

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

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Independent Auditor's Report

To the Board of Trustees
Urbandale Water Utility
Urbandale, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Urbandale Water Utility (Utility), a component unit of the City of Urbandale, Iowa, as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Utility, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included with the financial statements. The other information comprises the schedule of cash receipts and cash disbursements – budget and actual but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
November 7, 2024

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Management's Discussion and Analysis

June 30, 2024 and 2023

This section of the Urbandale Water Utility's Annual Financial Report presents management's discussion and analysis of the Water Utility's fiscal performance during the fiscal years that ended on June 30, 2024 and 2023. It should be read in conjunction with the Water Utility's financial statements, which immediately follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Water Utility exceeded the liabilities and deferred inflows of resources at the close of the 2023-24 fiscal year by \$48,296,313 (net position). Of this amount, \$13,047,118 (unrestricted net position) may be used to meet the Water Utility's ongoing obligations and scheduled capital improvements.
- The Water Utility's total net position increased by \$5,050,277 for the year ended June 30, 2024. This is attributable to capital contributions of \$1,554,122 and interest income of \$724,119.
- As of the close of the current fiscal year, the Water Utility's unrestricted cash and cash equivalents balance was \$13,877,072, an increase of \$2,498,755. The increase in cash and cash equivalents is primarily attributed to having budgeted for some high cost items that were delayed and not purchased prior to June 30, 2024.
- The Water Utility's total operating revenues increased by 7.096% to \$13,997,761, and the operating expenses increased by 5.703% to \$11,364,413. The total operating revenues exceeded total operating expenses by \$2,633,348.

Overview of the Financial Statements

The Water Utility Financial Report consists of three parts:

1. Management's Discussion and Analysis (this section),
2. Financial Statements, and
3. Notes to the Financial Statements.

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

The Water Utility's financial statements are designed to provide readers with a broad overview of the Water Utility's finances, in a manner similar to private business.

The Water Utility's financial statements report on the functions of the Water Utility. The Water Utility is an enterprise fund supported by water revenues. The Urbandale Water Utility Board consists of a three member Board of Trustees. The trustees are nominated by the Mayor and elected by the City Council. Under Chapter 388 of the Code of Iowa and Urbandale City Ordinance, the Water Utility Board is independent and has all the rights of a City Council with the exception that it cannot levy taxes or issue general obligation bonds. The Water Utility's operating budget is approved by the Water Board and accepted by the City Council.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Management's Discussion and Analysis

June 30, 2024 and 2023

The title to all property must be held in the name of the City, but the Water Utility Board has all the powers with respect to acquisition by purchase, condemnation or otherwise lease, sale or other disposition of the property, and the management, control and operation, subject to the requirements, terms, covenants, conditions and provisions of any resolutions authorizing the issuance of revenue bonds, pledge orders or obligations which are payable from the revenues of the water utility.

The statement of net position presents information of the Water Utility's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over a period of time the increases or decreases in net position can be an indicator of the financial stability of the Water Utility. Total net position increased by 11.678% and 15.546% for the fiscal years ending June 30, 2024 and 2023, respectively.

The largest portion of the Water Utility's net position (72.985%) is investment in capital assets (e.g. building, distribution system and equipment). See discussion of capital asset activity on page 8. The Water Utility uses these capital assets to provide services to the residents of the City; therefore, the assets are not available for future spending. The capital assets are reported net of related debt. The Water Utility provides revenue through the sale of water and the delivery of goods and services to liquidate any liabilities incurred through operations or capitalized projects.

Water Utility Condensed Statements of Net Position

	June 30, 2024	June 30, 2023	June 30, 2022
Current assets	\$ 16,140,462	13,848,461	11,703,664
Restricted assets	173,433	190,650	186,073
Noncurrent assets	1,762,117	1,853,165	1,745,986
Capital assets, net	35,249,195	33,096,437	29,573,729
Deferred outflows of resources	427,775	284,108	271,236
Total assets and deferred outflows of resources	53,752,982	49,272,821	43,480,688
Long-term liabilities	1,676,700	1,807,469	1,424,979
Other liabilities	1,843,509	2,247,010	1,841,077
Deferred inflows of resources	1,936,460	1,972,306	2,786,934
Total liabilities and deferred inflows of resources	5,456,669	6,026,785	6,052,990
Net position:			
Net investment in capital assets	35,249,195	32,860,437	29,106,729
Unrestricted	13,047,118	10,385,599	8,320,969
Total net position	48,296,313	43,246,036	37,427,698
Total liabilities, deferred inflows and net position	\$ 53,752,982	49,272,821	43,480,688

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Management's Discussion and Analysis

June 30, 2024 and 2023

The unrestricted net position \$13,047,118 and \$10,385,599 at fiscal years ending on June 30, 2024 and 2023, respectively, will be used to meet the Water Utility's ongoing obligations and scheduled capital improvements.

At the end of the current and prior fiscal years, the Water Utility's financial statements report positive balances of net position.

Water Utility Activities

The statements of revenues, expenses, and changes in net position show how the Water Utility's net position has changed during the most recent fiscal years. 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 these statements for some items that will only result in cash flows in future fiscal years.

The Water Utility has two categories for operating revenues; metered water sales and other. Metered water sales are revenues derived from the sale of water that has passed through metering devices. Other operating revenues include fees charged for various goods and services. Operating expenses have six categories; water purchases, distribution operations, distribution maintenance, accounting and collection, general and administrative, and depreciation. The separation of activities allows detailed information regarding the fiscal effectiveness of the activity and easier tracking capabilities. The Water Utility's activities increased its net position by \$5,050,277 and \$5,818,338 for the fiscal years ending June 30, 2024 and 2023, respectively. The increase in net position for the year ending June 30, 2024 is attributable to capital contributions in the amount of \$1,554,122 and interest income of \$724,119. The following table depicts the changes in net position for the year.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Management's Discussion and Analysis

June 30, 2024 and 2023

Water Utility Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2024	June 30, 2023	June 30, 2022
Operating revenues:			
Metered sales	\$ 12,804,128	12,347,409	10,884,011
Other	1,193,633	722,845	1,028,820
Total operating revenues	13,997,761	13,070,254	11,912,831
Operating expenses:			
Water purchases	6,112,832	6,053,556	4,801,436
Distribution operations	1,476,502	1,387,236	1,238,966
Distribution maintenance	1,116,416	732,634	692,049
Accounting and collection	734,414	729,747	686,543
General and administrative	811,239	825,775	727,531
Depreciation	1,113,010	1,022,309	924,963
Total operating expenses	11,364,413	10,751,257	9,071,488
Operating income	2,633,348	2,318,997	2,841,343
Non-operating revenues (expenses):			
Interest income	724,119	374,705	59,358
Interest expense	(16,983)	(22,970)	(23,392)
Contributions	—	—	(3,040,758)
Lease revenue	127,160	118,703	119,216
Loss on disposal of asset	14,500	—	—
Miscellaneous income	14,011	25,555	6,324
Total non-operating expenses, net	862,807	495,993	(2,879,252)
Income before capital contributions	3,496,155	2,814,990	(37,909)
Capital contributions	1,554,122	3,003,348	1,425,418
Change in net position	5,050,277	5,818,338	1,387,509
Net position at beginning of year	43,246,036	37,427,698	36,040,189
Net position at end of year	\$ 48,296,313	43,246,036	37,427,698

The Water Utility's operating revenues increased by 7.096% and by 9.716% for fiscal years ending June 30, 2024 and 2023, respectively. Operating expenses increased by 5.703% and by 18.517%, respectively. The ending unrestricted position totaled \$13,047,118 and \$10,385,599, respectively. Total operating revenues exceeded operating expenses by \$2,633,348 and \$2,318,997, respectively.

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Management's Discussion and Analysis

June 30, 2024 and 2023

Key elements of the changes in net position for the years ending June 30, 2024 and 2023, respectively:

- Contributions from developers for infrastructure improvements of \$1,554,122 and \$3,003,348 for 2024 and 2023, respectively.
- Operating revenues exceeded operating expenses by \$2,633,348 and \$2,318,997 in 2024 and 2023, respectively.

Capital Assets and Debt Administration

Capital assets

At the end of 2024 and 2023, the Water Utility had invested \$35,249,195 and \$33,096,437, respectively, in capital assets that include structures, distribution system and equipment (see table A). This amount represents a net increase (including additions and deductions) of \$2,152,758 (6.505%) from 2023 to 2024 and net increase (including additions and deductions) of \$3,522,708 (11.912%) from 2022 to 2023, respectively.

Table A

Capital assets	2024	2023	2022
Building	\$ 1,196,668	1,181,173	1,181,173
Distribution system	49,452,126	45,440,330	41,364,213
Land	2,198,900	2,198,900	2,198,900
Equipment	1,239,690	1,088,815	988,622
Construction in progress	70,287	1,045,922	732,221
	<u>54,157,671</u>	<u>50,955,140</u>	<u>46,465,129</u>
Less depreciation	<u>18,908,476</u>	<u>17,858,703</u>	<u>16,891,400</u>
Net capital assets	<u>\$ 35,249,195</u>	<u>33,096,437</u>	<u>29,573,729</u>

Additional information on the Water Utility's capital assets can be found in Note 3 of this report.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Management's Discussion and Analysis

June 30, 2024 and 2023

Long-term debt

The Water Utility had a long-term capital loan debt balance of \$568,000 on June 30, 2024. The debt balance on June 30, 2023 was \$875,000. The reduction of capital loan debt was \$307,000 in principal payments.

Additional information on the Water Utility's debt can be found in Note 4 of this report.

Maintaining the Condition of the Water Utility's Infrastructure

The Urbandale Water Utility has on-going water main replacement and distribution system maintenance programs. Each year the distribution system goes through an evaluation process to determine areas that need attention by both management and field personnel. The attention areas are prioritized and placed in the Capital Improvements Program and balanced with the available funds. The improvements have resulted in updating the system by replacing older and undersized water mains, increased fire flows and a reduction in water main breaks in troubled areas.

Distribution maintenance is performed on both a scheduled and an as needed basis. The system appurtenances such as valves and hydrants are checked after each use. They are scheduled for maintenance every three years. The valves are operated through a full cycle. Fire hydrants are operated, flowed and static pressures are recorded. Results are compared with previous tests to determine system changes.

Fiscal Year 2024 Activity

The Utility continued its meter replacement program and changed 94 meters and added 382 new connections this year. The new meters are equipped with automatic meter reading (AMR) technology allowing automated integration of meter readings to be downloaded to the customer service billing system resulting in more efficient use of utility resources.

The Water Utility completes a multi-year Capital Improvements Program (CIP) on an annual basis. The current CIP has an estimated cost of \$21,213,878 for water main replacement projects, main extensions, an Aquifer Storage and Recovery (ASR) well, and various improvements to the distribution system. Please see Table B on the following page.

The Des Moines Metro has made progress towards regionalization of the area's water production facilities, known as Central Iowa Water Works ("CIWW"). The Utility officially signed on to the 28E/F Agreement in December of 2023, and CIWW was established on April 11, 2024. The Operational Commencement date is expected to be January 1, 2025. CIWW is responsible for drinking water treatment, water system planning, and the wholesale delivery of water across the metro. The water distribution and customer service activities will remain with the local utilities.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Management’s Discussion and Analysis

June 30, 2024 and 2023

Table B

Urbandale Water Utility Capital Improvement Program 2024-2029 Calendar Year						
Calendar	FY	Feet	Description			Cost
2024	S24		Meredith Drive 132nd to 142nd		\$	721,610
	F24		Valve Replacement Program		\$	75,000
	F24	1250	8" Roseland - 70th to 72nd		\$	386,250
	F24		Aquifer Storage Recovery (ASR)		\$	12,600,000
			Calendar Year	Total	\$	13,782,860
2025	S25	1300	8" Monroe Court - 70th to 72nd		\$	413,400
	F25		Valve Replacement Program		\$	75,000
	F25	800	8" Palm - 70th to 71st		\$	254,400
	F25	540	8" 71st - Roseland to Palm		\$	171,720
	F25	1470	8" Hillsdale - Patricia Dr. to Dewey Gibbs		\$	467,460
			Calendar Year	Total	\$	1,381,980
2026	S26	1150	8" Prairie - 75th to 78th		\$	376,050
	F26		Valve Replacement Program		\$	75,000
	F26	2530	12" Meredith - 66th to Merle Hay		\$	1,103,080
			Calendar Year	Total	\$	1,554,130
2027	S27	1155	8" Willard Ct./Willard Cir. - Hillsdale to Beverly		\$	388,080
	S27	525	8" Beverly - Willard Ct. to New York		\$	176,400
	F27		Valve Replacement Program		\$	75,000
	F27	2000	8" 83rd St. - Madison to Aurora		\$	672,000
	F27	450	8" Horton - Rolling Green to 83rd		\$	151,200
			Calendar Year	Total	\$	1,462,680
2028	S28	930	8" Urbandale Avenue - 64th to 67th		\$	320,850
	F28		Valve Replacement Program		\$	75,000
	F28	2600	12" Douglas Ave. - 104th to east of 111th		\$	1,196,000
			Calendar Year	Total	\$	1,591,850
2029	S29	845	8" 92nd St. - Sherry Lynn to Willard Ct.		\$	299,130
	F29	382	8" Dewey Gibbs - Hillsdale to 92nd		\$	135,228
	F29	230	8" 92nd - Dewey Gibbs to Boston Ave.		\$	81,420
	F29	1300	8" Boston Ave. - 92nd to 88th		\$	460,200
	F29		Valve Replacement Program		\$	75,000
	F29	1100	8" Oliver Smith - 72nd to 74th		\$	389,400
			Calendar Year	Total	\$	1,440,378
Total Capital Improvement Program					\$	21,213,878

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Management's Discussion and Analysis

June 30, 2024 and 2023

Economic Factors and Next Year's Budget and Rates

Based on historical trends, current fiscal year activity and building permits issued by the City of Urbandale, the Water Utility anticipates the following:

- Development is projected to see continued growth in the western part of the City which will increase the contributed assets of the Water Utility and the revenue from new customers.
- The 2024-25 fiscal year budget will show increases in revenues and disbursements due to anticipated increase in water and sewer sales and services to Urbandale customers. The rate the Urbandale Water Utility will be charged for water purchased from the Des Moines Water Works is projected to increase in April of 2025. This rate increase will be evaluated to determine if rate increases to our customers are necessary.
- The utility is looking into developing an ASR (Aquifer Storage and Recovery) facility which will help minimize peaking to the system. This will take a few years to develop its full potential, which will provide additional capacity during the summer months. The Utility anticipates utilizing a 20-year Iowa Drinking Water State Revolving Fund loan for this project.

The Water Utility tracks water sales on a calendar year basis. Table C shows a trend line for the past 7 years allowing a visual look at the increase or decrease in water sales. Water sales are estimated using past history of water sales, weather conditions and population increases.

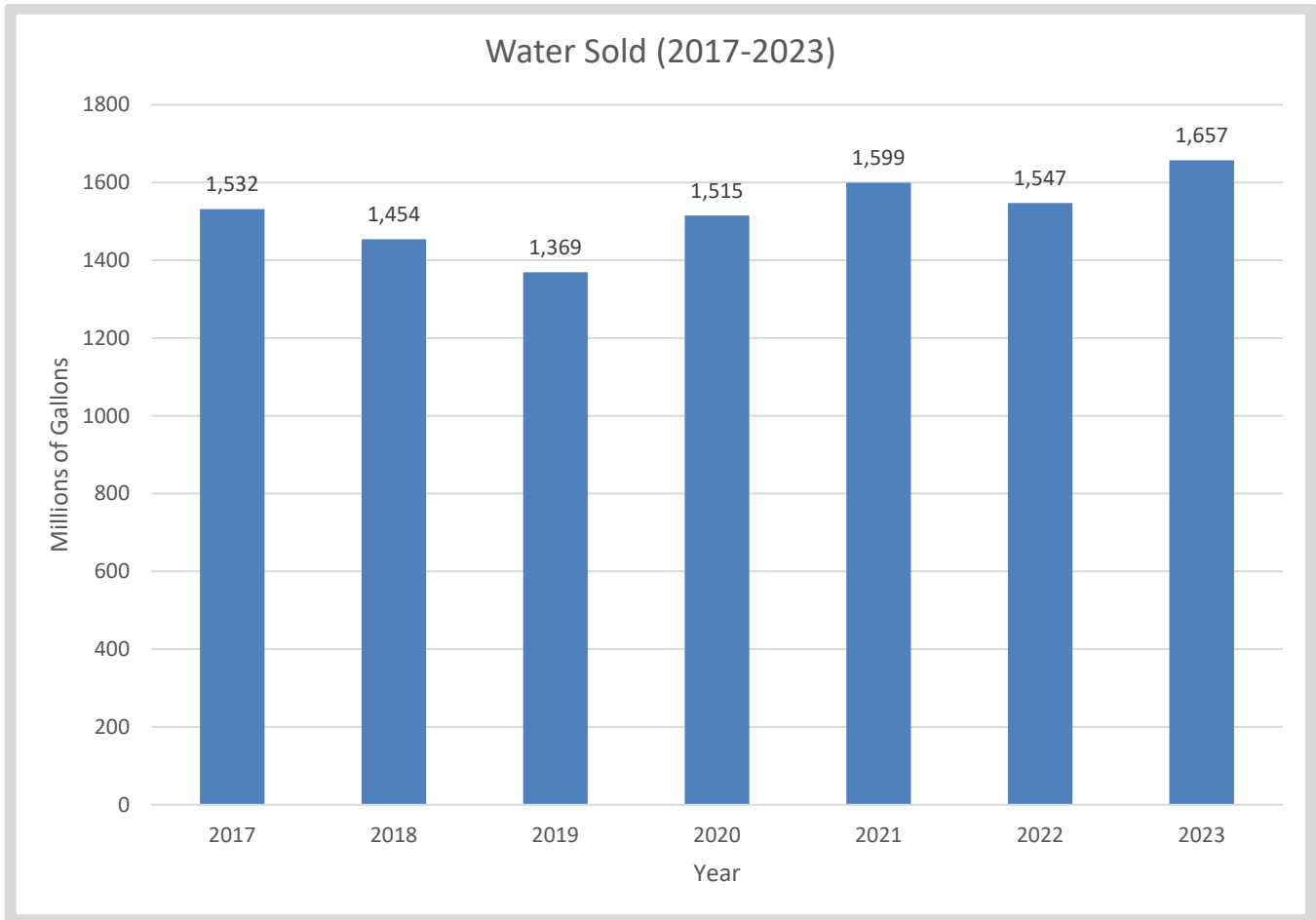
URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Management’s Discussion and Analysis

June 30, 2024 and 2023

Table C



Contacting the Urbandale Water Utility’s Financial Management

This financial report is designed to provide customers, investors and creditors with a general overview of the Water Utility’s finances and to demonstrate the Utility’s accountability for the business aspects of the entity. If there are questions about this report or additional financial information is needed, please contact the Urbandale Water Utility, at 3720 86th Street, Urbandale, Iowa 50322.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current assets:		
Cash (note 2)	\$ 161,973	99,494
Cash equivalents (note 2)	13,715,099	11,278,823
Accounts receivable	1,852,539	2,114,159
Leases receivable (note 9)	97,676	91,048
Due from City of Urbandale	40,087	19,057
Prepaid expense and other assets	72,911	71,705
Inventories, at cost	296,454	264,743
Total current assets	16,236,738	13,939,029
Restricted assets:		
Cash and cash equivalents (note 2)	173,433	190,650
Due from City of Urbandale	1,400	480
Total restricted assets	174,833	191,130
Noncurrent assets:		
Leases receivable (note 9)	1,664,441	1,762,117
Total noncurrent assets	1,664,441	1,762,117
Capital assets (note 3):		
Building	1,196,668	1,181,173
Distribution system	49,452,126	45,440,330
Land	2,198,900	2,198,900
Equipment	1,239,690	1,088,815
Construction in progress	70,287	1,045,922
	54,157,671	50,955,140
Less accumulated depreciation	18,908,476	17,858,703
Net capital assets	35,249,195	33,096,437
Total assets	53,325,207	48,988,713
Deferred outflows of resources:		
Pension related deferred outflows	370,955	221,846
OPEB related deferred outflows	56,820	62,262
Total deferred outflows of resources	427,775	284,108
Total assets and deferred outflows of resources	\$ 53,752,982	49,272,821

See accompanying notes to financial statements.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Statements of Net Position

June 30, 2024 and 2023

	2024	2023
Liabilities, Deferred Inflows and Net Position		
Liabilities:		
Current liabilities payable from current assets:		
Accounts payable	\$ 171,140	88,157
Due to other governments	1,226,204	1,453,468
Due to City of Urbandale	79,326	83,800
Compensation and payroll taxes	45,139	50,957
Compensated absences (note 4)	103,882	118,715
Interest payable	828	1,323
Current portion of capital loans payable (note 4)	74,000	307,000
	1,700,519	2,103,420
Current liabilities payable from restricted assets:		
Customer deposits	142,990	143,590
Total current liabilities	1,843,509	2,247,010
Long-term liabilities:		
Capital loans payable (note 4):	494,000	568,000
Compensated absences (note 4):	88,284	191,618
Total OPEB liability (note 6):	216,156	342,400
Net pension liability (note 5):	878,260	705,451
Total long-term liabilities	1,676,700	1,807,469
Total liabilities	3,520,209	4,054,479
Deferred inflows of resources:		
Pension related deferred inflows	13,289	101,336
OPEB related deferred inflows	161,054	17,804
Lease related deferred inflows	1,762,117	1,853,166
Total deferred inflows of resources	1,936,460	1,972,306
Net Position:		
Net investment in capital assets	35,249,195	32,860,437
Unrestricted	13,047,118	10,385,599
Total net position	48,296,313	43,246,036
Commitments (note 8)		
Total liabilities, deferred inflows and net position	\$ 53,752,982	49,272,821

See accompanying notes to financial statements.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Metered sales	\$ 12,804,128	12,347,409
Other	1,193,633	722,845
Total operating revenues	13,997,761	13,070,254
Operating expenses:		
Water purchases	6,112,832	6,053,556
Distribution operations	1,476,502	1,387,236
Distribution maintenance	1,116,416	732,634
Accounting and collection	734,414	729,747
General and administrative	811,239	825,775
Depreciation	1,113,010	1,022,309
Total operating expenses	11,364,413	10,751,257
Operating income	2,633,348	2,318,997
Nonoperating revenues (expenses):		
Interest income	724,119	374,705
Interest expense and fiscal charges	(16,984)	(22,970)
Lease revenue	127,160	118,703
Miscellaneous income	28,512	25,555
Total nonoperating revenues (expenses), net	862,807	495,993
Income before capital contributions	3,496,155	2,814,990
Capital contributions	1,554,122	3,003,348
Change in net position	5,050,277	5,818,338
Net position at beginning of year	43,246,036	37,427,698
Net position at end of year	\$ 48,296,313	43,246,036

See accompanying notes to financial statements.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from customers and users	\$ 14,005,094	12,911,489
Cash payments to suppliers	(7,686,078)	(7,298,599)
Cash receipts on behalf of other governments	11,447,838	10,812,185
Cash payments to other governments	(11,443,364)	(10,828,021)
Cash payments to employees	(1,846,542)	(1,917,508)
Other operating cash payments	(839,078)	(712,522)
Net cash provided by operating activities	<u>3,637,870</u>	<u>2,967,024</u>
Cash flows from noncapital financing activities:		
Cash receipts from lease	127,160	93,586
Cash receipts from miscellaneous income	14,011	—
Net cash provided by noncapital financing activities	<u>141,171</u>	<u>93,586</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,697,146)	(1,516,115)
Cash paid for interest	(17,476)	(23,453)
Principal payments on revenue bonds and capital loans	(307,000)	(300,000)
Net cash used in capital and related financing activities	<u>(2,021,622)</u>	<u>(1,839,568)</u>
Cash flows from investing activities:		
Cash received from interest	724,119	374,706
Net increase in cash and cash equivalents	2,481,538	1,595,748
Cash and cash equivalents at beginning of year	<u>11,568,967</u>	<u>9,973,219</u>
Cash and cash equivalents at end of year	<u>\$ 14,050,505</u>	<u>11,568,967</u>
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash	\$ 161,973	99,494
Cash equivalents	13,715,099	11,278,823
Restricted assets - cash and cash equivalents	173,433	190,650
Total cash and cash equivalents at end of year	<u>\$ 14,050,505</u>	<u>11,568,967</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 2,633,348	2,318,997
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,113,010	1,022,309
Change in:		
Accounts receivable	261,620	(611,937)
Due from City of Urbandale	(21,949)	19,471
Prepaid expense	(1,207)	(18,827)
Inventories, at cost	(31,711)	(24,395)
Accounts payable	82,983	28,319
Due to other governments	(227,263)	413,836
Due to City of Urbandale	(4,474)	15,836
Compensation and payroll taxes	(77,423)	626,886
Deferred inflows and outflows of resources	(88,464)	(827,501)
Customer deposits	(600)	4,030
Net cash provided by operating activities	<u>\$ 3,637,870</u>	<u>2,967,024</u>

Schedule of noncash capital and related financing activities –

Contribution from developers, water distribution system, \$1,554,122 in 2024 and \$3,003,348 in 2023.

See accompanying notes to financial statements.

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
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Notes to Financial Statements

June 30, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) *Organization and Basis of Accounting*

The accompanying financial statements of the Urbandale Water Utility have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Water Utility is governed by a three-member board of trustees nominated by the Mayor and elected by the City Council. Under Chapter 388 of the Code of Iowa and Urbandale City Ordinance, the Water Utility Board is independent and has all the rights of a City Council with the exception that it cannot levy taxes or issue general obligation bonds.

The Water Utility is a component unit of the City of Urbandale, Iowa (the City). The financial statements do not present the financial position and changes in net position of the City.

The flow of economic resources measurement focus and the accrual basis of accounting are used by the Urbandale Water Utility, wherein revenues are recognized when earned and expenses when incurred.

(b) *Cash and Cash Equivalents*

Cash equivalents of the Water Utility include a money market account and an investment in the Iowa Public Agency Investment Trust (IPAIT), which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 and is not subject to risk categorization. IPAIT was established under Iowa law to authorize cities, counties, and municipal utilities to jointly invest. IPAIT invests only in permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

(c) *Accounts Receivable*

Utilizing the first billing subsequent to year-end, the Urbandale Water Utility accrues estimated unbilled water revenues for service rendered subsequent to the last billing date and prior to year-end, based upon the number of days unbilled. Management periodically reviews accounts receivable to determine if there are amounts that are uncollectible. Accounts receivable are written off when deemed uncollectible. The direct write off method approximates the allowance method. Therefore, no allowance is deemed necessary at June 30, 2024 and 2023.

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June 30, 2024 and 2023

(d) Inventories

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

(e) Capital Assets

Building, distribution system, and equipment of the Urbandale Water Utility are stated at cost or at estimated historical cost if actual cost is not available. Contributed capital assets are recorded at acquisition value. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	40
Distribution system	50
Equipment	5 – 10

The cost of repairs and maintenance is charged to operations when incurred, while the cost of renewals or substantial improvements is capitalized. Reportable capital assets are defined by the Utility as assets with an initial cost in excess of \$5,000.

(f) Restricted Assets

Customer deposits are disclosed in the balance sheets as restricted assets and liabilities as they represent funds that may be refunded back to customers at the termination of their water service.

Restricted cash and cash equivalents after June 30, 2024 and June 30, 2023 also represent capital loan sinking funds. These funds are being held for the repayment of the capital loans issued during the fiscal years ending June 30, 2010, and June 30, 2015. The capital loan issued June 30, 2015 was fully paid and closed out June 1, 2024.

(g) Compensated Absences

Water Utility employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. These accumulations are recorded as liabilities and are expensed in the year earned.

(h) Budgetary and Appropriation Data

The Water Utility follows the same budgeting process as the City. State law mandates that annual budgets for funds other than Custodial and Internal Service for the fiscal year beginning July 1 must be certified to the county auditor no later than March 31. The Water Utility 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.

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The Water Utility's budget is included in this process. 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). The actual amendment process, as prescribed by state law, is identical to the procedures followed for the original budget, including certification. The budgets for the fiscal years ending June 30, 2024 and June 30, 2023 were not amended.

State law allows budgeting and accounting to be on a cash basis rather than on a generally accepted accounting principles (GAAP) basis. A reconciliation of the differences between the budgetary and GAAP basis for the year ended June 30, 2024 is presented for the Water Utility in The Schedule of Cash Receipts and Cash Disbursements – Budget and Actual.

(i) *Financial Statement Presentation*

For financial statement purposes, the Urbandale Water Utility is treated as an enterprise fund, a proprietary fund type. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, which includes providing water resources and related services to the citizens of Urbandale. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(j) *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(k) *Total OPEB Liability*

For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information has been determined based on the Utility's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

URBANDALE WATER UTILITY

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June 30, 2024 and 2023

(l) *Deferred Outflows of Resources*

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

(m) *Deferred Inflows of Resources*

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows consist of unrecognized items not yet charged to pension and OPEB expense.

(n) *Leases*

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

(2) *Cash Deposits and Cash Equivalents*

At June 30, 2024 and 2023, the Urbandale Water Utility's cash deposits were 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 ensure there will be no loss of public funds.

At June 30, 2024 and 2023, cash equivalents included a money market account of \$5,897,580 and \$5,785,014, respectively, and an investment in the Iowa Public Agency Investment Trust (IPAIT) \$7,960,509 and \$5,637,399 respectively, which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940, and is not subject to risk categorization. Additionally, there are checking accounts with \$192,416 and \$146,554, respectively.

Interest rate risk. The Water Utility'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 Water Utility.

Credit risk. The 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

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permitted investments as specified for public agencies by Iowa law. The board of trustees of IPAIT meets quarterly to monitor investment compliance and performance.

Concentration of credit risk. The Water Utility places no limit on the amount that may be invested in any one issuer, but does have a diversification policy to eliminate 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. In the case of deposits, this is the risk that in the event of a credit union failure, the Utility's deposits may not be returned to it. The Water Utility's deposits are entirely covered by the National Credit Union Administration or by letters of credit 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 Water Utility held no such investments during the year.

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

URBANDALE WATER UTILITY

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Notes to Financial Statements

June 30, 2024 and 2023

(3) Capital Assets

Capital assets activity for the year ended June 30, 2024 and 2023 is as follows:

	2024			June 30, 2024 Balance
	June 30, 2023 Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 2,198,900	—	—	2,198,900
Construction in progress	1,045,922	70,287	1,045,922	70,287
Total capital assets, not being depreciated	<u>3,244,822</u>	<u>70,287</u>	<u>1,045,922</u>	<u>2,269,187</u>
Capital assets being depreciated:				
Equipment	1,088,815	204,789	53,914	1,239,690
Buildings	1,181,173	15,495	—	1,196,668
Distribution system	45,440,330	4,021,119	9,323	49,452,126
Total capital assets being depreciated	<u>47,710,318</u>	<u>4,241,403</u>	<u>63,237</u>	<u>51,888,484</u>
Less accumulated depreciation for:				
Equipment	838,079	90,974	53,914	875,139
Buildings	897,596	30,617	—	928,213
Distribution system	16,123,028	991,419	9,323	17,105,124
Total accumulated depreciation	<u>17,858,703</u>	<u>1,113,010</u>	<u>63,237</u>	<u>18,908,476</u>
Total capital assets, net	<u>\$ 33,096,437</u>	<u>3,198,680</u>	<u>1,045,922</u>	<u>35,249,195</u>

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Notes to Financial Statements

June 30, 2024 and 2023

	2023			June 30, 2023 Balance
	June 30, 2022 Balance	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 2,198,900	—	—	2,198,900
Construction in progress	732,221	1,045,922	732,221	1,045,922
Total capital assets, not being depreciated	2,931,121	1,045,922	732,221	3,244,822
Capital assets being depreciated:				
Equipment	988,622	139,654	39,461	1,088,815
Buildings	1,181,173	—	—	1,181,173
Distribution system	41,364,213	4,091,662	15,545	45,440,330
Total capital assets being depreciated	43,534,008	4,231,316	55,006	47,710,318
Less accumulated depreciation for:				
Equipment	802,378	75,162	39,461	838,079
Buildings	866,979	30,617	—	897,596
Distribution system	15,222,043	916,530	15,545	16,123,028
Total accumulated depreciation	16,891,400	1,022,309	55,006	17,858,703
Total capital assets, net	\$ 29,573,729	4,254,929	732,221	33,096,437

(4) Long-term Obligations

(a) Water Revenue Refunding Capital Loan Notes

On June 1, 2015 the Utility issued \$1,963,000 in Water Revenue Refunding Capital Loan Notes. Interest was payable each December 1 and June 1 at a rate of 1.99%. Principal payments were due each June 1 and ranged from \$201,000 to \$236,000 with final maturity in 2024. The proceeds were used to refund \$2,275,000 of outstanding 2005 Water Revenue Bonds which had an interest rate of 3.90%.

Drinking Water State Revolving Fund

The Urbandale Water Utility applied for and received a capital loan note from the Drinking Water State Revolving Fund on February 17, 2010 in the amount of \$1,671,000. The funds were used solely for the meter replacement project as defined in the application. Funds were disbursed from the Iowa Finance Authority when invoices were 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 was disbursed over the next 24 months and will be repaid semi-annually over a twenty

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June 30, 2024 and 2023

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 \$65,000 to \$89,000 with final maturity in 2031. Effective June 1, 2020, the interest rate was reduced to 1.75% that will result in an interest savings of \$66,312. At June 30, 2024 the restricted cash on the balance sheet includes \$28,937 in the Sinking Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes a direct borrowing.

Principal and interest requirements to maturity for obligations at June 30, 2024 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Capital Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 74,000	9,940
2026	76,000	8,645
2027	78,000	7,315
2028	81,000	5,950
2029	84,000	4,532
2030-2031	<u>175,000</u>	<u>4,620</u>
	<u>\$ 568,000</u>	<u>41,002</u>

Changes in long-term obligations for the year ended June 30, 2024 and 2023 are as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due within</u> <u>1 year</u>
Water revenue refunding	\$ 236,000	—	236,000	—	—
Capital loan	639,000	—	71,000	568,000	74,000
Compensated absences	<u>310,332</u>	<u>—</u>	<u>118,167</u>	<u>192,165</u>	<u>103,882</u>
Total	<u>\$ 1,185,332</u>	<u>—</u>	<u>425,167</u>	<u>760,165</u>	<u>177,882</u>

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>1 year</u>
Water revenue refunding	\$ 467,000	—	231,000	236,000	236,000
Capital loans	708,000	—	69,000	639,000	71,000
Compensated absences	<u>332,260</u>	<u>—</u>	<u>21,928</u>	<u>310,332</u>	<u>118,715</u>
Total	<u>\$ 1,507,260</u>	<u>—</u>	<u>321,928</u>	<u>1,185,332</u>	<u>425,715</u>

URBANDALE WATER UTILITY

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Notes to Financial Statements

June 30, 2024 and 2023

(5) Retirement Plans

(a) Iowa Public Employee Retirement System

Plan Description – IPERS membership is mandatory for employees of the Utility. Employees of the Utility are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefits or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

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

In fiscal years 2024 and 2023, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll, and the Utility contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The Utility’s total contributions to IPERS for the year ended June 30, 2024 and 2023 were \$154,130 and \$161,309, respectively.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024 and 2023, the Utility reported a liability of \$878,260 and \$705,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility’s proportion of the net pension liability was based on the Utility’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the Utility’s collective proportion was .0194580 percent which was an increase of .000786 percent from its proportion measured as of June 30, 2022 of .018672 percent.

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June 30, 2024 and 2023

For the year ended June 30, 2024 and 2023, the Utility recognized pension expense (income) of \$89,780 and (\$2,929), respectively. At June 30, 2024 and 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 74,302	3,610	31,273	9,663
Changes of assumptions	-	14	599	17
Net difference between projected and actual earnings on IPERS' investments.	81,337	-	-	75,517
Changes in proportion and differences between Utility contributions and the Utility's share of contributions	61,186	9,665	28,665	16,139
Utility contributions subsequent to the measurement date	<u>154,130</u>	<u>-</u>	<u>161,309</u>	<u>-</u>
Total	\$ <u>370,955</u>	<u>13,289</u>	<u>221,846</u>	<u>101,336</u>

The \$154,130 in 2024 and \$161,309 in 2023 reported as deferred outflows of resources related to pensions resulting from the Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 and 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>		<u>2024</u>	<u>Year Ending June 30,</u>		<u>2023</u>
2025	\$	(9,718)	2024	\$	(62,157)
2026		(52,005)	2025		(49,278)
2027		211,618	2026		(88,705)
2028		45,136	2027		157,471
2029		<u>8,506</u>	2028		<u>1,870</u>
	\$	<u>203,537</u>		\$	<u>(40,799)</u>

There were no non-employer contributing entities to IPERS.

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June 30, 2024 and 2023

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public Credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
	100.0%	

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Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Utility will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utility’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Utility’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Utility’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Utility's proportionate share of the net pension liability at June 30, 2024	\$ 1,867,377	878,260	49,364
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Utility's proportionate share of the net pension liability at June 30, 2023	\$ 1,314,346	705,454	168,853

IPERS’ Fiduciary Net Position – Detailed information about the IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to IPERS – At June 30, 2024 and 2023, the Utility reported payables to IPERS of \$0 and \$0, respectively for legally required employer contributions and \$0 and \$0, respectively for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(b) Money Purchase Plan

The Water Utility also offers its employees a money purchase plan created and administered in accordance with Internal Revenue Code Section 401(a). The plan, available to all full-time Water Utility employees, permits them to contribute up to 8% of their salary (beginning during fiscal year 2024, employees may make their contribution into either the 401(a) plan or the 457(b) plan) with the Water Utility matching 60% of the employee’s contribution. Additionally, the Utility offers its

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June 30, 2024 and 2023

employees the option of contributing to a 457(b) or Roth IRA deferred compensation plan in accordance with Internal Revenue Code Sections 457(g) and 408A(c)(5). The Utility does not make contributions to either of these plans. All assets and income of the plans are held in trusts established for the exclusive benefit of eligible participants and their beneficiaries. 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 contributions made by the Utility to the 401(a) plan were \$54,983 and \$61,887 for the years ended June 30, 2024 and 2023, respectively. Employee contributions to the 401(a) were \$43,672 and \$108,406, the 457(b) were \$100,655 and \$51,037 the Roth IRA were \$9,617 and \$9,423 for the years ended June 30, 2024 and 2023, respectively.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The Utility administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the Utility and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon a bona fide retirement as defined by IPERS or Social Security. Retirees under age 65 receive one month of insurance for each year of service which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2023</u>
Inactive employees currently receiving benefit payments	2	1
Active employees	<u>18</u>	<u>20</u>
Total	<u>20</u>	<u>21</u>

Total OPEB Liability - The Utility’s total OPEB liability of \$216,156 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions - The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all period included in the measurement.

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Rate of inflation (effective July 1, 2023)	2.75% per IPERS + .25% for insurance company
Discount rate (effective July 1, 2023)	4.75% per year Municipal Bond 20-year AA
Health care cost trend rate (effective July 1, 2023)	6.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 4.75% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>2024</u>	<u>2023</u>
Total OPEB liability beginning of year	\$ 342,400	310,700
Changes for the year:		
Service cost	10,375	12,058
Interest	16,757	7,649
Change in assumptions	(104,589)	-
Change in experience	<u>(48,787)</u>	<u>11,993</u>
Net changes	<u>(126,244)</u>	<u>31,700</u>
Total OPEB liability end of year	\$ <u>216,156</u>	<u>342,400</u>

Sensitivity of the Utility’s total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Utility, as well as what the Utility’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.75%) or 1% higher (5.75%) than the current discount rate.

		<u>1% Decrease (3.75%)</u>	<u>Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
2024 Total OPEB liability	\$	230,914	216,156	202,564
		<u>1% Decrease (1.37%)</u>	<u>Discount Rate (2.37%)</u>	<u>1% Increase (3.37%)</u>
2023 Total OPEB liability	\$	361,906	342,400	324,111

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

		Healthcare Cost	
	1% Decrease	Trend Rate	1% Increase
	(5.00%)	(6.00%)	(7.00%)
2024 Total OPEB liability	\$ 209,930	216,156	222,525

		Healthcare Cost	
	1% Decrease	Trend Rate	1% Increase
	(5.00%)	(6.00%)	(7.00%)
2023 Total OPEB liability	\$ 329,670	342,400	355,522

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the Utility recognized OPEB expense of \$22,447.

At June 30, 2024, the Utility reported deferred outflows of resources related to OPEB from the following resources:

	2024		2023	
	Deferred	Deferred	Deferred	Deferred
	Outflows of	Inflows of	Outflows of	Inflows of
	Resources	Resources	Resources	Resources
Differences between expected and actual experience	\$ 45,855	62,584	50,549	17,804
Change in assumptions	10,965	98,473	11,713	-
Total	56,820	161,057	62,262	17,804

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

Year Ending June 30,	2024	Year Ending June 30,	2023
2025	\$ (4,684)	2024	\$ 4,285
2026	(4,684)	2025	4,285
2027	(4,684)	2026	4,285
2028	(4,684)	2027	4,285
2029	(4,684)	2028	4,285
Thereafter	<u>(80,812)</u>	Thereafter	<u>23,035</u>
	<u>\$ (104,232)</u>		<u>\$ 44,460</u>

(7) Risk Management

The Utility 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. Workers compensation and general liability and auto liability coverages are provided through the Utility’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 Utility is a member of the Iowa Municipalities Workers’ Compensation Association (the Association). The Association is a local government risk-sharing pool whose more than 530 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 it’s 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.

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The Utility's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Utility's annual contributions to the Association for the year ended June 30, 2024 were \$24,486.

(b) Iowa Communities Assurance Pool

The Utility 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 803 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, employment practices liability, public officials' liability, and cyber liability. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty 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 estimated for the fiscal 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 basis rate.

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

The Utility'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 Utility's contributions to the Pool for the year ended June 30, 2024 were \$78,081.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Utility's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$500,000 each occurrence. Property risks exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Utility's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Utility's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims

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June 30, 2024 and 2023

or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Utility 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, 2024, no liability has been recorded in the Utility's financial statements. As of June 30, 2024, 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.

(8) Commitments

(a) Central Iowa Regional Drinking Water Commission

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

(b) Central Iowa Water Works

Central Iowa Water Works ("CIWW") is a regional water production authority established on April 11, 2024. Founded by 12 entities representing utilities, communities and rural providers, CIWW is responsible for drinking water treatment, water system planning, and the wholesale delivery of water across the metro. The Utility officially signed on to the 28E/F Agreement in December of 2023. CIWW is working towards Operational Commencement, which is expected to be January 1, 2025.

In May of 2024, The Utility paid an initial cash contribution of \$164,520 to CIWW. This initial capital contribution was related to start-up funds that were contributed by the twelve founding agencies to provide the initial capitalization of CIWW that has been deemed required for commencement of

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June 30, 2024 and 2023

CIWW activities. The Utility will be required to make a future contribution to CIWW for their capacity allocation. This transaction is expected in December of 2025 and is estimated at \$10,171,907. This amount includes credit the Utility will receive for the transfer of assets to CIWW (Urbandale Raw Water Quarries) and amortized net book value in Des Moines Water Works assets. The Utility anticipates on utilizing a 20-year Iowa Drinking Water State Revolving Fund loan for this payment to CIWW.

(9) Leases

The Water Utility leases a portion of its facilities for cellular antenna sites. The leases are non-cancelable for initial periods of five years, with five renewal periods ranging from three to five years. The Water Utility believes the lessee will exercise the renewal options with reasonable certainty. The agreements allow for increases at renewals. During the year ended June 30, 2024 and June 30, 2023, the Water Utility recognized \$127,160 and \$118,703 in lease revenue, respectively related to the agreements. At June 30, 2024, the Water Utility recorded \$1,762,117 in lease receivables and deferred inflows of resources for the arrangement. The Water utility used an interest rate of 2.0%, based on the rates available to finance construction projects over the similar time periods.

Remaining amounts to be received associated with these leases are as follows:

Fiscal Year Ended		Lease Revenue
June 30,		
2025	\$	97,676
2026		105,336
2027		112,135
2028		114,377
2029		120,675
2030-2034		581,382
2035-2039		446,424
2040-2044		184,112
	\$	<u>1,762,117</u>

URBANDALE WATER UTILITY
(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa
Required Supplementary Information
Schedule of the Utility's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System - IPERS
For the Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utility's proportionate share of the net pension liability (asset)	0.0194580%	0.0186720%	0.0071785%	0.0171294%	0.0179618%	0.0173791%	0.0168905%	0.0170391%	0.0170161%	0.0175847%
Utility's proportion of the net pension liability (asset)	\$ 878,260	705,454	24,782	1,203,293	1,040,109	1,099,795	1,125,122	1,072,327	840,677	697,393
Utility's covered payroll	\$ 1,708,785	1,503,841	1,442,877	1,360,104	1,367,021	1,306,205	1,260,797	1,222,791	1,165,755	1,150,666
Utility's proportionate share of the net pension liability as a percentage of its covered payroll	51.40%	46.91%	1.72%	88.47%	76.09%	84.20%	89.24%	87.70%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability.	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying notes to required supplementary information.

URBANDALE WATER UTILITY
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Required Supplementary Information
Schedule of Utility Contributions
Iowa Public Employees' Retirement System - IPERS
Last Ten Fiscal Years

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statorily required contribution	\$	154,130	161,309	141,963	135,472	128,287	129,041	116,645	112,589	109,195	104,102
Contributions in relation to the statorily required contribution		<u>154,130</u>	<u>161,309</u>	<u>141,963</u>	<u>135,472</u>	<u>128,287</u>	<u>129,041</u>	<u>116,645</u>	<u>112,589</u>	<u>109,195</u>	<u>104,102</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Utility's covered payroll	\$	1,632,735	1,708,785	1,503,841	1,442,877	1,360,140	1,367,021	1,306,205	1,260,797	1,222,791	1,165,755
Contributions as a percentage of covered payroll		9.44%	9.44%	9.44%	9.39%	9.43%	9.44%	8.93%	8.93%	8.93%	8.93%

See accompanying notes to required supplementary information.

URBANDALE WATER UTILITY
(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa
Required Supplementary Information
Schedule of Changes in the Utility's Total OPEB Liability, Related Ratios and Notes
For the Last Seven Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 10,375	12,058	11,376	8,448	8,448	7,084	7,084
Interest cost	16,757	7,649	7,336	8,573	7,775	8,013	6,954
Change in assumptions	(104,589)	—	13,209	—	—	—	—
Change in experience	<u>(48,787)</u>	<u>11,993</u>	<u>(19,378)</u>	<u>17,424</u>	<u>9,098</u>	<u>14,983</u>	<u>14,409</u>
Net change in total OPEB liability	<u>(126,244)</u>	<u>31,700</u>	<u>12,543</u>	<u>34,445</u>	<u>25,321</u>	<u>30,080</u>	<u>28,447</u>
Total OPEB liability beginning of year	<u>342,400</u>	<u>310,700</u>	<u>298,157</u>	<u>263,712</u>	<u>238,391</u>	<u>208,311</u>	<u>179,864</u>
Total OPEB liability end of year	<u>\$ 216,156</u>	<u>342,400</u>	<u>310,700</u>	<u>298,157</u>	<u>263,712</u>	<u>238,391</u>	<u>208,311</u>
Covered-employee payroll	\$ 1,758,226	1,719,906	1,426,443	1,402,066	1,389,586	1,337,814	1,284,137
Total OPEB liability as a percentage of covered-employee payroll	12.29%	19.91%	21.78%	21.27%	18.98%	17.82%	16.22%

Notes to Schedule of Changes in the Utility's Total OPEB Liability and Related Ratios

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

There were no significant changes in assumptions.

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Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted termination rates.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

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Schedule of Cash Receipts and Cash Disbursements –
 Budget and Actual

Year ended June 30, 2024

	2024		
	Original	Actual	Actual over (under) budget
Cash receipts:			
Metered sales	\$ 11,871,184	13,085,072	1,213,888
Bulk and construction water sales	47,000	46,672	(328)
Water service hookup	169,250	259,725	90,475
Other service	10,000	9,235	(765)
Other:			
Collections for sewer districts	6,302,558	5,824,165	(478,393)
Taps	7,000	3,710	(3,290)
Meters and parts	181,875	224,648	42,773
Hydrant meter charge	8,000	3,112	(4,888)
Sewer collection fees	136,770	138,475	1,705
WET/Sales Taxes	1,020,196	840,519	(179,677)
Bacteriological samples	4,700	5,570	870
Late charges	30,000	26,335	(3,665)
Miscellaneous	130,500	83,534	(46,966)
Main reimbursements	105,000	313,154	208,154
Interest on investments	203,500	724,119	520,619
Trust receipts	70,000	59,570	(10,430)
Lease revenue	118,620	127,160	8,540
Solid Waste	2,676,468	2,703,215	26,747
Solid waste collect	31,050	31,629	579
Storm Water	2,913,303	2,938,628	25,325
Storm Water collect	33,682	34,491	809
Miscellaneous Non-Operating	6,500	14,011	7,511
Capital Note Proceeds	8,570,000	—	(8,570,000)
Total other	<u>22,549,722</u>	<u>14,096,045</u>	<u>(8,453,677)</u>
Total cash receipts	<u>\$ 34,647,156</u>	<u>27,496,749</u>	<u>(7,150,407)</u>
Cash disbursements:			
Water purchases	\$ 6,347,163	6,269,277	(77,886)
Distribution operations:			
Personnel:			
Salaries	\$ 774,276	745,502	(28,774)
Part-time	48,000	23,529	(24,471)
FICA	62,904	58,474	(4,430)
Retirement	77,623	62,150	(15,473)
Group insurance	251,182	168,560	(82,622)
	<u>1,213,985</u>	<u>1,058,215</u>	<u>(155,770)</u>
Operations and maintenance:			
Telephone and communication	\$ 20,500	10,351	(10,149)
Bacteriological samples	28,168	19,248	(8,920)
Drafting supplies	2,500	440	(2,060)
Vehicle repair and maintenance	36,000	39,861	3,861
Buildings and grounds	162,700	130,846	(31,854)
Utility systems and structures	10,393,175	1,593,244	(8,799,931)
Inspections	75,000	—	(75,000)
New meters	302,550	241,919	(60,631)
Automotive equipment	72,000	70,489	(1,511)
Easements	2,500	—	(2,500)
Miscellaneous	2,500	—	(2,500)
	<u>11,097,593</u>	<u>2,106,398</u>	<u>(8,991,195)</u>
Total distribution operations	<u>12,311,578</u>	<u>3,164,613</u>	<u>(9,146,965)</u>

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
 Urbandale, Iowa

Schedule of Cash Receipts and Cash Disbursements –
 Budget and Actual

Year ended June 30, 2024

	2024		
	Original	Actual	Actual over (under) budget
Distribution maintenance:			
Personnel:			
Salaries	\$ 449,976	485,057	35,081
FICA	34,423	36,267	1,844
Retirement	41,836	47,871	6,035
Group insurance	153,300	152,225	(1,075)
	<u>679,535</u>	<u>721,420</u>	<u>41,885</u>
Operations and maintenance:			
System maintenance	\$ 81,000	110,953	29,953
Minor equipment and tools	19,800	20,386	586
Main maintenance supplies	50,500	45,093	(5,407)
Repair maintenance, vehicles, and equipment	15,250	138,773	123,523
Miscellaneous contract work	25,000	20,892	(4,108)
Meter parts	13,500	13,175	(325)
Hydrants, valves, and parts	77,000	130,253	53,253
Miscellaneous	750	—	(750)
	<u>282,800</u>	<u>479,525</u>	<u>196,725</u>
Total distribution maintenance	<u>962,335</u>	<u>1,200,945</u>	<u>238,610</u>
Accounting and collection:			
Personnel:			
Salaries	\$ 301,964	240,235	(61,729)
Part-time	—	1,280	1,280
FICA	23,100	17,293	(5,807)
Retirement	28,505	21,422	(7,083)
Group insurance	135,550	139,632	4,082
	<u>489,119</u>	<u>419,862</u>	<u>(69,257)</u>
Operations and maintenance:			
Postage and shipping	\$ 160,000	154,238	(5,762)
Computer/Printing	234,320	172,583	(61,737)
Customer refunds	35,000	40,670	5,670
Remittances to sewer districts	6,302,933	5,824,682	(478,251)
Solid Waste remittances	2,676,468	2,701,239	24,771
Storm Water remittances	2,913,303	2,923,437	10,134
Sales tax remittances	1,029,016	894,502	(134,514)
Miscellaneous	1,000	—	(1,000)
	<u>13,352,040</u>	<u>12,711,351</u>	<u>(640,689)</u>
Total accounting and collection	<u>13,841,159</u>	<u>13,131,213</u>	<u>(709,946)</u>

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
 Urbandale, Iowa

Schedule of Cash Receipts and Cash Disbursements –
 Budget and Actual

Year ended June 30, 2024

	2024		
	Original	Actual	Actual over (under) budget
General and administrative:			
Personnel:			
Salaries	\$ 317,240	401,696	84,456
FICA	25,003	29,166	4,163
Retirement	99,447	76,670	(22,777)
Group insurance	76,265	86,036	9,771
	<u>517,955</u>	<u>593,568</u>	<u>75,613</u>
Operations and maintenance:			
Liability insurance	\$ 89,530	114,550	25,020
Professional fees	132,500	54,108	(78,392)
Dues, memberships, and subscriptions	13,000	14,238	1,238
Postage and shipping	2,650	3,073	423
Telephone	20,875	18,330	(2,545)
Training	11,000	7,179	(3,821)
Travel and conference expense	12,500	4,983	(7,517)
Office supplies and equipment	17,830	8,258	(9,572)
Utilities	14,500	10,803	(3,697)
Advertising and legal publications	2,200	2,317	117
Miscellaneous	13,300	16,291	2,991
Bank service charge	15,000	15,969	969
Capital Contributions	—	—	—
Trust disbursements	60,000	61,020	1,020
	<u>404,885</u>	<u>331,119</u>	<u>(73,766)</u>
Total general and administrative	<u>922,840</u>	<u>924,687</u>	<u>1,847</u>
2015 Water Revenue Refunding			
Debt Service - 2015 Capital Loan	\$ 240,696	240,696	—
2010 SRF Capital Loan:			
Debt Service - SRF Loan	83,780	83,780	—
ASR	53,326	—	(53,326)
Total Bond/Loan Expenditures	<u>377,802</u>	<u>324,476</u>	<u>(53,326)</u>
Total cash disbursements	<u>34,762,877</u>	<u>25,015,211</u>	<u>(9,747,666)</u>
Cash receipts over cash disbursements	<u>\$ (115,721)</u>	<u>2,481,538</u>	<u>2,597,259</u>
Cash and cash equivalents at beginning of year		<u>11,568,967</u>	
Cash and cash equivalents at end of year		<u>\$ 14,050,505</u>	

URBANDALE WATER UTILITY

(A Component Unit of the City of Urbandale, Iowa)
Urbandale, Iowa

Reconciliation of Cash Receipts over Cash Disbursements to Change in Net Position

Year ended June 30, 2024

	<u>2024</u>
Cash receipts over (under) cash disbursements	\$ 2,481,538
Change in Accrued Revenue	(10,271,346)
Change in Accrued Expense	12,646,858
Reconciling Accruals	<u>193,227</u>
Total change in Net Position	<u><u>\$ 5,050,277</u></u>



**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 Board of Trustees
Urbandale Water Utility

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 (*Government Auditing Standards*), the financial statements of the Urbandale Water Utility (Utility) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Utility’s basic financial statements and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utility’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utility’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility’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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Utility's operations for the year ended June 30, 2024, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utility and are reported in Part II of the accompanying schedule of findings and responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Urbandale Water Utility's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Utility's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Utility's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the Utility'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 Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa
November 7, 2024

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY

2024-001 Segregation of Duties

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

Condition - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. The Utility has a limited number of people having responsibility for certain accounting and financial duties.

Cause/Effect – With a limited number of office employees, segregation of duties is difficult. As a result, some of those aspects of internal control which rely upon an adequate segregation of duties are missing and misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – We recognize that with a limited number of office employees, segregation of duties is difficult, and it may not be cost effective to employ additional persons for the purpose of segregating duties. However, the Utility should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Response – The Utility is aware of the situation and continues to segregate duties as much as possible.

Part II: Other Findings Related to Statutory Reporting:

2024-IA-A Questionable Expenditures - We noted no expenditures that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2024-IA-B Travel Expense - No expenditures of Utility money for travel expenses of spouses of Utility officials or employees were noted.

2024-IA-C Business Transactions - No business transactions between the Utility and its officials or employees were noted.

2024-IA-D Bond Coverage - Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Part II: Other Findings Related to Statutory Reporting (continued):

2024-IA-E Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

2024-IA-F 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 Utility's investment policy were noted.

2024-IA-G Revenue Notes - No instances of non-compliance with the revenue note provisions were noted.

2024-IA-H Restricted Donor Activity – No transactions were noted between the Utility, Utility officials, Utility employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.