

# **CITY OF AMES, IOWA COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For Year Ending June 30, 2010**



Donald and Ruth Furman Aquatic Center  
Opened May 29, 2010



## **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**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF AMES, IOWA**

**Year Ended June 30, 2010**

**Prepared by the Accounting and Auditing  
Division of the Department of Finance**

**CITY OF AMES, IOWA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2010**

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**INTRODUCTORY  
SECTION**

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December 1, 2010

The Honorable Mayor, City Council Members,  
And Citizens of the City of Ames, Iowa

The City of Ames is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City of Ames, Iowa (City) for the fiscal year ended June 30, 2010 is hereby submitted.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The independent auditor has issued an unqualified (clean) opinion on the City's financial statements for the fiscal year ended June 30, 2010. The independent auditors' report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE CITY OF AMES**

The City was incorporated in 1869 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 ninth largest city in Iowa with a population of 50,731 according to the 2000 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a council-manager form of government. 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 serves a four-year term and is elected with one of the groups of three council members. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides the following services as authorized by its charter: public safety, public works, culture, recreation, and community development. The City also provides additional services including municipal electric, water, and sewer utility systems; parking lot facilities; a municipal resource recovery facility; a municipal airport; a recreational ice facility; a municipal golf course; a community center; a transit system; and a municipal hospital. The City of Ames is also financially accountable for a legally separate hospital foundation reported separately within the City of Ames financial statements. Additional information on the hospital foundation can be found in the notes to the financial statements (See Note 1.A).

The annual budget serves as the foundation for the City's financial planning and control. The City Manager is responsible for developing a budget proposal to the City Council. The proposed budget is presented to the Council in January and February of each year. The Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than March 15 for the fiscal year beginning the following July first. The appropriated budget is prepared by function.

## **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, the Iowa Department of Transportation, the USDA 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 2010, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the 10th lowest unemployment rate in the nation at 4.7%, well below the national rate of 9.2%. Following a four-month trend in steadily increasing total employment numbers, the Ames MSA recorded year-over-year job growth in October 2010. The City experienced a significant flood event in the summer of 2010, but has quickly recovered as flood mitigation improvements made over the past two decades reduced the impact of flooding.

Though the pace of new construction of residential property in Ames and the surrounding area has moderated from past years, there has been a year-over-year increase in the number of residential sales and the average price of sales has increased slightly. The relative strength in the housing market, when compared to broader national trends, is likely due to a combination of locally sound lending practices and a stable employment base.

The City's economic development efforts have been targeted toward companies that blend with community resources and take advantage of a highly educated workforce in areas such as veterinary medicine, technology, and agricultural research. The City continues to be a desirable

location for business; in 2010, Ames was included in the CNN/Money List of America's "10 Best Small Cities." Forbes also named Ames as one of the Top 20 Places for business and careers.

Ames continues to see expansion of science and technology business in the local economy. NewLink Genetics, a local biopharmaceutical company, expanded operations for development of drugs for treating cancer. Boehringer Ingelheim Vetmedica, Inc. (BIVI), one of the world's leading pharmaceutical companies, recently announced plans to expand the BIVI Health Management Center in Ames after the company acquired animal pharmaceutical research and production facilities in other Iowa locations. WebFilings, a company that provides a web-based software solution for processing Securities and Exchange Commission filings for publicly traded companies, has seen a growth in their business and the Ames based development and marketing team.

The retail and service sectors have also seen growth as McFarland Clinic, an Ames based regional multi-specialty medical clinic, opened a satellite clinic on the north side of Ames. The HyVee grocery chain expanded service at both Ames supermarket locations to include gas and convenience services. Iowa State University opened the \$74.5 million Hach Hall Chemistry Building and is progressing on a \$52.8 million expansion and renovation of student athletic and recreation facilities.

## **LONG-TERM FINANCIAL PLANNING**

The City Council has adopted a comprehensive set of budget and fiscal policies including general revenue management, user fee cost recovery goals, enterprise fund fees and rates, grant funding, investments, capital improvement management, and fund balance designations and reserves. The ending fund balance level established for the general fund is 20% of operating expenditures. The City of Ames met the minimum fund balance requirement for the general fund and all other financial policies established by the City Council.

## **MAJOR INITIATIVES**

Construction was completed and a grand opening was held at the Donald and Ruth Furman Outdoor Aquatic Center. The 25,000 square foot facility was open throughout the summer months, and had strong attendance as a regional recreation destination.

As part of the City's "green initiatives", the Electric utility began purchasing 30 megawatts of power capacity from a wind energy farm located north of Ames. The remainder of the capacity from the wind farm is under contract with Iowa State University and Google Energy. CyRide, the city transit system, purchased and placed into service 12 hybrid electric buses that include a biodiesel engine and an electric motor. These buses, known as the "CYbrid" fleet, use significantly less fuel and produce 50% less noise compared to traditional diesel buses.

The City has begun the planning process for the addition of an intermodal facility to serve the Iowa State University and Campustown area and has entered into a master developer's agreement with a consultant for renovation and redevelopment of the Campustown area.

## **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 of Ames, Iowa, for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 31st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Government Finance Officers Association of the United States and Canada presented an award of Distinguished Budget Presentation to the City for its annual budget for the fiscal year beginning July 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The City has received this award every year since 1986/1987. The award is valid for a period of one year only.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance Department. We wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

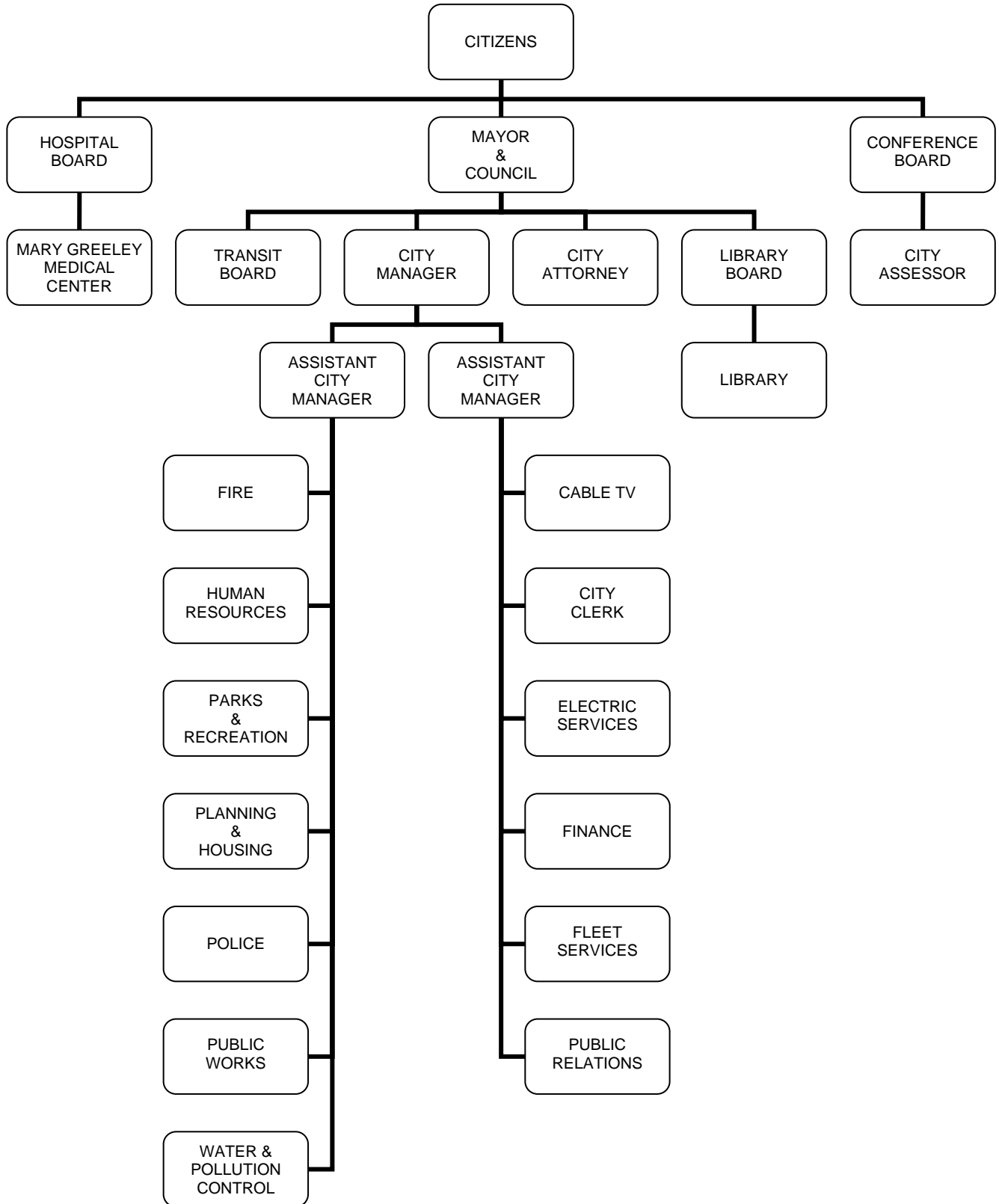
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Steven L. Schainker  
City Manager

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Duane R. Pitcher, CPA, CPFO  
Director of Finance

# CITY OF AMES, IOWA ORGANIZATIONAL CHART



## CITY OF AMES, IOWA

### PRINCIPAL OFFICIALS

#### **Elected Officials**

Ann Campbell	Mayor
Matthew Goodman	Council Member – At Large
Peter Orazem	Council Member – At Large
Thomas Wacha	Council Member – First Ward
Jami Larson	Council Member – Second Ward
Jeremy Davis	Council Member – Third Ward
Riad Mahayni	Council Member – Fourth Ward

#### **Council-Appointed Officials**

Steven Schainker	City Manager
Doug Marek	City Attorney

#### **Manager-Appointed/Council-Approved Official**

Diane Voss	City Clerk
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#### **Manager-Appointed Officials**

Bob Kindred	Assistant City Manager
Sheila Lundt	Assistant City Manager
Don Kom	Director of Electric Utility
John Joiner	Director of Public Works
Duane Pitcher	Director of Finance
Clint Petersen	Fire Chief
Chuck Cychosz	Police Chief
Julie Huisman	Director of Human Resources
Steve Osguthorpe	Director of Planning & Housing
Nancy Carroll	Director of Parks & Recreation
John Dunn	Director of Water and Pollution Control
Paul Hinderaker	Director of Fleet Services
Roger Wisecup II	City Treasurer

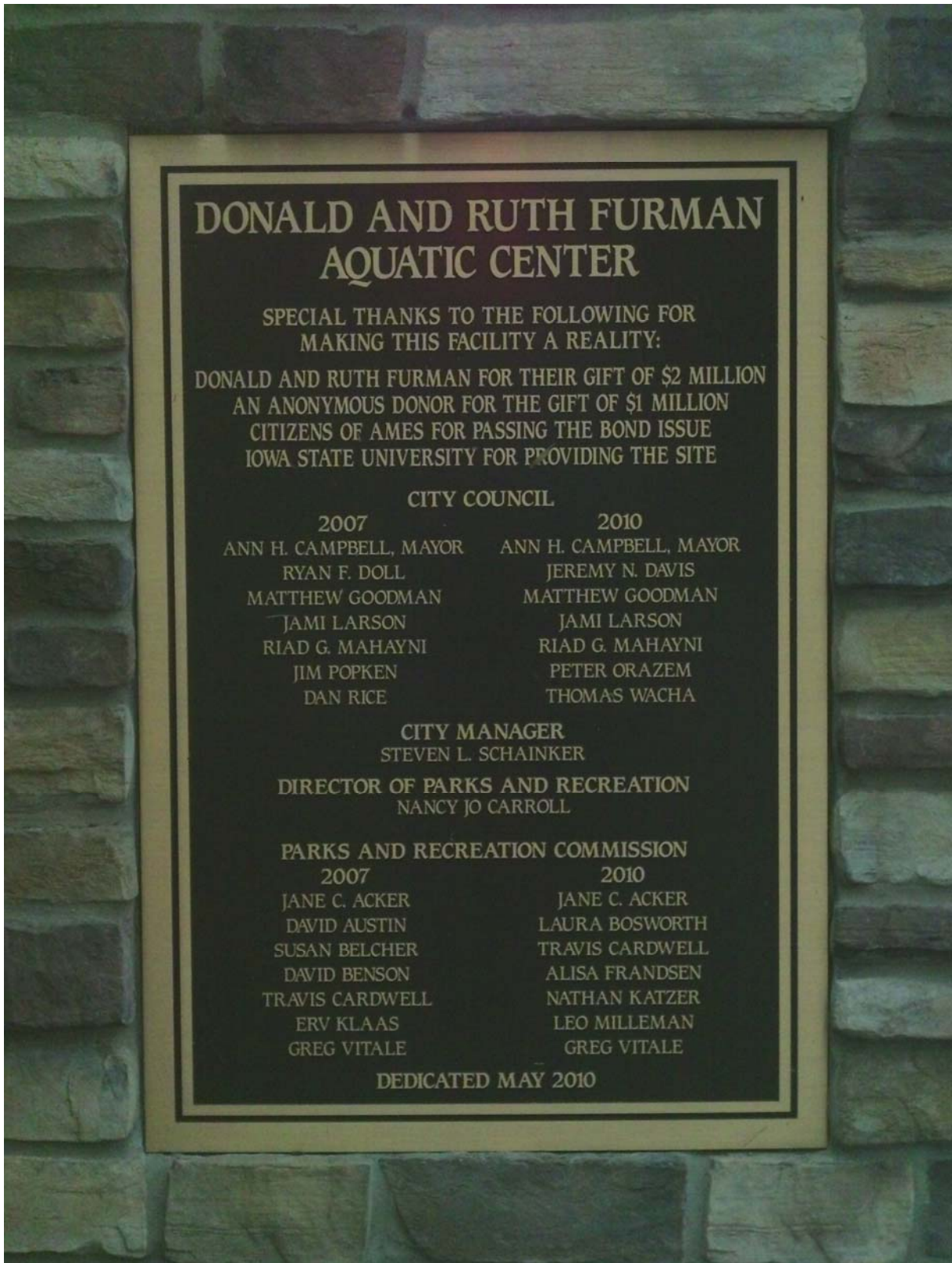
#### **Other Officials**

Sheri Kyras	Director of Transportation
Art Weeks	Library Director

#### **Hospital Administration**

Brian Dieter	President/Chief Executive Officer
Michael J. Tretina	Vice President/Chief Financial Officer

**PLAQUE AT ENTRANCE**



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, 2009

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



A handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Ames, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Ames, Iowa has received a Certificate of Achievement for the last 31 consecutive years (fiscal years ended 1979-2009). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

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**FINANCIAL  
SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Ames, Iowa. 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 50 percent, 46 percent, and 67 percent, respectively, of the assets, net assets, and revenues of the business-type activities. We did not audit the financial statements of the Mary Greeley Medical Center Foundation (the discretely presented component unit), which represents 100 percent of the assets, net assets, and revenues of the Mary Greeley Medical Center Foundation. Those financial 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 Mary Greeley Medical Center Foundation, is based 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 of material misstatement. The financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Dubuque, Iowa  
December 1, 2010

## **CITY OF AMES, IOWA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010**

This section of the City of Ames (City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Ames exceeded its liabilities at the close of the fiscal year by \$552,066,567 (net assets). This was an increase of \$41,173,646 over net assets at June 30, 2009. Unrestricted net assets at June 30, 2010 in the amount of \$179,539,930 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$267,897.
- The ending general fund balance of \$7,391,888 exceeded the City target minimum fund balance of twenty percent of general fund budgeted expenses.
- Within the City's business-type activities, revenues exceeded expenses by \$32,668,975. The City policy is to set rates that fund operational expenses of business-type activities and fund most capital improvements. The increase in net assets represents funds accumulated for planned future capital expenses.
- For the year, the revenues of the City's governmental funds exceeded expenses by \$4,456,832 compared to expenses exceeding revenues by \$4,425,676 in 2009.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This discussion and analysis are intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to 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 paragraphs below provide a brief description of the government-wide financial statements.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The government-wide financial statements are divided into two categories:

***Governmental activities.*** This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, the library, and general administration are governmental activities.

***Business-type activities.*** These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, and electrical utilities, the resource recovery center, municipal golf course, and a municipal hospital.

### **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 uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. 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 evaluating a government's near-term financial 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 financial 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 three individual major 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, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.



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

***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 electric, sewer, water, and storm water drainage utilities. Enterprise funds are also used for the municipal hospital, resource recovery center, transit, parking, and recreational facility operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet services, information technology, risk management, and health insurance. The City's internal services benefit both the governmental activities and business-type activities and have been apportioned accordingly in the government-wide financial statements.

Proprietary fund financial statements 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 Mary Greeley Medical Center, electric utility, sewer, and water utility; all of which are considered to be major funds of the City. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All 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 elsewhere in this report.

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

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Other information.*** The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

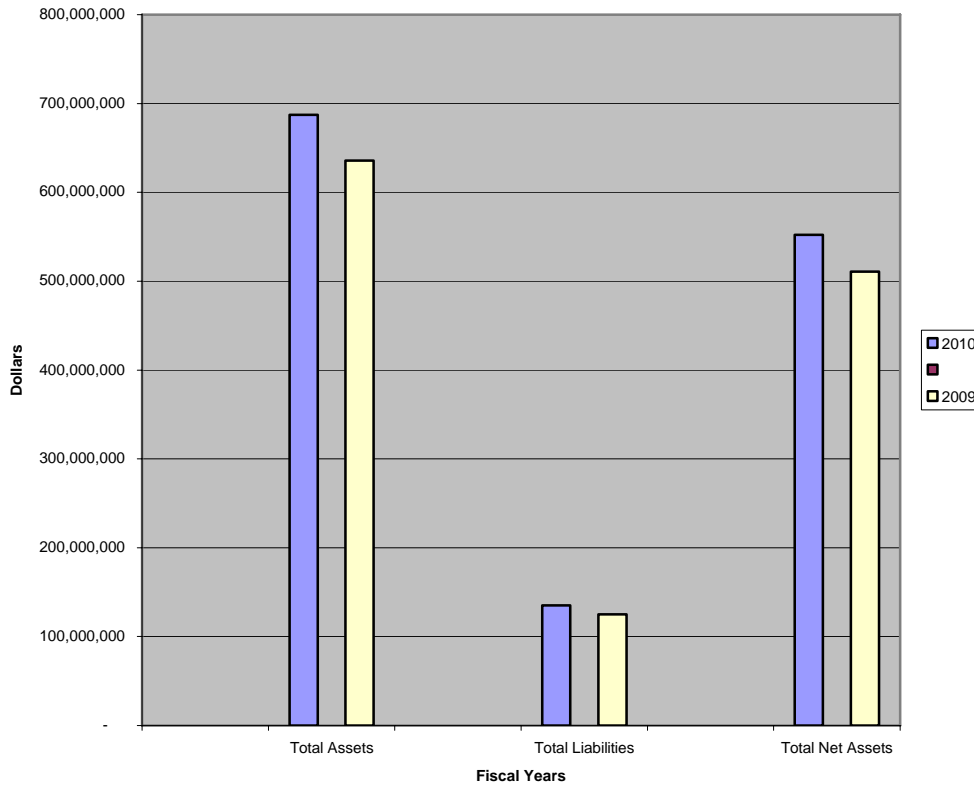
*Net assets.* As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by \$552,066,567 at the close of the most recent fiscal year.

The most significant portion of the City's net assets (64.3%) are reflected in investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

### City of Ames Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 68,656,219	\$ 62,748,307	\$ 203,853,805	\$ 173,701,284	\$ 272,510,024	\$ 236,449,591
Capital assets, net of depreciation	145,159,023	137,961,837	269,577,869	261,497,860	414,736,892	399,459,697
<b>Total assets</b>	<b>213,815,242</b>	<b>200,710,144</b>	<b>473,431,674</b>	<b>435,199,144</b>	<b>687,246,916</b>	<b>635,909,288</b>
Long-term debt outstanding	38,122,903	33,430,732	26,484,514	23,044,268	64,607,417	56,475,000
Other liabilities	35,294,857	34,804,608	35,278,075	33,736,759	70,572,932	68,541,367
<b>Total liabilities</b>	<b>73,417,760</b>	<b>68,235,340</b>	<b>61,762,589</b>	<b>56,781,027</b>	<b>135,180,349</b>	<b>125,016,367</b>
Net assets						
Invested in capital assets, net						
of related debt	115,002,627	101,940,741	239,942,242	233,486,481	354,944,869	335,427,222
Restricted	14,864,552	9,681,837	2,717,216	1,559,234	17,581,768	11,241,071
Unrestricted	10,530,303	20,852,226	169,009,627	143,372,402	179,539,930	164,224,628
<b>Total net assets</b>	<b>\$ 140,397,482</b>	<b>\$ 132,474,804</b>	<b>\$ 411,669,085</b>	<b>\$ 378,418,117</b>	<b>\$ 552,066,567</b>	<b>\$ 510,892,921</b>

### Net Assets



A portion of the City's net assets (3.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$179,539,930 (32.5%), may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2010 and 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the net assets of the City by \$7,922,678 or 19.2% of the total increase in net assets in 2010 and \$4,875,636 or 60.5% of the increase in 2009. Taxes are the largest source of governmental revenues with property taxes of \$22,215,888 in 2010 and other taxes (sales taxes and road use tax) of \$11,518,709. Capital grants and contributions for 2010 totaled \$6,256,045, an increase of \$3,354,426 due mainly to receipt of ARRA grants. The \$779,081 increase in property tax collections in 2010 over 2009 was due to increased valuations with a \$.20 decrease in the overall tax rate. The decrease in other taxes was due to a one-time payment of back hotel/motel tax during 2009. Continuing to decline interest rates are reflected in the \$835,773 decrease in investment revenue.

Governmental expenses during 2010 increased \$245,757 over 2009 expenses or .6%. Public works and culture & recreation expenses were up due to increased projects and the new aquatic

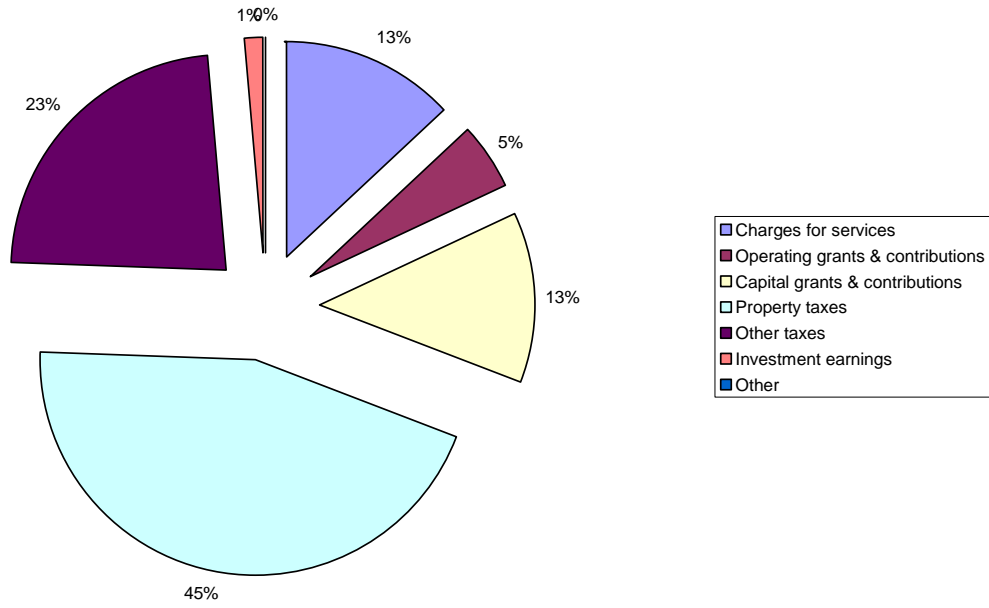
center while general government and community & economic development expenses were reduced.

**City of Ames Changes in Net Assets**

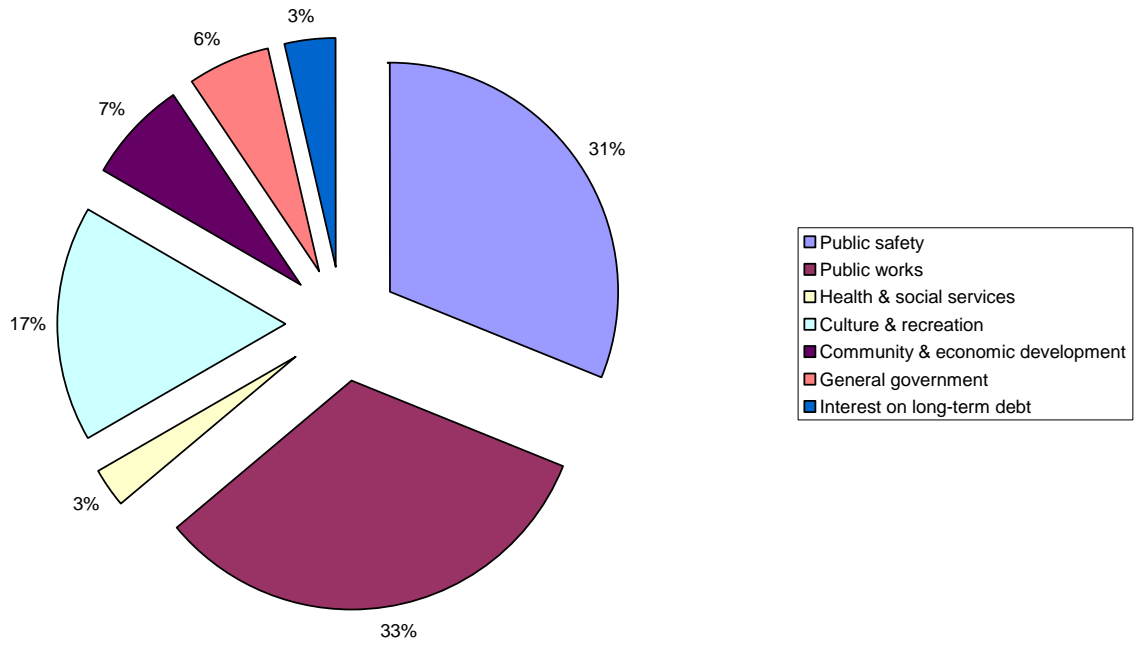
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 6,483,334	\$ 5,864,484	\$ 230,411,753	\$ 228,698,896	\$ 236,895,087	\$ 234,563,380
Operating grants & contributions	2,524,027	2,437,772	2,922,399	2,681,074	5,446,426	5,118,846
Capital grants & contributions	6,256,045	2,901,619	5,819,635	1,345,340	12,075,680	4,246,959
General revenues						
Property taxes	22,215,888	21,436,807			22,215,888	21,436,807
Other taxes	11,518,709	12,273,428			11,518,709	12,273,428
Unrestricted grants & contributions	15,842	15,842			15,842	15,842
Investment earnings	673,003	1,508,776	11,575,051	(8,598,734)	12,248,054	(7,089,958)
Other			1,151	1,311	1,151	1,311
<b>Total revenues</b>	<b>49,686,848</b>	<b>46,438,728</b>	<b>250,729,989</b>	<b>224,127,887</b>	<b>300,416,837</b>	<b>270,566,615</b>
<b>Expenses</b>						
Public safety	13,133,701	13,011,464			13,133,701	13,011,464
Public works	13,780,841	13,090,595			13,780,841	13,090,595
Health & social services	1,151,848	1,159,050			1,151,848	1,159,050
Culture & recreation	7,043,477	6,668,942			7,043,477	6,668,942
Community & economic development	3,042,375	3,850,712			3,042,375	3,850,712
General government	2,492,116	2,518,339			2,492,116	2,518,339
Interest on long-term debt	1,471,758	1,571,257			1,471,758	1,571,257
Mary Greeley Medical Center			146,809,782	153,741,531	146,809,782	153,741,531
Electric Utility			41,642,821	39,716,298	41,642,821	39,716,298
Sewer Utility			6,923,605	6,485,535	6,923,605	6,485,535
Water Utility			6,827,194	6,514,499	6,827,194	6,514,499
Storm Sewer Utility			782,489	1,080,705	782,489	1,080,705
Parking Lot			819,988	766,381	819,988	766,381
Resource Recovery			3,855,039	3,914,713	3,855,039	3,914,713
Transit			8,682,833	7,685,829	8,682,833	7,685,829
Ames/ISU Ice Arena			565,303	511,334	565,303	511,334
Homewood Golf Course			218,021	218,708	218,021	218,708
<b>Total expenses</b>	<b>42,116,116</b>	<b>41,870,359</b>	<b>217,127,075</b>	<b>220,635,533</b>	<b>259,243,191</b>	<b>262,505,892</b>
Excess before transfers	7,570,732	4,568,369	33,602,914	3,492,354	41,173,646	8,060,723
Transfers	351,946	307,267	(351,946)	(307,267)		
<b>Increase in net assets</b>	<b>\$ 7,922,678</b>	<b>\$ 4,875,636</b>	<b>\$ 33,250,968</b>	<b>\$ 3,185,087</b>	<b>\$ 41,173,646</b>	<b>\$ 8,060,723</b>

On the following page are specific graphs which provide comparisons of the governmental activities revenues and functional expenses.

**Governmental Activities Revenues 2010**



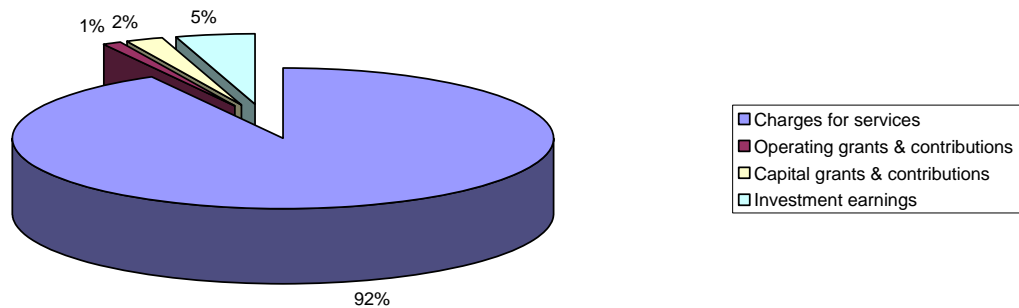
**Governmental Activities Expenses 2010**



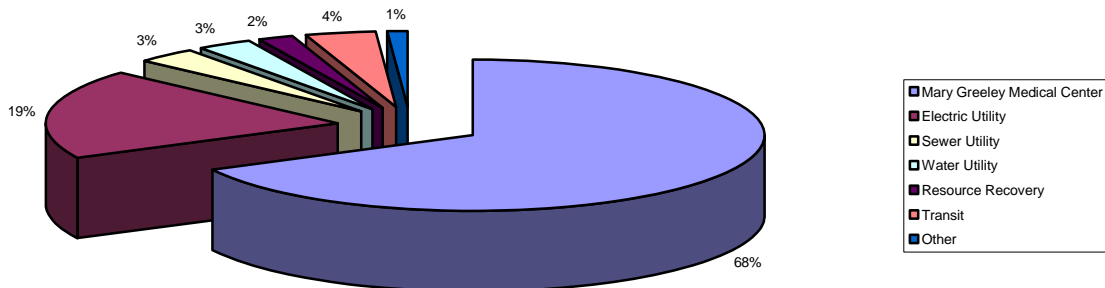
**Business-type activities.** Business-type activities increased net assets by \$33,250,968 accounting for 80.8% of the City of Ames growth in net assets at June 30, 2010. This was \$30,065,881 more than the 2009 increase in net assets of \$3,185,087. Investment earnings increased \$20,173,785 during 2010. Improved market performance of MGMC investments was responsible for this very large increase. Business-type charges for services increased \$1,712,857 during 2010 or .7% over 2009 totals. Operating and capital grants and contributions increased \$4,715,620 over 2009 totals due to an increase in transit grant revenues from ARRA grants of \$2,777,000 and grants to purchase new buses.

The expenses of the business-type activities decreased \$3,508,458 or 1.6% of 2009 expenses. Expenses for Mary Greeley Medical Center decreased \$6,931,749 due to decreases in salaries and wages from reduced FTE's, employee health and pharmacy claims, and postemployment benefits accrued under GASB 45. Following are graphs showing the business-type activities revenue and expense comparisons.

**Business-type Activities Revenue 2010**



### Business-type Activities Expenses 2010



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of \$33,587,226 at June 30, 2010. This was an increase of \$4,456,832 over the prior year. Approximately twenty-two percent (\$7,248,755) constitutes unreserved fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The general fund's fund balance increased by \$267,897 or 3.8% leaving a fund balance of 31.1% of current annual expenditures and exceeding the City's goal of 20% of expenditures.

The debt service fund increased its fund balance \$476,910 during 2010. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$2,460,000.

The fund balance of the capital projects fund increased by \$5,218,147 to \$8,782,151 at June 30, 2010. Bonds of \$11,165,000 were issued for capital projects in 2010. Grants increased by \$3,053,015 including airport grants of approximately \$2,400,000 and ARRA grants over \$1,000,000.

The fund balance of other governmental funds decreased by \$1,506,122 to \$14,945,523. The Furman Aquatic Center spent over \$2,000,000 of special revenue fund balance to complete the project.

**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 assets of the enterprise funds at June 30, 2010 totaled \$405,687,010 of which 40.2% (\$163,027,552) is unrestricted. This is a \$32,668,975 or 8.8% increase over the 2009 net assets of \$373,018,035. The net assets of the internal service funds are \$18,138,515, a \$1,505,441 increase over the 2009 total net assets. The unrestricted net assets of the internal service funds are \$12,035,052 (66.4%).

The net assets of Mary Greeley Medical Center increased \$21,380,990 to \$190,033,818 or 12.7% more than the 2009 net assets of \$168,652,888. The change in net assets includes a gain of \$10,889,902 in investment earnings due to greatly improved investment performance. Net patient revenue grew by \$2.7 million or 1.9% during fiscal 2010. A portion of the increase resulted from the 6% rate increase on July 1, 2009 and the prospective reimbursement increase implemented by Wellmark. Salaries and wages decreased by \$1.3 million (or 2.2%) during fiscal year 2010 due to a full-time equivalent (FTE) decrease of 23.

The Electric Utility had a \$7,183,660 increase in net assets which is \$2,512,650 less than the 2009 increase in net assets of \$9,696,310. Costs of goods and services increased in 2010 by \$1,647,335. Charges for services decreased \$319,267. Rates were increased approximately 5% for the year. Investment earnings decreased \$323,615 due to lower interest rates.

The Sewer Utility's decrease in net assets of \$1,508,900 was \$528,478 more than the 2009 decrease. There was an increase in capital contributions from developers of \$10,376 during 2010. Charges for services increased \$45,178. Rates were not increased for the year.

## **BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2009-2010 budget. The first amendment was passed in March 2010 to reflect carryovers of capital project expenditures and amended in May to reflect year-end expenditures and revenues more closely.

**General Fund.** The budget amendments increased the general fund's budgeted expenditures \$283,285. Actual general fund expenses of \$23,763,384 were \$1,263,929 (5.1%) less than the final budgeted amount of \$25,027,313.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$414,736,892 (net of accumulated depreciation), an increase of \$15,277,195 or 3.8% above the 2009 investment of \$399,459,697. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional



information on the City's capital assets can be found in the notes to the financial statements in this report on pages 66 and 67.

Major capital asset events during the fiscal year illustrating the diversity of City projects included the following current year amounts rounded to the nearest \$100:

- South Duff Avenue storm sewer \$965,700.
- Airport runway rehabilitation \$2,603,100.
- Ada Hayden fishing pier \$179,655.
- Power plant boiler tube replacement \$1,768,900.
- CyRide fleet replacements \$4,836,600.
- Calhoun Park gazebo \$21,800.
- Skunk River bike path \$200,400.
- South Dayton Avenue improvements \$664,300.
- Police car replacements \$134,100
- Electric 161 kv tie line \$1,731,300.

**Capital Assets (net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 11,105,971	\$ 10,988,443	\$ 10,726,201	\$ 10,546,982	\$ 21,832,172	\$ 21,535,425
Other nondepreciable assets	4,492,208	4,324,032			4,492,208	4,324,032
Depreciable assets	123,931,216	110,508,434	230,012,971	232,035,800	353,944,187	342,544,234
Construction in progress	5,629,628	12,140,928	28,838,697	18,915,078	34,468,325	31,056,006
<b>Total</b>	<b>\$ 145,159,023</b>	<b>\$ 137,961,837</b>	<b>\$ 269,577,869</b>	<b>\$ 261,497,860</b>	<b>\$ 414,736,892</b>	<b>\$ 399,459,697</b>

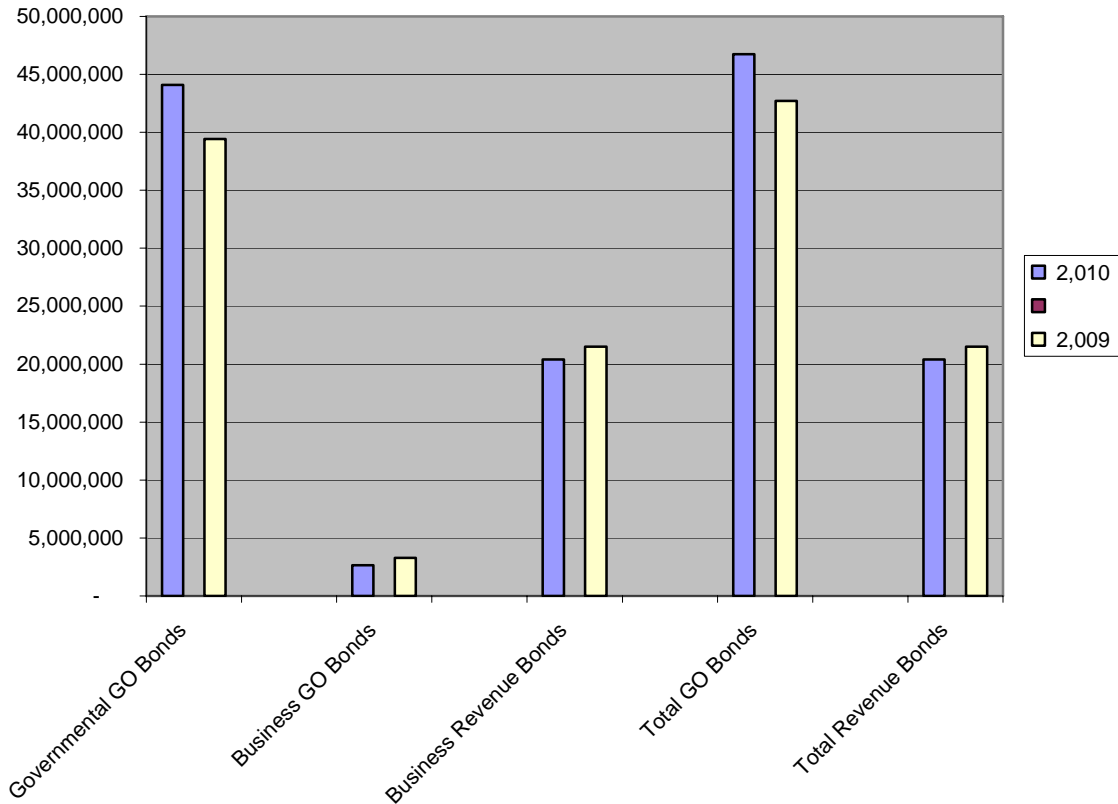
**Long-term Debt.** At the close of the fiscal year ended June 30, 2010, the City had bonds outstanding of \$67,140,000. General obligation debt was \$46,735,000 and revenue bonds outstanding totaled \$20,405,000. General obligation bonds of \$11,165,000 were issued for the cost of construction, reconstruction and repair of streets and storm sewers in the City and a planned TIF project to be repaid by the earned tax increment.

**Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 44,095,732	\$ 39,414,128	\$ 2,639,268	\$ 3,285,872	\$ 46,735,000	\$ 42,700,000
Revenue bonds			20,405,000	21,495,000	20,405,000	21,495,000
<b>Total</b>	<b>\$ 44,095,732</b>	<b>\$ 39,414,128</b>	<b>\$ 23,044,268</b>	<b>\$ 24,780,872</b>	<b>\$ 67,140,000</b>	<b>\$ 64,195,000</b>

Long-term debt amounts (bonds payable) are shown without reference to applicable premiums.

### Outstanding Debt



The City maintains a Aaa rating from Moody’s Investor Services on all its general obligation debt.

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, 2008 related to the 2009-2010 fiscal year. The current debt limitation for the City is \$166,392,635. 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 the notes to the financial statements in this report on pages 69 through 72.

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City’s unemployment rate ended the fiscal year at 5.3%, higher than the 4.5% rate for the prior year and under the State of Iowa rate of 6.7% and the 9.6% national rate.

City revenue sources affected by economic activity such as local option sales tax, building permit fees, and road use tax showed slight increases or decreases from the prior year. The

increased amount of hotel/motel tax revenue in 2009 was due to a one-time collection of unpaid taxes.

<b>Selected Revenues</b>			
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Local Option Tax	5,946,715	6,241,701	(294,986)
Hotel/Motel Tax	1,142,165	1,822,205	(680,040)
Road Use Tax	4,421,774	4,204,593	217,181
Building Permits	572,009	599,483	(27,474)

**Property taxes.**

The City anticipates limited growth in valuation of taxable property. However the 2010-2011 budget required a \$.01 decrease in the property tax rate from \$10.86/\$1,000 of taxable valuation to \$10.85.

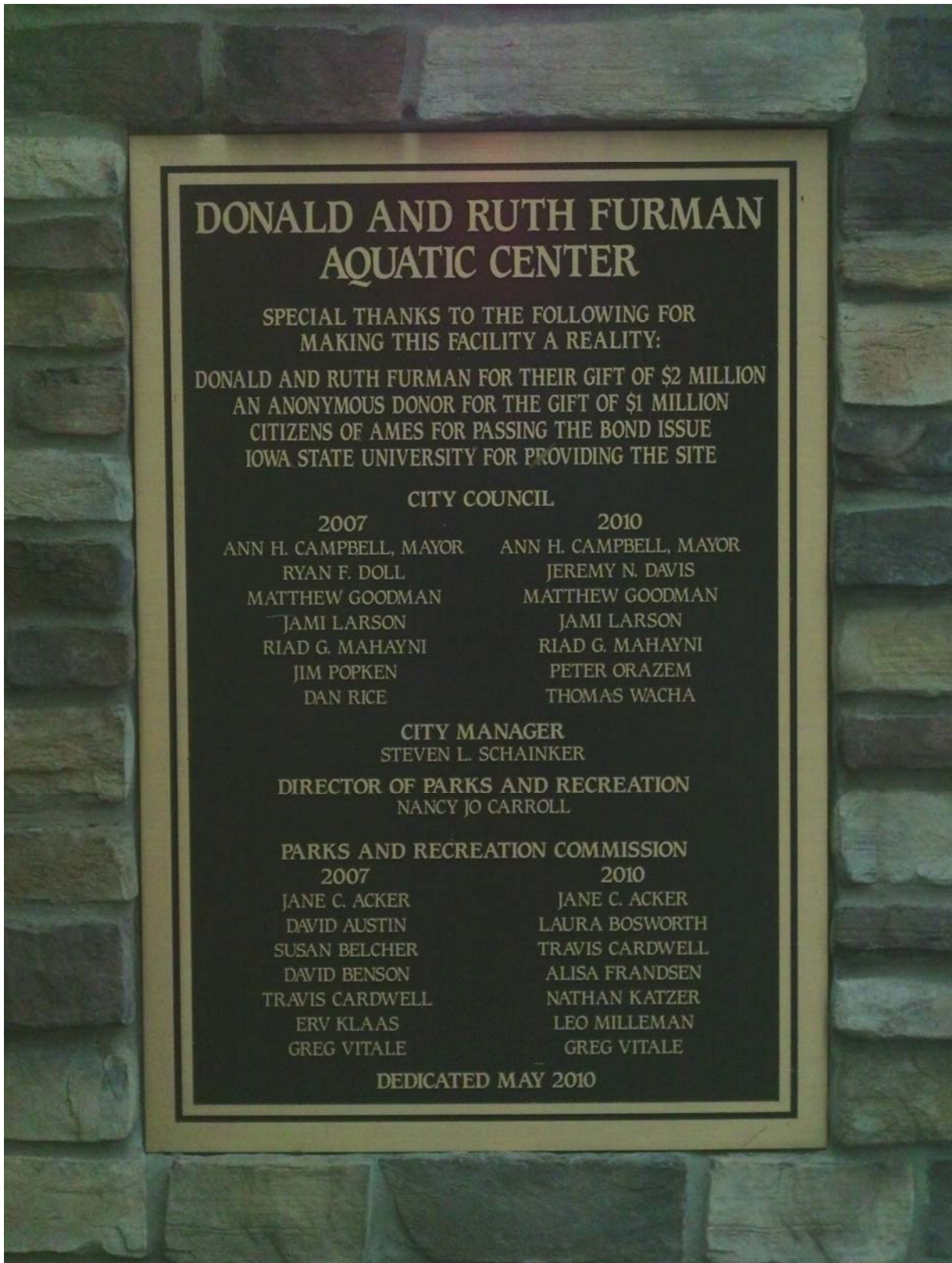
This moderate property tax decrease is due in part to:

- Continued success in the area of health care cost containment.
- Holding down expenses in other funds.

**Utility rates.** Rates to be charged the citizens of Ames for 2010-2011 were increased by 10% for water and 9% for sanitary sewer. Rates for storm sewer, electric, and Resource Recovery were not increased.

**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.

**PLAQUE AT ENTRANCE**



**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current assets:				
Cash and pooled cash investments	\$ 43,362,923	\$ 34,408,155	\$ 77,771,078	\$ 181,834
Investments		14,561,499	14,561,499	9,000,622
Taxes receivable	319,772		319,772	
Special assessments receivable	311,910		311,910	
Accounts receivable, net	389,565	34,070,864	34,460,429	3,242
Pledges receivable, net				287,956
Accrued interest receivable	161,187	127,380	288,567	
Intergovernmental receivables	3,118,586	4,996,461	8,115,047	
Loans receivable	102,094		102,094	
Internal balances	(5,108,332)	5,108,332		
Inventories	208,678	6,896,142	7,104,820	
Houses held for resale	880,710		880,710	
Prepaid items	87,256	3,013,430	3,100,686	
Total unrestricted current assets	<u>43,834,349</u>	<u>103,182,263</u>	<u>147,016,612</u>	<u>9,473,654</u>
Restricted current assets:				
Investments		2,717,214	2,717,214	
Accrued interest receivable		109,913	109,913	
Total restricted current assets		<u>2,827,127</u>	<u>2,827,127</u>	
Total current assets	<u>43,834,349</u>	<u>106,009,390</u>	<u>149,843,739</u>	<u>9,473,654</u>
Noncurrent assets:				
Long-term investments		13,017,910	13,017,910	
Succeeding year taxes receivable	23,000,700		23,000,700	
Long-term loans receivable	213,739		213,739	
Long-term special assessments receivable	1,394,988		1,394,988	
Deferred debt issuance costs	212,443	284,748	497,191	
Capital assets:				
Land	11,105,971	10,726,201	21,832,172	
Other nondepreciable assets	4,492,208		4,492,208	
Depreciable assets	210,641,346	523,894,440	734,535,786	
Construction in progress	5,629,628	28,838,697	34,468,325	
Less accumulated depreciation	<u>(86,710,130)</u>	<u>(293,881,469)</u>	<u>(380,591,599)</u>	
Capital assets, net	<u>145,159,023</u>	<u>269,577,869</u>	<u>414,736,892</u>	
Total unrestricted noncurrent assets	<u>169,980,893</u>	<u>282,880,527</u>	<u>452,861,420</u>	
Restricted noncurrent assets:				
Long-term investments		84,541,757	84,541,757	
Total noncurrent assets	<u>169,980,893</u>	<u>367,422,284</u>	<u>537,403,177</u>	
Total assets	<u>213,815,242</u>	<u>473,431,674</u>	<u>687,246,916</u>	<u>9,473,654</u>

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

LIABILITIES	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current liabilities:				
Accounts payable	1,766,304	12,813,123	14,579,427	176,110
Retainage payable	602,085	1,259,631	1,861,716	
Due to other governments	72,295	169,485	241,780	
Compensation and payroll taxes	229,749	2,347,807	2,577,556	
Employee benefits	5,219	9,990,136	9,995,355	
Bonds payable	6,591,838	1,568,162	8,160,000	
Loans payable		130,409	130,409	
Notes payable		1,452,542	1,452,542	
Interest payable	125,029	142,748	267,777	
Claims payable	501,326	421,091	922,417	
Unearned revenue	239,813	5,835	245,648	
Landfill postclosure costs		16,422	16,422	
Customer deposits	93,435	962,195	1,055,630	
Total current liabilities	<u>10,227,093</u>	<u>31,279,586</u>	<u>41,506,679</u>	<u>176,110</u>
Noncurrent liabilities:				
Employee benefits	1,866,428	1,333,475	3,199,903	
Post-employment benefits	200,636	2,076,727	2,277,363	
Bonds payable, net of unamortized premiums and deferred charges	38,122,903	21,527,545	59,650,448	
Loans payable		596,395	596,395	
Notes payable		4,360,574	4,360,574	
Claims payable		289,569	289,569	
Succeeding year unearned revenue	23,000,700		23,000,700	
Landfill postclosure costs		298,718	298,718	
Total noncurrent liabilities	<u>63,190,667</u>	<u>30,483,003</u>	<u>93,673,670</u>	
Total liabilities	<u>73,417,760</u>	<u>61,762,589</u>	<u>135,180,349</u>	<u>176,110</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	115,002,627	239,942,242	354,944,869	
Restricted:				
Expendable for:				
Debt service	2,467,664	2,717,216	5,184,880	
Capital improvements	8,454,882		8,454,882	
State and grant purposes	1,898,998		1,898,998	
Donor restricted purposes	172,905		172,905	
Mary Greeley Medical Center				6,864,415
Nonexpendable for:				
Perpetual care	870,103		870,103	
Furman Aquatic Center endowment	1,000,000		1,000,000	
Bliss Cancer Endowment Fund				242,758
Unrestricted	<u>10,530,303</u>	<u>169,009,627</u>	<u>179,539,930</u>	<u>2,190,371</u>
Total net assets	<u>\$ 140,397,482</u>	<u>\$ 411,669,085</u>	<u>\$ 552,066,567</u>	<u>\$ 9,297,544</u>

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

**CITY OF AMES, IOWA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
Governmental activities:			
Public safety	\$ 13,133,701	2,371,581	278,189
Public works	13,780,841	1,443,489	80,209
Health and social services	1,151,848	81	
Culture and recreation	7,043,477	1,326,197	385,426
Community and economic development	3,042,375	33,924	1,780,203
General government	2,492,116	1,308,062	
Interest on long-term debt	1,471,758		
Total governmental activities	<u>42,116,116</u>	<u>6,483,334</u>	<u>2,524,027</u>
Business-type activities:			
Mary Greeley Medical Center	146,809,782	156,880,212	61,282
Electric Utility	41,642,821	50,113,108	
Sewer Utility	6,923,605	5,171,859	
Water Utility	6,827,194	7,516,283	
Storm Sewer Utility	782,489	984,077	209,899
Parking Lot	819,988	762,746	
Resource Recovery	3,855,039	3,676,954	614,954
Transit	8,682,833	4,626,529	2,036,264
Ames/ISU Ice Arena	565,303	433,628	
Homewood Golf Course	218,021	246,357	
Total business-type activities	<u>217,127,075</u>	<u>230,411,753</u>	<u>2,922,399</u>
Total primary government	<u>\$ 259,243,191</u>	<u>\$ 236,895,087</u>	<u>\$ 5,446,426</u>
<b>Component unit:</b>			
Mary Greeley Medical Center Foundation	<u>\$ 1,741,583</u>		<u>\$ 850,067</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Road use tax

Grants and contributions not restricted to specific programs

Investment earnings

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Total net assets at beginning of year

Total net assets at end of year

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



Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
95,502	\$ (10,388,429)		\$ (10,388,429)	
6,039,242	(6,217,901)		(6,217,901)	
	(1,151,767)		(1,151,767)	
121,301	(5,210,553)		(5,210,553)	
	(1,228,248)		(1,228,248)	
	(1,184,054)		(1,184,054)	
	(1,471,758)		(1,471,758)	
<u>6,256,045</u>	<u>(26,852,710)</u>		<u>(26,852,710)</u>	
750,000		\$ 10,881,712	10,881,712	
		8,470,287	8,470,287	
237,453		(1,514,293)	(1,514,293)	
247,471		936,560	936,560	
		411,487	411,487	
		(57,242)	(57,242)	
		436,869	436,869	
4,564,711		2,544,671	2,544,671	
20,000		(111,675)	(111,675)	
		28,336	28,336	
<u>5,819,635</u>		<u>22,026,712</u>	<u>22,026,712</u>	
<u>\$ 12,075,680</u>	<u>(26,852,710)</u>	<u>22,026,712</u>	<u>(4,825,998)</u>	
<u>\$</u>				<u>\$ (891,516)</u>
	22,215,888		22,215,888	
	7,096,935		7,096,935	
	4,421,774		4,421,774	
	15,842		15,842	
	673,003	11,575,051	12,248,054	1,201,613
		1,151	1,151	
	351,946	(351,946)		
	<u>34,775,388</u>	<u>11,224,256</u>	<u>45,999,644</u>	<u>1,201,613</u>
	7,922,678	33,250,968	41,173,646	310,097
	<u>132,474,804</u>	<u>378,418,117</u>	<u>510,892,921</u>	<u>8,987,447</u>
<u>\$ 140,397,482</u>	<u>\$ 411,669,085</u>	<u>\$ 552,066,567</u>		<u>\$ 9,297,544</u>

**CITY OF AMES, IOWA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and pooled cash investments	\$ 6,171,848	\$ 2,351,865	\$ 8,995,605	\$ 13,428,905	\$ 30,948,223
Taxes receivable	195,707	109,442		14,623	319,772
Special assessments receivable			311,910		311,910
Accounts receivable	319,852		615	29,894	350,361
Accrued interest receivable	46,454	6,357	61,057	13,987	127,855
Intergovernmental receivables	154,384		1,042,504	1,919,067	3,115,955
Loans receivable				102,094	102,094
Due from other funds	1,121,634		184,601	53,225	1,359,460
Inventories	47,326			88,206	135,532
Houses held for resale				880,710	880,710
Prepaid items	20,845			7,040	27,885
Succeeding year taxes receivable	14,345,220	7,571,743		1,083,737	23,000,700
Long-term loans receivable				213,739	213,739
Long-term special assessments receivable			1,394,988		1,394,988
<b>Total assets</b>	<b>\$ 22,423,270</b>	<b>\$ 10,039,407</b>	<b>\$ 11,991,280</b>	<b>\$ 17,835,227</b>	<b>\$ 62,289,184</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 228,893		\$ 647,352	\$ 221,083	\$ 1,097,328
Retainage payable			395,043	207,042	602,085
Due to other governments	28,127		789	26,234	55,150
Compensation and payroll taxes	150,997		7,038	59,918	217,953
Due to other funds	217,083		269,400	749,776	1,236,259
Deferred revenue	48,686		1,889,507	460,855	2,399,048
Succeeding year deferred revenue	14,345,220	\$ 7,571,743		1,083,737	23,000,700
Customer deposits	12,376			81,059	93,435
<b>Total liabilities</b>	<b>15,031,382</b>	<b>7,571,743</b>	<b>3,209,129</b>	<b>2,889,704</b>	<b>28,701,958</b>
Fund balances:					
Nonspendable	68,171			2,063,375	2,131,546
Restricted		2,467,664	8,477,191	6,269,254	17,214,109
Committed				6,239,090	6,239,090
Assigned	74,962		304,960	373,804	753,726
Unassigned	7,248,755				7,248,755
<b>Total fund balances</b>	<b>7,391,888</b>	<b>2,467,664</b>	<b>8,782,151</b>	<b>14,945,523</b>	<b>33,587,226</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,423,270</b>	<b>\$ 10,039,407</b>	<b>\$ 11,991,280</b>	<b>\$ 17,835,227</b>	<b>\$ 62,289,184</b>

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

## CITY OF AMES, IOWA

### RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS JUNE 30, 2010

---

Fund balances - total governmental funds	\$ 33,587,226
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Land	11,105,971
Other nondepreciable assets	4,492,208
Depreciable assets	196,296,897
Construction in progress	5,614,542
Less: accumulated depreciation	<u>(78,454,058)</u>
	139,055,560
Debt issuance costs are deferred and amortized over the life of the bonds	212,443
Hotel/Motel taxes collected after year-end are not available soon enough to pay for the current period's expenditures and are reported as deferred revenue in the funds; 28.6% is accrued for the government-wide	93,933
Long-term special assessments receivable are not considered available to pay for the current period's expenditures and are reported as deferred revenue in the funds.	1,394,988
Revenues not collected within 60 days of year-end	670,314
Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation and other insurance to individual funds:	
Current assets	13,052,160
Depreciable assets	14,359,535
Less: accumulated depreciation	(8,256,072)
Current liabilities	(1,855,262)
Long-term liabilities	<u>(133,412)</u>
	17,166,949
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Interest payable on general obligation bonds	(125,029)
Long-term employee benefits payable	(1,749,939)
Post-employment benefits	(183,713)
General obligation bonds payable	(44,095,732)
Deferred charges on refunding	9,103
Unamortized premiums on bonds sold	<u>(628,112)</u>
	(46,773,422)
Internal balance due to integration of internal service funds	<u>(5,010,509)</u>
Net assets of governmental activities	\$ <u>140,397,482</u>

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

**CITY OF AMES, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	General	Debt Service	Capital Projects
Revenues:			
Taxes	\$ 13,183,757	\$ 8,064,437	
Special assessments			\$ 301,709
Licenses and permits	1,068,920		
Intergovernmental	374,674	35,475	4,379,713
Charges for services	3,605,621		
Fines and forfeits	180,059		
Donations	6,707		112,694
Investment earnings	404,249	61,546	92,706
Miscellaneous	137,367		2,024
Total revenues	<u>18,961,354</u>	<u>8,161,458</u>	<u>4,888,846</u>
Expenditures:			
Current:			
Public safety	13,047,308		
Public works	1,391,958	315,000	
Health and social services	150,938		
Culture and recreation	6,327,997		
Community and economic development	650,384		
General government	2,194,799		
Capital projects			9,758,226
Debt service:			
Principal retirement		6,483,396	
Interest and fiscal charges		1,595,367	
Total expenditures	<u>23,763,384</u>	<u>8,393,763</u>	<u>9,758,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,802,030)</u>	<u>(232,305)</u>	<u>(4,869,380)</u>
Other financing sources (uses):			
Issuance of bonds			11,165,000
Premiums on debt issued		247,038	
Transfers in	6,498,467	462,177	45,707
Transfers out	(1,428,540)		(1,123,180)
Total other financing sources (uses)	<u>5,069,927</u>	<u>709,215</u>	<u>10,087,527</u>
Net change in fund balances	267,897	476,910	5,218,147
Fund balances at beginning of year	<u>7,123,991</u>	<u>1,990,754</u>	<u>3,564,004</u>
Fund balances at end of year	<u>\$ 7,391,888</u>	<u>\$ 2,467,664</u>	<u>\$ 8,782,151</u>

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

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	967,694	\$ 22,215,888
		301,709
		1,068,920
	13,583,471	18,373,333
	37,807	3,643,428
		180,059
	151,998	271,399
	105,963	664,464
	2,091	141,482
	<u>14,849,024</u>	<u>46,860,682</u>
	202,900	13,250,208
	4,273,396	5,980,354
	1,005,955	1,156,893
	357,165	6,685,162
	2,402,895	3,053,279
	91,975	2,286,774
	3,918,175	13,676,401
		6,483,396
		1,595,367
	<u>12,252,461</u>	<u>54,167,834</u>
	<u>2,596,563</u>	<u>(7,307,152)</u>
		11,165,000
		247,038
	1,539,844	8,546,195
	<u>(5,642,529)</u>	<u>(8,194,249)</u>
	<u>(4,102,685)</u>	<u>11,763,984</u>
	(1,506,122)	4,456,832
	<u>16,451,645</u>	<u>29,130,394</u>
\$	<u><u>14,945,523</u></u>	<u><u>\$ 33,587,226</u></u>

## CITY OF AMES, IOWA

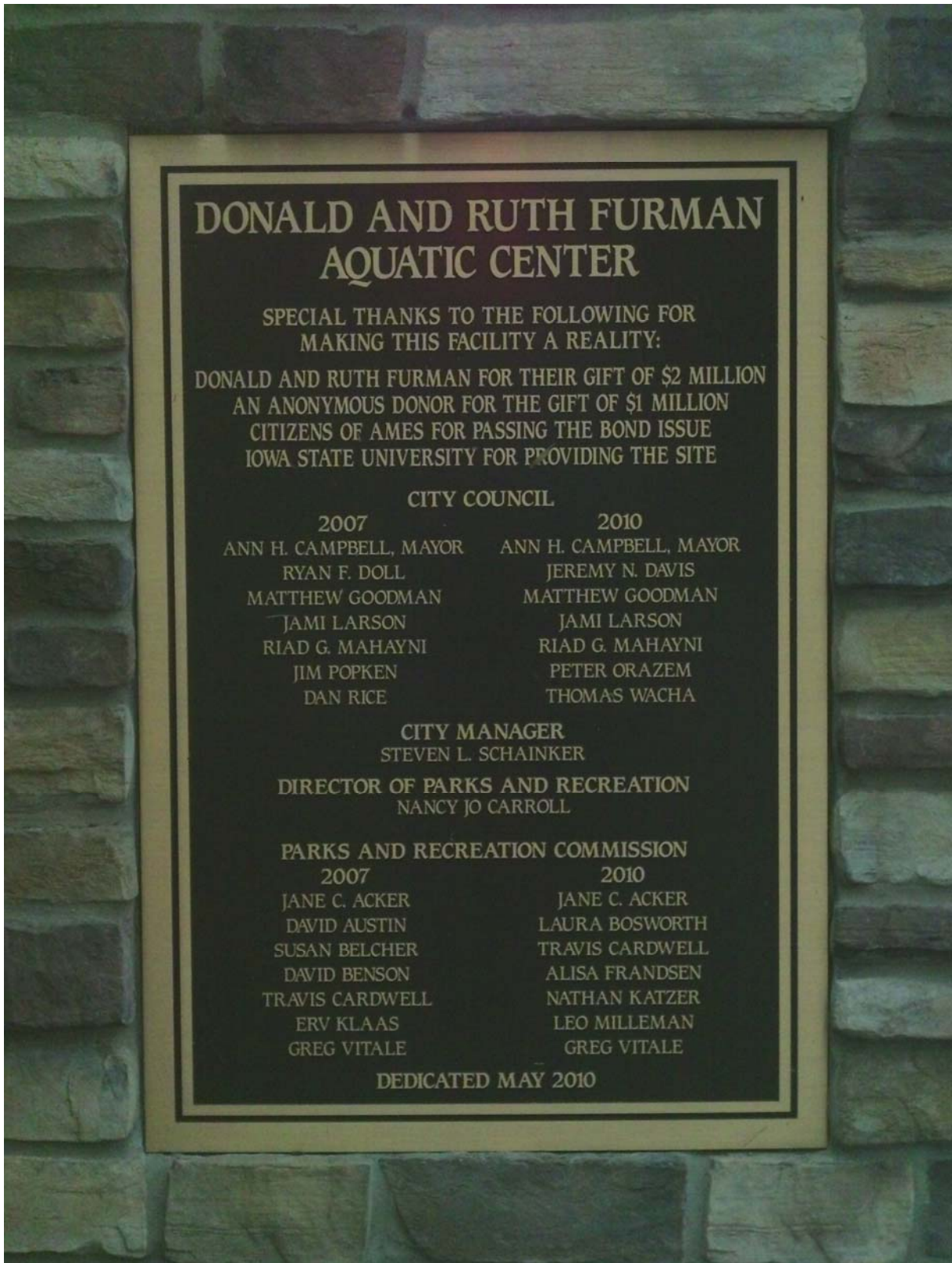
### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

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Net change in fund balances - total governmental funds	\$ 4,456,832
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures. In the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Current additions to capital assets	12,961,490
Current deletion of capital assets	(737,808)
Depreciation expense on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Depreciation expense is not reported as an expenditure in governmental funds.	
Current depreciation	(6,945,563)
Current elimination of depreciation on deleted assets	479,176
Debt issuance costs do not require the use of current financial resources; they are amortized over the life of the debt.	
	64,245
Current year amortization of debt issuance costs is not shown as an expenditure in governmental funds.	
	(36,210)
Hotel/Motel taxes collected after year-end are shown as deferred revenue in the funds and revenue in the government-wide statements.	
	93,933
Prior year accrued Hotel/Motel taxes are shown as revenue in the funds and not in the government-wide statements.	
	(85,875)
The change in long-term special assessments receivable is shown as deferred revenue in the funds and revenue in the government-wide statements.	
	1,111,619
Premiums on bonds sold are not current financial resources. They are used to reduce the amount of interest expense and amortized over the life of the bonds issued.	
	(247,038)
Current year amortization of premiums is not shown as a revenue. It is used to reduce current year interest expense.	
	100,485
Revenues not collected within 60 days of year-end are deferred on the fund statements.	
	670,314
Long-term employee benefits and post-employment benefits are reported in the government-wide statement of activities and changes in net assets. They do not require the use of current financial resources and are not reported as expenditures in governmental funds.	
	(199,855)
Bond proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayment of bond principal is an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets.	
Bond proceeds from issuances	(11,165,000)
Payments on long-term debt	6,483,396
Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets. It does not require the use of current financial resources. This interest expense is not reported as an expenditure in the governmental funds.	
Reversal of prior year accrued interest on general obligation bonds	120,118
Interest payable on general obligation bonds at year-end	(125,029)
Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation, and other insurance to individual funds. The revenues and expenses of the internal service funds are divided between the governmental funds and business-type funds according to their proportion of usage.	
Portion of internal service funds	<u>923,448</u>
Change in net assets of governmental activities	<u>\$ 7,922,678</u>

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

**PLAQUE AT ENTRANCE**



**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

ASSETS	Business-type Activities - Enterprise Funds		
	Mary Greeley	Electric	Sewer
	Medical Center	Utility	Utility
Current assets:			
Cash and pooled cash investments	\$ 7,836,676	\$ 7,768,274	\$ 5,316,779
Investments		14,561,499	
Accounts receivable, net	26,024,845	6,193,515	500,261
Accrued interest receivable		73,478	14,530
Intergovernmental receivables		423,270	5,187
Due from other funds		118,463	35,309
Inventories	3,101,955	3,314,378	
Prepaid items	1,823,284	270,010	839
Total unrestricted current assets	<u>38,786,760</u>	<u>32,722,887</u>	<u>5,872,905</u>
Restricted current assets:			
Investments	2,717,214		
Accrued interest receivable	109,913		
Total restricted current assets	<u>2,827,127</u>		
Total current assets	<u>41,613,887</u>	<u>32,722,887</u>	<u>5,872,905</u>
Noncurrent assets:			
Long-term investments		13,017,910	
Deferred debt issuance costs, net	273,013		
Capital assets:			
Land	4,774,987	1,709,539	1,910,222
Land improvements	1,334,936		
Plant and distribution systems		152,670,149	70,987,060
Buildings	107,027,744		
Equipment	89,611,585		
Construction in progress	14,489,511	14,214,975	
Less accumulated depreciation	<u>(106,441,600)</u>	<u>(108,905,367)</u>	<u>(37,469,686)</u>
Capital assets, net	<u>110,797,163</u>	<u>59,689,296</u>	<u>35,427,596</u>
Total unrestricted noncurrent assets	<u>111,070,176</u>	<u>72,707,206</u>	<u>35,427,596</u>
Restricted noncurrent assets:			
Long-term investments	84,541,757		
Total noncurrent assets	<u>195,611,933</u>	<u>72,707,206</u>	<u>35,427,596</u>
Total assets	<u>237,225,820</u>	<u>105,430,093</u>	<u>41,300,501</u>



**Business-type Activities -  
Enterprise Funds (continued)**

Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 7,137,631	\$ 6,333,795	\$ 34,393,155	\$ 12,429,700
		14,561,499	
784,609	554,746	34,057,976	52,092
19,495	18,244	125,747	34,965
	4,568,004	4,996,461	2,631
67,655	117,755	339,182	429,776
187,898	291,911	6,896,142	73,146
5,262	2,543	2,101,938	970,863
<u>8,202,550</u>	<u>11,886,998</u>	<u>97,472,100</u>	<u>13,993,173</u>
		2,717,214	
		109,913	
		<u>2,827,127</u>	
<u>8,202,550</u>	<u>11,886,998</u>	<u>100,299,227</u>	<u>13,993,173</u>
		13,017,910	
11,735		284,748	
654,639	1,676,814	10,726,201	
	1,573,063	2,907,999	192,433
55,266,398		278,923,607	
	24,225,654	131,253,398	551,493
	21,184,181	110,795,766	13,614,193
	134,211	28,838,697	15,086
<u>(19,141,089)</u>	<u>(21,910,057)</u>	<u>(293,867,799)</u>	<u>(8,269,742)</u>
<u>36,779,948</u>	<u>26,883,866</u>	<u>269,577,869</u>	<u>6,103,463</u>
<u>36,791,683</u>	<u>26,883,866</u>	<u>282,880,527</u>	<u>6,103,463</u>
		84,541,757	
<u>36,791,683</u>	<u>26,883,866</u>	<u>367,422,284</u>	<u>6,103,463</u>
<u>44,994,233</u>	<u>38,770,864</u>	<u>467,721,511</u>	<u>20,096,636</u>

(continued)

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2010**

LIABILITIES	Business-type Activities - Enterprise Funds		
	Mary Greeley		
	Medical Center	Electric Utility	Sewer Utility
Current liabilities:			
Accounts payable	5,837,540	2,071,083	76,765
Retainage payable	873,235	291,102	16,783
Due to other governments		117,605	10,542
Compensation and payroll taxes	2,029,892	124,011	4,287
Employee benefits	9,915,367	33,970	7,798
Due to other funds		362,292	144,734
Loans payable			
Notes payable	1,452,542		
Bonds payable	1,340,000		
Interest payable	91,284	42,918	
Claims payable			
Unearned revenue			
Landfill postclosure costs			
Customer deposits		962,195	
Total current liabilities	<u>21,539,860</u>	<u>4,005,176</u>	<u>260,909</u>
Noncurrent liabilities:			
Employee benefits		625,684	138,507
Post-employment benefits	1,919,985	67,062	18,331
Notes payable	4,360,574		
Loans payable			
Bonds payable, net of unamortized premiums and deferred charges	19,081,954		
Claims payable	289,569		
Landfill postclosure costs			
Total noncurrent liabilities	<u>25,652,082</u>	<u>692,746</u>	<u>156,838</u>
Total liabilities	<u>47,191,942</u>	<u>4,697,922</u>	<u>417,747</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	84,562,093	59,689,296	35,427,596
Restricted for debt service	2,717,216		
Unrestricted	<u>102,754,569</u>	<u>41,042,875</u>	<u>5,455,158</u>
Total net assets	<u>\$ 190,033,878</u>	<u>\$ 100,732,171</u>	<u>\$ 40,882,754</u>

Adjustment to reflect the consolidation of internal service fund activities related to business-type activities.

Net assets of business-type activities

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

**Business-type Activities -  
Enterprise Funds (continued)**

Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
372,523	4,415,874	12,773,785	708,314
57,383	21,128	1,259,631	
20,495	20,843	169,485	17,145
22,459	167,158	2,347,807	11,796
10,457	22,413	9,990,005	5,350
137,398	90,369	734,793	157,366
	130,409	130,409	
		1,452,542	
228,162		1,568,162	
8,546		142,748	
			922,417
	5,835	5,835	
	16,422	16,422	
		962,195	
<u>857,423</u>	<u>4,890,451</u>	<u>31,553,819</u>	<u>1,822,388</u>
199,924	367,368	1,331,483	118,481
20,981	50,039	2,076,398	17,252
		4,360,574	
	596,395	596,395	
2,445,591		21,527,545	
		289,569	
	298,718	298,718	
<u>2,666,496</u>	<u>1,312,520</u>	<u>30,480,682</u>	<u>135,733</u>
<u>3,523,919</u>	<u>6,202,971</u>	<u>62,034,501</u>	<u>1,958,121</u>
34,106,195	26,157,062	239,942,242	6,103,463
		2,717,216	
<u>7,364,119</u>	<u>6,410,831</u>	<u>163,027,552</u>	<u>12,035,052</u>
<u>\$ 41,470,314</u>	<u>\$ 32,567,893</u>	<u>\$ 405,687,010</u>	<u>\$ 18,138,515</u>

5,982,075

\$ 411,669,085

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Operating revenues:			
Charges for goods and services	\$ 156,880,212	\$ 50,113,108	\$ 5,171,859
Operating expenses:			
Cost of goods and services	110,269,961	37,633,739	4,458,545
Administration	23,283,980	994,965	567,626
Depreciation	12,387,595	2,892,497	1,970,270
Total operating expenses	<u>145,941,536</u>	<u>41,521,201</u>	<u>6,996,441</u>
Operating income (loss)	<u>10,938,676</u>	<u>8,591,907</u>	<u>(1,824,582)</u>
Nonoperating revenues (expenses):			
Investment earnings	10,889,902	398,485	79,064
Interest expense	(868,246)	(4,712)	
Federal, state, and other operating grants	61,282		
Costs reimbursed by contract participants			
Gain (loss) on disposal of capital assets	(390,624)	(1,609)	
Total nonoperating revenues	<u>9,692,314</u>	<u>392,164</u>	<u>79,064</u>
Income (loss) before contributions and transfers	20,630,990	8,984,071	(1,745,518)
Capital contributions	750,000		237,453
Transfers in			
Transfers out		(1,800,411)	(835)
Change in net assets	21,380,990	7,183,660	(1,508,900)
Total net assets at beginning of year	<u>168,652,888</u>	<u>93,548,511</u>	<u>42,391,654</u>
Total net assets at end of year	<u>\$ 190,033,878</u>	<u>\$ 100,732,171</u>	<u>\$ 40,882,754</u>

Change in net assets

Adjustment to reflect the consolidation of internal  
 service fund activities related to business-type activities

Change in net assets of business-type activities

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

**Business-type Activities -  
Enterprise Funds (continued)**

<b>Water Utility</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
\$ 7,516,283	\$ 10,730,291	\$ 230,411,753	\$ 13,287,530
5,308,419	12,030,775	169,701,439	11,111,019
284,182	1,256,242	26,386,995	
1,192,224	1,774,268	20,216,854	915,953
<u>6,784,825</u>	<u>15,061,285</u>	<u>216,305,288</u>	<u>12,026,972</u>
731,458	(4,330,994)	14,106,465	1,260,558
109,035	98,565	11,575,051	190,294
(107,856)	(30,733)	(1,011,547)	
	2,246,163	2,307,445	
	614,954	614,954	
	1,151	(391,082)	54,589
<u>1,179</u>	<u>2,930,100</u>	<u>13,094,821</u>	<u>244,883</u>
732,637	(1,400,894)	27,201,286	1,505,441
247,471	4,584,711	5,819,635	
	1,449,300	1,449,300	
		(1,801,246)	
980,108	4,633,117	32,668,975	1,505,441
<u>40,490,206</u>	<u>27,934,776</u>	<u>373,018,035</u>	<u>16,633,074</u>
\$ <u>41,470,314</u>	\$ <u>32,567,893</u>	\$ <u>405,687,010</u>	\$ <u>18,138,515</u>
		\$ 32,668,975	
		<u>581,993</u>	
		<u>\$ 33,250,968</u>	

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Mary Greeley Medical Center</b>	<b>Electric Utility</b>	<b>Sewer Utility</b>
Cash flows from operating activities:			
Receipts from customers	\$ 148,274,691	\$ 50,105,732	\$ 5,156,755
Payments to suppliers	(61,934,484)	(27,230,822)	(1,707,655)
Payments to employees	(72,974,297)	(8,020,442)	(2,116,114)
Payments for interfund services used		(2,148,758)	(1,231,143)
Other receipts	7,009,391		
Net cash provided by (used in) operating activities	<u>20,375,301</u>	<u>12,705,710</u>	<u>101,843</u>
Cash flows from noncapital financing activities:			
Operating grants	61,282		
Costs reimbursed by contract participants			
Transfers in			
Transfers out		(1,800,411)	(835)
Net cash provided by (used in) noncapital financing activities	<u>61,282</u>	<u>(1,800,411)</u>	<u>(835)</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bond maturities	(1,090,000)		
Principal paid on general obligation bond maturities			
Interest paid and other fiscal charges	(1,138,610)	(17,124)	
Proceeds from loan program			
Principal paid on loans			
Purchases of capital assets	(15,387,162)	(5,485,092)	(448,587)
Principal paid on notes payable	(963,156)		
Proceeds from sale of capital assets	692,740		
Restricted donations	750,000		
Capital contributions			
Net cash used in capital and related financing activities	<u>(17,136,188)</u>	<u>(5,502,216)</u>	<u>(448,587)</u>
Cash flows from investing activities:			
Purchase of investments	(50,739,549)	(48,608,461)	
Proceeds from sales and maturities of investments	45,650,204	48,148,093	
Interest on investments and pooled cash	2,636,663	448,227	91,865
Net cash provided by (used in) investing activities	<u>(2,452,682)</u>	<u>(12,141)</u>	<u>91,865</u>

<b>Business-type Activities - Enterprise Funds (continued)</b>				
<b>Water Utility</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>		<b>Internal Service Funds</b>
\$ 7,452,847	\$ 10,580,001	\$ 221,570,026		\$ 13,152,065
(2,023,796)	(4,721,354)	(97,618,111)		(9,247,957)
(2,235,641)	(7,417,063)	(92,763,557)		(1,759,226)
(1,117,407)	(1,398,555)	(5,895,863)		(579,144)
		7,009,391		
<u>2,076,003</u>	<u>(2,956,971)</u>	<u>32,301,886</u>		<u>1,565,738</u>
	2,246,163	2,307,445		
	614,954	614,954		
	1,449,300	1,449,300		
		(1,801,246)		
	<u>4,310,417</u>	<u>2,570,453</u>		
		(1,090,000)		
(221,604)	(425,000)	(646,604)		
(110,862)	(35,185)	(1,301,781)		
	792,327	792,327		
	(98,196)	(98,196)		
(747,702)	(1,212,433)	(23,280,976)		(2,537,037)
		(963,156)		
	7,351	700,091		235,782
		750,000		
	<u>588,572</u>	<u>588,572</u>		
<u>(1,080,168)</u>	<u>(382,564)</u>	<u>(24,549,723)</u>		<u>(2,301,255)</u>
		(99,348,010)		
		93,798,297		
<u>119,241</u>	<u>108,343</u>	<u>3,404,339</u>		<u>219,688</u>
<u>119,241</u>	<u>108,343</u>	<u>(2,145,374)</u>		<u>219,688</u>

(continued)

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Mary Greeley Medical Center</b>	<b>Electric Utility</b>	<b>Sewer Utility</b>
Net change in cash and pooled cash investments	847,713	5,390,942	(255,714)
Cash and pooled cash investments at beginning of year	<u>6,988,963</u>	<u>2,377,332</u>	<u>5,572,493</u>
Cash and pooled cash investments at end of year	<u>\$ 7,836,676</u>	<u>\$ 7,768,274</u>	<u>\$ 5,316,779</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 10,938,676	\$ 8,591,907	\$ (1,824,582)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	12,387,595	2,892,497	1,970,270
Changes in:			
Accounts receivable, net	(1,867,829)	(499,371)	(21,257)
Intergovernmental receivables		438,516	5,984
Due from other funds		(19,620)	169
Inventories	(223,578)	1,287,155	
Prepaid items	(407,515)	(268,810)	610
Accounts payable	(998,753)	(11,113)	(76,044)
Due to other governments		34,128	(4,996)
Accrued expenses	546,705	88,983	20,447
Due to other funds		98,339	31,242
Claims payable			
Unearned revenue			
Customer deposits		73,099	
Landfill postclosure costs			
Net cash provided by (used in) operating activities	<u>\$ 20,375,301</u>	<u>\$ 12,705,710</u>	<u>\$ 101,843</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized increases (decreases) in the fair value of investments	<u>\$ 6,894,725</u>	<u>\$ 4,567</u>	<u>\$ 164</u>
Noncash capital asset contributions			<u>\$ 237,453</u>

Capital asset trade-ins

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



<b>Business-type Activities - Enterprise Funds (continued)</b>				
<b>Water Utility</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>		<b>Internal Service Funds</b>
1,115,076	1,079,225	8,177,242		(515,829)
<u>6,022,555</u>	<u>5,254,570</u>	<u>26,215,913</u>		<u>12,945,529</u>
\$ <u>7,137,631</u>	\$ <u>6,333,795</u>	\$ <u>34,393,155</u>		\$ <u>12,429,700</u>
\$ 731,458	\$ (4,330,994)	\$ 14,106,465		\$ 1,260,558
1,192,224	1,774,268	20,216,854		915,953
(59,307)	(188,666)	(2,636,430)		(22,076)
275	61,225	506,000		1,467
(4,404)	(22,904)	(46,759)		(114,856)
7,811	(11,097)	1,060,291		(6,647)
(4,358)	439	(679,634)		(476,646)
170,121	(47,035)	(962,824)		86,778
(8,845)	(33,786)	(13,499)		1,468
37,329	70,743	764,207		(20,463)
13,699	(18,792)	124,488		133,887
				(193,685)
	55	55		
		73,099		
	<u>(210,427)</u>	<u>(210,427)</u>		
\$ <u>2,076,003</u>	\$ <u>(2,956,971)</u>	\$ <u>32,301,886</u>		\$ <u>1,565,738</u>
\$ <u>220</u>	\$ <u>206</u>	\$ <u>6,899,882</u>		\$ <u>395</u>
\$ <u>247,471</u>		\$ <u>484,924</u>		
				\$ <u>49,909</u>

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2010**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and pooled cash investments	\$ 249,856
Accounts receivable	<u>93</u>
Total assets	<u>\$ 249,949</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 26,670
Due to other governments	<u>223,279</u>
Total liabilities	<u>\$ 249,949</u>

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

## **CITY OF AMES, IOWA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The City of Ames, Iowa (City) was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City operates under a council-manager form of government. The accompanying financial statements present the government entities for which the City is considered to be financially accountable. The City operates a non-profit municipal hospital, Mary Greeley Medical Center. A separately elected board of trustees governs the municipal 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, therefore it is included as part of the primary government.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Mary Greeley Medical Center Foundation ("Foundation") is a legally separate, component unit of the hospital. It is considered a component unit of the city because the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the Mary Greeley Medical Center by the donors. The Foundation's financial statements are available from Mary Greeley Medical Center.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The City has not allocated indirect costs separately in the government-wide statement of activities because the allocation is automatic. Certain indirect costs are included in the program expense reported for the individual functions, programs, and activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 to be 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 current 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.

Property taxes, franchise taxes, other taxes, 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 due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects fund is used to account for all resources used in the acquisition and construction of capital facilities and other fixed assets, with the exception of those that are financed through proprietary fund types.

The City reports the following major proprietary funds:

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

The electric utility fund accounts for the operation of a municipally owned electric plant, which generates and distributes electrical power to customers within the City and some contiguous areas.

The sewer utility fund accounts for the activities related to the operation of a sanitary distribution system and the sewer treatment plant.

The water utility fund accounts for the operation of the City owned water plant, which provides water services to residents of the City and some contiguous areas.

Additionally, the City reports the following fund types:

Internal service funds account for the operations of fleet services and acquisitions, data processing and telecommunications, workers' compensation and general insurance, 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 function as a clearing mechanism for payroll taxes and employee flexible benefits. They apply the accrual basis of accounting but do not have a measurement focus.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and electric utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

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

## **D. Assets, Liabilities, and Net Assets or Equity**

### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

The City is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Investments are carried at fair value, which is based on quoted market prices. Investments in the Iowa Public Agency Investment Trust are valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The City has several nonmajor special revenue funds which have investment interest income and/or net increases (decreases) in fair value which have been assigned to the City's General Fund.

### **2. Receivables and Payables**

Activity between the internal service funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All utility customer accounts receivable and Mary Greeley Medical Center patient accounts receivable are shown net of an allowance for uncollectibles. Property tax receivables are

shown at a gross amount since they are assessable to the property and collectible upon sale of the assessed property.

Property taxes are levied on July 1 prior to the fiscal year for which the taxes are to be collected. They become an enforceable lien against the property when they are officially levied. Property taxes are payable in installments with one-half due September 30 and one-half due March 31. The City recognizes a succeeding year receivable and deferred revenue for taxes levied on July 1 of the current fiscal year that will not be collected until the next fiscal year.

Special assessments receivable are recorded at the time of their levy.

Net patient service revenue of Mary Greeley Medical Center (MGMC) is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

MGMC provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than established rates. Because MGMC does not pursue collection of amounts determined to qualify as financial assistance, they are not reported as net patient service revenue.

Charity care is also provided through reduced price services and free programs offered throughout the year based on activities and services Mary Greeley Medical Center believes will serve a community health need. These activities include health promotion, health education, civic involvement, research activities, community funding, and various health screening programs and are not reflected in the amount reported as charity care in the financial statements.

### **3. Inventories and Prepaid Items**

City inventories are maintained on a perpetual basis; materials and supplies and 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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (the consumption method of accounting). 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 government-wide and fund financial statements.

### **4. Restricted Assets**

Certain assets of Mary Greeley Medical Center are restricted for the repayment of debt service and capital improvements.

### **5. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated historical cost or estimated fair market value at the date of donation.

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. Prospective reporting of general infrastructure assets is required beginning at the effective date of Statement 34. The City is required to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2005 but is encouraged to retroactively report these assets at an earlier date. The City has retroactively reported all major general infrastructure assets at June 30, 2006.

Only major general infrastructure assets are required to be retroactively reported. The GASB defined major general infrastructure assets at the network and subsystem levels as percentages of the total assets from the general fixed asset account group at June 30, 1999. The City has not retroactively capitalized the bike path network as its value was determined to be below that determined by the requirements of Statement 34. Sidewalks belong to the property owners and are maintained by them and are not assets of the City.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest expense was included as part of the cost of capital assets under construction in connection with Mary Greeley Medical Center construction projects.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Improvements other than buildings	20-40
Buildings	25-45
Plant and distribution system	25-50
Equipment	3-50
General infrastructure	15-50



## **6. Compensated Absences**

It is the City's policy to permit employees to accumulate vacation and sick leave hours (compensated absences), as well as compensatory time for overtime, for subsequent use or for payment upon termination, death, or retirement. There is an estimate for a liability for unpaid accumulated sick leave as employees may receive payment for 25% of accumulated hours in excess of 720 upon retirement only. All vacation, compensatory time, and estimated retirement severance are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **8. Fund Equity**

The City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the June 30, 2010 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The nonspendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact. Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes an ordinance or resolution to establish a fund balance commitment. Amounts intended to be used for specific purposes are assigned. Assignments should not cause deficits in the unassigned fund balance. Unassigned fund balance is the residual classification for the general fund.

The Public Art Donations special revenue fund had a \$126 negative fund balance at June 30, 2010 due to insufficient donations being received to cover expenditures. This negative fund balance will be made up during fiscal year 2011 by donations to be received.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

The 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. 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 a public hearing 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 financial statements reflect the original and the revised budget.

Budgets are monitored throughout the fiscal year by function, especially by major classifications such as personal services, capital, contractual, and commodities. 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 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 with the following exceptions. The enterprise funds do not budget depreciation expense but do budget for debt service expenditures and capital outlay. Internal service funds are not budgeted. Appropriations as adopted or amended lapse at the end of the fiscal year, and encumbrances are reappropriated for the following fiscal year.

Encumbrance accounting is used in governmental funds. Encumbrances, made up of purchase orders and contracts, outstanding at year end are reported as reservations of fund balances. They do not constitute expenditures or liabilities because the commitments will be reappropriated and honored in the subsequent year.

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

##### Deposits

The City's deposits at June 30, 2010 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 the 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 to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City of Ames. Because of the inability to measure the exact amounts of collateral pledged for the City of Ames under this method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of Iowa enforces strict standards of financial stability for each depository that collateralizes public deposits. The City of Ames has no policy regarding custodial credit risk for deposits.

##### Investments

The table below identifies the investment types that are authorized for the City of Ames by the City of Ames Investment Policy. The Medical Center is guided by Chapters 12B and 12C of the Code of Iowa and policy as approved by the Board of Trustees in the selection of security investments. The City of Ames Investment Policy considers certificates of deposit as investments and all certificates of deposit purchased by the City of Ames are nonnegotiable. However, under GAAP, nonnegotiable certificates of deposit are cash deposits and not investments. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Operating Funds Maximum Maturity	Non-Operating Funds Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	397 Days	7 Years	N/A	N/A
U.S. Agency Securities	397 Days	7 Years	N/A	N/A
Certificates of Deposit	397 Days	7 Years	N/A	N/A
Prime Banker's Acceptances	270 Days	270 Days	10%	5%
Commercial Paper	270 Days	270 Days	10%	5%
Repurchase Agreements	397 Days	7 Years	N/A	N/A
Constant Dollar Money Market Funds	397 Days	7 Years	N/A	N/A
Joint Investment Trust	397 Days	7 Years	N/A	N/A
Warrants or Improvement Certificates of a Levee or Drainage District	397 Days	7 Years	N/A	N/A
Mutual Funds	N/A	N/A	N/A	N/A
U. S. Treasury Notes	17 Years	N/A	N/A	N/A
Corporate Debt Securities	N/A	30 Years	N/A	5%

At June 30, 2010, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Iowa Public Agency Investment Trust	\$ 17,395	N/A
Federal Agency Coupon Securities	43,048,468	Various 8/25/2010 thru 12/1/2036
Federal Agency Discount Securities	2,682,420	5/30/2011
Federal Agency Pass Through Securities	4,918,993	Various 8/1/2010 thru 10/1/2014
U.S. Treasury Notes	2,798,319	Various 3/31/2016 thru 11/15/2028
Mutual Funds	60,310,322	N/A
Corporate Debt Securities	<u>5,266,020</u>	N/A
Total:	<u>\$119,041,937</u>	

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Ames manages exposure to interest rate risk is by purchasing a combination of shorter term and longer 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.

Information about the sensitivity of the fair values of the City of Ames' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Ames' investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Iowa Public Agency Investment Trust	\$ 17,395	\$ 17,395			
Federal Agency Coupon Securities	43,048,468	3,563,495	\$ 9,406,396	\$ 16,717,976	\$ 13,360,601
Federal Agency Discount Securities	2,682,420	2,682,420			
Federal Agency Pass Through Securities	4,918,993	2,087,187	703,544	2,128,262	
U.S. Treasury Notes	2,798,319				2,798,319
Mutual Funds	60,310,322	60,310,322			
Corporate Debt Securities	<u>5,266,020</u>	<u>5,266,020</u>			
Total	<u>\$ 119,041,937</u>	<u>\$ 73,926,839</u>	<u>\$ 10,109,940</u>	<u>\$ 18,846,238</u>	<u>\$ 16,158,920</u>

The City of Ames' investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

	<u>Fair Value At Year End</u>
Federal Agency Pass Through Securities. These securities 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.	\$ 4,918,993

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Ames will minimize credit risk by using the following measures:

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

Presented below is the actual rating as of year end for each investment type of the City of Ames investment portfolio.

<u>Investment Type</u>		Ratings as of <u>Year End</u>
Iowa Public Agency Investment Trust	\$ 17,395	N/A
Federal Agency Coupon Securities	43,048,468	AAA
Federal Agency Discount Securities	2,682,420	AAA
Federal Agency Pass Through Securities	4,918,993	AAA
U.S. Treasury Notes	2,798,319	N/A
Mutual Funds	60,310,322	N/A
Corporate Debt Securities	<u>5,266,010</u>	AAA
Total	<u>\$ 119,041,927</u>	

### Concentration of Credit Risk

The investment policy of the City of Ames provides for limitations approved by City Council on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total City of Ames investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Portfolio</u>
Federal National Mortgage Association	Federal Agency Securities	14,928,646	12.54%
Federal Home Loan Mortgage Co.	Federal Agency Securities	11,898,348	10.00%
Federal Home Loan Bank	Federal Agency Securities	12,971,996	10.90%
Federal Farm Credit	Federal Agency Securities	7,006,825	5.89%

### **Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City of Ames' investment policy contains requirements that limit the exposure to custodial credit risk for deposits or investments by the following measures:

- **Delivery vs. Payment**-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.
- **Bonding**-City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance.
- **Internal Controls**-The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Ames are protected from loss, theft, or misuse.

The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Delivery versus payment
- Clear delegation of authority
- Confirmation of transactions for investments and wire transfers

As of June 30, 2010, The City of Ames' investments in the following investment types were held by the same third party custodian that was used by the City of Ames to buy the securities and evidenced by safekeeping receipts:

Federal Home Loan Bank	Federal Agency Securities	\$	14,928,646
Federal National Mortgage Association	Federal Agency Securities		11,898,348
Federal Home Loan Mortgage Co.	Federal Agency Securities		12,971,996
Federal Farm Credit			7,006,825

### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2010, the City of Ames had no exposure to foreign currency rate risk.

### **Foundation Investments**

The Mary Greeley Medical Center Foundation reports under FASB standards. As such, adoption of GASB Statement No. 40, Deposit and Investment Risk Disclosures, was not required by the Foundation and, accordingly, no such disclosures are presented here.

Foundation investments at fair value at June 30, 2010 are summarized as follows:

Equity mutual funds	\$ 6,170,794
Bond mutual funds	310,906
U.S. Treasury notes	65,819
Government agencies	249,815
Other Mortgage/Asset Backed Securities	194,517
Corporate debt securities	<u>2,008,771</u>
 Total investments	 <u><u>\$ 9,000,622</u></u>

## B. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,988,443	\$ 117,528		\$ 11,105,971
Land improvements	1,384,118			1,384,118
Construction in progress	12,140,928	5,094,016	\$ 11,605,316	5,629,628
Public art collection	450,019	15,500		465,519
Library collection	2,489,895	407,709	255,033	2,642,571
Total capital assets not being depreciated	<u>27,453,403</u>	<u>5,634,753</u>	<u>11,860,349</u>	<u>21,227,807</u>
Capital assets being depreciated:				
Buildings	13,719,818	903,220		14,623,038
Equipment	14,586,148	4,010,952	1,136,466	17,460,634
Infrastructure	162,419,273	16,604,828	466,427	178,557,674
Total capital assets being depreciated	<u>190,725,239</u>	<u>21,519,000</u>	<u>1,602,893</u>	<u>210,641,346</u>
Less accumulated depreciation for:				
Buildings	7,125,118	352,904		7,478,022
Equipment	9,068,752	1,128,038	901,764	9,295,026
Infrastructure	64,022,935	6,380,574	466,427	69,937,082
Total accumulated depreciation	<u>80,216,805</u>	<u>7,861,516</u>	<u>1,368,191</u>	<u>86,710,130</u>
Total capital assets being depreciated, net	<u>110,508,434</u>	<u>13,657,484</u>	<u>234,702</u>	<u>123,931,216</u>
Governmental activities capital assets, net	<u>\$ 137,961,837</u>	<u>\$ 19,292,237</u>	<u>\$ 12,095,051</u>	<u>\$ 145,159,023</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,546,982	179,219		\$ 10,726,201
Construction in progress	18,915,078	13,458,005	\$ 3,534,386	28,838,697
Total capital assets not being depreciated	<u>29,462,060</u>	<u>13,637,224</u>	<u>3,534,386</u>	<u>39,564,898</u>
Capital assets being depreciated:				
Plant and distribution systems	274,222,730	4,743,848	42,971	278,923,607
Buildings	128,279,316	2,986,388	12,306	131,253,398
Improvements other than buildings	2,821,165	86,834		2,907,999
Equipment	102,157,505	11,468,128	2,816,197	110,809,436
Total capital assets being depreciated	<u>507,480,716</u>	<u>19,285,198</u>	<u>2,871,474</u>	<u>523,894,440</u>
Less accumulated depreciation for:				
Plant and distribution systems	159,502,513	6,054,992	41,362	165,516,143
Buildings	47,623,749	4,745,848	8,410	52,361,187
Improvements other than buildings	1,482,218	138,043		1,620,261
Equipment	66,836,436	9,277,971	1,730,529	74,383,878
Total accumulated depreciation	<u>275,444,916</u>	<u>20,216,854</u>	<u>1,780,301</u>	<u>293,881,469</u>
Total capital assets being depreciated, net	<u>232,035,800</u>	<u>(931,656)</u>	<u>1,091,173</u>	<u>230,012,971</u>
Business-type activities capital assets, net	<u>\$ 261,497,860</u>	<u>\$ 12,705,568</u>	<u>\$ 4,625,559</u>	<u>\$ 269,577,869</u>



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

Governmental activities:	
Public safety	\$ 465,282
Public works	6,443,815
Culture and recreation	720,697
Community and economic development	4,279
General government	<u>227,443</u>
Total depreciation expense governmental activities	<u><u>\$ 7,861,516</u></u>
Business-type activities:	
Mary Greeley Medical Center	\$ 12,387,595
Electric utility	2,892,497
Sewer utility	1,970,270
Water utility	1,192,224
Storm sewer utility	10,528
Parking lot	12,777
Resource Recovery	408,660
Transit	1,272,543
Ames/ISU Ice Arena	61,698
Homewood golf course	<u>8,062</u>
Total depreciation expense business-type activities	<u><u>\$ 20,216,854</u></u>

The City had active construction projects at June 30, 2010. The commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street projects	\$ 2,486,028	\$ 3,327,888
Airport	61,904	2,145,610
Shared Use Path	3,812	72,188
Police Shooting Range	36,228	63,702
Water projects	601,200	621,205
Electric projects	233,554	16,976
Total	<u>\$ 3,422,726</u>	<u>\$ 6,247,569</u>

### C. Interfund Receivables, Payables, and Transfers

Individual interfund balances at June 30, 2010 were as follows:

	Due From									
	Total	General fund	Permanent Fund	Capital Projects	Electric fund	Sewer fund	Water fund	Nonmajor special revenue	Nonmajor enterprise	Internal Service
<b>Due To:</b>										
<b>Major Funds:</b>										
General fund	\$ 1,121,634		\$ 13,503	\$ 166,954	\$ 183,824	\$ 30,422	\$ 35,116	\$ 622,658	\$ 46,195	\$ 22,962
Capital projects	184,601	\$ 33,302		99,324	12,714	835		38,426		
Electric fund	118,463					56,139	62,079	245		
Sewer fund	35,309	4,682			13,220		17,343			64
Water fund	67,655	14,764		1,235	19,526	32,122			8	
<b>Nonmajor Funds:</b>										
Nonmajor special revenue	53,225	10,434				7,272	7,272	20,975	7,272	
Nonmajor enterprise	117,755	38,891		284	77,963			95	522	
Internal service	429,776	115,010		1,603	55,045	17,944	15,588	53,874	36,372	134,340
<b>Totals</b>	<b>\$ 2,128,418</b>	<b>\$ 217,083</b>	<b>\$ 13,503</b>	<b>\$ 269,400</b>	<b>\$ 362,292</b>	<b>\$ 144,734</b>	<b>\$ 137,398</b>	<b>\$ 736,273</b>	<b>\$ 90,369</b>	<b>\$ 157,366</b>

These balances arise for a variety of reasons, the majority of which are from sales of goods and services and unpaid reimbursable expenses.

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. An example is the receipt of road use tax funds into the special revenue Road Use Tax Fund and transfer to the Capital Projects Fund where the funds will be spent. Another example is the State requirement that hotel/motel tax funds be receipted into the General Fund where they are then transferred to the special revenue Hotel/Motel Tax Fund for expenditure.

The following is a schedule of interfund transfers by fund type for the year ended June 30, 2010:

	Transfers From					
	Total	General fund	Capital projects	Sewer fund	Electric fund	Nonmajor special revenue
<b>Transfer To:</b>						
<b>Major Funds:</b>						
General fund	\$ 6,498,467				\$ 1,800,411	\$ 4,698,056
Debt service	462,177		\$ 329,642			132,535
Capital projects	45,707	\$ 44,872		\$ 835		
<b>Nonmajor Funds:</b>						
Nonmajor special revenue funds	1,539,844		793,538			746,306
Nonmajor enterprise funds	1,449,300	1,383,668				65,632
<b>Totals</b>	<b>\$ 9,995,495</b>	<b>\$ 1,428,540</b>	<b>\$ 1,123,180</b>	<b>\$ 835</b>	<b>\$ 1,800,411</b>	<b>\$ 5,642,529</b>

## D. Leases and Notes Payable

The City had various leases with third parties for equipment and rental agreements. During the year ended June 30, 2010, \$766,370 was paid. Future minimum payment requirements are as follows:

Year ending June 30,	
2011	\$ 30,690
2012	<u>17,475</u>
	<u>\$ 48,165</u>

In February 2009, the Medical Center entered into financing arrangements for the acquisition of an electronic health record system. This note, which is due to the Joint Venture, carries an interest rate of 1.45% and matures in fiscal year 2016. This note is secured by the electronic health record software.

In October 2009, the Medical Center acquired the catheterization lab operations and equipment from the Joint Venture for a purchase price of \$3.9 million. The acquisition was financed with a note payable in the original amount of \$3,100,000 due to the Joint Venture with an interest rate of 5% and matures in May 2014.

## E. Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City to their repayment. They have been issued for both governmental and business-type activities. These bonds are to be fully paid within 10 to 20 years of the date of issue. The City has also issued revenue bonds where the City pledges income derived from certain assets or programs to pay the debt service on these bonds.

Debt service on general obligation bonds is paid from the debt service fund. Revenue bond debt service is paid by the responsible enterprise fund. For the year ended June 30, 2010, Mary Greeley Medical Center paid \$2,083,612 in principal and interest on revenue bonds.

Typically long-term liabilities of the governmental funds, other than debt, are liquidated by the General Fund.

On September 22, 2009, the City issued \$11,165,000 of general obligation corporate purpose bonds dated October 29, 2009. The proceeds are to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City and a planned TIF project to be repaid by the earned tax increment.

The true interest cost on the bonds is 2.5905% and the maturity dates on the bonds range from June 1, 2010 through June 1, 2021. Debt service payments are scheduled semiannually at

amounts that range from \$19,775 to \$1,149,775. The bonds maturing after June 1, 2017 will be subject to call on said date or on any date thereafter at a price of par plus accrued interest to the date of redemption.

Details of bonds payable at June 30, 2010 are as follows:

	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Amount Originally Issued</b>	<b>Maturity Date</b>	<b>Outstanding June 30, 2009</b>
General obligation bonds:					
Ames Quarry	5/2002	4.00 - 5.13%	3,475,000	6/2021	2,340,000
Corporate purpose 2002B	10/2002	2.25 - 3.60%	5,885,000	6/2014	2,185,000
Corp & Ada Hayden Park	09/2003	1.10 - 3.70%	6,555,000	6/2015	2,725,000
Corp, Fire & Ada Hayden	10/2004	2.75 - 3.25%	6,030,000	6/2014	2,615,000
Corp, Fire & GO refunding	09/2005	3.50 - 3.65%	5,495,000	6/2017	2,380,000
Corporate purpose 2006	10/2006	4.00%	5,285,000	6/2018	3,865,000
Corporate, Pool & Water	11/2007	3.75 - 4.15%	9,630,000	6/2019	7,985,000
Corporate, Pool & Water	10/2008	3.75 - 4/15%	8,355,000	6/2020	7,370,000
GO Refunding	04/2009	2.50 - 3.00%	6,995,000	6/2013	4,605,000
Corporate purpose 2009B	10/2009	2.00 - 3.50%	11,165,000	6/2021	<u>10,665,000</u>
Total general obligation bonds					<u>46,735,000</u> (a)
Revenue bonds:					
Mary Greeley Medical Center:					
2003 Refunding	6/2003	3.00 - 5.00%	29,385,000	6/2022	<u>20,405,000</u>
Total Mary Greeley Medical Center revenue bonds					<u>20,405,000</u>
Total revenue bonds					<u>20,405,000</u> (b)
Total all bonds					<u>\$ 67,140,000</u>

(a) Excludes unamortized premiums of \$34,485.

(b) Excludes unamortized premiums of \$345,495 and unamortized charges arising from refunding of \$328,541.

As of June 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

<b>Year ending June 30</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2011	6,591,838	1,500,342
2012	6,295,280	1,300,502
2013	5,818,723	1,098,059
2014	4,996,776	907,347
2015	3,844,829	739,003
2016-2020	15,153,286	1,808,933
2021-2022	1,395,000	53,131
Total requirements	<u>\$ 44,095,732</u>	<u>\$ 7,407,317</u>

Long-term debt amounts above are shown without reference to applicable premiums and unamortized costs.

Long-term debt amounts below are shown without reference to applicable premiums and unamortized costs.

As of June 30, 2010, annual debt service requirements of business-type activities to maturity are as follows:

<b>Year ending June 30</b>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 228,162	\$ 102,553	1,340,000	954,863	\$ 1,568,162	\$ 1,057,416
2012	234,720	93,996	1,375,000	912,988	1,609,720	1,006,984
2013	241,277	85,195	1,420,000	868,300	1,661,277	953,495
2014	253,224	76,146	1,485,000	797,300	1,738,224	873,446
2015	260,171	66,651	1,560,000	723,050	1,820,171	789,701
2016-2020	1,421,714	172,418	9,000,000	2,370,874	10,421,714	2,543,292
2021-2022			4,225,000	296,150	4,225,000	296,150
Total requirements	<u>\$ 2,639,268</u>	<u>\$ 596,959</u>	<u>\$ 20,405,000</u>	<u>\$ 6,923,525</u>	<u>\$ 23,044,268</u>	<u>\$ 7,520,484</u>

The following is a summary of long-term liability activity for the year ended June 30, 2010:

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2010</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 39,414,128	\$ 11,165,000	\$ (6,483,396)	\$ 44,095,732	\$ 6,591,838
Employee benefits	1,799,571	412,579	(340,503)	1,871,647	5,219
Post-employment benefits	90,096	110,540		200,636	
<b>Total Governmental Activities</b>	<b><u>\$ 41,303,795</u></b>	<b><u>\$ 11,688,119</u></b>	<b><u>\$ (6,823,899)</u></b>	<b><u>\$ 46,168,015</u></b>	<b><u>\$ 6,597,057</u></b>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 21,495,000		\$ (1,090,000)	\$ 20,405,000	\$ 1,340,000
General obligation bonds	3,285,872		(646,604)	2,639,268	228,162
Employee benefits	11,178,466	10,654,908	(10,509,763)	11,323,611	9,990,136
Post-employment benefits	1,734,621	342,106		2,076,727	
Loans payable		825,000	(98,196)	726,804	130,409
Notes payable	3,197,834	3,578,438	(963,156)	5,813,116	1,452,542
Landfill postclosure costs	525,567		(210,427)	315,140	16,422
<b>Total Business-Type Activities</b>	<b><u>\$ 41,417,360</u></b>	<b><u>\$ 15,400,452</u></b>	<b><u>\$ (13,518,146)</u></b>	<b><u>\$ 43,299,666</u></b>	<b><u>\$ 13,157,671</u></b>

Bonds payable are shown without reference to applicable premiums and deferred charges.

The City had seven outstanding contracts between the Iowa Department of Economic Development (IDED) and city business entities for Community Economic Betterment Account (CEBA) loans at June 30, 2010. Although the notes 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 accompanying financial statements.

The City entered into an agreement with the Iowa Department of Natural Resources for a Solid Waste Alternatives Program (SWAP) loan on April 23, 2008 in the amount of \$825,000 to fund a non-ferrous metal recovery system at the Resource Recovery Plant. The loan is repayable biannually beginning on October 15, 2009 at 3% interest. The final loan payment will be July 15, 2015.

## F. Components of Fund Balance

	General	Debt Service	Capital Projects	Special Revenues	Permanent Funds	Total
<b>Nonspendable:</b>						
Inventory	\$ 47,326			\$ 88,206		\$ 135,532
Prepaid Items	20,845			5,378		26,223
Perpetual Care Principal					\$ 870,103	870,103
Furman Aquatic Center Endowment					1,000,000	1,000,000
Long-term Housing Receivables				99,688		99,688
Total Nonspendable	<u>68,171</u>			<u>193,272</u>	<u>1,870,103</u>	<u>2,131,546</u>
<b>Restricted for:</b>						
Debt Service		\$ 2,467,664		35,340		2,503,004
Aquatic Center				101,424	71,481	172,905
Street & Other Construction			\$ 54,554	1,606,450		1,661,004
GO Bond Projects			8,422,637			8,422,637
Housing Assistance Programs				1,251,513		1,251,513
Public Safety				52,904		52,904
Public Safety Pension Contributions				1,534,277		1,534,277
Library Programs & Projects				1,429,678		1,429,678
Project Share				5,439		5,439
Developers Projects				180,748		180,748
Total Restricted		<u>2,467,664</u>	<u>8,477,191</u>	<u>6,197,773</u>	<u>71,481</u>	<u>17,214,109</u>
<b>Committed to:</b>						
Community Environment & Economic Betterment				4,855,264		4,855,264
Bicycle Trails				677,273		677,273
Housing Assistance				706,553		706,553
Total Committed				<u>6,239,090</u>		<u>6,239,090</u>
<b>Assigned to:</b>						
Green Energy Projects				3,218		3,218
Public Safety	5,603			162,102		167,705
Library	494					494
Facilities	23,521					23,521
Parks and Recreation	22,752			208,484		231,236
Airport	11,708					11,708
Cemetery	10,565					10,565
Special Assessment Projects			304,960			304,960
Public Works	319					319
Total Assigned	<u>74,962</u>		<u>304,960</u>	<u>373,804</u>		<u>753,726</u>
<b>Unassigned:</b>	<u>7,248,755</u>					<u>7,248,755</u>
Total Fund Balances	<u>\$ 7,391,888</u>	<u>\$ 2,467,664</u>	<u>\$ 8,782,151</u>	<u>\$ 13,003,939</u>	<u>\$ 1,941,584</u>	<u>\$ 33,587,226</u>

## G. Restricted Net Assets

The amounts of net assets restricted for payment of debt service in the enterprise funds are as follows:

Mary Greeley Medical Center \$ 2,717,216

## **4. OTHER INFORMATION**

### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a risk management fund (an internal service fund) to account for and finance its uninsured risks of loss. 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.

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 per \$100. The charge is calculated using the Iowa manual compensation rates and an experience rating. 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.

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2010 were \$431,055.



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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with property (buildings and contents) 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, 2010 and 2009 were as follows:

	<b>2010</b>	<b>2009</b>
Balance at July 1	\$ 586,233	\$ 476,635
Current year claims and changes in estimates	1,616,525	1,423,906
Claim payments	<u>(1,781,667)</u>	<u>(1,314,308)</u>
Balance at June 30	<u>\$ 421,091</u>	<u>\$ 586,233</u>

The City maintains a separate internal service fund to account for health benefits, becoming self-insured for medical claims effective July 1, 2000. 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:

	2010	2009
Balance at July 1	\$ 529,869	\$ 450,000
Current year claims and changes in estimates	4,368,036	4,742,085
Claim payments	<u>(4,396,579)</u>	<u>(4,662,216)</u>
Balance at June 30	<u>\$ 501,326</u>	<u>\$ 529,869</u>

The Mary Greeley Medical Center 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. Mary Greeley has accrued \$289,569 for professional liability claims that are incurred but not reported as of June 30, 2010.

The Medical Center is self-insured for health care coverage of employees and carries stop-loss insurance coverage for claims in excess of \$175,000 with a maximum aggregate limit of \$1,000,000. Accrued costs related to health care coverage amounted to \$1,283,559 at June 30, 2010.

As of April 1, 2007 Mary Greeley Medical Center became self-insured for workers' compensation coverage. Stop-loss insurance for claims in excess of \$300,000 per individual claim with a maximum aggregated limit of \$1,000,000 is carried by the medical center.

Changes in the balance of accrued claims for professional liabilities, health care coverage, and workers' compensation coverage for the years ended June 30, 2010 and 2009 for Mary Greeley Medical Center were as follows:

	Professional Liabilities		Health Care		Workers' Compensation	
	2010	2009	2010	2009	2010	2009
Balance at July 1	\$ 268,092	\$ 262,085	\$ 1,495,181	\$ 712,173	\$ 254,551	\$ 92,974
Current year claims and changes in estimates	22,087	21,153	8,200,061	11,351,849	334,170	660,913
Claim payments	<u>(610)</u>	<u>(15,146)</u>	<u>(8,411,683)</u>	<u>(10,568,841)</u>	<u>(261,331)</u>	<u>(499,336)</u>
Balance at June 30	<u>\$ 289,569</u>	<u>\$ 268,092</u>	<u>\$ 1,283,559</u>	<u>\$ 1,495,181</u>	<u>\$ 327,390</u>	<u>\$ 254,551</u>

## B. Subsequent Events

On August 24, 2010, the City issued \$6,690,000 of general obligation corporate purpose bonds dated September 30, 2010, to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City, repairs and improvements to City Hall, and the acquisition of equipment for the fire department.

The true interest cost on the bonds is 2.057% and the maturity dates on the bonds range from June 1, 2011 through June 1, 2022. Debt service payments are scheduled semiannually at amounts that range from \$8,250 to \$668,250. The bonds maturing in the year June 1, 2018 and thereafter are subject to prior redemption on June 1, 2017 and any date thereafter at a price of par plus accrued interest to the date of redemption.

The City was notified on September 22, 2010, that a fuel line leading from the pump house to gas turbine #1 was leaking into the surrounding area. The City hired excavation and clean-up contractors to replace the fuel line, remove the polluted soil, refill the ground area with clean soil, and clean the storm sewers involved. Skimmers have been placed in the nearby Skunk River and they will be cleaned twice per week until no trace of oil is found. The City will also be moving & replacing a water line running through the area. The estimated cost of the clean-up is \$500,000 and is expected to be completed during fiscal year 2010-2011.

On October 22, 2009, the City issued a notice of default on the economic development loans of BioForce Nanosciences. At June 30, 2010 BioForce Nanosciences owed \$22,298 on a \$50,000 loan and \$11,149 on a \$25,000 loan. The notice of default also included a demand for penalty provisions related to employment requirements totaling \$15,000 for each loan.

In June 2010, the medical Center entered into a definitive agreement to sell the Webster City outpatient radiation therapy operations for a purchase price of \$5 million. The operations will be retained with the Medical Center until the scheduled closing date of June 29, 2012, at which time all operations, including the building and equipment, will be transferred to the purchasing entity.

### **C. Contingent Liabilities**

The City legal department reported to management that, as of June 30, 2010, claims and lawsuits were on file against the City. The City legal department estimates that the potential claims not covered by insurance resulting from these cases 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 which result in an uninsured judgment.

The City participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to 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 regulations by health care providers which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues of patient services. Management of the Mary Greeley Medical Center believes that the Mary Greeley Medical Center is in substantial compliance with current laws and regulations.

The Mary Greeley Medical Center is involved in litigation and regulatory audits arising in the normal course of business. It is management's opinion that these matters will be resolved without material adverse effect on the Mary Greeley Medical Center's financial position or results of activities.

#### **D. Landfill Postclosure Care Costs**

The City stopped accepting solid waste at the landfill effective June 30, 1992 and has been in the process of closing the landfill since that time.

Federal and State of Iowa laws and regulations establish landfill closure and postclosure care requirements. The State of Iowa specifies financial assurance requirements in Code Section 567-Chapter 111. The Iowa code enumerated various allowable financial assurance mechanisms to meet the costs of closure and postclosure care. The City satisfies this requirement with its rating on its most recent bond issues.

The liability for postclosure care costs is based on 100% of the landfill capacity used to date with no remaining life. The estimated liability for postclosure care costs was adjusted in 2010 to a new estimate of future costs using current inflation figures and has a balance of \$315,140 at June 30, 2010.

The City's written landfill postclosure plan includes estimates of costs of all equipment and services required to monitor and maintain the closed landfill. It anticipates that future costs will be subject to inflation and there may be additional requirements added over time. Unanticipated future inflation costs and costs that might arise from changes in postclosure requirements may require adjustment of the liability in future years.

#### **E. Net Patient Service Revenue**

As a provider of health care services, Mary Greeley Medical Center has agreements with third-party payors that provide for payment of services at amounts different from established rates. The basis for payment varies by payor and includes prospectively determined rates per discharge, discounts from established charges, and retroactively determined cost-based rates. Approximately 95 percent of gross patient charges determined at established rates for the year ended June 30, 2010 resulted from patients covered by these third-party reimbursement programs. Significant changes have been made and may be made in certain of these programs which could have a material adverse impact on the financial condition of the Medical Center in future years.

The following summarizes the differences between gross patient service revenue determined at established rates and net patient service revenue:

	<b>2010</b>
Gross patient service revenue, at established rates	\$ 359,765,663
Deductions:	
Medicare program	(115,504,079)
Medicaid program	(15,186,941)
Blue Cross	(55,946,448)
Other payors	(16,279,459)
Bad debt expense	(6,977,446)
Net patient service revenue	<u>\$ 149,871,290</u>

## **F. Pension and Retirement Systems**

The City of Ames is a participating employer in two multiple-employer, cost-sharing public employees retirement systems; Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). These plans are administered by outside trustees and are not included in the City's financial statements.

### **Summary of Significant Accounting Policies**

#### **Iowa Public Employees Retirement System**

**Plan Description and Provisions** – The City is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a multiple-employer, cost sharing public employees' retirement system designed as a supplement to Social Security.

All employees earning in excess of \$300 per quarter who do not participate in any other public retirement system in the State are eligible and must participate in IPERS. The pension plan provides retirement and death benefits which are established by State statute.

**Funding Information** – The Plan is administered by the State of Iowa and the City's responsibility is limited to payment of contributions. During the year ended June 30, 2010, State statute required contributions of 4.3 percent by the employee and 6.65 percent by the employer. Contributions increased to 4.5% for employees and 6.95% for employers effective July 1, 2010. Additional increases will occur on July 1, 2011 when the required contribution rates will rise to 5.3% for employees and 8.15% for employers.

Historical trend information showing IPERS' progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from IPERS, P. O. Box 9117, Des Moines, Iowa 50306. IPERS does not invest in obligations of the State of Iowa or its political subdivisions.

#### **Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Amount Required</b>	<b>Percentage Contributed</b>
2008	\$4,137,527	100%
2009	4,807,938	100%
2010	4,965,440	100%

#### **Municipal Fire and Police Retirement System of Iowa**

**Plan Description and Provisions** – The Municipal Fire and Police Retirement System of Iowa (MFPRSI) was created under Chapter 411.35 of the Code of Iowa to replace the separate fire and police retirement systems of 49 cities in Iowa, including the City's separate fire and police retirement systems. MFPRSI is the administrator of a multiple-employer, cost-sharing, defined benefit pension plan for the exclusive benefit of eligible employees (all full-time firefighters and all sworn officers of the police department) of participating cities. It is governed by a nine-member board of trustees, eight of whom are appointed by member associations and the Iowa League of Cities. These members in turn appoint a citizen member.

There are also four members of the Iowa Legislature who serve in an ex-officio capacity. The City's responsibility is limited to payments of contributions.

**Funding Information** – Member contribution rates are established by State statute. For the fiscal year ended June 30, 2010, members contributed 9.4 percent of earnable compensation. The employer's contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by one percent of the actuarially determined present value of the prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the State may further reduce the employer's contribution rate. Due to recent State budget reductions, the State is not anticipating any contributions to the system. However, the employer's contribution rate cannot be less than 17 percent of earnable compensation. Benefits include disability and death benefits. Effective July 1, 2010 the City mandated minimum contribution increased to 19.90%. A scheduled increase will occur on July 1, 2011 to 24.76%.

For the year ended June 30, 2010, the City's contribution was 17.00 percent of the earnable compensation of each member.

**Schedule of Employer Contributions**

Year Ended June 30	Amount Required	Percentage Contributed
2008	\$1,412,973	100%
2009	1,095,325	100%
2010	1,024,282	100%

Historical trend information showing MFPRSI progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from Municipal Fire and Police Retirement System of Iowa, 2836 104<sup>th</sup> Street, Des Moines, Iowa 50322. MFPRSI does not invest in obligations of the State of Iowa or its political subdivisions.

**City of Ames Municipal Utility Retirement Plan**

The City of Ames Municipal Utility Retirement Plan was adopted September 30, 1997 by resolution of the City Council. It is a sole-employer, defined contribution plan intended to qualify under Sections 401(a), 414(h), and 501(a) of the United States Internal Revenue Code of 1986, as amended. The plan is authorized by City ordinance and can be amended by the plan administrator through a resolution of the City Council.

Members of the plan are employees of the City who regularly receive, or are expected to regularly receive, more than 10% of their compensation from a utility fund of the City, except persons employed to work at the A.O. Chantland Resource Recovery Plant. There were 140 active and fully vested participants, 8 terminated participants, and 5 retired participants in the plan at June 30, 2010.

The purpose of the plan is to provide retirement benefits for participants through self-directed individual accounts which are fully and immediately vested and nonforfeitable at all times.

Participants (or their beneficiaries in the event of the participant's death) are entitled to receive a benefit equal to their vested account at retirement, death or termination of employment.

Participants are required to contribute 5.4% of their compensation and the employer is required to contribute 7.93% of the employees' compensation. An eligible employee may make voluntary (unmatched) contributions under the plan for any plan year in any amount up to 10% of the employee's compensation for such year.

The plan uses the accrual basis of accounting and presents plan assets at their fair value. The fair value of the plan's assets at June 30, 2010 was \$22,242,966. Employee contributions to the plan for the fiscal year ended June 30, 2010 totaled \$461,706 and employer contributions were \$678,023.

### **G. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Effective July 1, 1998, the deferred compensation is held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to the plan nor investment advice for the plan.

### **H. Related-Party Transactions**

Effective February 12, 2003, the Medical Center entered into a joint venture with McFarland Clinic, P.C. to form a joint venture company, Health Ventures of Central Iowa, LLC (the "joint venture"). The Medical Center 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. The Medical Center owns 50% of the joint venture. Financial statements of the joint venture are available at Mary Greeley Medical Center.

In June 2009, the Medical Center's Board of Trustees approved the guarantee of certain debt on behalf of the Joint Venture. The Medical Center's guaranteed portion of the Joint Venture's debt is \$750,000. The Medical Center can be required to perform on the guarantee only in the event of nonpayment of the debt by the Joint Venture. Management evaluates the Medical Center's exposure to loss at each balance sheet date and provides accruals for such as deemed necessary. No accrual was deemed necessary as of June 30, 2010.

### **I. Other Postemployment Benefits**

#### **Plan Descriptions and Funding Policy**

The City and MGMC (the Medical Center) sponsor single-employer health care plans that provide self-insured medical and prescription drug coverage to all active and retired employees and their eligible dependents. The Medical Center also provides a life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed for

the preceding four years, and currently be enrolled in a sponsored health insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the same plans that are available for active employees. The Medical Center also provides a flat \$2,500 life insurance benefit to eligible retired employees.

Contributions are required for both retiree and dependent coverage. The retiree contributions are based on and equal to the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

### **Funding Policy**

The City and MGMC, with assistance from their third-party administrators, establish and amend contribution requirements for both active and retiree members on an annual basis. The current funding policy is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on pay-as-you-go financing. For fiscal years ending June 30, 2010 and 2009, the City contributed \$(13,872) and \$17,728, respectively. Retirees receiving benefits contributed \$214,440 and \$248,843, respectively, through their required contributions. The Medical Center contributed approximately \$172,000 and \$49,000, respectively. Retirees receiving benefits contributed approximately \$174,000 and \$116,000, respectively, through their required contributions.

### **Annual OPEB Cost and Net OPEB Obligation**

The City's and MGMC's annual other postemployment benefit (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal year 2008 is the year of implementation for GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the annual OPEB cost for the years ended June 30, 2010 and 2009, the amount actually contributed to the plans, and changes in the net OPEB obligation.

### **Funded Status and Funding Progress**

As of July 1, 2009 and July 1, 2008, the most recent actuarial valuation dates, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) for benefits was \$5,248,219. The City's and MGMC's plans are considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plans are unfunded, the AAL and UAAL are equal. The covered payrolls (fiscal year payroll of active employees covered by the plans) were \$76,101,030, and the ratio of the UAAL to the covered payrolls was 6.90%.



	<b>City of Ames</b>	<b>MGMC</b>	<b>Total</b>
Annual required contribution	\$ 175,000	\$ 344,595	\$ 519,595
Interest on net OPEB obligation	8,024	83,212	\$ 91,236
Adjustment to annual required contribution	<u>                    </u>	<u>                    </u>	<u>                    </u>
Annual OPEB cost/expense	183,024	427,807	610,831
Contributions and payments made	<u>(13,872)</u>	<u>172,057</u>	<u>158,185</u>
Increase in net OPEB obligation	196,896	255,750	452,646
Net OPEB obligation, July 1, 2009	<u>160,482</u>	<u>1,664,235</u>	<u>1,824,717</u>
Net OPEB obligation, June 30, 2010	<u><u>\$ 357,378</u></u>	<u><u>\$ 1,919,985</u></u>	<u><u>\$ 2,277,363</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010, 2009 & 2008:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	610,831	25.9%	2,277,363
June 30, 2009	1,128,950	5.9%	1,824,717
June 30, 2008	1,050,185	27.4%	762,210

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is required to be presented as supplementary information following the notes to the financial statements.

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

In the July 1, 2008 actuarial valuation, projected unit credit method was used.

The actuarial assumptions included a 4.5% of investment rate of return and an annual healthcare cost trend rate of 11% initially, decreasing 1.0 percent per year until reaching an ultimate rate of 5 percent.

In the July 1, 2009 actuarial valuation for MGMC, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% of investment rate of return and an annual healthcare cost trend rate of 10% initially, decreasing .5 percent per year until reaching an ultimate rate of 5 percent.

The amortization of the UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period on an open basis. A separate, audited GAAP-basis postemployment benefit plan report is not available for these plans.

#### **J. Donor-restricted Endowments**

Earnings from the investment of the Furman Aquatic Center endowment of \$71,481 at June 30, 2010 are shown as restricted for donor purposes in net assets. 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.

#### **K. Governmental Accounting Standards Board Statements and Pronouncements**

The City implemented the following GASB statements during the fiscal year:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement provides guidance regarding how to identify, account for, and report intangible assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement will improve how state and local governments report information about derivative instruments in their financial statements. The statement requires governments to measure most derivative instruments at fair value in their financial statements prepared using the accrual basis of accounting.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

The City's financial statements were not affected by the implementation of these statements.

The City elected to early implement GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The June 30, 2010

governmental financial statements incorporate the new components of fund balance and display them in the aggregate. Details are found in the notes to the financial statements.

As of June 30, 2010, the GASB has issued the following statements not yet implemented by the City:

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010, will be effective for the City beginning with its year ending June 30, 2012. This statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the City beginning with its year ending June 30, 2011. This statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools.

The City has not yet determined the effect these statements will have on the City's financial statements.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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CITY OF AMES, IOWA

**OTHER POSTEMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

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Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2010	7/1/2008 & 2009	\$	\$ 5,248,219	\$ 5,248,219	0.00%	\$ 76,101,030	6.90%
2009	7/1/2008 & 2007		8,521,000	8,521,000	0.00%	79,893,723	10.67%
2008	7/1/2008 & 2007		7,995,306	7,995,306	0.00%	80,041,111	9.99%

Fiscal year 2008 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuations as of July 1, 2008 and July 1, 2009 for MGMC.

The cost method used to determine the ARC is the projected unit credit actuarial cost method.

There are no plan assets.

Economic assumptions are as follows: health care cost trend rates of 5-11%; discount rates of 4.5% & 5%.

The amortization method is open period, level dollar.

CITY OF AMES, IOWA

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES  
 BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
 GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Final to Actual Variance
<b>Revenues &amp; other financing sources:</b>						
Taxes levied on property	\$ 22,095,646		\$ 22,095,646	\$ 21,977,191	\$ 21,960,516	\$ 135,130
Delinquent property taxes	8,063		8,063			8,063
Other City taxes	7,201,056		7,201,056	7,586,894	7,156,610	44,446
Licenses & permits	1,068,920	\$ 17,331	1,086,251	1,216,627	1,035,077	51,174
Use of money and property	969,001	12,326,215	13,295,216	6,316,525	6,541,336	6,753,880
Intergovernmental	11,880,093	10,813,251	22,693,344	17,693,602	32,347,998	(9,654,654)
Charges for services	3,539,757	225,039,703	228,579,460	240,800,036	229,437,032	(857,572)
Special assessments	139,034		139,034	280,000	248,000	(108,966)
Miscellaneous	737,087	2,170,470	2,907,557	938,134	1,958,425	949,132
Other financing sources	20,531,094	2,554,714	23,085,808	24,669,849	23,189,675	(103,867)
Total revenues and other sources	<u>68,169,751</u>	<u>252,921,684</u>	<u>321,091,435</u>	<u>321,478,858</u>	<u>323,874,669</u>	<u>(2,783,234)</u>
<b>Expenditures &amp; other financing uses:</b>						
Public safety	13,343,296		13,343,296	13,596,794	13,420,291	76,995
Public works	5,516,749		5,516,749	5,257,884	5,680,221	163,472
Health and social services	1,156,893		1,156,893	1,177,637	1,196,764	39,871
Culture and recreation	6,742,468		6,742,468	6,939,397	6,704,703	(37,765)
Community and economic development	3,791,207		3,791,207	3,867,363	4,563,077	771,870
General government	2,372,036		2,372,036	2,641,426	2,861,439	489,403
Debt service	8,851,107		8,851,107	9,510,740	8,851,106	(1)
Capital projects	13,408,708		13,408,708	18,405,383	34,148,768	20,740,060
Total government activities expenditures	<u>55,182,464</u>		<u>55,182,464</u>	<u>61,396,624</u>	<u>77,426,369</u>	<u>22,243,905</u>
Business type/enterprises		210,602,170	210,602,170	252,392,980	252,275,906	41,673,736
Total government activities & business expenditures	55,182,464	210,602,170	265,784,634	313,789,604	329,702,275	63,917,641
Transfers out	8,556,806	3,364,002	11,920,808	11,736,276	11,823,675	(97,133)
Total expenditures/transfers out	<u>63,739,270</u>	<u>213,966,172</u>	<u>277,705,442</u>	<u>325,525,880</u>	<u>341,525,950</u>	<u>63,820,508</u>
Excess revenues & other sources over (under) expenditures/transfers out	4,430,481	38,955,512	43,385,993	(4,047,022)	(17,651,281)	61,037,274
Beginning fund balance July 1	<u>32,486,188</u>	<u>334,811,476</u>	<u>367,297,664</u>	<u>347,634,362</u>	<u>367,297,664</u>	
Ending fund balance June 30	<u>\$ 36,916,669</u>	<u>\$ 373,766,988</u>	<u>\$ 410,683,657</u>	<u>\$ 343,587,340</u>	<u>\$ 349,646,383</u>	<u>\$ 61,037,274</u>

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



CITY OF AMES, IOWA

**BUDGET TO GAAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues & other financing sources	\$ 68,169,751	\$ (1,350,836)	\$ 66,818,915	\$ 252,921,684	\$ (1,134,628)	\$ 251,787,056
Expenditures & other financing uses	<u>63,739,270</u>	<u>(1,377,187)</u>	<u>62,362,083</u>	<u>213,966,172</u>	<u>5,151,909</u>	<u>219,118,081</u>
Excess revenues & other sources over (under) expenditures & other uses	4,430,481	26,351	4,456,832	38,955,512	(6,286,537)	32,668,975
Beginning fund balances	<u>32,486,188</u>	<u>(3,355,794)</u>	<u>29,130,394</u>	<u>334,811,476</u>	<u>38,206,559</u>	<u>373,018,035</u>
Ending fund balances	<u>\$ 36,916,669</u>	<u>\$ (3,329,443)</u>	<u>\$ 33,587,226</u>	<u>\$ 373,766,988</u>	<u>\$ 31,920,022</u>	<u>\$ 405,687,010</u>

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

## **CITY OF AMES, IOWA**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2010**

#### **1. Budgetary Reporting**

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function expenditures required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and 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.

The City's expenditures in the culture and recreation function exceeded the budgeted amount by \$37,765 due to far greater than expected attendance at the new aquatic center in June that led to increased expenditures for personnel and consumable items to be resold. Expenditures in the debt service function appear to exceed the budgeted amount by \$1 due to financial statement rounding. Actual transfers out in the transit fund were more than the amount budgeted by \$97,133 due to excess GSB tuition received and transferred.

During the year, two budget amendments increased budgeted expenditures by \$16,000,070. These budget amendments are reflected in the final budgeted amounts.

**SUPPLEMENTARY  
INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that have various purpose restrictions or designations or are segregated for particular expenditure reasons.

**Local Option Tax Fund** - This fund is used to account for the funds generated by the voter approved 1% local option sales tax; 60% is used for property tax relief and 40% for community betterment.

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

**Leased Housing Fund and Housing Assistance Fund** - These funds are used to account for the operations of a federal low-income housing project and other grant funded housing assistance programs.

**Road Use Tax Fund** - This fund is used to account for the City's share of state gasoline taxes received on a per capita basis. State law requires use for any purpose relating to the construction or maintenance of public streets.

**Bike Licenses** - This fund is used to account for funds generated by the sale of bike licenses.

**Police Forfeiture & Grants** - This fund is used to account for funds generated from the forfeiture of property as a result of criminal activities and government grants received for law enforcement related costs.

**TIF Fund** - This fund is used to account for tax increment financing revenues on abated debt.

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

**Police & Fire 411** - This fund is used to account for the funds remaining from the transfer to the state-wide MFPRSI. They can only be used to offset future City contributions to the retirement system.

**Parks & Recreation Programs** - This fund is used to account for revenues used for specific park and recreation programs and improvements.

**CDBG** - This fund is used to account for funds received from HUD to be used according to our Community Development Block Grant program.

**Donation Funds** - These funds are used to account for various donations received by the City to be used for specific purposes and activities including Project Share.

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

**Economic Development & Loans** - This fund is used to account for funds from block grants and funds to be loaned to businesses to increase development in the City.

### Permanent Funds

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

**Perpetual Care Fund** - This fund is used to account for principal amounts received for perpetual care. The interest on these funds is recorded in the general fund for use to maintain the cemeteries.

**Furman Aquatic Center Endowment** – This fund is used for a \$1,000,000 donation to cover future operating expenses of the aquatic center.

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

ASSETS	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
		Perpetual Care	Furman Aquatic Center Endowment	
Cash and pooled cash investments	\$ 11,477,570	\$ 882,772	\$ 1,068,563	\$ 13,428,905
Taxes receivable	14,623			14,623
Accounts receivable	29,060	834		29,894
Accrued interest receivable	11,069		2,918	13,987
Intergovernmental receivables	1,919,067			1,919,067
Loans receivable	102,094			102,094
Due from other funds	53,225			53,225
Inventories	88,206			88,206
Houses held for resale	880,710			880,710
Prepaid items	7,040			7,040
Succeeding year taxes receivable	1,083,737			1,083,737
Long-term loans receivable	213,739			213,739
<b>Total assets</b>	<b>\$ 15,880,140</b>	<b>\$ 883,606</b>	<b>\$ 1,071,481</b>	<b>\$ 17,835,227</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 221,083			\$ 221,083
Retainage payable	207,042			207,042
Interest payable				
Due to other governments	26,234			26,234
Compensation and payroll taxes	59,918			59,918
Due to other funds	736,273	\$ 13,503		749,776
Deferred revenue	460,855			460,855
Succeeding year unearned revenue	1,083,737			1,083,737
Customer deposits	81,059			81,059
<b>Total liabilities</b>	<b>2,876,201</b>	<b>13,503</b>		<b>2,889,704</b>
Fund balances:				
Nonspendable	193,272	870,103	\$ 1,000,000	2,063,375
Restricted	6,197,773		71,481	6,269,254
Committed	6,239,090			6,239,090
Assigned	373,804			373,804
<b>Total fund balances</b>	<b>13,003,939</b>	<b>870,103</b>	<b>1,071,481</b>	<b>14,945,523</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,880,140</b>	<b>\$ 883,606</b>	<b>\$ 1,071,481</b>	<b>\$ 17,835,227</b>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
		Perpetual Care	Furman Aquatic Center Endowment	
Revenues:				
Taxes	\$ 967,694			\$ 967,694
Intergovernmental	13,583,471			13,583,471
Charges for services	37,807			37,807
Donations	151,998			151,998
Investment earnings	82,849	\$ 7,118	\$ 15,996	105,963
Miscellaneous	2,091			2,091
Total revenues	<u>14,825,910</u>	<u>7,118</u>	<u>15,996</u>	<u>14,849,024</u>
Expenditures:				
Current:				
Public safety	202,900			202,900
Public works	4,273,396			4,273,396
Health and social services	1,005,955			1,005,955
Culture and recreation	357,165			357,165
Community and economic development	2,402,895			2,402,895
General government	91,975			91,975
Capital projects	3,918,175			3,918,175
Total expenditures	<u>12,252,461</u>			<u>12,252,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,573,449</u>	<u>7,118</u>	<u>15,996</u>	<u>2,596,563</u>
Other financing sources (uses):				
Transfers in	1,539,844			1,539,844
Transfers out	(5,642,529)			(5,642,529)
Total other financing sources (uses)	<u>(4,102,685)</u>			<u>(4,102,685)</u>
Net change in fund balance	(1,529,236)	7,118	15,996	(1,506,122)
Fund balances at beginning of year	<u>14,533,175</u>	<u>862,985</u>	<u>1,055,485</u>	<u>16,451,645</u>
Fund balances at end of year	<u>\$ 13,003,939</u>	<u>\$ 870,103</u>	<u>\$ 1,071,481</u>	<u>\$ 14,945,523</u>

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

<b>ASSETS</b>	<b>Local Option Tax</b>	<b>Hotel/ Motel Tax</b>	<b>Leased Housing</b>	<b>Road Use Tax</b>	<b>Bike Licenses</b>
Cash and pooled cash investments	\$ 4,187,415	\$ 415,817	\$ 359,298	\$ 1,547,155	\$ 17,054
Taxes receivable					
Accounts receivable	250		419		
Accrued interest receivable			37		
Intergovernmental receivables	959,662	328,437		280,885	
Loans receivable					
Due from other funds	10,337			21,817	
Inventories				88,206	
Houses held for resale					
Prepaid items			2,569	1,869	
Succeeding year taxes receivable					
Long-term loans receivable					
<b>Total assets</b>	<b>\$ 5,157,664</b>	<b>\$ 744,254</b>	<b>\$ 362,323</b>	<b>\$ 1,939,932</b>	<b>\$ 17,054</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 70,761	\$ 43,716		\$ 69,803	
Retainage payable	11,658			5,518	
Interest payable					
Due to other governments	19			22,000	
Compensation and payroll taxes	4,151		\$ 2,393	50,542	
Due to other funds	603,834	127	648	95,544	
Deferred revenue		328,437			
Succeeding year unearned revenue					
Customer deposits	1,005				
<b>Total liabilities</b>	<b>691,428</b>	<b>372,280</b>	<b>3,041</b>	<b>243,407</b>	
Fund balances:					
Nonspendable			2,569	90,075	
Restricted			356,713	1,606,450	
Committed	4,466,236	371,974			\$ 17,054
Assigned					
Unassigned					
<b>Total fund balances</b>	<b>4,466,236</b>	<b>371,974</b>	<b>359,282</b>	<b>1,696,525</b>	<b>17,054</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,157,664</b>	<b>\$ 744,254</b>	<b>\$ 362,323</b>	<b>\$ 1,939,932</b>	<b>\$ 17,054</b>



Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
\$ 51,889	\$ 868,087	\$ 35,244	\$ 14,617	\$ 1,531,097	\$ 129,502
	1,842	90		4,190	446
22,841	21,714				295,448
97	19,928				50
	66,712		1,083,737		
<u>\$ 74,827</u>	<u>\$ 978,283</u>	<u>\$ 35,340</u>	<u>\$ 1,098,354</u>	<u>\$ 1,535,287</u>	<u>\$ 425,446</u>
\$ 9,107					\$ 8,537
					189,866
3,515					700
615	\$ 26		\$ 14,617	\$ 1,010	
11,117					121,301
			1,083,737		
<u>24,354</u>	<u>26</u>		<u>1,098,354</u>	<u>1,010</u>	<u>320,404</u>
50,473	66,712	\$ 35,340		1,534,277	101,424
	706,553				
	204,992				3,618
<u>50,473</u>	<u>978,257</u>	<u>35,340</u>		<u>1,534,277</u>	<u>105,042</u>
<u>\$ 74,827</u>	<u>\$ 978,283</u>	<u>\$ 35,340</u>	<u>\$ 1,098,354</u>	<u>\$ 1,535,287</u>	<u>\$ 425,446</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

<b>ASSETS</b>	<b>Library Donations</b>	<b>Project Share</b>	<b>Police &amp; Fire Donations</b>	<b>CDBG</b>
Cash and pooled cash investments	\$ 1,425,213	\$ 7,995	\$ 2,431	
Taxes receivable				
Accounts receivable	15,451	907		
Accrued interest receivable	3,912			
Intergovernmental receivables				\$ 31,794
Loans receivable				4,015
Due from other funds				996
Inventories				
Houses held for resale				880,710
Prepaid items	1,662			940
Succeeding year taxes receivable				
Long-term loans receivable				32,976
	<u>1,446,238</u>	<u>8,902</u>	<u>2,431</u>	<u>951,431</u>
Total assets	\$ <u>1,446,238</u>	\$ <u>8,902</u>	\$ <u>2,431</u>	\$ <u>951,431</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 14,905			\$ 1,674
Retainage payable				
Interest payable				
Due to other governments				
Compensation and payroll taxes	1,655			562
Due to other funds		\$ 245		20,222
Deferred revenue				
Succeeding year unearned revenue				
Customer deposits				257
	<u>16,560</u>	<u>245</u>		<u>22,715</u>
Total liabilities	<u>16,560</u>	<u>245</u>		<u>22,715</u>
Fund balances:				
Nonspendable				33,916
Restricted	1,429,678	5,439	\$ 2,431	894,800
Committed				
Assigned		3,218		
Unassigned				
Total fund balances	<u>1,429,678</u>	<u>8,657</u>	<u>2,431</u>	<u>928,716</u>
Total liabilities and fund balances	\$ <u>1,446,238</u>	\$ <u>8,902</u>	\$ <u>2,431</u>	\$ <u>951,431</u>

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
\$ 157,650	\$ 124	\$ 260,425	\$ 481,174		\$ 11,477,570
5,112			6,921		14,623
432		120			29,060
					11,069
			76,365		1,919,067
					102,094
					53,225
					88,206
					880,710
					7,040
					1,083,737
			114,051		213,739
<u>\$ 163,194</u>	<u>\$ 124</u>	<u>\$ 260,545</u>	<u>\$ 678,511</u>		<u>\$ 15,880,140</u>
\$ 1,092	\$ 250		\$ 1,238		\$ 221,083
					207,042
					26,234
					59,918
					736,273
					460,855
					1,083,737
		\$ 79,797			81,059
<u>1,092</u>	<u>250</u>	<u>79,797</u>	<u>1,238</u>		<u>2,876,201</u>
					193,272
		180,748			6,197,773
			677,273		6,239,090
162,102					373,930
<u>162,102</u>	<u>(126)</u>	<u>180,748</u>	<u>677,273</u>		<u>(126)</u>
<u>\$ 163,194</u>	<u>\$ 124</u>	<u>\$ 260,545</u>	<u>\$ 678,511</u>		<u>\$ 15,880,140</u>

(concluded)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
Revenues:					
Taxes					
Intergovernmental	\$ 5,964,135	\$ 1,142,162	\$ 1,100,294	\$ 4,421,774	
Charges for services	81		23,741		
Donations					
Investment earnings	6,124		1,097		
Miscellaneous					
<b>Total revenues</b>	<b>5,970,340</b>	<b>1,142,162</b>	<b>1,125,132</b>	<b>4,421,774</b>	
Expenditures:					
Current:					
Public safety					\$ 1,251
Public works	242,133			4,007,925	
Health and social services	1,005,955				
Culture and recreation	231,343	9,000			
Community and economic development		974,201	1,104,542		
General government	2,011	390		77,868	
Capital projects	871,971	77,398		382,136	
<b>Total expenditures</b>	<b>2,353,413</b>	<b>1,060,989</b>	<b>1,104,542</b>	<b>4,467,929</b>	<b>1,251</b>
Excess (deficiency) of revenues over (under) expenditures	3,616,927	81,173	20,590	(46,155)	(1,251)
Other financing sources (uses):					
Transfers in	746,306				
Transfers out	(3,633,661)	(163,329)			
<b>Total other financing sources (uses)</b>	<b>(2,887,355)</b>	<b>(163,329)</b>		<b>-</b>	
<b>Net change in fund balance</b>	<b>729,572</b>	<b>(82,156)</b>	<b>20,590</b>	<b>(46,155)</b>	<b>(1,251)</b>
Fund balances at beginning of year	3,736,664	454,130	338,692	1,742,680	18,305
Fund balances at end of year	\$ <u>4,466,236</u>	\$ <u>371,974</u>	\$ <u>359,282</u>	\$ <u>1,696,525</u>	\$ <u>17,054</u>

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
\$ 167,444		\$ 6	\$ 967,688		
4,212					\$ 3,050
	\$ 18,099			\$ 23,072	150
2,091					4,515
<u>173,747</u>	<u>18,099</u>	<u>6</u>	<u>967,688</u>	<u>23,072</u>	<u>7,715</u>
190,637					
	25,983			11,706	
		723,541			1,523,922
<u>190,637</u>	<u>25,983</u>	<u>723,541</u>		<u>11,706</u>	<u>1,523,922</u>
<u>(16,890)</u>	<u>(7,884)</u>	<u>(723,535)</u>	<u>967,688</u>	<u>11,366</u>	<u>(1,516,207)</u>
		793,538			
		(132,535)	(967,688)	(64,342)	(680,974)
		661,003	(967,688)	(64,342)	(680,974)
(16,890)	(7,884)	(62,532)		(52,976)	(2,197,181)
<u>67,363</u>	<u>986,141</u>	<u>97,872</u>		<u>1,587,253</u>	<u>2,302,223</u>
<u>\$ 50,473</u>	<u>\$ 978,257</u>	<u>\$ 35,340</u>	<u>\$</u>	<u>\$ 1,534,277</u>	<u>\$ 105,042</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Library Donations	Project Share	Police & Fire Donations	CDBG
Revenues:				
Taxes				
Intergovernmental	\$ 13,933		\$ 47,801	\$ 678,227
Charges for services				6,428
Donations	100,099	\$ 24,019	2,852	
Investment earnings	21,441			775
Miscellaneous				
<b>Total revenues</b>	<b>135,473</b>	<b>24,019</b>	<b>50,653</b>	<b>685,430</b>
Expenditures:				
Current:				
Public safety			782	
Public works		23,338		
Health and social services				
Culture and recreation	116,822			
Community and economic development				123,169
General government				
Capital projects	21,484		47,692	101,023
<b>Total expenditures</b>	<b>138,306</b>	<b>23,338</b>	<b>48,474</b>	<b>224,192</b>
Excess (deficiency) of revenues over (under) expenditures	(2,833)	681	2,179	461,238
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
<b>Net change in fund balances</b>	<b>(2,833)</b>	<b>681</b>	<b>2,179</b>	<b>461,238</b>
Fund balances at beginning of year	1,432,511	7,976	252	467,478
Fund balances at end of year	<u>\$ 1,429,678</u>	<u>\$ 8,657</u>	<u>\$ 2,431</u>	<u>\$ 928,716</u>

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
					\$ 967,694
				\$ 47,701	13,583,471
\$ 22,458	\$ 295				37,807
2,342	2,420				151,998
	31	\$ 838	\$ 4,515		82,849
<u>24,800</u>	<u>2,746</u>	<u>838</u>	<u>4,515</u>	<u>47,701</u>	<u>2,091</u>
10,230					202,900
					4,273,396
					1,005,955
					357,165
			175,000		2,402,895
					91,975
	8,293	77,717		82,998	3,918,175
<u>10,230</u>	<u>8,293</u>	<u>77,717</u>	<u>175,000</u>	<u>82,998</u>	<u>12,252,461</u>
14,570	(5,547)	(76,879)	(170,485)	(35,297)	2,573,449
					1,539,844
					(5,642,529)
					(4,102,685)
14,570	(5,547)	(76,879)	(170,485)	(35,297)	(1,529,236)
<u>147,532</u>	<u>5,421</u>	<u>257,627</u>	<u>847,758</u>	<u>35,297</u>	<u>14,533,175</u>
<u>\$ 162,102</u>	<u>\$ (126)</u>	<u>\$ 180,748</u>	<u>\$ 677,273</u>	<u>\$</u>	<u>\$ 13,003,939</u>

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## **NONMAJOR ENTERPRISE FUNDS**

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of governmental facilities and services that are supported primarily by user charges. They are also known as business-type activities.

**Storm Sewer Utility Fund** - This fund is used to account for the monthly fees paid by the customers of the Electric Utility for the maintenance of the City's storm sewer system.

**Parking Lot Fund** - This fund is used to account for the operation of the parking meters on streets and in designated lots.

**Resource Recovery Fund** - This fund is used to account for the operation of the City owned resource recovery plant. Services are also provided to 13 communities and several governmental organizations on a contractual basis.

**Transit Fund** - This fund is used to account for the operations of all City transit services.

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

**Homewood Golf Course Fund** - This fund is used to account for the operations of a 9-hole golf course.

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2010**

<b>ASSETS</b>	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
Current assets:			
Cash and pooled cash investments	\$ 1,304,510	\$ 246,131	\$ 1,309,717
Accounts receivable, net	103,258	23,355	384,149
Accrued interest receivable	3,538	774	3,486
Intergovernmental receivables		333	449,381
Due from other funds	3,230		75,112
Inventories		18,204	
Prepaid items			1,431
Total current assets	<u>1,414,536</u>	<u>288,797</u>	<u>2,223,276</u>
Noncurrent assets:			
Capital assets:			
Land		910,547	531,517
Land improvements	526,378	647,228	58,492
Buildings			11,219,650
Equipment		56,130	6,238,316
Construction in progress			66,866
Less accumulated depreciation	<u>(145,977)</u>	<u>(546,298)</u>	<u>(10,137,970)</u>
Capital assets, net	<u>380,401</u>	<u>1,067,607</u>	<u>7,976,871</u>
Total noncurrent assets	<u>380,401</u>	<u>1,067,607</u>	<u>7,976,871</u>
Total assets	<u>1,794,937</u>	<u>1,356,404</u>	<u>10,200,147</u>

	<b>Transit</b>	<b>Ames/ISU Ice Arena</b>	<b>Homewood Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
\$	2,819,254	\$ 556,215	\$ 97,968	\$ 6,333,795
	34,303	7,581	2,100	554,746
	8,612	1,562	272	18,244
	4,111,442	6,848		4,568,004
	39,413			117,755
	266,838	3,824	3,045	291,911
	1,112			2,543
	<u>7,280,974</u>	<u>576,030</u>	<u>103,385</u>	<u>11,886,998</u>
	41,500		193,250	1,676,814
	149,806	63,578	127,581	1,573,063
	11,230,891	1,688,110	87,003	24,225,654
	14,852,621	37,114		21,184,181
	67,345			134,211
	(10,363,980)	(607,311)	(108,521)	(21,910,057)
	<u>15,978,183</u>	<u>1,181,491</u>	<u>299,313</u>	<u>26,883,866</u>
	<u>15,978,183</u>	<u>1,181,491</u>	<u>299,313</u>	<u>26,883,866</u>
	<u>23,259,157</u>	<u>1,757,521</u>	<u>402,698</u>	<u>38,770,864</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2010**

<b>LIABILITIES</b>	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
Current liabilities:			
Accounts payable	3,772	2,099	233,331
Retainage payable	372		1,256
Due to other governments	8,163		8,783
Compensation and payroll taxes	3,504	5,897	29,169
Employee benefits	442	1,400	3,836
Due to other funds	13,250	10,725	47,429
Loans payable			130,409
Unearned revenue		5,835	
Landfill postclosure costs			16,422
Total current liabilities	<u>29,503</u>	<u>25,956</u>	<u>470,635</u>
Noncurrent liabilities:			
Employee benefits	7,430	19,810	85,451
Post-employment benefits	2,545	3,632	11,636
Loans payable			596,395
Landfill postclosure costs			298,718
Total noncurrent liabilities	<u>9,975</u>	<u>23,442</u>	<u>992,200</u>
Total liabilities	<u>39,478</u>	<u>49,398</u>	<u>1,462,835</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	380,401	1,067,607	7,250,067
Unrestricted	<u>1,375,058</u>	<u>239,399</u>	<u>1,487,245</u>
Total net assets	<u>\$ 1,755,459</u>	<u>\$ 1,307,006</u>	<u>\$ 8,737,312</u>

<b>Transit</b>	<b>Ames/ISU Ice Arena</b>	<b>Homewood Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
4,161,587	12,746	2,339	4,415,874
19,500			21,128
3,105	77	715	20,843
122,222	1,951	4,415	167,158
15,873	574	288	22,413
15,596	415	2,954	90,369
			130,409
			5,835
			16,422
<u>4,337,883</u>	<u>15,763</u>	<u>10,711</u>	<u>4,890,451</u>
242,752	8,761	3,164	367,368
30,824	779	623	50,039
			596,395
			298,718
<u>273,576</u>	<u>9,540</u>	<u>3,787</u>	<u>1,312,520</u>
<u>4,611,459</u>	<u>25,303</u>	<u>14,498</u>	<u>6,202,971</u>
15,978,183	1,181,491	299,313	26,157,062
2,669,515	550,727	88,887	6,410,831
<u>\$ 18,647,698</u>	<u>\$ 1,732,218</u>	<u>\$ 388,200</u>	<u>\$ 32,567,893</u>

(concluded)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
Operating revenues:			
Charges for goods and services	\$ 984,077	\$ 762,746	\$ 3,676,954
Operating expenses:			
Cost of goods and services	783,064	795,655	3,292,786
Administration	2,064	28,824	187,507
Depreciation	10,528	12,777	408,660
Total operating expenses	<u>795,656</u>	<u>837,256</u>	<u>3,888,953</u>
Operating income (loss)	<u>188,421</u>	<u>(74,510)</u>	<u>(211,999)</u>
Nonoperating revenues (expenses):			
Investment earnings	17,258	3,882	19,035
Interest expense			(30,733)
Federal, state, and other operating grants	209,899		
Costs reimbursed by contract participants			614,954
Gain on disposal of capital assets			
Total nonoperating revenues (expenses)	<u>227,157</u>	<u>3,882</u>	<u>603,256</u>
Income (loss) before contributions and transfers	415,578	(70,628)	391,257
Capital contributions			
Transfers in			<u>108,475</u>
Change in net assets	415,578	(70,628)	499,732
Total net assets at beginning of year	<u>1,339,881</u>	<u>1,377,634</u>	<u>8,237,580</u>
Total net assets at end of year	<u>\$ 1,755,459</u>	<u>\$ 1,307,006</u>	<u>\$ 8,737,312</u>

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	Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$	<u>4,626,529</u>	\$ <u>433,628</u>	\$ <u>246,357</u>	\$ <u>10,730,291</u>
	6,438,295	509,604	211,371	12,030,775
	1,037,847			1,256,242
	<u>1,272,543</u>	<u>61,698</u>	<u>8,062</u>	<u>1,774,268</u>
	<u>8,748,685</u>	<u>571,302</u>	<u>219,433</u>	<u>15,061,285</u>
	<u>(4,122,156)</u>	<u>(137,674)</u>	<u>26,924</u>	<u>(4,330,994)</u>
	48,721	8,275	1,394	98,565
				(30,733)
	2,036,264			2,246,163
				614,954
	<u>1,151</u>			<u>1,151</u>
	<u>2,086,136</u>	<u>8,275</u>	<u>1,394</u>	<u>2,930,100</u>
	<u>(2,036,020)</u>	<u>(129,399)</u>	<u>28,318</u>	<u>(1,400,894)</u>
	4,564,711	20,000		4,584,711
	<u>1,320,825</u>	<u>20,000</u>		<u>1,449,300</u>
	3,849,516	(89,399)	28,318	4,633,117
	<u>14,798,182</u>	<u>1,821,617</u>	<u>359,882</u>	<u>27,934,776</u>
\$	<u><u>18,647,698</u></u>	\$ <u><u>1,732,218</u></u>	\$ <u><u>388,200</u></u>	\$ <u><u>32,567,893</u></u>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>
Cash flows from operating activities:		
Receipts from customers	\$ 978,919	\$ 766,430
Payments to suppliers	(448,921)	(141,482)
Payments to employees	(252,925)	(531,043)
Payments for interfund services used	<u>(160,625)</u>	<u>(169,258)</u>
Net cash provided by (used in) operating activities	<u>116,448</u>	<u>(75,353)</u>
Cash flows from noncapital financing activities:		
Operating grants	209,899	
Costs reimbursed by contract participants		
Transfers in	<u>                    </u>	<u>                    </u>
Net cash provided by noncapital financing activities	<u>209,899</u>	<u>                    </u>
Cash flows from capital and related financing activities:		
Principal paid on general obligation bond maturities		
Interest paid and other fiscal charges		
Proceeds from loan program		
Principal paid on loans		
Purchases of capital assets		
Proceeds from sale of capital assets		
Capital contributions	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) capital financing activities	<u>                    </u>	<u>                    </u>
Cash flows from investing activities:		
Interest on investments and pooled cash	<u>18,907</u>	<u>4,826</u>
Net cash provided by investing activities	<u>18,907</u>	<u>4,826</u>



Resource Recovery	Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
3,447,376	\$ 4,706,294	\$ 435,253	\$ 245,729	\$ 10,580,001
(1,969,120)	(1,897,090)	(204,038)	(60,703)	(4,721,354)
(1,158,574)	(5,150,267)	(197,792)	(126,462)	(7,417,063)
(574,446)	(356,795)	(112,933)	(24,498)	(1,398,555)
<u>(254,764)</u>	<u>(2,697,858)</u>	<u>(79,510)</u>	<u>34,066</u>	<u>(2,956,971)</u>
	2,036,264			2,246,163
614,954				614,954
108,475	1,320,825	20,000		1,449,300
<u>723,429</u>	<u>3,357,089</u>	<u>20,000</u>		<u>4,310,417</u>
(425,000)				(425,000)
(35,185)				(35,185)
792,327				792,327
(98,196)				(98,196)
(418,623)	(793,810)			(1,212,433)
	7,351			7,351
	568,572	20,000		588,572
<u>(184,677)</u>	<u>(217,887)</u>	<u>20,000</u>		<u>(382,564)</u>
<u>20,654</u>	<u>52,856</u>	<u>9,668</u>	<u>1,432</u>	<u>108,343</u>
<u>20,654</u>	<u>52,856</u>	<u>9,668</u>	<u>1,432</u>	<u>108,343</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>
Net change in cash and pooled cash investments	345,254	(70,527)
Cash and pooled cash investments at beginning of year	<u>959,256</u>	<u>316,658</u>
Cash and pooled cash investments at end of year	\$ <u><u>1,304,510</u></u>	\$ <u><u>246,131</u></u> \$
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 188,421	\$ (74,510) \$
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	10,528	12,777
Changes in:		
Accounts receivable, net	(5,732)	3,641
Intergovernmental receivables		(25)
Due from other funds	574	13
Inventories		(462)
Prepaid items		1,208
Accounts payable	(59,340)	(19,413)
Due to other governments	3,602	(190)
Accrued expenses	(172)	(100)
Due to other funds	(21,433)	1,653
Unearned revenue		55
Landfill postclosure costs		
Net cash provided by (used in) operating activities	\$ <u><u>116,448</u></u>	\$ <u><u>(75,353)</u></u> \$

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized increases in the fair value of investments	\$ <u><u>40</u></u>	\$ <u><u>9</u></u> \$
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Resource Recovery	Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
304,642	494,200	(29,842)	35,498	1,079,225
<u>1,005,075</u>	<u>2,325,054</u>	<u>586,057</u>	<u>62,470</u>	<u>5,254,570</u>
<u>1,309,717</u>	\$ <u>2,819,254</u>	\$ <u>556,215</u>	\$ <u>97,968</u>	\$ <u>6,333,795</u>
(211,999)	\$ (4,122,156)	\$ (137,674)	\$ 26,924	\$ (4,330,994)
408,660	1,272,543	61,698	8,062	1,774,268
(189,358)	1,169	2,242	(628)	(188,666)
5,290	56,577	(617)		61,225
(45,510)	22,019			(22,904)
	(11,026)	848	(457)	(11,097)
(294)	(487)		12	439
(1,136)	40,674	(6,592)	(1,228)	(47,035)
(39,213)	2,109	2	(96)	(33,786)
24,656	44,557	1,005	797	70,743
4,567	(3,837)	(422)	680	(18,792)
				55
<u>(210,427)</u>	<u></u>	<u></u>	<u></u>	<u>(210,427)</u>
<u>(254,764)</u>	\$ <u>(2,697,858)</u>	\$ <u>(79,510)</u>	\$ <u>34,066</u>	\$ <u>(2,956,971)</u>
<u>39</u>	\$ <u>97</u>	\$ <u>18</u>	\$ <u>3</u>	\$ <u>206</u>

(concluded)

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City and to other governmental units on a cost reimbursement basis.

**Fleet Services Fund** - This fund is used to account for capital equipment other than that included in the enterprise funds and governmental funds. A central garage is operated and all equipment is maintained and purchased through this fund. Appropriate charges are made to other City departments for maintenance and equipment replacement.

**Information Services Fund** - This fund is used to account for all data processing, telecommunications, and other communications services provided to the City departments.

**Risk Insurance Fund** - This fund is used to account for all insurance premiums and claim payments other than health benefits. The City's self-insured workers' compensation insurance is accounted for in this fund.

**Health Insurance Fund** - This fund is used to account for all self-insured health insurance claim payments and stop-loss premiums.

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2010**

<b>ASSETS</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Risk Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Current assets:</b>					
Cash and pooled cash investments	\$ 7,091,921	\$ 2,375,851	\$ 15,000	\$ 2,946,928	\$ 12,429,700
Accounts receivable, net	31,464		12,888	7,740	52,092
Accrued interest receivable	19,322	6,104	1,633	7,906	34,965
Intergovernmental receivables	2,154	477			2,631
Due from other funds	253,364	46,327		130,085	429,776
Inventories	73,146				73,146
Prepaid items	8,171	49,378	911,492	1,822	970,863
Total current assets	<u>7,479,542</u>	<u>2,478,137</u>	<u>941,013</u>	<u>3,094,481</u>	<u>13,993,173</u>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land improvements		192,433			192,433
Buildings	551,493				551,493
Equipment	12,049,236	1,551,287	13,670		13,614,193
Construction in progress		15,086			15,086
Less accumulated depreciation	(6,884,458)	(1,371,614)	(13,670)		(8,269,742)
Capital assets, net	<u>5,716,271</u>	<u>387,192</u>			<u>6,103,463</u>
Total noncurrent assets	<u>5,716,271</u>	<u>387,192</u>			<u>6,103,463</u>
Total assets	<u>13,195,813</u>	<u>2,865,329</u>	<u>941,013</u>	<u>3,094,481</u>	<u>20,096,636</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	24,934	22,140	39,338	621,902	708,314
Due to other governments	17,145				17,145
Compensation and payroll taxes	10,076	1,423		297	11,796
Employee benefits	1,921	3,026	131	272	5,350
Due to other funds	14,300	3,074	130,220	9,772	157,366
Claims payable			421,091	501,326	922,417
Total current liabilities	<u>68,376</u>	<u>29,663</u>	<u>590,780</u>	<u>1,133,569</u>	<u>1,822,388</u>
<b>Noncurrent liabilities:</b>					
Employee benefits	51,746	60,709	1,992	4,034	118,481
Post-employment benefits	8,681	7,431	329	811	17,252
Total noncurrent liabilities	<u>60,427</u>	<u>68,140</u>	<u>2,321</u>	<u>4,845</u>	<u>135,733</u>
Total liabilities	<u>128,803</u>	<u>97,803</u>	<u>593,101</u>	<u>1,138,414</u>	<u>1,958,121</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,716,271	387,192			6,103,463
Unrestricted	<u>7,350,739</u>	<u>2,380,334</u>	<u>347,912</u>	<u>1,956,067</u>	<u>12,035,052</u>
Total net assets	<u>\$ 13,067,010</u>	<u>\$ 2,767,526</u>	<u>\$ 347,912</u>	<u>\$ 1,956,067</u>	<u>\$ 18,138,515</u>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for goods and services	\$ 3,677,751	\$ 2,025,901	\$ 1,839,735	\$ 5,744,143	\$ 13,287,530
Operating expenses:					
Cost of goods and services	2,253,942	1,792,713	1,881,396	5,182,968	11,111,019
Depreciation	781,385	134,568			915,953
Total operating expenses	3,035,327	1,927,281	1,881,396	5,182,968	12,026,972
Operating income (loss)	642,424	98,620	(41,661)	561,175	1,260,558
Nonoperating revenues (expenses):					
Investment earnings	108,310	32,751	6,367	42,866	190,294
Gain on disposal of capital assets	54,589				54,589
Total nonoperating revenues	162,899	32,751	6,367	42,866	244,883
Change in net assets	805,323	131,371	(35,294)	604,041	1,505,441
Total net assets at beginning of year	12,261,687	2,636,155	383,206	1,352,026	16,633,074
Total net assets at end of year	\$ 13,067,010	\$ 2,767,526	\$ 347,912	\$ 1,956,067	\$ 18,138,515

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 3,687,946	\$ 2,024,349	\$ 1,826,847	\$ 5,612,923	\$ 13,152,065
Payments to suppliers	(1,299,188)	(685,879)	(2,310,991)	(4,951,899)	(9,247,957)
Payments to employees	(738,200)	(790,172)	(83,533)	(147,321)	(1,759,226)
Payments for interfund services used	(237,019)	(313,201)	(5,394)	(23,530)	(579,144)
	<u>1,413,539</u>	<u>235,097</u>	<u>(573,071)</u>	<u>490,173</u>	<u>1,565,738</u>
Net cash provided by (used in) operating activities					
Cash flows from capital and related financing activities:					
Purchases of capital assets	(2,330,048)	(206,989)			(2,537,037)
Proceeds from sale of capital assets	235,782				235,782
	<u>(2,094,266)</u>	<u>(206,989)</u>			<u>(2,301,255)</u>
Net cash used in capital and related financing activities					
Cash flows from investing activities:					
Interest on investments and pooled cash	126,582	37,965	9,177	45,964	219,688
	<u>126,582</u>	<u>37,965</u>	<u>9,177</u>	<u>45,964</u>	<u>219,688</u>
Net cash provided by investing activities					
Net change in cash and pooled cash investments	(554,145)	66,073	(563,894)	536,137	(515,829)
Cash and pooled cash investments at beginning of year	7,646,066	2,309,778	578,894	2,410,791	12,945,529
Cash and pooled cash investments at end of year	<u>\$ 7,091,921</u>	<u>\$ 2,375,851</u>	<u>\$ 15,000</u>	<u>\$ 2,946,928</u>	<u>\$ 12,429,700</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 642,424	\$ 98,620	\$ (41,661)	\$ 561,175	\$ 1,260,558
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	781,385	134,568			915,953
Changes in:					
Accounts receivable, net	(8,053)		(12,888)	(1,135)	(22,076)
Intergovernmental receivables	309	1,158			1,467
Due from other funds	17,939	(2,710)		(130,085)	(114,856)
Inventories	(6,647)				(6,647)
Prepaid items	(500)	13,093	(487,417)	(1,822)	(476,646)
Accounts payable	10,008	(17,670)	4,531	89,909	86,778
Due to other governments	1,468				1,468
Accrued expenses	(27,261)	7,336	(512)	(26)	(20,463)
Due to other funds	2,467	702	130,018	700	133,887
Claims payable			(165,142)	(28,543)	(193,685)
Net cash provided by (used in) operating activities	<u>\$ 1,413,539</u>	<u>\$ 235,097</u>	<u>\$ (573,071)</u>	<u>\$ 490,173</u>	<u>\$ 1,565,738</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized increases in the fair value of investments	<u>\$ 218</u>	<u>\$ 69</u>	<u>\$ 19</u>	<u>\$ 89</u>	<u>\$ 395</u>
Capital asset trade-ins	<u>\$ 49,909</u>				<u>\$ 49,909</u>

(concluded)



## **AGENCY FUNDS**

Agency funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities).

**Flex Benefits Fund** - This fund is used to hold the employees' withheld contributions to a Section 125 flexible benefits plan.

**Payroll Clearing Fund** - This fund is used to hold payroll taxes withheld from employees until they are paid to the appropriate authorities.

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2010**

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	<u>Agency Funds</u>		
	<b>Payroll Clearing</b>	<b>Flex Benefits</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 230,951	\$ 18,905	\$ 249,856
Accounts receivable	<u>93</u>	<u>          </u>	<u>93</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>231,044</u></b>	<b>\$ <u>18,905</u></b>	<b>\$ <u>249,949</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,765	\$ 18,905	\$ 26,670
Due to other governments	<u>223,279</u>	<u>          </u>	<u>223,279</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>231,044</u></b>	<b>\$ <u>18,905</u></b>	<b>\$ <u>249,949</u></b>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**PAYROLL CLEARING FUND**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 214,153	\$ 21,806,057	\$ 21,789,259	\$ 230,951
Accounts receivable	19	1,013	939	93
	<u>214,172</u>	<u>21,807,070</u>	<u>21,790,198</u>	<u>231,044</u>
<b>TOTAL ASSETS</b>	<b>\$ 214,172</b>	<b>\$ 21,807,070</b>	<b>\$ 21,790,198</b>	<b>\$ 231,044</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,820	\$ 9,049,550	\$ 9,048,605	\$ 7,765
Due to other governments	207,352	12,616,211	12,600,284	223,279
	<u>214,172</u>	<u>21,665,761</u>	<u>21,648,889</u>	<u>231,044</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 214,172</b>	<b>\$ 21,665,761</b>	<b>\$ 21,648,889</b>	<b>\$ 231,044</b>

**FLEX BENEFITS FUND**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 28,037	\$ 1,852,311	\$ 1,861,443	\$ 18,905
	<u>28,037</u>	<u>1,852,311</u>	<u>1,861,443</u>	<u>18,905</u>
<b>TOTAL ASSETS</b>	<b>\$ 28,037</b>	<b>\$ 1,852,311</b>	<b>\$ 1,861,443</b>	<b>\$ 18,905</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 28,037	\$ 770,032	\$ 779,164	\$ 18,905
	<u>28,037</u>	<u>770,032</u>	<u>779,164</u>	<u>18,905</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 28,037</b>	<b>\$ 770,032</b>	<b>\$ 779,164</b>	<b>\$ 18,905</b>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**TOTALS**

	<b>Balance</b>			<b>Balance</b>
<b>ASSETS</b>	<b>July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2010</b>
Cash and pooled cash investments	\$ 242,190	\$ 23,658,368	\$ 23,650,702	\$ 249,856
Accounts receivable	<u>19</u>	<u>1,013</u>	<u>939</u>	<u>93</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 242,209</u></b>	<b><u>\$ 23,659,381</u></b>	<b><u>\$ 23,651,641</u></b>	<b><u>\$ 249,949</u></b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 34,857	\$ 9,819,582	\$ 9,827,769	\$ 26,670
Due to other governments	<u>207,352</u>	<u>12,616,211</u>	<u>12,600,284</u>	<u>223,279</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 242,209</u></b>	<b><u>\$ 22,435,793</u></b>	<b><u>\$ 22,428,053</u></b>	<b><u>\$ 249,949</u></b>

(concluded)

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	129
Revenue Capacity These schedules contain information to help the reader assess the city's most significant revenue source, property tax.	135
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	139
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	144
Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	146

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002 ; schedules presenting government-wide information include information beginning in that year.

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**Schedule 1**  
**City of Ames**  
**Net Assets by Component**  
**Last Nine Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 59,164,746	\$ 67,107,350	\$ 72,431,317	\$ 77,768,887	\$ 87,975,194	\$ 90,093,683	\$ 95,550,370	\$ 101,940,741	\$ 115,002,627
Restricted	7,147,552	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636	9,681,837	14,864,552
Unrestricted	<u>13,844,366</u>	<u>14,113,598</u>	<u>15,729,109</u>	<u>15,250,250</u>	<u>18,116,572</u>	<u>22,301,202</u>	<u>19,525,162</u>	<u>20,852,226</u>	<u>10,530,303</u>
Total governmental activities net assets	<u>\$ 80,156,664</u>	<u>\$ 87,128,028</u>	<u>\$ 93,553,141</u>	<u>\$ 99,110,781</u>	<u>\$ 111,859,472</u>	<u>\$ 119,075,548</u>	<u>\$ 127,599,168</u>	<u>\$ 132,474,804</u>	<u>\$ 140,397,482</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 162,875,819	\$ 170,584,026	\$ 177,602,171	\$ 194,461,923	\$ 209,874,031	\$ 224,440,404	\$ 226,464,780	\$ 233,486,481	\$ 239,942,242
Restricted	6,915,337	3,227,265	2,021,178	1,903,958	1,840,838	1,695,740	1,582,837	1,559,234	2,717,216
Unrestricted	<u>95,915,917</u>	<u>103,208,153</u>	<u>113,464,680</u>	<u>114,424,423</u>	<u>121,916,198</u>	<u>136,557,327</u>	<u>147,185,413</u>	<u>143,372,402</u>	<u>169,009,627</u>
Total business-type activities net assets	<u>\$ 265,707,073</u>	<u>\$ 277,019,444</u>	<u>\$ 293,088,029</u>	<u>\$ 310,790,304</u>	<u>\$ 333,631,067</u>	<u>\$ 362,693,471</u>	<u>\$ 375,233,030</u>	<u>\$ 378,418,117</u>	<u>\$ 411,669,085</u>
Primary government									
Invested in capital assets, net of related debt	\$ 222,040,565	\$ 237,691,376	\$ 250,033,488	\$ 272,230,810	\$ 297,849,225	\$ 314,534,087	\$ 322,015,150	\$ 335,427,222	\$ 354,944,869
Restricted	14,062,889	9,134,345	7,413,893	7,995,602	7,608,544	8,376,403	14,106,473	11,241,071	17,581,768
Unrestricted	<u>109,760,283</u>	<u>117,321,751</u>	<u>129,193,789</u>	<u>129,674,673</u>	<u>140,032,770</u>	<u>158,858,529</u>	<u>166,710,575</u>	<u>164,224,628</u>	<u>179,539,930</u>
Total primary government assets	<u>\$ 345,863,737</u>	<u>\$ 364,147,472</u>	<u>\$ 386,641,170</u>	<u>\$ 409,901,085</u>	<u>\$ 445,490,539</u>	<u>\$ 481,769,019</u>	<u>\$ 502,832,198</u>	<u>\$ 510,892,921</u>	<u>\$ 552,066,567</u>

**Note:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**Schedule 2**  
**City of Ames**  
**Changes in Net Assets, Last Nine Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>									
Governmental activities:									
Public safety	\$ 10,420,335	\$ 10,267,584	\$ 10,160,215	\$ 10,857,504	\$ 11,588,247	\$ 11,992,224	\$ 13,102,633	\$ 13,011,464	\$ 13,133,701
Public works		8,187,203	8,968,386	9,348,746	9,763,569	10,185,328	11,675,389	13,090,595	13,780,841
Health & social services		959,605	917,209	909,454	951,645	982,108	1,034,327	1,159,050	1,151,848
Culture & recreation		5,158,304	5,268,507	5,435,218	5,667,626	6,147,047	6,591,544	6,668,942	7,043,477
Community & economic development		2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,219,621	3,850,712	3,042,375
General government	4,088,047	3,046,760	2,853,720	2,485,193	2,206,713	2,281,674	2,417,083	2,518,339	2,492,116
Capital projects		220,248	364,871	1,788,341	732,402	41,834			
Transportation	6,509,949								
Community enrichment	8,442,957								
Utilities/physical environment	787,651								
Interest on long-term debt	1,539,352	1,674,910	1,635,493	1,589,465	1,548,265	1,532,782	1,537,842	1,571,257	1,471,758
Total governmental activities expense	<u>31,788,291</u>	<u>32,504,604</u>	<u>32,780,599</u>	<u>34,861,813</u>	<u>35,202,341</u>	<u>36,567,124</u>	<u>39,578,439</u>	<u>41,870,359</u>	<u>42,116,116</u>
Business-type activities:									
Mary Greeley Medical Center	91,207,246	95,183,668	97,429,390	111,220,658	122,828,311	135,819,426	145,581,895	153,741,531	146,809,782
Electric Utility	27,725,323	30,586,148	32,052,383	35,167,126	38,388,459	40,398,204	43,727,636	39,716,298	41,642,821
Sewer Utility	5,042,511	4,969,771	5,103,253	5,387,364	5,326,905	6,069,860	5,979,526	6,485,535	6,923,605
Water Utility	4,588,786	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928	6,514,499	6,827,194
Storm Sewer Utility	376,363	422,673	385,303	375,498	473,286	474,425	458,119	1,080,705	782,489
Parking Lot	621,816	626,843	799,523	808,289	777,261	828,138	856,518	766,381	819,988
Resource Recovery	2,877,425	3,157,863	3,215,617	3,353,518	3,424,317	3,887,199	3,636,402	3,914,713	3,855,039
Transit	4,882,522	5,400,212	5,885,535	5,983,230	6,280,501	6,911,902	7,597,860	7,685,829	8,682,833
Ames/ISU Ice Arena	482,729	482,014	471,392	460,759	469,884	432,532	480,418	511,334	565,303
Homewood Golf Course	205,312	222,710	205,478	202,407	226,069	224,749	217,964	218,708	218,021
Total business-type activities expense	<u>138,010,033</u>	<u>145,817,295</u>	<u>150,645,491</u>	<u>168,047,727</u>	<u>183,663,336</u>	<u>200,858,284</u>	<u>214,591,266</u>	<u>220,635,533</u>	<u>217,127,075</u>
Total primary government expenses	<u>\$ 169,798,324</u>	<u>\$ 178,321,899</u>	<u>\$ 183,426,090</u>	<u>\$ 202,909,540</u>	<u>\$ 218,865,677</u>	<u>\$ 237,425,408</u>	<u>\$ 254,169,705</u>	<u>\$ 262,505,892</u>	<u>\$ 259,243,191</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Public safety	\$ 1,717,128	\$ 1,976,775	\$ 2,149,361	\$ 2,233,090	\$ 2,156,638	\$ 2,201,516	\$ 2,356,887	\$ 2,387,020	\$ 2,371,581
Public works		188,895	132,956	181,137	230,717	198,745	114,997	976,930	1,443,489
Culture and recreation		1,065,611	1,122,537	1,042,181	1,027,906	1,020,870	1,066,913	1,059,095	1,326,197
Community enrichment	1,160,147								
General government	1,335,520	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062
Other activities	605,165	51,435	17,707	49,490	41,488	217,915	197,556	73,674	34,005
Operating grants & contributions	1,601,742	2,277,904	2,568,666	2,150,390	2,745,231	2,595,245	3,545,354	2,437,772	2,524,027
Capital grants & contributions	6,546,355	5,125,235	3,340,218	4,672,565	4,847,202	3,231,618	6,119,361	2,901,619	6,256,045
Total governmental activities program revenues	<u>\$ 12,966,057</u>	<u>\$ 12,199,470</u>	<u>\$ 10,812,252</u>	<u>\$ 11,460,655</u>	<u>\$ 11,766,491</u>	<u>\$ 10,282,753</u>	<u>\$ 14,238,855</u>	<u>\$ 11,203,875</u>	<u>\$ 15,263,406</u>



	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:									
Charges for services									
Mary Greeley Medical Center	95,183,606	99,086,747	104,597,269	122,552,271	129,658,158	145,181,175	152,684,036	156,095,243	156,880,212
Electric Utility	31,761,537	32,506,192	34,729,308	36,677,050	42,256,054	46,307,158	47,973,171	50,432,375	50,113,108
Sewer Utility	4,229,249	4,244,668	4,276,063	4,190,238	4,607,890	4,760,282	4,811,331	5,126,681	5,171,859
Water Utility	5,936,702	6,139,049	6,123,857	5,885,844	6,260,700	6,394,051	6,474,046	6,742,803	7,516,283
Storm Sewer Utility	395,207	400,162	415,082	433,885	647,138	676,692	828,644	878,597	984,077
Parking Lot	712,771	716,025	835,781	715,634	776,341	685,500	860,255	792,023	762,746
Resource Recovery	2,736,075	3,047,135	3,124,654	3,925,447	4,191,902	4,072,777	3,813,799	3,444,001	3,676,954
Transit	2,674,966	2,988,830	3,172,940	2,745,924	3,454,757	3,793,525	4,079,218	4,507,801	4,626,529
Ames/ISU Ice Arena	380,498	454,414	398,281	379,783	373,698	389,163	417,715	444,671	433,628
Homewood Golf Course	212,069	196,159	208,336	214,051	212,116	198,124	215,923	234,701	246,357
Operating grants & contributions	1,704,841	1,763,879	1,771,872	508,639	1,252,304	1,665,682	2,721,873	2,681,074	2,922,399
Capital grants & contributions	925,080	3,297,323	2,332,603	3,040,686	4,967,908	1,724,159	3,290,701	1,345,340	5,819,635
Total business-type activities program revenues	<u>146,852,601</u>	<u>154,840,583</u>	<u>161,986,046</u>	<u>181,269,452</u>	<u>198,658,966</u>	<u>215,848,288</u>	<u>228,170,712</u>	<u>232,725,310</u>	<u>239,153,787</u>
Total primary government program revenues	<u>\$ 159,818,658</u>	<u>\$ 167,040,053</u>	<u>\$ 172,798,298</u>	<u>\$ 192,730,107</u>	<u>\$ 210,425,457</u>	<u>\$ 226,131,041</u>	<u>\$ 242,409,567</u>	<u>\$ 243,929,185</u>	<u>\$ 254,417,193</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (18,822,234)	\$ (20,305,134)	\$ (21,968,347)	\$ (23,401,158)	\$ (23,435,850)	\$ (26,284,371)	\$ (25,339,584)	\$ (30,666,484)	\$ (26,852,710)
Business-type activities	<u>8,842,568</u>	<u>9,023,288</u>	<u>11,340,555</u>	<u>13,221,725</u>	<u>14,995,630</u>	<u>14,990,004</u>	<u>13,579,446</u>	<u>12,089,777</u>	<u>22,026,712</u>
Total primary governmental net expense	<u>\$ (9,979,666)</u>	<u>\$ (11,281,846)</u>	<u>\$ (10,627,792)</u>	<u>\$ (10,179,433)</u>	<u>\$ (8,440,220)</u>	<u>\$ (11,294,367)</u>	<u>\$ (11,760,138)</u>	<u>\$ (18,576,707)</u>	<u>\$ (4,825,998)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Property taxes	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807	\$ 22,215,888
Sales taxes	5,232,195	5,596,362	6,003,674	6,075,491	6,448,355	7,281,418	6,997,159	8,068,835	7,096,935
Road use taxes	4,105,886	4,095,978	4,255,230	4,211,923	4,243,809	4,244,752	4,346,879	4,204,593	4,421,774
Unrestricted grants & contributions	691,747	668,704	48,413	31,045	14,945	15,573	20,676	15,842	15,842
Investment earnings	963,586	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003
Transfers	167,478	320,785	225,888	83,144	35,964	231,849	292,383	307,267	351,946
Other	<u>84,738</u>	<u>(274,961)</u>	<u>308,156</u>	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>25,493,322</u>	<u>27,276,498</u>	<u>28,393,460</u>	<u>28,958,798</u>	<u>30,622,984</u>	<u>33,161,438</u>	<u>33,863,204</u>	<u>35,542,120</u>	<u>34,775,388</u>
Business-type activities:									
Investment earnings	1,833,523	2,606,764	5,200,766	4,363,765	7,881,097	14,184,748	(750,318)	(8,598,734)	11,575,051
Transfers	(167,478)	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)
Other	<u>(131,859)</u>	<u>3,104</u>	<u>(246,848)</u>	<u>199,929</u>	<u>-</u>	<u>119,501</u>	<u>2,814</u>	<u>1,311</u>	<u>1,151</u>
Total business-type activities program	<u>1,534,186</u>	<u>2,289,083</u>	<u>4,728,030</u>	<u>4,480,550</u>	<u>7,845,133</u>	<u>14,072,400</u>	<u>(1,039,887)</u>	<u>(8,904,690)</u>	<u>11,224,256</u>
Total primary governmental	<u>\$ 27,027,508</u>	<u>\$ 29,565,581</u>	<u>\$ 33,121,490</u>	<u>\$ 33,439,348</u>	<u>\$ 38,468,117</u>	<u>\$ 47,233,838</u>	<u>\$ 32,823,317</u>	<u>\$ 26,637,430</u>	<u>\$ 45,999,644</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 6,671,088	\$ 6,971,364	\$ 6,425,113	\$ 5,557,640	\$ 7,187,134	\$ 6,877,067	\$ 8,523,620	\$ 4,875,636	\$ 7,922,678
Business-type activities	<u>10,376,754</u>	<u>11,312,371</u>	<u>16,068,585</u>	<u>17,702,275</u>	<u>22,840,763</u>	<u>29,062,404</u>	<u>12,539,559</u>	<u>3,185,087</u>	<u>33,250,968</u>
Total primary governmental	<u>\$ 17,047,842</u>	<u>\$ 18,283,735</u>	<u>\$ 22,493,698</u>	<u>\$ 23,259,915</u>	<u>\$ 30,027,897</u>	<u>\$ 35,939,471</u>	<u>\$ 21,063,179</u>	<u>\$ 8,060,723</u>	<u>\$ 41,173,646</u>

**Notes:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. The State of Iowa changed reporting functions to meet the requirements of GASB 34 effective with fiscal year 2003.

**Schedule 3**  
**City of Ames**  
**Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund									
Reserved	\$ 297,331	\$ 134,833	\$ 119,344	\$ 189,955	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599	
Unreserved	3,856,268	4,595,140	4,987,655	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392	
Nonspendable									\$ 68,171
Assigned									74,962
Unassigned									<u>7,248,755</u>
Total General Fund	<u>\$ 4,153,599</u>	<u>\$ 4,729,973</u>	<u>\$ 5,106,999</u>	<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>
All Other Governmental Funds									
Reserved	\$ 8,168,864	\$ 6,684,379	\$ 6,934,080	\$ 6,758,486	\$ 7,175,778	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104	
Unreserved, reported in:									
Other governmental funds	633,570								
Capital projects fund						2,110,682			
Nonmajor special revenue funds	5,943,244	8,083,479	8,360,430	9,139,295	9,847,667	11,867,770	12,239,249	10,376,299	
Nonspendable									\$ 2,063,375
Restricted									17,214,109
Committed									6,239,090
Assigned									<u>678,764</u>
Total all other governmental funds	<u>\$ 14,745,678</u>	<u>\$ 14,767,858</u>	<u>\$ 15,294,510</u>	<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>

**Note:** The city implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2010.

**Schedule 4**  
**City of Ames**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>									
Taxes	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807	\$ 22,215,888
Special assessments	310,611	327,594	309,133	253,868	321,523	139,570	117,218	136,817	301,709
Licenses and permits	861,827	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017	1,071,936	1,068,920
Intergovernmental	17,451,315	16,668,700	12,723,046	13,886,584	14,283,772	16,009,502	15,257,235	15,958,729	18,373,333
Charges for services	2,579,068	2,911,671	2,802,740	2,861,229	2,913,616	3,207,138	3,396,848	3,451,677	3,643,428
Fines and forfeits	169,299	147,339	149,005	165,243	180,453	191,626	186,848	214,672	180,059
Donations	190,495	313,106	868,637	613,644	240,719	218,033	3,188,519	723,430	271,399
Investment earnings	1,139,022	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464
Miscellaneous	570,384	383,966	425,741	240,037	186,167	202,994	176,898	152,213	141,482
Total revenues	<u>37,519,713</u>	<u>38,800,680</u>	<u>36,131,904</u>	<u>37,795,442</u>	<u>38,935,318</u>	<u>41,991,382</u>	<u>45,378,664</u>	<u>44,491,888</u>	<u>46,860,682</u>
<b>Expenditures</b>									
Public safety	9,932,025	10,073,803	10,147,229	10,803,854	11,669,410	11,896,964	12,927,372	12,917,525	13,250,208
Public works		3,892,858	4,390,191	4,418,888	4,504,535	4,756,831	5,117,634	5,499,791	5,980,354
Health and social services		958,521	918,839	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893
Culture and recreation		5,270,329	5,191,331	5,254,306	5,487,868	5,900,650	6,160,922	6,327,050	6,685,162
Community and economic development		2,961,538	2,600,483	2,437,266	2,748,939	3,404,221	3,217,968	3,851,231	3,053,279
General government	3,173,219	1,962,223	2,049,786	1,960,966	2,168,130	2,145,983	2,207,062	2,293,741	2,286,774
Capital projects	20,131,685	12,003,536	9,561,512	10,184,911	6,602,090	6,265,482	11,463,042	15,349,040	13,676,401
Transportation	2,961,999								
Community enrichment	8,155,022								
Utilities/physical environment	700,387								
Debt service									
Principal retirement	4,363,748	5,043,788	5,483,308	5,307,272	7,283,105	5,740,028	5,630,919	6,109,953	6,483,396
Interest and fiscal charges	1,518,648	1,709,232	1,632,709	1,614,899	1,581,581	1,557,501	1,620,271	1,681,184	1,595,367
Debt issuance costs	12,348	30,679							
Total expenditures	<u>50,949,081</u>	<u>43,906,507</u>	<u>41,975,388</u>	<u>42,892,309</u>	<u>42,999,278</u>	<u>42,649,723</u>	<u>49,378,966</u>	<u>55,189,241</u>	<u>54,167,834</u>
Excess of revenues over (under) expenditures	(13,429,368)	(5,105,827)	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Other Financing Sources (Uses)</b>									
Issuance of bonds	\$ 14,865,000	\$ 5,885,000	\$ 6,555,000	\$ 6,030,000	\$ 5,495,000	\$ 5,285,000	\$ 9,059,781	\$ 5,825,000	\$ 11,165,000
Issuance of refunding bonds	2,692,520	3,212,820						6,995,000	
Premiums on debt issued	24,247	117,670	42,916	60,193	33,665	73,086	69,583	85,108	247,038
Premiums on refunding debt issued								210,985	
Payments of refunded bonds	(2,640,000)	(3,170,822)						(7,150,000)	
Capital transfers out	(251,840)	(743,588)			(162,957)	-			
Transfers in	5,565,732	5,906,633	6,699,116	6,080,627	6,514,877	7,076,994	8,384,379	7,413,364	8,546,195
Transfers out	(5,230,254)	(5,568,666)	(6,549,870)	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)	(7,107,780)	(8,194,249)
Total other financing sources (uses)	<u>15,025,405</u>	<u>5,639,047</u>	<u>6,747,162</u>	<u>6,200,097</u>	<u>5,402,368</u>	<u>5,620,455</u>	<u>9,412,102</u>	<u>6,271,677</u>	<u>11,763,984</u>
Net change in fund balances	<u>\$ 1,596,037</u>	<u>\$ 533,220</u>	<u>\$ 903,678</u>	<u>\$ 1,103,230</u>	<u>\$ 1,338,408</u>	<u>\$ 4,962,114</u>	<u>\$ 5,411,800</u>	<u>\$ (4,425,676)</u>	<u>\$ 4,456,832</u>
Debt service as a percentage of noncapital expenditures	19.0%	21.4%	23.4%	22.2%	26.5%	20.8%	19.8%	19.5%	19.6%

**Note:** The State of Iowa changed reporting functions to meet the requirements of GASB 34 effective with fiscal year 2003.

**Schedule 5  
City of Ames  
Assessed Taxable Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxable Value Residential Property</b>	<b>Taxable Value Commercial Property</b>	<b>Taxable Value Industrial Property</b>	<b>Taxable Value Utilities</b>	<b>Taxable Value Industrial M&amp;E/Computers</b>	<b>Less: Military Tax Exemption</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
2001	\$ 666,008,427	\$ 641,513,433	\$ 52,712,806	\$ 15,103,991	\$ 14,866,842	\$ 3,154,882	\$1,387,050,617	\$ 9.60628	\$1,943,321,639	71.4%
2002	714,329,984	685,342,960	61,850,141	15,713,751	7,460,535	3,096,544	1,481,600,827	9.35614	2,036,850,033	72.7
2003	740,806,402	807,747,474	77,126,240	17,306,739	3,140,447	3,120,620	1,643,006,682	9.63962	2,354,597,383	69.8
2004	758,652,072	858,404,884	79,460,930	18,617,645		3,044,688	1,712,090,843	9.67627	2,429,777,471	70.5
2005	812,554,188	833,418,402	84,967,190	16,598,600		2,965,052	1,744,573,328	9.94868	2,616,823,544	66.7
2006	865,439,973	835,027,560	91,023,260	15,430,574		2,894,676	1,804,026,691	10.16610	2,746,981,177	65.7
2007	932,834,583	842,294,846	108,536,430	15,836,321		2,912,270	1,896,589,910	10.25190	3,003,950,459	63.1
2008	988,802,548	832,616,846	99,794,440	14,985,782		2,888,194	1,933,311,422	10.43585	3,120,176,952	62.0
2009	1,005,587,549	815,275,464	107,483,480	16,390,291		2,941,902	1,941,794,882	11.06239	3,224,629,664	60.2
2010	1,081,452,054	825,225,818	110,467,400	16,557,530		2,927,086	2,030,775,716	10.85819	3,327,852,693	61.0

Source: Story County Auditor

**Schedule 6**  
**City of Ames**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(tax rates per \$1,000 of assessed valuation)

Fiscal Year	City Direct Rates					Overlapping Rates (1)			Total Direct & Overlapping Rates
	General Rate (2)	Public Transit Rate	Employee Benefits Rate	Debt Service Rate	Total Direct Tax Rate (3)	Ames School District (4)	County Consolidated (5)	Area Vocational (6)	
2001	5.14278	0.50638	0.28691	3.67021	9.60628	13.84006	5.51856	0.54506	29.50996
2002	5.09850	0.50962	0.30861	3.43941	9.35614	13.82670	6.50788	0.54454	30.23526
2003	5.03363	0.49403	0.31508	3.79688	9.63962	14.20390	6.47047	0.54584	30.85983
2004	5.14763	0.52435	0.35921	3.64508	9.67627	13.80200	6.08392	0.58184	30.14403
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

**Source:** Story County Auditor

**Notes:**

- (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 owners.
- (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 total direct tax rate.
- (4) School district board of education sets the rate.
- (5) Story county board of supervisors, county and city's assessors board, county agricultural extension board, and county hospital board set the rate.
- (6) Area community college sets the rate.

**Schedule 7  
City of Ames  
Principal Property Tax Payers by Parcel  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2010</b>			<b>2001</b>		
	<b>Taxable Assessed</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed</b>	<b>Taxable Assessed</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed</b>
	<b>Value</b>		<b>Value</b>	<b>Value</b>		<b>Value</b>
Barilla America Inc. (1)	\$ 32,077,400	1	1.58%	\$ 8,009,000	5	0.58%
North Grand Mall Partners LLC (2)	24,402,600	2	1.20			
Wal-Mart Stores, Inc Store 4256-00	22,468,000	3	1.11			
Clinic Building Co., Inc.	15,981,000	4	0.79	15,487,400	2	1.12
Midwest Centers	14,252,000	5	0.70	8,783,000	4	0.63
Cycloneball LLC	13,698,200	6	0.67			
Ball Plastics Container Corp	10,024,000	7	0.49			
Campus Investors IS LLC	9,979,900	8	0.49			
Grand Center Partners LLC	9,262,800	9	0.46			
SUSA Holding of Story County Inc	8,775,000	10	0.43	7,966,000	6	0.57
General Growth Properties (2)				25,187,166	1	1.81
Iowa State University Research Park				14,366,900	3	1.03
IES Utilities Inc.				7,757,168	7	0.56
Freemon, Richard D. Rest. Rev. Trust				7,226,900	8	0.52
ISU Community Credit Union				6,767,118	9	0.49
Mortensen I-Ltd. Partnership				6,695,700	10	0.48
<b>Totals</b>	<b>\$ 160,920,900</b>		<b>7.92%</b>	<b>\$ 108,246,352</b>		<b>7.79%</b>

**Source:** Story County Auditor

**Notes:** (1) Barilla's increased valuation reflects the expiration of their property tax abatement.  
(2) Property changed ownership.

**Schedule 8  
City of Ames  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended <u>June 30,</u></b>	<b>Tax Levied for the <u>Fiscal Year</u></b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent <u>Years</u></b>	<b>Totals Collections to Date</b>	
		<b><u>Amount</u></b>	<b><u>Percentage of Levy</u></b>		<b><u>Amount</u></b>	<b><u>Percentage of Levy</u></b>
2001	\$ 13,364,547	\$ 13,716,608	102.63%	\$ 1,286	\$ 13,717,894	102.64%
2002	13,916,170	14,218,041	102.17	12,054	14,230,095	102.26
2003	15,870,964	15,978,134	100.68	80,213	16,058,347	101.18
2004	16,618,895	16,904,000	101.72	52,567	16,956,567	102.03
2005	17,401,486	17,672,862	101.56	10	17,672,872	101.56
2006	18,344,342	18,490,707	100.80	2,044	18,492,751	100.81
2007	19,446,934	19,327,368	99.39	2,254	19,329,622	99.40
2008	20,178,912	20,157,915	99.90	224	20,158,139	99.90
2009	21,484,466	21,452,425	99.85	8,062	21,460,487	99.89
2010	22,054,085	22,223,667	100.77		22,223,667	100.77

**Sources:** Story County Auditor and City of Ames Finance Department



**Schedule 9  
City of Ames  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>				<u>Notes Payable</u>	<u>Loans Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>						
2001	\$ 25,450,572	\$ 6,249,248	\$ 46,840,000	\$ 1,182,244			\$ 79,722,064	8.33%	\$ 1,573	
2002	35,920,504	5,244,496	43,695,000	2,043,135			86,903,135	8.85	1,671	
2003	36,803,714	4,186,286	36,690,000		2,212,672		79,892,672	8.13	1,535	
2004	37,875,405	3,069,595	33,595,000		1,575,450		76,115,450	7.67	1,449	
2005	38,598,133	2,466,867	30,380,000		907,121		72,352,121	6.07	1,376	
2006	36,810,028	1,879,972	27,075,000		283,825		66,048,825	5.40	1,223	
2007	36,355,000	1,310,000	23,685,000		27,865		61,377,865	4.87	1,104	
2008	39,854,081	1,340,919	22,555,000				63,750,000	4.98	1,128	
2009	39,414,128	3,285,872	21,495,000		3,197,834		67,392,834	5.12	1,189	
2010	44,095,732	2,639,268	20,405,000		5,813,116	726,804	73,679,920	5.60	1,300	

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Schedule 14 for personal income and population data.

**Schedule 10  
City of Ames  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita</b>
2001	\$ 25,450,572	\$ 2,845,016	\$ 22,605,556	1.16%	\$ 445.97
2002	35,920,504	2,402,019	33,518,485	1.65	644.43
2003	36,803,714	2,272,537	34,531,177	1.47	663.59
2004	37,875,405	1,715,319	36,160,086	1.49	688.06
2005	38,598,133	1,439,613	37,158,520	1.42	706.45
2006	36,810,028	1,275,590	35,534,438	1.29	657.90
2007	36,355,000	1,107,194	35,247,806	1.17	633.96
2008	39,854,081	1,423,410	38,430,671	1.23	680.07
2009	39,414,128	1,990,754	37,423,374	1.16	660.53
2010	44,095,732	2,467,664	41,628,068	1.25	734.74

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 5 for property value data.

(2) Population data can be found in Schedule 14.

**Schedule 11  
City of Ames  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Ames Community School District	\$ 1,550,000	98.02%	\$ 1,519,310
Gilbert Community School District	7,865,000	45.83	3,604,530
Des Moines Area Community College (1)	77,245,000	6.06	4,681,047
Nevada Community School District	3,620,000	0.15	5,430
United Community School District	0	1.21	0
Story County	10,630,000	62.02	6,592,726
<b>Other debt</b>			
Ames Community School District Revenue Bonds	12,644,437	98.02	12,394,077
Gilbert Community School District Revenue Bonds	2,085,000	45.83	955,556
Des Moines Area Community College Revenue Bonds	3,840,000	6.06	232,704
Nevada Community School District Revenue Bonds	11,100,000	0.15	16,650
Nevada Community School District Capital Leases	173,904	0.15	261
United Community School District Capital Leases	81,582	1.21	987
Subtotal, overlapping debt			30,003,278
<b>City direct debt</b>			<u>44,095,732</u>
<b>Total direct and overlapping debt</b>			<u>\$ 74,099,010</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Story County Auditor. Debt outstanding data provided by each governmental unit.

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

(1) Includes \$71,515,000 new jobs training certificates payable primarily from credits and incremental property tax revenue derived from jobs training program. The certificates are further secured by a back-up levy of general taxes.

**Schedule 12  
City of Ames  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Debt limit	\$ 97,166,082	\$ 101,842,502	\$ 117,729,869	\$ 121,488,874	\$ 130,841,177	\$ 137,349,059	\$ 150,197,523	\$ 156,008,848	\$ 161,231,483	\$ 166,392,635
Total net debt applicable to limit	<u>31,700,000</u>	<u>41,165,000</u>	<u>40,990,000</u>	<u>40,945,000</u>	<u>41,065,000</u>	<u>38,690,000</u>	<u>37,665,000</u>	<u>41,195,000</u>	<u>42,700,000</u>	<u>46,735,000</u>
Legal debt margin	<u>65,466,082</u>	<u>60,677,502</u>	<u>76,739,869</u>	<u>80,543,874</u>	<u>89,776,177</u>	<u>98,659,059</u>	<u>112,532,523</u>	<u>114,813,848</u>	<u>118,531,483</u>	<u>119,657,635</u>
Total net debt applicable to the limit as a percentage of debt limit	32.62%	40.42%	34.82%	33.70%	31.39%	28.17%	25.08%	26.41%	26.48%	28.09%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value	\$3,327,852,693
Debt limit (5% of actual value)	166,392,635
Debt applicable to limit:	
General obligation bonds	44,095,732
Other	<u>23,044,268</u>
Total	67,140,000
Less revenue bonds	<u>20,405,000</u>
Total net debt applicable to limit	46,735,000
Legal debt margin	<u>\$ 119,657,635</u>

**Note:** State of Iowa statutory debt limit is 5% of total actual assessed valuation.

Schedule 13  
City of Ames  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Medical Center Revenue Bond							Electric Revenue Bond					
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2001	\$ 94,682,949	\$ 76,721,197	\$ 17,961,752	\$ 1,545,000	\$ 2,115,521	4.91	\$ 33,774,346	\$ 23,462,190	\$ 10,312,156	\$ 1,330,000	\$ 659,465	5.18
2002	94,436,413	81,459,920	12,976,493	1,140,000	2,027,455	4.10	33,865,307	23,277,276	10,588,031	1,400,000	594,960	5.31
2003	100,317,729	85,662,680	14,655,049	1,200,000	1,960,195	4.64	33,648,009	26,299,186	7,348,823	1,685,000	566,463	3.26
2004	109,100,843	88,031,896	21,068,947	1,355,000	1,301,741	7.93	35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22	37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
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						

Sewer Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	\$ 4,320,015	\$ 2,975,603	\$ 1,344,412	\$ 595,000	50,681	2.08
2002	4,388,706	3,196,435	1,192,271	605,000	25,181	1.89
2003	4,318,822	3,130,524	1,188,298	290,000	6,163	4.01
2004						
2005						
2006						
2007						
2008						
2009						
2010						

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest and depreciation expenses.

**Schedule 14  
City of Ames  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<b>Calendar</b>		<b>Per Capita</b>	<b>Personal</b>	<b>School</b>	<b>Unemployment</b>
<b>Year</b>	<b>Population</b>	<b>Income</b>	<b>Income</b>	<b>Enrollment</b>	<b>Rate</b>
2000	50,731	18,881	957,852,011	4,965	2.1%
2001	50,688	18,881	957,040,128	4,702	2.4
2002	52,013	18,881	982,057,453	4,674	2.8
2003	52,037	18,881	982,510,597	4,624	3.1
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

**Sources:** United States Census Bureau provided population and per capita personal income. School enrollment provided by the Ames School District. Unemployment provided by the Iowa Workforce Development.

**Schedule 15  
City of Ames  
Principal Employers  
Current Year (1)**

<b>2010</b>			
<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment (2)</u></b>
Iowa State University	Over 10,000	1	20.37%
Iowa Department of Transportation	2,000-5,000	2	7.13
Mary Greeley Medical Center	1,000-2,000	3	3.05
McFarland Clinic, P.C.	1,000-2,000		3.05
Sauer-Danfoss Company	1,000-2,000		3.05
Hy-Vee Food Stores	500-1,000	6	1.53
Ames Community School District	500-1,000		1.53
City of Ames	500-1,000		1.53
3M Company	250-500	9	0.76
Ames Laboratories	250-500		0.76
<b>Total</b>			<b>42.76%</b>

**Sources:** United States Department of Labor provided total labor force number of 49,100.  
Ames Economic Development Commission provided employee numbers.

**Notes: (1)** Comparative data for nine years ago is not currently available.

**(2)** Median employee number used for Percentage of Total City Employment, except Iowa State University 10,000 employees used for percentage.

**Schedule 16  
City of Ames  
Authorized Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Management services	23.25	22.75	23.00	22.75	22.50	22.25	22.25	22.25	22.50	23.50
Finance	41.50	41.50	41.25	41.25	38.75	38.75	38.75	39.75	40.75	40.75
Planning and housing	9.00	11.00	11.00	9.75	8.75	8.75	10.50	10.50	10.50	10.50
Fleet Services/Facilities	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	9.50	9.50
Transit	66.65	68.25	73.45	74.45	74.45	73.70	73.70	73.70	75.70	75.70
Fire/Inspections	60.00	60.00	63.00	63.00	63.00	63.00	63.00	65.00	68.00	68.00
Police/Animal control/Parking	73.40	73.40	73.40	73.40	73.40	72.40	74.40	74.40	74.65	74.65
Library	29.75	30.25	30.25	30.25	30.25	30.25	30.50	31.00	31.00	31.00
Parks and recreation	22.75	22.75	22.75	22.75	22.00	22.00	22.00	20.50	20.50	20.50
Waste water treatment	22.00	22.00	22.25	22.25	22.25	22.25	22.25	22.50	22.50	22.50
Water	18.50	18.50	18.75	18.75	18.75	18.75	18.75	19.00	19.00	19.00
Electric	79.00	79.00	79.00	79.00	79.00	79.00	79.00	81.00	81.00	81.00
Public works										
Administration	4.00	4.00	4.00	3.75	3.25	3.25	3.00	3.00	3.00	3.00
Engineering	12.50	12.50	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00
Resource recovery	16.90	16.90	16.90	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	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	12.75	12.75	12.75	12.75	13.00	13.00	13.00
Medical center (1)	<u>958.28</u>	<u>979.80</u>	<u>946.04</u>	<u>930.97</u>	<u>960.34</u>	<u>987.33</u>	<u>1,019.33</u>	<u>1,055.70</u>	<u>1,088.50</u>	<u>1,067.00</u>
Total	1,489.73	1,514.85	1,489.29	1,470.57	1,494.94	1,519.93	1,555.68	1,597.80	1,638.10	1,617.60

**Sources:** City Finance Department  
(1) Mary Greeley Medical Center Finance Department

**Note:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave) except as noted below. Full-time-equivalent employment is calculated by dividing total labor force by 2,080.  
Firefighters, Fire Captains and Fire Lieutenants 2,912 hours per year.  
Police Officers 2,070 hours per year.



**Schedule 17**  
**City of Ames**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Number of licenses/permits processed (1)	396	874	843	1,206	1,048	1,008	877	1,003	650	537
Subdivision requests	15	25	32	33	16	16	14	14	15	13
Police										
Physical arrests	1,254	1,380	1,154	1,270	1,201	1,051	1,340	1,468	1,599	1,417
Parking violations	58,306	56,846	48,876	61,858	51,126	53,367	56,566	57,931	54,754	46,354
Traffic violations	3,739	3,985	3,351	2,438	3,000	3,809	3,820	3,012	2,724	3,080
Fire										
Number of fires	153	177	107	148	142	148	169	165	162	148
Number of ambulance assists	1,021	1,029	1,075	1,072	1,197	1,436	1,711	1,877	1,927	2,099
Inspections	687	811	801	818	1,016	1,007	974	1,018	632	695
Library										
Total circulation	976,074	1,090,138	1,232,476	1,222,190	1,256,993	1,311,122	1,361,888	1,346,924	1,386,273	1,431,023
Library visits (2)	412,676	427,072	451,041	457,441	471,164	450,000	459,000	462,967	424,504	435,572
Parks and recreation										
Total number of participant visits (3)	123,524	119,396	117,113	119,287	118,456	114,297	117,790	145,760	138,840	155,880
Total number of activities	162	137	135	135	135	137	136	123	123	125
Resource recovery										
Tons of refuse processed	45,559	45,684	44,798	48,272	51,840	54,497	50,792	52,482	50,057	49,753
Tipping fee/ton	45.00	45.00	52.75	53.85	52.75	52.75	52.75	52.75	52.75	52.75
Other public works										
Blocks of streets crack sealed	97	167	176	160	176	142	124	108	51	45
Blocks of streets slurry sealed	82	0	63	68	73	0	0	46	0	0
Blocks of seal coat reconstruction	14	21	6	7	8	9	0	12	14	17
Hospital										
Total admissions	9,952	10,007	9,438	9,279	10,178	9,970	10,113	10,002	9,748	9,292
Average percent of occupancy	57.7%	56.5%	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%
Electric										
Kilowatt hours produced at plant	402,043,100	399,354,110	417,653,920	421,936,000	435,050,857	489,100,767	497,522,088	429,927,000	413,485,892	340,892,874
Meters in service	20,353	20,606	20,901	21,170	22,375	22,906	23,827	23,946	24,237	24,290
Transit										
Passengers	3,044,456	3,418,078	4,678,548	4,787,637	4,292,366	4,173,208	4,314,151	4,646,554	5,002,146	5,377,155
Total miles driven	1,055,613	1,115,473	1,229,503	1,245,103	1,178,475	1,189,235	1,234,775	1,287,789	1,317,336	1,381,832
Water										
Billion gallons/year pumped	2.106	2.089	2.111	2.186	2.137	2.311	2.440	2.330	2.029	1.961
Utility locates performed	4,315	5,797	5,356	5,747	6,081	5,779	5,500	5,502	5,650	5,417
Water main breaks (4)	33	25	28	68	27	21	51	44	29	23
Wastewater										
Billion gallons/year treated	1.982	1.944	1.959	2.136	1.997	1.887	2.475	2.507	2.438	2.385

**Sources:** Various city departments and Mary Greeley Medical Center

**Notes:** (1) City changes in licenses for plumbing and electrical from a two year to a three year license and the addition of mechanical licenses in 1999 caused variances from year to year.

(2) Library counter not working all year for FY 2006 and FY 2009.

(3) Homewood Golf Course participant visits added in FY 2008. Furman Aquatic Center opened in FY 2010

(4) A two-pressure water system was implemented in FY 2004. Increased pressure caused additional breaks in the west zone.

**Schedule 18  
City of Ames  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	8	8	9	9
Fire										
Fire stations	2	2	3	3	3	3	3	3	3	3
Parks and recreation										
Total number of parks	32	33	33	33	33	33	34	34	36	36
Total number of park acres (1)	759	1,196	1,196	1,196	1,196	1,196	1,199	1,199	1,213	1,213
Total number of athletic fields	19	19	19	19	18	18	18	18	18	18
Other public works										
Miles of streets (2)	177	176	178	240	244	241	244	246	256	259
Number of traffic signals	60	60	60	60	60	59	59	59	63	70
Number of signs	8,650	8,502	8,806	8,881	9,325	9,267	9,291	9,274	9,441	9,575
Hospital										
Beds in operation	205	206	204	198	198	198	199	199	199	199
Transit										
Buses owned	54	56	67	69	69	61	63	66	70	72
New buses purchased	6	3	7	3	0	4	4	0	4	14
Water										
Miles of water mains	218.0	218.0	220.0	223.0	230.0	232.5	242.5	235.0	235.7	239.6
Fire hydrants	2,268	2,150	2,200	2,250	2,374	2,406	2,451	2,577	2,586	2,619
Wells	21	22	22	22	22	22	25	28	28	28
Wastewater										
Sanitary sewer miles (3)	188.0	186.0	187.0	189.0	192.0	196.0	194.7	201.0	198.8	200.0
Storm sewer miles (3)	190.0	190.0	192.0	201.0	220.0	240.0	230.9	249.0	257.3	257.3

**Sources:** Various city departments and Mary Greeley Medical Center

**Notes:** No capital asset indicators are available for the general government, library, resource recovery, electric functions.

(1) Ada Hayden Heritage Park was added in FY 2002. It includes a lake of 130 acres.

(2) Public works implemented a computer GIS system in FY 2004.

(3) Public works in FY 2007 continued to update the GIS system by removing private utilities.

**INFORMATION PROVIDED TO COMPLY WITH  
OMB CIRCULAR A-133  
AND  
*GOVERNMENT AUDITING STANDARDS***

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**CITY OF AMES, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2010
DIRECT:			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Section 8 Housing Choice Vouchers	14.871	IA089-VO-001,002,003, 005,006	<u>\$1,100,294</u>
Community Development Block Grants/Entitlement Grants	14.218*	B-09-MC-19-0010	577,205
ARRA-Community Development Block Grant ARRA Entitlements (CDBG-R) (Recovery Act Funded)	14.253*	B-09-MY-19-0010	<u>101,022</u> <u>678,227</u>
DEPARTMENT OF JUSTICE			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DJ-BX-0434	<u>4,614</u>
Bulletproof Vest Partnership Program	16.607		<u>4,428</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0795	<u>16,931</u>
ARRA-Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1623	<u>62,921</u>
DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-19-0004-16-2006	6,027
Airport Improvement Program	20.106	3-19-0004-17-2009	1,266,035
Airport Improvement Program	20.106	3-19-0004-18-2009	1,206,874
Airport Improvement Program	20.106	3-19-0004-19-2010	<u>112,745</u> <u>2,591,681</u>
Federal Transit-Formula Grants	20.507**	IA-90-X348-00	<u>1,442,590</u>
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	IA-77-0001-00	<u>927,000</u>
ARRA-Surface Transportation-Discretionary Grants for Capital Investments	20.932	IA-78-0001-00	<u>67,346</u>
DEPARTMENT OF ENERGY			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0003027	<u>13,500</u>
DEPARTMENT OF HOMELAND SECURITY			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-05818	<u>38,151</u>
Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0003	<u>62,580</u>
TOTAL DIRECT			<u>7,010,263</u>
INDIRECT:			
DEPARTMENT OF THE INTERIOR			
Iowa Department of Natural Resources Sport Fish Restoration Program	15.605		<u>90,000</u>
State Historical Society of Iowa Historic Preservation Fund Grants-In-Aid	15.904	2009-14	<u>3,785</u>

(continued)

**CITY OF AMES, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2010
INDIRECT: (continued)			
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	HDP-0155(653)--71-85	63,002
ARRA-Highway Planning and Construction	20.205	ESL-0155(662)--7S-85	717,710
ARRA-Highway Planning and Construction	20.205	ESL-0155(664)--7S-85	530,760
ARRA-Highway Planning and Construction	20.205	ESL-0155(665)--7S-85	175,728
Highway Planning and Construction	20.205	STP-U-0155(666)--70-85	184,746
Highway Planning and Construction	20.205	STP-U-0155(667)--70-85	139,163
			<u>1,811,109</u>
Federal Transit-Capital Investment Grants	20.500**	04-0113-015-08	261,978
Federal Transit-Capital Investment Grants	20.500**	04-0113-015-10	666,574
Federal Transit-Formula Grants	20.507**	95-X003-015-09	795,515
ARRA-Federal Transit-Formula Grants	20.507**	96-0001-015-09	1,782,654
			<u>3,506,721</u>
State Planning and Research	20.515	10MPO-AAMPO	<u>271,111</u>
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513***	16-X001-015-07	7,516
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513***	16-X001-015-09	24,013
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513***	16-X001-015-10	63,111
Job Access-Reverse Commute	20.516***	37-X017-015-10	37,270
New Freedom Program	20.521***	57-X001-015-09	713
			<u>132,623</u>
Iowa Department of Public Safety			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 09-410, Task 01	3,148
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 10-410, Task 02	21,313
			<u>24,461</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Public Health			
Public Health Emergency Preparedness	93.069	5889BT01	<u>24,008</u>
Immunization Grants	93.268	5880I471	<u>9,050</u>
ARRA-Immunization	93.712	5880I471	<u>8,831</u>
National Bioterrorism Hospital Preparedness Program	93.889	5880BHP13	<u>17,262</u>
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Public Defense			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763-DR-IA	<u>25,441</u>
TOTAL INDIRECT			<u>5,924,402</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>12,934,665</u></u>

(concluded)

\*Clustered programs under OMB Circular A-133  
 \*\*Clustered programs under OMB Circular A-133  
 \*\*\*Clustered programs under OMB Circular A-133  
 See notes to Schedule of Expenditures of Federal Awards.

## **CITY OF AMES, IOWA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010**

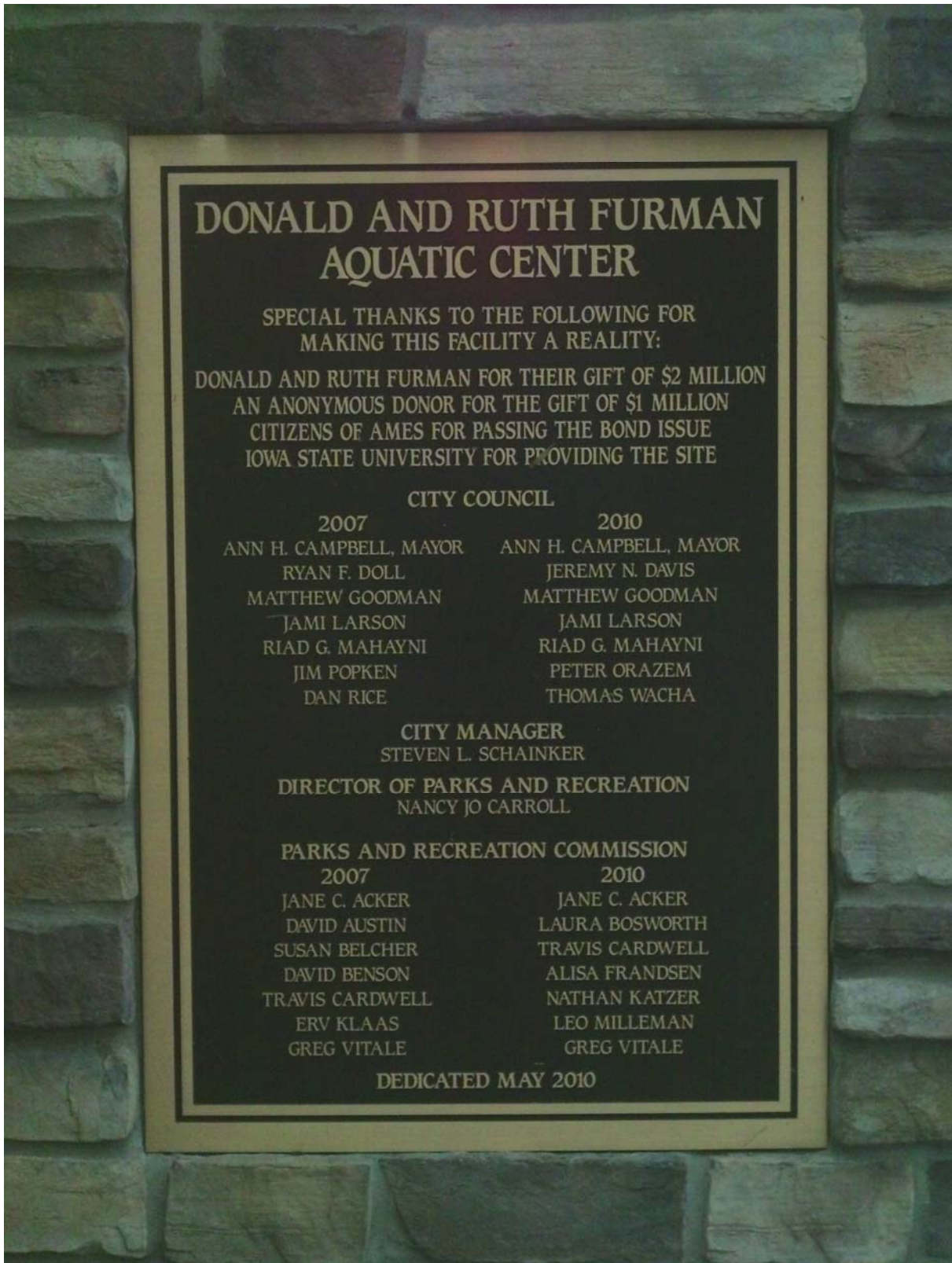
#### **1. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting (revenues are recorded in the year earned by the City of Ames, Iowa (City) and expenditures are recorded in the year incurred).

#### **2. GENERAL**

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal award programs of the City. The City's reporting entity is defined in Note 1 to the City's financial statements. All expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other government agencies, are included on the schedule.

**PLAQUE AT ENTRANCE**







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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2010. 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.

The financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit, 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, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

Dubuque, Iowa  
December 1, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Ames, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Ames, Iowa, complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10.

## Internal Control Over Compliance

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

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

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

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

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

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

Dubuque, Iowa  
December 1, 2010

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Cluster: 14.218	Community Development Block Grants/ Entitlement Grants
14.253	ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)
14.871	Section 8 Housing Choice Vouchers
20.106	Airport Improvement Program
20.205	ARRA – Highway Planning and Construction
Cluster: 20.500	Federal Transit – Capital Investment Grants
20.507	ARRA - Federal Transit – Formula Grants
20.523	ARRA – Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions

Dollar threshold used to distinguish between Type A and Type B programs	\$388,040
Auditee qualified as low-risk auditee	Yes

**CITY OF AMES, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

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**Part II: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE**

**CFDA Number 20.523: ARRA – Capital Assistance Program for Reducing Energy Consumption and Greehouse Gas Emissions**  
**Agency Number: IA-77-0001-00**  
**U.S. Department of Transportation**

II-A-10 Reporting

Criteria – Section 1512(c) of the American Recovery and Reinvestment Act (ARRA) requires quarterly reporting of certain data within ten days of the end of each quarter. One element of the required data is the reporting of cumulative expenditures funded by ARRA for each grant.

Condition – The report that was filed for the quarter ended June 30, 2010, for the above referenced contract reported an incorrect amount of expenditures. The actual expenditures up to that point were \$927,000 while the reported expenditures were \$772,500. The correct amount was reported on the Schedule of Expenditures of Federal Awards.

Cause – An incorrect amount was taken from the City’s financial records and included in the report.

Effect – The effect is that an incorrect amount of expenditures were reported to the federal government.

Recommendation – The City should exercise care to insure that correct data is included on the quarterly reports.

Response – The City regrets this error and will monitor reporting to ensure correct figures are reported each quarter.

Conclusion – Response accepted.

**CFDA Number 14.871: Section 8 Housing Choice Vouchers**  
**Agency Number: IA-089-VO-001**  
**U.S. Department of Housing and Urban Development**

II-B-10 Special Tests and Provisions

Criteria – 24 CFR Section 982.156 requires public housing authorities to enter into depositing agreements with their financial institutions in the form required by the Department of Housing and Urban Development (Form HUD-51999).

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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**Part II: Findings and Questioned Costs for Federal Awards: (continued)**

Condition – The City of Ames public housing had not executed the required agreement with their financial institution.

Cause – City personnel were not aware of this requirement.

Effect – The City is not in compliance with federal regulations related to the depository for their Section 8 funds.

Recommendation – The City should execute the proper depository agreement with the financial institution in which the Section 8 funds are deposited.

Response – The City has now executed the proper depository agreement with the financial institution in which the Section 8 funds are deposited.

Conclusion – Response accepted

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

III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010, exceeded the amount budgeted in the culture and recreation and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City’s expenditures in the culture and recreation function exceeded the budgeted amount by \$37,765 due to far greater than expected attendance at the new aquatic center in June that led to increased expenditures for personnel and consumable items to be resold. Expenditures in the debt service function appear to exceed the budgeted amount by \$1 due to financial statement rounding.

Conclusion – Response accepted.

III-B-10 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-10 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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

III-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary services	\$ 165
Jan Huess, Library employee, husband is owner of Huess Printing	Printing Services	1,335
Joanne Van Dyke, Cyride Employee, husband is owner of ICS Advanced Technologies	Technology Contract	3,000
Cindy Hollar, Planning and Housing employee, husband is owner of Reese Electric Motor Co.	Motor Services	1,079

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock and Jan Huess 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 Joanne Van Dyke and Cindy Hollar 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.

III-E-10 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.

III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-10 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.

III-H-10 Revenue Bonds – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.