,342</u>	<u>276,025</u>	<u>279,088</u>
Net assets:					
Invested in capital assets	—	2,886,417	—	—	2,886,417
Unrestricted	435,892	3,437,843	434,026	4,180,664	8,488,425
Total net assets	<u>\$ 435,892</u>	<u>6,324,260</u>	<u>434,026</u>	<u>4,180,664</u>	<u>11,374,842</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Revenues, Expenses, and Changes in  
Net Assets – Proprietary Funds  
Year Ended June 30, 2012

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 660,000	861,976	185,000	1,600,002	3,306,978
Other	83,113	1,775	22,228	851,456	958,572
Total operating revenues	<u>743,113</u>	<u>863,751</u>	<u>207,228</u>	<u>2,451,458</u>	<u>4,265,550</u>
Operating expenses:					
Insurance premiums and claims	843,189	—	—	2,690,939	3,534,128
Data processing	—	—	415,686	—	415,686
Depreciation	—	666,239	—	—	666,239
Total operating expenses	<u>843,189</u>	<u>666,239</u>	<u>415,686</u>	<u>2,690,939</u>	<u>4,616,053</u>
Operating income (loss)	<u>(100,076)</u>	<u>197,512</u>	<u>(208,458)</u>	<u>(239,481)</u>	<u>(350,503)</u>
Nonoperating revenues (expenses):					
Interest income	987	10,911	1,274	15,011	28,183
Gain (loss) on sale of equipment	—	7,536	—	—	7,536
Total nonoperating revenues (expenses)	<u>987</u>	<u>18,447</u>	<u>1,274</u>	<u>15,011</u>	<u>35,719</u>
Change in net assets	<u>(99,089)</u>	<u>215,959</u>	<u>(207,184)</u>	<u>(224,470)</u>	<u>(314,784)</u>
Net assets at beginning of year	534,981	6,108,301	641,210	4,405,134	11,689,626
Net assets at end of year	<u>\$ 435,892</u>	<u>6,324,260</u>	<u>434,026</u>	<u>4,180,664</u>	<u>11,374,842</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Cash Flows –  
Proprietary Funds  
Year Ended June 30, 2012

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 749,130	863,751	209,569	2,444,068	4,266,518
Payments to suppliers	(842,468)	—	(494,320)	(2,663,126)	(3,999,914)
Net cash (used in) provided by operating activities	<u>(93,338)</u>	<u>863,751</u>	<u>(284,751)</u>	<u>(219,058)</u>	<u>266,604</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(710,074)	—	—	(710,074)
Proceeds from sale of capital assets	—	7,536	—	—	7,536
Net cash used in capital and related financing activities	<u>—</u>	<u>(702,538)</u>	<u>—</u>	<u>—</u>	<u>(702,538)</u>
Cash flows from investing activities:					
Interest on investments	987	10,911	1,274	15,011	28,183
Net (decrease) increase in cash and cash equivalents	<u>(92,351)</u>	<u>172,124</u>	<u>(283,477)</u>	<u>(204,047)</u>	<u>(407,751)</u>
Cash and cash equivalents at beginning of year	528,964	3,265,719	717,127	4,618,714	9,130,524
Cash and cash equivalents at end of year	<u>\$ 436,613</u>	<u>3,437,843</u>	<u>433,650</u>	<u>4,414,667</u>	<u>8,722,773</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (100,076)	197,512	(208,458)	(239,481)	(350,503)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	—	666,239	—	—	666,239
Change in due from customers	6,017	—	2,341	(7,390)	968
Change in accounts payable	721	—	(78,634)	27,813	(50,100)
Net cash (used in) provided by operating activities	<u>\$ (93,338)</u>	<u>863,751</u>	<u>(284,751)</u>	<u>(219,058)</u>	<u>266,604</u>

**CITY OF URBANDALE, IOWA**  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2012

Schedule 6

	<b>Agency Funds</b>			
<b>Assets</b>	<b>Collections and Deposits</b>	<b>Escrow Fund</b>	<b>Revolving Loan</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 198,911	854,216	188,328	1,241,455
Total assets	\$ 198,911	854,216	188,328	1,241,455
<b>Liabilities</b>				
Liabilities:				
Due to component unit	\$ 7,362	—	—	7,362
Due to other governments	130,845	—	188,328	319,173
Deposits and remittances due	60,704	854,216	—	914,920
Total liabilities	\$ 198,911	854,216	188,328	1,241,455

**CITY OF URBANDALE, IOWA**  
Combining Statement of Changes in Assets  
and Liabilities – Agency Funds  
Year Ended June 30, 2012

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2012</b>
<b>Collections and Deposits Fund</b>				
Assets:				
Cash and Pooled Cash Investments	1,059,599	488,766	1,349,454	198,911
	\$ 1,059,599	488,766	1,349,454	198,911
Liabilities:				
Due to Component Unit	\$ 13,855	94,485	100,978	7,362
Due to Other Governments	149,094	132,473	150,722	130,845
Deposits and Remittances Due	896,650	261,808	1,097,754	60,704
	\$ 1,059,599	488,766	1,349,454	198,911
<b>Escrow Fund</b>				
Assets:				
Cash and Pooled Cash Investments	\$ 866,315	—	12,099	854,216
Liabilities:				
Deposits and Remittances Due	\$ 866,315	—	12,099	854,216
<b>Revolving Loan Fund</b>				
Assets:				
Cash and Pooled Cash Investments	\$ 201,978	1,350	15,000	188,328
Liabilities:				
Due to Other Governments	\$ 201,978	1,350	15,000	188,328
Total agency funds assets	\$ 2,127,892	490,116	1,376,553	1,241,455
Total agency funds liabilities	\$ 2,127,892	490,116	1,376,553	1,241,455

**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 Ten Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	8,823,407	9,244,524
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	10,051,485	11,504,121
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	6,508,690	6,631,394
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	3,038,267	3,126,449
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	2,466,342	2,842,395
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	1,703,156	1,623,105
Total governmental activities expenses	\$ 19,649,282	\$ 22,014,063	\$ 23,407,281	\$ 26,956,654	\$ 25,232,521	\$ 27,836,816	\$ 28,327,577	\$ 30,730,334	\$ 32,591,347	\$ 34,971,988
Business-type activities:										
Storm Water Utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	451,339	295,295
Total primary government expenses	\$ 19,649,282	\$ 22,014,063	\$ 23,407,281	\$ 26,956,654	\$ 25,232,521	\$ 27,836,816	\$ 28,327,577	\$ 30,730,334	\$ 33,042,686	\$ 35,267,283
<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	854,143	934,695
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	2,724,097	2,569,959
Culture and recreation	564,766	584,691	562,110	638,135	573,022	595,242	683,512	757,723	750,178	832,949
Community and economic development	818,110	1,275,846	1,152,026	1,237,983	893,678	664,109	492,701	780,839	495,454	705,479
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	4,406,337	4,565,604
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	2,402,438	3,767,023
Total governmental activities program revenue:	\$ 7,379,872	\$ 15,269,912	\$ 12,328,273	\$ 15,183,787	\$ 12,580,681	\$ 9,451,712	\$ 9,693,717	\$ 12,037,777	\$ 11,632,647	\$ 13,375,709
Business-type activities:										
Storm Water Utility:										
Charges for services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	501,127	597,750
Operating grants and contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,495	-
Total business-type activities revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	528,622	597,750
Total primary government revenues	\$ 7,379,872	\$ 15,269,912	\$ 12,328,273	\$ 15,183,787	\$ 12,580,681	\$ 9,451,712	\$ 9,693,717	\$ 12,037,777	\$ 12,161,269	\$ 13,973,459
Net primary government (expense)/revenue	\$ (12,269,410)	\$ (6,744,151)	\$ (11,079,008)	\$ (11,772,867)	\$ (12,651,840)	\$ (18,385,104)	\$ (18,633,860)	\$ (18,692,557)	\$ (20,881,417)	\$ (21,293,824)
<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	21,048,199	21,899,812
Tax increment financing district tax	1,256,723	1,134,596	3,451,749	2,747,565	3,510,146	2,855,582	4,400,172	3,369,190	3,912,690	4,502,606
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	1,277,102	1,418,700
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	311,755	312,006
Utility excise tax	542,847	585,285	563,766	545,167	549,396	545,418	555,947	568,203	539,895	591,200
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	197,978	129,415
Miscellaneous	166,901	327,918	258,526	541,895	197,208	184,446	359,364	1,025,743	99,506	179,892
Total governmental activities	\$ 15,664,350	\$ 16,437,710	\$ 19,781,627	\$ 20,816,395	\$ 23,307,730	\$ 24,242,545	\$ 26,332,551	\$ 26,907,517	\$ 27,387,125	\$ 29,033,631
Change in Net Assets	\$ 3,394,940	\$ 9,693,559	\$ 8,702,619	\$ 9,043,528	\$ 10,655,890	\$ 5,857,441	\$ 7,698,691	\$ 8,214,960	\$ 6,505,708	\$ 7,739,807

CITY OF URBAN DALE, IOWA

Table II

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

Fiscal Year	Property Tax	TIF Tax	Hotel Motel Tax	Property Tax Replacement	Franchise Tax	Utility Excise Tax	Sales Tax	Total
2003	11,982,163	1,256,723	808,198	336,937	268,430	542,847	24,967	15,220,265
2004	12,999,952	1,134,596	797,323	-	291,212	585,285	6,067	15,814,435
2005	13,566,423	3,451,749	1,050,706	-	280,546	563,766	-	18,913,190
2006	14,677,676	2,747,565	1,051,441	-	253,319	545,167	-	19,275,168
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274
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
2011	21,048,199	3,912,690	1,277,102	-	311,755	539,895	-	27,089,641
2012	21,899,812	4,502,606	1,418,700	-	312,006	591,200	-	28,724,324

CITY OF URBAN DALE, IOWA

Table III

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	98,056,010	105,840,450
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	12,393,039	11,354,737
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	21,651,861	22,342,654
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	132,100,910	139,537,841
Business-type activities:										
Unrestricted	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77,283	380,159
Primary government:										
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	98,056,010	105,840,450
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	12,393,039	11,354,737
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	21,729,144	22,722,813
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	132,178,193	139,918,000

CITY OF URBANDALE, IOWA

Table IV

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	9,427	8,064	3,183	39,691	22,321	22,138	38,615	24,286	N/A	N/A
Unreserved	3,955,165	5,129,821	5,719,813	5,888,802	6,643,233	6,651,223	7,267,746	8,121,932	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,580	13,877
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,840,426	10,481,934
Total general fund	\$ 3,964,592	\$ 5,137,885	\$ 5,722,996	\$ 5,928,493	\$ 6,665,554	\$ 6,673,361	\$ 7,306,361	\$ 8,146,218	\$ 8,852,006	\$ 10,495,811
All other governmental funds										
Reserved	2,196,110	4,307,679	7,763,252	4,384,598	7,589,796	8,181,975	4,207,685	7,662,953	N/A	N/A
Unreserved, reported in:										
Special revenue funds	2,015,739	1,690,187	2,450,607	3,198,600	-	2,228,338	4,693,953	4,001,037	N/A	N/A
Capital projects funds	N/A	N/A	N/A	861,478	3,429,651	-	3,484,939	919,628	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	431,915	401,673
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,918,903	11,158,064
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,526,187	1,215,951
Total all other governmental funds	\$ 4,211,849	\$ 5,997,866	\$ 10,213,859	\$ 8,444,676	\$ 11,019,447	\$ 10,410,313	\$ 12,386,577	\$ 12,583,618	\$ 14,877,005	\$ 12,775,688

Note: In 2011, the City implemented new accounting presentations under GASB Statement No. 54, balance. Fund Balance Reporting and Governmental Fund Type Definitions, which requires new presentation of fund balances.

CITY OF URBANDALE, IOWA

Table V

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Taxes	\$ 14,833,002	15,724,975	18,843,072	19,282,212	21,713,917	22,771,437	25,258,592	25,515,528	27,068,725	28,659,637
Special assessments	47,527	129,326	71,363	174,960	262,161	173,738	282,796	1,763,620	425,305	1,643,468
Licenses and permits	973,578	1,484,081	1,227,938	1,046,638	929,211	805,474	588,471	520,744	590,584	857,111
Use of money and property	205,884	238,116	504,228	772,861	1,091,181	974,052	579,292	220,898	159,598	101,276
Intergovernmental	3,000,788	3,501,073	3,231,391	4,618,523	4,049,014	4,165,488	4,996,472	4,258,723	6,180,149	4,887,361
Charges for services	1,131,085	1,686,028	2,217,100	2,282,337	2,419,323	2,473,369	3,067,070	3,272,348	3,404,728	3,618,859
Miscellaneous	722,199	649,467	2,385,991	1,477,583	849,263	836,896	628,722	1,730,712	1,610,229	1,164,331
Total revenues	\$ 20,914,063	23,413,066	28,481,083	29,655,114	31,314,070	32,200,454	35,401,415	37,282,573	39,439,318	40,932,043
<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	9,059,928	9,130,755
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	6,171,697	5,947,701
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	6,052,003	6,080,117
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	3,038,784	3,107,702
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	2,400,295	2,431,684
Capital outlay	8,784,258	6,033,584	9,235,719	10,569,539	7,234,283	10,334,941	13,956,833	9,661,236	9,004,108	12,277,796
Debt service										
Principal	2,533,340	3,089,040	3,770,000	4,420,000	5,045,000	5,775,000	6,055,000	6,465,000	6,995,000	7,520,000
Interest	1,099,946	1,210,848	1,342,540	1,473,147	1,524,499	1,638,625	1,830,231	1,643,386	1,672,427	1,612,686
Total expenditures	\$ 28,274,333	27,481,704	32,701,902	36,443,800	34,372,238	40,106,781	45,062,151	42,748,683	44,394,242	48,108,441
Excess of revenues over (under) expenditures	\$ (7,360,270)	(4,068,638)	(4,220,819)	(6,788,686)	(3,058,168)	(7,906,327)	(9,660,736)	(5,466,110)	(4,954,924)	(7,176,398)
<b>Other financing sources (uses):</b>										
Transfers in	\$ 1,440,084	1,473,523	4,959,765	4,224,262	4,755,032	6,522,967	4,094,561	2,895,290	2,850,448	3,705,148
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)	(2,850,448)	(3,705,148)
General obligation bond and loan proceeds	5,696,362	7,155,000	9,091,262	5,225,000	6,370,000	7,305,000	12,225,000	6,570,000	8,535,000	6,610,000
Refunding bond issuance	-	-	-	-	-	-	4,770,000	-	2,955,000	2,325,000
Current refunding of general obligation debt	-	-	-	-	-	-	(4,725,000)	-	(2,925,000)	(2,330,000)
Discounts on bonds	-	(27,052)	(69,339)	-	-	-	-	(66,992)	111,238	113,886
Total other financing sources (uses)	\$ 5,771,973	7,027,948	9,021,923	5,225,000	6,370,000	7,305,000	12,270,000	6,503,008	8,676,238	6,718,886
Net change in fund balances	(1,588,297)	2,959,310	4,801,104	(1,563,686)	3,311,832	(601,327)	2,609,264	1,036,898	3,721,314	(457,512)
Debt service as a percentage of expenditures, net of capital outlay	18.64%	20.05%	21.79%	22.78%	24.21%	24.90%	25.35%	24.51%	24.49%	25.49%

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 Replacement Tax	Franchise Tax	Utility Excise Tax	Sales Tax	Total
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	17,933,587	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
2011	21,048,199	3,912,690	1,256,186	-	311,755	539,895	-	27,068,725
2012	21,899,812	4,502,606	1,354,015	-	312,005	591,199	-	28,659,637

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		Commercial Property	Personal Property	Motor Vehicles**	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	Property									
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	753,509,944	-	-	79,125,577	-	2,926,896,997	9.070	1,841,892,936	158.91%
2007 *	2,177,142,609	820,529,520	845,255,940	-	-	84,049,627	-	3,014,702,180	9.074	1,862,794,051	161.84%
2008 *	2,421,283,590	875,536,520	901,211,090	-	-	79,788,938	-	3,321,602,048	9.220	1,936,887,271	171.49%
2009 *	2,591,242,390	845,255,940	875,536,520	-	-	74,752,539	-	3,511,250,869	9.220	2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	901,211,090	-	-	86,825,196	-	3,755,561,186	9.320	2,174,306,380	172.72%
2011 *	2,820,955,730	882,669,790	882,669,790	-	-	88,502,951	-	3,810,669,771	9.520	2,243,885,770	169.82%
2012 *	2,852,687,450	882,669,790	882,669,790	-	-	91,300,257	-	3,826,657,497	9.520	2,283,349,399	167.59%

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, 2012

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 61,222,812	1	1.600%	\$ 65,347,026	1	2.994%
Aurora Business Park Assoc.	43,170,100	2	1.128%	35,952,550	2	1.647%
Marsh I LLC	26,760,000	3	0.699%			0.000%
Homemakers Plaza, Inc.	25,954,720	4	0.678%			0.000%
Deerfield Retirement Community	22,143,010	5	0.579%			0.000%
Park Avenue Partners	18,318,000	6	0.479%			0.000%
City I LLC	18,100,000	7	0.473%			0.000%
Nottingham Square Apartments	17,579,100	8	0.459%	16,020,480	4	0.734%
Berkley Holdings Corp.	17,474,600	9	0.457%			0.000%
Ladco Properties	15,720,000	10	0.411%			0.000%
Merle Hay Mall, Ltd.				20,368,530	3	0.933%
G.K. Poperties				13,675,630	5	0.627%
Anderson Properties				13,257,550	6	0.607%
Mark Anderson Properties				13,014,880	7	0.596%
112 Street LC				12,273,140	8	0.562%
Target Corp				11,961,460	9	0.548%
Interstate Business Park				11,812,508	10	0.541%

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 Fiscal Year for Prior Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	12,534,941	12,525,011	* 99.92%	N/A **	12,525,011	99.92%
2004	13,590,679	13,585,237	* 99.96%	N/A **	13,585,237	99.96%
2005	14,169,913	14,130,189	* 99.72%	N/A **	14,130,189	99.72%
2006	15,262,673	15,178,150	* 99.45%	N/A **	15,178,150	99.45%
2007	16,938,918	16,904,726	* 99.80%	N/A **	16,904,726	99.80%
2008	18,562,815	18,438,188	* 99.33%	N/A **	18,438,188	99.33%
2009	19,349,838	19,204,169	* 99.25%	N/A **	19,204,169	99.25%
2010	20,784,813	20,813,219	* 100.14%	N/A **	20,813,219	100.14%
2011	21,672,527	21,658,532	* 99.94%	N/A **	21,658,532	99.94%
2012	22,603,764	22,514,294	* 99.60%	N/A **	22,514,294	99.60%

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 include all cash basis property taxes, including delinquent taxes related to prior years, which may result in over 100% collection of levied tax.

\*\* Collections for delinquencies are not available from the County by the year levied. Delinquencies are recorded in the fiscal year collected.

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
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%	250,288	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
2011	41,595,000	-	3,350,000	44,945,000	1,138.91	0.207%	684,637	44,260,363	2.04%	1,121.57
2012	41,025,000	-	3,005,000	44,030,000	1,115.73	0.212%	565,093	43,464,907	1.90%	1,101.46

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	Police & Fire Retirement Millage	Total City Millage	Urban School District	Counties and Assessors	Transit	Community College		Urban Sanitary Sewer	State of Iowa
2003	6.920	2.050	0.000	8.970	13.439	9.722	0.000	0.546	0.417	0.004	33.098
2004	7.020	2.050	0.000	9.070	12.963	9.762	0.000	0.582	0.425	0.004	32.806
2005	7.022	2.051	0.000	9.073	12.128	9.965	0.000	0.599	0.412	0.004	32.181
2006	7.020	2.050	0.000	9.070	13.513	9.943	0.000	0.684	0.401	0.004	33.615
2007	7.020	2.050	0.000	9.070	13.477	10.175	0.131	0.687	0.385	0.004	33.929
2008	7.170	2.050	0.000	9.220	15.719	10.162	0.172	0.603	0.359	0.004	36.239
2009	7.170	2.050	0.000	9.220	16.272	10.125	0.229	0.564	0.340	0.004	36.754
2010	7.170	2.050	0.000	9.220	16.266	9.971	0.271	0.568	0.335	0.003	36.635
2011	7.170	2.050	0.100	9.320	17.643	10.054	0.285	0.560	0.080	0.003	37.945
2012	7.170	2.150	0.200	9.520	17.636	10.015	0.302	0.590	0.085	0.003	38.152

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, 2012**

<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	\$ 652,386,703	19.61%	<u>127,900,564</u>
Subtotal, overlapping debt			127,900,564
City of Urbandale direct debt			<u>44,030,000</u>
Total direct and overlapping debt			<u><u>171,930,564</u></u>

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

Source: Bond Official Statement November 2012

CITY OF URBANDALE, IOWA

Table XIII

Legal Debt Margin Information  
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	199,999,780
Total net debt applicable to limit	\$ 24,010,000	28,100,000	33,428,334	34,220,395	35,538,731	37,061,798	43,270,000	43,375,000	44,945,000	44,030,000
Legal debt margin	\$ 79,809,572	87,200,627	93,125,319	103,206,523	123,708,735	150,152,613	150,914,675	154,705,952	155,054,780	155,969,780
Total net debt applicable to the limit as a percentage of debt limit	25.83%	27.07%	28.99%	27.04%	25.86%	23.27%	23.11%	22.34%	22.47%	22.02%

Legal Debt Margin Calculation for Fiscal Year 2012	
Actual value of property, 2010	\$ 3,999,995,593
Add back: exempt real property	\$ -
Total assessed value	\$ 3,999,995,593
Debt limit (5% of total assessed value)	\$ 199,999,780
Debt applicable to limit:	
General obligation bonds	(41,025,000)
General obligation General Fund capital loan notes	(3,005,000)
Total net debt applicable to limit	(44,030,000)
Legal debt margin	\$ 155,969,780

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>Calendar Year</u>	<u>Population</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
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	4.20%
2006	35,904	70,548	29,021	35.9	3.40%
2007	35,904	70,548	29,021	35.9	3.50%
2008	35,904	70,548	29,021	35.9	3.90%
2009	35,904	70,548	29,021	35.9	5.60%
2010	35,904	70,548	29,021	35.9	6.70%
2011	39,463	93,217	37,362	37.8	5.90%
2012	39,463	93,217	37,362	37.8	5.00%

**Data Sources:**

Population, median family income, per capita income and median age are from the 2010 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>2012</u>			<u>2003</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	0.140%			
CitiGroup	600	2	0.076%			
Wells Fargo Financial	530	3	0.067%	900	1	**
U.S. Postal Services	500	4	0.064%	500	2	**
Urbandale Community Schools	450	5	0.057%			
Iowa Health Home Care	400	6	0.051%			
MidAmerican Energy	350	7	0.045%	210	9	**
Continental Western Insurance	340	8	0.043%	340	3	**
Allied Group	300	9	0.038%	300	4	**
Compressor Controls	300	10	0.038%	300	5	**
Rain and Hail				300	6	**
Pepsi Cola Bottling				240	7	**
Yellow Freight				240	8	**
First Data/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><u>FUNCTION</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	42.00	42.00	42.00	44.00	46.50	47.00	48.00	48.00	47.00	46.00
Civilians	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Fire:										
Firefighters & Officers	* 7.00	7.00	6.25	5.75	6.00	9.75	12.25	14.00	36.00	38.25
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 11.00	11.75	11.00	12.25	13.25	15.50	20.00	12.00	0.00	0.00
Total	<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>	<u>91.00</u>	<u>92.25</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	15.75	16.00	16.25	17.50	17.50	20.00	17.50	17.00	17.00	18.00
Traffic Safety	1.25	1.25	1.25	1.25	1.00	1.00	1.00	0.75	2.00	2.00
Engineering Services	5.50	5.50	5.50	5.50	6.00	7.50	6.25	6.00	8.00	7.00
Street Cleaning	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	0.00	0.00
Solid Waste	5.50	5.50	4.50	4.50	4.50	6.00	8.75	7.00	8.00	7.00
Sanitary Sewer	2.00	2.00	2.00	2.00	2.50	3.00	2.50	2.50	3.50	2.00
Storm Sewer	0.50	0.50	0.50	0.50	0.25	0.50	0.50	0.75	2.50	3.00
Public Works Admin	4.50	4.50	4.50	4.00	4.50	4.50	4.50	5.00	5.00	6.00
Total	<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>	<u>46.00</u>	<u>45.00</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	25.50	25.50	25.50	26.00	25.00	24.50	25.50	28.00	27.00	26.00
Parks	21.50	16.00	16.00	16.00	15.00	17.50	16.75	14.25	18.00	18.00
Grounds Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation	5.00	5.00	5.00	5.00	3.75	2.00	3.75	3.75	9.50	10.00
Senior Citizens	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.50	2.50
Swimming Pool	4.50	4.50	4.50	4.50	4.50	4.00	4.25	13.00	19.00	14.00
Total	<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>	<u>77.00</u>	<u>71.50</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	4.50	4.50	4.50	5.50	6.00	6.00	5.75	6.00	6.00	6.00
Community Development	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00
Total	<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>	<u>11.00</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	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal Services/Human Resources	0.00	0.00	0.00	0.00	0.00	0.50	0.75	1.00	1.25	0.50
Technology	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.00
General Support	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<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>	<u>11.50</u>	<u>10.50</u>
Grand total	<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>	<u>236.50</u>	<u>230.25</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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police										
Total calls for service	19,840	12,942	12,514	17,684	13,262	13,771	13,492	40,653 <sup>o</sup>	26,624	14,662
Total arrests	2,251	1,600	1,029	1,515	1,876	1,842	1,101	1,028	586	656
Fire										
Number of calls answered/received	340	283	285	102	*1,762	1,972	2,496	2,341	2,520	2,534
Inspections	493	611	413	309	108	176	264	262	357	409
EMS										
Number of calls answered	1,235	1,294	1,398	1,407	1,593	1,824	1,804	1,697	1,908	1,870
Animal Control										
Pet Licenses issued	1,094	1,260	1,260	1,500	1,561	1,561	1,602	1,589	1,647	3,316
<b>Public Works</b>										
Roadway Maintenance										
Total lane miles maintained	380	396	407	410	413	415	418	422	424	436
Asphalt streets repaired (tons)	396	1,423	1,610	3,180	2,607	2,188	2,186	2,323	959	205
Solid Waste Collection										
Number of households	9,930	10,340	10,930	11,450	11,950	12,290	12,540	12,750	12,950	13,290
Tons of refuse collected	8,761	9,388	9,818	10,307	11,248	11,232	11,369	10,548	10,745	10,364
Tons of recycling collected	2,257	2,510	2,580	2,814	2,968	3,126	2,941	2,947	2,743	2,338
Tons of yard waste collected	2,054	1,761	1,955	2,120	2,463	2,325	2,684	2,677	2,460	2,825
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	267,404	293,521	261,390	275,170	296,846	213,967	353,954	226,786	112,942	252,745
<b>Culture &amp; Recreation</b>										
Library										
Registered borrowers	36,897	43,426	44,610	46,214	45,696	44,518	45,122	46,423	47,219	47,941
Circulation	574,581	609,484	617,217	621,395	649,028	644,028	721,363	714,973	705,721	677,229
Recreation										
Programs offered	385	402	421	429	433	447	459	462	466	464
Senior Center										
Total participants in all programs	15,673	22,730	24,532	26,500	29,047	30,146	30,468	29,022	29,688	31,788
Swimming Pool										
Pool Users	72,110	67,235	63,974	55,559	62,835	65,566	49,177 <sup>oo</sup>	45,605	52,109	49,154
<b>Community and Economic Development</b>										
Code Enforcement										
Inspections	9,341	8,741	10,802	8,609	5,760	4,564	3,487	3,502	4,026	4,849
Community Development										
Building Permits	1,201	1,337	1,389	1,158	890	830	712	689	725	825
<b>General Government</b>										
Mayor and City Council										
Quarterly newsletters published	70,400	74,200	74,200	80,000	80,000	80,000	***	***	***	***
Finance and Records										
Purchase orders processed	2,610	2,773	3,048	3,235	2,931	2,925	1,785	219	174	164
Technology										
Intelligent workstations	109	112	133	172	205	273	261	251	238	237
General Support										
Safety incidents	37	38	43	35	38	39	50	44	26	35

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

<sup>o</sup> 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.

<sup>oo</sup> 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Function</u></b>										
<b><u>Public Safety</u></b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	21	24	24	24	26	26	29	30	30	30
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<b><u>Public Works</u></b>										
Roadway Maintenance										
Streets (miles)	166	166	170	171	172	173	174	176	177	184
Streetlights	3,371	3,481	3,724	3,765	3,954	4,160	4,353	4,400	4,312	4,610
Traffic signals	30	31	31	31	33	35	47	47	48	49
Solid Waste Collection										
Collection trucks	6	6	7	7	7	8	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	163	171	181	184	187	194	196	198	198	200
<b><u>Culture &amp; Recreation</u></b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	530	676	857	880	903	904	904	904	912	912
Parks	26	27	45	47	47	48	48	49	49	49
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Vehicles	4	5	5	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***

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

We have audited the financial statements of the governmental activities, the business-type 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, 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 Costs, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-12 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-12 to be a significant deficiency.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Urbandale, Iowa, 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 is intended solely for the information and use of management, the City Council, others within the entity, 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.



Dubuque, Iowa  
November 20, 2012



**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each 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 each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are 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 each of its major federal programs 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 of 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

Management of the City of Urbandale, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, noncompliance 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 is intended solely for the information and use of management, the City Council, others within the entity, 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.



Dubuque, Iowa  
November 20, 2012

City of Urbandale, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice:			
Direct program:			
Bulletproof Vest Partnership Program	16.607		\$ 1,023
Public Safety Partnership and Community Policing Grants	16.710		90,193
Pass-through program from:			
Iowa Department of Transportation:			
Public Safety Partnership and Community Policing Grants	16.710	10-Hotspots/Interdiction-09	2,400
			<u>92,593</u>
Total U.S. Department of Justice			<u>93,616</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-7875(636)-70-77	232,000
Highway Planning and Construction	20.205	STP-E-7875(635)-8V-77	150,000
Highway Planning and Construction	20.205	STP-A-7875(634)-86-77	112,679
			<u>494,679</u>
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 12-410, Task 71	13,661
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 11-410, Task 76	3,371
			<u>17,032</u>
Total U.S. Department of Transportation			<u>511,711</u>

City of Urbandale, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy:			
Pass-through program from:			
Iowa Economic Development Authority:			
ARRA - State Energy Program	81.041	SEP 11-41713	\$ 8,480
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		12,243
Pass-through program from:			
Iowa Economic Development Authority:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	EECBG 10-3231	249,091
			<u>261,334</u>
Total U.S. Department of Energy			<u>269,814</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	153-79950-00	140,689
Direct program:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		398,168
Total U.S. Department of Homeland Security			<u>538,857</u>
Total			<u>\$ 1,413,998</u>

**Note 1 - 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 in 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.

**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

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

    Material weakness identified No

    Significant deficiency None reported

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

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

Identification of major programs:

CFDA Number

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

81.128

ARRA - Energy Efficiency and  
 Conservation Block Grant Program

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-12 Material Audit Adjustment**

**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 a material audit adjustment 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.

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

**Cause** – The material audit adjustment was to decrease deferred revenue related to the capital projects fund special assessment receivable. The City deferred the entire special assessment receivable balance. An audit adjustment was needed to reduce the deferred revenue amount by an unusual July 2012 receipt, which was within the City’s sixty day availability period.

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

**Recommendation** – We recommend that additional financial statement review procedures be implemented.

**Response** – The City accepts the recommendation as stated. More emphasis will be placed on identifying the timing of receipts that are typically considered deferred to ensure appropriate classification in the financial statements.

**SIGNIFICANT DEFICIENCY:**

**II-B-12 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.

**Response** – The management of the City is aware of the segregation issue within the Finance Department 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.

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

- III-A-12 Certified Budget** - Disbursements during the year ended June 30, 2012, did not exceed the amount budgeted.
- III-B-12 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-12 Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-12 Business Transactions** - No business transactions between the City and City officials or employees were noted.
- III-E-12 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 ensure that the coverage is adequate for current operations.
- III-F-12 Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-12 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.



November 20, 2012

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

We have audited the financial statements of the governmental activities, the business-type 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, 2012. 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 21, 2012. 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, Iowa, 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 the year ended June 30, 2012. 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 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 the 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 the 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 the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Management's estimate of the 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 the other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### **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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement, detected as a result of audit procedures, was corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Governmental</u>
	<u>Statements</u>	<u>Activities</u>
Capital Projects Fund		
To adjust deferred revenue related to special assessments received in July 2012	\$ 386,577	\$ -

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is 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.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 20, 2012.

### **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.

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

### **Other Information in Documents Containing Audited Financial Statements**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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.

Sincerely,

EIDE BAILLY LLP

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