

Comprehensive Annual Financial Report

June 30, 2014

City of Urbandale *iowa*



Giovannetti Community Shelter

CITY OF URBANDALE, IOWA
Comprehensive Annual Financial Report
Year Ended June 30, 2014



INTRODUCTORY SECTION

CITY OF URBANDALE, IOWA

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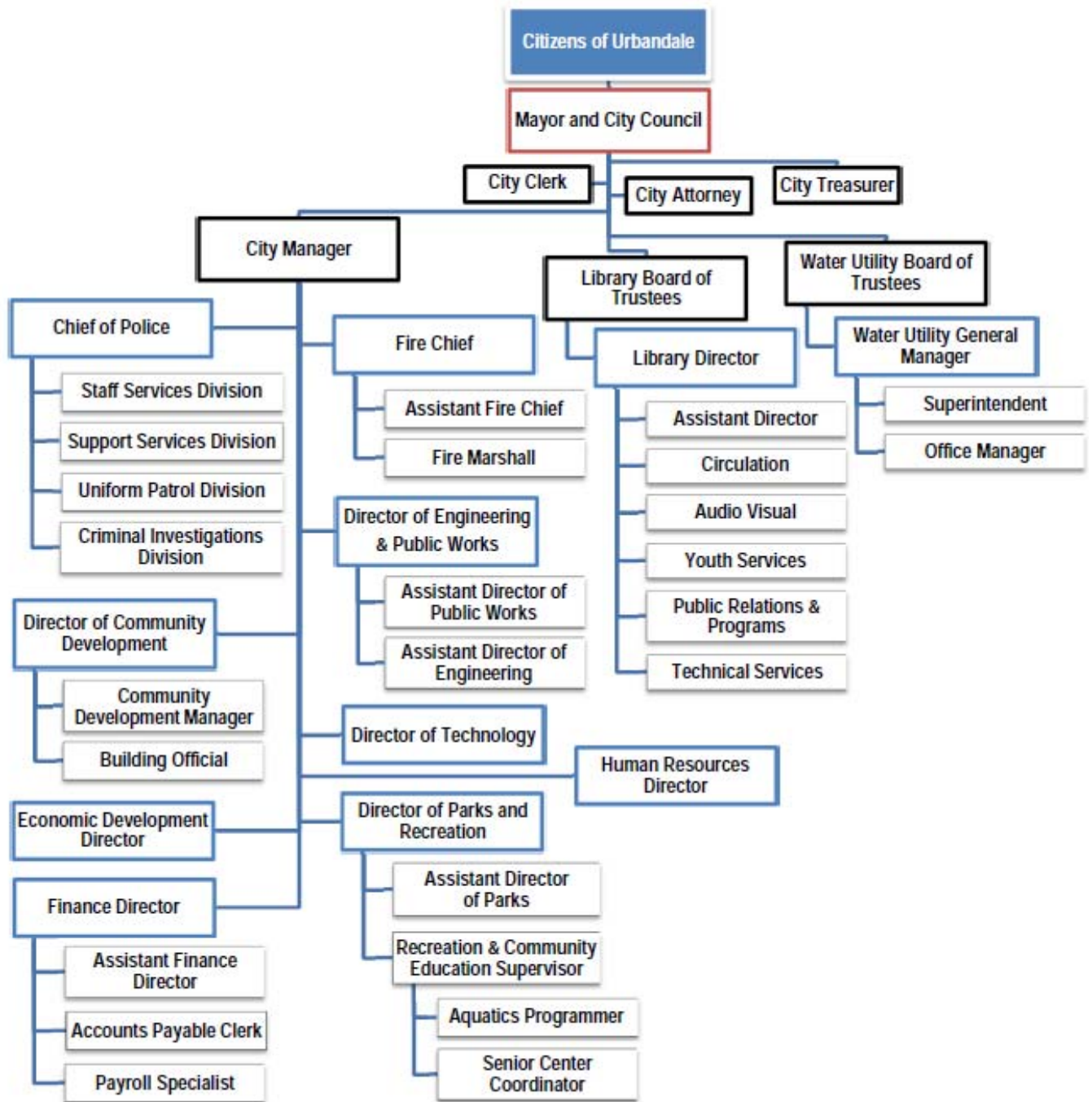
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CITY OF URBANDALE, IOWA



<u>Name</u>	<u>Title</u>
Robert D. Andeweg	Mayor
Dave Russell	Council Member
Mike Carver	Council Member
Creighton Cox	Council Member
Ron Pogge	Council Member
Tom Gayman	Mayor Pro Tem
A. J. Johnson	City Manager
Nicole Lamb	Finance Director
Kim Keisler	Assistant Finance Director



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
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Presented to

**City of Urbandale
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Urbandale, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

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 20, 2014

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, 2014 (FY14), consistent with the requirements of Chapter 11 of the Code of Iowa that requires the City to publish within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

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

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

The Code of Iowa requires an annual audit be made of the books of accounts, financial records, and transactions of all administrative departments of the City by the State Auditor or by a certified public accountant selected by the City Council. Eide Bailly LLP, Certified Public Accountants, conducted the audit for FY14. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audits, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for FY14 are fairly presented in conformity with GAAP. The independent auditors' report has been included in this report.

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

PROFILE OF THE GOVERNMENT

The City of Urbandale, incorporated in 1917, is located in central Iowa, adjacent to the City of Des Moines. The City also shares common borders with five other communities. The City occupies a land area of 22.87 square miles in Polk and Dallas Counties.

The City's 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. A special census will be conducted in summer 2015.

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

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

ASSESSMENT OF ECONOMIC CONDITION

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

Local Economy

Urbandale experienced a slight decline in residential construction in FY 2014, with 243 new single-family residences constructed, however permits for two 30-unit multi-family dwellings were also issued. The activity was still well above the City's historical annual mean of 185 single-family attached and detached units. FY 2014's \$83.19 million valuation was also below the \$87.66 million valuation for FY 2013, but it must be noted that FY 2013's valuation for residential permits was the 6th highest in the City's history,

exceeded only by the “boom” years of FY 2002 through FY 2006. FY 2015 should reflect even stronger single family detached and multi-family permitting and valuation.

FY 2014’s \$44.52 million total valuation for commercial and industrial permits shows a significant increase from FY 2013’s total of \$27.22, and is the 3rd highest in the City’s history. Permits valued at nearly \$25 million were issued shortly after the close of FY 2013, which would have made FY13 one of the highest in the City’s history. However, because of the timing of issuance, those permits bolstered the FY 2014 valuation.

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

	Fiscal Year 2014		Fiscal Year 2013	
	# of Permits	Valuation	# of Permits	Valuation
Residential	377	\$ 83,195,662	433	\$ 87,663,204
Nonresidential	107	44,518,895	109	27,223,039
Miscellaneous minor	447	1,194,894	367	1,139,980
Total	931	\$ 128,909,451	909	\$ 116,026,223

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 2014-19+ CIP was adopted by the City Council in February, 2014. The approved FY14 CIP anticipated the expenditure of \$19,053,200 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 \$5,502,300 of the needed funding, with the remaining funds to come from local operating revenues, tax increment debt, and other public and private sources.

The 2015-2020+ CIP is currently under development and will be reviewed by a citizen’s advisory committee in November and December, 2014, with final adoption by the City Council anticipated in January, 2015. This preliminary FY15 CIP proposes the expenditure of \$25,151,700 for various art, park, bridge, sidewalk, storm sewer, street, street lighting, traffic signal, public building, technology, equipment, and water system improvements in 2015. Property tax supported general obligation bonds would provide approximately \$8,637,500 of needed funding. Since the new CIP for 2015-2020+ is still under development, the above referenced amounts may change as a result of updating the program. It is anticipated that the 2015-2020+ CIP will be substantially completed before the development of the FY15-16 annual operating budget.

FY14 and FY15 Initiatives

The Mayor and City Council implemented programs and policies in FY14 and FY15 that will influence the City's financial operations during these two fiscal years and into the future. While many of the key initiatives reflect specific City projects and benefits, many reinforce the efforts by the Mayor and City Council to enhance the City's quality of life and to build cooperative partnerships on a local and regional basis. The key recognitions and initiatives include the following:

- In February, 2014, adopted the City's two year Strategic Plan that will focus on the development of the I35/80/Highway 141/100th street interchange, economic development, and housing options for multi-family and affordable senior housing.
- In March, 2014, approved the regional "The Tomorrow Plan". This voluntary plan through 2050 identifies four goals for the metro area: the economy, environment, community vitality, and regional cooperation.
- In May, 2014, a contract for \$9,600 was awarded to conduct a space planning study for the City Administrative facility in order to maximize space utilization before pursuing a costly future expansion of the facility.
- In July, 2014, the City hired its first Facilities Maintenance Supervisor to address building and preventive maintenance, and scheduled replacement of building equipment and components, based on the 15 year PM Plan prepared in 2013 for 19 facilities.
- In August, 2014, the City awarded a contract for \$40,232, to redesign the City's website to enable mobile technology and improve customer services.
- In September, 2014, approved the first of three readings of an ordinance to adopt the 2014 municipal code. Future changes to the 2014 City Code will be electronically updated when approved and posted on the City's website.
- In October, 2014, approved the second engagement to participate in the Capital Crossroads project to promote sustainable local government collaboration, and approved the Vegetative Debris Management Policy that was an outcome of the first Capital Crossroads initiative.
- In October, 2014, the City's Community Development department received the "ICMA Voice of the People Award for Built Environment" based on the results of the International City/County Management Association (ICMA) National Citizen Survey.
- In October, 2014, approved the memorandum of understanding for the U.S. Census Bureau to conduct a full 2015 Special Census at an estimated cost of \$659,642. Based on increased census population, the City anticipates recovering the cost within 2½ years in additional per capita Road Use tax revenues.

Economic Development:

- In July, 2013, established an Economic Development Advisory Board to consist of 10 members each representing 1 of 10 key perspectives of the City's economic development efforts. The initial Board was appointed in August, 2013.
- In December, 2013 and January, 2014, completed voluntary annexations of 19.75 acres and of 80.02 acres, respectively, near 142nd Street in Dallas County.
- In March, 2014, adopted the Economic Development Plan to guide the expansion of City's tax base and increase employment opportunities in Urbandale.

- In June, 2014, approved a \$20,000 loan from the City's Revolving Loan Fund to Bluestone, LLC, which provides project management on a nationwide basis. The company will expand its facility and create 12 jobs.
- In June, 2014, approved an IEDA contract with IP Pathways for \$240,000 in HQJP benefits and \$37,500 in State HQJP tax incentives. This technology company will consolidate its headquarters in a 13,800sqft facility and create 53 jobs. In July, 2014, approved a \$48,000 loan from the City's Revolving Loan Fund to IP Pathways.
- In July, 2014, approved a resolution of support regarding collaboration between City and the non-profit Des Moines Social Club for mutually beneficial areas in the arts and entertainment to support economic development, retention, and enrichment opportunities.
- In August, 2014, approved an IEDA contract with Delta Dental of Iowa for \$251,250 in HQJP benefits. This health service company will invest \$9M to build a 29,600sqft expansion to its headquarters and create 15 new jobs.

Finance:

- In August, 2013, issued general obligation bonds Series 2013A totaling \$8,090,000 and issued general obligation urban renewal bonds Series 2013B totaling \$3,540,000; both issuances are tax exempt. The funds will be used for the 2013-14 CIP projects and to refinance Series 2004A and 2005 bonds at a lower interest rate.
- In September, 2013, the City awarded \$15,300 for Urbandale's third biennial citizen survey to be completed in December, 2013, with the results compared to national benchmarks.
- In December, 2013, the City guaranteed a \$175,000 loan refinanced by the Urbandale Sports Association for the maintenance building it constructed at Walker Johnston Park.
- In February, 2014, the City Council adopted the 2014-19+ Capital Improvements Program (CIP), at a total program cost of \$216,346,500, to be funded by bonded debt, the operating budget, and other funding sources.
- In June, 2014, called and redeemed general obligation bond Series 2004C; originally issued to purchase the land under the Bucs Ice Arena.
- In August, 2014, issued \$3,950,000 as general obligation bond Series 2014C to refinance Series 2004B and Series 2007; the anticipated interest savings was \$303,194.
- In September, 2014, issued \$5,610,000 as general obligation bond Series 2014A, and \$4,265,000 as general obligation urban renewal bonds, Series 2014B. The funds will be used for the FY2014-15 CIP projects.

Public Safety:

- In November, 2013, the Police Department achieved CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation. CALEA accreditation signifies professional standards in operations, compliance, and cost-efficient solutions for Police services. Urbandale is 1 of 2 CALEA Police Departments in this metro area, and 1 of 10 in the State. Nationally, less than 3% of law enforcement agencies achieve CALEA accreditation.
- In December, 2013, installed a direct-capture diesel exhaust system at Fire Station 41 and Fire Station 42 at a cost of \$63,345.

- In March, 2014, awarded a contract for \$1,085,400, to construct a 3,000sqft addition at Fire Station 42 for sleeping quarters and expanded living quarters, and to remodel the interior, replace the roof and update the mechanical systems.
- In June, 2014, approved a five year 28E agreement between the City of Clive, Urbandale, and West Des Moines, to jointly fund the construction and operation of a consolidated animal control facility to be located in West Des Moines.
- In July, 2014, approved the second 5 year regional multi-jurisdictional plan with Polk County Emergency Management Agency to address pre-disaster and post-disaster events of risks due to natural, technological, and human caused events.
- In September, 2014, purchased two mechanical CPR devices for \$29,811.

Personnel:

- In September, 2013, approved the revised Human Resources Policies and Procedures Manual for employees. Last comprehensive update was in 1983.
- In February, 2014, approved a three year agreement of \$123,840 for a health benefits broker/consultant.
- Negotiations will occur in FY2014-15 with the Fire Union, Laborer Union and Police Union, before each union contract expires in June, 2015.

Park improvements:

- Park projects final approvals – the City Council accepted the following major projects as completed during the year:
 - o February, 2014: Constructed the Glen Eagles Park trail from Brookview Drive to Plum Drive at a total cost of \$360,605.
 - o January, 2014: Constructed the E.J. Giovannetti Community Shelter (replaced the Walker Johnston Shelter House) with a FEMA storm room at a total cost of \$1,890,762.
 - o July, 2014: Constructed an 8 foot wide trail from 147th/Aurora Avenue to Walnut Creek Estates Plat 13 and Aurora Avenue at a cost of \$56,863.
 - o September, 2014: Constructed the 12 foot wide “Bob Layton Trail” in the Walnut Creek Regional Park (WCRP) from Douglas Parkway to Meredith Drive at a total cost of \$796,386.
- Park projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
 - o December, 2013, for \$26,700, to design a pedestrian trail from Walnut Creek to 156th Street through Walnut Trace Park.
 - o February, 2014, for \$413,640, to construct Phase 1 of the WCRP park access road south of Aurora Avenue, and a 25 stall parking lot north of Aurora Avenue.
 - o April, 2014, for \$99,732, to pave a parking lot at the Charles Gabus Memorial Tree Park and Gardens, and to expand the parking lot near the E.J. Giovannetti Community Shelter.
 - o April, 2014, for \$253,544, to reconstruct Colby Woods trail from the 86th Street underpass south and east to 78th Street, and west of the North Walnut Creek from the Reserve on 82nd Place south of Hickman Road.
 - o June, 2014, for \$28,047, to design the UGRA/Soccer parking lot improvements.
 - o June, 2014, for \$16,000, to fabricate and install four “Uniquely Urbandale” cubes to brand the roundabout at 142nd Street and Douglas Parkway.

Public Works:

- Street projects final approvals - the City Council accepted the following major projects as completed during the year:
 - o August, 2013: Overlaid 142nd Street with asphalt 3/4 mile north of Meredith Drive, at a total cost of \$342,021.
 - o August, 2013: Widen Meredith Drive from 86th Street to N.W. Urbandale Drive, at a total cost of \$2,429,854.
 - o November, 2013: Repaired Douglas Avenue from the east corporate limit to 86th Street at a final cost \$415,050.
 - o December, 2013: Widen 128th Street from Hickman Road to Douglas Parkway as a 4-lane roadway at a final cost of \$1,443,593.
 - o January, 2014: Widen 121st Street from Douglas Parkway to Meredith Drive as a 5-lane roadway and installed sidewalks at a total cost of \$2,240,971.
 - o February, 2014: Reconstructed the 86th Street and Douglas intersection, and storm sewer to the North Walnut Creek at a total cost of \$1,793,384.
 - o May, 2014: Reconstructed the 111th Street and Douglas Avenue intersection at a total cost of \$212,711.
 - o July, 2014: Installed an asphalt overlay on Waterford Road from 156th Street to 170th Street, 142nd Street from Meredith Drive to Waterford Road, and Waterford Road at 142nd Street at a total cost of \$858,556.
- Street projects awarded – the City Council awarded contracts for the following major projects that are not yet completed:
 - o September, 2013, approved an Iowa Department of Transportation agreement for \$200,000 in Surface Transportation Project funding for the Aurora Avenue Preservation Project to overlay 70th Street to 86th Street.
 - o October, 2013, for \$67,785, to design the widening of 142nd Street from Hickman Road to the Walnut Creek Bridge.
 - o February, 2014, for \$1,282,594, to widen Northpark Drive between 86th Street to 100th Street as a 5-lane roadway.
 - o April, 2014, for \$539,500, to design the 100th Street Bridge from Plum Drive to north of I35/80, and to review the interchange.
 - o April, 2014, for \$897,442, to overlay Aurora Avenue from 70th Street to 86th Street.
 - o April, 2014, for \$2,138,876, to widen and repair NW Urbandale from Meredith Drive to the I35/80 ramps; and to install dual left turn lanes and right lanes in all directions.
 - o May, 2014, for \$99,100, to design the Douglas Avenue urbanization project from 100th Street to 111th Street.
 - o May, 2014, for \$22,400, to design the Douglas Streetscape Repairs from the east corporate limit to 72nd Street and 70th Street, and Monroe Court to Madison Avenue.
 - o July, 2014, approved the IDOT funding agreement to receive \$1.1 million in STP funding for the 100th Street Widening and Bridge from Plum Drive to north of I35/80 for construction in 2016.
 - o September, 2014, partial release of \$160,650 in retainage funds, to construct Meredith Drive from 142nd Street to 156th Street estimated at a final cost \$4,222,000.
- Other public improvement projects final approvals - the City Council accepted the following major project as completed during the year:
 - o September, 2014: Installed a traffic signal on Douglas Parkway west of I35/80 by the Pilot Truck stop at a final cost of \$101,094.

- o September, 2014: Completed the masonry repairs to the Library's front entrance columns and the interior fireplace at a final cost of \$120,954.
- Other public improvement projects awarded - the City Council awarded contracts for the following major projects that are not yet completed:
 - August, 2013: Renovated the joint Parks and Public Works Maintenance Facility at 9565 Hickman Road at a total cost of \$225,090.
 - February, 2014, for \$2,173,599, to reconstruct the 73rd Place storm sewer from Karen Acres Creek to 73rd Street and Aurora Avenue.
 - March, 2014, for \$145,129, to remove silt from Meredith Drive at North Walnut Creek near 95th Street.
 - o April, 2014, for \$362,707, to install traffic signals at 128th Street and Aurora Avenue, and 156th Street and Douglas Parkway; and to install a battery backup at 8 intersections to control the traffic signals during a power outage.
 - June, 2014, for \$2,333,000, to construct a new salt storage building, brine storage, and fueling station at the Public Works and Parks maintenance facility on Hickman.
 - o August, 2014, for \$152,810, to install a traffic signal preemption system triggered by an emitter on 14 Fire Department vehicles to control the traffic signal at 4 intersections on Douglas Avenue/Parkway, and 1 location on 86th Street north of Douglas Avenue.
 - October, 2014, for \$43,500, to engage an architectural firm to re-design the Library floor plan and re-shelving in conjunction with re-carpeting the public areas.

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 FY14, 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 FY14, exclusive of the Component Unit, was \$134,473, compared to \$113,401 in FY13.

Risk Management

In 1983, the City converted to a self-funded group health insurance plan. This program was designed to reduce health insurance costs through the assumption of additional risk. During the past thirty years, the City has realized a significant savings from self-funding and has been able to establish an insurance reserve fund. Proceeds from this reserve were utilized to reduce the General Fund and Road Use Tax Fund contributions for health insurance in FY14. The City's health insurance program was modified effective January 1, 2013 for non-union employees to consolidate health plan options from four down to one wellness plan to prepare for federal mandates regarding healthcare.

FY89 marked the first year of the City's participation in the Iowa Communities Assurance Pool. This program combines traditional insurance coverage with a risk pooling arrangement. The City's comprehensive general liability, automobile, police, property and public officials liability coverage are provided directly by the pool. The remaining portion of the City's insurance program, workers compensation, was once again placed with the Iowa Municipalities Workers Compensation Association (IMWCA). This program also utilizes a pooling concept to provide cities and counties with workers compensation coverage. Both public sector pools are in sound financial condition and should present the City with long-term premium savings. Starting in FY13, the City opted to self-insure for the public safety uniformed staff's workers compensation coverage, but will continue to use IMWCA to service and process these claims.

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

Pension Benefits

The City contributes to the Municipal Fire and Police Retirement System of Iowa for its sworn officers in the Police Department and full time staff in the Fire Department. The City contributes to the Iowa Public Employees Retirement System for all other employees. Both of these State-wide systems provide retirement, disability and death benefits for its members and beneficiaries, which are established by State statute. The City is required to contribute a percentage of an employee's annual income, as established by the systems. Additional information regarding the two retirement systems is contained in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for FY13. This is the highest form of recognition in the area of governmental financial reporting and is the 30th consecutive year the City has received this prestigious award. The Comprehensive Annual Financial Report for the year ended June 30, 2014 will be submitted to GFOA for review.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance and Records Department. We would like to express our appreciation to all members of the department, as well as staff throughout the City who assisted with the audit process and contributed to the preparation of this report. We also wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



A.J. Johnson
City Manager



Nicole M. Lamb
Finance Director

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statement



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of June 30, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Urbandale, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2014, on our consideration of the City of Urbandale, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Urbandale, Iowa's internal control over financial reporting and compliance.

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

Dubuque, Iowa
November 20, 2014

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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, 2014 (FY14). 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 FY14 by \$159,465,248 (net position). Of these amounts, \$20,169,966 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,367,115 in FY14. This increase was mostly attributable to increased property tax revenues, and donated infrastructure.
- For FY14, the City's governmental funds reported combined ending fund balances of \$28,491,349. The FY14 fund balance represented an increase of \$2,594,165 and was primarily attributed to a \$1.9 million increase in the tax increment financing (TIF) fund. A \$.38 million increase in the road use fund, and a \$.41 million increase in the general fund. This increase was offset by \$.21 million decrease in the debt service fund.
- At the end of FY14, unrestricted fund balance for the general fund was \$9,504,302 or 41.1% of total general fund expenditures.

Overview of the Financial Statements

The basic financial statements consist of four parts:

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

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

Government-wide financial statements

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

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

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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

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

The government-wide financial statements also report the functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. The City of Urbandale has one business-type activity to report for fiscal year 2014.

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

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

Fund financial statements

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

Governmental funds

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

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

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

The City of Urbandale maintains 15 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund, road use fund, tax increment financing fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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

Proprietary funds

The City maintains two different types of proprietary funds. An enterprise fund is used to report the same function presented as the business-type activity in the government-wide financial statements. The City uses an enterprise fund to account for its Storm Water Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Urbandale uses internal service funds to account for equipment replacement, technology, building maintenance, risk management and the general liability insurance program. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The City maintains five internal service funds, which are presented individually in the combining proprietary fund statements. The summary proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary funds

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 49 of this report.

Required Supplementary Information

The City of Urbandale adopts an annual appropriated budget, prepared on a cash basis. A budgetary comparison statement has been provided on pages 51 through 52 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 53.

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 57 through 63 of this report. Statistical information related to the City's financial position can be found on pages 66 through 78 of this report.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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 FY14 and FY13 is presented for comparative purposes.

City of Urbandale Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 74,309,526	70,055,203	724,479	704,760	75,034,005	70,759,963
Capital assets	165,358,068	159,365,557	—	—	165,358,068	159,365,557
Total assets	<u>239,667,594</u>	<u>229,420,760</u>	<u>724,479</u>	<u>704,760</u>	<u>240,392,073</u>	<u>230,125,520</u>
Long-term liabilities	38,182,822	37,947,073	—	—	38,182,822	37,947,073
Other liabilities	12,466,050	11,340,183	14,208	15,508	12,480,258	11,355,691
Total liabilities	<u>50,648,872</u>	<u>49,287,256</u>	<u>14,208</u>	<u>15,508</u>	<u>50,663,080</u>	<u>49,302,764</u>
Deferred inflows of resources	30,263,745	29,724,623	—	—	30,263,745	29,724,623
Net position						
Net investment in capital assets	120,983,068	115,175,557	—	—	120,983,068	115,175,557
Restricted	18,312,214	15,536,580	—	—	18,312,214	15,536,580
Unrestricted	19,459,695	19,696,744	710,271	689,252	20,169,966	20,385,996
Total net position	<u>\$ 158,754,977</u>	<u>150,408,881</u>	<u>710,271</u>	<u>689,252</u>	<u>159,465,248</u>	<u>151,098,133</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Urbandale, assets exceeded liabilities by \$159,465,248 and \$151,098,133 at the close of FY14 and FY13, respectively.

The largest portion of the City's net position in FY14 (75.9%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; therefore they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's investment in capital assets increased by \$5,807,511 from FY13 to FY14.

An additional portion of the City's net position (11.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$20,169,966 may be used to meet the government's ongoing obligations to residents and creditors. In FY13, restricted assets represented (10.3%) of the City's net position and unrestricted net position totaled \$20,385,996.

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

As noted above, the City's net position increased by \$8,367,115 from FY13 to FY14. This growth can be attributed primarily to the increase in capital asset investment, net of debt and fund balance increase in the TIF fund, which is included in the restricted net position total.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

Changes in Net Position

The following table depicts that change in net Position.

City of Urbandale's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charge for services	\$ 5,567,622	4,838,960	707,086	698,093	6,274,708	5,537,053
Operating grants & contributions	4,552,475	4,581,952	—	—	4,552,475	4,581,952
Capital grants & contributions	4,125,329	5,134,833	—	—	4,125,329	5,134,833
General revenues:						
Taxes	31,322,670	31,107,980	—	—	31,322,670	31,107,980
Other	296,709	340,738	1,657	1,230	298,366	341,968
Total revenues	45,864,805	46,004,463	708,743	699,323	46,573,548	46,703,786
Expenses:						
Public safety	10,148,920	10,495,044	—	—	10,148,920	10,495,044
Public works	12,927,731	10,748,591	312,724	390,230	13,240,455	11,138,821
Culture and recreation	7,500,581	6,511,719	—	—	7,500,581	6,511,719
Community & econ development	2,741,489	3,050,530	—	—	2,741,489	3,050,530
General government	3,035,256	2,755,325	—	—	3,035,256	2,755,325
Interest and fiscal charges	1,539,732	1,572,214	—	—	1,539,732	1,572,214
Total expenses	37,893,709	35,133,423	312,724	390,230	38,206,433	35,523,653
Increase in net position before transfers	7,971,096	10,871,040	396,019	309,093	8,367,115	11,180,133
Transfers	375,000	—	(375,000)	—	—	—
Net position – beginning	150,408,881	139,537,841	689,252	380,159	151,098,133	139,918,000
Net position – ending	\$ 158,754,977	150,408,881	710,271	689,252	159,465,248	151,098,133

Governmental activities

Governmental activities increased the City's net position by \$8,346,096 for FY14. Key elements of the increase in net position are as follows:

- Charges for services increased by \$728,662 (15.1%) during FY14. This reflects increases in ambulance rates and solid waste monthly fees, as well as a full year of having the swimming pool reopened. The pool was closed for repairs for 3 months during the prior year. Additionally, increases in the building permit area reflect additional new construction permit issuances.
- Operating grants and contributions decreased \$29,477 (0.6%) in FY14 due to the completion of federal grants from FEMA, offset by increased road use tax revenues.
- Capital Grants and Contributions decreased \$1,009,504 (19.7%) in FY14 due partially to fluctuation in infrastructure constructed by private parties (e.g. developers) and donated to the City. These items can fluctuate up and down based on the timing and number of projects completed in any given year. These donations have increased net position by \$1,902,126 and \$2,570,090 in FY14 and FY13, respectively. Additionally, in FY14 the City's federal grant revenue was down \$1,475,863 due to several large federal projects being completed in FY13.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

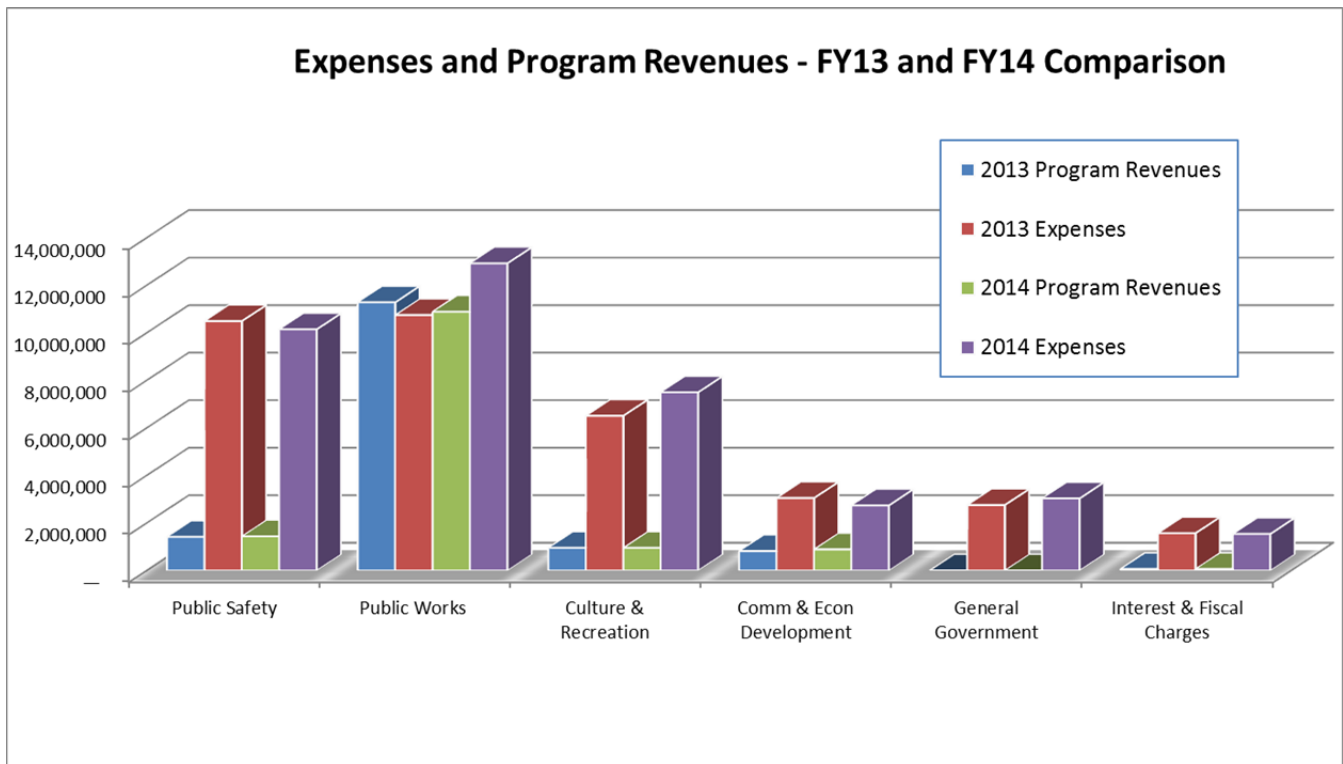
June 30, 2014

- Total taxes increased by \$214,690 (.7%) during FY14. The receipts for FY14 reflect a \$0.05 reduction to the general tax levy, but the reduction was surpassed by the growth in taxable valuation of property throughout the City, which resulted in an overall property tax increase of \$641,844. This increase was offset by tax increment financing district revenues collected, which were down by \$446,599.
- FY14 showed a transfer of \$375,000 into capital projects fund from the business-type fund, Storm Water Utility. This transfer reflects the movement of funds contributed towards larger storm water projects being built with multiple funding sources.

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 \$707,086 in revenue for FY14. Business-type activities increased the City's net position by \$21,019 for FY14.

The following charts depict the expenses and program revenues attributed to each budgetary function for fiscal years 2014 and 2013:



CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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 FY14 and FY13, the City's governmental funds reported combined fund balances of \$28,491,349, and \$25,897,184, respectively. The fluctuations in fund balance can primarily be attributed to the timing of capital improvement projects payments from year to year. In addition, the following changes in fund balances should be noted:

- The general fund balance increased by \$411,043 (4.5%) in FY14. The City experienced an overall increase in taxable property value of approximately 4.5% for FY14 which despite a \$0.05 reduction in general property tax levy still resulted in \$450,000 of additional general levy tax revenue for the year.
- The road use tax fund balance increased \$385,273 (13.1%) in FY14. The increase represents higher road use tax receipts due to improving economic conditions which spurs more motor travel.
- The fund balance for the tax increment financing (TIF) fund increased \$1,906,627 (53.8%) in FY14. This reflects the second year of a change in City policy regarding timing for TIF revenue collection. The City has historically only collected TIF revenue as required for annual debt service needs. However, increasing infrastructure construction projects within the existing TIF districts have accelerated City's collection cycle to ensure adequate funding will remain available for future construction and related debt servicing.
- The fund balance of the debt service fund decreased by \$208,665 (22.6%) in FY14. The FY14 decrease is due primarily to the deliberate spend-down of accumulated fund balance that resulted from debt service savings after recent bond refundings.
- For FY14, the \$68,868 (0.8%) increase in the capital projects fund balance is primarily attributable to timing of project payments and related receipts associated with those projects. Project expenditures were down \$308,000 from FY13, while revenues and other financing sources and uses were down \$1.267 million.
- The nonmajor governmental funds fund balance increased \$31,019 (4.6%) due to the increase in hotel motel tax revenues, police and fire retirement tax revenues, and donations to the MAC Camp fund.

Proprietary funds

Unrestricted net position of the proprietary funds was \$9,007,658 and \$9,091,476 in FY14 and FY13, respectively. An additional \$2,697,248 and \$2,504,958 in FY14 and FY13, respectively, of net position was restricted for funds invested in capital assets within the equipment replacement fund. In FY14, the increase in net position for the proprietary funds resulted from lower insurance claims paid in the risk management fund and timing of equipment purchases in the technology and equipment replacement funds. These decreases were coupled with lower operating revenue from the risk management internal service fund, resulting from fewer reinsurance stop-loss reimbursements.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

Budgetary Highlights (FY14)

Differences between the original budget and the final amended budget amounted to a \$556,814 increase in appropriations and can be briefly summarized as follows:

- \$150,000 for unbudgeted refunds of escrow deposits received in a prior year
- \$130,000 for higher than anticipated police overtime
- \$91,814 for grant related computer and material purchases in Library
- \$50,000 for an unanticipated revolving loan fund application
- \$46,000 for higher than anticipated economic development department expenses
- \$27,000 for higher than anticipated TIF rebates
- \$20,000 for unbudgeted federal forfeiture equipment purchases
- \$20,000 for unbudgeted concrete work for a new columbarium in McDivitt cemetery
- \$16,600 for emergency siren equipment upgrades
- \$5,400 for unbudgeted costs related to City Code codification processing

The revised expenditures were offset by \$75,000 in court fines, \$49,000 in federal grant proceeds, \$28,000 in school reimbursements, \$46,000 in building permits, \$91,814 in library grant funds, \$20,000 in federal forfeiture funds, \$18,000 in escrow funds received, \$132,000 from available escrow fund balance, \$27,000 from available TIF fund balance, \$50,000 from available revolving loan fund balance, and \$20,000 from available general fund balance. These revenue sources were not anticipated in the adopted fiscal year operating budget.

Including these adjustments, actual disbursements were \$9,824,878 less than final budget amounts. The major factor for this was timing of actual capital project payments. The City did not exceed budgeted expenditures in any of its functions.

On the revenue side, the actual receipts were \$3,210,026 less than budgeted. This was primarily due to a major federal grant funded project that was delayed to a future year.

Budget to actual schedule for the City is located on page 51 of this report.

Capital Asset and Debt Administration

Capital assets

In FY14 and FY13, the City had invested \$224,950,282 and \$213,573,683, 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 \$11,376,599, and \$14,813,850, respectively. The value of these capital assets, net of depreciation at June 30, 2014 and 2013, is depicted below.

CITY OF URBANDALE, IOWA
Management's Discussion and Analysis
June 30, 2014

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

	Governmental Activities	Governmental Activities
	2014	2013
Land	\$ 6,004,023	5,869,823
Buildings and improvements	27,800,536	25,593,051
Machinery and equipment	12,456,845	11,859,999
Artwork	364,826	331,264
Infrastructure	165,630,802	154,188,126
Share of undivided equity interest assets	3,170,898	2,635,196
Construction in progress	9,522,352	13,096,224
Total	\$ 224,950,282	213,573,683
Accumulated depreciation	(59,592,214)	(54,208,126)
	<u>\$ 165,358,068</u>	<u>159,365,557</u>

This year's major capital asset additions included:

- The completion of the Meredith Drive widening project (\$2,518,469)
- The completion of the 121st Street widening project (\$2,440,269)
- The completion of the Walker Johnston Community Shelter (\$2,039,260)
- The completion of the 86th & Douglas paving project (\$1,947,708)
- The donation of construction improvements by private parties (\$1,902,126)
- The completion of the 128th Street widening project (\$1,745,422)
- The ongoing construction of Meredith Drive- 142nd to 156th Street paving (\$3,279,754)
- The ongoing construction of the 73rd Street drainage system improvements (\$566,245)

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

Long-term debt

In FY14 and FY13 the City had total long-term debt of \$44,375,000 and \$44,190,000, respectively. Of these amounts, \$41,840,000, and \$41,415,000, represented general obligation bond debt. The City also had \$2,535,000 and \$2,775,000 of general obligation General Fund capital loan notes. All of this debt was backed by the City's full faith and credit.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2014

	Balance			Balance
	June 30, 2013	Issued	Retired	June 30, 2014
General obligation bonds	\$ 41,415,000	11,630,000	11,205,000	\$ 41,840,000
General obligation General				
Fund capital loan notes	2,775,000	—	240,000	2,535,000
	<u>\$ 44,190,000</u>	<u>11,630,000</u>	<u>11,445,000</u>	<u>\$ 44,375,000</u>
	Balance			Balance
	June 30, 2012	Issued	Retired	June 30, 2013
General obligation bonds	\$ 41,025,000	9,765,000	9,375,000	\$ 41,415,000
General obligation General				
Fund capital loan notes	3,005,000	—	230,000	2,775,000
	<u>\$ 44,030,000</u>	<u>9,765,000</u>	<u>9,605,000</u>	<u>\$ 44,190,000</u>

During FY14, the City's total debt increased by \$185,000. The key factors in this net increase were the retirement of \$11.445 million in debt offset by the issuance of \$11,630,000 in general obligation bonds.

In FY14, the projects funded by the bond issues included:

- Construction of:
 - Walker Johnston regional playground – swings and slides area
 - Various public art projects throughout the City of Urbandale
 - Meredith Drive – bridge installation over Walnut Creek
 - Meredith Drive – paving from 142nd to 154th Streets
 - 100th Street extension from I-35/80 bridge to NW 54th St.
 - 100th Street and Northpark Drive traffic signal
- Reconstruction/rehabilitation of:
 - 100th St. and NW 54th Street intersection
 - 111th Street at Douglas Avenue
 - Stormwater drainage improvements at various locations
 - Concrete street repairs at various locations in the City
- Funding for engineering/planning studies related to:
 - Walnut Creek Regional park open air shelters
 - Fire station #42 living quarters expansion
 - NW Urbandale Drive at Meredith Drive reconstruction
 - Northpark Drive – widening from 86th to 100th Streets
 - Douglas Parkway traffic signal at Pilot Truck Stop
- Exhaust system improvements to Fire Stations
- Refunding of Series 2004A and Series 2005 General Obligation bonds

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2014

The City of Urbandale maintains an Aa1 rating from Moody's Investors Service for its general obligation debt. This rating was most recently affirmed on July 17, 2014.

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 \$199,566,992, which is in excess of the City's current outstanding debt. Additional information on the City's long-term debt can be found in note 5 on pages 37 through 41 of this report.

Economic Factors and Next Year's Budget and Rates

Urbandale has a significant land supply remaining for residential growth in new neighborhoods west of Interstates 35/80, and can also annex additional territory. Most of the growth areas within the Corporate Limits are already served by City infrastructure. As of the end of June, 2014, five subdivision plats that will add 166 lots for single-family residences were under development, and an additional five preliminary plats had been approved that would add another 196 lots by the end of 2014. Seven new subdivisions were completed in 2013 creating a total of 238 new lots. Seven plats with 160 lots were developed in 2012 and four were developed in 2011 with 106 lots.

Through the end of June, 2014 permits had been issued for 84 new single-family homes and 60 apartment units. In 2013 a total of 303 new single-family homes were constructed, up from 245 new single-family homes that were built in 2012. However, 2013's total was the 6th highest in the City's history. Housing construction added 182 single-family homes in 2011 and 148 single-family homes in 2010.

Urbandale also has a sufficient land supply to support continued commercial and industrial growth for at least the next 20 to 40 years, depending on the sector and historic trend line selected. An average of 237,000 square feet of commercial and industrial space has been constructed annually in Urbandale over the past five years.

Construction permitted through June, 2014 totals 51,400 square feet of new commercial development. In addition to the projects that have been permitted, the City has approved plans for an additional 131,700 square feet of commercial and industrial projects that are expected to be permitted in 2014, and 116,00 square feet of space that isn't expected to proceed until 2015 or later. Construction in 2013 totaled 262,200 square feet of retail, office and industrial projects, and construction in 2012 totaled 418,000 square feet, 9th highest all time.

An Interchange Justification Report for the Highway 141 and 100th Street Interchanges is currently being prepared, and is expected to eventually lead to access/functionality improvements to the Interchanges and Urbandale's economic development corridors.

All of these factors were considered in preparing the City of Urbandale's budget for fiscal year 2015. The fiscal year 2015 budget anticipated an increase of \$2,278,883(6.4%) in operating expenditures over the fiscal year 2014 adopted budget. The adopted expenditures and anticipated revenues for fiscal year 2015 will require the City to raise the general tax levy rate of \$7.12 by \$0.05 to \$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, thus raising that levy to \$0.40. Additionally, the debt service levy rate remained unchanged at \$2.15. The City's combined tax levy rate is \$9.72/\$1,000 valuation.

CITY OF URBANDALE, IOWA

Management's Discussion and Analysis

June 30, 2014

Continued increases in pension contribution rates for both IPERS and MFPRS have also impacted the FY15 budget, as well as the first year of commercial property valuation rollback. Historically, commercial property was taxed at 100% of valuation, but starting in FY15 a 5% per year reduction will occur in FY15 and FY16. Other factors impacting the FY15 budget include the continued improvement of local economic conditions spurring construction permit growth, the continued financing of infrastructure maintenance and improvement projects, the conclusion of federal grants for public safety staffing, the introduction of new technologies in a number of departments, and operating equipment purchases in several departments.

Contacting the City's Financial Management

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

CITY OF URBANDALE, IOWA

Statement of Net Position

June 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Current assets:				
Cash and pooled cash investments	\$ 40,178,147	715,320	40,893,467	52,531
Cash equivalents	—	—	—	2,827,168
Restricted cash	—	—	—	701,815
Accounts receivable	453,795	—	453,795	886,544
Taxes receivable:				
Current	1,031,062	—	1,031,062	—
Succeeding year	30,263,746	—	30,263,746	—
Special assessments receivable:				
Current	635,096	—	635,096	—
Succeeding year	834,170	—	834,170	—
Accrued interest	—	—	—	1,557
Due from other governments	614,005	—	614,005	—
Due from component unit	19,766	9,159	28,925	—
Due from primary government	—	—	—	12,780
Inventories	279,739	—	279,739	131,228
Restricted assets - due from primary government	—	—	—	300
Prepaid expense and other assets	—	—	—	23,132
Total current assets	<u>74,309,526</u>	<u>724,479</u>	<u>75,034,005</u>	<u>4,637,055</u>
Noncurrent assets:				
Capital assets				
Equipment	12,456,845	—	12,456,845	809,386
Buildings	23,011,055	—	23,011,055	1,181,173
Distribution system	—	—	—	28,771,913
Improvements other than building	4,789,481	—	4,789,481	—
Land and right of way	6,004,023	—	6,004,023	2,198,900
Construction in progress	9,522,352	—	9,522,352	450,778
Artwork	364,826	—	364,826	—
Infrastructure	165,630,802	—	165,630,802	—
Share of undivided equity interest assets	3,170,898	—	3,170,898	—
Accumulated depreciation	(59,592,214)	—	(59,592,214)	(10,960,032)
Total capital assets	<u>165,358,068</u>	<u>—</u>	<u>165,358,068</u>	<u>22,452,118</u>
Total assets	<u>\$ 239,667,594</u>	<u>724,479</u>	<u>240,392,073</u>	<u>27,089,173</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 4,331,983	1,658	4,333,641	15,993
Water revenue bonds payable	—	—	—	205,000
General obligation bonds payable	6,520,000	—	6,520,000	—
Capital loan notes payable	255,000	—	255,000	138,000
Interest payable	107,757	—	107,757	17,866
Compensation and payroll taxes	469,280	5,051	474,331	32,393
Compensated absences - current	782,030	7,499	789,529	83,950
Due to City of Urbandale	—	—	—	28,925
Due to other governments	—	—	—	518,857
Customer deposits payable - restricted	—	—	—	57,690
Total current liabilities	<u>12,466,050</u>	<u>14,208</u>	<u>12,480,258</u>	<u>1,098,674</u>
Noncurrent liabilities:				
Water revenue bonds payable	—	—	—	2,275,000
General obligation bonds payable	35,320,000	—	35,320,000	—
Capital loan notes payable	2,280,000	—	2,280,000	3,335,000
Other postemployment benefits	521,840	—	521,840	70,850
Compensated absences	60,982	—	60,982	128,193
Total noncurrent liabilities	<u>38,182,822</u>	<u>—</u>	<u>38,182,822</u>	<u>5,809,043</u>
Total liabilities	<u>50,648,872</u>	<u>14,208</u>	<u>50,663,080</u>	<u>6,907,717</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	30,263,745	—	30,263,745	—
Total deferred inflows of resources	<u>30,263,745</u>	<u>—</u>	<u>30,263,745</u>	<u>—</u>
Net Position				
Net investment in capital assets	120,983,068	—	120,983,068	17,687,118
Restricted:				
For capital projects	8,119,998	—	8,119,998	—
Purpose restricted by legislation	10,078,740	—	10,078,740	—
Donor restricted purposes	113,476	—	113,476	—
Unrestricted	19,459,695	710,271	20,169,966	2,494,338
Total net position	<u>\$ 158,754,977</u>	<u>710,271</u>	<u>159,465,248</u>	<u>20,181,456</u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Activities

Year Ended June 30, 2014

					Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
					Governmental Activities Total	Business-type Activities	Total	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary government								
Governmental activities:								
Public safety	\$ 10,148,920	1,206,724	234,951	—	(8,707,245)	—	(8,707,245)	—
Public works	12,927,731	2,843,648	3,921,824	4,125,329	(2,036,930)	—	(2,036,930)	—
Culture and recreation	7,500,581	624,342	331,877	—	(6,544,362)	—	(6,544,362)	—
Community and economic development	2,741,489	892,908	—	—	(1,848,581)	—	(1,848,581)	—
General government	3,035,256	—	—	—	(3,035,256)	—	(3,035,256)	—
Interest and fiscal charges	1,539,732	—	63,823	—	(1,475,909)	—	(1,475,909)	—
Total governmental activities	37,893,709	5,567,622	4,552,475	4,125,329	(23,648,283)	—	(23,648,283)	—
Business-type activities:								
Storm Water Utility	312,724	707,086	—	—	—	394,362	394,362	
Total primary government	\$ 38,206,433	6,274,708	4,552,475	4,125,329	(23,648,283)	394,362	(23,253,921)	
Component unit								
Urbandale Water Utility	\$ 7,995,992	7,825,465	582,642	236,451				648,566
General Revenues:								
Taxes:								
Property tax				\$ 22,263,631				
Tax increment financing district tax				6,563,268				
Hotel Motel tax				1,606,923				
Franchise taxes				298,039				
Utility excise tax				590,809				
Total taxes					31,322,670	—	31,322,670	—
Interest					132,816	1,657	134,473	14,824
Miscellaneous					163,893	—	163,893	114,966
Transfers					375,000	(375,000)	—	—
Total general revenues and transfers					31,994,379	(373,343)	31,621,036	129,790
Changes in net position					8,346,096	21,019	8,367,115	778,356
Net position - beginning					150,408,881	689,252	151,098,133	19,403,100
Net position - ending					\$ 158,754,977	710,271	159,465,248	20,181,456

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Balance Sheet

Governmental Funds

June 30, 2014

	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	\$ 9,689,679	2,972,726	5,365,161	670,711	12,189,865	706,605	31,594,747
Taxes receivable:							
Current	111,223	304,471	83,486	39,525	—	492,357	1,031,062
Succeeding year	17,134,770	—	6,562,876	5,610,175	—	955,925	30,263,746
Special assessments receivable:							
Current	—	—	—	619,294	15,802	—	635,096
Succeeding years	—	—	—	688,111	146,059	—	834,170
Accounts receivable	401,096	—	—	—	42,792	—	443,888
Due from component unit	19,767	—	—	—	—	—	19,767
Due from other governments	133,390	3,382	—	—	466,965	10,267	614,004
Inventories	10,773	268,966	—	—	—	—	279,739
Total assets	\$ 27,500,698	3,549,545	12,011,523	7,627,816	12,861,483	2,165,154	65,716,219
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 400,143	205,579	—	—	3,417,807	12,534	4,036,063
Compensation and payroll taxes	387,623	20,770	—	—	—	—	408,393
Employee benefits	58,857	2,030	—	—	—	—	60,887
Total liabilities	846,623	228,379	—	—	3,417,807	12,534	4,505,343
Deferred inflows of resources							
Unavailable revenue - property taxes	\$ 17,134,770	—	6,562,876	5,610,175	—	955,925	30,263,746
Unavailable revenue - special assessments	—	—	—	1,304,260	161,860	—	1,466,120
Unavailable revenue - other	4,230	—	—	—	497,758	487,673	989,661
Total deferred inflows of resources	17,139,000	—	6,562,876	6,914,435	659,618	1,443,598	32,719,527
Fund balances							
Nonspendable	10,773	268,966	—	—	—	—	279,739
Restricted	—	3,052,200	5,448,647	713,381	8,119,998	709,022	18,043,248
Assigned	—	—	—	—	664,060	—	664,060
Unassigned	9,504,302	—	—	—	—	—	9,504,302
Total fund balances	9,515,075	3,321,166	5,448,647	713,381	8,784,058	709,022	28,491,349
Total liabilities, deferred inflows of resources and fund balances	\$ 27,500,698	3,549,545	12,011,523	7,627,816	12,861,483	2,165,154	65,716,219

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

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

June 30, 2014

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

Total fund balances – governmental funds		\$	28,491,349
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental funds:			
Capital assets	\$	218,305,294	
Less accumulated depreciation		<u>(55,644,474)</u>	162,660,820
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds			2,455,782
Internal service funds are used by management to charge the costs of equipment replacement, technology, general liability insurance, and the risk management program to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
Cash		8,583,400	
Due from customers		9,907	
Capital assets, net of accumulated depreciation		2,697,248	
Accounts payable		<u>(295,920)</u>	10,994,635
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		41,840,000	
Capital loan note		2,535,000	
Accrued interest on the bonds and notes		107,757	
Other postemployment benefits		521,840	
Compensated absences		<u>843,012</u>	<u>(45,847,609)</u>
Net position of governmental activities		\$	<u><u>158,754,977</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, 2014

	General Fund	Road Use Tax Fund	Tax Increment Financing Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 16,953,835	—	6,563,268	5,497,405	—	2,300,782	31,315,290
Special assessments	—	—	—	86,618	177,471	—	264,089
Licenses and permits	1,081,782	—	—	—	—	—	1,081,782
Use of money and property	35,380	—	13,385	10,645	42,756	788	102,954
Intergovernmental	466,263	3,921,824	—	63,823	517,475	23,514	4,992,899
Charges for services	4,077,685	—	—	—	—	—	4,077,685
Miscellaneous	416,721	—	—	—	973,695	70,716	1,461,132
Total revenues	23,031,666	3,921,824	6,576,653	5,658,491	1,711,397	2,395,800	43,295,831
Expenditures							
Current operating expenditures:							
Public safety	9,278,708	—	—	—	—	758,295	10,037,003
Public works	3,699,753	2,894,351	—	—	—	—	6,594,104
Culture and recreation	5,531,330	—	—	—	—	1,035,221	6,566,551
Community and economic development	1,439,114	—	1,296,034	—	—	—	2,735,148
General government	2,715,863	—	—	—	—	—	2,715,863
Capital outlay	—	—	—	—	11,406,564	—	11,406,564
Debt service:							
Principal	340,000	—	—	8,435,000	—	—	8,775,000
Interest	129,120	—	—	1,360,384	—	—	1,489,504
Total expenditures	23,133,888	2,894,351	1,296,034	9,795,384	11,406,564	1,793,516	50,319,737
Excess (deficiency) of revenues over (under) expenditures	(102,222)	1,027,473	5,280,619	(4,136,893)	(9,695,167)	602,284	(7,023,906)
Other financing sources (uses):							
General obligation bond issuance	—	—	—	—	8,960,000	—	8,960,000
Refunding bond issuance	—	—	—	2,670,000	—	—	2,670,000
Current refunding of general obligation debt	—	—	—	(2,670,000)	—	—	(2,670,000)
Premium/discount on bond issuance	—	—	—	33,036	250,035	—	283,071
Transfers in	571,265	—	—	3,895,192	1,075,200	—	5,541,657
Transfers out	(58,000)	(642,200)	(3,373,992)	—	(521,200)	(571,265)	(5,166,657)
Total other financing sources (uses)	513,265	(642,200)	(3,373,992)	3,928,228	9,764,035	(571,265)	9,618,071
Net changes in fund balances	411,043	385,273	1,906,627	(208,665)	68,868	31,019	2,594,165
Fund balances at beginning of year	9,104,032	2,935,893	3,542,020	922,046	8,715,190	678,003	25,897,184
Fund balances at end of year	\$ 9,515,075	3,321,166	5,448,647	713,381	8,784,058	709,022	28,491,349

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, 2014

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

Net change in fund balances – governmental funds	\$	2,594,165
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	\$	11,406,868
Depreciation expense		<u>(5,380,945)</u>
		6,025,923
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(225,702)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		272,428
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 \$46,940 for vacation expense, \$11,237 for sick leave expense, and \$114,767 for other postemployment benefits.		(172,944)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		11,445,000
Issuance of bond principal is an “other financing source” in the governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(11,630,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.		2,990
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.		(53,218)
An internal service fund is used by the City's management to charge the costs of equipment replacement, technology, general liability insurance, building maintenance and the risk management program to the individual funds. The net income of the internal service funds is reported with governmental activities.		<u>87,454</u>
Change in net position of governmental activities	\$	<u><u>8,346,096</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Net Position –
Proprietary Funds
June 30, 2014

		Business-Type Activities - Non-Major Enterprise Fund	Governmental Activities
		Storm Water Utility Fund	Internal Service Funds
Assets			
Current assets:			
Cash and pooled cash investments	\$	715,320	8,583,400
Accounts receivable		—	9,907
Due from Component Unit		9,159	—
Total current assets		724,479	8,593,307
Noncurrent assets:			
Capital assets, net		—	2,697,248
Total noncurrent assets		—	2,697,248
Total assets	\$	724,479	11,290,555
Liabilities			
Current liabilities:			
Accounts payable	\$	1,658	295,920
Compensation and payroll taxes		4,601	—
Employee benefits		450	—
Compensated absences - current		7,499	—
Total current liabilities		14,208	295,920
Net Position			
Net investment in capital assets	\$	—	2,697,248
Unrestricted		710,271	8,297,387
Total net position	\$	710,271	10,994,635

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

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

Year Ended June 30, 2014

	Business-Type Activities - Non-Major Enterprise Fund Storm Water Utility Fund	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 707,086	4,071,038
Other	—	24,703
Total operating revenues	<u>707,086</u>	<u>4,095,741</u>
Operating expenses:		
Insurance premiums and claims	—	3,225,154
Building maintenance	—	14,406
Data processing	—	115,652
Storm water operations	312,724	—
Administration	—	5,930
Depreciation	—	729,707
Total operating expenses	<u>312,724</u>	<u>4,090,849</u>
Operating income	<u>394,362</u>	<u>4,892</u>
Nonoperating revenues (expenses):		
Interest income	1,657	29,862
Gain (loss) on sale of equipment	—	52,700
Total nonoperating revenues (expenses)	<u>1,657</u>	<u>82,562</u>
Income before transfers	396,019	87,454
Transfers out	<u>(375,000)</u>	<u>—</u>
Change in net position	21,019	87,454
Net position at beginning of year	<u>689,252</u>	<u>10,907,181</u>
Net position at end of year	<u><u>\$ 710,271</u></u>	<u><u>10,994,635</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Cash Flows –
Proprietary Funds

Year Ended June 30, 2014

	Business-Type Activities - Non-Major Enterprise Fund Storm Water Utility Fund	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 715,975	4,143,274
Payments to employees	(217,228)	—
Payments to suppliers	(96,796)	(3,348,468)
Net cash provided by operating activities	<u>401,951</u>	<u>794,806</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	(375,000)	—
Cash flows from capital and related financing activities:		
Purchase of capital assets	—	(912,574)
Proceeds from sale of capital assets	—	52,700
Net cash used in capital and related financing activities	<u>—</u>	<u>(859,874)</u>
Cash flows from investing activities:		
Interest on investments	1,657	29,862
Net increase (decrease) in cash and cash equivalents	28,608	(35,206)
Cash and cash equivalents at beginning of year	686,712	8,618,606
Cash and cash equivalents at end of year	\$ <u><u>715,320</u></u>	<u><u>8,583,400</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 394,362	4,892
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	—	729,707
Change in due from customers	8,889	47,533
Change in accounts payable and accrued liability	(1,300)	12,674
Net cash provided by operating activities	\$ <u><u>401,951</u></u>	<u><u>794,806</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Statement of Fiduciary Net Position

June 30, 2014

Assets		Total Agency Funds
Cash and pooled cash investments	\$	<u>1,288,606</u>
Total assets	\$	<u><u>1,288,606</u></u>
Liabilities		
Liabilities:		
Due to component unit	\$	13,080
Due to other governments		191,799
Deposits and remittances due		<u>1,083,727</u>
Total liabilities	\$	<u><u>1,288,606</u></u>

See accompanying notes to financial statements.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

(a) The Financial Reporting Entity

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

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

(b) Discretely Presented Component Unit

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

Urbandale Water Utility
3720 86th Street
Urbandale, Iowa 50322

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

Government-wide Financial Statements – The government-wide financial statements use the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The structure of the government-wide financial statements is described in the following two paragraphs.

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

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

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

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

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

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

Governmental Funds

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is March 15 of each year, the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2014 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. Delinquent property taxes are not material and are not recorded as receivables.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

The City reports the following major governmental funds:

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

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

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

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

Fiduciary Funds

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

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

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

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

(d) Use of Estimates

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

(e) Encumbrances

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

(f) Fund Balance

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

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

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

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

Assigned – Amounts which the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. These amounts are designated by City Council through informal processes, such as by City policy.

Unassigned – All amounts not included in other spendable classifications.

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

(h) Components of Governmental Fund Balance

As of June 30, 2014, fund balances are composed of the following:

	General	Debt Service	Capital Projects	Special Revenues	Total
Nonspendable:					
Inventory	\$ 10,773	-	-	268,966	279,739
Restricted for:					
Debt service	\$ -	713,381	-	5,448,647	6,162,028
Public works	-	-	-	3,052,200	3,052,200
Capital projects	-	-	8,119,998	-	8,119,998
Public safety retirement	-	-	-	64,215	64,215
Public safety	-	-	-	102,410	102,410
Cultural programs	-	-	-	542,397	542,397
Total restricted	\$ -	713,381	8,119,998	9,209,869	18,043,248
Assigned to:					
Capital projects	\$ -	-	664,060	-	664,060
Unassigned	9,504,302	-	-	-	9,504,302
Total Fund Balances	\$ 9,515,075	713,381	8,784,058	9,478,835	28,491,349

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(i) Cash and Pooled Cash Investments

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

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

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

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

(j) Inventories

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

(k) Unbilled Revenues

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

(l) Capital Assets

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

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 Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources 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 inflows of resources at the fund level consists of the succeeding year property tax receivable, and other receivables not collected within sixty days after year-end. Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied.

(n) Long-Term Debt

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

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

(o) Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated vacation and sick leave is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide financial statements as well as in the Component Unit. An estimate for the amount due in one year is reported as a current liability, and reflects management's best estimate of anticipated use of these types of leave hours in the next year, based on a 3 year trend. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(p) Self-insurance

The City is partially self-insuring for employee health insurance through stop-loss insurance, which provides coverage for claims in excess of \$40,000 per employee and \$2,492,622 in the aggregate for June 30, 2014. The operating funds are charged premiums (based upon historical claim experience) by the Risk Management Fund, which is accounted for as an Internal Service Fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported, and is classified with accounts payable.

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

	<u>2014</u>	<u>2013</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 250,000	265,000
Incurred claims and claim adjustment expenses	1,289,207	1,876,767
Payments	<u>(1,289,207)</u>	<u>(1,891,767)</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>\$ 250,000</u>	<u>250,000</u>

(2) Cash and Pooled Cash Investments and Cash Equivalents

The City's and its Component Unit's deposits at June 30, 2014 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, 2014 are \$40,893,467. The City's agency funds had cash and pooled cash investments of \$1,288,606 at June 30, 2014.

Included in the City's cash equivalents total noted above, are investments in money market mutual funds totaling \$33,086,301 at June 30, 2014. These funds are invested in US government obligations and repurchase agreements collateralized by US Government obligations. These money market mutual funds are not rated and do not have a stated maturity date.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

At June 30, 2014 cash equivalents of the Component Unit include a money market account of \$2,748,493 and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$136,365, which is valued at amortized cost pursuant to Rule 27a-7 under the Investment Company Act of 1940, and is not subject to risk categorization.

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

Credit risk. The City's investment policy prohibits investments in commercial paper and other corporate debt. The Component Unit's investment in Iowa Public Agency Investment Trust is unrated. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance. All other investments held by the City at June 30, 2014 are in certificates of deposit, money market accounts, money market mutual funds, and obligations of the United States government held with depository institutions approved by the Council.

Concentration of credit risk. The City places dollar limits, currently \$30 million, on the amount that may be invested in any one approved depository institution. The City also has a diversification policy to reduce risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, or a specific class of securities.

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

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

(3) Restricted Assets

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(4) Capital Assets

Capital assets activity for the Primary Government for the year ended June 30, 2014 is as follows:

	<u>July 1, 2013</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,275,382	126,000	—	5,401,382
Construction in progress	13,096,224	9,223,563	12,797,435	9,522,352
Right of way	594,441	8,200	—	602,641
Total capital assets not being depreciated	<u>18,966,047</u>	<u>9,357,763</u>	<u>12,797,435</u>	<u>15,526,375</u>
Capital assets being depreciated:				
Equipment	11,859,999	1,303,971	707,125	12,456,845
Buildings	20,989,815	2,039,260	18,020	23,011,055
Improvements other than buildings	4,603,236	202,760	16,515	4,789,481
Artwork	331,264	33,562	—	364,826
Infrastructure	154,188,126	11,442,676	—	165,630,802
Share of undivided equity interest assets	2,635,196	535,702	—	3,170,898
Total capital assets being depreciated	<u>194,607,636</u>	<u>15,557,931</u>	<u>741,660</u>	<u>209,423,907</u>
Less accumulated depreciation for:				
Equipment	6,605,719	1,163,656	704,976	7,064,399
Buildings	5,611,918	481,303	18,019	6,075,202
Improvements other than buildings	1,752,303	369,212	3,569	2,117,946
Artwork	165,656	21,096	—	186,752
Infrastructure	39,191,821	3,879,920	—	43,071,741
Share of undivided equity interest assets	880,709	195,465	—	1,076,174
Total accumulated depreciation	<u>54,208,126</u>	<u>6,110,652</u>	<u>726,564</u>	<u>59,592,214</u>
Total capital assets, net	<u>\$ 159,365,557</u>	<u>18,805,042</u>	<u>12,812,531</u>	<u>165,358,068</u>

Depreciation expense of \$6,110,652 for the year ended June 30, 2014, was charged to the following governmental functions:

	<u>2014</u>
Public safety	\$ 927,660
Public works	4,233,574
Culture and recreation	785,282
Community and economic development	37,462
General government	126,674
Total depreciation expense	<u>\$ 6,110,652</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

Capital asset activity for the Component Unit for the years ended June 30, 2014 is as follows:

	July 1, 2013 Balance	Increases	Decreases	June 30, 2014 Balance
Capital assets not being depreciated:				
Land	2,198,900	—	—	2,198,900
Construction in progress	—	450,778	—	450,778
Total capital assets not being depreciated	2,198,900	450,778	—	2,649,678
Capital assets being depreciated:				
Equipment	\$ 798,241	44,174	33,029	809,386
Buildings	1,181,173	—	—	1,181,173
Distribution system	28,535,462	236,451	—	28,771,913
Total capital assets being depreciated	30,514,876	280,625	33,029	30,762,472
Less accumulated depreciation for:				
Equipment	627,814	59,531	33,029	654,316
Buildings	591,426	30,617	—	622,043
Distribution system	9,111,788	571,885	—	9,683,673
Total accumulated depreciation	10,331,028	662,033	33,029	10,960,032
Total capital assets, net	\$ 22,382,748	69,370	—	22,452,118

(5) Long-Term Obligations

(a) General Obligation General Fund Capital Loan Notes

In 2004, the City issued \$2,630,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing community development building to be used for administrative offices and City Hall. Principal payments range from \$125,000 to \$190,000 with interest rates from 3.50% to 4.45%. Total outstanding principal at June 30, 2014 was \$1,570,000 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 \$95,000 to \$130,000 with interest rates from 4.10% to 4.30%. Total outstanding principal at June 30, 2014 was \$805,000 with the final payment due June 2021.

In 2007, the City also issued \$300,000 in General Obligation General Fund Capital Loan Notes for constructing an addition to the existing police station. Principal payments range from \$20,000 to \$30,000 with interest rates from 3.875% to 4.15%. Total outstanding principal at June 30, 2014 was \$160,000, with the final payment due June 2020.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(b) General Obligation Bonds

Details of general obligation bonds payable at June 30, 2014 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding 6/30/14
Streets	09/01/07	4.00	6/17	630,000 to 950,000	7,005,000	2,475,000
Streets, parks/trail	08/01/08	3.375 to 4.00	6/18	1,200,000 to 2,100,000	12,225,000	6,600,000
Streets, parks, fire trails, and pool	11/01/09	3.0 to 4.625	6/21	500,000 to 700,000	6,570,000	4,400,000
Streets/Bridges parks/trails	10/01/10	2.00 to 3.00	6/22	335,000 to 1,000,000	8,535,000	6,335,000
Refunding bond	10/01/10	2.00 to 2.50	6/20	100,000	2,955,000	600,000
Streets/Bridges Parks/Trails	09/01/11	2.00 to 3.00	6/26	400,000 to 1,075,000	8,935,000	4,800,000
Streets/Parks/Trails Bridges	09/01/12	1.0 to 2.25	6/27	250,000 to 815,000	9,765,000	7,700,000
Streets/Parks/Trails Bridges	09/01/13	2.0 to 3.25	6/28	100,000 to 2,275,000	8,090,000	5,815,000
Streets	09/01/13	2.00	6/21	425,000 to 465,000	3,540,000	3,115,000
					<u>\$ 67,620,000</u>	<u>41,840,000</u>

The annual principal and interest requirements to maturity for the City's obligations at June 30, 2014 are as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation General Fund Capital Loan Notes	
	Principal	Interest	Principal	Interest
2015	\$ 6,520,000	1,188,513	255,000	104,576
2016	5,970,000	1,003,063	265,000	94,755
2017	5,620,000	822,413	275,000	84,400
2018	5,295,000	652,688	285,000	73,473
2019	3,940,000	486,788	300,000	61,888
2020-2024	11,795,000	1,062,538	1,155,000	134,770
2025-2028	2,700,000	151,413	-	-
	<u>\$ 41,840,000</u>	<u>5,367,416</u>	<u>2,535,000</u>	<u>553,862</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(c) General Obligation Refunding Bonds

In September 2013, the City issued General Obligation bonds that included \$2,670,000 for the current refunding of series 2004A and Series 2005 General Obligation bonds. The refunding was undertaken to capture the benefits of a lower interest rate environment to reduce future debt service interest payments. The maturity schedule and principal payments of the new debt exactly mirror the schedules of the debt being refunded. The transaction resulted in a net economic gain of \$100,604 due to lower interest costs. The total difference in debt service between the issuances was \$101,685.

(d) 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, 2014, the restricted cash on the balance sheet includes \$25,235 in the Sinking Fund, \$100,000 in the Improvement Fund, \$311,700 in the Reserve Fund.

The annual principal and interest requirements to maturity for the Component Unit's water revenue bonds at June 30, 2014 are as follows:

Years Ending June 30,	Water Revenue Bonds	
	Principal	Interest
2015	\$ 205,000	96,720
2016	215,000	88,725
2017	220,000	80,340
2018	230,000	71,760
2019	240,000	62,790
2020-2024	1,370,000	165,165
	<u>\$ 2,480,000</u>	<u>565,500</u>

(e) Drinking Water State Revolving Fund

The Component Unit applied for and received a capital loan note from the Drinking Water State Revolving Fund on February 17, 2010 in the amount of \$1,671,000. The funds are to be used solely for the meter replacement project as defined in the application. Funds are disbursed from the Iowa Finance Authority when invoices are submitted by the Utility and approved for the project. The first \$332,000 disbursed to the Utility represents the forgivable portion of the loan. The remaining \$1,339,000 will be disbursed over the next 24 months and will be repaid semi-annually over a twenty year period. A loan servicing fee is payable each June 1 at a rate of .25% of the principal amount of the loan outstanding. Interest is payable each December 1 and June 1 at a rate of 3.0%. Principal payments are due June 1 of each year, and range from \$49,000 to \$89,000 with final maturity in 2031. Total disbursements were \$0 and \$24,004 for the years ended June 30, 2014 and 2013, respectively. At June 30, 2014 the restricted cash on the balance sheet includes \$22,468 in the Sinking Fund.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

At June 30, 2014 the full loan has been disbursed. Principal and interest requirements to maturity for obligations based on the full amount of the loan at June 30, 2014 are as follows:

Years Ending June 30,	SRF Capital Loan	
	Principal	Interest
2015	53,000	35,640
2016	55,000	34,050
2017	57,000	32,400
2018	59,000	30,690
2019	61,000	28,920
2020-2024	335,000	115,950
2025-2029	393,000	62,370
2030-2031	175,000	7,920
	<u>\$ 1,188,000</u>	<u>347,940</u>

(f) Water Revenue Capital Loan Notes

On December 4, 2012 the Urbandale Water Utility issued \$2,285,000 in Taxable Water Revenue Capital Loan Notes. The notes were issued for system improvements and land acquisitions. Interest is payable semi-annually, each December 1 and June 1, at 3.59%. Principal payments are due June 1 of each year starting in 2015, and range from \$85,000 - \$160,000, with the final maturity in 2033. At June 30, 2014 the restricted cash balance sheet includes \$13,972 in the Sinking Fund and \$170,749 in the Reserve Fund.

Principal and interest requirements to maturity for obligations at June 30, 2014 are as follows:

Years Ending June 30,	Water Revenue Capital Loan	
	Principal	Interest
2015	\$ 85,000	82,032
2016	90,000	78,980
2017	95,000	75,749
2018	95,000	72,338
2019	100,000	68,928
2020-2024	555,000	288,277
2025-2029	655,000	181,475
2030-2033	610,000	55,645
	<u>\$ 2,285,000</u>	<u>903,424</u>

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

Changes in long-term obligations for the years ended June 30, 2014 are as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Primary government:					
General obligation bonds	\$ 41,415,000	11,630,000	11,205,000	41,840,000	6,520,000
General obligation General					
Fund capital loan notes	2,775,000	—	240,000	2,535,000	255,000
Other postemployment benefits	407,073	114,767	—	521,840	—
Compensated absences	784,835	78,679	20,502	843,012	782,030
	<u>\$ 45,381,908</u>	<u>11,823,446</u>	<u>11,465,502</u>	<u>45,739,852</u>	<u>7,557,030</u>
Business-type activities:					
Compensated absences	\$ 3,940	3,559	—	7,499	7,499
Component unit:					
Water revenue bonds	\$ 2,680,000	—	200,000	2,480,000	205,000
Capital loan note	3,525,000	—	52,000	3,473,000	138,000
Other postemployment benefits	56,343	14,507	—	70,850	—
Compensated absences	205,809	6,334	—	212,143	83,950
	<u>\$ 6,467,152</u>	<u>20,841</u>	<u>252,000</u>	<u>6,235,993</u>	<u>426,950</u>

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

2012 Actual value of Property (unaudited)	\$ 3,991,339,845
Debt limit - 5% of assessed valuation	\$ 199,566,992
Amount of debt applicable to debt limit:	
General obligation General Fund capital loan notes	(2,535,000)
General obligation bonds	(41,840,000)
Legal debt margin	\$ 155,191,992

(6) Retirement Plans

(a) Plan Descriptions

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

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

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

IPERS
PO Box 9117
Des Moines, IA 50306

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(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, 2014, 2013, and 2012 under the two plans is as follows:

	Plan Member Contributions			City Contributions		
	2014	2013	2012	2014	2013	2012
IPERS –						
Basic	5.95%	5.78%	5.38%	8.93%	8.67%	8.07%
Fire	6.76%	6.84%	6.65%	10.14%	10.27%	9.97%
MFPRS	9.40%	9.40%	9.40%	30.12%	26.12%	24.76%

The City's contributions to MFPRS and IPERS for the years ended June 30, 2014, 2013, and 2012 were equal to the required contributions for each year as follows:

	2014	2013	2012
IPERS	\$ 670,248	595,703	566,352
MFPRS	1,391,627	1,145,706	1,130,266

The Component Unit's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$102,754, \$104,545, and \$97,865, 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 \$26,616 the year ended June 30, 2014. The Water Utility's employees made contributions to the plan of \$44,360 for the year ended June 30, 2014.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(7) Other Postemployment Benefits (OPEB)

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

Plan Description - The City operates a partially self-insured single-employer benefit plan which provides medical/prescription drug benefits for active employees, qualified retirees, and their spouses/families. There are 167 active and 13 retired members/spouses in the plan. Participants must meet IPERS/MFPRS retirement system eligibility requirements, or be age 62 or older at retirement to participate in the retiree benefit plan. Plan benefits are not available for retirees past age 65.

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

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

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

The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan and changes in the City's net OPEB obligation for the year ended June 30, 2014:

Annual required contribution	\$	155,669
Interest on net OPEB obligation		10,785
Adjustment to annual required contribution		(30,271)
Annual OPEB cost		<u>136,183</u>
Contributions made, net of retiree contributions		<u>(21,416)</u>
Increase in net OPEB obligation		114,767
Net OPEB obligation beginning of year		<u>407,073</u>
Net OPEB obligation end of year	\$	<u><u>521,840</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the City contributed \$37,730 to the medical plan for retiree claims expenses. Plan members eligible for benefits contributed \$16,314 or 43.2% of the claims cost.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

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, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 101,620	-9.17%	\$ 270,887
June 30, 2013	\$ 145,874	6.64%	\$ 407,073
June 30, 2014	\$ 136,183	15.73%	\$ 521,840

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,093,708 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,093,708. The covered payroll (annual payroll of active employees covered by the plan) was \$10,567,425 and the ratio of the UAAL to covered payroll was 10.35% as of June 30, 2014. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the City's funding policy. The projected annual health cost trend rate is 6%. The ultimate medical trend inflation rate is 6%. An inflation rate of 0% is assumed for purpose of this computation.

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

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(8) Deferred Compensation Plan

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

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

(9) Risk Management

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

(a) *Iowa Municipalities Workers' Compensation Association*

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Association for the year ended June 30, 2014 were \$180,229.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(b) *Iowa Communities Assurance Pool*

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2014 were \$296,169.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014,

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

no liability has been recorded in the City's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

(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 \$558,710 and has an undivided interest in assets of the operation, net of depreciation, totaling \$2,094,724 as of June 30, 2014. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

(b) Conduit Debt

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there were three series of revenue bonds outstanding, with an aggregate principal amount payable of \$6,371,478.

(c) Iowa Events Center

In 2006, the City Council committed \$640,000 for the Iowa Events Center project, over a 20 year period. The City's contribution will be utilized for the payment of debt service on the bonds issued by Polk County to finance the construction of the downtown arena. The City made payments totaling \$32,000 for the year ended June 30, 2014.

(d) Loan Guarantees

The City is providing loan guarantees for the Urbandale Sports Association, the Urbandale Girls Recreation Association, and the Urbandale Little League, which approximated \$352,100 at June 30, 2014.

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(e) Construction and Purchase Commitments

At June 30, 2014, the following construction and purchase commitments had been made:

Project	2014	
	Total Contracts	Amount Remaining on Contracts
Capital projects fund	\$ 24,143,596	10,081,866
Total	\$ 24,143,596	10,081,866

(f) Des Moines Water Works (Water Works)

The Component Unit has entered into agreements with Water Works for the construction of Water Works-owned booster stations, treatment plant, feeder mains, and a storage tank, which will enhance service to the City. Water Works designed, constructed, and financed the booster stations, a treatment plant, feeder mains, and a storage tank through the issuance of revenue bonds. The Component Unit has commitments outstanding at June 30, 2014 to contribute to Water Works \$11,725,023, 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,	Principal	Interest
2015	\$ 1,270,313	343,945
2016	1,356,920	305,606
2017	1,279,772	264,135
2018	996,016	227,113
2019	879,085	199,293
2020-2024	4,868,402	578,979
2025-2026	1,074,515	29,642
	\$ 11,725,023	1,948,713

CITY OF URBANDALE, IOWA

Notes to Financial Statements

June 30, 2014

(g) Central Iowa Regional Drinking Water Commission

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

(11) Subsequent Events

In August 2014, the City issued \$3,950,000 in Series 2014C general obligation refunding bonds to be used to refund existing Series 2004B and Series 2007 general obligation bonds.

In September 2014, the City issued \$5,610,000 in Series 2014A general obligation bonds to be used primarily for street improvement projects, park improvements. Also in September 2014, the City issued \$4,265,000 in Series 2014B general obligation urban renewal bonds to be used for street improvements projects within the Northwest Market TIF district.

(12) Transfer Reconciliation

The following is a schedule of transfers of the City for the years ended June 30, 2014:

	<u>2014</u>
Transfer to General fund from:	
Nonmajor governmental funds	\$ 571,265
Total transfers to General Fund	<u>571,265</u>
Transfer to Capital projects fund from:	
General fund	58,000
Road Use fund	642,200
Storm Water Utility fund	<u>375,000</u>
Total transfers to Capital Projects fund	<u>1,075,200</u>
Transfer to Debt Service fund from:	
TIF fund	3,373,992
Capital projects fund	<u>521,200</u>
Total transfer to Debt Service fund	<u>3,895,192</u>
	<u>\$ 5,541,657</u>

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

FINANCIAL SECTION

Required Supplementary Financial Schedules

CITY OF URBANDALE, IOWA
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances
 Budget and Actual (Cash Basis) -
 Governmental and Business-type Funds
 Year Ended June 30, 2014

	Governmental	Enterprise		Budgeted Amounts		Final to Actual
	Funds Actual	Fund Actual	Total	Original	Final	Variance
Revenues:						
Property tax	\$ 22,222,160	-	22,222,160	22,466,933	22,466,933	(244,773)
Tax increment financing	6,529,971	-	6,529,971	6,592,652	6,592,652	(62,681)
Other city tax	2,468,872	-	2,468,872	3,111,595	3,111,595	(642,723)
Licenses and permits	1,086,193	-	1,086,193	972,450	1,018,450	67,743
Use of money and property	164,677	1,657	166,334	135,000	135,000	31,334
Intergovernmental	5,334,296	-	5,334,296	8,187,486	8,376,300	(3,042,004)
Charges for services	4,019,428	715,976	4,735,404	4,552,379	4,552,379	183,025
Special assessments	261,422	-	261,422	554,000	554,000	(292,578)
Miscellaneous	1,196,631	-	1,196,631	311,000	404,000	792,631
Total receipts	43,283,650	717,633	44,001,283	46,883,495	47,211,309	(3,210,026)
Expenditures:						
Public safety	10,113,366	-	10,113,366	10,338,378	10,504,978	391,612
Public works	6,564,601	-	6,564,601	6,738,385	6,738,385	173,784
Culture and recreation	6,595,442	-	6,595,442	7,343,882	7,397,696	802,254
Community and economic development	2,724,312	-	2,724,312	2,664,584	2,937,584	213,272
General government	2,689,011	-	2,689,011	2,721,206	2,726,606	37,595
Debt Service	12,934,503	-	12,934,503	14,975,352	14,975,352	2,040,849
Capital projects	10,208,410	-	10,208,410	16,350,200	16,350,200	6,141,790
Total disbursements	51,829,645	-	51,829,645	61,131,987	61,630,801	9,801,156
Business-type activities	-	314,025	314,025	337,747	337,747	23,722
Total all disbursements	51,829,645	314,025	52,143,670	61,469,734	61,968,548	9,824,878
Excess (deficiency) of revenues over (under) expenditures	(8,545,995)	403,608	(8,142,387)	(14,586,239)	(14,757,239)	(6,614,852)
Other financing sources, net	12,288,071	(375,000)	11,913,071	14,195,917	14,137,917	2,224,846
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,742,076	28,608	3,770,684	(390,322)	(619,322)	(4,390,006)
Fund balances at beginning of year	27,852,669	686,712	28,539,381	18,281,522	18,281,522	(10,257,859)
Fund balances at end of year	\$ 31,594,745	715,320	32,310,065	17,891,200	17,662,200	(14,647,865)

	Governmental Funds			Enterprise Fund		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Full Accrual Basis
Revenues	\$ 43,283,650	12,181	43,295,831	717,633	(8,890)	708,743
Expenditures/expenses	51,829,645	(1,509,908)	50,319,737	314,025	(1,301)	312,724
Net	(8,545,995)	1,522,089	(7,023,906)	403,608	(7,589)	396,019
Other financing sources, net	12,288,071	(2,670,000)	9,618,071	(375,000)	-	(375,000)
Beginning fund balances/net assets	27,852,669	(1,955,485)	25,897,184	686,712	2,540	689,252
Ending fund balances/net assets	\$ 31,594,745	(3,103,396)	28,491,349	715,320	(5,049)	710,271

See accompanying notes to required supplementary information.

CITY OF URBANDALE, IOWA

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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, 2014 was amended during the year to allow the City to increase program expenditures by \$556,814 and increased program revenues by \$327,814. The budget amendments are reflected in the final budgeted amounts.

The actual expenditures of the Component Unit were \$14,982,415 compared to a legal budget of \$16,160,547 for the year ended June 30, 2014.

CITY OF URBANDALE, IOWA
Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan
June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	July 1, 2010	\$ -	\$ 711,392	\$ 711,392	0.00%	\$ 9,595,000	7.41%
2013	July 1, 2012	\$ -	\$ 1,081,559	\$ 1,081,559	0.00%	\$ 10,755,143	10.06%
2014	July 1, 2012	\$ -	\$ 1,093,708	\$ 1,073,708	0.00%	\$ 10,567,425	10.35%

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



FINANCIAL SECTION

Other Supplementary Financial Schedules

CITY OF URBANDALE, IOWA

Nonmajor Governmental Funds

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

CITY OF URBANDALE, IOWA
Combining Balance Sheet Information
Nonmajor Governmental Funds
June 30, 2014

	<u>Hotel Motel</u>	<u>Police and Fire Retirement</u>	<u>Fire Donation</u>	<u>Fire Equipment</u>	<u>Evidence and Forfeited Property</u>	<u>Federal Forfeited Property</u>	<u>Police Donations</u>	<u>Tobacco Inspection</u>	<u>Alcohol Inspection</u>	<u>Making A Connection - MAC</u>	<u>Total</u>
Assets											
Cash and pooled cash investments	\$ 461,989	59,531	5,412	2,560	36,819	24,268	11,122	10,851	2,940	91,113	706,605
Taxes receivable:											
Current	487,673	4,684	—	—	—	—	—	—	—	—	492,357
Succeeding year	—	955,925	—	—	—	—	—	—	—	—	955,925
Due from Other Governments	—	—	—	—	10,000	75	192	—	—	—	10,267
Total assets	<u>\$ 949,662</u>	<u>1,020,140</u>	<u>5,412</u>	<u>2,560</u>	<u>46,819</u>	<u>24,343</u>	<u>11,314</u>	<u>10,851</u>	<u>2,940</u>	<u>91,113</u>	<u>2,165,154</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances											
Liabilities:											
Accounts payable	\$ —	—	9	—	—	1,820	—	—	—	10,705	12,534
Total liabilities	<u>—</u>	<u>—</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>1,820</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,705</u>	<u>12,534</u>
Deferred inflows of resources	\$										
Unavailable revenue - property taxes	—	955,925	—	—	—	—	—	—	—	—	955,925
Unavailable revenue - other	487,673	—	—	—	—	—	—	—	—	—	487,673
Total deferred inflows of resources	<u>487,673</u>	<u>955,925</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,443,598</u>
Fund balances:											
Restricted	461,989	64,215	5,403	2,560	46,819	22,523	11,314	10,851	2,940	80,408	709,022
Total fund balances	<u>461,989</u>	<u>64,215</u>	<u>5,403</u>	<u>2,560</u>	<u>46,819</u>	<u>22,523</u>	<u>11,314</u>	<u>10,851</u>	<u>2,940</u>	<u>80,408</u>	<u>709,022</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 949,662</u>	<u>1,020,140</u>	<u>5,412</u>	<u>2,560</u>	<u>46,819</u>	<u>24,343</u>	<u>11,314</u>	<u>10,851</u>	<u>2,940</u>	<u>91,113</u>	<u>2,165,154</u>

CITY OF URBANDALE, IOWA

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

Nonmajor Governmental Funds

Year Ended June 30, 2014

	Hotel Motel	Police and Fire Retirement	Fire Donation	Fire Equipment	Evidence & Forfeited Property	Justice Federal Forfeited Property	Police Donations	Tobacco Inspection	Alcohol Inspection	Making A Connection - MAC	Total
Revenues											
Taxes	\$ 1,599,543	701,239	—	—	—	—	—	—	—	—	2,300,782
Use of money and property	—	335	18	6	99	109	—	31	10	180	788
Intergovernmental	—	—	—	—	—	17,364	—	1,150	—	5,000	23,514
Miscellaneous	—	—	4,805	500	8,661	—	6,250	—	—	50,500	70,716
Total revenues	\$ 1,599,543	701,574	4,823	506	8,760	17,473	6,250	1,181	10	55,680	2,395,800
Expenditures											
Current operating expenditures											
Public safety	\$ —	707,684	8,245	—	5	39,099	2,991	158	113	—	758,295
Culture and recreation	988,753	—	—	—	—	—	—	—	—	46,468	1,035,221
Total expenditures	988,753	707,684	8,245	—	5	39,099	2,991	158	113	46,468	1,793,516
Excess (deficiency) of revenues over (under) expenditures	610,790	(6,110)	(3,422)	506	8,755	(21,626)	3,259	1,023	(103)	9,212	602,284
Transfers out	(571,265)	—	—	—	—	—	—	—	—	—	(571,265)
Total transfers	(571,265)	—	—	—	—	—	—	—	—	—	(571,265)
Net changes in fund balances	39,525	(6,110)	(3,422)	506	8,755	(21,626)	3,259	1,023	(103)	9,212	31,019
Fund balances - beginning	422,464	70,325	8,825	2,054	38,064	44,149	8,055	9,828	3,043	71,196	678,003
Fund balances - ending	\$ 461,989	64,215	5,403	2,560	46,819	22,523	11,314	10,851	2,940	80,408	709,022

CITY OF URBANDALE, IOWA
Combining Statement of Net Position –
Proprietary Funds - Internal Service Funds
June 30, 2014

Assets	General Liability	Equipment Replacement	Technology	Building Maintenance	Risk Management	Total Governmental activities - Internal Service Funds
Current assets:						
Cash and pooled cash investments	\$ 392,394	4,118,404	225,478	320,800	3,526,324	8,583,400
Accounts receivable	—	—	3,229	—	6,678	9,907
Total current assets	<u>392,394</u>	<u>4,118,404</u>	<u>228,707</u>	<u>320,800</u>	<u>3,533,002</u>	<u>8,593,307</u>
Non-current assets:						
Capital assets, net	—	2,697,248	—	—	—	2,697,248
Total non-current assets	<u>—</u>	<u>2,697,248</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,697,248</u>
Total assets	<u>392,394</u>	<u>6,815,652</u>	<u>228,707</u>	<u>320,800</u>	<u>3,533,002</u>	<u>11,290,555</u>
Liabilities and Net Position						
Current liabilities:						
Accounts payable	5,904	9,424	5,000	13,624	261,968	295,920
Total liabilities	<u>5,904</u>	<u>9,424</u>	<u>5,000</u>	<u>13,624</u>	<u>261,968</u>	<u>295,920</u>
Net position:						
Invested in capital assets	—	2,697,248	—	—	—	2,697,248
Unrestricted	386,490	4,108,980	223,707	307,176	3,271,034	8,297,387
Total net position	<u>\$ 386,490</u>	<u>6,806,228</u>	<u>223,707</u>	<u>307,176</u>	<u>3,271,034</u>	<u>10,994,635</u>

CITY OF URBANDALE, IOWA

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

Year Ended June 30, 2014

	General Liability	Equipment Replacement	Technology	Building Maintenance	Risk Management	Total Governmental activities - Internal Service Funds
Operating revenues:						
Charges for services	\$ 625,257	909,932	50,000	201,259	2,284,590	4,071,038
Other	—	—	24,703	—	—	24,703
Total operating revenues	625,257	909,932	74,703	201,259	2,284,590	4,095,741
Operating expenses:						
Insurance premiums and claims	564,922	—	—	—	2,660,232	3,225,154
Building maintenance	—	—	—	14,406	—	14,406
Data processing	—	—	115,652	—	—	115,652
Depreciation	—	729,707	—	—	—	729,707
Administration	5,930	—	—	—	—	5,930
Total operating expenses	570,852	729,707	115,652	14,406	2,660,232	4,090,849
Operating income (loss)	54,405	180,225	(40,949)	186,853	(375,642)	4,892
Nonoperating revenues (expenses):						
Interest income	1,376	13,711	787	963	13,025	29,862
Gain (loss) on sale of equipment	—	52,700	—	—	—	52,700
Total nonoperating revenues (expenses)	1,376	66,411	787	963	13,025	82,562
Change in net assets	55,781	246,636	(40,162)	187,816	(362,617)	87,454
Net position at beginning of year	330,709	6,559,592	263,869	119,360	3,633,651	10,907,181
Net position at end of year	\$ 386,490	6,806,228	223,707	307,176	3,271,034	10,994,635

CITY OF URBANDALE, IOWA
Combining Statement of Cash Flows –
Proprietary Funds - Internal Service Funds
Year Ended June 30, 2014

	General Liability	Equipment Replacement	Technology	Building Maintenance	Risk Management	Total Governmental activities - Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 625,257	909,932	72,803	201,259	2,334,023	4,143,274
Payments to suppliers	(567,544)	—	(110,652)	(6,891)	(2,663,381)	(3,348,468)
Net cash (used in) provided by operating activities	57,713	909,932	(37,849)	194,368	(329,358)	794,806
Cash flows from capital and related financing activities:						
Purchase of capital assets	—	(912,574)	—	—	—	(912,574)
Proceeds from sale of capital assets	—	52,700	—	—	—	52,700
Net cash used in capital and related financing activities	—	(859,874)	—	—	—	(859,874)
Cash flows from investing activities:						
Interest on investments	1,376	13,711	787	963	13,025	29,862
Net (decrease) increase in cash and cash equivalents	59,089	63,769	(37,062)	195,331	(316,333)	(35,206)
Cash and cash equivalents at beginning of year	333,305	4,054,635	262,540	125,469	3,842,657	8,618,606
Cash and cash equivalents at end of year	\$ 392,394	4,118,404	225,478	320,800	3,526,324	8,583,400
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities						
Operating (loss) income	\$ 54,405	180,225	(40,949)	186,853	(375,642)	4,892
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	—	729,707	—	—	—	729,707
Change in due from customers	—	—	(1,900)	—	49,433	47,533
Change in accounts payable	3,308	—	5,000	7,515	(3,149)	12,674
Net cash (used in) provided by operating activities	\$ 57,713	909,932	(37,849)	194,368	(329,358)	794,806

CITY OF URBANDALE, IOWA
Combining Statement of Fiduciary Net Position
June 30, 2014

Schedule 6

	<u>Agency Funds</u>			
Assets	Collections and Deposits	Escrow Fund	Revolving Loan	Total Agency Funds
Cash and pooled cash investments	\$ 149,397	963,834	175,375	1,288,606
Total assets	<u>\$ 149,397</u>	<u>963,834</u>	<u>175,375</u>	<u>1,288,606</u>
Liabilities				
Liabilities:				
Due to component unit	\$ 13,080	—	—	13,080
Due to other governments	16,424	—	175,375	191,799
Deposits and remittances due	119,893	963,834	—	1,083,727
Total liabilities	<u>\$ 149,397</u>	<u>963,834</u>	<u>175,375</u>	<u>1,288,606</u>

CITY OF URBANDALE, IOWA
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
Year Ended June 30, 2014

Collections and Deposits Fund	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Assets:				
Cash and Pooled Cash Investments	303,627	589,877	744,107	149,397
	<u>\$ 303,627</u>	<u>589,877</u>	<u>744,107</u>	<u>149,397</u>
Liabilities:				
Due to Component Unit	\$ 11,833	240,473	239,226	13,080
Due to Other Governments	128,500	198,259	310,335	16,424
Deposits and Remittances Due	163,294	151,145	194,546	119,893
	<u>\$ 303,627</u>	<u>589,877</u>	<u>744,107</u>	<u>149,397</u>
Escrow Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 1,112,939	18,000	167,105	963,834
	<u>1,112,939</u>	<u>18,000</u>	<u>167,105</u>	<u>963,834</u>
Liabilities:				
Deposits and Remittances Due	\$ 1,112,939	18,000	167,105	963,834
	<u>1,112,939</u>	<u>18,000</u>	<u>167,105</u>	<u>963,834</u>
Revolving Loan Fund				
Assets:				
Cash and Pooled Cash Investments	\$ 191,800	3,575	20,000	175,375
	<u>191,800</u>	<u>3,575</u>	<u>20,000</u>	<u>175,375</u>
Liabilities:				
Due to Other Governments	\$ 191,800	3,575	20,000	175,375
	<u>191,800</u>	<u>3,575</u>	<u>20,000</u>	<u>175,375</u>
Total agency funds assets	<u>\$ 1,608,366</u>	<u>611,452</u>	<u>931,212</u>	<u>1,288,606</u>
Total agency funds liabilities	<u>\$ 1,608,366</u>	<u>611,452</u>	<u>931,212</u>	<u>1,288,606</u>

STATISTICAL SECTION

(Unaudited)

CITY OF URBANDALE, IOWA

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF URBANDALE, IOWA

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

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses											
Governmental activities:											
Public Safety	\$	5,625,803	6,221,356	6,594,536	7,663,358	7,516,393	8,357,868	8,823,407	9,244,524	10,495,044	10,148,920
Public Works		8,163,032	10,469,810	8,468,881	9,397,720	8,819,908	9,827,801	10,051,485	11,504,121	10,748,591	12,927,731
Health and social services		26,992	23,975	12,993	58,463	21,813	550	-	-	-	-
Culture and recreation		5,079,163	5,121,013	5,449,786	5,856,498	5,969,809	6,207,147	6,508,690	6,631,394	6,511,719	7,500,581
Community and economic development		1,470,696	1,721,213	1,118,862	1,032,369	1,962,340	2,288,562	3,038,267	3,126,449	3,050,530	2,741,489
General government		1,670,787	1,906,563	2,030,465	2,162,208	2,177,622	2,360,518	2,466,342	2,842,395	2,755,325	3,035,256
Interest on long-term debt		1,370,808	1,492,724	1,556,998	1,666,200	1,859,692	1,687,888	1,703,156	1,623,105	1,572,214	1,539,732
Total governmental activities expenses	\$	<u>23,407,281</u>	<u>26,956,654</u>	<u>25,232,521</u>	<u>27,836,816</u>	<u>28,327,577</u>	<u>30,730,334</u>	<u>32,591,347</u>	<u>34,971,988</u>	<u>35,133,423</u>	<u>37,893,709</u>
Business-type activities:											
Storm Water Utility		N/A	N/A	N/A	N/A	N/A	N/A	451,339	295,295	390,230	312,724
Total primary government expenses		<u>23,407,281</u>	<u>26,956,654</u>	<u>25,232,521</u>	<u>27,836,816</u>	<u>28,327,577</u>	<u>30,730,334</u>	<u>33,042,686</u>	<u>35,267,283</u>	<u>35,523,653</u>	<u>38,206,433</u>
Program Revenues											
Governmental activities:											
Charges for services:											
Public safety	\$	478,114	648,715	683,209	767,670	808,148	755,056	854,143	934,695	1,058,641	1,206,724
Public works		2,008,454	1,325,201	1,800,708	1,265,580	2,014,238	2,610,131	2,724,097	2,569,959	2,327,015	2,843,648
Culture and recreation		562,110	638,135	573,022	595,242	683,512	757,723	750,178	832,949	634,281	624,342
Community and economic development		1,152,026	1,237,983	893,678	664,109	492,701	780,839	495,454	705,479	819,023	892,908
Operating grants and contributions		3,225,412	4,145,283	3,360,153	3,812,429	3,766,839	3,732,397	4,406,337	4,565,604	4,581,952	4,552,475
Capital grants and contributions		4,902,157	7,188,470	5,269,911	2,346,682	1,928,279	3,401,631	2,402,438	3,767,023	5,134,833	4,125,329
Total governmental activities program revenue:	\$	<u>12,328,273</u>	<u>15,183,787</u>	<u>12,580,681</u>	<u>9,451,712</u>	<u>9,693,717</u>	<u>12,037,777</u>	<u>11,632,647</u>	<u>13,375,709</u>	<u>14,555,745</u>	<u>14,245,426</u>
Business-type activities:											
Storm Water Utility:											
Charges for services		N/A	N/A	N/A	N/A	N/A	N/A	501,127	597,750	698,093	707,086
Operating grants and contributions		N/A	N/A	N/A	N/A	N/A	N/A	27,495	-	-	-
Total business-type activities revenues		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>528,622</u>	<u>597,750</u>	<u>698,093</u>	<u>707,086</u>
Total primary government revenues		<u>12,328,273</u>	<u>15,183,787</u>	<u>12,580,681</u>	<u>9,451,712</u>	<u>9,693,717</u>	<u>12,037,777</u>	<u>12,161,269</u>	<u>13,973,459</u>	<u>15,253,838</u>	<u>14,952,512</u>
Net primary government (expense)/revenue	\$	<u>(11,079,008)</u>	<u>(11,772,867)</u>	<u>(12,651,840)</u>	<u>(18,385,104)</u>	<u>(18,633,860)</u>	<u>(18,692,557)</u>	<u>(20,881,417)</u>	<u>(21,293,824)</u>	<u>(20,269,815)</u>	<u>(23,253,921)</u>
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes:											
Property taxes	\$	13,566,423	14,677,676	16,337,862	17,953,587	18,768,124	20,190,515	21,048,199	21,899,812	21,621,787	22,263,631
Tax increment financing district tax		3,451,749	2,747,565	3,510,146	2,835,582	4,400,172	3,369,190	3,912,690	4,502,606	7,009,867	6,563,268
Hotel/Motel tax		1,050,706	1,051,441	1,067,930	1,207,270	1,064,797	1,140,672	1,277,102	1,418,700	1,577,149	1,606,923
Franchise fees		280,546	253,319	254,940	262,803	411,915	307,738	311,755	312,006	299,346	298,039
Utility excise tax		563,766	545,167	549,396	545,418	555,947	568,203	539,895	591,200	599,831	590,809
Investment earnings		609,911	999,332	1,390,248	1,253,439	772,232	305,456	197,978	129,415	113,401	134,473
Miscellaneous		258,526	541,895	197,208	184,446	359,364	1,025,743	99,506	179,892	228,567	163,893
Total governmental activities	\$	<u>19,781,627</u>	<u>20,816,395</u>	<u>23,307,730</u>	<u>24,242,545</u>	<u>26,332,551</u>	<u>26,907,517</u>	<u>27,387,125</u>	<u>29,033,631</u>	<u>31,449,948</u>	<u>31,621,036</u>
Change in Net Position	\$	<u>8,702,619</u>	<u>9,043,528</u>	<u>10,655,890</u>	<u>5,857,441</u>	<u>7,698,691</u>	<u>8,214,960</u>	<u>6,505,708</u>	<u>7,739,807</u>	<u>11,180,133</u>	<u>8,367,115</u>

CITY OF URBANDALE, IOWA

Table II

**Governmental Activities Tax Revenues By Source
Last Ten 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
2005	13,566,423	3,451,749	1,050,706	-	280,546	563,766	-	18,913,190
2006	14,677,676	2,747,565	1,051,441	-	253,319	545,167	-	19,275,168
2007	16,337,862	3,510,146	1,067,930	-	254,940	549,396	-	21,720,274
2008	17,953,587	2,835,582	1,207,270	-	262,803	545,418	-	22,804,660
2009	18,768,124	4,400,172	1,064,797	-	411,915	555,947	-	25,200,955
2010	20,190,515	3,369,190	1,140,672	-	307,738	568,203	-	25,576,318
2011	21,048,199	3,912,690	1,277,102	-	311,755	539,895	-	27,089,641
2012	21,899,812	4,502,606	1,418,700	-	312,006	591,200	-	28,724,324
2013	21,621,787	7,009,867	1,577,149	-	299,346	599,831	-	31,107,980
2014	22,263,631	6,563,268	1,606,923	-	298,039	590,809	-	31,322,670

CITY OF URBANDALE, IOWA

Table III

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 64,357,733	74,549,310	81,011,392	87,244,464	90,892,294	96,574,657	98,056,010	105,840,450	115,175,557	120,983,068
Restricted	9,959,951	8,373,251	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214
Unrestricted	10,606,430	11,045,081	12,851,133	13,040,900	17,488,224	20,339,398	21,651,861	22,342,654	19,696,744	19,459,695
Total governmental activities net position	<u>\$ 84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>	<u>110,480,973</u>	<u>118,179,664</u>	<u>126,394,624</u>	<u>132,100,910</u>	<u>139,537,841</u>	<u>150,408,881</u>	<u>158,754,977</u>
Business-type activities:										
Unrestricted	<u>\$ N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>77,283</u>	<u>380,159</u>	<u>689,252</u>	<u>710,271</u>
Primary government:										
Net investment in capital assets	\$ 64,357,733	74,549,310	81,011,392	87,244,464	90,892,294	96,574,657	98,056,010	105,840,450	115,175,557	120,983,068
Restricted	9,959,951	8,373,251	10,761,007	10,195,609	9,799,146	9,480,569	12,393,039	11,354,737	15,536,580	18,312,214
Unrestricted	10,606,430	11,045,081	12,851,133	13,040,900	17,488,224	20,339,398	21,729,144	22,722,813	20,385,996	20,169,966
Total governmental activities net position	<u>\$ 84,924,114</u>	<u>93,967,642</u>	<u>104,623,532</u>	<u>110,480,973</u>	<u>118,179,664</u>	<u>126,394,624</u>	<u>132,178,193</u>	<u>139,918,000</u>	<u>151,098,133</u>	<u>159,465,248</u>

CITY OF URBANDALE, IOWA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 3,183	39,691	22,321	22,138	38,615	24,286	N/A	N/A	N/A	N/A
Unreserved	5,719,813	5,888,802	6,643,233	6,651,223	7,267,746	8,121,932	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	11,580	13,877	13,580	10,773
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	8,840,426	10,481,934	9,090,452	9,504,302
Total general fund	<u>\$ 5,722,996</u>	<u>5,928,493</u>	<u>6,665,554</u>	<u>6,673,361</u>	<u>7,306,361</u>	<u>8,146,218</u>	<u>8,852,006</u>	<u>10,495,811</u>	<u>9,104,032</u>	<u>9,515,075</u>
All other governmental funds										
Reserved	\$ 7,763,252	4,384,598	7,589,796	8,181,975	4,207,685	7,662,953	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	2,450,607	3,198,600	-	2,228,338	4,693,953	4,001,037	N/A	N/A	N/A	N/A
Capital projects funds	-	861,478	3,429,651	-	3,484,939	919,628	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	431,915	401,673	192,155	268,966
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	12,918,903	11,158,064	15,450,325	18,043,248
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	1,526,187	1,215,951	1,150,672	664,060
Total all other governmental funds	<u>\$ 10,213,859</u>	<u>8,444,676</u>	<u>11,019,447</u>	<u>10,410,313</u>	<u>12,386,577</u>	<u>12,583,618</u>	<u>14,877,005</u>	<u>12,775,688</u>	<u>16,793,152</u>	<u>18,976,274</u>

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

CITY OF URBANDALE, IOWA

Table V

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues:										
Taxes	\$ 18,843,072	19,282,212	21,713,917	22,771,437	25,258,592	25,515,528	27,068,725	28,659,637	31,046,110	31,315,290
Special assessments	71,363	174,960	262,161	173,738	282,796	1,763,620	425,305	1,643,468	167,444	264,089
Licenses and permits	1,227,938	1,046,638	929,211	805,474	588,471	520,744	590,584	857,111	1,039,129	1,081,782
Use of money and property	504,228	772,861	1,091,181	974,052	579,292	220,898	159,598	101,276	100,595	102,954
Intergovernmental	3,231,391	4,618,523	4,049,014	4,165,488	4,996,472	4,258,723	6,180,149	4,887,361	6,418,693	4,992,899
Charges for services	2,217,100	2,282,337	2,419,323	2,473,369	3,067,070	3,272,348	3,404,728	3,618,859	3,629,760	4,077,685
Miscellaneous	2,385,991	1,477,583	849,263	836,896	628,722	1,730,712	1,610,229	1,164,331	1,539,132	1,461,132
Total revenues	\$ 28,481,083	29,655,114	31,314,070	32,200,454	35,401,415	37,282,573	39,439,318	40,932,043	43,940,863	43,295,831
Expenditures:										
Public safety	\$ 5,439,939	6,258,706	6,609,967	7,599,894	7,837,383	8,369,034	9,059,928	9,130,755	10,570,625	10,037,003
Public works	5,250,496	5,106,124	5,647,118	5,898,132	6,279,817	6,753,079	6,171,697	5,947,701	6,408,925	6,594,104
Health and social services	26,992	23,975	18,355	57,913	21,263	-	-	-	-	-
Culture and recreation	4,762,141	5,082,065	5,224,415	5,649,633	5,910,545	6,091,288	6,052,003	6,080,117	6,195,495	6,566,551
Community and economic development	1,398,042	1,748,707	1,118,975	1,055,601	1,041,775	1,540,209	3,038,784	3,107,702	3,007,417	2,735,148
General government	1,476,033	1,761,537	1,949,626	2,097,042	2,129,304	2,225,451	2,400,295	2,431,684	2,267,059	2,715,863
Capital outlay	9,235,719	10,569,539	7,234,283	10,334,941	13,956,833	9,661,236	9,004,108	12,277,796	11,714,865	11,406,564
Debt service										
Principal	3,770,000	4,420,000	5,045,000	5,775,000	6,055,000	6,465,000	6,995,000	7,520,000	9,605,000	8,775,000
Interest	1,342,540	1,473,147	1,524,499	1,638,625	1,830,231	1,643,386	1,672,427	1,612,686	1,558,511	1,489,504
Total expenditures	\$ 32,701,902	36,443,800	34,372,238	40,106,781	45,062,151	42,748,683	44,394,242	48,108,441	51,327,897	50,319,737
Excess of revenues over (under) expenditures	\$ (4,220,819)	(6,788,686)	(3,058,168)	(7,906,327)	(9,660,736)	(5,466,110)	(4,954,924)	(7,176,398)	(7,387,034)	(7,023,906)
Other financing sources (uses):										
Transfers in	\$ 4,959,765	4,224,262	4,755,032	6,522,967	4,094,561	2,895,290	2,850,448	3,705,148	6,018,702	5,541,657
Transfers out	(4,959,765)	(4,224,262)	(4,755,032)	(6,522,967)	(4,094,561)	(2,895,290)	(2,850,448)	(3,705,148)	(6,018,702)	(5,166,657)
General obligation bond and loan proceeds	9,091,262	5,225,000	6,370,000	7,305,000	12,225,000	6,570,000	8,535,000	6,610,000	9,765,000	8,960,000
Refunding bond issuance	-	-	-	-	4,770,000	-	2,955,000	2,325,000	-	2,670,000
Current refunding of general obligation debt	-	-	-	-	(4,725,000)	-	(2,925,000)	(2,330,000)	-	(2,670,000)
Discounts on bonds	(69,339)	-	-	-	-	(66,992)	111,238	113,886	247,719	283,071
Total other financing sources (uses)	\$ 9,021,923	5,225,000	6,370,000	7,305,000	12,270,000	6,503,008	8,676,238	6,718,886	10,012,719	9,618,071
Net change in fund balances	<u>4,801,104</u>	<u>(1,563,686)</u>	<u>3,311,832</u>	<u>(601,327)</u>	<u>2,609,264</u>	<u>1,036,898</u>	<u>3,721,314</u>	<u>(457,512)</u>	<u>2,625,685</u>	<u>2,594,165</u>
Debt service as a percentage of expenditures, net of capital outlay	21.79%	22.78%	24.21%	24.90%	25.35%	24.51%	24.49%	25.49%	28.21%	26.38%

CITY OF URBANDALE, IOWA

Table VI
Governmental Fund 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
2005	13,857,223	3,451,749	689,788	-	280,546	563,766	-	18,843,072
2006	15,022,051	2,747,565	714,110	-	253,319	545,167	-	19,282,212
2007	16,337,862	3,510,146	1,061,573	-	254,940	549,396	-	21,713,917
2008	17,953,587	2,835,582	1,174,047	-	262,803	545,418	-	22,771,437
2009	18,768,124	4,400,172	1,122,434	-	411,915	555,947	-	25,258,592
2010	20,190,515	3,369,190	1,079,882	-	307,738	568,203	-	25,515,528
2011	21,048,199	3,912,690	1,256,186	-	311,755	539,895	-	27,068,725
2012	21,899,812	4,502,606	1,354,015	-	312,005	591,199	-	28,659,637
2013	21,621,787	7,009,867	1,515,279	-	299,346	599,831	-	31,046,110
2014	22,263,631	6,563,268	1,599,543	-	298,039	590,809	-	31,315,290

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		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**	Utilities					
2005 *	2,485,584,468	***	-	73,039,041	-	2,558,623,509	9.073	1,616,728,419	158.26%
2006 *	1,953,108,280	894,663,140	-	79,125,577	-	2,926,896,997	9.070	1,841,892,936	158.91%
2007 *	2,177,142,609	753,509,944	-	84,049,627	-	3,014,702,180	9.074	1,862,794,051	161.84%
2008 *	2,421,283,590	820,529,520	-	79,788,938	-	3,321,602,048	9.220	1,936,887,271	171.49%
2009 *	2,591,242,390	845,255,940	-	74,752,539	-	3,511,250,869	9.220	2,009,484,002	174.73%
2010 *	2,793,199,470	875,536,520	-	86,825,196	-	3,755,561,186	9.220	2,174,306,380	172.72%
2011 *	2,820,955,730	901,211,090	-	88,502,951	-	3,810,669,771	9.320	2,243,885,770	169.82%
2012 *	2,852,687,450	882,669,790	-	91,300,257	-	3,826,657,497	9.520	2,283,349,399	167.59%
2013 *	2,831,336,240	749,332,170	-	93,646,739	-	3,674,315,149	9.620	2,202,420,645	166.83%
2014 *	2,888,578,496	761,368,774	-	96,637,055	-	2,985,215,551	9.570	2,303,557,107	129.59%

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, 2014

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mid-American Energy	\$ 63,112,350	1	1.718%	\$ 17,132,050	3	0.574%
Aurora Business Park Assoc.	41,087,595	2	1.118%	42,029,570	1	1.408%
Marsh I LLC	25,422,000	3	0.692%			0.000%
Deerfield Retirement Community	23,734,807	4	0.646%			0.000%
Homemakers Plaza Inc.	23,146,336	5	0.630%			0.000%
Paragon East Central 2 LLC	17,202,456	6	0.468%			0.000%
City I LLC	17,195,000	7	0.468%			0.000%
Nottingham Square Apartments	16,700,145	8	0.455%	16,995,950	4	0.569%
Berkley Holdings Corp.	16,600,870	9	0.452%			0.000%
Park Avenue Partners	14,960,600	10	0.407%			0.000%
Merle Hay Mall, Ltd.				19,600,150	2	0.657%
G & K Properties				14,724,900	5	0.493%
Bradley P. Johnson				13,345,300	6	0.447%
112 Street LC				12,161,840	10	0.407%
Target Corp				13,027,440	7	0.436%
William C. Knapp LC				12,718,580	9	0.426%
Interstate Business Park				12,782,540	8	0.428%

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

CITY OF URBANDALE, IOWA

Table IX
Property Tax Levies and Collection
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Fiscal Year for Prior Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	14,169,913	14,130,189 *	99.72%	N/A **	14,130,189	99.72%
2006	15,262,673	15,178,150 *	99.45%	N/A **	15,178,150	99.45%
2007	16,938,918	16,904,726 *	99.80%	N/A **	16,904,726	99.80%
2008	18,562,815	18,438,188 *	99.33%	N/A **	18,438,188	99.33%
2009	19,349,838	19,204,169 *	99.25%	N/A **	19,204,169	99.25%
2010	20,784,813	20,813,219 *	100.14%	N/A **	20,813,219	100.14%
2011	21,672,527	21,658,532 *	99.94%	N/A **	21,658,532	99.94%
2012	22,603,764	22,514,294 *	99.60%	N/A **	22,514,294	99.60%
2013	22,215,288	22,230,228 *	100.07%	N/A **	22,230,228	100.07%
2014	23,063,528	22,794,449 *	98.83%	N/A **	22,794,449	98.83%

Notes:

Taxes are due July and are delinquent on October 1 for first half and April 1 for second half.

Penalty for delinquency: 1 percent per month. No discount allowed.

Uncollected taxes are handled as follows: delinquent real estate tax list is published in the newspaper prior to May 16. Tax sale date is the first Monday in June.

Taxes are collected by Polk County and distributed to the City of Urbandale proportionate to its levy to all levies.

* Collected amount include all cash basis property taxes, including delinquent taxes related to prior years, which may result in over 100% collection of levied tax.

** Collections for delinquencies are not available from the County by the year levied. Delinquencies are recorded in the fiscal year collected.

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

CITY OF URBANDALE, IOWA

Table X

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

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
2005	29,635,000	1,220,000	2,540,000	33,395,000	930.12	0.211%	253,909	33,141,091	2.05%	923.05
2006	30,585,000	1,170,000	2,445,000	34,200,000	952.54	0.206%	311,360	33,888,640	1.84%	943.87
2007	30,145,000	1,115,000	4,195,000	35,455,000	987.49	0.199%	250,288	35,204,712	1.89%	980.52
2008	31,710,000	1,055,000	4,290,000	37,055,000	1,032.06	0.190%	199,180	36,855,820	1.90%	1,026.51
2009	38,290,000	995,000	3,985,000	43,270,000	1,205.16	0.163%	250,405	43,019,595	2.14%	1,198.18
2010	38,770,000	930,000	3,675,000	43,375,000	1,208.08	0.163%	746,946	42,628,054	1.96%	1,187.28
2011	41,595,000	-	3,350,000	44,945,000	1,138.91	0.207%	684,637	44,260,363	2.04%	1,121.57
2012	41,025,000	-	3,005,000	44,030,000	1,115.73	0.212%	563,093	43,466,907	1.94%	1,101.46
2013	41,415,000	-	2,775,000	44,190,000	1,119.78	0.211%	922,046	43,267,954	1.96%	1,096.42
2014	41,840,000	-	2,535,000	44,375,000	1,124.47	0.210%	713,381	43,661,619	1.90%	1,106.39

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

CITY OF URBANDALE, IOWA

Table XI

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

Tax rates per \$1,000 of assessed valuation

Fiscal Year	City of Urbandale Direct Rates				Overlapping Rates						Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Police & Fire Retirement Millage	Total City Millage	Urbandale School District	Counties and Assessors	Transit	Community College	Urbandale Sanitary Sewer	State of Iowa	
2005	7.022	2.051	0.000	9.073	12.128	9.965	0.000	0.599	0.412	0.004	32.181
2006	7.020	2.050	0.000	9.070	13.513	9.943	0.000	0.684	0.401	0.004	33.615
2007	7.020	2.050	0.000	9.070	13.477	10.175	0.131	0.687	0.385	0.004	33.929
2008	7.170	2.050	0.000	9.220	15.719	10.162	0.172	0.603	0.359	0.004	36.239
2009	7.170	2.050	0.000	9.220	16.272	10.125	0.229	0.564	0.340	0.004	36.754
2010	7.170	2.050	0.000	9.220	16.266	9.971	0.271	0.568	0.335	0.003	36.635
2011	7.170	2.050	0.100	9.320	17.643	10.054	0.285	0.560	0.080	0.003	37.945
2012	7.170	2.150	0.200	9.520	17.636	10.015	0.302	0.590	0.085	0.003	38.151
2013	7.170	2.150	0.300	9.620	17.639	10.071	0.452	0.585	0.060	0.003	38.429
2014	7.120	2.150	0.300	9.570	17.675	10.257	0.532	0.691	0.069	0.003	38.797

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, 2014**

<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	\$ 599,758,105	18.97%	113,788,555
Subtotal, overlapping debt			113,788,555
City of Urbandale direct debt			44,375,000
Total direct and overlapping debt			158,163,555

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

Source: Bond Official Statement September 2014

CITY OF URBANDALE, IOWA

Table XIII

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

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$	115,300,627	126,553,653	137,426,918	159,247,466	187,214,411	194,184,675	198,080,952	199,999,780	196,305,025	199,566,992
Total net debt applicable to limit	\$	33,428,334	34,220,395	35,538,731	37,061,798	43,270,000	43,375,000	44,945,000	44,030,000	44,190,000	44,375,000
Legal debt margin	\$	93,125,319	103,206,523	123,708,735	150,152,613	150,914,675	154,705,952	155,054,780	155,969,780	152,115,025	155,191,992
Total net debt applicable to the limit as a percentage of debt limit		28.99%	27.04%	25.86%	23.27%	23.11%	22.34%	22.47%	22.02%	22.51%	22.24%

Legal Debt Margin Calculation for Fiscal Year 2014

Actual value of property, 2012	\$	3,991,339,845
Add back: exempt real property		-
Total assessed value	\$	<u>3,991,339,845</u>
Debt limit (5% of total assessed value)	\$	199,566,992
Debt applicable to limit:		
General obligation bonds		(41,840,000)
General obligation General Fund capital loan notes		<u>(2,535,000)</u>
Total net debt applicable to limit		<u>(44,375,000)</u>
Legal debt margin	\$	<u><u>155,191,992</u></u>

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

CITY OF URBANDALE, IOWA

Table XIV

Demographic and Economic Statistics Last Ten Fiscal Years

Calendar Year	Population	Median Family Income	Per Capita Income	Median Age	Unemployment Rate
2005	35,904	70,548	29,021	37.0	4.20%
2006	35,904	70,548	29,021	35.9	3.40%
2007	35,904	70,548	29,021	35.9	3.50%
2008	35,904	70,548	29,021	35.9	3.90%
2009	35,904	70,548	29,021	35.9	5.60%
2010	35,904	70,548	29,021	35.9	6.70%
2011	39,463	93,217	37,362	37.8	5.90%
2012	39,463	93,217	37,362	37.8	5.00%
2013	39,463	93,217	37,362	37.8	4.30%
2014	39,463	93,217	37,362	37.8	3.90%

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

	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Employer:						
Marsh & McLennan	1,800	1	0.229%			
CitiGroup	600	2	0.076%			
John Deere Intelligent Solut	550	3	0.070%			
Wells Fargo Financial	530	4	0.067%	900	1	**
Continental Western Insurance	470	5	0.060%	340	3	**
Urbandale CSD	450	6	0.057%			
US Postal Services	420	7	0.053%	500	2	**
Quality Manufacturing	400	8	0.051%			
Iowa Health Home Care	400	9	0.051%			
Mid-American Energy	350	10	0.045%	240	9	**
Allied Group				300	4	**
Compressor Controls				300	5	**
Rain and Hail				300	6	**
Pepsi Cola Bottling				240	7	**
Yellow Freight				240	8	**
First Data/Donnelly				200	10	**

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

Total City Employment Source: Urbandale Chamber of Commerce statistics

**Information not available

CITY OF URBANDALE, IOWA

Table XVI

Full-time Equivalent Employees as of June 30, 2014

<u>FUNCTION</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>PUBLIC SAFETY</u>										
Police:										
Officers	42.00	44.00	46.50	47.00	48.00	48.00	47.00	46.00	49.00	49.00
Civilians	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00	6.00
Fire:										
Firefighters & Officers	6.25	5.75	6.00	9.75	12.25	14.00	36.00	38.25	36.50	36.50
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EMS	11.00	12.25	13.25	15.50	20.00	12.00	0.00	0.00	0.00	0.00
Total	<u>66.25</u>	<u>69.00</u>	<u>72.75</u>	<u>79.25</u>	<u>88.25</u>	<u>82.00</u>	<u>91.00</u>	<u>92.25</u>	<u>91.50</u>	<u>92.50</u>
<u>PUBLIC WORKS</u>										
Roadway Maintenance	16.25	17.50	17.50	20.00	17.50	17.00	17.00	18.00	17.00	18.00
Traffic Safety	1.25	1.25	1.00	1.00	1.00	0.75	2.00	2.00	1.00	2.00
Engineering Services	5.50	5.50	6.00	7.50	6.25	6.00	8.00	7.00	7.00	8.00
Street Cleaning	1.50	1.50	1.50	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Solid Waste	4.50	4.50	4.50	6.00	8.75	7.00	8.00	7.00	8.00	8.00
Sanitary Sewer	2.00	2.00	2.50	3.00	2.50	2.50	3.50	2.00	3.00	2.00
Storm Sewer	0.50	0.50	0.25	0.50	0.50	0.75	2.50	3.00	4.00	4.00
Public Works Admin	4.50	4.00	4.50	4.50	4.50	5.00	5.00	6.00	5.00	4.00
Total	<u>36.00</u>	<u>36.75</u>	<u>37.75</u>	<u>43.50</u>	<u>42.00</u>	<u>40.00</u>	<u>46.00</u>	<u>45.00</u>	<u>45.00</u>	<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	26.00	25.00	24.50	25.50	28.00	27.00	26.00	27.75	28.50
Parks	16.00	16.00	15.00	17.50	16.75	14.25	18.00	18.00	19.00	20.00
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	3.75	2.00	3.75	3.75	9.50	10.00	11.00	12.00
Senior Citizens	1.75	1.75	1.75	2.00	2.00	2.00	2.50	2.50	2.50	2.50
Swimming Pool	4.50	4.50	4.50	4.00	4.25	13.00	19.00	14.00	17.25	15.00
Total	<u>53.75</u>	<u>54.25</u>	<u>51.00</u>	<u>51.00</u>	<u>53.25</u>	<u>62.00</u>	<u>77.00</u>	<u>71.50</u>	<u>78.50</u>	<u>79.00</u>
<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>										
Code Enforcement	4.50	5.50	6.00	6.00	5.75	6.00	6.00	6.00	6.00	6.00
Community Development	5.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50
Total	<u>9.50</u>	<u>10.50</u>	<u>10.00</u>	<u>10.00</u>	<u>10.75</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>12.50</u>	<u>12.50</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	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.75
Legal Services/Human Resources	0.00	0.00	0.00	0.50	0.75	1.00	1.25	0.50	1.50	1.75
Technology	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.00	2.00	2.00
General Support	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>8.00</u>	<u>9.00</u>	<u>10.00</u>	<u>10.75</u>	<u>11.00</u>	<u>11.25</u>	<u>11.50</u>	<u>10.50</u>	<u>12.50</u>	<u>13.50</u>
Grand total	<u>173.50</u>	<u>179.50</u>	<u>181.50</u>	<u>194.50</u>	<u>205.25</u>	<u>206.25</u>	<u>236.50</u>	<u>230.25</u>	<u>240.00</u>	<u>243.50</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

<u>Function</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Public Safety</u>										
Police										
Total calls for service	12,514	17,684	13,262	13,771	13,492	^ 40,653	26,624	14,662	14,874	17,047
Total arrests	1,029	1,515	1,876	1,842	1,101	1,028	586	656	587	821
Fire										
Number of calls answered/received	285	102	*1,762	1,972	2,496	2,341	2,520	2,534	2,676	2,875
Inspections	413	309	108	176	264	262	357	409	358	347
EMS										
Number of calls answered	1,398	1,407	1,593	1,824	1,804	1,697	1,908	1,870	1,995	2,055
Animal Control										
Pet Licenses issued	1,260	1,500	1,561	1,561	1,602	1,589	1,647	3,316	3,615	3,173
<u>Public Works</u>										
Roadway Maintenance										
Total lane miles maintained	407	410	413	415	418	422	424	436	443	452
Asphalt streets repaired (tons)	1,610	3,180	2,607	2,188	2,186	2,323	959	205	378	1,529
Solid Waste Collection										
Number of households	10,930	11,450	11,950	12,290	12,540	12,750	12,950	13,290	13,434	13,627
Tons of refuse collected	9,818	10,307	11,248	11,232	11,369	10,548	10,745	10,364	10,650	10,943
Tons of recycling collected	2,580	2,814	2,968	3,126	2,941	2,947	2,743	2,338	2,390	2,451
Tons of yard waste collected	1,955	2,120	2,463	2,325	2,684	2,677	2,460	2,825	1,984	2,466
Sanitary Sewer and Wastewater										
Linear feet of lines cleaned	261,390	275,170	296,846	213,967	353,954	226,786	112,942	252,745	244,621	229,591
<u>Culture & Recreation</u>										
Library										
Registered borrowers	44,610	46,214	45,696	44,518	45,122	46,423	47,219	47,941	49,465	55,465
Circulation	617,217	621,395	649,028	644,028	721,363	714,973	705,721	677,229	629,506	670,735
Recreation										
Programs offered	421	429	433	447	459	462	466	464	461	463
Senior Center										
Total participants in all programs	24,532	26,500	29,047	30,146	30,468	29,022	29,688	31,788	29,334	29,944
Swimming Pool										
Pool Users	63,974	55,559	62,835	65,566	49,177^^	45,605	52,109	49,154	37,840	53,097
<u>Community and Economic Development</u>										
Code Enforcement										
Inspections	10,802	8,609	5,760	4,564	3,487	3,502	4,026	4,849	8,556	10,867
Community Development										
Building Permits	1,389	1,158	890	830	712	689	725	825	966	973
<u>General Government</u>										
Mayor and City Council										
Quarterly newsletters published	74,200	80,000	80,000	80,000	***	***	***	***	***	***
Finance and Records										
Purchase orders processed	3,048	3,235	2,931	2,925	1,785	219	174	164	144	201
Technology										
Intelligent workstations	133	172	205	273	261	251	238	237	225	234
General Support										
Safety incidents	43	35	38	39	50	44	26	35	16	28

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

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

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

** Performance measurement information not available for these years.

*** 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Function</u>										
<u>Public Safety</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units/marked & unmarked	24	24	26	26	29	30	30	30	30	31
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Roadway Maintenance										
Streets (miles)	170	171	172	173	174	176	177	184	187	191
Streetlights	3,724	3,765	3,954	4,160	4,353	4,400	4,312	4,610	4,710	4,727
Traffic signals	31	31	33	35	47	47	48	49	49	50
Solid Waste Collection										
Collection trucks	7	7	7	8	8	8	8	8	8	8
Sanitary Sewer and Wastewater										
Sanitary Sewers (miles)	181	184	187	194	196	198	198	200	201	208
<u>Culture & Recreation</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of Park Acres	857	880	903	904	904	904	912	912	916	932
Parks	45	47	47	48	48	49	49	49	49	49
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Wading Pools	3	3	3	3	3	3	3	3	3	2
Tennis Courts	12	12	12	12	12	12	12	12	12	12
<u>Community and Economic Development</u>										
Code Enforcement										
Vehicles	5	5	5	5	5	5	5	5	5	5

Source: Departmental records and capital asset detail ledger

**REPORTS ON COMPLIANCE AND
INTERNAL CONTROLS**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Urbandale, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in Part II of the accompanying schedule of findings and questioned costs as items 2014-A and 2014-B, that we consider to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Response to Findings

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

Purpose of this Report

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

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

Dubuque, Iowa
November 20, 2014



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Urbandale, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa
November 20, 2014

City of Urbandale, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Direct program:			
Bulletproof Vest Partnership Program	16.607		\$ 3,896
Public Safety Partnership and Community Policing Grants	16.710		<u>164,703</u>
Total U.S. Department of Justice			<u>168,599</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-7875(641)-70-77	408,283
Highway Planning and Construction	20.205	STP-A-7875(642)-86-77	33,303
Highway Planning and Construction	20.205	STP-E-7875(637)-8V-25	<u>118,904</u>
			<u>560,490</u>
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 14-402-M0PT, Task 23	10,361
State and Community Highway Safety	20.600	PAP 13-04, Task 23	<u>11,237</u>
			<u>21,598</u>
Total U.S. Department of Transportation			<u>582,088</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation Grant	97.039	HMGP-DR-1880-0024-01	<u>8,900</u>
Total			<u>\$ 759,587</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Urbandale, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

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

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

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No
Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

2014-A Segregation of Duties

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

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

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

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

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

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

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.

2014-B Significant Audit Adjustments

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

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

Cause – The significant audit adjustments were related to the governmental activities' statement of net position. The City has a limited number of office employees with experience with the statement of net position's reporting requirements. Consequently, the City's review process for the statement of net position is limited.

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

Recommendation – We recommend that additional financial statement review procedures be implemented.

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

Part III: Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned cost to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2014-IA-A Certified Budget - Disbursements at June 30, 2014 did not exceed the amended budget amounts. However, disbursements during the year ended June 30, 2014 exceeded the original budgeted amount in the Community and Economic Development Function before the amendment. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended earlier in the fiscal year in the future, if applicable.

2014-IA-B Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2014-IA-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2014-IA-D Business Transactions - No business transactions between the City and City officials or employees were noted.

2014-IA-E Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2014-IA-F Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

2014-IA-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2014-IA-H Annual Urban Renewal Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

City of Urbandale, Iowa
 Corrective Action Plan for Audit Findings
 Year Ended June 30, 2014

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
Findings Related to Financial Statements:				
2014-A	Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Nicole Lamb, Finance Director 515-331-6701	Not determined at this date.
2014-B	Significant Audit Adjustments	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Nicole Lamb, Finance Director 515-331-6701	June 30, 2015

There were no prior year federal findings.