



# CITY OF URBANDALE, IOWA



# COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2013



**CITY OF URBANDALE, IOWA**  
Comprehensive Annual Financial Report  
Year Ended June 30, 2013



## **INTRODUCTORY SECTION**

**CITY OF URBANDALE, IOWA**

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**CITY OF URBANDALE, IOWA**

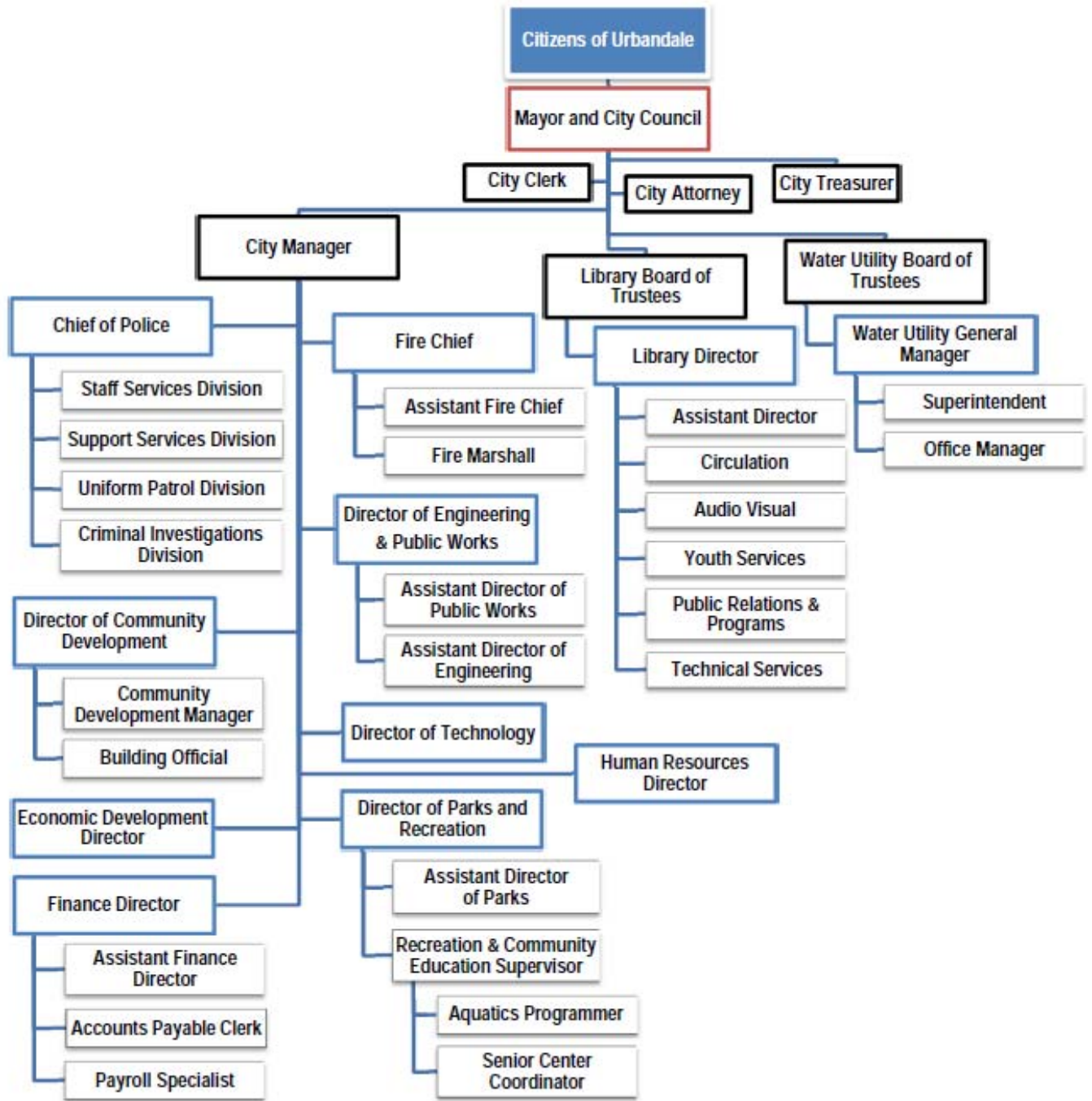
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CITY OF URBANDALE, IOWA



<u>Name</u>	<u>Title</u>
Robert D. Andeweg	Mayor
John Forst	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



Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of Urbandale  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

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, 2012.

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 21, 2013

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, 2013 (FY13), consistent with the requirements of Chapter 11 of the Code of Iowa that requires the City to publish within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

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 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 (Water Utility) is reported as a discretely presented component unit of the City. While the Water Utility is legally separate, it provides water service exclusively to the citizens of Urbandale on behalf of the City, its three-member governing board is appointed by the Mayor and the Water Utility's operating budget is subject to the approval of the City Council.

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 FY13. 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 FY13 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 22.71 square miles in Polk and Dallas Counties, including annexations of 80 acres that will be finalized in calendar 2013. The proposed annexation of an additional 100 acres is in process, which would increase the City's area to 22.87 square miles, with probable approval by the State in early calendar 2014.

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, economic development, city manager, human resources, 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**

Urbandale experienced an exceptional burst of residential construction in FY 2013, with 296 new single family residences constructed. The 296 new homes significantly exceeds the City's historical annual mean of 185 single-family attached and detached units, which is an annual mean of 161 units if the extraordinary period of 2001-2005 is excluded. Of the FY 2013 construction, 280 were detached single family residences, with 16 townhomes also permitted for the build-out of a project that predated the

recession. FY 2013's \$87.66 million valuation for residential permits was the 6<sup>th</sup> highest in the City's history, exceeded only by the "boom" years of FY 2002 through FY 2006. FY 2014 will reflect even stronger single family detached permitting and valuation.

FY 2013's \$27.22 million total valuation for commercial and industrial permits shows a drop from FY 2012's total of \$41.69, which ranked 4<sup>th</sup> in the City's history. The adage "timing is everything" applies to FY 2013's total, given that two permits valued at more than \$8 million were issued shortly after the close of FY 2013, which would have made it the 6<sup>th</sup>-highest in the City's history and much less of a drop from FY 2012. As things actually occurred, those permits will bolster FY 2014's valuation.

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

	<b>Fiscal Year 2013</b>		<b>Fiscal Year 2012</b>	
	<b># of Permits</b>	<b>Valuation</b>	<b># of Permits</b>	<b>Valuation</b>
Residential	433	\$ 87,663,204	318	\$ 54,382,332
Nonresidential	109	27,223,039	89	41,692,558
Miscellaneous minor	367	1,139,980	393	825,876
<b>Total</b>	<b>909</b>	<b>\$ 116,026,223</b>	<b>800</b>	<b>\$ 96,900,766</b>

### **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 2013-18+ CIP was adopted by the City Council in February, 2013. The approved FY13 CIP anticipated the expenditure of \$15,915,000 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 \$5,262,400 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2014-2019+ CIP is currently under development and will be reviewed by a citizen's advisory committee in November and December, 2013, with final adoption by the City Council anticipated in January, 2014. This preliminary FY14 CIP proposes the expenditure of \$21,141,200 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2014. Property tax supported general obligation bonds would provide approximately \$5,502,300 of needed funding. Since the new CIP for 2014-2019+ is still under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2014-2019+ CIP will be substantially completed before the development of the FY14-15 annual operating budget.

## **FY13 and FY14 Initiatives**

The Mayor and City Council implemented programs and policies in FY13 and FY14 that will influence the City's financial operations during these two fiscal years and into the future. While many of the key initiatives reflect specific City 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:

- During FY13, the following City programs were recognized for outstanding service:
  - “Making a Connection (MAC)” camp program – Parks and Recreation Department, National award from the National League of Cities.
  - “2012 Case of the Year” – Police Department, National award from the Heart of America Police Dog Association; this K-9 case helped to uncover a \$1.1 million national drug operation.
  - “National Award for Outstanding Participation” – Police Department, National award for the third consecutive year from the National Night Out Program.
  - “ICMA Voice of the People Award” to Solid Waste Collection employees based on the results of the International City/County Management Association (ICMA) National Citizen Survey.
- In October, 2012, issued \$9,765,000 in tax exempt general obligation bonds Series 2012. The funds were used for the 2012-13 CIP projects.
- In February, 2013, the City Council adopted the 2013-18+ Capital Improvements Program (CIP), at a total program cost of \$213,911,300, to be funded by bonded debt, the operating budget, and other funding sources.
- In March, 2013, approved a 27 month purchase agreement to buy natural gas based on an index pricing arrangement for six City meters. This agreement is anticipated to yield greater savings than the pooled purchasing model implemented in 2006. The six meters are at the Library, Swimming Pool, Public Works, City Hall, Police Station and Fire Station No. 42. The new agreement continues the automatic renewal on a 3 year basis.
- In April, 2013, approved using existing funds to call and redeem the general obligation bond Series 2006A on June 1, 2013; the anticipated interest savings by paying off the bond 3 years early was \$169,000.
- In May, 2013, the City awarded \$61,900 for an architectural firm to complete a Preventative Maintenance (PM) Plan of 19 City facilities. The 15 year PM Plan will provide itemized cost projections to maintain and replace building components from FY13-14 to FY27-28. The PM cost estimates will be included in the annual operating budget and the Capital Improvements Program.
- In August, 2013, issued general obligation bonds Series 2013A totaling \$8,090,000 and issued general obligation urban renewal bonds Series 2013B totaling \$3,540,000; both issuances are tax exempt. The funds will be used for the 2013-14 CIP projects and to refinance a Series 2004 and 2005 bonds at a lower interest rate.
- Also in August, 2013, approved the initial policy for the disposal of surplus property, and the initial contract for an on-line auction service for the surplus property.



- In September, 2013, the City awarded \$15,300 for Urbandale's third biennial citizen survey to be completed in December, 2013, with the results compared to national benchmarks.

#### **Economic Development:**

- In September, 2012, on behalf of DENSO Manufacturing Michigan, Inc., approved an IEDA HQJP application for \$34,512 in assistance to lease a 36,000sqft warehouse in Urbandale and to create 7 jobs.
- In October, 2012, on behalf of Van Meter, Inc., approved a contract with IEDA for \$222,000 in benefits from the HQJP. The company built a 70,000sqft warehouse and office in Urbandale and will create 11 jobs. Polk County also approved industrial tax abatement for this project.
- In April, 2013, the City hired its first Economic Development Director, Curtis Brown.
- Also in April, 2013, the City received a request for voluntary annexation of 80 acres at "Y" Avenue and 260<sup>th</sup> Street in unincorporated Dallas County (respectively 142<sup>nd</sup> Street and Waterford Road in Urbandale). The property is contiguous to the City's north corporate limits. The property adjoining to the west is unincorporated and can only be annexed by Urbandale under the current Urbandale/Grimes Annexation Agreement which expires on June 13, 2021.
- In July, 2013, established an Economic Development Advisory Board to consist of 10 members each representing 1 of 10 key perspectives of the City's economic development efforts. The initial Board was appointed in August, 2013.

#### **Public Safety:**

- In February, 2013, an energy efficient geothermal system was installed at the Police Station at a total cost of \$241,916; this project replaced the conventional boiler system installed when the Police Station was built in 1982.
- In July, 2013, 18 energy efficient triple pane windows were installed at Fire Station No. 42, including associated wall repairs and painting, at a total cost of \$72,884; this project replaced failed exterior windows installed when this Fire Station was built in 1996.
- In August, 2013, awarded a contract for \$78,375, to design the expanded living quarters at Fire Station No. 42.
- In November, 2013, the Police Department achieved CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation. This milestone achievement culminated a three year process towards accreditation. CALEA accreditation signifies professional standards in operations, compliance, and cost-efficient solutions for Police services. Urbandale is 1 of 2 CALEA Police Departments in this metro area, and 1 of 10 in the State. Nationally, less than 3% of law enforcement agencies achieve CALEA accreditation.

#### **Personnel:**

- 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.
- Fire Union Contract: In April, 2013 approved a two year contract for FY14 and FY15.
- In September, 2013, approved the revised Human Resources Policies and Procedures Manual for employees. Last comprehensive update was in 1983.

**Park improvements:**

- In April, 2013, established the "Urbandale Art Park", south of City Hall between 86th Street and the Library as a prominent location to annually showcase up to four outdoor sculptures on a rotating basis. In May, 2013, installed the first sculpture exhibit at the Urbandale Art Park.
- Park projects final approvals – the City Council accepted the following major projects as completed during the year:
  - September, 2012: Constructed the trail connection from Summit Estates to Berkshire Estates, at a total cost of \$214,884.
  - January, 2013: Constructed the trail connection to the City of Clive from 156th Street along the Little Walnut Creek trail, at a total cost of \$214,836.
  - May, 2013: Official “ribbon cutting” at Lakeview Park for the Lakeview open shelter designed and built by students from the Department of Architecture at Iowa State University to replace the open shelter demolished by storm damage in July, 2010.
  - August, 2013: Renovated the joint Parks and Public Works Maintenance Facility at 9565 Hickman Road, at a total cost of \$225,090.
  - September, 2013: Renovated the trail system in Murphy Park by removing the existing 6 foot trail and replacing it with an 8 foot trail; and replaced the trail from the park to an adjacent street, at a total cost \$61,550.
- Park projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - July, 2012, for \$1,862,000, to construct a replacement Walker Johnston Shelter House at 5,800sqft, of which 4,500sqft will be a FEMA approved storm room. The construction cost will be funded 75% by FEMA and 10% by the State of Iowa. In June, 2013, the new shelter was named the “Giovannetti Community Shelter” in recognition of Mr. E.J. Giovannetti—a long time Urbandale resident who served as the Mayor of Urbandale (1977-1997) and as a Polk County Supervisor (2002-2012) representing Urbandale.
  - December, 2012, for \$357,205, to construct an 8 foot wide trail from its current terminus along the east side of Glen Eagles Park to connect to Plum Drive, and to construct an 8 foot wide trail to the west through the park, with a 4 foot wide offshoot trail to connect to Brookview Drive. This project also provided for the installation of 2 steel truss trail bridges and restoration of the drainage area.
  - May, 2013, for \$56,918, to construct an 8 foot wide trail from 147th Street and Aurora Avenue through the Walnut Creek Regional Park to the Walnut Creek Estates Plat 13 to connect to Aurora Avenue.
  - May, 2013, for \$803,877, to construct the 12 foot wide “Bob Layton Trail” through the Walnut Creek Regional Park from Douglas Parkway to Meredith Drive.
  - September, 2013, for \$22,900, to design a pedestrian bridge over Walnut Creek to connect Deer Creek Trail to the Raccoon Valley Trail north of Hickman Road.

**Public Works:**

- In November, 2012, revised the Residential Acreage Assessment Reduction Guidelines to increase the reduction for acreages from 25.25% to 50%, and to allow for a prorated repayment if the property developed within 10 years after the final assessment.
- In April, 2013, the City awarded \$31,800 for an operational analysis of the Solid Waste collection services to detail the programs and costs, effect on the overall City budget, and recommendations to improve services and reduce costs.

- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
  - December, 2012: Paved Douglas Avenue between 100<sup>th</sup> Street to 111<sup>th</sup> Street, at a total cost of \$612,728.
  - May, 2013: Constructed the Aurora Avenue connection from 152<sup>nd</sup> Street east through the Walnut Creek Regional Park, at a total cost of \$2,359,393.
  - August, 2013: Overlaid 142<sup>nd</sup> Street with asphalt 3/4 mile north of Meredith Drive, at a total cost of \$342,021.
  - August, 2013: Widen Meredith Drive from 86<sup>th</sup> Street to N.W. Urbandale Drive, at a total cost of \$2,429,854.
  
- Street projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - January, 2013, approved an Iowa Department of Transportation agreement for \$2,155,000 in Surface Transportation Project funding for the 100<sup>th</sup> Street and 54<sup>th</sup> Avenue intersection project between the Cities of Grimes, Johnston and Urbandale.
  - February, 2013, for \$218,621, to reconstruct the 111<sup>th</sup> and Douglas Avenue intersection.
  - February, 2013, for \$4,137,225, to construct Meredith Drive from 142<sup>nd</sup> Street to 154<sup>th</sup>.
  - March, 2013, for \$349,190, to provide for concrete and asphalt repairs on Douglas Avenue from the East Corporate limit to 86<sup>th</sup> Street.
  - May, 2013, for \$615,313, to install turn lane and median modifications on Hickman Road for the private Heritage Park Development; funded entirely by the developer.
  - September, 2013, approved an Iowa Department of Transportation agreement for \$200,000 in Surface Transportation Project funding for the Aurora Avenue Preservation Project to overlay 70<sup>th</sup> Street to 86<sup>th</sup> Street.
  
- Street Lighting projects awarded – the City Council awarded contracts for the following project that is not yet completed:
  - October, 2013, for \$85,408, to install 44 high pressure sodium street lights on Meredith Drive from 142<sup>nd</sup> Street to 154<sup>th</sup> Street.
  
- Traffic Signal project awarded - the City Council awarded contracts for the following project that is not yet completed:
  - July, 2013, for \$22,500, to design a metered traffic signal on Douglas Parkway at the Pilot Truck Stop immediately west of Interstate 35/80.
  
- Storm Sewer projects final approval – the City Council accepted the following major projects as completed during the year:
  - In July, 2012: Replaced and upgraded the sanitary sewer, storm sewer and water main on 66<sup>th</sup> Street near Prairie Avenue as a joint project between the City, the Urbandale Windsor Heights Sewer District, and Urbandale Water Utility. Under the 28E agreement, the City's share was \$214,155 of the total cost of \$1,038,230.
  - In November, 2012: Constructed drainage improvements in Golfview and stabilized the pond edge at Laura A. Ward Park, at a total cost of \$225,719.

**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 FY13, 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 FY13, exclusive of the Component Unit, was \$113,401, compared to income of \$129,415 in FY12.

**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 thirty 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 FY13. The City's health insurance program was modified effective January 1, 2013 for non-union employees to consolidate health plan options from four down to one wellness plan to prepare for federal mandates regarding healthcare.

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 (IMWCA). 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. Starting in FY13, the City 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 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 FY12. This is the highest form of recognition in the area of governmental financial reporting

CITY OF URBANDALE  
and is the 29<sup>th</sup> consecutive year the City has received this prestigious award. The Comprehensive Annual Financial Report for the year ended June 30, 2013 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. We would like to express our appreciation to all members of the department, as well as staff throughout the City who assisted with the audit process and contributed to the preparation of this report. 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

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Urbandale, Iowa's financial statements. 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 Organization*, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2013, on our consideration of the City of Urbandale, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

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

Dubuque, Iowa  
November 21, 2013

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2013

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, 2013 (FY13). 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 FY13 by \$151,098,133 (net position). Of these amounts, \$20,385,996 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$11,180,133 in FY13. This increase was mostly attributable to increased tax increment financing tax revenues, and donated infrastructure.
- For FY13, the City's governmental funds reported combined ending fund balances of \$25,897,184. The FY13 fund balance represented an increase of \$2,625,685 and was primarily attributed to a \$1.8 million increase in the tax increment financing (TIF) fund. A \$.72 million increase in the road use fund, and a \$.95 million increase in the capital projects fund. This decrease was offset by \$1.4 million decrease in the general fund.
- At the end of FY13, unrestricted fund balance for the general fund was \$9,090,452 or 40.6% 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 Position presents information on all of the City of Urbandale's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net Position may indicate whether the City's financial Position is improving or deteriorating.

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2013

The Statement of Activities shows how the City's net position have changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

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

The government-wide financial statements 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 2013.

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 16 and 17 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 15 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 10 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, 2013

The basic governmental fund financial statements can be found on pages 18 through 21 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, building maintenance, 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 five internal service funds, which are presented individually in the combining proprietary fund statements. The summary proprietary fund financial statements can be found on pages 22 through 24 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 25 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 26 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 59 through 64 of this report. Statistical information related to the City's financial position can be found on pages 67 through 79 of this report.

**CITY OF URBANDALE, IOWA**

Management's Discussion and Analysis

June 30, 2013

**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 FY13 and FY12 is presented for comparative purposes.

City of Urbandale Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2,012	2013	2012
Current assets	\$ 70,055,203	67,125,607	704,760	409,366	70,759,963	67,534,973
Capital assets	159,365,557	149,870,450	—	—	159,365,557	149,870,450
Total assets	<u>229,420,760</u>	<u>216,996,057</u>	<u>704,760</u>	<u>409,366</u>	<u>230,125,520</u>	<u>217,405,423</u>
Long-term liabilities	37,947,073	37,855,887	—	5,894	37,947,073	37,861,781
Other liabilities	41,064,806	39,602,329	15,508	23,313	41,080,314	39,625,642
Total liabilities	<u>79,011,879</u>	<u>77,458,216</u>	<u>15,508</u>	<u>29,207</u>	<u>79,027,387</u>	<u>77,487,423</u>
Net position						
Net investment in capital assets	115,175,557	105,840,450	—	—	115,175,557	105,840,450
Restricted	15,536,580	11,354,737	—	—	15,536,580	11,354,737
Unrestricted	19,696,744	22,342,654	689,252	380,159	20,385,996	22,722,813
Total net position	<u>\$ 150,408,881</u>	<u>139,537,841</u>	<u>689,252</u>	<u>380,159</u>	<u>151,098,133</u>	<u>139,918,000</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Urbandale, assets exceeded liabilities by \$151,098,133 and \$139,918,000, at the close of FY13 and FY12, respectively.

The largest portion of the City's net position in FY13 (76.2%) 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 \$9,335,107 from FY12 to FY13.

An additional portion of the City's net position (10.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$20,385,996 may be used to meet the government's ongoing obligations to residents and creditors. In FY12, restricted assets represented (8.1%) of the City's net position and unrestricted net position totaled \$22,722,813.

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

As noted above, the City's net position increased by \$11,180,133 from FY12 to FY13. This growth can be attributed primarily to the increase in capital asset investment, net of debt and fund balance increase in the TIF fund, which is included in the restricted net position total.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2013

**Changes in Net Position**

The following table depicts that change in net Position.

City of Urbandale's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charge for services	\$ 4,838,960	5,043,082	698,093	597,750	5,537,053	5,640,832
Operating grants & contributions	4,581,952	4,565,604	—	—	4,581,952	4,565,604
Capital grants & contributions	5,134,833	3,767,023	—	—	5,134,833	3,767,023
General revenues:						
Taxes	31,107,980	28,724,324	—	—	31,107,980	28,724,324
Other	340,738	308,886	1,230	421	341,968	309,307
Total revenues	<u>46,004,463</u>	<u>42,408,919</u>	<u>699,323</u>	<u>598,171</u>	<u>46,703,786</u>	<u>43,007,090</u>
Expenses:						
Public safety	10,495,044	9,244,524	—	—	10,495,044	9,244,524
Public works	10,748,591	11,504,121	390,230	295,295	11,138,821	11,799,416
Culture and recreation	6,511,719	6,631,394	—	—	6,511,719	6,631,394
Community & econ development	3,050,530	3,126,449	—	—	3,050,530	3,126,449
General government	2,755,325	2,842,395	—	—	2,755,325	2,842,395
Interest and fiscal charges	1,572,214	1,623,105	—	—	1,572,214	1,623,105
Total expenses	<u>35,133,423</u>	<u>34,971,988</u>	<u>390,230</u>	<u>295,295</u>	<u>35,523,653</u>	<u>35,267,283</u>
Increase in net position	10,871,040	7,436,931	309,093	302,876	11,180,133	7,739,807
Net position – beginning	<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>
Net position – ending	<u>\$ 150,408,881</u>	<u>139,537,841</u>	<u>689,252</u>	<u>380,159</u>	<u>151,098,133</u>	<u>139,918,000</u>

**Governmental activities**

Governmental activities increased the City's net position by \$10,871,040 for FY13. Key elements of the increase in net position are as follows:

- Charges for services decreased by \$103,779 (1.8%) during FY13. This reflects the impact of having the swimming pool closed for repairs for 3 months during the year, and offset by increases in the building permit area due to additional new construction permit issuances.
- Operating grants and contributions increased \$16,348 (0.4%) in FY13 due to the completion of federal grants for the acquisition of 6 additional fire fighters, offset by increased road use tax revenues.
- Capital Grants and Contributions increased \$1,367,810 (36.3%) in FY13 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 position by \$2,570,090 and \$713,769 in FY13 and FY12, respectively. Additionally, in FY13 the City had \$999,000 in revenues received from multi-entity projects that the City served in a lead capacity.

# CITY OF URBANDALE, IOWA

## Management's Discussion and Analysis

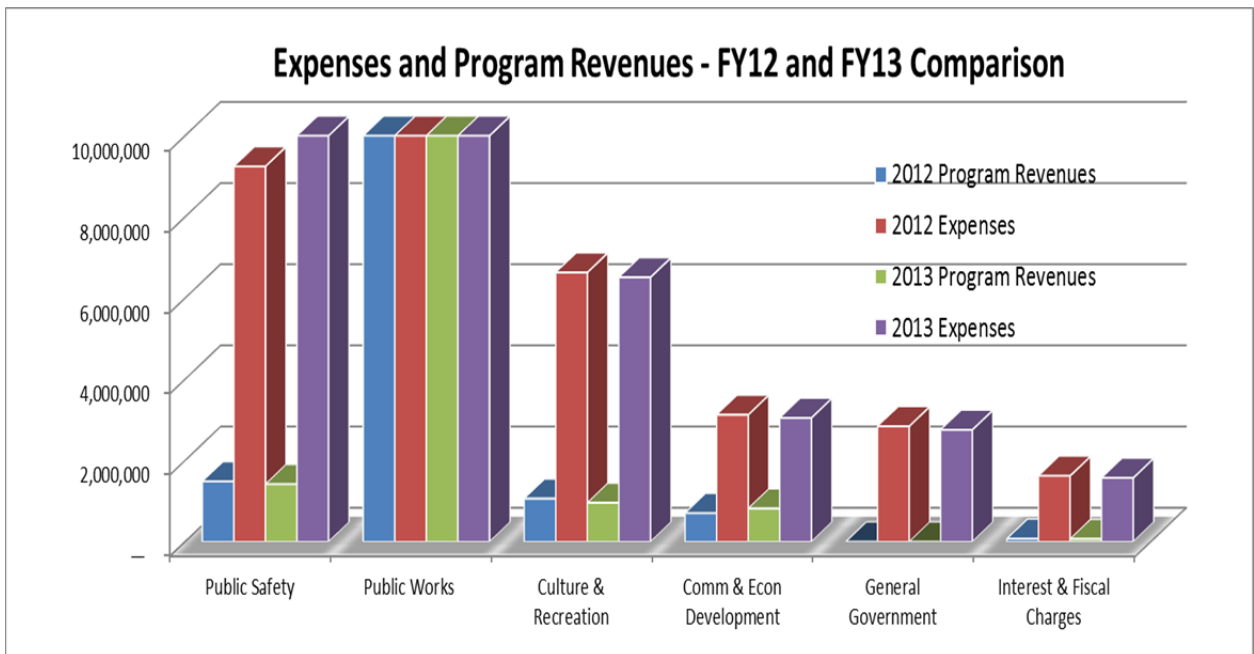
June 30, 2013

- Total taxes increased by \$2,383,656 (8.3%) during FY13. The receipts for FY13 reflect a \$0.10 tax levy increase for the police and fire pension system, which generated an additional \$199,000 in tax revenue. Additionally, hotel motel tax receipts were up by \$158,000 in FY13, and tax increment financing district revenues collected were up by \$2,500,000. However, the taxable valuation of property decreased throughout the City, which resulted in an overall property tax reduction of \$278,000.
- Other revenues have increased by \$32,661 (10.6%) in FY13 due to increased miscellaneous revenue items.

### 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 \$698,093 in revenue for FY13. Business-type activities increased the City's net position by \$309,093 for FY13.

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2013 and 2012:



## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2013

#### **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 FY13 and FY12, the City's governmental funds reported combined fund balances of \$25,897,184, and \$23,271,499, 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 decreased by \$1,391,799 (13.3%) in FY13. The City experienced an overall reduction in taxable property value of approximately 3.5% for FY13 which resulted in \$508,000 less in general levy taxes for the year. While the tax revenue decreased, this drop was offset by increases in construction permit revenue. Additionally, City Council opted to utilize cash on hand to early retire a callable general obligation bond in June, resulting in a \$1,750,000 use of fund balance.
- The road use tax fund balance increased \$717,669 (32.4%) in FY13. The FY13 increase represents higher road use tax receipts due to improving economic conditions which spurs more motor travel.
- The fund balance for the tax increment financing (TIF) fund increased \$1,806,336 (104.1%) in FY13. The FY13 increase represents a change in City policy regarding timing for TIF revenue collection. The City has historically only collected TIF revenue as required for annual debt service needs. However, increasing infrastructure construction projects within the existing TIF districts have accelerated City's collection cycle to ensure adequate funding will remain available for future construction and related debt servicing.
- The fund balance of the debt service fund increased by \$358,953 (63.7%) in FY13. The FY13 increase is due primarily to the transfer of funds from general fund and TIF fund to early retire the callable general obligation bond, as referenced above.
- For FY13, the \$952,128 (12.3%) increase in the capital projects fund balance is primarily attributable to timing of project payments and related receipts associated with those projects. Project expenditures were down \$563,000 from FY12, while revenues and other financing sources and uses were up \$3.795 million.
- The nonmajor governmental funds fund balance increased \$182,378 (36.8%) due to the increase in hotel motel tax revenues, police and fire retirement tax revenues, and donations to the MAC Camp fund.

#### **Proprietary funds**

Unrestricted net position of the proprietary funds were \$9,091,476 and \$8,868,584 in FY13 and FY12, respectively. An additional \$2,504,958 and \$2,886,417 in FY13 and FY12, respectively, of net position was restricted for funds invested in capital assets within the equipment replacement fund. In FY13, the decrease in net position 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 \$309,093 increase in the Storm Water Utility enterprise fund due to a \$0.25 monthly rate increase.



**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2013

**Budgetary Highlights (FY13)**

Differences between the original budget and the final amended budget amounted to an \$8,163,900 increase in appropriations and can be briefly summarized as follows:

- \$2,285,000 for unbudgeted purchase of land by the City's component unit
- \$2,100,000 for unanticipated debt service payment for early retirement of callable bonds
- \$2,100,000 in transfers to debt service fund for early retirement of callable bonds
- \$600,000 for radio equipment costs related upgrade of Westcom dispatch system
- \$500,000 for potential timing acceleration of construction payments
- \$400,000 for higher than anticipated hotel motel contractual payments
- \$78,900 for grant related computer and material purchases in Library
- \$70,000 for unbudgeted swimming pool liner and gutter system repairs
- \$30,000 for City share of architect fees for joint animal shelter design work

The revised expenditures were offset by \$2,285,000 in bond proceeds, \$400,000 in additional hotel motel tax revenues, \$500,000 in special assessment revenue, \$78,900 in library grant funds, \$30,000 in construction inspection revenue, \$2,100,000 in transfers from TIF and general funds, and \$2,420,000 from available general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget.

Including these adjustments, actual disbursements were \$4,778,833 less than final budget amounts. The major factor for this was timing of actual capital project payments. The City did not exceed budgeted expenditures in any of its functions.

On the revenue side, the actual receipts were \$1,592,187 more than budgeted. This was primarily due to timing of a developer deposit for a significant project on Hickman Road the City will be constructing in FY14. That increase was offset by federal grant receipts not yet received by year end.

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

**Capital Asset and Debt Administration**

***Capital assets***

In FY13 and FY12, the City had invested \$213,573,683 and \$198,759,833, 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 \$14,813,850, and \$11,654,860, respectively. The value of these capital assets, net of depreciation at June 30, 2013 and 2012, is depicted below.

**CITY OF URBANDALE, IOWA**  
 Management's Discussion and Analysis  
 June 30, 2013

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

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2013</u>	<u>2012</u>
Land	\$ 5,869,823	5,719,861
Buildings and improvements	25,593,051	24,948,438
Machinery and equipment	11,859,999	11,563,784
Artwork	331,264	297,775
Infrastructure	154,188,126	147,862,142
Share of undivided equity interest assets	2,635,196	828,149
Construction in progress	<u>13,096,224</u>	<u>7,539,684</u>
Total	\$ 213,573,683	198,759,833
Accumulated depreciation	<u>(54,208,126)</u>	<u>(48,889,383)</u>
	<u>\$ 159,365,557</u>	<u>149,870,450</u>

This year's major capital asset additions included:

- The completion of the Aurora Avenue connection through Walnut Creek Regional Park project (\$2,605,800)
- The donation of construction improvements by private parties (\$2,570,090)
- The ongoing construction of the Meredith Drive widening project (\$1,905,100)
- The ongoing construction of the 121<sup>st</sup> Street widening project (\$1,842,000)
- The ongoing construction of the Walker Johnston Community Shelter (\$1,619,700)
- The ongoing process of upgrading the Westcom dispatch radio system (\$1,600,000)
- The ongoing construction of the 128<sup>th</sup> Street widening project (\$1,235,520)

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

***Long-term debt***

In FY13 and FY12 the City had total long-term debt of \$44,190,000 and \$44,030,000, respectively. Of these amounts, \$41,415,000, and \$41,025,000, represented general obligation bond debt. The City also had \$2,775,000 and \$3,005,000 of general obligation General Fund capital loan notes. All of this debt was backed by the City's full faith and credit.

**CITY OF URBANDALE, IOWA**

Management's Discussion and Analysis

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>
General obligation bonds	\$ 41,025,000	9,765,000	9,375,000	\$ 41,415,000
General obligation General Fund capital loan notes	<u>3,005,000</u>	<u>—</u>	<u>230,000</u>	<u>2,775,000</u>
	<u>\$ 44,030,000</u>	<u>9,765,000</u>	<u>9,605,000</u>	<u>\$ 44,190,000</u>
	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>
General obligation bonds	\$ 41,595,000	8,935,000	9,505,000	\$ 41,025,000
General obligation General Fund capital loan notes	<u>3,350,000</u>	<u>—</u>	<u>345,000</u>	<u>3,005,000</u>
	<u>\$ 44,945,000</u>	<u>8,935,000</u>	<u>9,850,000</u>	<u>\$ 44,030,000</u>

During FY13, the City's total debt increased by \$160,000. The key factors in this net increase were the retirement of \$9.605 million in debt offset by the issuance of \$9,765,000 in general obligation bonds.

In FY13, the projects funded by the bond issues included:

- Construction of:
  - E.J. Giovannetti Community shelter house/tornado safe house
  - Walker Johnston regional playground – swings and slides area
  - Various public art projects throughout the City of Urbandale
  - Meredith Drive – widening from 86<sup>th</sup> St. to NW Urbandale Drive
  - 121<sup>st</sup> St. – widening from Douglas Parkway to Meredith Drive
  - 128<sup>th</sup> St. – widening from Hickman Road to Douglas Parkway
- Reconstruction/rehabilitation of:
  - 100<sup>th</sup> St. and NW 54<sup>th</sup> Street intersection
  - Douglas Avenue – 100<sup>th</sup> St. to 111<sup>th</sup> St.
  - Stormwater drainage improvements at various locations
  - Concrete street repairs at various locations in the City
- Funding for engineering/planning studies related to:
  - 100<sup>th</sup> Street extension from I-35/80 bridge to NW 54<sup>th</sup> St.
  - 100<sup>th</sup> Street and Northpark Drive traffic signal
  - Interstate 35/80 interchange modifications at Hwy 141
- 111<sup>th</sup> St. turn lane at Douglas Avenue Trail improvements and construction at:
  - Walnut Creek Regional park trail spine – Bob Layton Trail
  - Walnut Creek Regional park trail – interior access trails
- Roofing improvements to the property at 9565 Hickman Road
- Building improvements (carpet & electrical) at the library

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2013

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 July 24, 2013.

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**

Reflecting the greatly improved local market for single family detached homes, subdivision platting activity also ramped up in calendar 2013, with a total of 7 new plats completed to create 238 lots. In spite of the increased platting activity, the 2013 subdivision development is below the current "replacement level". Builders have been anxiously awaiting the completion of each new plat, and most new plats have been substantially "built out" within a few months, an extraordinary experience by historic measure. Developers have acquired all land that is currently available from agricultural interests, that will sustain continued development for decades, and the necessary public infrastructure is available.

However, developers continue to be constrained Metro-wide by financial markets, and have been unable to keep up with builder demand for lots. The financial constraints are limiting the size of new plats, rather than the number of new plats. A smaller plat takes almost as much time to develop as a larger plat while producing fewer lots, leaving unmet demand. The continuing strength of the market presumably will allow developers to rebuild liquidity, and encourage lenders to gradually relax constraints, allowing subdivision development activity to at least reach replacement activity and to eventually restore the traditional inventory of 2 to 3 years' market supply.

Platting activity first picked back up in calendar 2011, with four new subdivisions creating 106 new single-family lots after just one or two plats had been developed in each of the prior three years, producing fewer than 40 lots annually. The dramatic market correction of late 2007 had resulted in an oversupply of lots, but the oversupply in Urbandale was largely absorbed by the end of 2010. Local homebuilders appear to remain optimistic about the 2014 housing market in Urbandale. As in October, 2012, when the issuance of 35 permits for single family detached homes suggested optimism for 2013, as many as 40 single family homes may be permitted in October, 2013.

Urbandale has significant capacity for continued residential growth, for decades under any realistic growth scenario. As of the end of September, 2013 the City had a supply of 301 fully developed vacant lots for single family residences, plus a site for 180 multi-family units under development. In addition, the City has approved preliminary plats and zoning for another 2,200 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 has annexed 80 acres in 2013, and is in the process of annexing another 100 acres. The City is also able to annex additional territory.

## **CITY OF URBANDALE, IOWA**

### Management's Discussion and Analysis

June 30, 2013

Urbandale also 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 from the standpoint of location are fully developed, with public streets, water, and sewer already in place. Urbandale has approved plans for 430,000 square feet of commercial and industrial projects, although the approvals for 276,000 square feet of that total have expired. The expired approvals are expected to be renewed at some point, probably after the projects are redesigned to some extent due to having been "on the shelf" for some time as a result of the recession.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2014. The fiscal year 2014 budget anticipated an increase of \$2,558,525 (7.7%) in operating expenditures over the fiscal year 2013 adopted budget. The adopted expenditures and anticipated revenues for fiscal year 2014 will allow the City to lower the general tax levy rate of \$7.17 by \$0.05 to \$7.12. In response to growing pension costs for the City's public safety uniformed staff, an additional \$0.10 was postponed 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, thus leaving that levy at \$0.30. Additionally, the debt service levy rate remained unchanged at \$2.15. The City's combined tax levy rate is \$9.57/\$1,000 valuation.

Continued increases in pension contribution rates for both IPERS and MFPRS have also impacted the FY14 budget, but were mitigated by cost savings in group insurance contributions, including the decision to self-fund public safety workers compensation insurance. Other factors impacting the FY14 budget include the continued improvement of local economic conditions spurring construction permit growth, the continued financing of infrastructure maintenance and improvement projects, the conclusion of federal grants for public safety staffing, the introduction of new technologies in a number of departments, and operating equipment purchases in several departments.

#### **Contacting the City's Financial Management**

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

CITY OF URBANDALE, IOWA

Statement of Net Position

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and pooled cash investments	\$ 36,471,275	686,712	37,157,987	74,821
Cash equivalents	—	—	—	2,098,359
Restricted cash	—	—	—	688,940
Accounts receivable	434,678	—	434,678	934,155
Taxes receivable:				
Current	949,099	—	949,099	—
Succeeding year	29,645,663	—	29,645,663	—
Special assessments receivable:				
Current	649,584	—	649,584	—
Succeeding year	848,147	—	848,147	—
Accrued interest	—	—	—	1,558
Due from other governments	705,011	—	705,011	—
Due from component unit	92,793	18,048	110,841	—
Due from primary government	—	—	—	11,833
Loan receivable	105,000	—	105,000	5,000
Inventories	100,735	—	100,735	305,287
Deferred bond issuance costs	53,218	—	53,218	—
Restricted assets - due from primary government	—	—	—	540
Prepaid expense and other assets	—	—	—	96,908
Total current assets	<u>70,055,203</u>	<u>704,760</u>	<u>70,759,963</u>	<u>4,217,401</u>
Noncurrent assets:				
Capital assets				
Equipment	11,859,999	—	11,859,999	798,241
Buildings	20,989,815	—	20,989,815	1,181,173
Distribution system	—	—	—	28,535,462
Improvements other than building	4,603,236	—	4,603,236	—
Land and right of way	5,869,823	—	5,869,823	2,198,900
Construction in progress	13,096,224	—	13,096,224	—
Artwork	331,264	—	331,264	—
Infrastructure	154,188,126	—	154,188,126	—
Share of undivided equity interest assets	2,635,196	—	2,635,196	—
Accumulated depreciation	(54,208,126)	—	(54,208,126)	(10,331,028)
Total capital assets	<u>159,365,557</u>	<u>—</u>	<u>159,365,557</u>	<u>22,382,748</u>
Total assets	<u>\$ 229,420,760</u>	<u>704,760</u>	<u>230,125,520</u>	<u>26,600,149</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 3,448,892	7,783	3,456,675	25,775
Water revenue bonds payable	—	—	—	200,000
General obligation bonds payable	6,410,000	—	6,410,000	—
Capital loan notes payable	240,000	—	240,000	52,000
Interest payable	110,747	—	110,747	18,642
Compensation and payroll taxes	345,709	3,785	349,494	29,796
Compensated absences - current	784,835	3,940	788,775	86,744
Due to City of Urbandale	—	—	—	110,841
Due to other governments	—	—	—	492,973
Customer deposits payable - restricted	—	—	—	51,870
Unearned revenue	29,724,623	—	29,724,623	—
Total current liabilities	<u>41,064,806</u>	<u>15,508</u>	<u>41,080,314</u>	<u>1,068,641</u>
Noncurrent liabilities:				
Water revenue bonds payable	—	—	—	2,480,000
General obligation bonds payable	35,005,000	—	35,005,000	—
Capital loan notes payable	2,535,000	—	2,535,000	3,473,000
Other postemployment benefits	407,073	—	407,073	56,343
Compensated absences	—	—	—	119,065
Total noncurrent liabilities	<u>37,947,073</u>	<u>—</u>	<u>37,947,073</u>	<u>6,128,408</u>
Total liabilities	<u>79,011,879</u>	<u>15,508</u>	<u>79,027,387</u>	<u>7,197,049</u>
<b>Net Position</b>				
Net investment in capital assets	115,175,557	—	115,175,557	17,417,748
Restricted:				
For capital projects	7,459,518	—	7,459,518	—
Purpose restricted by legislation	7,974,961	—	7,974,961	—
Donor restricted purposes	102,101	—	102,101	—
Unrestricted	19,696,744	689,252	20,385,996	1,985,352
Total net position	<u>\$ 150,408,881</u>	<u>689,252</u>	<u>151,098,133</u>	<u>19,403,100</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Activities

Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities Total	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities:								
Public safety	\$ 10,495,044	1,058,641	361,186	—	(9,075,217)	—	(9,075,217)	—
Public works	10,748,591	2,327,015	3,826,305	5,134,833	539,562	—	539,562	—
Culture and recreation	6,511,719	634,281	325,163	—	(5,552,275)	—	(5,552,275)	—
Community and economic development	3,050,530	819,023	—	—	(2,231,507)	—	(2,231,507)	—
General government	2,755,325	—	—	—	(2,755,325)	—	(2,755,325)	—
Interest and fiscal charges	1,572,214	—	69,298	—	(1,502,916)	—	(1,502,916)	—
Total governmental activities	35,133,423	4,838,960	4,581,952	5,134,833	(20,577,678)	—	(20,577,678)	—
Business-type activities:								
Storm Water Utility	390,230	698,093	—	—	—	307,863	307,863	—
Total primary government	\$ 35,523,653	5,537,053	4,581,952	5,134,833	(20,577,678)	307,863	(20,269,815)	—
<b>Component unit</b>								
Urbandale Water Utility	\$ 7,679,183	7,242,069	490,374	706,581				759,841
<b>General Revenues:</b>								
Taxes:								
Property tax				\$ 21,621,787				
Tax increment financing district tax				7,009,867				
Hotel Motel tax				1,577,149				
Franchise taxes				299,346				
Utility excise tax				599,831				
Total taxes					31,107,980	—	31,107,980	—
Interest					112,171	1,230	113,401	12,803
Miscellaneous					228,567	—	228,567	70,167
Total general revenues					31,448,718	1,230	31,449,948	82,970
Changes in net position					10,871,040	309,093	11,180,133	842,811
Net position - beginning					139,537,841	380,159	139,918,000	18,560,289
Net position - ending					\$ 150,408,881	689,252	151,098,133	19,403,100

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Balance Sheet

Governmental Funds

June 30, 2013

	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and pooled cash investments	\$ 9,440,710	2,599,463	3,491,830	898,037	10,759,004	663,625	27,852,669
Taxes receivable:							
Current	68,565	323,175	50,190	24,009	—	483,160	949,099
Succeeding year	16,795,680	—	6,592,652	5,549,646	—	707,685	29,645,663
Special assessments receivable:							
Current	—	—	—	622,034	27,550	—	649,584
Succeeding years	—	—	—	840,558	7,589	—	848,147
Accounts receivable	326,946	—	—	—	50,292	—	377,238
Due from component unit	16,796	2,139	—	—	73,858	—	92,793
Due from other governments	168,559	2,147	—	—	516,105	18,200	705,011
Loan receivable	—	—	—	—	105,000	—	105,000
Inventories	13,580	87,155	—	—	—	—	100,735
<b>Total assets</b>	<b>\$ 26,830,836</b>	<b>3,014,079</b>	<b>10,134,672</b>	<b>7,934,284</b>	<b>11,539,398</b>	<b>1,872,670</b>	<b>61,325,939</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 534,176	60,273	—	—	2,573,932	6,689	3,175,070
Compensation and payroll taxes	279,923	16,318	—	—	—	—	296,241
Employee benefits	47,873	1,595	—	—	—	—	49,468
Deferred revenue	69,152	—	—	1,462,592	250,276	480,293	2,262,313
Deferred revenue for succeeding years	16,795,680	—	6,592,652	5,549,646	—	707,685	29,645,663
<b>Total liabilities</b>	<b>17,726,804</b>	<b>78,186</b>	<b>6,592,652</b>	<b>7,012,238</b>	<b>2,824,208</b>	<b>1,194,667</b>	<b>35,428,755</b>
<b>Fund balances</b>							
Nonspendable	13,580	87,155	—	—	105,000	—	205,735
Restricted	—	2,848,738	3,542,020	922,046	7,459,518	678,003	15,450,325
Assigned	—	—	—	—	1,150,672	—	1,150,672
Unassigned	9,090,452	—	—	—	—	—	9,090,452
<b>Total fund balances</b>	<b>9,104,032</b>	<b>2,935,893</b>	<b>3,542,020</b>	<b>922,046</b>	<b>8,715,190</b>	<b>678,003</b>	<b>25,897,184</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,830,836</b>	<b>3,014,079</b>	<b>10,134,672</b>	<b>7,934,284</b>	<b>11,539,398</b>	<b>1,872,670</b>	<b>61,325,939</b>

See accompanying notes to financial statements.



**CITY OF URBANDALE, IOWA**

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

June 30, 2013

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

Total fund balances – governmental funds		\$ 25,897,184
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 207,372,383	
Less accumulated depreciation	<u>(50,511,784)</u>	156,860,599
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		2,183,353
Debt issuance costs are reported as "other financing uses" in the governmental funds, but as unamortized assets or liabilities in the statement of net position		
Unamortized general obligation bond issuance expense		53,218
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 position.		
Cash	8,618,606	
Due from customers	57,440	
Capital assets, net of accumulated depreciation	2,504,958	
Accounts payable	<u>(273,822)</u>	10,907,182
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	41,415,000	
Capital loan note	2,775,000	
Accrued interest on the bonds and notes	110,747	
Other postemployment benefits	407,073	
Compensated absences	<u>784,835</u>	<u>(45,492,655)</u>
Net position of governmental activities		\$ <u><u>150,408,881</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013

	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>							
Taxes	\$ 16,502,999	—	7,009,867	5,340,598	—	2,192,646	31,046,110
Special assessments	—	—	—	69,604	97,840	—	167,444
Licenses and permits	1,039,129	—	—	—	—	—	1,039,129
Use of money and property	42,139	—	9,473	16,898	31,714	371	100,595
Intergovernmental	631,837	3,826,305	—	69,298	1,850,333	40,920	6,418,693
Charges for services	3,629,760	—	—	—	—	—	3,629,760
Miscellaneous	404,343	—	—	54,934	998,672	81,183	1,539,132
Total revenues	<u>22,250,207</u>	<u>3,826,305</u>	<u>7,019,340</u>	<u>5,551,332</u>	<u>2,978,559</u>	<u>2,315,120</u>	<u>43,940,863</u>
<b>Expenditures</b>							
Current operating expenditures:							
Public safety	9,891,224	—	—	—	—	679,401	10,570,625
Public works	3,300,289	3,108,636	—	—	—	—	6,408,925
Culture and recreation	5,242,154	—	—	—	—	953,341	6,195,495
Community and economic development	1,238,830	—	1,768,587	—	—	—	3,007,417
General government	2,267,059	—	—	—	—	—	2,267,059
Capital outlay	—	—	—	—	11,714,865	—	11,714,865
Debt service:							
Principal	315,000	—	—	9,290,000	—	—	9,605,000
Interest	137,430	—	—	1,421,081	—	—	1,558,511
Total expenditures	<u>22,391,986</u>	<u>3,108,636</u>	<u>1,768,587</u>	<u>10,711,081</u>	<u>11,714,865</u>	<u>1,632,742</u>	<u>51,327,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(141,779)</u>	<u>717,669</u>	<u>5,250,753</u>	<u>(5,159,749)</u>	<u>(8,736,306)</u>	<u>682,378</u>	<u>(7,387,034)</u>
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	9,765,000	—	9,765,000
Premium/discount on bond issuance	—	—	—	—	247,719	—	247,719
Transfers in	500,000	—	—	5,518,702	—	—	6,018,702
Transfers out	(1,750,000)	—	(3,444,417)	—	(324,285)	(500,000)	(6,018,702)
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>—</u>	<u>(3,444,417)</u>	<u>5,518,702</u>	<u>9,688,434</u>	<u>(500,000)</u>	<u>10,012,719</u>
Net changes in fund balances	<u>(1,391,779)</u>	<u>717,669</u>	<u>1,806,336</u>	<u>358,953</u>	<u>952,128</u>	<u>182,378</u>	<u>2,625,685</u>
Fund balances at beginning of year	<u>10,495,811</u>	<u>2,218,224</u>	<u>1,735,684</u>	<u>563,093</u>	<u>7,763,062</u>	<u>495,625</u>	<u>23,271,499</u>
Fund balances at end of year	<u>\$ 9,104,032</u>	<u>2,935,893</u>	<u>3,542,020</u>	<u>922,046</u>	<u>8,715,190</u>	<u>678,003</u>	<u>25,897,184</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

Year ended June 30, 2013

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

Net change in fund balances – governmental funds	\$	2,625,685
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	\$ 11,759,250	
Depreciation expense	<u>(5,045,280)</u>	6,713,970
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		3,162,596
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(797,919)
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 \$17,003 for vacation expense, \$38,740 for sick leave expense, and \$136,186 for other postemployment benefits.		(191,929)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		9,605,000
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(9,765,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.		8,640
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.		(22,343)
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, building maintenance and the risk management program to the individual funds. The net loss of the internal service funds is reported with governmental activities.		<u>(467,660)</u>
Change in net position of governmental activities	\$	<u><u>10,871,040</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Position –  
Proprietary Funds

June 30, 2013

	<b>Business-Type Activities - Non-Major Enterprise Fund</b>	<b>Governmental Activities</b>
<b>Assets</b>	<b>Storm Water Utility Fund</b>	<b>Internal Service Funds</b>
Current assets:		
Cash and pooled cash investments	\$ 686,712	8,618,606
Accounts receivable	—	57,440
Due from Component Unit	18,048	—
Total current assets	<u>704,760</u>	<u>8,676,046</u>
Noncurrent assets:		
Capital assets, net	—	2,504,958
Total noncurrent assets	<u>—</u>	<u>2,504,958</u>
Total assets	<u>\$ 704,760</u>	<u>11,181,004</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 7,783	273,822
Compensation and payroll taxes	3,448	—
Employee benefits	337	—
Compensated absences - current	3,940	—
Total current liabilities	<u>15,508</u>	<u>273,822</u>
<b>Net Position</b>		
Net investment in capital assets	\$ —	2,504,958
Unrestricted	<u>689,252</u>	<u>8,402,224</u>
Total net position	<u>\$ 689,252</u>	<u>10,907,182</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

Year Ended June 30, 2013

	<b>Business-Type Activities - Non-Major Enterprise Fund</b>		<b>Governmental Activities</b>
	<b>Storm Water</b>	<b>Utility</b>	<b>Internal Service</b>
	<b>Fund</b>		<b>Funds</b>
Operating revenues:			
Charges for services	\$	698,093	3,250,860
Other		—	1,947,007
Total operating revenues		<u>698,093</u>	<u>5,197,867</u>
Operating expenses:			
Insurance premiums and claims		—	4,553,676
Building maintenance		—	31,910
Data processing		—	409,649
Storm water operations		390,230	—
Administration		—	1,348
Depreciation		—	687,151
Total operating expenses		<u>390,230</u>	<u>5,683,734</u>
Operating income		<u>307,863</u>	<u>(485,867)</u>
Nonoperating revenues (expenses):			
Interest income		1,230	22,569
Gain (loss) on sale of equipment		—	(4,362)
Total nonoperating revenues (expenses)		<u>1,230</u>	<u>18,207</u>
Change in net position		309,093	(467,660)
Net position at beginning of year		<u>380,159</u>	<u>11,374,842</u>
Net position at end of year	\$	<u><u>689,252</u></u>	<u><u>10,907,182</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2013

	<b>Business-Type Activities - Non-Major Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Storm Water Utility Fund</b>	<b>Internal Service Funds</b>
Cash flows from operating activities:		
Receipts from customers and users	\$ 689,695	5,185,167
Payments to employees	(198,773)	—
Payments to suppliers	(205,156)	(5,001,849)
Net cash provided by operating activities	<u>285,766</u>	<u>183,318</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	—	(314,054)
Proceeds from sale of capital assets	—	4,000
Net cash used in capital and related financing activities	<u>—</u>	<u>(310,054)</u>
Cash flows from investing activities:		
Interest on investments	1,230	22,569
Net increase (decrease) in cash and cash equivalents	286,996	(104,167)
Cash and cash equivalents at beginning of year	399,716	8,722,773
Cash and cash equivalents at end of year	\$ <u>686,712</u>	<u>8,618,606</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 307,863	(485,867)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	—	687,151
Change in due from customers	(8,398)	(12,700)
Change in accounts payable and accrued liability	(13,699)	(5,266)
Net cash provided by operating activities	\$ <u>285,766</u>	<u>183,318</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
Statement of Fiduciary Net Position  
June 30, 2013

		<b>Total Agency Funds</b>
<b>Assets</b>		
Cash and pooled cash investments	\$	<u>1,608,366</u>
Total assets	\$	<u><u>1,608,366</u></u>
<b>Liabilities</b>		
Liabilities:		
Due to component unit	\$	11,833
Due to other governments		320,300
Deposits and remittances due		<u>1,276,233</u>
Total liabilities	\$	<u><u>1,608,366</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(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 includes 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, 2013

**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 position. 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 Position 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 Position* – presents the City’s nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

*Net investment in capital assets* 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 position* results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position 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, 2013

### **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 March 15 of each year, the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2013 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 has 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2012.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2013

The City reports the following major governmental funds:

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

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

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

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.

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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

*Building Maintenance Fund* – an internal service fund utilized to finance and account for the various non-routine maintenance and large-scale repair activities associated with any City-owned buildings 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, 2013

*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, ordinance or resolution, which it originally 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.

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

As of June 30, 2013, fund balances are composed of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenues</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 13,580	-	-	87,155	100,735
Loan receivable	-	-	105,000	-	105,000
Total nonspendable	<u>\$ 13,580</u>	<u>-</u>	<u>105,000</u>	<u>87,155</u>	<u>205,735</u>
Restricted for:					
Debt service	\$ -	922,046	-	3,542,020	4,464,066
Public works	-	-	-	2,848,738	2,848,738
Capital projects	-	-	7,459,518	-	7,459,518
Public safety retirement	-	-	-	70,325	70,325
Public safety	-	-	-	114,018	114,018
Cultural programs	-	-	-	493,660	493,660
Total restricted	<u>\$ -</u>	<u>922,046</u>	<u>7,459,518</u>	<u>7,068,761</u>	<u>15,450,325</u>
Assigned to:					
Capital projects	<u>\$ -</u>	<u>-</u>	<u>1,150,672</u>	<u>-</u>	<u>1,150,672</u>
Unassigned	<u>9,090,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,090,452</u>
Total Fund Balances	<u>\$ 9,104,032</u>	<u>922,046</u>	<u>8,715,190</u>	<u>7,155,916</u>	<u>25,897,184</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(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.

**(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 Position and in the Proprietary Funds Statement of Net Position. 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 extending 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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

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.

***(n) Long-Term Debt***

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. 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. An estimate for the amount due in one year is reported as a current liability, and reflects management's best estimate of anticipated use of these types of leave hours in the next year, based on a 3 year trend. As of June 30, 2013, estimated use exceeded total calculated accrued liability, thus the full liability is reported as current. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(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 \$2,065,455 in the aggregate for June 30, 2013. 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 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>2013</b>	<b>2012</b>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 265,000	240,000
Incurred claims and claim adjustment expenses	1,876,767	2,107,357
Payments	(1,891,767)	(2,082,357)
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 250,000	265,000

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

The City's and its Component Unit's deposits at June 30, 2013 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, 2013 are \$37,157,987. The City's agency funds had cash and pooled cash investments of \$1,608,366 at June 30, 2013.

Included in the City's cash equivalents total noted above, are investments in money market mutual funds totaling \$37,072,469 at June 30, 2013. 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.



## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2013

At June 30, 2013 cash equivalents of the Component Unit include a money market account of \$2,013,878 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,351, which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization.

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

*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 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, 2013

**(4) Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2013 is as follows:

	<u>July 1, 2012</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,275,382	—	—	5,275,382
Construction in progress	7,539,684	13,194,432	7,637,892	13,096,224
Right of way	444,479	149,962	—	594,441
Total capital assets not being depreciated	<u>13,259,545</u>	<u>13,344,394</u>	<u>7,637,892</u>	<u>18,966,047</u>
Capital assets being depreciated:				
Equipment	11,563,784	693,211	396,996	11,859,999
Buildings	20,989,815	—	—	20,989,815
Improvements other than buildings	3,958,623	671,160	26,547	4,603,236
Artwork	297,775	33,489	—	331,264
Infrastructure	147,862,142	6,325,984	—	154,188,126
Share of undivided equity interest assets	828,149	1,807,047	—	2,635,196
Total capital assets being depreciated	<u>185,500,288</u>	<u>9,530,891</u>	<u>423,543</u>	<u>194,607,636</u>
Less accumulated depreciation for:				
Equipment	5,895,258	1,100,549	390,088	6,605,719
Buildings	5,164,603	447,315	—	5,611,918
Improvements other than buildings	1,457,195	318,708	23,600	1,752,303
Artwork	148,961	16,695	—	165,656
Infrastructure	35,589,671	3,602,150	—	39,191,821
Share of undivided equity interest assets	633,695	247,014	—	880,709
Total accumulated depreciation	<u>48,889,383</u>	<u>5,732,431</u>	<u>413,688</u>	<u>54,208,126</u>
Total capital assets, net	\$ <u><u>149,870,450</u></u>	<u><u>17,142,854</u></u>	<u><u>7,647,747</u></u>	<u><u>159,365,557</u></u>

Depreciation expense of \$5,732,431 for the year ended June 30, 2013, was charged to the following governmental functions:

	<u>2013</u>
Public safety	\$ 924,431
Public works	3,934,864
Culture and recreation	710,169
Community and economic development	27,028
General government	135,939
Total depreciation expense	\$ <u><u>5,732,431</u></u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

Capital asset activity for the Component Unit for the years ended June 30, 2013 is as follows:

	<b>2013</b>			
	<b>July 1, 2012 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2013 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 784,983	27,351	14,093	798,241
Land	—	2,198,900	—	2,198,900
Buildings	1,181,173	—	—	1,181,173
Distribution system	<u>27,755,023</u>	<u>780,439</u>	<u>—</u>	<u>28,535,462</u>
Total capital assets being depreciated	<u>29,721,179</u>	<u>3,006,690</u>	<u>14,093</u>	<u>32,713,776</u>
Less accumulated depreciation for:				
Equipment	573,916	67,991	14,093	627,814
Buildings	560,809	30,617	—	591,426
Distribution system	<u>8,544,632</u>	<u>567,156</u>	<u>—</u>	<u>9,111,788</u>
Total accumulated depreciation	<u>9,679,357</u>	<u>665,764</u>	<u>14,093</u>	<u>10,331,028</u>
Total capital assets, net	<u>\$ 20,041,822</u>	<u>2,340,926</u>	<u>—</u>	<u>22,382,748</u>

**(5) Long-Term Obligations**

**(a) 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, 2013 was \$1,695,000, 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 \$130,000 with interest rates from 4.05% to 4.30%. Total outstanding principal at June 30, 2013 was \$900,000, 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, 2013 was \$180,000, with the final payment due June 2020.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(b) General Obligation Bonds**

Details of general obligation bonds payable at June 30, 2013 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, 2013</u>
Street, park and public works	10/01/04	3.40 to 3.60	6/15	520,000 to 610,000	5,400,000	1,150,000
Urban Development	10/01/04	4.75 to 5.30	6/19	70,000 to 105,000	1,035,000	530,000
Street/Bridge	07/01/05	3.40	6/16	470,000 to 525,000	5,225,000	1,520,000
Street/Bridge	08/01/06	n/a	6/16	n/a	4,385,000	—
Streets	09/01/07	4.00	6/17	610,000 to 950,000	7,005,000	3,105,000
Streets, parks/trail	08/01/08	3.25 to 4.00	6/18	1,100,000 to 2,100,000	12,225,000	7,800,000
Refunding bond	05/01/09	2.0 to 2.30	6/14	585,000 to 650,000	4,770,000	585,000
Streets, parks, fire trails, and pool	11/01/09	2.50 to 4.63	6/21	420,000 to 700,000	6,570,000	4,900,000
Streets/Bridges parks/trails	10/01/10	2.00 to 3.00	6/22	335,000 to 1,000,000	8,535,000	6,735,000
Refunding bond	10/01/10	2.00 to 2.50	6/20	100,000 to 610,000	2,955,000	700,000
Streets/Bridges Parks/Trails	09/01/11	2.00 to 3.00	6/26	400,000 to 1,980,000	8,935,000	5,875,000
Parks/Street/Bridge	09/01/12	1.0 to 2.25	6/27	250,000 to 1,250,000	9,765,000	8,515,000
					<u>\$ 76,805,000</u>	<u>41,415,000</u>

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2013 are as follows:

<u>Years Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>General Obligation General Fund Capital Loan Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 6,410,000	1,215,350	240,000	113,620
2015	5,585,000	1,042,311	255,000	104,576
2016	5,145,000	873,331	265,000	94,755
2017	5,175,000	709,195	275,000	84,400
2018	4,845,000	546,490	285,000	73,473
2019-2023	11,755,000	1,114,998	1,265,000	188,201
2024-2027	2,500,000	134,500	190,000	8,456
	<u>\$ 41,415,000</u>	<u>5,636,175</u>	<u>2,775,000</u>	<u>667,481</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(c) 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, 2013, the restricted cash on the balance sheet includes \$25,369 in the Sinking Fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

The annual principal and interest requirements to maturity for the Component Unit's water revenue bonds at June 30, 2013 are as follows:

<b>Years Ending June 30,</b>	<b>Water Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 200,000	104,520
2015	205,000	96,720
2016	215,000	88,725
2017	220,000	80,340
2018	230,000	71,760
2019-2023	1,310,000	216,255
2024	300,000	11,700
	<u>\$ 2,680,000</u>	<u>670,020</u>

**(d) Drinking Water State Revolving Fund**

The Component Unit applied for and received a capital loan note from the Drinking Water State Revolving Fund on February 17, 2010 in the amount of \$1,671,000. The funds are to be used solely for the meter replacement project as defined in the application. Funds are disbursed from the Iowa Finance Authority when invoices are submitted by the Utility and approved for the project. The first \$332,000 disbursed to the Utility represents the forgivable portion of the loan. The remaining \$1,339,000 will be disbursed over the next 24 months and will be repaid semi-annually over a twenty year period. A loan servicing fee is payable each June 1 at a rate of .25% of the principal amount of the loan outstanding. Interest is payable each December 1 and June 1 at a rate of 3.0%. Principal payments are due June 1 of each year, and range from \$49,000 to \$89,000 with final maturity in 2031. Total disbursements were \$23,950 and \$430,345 for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 the restricted cash on the balance sheet includes \$22,378 in the Sinking Fund.

At June 30, 2013 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, 2013 are as follows:

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

<b>Years Ending June 30,</b>	<b>SRF Capital Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 52,000	37,200
2015	53,000	35,640
2016	55,000	34,050
2017	57,000	32,400
2018	59,000	30,690
2019-2023	325,000	125,700
2024-2028	380,000	73,770
2029-2031	259,000	15,690
	<u>\$ 1,240,000</u>	<u>385,140</u>

**(d) Water Revenue Capital Loan Notes**

On December 4, 2012 the Urbandale Water Utility issued \$2,285,000 in Taxable Water Revenue Capital Loan Notes. The notes were issued for system improvements and land acquisitions. Interest is payable semi-annually, each December 1 and June 1, at 3.59%. Principal payments are due June 1 of each year starting in 2015, and range from \$85,000 - \$160,000, with the final maturity in 2033. At June 30, 2013 the restricted cash balance sheet includes \$6,874 in the Sinking Fund and \$170,749 in the Reserve Fund.

Principal and interest requirements to maturity for obligations at June 30, 2013 are as follows:

<b>Years Ending June 30,</b>	<b>Water Revenue Capital Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ -	82,032
2015	85,000	82,032
2016	90,000	78,980
2017	95,000	75,749
2018	95,000	72,338
2019-2023	535,000	307,483
2024-2028	635,000	204,271
2029-2031	750,000	82,570
	<u>\$ 2,285,000</u>	<u>985,455</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

Changes in long-term obligations for the years ended June 30, 2013 are as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2013</b>	<b>1 year</b>
<b>Primary government:</b>					
General obligation bonds	\$ 41,025,000	9,765,000	9,375,000	41,415,000	6,410,000
General obligation General					
Fund capital loan notes	3,005,000	—	230,000	2,775,000	240,000
Other postemployment benefits	270,887	136,186	—	407,073	—
Compensated absences	729,092	81,416	25,673	784,835	784,835
	<u>\$ 45,029,979</u>	<u>9,982,602</u>	<u>9,630,673</u>	<u>45,381,908</u>	<u>7,434,835</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 16,553	—	12,613	3,940	3,940
<b>Component unit:</b>					
Water revenue bonds	\$ 2,870,000	—	190,000	2,680,000	200,000
Capital loan note	1,265,996	2,309,004	50,000	3,525,000	52,000
Other postemployment benefits	42,928	13,415	—	56,343	—
Compensated absences	196,137	9,672	—	205,809	86,744
	<u>\$ 4,375,061</u>	<u>2,332,091</u>	<u>240,000</u>	<u>6,467,152</u>	<u>338,744</u>

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

2011 Actual value of Property (unaudited)	\$ <u>3,926,100,491</u>
Debt limit - 5% of assessed valuation	\$ 196,305,025
Amount of debt applicable to debt limit:	
General obligation General Fund capital loan notes	(2,775,000)
General obligation bonds	<u>(41,415,000)</u>
Legal debt margin	\$ <u>152,115,025</u>

**(6) Retirement Plans**

**(a) Plan Descriptions**

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

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

Municipal Fire and Police Retirement System of Iowa  
7155 Lake Drive, Suite 201  
West Des Moines, IA 50266

IPERS  
PO Box 9117  
Des Moines, IA 50306

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(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, 2013, 2012, and 2011 under the two plans is as follows:

	<u>Plan Member Contributions</u>			<u>City Contributions</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
IPERS –						
Basic	5.78%	5.38%	4.50%	8.67%	8.07%	6.95%
Fire	6.84%	6.65%	6.64%	10.27%	9.97%	9.95%
MFPRS	9.40%	9.40%	9.40%	26.12%	24.76%	19.90%

The City's contributions to MFPRS and IPERS for the years ended June 30, 2013, 2012, and 2011 were equal to the required contributions for each year as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
IPERS	\$ 700,248	664,216	535,140
MFPRS	1,145,706	1,130,266	792,776

The Component Unit's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$104,545, \$97,865, and \$75,512, 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 \$32,126 the year ended June 30, 2013. The Water Utility's employees made contributions to the plan of \$53,543 for the year ended June 30, 2013.



**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(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 167 active and 8 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 position 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, 2013:

Annual required contribution	\$	158,468
Interest on net OPEB obligation		7,724
Adjustment to annual required contribution		(20,318)
Annual OPEB cost		<u>145,874</u>
Contributions made, net of retiree contributions		<u>(9,688)</u>
Increase in net OPEB obligation		136,186
Net OPEB obligation beginning of year		<u>270,887</u>
Net OPEB obligation end of year	\$	<u><u>407,073</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2013.

For the year ended June 30, 2013, the City contributed \$34,054 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$24,365, or 71.5% of the claims cost.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2013

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, 2013 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 145,874	6.64%	\$ 407,073
June 30, 2012	\$ 101,620	-9.17%	\$ 270,887
June 30, 2011	\$ 105,272	33.35%	\$ 159,953

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,081,559, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,081,559. The covered payroll (annual payroll of active employees covered by the plan) was \$10,755,143 and the ratio of the UAAL to covered payroll was 10.06% as of June 30, 2013. As of June 30, 2013, 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, 2012 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 inflation 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, 2013

#### **(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.

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, 2013 were \$220,904.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2013

#### **(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 679 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 at a level determined by the Board not to exceed 300% of 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 contributions to the Pool for the year ended June 30, 2013 were \$283,992.

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 \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington 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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the City's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2013

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 the amount of capital distributions previously received by the withdrawing member and 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 \$539,752 and has an undivided interest in assets of the operation, net of depreciation, totaling \$1,754,487 as of June 30, 2013. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

##### **(b) Conduit Debt**

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$6,642,487.

##### **(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, 2013.

##### **(d) 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 \$393,000 at June 30, 2013.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

(e) **Construction and Purchase Commitments**

At June 30, 2013, the following construction and purchase commitments had been made:

<u>Project</u>	<u>2013</u>	
	<u>Total Contracts</u>	<u>Amount Remaining on Contracts</u>
Capital projects fund	\$ 21,462,203	7,032,770
General fund	245,559	—
Enterprise fund - Storm Water Utility	27,772	—
Internal service fund - Building Maintenance	72,884	4,442
Special revenue fund – Road Use Tax	685,629	431,628
Total	<u>\$ 22,494,047</u>	<u>7,468,840</u>

(f) **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, 2013 to contribute to Water Works \$12,952,807, 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>
2014	\$ 1,227,785	379,747
2015	1,270,313	343,945
2016	1,356,920	305,606
2017	1,279,772	264,135
2018	996,016	227,113
2019-2023	4,710,395	721,281
2024-2027	2,111,606	86,633
	<u>\$ 12,952,807</u>	<u>2,328,460</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2013

**(g) 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.

**(11) Subsequent Events**

In September 2013, the City issued \$8,090,000 in Series 2013A general obligation bonds to be used primarily for street improvement projects, park improvements, and to refund existing Series 2004A and Series 2005 general obligation bonds. Also in September 2013, the City issued \$3,540,000 in Series 2013B general obligation urban renewal bonds to be used for street improvements projects within the Northwest Market TIF district.

**(12) Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2013:

	<u>2013</u>
Transfer to General fund from:	
Nonmajor governmental funds	500,000
Total transfers to General Fund	<u>500,000</u>
Transfer to Debt Service fund from:	
TIF fund	\$ 3,444,417
General fund	1,750,000
Capital projects fund	324,285
Total transfer to Debt Service fund	<u>5,518,702</u>
	<u>\$ 6,018,702</u>

Transfers are primarily used to (1) move revenue from the fund that statute or budget requires them to be collected in to the fund that statute or budget requires them to be expended from, 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, 2013

	Governmental	Enterprise	Total	Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual		Original	Final	Variance
Revenues:						
Property tax	\$ 21,649,103	-	21,649,103	21,616,834	21,616,834	32,269
Tax increment financing	6,996,469	-	6,996,469	6,988,157	6,988,157	8,312
Other city tax	2,398,034	-	2,398,034	1,998,454	2,398,454	(420)
Licenses and permits	1,031,394	-	1,031,394	1,046,300	1,076,300	(44,906)
Use of money and property	84,020	1,230	85,250	185,000	185,000	(99,750)
Intergovernmental	6,095,898	-	6,095,898	6,408,644	6,487,544	(391,646)
Charges for services	3,601,376	689,695	4,291,071	4,257,347	4,257,347	33,724
Special assessments	555,995	-	555,995	110,000	610,000	(54,005)
Miscellaneous	2,726,709	-	2,726,709	618,100	618,100	2,108,609
<b>Total receipts</b>	<b>45,138,998</b>	<b>690,925</b>	<b>45,829,923</b>	<b>43,228,836</b>	<b>44,237,736</b>	<b>1,592,187</b>
Expenditures:						
Public safety	10,231,833	-	10,231,833	9,875,786	10,505,786	273,953
Public works	6,350,483	-	6,350,483	6,660,822	6,660,822	310,339
Culture and recreation	6,143,363	-	6,143,363	6,283,862	6,832,762	689,399
Community and economic development	3,008,031	-	3,008,031	3,542,425	3,542,425	534,394
General government	2,260,643	-	2,260,643	2,404,193	2,404,193	143,550
Debt Service	11,163,511	-	11,163,511	9,265,776	11,365,776	202,265
Capital projects	12,456,574	-	12,456,574	14,566,100	15,066,100	2,609,526
<b>Total disbursements</b>	<b>51,614,438</b>	<b>-</b>	<b>51,614,438</b>	<b>52,598,964</b>	<b>56,377,864</b>	<b>4,763,426</b>
Business-type activities	-	403,929	403,929	419,336	419,336	15,407
<b>Total all disbursements</b>	<b>51,614,438</b>	<b>403,929</b>	<b>52,018,367</b>	<b>53,018,300</b>	<b>56,797,200</b>	<b>4,778,833</b>
Excess (deficiency) of revenues over (under) expenditures	(6,475,440)	286,996	(6,188,444)	(9,789,464)	(12,559,464)	(6,371,020)
Other financing sources, net	10,023,712	-	10,023,712	9,620,500	9,620,500	(403,212)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,548,272	286,996	3,835,268	(168,964)	(2,938,964)	(6,774,232)
Fund balances at beginning of year	24,304,397	399,716	24,704,113	18,450,486	18,450,486	(6,253,627)
Fund balances at end of year	\$ 27,852,669	686,712	28,539,381	18,281,522	15,511,522	(13,027,859)

	Governmental Funds			Enterprise Fund		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Full Accrual Basis
Revenues	\$ 45,138,998	(1,198,135)	43,940,863	690,925	8,398	699,323
Expenditures/expenses	51,614,438	(286,541)	51,327,897	403,929	(13,699)	390,230
Net	(6,475,440)	(911,594)	(7,387,034)	286,996	22,097	309,093
Other financing sources, net	10,023,712	(10,993)	10,012,719	-	-	-
Beginning fund balances/net assets	24,304,397	(1,032,898)	23,271,499	399,716	(19,557)	380,159
Ending fund balances/net assets	\$ 27,852,669	(1,955,485)	25,897,184	686,712	2,540	689,252

See accompanying notes to required supplementary information.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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, 2013 was amended during the year to allow the City to increase program expenditures by \$8,163,900 and increased program revenues by \$5,393,900. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Component Unit were \$16,414,912 compared to a legal budget of \$16,951,481 for the year ended June 30, 2013.

**CITY OF URBAN DALE, IOWA**  
 Required Supplementary Information  
 Schedule of Funding Progress for the Retiree Health Plan  
 June 30, 2013

<u>Ended June 30,</u>	<u>Valuation Date</u>	<u>Assets (a)</u>	<u>(AAL) (b)</u>	<u>(UAAL (b-a)</u>	<u>Ratio (a/b)</u>	<u>Payroll (c)</u>	<u>Payroll ((b-a)/c)</u>
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%
2013	July 1, 2012	\$ -	\$ 1,081,559	\$ 1,081,559	0.00%	\$ 10,755,143	10.06%

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.

*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 URBAN DALE, IOWA**  
 Combining Balance Sheet Information  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Hotel Motel</u>	<u>Police and Fire Retirement</u>	<u>Fire Donation</u>	<u>Fire Equipment</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Tobacco Inspection</u>	<u>Making A Connection - MAC</u>	<u>Alcohol Inspection</u>	<u>Total</u>
<b>Assets</b>											
Cash and pooled cash investments	\$ 422,464	67,458	8,825	2,054	38,064	26,353	8,375	9,628	77,361	3,043	663,625
Taxes receivable:											
Current	480,293	2,867	—	—	—	—	—	—	—	—	483,160
Succeeding year	—	707,685	—	—	—	—	—	—	—	—	707,685
Due from Other Governments	—	—	—	—	—	17,990	10	200	—	—	18,200
Total assets	<u>\$ 902,757</u>	<u>778,010</u>	<u>8,825</u>	<u>2,054</u>	<u>38,064</u>	<u>44,343</u>	<u>8,385</u>	<u>9,828</u>	<u>77,361</u>	<u>3,043</u>	<u>1,872,670</u>
<b>Liabilities and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ —	—	—	—	—	194	330	—	6,165	—	6,689
Deferred revenue	480,293	—	—	—	—	—	—	—	—	—	480,293
Deferred revenue for succeeding year	—	707,685	—	—	—	—	—	—	—	—	707,685
Total liabilities	<u>480,293</u>	<u>707,685</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>194</u>	<u>330</u>	<u>—</u>	<u>6,165</u>	<u>—</u>	<u>1,194,667</u>
<b>Fund balances:</b>											
Restricted	422,464	70,325	8,825	2,054	38,064	44,149	8,055	9,828	71,196	3,043	678,003
Total fund balances	<u>422,464</u>	<u>70,325</u>	<u>8,825</u>	<u>2,054</u>	<u>38,064</u>	<u>44,149</u>	<u>8,055</u>	<u>9,828</u>	<u>71,196</u>	<u>3,043</u>	<u>678,003</u>
Total liabilities and fund balances	<u>\$ 902,757</u>	<u>778,010</u>	<u>8,825</u>	<u>2,054</u>	<u>38,064</u>	<u>44,343</u>	<u>8,385</u>	<u>9,828</u>	<u>77,361</u>	<u>3,043</u>	<u>1,872,670</u>

## CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds

Year Ended June 30, 2013

	<u>Hotel Motel</u>	<u>Police and Fire Retirement</u>	<u>Fire Donation</u>	<u>Fire Equipment</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Tobacco Inspection</u>	<u>Making A Connection - MAC</u>	<u>Alcohol Inspection</u>	<u>Total</u>
<b>Revenues</b>											
Taxes	\$ 1,515,280	677,366	—	—	—	—	—	—	—	—	2,192,646
Use of money and property	—	52	25	6	57	110	—	22	92	7	371
Intergovernmental	—	—	—	—	—	31,670	—	1,250	8,000	—	40,920
Miscellaneous	—	—	2,916	—	16,175	—	8,092	—	54,000	—	81,183
Total revenues	\$ 1,515,280	677,418	2,941	6	16,232	31,780	8,092	1,272	62,092	7	2,315,120
<b>Expenditures</b>											
Current operating expenditures											
Public safety	\$ —	614,281	4,743	—	—	56,569	3,658	150	—	—	679,401
Culture and recreation	926,480	—	—	—	—	—	—	—	26,861	—	953,341
Total expenditures	926,480	614,281	4,743	—	—	56,569	3,658	150	26,861	—	1,632,742
Excess (deficiency) of revenues over (under) expenditures	588,800	63,137	(1,802)	6	16,232	(24,789)	4,434	1,122	35,231	7	682,378
Transfers out	(500,000)	—	—	—	—	—	—	—	—	—	(500,000)
Total transfers	(500,000)	—	—	—	—	—	—	—	—	—	(500,000)
Net changes in fund balances	88,800	63,137	(1,802)	6	16,232	(24,789)	4,434	1,122	35,231	7	182,378
Fund balances - beginning	333,664	7,188	10,627	2,048	21,832	68,938	3,621	8,706	35,965	3,036	495,625
Fund balances - ending	\$ 422,464	70,325	8,825	2,054	38,064	44,149	8,055	9,828	71,196	3,043	678,003



**CITY OF URBANDALE, IOWA**  
Combining Statement of Net Position –  
Proprietary Funds - Internal Service Funds  
June 30, 2013

<b>Assets</b>	<b>General Liability</b>	<b>Equipment Replacement</b>	<b>Technology</b>	<b>Building Maintenance</b>	<b>Risk Management</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:						
Cash and pooled cash investments	\$ 333,305	4,054,635	262,540	125,469	3,842,657	8,618,606
Accounts receivable	—	—	1,329	—	56,111	57,440
Total current assets	<u>333,305</u>	<u>4,054,635</u>	<u>263,869</u>	<u>125,469</u>	<u>3,898,768</u>	<u>8,676,046</u>
Non-current assets:						
Capital assets, net	—	2,504,958	—	—	—	2,504,958
Total non-current assets	<u>—</u>	<u>2,504,958</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,504,958</u>
Total assets	<u>333,305</u>	<u>6,559,593</u>	<u>263,869</u>	<u>125,469</u>	<u>3,898,768</u>	<u>11,181,004</u>
<b>Liabilities and Net Position</b>						
Current liabilities:						
Accounts payable	2,596	—	—	6,109	265,117	273,822
Total liabilities	<u>2,596</u>	<u>—</u>	<u>—</u>	<u>6,109</u>	<u>265,117</u>	<u>273,822</u>
Net position:						
Invested in capital assets	—	2,504,958	—	—	—	2,504,958
Unrestricted	330,709	4,054,635	263,869	119,360	3,633,651	8,402,224
Total net position	<u>\$ 330,709</u>	<u>6,559,593</u>	<u>263,869</u>	<u>119,360</u>	<u>3,633,651</u>	<u>10,907,182</u>

## CITY OF URBANDALE, IOWA

Combining Statement of Revenues, Expenses, and Changes in  
Net Position – Proprietary Funds - Internal Service Funds

Year Ended June 30, 2013

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Building Maintenance</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Operating revenues:						
Charges for services	\$ 475,000	912,706	211,952	151,200	1,500,002	3,250,860
Other	143,934	4,000	26,996	—	1,772,077	1,947,007
Total operating revenues	<u>618,934</u>	<u>916,706</u>	<u>238,948</u>	<u>151,200</u>	<u>3,272,079</u>	<u>5,197,867</u>
Operating expenses:						
Insurance premiums and claims	723,460	—	—	—	3,830,216	4,553,676
Building maintenance	—	—	—	31,910	—	31,910
Data processing	—	—	409,649	—	—	409,649
Depreciation	—	687,151	—	—	—	687,151
Administration	1,348	—	—	—	—	1,348
Total operating expenses	<u>724,808</u>	<u>687,151</u>	<u>409,649</u>	<u>31,910</u>	<u>3,830,216</u>	<u>5,683,734</u>
Operating income (loss)	<u>(105,874)</u>	<u>229,555</u>	<u>(170,701)</u>	<u>119,290</u>	<u>(558,137)</u>	<u>(485,867)</u>
Nonoperating revenues (expenses):						
Interest income	691	10,140	544	70	11,124	22,569
Gain (loss) on sale of equipment	—	(4,362)	—	—	—	(4,362)
Total nonoperating revenues (expenses)	<u>691</u>	<u>5,778</u>	<u>544</u>	<u>70</u>	<u>11,124</u>	<u>18,207</u>
Change in net assets	<u>(105,183)</u>	<u>235,333</u>	<u>(170,157)</u>	<u>119,360</u>	<u>(547,013)</u>	<u>(467,660)</u>
Net position at beginning of year	435,892	6,324,260	434,026	—	4,180,664	11,374,842
Net position at end of year	<u>\$ 330,709</u>	<u>6,559,593</u>	<u>263,869</u>	<u>119,360</u>	<u>3,633,651</u>	<u>10,907,182</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Cash Flows –  
Proprietary Funds - Internal Service Funds  
Year Ended June 30, 2013

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Building Maintenance</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Cash flows from operating activities:						
Receipts from customers and users	\$ 618,934	916,706	240,337	151,200	3,257,990	5,185,167
Payments to suppliers	(722,933)	—	(411,991)	(25,801)	(3,841,124)	(5,001,849)
Net cash (used in) provided by operating activities	<u>(103,999)</u>	<u>916,706</u>	<u>(171,654)</u>	<u>125,399</u>	<u>(583,134)</u>	<u>183,318</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	—	(314,054)	—	—	—	(314,054)
Proceeds from sale of capital assets	—	4,000	—	—	—	4,000
Net cash used in capital and related financing activities	<u>—</u>	<u>(310,054)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(310,054)</u>
Cash flows from investing activities:						
Interest on investments	691	10,140	544	70	11,124	22,569
Net (decrease) increase in cash and cash equivalents	<u>(103,308)</u>	<u>616,792</u>	<u>(171,110)</u>	<u>125,469</u>	<u>(572,010)</u>	<u>(104,167)</u>
Cash and cash equivalents at beginning of year	436,613	3,437,843	433,650	—	4,414,667	8,722,773
Cash and cash equivalents at end of year	<u>\$ 333,305</u>	<u>4,054,635</u>	<u>262,540</u>	<u>125,469</u>	<u>3,842,657</u>	<u>8,618,606</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities						
Operating (loss) income	\$ (105,874)	229,555	(170,701)	119,290	(558,137)	(485,867)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	—	687,151	—	—	—	687,151
Change in due from customers	—	—	1,389	—	(14,089)	(12,700)
Change in accounts payable	1,875	—	(2,342)	6,109	(10,908)	(5,266)
Net cash (used in) provided by operating activities	<u>\$ (103,999)</u>	<u>916,706</u>	<u>(171,654)</u>	<u>125,399</u>	<u>(583,134)</u>	<u>183,318</u>

**CITY OF URBANDALE, IOWA**

**Schedule 6**

Combining Statement of Fiduciary Net Position

June 30, 2013

	Agency Funds			Total Agency Funds
	Collections and Deposits	Escrow Fund	Revolving Loan	
<b>Assets</b>				
Cash and pooled cash investments	\$ 303,627	1,112,939	191,800	1,608,366
Total assets	\$ 303,627	1,112,939	191,800	1,608,366
<b>Liabilities</b>				
Liabilities:				
Due to component unit	\$ 11,833	—	—	11,833
Due to other governments	128,500	—	191,800	320,300
Deposits and remittances due	163,294	1,112,939	—	1,276,233
Total liabilities	\$ 303,627	1,112,939	191,800	1,608,366

**CITY OF URBANDALE, IOWA**  
Combining Statement of Changes in Assets  
and Liabilities – Agency Funds  
Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Collections and Deposits Fund</b>				
Assets:				
Cash and Pooled Cash Investments	198,911	940,951	836,235	303,627
	\$ 198,911	940,951	836,235	303,627
Liabilities:				
Due to Component Unit	\$ 7,362	142,878	138,407	11,833
Due to Other Governments	130,845	439,397	441,742	128,500
Deposits and Remittances Due	60,704	358,676	256,086	163,294
	\$ 198,911	940,951	836,235	303,627
<b>Escrow Fund</b>				
Assets:				
Cash and Pooled Cash Investments	\$ 854,216	258,723	—	1,112,939
Liabilities:				
Deposits and Remittances Due	\$ 854,216	258,723	—	1,112,939
<b>Revolving Loan Fund</b>				
Assets:				
Cash and Pooled Cash Investments	\$ 188,328	3,472	—	191,800
Liabilities:				
Due to Other Governments	\$ 188,328	3,472	—	191,800
Total agency funds assets	\$ 1,241,455	1,203,146	836,235	1,608,366
Total agency funds liabilities	\$ 1,241,455	1,203,146	836,235	1,608,366

**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 Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$ 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	10,495,044
Public Works	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	10,748,591
Health and social services	27,896	26,992	23,975	12,993	58,463	21,813	550	-	-	-
Culture and recreation	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	6,511,719
Community and economic development	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	3,050,530
General government	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	2,755,325
Interest on long-term debt	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	1,572,214
Total governmental activities expenses	\$ 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	35,133,423
Business-type activities:										
Storm Water Utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	451,339	295,295	390,230
Total primary government expenses	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	35,523,653
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 562,099	478,114	648,715	683,209	767,670	808,148	755,056	854,143	934,695	1,058,641
Public works	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	2,327,015
Culture and recreation	584,691	562,110	638,135	573,022	595,242	683,512	757,723	750,178	832,949	634,281
Community and economic development	1,275,846	1,152,026	1,237,983	893,678	664,109	492,701	780,839	495,454	705,479	819,023
Operating grants and contributions	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	4,581,952
Capital grants and contributions	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	5,134,833
Total governmental activities program revenue:	\$ 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	14,555,745
Business-type activities:										
Storm Water Utility:										
Charges for services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	501,127	597,750	698,093
Operating grants and contributions	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	528,622	597,750	698,093
Total primary government revenues	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	15,253,838
Net primary government (expense)/revenue	\$ (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)	(20,269,815)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	21,621,787
Tax increment financing district tax	1,134,596	3,451,749	2,747,565	3,510,146	2,835,582	4,400,172	3,369,190	3,912,690	4,502,606	7,009,867
Hotel Motel tax	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	1,577,149
Franchise fees	291,212	280,546	253,319	254,940	262,803	411,915	307,738	311,755	312,006	299,346
Utility excise tax	585,285	563,766	545,167	549,396	545,418	555,947	568,203	539,895	591,200	599,831
Sales tax	6,067	-	-	-	-	-	-	-	-	-
Investment earnings	295,357	609,911	999,332	1,390,248	1,253,439	772,232	305,456	197,978	129,415	113,401
Miscellaneous	327,918	258,526	541,895	197,208	184,446	359,364	1,025,743	99,506	179,892	228,567
Total governmental activities	\$ 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	31,449,948
Change in Net Position	\$ 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	11,180,133



**CITY OF URBANDALE, IOWA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>TIF Tax</b>	<b>Hotel Motel Tax</b>	<b>Property Tax Replacement</b>	<b>Franchise Tax</b>	<b>Utility Excise Tax</b>	<b>Sales Tax</b>	<b>Total</b>
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
2013	21,621,787	7,009,867	1,577,149	-	299,346	599,831	-	31,107,980

**CITY OF URBANDALE, IOWA**

**Table III**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental activities:										
Net investment in capital assets	\$ 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	115,175,557
Restricted	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	15,536,580
Unrestricted	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	19,696,744
Total governmental activities net position	\$ <u>76,221,495</u>	<u>84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>	<u>110,480,973</u>	<u>118,179,664</u>	<u>126,394,624</u>	<u>132,100,910</u>	<u>139,537,841</u>	<u>150,408,881</u>
Business-type activities:										
Unrestricted	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	77,283	380,159	689,252
Primary government:										
Net investment in capital assets	\$ 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	115,175,557
Restricted	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	15,536,580
Unrestricted	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	20,385,996
Total governmental activities net position	\$ <u>76,221,495</u>	<u>84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>	<u>110,480,973</u>	<u>118,179,664</u>	<u>126,394,624</u>	<u>132,178,193</u>	<u>139,918,000</u>	<u>151,098,133</u>

CITY OF URBANDALE, IOWA

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 8,064	3,183	39,691	22,321	22,138	38,615	24,286	N/A	N/A	N/A
Unreserved	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	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,580	13,877	13,580
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,840,426	10,481,934	9,090,452
Total general fund	\$ <u>5,137,885</u>	<u>5,722,996</u>	<u>5,928,493</u>	<u>6,665,554</u>	<u>6,673,361</u>	<u>7,306,361</u>	<u>8,146,218</u>	<u>8,852,006</u>	<u>10,495,811</u>	<u>9,104,032</u>
All other governmental funds										
Reserved	\$ 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	N/A
Unreserved, reported in:										
Special revenue funds	1,690,187	2,450,607	3,198,600	-	2,228,338	4,693,953	4,001,037	N/A	N/A	N/A
Capital projects funds	-	-	861,478	3,429,651	-	3,484,939	919,628	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	431,915	401,673	192,155
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,918,903	11,158,064	15,450,325
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,526,187	1,215,951	1,150,672
Total all other governmental funds	\$ <u>5,997,866</u>	<u>10,213,859</u>	<u>8,444,676</u>	<u>11,019,447</u>	<u>10,410,313</u>	<u>12,386,577</u>	<u>12,583,618</u>	<u>14,877,005</u>	<u>12,775,688</u>	<u>16,793,152</u>

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)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
Taxes	\$ 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	31,046,110
Special assessments	129,326	71,363	174,960	262,161	173,738	282,796	1,763,620	425,305	1,643,468	167,444
Licenses and permits	1,484,081	1,227,938	1,046,638	929,211	805,474	588,471	520,744	590,584	857,111	1,039,129
Use of money and property	238,116	504,228	772,861	1,091,181	974,052	579,292	220,898	159,598	101,276	100,595
Intergovernmental	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	6,418,693
Charges for services	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	3,629,760
Miscellaneous	649,467	2,385,991	1,477,583	849,263	836,896	628,722	1,730,712	1,610,229	1,164,331	1,539,132
Total revenues	\$ 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	43,940,863
<b>Expenditures:</b>										
Public safety	\$ 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	10,570,625
Public works	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	6,408,925
Health and social services	27,896	26,992	23,975	18,355	57,913	21,263	-	-	-	-
Culture and recreation	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	6,195,495
Community and economic development	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	3,007,417
General government	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	2,267,059
Capital outlay	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	11,714,865
Debt service										
Principal	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	9,605,000
Interest	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	1,558,511
Total expenditures	\$ 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	51,327,897
Excess of revenues over (under) expenditures	\$ (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)	(7,387,034)
<b>Other financing sources (uses):</b>										
Transfers in	\$ 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	6,018,702
Transfers out	(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)	(6,018,702)
General obligation bond and loan proceeds	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	9,765,000
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	247,719
Total other financing sources (uses)	\$ 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	10,012,719
Net change in fund balances	<u>2,959,310</u>	<u>4,801,104</u>	<u>(1,563,686)</u>	<u>3,311,832</u>	<u>(601,327)</u>	<u>2,609,264</u>	<u>1,036,898</u>	<u>3,721,314</u>	<u>(457,512)</u>	<u>2,625,685</u>
Debt service as a percentage of expenditures, net of capital outlay	20.05%	21.79%	22.78%	24.21%	24.90%	25.35%	24.51%	24.49%	25.49%	28.18%

**CITY OF URBAN DALE, IOWA**

**Table VI**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>TIF Tax</b>	<b>Hotel Motel Tax</b>	<b>Property Tax Replacement</b>	<b>Franchise Tax</b>	<b>Utility Excise Tax</b>	<b>Sales Tax</b>	<b>Total</b>
2004	13,235,112	1,134,596	472,703	-	291,212	585,285	6,067	15,724,975
2005	13,857,223	3,451,749	689,788	-	280,546	563,766	-	18,843,072
2006	15,022,051	2,747,565	714,110	-	253,319	545,167	-	19,282,212
2007	16,337,862	3,510,146	1,061,573	-	254,940	549,396	-	21,713,917
2008	17,953,587	2,835,582	1,174,047	-	262,803	545,418	-	22,771,437
2009	18,768,124	4,400,172	1,122,434	-	411,915	555,947	-	25,258,592
2010	20,190,515	3,369,190	1,079,882	-	307,738	568,203	-	25,515,528
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
2013	21,621,787	7,009,867	1,515,279	-	299,346	599,831	-	31,046,110

**CITY OF URBAN DALE, IOWA**

**Table VII**

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

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Less:</b>		<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Motor Vehicles**</b>	<b>Real Property</b>	<b>Utilities</b>				
2004 *	2,306,012,540	***	-	-	69,266,599	2,375,279,139	9.070	1,513,935,720	156.89%
2005 *	2,485,584,468	***	-	-	73,039,041	2,558,623,509	9.073	1,616,728,419	158.26%
2006 *	1,953,108,280	894,663,140	-	-	79,125,577	2,926,896,997	9.070	1,841,892,936	158.91%
2007 *	2,177,142,609	753,509,944	-	-	84,049,627	3,014,702,180	9.074	1,862,794,051	161.84%
2008 *	2,421,283,590	820,529,520	-	-	79,788,938	3,321,602,048	9.220	1,936,887,271	171.49%
2009 *	2,591,242,390	845,255,940	-	-	74,752,539	3,511,250,869	9.220	2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	-	-	86,825,196	3,755,561,186	9.220	2,174,306,380	172.72%
2011 *	2,820,955,730	901,211,090	-	-	88,502,951	3,810,669,771	9.320	2,243,885,770	169.82%
2012 *	2,852,687,450	882,669,790	-	-	91,300,257	3,826,657,497	9.520	2,283,349,399	167.59%
2013 *	2,831,336,240	749,332,170	-	-	93,646,739	3,674,315,149	9.620	2,202,420,645	166.83%

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, 2013**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 61,369,285	1	1.670%	\$ 60,722,653	1	2.556%
Aurora Business Park Assoc.	43,250,100	2	1.177%	36,257,050	2	1.526%
Marsh I LLC	26,760,000	3	0.728%			0.000%
Homemakers Plaza, Inc.	25,954,915	4	0.706%			0.000%
Deerfield Retirement Community	23,043,882	5	0.627%			0.000%
Park Avenue Partners	18,318,000	6	0.499%			0.000%
City I LLC	18,100,000	7	0.493%			0.000%
Nottingham Square Apartments	17,579,100	8	0.478%	16,140,000	4	0.679%
Berkley Holdings Corp.	17,474,600	9	0.476%			0.000%
Target Corp	13,090,000	10	0.356%	12,138,900	9	0.511%
Merle Hay Mall, Ltd.				20,521,000	3	0.864%
G.K. Poperties				13,778,000	5	0.580%
Mark Anderson Properties				13,108,000	6	0.552%
112 Street LC				12,365,000	7	0.521%
Bradley P. Johnson				12,138,900	8	0.511%
Interstate Business Park				11,912,000	10	0.501%

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
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%
2013	22,215,288	22,230,228 *	100.07%	N/A **	22,230,228	100.07%

**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 URBAN DALE, IOWA**

**Table X**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>GO Certificates of Participation</b>	<b>GO General Fund Capital Notes</b>	<b>Total Primary Government Outstanding Debt</b>	<b>Total Outstanding Debt Per Capita</b>	<b>Percentage of Total Debt Outstanding to Median Family Income</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Net General Obligation Debt Outstanding</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Net General Bonded Debt Per Capita</b>
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%	563,093	43,466,907	1.94%	1,101.46
2013	41,415,000	-	2,775,000	44,190,000	1,119.78	0.211%	922,046	43,267,954	1.96%	1,096.42

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.

**CITY OF URBAN DALE, IOWA**

**Table XI**

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

*Tax rates per \$1,000 of assessed valuation*

<b>Fiscal Year</b>	<b>City of Urbandale Direct Rates</b>				<b>Overlapping Rates</b>						<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Police &amp; Fire Retirement Millage</b>	<b>Total City Millage</b>	<b>Urbandale School District</b>	<b>Counties and Assessors</b>	<b>Transit</b>	<b>Community College</b>	<b>Urbandale Sanitary Sewer</b>	<b>State of Iowa</b>	
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	38.151
2013	7.170	2.150	0.300	9.620	17.639	10.071	0.452	0.585	0.060	0.003	38.429

**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, 2013**

<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	\$ 654,558,966	17.73%	116,085,980
Subtotal, overlapping debt			116,085,980
City of Urbandale direct debt			44,190,000
Total direct and overlapping debt			160,275,980

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 September 2013

**CITY OF URBANDALE, IOWA**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 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	196,305,025
Total net debt applicable to limit	\$ 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	44,190,000
Legal debt margin	\$ 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	152,115,025
Total net debt applicable to the limit as a percentage of debt limit	27.07%	28.99%	27.04%	25.86%	23.27%	23.11%	22.34%	22.47%	22.02%	22.51%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Actual value of property, 2011	\$ 3,926,100,491
Add back: exempt real property	-
Total assessed value	\$ <u>3,926,100,491</u>
Debt limit (5% of total assessed value)	\$ 196,305,025
Debt applicable to limit:	
General obligation bonds	(41,415,000)
General obligation General Fund capital loan notes	<u>(2,775,000)</u>
Total net debt applicable to limit	<u>(44,190,000)</u>
Legal debt margin	\$ <u><u>152,115,025</u></u>

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



**CITY OF URBANDALE, IOWA**

**Table XIV**

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

<u>Calendar Year</u>	<u>Population</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
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%
2013	39,463	93,217	37,362	37.8	4.30%

**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>2013</u>			<u>2004</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	1,800	1	0.229%			
CitiGroup	600	2	0.076%			
John Deere Intelligent Solut	550	3	0.070%			
Wells Fargo Financial	530	4	0.067%	900	1	**
Continental Western Insurance	470	5	0.060%	340	3	**
Urbandale CSD	450	6	0.057%			
US Postal Services	420	7	0.053%	500	2	**
Quality Manufacturing	400	8	0.051%			
Iowa Health Home Care	400	9	0.051%			
Mid-American Energy	350	10	0.045%	240	9	**
Allied Group				300	4	**
Compressor Controls				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 URBAN DALE, IOWA**

**Table XVI**

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

<b><u>FUNCTION</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>2013</u></b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	42.00	42.00	44.00	46.50	47.00	48.00	48.00	47.00	46.00	49.00
Civilians	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00
Fire:										
Firefighters & Officers	* 7.00	6.25	5.75	6.00	9.75	12.25	14.00	36.00	38.25	36.50
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 11.75	11.00	12.25	13.25	15.50	20.00	12.00	0.00	0.00	0.00
Total	<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>	<u>91.50</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	16.00	16.25	17.50	17.50	20.00	17.50	17.00	17.00	18.00	17.00
Traffic Safety	1.25	1.25	1.25	1.00	1.00	1.00	0.75	2.00	2.00	1.00
Engineering Services	5.50	5.50	5.50	6.00	7.50	6.25	6.00	8.00	7.00	7.00
Street Cleaning	1.50	1.50	1.50	1.50	1.00	1.00	1.00	0.00	0.00	0.00
Solid Waste	5.50	4.50	4.50	4.50	6.00	8.75	7.00	8.00	7.00	8.00
Sanitary Sewer	2.00	2.00	2.00	2.50	3.00	2.50	2.50	3.50	2.00	3.00
Storm Sewer	0.50	0.50	0.50	0.25	0.50	0.50	0.75	2.50	3.00	4.00
Public Works Admin	4.50	4.50	4.00	4.50	4.50	4.50	5.00	5.00	6.00	5.00
Total	<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>	<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	26.00	25.00	24.50	25.50	28.00	27.00	26.00	27.75
Parks	16.00	16.00	16.00	15.00	17.50	16.75	14.25	18.00	18.00	19.00
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	3.75	2.00	3.75	3.75	9.50	10.00	11.00
Senior Citizens	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.50	2.50	2.50
Swimming Pool	4.50	4.50	4.50	4.50	4.00	4.25	13.00	19.00	14.00	17.25
Total	<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>	<u>78.50</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	4.50	4.50	5.50	6.00	6.00	5.75	6.00	6.00	6.00	6.00
Community Development	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50
Total	<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>	<u>12.50</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	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal Services/Human Resources	0.00	0.00	0.00	0.00	0.50	0.75	1.00	1.25	0.50	1.50
Technology	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.00	2.00
General Support	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>8.00</u>	<u>8.00</u>	<u>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>	<u>12.50</u>
Grand total	<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>	<u>240.00</u>

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

\* Indicates Paid On Call staff hours are not available

**CITY OF URBANDALE, IOWA**

**Table XVII  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b><u>Public Safety</u></b>										
Police										
Total calls for service	12,942	12,514	17,684	13,262	13,771	13,492	<sup>^</sup> 40,653	26,624	14,662	14,874
Total arrests	1,600	1,029	1,515	1,876	1,842	1,101	1,028	586	656	587
Fire										
Number of calls answered/received	283	285	102	*1,762	1,972	2,496	2,341	2,520	2,534	2,676
Inspections	611	413	309	108	176	264	262	357	409	358
EMS										
Number of calls answered	1,294	1,398	1,407	1,593	1,824	1,804	1,697	1,908	1,870	1,995
Animal Control										
Pet Licenses issued	1,260	1,260	1,500	1,561	1,561	1,602	1,589	1,647	3,316	3,615
<b><u>Public Works</u></b>										
Roadway Maintenance										
Total lane miles maintained	396	407	410	413	415	418	422	424	436	443
Asphalt streets repaired (tons)	1,423	1,610	3,180	2,607	2,188	2,186	2,323	959	205	378
Solid Waste Collection										
Number of households	10,340	10,930	11,450	11,950	12,290	12,540	12,750	12,950	13,290	13,434
Tons of refuse collected	9,388	9,818	10,307	11,248	11,232	11,369	10,548	10,745	10,364	10,650
Tons of recycling collected	2,510	2,580	2,814	2,968	3,126	2,941	2,947	2,743	2,338	2,390
Tons of yard waste collected	1,761	1,955	2,120	2,463	2,325	2,684	2,677	2,460	2,825	1,984
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	293,521	261,390	275,170	296,846	213,967	353,954	226,786	112,942	252,745	244,621
<b><u>Culture &amp; Recreation</u></b>										
Library										
Registered borrowers	43,426	44,610	46,214	45,696	44,518	45,122	46,423	47,219	47,941	49,465
Circulation	609,484	617,217	621,395	649,028	644,028	721,363	714,973	705,721	677,229	629,506
Recreation										
Programs offered	402	421	429	433	447	459	462	466	464	461
Senior Center										
Total participants in all programs	22,730	24,532	26,500	29,047	30,146	30,468	29,022	29,688	31,788	29,334
Swimming Pool										
Pool Users	67,235	63,974	55,559	62,835	65,566	49,177 <sup>^^</sup>	45,605	52,109	49,154	37,840
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Inspections	8,741	10,802	8,609	5,760	4,564	3,487	3,502	4,026	4,849	8,556
Community Development										
Building Permits	1,337	1,389	1,158	890	830	712	689	725	825	966
<b><u>General Government</u></b>										
Mayor and City Council										
Quarterly newsletters published	74,200	74,200	80,000	80,000	80,000	***	***	***	***	***
Finance and Records										
Purchase orders processed	2,773	3,048	3,235	2,931	2,925	1,785	219	174	164	144
Technology										
Intelligent workstations	112	133	172	205	273	261	251	238	237	225
General Support										
Safety incidents	38	43	35	38	39	50	44	26	35	16

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

<sup>^</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>^^</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**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<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	24	24	24	26	26	29	30	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	170	171	172	173	174	176	177	184	187
Streetlights	3,481	3,724	3,765	3,954	4,160	4,353	4,400	4,312	4,610	4,810
Traffic signals	31	31	31	33	35	47	47	48	49	49
Solid Waste Collection										
Collection trucks	6	7	7	7	8	8	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	171	181	184	187	194	196	198	198	200	201
<b><u>Culture &amp; Recreation</u></b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	676	857	880	903	904	904	904	912	912	916
Parks	27	45	47	47	48	48	49	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	5	5	5	5	5	5	5	5	5	5

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND  
INTERNAL CONTROLS**

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 21, 2013.

**Internal Control over Financial Reporting**

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 2013-A 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 2013-B to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV 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.

### **City's Response to Findings**

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

### **Purpose of this Report**

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



Dubuque, Iowa  
November 21, 2013

## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133**

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

### **Report on Compliance for the Major Federal Program**

We have audited the City of Urbandale, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2013. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2013.



## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa  
November 21, 2013

City of Urbandale, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Direct program:			
Bulletproof Vest Partnership Program	16.607		\$ 2,363
Bulletproof Vest Partnership Program	16.607		1,688
Bulletproof Vest Partnership Program	16.607		<u>1,013</u>
			<u>5,064</u>
Public Safety Partnership and Community Policing Grants	16.710		149,684
Pass-through program from:			
Iowa Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	10-Hotspots/Interdiction-09	<u>5,821</u>
			<u>155,505</u>
Total U.S. Department of Justice			<u>160,569</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-A-7875(634)-86-77	305,093
Highway Planning and Construction	20.205	STP-U-7875(638)-70-77	99,258
Highway Planning and Construction	20.205	STP-E-7875(637)-8V-25	<u>1,096</u>
			<u>405,447</u>
Governor's Traffic Safety Bureau:			
State and Community Highway Safety Alcohol Impaired Driving	20.600	PAP 13-04, Task 23	18,776
Countermeasures Incentive Grants I	20.601	PAP 12-410, Task 71	<u>1,753</u>
			<u>20,529</u>
Total U.S. Department of Transportation			<u>425,976</u>

City of Urbandale, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

<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	<u>\$ 9,899</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Homeland Security and Emergency			
Management Division:			
Hazard Mitigation Grant	97.039	HMGP-DR-1880-0024-01	769,010
Direct program:			
Staffing for Adequate Fire and Emergency			
Response (SAFER)	97.083		<u>86,227</u>
Total U.S. Department of Homeland Security			<u>855,237</u>
Total			<u><u>\$ 1,451,681</u></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 modified 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. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

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

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No
Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Hazard Mitigation Grant	97.039
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:**

**2013-A 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.

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

**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 material misstatements of the City’s financial statements.

**Cause** – The material audit adjustment was to record a liability in relation to a developer deposit inadvertently recorded as revenue in fiscal year 2013.

**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 agrees that this item was mistakenly recognized as revenue at the time of receipt from the developer, which would normally be after a project was complete. In this case, the contract with the developer required the payment to be made upfront in order for the City to commit to pursue further intersection grant funding through the IDOT. The project had been successfully bid as of May 2013, but not yet completed, thus revenue was not earned. Finance will make sure in the future that any associated contracts attributable to project payments are reviewed in conjunction with financial statement preparation.

**SIGNIFICANT DEFICIENCY:**

**2013-B 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: Findings and Questioned Costs for Federal Awards:**

There were no federal findings and questioned cost to report.

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

- 2013-IA-A Certified Budget** - Disbursements during the year ended June 30, 2013, did not exceed the amount budgeted.
- 2013-IA-B 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.
- 2013-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2013-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2013-IA-E 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.
- 2013-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2013-IA-G 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.
- 2013-IA-H Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

There were no prior year federal findings.