

# CITY OF URBANDALE, IOWA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED: JUNE 30, 2008**



Urbandale Public Library - Children's Area

**CITY OF URBANDALE, IOWA**  
Comprehensive Annual Financial Report  
Years Ended June 30, 2008 and June 30, 2007



## **INTRODUCTORY SECTION**

# CITY OF URBANDALE, IOWA

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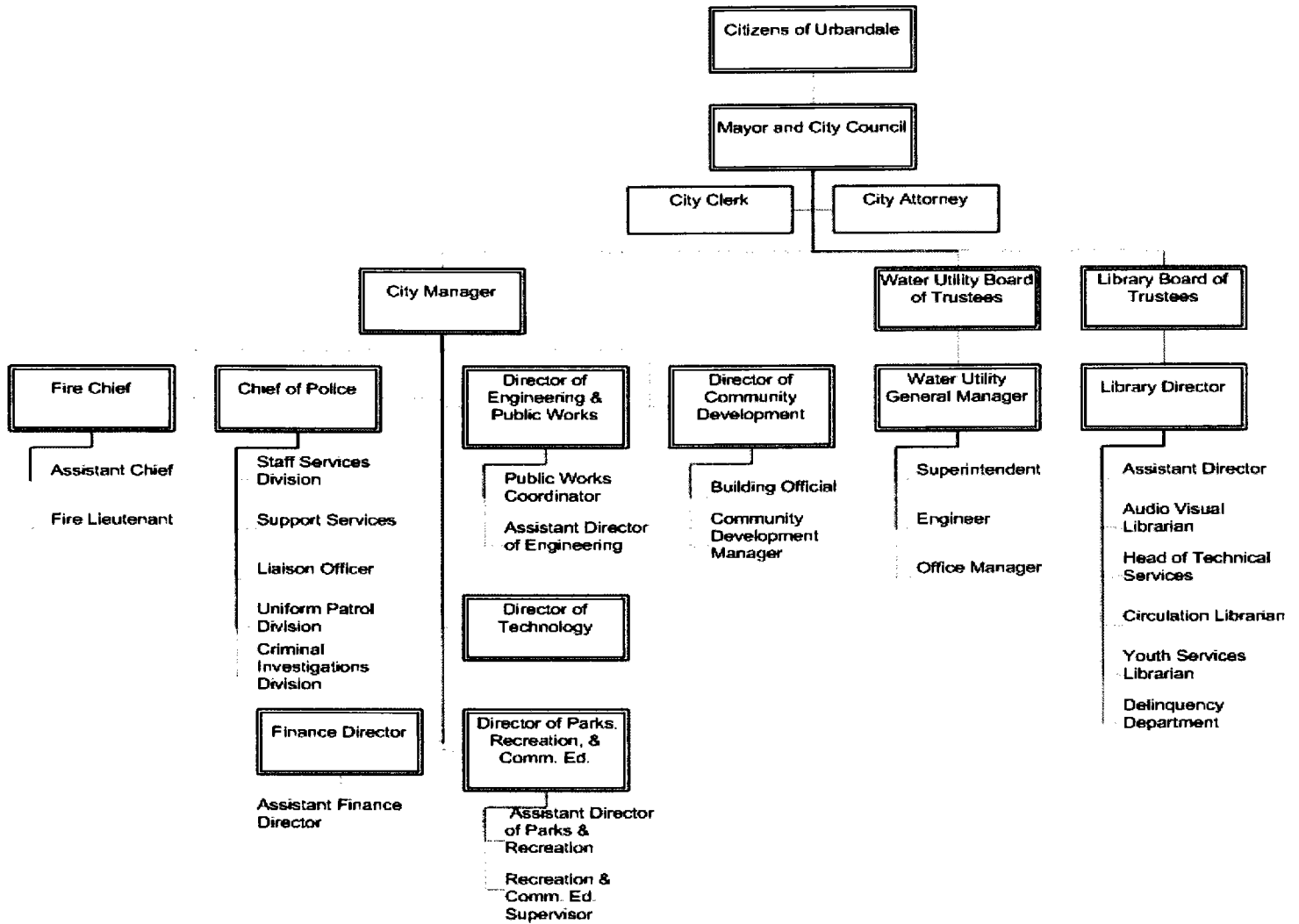
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## CITY OF URBANDALE, IOWA



Note: Library operations are under the supervision of the Library Board.  
 Water operations are under the supervision of the Water Utility Board.

<u>Name</u>	<u>Title</u>
Robert D. Andeweg	Mayor
John Forbes	Mayor Pro Tem
Mike Carver	Council Member
Mary Polson	Council Member
Ron Pogge	Council Member
Tom Gayman	Council Member
Robert Layton	City Manager
Nicole Lamb	Finance Director
Kim Keisler	Assistant Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbandale  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Urbandale, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.





City of  
Urbandale

December 11, 2008

The Honorable Mayor and  
Members of the City Council  
City of Urbandale, Iowa:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Urbandale, Iowa, (the City) for the fiscal years ending June 30, 2008 and 2007 (FY08 and FY07), in accordance with the provisions of Section 384.22 of the Code of Iowa and accounting principles generally accepted in the United States of America (GAAP).

The Comprehensive Annual Financial Report includes all governmental activities, organizations, and functions controlled by or dependent upon the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Urbandale Water Utility (the Water Utility) is legally separate but the City is financially accountable for it. A three-member board appointed by the City Council governs the Water Utility, and the Water Utility's operating budget is subject to the approval of the City Council. The Water Utility provides water service exclusively to the citizens of Urbandale on behalf of the City. The Water Utility is reported as a discretely presented component unit of the City.

The City is responsible for the accuracy of the data presented in the Comprehensive Annual Financial Report. To the best of our knowledge and belief, the government-wide financial statements, fund financial statements, budgetary comparison, management's discussion and analysis and statistical tables included in this report, present fairly the financial condition of the City. To provide a reasonable basis for making these representations, internal controls have been established within the Finance and Records Department. The internal control framework is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls are adequate to ensure the continued integrity of the City's financial management practices.

The Code of Iowa requires an annual audit be made of the books of accounts, financial records, and transactions of all administrative departments of the City by the State Auditor or by a certified public accountant selected by the City Council. Eide Bailly LLP, Certified Public Accountants, conducted the audits for FY08 and FY07. The independent audits involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audits, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for FY08 and FY07 are fairly presented in conformity with GAAP. The independent auditors' report has been included in this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal was designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

The City of Urbandale, incorporated in 1917, is located in central Iowa, adjacent to the City of Des Moines. The City also shares common borders with five other communities. The City occupies a land area of approximately 22 square miles, located both in Polk and Dallas counties. The City's official 2005 population was 35,904. Since 1980, Urbandale has been one of the fastest growing cities in Iowa, experiencing a population growth of approximately 100% during that period of time.

In 1965, the City Council adopted the Mayor-Council, with City Manager, form of government by ordinance. The policy making and legislative authority is vested in the City Council, which consists of five members. The City Council Members are elected on an at-large basis and serve four-year staggered terms. The Mayor serves as the chief executive officer for the City and presides over the City Council meetings. The City Council is responsible for adopting ordinances and resolutions, appointing board and commission members, adopting the annual operating budget and capital improvements program, authorizing contracts and hiring the City Manager, City Attorney and City Clerk. The City Manager serves as the chief administrative officer and is responsible for executing the policies of the City Council, supervising the day-to-day operations of the organization and hiring, firing and disciplining the organization's employees. However, the City Manager does not directly supervise the activities of the Water Utility and Library. These operations are governed by separate boards, which are appointed by the Mayor and City Council. Each board appoints a director to oversee the administrative operations of the department.

The City provides a wide range of public services, including police, fire and emergency medical service, library, parks and recreation, animal control, street maintenance, solid waste collection, code enforcement, water and sanitary and storm sewer. Additionally, the organization is supported by several administrative operations, including technology, community development, city manager, finance and records and legal. The annual budget represents the operating plan for all of these functions. Additionally, this document serves as a financial planning and control mechanism for the City. All departments are required to submit budget requests to the City Manager's office by early December. These requests are reviewed by the City Manager and a recommended operating budget is formulated for the City Council's consideration. In January and February, the Mayor and City Council participate in a series of work sessions to review the budget recommendations and to formulate a final budget document. The Code of Iowa requires the City Council to conduct a public hearing on the proposed budget and to adopt the final document by March 15. The City's expenditures are grouped into functions. The expenditure levels approved in the budget may not be exceeded on a function level unless a budget amendment is approved by the City Council. To assist the City Council in its monitoring of expenditures and revenues, quarterly budget summaries are prepared by the Finance and Records Department. Budget to actual comparisons are provided in this report for the Governmental Funds, on pages 60 and 61.

## 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

The level of residential construction slowed in Urbandale during FY08, reflecting the national trend. The number of residential permits dropped from 416 in FY07 to 311 in FY08. Residential construction in FY07, although down from the record levels of the prior 5 years, still matched the residential growth rates of the late 1980's and early 1990's. It is also important to note that by the

third quarter of 2008, all of the new residential units permitted in recent years that were conveyed to lenders under foreclosures or deeds in lieu of foreclosure were being completed. Also, inventories of unsold homes were gradually being reduced. Urbandale continued to have significant potential for residential development, with an estimated 775 lots currently ready for housing construction.

Commercial and industrial development declined slightly in FY08 compared to FY07, with nearly the same number of permits but lower total valuation. However, the decline in valuation is due to the fact that FY07 was a record year for nonresidential valuation, and FY08's figure is second-highest. Urbandale has approved plans for over 715,000 square feet of commercial and industrial development and has a significant land supply for continued growth. These factors make it likely that Urbandale will continue to experience steady commercial and industrial development during upcoming years, limited only by national economic factors.

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

	<b>Fiscal Year 2008</b>		<b>Fiscal Year 2007</b>	
	<b># of Permits</b>	<b>Valuation</b>	<b># of Permits</b>	<b>Valuation</b>
Residential	311	\$ 40,672,611	416	\$ 61,066,923
Nonresidential	119	66,952,869	121	71,275,692
Miscellaneous minor	396	1,207,170	356	1,407,950
Total	826	\$ 108,832,650	893	\$ 133,750,565

### **Long Term Financial Planning**

In 1981, the City Council approved fiscal performance goals for the City's operations. These goals concentrated on revenue, expenditure, reserve, investment, capital improvement, debt and financial reporting performance and were designed to maintain or improve the City's financial position. In approving the fiscal performance goals, the City Council emphasized the need for balancing current economic conditions in the community with the residents' demands for effective service delivery. In 2008, these goals were updated to reflect current financial performance standards and benchmarks. The preparation of the City's annual operating budget and the five year capital improvements program are governed by the fiscal performance goals. As a result of these goals, the annual operating budget has been prepared on a two year basis, fund balances have been maintained at adequate levels and the property tax levy rate has remained relatively stable for the past fifteen 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), which will be reviewed by a citizen's advisory committee later this month. The approved FY09 capital improvements program anticipates the expenditure of \$12,376,600 for various park, bridge, sidewalk, storm sewer, street, traffic signal, public building and water system improvements. Property tax supported general obligation bonds will provide approximately \$6,779,400 million of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

**FY08 and FY09 Initiatives**

The Mayor and City Council in FY08 and FY09 initiated several programs and policies that will influence the City's financial operations. The key initiatives included the following:

- In FY08, an Aquatic Task Force completed its study of the City's existing swimming pool operation. This study included the solicitation of resident feedback at 15 public forums and meetings. The Task Force recommended that a new indoor aquatic facility be constructed by 2013 and that improvements be made to the existing pool to keep it functional until that time. It also recommended that the fee structure for the use of the swimming pool be increased. In response to these recommendations, the user rates and hours of operation were adjusted by the City Council in FY09. Additionally, bids were solicited for structural, mechanical, plumbing and electrical improvements at the pool. The estimated cost for this work is \$518,000.
- In order to address the supply problems recently experienced with roadway salt, the City partnered with a number of other jurisdictions to construct a metropolitan salt storage facility in FY09. The City's cost for the project was approximately \$121,000. The participating communities also purchased salt together, with Urbandale receiving 2,000 tons for the 2008-09 winter season. This pre-season purchase reduced the City's annual salt cost by approximately 11.5%.
- The second phase of the Police Station expansion project will be completed in FY09. This phase of the project includes the construction of offices for the detective and internal affairs division, an office for the property officer, a property and evidence storage area, a report writing office, conference rooms, locker rooms, and public restrooms. Additionally, the existing Police Station is being partially remodeled. The cost for this work is approximately \$2,090,000 and it is being funded through the sale of general obligation capital loan notes.
- Phase IV of the Walker Johnston Regional Playground Project was completed in early FY09. This phase expanded the elevated deck of the treehouse and installed a wood fort play structure, a rope bridge and a climbing net. The cost for this work was approximately \$146,000.
- The first trail segments in the Walnut Creek Regional Park were constructed in FY08 and FY09. The Walnut Creek Regional Park Master Plan was approved by the City Council in FY07. As noted in the Master Plan, this park will primarily consist of woodlands and protected open space, with limited improvements such as bike paths, gardens, picnic areas and a nature center. It is estimated that \$2.9 million will be needed to construct the projects recommended in the Master Plan through 2010. Since 1995, the City has been able to acquire 186.36 acres for the park, which is expected to eventually reach 227 acres in size.
- To enhance the City's fire service, a new ladder truck was ordered in FY08, at a cost of \$751,572. This unit will be equipped with a 100 foot aerial ladder, six ground ladders and three sizes of hose totaling 1,875 feet in length. The new truck will replace a 1986 unit.
- In FY08 the McDivitt Grove Cemetery was expanded through the addition of a columbarium. A columbarium is an outdoor wall containing niches, which are recessed compartments designed to hold an urn. The City Council established a columbarium niche pricing schedule of \$1,100 for residents and \$1,200 for non-residents. These funds will be used to purchase another columbarium and to maintain and improve the cemetery.

- With the goal of increasing public art throughout Urbandale, the City Council approved a Public Art Long Range Plan in FY08. The plan designated one percent of the City's general obligation bond proceeds related to parks, city facilities, and arterial street projects for public art. In FY09, approximately \$45,000 will be available for the installation of public art. The first project is planned for the Douglas Avenue interchange at I35/80.
- In an attempt to reduce playground injuries due to falls, the City received a grant in FY09 for the installation of 1,500 square feet of recycled rubber playground tiles. This \$15,750 grant from the Iowa Department of Natural Resources will be used to install a new fall area for the Lions Park play structure.
- In FY08, the City's vendor for the mowing of medians, roadsides, public rights-of-way, parks and other public grounds notified the City that it was terminating its agreement for the year. The City Attorney notified the vendor that this action represented a breach of contract and that legal action would be taken to enforce the contract. Subsequently, a settlement was reached and the vendor provided the service for the year. In order to address the vendor's concerns about the size of the mowing area, smaller mowing zones will be created for FY09. It is anticipated that the new zones will increase the number of vendors willing to bid for mowing services.
- To enhance firefighter safety, a \$75,398 FEMA grant was received in FY09 for new turnout gear. The 33 new sets of gear will comply with the National Fire Protection Agency's safety standards.
- Westcom is a joint public safety dispatch facility operated by the cities of Clive, Urbandale and West Des Moines. During the past few years, the staffing and equipment requirements for Westcom have grown, forcing the facility into an overcrowded condition. In response to the space limitations, a new center will be opened in West Des Moines' Fire Station No. 19. The cost for this 3,000 square foot remodeling project will be approximately \$520,000, with Urbandale being responsible for 32.3% of this cost. The new center will open in FY09.
- In order to address possible terrorist threats and to collect intelligence data related to terrorism, a regional homeland security unit was created in FY07. The unit is comprised of a tactical unit, a bomb squad, a fusion center and an identification section. The annual cost for this initiative is approximately \$1.5 million, with Urbandale's share totaling approximately \$58,000. In FY08, the City Council approved a two-year intergovernmental agreement for the program. A total of 21 jurisdictions are participating in the program.
- In FY08, the City assumed funding responsibility for a restorative justice program that targets juvenile offenders. Typical offenses handled by the program include possession of alcohol, illegal substances or paraphernalia, theft, and harassment. To participate, a youth must accept responsibility for his/her crime. An intake screening process assesses the youth's strengths and deficits and determines if a referral for assistive services is needed. Additionally, the youth must participate in a restorative justice intervention. In its first year, 167 youth offenders successfully completed the program. The annual cost for the program is approximately \$31,500.

- The City entered into its first collective bargaining agreement with the Des Moines Association of Professional Firefighters, AFL-CIO Local 4 in FY08. This agreement established wages and benefits for the City's firefighters through FY11. Unlike the City's other collective bargaining agreements, this agreement created a merit pay system. Employees scoring below an established threshold on their annual evaluations will not be entitled to receive a step increase. In turn, employees receiving higher than average scores will be entitled to merit pay ranging from \$500 to \$1,000.
- Construction was completed on the 156<sup>th</sup> Street bridge over Little Walnut Creek and 156<sup>th</sup> Street paving projects in FY09. The first project provided for the installation of two 120 foot long bridges, each with a 32 foot width. The second project provided for the reconstruction of 156<sup>th</sup> Street as a five-lane portland cement concrete roadway from the south corporate limits to Meredith Drive. The total cost for these projects was approximately \$6 million.
- In FY08, the City replaced the Waterford Road bridge at Walnut Creek. This bridge had the lowest IDOT bridge rating of all structures in the City. A grant was received from the Iowa Department of Transportation for the bridge replacement and paving project, resulting in a contribution of approximately \$562,400 for the \$1.2 million project.
- Construction was also completed on Douglas Parkway in FY08. This project provided for the construction of a four-lane bridge, with sidewalks, over Walnut Creek. Additionally, Douglas Parkway was paved as a four-lane roadway from approximately 142<sup>nd</sup> Street to 156<sup>th</sup> Street. The cost of these improvements was approximately \$5.1 million.
- Another important transportation corridor was improved in FY09. At a cost of approximately \$1.9 million, Plum Drive was paved as a five-lane portland cement concrete roadway from 100<sup>th</sup> Street to NW Urbandale Drive. Additionally, 100<sup>th</sup> Street was paved from 101<sup>st</sup> Street to I35/80. This corridor has been zoned for both retail and office development.
- The City's FY09 paving program also included 128<sup>th</sup> Street, from Douglas Parkway to Meredith Drive. This street serves as one of the City's prime north/south transportation corridors, west of I35/80. The street was paved as a five-lane roadway, at a cost of approximately \$2.4 million. This paving project will be extended north of Meredith Drive in FY10.
- In order to extend the useful life of Meredith Drive, a two phased rehabilitation project will be constructed in FY09 and FY10. The first phase of the project provides for the patching of failed concrete panels and the resurfacing of the street from Merle Hay Road to 76<sup>th</sup> Street. The second phase extends the work to 86<sup>th</sup> Street. Approximately \$347,000 in Iowa Department of Transportation funds have been obtained for both phases. The total cost for this work is estimated to be \$1 million.
- In FY08, the cities of Windsor Heights and Urbandale received a \$200,000 Congestion Mitigation and Air Quality grant from the Iowa Department of Transportation for the improvement of the 70<sup>th</sup> Street and Hickman Road intersection. This project added left turn lanes on 70<sup>th</sup> Street and modified the traffic signal to accommodate the new geometry.

- The Iowa Department of Transportation also awarded the cities of Clive and Urbandale \$500,000 in Congestion Mitigation and Air Quality funding and \$390,000 in Traffic Safety Improvement Program funding for the 86<sup>th</sup> Street & Hickman Road Intersection Improvement Project. This project provided for the construction of auxiliary turn lanes and the installation of a new traffic signal at the 86<sup>th</sup> Street and Hickman Road intersection. These improvements were completed in FY09, at a cost of \$1.4 million.
- A significant Urbandale business, Homemakers Furniture, started an addition of 164,000 square-feet of space to its existing 300,000 square-foot showroom and warehouse building in FY08. The expansion of this facility will cost approximately \$25 million and will create 36 new jobs. To assist with this project, the City improved the 104<sup>th</sup> Street and Douglas Avenue intersection. This project provided for the addition of a left turn lane and a traffic signal at the intersection to accommodate the increased traffic generated by the expanded store.
- To facilitate office development along the Meredith Street corridor, the City received a \$525,000 RISE grant from the Iowa Department of Transportation for the installation of traffic signals and turn lane improvements at three locations. The signals will be installed at 121<sup>st</sup> Street, 123<sup>rd</sup> Street and 125<sup>th</sup> Street, at an estimated cost of \$743,000.
- Recognizing that some of the City's recent paving projects have abutted large residential acreages, the City Council adopted new special assessment guidelines for these properties in FY08. Under the guidelines, abutting properties that have at least 150 feet of frontage, are at least 1.25 acres in size and have one single family residence would qualify for an assessment reduction. The reduction would be calculated using a parcel depth equivalent to a minimum lot depth for zoning district R-1S of 125 feet.
- In FY08, Polk County and the cities of Johnston, Grimes and Urbandale completed two interchange justification studies for locations along the I35/80 corridor. The studies revealed that traffic volumes, based on the MPO's current traffic modeling, could not justify the construction of interchanges at 100<sup>th</sup> Street and Meredith Drive at the present time. However, it was noted that the MPO's new traffic modeling work may produce different results in the future, especially for the 100<sup>th</sup> Street interchange. The jurisdictions have received \$1,020,000 in Federal grant funds for the first phase of the 100<sup>th</sup> Street Interchange Project and these funds were matched by \$255,000 in local funds. The Iowa Department of Transportation has approved the use of these funds for the completion of the preliminary and final designs for the interchange and bridge.
- Significant growth in the Interstate corridor was experienced during both years. In FY09, property tax rebates were provided to eighteen office and industrial developments located in the Northwest Market Center tax increment district. Additionally, tax increment funds were allocated for the construction of Plum Drive, between 100<sup>th</sup> Street and Northwest Urbandale Drive; 128<sup>th</sup> Street, north of Meredith Drive; Northpark Drive, east of 100<sup>th</sup> Street; and the Douglas Avenue and 100<sup>th</sup> Street intersection.
- One of the new developments in the Interstate corridor involved the acquisition of a 122,000 square foot building by Continental Western Insurance Company. This building will be remodeled to accommodate a data center for Continental Western's holding company, W.R. Berkley Corporation. The \$18 million project will create 76 new full-time positions and will receive \$350,000 in CEBA assistance from the Iowa Department of Economic Development and \$100,000 in Revolving Loan assistance from the City.

- The City and Iowa Department of Economic Development also provided assistance to Marsh and McLennan Companies, Inc. for a 50,000 square foot expansion of its office facility in the Paragon Office Park. The \$31 million expansion would create approximately 450 jobs. Final plans for the project have not yet been completed.
- In FY08, the City Council approved a new intergovernmental agreement with Bravo Greater Des Moines for the funding of regional cultural and arts activities. The City committed 2/7ths of its Hotel/Motel Tax receipts to Bravo, with deductions for the annual contributions to the Principal Park, Des Moines Buccaneers and Iowa Events Center projects. The agreement also created a mechanism to support the capital campaigns of the not-for-profit cultural and arts organizations.
- To assist with the construction of the Des Moines Pastoral Counseling Center, the City Council approved the issuance of \$2 million in revenue bonds for the project in FY08. This 13,000 facility would contain adult and child counseling offices, a play therapy room and conference rooms and would cost approximately \$3 million. The non-profit organization would be responsible for the debt service on these bonds. The project has not yet been constructed.
- The Metro Waste Authority awarded the City a \$125,339 Curb It! grant for FY09. The proceeds from this grant will be used to offset the City's Curb It! recycling program costs. The City's current cost for the program is \$387,000.
- The City's monthly solid waste fee was increased to \$8.00 in FY09. This \$2.00 increase was implemented to reduce the property tax support for the solid waste program. The City's total monthly cost for the program is \$10.74 per household. It is anticipated that the new fee will generate \$1.1 million in annual revenue.
- The City's building, residential, and fire codes were updated in FY08. The revised codes reflect the changes instituted by the international codes. Additionally, several amendments were approved to make the codes more consistent with other communities in the metropolitan area.
- The City's financial management and payroll system was upgraded in FY08 and FY09. The new system utilizes a web-browser based platform to operate the general ledger, budgetary reporting, purchasing, accounts payable and payroll functions. All of the existing records have been converted to the new system. The cost for the system was approximately \$200,000.
- Working with the Iowa Department of Administrative Services, an Urbandale Management Training Program and an Urbandale Certificate Program were established in FY08. The training program consists of eight training sessions offered quarterly over a two-year period. The certificate program affords managers and supervisors the opportunity to take an additional five courses over an additional two year period of time. These programs are offered to all of the organization's managers and supervisors.
- In response to concerns expressed by the American Lung Association in FY07, the City Council approved a prohibition of tobacco products in all park areas where youth 17 years old and younger participate in organized recreational activities. The City Council also approved a total ban in the City's skateboard park. In FY09, this policy was expanded to conform to a new State law. The new policy bans smoking in all City owned buildings, on the building grounds, and in all City vehicles.

- In FY08, the City's website was updated to better accommodate the e-commerce needs of Urbandale's residents. The new site was redesigned by a staff team and an outside consultant and has incorporated features for forms, e-mail blasts, surveys, self directed applications, calendars and GIS/mapping.

### **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 FY08, 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 FY08, exclusive of the Component Unit, was \$1,253,439, compared to income of \$1,390,248 in FY07.

### **Risk Management**

In 1983, the City converted to a self-funded group health insurance plan. This program was designed to reduce health insurance costs through the assumption of additional risk. During the past twenty-five years, the City has realized a significant savings from self-funding and has been able to establish an insurance reserve fund. Proceeds from this reserve were utilized to reduce the General Fund and Road Use Tax Fund contributions for health insurance in FY08. The City's health insurance program was modified in FY06 to provide employees with a new Preferred Provider Organization (PPO) coverage option. This plan has higher deductible levels than the other PPO option and replaces the City's basic indemnity plan.

FY89 marked the first year of the City's participation in the Iowa Communities Assurance Pool. This program combines traditional insurance coverage with a risk pooling arrangement. The City's comprehensive general liability, automobile, police, property and public officials liability coverage are provided directly by the pool. The remaining portion of the City's insurance program, workers compensation, was once again placed with the Iowa Municipalities Workers Compensation Association. This program also utilizes a pooling concept to provide cities and counties with workers compensation coverage. Both public sector pools are in sound financial condition and should present the City with long-term premium savings.

The City's risk management program also involves a loss control and accident review program. Through the property and casualty insurance pools, the City receives loss control services. The pools review City operations on a periodic basis and submit recommendations for safety improvements. All claims submitted against the City are also reviewed to determine if changes are needed in the safety program. A City-wide safety committee has been established to review all employee accidents and to establish a safety policy manual. The safety committee receives technical assistance from the Des Moines Water Works Safety Officer under a contractual arrangement. The safety committee also meets annually with the City's management staff to discuss possible improvements in the safety program. All of these actions should reduce the City's potential for personal injury, property damage and liability claims.

### **Pension Benefits**

The City contributes to the Municipal Fire and Police Retirement System of Iowa for its sworn officers in the Police Department and full time staff in the Fire Department. The City contributes to the Iowa Public Employees Retirement System for all other employees. Both of these State-wide systems provide retirement, disability and death benefits for its members and beneficiaries, which are established by State statute. The City is required to contribute a percentage of an

employee's annual income, as established by the systems. Additional information regarding the two retirement systems is contained on pages 51 and 52 of 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 FY07. This is the highest form of recognition in the area of governmental financial reporting. The Comprehensive Annual Financial Report for the year ended June 30, 2008 will be submitted to GFOA for review.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance and Records Department. Special recognition is due to Ms. Kim Keisler, Assistant Finance Director, Ms. Su Zanna Prophet, Assistant City Manager, and Ms. Debra Mains, City Clerk. We also wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert L. Layton  
City Manager



Nicole M. Lamb  
Finance Director

**FINANCIAL SECTION**

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa (the City), as of and for the years ended June 30, 2008 and 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Urbandale. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of June 30, 2008 and 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Urbandale. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the basic financial statements of the City of Urbandale. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Dubuque, Iowa  
December 11, 2008

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2008 and June 30, 2007

This section of the City of Urbandale's (the City) Comprehensive Annual Financial Report presents management's discussion and analysis of the City's fiscal performance during the fiscal years that ended on June 30, 2008 (FY08) and June 30, 2007 (FY07). It should be read in conjunction with the transmittal letter at the front of this report and the City's financial statements, which immediately follow this section.

**Financial Highlights**

- The assets of the City of Urbandale exceeded its liabilities at the close of FY08 and FY07 by \$110,480,973 and \$104,623,532 (net assets), respectively. Of these amounts, \$13,040,900 and \$12,851,133 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,857,441 and \$10,655,890 in FY08 and FY07, respectively. Most of these increases were attributable to donated infrastructure and increased property taxes for tax increment debt.
- For FY08 and FY07, the City's governmental funds reported combined ending fund balances of \$17,083,674 and \$17,685,001, respectively. The FY08 fund balance represented a decrease of \$601,327 and was primarily attributed to a \$1.6 million decrease in nonmajor governmental funds fund balance and was offset by \$.6 and \$.4 million increases in capital projects fund and road use fund balances, respectively. The FY07 fund balance represented an increase of \$3,311,832 and was primarily attributed to a \$2.6 million increase in the capital projects fund balance and \$.7 million increase in the general fund balance.
- At the end of FY08, unreserved fund balance for the general fund was \$6,651,223 or 35.1% of total general fund expenditures. At the end of FY07, unreserved fund balance for the general fund was \$6,643,233 or 38.2% of total general fund expenditures.

**Overview of the Financial Statements**

The basic financial statements consist of four parts:

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

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

**Government-wide financial statements**

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

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

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2008 and June 30, 2007

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

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

The government-wide financial statements may also report the functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. However, the City of Urbandale has no business-type activities to report for fiscal years 2008 and 2007.

The government-wide financial statements include not only the City of Urbandale itself, known as the primary government, but also a legally separate Water Utility for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. See footnote 1(b) to the financial statements for further information.

The government-wide financial statements can be found on pages 18 through 23 of this report.

**Fund financial statements**

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

***Governmental funds***

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

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

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

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.

**CITY OF URBANDALE, IOWA**  
Management's Discussion and Analysis  
June 30, 2008 and June 30, 2007

The basic governmental fund financial statements can be found on pages 24 through 31 of this report.

***Proprietary funds***

The City of Urbandale maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Urbandale uses internal service funds to account for equipment replacement, technology, risk management and the general liability insurance program. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The City maintains four internal service funds, which are presented individually in the combining proprietary fund statements. The summary proprietary fund financial statements can be found on pages 32 through 34 of this report.

***Fiduciary funds***

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

The summary fiduciary funds financial statements can be found on page 35 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 58 of this report.

**Required Supplementary Information**

The City of Urbandale adopts an annual appropriated budget, prepared on a cash basis. A budgetary comparison statement has been provided on pages 60 through 62 to demonstrate compliance with this legal budget. A reconciliation between the revenues and expenditures, prepared on the modified accrual basis, versus the budget, prepared on the cash basis, is also included.

**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 66 through 78 of this report. Statistical information related to the City's financial position can be found on pages 81 through 93 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 FY08, FY07, and FY06 is presented for comparative purposes.

**CITY OF URBANDALE, IOWA**  
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As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Urbandale, assets exceeded liabilities by \$110,480,973, \$104,623,532, and \$93,967,642 at the close of FY08, FY07, and FY06 respectively.

The largest portion of the City's net assets in FY08 (79.0 %) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; therefore they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's investment in capital assets increased by \$6,233,072 from FY07 to FY08, and increased by \$6,462,082 from FY06 to FY07.

An additional portion of the City's net assets (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$13,040,900 may be used to meet the government's ongoing obligations to residents and creditors. In FY07, restricted assets represented (10.3%) of the City's net assets and unrestricted net assets totaled \$12,851,133.

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

**City of Urbandale Net Assets**

	<b>Governmental Activities</b>	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Current assets	\$ 52,219,882	48,488,605	43,066,225
Capital assets	123,864,463	116,536,391	108,749,310
Total assets	<u>176,084,345</u>	<u>165,024,996</u>	<u>151,815,535</u>
Long-term liabilities	32,593,036	31,469,905	30,550,769
Other liabilities	33,010,336	28,931,559	27,297,124
Total liabilities	<u>65,603,372</u>	<u>60,401,464</u>	<u>57,847,893</u>
Net assets:			
Invested in capital assets, net of related debt	87,244,464	81,011,392	74,549,310
Restricted	10,195,609	10,761,007	8,373,251
Unrestricted	13,040,900	12,851,133	11,045,081
Total net assets	<u>\$ 110,480,973</u>	<u>104,623,532</u>	<u>93,967,642</u>

As noted above, the City's net assets increased by \$5,857,441 from FY07 to FY08. All of this growth can be attributed to the increase in capital asset investment, net of debt.

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**Management's Discussion and Analysis**  
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**Governmental activities**

Governmental activities increased the City's net assets by \$5,857,441, \$10,655,890, and \$9,043,528 for FY08, FY07, and FY06 respectively. The following table depicts that change in net assets.

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

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charge for services	\$ 3,292,601	3,950,617	3,850,034
Operating grants and contributions	3,812,429	3,360,153	4,145,283
Capital grants and contributions	2,346,682	5,269,911	7,188,470
<b>General revenues:</b>			
Taxes	22,804,660	21,720,274	19,275,168
Other	1,437,885	1,587,456	1,541,227
<b>Total revenues</b>	<u>33,694,257</u>	<u>35,888,411</u>	<u>36,000,182</u>
<b>Expenses:</b>			
Public safety	7,663,358	6,594,536	6,221,356
Public works	9,397,720	8,468,881	10,469,810
Health and social services	58,463	12,993	23,975
Culture and recreation	5,856,498	5,449,786	5,121,013
Community and economic development	1,032,369	1,118,862	1,721,213
General government	2,162,208	2,030,465	1,906,563
Interest and fiscal charges	1,666,200	1,556,998	1,492,724
<b>Total expenses</b>	<u>27,836,816</u>	<u>25,232,521</u>	<u>26,956,654</u>
<b>Increase in net assets</b>	5,857,441	10,655,890	9,043,528
<b>Net assets – beginning</b>	104,623,532	93,967,642	84,924,114
<b>Net assets – ending</b>	<u>\$ 110,480,973</u>	<u>104,623,532</u>	<u>93,967,642</u>

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

- Charges for services decreased by \$658,016 (16.7%) and increased by \$100,583 (2.6%) during FY08 and FY07, respectively. The FY08 continued to decline in the building permit area primarily attributed to the slow down of the construction permit issuances, as well as decreases in special assessment revenues and intergovernmental revenues. The FY07 saw continued decline in the building permit area primarily attributed to the slow down of the construction permit issuances, but an offsetting increase in special assessment revenues.
- Total taxes increased by \$1,084,386 (5.0%) and \$2,445,106 (12.7%) during FY08 and FY07, respectively. The receipts for FY08 increase is a reflection of continued, but slowing valuation growth within the community. The receipts for FY07 reflected normal valuation growth within the community along with increased certification in the Northwest Market tax increment financing district.

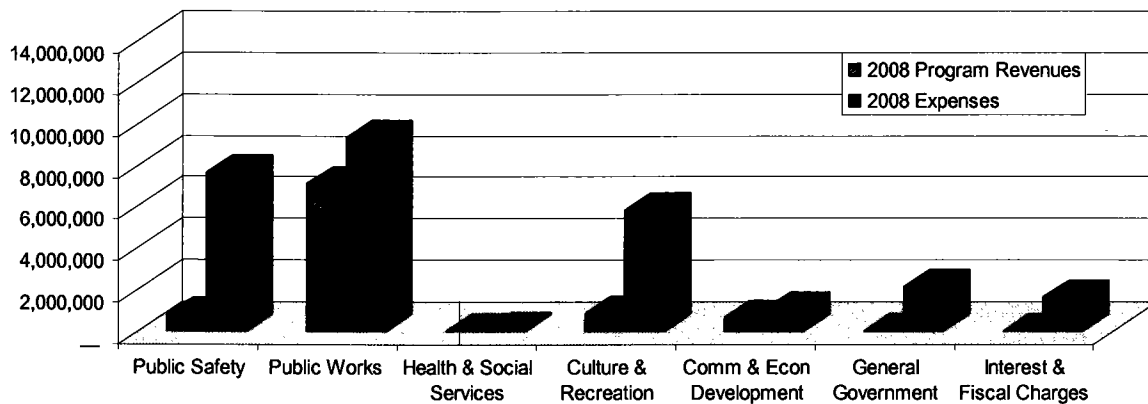
**CITY OF URBANDALE, IOWA**  
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- Operating grants and contributions increased \$452,276 (13.5%) in FY08 due to increased Road Use taxes received and intergovernmental reimbursements received from winter storm damage cleanup. FY07 decreased \$785,130 (18.9%) due to lower construction escrow revenues received by the City from developers. These monies are paid to the City to reimburse for costs incurred by the City to complete roads, turn lanes, street signs and lighting for any area that benefits a developer's project. These revenues can fluctuate up and down based on the timing and number of projects in any given year.
- Capital Grants and Contributions decreased \$2,923,229 (55.5%) in FY08 due to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These donations have increased net assets by \$1,327,405, \$3,525,193, and \$6,018,003, in FY08, FY07, and FY06, respectively.
- Other revenues have decreased \$149,571 (9.4%) in FY08 due to the rapid decline in interest rates on investments during the year. In FY07, other revenues increased by \$46,229 (3.0%) due to a continuing upward trend in interest rates on investments over FY06.

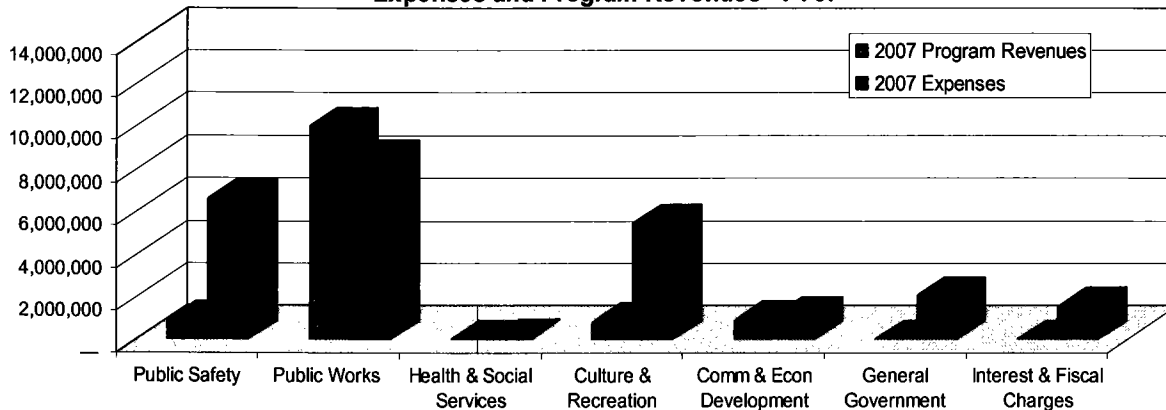
**CITY OF URBANDALE, IOWA**  
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The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2008, 2007, and 2006:

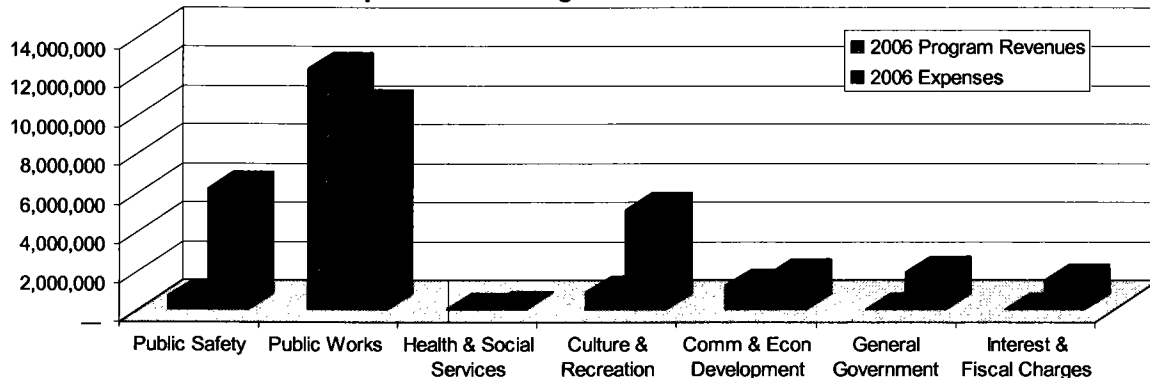
**Expenses and Program Revenues - FY08**



**Expenses and Program Revenues - FY07**



**Expenses and Program Revenues - FY06**



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**Financial Analysis of the Government's Funds**

The City of Urbandale uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

In FY08, FY07, and FY06, the City's governmental funds reported combined fund balances of \$17,083,674, \$17,685,001, and \$14,373,169, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects and transfers of escrowed funds for these capital projects during the year. The increase in fund balances in FY07 is the result of a delay in construction of a large paving project. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$7,807 (0.1%) and \$737,061 (12.4%) in FY08 and FY07, respectively. The City has seen stabilization of property tax growth from the record construction growth in FY05, FY04 and FY03, and saw decreasing investment income as a result of decreasing interest rates during the year. Additionally, expenditures in the public safety, culture and recreation, and community and economic development functions were less than anticipated. Together, these have resulted in a stable and slightly positive change in the general fund balance at year end.
- The fund balance for the road use tax fund increased \$399,031 (69.1%) and decreased \$135,687 (19.0%) in FY08 and FY07, respectively. This increase can be primarily attributed to the return of funds originally transferred into the capital projects fund in the prior year for a street project. These funds were returned to the road use tax fund because other debt-financed street projects realized cost savings and those excess bond funds were able to be shifted to finance this and other ongoing street improvement projects. The decrease in FY07 can be primarily attributed to the planned use of fund balance for street improvement projects during the year as well as stagnating road use tax revenues.
- The fund balance for the tax increment financing (TIF) fund increased \$7,372 (90.4%) in FY08 and decreased \$15,470 (65.5%) in FY07 due to the timing of cashflow at year end. Since this fund is a flow-through for the TIF funds received during the year, at year end the fund balance should be zero unless there are revenues received after year end that relate to the current fiscal year, and are therefore accrued under the modified accrual basis of accounting.
- The \$590,750 increase in the capital projects fund balance is primarily attributable to transfers of escrowed funds from developers from the nonmajor governmental funds for projects that were beginning and in process during the year. These funds are held in the donations and escrow fund until such time that the project gets underway and at that time, the funds are transferred into the capital projects fund for expenditure. In FY07, the \$2,650,347 (56.8%) increase resulted from delays in construction of Plum Drive paving (final phase), Waterford bridge, and the police station expansion project.
- As mentioned above, the \$1,555,179 decrease in the nonmajor governmental funds is primarily attributable to the transfer out of escrowed funds from developers into the capital projects fund.

**Proprietary funds**

Unrestricted net assets of the proprietary funds were \$6,235,869, \$5,208,627 and \$4,951,127, in FY08, FY07, and FY06, respectively. An additional \$2,510,114, \$2,445,403, and \$1,872,502 in FY08, FY07, and FY06, respectively, of net assets was restricted for funds invested in capital assets of the equipment replacement fund. In FY08 and FY07, the increase in net assets for the proprietary funds resulted from

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lower insurance claims paid in the risk management fund and increased premiums for insurance in the risk management and general liability funds.

**Budgetary Highlights (FY08)**

Differences between the original budget and the final amended budget amounted to a \$588,200 increase in appropriations and can be briefly summarized as follows:

- \$118,600 for unbudgeted State and Federal forfeiture funds received
- \$105,600 for grant related computer and material purchases in Library
- \$100,000 for unanticipated overtime and fuel costs associated with winter storm clean-up efforts
- \$76,000 for higher than anticipated WestCom operating costs
- \$57,100 for contributions to outside agencies as required by higher than anticipated Hotel/Motel tax receipts
- \$31,000 for completing the 142<sup>nd</sup> street resurfacing project
- \$27,000 for senior center programming costs
- \$21,500 for higher than anticipated utility, legal and equipment repair costs
- \$19,000 for additional crossing guards required for new elementary school
- \$19,000 for police training and equipment for additional police officers
- \$10,000 for unbudgeted fire equipment and building repairs
- \$3,400 for police equipment and defibrillator purchases resulting from donated monies

The revised expenditures were offset by \$105,600 in library grant funds, \$57,100 in Hotel/Motel receipts, \$94,500 in solid waste grant funds, \$76,000 in EMS service revenues, \$30,000 in court fines, \$60,800 in FEMA grant funds, \$51,000 in additional road use tax revenue, \$27,000 from senior center program revenues, \$18,000 in vehicle impound and storage fees, \$118,600 in State and Federal forfeiture funds, \$3,400 in private donations, \$35,700 from available road use fund balance, and \$5,000 in available general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$6,915,229 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions. Budget to actual schedules for the City are located on pages 60 through 62 of this report.

**Budgetary Highlights (FY07)**

Differences between the original budget and the final amended budget amounted to a \$378,152 increase in appropriations and can be briefly summarized as follows:

**CITY OF URBANDALE, IOWA**  
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- \$96,302 for grant related computer and material purchases in Library
- \$86,000 for contributions to outside agencies as required by higher than anticipated Hotel/Motel tax receipts
- \$40,000 in economic development assistance for a business expansion project
- \$34,500 for higher than anticipated WestCom operating costs
- \$26,200 for purchasing new solid waste containers for a yard waste collection program
- \$20,000 for unanticipated overtime costs associated with winter storm clean-up efforts
- \$20,000 for additional crossing guards required for new elementary school
- \$20,000 for purchasing a used rear-loading solid waste truck with grant monies
- \$15,000 for unbudgeted Federal forfeiture funds received
- \$11,100 for unbudgeted permit refunds and auction proceed remittances
- \$9,050 for police equipment and defibrillator purchases resulting from donated monies

The revised expenditures were offset by \$96,302 in library grant funds, \$86,000 in Hotel/Motel receipts, \$46,200 in solid waste grant funds, \$40,000 in State economic development assistance, \$20,000 in FEMA grant funds, \$20,000 from school reimbursements, \$19,100 from general fund investment income, \$15,400 in vehicle impound and storage fees, \$15,000 in Federal forfeiture funds, \$11,100 from city auction proceeds, and \$9,050 in private donations. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$7,399,555 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions. Budget to actual schedules for the City are located on pages 60 through 62 of this report.

**Capital Asset and Debt Administration**

***Capital assets***

In FY08, FY07, and FY06, the City had invested \$156,689,747, \$146,226,554, and \$135,316,087, 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 \$10,463,193, \$10,910,467, and \$13,879,610, respectively. The value of these capital assets, net of depreciation at June 30, 2008, 2007, and 2006, is depicted below.

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

	<b>Governmental Activities</b>	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Land	\$ 5,332,415	5,332,415	5,211,473
Buildings and improvements	21,575,362	19,499,018	19,354,411
Machinery and equipment	9,402,137	9,276,200	8,460,868
Artwork	253,150	253,150	253,150
Infrastructure	107,323,421	105,788,181	94,470,847
Share of undivided equity interest assets	629,921	550,980	462,825
Construction in progress	12,173,341	5,526,610	7,102,513
Total	\$ 156,689,747	146,226,554	135,316,087
Accumulated depreciation	(32,825,284)	(29,690,163)	(26,566,775)
	<u>\$ 123,864,463</u>	<u>116,536,391</u>	<u>108,749,312</u>

This year's major capital asset additions included:

- The ongoing construction of the 156<sup>th</sup> Street paving and bridge projects (\$2.4 million)
- The ongoing construction of the Douglas Parkway paving project (\$1.5 million)
- The completion of the police station expansion (\$2.1 million)
- The ongoing construction of the Douglas Parkway and Waterford bridges (\$744,000)
- The donation of construction improvements by private parties (\$1.3 million)
- The ongoing construction of Plum Drive paving project (\$455,000)
- The purchase of two automated solid waste trucks (\$368,000)
- The purchase of two dump trucks (\$209,000)
- The down payment on a new fire ladder truck (\$191,000)

Additional information on the City's capital assets can be found in note 4 on pages 44 through 46 of this report.

***Long-term debt***

In FY08, FY07, and FY06 the City had total long-term debt of \$37,061,934, \$35,538,731, and \$34,220,395, respectively. Of these amounts, \$31,710,000, \$30,145,000, and \$30,585,000 represented general obligation bond debt. Another \$1,055,000, \$1,115,000, and \$1,170,000 represented outstanding certificates of participation debt. The City also had \$4,290,000, \$4,265,000, and \$2,445,000 of general

**CITY OF URBANDALE, IOWA**  
**Management's Discussion and Analysis**  
**June 30, 2008 and June 30, 2007**

obligation General Fund capital loan notes. Finally, \$6,934, \$13,731, and \$20,395 represented outstanding government loans payable. All of this debt was backed by the City's full faith and credit.

	<u>Balance</u> <u>June 30, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2008</u>
General obligation bonds	\$ 30,145,000	7,005,000	5,440,000	\$ 31,710,000
General obligation certificates of participation	1,115,000	—	60,000	1,055,000
General obligation General Fund capital loan notes	4,265,000	300,000	275,000	4,290,000
Government loans payable	13,731	—	6,797	6,934
	<u>\$ 35,538,731</u>	<u>7,305,000</u>	<u>5,781,797</u>	<u>\$ 37,061,934</u>

	<u>Balance</u> <u>June 30, 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2007</u>
General obligation bonds	\$ 30,585,000	4,385,000	4,825,000	\$ 30,145,000
General obligation certificates of participation	1,170,000	—	55,000	1,115,000
General obligation General Fund capital loan notes	2,445,000	1,985,000	165,000	4,265,000
Government loans payable	20,395	—	6,664	13,731
	<u>\$ 34,220,395</u>	<u>6,370,000</u>	<u>5,051,664</u>	<u>\$ 35,538,731</u>

	<u>Balance</u> <u>June 30, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2006</u>
General obligation bonds	\$ 29,635,000	5,225,000	4,275,000	\$ 30,585,000
General obligation certificates of participation	1,220,000	—	50,000	1,170,000
General obligation General Fund capital loan notes	2,540,000	—	95,000	2,445,000
Government loans payable	33,334	—	12,939	20,395
	<u>\$ 33,428,334</u>	<u>5,225,000</u>	<u>4,432,939</u>	<u>\$ 34,220,395</u>

During FY08 and FY07, the City's total debt increased by \$1,523,203 and \$1,318,336, respectively. The key factors in these increases were \$7,305,000 (FY08) in general obligation bond and general obligation general fund capital loan notes and \$6,370,000 (FY07) in general obligation bond and general obligation general fund capital loan notes for various improvement projects.

In FY08, these projects included:

- The paving of Douglas Parkway (\$1,976,400)
- The construction of the 156<sup>th</sup> Street bridge over Little Walnut Creek (\$1,221,900)
- The construction and remodeling of the police station (\$975,000)

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- The paving of Northpark Drive extension (\$785,000)
- The purchase of a fire ladder truck (\$750,000)
- The paving of 156<sup>th</sup> Street north of Douglas Avenue (\$300,000)
- The construction of Douglas Parkway trail (\$226,200)
- The construction of the Raccoon River Valley trail connection (\$206,000)
- The widening of 142<sup>nd</sup> Street (\$185,000)
- The paving of 111<sup>th</sup> Street (\$175,000)
- The installation of a traffic signal at 82<sup>nd</sup> Street and Hickman Road (\$125,000)
- The construction of Walnut Creek Regional Park trail (\$100,000)
- The installation of sidewalks (\$60,000)
- The paving of 74<sup>th</sup> Street and Goodman (\$50,000)
- The construction of 86<sup>th</sup> Street and Northpark Drive turn lanes (\$36,700)
- The improvement of 70<sup>th</sup> Street and Hickman Road intersection (\$25,000)
- The installation of a traffic signal at 72<sup>nd</sup> Street and Meredith Drive (\$10,000)

In FY07, these projects included:

- The reconstruction of Douglas Parkway bridge (\$1,437,500)
- The construction and remodeling of the police station (\$1,429,200)
- The paving of Douglas Parkway (\$1,349,600)
- The paving of Plum Drive and 100<sup>th</sup> Street extension (\$885,250)
- The funding for an urban renewal loan for Homemakers Corporation (\$500,000)
- The reconstruction of Waterford Road bridge (\$370,000)
- The installation of a traffic signal at 82<sup>nd</sup> Street and Hickman Road (\$125,000)
- The paving of Douglas Avenue and 79<sup>th</sup> Street turn lanes (\$71,000)
- The construction of the Hallbrook bike trail (\$40,000)
- The installation of sidewalks (\$35,000)

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The City of Urbandale maintains an Aa2 rating from Moody's Investors Service for its general obligation debt. This rating was most recently affirmed on July 2, 2008.

State statutes limit the amount of debt that a governmental entity may issue to 5% of the actual value of property within the corporate limits. The current debt limitation for the City of Urbandale is \$150,152,477, 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 47 through 51 of this report.

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

- In 2008, the City will issue an estimated 105 single-family residential permits, reflecting a continuing slowdown in the housing market that, while significant, appears to be less severe than many other markets both locally and nationally. A total of 235 single-family permits were issued in 2007, compared to 346 single-family permits in 2006 and the record-setting years of 2005, 2004 and 2003, when 562, 665 and 637 single-family permits were issued respectively.
- Residential construction since 2000 has increased the City's population to 35,904 residents, based on figures from the City's 2005 special census. The City's 2000 population was 29,072 residents.
- Commercial and industrial construction in 2008 remained steady in terms of the number of permits, with an estimated 110 permits. The permit valuation for 2008 is estimated to approximate \$58,000,000, which is a decline from 2007, but higher than any other year in the City's history. Actual commercial and industrial permit results for 2007 and 2006 were 112 and 119 issued with values of \$82,012,000 and \$46,233,000, respectively.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2009. The fiscal year 2009 budget anticipated an increase of \$2,646,057 (8%) in expenditures over the fiscal year 2008 adopted budget. Of this total, operating expenses will be increased by \$2,190,040 (8.4%), and debt service expenses will be increased by \$456,017 (6.5%). When TIF and CEBA transfers are factored out, the net increase in operating expenditures will be \$586,911 (2.5%). The adopted expenditures for fiscal year 2009 will not require any change in the general tax levy rate of \$7.17. The City's combined tax levy rate is \$9.22/\$1,000 valuation.

The FY09 budget anticipates the creation of three new full time and full-time equivalent positions in the City. These additions, as well as increases in salary and benefit costs for existing employees will increase personnel costs by approximately \$361,714 (2.7%) in FY09. Additionally, a \$2.00 increase in the monthly solid waste collection fee will be implemented. Other factors impacting the FY09 budget include the financing of infrastructure maintenance and improvement projects, the increasing cost of fuel, the introduction of new technologies in a number of departments, the funding of several business expansion CEBA grant projects, and operating equipment purchases in several departments.

**Contacting the City's Financial Management**

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



**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2008

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
<b>Assets</b>		
Current assets:		
Cash and pooled cash investments	\$ 25,917,490	113,132
Cash equivalents	—	2,217,892
Restricted cash	—	508,766
Accounts receivable	148,561	675,780
Taxes receivable:		
Current	723,840	—
Succeeding year	23,779,335	—
Special assessments receivable:		
Current	430,903	—
Succeeding year	330,388	—
Accrued interest	63,132	17,384
Due from other governments	499,614	—
Due from component unit	14,594	—
Due from primary government	—	2,884
Inventories	98,349	118,627
Discount on bonds and deferred issuance costs	213,676	—
Restricted assets - due from primary government	—	140
Prepaid expense and other assets	—	38,789
	<hr/>	<hr/>
Total current assets	52,219,882	3,693,394
Noncurrent assets:		
Capital assets		
Equipment	9,402,137	657,305
Buildings	19,516,017	1,181,173
Distribution system	—	25,756,469
Improvements other than building	2,059,345	—
Land	5,332,415	—
Construction in progress	12,173,341	—
Artwork	253,150	—
Infrastructure	107,323,421	—
Share of undivided equity interest assets	629,921	—
Accumulated depreciation	(32,825,284)	(7,296,366)
	<hr/>	<hr/>
Total capital assets	123,864,463	20,298,581
Total assets	\$ 176,084,345	23,991,975

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2008

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 2,966,828	69,272
Water revenue bonds payable	—	165,000
General obligation bonds payable	4,880,000	—
Certificate of participation payable	60,000	—
Capital loan note payable	305,000	—
Government loan payable	6,934	—
Interest payable	122,824	11,586
Compensation and payroll taxes	383,497	30,563
Compensated absences - current	505,919	66,079
Due to City of Urbandale	—	14,594
Due to other governments	—	417,359
Customer deposits payable - restricted	—	71,870
Unearned revenue for succeeding year	23,779,334	—
Total current liabilities	<u>33,010,336</u>	<u>846,323</u>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,400,000
General obligation bond payable	26,830,000	—
Certificate of participation payable	995,000	—
Capital loan note payable	3,985,000	—
Compensated absences	783,036	74,142
Total noncurrent liabilities	<u>32,593,036</u>	<u>3,474,142</u>
Total liabilities	<u>65,603,372</u>	<u>4,320,465</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	87,244,464	16,733,581
Restricted:		
For capital projects	7,906,584	—
Purpose restricted by legislation	1,365,854	—
Donor restricted purposes	923,171	—
Unrestricted	13,040,900	2,937,929
Total net assets	<u>\$ 110,480,973</u>	<u>19,671,510</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2007

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and pooled cash investments	\$ 24,426,493	66,532
Cash equivalents	—	2,444,083
Restricted cash	—	512,716
Accounts receivable	150,096	903,082
Taxes receivable:		
Current	621,989	—
Succeeding year	21,396,427	—
Special assessments receivable:		
Current	490,243	—
Succeeding year	413,778	—
Accrued interest	69,980	28,119
Due from other governments	637,990	42,323
Due from component unit	11,621	—
Due from primary government	—	12,449
Inventories	43,788	87,546
Discount on bonds and deferred issuance costs	226,200	—
Restricted assets - due from primary government	—	620
Prepaid expense and other assets	—	39,470
	<hr/>	<hr/>
Total current assets	48,488,605	4,136,940
	<hr/>	<hr/>
<b>Noncurrent assets:</b>		
<b>Capital assets</b>		
Equipment	9,276,200	640,867
Buildings	17,442,877	1,181,173
Distribution system	—	21,358,569
Improvements other than building	2,056,141	—
Land	5,332,415	—
Construction in progress	5,526,610	3,390,317
Artwork	253,150	—
Infrastructure	105,788,181	—
Share of undivided equity interest assets	550,980	—
Accumulated depreciation	(29,690,163)	(6,735,595)
	<hr/>	<hr/>
Total capital assets	116,536,391	19,835,331
	<hr/>	<hr/>
Total assets	\$ 165,024,996	23,972,271
	<hr/>	<hr/>

**CITY OF URBANDALE, IOWA**

Statement of Net Assets

June 30, 2007

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 1,955,422	80,127
Water revenue bonds payable	—	160,000
General obligation bonds payable	4,340,000	—
Certificate of participation payable	60,000	—
Capital loan note payable	255,000	—
Government loan payable	6,797	—
Interest payable	118,389	12,106
Compensation and payroll taxes	319,906	27,220
Compensated absences - current	479,618	59,973
Due to City of Urbandale	—	11,621
Due to other governments	—	435,687
Customer deposits payable - restricted	—	76,300
Unearned revenue for succeeding year	21,396,427	—
	<hr/>	<hr/>
Total current liabilities	28,931,559	863,034
	<hr/>	<hr/>
Noncurrent liabilities:		
Water revenue bonds payable	—	3,565,000
General obligation bond payable	25,805,000	—
Certificate of participation payable	1,055,000	—
Capital loan note payable	4,010,000	—
Government loan payable	6,934	—
Compensated absences	592,971	57,725
	<hr/>	<hr/>
Total noncurrent liabilities	31,469,905	3,622,725
	<hr/>	<hr/>
Total liabilities	60,401,464	4,485,759
	<hr/>	<hr/>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	81,011,392	16,110,331
Restricted:		
For capital projects	7,315,834	—
Purpose restricted by legislation	974,038	—
Donor restricted purposes	2,471,135	—
Unrestricted	12,851,133	3,376,181
	<hr/>	<hr/>
Total net assets	\$ 104,623,532	19,486,512
	<hr/>	<hr/>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Activities

Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total	Component Unit
<b>Primary government</b>						
Governmental activities:						
Public safety	\$ 7,663,358	767,670	46,516	—	(6,849,172)	—
Public works	9,397,720	1,265,580	3,513,630	2,346,682	(2,271,828)	—
Health and social services	58,463	—	—	—	(58,463)	—
Culture and recreation	5,856,498	595,242	252,283	—	(5,008,973)	—
Community and economic development	1,032,369	664,109	—	—	(368,260)	—
General government	2,162,208	—	—	—	(2,162,208)	—
Interest and fiscal charges	1,666,200	—	—	—	(1,666,200)	—
Total governmental activities	<u>27,836,816</u>	<u>3,292,601</u>	<u>3,812,429</u>	<u>2,346,682</u>	<u>(18,385,104)</u>	<u>—</u>
<b>Component unit</b>						
Urbandale Water Utility	\$ <u>6,152,661</u>	<u>5,136,566</u>	<u>399,501</u>	<u>403,993</u>		<u>(212,601)</u>
<b>General Revenues:</b>						
Taxes:						
Property tax				\$ 17,953,587		
Tax increment financing district tax				2,835,582		
Hotel Motel tax				1,207,270		
Franchise taxes				262,803		
Utility excise tax				<u>545,418</u>		
Total taxes					22,804,660	—
Interest					1,253,439	97,673
Miscellaneous					<u>184,446</u>	<u>299,926</u>
Total general revenues					<u>24,242,545</u>	<u>397,599</u>
Changes in net assets					<u>5,857,441</u>	<u>184,998</u>
Net assets - beginning					<u>104,623,532</u>	<u>19,486,512</u>
Net assets - ending					<u>\$ 110,480,973</u>	<u>19,671,510</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Activities

Year Ended June 30, 2007

					<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Program Revenues</u>				<u>Primary Government</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities Total</u>	<u>Component Unit</u>
<b>Primary government</b>						
Governmental activities:						
Public safety	\$ 6,594,536	683,209	203,528	—	(5,707,799)	—
Public works	8,468,881	1,800,708	2,914,835	5,269,911	1,516,573	—
Health and social services	12,993	—	—	—	(12,993)	—
Culture and recreation	5,449,786	573,022	241,790	—	(4,634,974)	—
Community and economic development	1,118,862	893,678	—	—	(225,184)	—
General government	2,030,465	—	—	—	(2,030,465)	—
Interest and fiscal charges	1,556,998	—	—	—	(1,556,998)	—
Total governmental activities	<u>25,232,521</u>	<u>3,950,617</u>	<u>3,360,153</u>	<u>5,269,911</u>	<u>(12,651,840)</u>	<u>—</u>
<b>Component unit</b>						
Urbandale Water Utility	\$ <u>6,544,783</u>	<u>5,628,240</u>	<u>508,351</u>	<u>240,215</u>		<u>(167,977)</u>
<b>General Revenues:</b>						
Taxes:						
Property tax				\$ 16,337,862		
Tax increment financing district tax				3,510,146		
Hotel Motel tax				1,067,930		
Franchise taxes				254,940		
Utility excise tax				<u>549,396</u>		
Total taxes					21,720,274	—
Interest					1,390,248	148,781
Miscellaneous					<u>197,208</u>	<u>74,845</u>
Total general revenues					<u>23,307,730</u>	<u>223,626</u>
Changes in net assets					10,655,890	55,649
Net assets - beginning					<u>93,967,642</u>	<u>19,430,863</u>
Net assets - ending					<u>\$ 104,623,532</u>	<u>19,486,512</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Balance Sheet

Governmental Funds

June 30, 2008

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and pooled cash investments	\$ 7,286,897	801,637	—	168,933	9,943,084	1,346,059	19,546,610
Taxes receivable:							
Current	102,126	246,274	15,524	30,247	—	329,669	723,840
Succeeding year	14,807,038	—	4,433,546	4,538,751	—	—	23,779,335
Special assessments receivable:							
Current	—	—	—	242,141	188,762	—	430,903
Succeeding years	—	—	—	—	330,388	—	330,388
Accounts receivable	131,194	—	—	—	—	—	131,194
Accrued interest	63,132	—	—	—	—	—	63,132
Due from component unit	10,728	3,866	—	—	—	—	14,594
Due from other governments	184,854	—	—	—	310,989	3,771	499,614
Inventories	22,138	76,211	—	—	—	—	98,349
<b>Total assets</b>	<b>\$ 22,608,107</b>	<b>1,127,988</b>	<b>4,449,070</b>	<b>4,980,072</b>	<b>10,773,223</b>	<b>1,679,499</b>	<b>45,617,959</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 619,067	120,920	—	—	2,036,500	37,531	2,814,018
Compensation and payroll taxes	312,008	28,345	—	—	—	—	340,353
Employee benefits	41,147	1,997	—	—	—	—	43,144
Deferred revenue	155,486	—	—	242,141	830,139	329,669	1,557,435
Deferred revenue for succeeding years	14,807,038	—	4,433,546	4,538,751	—	—	23,779,335
<b>Total liabilities</b>	<b>15,934,746</b>	<b>151,262</b>	<b>4,433,546</b>	<b>4,780,892</b>	<b>2,866,639</b>	<b>367,200</b>	<b>28,534,285</b>
<b>Fund balances</b>							
Reserved for encumbrances	—	—	—	—	7,906,584	—	7,906,584
Reserved for inventories	22,138	76,211	—	—	—	—	98,349
Reserved for debt service	—	—	—	199,180	—	—	199,180
Unreserved, reported in:							
General fund	6,651,223	—	—	—	—	—	6,651,223
Special revenue funds	—	900,515	15,524	—	—	1,312,299	2,228,338
<b>Total fund balances</b>	<b>6,673,361</b>	<b>976,726</b>	<b>15,524</b>	<b>199,180</b>	<b>7,906,584</b>	<b>1,312,299</b>	<b>17,083,674</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,608,107</b>	<b>1,127,988</b>	<b>4,449,070</b>	<b>4,980,072</b>	<b>10,773,223</b>	<b>1,679,499</b>	<b>45,617,959</b>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

June 30, 2008

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

Total fund balances – governmental funds		\$ 17,083,674
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:		
Capital assets	\$ 151,072,448	
Less accumulated depreciation	<u>(29,718,530)</u>	121,353,918
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		1,557,435
Debt issuance costs are reported as "other financing uses" in the governmental funds, but as unamortized assets or liabilities in the statement of net assets		
Unamortized general obligation bond issuance expense		213,676
Internal service funds are used by management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Cash	6,370,880	
Due from customers	17,799	
Capital assets, net of accumulated depreciation	2,510,114	
Accounts payable	<u>(152,810)</u>	8,745,983
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	31,710,000	
Certificate of participation payable	1,055,000	
Capital loan note	4,290,000	
Government loan payable	6,934	
Accrued interest on the bonds and certificates	122,824	
Compensated absences	<u>1,288,955</u>	<u>(38,473,713)</u>
Net assets of governmental activities		\$ <u><u>110,480,973</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Balance Sheet

Governmental Funds

June 30, 2007

	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and pooled cash investments	\$ 6,870,847	601,972	—	233,706	8,126,188	2,852,307	18,685,020
Taxes receivable:							
Current	54,973	245,837	8,152	16,582	—	296,445	621,989
Succeeding year	14,282,266	—	2,837,039	4,277,122	—	—	21,396,427
Special assessments receivable:							
Current	—	—	—	369,061	121,182	—	490,243
Succeeding years	—	—	—	—	413,778	—	413,778
Accounts receivable	137,838	105	—	—	—	—	137,943
Accrued interest	69,980	—	—	—	—	—	69,980
Due from component unit	9,583	2,038	—	—	—	—	11,621
Due from other governments	155,378	67,696	—	—	391,830	23,086	637,990
Inventories	20,114	23,674	—	—	—	—	43,788
Total assets	\$ 21,600,979	941,322	2,845,191	4,896,471	9,052,978	3,171,838	42,508,779
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 329,575	273,915	—	—	810,557	7,915	1,421,962
Compensation and payroll taxes	262,911	20,619	—	—	—	—	283,530
Employee benefits	34,979	1,397	—	—	—	—	36,376
Deferred revenue	25,694	67,696	—	369,061	926,587	296,445	1,685,483
Deferred revenue for succeeding years	14,282,266	—	2,837,039	4,277,122	—	—	21,396,427
Total liabilities	14,935,425	363,627	2,837,039	4,646,183	1,737,144	304,360	24,823,778
<b>Fund balances</b>							
Reserved for encumbrances	2,207	—	—	—	7,315,834	—	7,318,041
Reserved for inventories	20,114	23,674	—	—	—	—	43,788
Reserved for debt service	—	—	—	250,288	—	—	250,288
Unreserved, reported in:							
General fund	6,643,233	—	—	—	—	—	6,643,233
Special revenue funds	—	554,021	8,152	—	—	2,867,478	3,429,651
Total fund balances	6,665,554	577,695	8,152	250,288	7,315,834	2,867,478	17,685,001
Total liabilities and fund balances	\$ 21,600,979	941,322	2,845,191	4,896,471	9,052,978	3,171,838	42,508,779

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

June 30, 2007

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

Total fund balances – governmental funds		\$	17,685,001
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:			
Capital assets	\$	140,579,954	
Less accumulated depreciation		<u>(26,488,966)</u>	114,090,988
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds			1,697,022
Debt issuance costs are reported as "other financing uses" in the governmental funds, but as unamortized assets or liabilities in the statement of net assets			
Unamortized general obligation bond issuance expense			226,200
Internal service funds are used by management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
Cash		5,741,473	
Due from customers		12,153	
Capital assets, net of accumulated depreciation		2,445,403	
Deferred revenue		(11,539)	
Accounts payable		<u>(533,460)</u>	7,654,030
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		30,145,000	
Certificate of participation payable		1,115,000	
Capital loan note		4,265,000	
Government loan payable		13,731	
Accrued interest on the bonds and certificates		118,389	
Compensated absences		<u>1,072,589</u>	<u>(36,729,709)</u>
Net assets of governmental activities			\$ <u><u>104,623,532</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2008**

	<b>General Fund</b>	<b>Road Use Tax Fund</b>	<b>Tax Increment Financing Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>							
Taxes	\$ 14,882,041	—	2,835,582	4,366,550	—	687,264	22,771,437
Special assessments	—	—	—	41,322	132,416	—	173,738
Licenses and permits	805,474	—	—	—	—	—	805,474
Use of money and property	325,643	—	—	95,079	536,469	16,861	974,052
Intergovernmental	341,380	3,137,217	—	—	686,891	—	4,165,488
Charges for services	2,366,423	—	—	—	—	106,946	2,473,369
Miscellaneous	341,312	—	—	—	280,811	214,773	836,896
<b>Total revenues</b>	<b>19,062,273</b>	<b>3,137,217</b>	<b>2,835,582</b>	<b>4,502,951</b>	<b>1,636,587</b>	<b>1,025,844</b>	<b>32,200,454</b>
<b>Expenditures</b>							
<b>Current operating expenditures:</b>							
Public safety	7,491,697	—	—	—	—	108,197	7,599,894
Public works	2,883,986	3,014,146	—	—	—	—	5,898,132
Health and social services	57,913	—	—	—	—	—	57,913
Culture and recreation	4,925,133	—	—	—	—	724,500	5,649,633
Community and economic development	1,023,428	—	—	—	—	32,173	1,055,601
General government	2,097,042	—	—	—	—	—	2,097,042
Capital outlay	—	—	—	—	10,334,941	—	10,334,941
Debt service:							
Principal	255,000	—	—	5,520,000	—	—	5,775,000
Interest	218,059	—	—	1,420,566	—	—	1,638,625
<b>Total expenditures</b>	<b>18,952,258</b>	<b>3,014,146</b>	<b>—</b>	<b>6,940,566</b>	<b>10,334,941</b>	<b>864,870</b>	<b>40,106,781</b>
Excess (deficiency) of revenues over (under) expenditures	110,015	123,071	2,835,582	(2,437,615)	(8,698,354)	160,974	(7,906,327)
<b>Other financing sources (uses):</b>							
General obligation bond issuance	—	—	—	—	7,305,000	—	7,305,000
Transfers in	4,050	275,960	—	2,386,507	3,842,777	13,673	6,522,967
Transfers out	(106,258)	—	(2,828,210)	—	(1,858,673)	(1,729,826)	(6,522,967)
<b>Total other financing sources (uses)</b>	<b>(102,208)</b>	<b>275,960</b>	<b>(2,828,210)</b>	<b>2,386,507</b>	<b>9,289,104</b>	<b>(1,716,153)</b>	<b>7,305,000</b>
Net changes in fund balances	7,807	399,031	7,372	(51,108)	590,750	(1,555,179)	(601,327)
Fund balances at beginning of year	6,665,554	577,695	8,152	250,288	7,315,834	2,867,478	17,685,001
Fund balances at end of year	<b>\$ 6,673,361</b>	<b>976,726</b>	<b>15,524</b>	<b>199,180</b>	<b>7,906,584</b>	<b>1,312,299</b>	<b>17,083,674</b>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

Year ended June 30, 2008

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

Net change in fund balances, as restated – governmental funds	\$	(601,327)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	\$	10,334,941
Depreciation expense		<u>(3,311,289)</u>
		7,023,652
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		239,278
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(139,585)
In the statement of activities, certain operating expenses – compensated absences – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (the amount actually paid). The current year difference is \$150,922 for vacation expense, and \$65,444 for sick leave expense.		(216,366)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		5,775,000
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(7,294,661)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(4,435)
Bond issuance costs and discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance. In the government-wide financial statements, these costs are amortized over the life of the debt issue.		(22,865)
Repayment of government loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		6,797
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The net gain of the internal service funds is reported with governmental activities.		<u>1,091,953</u>
Change in net assets of governmental activities	\$	<u><u>5,857,441</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2007**

	<b>General Fund</b>	<b>Road Use Tax Fund</b>	<b>Tax Increment Financing Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>							
Taxes	\$ 13,509,373	—	3,510,146	3,999,164	—	695,234	21,713,917
Special assessments	—	—	—	22,282	239,879	—	262,161
Licenses and permits	929,211	—	—	—	—	—	929,211
Use of money and property	521,094	—	—	94,548	—	16,734	1,091,181
Intergovernmental	303,909	2,747,014	—	—	998,091	—	4,049,014
Charges for services	2,360,268	—	—	—	—	59,055	2,419,323
Miscellaneous	488,036	—	—	—	201,327	159,900	849,263
<b>Total revenues</b>	<b>18,111,891</b>	<b>2,747,014</b>	<b>3,510,146</b>	<b>4,115,994</b>	<b>1,898,102</b>	<b>930,923</b>	<b>31,314,070</b>
<b>Expenditures</b>							
<b>Current operating expenditures:</b>							
Public safety	6,558,581	—	—	—	—	51,386	6,609,967
Public works	2,729,163	2,895,601	—	—	—	22,354	5,647,118
Health and social services	18,355	—	—	—	—	—	18,355
Culture and recreation	4,629,373	—	—	—	—	595,042	5,224,415
Community and economic development	1,060,286	—	—	—	—	58,689	1,118,975
General government	1,949,626	—	—	—	—	—	1,949,626
Capital outlay	—	—	—	—	7,234,283	—	7,234,283
Debt service:							
Principal	220,000	—	—	4,825,000	—	—	5,045,000
Interest	209,446	—	—	1,315,053	—	—	1,524,499
<b>Total expenditures</b>	<b>17,374,830</b>	<b>2,895,601</b>	<b>—</b>	<b>6,140,053</b>	<b>7,234,283</b>	<b>727,471</b>	<b>34,372,238</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>737,061</b>	<b>(148,587)</b>	<b>3,510,146</b>	<b>(2,024,059)</b>	<b>(5,336,181)</b>	<b>203,452</b>	<b>(3,058,168)</b>
<b>Other financing sources (uses):</b>							
General obligation bond issuance	—	—	—	—	6,370,000	—	6,370,000
Transfers in	—	12,900	—	2,007,681	2,734,451	—	4,755,032
Transfers out	—	—	(3,525,616)	—	(1,117,923)	(111,493)	(4,755,032)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>12,900</b>	<b>(3,525,616)</b>	<b>2,007,681</b>	<b>7,986,528</b>	<b>(111,493)</b>	<b>6,370,000</b>
<b>Net changes in fund balances</b>	<b>737,061</b>	<b>(135,687)</b>	<b>(15,470)</b>	<b>(16,378)</b>	<b>2,650,347</b>	<b>91,959</b>	<b>3,311,832</b>
Fund balances at beginning of year	5,928,493	713,382	23,622	266,666	4,665,487	2,775,519	14,373,169
<b>Fund balances at end of year</b>	<b>\$ 6,665,554</b>	<b>577,695</b>	<b>8,152</b>	<b>250,288</b>	<b>7,315,834</b>	<b>2,867,478</b>	<b>17,685,001</b>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

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

Year ended June 30, 2007

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

Net change in fund balances, as restated – governmental funds	\$	3,311,832
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlays	\$	7,234,283
Depreciation expense		<u>(3,125,588)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		4,108,695
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		3,105,485
In the statement of activities, certain operating expenses – compensated absences – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (the amount actually paid). The current year difference is \$104,119 for vacation expense, and \$32,294 for sick leave expense.		708,787
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		(136,413)
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		5,045,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(6,292,470)
Bond issuance costs and discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance. In the government-wide financial statements, these costs are amortized over the life of the debt issue.		(7,621)
Repayment of government loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		(24,470)
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The net gain of the internal service funds is reported with governmental activities.		6,664
Change in net assets of governmental activities		<u>830,401</u>
	\$	<u><u>10,655,890</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Net Assets –  
Proprietary Funds

June 30, 2008

	<b>Assets</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:		
Cash and pooled cash investments		\$ 6,370,880
Accounts receivable		17,799
Capital assets, net		<u>2,510,114</u>
Total assets		<u>\$ 8,898,793</u>
	<b>Liabilities</b>	
Current liabilities:		
Accounts payable		\$ <u>152,810</u>
Total liabilities		<u>\$ 152,810</u>
	<b>Net Assets</b>	
Net assets:		
Invested in capital assets		\$ 2,510,114
Unrestricted		<u>6,235,869</u>
Total net assets		<u>\$ 8,745,983</u>

Statement of Net Assets –  
Proprietary Funds

June 30, 2007

	<b>Assets</b>	<b>Total Governmental activities - Internal Service Funds</b>
Current assets:		
Cash and pooled cash investments		\$ 5,741,473
Accounts receivable		12,153
Capital assets, net		<u>2,445,403</u>
Total assets		<u>\$ 8,199,029</u>
	<b>Liabilities</b>	
Current liabilities:		
Deferred revenue		\$ 11,539
Accounts payable		<u>533,460</u>
Total liabilities		<u>\$ 544,999</u>
	<b>Net Assets</b>	
Net Assets		
Invested in capital assets		\$ 2,445,403
Unrestricted		<u>5,208,627</u>
Total net assets		<u>\$ 7,654,030</u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**  
**Statement of Revenues, Expenses, and Changes in**  
**Net Assets – Proprietary Funds**  
**Year Ended June 30, 2008**

	<u><b>Total Governmental activities - Internal Service Funds</b></u>
Operating revenues:	
Charges for services	\$ 3,285,715
Other	163,487
Total operating revenues	<u>3,449,202</u>
Operating expenses:	
Insurance premiums and claims	2,092,117
Equipment replacement expense	—
Data processing	5,320
Depreciation	625,299
Total operating expenses	<u>2,722,736</u>
Operating income	<u>726,466</u>
Nonoperating revenues:	
Interest income	279,387
Gain on sale of equipment	86,100
Total nonoperating revenues	<u>365,487</u>
Change in net assets	1,091,953
Net assets at beginning of year	<u>7,654,030</u>
Net assets at end of year	<u><u>\$ 8,745,983</u></u>

**Statement of Revenues, Expenses, and Changes in**  
**Net Assets – Proprietary Funds**  
**Year Ended June 30, 2007**

	<u><b>Total Governmental activities - Internal Service Funds</b></u>
Operating revenues:	
Charges for services	\$ 3,131,141
Other	114,596
Total operating revenues	<u>3,245,737</u>
Operating expenses:	
Insurance premiums and claims	2,119,764
Equipment replacement expense	11,364
Data processing	19,733
Depreciation	599,129
Total operating expenses	<u>2,749,990</u>
Operating income	<u>495,747</u>
Nonoperating revenues:	
Interest income	299,067
Gain on sale of equipment	35,587
Total nonoperating revenues	<u>334,654</u>
Change in net assets	830,401
Net assets at beginning of year	<u>6,823,629</u>
Net assets at end of year	<u><u>\$ 7,654,030</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2008

	<b>Total Governmental activities - Internal Service Funds</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,432,017
Payments to suppliers	<u>(2,094,627)</u>
Net cash provided by operating activities	<u>1,337,390</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,073,470)
Proceeds from sale of capital assets	<u>86,100</u>
Net cash used in capital and related financing activities	<u>(987,370)</u>
Cash flows from investing activities:	
Interest on investments	<u>279,387</u>
Net increase in cash and cash equivalents	629,407
Cash and cash equivalents at beginning of year	<u>5,741,473</u>
Cash and cash equivalents at end of year	\$ <u><u>6,370,880</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 726,466
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	625,299
Change in accounts receivable	(5,646)
Change in deferred revenue	(11,539)
Change in accounts payable and accrued liability	<u>2,810</u>
Net cash provided by operating activities	\$ <u><u>1,337,390</u></u>

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2007

	<b>Total Governmental activities - Internal Service Funds</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,233,759
Payments to suppliers	<u>(2,148,209)</u>
Net cash provided by operating activities	<u>1,085,550</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(872,767)
Proceeds from sale of capital assets	<u>37,500</u>
Net cash used in capital and related financing activities	<u>(835,267)</u>
Cash flows from investing activities:	
Interest on investments	<u>299,067</u>
Net increase in cash and cash equivalents	549,350
Cash and cash equivalents at beginning of year	<u>5,192,123</u>
Cash and cash equivalents at end of year	\$ <u><u>5,741,473</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 495,747
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	599,129
Change in accounts receivable	(12,153)
Change in deferred revenue	11,539
Change in accounts payable and accrued liability	<u>(8,712)</u>
Net cash provided by operating activities	\$ <u><u>1,085,550</u></u>

See accompanying notes to financial statements.

**CITY OF URBANDALE, IOWA**

Statement of Fiduciary Net Assets

June 30, 2008

		<b>Total Agency Funds</b>
<b>Assets</b>		
Cash and pooled cash investments	\$	1,263,513
Other assets		40,300
Total assets	\$	<u>1,303,813</u>
<b>Liabilities</b>		
Liabilities:		
Due to component unit	\$	3,024
Due to other governments		342,981
Deposits and remittances due		957,808
Total liabilities	\$	<u>1,303,813</u>

Statement of Fiduciary Net Assets

June 30, 2007

		<b>Total Agency Funds</b>
<b>Assets</b>		
Cash and pooled cash investments	\$	1,341,470
Other assets		41,398
Total assets	\$	<u>1,382,868</u>
<b>Liabilities</b>		
Liabilities:		
Due to component unit	\$	12,449
Due to other governments		368,190
Deposits and remittances due		1,002,229
Total liabilities	\$	<u>1,382,868</u>

See accompanying notes to financial statements.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

#### (1) Summary of Significant Accounting Policies

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

##### *(a) The Financial Reporting Entity*

The City of Urbandale, Iowa, (the City) is located in Polk County and was incorporated in 1917 under the laws of the state of Iowa (the State), later amended in July 1975 under the Home Rule City Act. The City operates by ordinance under the mayor-council-manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

In accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The reporting entity includes those of the City of Urbandale (the Primary Government) and its Component Unit. The City has also considered all other potential organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no organizations or agencies other than the Component Unit which should be included in these basic financial statements.

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

The Component Unit column in the financial statements presents the financial data of the Urbandale Water Utility (the Water Utility). The Water Utility is governed by a three-member board appointed by the City Council (the Council), and the Water Utility's operating budget is subject to the approval of the Council. Accordingly, financial accountability exists and the Water Utility is presented in the reporting entity, although it is legally separate from the City. The Water Utility provides water service exclusively to the citizens of Urbandale on behalf of the City. Complete financial statements of the Water Utility can be obtained directly from its administrative office at the following address:

Urbandale Water Utility  
3720 86th Street  
Urbandale, Iowa 50322

##### *(c) Measurement Focus, Basis of Accounting and Basis of Presentation*

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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

**Government-wide Financial Statements** - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The structure of the government-wide financial statements is described in the following two paragraphs.

*Statement of Net Assets* – presents the City’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

*The Statement of Activities* – demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** - The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

### **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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after year-end. Other revenues are considered to be available if they are expected to be received within 60 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, and charges for services. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Fines, forfeitures, licenses, and permit revenues are recorded when the City receives cash because they are generally not measurable until actually received. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met as long as they have met the available and measurable criteria.

Property tax receivable is recognized at the time an enforceable legal claim is established, which is March 15, the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes are not material and are not recorded as receivables. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property taxes are levied on July 1 and are payable in two installments on September 30 and March 31 of the fiscal year with a 1½% per month penalty for delinquent payments; are based on January 1, 2006 assessed property valuations; are for the tax accrual period July 1, 2007 through June 30, 2008; and reflect the tax asking contained in the budget certified by the City in March, 2007.

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

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

*Debt Service Fund* – utilized to account for the funding and payment of interest and principal of general obligation debt of the City.

*Capital Projects Fund* – used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through internal service funds.

#### **Proprietary Funds**

The proprietary funds are used to account for a government's ongoing operations and activities which are similar to those often found in the private sector. The proprietary funds use the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses include the cost of services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The following comprises the City's proprietary funds, none of which are designated as major funds:

*General Liability Fund* – an internal service fund utilized to finance and account for the City's property and casualty and workers compensation insurance transactions.

*Risk Management Fund* – an internal service fund utilized to finance and account for the transactions related to the City's dental, life, long-term disability and self-insured employee health insurance plans.

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

*Technology Fund* – an internal service fund utilized to finance and account for the acquisition of major technology-related capital assets that are not funded through the Capital Projects or Equipment Replacement funds.

#### **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.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

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

#### **(d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

#### **(e) Encumbrances**

The fund balances in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, because the City intends to honor these purchase commitments. The City does not treat encumbrances as expenditures for GAAP purposes.

#### **(f) Fund Balance Reserves**

Governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assets not available for spending in the subsequent year's budget are long-term and subsequent years' receivables, inventories, and prepaid items.

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

Except for the Component Unit, the City maintains a cash and investment pool that is available for use by all funds. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. These pooled deposits are invested on a short-term basis, and interest income is generally allocated to each participating fund based upon the percentage of its average balance.

The City's investments are all participating interest-earning contracts with maturities at purchase of less than one year, and are carried at amortized cost as permitted by Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

For purposes of the statement of cash flows, the proprietary funds consider all investments with a maturity of three months or less when purchased to be cash equivalents.

Cash equivalents of the Component Unit include a money market account and an investment in the Iowa Public Agency Investment Trust (IPAIT), which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

**(h) Inventories**

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

**(i) Unbilled Revenues**

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

**(j) Capital Assets**

Capital assets, which include real property, equipment and vehicles, artwork, buildings, infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), and the City's share of assets in an undivided equity interest, are reported in the governmental activities column in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets 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.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	50
Improvements other than buildings	5 – 30
Vehicles and equipment	3 – 20
Distribution system	50
Artwork	20
Infrastructure	10 – 65
Share of undivided equity interest assets	5 – 15

**(k) Deferred Revenues**

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred revenue at the fund level represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred revenue at the fund level consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year-end. Unearned revenue at the government-wide level consists of the succeeding year property tax receivable.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

***(l) Long-Term Debt***

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made.

***(m) Compensated Absences***

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

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

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$35,000 per employee and \$1,552,000 and \$1,590,000 in the aggregate for June 30, 2008 and 2007, respectively. The operating funds are charged premiums (based upon historical claim experience) by the Risk Management Fund, which is accounted for as an Internal Service Fund. The accrued liability for estimated claims represents an estimate, based on actuarial valuation, of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported, and is classified with accounts payable.

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

	<u>2008</u>	<u>2007</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 145,000	150,000
Incurred claims and claim adjustment expenses	1,079,611	1,189,549
Payments	<u>(1,084,611)</u>	<u>(1,194,549)</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ <u>140,000</u>	<u>145,000</u>

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

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

The City's and its Component Unit's deposits at June 30, 2008 and 2007 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 obligations of the United States government are classified as cash and pooled cash investments in the financial statements and are included with bank deposits in this note. The cash equivalents of the City's non-fiduciary funds at June 30, 2008 and 2007 are \$25,917,490 and \$24,426,493, respectively. The City's agency funds had cash and pooled cash investments of \$1,263,513 and \$1,341,470 at June 30, 2008 and 2007 respectively.

At June 30, 2008 and 2007 cash equivalents of the Component Unit include a money market account of \$2,155,280 and \$2,390,459 respectively, and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$134,342, and \$129,305 respectively, which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. Additionally, there are two Certificates of Deposit totaling \$411,700.

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

*Credit risk.* The City's investment policy prohibits investments in commercial paper and other corporate debt. The Component Unit's investment in Iowa Public Agency Investment Trust is unrated. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance. All other investments held by the City at June 30, 2008 and 2007 are in certificates of deposit and obligations of the United States government held with depository institutions approved by the Council.

*Concentration of credit risk.* The City places dollar limits, ranging from \$6 - \$14 million, on the amount that may be invested in any one approved depository institution. The City also has a diversification policy to reduce risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, or a specific class of securities.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

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

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

**(3) Restricted Assets**

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

**(4) Capital Assets**

Capital assets activity for the Primary Government for the year ended June 30, 2008 and 2007 is as follows:

	<u>July 1, 2007</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,124,042	—	—	5,124,042
Construction in progress	5,526,610	8,927,708	2,280,977	12,173,341
Right of way	208,373	—	—	208,373
<b>Total capital assets not being depreciated</b>	<b>10,859,025</b>	<b>8,927,708</b>	<b>2,280,977</b>	<b>17,505,756</b>
Capital assets being depreciated:				
Equipment	9,276,200	945,006	819,069	9,402,137
Buildings	17,442,877	2,073,140	—	19,516,017
Improvements other than buildings	2,056,141	52,170	48,966	2,059,345
Artwork	253,150	—	—	253,150
Infrastructure	105,788,181	1,535,240	—	107,323,421
Share of undivided equity interest assets	550,980	78,941	—	629,921
<b>Total capital assets being depreciated</b>	<b>135,367,529</b>	<b>4,684,497</b>	<b>868,035</b>	<b>139,183,991</b>
Less accumulated depreciation for:				
Equipment	4,509,327	934,213	792,057	4,651,483
Buildings	3,154,107	358,897	—	3,513,004
Improvements other than buildings	530,143	101,169	8,978	622,334
Artwork	82,487	12,657	—	95,144
Infrastructure	21,037,612	2,456,531	—	23,494,143
Share of undivided equity interest assets	376,487	72,689	—	449,176
<b>Total accumulated depreciation</b>	<b>29,690,163</b>	<b>3,936,156</b>	<b>801,035</b>	<b>32,825,284</b>
<b>Total capital assets, net</b>	<b>\$ 116,536,391</b>	<b>9,676,049</b>	<b>2,347,977</b>	<b>123,864,463</b>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
	<u>Balance</u>			<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,003,100	120,942	—	5,124,042
Construction in progress	7,102,513	6,274,107	7,850,010	5,526,610
Right of way	208,373	—	—	208,373
<b>Total capital assets not being depreciated</b>	<u>12,313,986</u>	<u>6,395,049</u>	<u>7,850,010</u>	<u>10,859,025</u>
Capital assets being depreciated:				
Equipment	8,460,868	1,421,292	605,960	9,276,200
Buildings	17,442,877	—	—	17,442,877
Improvements other than buildings	1,911,534	144,607	—	2,056,141
Artwork	253,150	—	—	253,150
Infrastructure	94,470,847	11,317,334	—	105,788,181
Share of undivided equity interest assets	462,825	88,155	—	550,980
<b>Total capital assets being depreciated</b>	<u>123,002,101</u>	<u>12,971,388</u>	<u>605,960</u>	<u>135,367,529</u>
Less accumulated depreciation for:				
Equipment	4,211,731	898,926	601,330	4,509,327
Buildings	2,805,575	348,532	—	3,154,107
Improvements other than buildings	431,650	98,493	—	530,143
Artwork	69,830	12,657	—	82,487
Infrastructure	18,726,044	2,311,568	—	21,037,612
Share of undivided equity interest assets	321,945	54,542	—	376,487
<b>Total accumulated depreciation</b>	<u>26,566,775</u>	<u>3,724,718</u>	<u>601,330</u>	<u>29,690,163</u>
<b>Total capital assets, net</b>	<u>\$ 108,749,312</u>	<u>15,641,719</u>	<u>7,854,640</u>	<u>116,536,391</u>

Depreciation expense of \$3,936,156 and \$3,724,718 for the years ended June 30, 2008 and 2007, respectively, was charged to the following governmental functions:

	<u>2008</u>	<u>2007</u>
Public safety	\$ 478,883	439,612
Public works	2,852,501	2,697,193
Health & Social	550	137
Culture and recreation	441,172	424,219
Community and economic development	24,529	26,080
General government	138,521	137,477
<b>Total depreciation expense</b>	<u>\$ 3,936,156</u>	<u>3,724,718</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

Capital asset activity for the Component Unit for the years ended June 30, 2008 and 2007 is as follows:

	<b>2008</b>			
	<b>July 1, 2007 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2008 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 640,867	32,322	15,884	657,305
Buildings	1,181,173	—	—	1,181,173
Distribution system	21,358,569	4,494,244	96,344	25,756,469
Construction in progress	3,390,317	—	3,390,317	—
Total capital assets being depreciated	<u>26,570,926</u>	<u>4,526,566</u>	<u>3,502,545</u>	<u>27,594,947</u>
Less accumulated depreciation for:				
Equipment	380,890	63,409	15,884	428,415
Buildings	407,724	30,617	—	438,341
Distribution system	5,946,981	511,557	28,928	6,429,610
Total accumulated depreciation	<u>6,735,595</u>	<u>605,583</u>	<u>44,812</u>	<u>7,296,366</u>
Total capital assets, net	<u>\$ 19,835,331</u>	<u>3,920,983</u>	<u>3,457,733</u>	<u>20,298,581</u>
	<b>2007</b>			
	<b>July 1, 2006 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2007 Balance</b>
Capital assets being depreciated:				
Equipment	\$ 548,120	142,596	49,849	640,867
Buildings	1,181,173	—	—	1,181,173
Distribution system	20,750,267	615,046	6,744	21,358,569
Construction in progress	2,811,005	579,312	—	3,390,317
Total capital assets being depreciated	<u>25,290,565</u>	<u>1,336,954</u>	<u>56,593</u>	<u>26,570,926</u>
Less accumulated depreciation for:				
Equipment	345,616	67,516	32,242	380,890
Buildings	377,737	29,987	—	407,724
Distribution system	5,530,278	423,447	6,744	5,946,981
Total accumulated depreciation	<u>6,253,631</u>	<u>520,950</u>	<u>38,986</u>	<u>6,735,595</u>
Total capital assets, net	<u>\$ 19,036,934</u>	<u>816,004</u>	<u>17,607</u>	<u>19,835,331</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

**(5) Long-Term Obligations**

**(a) General Obligation Bonds**

Details of general obligation bonds payable at June 30, 2008 and 2007 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding June 30, 2008</u>	<u>Amount Outstanding June 30, 2007</u>
Street, fire, and refunding	11/01/95	5.10 to 5.25	6/11	350,000 to 400,000	\$ 3,835,000	1,150,000	1,500,000
Street	10/01/98	4.38 to 4.40	6/09	225,000 to 350,000	2,535,000	225,000	575,000
Library/Misc.	08/01/99	4.70 to 4.88	6/14	300,000 to 575,000	6,520,000	2,270,000	2,845,000
Library/Park	05/01/00	5.00 to 5.35	6/14	275,000 to 650,000	6,025,000	2,450,000	3,025,000
Street, park, and public works improvements	08/01/01	4.00 to 4.30	6/11	125,000 to 200,000	1,450,000	525,000	650,000
Street, park and public works improvements	10/01/02	3.00 to 3.50	6/13	550,000 to 725,000	5,720,000	3,280,000	3,845,000
Street, park and public works improvements	09/01/03	3.00 to 3.75	6/14	625,000 to 810,000	7,155,000	4,460,000	5,085,000
Street, park and public works	10/01/04	2.45 to 3.60	6/15	435,000 to 610,000	5,400,000	3,540,000	3,975,000
Housing/Urban Development	10/01/04	3.70 to 5.30	6/19	60,000 to 105,000	1,035,000	865,000	925,000
Street/Bridge	07/01/05	3.40	6/16	405,000 to 525,000	5,225,000	3,745,000	4,150,000
Street/Bridge	08/01/06	3.85 to 4.10	6/16	275,000 to 800,000	4,385,000	3,295,000	3,570,000
Streets	09/01/07	4.00	6/17	1,100,000 to 685,000	7,005,000	5,905,000	—
					<u>\$ 56,290,000</u>	<u>31,710,000</u>	<u>30,145,000</u>

**(b) Water Revenue Bonds**

On June 16, 2005, the Component Unit issued \$4,000,000 in Water Revenue bonds. The bonds were issued for the construction of a 2.0 million gallon elevated storage facility and to install new water mains. Interest is payable semi-annually, each December 1 and June 1, at 3.90%. Principal payments are due June 1 of each year, and range from \$125,000 to 300,000, with final maturity in 2024. At June 30, 2008, the restricted cash on the balance sheet includes \$25,336 in the Sinking fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

**(c) Government Loans Payable**

The City and two other cities have jointly received loan monies from the State in connection with the construction of certain public safety communication improvements. At June 30, 2008 and 2007, the City's share of loan monies, which bear interest at 2.0%, was \$6,934 and \$13,731, respectively. Annual loan payments started on June 1, 2005 and continue through June 1, 2009.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

**(d) General Obligation Certificates of Participation**

In 2000, the City issued \$1,430,000 in General Obligation Certificates of Participation for acquiring a structure to house the City's Departments of Community Development and Engineering/Public Works. Principal payments range from \$60,000 to \$120,000 with interest rates from 5.15% to 6.25%. Total outstanding principal at June 30, 2008 and 2007 was \$1,055,000 and \$1,115,000 respectively, with the final payment due June 2020.

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

In 2005, the City issued \$2,630,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing community development building to be used for administrative offices and city hall. Principal payments range from \$100,000 to \$190,000 with interest rates from 3.25% to 4.45%. Total outstanding principal at June 30, 2008 and 2007 was \$2,250,000 and \$2,350,000 respectively, with the final payment due June 2024.

In 2006, the City issued \$1,470,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$75,000 to \$130,000 with interest rates from 3.95% to 4.30%. Total outstanding principal at June 30, 2008 and 2007 was \$1,325,000 and \$1,400,000 respectively, with the final payment due June 2021.

Also in 2006, the City also issued \$515,000 in General Obligation General Fund Taxable Capital Loan Notes for an urban renewal project which will fund a loan to Homemakers Corporation. Principal payments range from \$80,000 to \$120,000 with interest rates from 5.50% to 5.90%. Total outstanding principal at June 30, 2008 and 2007 was \$435,000 and \$515,000 respectively, with the final payment due June 2012.

In 2007, the City also issued \$300,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$20,000 to \$30,000 with interest rates from 3.65% to 4.15%. Total outstanding principal at June 30, 2008 was \$280,000, with the final payment due June 2020.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2008 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation Certificates of Participation		General Obligation General Fund Capital Loan Notes		Government Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	4,880,000	1,237,590	60,000	58,120	305,000	178,194	6,934	138
2010	4,700,000	1,049,465	65,000	55,030	310,000	165,276	—	—
2011	4,510,000	866,637	70,000	51,650	325,000	151,937	—	—
2012	4,010,000	691,210	75,000	47,975	345,000	137,791	—	—
2013	3,960,000	538,475	80,000	44,000	230,000	122,280	—	—
2014-2018	9,545,000	811,780	475,000	149,100	1,320,000	470,822	—	—
2019-2023	105,000	5,560	230,000	20,125	1,265,000	188,201	—	—
2024-2025	—	—	—	—	190,000	8,456	—	—
	<u>\$ 31,710,000</u>	<u>5,200,717</u>	<u>1,055,000</u>	<u>426,000</u>	<u>4,290,000</u>	<u>1,422,957</u>	<u>6,934</u>	<u>138</u>

The annual principal and interest requirements to maturity for the Component Unit's obligations at June 30, 2008 are as follows:

Years Ending June 30,	Water Revenue Bonds	
	Principal	Interest
2009	\$ 165,000	139,035
2010	170,000	132,600
2011	175,000	125,970
2012	185,000	119,145
2013	190,000	111,930
2014-2018	1,070,000	442,065
2019-2023	1,310,000	216,255
2024	300,000	11,700
	<u>\$ 3,565,000</u>	<u>1,298,700</u>

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

Changes in long-term obligations for the years ended June 30, 2008 and 2007 are as follows:

		<b>2008</b>				
		<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
		<b>June 30, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2008</b>	<b>1 year</b>
<b>Primary government:</b>						
General obligation bonds	\$	30,145,000	7,005,000	5,440,000	31,710,000	4,880,000
General obligation certificates of participation		1,115,000	—	60,000	1,055,000	60,000
General obligation General Fund capital loan notes		4,265,000	300,000	275,000	4,290,000	305,000
Government loans payable		13,731	—	6,797	6,934	6,934
Compensated absences		1,072,589	218,809	2,443	1,288,955	505,919
	\$	<u>36,611,320</u>	<u>7,523,809</u>	<u>5,784,240</u>	<u>38,350,889</u>	<u>5,757,853</u>
<b>Component unit:</b>						
Water revenue bonds	\$	3,725,000	—	160,000	3,565,000	165,000
Compensated absences		117,698	22,523	—	140,221	66,079
	\$	<u>3,842,698</u>	<u>22,523</u>	<u>160,000</u>	<u>3,705,221</u>	<u>231,079</u>
		<b>2007</b>				
		<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
		<b>June 30, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2007</b>	<b>1 year</b>
<b>Primary government:</b>						
General obligation bonds	\$	30,585,000	4,385,000	4,825,000	30,145,000	4,340,000
General obligation certificates of participation		1,170,000	—	55,000	1,115,000	60,000
General obligation General Fund capital loan notes		2,445,000	1,985,000	165,000	4,265,000	255,000
Government loans payable		20,395	—	6,664	13,731	6,797
Compensated absences		936,176	153,390	16,977	1,072,589	479,618
	\$	<u>35,156,571</u>	<u>6,523,390</u>	<u>5,068,641</u>	<u>36,611,320</u>	<u>5,141,415</u>
<b>Component unit:</b>						
Water revenue bonds		3,875,000	—	150,000	3,725,000	160,000
Government loans payable	\$	13,784	—	13,784	—	—
Compensated absences		100,370	21,189	3,861	117,698	59,973
	\$	<u>3,989,154</u>	<u>21,189</u>	<u>167,645</u>	<u>3,842,698</u>	<u>219,973</u>

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

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

2007 Actual value of Property (unaudited)	\$ 3,744,288,213
Debt limit - 5% of assessed valuation	\$ 187,214,411
Amount of debt applicable to debt limit:	
Government loan payable	(6,934)
General obligation certificates of participation	(1,055,000)
General obligation General Fund capital loan notes	(4,290,000)
General obligation bonds	<u>(31,710,000)</u>
Legal debt margin	\$ <u>150,152,477</u>

**(6) Retirement Plans**

**(a) Plan Descriptions**

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

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

Municipal Fire and Police Retirement System of Iowa 7155 Lake Drive, Suite 201 West Des Moines, IA 50266	IPERS PO Box 9117 Des Moines, IA 50306
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**(b) Funding Policy**

MFPRS and IPERS plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute.

The contribution rates for plan members and the City in years ended June 30, 2008, 2007, and 2006 under the two plans were as follows:

	<u>Plan Member Contributions</u>			<u>City Contributions</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
IPERS –						
Basic	3.90 %	3.70	3.70	6.05	5.75	5.75
Fire	5.64	6.08	6.16	8.47	9.12	9.23
MFPRS	9.35	9.35	9.35	25.48	27.75	28.21

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

The City's contributions to MFPRS and IPERS for the years ended June 30, 2008, 2007, and 2006 were equal to the required contributions for each year as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
IPERS	\$ 410,711	367,691	349,126
MFPRS	789,822	712,083	708,396

The Component Unit's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$61,410, \$50,858, and \$50,816, respectively.

**(c) Money Purchase Plan**

The Component Unit also offers its employees a money purchase plan created and administered in accordance with Internal Revenue Code Section 401(a). The plan, available to all full-time Water Utility employees, permits them to contribute up to 8% of their salary with the Water Utility matching 60% of the employee's contribution.

All assets and income of the plan are held in trusts established for the exclusive benefit of eligible participants and their beneficiaries in accordance with Internal Revenue Code Section 401(a). No part of the trusts shall revert to the Water Utility or be used for or diverted to purposes other than the exclusive benefit of participants and their beneficiaries. Third-party administrators who act in a trustee capacity manage the plans. Accordingly, these plan assets are not reported in the Water Utility's financial statements. The Water Utility made contributions to the plan of \$23,404 and \$18,705 for the years ended June 30, 2008 and 2007, respectively. The Water Utility's employees made contributions to the plan of \$39,007 and \$31,175 for the years ended June 30, 2008 and 2007, respectively.

**(7) Deferred Compensation Plan**

The City offers its employees several options for deferred compensation plans created and administered in accordance with Internal Revenue Code Section 457. The plans, which are available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All assets and income of the plans are held in trusts established for the exclusive benefit of eligible participants and their beneficiaries in accordance with Internal Revenue Code Section 457(g). No part of the trusts shall revert to the City or be used for or diverted to purposes other than the exclusive benefit of participants and their beneficiaries. Third-party administrators who act in a trustee capacity manage the plans. Accordingly, these plan assets are not reported in the City's financial statements.

**(8) 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-

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

insurance risk pools as described in the subsequent paragraphs. Commercial insurance is purchased for all other risks of loss. Settlements have not exceeded coverages for each of the past three fiscal years.

**(a) Iowa Municipalities Workers' Compensation Association**

The City is a member of the Iowa Municipalities Workers' Compensation Association (the Association), which was established to provide members a group self-insurance program for their workers' compensation liabilities. Approximately 300 cities and counties participate in the Association. The members participating in the Association to manage and conduct the business and affairs of the Association elect a board of trustees consisting of seven members.

The following table sets forth summarized financial data of the Association as of June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Cash and cash equivalents	\$ 8,535,935	\$ 3,258,130
Investments	33,296,277	34,188,519
Receivables	1,587,842	1,817,560
Other assets	555,181	496,239
Total assets	\$ 43,975,235	\$ 39,760,448
Total liabilities	\$ 20,132,854	\$ 21,589,230
Total equity	23,842,381	18,171,218
Total liabilities and equity	\$ 43,975,235	\$ 39,760,448
Total revenues	\$ 8,727,540	\$ 5,677,535
Total expenses	3,056,377	2,898,443
Net increase (decrease) in equity	\$ 5,671,163	\$ 2,779,092

**(b) Iowa Communities Assurance Pool**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

## CITY OF URBANDALE, IOWA

### Notes to Financial Statements

June 30, 2008 and 2007

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 and 2007 were \$343,343 and \$335,980 respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the City's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

**(9) Commitments**

**(a) Construction and Purchase Commitments**

At June 30, 2008 and 2007, the following construction and purchase commitments had been made:

<u>Project</u>	<u>2008</u>	
	<u>Total Contracts</u>	<u>Amount Remaining on Contracts</u>
Capital projects fund	\$ 23,236,905	12,173,675
General fund	115,622	—
Total	<u>\$ 23,352,527</u>	<u>12,173,675</u>
	<u>2007</u>	
<u>Project</u>	<u>Total Contracts</u>	<u>Amount Remaining on Contracts</u>
Capital projects fund	\$ 9,712,726	7,673,013
General fund	156,037	2,007
Total	<u>\$ 9,868,763</u>	<u>7,675,020</u>

**(b) Joint Operation**

In August of 2000, the City entered into a joint operation of a centralized emergency dispatch center (Westcom) with two other Des Moines suburbs. Westcom was established as an undivided interest ownership arrangement, whereby titles to assets in Westcom are held individually by the City and the other two Des Moines suburbs. The City showed expenditures of \$585,867 and \$550,980 and has an undivided interest in assets of the operation, net of depreciation, totaling \$180,745 and \$174,493 as of June 30, 2008 and 2007 respectively. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

**(c) Principal Park Renovation Pledge**

The City, in conjunction with seven other governmental entities, pledged to pay the annual debt service on \$750,000 of City of Des Moines debt through future anticipated hotel/motel receipts, to assist in the renovation of Principal Park Stadium, a triple-A baseball facility located in downtown Des Moines. The City's portion of the pledge is in the form of a loan repayment over fifteen years. The pledge is allocated based upon the City's pro rata share of total hotel/motel tax collections of all seven entities for the year preceding the due date of the debt service obligation. The City made payments totaling \$14,677 and \$14,599 during the years ended June 30, 2008 and 2007, respectively.

**(d) Iowa Events Center**

In 2006, the City Council committed \$640,000 for the Iowa Events Center project, over a 20 year period. The City's contribution will be utilized for the payment of debt service on the bonds issued

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

by Polk County to finance the construction of the downtown arena. The City made payments totaling \$32,000 during each of the years ended June 30, 2008 and 2007.

**(e) Des Moines Water Works**

The Component Unit has entered into agreements with Water Works for the construction of Water Works-owned booster stations, treatment plant, feeder mains, and a storage tank, which will enhance service to the City. Water Works designed, constructed, and financed the booster stations, a treatment plant, feeder mains, and a storage tank through the issuance of revenue bonds. The Component Unit has commitments outstanding at June 30, 2008 and 2007 to contribute to Water Works \$18,648,232 and \$19,920,511, respectively, plus interest at 2.50% to 4.375% in conjunction with these projects.

Future minimum payments in conjunction with these commitments are:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>
2009	\$ 939,090	734,796
2010	979,535	701,298
2011	1,023,557	666,451
2012	1,073,229	629,997
2013	1,126,577	590,785
2014-2018	6,059,161	2,231,176
2019-2023	4,095,000	1,214,407
2024-2027	3,352,083	299,362
	<u>\$ 18,648,232</u>	<u>7,068,272</u>

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

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

**(g) Loan Guarantees**

The City is providing loan guarantees for the Urbandale Soccer Club, the Urbandale Girls Recreation Association and the Urbandale Little League, which approximated \$551,000 and \$551,000 at June 30, 2008 and June 30, 2007.

**(h) Conduit Debt**

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the

**CITY OF URBANDALE, IOWA**

Notes to Financial Statements

June 30, 2008 and 2007

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, 2008 and 2007, there were three series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$7,889,076 and \$7,364,716 respectively.

**(10) Subsequent Events**

In July 2008, the City issued \$12,225,000 in general obligation bonds to be used primarily for street improvement projects.

**(11) Transfer Reconciliation**

The following is a schedule of transfers of the City for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Transfer to General fund from:		
Nonmajor governmental funds	4,050	—
Total transfers to General Fund	<u>4,050</u>	<u>—</u>
Transfer to Road Use fund from:		
Capital projects fund	275,960	—
Nonmajor governmental funds:	—	12,900
Total transfers to Road Use fund	<u>275,960</u>	<u>12,900</u>
Transfer to Capital projects fund from:		
General fund	106,258	—
Nonmajor governmental funds	1,724,816	—
TIF fund	2,011,703	2,734,451
Total transfers to Capital Projects fund	<u>3,842,777</u>	<u>2,734,451</u>
Transfer to Debt Service fund from:		
TIF fund	816,507	791,165
Capital projects fund	1,570,000	1,117,923
Nonmajor governmental funds	—	98,593
Total transfer to Debt Service fund	<u>2,386,507</u>	<u>2,007,681</u>
Transfer to Nonmajor governmental funds		
Nonmajor governmental funds	1,000	—
Capital projects fund	12,673	—
Total transfer to Nonmajor government funds	<u>13,673</u>	<u>—</u>
	<u>\$ 6,522,967</u>	<u>4,755,032</u>

Transfers are primarily used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.



## **FINANCIAL STATEMENTS**

Required Supplementary Financial Schedules

**CITY OF URBANDALE, IOWA**  
**Budgetary Comparison Schedule of**  
**Receipts, Disbursements and Changes in Balances**  
**Budget and Actual (Cash Basis) -**  
**Governmental Funds**

Year Ended June 30, 2008

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Revenues:				
Property tax	\$ 17,892,770	18,004,530	18,004,530	(111,760)
Tax increment financing	2,828,210	2,855,336	2,855,336	(27,126)
Other city tax	1,982,267	1,629,420	1,686,520	295,747
Licenses and permits	830,709	1,000,250	1,000,250	(169,541)
Use of money and property	1,017,674	415,000	415,000	602,674
Intergovernmental	4,223,960	4,573,722	5,004,222	(780,262)
Charges for services	2,557,999	2,283,450	2,386,450	171,549
Special assessments	173,841	1,369,700	1,369,700	(1,195,859)
Miscellaneous	766,209	370,300	418,300	347,909
<b>Total receipts</b>	<b>32,273,639</b>	<b>32,501,708</b>	<b>33,140,308</b>	<b>(866,669)</b>
Expenditures:				
Public safety	7,560,367	7,656,003	7,902,003	341,636
Public works	6,077,858	6,049,569	6,197,069	119,211
Health and social services	34,876	35,000	35,000	124
Culture and recreation	5,607,182	5,795,417	5,985,117	377,935
Community and economic development	1,022,933	1,197,712	1,197,712	174,779
General government	2,568,655	2,605,268	2,610,268	41,613
Debt Service	6,940,566	7,010,617	7,010,617	70,051
Capital projects	9,124,938	14,914,818	14,914,818	5,789,880
<b>Total disbursements</b>	<b>38,937,375</b>	<b>45,264,404</b>	<b>45,852,604</b>	<b>6,915,229</b>
Excess (deficiency) of revenues over (under) expenditures	(6,663,736)	(12,762,696)	(12,712,296)	(6,048,560)
Other financing sources, net	7,330,411	9,332,997	9,333,997	2,003,586
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	666,675	(3,429,699)	(3,378,299)	(4,044,974)
Fund balances at beginning of year	18,392,511	14,282,573	14,282,573	(4,109,938)
Fund balances at end of year	\$ 19,059,186	10,852,874	10,904,274	(8,154,912)

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 32,273,639	(73,185)	32,200,454
Expenditures/expenses	38,937,375	1,169,406	40,106,781
Net	(6,663,736)	(1,242,591)	(7,906,327)
Other financing sources, net	7,330,411	(25,411)	7,305,000
Beginning fund balances/net assets	18,392,511	(707,510)	17,685,001
Ending fund balances/net assets	\$ 19,059,186	(1,975,512)	17,083,674

See accompanying notes to required supplementary information.

**CITY OF URBANDALE, IOWA**  
**Budgetary Comparison Schedule of**  
**Receipts, Disbursements and Changes in Balances**  
**Budget and Actual (Cash Basis) -**  
**Governmental Funds**

Year Ended June 30, 2007

	Governmental Funds Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>Revenues:</b>				
Property tax	\$ 16,355,430	16,384,618	16,384,618	(29,188)
Tax increment financing	3,525,615	2,868,988	2,868,988	656,627
Other city tax	1,865,908	1,580,050	1,666,050	199,858
Licenses and permits	901,636	1,267,750	1,267,750	(366,114)
Use of money and property	1,091,158	372,500	391,600	699,558
Intergovernmental	4,544,613	5,156,965	5,377,417	(832,804)
Charges for services	2,382,113	2,172,215	2,194,615	187,498
Special assessments	263,500	3,154,600	3,154,600	(2,891,100)
Miscellaneous	656,996	368,800	399,000	257,996
<b>Total receipts</b>	<b>31,586,969</b>	<b>33,326,486</b>	<b>33,704,638</b>	<b>(2,117,669)</b>
<b>Expenditures:</b>				
Public safety	6,683,994	6,956,949	7,035,499	351,505
Public works	5,627,884	5,787,503	5,853,703	225,819
Health and social services	18,355	35,000	35,000	16,645
Culture and recreation	5,248,030	5,456,639	5,638,941	390,911
Community and economic development	1,117,889	1,208,582	1,248,582	130,693
General government	2,375,632	2,427,883	2,438,983	63,351
Debt Service	6,140,052	6,153,504	6,153,504	13,452
Capital projects	7,031,533	13,238,712	13,238,712	6,207,179
<b>Total disbursements</b>	<b>34,243,369</b>	<b>41,264,772</b>	<b>41,642,924</b>	<b>7,399,555</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,656,400)</b>	<b>(7,938,286)</b>	<b>(7,938,286)</b>	<b>(5,281,886)</b>
<b>Other financing sources, net</b>	<b>6,365,880</b>	<b>5,901,950</b>	<b>5,901,950</b>	<b>(463,930)</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>3,709,480</b>	<b>(2,036,336)</b>	<b>(2,036,336)</b>	<b>(5,745,816)</b>
<b>Fund balances at beginning of year</b>	<b>14,683,031</b>	<b>8,550,867</b>	<b>8,550,867</b>	<b>(6,132,164)</b>
<b>Fund balances at end of year</b>	<b>\$ 18,392,511</b>	<b>6,514,531</b>	<b>6,514,531</b>	<b>(11,877,980)</b>

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 31,586,969	(272,899)	31,314,070
Expenditures/expenses	34,243,369	128,869	34,372,238
Net	(2,656,400)	(401,768)	(3,058,168)
Other financing sources, net	6,365,880	4,120	6,370,000
Beginning fund balances/net assets	14,683,031	(309,862)	14,373,169
Ending fund balances/net assets	\$ 18,392,511	(707,510)	17,685,001

See accompanying notes to required supplementary information.

## CITY OF URBANDALE, IOWA

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008 and 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund. In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. However, emphasis is placed on monitoring budgets by individual funds and by major classifications within functions, such as personnel, operations and maintenance, and capital outlay. Deviations from budgeted amounts by major classifications within programs must be approved by the City Manager. Monthly reports are prepared by Department and program to monitor program expenditures and legally budgeted amounts. All appropriations lapse at the end of the fiscal year.

State law mandates that annual budgets for funds other than Agency and Internal Service for the fiscal year beginning July 1 must be certified to the county auditor no later than March 15, preceding the beginning of the fiscal year. The Council also annually adopts a five-year capital improvement plan. The review and adoption of a budget is handled in accordance with state laws, as there is no City ordinance governing the budget process. Preliminary review of all operating budget requests is conducted by the City manager (the Manager) at a Departmental level. The Manager's budget, considered as a plan of financial operation along with proposed sources of revenues, is presented to the Council at least two months prior to certification. The Council holds hearings with the Manager, department heads, boards, and commissions, as well as a public hearing prior to adopting a budget. By resolution, the Council adopts a budget effective July 1 and certifies it to the county auditor, who, in turn, certifies the City's budget to the State Department of Management. This budget becomes the appropriation and is prepared on a cash basis (budget basis).

Amendments to the budget are considered annually only if revenue sources are available (i.e., unanticipated revenues and budget surpluses). There can be no additional levy of property taxes. The actual amendment process, as prescribed by state law, is identical to the procedures followed for the original budget, including certification. The budgets for the fiscal years ending June 30, 2008 and 2007 were amended during the year to allow the City to increase program expenditures by \$588,200 and \$378,152, respectively and increased program revenues by \$638,600 and \$378,152, respectively. The 2008 amendment was obtained to provide for Westcom operating expenses, fire station building and equipment repairs, police equipment and training, additional crossing guards, forfeiture fund expenses, street resurfacing, winter storm cleanup, fuel and utility costs, library expenses, additional hotel motel revenue contributions, and senior center costs. These costs were offset by Federal and local grant funds, donations, intergovernmental revenues, EMS fees, court fines, senior center program revenues, vehicle impound administrative revenues and available fund balances. The 2007 amendment was obtained to provide for Westcom operating expenses, police equipment, training and crossing guards, storm cleanup, solid waste programs, library expenditures, a CEBA loan and auction remittances. These costs were offset by Federal and local grant funds, donations, intergovernmental revenues, investment income, auction proceeds, and vehicle impound administrative revenues.

The actual expenditures of the Component Unit were \$10,674,091 and \$11,869,251 compared to a legal budget of \$11,907,096 and \$12,332,036 for the years ended June 30, 2008 and 2007, respectively.



## **FINANCIAL SECTION**

Other Supplementary Financial Schedules

**CITY OF URBANDALE, IOWA**  
Nonmajor Governmental Funds

**Special Revenue Funds:**

*Hotel/motel fund* - to account for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of convention and tourism.

*Parkland* - to account for funds held by the city for future parkland purchases.

*Colby Woods Park* - to account for funds held by the city for Colby Woods park improvements.

*Walker Johnston Memorial* - to account for funds held for Walker Johnston park improvements.

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

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

*ERT #1* – to account for funds received from an emergency response team grant.

*Evidence and Forfeited Property* – to account for forfeited funds and property received by the City from drug enforcement efforts, police action or investigation. The City must use these forfeited funds and property to enhance law enforcement.

*Federal Forfeited Property* – to account for funds and property received by the City from federal investigations.

*Police Donations* - to account for money received to be used on specific police projects.

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

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

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

**CITY OF URBANDALE, IOWA**  
Combining Balance Sheet Information  
Nonmajor Governmental Funds

June 30, 2008

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Memorial Tree Park</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
<b>Assets</b>							
Cash and pooled cash investments	\$ 272,458	214,487	51,591	25,032	2,832	7,430	3,455
Taxes receivable:							
Current	329,669	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 602,127</b>	<b>214,487</b>	<b>51,591</b>	<b>25,032</b>	<b>2,832</b>	<b>7,430</b>	<b>3,455</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,125	—	—	10,173	—	—	—
Deferred revenue	329,669	—	—	—	—	—	—
<b>Total liabilities</b>	<b>330,794</b>	<b>—</b>	<b>—</b>	<b>10,173</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund balances:</b>							
Unreserved - undesignated	271,333	214,487	51,591	14,859	2,832	7,430	3,455
<b>Total fund balances</b>	<b>271,333</b>	<b>214,487</b>	<b>51,591</b>	<b>14,859</b>	<b>2,832</b>	<b>7,430</b>	<b>3,455</b>
<b>Total liabilities and fund balances</b>	<b>\$ 602,127</b>	<b>214,487</b>	<b>51,591</b>	<b>25,032</b>	<b>2,832</b>	<b>7,430</b>	<b>3,455</b>

CITY OF URBANDALE, IOWA

Schedule 1 (cont'd)

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

Assets	ERT #1	Evidence and Forfeited Property	Federal Forfeited Property	Police Donations	McDivitt Cemetery	Tobacco Inspection	Donations and Escrow	Total
Cash and pooled cash investments	\$ 87	22,288	114,804	218	25,017	2,727	603,633	1,346,059
Taxes receivable:								
Current	—	—	—	—	—	—	—	329,669
Due from Other Governments	—	—	3,771	—	—	—	—	3,771
Total assets	<u>\$ 87</u>	<u>22,288</u>	<u>118,575</u>	<u>218</u>	<u>25,017</u>	<u>2,727</u>	<u>603,633</u>	<u>1,679,499</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ —	4,460	21,335	—	—	—	438	37,531
Deferred revenue	—	—	—	—	—	—	—	329,669
Total liabilities	<u>—</u>	<u>4,460</u>	<u>21,335</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>438</u>	<u>367,200</u>
<b>Fund balances:</b>								
Unreserved - undesignated	<u>87</u>	<u>17,828</u>	<u>97,240</u>	<u>218</u>	<u>25,017</u>	<u>2,727</u>	<u>603,195</u>	<u>1,312,299</u>
Total fund balances	<u>87</u>	<u>17,828</u>	<u>97,240</u>	<u>218</u>	<u>25,017</u>	<u>2,727</u>	<u>603,195</u>	<u>1,312,299</u>
Total liabilities and fund balances	<u>\$ 87</u>	<u>22,288</u>	<u>118,575</u>	<u>218</u>	<u>25,017</u>	<u>2,727</u>	<u>603,633</u>	<u>1,679,499</u>

CITY OF URBANDALE, IOWA  
 Combining Balance Sheet Information  
 Nonmajor Governmental Funds

June 30, 2007

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
<b>Assets</b>							
Cash and pooled cash investments	\$ 297,396	198,424	49,319	—	3,481	5,686	3,304
Taxes receivable:							
Current	296,445	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—
Total assets	<u>\$ 593,841</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>5,686</u>	<u>3,304</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ —	—	—	—	—	707	—
Deferred revenue	296,445	—	—	—	—	—	—
Total liabilities	<u>296,445</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>707</u>	<u>—</u>
<b>Fund balances:</b>							
Unreserved - undesignated	297,396	198,424	49,319	—	3,481	4,979	3,304
Total fund balances	<u>297,396</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>4,979</u>	<u>3,304</u>
Total liabilities and fund balances	<u>\$ 593,841</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>5,686</u>	<u>3,304</u>

## CITY OF URBANDALE, IOWA

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2007

<b>Assets</b>	<b>ERT #1</b>	<b>Evidence and Forfeited Property</b>	<b>Federal Forfeited Property</b>	<b>Police Donations</b>	<b>Donations and Escrow</b>	<b>Total</b>
Cash and pooled cash investments	\$ 481	10,879	70,146	2,601	2,210,590	2,852,307
Taxes receivable:						
Current	—	—	—	—	—	296,445
Accrued interest	—	15,553	7,533	—	—	23,086
<b>Total assets</b>	<b>\$ 481</b>	<b>26,432</b>	<b>77,679</b>	<b>2,601</b>	<b>2,210,590</b>	<b>3,171,838</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ —	665	4,499	2,044	—	7,915
Deferred revenue	—	—	—	—	—	296,445
<b>Total liabilities</b>	<b>—</b>	<b>665</b>	<b>4,499</b>	<b>2,044</b>	<b>—</b>	<b>304,360</b>
<b>Fund balances:</b>						
Unreserved - undesignated	481	25,767	73,180	557	2,210,590	2,867,478
<b>Total fund balances</b>	<b>481</b>	<b>25,767</b>	<b>73,180</b>	<b>557</b>	<b>2,210,590</b>	<b>2,867,478</b>
<b>Total liabilities     and fund balances</b>	<b>\$ 481</b>	<b>26,432</b>	<b>77,679</b>	<b>2,601</b>	<b>2,210,590</b>	<b>3,171,838</b>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2008

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Memorial Tree Park</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
<b>Revenues</b>							
Taxes	\$ 687,264	—	—	—	—	—	—
Use of money and property	—	9,407	2,272	32	150	273	151
Charges for services	—	—	—	—	—	—	—
Miscellaneous	—	—	—	25,000	625	3,858	—
Total revenues	<u>687,264</u>	<u>9,407</u>	<u>2,272</u>	<u>25,032</u>	<u>775</u>	<u>4,131</u>	<u>151</u>
<b>Expenditures</b>							
Current operating expenditures							
Public safety	—	—	—	—	1,424	1,680	—
Culture and recreation	714,327	—	—	10,173	—	—	—
Public works	—	—	—	—	—	—	—
Community and Economic Development	—	—	—	—	—	—	—
Total expenditures	<u>714,327</u>	<u>—</u>	<u>—</u>	<u>10,173</u>	<u>1,424</u>	<u>1,680</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,063)</u>	<u>9,407</u>	<u>2,272</u>	<u>14,859</u>	<u>(649)</u>	<u>2,451</u>	<u>151</u>
Transfers in	1,000	12,673	—	—	—	—	—
Transfers out	—	(6,017)	—	—	—	—	—
Total transfers	<u>1,000</u>	<u>6,656</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balances	<u>(26,063)</u>	<u>16,063</u>	<u>2,272</u>	<u>14,859</u>	<u>(649)</u>	<u>2,451</u>	<u>151</u>
Fund balances - beginning	<u>297,396</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>4,979</u>	<u>3,304</u>
Fund balances - ending	<u>\$ 271,333</u>	<u>214,487</u>	<u>51,591</u>	<u>14,859</u>	<u>2,832</u>	<u>7,430</u>	<u>3,455</u>

**CITY OF URBANDALE, IOWA**  
Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2008

	<u>ERT #1</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>McDivitt Cemetery</u>	<u>Tobacco Inspection</u>	<u>Donations Escrow</u>	<u>Total</u>
<b>Revenues</b>								
Taxes	—	—	—	—	—	—	—	687,264
Use of money and property	13	1,148	3,351	—	32	32	—	16,861
Charges for services	—	—	103,996	—	—	2,950	—	106,946
Miscellaneous	—	8,674	—	3,044	24,985	—	148,587	214,773
Total revenues	<u>13</u>	<u>9,822</u>	<u>107,347</u>	<u>3,044</u>	<u>25,017</u>	<u>2,982</u>	<u>148,587</u>	<u>1,025,844</u>
<b>Expenditures</b>								
<b>Current operating expenditures</b>								
Public safety	407	17,761	83,287	3,383	—	255	—	108,197
Culture and recreation	—	—	—	—	—	—	—	724,500
Public works	—	—	—	—	—	—	—	—
Community and Economic Development	—	—	—	—	—	—	32,173	32,173
Total expenditures	<u>407</u>	<u>17,761</u>	<u>83,287</u>	<u>3,383</u>	<u>—</u>	<u>255</u>	<u>32,173</u>	<u>864,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(394)</u>	<u>(7,939)</u>	<u>24,060</u>	<u>(339)</u>	<u>25,017</u>	<u>2,727</u>	<u>116,414</u>	<u>160,974</u>
Transfers in	—	—	—	—	—	—	—	13,673
Transfers out	—	—	—	—	—	—	(1,723,809)	(1,729,826)
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,723,809)</u>	<u>(1,716,153)</u>
Net changes in fund balances	<u>(394)</u>	<u>(7,939)</u>	<u>24,060</u>	<u>(339)</u>	<u>25,017</u>	<u>2,727</u>	<u>(1,607,395)</u>	<u>(1,555,179)</u>
Fund balances - beginning	<u>481</u>	<u>25,767</u>	<u>73,180</u>	<u>557</u>	<u>—</u>	<u>—</u>	<u>2,210,590</u>	<u>2,867,478</u>
Fund balances - ending	<u>87</u>	<u>17,828</u>	<u>97,240</u>	<u>218</u>	<u>25,017</u>	<u>2,727</u>	<u>603,195</u>	<u>1,312,299</u>

**CITY OF URBANDALE, IOWA**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2007

	<u>Hotel Motel</u>	<u>Parkland</u>	<u>Colby Woods Park</u>	<u>Walker Johnston Memorial</u>	<u>Fire Donations</u>	<u>Fire Training</u>	<u>Fire Equipment</u>
<b>Revenues</b>							
Taxes	\$ 695,234	—	—	—	—	—	—
Use of money and property	—	10,332	2,833	46	181	—	—
Charges for services							
Miscellaneous	—	—	—	—	330	5,471	800
<b>Total revenues</b>	<u>695,234</u>	<u>10,332</u>	<u>2,833</u>	<u>46</u>	<u>511</u>	<u>5,471</u>	<u>800</u>
<b>Expenditures</b>							
Current operating expenditures							
Public safety	—	—	—	—	672	6,383	2,532
Culture and recreation	593,700	—	—	1,342	—	—	—
Public works			22,354				
Community and Economic Development	31,264	—	—	—	—	—	—
<b>Total expenditures</b>	<u>624,964</u>	<u>—</u>	<u>22,354</u>	<u>1,342</u>	<u>672</u>	<u>6,383</u>	<u>2,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,270</u>	<u>10,332</u>	<u>(19,521)</u>	<u>(1,296)</u>	<u>(161)</u>	<u>(912)</u>	<u>(1,732)</u>
Transfers out	<u>(98,593)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total transfers</b>	<u>(98,593)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balances	(28,323)	10,332	(19,521)	(1,296)	(161)	(912)	(1,732)
Fund balances - beginning	325,719	188,092	68,840	1,296	3,642	5,891	5,036
Fund balances - ending	<u>\$ 297,396</u>	<u>198,424</u>	<u>49,319</u>	<u>—</u>	<u>3,481</u>	<u>4,979</u>	<u>3,304</u>

## CITY OF URBANDALE, IOWA

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

## Nonmajor Governmental Funds

Year Ended June 30, 2007

	<u>ERT #1</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Donations Escrow</u>	<u>Total</u>
<b>Revenues</b>						
Taxes	—	—	—	—	—	695,234
Use of money and property	14	731	2,597	—	—	16,734
Charges for services			59,055			59,055
Miscellaneous	5,393	26,830	—	5,815	115,261	159,900
<b>Total revenues</b>	<u>5,407</u>	<u>27,561</u>	<u>61,652</u>	<u>5,815</u>	<u>115,261</u>	<u>930,923</u>
<b>Expenditures</b>						
Current operating expenditures						
Public safety	6,672	12,397	16,972	5,758	—	51,386
Culture and recreation	—	—	—	—	—	595,042
Public Works	—	—	—	—	—	22,354
Community and Economic Development	—	—	—	—	27,425	58,689
<b>Total expenditures</b>	<u>6,672</u>	<u>12,397</u>	<u>16,972</u>	<u>5,758</u>	<u>27,425</u>	<u>727,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,265)</u>	<u>15,164</u>	<u>44,680</u>	<u>57</u>	<u>87,836</u>	<u>203,452</u>
Transfers out	—	—	—	—	(12,900)	(111,493)
<b>Total transfers</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,900)</u>	<u>(111,493)</u>
Net changes in fund balances	(1,265)	15,164	44,680	57	74,936	91,959
Fund balances - beginning	1,746	10,603	28,500	500	2,135,654	2,775,519
Fund balances - ending	<u>481</u>	<u>25,767</u>	<u>73,180</u>	<u>557</u>	<u>2,210,590</u>	<u>2,867,478</u>

## CITY OF URBANDALE, IOWA

Combining Statement of Net Assets—  
Proprietary Funds

June 30, 2008

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
<b>Current assets:</b>					
Cash and pooled cash investments	\$ 383,512	2,811,184	68,831	3,107,353	6,370,880
Accounts receivable	17,235	—	—	564	17,799
Capital assets, net	—	2,510,114	—	—	2,510,114
<b>Total assets</b>	<b>400,747</b>	<b>5,321,298</b>	<b>68,831</b>	<b>3,107,917</b>	<b>8,898,793</b>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
Accounts payable	7,490	—	5,320	140,000	152,810
<b>Total liabilities</b>	<b>7,490</b>	<b>—</b>	<b>5,320</b>	<b>140,000</b>	<b>152,810</b>
<b>Net assets:</b>					
Invested in capital assets	—	2,510,114	—	—	2,510,114
Unrestricted	393,257	2,811,184	63,511	2,967,917	6,235,869
<b>Total net assets</b>	<b>\$ 393,257</b>	<b>5,321,298</b>	<b>63,511</b>	<b>2,967,917</b>	<b>8,745,983</b>

Statement of Net Assets—  
Proprietary Funds

June 30, 2007

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
<b>Current assets:</b>					
Cash and pooled cash investments	\$ 265,517	2,977,294	65,800	2,432,862	5,741,473
Account receivable	12,153	—	—	—	12,153
Capital assets, net	—	2,445,403	—	—	2,445,403
<b>Total assets</b>	<b>277,670</b>	<b>5,422,697</b>	<b>65,800</b>	<b>2,432,862</b>	<b>8,199,029</b>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
Deferred revenue	11,539	—	—	—	11,539
Accounts payable	5,000	383,460	—	145,000	533,460
<b>Total liabilities</b>	<b>16,539</b>	<b>383,460</b>	<b>—</b>	<b>145,000</b>	<b>544,999</b>
<b>Net assets:</b>					
Invested in capital assets	—	2,445,403	—	—	2,445,403
Unrestricted	261,131	2,593,834	65,800	2,287,862	5,208,627
<b>Total net assets</b>	<b>\$ 261,131</b>	<b>5,039,237</b>	<b>65,800</b>	<b>2,287,862</b>	<b>7,654,030</b>

**CITY OF URBANDALE, IOWA**  
**Combining Statement of Revenues, Expenses, and Changes in**  
**Net Assets – Proprietary Funds**  
**Year Ended June 30, 2008**

	<b>General Liability</b>	<b>Equipment Replacement</b>	<b>Technology</b>	<b>Risk Management</b>	<b>Total Governmental activities - Internal Service Funds</b>
Operating revenues:					
Charges for services	\$ 656,938	690,085	—	1,938,692	3,285,715
Other	75,166	7,496	—	80,825	163,487
<b>Total operating revenues</b>	<b>732,104</b>	<b>697,581</b>	<b>—</b>	<b>2,019,517</b>	<b>3,449,202</b>
Operating expenses:					
Insurance premiums and claims	609,090	—	—	1,483,027	2,092,117
Data processing	—	—	5,320	—	5,320
Equipment replacement expense	—	—	—	—	—
Depreciation	—	625,299	—	—	625,299
<b>Total operating expenses</b>	<b>609,090</b>	<b>625,299</b>	<b>5,320</b>	<b>1,483,027</b>	<b>2,722,736</b>
<b>Operating (loss) income</b>	<b>123,014</b>	<b>72,282</b>	<b>(5,320)</b>	<b>536,490</b>	<b>726,466</b>
Nonoperating revenues:					
Interest income	9,112	123,679	3,031	143,565	279,387
Gain on sale of equipment	—	86,100	—	—	86,100
<b>Total nonoperating revenues</b>	<b>9,112</b>	<b>209,779</b>	<b>3,031</b>	<b>143,565</b>	<b>365,487</b>
<b>(Loss) income before transfer</b>	<b>132,126</b>	<b>282,061</b>	<b>(2,289)</b>	<b>680,055</b>	<b>1,091,953</b>
Net assets at beginning of year	261,131	5,039,237	65,800	2,287,862	7,654,030
Net assets at end of year	<b>\$ 393,257</b>	<b>5,321,298</b>	<b>63,511</b>	<b>2,967,917</b>	<b>8,745,983</b>

**Statement of Revenues, Expenses, and Changes in**  
**Net Assets – Proprietary Funds**  
**Year Ended June 30, 2007**

	<b>General Liability</b>	<b>Equipment Replacement</b>	<b>Technology</b>	<b>Risk Management</b>	<b>Total Governmental activities - Internal Service Funds</b>
Operating revenues:					
Charges for services	\$ 597,216	680,474	—	1,853,451	3,131,141
Other	48,187	4,304	—	62,105	114,596
<b>Total operating revenues</b>	<b>645,403</b>	<b>684,778</b>	<b>—</b>	<b>1,915,556</b>	<b>3,245,737</b>
Operating expenses:					
Insurance premiums and claims	584,486	—	—	1,535,278	2,119,764
Equipment replacement expense	—	11,364	—	—	11,364
Data processing	—	—	19,733	—	19,733
Depreciation	—	599,129	—	—	599,129
<b>Total operating expenses</b>	<b>584,486</b>	<b>610,493</b>	<b>19,733</b>	<b>1,535,278</b>	<b>2,749,990</b>
<b>Operating (loss) income</b>	<b>60,917</b>	<b>74,285</b>	<b>(19,733)</b>	<b>380,278</b>	<b>495,747</b>
Nonoperating revenues:					
Interest income	9,884	157,989	3,979	127,215	299,067
Gain on sale of equipment	—	35,587	—	—	35,587
<b>Total nonoperating revenues</b>	<b>9,884</b>	<b>193,576</b>	<b>3,979</b>	<b>127,215</b>	<b>334,654</b>
<b>Change in net assets</b>	<b>70,801</b>	<b>267,861</b>	<b>(15,754)</b>	<b>507,493</b>	<b>830,401</b>
Net assets at beginning of year	190,330	4,771,376	81,554	1,780,369	6,823,629
Net assets at end of year	<b>\$ 261,131</b>	<b>5,039,237</b>	<b>65,800</b>	<b>2,287,862</b>	<b>7,654,030</b>

## CITY OF URBANDALE, IOWA

Combining Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2008

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 715,483	697,581	—	2,018,953	3,432,017
Payments to suppliers	(606,600)	—	—	(1,488,027)	(2,094,627)
Net cash (used in) provided by operating activities	108,883	697,581	—	530,926	1,337,390
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(1,073,470)	—	—	(1,073,470)
Proceeds from sale of capital assets	—	86,100	—	—	86,100
Net cash used in capital and related financing activities	—	(987,370)	—	—	(987,370)
Cash flows from investing activities:					
Interest on investments	9,112	123,679	3,031	143,565	279,387
Net (decrease) increase in cash and cash equivalents	117,995	(166,110)	3,031	674,491	629,407
Cash and cash equivalents at beginning of year	265,517	2,977,294	65,800	2,432,862	5,741,473
Cash and cash equivalents at end of year	\$ 383,512	2,811,184	68,831	3,107,353	6,370,880
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 123,014	72,282	(5,320)	536,490	726,466
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Change in accounts receivable	(5,082)	—	—	(564)	(5,646)
Change in deferred revenue	(11,539)	—	—	—	(11,539)
Depreciation	—	625,299	—	—	625,299
Change in accounts payable	2,490	—	5,320	(5,000)	2,810
Net cash (used in) provided by operating activities	108,883	697,581	—	530,926	1,337,390

Statement of Cash Flows –  
Proprietary Funds

Year Ended June 30, 2007

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 644,789	673,414	—	1,915,556	3,233,759
Payments to suppliers	(582,024)	—	(21,847)	(1,544,338)	(2,148,209)
Net cash (used in) provided by operating activities	62,765	673,414	(21,847)	371,218	1,085,550
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(872,767)	—	—	(872,767)
Proceeds from sale of capital assets	—	37,500	—	—	37,500
Net cash used in capital and related financing activities	—	(835,267)	—	—	(835,267)
Cash flows from investing activities:					
Interest on investments	9,884	157,989	3,979	127,215	299,067
Net (decrease) increase in cash and cash equivalents	72,649	(3,864)	(17,868)	498,433	549,350
Cash and cash equivalents at beginning of year	192,868	2,981,158	83,668	1,934,429	5,192,123
Cash and cash equivalents at end of year	\$ 265,517	2,977,294	65,800	2,432,862	5,741,473
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 60,917	74,285	(19,733)	380,278	495,747
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Change in accounts receivable	(12,153)	—	—	—	(12,153)
Change in deferred revenue	11,539	—	—	—	11,539
Depreciation	—	599,129	—	—	599,129
Change in accounts payable	2,462	—	(2,114)	(9,060)	(8,712)
Net cash (used in) provided by operating activities	62,765	673,414	(21,847)	371,218	1,085,550

**CITY OF URBANDALE, IOWA**  
**Combining Statement of Fiduciary Net Assets**  
 June 30, 2008

**Schedule 6**

	<b>Agency Funds</b>		
<b>Assets</b>	<b>Collections and Deposits</b>	<b>Revolving Loan</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,069,126	194,387	1,263,513
Other assets	40,300	—	40,300
Total assets	\$ 1,109,426	194,387	1,303,813
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 3,024	—	3,024
Due to other governments	148,594	194,387	342,981
Deposits and remittances due	957,808	—	957,808
Total liabilities	\$ 1,109,426	194,387	1,303,813

**Combining Statement of Fiduciary Net Assets**  
 June 30, 2007

	<b>Agency Funds</b>		
<b>Assets</b>	<b>Collections and Deposits</b>	<b>Revolving Loan</b>	<b>Total Agency Funds</b>
Cash and pooled cash investments	\$ 1,167,968	173,502	1,341,470
Other assets	41,398	—	41,398
Total assets	\$ 1,209,366	173,502	1,382,868
<b>Liabilities</b>			
Liabilities:			
Due to component unit	\$ 12,449	—	12,449
Due to other governments	194,688	173,502	368,190
Deposits and remittances due	1,002,229	—	1,002,229
Total liabilities	\$ 1,209,366	173,502	1,382,868

**CITY OF URBANDALE, IOWA**  
**Combining Statement of Changes in Assets**  
**and Liabilities – Agency Funds**  
**Year Ended June 30, 2008**

<b>Collections and Deposits Fund</b>	<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
	<b>June 30, 2007</b>			<b>June 30, 2008</b>
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 1,167,968	523,879	622,721	1,069,126
Other Assets	41,398	2,500	3,598	40,300
	<u>\$ 1,209,366</u>	<u>526,379</u>	<u>626,319</u>	<u>1,109,426</u>
<b>Liabilities:</b>				
Due to Component Unit	\$ 12,449	89,193	98,618	3,024
Due to Other Governments	194,688	166,472	212,566	148,594
Deposits and Remittances Due	1,002,229	270,714	315,135	957,808
	<u>\$ 1,209,366</u>	<u>526,379</u>	<u>626,319</u>	<u>1,109,426</u>
<b>Revolving Loan Fund</b>				
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 173,502	20,885	—	194,387
<b>Liabilities:</b>				
Due to Other Governments	\$ 173,502	20,885	—	194,387
<b>Total agency funds assets</b>	<u>\$ 1,382,868</u>	<u>547,264</u>	<u>626,319</u>	<u>1,303,813</u>
<b>Total agency funds liabilities</b>	<u>\$ 1,382,868</u>	<u>547,264</u>	<u>626,319</u>	<u>1,303,813</u>

**Combining Statement of Changes in Assets**  
**and Liabilities – Agency Funds**  
**Year Ended June 30, 2007**

<b>Collections and Deposits Fund</b>	<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
	<b>June 30, 2006</b>			<b>June 30, 2007</b>
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 1,174,847	865,691	872,570	1,167,968
Other Assets	41,998	900	1,500	41,398
	<u>\$ 1,216,845</u>	<u>866,591</u>	<u>874,070</u>	<u>1,209,366</u>
<b>Liabilities:</b>				
Due to Component Unit	\$ 16,044	206,563	210,158	12,449
Due to Other Governments	196,404	425,578	427,294	194,688
Deposits and Remittances Due	1,004,397	234,450	236,618	1,002,229
	<u>\$ 1,216,845</u>	<u>866,591</u>	<u>874,070</u>	<u>1,209,366</u>
<b>Revolving Loan Fund</b>				
<b>Assets:</b>				
Cash and Pooled Cash Investments	\$ 149,887	23,615	—	173,502
<b>Liabilities:</b>				
Due to Other Governments	\$ 149,887	23,615	—	173,502

**STATISTICAL SECTION**

(Unaudited)

# CITY OF URBANDALE, IOWA

## Statistical Section

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

**CITY OF URBANDALE, IOWA**

**Table I**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>						
<b>Governmental activities:</b>						
Public Safety	\$ 4,723,324	5,213,450	5,625,803	6,221,356	6,594,536	7,663,358
Public Works	6,855,234	8,094,446	8,163,032	10,469,810	8,468,881	9,397,720
Health and social services	22,910	27,896	26,992	23,975	12,993	58,463
Culture and recreation	4,630,423	4,737,141	5,079,163	5,121,013	5,449,786	5,856,498
Community and economic development	892,675	1,024,584	1,470,696	1,721,213	1,118,862	1,032,369
General government	1,426,875	1,693,262	1,670,787	1,906,563	2,030,465	2,162,208
Interest on long-term debt	1,097,841	1,223,284	1,370,808	1,492,724	1,556,998	1,666,200
<b>Total governmental activities expenses</b>	<b>\$ 19,649,282</b>	<b>22,014,063</b>	<b>23,407,281</b>	<b>26,956,654</b>	<b>25,232,521</b>	<b>27,836,816</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
Charges for services:						
Public safety	\$ 498,394	562,099	478,114	648,715	683,209	767,670
Public works	543,092	1,152,021	2,008,454	1,325,201	1,800,708	1,265,580
Culture and recreation	564,766	584,691	562,110	638,135	573,022	595,242
Community and economic development	818,110	1,275,846	1,152,026	1,237,983	893,678	664,109
Operating grants and contributions	2,830,362	3,078,828	3,225,412	4,145,283	3,360,153	3,812,429
Capital grants and contributions	2,125,148	8,616,427	4,902,157	7,188,470	5,269,911	2,346,682
<b>Total governmental activities program revenues</b>	<b>\$ 7,379,872</b>	<b>15,269,912</b>	<b>12,328,273</b>	<b>15,183,787</b>	<b>12,580,681</b>	<b>9,451,712</b>
<b>Net (expense)/revenue</b>	<b>\$ (12,269,410)</b>	<b>(6,744,151)</b>	<b>(11,079,008)</b>	<b>(11,772,867)</b>	<b>(12,651,840)</b>	<b>(18,385,104)</b>
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities:</b>						
<b>Taxes:</b>						
Property taxes	\$ 11,982,163	12,999,952	13,566,423	14,677,676	16,337,862	17,953,587
Tax increment financing district tax	1,256,723	1,134,596	3,451,749	2,747,565	3,510,146	2,835,582
Hotel Motel tax	808,198	797,323	1,050,706	1,051,441	1,067,930	1,207,270
Property tax replacement/state consolidated	336,937	-	-	-	-	-
Franchise fees	268,430	291,212	280,546	253,319	254,940	262,803
Utility excise tax	542,847	585,285	563,766	545,167	549,396	545,418
Sales tax	24,967	6,067	-	-	-	-
Investment earnings	277,184	295,357	609,911	999,332	1,390,248	1,253,439
Miscellaneous	166,901	327,918	258,526	541,895	197,208	184,446
<b>Total governmental activities</b>	<b>\$ 15,664,350</b>	<b>16,437,710</b>	<b>19,781,627</b>	<b>20,816,395</b>	<b>23,307,730</b>	<b>24,242,545</b>
<b>Change in Net Assets</b>	<b>\$ 3,394,940</b>	<b>9,693,559</b>	<b>8,702,619</b>	<b>9,043,528</b>	<b>10,655,890</b>	<b>5,857,441</b>

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

**CITY OF URBANDALE, IOWA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>TIF Tax</b>	<b>Hotel Motel Tax</b>	<b>Property Tax Replacement</b>	<b>Franchise Tax</b>	<b>Utility Excise Tax</b>	<b>Sales Tax</b>	<b>Total</b>
2003	11,982,163	1,256,723	808,198	336,937	268,430	542,847	24,967	15,220,265
2004	12,999,952	1,134,596	797,323	-	291,212	585,285	6,067	15,814,435
2005	13,566,423	3,451,749	1,050,706	-	280,546	563,766	-	18,913,190
2006	14,677,676	2,747,565	1,051,441	-	253,319	545,167	-	19,275,168
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274
2008	17,953,587	2,835,582	1,207,270	-	262,803	545,418	-	22,804,660

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

**CITY OF URBANDALE, IOWA**

**Table III**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 54,377,914	62,476,418	64,357,733	74,549,310	81,011,392	86,912,448
Restricted	3,096,415	6,392,428	9,959,951	8,373,251	10,761,007	10,195,609
Unrestricted	9,053,607	7,352,649	10,606,430	11,045,081	12,851,133	13,372,916
Total governmental activities net assets	\$ <u>66,527,936</u>	<u>76,221,495</u>	<u>84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>	<u>110,480,973</u>

Note: In fiscal year 2002-03, the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to this the City did not present information in a full accrual basis.

CITY OF URBANDALE, IOWA

Table IV

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	\$ 474,993	5,373	7,516	6,383	9,427	8,064	3,183	39,691	22,321	22,138
Unreserved	1,910,403	2,209,793	2,660,045	3,241,053	3,955,165	5,129,821	5,719,813	5,888,802	6,643,233	6,651,223
Total general fund	\$ <u>2,385,396</u>	<u>2,215,166</u>	<u>2,667,561</u>	<u>3,247,436</u>	<u>3,964,592</u>	<u>5,137,885</u>	<u>5,722,996</u>	<u>5,928,493</u>	<u>6,665,554</u>	<u>6,673,361</u>
<b>All other governmental funds</b>										
Reserved	\$ 2,595,117	3,915,175	3,146,111	4,092,967	2,196,110	4,307,679	7,763,252	4,384,598	7,589,796	8,181,975
Unreserved, reported in:										
Special revenue funds	1,087,386	677,140	1,027,504	871,911	2,015,739	1,690,187	2,450,607	3,198,600	-	2,228,338
Capital projects funds	1,488,583	4,014,274	1,991,260	-	-	-	-	861,478	3,429,651	-
Total all other governmental funds	\$ <u>5,171,086</u>	<u>8,606,589</u>	<u>6,164,875</u>	<u>4,964,878</u>	<u>4,211,849</u>	<u>5,997,866</u>	<u>10,213,859</u>	<u>8,444,676</u>	<u>11,019,447</u>	<u>10,410,313</u>

**CITY OF URBAN DALE, IOWA**

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues:</b>										
Taxes	\$ 9,154,905	10,390,863	12,234,498	13,239,885	14,833,002	15,724,975	18,843,072	19,282,212	21,713,917	22,771,437
Special assessments	72,773	114,934	161,159	299,345	47,527	129,326	71,363	174,960	262,161	173,738
Licenses and permits	719,383	708,177	755,571	845,686	973,578	1,484,081	1,227,938	1,046,638	929,211	805,474
Use of money and property	409,291	570,954	612,106	262,675	205,884	238,116	504,228	772,861	1,091,181	974,052
Intergovernmental	3,771,984	3,387,688	3,762,900	3,658,462	3,000,788	3,501,073	3,231,391	4,618,523	4,049,014	4,165,488
Charges for services	579,270	646,067	631,309	771,480	1,131,085	1,686,028	2,217,100	2,282,337	2,419,323	2,473,369
Miscellaneous	415,100	743,605	696,084	792,137	722,199	649,467	2,385,991	1,477,583	849,263	836,896
Total revenues	\$ 15,122,706	16,562,288	18,853,627	19,869,670	20,914,063	23,413,066	28,481,083	29,655,114	31,314,070	32,200,454
<b>Expenditures:</b>										
Public safety	\$				4,771,091	5,128,491	5,439,939	6,258,706	6,609,967	7,599,894
Public works					4,683,208	5,255,628	5,250,496	5,106,124	5,647,118	5,898,132
Health and social services					22,910	27,896	26,992	23,975	18,355	57,913
Culture and recreation					4,249,781	4,390,807	4,762,141	5,082,065	5,224,415	5,649,633
Community and economic development					858,138	1,008,858	1,398,042	1,748,707	1,118,975	1,055,601
General government					1,271,661	1,336,552	1,476,033	1,761,537	1,949,626	2,097,042
Community Protection	4,112,840	4,267,123	4,615,153	4,830,839						
Human Deveopment	3,110,330	3,603,739	3,527,909	3,891,200						
Home and Community Environment	4,002,348	4,584,870	4,735,950	4,692,349						
Policy and Administration	1,275,578	1,284,263	1,469,068	1,408,005						
Capital outlay	2,232,060	9,382,198	5,033,190	3,567,363	8,784,258	6,033,584	9,235,719	10,569,539	7,234,283	10,334,941
Debt service										
Principal	1,360,000	1,665,000	2,028,014	2,257,660	2,533,340	3,089,040	3,770,000	4,420,000	5,045,000	5,775,000
Interest	556,643	767,153	1,136,281	1,076,889	1,099,946	1,210,848	1,342,540	1,473,147	1,524,499	1,638,625
Total expenditures	\$ 16,649,799	25,554,346	22,545,565	21,724,305	28,274,333	27,481,704	32,701,902	36,443,800	34,372,238	40,106,781
Excess of revenues over (under) expenditures	\$ (1,527,093)	(8,992,058)	(3,691,938)	(1,854,635)	(7,360,270)	(4,068,638)	(4,220,819)	(6,788,686)	(3,058,168)	(7,906,327)
<b>Other financing sources (uses):</b>										
Transfers in	\$ -	-	256,024	-	1,440,084	1,473,523	4,959,765	4,224,262	4,755,032	6,522,967
Transfers out	-	-	-	-	(1,364,473)	(1,573,523)	(4,959,765)	(4,224,262)	(4,755,032)	(6,522,967)
General obligation bond and loan proceeds	2,529,930	12,446,487	1,431,373	1,442,573	5,696,362	7,155,000	9,091,262	5,225,000	6,370,000	7,305,000
Discounts on bonds	-	-	-	-	-	(27,052)	(69,339)	-	-	-
Total other financing sources (uses)	\$ 2,529,930	12,446,487	1,687,397	1,442,573	5,771,973	7,027,948	9,021,923	5,225,000	6,370,000	7,305,000
Net change in fund balances	\$ 1,002,837	3,454,429	(2,004,541)	(412,062)	(1,588,297)	2,959,310	4,801,104	(1,563,686)	3,311,832	(601,327)
Debt service as a percentage of noncapital expenditures	13.29%	15.04%	18.07%	18.37%	18.64%	20.05%	21.79%	22.78%	24.21%	24.90%

Note: In fiscal year 2002-03 the City implemented the new accounting standards under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Govern ements* . As a result, departmental expenditures were restructured from a four program expenditure format to a six function expenditure format. None of the previous program alignments were applicable under GASB 34.

**CITY OF URBANDALE, IOWA**

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

<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>
1999	7,972,414	-	624,770	369,015	188,706	-	-	9,154,905
2000	9,070,026	-	760,008	369,271	191,558	-	-	10,390,863
2001	10,073,243	267,553	760,810	368,182	228,448	536,262	-	12,234,498
2002	10,829,068	357,675	881,262	355,291	272,682	543,907	-	13,239,885
2003	11,889,531	1,256,723	513,567	336,937	268,430	542,847	24,967	14,833,002
2004	13,235,112	1,134,596	472,703	-	291,212	585,285	6,067	15,724,975
2005	13,857,223	3,451,749	689,788	-	280,546	563,766	-	18,843,072
2006	15,022,051	2,747,565	714,110	-	253,319	545,167	-	19,282,212
2007	16,337,862	3,510,146	1,061,573	-	254,940	549,396	-	21,713,917
2008	17,953,587	2,835,582	1,174,047	-	262,803	545,418	-	22,771,437

**CITY OF URBANDALE, IOWA**

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

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Utilities</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Motor Vehicles**</b>						
1999 *	1,531,356,260	***	4,822,374	73,938,848	-	1,610,117,482	8.490	1,125,152,341	143.10%
2000 *	1,696,052,735	***	2,746,456	70,703,563	-	1,769,502,754	8.840	1,220,882,904	144.94%
2001 *	1,782,676,310	***	2,013,603	70,836,949	-	1,855,526,862	8.970	1,314,441,320	141.16%
2002 *	1,993,300,560	***	877,707	71,117,523	-	2,065,295,790	8.961	1,382,611,219	149.38%
2003 *	2,110,349,240	***	-	71,999,960	-	2,182,349,200	8.970	1,486,485,113	146.81%
2004 *	2,306,012,540	***	-	69,266,599	-	2,375,279,139	9.070	1,513,935,720	156.89%
2005 *	2,485,584,468	***	-	73,039,041	-	2,558,623,509	9.073	1,616,728,419	158.26%
2006 *	1,953,108,280	894,663,140	-	79,125,577	-	2,926,896,997	9.070	1,841,892,936	158.91%
2007 *	2,177,142,609	753,509,944	-	84,049,627	-	3,014,702,180	9.074	1,862,794,051	161.84%
2008*	2,421,283,590	820,529,520	-	79,788,938	-	3,321,602,048	9.220	1,936,887,271	171.49%

Source: Polk and Dallas County - Auditor's Office.

Tax rate information can be found in Table XI.

\* Total included Polk County and Dallas County.

\*\*Computer equipment and industrial machinery are only items taxed and are being phased out.

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

**CITY OF URBANDALE, IOWA**

**Table VIII**

**Principal Property Taxpayers  
June 30, 2008**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 61,470,740	1	2.039%	\$ 65,587,605	1	4.167%
Aurora Business Park I, LLC	45,395,290	2	1.506%	32,968,270	2	2.095%
Berkley Holdings Corp.	19,975,610	3	0.663%			
Deerfield Retirement Community	19,748,410	4	0.655%			
Nottingham Square Apartments	17,531,840	5	0.582%			
Brad Johnson Investments	16,959,550	6	0.563%			
Merle Hay Mall Ltd.	16,009,860	7	0.531%	17,993,510	3	0.825%
City I LLC	15,606,840	8	0.518%			
Mid-America Inv. Co.	15,678,350	9	0.520%			
Ladco Properties	14,455,040	10	0.479%			
Shelter Properties VI				13,838,420	4	0.879%
Super Valu Stores, Inc.				10,452,180	8	0.649%
Teachers Ins. & Annuity				11,922,920	5	0.674%
Allied Deveopment				11,056,010	6	0.596%
Jared R. & Elaine E. Johnson				11,029,730	7	0.534%
G.K. Patners				8,076,970	9	0.370%
Continental Western, Ind. Inc.				6,716,570	10	0.283%

Source: Bond Official Statements from debt issued in each respective year.  
Property valuation data can be found in Table VII.

**CITY OF URBANDALE, IOWA**

**Table IX**

**Property Tax Levies and Collection  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	9,193,046	9,162,755	99.67%	47	9,162,802	99.67%
2000	9,954,073	10,136,513	101.83%	5,250	10,141,763	101.89%
2001	10,974,319	11,168,356	101.77%	-	11,168,356	101.77%
2002	11,795,895	11,974,338	101.51%	5,673	11,980,011	101.56%
2003	12,534,941	12,617,576	100.66%	14,745	12,632,321	100.78%
2004	13,590,679	13,347,710	98.21%	915	13,348,625	98.22%
2005	14,169,913	14,138,517	99.78%	4,040	14,142,557	99.81%
2006	15,262,673	15,052,537	98.62%	6,290	15,058,827	98.66%
2007	16,938,918	16,887,258	99.70%	26,528	16,913,786	99.85%
2008	18,562,815	18,499,005	99.66%	17,904	18,516,909	99.75%

**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.

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

**CITY OF URBANDALE, IOWA**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>GO Certificates of Participation</b>	<b>GO General Fund Capital Notes</b>	<b>Total Primary Government Outstanding Debt</b>	<b>Total Outstanding Debt Per Capita</b>	<b>Percentage of Total Debt Outstanding to Per Capita 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>
1999	11,250,000	-	-	11,250,000	408.13	**	794,227	10,455,773	0.93%	379.31
2000	20,700,000	1,430,000	-	22,130,000	761.21	0.131%	848,967	21,281,033	1.74%	732.01
2001	20,195,000	1,390,000	-	21,585,000	742.47	0.134%	629,055	20,955,945	1.59%	720.83
2002	19,450,000	1,350,000	-	20,800,000	715.47	0.140%	395,485	20,404,515	1.48%	701.86
2003	22,700,000	1,310,000	-	24,010,000	825.88	0.121%	252,361	23,757,639	1.60%	817.20
2004	26,835,000	1,265,000	-	28,100,000	966.57	0.103%	(304,562)	28,404,562	1.88%	977.04
2005	29,635,000	1,220,000	2,540,000	33,395,000	930.12	0.087%	253,909	33,141,091	2.05%	923.05
2006	30,585,000	1,170,000	2,445,000	34,200,000	952.54	0.085%	311,360	33,888,640	1.84%	943.87
2007	30,145,000	1,115,000	4,195,000	35,455,000	987.49	0.082%	250,288	35,204,712	1.89%	980.52
2008	31,710,000	1,055,000	4,290,000	37,055,000	1,032.06	0.078%	199,180	36,855,820	1.90%	1,026.51

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Population data can be found in Table XIV.

Property valuation data can be found in Table VII.

\*\* Information not available

**CITY OF URBANDALE, IOWA**

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

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

<b>Fiscal Year</b>	<b>City of Urbandale Direct Rates</b>			<b>Overlapping Rates</b>				<b>Total Direct &amp; Overlapping Rates</b>	
	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total City Millage</b>	<b>Urbandale School District</b>	<b>Counties and Assessors</b>	<b>Community College</b>	<b>Urbandale Sanitary Sewer</b>		<b>State of Iowa</b>
1999	6.820	1.670	8.490	14.427	9.287	0.506	0.451	0.005	33.166
2000	6.920	1.920	8.840	14.378	9.279	0.525	0.428	0.005	33.454
2001	6.920	2.050	8.970	12.340	9.459	0.545	0.391	0.005	31.710
2002	6.918	2.043	8.961	12.911	9.639	0.545	0.354	0.005	32.415
2003	6.920	2.050	8.970	13.439	9.722	0.546	0.417	0.004	33.098
2004	7.020	2.050	9.070	12.963	9.762	0.582	0.425	0.004	32.806
2005	7.022	2.051	9.073	12.128	9.965	0.599	0.412	0.004	32.181
2006	7.020	2.050	9.070	13.513	9.943	0.684	0.401	0.004	33.615
2007	7.020	2.050	9.073	13.477	10.175	0.687	0.385	0.004	33.801
2008	7.170	2.050	9.220	15.719	10.162	0.603	0.359	0.004	36.067

**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, 2007**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Polk	\$ 562,569,000	23.21%	\$ <u>130,555,818</u>
Subtotal, overlapping debt			130,555,818
City of Urbandale direct debt			<u>44,370,000</u>
Total direct and overlapping debt			<u>\$ 174,925,818</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 July 2008

**CITY OF URBANDALE, IOWA**

**Table XIII**

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 80,505,874	88,475,138	92,776,343	92,947,399	103,819,572	115,300,627	126,553,653	137,426,918	159,247,466	187,214,411
Total net debt applicable to limit	\$ 11,250,000	22,130,000	21,585,000	20,800,000	24,010,000	28,100,000	33,428,334	34,220,395	35,538,731	37,061,934
Legal debt margin	\$ 69,255,874	66,345,138	71,191,343	72,147,399	79,809,572	87,200,627	93,125,319	103,206,523	123,708,735	150,152,477
Total net debt applicable to the limit as a percentage of debt limit	16.24%	33.36%	30.32%	28.83%	30.08%	32.22%	35.90%	33.16%	28.73%	24.68%

**Legal Debt Margin Calculation for Fiscal Year 2008**

Actual value of property, 2007	\$ 3,744,288,213
Add back: exempt real property	-
Total assessed value	<u>\$ 3,744,288,213</u>
Debt limit (5% of total assessed value)	\$ 187,214,411
Debt applicable to limit:	
General obligation bonds	(31,710,000)
General obligation certificates of participation	(1,055,000)
General obligation General Fund capital loan notes	(4,290,000)
Government loan payable	<u>(6,934)</u>
Total net debt applicable to limit	<u>(37,061,934)</u>
Legal debt margin	<u>\$ 150,152,477</u>

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

**CITY OF URBANDALE, IOWA**

**Table XIV**

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1999	27,565	\$ **	**	2.50%
2000	29,072	29,021	37.0	2.60%
2001	29,072	29,021	37.0	3.30%
2002	29,072	29,021	37.0	4.00%
2003	29,072	29,021	37.0	4.50%
2004	29,072	29,021	37.0	4.80%
2005	35,904	29,021	37.0	5.10%
2006	35,904	29,021	35.9	3.70%
2007	35,904	29,021	35.9	3.00%
2008	35,904	29,021	35.9	3.30%

**Data Sources:**

Population, per capita income and median age are from the 2000 full census, and the special census in 2005.

Unemployment rates are based on Des Moines Metro area rates; information obtained from Bond Official Statements from each respective year.

\*\* Information not available

**CITY OF URBANDALE, IOWA**

**Table XV**

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

	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
<b>Employer:</b>						
Marsh & McLennan	1,100	1	0.153%			
CitiGroup	600	2	0.084%			
Wells Fargo Financial	530	3	0.074%			
U.S. Postal Services	500	4	0.070%	500	1	**
Urbandale CSD	450	5	0.063%			
Iowa Health Home Care	400	6	0.056%			
MidAmerican Energy	350	7	0.049%	210	7	**
Continental Western Insurance	340	8	0.047%	280	4	**
Allied Group	300	9	0.042%	300	3	**
Compressor Controls	300	10	0.042%	250	5	**
SuperValue Foods				410	2	**
Yellow Freight				243	6	**
Pepsi-Cola Bottling Company				200	8	**
Ziegler				200	9	**
First Data's/Donnelly				200	10	**

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

Total City Employment Source: Urbandale Chamber of Commerce statistics

\*\*Information not available

**CITY OF URBANDALE, IOWA**

**Table XVI**

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

<b>FUNCTION</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>PUBLIC SAFETY</u></b>										
Police:										
Officers	40.00	40.00	41.00	42.00	42.00	42.00	42.00	44.00	46.50	47.00
Civilians	9.50	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fire:										
Firefighters & Officers	* 7.75	7.50	7.50	6.75	7.00	7.00	6.25	5.75	6.00	9.75
Civilians	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 9.00	8.75	10.75	10.00	11.00	11.75	11.00	12.25	13.25	15.50
Total	<u>66.75</u>	<u>61.75</u>	<u>66.25</u>	<u>65.75</u>	<u>67.00</u>	<u>67.75</u>	<u>66.25</u>	<u>69.00</u>	<u>72.75</u>	<u>79.25</u>
<b><u>PUBLIC WORKS</u></b>										
Roadway Maintenance	15.00	14.75	15.25	15.25	15.75	16.00	16.25	17.50	17.50	20.00
Traffic Safety	0.50	0.75	0.50	0.75	1.25	1.25	1.25	1.25	1.00	1.00
Engineering Services	4.25	4.25	5.25	5.25	5.50	5.50	5.50	5.50	6.00	7.50
Street Cleaning	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.00
Solid Waste	7.00	7.00	5.50	5.50	5.50	5.50	4.50	4.50	4.50	6.00
Sanitary Sewer	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00
Storm Sewer	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.50
Public Works Admin	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.50	4.50
Total	<u>34.75</u>	<u>34.75</u>	<u>34.50</u>	<u>35.25</u>	<u>36.50</u>	<u>36.75</u>	<u>36.00</u>	<u>36.75</u>	<u>37.75</u>	<u>43.50</u>
<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	17.00	19.00	23.00	25.50	25.50	25.50	25.50	26.00	25.00	24.50
Parks	18.00	18.00	19.00	22.50	21.50	16.00	16.00	16.00	15.00	17.50
Grounds Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.75	2.00
Senior Citizens	1.25	1.25	1.25	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Swimming Pool	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00
Total	<u>46.75</u>	<u>48.75</u>	<u>53.75</u>	<u>60.25</u>	<u>59.25</u>	<u>53.75</u>	<u>53.75</u>	<u>54.25</u>	<u>51.00</u>	<u>51.00</u>
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>										
Code Enforcement	4.00	4.00	4.00	4.00	4.50	4.50	4.50	5.50	6.00	6.00
Community Development	4.00	4.00	4.00	4.50	5.00	5.00	5.00	5.00	4.00	4.00
Total	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.50</u>	<u>9.50</u>	<u>9.50</u>	<u>9.50</u>	<u>10.50</u>	<u>10.00</u>	<u>10.00</u>
<b><u>GENERAL GOVERNMENT</u></b>										
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance and Records	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00	4.00	4.00
Legal Services/Human Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
Technology	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25
General Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Total	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>	<u>7.50</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>9.00</u>	<u>10.00</u>	<u>10.75</u>
Grand total	<u>162.75</u>	<u>159.75</u>	<u>169.00</u>	<u>177.25</u>	<u>180.25</u>	<u>175.75</u>	<u>173.50</u>	<u>179.50</u>	<u>181.50</u>	<u>194.50</u>

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

\* Indicates Paid On Call staff hours are not available

**CITY OF URBANDALE, IOWA**

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

<b>Function</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public Safety</b>										
<b>Police</b>										
Total calls for service	**	**	**	16,342	19,840	12,942	12,514	17,684	13,262	13,771
Total arrests	**	**	1,519	2,024	2,251	1,600	1,029	1,515	1,876	1,842
<b>Fire</b>										
Number of calls answered/received	**	**	289	317	340	283	285	102	*1,762	1,972
Inspections	**	**	100	210	493	611	413	309	108	176
<b>EMS</b>										
Number of calls answered	**	**	1,229	1,190	1,235	1,294	1,398	1,407	1,593	1,824
<b>Animal Control</b>										
Pet Licenses issued	**	**	902	875	1,094	1,260	1,260	1,500	1,561	1,561
<b>Public Works</b>										
<b>Roadway Maintenance</b>										
Total lane miles maintained	**	**	364	370	380	396	407	410	413	415
Asphalt streets repaired (tons)	**	**	182	360	396	1,423	1,610	3,180	2,607	2,188
<b>Solid Waste Collection</b>										
Number of households	**	**	9,060	9,584	9,930	10,340	10,930	11,450	11,950	12,290
Tons of refuse collected	**	**	6,830	8,012	8,761	9,388	9,818	10,307	11,248	11,232
Tons of recycling collected	**	**	2,036	1,994	2,257	2,510	2,580	2,814	2,968	3,126
Tons of yard waste collected	**	**	1,964	1,662	2,054	1,761	1,955	2,120	2,463	2,325
<b>Sanitary Sewer and Wastewater</b>										
Linear feet of lines cleaned	**	**	210,416	346,127	267,404	293,521	261,390	275,170	296,846	213,967
<b>Culture &amp; Recreation</b>										
<b>Library</b>										
Registered borrowers	**	**	34,419	32,003	36,897	43,426	44,610	46,214	45,696	44,518
Circulation	378,004	378,004	490,176	548,388	574,581	609,484	617,217	621,395	649,028	644,028
<b>Recreation</b>										
Programs offered	**	**	315	361	385	402	421	429	433	447
<b>Senior Center</b>										
Total participants in all programs	**	**	10,982	14,058	15,673	22,730	24,532	26,500	29,047	30,146
<b>Swimming Pool</b>										
Pool Users	**	**	73,279	73,359	72,110	67,235	63,974	55,559	62,835	65,566
<b>Community and Economic Development</b>										
<b>Code Enforcement</b>										
Inspections	**	**	8,561	6,503	9,341	8,741	10,802	8,609	5,760	4,564
<b>Community Development</b>										
Building Permits	771	901	877	974	1,201	1,337	1,389	1,158	890	830
<b>General Government</b>										
<b>Mayor and City Council</b>										
Quarterly newsletters published	**	**	57,200	58,200	70,400	74,200	74,200	80,000	80,000	80,000
<b>Finance and Records</b>										
Purchase orders processed	**	**	3,417	2,914	2,610	2,773	3,048	3,235	2,931	2,925
<b>Technology</b>										
Intelligent workstations	**	**	**	**	109	112	133	172	205	273
<b>General Support</b>										
Safety incidents	**	**	63	55	37	38	43	35	38	39

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

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

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

**CITY OF URBANDALE, IOWA**

**Table XVIII**

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>Public Safety</u></b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	19	21	22	22	21	24	24	24	26	26
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<b><u>Public Works</u></b>										
Roadway Maintenance										
Streets (miles)	129	129	157	160	166	166	170	171	172	173
Streetlights	3093	3093	3229	3321	3371	3481	3,724	3,765	3,954	4,160
Traffic signals	20	20	24	27	30	31	31	31	33	35
Solid Waste Collection										
Collection trucks	6	6	6	6	6	6	7	7	7	8
Sanitary Sewer and Wastewater										
Sanitary Sewers	136	136	149	150	163	171	181	184	187	194
<b><u>Culture &amp; Recreation</u></b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	423	423	534	534	530	676	857	880	903	904
Parks	22	22	23	23	26	27	45	47	47	48
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<b><u>Community and Economic Development</u></b>										
Code Enforcement										
Vehicles	3	3	3	4	4	5	5	5	5	5

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND  
INTERNAL CONTROLS**



CPAs & BUSINESS ADVISORS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of and for the years ended June 30, 2008 and 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 11, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe items II-A-08 and II-B-08 are material weaknesses.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the City of Urbandale, Iowa, in a separate letter dated December 11, 2008.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Urbandale, Iowa, and other parties to whom the City of Urbandale, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Urbandale, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

Dubuque, Iowa  
December 11, 2008



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Urbandale, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Urbandale, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in the City's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Urbandale, Iowa, and other parties to whom the City of Urbandale, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eric Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa  
December 11, 2008

**CITY OF URBAN DALE, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Justice:			
Bulletproof Vest Partnership Program	16.607	2006BUBX06134897	\$ <u>3,675</u>
Indirect:			
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-7875(616)-8J-25	467,134
Highway Planning and Construction	20.205	STP-A-7875(614)-86-77	141
Highway Planning and Construction	20.205	STP-E-7875(618)-8V-77	<u>145,000</u>
			<u>612,275</u>
Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk			
Driving Prevention Incentive Grants	20.601	PAP 08-410, Task 64	2,671
Alcohol Traffic Safety and Drunk			
Driving Prevention Incentive Grants	20.601	PAP 07-163, Task 80	<u>5,179</u>
			<u>7,850</u>
Total indirect			<u>620,125</u>
Total federal expenditures			<u>\$ 623,800</u>

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

**CITY OF URBANDALE, IOWA**

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

**YEAR ENDED JUNE 30, 2008**

**BASIS OF PRESENTATION**

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

**CITY OF URBANDALE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2008**

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements and were also considered material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Urbandale, Iowa, did not qualify as a low-risk auditee.

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

**SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES:**

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. Currently one individual prepares the bank reconciliations, has the ability to transfer funds between bank accounts, has the ability to enter invoices into the accounts payable system, and prepares and posts entries to the general ledger.

Recommendation – We realize that in an entity of your size it is not always possible to segregate duties to obtain maximum internal control. We recommend that management be aware of the situation and maintain appropriate oversight and review when assigning duties that may be incompatible and try to achieve the maximum internal control possible under the circumstances.

Response – The management of the City is aware of the segregation issue within the Finance and Records Department. However, with a small department, even with careful consideration when assigning duties, these issues are unavoidable. Management believes it has built in sufficient oversight controls throughout the financial management process to effectively mitigate the risk of fraud.

Conclusion – Response accepted.

CITY OF URBANDALE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

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

II-B-08 Material Audit Adjustment – During the course of our engagement, we proposed a material audit adjustment that was not timely identified by the City, and could have resulted in a material misstatement of the City’s financial statements. The adjustment capitalized two pieces of equipment that were inadvertently expensed on the internal service statement of revenues, expenses, and changes in net assets.

Recommendation – We recognize that with a limited number of finance employees and limited amount of time to prepare the financial statements, completing a detailed review of the financial statements prior to audit work commencing can be difficult. However, we believe the material audit adjustment proposed could have been identified by a detailed review of the internal service financial statements and recommend such a review in the future.

Response – The City's management agree that final review of the financial statements should be completed prior to audit fieldwork commencing in order to eliminate the need for this type of adjustment. The City's financial system conversion and finance department staff scheduling contributed to a highly condensed audit schedule for the FY08 audit work to be completed, so the normal financial statement review process happened concurrent with audit fieldwork instead of prior. This situation should not be an issue in future years.

Conclusion – Response accepted.

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

III-A-08 Certified Budget – City expenditures by function during the year ended June 30, 2008, did not exceed the amount budgeted.

III-B-08 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-08 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-08 Business Transactions – Business transactions between the City and employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Sara Pearson, Library Director, spouse is a partner in Laden & Pearson	Legal services	\$ 77,233

The transaction with Laden & Pearson may represent a conflict of interest since it was not entered into through competitive bidding in accordance with Chapter 362.5(4) of Code of Iowa.

**CITY OF URBANDALE, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2008**

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

Response – The City’s relationship with Laden & Pearson has been a longstanding professional one. No issues in the past would support any consideration of a conflict of interest for the City. Mr. Pearson works with the City’s prosecution cases, not general legal matters.

Conclusion – Response accepted.

III-E-08 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-08 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-08 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.

