



March 13, 2016

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: City of Ames - Ames Municipal Electric System, Docket No. ER15-____-000
Informational Filing of Annual Formula Rate Update

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission") orders in Docket Nos. EL12-35¹ and ER13-2379² and the formula rate protocols set forth in Attachment O of the Midcontinent Independent System Operator, Inc.'s ("MISO") Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff"), City of Ames - Ames Municipal Electric System ("Ames") submits for informational purposes this letter and supporting materials ("Informational Filing") that reflect Ames's Annual Transmission Revenue Requirement effective June 1, 2015, under Attachment O of the MISO Tariff. The Annual Transmission Revenue Requirement is based on actual cost data for fiscal year (FY) 2014 as reported in Ames's FY 2014 Attachment O Historical Revenue Requirement form, pursuant to the Commission-approved formula rate contained in Attachment O of the MISO Tariff. Ames' FY 2014 Attachment O Historical Revenue Requirement form is attachment #3, as shown below.

I. BACKGROUND

In its May 2012 Order, the Commission initiated an investigation pursuant to section 206 of the Federal Power Act, 16 U.S.C. § 824e, to determine whether the formula rate protocols in MISO's Tariff are sufficient to ensure just and reasonable rates.³ After considering briefs filed by several parties, the Commission issued its May 2013 Order,

- ¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,127 (2012) ("May 2012 Order), *order on investigation*, 143 FERC ¶ 61,149 (2013) ("May 2013 Order").
- ² *Midwest Indep. Transmission Sys. Operator, Inc.*, 146 FERC ¶ 61,212 (2014) ("March 2014 Order"), *reh'g denied*, 150 FERC ¶ 61,024 (2015).
- ³ May 2012 Order at P 1.

finding that the formula rate protocols contained in MISO’s Tariff are insufficient to ensure just and reasonable rates, and directing MISO and the identified MISO transmission owners to file revised formula rate protocols to enhance the scope of participation by interested parties, increase transparency in the information provided to interested parties, adopt procedures by which interested parties can challenge a transmission owner’s implementation of its formula rate, and establish a requirement that MISO and transmission owners make an annual informational filing with the Commission.⁴

With regard to the annual informational filing, the Commission required the submission of “annual informational filings of [each transmission owner’s] formula rate updates . . . following the time period allowed for parties to review the updates and for transmission owners to respond to information and document requests.”⁵ The Commission stressed that these filings would “be just that, informational,”⁶ that they “are not themselves rates and do not constitute changes in the underlying rate itself.”⁷

In its March 2014 Order, the Commission “require[d] all MISO transmission owners to submit informational filings in separate docket numbers”⁸ and stated that “formal challenges should be filed in the same docket as the informational filing.”⁹ The Commission also “direct[ed] MISO to provide notification of the filing through the email ‘exploder’ list to be maintained by MISO, and by posting the docket number assigned to each transmission owner’s informational filing on the MISO website and [Open Access Same-Time Information System (“OASIS”)] within five days of such filing.”¹⁰

II. INFORMATIONAL FILING

Section VI of the formula rate protocols set forth in Attachment O of the MISO Tariff provides that, by March 15 of each year, Ames shall submit an annual informational filing to the Commission including information that is reasonably necessary to determine:

1. That input data under the formula rate are properly recorded in the underlying workpapers;
2. That Ames has properly applied the formula rate and the protocol procedures;
3. The accuracy of data and the consistency with the formula rate of the Actual Transmission Revenue Requirement and rates under review; and
4. The extent of accounting changes that affect the formula rate inputs.

⁴ May 2013 Order at PP 1, 17-18.

⁵ *Id.* at P 92.

⁶ *Id.* at P 92 n.142.

⁷ *Id.* at P 85.

⁸ March 2014 Order at P 71.

⁹ *Id.* at P 70; *see also id.* at P 113 (“We also direct the MISO Transmission Owners to propose Tariff revisions to clarify that formal challenges should be filed in the informational filing dockets.”).

¹⁰ *Id.* at P 7

The protocols also require that the informational filing must describe any corrections or adjustments made during the information exchange and informal challenge periods, and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the informal or formal challenge procedures. Section IV.F of the formula rate protocols specifies that any changes or adjustments to the annual update resulting from the information exchange and informal challenge processes that are agreed to by Ames will be reported in the informational filing and will be reflected in the annual update for the following rate year.

In response to these requirements, Ames provides the following:

- Ames' FY 2014 Attachment O Historical Revenue Requirement, identified below as attachment #3, the populated formula rate template showing Ames' actual transmission revenue requirement effective June 1, 2015.
- Supporting documentation and workpapers for all inputs that are not otherwise available in Ames' FY 2014 Attachment O Historical Revenue Requirement. This supporting documentation and workpapers include Ames' FY 2014 EIA Form 412 Financial Report and Ames's audited financial statements.

Ames further states that it has no list of accounting changes that affect the formula rate inputs, that it has no corrections or adjustments made during the information exchange or informal challenge process, that there is no aspect of the formula rate and its inputs that are subject to an ongoing dispute under the informal or formal challenge procedures, and therefore Ames provides no additional lists or attachments here.

The Attachment O formula rate protocols require that Ames' Annual Update be posted on MISO's website and OASIS by June 1 of each year (or the next business day if June 1 falls on a weekend or Commission holiday) and that MISO provide notice of such posting within ten days. The posting of the Annual Update triggers the commencement of the information exchange period and challenge period under the Attachment O protocols. Interested Parties had until December 1, 2015 to submit information requests, and Ames was required to make a good faith effort to respond to all requests within fifteen business days, but by no later than January 10, 2016. Interested Parties had until January 31, 2016 to submit informal challenges to Ames, and Ames was required to make a good faith effort to respond to all informal challenges within twenty business days, but by no later than February 28, 2016. Under the Attachment O protocols, Interested Parties have until April 15, 2016 to file formal challenges with the Commission. Ames has complied with all of these procedures.

The following table summarizes Ames' compliance with specific deadlines set forth in the protocols:

Due Date	Activity	Date Activity Completed
June 1, 2015	Calculate Annual Transmission Revenue Requirement/Annual Update and provide to MISO for posting/distribution	May 21, 2015
10 Days After Posting	MISO provides notice to exploder list	May 21, 2015
September 1, 2015	Hold annual open meeting	July 31, 2015

III. NOTICE

In accordance with Section VI.A of the Attachment O formula rate protocols, Ames will notify MISO of this filing and provide the docket number for posting on the MISO website and OASIS and notification via MISO's email exploder list within five days.

IV. CONCLUSION

Please contact the undersigned if you have any questions regarding this submission.

Respectfully submitted,

/s/ Donald E. Kom

Donald E. Kom
 Director of Electric Services
 502 Carroll Avenue
 Ames, IA 50010
 Telephone: (515) 239-5171
 Facsimile: (515) 239-5308

ATTACHMENT 1

Populated formula rate template showing
Ames' Annual Transmission Revenue
Requirement effective June 1, 2015

ATTACHMENT 2

Supporting documentation and workpapers
for all inputs that are not otherwise
available in Ames' FY 2014 Attachment O
Historical Revenue Requirement

City of Ames - Ames Municipal Electric System

EIA-412
Schedule 2
June 30, 2014

ELECTRIC BALANCE SHEET

Line No.	ASSETS and OTHER DEBITS	AMOUNT (Dollars)	Line No.	LIABILITIES and OTHER CREDITS	AMOUNT (Dollars)
	ELECTRIC PLANT			PROPRIETARY CAPITAL	
1	Electric Plant & Adjustments (101-106,114,116)	\$ 185,824,961	29	Investment of Municipality (208)	\$ -
2	Construction Work In Progress (107)	1,478,034	30	Miscellaneous Capital (211, 219, 219.1)	0
3	(Less) Accumulated Provision for Depreciation, Amortization and Depletion (108,111,115)	112,500,884	31	Retained Earnings (215, 215.1, 216)	121,918,066
4	Net Electric Plant	74,802,111	32	TOTAL PROPRIETARY CAPITAL	121,918,066
5	Nuclear Fuel (120.1-120.4, 120.6)	0		LONG TERM DEBT	
6	(Less) Accumulated Provision for Amortization of Nuclear Fuel Assemblies (120.5)	0	33	Bonds (221, 222)	0
7	Net Electric Plant including Nuclear Fuel	74,802,111	34	Advances from Municipality and Other Long Term Debt (223, 224)	0
8	OTHER PROPERTY & INVESTMENTS		35	Unamortized Premium on Long Term Debt (225)	-
8	Non-Electric Plant Property (121)	-			
9	(Less) Accumulated Provision for Depreciation and Amortization (122)	-	36	(Less) Unamortized Discount on Long Term Debt (226)	-
10	Investment in Associated Enterprises (123-123.1)	-	37	Total Long Term Debt	-
11	Investments & Special Funds (124-129)	35,915,618			
12	Total Other Property and Investments	35,915,618		OTHER NONCURRENT LIABILITIES	
	CURRENT & ACCRUED ASSETS		38	Accumulated Operating Provisions (228.1-.4)	-
13	Cash, Working Funds & Investments (131-136)	5,259,441	39	Accumulated Provisions for Rate Refunds	-
			40	Total Other Non Current Liabilities	-
14	Notes & Other Receivables (141, 143, 145, 146, 172)	912,456		CURRENT AND ACCRUED LIABILITIES	
15	Customer Accounts Receivable (142)	6,492,014	41	Notes Payable (231)	-
16	(Less) Accumulated Provision for Uncollectible Accounts (144)	17,000	42	Accounts Payable (232)	4,293,755
17	Fuel Stock & Expenses Undistributed (151-152)	2,786,073	43	Notes and Accounts Payable to Associated Enterprises (233, 234)	-
18	Plant Materials & Operating Supplies (154)	2,388,566	44	Customer Deposits (235)	902,265
19	Other Supplies & Misc (153, 155-163)	-	45	Accrued taxes (236)	-
20	Prepayments (165)	69,613	46	Accrued Interest payable (237)	23,113
21	Accrued revenues (173)	-	47	Misc Curr & Accr Liabilities (239-245)	1,539,491
22	Misc Current & Accrued Assets (171, 174)	67,798	48	Total Current & Accrued Liabilities	6,758,624
23	Total Current & Accrued Assets	17,958,961		DEFERRED CREDITS	
	DEFERRED DEBITS		49	Customer Advances for Construction (252)	-
24	Unamortized Debt Expense (181)	-			
25	Extraordinary Property Losses, Study Costs, and Charges (182.1, 182.2, 182.3, 183)	-	50	Other Deferred Credits (253, 256, 281-283)	-
26	Miscellaneous Debt, Research and Development Expenses & Unamortized Losses (184-191)	-	51	Unamortized gain on Reacquired Debt (257)	-
27	Total Deferred Debits	-	52	Total Deferred Credits	-
28	TOTAL ASSETS & OTHER DEBITS	\$ 128,676,690	53	TOTAL LIABILITIES & OTHER CREDITS	\$ 128,676,690

0.19

Note: The amount of retained earnings (line 31) was increased by \$1,250,268, which is the net value of general plant that is recorded in the fleet fund. The amount of electric plant (line 1) was increased by \$2,594,540, the cost of fleet assets and the amount of accumulated depreciation (line 3) was increased by \$1,344,272, the accumulated depreciation of the fleet assets.

City of Ames - Ames Municipal Electric System
EIA-412
Schedule 3
June 30, 2014

ELECTRIC INCOME STATEMENT

Line No.		Amount (Dollars)
1	Electric Operating Revenues (400)	\$ 60,016,205
2	Operation Expenses (401)	51,115,301
3	Maintenance Expenses (402)	-
4	Depreciation Expenses (403)	4,104,518
5	Amortization of Electric Plant, Property Losses, and Regulatory Study Costs (404-407)	-
6	Taxes and Tax Equivalents (408.1, 409.1)	-
7	TOTAL ELECTRIC OPERATING EXPENSES	55,219,819
8	NET ELECTRIC OPERATING INCOME	4,796,386
9	Income from Electric Plant Leased to Others (412, 413)	
10	Electric Operating Income	4,796,386
11	Other Electric Income (415, 417, 418, 419, 421, 421.1)	476,518
12	Other Electric Deductions (416, 417, 421.2)	
13	Allowance for Other Funds Used During Construction (419.1)	
14	Taxes Applicable to Other Income and Deductions (408.2, 409.2)	1,959,481
15	Electric Income	3,313,423
16	Income Deductions from Interest on Long Term Debt (427)	-
17	Other Income Deductions (428-431)	-
18	Allowance for Borrowed Funds Used During Constructions (432)	-
19	Total Income Deductions	-
20	Income Before Extraordinary Items	3,313,423
21	Extraordinary Items (434)	-
22	Extraordinary Deductions (435)	-
23	NET INCOME	\$ 3,313,423

City of Ames - Ames Municipal Electric System
EIA-412
Schedule 4
June 30, 2014

ELECTRIC PLANT

Line No.		Beginning Balance	Additions	Retirements	Transfers	Ending Balance
1	Intangible Plant (301-303)	\$ -	\$ -	\$ -	\$ -	\$ -
2	Steam Production (310-316)	127,692,976	-	11,869,101		115,823,875
3	Nuclear Production (320-325)	-	-	-	-	-
4	Hydraulic Production (330-336)	-	-	-	-	-
5	Other Production (340-346)	-	-	-		-
6	Total Production Plant	\$ 127,692,976	\$ -	\$ 11,869,101	\$ -	\$ 115,823,875
7	Transmission Plant (350-359)	13,939,975	4,042,628		(16,092,417)	34,075,020
8	Distribution Plant (360-373)	28,178,582	1,710,213	-	-	29,888,796
9	General Plant (389-399)	5,602,721	450,301	15,751	-	6,037,271
10	Total Electric Plant In Service	\$ 175,414,254	\$ 6,203,142	\$ 11,884,852	\$ (16,092,417)	\$ 185,824,961
11	Electric Plant Leased to Others	-	-	-	-	-
12	Electric Plant Held for Future Use	-	-	-	-	-
13	Electric Plant Miscellaneous	-	-	-	-	-
14	Electric Plant & Adjustments	\$ 175,414,254	\$ 6,203,142	\$ 11,884,852	\$ (16,092,417)	\$ 185,824,961
15	Construction Work in Progress	17,004,514	1,445,968	880,032	16,092,417	1,478,034
16	Total Electric Plant & Adj's	\$ 192,418,768	\$ 7,649,111	\$ 12,764,884	\$ -	\$ 187,302,995

NOTE FOR LINE 5: Combustion Turbine

	0
	187,302,995
Capital assets per CAFR	184,708,456
Total above	187,302,995
	(2,594,539)
Fleet asset included in line 9	2,594,540
Difference immaterial	<u>1</u>

City of Ames - Ames Municipal Electric System
EIA-412
Schedule 7
June 30, 2014

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Dollars)

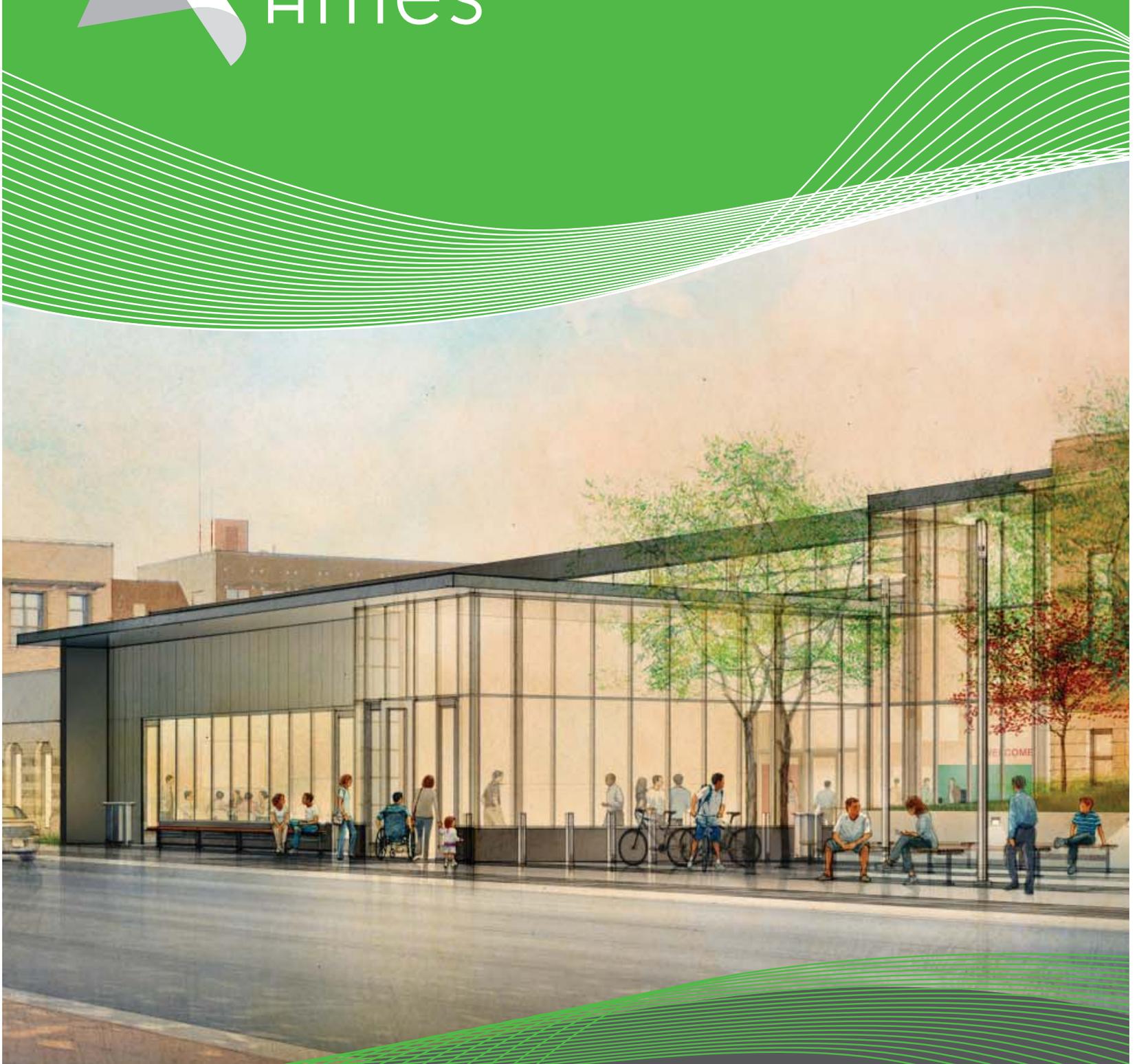
Line No		(a) Fuel Cost	(b) Operation	(c) Maintenance	(d) Total
1	Steam Power Generation (500-507, 510-514) Fuel Cost (501)	\$ 12,671,037	\$ 13,662,192	\$ -	\$ 26,333,229
2	Nuclear Power Generation	-	-	-	-
3	Hydraulic Power Generation (535-540, 541-545)	-	-	-	-
4	Other Power Generation (546-550, 551-554) Fuel cost (547)	-	-	-	-
5	Purchased Power (555)	-	17,348,430	-	17,348,430
6	Other Production Expenses (556-557)	-	-	-	-
7	Total Production Expenses	\$ 12,671,037	\$ 31,010,622	\$ -	\$ 43,681,659
8	Transmission Expenses (560-567, 568-573)	XXXXXXXXXXXXX	724,102	-	724,102
9	Distribution Expenses (580-589, 590-598)	XXXXXXXXXXXXX	3,918,156	-	3,918,156
10	Customer Account Expenses (901-905)	XXXXXXXXXXXXX	1,370,203	-	1,370,203
11	Customer Service & Information Expenses (907-910)	XXXXXXXXXXXXX	-	-	-
12	Sales Expenses (911-916)	XXXXXXXXXXXXX	-	-	-
13	Admin & General exp (920-935)	XXXXXXXXXXXXX	1,421,181	-	1,421,181
14	Total Electric Operation and Maintenance Expenses	XXXXXXXXXXXXX	\$ 38,444,264	\$ -	\$ 51,115,301

Total Number of Full Time Employees	94
Total Number of Part Time Employees	0

Note for Line 4 - Combustion Turbine
Note for Line 8 - Sternberg Sub



CITY OF
Ames™



CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The theme for this year's CAFR is the Library renewal project, a plan that expanded and renovated the Ames Public Library at its current location. The project increased the building from 48,000 square feet to 77,455 square feet, renovated all areas of the library, and transformed this beloved community asset into the open and inviting library Ames deserves. The design for the project is based on years of planning and study along with feedback from many public forums. Artist renderings, photographs, and floor plans fill the pages of this year's Comprehensive Annual Financial Report.



Smart Choice

CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

Prepared by:
Department of Finance
Accounting Division



Mission Statement

We are caring people, providing quality programs
with exceptional service to a
community of progress.

We Value...

- Continuous improvement in our organization and our services.
- Innovation in problem solving.
- Employee participation in decision making.
- Personal and professional development.
- Each other as we work together to serve the community.

We Are...

- Proud to provide superior services to our community.
- Professional and objective as we address public concerns and needs.
- Fair, flexible, and helpful in our actions.
- Efficient and fiscally responsible.
- Proactive in reviewing and evaluating the type and focus of our services.

Caring People, Quality Programs, Exceptional Service

**City of Ames
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June 30, 2014**

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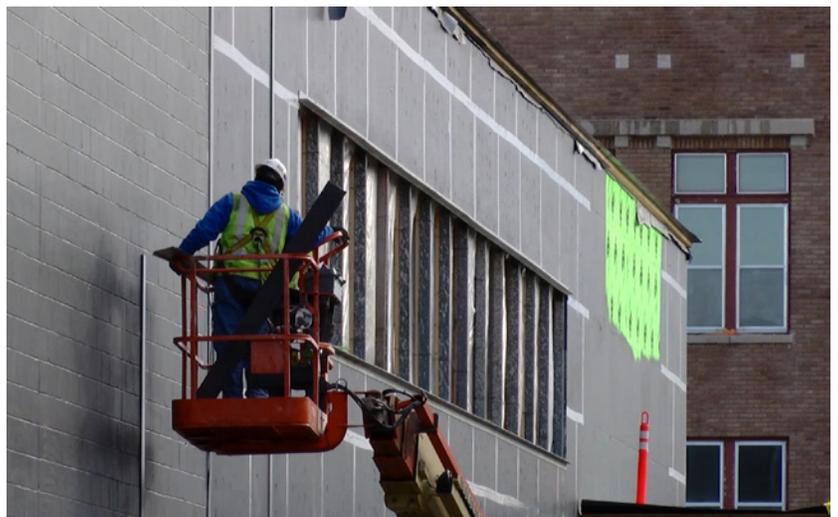
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INTRODUCTORY SECTION

LIBRARY EXTERIOR CONSTRUCTION





December 19, 2014

To the Honorable Mayor, City Council Members, and Citizens of the City of Ames, Iowa:

The City of Ames, Iowa (City) is required by the Code of Iowa to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2014, is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2014. The independent auditor’s report is presented as the first component of the financial section in this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Ames

The City was incorporated in 1864 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is located in central Iowa, 30 miles north of Des Moines. Ames is the eighth largest city in Iowa and serves a population of 58,965, according to the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a mayor-council form of government with an appointed manager. Policy making and legislative authority are vested in the governing council consisting of the mayor and six other council members. The council members serve four-year staggered terms with three council members elected every two years. The mayor is elected for a four-year term. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services, including police and fire protection; snow removal; construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; library services; community development; electric, water, and sewer systems; parking lot facilities; resource recovery; a municipal airport; transit services; and a municipal hospital. The City is also financially accountable for a legally separate hospital foundation reported separately within the City's financial statements. Additional information on the hospital foundation can be found in the notes to the financial statements (see note I(B)).

The annual budget serves as the foundation for the City's financial planning and control and is prepared by function. The City Manager is responsible for developing a budget proposal for presentation to the City Council in January and February of each year. The City Council is then required to hold public hearings on the proposed budget and adopt a final budget no later than March 15 for the fiscal year beginning the following July 1. Any amendments to the budget must be prepared and adopted in the same manner as the original budget.

Local economy

The City is supported by a diverse economy, which relies on both the private and public sectors. The City is home to several large governmental agencies including Iowa State University, Iowa Department of Transportation, the U.S. Department of Agriculture National Animal Disease Center and National Veterinary Services Laboratories, and a U.S. Department of Energy research lab. The University and other government employers add significant local economic stability that has resulted in an unemployment rate that has been below the national and state averages for the past thirty years. In September 2014, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the one of the 20 lowest unemployment rates in the nation at 3.2%, well below the national rate of 5.7% and Iowa rate of 4.6%. The Ames MSA unemployment number reflects strong growth in employment with job growth at a rate of 2.5% from September 2013 to September 2014. Strong growth has been a continuous trend over the past four years, and the Ames MSA total number of jobs (52,900) in September 2014, was the highest ever recorded. The City has also experienced steady growth in population, increasing from 50,731 in the 2000 census to 58,965 in 2010, a 16 percent increase over ten years. The U.S. Census Bureau 2013 population estimate was 61,792, indicating continued population growth.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The assessed valuation for property in Ames grew 1.9% from January 2012 to January 2013. Iowa State University had another record enrollment with 34,732 students for the fall 2014 semester, an increase of 1,491 students.

The technology sector continued to expand in Ames as Workiva (formerly WebFilings) completed a 60,000-square-foot office facility in the Iowa State University Research Park. The project will add 700 new full-time jobs and move the Workiva corporate headquarters to Ames.

The retail, service, and housing sectors have also seen continued growth as Mary Greeley Medical Center, an Ames-based, regional hospital, completed the expansion portion of a \$129 million project, and is currently renovating the existing facility. Construction was completed on a new Dodge/Chrysler/Jeep dealership in the expanding South Dayton commercial area. With the addition of several other retail facilities and improvements in the local economy, retail sales

in the City grew by 5.13% during the fiscal year ended June 30, 2014. Major redevelopment projects are underway in the Campustown area with two high-rise, mixed-use residential and retail developments on the Lincoln Way corridor. In addition, the Kingland Systems project adds a large, mixed-use office and retail development to the area.

Long-term financial planning and major initiatives

The \$20 million expanded and renovated library was opened for use in September 2014.

The City Council annexed property to the north of the City for residential growth and took steps towards annexing to the east for commercial and industrial expansion. These projects will provide for several years of incremental growth at the current tax rate. Current plans include extension of public infrastructure to the north and the extension of utilities to the east of Interstate 35. A development agreement is in place for the northern growth area, and work has begun on extending infrastructure.

City Council approved plans to convert the electric utility's primary form of fuel from coal to natural gas. The utility has begun a series of projects to convert the plant and add access to a natural gas pipeline.

Relevant financial policies

The City Council has adopted a comprehensive set of budget and fiscal policies, including financial management, general revenue management, user fee cost recovery goals, enterprise fund fees and rates, grant funding, revenue distribution, investments, fund balance designations and reserves, capital improvement management, and capital improvement financing and debt management.

The ending fund balance level established for the General Fund is 20% of operating expenditures. The City met the minimum fund balance requirement for the General Fund and adhered to all other financial policies established by the City Council.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2013. This is the 35th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2014. To qualify for this award, the City's budget document had to be judged proficient as a policy document, an operations guide, a financial plan, and a communication device. This is the 29th consecutive year the City has received this award.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff in the Finance Department. We wish to thank all of the City departments for their assistance in providing data necessary for this report. Credit is also due the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steven L. Schainker
City Manager



Duane R. Pitcher, CPA, CPFO
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

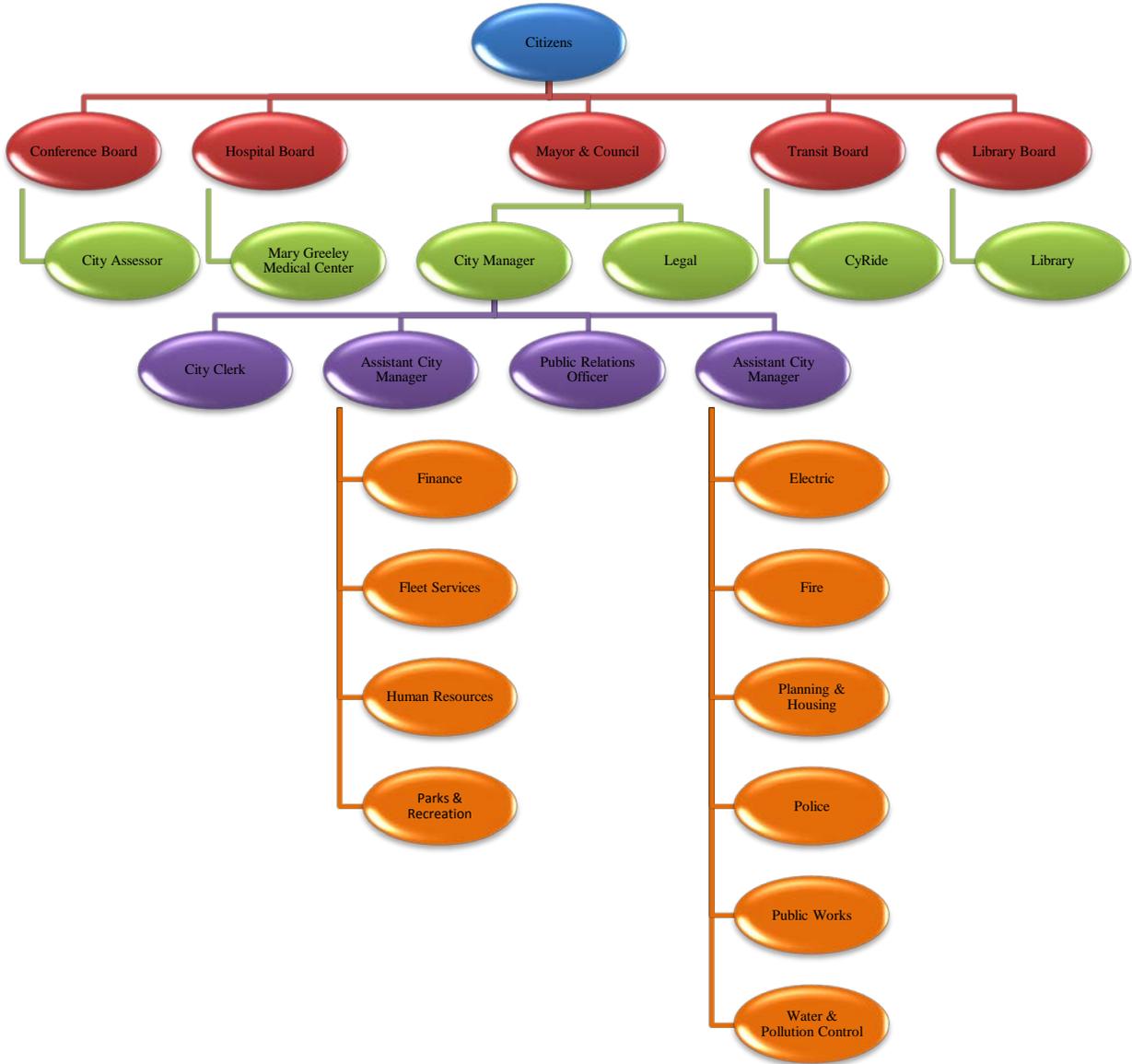
**City of Ames
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Ames Organizational Chart June 30, 2014



City of Ames
List of Elected and Appointed Officials
June 30, 2014

Elected Officials:

Mayor	Ann Campbell
Council Member – Ward One	Gloria Betcher
Council Member – Ward Two	Tim Gartin
Council Member – Ward Three	Peter Orazem
Council Member – Ward Four	Chris Nelson
Council Member – At Large	Matthew Goodman
Council Member – At Large	Amber Corrieri

Council – Appointed Officials:

City Manager	Steven Schainker
City Attorney	Judy Parks

City Manager-Appointed / Council-Approved Official:

City Clerk	Diane Voss
------------	------------

City Manager-Appointed Officials:

Assistant City Manager	Bob Kindred
Assistant City Manager	Melissa Mundt
City Treasurer	Roger Wisecup II
Director of Electric Utility	Don Kom
Director of Finance	Duane Pitcher
Director of Fleet Services	Vacant
Director of Human Resources	Julie Huisman
Director of Parks and Recreation	Keith Abraham
Director of Planning and Housing	Kelly Diekmann
Director of Public Works	John Joiner
Director of Water and Pollution Control	John Dunn
Fire Chief	Shawn Bayouth
Police Chief	Chuck Cychosz

Other Officials:

Director of Transportation	Sheri Kyras
Library Director	Lynne Carey

Hospital Administration:

President / Chief Executive Officer	Brian Dieter
Vice President / Chief Financial Officer	Gary Botine

FINANCIAL SECTION

LIBRARY INTERIOR RENOVATION





Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), which is both a major fund and 60 percent, 55 percent, and 68 percent, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net position, and revenues of the component unit. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2014 on our consideration of the City of Ames, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ames, Iowa's internal control over financial reporting and compliance.



Dubuque, Iowa
December 19, 2014

Management's Discussion and Analysis

As management of the City of Ames (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$739,568,877 (*net position*). Of this amount, \$326,102,141 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$53,014,568, primarily due to favorable operating results and financial market conditions at the hospital (\$39.6 million increase). Electric revenue was up because of higher usage due to hot weather at the beginning of fiscal year 2014. The water utility's net position increased approximately \$3 million because of rate increases to fund the new water plant and less funds spent to maintain the current plant.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$43,011,267, a decrease of \$15,918,397 in comparison with the prior year. General obligation bonds were issued at the end of fiscal year 2013, increasing the fund balance as of June 30, 2013. The balance then decreased as of June 30, 2014, because no new bonds were issued this fiscal year and proceeds from the prior year were spent. Approximately 19.99% of this amount (\$8,598,848) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the General Fund was \$9,300,005, or approximately 34.90% of total General Fund expenditures.
- The City's total long-term outstanding debt decreased by \$7,429,482 during the current fiscal year because no new bonds were issued.
- Within the City's business-type activities, revenues exceeded expenses by \$48,067,593. The City policy is to set rates that fund operational expenses of business-type activities and most capital improvements. The increase in net position represents funds accumulated for planned future capital expenses, including the current renovation of the hospital, construction of a new water plant, and conversion of the electric utility from coal to natural gas.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) the notes to financial statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and social services, culture and recreation, and community and economic development. The business-type activities of the City include the hospital, electric, sewer, water, transit, storm sewer, parking, resource recovery, an ice arena, and a golf course.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate medical center foundation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 27-29 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, capital projects fund, and debt service fund, all of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general, capital projects, debt service, special revenue, and enterprise funds according to the Code of Iowa. A budgetary comparison schedule has been provided as required supplementary information to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its hospital, electric, sewer, water, transit, storm sewer, parking, resource recovery, ice arena, and golf course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet services, information services, risk management, and health insurance. Because these services benefit both the governmental and business-type functions, they have been apportioned accordingly in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the hospital, electric, sewer, water, and transit, all of which are considered to be major funds of the City. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements in the combining fund statements and schedules section of this report. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 34-38 of this report.

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

The City maintains one type of fiduciary fund. Two agency funds report resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements can be found on page 39 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-81 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's obligation to provide other post-employment benefits to its employees and budgetary comparisons. Required supplementary information can be found on pages 83-86 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 90-108 of this report.

Government-wide Overall Financial Analysis

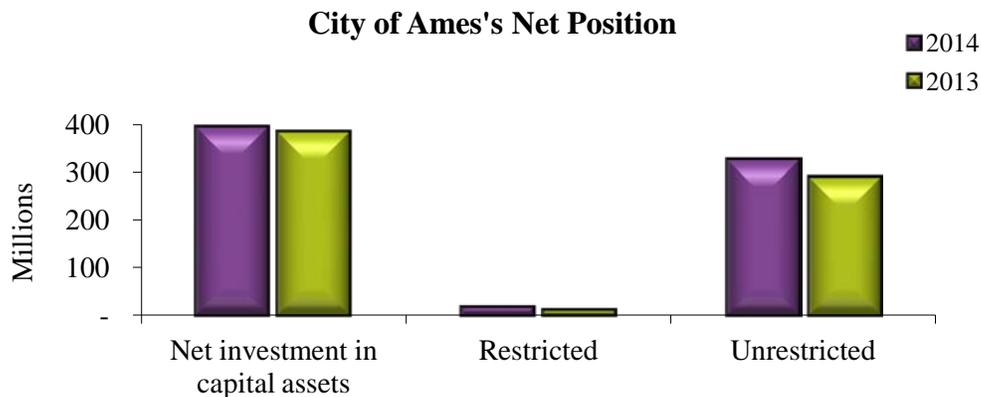
As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$739,568,877 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 80,915,422	\$ 97,117,591	\$ 354,904,059	\$ 358,517,810	\$ 435,819,481	\$ 455,635,401
Net capital assets	162,061,371	148,328,646	376,875,680	329,090,485	538,937,051	477,419,131
Total assets	242,976,793	245,446,237	731,779,739	687,608,295	974,756,532	933,054,532
Total deferred outflows of resources	3,371	3,318	-	-	3,371	3,318
Long-term liabilities outstanding	62,431,207	70,036,692	115,102,305	114,203,269	177,533,512	184,239,961
Other liabilities	4,533,312	4,631,504	27,636,939	31,344,817	32,170,251	35,976,321
Total liabilities	66,964,519	74,668,196	142,739,244	145,548,086	209,703,763	220,216,282
Total deferred inflows of resources	25,487,263	25,199,952	-	-	25,487,263	25,199,952
Net position:						
Net investment in capital assets	116,792,110	112,305,532	277,649,147	272,253,133	394,441,257	384,558,665
Restricted	18,009,657	12,081,140	1,015,822	1,001,294	19,025,479	13,082,434
Unrestricted	15,726,615	21,194,735	310,375,526	268,805,782	326,102,141	290,000,517
Total net position	\$ 150,528,382	\$ 145,581,407	\$ 589,040,495	\$ 542,060,209	\$ 739,568,877	\$ 687,641,616

The largest portion of the City's net position (53.33%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

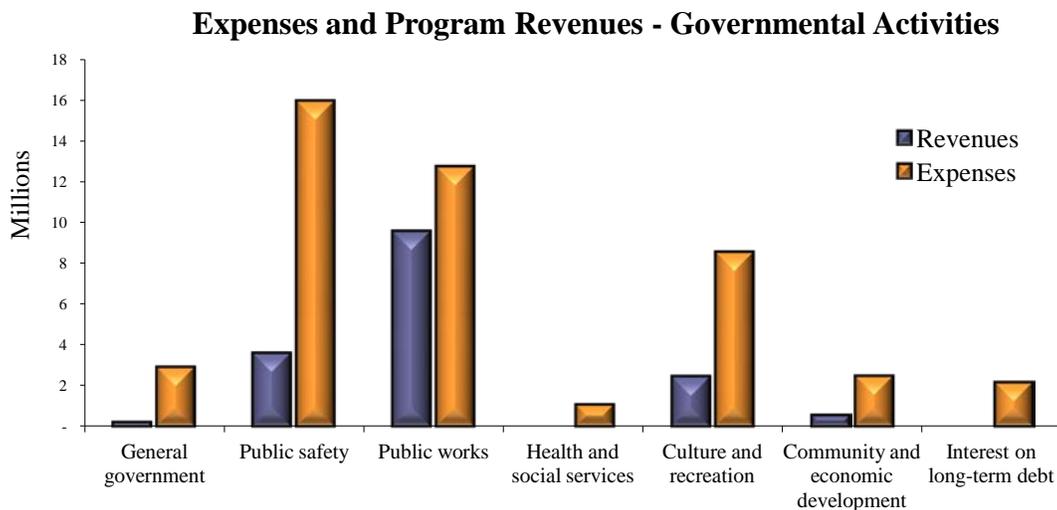
An additional portion of the City's net position (\$19,025,479, or 2.57%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$326,102,141 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$4,946,975 from the prior fiscal year for an ending balance of \$150,528,382. Taxes are the largest source of governmental revenue with property taxes of \$25,273,931 and local option sales taxes of \$6,648,615 in 2014. The \$1,360,542 increase in property tax collections in 2014 over 2013 is due to increased taxable valuation and a higher property tax rate. Approximately one-third of the increase was due to a debt service levy increase to fund the library renovation project.

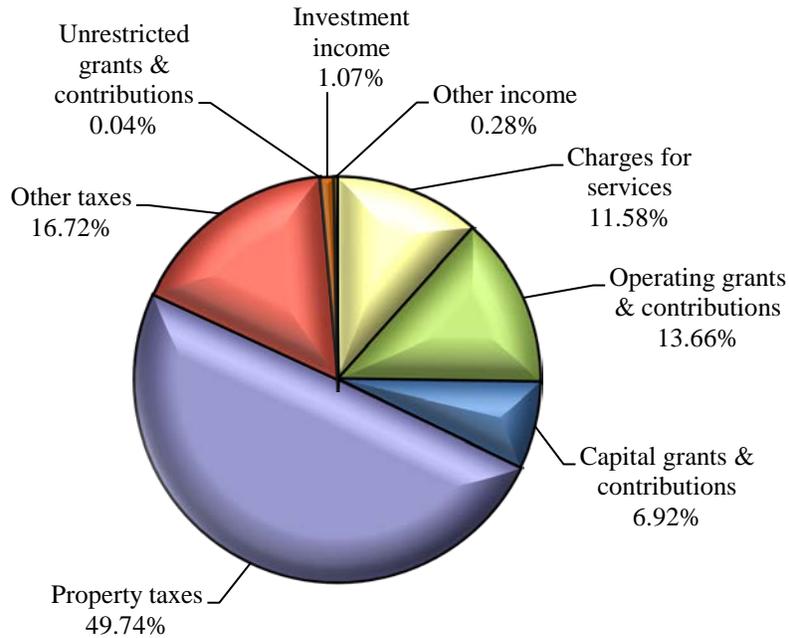
Governmental activities expenses decreased \$1,673,783 from 2013, or 3.52%. Public works expenses decreased \$2,630,590, primarily due to a higher ratio of capital assets to operating and maintenance expenses in that category compared to the prior year.



City of Ames's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 5,882,661	\$ 11,342,934	\$ 263,166,876	\$ 259,691,807	\$ 269,049,537	\$ 271,034,741
Operating grants & contributions	6,940,124	1,192,687	3,059,305	2,723,226	9,999,429	3,915,913
Capital grants & contributions	3,516,122	3,211,001	4,708,511	8,604,246	8,224,633	11,815,247
General revenues						
Property taxes	25,273,931	23,913,389	-	-	25,273,931	23,913,389
Other taxes	8,494,555	8,415,817	-	-	8,494,555	8,415,817
Unrestricted grants & contributions	17,819	17,726	-	-	17,819	17,726
Investment earnings	544,414	18,067	26,013,566	13,003,757	26,557,980	13,021,824
Other	143,598	136,155	617,799	75,852	761,397	212,007
Total revenues	<u>50,813,224</u>	<u>48,247,776</u>	<u>297,566,057</u>	<u>284,098,888</u>	<u>348,379,281</u>	<u>332,346,664</u>
Expenses:						
General government	2,915,560	2,755,166	-	-	2,915,560	2,755,166
Public safety	15,943,465	15,589,369	-	-	15,943,465	15,589,369
Public works	12,721,868	15,352,458	-	-	12,721,868	15,352,458
Health & social services	1,078,118	1,005,458	-	-	1,078,118	1,005,458
Culture & recreation	8,536,548	9,082,953	-	-	8,536,548	9,082,953
Community & economic development	2,477,986	2,366,904	-	-	2,477,986	2,366,904
Interest on long-term debt	2,174,303	1,369,323	-	-	2,174,303	1,369,323
Mary Greeley Medical Center	-	-	161,792,473	160,369,431	161,792,473	160,369,431
Electric	-	-	54,791,141	52,411,173	54,791,141	52,411,173
Sewer	-	-	7,848,323	9,122,173	7,848,323	9,122,173
Water	-	-	6,894,305	6,856,515	6,894,305	6,856,515
Transit	-	-	11,391,087	10,629,183	11,391,087	10,629,183
Storm Sewer	-	-	467,378	655,522	467,378	655,522
Parking Lot	-	-	876,916	846,825	876,916	846,825
Resource Recovery	-	-	4,670,459	4,375,362	4,670,459	4,375,362
Ames/ISU Ice Arena	-	-	578,163	606,215	578,163	606,215
Homewood Golf Course	-	-	206,620	211,279	206,620	211,279
Total expenses	<u>45,847,848</u>	<u>47,521,631</u>	<u>249,516,865</u>	<u>246,083,678</u>	<u>295,364,713</u>	<u>293,605,309</u>
Increase in net position before transfers	4,965,376	726,145	48,049,192	38,015,210	53,014,568	38,741,355
Transfers	(18,401)	12,751	18,401	(12,751)	-	-
Increase in net position	<u>4,946,975</u>	<u>738,896</u>	<u>48,067,593</u>	<u>38,002,459</u>	<u>53,014,568</u>	<u>38,741,355</u>
Net position - beginning (as previously reported)	145,581,407	144,842,511	542,060,209	504,057,750	687,641,616	648,900,261
Prior period adjustment	-	-	(1,087,307)	-	(1,087,307)	-
Net position - beginning (as restated)	<u>145,581,407</u>	<u>144,842,511</u>	<u>540,972,902</u>	<u>504,057,750</u>	<u>686,554,309</u>	<u>648,900,261</u>
Net position - ending	<u>\$ 150,528,382</u>	<u>\$ 145,581,407</u>	<u>\$ 589,040,495</u>	<u>\$ 542,060,209</u>	<u>\$ 739,568,877</u>	<u>\$ 687,641,616</u>

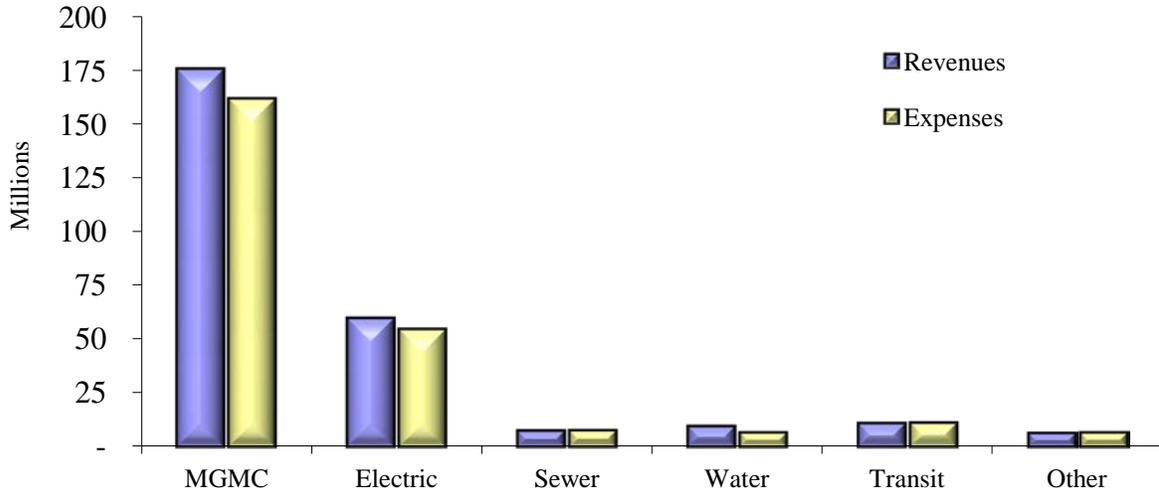
Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased net position by \$48,067,593, accounting for 90.67% of the City's growth in net position at June 30, 2014. This is approximately \$10 million higher than the increase in net position for business-type activities in the prior fiscal year. Some of the larger differences between the two years include a lower decrease in net position for the sewer utility due to less repair and maintenance costs (\$2.0 million), less contributions in 2014 for the expansion of the transit facility (\$2.2 million) and an increase in hospital investment income due to improved market conditions (\$12.3 million).

The expenses of the business-type activities increased \$3,433,187, or 1.40%. Approximately \$2.4 million of this is an increase in energy purchased at the electric utility because it has been more cost effective to purchase energy rather than generate it. Hospital expenses increased \$1.4 million over the prior year because of increases in health and dental claims, workers' compensation, tuition expenses, and other employee benefit expenses.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of Governmental Funds

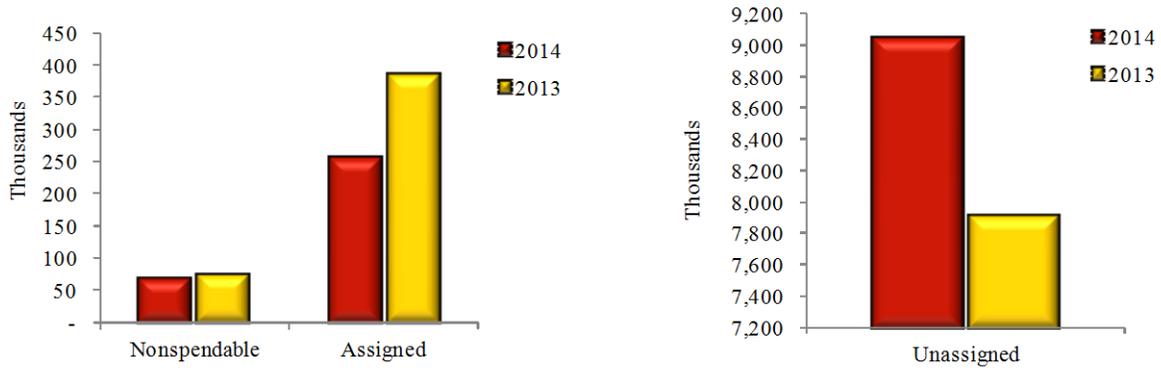
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

The City’s governmental funds reported combined fund balances of \$43,011,267 at June 30, 2014, a decrease of \$15,918,397 from the prior year. Approximately 19.99% of this amount (\$8,598,848) constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$149,065); 2) legally required to be maintained intact (\$1,917,506); 3) restricted for particular purposes (\$30,630,963); 4) committed for particular purposes (\$1,461,826); or 5) assigned for particular purposes (\$253,059).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,046,946, while total fund balance increased \$1,009,415 to \$9,368,433. The ending fund balance is 35.16% of the fiscal year expenditures, exceeding the City’s goal of 20% of expenditures.

Components of Fund Balance General Fund

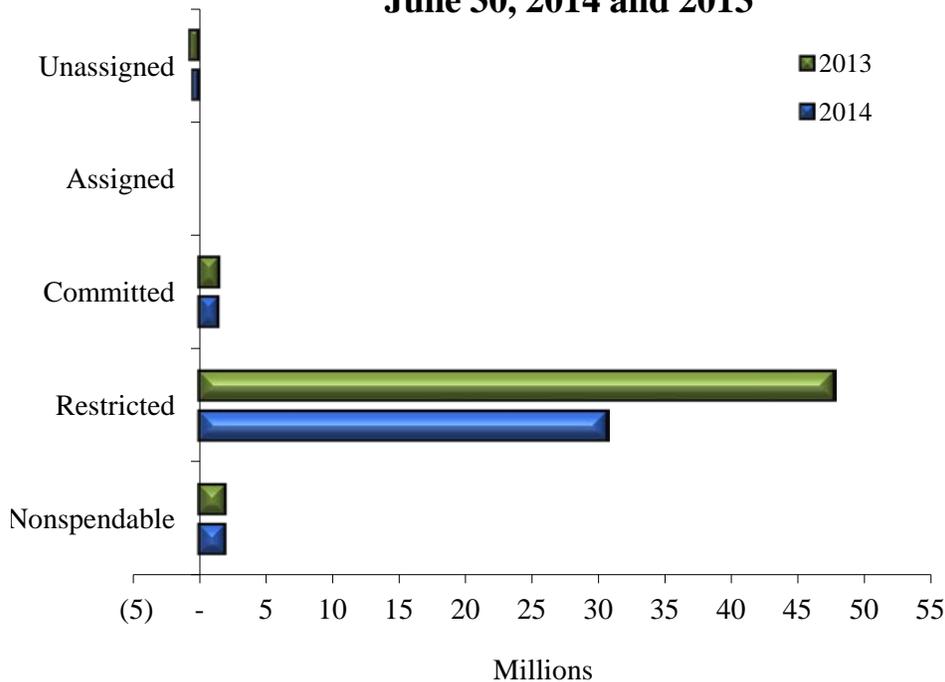


The Capital Projects Fund had a decrease of \$17,683,194 in fund balance during the fiscal year, which put the overall fund balance at \$14,479,712. Bond proceeds from the bond issue late in fiscal year 2013 were spent in fiscal year 2014, and no new bonds were issued, thus decreasing the overall fund balance.

The Debt Service Fund's fund balance decreased by \$656,946 during 2014. Interest payments were up slightly because the first payments were due on the 2013 bonds. The timing of bond issues and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$600,000. The fund balance will be used to help equalize the debt service property tax levy over the term of the current five-year capital improvement plan.

The fund balances of other governmental funds increased by \$1,412,328 over the 2013 balances. The FEMA fund increased \$601,131 as reimbursements were received for prior year expenditures. Road use taxes were up slightly from fiscal year 2013 with expenditures remaining flat, resulting in an increase in fund balance of \$698,559. Road use tax revenue is based on population and is subject to fluctuation from year to year. Capital expenditures in the local option tax fund were down from the prior fiscal year (\$909,324) because of the completion of the southeast entryway project.

Other Governmental Funds Components of Fund Balance June 30, 2014 and 2013



Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined net position of the enterprise funds at June 30, 2014, totaled \$582,311,401, of which 52.15% (\$303,646,432) is unrestricted. This is a \$47,540,110, or 8.89%, increase over the net position in 2013. The net position of the internal service funds is \$20,571,971, a \$1,273,809 increase from the 2013 net position. Unrestricted net position accounts for \$13,236,691 (64.34%) of the total internal service fund net position balance.

Approximately \$40 million of the total increase in net position is attributable to the hospital. Even though operating income was down from 2013, a large increase in investment income (\$12.3 million higher than fiscal year 2013) due to favorable market conditions make up a large part of this increase. Both the electric and water utilities had increases in net position of over \$3 million. Electric revenues were up due to an unusually warm summer at the beginning of fiscal year 2014. Water revenues increased due to a rate increase to fund a new water plant.

Significant changes in the internal service funds include higher fleet revenue due to an increase in fleet purchases that exceeded the replacement costs accumulated for new purchases and an 8% increase in health insurance rates.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were two amendments to the City's 2013-2014 budget. The first amendment was passed in March to reflect carryovers of capital project expenditures. The second was passed in May to more accurately reflect year-end expenditures and revenues.

The main source of variation in the General Fund budget is the carryover of funds from fiscal year 2013 for phase I of the City Hall renovation project, which was completed in spring 2014.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$538,937,051 (net of accumulated depreciation), an increase of \$61,517,920, or 12.89%, above the 2013 investment in capital assets. The investment in capital assets includes land, buildings, infrastructure, plant and distribution systems, machinery, and equipment.

Some of the major capital asset additions include:

- \$10.9 million construction in progress for the library renovation and expansion
- \$3.3 million construction in progress for the new water plant
- \$2.0 million construction in progress for the water and pollution control disinfection system
- \$4.0 million for the electric utility's 161 kV interconnection project, which is now complete
- \$3.7 million construction in progress for the transit facility expansion
- \$1.3 million for a shredder replacement at the resource recovery plant
- \$41.2 million for phase I of the hospital renovation and expansion, which is now complete

Additional information on the City's capital assets can be found in note IV(E) on pages 58-59 of this report.

City of Ames's Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 11,883,058	\$ 11,576,058	\$ 11,737,346	\$ 11,719,187	\$ 23,620,404	\$ 23,295,245
Other nondepreciable assets	4,186,534	4,173,152	-	-	4,186,534	4,173,152
Depreciable assets	125,458,040	124,765,276	345,154,962	245,850,640	470,613,002	370,615,916
Construction in progress	20,533,739	7,814,160	19,983,372	71,520,658	40,517,111	79,334,818
Total	<u>\$ 162,061,371</u>	<u>\$ 148,328,646</u>	<u>\$ 376,875,680</u>	<u>\$ 329,090,485</u>	<u>\$ 538,937,051</u>	<u>\$ 477,419,131</u>

Long-term Debt. At the end of the current fiscal year, the City had \$150,945,345 in outstanding bonded debt. Of this amount, \$64,002,593 is debt backed by the full faith and credit of the government and \$86,942,752 is revenue bonds issued by proprietary funds.

City of Ames's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013 ¹	2014	2013 ¹	2014	2013 ¹
General obligation bonds, net	\$ 59,811,442	\$ 67,650,950	\$ 4,191,151	\$ 4,660,760	\$ 64,002,593	\$ 72,311,710
Revenue bonds	-	-	86,942,752	89,737,004	86,942,752	89,737,004
Loans payable	-	-	8,884,606	4,167,950	8,884,606	4,167,950
Notes payable	-	-	568,517	1,611,285	568,517	1,611,285
Total	<u>\$ 59,811,442</u>	<u>\$ 67,650,950</u>	<u>\$ 100,587,026</u>	<u>\$ 100,176,999</u>	<u>\$ 160,398,468</u>	<u>\$ 167,827,949</u>

¹ Amounts from 2013 were restated to reflect changes due to the implementation of GASB 65.

The City's total debt decreased by \$7,429,482 (4.43%) during the current fiscal year. No new general obligation bonds were issued in fiscal year 2014 because the 2014 bonds were issued late in fiscal year 2013.

In January 2014, the City was notified that its bond rating was under review in conjunction with an updated rating methodology for local governments. The new methodology places an increased weight on debt and pension liabilities and less weight on economic factors. In March 2014, the City's general obligation bond rating was downgraded to Aa1. Some of the reasons for the downgrade include an above average debt burden and liability for pensions, moderate use of economically-sensitive sales tax revenues to support general obligations, and risk associated with the City-owned hospital.

State statutes limit the amount of general obligation debt an Iowa city may issue to five percent (5%) of the actual assessed valuation at January 1, 2012, related to the 2013-2014 fiscal year. The current debt limitation for the City is \$176,836,768. A portion of the outstanding general obligation debt is abated by revenue sources other than the property tax levy. Additional information on the City's long-term debt can be found in note IV(K) on pages 69-75 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the City and were considered in developing the 2014-2015 fiscal year budget:

- An unemployment rate of 3.2% for calendar year 2013, which is lower than the prior year's rate of 3.9%; and lower than the 2013 rate for the State of Iowa (4.6%) and the nation (7.4%)
- No rate increases for the resource recovery, water, storm sewer, or electric utilities
- An 8% increase in sanitary sewer rates to fund capital improvement projects for the twenty-four year old water and pollution control facility
- No property tax rate increase due an overall decrease in expenditures for the General Fund

- A 6% increase in health insurance costs, which the fund balance in the self-insured health insurance fund will help to absorb

Requests for Information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 515 Clark Avenue, Ames, Iowa, 50010.

Basic Financial Statements

City of Ames
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,006,768	\$ 47,480,338	\$ 69,487,106	\$ 1,217,625
Investments	32,629,388	29,543,924	62,173,312	-
Taxes receivable	124,463	-	124,463	-
Special assessments receivable	167,411	-	167,411	-
Accrued interest receivable	164,942	153,268	318,210	-
Accounts receivable, net	425,911	28,639,050	29,064,961	-
Pledges receivable, net	-	-	-	1,802,356
Intergovernmental receivable	2,970,519	1,988,844	4,959,363	-
Loans receivable	28,952	-	28,952	-
Internal balances	(4,594,923)	4,594,923	-	-
Inventories	212,429	9,323,703	9,536,132	-
Assets held for resale	458,566	-	458,566	-
Prepaid items	142,882	2,526,555	2,669,437	-
Restricted current assets:				
Cash and cash equivalents	-	2,969	2,969	-
Investments	-	1,001,936	1,001,936	-
Accrued interest receivable	-	287,124	287,124	-
Total current assets	54,737,308	125,542,634	180,279,942	3,019,981
Noncurrent assets:				
Investments	-	20,584,005	20,584,005	11,450,080
Succeeding year taxes receivable	25,487,263	-	25,487,263	-
Long-term loans receivable	26,013	-	26,013	-
Long-term special assessments receivable	664,838	-	664,838	-
Other assets	-	8,059,770	8,059,770	-
Non-depreciable assets	36,603,331	31,720,718	68,324,049	-
Depreciable assets, net of accumulated depreciation	125,458,040	345,154,962	470,613,002	-
Restricted noncurrent assets:				
Long-term investments	-	200,717,650	200,717,650	-
Total noncurrent assets	188,239,485	606,237,105	794,476,590	11,450,080
Total assets	242,976,793	731,779,739	974,756,532	14,470,061
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,371	-	3,371	

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Net Position (continued)
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	2,187,945	13,491,178	15,679,123	257,384
Accrued payroll	219,777	3,577,400	3,797,177	-
Accrued compensated absences	98,863	487,326	586,189	-
Accrued interest payable	136,119	192,347	328,466	-
Retainage payable	999,757	7,493,804	8,493,561	-
Customer deposits	107,805	902,265	1,010,070	-
Intergovernmental payable	204,149	271,958	476,107	-
Claims payable	275,000	1,257,136	1,532,136	-
Loans payable	-	6,973,676	6,973,676	-
Notes payable	-	446,257	446,257	-
Bonds payable, net	6,757,561	3,340,583	10,098,144	-
Unearned revenue	402,760	4,465	407,225	-
Accrued landfill post-closure costs	-	16,364	16,364	-
Total current liabilities	11,389,736	38,454,759	49,844,495	257,384
Noncurrent liabilities:				
Accrued compensated absences	1,873,268	10,364,027	12,237,295	-
Accrued other post-employment benefits	647,634	3,467,462	4,115,096	-
Claims payable	-	446,386	446,386	-
Annuities payable	-	-	-	68,390
Loans payable	-	1,910,930	1,910,930	-
Notes payable	-	122,260	122,260	-
Bonds payable, net	53,053,881	87,793,320	140,847,201	-
Accrued landfill post-closure costs	-	180,100	180,100	-
Total noncurrent liabilities	55,574,783	104,284,485	159,859,268	68,390
Total liabilities	66,964,519	142,739,244	209,703,763	325,774
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	25,487,263	-	25,487,263	-
NET POSITION				
Net investment in capital assets	116,792,110	277,649,147	394,441,257	-
Restricted:				
Expendable for:				
Debt service	603,260	1,015,822	1,619,082	-
Capital projects	4,643,329	-	4,643,329	-
Law enforcement	249,115	-	249,115	-
Employee benefits	879,393	-	879,393	-
Library services	949,314	-	949,314	-
Aquatic center	99,254	-	99,254	-
Parks	1,764,412	-	1,764,412	-
Community welfare	4,815	-	4,815	-
Housing services	497,119	-	497,119	-
Economic development	589,414	-	589,414	-
Community betterment	5,811,073	-	5,811,073	-
Public safety	1,653	-	1,653	-
Mary Greeley Medical Center	-	-	-	9,224,087
Non-expendable for:				
Perpetual care	917,506	-	917,506	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	15,726,615	310,375,526	326,102,141	4,669,528
Total net position	\$ 150,528,382	\$ 589,040,495	\$ 739,568,877	\$ 14,144,287

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,915,560	\$ 163,655	\$ 48,324	\$ -	\$ (2,703,581)	\$ -	\$ (2,703,581)	\$ -
Public safety	15,943,465	3,433,170	150,849	-	(12,359,446)	-	(12,359,446)	-
Public works	12,721,868	295,874	5,952,441	3,271,228	(3,202,325)	-	(3,202,325)	-
Health and social services	1,078,118	-	18,187	-	(1,059,931)	-	(1,059,931)	-
Culture and recreation	8,536,548	1,974,037	218,810	244,894	(6,098,807)	-	(6,098,807)	-
Community and economic development	2,477,986	15,925	551,513	-	(1,910,548)	-	(1,910,548)	-
Interest	2,174,303	-	-	-	(2,174,303)	-	(2,174,303)	-
Total governmental activities	<u>45,847,848</u>	<u>5,882,661</u>	<u>6,940,124</u>	<u>3,516,122</u>	<u>(29,508,941)</u>		<u>(29,508,941)</u>	
Business-type activities:								
Mary Greeley Medical Center	161,792,473	174,265,003	30,735	1,185,000	-	13,688,265	13,688,265	-
Electric	54,791,141	60,016,205	2,073	-	-	5,227,137	5,227,137	-
Sewer	7,848,323	7,491,746	33,221	280,916	-	(42,440)	(42,440)	-
Water	6,894,305	9,647,203	-	197,400	-	2,950,298	2,950,298	-
Transit	11,391,087	5,463,677	2,720,949	3,025,195	-	(181,266)	(181,266)	-
Storm sewer	467,378	1,179,495	-	-	-	712,117	712,117	-
Parking	876,916	870,246	-	-	-	(6,670)	(6,670)	-
Resource recovery	4,670,459	3,469,877	272,327	-	-	(928,255)	(928,255)	-
Ice arena	578,163	507,203	-	20,000	-	(50,960)	(50,960)	-
Golf course	206,620	256,221	-	-	-	49,601	49,601	-
Total business-type activities	<u>249,516,865</u>	<u>263,166,876</u>	<u>3,059,305</u>	<u>4,708,511</u>	<u>-</u>	<u>21,417,827</u>	<u>21,417,827</u>	<u>-</u>
Total primary government	<u>\$ 295,364,713</u>	<u>\$ 269,049,537</u>	<u>\$ 9,999,429</u>	<u>\$ 8,224,633</u>	<u>(29,508,941)</u>	<u>21,417,827</u>	<u>(8,091,114)</u>	<u>-</u>
Component unit:								
Mary Greeley Medical Center Foundation	\$ 2,204,038	\$ -	\$ 1,099,583	\$ -				(1,104,455)
General revenues:								
Property taxes					25,273,931	-	25,273,931	-
Sales taxes					6,648,615	-	6,648,615	-
Hotel / motel taxes					1,845,940	-	1,845,940	-
Unrestricted grants and contributions					17,819	-	17,819	-
Investment income					544,414	26,013,566	26,557,980	1,379,892
Other income					118,097	66,660	184,757	-
Gain on disposal of capital assets					25,501	551,139	576,640	-
Transfers					(18,401)	18,401	-	-
Total general revenues and transfers					<u>34,455,916</u>	<u>26,649,766</u>	<u>61,105,682</u>	<u>1,379,892</u>
Change in net position					4,946,975	48,067,593	53,014,568	275,437
Net position, beginning (as previously reported)					145,581,407	542,060,209	687,641,616	13,868,850
Prior period adjustment					-	(1,087,307)	(1,087,307)	-
Net position, beginning (as restated)					<u>145,581,407</u>	<u>540,972,902</u>	<u>686,554,309</u>	<u>13,868,850</u>
Net position, ending					<u>\$ 150,528,382</u>	<u>\$ 589,040,495</u>	<u>\$ 739,568,877</u>	<u>\$ 14,144,287</u>

The notes to the financial statements are an integral part of this statement.

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2014**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,639,165	\$ 162,896	\$ 306,522	\$ 9,387,007	\$ 14,495,590
Investments	3,597,739	14,784,595	251,113	8,154,007	26,787,454
Taxes receivable	74,552	-	41,118	8,793	124,463
Special assessments receivable	-	167,411	-	-	167,411
Accrued interest receivable	58,675	55,704	4,507	12,614	131,500
Accounts receivable, net	345,730	58,568	-	21,613	425,911
Intergovernmental receivable	157,873	569,855	-	2,204,159	2,931,887
Loans receivable	-	-	-	28,952	28,952
Due from other funds	1,161,174	1,419,137	-	241,239	2,821,550
Inventories	37,795	-	-	80,312	118,107
Property held for resale	-	-	-	458,566	458,566
Prepaid items	30,633	-	-	325	30,958
Succeeding year taxes receivable	15,236,592	-	8,412,305	1,838,366	25,487,263
Long-term loans receivable	-	-	-	26,013	26,013
Long-term special assessments receivable	-	664,838	-	-	664,838
Total assets	<u>\$ 25,339,928</u>	<u>\$ 17,883,004</u>	<u>\$ 9,015,565</u>	<u>\$ 22,461,966</u>	<u>\$ 74,700,463</u>
LIABILITIES					
Accounts payable	\$ 213,741	\$ 1,192,561	\$ -	\$ 255,157	\$ 1,661,459
Accrued payroll	130,556	10,150	-	61,530	202,236
Retainage payable	-	956,114	-	43,643	999,757
Customer deposits	18,699	-	-	94,063	112,762
Intergovernmental payable	118,028	80	-	8,230	126,338
Due to other funds	221,869	110,278	-	1,035,315	1,367,462
Total liabilities	<u>702,893</u>	<u>2,269,183</u>	<u>-</u>	<u>1,497,938</u>	<u>4,470,014</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	15,236,592	-	8,412,305	1,838,366	25,487,263
Special assessments	-	775,153	-	-	775,153
Hotel/motel taxes	-	-	-	546,126	546,126
Charges for services	32,010	-	-	-	32,010
Grants	-	316,894	-	2,276	319,170
Refunds	-	42,062	-	17,398	59,460
Total deferred inflows of resources	<u>15,268,602</u>	<u>1,134,109</u>	<u>8,412,305</u>	<u>2,404,166</u>	<u>27,219,182</u>
FUND BALANCES					
Nonspendable	68,428	-	-	1,998,143	2,066,571
Restricted	-	14,743,046	603,260	15,284,657	30,630,963
Committed	-	-	-	1,461,826	1,461,826
Assigned	253,059	-	-	-	253,059
Unassigned	9,046,946	(263,334)	-	(184,764)	8,598,848
Total fund balances	<u>9,368,433</u>	<u>14,479,712</u>	<u>603,260</u>	<u>18,559,862</u>	<u>43,011,267</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,339,928</u>	<u>\$ 17,883,004</u>	<u>\$ 9,015,565</u>	<u>\$ 22,461,966</u>	<u>\$ 74,700,463</u>

The notes to the financial statements are an integral part of this statement.

City of Ames
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Amounts reported for governmental activities in the statement of net position (page 28) are different because:

Fund balance - total governmental funds (page 30)	\$ 43,011,267
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	154,726,090
Revenues not collected within 60 days of the end of the fiscal year are not available to pay for current period expenditures and, therefore, are unavailable:	
Hotel/motel tax	156,192
Special assessments	775,153
Other revenues	410,640
Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are split between the governmental and business-type activities in the statement of net position.	13,842,877
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(58,223,115)
Interest payable on general obligation bonds	(136,119)
Deferred charges on general obligation bonds refunded	3,371
Unamortized premiums on the issuance of general obligation bonds	(1,588,327)
Accrued compensated absences	(1,856,636)
Net other post-employment benefits payable	<u>(593,011)</u>
Net position of governmental activities	<u><u>\$ 150,528,382</u></u>

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 15,136,280	\$ -	\$ 8,374,392	\$ 10,244,344	\$ 33,755,016
Special assessments	-	16,590	-	-	16,590
Licenses and permits	1,892,634	-	-	-	1,892,634
Intergovernmental	325,823	3,146,979	48,324	7,137,866	10,658,992
Charges for services	3,378,578	-	-	15,137	3,393,715
Fines and forfeitures	146,485	-	-	-	146,485
Investment income	205,968	124,345	42,983	46,490	419,786
Miscellaneous	449,666	61,638	-	352,033	863,337
Total revenues	<u>21,535,434</u>	<u>3,349,552</u>	<u>8,465,699</u>	<u>17,795,870</u>	<u>51,146,555</u>
EXPENDITURES					
Current:					
General government	2,561,595	69,504	-	89,524	2,720,623
Public safety	15,721,080	-	-	118,200	15,839,280
Public works	983,616	-	-	4,450,575	5,434,191
Health and social services	-	-	-	1,078,118	1,078,118
Culture and recreation	6,675,056	-	-	503,977	7,179,033
Community and economic development	706,531	-	-	1,775,078	2,481,609
Debt service:					
Principal	-	-	7,671,776	-	7,671,776
Interest and fiscal charges	-	-	1,815,272	-	1,815,272
Capital outlay	-	20,796,625	-	2,021,274	22,817,899
Total expenditures	<u>26,647,878</u>	<u>20,866,129</u>	<u>9,487,048</u>	<u>10,036,746</u>	<u>67,037,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,112,444)</u>	<u>(17,516,577)</u>	<u>(1,021,349)</u>	<u>7,759,124</u>	<u>(15,891,246)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	8,171,120	80,731	364,403	109,632	8,725,886
Transfers out	(2,049,261)	(247,348)	-	(6,456,428)	(8,753,037)
Total other financing sources (uses)	<u>6,121,859</u>	<u>(166,617)</u>	<u>364,403</u>	<u>(6,346,796)</u>	<u>(27,151)</u>
Net change in fund balances	1,009,415	(17,683,194)	(656,946)	1,412,328	(15,918,397)
Fund balances, beginning	<u>8,359,018</u>	<u>32,162,906</u>	<u>1,260,206</u>	<u>17,147,534</u>	<u>58,929,664</u>
Fund balances, ending	<u>\$ 9,368,433</u>	<u>\$ 14,479,712</u>	<u>\$ 603,260</u>	<u>\$ 18,559,862</u>	<u>\$ 43,011,267</u>

The notes to the financial statements are an integral part of this statement.

City of Ames
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net changes in fund balances - total governmental funds (page 32)	\$ (15,918,397)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Hotel/motel tax	13,470
Special assessments	2,757
Other revenues	(495,884)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	21,962,522
Disposals	(348,906)
Depreciation expense	(8,070,887)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond issue costs	(542,074)
Amortization of bond premiums	167,732
Amortization of deferred charges on refunding debt	53
Principal payments	7,671,776
Interest payments	15,258
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in accrued compensated absences	(86,820)
Increase in accrued other post-employment benefits	(169,951)
The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities.	
	746,326
Changes in net position of governmental activities	\$ 4,946,975

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities						Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 23,924,327	\$ 5,259,441	\$ 3,204,284	\$ 8,700,696	\$ 1,640,487	\$ 3,924,139	\$ 46,653,374	\$ 8,327,225
Investments	-	15,331,613	2,499,395	6,747,895	1,281,122	3,047,950	28,907,975	6,477,883
Accrued interest receivable	-	67,798	14,923	40,114	8,490	18,261	149,586	37,125
Accounts receivable, net	19,610,137	6,611,184	779,645	1,004,171	114,570	519,343	28,639,050	-
Due from other funds	-	82,205	43,414	76,217	7,480	96,995	306,311	551,615
Intergovernmental receivable	-	694,080	337,865	5,861	517,130	433,908	1,988,844	38,632
Inventories	3,575,339	5,174,639	-	269,481	267,709	36,535	9,323,703	94,322
Prepaid items	2,448,706	69,613	247	4,172	395	3,337	2,526,470	112,009
Restricted current assets:								
Cash and cash equivalents	-	-	13,886	-	-	-	13,886	-
Investments	1,001,936	-	-	-	-	-	1,001,936	-
Interest receivable	287,124	-	-	-	-	-	287,124	-
Total current assets	50,847,569	33,290,573	6,893,659	16,848,607	3,837,383	8,080,468	119,798,259	15,638,811
Noncurrent assets:								
Investments	-	20,584,005	-	-	-	-	20,584,005	-
Other assets	8,059,770	-	-	-	-	-	8,059,770	-
Capital assets:								
Land	4,617,232	1,868,905	1,910,222	1,486,893	41,500	1,812,594	11,737,346	-
Land improvements	1,276,702	-	-	-	157,621	1,680,813	3,115,136	299,798
Plant and distribution systems	-	181,361,517	73,855,098	60,135,954	-	-	315,352,569	-
Buildings	197,912,184	-	-	-	20,507,051	12,970,763	231,389,998	551,493
Equipment	124,766,990	-	-	-	22,979,853	7,675,871	155,422,714	16,040,627
Construction in progress	4,424,457	1,478,034	2,633,182	5,567,663	5,357,453	522,583	19,983,372	7,557
Less accumulated depreciation	(149,939,099)	(111,156,612)	(45,060,265)	(23,891,314)	(16,713,690)	(13,364,475)	(360,125,455)	(9,564,195)
Restricted noncurrent assets:								
Investments	200,717,650	-	-	-	-	-	200,717,650	-
Total noncurrent assets	391,835,886	94,135,849	33,338,237	43,299,196	32,329,788	11,298,149	606,237,105	7,335,280
Total assets	442,683,455	127,426,422	40,231,896	60,147,803	36,167,171	19,378,617	726,035,364	22,974,091

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Net Position (continued)
Proprietary Funds
June 30, 2014

	Business-type Activities						Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES								
Current liabilities:								
Accounts payable	8,646,329	3,626,269	738,593	184,055	133,248	122,195	13,450,689	566,975
Accrued payroll	3,236,366	140,058	9,130	22,811	144,496	24,539	3,577,400	17,541
Accrued compensated absences	408,164	34,265	8,416	10,829	18,603	6,772	487,049	5,841
Due to other funds	-	578,505	201,531	148,327	21,231	1,339,398	2,288,992	23,022
Claims payable	-	-	-	-	-	-	-	1,532,136
Retainage payable	6,509,626	495,450	129,010	72,238	247,576	39,904	7,493,804	-
Customer deposits	-	902,265	-	-	-	-	902,265	-
Accrued interest	158,484	23,113	1,331	6,894	-	2,525	192,347	-
Loans payable	-	-	131,000	6,678,303	17,500	146,873	6,973,676	-
Notes payable	446,257	-	-	-	-	-	446,257	-
Intergovernmental payable	-	172,036	5,994	26,187	13,937	52,081	270,235	79,534
Accrued landfill post-closure costs	-	-	-	-	-	16,364	16,364	-
Bonds payable, net	2,864,028	-	53,703	317,772	-	105,080	3,340,583	-
Unearned revenue	-	-	-	-	-	4,465	4,465	7,869
Total current liabilities	<u>22,269,254</u>	<u>5,971,961</u>	<u>1,278,708</u>	<u>7,467,416</u>	<u>596,591</u>	<u>1,860,196</u>	<u>39,444,126</u>	<u>2,232,918</u>
Noncurrent liabilities:								
Accrued compensated absences	8,984,140	570,194	160,303	204,003	318,062	123,739	10,360,441	113,517
Post-employment benefits	2,961,523	216,469	59,168	67,725	99,496	62,019	3,466,400	55,685
Claims payable	446,386	-	-	-	-	-	446,386	-
Loans payable	-	-	1,856,020	-	17,500	37,410	1,910,930	-
Notes payable	122,260	-	-	-	-	-	122,260	-
Accrued landfill post-closure costs	-	-	-	-	-	180,100	180,100	-
Bonds payable, net	84,078,724	-	550,587	1,993,213	-	1,170,796	87,793,320	-
Total noncurrent liabilities	<u>96,593,033</u>	<u>786,663</u>	<u>2,626,078</u>	<u>2,264,941</u>	<u>435,058</u>	<u>1,574,064</u>	<u>104,279,837</u>	<u>169,202</u>
Total liabilities	<u>118,862,287</u>	<u>6,758,624</u>	<u>3,904,786</u>	<u>9,732,357</u>	<u>1,031,649</u>	<u>3,434,260</u>	<u>143,723,963</u>	<u>2,402,120</u>
NET POSITION								
Net investment in capital assets	95,547,197	73,551,844	31,349,737	34,942,274	32,294,788	9,963,307	277,649,147	7,335,280
Restricted for debt service	1,001,936	-	13,886	-	-	-	1,015,822	-
Unrestricted	227,272,035	47,115,954	4,963,487	15,473,172	2,840,734	5,981,050	303,646,432	13,236,691
Total net position	<u>\$ 323,821,168</u>	<u>\$ 120,667,798</u>	<u>\$ 36,327,110</u>	<u>\$ 50,415,446</u>	<u>\$ 35,135,522</u>	<u>\$ 15,944,357</u>	<u>582,311,401</u>	<u>\$ 20,571,971</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time							<u>6,729,094</u>	
Net position of business-type activities							<u>\$ 589,040,495</u>	

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities						Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:								
Charges for services	\$ 174,265,003	\$ 60,016,205	\$ 7,491,746	\$ 9,647,203	\$ 5,463,677	\$ 6,283,042	\$ 263,166,876	\$ 15,910,751
Operating expenses:								
Cost of goods and services	118,764,933	48,520,677	5,506,838	5,294,181	7,400,315	5,923,070	191,410,014	13,685,781
Administration	27,203,192	1,055,898	302,906	341,443	1,731,606	267,177	30,902,222	-
Depreciation	14,822,332	3,921,411	2,054,871	1,219,221	2,283,715	620,279	24,921,829	1,106,237
Total operating expenses	<u>160,790,457</u>	<u>53,497,986</u>	<u>7,864,615</u>	<u>6,854,845</u>	<u>11,415,636</u>	<u>6,810,526</u>	<u>247,234,065</u>	<u>14,792,018</u>
Operating income (loss)	<u>13,474,546</u>	<u>6,518,219</u>	<u>(372,869)</u>	<u>2,792,358</u>	<u>(5,951,959)</u>	<u>(527,484)</u>	<u>15,932,811</u>	<u>1,118,733</u>
Non-operating revenues (expenses):								
Intergovernmental	30,735	-	33,221	-	2,720,949	-	2,784,905	-
Reimbursements	-	2,073	-	-	-	272,327	274,400	-
Investment income	25,312,151	412,025	52,283	146,390	28,586	62,131	26,013,566	124,628
Interest expense	(1,002,016)	-	(45,036)	(104,906)	-	(62,318)	(1,214,276)	-
Gain (loss) on disposal of capital assets	551,139	(1,538,726)	(3,404)	-	(6,165)	(47,712)	(1,044,868)	21,698
Miscellaneous	-	62,420	-	-	4,240	-	66,660	-
Total non-operating revenues (expenses)	<u>24,892,009</u>	<u>(1,062,208)</u>	<u>37,064</u>	<u>41,484</u>	<u>2,747,610</u>	<u>224,428</u>	<u>26,880,387</u>	<u>146,326</u>
Income (loss) before capital contributions and transfers	38,366,555	5,456,011	(335,805)	2,833,842	(3,204,349)	(303,056)	42,813,198	1,265,059
Capital contributions	1,185,000	-	280,916	197,400	3,025,195	20,000	4,708,511	-
Transfers in	-	-	-	-	1,510,853	472,862	1,983,715	8,750
Transfers out	-	(1,959,481)	(2,916)	(2,917)	-	-	(1,965,314)	-
Change in net position	<u>39,551,555</u>	<u>3,496,530</u>	<u>(57,805)</u>	<u>3,028,325</u>	<u>1,331,699</u>	<u>189,806</u>	<u>47,540,110</u>	<u>1,273,809</u>
Net position, beginning (as previously reported)	285,356,920	117,171,268	36,384,915	47,387,121	33,803,823	15,754,551	19,298,162	-
Prior period adjustment	(1,087,307)	-	-	-	-	-	-	-
Net position, beginning (as restated)	<u>284,269,613</u>	<u>117,171,268</u>	<u>36,384,915</u>	<u>47,387,121</u>	<u>33,803,823</u>	<u>15,754,551</u>	<u>19,298,162</u>	<u>-</u>
Net position, ending	<u>\$ 323,821,168</u>	<u>\$ 120,667,798</u>	<u>\$ 36,327,110</u>	<u>\$ 50,415,446</u>	<u>\$ 35,135,522</u>	<u>\$ 15,944,357</u>	<u>\$ 20,571,971</u>	<u>\$ -</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds							<u>527,483</u>	
Change in net position of business-type activities							<u>\$ 48,067,593</u>	

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities						Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 165,305,572	\$ 60,596,280	\$ 7,793,137	\$ 10,363,937	\$ 6,879,242	\$ 7,895,441	\$ 258,833,609	\$ 15,725,102
Other receipts	8,097,936	-	-	-	-	-	8,097,936	-
Payments to suppliers	(64,249,938)	(39,390,471)	(2,401,549)	(2,198,687)	(3,738,312)	(2,684,526)	(114,663,483)	(11,727,936)
Payments to employees	(81,933,320)	(9,318,850)	(2,315,253)	(2,589,474)	(6,244,536)	(2,511,025)	(104,912,458)	(1,958,140)
Payments to other funds for services provided	-	(2,328,456)	(1,221,653)	(1,097,042)	(504,671)	279,072	(4,872,750)	(543,154)
Net cash provided by (used for) operating activities	27,220,250	9,558,503	1,854,682	4,478,734	(3,608,277)	2,978,962	42,482,854	1,495,872
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating grants	30,735	-	33,221	-	2,720,949	-	2,784,905	-
Reimbursements	-	2,073	-	-	-	272,327	274,400	-
Proceeds from sale of non-capital assets	-	62,420	-	-	4,240	-	66,660	-
Transfers in	-	-	-	-	1,510,853	472,862	1,983,715	8,750
Transfers out	-	(1,959,481)	(2,916)	(2,917)	-	-	(1,965,314)	-
Net cash provided by (used for) non-capital financing activities	30,735	(1,894,988)	30,305	(2,917)	4,236,042	745,189	3,144,366	8,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(54,011,341)	(7,321,016)	(2,173,892)	(4,748,466)	(3,791,146)	(2,190,555)	(74,236,416)	(1,420,440)
Proceeds from the sale of capital assets	2,361,880	-	-	-	-	-	2,361,880	145,906
Principal paid on capital debt	(2,755,000)	-	(49,820)	(303,404)	-	(100,000)	(3,208,224)	-
Interest paid on capital debt	(3,869,900)	-	(16,964)	(93,233)	-	(32,131)	(4,012,228)	-
Principal paid on notes payable	(1,042,768)	-	(128,000)	-	-	-	(1,170,768)	-
Interest paid on notes payable	(11,376)	-	(20,300)	-	-	-	(31,676)	-
Proceeds from loans	-	-	1,698,950	3,305,754	-	-	5,004,704	-
Principal paid on loans	-	-	-	-	(17,500)	(142,548)	(160,048)	-
Interest paid on loans	-	-	-	-	-	(9,593)	(9,593)	-
Capital contributions	1,185,000	-	22,277	26,576	3,025,195	20,000	4,279,048	-
Net cash used for capital and related financing activities	(58,143,505)	(7,321,016)	(667,749)	(1,812,773)	(783,451)	(2,454,827)	(71,183,321)	(1,274,534)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(138,302,359)	(16,196,664)	(2,161,813)	(5,637,108)	(866,439)	(2,568,586)	(165,732,969)	(4,685,810)
Proceeds from sale of investments	152,357,936	15,841,747	645,950	1,684,368	258,892	767,493	171,556,386	1,400,120
Interest on investments	11,182,061	252,936	50,575	139,562	29,651	60,467	11,715,252	128,980
Net cash provided by (used for) investing activities	25,237,638	(101,981)	(1,465,288)	(3,813,178)	(577,896)	(1,740,626)	17,538,669	(3,156,710)
Net increase (decrease) in cash and cash equivalents	(5,654,882)	240,518	(248,050)	(1,150,134)	(733,582)	(471,302)	(8,017,432)	(2,926,622)
Cash and cash equivalents, beginning	29,579,209	5,018,923	3,466,220	9,850,830	2,374,069	4,395,441	54,684,692	11,253,847
Cash and cash equivalents, ending	23,924,327	5,259,441	3,218,170	8,700,696	1,640,487	3,924,139	46,667,260	8,327,225
Less: amount reported in restricted assets	-	-	13,886	-	-	-	13,886	-
Cash and cash equivalents, ending - statement of net position	\$ 23,924,327	\$ 5,259,441	\$ 3,204,284	\$ 8,700,696	\$ 1,640,487	\$ 3,924,139	\$ 46,653,374	\$ 8,327,225

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities						Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Internal Service Funds	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 13,474,546	\$ 6,518,219	\$ (372,869)	\$ 2,792,358	\$ (5,951,959)	\$ (527,484)	\$ 15,932,811	\$ 1,118,733
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation expense	14,822,332	3,921,411	2,054,871	1,219,221	2,283,715	620,279	24,921,829	1,106,237
(Increase) decrease in accounts receivable	(859,986)	(191,778)	(82,950)	48,427	(88,958)	(107,851)	(1,283,096)	17,321
(Increase) decrease in due from other funds	-	1,237	673,449	670,024	(2,977)	1,737,724	3,079,457	(146,457)
(Increase) decrease in intergovernmental receivable	-	755,649	(289,105)	(1,718)	1,507,499	(16,709)	1,955,616	(6,573)
Increase in inventories	(74,266)	(554,492)	-	(30,768)	(9,920)	(4,456)	(673,902)	(20,128)
(Increase) decrease in prepaid items	(34,013)	(68,840)	(107)	27,888	1,455	(42)	(73,659)	(45,676)
Decrease in accounts payable	(470,198)	(1,061,602)	(260,264)	(281,424)	(1,562,099)	(10,047)	(3,645,634)	(225,943)
Increase in accrued payroll	81,147	22,730	3,809	965	18,497	4,219	131,367	912
Increase (decrease) in accrued compensated absences	(118,766)	(57,832)	10,044	10,595	30,336	5,603	(120,020)	(36,911)
Increase (decrease) in due to other funds	-	130,765	65,331	(10,695)	(58)	1,245,865	1,431,208	(796)
Increase (decrease) in claims payable	82,556	-	-	-	-	-	82,556	(270,097)
Increase (decrease) in retainage payable	-	11,632	34,918	12,182	179,834	33,796	272,362	(2,305)
Increase in customer deposits	-	14,965	-	-	-	-	14,965	-
Decrease in accrued interest on customer deposits	-	(3,698)	-	-	-	-	(3,698)	-
Increase (decrease) in intergovernmental payable	-	58,100	599	2,270	(42,156)	1,214	20,027	41,538
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(20,157)	(20,157)	-
Decrease in unearned revenue	-	-	-	-	-	(765)	(765)	(49,940)
Increase in post-employment benefits	316,898	62,037	16,956	19,409	28,514	17,773	461,587	15,957
Total adjustments	13,745,704	3,040,284	2,227,551	1,686,376	2,343,682	3,506,446	26,550,043	377,139
Net cash provided by (used for) operating activities	<u>\$ 27,220,250</u>	<u>\$ 9,558,503</u>	<u>\$ 1,854,682</u>	<u>\$ 4,478,734</u>	<u>\$ (3,608,277)</u>	<u>\$ 2,978,962</u>	<u>\$ 42,482,854</u>	<u>\$ 1,495,872</u>
Schedule of non-cash capital and related financing activities:								
Unrealized increase in the fair value of investments	\$ 14,207,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,207,725	\$ -
Capitalized interest included in capital assets	2,175,704	-	-	-	-	-	2,175,704	-
Capital asset contributions	-	-	258,639	170,824	-	-	429,463	-
Capital asset trade ins	-	-	-	-	-	-	-	2,615
Total non-cash capital and related financing activities	<u>\$ 16,383,429</u>	<u>\$ -</u>	<u>\$ 258,639</u>	<u>\$ 170,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,812,892</u>	<u>\$ 2,615</u>

The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 213,674
Investments	143,928
Total assets	\$ 357,602
 LIABILITIES	
Accounts payable	\$ 357,602
Total liabilities	\$ 357,602

The notes to the financial statements are an integral part of this statement.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Ames, Iowa (City) was incorporated in 1864 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component unit, for which the City is considered to be financially accountable. The discretely presented component unit is reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The City operates a non-profit municipal hospital, Mary Greeley Medical Center (hospital). A separately-elected board of trustees governs the hospital's daily operations. The powers of the trustees are established by City ordinance, which limits both the separate legal standing and fiscal independence of the hospital. The hospital is reported as an enterprise fund. Financial statements for the hospital are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

Discretely presented component unit. The Mary Greeley Medical Center Foundation (foundation) is a legally separate component unit of the hospital. A majority of resources, and income thereon, that the foundation holds and invests are restricted to the activities of the hospital by the donors. The foundation's financial statements are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and certain internal service funds, while business-type activities incorporate data from the government's enterprise funds and the remaining portion of the internal service funds. Separate financial statements are provided for governmental funds, proprietary

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

C. Basis of presentation - government-wide financial statements (continued)

funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has one discretely presented component unit. While it is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the business-type functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund*, the City's primary operating fund, accounts for all financial resources of the general government, except those accounted for in another fund.

The *Capital Projects Fund* accounts for the acquisition and construction of the City's capital facilities, other than those financed by proprietary funds.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The City reports the following major enterprise funds:

The *Mary Greeley Medical Center Fund* accounts for the operation of a municipally-owned, full-service medical care hospital.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

D. Basis of presentation - fund financial statements (continued)

The *Electric Fund* accounts for the operation of a municipally-owned electric plant, which generates and distributes electrical power to residents of the City and some contiguous areas.

The *Sewer Fund* accounts for the activities related to the operation of a sanitary distribution system and the sewer treatment plant.

The *Water Fund* accounts for the operation of the City-owned water plant, which provides water services to residents of the City and some contiguous areas.

The *Transit Fund* accounts for the City's transit services.

Additionally, the City reports the following fund types:

Internal service funds account for the fleet services, information services, risk management, and health insurance for City employees. These services are provided to other departments and agencies of the City on a cost-reimbursement basis.

Agency funds account for payroll tax withholdings and employee flexible benefits collected by the City on behalf of individuals, private organizations, and other governments.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as a transfer in the governmental activities column. Similarly, balances between

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

D. Basis of presentation - fund financial statements (continued)

the funds included in business-type activities are eliminated so that only the net amount is included as a transfer in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period is considered to be revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary information

1. Budgetary basis of accounting

State law mandates that annual budgets for funds other than agency and internal service funds be certified to the County Auditor no later than March 15 preceding the fiscal year beginning July 1.

The review and adoption of an annual 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 at a City government function level. A five-year capital improvements plan is prepared annually, and the first-year portion of the plan is considered as the capital improvements projects budget for the annual budget. The City Manager's budget, considered as a plan of financial operation along with proposed sources of revenues, is presented to the City Council at least six weeks prior to certification. The Council holds hearings with the City Manager, Budget Officer, department heads, and boards and commissions, as well as the public prior to adopting the budget.

Amendments to the budget are considered twice a year only if revenue sources are available (i.e., unanticipated revenues or budget surpluses). There can be no additional levy of property taxes. The actual amendment process, as prescribed by state law, is identical to the procedures followed for the original budget, including certification. The budgeted amounts presented in the required supplementary information reflect the original and the revised budget.

Budgets are monitored throughout the fiscal year by function, especially by major classifications such as personnel, capital, contractual, and commodities expenditures. Special revenue funds are budgeted at the aggregate fund level. Monthly reports are prepared by function, and major deviations by classification within a function must be approved by the City Manager. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level for all

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

budgeted funds in total. The budgetary comparison and related disclosures are reported as required supplementary information.

The City prepares its budget on the basis of accounting principles generally accepted in the United States of America, except that the enterprise funds do not budget depreciation expense and do budget for debt service expenditures and capital outlay. Internal service funds are not budgeted.

Appropriations in all budgeted funds lapse at the end of the fiscal year, even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

2. Excess of expenditures over appropriations

For the year ended June 30, 2014, there were no expenditures that exceeded appropriations.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments of the City are reported at fair value (generally based on quoted market prices).

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

3. Inventories and prepaid items

Inventories are maintained on a perpetual basis. Materials, supplies, medical supplies, and drugs are priced at an average cost, while coal is stated at the lower of cost (first-in, first-out) or market. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Houses held for resale are priced at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, traffic signals, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. The hospital capitalized \$2,175,704 of bond interest in the fiscal year ended June 30, 2014, for the hospital renovation and expansion.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

4. Capital assets (continued)

Land, public art, the library collection, and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Class</u>	<u>Life (yrs)</u>
Buildings	25-45
Improvements	20-40
Machinery and equipment	3-50
General infrastructure	15-50
Plant and distribution system	25-50

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. The governmental funds report unavailable revenues from six sources: property taxes, special assessments, hotel/motel taxes, charges for services, grants, and refunds. The government-wide statement of net position reports only unavailable revenues from property taxes. These amounts are recognized as an inflow of resources in the period that the amounts become available.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

7. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

8. Fund balance policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the Finance Director to assign fund balance through the approval of the annual budget. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

2. Property taxes

Property taxes attach as an enforceable lien on real property and are levied on July 1 prior to the fiscal year for which they are to be collected. The tax levy is divided into two billings with one half due September 30th and the other half due March 31.

3. Net patient service revenue

Net patient service revenue of the hospital is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

City of Ames
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

4. Compensated absences

Vacation and compensatory time

The City's policy permits employees to accumulate earned but unused vacation and compensatory time benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Sick leave

Accumulated sick leave in excess of 720 hours may be paid out at 25% of the accumulated hours upon retirement only.

5. Proprietary funds operating and non-operating revenues and expenses

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. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Ames
Notes to the Financial Statements
June 30, 2014

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$154,726,090 are as follows:

Land	\$ 11,883,058
Land improvements	1,384,118
Public art collection	500,719
Library collection	2,301,697
Construction in progress	20,526,181
Buildings	12,779,738
Less: accumulated depreciation	(6,484,500)
Equipment	4,517,957
Less: accumulated depreciation	(2,324,128)
Infrastructure	205,755,959
Less: accumulated depreciation	(96,114,709)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	<u>\$ 154,726,090</u>

Another element of that reconciliation explains, "Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are split between the governmental and business-type activities in the statement of net position."

The details of this \$13,842,877 are as follows:

Net position of the internal service funds	\$ 20,571,971
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(6,201,611)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(527,483)
	<u>\$ 13,842,877</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

II. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that, "The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities." The details of this \$746,326 are as follows:

Change in net position of the internal service funds	\$ 1,273,809
Plus: loss from charges to business-type activities	<u>(527,483)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 746,326</u></u>

III. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

As stated in Note I(F)(2), *Excess of expenditures over appropriations*, there were no budgetary violations that occurred in the fiscal year ended June 30, 2014.

B. Deficit fund equity

At June 30, 2014, the TIF fund, a nonmajor special revenue fund, had a deficit fund balance of \$184,764. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

B. Investments

The following table identifies the investment types that are authorized for the City by its investment policy. The hospital is guided in the selection of security investments by Chapters 12b and 12c of the Code of Iowa and policy, as approved by the board of trustees. The City's investment policy classifies certificates of deposit (CDs) as investments and all CDs purchased by the City are non-negotiable. However, under generally accepted accounting principles (GAAP), non-negotiable CDs are cash deposits instead of investments. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

B. Investments (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity for Operating Funds (Days)</u>	<u>Maximum Maturity for Non-operating Funds (Years)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Agency securities	397	7	n/a	n/a
Certificates of deposit	397	7	n/a	n/a
Prime banker's acceptances	270	270 days	10%	5%
Repurchase agreements	397	7	n/a	n/a
Joint investment trusts	397	7	n/a	n/a
Warrants of improvement certificates of a levee or drainage district	397	7	n/a	n/a
U.S. Treasury notes	17 years	n/a	n/a	n/a
Corporate debt securities	n/a	30	n/a	5%

At June 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Agency coupon securities	\$ 130,157,194	12/12/14 - 09/16/55
U.S. Agency pass-through securities	2,194	09/01/14 - 10/01/14
U.S. Treasury notes	15,422,981	07/31/14 - 02/15/20
Mutual funds	139,038,462	n/a
	<u>\$ 284,620,831</u>	

Interest rate risk. One of the ways that the City manages exposure to interest rate risk is by purchasing a combination of short- and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments are purchased with the intent to hold until maturity.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

B. Investments (continued)

The following provides information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations:

Investment Type	Fair Value	Remaining Maturity			
		12 Months or Less	13 - 24 Months	25-60 Months	More Than 60 Months
U.S. Agency coupon securities	\$ 130,157,194	\$ 14,160,486	\$ 21,267,619	\$ 50,164,365	\$ 44,564,724
U.S. Agency pass-through securities	2,194	2,194	-	-	-
U.S. Treasury notes	15,422,981	2,555,381	3,617,330	8,975,290	274,980
Mutual funds	139,038,462	139,038,462	-	-	-
	<u>\$ 284,620,831</u>	<u>\$ 155,756,523</u>	<u>\$ 24,884,949</u>	<u>\$ 59,139,655</u>	<u>\$ 44,839,704</u>

The City's investments include the federal agency pass-through securities (\$2,194), which are subject to early payment in a period of changing interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

Credit risk. The City will minimize credit risk by using the following measures:

1. Limiting investments to those authorized by the investment policy,
2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the City will do business,
3. Diversifying the investment portfolio by agency and issuer so that potential losses on individual securities can be minimized, and
4. Holding a minimum of 5% of the total portfolio in highly-marketable, short-term treasuries, checking accounts with interest, government pooled accounts, or a combination of all three.

The following shows the actual ratings as of June 30, 2014, for each investment type:

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 130,157,194	AAA
U.S. Agency pass-through securities	2,194	AAA
U.S. Treasury notes	15,422,981	AAA
Mutual funds	139,038,462	n/a
	<u>\$ 284,620,831</u>	

Concentration of credit risk. The City's investment policy provides limitations on the amount that can be invested in any one issuer, which is approved by City Council.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

B. Investments (continued)

Investments in any one issuer that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Amount	Percent of Portfolio
Federal National Mortgage Association	U.S. agency securities	\$ 58,557,471	20.57%
Federal Home Loan Mortgage Co.	U.S. agency securities	32,644,962	11.47%
Federal Home Loan Bank	U.S. agency securities	16,755,136	5.89%
Federal Farm Credit	U.S. agency securities	17,213,192	6.05%
United States Treasury	U.S. agency securities	15,422,981	5.42%

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The following outlines the requirements in the City's investment policy to limit the exposure to custodial credit risk for deposits or investments:

1. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts,
2. City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance, and
3. The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal controls shall address the following points:
 - a. Control of collusion,
 - b. Separation of transaction authority from accounting and record keeping,
 - c. Custodial safekeeping,
 - d. Delivery versus payment,
 - e. Clear delegation of authority, and
 - f. Confirmation of transactions for investments and wire transfers.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

B. Investments (continued)

As of June 30, 2014, the City's investments in the following were held by the same third-party custodian that was used by the City to buy the securities and evidenced by safekeeping receipts:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. agency securities	\$ 58,557,471
Federal Home Loan Mortgage Co.	U.S. agency securities	32,644,962
Federal Home Loan Bank	U.S. agency securities	16,755,136
Federal Farm Credit	U.S. agency securities	17,213,192
Government National Mortgage Assoc.	U.S. agency securities	4,806,701
United States Treasury	U.S. agency securities	15,422,981
Small Business Administration	U.S. agency securities	181,926

Foreign currency risk. As of June 30, 2014, the City had no exposure to foreign currency rate risk.

The City has a written investment policy, approved by the City Council, which addresses the different areas of risk. The policy is available for review in the offices of the City Clerk and the City Treasurer, and also on the City's website.

C. Foundation investments

The foundation follows Financial Accounting Standards Board (FASB) standards. As such, adoption of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, was not required by the foundation and, accordingly, no such disclosures are presented here.

The following is a detail of the foundation's investments at June 30, 2014:

Investment Type	Fair Value
Equity mutual funds	\$ 10,144,198
Corporate debt securities	1,305,882
	<u>\$ 11,450,080</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

D. Receivables

All utility and hospital accounts receivable are shown net of an allowance for uncollectible accounts. Property tax receivable is shown at a gross amount since they are assessed to the property and collectible upon sale of the property.

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2014, is as follows:

Governmental activities:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Non-depreciable capital assets:				
Land	\$ 11,576,058	\$ 307,000	\$ -	\$ 11,883,058
Land improvements	1,384,118	-	-	1,384,118
Public art collection	494,719	6,000	-	500,719
Library collection	2,294,315	330,345	(322,963)	2,301,697
Construction in progress	7,814,160	16,427,587	(3,708,008)	20,533,739
Total non-depreciable capital assets	<u>23,563,370</u>	<u>17,070,932</u>	<u>(4,030,971)</u>	<u>36,603,331</u>
Depreciable capital assets:				
Buildings	12,098,647	1,257,558	(24,973)	13,331,232
Equipment	19,759,568	1,804,302	(897,922)	20,665,948
Infrastructure	200,149,938	6,960,794	(1,162,341)	205,948,391
	<u>232,008,153</u>	<u>10,022,654</u>	<u>(2,085,236)</u>	<u>239,945,571</u>
Less accumulated depreciation:				
Buildings	6,702,338	327,705	(24,973)	7,005,070
Equipment	10,503,890	1,443,622	(766,255)	11,181,257
Infrastructure	90,036,649	7,405,797	(1,141,242)	96,301,204
	<u>107,242,877</u>	<u>9,177,124</u>	<u>(1,932,470)</u>	<u>114,487,531</u>
Total depreciable capital assets	<u>124,765,276</u>	<u>845,530</u>	<u>(152,766)</u>	<u>125,458,040</u>
Total capital assets	<u>\$ 148,328,646</u>	<u>\$ 17,916,462</u>	<u>\$ (4,183,737)</u>	<u>\$ 162,061,371</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

E. Capital assets (continued)

Depreciation expense was charged to functions of the governmental activities of the primary government as follows:

General government	\$	273,326
Public safety		558,229
Public works		7,125,812
Culture and recreation		1,212,711
Community and economic development		7,046
Total depreciation expense - governmental activities		\$ 9,177,124

Business-type activities:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<i>Non-depreciable capital assets:</i>				
Land	\$ 11,719,187	\$ 208,695	\$ (190,536)	\$ 11,737,346
Construction in progress	71,520,658	56,620,419	(108,157,705)	19,983,372
Total non-depreciable capital assets	83,239,845	56,829,114	(108,348,241)	31,720,718
<i>Depreciable capital assets:</i>				
Plant and distribution systems	302,230,842	25,531,557	(12,409,830)	315,352,569
Buildings	145,217,514	88,325,143	(2,152,659)	231,389,998
Equipment	144,962,355	12,573,846	(2,113,487)	155,422,714
Improvements	3,086,733	131,784	(103,381)	3,115,136
	595,497,444	126,562,330	(16,779,357)	705,280,417
<i>Less accumulated depreciation:</i>				
Plant and distribution systems	184,660,418	7,195,504	(11,747,731)	180,108,191
Buildings	66,508,212	5,697,067	(663,476)	71,541,803
Equipment	96,511,644	11,932,421	(1,963,590)	106,480,475
Improvements	1,966,530	96,837	(68,381)	1,994,986
	349,646,804	24,921,829	(14,443,178)	360,125,455
Total depreciable capital assets	245,850,640	101,640,501	(2,336,179)	345,154,962
Total capital assets	\$ 329,090,485	\$ 158,469,615	\$ (110,684,420)	\$ 376,875,680

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

F. Pension obligations

Iowa Public Employees Retirement System (IPERS)

Plan description. The City participates in the IPERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement, disability, and death benefits to eligible members and beneficiaries. State statutes authorize the State to establish and amend all plan provisions. The State issues a publicly available financial report, which includes financial statements and required supplementary information. This may be obtained either at www.ipers.org or by written request to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Funding policy. Iowa state law requires participating employers and members to contribute to IPERS. The Iowa Legislature and the Governor determine the positions of employment in each membership class and the benefits provided. Most members (96%) are regular members. The other 4% are special service members who work in public safety jobs.

IPERS sets the regular member contribution rates using an annual actuarial valuation, which is a snapshot of IPERS's finances; however, the combined employer and member rate may not change by more than 1.0 percentage point each year. Rates for special service members are actuarially determined each year.

During the fiscal year ended June 30, 2014, regular members contributed 5.95% and the City contributed 8.93% of covered wages. Rates for the fiscal year beginning July 1, 2014, remain the same. Emergency responder members contributed 6.76%, and the hospital contributed 10.14% of covered wages for the fiscal year ended June 30, 2014. As of July 1, 2014, the rates for emergency responders remain the same. The City's total contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$7,203,057, \$6,862,042, and \$6,211,558, respectively, and were equal to 100 percent of the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan description. The City also participates in the MFPRSI, which provides retirement, disability, and death benefits for firefighters and police officers. MFPRSI was created under Chapter 411 of the Code of Iowa, effective January 1, 1992, to replace the fire and police retirement systems in 49 cities in Iowa. It is a cost-sharing, multiple-employer defined benefit pension plan. A board of nine voting and four non-voting members is the policy-making body for the system. MFPRSI issues publicly available financial reports, which include financial statements and required supplementary information for the plan.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

F. Pension obligations (continued)

The reports may be obtained by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA, 50266.

Funding policy. The contribution rate structure is established by Chapter 411 of the Code of Iowa. The member contribution rate, currently at 9.40%, is set by state statute. The rate for the City is established each year by the board of trustees following the completion of an annual actuarial valuation. The City's rate for the fiscal year ended June 30, 2014, was 30.12%. As of July 1, 2014, the rate is 30.41%. The City's total contributions to MFPRSI for the years ended June 30, 2014, 2013, and 2012 were \$2,064,780, \$1,758,163, and \$1,630,807, respectively, and were equal to 100 percent of the required contributions for each year.

Ames Municipal Utility Retirement Plan

Plan description. The Ames Municipal Retirement Plan (utility plan) was created by resolution of the City Council and is administered by the City. It is a single-employer, defined contribution plan for employees who regularly receive more than 10% of his or her compensation from a utility fund of the City. The City Council has authorization to amend plan provisions and contribution rates. An eleven-member board monitors, reviews, and evaluates on a continuing basis, the performance of the utility plan. The board submits a written report of its findings and recommendations at least once each fiscal year. These reports may be obtained at the City's offices.

Summary of significant accounting policies - basis of accounting and valuation of investments. The utility plan uses the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market value are reported at estimated fair value.

Funding policy. Participants contribute 5.40%, and the City contributes 7.93% of eligible compensation. Participants may also make voluntary, unmatched contributions up to 10% of the participant's annual compensation. Participant contributions were \$450,641, and City contributions were \$661,774 for the fiscal year ended June 30, 2014.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

G. Other post-employment benefit (OPEB) obligations

City of Ames General Employees' Other Post-employment Benefits Plan

Plan description. The City and hospital provide health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The hospital also provides a life insurance benefit. The City has the authority to establish and amend benefit provisions of the plan.

Funding policy. Participants must be at least 55 years old, have been employed by the City for the preceding four years, and be enrolled in a sponsored insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

The contribution requirements of the City are established and may be amended by the City. Plan members are currently not required to contribute. The City funds on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation. The net OPEB obligation as of June 30, 2014, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	\$ 254,000	\$ 465,640	\$ 719,640
Interest on net OPEB obligation	23,000	132,231	155,231
Adjustment to annual required contribution	(20,000)	(105,975)	(125,975)
Annual OPEB cost	257,000	491,896	748,896
Contributions and payments made	73,597	(174,998)	(101,401)
Increase in net OPEB obligation	330,597	316,898	647,495
Net OPEB obligation - beginning	822,976	2,644,625	3,467,601
Net OPEB obligation - ending	<u>\$1,153,573</u>	<u>\$2,961,523</u>	<u>\$4,115,096</u>

The City's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the current fiscal year and two most recent fiscal years is as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 748,896	13.54%	\$4,115,096
June 30, 2013	661,229	19.62%	3,467,601
June 30, 2012	572,142	85.89%	2,936,089

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

G. Other post-employment benefit obligations (OPEB) (continued)

Funded status and funding progress. As of July 1, 2012 (July 1, 2013 for the hospital), the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 6,808,907
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 6,808,907
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$85,922,739
UAAL as a percentage of covered payroll	7.92%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially-determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of the assets.

The ARC for the City was determined as part of the July 1, 2012 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Inflation rate	3.5%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	4.5%
Projected salary increases	3.5%
Cost of living adjustments	3.0%

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

G. Other post-employment benefit obligations (OPEB) (continued)

Healthcare cost trend rate 9.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%

The ARC for the hospital was determined as part of the July 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Inflation rate	3.0%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	5.0%
Projected salary increases	4.0%
Post-retirement benefit increases	9.0%, reduced annually by 0.5% to an ultimate rate of 5.0%
Healthcare cost trend rate	9.0%, reduced annually by 0.5% to an ultimate rate of 5.0%

H. Construction and other significant commitments

Construction commitments. As of June 30, 2014, the City's commitments with contractors were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Streets	\$ 1,532,874	\$ 3,425,951
Traffic Signals	229,951	63,129
Water	758,851	1,442,239
Sewer	1,842,553	639,750
Storm Sewer	496,454	110,211
Electric	9,290,396	841,587
Airport	1,138,967	67,937
Library Renovation	11,412,574	1,802,872
Transit Expansion	4,703,946	279,453
	<u>\$31,406,566</u>	<u>\$ 8,673,129</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

H. Construction and other significant commitments (continued)

All of the remaining commitment amounts above were encumbered at year end. As discussed earlier in note I(F)(1), budgetary information - budgetary basis of accounting, the encumbrances and related appropriations lapse at the end of the year but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Encumbrances. As discussed in note I(F)(1), budgetary information - budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year was as follows:

General fund	\$ 594,680
Capital projects fund	10,608,063
Nonmajor governmental funds	1,281,913
Electric	5,922,161
Water	5,380,393
Sewer	1,871,414
Transit	3,034,301
Nonmajor business-type funds	393,130
	<u>\$29,086,055</u>

I. Risk management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City uses the risk management internal service fund to account for and finance risks for workers' compensation, general liability, and property damage. The risk management fund provides workers' compensation coverage for all City employees and funds the deductible for general liability insurance. Commercial insurance is purchased for all other risks of loss.

Risk management fund. All funds of the City participate in the workers' compensation insurance program and make payments to the risk management fund based on a charge against employee payroll. The charge is calculated based on past claims experience of City departments. The risk management fund pays all workers' compensation claims, claim reserves, the deductible for general liability insurance, and administrative costs from its revenues, and holds excess revenues for reserve against future claims.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

I. Risk management (continued)

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

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

The City also carries commercial insurance purchased from other insurers for property (buildings and content) and boiler and machinery coverage. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Changes in the balance of claims liabilities during the years ended June 30, 2014 and 2013 were as follows:

	2014	2013
Liability - July 1	\$ 1,058,601	\$ 764,175
Claims incurred & claims adjustments	790,768	857,588
Claims payments	(592,233)	(563,162)
Liability - June 30	\$ 1,257,136	\$ 1,058,601

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

I. Risk management (continued)

Health insurance fund. The City maintains a separate internal service fund to account for health benefits. The City carries excess health insurance through the risk pool of Blue Cross/Blue Shield of Iowa in the amount of \$125,000 for specific claims each year and 125% of aggregate claims. The estimated liability for probable losses as recorded in the health benefits fund was:

	2014	2013
Liability - July 1	\$ 743,632	\$ 646,300
Claims incurred & claims adjustments	6,017,610	6,163,803
Claims payments	(6,486,242)	(6,066,471)
Liability - June 30	\$ 275,000	\$ 743,632

The hospital carries professional liability insurance on a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The hospital has accrued \$210,310 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2014.

The hospital is self-insured for health care coverage of employees and covered dependents and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$175,000 per individual claim and 120% aggregate of expected paid claims. Accrued costs related to health care coverage amounted to \$1,084,751 at June 30, 2014.

The hospital is self-insured for workers' compensation coverage of employees, and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$475,000 per occurrence. Accrued costs related to workers' compensation coverage were \$304,737 at June 30, 2014.

Changes in the balance of the hospital's accrued claims for professional liabilities, health care, and workers' compensation coverage for the years ended June 30, 2014 and 2013 were as follows:

	Professional Liability		Health Insurance	
	2014	2013	2014	2013
Liability - July 1	\$ 245,604	\$ 220,084	\$ 1,016,728	\$ 969,844
Claims incurred & claims adjustments	(27,659)	33,858	9,392,740	8,365,463
Claims payments	(7,634)	(8,338)	(9,324,717)	(8,318,579)
Liability - June 30	\$ 210,311	\$ 245,604	\$ 1,084,751	\$ 1,016,728

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

I. Risk management (continued)

	Workers' Compensation	
	2014	2013
Liability - July 1	\$ 148,380	\$ 122,560
Claims incurred & claims adjustments	577,400	261,446
Claims payments	(421,043)	(235,626)
Liability - June 30	\$ 304,737	\$ 148,380

J. Lease obligations

Operating leases. The City leases a parking lot in Campustown for public parking. A three-year lease extension was approved, beginning in May 2012. The City also leases office space, which serves as the primary office for the Information Technology division. The current lease for office space expires in October 2015. There is no option to renew either lease when they expire. Rent expense for these leases during the fiscal year ended June 30, 2014, was \$32,982.

The hospital leases various equipment for use in the medical center. Rent expense for these leases was \$1,072,000 for the fiscal year ended June 30, 2014.

The future minimum lease payments for the City and hospital are as follows:

Year Ending June 30,	Total Rent
2015	\$ 747,443
2016	269,795
2017	-
2018	-
2019	-
	\$ 1,017,238

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued with maturities ranging from 10 to 20 years. Debt service on general obligation bonds is paid from the debt service fund. General obligation bonds outstanding at June 30, 2014 are as follows:

Governmental activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2014
Corporate purpose	2006	\$ 5,285,000	4.000 %	2018	\$ 2,100,000
Corporate purpose	2007	9,130,000	3.75-4.150	2019	4,573,115
Corporate purpose	2008	5,855,000	3.75-4.150	2020	3,310,000
Corporate purpose	2009	11,165,000	2.00-3.500	2021	7,145,000
Corporate purpose	2010	6,690,000	2.00-2.500	2022	4,745,000
Refunding	2011	5,980,000	2.00-3.350	2021	2,150,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	5,090,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	9,910,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	19,200,000
		<u>\$83,325,000</u>			<u>\$58,223,115</u>

Business-type activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2014
Corporate purpose	2007	\$ 500,000	2.00-3.35 %	2021	\$ 246,885
Corporate purpose	2008	2,500,000	1.00-2.40	2023	1,435,000
Corporate purpose	2012	1,335,000	1.50-3.00	2024	1,135,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	1,220,000
		<u>\$ 5,655,000</u>			<u>\$ 4,036,885</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

Revenue bonds

The City also issues revenue bonds, where the City pledges income derived from certain assets or programs to pay the debt service. Revenue bonds outstanding as of June 30, 2014 are as follows:

Mary Greeley Medical Center:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2014
Hospital improvement	2011	\$ 65,000,000	3.00-5.625 %	2036	\$ 64,060,000
Hospital improvement and refunding	2012	<u>26,000,000</u>	2.07	2027	<u>22,270,000</u>
		<u>\$91,000,000</u>			<u>\$ 86,330,000</u>

The hospital has pledged future net revenue to repay the 2011 and 2012 revenue bonds with original borrowings of \$65,000,000 and \$26,000,000, respectively. Net revenue is defined in the bond indenture of trust dated October 1, 2011, and in the supplemental master trust indenture dated November 1, 2012, as operating revenue, less operating expenses plus depreciation. The purpose of the 2011 and 2012 bonds is to refund the 2003 bonds and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and are payable through 2036 and 2027, respectively. The total principal and interest remaining to be paid on the bonds as of June 30, 2014, is \$141,246,298. Principal and interest paid during the fiscal year ended June 30, 2014, was 6,624,900 and net revenue for the same period, as defined above, was \$28,296,878.

Under the indenture of trust, the hospital is responsible for all payments of principal, interest, and related expenses of the bonds, and certain funds are required to be maintained by the trustee for interest and principal payments. The hospital is required to comply with various covenants (primarily the debt service coverage ratio, days cash on hand, and the capitalization ratio) and meet certain operating and financial tests. Monthly deposits of one-sixth of the next semi-annual interest payment and one-twelfth of the next annual principal maturity must be made into debt service reserve funds.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

Landfill post-closure costs

The City stopped accepting solid waste at its landfill effective June 30, 1992, and has since been closed. 100% of the capacity of the landfill has been used.

Federal and state laws and regulations establish landfill closure and post-closure care requirements. The state specifies financial assurance requirements in the Code of Iowa enumerating various allowable financial assurance mechanisms to meet the costs of closure and post-closure care. The City satisfies this requirement with the rating on its most recent bond issues.

The liability for post-closure care costs is based on the landfill capacity used to date with no remaining life. The estimated liability for post-closure care costs is \$196,464 at June 30, 2014, with a current portion of \$16,364.

The City's written landfill post-closure plan includes estimates of costs of all equipment and services required to monitor and maintain the closed landfill. There is a potential for changes in estimates as a result of inflation or deflation, changes in technology, or changes in applicable laws or regulations. Unanticipated future inflation costs and costs that might arise from changes in post-closure requirements may require adjustment of the liability in future years.

Loans payable

The City has a Solid Waste Alternatives Program loan from the Iowa Department of Natural Resources to fund a non-ferrous metal recovery system at the Resource Recovery Plant. The original amount of the loan was \$825,000, payable through July 2015, at three percent interest. The balance of the loan on June 30, 2014 was \$184,283.

Transit has an Amoco capital match revolving loan from the Iowa Department of Transportation for the final design and construction of the intermodal facility. The original amount of the loan was \$87,500, payable through December 2015, at zero percent interest. The balance of the loan on June 30, 2014 was \$35,000.

At June 30, 2014, there were two outstanding contracts between the Iowa Department of Economic Development and some city businesses for Community Economic Betterment Account loans. Although the loans bear the name of the City, the City has no obligation for such debt beyond the resources provided by the business entity upon whose behalf it is issued. Accordingly, the loans are not reported as a liability in the financial statements.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

The City has entered into a water revenue loan and disbursement agreement anticipation project note with the Iowa Finance Authority (IFA) for an amount not to exceed \$11,425,000. The funds will be used to pay the costs to plan and design a new water treatment plant. The loan bears interest at 0% with no initiation or servicing fee, and the principal is payable three years from the project note date of February 9, 2012. It is the intent of City staff to roll the planning and design loan into a state revolving fund construction loan after the project has been bid and actual construction costs are known. Repayment of the construction loan will be made with revenues in the water fund. As of June 30, 2014, the City had borrowed \$6,678,303.

Revenue capital loan notes

The City also has a revenue capital loan note agreement with the IFA in an amount not to exceed \$3,121,000. The funds will be used to pay for a new ultraviolet light disinfection system for the Water Pollution Control Plant, which is required under the terms of the discharge permit for the facility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$15,605 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The balance of the loan was \$1,987,020, and the City had \$1,133,980 of capital loan notes available as of June 30, 2014.

The capital loan note agreement requires the sewer utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2014, the sewer fund had net revenues of \$1,682,002 and the amount of principal and interest due was \$148,300.

Legal debt margin. State statutes limit the amount of general obligation debt an Iowa city may issue to five percent (5%) of the actual assessed valuation at January 1, 2012, related to the 2013-2014 fiscal year. At June 30, 2014, the outstanding debt of \$62,260,000 is below the limit of \$176,836,768, leaving a debt margin of over \$114 million.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2014, are as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 65,894,891	\$ -	\$ (7,671,776)	\$ 58,223,115	\$ 6,589,829
Premiums	1,756,059	-	(167,732)	1,588,327	167,732
Total bonds payable	67,650,950	-	(7,839,508)	59,811,442	6,757,561
Compensated absences	1,923,712	1,944,721	(1,896,302)	1,972,131	98,863
Other post-employment benefits	462,030	185,604	-	647,634	-
Governmental activities long-term debt	<u>\$ 70,036,692</u>	<u>\$ 2,130,325</u>	<u>\$ (9,735,810)</u>	<u>\$ 62,431,207</u>	<u>\$ 6,856,424</u>

The liabilities for compensated absences and other post-employment benefits are generally liquidated by the General Fund.

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 89,085,000	\$ -	\$ (2,755,000)	\$ 86,330,000	\$ 2,825,000
Premiums	652,004	-	(39,252)	612,752	39,028
Total revenue bonds	89,737,004	-	(2,794,252)	86,942,752	2,864,028
General obligation bonds	4,490,109	-	(453,224)	4,036,885	460,171
Premiums	170,651	-	(16,385)	154,266	16,384
Total general obligation bonds	4,660,760	-	(469,609)	4,191,151	476,555
Total bonds payable	94,397,764	-	(3,263,861)	91,133,903	3,340,583
Compensated absences	10,969,883	8,049,708	(8,168,238)	10,851,353	487,326
Loans payable	3,751,880	3,305,753	(160,047)	6,897,586	6,842,676
Capital loan notes payable	416,070	1,698,950	(128,000)	1,987,020	131,000
Notes payable	1,611,285	-	(1,042,768)	568,517	446,257
Other post-employment benefits	3,005,571	461,891	-	3,467,462	-
Landfill post-closure costs	216,621	-	(20,157)	196,464	16,364
Business-type activities long-term debt	<u>\$ 114,369,074</u>	<u>\$ 13,516,302</u>	<u>\$ (12,783,071)</u>	<u>\$ 115,102,305</u>	<u>\$ 11,264,206</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

The debt service requirements for the City's bonds are as follows:

Governmental activities:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 6,589,829	\$ 1,633,427
2016	6,252,882	1,468,638
2017	6,430,935	1,307,811
2018	6,258,598	1,132,028
2019	5,880,871	951,555
2020-2024	17,755,000	2,681,345
2025-2029	5,635,000	1,000,150
2030-2034	3,420,000	210,600
Total	<u>\$ 58,223,115</u>	<u>\$ 10,385,554</u>

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 460,171	\$ 129,001	\$ 2,825,000	\$ 3,803,608
2016	472,118	115,029	2,890,000	3,735,480
2017	494,065	100,599	2,960,000	3,665,621
2018	506,402	84,110	3,030,000	3,593,734
2019	529,129	67,182	3,105,000	3,520,109
2020-2024	1,450,000	137,248	16,765,000	16,363,248
2025-2029	125,000	3,750	19,685,000	12,443,548
2030-2034	-	-	23,725,000	6,889,788
2035-2039	-	-	11,345,000	901,162
Total	<u>\$ 4,036,885</u>	<u>\$ 636,919</u>	<u>\$ 86,330,000</u>	<u>\$ 54,916,298</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

K. Long-term liabilities (continued)

Year Ending June 30,	Loans		Capital Loan Notes	
	Principal	Interest	Principal	Interest
2015	\$ 6,842,676	\$ 3,886	\$ 131,000	\$ 40,279
2016	54,910	-	134,000	39,680
2017	-	-	136,000	37,000
2018	-	-	139,000	34,280
2019	-	-	142,000	31,500
2020-2024	-	-	754,000	113,743
2025-2029	-	-	551,020	35,303
Total	<u>\$ 6,897,586</u>	<u>\$ 3,886</u>	<u>\$ 1,987,020</u>	<u>\$ 331,785</u>

Year Ending June 30,	Notes	
	Principal	Interest
2015	\$ 446,257	\$ 4,718
2016	122,260	554
2017	-	-
2018	-	-
2019	-	-
2020-2024	-	-
Total	<u>\$ 568,517</u>	<u>\$ 5,272</u>

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2015	\$ 10,705,104	\$ 3,981,492	\$ 17,294,933	\$ 5,614,919
2016	3,673,288	3,890,743	9,926,170	5,359,381
2017	3,590,065	3,803,220	10,021,000	5,111,031
2018	3,675,402	3,712,124	9,934,000	4,844,152
2019	3,776,129	3,618,791	9,657,000	4,570,346
2020-2024	18,969,000	16,614,239	36,724,000	19,295,584
2025-2029	20,361,020	12,482,601	25,996,020	13,482,751
2030-2034	23,725,000	6,889,788	27,145,000	7,100,388
2035-2039	11,345,000	901,162	11,345,000	901,162
Total	<u>\$ 99,820,008</u>	<u>\$ 55,894,160</u>	<u>\$ 158,043,123</u>	<u>\$ 66,279,714</u>

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

L. Fund balance

Minimum fund balance policy. The City establishes and maintains fund balance levels based on evaluation of each individual fund. The minimum fund balance is set at a level that is considered necessary to maintain the City's credit worthiness and to adequately provide for:

1. Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy,
2. Contingencies for unseen operating or capital needs, and
3. Cash flow requirements.

In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years that are carried forward into the new year; debt service reserve requirements; reserves for encumbrances; and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

The minimum fund balance level for the general fund is 20% of operating expenditures.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

L. Fund balance (continued)

The details for the City's fund balances are as follows:

	General	Capital Projects	Debt Service	Special Revenues	Permanent Funds	Total
Nonspendable:						
Inventory	\$ 37,795	\$ -	\$ -	\$ 80,312	\$ -	\$ 118,107
Prepaid items	30,633	-	-	325	-	30,958
Perpetual care principal	-	-	-	-	917,506	917,506
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	68,428	-	-	80,637	1,917,506	2,066,571
Restricted:						
Debt service	-	-	603,260	-	-	603,260
Aquatic center	-	-	-	-	99,254	99,254
Airport construction	-	204,234	-	-	-	204,234
Other construction	-	-	-	4,439,095	-	4,439,095
Environment and economic betterment	-	-	-	6,250,707	-	6,250,707
General obligation bond projects	-	14,538,812	-	-	-	14,538,812
Housing assistance	-	-	-	497,119	-	497,119
Public safety	-	-	-	250,768	-	250,768
Public safety pension	-	-	-	879,393	-	879,393
Library	-	-	-	949,314	-	949,314
Parks and recreation	-	-	-	1,764,412	-	1,764,412
Project Share	-	-	-	4,815	-	4,815
Public art	-	-	-	170	-	170
Developers' projects	-	-	-	149,610	-	149,610
Total restricted fund balance	-	14,743,046	603,260	15,185,403	99,254	30,630,963
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Parks and recreation	-	-	-	106,634	-	106,634
Housing assistance	-	-	-	742,209	-	742,209
Green energy projects	-	-	-	5,455	-	5,455
Environment and economic betterment	-	-	-	590,474	-	590,474
Total committed fund balance	-	-	-	1,461,826	-	1,461,826
Assigned:						
Outstanding encumbrances	-	-	-	-	-	-
Administration	123,813	-	-	-	-	123,813
Library	6,769	-	-	-	-	6,769
Public works	28,570	-	-	-	-	28,570
Public safety	3,453	-	-	-	-	3,453
Parks and recreation	69,116	-	-	-	-	69,116
Airport	6,720	-	-	-	-	6,720
Cemetery maintenance	14,618	-	-	-	-	14,618
Total assigned fund balance	253,059	-	-	-	-	253,059
Unassigned	9,046,946	(263,334)	-	(184,764)	-	8,598,848
Total fund balance	\$ 9,368,433	\$ 14,479,712	\$ 603,260	\$ 16,543,102	\$ 2,016,760	\$ 43,011,267

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

M. Interfund receivables and payables

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable fund	Payable fund				
	General Fund	Capital Projects	Electric	Sewer	Water
Major funds:					
General fund	\$ -	\$ 56,513	\$ 204,716	\$ 35,713	\$ 40,680
Capital projects	80,731	22,622	-	49,602	13,386
Electric	-	-	-	39,308	42,691
Sewer	158	127	26,140	-	16,796
Water	-	140	29,988	46,089	-
Transit	7,480	-	-	-	-
Nonmajor funds:					
Special revenue	6,074	-	-	8,504	8,504
Enterprise	476	29,066	64,535	-	-
Internal service	126,950	1,810	253,126	22,315	26,270
Total	<u>\$ 221,869</u>	<u>\$ 110,278</u>	<u>\$ 578,505</u>	<u>\$ 201,531</u>	<u>\$ 148,327</u>

Receivable fund	Payable fund					Total
	Transit	Nonmajor Permanent Funds	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Internal Service Funds	
Major funds:						
General fund	\$ 16,482	\$ 4,895	\$ 743,799	\$ 37,970	\$ 20,406	\$1,161,174
Capital projects	-	-	1,047	1,251,749	-	1,419,137
Electric	-	-	206	-	-	82,205
Sewer	-	-	-	193	-	43,414
Water	-	-	-	-	-	76,217
Transit	-	-	-	-	-	7,480
Nonmajor funds:						
Special revenue	-	-	209,653	8,504	-	241,239
Enterprise	-	-	2,918	-	-	96,995
Internal service	4,749	-	72,797	40,982	2,616	551,615
Total	<u>\$ 21,231</u>	<u>\$ 4,895</u>	<u>\$1,030,420</u>	<u>\$1,339,398</u>	<u>\$ 23,022</u>	<u>\$3,679,476</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

N. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2014, is as follows:

Transfers in	Transfers out					Nonmajor Special Revenue Funds	Total
	General Fund	Capital Projects	Electric	Sewer	Water		
Major funds:							
General fund	\$ -	\$ -	\$ 1,959,481	\$ -	\$ -	\$ 6,211,639	\$ 8,171,120
Capital projects	80,731	-	-	-	-	-	80,731
Debt service	-	247,348	-	-	-	117,055	364,403
Transit	1,510,853	-	-	-	-	-	1,510,853
Nonmajor funds:							
Special revenue	4,815	-	-	-	-	104,817	109,632
Enterprise	452,862	-	-	-	-	20,000	472,862
Internal service	-	-	-	2,916	2,917	2,917	8,750
Total	\$ 2,049,261	\$ 247,348	\$ 1,959,481	\$ 2,916	\$ 2,917	\$ 6,456,428	\$ 10,718,351

Interfund transfers are authorized in the City budget and usually involve transfers from the fund receiving the revenue to the fund through which the authorized expenditure is to be made. For example, the road use tax funds are received into the special revenue fund and are transferred to the capital projects fund where the funds will be spent.

O. Donor-restricted endowment

Earnings from the investment of the Furman Aquatic Center endowment of \$99,254 at June 30, 2014, are shown as restricted net position. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Code of Iowa permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

P. Contingencies

The City's Legal Department reported to management that, as of June 30, 2014, claims and lawsuits were on file against the City. The Legal Department estimates that the portion of these potential claims and lawsuits not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes outside the regular limit to cover cases resulting in an uninsured judgment.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

P. Contingencies (continued)

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act, as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

As a provider of health care services, the hospital has agreements with third-party payers that provide for payment of services at amounts different from established rates. The basis for payment varies by payer and includes prospectively-determined rates per discharge, discounts from established charges, and retroactively-determined, cost-based rates. Approximately 94 percent of gross patient charges determined at established rates resulted from patients covered by these third-party reimbursement programs for the fiscal year ended June 30, 2014. Changes have been and may be made in certain programs, which could have a material adverse impact on the financial condition of the hospital in future years.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the hospital is subject to similar regulatory reviews, management believes that the outcome of any such regulatory review will not have a material adverse effect on the hospital's financial position.

Q. Joint venture

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (Health Ventures), of which it owns 50%. A joint venture also exists with Garner Dialysis, LLC, which is owned 40% by the hospital. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise significant influence over operating and financial policies of the investee. Financial statements of the joint ventures are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

City of Ames
Notes to the Financial Statements
June 30, 2014

IV. Detailed notes on all activities and funds (continued)

R. Prior Period Adjustment

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ended June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This statement was applied retroactively by restating, the impact of which is presented below:

	Hospital	Business-type Activities
Net position, June 30, 2013, as previously reported	\$ 285,356,920	\$ 535,858,598
Bond issuance costs, previously reported as an asset	(871,156)	(871,156)
Deferred loss on refunding, previously reported as a liability	(199,284)	(199,284)
Bond issuance costs and losses on bond refunding expenses for 2013 bonds	(16,867)	(16,867)
Net position, June 30, 2013, as restated	\$ 284,269,613	\$ 534,771,291

S. Related party transactions

The hospital's board of trustees approved the guarantee of certain debt on behalf of the Health Ventures joint venture mentioned above. During the fiscal year ended June 30, 2014, the debt was paid in full by Health Ventures, and there was no performance on the guarantee by the hospital.

T. Subsequent Events

On September 30, 2014, the City issued \$9,695,000 of general obligation, corporate purpose bonds for the purpose of paying the cost of constructing improvements to streets, bridges, and solid waste disposal facilities, and for the cost of flood mitigation and remediation. The interest rates on the bonds range from 2.00-2.50% with final maturity on June 1, 2026.

In October 2014, the City received an additional \$191,879 in loan proceeds from IFA for the new water treatment plant per the water revenue loan and disbursement agreement anticipation note. This brings the total amount outstanding to \$7,062,061 as of the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

LIBRARY INTERIOR RENOVATION



City of Ames
Schedule of Funding Progress
General Employees' Other Post-employment Benefits Plan

FY	City Actuarial Valuation Date	Hospital Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected			Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
				Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
2014	07/01/12	07/01/13	-	\$ 6,808,907	\$ 6,808,907	0.00%	\$ 85,922,739	7.92%	
2013	07/01/12	07/01/11	-	5,876,864	5,876,864	0.00%	90,590,827	6.49%	
2012	07/01/10	07/01/11	-	5,065,864	5,065,864	0.00%	82,680,630	6.13%	

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
Revenues and other financing sources:						
Taxes levied on property	\$ 25,156,128	\$ -	\$ 25,156,128	\$ 25,199,952	\$ 25,199,952	\$ (43,824)
Delinquent property taxes	1,927	-	1,927	-	-	1,927
TIF revenues	10,456	-	10,456	10,866	10,866	(410)
Other City taxes	8,586,504	-	8,586,504	8,747,806	8,381,067	205,437
Licenses and permits	1,899,285	22,369	1,921,654	1,507,400	1,697,200	224,454
Use of money and property	695,192	26,768,406	27,463,598	9,444,085	14,988,972	12,474,626
Intergovernmental	10,658,993	10,442,288	21,101,281	28,584,441	25,291,571	(4,190,290)
Charges for services	3,344,932	256,814,457	260,159,389	262,848,060	265,870,351	(5,710,962)
Special assessments	199,150	-	199,150	225,000	247,348	(48,198)
Miscellaneous	915,903	3,385,405	4,301,308	4,112,227	2,051,180	2,250,128
Other financing sources	11,205,297	6,997,169	18,202,466	35,473,155	25,917,843	(7,715,377)
Total revenues and other financing sources	62,673,767	304,430,094	367,103,861	376,152,992	369,656,350	(2,552,489)
Expenditures and other financing uses:						
General government	2,485,824	-	2,485,824	2,441,664	2,565,479	79,655
Public safety	15,753,482	-	15,753,482	16,339,452	16,358,032	604,550
Public works	5,438,895	-	5,438,895	6,254,874	5,552,202	113,307
Health and social services	1,060,788	-	1,060,788	1,200,792	1,201,022	140,234
Culture and recreation	6,957,635	-	6,957,635	7,335,377	7,321,778	364,143
Community and economic development	2,909,989	-	2,909,989	2,900,572	3,836,100	926,111
Debt service	10,082,599	-	10,082,599	10,132,131	10,082,599	-
Capital outlay	24,184,671	-	24,184,671	26,406,361	48,725,624	24,540,953
Total governmental expenditures	68,873,883	-	68,873,883	73,011,223	95,642,836	26,768,953
Business-type expenditures	-	245,545,385	245,545,385	276,323,843	294,703,836	49,158,451
Total expenditures and other financing uses	68,873,883	245,545,385	314,419,268	349,335,066	390,346,672	75,927,404
Other financing uses	10,636,896	2,560,867	13,197,763	14,238,785	14,249,814	1,052,051
Total expenditures, other financing uses, and transfers out	79,510,779	248,106,252	327,617,031	363,573,851	404,596,486	76,979,455
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out						
	(16,837,012)	56,323,842	39,486,830	12,579,141	(34,940,136)	74,426,966
Fund balances, beginning (as previously reported)	65,362,805	486,089,500	551,452,305	479,525,130	551,452,305	-
Prior period adjustment	-	(1,087,307)	(1,087,307)	-	-	(1,087,307)
Fund balances, beginning (as restated)	65,362,805	485,002,193	550,364,998	479,525,130	551,452,305	(1,087,307)
Fund balances, ending	\$ 48,525,793	\$ 541,326,035	\$ 589,851,828	\$ 492,104,271	\$ 516,512,169	\$ 73,339,659

The notes to the required supplementary information are an integral part of this schedule.

**City of Ames
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2014**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 62,673,767	\$ (2,801,326)	\$ 59,872,441	\$ 304,430,094	\$ (4,880,322)	\$ 299,549,772
Expenditures and other financing uses	79,510,779	(3,719,941)	75,790,838	248,106,252	3,903,410	252,009,662
Excess revenues and other financing sources over expenditures and other financing uses	(16,837,012)	918,615	(15,918,397)	56,323,842	(8,783,732)	47,540,110
Fund balances, beginning (as previously reported)	65,362,805	(6,433,141)	58,929,664	486,089,500	49,769,098	535,858,598
Prior period adjustment	-	-	-	(1,087,307)	-	(1,087,307)
Fund balances, beginning (as restated)	65,362,805	(6,433,141)	58,929,664	485,002,193	49,769,098	534,771,291
Fund balances, ending	<u>\$ 48,525,793</u>	<u>\$ (5,514,526)</u>	<u>\$ 43,011,267</u>	<u>\$ 541,326,035</u>	<u>\$ 40,985,366</u>	<u>\$ 582,311,401</u>

The notes to the required supplementary information are an integral part of this schedule.

City of Ames
Notes to the Required Supplementary Information
June 30, 2014

I. Budgetary Information

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board (GASB) Statement 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis of accounting and follows the public notice and hearing requirements. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget basis and appropriations lapse at the end of the fiscal year.

Formal and legal budgetary control is based upon nine major classes of expenditures, referred to as functions, not by fund or fund type. The nine functions are general government, public safety, public works, health and social services, culture and recreation, community and economic development, debt service, capital projects, and business-type activities. Expenditures of functions required to be budgeted include expenditures for the General Fund, special revenue funds, the Debt Service Fund, the Capital Projects Fund, and the enterprise funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund.

Two budget amendments during the fiscal year increased budgeted expenditures by \$41,022,635. These amendments are reflected in the final budget amounts.

SUPPLEMENTARY INFORMATION

LIBRARY OPENING DAY



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Local Option Tax Fund - to account for the funds generated by the voter-approved 1% local option sales tax. Sixty percent is used for property tax relief and forty percent is for community betterment.

Hotel/Motel Tax Fund - to account for funds generated through the imposition of a hotel/motel tax. Proceeds are used for community betterment and economic development.

Road Use Tax Fund - to account for the City's share of state gasoline taxes received on a per capita basis. Funds are required to be used for a purpose related to the construction or maintenance of public streets.

Bike Licenses Fund - to account for funds generated by the sale of bike licenses to be used for bike trails and maps.

Police Forfeiture and Grants Fund - to account for funds generated from the forfeiture of property as a result of criminal activities and for government grants received for law enforcement costs.

Housing Assistance Fund - to account for grant-funded housing assistance programs.

TIF Fund - to account for tax-increment financing revenues on abated debt.

Employee Benefit Property Tax Fund - to account for tax revenues used to pay the City's share of selected employee benefits.

Police and Fire 411 Fund - to account for the funds remaining from the transition to Municipal Fire and Police Retirement System of Iowa (MFPRSI). Funds may only be used to offset City contributions to MFPRSI.

Parks and Recreation Programs Fund - to account for revenues used for specific park and recreation programs and improvements.

Library Donations, Project Share, Police and Fire Donations, Animal Shelter Donations, and Public Art Donations Funds - to account for donations to be used for specific purposes and activities.

Community Development Block Grant (CDBG) Fund - to account for funds received from the U.S. Department of Housing and Urban Development to be used according to the CDBG program.

Nonmajor Governmental Funds

Special Revenue Funds

Developers' Projects Fund - to account for funds received from developers to be used for City infrastructure.

Economic Development and Loans Fund - to account for funds from block grants and funds to be loaned to businesses to increase development in the City.

Federal Emergency Management Agency (FEMA) Fund - to account for funds related to the flood in 2010.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Perpetual Care Fund - to account for principal amounts received for perpetual care. The investment earnings are recorded in the General Fund and are used to maintain the cemetery.

Furman Aquatic Center Endowment Fund - to account for a donation to cover future operating expenditures, fund future repairs and enhancements, and to replace equipment at the aquatic center.

**City of Ames
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	<u>Permanent Funds</u>			
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,748,416	\$ 22,281	\$ 616,310	\$ 9,387,007
Investments	6,774,503	899,400	480,104	8,154,007
Taxes receivable	8,793	-	-	8,793
Accrued interest receivable	9,774	-	2,840	12,614
Accounts receivable, net	20,893	720	-	21,613
Intergovernmental receivable	2,204,159	-	-	2,204,159
Loans receivable	28,952	-	-	28,952
Due from other funds	241,239	-	-	241,239
Inventories	80,312	-	-	80,312
Property held for resale	458,566	-	-	458,566
Prepaid items	325	-	-	325
Succeeding year taxes receivable	1,838,366	-	-	1,838,366
Long-term loans receivable	26,013	-	-	26,013
Total assets	<u>\$ 20,440,311</u>	<u>\$ 922,401</u>	<u>\$ 1,099,254</u>	<u>\$ 22,461,966</u>
LIABILITIES				
Accounts payable	\$ 255,157	\$ -	\$ -	\$ 255,157
Accrued payroll	61,530	-	-	61,530
Retainage payable	43,643	-	-	43,643
Customer deposits	94,063	-	-	94,063
Intergovernmental payable	8,230	-	-	8,230
Due to other funds	1,030,420	4,895	-	1,035,315
Total liabilities	<u>1,493,043</u>	<u>4,895</u>	<u>-</u>	<u>1,497,938</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	1,838,366	-	-	1,838,366
Other taxes	546,126	-	-	546,126
Grants	2,276	-	-	2,276
Refunds	17,398	-	-	17,398
Total deferred inflows of resources	<u>2,404,166</u>	<u>-</u>	<u>-</u>	<u>2,404,166</u>
FUND BALANCES (DEFICITS)				
Nonspendable	80,637	917,506	1,000,000	1,998,143
Restricted	15,185,403	-	99,254	15,284,657
Committed	1,461,826	-	-	1,461,826
Unassigned	(184,764)	-	-	(184,764)
Total fund balances	<u>16,543,102</u>	<u>917,506</u>	<u>1,099,254</u>	<u>18,559,862</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,440,311</u>	<u>\$ 922,401</u>	<u>\$ 1,099,254</u>	<u>\$ 22,461,966</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Permanent Funds</u>			
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
REVENUES				
Taxes	\$ 10,244,344	\$ -	\$ -	\$ 10,244,344
Intergovernmental	7,137,866	-	-	7,137,866
Charges for services	3,050	12,087	-	15,137
Investment income	36,329	-	10,161	46,490
Miscellaneous	352,033	-	-	352,033
Total revenues	<u>17,773,622</u>	<u>12,087</u>	<u>10,161</u>	<u>17,795,870</u>
EXPENDITURES				
Current:				
General government	89,524	-	-	89,524
Public safety	118,200	-	-	118,200
Public works	4,450,575	-	-	4,450,575
Health and social services	1,078,118	-	-	1,078,118
Culture and recreation	503,977	-	-	503,977
Community and economic development	1,775,078	-	-	1,775,078
Capital outlay	2,021,274	-	-	2,021,274
Total expenditures	<u>10,036,746</u>	<u>-</u>	<u>-</u>	<u>10,036,746</u>
Excess of revenues over expenditures	<u>7,736,876</u>	<u>12,087</u>	<u>10,161</u>	<u>7,759,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	109,632	-	-	109,632
Transfers out	<u>(6,456,428)</u>	<u>-</u>	<u>-</u>	<u>(6,456,428)</u>
Total other financing sources (uses)	<u>(6,346,796)</u>	<u>-</u>	<u>-</u>	<u>(6,346,796)</u>
Net change in fund balance	1,390,080	12,087	10,161	1,412,328
Fund balances, beginning	<u>15,153,022</u>	<u>905,419</u>	<u>1,089,093</u>	<u>17,147,534</u>
Fund balances, ending	<u>\$ 16,543,102</u>	<u>\$ 917,506</u>	<u>\$ 1,099,254</u>	<u>\$ 18,559,862</u>

City of Ames
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
ASSETS										
Cash and cash equivalents	\$ 3,051,530	\$ 273,311	\$ 2,442,253	\$ 9,614	\$ 31,496	\$ 295,573	\$ (247)	\$ -	\$ 493,200	\$ 1,041,465
Investments	2,361,320	211,493	1,889,852	7,440	24,372	228,718	-	-	384,963	809,353
Taxes receivable	-	-	-	-	-	-	-	8,793	-	-
Accrued interest receivable	-	-	-	-	-	-	(465)	-	2,338	4,788
Accounts receivable, net	706	-	-	-	-	1,951	-	-	-	15,440
Intergovernmental receivable	1,102,610	546,126	454,936	-	15,903	-	-	-	-	-
Loans receivable	-	-	-	-	-	6,177	-	-	-	-
Due from other funds	-	-	27,513	-	24	208,887	-	-	-	-
Inventories	-	-	80,312	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	325	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	1,838,366	-	-
Long-term loans receivable	-	-	-	-	-	1,175	-	-	-	-
Total assets	\$ 6,516,166	\$ 1,030,930	\$ 4,894,866	\$ 17,054	\$ 72,120	\$ 742,481	\$ (712)	\$ 1,847,159	\$ 880,501	\$ 1,871,046
LIABILITIES										
Accounts payable	\$ 51,327	\$ 45,000	\$ 114,632	\$ -	\$ 305	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	3,159	-	54,719	-	1,015	-	-	-	-	-
Retainage payable	-	-	21,584	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	5,800	-	16	-	2,414	-	-	-	-	-
Due to other funds	644,977	-	167,110	-	8,574	272	184,052	8,793	1,108	-
Total liabilities	705,263	45,000	358,061	-	12,308	272	184,052	8,793	1,108	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	1,838,366	-	-
Other taxes	-	546,126	-	-	-	-	-	-	-	-
Grants	-	-	-	-	2,276	-	-	-	-	-
Refunds	-	-	17,398	-	-	-	-	-	-	-
Total deferred inflows of resources	-	546,126	17,398	-	2,276	-	-	1,838,366	-	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	80,312	-	325	-	-	-	-	-
Restricted	5,810,903	439,804	4,439,095	-	57,211	-	-	-	879,393	1,764,412
Committed	-	-	-	17,054	-	742,209	-	-	-	106,634
Unassigned	-	-	-	-	-	-	(184,764)	-	-	-
Total fund balances (deficits)	5,810,903	439,804	4,519,407	17,054	57,536	742,209	(184,764)	-	879,393	1,871,046
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 6,516,166	\$ 1,030,930	\$ 4,894,866	\$ 17,054	\$ 72,120	\$ 742,481	\$ (712)	\$ 1,847,159	\$ 880,501	\$ 1,871,046

City of Ames
Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2014

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ 534,042	\$ 5,512	\$ 932	\$ -	\$ 107,725	\$ 103	\$ 139,720	\$ 322,187	\$ -	\$ 8,748,416
Investments	415,006	4,266	721	-	83,782	67	103,836	249,314	-	6,774,503
Taxes receivable	-	-	-	-	-	-	-	-	-	8,793
Accrued interest receivable	2,502	-	-	-	494	-	117	-	-	9,774
Accounts receivable, net	10	698	-	70	282	-	-	1,736	-	20,893
Intergovernmental receivable	-	-	-	84,584	-	-	-	-	-	2,204,159
Loans receivable	-	-	-	5,104	-	-	-	17,671	-	28,952
Due from other funds	4,815	-	-	-	-	-	-	-	-	241,239
Inventories	-	-	-	-	-	-	-	-	-	80,312
Property held for resale	-	-	-	458,566	-	-	-	-	-	458,566
Prepaid items	-	-	-	-	-	-	-	-	-	325
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	1,838,366
Long-term loans receivable	-	-	-	24,838	-	-	-	-	-	26,013
Total assets	\$ 956,375	\$ 10,476	\$ 1,653	\$ 573,162	\$ 192,283	\$ 170	\$ 243,673	\$ 590,908	\$ -	\$20,440,311
LIABILITIES										
Accounts payable	\$ 4,816	\$ -	\$ -	\$ 38,292	\$ 351	\$ -	\$ -	\$ 434	\$ -	\$ 255,157
Accrued payroll	2,245	-	-	392	-	-	-	-	-	61,530
Retainage payable	-	-	-	22,059	-	-	-	-	-	43,643
Customer deposits	-	-	-	-	-	-	94,063	-	-	94,063
Intergovernmental payable	-	-	-	-	-	-	-	-	-	8,230
Due to other funds	-	206	-	15,300	28	-	-	-	-	1,030,420
Total liabilities	7,061	206	-	76,043	379	-	94,063	434	-	1,493,043
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	-	-	1,838,366
Other taxes	-	-	-	-	-	-	-	-	-	546,126
Grants	-	-	-	-	-	-	-	-	-	2,276
Refunds	-	-	-	-	-	-	-	-	-	17,398
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	2,404,166
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	80,637
Restricted	949,314	4,815	1,653	497,119	191,904	170	149,610	-	-	15,185,403
Committed	-	5,455	-	-	-	-	-	590,474	-	1,461,826
Unassigned	-	-	-	-	-	-	-	-	-	(184,764)
Total fund balances (deficits)	949,314	10,270	1,653	497,119	191,904	170	149,610	590,474	-	16,543,102
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 956,375	\$ 10,476	\$ 1,653	\$ 573,162	\$ 192,283	\$ 170	\$ 243,673	\$ 590,908	\$ -	\$20,440,311

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
REVENUES										
Taxes	\$ 6,648,615	\$ 1,832,470	\$ -	\$ -	\$ -	\$ -	\$ 10,456	\$ 1,752,803	\$ -	\$ -
Intergovernmental	33,453	-	5,859,929	-	73,758	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	-	-	-	-	-	-	(1,117)	-	8,562	17,136
Miscellaneous	-	-	-	-	3,034	1,447	-	-	-	15,645
Total revenues	<u>6,682,068</u>	<u>1,832,470</u>	<u>5,859,929</u>	<u>-</u>	<u>76,792</u>	<u>1,447</u>	<u>9,339</u>	<u>1,752,803</u>	<u>8,562</u>	<u>35,831</u>
EXPENDITURES										
Current:										
General government	-	-	76,734	-	-	-	-	-	12,790	-
Public safety	-	-	-	-	85,763	-	-	-	-	-
Public works	-	-	4,450,575	-	-	-	-	-	-	-
Health and social services	1,060,786	-	-	-	-	-	-	-	-	-
Culture and recreation	401,554	-	-	-	-	-	-	-	-	7,736
Community and economic development	41,127	1,481,471	-	-	-	32,476	8,965	-	-	-
Capital outlay	796,999	-	631,144	-	-	-	-	-	-	-
Total expenditures	<u>2,300,466</u>	<u>1,481,471</u>	<u>5,158,453</u>	<u>-</u>	<u>85,763</u>	<u>32,476</u>	<u>8,965</u>	<u>-</u>	<u>12,790</u>	<u>7,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,381,602</u>	<u>350,999</u>	<u>701,476</u>	<u>-</u>	<u>(8,971)</u>	<u>(31,029)</u>	<u>374</u>	<u>1,752,803</u>	<u>(4,228)</u>	<u>28,095</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	104,817	-	-	-	-	-	-	-	-	-
Transfers out	(4,009,169)	(262,043)	(2,917)	-	-	-	(117,055)	(1,752,803)	(312,441)	-
Total other financing sources (uses)	<u>(3,904,352)</u>	<u>(262,043)</u>	<u>(2,917)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,055)</u>	<u>(1,752,803)</u>	<u>(312,441)</u>	<u>-</u>
Net change in fund balances	477,250	88,956	698,559	-	(8,971)	(31,029)	(116,681)	-	(316,669)	28,095
Fund balances, beginning	5,333,653	350,848	3,820,848	17,054	66,507	773,238	(68,083)	-	1,196,062	1,842,951
Fund balances, ending	<u>\$ 5,810,903</u>	<u>\$ 439,804</u>	<u>\$ 4,519,407</u>	<u>\$ 17,054</u>	<u>\$ 57,536</u>	<u>\$ 742,209</u>	<u>\$ (184,764)</u>	<u>\$ -</u>	<u>\$ 879,393</u>	<u>\$ 1,871,046</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,244,344
Intergovernmental	13,385	-	-	551,513	-	-	-	-	605,828	7,137,866
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	9,553	-	-	-	1,776	1	418	-	-	36,329
Miscellaneous	253,763	18,187	116	14,688	35,985	50	-	9,118	-	352,033
Total revenues	<u>276,701</u>	<u>18,187</u>	<u>116</u>	<u>566,201</u>	<u>37,761</u>	<u>51</u>	<u>418</u>	<u>9,118</u>	<u>605,828</u>	<u>17,773,622</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	89,524
Public safety	-	-	41	-	32,396	-	-	-	-	118,200
Public works	-	-	-	-	-	-	-	-	-	4,450,575
Health and social services	-	17,332	-	-	-	-	-	-	-	1,078,118
Culture and recreation	94,687	-	-	-	-	-	-	-	-	503,977
Community and economic development	-	-	-	211,039	-	-	-	-	-	1,775,078
Capital outlay	146,310	-	-	442,124	-	-	-	-	4,697	2,021,274
Total expenditures	<u>240,997</u>	<u>17,332</u>	<u>41</u>	<u>653,163</u>	<u>32,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,697</u>	<u>10,036,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,704</u>	<u>855</u>	<u>75</u>	<u>(86,962)</u>	<u>5,365</u>	<u>51</u>	<u>418</u>	<u>9,118</u>	<u>601,131</u>	<u>7,736,876</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	4,815	-	-	-	-	-	-	-	-	109,632
Transfers out	-	-	-	-	-	-	-	-	-	(6,456,428)
Total other financing sources (uses)	<u>4,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,346,796)</u>
Net change in fund balances	40,519	855	75	(86,962)	5,365	51	418	9,118	601,131	1,390,080
Fund balances, beginning	908,795	9,415	1,578	584,081	186,539	119	149,192	581,356	(601,131)	15,153,022
Fund balances, ending	<u>\$ 949,314</u>	<u>\$ 10,270</u>	<u>\$ 1,653</u>	<u>\$ 497,119</u>	<u>\$ 191,904</u>	<u>\$ 170</u>	<u>\$ 149,610</u>	<u>\$ 590,474</u>	<u>\$ -</u>	<u>\$ 16,543,102</u>

Nonmajor Enterprise Funds

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services.

Storm Sewer Utility Fund - to account for the fees paid by residents for the maintenance of the City's storm sewer system.

Parking Lot Fund - to account for the operation of parking meters on streets and in designated parking lots.

Resource Recovery Fund - to account for the operation of the City-owned resource recovery plant.

Ames/Iowa State University (ISU) Ice Arena Fund - to account for the operations of a recreational ice facility, which is jointly owned by the City and ISU.

Homewood Golf Course Fund - to account for the operations of a nine-hole golf course.

City of Ames
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

	Storm Sewer Utility	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,181,659	\$ 236,702	\$ 2,093,312	\$ 314,182	\$ 98,284	\$ 3,924,139
Investments	917,641	184,018	1,626,544	243,684	76,063	3,047,950
Accrued interest receivable	5,672	1,203	9,389	1,532	465	18,261
Accounts receivable, net	131,010	912	371,424	15,997	-	519,343
Due from other funds	23,276	12,905	60,814	-	-	96,995
Intergovernmental receivable	-	-	411,216	22,692	-	433,908
Inventories	-	27,205	-	5,190	4,140	36,535
Prepaid items	127	3,042	150	-	18	3,337
Total current assets	<u>2,259,385</u>	<u>465,987</u>	<u>4,572,849</u>	<u>603,277</u>	<u>178,970</u>	<u>8,080,468</u>
Noncurrent assets:						
Capital assets:						
Land	177,280	910,547	531,517	-	193,250	1,812,594
Land improvements	701,638	635,480	152,536	63,578	127,581	1,680,813
Buildings	-	-	11,195,650	1,688,110	87,003	12,970,763
Equipment	8,390	56,130	7,471,629	134,022	5,700	7,675,871
Construction in progress	522,583	-	-	-	-	522,583
Less accumulated depreciation	(194,905)	(584,065)	(11,574,608)	(869,180)	(141,717)	(13,364,475)
Total noncurrent assets	<u>1,214,986</u>	<u>1,018,092</u>	<u>7,776,724</u>	<u>1,016,530</u>	<u>271,817</u>	<u>11,298,149</u>
Total assets	<u>3,474,371</u>	<u>1,484,079</u>	<u>12,349,573</u>	<u>1,619,807</u>	<u>450,787</u>	<u>19,378,617</u>
LIABILITIES						
Current liabilities:						
Accounts payable	23,774	2,631	78,848	12,243	4,699	122,195
Accrued payroll	4,889	9,670	2,494	2,573	4,913	24,539
Accrued compensated absences	451	2,074	3,390	604	253	6,772
Due to other funds	70,605	18,957	1,245,077	1,557	3,202	1,339,398
Retainage payable	39,904	-	-	-	-	39,904
Accrued interest	-	-	2,525	-	-	2,525
Loans payable - current	-	-	146,873	-	-	146,873
Intergovernmental payable	665	-	50,529	488	399	52,081
Accrued landfill post-closure costs	-	-	16,364	-	-	16,364
Bonds payable, net	-	-	105,080	-	-	105,080
Unearned revenue	-	4,465	-	-	-	4,465
Total current liabilities	<u>140,288</u>	<u>37,797</u>	<u>1,651,180</u>	<u>17,465</u>	<u>13,466</u>	<u>1,860,196</u>
Noncurrent liabilities:						
Accrued compensated absences	7,275	32,410	72,797	8,288	2,969	123,739
Post-employment benefits	8,214	11,722	37,560	2,515	2,008	62,019
Loans payable	-	-	37,410	-	-	37,410
Accrued landfill post-closure costs	-	-	180,100	-	-	180,100
Bonds payable, net	-	-	1,170,796	-	-	1,170,796
Total noncurrent liabilities	<u>15,489</u>	<u>44,132</u>	<u>1,498,663</u>	<u>10,803</u>	<u>4,977</u>	<u>1,574,064</u>
Total liabilities	<u>155,777</u>	<u>81,929</u>	<u>3,149,843</u>	<u>28,268</u>	<u>18,443</u>	<u>3,434,260</u>
NET POSITION						
Net investment in capital assets	1,214,986	1,018,092	6,441,882	1,016,530	271,817	9,963,307
Unrestricted	2,103,608	384,058	2,757,848	575,009	160,527	5,981,050
Total net position	<u>\$ 3,318,594</u>	<u>\$ 1,402,150</u>	<u>\$ 9,199,730</u>	<u>\$ 1,591,539</u>	<u>\$ 432,344</u>	<u>\$ 15,944,357</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Storm Sewer	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	\$ 1,179,495	\$ 870,246	\$ 3,469,877	\$ 507,203	\$ 256,221	\$ 6,283,042
Operating expenses:						
Cost of goods and services	472,712	814,202	3,920,106	513,260	202,790	5,923,070
Administration	1,805	64,598	200,774	-	-	267,177
Depreciation	14,393	12,289	513,700	70,886	9,011	620,279
Total operating expenses	488,910	891,089	4,634,580	584,146	211,801	6,810,526
Operating income (loss)	690,585	(20,843)	(1,164,703)	(76,943)	44,420	(527,484)
Non-operating revenues (expenses):						
Reimbursements	-	-	272,327	-	-	272,327
Investment income	21,947	4,196	29,226	5,217	1,545	62,131
Interest expense	-	-	(62,318)	-	-	(62,318)
Loss on disposal of capital assets	-	-	(47,712)	-	-	(47,712)
Total non-operating revenues (expenses)	21,947	4,196	191,523	5,217	1,545	224,428
Income (loss) before capital contributions and transfers	712,532	(16,647)	(973,180)	(71,726)	45,965	(303,056)
Capital contributions	-	-	-	20,000	-	20,000
Transfers in	-	-	452,862	20,000	-	472,862
Change in net position	712,532	(16,647)	(520,318)	(31,726)	45,965	189,806
Net position, beginning	2,606,062	1,418,797	9,720,048	1,623,265	386,379	15,754,551
Net position, ending	\$ 3,318,594	\$ 1,402,150	\$ 9,199,730	\$ 1,591,539	\$ 432,344	\$ 15,944,357

City of Ames
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Storm Sewer Utility	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,572,432	\$ 876,412	\$ 4,705,129	\$ 485,247	\$ 256,221	\$ 7,895,441
Payments to suppliers	(40,906)	(149,895)	(2,174,360)	(250,580)	(68,785)	(2,684,526)
Payments to employees	(268,081)	(574,300)	(1,331,794)	(227,150)	(109,700)	(2,511,025)
Payments to other funds for services provided	(73,124)	(162,343)	576,743	(36,295)	(25,909)	279,072
Net cash provided by (used for) operating activities	<u>1,190,321</u>	<u>(10,126)</u>	<u>1,775,718</u>	<u>(28,778)</u>	<u>51,827</u>	<u>2,978,962</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Reimbursements	-	-	272,327	-	-	272,327
Transfers in	-	-	452,862	20,000	-	472,862
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>725,189</u>	<u>20,000</u>	<u>-</u>	<u>745,189</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(831,647)	-	(1,353,208)	-	(5,700)	(2,190,555)
Principal paid on capital debt	-	-	(100,000)	-	-	(100,000)
Interest paid on capital debt	-	-	(32,131)	-	-	(32,131)
Principal paid on loans	-	-	(142,548)	-	-	(142,548)
Interest paid on loans	-	-	(9,593)	-	-	(9,593)
Capital contributions	-	-	-	20,000	-	20,000
Net cash provided by (used for) capital and related financing activities	<u>(831,647)</u>	<u>-</u>	<u>(1,637,480)</u>	<u>20,000</u>	<u>(5,700)</u>	<u>(2,454,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(766,703)	(128,053)	(1,428,176)	(177,049)	(68,605)	(2,568,586)
Proceeds from sale of investments	229,091	38,262	426,739	52,902	20,499	767,493
Interest on investments	21,278	4,240	28,186	5,327	1,436	60,467
Net cash used for investing activities	<u>(516,334)</u>	<u>(85,551)</u>	<u>(973,251)</u>	<u>(118,820)</u>	<u>(46,670)</u>	<u>(1,740,626)</u>
Net decrease in cash and cash equivalents	(157,660)	(95,677)	(109,824)	(107,598)	(543)	(471,302)
Cash and cash equivalents, beginning	1,339,319	332,379	2,203,136	421,780	98,827	4,395,441
Cash and cash equivalents, ending	<u>\$ 1,181,659</u>	<u>\$ 236,702</u>	<u>\$ 2,093,312</u>	<u>\$ 314,182</u>	<u>\$ 98,284</u>	<u>\$ 3,924,139</u>

City of Ames
Combining Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Storm Sewer Utility	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 690,585	\$ (20,843)	\$ (1,164,703)	\$ (76,943)	\$ 44,420	\$ (527,484)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	14,393	12,289	513,700	70,886	9,011	620,279
(Increase) decrease in accounts receivable	(3,157)	1,686	(99,264)	(7,116)	-	(107,851)
Decrease in due from other funds	381,637	5,110	1,350,977	-	-	1,737,724
(Increase) decrease in intergovernmental receivable	14,457	135	(16,461)	(14,840)	-	(16,709)
Increase in inventories	-	(2,455)	-	(324)	(1,677)	(4,456)
(Increase) decrease in prepaid items	(127)	(1,780)	1,883	-	(18)	(42)
Increase (decrease) in accounts payable	(4,250)	(6,690)	3,089	(1,496)	(700)	(10,047)
Increase (decrease) in accrued payroll	2,876	1,194	761	(63)	(549)	4,219
Increase (decrease) in accrued compensated absences	(1,768)	5,799	1,731	(294)	135	5,603
Increase (decrease) in due to other funds	59,515	(7,165)	1,192,313	299	903	1,245,865
Increase in retainage payable	33,796	-	-	-	-	33,796
Increase (decrease) in intergovernmental payable	10	-	1,085	392	(273)	1,214
Decrease in accrued landfill post-closure costs	-	-	(20,157)	-	-	(20,157)
Decrease in unearned revenue	-	(765)	-	-	-	(765)
Increase in post-employment benefits	2,354	3,359	10,764	721	575	17,773
Total adjustments	499,736	10,717	2,940,421	48,165	7,407	3,506,446
Net cash provided by (used for) operating activities	<u>\$ 1,190,321</u>	<u>\$ (10,126)</u>	<u>\$ 1,775,718</u>	<u>\$ (28,778)</u>	<u>\$ 51,827</u>	<u>\$ 2,978,962</u>

Schedule of non-cash capital and related financing activities:

Internal Service Funds

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fleet Services Fund - to account for capital equipment other than those accounted for in other funds. A central garage is used and appropriate charges are made to other City departments for maintenance and replacement.

Information Technology Fund - to account for all information technology services provided to City departments.

Risk Management Fund - to account for the self-insured workers' compensation insurance and all other insurance premiums and claims payments, other than for health insurance.

Health Insurance Fund - to account for self-insured health insurance claims payments and stop-loss premiums.

City of Ames
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,212,234	\$ 1,517,470	\$ 816,047	\$ 1,781,474	\$ 8,327,225
Investments	3,275,235	1,179,552	635,949	1,387,147	6,477,883
Accrued interest receivable	18,655	6,990	3,682	7,798	37,125
Due from other funds	441,113	110,502	-	-	551,615
Intergovernmental receivable	33,853	4,779	-	-	38,632
Inventories	94,322	-	-	-	94,322
Prepaid items	1,254	110,301	85	369	112,009
Total current assets	<u>8,076,666</u>	<u>2,929,594</u>	<u>1,455,763</u>	<u>3,176,788</u>	<u>15,638,811</u>
Noncurrent assets:					
Capital assets:					
Land improvements	107,365	192,433	-	-	299,798
Buildings	551,493	-	-	-	551,493
Equipment	14,106,759	1,933,868	-	-	16,040,627
Construction in progress	-	7,557	-	-	7,557
Less accumulated depreciation	(7,785,639)	(1,778,556)	-	-	(9,564,195)
Total noncurrent assets	<u>6,979,978</u>	<u>355,302</u>	<u>-</u>	<u>-</u>	<u>7,335,280</u>
Total assets	<u>15,056,644</u>	<u>3,284,896</u>	<u>1,455,763</u>	<u>3,176,788</u>	<u>22,974,091</u>
LIABILITIES					
Current liabilities:					
Accounts payable	40,925	16,588	40,489	468,973	566,975
Accrued payroll	13,926	1,720	-	1,895	17,541
Accrued compensated absences	1,285	3,957	277	322	5,841
Due to other funds	8,416	6,740	434	7,432	23,022
Claims payable	-	-	1,257,136	275,000	1,532,136
Intergovernmental payable	76,222	126	1,723	1,463	79,534
Unearned revenue	-	7,869	-	-	7,869
Total current liabilities	<u>140,774</u>	<u>37,000</u>	<u>1,300,059</u>	<u>755,085</u>	<u>2,232,918</u>
Noncurrent liabilities:					
Accrued compensated absences	18,175	86,589	3,586	5,167	113,517
Post-employment benefits	28,020	23,984	1,062	2,619	55,685
Total noncurrent liabilities	<u>46,195</u>	<u>110,573</u>	<u>4,648</u>	<u>7,786</u>	<u>169,202</u>
Total liabilities	<u>186,969</u>	<u>147,573</u>	<u>1,304,707</u>	<u>762,871</u>	<u>2,402,120</u>
NET POSITION					
Net investment in capital assets	6,979,978	355,302	-	-	7,335,280
Unrestricted	7,889,697	2,782,021	151,056	2,413,917	13,236,691
Total net position	<u>\$ 14,869,675</u>	<u>\$ 3,137,323</u>	<u>\$ 151,056</u>	<u>\$ 2,413,917</u>	<u>\$ 20,571,971</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 4,034,036	\$ 2,184,113	\$ 2,246,693	\$ 7,445,909	\$ 15,910,751
Operating expenses:					
Cost of goods and services	2,344,264	2,111,314	2,316,727	6,913,476	13,685,781
Depreciation	931,019	175,218	-	-	1,106,237
Total operating expenses	3,275,283	2,286,532	2,316,727	6,913,476	14,792,018
Operating income (loss)	758,753	(102,419)	(70,034)	532,433	1,118,733
Non-operating revenues:					
Investment income	66,106	24,524	7,485	26,513	124,628
Gain on disposal of capital assets	21,698	-	-	-	21,698
Total non-operating revenues	87,804	24,524	7,485	26,513	146,326
Income (loss) before transfers	846,557	(77,895)	(62,549)	558,946	1,265,059
Transfers in	8,750	-	-	-	8,750
Change in net position	855,307	(77,895)	(62,549)	558,946	1,273,809
Net position, beginning	14,014,368	3,215,218	213,605	1,854,971	19,298,162
Net position, ending	<u>\$ 14,869,675</u>	<u>\$ 3,137,323</u>	<u>\$ 151,056</u>	<u>\$ 2,413,917</u>	<u>\$ 20,571,971</u>

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,876,943	\$ 2,155,166	\$ 2,247,084	\$ 7,445,909	\$ 15,725,102
Payments to suppliers	(1,331,865)	(928,675)	(2,039,608)	(7,427,788)	(11,727,936)
Payments to employees	(743,335)	(959,139)	(113,809)	(141,857)	(1,958,140)
Payments to other funds for services provided	(271,541)	(257,276)	(5,713)	(8,624)	(543,154)
Net cash provided by (used for) operating activities	<u>1,530,202</u>	<u>10,076</u>	<u>87,954</u>	<u>(132,360)</u>	<u>1,495,872</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	8,750	-	-	-	8,750
Net cash provided by non-capital financing activities	<u>8,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,750</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,369,636)	(50,804)	-	-	(1,420,440)
Proceeds from the sale of capital assets	145,906	-	-	-	145,906
Net cash used for capital and related financing activities	<u>(1,223,730)</u>	<u>(50,804)</u>	<u>-</u>	<u>-</u>	<u>(1,274,534)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,431,553)	(827,104)	(480,563)	(946,590)	(4,685,810)
Proceeds from sale of investments	726,548	247,139	143,592	282,841	1,400,120
Interest on investments	68,130	25,065	7,638	28,147	128,980
Net cash used for investing activities	<u>(1,636,875)</u>	<u>(554,900)</u>	<u>(329,333)</u>	<u>(635,602)</u>	<u>(3,156,710)</u>
Net decrease in cash and cash equivalents	(1,321,653)	(595,628)	(241,379)	(767,962)	(2,926,622)
Cash and cash equivalents, beginning	5,533,887	2,113,098	1,057,426	2,549,436	11,253,847
Cash and cash equivalents, ending	<u>\$ 4,212,234</u>	<u>\$ 1,517,470</u>	<u>\$ 816,047</u>	<u>\$ 1,781,474</u>	<u>\$ 8,327,225</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Fleet Services</u>	<u>Information Technology</u>	<u>Risk Management</u>	<u>Health Insurance</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 758,753	\$ (102,419)	\$ (70,034)	\$ 532,433	\$ 1,118,733
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	931,019	175,218	-	-	1,106,237
Decrease in accounts receivable	16,910	20	391	-	17,321
(Increase) decrease in due from other funds	(157,370)	10,913	-	-	(146,457)
(Increase) decrease in intergovernmental receivable	(16,633)	10,060	-	-	(6,573)
Increase in inventories	(20,128)	-	-	-	(20,128)
(Increase) decrease in prepaid items	4,309	(49,882)	202	(305)	(45,676)
Increase (decrease) in accounts payable	10,044	7,036	(44,710)	(198,313)	(225,943)
Increase (decrease) in accrued payroll	(1,310)	403	-	1,819	912
Increase (decrease) in accrued compensated absences	(39,486)	590	1,490	495	(36,911)
Increase (decrease) in due to other funds	(1,290)	1,078	53	(637)	(796)
Decrease in retainage payable	(2,305)	-	-	-	(2,305)
Increase (decrease) in claims payable	-	-	198,535	(468,632)	(270,097)
Increase in intergovernmental payable	39,659	126	1,723	30	41,538
Decrease in unearned revenue	-	(49,940)	-	-	(49,940)
Increase in post-employment benefits	8,030	6,873	304	750	15,957
Total adjustments	<u>771,449</u>	<u>112,495</u>	<u>157,988</u>	<u>(664,793)</u>	<u>377,139</u>
Net cash provided by (used for) operating activities	<u>\$ 1,530,202</u>	<u>\$ 10,076</u>	<u>\$ 87,954</u>	<u>\$ (132,360)</u>	<u>\$ 1,495,872</u>
Schedule of non-cash capital and related financing activities:					
Capital asset trade ins	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,615</u>

Fiduciary Funds

Agency Funds

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

Payroll Clearing Fund - to hold payroll taxes withheld from employees until they are paid to the appropriate authorities.

Flex Benefits Fund - to hold Section 125 flex benefits withheld from employees.

City of Ames
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2014

	<u>Payroll Clearing</u>	<u>Flex Benefits</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 185,999	\$ 27,675	\$ 213,674
Investments	143,928	-	143,928
Total assets	<u>\$ 329,927</u>	<u>\$ 27,675</u>	<u>\$ 357,602</u>
LIABILITIES			
Accounts payable	<u>\$ 329,927</u>	<u>\$ 27,675</u>	<u>\$ 357,602</u>
Total liabilities	<u>\$ 329,927</u>	<u>\$ 27,675</u>	<u>\$ 357,602</u>

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Total Agency Funds			
	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
ASSETS				
Cash and cash equivalents	\$ 260,417	\$26,649,709	\$26,696,452	\$ 213,674
Investments	67,561	76,367	-	143,928
Accounts receivable, net	-	2,120	2,120	-
Total assets	\$ 327,978	\$26,728,196	\$26,698,572	\$ 357,602

LIABILITIES				
Accounts payable	\$ 22,317	\$30,109,214	\$29,773,929	\$ 357,602
Due to other governments	305,661	16,395,708	16,701,369	-
Total liabilities	\$ 327,978	\$46,504,922	\$46,475,298	\$ 357,602

	Payroll Clearing Fund			
	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
ASSETS				
Cash and cash equivalents	\$ 238,100	\$26,326,193	\$26,378,294	\$ 185,999
Investments	67,561	76,367	-	143,928
Accounts receivable, net	-	2,120	2,120	-
Total assets	\$ 305,661	\$26,404,680	\$26,380,414	\$ 329,927

LIABILITIES				
Accounts payable	\$ -	\$29,257,337	\$28,927,410	\$ 329,927
Due to other governments	305,661	16,395,708	16,701,369	-
Total liabilities	\$ 305,661	\$45,653,045	\$45,628,779	\$ 329,927

	Flexible Benefits Fund			
	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
ASSETS				
Cash and cash equivalents	\$ 22,317	\$ 323,516	\$ 318,158	\$ 27,675
LIABILITIES				
Accounts payable	\$ 22,317	\$ 851,877	\$ 846,519	\$ 27,675

STATISTICAL SECTION

LIBRARY OPENING DAY



STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	111
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	116
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	120
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	125
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	127

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 77,768,887	\$ 87,975,194	\$ 90,093,683	\$ 95,550,370	\$ 101,940,741	\$ 115,002,627	\$ 110,348,921	\$ 111,810,541	\$ 112,305,532	\$ 116,792,110
Restricted	6,091,644	5,767,706	6,680,663	12,523,636	9,681,837	14,864,552	15,338,746	20,794,194	12,081,140	18,009,657
Unrestricted	15,250,250	18,116,572	22,301,202	19,525,162	20,852,226	10,530,303	15,638,160	12,237,776	21,194,735	15,726,615
Total governmental activities	99,110,781	111,859,472	119,075,548	127,599,168	132,474,804	140,397,482	141,325,827	144,842,511	145,581,407	150,528,382
Business-type activities										
Net investment in capital assets	194,461,923	209,874,031	224,440,404	226,464,780	233,486,481	239,942,242	243,495,813	251,498,597	272,253,133	277,649,147
Restricted	1,903,958	1,840,838	1,695,740	1,582,837	1,559,234	2,717,216	2,708,889	2,814,032	1,001,294	1,015,822
Unrestricted	114,424,423	121,916,198	136,557,327	147,185,413	143,372,402	169,009,627	218,617,981	249,745,121	268,805,782	310,375,526
Total business-type activities	310,790,304	333,631,067	362,693,471	375,233,030	378,418,117	411,669,085	464,822,683	504,057,750	542,060,209	589,040,495
Primary government										
Net investment in capital assets	272,230,810	297,849,225	314,534,087	322,015,150	335,427,222	354,944,869	353,844,734	363,309,138	384,558,665	394,441,257
Restricted	7,995,602	7,608,544	8,376,403	14,106,473	11,241,071	17,581,768	18,047,635	23,608,226	13,082,434	19,025,479
Unrestricted	129,674,673	140,032,770	158,858,529	166,710,575	164,224,628	179,539,930	234,256,141	261,982,897	290,000,517	326,102,141
Total primary government	\$ 409,901,085	\$ 445,490,539	\$ 481,769,019	\$ 502,832,198	\$ 510,892,921	\$ 552,066,567	\$ 606,148,510	\$ 648,900,261	\$ 687,641,616	\$ 739,568,877

City of Ames
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,485,193	\$ 2,206,713	\$ 2,281,674	\$ 2,417,083	\$ 2,518,339	\$ 2,492,116	\$ 2,629,067	\$ 2,559,365	\$ 2,755,166	\$ 2,915,560
Public safety	10,857,504	11,588,247	11,992,224	13,102,633	13,011,464	13,133,701	14,281,351	15,144,853	15,589,369	15,943,465
Public works	9,348,746	9,763,569	10,185,328	11,675,389	13,090,595	13,780,841	16,339,571	14,938,688	15,352,458	12,721,868
Health and social services	909,454	951,645	982,108	1,034,327	1,159,050	1,151,848	1,250,292	1,159,849	1,005,458	1,078,118
Culture and recreation	5,435,218	5,667,626	6,147,047	6,591,544	6,668,942	7,043,477	7,703,519	8,818,851	9,082,953	8,536,548
Community and economic development	2,447,892	2,743,874	3,404,127	3,219,621	3,850,712	3,042,375	4,262,698	2,875,118	2,366,904	2,477,986
Capital projects	1,788,341	732,402	41,834	-	-	-	-	-	-	-
Interest	1,589,465	1,548,265	1,532,782	1,537,842	1,571,257	1,471,758	1,469,661	1,298,010	1,369,323	2,174,303
Total governmental activities	34,861,813	35,202,341	36,567,124	39,578,439	41,870,359	42,116,116	47,936,159	46,794,734	47,521,631	45,847,848
Business-type activities:										
Mary Greeley Medical Center	111,220,658	122,828,311	135,819,426	145,581,895	153,741,531	146,809,782	146,292,855	155,374,830	160,369,431	161,792,473
Electric	35,167,126	38,388,459	40,398,204	43,727,636	39,716,298	41,642,821	48,241,832	50,159,375	52,411,173	54,791,141
Sewer	5,387,364	5,326,905	6,069,860	5,979,526	6,485,535	6,923,605	6,719,787	7,956,963	9,122,173	7,848,323
Water	5,088,878	5,468,343	5,811,849	6,054,928	6,514,499	6,827,194	7,099,299	6,630,919	6,856,515	6,894,305
Transit	5,983,230	6,280,501	6,911,902	7,597,860	7,685,829	8,682,833	10,010,387	10,002,499	10,629,183	11,391,087
Storm sewer	375,498	473,286	474,425	458,119	1,080,705	782,489	917,771	918,495	655,522	467,378
Parking lot	808,289	777,261	828,138	856,518	766,381	819,988	805,253	767,154	846,825	876,916
Resource recovery	3,353,518	3,424,317	3,887,199	3,636,402	3,914,713	3,855,039	4,310,188	4,184,929	4,375,362	4,670,459
Ice arena	460,759	469,884	432,532	480,418	511,334	565,303	526,660	521,670	606,215	578,163
Golf course	202,407	226,069	224,749	217,964	218,708	218,021	230,698	232,689	211,279	206,620
Total business-type activities	168,047,727	183,663,336	200,858,284	214,591,266	220,635,533	217,127,075	225,154,730	236,749,523	246,083,678	249,516,865
Total expenses	202,909,540	218,865,677	237,425,408	254,169,705	262,505,892	259,243,191	273,090,889	283,544,257	293,605,309	295,364,713
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459	130,627	163,655
Public safety	2,233,090	2,156,638	2,201,516	2,356,887	2,387,020	2,371,581	2,571,060	2,864,844	3,194,059	3,433,170
Public works	4,393,060	4,474,526	4,443,497	4,461,876	5,181,523	5,865,263	5,231,237	6,601,518	6,026,315	295,874
Culture and recreation	1,042,181	1,027,906	1,020,870	1,066,913	1,059,095	1,326,197	1,490,008	2,031,204	1,980,793	1,974,037
Other activities	49,490	41,488	217,915	197,556	73,674	34,005	24,163	7,630	11,140	15,925
Operating grants and contributions	2,150,390	2,745,231	2,595,245	3,545,354	2,437,772	2,524,027	2,758,176	1,091,752	1,192,687	6,940,124
Capital grants and contributions	4,672,565	4,847,202	3,231,618	6,119,361	2,901,619	6,256,045	4,742,929	4,985,082	3,211,001	3,516,122
Total governmental activities	15,672,578	16,010,300	14,527,505	18,585,734	15,408,468	19,685,180	18,222,051	17,700,489	15,746,622	16,338,907

City of Ames
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	122,552,271	129,658,158	145,181,175	152,684,036	156,095,243	156,880,212	160,115,058	171,389,850	175,011,409	174,265,003
Electric	36,677,050	42,256,054	46,307,158	47,973,171	50,432,375	50,113,108	57,545,144	57,195,559	57,353,200	60,016,205
Sewer	4,190,238	4,607,890	4,760,282	4,811,331	5,126,681	5,171,859	5,402,162	6,188,602	6,648,263	7,491,746
Water	5,885,844	6,260,700	6,394,051	6,474,046	6,742,803	7,516,283	7,650,007	8,824,494	9,125,922	9,647,203
Transit	2,745,924	3,454,757	3,793,525	4,079,218	4,507,801	4,626,529	5,588,406	4,828,097	5,108,154	5,463,677
Storm sewer	433,885	647,138	676,692	828,644	878,597	984,077	957,122	1,155,583	1,136,621	1,179,495
Parking lot	715,634	776,341	685,500	860,255	792,023	762,746	872,625	779,976	883,899	870,246
Resource recovery	3,925,447	4,191,902	4,072,777	3,813,799	3,444,001	3,676,954	4,374,268	3,583,946	3,731,936	3,469,877
Ice arena	379,783	373,698	389,163	417,715	444,671	433,628	472,015	475,743	471,760	507,203
Golf course	214,051	212,116	198,124	215,923	234,701	246,357	220,388	235,824	220,643	256,221
Operating grants and contributions	508,639	1,252,304	1,665,682	2,721,873	2,681,074	2,922,399	2,567,137	2,751,186	2,723,226	3,059,305
Capital grants and contributions	3,040,686	4,967,908	1,724,159	3,290,701	1,345,340	5,819,635	5,541,433	8,991,024	8,604,246	4,708,511
Total business-type activities	181,269,452	198,658,966	215,848,288	228,170,712	232,725,310	239,153,787	251,305,765	266,399,884	271,019,279	270,934,692
Total program revenues	196,942,030	214,669,266	230,375,793	246,756,446	248,133,778	258,838,967	269,527,816	284,100,373	286,765,901	287,273,599
Net (expense) / revenue										
Governmental activities	(19,189,235)	(19,192,041)	(22,039,619)	(20,992,705)	(26,461,891)	(22,430,936)	(29,714,108)	(29,094,245)	(31,775,009)	(29,508,941)
Business-type activities	13,221,725	14,995,630	14,990,004	13,579,446	12,089,777	22,026,712	26,151,035	29,650,361	24,935,601	21,417,827
Total net (expense) / revenue	(5,967,510)	(4,196,411)	(7,049,615)	(7,413,259)	(14,372,114)	(404,224)	(3,563,073)	556,116	(6,839,408)	(8,091,114)
General revenues										
Governmental activities:										
Taxes										
Property taxes	17,728,215	18,475,771	19,313,838	20,147,655	21,436,807	22,215,888	22,821,388	23,485,295	23,913,389	25,273,931
Sales taxes	5,221,245	5,321,048	5,983,409	5,890,362	6,246,630	5,954,773	6,117,664	6,935,154	6,655,355	6,648,615
Hotel / motel taxes	854,246	1,127,307	1,298,009	1,106,797	1,822,205	1,142,162	1,416,830	1,518,571	1,760,462	1,845,940
Unrestricted grants and contribution	31,045	14,945	15,573	20,676	15,842	15,842	15,990	17,040	17,726	17,819
Investment income	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302	18,067	544,414
Other income	703	-	-	-	-	-	-	314,699	120,071	118,097
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	127,182	16,084	25,501
Transfers	83,144	35,964	231,849	292,383	307,267	351,946	(228,423)	(223,314)	12,751	(18,401)
Total governmental activities	24,746,875	26,379,175	28,916,686	29,516,325	31,337,527	30,353,614	30,642,453	32,610,929	32,513,905	34,455,916
Business-type activities:										
Investment income	4,363,765	7,881,097	14,184,748	(750,318)	(8,598,734)	11,575,051	17,372,875	4,197,199	13,003,757	26,013,566
Other income	-	-	-	-	-	-	-	-	40,761	66,660
Gain (loss) on disposal of assets	199,929	-	119,501	2,814	1,311	1,151	18,421	5,164,193	35,091	551,139
Special item	-	-	-	-	-	-	9,382,844	-	-	-
Transfers	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314	(12,751)	18,401
Total business-type activities	4,480,550	7,845,133	14,072,400	(1,039,887)	(8,904,690)	11,224,256	27,002,563	9,584,706	13,066,858	26,649,766
Total primary government	29,227,425	34,224,308	42,989,086	28,476,438	22,432,837	41,577,870	57,645,016	42,195,635	45,580,763	61,105,682
Change in net position										
Governmental activities	5,557,640	7,187,134	6,877,067	8,523,620	4,875,636	7,922,678	928,345	3,516,684	738,896	4,946,975
Business-type activities	17,702,275	22,840,763	29,062,404	12,539,559	3,185,087	33,250,968	53,153,598	39,235,067	38,002,459	48,067,593
Total change in net position	\$23,259,915	\$30,027,897	\$35,939,471	\$21,063,179	\$ 8,060,723	\$41,173,646	\$54,081,943	\$42,751,751	\$38,741,355	\$53,014,568

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 189,955	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392	-	-	-	-	-
Nonspendable	-	-	-	-	-	68,171	97,918	96,235	73,623	68,428
Assigned	-	-	-	-	-	74,962	124,097	147,752	382,930	253,059
Unassigned	-	-	-	-	-	7,248,755	7,751,289	7,924,363	7,902,465	9,046,946
Total general fund	<u>\$ 5,606,958</u>	<u>\$ 5,819,702</u>	<u>\$ 6,546,145</u>	<u>\$ 6,653,633</u>	<u>\$ 7,123,991</u>	<u>\$ 7,391,888</u>	<u>\$ 7,973,304</u>	<u>\$ 8,168,350</u>	<u>\$ 8,359,018</u>	<u>\$ 9,368,433</u>
All other governmental funds										
Reserved	\$ 6,758,486	\$ 7,175,778	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects fund	-	-	2,110,682	-	-	-	-	-	-	-
Nonmajor special revenue funds	9,139,295	9,847,667	11,867,770	12,239,249	10,376,299	-	-	-	-	-
Nonspendable	-	-	-	-	-	2,063,375	1,999,501	1,976,152	2,019,699	1,998,143
Restricted	-	-	-	-	-	17,214,109	16,940,269	24,621,403	47,672,976	30,630,963
Committed	-	-	-	-	-	6,239,090	5,577,769	1,399,913	1,547,185	1,461,826
Assigned	-	-	-	-	-	678,764	1,259,956	316,669	-	-
Unassigned	-	-	-	-	-	-	(470,818)	(308,456)	(669,214)	(448,098)
Total all other governmental funds	<u>\$ 15,897,781</u>	<u>\$ 17,023,445</u>	<u>\$ 21,598,125</u>	<u>\$ 26,902,437</u>	<u>\$ 22,006,403</u>	<u>\$ 26,195,338</u>	<u>\$ 25,306,677</u>	<u>\$ 28,005,681</u>	<u>\$ 50,570,646</u>	<u>\$ 33,642,834</u>

Note: GASB Statement 54 was implemented in 2010. Prior to 2010, fund balance information in the GASB 54 format is not readily available.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 23,803,706	\$ 24,924,126	\$ 26,595,256	\$ 27,144,814	\$ 29,505,642	\$ 29,312,823	\$ 30,355,882	\$ 31,908,563	\$ 32,319,668	\$ 33,755,016
Special assessments	253,868	321,523	139,570	117,218	136,817	301,709	238,106	217,885	306,761	16,590
Licenses and permits	1,162,071	973,003	983,238	1,083,017	1,071,936	1,068,920	1,138,714	1,327,206	1,707,463	1,892,634
Intergovernmental	7,811,093	7,835,417	8,728,084	8,260,076	7,889,894	11,276,398	11,408,113	9,098,425	9,084,528	10,658,992
Charges for services	2,861,229	2,913,616	3,207,138	3,396,848	3,451,677	3,643,428	3,969,212	4,039,097	3,298,578	3,393,715
Fines and forfeitures	165,243	180,453	191,626	186,848	214,672	180,059	196,748	214,641	111,014	146,485
Investment income	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693	70,115	419,786
Miscellaneous	853,681	426,886	421,027	3,365,417	875,643	412,881	476,659	3,027,255	1,219,633	863,337
Total revenues	37,795,442	38,935,318	41,991,382	45,378,664	44,491,888	46,860,682	48,418,610	50,153,765	48,117,760	51,146,555
EXPENDITURES										
Current:										
General government	1,960,966	2,168,130	2,145,983	2,207,062	2,293,741	2,286,774	2,398,630	2,405,265	2,906,491	2,720,623
Public safety	10,803,854	11,669,410	11,896,964	12,927,372	12,917,525	13,250,208	14,252,764	14,938,537	15,287,766	15,839,280
Public works	4,418,888	4,504,535	4,756,831	5,117,634	5,499,791	5,980,354	5,463,593	5,538,204	5,388,832	5,434,191
Health and social services	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893	1,252,377	1,159,849	1,005,458	1,078,118
Culture and recreation	5,254,306	5,487,868	5,900,650	6,160,922	6,327,050	6,685,162	6,869,276	7,224,794	7,088,894	7,179,033
Community and economic development	2,437,266	2,748,939	3,404,221	3,217,968	3,851,231	3,053,279	4,266,580	2,870,859	2,363,783	2,481,609
Debt service:										
Principal	5,307,272	7,283,105	5,740,028	5,630,919	6,109,953	6,483,396	5,741,838	7,385,280	9,713,723	7,671,776
Interest and fiscal charges	1,614,899	1,581,581	1,557,501	1,620,271	1,681,184	1,595,367	1,595,755	1,389,368	1,440,738	1,815,272
Capital outlay	10,184,911	6,602,090	6,265,482	11,463,042	15,349,040	13,676,401	12,643,534	10,884,449	13,972,053	22,817,899
Total expenditures	42,892,309	42,999,278	42,649,723	49,378,966	55,189,241	54,167,834	54,484,347	53,796,605	59,167,738	67,037,801
Excess (deficiency) of revenues over (under) expenditures	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)	(6,065,737)	(3,642,840)	(11,049,978)	(15,891,246)
OTHER FINANCING SOURCES (USES)										
Transfers in	6,080,627	6,514,877	7,076,994	8,384,379	7,413,364	8,546,195	7,625,145	8,476,754	8,695,389	8,725,886
Transfers out	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)	(7,107,780)	(8,194,249)	(7,484,112)	(8,627,749)	(8,794,765)	(8,753,037)
Capital transfers out	-	(162,957)	-	-	-	-	-	-	-	-
General obligation bonds issued	6,030,000	5,495,000	5,285,000	9,059,781	5,825,000	11,165,000	6,690,000	6,675,000	30,455,000	-
Premium on general obligation bonds	60,193	33,665	73,086	69,583	85,108	247,038	197,459	12,885	1,302,774	-
Refunding bonds issued	-	-	-	-	6,995,000	-	5,980,000	-	2,090,000	-
Premiums on refunding bonds	-	-	-	-	210,985	-	-	-	57,213	-
Payment to refunded bond escrow	-	-	-	-	(7,150,000)	-	(7,250,000)	-	-	-
Total other financing sources (uses)	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677	11,763,984	5,758,492	6,536,890	33,805,611	(27,151)
Net change in fund balances	\$ 1,103,230	\$ 1,338,408	\$ 4,962,114	\$ 5,411,800	\$ (4,425,676)	\$ 4,456,832	\$ (307,245)	\$ 2,894,050	\$ 22,755,633	\$ (15,918,397)
Debt service as a percentage of noncapital expenditures	22.2%	26.5%	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%	23.0%	21.0%

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utilities	Less: Military Tax Exemption	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Taxable Value as a Percentage of Estimated Actual Assessed Value
2005	\$ 812,554,188	\$ 833,418,402	\$ 84,967,190	\$ 16,598,600	\$ 2,965,052	\$1,744,573,328	9.9487	\$2,616,823,544	66.67%
2006	865,439,973	835,027,560	91,023,260	15,430,574	2,894,676	1,804,026,691	10.1661	2,746,981,177	65.67%
2007	932,834,583	842,294,846	108,536,430	15,836,321	2,912,270	1,896,589,910	10.2519	3,003,950,459	63.14%
2008	988,802,548	832,616,846	99,794,440	14,985,782	2,888,194	1,933,311,422	10.4359	3,120,176,952	61.96%
2009	1,005,587,549	815,275,464	107,483,480	16,390,291	2,941,902	1,941,794,882	11.0624	3,224,629,664	60.22%
2010	1,081,452,054	825,225,818	110,467,400	16,557,530	2,927,086	2,030,775,716	10.8582	3,327,852,693	61.02%
2011	1,145,943,933	834,382,923	132,671,800	16,025,529	2,849,302	2,126,174,883	10.8458	3,431,600,584	61.96%
2012	1,203,280,867	821,428,238	129,708,000	16,640,931	2,797,446	2,168,260,590	10.8437	3,453,383,950	62.79%
2013	1,274,315,462	817,189,995	132,577,960	18,490,587	2,727,070	2,239,846,934	10.7213	3,485,543,532	64.26%
2014	1,343,486,699	836,448,468	130,392,785	18,309,505	2,667,806	2,325,969,651	10.8578	3,536,735,367	65.77%

Source: Story County Auditor

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

Fiscal Year	City Direct Rates				Total Direct Tax Rate ³	Overlapping Rates ¹			Total Direct & Overlapping Rates
	General ²	Public Transit	Employee Benefits	Debt Service		Ames School District ⁴	Consolidated County ⁵	Area Vocational ⁶	
2005	5.23802	0.53054	0.53695	3.64317	9.94868	13.80403	6.25618	0.59856	30.60745
2006	5.27509	0.56436	0.65229	3.67436	10.16610	13.72848	6.32840	0.68408	30.90706
2007	5.33473	0.56956	0.68478	3.66283	10.25190	13.74398	6.46794	0.68688	31.15070
2008	5.48631	0.59171	0.67178	3.68605	10.43585	13.27297	6.42527	0.60276	30.73685
2009	5.79037	0.62329	0.49436	4.15437	11.06239	13.62557	6.52666	0.56386	31.77848
2010	5.81420	0.62580	0.47270	3.94549	10.85819	13.58764	6.67330	0.56778	31.68691
2011	6.14501	0.61862	0.51112	3.57104	10.84579	14.65339	6.57299	0.56008	32.63225
2012	6.00441	0.63491	0.67239	3.53194	10.84365	14.51772	6.34859	0.59018	32.30014
2013	5.83418	0.65737	0.70627	3.52343	10.72125	14.47262	6.58192	0.58466	32.36045
2014	5.85539	0.64949	0.75345	3.59946	10.85779	14.34904	6.50266	0.69120	32.40069

¹ Overlapping rates are those of local and county governments that may apply to property owners within the City of Ames. Not all overlapping rates apply to all Ames property taxpayers.

² State law limits the maximum tax rate for the general fund to \$8.10 per thousand dollars of assessed valuation.

³ City Council sets the rate.

⁴ School district board of education sets the rate.

⁵ Story County board of supervisors, the county and city's assessors board, county agricultural extension board, and county hospital board set the rate.

⁶ Area community college sets the rate.

Source: Story County Auditor

**City of Ames
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Barilla America, Inc.	\$ 34,389,050	1	1.48%	\$ 22,823,900	2	1.31%
Iowa State University Research	32,370,170	2	1.39%	11,356,659	6	0.65%
Campus Investors IS, LLC	30,767,449	3	1.32%			
North Grand Mall Partners, LLC	23,308,630	4	1.00%	\$ 26,133,872	1	1.50%
Clinic Building Co., Inc.	20,475,255	5	0.88%	\$ 15,862,261	3	0.91%
Wal-Mart Stores, Inc.	18,050,000	6	0.78%			
Dayton Park, LLC	17,060,819	7	0.73%			
Cycloneball, LLC	16,413,150	8	0.71%			
West Towne Condos, OOC	14,179,458	9	0.61%			
University West Property Owner, LLC	13,522,162	10	0.58%			
SUH Iowa State, LLC				13,568,432	4	0.78%
Midwest Centers				12,192,730	5	0.70%
Bell Avenue Investors, LLC				8,784,200	7	0.50%
Dayton Hudson Corporation				8,623,448	8	0.49%
MHE Assoc., LLC/KAE Ames, LLC				8,588,708	9	0.49%
SUSA Holding of Story County, Inc.				8,180,000	10	0.47%
	<u>\$ 220,536,143</u>		<u>9.48%</u>	<u>\$ 136,114,210</u>		<u>7.80%</u>

Source: Story County Auditor

**City of Ames
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected¹	Percentage of Levy		Amount Collected	Percentage of Levy
2005	\$ 17,401,486	\$ 17,107,057	98.31%	\$ 10	\$ 17,107,067	98.31%
2006	18,344,342	18,149,123	98.94%	2,044	18,151,167	98.95%
2007	19,446,934	18,984,913	97.62%	2,254	18,987,167	97.64%
2008	20,178,912	19,828,739	98.26%	224	19,828,963	98.27%
2009	21,484,466	21,089,753	98.16%	8,062	21,097,815	98.20%
2010	22,054,085	21,869,568	99.16%	152	21,869,720	99.16%
2011	23,064,211	22,514,535	97.62%	3,546	22,518,081	97.63%
2012	23,516,201	23,178,276	98.56%	5,943	23,184,219	98.59%
2013	24,018,714	23,540,944	98.01%	49	23,540,993	98.01%
2014	25,261,403	24,795,918	98.16%	-	24,795,918	98.16%

¹ Amounts in prior years were restated to remove amounts that are not levied.

Sources: Story County Auditor and City Finance Department

**City of Ames
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business-type Activities				Total Outstanding Debt	Percentage of Personal Income ²	Population ³	Per Capita
	General Obligation Bonds ¹	General Obligation Bonds ¹	Revenue Bonds ¹	Notes Payable	Loans Payable				
2005	\$38,792,473	\$ 2,483,467	\$30,431,556	\$ 907,121	\$ -	\$72,614,617	7.32%	52,554	\$1,382
2006	37,012,177	1,903,542	27,109,533	283,825	-	66,309,077	5.56%	52,599	1,261
2007	36,599,694	1,326,941	23,717,255	27,865	-	61,671,755	5.04%	54,012	1,142
2008	40,083,868	1,355,644	22,582,909	-	-	64,022,421	5.08%	55,599	1,152
2009	39,883,464	3,329,193	21,516,866	3,197,834	-	67,927,357	5.17%	56,510	1,202
2010	44,714,741	2,673,753	20,421,954	5,813,116	726,804	74,350,368	5.65%	56,657	1,312
2011	44,448,603	2,442,080	19,077,870	4,395,970	683,896	71,048,419	5.56%	58,965	1,205
2012	43,633,557	2,203,850	83,391,700	2,933,922	535,182	132,698,211	9.63%	58,965	2,250
2013	67,647,632	4,660,760	89,571,199	1,611,285	4,167,950	167,658,826	12.08%	58,965	2,843
2014	59,811,442	4,191,151	86,942,752	568,517	8,884,606	160,398,468	11.55%	58,965	2,720

¹ Presented net of original issuance discounts and premiums and deferred charges.

² Personal income is presented on page 125.

³ United States Census Bureau

City of Ames
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds¹	Less: Amounts Available in Debt Service Fund²	Total	Percentage of Estimated Actual Taxable Value of Property³	Per Capita⁴
2005	\$ 41,275,940	\$ 1,439,613	\$ 39,836,327	1.52%	\$ 758
2006	38,915,719	1,275,590	37,640,129	1.37%	716
2007	37,926,635	1,107,194	36,819,441	1.23%	682
2008	41,439,512	1,423,410	40,016,102	1.28%	720
2009	43,212,657	1,990,754	41,221,903	1.28%	729
2010	47,388,494	2,467,664	44,920,830	1.35%	793
2011	46,890,683	1,942,412	44,948,271	1.31%	762
2012	45,837,407	1,658,922	44,178,485	1.28%	749
2013	72,308,392	1,260,206	71,048,186	2.04%	1,205
2014	64,002,593	603,260	63,399,333	1.79%	1,075

¹ General bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums and deferred charges.

² Amount restricted for debt service payments.

³ See page 116 for property value data.

⁴ See page 125 for population data.

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$44,330,000	97.93%	\$ 43,412,369
Gilbert Community School District	20,790,000	49.31%	10,251,549
Des Moines Area Community College (1)	66,065,000	6.03%	3,983,720
Nevada Community School District	8,330,000	0.11%	9,163
Story County	6,640,212	59.70%	3,964,207
Other debt:			
Gilbert Community School District revenue bonds	12,450,000	49.31%	6,139,095
Des Moines Area Community College revenue bonds	3,225,000	6.03%	194,468
Des Moines Area Community College capital leases	37,900	6.03%	2,285
Nevada Community School District revenue bonds	9,815,000	0.11%	10,797
Subtotal, overlapping debt			<u>67,967,653</u>
City direct debt			<u>59,811,442</u>
Total direct and overlapping debt			<u>\$ 127,779,095</u>

Source: Debt outstanding provided by each governmental unit. Applicable percentages calculated based on assessed value data from the Story County Auditor.

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

**City of Ames
Legal Debt Margin
June 30, 2014**

Legal debt margin for the fiscal year ended June 30, 2014:

Assessed value	\$ 3,536,735,367
Debt limit (5% of actual value)	\$ 176,836,768
Debt applicable to limit:	
General obligation bonds	62,260,000
Legal debt margin	\$ 114,576,768
Percentage of net debt margin available	64.79%
Percentage of net debt margin exhausted	35.21%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2014	\$ 176,836,768	\$ 62,260,000	64.79%
2013	174,277,177	70,385,000	59.61%
2012	172,669,198	45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
2009	161,231,483	42,700,000	73.52%
2008	156,008,848	41,195,000	73.59%
2007	150,197,523	37,665,000	74.92%
2006	137,349,059	38,690,000	71.83%
2005	130,841,177	41,065,000	68.61%

**City of Ames
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Hospital Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service ¹		Coverage
				Principal	Interest	
2005	\$ 125,887,097	\$ 101,474,465	\$ 24,412,632	\$ 1,435,000	\$ 1,212,363	9.22
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18
2009	146,226,111	140,766,706	5,459,405	1,060,000	1,025,413	2.62
2010	167,770,114	133,553,941	34,216,173	1,090,000	993,613	16.42
2011	177,039,866	132,028,206	45,011,660	1,340,000	954,863	19.61
2012	175,097,050	139,964,878	35,132,172	1,375,000	3,069,633	7.90
2013	188,066,236	145,546,625	42,519,611	1,915,000	3,682,094	7.60
2014	199,577,154	145,968,125	53,609,029	2,755,000	3,869,900	8.09

Electric Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 37,433,752	\$ 30,987,158	\$ 6,446,594	\$ 1,780,000	\$ 144,275	3.35
2006	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-

Sewer Capital Loan Note						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service ²		Coverage
				Principal	Interest	
2005	\$ -	\$ -	\$ -	\$ -	\$ -	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	6,643,819	7,083,679	(439,860)	-	3,019	(145.70)
2014	7,491,746	5,809,744	1,682,002	128,000	20,300	11.34

¹ Debt service payments for 2013 do not include payments to refund the 2003 revenue bonds.

² 2013 was the year of issuance. Accordingly no principal payments were scheduled. Further, there was not any debt outstanding in the previous nine years that was secured by pledged revenues.

**City of Ames
Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population¹	Per Capita Personal Income¹	Personal Income	School Enrollment²	Unemployment Rate³
2004	52,554	\$ 18,881	\$ 992,272,074	4,516	3.4%
2005	52,599	22,657	1,191,735,543	4,366	2.8%
2006	54,012	22,657	1,223,749,884	4,320	2.4%
2007	55,599	22,657	1,259,706,543	4,351	2.5%
2008	56,510	23,231	1,312,783,810	4,340	2.7%
2009	56,657	23,231	1,316,198,767	4,358	3.9%
2010	58,965	21,655	1,276,887,075	4,280	4.1%
2011	58,965	23,363	1,377,599,295	4,224	4.1%
2012	58,965	23,547	1,388,448,855	4,229	3.9%
2013	58,965	23,547	1,388,448,855	4,247	3.2%

¹ United States Census Bureau

² Ames School District

³ Iowa Workforce Development

**City of Ames
Principal Employers
Current Year and Nine Years Ago**

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Iowa State University	15,654	1	30.93%	13,882	1	29.77%
Mary Greeley Medical Center	1,289	2	2.55%	1,263	2	2.71%
City of Ames	1,281	3	2.53%	799	6	1.71%
Iowa Department of Transportation	925	4	1.83%	1,200	3	2.57%
McFarland Clinic, P.C.	920	5	1.82%	825	4	1.77%
Hy-Vee Food Stores	809	6	1.60%			
Ames Community School District	675	7	1.33%	600	7	1.29%
Danfoss ¹	650	8	1.28%	802	5	1.72%
Wal-Mart	440	9	0.87%			
Ames Laboratories	432	10	0.85%	309	10	0.66%
3M Company				400	8	0.86%
Hach Company				340	9	0.73%
Total			<u>45.59%</u>			<u>43.79%</u>

¹ Formerly Sauer-Danfoss.

Sources: United States Department of Labor, City of Ames, and company inquiries.

City of Ames
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Management services	22.50	22.25	22.25	22.25	22.50	23.50	22.50	22.50	23.25	23.25
Finance	38.75	38.75	38.75	39.75	40.75	40.75	40.75	40.75	40.75	40.75
Planning and housing	8.75	8.75	10.50	10.50	10.50	10.50	10.50	8.00	8.00	8.00
Fleet services/facilities	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	74.45	73.70	73.70	73.70	75.70	75.70	75.95	75.95	75.95	75.95
Fire/inspections	63.00	63.00	63.00	65.00	68.00	68.00	68.00	68.50	68.50	68.50
Police/animal control/parking	73.40	72.40	74.40	74.40	74.65	74.65	77.65	77.65	77.65	77.65
Library	30.25	30.25	30.50	31.00	31.00	31.00	31.00	31.50	31.50	31.50
Parks and recreation	22.00	22.00	22.00	20.50	20.50	20.50	20.50	19.50	19.50	19.50
Waste water treatment	22.25	22.25	22.25	22.50	22.50	22.50	22.50	22.50	22.50	22.50
Water	18.75	18.75	18.75	19.00	19.00	19.00	19.00	19.00	19.00	18.75
Electric	79.00	79.00	79.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	12.00	12.00	12.00	13.00	13.00	13.00	13.00	14.00	14.00	14.00
Resource recovery	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Hospital	960.34	987.33	1,019.33	1,055.70	1,088.50	1,044.00	1,055.00	1,064.00	1,092.00	1,082.00
Total	<u>1,494.94</u>	<u>1,519.93</u>	<u>1,555.68</u>	<u>1,597.80</u>	<u>1,638.10</u>	<u>1,594.60</u>	<u>1,607.85</u>	<u>1,615.35</u>	<u>1,644.10</u>	<u>1,633.85</u>

Source: City Finance Department

City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Number of licenses/permits processed ¹	1,048	1,008	877	1,003	650	537	512	462	539	524
Subdivision requests	16	16	14	14	15	13	13	7	18	17
Police:										
Physical arrests	1,201	1,051	1,340	1,468	1,599	1,417	1,415	1,395	1,463	1,588
Parking violations	51,126	53,367	56,566	57,931	54,754	46,354	52,147	48,947	44,100	45,530
Traffic violations	3,000	3,809	3,820	3,012	2,724	3,080	2,953	4,068	3,204	2,543
Fire:										
Number of fires	142	148	169	165	162	148	175	188	137	150
Number of ambulance assists	1,197	1,436	1,711	1,877	1,927	2,099	2,211	2,178	2,325	2,471
Inspections	1,016	1,007	974	1,018	632	731	1,011	829	1,058	1,263
Library:										
Total circulation	1,256,993	1,311,122	1,361,888	1,346,924	1,386,273	1,431,023	1,388,273	1,343,758	1,222,547	1,205,620
Library visits	471,164	450,000	459,000	462,967	424,504	435,572	416,908	443,895	323,859	226,690
Parks and recreation:										
Total number of participant visits ²	118,456	114,297	117,790	145,760	138,840	155,880	201,344	216,930	191,820	199,054
Total number of activities	135	137	136	123	123	125	127	127	127	133
Resource recovery:										
Tons of refuse processed	51,840	54,497	50,792	52,482	50,057	50,614	56,789	53,731	48,244	27,878
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works:										
Blocks of streets crack sealed	176	142	124	108	51	45	65	110	92	123
Blocks of streets slurry sealed	73	-	-	46	-	-	-	-	-	11
Blocks of seal coat reconstruction	8	9	-	12	14	17	8	6	7	8
Hospital:										
Total admissions	10,178	9,970	10,113	10,002	9,748	9,292	9,918	9,617	8,768	8,289
Average percent of occupancy	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%	54.1%	52.1%
Electric:										
Kilowatt hours produced at plant	435,050,857	489,100,767	497,522,088	429,927,000	413,485,892	340,892,874	341,229,148	307,447,978	318,394,938	282,348,784
Meters in service	22,375	22,906	23,827	23,946	24,237	24,290	24,436	24,844	25,141	25,353
Transit:										
Passengers	4,292,366	4,173,208	4,314,151	4,646,554	5,002,146	5,377,155	5,447,289	5,759,883	5,892,786	6,619,182
Total miles driven	1,178,475	1,189,235	1,234,775	1,287,789	1,317,336	1,381,832	1,421,852	1,412,162	1,384,270	1,493,983
Water:										
Billion gallons per year pumped	2.137	2.311	2.440	2.330	2.029	1.961	2.074	2.151	2.082	2.131
Utility locates performed	6,081	5,779	5,500	5,502	5,650	5,417	6,471	6,466	6,247	6,185
Water main breaks ³	27	21	51	44	29	23	37	18	42	47
Wastewater:										
Billion gallons per year treated	1.997	1.887	2.475	2.507	2.438	2.385	2.501	1.906	2.093	1.936

¹ The State of Iowa took over issuing plumbing, electrical, and mechanical licenses in 2009.

² Golf course participants added in 2008. Aquatic center opened in 2010.

³ A two-pressure water system was implemented in 2004 causing additional water main breaks.

Sources: City departments and Mary Greeley Medical Center

**City of Ames
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	8	8	9	9	9	9	9	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	33	33	34	34	36	36	36	36	37	37
Total number of park acres	1,196	1,196	1,199	1,199	1,213	1,213	1,213	1,213	1,224	1,227
Total number of athletic fields	18	18	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets	244	241	244	246	250	254	260	272	288	290
Number of traffic signals	60	59	59	59	63	70	70	70	70	67
Number of signs	9,325	9,267	9,291	9,274	9,441	9,575	9,759	9,852	9,486	9,489
Hospital:										
Beds in operation	198	198	199	199	199	199	199	199	199	199
Transit:										
Buses owned	69	61	63	66	70	72	79	84	89	93
New buses purchased	-	4	4	-	4	14	7	7	2	-
Water:										
Miles of water mains	230	233	243	235	236	240	241	241	241	243
Fire hydrants	2,374	2,406	2,451	2,577	2,586	2,619	2,650	2,648	2,663	2,700
Wells	22	22	25	28	28	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	192	196	195	201	199	200	201	202	202	203
Storm sewer miles	220	240	231	249	257	257	261	263	265	260

Sources: City departments and Mary Greeley Medical Center.

Note: No capital asset indicators are available for general government, library, resource recovery, or electric functions.

COMPLIANCE SECTION

LIBRARY INTERIOR LIGHTING





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2014. Other auditors audited the financial statements of Mary Greeley Medical Center (presented as an enterprise fund), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Other auditors also audited the financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit. Those financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

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

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

Purpose of this Report

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



Dubuque, Iowa
December 19, 2014



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa
December 19, 2014

City of Ames
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2014
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants / Entitlement Grants	14.218	B-12-MC-19-0010	\$ 653,163
Total U.S. Department of Housing and Urban Development			<u>653,163</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		<u>4,279</u>
Edward Byrne Memorial Justice Grant Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1109	4,367
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3088	10,086
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0271	6,496
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0669	<u>20,816</u>
Total Edward Byrne Memorial Justice Grant Programs			<u>41,765</u>
Total U.S. Department of Justice			<u>46,044</u>
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106	3-19-0004-20-2011	<u>924,574</u>
Pass-through Program from Iowa Department of Transportation:			
Highway Planning and Construction	20.205	14MPO-AAMPO	144,785
Highway Planning and Construction	20.205	STP-U-0155(681)--70-85	322,829
Highway Planning and Construction	20.205	STP-ES-0155(679)--70-85	<u>866,797</u>
			<u>1,334,411</u>
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-00	294,527
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-01	401,280
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-02	434,720
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-03	827,659
Federal Transit-Capital Investment Grants	20.500	IA-04-0120-00	4,055
Federal Transit-Capital Investment Grants	20.500	IA-04-0121-00	14,439
Federal Transit-Formula Grants	20.507	IA-90-X392-00	<u>1,901,771</u>
			<u>3,878,451</u>
Pass-through Program from Iowa Department of Transportation:			
Metropolitan Transportation Planning	20.505	14MPO-AAMPO	<u>47,619</u>
Federal Transit Program Cluster:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X002-015-12	20,331
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-13	47,276
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X005-015-14	112,156
Job Access-Reverse Commute	20.516	37-X022-015-13	<u>34,339</u>
Total Federal Transit Programs Cluster			<u>214,102</u>
Direct Program:			
Alternatives Analysis	20.522	IA-39-0001-00	<u>25,459</u>

City of Ames
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2014

Pass-through Program from Iowa Department of Public Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention			
Incentive Grants	20.601	PAP 13-410, Task 01	5,121
National Priority Safety Programs	20.616	PAP 14-405d-M6OT, Task 01-00-00	<u>21,573</u>
			<u>26,694</u>
Total U.S. Department of Transportation			<u>6,451,310</u>
U.S. Environmental Protection Agency:			
Pass-through Program from Iowa Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C0493R	459,203
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D0231P	<u>2,357,856</u>
Total U.S. Environmental Protection Agency			<u>2,817,059</u>
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5883I471	1,592
Immunization Cooperative Agreements	93.268	5884I471	<u>8,112</u>
			<u>9,704</u>
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	5883I471	5,531
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	5884I471	9,000
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	5884I4142	<u>6,500</u>
			<u>21,031</u>
Total U.S. Department of Health and Human Services			<u>30,735</u>
U.S. Department of Homeland Security:			
Pass-through Program from Iowa Department of Homeland Security and Emergency Management			
Disaster Grants-Public Assistance (Presidentially-Declared Disasters)	97.036	FEMA 1930-DR-IA	6,555
Emergency Operations Center	97.052	2010-EO-MX-0007	<u>369,961</u>
Total U.S. Department of Homeland Security			<u>376,516</u>
Total Expenditures of Federal Awards			<u>\$ 10,374,827</u>

City of Ames
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

I. Basis of accounting

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

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

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

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Cluster: 20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants (Urbanized)
20.106	Airport Improvement Program
97.052	Emergency Operations Center (EOC)
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$311,245
Auditee qualified as low-risk auditee	Yes

Part II: Findings Related to the Financial Statements:

There were no findings related to the financial statements to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned cost to report.

Part IV: Other Findings Related to Required Statutory Reporting:

- 2014-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2014, did not exceed the amount budgeted.
- 2014-IA-B **Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- 2014-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2014-IA-D **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Keith Hoff, Employee, Owner of Hoff Mechanical	Repair Services	\$ 37
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary Services	55
Chris Nelson, Council Member, President at Nelson Electric Company, LC	Electrical Services	651
Jan Heuss, Employee, Daughter is owner of Heuss Printing, Inc.	Printing Services	795
Justin Kepley, Public Works, Father is owner of Dave’s Auto & Truck Service, Inc.	Service & Towing	3,255
Karen Stephan, Account Clerk Husband is owner of Scott’s Heating, Cooling & Plumbing	A/C rebate & A/C for Furman	17,152

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

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Keith Hoff, Mike Wheelock, Chris Nelson, and Jan Heuss do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transactions with Scott's Heating, Cooling, and Plumbing and Dave's Auto & Truck Service, Inc. do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

- 2014-IA-E **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 2014-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2014-IA-G **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 2014-IA-H **Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.
- 2014-IA-I **Revenue Bonds** – No instances of noncompliance with the provisions of the City's revenue bond resolutions were noted.

Findings Related to the Financial Statements:

None reported

Findings Related to Federal Programs:

None reported

There were no prior year federal findings.



April 28, 2015

Ms. Gloria Bryant
Manager, Transmission Settlements
MISO
P.O. Box 4202
Carmel, IN 46082-4202

Re: Submittal of Attachment O and supporting workpapers to MISO

Dear Ms. Bryant:

The accompanying Attachment O, along with any other supporting workpapers requested by MISO submitted for the City of Ames (the City) are based on the audited financial statements and underlying financial records for the electric utility for the year ended June 30, 2014. The expenses, assets, liabilities and proprietary capital data provided by the City in the EIA Form 412, Attachment O, and supporting workpapers are consistent with the Uniform System of Accounts cited in the EIA Form 412 template (which the City will continue to use so long as MISO requires the EIA Form 412 template).

Allocations of expenses made in the City's financial statements are based on historical cost allocation reviews conducted by the electric utility staff. These cost allocations have been audited by certified professional accountants and are an accurate representation of the financial condition of the electric utility. The City will notify MISO in writing, explaining the new allocation methodology, before changing the methodology used to allocate these expenses in future financial statements and in its Attachment O and supporting workpapers submittals to MISO. The City confirms that the City's audited financial statements and workpapers submitted with the Attachment O data will be publicly available for review and inspection.

The City is not a jurisdictional utility under the Federal Power Act and Federal Energy Regulatory Commission regulations. Therefore, it does not file a FERC Form 1 nor keep its books and records in accordance with the Uniform System of Accounts. However, the City has completed an EIA Form 412 consistent with historical allocations and record keeping. The City confirms that these allocations and categorizations of rate base balances and expense detail are reasonable and consistent with the intent of MISO's Attachment O, EIA Form 412 templates, and the Uniform System of Accounts.

Very truly yours,

Tina Stanley
Assistant Director of Finance



July 14, 2015

Re: City of Ames Electric Services Annual Attachment O Rate Template Meeting
Date: Friday, July 31, 2015
Time: 1:30-2:30 PM CDT
Location: City of Ames Electric Administration Building
502 Carroll Avenue
Ames, IA 50010
Dial: (515) 239-5179

The City of Ames Electric Services invites you to participate in its annual Attachment O Rate Template Meeting for the 2015 rate year. The purpose of the meeting is to present information that reviews the City of Ames Electric Services updated Attachment O filings.

Pursuant to the updated formula rate protocols established in FERC Docket No. ER13-2379, the City of Ames Electric Services must calculate and post publically its formula revenue requirement as well as present supporting documentation and workpapers for the previous calendar year. In addition, the City of Ames Electric Services is required to hold an open meeting among Interested Parties by no later than September 1st of each year to discuss this posting.

The City of Ames Electric Services rate information for the 2015 rate year is posted on the MISO TO Rate Data website at this link:

[https://www.misoenergy.org/MarketsOperations/TransmissionSettlements/Pages/CityofAmes\(AMES\).aspx](https://www.misoenergy.org/MarketsOperations/TransmissionSettlements/Pages/CityofAmes(AMES).aspx)

Sincerely,

City of Ames Electric Services

Collin Dettmann
Manager, Energy Market Operations