



# City of Urbandale, Iowa

Incorporated April 16, 1917



*Honoring  
our  
Past*



*Forging  
our  
Future*

**Comprehensive Annual  
Financial Report  
Fiscal Year Ending June 30, 2018**

# 1917 - Urbandale Centennial - 2017

*Incorporated on April 16, 1917*

In 2017, the City of Urbandale celebrated its 100<sup>th</sup> year since incorporation on April 16, 1917—in the midst of World War I (*July 28, 1914 to November 11, 1918*), and before women got the vote (*the Nineteenth Amendment was ratified on August 18, 1920*). Mayor Robert D. Andeweg issued the Centennial Proclamation on May 10, 2016, to initiate Urbandale's year-long Centennial Celebration from July 2, 2016 to July 4, 2017. In addition to the City's Centennial, other community milestones were celebrated in 2017—the Urbandale Community School District celebrated its 100<sup>th</sup> year, the 4<sup>th</sup> of July Committee celebrated its 62<sup>nd</sup> year, and the Urbandale Historical Society celebrated its 43<sup>rd</sup> year. While it is important to look to the past for inspiration, the vitality of this City is focused on its future. The City continually adapts to challenges and seeks new opportunities to shape its destiny--it truly is *"Uniquely Urbandale"*. The City of Urbandale's 100<sup>th</sup> year is a tremendous milestone, and the City is ready to begin its next 100 years!

This year's cover, *"Honoring our Past...Forging our Future"*, is a testament to the continuing legacy of past generations and current residents, and the hope for future generations. The following describes the images surrounding the official Centennial logo on the front cover, from the black and white photographs of Urbandale's early years, to recent color photographs.

- **Lions Park:** The Lions Club was organized in 1945, and one of its first projects was to purchase 10 acres of land—previously a corn field, from Millard A. Olmsted. The Lions Club deeded the property to the City in 1952 to establish the first City park--named "Lions Park" in 1958. In July 1964, the Air Force donated a surplus F-86L jet flown in the late 1950s by the 49<sup>th</sup> Fighter Interceptor Squadron. The jet was displayed in the northwest area of Lions Park, and was removed around 1970 (*year uncertain*). Today, Lions Park has modern play equipment and continues to be a popular park for play and community events!
- **Trolley Car:** In 1905 the trolley line to/from Des Moines was extended along Urbandale Avenue to a turnaround at 70<sup>th</sup> Street and Roseland Drive—the location of this 1914 photograph. The "Urbandale Line" was one of the last lines to run and ceased operations on June 19, 1950. A trolley sculpture was installed at the turn-around location in 1997. The "Lawson Trolley Park" was named in honor of Bill Lawson, a long-time civic leader.
- **McDivitt Grove Methodist Church:** Located west of the McDivitt Grove cemetery, the church was on the north side of Meredith Drive at 70<sup>th</sup> Street. The church was built in 1875, held services through 1928, and in 1951 the lumber was salvaged.
- **6-Man Football Team:** This was the starting line-up for the 1947 6-man football team for Urbandale High School, located at the southwest corner of Douglas Avenue and 70<sup>th</sup> Street.
- **Centennial Logo:** The official Centennial logo was designed by Cari Wasmund, daughter of Urbandale residents Linda Johnson and the late Donald Johnson. The logo features a prominent "100" and a "U" within each zero representing "Uniquely Urbandale".
- **Paragon Prairie Tower:** This 120 foot tower was privately constructed by the R&R Realty Group for its Paragon Office Park development located on the north side of Meredith Drive at 123rd Street. The tower features wrap around mosaic murals made of Italian glass tiles.
- **Centennial Sculpture:** This outdoor sculpture was commissioned for the City's Centennial. "Strata" was designed by Dan Perry and is installed in the grassy median between the Art Park and the Library. The Centennial sculpture was funded by the City's Capital Improvements Program for public art and a grant from BRAVO Greater Des Moines.
- **"Uniquely Urbandale" Cubes:** These stainless steel cubes were locally manufactured by Quality Manufacturing Corporation. The four cubes were installed in 2014 at the City's first round-about at Douglas Parkway and 142<sup>nd</sup> Street. The three-dimensional cubes promote the City's "Uniquely Urbandale" logo and can be relocated to other strategic locations.

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018  
**City of Urbandale, Iowa**

Prepared by the Finance and Records Department



Introductory Section

June 30, 2018

**City of Urbandale, Iowa**



**Introductory Section**

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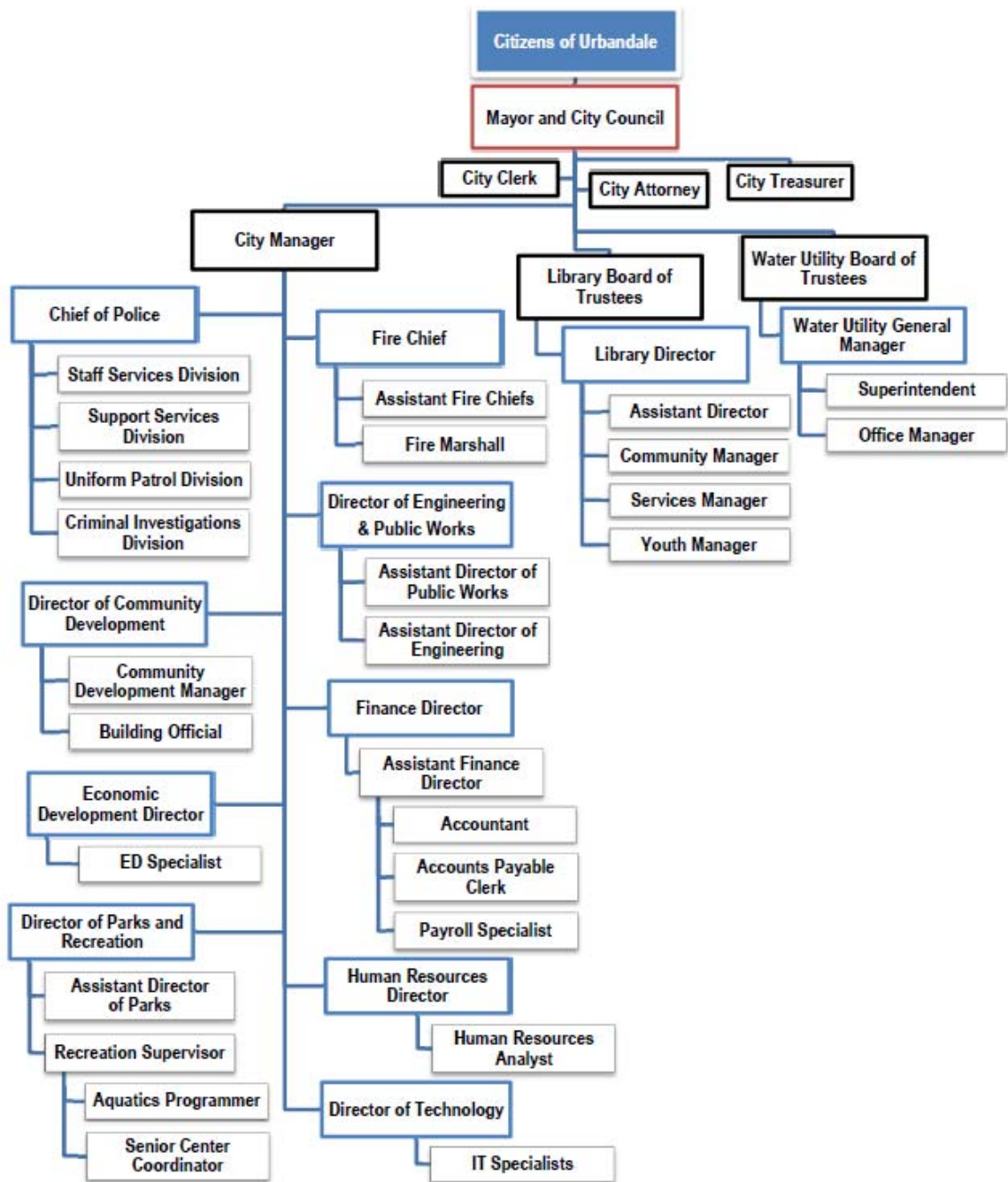
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Name	Title
Robert D. Andeweg	Mayor
Ron Rogge	Mayor Pro Tem
Dave Russell	Council Member
Creighton Cox	Council Member
Mike Carver	Council Member
Tom Gayman	Council Member
A. J. Johnson	City Manager
Nicole Lamb	Finance Director
Kim Keisler	Assistant Finance 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, 2017**

*Christopher P. Morill*

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, 2017. This represents the City's 35<sup>th</sup> consecutive year of receiving this distinguished award.

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 14, 2018

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, 2018 (FY18), 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, 2018.

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 schedule, 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 FY18. 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 FY18 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, marketing, 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 another very slight decline in residential construction in FY18, with 159 new single-family detached residences constructed, along with a permit for a 48 unit multi-family building. Though construction is somewhat slower than expected, it continues to remain near the City's historical annual mean of 185 single-family attached and detached units. FY18's valuation for residential

construction did increase slightly to a valuation of \$54.88 million. FY17's valuation was \$53.86 million. FY16's valuation was \$59.08 million. Rezoning and platting activity continues to be very active, and the construction of public improvements nearing completion in five developments creating another 224 single-family detached homes, and 62 townhouse units, will provide an opportunity for an increase in single-family attached permitting and valuation for FY19.

FY18's total valuation for commercial and industrial permits increased for the 4th consecutive year to \$61.66 million, bolstered in part by the anticipated opening of the new 100<sup>th</sup> Street Interchange, and construction of new office buildings in the Meredith Drive and Northpark Drive corridors. FY17's total valuation for commercial and industrial permits was \$39.83 million. The total valuation for FY16 was \$29.06 million.

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

	Fiscal Year 2018		Fiscal Year 2017	
	# of Permits	Valuation	# of Permits	Valuations
Residential	270	\$ 54,875,497	310	\$ 53,864,805
Nonresidential	138	61,655,274	103	39,833,471
Miscellaneous Minor	529	1,427,813	472	1,358,308
	<u>937</u>	<u>\$ 117,958,584</u>	<u>885</u>	<u>\$ 95,056,584</u>

### **Long Term Financial Planning**

In 1981, the City Council approved fiscal performance goals for the City's operations. These goals concentrated on revenue, expenditure, reserve, investment, capital improvement, debt and financial reporting performance and were designed to maintain or improve the City's financial position. In approving the fiscal performance goals, the City Council emphasized the need for balancing current economic conditions in the community with the residents' demands for effective service delivery. 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 2018-23+ CIP was adopted by the City Council in January, 2018. The approved 2018 CIP anticipated the expenditure of \$30,073,900 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 \$6,526,500 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2019-2024+ CIP is currently under development and will be reviewed by a citizen's advisory committee in November and December, 2018, with final adoption by the City Council anticipated in January, 2019. This preliminary 2019 CIP proposes the expenditure of \$35,373,800 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2019. Property tax supported general obligation bonds would provide approximately \$6,196,100 of needed funding. Since the new CIP for 2019-2024+ is still under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2019-2024+ CIP will be substantially completed before the development of the FY20-21 annual operating budget.

**FY18 and FY19 Initiatives**

The Mayor and City Council implemented programs and policies in FY18 and FY19 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:

- July, 2017, culminated a full year of Urbandale Centennial activities to celebrate the 100<sup>th</sup> birthday of the City of Urbandale.
- August, 2017, approved a three year joint agreement to cost share a Watershed Coordinator position for CIWMA which covers Urbandale's Walnut Creek and Beaver Creek watersheds
- November, 2017, approved referendum for the Local Option Sales and Services Tax imposition in the Dallas County portion of Urbandale, which uses 50% towards City-wide property tax relief, and 50% towards City-wide capital improvement projects.
- November, 2017, approved bond referendum to construct Fire Station No. 43 and to construct the off-site fueling station, not to exceed \$6M to design, construct, equip and furnish.
- December, 2017, set election date for March 2018 and ballot language for the Imposition of a Local Option Sales and Services Tax for the portion of Urbandale in Polk County. This proposition did not pass.
- March, 2018, approved the Urbandale Strategic Plan for 2018-2023-2033.
- June, 2018, a 28E was approved with Central Iowa Regional Housing Authority which declared the need for housing authority in Dallas County, and adds the City of Urbandale as a member with a representative.
- July, 2018, a 28E was approved with City of Des Moines Municipal Housing Agency for Housing Choice Voucher program administration payments. The contract amount is \$17,010.
- July, 2018, waive permit fees for flood related repairs and participate in the Polk County flood Assistance Program.
- July, 2018, approved a project to replace the City's network infrastructure in its entirety. The contract is with OneNeck IT Solutions for \$197,925.

**Economic Development:**

- September, 2017, approved a development agreement with Urban Town Center to redevelopment 3701 86<sup>th</sup> Street in the DUNA TIF district.
- September, 2017, approved a development agreement with Hy-Vee to develop 3303 86<sup>th</sup> Street in the DUNA TIF district.
- November, 2017, approved a development agreement with Paragon South to develop 12100 – 12138 Meredith Drive in the Northwest Market Center TIF District.
- December, 2017, approved a development agreement with Deere & Company to develop 9505 Northpark Drive in the Northwest Market Center TIF District.
- July, 2018, approved a development agreement with 8851 Northpark Drive LLC, in the Northwest Market Center TIF district.
- July, 2018, approved an IEDA HQJP application with ProbioFerm to expand its headquarters with a new 9,000 square foot manufacturing and warehouse facility.

- August, 2018, approved a development agreement with Erickson Family, L.C. to develop 2435 106<sup>th</sup> Street in the Northwest Market Center TIF district.
- October, 2018, approved a development agreement with Anderson Holdings LLC to develop 4401 Northwest Urbandale Drive in the Northwest Market Center TIF district.

**Finance:**

- January, 2018, approved the 2018-2023 Capital Improvements Program (CIP). The ten year CIP identifies future annual projects to be funded by bonded debt, the operating budget, and other funding sources.
- April, 2018, approved \$12,220,000 as general obligation bond Series 2018A. The funds will be used for the FY2018-19 CIP projects.
- April, 2018, approved \$6,355,000 as general obligation urban renewal bond Series 2018B. The funds will be used for the FY2018-19 CIP projects designated for TIF funding.
- May, 2018, approved a collection services agreement with Municipal Collections of America, Inc. to perform debt collection services and establish a delinquent account administration fee that would be added to the City wide Fine and Fee Schedule.

**Public Safety:**

- July, 2017, approved a 28E agreement with the City of Clive for Closest Unit Response of Fire or EMS regardless of jurisdictional boundaries.
- August, 2017, approved a 28E agreement with seven (7) cities to purchase a Fire and EMS records management system; Urbandale's share of the project is approximately \$33,058.
- November, 2017, approved an ordinance to adopt the 2015 International Fire Code with modifications.
- December, 2017, approved the Design Services Agreement with FEH Design. This is for the design of Fire Station No. 43 & Associated Fuel Station. The Total cost of the agreement is 7.5% of construction document costs, plus 12% of FFE costs.
- February, 2018, adopted the Fire Department Strategic Plan for 2018-2022.
- March, 2018, approved a renewal of a 28E agreement with Polk County Emergency Management Agency. This agreement will be in effect for 3 years at a total cost of \$16,529.
- April, 2018, Memorandum of Understanding (MOU) with the City of Clive for shared outdoor warning sirens at 86<sup>th</sup> Street and Hickman Road, and at 16500 Meredith Drive. Urbandale and Clive will share operation and costs associated with these two sirens at 50% each.
- April, 2018, Purchase of a Pierce Pumper for Fire Station No. 43 from Houston-Galveston Area Council Cooperative Purchasing Program (H-GAC) for \$522,673.
- September, 2018, approved a 28E agreement for Fire and Emergency Medical Services (EMS) in the City of Clive by the City of Urbandale. The 28E Agreement stipulates a cost sharing for personnel and related benefit costs associated with that service.

**Parks, Recreation and Public Art:**

- December, 2017, approved purchase of five art sculptures to be added to the City's public art inventory. The total cost of the 5 sculptures is \$30,750.
- January, 2018 approved the Jackaline Baldwin Dunlap Master Plan which will provide a strategic plan for the park and arboretum.

- April, 2018, approve a 28E with Urbandale Community School District for Jeff Harm Park and the Urbandale Library remote book drop along the east drive at Webster Elementary School.
- May, 2018, The Parks, Recreation and Open Space Master Plan, was completed by the consultant Hitchcock Design Group, the Master Plan was developed as a twenty (20) year tool that will be updated every five (5) years.
- Park projects final approvals – the City Council accepted the following major projects as completed during the year:
  - July, 2017, Constructed a pedestrian trail from Walnut Creek to 156<sup>th</sup> Street through Bent Creek Park (formerly Walnut Trace Park), at a total cost of \$471,400.
  - July, 2017, Reconstructed the Memorial Park Trail - Skate Park trail east of the pedestrian bridge to 86th Street in Walker Johnston Park, at a total cost \$112,694.
  - September, 2017, Repaired four of the eight tennis courts in Walker Johnston Park, and stripped the courts for tennis and pickle ball, at a total cost of \$154,367.
  - February, 2018, Constructed Hillside Play Equipment addition at Walker Johnston Park in the amount of \$42,706.
  - February, 2018, paved the roadway within McDivitt Grove Cemetery in the amount of \$48,419.
  - March, 2018, purchased and installed playground equipment at Walker Johnston park in the amount of \$32,500.
  - June, 2018, Reconstruction of the trail around Claiborne Circle, in the amount of \$45,689.
  - September, 2018, Constructed a trail through Bent Creek Ridge Park, at a total cost of \$84,890.
- Park projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - February, 2018, for \$326,932 to construct a trail connection through Waterford Park from 156<sup>th</sup> Street to Waterford Road.
  - June, 2018, for \$75,000, for purchase, delivery and installation of playground equipment at Bent Creek Ridge Park.
  - July, 2018, for \$19,890, for open air shelters for Bestland Park and Days Run Park.
  - August, 2018, for \$75,000, to procure, deliver and install playground equipment at Waterford Park.

#### **Facilities Maintenance improvements:**

- Facilities Maintenance projects final approvals - the City Council accepted the following major projects as completed during the year:
  - August, 2017, Replaced exterior façade on the pool building, at a total cost \$63,390.
  - August, 2017, Improved the Community Development/Engineering wing of City Hall by installing a new HVAC system, at a total cost of \$261,103.
  - May, 2018, Completed the expansion of the geothermal HVAC system for the Police Department, at a total cost of \$140,000.
  - June, 2018, Replaced the roof on the Engineering/Community Development wing of City Hall, at a total cost \$73,840.
  - August, 2018, Construction of two offices in the Parks and Recreation office area, at a total cost of \$26,150.
  - August, 2018, Completed the flood clean up at the police station, at a total cost of \$154,725.

- Facilities Maintenance projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
  - August, 2017, for \$52,500, to design the building security system for City facilities.

**Public Works:**

- July, 2017, approved a fifteen (15) year ADA Pedestrian Access Route Transition Plan, to provide ADA compliant accessible path options in the City's public right-of-way.
- July, 2017, approved an IDOT Access Control Agreement to City owned property to enable the reconstruction of the Iowa 141 interchange at I-35/80.
- October, 2017, approved design costs of \$110,520 to Shive Hattery, Inc. for the design of the Beautification of Douglas Avenue at Interstate 35/80. This project is anticipated to be complete November, 2018.
- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
  - August, 2017, Constructed a right turn lane at Douglas Parkway and 121<sup>st</sup> Street, at a total cost of \$219,766.
  - November, 2017, Reconstruction of the 100<sup>th</sup> Street and 54<sup>th</sup> Avenue, and the widening of 100<sup>th</sup> Street to a five-lane roadway from just north of Interstate 35/80 to 54<sup>th</sup> Avenue, at a total cost of \$4,879,638.
  - July, 2018, Installation of 10,550 feet of new communication fiber optic along Meredith Drive, at a total cost of \$117,609.
  - July, 2018, Constructed a sidewalk from the intersection of Deer Creek Trail and Hickman Road to the Raccoon Valley Trail, including a bridge crossing at Walnut Creek, at a total cost of \$221,120.
- Street projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
  - January, 2018, for \$585,648, to provide geometric improvements at the Douglas Parkway and 142<sup>nd</sup> Street Roundabout.
  - January, 2018, for \$6,100,000 for the reconstruction of Waterford Road from 156<sup>th</sup> to 170<sup>th</sup> Street as a five-lane Portland cement concrete roadway; and the installation of a sidewalk on the south side of Aurora Avenue from 128<sup>th</sup> street to 138<sup>th</sup> Street.
  - February, 2018, for \$649,722, to widen the intersection of 75<sup>th</sup> St & Douglas Avenue to add left turn lanes on Douglas Avenue.
- Other public improvement projects final approvals - the City Council accepted the following major project as completed during the year:
  - January, 2018, The replacement of the retaining wall on the west side of 86<sup>th</sup> Street adjacent to the Urbandale Golf and Country Club at a cost of \$129,550.
  - February, 2018, Installation of 3,735 linear feet of new storm sewer from Karen Acres Creek to the intersection of 72<sup>rd</sup> Place and Aurora Avenue, at a total cost of \$2,151,179.

### **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 FY18, 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 FY18, exclusive of the Component Unit, was \$654,244, compared to \$203,241 in FY17.

### **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 FY18. The City has seen an increase in health insurance reinsurance renewal rates in each of the last three years, and has had significant claims experience that has drawn down the reserve funds. The City has again increased both City and employee contributions to the fund, and will continue to do so until the reserve has been replenished.

The City has participated in the Iowa Communities Assurance Pool since 1989. This program combines traditional insurance coverage with a risk pooling arrangement. The City's comprehensive general liability, automobile, police, property and public official's 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. The City created a Director of Risk Management position in FY18 to oversee and refine the City's safety program. This includes creating various City-wide committees of management and non-management staff to review all employee near-miss incidents, accidents and to review and establish a consolidated safety policy manual. 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 FY17. This is the highest form of recognition in the area of governmental financial reporting and is the 35<sup>th</sup> consecutive year the City has received this prestigious award. The Comprehensive Annual Financial Report for the year ended June 30, 2018 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  
June 30, 2018

**City of Urbandale, Iowa**





## 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, 2018, 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, 2018, 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.

## **Emphasis of Matter**

As discussed in Notes 1 and 11 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

## **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 or 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 comprise 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 combining nonmajor fund financial statements 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 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 14, 2018 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 solely 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 effectiveness of the City of Urbandale, Iowa's 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 14, 2018



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, 2018 (FY18). 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 City implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$185,620 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- The assets and deferred outflows of resources of the City of Urbandale exceeded its liabilities and deferred inflows of resources at the close of FY18 by \$183,076,597 (net position). The total unrestricted net position of the City was negative (\$10,817,113). This was comprised of unrestricted negative governmental net position of (\$14,078,571) and business type activities net position of \$3,261,458.
- The City's total net position increased by \$7,310,974 in FY18. This increase was mostly attributable to increased property tax revenues, donated infrastructure, and federal grant revenue.
- For FY18, the City's governmental funds reported combined ending fund balances of \$57,770,556. The FY18 fund balance represented an increase of \$10,802,153 and was primarily attributed to a \$10.7 million increase in the capital projects fund. At the end of FY18, unrestricted fund balance for the general fund was \$10,126,059 or 36% 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 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, 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 2018.

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 to the financial statements for further information.

The government-wide financial statements can be found on pages 15 and 16 of this report.

### **Fund financial statements**

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

#### ***Governmental funds***

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

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

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

The City of Urbandale maintains 19 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 14 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 17 through 20 of this report.

### ***Proprietary funds***

The City maintains two different types of proprietary funds. An enterprise fund is used to report the same function presented as the business-type activity in the government-wide financial statements. The City uses an enterprise fund to account for its Storm Water Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Urbandale uses internal service funds to account for equipment replacement, technology, 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 21 through 23 of this report.

### ***Fiduciary funds***

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

The summary fiduciary funds financial statements can be found on page 24 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 55 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 Changes in the City's Total OPEB Liability and Related Ratios. These items are presented on pages 56 through 63 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 65 through 71 of this report. Statistical information related to the City's financial position can be found on pages 73 through 90 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 FY18 and FY17 is presented for comparative purposes.

City of Urbandale, Iowa  
Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current Assets	\$ 108,090,805	\$ 94,768,215	\$ 3,478,455	\$ 2,373,149	\$ 111,569,260	\$ 97,141,364
Capital Assets	204,291,818	202,182,018	-	-	204,291,818	202,182,018
Total assets	<u>312,382,623</u>	<u>296,950,233</u>	<u>3,478,455</u>	<u>2,373,149</u>	<u>315,861,078</u>	<u>299,323,382</u>
Deferred Outflows of Resources	6,787,414	7,311,541	68,530	66,196	6,855,944	7,377,737
Long-term Liabilities	86,311,706	79,705,495	243,632	193,558	86,555,338	79,899,053
Other Liabilities	14,418,158	15,298,957	38,060	24,919	14,456,218	15,323,876
Total liabilities	<u>100,729,864</u>	<u>95,004,452</u>	<u>281,692</u>	<u>218,477</u>	<u>101,011,556</u>	<u>95,222,929</u>
Deferred Inflows of Resources	38,625,034	35,524,536	3,835	2,411	38,628,869	35,526,947
Net Position						
Net investment in capital assets	159,170,156	155,160,879	-	-	159,170,156	155,160,879
Restricted	34,723,554	30,924,056	-	-	34,723,554	30,924,056
Unrestricted	(14,078,571)	(12,352,149)	3,261,458	2,218,457	(10,817,113)	(10,133,692)
Total net position	<u>\$ 179,815,139</u>	<u>\$ 173,732,786</u>	<u>\$ 3,261,458</u>	<u>\$ 2,218,457</u>	<u>\$ 183,076,597</u>	<u>\$ 175,951,243</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 \$183,076,597 and \$175,951,243 at the close of FY18 and FY17, respectively.

The largest portion of the City's net position in FY18 (86.9%) 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 \$4,009,277 from FY17 to FY18.

An additional portion of the City's net position (19.0%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a negative (\$10,817,113). There is a negative unrestricted net position primarily 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 the City's 2017 and 2018 bond issuances that were issued to pay for the 100<sup>th</sup> Street bridge over I-35/I-80 and the related interchange ramps, 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 FY17, restricted assets represented (17.6%) of the City's net position and unrestricted net position totaled (\$10,133,692).

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.

As noted above, the City's net position, when compared to the FY18 net position balance, increased by \$7,125,354 from FY17 to FY18. 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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 6,225,833	\$ 6,142,078	\$ 2,232,502	\$ 2,236,760	\$ 8,458,335	\$ 8,378,838
Operating grants & contributions	5,784,009	5,835,645	-	-	5,784,009	5,835,645
Capital grants & contributions	4,092,824	13,288,301	-	-	4,092,824	13,288,301
General revenues:						
Taxes	38,400,517	36,834,009	-	-	38,400,517	36,834,009
Other	759,182	345,549	23,714	5,284	782,896	350,833
<b>Total revenues</b>	<b>55,262,365</b>	<b>62,445,582</b>	<b>2,256,216</b>	<b>2,242,044</b>	<b>57,518,581</b>	<b>64,687,626</b>
<b>Expenses:</b>						
Public safety	14,400,945	13,711,161	-	-	14,400,945	13,711,161
Public works	18,559,959	21,572,809	477,178	436,735	19,037,137	22,009,544
Culture and recreation	8,477,600	8,366,654	-	-	8,477,600	8,366,654
Community & econ development	2,432,459	2,227,462	-	-	2,432,459	2,227,462
General government	4,091,368	3,749,253	-	-	4,091,368	3,749,253
Interest and fiscal charges	1,768,098	1,569,295	-	-	1,768,098	1,569,295
<b>Total expenses</b>	<b>49,730,429</b>	<b>51,196,634</b>	<b>477,178</b>	<b>436,735</b>	<b>50,207,607</b>	<b>51,633,369</b>
Increase in net position before transfers	5,531,936	11,248,948	1,779,038	1,805,309	7,310,974	13,054,257
Transfers	695,000	475,000	(695,000)	(475,000)	-	-
Change in net position	6,226,936	11,723,948	1,084,038	1,330,309	7,310,974	13,054,257
Net position – beginning, as restated	173,588,203	162,008,838	2,177,420	888,148	175,765,623	162,896,986
Net position – ending	<u>\$ 179,815,139</u>	<u>\$ 173,732,786</u>	<u>\$ 3,261,458</u>	<u>\$ 2,218,457</u>	<u>\$ 183,076,597</u>	<u>\$ 175,951,243</u>

### Governmental activities

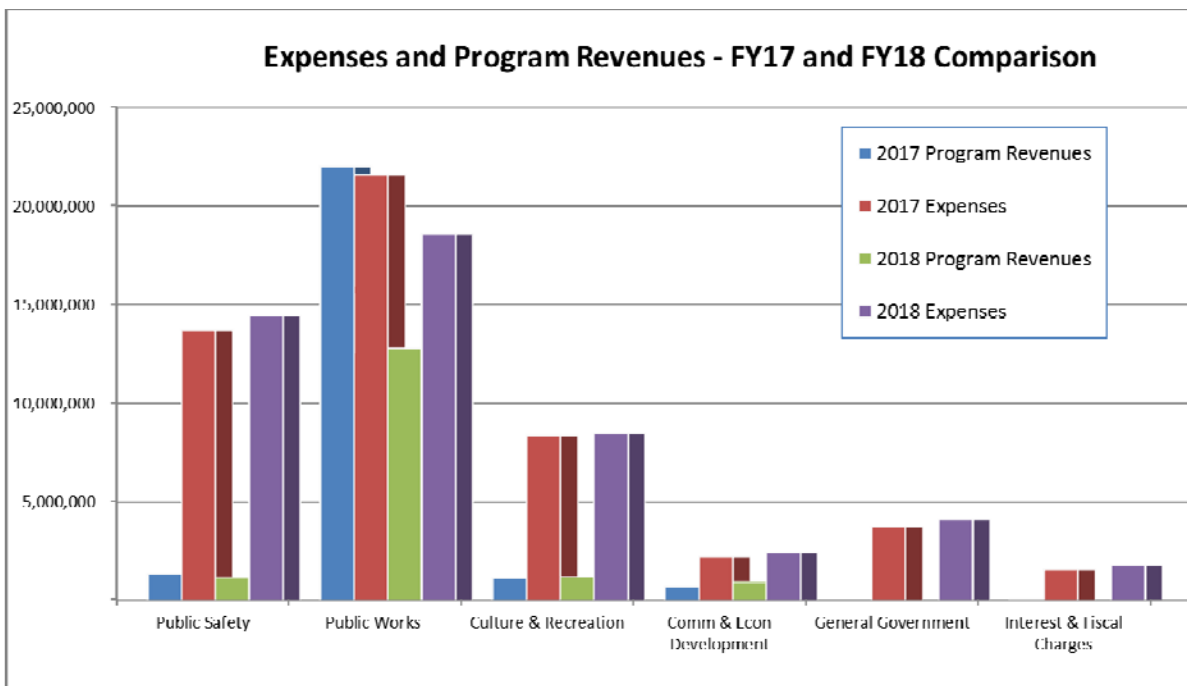
Governmental activities increased the City's net position by \$6,226,936 for FY18. Key elements of the increase in net position are as follows:

- Total taxes increased by \$1,566,508 (4.25%) during FY18. The receipts for FY18 reflect a 4.46% growth in taxable valuation of property throughout the City, which resulted in an overall property tax increase of \$1,348,499. The increase was bolstered by additional tax increment financing district revenues collected of \$131,809.
- Capital Grants and Contributions decreased \$9,195,477 (69.2%) in FY18 due primarily to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. The value of items can fluctuate based on the timing and number of projects completed in any given year. The donations have increased net position by \$1,562,570 and \$7,809,180 in FY18 and FY17, respectively.
- Total expenditures were lower in FY18 by \$1,466,205 (2.86%), primarily in the public works function due to timing of construction projects.
- FY18 showed a transfer of \$695,000 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.
- A restatement of beginning net position for FY18 was required, and is outlined in the footnotes of this report. The prior reported net position was \$175,951,243. A prior period adjustment is reflected due to implementation of GASB 75, resulting in an adjustment of \$185,620 to beginning net position. The FY17 restated net position is \$175,765,623.

**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. As the fund matures and funding becomes available, more construction projects related to storm water drainage 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 rates since July 1, 2016 are \$6 per ERU/per month for residential properties. Commercial property rates are also \$6 for the first 100 ERUs, then at \$5 per ERU over 100. These user fees are the sole source of funding in the charges for services line, generating \$2,232,502 and \$2,236,760 in revenue for FY18 and FY17, respectively. Business-type activities increased the City's net position by \$1,084,038 for FY18.

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2018 and 2017:



**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 FY18 and FY17, the City's governmental funds reported combined fund balances of \$57,770,556 and \$46,968,403, 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 decreased by \$351,861 (3.35%) in FY18. The City experienced an overall increase in taxable property value of approximately 4.46% for FY18 which resulted in \$1,012,087 of additional general levy tax revenue for the year. Additional building permit revenues and higher interest rates helped raise additional revenue. The higher revenues were mostly offset by increased expenditures in the public safety, culture and recreation and the community and economic development functions. These increases were related to the addition of new positions in the police, fire, marketing and engineering departments, and a city-wide increase per employee for self-funded health insurance costs.

- The road use tax fund balance increased \$579,134 (1.48%) in FY18. The fund experienced higher road use tax receipts due to a full year of higher census counts, which drive the allocation formula for these funds and offset by \$1.23 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 decreased \$543,890 (4.44%) in FY18. This reflects the sixth 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. Significant outstanding TIF-supported bonds begin being callable in FY18 through FY20, thus reduction of fund balance over the next several years is expected. In FY18, \$3,150,000 of TIF bonds were called and paid off.
- The fund balance of the debt service fund increased by \$217,385 (61.5%) in FY18. The FY18 increase is due primarily to increased interest earnings and property valuation increase.
- For FY18, the \$10,709,536 (56.6%) 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 conducts its annual bond offering in the spring, which results in less time to draw down new bond funds. Project expenditures were down \$4,976,232 from FY18, reflecting the timing of project payments.
- The nonmajor governmental funds fund balance increased \$191,849 (18.0%) due to the increased property taxes received in the police and fire retirement fund, and the corresponding increase in pension costs paid using those funds.

### **Proprietary funds**

Unrestricted net position of the proprietary funds was \$9,462,074 and \$7,529,655 in FY18 and FY17, respectively. An additional \$4,159,596 and \$4,028,362 in FY18 and FY17, respectively, of net position was restricted for funds invested in capital assets within the equipment replacement and building maintenance funds. In FY18, the net increase of \$2,132,811 in net position for the proprietary funds resulted primarily from higher 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 (FY18)**

Differences between the original budget and the final amended budget amounted to a \$7,123,700 increase in appropriations and can be briefly summarized as follows:

- \$3,150,000 for unbudgeted debt service related to the partial call and payoff of 3 outstanding TIF bonds
- \$3,349,913 for transfers out from TIF to debt service and capital projects
- \$111,000 for culture and recreation related expenditures
- \$180,500 for public safety related expenditures
- \$325,087 for general government related expenditures
- \$7,200 in community and economic development function related expenditures.

The revised expenditures were offset by \$24,000 in intergovernmental revenue, \$89,000 in licenses and permit fees, \$56,000 in additional charges for service, \$3,150,000 for offsetting transfers between TIF and debt service funds, \$54,700 from miscellaneous revenue and donations, \$3,150,000 from available TIF fund balance, and \$600,000 from general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget.

Including these adjustments, actual disbursements were \$8,118,762 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 \$137,275 less than budgeted. This was primarily due to increases in property valuations offset by decrease of federal grant revenue in FY18.

Budget to actual schedule for the City is located on page 56 of this report.

**Capital Asset and Debt Administration**

***Capital assets***

In FY18 and FY17, the City had invested \$286,434,291 and \$276,749,656, respectively, in a broad range of capital assets, including land, public buildings and improvements, machinery and equipment, art work, and infrastructure (streets, parks, trails, and traffic safety equipment). This amount represents a net increase, including additions and deletions, of \$9,684,635 and \$19,268,715, respectively. The value of these capital assets, net of depreciation at June 30, 2018 and 2017, is depicted below.

City of Urbandale's Capital Assets (net of depreciation)		
	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
Land	\$ 6,653,857	6,588,856
Buildings and Improvements	34,639,716	33,761,839
Machinery and Equipment	16,274,847	15,889,496
Artwork	499,101	468,801
Infrastructure	214,970,284	210,554,248
Share of Undivided Equity Interest Assets	2,733,053	2,729,094
Construction in Progress	10,663,433	6,757,322
Total	<u>286,434,291</u>	<u>276,749,656</u>
Accumulated Depreciation	<u>(82,142,473)</u>	<u>(74,567,638)</u>
	<u>\$ 204,291,818</u>	<u>202,182,018</u>

This year's major capital asset additions included:

- The ongoing construction of the Meredith Drive – 128<sup>th</sup> to 142<sup>nd</sup> Street paving project (\$3,522,800)
- The donation of construction improvements by private parties (\$1,562,570)
- The ongoing construction of Waterford Road from 156<sup>th</sup> to 170<sup>th</sup> (\$1,260,500)
- The ongoing construction of the Aurora Avenue paving project from 109<sup>th</sup> to the railroad (\$472,400)
- The completion of the Aurora Avenue storm drainage project from 128<sup>th</sup> to 142<sup>nd</sup> (\$393,900)
- The design and architectural work for Fire Station #43 (\$309,100)

- The partial reconstruction of the Walker Johnston park tennis courts (\$289,600)
- The down payment of replacement fire pumper truck (\$267,900)
- The ongoing construction of the Deer Creek trail and bridge (\$210,300)

Additional information on the City's capital assets can be found on page 35 (footnote 4) of this report.

**Long-term debt**

In FY18 and FY17 the City had total long-term debt of \$73,430,000 and \$67,425,000, respectively. Of these amounts, \$73,430,000 and \$67,425,000, represented general obligation bond debt.

	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
General Obligation Bonds	\$ 67,425,000	\$ 18,575,000	\$ 12,570,000	\$ 73,430,000
Premium on Bonds	994,625	737,873	85,003	1,647,495
	<u>\$ 68,419,625</u>	<u>\$ 19,312,873</u>	<u>\$ 12,655,003</u>	<u>\$ 75,077,495</u>
	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
General Obligation Bonds	\$ 61,865,000	\$ 17,565,000	\$ 12,005,000	\$ 67,425,000
Premium on Bonds	-	1,023,544	28,919	994,625
Total bonds payable	61,865,000	18,588,544	12,033,919	68,419,625
General Obligation General Fund capital loan notes	710,000	-	710,000	-
	<u>\$ 62,575,000</u>	<u>\$ 18,588,544</u>	<u>\$ 12,743,919</u>	<u>\$ 68,419,625</u>

During FY18, the City's total debt increased by a net \$6,657,870, including unamortized bond premiums. The key factors in this net increase were the partial call and early retirement of \$3,150,000 of TIF supported bonds, the routine debt service of \$9,420,000 and offset by the issuance of \$18,575,000 in new general obligation bonds.

In FY18, the projects funded by the Series 2018 A and B bond issues included:

Construction of:

- Fire Station #43
- Waterford Road: 156<sup>th</sup> Street to 170<sup>th</sup> Street
- Waterford Road Bridge Widening at Walnut Creek
- 100<sup>th</sup> Street Interchange at I-35/80 (TIF)
- 104<sup>th</sup> Street Reconstruction Project – Hickman Road to Douglas Avenue (TIF)
- 86<sup>th</sup> Street Preservation – Phase I (TIF)
- 75<sup>th</sup> Street and Douglas Avenue: Turn Lanes (TIF)
- Parks and Public Works Maintenance Facility: 94<sup>th</sup> St/95<sup>th</sup> St and Hickman Road (TIF)
- Northpark Drive: LED Street Light Replacement (TIF)

Purchase of:

- ADA Pedestrian Access Route Transition Plan
- 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 April 13, 2018.

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 \$231,288,710, 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 36 through 39 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 is exploring the possibility of annexing additional territory. Most of the growth areas within the current Corporate Limits are already served by City infrastructure. As of the end of June, 2018, five final subdivision plats that will add 224 single-family detached homes and 62 townhouse units had been approved and were under development. Additionally, five preliminary plats had been approved that would add another 403 single-family lots, and 136 townhomes. Six new subdivisions were approved in 2017 creating 233 new lots. Nine new subdivision plats were approved in 2016 creating a total of 252 lots, and seven new subdivisions were approved in 2015 creating a total of 342 lots.

Through the end of June, 2018, permits had been issued for 85 new single-family homes. In 2017 a total of 165 new single-family homes and 4 single-family attached (townhome) units were constructed, along with a 48-unit multi-family building. In 2016 a total of 158 new single-family homes were constructed. In 2015 a total of 181 new single-family homes were constructed, along with 16 townhomes and 84 multi-family units.

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 216,579 square feet of commercial and industrial space has been constructed annually in Urbandale over the past five years.

Construction permitted through June, 2018, totals 351,093 square feet of new commercial development, including the new 134,000 square-foot Deere ISG headquarters, the 46,170 square-foot Paradigm Office building for R&R Realty, and a 25,900 square-foot initial phase of a facility for Crescent Electric. However, the City has approved site plans for an additional 50,416 square feet of commercial and industrial projects that are expected to be permitted yet in 2018, or in early 2019. Construction in 2017 totaled 355,494 square feet of retail, office and industrial projects. Construction in 2016 totaled only 83,245 square feet of retail, office and industrial projects however, construction in 2015 totaled 250,504 square feet.

The grading for the 100<sup>th</sup> Street Interchange ramps was completed, and the paving of the ramps occurred earlier this year. Recently a ribbon cutting ceremony celebrated the opening of the western ramps to traffic, and it is expected that the eastern ramps will open by the end of 2018. The new Interchange will lead to access/functionality improvements to the Interchanges and Urbandale's economic development corridors.

The City held and passed a local option sales and service tax (LOSST) for the Dallas County portion of Urbandale in November 2017, which takes effect July 1, 2018. Revenues from the LOSST are expected to result in \$1,000,000 per year. A similar LOSST election was held for the Polk County portion of Urbandale, but that vote failed. Council has elected to utilize the Dallas County LOSST funds to service and retire the debt for the new fire station No. 43, which was also voted on and approved in the November 2017 election. This new \$6 million facility will begin construction Fall 2018 and should open in September 2019. The City was also recently awarded a federal SAFER grant to fund the advance hiring of 9 new firefighter/EMT positions to bring the new station up to full staffing right away, instead of staggering hiring over the upcoming 3 years. The station was budgeted to open with 9 staff, and now will open with all 18. The new station will also provide fire/EMS services through a joint 28E agreement for the City of Clive.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2019. The fiscal year 2019 budget anticipated an increase of \$6,392,556 (3.9%) in operating expenditures over the fiscal year 2018 adopted budget. The adopted expenditures and anticipated revenues for fiscal year 2018 resulted in no increase for the City's combined tax levy rate of \$10.02/\$1,000 valuation. The general tax levy rate remains at \$7.24, the police & fire pension levy remains at \$0.58, and the debt service levy rate remains at \$2.20.

For the FY19 budget, the property tax changes approved by the State legislature in 2014 will continue to affect valuations and resulting property tax revenue the City relies on to fund a majority of its operations. Under the approved State legislature changes, the rollback for Commercial and Industrial properties decreased 5% annually affecting taxes payable in 2015 and 2016, and has stabilized thereafter at 90% of the assessed value. The State promised to backfill this lost valuation revenue to cities at 100% for 2 years, then the backfill was capped at FY2017-18 levels. The backfill will continue each future year unless the legislature takes action to remove the standing appropriation.

Despite the 10% rollback on commercial property, the City still saw overall taxable valuation growth of 6.25% for FY19. Other factors impacting the FY19 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 5 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.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets</b>				
Cash and pooled cash investments	\$ 65,566,485	\$ 3,443,715	\$ 69,010,200	\$ 106,258
Cash equivalents	-	-	-	7,021,951
Restricted cash	-	-	-	298,575
Accounts receivable	695,358	-	695,358	1,526,091
Taxes receivable				
Current	1,074,299	-	1,074,299	-
Succeeding year	38,338,475	-	38,338,475	-
Special assessments receivable				
Current	1,060,721	-	1,060,721	-
Succeeding year	235,016	-	235,016	-
Accrued interest	139,049	-	139,049	1,354
Due from other governments	506,604	-	506,604	-
Due from component unit	33,307	34,740	68,047	-
Due from primary government	-	-	-	15,542
Loan receivable	227,472	-	227,472	160,074
Inventories	214,019	-	214,019	-
Restricted assets - due from primary government	-	-	-	280
Prepaid expense and other assets	-	-	-	75,796
<b>Total current assets</b>	<b>108,090,805</b>	<b>3,478,455</b>	<b>111,569,260</b>	<b>9,205,921</b>
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
Equipment	16,274,847	-	16,274,847	853,937
Buildings	24,971,191	-	24,971,191	1,181,173
Distribution system	-	-	-	34,794,072
Improvements other than building	9,668,525	-	9,668,525	-
Land and right of way	6,653,857	-	6,653,857	2,198,900
Construction in progress	10,663,433	-	10,663,433	103,312
Artwork	499,101	-	499,101	-
Infrastructure	214,970,284	-	214,970,284	-
Share of undivided equity interest assets	2,733,053	-	2,733,053	-
Accumulated depreciation	(82,142,473)	-	(82,142,473)	(13,619,476)
<b>Total capital assets</b>	<b>204,291,818</b>	<b>-</b>	<b>204,291,818</b>	<b>25,511,918</b>
<b>Total assets</b>	<b>312,382,623</b>	<b>3,478,455</b>	<b>315,861,078</b>	<b>34,717,839</b>
<b>Deferred Outflows of Resources</b>				
OPEB related deferred outflow	57,465	1,480	58,945	13,474
Pension related deferred outflow	6,729,949	67,050	6,796,999	331,040
<b>Total deferred outflows of resources</b>	<b>6,787,414</b>	<b>68,530</b>	<b>6,855,944</b>	<b>344,514</b>

See Notes to Financial Statements

City of Urbandale, Iowa  
Statement of Net Position  
June 30, 2018

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 2,426,707	\$ 16,027	\$ 2,442,734	\$ 127,261
General obligation bonds payable	10,100,000	-	10,100,000	-
Capital loan notes payable	-	-	-	375,000
Interest payable	184,855	-	184,855	10,389
Compensation and payroll taxes	813,436	11,134	824,570	80,141
Compensated absences - current	893,160	10,899	904,059	95,858
Due to City of Urbandale	-	-	-	68,362
Due to other governments	-	-	-	716,145
Customer deposits payable - restricted	-	-	-	69,260
Total current liabilities	<u>14,418,158</u>	<u>38,060</u>	<u>14,456,218</u>	<u>1,542,416</u>
<b>Noncurrent liabilities</b>				
General obligation bonds payable	64,977,495	-	64,977,495	-
Capital loan notes payable	-	-	-	3,857,000
Net pension liability	19,302,650	196,986	19,499,636	1,125,122
Net OPEB liability	1,811,760	46,646	1,858,406	208,311
Compensated absences	219,801	-	219,801	196,238
Total noncurrent liabilities	<u>86,311,706</u>	<u>243,632</u>	<u>86,555,338</u>	<u>5,386,671</u>
Total liabilities	<u>100,729,864</u>	<u>281,692</u>	<u>101,011,556</u>	<u>6,929,087</u>
<b>Deferred Inflows of Resources</b>				
Succeeding year property taxes	38,338,475	-	38,338,475	-
Pension related deferred inflow	286,559	3,835	290,394	54,610
Total deferred inflows of resources	<u>38,625,034</u>	<u>3,835</u>	<u>38,628,869</u>	<u>54,610</u>
<b>Net Position</b>				
Net investment in capital assets	159,170,156	-	159,170,156	22,243,918
Restricted				
For capital projects	17,120,646	-	17,120,646	-
Purpose restricted by legislation	17,174,862	-	17,174,862	-
Donor restricted purposes	428,046	-	428,046	-
Unrestricted	<u>(14,078,571)</u>	<u>3,261,458</u>	<u>(10,817,113)</u>	<u>5,834,738</u>
Total net position	<u>\$ 179,815,139</u>	<u>\$ 3,261,458</u>	<u>\$ 183,076,597</u>	<u>\$ 28,078,656</u>

City of Urbandale, Iowa  
Statement of Activities  
June 30, 2018

	Program Revenues				Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities Total	Business-type Activities		
<b>Primary Government</b>								
Governmental activities								
Public safety	\$ 14,400,945	\$ 1,067,671	\$ 108,793	\$ -	\$ (13,224,481)	\$ -	\$ (13,224,481)	\$ -
Public works	18,559,959	3,410,773	5,270,941	4,092,824	(5,785,421)	-	(5,785,421)	-
Culture and recreation	8,477,600	797,805	396,524	-	(7,283,271)	-	(7,283,271)	-
Community and economic development	2,432,459	949,584	7,751	-	(1,475,124)	-	(1,475,124)	-
General government	4,091,368	-	-	-	(4,091,368)	-	(4,091,368)	-
Interest and fiscal charges	1,768,098	-	-	-	(1,768,098)	-	(1,768,098)	-
Total governmental activities	<u>49,730,429</u>	<u>6,225,833</u>	<u>5,784,009</u>	<u>4,092,824</u>	<u>(33,627,763)</u>	<u>-</u>	<u>(33,627,763)</u>	<u>-</u>
Business-type activities								
Storm Water Utility	477,178	2,232,502	-	-	-	1,755,324	1,755,324	
Total primary government	<u>\$ 50,207,607</u>	<u>\$ 8,458,335</u>	<u>\$ 5,784,009</u>	<u>\$ 4,092,824</u>	<u>(33,627,763)</u>	<u>1,755,324</u>	<u>(31,872,439)</u>	
<b>Component Unit</b>								
Urbandale Water Utility	<u>\$ 8,236,042</u>	<u>\$ 10,332,491</u>	<u>\$ 592,944</u>	<u>\$ 939,647</u>				<u>3,629,040</u>
<b>General Revenues</b>								
Taxes								
Property tax				\$ 27,301,017				
Tax increment financing district tax				7,215,191				
Hotel Motel tax				1,922,107				
State property tax replacement funds				967,568				
Franchise taxes				264,239				
Utility excise tax				730,395				
Total taxes					38,400,517	-	38,400,517	-
Interest					630,530	23,714	654,244	22,249
Miscellaneous					128,652	-	128,652	282,232
Transfers					695,000	(695,000)	-	-
Total general revenues and transfers					<u>39,854,699</u>	<u>(671,286)</u>	<u>39,183,413</u>	<u>304,481</u>
Changes in net position					6,226,936	1,084,038	7,310,974	3,933,521
Net Position - beginning, as restated					173,588,203	2,177,420	175,765,623	24,145,135
Net Position - ending					<u>\$ 179,815,139</u>	<u>\$ 3,261,458</u>	<u>\$ 183,076,597</u>	<u>\$ 28,078,656</u>

City of Urbandale, Iowa  
Balance Sheet  
Governmental Funds  
June 30, 2018

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and pooled cash investments	\$ 10,738,995	\$ 4,178,708	\$ 11,705,934	\$ 548,861	\$ 30,447,164	\$ 1,167,564	\$ 58,787,226
Taxes receivable							
Current	70,600	404,827	5,914	21,836	-	571,122	1,074,299
Succeeding year	21,130,465	-	8,486,299	7,028,926	-	1,692,785	38,338,475
Special assessments receivable							
Current	-	-	-	1,046,894	13,827	-	1,060,721
Succeeding years	-	-	-	228,401	6,615	-	235,016
Accounts receivable	600,324	2,119	-	-	65,499	10,010	677,952
Accrued interest	139,049	-	-	-	-	-	139,049
Due from component unit	30,055	3,252	-	-	-	-	33,307
Due from other governments	184,261	-	-	-	322,093	250	506,604
Loan receivable	-	-	-	-	123,872	103,600	227,472
Inventories	12,814	201,205	-	-	-	-	214,019
<b>Total assets</b>	<b>\$ 32,906,563</b>	<b>\$ 4,790,111</b>	<b>\$ 20,198,147</b>	<b>\$ 8,874,918</b>	<b>\$ 30,979,070</b>	<b>\$ 3,545,331</b>	<b>\$ 101,294,140</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 447,254	\$ 252,840	\$ 9,940	\$ -	\$ 1,211,414	\$ 32,095	\$ 1,953,543
Compensation and payroll taxes	660,373	45,382	-	-	-	-	705,755
Employee benefits	103,470	4,211	-	-	-	-	107,681
<b>Total liabilities</b>	<b>1,211,097</b>	<b>302,433</b>	<b>9,940</b>	<b>-</b>	<b>1,211,414</b>	<b>32,095</b>	<b>2,766,979</b>
<b>Deferred inflows of resources</b>							
Succeeding year property taxes	21,130,465	-	8,486,299	7,028,926	-	1,692,785	38,338,475
Unavailable revenue - special assessments	-	-	-	1,275,295	20,442	-	1,295,737
Unavailable revenue - other	426,128	-	-	-	130,789	565,476	1,122,393
<b>Total deferred inflows of resources</b>	<b>21,556,593</b>	<b>-</b>	<b>8,486,299</b>	<b>8,304,221</b>	<b>151,231</b>	<b>2,258,261</b>	<b>40,756,605</b>
<b>Fund balances</b>							
Nonspendable	12,814	201,205	-	-	123,872	-	337,891
Restricted	-	4,286,473	11,701,908	570,697	29,363,178	842,625	46,764,881
Committed	-	-	-	-	-	412,350	412,350
Assigned	-	-	-	-	129,375	-	129,375
Unassigned	10,126,059	-	-	-	-	-	10,126,059
<b>Total fund balances</b>	<b>10,138,873</b>	<b>4,487,678</b>	<b>11,701,908</b>	<b>570,697</b>	<b>29,616,425</b>	<b>1,254,975</b>	<b>57,770,556</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 32,906,563</b>	<b>\$ 4,790,111</b>	<b>\$ 20,198,147</b>	<b>\$ 8,874,918</b>	<b>\$ 30,979,070</b>	<b>\$ 3,545,331</b>	<b>\$ 101,294,140</b>

City of Urbandale, Iowa

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

June 30, 2018

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

Total fund balances – governmental funds \$ 57,770,556

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:

Capital assets	\$ 277,507,136	
Less accumulated depreciation	(77,374,914)	200,132,222

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds 2,418,130

Debt issuance-related premiums are reported as "other financing sources" in the governmental funds, but as unamortized liabilities in the statement of net position (1,647,495)

Pension and OPEB 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	6,740,319	
Deferred inflows of resources	(283,924)	6,456,395

Internal service funds are used by management to charge the costs of equipment replacement, technology, building maintenance, 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	6,779,259	
Due from customers	17,406	
Capital assets, net of accumulated depreciation	4,159,596	
Deferred outflows - pension & OPEB	47,095	
Deferred inflows of resources - pension	(2,635)	
Net pension liability	(135,380)	
Net OPEB liability	(31,965)	
Accounts payable	(473,164)	10,360,212

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	73,430,000	
Accrued interest on the bonds and notes	184,855	
Other postemployment benefits	1,779,795	
Net pension liability	19,167,270	
Compensated absences	1,112,961	(95,674,881)
Net position of governmental activities		\$ 179,815,139

City of Urbandale, Iowa  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
June 30, 2018

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 20,148,910	\$ -	\$ 7,215,191	\$ 6,554,802	\$ -	\$ 3,514,699	\$ 37,433,602
Special assessments	-	-	-	66,543	1,894,280	-	1,960,823
Licenses and permits	1,260,628	-	-	-	-	-	1,260,628
Use of money and property	210,764	-	123,425	22,685	193,974	10,517	561,365
Intergovernmental	949,242	5,270,941	-	212,440	439,491	62,807	6,934,921
Charges for services	4,381,764	-	-	-	-	22,226	4,403,990
Miscellaneous	349,050	-	-	-	283,392	240,610	873,052
<b>Total revenues</b>	<b>27,300,358</b>	<b>5,270,941</b>	<b>7,338,616</b>	<b>6,856,470</b>	<b>2,811,137</b>	<b>3,850,859</b>	<b>53,428,381</b>
<b>Expenditures</b>							
<b>Current operating expenditures</b>							
Public safety	11,387,671	-	-	-	-	1,594,514	12,982,185
Public works	4,294,472	3,458,807	-	-	-	-	7,753,279
Culture and recreation	6,606,367	-	-	-	-	1,277,796	7,884,163
Community and economic development	1,949,355	-	385,576	-	-	-	2,334,931
General government	3,837,163	-	-	-	-	-	3,837,163
Capital outlay	-	-	-	-	13,487,816	-	13,487,816
<b>Debt service</b>							
Principal	-	-	-	12,570,000	-	-	12,570,000
Interest	-	-	-	1,819,906	-	-	1,819,906
<b>Total expenditures</b>	<b>28,075,028</b>	<b>3,458,807</b>	<b>385,576</b>	<b>14,389,906</b>	<b>13,487,816</b>	<b>2,872,310</b>	<b>62,669,443</b>
Excess (deficiency) of revenues over (under) expenditures	(774,670)	1,812,134	6,953,040	(7,533,436)	(10,676,679)	978,549	(9,241,062)
<b>Other financing sources (uses)</b>							
General obligation bond issuance	-	-	-	-	18,610,342	-	18,610,342
Premium on bond issuance	-	-	-	-	737,873	-	737,873
Transfers in	707,722	-	-	7,750,821	2,038,000	10,000	10,506,543
Transfers out	(284,913)	(1,233,000)	(7,496,930)	-	-	(796,700)	(9,811,543)
<b>Total other financing sources (uses)</b>	<b>422,809</b>	<b>(1,233,000)</b>	<b>(7,496,930)</b>	<b>7,750,821</b>	<b>21,386,215</b>	<b>(786,700)</b>	<b>20,043,215</b>
Net changes in fund balances	(351,861)	579,134	(543,890)	217,385	10,709,536	191,849	10,802,153
Fund balances at beginning of year	10,490,734	3,908,544	12,245,798	353,312	18,906,889	1,063,126	46,968,403
Fund balances at end of year	<b>\$ 10,138,873</b>	<b>\$ 4,487,678</b>	<b>\$ 11,701,908</b>	<b>\$ 570,697</b>	<b>\$ 29,616,425</b>	<b>\$ 1,254,975</b>	<b>\$ 57,770,556</b>

City of Urbandale, Iowa  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental  
Funds to the Statement of Activities  
June 30, 2018

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

Net change in fund balances – governmental funds		\$ 10,802,153
<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 position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlays	\$ 13,487,816	
Depreciation expense	<u>(7,464,901)</u>	6,022,915
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(4,044,349)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		168,636
<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	(54,506)	
Other postemployment benefits	<u>(157,551)</u>	(212,057)
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.		(868,070)
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.		12,570,000
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.		(19,312,873)
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.		(33,195)
Bond issuance-related premiums/discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance in the government-wide financial statements, these costs are amortized over the life of the debt issue.		85,003
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>1,048,773</u>
Change in net position of governmental activities		<u><u>\$ 6,226,936</u></u>

City of Urbandale, Iowa  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	<u>Business-Type Activities - Non-Major Enterprise Fund Storm Water Utility Fund</u>	<u>Governmental Activities Internal Service Funds</u>
<b>Assets</b>		
Current assets		
Cash and pooled cash investments	\$ 3,443,715	\$ 6,779,259
Accounts receivable	-	17,406
Due from Component Unit	34,740	-
Total current assets	<u>3,478,455</u>	<u>6,796,665</u>
Noncurrent assets		
Capital assets, net	-	4,159,596
Total assets	<u>3,478,455</u>	<u>10,956,261</u>
<b>Deferred Outflows of Resources</b>		
OPEB related deferred outflows	1,480	1,014
Pension related deferred outflows	67,050	46,081
Total deferred outflows of resources	<u>68,530</u>	<u>47,095</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	16,027	473,164
Compensation and payroll taxes	10,194	-
Employee benefits	940	-
Compensated absences - current	10,899	-
Total current liabilities	<u>38,060</u>	<u>473,164</u>
Noncurrent liabilities		
Net OPEB liability	46,646	31,965
Net pension liability	196,986	135,380
Total noncurrent liabilities	<u>243,632</u>	<u>167,345</u>
Total liabilities	<u>281,692</u>	<u>640,509</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	3,835	2,635
<b>Net Position</b>		
Net investment in capital assets	-	4,159,596
Unrestricted	3,261,458	6,200,616
Total net position	<u>\$ 3,261,458</u>	<u>\$ 10,360,212</u>

City of Urbandale, Iowa  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
June 30, 2018

	Business-Type Activities - Non-Major Enterprise Fund	Governmental Activities
	Storm Water Utility Fund	Internal Service Funds
Operating Revenues		
Charges for services	\$ 2,232,502	\$ 6,600,329
Other	-	1,589,856
Total operating revenues	<u>2,232,502</u>	<u>8,190,185</u>
Operating Expenses		
Insurance premiums and claims	-	5,717,052
Building maintenance	-	547,490
Data processing	-	12,429
Storm water operations	477,178	-
Administration	-	21,715
Depreciation	-	945,504
Total operating expenses	<u>477,178</u>	<u>7,244,190</u>
Operating income (loss)	<u>1,755,324</u>	<u>945,995</u>
Nonoperating Revenues (Expenses)		
Interest income	23,714	69,162
Gain (loss) on sale of equipment	-	33,616
Total nonoperating revenues (expenses)	<u>23,714</u>	<u>102,778</u>
Income (loss) before transfers	1,779,038	1,048,773
Transfers out	<u>(695,000)</u>	-
Change in net position	1,084,038	1,048,773
Net Position at Beginning of Year, as restated	<u>2,177,420</u>	<u>9,311,439</u>
Net Position at End of Year	<u>\$ 3,261,458</u>	<u>\$ 10,360,212</u>

City of Urbandale, Iowa  
Statement of Cash Flows  
Proprietary Funds  
June 30, 2018

	Business-Type Activities - Non-Major Enterprise Fund	Governmental Activities
	Storm Water Utility Fund	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 2,225,476	\$ 8,669,404
Payments to employees	(333,878)	(212,122)
Payments to suppliers	(122,032)	(6,301,742)
Net cash provided by operating activities	1,769,566	2,155,540
Cash Flows from Noncapital Financing Activities		
Transfers to other funds	(695,000)	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	-	(1,076,738)
Proceeds from sale of capital assets	-	33,616
Net cash used in capital and related financing activities	-	(1,043,122)
Cash Flows from Investing Activities		
Interest on investments	23,714	69,162
Net increase (decrease) in cash and cash equivalents	1,098,280	1,181,580
Cash and Cash Equivalents at Beginning of Year	2,345,435	5,597,679
Cash and Cash Equivalents at End of Year	\$ 3,443,715	\$ 6,779,259
Reconciliation of Operating Income (Loss) to Net Cash provided by Operating Activities		
Operating income (loss)	\$ 1,755,324	\$ 945,995
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	-	945,504
Change in deferred inflows	1,424	1,075
Change in deferred outflows	(2,334)	(4,262)
Change in due from customers and users	(7,026)	479,219
Change in net pension liability	9,037	13,981
Change in accounts payable and accrued liabilities	13,141	(225,972)
Net cash provided by operating activities	\$ 1,769,566	\$ 2,155,540

City of Urbandale, Iowa  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018

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	<u>Total Agency Funds</u>
Assets	
Cash and pooled cash investments	<u>\$ 1,144,338</u>
Liabilities	
Due to component unit	\$ 15,821
Due to other governments	26,596
Deposits and remittances due	<u>1,101,921</u>
Total liabilities	<u>\$ 1,144,338</u>

## **Note 1 - Summary of Significant Accounting Policies**

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

### **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.

### **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

### **Measurement Focus, Basis of Accounting and Basis of Presentation:**

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

## 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. Any interfund services provided and used are not eliminated in the process of consolidation. 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 position 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 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, 2018 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2017.

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.

*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.

### **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.

### **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.

### **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.

*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.

**Components of Governmental Fund Balance**

As of June 30, 2018, fund balances are composed of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenues</u>	<u>Total</u>
Nonspendable					
Inventory	\$ 12,814	\$ -	\$ -	\$ 201,205	\$ 214,019
Loan Receivable	-	-	123,872	-	123,872
Total nonspendable	<u>12,814</u>	<u>-</u>	<u>123,872</u>	<u>201,205</u>	<u>337,891</u>
Restricted for					
Debt service	-	570,697	-	11,701,908	12,272,605
Public works	-	-	-	4,286,473	4,286,473
Capital projects	-	-	29,363,178	-	29,363,178
Public safety retirement	-	-	-	168,746	168,746
Police activities	-	-	-	60,319	60,319
Fire activities	-	-	-	30,224	30,224
Cultural programs	-	-	-	332,113	332,113
Parks activities	-	-	-	35,380	35,380
Recreational programs	-	-	-	215,843	215,843
Total restricted	<u>-</u>	<u>570,697</u>	<u>29,363,178</u>	<u>16,831,006</u>	<u>46,764,881</u>
Committed for					
Economic development	-	-	-	412,350	412,350
Assigned to					
Capital projects	-	-	129,375	-	129,375
Unassigned	<u>10,126,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,126,059</u>
Total fund balance	<u>\$ 10,138,873</u>	<u>\$ 570,697</u>	<u>\$ 29,616,425</u>	<u>\$ 17,444,561</u>	<u>\$ 57,770,556</u>

**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.

**Inventories**

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

**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.

**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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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.

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

**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 and OPEB expense and contributions from the employer after the measurement date, but before the end of the employer’s reporting period.

### **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.

### **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 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.

### **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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

### **Total OPEB Liability**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Urbandale's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

### **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.

**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 \$4,154,188 in the aggregate for June 30, 2018. The operating funds are charged premiums (based upon historical claim experience) by the Risk Management Fund, which is accounted for as an Internal Service Fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported, and is classified with accounts payable.

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

	<b>2018</b>	<b>2017</b>
Unpaid Claims and Claim Adjustment Expenses at Beginning of the Fiscal Year	\$ 495,000	\$ 200,000
Incurred Claims and Claim Adjustment Expenses	3,580,421	3,024,250
Payments	(3,775,421)	(2,729,250)
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<b>\$ 300,000</b>	<b>\$ 495,000</b>

**Implementation of GASB Statement No. 75**

As of June 30, 2018, the City of Urbandale adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Total OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 11 and the additional disclosures required by this standard is included in Note 7.

**Note 2 - Cash and Pooled Cash Investments and Cash Equivalents**

The City’s and its Component Unit’s deposits at June 30, 2018 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, 2018 are \$69,010,200. The City's agency funds had cash and pooled cash investments of \$1,144,338 at June 30, 2018.

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

At June 30, 2018 cash and cash equivalents balance of the Water Utility include a money market account of \$6,953,180 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$138,031, which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The IPAIT pool is unrated. Additionally, there is one Certificate of Deposit in the amount of \$170,785 and checking accounts with \$164,788 as of June 30, 2018.

*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, 2018 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 and investments held at year end 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.

### **Note 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.

**Note 4 - Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2018 is as follows:

	July 1, 2017 Balance	Increases	Decreases	June 30, 2018 Balance
Capital Assets Not Being Depreciated				
Land	\$ 5,401,382	\$ 65,001	\$ -	\$ 5,466,383
Construction in progress	6,757,322	8,071,310	4,165,199	10,663,433
Right of way	1,187,474	-	-	1,187,474
Total Capital Assets Not Being Depreciated	<u>13,346,178</u>	<u>8,136,311</u>	<u>4,165,199</u>	<u>17,317,290</u>
Capital Assets Being Depreciated				
Equipment	15,889,496	960,588	575,237	16,274,847
Buildings	24,971,191	-	-	24,971,191
Improvements other than buildings	8,790,648	883,885	6,008	9,668,525
Artwork	468,801	30,300	-	499,101
Infrastructure	210,554,248	4,982,013	565,977	214,970,284
Share of undivided equity interest assets	2,729,094	3,959	-	2,733,053
Total Capital Assets Being Depreciated	<u>263,403,478</u>	<u>6,860,745</u>	<u>1,147,222</u>	<u>269,117,001</u>
Less Accumulated Depreciation for				
Equipment	8,028,933	1,577,830	568,728	9,038,035
Buildings	7,643,370	550,543	-	8,193,913
Improvements other than buildings	3,351,973	575,399	6,008	3,921,364
Artwork	256,675	26,079	-	282,754
Infrastructure, as restated	53,886,568	5,451,848	260,834	59,077,582
Share of undivided equity interest assets	1,400,119	228,706	-	1,628,825
Total Accumulated Depreciation	<u>74,567,638</u>	<u>8,410,405</u>	<u>835,570</u>	<u>82,142,473</u>
Total Capital Assets, Net	<u>\$ 202,182,018</u>	<u>\$ 6,586,651</u>	<u>\$ 4,476,851</u>	<u>\$ 204,291,818</u>

Depreciation expense of \$8,410,405 for the year ended June 30, 2018, was charged to the following governmental functions:

	<u>2018</u>
Public Safety	\$ 1,180,937
Public Works	6,063,407
Culture and Recreation	944,952
Community and Economic Development	59,034
General Government	162,075
Total depreciation expense	<u>\$ 8,410,405</u>

Capital asset activity for the Water Utility for the years ended June 30, 2018 is as follows:

	June 30, 2017 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	June 30, 2018 <u>Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 2,198,900	\$ -	\$ -	\$ 2,198,900
Construction in progress	172,671	103,312	172,671	103,312
Total Capital Assets Not Being Depreciated	<u>2,371,571</u>	<u>103,312</u>	<u>172,671</u>	<u>2,302,212</u>
Capital Assets Being Depreciated				
Equipment	856,934	36,440	39,437	853,937
Buildings	1,181,173	-	-	1,181,173
Distribution system	33,661,982	1,134,177	2,087	34,794,072
Total Capital Assets Being Depreciated	<u>35,700,089</u>	<u>1,170,617</u>	<u>41,524</u>	<u>36,829,182</u>
Less Accumulated Depreciation for				
Equipment	687,744	58,356	39,437	706,663
Buildings	713,894	30,617	-	744,511
Distribution system	11,465,983	704,406	2,087	12,168,302
Total Accumulated Depreciation	<u>12,867,621</u>	<u>793,379</u>	<u>41,524</u>	<u>13,619,476</u>
Total Capital Assets, Net	<u>\$ 25,204,039</u>	<u>\$ 480,550</u>	<u>\$ 172,671</u>	<u>\$ 25,511,918</u>

## Note 5 - Long-Term Obligations

### General Obligation Bonds

Details of general obligation bonds payable at June 30, 2018 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding June 30, 2018
Streets/Bridges/Parks/Trails	10/01/10	2.50 to 3.00	6/22	675000 to 750,000	\$ 8,535,000	\$ 2,750,000
Refunding Bond	10/01/10	2.50	6/20	100,000	2,955,000	200,000
Streets/Bridges/Parks/Trails	09/01/11	2.00 to 3.00	6/26	255,000 to 400,000	8,935,000	2,775,000
Streets/Parks/Trails/Bridges	09/01/12	2.00 to 2.25	6/27	250,000 to 800,000	9,765,000	3,175,000
Streets/Parks/Trails/Bridges	09/01/13	2.25 to 3.25	6/28	100,000 to 490,000	8,090,000	2,915,000
Streets	09/01/13	2.00	6/21	445,000 to 465,000	3,540,000	1,370,000
Streets/Parks/Fire/Storm Sewer	10/01/14	2.0 to 3.0	6/29	300,000 to 340,000	5,610,000	3,690,000
Streets	10/01/14	2.00	6/21	610,000 to 645,000	4,265,000	1,900,000
Refunding Bond	09/01/14	2.00 to 2.25	6/24	145,000 to 165,000	3,950,000	935,000
Refunding Bond	10/29/15	3.00	6.18	1,680,000	4,230,000	-
Streets/Parks/Library/Storm Sewer	09/17/15	2.00 to 2.75	6/30	625,000 to 650,000	10,000,000	7,775,000
Streets/Parks/Trails/Fire/Police	05/17/16	2.00 to 2.75	6/31	120,000 to 155,000	2,990,000	1,980,000
Streets/Bridge	05/17/16	2.00 to 3.00	6/26	1,160,000 to 1,415,000	12,670,000	10,510,000
Streets/Trail/Parks/Fire/Software	04/11/17	2.00 to 5.00	6/32	200,000 to 1,700,000	9,580,000	7,305,000
Streets/Bridge	04/11/17	2.00 to 5.00	6/27	410,000 to 955,000	7,985,000	7,575,000
Fire/Streets/Bridge/Sidewalks	04/10/18	2.50 to 5.00	6/33	610,000 to 2,445,000	12,220,000	12,220,000
Streets/Interchange/Pub Works	04/10/18	3.00 to 5.00	6/28	500,000 to 755,000	6,355,000	6,355,000
					<u>\$ 121,675,000</u>	<u>\$73,430,000</u>

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2018 are as follows:

Years Ending <u>June 30,</u>	General Obligation Bonds	
	Principal	Interest
2019	\$ 10,100,000	\$ 2,218,247
2020	8,320,000	1,831,936
2021	8,165,000	1,558,536
2022	6,880,000	1,284,956
2023	6,270,000	1,077,431
2024-2028	26,500,000	2,951,344
2029-2033	7,195,000	524,875
	\$ 73,430,000	\$ 11,447,325

### 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, 2018 the restricted cash on the balance sheet includes \$20,612 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, 2018 are as follows:

Years Ending <u>June 30,</u>	Water Revenue Refunding Capital Loan Note	
	Principal	Interest
2019	\$ 214,000	\$ 26,825
2020	218,000	22,567
2021	222,000	18,228
2022	227,000	13,811
2023	231,000	9,293
2024	236,000	4,696
	\$ 1,348,000	\$ 95,420

### 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 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, 2018 the restricted cash on the balance sheet includes \$22,957 in the Sinking Fund.

Principal and interest requirements to maturity for obligations at June 30, 2018 are as follows:

Years Ending <u>June 30,</u>	<u>SRF Capital Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 61,000	\$ 28,920
2020	63,000	27,090
2021	65,000	25,200
2022	67,000	23,250
2023	69,000	21,240
2024-2028	380,000	73,770
2029-2031	259,000	15,690
	<u>\$ 964,000</u>	<u>\$ 215,160</u>

**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, 2018 the restricted cash balance sheet includes \$14,960 in the Sinking Fund and \$170,785 in the Reserve Fund.

Principal and interest requirements to maturity for obligations at June 30, 2018 are as follows:

Years Ending <u>June 30,</u>	<u>Water Revenue Capital Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 100,000	\$ 68,928
2020	105,000	65,338
2021	105,000	61,569
2022	110,000	57,799
2023	115,000	53,850
2024-2028	635,000	204,271
2029-2033	750,000	82,570
	<u>\$ 1,920,000</u>	<u>\$ 594,325</u>

Changes in long-term obligation for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within 1 Year
<b>Primary Government</b>					
Bonds payable					
General obligation bonds	\$ 67,425,000	\$ 18,575,000	\$ 12,570,000	\$ 73,430,000	\$ 10,100,000
Premium on bonds	994,625	737,872	85,002	1,647,495	-
Total bonds payable	<u>68,419,625</u>	<u>19,312,872</u>	<u>12,655,002</u>	<u>75,077,495</u>	<u>10,100,000</u>
Compensated absences	1,058,453	95,088	40,580	1,112,961	893,160
	<u>\$ 69,478,078</u>	<u>\$ 19,407,960</u>	<u>\$ 12,695,582</u>	<u>\$ 76,190,456</u>	<u>\$ 10,993,160</u>
<b>Business-Type Activities</b>					
Compensated absences	<u>\$ 11,079</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 10,899</u>	<u>\$ 10,899</u>
<b>Component Unit</b>					
Water revenue bonds	\$ 1,557,000	\$ -	\$ 209,000	\$ 1,348,000	\$ 214,000
Capital loan note	3,038,000	-	154,000	2,884,000	161,000
Compensated absences	272,074	20,022	-	292,096	95,858
	<u>\$ 4,867,074</u>	<u>\$ 20,022</u>	<u>\$ 363,000</u>	<u>\$ 4,524,096</u>	<u>\$ 470,858</u>

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

2016 Actual Value of Property (Unaudited)	<u>\$ 4,625,774,199</u>
Debt Limit - 5% of Assessed Valuation	\$ 231,288,710
Amount of Debt Applicable to Debt Limit	
General obligation bonds	(73,430,000)
Legal debt margin	<u>\$ 157,858,710</u>

## Note 6 - Retirement Plans

The primary government participates in two public pension systems, Iowa Public Employees' Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The component unit Water Utility participates in IPERS only. The following sections outline the pension related disclosures for each pension of both entities. The aggregate amount of recognized pension expense for the period associated with the net pension liability for all plans is \$3,222,747 for the primary government and \$116,365 for the Water Utility. Other aggregate amounts related to pension are separately displayed in the financial statements.

### 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 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).

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 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 2018, 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, 2018 were \$818,824. The Water Utility’s total contributions to IPERS for the year ended June 30, 2018 were \$116,645.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60 percent per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum based on 2.60 percent Inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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.

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	27.0%	2.25%
Domestic Equity	24.0%	6.25%
International Equity	16.0%	6.71%
Private Equity/Debt	11.0%	11.15%
Private Real Estate	7.5%	4.18%
Private Credit	3.0%	4.25%
Public Credit	3.5%	3.46%
Public Real Assets	7.0%	3.27%
Cash	1.0%	-0.31%
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0%. 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, 2018, the City reported a liability of \$7,605,638 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2017, 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, 2017, the City’s collective proportion was 0.1141771% which was an increase of 0.001103% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$1,212,645. At June 30, 2018, 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	\$ 70,270	\$ 67,921
Changes in Assumptions	1,342,655	24
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	80,121
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	357,058	-
City Contributions Subsequent to the Measurement Date	818,824	-
Total	\$ 2,588,807	\$ 148,066

The \$818,824 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2019	\$ 336,151
2020	695,191
2021	426,013
2022	70,293
2023	94,269
	\$ 1,621,917

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's Proportionate Share of the Net Pension Liability	\$ 12,624,077	\$ 7,605,638	\$ 3,389,284

Payable to the Pension Plan – At June 30, 2018, 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, 2018, the Water Utility reported a liability of \$1,125,122 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2017, 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, 2017, the Water Utility’s collective proportion was 0.0168905% which was a decrease of 0.000149% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Water Utility recognized pension expense of \$137,454. At June 30, 2018, the Water Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 10,330	\$ 9,748
Changes of Assumptions	195,494	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	11,751
Changes in Proportion and Differences Between Utility Contributions and Proportionate Share of Contributions	8,571	33,111
Utility Contributions Subsequent to the Measurement Date	116,645	-
Total	\$ 331,040	\$ 54,610

The \$116,645 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, 2019.

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

Year Ended June 30,	Total
2019	\$ 9,967
2020	80,264
2021	51,503
2022	5,189
2023	12,862
	\$ 159,785

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Utility's Proportionate Share of the Net Pension Liability:	\$ 1,853,750	\$ 1,125,122	\$ 512,935

Payable to the Pension Plan – At June 30, 2018, the Utility reported payables to the defined benefit pension plan of \$8,855 for legally required employer contributions and \$5,899 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**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 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% of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2% 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% 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 benefits may be either accidental or 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 annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

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, 2018.

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 25.68% for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$1,488,814.

If approved by the state legislature, state appropriations 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 nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

Actuarial Assumptions - The total pension liability in the June 30, 2017, 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 15.11%, including inflation.
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), 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., 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8
International Large Cap	7.3
Emerging Markets	9.0
Emerging Market Debt	6.3
Private Non-Core Real Estate	8.0
Master Limited Partnerships	9.0
Private Equity	9.0
CorePlus Fixed Income	3.3
Private Core Real Estate	6.0
Tactical Asset Allocation	6.4

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, 2018, the City reported a liability of \$11,894,002 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2017, 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, 2017, the City’s collective proportion was 2.028049% which was an increase of .091434% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expenses of \$2,010,102. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 456,434	\$ 7,237
Changes of Assumptions	1,010,734	135,092
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	487,343	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	729,791	-
City Contributions Subsequent to the Measurement Date	1,523,891	-
Total	\$ 4,208,193	\$ 142,329

The \$1,523,891 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, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2019	\$ 489,437
2020	1,297,183
2021	732,252
2022	(88,581)
2023	111,682
	\$ 2,541,973

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.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate Share of the Net Pension Liability:	\$ 19,547,076	\$ 11,894,002	\$ 5,528,599

Payables to the Pension Plan – At June 30, 2018, 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.

**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 \$52,702 the year ended June 30, 2018. The Water Utility’s employees made contributions to the plan of \$87,836 for the year ended June 30, 2018.

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

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions* during the year ended June 30, 2018. 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. 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.

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>216</u>
Total	<u><u>222</u></u>

OPEB Benefits - 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. The City also offers qualified retirees one month of single health insurance coverage, free of charge, for each full year of continuous employment with the City, thus resulting in an explicit subsidy and additional OPEB liability.

Total OPEB Liability – The City’s total OPEB liability of \$1,858,405 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00 percent per annum
Rates of salary increase (effective June 30, 2018)	0.00 percent per annum (OPEB is directly determined by service years, not salary)
Discount Rate (effective June 30, 2018)	3.72 percent, compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	6.00 percent per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax –exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the RP-2014 Mortality Table for Males and Females, as appropriate.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes to the Total OPEB Liability

Total OPEB liability beginning of year, as restated	<u>\$ 1,634,951</u>
Changes for the year:	
Service cost	140,336
Interest	65,090
Differences between expected and actual experiences	62,354
Changes in assumptions	-
Benefit payments	<u>(44,325)</u>
Net changes	223,455
Total OPEB liability end of year	<u><u>\$ 1,858,406</u></u>

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	<u>1% Decrease (2.72%)</u>	<u>Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB Liability	\$ 1,709,933	\$ 1,858,406	\$ 2,054,400

Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 1,966,521	\$ 1,858,406	\$ 1,780,266

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$208,834. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 58,945
Changes in assumptions	-
Total	\$ 58,945

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ 3,409
2020	3,409
2021	3,409
2022	3,409
2023	3,409
Thereafter	41,900
	\$ 58,945

**Note 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.

## **Note 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.

### **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 more than 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, 2018 were \$113,923.

### **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 775 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.

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, 2018 were \$274,800. 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 \$500,000 per claim. Claims exceeding \$500,000 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, 2018, no liability has been recorded in the City's financial statements. As of June 30, 2018, 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.

## **Note 10 - Commitments**

### **Joint Operation**

In August of 2000, the City entered into a joint operation of a centralized emergency dispatch center (Westcom) with two other Des Moines suburbs. Westcom was established as an undivided interest ownership arrangement, whereby titles to assets in Westcom are held individually by the City and the other two Des Moines suburbs. The City's share of equity interest in the assets, as shown on the financial statements, represents a proportionate share of the assets owned by the Westcom entity, which are comprised of dispatch related equipment, technology, software and the dispatch building. Since inception, the Westcom operations have expanded the 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 \$836,230 and has an undivided interest in assets of the operation, net of depreciation, totaling \$1,104,228 as of June 30, 2018. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

**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, 2018, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$5,067,796.

**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, 2018.

**Loan Guarantees**

The City is providing loan guarantees for the J-Hawk Soccer Club, and the Urbandale Little League, which approximated \$95,000 at June 30, 2018.

**Development Agreement Commitments**

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to several different projects. Rebates are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$6.15 million exist, of which \$140,000 is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes received on the project.

**Construction and Purchase Commitments**

At June 30, 2018, the following construction and purchase commitments had been made:

Project	2018	
	Total Contracts	Amount Remaining on Contracts
Capital Projects Fund	\$ 33,930,647	\$ 11,114,902
General Fund	110,695	8,120
Road Use Tax Fund	88,725	88,725
Total	\$ 34,130,067	\$ 11,211,747

**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.

**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, 2018 to contribute to Water Works \$7,629,916. Future minimum payments in conjunction with these commitments are:

Years Ending June 30,	Saylorville Treatment Plant
2019	\$ 1,078,378
2020	1,082,977
2021	1,087,067
2022	1,091,121
2023	1,092,131
2024-2026	2,198,242
	\$ 7,629,916

**Note 11 - Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities			Business Type Activites
	All Funds (Except Building Maintenance)	Internal Service: Building Maintenance	Total	Storm Water Utility
	Net Position June 30, 2017, as Previously Reported	\$ 172,719,019	\$ 1,013,767	\$ 173,732,786
Net OPEB Obligation measured under previous standards	1,449,331	-	1,449,331	-
Total OPEB liability at June 30, 2017	(1,565,793)	(28,121)	(1,593,914)	(41,037)
Net Position July 1, 2017, as restated	\$ 172,602,557	\$ 985,646	\$ 173,588,203	\$ 2,177,420

In addition, the Water Utility beginning net position was restated for GASB Statement No. 75. The restatement decreased net position by \$64,236 to \$24,145,135.

**Note 12 - Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2018:

Transfer to General Fund from	
Tax increment financing fund	\$ 21,022
Nonmajor governmental funds	<u>686,700</u>
Total transfers to General Fund	<u>707,722</u>
Transfer to Capital Projects Fund from	
Road use fund	1,233,000
Storm water utility fund	695,000
Nonmajor governmental funds	<u>110,000</u>
Total transfers to Capital Projects Fund	<u>2,038,000</u>
Transfer to Debt Service Fund from	
General fund	274,913
Tax increment financing fund	<u>7,475,908</u>
Total transfer to debt service fund	<u>7,750,821</u>
Transfer to Nonmajor Governmental Funds from	
General fund	<u>10,000</u>
	<u>\$ 10,506,543</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.

**Note 13 - Tax Abatements**

The City adopted the Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements.

The pronouncement defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefit the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as a part of these agreements.

For the year ended June 30, 2018, the City abated \$412,880 of property tax under the urban renewal and economic development projects. Property tax revenues of the City were reduced by \$0 for the year ended June 30, 2018 under agreements entered into by other entities.



Financial Section  
Required Supplementary Financial Schedules  
June 30, 2018  
**City of Urbandale, Iowa**



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, 2018

	Governmental	Enterprise	Total	Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual		Original	Final	Variance
<b>Receipts:</b>						
Property tax	\$ 27,356,918	\$ -	\$ 27,356,918	\$ 27,320,121	\$ 27,320,121	\$ 36,797
Tax increment financing	7,215,456	-	7,215,456	7,221,475	7,221,475	(6,019)
Other city tax	2,918,036	-	2,918,036	2,884,125	2,884,125	33,911
Licenses and permits	1,247,073	-	1,247,073	1,065,000	1,154,000	93,073
Use of money and property	462,035	23,714	485,749	81,000	81,000	404,749
Intergovernmental	7,523,913	-	7,523,913	8,255,579	8,279,579	(755,666)
Charges for services	4,670,915	2,225,476	6,896,391	6,612,352	6,668,352	228,039
Special assessments	1,961,645	-	1,961,645	1,925,000	1,925,000	36,645
Miscellaneous	1,135,845	-	1,135,845	545,500	600,200	535,645
<b>Total receipts</b>	<b>54,491,836</b>	<b>2,249,190</b>	<b>56,741,026</b>	<b>55,910,152</b>	<b>56,133,852</b>	<b>607,174</b>
<b>Disbursements:</b>						
Public safety	12,969,259	-	12,969,259	13,049,438	13,229,938	260,679
Public works	7,661,697	-	7,661,697	8,096,857	8,096,857	435,160
Culture and recreation	7,864,083	-	7,864,083	8,076,054	8,187,054	322,971
Community and economic development	2,362,624	-	2,362,624	2,906,061	2,913,261	550,637
General government	3,859,467	-	3,859,467	3,589,922	3,915,009	55,542
Debt Service	14,389,906	-	14,389,906	11,418,936	14,568,936	179,030
Capital projects	15,057,443	-	15,057,443	21,319,000	21,319,000	6,261,557
<b>Total disbursements</b>	<b>64,164,479</b>	<b>-</b>	<b>64,164,479</b>	<b>68,456,268</b>	<b>72,230,055</b>	<b>8,065,576</b>
Business-type activities	-	463,359	463,359	516,545	516,545	53,186
<b>Total all disbursements</b>	<b>64,164,479</b>	<b>463,359</b>	<b>64,627,838</b>	<b>68,972,813</b>	<b>72,746,600</b>	<b>8,118,762</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(9,672,643)	1,785,831	(7,886,812)	(13,062,661)	(16,612,748)	(8,725,936)
Other financing sources, net	20,007,872	(695,000)	19,312,872	23,617,100	23,417,187	4,104,315
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	10,335,229	1,090,831	11,426,060	10,554,439	6,804,439	(4,621,621)
Fund Balances at Beginning of Year	48,043,362	2,344,220	50,387,582	44,256,258	44,256,258	(6,131,324)
Fund Balances at End of Year	\$ 58,378,591	\$ 3,435,051	\$ 61,813,642	\$ 54,810,697	\$ 51,060,697	\$ (10,752,945)

	Governmental Funds			Enterprise Fund		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Full Accrual Basis
Revenues	\$ 54,491,836	\$ (1,063,455)	\$ 53,428,381	\$ 2,249,190	\$ 7,026	\$ 2,256,216
Expenditures/Expenses	64,164,479	(1,495,036)	62,669,443	463,359	13,819	477,178
Net	(9,672,643)	431,581	(9,241,062)	1,785,831	(6,793)	1,779,038
Other Financing Sources, Net	20,007,872	35,343	20,043,215	(695,000)	-	(695,000)
Beginning Fund Balances/Net Position	48,043,362	(1,074,959)	46,968,403	2,344,220	(166,800)	2,177,420
Ending Fund Balances/Net Position	\$ 58,378,591	(608,035)	\$ 57,770,556	\$ 3,435,051	(173,593)	\$ 3,261,458

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, 2018 was amended during the year to allow the City to increase disbursements by \$7,123,700 and increased receipts by \$3,373,700, including net other financing sources. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Water Utility were \$17,445,151 compared to a legal budget of \$22,967,550 for the ended June 30, 2018.

City of Urbandale, Iowa  
Schedule of Changes in the City of Urbandale's Total OPEB Liability and Related Ratios  
As of June 30, 2018  
Required Supplementary Information

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	2018
Service cost	\$ 140,336
Interest cost	65,090
Differences between expected and actual experiences	62,354
Changes in assumptions	-
Benefit payments	(44,325)
Net change in total OPEB liability	223,455
Total OPEB liability beginning of year, as restated	1,634,951
Total OPEB liability end of year	\$ 1,858,406

**Notes to Schedule of Changes in the City of Urbandale's Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

There were no significant changes in assumptions.

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, 2018  
Required Supplementary Information

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's Proportion of the Net Pension Liability (Asset)	0.1071528%	0.1077769%	0.1130740%	0.1141771%
City's Proportion of the Net Pension Liability (Asset)	\$ 4,249,584	\$ 5,324,699	\$ 7,116,101	\$ 7,605,638
City's Covered Payroll	\$ 7,459,941	\$ 7,651,554	\$ 8,312,473	\$ 8,680,732
City's Proportionate Share of the Net Pension Liability as Percentage of its Covered Payroll	56.97%	69.59%	85.61%	87.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.61%	85.19%	81.82%	82.21%

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily Required Contribution	\$ 387,469	\$ 424,496	\$ 459,705	\$ 566,352	\$ 595,703	\$ 670,248	\$ 686,035	\$ 743,668	\$ 776,981	\$ 818,824
Contributions in Relation to the Statutorily Required Contribution	<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>	<u>776,981</u>	<u>818,824</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 Payroll	\$ 6,011,629	\$ 6,286,066	\$ 6,499,677	\$ 6,946,515	\$ 6,805,250	\$ 7,459,941	\$ 7,651,554	\$ 8,312,473	\$ 8,680,732	\$ 9,148,116
Contributions as a Percentage of Covered Payroll	6.45%	6.75%	7.07%	8.15%	8.75%	8.98%	8.97%	8.95%	8.95%	8.95%

Changes of benefit terms

Legislation enacted 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.

Changes of assumptions

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member account from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

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>	<u>2017</u>	<u>2018</u>
City's Proportion of the Net Pension Liability (Asset)	1.809265%	1.892653%	1.936615%	2.028049%
City's Proportion of the Net Pension Liability (Asset)	\$ 6,558,490	\$ 8,891,955	\$ 12,108,897	\$ 11,894,002
City's Covered Payroll	\$ 4,620,089	\$ 4,955,565	\$ 5,240,225	\$ 5,663,067
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	142.0%	179.4%	231.1%	210.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.	86.27%	83.04%	78.20%	80.60%

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily Required Contribution	\$ 661,660	\$ 602,396	\$ 792,776	\$ 1,130,266	\$ 1,145,706	\$ 1,391,627	\$ 1,506,988	\$ 1,455,011	\$ 1,467,867	\$ 1,523,891
Contributions in Relation to the Statutorily Required Contribution	<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>	<u>1,467,867</u>	<u>1,523,891</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 Payroll	\$ 3,336,115	\$ 3,543,504	\$ 3,985,258	\$ 4,513,434	\$ 4,386,317	\$ 4,620,089	\$ 4,955,565	\$ 5,240,225	\$ 5,663,067	\$ 5,934,150
Contributions as a Percentage of Covered Payroll	19.83%	17.00%	19.89%	25.04%	26.12%	30.12%	30.41%	27.77%	25.92%	25.68%

Notes to Required Supplementary Information - Pension Liability:

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

Changes of assumptions: Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

Other Supplementary Information  
June 30, 2018

**City of Urbandale**



## 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.

**Miracle League Complex Donations** – to account for donated monies held for the further development of the Miracle League field and playground area at Northpark.

**Library Donations** – to account for donated monies held for specific library projects.

**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 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. This program has now ended and the funds were released from restriction and moved to General fund.

**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  
Schedule 1 – Combining Balance Sheet Information  
Nonmajor Governmental Funds  
June 30, 2018

	Hotel Motel	Police and Fire Retirement	Economic Development Revolving Loan	Miracle League Complex	Library Donations	Dunlap Arboretum	Fire Donation	Fire Training Tower	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Senior Center Activities	Total
<b>Assets</b>															
Cash and Pooled Cash Investments	\$ 215,843	\$ 163,100	\$ 308,750	\$ 2,502	\$ 182,173	\$ 24,911	\$ 13,396	\$ 16,839	\$ 29,536	\$ 454	\$ 23,090	\$ 14,516	\$ 148,003	\$ 24,451	\$ 1,167,564
Taxes Receivable															
Current	565,476	5,646	-	-	-	-	-	-	-	-	-	-	-	-	571,122
Succeeding year	-	1,692,785	-	-	-	-	-	-	-	-	-	-	-	-	1,692,785
Loans Receivable	-	-	103,600	-	-	-	-	-	-	-	-	-	-	-	103,600
Accounts Receivable	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10	10,010
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250
Total assets	<u>\$ 781,319</u>	<u>\$ 1,861,531</u>	<u>\$ 412,350</u>	<u>\$ 12,502</u>	<u>\$ 182,173</u>	<u>\$ 24,911</u>	<u>\$ 13,396</u>	<u>\$ 16,839</u>	<u>\$ 29,536</u>	<u>\$ 454</u>	<u>\$ 23,340</u>	<u>\$ 14,516</u>	<u>\$ 148,003</u>	<u>\$ 24,461</u>	<u>\$ 3,545,331</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>															
<b>Liabilities</b>															
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,696	\$ 2,033	\$ 11	\$ -	\$ -	\$ -	\$ 7,527	\$ -	\$ 19,157	\$ 671	\$ 32,095
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,696</u>	<u>2,033</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,527</u>	<u>-</u>	<u>19,157</u>	<u>671</u>	<u>32,095</u>
<b>Deferred Inflows of Resources</b>															
Succeeding year property taxes	-	1,692,785	-	-	-	-	-	-	-	-	-	-	-	-	1,692,785
Unavailable revenue - other	565,476	-	-	-	-	-	-	-	-	-	-	-	-	-	565,476
Total deferred inflows of resources	<u>565,476</u>	<u>1,692,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,258,261</u>
<b>Fund Balances</b>															
Restricted	215,843	168,746	-	12,502	179,477	22,878	13,385	16,839	29,536	454	15,813	14,516	128,846	23,790	842,625
Committed	-	-	412,350	-	-	-	-	-	-	-	-	-	-	-	412,350
Total fund balances	<u>215,843</u>	<u>168,746</u>	<u>412,350</u>	<u>12,502</u>	<u>179,477</u>	<u>22,878</u>	<u>13,385</u>	<u>16,839</u>	<u>29,536</u>	<u>454</u>	<u>15,813</u>	<u>14,516</u>	<u>128,846</u>	<u>23,790</u>	<u>1,254,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 781,319</u>	<u>\$ 1,861,531</u>	<u>\$ 412,350</u>	<u>\$ 12,502</u>	<u>\$ 182,173</u>	<u>\$ 24,911</u>	<u>\$ 13,396</u>	<u>\$ 16,839</u>	<u>\$ 29,536</u>	<u>\$ 454</u>	<u>\$ 23,340</u>	<u>\$ 14,516</u>	<u>\$ 148,003</u>	<u>\$ 24,461</u>	<u>\$ 3,545,331</u>

City of Urbandale, Iowa  
Schedule 2 – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2018

	Hotel Motel	Police and Fire Retirement	Economic Development Revolving Loan	Miracle League Complex	Library Donations	Dunlap Arboretum	Fire Donation	Fire Training Tower	Evidence & Forfeited Property	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Senior Center Activities	Total
<b>Revenues</b>															
Taxes	\$1,922,761	\$ 1,591,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,514,699
Use of Money and Property	-	4,425	2,426	2	1,274	212	107	140	135	4	180	120	1,268	224	10,517
Intergovernmental	-	56,007	-	-	-	-	-	-	-	-	-	1,800	5,000	-	62,807
Charges for Services	-	-	-	-	-	-	-	4,750	-	-	-	-	-	17,476	22,226
Miscellaneous	-	-	-	12,500	117,733	18,755	5,537	-	3,763	-	30,970	-	51,352	-	240,610
Total revenues	<u>1,922,761</u>	<u>1,652,370</u>	<u>2,426</u>	<u>12,502</u>	<u>119,007</u>	<u>18,967</u>	<u>5,644</u>	<u>4,890</u>	<u>3,898</u>	<u>4</u>	<u>31,150</u>	<u>1,920</u>	<u>57,620</u>	<u>17,700</u>	<u>3,850,859</u>
<b>Expenditures</b>															
<b>Current Operating Expenditures</b>															
Public safety	-	1,562,800	-	-	-	-	2,701	3,209	-	-	25,699	105	-	-	1,594,514
Culture and recreation	1,146,696	-	-	-	15,298	32,822	-	-	-	-	-	-	74,715	8,265	1,277,796
Total expenditures	<u>1,146,696</u>	<u>1,562,800</u>	<u>-</u>	<u>-</u>	<u>15,298</u>	<u>32,822</u>	<u>2,701</u>	<u>3,209</u>	<u>-</u>	<u>-</u>	<u>25,699</u>	<u>105</u>	<u>74,715</u>	<u>8,265</u>	<u>2,872,310</u>
<b>Excess (Deficiency) of Revenues</b>															
Over (Under) Expenditures	<u>776,065</u>	<u>89,570</u>	<u>2,426</u>	<u>12,502</u>	<u>103,709</u>	<u>(13,855)</u>	<u>2,943</u>	<u>1,681</u>	<u>3,898</u>	<u>4</u>	<u>5,451</u>	<u>1,815</u>	<u>(17,095)</u>	<u>9,435</u>	<u>978,549</u>
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000
Transfers Out	(796,700)	-	-	-	-	-	-	-	-	-	-	-	-	-	(796,700)
Total transfers	<u>(796,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(786,700)</u>
Net Changes in Fund Balances	(20,635)	89,570	2,426	12,502	103,709	(13,855)	2,943	1,681	3,898	4	5,451	1,815	(7,095)	9,435	191,849
Fund Balances - Beginning	236,478	79,176	409,924	-	75,768	36,733	10,442	15,158	25,638	450	10,362	12,701	135,941	14,355	1,063,126
Fund Balances - Ending	<u>\$ 215,843</u>	<u>\$ 168,746</u>	<u>\$412,350</u>	<u>\$ 12,502</u>	<u>\$179,477</u>	<u>\$ 22,878</u>	<u>\$ 13,385</u>	<u>\$ 16,839</u>	<u>\$ 29,536</u>	<u>\$ 454</u>	<u>\$ 15,813</u>	<u>\$ 14,516</u>	<u>\$128,846</u>	<u>\$ 23,790</u>	<u>\$ 1,254,975</u>

City of Urbandale, Iowa  
Schedule 3 – Combining Statement of Net Position – Proprietary Funds – Internal Service Funds  
June 30, 2018

	Risk Management	General Liability	Equipment Replacement	Technology	Building Maintenance	Total Governmental activities - Internal Service Funds
Assets						
Current Assets						
Cash and pooled cash investments	\$ 543,092	\$ 653,244	\$ 4,659,950	\$ 158,104	\$ 764,869	\$ 6,779,259
Accounts receivable	14,894	314	-	2,198	-	17,406
Total current assets	<u>557,986</u>	<u>653,558</u>	<u>4,659,950</u>	<u>160,302</u>	<u>764,869</u>	<u>6,796,665</u>
Non-current Assets						
Capital assets, net	-	-	3,214,742	-	944,854	4,159,596
Total assets	<u>557,986</u>	<u>653,558</u>	<u>7,874,692</u>	<u>160,302</u>	<u>1,709,723</u>	<u>10,956,261</u>
Deferred Outflows of Resources						
OPEB related deferred outflows	-	-	-	-	1,014	1,014
Pension related deferred outflows	-	-	-	-	46,081	46,081
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,095</u>	<u>47,095</u>
Liabilities						
Current Liabilities						
Accounts payable	423,927	1,427	-	10,429	37,381	473,164
Noncurrent Liabilities						
Net OPEB liability	-	-	-	-	31,965	31,965
Net pension liability	-	-	-	-	135,380	135,380
Total liabilities	<u>423,927</u>	<u>1,427</u>	<u>-</u>	<u>10,429</u>	<u>204,726</u>	<u>640,509</u>
Deferred Inflows of Resources						
Pension related deferred inflows	-	-	-	-	2,635	2,635
Net Position						
Invested in capital assets	-	-	3,214,742	-	944,854	4,159,596
Unrestricted	134,059	652,131	4,659,950	149,873	604,603	6,200,616
Total net position	<u>\$ 134,059</u>	<u>\$ 652,131</u>	<u>\$ 7,874,692</u>	<u>\$ 149,873</u>	<u>\$ 1,549,457</u>	<u>\$ 10,360,212</u>

Schedule 4 – Combining Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – Internal Service Funds  
Year Ended June 30, 2018

	Risk Management	General Liability	Equipment Replacement	Technology	Building Maintenance	Total Governmental activities - Internal Service Funds
<b>Operating Revenues</b>						
Charges for services	\$ 3,675,001	\$ 640,000	\$ 1,127,287	\$ -	\$ 1,158,041	\$ 6,600,329
Other	1,522,061	40,855	-	26,940	-	1,589,856
Total operating revenues	<u>5,197,062</u>	<u>680,855</u>	<u>1,127,287</u>	<u>26,940</u>	<u>1,158,041</u>	<u>8,190,185</u>
<b>Operating Expenses</b>						
Insurance premiums and claims	5,094,512	622,540	-	-	-	5,717,052
Building maintenance	-	-	-	-	547,490	547,490
Data processing	-	-	-	12,429	-	12,429
Depreciation	-	-	889,192	-	56,312	945,504
Administration	10,160	11,555	-	-	-	21,715
Total operating expenses	<u>5,104,672</u>	<u>634,095</u>	<u>889,192</u>	<u>12,429</u>	<u>603,802</u>	<u>7,244,190</u>
Operating income (loss)	<u>92,390</u>	<u>46,760</u>	<u>238,095</u>	<u>14,511</u>	<u>554,239</u>	<u>945,995</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	8,596	6,801	42,869	1,324	9,572	69,162
Gain (loss) on disposals of equipment	-	-	33,616	-	-	33,616
Total nonoperating revenues (expenses)	<u>8,596</u>	<u>6,801</u>	<u>76,485</u>	<u>1,324</u>	<u>9,572</u>	<u>102,778</u>
Change in net position	100,986	53,561	314,580	15,835	563,811	1,048,773
Net Position at Beginning of Year, as restated	33,073	598,570	7,560,112	134,038	985,646	9,311,439
Net Position at End of Year	<u>\$ 134,059</u>	<u>\$ 652,131</u>	<u>\$ 7,874,692</u>	<u>\$ 149,873</u>	<u>\$ 1,549,457</u>	<u>\$ 10,360,212</u>

City of Urbandale, Iowa  
Schedule 5 – Combining Statement of Cash Flows – Proprietary Funds – Internal Service Funds  
Year Ended June 30, 2018

	Risk Management	General Liability	Equipment Replacement	Technology	Building Maintenance	Total Governmental activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 5,676,357	\$ 680,541	\$ 1,127,287	\$ 27,178	\$ 1,158,041	\$ 8,669,404
Payments to employees	-	-	-	-	(212,122)	(212,122)
Payments to suppliers	(5,327,292)	(635,322)	-	(2,000)	(337,128)	(6,301,742)
Net cash (used in) provided by operating activities	<u>349,065</u>	<u>45,219</u>	<u>1,127,287</u>	<u>25,178</u>	<u>608,791</u>	<u>2,155,540</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Purchase of capital assets	-	-	(787,558)	-	(289,180)	(1,076,738)
Proceeds from disposal of capital assets	-	-	33,616	-	-	33,616
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(753,942)</u>	<u>-</u>	<u>(289,180)</u>	<u>(1,043,122)</u>
<b>Cash Flows from Investing Activities</b>						
Interest on investments	<u>8,596</u>	<u>6,801</u>	<u>42,869</u>	<u>1,324</u>	<u>9,572</u>	<u>69,162</u>
Net (decrease) increase in cash and cash equivalents	357,661	52,020	416,214	26,502	329,183	1,181,580
Cash and Cash Equivalents at Beginning of Year	<u>185,431</u>	<u>601,224</u>	<u>4,243,736</u>	<u>131,602</u>	<u>435,686</u>	<u>5,597,679</u>
Cash and Cash Equivalents at End of Year	<u>\$ 543,092</u>	<u>\$ 653,244</u>	<u>\$ 4,659,950</u>	<u>\$ 158,104</u>	<u>\$ 764,869</u>	<u>\$ 6,779,259</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash (used in) provided by Operating Activities</b>						
Operating (loss) income	\$ 92,390	\$ 46,760	\$ 238,095	\$ 14,511	\$ 554,239	\$ 945,995
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities						
Depreciation	-	-	889,192	-	56,312	945,504
Change in deferred inflows	-	-	-	-	1,075	1,075
Change in deferred outflows	-	-	-	-	(4,262)	(4,262)
Change in due from customers and users	479,295	(314)	-	238	-	479,219
Change in net pension liability	-	-	-	-	13,981	13,981
Change in accounts payable and accrued liabilities	(222,620)	(1,227)	-	10,429	(12,554)	(225,972)
Net cash (used in) provided by operating activities	<u>\$ 349,065</u>	<u>\$ 45,219</u>	<u>\$ 1,127,287</u>	<u>\$ 25,178</u>	<u>\$ 608,791</u>	<u>\$ 2,155,540</u>

City of Urbandale, Iowa  
Schedule 6 – Combining Statement of Fiduciary Net Position  
June 30, 2018

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	Agency Funds		
Assets	Collections and Deposits	Escrow Fund	Total Agency Funds
Cash and Pooled Cash Investments	\$ 529,293	\$ 615,045	\$ 1,144,338
Total assets	\$ 529,293	\$ 615,045	\$ 1,144,338
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 15,821	\$ -	\$ 15,821
Due to other governments	26,596	-	26,596
Deposits and remittances due	486,876	615,045	1,101,921
Total liabilities	\$ 529,293	\$ 615,045	\$ 1,144,338

City of Urbandale, Iowa  
Schedule 7 – Combining Statement of Changes in Assets and Liabilities – Agency Funds  
Year Ended June 30, 2018

<b><u>Collections and Deposits Fund</u></b>	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
Assets				
Cash and pooled cash investments	\$ 503,441	\$ 791,515	\$ 765,663	\$ 529,293
	<u>\$ 503,441</u>	<u>\$ 791,515</u>	<u>\$ 765,663</u>	<u>\$ 529,293</u>
Liabilities:				
Due to component unit	\$ 21,467	\$ 214,187	\$ 219,833	\$ 15,821
Due to other governments	21,791	308,737	303,932	26,596
Deposits and remittances due	460,183	268,591	241,898	486,876
	<u>\$ 503,441</u>	<u>\$ 791,515</u>	<u>\$ 765,663</u>	<u>\$ 529,293</u>
 <b><u>Escrow Fund</u></b>				
Assets				
Cash and pooled cash investments	\$ 659,354	\$ -	\$ 44,309	\$ 615,045
	<u>\$ 659,354</u>	<u>\$ -</u>	<u>\$ 44,309</u>	<u>\$ 615,045</u>
Liabilities				
Deposits and remittances due	\$ 659,354	\$ -	\$ 44,309	\$ 615,045
	<u>\$ 659,354</u>	<u>\$ -</u>	<u>\$ 44,309</u>	<u>\$ 615,045</u>
 Total Agency Funds Assets	 <u>\$ 1,162,795</u>	 <u>\$ 791,515</u>	 <u>\$ 809,972</u>	 <u>\$ 1,144,338</u>
Total Agency Funds Liabilities	<u>\$ 1,162,795</u>	<u>\$ 791,515</u>	<u>\$ 809,972</u>	<u>\$ 1,144,338</u>

Statistical Section (Unaudited)  
June 30, 2018

**City of Urbandale**



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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$ 7,516,393	\$ 8,357,868	\$ 8,823,407	\$ 9,244,524	\$ 10,495,044	\$ 10,148,920	\$ 10,213,439	\$ 13,060,310	\$ 13,711,161	\$ 14,400,945
Public Works	8,819,908	9,827,801	10,051,485	11,504,121	10,748,591	12,927,731	11,959,081	17,141,268	21,572,809	18,559,959
Health and social services	21,813	550	-	-	-	-	-	-	-	-
Culture and recreation	5,969,809	6,207,147	6,508,690	6,631,394	6,511,719	7,500,581	7,525,248	8,027,471	8,366,654	8,477,600
Community and economic development	1,962,340	2,288,562	3,038,267	3,126,449	3,050,530	2,741,489	2,829,958	2,223,681	2,227,462	2,432,459
General government	2,177,622	2,360,518	2,466,342	2,842,395	2,755,325	3,035,256	3,878,000	3,759,857	3,749,253	4,091,368
Interest on long-term debt	1,859,692	1,687,888	1,703,156	1,623,105	1,572,214	1,539,732	1,359,609	1,355,431	1,569,295	1,768,098
Total governmental activities expenses	<u>\$ 28,327,577</u>	<u>\$ 30,730,334</u>	<u>\$ 32,591,347</u>	<u>\$ 34,971,988</u>	<u>\$ 35,133,423</u>	<u>\$ 37,893,709</u>	<u>\$ 37,765,335</u>	<u>\$ 45,568,018</u>	<u>\$ 51,196,634</u>	<u>\$ 49,730,429</u>
Business-type activities:										
Storm Water Utility	N/A	N/A	451,339	295,295	390,230	312,724	387,436	445,086	436,735	477,178
Total primary government expenses	<u>\$ 28,327,577</u>	<u>\$ 30,730,334</u>	<u>\$ 33,042,686</u>	<u>\$ 35,267,283</u>	<u>\$ 35,523,653</u>	<u>\$ 38,206,433</u>	<u>\$ 38,152,771</u>	<u>\$ 46,013,104</u>	<u>\$ 51,633,369</u>	<u>\$ 50,207,607</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 808,148	\$ 755,056	\$ 854,143	\$ 934,695	\$ 1,058,641	\$ 1,206,724	\$ 1,253,859	\$ 1,143,001	\$ 1,197,530	\$ 1,067,671
Public works	2,014,238	2,610,131	2,724,097	2,569,959	2,327,015	2,843,648	2,831,893	3,098,436	3,472,677	3,410,773
Culture and recreation	683,512	757,723	750,178	832,949	634,281	624,342	640,601	665,413	769,155	797,805
Community and economic development	492,701	780,839	495,454	705,479	819,023	892,908	967,109	773,572	702,716	949,584
Operating grants and contributions	3,766,839	3,732,397	4,406,337	4,565,604	4,581,952	4,552,475	4,652,132	5,332,419	5,835,645	5,784,009
Capital grants and contributions	1,928,279	3,401,631	2,402,438	3,767,023	5,134,833	4,125,329	6,025,728	6,370,070	13,288,301	4,092,824
Total governmental activities program revenues	<u>9,693,717</u>	<u>12,037,777</u>	<u>11,632,647</u>	<u>13,375,709</u>	<u>14,555,745</u>	<u>14,245,426</u>	<u>16,371,322</u>	<u>17,382,911</u>	<u>25,266,024</u>	<u>16,102,666</u>
Business-type activities:										
Storm Water Utility:										
Charges for services	N/A	N/A	501,127	597,750	698,093	707,086	716,496	1,472,836	2,236,760	2,232,502
Operating grants and contributions	N/A	N/A	27,495	-	-	-	-	-	-	-
Total business-type activities revenues	<u>N/A</u>	<u>N/A</u>	<u>528,622</u>	<u>597,750</u>	<u>698,093</u>	<u>707,086</u>	<u>716,496</u>	<u>1,472,836</u>	<u>2,236,760</u>	<u>2,232,502</u>
Total primary government revenues	<u>9,693,717</u>	<u>12,037,777</u>	<u>12,161,269</u>	<u>13,973,459</u>	<u>15,253,838</u>	<u>14,952,512</u>	<u>17,087,818</u>	<u>18,855,747</u>	<u>27,502,784</u>	<u>18,335,168</u>
Net primary government (expense)/revenue	<u>(18,633,860)</u>	<u>(18,692,557)</u>	<u>(20,881,417)</u>	<u>(21,293,824)</u>	<u>(20,269,815)</u>	<u>(23,253,921)</u>	<u>(21,064,953)</u>	<u>(27,157,357)</u>	<u>(24,130,585)</u>	<u>(31,872,439)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	18,768,124	20,190,515	21,048,199	21,899,812	21,621,787	22,263,631	23,005,604	24,308,599	25,952,518	27,301,017
Tax increment financing district tax	4,400,172	3,369,190	3,912,690	4,502,606	7,009,867	6,563,268	6,473,494	6,414,658	7,083,382	7,215,191
Hotel Motel tax	1,064,797	1,140,672	1,277,102	1,418,700	1,577,149	1,606,923	1,806,508	1,822,440	1,905,262	1,922,107
State property tax replacement funds	-	-	-	-	-	425,787	984,612	976,769	967,568	967,568
Franchise fees	411,915	307,738	311,755	312,006	299,346	298,039	287,041	282,851	273,809	264,239
Utility excise tax	555,947	568,203	539,895	591,200	599,831	590,809	632,362	627,323	642,269	730,395
Investment earnings	772,232	305,456	197,978	129,415	113,401	134,473	131,496	142,201	203,241	654,244
Miscellaneous	359,364	1,025,743	99,506	179,892	228,567	163,893	111,006	158,875	147,592	128,652
Total governmental activities	<u>26,332,551</u>	<u>26,907,517</u>	<u>27,387,125</u>	<u>29,033,631</u>	<u>31,449,948</u>	<u>31,621,036</u>	<u>32,873,298</u>	<u>34,741,559</u>	<u>37,184,842</u>	<u>39,183,413</u>
Change in Net Position	<u>\$ 7,698,691</u>	<u>\$ 8,214,960</u>	<u>\$ 6,505,708</u>	<u>\$ 7,739,807</u>	<u>\$ 11,180,133</u>	<u>\$ 8,367,115</u>	<u>\$ 11,808,345</u>	<u>\$ 7,584,202</u>	<u>\$ 13,054,257</u>	<u>\$ 7,310,974</u>

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>State Property Tax Replacement Funds</b>	<b>Franchise Tax</b>	<b>Utility Excise Tax</b>	<b>Sales Tax</b>	<b>Total</b>
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	23,005,604	6,473,494	1,806,508	425,787	287,041	632,362	-	32,630,796
2016	24,308,599	6,414,658	1,822,440	984,612	282,851	627,323	-	34,440,483
2017	25,952,518	7,083,382	1,905,262	976,769	273,809	642,269	-	36,834,009
2018	27,301,017	7,215,191	1,922,107	967,568	264,239	730,395	-	38,400,517

City of Urbandale, Iowa  
Table III – Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> (as restated)	<u>2017</u> (as restated)	<u>2018</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 90,892,294	\$ 96,574,657	\$ 98,056,010	\$ 105,840,450	\$ 115,175,557	\$ 120,983,068	\$ 133,910,904	\$ 140,066,000	\$ 155,160,879	\$ 159,170,156
Restricted	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214	17,671,962	29,014,284	30,924,056	34,723,554
Unrestricted	17,488,224	20,339,398	21,651,861	22,342,654	19,696,744	19,459,695	5,719,010	(7,071,446)	(12,352,149)	(14,078,571)
Total governmental activities net position	<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>\$ 162,008,838</u>	<u>\$ 173,732,786</u>	<u>\$ 179,815,139</u>
<b>Business-type activities:</b>										
Unrestricted	<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>	<u>\$ 2,177,420</u>	<u>\$ 3,261,458</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 90,892,294	\$ 96,574,657	\$ 98,056,010	\$ 105,840,450	\$ 115,175,557	\$ 120,983,068	\$ 133,910,904	\$ 140,066,000	\$ 155,160,879	\$ 159,170,156
Restricted	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214	17,671,962	29,014,284	30,924,056	34,723,554
Unrestricted	17,488,224	20,339,398	21,651,861	22,722,813	20,385,996	20,169,966	6,175,248	(6,183,298)	(10,174,729)	(10,817,113)
Total governmental activities net position	<u>\$ 118,179,664</u>	<u>\$ 126,394,624</u>	<u>\$ 132,100,910</u>	<u>\$ 139,918,000</u>	<u>\$ 151,098,133</u>	<u>\$ 159,465,248</u>	<u>\$ 157,758,114</u>	<u>\$ 162,896,986</u>	<u>\$ 175,910,206</u>	<u>\$ 183,076,597</u>

City of Urbandale, Iowa  
Table IV – Fund Balance of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ 38,615	\$ 24,286	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved	7,267,746	8,121,932	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ 11,580	\$ 13,877	\$ 13,580	\$ 10,773	\$ 15,526	\$ 15,752	\$ 14,050	\$ 12,814
Unassigned	N/A	N/A	8,840,426	10,481,934	9,090,452	9,504,302	9,660,480	10,272,752	10,476,684	10,126,059
Total general fund	<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>	<u>\$ 10,490,734</u>	<u>\$ 10,138,873</u>
All other governmental funds										
Reserved	\$ 4,207,685	\$ 7,662,953	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	4,693,953	4,001,037	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital projects funds	3,484,939	919,628	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ 431,915	\$ 401,673	\$ 192,155	\$ 268,966	\$ 210,648	\$ 223,584	\$ 223,050	\$ 325,077
Restricted	N/A	N/A	12,918,903	11,158,064	15,450,325	18,043,248	17,461,314	28,790,700	35,836,192	46,764,881
Committed	N/A	N/A	-	-	-	-	254,040	409,285	409,924	412,350
Assigned	N/A	N/A	1,526,187	1,215,951	1,150,672	664,060	45,014	12,451	8,503	129,375
Total all other governmental funds	<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>	<u>\$ 36,477,669</u>	<u>\$ 47,631,683</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 Balance of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 25,258,592	\$ 25,515,528	\$ 27,068,725	\$ 28,659,637	\$ 31,046,110	\$ 31,315,290	\$ 32,569,230	\$ 33,479,126	\$ 35,817,096	\$ 37,433,602
Special assessments	282,796	1,763,620	425,305	1,643,468	167,444	264,089	311,596	879,283	508,857	1,960,823
Licenses and permits	588,471	520,744	590,584	857,111	1,039,129	1,081,782	987,725	982,423	905,226	1,260,628
Use of money and property	579,292	220,898	159,598	101,276	100,595	102,954	100,091	113,206	173,207	561,365
Intergovernmental	4,996,472	4,258,723	6,180,149	4,887,361	6,418,693	4,992,899	6,061,930	7,829,819	9,415,612	6,934,921
Charges for services	3,067,070	3,272,348	3,404,728	3,618,859	3,629,760	4,077,685	4,071,893	4,235,819	4,892,130	4,403,990
Miscellaneous	628,722	1,730,712	1,610,229	1,164,331	1,539,132	1,461,132	1,367,612	1,736,985	2,427,024	873,052
Total revenues	35,401,415	37,282,573	39,439,318	40,932,043	43,940,863	43,295,831	45,470,077	49,256,661	54,139,152	53,428,381
<b>Expenditures:</b>										
Public safety	7,837,383	8,369,034	9,059,928	9,130,755	10,570,625	10,037,003	10,713,963	11,009,936	12,361,920	12,982,185
Public works	6,279,817	6,753,079	6,171,697	5,947,701	6,408,925	6,594,104	6,546,508	6,848,767	7,803,301	7,753,279
Health and social services	21,263	-	-	-	-	-	-	-	-	-
Culture and recreation	5,910,545	6,091,288	6,052,003	6,080,117	6,195,495	6,566,551	6,775,727	7,137,266	7,681,048	7,884,163
Community and economic development	1,041,775	1,540,209	3,038,784	3,107,702	3,007,417	2,735,148	2,840,531	2,185,244	2,117,875	2,334,931
General government	2,129,304	2,225,451	2,400,295	2,431,684	2,267,059	2,715,863	2,684,144	2,867,948	3,233,944	3,837,163
Capital outlay	13,956,833	9,661,236	9,004,108	12,277,796	11,714,865	11,406,564	17,534,609	23,901,998	18,464,048	13,487,816
Debt service										
Principal	6,055,000	6,465,000	6,995,000	7,520,000	9,605,000	8,775,000	8,355,000	7,765,000	9,440,000	12,570,000
Interest	1,830,231	1,643,386	1,672,427	1,612,686	1,558,511	1,489,504	1,366,428	1,321,243	1,581,680	1,819,906
Total expenditures	45,062,151	42,748,683	44,394,242	48,108,441	51,327,897	50,319,737	56,816,910	63,037,402	62,683,816	62,669,443
Excess of revenues over (under) expenditures	(9,660,736)	(5,466,110)	(4,954,924)	(7,176,398)	(7,387,034)	(7,023,906)	(11,346,833)	(13,780,741)	(8,544,664)	(9,241,062)
<b>Other financing sources (uses):</b>										
General obligation bond and loan proceeds	12,225,000	6,570,000	8,535,000	6,610,000	9,765,000	8,960,000	9,875,000	25,660,000	14,334,408	18,610,342
Refunding bond issuance	4,770,000	-	2,955,000	2,325,000	-	2,670,000	3,950,000	4,230,000	3,230,592	-
Current refunding of general obligation debt	(4,725,000)	-	(2,925,000)	(2,330,000)	-	(2,670,000)	(4,045,000)	(5,350,000)	(3,275,000)	-
Premium/discounts on bonds	-	(66,992)	111,238	113,886	247,719	283,071	247,506	720,743	1,023,543	737,873
Transfers in	4,094,561	2,895,290	2,850,448	3,705,148	6,018,702	5,541,657	5,812,715	6,908,448	7,250,954	10,506,543
Transfers out	(4,094,561)	(2,895,290)	(2,850,448)	(3,705,148)	(6,018,702)	(5,166,657)	(5,337,715)	(6,310,948)	(6,775,954)	(9,811,543)
Total other financing sources (uses)	12,270,000	6,503,008	8,676,238	6,718,886	10,012,719	9,618,071	10,502,506	25,858,243	15,788,543	20,043,215
Net change in fund balances	\$ 2,609,264	\$ 1,036,898	\$ 3,721,314	\$ (457,512)	\$ 2,625,685	\$ 2,594,165	\$ (844,327)	\$ 12,077,502	\$ 7,243,879	\$ 10,802,153
Debt service as a percentage of expenditures, net of capital outlay	25.35%	24.51%	24.49%	25.49%	28.18%	26.62%	29.54%	23.22%	24.92%	29.26%

City of Urbandale, Iowa  
Table VI –Governmental Fund Tax Revenue 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>
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	984,612	282,851	627,323	-	34,463,738
2017	25,952,518	7,083,382	1,865,118	976,769	273,809	642,269	-	36,793,865
2018	27,301,017	7,215,191	1,922,761	967,568	264,239	730,394	-	38,401,170

City of Urbandale, Iowa

Table VII –Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	Utilities	Less:	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles**		Tax Exempt Real Property				
2009 *	\$ 2,591,242,390	\$ 845,255,940	\$ -	\$ 74,752,539	\$ -	\$ 3,511,250,869	9.22	\$ 2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	-	86,825,196	-	3,755,561,186	9.22	2,174,306,380	172.72%
2011 *	2,820,955,730	901,211,090	-	88,502,951	-	3,810,669,771	9.22	2,243,885,770	169.82%
2012 *	2,852,687,450	882,669,790	-	91,300,257	-	3,826,657,497	9.52	2,283,349,399	167.59%
2013 *	2,831,336,240	749,332,170	-	93,646,739	-	3,674,315,149	9.62	2,202,420,645	166.83%
2014 *	2,888,578,496	761,368,774	-	96,637,055	-	3,746,584,325	9.57	2,303,557,107	162.64%
2015 *	2,947,579,697	763,805,620	-	78,794,633	-	3,790,179,950	9.72	2,334,059,661	162.39%
2016 *	3,106,862,049	784,070,702	-	96,139,108	-	3,987,071,859	9.82	2,435,626,225	163.70%
2017 *	3,283,297,060	742,192,808	-	108,220,162	-	4,133,710,030	9.92	2,569,430,035	160.88%
2018*	3,405,750,992	751,991,496	-	129,016,679	-	4,286,759,167	10.02	2,680,368,612	159.93%

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, 2018

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 71,913,761	1	1.678%	\$ 61,470,740	1	1.751%
Aurora Business Park	39,142,800	2	0.913%	45,395,290	2	1.293%
Homemakers Plaza Inc.	26,926,290	3	0.628%			
Marsh I LLC	23,130,000	4	0.540%			
Deerfield Retirement Community	17,662,509	5	0.412%	19,748,410	4	0.562%
Terraza 18 LLC	17,415,000	6	0.406%			
Berkley Holdings Corp	16,015,140	7	0.374%	19,975,610	3	0.569%
Nottingham Square Apartments LP	15,885,990	8	0.371%	17,531,840	5	0.499%
AM Anderson Properties LC	14,814,000	9	0.346%			
112th Street LC	14,310,000	10	0.334%			
Brad Johnson Investments, LC				16,959,550	6	0.483%
Merle Hay Mall, Ltd.				16,009,860	7	0.456%
Mid-American Inv. Co.				15,678,350	8	0.447%
City I LLC				15,606,840	9	0.444%
Ladco Properties				14,455,040	10	0.412%

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 Year

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
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%
2017	26,597,054	26,556,460	* 99.85%	N/A **	26,556,460	99.85%
2018	28,049,246	28,087,312	* 100.14%	N/A **	28,087,312	100.14%

**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 Year

<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>
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	1,099.13	0.215%	746,946	42,628,054	1.96%	1,080.20
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
2017	67,425,000	-	-	67,425,000	1,588.38	0.138%	353,312	67,071,688	2.61%	1,580.05
2018	73,430,000	-	-	73,430,000	1,729.84	0.127%	570,697	72,859,303	2.72%	1,716.40

**Notes:**

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 Year

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

Fiscal Year	City of Urbandale Direct Rates				Overlapping Rates						Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Police & Fire Retirement Millage	Total City Millage	Urbandale School District	Counties and Assessors	Transit	Community College	Urbandale Sanitary Sewer	State of Iowa	
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	9.9710	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
2017	7.170	2.180	0.570	9.920	17.747	10.396	0.682	0.723	0.062	0.003	39.533
2018	7.240	2.200	0.580	10.020	17.751	10.395	0.682	0.675	0.069	0.003	39.594

**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, 2018

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<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	\$ 671,050,403	17.96%	<u>\$ 120,522,648</u>
Subtotal, overlapping debt			120,522,648
City of Urbandale direct debt			<u>73,430,000</u>
Total direct and overlapping debt			<u><u>\$ 193,952,648</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 April 2018

City of Urbandale, Iowa  
Table XIII – Legal Debt Margin Information  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 187,214,411	\$ 194,184,675	\$ 198,080,952	\$ 199,999,780	\$ 196,305,025	\$ 199,566,992	\$ 201,617,957	\$ 210,953,995	\$ 223,826,374	\$ 231,288,710
Total net debt applicable to limit	43,270,000	43,375,000	44,945,000	44,030,000	44,190,000	44,375,000	45,800,000	62,575,000	67,425,000	73,430,000
Legal debt margin	150,914,675	154,705,952	155,054,780	155,969,780	152,115,025	155,191,992	155,817,957	148,378,995	156,401,374	157,858,710
Total net debt applicable to the limit as a percentage of debt limit	23.11%	22.34%	22.69%	22.02%	22.51%	22.24%	22.72%	29.66%	30.12%	31.75%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Actual value of property, 2016	\$ 4,625,774,199
Add back: exempt real property	-
Total assessed value	<u>4,625,774,199</u>
Debt limit (5% of total assessed value)	231,288,710
Debt applicable to limit:	
General obligation bonds	<u>(73,430,000)</u>
Total net debt applicable to limit	<u>(73,430,000)</u>
Legal debt margin	<u>\$ 157,858,710</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

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<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>
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%
2017	42,449	93,217	37,362	39.7	3.30%
2018	42,449	93,217	37,362	39.7	2.60%

**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

	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
<b>Employer:</b>						
Mercer (formerly Marsh)	1,300	1	4.999%	1,100	1	0.153%
U.S. Postal Service	700	2	2.692%	500	4	0.070%
Unity Point at Home (formerly Iowa Health Home Care)	575	3	2.211%	400	6	0.056%
Continental Western Insurance	500	4	1.923%	340	8	0.047%
Urbandale CSD	450	5	1.730%	450	5	0.063%
John Deere Intelligent Solutions	450	6	1.730%			
Quality Manufacturing Corp.	450	7	1.730%			
MidAmerican Energy	404	8	1.553%	350	7	0.049%
Homemakers Furniture	345	9	1.327%			
Pepsi-Cola Bottling, Co	320	10	1.230%			
CitiGroup				600	2	0.084%
Wells Fargo				530	3	0.074%
Allied Group				300	9	0.042%
Compressor Controls				300	10	0.042%

**Notes:**

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

Current year total City employment source: Iowa Workforce Development

Nine years ago information from June 30, 2009 City of Urbandale Comprehensive Annual Financial Report

City of Urbandale, Iowa

Table XVI – Full-time Equivalent Employees as of June 30, 2018

<b><u>FUNCTION</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	48.00	45.00	47.00	48.00	49.00	49.00	48.00	49.00	50.00	51.00
Civilians	7.00	4.00	4.00	5.25	5.00	5.00	6.00	7.00	8.00	8.00
Fire:										
Firefighters & Officers	12.25	16.50	34.50	39.50	39.25	39.50	36.75	37.50	38.50	44.75
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	20.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<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>	<u>97.50</u>	<u>104.75</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	17.50	15.75	14.75	14.75	13.75	14.00	16.00	16.25	17.00	17.00
Traffic Safety	1.00	4.25	1.25	1.25	1.00	1.00	1.25	1.25	1.25	1.25
Engineering Services	6.25	5.75	5.75	5.25	5.25	6.00	6.75	5.50	6.75	7.50
Street Cleaning	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste	8.75	7.00	8.00	7.00	8.00	8.00	7.00	8.00	7.00	8.00
Sanitary Sewer	2.50	2.25	2.25	2.25	2.25	2.00	2.00	2.00	2.25	2.25
Storm Sewer	0.50	0.00	3.00	3.25	3.25	3.25	4.00	4.25	4.00	4.25
Public Works Admin	4.50	5.00	5.00	5.25	5.25	4.50	5.00	6.00	6.25	7.00
Total	<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>	<u>44.50</u>	<u>47.25</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	25.50	25.75	26.50	25.50	26.00	24.75	25.75	27.00	26.25	27.00
Parks	16.75	14.25	15.25	14.50	16.00	16.00	18.75	19.00	19.25	19.25
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	3.00	3.00	3.25	3.25	3.25	3.50	3.75	4.00	5.00
Senior Citizens	2.00	2.00	2.50	2.75	2.50	2.75	2.75	2.75	2.50	3.00
Swimming Pool	4.25	6.00	8.25	8.75	6.75	8.50	8.75	8.25	9.25	9.75
Total	<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>	<u>62.25</u>	<u>65.00</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	5.75	6.00	6.00	5.00	6.00	6.00	6.00	6.00	7.00	7.00
Community Development	5.00	5.00	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	1.00	1.25	2.25	2.25	2.25	3.00
Total	<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>	<u>14.25</u>	<u>15.00</u>
<b><u>GENERAL GOVERNMENT</u></b>										
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
City Manager	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Finance and Records	4.00	4.00	4.00	4.00	4.00	4.75	4.75	4.75	5.25	4.00
Legal/Human Resources	0.75	1.00	1.00	1.00	1.50	1.75	1.50	1.75	1.75	1.75
Technology	1.25	1.00	1.00	1.00	2.00	2.00	4.00	4.00	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>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>	<u>16.00</u>	<u>14.75</u>
Grand total	<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>	<u>234.50</u>	<u>246.75</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 Year

<b>Function</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>2017</b>	<b>2018</b>
<b>Public Safety</b>										
Police										
Total calls for service	13,492	^ 40,653	26,624	14,662	14,874	17,047	19,001	19,768	20,051	21,138
Total arrests	1,101	1,028	586	656	587	821	793	941	876	1,150
Fire										
Number of calls answered/received	2,496	2,341	2,520	2,534	2,676	2,875	2,959	3,212	3,420	4,365
Inspections	264	262	357	409	358	347	436	489	408	670
EMS										
Number of calls answered	1,804	1,697	1,908	1,870	1,995	2,055	2,187	2,346	2,389	2,672
Animal Control										
Pet Licenses issued	1,602	1,589	1,647	3,316	3,615	3,173	3,017	4,266	3,629	3,347
<b>Public Works</b>										
Roadway Maintenance										
Total lane miles maintained	418	422	424	436	443	452	460	480	489	495
Asphalt streets repaired (tons)	2,186	2,323	959	205	378	1,529	314	465	124	274
Solid Waste Collection										
Number of households	12,540	12,750	12,950	13,290	13,434	13,627	13,740	13,903	14,070	14,220
Tons of refuse collected	11,369	10,548	10,745	10,364	10,650	10,943	11,365	11,738	11,880	11,971
Tons of recycling collected	2,941	2,947	2,743	2,338	2,390	2,451	2,505	2,989	2,962	2,620
Tons of yard waste collected	2,684	2,677	2,460	2,825	1,984	2,466	2,580	2,491	2,678	2,416
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	353,954	226,786	112,942	252,745	244,621	229,591	290,723	257,861	212,835	272,332
Storm Water Utility										
Average monthly calculated ERUs	**	**	29,581	29,888	30,517	30,732	31,157	31,381	31,790	32,084
<b>Culture &amp; Recreation</b>										
Library										
Registered borrowers	45,122	46,423	47,219	47,941	49,465	55,465	48,125	52,136	49,122	52,145
Circulation	721,363	714,973	705,721	677,229	629,506	670,735	589,591	557,953	588,246	582,882
Recreation										
Programs offered	459	462	466	464	461	463	472	469	474	448
Senior Center										
Total participants in all programs	30,468	29,022	29,688	31,788	29,334	29,944	31,085	34,060	35,937	36,182
Swimming Pool										
Pool Users	49,177^^	45,605	52,109	49,154	37,840	41,772	56,464	50,764	51,901	57,832
<b>Community and Economic Development</b>										
Code Enforcement										
Inspections	3,487	3,502	4,026	4,849	8,556	10,867	9,653	8,499	9,805	10,709
Community Development										
Building Permits	712	689	725	825	966	973	886	873	885	936
<b>General Government</b>										
Finance and Records										
Purchase orders processed	1,785	219	174	164	144	201	208	201	247	205
Technology										
Intelligent workstations	261	251	238	237	225	234	260	269	269	278
General Support										
Safety incidents	50	44	26	35	16	28	26	28	24	20

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.

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

^^ 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 Year

<b>Function</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>2017</b>	<b>2018</b>
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	29	30	30	30	30	31	32	32	31	31
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<b>Public Works</b>										
Roadway Maintenance										
Streets (miles)	174	176	177	184	187	191	194	195	198	201
Streetlights	4,353	4,400	4,312	4,610	4,710	4,727	4,859	5,099	5,296	5,352
Traffic signals	47	47	48	49	49	50	53	53	54	54
Solid Waste Collection										
Collection trucks	8	8	8	8	8	8	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	196	198	198	200	201	208	208	211	216	217
<b>Culture &amp; Recreation</b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Acres of park ground	900	900	900	900	900	930	930	941	993	993
Parks	48	48	48	48	48	48	48	49	54	54
Playgrounds	**	**	**	**	**	32	32	32	32	35
Off-street bike/walking trails (miles)	37	37	37	37	39	40	40	44	45	46
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<b>Community and Economic Development</b>										
Code Enforcement										
Vehicles	5	5	5	5	5	5	6	6	6	6

Source: Departmental records, bond official statements, and capital asset detail ledger

\*\* Department did not disclose breakout of playgrounds in these years.



Reports on Compliance and on Internal Controls  
(Unaudited)

June 30, 2018

**City of Urbandale**





**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, (City) as of and for the year ended June 30, 2018, 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 14, 2018.

**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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-A, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying schedule of findings and responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
November 14, 2018

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

**Significant Deficiency**

**2018-A      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 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 audit adjustments were related to the unintentional duplication of one and reduction of another intergovernmental receivable and the associated grant revenue. With the addition of staff, the City’s review process has improved. However, the process is still limited.

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

**Recommendation** – The City has implemented additional financial statement review procedures. We recommend the City continue to evaluate and improve review procedures.

**Views of Responsible Officials** – As noted, the City has added additional staff to allow for better segregation between audit workpaper preparation and secondary review procedures. However with two staff working through separate audit areas and at different times, there is still the potential for errors related to overlapping source documentation. The City will adjust review procedures of common overlap areas to provide additional scrutiny and cross referencing.

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

Single audit did not apply for fiscal year 2018.

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

**2018-IA-A      Certified Budget** – Disbursements during the year ended June 30, 2018, did not exceed the amount budgeted.

**2018-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.

**2018-IA-C      Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

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

- 2018-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2018-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.
- 2018-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2018-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.
- 2018-IA-H Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.