

We are Educated

We are Growing

We are Progressive

We are Involved

# City of Urbandale, Iowa



We are Active

We are Entertained

**Comprehensive Annual  
Financial Report  
June 30, 2016**

We are Diverse

We are Connected

We are Healthy

We are Proud

We are Family

**CITY OF URBANDALE, IOWA**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

Prepared by the Finance and Records Department



## **INTRODUCTORY SECTION**

**CITY OF URBANDALE, IOWA**

**Table of Contents**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents	I
Organization Chart and Principal Officials	V
Certificate of Achievement	VI
Letter of Transmittal	IX
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statements of Net Position	16
Statements of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliations of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – to the Statement of Activities	21
Statements of Net Position –Proprietary Funds	22
Statements of Revenues, Expenses, and Changes in Net Position –Proprietary Funds	23
Statements of Cash Flows –Proprietary Funds	24
Statements of Fiduciary Net Position	25
Notes to Financial Statements	26
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash-Basis) – Governmental and Business-type Funds	63
Notes to Required Supplementary Information – Budgetary Reporting	64
Schedule of Funding Progress for the Retiree Health Plan	65
Schedule of the City's Proportionate Share of the Net Pension Liability – IPERS	66
Schedule of City Contributions – IPERS	67
Notes to the Required Supplementary Information – Pension Liability - IPERS	68
Schedule of the City's Proportionate Share of the Net Pension Liability – MFPRSI	69
Schedule of City Contributions – MFPRSI	70

**CITY OF URBANDALE, IOWA**

**Table of Contents, Continued**

	<b>Schedule</b>	<b>Page</b>
<b>Other Supplementary Information:</b>		
Combining Balance Sheet – Nonmajor Governmental Funds	1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	2	74
Combining Statement of Net Position – Proprietary Funds	3	75
Combining Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	4	76
Combining Statement of Cash Flows – Proprietary Funds	5	77
Combining Statement of Fiduciary Net Position	6	78
Combining Statement of Changes in Assets and Liabilities – Agency Funds	7	79
<b>STATISTICAL SECTION (UNAUDITED)</b>	<b>Table</b>	<b>Page</b>
<b>Financial Trends and Revenue Capacity Information:</b>		
Changes in Net Position: Accrual Basis	I	82
Governmental Activities Tax Revenues By Source: Accrual Basis	II	83
Net Position by Component: Accrual Basis	III	83
Fund Balances of Governmental Funds: Modified Accrual Basis	IV	84
Changes in Fund Balances of Governmental Funds: Modified Accrual Basis	V	85
Governmental Fund Tax Revenues By Source: Modified Accrual Basis	VI	86
Assessed Value and Estimated Actual Value of Taxable Property	VII	86
Principal Property Taxpayers	VIII	87
Property Tax Levies and Collection	IX	87
<b>Debt Capacity Information:</b>		
Ratios of Outstanding Debt by Type and General Bonded Debt	X	88
Property Tax Rates: Direct and Overlapping Governments	XI	88
Direct and Overlapping Government Activities Debt	XII	89
Legal Debt Margin Information	XIII	90
<b>Demographic and Economic Information:</b>		
Demographic and Economic Statistics	XIV	91
Principal Employers	XV	91
<b>Operating Information:</b>		
Full-time Equivalent Employees as of June 30	XVI	92
Operating Indicators by Function	XVII	93
Capital Asset Statistics by Function	XVIII	94

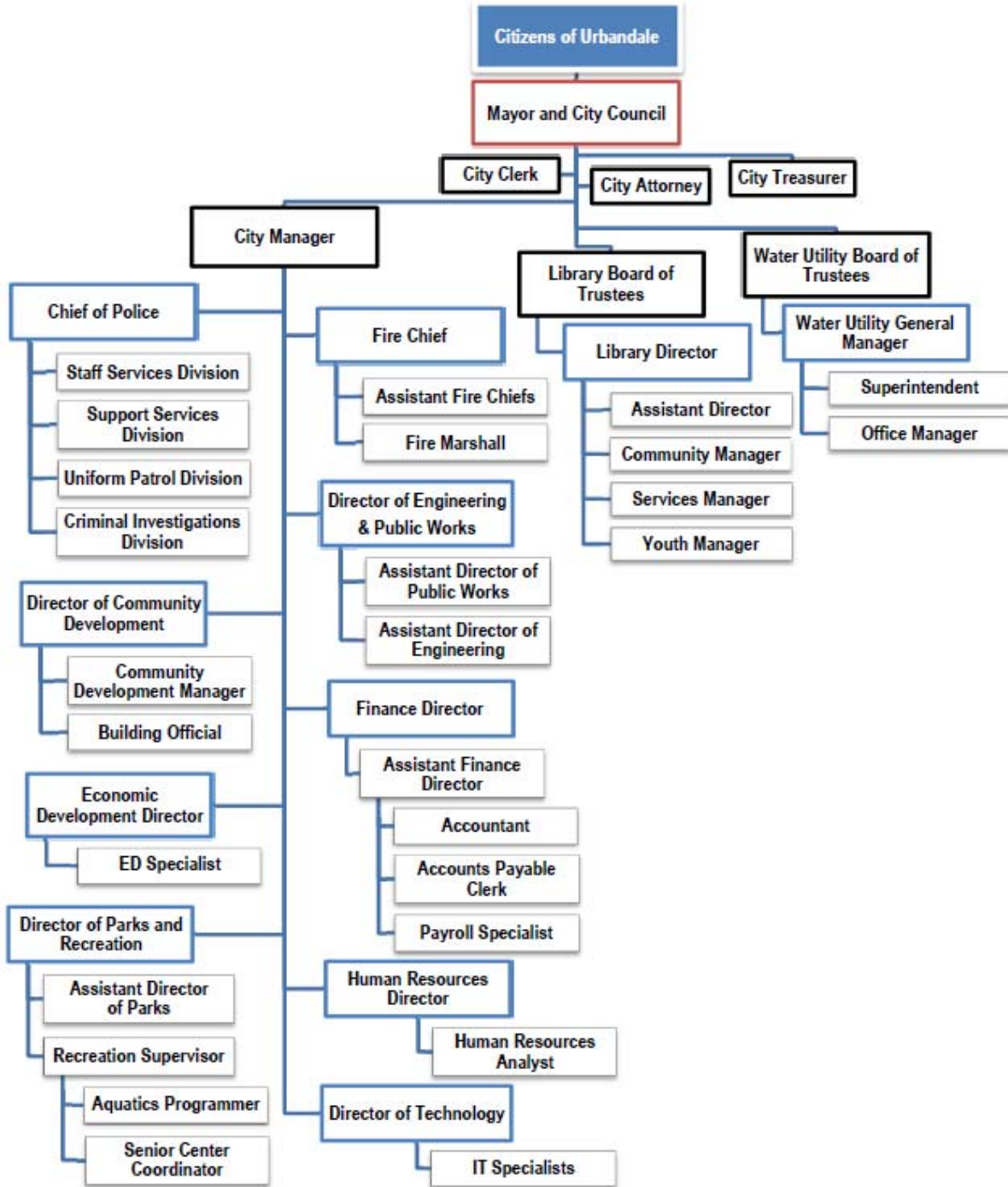
**CITY OF URBANDALE, IOWA**

**Table of Contents, Continued**

<b>REPORTS ON COMPLIANCE AND ON INTERNAL CONTROLS</b>	<b>Page</b>
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 <i>Governmental Auditing Standards</i>	96
Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	98
Schedule of Expenditures of Federal Awards	100
Notes to the Schedule of Expenditures of Federal Awards	101
Schedule of Findings and Questioned Costs	102
Summary of Schedule of Prior Audit Findings	105



# CITY OF URBANDALE, IOWA



<u>Name</u>	<u>Title</u>
Robert D. Andeweg	Mayor
Dave Russell	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  
for Excellence  
in Financial  
Reporting

Presented to

**City of Urbandale**  
**Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

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, 2015.

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.





November 17, 2016

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, 2016 (FY16), 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, 2016.

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, pension and health plan schedules, 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 FY16. 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 unmodified opinion that the City's financial statements for FY16 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 22.87 square miles in Polk and Dallas Counties.

The City's 2015 Special Census population rose to 42,449 persons. The 2010 Census population was 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 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 yet another slight decline in residential construction in FY 2016, with 177 new single-family residences constructed, along with permits for three 8-unit multi-family buildings. Even though construction continued to be slowed, the activity was still near the City's historical annual mean of 185 single-family attached and detached units. FY 2016's valuation reflects the slight decline in residential construction, with valuation of \$59.04 million. FY 2015's valuation was 75.43 million. FY 2014's valuation was \$83.19 million, which was below the \$87.66 million valuation for FY 2013, but it

must be noted that FY 2013's 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. Rezoning and platting activity continues to be robust, and the construction of public improvements nearing completion in eight developments creating another 371 buildable lots should increase single-family detached and multi-family permitting and valuation for FY 2017.

FY 2016's total valuation for commercial and industrial permits increased to \$29.06 million. FY 2015's total valuation for commercial and industrial permits was \$22.97 million. The total valuation for FY 2014 of \$44.52 million, the 3<sup>rd</sup> highest in the City's history, was bolstered by permits valued at nearly \$25 million that were issued shortly after the close of FY 2013. The total for FY 2013 was \$27.22 million. In a similar manner, because of permits expected to be issued after the close of FY 2016, it's reasonable to expect an increased total valuation for FY 2017 from the 2016 FY total.

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

	<b>Fiscal Year 2016</b>		<b>Fiscal Year 2015</b>	
	<b># of Permits</b>	<b>Valuation</b>	<b># of Permits</b>	<b>Valuation</b>
Residential	299	\$ 59,084,829	299	\$ 75,430,961
Nonresidential	118	29,061,117	101	22,968,536
Miscellaneous minor	456	1,456,828	430	1,475,404
Total	873	\$ 89,602,774	830	\$ 99,874,901

### **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, and again in 2016, 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 2016-21+ CIP was adopted by the City Council in January, 2016. The approved 2016 CIP anticipated the expenditure of \$27,060,500 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 \$2,943,200 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2017-2022+ CIP is currently under development and will be reviewed by a citizen's advisory committee in November and December, 2016, with final adoption by the City Council anticipated in January, 2017. This preliminary 2017 CIP proposes the expenditure of \$27,493,800 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2017. Property tax supported general obligation bonds would provide approximately \$6,534,900 of needed funding. Since the new CIP for 2017-2022+ is still under development, the above referenced amounts may change as a result of updating the program. It is

anticipated that the 2017-2022+ CIP will be substantially completed before the development of the FY18-19 annual operating budget.

### **FY16 and FY17 Initiatives**

The Mayor and City Council implemented programs and policies in FY16 and FY17 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:

- In August, 2015, the Environmental Protection Agency facilitated joint public meetings attended by representatives of the City Council, City staff, Polk County Housing Trust Fund, and the public to discuss sustainable communities, equitable development and housing options.
- November, 2015, approved an agreement for the Urbandale Library to provide library services to residents of Windsor Heights, from July 1, 2016 to June 30, 2019, at a first year charge of \$90,000, to be adjusted annually by the CPI for each additional year.
- May, 2016, the Mayor issued the Centennial Proclamation, in recognition of the City's incorporation date of April 16, 1917, and established the dates for the year-long Centennial celebration from July 2, 2016 through July 4, 2017.
- May, 2016, Urbandale became the 35<sup>th</sup> "Home Base Iowa" community, in a ceremony attended by Governor Branstad.
- June, 2016, based on the results of the full 2015 Special Census for the City of Urbandale, the final population count as of September 24, 2015, was 42,449 persons and 17,609 housing units.
- June, 2016, adopted a 15 year Strategic Plan 2016-2021-2031, with multiple priorities and goals, to be reviewed annually or biennially, and progress reported quarterly.
- July, 2016, approved the 3-phased recommendation in the Aquatics Feasibility Study. The three phases include a new outdoor aquatic center with land available for future expansion, a new indoor aquatic facility when the current indoor aquatic facility is no longer operational, and an expanded outdoor or indoor aquatics facility.
- July, 2016, approved undertaking the 4th biennial National Citizen Survey; 1,500 surveys will be sent to residents and the report should be completed by December, 2016.
- July, 2016, as 1 of 24 jurisdictions in the Central Iowa Watershed Management Authority, approved to cost share the position of Watershed Coordinator.

### **Economic Development:**

- In July, 2015, amended the RLF guidelines to enable qualified businesses to apply for City RLF funding without requiring the business to apply through a State program.
- In July 2015, approved an IEDA contract with Ventech Solutions for \$500,000 in HQJP benefits. This business software company will lease 24,000sf, invest \$3 million, and create 200 jobs. In September, 2015, a \$100,000 City RLF loan for Ventech Solutions was approved as local match.
- In August, 2015, approved an IEDA contract with ProbioFerm and Golden K for \$89,560 in HQJP benefits. This probiotic company will build a 20,000sf expansion, invest \$1.9 million, and create 4 jobs.
- In September, 2015, approved an IEDA contract with BirdDogHR for \$325,000 in HQJP benefits. This technology software and services company will lease 13,000sf to consolidate its

headquarters, invest \$3.3 million, and create 71 jobs. Also approved a \$65,000 City RLF for BirdDogHR as local match.

- November, 2015, transferred a portion of the Douglas Avenue frontage road rights-of-way to further redevelopment, and approved the development agreement for 11000 and 10912 Douglas LLC within the City Urban Renewal District.
- November, 2015, approved a tax increment development agreement with R&R Realty to promote economic development and employment levels at its Paragon LLC facilities, from June 1, 2017 to June 1, 2022, based on an annual installment of \$125,000 for 6 years equal to a \$750,000 incentive; in exchange for the financial incentive the City would set pre-determined full-time employment levels to be maintained by R&R Realty at its Paragon LLC facilities in Urbandale.
- January, 2016, approved a RLF agreement with Fastpath for \$50,000. Fastpath is an information technology software company which will consolidate its headquarters, lease a 12,000sf office, create 12 jobs, and invest \$1.0M towards its project.
- October, 2016, approved an expansion of the Downtown Urbandale Neighborhood Area (DUNA) urban renewal area to allow property tax revenue collected in the area to fund activities identified in the Urban Renewal Plan to reduce blight and improve economic development.
- October, 2016, established the Urbandale Economic Development Fund with an initial contribution from the former Urbandale Development Association, and an agreement for distribution of the fund for economic development efforts.
- October, 2016, approved an IEDA application with Energy Control Technologies, for \$37,500 in HQJP benefits. This technology company will lease 7,400sf, and create 10 jobs.

**Finance:**

- In September, 2015, approved \$10,000,000 as general obligation bond Series 2015A. The funds will be used for the FY2015-16 CIP projects.
- In October, 2015, approved \$4,230,000 as general obligation Series 2015B to refinance Series 2008 general obligation bonds. A portion of the original 2008 bonds were sold for TIF purposes and the balance due of \$956,342 was paid off with accrued TIF revenue.
- February, 2016, reallocated \$750,000 in unspent GOB Series 2015A to close out the 156<sup>th</sup> Street project in spring, 2016.
- April, 2016, approved \$2,990,000 as general obligation Series 2016A, and \$12,670,000 as general obligation urban renewal bond Series 2016B. The funds will be used for the FY2016-17 CIP projects.
- September, 2016, appointed the Capital Improvements Program (CIP) Committee to prepare the 2017-2022+ CIP. The ten year CIP identifies future annual projects to be funded by bonded debt, the operating budget, and other funding sources.

**Public Safety:**

- In July, 2015, the City Council accepted the Fire Station 42 expansion project which constructed a 3,000sf addition for sleeping quarters, expanded the living quarters, remodeled the interior, replaced the roof and updated the mechanical system, at a total cost of \$1,107,360.
- November, 2015, for \$462,403, approved the purchase of a 2016 Pierce Arrow Pumper for the Fire Department, delivered in September 2016.
- November, 2015, authorized the City of West Des Moines as the lead agency for the joint WestCom dispatch system to purchase the replacement software to upgrade the Computer Aided

Dispatch system and the integrated Records Management System; Urbandale's cost share was \$579,326.

- June, 2016, the Police Reserve Officers Unit was selected as the outstanding reserve unit in 2015 by the Iowa State Reserve Law Officers Association.
- July, 2016, for \$21,521, purchased a computer server for data storage to retain Police video and audio recorded by in-car cameras and body worn cameras.
- July, 2016, for \$24,151, to prepare a Standards of Coverage document for the Fire Department which will show its current capabilities, develop plans for future needs and capabilities, and evaluate the best location for the proposed third Fire Station.
- November, 2016, the Police Department achieved renewal of its CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation, first awarded in November, 2013. The CALEA accreditation signifies professional standards in operations, compliance, and cost-efficient solutions for Police services. This is the second CALEA accreditation for the Police Department, which will expire in November, 2019.

**Personnel:**

- December, 2015, the Laborer Union approved a two year agreement for FY17 and FY18.

**Park improvements:**

- Park projects final approvals – the City Council accepted the following major projects as completed during the year:
  - July, 2015: Paved a parking lot at the Charles Gabus Memorial Tree Park and Gardens, and expanded the parking lot near the E.J. Giovannetti Community Shelter, both in Walker Johnston Park, at a total cost of \$99,336.
  - September, 2015: Constructed Phase 1 of the WCRP park access road south of Aurora Avenue, with a 25 stall parking lot north of Aurora Avenue, at a total cost of \$392,919.
  - January, 2016: Installed an automated gate system into WCRP near Aurora Avenue to prohibit use of the park access road when the park is closed, at a total cost of \$23,950.
  - March, 2016: Guaranteed a loan for the Urbandale Little League for improvements at the Northview Park baseball complex, in the amount of \$90,000.
  - April, 2016: Constructed a 24 stall parking lot at the Jackaline and Paul Dunlap Arboretum, and constructed a trail segment from the parking lot, at a total cost of \$234,131.
  - May, 2016: Constructed a trail from Dunlap Park south to Coronado Park, at a total cost of \$153,129.
  - June, 2016: Sold the Dunlap home bequeathed to the City for \$299,900; the proceeds were deposited with the non-profit Dunlap Foundation to maintain and care for the arboretum.
  - September, 2016: Guaranteed a loan for the J-Hawk Soccer Club to install lights at the soccer field in Walker Johnston Park, in the amount of \$55,000.
- Park projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:

- April, 2016, for \$482,396, to construct a pedestrian trail from Walnut Creek to 156<sup>th</sup> Street through Bent Creek Park.
- August, 2016, for \$50,660, to construct an open shelter north of Aurora Avenue on the east side of WCRP.
- August, 2016, at the request of the neighborhood residents to fund half the cost to install a full basketball court at Hallbrook Park, the City would fund a local match estimated at \$16,000.

#### **Facilities Maintenance:**

- Facilities Maintenance projects final approvals - the City Council accepted the following major projects as completed during the year:
  - July, 2015: Replaced the upper roof at Fire Station 41 at a total cost \$83,600.
  - July, 2015: Repaired the Library roof at a total cost \$99,500.
  - July, 2015: Modified the HVAC system and installed a humidity control system at the Senior Recreation Center at a total cost of \$169,530.
  - November, 2015: Purchased a computerized maintenance management software system at a total cost of \$14,000.
  - December, 2015: Replaced carpet and tile in public areas, and installed some customized millwork at the Library at a total cost of \$280,779.
  - February, 2016: Reroofed three restrooms and the concession stand at Walker Johnston Park at a total cost of \$32,862.
  - May, 2016: Installed rooftop geothermal unit and an energy recovery ventilator for the Police roll call room, at a total cost of \$53,500.
  - May, 2016: Replaced two failed boilers at the Swimming Pool, with one boiler of equal capacity, at a total cost of \$80,000.
  - May, 2016: Improved the City administrative wing by converting the work room into 2 offices, converted the file room into the work/file room, and recalibrated and improved the HVAC system, at a total cost of \$191,592.
- Facilities Maintenance projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
  - April, 2016, for \$214,055, to repair masonry at the Parks Maintenance Facility.

#### **Public Works:**

- Effective July 1, 2015, an increase in the Stormwater Utility fee from \$2 to \$4 per ERU/per month for all users.
- June, 2016, adopted a “Complete Streets Policy” to enhance accessibility by walking, biking, driving or riding transit.
- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
  - September, 2015: Widened Northpark Drive between 86<sup>th</sup> Street to 100<sup>th</sup> Street to 5-lanes, at a total cost of \$1,244,737.

- October, 2015: Installed an asphalt overlay on Meredith Drive west of Alice's Road, on 142nd Street from Meredith Drive to Aurora Avenue, and on Aurora Avenue from the north leg to the south leg of 142nd Street, at a total cost of \$611,016.
- November, 2015: Installed asphalt and concrete repairs on 72<sup>nd</sup> Street from Hickman Road to Douglas Avenue, at a total cost \$818,112.
- December, 2015: Repaired existing streetscape on Douglas Avenue and 70<sup>th</sup> Street, at a total cost \$330,814.
- February, 2016: Improved NW Urbandale Drive from Meredith Drive to the I-35/80 ramps, at a total cost \$2,105,892.
- July, 2016: Constructed 156<sup>th</sup> Street as a 5-lane roadway from Meredith Drive to Waterford Road, and replaced the bridge, at a total cost of \$9,636,126.
- August, 2016: Installed an asphalt overlay on 156th Street between Waterford Road and Meadows Drive, at a total cost of \$534,847.
- Street projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - August, 2015, for \$815,000, to amend the design of the 100th Street Interchange I-35/80 for modifications, in preparation for an IDOT letting in December 2016.
  - September, 2015, for \$820,000, to remove the overhead electrical lines along the south side of the Douglas Avenue urbanization project between 100<sup>th</sup> Street to 111<sup>th</sup> Street, and underground the lines.
  - November, 2015, for \$264,860, to design the reconstruction of Meredith Drive from 128<sup>th</sup> Street to 142<sup>nd</sup> Street.
  - November, 2015, for \$264,865, to design the reconstruction of Meredith Drive from 156<sup>th</sup> Street to 170<sup>th</sup> Street.
  - December, 2015, for \$9,169,135, to construct 100<sup>th</sup> Street as a 5-lane bridge over I35/80.
  - December, 2015, for \$4,533,114, to construct 100<sup>th</sup> Street and 54<sup>th</sup> Avenue intersection improvements.
  - October, 2016, for \$150,500, to design the reconstruction of 104<sup>th</sup> Street from Hickman Road to Douglas Avenue.
  - October, 2016, for \$300,000, to design the reconstruction of Waterford Road from 156<sup>th</sup> Street to 170<sup>th</sup> Street.
- Other public improvement projects final approvals - the City Council accepted the following major project as completed during the year:
  - September, 2015: Removed silt from the box culvert under Aurora Avenue at North Walnut Creek near 95<sup>th</sup> Street, at a total cost of \$148,895.
  - July, 2015: Improved storm sewers at 86<sup>th</sup> Street at North Walnut Creek, Douglas Parkway and 144<sup>th</sup> Street, and Northview Estates at 69<sup>th</sup> Street, at a total cost of \$233,072.
  - January, 2016: Replaced the traffic signal at 83<sup>rd</sup> Street and Douglas Avenue, and modified the traffic signal at 86<sup>th</sup> Street and Colby Parkway, at a total cost of \$310,140.
  - March, 2016: Purchased a sewer camera system for sanitary sewers and storm sewers, at a total cost of \$76,872.

- June, 2016: Constructed a new salt and brine storage building, and a fuel island, and demolished the old structures, at a total cost of \$2,379,922.
- Other public improvement projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
  - September, 2015, for \$53,000, to design the Oakwood Drive Channel Improvements to address erosion near Oakwood Drive, Hickory Lane/64th Street, in preparation for a bid letting in March, 2016.
  - March, 2016, for \$424,737, to install a traffic sign preemption system at 37 intersections.
  - March 2016, for \$76,686, to reconstruct the storm sewer through the Colby Woods greenbelt from Maple Drive to Roseland Drive, and replace the trail.
  - September, 2016, for \$562,452, to improve the storm sewer channel in the area near Oakwood Drive, Hickory Lane/64<sup>th</sup> Street.
  - October, 2016, for \$23,975, to evaluate options to relieve flooding on Rocklyn Creek.
  - October, 2016, for \$48,800, to design improvements for the round-about at 142<sup>nd</sup> Street and Douglas Parkway.

### **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 FY16, 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 FY16, exclusive of the Component Unit, was \$142,202, compared to \$131,496 in FY15.

### **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 stabilize the General Fund and Road Use Tax Fund contributions for health insurance in FY16. The City has seen an increase in health insurance reinsurance renewal rates in each of the last two years, and has increased both City and employee contributions as a result for FY17.

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 FY15. This is the highest form of recognition in the area of governmental financial reporting and is the 33<sup>rd</sup> consecutive year the City has received this prestigious award. The Comprehensive Annual Financial Report for the year ended June 30, 2016 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, 2016, 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, 2016, 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, as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 17, 2016, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Urbandale, Iowa's internal control over financial reporting and compliance.

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

Dubuque, Iowa  
November 17, 2016

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2016

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, 2016 (FY16). 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 and deferred outflows of resources of the City of Urbandale exceeded its liabilities and deferred inflows of resources at the close of FY16 by \$165,342,316 (net position). The total unrestricted net position of the City was negative (\$3,737,968). This was comprised of unrestricted negative governmental net position of (\$4,626,116) and business type activities net position of \$888,148.
- The City's total net position increased by \$7,584,202 in FY16. This increase was mostly attributable to increased property tax revenues, donated infrastructure, and federal grant revenue.
- For FY16, the City's governmental funds reported combined ending fund balances of \$39,724,524. The FY16 fund balance represented an increase of \$12,077,502 and was primarily attributed to a \$8.6 million increase in the capital projects fund, a \$2.5 million increase in the tax increment financing (TIF) fund, a \$.61 million increase in the general fund, a \$.26 million increase in the road use fund, and a \$.15 million increase in the debt service fund.
- At the end of FY16, unrestricted fund balance for the general fund was \$10,272,752 or 41.8% 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net Position may indicate whether the City's financial Position is improving or deteriorating.

The Statement of Activities shows how the City's net position has 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

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

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 2016.

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 18 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 13 governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

#### ***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 60 of this report.

#### **Required Supplementary Information**

The City of Urbandale presents required supplementary information which further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. These items are presented on pages 62 through 70 of this report.

#### **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 73 through 79 of this report. Statistical information related to the City's financial position can be found on pages 82 through 94 of this report.

#### **Government Wide Financial Analysis**

The following condensed financial information serves as the key financial data and indicators for management, monitoring, and planning. Financial data for FY16 and FY15 is presented for comparative purposes.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2016

**City of Urbandale Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current assets	\$ 87,454,704	72,055,096	1,040,227	574,498	88,494,931	72,629,594
Capital assets	192,307,700	179,710,906	—	—	192,307,700	179,710,906
Total assets	<u>279,762,404</u>	<u>251,766,002</u>	<u>1,040,227</u>	<u>574,498</u>	<u>280,802,631</u>	<u>252,340,500</u>
Deferred outflows of resources	4,014,723	3,310,367	34,012	30,048	4,048,735	3,340,415
Long-term liabilities	69,138,543	50,371,991	145,897	93,810	69,284,440	50,465,801
Other liabilities	15,155,717	11,351,149	27,437	18,722	15,183,154	11,369,871
Total liabilities	<u>84,294,260</u>	<u>61,723,140</u>	<u>173,334</u>	<u>112,532</u>	<u>84,467,594</u>	<u>61,835,672</u>
Deferred inflows of resources	35,028,699	36,051,353	12,757	35,776	35,041,456	36,087,129
Net position						
Net investment in capital assets	140,066,000	133,910,904	—	—	140,066,000	133,910,904
Restricted	29,014,284	17,671,962	—	—	29,014,284	17,671,962
Unrestricted	(4,626,116)	5,719,010	888,148	456,238	(3,737,968)	6,175,248
Total net position	<u>\$ 164,454,168</u>	<u>157,301,876</u>	<u>888,148</u>	<u>456,238</u>	<u>165,342,316</u>	<u>157,758,114</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 \$165,342,316 and \$157,758,114 at the close of FY16 and FY15, respectively.

The largest portion of the City's net position in FY16 (84.7%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; therefore they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's investment in capital assets increased by \$6,155,096 from FY15 to FY16.

An additional portion of the City's net position (17.5%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a negative (\$3,737,968). There is a negative unrestricted net position as a result of the GASB 68 pension liability for both IPERS and MFPRSI, which represent the City's share of unfunded liability of the two pension funds. The balance is also attributable to a large portion of City's 2016 bond issuance that was issued to pay for the 100<sup>th</sup> Street bridge over I-35/I-80, which will be owned by the State, thus not able to be capitalized as part of net investment in capital assets portion of net position. The business type activity has a positive unrestricted net position. The governmental activities funds have a negative position balance that requires additional future resources to fulfill ongoing obligations to the citizens and creditors of the governmental-type activities. In FY15, restricted assets represented (11.2%) of the City's net position and unrestricted net position totaled \$6,175,248.

At the end of the current fiscal year, the City is able to report positive balances in the net position for the government as a whole, which comprises its governmental activities and business-type activity. The same situation held true for the prior fiscal year.

**CITY OF URBANDALE, IOWA**

Management’s Discussion and Analysis

June 30, 2016

As noted above, the City’s net position, when compared to the FY15 net position balance, increased by \$7,584,202 from FY15 to FY16. This increase can be attributed primarily to the increase in capital projects fund balance due to timing of bond issuance, coupled with the fund balance increase in the TIF fund, which are both included in the restricted net position total.

**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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charge for services	\$ 5,680,422	5,693,462	1,472,836	716,496	7,153,258	6,409,958
Operating grants & contributions	5,332,419	4,652,132	—	—	5,332,419	4,652,132
Capital grants & contributions	6,370,070	6,025,728	—	—	6,370,070	6,025,728
General revenues:						
Taxes	34,440,483	32,630,796	—	—	34,440,483	32,630,796
Other	299,416	241,476	1,660	1,026	301,076	242,502
Total revenues	52,122,810	49,243,594	1,474,496	717,522	53,597,306	49,961,116
Expenses:						
Public safety	13,060,310	10,213,439	—	—	13,060,310	10,213,439
Public works	17,141,268	11,959,081	445,086	387,436	17,586,354	12,346,517
Culture and recreation	8,027,471	7,525,248	—	—	8,027,471	7,525,248
Community & econ development	2,223,681	2,829,958	—	—	2,223,681	2,829,958
General government	3,759,857	3,878,000	—	—	3,759,857	3,878,000
Interest and fiscal charges	1,355,431	1,359,609	—	—	1,355,431	1,359,609
Total expenses	45,568,018	37,765,335	445,086	387,436	46,013,104	38,152,771
Increase in net position before transfers	6,554,792	11,478,259	1,029,410	330,086	7,584,202	11,808,345
Transfers	597,500	475,000	(597,500)	(475,000)	—	—
Net position – beginning	157,301,876	145,348,617	456,238	601,152	157,758,114	145,949,769
Net position – ending	\$ 164,454,168	157,301,876	888,148	456,238	165,342,316	157,758,114

**Governmental activities**

Governmental activities increased the City’s net position by \$7,152,292 for FY16. Key elements of the increase in net position are as follows:

- Charges for services remained steady, with a small decrease of \$13,040 (0.2%) during FY16. This reflects slight increases in ambulance rates, stable solid waste monthly rates, and a decline in animal licensing and court fine revenues.
- Operating grants and contributions increased \$680,287 (14.6%) in FY16 due to the increase in road use tax revenues. This increase is due to a \$0.10 per gallon increase by the State to the Iowa fuel tax in spring 2015.
- Capital Grants and Contributions increased \$344,342 (5.7%) in FY16 due primarily to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These items can

## CITY OF URBANDALE, IOWA

### Management’s Discussion and Analysis

June 30, 2016

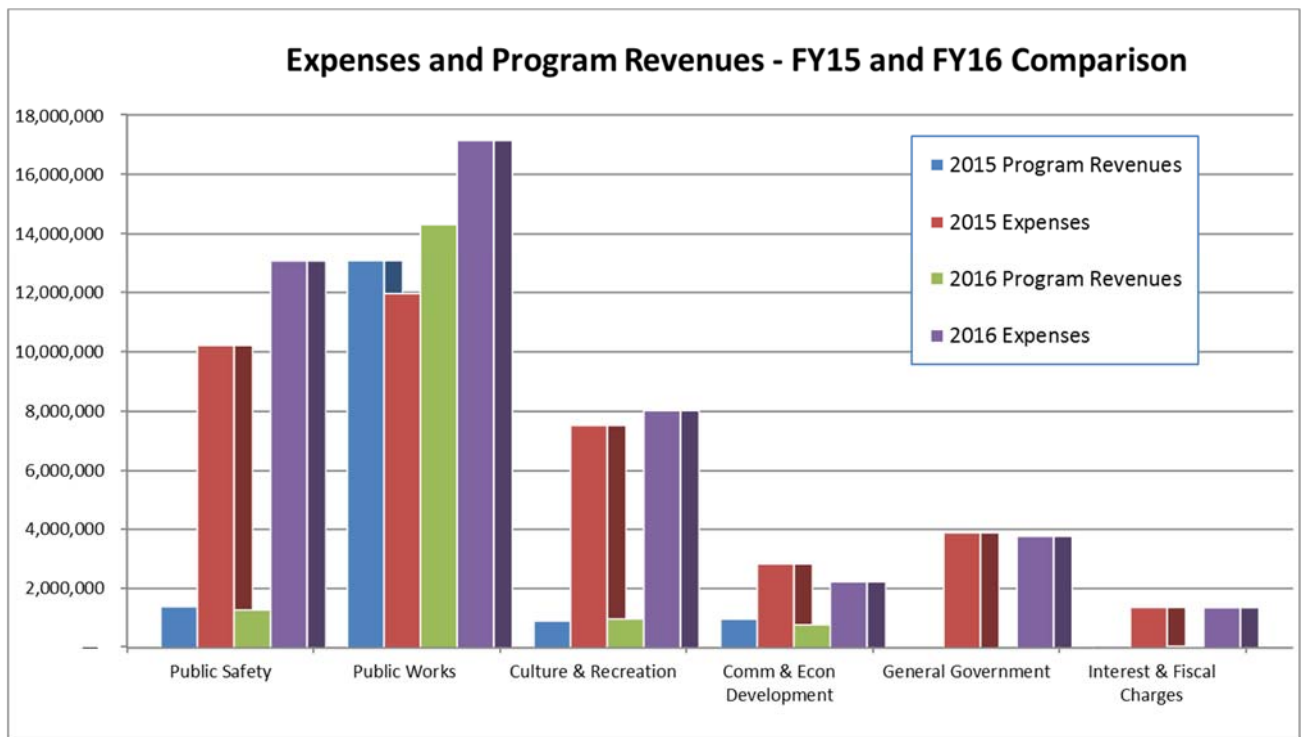
fluctuate up and down based on the timing and number of projects completed in any given year. These donations have increased net position by \$1,491,970 and \$3,663,500 in FY16 and FY15, respectively.

- Total taxes increased by \$1,809,687 (5.5%) during FY16. The receipts for FY16 reflect a 4.36% growth in taxable valuation of property throughout the City, which resulted in an overall property tax increase of \$1,861,820, including state backfill revenues. This increase was offset by tax increment financing district revenues collected, which were slightly down.
- FY16 showed a transfer of \$597,500 into capital projects fund from the business-type fund, Storm Water Utility. This transfer reflects the movement of funds contributed towards larger storm water projects being built with multiple funding sources.

#### 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. As the fund has become more established and funding becomes available, more construction projects related to correcting storm water drainage issues throughout the City are being handled. In order to fund these activities, a storm water user fee was established for all businesses and residences in Urbandale. The fee was increase from \$2 to \$4 per ERU/per month effective July 1, 2015. These user fees are the sole source of funding in the charges for services line, generating \$1,472,836 and \$716,496 in revenue for FY16 and FY15, respectively. Business-type activities increased the City’s net position by \$431,910 for FY16.

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2016 and 2015:



## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

#### **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 FY16 and FY15, the City's governmental funds reported combined fund balances of \$39,724,524 and \$27,647,022, respectively. The fluctuations in fund balance can primarily be attributed to the timing of bond issuances and related capital improvement projects payments from year to year. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$612,498 (6.3%) in FY16. The City experienced an overall increase in taxable property value of approximately 4.36% for FY16 which resulted in \$461,900 of additional general levy tax revenue for the year. The intergovernmental revenue category was higher due to state commercial property tax replacement revenue increasing from \$349,921 in FY15 to \$718,901 in FY16. The higher revenues were partially offset by increased expenditures in the public works function, culture and recreation and the general government function. These increases were related to the addition of 1 new position in the engineering and parks departments, and the reallocation of one technology position from library to general government.
- The road use tax fund balance increased \$263,585 (8.0%) in FY16. The fund experienced higher road use tax receipts due to an increase of \$0.10 per gallon on the State fuel tax and offset by \$1.56 million in transfers out to capital projects fund to provide funding for various street improvement projects.
- The fund balance for the tax increment financing (TIF) fund increased \$2,477,946 (32.5%) in FY16. This reflects the fourth year of 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. As TIF supported bonds become callable, TIF funds are being used to call and pay off those bonds instead of refinancing them.
- The fund balance of the debt service fund increased by \$152,259 (25.2%) in FY16. The FY16 increase is due primarily to the increase in state commercial property tax replacement revenue from \$64,233 to \$215,570 in FY16.
- For FY16, the \$8,554,225 (156.2%) increase in the capital projects fund balance is primarily attributable to timing of bond issuances and related project payments associated with those projects. The City changed timing of annual bond offering from fall to spring, which resulted in two bond issuances occurring in the 2016 fiscal year. Project expenditures were up \$6,367,389 from FY15, while revenues and other financing sources and uses were up \$16.7 million.
- The nonmajor governmental funds fund balance increased \$16,989 (1.7%) due to the transfer of funds from the general fund to a new economic development revolving loan special revenue fund, offset by hotel motel fund transfers out to general fund and capital projects fund.

#### **Proprietary funds**

Unrestricted net position of the proprietary funds was \$6,726,989 and \$7,993,895 in FY16 and FY15, respectively. An additional \$4,120,170 and \$3,285,200 in FY16 and FY15, respectively, of net position

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

was restricted for funds invested in capital assets within the equipment replacement and building maintenance funds. In FY16, the net decrease of \$431,936 in net position for the proprietary funds resulted primarily from additional storm water revenue from user fees, offset by lower allocations from departments for risk management and building maintenance. These revenues were offset by with timing of equipment purchases in the equipment replacement funds, higher claims in the general liability internal service fund, and the timing of repair projects in the building maintenance fund.

#### **Budgetary Highlights (FY16)**

Differences between the original budget and the final amended budget amounted to a \$17,518,216 increase in appropriations and can be briefly summarized as follows:

- \$5,348,000 for unbudgeted debt service related to the refunding of general obligation bonds
- \$10,000,000 for higher than anticipated capital projects expense
- \$960,500 for transfers out from TIF to debt service to cover TIF bond payoff amounts
- \$488,300 for additional project transfers between various funds
- \$321,000 for economic development loans and escrow refunds
- \$130,000 for transfers out to revolving loan fund from special census project savings
- \$93,316 for grant related computer and material purchases in Library
- \$53,400 for unbudgeted Dunlap arboretum, MAC camp, and Senior donation purchases
- \$32,700 for fire and police department purchases through donated funds
- \$30,000 for higher than anticipated sanitary sewer system televising projects
- \$20,000 for higher than anticipated legal costs for contracts and development agreements
- \$20,000 for unbudgeted federal forfeiture purchases
- \$11,000 for higher than anticipated economic development advertising costs
- \$10,000 for higher than anticipated police uniform costs for staff turnover

The revised expenditures were offset by \$19,887,500 in bond proceeds, \$21,000 in licenses and permit fees, \$30,000 in additional charges for service, \$1,578,800 for offsetting transfers in, \$86,100 from donations, \$10,000 from available general fund balance, \$250,000 from available revolving loan fund balance, \$960,500 from available TIF fund balance, \$71,000 from available escrow agency fund balance, and \$10,200 from available forfeiture fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget.

Including these adjustments, actual disbursements were \$7,015,734 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 \$2,565,192 more than budgeted. This was primarily due to timing of federal grant revenue and developer contributions related to various capital projects.

Budget to actual schedule for the City is located on page 63 of this report.

**CITY OF URBANDALE, IOWA**

Management's Discussion and Analysis

June 30, 2016

**Capital Asset and Debt Administration**

***Capital assets***

In FY16 and FY15, the City had invested \$257,480,941 and \$242,981,943, 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 \$14,498,998 and \$18,031,661, respectively. The value of these capital assets, net of depreciation at June 30, 2016 and 2015, is depicted below.

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

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2016</b>	<b>2015</b>
Land	\$ 6,588,856	6,588,856
Buildings and improvements	32,684,784	31,144,438
Machinery and equipment	14,381,256	12,977,858
Artwork	388,801	379,826
Infrastructure	189,035,686	176,059,480
Share of undivided equity interest assets	1,993,439	3,935,544
Construction in progress	12,408,119	11,895,941
<b>Total</b>	<b>\$ 257,480,941</b>	<b>242,981,943</b>
Accumulated depreciation	<u>(65,173,241)</u>	<u>(63,271,037)</u>
	<b>\$ 192,307,700</b>	<b>179,710,906</b>

This year's major capital asset additions included:

- The completion of the 156<sup>th</sup> Street bridge at Walnut Creek project (\$7,291,200)
- The ongoing construction of the 100<sup>th</sup> Street bridge project (\$1,794,500)
- The ongoing construction of 142<sup>nd</sup> Street widening project (\$1,658,500)
- The donation of construction improvements by private parties (\$1,492,000)
- The ongoing construction of the Douglas Avenue urbanization project (\$1,229,590)
- The ongoing construction of the 100<sup>th</sup> Street and NW 54<sup>th</sup> Street intersection project (\$901,200)
- The ongoing construction of the 73<sup>rd</sup> Street drainage system improvements (\$636,700)

Additional information on the City's capital assets can be found on page 37 (footnote 4) of this report.

***Long-term debt***

In FY16 and FY15 the City had total long-term debt of \$62,575,000 and \$45,800,000, respectively. Of these amounts, \$61,865,000 and \$44,960,000, represented general obligation bond debt. The City also had \$710,000 and \$840,000 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, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>
General obligation bonds	\$ 44,960,000	29,890,000	12,985,000	\$ 61,865,000
General obligation General Fund capital loan notes	840,000	-	130,000	710,000
	<u>\$ 45,800,000</u>	<u>29,890,000</u>	<u>13,115,000</u>	<u>\$ 62,575,000</u>

	<u>Balance</u> <u>June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2015</u>
General obligation bonds	\$ 41,840,000	13,825,000	10,705,000	\$ 44,960,000
General obligation General Fund capital loan notes	2,535,000	-	1,695,000	840,000
	<u>\$ 44,375,000</u>	<u>13,825,000</u>	<u>12,400,000</u>	<u>\$ 45,800,000</u>

During FY16, the City's total debt increased by a net \$16,775,000. The key factors in this net increase were the retirement of \$13.1 million in debt offset by the issuance of \$29,890,000 in general obligation bonds.

In FY16, the projects funded by the Series 2015A&B bond issues included:

Construction of:

- Various public art projects throughout the City of Urbandale
- Walnut Creek Regional Park open air shelter & picnic area
- Continued PW Maintenance facility improvements (TIF)
- Replacement of the 156<sup>th</sup> Street bridge at Walnut Creek
- Douglas Parkway turn lane at 121<sup>st</sup> Street
- 83<sup>rd</sup> Street & Douglas left turn lane
- 86<sup>th</sup> & Colby traffic signal
- 142<sup>nd</sup> Street – paving from Hickman to Walnut Creek Bridge
- 156<sup>th</sup> Street – paving from Meredith to Waterford

Reconstruction/rehabilitation of:

- 73<sup>rd</sup> Place storm drainage
- Continuation of Douglas Avenue urbanization and beautification – 100<sup>th</sup> Street to 121<sup>st</sup> Street (TIF)
- Douglas & 70<sup>th</sup> streetscape improvements
- Concrete street repairs at various locations in the City

Library carpet replacement

Refunding of the Series 2008 general obligation bonds

Also in FY16, the projects funded by the Series 2016A&B bond issues included:

Construction of:

- 100<sup>th</sup> Street Projects: Bridge over I-35/I-80, NW 54<sup>th</sup> intersection/extension reconstruction (TIF)
- Traffic signal at 100<sup>th</sup> Street and Northpark Drive (TIF)
- Continuation of Douglas Avenue Beautification at 100<sup>th</sup> to 121<sup>st</sup> Street (TIF)
- Colby Woods greenbelt drainage restoration

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

- Douglas Parkway sidewalks – 156<sup>th</sup> Street to West corporate limit
- Bent Creek Park trail – Meredith to 156<sup>th</sup>
- Dunlap Park trail connection to Coronado park
- Community entrance signage – phase I
- Annual concrete street repairs – various locations

#### Purchase of:

- Fire department pumper truck replacement
- Cartegraph Asset Management software system upgrade
- Westcom CAD/RMS software system replacement
- Traffic signal preemption system expansion
- Walnut Creek Regional Park land acquisition
- Various public art projects throughout the City of Urbandale

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 March 24, 2016.

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 \$210,953,995, 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 38 through 42 of this report.

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

Urbandale continues to have a significant land supply remaining for residential growth in new neighborhoods west of Interstates 35/80, and can also annex additional territory. Most of the growth areas within the Corporate Limits are already served by City infrastructure. As of the end of June, 2016, three subdivision plats that will add 144 lots for single-family residences were under development, however an additional five preliminary plats had been approved that will add another 227 lots. Seven new subdivisions were completed in 2015 creating a total of 342 lots. Five new subdivisions were completed in 2014 creating a total of 162 new lots, and seven plats with 238 lots were developed in 2013.

Through the end of June, 2016 permits had been issued for 85 new single-family homes and 24 apartment units. In 2015 a total of 181 new single-family homes were constructed, along with 16 townhomes and 84 multi-family units. In 2014, a total of 156 new single-family homes were constructed, down from 303 new single-family homes that were built in 2013. However, 2013's total was the 6<sup>th</sup> highest in the City's history. A total of 120 apartment units were also permitted in 2014 which is the largest number of multi-family units to be constructed since 2006. Housing construction added 245 single-family homes in 2012.

Urbandale also has a sufficient land supply to support continued commercial and industrial growth for at least the next 20 to 40 years, depending on the sector and historic trend line selected. An average of 269,545 square feet of commercial and industrial space has been constructed annually in Urbandale over the past five years.

Construction permitted through June, 2016 totals 7,400 square feet of new commercial development. However, the City has approved plans for an additional 61,938 square feet of commercial and industrial projects that are expected to be permitted in 2016, and 41,730 square feet of space that isn't expected to

## CITY OF URBANDALE, IOWA

### Management's Discussion and Analysis

June 30, 2016

proceed until 2017 or later. Construction in 2015 totaled 249,254 square feet of retail, office and industrial projects, and construction in 2014 totaled 131,459 square feet.

The Interchange Justification Report for the 100<sup>th</sup> Street Interchange has been approved by the Federal Highway Administration. The reconstruction of 100<sup>th</sup> Street, including a new bridge over Interstate 35/80 is nearing completion. Grading for the Interchange ramps will occur in 2017 and paving of the ramps in 2018. The new Interchange will lead to access/functionality improvements to the Interchanges and Urbandale's economic development corridors.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2017. The fiscal year 2017 budget anticipated an increase of \$3,142,562 (8.2%) in operating expenditures over the fiscal year 2016 adopted budget. The adopted expenditures and anticipated revenues for fiscal year 2017 will allow the City to maintain the general tax levy rate at \$7.17. In response to growing pension costs for the City's public safety uniformed staff, an additional \$0.07 was added to the police & fire pension levy that was originally adopted in FY10 to help offset the City's pension contribution to the Municipal Fire and Police Retirement System, thus raising that levy to \$0.57. Additionally, the debt service levy rate increased by \$0.03 to \$2.18. The City's combined tax levy rate is \$9.92/\$1,000 valuation.

Continued increases in pension costs for both IPERS and MFPRS have also impacted the FY17 budget, as well as the third year of commercial property valuation rollback. Historically, commercial property was taxed at 100% of valuation, but starting in FY15 a 5% per year reduction occurred and another 5% reduction in FY16. Despite the 10% rollback on commercial property, the City still saw overall taxable valuation growth of 5.44% for FY17. Other factors impacting the FY17 budget include the continued improvement of local economic conditions spurring construction permit growth, the continued financing of infrastructure maintenance and improvement projects, the addition of 6 full-time positions, 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and pooled cash investments	\$ 48,878,958	1,018,332	49,897,290	112,207
Cash equivalents	—	—	—	2,566,883
Restricted cash	—	—	—	296,808
Accounts receivable	417,710	—	417,710	1,448,583
Taxes receivable:				
Current	1,034,236	—	1,034,236	—
Succeeding year	33,645,416	—	33,645,416	—
Special assessments receivable:				
Current	783,803	—	783,803	—
Succeeding year	670,392	—	670,392	—
Accrued interest	4,656	—	4,656	292
Due from other governments	1,493,472	—	1,493,472	—
Due from component unit	28,675	21,895	50,570	—
Due from primary government	—	—	—	6,069
Loan receivable	258,050	—	258,050	—
Inventories	239,336	—	239,336	121,511
Restricted assets - due from primary government	—	—	—	140
Prepaid expense and other assets	—	—	—	31,243
Total current assets	<u>87,454,704</u>	<u>1,040,227</u>	<u>88,494,931</u>	<u>4,583,736</u>
<b>Noncurrent assets:</b>				
<b>Capital assets</b>				
Equipment	14,381,256	—	14,381,256	893,970
Buildings	24,971,191	—	24,971,191	1,181,173
Distribution system	—	—	—	32,632,736
Improvements other than building	7,713,593	—	7,713,593	—
Land and right of way	6,588,856	—	6,588,856	2,198,900
Construction in progress	12,408,119	—	12,408,119	—
Artwork	388,801	—	388,801	—
Infrastructure	189,035,686	—	189,035,686	—
Share of undivided equity interest assets	1,993,439	—	1,993,439	—
Accumulated depreciation	(65,173,241)	—	(65,173,241)	(12,227,627)
Total capital assets	<u>192,307,700</u>	<u>—</u>	<u>192,307,700</u>	<u>24,679,152</u>
Total assets	<u>279,762,404</u>	<u>1,040,227</u>	<u>280,802,631</u>	<u>29,262,888</u>
<b>Deferred outflows of resources</b>				
Pension related deferred outflow	4,014,723	34,012	4,048,735	145,044
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	4,703,410	9,828	4,713,238	24,564
General obligation bonds payable	8,730,000	—	8,730,000	—
Capital loan notes payable	135,000	—	135,000	357,000
Interest payable	135,126	—	135,126	14,856
Compensation and payroll taxes	662,704	9,455	672,159	50,882
Compensated absences - current	789,477	8,154	797,631	88,622
Due to City of Urbandale	—	—	—	50,570
Due to other governments	—	—	—	678,551
Customer deposits payable - restricted	—	—	—	68,550
Total current liabilities	<u>15,155,717</u>	<u>27,437</u>	<u>15,183,154</u>	<u>1,333,595</u>
<b>Noncurrent liabilities:</b>				
General obligation bonds payable	53,135,000	—	53,135,000	—
Capital loan notes payable	575,000	—	575,000	4,595,000
Net pension liability	14,070,753	145,897	14,216,650	840,677
Other postemployment benefits	1,139,978	—	1,139,978	98,985
Compensated absences	217,812	—	217,812	156,968
Total noncurrent liabilities	<u>69,138,543</u>	<u>145,897</u>	<u>69,284,440</u>	<u>5,691,630</u>
Total liabilities	<u>84,294,260</u>	<u>173,334</u>	<u>84,467,594</u>	<u>7,025,225</u>
<b>Deferred inflows of resources</b>				
Succeeding year property taxes	33,645,416	—	33,645,416	—
Pension related deferred inflow	1,383,283	12,757	1,396,040	133,475
Total deferred inflows of resources	<u>35,028,699</u>	<u>12,757</u>	<u>35,041,456</u>	<u>133,475</u>
<b>Net Position</b>				
Net investment in capital assets	140,066,000	—	140,066,000	20,807,172
Restricted:				
For capital projects	14,016,701	—	14,016,701	—
Purpose restricted by legislation	14,801,296	—	14,801,296	—
Donor restricted purposes	196,287	—	196,287	—
Unrestricted	(4,626,116)	888,148	(3,737,968)	1,442,060
Total net position	<u>\$ 164,454,168</u>	<u>888,148</u>	<u>165,342,316</u>	<u>22,249,232</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Activities

Year Ended June 30, 2016

	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	\$ 13,060,310	1,143,001	131,866	—	(11,785,443)	—	(11,785,443)	—
Public works	17,141,268	3,098,436	4,838,301	6,370,070	(2,834,461)	—	(2,834,461)	—
Culture and recreation	8,027,471	665,413	307,636	—	(7,054,422)	—	(7,054,422)	—
Community and economic development	2,223,681	773,572	—	—	(1,450,109)	—	(1,450,109)	—
General government	3,759,857	—	—	—	(3,759,857)	—	(3,759,857)	—
Interest and fiscal charges	1,355,431	—	54,616	—	(1,300,815)	—	(1,300,815)	—
Total governmental activities	<u>45,568,018</u>	<u>5,680,422</u>	<u>5,332,419</u>	<u>6,370,070</u>	<u>(28,185,107)</u>	<u>—</u>	<u>(28,185,107)</u>	<u>—</u>
Business-type activities:								
Storm Water Utility	445,086	1,472,836	—	—	—	1,027,750	1,027,750	—
Total primary government	<u>\$ 46,013,104</u>	<u>7,153,258</u>	<u>5,332,419</u>	<u>6,370,070</u>	<u>(28,185,107)</u>	<u>1,027,750</u>	<u>(27,157,357)</u>	<u>—</u>
<b>Component unit</b>								
Urbandale Water Utility	<u>\$ 7,665,095</u>	<u>7,603,614</u>	<u>525,799</u>	<u>1,825,571</u>				<u>2,289,889</u>
<b>General Revenues:</b>								
Taxes:								
Property tax				\$ 25,293,211				
Tax increment financing district tax				6,414,658				
Hotel Motel tax				1,822,440				
Franchise taxes				282,851				
Utility excise tax				627,323				
Total taxes					34,440,483	—	34,440,483	—
Interest					140,541	1,660	142,201	5,921
Miscellaneous					158,875	—	158,875	129,479
Transfers					597,500	(597,500)	—	—
Total general revenues and transfers					<u>35,337,399</u>	<u>(595,840)</u>	<u>34,741,559</u>	<u>135,400</u>
Changes in net position					7,152,292	431,910	7,584,202	2,425,289
Net position - beginning					157,301,876	456,238	157,758,114	19,823,943
Net position - ending					<u>\$ 164,454,168</u>	<u>888,148</u>	<u>165,342,316</u>	<u>22,249,232</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Balance Sheet

Governmental Funds

June 30, 2016

	<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	\$ 10,676,127	3,071,976	10,126,383	730,977	17,418,706	729,597	42,753,766
Taxes receivable:							
Current	83,295	368,437	24,159	26,571	—	531,774	1,034,236
Succeeding year	18,854,063	—	7,058,118	6,234,365	—	1,498,870	33,645,416
Special assessments receivable:							
Current	—	—	—	759,281	24,522	—	783,803
Succeeding years	—	—	—	424,475	245,917	—	670,392
Accounts receivable	347,707	—	—	—	48,712	14	396,433
Accrued interest	4,656	—	—	—	—	—	4,656
Due from component unit	24,430	4,245	—	—	—	—	28,675
Due from other governments	93,131	2,256	—	—	1,394,035	4,050	1,493,472
Loan receivable	—	—	—	—	—	258,050	258,050
Inventories	15,752	223,584	—	—	—	—	239,336
Total assets	\$ 30,099,161	3,670,498	17,208,660	8,175,669	19,131,892	3,022,355	81,308,235
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 296,185	63,188	56,001	—	4,017,335	9,512	4,442,221
Compensation and payroll taxes	540,821	35,844	—	—	—	—	576,665
Employee benefits	82,536	3,503	—	—	—	—	86,039
Total liabilities	919,542	102,535	56,001	—	4,017,335	9,512	5,104,925
<b>Deferred inflows of resources</b>							
Succeeding year property taxes	\$ 18,854,063	—	7,058,118	6,234,365	—	1,498,870	33,645,416
Unavailable revenue - special assessments	—	—	—	1,183,756	206,320	—	1,390,076
Unavailable revenue - other	37,052	1,171	—	—	879,085	525,986	1,443,294
Total deferred inflows of resources	18,891,115	1,171	7,058,118	7,418,121	1,085,405	2,024,856	36,478,786
<b>Fund balances</b>							
Nonspendable	15,752	223,584	—	—	—	—	239,336
Restricted	—	3,343,208	10,094,541	757,548	14,016,701	578,702	28,790,700
Committed	—	—	—	—	—	409,285	409,285
Assigned	—	—	—	—	12,451	—	12,451
Unassigned	10,272,752	—	—	—	—	—	10,272,752
Total fund balances	10,288,504	3,566,792	10,094,541	757,548	14,029,152	987,987	39,724,524
Total liabilities, deferred inflows of resources and fund balances	\$ 30,099,161	3,670,498	17,208,660	8,175,669	19,131,892	3,022,355	81,308,235

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, 2016

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

Total fund balances – governmental funds		\$ 39,724,524
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 249,675,009	
Less accumulated depreciation	<u>(61,487,479)</u>	188,187,530
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		2,833,370
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	4,002,101	
Deferred inflows of resources	<u>(1,378,534)</u>	2,623,567
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	6,125,192	
Due from customers	21,277	
Capital assets, net of accumulated depreciation	4,120,170	
Deferred outflows - pension	12,622	
Deferred inflows of resources - pension	(4,749)	
Net pension liability	(54,312)	
Accounts payable	<u>(261,189)</u>	9,959,011
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	61,865,000	
Capital loan note	710,000	
Accrued interest on the bonds and notes	135,126	
Other postemployment benefits	1,139,978	
Net pension liability	14,016,441	
Compensated absences	<u>1,007,289</u>	<u>(78,873,834)</u>
Net position of governmental activities		\$ <u><u>164,454,168</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, 2016

	<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	\$ 18,163,827	—	6,414,658	5,808,922	—	3,091,719	33,479,126
Special assessments	—	—	—	6,126	873,157	—	879,283
Licenses and permits	982,423	—	—	—	—	—	982,423
Use of money and property	43,556	—	31,884	8,582	27,819	1,365	113,206
Intergovernmental	950,427	4,838,301	—	270,186	1,700,290	70,615	7,829,819
Charges for services	4,224,219	—	—	—	—	11,600	4,235,819
Miscellaneous	364,031	—	—	—	1,210,083	162,871	1,736,985
Total revenues	<u>24,728,483</u>	<u>4,838,301</u>	<u>6,446,542</u>	<u>6,093,816</u>	<u>3,811,349</u>	<u>3,338,170</u>	<u>49,256,661</u>
<b>Expenditures</b>							
Current operating expenditures:							
Public safety	9,630,094	—	—	—	—	1,379,842	11,009,936
Public works	3,833,151	3,015,616	—	—	—	—	6,848,767
Culture and recreation	5,905,103	—	—	—	—	1,232,163	7,137,266
Community and economic development	1,879,320	—	305,924	—	—	—	2,185,244
General government	2,867,948	—	—	—	—	—	2,867,948
Capital outlay	—	—	—	—	23,901,998	—	23,901,998
Debt service:							
Principal	370,000	—	—	7,395,000	—	—	7,765,000
Interest	74,545	—	—	1,246,698	—	—	1,321,243
Total expenditures	<u>24,560,161</u>	<u>3,015,616</u>	<u>305,924</u>	<u>8,641,698</u>	<u>23,901,998</u>	<u>2,612,005</u>	<u>63,037,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>168,322</u>	<u>1,822,685</u>	<u>6,140,618</u>	<u>(2,547,882)</u>	<u>(20,090,649)</u>	<u>726,165</u>	<u>(13,780,741)</u>
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	25,660,000	—	25,660,000
Refunding bond issuance	—	—	—	4,230,000	—	—	4,230,000
Current refunding of general obligation debt	—	—	—	(5,350,000)	—	—	(5,350,000)
Premium/discount on bond issuance	—	—	—	157,469	563,274	—	720,743
Transfers in	659,176	—	—	3,662,672	2,421,600	165,000	6,908,448
Transfers out	(215,000)	(1,559,100)	(3,662,672)	—	—	(874,176)	(6,310,948)
Total other financing sources (uses)	<u>444,176</u>	<u>(1,559,100)</u>	<u>(3,662,672)</u>	<u>2,700,141</u>	<u>28,644,874</u>	<u>(709,176)</u>	<u>25,858,243</u>
Net changes in fund balances	612,498	263,585	2,477,946	152,259	8,554,225	16,989	12,077,502
Fund balances at beginning of year	9,676,006	3,303,207	7,616,595	605,289	5,474,927	970,998	27,647,022
Fund balances at end of year	<u>\$ 10,288,504</u>	<u>3,566,792</u>	<u>10,094,541</u>	<u>757,548</u>	<u>14,029,152</u>	<u>987,987</u>	<u>39,724,524</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, 2016

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

Net change in fund balances – governmental funds	\$	12,077,502
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlays	\$ 23,901,998	
Depreciation expense	<u>(4,177,847)</u>	19,724,151
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(7,962,327)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		572,120
<p>In the statement of activities, certain operating expenses 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 differences are:</p>		
Compensated absences - Sick leave and vacation	(84,493)	
Other postemployment benefits	<u>(312,750)</u>	(397,243)
The net effect of pension related activity, consisting of employer contributions which are reported as expenditures in the governmental funds, but reported as a deferred outflow of resources in the Statement of Net Position, and the pension expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		811,123
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.		13,115,000
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.		(29,890,000)
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.		(34,188)
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>(863,846)</u>
Change in net position of governmental activities	\$	<u><u>7,152,292</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Position –  
Proprietary Funds

June 30, 2016

	<b>Business-Type Activities - Non-Major Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Storm Water Utility Fund</b>	<b>Internal Service Funds</b>
	<hr/>	<hr/>
<b>Assets</b>		
Current assets:		
Cash and pooled cash investments	\$ 1,018,332	6,125,192
Accounts receivable	—	21,277
Due from Component Unit	21,895	—
Total current assets	<hr/> 1,040,227	<hr/> 6,146,469
Noncurrent assets:		
Capital assets, net	—	4,120,170
<b>Total assets</b>	<hr/> <b>\$ 1,040,227</b>	<hr/> <b>10,266,639</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	\$ 34,012	12,622
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 9,828	261,189
Compensation and payroll taxes	8,613	—
Employee benefits	842	—
Compensated absences - current	8,154	—
Total current liabilities	<hr/> 27,437	<hr/> 261,189
Noncurrent liabilities:		
Net pension liability	145,897	54,312
<b>Total liabilities</b>	<hr/> <b>\$ 173,334</b>	<hr/> <b>315,501</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	\$ 12,757	4,749
<b>Net Position</b>		
Net investment in capital assets	\$ —	4,120,170
Unrestricted	888,148	5,838,841
<b>Total net position</b>	<hr/> <b>\$ 888,148</b>	<hr/> <b>9,959,011</b>

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, 2016

	<b>Business-Type</b>		<b>Governmental</b>	
	<b>Activities - Non-Major</b>			<b>Activities</b>
	<b>Enterprise Fund</b>			
	<b>Storm Water</b>	<b>Utility</b>	<b>Funds</b>	
	<b>Fund</b>			
Operating revenues:				
Charges for services	\$	1,472,836	3,676,338	
Other		—	699,428	
Total operating revenues		<u>1,472,836</u>	<u>4,375,766</u>	
Operating expenses:				
Insurance premiums and claims		—	3,777,593	
Building maintenance		—	588,417	
Data processing		—	87,775	
Storm water operations		445,086	—	
Administration		—	49,632	
Depreciation		—	817,512	
Total operating expenses		<u>445,086</u>	<u>5,320,929</u>	
Operating income (loss)		<u>1,027,750</u>	<u>(945,163)</u>	
Nonoperating revenues (expenses):				
Interest income		1,660	27,336	
Gain (loss) on sale of equipment		—	53,981	
Total nonoperating revenues (expenses)		<u>1,660</u>	<u>81,317</u>	
Income (loss) before transfers		1,029,410	(863,846)	
Transfers out		<u>(597,500)</u>	—	
Change in net position		431,910	(863,846)	
Net position at beginning of year		<u>456,238</u>	<u>10,822,857</u>	
Net position at end of year	\$	<u><u>888,148</u></u>	<u><u>9,959,011</u></u>	

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2016

	<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	\$ 1,470,139	4,820,035
Payments to employees	(266,229)	(180,681)
Payments to suppliers	(145,038)	(4,361,338)
Net cash provided by operating activities	<u>1,058,872</u>	<u>278,016</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	(597,500)	—
Cash flows from capital and related financing activities:		
Purchase of capital assets	—	(1,658,301)
Proceeds from sale of capital assets	—	59,800
Net cash used in capital and related financing activities	<u>—</u>	<u>(1,598,501)</u>
Cash flows from investing activities:		
Interest on investments	1,660	27,336
Net increase (decrease) in cash and cash equivalents	463,032	(1,293,149)
Cash and cash equivalents at beginning of year	555,300	7,418,341
Cash and cash equivalents at end of year	\$ <u>1,018,332</u>	<u>6,125,192</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 1,027,750	(945,163)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	—	817,512
Change in deferred inflows	(23,019)	4,749
Change in deferred outflows	(3,964)	(5,889)
Change in due from customers and users	(2,697)	444,269
Change in net pension liability	52,087	54,312
Change in accounts payable and accrued liabilities	8,715	(91,774)
Net cash provided by operating activities	\$ <u>1,058,872</u>	<u>278,016</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
Statement of Fiduciary Net Position  
June 30, 2016

		<b>Total Agency Funds</b>
<b>Assets</b>		
Cash and pooled cash investments	\$	1,094,431
Total assets	\$	1,094,431
<b>Liabilities</b>		
Liabilities:		
Due to component unit	\$	6,209
Due to other governments		16,136
Deposits and remittances due		1,072,086
Total liabilities	\$	1,094,431

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

**(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 voting 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. The Urbandale Water Utility meets each of these financial accountability criteria. Based on these criteria, there are no organizations or agencies other than the Water Utility which should be included in these basic financial statements.

**(b) *Discretely Presented Component Unit***

The Water Utility 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, as defined in the preceding paragraph, 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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

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.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 has 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

# CITY OF URBANDALE, IOWA

## Notes to Financial Statements

June 30, 2016

provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

### **Governmental Funds**

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of 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, 2016 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2015.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

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, 2016

*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.

*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, 2016

*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 expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are 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.

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

As of June 30, 2016, fund balances are composed of the following:

	General	Debt Service	Capital Projects	Special Revenues	Total
<b>Nonspendable:</b>					
Inventory	\$ 15,752	-	-	223,584	239,336
<b>Restricted for:</b>					
Debt service	-	757,548	-	10,094,541	10,852,089
Public works	-	-	-	3,343,208	3,343,208
Capital projects	-	-	14,016,701	-	14,016,701
Public safety retirement	-	-	-	14,938	14,938
Police activities	-	-	-	64,248	64,248
Fire activities	-	-	-	19,584	19,584
Cultural programs	-	-	-	336,667	336,667
Parks activities	-	-	-	365	365
Recreational programs	-	-	-	142,900	142,900
Total restricted	\$ -	757,548	14,016,701	14,016,451	28,790,700
<b>Committed for:</b>					
Economic development	-	-	-	409,285	409,285
<b>Assigned to:</b>					
Capital projects	-	-	12,451	-	12,451
Unassigned	10,272,752	-	-	-	10,272,752
<b>Total Fund Balances</b>	<b>\$ 10,288,504</b>	<b>757,548</b>	<b>14,029,152</b>	<b>14,649,320</b>	<b>39,724,524</b>

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

#### **(h) Cash and Pooled Cash Investments**

Except for the Water Utility, 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.

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 Water Utility 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 2a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance.

#### **(i) Inventories**

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

#### **(j) Unbilled Revenues**

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

#### **(k) Capital Assets**

Capital assets, which include real property, equipment and vehicles, artwork, buildings, infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), and the City's share of assets in an undivided equity interest, are reported in the governmental activities column in the government-wide Statement of Net 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, 2016

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	40 - 50
Improvements other than buildings	5 - 30
Vehicles and equipment	3 - 20
Distribution system	50
Artwork	20
Infrastructure	10 - 65
Share of undivided equity interest assets	5 - 15

***(l) Deferred Outflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

***(m) Deferred Inflows of Resources***

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the governmental fund level consist of the succeeding year property tax receivable, and other receivables not collected within sixty days after year-end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet charged to pension expense.

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

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. If deemed material, bonds payable are reported net of the applicable bond premium or discount.

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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

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 expenditure in the period in which the related payment is made.

#### **(o) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's two pension systems, and additions to/deductions from the pensions' fiduciary net position have been determined on the same basis as they are reported by each respective pension system.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **(p) 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 Water Utility. 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. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

#### **(q) Self-insurance**

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$50,000 per employee and \$3,024,378 in the aggregate for June 30, 2016. 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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

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

	<b>2016</b>	<b>2015</b>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 275,000	250,000
Incurring claims and claim adjustment expenses	1,891,391	2,125,656
Payments	(1,966,391)	(2,100,656)
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 200,000	275,000

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

The City's and its Component Unit's deposits at June 30, 2016 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

Certificates of deposit and money market accounts 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, 2016 are \$49,897,290. The City's agency funds had cash and pooled cash investments of \$1,094,431 at June 30, 2016.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standard Board Statement No. 72.

At June 30, 2016 cash and cash equivalents balance of the Water Utility include a money market account of \$2,499,028 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,405, which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. Additionally, there is one Certificate of Deposit in the amount of \$170,749 and checking accounts with \$169,716 as of June 30, 2016.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

*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 Water Utility'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, 2016 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 Water Utility's water revenue bond covenants are separately disclosed in the balance sheet of the Water Utility.

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

**(4) Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2016 is as follows:

	<b>July 1, 2015</b>			<b>June 30, 2016</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Capital assets not being depreciated:				
Land	\$ 5,401,382	—	—	5,401,382
Construction in progress	11,895,941	18,751,306	18,239,128	12,408,119
Right of way	1,187,474	—	—	1,187,474
<b>Total capital assets not being depreciated</b>	<b>18,484,797</b>	<b>18,751,306</b>	<b>18,239,128</b>	<b>18,996,975</b>
Capital assets being depreciated:				
Equipment	12,977,858	2,547,582	1,144,184	14,381,256
Buildings	25,019,162	—	47,971	24,971,191
Improvements other than buildings	6,125,276	1,588,317	—	7,713,593
Artwork	379,826	8,975	—	388,801
Infrastructure	176,059,480	16,070,160	3,093,954	189,035,686
Share of undivided equity interest assets	3,935,544	—	1,942,105	1,993,439
<b>Total capital assets being depreciated</b>	<b>224,497,146</b>	<b>20,215,034</b>	<b>6,228,214</b>	<b>238,483,966</b>
Less accumulated depreciation for:				
Equipment	6,817,340	1,350,035	1,136,060	7,031,315
Buildings	6,568,310	551,502	26,985	7,092,827
Improvements other than buildings	2,420,239	428,484	—	2,848,723
Artwork	208,776	22,592	—	231,368
Infrastructure	46,234,217	2,547,872	1,930,109	46,851,980
Share of undivided equity interest assets	1,022,155	94,873	—	1,117,028
<b>Total accumulated depreciation</b>	<b>63,271,037</b>	<b>4,995,358</b>	<b>3,093,154</b>	<b>65,173,241</b>
<b>Total capital assets, net</b>	<b>\$ 179,710,906</b>	<b>33,970,982</b>	<b>21,374,188</b>	<b>192,307,700</b>

Depreciation expense of \$4,995,359 for the year ended June 30, 2016, was charged to the following governmental functions:

	<b>2016</b>
Public safety	\$ 930,045
Public works	3,082,259
Culture and recreation	817,047
Community and economic development	24,218
General government	141,790
<b>Total depreciation expense</b>	<b>\$ 4,995,359</b>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

Capital asset activity for the Water Utility for the years ended June 30, 2016 is as follows:

	<b>June 30, 2015</b>			<b>June 30, 2016</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Capital assets not being depreciated:				
Land	2,198,900	—	—	2,198,900
Construction in progress	285,690	—	285,690	—
Total capital assets not being depreciated	<u>2,484,590</u>	<u>—</u>	<u>285,690</u>	<u>2,198,900</u>
Capital assets being depreciated:				
Equipment	\$ 820,101	126,322	52,453	893,970
Buildings	1,181,173	—	—	1,181,173
Distribution system	29,478,201	3,226,299	71,764	32,632,736
Total capital assets being depreciated	<u>31,479,475</u>	<u>3,352,621</u>	<u>124,217</u>	<u>34,707,879</u>
Less accumulated depreciation for:				
Equipment	688,899	71,196	52,452	707,643
Buildings	652,660	30,617	—	683,277
Distribution system	10,250,370	612,996	26,659	10,836,707
Total accumulated depreciation	<u>11,591,929</u>	<u>714,809</u>	<u>79,111</u>	<u>12,227,627</u>
Total capital assets, net	\$ <u>22,372,136</u>	<u>2,637,812</u>	<u>330,796</u>	<u>24,679,152</u>

**(5) Long-Term Obligations**

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

In 2006, the City issued \$1,470,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$110,000 to \$130,000 with interest rates from 4.125% to 4.30%. Total outstanding principal at June 30, 2016 was \$600,000 with the final payment due June 2021.

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 \$25,000 to \$30,000 with interest rates from 4.0% to 4.15%. Total outstanding principal at June 30, 2016 was \$110,000, with the final payment due June 2020.

**(b) General Obligation Refunding Bonds**

In September 2015, the City issued General Obligation bonds that included \$4,230,000 for the current refunding of the Series 2008 General Obligation bonds. The refunding was undertaken to capture the benefits of a lower interest rate environment to reduce future debt service interest payments. The maturity schedule and principal payments of the new debt exactly mirror the schedules of the debt being refunded. The transaction did not result in any material deferred outflow or deferred inflows, thus none were recorded. The transaction resulted in a net economic gain of \$249,016 due to lower interest costs. The total difference in debt service between the issuances was \$262,719.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

**(c) General Obligation Bonds**

Details of general obligation bonds payable at June 30, 2016 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 6/30/16</u>
Streets/Parks/Fire/ Trails/Pool	11/01/09	3.625 to 4.625	6/21	600,000 to 700,000	\$ 6,570,000	\$ 3,300,000
Streets/Bridges Parks/Trails	10/01/10	2.00 to 3.00	6/22	335,000 to 1,000,000	8,535,000	5,500,000
Refunding bond	10/01/10	2.00 to 2.50	6/20	100,000	2,955,000	400,000
Streets/Bridges Parks/Trails	09/01/11	2.00 to 3.00	6/26	400,000	8,935,000	4,000,000
Streets/Parks/Trails Bridges	09/01/12	2.0 to 2.25	6/27	250,000 to 800,000	9,765,000	6,250,000
Streets/Parks/Trails/ Bridges	09/01/13	2.25 to 3.25	6/28	100,000 to 1,000,000	8,090,000	3,115,000
Streets	09/01/13	2.00	6/21	435,000 to 465,000	3,540,000	2,250,000
Streets/Parks/Fire/ Storm Sewer	10/01/14	2.0 to 3.0	6/29	300,000 to 340,000	5,610,000	4,370,000
Streets	10/01/14	2.00	6/21	585,000 to 645,000	4,265,000	3,105,000
Refunding bond	09/01/14	2.0 to 2.25	6/24	145,000 to 1,040,000	3,950,000	1,835,000
Refunding bond	10/29/15	3	6/18	1,175,000 to 1,680,000	4,230,000	3,055,000
Streets/Parks/Library/ Storm Sewer	09/17/15	2.0 to 2.75	6/30	625,000 to 975,000	10,000,000	9,025,000
Streets/Parks/Trails/ Fire/Technology	05/17/16	2.0 to 2.75	6/31	120,000 to 855,000	2,990,000	2,990,000
Streets/Bridge	05/17/16	2.0 to 3.0	6/26	1,000,000 to 1,415,000	12,670,000	12,670,000
					<u>\$ 92,105,000</u>	<u>\$ 61,865,000</u>

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2016 are as follows:

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

Years Ending June 30,	General Obligation Bonds		General Obligation General Fund Capital Loan Notes	
	Principal	Interest	Principal	Interest
2017	\$ 8,730,000	1,523,882	135,000	29,740
2018	7,910,000	1,297,963	140,000	24,203
2019	7,025,000	1,093,363	150,000	18,418
2020	7,045,000	913,888	155,000	12,148
2021	6,830,000	734,388	130,000	5,590
2022-2026	19,265,000	1,878,477	-	-
2027-2031	5,060,000	312,295	-	-
	<u>\$ 61,865,000</u>	<u>7,754,256</u>	<u>710,000</u>	<u>90,099</u>

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

On June 1, 2015, the Water Utility issued \$1,963,000 in Water Revenue Refunding Capital Loan Notes. Interest is payable each December 1 and June 1 at a rate of 1.99%. Principal payments are due each June 1 and range from \$201,000 to \$236,000 with final maturity in 2024. The proceeds were used to refund outstanding 2005 Water Revenue Bonds which had an interest rate of 3.90%. At June 30, 2016 the restricted cash on the balance sheet includes \$20,233 in the Sinking Fund.

The reacquisition price was less than the net carrying amount of the old debt by \$312,000. This amount was funded by the Utility through the 2005 Reserve Fund in the amount of \$311,700 and the General Fund in the amount of \$300. The Utility refunded the 2005 Water Revenue Bonds to reduce its total debt service payments over 9 years by \$579,922. The refunding of the 2005 Water Revenue Bond issue resulted in an economic gain of \$525,924.

The annual principal and interest requirements to maturity for the Water Utility's water revenue capital loan note at June 30, 2016 are as follows:

Years Ending June 30,	Water Refunding Capital Loan	
	Principal	Interest
2017	\$ 205,000	35,064
2018	209,000	30,984
2019	214,000	26,825
2020	218,000	22,567
2021	222,000	18,229
2022-2024	694,000	27,800
	<u>\$ 1,762,000</u>	<u>161,469</u>

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

The Water Utility 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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

solely for a meter replacement project and funds are disbursed from the Iowa Finance Authority. The first \$332,000 disbursed to the Utility represents the forgivable portion of the loan. The remaining \$1,339,000 disbursed will be repaid semi-annually over a 20 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 each June 1, and range from \$49,000 to \$89,000 with final maturity in 2031. At June 30, 2016 the restricted cash on the balance sheet includes \$22,729 in the Sinking Fund.

Principal and interest requirements to maturity for obligations at June 30, 2016 are as follows:

<b>Years Ending June 30,</b>	<b>SRF Capital Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 57,000	32,400
2018	59,000	30,690
2019	61,000	28,920
2020	63,000	27,090
2021	65,000	25,200
2022-2026	357,000	95,520
2027-2031	418,000	38,430
	<u>\$ 1,080,000</u>	<u>278,250</u>

**(f) 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, 2016 the restricted cash balance sheet includes \$14,547 in the Sinking Fund and \$170,749 in the Reserve Fund.

Principal and interest requirements to maturity for obligations at June 30, 2016 are as follows:

<b>Ending June 30,</b>	<b>Water Revenue Capital Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 95,000	75,749
2018	95,000	72,338
2019	100,000	68,928
2020	105,000	65,338
2021	105,000	61,569
2022-2026	595,000	247,710
2027-2031	700,000	133,727
2032-2033	315,000	17,053
	<u>\$ 2,110,000</u>	<u>742,412</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

Changes in long-term obligations for the years ended June 30, 2016 are as follows:

	2016				
	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within 1 year
<b>Primary government:</b>					
General obligation bonds	\$ 44,960,000	29,890,000	12,985,000	61,865,000	8,730,000
General obligation General					
Fund capital loan notes	840,000	—	130,000	710,000	135,000
Other postemployment benefits	827,228	312,750	—	1,139,978	—
Compensated absences	922,796	116,005	31,512	1,007,289	789,477
	<u>\$ 47,550,024</u>	<u>30,318,755</u>	<u>13,146,512</u>	<u>64,722,267</u>	<u>9,654,477</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 7,780	374	—	8,154	8,154
<b>Component unit:</b>					
Water revenue bonds	\$ 1,963,000	—	201,000	1,762,000	205,000
Capital loan note	3,335,000	—	145,000	3,190,000	152,000
Other postemployment benefits	84,360	14,625	—	98,985	—
Compensated absences	237,784	7,806	—	245,590	88,622
	<u>\$ 5,620,144</u>	<u>22,431</u>	<u>346,000</u>	<u>5,296,575</u>	<u>445,622</u>

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

2014 Actual value of Property (unaudited)	\$ 4,219,079,909
Debt limit - 5% of assessed valuation	\$ 210,953,995
Amount of debt applicable to debt limit:	
General obligation General Fund capital loan notes	(710,000)
General obligation bonds	(61,685,000)
Legal debt margin	<u>\$ 148,558,995</u>

**(6) Retirement Plans**

**(a) Iowa Public Employees' Retirement System - IPERS**

Plan Description – IPERS membership is mandatory for employees of the City and the Water Utility, except for those covered by another retirement system. Throughout this IPERS disclosure, all references to the City will incorporate both the City and the Water Utility, unless otherwise noted.

Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early retirement deduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefits or calculated

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protective occupation members contributed 6.56% of pay and the City contributed 9.84% for a total rate of 16.40%.

The City’s total contributions to IPERS for the year ended June 30, 2016 were \$743,667. The Water Utility’s total contributions to IPERS for the year ended June 30, 2016 were \$109,195.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum based on 3.00 percent Inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting and expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

**City Specific IPERS Disclosures**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$5,324,699 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the City’s collective proportion was .1077769% which was an increase of .0006241% from its proportion measured as of June 30, 2014.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

For the year ended June 30, 2016, the City recognized pension expense of \$540,294. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 80,908	\$ 5,829
Changes of assumptions	147,438	89
Net difference between projected and actual earnings on pension plan investments	-	459,231
Changes in proportion and differences between City contributions and proportionate share of contributions	269,316	432
City contributions subsequent to the measurement date	<u>743,667</u>	<u>-</u>
Total	<u>\$ 1,241,329</u>	<u>\$ 465,581</u>

The \$743,667 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$ (77,340)
2018	(77,340)
2019	(77,340)
2020	260,320
2021	<u>3,781</u>
	<u>\$ 32,081</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	<u>1% Decrease ( 6.5% )</u>	<u>Discount Rate ( 7.5% )</u>	<u>1% Increase ( 8.5% )</u>
City's proportionate share of the net pension liability:	9,463,490	5,324,699	1,831,441

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

Payable to the Pension Plan – At June 30, 2016, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**Water Utility Specific IPERS Disclosures**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Water Utility reported a liability of \$840,677 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Utility’s proportion of the net pension liability was based on the Water Utility’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the Water Utility’s collective proportion was .017016% which was a decrease of .000569% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Water Utility recognized pension expense of \$52,505. At June 30, 2016, the Water Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 12,703	\$ -
Changes of assumptions	23,146	-
Net difference between projected and actual earnings on pension plan investments	-	69,966
Changes in proportion and differences between Utility contributions and proportionate share of contributions	-	63,509
Utility contributions subsequent to the measurement date	<u>109,195</u>	<u>-</u>
Total	<u>\$ 145,044</u>	<u>\$ 133,475</u>

The \$109,195 reported as deferred outflows of resources related to pensions resulting from the Water Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$ (41,762)
2018	(41,762)
2019	(41,762)
2020	28,073
2021	(413)
	<u>\$ (97,626)</u>

Sensitivity of the Utility’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Water Utility’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Water Utility’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	<u>1% Decrease ( 6.5% )</u>	<u>Discount Rate ( 7.5% )</u>	<u>1% Increase ( 8.5% )</u>
Utility's proportionate share of the net pension liability:	1,471,875	840,677	307,901

Payable to the Pension Plan – At June 30, 2016, the Utility reported payables to the defined benefit pension plan of \$7,891 for legally required employer contributions and \$5,258 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(b) *Municipal Fire and Police Retirement System of Iowa – MFPRSI***

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50366 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer’s contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City’s contributions to MFPRSI for the year ended June 30, 2016 was \$ 1,455,011.

If approved by the state legislature, state appropriation may further reduce the employer’s contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a non-employer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

Actuarial Assumptions - The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e.,

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0 %	3.8%
Emerging Markets Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
International Equities	12.5	7.0
Core Investments	40.0 %	
Tactical Asset Allocation	35.0	6.0
Private Equity	15.0	9.8
Private non-Core Real Estate	5.0	9.3
Private Core Real Estate	5.0	6.8
Real Estate	10.0	
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.4% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at [www.mfprsi.org](http://www.mfprsi.org).

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$8,891,955 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City’s collective proportion was 1.892653% which was an increase of .083406% from its proportion measured as of June 30, 2014.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

For the year ended June 30, 2016, the City recognized pension expenses of \$927,907. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 239,017	\$ 15,196
Changes of assumptions	669,048	-
Net difference between projected and actual earnings on pension plan investments	-	915,263
Changes in proportion and differences between City contributions and proportionate share of contributions	444,330	-
City contributions subsequent to the measurement date	<u>1,455,011</u>	<u>-</u>
Total	<u>\$ 2,807,406</u>	<u>\$ 930,459</u>

The \$1,455,011 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$ (110,791)
2018	(110,791)
2019	(110,791)
2020	642,310
2021	<u>111,999</u>
	<u>\$ 421,936</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	<u>1% Decrease ( 6.5% )</u>	<u>Discount Rate ( 7.5% )</u>	<u>1% Increase ( 8.5% )</u>
City's proportionate share of the net pension liability:	15,481,161	8,891,955	3,417,098

Payables to the Pension Plan – At June 30, 2016, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

#### (c) *Money Purchase Plan*

The Water Utility 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 \$37,496 the year ended June 30, 2016. The Water Utility's employees made contributions to the plan of \$62,493 for the year ended June 30, 2016.

#### (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 187 active and 8 retired members/spouses in the plan. Participants must meet IPERS/MFPRS retirement system eligibility requirements, or be age 55 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.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

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, 2016:

Annual required contribution	\$	372,051
Interest on net OPEB obligation		20,537
Adjustment to annual required contribution		<u>(60,072)</u>
Annual OPEB cost		332,516
Contributions made, net of retiree contributions		<u>(19,766)</u>
Increase in net OPEB obligation		312,750
Net OPEB obligation beginning of year		<u>827,228</u>
Net OPEB obligation end of year	\$	<u><u>1,139,978</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. 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, 2016.

For the year ended June 30, 2016, the City contributed \$33,979 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$14,213 or 41.8% of claims cost.

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, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 136,183	15.73%	\$ 521,840
June 30, 2015	\$ 324,453	5.88%	\$ 827,228
June 30, 2016	\$ 332,516	5.94%	\$ 1,139,978

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$2,371,233 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,371,233. The covered payroll (annual payroll of active employees covered by the plan) was \$12,331,313 and the ratio of the UAAL to covered payroll was 19.23% as of June 30, 2016. As of June 30, 2016, 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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

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, 2014 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 5.5%. The ultimate medical trend inflation rate is 5.5%. An inflation rate of 0% is assumed for purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience. The UAAL is being amortized over 30 years on a closed group basis.

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

The City offers its employees two 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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

**(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 \$850,000 are reinsured in an amount not to exceed \$5,000,000 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, 2016 were \$121,215.

**(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 746 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 casualty 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% basis rate.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

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, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2016 were \$347,489.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss incurred.

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, 2016, no liability has been recorded in the City's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2016

#### (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. Since inception, the Westcom operations have expanded service area to provide dispatch to two additional communities. These two communities are not equity partners, but subscribers to the services provided. The City showed expenditures of \$928,867 and has an undivided interest in assets of the operation, net of depreciation, totaling \$876,411 as of June 30, 2016. 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, 2016, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$5,597,716.

##### (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, 2016.

##### (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 \$212,600 at June 30, 2016.

##### (e) *Construction and Purchase Commitments*

At June 30, 2016, the following construction and purchase commitments had been made:

**CITY OF URBAN DALE, IOWA**

Notes to Financial Statements

June 30, 2016

Project	2016	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 43,741,226	12,861,354
General fund	67,345	50,602
Internal service fund - Building Maintenance	718,136	97,780
Total	\$ 44,526,707	13,009,736

**(f) Central Iowa Regional Drinking Water Commission**

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

**(g) Des Moines Water Works (Water Works)**

The Water Utility 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 Water Utility has commitments outstanding at June 30, 2016 to contribute to Water Works \$10,396,952.

Future minimum payments in conjunction with these commitments are:

Years ending June 30,	Maffit Treatment Plant	Saylorville Treatment Plant
2017	\$ 470,266	1,073,641
2018	148,152	1,074,977
2019	-	1,078,378
2020	-	1,082,977
2021	-	1,087,063
2022-2026	-	4,381,498
	\$ 618,418	9,778,534

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2016

**(11) Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2016:

	<u><b>2016</b></u>
Transfer to General fund from:	
Nonmajor governmental funds	\$ <u>659,176</u>
Total transfers to General Fund	<u>659,176</u>
Transfer to Capital projects fund from:	
General fund	50,000
Road Use fund	1,559,100
Storm Water Utility fund	597,500
Nonmajor governmental funds	<u>215,000</u>
Total transfers to Capital Projects fund	<u>2,421,600</u>
Transfer to Debt Service fund from:	
TIF fund	<u>3,662,672</u>
Total transfer to Debt Service fund	<u>3,662,672</u>
Transfer to Nonmajor governmental funds from:	
General fund	<u>165,000</u>
Total transfer to Nonmajor government funds	<u>165,000</u>
	<u>\$ 6,908,448</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, 2016

	Governmental	Enterprise	Total	Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual		Original	Final	Variance
Revenues:						
Property tax	\$ 24,292,294	-	24,292,294	24,314,218	24,314,218	(21,924)
Tax increment financing	6,415,325	-	6,415,325	6,316,248	6,316,248	99,077
Other city tax	2,725,077	-	2,725,077	2,932,537	2,932,537	(207,460)
Licenses and permits	991,817	-	991,817	1,092,250	1,113,250	(121,433)
Use of money and property	164,602	1,659	166,261	135,000	135,000	31,261
Intergovernmental	7,887,362	-	7,887,362	6,185,912	6,299,028	1,588,334
Charges for services	4,301,956	1,470,140	5,772,096	5,619,802	5,649,802	122,294
Special assessments	815,164	-	815,164	919,000	919,000	(103,836)
Miscellaneous	1,891,979	-	1,891,979	627,000	713,100	1,178,879
Total receipts	49,485,576	1,471,799	50,957,375	48,141,967	48,392,183	2,565,192
Expenditures:						
Public safety	10,971,613	-	10,971,613	11,377,313	11,440,013	468,400
Public works	6,826,029	-	6,826,029	7,533,513	7,563,513	737,484
Culture and recreation	7,133,592	-	7,133,592	7,599,991	7,746,707	613,115
Community and economic development	2,337,036	-	2,337,036	2,661,034	2,993,034	655,998
General government	2,852,897	-	2,852,897	2,960,769	2,980,769	127,872
Debt Service	14,436,242	-	14,436,242	9,568,545	14,916,545	480,303
Capital projects	22,117,572	-	22,117,572	16,050,000	26,050,000	3,932,428
Total disbursements	66,674,981	-	66,674,981	57,751,165	73,690,581	7,015,600
Business-type activities	-	412,572	412,572	412,706	412,706	134
Total all disbursements	66,674,981	412,572	67,087,553	58,163,871	74,103,287	7,015,734
Excess (deficiency) of revenues over (under) expenditures	(17,189,405)	1,059,227	(16,130,178)	(10,021,904)	(25,711,104)	(9,580,926)
Other financing sources, net	31,208,243	(597,500)	30,610,743	9,999,500	29,887,000	(723,743)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	14,018,838	461,727	14,480,565	(22,404)	4,175,896	(10,304,669)
Fund balances at beginning of year	28,583,644	555,300	29,138,944	24,866,843	24,866,843	(4,272,101)
Fund balances at end of year	\$ 42,602,482	1,017,027	43,619,509	24,844,439	29,042,739	(14,576,770)

	Governmental Funds			Enterprise Fund		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Full Accrual Basis
Revenues	\$ 49,485,576	(228,915)	49,256,661	1,471,799	2,697	1,474,496
Expenditures/expenses	66,674,981	(3,637,579)	63,037,402	412,572	32,514	445,086
Net	(17,189,405)	3,408,664	(13,780,741)	1,059,227	(29,817)	1,029,410
Other financing sources, net	31,208,243	(5,350,000)	25,858,243	(597,500)	-	(597,500)
Beginning fund balances/net assets	28,583,644	(936,622)	27,647,022	555,300	(99,062)	456,238
Ending fund balances/net assets	\$ 42,602,482	(2,877,958)	39,724,524	1,017,027	(128,879)	888,148

See accompanying notes to required supplementary information.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Budgetary Reporting

Fiscal year ended June 30, 2016

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, 2016 was amended during the year to allow the City to increase program expenditures by \$17,518,216 and increased program revenues by \$21,716,516. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Water Utility were \$16,148,088 compared to a legal budget of \$17,771,285 for the year ended June 30, 2016.

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

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2014	July 1, 2012	\$ -	\$ 1,093,708	\$ 1,093,708	0.00%	\$ 10,567,425	10.35%
2015	July 1, 2014	\$ -	\$ 2,339,568	\$ 2,339,568	0.00%	\$ 11,275,082	20.75%
2016	July 1, 2015	\$ -	\$ 2,371,233	\$ 2,371,233	0.00%	\$ 12,331,313	19.23%

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

**CITY OF URBANDALE, IOWA**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**Iowa Public Employees' Retirement System - IPERS**

**As of June 30, 2016**

**Required Supplementary Information**

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.1071528%	0.1077769%
City's proportion of the net pension liability (asset)	\$ 4,249,581	\$ 5,324,699
City's covered-employee payroll	\$ 7,459,941	\$ 7,651,554
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.97%	69.59%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%

\* In accordance with GASB Statement no.68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying notes to required supplementary information.

Note: GASB Statement no. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF URBANDALE, IOWA**

**Schedule of City Contributions**

**Iowa Public Employees' Retirement System - IPERS**

**Last Ten Fiscal Years**

**Required Supplementary Information**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 292,386	352,720	387,469	424,496	459,705	566,352	595,703	670,248	686,035	743,668
Contributions in relation to the statutorily required contribution	<u>292,386</u>	<u>352,720</u>	<u>387,469</u>	<u>424,496</u>	<u>459,705</u>	<u>566,352</u>	<u>595,703</u>	<u>670,248</u>	<u>686,035</u>	<u>743,668</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	4,986,390	5,737,514	6,011,629	6,286,066	6,499,677	6,946,515	6,805,250	7,459,941	7,651,554	8,312,473
Contributions as a percentage of covered-employee payroll	5.86%	6.15%	6.45%	6.75%	7.07%	8.15%	8.75%	8.98%	8.97%	8.95%

See accompanying independent auditor's report.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Pension Liability

#### Iowa Public Employees' Retirement System - IPERS

Fiscal year ended June 30, 2016

#### Changes of benefit terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of the retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

#### Changes of assumptions

The 2014 valuation implemented the following retirements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member account from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study.

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**CITY OF URBANDALE, IOWA**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**Municipal Fire and Police Retirement System of Iowa - MFPRSI  
Last Fiscal Year\***

**Required Supplementary Information**

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	1.809265%	1.892653%
City's proportion of the net pension liability (asset)	\$ 6,558,490	8,891,955
City's covered-employee payroll	\$ 4,620,089	4,955,565
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.0%	179.4%
Plan fiduciary net position as a percentage of the total pension liability.	86.27%	83.04%

\* In accordance with GASB Statement no.68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying notes to required supplementary information.

Note: GASB Statement no. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF URBANDALE, IOWA**  
**Schedule of City Contributions**  
**Municipal Fire and Police Retirement System of Iowa - MFPRSI**  
**Last Ten Fiscal Years**  
**Required Supplementary Information**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 760,201	789,822	661,660	602,396	792,776	1,130,266	1,145,706	1,391,627	1,506,988	1,455,011
Contributions in relation to the statutorily required contribution	<u>760,201</u>	<u>789,822</u>	<u>661,660</u>	<u>602,396</u>	<u>792,776</u>	<u>1,130,266</u>	<u>1,145,706</u>	<u>1,391,627</u>	<u>1,506,988</u>	<u>1,455,011</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	2,739,462	3,099,772	3,336,115	3,543,504	3,985,258	4,513,434	4,386,317	4,620,089	4,955,565	5,240,225
Contributions as a percentage of covered-employee payroll	27.75%	25.48%	19.83%	17.00%	19.89%	25.04%	26.12%	30.12%	30.41%	27.77%

Notes to Required Supplementary Information - Pension Liability:

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: Effective July 1, 2014, two additional steps to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table

## **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.

*Economic Development Revolving Loan Fund* – to account for economic development loans and account for repayments of principal and interest from borrowers. This fund was created in the current fiscal year through a reallocation from the former Revolving Loan agency fund, as those funds became de-obligated from its original restriction.

*Dunlap Arboretum*– to account for funds received from Jackaline Baldwin Dunlap Foundation for the ongoing maintenance of the Jackaline Baldwin Dunlap Park and Arboretum.

*Fire Department Donations* – to account for donated monies held for specific fire projects or equipment purchases.

*Fire Training Tower* – to account for funds received for the usage and rental of the Fire Department’s jointly owned live-fire training facility at Station #42, and related maintenance expenditures that result.

*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.

*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.

*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.

*Senior Center Activities* – to account for monies received from donations and proceeds from special ear-marked activities, intended for the specified projects of the Urbandale Senior Recreation Center.

**CITY OF URBANDALE, IOWA**  
 Combining Balance Sheet Information  
 Nonmajor Governmental Fund:  
 June 30, 2016

	<b>Hotel Motel</b>	<b>Police and Fire Retirement</b>	<b>Economic Development Revolving Loan</b>	<b>Dunlap Arboretum</b>	<b>Fire Donation</b>	<b>Fire Training Tower</b>	<b>Evidence and Forfeited Property</b>	<b>Federal Forfeited Property</b>	<b>Police Donations</b>	<b>Tobacco Inspection</b>	<b>Alcohol Inspection</b>	<b>Making A Connection - MAC</b>	<b>Senior Center Activites</b>	<b>Total</b>
<b>Assets</b>														
Cash and pooled cash investment:	\$ 338,167	9,150	151,235	365	7,957	11,627	21,992	6,401	17,553	12,977	2,858	139,446	9,869	729,597
Taxes receivable:														
Current	525,986	5,788	—	—	—	—	—	—	—	—	—	—	—	531,774
Succeeding year	—	1,498,870	—	—	—	—	—	—	—	—	—	—	—	1,498,870
Loans receivable	—	—	258,050	—	—	—	—	—	—	—	—	—	—	258,050
Accounts receivable	—	—	—	—	—	—	—	—	—	—	—	—	14	14
Due from other governments	—	—	—	—	—	—	4,000	—	—	50	—	—	—	4,050
Total assets	\$ 864,153	1,513,808	409,285	365	7,957	11,627	25,992	6,401	17,553	13,027	2,858	139,446	9,883	3,022,355
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>														
<b>Liabilities:</b>														
Accounts payable	\$ 1,500	—	—	—	—	—	—	1,583	—	—	—	6,429	—	9,512
Total liabilities	1,500	—	—	—	—	—	—	1,583	—	—	—	6,429	—	9,512
<b>Deferred inflows of resources:</b>														
Succeeding year property taxes	—	1,498,870	—	—	—	—	—	—	—	—	—	—	—	1,498,870
Unavailable revenue - other	525,986	—	—	—	—	—	—	—	—	—	—	—	—	525,986
Total deferred inflows of resources	525,986	1,498,870	—	—	—	—	—	—	—	—	—	—	—	2,024,856
<b>Fund balances:</b>														
Restricted	\$ 336,667	14,938	—	365	7,957	11,627	25,992	4,818	17,553	13,027	2,858	133,017	9,883	578,702
Committed	—	—	409,285	—	—	—	—	—	—	—	—	—	—	409,285
Total fund balances	336,667	14,938	409,285	365	7,957	11,627	25,992	4,818	17,553	13,027	2,858	133,017	9,883	987,987
Total liabilities, deferred inflows of resources, and fund balances	\$ 864,153	1,513,808	409,285	365	7,957	11,627	25,992	6,401	17,553	13,027	2,858	139,446	9,883	3,022,355

**CITY OF URBANDALE, IOWA**  
Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2016

	<u>Hotel Motel</u>	<u>Police and Fire Retirement</u>	<u>Economic Development Revolving Loan</u>	<u>Dunlap Arboretum</u>	<u>Fire Donation</u>	<u>Fire Training Tower</u>	<u>Evidence &amp; Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Tobacco Inspection</u>	<u>Alcohol Inspection</u>	<u>Making A Connection - MAC</u>	<u>Senior Center Activites</u>	<u>Total</u>
<b>Revenues</b>														
Taxes	\$ 1,845,694	1,246,025	—	—	—	—	—	—	—	—	—	—	—	3,091,719
Use of money and property	—	629	245	—	34	14	67	20	—	42	9	286	19	1,365
Intergovernmental	—	50,140	—	—	—	—	—	2,625	—	1,350	—	16,500	—	70,615
Charges for services	—	—	—	—	—	11,600	—	—	—	—	—	—	—	11,600
Miscellaneous	—	—	—	31,475	22,890	—	15,520	—	16,192	—	—	62,500	14,294	162,871
Total revenues	\$ 1,845,694	1,296,794	245	31,475	22,924	11,614	15,587	2,645	16,192	1,392	9	79,286	14,313	3,338,170
<b>Expenditures</b>														
Current operating expenditures														
Public safety	\$ —	1,294,205	—	—	22,736	2,055	24,007	24,856	11,772	211	—	—	—	1,379,842
Culture and recreation	1,136,383	—	—	31,110	—	—	—	—	—	—	—	60,240	4,430	1,232,163
Total expenditures	1,136,383	1,294,205	—	31,110	22,736	2,055	24,007	24,856	11,772	211	—	60,240	4,430	2,612,005
Excess (deficiency) of revenues over (under) expenditures	709,311	2,589	245	365	188	9,559	(8,420)	(22,211)	4,420	1,181	9	19,046	9,883	726,165
Transfers in	—	—	155,000	—	—	—	—	—	—	—	—	10,000	—	165,000
Transfers out	(874,176)	—	—	—	—	—	—	—	—	—	—	—	—	(874,176)
Total transfers	(874,176)	—	155,000	—	—	—	—	—	—	—	—	10,000	—	(709,176)
Net changes in fund balances	(164,865)	2,589	155,245	365	188	9,559	(8,420)	(22,211)	4,420	1,181	9	29,046	9,883	16,989
Fund balances - beginning	501,532	12,349	254,040	—	7,769	2,068	34,412	27,029	13,133	11,846	2,849	103,971	—	970,998
Fund balances - ending	\$ 336,667	14,938	409,285	365	7,957	11,627	25,992	4,818	17,553	13,027	2,858	133,017	9,883	987,987

**CITY OF URBANDALE, IOWA**  
Combining Statement of Net Position –  
Proprietary Funds - Internal Service Funds  
June 30, 2016

	<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>
<b>Assets</b>						
Current assets:						
Cash and pooled cash investments	\$ 486,737	3,596,049	167,213	496,311	1,378,882	6,125,192
Accounts receivable	—	—	5,339	—	15,938	21,277
Total current assets	<u>486,737</u>	<u>3,596,049</u>	<u>172,552</u>	<u>496,311</u>	<u>1,394,820</u>	<u>6,146,469</u>
Non-current assets:						
Capital assets, net	—	3,813,647	—	306,523	—	4,120,170
Total assets	<u>486,737</u>	<u>7,409,696</u>	<u>172,552</u>	<u>802,834</u>	<u>1,394,820</u>	<u>10,266,639</u>
<b>Deferred Outflows of Resources</b>						
Pension related deferred outflows	—	—	—	12,622	—	12,622
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	17,796	—	3,000	32,988	207,405	261,189
Noncurrent liabilities:						
Net pension liability	—	—	—	54,312	—	54,312
Total liabilities	<u>17,796</u>	<u>—</u>	<u>3,000</u>	<u>87,300</u>	<u>207,405</u>	<u>315,501</u>
<b>Deferred Inflows of Resources</b>						
Pension related deferred inflows	—	—	—	4,749	—	4,749
<b>Net Position</b>						
Invested in capital assets	—	3,813,647	—	306,523	—	4,120,170
Unrestricted	468,941	3,596,049	169,552	416,884	1,187,415	5,838,841
Total net position	<u>\$ 468,941</u>	<u>7,409,696</u>	<u>169,552</u>	<u>723,407</u>	<u>1,187,415</u>	<u>9,959,011</u>

## CITY OF URBANDALE, IOWA

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

Year Ended June 30, 2016

	<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	\$ 555,000	986,525	50,000	684,813	1,400,000	3,676,338
Other	75,809	79,572	53,141	—	490,906	699,428
Total operating revenues	<u>630,809</u>	<u>1,066,097</u>	<u>103,141</u>	<u>684,813</u>	<u>1,890,906</u>	<u>4,375,766</u>
Operating expenses:						
Insurance premiums and claims	612,258	—	—	—	3,165,335	3,777,593
Building maintenance	—	—	—	588,417	—	588,417
Data processing	—	—	87,775	—	—	87,775
Depreciation	—	812,728	—	4,784	—	817,512
Administration	46,749	—	—	—	2,883	49,632
Total operating expenses	<u>659,007</u>	<u>812,728</u>	<u>87,775</u>	<u>593,201</u>	<u>3,168,218</u>	<u>5,320,929</u>
Operating income (loss)	<u>(28,198)</u>	<u>253,369</u>	<u>15,366</u>	<u>91,612</u>	<u>(1,277,312)</u>	<u>(945,163)</u>
Nonoperating revenues (expenses):						
Interest income	1,918	13,051	433	3,149	8,785	27,336
Gain (loss) on sale of equipment	—	53,981	—	—	—	53,981
Total nonoperating revenues (expenses)	<u>1,918</u>	<u>67,032</u>	<u>433</u>	<u>3,149</u>	<u>8,785</u>	<u>81,317</u>
Change in net assets	(26,280)	320,401	15,799	94,761	(1,268,527)	(863,846)
Net position at beginning of year	495,221	7,089,295	153,753	628,646	2,455,942	10,822,857
Net position at end of year	<u>\$ 468,941</u>	<u>7,409,696</u>	<u>169,552</u>	<u>723,407</u>	<u>1,187,415</u>	<u>9,959,011</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Cash Flows –  
Proprietary Funds - Internal Service Funds  
Year Ended June 30, 2016

	<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>
Cash flows from operating activities:						
Receipts from customers and users	\$ 631,422	1,066,097	100,940	684,813	2,336,763	4,820,035
Payments to employees	—	—	—	(180,681)	—	(180,681)
Payments to suppliers	(655,785)	—	(84,775)	(372,696)	(3,248,082)	(4,361,338)
Net cash (used in) provided by operating activities	<u>(24,363)</u>	<u>1,066,097</u>	<u>16,165</u>	<u>131,436</u>	<u>(911,319)</u>	<u>278,016</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	—	(1,346,994)	—	(311,307)	—	(1,658,301)
Proceeds from sale of capital assets	—	59,800	—	—	—	59,800
Net cash used in capital and related financing activities	<u>—</u>	<u>(1,287,194)</u>	<u>—</u>	<u>(311,307)</u>	<u>—</u>	<u>(1,598,501)</u>
Cash flows from investing activities:						
Interest on investments	1,918	13,051	433	3,149	8,785	27,336
Net (decrease) increase in cash and cash equivalents	<u>(22,445)</u>	<u>(208,046)</u>	<u>16,598</u>	<u>(176,722)</u>	<u>(902,534)</u>	<u>(1,293,149)</u>
Cash and cash equivalents at beginning of year	509,182	3,804,095	150,615	673,033	2,281,416	7,418,341
Cash and cash equivalents at end of year	<u>\$ 486,737</u>	<u>3,596,049</u>	<u>167,213</u>	<u>496,311</u>	<u>1,378,882</u>	<u>6,125,192</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities						
Operating (loss) income	\$ (28,198)	253,369	15,366	91,612	(1,277,312)	(945,163)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	—	812,728	—	4,784	—	817,512
Change in due from customers and users	613	—	(2,201)	—	445,857	444,269
Change in net pension liability	—	—	—	54,312	—	54,312
Change in deferred inflows	—	—	—	4,749	—	4,749
Change in deferred outflows	—	—	—	(5,889)	—	(5,889)
Change in accounts payable	3,222	—	3,000	(18,132)	(79,864)	(91,774)
Net cash (used in) provided by operating activities	<u>\$ (24,363)</u>	<u>1,066,097</u>	<u>16,165</u>	<u>131,436</u>	<u>(911,319)</u>	<u>278,016</u>

**CITY OF URBANDALE, IOWA**

**Schedule 6**

Combining Statement of Fiduciary Net Position

June 30, 2016

	<u>Agency Funds</u>		
	<u>Collections and Deposits</u>	<u>Escrow Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>			
Cash and pooled cash investments	\$ 432,397	662,034	1,094,431
Total assets	<u>\$ 432,397</u>	<u>662,034</u>	<u>1,094,431</u>
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 6,209	—	6,209
Due to other governments	16,136	—	16,136
Deposits and remittances due	410,052	662,034	1,072,086
Total liabilities	<u>\$ 432,397</u>	<u>662,034</u>	<u>1,094,431</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Changes in Assets  
and Liabilities – Agency Funds  
Year Ended June 30, 2016

<b>Collections and Deposits Fund</b>	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets:				
Cash and Pooled Cash Investments	249,042	1,141,180	957,825	432,397
	\$ <u>249,042</u>	<u>1,141,180</u>	<u>957,825</u>	<u>432,397</u>
Liabilities:				
Due to Component Unit	\$ 13,952	183,621	191,364	6,209
Due to Other Governments	17,176	504,246	505,286	16,136
Deposits and Remittances Due	217,914	453,313	261,175	410,052
	\$ <u>249,042</u>	<u>1,141,180</u>	<u>957,825</u>	<u>432,397</u>
 <b>Escrow Fund</b>				
Assets:				
Cash and Pooled Cash Investments	\$ 960,135	70,019	368,120	662,034
Liabilities:				
Deposits and Remittances Due	\$ 960,135	70,019	368,120	662,034
Total agency funds assets	\$ <u>1,209,177</u>	<u>1,211,199</u>	<u>1,325,945</u>	<u>1,094,431</u>
Total agency funds liabilities	\$ <u>1,209,177</u>	<u>1,211,199</u>	<u>1,325,945</u>	<u>1,094,431</u>

**STATISTICAL SECTION**

(Unaudited)

# CITY OF URBANDALE, IOWA

## Statistical Section

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

**CITY OF URBANDALE, IOWA**

**Table I**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$ 6,594,536	7,663,358	7,516,393	8,357,868	8,823,407	9,244,524	10,495,044	10,148,920	10,213,439	13,060,310
Public Works	8,468,881	9,397,720	8,819,908	9,827,801	10,051,485	11,504,121	10,748,591	12,927,731	11,959,081	17,141,268
Health and social services	12,993	58,463	21,813	550	-	-	-	-	-	-
Culture and recreation	5,449,786	5,856,498	5,969,809	6,207,147	6,508,690	6,631,394	6,511,719	7,500,581	7,525,248	8,027,471
Community and economic development	1,118,862	1,032,369	1,962,340	2,288,562	3,038,267	3,126,449	3,050,530	2,741,489	2,829,958	2,223,681
General government	2,030,465	2,162,208	2,177,622	2,360,518	2,466,342	2,842,395	2,755,325	3,035,256	3,878,000	3,759,857
Interest on long-term debt	1,556,998	1,666,200	1,859,692	1,687,888	1,703,156	1,623,105	1,572,214	1,539,732	1,359,609	1,355,431
Total governmental activities expenses	\$ 25,232,521	27,836,816	28,327,577	30,730,334	32,591,347	34,971,988	35,133,423	37,893,709	37,765,335	45,568,018
Business-type activities:										
Storm Water Utility	N/A	N/A	N/A	N/A	451,339	295,295	390,230	312,724	387,436	445,086
Total primary government expenses	25,232,521	27,836,816	28,327,577	30,730,334	33,042,686	35,267,283	35,523,653	38,206,433	38,152,771	46,013,104
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 683,209	767,670	808,148	755,056	854,143	934,695	1,058,641	1,206,724	1,253,859	1,143,001
Public works	1,800,708	1,265,580	2,014,238	2,610,131	2,724,097	2,569,959	2,327,015	2,843,648	2,831,893	3,098,436
Culture and recreation	573,022	595,242	683,512	757,723	750,178	832,949	634,281	624,342	640,601	665,413
Community and economic development	893,678	664,109	492,701	780,839	495,454	705,479	819,023	892,908	967,109	773,572
Operating grants and contributions	3,360,153	3,812,429	3,766,839	3,732,397	4,406,337	4,565,604	4,581,952	4,552,475	4,652,132	5,332,419
Capital grants and contributions	5,269,911	2,346,682	1,928,279	3,401,631	2,402,438	3,767,023	5,134,833	4,125,329	6,025,728	6,370,070
Total governmental activities program revenue:	\$ 12,580,681	9,451,712	9,693,717	12,037,777	11,632,647	13,375,709	14,555,745	14,245,426	16,371,322	17,382,911
Business-type activities:										
Storm Water Utility:										
Charges for services	N/A	N/A	N/A	N/A	501,127	597,750	698,093	707,086	716,496	1,472,836
Operating grants and contributions	N/A	N/A	N/A	N/A	27,495	-	-	-	-	-
Total business-type activities revenues	N/A	N/A	N/A	N/A	528,622	597,750	698,093	707,086	716,496	1,472,836
Total primary government revenues	12,580,681	9,451,712	9,693,717	12,037,777	12,161,269	13,973,459	15,253,838	14,952,512	17,087,818	18,855,747
Net primary government (expense)/revenue	\$ (12,651,840)	(18,385,104)	(18,633,860)	(18,692,557)	(20,881,417)	(21,293,824)	(20,269,815)	(23,253,921)	(21,064,953)	(27,157,357)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,337,862	17,953,587	18,768,124	20,190,515	21,048,199	21,899,812	21,621,787	22,263,631	23,431,391	25,293,211
Tax increment financing district tax	3,510,146	2,835,582	4,400,172	3,369,190	3,912,690	4,502,606	7,009,867	6,563,268	6,473,494	6,414,658
Hotel Motel tax	1,067,930	1,207,270	1,064,797	1,140,672	1,277,102	1,418,700	1,577,149	1,606,923	1,806,508	1,822,440
Franchise fees	254,940	262,803	411,915	307,738	311,755	312,006	299,346	298,039	287,041	282,851
Utility excise tax	549,396	545,418	555,947	568,203	539,895	591,200	599,831	590,809	632,362	627,323
Investment earnings	1,390,248	1,253,439	772,232	305,456	197,978	129,415	113,401	134,473	131,496	142,201
Miscellaneous	197,208	184,446	359,364	1,025,743	99,506	179,892	228,567	163,893	111,006	158,875
Total governmental activities	\$ 23,307,730	24,242,545	26,332,551	26,907,517	27,387,125	29,033,631	31,449,948	31,621,036	32,873,298	34,741,559
Change in Net Position	\$ 10,655,890	5,857,441	7,698,691	8,214,960	6,505,708	7,739,807	11,180,133	8,367,115	11,808,345	7,584,202

**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>
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
2014	22,263,631	6,563,268	1,606,923	-	298,039	590,809	-	31,322,670
2015	23,431,391	6,473,494	1,806,508	-	287,041	632,362	-	32,630,796
2016	25,293,211	6,414,658	1,822,440	-	282,851	627,323	-	34,440,483

**CITY OF URBANDALE, IOWA**

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
								(not restated)		
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 81,011,392	87,244,464	90,892,294	96,574,657	98,056,010	105,840,450	115,175,557	120,983,068	133,910,904	140,066,000
Restricted	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214	17,671,962	29,014,284
Unrestricted	12,851,133	13,040,900	17,488,224	20,339,398	21,651,861	22,342,654	19,696,744	19,459,695	5,719,010	(4,626,116)
Total governmental activities net position	\$ <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>	<u>158,754,977</u>	<u>157,301,876</u>	<u>164,454,168</u>
<b>Business-type activities:</b>										
Unrestricted	\$ <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>77,283</u>	<u>380,159</u>	<u>689,252</u>	<u>710,271</u>	<u>456,238</u>	<u>888,148</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 81,011,392	87,244,464	90,892,294	96,574,657	98,056,010	105,840,450	115,175,557	120,983,068	133,910,904	140,066,000
Restricted	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214	17,671,962	29,014,284
Unrestricted	12,851,133	13,040,900	17,488,224	20,339,398	21,729,144	22,722,813	20,385,996	20,169,966	6,175,248	(3,737,968)
Total governmental activities net position	\$ <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>	<u>159,465,248</u>	<u>157,758,114</u>	<u>165,342,316</u>

**CITY OF URBANDALE, IOWA**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 22,321	22,138	38,615	24,286	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved	6,643,233	6,651,223	7,267,746	8,121,932	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	11,580	13,877	13,580	10,773	15,526	15,752
Unassigned	N/A	N/A	N/A	N/A	8,840,426	10,481,934	9,090,452	9,504,302	9,660,480	10,272,752
Total general fund	<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>	<u>9,515,075</u>	<u>9,676,006</u>	<u>10,288,504</u>
All other governmental funds										
Reserved	\$ 7,589,796	8,181,975	4,207,685	7,662,953	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	-	2,228,338	4,693,953	4,001,037	N/A	N/A	N/A	N/A	N/A	N/A
Capital projects funds	3,429,651	-	3,484,939	919,628	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	431,915	401,673	192,155	268,966	210,648	223,584
Restricted	N/A	N/A	N/A	N/A	12,918,903	11,158,064	15,450,325	18,043,248	17,461,314	28,790,700
Committed	N/A	N/A	N/A	N/A	-	-	-	-	254,040	409,285
Assigned	N/A	N/A	N/A	N/A	1,526,187	1,215,951	1,150,672	664,060	45,014	12,451
Total all other governmental funds	<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>	<u>18,976,274</u>	<u>17,971,016</u>	<u>29,436,020</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues:</b>										
Taxes	\$ 21,713,917	22,771,437	25,258,592	25,515,528	27,068,725	28,659,637	31,046,110	31,315,290	32,569,230	33,479,126
Special assessments	262,161	173,738	282,796	1,763,620	425,305	1,643,468	167,444	264,089	311,596	879,283
Licenses and permits	929,211	805,474	588,471	520,744	590,584	857,111	1,039,129	1,081,782	987,725	982,423
Use of money and property	1,091,181	974,052	579,292	220,898	159,598	101,276	100,595	102,954	100,091	113,206
Intergovernmental	4,049,014	4,165,488	4,996,472	4,258,723	6,180,149	4,887,361	6,418,693	4,992,899	6,061,930	7,829,819
Charges for services	2,419,323	2,473,369	3,067,070	3,272,348	3,404,728	3,618,859	3,629,760	4,077,685	4,071,893	4,235,819
Miscellaneous	849,263	836,896	628,722	1,730,712	1,610,229	1,164,331	1,539,132	1,461,132	1,367,612	1,736,985
Total revenues	\$ 31,314,070	32,200,454	35,401,415	37,282,573	39,439,318	40,932,043	43,940,863	43,295,831	45,470,077	49,256,661
<b>Expenditures:</b>										
Public safety	\$ 6,609,967	7,599,894	7,837,383	8,369,034	9,059,928	9,130,755	10,570,625	10,037,003	10,713,963	11,009,936
Public works	5,647,118	5,898,132	6,279,817	6,753,079	6,171,697	5,947,701	6,408,925	6,594,104	6,546,508	6,848,767
Health and social services	18,355	57,913	21,263	-	-	-	-	-	-	-
Culture and recreation	5,224,415	5,649,633	5,910,545	6,091,288	6,052,003	6,080,117	6,195,495	6,566,551	6,775,727	7,137,266
Community and economic development	1,118,975	1,055,601	1,041,775	1,540,209	3,038,784	3,107,702	3,007,417	2,735,148	2,840,531	2,185,244
General government	1,949,626	2,097,042	2,129,304	2,225,451	2,400,295	2,431,684	2,267,059	2,715,863	2,684,144	2,867,948
Capital outlay	7,234,283	10,334,941	13,956,833	9,661,236	9,004,108	12,277,796	11,714,865	11,406,564	17,534,609	23,901,998
Debt service										
Principal	5,045,000	5,775,000	6,055,000	6,465,000	6,995,000	7,520,000	9,605,000	8,775,000	8,355,000	7,765,000
Interest	1,524,499	1,638,625	1,830,231	1,643,386	1,672,427	1,612,686	1,558,511	1,489,504	1,366,428	1,321,243
Total expenditures	\$ 34,372,238	40,106,781	45,062,151	42,748,683	44,394,242	48,108,441	51,327,897	50,319,737	56,816,910	63,037,402
Excess of revenues over (under) expenditures	\$ (3,058,168)	(7,906,327)	(9,660,736)	(5,466,110)	(4,954,924)	(7,176,398)	(7,387,034)	(7,023,906)	(11,346,833)	(13,780,741)
<b>Other financing sources (uses):</b>										
General obligation bond and loan proceeds	6,370,000	7,305,000	12,225,000	6,570,000	8,535,000	6,610,000	9,765,000	8,960,000	9,875,000	25,660,000
Refunding bond issuance	-	-	4,770,000	-	2,955,000	2,325,000	-	2,670,000	3,950,000	4,230,000
Current refunding of general obligation debt	-	-	(4,725,000)	-	(2,925,000)	(2,330,000)	-	(2,670,000)	(4,045,000)	(5,350,000)
Premium/discounts on bonds	-	-	-	(66,992)	111,238	113,886	247,719	283,071	247,506	720,743
Transfers in	\$ 4,755,032	6,522,967	4,094,561	2,895,290	2,850,448	3,705,148	6,018,702	5,541,657	5,812,715	6,908,448
Transfers out	(4,755,032)	(6,522,967)	(4,094,561)	(2,895,290)	(2,850,448)	(3,705,148)	(6,018,702)	(5,166,657)	(5,337,715)	(6,310,948)
Total other financing sources (uses)	\$ 6,370,000	7,305,000	12,270,000	6,503,008	8,676,238	6,718,886	10,012,719	9,618,071	10,502,506	25,858,243
Net change in fund balances	3,311,832	(601,327)	2,609,264	1,036,898	3,721,314	(457,512)	2,625,685	2,594,165	(844,327)	12,077,502
Debt service as a percentage of expenditures, net of capital outlay	24.21%	24.90%	25.35%	24.51%	24.49%	25.49%	28.18%	26.62%	29.54%	23.22%

**CITY OF URBANDALE, IOWA**

**Table VI**  
**Governmental Fund 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>
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
2014	22,263,631	6,563,268	1,599,543	-	298,039	590,809	-	31,315,290
2015	23,005,604	6,473,494	1,744,940	425,788	287,041	632,363	-	32,569,230
2016	24,308,600	6,414,658	1,845,694	-	282,851	627,323	-	33,479,126

**CITY OF URBANDALE, 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 Motor Vehicles**</b>	<b>Utilities</b>	<b>Less: Tax Exempt Real Property</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>							
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%
2014 *	2,888,578,496	761,368,774	-	96,637,055	-	2,985,215,551	9.570	2,303,557,107	129.59%
2015 *	2,947,579,697	763,805,620	-	78,794,633	-	3,026,374,330	9.720	2,334,059,661	129.66%
2016 *	3,106,862,049	784,070,702	-	96,139,108	-	3,203,001,157	9.820	2,435,626,225	131.51%

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 have been phased out.

\*\*\*Residential & commercial property total is combined.

**CITY OF URBANDALE, IOWA**

**Table VIII  
Principal Property Taxpayers  
June 30, 2016**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 64,692,464	1	2.020%	\$ 17,132,050	3	0.568%
Marsh I LLC	24,084,000	2	0.752%			
Homemakers Plaza Inc.	22,966,290	3	0.717%			
Aurora Business Park I LLC	22,833,000	4	0.713%	42,029,570	1	1.394%
Deerfield Retirement Community Inc.	16,720,050	5	0.522%			
Paragon East Central 2 LLC	16,290,000	6	0.509%			
AM Anderson Properties LC	15,931,498	7	0.497%			
Nottingham Square Apartments LP	15,821,190	8	0.494%	16,995,950	4	0.564%
Berkley Holdings Corp.	15,727,140	9	0.491%			
Carmax Auto Superstores Inc.	14,934,960	10	0.466%			
Merle Hay Mall, Ltd.				19,600,150	2	0.650%
G.K. Properties, Inc.				14,724,900	5	0.488%
Bradley P. Johnson				13,345,300	6	0.443%
Target Corp				13,027,440	7	0.432%
Interstate Business Park				12,782,540	8	0.424%
William C. Knapp LC				12,718,580	9	0.422%
112th Street LC				12,161,840	10	0.403%

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
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%
2014	23,063,528	22,794,449	* 98.83%	N/A **	22,794,449	98.83%
2015	23,710,456	23,729,138	* 100.08%	N/A **	23,729,138	100.08%
2016	24,951,755	24,887,676	* 99.74%	N/A **	24,887,676	99.74%

**Notes:**

Taxes are due July and are delinquent on October 1 for first half and April 1 for second half.  
Penalty for delinquency: 1 percent per month. No discount allowed.  
Uncollected taxes are handled as follows: delinquent real estate tax list is published in the newspaper prior to May 16. Tax sale date is the first Monday in June.  
Taxes are collected by Polk County and distributed to the City of Urbandale proportionate to its levy to all levies.

\* Collected amount include all cash basis property taxes, including delinquent taxes related to prior years, which may result in over 100% collection of levied tax.  
\*\* Collections for delinquencies are not available from the County by the year levied. Delinquencies are recorded in the fiscal year collected.

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

**CITY OF URBANDALE, IOWA**

**Table X**

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

<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>
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	1.97%	1,121.57
2012	41,025,000	-	3,005,000	44,030,000	1,115.73	0.212%	563,093	43,466,907	1.90%	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
2014	41,840,000	-	2,535,000	44,375,000	1,124.47	0.210%	713,381	43,661,619	1.90%	1,106.39
2015	44,960,000	-	840,000	45,800,000	1,160.58	0.204%	605,289	45,194,711	1.94%	1,145.24
2016	61,865,000	-	710,000	62,575,000	1,474.12	0.149%	757,548	61,817,452	2.54%	1,456.28

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

**CITY OF URBANDALE, IOWA**

**Table XI**

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

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

<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>	
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
2014	7.120	2.150	0.300	9.570	17.675	10.257	0.532	0.691	0.069	0.003	38.797
2015	7.170	2.150	0.400	9.720	17.555	10.605	0.597	0.657	0.057	0.003	39.194
2016	7.170	2.150	0.500	9.820	17.754	10.842	0.662	0.676	0.055	0.003	39.812

**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, 2016**

<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	\$ 694,374,681	19.47%	<u>135,198,272</u>
Subtotal, overlapping debt			135,198,272
City of Urbandale direct debt			<u>62,575,000</u>
Total direct and overlapping debt			<u><u>197,773,272</u></u>

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

Source: Bond Official Statement September 2015

**CITY OF URBANDALE, IOWA**

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Debt limit	\$ 137,426,918	159,247,466	187,214,411	194,184,675	198,080,952	199,999,780	196,305,025	199,566,992	201,617,957	210,953,995
Total net debt applicable to limit	\$ 35,538,731	37,061,798	43,270,000	43,375,000	44,945,000	44,030,000	44,190,000	44,375,000	45,800,000	62,575,000
Legal debt margin	\$ 123,708,735	150,152,613	150,914,675	154,705,952	155,054,780	155,969,780	152,115,025	155,191,992	155,817,957	148,378,995
Total net debt applicable to the limit as a percentage of debt limit	25.86%	23.27%	23.11%	22.34%	22.47%	22.02%	22.51%	22.24%	22.72%	29.66%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Actual value of property, 2014	\$ 4,219,079,909
Add back: exempt real property	-
Total assessed value	\$ 4,219,079,909
Debt limit (5% of total assessed value)	\$ 210,953,995
Debt applicable to limit:	
General obligation bonds	(61,865,000)
General obligation General Fund capital loan notes	(710,000)
Total net debt applicable to limit	<u>(62,575,000)</u>
Legal debt margin	\$ <u>148,378,995</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>
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%
2014	39,463	93,217	37,362	37.8	3.90%
2015	39,463	93,217	37,362	37.8	3.20%
2016	42,449	93,217	37,362	39.7	3.30%

**Data Sources:**

Population and median age are from the 2015 special census, the 2010 full census, and the special census in 2005. No data for personal income was reported in either special census. Information on median family income, per capita income are only gathered during full census counts. 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>2016</u>			<u>2007</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>						
Mercer	1,400	1	4.559%			
U.S. Postal Service	700	2	2.279%	500	2	0.070%
Unity Point at Home	575	3	1.872%			
John Deere Intelligent Solut	500	4	1.628%			
Continental Western Insurance	500	5	1.628%	340	3	0.047%
Urbandale CSD	450	6	1.465%			
Quality Manufacturing Corp.	450	7	1.465%			
Pepsi-Cola Bottling Co.	350	8	1.140%	240	7	0.033%
MidAmerican Energy	350	9	1.140%	210	9	0.029%
Homemakers Furniture	345	10	1.123%			
Wells Fargo Financial				900	1	0.125%
Allied Group				300	4	0.042%
Compressor Controls				300	5	0.042%
Rain and Hail				300	6	0.042%
Yellow Freight				240	8	0.033%
First Data/Donnelly				200	10	0.028%

Current year data source: Bond official statements from debt issued in respective fiscal years

Current year total City employment source: Urbandale Chamber of Commerce statistics

Nine years ago information from June 30, 2007 City of Urbandale Comprehensive Annual Financial Report

**CITY OF URBANDALE, IOWA**

**Table XVI**

**Full-time Equivalent Employees as of June 30, 2016**

<b>FUNCTION</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	46.50	47.00	48.00	45.00	47.00	48.00	49.00	49.00	48.00	49.00
Civilians	6.00	6.00	7.00	4.00	4.00	5.25	5.00	5.00	6.00	7.00
Fire:										
Firefighters & Officers	6.00	9.75	12.25	16.50	34.50	39.50	39.25	39.50	36.75	37.50
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	13.25	15.50	20.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>72.75</u>	<u>79.25</u>	<u>88.25</u>	<u>76.50</u>	<u>86.50</u>	<u>93.75</u>	<u>94.25</u>	<u>94.50</u>	<u>91.75</u>	<u>94.50</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	17.50	20.00	17.50	15.75	14.75	14.75	13.75	14.00	16.00	16.25
Traffic Safety	1.00	1.00	1.00	4.25	1.25	1.25	1.00	1.00	1.25	1.25
Engineering Services	6.00	7.50	6.25	5.75	5.75	5.25	5.25	6.00	6.75	5.50
Street Cleaning	1.50	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste	4.50	6.00	8.75	7.00	8.00	7.00	8.00	8.00	7.00	8.00
Sanitary Sewer	2.50	3.00	2.50	2.25	2.25	2.25	2.25	2.00	2.00	2.00
Storm Sewer	0.25	0.50	0.50	0.00	3.00	3.25	3.25	3.25	4.00	4.25
Public Works Admin	4.50	4.50	4.50	5.00	5.00	5.25	5.25	4.50	5.00	6.00
Total	<u>37.75</u>	<u>43.50</u>	<u>42.00</u>	<u>40.00</u>	<u>40.00</u>	<u>39.00</u>	<u>38.75</u>	<u>38.75</u>	<u>42.00</u>	<u>43.25</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	25.00	24.50	25.50	25.75	26.50	25.50	26.00	24.75	25.75	27.00
Parks	15.00	17.50	16.75	14.25	15.25	14.50	16.00	16.00	18.75	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	3.75	2.00	3.75	3.00	3.00	3.25	3.25	3.25	3.50	3.75
Senior Citizens	1.75	2.00	2.00	2.00	2.50	2.75	2.50	2.75	2.75	2.75
Swimming Pool	4.50	4.00	4.25	6.00	8.25	8.75	6.75	8.50	8.75	8.25
Total	<u>51.00</u>	<u>51.00</u>	<u>53.25</u>	<u>52.00</u>	<u>56.50</u>	<u>55.75</u>	<u>55.50</u>	<u>56.25</u>	<u>60.50</u>	<u>61.75</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	6.00	6.00	5.75	6.00	6.00	5.00	6.00	6.00	6.00	6.00
Community Development	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.25	2.25	2.25
Total	<u>10.00</u>	<u>10.00</u>	<u>10.75</u>	<u>11.00</u>	<u>11.00</u>	<u>10.00</u>	<u>12.00</u>	<u>12.25</u>	<u>13.25</u>	<u>13.25</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	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.75	4.75	4.75
Legal Services/Human Resources	0.00	0.50	0.75	1.00	1.00	1.00	1.50	1.75	1.50	1.75
Technology	1.00	1.25	1.25	1.00	1.00	1.00	2.00	2.00	4.00	4.00
General Support	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>10.00</u>	<u>10.75</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>12.50</u>	<u>13.50</u>	<u>15.25</u>	<u>15.50</u>
Grand total	<u>181.50</u>	<u>194.50</u>	<u>205.25</u>	<u>190.50</u>	<u>205.00</u>	<u>209.50</u>	<u>213.00</u>	<u>215.25</u>	<u>222.75</u>	<u>228.25</u>

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

**CITY OF URBANDALE, IOWA**

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b><u>Public Safety</u></b>										
Police										
Total calls for service	13,262	13,771	13,492	^ 40,653	26,624	14,662	14,874	17,047	19,001	19,768
Total arrests	1,876	1,842	1,101	1,028	586	656	587	821	793	941
Fire										
Number of calls answered/received	*1,762	1,972	2,496	2,341	2,520	2,534	2,676	2,875	2,959	3,212
Inspections	108	176	264	262	357	409	358	347	436	489
EMS										
Number of calls answered	1,593	1,824	1,804	1,697	1,908	1,870	1,995	2,055	2,187	2,346
Animal Control										
Pet Licenses issued	1,561	1,561	1,602	1,589	1,647	3,316	3,615	3,173	3,017	4,266
<b><u>Public Works</u></b>										
Roadway Maintenance										
Total lane miles maintained	413	415	418	422	424	436	443	452	460	480
Asphalt streets repaired (tons)	2,607	2,188	2,186	2,323	959	205	378	1,529	314	465
Solid Waste Collection										
Number of households	11,950	12,290	12,540	12,750	12,950	13,290	13,434	13,627	13,740	13,903
Tons of refuse collected	11,248	11,232	11,369	10,548	10,745	10,364	10,650	10,943	11,365	11,738
Tons of recycling collected	2,968	3,126	2,941	2,947	2,743	2,338	2,390	2,451	2,505	2,989
Tons of yard waste collected	2,463	2,325	2,684	2,677	2,460	2,825	1,984	2,466	2,580	2,491
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	296,846	213,967	353,954	226,786	112,942	252,745	244,621	229,591	290,723	257,861
Storm Water Utility										
Average monthly calculated ERUs	**	**	**	**	29,581	29,888	30,517	30,732	31,157	31,381
<b><u>Culture &amp; Recreation</u></b>										
Library										
Registered borrowers	45,696	44,518	45,122	46,423	47,219	47,941	49,465	55,465	48,125	52,136
Circulation	649,028	644,028	721,363	714,973	705,721	677,229	629,506	670,735	589,591	557,953
Recreation										
Programs offered	433	447	459	462	466	464	461	463	472	469
Senior Center										
Total participants in all programs	29,047	30,146	30,468	29,022	29,688	31,788	29,334	29,944	31,085	34,060
Swimming Pool										
Pool Users	62,835	65,566	49,177^^	45,605	52,109	49,154	37,840	41,772	56,464	50,764
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Inspections	5,760	4,564	3,487	3,502	4,026	4,849	8,556	10,867	9,653	8,499
Community Development										
Building Permits	890	830	712	689	725	825	966	973	886	873
<b><u>General Government</u></b>										
Mayor and City Council										
Quarterly newsletters published	80,000	80,000	***	***	***	***	***	***	***	***
Finance and Records										
Purchase orders processed	2,931	2,925	1,785	219	174	164	144	201	208	201
Technology										
Intelligent workstations	205	273	261	251	238	237	225	234	260	269
General Support										
Safety incidents	38	39	50	44	26	35	16	28	26	28

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

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

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

\*\* Storm water ERUs (equivalent residential units) information was not applicable for these periods. Utility was established July 1, 2010.

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

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

**CITY OF URBANDALE, IOWA**

**Table XVIII**

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</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	26	26	29	30	30	30	30	31	32	32
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<b><u>Public Works</u></b>										
Roadway Maintenance										
Streets (miles)	172	173	174	176	177	184	187	191	194	195
Streetlights	3,954	4,160	4,353	4,400	4,312	4,610	4,710	4,727	4,859	5,099
Traffic signals	33	35	47	47	48	49	49	50	53	53
Solid Waste Collection										
Collection trucks	7	8	8	8	8	8	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	187	194	196	198	198	200	201	208	208	211
<b><u>Culture &amp; Recreation</u></b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	903	904	904	904	912	912	916	932	963	993
Parks	47	48	48	49	49	49	49	49	50	52
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	2	2	2
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	6	6

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 17, 2016.

**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.

*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. 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.

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in Part II of the accompanying schedule of findings and questioned costs as items 2016-A and 2016-B, that we consider to be significant deficiencies.

## **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, 2016 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 Responses to Finding**

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 17, 2016



## **Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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 Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa  
November 17, 2016

City of Urbandale, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice:			
Direct program:			
Bulletproof Vest Partnership Program	16.607		\$ 5,406
Bulletproof Vest Partnership Program	16.607		<u>2,119</u>
			<u>7,525</u>
Public Safety Partnership and Community Policing Grants	16.710		<u>28,805</u>
Total U.S. Department of Justice			<u>36,330</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-7875(638)-70-77	1,262,406
Highway Planning and Construction	20.205	STP-U-7875(644)-70-77	<u>1,100,000</u>
			<u>2,362,406</u>
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	15-402-MOPT, Task 21	1,956
State and Community Highway Safety	20.600	16-402-MOPT, Task 23	<u>11,314</u>
			<u>13,270</u>
Total U.S. Department of Transportation			<u>2,375,676</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-4135-0004-01	<u>39,750</u>
Total			<u>\$ 2,451,756</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 the Uniform Guidance. 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.

**Note 2 - Significant Accounting Policies**

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.

The City has not elected to use the 10% de minimis cost rate.

**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	No
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 Uniform Guidance 2 CFR 200.516:	No

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

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

**SIGNIFICANT DEFICIENCIES:**

**2016-A 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.

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

**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.

**Views of Responsible Officials** – 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.

**2016-B Significant Audit Adjustments**

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

**Condition** – During the course of our engagement, we proposed significant audit adjustments to the financial statements that were not identified by the City's internal controls and, therefore, could have resulted in misstatements of the City's financial statements.

**Cause** – The significant audit adjustments were related to intergovernmental receivables and unavailable revenue. The City has a limited number of office employees with knowledge and experience of the modified accrual reporting requirements and the capital projects activity. Consequently, the City's review process for the statement of net position is limited.

**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.

**Views of Responsible Officials** – The City acknowledges that with limited staff having familiarity with the financial statement preparation, additional effective review opportunities are limited within current fieldwork timing. The Finance Director will need to allow for additional review time of the complete financial statements prior to releasing final drafts to the audit team.

**Part III: Findings and Questioned Costs for Federal Awards:**

There were no federal findings and questioned costs to report.

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

- 2016-IA-A Certified Budget** – Disbursements during the year ended June 30, 2016, did not exceed the amount budgeted.
- 2016-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.
- 2016-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2016-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2016-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.
- 2016-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2016-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.
- 2016-IA-H Annual Urban Renewal Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

**Prior Audit Findings Related to the Financial Statements:**

**2015-A Segregation of Duties**

**Initial Fiscal Year Finding Occurred - 2005**

**Finding Summary** - 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. The limited number of office employees prevents a proper segregation of accounting duties necessary to assure optimal internal control.

**Status** – Finding has been repeated as 2016-A.

**Prior Audit Findings and Questioned Costs for Federal Awards:**

There were no federal findings reported in the prior year.