



CITY OF URBANDALE, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011



CHARLES GABUS MEMORIAL TREE PARK & GARDENS - DEDICATED 2010

CITY OF URBANDALE, IOWA
Comprehensive Annual Financial Report
Year Ended June 30, 2011



INTRODUCTORY SECTION

CITY OF URBANDALE, IOWA

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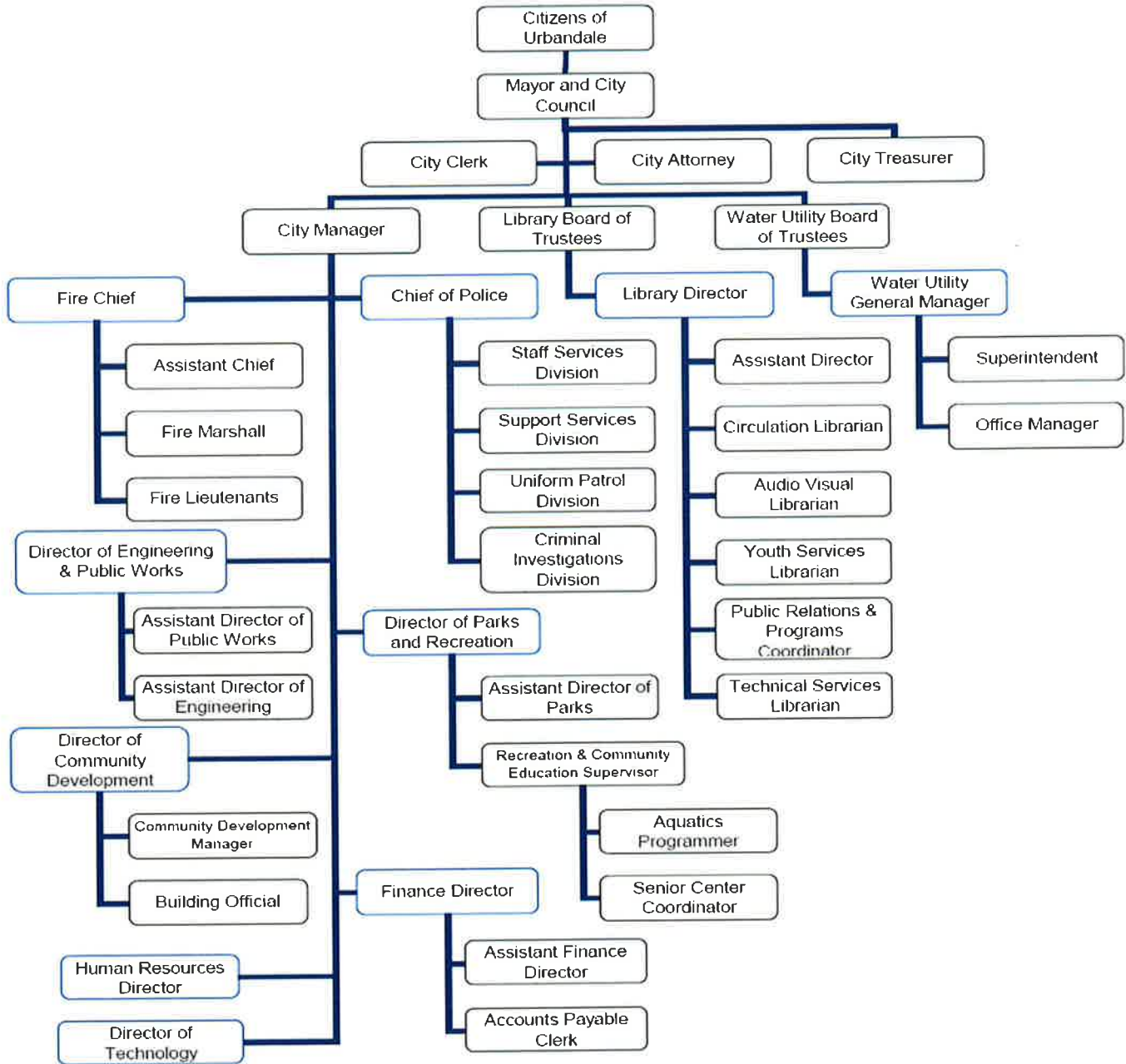
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CITY OF URBANDALE, IOWA



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
Mike Carver	Mayor Pro Tem
John Forbes	Council Member
Mary Polson	Council Member
Ron Pogge	Council Member
Tom Gayman	Council Member
A. J. Johnson	City Manager
Nicole Lamb	Finance Director
Kim Keisler	Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbandale
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Urbandale, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

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

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





City of
Urbandale

November 21, 2011

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Urbandale, Iowa, (the City) for the fiscal year ended June 30, 2011 (FY11), in accordance with the provisions of Section 384.22 of the Code of Iowa and accounting principles generally accepted in the United States of America (GAAP).

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

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

The Code of Iowa requires an annual audit be made of the books of accounts, financial records, and transactions of all administrative departments of the City by the State Auditor or by a certified public accountant selected by the City Council. Eide Bailly LLP, Certified Public Accountants, conducted the audit for FY11. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audits, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for FY11 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 22.58 square miles in Polk and Dallas Counties, including annexations of 140 acres that will be finalized in calendar 2011. The City's 2010 Census population is 39,463 persons, and its numerical population gain during the 2000 decade ranked second among all Iowa cities. Urbandale's 2000 Census population was 29,072 persons.

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

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

ASSESSMENT OF ECONOMIC CONDITION

To better understand the context of the City's financial statements, the following background information is provided for the reader.

Local Economy

Residential construction in Urbandale continued to trend upward for the third consecutive fiscal year in FY11, from a low of 110 new single family residences built in FY09. The 148 new single family residences that were permitted in FY11 remained below the City's long-term FY mean of 190 single-family units, but the gradual recovery has continued in calendar 2011 and is edging closer to that annual mean. From a valuation standpoint, the \$38.76 million valuation for FY11 residential permits was the 11th highest in the City's history, exceeded only by the "boom" years of FY99 through FY08.

The \$36.88 million total valuation of commercial and industrial permits in FY11 ranks 5th in the City's history, a dramatic rebound from recent history's low points in FY10 and calendar 2009. The valuation of commercial and industrial permits in calendar 2010 was the 11th highest in City history, and the valuation of commercial and industrial permits for calendar 2011 will be the City's 5th highest annual valuation. The FY11 total matched the mean FY valuation of commercial and industrial construction for the robust decade of FY00-FY09, and significantly exceeds the mean FY for any other decade in the City's history.

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

	Fiscal Year 2011		Fiscal Year 2010	
	# of Permits	Valuation	# of Permits	Valuation
Residential	254	38,764,928	244	\$ 35,845,625
Nonresidential	76	36,882,137	67	24,590,381
Miscellaneous minor	395	4,800,575	379	927,951
Total	725	80,447,640	690	\$ 61,363,957

Long Term Financial Planning

In 1981, the City Council approved fiscal performance goals for the City's operations. These goals concentrated on revenue, expenditure, reserve, investment, capital improvement, debt and financial reporting performance and were designed to maintain or improve the City's financial position. In approving the fiscal performance goals, the City Council emphasized the need for balancing current economic conditions in the community with the residents' demands for effective service delivery. In 2008, these goals were updated to reflect current financial performance standards and benchmarks. The preparation of the City's annual operating budget and the five year capital improvements program are governed by the fiscal performance goals. As a result of these goals, the annual operating budget has been prepared on a two year basis, fund balances have been maintained at adequate levels and the property tax levy rate has remained relatively stable for the past sixteen years. To further assist the planning process for the operating budget, the City Council has approved long term staffing and long term financial plans and adopted a strategic plan for technology.

The long term improvement of the City's infrastructure is outlined in the five-year capital improvements program (CIP). The 2011-16+ CIP was adopted by the City Council in December, 2010. The approved FY11 CIP anticipated the expenditure of \$14,692,500 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements. Property tax supported general obligation bonds would provide approximately \$5,259,600 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2012-2017+ CIP is currently under development and is being reviewed by a citizen's advisory committee in November and December, 2011, with final adoption by the City Council anticipated in January, 2012. This preliminary FY12 CIP proposes the expenditure of \$18,460,900 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2012. Property tax supported general obligation bonds would provide approximately \$5,291,500 of needed funding. Since the new CIP for 2012-2017+ is still under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2012-2017+ CIP will be substantially completed before the development of the FY12-13 annual operating budget.

FY11 and FY12 Initiatives

The Mayor and City Council implemented programs and policies in FY11 and FY12 that will influence the City's financial operations during these two fiscal years and into the future. While many of the key initiatives reflect City specific projects and benefits, many reinforce the efforts by the Mayor and City Council to enhance the City's quality of life and to build cooperative partnerships on a local and regional basis. The key recognitions and initiatives include the following:

- In 2011, CNN Money Magazine ranked the City of Urbandale in the top 100 "Best Places to Live". The City also received this distinction in 2005, 2007, and 2009.
- The final 2010 U.S. Census determined a population of 39,463 persons for the City of Urbandale, an increase of 9.9% compared to the 2005 U.S. Special Census results of 35,904 persons. Based on the 2010 Census, Urbandale had the second-highest growth numerically of any city in Iowa, and is now Iowa's 12th largest city.
- In August, 2010, an agreement was approved to participate in a joint commercial credit card program with other metro cities to "pool" purchases that will be rebated at up to 1% to the City based on its actual purchases. Urbandale will direct the rebated revenue to the Technology Fund. In April, 2011, the City Council adopted the policy and procedures manual for the P-Card program.
- In October, 2010, two general obligation bonds from 2000 and 2002 were refunded by issuing a 2010B bond of \$2.9 million at a lower interest rate, which will save approximately \$245,000 in interest expense over the old bonds.
- In November, 2010, a former lumber yard facility was purchased for \$1 million through TIF funding. The facility is adjacent to the Public Works complex on Hickman Road, and is used by the Parks and Public Works departments to store equipment and supplies. The facility's availability was not anticipated in February, 2009, when the City purchased 19.9 acres west of Interstate 35/80 at 170th Street and Waterford Road as a future site for a Parks and Public Works facility. In March, 2011, the City Council approved the first "year to year" lease of that property to enable 5.4 acres of the 19.9 acres to be farmed.
- In January, 2011, the City accepted an offer of \$900,000 to sell land at 7201 Hickman Road to a private hockey management firm, since the hockey firm owned the ice arena building on the land.
- In April, 2011, the City awarded a 5 year extension for Eide Bailly to complete the annual City audit, compliance review, and additional financial and accounting advisory services as needed through FY15.
- The FY11 and FY12 budgets allocated \$50,000 for the Urbandale Community Action Network (UCAN) as a new initiative. The UCAN is a non-profit 501(c)(3) organization that became the "umbrella" organization for the Urbandale Food Pantry, Caring Corps, Leadership Urbandale, and other partnerships.
- The FY12 budget allocated an additional \$5,000 for a total contribution of \$20,000 for the Urbandale Food Pantry to lease space and pay for utilities. The Food Pantry opened on October 12, 2008 (FY09). The Urbandale Ministerial Alliance contributes significant funding to the pantry, and provides volunteers to staff, collect and distribute food and personal care items to those in need.

- In June, 2011, New World Systems was awarded \$81,400 to install a replacement permitting and license software program for the Community Development / Building department.
- In August, 2011, an application was filed with the Iowa Supreme Court of Iowa to review the road and sidewalk assessment process used by the City, after the Iowa Court of Appeals ruled in favor of property owners on 156th Street. As of November, 2011, it is unknown if the court will hear the case.
- In August, 2011, the City contracted with the National Citizen Survey (NCS) to conduct Urbandale's 2nd biennial citizen survey with the NCS and to prepare a final report based on the 2011 survey.
- In August, 2011, the City contracted with an external firm to update the 1999 Code of Ordinances and to host the Code online in the future.
- In September, 2011, \$8,935,000 in tax exempt general obligation bonds were issued. The funds will be used for the 2011-12 CIP projects, and to refinance a Series 2003 bond at a lower interest rate, which will save approximately \$100,000 in interest expense over the old bond.

Economic Development:

- The FY11 budget included an initial \$90,000 to implement an economic development program with the Urbandale Development Association (UDA) to further the City's long term commitment to the Economic Development Taskforce activities. The FY12 budget also allocated \$90,000 to the UDA, which will also work with its partnership to create a three year strategic plan. In addition to funding the UDA, the City provides office space for the UDA in the City Administrative complex.
- In March, 2011, approved an IDED GIVFAP (Grow Iowa Values Financial Assistance Program) Agreement for a \$225,000 forgivable loan for DICE Career Solutions, Inc., to build a 34,770 sq ft building in Urbandale, to retain 154 jobs, and to create 16 jobs. Additionally, the City will contribute \$60,000 from its Revolving Loan Fund (RLF) program to the project. GIVFAP combined several IDED programs, including the former CEBA program.
- In October, 2011, approved an IDED GIVF (Grow Iowa Values Fund) application for a \$75,000 forgivable loan for Energy Control Technologies, to lease and improve a 4,000 sq ft building in Urbandale, to retain 8 jobs, and to create 13 jobs. Additionally, the City will contribute \$15,000 from its Revolving Loan Fund (RLF) program to the project.
- The Cities of Urbandale and Grimes renewed a ten year annexation moratorium agreement that will expire on July 12, 2021. Additionally, the Cities of Urbandale and Waukee renewed a ten year annexation moratorium agreement that will expire on July 11, 2021.

Public Safety:

- In June, 2010, ambulance fee rates were revised, resulting in an increase from the 2006 rates, and aligning Urbandale with the surrounding cities for the same services.
- In July 2010, the Police Department was accepted into the CALEA (Commission on Accreditation for Law Enforcement Agencies) program. It is a multi-year process to achieve CALEA accreditation that signifies professional standards in operations, compliance, and cost-efficient solutions of Police services. The CALEA accreditation is anticipated in July 2013.

- In FY11, the Fire Department was awarded a SAFER grant (Staffing for Adequate Fire and Emergency Response) sponsored by the Department of Homeland Security Office for Domestic Preparedness. The SAFER grant enabled Urbandale to hire 6 firefighters by the end of September, 2010, who will be funded by the grant for two years. These 6 positions were in addition to the 4 positions included in the FY11 budget. As a result of the 10 positions added in FY11, the Fire Department will staff one ambulance and one engine at both stations on a 24/7 basis. In FY12, the Fire and EMS budgets were combined into one department, since staff provides both services from the City's two fire stations.
- In FY11, both Fire stations were improved. Fire Station #41, located on Douglas Avenue near 72nd Street, was remodeled and expanded to accommodate 24 hour staffing, at a final approved cost in September 2011, for \$688,178. Additionally, under separate awards, Fire Station #41 installed a computer training lab (\$26,830) that can be customized for fire and rescue, and installed a secured pharmaceutical dispenser (\$11,850). At Fire Station #42, located on 121st Street north of Douglas Parkway, the HVAC system was updated based on a contract awarded in June 2010, for \$77,600.
- In FY11, the Fire and Safety Training Center (FAST) opened in July, 2010. It is located adjacent to Fire Station #42 and will provide essential fire and safety training in a controlled situation. The center is a partnership of the Cities of Clive, Urbandale, and Windsor Heights. Under the 28E agreement approved in June, 2009, the cities will cost share the center's construction and annual maintenance costs for 10 years.
- In September, 2010, renewed the City's participation in the Homeland Security Regional effort with 18 area cities and 3 counties. Urbandale committed to 3 additional years, to end June 30, 2013, at a fixed annual contribution of \$54,070.
- In October, 2010, amended the 28E agreement to be perpetual for the Westcom joint dispatching for Police, Fire, Emergency Medical Services, and other communications, between the Cities of Clive, Urbandale, and West Des Moines. Additionally, in June, 2011, approved a \$14 million Westcom communication system upgrade for the 3 cities.
- In February, 2011, approved a 28E agreement for the City of West Des Moines to provide animal control services for the remainder of FY11 at a prorated cost of \$4,750, and for FY12 at a cost of \$18,700.
- In September, 2011, contracts were awarded to install two off-site generators to power the Police Station's Emergency Command Center (ECC) during a power outage. One generator will be installed at the Library to power the phone system at the ECC, and the other generator will be installed at the City Administrative complex to power the computer system at the ECC. Additionally, as a separate project completed in June, 2011, at a total cost of \$96,172, installed a replacement emergency generator to power the Police Station.
- In September, 2011, approved an initial 28E agreement between the Cities of Clive, Urbandale, and West Des Moines, for consolidated billing and fee collection for cat and dog licenses. The 5 year agreement, which will expire in June, 2016, also provides for the possibility of a preliminary design and location of a consolidated animal control shelter.
- In September, 2011, the Police Department was awarded a COPS grant (Community Oriented Policing Services) sponsored by the Department of Justice. The COPS grant will enable Urbandale to hire 2 additional Police Officers, who will be funded by the grant for 3 years.

Personnel:

- In January, 2011, awarded a health benefit/broker consultant agreement to start March 1, 2011, for an initial 3 years with an option for 2 additional years. The benefit broker/consultant will coordinate the annual renewal of health and benefit insurances, and monitor program compliance to state and federal legislation.
- In June, 2011, approved the 17 month transition to phase the health benefits plan year from August 1 to a calendar year renewal on January 1; and consolidated the City's FSA, HSA, HRA, LTD, and life insurance plans for all employees under a single provider to administer.
- Non-Union: In September, 2011, approved a consultant agreement for \$17,500 to conduct a comprehensive non-union salary and classification study, to be completed by Spring 2012. The last comprehensive non-union salary study was conducted in 1991.
- Union Contracts: In December, 2010, approved the Firefighters Union two year contracts for FY12 and FY13. The Laborer Union and Police Union three year contracts will expire in July 2012 (FY12).
- In FY12, there will be 27 bi-weekly pay cycles, at an estimated \$450,000 budget impact, instead of the normal 26 cycles. The 27 pay cycles occurs once every 12 years when both the first and last pay of a fiscal year is on a payroll Friday. FY13 will return to the normal 26 pay cycle.

Park improvements:

- City Council approved an initiative in 2008 to fund Public art at 1% of the City's GOB or TIF debt issues related to capital projects for parks, facilities, and main arterial street projects that qualify as an eligible "art" project. The first two bronze sculptures were installed in May, 2010. Two additional bronze sculptures were installed in the park system in June, 2011. A master plan for future art locations is under development.
- The "Charles Gabus Memorial Tree and Gardens", which is located in the City's central administrative campus south of the Library, is a ¾ acre park dedicated by the City Council in 2009. This park was made possible through a Polk County grant, City matching funds, local business donations, and private donations raised by "Friends of the Park". Private donations provided for the installation of electricity in July 2009, the installation of a water fountain in July 2010, and a shade feature in August 2010. The fountain and shade structure were formally dedicated on October 5, 2010.
- In summer 2010, the Recreation department conducted its first MAC (Making a Connection) day camp at no cost for 40 elementary age children. The 5 week program provided a unique opportunity for educational, recreational and life building skills for lower income and multicultural youth in the community, and included a free breakfast and lunch for the participants. After the school year resumed, the elementary school teachers reported that the 2010 participants had higher reading and math scores, improved behavior in school, and some were involved in school activities. Based on this success, the 2011 MAC summer camp was increased to 7 weeks and offered at no cost to 70 elementary age children. Additionally, to enhance the experience and to help offset the City's cost for the MAC camp, the City received donations of \$18,000 from the Gabus Family Foundation, \$4,000 from the Urbandale Jaycees, and \$4,000 from Polk County. In preparation for summer 2012, the Recreation department and UCAN (Urbandale Community Action Network) applied for a \$25,000 Community Betterment Grant from Prairie Meadows to open 2 sites with 40 children at each site.

- In November, 2010, approved the Central Iowa Trails Signage Logo and Design Agreement to standardize signage on regional and local trails that interconnect between cities. The participating cities can use, produce and manufacture signs using a trademark held by the City of Des Moines.
- In June, 2011, as a result of a Dallas County Compensation Commission ruling regarding the City's condemnation filing in June, 2010, the City was authorized to purchase approximately 5 acres of land vital to the Walnut Creek Regional Park master plan and interior trail system. As of October, 2011, the City continues to incur legal costs in response to the prior property owners' appeal to District Court.
- Park projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
 - July, 2010, authorized a Reimbursement Resolution for \$251,000 to construct the 142nd Street connection to Douglas Parkway from the Raccoon Valley Regional Trail into Walnut Creek Regional Park under the bridges at 142nd Street and at Douglas Parkway.
 - August, 2010, for \$361,308, to reconstruct the 8 tennis courts at Walker Johnston Park.
 - September, 2010, for \$85,318, awarded an architectural services agreement to provide the preliminary and final designs, construction documents, bidding process, construction administration, and inspection services to replace the Walker Johnston Park shelter house. In October, 2011, for \$35,086, amended the design agreement to include the FEMA Community Safe Room as part of the shelter house design.
 - March, 2011, for \$135,550, to design the trail spine (the "Bob Layton Trail") from Douglas Parkway to Meredith Drive through Walnut Creek Regional Park; and to design the road to be constructed in 2014 and 2017. In October, 2011, approved the IDOT funding agreement for \$120,000 in STP funds to construct the trail spine in 2012.
 - May, 2011, for \$213,333, to construct Phase 2 of the trail connection from Summit Estates to Berkshire Estates.
 - July, 2011, for \$199,788, to install a 10 foot wide trail connection to the City of Clive from 156th Street along Little Walnut Creek trail.
 - July, 2011, for \$691,335, to pave the main parking lot and drive of the Walker Johnston Park parking lot, which was completed in November 2011.
 - August, 2011, for \$254,255, to install a steel truss pedestrian bridge in Walker Johnston Park, and a trail connection to the bridge that will be relocated to the south of the previous wooden pedestrian bridge that was destroyed by a storm in August, 2010.
- Park projects final approvals - the City Council accepted the following major projects as completed during the year:
 - August, 2010: As part of the regional North Raccoon Valley Trail system, constructed a trail from the Douglas Parkway culvert at 136th Street to the Little Walnut Creek bridge at the northeast end of Deer Ridge Park, and constructed an offshoot trail around the townhomes to connect to 142nd Street to access the Walnut Creek Regional Park, at a total cost of \$318,626.

- September, 2010: Renovated the existing swimming pool facility, including a new pool liner, exterior masonry repairs, mechanical and electrical system updates, a new roof membrane, and updated the locker rooms, at a total cost of \$396,485.
- November, 2010: Constructed a trail to cross the Little Walnut Creek to Prairie Avenue as Phase 2 of the Little Walnut Creek Trail, at a total cost of \$61,251. Constructed a trail north from Douglas Parkway to the existing trail near 125th Street and Tanglewood Drive by the playground in Days Run Park, at a total cost of \$246,991. Constructed a year-round dock pier on the southeast side of the pond at Walker Johnston Park, at a total cost of \$58,800.
- December, 2010: Constructed a trail connection from Summit Estates to Telby Knolls as Phase 1, including a bridge over a drainage way, at a total cost of \$293,129.
- January, 2011: Constructed a trail to install the North Raccoon Valley pedestrian bridge over Walnut Creek at Douglas Parkway / 136th Street to access Timberline Park, at a total cost of \$153,448.
- April, 2011: Purchased 8.18 acres for parkland use to connect to the City of Clive's trail at 156th Street, at a total cost of \$57,260.
- May, 2011: Renovated the Ralph Whitten Shelter House in Lions Park, including new restrooms, a remodeled kitchen, and a new roof, at a total cost of \$143,633. Constructed as Phase 3 a trail bridge over the Little Walnut Creek in the Walnut Creek Regional Park, at a total cost of \$199,122.

Public Works:

- The FY11 budget created the Storm Water Utility which will be funded by user fees not property taxes. The funds generated by the ERU (Equivalent Residential Unit) fee will be used to improve the storm sewer and creek systems throughout the City. The initial ERU rate of \$1.50 for residential and non-residential property increased by \$0.25 on July 1, 2011, with an additional \$0.25 increase scheduled for July 1, 2012. Only 1 ERU is assigned to each residential property, while non-residential property is assigned its ERU based on square footage and impervious surfaces.
- The City's monthly solid waste fee of \$10.00 set in 2009 increased by \$1.00 on July 1, 2011, and an additional \$1.00 increase is scheduled for July 1, 2013.
- In September, 2011, the Capital Improvements Program (CIP) Committee was appointed to review the 2012-2017+ CIP currently under development. The CIP identifies future projects and will update the 2011-16 + program approved in December, 2010.
- Street projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
 - March, 2011, for \$63,100, to design a beautification plan for Douglas Avenue medians from 72nd Street to Interstate 35/80, as a multiple year phased project. Douglas Avenue/Parkway is the City's "east-west spine", and is the City's traditional "main" street.
 - May, 2011, for \$2,380,131, to construct Aurora Avenue to connect from 152nd Street east through Walnut Creek Regional Park, also includes the construction of a water main.

- May, 2011, for \$2,602,658, to construct Plum Drive from 100th Street to the east as a 5 lane boulevard to connect with 86th Street. Also includes the installation of the water main and sanitary sewer on private parcels to be paid for by the developers.
- September, 2011, approved an IDOT funding agreement for \$232,000 in STP funding to overlay Douglas Avenue from 100th Street to 111th Street. The IDOT anticipates a January, 2012 bid date, at a total estimated cost \$650,000.
- September, 2011, for \$149,523, to prepare an operational study of the Interstate 35/80 corridor between Douglas Avenue and 86th Street interchanges, including the Iowa 141 interchange (Ryder Corner). The IDOT will fund half the cost of the operational study.
- October, 2011 approved a development agreement with Hy-Vee, Inc. for it to provide additional turn lanes at 86th Street and Douglas Avenue. The developer will pay \$333,442 for this work per the agreement.
- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
 - August, 2010: Completed the Northpark Drive extension for 1/4 mile west to 100th Street at a total cost of \$562,204.
 - October, 2010: Reconstructed Aurora Avenue from 128th Street to 1/4 mile west of 128th Street at a total cost of \$628,120.
 - December, 2010: Widen 86th Street at the intersection of Northpark Drive and Birchwood Court as a 50% cost share project with the City of Johnston, at a total cost of \$517,532.
 - January, 2011: Constructed roadway improvements in the Deer Creek subdivision at a total cost of \$936,061. Constructed an asphalt overlay on Meredith Drive from 156th Street to Alice's Road, as a joint project with the City of Clive at a total cost of \$423,232.
 - February, 2011: Repaved 100th Street from Hickman Road to Douglas Avenue at a total cost of \$1,243,431.
 - May, 2011: Constructed 5 lanes on 128th Street from Meredith Drive to the North Corporate limits at a total cost of \$1,054,465.
 - July, 2011: Constructed intersection improvements at 86th Street and Meredith Drive, and at 100th Street and Douglas Avenue at a total cost of \$742,898.
 - October, 2011: Constructed 5 lanes on Douglas Parkway from 156th Street to west corporate limit as a joint project with the Cities of Clive and Waukee, at a total cost of \$2,213,717.
- Street lighting projects awarded - the City Council awarded contracts for the following projects that are not yet completed:
 - March, 2011, to retrofit Douglas Avenue and 70th Street streetscape lighting and several City parking lots with energy efficient LED lighting for \$159,948. May, 2011, to retrofit lights and poles in 3 City parks to LED lighting for \$68,556. June, 2011, to retrofit additional Douglas Avenue streetscape lights and poles to LED lighting for \$484,036. October, 2011, to modify poles for greater wind and weight loads to support aluminum banner signs for \$44,101.

- Traffic signals projects final approvals - the City Council accepted the following major projects as completed during the year:
 - August, 2010, installed a traffic signal at 72nd Street and Aurora Avenue, at a total cost of \$110,534.
 - January, 2011, installed 3 LED pedestrian beacons on Aurora Avenue at 75th Street, the Middle School, and 82nd Street, at a total cost of \$35,433.
 - May, 2011, installed a traffic signal at 104th Street and Meredith Drive, and modified the signal at 109th Street and Douglas Avenue, at a total cost of \$155,633.
- Other public works projects final approvals - the City Council accepted the following major projects as completed during the year:
 - January, 2011, installed a sidewalk on the east side of 128th Street from Meredith Drive to the North Corporate limits, at a total cost of \$93,611.
 - August, 2011, constructed storm sewer improvements from Douglas Parkway north to Little Walnut Creek, at a total cost of \$217,878.
 - November, 2011, installed sheet pile retaining walls along Karen Acres Creek and North Walnut Creek to stabilize the banks, at a total cost of \$103,550.

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 FY11, 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 FY11, exclusive of the Component Unit, was \$197,978, compared to income of \$305,456 in FY10.

Risk Management

In 1983, the City converted to a self-funded group health insurance plan. This program was designed to reduce health insurance costs through the assumption of additional risk. During the past twenty-eight years, the City has realized a significant savings from self-funding and has been able to establish an insurance reserve fund. Proceeds from this reserve were utilized to reduce the General Fund and Road Use Tax Fund contributions for health insurance in FY11. The City's health insurance program was modified in FY09 to provide employees with two new wellness-based plans in addition to the two existing Preferred Provider Organization (PPO) coverage options. The new plans have higher deductible levels than the existing PPO options, with one qualifying as an IRS designated high-deductible plan, which allows the City to offer an HSA (health savings account) for participants of the high-deductible 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 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for FY10. 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, 2011 will be submitted to GFOA for review.

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

Respectfully submitted,



A.J. Johnson
City Manager



Nicole M. Lamb
Finance Director

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Urbandale, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. As discussed in Note 1 to the financial statements, the City has recorded prior period adjustments to implement the new standard.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

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



Dubuque, Iowa
December 6, 2011

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2011

This section of the City of Urbandale's (the City) Comprehensive Annual Financial Report presents management's discussion and analysis of the City's fiscal performance during the fiscal year that ended on June 30, 2011 (FY11). 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 FY11 by \$132,178,193 (net assets). Of these amounts, \$20,999,082 (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 \$6,505,708 in FY11. This increase was mostly attributable to increased federal grant funds, donated infrastructure and additional tax revenues.
- For FY11, the City's governmental funds reported combined ending fund balances of \$23,729,011. The FY11 fund balance represented an increase of \$3,721,314 and was primarily attributed to a \$0.7 million increase in the general fund, a \$0.5 million increase in the road use tax fund, and \$3.1 million increase in the capital projects fund. These increases were offset by \$.6 million decrease in tax increment financing fund.
- At the end of FY11, unrestricted fund balance for the general fund was \$8,840,426 or 41.3% of total general fund expenditures.
- In FY11, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds. Accordingly, the beginning fund balance of certain governmental funds, as well as the government wide beginning net assets, have been restated. Additional information regarding the balances being restated can be found on page 31 (footnote 1(g)) of this report.

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.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2011

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

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

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. The City of Urbandale has one business-type activity to report for fiscal year 2011.

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

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund financial statements

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

Governmental funds

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

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

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

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2011

The City of Urbandale maintains 16 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund, road use fund, tax increment financing fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

The City maintains two different types of proprietary funds. An enterprise fund is used to report the same function presented as the business-type activity in the government-wide financial statements. The City uses an enterprise fund to account for its Storm Water Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Urbandale uses internal service funds to account for equipment replacement, technology, 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 22 through 24 of this report.

Fiduciary funds

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

The summary fiduciary funds financial statements can be found on page 25 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 51 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 54 through 55 to demonstrate compliance with this legal budget. A reconciliation between the revenues and expenditures, prepared on the modified accrual basis, versus the budget, prepared on the cash basis, is also included. In 2009, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* and has prepared the schedule of funding progress for the City's other postemployment benefit (OPEB) plan on page 56.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis

June 30, 2011

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 60 through 68 of this report. Statistical information related to the City's financial position can be found on pages 71 through 83 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 FY11 and FY10 is presented for comparative purposes.

City of Urbandale Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 64,966,324	60,273,013	197,600	—	65,163,924	60,273,013
Capital assets	142,881,010	139,719,656	—	—	142,881,010	139,719,656
Total assets	<u>207,847,334</u>	<u>199,992,669</u>	<u>197,600</u>	<u>—</u>	<u>208,044,934</u>	<u>199,992,669</u>
Long-term liabilities	38,886,838	37,733,477	6,358	—	38,893,196	37,733,477
Other liabilities	36,859,586	35,864,568	113,959	—	36,973,545	35,864,568
Total liabilities	<u>75,746,424</u>	<u>73,598,045</u>	<u>120,317</u>	<u>—</u>	<u>75,866,741</u>	<u>73,598,045</u>
Net assets:						
Invested in capital assets, net of related debt	98,056,010	96,574,657	—	—	98,056,010	96,574,657
Restricted, as restated	13,045,818	9,480,569	—	—	13,045,818	9,480,569
Unrestricted	20,999,082	20,339,398	77,283	—	21,076,365	20,339,398
Total net assets	<u>\$ 132,100,910</u>	<u>126,394,624</u>	<u>77,283</u>	<u>—</u>	<u>132,178,193</u>	<u>126,394,624</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Urbandale, assets exceeded liabilities by \$132,178,193 and \$125,672,485, as restated, at the close of FY11 and FY10, respectively.

The largest portion of the City's net assets in FY11 (74.2%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; therefore they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's investment in capital assets increased by \$1,481,353 from FY10 to FY11.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2011

An additional portion of the City's net assets (9.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$20,999,082 may be used to meet the government's ongoing obligations to residents and creditors. In FY10, restricted assets represented (7.5%) of the City's net assets and unrestricted net assets totaled \$20,339,398.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, which comprises its governmental activities and business-type activity. The business-type activity section is new in the current year due to the inception of a Storm Water Utility Enterprise Fund in July 2010, thus now business-type activity is shown for FY10 and FY11.

As noted above, the City's net assets increased by \$6,505,708 from FY10 to FY11. This growth can be attributed to the increase in capital asset investment, net of debt, as well as a higher cash/investments balance at year end.

Changes in Net Assets

The following table depicts that change in net assets.

	City of Urbandale's Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charge for services	\$ 4,823,872	4,903,749	501,127	—	5,324,999	4,903,749
Operating grants & contributions	4,406,337	3,732,397	27,495	—	4,433,832	3,732,397
Capital grants & contributions	2,402,438	4,139,360	—	—	2,402,438	4,139,360
General revenues:						
Taxes	27,089,641	25,576,318	—	—	27,089,641	25,576,318
Other	297,484	593,470	—	—	297,484	593,470
Total revenues	<u>39,019,772</u>	<u>38,945,294</u>	<u>528,622</u>	<u>—</u>	<u>39,548,394</u>	<u>38,945,294</u>
Expenses:						
Public safety	8,823,407	8,357,868	—	—	8,823,407	8,357,868
Public works	10,051,485	9,827,801	451,339	—	10,502,824	9,827,801
Health and social services	—	550	—	—	—	550
Culture and recreation	6,508,690	6,207,147	—	—	6,508,690	6,207,147
Community & econ development	3,038,267	2,288,562	—	—	3,038,267	2,288,562
General government	2,466,342	2,360,518	—	—	2,466,342	2,360,518
Interest and fiscal charges	1,703,156	1,687,888	—	—	1,703,156	1,687,888
Total expenses	<u>32,591,347</u>	<u>30,730,334</u>	<u>451,339</u>	<u>—</u>	<u>33,042,686</u>	<u>30,730,334</u>
Increase in net assets	6,428,425	8,214,960	77,283	—	6,505,708	8,214,960
Net assets – beginning, as restated	<u>125,672,485</u>	<u>118,179,664</u>	<u>—</u>	<u>—</u>	<u>125,672,485</u>	<u>118,179,664</u>
Net assets – ending	<u>\$ 132,100,910</u>	<u>126,394,624</u>	<u>77,283</u>	<u>—</u>	<u>132,178,193</u>	<u>126,394,624</u>

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2011

Governmental activities

Governmental activities increased the City's net assets by \$6,428,425 for FY11. Key elements of the increase in net assets are as follows:

- Charges for services decreased by \$79,877 (1.6%) during FY11. This actually reflects an increase primarily from EMS fees, solid waste monthly fees, and improvement in the building permit area due to additional new construction permit issuances, but those increases were offset by a \$350,000 reduction in pass-thru economic development loan activity that occurred in FY10.
- Operating grants and contributions increased \$673,940 (18.1%) in FY11 due to the receipt of federal grants for the acquisition of 6 additional fire fighters, as well as an increase in road use tax dollars as a result of new census figures being certified.
- Capital Grants and Contributions decreased \$1,736,922 (42.0%) in FY11 due partially to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These items can fluctuate up and down based on the timing and number of projects completed in any given year. These donations have increased net assets by \$466,618 and \$983,900 in FY11 and FY10, respectively. Additionally, in FY10 the City had \$737,000 in revenues received from multi-city projects that the City served in a lead capacity.
- Total taxes increased by \$1,513,323 (5.9%) during FY11. The receipts for FY11 reflect a return to normal level of certification in the Fawn Creek tax increment financing district, as well as a \$0.10 tax levy increase for the police and fire pension system, which generated an additional \$229,000 in tax revenue. Additionally, hotel motel tax receipts were up by \$176,000 in FY11.
- Other revenues have decreased by \$295,986 (49.9%) in FY11 due to continued decline in interest rates on investments since early 2009, coupled with a net loss on sale of assets related to the sale of land under the ice arena.

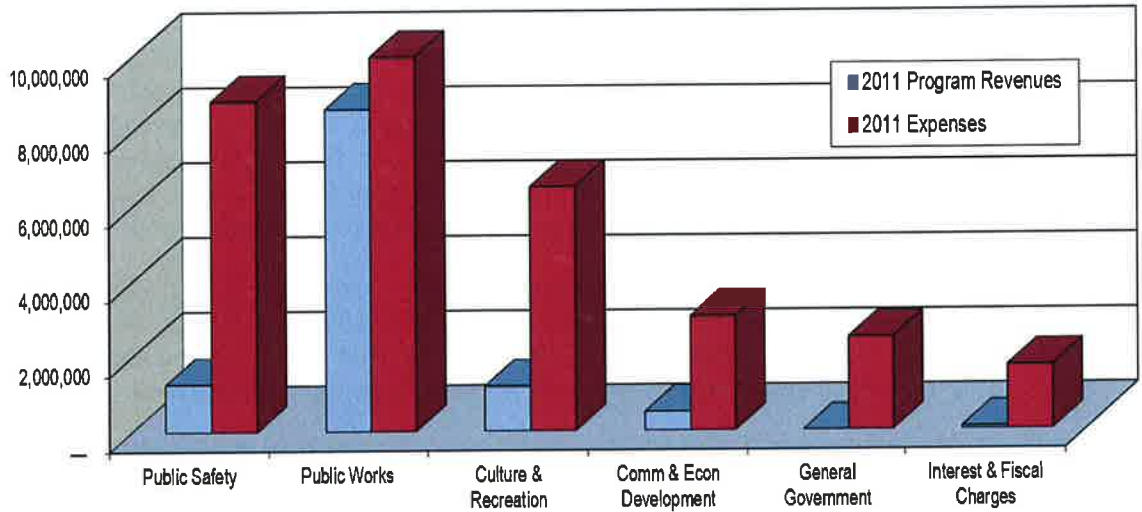
Business-type activities

A Storm Water Utility was created in July 2010 as the City's first enterprise fund. This fund encompasses the activities formerly handled by the City's street cleaning and storm sewer departments, as well as storm water run-off inspections handled formerly by the engineering department. In order to fund these activities, a storm water user fee was established for all businesses and residences in Urbandale. These user fees are the sole source of funding in the charges for services line, generating \$501,127 in revenue for FY11. The only other revenue source in FY11 was in operating grants, which was comprised of federal FEMA grants received for storm damage repairs. Business-type activities increased the City's net assets by \$77,283 for FY11.

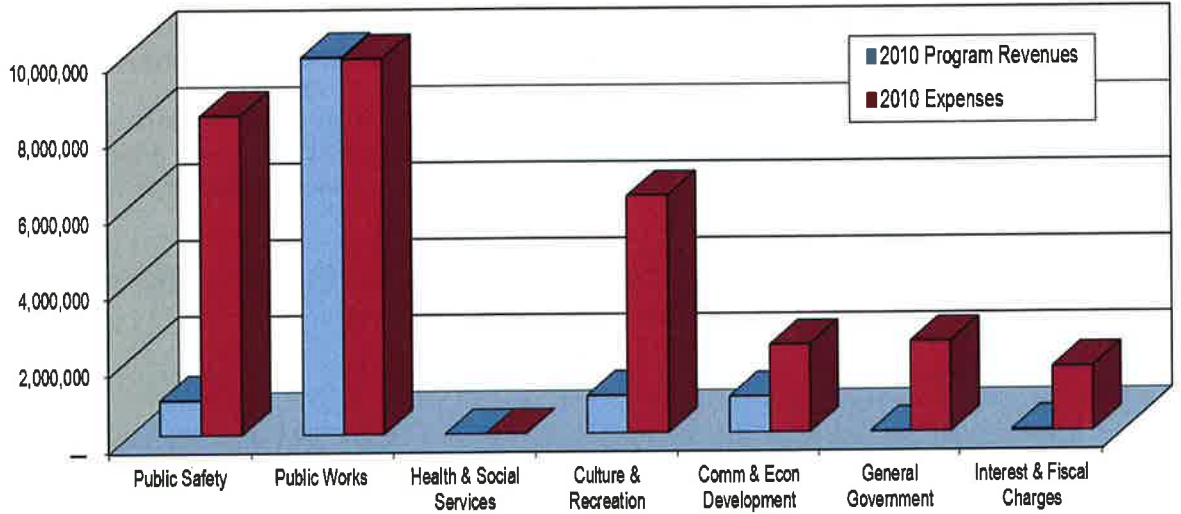
CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
 June 30, 2011

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2011 and 2010:

Expenses and Program Revenues - FY11



Expenses and Program Revenues - FY10



CITY OF URBANDALE, IOWA
Management's Discussion and Analysis

June 30, 2011

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 FY11 and FY10, the City's governmental funds reported combined fund balances of \$23,729,011, and \$20,007,697, as restated, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects payments. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$686,706 (8.4%) in FY11. The City has seen stable, but continued growth of property tax base from the record construction growth in FY05, FY04 and FY03, and continues to see decreasing investment income as a result of decreasing interest rates. The first year of a three-year federal grant for funding six new fire fighters also contributed to the increase in general fund revenues. Additionally, expenditures in all functions were less than anticipated. Together, these have resulted in a positive change in the general fund balance at year end.
- The road use tax fund balance increased \$517,866 (150.1%) in FY11. The FY11 increase represents higher road use tax receipts due to newly certified 2010 census figures. Also key to the increase is the inception of a Storm Water Utility Enterprise Fund in FY11 to fund storm water related expenses. This transferred approximately \$451,000 worth of expenses from the road use and general funds.
- The fund balance for the tax increment financing (TIF) fund decreased \$556,774 (23.6%) in FY11. The FY11 decrease represents normal operations of TIF rebate activity for the City. The City administers a 5 year declining balance TIF rebate program for the 3 active TIF districts, which means each year as these rebates progress through the program, the amount of the rebate is reduced, but reductions are offset by any new applicants to the program.
- The fund balance of the debt service fund decreased by \$62,309 (8.3%) in FY11. The FY11 decrease is due primarily to the lower special assessment receipts, as well increasing debt service payments.
- For FY11, the \$3,097,639 (38.4%) increase in the capital projects fund balance is primarily attributable to timing of project payments and related receipts associated with those projects. Project expenditures were up only \$140,000 from FY10, while federal grant revenues and other financing sources and uses were up \$2.5 million.
- The nonmajor governmental funds fund balance increased \$38,186 (11.8%) due to the increase in hotel motel tax revenues and donations to the MAC Camp fund.

Proprietary funds

Unrestricted net assets of the proprietary funds were \$8,847,044 and \$8,060,713 in FY11 and FY10, respectively. An additional \$2,842,582 and \$2,601,789 in FY11 and FY10, respectively, of net assets was restricted for funds invested in capital assets of the equipment replacement fund. In FY11, the increase in net assets for the proprietary funds resulted from lower than anticipated insurance claims paid in the risk management fund and increased charges for services in the technology and equipment replacement funds.

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Budgetary Highlights (FY11)

Differences between the original budget and the final amended budget amounted to a \$7,713,766 increase in appropriations and can be briefly summarized as follows:

- \$4,000,000 for additional construction costs for capital projects finishing ahead of schedule
- \$2,925,000 for unanticipated debt service payment for current debt refunding
- \$262,000 for personnel costs related to the hiring of six grant funded fire fighters
- \$239,000 for unanticipated repairs associated with summer flood clean-up efforts
- \$103,346 for grant related computer and material purchases in Library
- \$90,000 for unbudgeted Federal forfeiture funds purchases
- \$49,320 for unbudgeted transfer from special revenue to capital projects funds
- \$21,500 for unanticipated signal repairs due to lightning damage
- \$13,000 for bullet-proof vest purchases through grants
- \$10,600 for donation funded MAC camp expansion

The revised expenditures were offset by \$2,925,000 in refunding bond proceeds, \$1,663,000 in federal grant funds, \$900,000 in proceeds from sale of ice arena land, \$103,346 in library grant funds, \$3,000 in private donations, \$51,000 in storm water user fees, \$52,000 in Federal forfeiture funds, \$1,900,000 from available capital projects fund balance, \$21,500 from available road use fund balance, \$7,600 from available MAC fund balance, \$49,320 in transfers from Colby Woods fund balance, and \$38,000 in available forfeiture fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget. Including these adjustments, actual disbursements were \$3,687,809 less than final budget amounts. The City did not exceed budgeted amounts in any of its functions.

Budget to actual schedule for the City is located on page 54 of this report.

Capital Asset and Debt Administration

Capital assets

In FY11 and FY10, the City had invested \$187,104,973 and \$179,785,104, 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 \$7,319,869, and \$9,454,305, respectively. The value of these capital assets, net of depreciation at June 30, 2011 and 2010, is depicted below.

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

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2011</u>	<u>2010</u>
Land	\$ 5,719,861	5,972,873
Buildings and improvements	24,792,089	23,046,609
Machinery and equipment	11,011,191	10,638,915
Artwork	286,768	274,096
Infrastructure	139,635,435	132,535,560
Share of undivided equity interest assets	847,603	801,941
Construction in progress	<u>4,812,026</u>	<u>6,515,110</u>
Total	\$ 187,104,973	179,785,104
Accumulated depreciation	<u>(44,223,963)</u>	<u>(40,065,448)</u>
	<u>\$ 142,881,010</u>	<u>139,719,656</u>

This year's major capital asset additions included:

- The donation of construction improvements by private parties (\$466,600)
- The completion of the Northpark Drive extension & turn lane paving projects (\$936,600)
- The completion of the 128th Street paving and trail projects (\$1,164,800)
- The completion of an addition to and renovation of Fire Station 41 (\$845,300)
- The completion of a fire training facility (\$628,500)
- The completion of the 100th Street preservation project (\$1,246,500)
- The completion of the Aurora Avenue paving project (\$637,000)
- The ongoing construction of the Douglas Parkway paving and reconstruction project (\$1,084,900)
- The ongoing construction of the Walker Johnston tennis court reconstruction project (\$321,300)
- The completion of the Deer Creek paving project (\$941,700)
- The completion of the North Raccoon Valley Trail bridge project (\$520,300)

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

Long-term debt

In FY11 and FY10 the City had total long-term debt of \$44,945,000 and \$43,375,000, respectively. Of these amounts, \$41,595,000, and \$38,770,000, represented general obligation bond debt. Another \$0 and \$930,000 represented outstanding certificates of participation debt. The City also had \$3,350,000 and

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\$3,675,000 of general obligation General Fund capital loan notes. All of this debt was backed by the City's full faith and credit.

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

	<u>Balance</u> <u>June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2010</u>
General obligation bonds	\$ 38,290,000	6,570,000	6,090,000	\$ 38,770,000
General obligation certificates of participation	995,000	—	65,000	930,000
General obligation General Fund capital loan notes	3,985,000	—	310,000	3,675,000
	<u>\$ 43,270,000</u>	<u>6,570,000</u>	<u>6,465,000</u>	<u>\$ 43,375,000</u>

During FY11, the City's total debt increased by \$1,570,000. The key factors in these increases for FY11 were \$8,535,000 in general obligation bonds and \$2,955,000 in general obligation refunding bonds.

In FY11, the projects funded by the bond issues included:

- The construction of:
 - Walnut Creek bridge at Aurora Avenue
 - Various public art projects throughout the City of Urbandale
 - Sidewalks at various locations in the City
- The paving of:
 - Douglas Parkway – 156th Street to west corporate limit
 - Aurora Avenue – 128th Street to 142nd Street
 - Plum Drive – 86th Street to 100th Street
- The reconstruction and/or rehabilitation of:
 - 100th Street – Hickman Road to Douglas Ave
 - Lions Park outdoor restrooms and shelter house roof
 - Walker Johnston Park tennis courts
 - Deer Creek subdivision streets
 - Concrete street repairs at various locations in the City

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- The installation of traffic signals at:
 - 104th Street and Meredith Drive
 - 109th Street and Douglas Avenue
- Trail improvements and construction at:
 - Walnut Creek Regional Park – interior access trails
 - 128th Street trail connection to Grimes
 - Aurora Avenue – 92nd Street underpass at North Walnut Creek
 - Clive trail connection at 156th Street
 - NW Urbandale Drive – Douglas Avenue to Meredith Drive
- Installation of improvements at Walnut Creek Hills, Telby Knolls, Summit Estates & Berkshire neighborhood parks
- Merle Hay Road traffic signal interconnect improvements
- The acquisition of land for Parks and Public Works Maintenance facility
- The purchase of a computer training system at Fire Station No. 42
- The current refunding of the Series 2002 general obligation bonds and the Series 2000 certificates of participation bonds.

The City of Urbandale maintains an Aa1 rating from Moody's Investors Service for its general obligation debt. This rating was most recently affirmed on August 10, 2011.

State statutes limit the amount of debt that a governmental entity may issue to 5% of the actual value of property within the corporate limits. The current maximum debt limitation for the City of Urbandale is \$199,999,780, 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 39 through 43 of this report.

Economic Factors and Next Year's Budget and Rates

Subdivision platting activity in calendar 2011 returned from a hiatus, with four new subdivisions approved after just one plat had been completed in each of the three prior calendar years due to the overabundance of vacant, and developed lots that resulted from the dramatic market correction of late 2007. Subsequent absorption has brought the lot supply back into line with the City's traditional two to three year supply for the annual rate of growth, resulting in renewed demand for subdivision development to replenish the lot supply. The vacuum created by the financial failure of development firms during the market correction also appears to be filling with new investors. City staff has reported several pre-application conferences for residential subdivisions that are being planned for calendar 2012. Local homebuilders appear to remain cautiously optimistic about the 2012 housing market in Urbandale.

Urbandale has significant capacity for continued residential growth for decades under any realistic growth scenario. As the end of calendar 2011 approaches, the City is supplied with 335 fully developed vacant lots for single family residences along with 116 vacant lots for townhouse construction. In addition, the City has approved preliminary plats and zoning for another 2,600 housing units. Altogether, Urbandale has enough land available within its current Corporate Limits, most of which is already served by major public

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infrastructure (sewer trunks and water mains), to eventually reach a population in excess of 70,000 persons without further annexation. Urbandale also has opportunities to annex additional, serviceable territory.

Urbandale has approved plans for over 426,000 square feet of commercial and industrial projects, although the timetable for actual construction is not firmly established. Some projects may be constructed in calendar 2012, while some may be delayed until a later year. Urbandale has also approved plans for an additional 528,000 square feet of projects that appear to remain viable, but that have been "on the shelf" for a time and will probably be redesigned to at least some extent before construction actually occurs. Finally, the land supply within Urbandale's existing Corporate Limits can support continued commercial and industrial growth over at least the next 20 to 40 years, depending on the sector and historic trend line that is selected. The most-attractive parcels in that land supply are fully developed, with new public streets, water, and sewer already in place.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2012. The fiscal year 2012 budget anticipated an increase of \$2,121,495 (5.4%) in expenditures over the fiscal year 2011 adopted budget. Of this total, operating expenses, net of transfers will be increased by \$1,218,254 (4.4%), and debt service expenses will be increased by \$526,047 (6.1%). The adopted expenditures for fiscal year 2012 will not require any change in the general tax levy rate of \$7.17. In response to growing pension costs for the City's public safety uniformed staff, an additional \$0.10 was added to the police & fire pension levy that was originally adopted in FY10 to help offset the City's pension contribution to the Municipal Fire and Police Retirement System. Additionally, the debt service levy rate was increased by \$0.10 to \$2.15. The City's combined tax levy rate is \$9.52/\$1,000 valuation.

The FY12 budget also anticipates the 27th pay cycle that will occur due to timing of fiscal year and payroll cycles. This extra cycle will result in an additional \$450,000 in personnel costs. Continued increases in pension contribution rates for both IPERS and MFPRS have also impacted the FY12 budget, but were mitigated by cost savings in group insurance contributions. These additions, as well as increases in salary and benefit costs for existing employees will increase personnel costs by approximately \$605,300 (3.9%) in FY12. Other factors impacting the FY12 budget include the financing of infrastructure maintenance and improvement projects, the increasing cost of fuel, the introduction of new technologies in a number of departments, and operating equipment purchases in several departments.

Contacting the City's Financial Management

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

CITY OF URBANDALE, IOWA

Statement of Net Assets

June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and pooled cash investments	\$ 33,566,347	162,956	33,729,303	59,480
Cash equivalents	—	—	—	1,255,506
Restricted cash	—	—	—	509,283
Accounts receivable	421,312	27,495	448,807	834,570
Taxes receivable:				
Current	843,142	—	843,142	—
Succeeding year	27,214,985	—	27,214,985	—
Special assessments receivable:				
Current	531,565	—	531,565	—
Succeeding year	1,111,452	—	1,111,452	—
Accrued interest	3,361	—	3,361	660
Due from other governments	639,770	—	639,770	—
Due from component unit	21,315	7,149	28,464	—
Due from primary government	—	—	—	13,375
Loan receivable	305,000	—	305,000	—
Inventories	138,495	—	138,495	566,166
Deferred bond issuance costs	169,580	—	169,580	—
Restricted assets - due from primary government	—	—	—	480
Prepaid expense and other assets	—	—	—	55,245
Total current assets	64,966,324	197,600	65,163,924	3,294,765
Noncurrent assets:				
Capital assets				
Equipment	11,011,191	—	11,011,191	801,779
Buildings	20,989,815	—	20,989,815	1,181,173
Distribution system	—	—	—	27,254,946
Improvements other than building	3,802,274	—	3,802,274	—
Land and right of way	5,719,861	—	5,719,861	—
Construction in progress	4,812,026	—	4,812,026	84,937
Artwork	286,768	—	286,768	—
Infrastructure	139,635,435	—	139,635,435	—
Share of undivided equity interest assets	847,603	—	847,603	—
Accumulated depreciation	(44,223,963)	—	(44,223,963)	(9,090,760)
Total capital assets	142,881,010	—	142,881,010	20,232,075
Total assets	\$ 207,847,334	197,600	208,044,934	23,526,840
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,646,070	69,466	1,715,536	25,446
Water revenue bonds payable	—	—	—	185,000
General obligation bonds payable	5,935,000	—	5,935,000	—
Capital loan notes payable	345,000	—	345,000	49,000
Interest payable	127,151	—	127,151	9,929
Compensation and payroll taxes	799,594	8,740	808,334	77,253
Compensated absences - current	728,643	10,133	738,776	58,597
Due to City of Urbandale	—	—	—	28,464
Due to other governments	—	—	—	505,256
Customer deposits payable - restricted	—	—	—	57,555
Unearned revenue	27,278,128	25,620	27,303,748	—
Total current liabilities	36,859,586	113,959	36,973,545	996,500
Noncurrent liabilities:				
Water revenue bonds payable	—	—	—	2,870,000
General obligation bonds payable	35,660,000	—	35,660,000	—
Capital loan notes payable	3,005,000	—	3,005,000	835,651
Other postemployment benefits	159,953	—	159,953	29,730
Compensated absences	61,885	6,358	68,243	92,653
Total noncurrent liabilities	38,886,838	6,358	38,893,196	3,828,034
Total liabilities	75,746,424	120,317	75,866,741	4,824,534
Net Assets				
Invested in capital assets, net of related debt	98,056,010	—	98,056,010	17,177,075
Restricted:				
For capital projects	9,337,903	—	9,337,903	—
Purpose restricted by legislation	3,647,676	—	3,647,676	—
Donor restricted purposes	60,239	—	60,239	—
Unrestricted	20,999,082	77,283	21,076,365	1,525,231
Total net assets	\$ 132,100,910	77,283	132,178,193	18,702,306

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Assets							
Cash and pooled cash investments	\$ 9,259,634	918,340	1,834,369	654,719	11,408,899	359,862	24,435,823
Taxes receivable:							
Current	96,080	308,946	53,121	29,918	—	355,077	843,142
Succeeding year	16,777,430	—	4,619,909	5,349,646	—	468,000	27,214,985
Special assessments receivable:							
Current	—	—	—	455,839	75,726	—	531,565
Succeeding years	327,289	—	—	1,070,207	41,245	—	1,111,452
Accounts receivable	3,361	2,948	—	—	45,367	—	375,604
Accrued interest	17,970	3,345	—	—	—	—	3,361
Due from component unit	362,172	—	—	—	272,553	5,045	21,315
Due from other governments	—	—	—	—	305,000	—	639,770
Loan receivable	—	—	—	—	—	—	305,000
Inventories	11,580	126,915	—	—	—	—	138,495
Total assets	\$ 26,855,516	1,360,494	6,507,399	7,560,329	12,148,790	1,187,984	55,620,512
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 213,109	447,338	88,161	—	563,054	5,220	1,316,882
Compensation and payroll taxes	654,227	46,225	—	—	—	—	700,452
Employee benefits	95,134	4,008	—	—	—	—	99,142
Deferred revenue	263,610	—	—	1,526,046	416,646	353,738	2,560,040
Deferred revenue for succeeding years	16,777,430	—	4,619,909	5,349,646	—	468,000	27,214,985
Total liabilities	18,003,510	497,571	4,708,070	6,875,692	979,700	826,958	31,891,501
Fund balances							
Nonspendable	\$ 11,580	126,915	—	—	305,000	—	443,495
Restricted	—	736,008	1,799,329	684,637	9,337,903	361,026	12,918,903
Assigned	—	—	—	—	1,526,187	—	1,526,187
Unassigned	8,840,426	—	—	—	—	—	8,840,426
Total fund balances	8,852,006	862,923	1,799,329	684,637	11,169,090	361,026	23,729,011
Total liabilities and fund balances	\$ 26,855,516	1,360,494	6,507,399	7,560,329	12,148,790	1,187,984	55,620,512

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, 2011

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

Total fund balances – governmental funds	\$		23,729,011
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:			
Capital assets	\$	181,119,989	
Less accumulated depreciation		<u>(41,081,561)</u>	140,038,428
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds			
			2,496,897
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			169,580
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		9,130,524	
Due from customers		45,708	
Capital assets, net of accumulated depreciation		2,842,582	
Accounts payable		<u>(329,188)</u>	11,689,626
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
General obligation bonds payable		41,595,000	
Capital loan note		3,350,000	
Accrued interest on the bonds and notes		127,151	
Other postemployment benefits		159,953	
Compensated absences		<u>790,528</u>	<u>(46,022,632)</u>
Net assets of governmental activities	\$		<u><u>132,100,910</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, 2011

	General Fund	Road Use Tax Fund	Tax Incremental Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 17,138,944	—	3,912,690	5,047,988	—	969,103	27,068,725
Special assessments	—	—	—	17,106	408,199	—	425,305
Licenses and permits	590,584	—	—	—	—	—	590,584
Use of money and property	53,745	—	15,023	25,522	64,504	804	159,598
Intergovernmental	607,179	3,470,077	—	75,075	1,983,575	44,243	6,180,149
Charges for services	3,404,728	—	—	—	—	—	3,404,728
Miscellaneous	303,155	—	—	54,934	1,199,298	52,842	1,610,229
Total revenues	22,098,335	3,470,077	3,927,713	5,220,625	3,655,576	1,066,992	39,439,318
Expenditures							
Current operating expenditures:							
Public safety	8,759,157	—	—	—	—	300,771	9,059,928
Public works	3,219,486	2,952,211	—	—	—	—	6,171,697
Culture and recreation	5,323,968	—	—	—	—	728,035	6,052,003
Community and economic development	1,246,645	—	1,792,139	—	—	—	3,038,784
General government	2,400,295	—	—	—	—	—	2,400,295
Capital outlay	—	—	—	—	9,004,108	—	9,004,108
Debt service:							
Principal	310,000	—	—	6,685,000	—	—	6,995,000
Interest	152,078	—	—	1,520,349	—	—	1,672,427
Total expenditures	21,411,629	2,952,211	1,792,139	8,205,349	9,004,108	1,028,806	44,394,242
Excess (deficiency) of revenues over (under) expenditures	686,706	517,866	2,135,574	(2,984,724)	(5,348,532)	38,186	(4,954,924)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	8,535,000	—	8,535,000
Refunding bond issuance	—	—	—	2,955,000	—	—	2,955,000
Premium/discount on bond issuance	—	—	—	41,967	69,271	—	111,238
Current refunding of general obligation debt	—	—	—	(2,925,000)	—	—	(2,925,000)
Transfers in	—	—	—	2,850,448	—	—	2,850,448
Transfers out	—	—	(2,692,348)	—	(158,100)	—	(2,850,448)
Total other financing sources (uses)	—	—	(2,692,348)	2,922,415	8,446,171	—	8,676,238
Net changes in fund balances	686,706	517,866	(556,774)	(62,309)	3,097,639	38,186	3,721,314
Fund balances at beginning of year, as restated	8,165,300	345,057	2,356,103	746,946	8,071,451	322,840	20,007,697
Fund balances at end of year	\$ 8,852,006	862,923	1,799,329	684,637	11,169,090	361,026	23,729,011

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, 2011

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

Net change in fund balances – governmental funds	\$	3,721,314
<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	\$	7,013,107
Depreciation expense		<u>(4,334,417)</u>
		2,678,690
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		241,871
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		318,412
In the statement of activities, certain operating expenses – compensated absences and other postemployment benefits – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (the amount actually paid). The current year difference is (\$175,745) for vacation expense, \$6,476 for sick leave expense, and \$70,157 for other postemployment benefits.		99,112
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		9,920,000
Issuance of bond principal, net of premium/discount, is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(11,547,369)
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.		3,501
Bond issuance costs and premiums/discounts are reported as “other financing uses” and expenditures in the governmental funds at the time of issuance in the government-wide financial statements, these costs are amortized over the life of the debt issue.		(34,230)
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>1,027,124</u>
Change in net assets of governmental activities	\$	<u><u>6,428,425</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Net Assets –
Proprietary Funds

June 30, 2011

	Business-Type Activities - Non-Major Enterprise Fund	Governmental Activities
	Storm Water Utility Fund	Internal Service Funds
Assets		
Current assets:		
Cash and pooled cash investments	\$ 162,956	9,130,524
Accounts receivable	27,495	45,708
Due from Component Unit	7,149	—
Capital assets, net	—	2,842,582
Total assets	<u>\$ 197,600</u>	<u>12,018,814</u>
Liabilities		
Current liabilities:		
Accounts payable	69,466	329,188
Compensation and payroll taxes	8,021	—
Employee benefits	719	—
Compensated absences	16,491	—
Deferred revenue	25,620	—
Total liabilities	<u>\$ 120,317</u>	<u>329,188</u>
Net Assets		
Net assets:		
Invested in capital assets	\$ —	2,842,582
Unrestricted	77,283	8,847,044
Total net assets	<u>\$ 77,283</u>	<u>11,689,626</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, 2011

	Business-Type		Governmental Activities
	Activities - Non-Major		
	Enterprise Fund		
	Storm Water	Utility	Internal Service
	Fund		Funds
Operating revenues:			
Charges for services	\$	501,127	4,300,904
Other		27,495	711,482
Total operating revenues		<u>528,622</u>	<u>5,012,386</u>
Operating expenses:			
Insurance premiums and claims		—	3,346,205
Data processing		—	129,632
Storm water operations		451,339	—
Depreciation		—	631,409
Total operating expenses		<u>451,339</u>	<u>4,107,246</u>
Operating income		<u>77,283</u>	<u>905,140</u>
Nonoperating revenues (expenses):			
Interest income		—	51,633
Gain (loss) on sale of equipment		—	70,351
Total nonoperating revenues (expenses)		<u>—</u>	<u>121,984</u>
Change in net assets		77,283	1,027,124
Net assets at beginning of year		—	10,662,502
Net assets at end of year	\$	<u><u>77,283</u></u>	<u><u>11,689,626</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Cash Flows –
Proprietary Funds

Year Ended June 30, 2011

	Business-Type		Governmental	
	Activities - Non-Major			Internal Service
	Enterprise Fund			
	Storm Water	Utility		
	Fund		Funds	
Cash flows from operating activities:				
Receipts from customers and users	\$	519,598	4,970,312	
Payments to employees		(200,433)	—	
Payments to suppliers		(156,209)	(3,356,665)	
Net cash provided by operating activities		<u>162,956</u>	<u>1,613,647</u>	
Cash flows from capital and related financing activities:				
Purchase of capital assets		—	(1,100,148)	
Proceeds from sale of capital assets		—	70,351	
Net cash used in capital and related financing activities		<u>—</u>	<u>(1,029,797)</u>	
Cash flows from investing activities:				
Interest on investments		—	51,633	
Net increase in cash and cash equivalents		<u>162,956</u>	<u>635,483</u>	
Cash and cash equivalents at beginning of year		—	8,495,041	
Cash and cash equivalents at end of year	\$	<u><u>162,956</u></u>	<u><u>9,130,524</u></u>	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$	77,283	905,140	
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		—	631,409	
Change in due from customers		(34,644)	(42,074)	
Change in accounts payable and accrued liability		120,317	119,172	
Net cash provided by operating activities	\$	<u><u>162,956</u></u>	<u><u>1,613,647</u></u>	

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Fiduciary Net Assets

June 30, 2011

		Total Agency Funds
	Assets	
Cash and pooled cash investments		\$ 2,127,892
Other assets		<u>—</u>
Total assets		<u>\$ 2,127,892</u>
	Liabilities	
Liabilities:		
Due to component unit		\$ 13,855
Due to other governments		351,072
Deposits and remittances due		<u>1,762,965</u>
Total liabilities		<u>\$ 2,127,892</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(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, 2011

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.

The City has changed accounting policies due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds. Accordingly, the beginning fund balance of certain governmental funds, the assets of the agency funds, and the net assets of the governmental activities, have been restated.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Governmental Funds

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after year-end. Other revenues are considered to be available if they are expected to be received within 60 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

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

Property tax receivable is recognized 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, 2009 assessed property valuations; are for the tax accrual period July 1, 2010 through June 30, 2011; and reflect the tax asking contained in the budget certified by the City in March, 2010.

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.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

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

Tax Increment Financing Fund – used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

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

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

Proprietary Funds

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

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

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

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

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

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

Storm Water Utility Fund – an enterprise fund utilized to account for the operations and maintenance of the City's storm water program and improvements to the storm water system that are not funded through the Capital Projects fund. This fund is newly created in FY2011.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Fiduciary Funds

The fiduciary funds are used to account for assets held as an agent for others in an agency capacity. The agency funds are custodial in nature and do not present results of operations. The funds are accounted for using the accrual basis of accounting, with no measurement focus. The City has the following fiduciary funds:

Collections and Deposits Fund— an agency fund utilized to finance and account for refundable deposits and other flow-through funds collected by the City to be paid out to another party.

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

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

(d) Use of Estimates

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

(e) Encumbrances

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

(f) Fund Balance

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

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

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

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

Assigned – Amounts which the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Unassigned – All amounts not included in other spendable classifications.

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

(g) Restatement of Fund Balance, Assets, and Net Assets

The beginning fund balance of the General fund, Capital Projects fund, the non-major special revenue funds, the assets of the agency funds, and the net assets of the government activities have been restated in order to reflect the reclassification of certain funds from the special revenue fund type in accordance with the revised definitions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The effect on beginning fund balance presented is as follows:

	General Fund	Capital Projects Fund	Non-major Special Revenue Funds	Agency Funds	Governmental Activities
Beginning of year balances, as previously reported	\$ 8,146,218	7,758,144	1,377,368	1,135,635	126,394,624
Reclassification of funds	19,082	313,307	(1,054,528)	722,139	(722,139)
Beginning of year balances, as restated	<u>\$ 8,165,300</u>	<u>8,071,451</u>	<u>322,840</u>	<u>1,857,774</u>	<u>125,672,485</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(h) Components of Governmental Fund Balance

As of June 30, 2011, fund balances are composed of the following:

	General	Debt Service	Capital Projects	Special Revenues	Total
Nonspendable:					
Inventory	11,580	-	-	126,915	138,495
Loan receivable	-	-	305,000	-	305,000
Total nonspendable	<u>11,580</u>	<u>-</u>	<u>305,000</u>	<u>126,915</u>	<u>443,495</u>
Restricted for:					
Debt service	-	684,637	-	1,799,329	2,483,966
Public works	-	-	-	736,008	736,008
Capital projects	-	-	9,337,903	-	9,337,903
Public safety retirement	-	-	-	1,347	1,347
Public safety	-	-	-	135,657	135,657
Park development	-	-	-	4,177	4,177
Cultural programs	-	-	-	219,845	219,845
Total restricted	<u>-</u>	<u>684,637</u>	<u>9,337,903</u>	<u>2,896,363</u>	<u>12,918,903</u>
Assigned to:					
Capital projects	-	-	1,526,187	-	1,526,187
Unassigned	<u>8,840,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,840,426</u>
Total Fund Balances	<u><u>8,852,006</u></u>	<u><u>684,637</u></u>	<u><u>11,169,090</u></u>	<u><u>3,023,278</u></u>	<u><u>23,729,011</u></u>

(i) Cash and Pooled Cash Investments

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

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

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(j) Inventories

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

(k) Unbilled Revenues

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

(l) Capital Assets

Capital assets, which include real property, equipment and vehicles, artwork, buildings, infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), and the City's share of assets in an undivided equity interest, are reported in the governmental activities column in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets, other than intangible assets, are defined by the City as assets with initial, individual costs in excess of \$2,000 and estimated useful lives in excess of one year. The City defines intangible assets as those items with costs in excess of \$100,000.

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

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

(m) Deferred Revenues

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(n) Long-Term Debt

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

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

(o) Compensated Absences

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

(p) Self-insurance

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$40,000 per employee and \$1,717,852 in the aggregate for June 30, 2011. The operating funds are charged premiums (based upon historical claim experience) by the Risk Management Fund, which is accounted for as an Internal Service Fund. The accrued liability for estimated claims represents an estimate, based on actuarial valuation, of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported, and is classified with accounts payable.

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

	<u>2011</u>	<u>2010</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 180,000	150,000
Incurred claims and claim adjustment expenses	2,038,969	1,469,033
Payments	<u>(1,978,969)</u>	<u>(1,439,033)</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ <u>240,000</u>	<u>180,000</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(2) Cash and Pooled Cash Investments and Cash Equivalents

The City's and its Component Unit's deposits at June 30, 2011 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

Certificates of deposit, money market funds, and obligations of the United States government are classified as cash and pooled cash investments in the financial statements and are included with bank deposits in this note. The cash equivalents of the City's non-fiduciary funds at June 30, 2011 are \$33,566,347. The City's agency funds had cash and pooled cash investments of \$2,127,892 at June 30, 2011.

Included in the City's cash equivalents total noted above, are investments in money market mutual funds totaling \$17,605,903 at June 30, 2011. These funds are invested in US government obligations and repurchase agreements collateralized by US Government obligations. These money market mutual funds are not rated and do not have a stated maturity date. Also included in the City's cash equivalents total, is an investment in the Iowa Public Agency Investment Trust (IPAIT) \$7,806, 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.

At June 30, 2011 cash equivalents of the Component Unit include a money market account of \$1,176,750 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,312, which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. Additionally, there are two Certificates of Deposit totaling \$411,700 at June 30, 2011.

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 City and 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, 2011 are in certificates of deposit, money market accounts, money

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

market mutual funds, and obligations of the United States government held with depository institutions approved by the Council.

Concentration of credit risk. The City places dollar limits, 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.

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

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

(3) Restricted Assets

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(4) Capital Assets

Capital assets activity for the Primary Government for the year ended June 30, 2011 is as follows:

	<u>July 1, 2010</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,528,394	1,061,311	1,314,323	5,275,382
Construction in progress	6,515,110	6,573,350	8,276,434	4,812,026
Right of way	444,479	—	—	444,479
Total capital assets not being depreciated	<u>12,487,983</u>	<u>7,634,661</u>	<u>9,590,757</u>	<u>10,531,887</u>
Capital assets being depreciated:				
Equipment	10,638,915	1,184,861	812,585	11,011,191
Buildings	19,516,017	1,473,798	—	20,989,815
Improvements other than buildings	3,530,592	283,258	11,576	3,802,274
Artwork	274,096	12,672	—	286,768
Infrastructure	132,535,560	7,099,875	—	139,635,435
Share of undivided equity interest assets	801,941	45,662	—	847,603
Total capital assets being depreciated	<u>167,297,121</u>	<u>10,100,126</u>	<u>824,161</u>	<u>176,573,086</u>
Less accumulated depreciation for:				
Equipment	5,202,326	1,000,906	799,749	5,403,483
Buildings	4,292,272	425,016	—	4,717,288
Improvements other than buildings	947,988	268,898	7,562	1,209,324
Artwork	120,721	13,810	—	134,531
Infrastructure	28,981,606	3,189,572	—	32,171,178
Share of undivided equity interest assets	520,535	67,624	—	588,159
Total accumulated depreciation	<u>40,065,448</u>	<u>4,965,826</u>	<u>807,311</u>	<u>44,223,963</u>
Total capital assets, net	\$ <u><u>139,719,656</u></u>	<u><u>12,768,961</u></u>	<u><u>9,607,607</u></u>	<u><u>142,881,010</u></u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Depreciation expense of \$4,965,826 for the year ended June 30, 2011, was charged to the following governmental functions:

	2011	
Public safety	\$	<u>612,190</u>
Public works		3,611,360
Health & Social		-
Culture and recreation		590,272
Community and economic development		27,491
General government		<u>124,513</u>
Total depreciation expense	\$	<u><u>4,965,826</u></u>

Capital asset activity for the Component Unit for the years ended June 30, 2011 is as follows:

	2011			
	<u>July 1, 2010</u>			<u>June 30, 2011</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets being depreciated:				
Equipment	\$ 800,240	80,537	78,998	801,779
Buildings	1,181,173	—	—	1,181,173
Distribution system	27,124,135	130,811	—	27,254,946
Construction in progress	<u>—</u>	<u>84,937</u>	<u>—</u>	<u>84,937</u>
Total capital assets being depreciated	<u>29,105,548</u>	<u>296,285</u>	<u>78,998</u>	<u>29,322,835</u>
Less accumulated depreciation for:				
Equipment	533,726	81,731	52,938	562,519
Buildings	499,575	30,617	—	530,192
Distribution system	<u>7,456,570</u>	<u>541,479</u>	<u>—</u>	<u>7,998,049</u>
Total accumulated depreciation	<u>8,489,871</u>	<u>653,827</u>	<u>52,938</u>	<u>9,090,760</u>
Total capital assets, net	\$ <u><u>20,615,677</u></u>	<u><u>(357,542)</u></u>	<u><u>26,060</u></u>	<u><u>20,232,075</u></u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(5) Long-Term Obligations

(a) General Obligation Bonds

Details of general obligation bonds payable at June 30, 2011 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, 2011</u>
Street, park and public works improvements	09/01/03	3.40 to 3.75	6/14	725,000 to 810,000	7,155,000	2,330,000
Street, park and public works	10/01/04	3.10 to 3.60	6/15	475,000 to 610,000	5,400,000	2,160,000
Housing/Urban Development	10/01/04	4.40 to 5.30	6/19	65,000 to 105,000	1,035,000	675,000
Street/Bridge	07/01/05	3.40	6/16	445,000 to 525,000	5,225,000	2,445,000
Street/Bridge	08/01/06	3.95 to 4.10	6/16	275,000 to 800,000	4,385,000	2,470,000
Streets	09/01/07	4.00	6/17	580,000 to 950,000	7,005,000	4,315,000
Streets, parks and trails	08/01/08	3.25 to 4.00	6/18	850,000 to 2,100,000	12,225,000	10,110,000
Refunding bond	05/01/09	1.30 to 2.30	6/14	585,000 to 1,260,000	4,770,000	1,875,000
Streets, parks, fire trails, and pool	11/01/09	1.50 to 4.63	6/21	200,000 to 700,000	6,570,000	5,520,000
Streets/Bridges parks/trails	10/01/10	2.00 to 3.00	6/22	335,000 to 1,000,000	8,535,000	7,585,000
Refunding bond	10/01/10	2.00 to 2.50	6/20	100,000 to 845,000	2,995,000	2,110,000
					<u>\$ 65,300,000</u>	<u>41,595,000</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, 2011, the restricted cash on the balance sheet includes \$25,346 in the Sinking fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

(c) 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 ranged from \$60,000 to \$120,000 with interest rates from 5.15% to 5.75%. These bonds were fully paid in the current year. Total outstanding principal at June 30, 2011 was \$0.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(d) 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 \$110,000 to \$190,000 with interest rates from 3.25% to 4.45%. Total outstanding principal at June 30, 2011 was \$1,930,000, with the final payment due June 2024.

In 2006, the City issued \$1,470,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$85,000 to \$130,000 with interest rates from 4.05% to 4.30%. Total outstanding principal at June 30, 2011 was \$1,080,000, with the final payment due June 2021.

Also in 2006, the City also issued \$515,000 in General Obligation General Fund Taxable Capital Loan Notes for an urban renewal project which will fund a loan to Homemakers Corporation. Principal payments range from \$110,000 to \$120,000 with interest rates from 5.80% to 5.90%. Total outstanding principal at June 30, 2011 was \$120,000, with the final payment due June 2012. This debt has an offsetting loan receivable from Homemakers Corporation that will be used to repay the City for debt service on this capital loan note.

In 2007, the City also issued \$300,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$20,000 to \$30,000 with interest rates from 3.75% to 4.15%. Total outstanding principal at June 30, 2011 was \$220,000, with the final payment due June 2020.

(e) General Obligation Refunding Bonds

In 2011, the City issued \$2,995,000 in General Obligation Refunding Bonds for the current refunding of series 2002 General Obligation bonds and series 2000 Certificates of Participation bonds. The refunding was undertaken to capture the benefits of a lower interest rate environment to reduce future debt service interest payments. The reacquisition price exceeded the net carrying amount of the old debt by \$70,000, which covers costs of issuance and will be amortized over the life of the new debt. The maturity schedule and principal payments of the new debt exactly mirror the schedules of the debt being refunded. The transaction resulted in a net economic gain of \$231,165 due to lower interest costs. The total difference in debt service between the issuances was \$243,826.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2011 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation General Fund Capital Loan Notes	
	Principal	Interest	Principal	Interest
2012	\$ 5,935,000	1,388,061	345,000	137,791
2013	5,915,000	1,212,911	230,000	122,280
2014	5,780,000	1,032,167	240,000	113,620
2015	5,045,000	840,403	255,000	104,576
2016	4,895,000	664,693	265,000	94,755
2017-2021	13,025,000	1,297,619	1,470,000	305,798
2022	1,000,000	30,000	545,000	48,732
	<u>\$ 41,595,000</u>	<u>6,465,854</u>	<u>3,350,000</u>	<u>927,552</u>

The annual principal and interest requirements to maturity for the Component Unit's water revenue bonds at June 30, 2011 are as follows:

Years Ending June 30,	Water Revenue Bonds	
	Principal	Interest
2012	\$ 185,000	119,145
2013	190,000	111,930
2014	200,000	104,520
2015	205,000	96,720
2016	215,000	88,725
2017-2021	1,200,000	312,000
2022-2024	860,000	68,055
	<u>\$ 3,055,000</u>	<u>901,095</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

At June 30, 2011 the full capital loan amount for the component unit was not yet disbursed. Principal and interest requirements to maturity for obligations based on the full amount of the loan at June 30, 2011 are as follows:

Years Ending June 30,	Capital Loan	
	Principal	Interest
2012	\$ 49,000	33,987
2013	50,000	38,700
2014	52,000	37,200
2015	53,000	35,640
2016	55,000	34,050
2017-2021	305,000	144,300
2022-2026	357,000	95,520
2027-2031	418,000	38,430
	<u>\$ 1,339,000</u>	<u>457,827</u>

Changes in long-term obligations for the years ended June 30, 2011 are as follows:

	2011				
	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Primary government:					
General obligation bonds	\$ 38,770,000	11,490,000	8,665,000	41,595,000	5,935,000
General obligation certificates of participation	930,000	—	930,000	—	—
General obligation General Fund capital loan notes	3,675,000	—	325,000	3,350,000	345,000
Other postemployment benefits	89,796	105,272	35,115	159,953	—
Compensated absences	959,796	8,044	177,312	790,528	738,776
	<u>\$ 44,424,592</u>	<u>11,603,316</u>	<u>10,132,427</u>	<u>45,895,481</u>	<u>7,018,776</u>
Component unit:					
Water revenue bonds	\$ 3,230,000	—	175,000	3,055,000	185,000
Capital loan note	—	884,651	—	884,651	49,000
Other postemployment benefits	18,020	11,710	—	29,730	—
Compensated absences	156,326	—	5,076	151,250	58,597
	<u>\$ 3,404,346</u>	<u>896,361</u>	<u>180,076</u>	<u>4,120,631</u>	<u>292,597</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, 2011

2010 Actual value of Property (unaudited)	\$ 3,999,995,593
Debt limit - 5% of assessed valuation	\$ 199,999,780
Amount of debt applicable to debt limit:	
General obligation General Fund capital loan notes	(3,350,000)
General obligation bonds	<u>(41,595,000)</u>
Legal debt margin	\$ <u>155,054,780</u>

(6) Retirement Plans

(a) Plan Descriptions

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

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

The contribution rates for plan members and the City in years ended June 30, 2011, 2010, and 2009 under the two plans is as follows:

	<u>Plan Member Contributions</u>			<u>City Contributions</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
IPERS –						
Basic	4.50%	4.30%	4.10%	6.95%	6.65%	6.35%
Fire	6.64%	6.14%	5.63%	9.95%	9.20%	8.45%
MFPRS	9.40%	9.40%	9.35%	19.90%	17.00%	18.75%

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

The City's contributions to MFPRS and IPERS for the years ended June 30, 2011, 2010, and 2009 were equal to the required contributions for each year as follows:

	2011	2010	2009
IPERS	\$ 535,140	493,839	451,571
MFPRS	792,776	602,396	661,660

The Component Unit's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$75,512, \$69,343, and \$67,994, 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 \$26,826 the year ended June 30, 2011. The Water Utility's employees made contributions to the plan of \$44,710 for the year ended June 30, 2011.

(7) Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009. No separately issued audit report is available for this OPEB plan.

Plan Description - The City operates a partially self-insured single-employer benefit plan which provides medical/prescription drug benefits for active employees, qualified retirees, and their spouses/families. There are 155 active and 9 retired members/spouses in the plan. Participants must meet IPERS/MFPRS retirement system eligibility requirements, or be age 62 or older at retirement to participate in the retiree benefit plan. Plan benefits are not available for retirees past age 65.

The medical/prescription drug coverage is provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Funding Policy - The contribution requirements of plan members are established by, and may be amended by the City. The City has established a formal OPEB funding policy, which internally designates a portion of the Risk Management Fund's net asset balance in an amount at least equal to the City's annual required contribution (ARC), as actuarially calculated, to be set aside to provide for future retiree benefit costs. This internal designation does not qualify as "funding" under GASB Statement No.45, so for purposes of disclosure and report presentation, the City is considered to be financing the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years using a level dollar approach.

The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan and changes in the City's net OPEB obligation for the years ended June 30, 2011:

	2011
Annual required contribution	\$ 101,217
Interest on net OPEB obligation	4,055
Annual OPEB cost	<u>105,272</u>
Contributions made, net of retiree contributions	<u>(35,115)</u>
Increase in net OPEB obligation	70,157
Net OPEB obligation beginning of year	<u>89,796</u>
Net OPEB obligation end of year	<u><u>\$ 159,953</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the City contributed \$87,092 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$51,977, or 59.7% of the claims costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 105,272	33.35%	\$ 159,953
June 30, 2010	\$ 94,615	57.93%	\$ 89,796
June 30, 2009	\$ 86,543	42.24%	\$ 49,987

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$711,392, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$711,392. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,506,000 and the ratio of the UAAL to covered payroll was 7.5% as of June 30, 2011. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the City's funding policy. The projected annual health cost trend rate is 6%. The ultimate medical trend rate is 6%. Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience. The UAAL is being amortized over 30 years on a closed group basis.

(8) Deferred Compensation Plan

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(9) Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains a Risk Management Fund (an Internal Service Fund) to account for its uninsured risks of loss. The Risk Management Fund provides employee health and group life insurance coverage for City employees. Workers compensation and general liability and auto liability coverages are provided through the City's participation in self-insurance risk pools as described in the subsequent paragraphs. Commercial insurance is purchased for all other risks of loss. Settlements have not exceeded coverages for each of the past three fiscal years.

(a) Iowa Municipalities Workers' Compensation Association

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Association for the year ended June 30, 2011 were \$439,204.

(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 645 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.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2011 were \$328,760.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the City's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(10) Commitments

(a) Joint Operation

In August of 2000, the City entered into a joint operation of a centralized emergency dispatch center (Westcom) with two other Des Moines suburbs. Westcom was established as an undivided interest ownership arrangement, whereby titles to assets in Westcom are held individually by the City and the other two Des Moines suburbs. The City showed expenditures of \$583,551 and has an undivided interest in assets of the operation, net of depreciation, totaling \$259,444 as of June 30, 2011. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

b) Construction and Purchase Commitments

At June 30, 2011, the following construction and purchase commitments had been made:

Project	2011	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 16,627,595	3,880,182
General Fund	65,642	65,642
Enterprise Fund - Storm Water Utility	100,870	100,870
Special revenue fund – Road Use Tax	346,173	346,173
Total	\$ 17,140,280	4,392,867

(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 was in the form of a loan repayment over fifteen years, with final payment in 2011. The pledge was 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 \$14,412 during the year ended June 30, 2011.

(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 by Polk County to finance the construction of the downtown arena. The City made payments totaling \$32,000 for the year ended June 30, 2011.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(e) Des Moines Water Works (Water Works)

The Component Unit has entered into agreements with Water Works for the construction of Water Works-owned booster stations, treatment plant, feeder mains, and a storage tank, which will enhance service to the City. Water Works designed, constructed, and financed the booster stations, a treatment plant, feeder mains, and a storage tank through the issuance of revenue bonds. The Component Unit has commitments outstanding at June 30, 2011 to contribute to Water Works \$15,346,617, 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>
2012	\$ 1,135,150	558,279
2013	1,130,271	546,968
2014	1,168,321	506,926
2015	1,208,142	465,529
2016	1,253,622	422,641
2017-2021	4,353,194	1,545,207
2022-2026	4,664,583	675,398
2027	433,334	9,479
	<u>\$ 15,346,617</u>	<u>4,730,427</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 Sports Association, the Urbandale Girls Recreation Association, and the Urbandale Little League, which approximated \$547,000 at June 30, 2011.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2011

(h) Conduit Debt

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired 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, 2011, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$7,378,267.

(11) Subsequent Events

In September 2011, the City issued \$8,935,000 in general obligation bonds to be used primarily for street improvement projects, and park improvements, and financed the current refunding of the City's Series 2003 general obligation bonds.

(12) Transfer Reconciliation

The following is a schedule of transfers of the City for the years ended June 30, 2011:

	<u>2011</u>
Transfer to Debt Service fund from:	
TIF fund	\$ 2,692,348
Capital projects fund	<u>158,100</u>
Total transfer to Debt Service fund	<u>2,850,448</u>
	<u>\$ 2,850,448</u>

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



FINANCIAL SECTION

Required Supplementary Financial Schedules

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

Year Ended June 30, 2011

	Governmental	Enterprise	Total	Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual		Original	Final	Variance
Revenues:						
Property tax	\$ 21,118,636	-	21,118,636	21,120,607	21,120,607	(1,971)
Tax increment financing	3,915,623	-	3,915,623	4,026,164	4,026,164	(110,541)
Other city tax	2,105,578	-	2,105,578	1,711,005	1,711,005	394,573
Licenses and permits	593,070	-	593,070	905,050	905,050	(311,980)
Use of money and property	141,678	-	141,678	108,000	108,000	33,678
Intergovernmental	5,969,629	25,621	5,995,250	5,283,929	7,102,275	(1,107,025)
Charges for services	3,342,898	493,978	3,836,876	3,715,085	3,766,085	70,791
Special assessments	653,782	-	653,782	2,375,000	2,375,000	(1,721,218)
Miscellaneous	3,301,600	-	3,301,600	441,500	444,500	2,857,100
Total receipts	41,142,494	519,599	41,662,093	39,686,340	41,558,686	103,407
Expenditures:						
Public safety	9,124,066	-	9,124,066	8,957,860	9,322,860	198,794
Public works	5,878,609	-	5,878,609	6,325,361	6,346,861	468,252
Culture and recreation	6,015,507	-	6,015,507	6,139,266	6,373,212	357,705
Community and economic development	2,926,116	-	2,926,116	2,934,330	2,934,330	8,214
General government	2,443,998	-	2,443,998	2,469,882	2,469,882	25,884
Debt Service	11,592,427	-	11,592,427	8,683,954	11,608,954	16,527
Capital projects	11,501,761	-	11,501,761	9,965,300	13,965,300	2,463,539
Total disbursements	49,482,484	-	49,482,484	45,475,953	53,021,399	3,538,915
Business-type activities	-	356,643	356,643	386,537	505,537	148,894
Total all disbursements	49,482,484	356,643	49,839,127	45,862,490	53,526,936	3,687,809
Excess (deficiency) of revenues over (under) expenditures	(8,339,990)	162,956	(8,177,034)	(6,176,150)	(11,968,250)	(3,791,216)
Other financing sources, net	11,614,491	-	11,614,491	8,451,800	12,227,480	612,989
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,274,501	162,956	3,437,457	2,275,650	259,230	(3,178,227)
Fund balances at beginning of year	21,161,323	-	21,161,323	19,005,483	19,005,483	(2,155,840)
Fund balances at end of year	\$ 24,435,824	162,956	24,598,780	21,281,133	19,264,713	(5,334,067)

	Governmental Funds			Enterprise Fund		
	Cash	Accrual	Modified Accrual	Cash	Accrual	Full Accrual
Capital loan notes payable						
Revenues	\$ 41,142,494	(1,703,176)	39,439,318	519,599	9,023	528,622
Expenditures/expenses	49,482,484	(5,088,242)	44,394,242	356,643	94,696	451,339
Net	(8,339,990)	3,385,066	(4,954,924)	162,956	(85,673)	77,283
Other financing sources, net	11,614,491	(2,938,253)	8,676,238	-	-	-
Beginning fund balances/net assets, as restated	21,161,323	(1,153,626)	20,007,697	-	-	-
Ending fund balances/net assets	\$ 24,435,824	(706,813)	23,729,011	162,956	(85,673)	77,283

See accompanying notes to required supplementary information.

CITY OF URBANDALE, IOWA

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

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

Amendments to the budget are considered annually only if revenue sources are available (i.e., unanticipated revenues and budget surpluses). There can be no additional levy of property taxes. The actual amendment process, as prescribed by state law, is identical to the procedures followed for the original budget, including certification. The budgets for the fiscal year ending June 30, 2011 was amended during the year to allow the City to increase program expenditures by \$5,697,346 and increased program revenues by \$7,713,766. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Component Unit were \$12,680,367 compared to a legal budget of \$13,924,530 for the year ended June 30, 2011.

CITY OF URBANDALE, IOWA
Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan
June 30, 2011

<u>Ended June 30,</u>	<u>Valuation Date</u>	<u>Assets (a)</u>	<u>(AAL) (b)</u>	<u>(UAAL (b-a)</u>	<u>Ratio (a/b)</u>	<u>Payroll (c)</u>	<u>Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 1,132,839	\$ 1,132,839	0.00%	\$ 8,205,000	13.81%
2010	July 1, 2008	\$ -	\$ 1,132,839	\$ 1,132,839	0.00%	\$ 8,564,000	13.23%
2011	July 1, 2010	\$ -	\$ 711,392	\$ 711,392	0.00%	\$ 9,506,000	7.48%

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



FINANCIAL SECTION

Other Supplementary Financial Schedules

CITY OF URBANDALE, IOWA
Nonmajor Governmental Funds

Special Revenue Funds:

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

Police and Fire Retirement – to account for the revenues generated by the Police & Fire Retirement property tax levy, which can be used to pay the City’s share of MFPRSI pension contributions.

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

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

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

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

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

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

Making a Connection – to account for money received through a local grant and private donations to support a cultural diversity camp operated by the Recreation Department.

Alcohol Inspection – to account for funds received from Employee & Family Resources, Inc. for alcohol enforcement activities and held for specific alcohol related projects and programs through the police department.

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information
Nonmajor Governmental Funds

June 30, 2011

	Hotel Motel	Police and Fire Retirement	Memorial Tree Park	Fire Donation	Fire Equipment	Evidence and Forfeited Property
Assets						
Cash and pooled cash investments	\$ 197,380	8	4,177	19,999	2,042	14,071
Taxes receivable:						
Current	353,738	1,339	—	—	—	—
Succeeding year	—	468,000	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Total assets	\$ 551,118	469,347	4,177	19,999	2,042	14,071
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ —	—	—	2,784	—	—
Deferred revenue	353,738	—	—	—	—	—
Deferred revenue for succeeding year	—	468,000	—	—	—	—
Total liabilities	353,738	468,000	—	2,784	—	—
Fund balances:						
Restricted	197,380	1,347	4,177	17,215	2,042	14,071
Total fund balances	197,380	1,347	4,177	17,215	2,042	14,071
Total liabilities and fund balances	\$ 551,118	469,347	4,177	19,999	2,042	14,071

CITY OF URBANDALE, IOWA

Combining Balance Sheet Information
Nonmajor Governmental Funds

June 30, 2011

	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Alcohol Inspection	Total
Assets						
Cash and pooled cash investments	\$ 82,944	3,847	7,681	24,886	2,827	359,862
Taxes receivable:						
Current	—	—	—	—	—	355,077
Succeeding year	—	—	—	—	—	468,000
Due from Other Governments	5,045	—	—	—	—	5,045
Total assets	\$ 87,989	3,847	7,681	24,886	2,827	1,187,984
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	—	15	—	2,421	—	5,220
Deferred revenue	—	—	—	—	—	353,738
Deferred revenue for succeeding year	—	—	—	—	—	468,000
Total liabilities	—	15	—	2,421	—	826,958
Fund balances:						
Restricted	87,989	3,832	7,681	22,465	2,827	361,026
Total fund balances	87,989	3,832	7,681	22,465	2,827	361,026
Total liabilities and fund balances	\$ 87,989	3,847	7,681	24,886	2,827	1,187,984

CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds
Year Ended June 30, 2011

	Hotel Motel	Police and Fire Retirement	Memorial Tree Park	Fire Donation	Fire Equipment	Evidence and Forfeited Property
Revenues						
Taxes	740,342	228,761	—	—	—	—
Use of money and property	—	8	26	131	11	49
Intergovernmental	—	—	—	—	—	—
Miscellaneous	—	—	2,225	4,755	—	14,022
Total revenues	740,342	228,769	2,251	4,886	11	14,071
Expenditures						
Current operating expenditures						
Public safety	—	227,476	—	10,815	—	10,600
Culture and recreation	714,520	—	872	—	—	—
Total expenditures	714,520	227,476	872	10,815	—	10,600
Excess (deficiency) of revenues over (under) expenditures	25,822	1,293	1,379	(5,929)	11	3,471
Net changes in fund balances	25,822	1,293	1,379	(5,929)	11	3,471
Fund balances - beginning, as restated	171,558	54	2,798	23,144	2,031	10,600
Fund balances - ending	197,380	1,347	4,177	17,215	2,042	14,071

CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds
Year Ended June 30, 2011

	Federal Forfeited Property	Police Donations	Tobacco Inspection	Making A Connection - MAC	Alcohol Inspection	Total
Revenues						
Taxes	—	—	—	—	—	969,103
Use of money and property	494	—	44	28	13	804
Intergovernmental	43,143	—	50	—	1,050	44,243
Miscellaneous	—	4,340	—	27,500	—	52,842
Total revenues	43,637	4,340	94	27,528	1,063	1,066,992
Expenditures						
Current operating expenditures	50,123	1,063	310	—	384	300,771
Public safety	—	—	—	12,643	—	728,035
Culture and recreation	50,123	1,063	310	12,643	384	1,028,806
Total expenditures	(6,486)	3,277	(216)	14,885	679	38,186
Excess (deficiency) of revenues over (under) expenditures	(6,486)	3,277	(216)	14,885	679	38,186
Net changes in fund balances	94,475	555	7,897	7,580	2,148	322,840
Fund balances - beginning, as restated	87,989	3,832	7,681	22,465	2,827	361,026
Fund balances - ending						

CITY OF URBANDALE, IOWA
Combining Statement of Net Assets –
Proprietary Funds
June 30, 2011

Assets	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:					
Cash and pooled cash investments	\$ 528,964	3,265,719	717,127	4,618,714	9,130,524
Accounts receivable	6,017	—	5,059	34,632	45,708
Capital assets, net	—	2,842,582	—	—	2,842,582
Total assets	<u>534,981</u>	<u>6,108,301</u>	<u>722,186</u>	<u>4,653,346</u>	<u>12,018,814</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	—	—	80,976	248,212	329,188
Total liabilities	<u>—</u>	<u>—</u>	<u>80,976</u>	<u>248,212</u>	<u>329,188</u>
Net assets:					
Invested in capital assets	—	2,842,582	—	—	2,842,582
Unrestricted	534,981	3,265,719	641,210	4,405,134	8,847,044
Total net assets	<u>\$ 534,981</u>	<u>6,108,301</u>	<u>641,210</u>	<u>4,405,134</u>	<u>11,689,626</u>

CITY OF URBANDALE, IOWA
Combining Statement of Revenues, Expenses, and Changes in
Net Assets – Proprietary Funds
Year Ended June 30, 2011

	<u>General Liability</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Risk Management</u>	<u>Total Governmental activities - Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 650,000	822,614	715,000	2,113,290	4,300,904
Other	90,066	13,000	9,244	599,172	711,482
Total operating revenues	<u>740,066</u>	<u>835,614</u>	<u>724,244</u>	<u>2,712,462</u>	<u>5,012,386</u>
Operating expenses:					
Insurance premiums and claims	780,015	—	—	2,566,190	3,346,205
Data processing	—	—	129,632	—	129,632
Depreciation	—	631,409	—	—	631,409
Total operating expenses	<u>780,015</u>	<u>631,409</u>	<u>129,632</u>	<u>2,566,190</u>	<u>4,107,246</u>
Operating income (loss)	<u>(39,949)</u>	<u>204,205</u>	<u>594,612</u>	<u>146,272</u>	<u>905,140</u>
Nonoperating revenues (expenses):					
Interest income	2,309	19,625	809	28,890	51,633
Gain (loss) on sale of equipment	—	70,351	—	—	70,351
Total nonoperating revenues (expenses)	<u>2,309</u>	<u>89,976</u>	<u>809</u>	<u>28,890</u>	<u>121,984</u>
Change in net assets	<u>(37,640)</u>	<u>294,181</u>	<u>595,421</u>	<u>175,162</u>	<u>1,027,124</u>
Net assets at beginning of year	572,621	5,814,120	45,789	4,229,972	10,662,502
Net assets at end of year	<u>\$ 534,981</u>	<u>6,108,301</u>	<u>641,210</u>	<u>4,405,134</u>	<u>11,689,626</u>

CITY OF URBAN DALE, IOWA
Combining Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2011

	General Liability	Equipment Replacement	Technology	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 734,049	835,614	719,185	2,681,464	4,970,312
Payments to suppliers	(808,279)	—	(48,656)	(2,499,730)	(3,356,665)
Net cash (used in) provided by operating activities	<u>(74,230)</u>	<u>835,614</u>	<u>670,529</u>	<u>181,734</u>	<u>1,613,647</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	—	(1,100,148)	—	—	(1,100,148)
Proceeds from sale of capital assets	—	70,351	—	—	70,351
Net cash used in capital and related financing activities	<u>—</u>	<u>(1,029,797)</u>	<u>—</u>	<u>—</u>	<u>(1,029,797)</u>
Cash flows from investing activities:					
Interest on investments	2,309	19,625	809	28,890	51,633
Net (decrease) increase in cash and cash equivalents	<u>(71,921)</u>	<u>(174,558)</u>	<u>671,338</u>	<u>210,624</u>	<u>635,483</u>
Cash and cash equivalents at beginning of year	600,885	3,440,277	45,789	4,408,090	8,495,041
Cash and cash equivalents at end of year	<u>\$ 528,964</u>	<u>3,265,719</u>	<u>717,127</u>	<u>4,618,714</u>	<u>9,130,524</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (39,949)	204,205	594,612	146,272	905,140
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	—	631,409	—	—	631,409
Change in due from customers	(6,017)	—	(5,059)	(30,998)	(42,074)
Change in accounts payable	(28,264)	—	80,976	66,460	119,172
Net cash (used in) provided by operating activities	<u>\$ (74,230)</u>	<u>835,614</u>	<u>670,529</u>	<u>181,734</u>	<u>1,613,647</u>

CITY OF URBANDALE, IOWA
 Combining Statement of Fiduciary Net Assets
 June 30, 2011

Schedule 6

	<u>Agency Funds</u>			<u>Total Agency Funds</u>
	<u>Collections and Deposits</u>	<u>Escrow Fund</u>	<u>Revolving Loan</u>	
Assets				
Cash and pooled cash investments	\$ 1,059,599	866,315	201,978	2,127,892
Total assets	<u>\$ 1,059,599</u>	<u>866,315</u>	<u>201,978</u>	<u>2,127,892</u>
Liabilities				
Liabilities:				
Due to component unit	\$ 13,855	—	—	13,855
Due to other governments	149,094	—	201,978	351,072
Deposits and remittances due	896,650	866,315	—	1,762,965
Total liabilities	<u>\$ 1,059,599</u>	<u>866,315</u>	<u>201,978</u>	<u>2,127,892</u>

CITY OF URBANDALE, IOWA
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
Year Ended June 30, 2011

	Balance June 30, 2010, as restated	Additions	Deductions	Balance June 30, 2011
Collections and Deposits Fund				
Assets:				
Cash and Pooled Cash Investments	1,034,225	489,173	463,799	1,059,599
Other Assets	200	—	200	—
	<u>\$ 1,034,425</u>	<u>489,173</u>	<u>463,999</u>	<u>1,059,599</u>
Liabilities:				
Due to Component Unit	\$ 6,048	84,327	76,520	13,855
Due to Other Governments	144,724	117,159	112,789	149,094
Deposits and Remittances Due	883,653	287,687	274,690	896,650
	<u>\$ 1,034,425</u>	<u>489,173</u>	<u>463,999</u>	<u>1,059,599</u>
Escrow Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 722,139	146,171	1,995	866,315
Liabilities:				
Deposits and Remittances Due	\$ 722,139	146,171	1,995	866,315
Revolving Loan Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 101,210	100,768	—	201,978
Liabilities:				
Due to Other Governments	\$ 101,210	100,768	—	201,978
Total agency funds assets	<u>\$ 1,857,774</u>	<u>736,112</u>	<u>465,994</u>	<u>2,127,892</u>
Total agency funds liabilities	<u>\$ 1,857,774</u>	<u>736,112</u>	<u>465,994</u>	<u>2,127,892</u>

STATISTICAL SECTION

(Unaudited)

CITY OF URBANDALE, IOWA

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF URBANDALE, IOWA

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
Public Safety	\$ 4,723,324	5,213,450	5,625,803	6,221,356	6,594,536	7,663,358	7,516,393	8,357,868	8,823,407
Public Works	6,855,234	8,094,446	8,163,032	10,469,810	8,468,881	9,397,720	8,819,908	9,827,801	10,051,485
Health and social services	22,910	27,896	26,992	23,975	12,993	58,463	21,813	550	-
Culture and recreation	4,630,423	4,737,141	5,079,163	5,121,013	5,449,786	5,856,498	5,969,809	6,207,147	6,508,690
Community and economic development	892,675	1,024,584	1,470,696	1,721,213	1,118,862	1,032,369	1,962,340	2,288,562	3,038,267
General government	1,426,875	1,693,262	1,670,787	1,906,563	2,030,465	2,162,208	2,177,622	2,360,518	2,466,342
Interest on long-term debt	1,097,841	1,223,284	1,370,808	1,492,724	1,556,998	1,666,200	1,859,692	1,687,888	1,703,156
Total governmental activities expenses	\$ 19,649,282	22,014,063	23,407,281	26,956,654	25,232,521	27,836,816	28,327,577	30,730,334	32,591,347
Business-type activities:									
Storm Water Utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	451,339
Total business-type activities expenses	19,649,282	22,014,063	23,407,281	26,956,654	25,232,521	27,836,816	28,327,577	30,730,334	33,042,686
Program Revenues									
Governmental activities:									
Charges for services:									
Public safety	\$ 498,394	562,099	478,114	648,715	683,209	767,670	808,148	755,056	854,143
Public works	543,092	1,152,021	2,008,454	1,325,201	1,800,708	1,265,580	2,014,238	2,610,131	2,724,097
Culture and recreation	564,766	584,691	562,110	638,135	573,022	595,242	683,512	757,723	750,178
Community and economic development	818,110	1,275,846	1,152,026	1,237,983	893,678	664,109	492,701	780,839	495,454
Operating grants and contributions	2,830,362	3,078,828	3,225,412	4,145,283	3,360,153	3,812,429	3,766,839	3,732,397	4,406,337
Capital grants and contributions	2,125,148	8,616,427	4,902,157	7,188,470	5,269,911	2,346,682	1,928,279	3,401,631	2,402,438
Total governmental activities program revenues	\$ 7,379,872	15,269,912	12,328,273	15,183,787	12,580,681	9,451,712	9,693,717	12,037,777	11,632,647
Business-type activities:									
Storm Water Utility:									
Charges for services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	501,127
Operating grants and contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,495
Total business-type activities revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	528,622
Total primary government revenues	7,379,872	15,269,912	12,328,273	15,183,787	12,580,681	9,451,712	9,693,717	12,037,777	12,161,269
Net primary government (expense)/revenue	\$ (12,269,410)	(6,744,151)	(11,079,008)	(11,772,867)	(12,651,840)	(18,385,104)	(18,633,860)	(18,692,557)	(20,881,417)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	\$ 11,982,163	12,999,952	13,566,423	14,677,676	16,337,862	17,953,587	18,768,124	20,190,515	21,048,199
Tax increment financing district tax	1,256,723	1,134,596	3,451,749	2,747,565	3,510,146	2,835,582	4,400,172	3,369,190	3,912,690
Hotel/Motel tax	808,198	797,323	1,050,706	1,051,441	1,067,930	1,207,270	1,064,797	1,140,672	1,277,102
Property tax replacement/state consolidated	336,937	-	-	-	-	-	-	-	-
Franchise fees	268,430	291,212	280,546	253,319	254,940	262,803	411,915	307,738	311,755
City Utility excise tax	542,847	585,285	563,766	545,167	549,396	545,418	555,947	568,203	539,895
Investment earnings	277,184	295,357	609,911	999,332	1,390,248	1,253,439	772,232	305,456	197,978
Miscellaneous	166,901	327,918	258,526	541,895	197,208	184,446	359,364	1,025,743	99,506
Total governmental activities	\$ 15,664,350	16,437,710	19,781,627	20,816,395	23,307,730	24,242,545	26,332,551	26,907,517	27,387,125
Change in Net Assets	\$ 3,394,940	9,693,559	8,702,619	9,043,528	10,655,890	5,857,441	7,698,691	8,214,960	6,505,708

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 on a full accrual basis.

CITY OF URBANDALE, IOWA

Table II

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

Fiscal Year	Property Tax	TIF Tax	Hotel Motel Tax	Property Tax Replacement	Franchise Tax	Utility Excise Tax	Sales Tax	Total
2003	11,982,163	1,256,723	808,198	336,937	268,430	542,847	24,967	15,220,265
2004	12,999,952	1,134,596	797,323	-	291,212	585,285	6,067	15,814,435
2005	13,566,423	3,451,749	1,050,706	-	280,546	563,766	-	18,913,190
2006	14,677,676	2,747,565	1,051,441	-	253,319	545,167	-	19,275,168
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274
2008	17,953,587	2,835,582	1,207,270	-	262,803	545,418	-	22,804,660
2009	18,768,124	4,400,172	1,064,797	-	411,915	555,947	-	25,200,955
2010	20,190,515	3,369,190	1,140,672	-	307,738	568,203	-	25,576,318
2011	21,048,199	3,912,690	1,277,102	-	311,755	539,895	-	27,089,641

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 on a full accrual basis.

CITY OF URBANDALE, IOWA

Table III

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 54,377,914	62,476,418	64,357,733	74,549,310	81,011,392	87,244,464	90,892,294	96,574,657	98,056,010
Restricted	3,096,415	6,392,428	9,959,951	8,373,251	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039
Unrestricted	9,053,607	7,352,649	10,606,430	11,045,081	12,851,133	13,040,900	17,488,224	20,339,398	21,651,861
Total governmental activities net assets	\$ 66,527,936	76,221,495	84,924,114	93,967,642	104,623,532	110,480,973	118,179,664	126,394,624	132,100,910
Business-type activities:									
Unrestricted	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77,283
Primary government:									
Invested in capital assets, net of related debt	\$ 54,377,914	62,476,418	64,357,733	74,549,310	81,011,392	87,244,464	90,892,294	96,574,657	98,056,010
Restricted	3,096,415	6,392,428	9,959,951	8,373,251	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039
Unrestricted	9,053,607	7,352,649	10,606,430	11,045,081	12,851,133	13,040,900	17,488,224	20,339,398	21,729,144
Total governmental activities net assets	\$ 66,527,936	76,221,495	84,924,114	93,967,642	104,623,532	110,480,973	118,179,664	126,394,624	132,178,193

Capital loan notes payable
Statements - and Management's Discussion and Analysis - for State and Local Governments. Prior to this the City did not present information on a full accrual basis.

CITY OF URBANDALE, IOWA

Table IV

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 6,383	9,427	8,064	3,183	39,691	22,321	22,138	38,615	24,286	N/A
Unreserved	3,241,053	3,955,165	5,129,821	5,719,813	5,888,802	6,643,233	6,651,223	7,267,746	8,121,932	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,580
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,840,426
Total general fund	\$ 3,247,436	3,964,592	5,137,885	5,722,996	5,928,493	6,665,554	6,673,361	7,306,361	8,146,218	8,852,006
All other governmental funds										
Reserved	\$ 4,092,967	2,196,110	4,307,679	7,763,252	4,384,598	7,589,796	8,181,975	4,207,685	7,662,953	N/A
Unreserved, reported in:										
Special revenue funds	871,911	2,015,739	1,690,187	2,450,607	3,198,600	-	2,228,338	4,693,953	4,001,037	N/A
Capital projects funds	-	-	-	-	861,478	3,429,651	-	3,484,939	919,628	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	431,915
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,918,903
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,526,187
Total all other governmental funds	\$ 4,964,878	4,211,849	5,997,866	10,213,859	8,444,676	11,019,447	10,410,313	12,386,577	12,583,618	14,877,005

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

CITY OF URBANDALE, IOWA

Table V

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 13,239,885	14,833,002	15,724,975	18,843,072	19,282,212	21,713,917	22,771,437	25,258,592	25,515,528	27,068,725
Special assessments	299,345	47,527	129,326	71,363	174,960	262,161	173,738	282,796	1,763,620	425,305
Licenses and permits	845,686	973,578	1,484,081	1,227,938	1,046,638	929,211	805,474	588,471	520,744	590,584
Use of money and property	262,675	205,884	238,116	504,228	772,861	1,091,181	974,052	579,292	220,898	159,598
Intergovernmental	3,658,462	3,000,788	3,501,073	3,231,391	4,618,523	4,049,014	4,165,488	4,996,472	4,258,723	6,180,149
Charges for services	771,480	1,131,085	1,686,028	2,217,100	2,282,337	2,419,323	2,473,369	3,067,070	3,272,348	3,404,728
Miscellaneous	792,137	722,199	649,467	2,385,991	1,477,583	849,263	836,896	628,722	1,730,712	1,610,229
Total revenues	\$ 19,869,670	20,914,063	23,413,066	28,481,083	29,655,114	31,314,070	32,200,454	35,401,415	37,282,573	39,439,318
Expenditures:										
Public safety		4,771,091	5,128,491	5,439,939	6,258,706	6,609,967	7,599,894	7,837,383	8,369,034	9,059,928
Public works		4,683,208	5,255,628	5,250,496	5,106,124	5,647,118	5,898,132	6,279,817	6,753,079	6,171,697
Health and social services		22,910	27,896	26,992	23,975	18,355	57,913	21,263	-	-
Culture and recreation		4,249,781	4,390,807	4,762,141	5,082,065	5,224,415	5,649,633	5,910,545	6,091,288	6,052,003
Community and economic development		858,138	1,008,858	1,398,042	1,748,707	1,118,975	1,055,601	1,041,775	1,540,209	3,038,784
General government		1,271,661	1,336,552	1,476,033	1,761,537	1,949,626	2,097,042	2,129,304	2,225,451	2,400,295
Community Protection	4,830,839									
Human Development	3,891,200									
Home and Community Environment	4,692,349									
Policy and Administration	1,408,005									
Capital outlay	3,567,363									
Debt service	2,257,660	2,533,340	3,089,040	3,770,000	4,420,000	5,045,000	5,775,000	6,055,000	6,465,000	6,995,000
Principal	1,076,889	1,099,946	1,210,848	1,342,540	1,473,147	1,524,499	1,638,625	1,830,231	1,643,386	1,672,427
Interest										
Total expenditures	\$ 21,724,305	28,274,333	27,481,704	32,701,902	36,443,800	34,372,238	40,106,781	45,062,151	42,748,683	44,394,242
Excess of revenues over (under) expenditures	\$ (1,854,635)	(7,360,270)	(4,068,638)	(4,220,819)	(6,788,686)	(3,058,168)	(7,906,327)	(9,660,736)	(5,466,110)	(4,954,924)
Other financing sources (uses):										
Transfers in		1,440,084	1,473,523	4,959,765	4,224,262	4,755,032	6,522,967	4,094,561	2,895,290	2,850,448
Transfers out		(1,364,473)	(1,573,523)	(4,959,765)	(4,224,262)	(4,755,032)	(6,522,967)	(4,094,561)	(2,895,290)	(2,850,448)
General obligation bond and loan proceeds	1,442,573	5,696,362	7,155,000	9,091,262	5,225,000	6,370,000	7,305,000	12,225,000	6,570,000	8,535,000
Refunding bond issuance								4,770,000		2,955,000
Current refunding of general obligation debt								(4,725,000)		(2,925,000)
Discounts on bonds			(27,052)	(69,339)					(66,992)	111,238
Total other financing sources (uses)	\$ 1,442,573	5,771,973	7,027,948	9,021,923	5,225,000	6,370,000	7,305,000	12,270,000	6,503,008	8,676,238
Net Capital loan notes payable expenditures, net of capital outlay	(412,062)	(1,588,297)	2,959,310	4,801,104	(1,563,686)	3,311,832	(601,327)	2,609,264	1,036,898	3,721,314
	18.37%	18.64%	20.05%	21.79%	22.78%	24.21%	24.90%	25.35%	24.51%	23.19%

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. 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)

Fiscal Year	Property Tax	TIF Tax	Hotel Motel Tax	Property Tax Replacement	Franchise Tax	Utility Excise Tax	Sales Tax	Total
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
2009	18,768,124	4,400,172	1,122,434	-	411,915	555,947	-	25,258,592
2010	20,190,515	3,369,190	1,079,882	-	307,738	568,203	-	25,515,528
2011	21,048,199	3,912,690	1,256,186	-	311,755	539,895	-	27,068,725

CITY OF URBANDALE, IOWA

Table VII

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

Fiscal Year Ended June 30	Real Property		Personal Property	Utilities	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles**						
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%
2009 *	2,591,242,390	845,255,940	-	74,752,539	-	3,511,250,869	9.220	2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	-	86,825,196	-	3,755,561,186	9.220	2,174,306,380	172.72%
2011 *	2,820,955,730	901,211,090	-	88,502,951	-	3,810,669,771	9.320	2,243,885,770	169.82%

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, 2011

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Aurora Business Park I, LLC	\$ 43,268,100	1	1.135%	\$ 33,335,520	2	1.614%
Marsh I LLC	30,410,000	2	0.798%			
Homemakers Plaza, Inc.	26,625,020	3	0.699%			
Deerfield Retirement Community	21,741,780	4	0.571%			
Meredith Drive Association	20,050,000	5	0.526%			
Park Avenue Partners	19,844,000	6	0.521%			
City I LLC	19,630,000	7	0.515%			
Berkley Holding Corp	18,467,600	8	0.485%			
Nottingham Square Apartments	17,579,100	9	0.461%			
Ladco Properties	16,139,000	10	0.424%			
Mid-American Energy				64,925,687	1	3.144%
Merle Hay Mall, Ltd.				18,504,410	3	0.896%
Shelter Properties VI				14,038,890	4	0.680%
Anderson Properties				12,925,780	5	0.626%
112th Street LC				11,995,180	6	0.581%
G.K. Poperties				11,142,640	7	0.540%
Interstate Business Park				11,126,440	8	0.539%
Super Valu Stores, Inc.				10,128,960	9	0.490%
May Department Store				9,718,220	10	0.471%

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	
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		4,040	14,142,557	99.81%	
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%	
2009	19,349,838	19,324,071	99.87%	24,376	19,348,447	99.99%	
2010	20,784,813	20,758,718	99.87%	48,553	20,807,271	100.11%	**
2011	21,672,527	21,588,094	99.61%	31,012	21,619,106	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.

* Collected amount included TIF rece General obligation bonds payable

** Collected amount includes delinqu Capital loan notes payable

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

CITY OF URBANDALE, IOWA

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

Fiscal Year	General Obligation Bonds	GO Certificates of Participation	GO General Fund Capital Notes	Total Primary Government Outstanding Debt	Total Outstanding Debt Per Capita	Percentage of Total Debt Outstanding to Median Family Income	Less: Amounts Available in Debt Service Fund	Net General Obligation Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property	Net General Bonded Debt Per Capita
2002	19,450,000	1,350,000	-	20,800,000	715.47	0.3399%	395,485	20,404,515	1.48%	701.86
2003	22,700,000	1,310,000	-	24,010,000	825.88	0.294%	252,361	23,757,639	1.60%	817.20
2004	26,835,000	1,265,000	-	28,100,000	966.57	0.251%	(304,562)	28,404,562	1.88%	977.04
2005	29,635,000	1,220,000	2,540,000	33,395,000	930.12	0.211%	253,909	33,141,091	2.05%	923.05
2006	30,585,000	1,170,000	2,445,000	34,200,000	952.54	0.206%	311,360	33,888,640	1.84%	943.87
2007	30,145,000	1,115,000	4,195,000	35,455,000	987.49	0.199%	250,288	35,204,712	1.89%	980.52
2008	31,710,000	1,055,000	4,290,000	37,055,000	1,032.06	0.190%	199,180	36,855,820	1.90%	1,026.51
2009	38,290,000	995,000	3,985,000	43,270,000	1,205.16	0.163%	250,405	43,019,595	2.14%	1,198.18
2010	38,770,000	930,000	3,675,000	43,375,000	1,208.08	0.163%	746,946	42,628,054	1.96%	1,187.28
2011	41,595,000	-	3,350,000	44,945,000	1,138.91	0.207%	684,637	44,260,363	1.97%	1,121.57

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

Population and personal income data can be found in Table XIV.

Property valuation data can be found in Table VII.

** Information not available

CITY OF URBANDALE, IOWA

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

Tax rates per \$1,000 of assessed valuation

Fiscal Year	City of Urbandale Direct Rates				Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Fire Millage	Police & Retirement Millage	Transit	Community College	Urbandale Sanitary Sewer	State of Iowa	
2002	6.918	2.043	0.000	8.961	0.000	0.545	0.354	0.005	32.415
2003	6.920	2.050	0.000	8.970	0.000	0.546	0.417	0.004	33.098
2004	7.020	2.050	0.000	9.070	0.000	0.582	0.425	0.004	32.806
2005	7.022	2.051	0.000	9.073	0.000	0.599	0.412	0.004	32.181
2006	7.020	2.050	0.000	9.070	0.000	0.684	0.401	0.004	33.615
2007	7.020	2.050	0.000	9.070	0.131	0.687	0.385	0.004	33.929
2008	7.170	2.050	0.000	9.220	0.172	0.603	0.359	0.004	36.239
2009	7.170	2.050	0.000	9.220	0.229	0.564	0.340	0.004	36.754
2010	7.170	2.050	0.000	9.220	0.271	0.568	0.335	0.003	36.635

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, 2011**

<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	\$ 655,222,000	19.76%	<u>129,499,804</u>
Subtotal, overlapping debt			129,499,804
City of Urbandale direct debt			<u>41,595,000</u>
Total direct and overlapping debt			<u><u>171,094,804</u></u>

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

Source: Bond Official Statement November 2011

CITY OF URBANDALE, IOWA

Table XIII

Legal Debt Margin Information
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 92,947,399	103,819,572	115,300,627	126,553,653	137,426,918	159,247,466	187,214,411	194,184,675	198,080,952	199,999,780
Total net debt applicable to limit	\$ 20,800,000	24,010,000	28,100,000	33,428,334	34,220,395	35,538,731	37,061,798	43,270,000	43,375,000	44,945,000
Legal debt margin	\$ 72,147,399	79,809,572	87,200,627	93,125,319	103,206,523	123,708,735	150,152,613	150,914,675	154,705,952	155,054,780
Total net debt applicable to the limit as a percentage of debt limit	22.38%	23.13%	24.37%	26.41%	24.90%	22.32%	19.80%	22.28%	21.90%	22.47%

Legal Debt Margin Calculation for Fiscal Year 2011

Actual value of property, 2011	\$ 3,999,995,593
Add back: exempt real property	-
Total assessed value	\$ 3,999,995,593
Debt limit (5% of total assessed value)	\$ 199,999,780
Debt applicable to limit	(41,595,000)
General obligation bonds	(3,350,000)
General obligation General Fund capital loan notes	(44,945,000)
Total net debt applicable to limit	\$ 155,054,780
Legal debt margin	

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>Median Family Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2002	29,072	70,548	29,021	37.0	4.00%
2003	29,072	70,548	29,021	37.0	4.50%
2004	29,072	70,548	29,021	37.0	4.80%
2005	35,904	70,548	29,021	37.0	5.10%
2006	35,904	70,548	29,021	35.9	3.70%
2007	35,904	70,548	29,021	35.9	3.00%
2008	35,904	70,548	29,021	35.9	3.30%
2009	35,904	70,548	29,021	35.9	5.50%
2010	35,904	70,548	29,021	35.9	5.60%
2011	39,463	93,217	37,362	37.8	6.70%

Data Sources:

Population, median family income, per capita income and median age are from the 2010 full census, and the special census in 2005. No data for personal income was reported in either census. Unemployment rates are based on Des Moines Metro area rates; information obtained from Bond Official Statements from each respective year.

CITY OF URBANDALE, IOWA

Table XV

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

	<u>2011</u>			<u>2002</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>
Employer:						
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 Community Schools	450	5	0.063%			
Iowa Health Home Care	400	6	0.056%			
MidAmerican Energy	350	7	0.049%	210	6	**
Continental Western Insurance	340	8	0.047%	280	3	**
Allied Group	300	9	0.042%	300	2	**
Compressor Controls	300	10	0.042%	250	4	**
Print to Mail				180	10	**
Yellow Freight				243	5	**
Capital loan notes payable				200	7	**
First Data's/Donnelly				200	9	**

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

<u>FUNCTION</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>PUBLIC SAFETY</u>										
Police:										
Officers	42.00	42.00	42.00	42.00	44.00	46.50	47.00	48.00	48.00	47.00
Civilians	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00
Fire:										
Firefighters & Officers	* 6.75	7.00	7.00	6.25	5.75	6.00	9.75	12.25	14.00	36.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	* 10.00	11.00	11.75	11.00	12.25	13.25	15.50	20.00	12.00	0.00
Total	<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>	<u>88.25</u>	<u>82.00</u>	<u>91.00</u>
<u>PUBLIC WORKS</u>										
Roadway Maintenance	15.25	15.75	16.00	16.25	17.50	17.50	20.00	17.50	17.00	17.00
Traffic Safety	0.75	1.25	1.25	1.25	1.25	1.00	1.00	1.00	0.75	2.00
Engineering Services	5.25	5.50	5.50	5.50	5.50	6.00	7.50	6.25	6.00	8.00
Street Cleaning	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	0.00
Solid Waste	5.50	5.50	5.50	4.50	4.50	4.50	6.00	8.75	7.00	8.00
Sanitary Sewer	2.00	2.00	2.00	2.00	2.00	2.50	3.00	2.50	2.50	3.50
Storm Sewer	0.50	0.50	0.50	0.50	0.50	0.25	0.50	0.50	0.75	2.50
Public Works Admin	4.50	4.50	4.50	4.50	4.00	4.50	4.50	4.50	5.00	5.00
Total	<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>	<u>42.00</u>	<u>40.00</u>	<u>46.00</u>
<u>HEALTH & SOCIAL SERVICES</u>										
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>CULTURE & RECREATION</u>										
Library	25.50	25.50	25.50	25.50	26.00	25.00	24.50	25.50	28.00	27.00
Parks	22.50	21.50	16.00	16.00	16.00	15.00	17.50	16.75	14.25	18.00
Grounds Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation	5.00	5.00	5.00	5.00	5.00	3.75	2.00	3.75	3.75	9.50
Senior Citizens	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.50
Swimming Pool	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.25	13.00	19.00
Total	<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>	<u>53.25</u>	<u>62.00</u>	<u>77.00</u>
<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>										
Code Enforcement	4.00	4.50	4.50	4.50	5.50	6.00	6.00	5.75	6.00	6.00
Community Development	4.50	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00
Total	<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>	<u>10.75</u>	<u>11.00</u>	<u>11.00</u>
<u>GENERAL GOVERNMENT</u>										
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	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Legal Services/Human Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.75	1.00	1.25
Capital loan notes payable	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
Total	<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>	<u>11.00</u>	<u>11.25</u>	<u>11.50</u>
Grand total	<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>	<u>205.25</u>	<u>206.25</u>	<u>236.50</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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Total calls for service	16,342	19,840	12,942	12,514	17,684	13,262	13,771	13,492	^ 40,653	26,624
Total arrests	2,024	2,251	1,600	1,029	1,515	1,876	1,842	1,101	1,028	586
Fire										
Number of calls answered/received	317	340	283	285	102	*1,762	1,972	2,496	2,341	2,520
Inspections	210	493	611	413	309	108	176	264	262	357
EMS										
Number of calls answered	1,190	1,235	1,294	1,398	1,407	1,593	1,824	1,804	1,697	1,908
Animal Control										
Pet Licenses issued	875	1,094	1,260	1,260	1,500	1,561	1,561	1,602	1,589	1,647
Public Works										
Roadway Maintenance										
Total lane miles maintained	370	380	396	407	410	413	415	418	422	424
Asphalt streets repaired (tons)	360	396	1,423	1,610	3,180	2,607	2,188	2,186	2,323	959
Solid Waste Collection										
Number of households	9,584	9,930	10,340	10,930	11,450	11,950	12,290	12,540	12,750	12,950
Tons of refuse collected	8,012	8,761	9,388	9,818	10,307	11,248	11,232	11,369	10,548	10,745
Tons of recycling collected	1,994	2,257	2,510	2,580	2,814	2,968	3,126	2,941	2,947	2,743
Tons of yard waste collected	1,662	2,054	1,761	1,955	2,120	2,463	2,325	2,684	2,677	2,460
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	346,127	267,404	293,521	261,390	275,170	296,846	213,967	353,954	226,786	112,942
Culture & Recreation										
Library										
Registered borrowers	32,003	36,897	43,426	44,610	46,214	45,696	44,518	45,122	46,423	47,219
Circulation	548,388	574,581	609,484	617,217	621,395	649,028	644,028	721,363	714,973	705,721
Recreation										
Programs offered	361	385	402	421	429	433	447	459	462	466
Senior Center										
Total participants in all programs	14,058	15,673	22,730	24,532	26,500	29,047	30,146	30,468	29,022	29,688
Swimming Pool										
Pool Users	73,359	72,110	67,235	63,974	55,559	62,835	65,566	49,177^^	45,605	52,109
Community and Economic Development										
Code Enforcement										
Inspections	6,503	9,341	8,741	10,802	8,609	5,760	4,564	3,487	3,502	4,026
Community Development										
Building Permits	974	1,201	1,337	1,389	1,158	890	830	712	689	725
Capital loan notes payable										
Quarterly newsletters published	58,200	70,400	74,200	74,200	80,000	80,000	80,000	***	***	***
Finance and Records										
Purchase orders processed	2,914	2,610	2,773	3,048	3,235	2,931	2,925	1,785	219	174
Technology										
Intelligent workstations	**	109	112	133	172	205	273	261	251	238
General Support										
Safety incidents	55	37	38	43	35	38	39	50	44	26

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

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

* General obligation bonds payable

** Capital loan notes payable

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

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

CITY OF URBANDALE, IOWA

Table XVIII

Capital Asset Statistics by Function
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Function</u>										
<u>Public Safety</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	22	21	24	24	24	26	26	29	30	30
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Roadway Maintenance										
Streets (miles)	160	166	166	170	171	172	173	174	176	177
Streetlights	3,321	3,371	3,481	3,724	3,765	3,954	4,160	4,353	4,400	4,312
Traffic signals	27	30	31	31	31	33	35	47	47	48
Solid Waste Collection										
Collection trucks	6	6	6	7	7	7	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	150	163	171	181	184	187	194	196	198	198
<u>Culture & Recreation</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	534	530	676	857	880	903	904	904	904	912
Parks	23	26	27	45	47	47	48	48	49	49
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<u>Community and Economic Development</u>										
Code Enforcement	4	4	5	5	5	5	5	5	5	5
Vehicles										

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND
INTERNAL CONTROLS**



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Urbandale, Iowa, and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
December 6, 2011



Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the City of Urbandale, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Urbandale, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the City of Urbandale, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
December 6, 2011

City of Urbandale, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Interior Pass-through program from: Iowa Department of Natural Resources: Sport Fish Restoration Program	15.605	F-125-E-20	<u>\$ 2,000</u>
U.S. Department of Justice: Direct program:			
Bulletproof Vest Partnership Program	16.607		6,300
Bulletproof Vest Partnership Program	16.607		1,793
Bulletproof Vest Partnership Program	16.607		<u>1,425</u>
			<u>9,518</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>11,607</u>
Total U.S. Department of Justice			<u>21,125</u>
U.S. Department of Transportation: Pass-through program from: Iowa Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESL-7875(632)-7S-77	1,200,000
Highway Planning and Construction	20.205	STP-A-7875(634)-86-77	62,228
Highway Planning and Construction	20.205	STP-U-7875(625)-8U-77	<u>1,726</u>
			<u>1,263,954</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 11-410, Task 76	6,654
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 10-410, Task 76	<u>5,895</u>
			<u>12,549</u>
Total U.S. Department of Transportation			<u>1,276,503</u>

City of Urbandale, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy:			
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		\$ 140,657
Pass-through program from:			
Iowa Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	EECBG 10-3231	19,909
Total U.S. Department of Energy			<u>160,566</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	153-79950-00	234,004
Direct program:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		326,829
Total U.S. Department of Homeland Security			<u>560,833</u>
Total			<u>\$ 2,021,027</u>

Note 1 - Basis of Presentation

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

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

 Material weakness identified Yes

 Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

 Material weakness identified No

 Significant deficiency None reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	No

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS:

II-A-11 Material Audit Adjustments

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

Condition – During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

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

Cause – There were two material audit adjustments. One was related to an intergovernmental capital projects receivable. The Finance Department believed the project was divided evenly between the three participating cities, when in fact the project was divided unevenly based on actual costs. The other entry was related to the reversing of a 2010 financial statement preparation entry regarding State I-Jobs funding. The State changed their funding reporting guidance after the City had received the funds. This created an additional financial statement entry in 2010, which was not properly accounted for in 2011.

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

Recommendation – We recommend that finance staff work together with the engineering staff to develop a process to identify and track the needed information to record the proper receivable, deferred revenue, payable and capital asset balances at year end. We also recommend that additional financial statement review procedures be implemented.

Response – The City accepts the recommendation as stated. More emphasis will be placed on identifying reimbursements and other revenue sources on projects in which the City is serving as the lead agency.

Conclusion – Response accepted.

SIGNIFICANT DEFICIENCY:

II-B-11 Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – Duties are not able to be properly segregated. Currently one individual prepares the bank reconciliations, has the ability to transfer funds between bank accounts, has the ability to enter invoices into the accounts payable system, and prepares and posts entries to the general ledger.

Cause – The limited number of office employees prevents a proper segregation of accounting duties necessary to assure optimal internal control.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – City officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

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

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

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-11 Certified Budget** - Disbursements during the year ended June 30, 2011, did not exceed the amount budgeted.
- III-B-11 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-11 Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-11 Business Transactions** - No business transactions between the City and City officials or employees were noted.
- III-E-11 Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- III-F-11 Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-11 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.