

AGENDA
REGULAR MEETING OF THE AMES CITY COUNCIL
COUNCIL CHAMBERS - CITY HALL
JANUARY 13, 2015

NOTICE TO THE PUBLIC: The Mayor and City Council welcome comments from the public during discussion. **If you wish to speak, please complete an orange card and hand it to the City Clerk. When your name is called, please step to the microphone, state your name for the record, and limit the time used to present your remarks in order that others may be given the opportunity to speak.** The normal process on any particular agenda item is that the motion is placed on the floor, input is received from the audience, the Council is given an opportunity to comment on the issue or respond to the audience concerns, and the vote is taken. On ordinances, there is time provided for public input at the time of the first reading. In consideration of all, if you have a cell phone, please turn it off or put it on silent ring.

CALL TO ORDER: 7:00 p.m.

CONSENT AGENDA: All items listed under the consent agenda will be enacted by one motion. There will be no separate discussion of these items unless a request is made prior to the time the Council members vote on the motion.

1. Motion approving payment of claims
2. Motion approving minutes of Regular Meeting of December 16, 2014, and Special Meeting of January 5, 2015
3. Motion approving certification of civil service applicants
4. Motion approving Report of Contract Change Orders for December 1-15 and December 16-31, 2014
5. Motion approving renewal of the following Beer Permits, Wine Permits, and Liquor Licenses:
 - a. Class C Liquor & Outdoor Service – Oddfellows, 823 Wheeler Street
 - b. Class C Liquor – Café Beau, 2504 Lincoln Way
 - c. Class C Beer & B Native Wine – Casey’s General Store #2560, 3020 South Duff Avenue
 - d. Special Class C Liquor – Vesuvius Wood-Fired Pizza, 1620 South Kellogg
 - e. Class A Liquor – American Legion Ames Post #37, 225 Main Street
 - f. Class C Liquor & Outdoor Service – Chipotle Mexican Grill, 435 South Duff Avenue Suite 102
 - g. Class B Beer – Indian Delights Express, 120 Welch Avenue
6. Motion approving 5-day (January 24-January 28) Class C Liquor License for Olde Main Brewing Company at CPMI Event Center, 2321 North Loop Drive
7. Motion approving 5-day (January 24-January 28) Class C Liquor License for Olde Main Brewing Company at Sukup Hall in the Sukup Atrium, Iowa State University
8. Resolution approving Comprehensive Annual Financial Report for fiscal year ended June 30, 2014
9. Resolution establishing compliance with reimbursement bond regulations under the Internal Revenue Code relating to financing projects to be undertaken by the City of Ames (ISU Research Park Tax-Increment Financing)
10. Resolution endorsing Iowa Economic Development Authority application for financial assistance for Barilla with local match in the form of Industrial Property Tax Abatement
11. Resolution approving designation of City representatives to Central Iowa Regional Transportation Planning Alliance (CIRTPA)
12. Resolution approving Memorandum of Understanding with Friends of Ada Hayden Heritage Park
13. Resolution approving Underage Enforcement Agreement between Police Department and Youth & Shelter Services
14. Resolution setting January 27, 2015, as date of public hearing on vacation of Water Main

Easement at 230 South Duff Avenue

15. Resolution awarding contract to WESCO Distribution of Des Moines, Iowa, in the amount of \$73,509 to purchase Aluminum Cable for Electric Services Department
16. Resolution approving preliminary plans and specifications for Scaffolding and Related Services and Supplies for Power Plant; setting February 11, 2015, as bid due date and February 24, 2015, as date of public hearing
17. Resolution approving preliminary plans and specifications for Boiler Tube Spray Coating and Related Services and Supplies for Power Plant; setting February 11, 2015, as bid due date and February 24, 2015, as date of public hearing
18. Resolution approving preliminary plans and specifications for Turbine Controls System; setting February 25, 2015, as bid due date and March 3, 2015, as date of public hearing
19. Resolution approving preliminary plans and specifications for 2011/12 Asphalt Street Pavement Improvements (Ironwood Court); setting February 18, 2015, as bid due date and February 24, 2015, as date of public hearing
20. Resolution approving contract and bond for 2014/15 Traffic Signal Program (Union Drive & Lincoln Way)
21. Resolution approving contract and bond for 2014/15 Traffic Signal Program (13th Street & Stange Road)
22. Resolution approving contract and bond for 2014/15 Mortensen Road Improvements
23. Resolution approving contract and bond for 2014/15 Asphalt Street Pavement Improvements (Ferndale Avenue and Coy Street) and 2014/15 Water System Improvements (South Franklin Avenue and Coy Street)
24. Resolution approving contract and bond for WPC Plant Trickling Filter Check Valve Replacement Project
25. Resolution approving Change Order No. 1 for Public Works Engineering Inspection Services Contract with FOX Engineering in the amount of \$49,750.50
26. Electric Services Underground Trenching Projects:
 - a. Resolution accepting completion of 2014 Primary Contract with Ames Trenching & Excavating
 - b. Resolution accepting completion of 2014 Secondary Contract with Communication Technologies
 - c. Resolution approving preliminary plans and specifications for 2015 Project for Electric Services; setting February 12, 2015, as bid due date and February 24, 2015, as date of public hearing
27. Resolution accepting completion of Spring 2014 Unit 8 Boiler Repairs
28. Resolution accepting completion of WPC Electric Transformer Replacement Project

PUBLIC FORUM: This is a time set aside for comments from the public on topics of City business other than those listed on this agenda. Please understand that the Council will not take any action on your comments at this meeting due to requirements of the Open Meetings Law, but may do so at a future meeting. The Mayor and City Council welcome comments from the public; however, at no time is it appropriate to use profane, obscene, or slanderous language. **The Mayor may limit each speaker to five minutes.**

HEARINGS:

29. Hearing on vacating easements at 145 Marshall (in Westwood Village Subdivision):
 - a. Resolution approving the vacation of easements
 - b. Resolution approving Final Plat for Westwood Village Subdivision, Plat 2
30. Hearing on Non-Asbestos Insulation and Related Services and Supplies for Power Plant:
 - a. Resolution approving final plans and specifications and awarding contract to Insulation Mechanical, Inc., of Story City, Iowa, in an amount not to exceed \$90,000

PLANNING & HOUSING:

- 31. Staff report on Independent Hydraulic Analysis of Riverside Manor at 1209 S. 4th Street
- 32. Presentation of Residential High-Density Evaluation Tool
 - a. Motion approving Tool

WATER:

- 33. Resolution authorizing and approving a Water Revenue Loan and Disbursement Agreement and providing for the issuance and securing payment of \$76,325,000 Taxable Water Revenue Bonds

ORDINANCES:

- 34. First passage of Vending Ordinance
- 35. Second passage of ordinance repealing and replacing Chapter 31, Historic Preservation
- 36. Second passage of ordinance repealing *Municipal Code* Section 17.31 pertaining to Lap Dance Ordinance
- 37. Third passage and adoption of ORDINANCE NO. 4204 to increase allowable height for certain architectural features in all zoning districts
- 38. Third passage and adoption of ORDINANCE NO. 4205 to include an allowance for front-yard parking in limited circumstances

COUNCIL COMMENTS:

ELECTRIC:

- 39. Motion to hold Closed Session as provided by Section 21.5(1)[a] *Code of Iowa*:
 - a. Resolution waiving Purchasing Policy requirement to solicit bids for coal
 - b. Resolution approving Second Amendment to the original Agreement with Peabody Coal Sales, LLC to supply coal for the City of Ames Steam Electric Plant for the period January 1, 2015, through December 31, 2016, with coal from Peabody's North Antelope Rochelle Mine located in Campbell County, Wyoming

ADJOURNMENT:

***Please note that this agenda may be changed up to 24 hours before the meeting time as provided by Section 21.4(2), *Code of Iowa*.**

REGULAR MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

DECEMBER 16, 2014

The Regular Meeting of the Ames City Council was called to order by Mayor Campbell at 7:00 p.m. on the 16th day of December, 2014, in the City Council Chambers in City Hall, 515 Clark Avenue. Present from the Ames City Council were Gloria Betcher, Tim Gartin, Matthew Goodman, Chris Nelson, and Peter Orazem. Council Member Amber Corrieri arrived at 8:07 p.m. *Ex officio* Member Lissandra Villa was also present.

Mayor Campbell announced that the Council would be working from an Amended Agenda. A correction was made to Item No. 27 (Hearing on Urban Revitalization Area Plan Amendment) to indicate that approval would require a resolution instead of an ordinance.

PROCLAMATION FOR AMES SESQUICENTENNIAL: Herman Quirmbach, State Senator, read Senate Resolution 111 in honor of the Sesquicentennial of Ames.

CONSENT AGENDA: Moved by Betcher, seconded by Goodman, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving minutes of Regular Meeting of December 9, 2014
3. Motion approving renewal of the following Beer Permits, Wine Permits, and Liquor Licenses:
 - a. Class C Liquor & Outdoor Service - Mangostino's Bar and Grill, 604 East Lincoln Way
 - b. Class B Beer – Pizza Pit, 207 Welch Avenue, Suite 201
 - c. Class B Liquor – Quality Inn & Suites, 2601 E. 13th Street
4. Motion setting January 27 and February 24, 2015, at 6:30 p.m. as Conference Board meeting dates
5. RESOLUTION NO. 14-641 approving and adopting Supplement No. 2015-1 to *Municipal Code*
6. RESOLUTION NO. 14-642 confirming appointment of GSB Representative Abhijit Patwa to fill vacancy on Transit Agency Board of Trustees
7. RESOLUTION NO. 14-643 approving Certification of Local Government approval on behalf of non-profit organizations receiving Emergency Shelter Grant
8. RESOLUTION NO. 14-644 in support of Iowa State University Bioeconomy Institute research grant
9. RESOLUTION NO. 14-645 setting date of public hearing for January 13, 2015, on vacating easements in Westwood Village Subdivision
10. RESOLUTION NO. 14-646 approving Professional Services Agreement for Design, Bid, and Construction Phase Engineering Services with HDR Engineering in an amount not to exceed \$90,135 for WPC Bar Screen Replacement
11. RESOLUTION NO. 14-647 approving preliminary plans and specifications for 2014 Softball Field Irrigation System Replacement in River Valley Park; setting January 28, 2015, as bid due date and February 10, 2015, as date of public hearing
12. RESOLUTION NO. 14-648 approving preliminary plans and specifications for 2014/15 Concrete Pavement Improvements #1 (Hayward Avenue); setting January 21, 2015, as bid due date and January 27, 2015, as date of public hearing
13. RESOLUTION NO. 14-649 approving preliminary plans and specifications for 2014/15 Collector Street Pavement Improvements (West Street & Woodland Street); setting January 21, 2015, as bid due date and January 27, 2015, as date of public hearing
14. RESOLUTION NO. 14-650 approving preliminary plans and specifications for 2014/15 CyRide Route Pavement Improvements (24th Street & Bloomington Road); setting January 21, 2015, as bid due date and January 27, 2015, as date of public hearing

15. RESOLUTION NO. 14-651 approving preliminary plans and specifications for WPC Screw Pump Repainting and Drive Replacement; setting February 11, 2015, as bid due date and February 24, 2015, as date of public hearing
16. RESOLUTION NO. 14-652 awarding contract to Titan Machinery of Des Moines, Iowa, for Tractor Loader Backhoe in the amount of \$89,300, and accepting Titan's trade-in offer of \$34,000 for City's existing Tractor Loader Backhoe, for net cost of \$55,300
17. RESOLUTION NO. 14-653 approving contract and bond for Unit #7 Feedwater Heater Replacement
18. 2013/14 CyRide Route Pavement Improvements Contract #1 (Jewel Drive, Emerald Drive, Ken Maril Road, Duluth Street):
 - a. RESOLUTION NO. 14-654 approving Change Order No. 1
 - b. RESOLUTION NO. 14-655 accepting final completion
19. 2013/14 Water System Improvements Program – Water Service Transfer Program #1 (10th Street):
 - a. RESOLUTION NO. 14-656 approving Change Order No. 1
 - b. RESOLUTION NO. 14-657 accepting final completion
20. RESOLUTION NO. 14-658 accepting final completion of 2013/14 Arterial Street Pavement Improvements - Lincoln Way (Thackeray Avenue to Hickory Drive)
21. RESOLUTION NO. 14-659 accepting final completion of 2012/13 Concrete Pavement Improvements Contract #1 (Wheeler Street)
22. RESOLUTION NO. 14-660 accepting final completion of 2013/14 Water System Improvement Program - Water Main Replacement (Sheldon Avenue)
23. RESOLUTION NO. 14-661 accepting final completion of 2013/14 Asphalt and Seal Coat Reconstruction and 2013/14 Water Main Replacement (South Franklin, Tripp Street, and Village Drive)
24. South Fork Subdivision Memorandum of Understanding (Lincoln Way/Franklin Intersection):
 - a. RESOLUTION NO. 14-662 approving release of the Letter of Credit for Outlot U
 - b. RESOLUTION NO. 14-663 approving reduction in the Letter of Credit for Outlot R
 Roll Call Vote: 5-0. Resolutions/Motions declared adopted/approved unanimously, signed by the Mayor, and hereby made a part of these Minutes.

PUBLIC FORUM: There being no one requesting to speak, the Mayor closed Public Forum.

HEARING ON REPEAL AND REPLACEMENT OF CHAPTER 31: HISTORIC PRESERVATION: Planning and Housing Director Kelly Diekmann recalled that, on January 28, 2014, the City Council directed staff to proceed with a comprehensive update of *Ames Municipal Code* Chapter 31 - Historic Preservation. According to Director Diekmann, the update of Chapter 31 is extensive in its format and content and is a complete re-write of the Code Chapter. Mr. Diekmann advised that Chapter 31 is not just applicable to Historic Old Town; it is of general applicability in regards to process and definitions. It does contain specific requirements for designated historic districts and landmarks. The changes were classified within the following four categories:

1. Historic District Classifications of Properties/Structures
2. Design Issues
3. Materials
4. Approval Process

The significant changes contained within the Chapter 31 update were highlighted by Mr. Diekmann. He detailed the garage design guidelines. The definitions of “Alteration” and “New Construction” have been changed. Staff will have more authority to approve projects with the update. Alterations may be approved by staff, while the Historic Preservation Commission must approve New Construction. The proposed guidelines clarify where additions can be constructed. Materials permitted for alterations are different than those allowed for new construction. The materials used are no longer determined on the basis of location, but rather are determined by the design features affected by the proposed alterations or the new construction.

Peter Hallock, 114-8th Street, Ames, identified himself as an appointee to the Historic Preservation Commission to represent the Historic Old Town (HOT). He indicated that the HOT had no major issues with the proposed regulations.

Anne Kinzel, 720 Duff Avenue, Ames, asked how “cost prohibitive” would be determined. Director Diekmann said it is not defined by household income; however, if someone can prove that the cost of the material is unreasonable compared to its alternative, it would be unreasonable for the person to bear the cost of the material. He said that the allowances for substitute materials vary based on the types of features to be altered. HPC recommends allowing for case-by-case review of non-listed substitute materials by the HPC based upon stated criteria. Current standards for substitute materials state that substitute materials may be used as an acceptable alternative to the historic materials if all of the conditions are met.

Council Member Orazem noted that 19 additional properties had been added to the Historic District. He read the requirement for notification in the Ordinance and asked if each property owner had been notified by Registered Mail. Director Diekmann advised that each property owner and/or tenant in the District had been notified. He believed that the notification had been by Regular U. S. Mail.

Mr. Diekmann advised that the proposed regulations provide staff with the authority to administratively approve alterations to the principal structure, garages, and other outbuildings, and the new construction of fences and retaining walls. This authority is given provided that the alterations or new construction meet the adopted Design Guidelines and Design Criteria, and substitute materials are not proposed other than those specifically listed in the Design Guidelines.

Director Diekmann noted that the proposed regulations allow the HPC to grant exemptions to the requirements if it determines that, for an alteration, the cost of replication is prohibitive. It was reiterated by Mr. Diekmann that granting of the exemption is not based upon “economic hardship.”

Mayor Campbell opened the public hearing. There being no one wishing to speak, the hearing was closed.

Moved by Betcher, seconded by Orazem, to pass on first reading an ordinance repealing and replacing Chapter 31 of the *Municipal Code*.
Roll Call Vote: 6-0. Motion declared carried unanimously.

HEARING ON SOUTHEAST 16TH STREET FIRST (DEERY BROTHERS) URBAN REVITALIZATION AREA PLAN: City Planner Charlie Kuester reminded the Council members

that they had, on October 14, 2014, approved an amendment to the Development Agreement with Deery, Deery, and Deery, LLC (Deery Brothers) for the properties located at 1700 SE 16th Street. The Amendment reflected the changes that had occurred from the project's initial approval in October 2012 to its completion in October 2014. Those changes were noted by Planner Kuester. The Development Agreement was approved in conjunction with an Urban Revitalization Plan that relied upon the same development plan exhibits as part of the basis for eligibility for receiving tax abatement. Council's approval of the Development Agreement Amendment then necessitated a corresponding change to the Urban Revitalization Plan.

Director Diekmann noted that the proposed change to the Urban Revitalization Plan does not change the performance standards for flood mitigation required by the urban revitalization criteria. The applicant will still need to demonstrate compliance with the qualifying criteria to be eligible for tax abatement even with the changes to the site improvements.

The public hearing was opened by Mayor Campbell. The hearing was closed after no one else asked to speak.

Moved by Nelson, seconded by Orazem, to adopt RESOLUTION NO. 14-669 amending the Southeast 16th Street First (Deery Brothers) Urban Revitalization Area Plan.

Roll Call Vote: 4-1. Voting aye: Betcher, Gartin, Nelson, Orazem. Voting nay: Goodman. Resolution declared adopted, signed by the Mayor, and hereby made a part of these Minutes.

ASSET FUNDING ALLOCATION FOR FY 2015/16: Assistant City Manager Melissa Mundt reviewed the 2015/16 human service agency funding priorities that had been adopted by the City Council in July 2014.

According to Ms. Mundt, for 2015/16, the total City ASSET funds requested by agencies was \$1,295,872, up 14.43% over 2014/15. No new agencies are joining ASSET for 2015/16. It was noted that Orchard Place dropped out of the ASSET process and did not reapply. A detailed summary of the requests for the City for each Panel: Health Services, Basic Needs Service, Children's Services, and Prevention/Support Services had been provided to the Mayor and City Council.

It was noted by Ms. Mundt that, under Panel 1 - Health Services, Eyerly Ball had requested \$18,022 to support a new crisis mental health program with the City. The program would coordinate with the Police Department to help in the evening with individuals in need. According to Ms. Mundt, the cost of the new crisis program accounts for approximately 1.4% of the overall increase in requests for the City in 2015/16. Chief Chuck Cychosz spoke in support of the new crisis mental health program. He noted the volume of calls that presently must be responded to by uniformed officers.

Assistant City Manager Mundt brought the Council's attention to Panel 2 - Basic Needs Service, which is the City's No. 1 priority area. The significant increase in the requested is due to the request from ACCESS. It is seeking \$17,256 increase in funding for its domestic abuse shelter. At the inquiry of Mayor Campbell, Ms. Mundt advised that, of the number of people not being served, it is not known how many of those turned away are Ames residents. Another agency that is not able to meet the needs is Good Neighbor, which provides emergency assistance for basic material needs.

Questions were asked about adequate data being provided, such as residency of those being turned away. Ms. Mundt stated that the Salvation Army does have a tracking program. She said that some of the agencies have begun to use "Service Point" software to track data.

Ms. Mundt reported that the requested amount under Panel 3 - Children's Services had increased by 14.46% over last year's request. Additional funds were requested for social development programs that currently are funded by the City and an additional \$12,482 for day care for all ages. Specifically noted by Ms. Mundt was the number of children on the waiting list at ACPC for both the toddler and school-age programs.

Under Panel 4, Ms. Mundt pointed out that Raising Readers is requesting new funding for its advocacy program in the amount of \$25,000. She noted that the City was unable to fund this program last year.

Council Member Gartin asked City Manager Steve Schainker what the anticipated increase in Local Option Sales Tax was going to be in 2015/16. Mr. Schainker stated that the increase is anticipated to be 5% higher than the Adopted.

Council Member Goodman pointed out that the Local Option Sales Tax Referendum passed by the voters was that 40% was to go for Human Services and the arts. He noted the importance of ASSET dollars creating the impacts that the City Council desires.

Moved by Goodman, seconded by Orazem, to increase the funding allocation for ASSET for 2015/16 by 7% (based on last year's contracted funding).

It was clarified that the ASSET Administrative Fee also needed to be paid (estimated at \$3,677); that would be in addition to the 7%.

Vote on Motion: 5-0. Motion declared carried unanimously.

ENGINEERING SERVICES FOR UNITS 7 AND 8 COOLING TOWER REPLACEMENT:

Donald Kom, Electric Services Director, reported that two recent evaluations of the cooling towers have confirmed that both structures have reached a state of unacceptable deterioration. This is due to erosion and decay from nearly continuous operation since 1967 for Unit #7 and 1982 for Unit #8. The conclusion of the original equipment manufacturer and third-party inspections was to change the project from a repair to a total replacement of both towers being rebuilt on their existing concrete basins. According to Director Kom, the project is crucial because the Power Plant turbines cannot operate without functioning cooling towers. This directly affects power production and lowers Plant operating efficiency.

Mr. Kom specifically reviewed the bids from Zachry Engineering, Brown Engineering, and Kiewit Engineering and explained staff's rationale in recommending awarding the contract to Zachry.

Moved by Betcher, seconded by Goodman, to adopt RESOLUTION NO. 14-664 awarding a contract to Zachry Engineering of Minneapolis, Minnesota, for Engineering Services for Units 7 and 8 Cooling Tower Replacement in an amount not to exceed \$121,000.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a part of these Minutes.

SPRING 2014 UNIT #8 BOILER REPAIRS: Electric Services Director Kom provided the history behind this project. He noted that, on December 10, 2013, the City Council awarded a contract to ProEnergy Services for the Spring 2014 Boiler Repairs. It was anticipated that there would be change orders with the original scope of work, but the extent and scope of work was unknown until disassembly. The history of the change orders was provided by Director Kom. Regarding Change Order No. 4, after the project work was done, ProEnergy's management determined and subsequently advised City staff that the authorized amounts were insufficient since their actual costs were substantially higher due to several weeks of additional labor. ProEnergy recognized that it was their responsibility to track costs and keep City staff informed. In order for staff to consider payment of the extra costs, ProEnergy opened its project financial data, timesheets, etc., to the City for review.

Moved by Goodman, seconded by Betcher, to adopt RESOLUTION NO. 14-665 awarding a contract to Zachry Engineering of Minneapolis, Minnesota, for Engineering Services Units 7 and 8 Cooling Tower Replacement in an amount not to exceed \$121,000.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a part of these Minutes.

Council Member Corrieri arrived at 8:07 p.m.

CONSULTING SERVICES RELATED TO THE CLEAN AIR ACT: Electric Services Director Kom recalled that the City Council, in September 2009, approved an engagement and retainer agreement with The Ritts Law Group of Alexandria, Virginia, for legal services related to regulatory compliance with the Clean Air Act. Mr. Kom reported that additional funding is needed for the City to continue to receive analyses and legal advice from The Ritts Law Group regarding existing Clean Air Act issues and proposed regulations that currently affect the City's Electric Utility or are critical in planning and mapping out the future of the Utility's energy-producing resources. Mr. Kom advised that staff is now in the process of filing permits for the Power Plant fuel conversion, which requires specialized environmental legal support and extensive environmental analysis.

Moved by Nelson, seconded by Orazem, to adopt RESOLUTION NO. 14-666 approving Change Order No. 7 in the amount of \$100,000 to The Ritts Law Group for specialized environmental legal support, extensive environmental analysis, and Iowa DNR construction permit preparation work.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a part of these Minutes.

REPORTING REQUIREMENTS FOR PAWNBROKERS AND OTHER SECONDHAND-GOODS DEALERS: Police Chief Cychosz reported that the Ordinance in question was adopted by the City in 1992. A change since that time has been an increase in the number of organized burglary rings. The burglary rings look for outlets that will buy the stolen goods, which puts pressure on the local pawnbrokers and other secondhand-goods dealers.

Management Analyst Brian Phillips advised that the *Ames Municipal Code* currently requires pawnbrokers and itinerant dealers to keep physical record books of their transactions. According to Mr. Phillips, although the vast majority of transactions conducted by these dealers are bona fide, shortcomings in the current record-keeping system create opportunities for stolen goods

to unknowingly be bought and sold. The challenges were described by Mr. Phillips: (1) cumbersome conversion process from paper records to electronic spreadsheets of transactions, (2) level of detail in the records varies from dealer to dealer; and (3) using paper records makes it very difficult to recover stolen items once they have left the City.

Mr. Phillips shared that electronic recordkeeping is required in Bettendorf, Davenport, Des Moines, Dubuque, Sioux City, and other jurisdictions outside Iowa. The use of that type of system is advantageous to secondhand dealers in that it is relatively efficient to use and helps deter thieves from selling them stolen goods.

The Council was informed by Commander Geoff Huff that local businesses: Express Pawn, EZ Pawn, EcoATM, Best Buy, Gamerz, and GameStop use a service called *Leads Online* to record transactions of used goods. EcoATM, Radio Shack, Sam's Club, and Walmart use similar methods to electronically record seller details for their purchases of used electronics. Those internet-based services record photos of the item sold and the seller's ID card, details about the transaction and the seller, and any other pertinent information. If the Police receives a theft report for an item matching that description, the item can be looked up in the database and located.

According to Mr. Phillips, the *Municipal Code* does not require stores other than pawnbrokers and itinerant dealers to keep records of transactions, even though other businesses purchase items of value, such as used electronics or precious metals—items that are frequently subject to theft. In addition to pawnbrokers, approximately ten other Ames businesses purchase video games and video game systems, electronics, jewelry, precious metals, coins, and gemstones. These establishments are under no City requirements to hold items or to track them; meaning they can be immediately resold, transferred, or in the case of precious metals, melted, making recovery difficult or impossible if those goods have been stolen.

Commander Huff noted that theft records from 2012, 2013, and 2014 (projected) show that Ames averages approximately \$150,000 in stolen goods reported each year. That figure does not count unreported thefts, thefts of motor vehicles, or theft reports taken by ISU Police. Electronics comprise 39% of total stolen goods by value; while jewelry and precious metals represent 21%. At least 75% of the value of stolen items is comprised of goods that could be resold through a legitimate pawn, jewelry, electronics, or coin business for cash or other goods. According to Commander Huff, more sophisticated criminals are likely to take goods out of the area before attempting to exchange them for cash. Changes to record-keeping processes in Ames cannot be guaranteed to thwart such crimes. It was noted that the Police Department has had some success in recovering stolen items using *Leads Online* on a trial basis.

It was reported by Mr. Phillips that City staff had consulted with precious metal dealers in Ames who buy jewelry from customers about the concept of using a reporting system. Most reported that those type of transactions are infrequent and for small dollar amounts with low-value broken jewelry being the most common type of jewelry bought from customers.

The proposed changes were explained by Mr. Phillips.

Gary Youngberg, owner of Ames Silversmithing, 220 Main Street, stated his opinion that including jewelry stores in the Ordinance as it is currently written is detrimental. He explained that the amount of resources needed to implement the proposed Ordinance would be onerous to

most jewelry businesses. Mr. Youngberg also said he feels strongly that certain transactions with his clients should be able to be kept private. He said he believes that the initial intent of the Ordinance is good, but that it has not been reviewed extensively enough, especially as it relates to jewelry. Council Member Goodman noted that what would be important would be what the item was; it doesn't really matter who the person was unless the item had been stolen, in which case, the name would need to be identified.

John Firmature, Express Pawn, stated that stolen goods accounted for approximately \$4,000 in merchandise that had been stolen. The majority of that was electronics; jewelry accounted for a very small percentage of the \$4,000. Mr. Firmature acknowledged the good working relationship his company has with the Ames Police Department. He stated that his company had purchased its own software to record transactions of used goods.

Mr. Youngberg noted that "being identifiable" was key. Some of the items would just have a very general description.

Moved by Gartin, seconded by Betcher, to direct staff to prepare an ordinance modifying the existing pawnbroker and itinerant dealer reporting requirements to provide electronic reporting.

Mayor Campbell clarified that that option would accomplish two objectives: (1) limit the reporting requirements solely to the same businesses that are currently required to report transactions (pawnbrokers and itinerant dealers) and (2) add the requirement for electronic reporting.

Motion withdrawn.

Moved by Goodman, seconded by Betcher, to request staff to answer the question on the stated client privacy concerns.

Vote on Motion: 5-1. Voting aye: Betcher, Corrieri, Gartin, Goodman, Orazem. Voting nay: Nelson. Motion declared carried.

Moved by Orazem, seconded by Goodman, to request staff to modify the regulation to take into account whether or not the item is identifiable.

Vote on Motion: 6-0. Motion declared carried unanimously.

Commander Huff recommended that it might be better to be precise as to the type of transaction.

Council Member Gartin said he also had a problem with placing a ten-day waiting period on jewelry stores for selling gold. Council Member Goodman disagreed, stating that the pawnbrokers already have and meet that requirement, and he does not feel it is fair to exempt jewelry stores from the requirement. Mr. Youngberg noted one difference in that pawnbrokers buy jewelry to resell it. His business buys jewelry to sell it to a refinery.

The meeting recessed at 8:51 p.m. and reconvened at 8:56 p.m.

URBAN REVITALIZATION AREA FOR 517 LINCOLN WAY: Planning and Housing Director Diekmann advised that the property owner of 517 Lincoln Way had submitted a request for creating an Urban Revitalization area in order to be eligible for tax abatement. The request is based on the City Council's Highway-Oriented Commercial (HOC) Criteria Matrix Policy. Mr.

Diekmann told the Council that the action to be taken by the City Council at this meeting was to determine if the request meets the conditions for eligibility under the Urban Revitalization Highway-Oriented Commercial Criteria, and if so, to initiate the proceedings for designating an Urban Revitalization Area.

At the question of Council Member Nelson, Director Diekmann advised that the previous building was demolished by 1995, and therefore, meets HOC Criteria #1 for a vacant site. Staff also confirmed that the Iowa Department of Natural Resources previously listed the site as contaminated by leaky gasoline storage tanks and that the contamination was remediated and monitoring wells confirmed by 2007; that no further remediation was necessary.

Moved by Betcher, seconded by Corrieri, to approve the application.
Vote on Motion: 6-0. Motion declared carried unanimously.

Moved by Betcher, seconded by Corrieri, to direct staff to prepare the Urban Revitalization Plan.
Vote on Motion: 6-0. Motion declared carried unanimously.

Moved by Betcher, seconded by Corrieri, to adopt RESOLUTION NO. 14-667 setting the date of public hearing for January 27, 2015.

Roll Call Vote: 5-0-1. Voting aye: Betcher, Corrieri, Gartin, Nelson, Orazem. Voting nay: None. Abstaining due to a possible conflict of interest: Goodman. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

WIRELESS FACILITY SITING REQUIREMENTS: Director Diekmann brought two issues to the Council's attention regarding wireless facilities, as follows:

1. The first arose directly from a request by a cell provider to place small cell antennas on City street light poles. It implicates the City's proprietary and custodial roles for use of the right-of-way and access to City facilities. This was the first time that the City had received a request to install wireless equipment within the City's right-of-way on City equipment (street light poles).
2. The second issue will affect the City's regulatory zoning role, with mandatory federal rules for permitting of collocation of existing wireless facilities. This includes requirements to approve expansion and replacement of equipment.

Mr. Diekmann explained that the Federal Communications Commission (FCC) administers federal regulations of telecommunications infrastructure, including rule-making for consistency with federal requirements. He also stated that, in 2012, Congress passed legislation known as the Middle Class Tax Relief and Job Creation Act. A Section of that Act mandates that local governments approve collocation of eligible wireless facilities when there is no substantial change in the facility. On October 17, 2014, the FCC adopted new rules and definitions pertaining to cellular infrastructure deployment; those rules pertain to the regulatory process for collocation of wireless equipment of towers and base stations. In addition, the FCC has created rules preempting local governments from regulating certain aspects of cellular installations in support of rapid siting and build-out of cellular infrastructure. Mr. Diekmann noted that failure of a local government to act in a manner consistent with the FCC rules results in a "deemed approved" status of an application after 60 days. The rules are applicable to sites on both private property and within the rights-of-way. However, it does not affect terms of lease that may have

been agreed upon by affected parties. Existing regulations in the City of Ames were reviewed. Wireless facilities are allowed in all zoning districts; however, the Zoning Code requires a Special Use Permit to site new cellular installations.

According to Director Diekmann, the City's standards and processes for new facilities are unaffected by the FCC Section 6409(a) Rules; however, once approved, a wireless provider will have the right to alter the facility within the stated FCC parameters of height and width.

It was brought to the Council's attention that the City recently received a request to place small-cell antennas on City streetlight poles in the vicinity of North Grand Mall. It is believed that this will likely be a new technological tool of infill service by wireless providers for reasons related to technology, costs, and regulatory process. The City's Zoning Code never contemplated this type of technology being implemented in the rights-of-way. City staff has communicated to the requestor that more time is needed to establish policies and requirements for such installations

Mr. Diekmann told the Council members that no action was being required of them at this meeting. City staff will further investigate the ramifications of the new FCC requirements, which will involve a legal analysis. Once the new FCC regulations are published and the 90-day waiting period expires, any gaps in City policy may result in the creation of installations that are not desirable to the City Council. City staff will work to address those issues as quickly as possible and return to the Council with needed changes.

Moved by Nelson, seconded by Orazem, to authorize staff to proceed.

Council Member Goodman asked if it would be possible for staff to hold one public input session. Mr. Diekmann said that the information could definitely be posted on the City's Web site. A public input session could also be held.

Vote on Motion: 6-0. Motion declared carried unanimously.

LEAD HAZARD CONTROL PROGRAM: Housing Coordinator Vanessa Baker-Latimer noted that the Council had referred to staff a request from the City of Marshalltown to determine if Ames was interested in participating in its Lead Hazard Control Grant Program. Marshalltown currently administers the Program in Hardin, Marshall, and Tama Counties and 18 incorporated communities within those three counties. Marshalltown is seeking to expand its jurisdiction to include Story and Benton Counties. According to Ms. Baker-Latimer, Marshalltown was awarded a three-year Lead Hazard Control Grant from HUD in the amount of \$3,400,000. The Grant funds are to be used to eliminate lead hazards in homes with children under the age of six in properties built prior to 1978 for households with incomes at 80% or less of the Area Median Income limits.

Ms. Baker-Latimer highlighted provisions of the proposed 28-E Agreement. She informed the Council of the issues and concerns of City staff with the proposed Agreement. Staff had been in communication with the City of Marshalltown to discuss the proposed partnership. Staff members from the City of Marshalltown had stated that they would not be able to administer the Program differently or in conjunction with the City of Ames Program. It is felt by City of Ames staff that, without the ability to combine efforts on overlapping programs, it appears that the Program would be a duplication of City services and potentially confusing to Ames citizens.

Moved by Orazem, seconded by Corrieri, to decline to be a participating jurisdiction in the Lead Hazard Program as outlined by the City of Marshalltown.

Vote on Motion: 6-0. Motion declared carried unanimously.

BOEHRINGER INGELHEIM VETMEDICA, INC. (BIVI): City Manager Schainker stated that Boehringer Ingelheim Vetmedica is a global pharmaceutical company that develops, manufactures, and markets veterinary pharmaceutical products. The Ames facility is located in the ISU Research Park and is wanting to expand. BIVI has applied for economic development assistance from the Iowa Economic Development Authority (IEDA) with a local match provided by the City of Ames in the form of tax credits.

Moved by Nelson, seconded by Corrieri, to adopt RESOLUTION NO. 14-668 endorsing the Iowa Economic Development Authority Application for Financial Assistance for Boehringer Ingelheim Vetmedica, Inc., with local match in form of Industrial Property Tax Abatement.

At the request of Council Member Goodman, City Manager Schainker explained the City's 5-Year Industrial Tax Abatement program. He noted that this project will occur in Phase II of the Research Park expansion.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a part of these Minutes.

LAP DANCE ORDINANCE: City Attorney Judy Parks reiterated that the Supreme Court had decided that local government is expressly preempted from enacting or enforcing an ordinance that regulates live nude dancing as it is considered obscene material. Ms. Parks reviewed the direction that had been given to staff by the Council on December 9, 2014.

Moved by Orazem, seconded by Corrieri, to pass on first reading an ordinance repealing *Municipal Code* Section 17.31 pertaining to the Lap Dance Ordinance.

Council Member Gartin asked City Attorney Parks to expound on the adoption of the Lap Dance Ordinance in 1996. He asked her to give the Council her sense in the value of the City having a Lap Dance Ordinance. Ms. Parks responded that, initially, the City adopted the Ordinance to address certain behaviors that were occurring in an Ames establishment, and the City had been actively enforcing it since that time. She noted that, in light of the growing human trafficking problem in Iowa, taking away this tool (Ordinance) does severely limit the ability to remove the victim from that type of control.

Council Member Gartin asked Ms. Parks if it was unusual that the City would not seek public input as to whether there is merit to appealing the Decision. Ms. Parks agreed that it was unusual; however, the issue can be brought up again in the future if specific behaviors begin to recur.

Mr. Gartin asked the Police Chief for his take on the merits of the Lap Dance Ordinance. Chief Cychosz reported that Ames currently does not have the kinds of problems that were occurring at the time the Ordinance was initially adopted.

Council Member Gartin cited his frustration that this Council could so quickly dispense of an Ordinance that had been thoroughly debated by a former Council. He indicated that he would

vote for repealing the Ordinance due to the fact that it can be revisited if situations warrant in the future.

Roll Call Vote: 6-0. Motion declared carried unanimously.

ORDINANCE TO INCREASE ALLOWABLE HEIGHT FOR CERTAIN ARCHITECTURAL FEATURES: Moved by Goodman, seconded by Gartin, to pass on second reading an ordinance making a text amendment to Section 29.401(4)(b) to increase the allowable height for certain architectural features in all zoning districts.

Roll Call Vote: 5-1. Voting aye: Betcher, Gartin, Goodman, Nelson, Orazem. Voting nay: Corrieri. Motion declared carried.

ORDINANCE TO INCLUDE AN ALLOWANCE FOR FRONT-YARD PARKING IN LIMITED CIRCUMSTANCES: Moved by Nelson, seconded by Orazem, to pass on second reading an ordinance making a text amendment to Section 29.406(7) to include an allowance for front-yard parking in limited circumstances.

Roll Call Vote: 5-1. Voting aye: Betcher, Gartin, Goodman, Nelson, Orazem. Voting nay: Corrieri. Motion declared carried.

ORDINANCE REZONING PROPERTIES FOR ISU RESEARCH PARK PHASE III PROJECT: Moved by Nelson, seconded by Goodman, to pass on third reading and adopt ORDINANCE NO. 4202 rezoning properties for ISU Research Park Phase III Project from Agricultural (A) to Planned Industrial (PI).

Roll Call Vote: 6-0. Ordinance declared carried unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

ORDINANCE REVISING ON-SITE PARKING REQUIREMENT FOR FRATERNITIES AND SORORITIES: Moved by Nelson, seconded by Goodman, to pass on third reading and adopt ORDINANCE NO. 4203 reducing the on-site parking required for fraternities and sororities.

Roll Call Vote: 5-1. Voting aye: Corrieri, Gartin, Goodman, Nelson, Orazem. Voting nay: Betcher. Ordinance declared carried, signed by the Mayor, and hereby made a portion of these Minutes.

COUNCIL COMMENTS: Moved by Goodman, seconded by Gartin, to refer to staff the emailed letter dated December 12, 2014, from the Boys and Girls Club pertaining to the potential access road near South Duff.

Vote on Motion: 5-0-1. Voting aye: Betcher, Gartin, Goodman, Nelson, Orazem. Voting nay: None. Abstaining due to a conflict of interest: Corrieri. Motion declared carried.

Moved by Goodman, seconded by Orazem, to refer to the Director of the Parks and Recreation Department the emailed letter dated November 29, 2014, from David DenHaan expressing his support of the proposed improvements to River Valley Park, including the modification of the current dam to make it navigable and provide a unique whitewater feature on the Skunk River. Vote on Motion: 6-0. Motion declared carried unanimously.

Moved by Gartin, seconded by Goodman, to refer to staff Tim Gartin's memo pertaining to a one-year pilot project to add an *ex officio* member from Ames High School to the Parks and Recreation Commission and the Library Board.

Vote on Motion: 6-0. Motion declared carried unanimously.

CLOSED SESSION: Moved by Goodman, seconded by Orazem, to hold a Closed Session as provided by Section 21.5c, *Code of Iowa*, to discuss matters pending and in litigation.

Council Member Gartin asked City Attorney Parks if there was a legal reason to go into Closed Session. Ms. Parks replied in the affirmative.

CLOSED SESSION: Moved by Goodman, seconded by Orazem, to hold a Closed Session as provided by Section 21.5c, *Code of Iowa*, to discuss matters pending and in litigation.

Council Member Gartin asked City Attorney Parks if there was a legal reason to go into Closed Session. Ms. Parks replied in the affirmative.

Roll Call Vote: 6-0. Motion declared carried unanimously.

The meeting reconvened in Regular Session at 10:24 p.m.

Moved by Goodman, seconded by , to adopt RESOLUTION NO. 14-670 directing staff to act consistently with the recommendation of the City Attorney.

Roll Call Vote: 6-0. Motion declared carried unanimously.

Roll Call Vote: 6-0. Motion declared carried unanimously.

The meeting reconvened in Regular Session at 10:24 p.m.

Moved by Goodman, seconded by Corrieri, to adopt RESOLUTION NO. 14-670 directing staff to act consistently with the recommendation of the City Attorney.

Roll Call Vote: 6-0. Motion declared carried unanimously.

ADJOURNMENT: Moved by Goodman to adjourn the meeting at 10:25 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

JANUARY 5, 2015

The Ames City Council met in special session at 12:04 p.m. on the 5th day of January, 2015, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law. Since it was impractical for all Council members to attend in person, Mayor Ann Campbell and Council Members Gloria Betcher, Amber Corrieri, Tim Gartin, Matthew Goodman, and Chris Nelson were brought in telephonically. Council Member Peter Orazem and *ex-Officio* Member Lissandra Villa were absent.

CLASS C LIQUOR AND OUTDOOR SERVICE AREA FOR THE DISTRICT: Moved by Betcher, seconded by Corrieri, to approve a new Class C Liquor and Outdoor Service Area for The District, 2518 Lincoln Way, pending approval of a Food Establishment License.

Vote on Motion: 5-0. Motion declared carried unanimously.

WATER TREATMENT PLANT - CONTRACT 1: Moved by Betcher, seconded by Goodman, to adopt RESOLUTION NO. 15-001 approving preliminary plans and specifications for the Water Treatment Plant - Contract 1; setting February 11, 2015, as the bid due date and February 24, 2015, as the date of public hearing.

Roll Call Vote: 5-0 Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

ELECTRIC SERVICES DISTRIBUTED CONTROL SYSTEM: Moved by Nelson, seconded by Corrieri, to adopt RESOLUTION NO. 15-002 approving a change in the bid due date for Electric Services Distributed Control System; setting January 28, 2015, as the new bid due date and February 10, 2015, as the new date of public hearing.

Roll Call Vote: 5-0 Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

ADJOURNMENT: Moved by Nelson to adjourn the meeting at 12:08 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

MINUTES OF THE AMES CIVIL SERVICE COMMISSION

AMES, IOWA

DECEMBER 16, 2014

The Ames Civil Service Commission met in regular session at 8:15 a.m. on December 16, 2014, in the Council Chambers of City Hall, 515 Clark Avenue, with Commission Members Crum, Pike, and Shaffer present. Also in attendance was Human Resources Director Julie Huisman.

APPROVAL OF MINUTES: Moved by Shaffer, seconded by Pike, to approve the minutes of the November 20, 2014, Civil Service Commission meeting as written.

Vote on Motion: 3-0. Motion declared carried unanimously.

CERTIFICATION OF ENTRY-LEVEL APPLICANTS: Moved by Shaffer, seconded by Crum, to certify the following individuals to the Ames City Council as entry-level applicants:

Mechanic Assistant:	Charles Pyke	76
	Randy Abel	74
Network Technician:	Ian Cook	82
	Brian Johnson	71
	Mark Paeper	71

Vote on Motion: 3-0. Motion declared carried unanimously.

REQUEST TO ABOLISH POWER PLANT AUXILIARY OPERATOR ENTRY-LEVEL CERTIFIED LIST: Moved by Crum, seconded by Shaffer, to grant the request to abolish the Power Plant Auxiliary Operator entry-level certified list.

Vote on Motion: 3-0. Motion declared carried unanimously.

HEARING ON SUSPENSION APPEAL (REQUEST TO CONTINUE HEARING): Chairman Crum opened the hearing. He explained that a request had been made to continue this hearing until a future date that was acceptable to all parties. The Commission set February 26, 2015, at 8:00 a.m. as the date/time for the hearing.

Vote on Motion: 3-0. Motion declared carried unanimously.

COMMENTS: The next regularly scheduled Civil Service Commission meeting was set for January 22, 2015, at 8:15 a.m.

ADJOURNMENT: The meeting adjourned at 8:19 a.m.

Michael Crum, Chair

Jill Ripperger, Recording Secretary



REPORT OF CONTRACT CHANGE ORDERS

Period:	<input checked="" type="checkbox"/>	1 st – 15 th
	<input type="checkbox"/>	16 th – End of Month
Month & Year:	December 2014	
For City Council Date:	January 13, 2015	

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact (Buyer)
Electric Services	Copper Cable for Electric Distribution	1	\$62,787.60	WESCO Distribution Inc.	\$0.00	\$418.58	D. Kom	LM
Fleet Services	Ames City Hall Renovation - Phase 2	1	\$829,900.00	HPC, LLC	\$0.00	\$-(3,958.00)	B. Kindred	MA
Electric Services	Ames Plant Substations Improvements	3	\$632,472.96	Harold K. Scholz Company	\$24,609.00	\$0.00	D. Kom	CB
Public Works	2013/14 Water Main Improvements - Water Main Replacement (Sheldon Ave)	1	\$156,048.85	Synergy Contracting LLC	\$0.00	\$-(5,008.65)	J. Joiner	MA
Public Works	2013/14 Asphalt/Seal Coat St Rehabilitation and the 2013/14 Water System Improvements Program - Water Main Replacement (Tripp, S Franklin, Village Dr)	1	\$495,642.00	Synergy Contracting LLC	\$0.00	\$18,574.56	J. Joiner	MA

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact (Buyer)
Ames Public Library	Ames Public Library - Furniture Purchase	1	\$171,007.06	Workspace Inc.	\$0.00	\$-(6,617.71)	K. Thompson	MA
Ames Public Library	Ames Public Library - Construction Advisor	2	\$85,000.00	Integrity Construction	\$48,400.00	\$13,800.00	L. Carey	MA
Electric Services	Copper Cable for Electric Distribution	2	\$62,787.60	WESCO Distribution Inc.	\$418.58	\$471.784	D. Kom	LM



REPORT OF CONTRACT CHANGE ORDERS

Period:	<input type="checkbox"/>	1 st – 15 th
	<input checked="" type="checkbox"/>	16 th – End of Month
Month & Year:	December 2014	
For City Council Date:	January 13, 2015	

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact (Buyer)
Water & Pollution Control	Biosolids Hauling/Disposal	1	\$143,407.25	Nutri-Ject Systems	\$0.00	\$2,868.03	C. Murphy	MA
Water & Pollution Control	WPC Facility Blower Replacement Project	2	\$156,300.00	Woodruff Construction LLC	\$10,353.00	\$-(500.00)	J. Dunn	MA
Electric Services	Services to Perform Condition Assessment of GT1	1	\$136,027.98	Wood Group Pratt & Whitney	\$0.00	\$17,281.69	D. Kom	CB
Electric Services	Underground Trenching Services Contract for Electric Services	1	\$136,500.00	Ames Trenching & Excavating	\$0.00	\$27,300.00	B. Kindred	CB
Electric Services	Unit #7 Feedwater Heater Replacement	1	\$283,705.00	American Exchanger Services, Inc.	\$0.00	\$12,400.00	D. Kom	CB
Fleet & Facilities	City Hall Custodial Services	1	\$57,225.00	Klean Rite	\$0.00	\$1,320.00	M. King	MA

*Caring People
Quality Programs
Exceptional Service*

5

TO: Mayor Ann Campbell and Ames City Council Members

FROM: Lieutenant Jeff Brinkley – Ames Police Department

DATE: January 1, 2015

SUBJECT: Beer Permits & Liquor License Renewal Reference City Council Agenda
January 13, 2015

The Council agenda for January 13, 2015, includes beer permits and liquor license renewals for:

- Class C Liquor & Outdoor Service – Oddfellows, 823 Wheeler St
- Class C Beer & B Native Wine – Casey’s General Store #2560, 3020 S Duff Ave
- Special Class C Liquor – Vesuvius Wood-Fired Pizza, 1620 S Kellogg Ave
- Class A Liquor – American Legion Ames Post #37, 225 Main St
- Class C Liquor & Outdoor Service – Chipotle Mexican Grill, 435 S Duff Ave #102
- Class B Beer – Indian Delights Express, 120 Welch Ave
- Class C Liquor – Café Beau, 2504 Lincoln Way

A routine check of police records for the past twelve months found no violations for Oddfellows, Casey’s #2560, Vesuvius, American Legion, Chipotle, or Indian Delights Express. The police department would recommend renewal of these licenses.

There were two on premises violations for Café Beau dating back to February 2014. We have been continuing to monitor compliance. We recommend renewal at this time.

License Application ()

Applicant

Name of Applicant:	<u>LJPS, Inc.</u>		
Name of Business (DBA):	<u>Olde Main Brewing Company</u>		
Address of Premises:	<u>2321 North Loop Drive</u>		
City: <u>Ames</u>	County: <u>Story</u>	Zip: <u>50010</u>	
Business Phone:	<u>(515) 232-0553</u>		
Mailing Address:	<u>PO Box 1928</u>		
City: <u>Ames</u>	State: <u>IA</u>	Zip: <u>50010</u>	

Contact Person

Name:	<u>Matt Sinnwell</u>		
Phone:	<u>(505) 400-5981</u>	Email Address:	<u>mattombc@gmail.com</u>

Classification: Class C Liquor License (LC) (Commercial)

Term: 5 days

Effective Date: 01/24/2014

Expiration Date: 01/01/1900

Privileges:

Class C Liquor License (LC) (Commercial)

Status of Business

BusinessType:	<u>Privately Held Corporation</u>		
Corporate ID Number:	<u>286196</u>	Federal Employer ID #	<u>77-0613629</u>

Ownership

Daniel GriffenFirst Name: DanielLast Name: GriffenCity: PotomacState: MarylandZip: 24854Position Owner% of Ownership 25.00 %

U.S. Citizen

Scott GriffenFirst Name: ScottLast Name: GriffenCity: AmesState: IowaZip: 50010Position Owner% of Ownership 50.00 %

U.S. Citizen

Susan GriffenFirst Name: SusanLast Name: GriffenCity: PotomacState: MarylandZip: 24854Position Owner% of Ownership 25.00 %

U.S. Citizen

Insurance Company InformationInsurance Company: Founders Insurance Company

Policy Effective Date:

Policy Expiration Date:

Bond Effective Continuously:

Dram Cancel Date:

Outdoor Service Effective Date:

Outdoor Service Expiration Date:

Temp Transfer Effective Date:

Temp Transfer Expiration Date:

License Application ()

Applicant

Name of Applicant:	<u>LJPS Inc.</u>		
Name of Business (DBA):	<u>Olde Main Brewing Company</u>		
Address of Premises:	<u>Sukup Atrium</u>		
City: <u>Ames</u>	County: <u>Story</u>	Zip: <u>50011</u>	
Business Phone:	<u>(515) 232-0553</u>		
Mailing Address:	<u>PO Box 1928</u>		
City: <u>Ames</u>	State: <u>IA</u>	Zip: <u>50010</u>	

Contact Person

Name:	<u>Matt Sinnwell</u>		
Phone:	<u>(505) 400-5981</u>	Email Address:	<u>mattombc@gmail.com</u>

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U.S. Citizen

Susan GriffenFirst Name: SusanLast Name: GriffenCity: PotomacState: MarylandZip: 24854Position Owner% of Ownership 25.00 %

U.S. Citizen

Insurance Company InformationInsurance Company: Founders Insurance Company

Policy Effective Date:

Policy Expiration Date:

Bond Effective Continuously:

Dram Cancel Date:

Outdoor Service Effective Date:

Outdoor Service Expiration Date:

Temp Transfer Effective Date:

Temp Transfer Expiration Date:

COUNCIL ACTION FORM

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014

BACKGROUND:

The City of Ames is required by the Code of Iowa to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. These financial statements, referred to herein as the comprehensive annual financial report (CAFR), serve many purposes including the following:

- Provide information needed for both financial decision making and the assessment of financial stewardship
- Lend insight into the financial health of the City
- Preserve public and investor trust through financial transparency
- Demonstrate compliance with public decisions concerning the raising and spending of public monies
- Demonstrate the extent to which operating objectives are met efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so
- Demonstrate compliance with finance-related legal and contractual provisions

The CAFR is made up of many sections and contains a lot of information that may seem confusing even to those who are familiar with private sector accounting regulations. The main difference between private sector accounting and governmental accounting is the use of fund accounting. Fund accounting is a tool used by governments to organize and present data about financial resources to show the fact that certain resources have been segregated for specific activities or objectives in accordance with special regulations, restrictions, or limitations. The constraints on how financial resources can be used are either imposed externally (grantors and creditors) or internally through the budget adopted by the City Council.

Governmental accounting regulations require that the statements contained in the CAFR use methods of accounting that do not completely correlate to the way we account for transactions in the accounting software, which is more on a budget basis. Therefore, the City only produces this financial report on an annual basis because of the extensive amount of time it takes to close out the year and make the appropriate accruals.

Eide Bailly LLP, Certified Public Accountants, has audited the City's financial statements as of and for the year ended June 30, 2014, and expressed its opinion on these statements based on the audit. In the auditor's opinion, the financial statements present

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

The attached auditor's report is an unmodified, or "clean," opinion with no material weaknesses identified, no significant deficiencies noted, and no noncompliance material to the financial statements noted. There were also no recommendations for improvement included in the report.

Also included with the report is the management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, or other issues that came up during the audit. **There are two items listed in the corrected and uncorrected misstatements section, both of which relate to the implementation of Statement No. 65 of the Governmental Accounting Standards Board (GASB) in fiscal year 2014.** The statement titled *Items Previously Reported as Assets and Liabilities* adds two more elements to the financial statements in addition to assets, liabilities, fund balance/net position, revenues, and expenditures/expenses. The two new elements are deferred outflows of resources and deferred inflows of resources. In addition, the GASB also specifically identifies transactions that should be included in these two new elements and limits the use of the term *deferred* to items reported as these two new elements.

The first item, a misstatement corrected by management, is a change to how the City calculates deferred inflows of resources for special assessments, which is the portion of special assessments that is not collected within 60 days of year end. In previous years, the deferred amount was calculated as the amount not due within 12 months of year end. The auditors noticed the error this year as they were verifying the amounts related to the new GASB pronouncement.

The second item relates to the GASB's decision to change the treatment of debt issuance costs (attorney, rating agency, and financial advisor fees, etc.). Previously, such costs were recorded as an asset and amortized over the life of the bonds. However, GASB has now concluded that the issuance of debt is an event that occurs during a period, so the cost of that event should be applicable just to that period. At the beginning of the audit process, management and the auditors mutually agreed to expense all of these costs in the current year instead of making a prior period adjustment to net position because the amounts were not material to the financial statements as a whole.

ALTERNATIVES:

1. Accept the Comprehensive Annual Financial Report as presented.
2. Request further information.

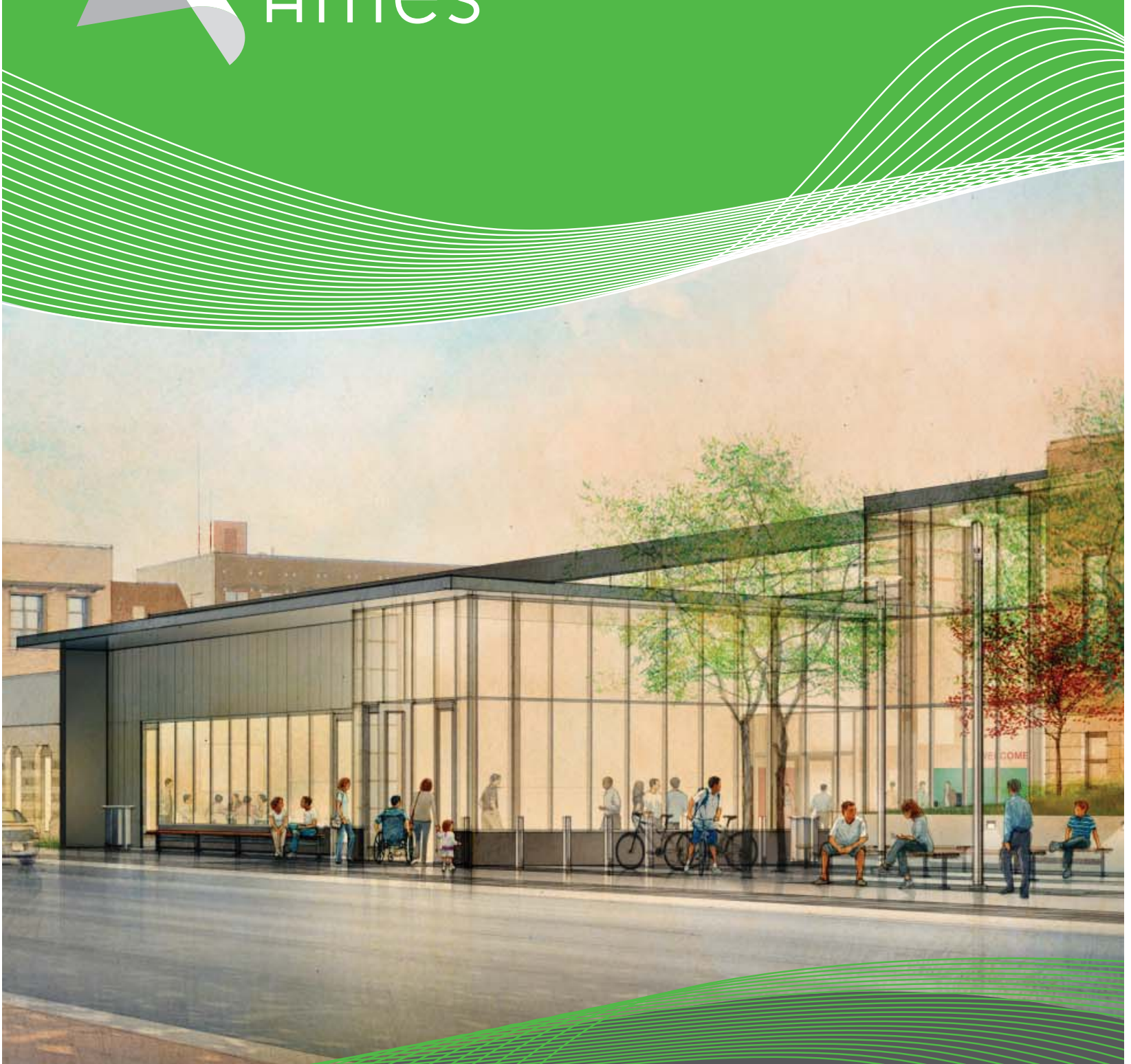
MANAGER'S RECOMMENDED ACTION:

The City is required by state law to have an annual audit of its financial statements. The City Council needs to accept the audited financial statements so they can be submitted to the state and other users of the CAFR.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the Comprehensive Annual Financial Report as presented.



CITY OF
Ames™



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

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



Smart Choice

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

Prepared by:
Department of Finance
Accounting Division



Mission Statement

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

We Value...

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

We Are...

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

Caring People, Quality Programs, Exceptional Service

**City of Ames
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June 30, 2014**

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City of Ames
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INTRODUCTORY SECTION

LIBRARY EXTERIOR CONSTRUCTION





December 19, 2014

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

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

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

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

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

Profile of the City of Ames

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

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

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

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

Local economy

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

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

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

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

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

Long-term financial planning and major initiatives

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

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

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

Relevant financial policies

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

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

Awards and acknowledgements

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

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

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

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

Respectfully submitted,



Steven L. Schainker
City Manager



Duane R. Pitcher, CPA, CPFO
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Ames
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**City of Ames
Organizational Chart
June 30, 2014**



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

Elected Officials:

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

Council – Appointed Officials:

City Manager	Steven Schainker
City Attorney	Judy Parks

City Manager-Appointed / Council-Approved Official:

City Clerk	Diane Voss
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City Manager-Appointed Officials:

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

Other Officials:

Director of Transportation	Sheri Kyras
Library Director	Lynne Carey

Hospital Administration:

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

FINANCIAL SECTION

LIBRARY INTERIOR RENOVATION





Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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



Dubuque, Iowa
December 19, 2014

Management's Discussion and Analysis

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

Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Overall Financial Analysis

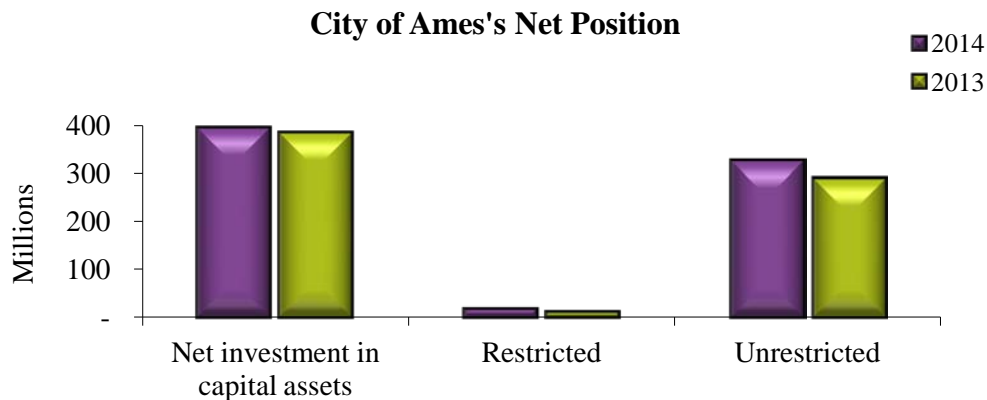
As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$739,568,877 at the close of the most recent fiscal year.

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

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

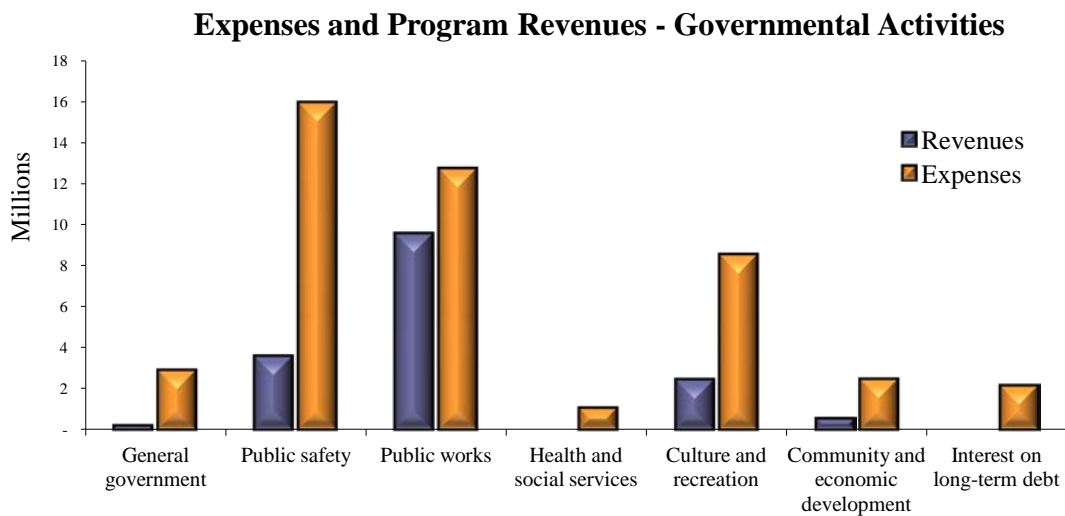
An additional portion of the City's net position (\$19,025,479, or 2.57%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$326,102,141 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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



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

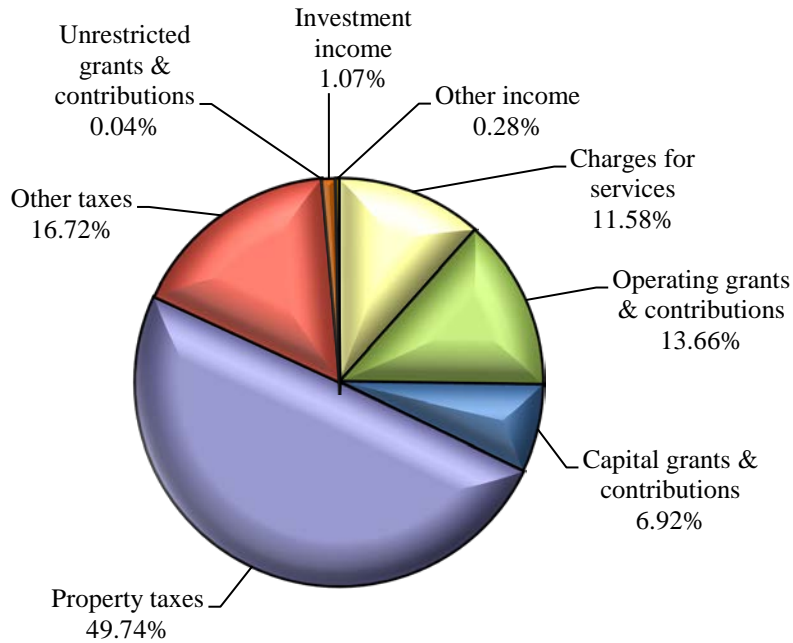
Governmental activities expenses decreased \$1,673,783 from 2013, or 3.52%. Public works expenses decreased \$2,630,590, primarily due to a higher ratio of capital assets to operating and maintenance expenses in that category compared to the prior year.



City of Ames's Changes in Net Position

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

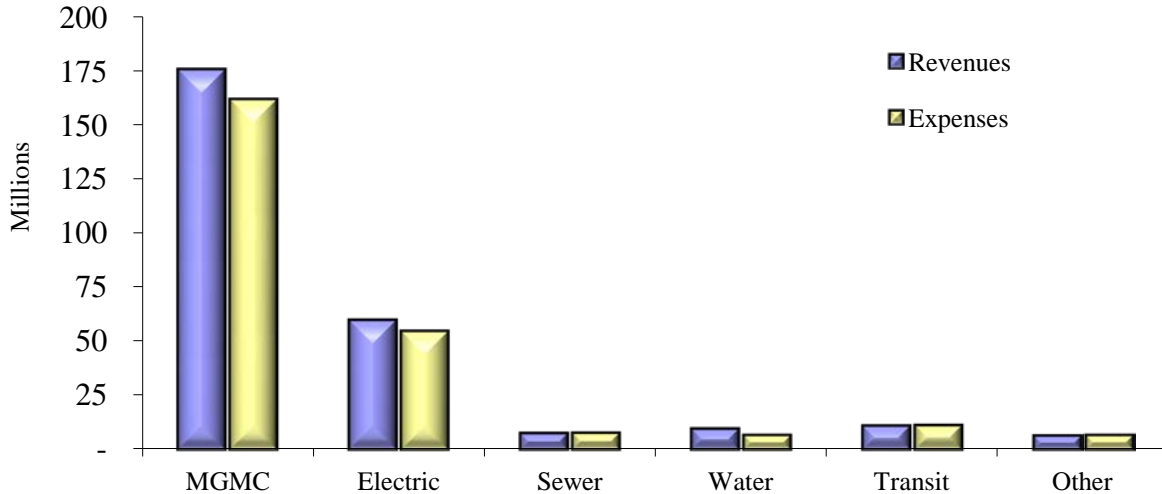
Revenues by Source - Governmental Activities



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

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

Expenses and Program Revenues - Business-type Activities



Financial Analysis of Governmental Funds

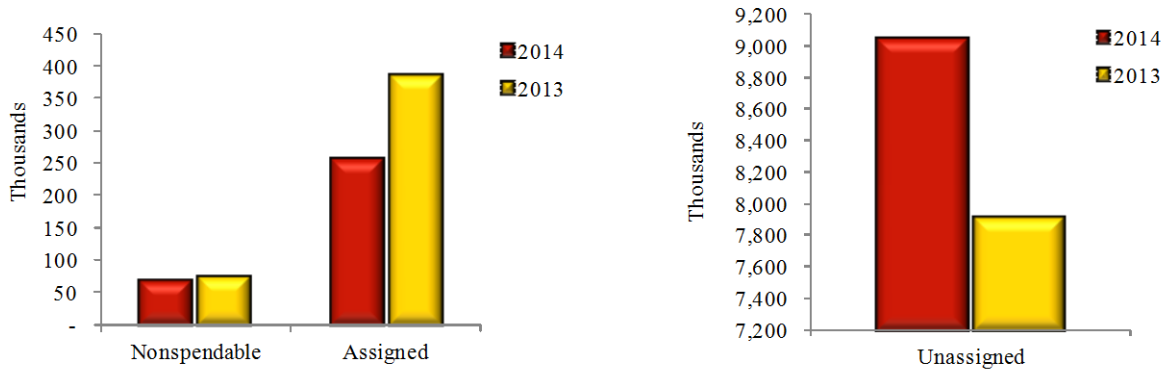
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

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

Components of Fund Balance General Fund

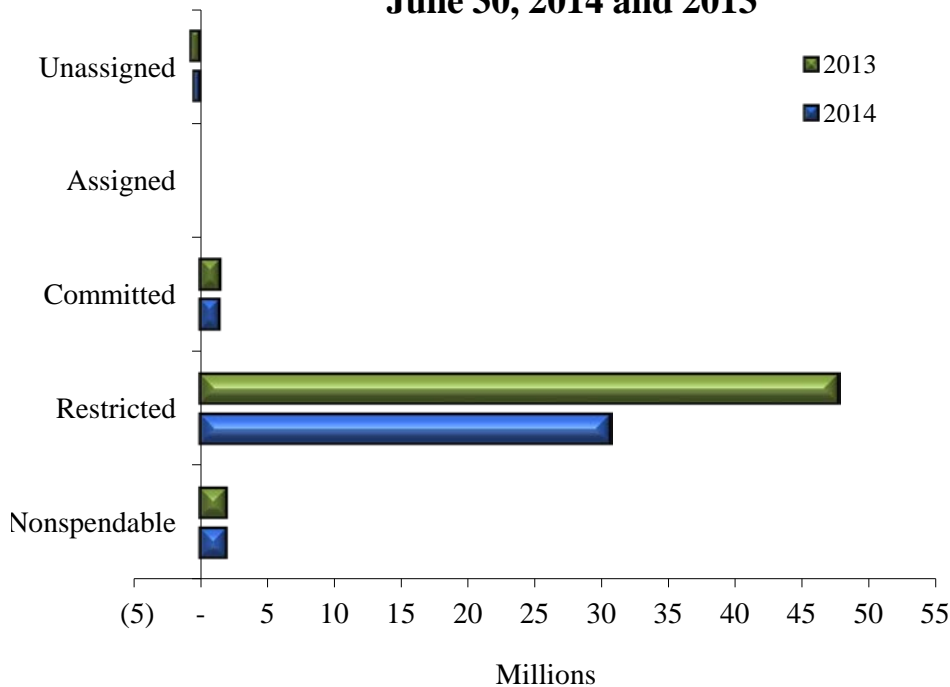


The Capital Projects Fund had a decrease of \$17,683,194 in fund balance during the fiscal year, which put the overall fund balance at \$14,479,712. Bond proceeds from the bond issue late in fiscal year 2013 were spent in fiscal year 2014, and no new bonds were issued, thus decreasing the overall fund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

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

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

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



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

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

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

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

General Fund Budgetary Highlights

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

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

Capital Assets and Debt Administration

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

Some of the major capital asset additions include:

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

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

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

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

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

City of Ames's Outstanding Debt

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

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

Basic Financial Statements

**City of Ames
Statement of Net Position
June 30, 2014**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. Summary of significant accounting policies

A. Description of government-wide financial statements

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

B. Reporting entity

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

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

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

C. Basis of presentation - government-wide financial statements

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

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

I. Summary of significant accounting policies (continued)

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

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

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

I. Summary of significant accounting policies (continued)

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

I. Summary of significant accounting policies (continued)

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

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

E. Measurement focus and basis of accounting

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

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

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

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

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

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

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

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

F. Budgetary information

1. Budgetary basis of accounting

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

The review and adoption of an annual budget is handled in accordance with state laws, as there is no City ordinance governing the budget process. Preliminary review of all operating budget requests is conducted by the City Manager at a City government function level. A five-year capital improvements plan is prepared annually, and the first-year portion of the plan is considered as the capital improvements projects budget for the annual budget. The City Manager's budget, considered as a plan of financial operation along with proposed sources of revenues, is presented to the City Council at least six weeks prior to certification. The Council holds hearings with the City Manager, Budget Officer, department heads, and boards and commissions, as well as the public prior to adopting the budget.

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

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

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

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

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

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

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

2. Excess of expenditures over appropriations

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

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

1. Cash and cash equivalents

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

2. Investments

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

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

I. Summary of significant accounting policies (continued)

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

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

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

I. Summary of significant accounting policies (continued)

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

4. Capital assets (continued)

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

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

5. Deferred outflows/inflows of resources

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

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

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

I. Summary of significant accounting policies (continued)

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

6. Net position flow assumption

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

7. Fund balance flow assumptions

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

8. Fund balance policies

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

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

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

I. Summary of significant accounting policies (continued)

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

8. Fund balance policies (continued)

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

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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

3. Net patient service revenue

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

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

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

4. Compensated absences

Vacation and compensatory time

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

Sick leave

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

II. Reconciliation of government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

III. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

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

B. Deficit fund equity

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

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

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

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

B. Investments

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

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

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

B. Investments (continued)

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

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

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

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

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

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

B. Investments (continued)

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

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

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

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

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

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

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

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

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

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

B. Investments (continued)

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

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

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

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

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

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

B. Investments (continued)

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

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

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

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

C. Foundation investments

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

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

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

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

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

D. Receivables

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

E. Capital assets

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

Governmental activities:

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

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

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

E. Capital assets (continued)

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

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

Business-type activities:

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

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

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

F. Pension obligations

Iowa Public Employees Retirement System (IPERS)

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

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

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

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

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

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

F. Pension obligations (continued)

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

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

Ames Municipal Utility Retirement Plan

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

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

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

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

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

G. Other post-employment benefit (OPEB) obligations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H. Construction and other significant commitments

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

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

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

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

H. Construction and other significant commitments (continued)

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

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

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

I. Risk management

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

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

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

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

I. Risk management (continued)

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

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

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

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

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

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

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

I. Risk management (continued)

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

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

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

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

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

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

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

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

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

I. Risk management (continued)

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

J. Lease obligations

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

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

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

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

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

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

K. Long-term liabilities

General obligation bonds

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

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

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

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

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

K. Long-term liabilities (continued)

Revenue bonds

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

Mary Greeley Medical Center:

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

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

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

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

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

K. Long-term liabilities (continued)

Landfill post-closure costs

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

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

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

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

Loans payable

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

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

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

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

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

K. Long-term liabilities (continued)

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

Revenue capital loan notes

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

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

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

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

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

K. Long-term liabilities (continued)

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

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

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

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

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

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

K. Long-term liabilities (continued)

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

Governmental activities:

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

Business-type activities:

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

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

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

K. Long-term liabilities (continued)

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

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

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

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

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

L. Fund balance

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

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

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

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

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

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

L. Fund balance (continued)

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

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

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

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

M. Interfund receivables and payables

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

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

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

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

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

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

N. Interfund transfers

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

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

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

O. Donor-restricted endowment

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

P. Contingencies

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

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

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

P. Contingencies (continued)

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

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

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

Q. Joint venture

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

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

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

R. Prior Period Adjustment

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

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

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

S. Related party transactions

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

T. Subsequent Events

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

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

REQUIRED SUPPLEMENTARY INFORMATION

LIBRARY INTERIOR RENOVATION



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

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

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

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

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

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

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

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

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

I. Budgetary Information

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

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

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

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

SUPPLEMENTARY INFORMATION

LIBRARY OPENING DAY



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Permanent Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Enterprise Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule of non-cash capital and related financing activities:

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds

Agency Funds

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

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

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

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

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

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

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

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

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

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

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

STATISTICAL SECTION

LIBRARY OPENING DAY



STATISTICAL SECTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: Story County Auditor

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

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

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

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

³ City Council sets the rate.

⁴ School district board of education sets the rate.

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

⁶ Area community college sets the rate.

Source: Story County Auditor

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

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

Source: Story County Auditor

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

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

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

Sources: Story County Auditor and City Finance Department

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

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

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

² Personal income is presented on page 125.

³ United States Census Bureau

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

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

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

² Amount restricted for debt service payments.

³ See page 116 for property value data.

⁴ See page 125 for population data.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

¹ United States Census Bureau

² Ames School District

³ Iowa Workforce Development

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

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

¹ Formerly Sauer-Danfoss.

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

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

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

Source: City Finance Department

City of Ames Operating Indicators by Function Last Ten Fiscal Years

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

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

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

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

Sources: City departments and Mary Greeley Medical Center

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

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

Sources: City departments and Mary Greeley Medical Center.

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

COMPLIANCE SECTION

LIBRARY INTERIOR LIGHTING





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

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

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

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



Dubuque, Iowa
December 19, 2014



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa
December 19, 2014

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

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

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

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

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

I. Basis of accounting

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

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

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

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Part II: Findings Related to the Financial Statements:

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

Part III: Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned cost to report.

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

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

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

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

Findings Related to the Financial Statements:

None reported

Findings Related to Federal Programs:

None reported

There were no prior year federal findings.



December 19, 2014

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, (City) for the year ended June 30, 2014. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund) or the financial statements of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit is based solely on the reports of the other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. No other significant new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of other postemployment benefits liability is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred but not reported health, workers' compensation, liability, and long-term disability insurance liabilities are based on third-party administrator calculations and estimates. We evaluated the key factors and assumptions used to develop the incurred but not reported liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected such misstatement. The following misstatement, detected as a result of audit procedures, was corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Governmental/ Business-type Statements</u>
		<u>Activities</u>
Capital Projects Fund		
To increase unavailable revenue for special assessments not received within 60 days of year end	\$ (110,315)	\$ -

In addition, the following summarizes uncorrected misstatements of the financial statements, for which management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following uncorrected adjustments to net position/fund balance were the result of writing off Bond Issue Costs from the implementation of GASB 65.

	<u>Net Position/ Fund Balance</u>
Governmental Activities	(542,074)
Business-Type Activities	(57,563)
Sewer	(11,739)
Water	(19,969)
Aggregate Remaining	(25,855)

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements, is an understatement of change in net position of approximately \$599,637 for the year ended June 30, 2014. The uncorrected misstatements have no ending effect on ending net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 19, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedule, and schedule of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Honorable Mayor and
Members of the City Council
City of Ames, Iowa
Page 4

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Mayor, City Council, and management of the City of Ames, Iowa, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

EIDE BAILLY LLP

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

Dubuque, Iowa



MEMO

To: Mayor and City Council

From: Diane Voss

Date: January 9, 2015

Subject: Item No. 9

This item has been pulled from the January 13, 2015, Agenda.

Thank you.

/drv

COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY APPLICATION FOR FINANCIAL ASSISTANCE FOR BARILLA AMERICA, INC., WITH LOCAL MATCH IN THE FORM OF INDUSTRIAL PROPERTY TAX ABATEMENT

BACKGROUND:

Barilla America, Inc. is a subsidiary of Barilla, an Italian company that provides food products for a global market. Barilla's Ames facility produces dry pasta.

Barilla is planning an expansion project, which will include construction of storage and production facilities to add a gluten free pasta products line to the Ames facility. Total investment expected for the project is over \$26 million. Assistance from the State of Iowa will include tax credits totaling approximately \$850,000. The company expects to grow employment by 23 additional jobs with the expansion. **The local match will be limited to property tax abatement available through the City's existing Industrial Property Tax Abatement program. The estimated incremental value eligible for abatement is \$3,336,000, resulting in a five year total abatement of around \$217,900 across all taxing bodies.**

The Iowa Economic Development Authority (IEDA) will review the Barilla application for assistance later this month. For the IEDA to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the Barilla application for IEDA assistance. For Barilla to receive the local match, the company will need to apply for the City's Industrial Abatement Program and the project must qualify with the terms of that program.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Barilla America, Inc. requesting economic development assistance from IEDA with local match to be limited to Industrial Property Tax abatement.
2. Do not adopt a resolution of support for Barilla America, Inc. application.

MANAGER'S RECOMMENDED ACTION:

Barilla has selected Ames as a location to make a significant investment of capital to expand jobs without the cost of additional City infrastructure. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs within our city. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.

COUNCIL ACTION FORM

SUBJECT: **DESIGNATION OF CIRTPA REPRESENTATIVES**

BACKGROUND:

Each year, the City Council appoints representatives and alternate representatives to the Central Iowa Regional Transportation Planning Alliances' (CIRTPA) two committees – the Transportation Policy Committee (TPC) and the Transportation Technical Committee (TTC). Since the City is an advisory member of CIRTPA, these are non-voting positions.

It is recommended that the City's designated representatives be as follows:

TPC Representative: Damion Pregitzer, Traffic Engineer
TPC Alternate Representative: Tracy Warner, Municipal Engineer
TTC Representative: Damion Pregitzer, Traffic Engineer
TTC Alternate Representative: Tracy Warner, Municipal Engineer

ALTERNATIVES:

1. Appoint the individuals named above to their respective roles representing the City on CIRTPA.
2. Designate some other individuals to serve the City in this capacity.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby appointing the individuals named above to serve in their respective roles representing the City on CIRTPA.

COUNCIL ACTION FORM

SUBJECT: **MEMORANDUM OF UNDERSTANDING WITH FRIENDS OF
ADA HAYDEN HERITAGE PARK**

BACKGROUND:

In June 2010, the Parks and Recreation Commission endorsed the Friends of Ada Hayden Heritage Park (FAHHP). In response to this support, FAHHP became incorporated with the State of Iowa in July 2010 as a nonprofit tax exempt organization in order to operate for the charitable, scientific and educational benefit of Ada Hayden Heritage Park.

In October 2010, the Ames City Council entered into a Memorandum of Understanding (MOU) with FAHHP. This agreement was to stay in force in perpetuity, or upon dissolution by either entity. However, the initial agreement was to be reviewed every three years.

After this review, the following two changes are being proposed to the original agreement, which is included as Attachment A:

- Adding Section 6 giving responsibility for selecting future nominees for the names of Iowa conservationists to be placed on stones at Ada Hayden Heritage Park to the FAHHP.
- Changing the review period from three to five years as outlined in Section 8.

This relationship has been very positive and the list below highlights some of the contributions the FAHHP has accomplished:

- Developed a Land Management Plan
- Planted numerous trees
- Partnered with Parks and Recreation to hire an intern for the Summer of 2014
- Fundraised to help fund small projects
- Provided invaluable expertise and guidance to staff
- Conducted public education and outreach activities

ALTERNATIVES:

- 1) Approve the revised Memorandum of Understanding with the Friends of Ada Hayden Heritage Park that reflects the two changes highlighted above.
- 2) Do not approve the revised Memorandum of Understanding with the Friends of Ada Hayden Heritage Park.
- 3) Refer this item back to staff for additional modifications.

MANAGER'S RECOMMENDED ACTION:

The Friends of Ada Hayden Heritage Park has engaged in many activities to make the park a better place for everyone to enjoy the beauty it has to offer. Staff believes the relationship with FAHHP has been positive and should continue. Amendments in the attached agreement will facilitate that continued cooperation.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the revised Memorandum of Understanding with the Friends of Ada Hayden Heritage Park.

**Memorandum of Understanding
Between Friends of Ada Hayden Heritage Park
And the City of Ames, Iowa**

1. Background: The Friends of Ada Hayden Heritage Park (FAHHP) was incorporated in July 2010 with the state of Iowa as a nonprofit tax exempt organization to operate exclusively for charitable, scientific, and educational purposes. It is the intent of the Board of Directors that FAHHP will operate exclusively for the public benefit of Ada Hayden Heritage Park. The Federal Internal Revenue Service approved the group as a tax exempt organization in November 2010 under Section 501(c)(3) of the Internal Revenue Code, of 1986, as amended.

2. Vision: The vision of the Board of Directors of FAHHP is to help perpetuate examples of Iowa's prairie, savanna, woodland and wetland natural environments in a way that is compatible with passive recreation and appropriate public use.

3. Goals: The goals of the organization are: (1) to partner with community members, and city government to enhance the park's natural environment, (2) support public awareness, educational programs, and research efforts, (3) secure supplemental financial resources that may be used by the City of Ames for projects selected by the Parks and Recreation Commission and approved by the City Council, (4) build connections between recreation, learning, and appropriate public use of the park, and (5) develop a network of supporters and volunteers to assist with management, restoration and protection.

4. Fundraising Activities: In support of the City of Ames and the Parks and Recreation Department, FAHHP will conduct public fund raising efforts, will maintain bank accounts, financial records, investments, and respond to requests from the City of Ames for projects that are within the ability of FAHHP.

5. Organization: FAHHP has an organizational structure that supports and sustains a vibrant and dedicated membership, identifies and recruits knowledgeable and enthusiastic committee leaders and members, and maintains a viable cooperative relationship with the Department of Parks and Recreation and the City of Ames.

6. Heritage Stones: The word 'heritage' is in the park's name because the Ames City Council and park supporters, at the time the park was planned, believed that preserving our native ecosystems is an important function of this unique park.

They recognized that the park also provides the opportunity to further commemorate Ada Hayden and other Iowa conservationists who have contributed significantly to the state’s conservation heritage by placing their names and likenesses on granite stones deposited here during glaciation. To ensure that this tradition is continued, the FAHHP accepts the responsibility for selecting future nominees for the names of Iowa conservationists to be placed on stones at Ada Hayden Heritage Park. Any future placement of stones for accepted nominees will be done in close coordination and agreement of the Ames Parks and Recreation Commission and the Ames City Council.

7. Relation to the City of Ames: The Board of Directors of FAHHP recognizes the role of the City of Ames as the body responsible for the operations of Ada Hayden Heritage Park, the establishment of park policies, and the development for plans and budgets for the park. FAHHP agrees to coordinate its activities with Department of Parks and Recreation.

8. Duration of the Agreement: This agreement is a renewal of a previous agreement dated 12 October 2010 and shall take effect immediately and will stay in force in perpetuity, or upon the dissolution of either entity. The agreement may be revised at any time, but shall be reviewed by both parties at least every five years.

Approved by resolution of the Ames City Council at their regular meeting on _____.

Ann H. Campbell, Mayor

Date

Approved by the Ada Hayden Heritage Park Board of Directors on 12 November 2014.

Erwin E. Klaas
President of the Board of Directors

Date

Friends of Ada Hayden Heritage Park—Vision, Mission, and Goals

Vision

The Friends of Ada Hayden Heritage Park strive to perpetuate examples of Iowa’s prairie, savanna, woodland and wetland natural environments in a way that is compatible with passive recreation and appropriate public use.

Mission

The mission of the Friends of Ada Hayden Heritage Park is to:

- partner with community members, county and city government to enhance the park’s natural environment
- support public awareness, educational programs, and research efforts
- secure supplemental financial resources
- build connections between recreation, learning and appropriate public use of the park
- develop a network of supporters and volunteers to assist with management, restoration and protection

Goals

Organization

- Establish an organizational structure that will support and sustain a vibrant and dedicated membership
- Identify and recruit knowledgeable and enthusiastic committee leaders and members
- cooperative agreement between the Friends of Ada Hayden Heritage Park and the City of Ames

Fundraising

- Solicit and collect membership dues and contributions
- Respond to requests for special projects envisioned by City of Ames*
- Establish a long-term endowment with a local foundation for 2020 and beyond

Public Awareness

- Educate the community regarding the mission / vision of the park
- Contribute to development of the park’s website

Education

- Develop interpretive programs on water quality, ecosystem function, and wildlife and plant identification

- Share and report research findings
- Promote the park as an outdoor laboratory for local schools and youth groups

Habitat Management

- Assist with vegetation management and control of invasive plants
- Work to prevent erosion and environmental degradation
- Assist with prairie burns
- Support litter control
- Provide wildlife plantings

Monitoring and Surveys

- Conduct surveys of birds, plants, insect and other wildlife
- Monitor water quality and ecosystem function

Photography and Art

- Collect and organize photographs documenting the natural history of the park
- Provide photographs for art exhibitions
- Support the development of video or film projects to highlight park's natural attributes

COUNCIL ACTION FORM

SUBJECT: REIMBURSEMENT AGREEMENT FOR POLICE OVERTIME TO ENFORCE UNDERAGE DRINKING LAWS

BACKGROUND:

For a number of years the Police Department has partnered with Youth and Shelter Services to promote the enforcement of underage drinking laws. In the past, YSS has been able to provide funding that allows officer overtime for enforcement activities. The Police Department and YSS are proposing a new agreement for alcohol compliance checks with local licensed retail establishments.

The proposed program would include compliance checks with approximately 30 licensed establishments and each would be checked twice during the 5 ½ month program period. This agreement would require the Department to share the cost of each compliance check with YSS on a 50/50 basis. The Department's contribution can include in-kind costs. The maximum reimbursement available from YSS under this proposed program is \$2,000. The program must be completed by June 30, 2015.

If approved, the Police Department would continue to carry out enforcement activities and compliance checks related to underage drinking laws throughout the community, including compliance checks with local retailers who are not checked as part of this proposed program. Areas and retailers included in this program will be selected Police Department command staff.

ALTERNATIVES:

1. Approve the Underage Enforcement agreement between the Police Department and Youth and Shelter Services.
2. Do not approve the Underage Enforcement agreement.

MANAGER'S RECOMMENDED ACTION:

These funds will supplement the Police Department's existing efforts to combat alcohol problems in the City of Ames.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the Underage Enforcement agreement between the Police Department and Youth and Shelter Services.

COUNCIL ACTION FORM

SUBJECT: WATER MAIN EASEMENT VACATION AT 230 SOUTH DUFF AVENUE

BACKGROUND:

The property owner is in the process of developing the lot at 230 South Duff Avenue (northeast corner of South Duff Ave and SE 3rd Street). The lot currently has a 12" water main that runs from east to west through the middle of the lot. Attachment A shows the existing lot, water main, and easement.

The configuration of the proposed building would be in conflict with the water main. The main needs to be relocated and placed in a new easement or to be abandoned with the existing easement vacated. Staff has evaluated the water main in the location and determined that there is no need to have this level of redundancy within the water system in this area. The lot can be served from existing mains on both the east and west sides of the property. Thus, the main can be abandoned and the easement vacated without any negative consequences. The developer will be responsible for the costs related to the abandonment of the existing main.

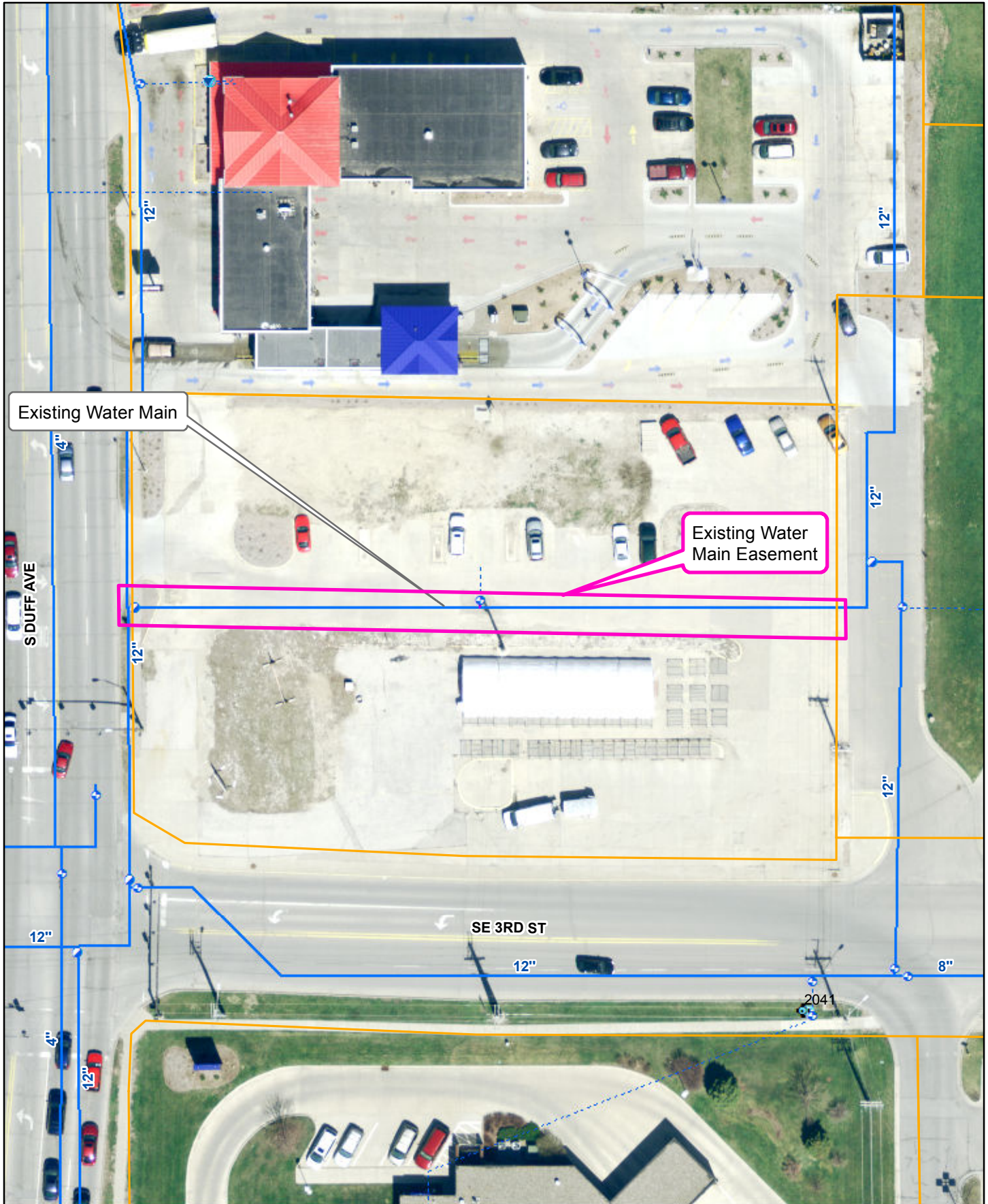
ALTERNATIVES:

1. Set January 27, 2015, as the date of public hearing for the proposed vacation of the existing water main easement at 230 South Duff Avenue.
2. Direct staff to pursue other options.

MANAGER'S RECOMMENDED ACTION:

Since the main is no longer required for redundancy and the lot can be served from other mains adjacent to the site, abandoning the main and vacating the easement will allow the property owner to develop the property in a more cost effective manner.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.



Existing Water Main

Existing Water Main Easement

2041

Geographic Information System (GIS) Product Disclaimer: City of Ames GIS map data does not replace or modify land surveys, deeds, and/or other legal instruments defining land ownership & land use nor does it replace field surveys of utilities or other features contained in the data. All features represented in this product should be field verified. This Product is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. The burden for determining accuracy, completeness, timeliness, merchantability and fitness for or the appropriateness for use rests solely on the User.



230 South Duff
Water Main Easement
Attachment A



Scale: 1 in = 50 ft
Date: 12/12/2014

COUNCIL ACTION FORM

SUBJECT: ALUMINUM CABLE FOR ELECTRIC SERVICES

BACKGROUND:

This bid is for the purchase of 30,000 feet of aluminum underground cable which will replenish inventory for the Electric Services Department. This cable is kept on hand in order to ensure availability of cable and to replace failed cable quickly. Typically, this cable is used to provide service for commercial and residential applications. It is also necessary to meet the anticipated needs of Electric Services for new construction and maintenance.

On December 16, 2014, a Request For Quotations document was issued to thirty-five firms. The RFQ was advertised on the Current Bid Opportunities section of the Purchasing webpage.

For the due date of December 30, 2014, two bids were received and two vendors indicated they would not submit a bid on the cable, as shown below:

BIDDER	BID PRICE
RESCO Ankeny, IA	\$81,325.35
WESCO Distribution Des Moines, IA Fletcher-Reinhardt Co. Bridgeton, MO	\$73,509.00 No Bid
Irby Utilities Fort Dodge, IA	No Bid

Staff has reviewed the bids and concluded that the apparent low bid in the amount of \$73,509.00 (inclusive of Iowa sales tax) submitted by WESCO Distribution, Des Moines, Iowa, is acceptable.

The City Council should note that due to the metal content of this product, both bidders attached a metal escalation/de-escalation clause due to the volatile market for metal, which may adjust the price on the day the cable is ordered. While this is not an ideal situation for the City, this cable is necessary to the efficient operation of the utility.

ALTERNATIVES:

1. Award a contract to WESCO Distribution, Des Moines, Iowa, for the purchase of 30,000 feet of aluminum cable, in the amount of \$73,509.00 (inclusive of Iowa sales tax), subject to metals adjustment at time of order.
2. Reject all bids and attempt to purchase aluminum cable on an as needed basis.

MANAGER'S RECOMMENDED ACTION:

It is important to purchase aluminum cable at the lowest possible cost with minimal risk to the City. It is also imperative to have cable available to meet customer needs.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

COUNCIL ACTION FORM

**SUBJECT: **SCAFFOLDING AND RELATED SERVICES AND SUPPLY
CONTRACT FOR POWER PLANT****

BACKGROUND:

This contract is for a contractor to provide and install scaffolding, bracing and fall protection at the City's Power Plant.

The Power Plant benefits from having an ongoing service contract with a firm that provides routine and emergency scaffolding services. This process reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies for these services. By having a contract in place, City staff will also save considerable time obtaining quotes, evaluating proposals and preparing specifications and other procurement documentation.

The approved FY2014/15 Power Plant operating budget includes \$55,000 for these services. Invoices will be based on contract rates for time and materials for services that are actually received.

ALTERNATIVES:

1. Approve preliminary plans and specifications for Scaffolding and Related Services and Supplies Contract, and set February 11, 2015, as the bid due date and February 24, 2015, as the date of public hearing and award of contract.
2. Purchase scaffolding services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

This contract is needed to carry out emergency and routine scaffolding services at the Power Plant. The contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.

COUNCIL ACTION FORM

SUBJECT: BOILER TUBE SPRAY COATING AND RELATED SERVICES AND SUPPLY CONTRACT FOR POWER PLANT

BACKGROUND:

This contract is for a contractor to provide and install new boiler tube coating and surface preparation at the City's Power Plant.

The Power Plant benefits from having an ongoing service contract with a firm that provides routine and emergency boiler tube spray coating services. This process reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies for these services. By having a contract in place, City staff will also save considerable time obtaining quotes, evaluating proposals and preparing specifications and other procurement documentation.

Funding in the amount of \$250,000 is available from the approved FY2014/15 Power Plant operating budget which includes \$860,000 for Units #7 and #8 Boiler Maintenance. Invoices will be based on contract rates for time and materials for services that are actually received.

ALTERNATIVES:

1. Approve preliminary plans and specifications for Boiler Tube Spray Coating and Related Services and Supplies Contract, and set February 11, 2015, as the bid due date and February 24, 2015, as the date of public hearing and award of contract.
2. Purchase scaffolding services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

This contract is needed to carry out emergency and routine boiler tube spray coating services at the Power Plant to maintain protection to the tube replaced in 2013. Failure to maintain the costing will result in increased wear and early tube deterioration. The contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.

COUNCIL ACTION FORM

SUBJECT: POWER PLANT FUEL CONVERSION – PRELIMINARY PLANS AND SPECIFICATIONS FOR UPGRADING TURBINE CONTROL SYSTEMS (TCS) ON UNITS 7 AND 8

BACKGROUND:

In November of 2013 the City Council voted to convert the City's Power Plant from coal to natural gas. In May of 2014 the City Council selected Sargent & Lundy of Chicago, Illinois, to provide engineering and construction oversight services for the conversion project.

The major phases of work necessary to complete this conversion project are outlined below, with project proposed for Council action shown in bold:

1. Procure the natural gas burners, igniters, and scanners, plus boiler/furnace modeling to assess the necessity for boiler modifications. On November 5, 2014 City Council awarded a Contract to Alstom Power Inc. of Windsor, CT, with delivery of this equipment in the fourth quarter of 2015.
2. Replace the Power Plant's Distributed Control System (DCS), including both hardware and software (current project).

2a. Replace (upgrade) the Turbine Control Systems (TCS) on Unit 7 and Unit 8, plus the steam seal regulator on Unit 8 only.

3. Design the necessary modifications to the control room and DCS cabinet room.
4. Design the necessary modifications to source natural gas inside the power plant, and all necessary structural, mechanical, and electrical modifications for the power plant to burn natural gas as its primary fuel.
5. Select a contractor to construct a new control room/DCS room in the Power Plant.
6. Select a contractor to modify the Power Plant and install the materials and equipment necessary to operate the Power Plant on natural gas.
7. Select a contractor to install the electrical equipment, including the work associated with the DCS upgrade and the electrical modifications to the control room.

This specific phase of the conversion project is to purchase new Turbine Control Systems (TCS) for both Unit 7 and Unit 8. Additionally, the steam seal regulator on Unit 8 is to be replaced.

The original (and current) turbine controls on Units 7 and 8 are designs by the original equipment manufacturer (OEM) that are at least 40 years old. The current controls utilize a combination of complex hydraulic equipment and mechanical linkages to control (govern) the load and speed of the turbine-generator and to safely shut down the turbine during an overspeed event due to the sudden removal of load off the generator. This complex arrangement of hydraulic equipment and mechanical linkages is hard to maintain, even harder to adjust, and does not provide accurate and tight control of the turbine-generator. New upgraded controls will replace most of the hydraulic equipment and mechanical linkage system, and will utilize up-to-date hardware and software to control the turbine-generator, including the necessary equipment to synchronize the generators to the grid.

The original (and current) steam seal regulator on Unit 8 has historically been very problematic on the Unit 8 turbine. The purpose of the steam seal regulator is to seal the shaft of the turbine to prevent air infiltration into the turbine during startup and low load conditions, and to capture steam trying to escape from the turbine under medium and high load conditions. The steam seal regulator must be able to react and modulate seal pressure seal throughout the load range of the turbine-generator. The existing steam seal regulator on Unit 8 is unreliable because it habitually tends to stick (at a certain pressure) and does not modulate the pressure correctly as the load (output) of the turbine-generator increases or decreases.

It is important to note that the technical expertise and knowledge base to maintain and adjust the current controls is scarce, and is rapidly diminishing due to retirements of personnel in the power industry who possess this expertise.

The Engineer's estimate of the cost for this phase of the project is \$1,064,728, with the following itemized breakdown of costs:

Unit 7 Turbine Controls	\$380,412
Unit 8 Turbine Controls	\$475,516
Unit 8 Steam Seal Regulator	\$208,800
TOTAL	\$1,064,728

These costs will be covered from funding identified in the approved FY 2014/15 Capital Improvements Plan, which includes \$36,880,000 for the Unit 7 and Unit 8 fuel conversion.

The project budget to date is shown on the next page:

\$36,880,000	FY 2014/15 CIP amount budgeted for project
\$1,995,000	Encumbered not-to-exceed amount for Engineering Services
\$2,395,000	Engineering Services Contract Change Order No. 1
\$3,355,300	Contract cost for Natural Gas Conversion Equipment
\$1,161,300	Estimated cost for DCS equipment (currently out for bid)
\$1,064,728	Estimated cost for TCS equipment (this agenda item)
\$26,908,672	Remaining Project Balance to cover the installation of natural gas burners, natural gas piping into the power plant from the gas gate, DCS installation, Control/DCS room, and other miscellaneous equipment and modifications to the power plant needed for the fuel conversion

ALTERNATIVES:

1. Approve the preliminary plans and specifications for the Turbine Controls System (TCS), and set February 25, 2015, as the bid due date, and March 3, 2015, as the date of hearing and award of contract.
2. Do not approve plans and specifications for the Turbine Controls System (TCS) at this time.

MANAGER'S RECOMMENDED ACTION:

The Power Plant's existing turbine controls for Units 7 and 8 are 48 and 33 years old, respectively. Up-to-date turbine controls are needed to maintain and to reliably and safely operate the Unit 7 and 8 turbine-generators over the long term. Funding to purchase and install these systems is available from the approved project budget.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

COUNCIL ACTION FORM

**SUBJECT: 2011/12 ASPHALT PAVEMENT IMPROVEMENT PROGRAM
(IRONWOOD COURT)**

BACKGROUND:

This is the annual program for reconstruction of full-depth asphalt streets, typically located within residential neighborhoods. Streets within the community's residential subdivisions have been installed using full-depth asphalt pavement since mid-1970s. Full-depth replacement of these streets becomes necessary due to structural pavement failure. This program supports the City Council's goal to strengthen our neighborhoods.

The 2011/12 program will consist of roadway reconstruction with seven-inch asphalt paving, repair of damaged curb and gutter, and storm sewer intake replacement. The program is being packaged into four separate contracts in order to better coordinate with construction activities in the respective areas, which are South Oak Avenue (to be combined with 2011/12 Low Point Drainage Improvements), Ironwood Court, Indian Grass Court/Barr Drive, and Abraham Drive/Todd Circle.

The location for this specific project is Ironwood Court. It will be a combination of cold in place recycling of the existing pavement in order to maintain access to the long dead end street, full depth reconstruction at the circle located in the northwest end of the street, and drainage improvements. Staff held a project meeting with area residents for input on staging and access and has utilized this input to coordinate the work with as little inconvenience as possible.

Staff has completed plans and specifications with estimated construction costs of \$244,875. The overall program in the 2011/12 Capital Improvements Plan has financing established at \$2,576,000 from General Obligation Bonds.

The 2011/12 Asphalt Pavement Improvement Program includes expenses as follows:

Barr Drive/Indian Grass Court (actual)	\$ 456,088
Abraham Drive/Todd Circle (actual)	\$ 214,993
Ironwood Court (this project)	\$ 244,875
South Oak Avenue (actual)	\$ 506,160
Engineering/Administration (Estimated)	<u>\$ 336,000</u>
Total	\$1,758,116

Any remaining funds will be utilized for contingencies and additional projects.

ALTERNATIVES:

1. Approve the 2011/12 Asphalt Pavement Improvement Program (Ironwood Court) by establishing February 18, 2015, as the date of letting and February 24, 2015, as the date for report of bids.
2. Do not proceed with this project.

MANAGER'S RECOMMENDED ACTION:

By approving plans and specifications and setting the letting date, it will be possible to move forward with the rehabilitation of this street with minimal interruption during the 2015 construction season.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.



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MEMO

To: Mayor and Members of the City Council

From: City Clerk's Office

Date: January 9, 2015

Subject: Contract and Bond Approval

There are no Council Action Forms for Item Nos. **20** through **24**. Council approval of the contract and bond for these projects is simply fulfilling a *State Code* requirement.

/jr

ITEM # 25
DATE: 01-13-15

COUNCIL ACTION FORM

SUBJECT: TEMPORARY CONTRACT INSPECTION SERVICES CHANGE ORDER

BACKGROUND:

In late March of 2014, the Public Works Engineering staff experienced the sudden loss of Ed Kray, a Senior Engineering Technician, to cancer. This loss dealt a blow personally and professionally to the department. Ed had over 12 years experience in inspection and administration of Capital Improvement Projects and subdivision construction with the City. Staff determined that, to provide the excellent customer service our citizens expect, it was necessary to temporarily fill this Senior Engineering Technician position until recruitment for the open position was completed.

Staff contacted several consulting engineering companies in April 2014 and received verbal quotes for hourly inspection work. Staff eventually issued a purchase order to FOX Engineering to provide construction inspection for the temporary period from May 12, 2014 to approximately July 4, 2014 in the amount of \$24,000.

Staff continued to pursue the recruitment of a new Senior Engineering Technician with the Human Resources Department. Candidates were interviewed in June 2014. Unfortunately, no suitable candidate was found. Staff felt that this recruitment was unsuccessful due to the time of year being in the middle of the construction season. Thus, it was determined that waiting until the construction season was winding down provided the opportunity to attract better candidates. Due to the initial unsuccessful recruitment, a temporary Senior Engineering Technician supplied by FOX Engineering was still necessary to provide the customer service and inspection and was utilized until late October 2014.

This Change Order No. 1 to the FOX purchase order is needed to extend the purchase order to cover the additional work that was performed. The change order amount is \$49,750.50, bringing the overall amount of the purchase order to \$73,750.50.

Funding for this assistance is realized by savings from personnel salaries and benefits from the vacant position. Staff has finalized recruitment for the Senior Engineering Technician, and the new hire will begin work later this month.

ALTERNATIVES:

1. Approve the change order to Fox Engineering in the amount of \$49,750.50.
2. Direct staff to make modifications to this change order.

MANAGER'S RECOMMENDED ACTION:

Approval of this change order will allow the City to close out the purchase order and return to normal staffing levels.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.

COUNCIL ACTION FORM

SUBJECT: UNDERGROUND TRENCHING CONTRACT FOR ELECTRIC SERVICES

BACKGROUND:

On January 22, 2013, City Council approved preliminary plans and specifications for Underground Trenching Contract for Electric Services. The scope of work consists of a contractor furnishing all equipment, tools, labor, and materials not supplied by Electric Services for excavating, trenching, directional-boring and backfilling for installation of conduits, ground sleeves, box pads, vaults, handholes, and other appurtenances. The work also includes the necessary clearing, sheeting and shoring, boring and jacking, dewatering, pipe embedment, and other appurtenant work. Trenching and excavation services can be required as part of new construction or maintenance projects. These services are occasionally needed during off hours as part of emergency repairs.

On February 26, 2013, City Council awarded the **primary contract** in the not-to-exceed amount of \$136,500 to Ames Trenching & Excavating and the **secondary contract** in the not-to-exceed amount of \$58,500 to Communication Technologies to provide underground trenching services for Electric Services. The amount budgeted for this contract was \$195,000. The contracts included a provision that would allow the City to renew the contracts for up to four additional one-year terms at stated rates. On January 14, 2014, City Council approved the contract renewal with each contractor for calendar year 2014.

All of the work included in these contracts has been completed and the Electrical Engineer has provided a certificate of completion. The total contract amount for work performed for 2014 was \$162,776.42 for Ames Trenching and \$10,717.26 for Communication Technologies. Council should note that the contract amount to Ames Trenching includes one contract change order in the amount of \$27,300 which was for additional funds needed to finish out the year.

Electric Services staff recommends that the existing contracts not be renewed, but that this work be rebid. This would allow revisions to be made to the specifications, an additional bid item to be added, with a goal to obtain more competitive bids.

These revisions to the bid documents have now been made. This contract rebid is for award of bid through June 30, 2015, so that all future renewals will coincide with the City budget cycle. This contract also includes a provision that would allow the City to renew the contract for up to four additional one-year terms at stated rates.

The total amount to be awarded for this contract will be a time and materials cost not to exceed \$150,000. The approved FY 2014/15 operating budget for outside services contains \$108,000 unencumbered. Additional funds, if required, are available from the underground materials budget. The trenching and excavation services covered by this contract would also be used for the relocation of Electric Services facilities to clear sites for Public Works roadway improvement projects. Funds have been designated in various CIP projects for those relocation activities.

ALTERNATIVES:

- 1) a. Accept completion of the **primary contract** for the 2014 Underground Trenching Contract for Electric Services with Ames Trenching & Excavating, at a total cost of \$162,776.42.
 - b. Accept completion of the **secondary contract** for the 2014 Underground Trenching Contract for Electric Services with Communication Technologies, at a total cost of \$10,717.26.
 - c. Approve preliminary plans and specifications for the rebid of the Underground Trenching Contract for Electric Services, and set February 12, 2015, as the bid due date and February 24, 2015, as the date of public hearing and award of contract.
- 2) a. Delay acceptance of these contracts.
 - b. Do not approve plans and specifications for 2015 at this time and purchase these services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

The contractors for the Underground Trenching Contract have completed all of the work for calendar year 2014. The Electrical Engineer has issued certificates of completion on the work for each contractor.

Moving forward, these services should be rebid for future projects. These services provide trenching and excavation for new construction, maintenance, and emergency repair activities of the Electric Services Department. The annual renewable contracting process reduces the City's exposure to market forces regarding prices and availability for labor, equipment, travel, and supplies for these services. Additionally, City staff has saved a considerable amount time obtaining quotes, evaluating bids and awarding the services.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

COUNCIL ACTION FORM

SUBJECT: COMPLETION OF SPRING 2014 POWER PLANT BOILER REPAIRS

BACKGROUND

On October 22, 2013, City Council approved preliminary plans and specifications for the Spring 2014 Boiler Repairs. The overall project was for labor and materials for replacement of the primary superheater attemperator, disassembly/reassembly of the boiler ash grates, replacement of the boiler water seal box/trough and box/trough seal plates, ash grate shafts and bearings, ash hopper refractory, undergrate air metal bellows expansion joint, and designated undergrate air ductwork in the Unit No. 8 Boiler. The purchase of the attemperator itself was awarded by Council on Oct. 8, 2013, and that contract was accepted as complete on May 27, 2014.

On November 27, 2013, bids were received and staff determined that the low bid submitted by ProEnergy Services, LLC was acceptable. The amount of the contract as awarded on December 10, 2013, was \$331,069.50 plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.

There were four change orders to this contract.

Change Order No. 1 for \$23,000 was to increase funds to cover miscellaneous repair work as uncovered during demolition.

Change Order No. 2 for \$133,000 was for: 1) repair and replacement of steel hopper and inlet deck with stainless steel; 2) replacement of under refractory concrete; and 3) replacement of the airfoil.

Change Order No. 3 for \$23,500 was to increase funds to cover replacement of the structural connection between the boiler bottom and the grate support system.

Change Order No. 4 for \$155,493 was to increase funds to cover for the additional costs for the work required to complete the work items listed in Change Order No's. 2 and 3.

The contract amount including these four change orders is \$666,062.50.

The engineer's estimate for the purchase of the attemperator was \$155,000. The cost of the attemperator was covered using FY 2013/14 operating funds budgeted for power plant boiler parts and supplies. The engineer's estimate for the boiler repairs work (labor and materials) was \$461,000, and the original funding identified from the FY2013/14

Electric Production operating budget was \$475,000 from the Unit #8 Boiler Maintenance account. City Council approved additional funding to cover the balance from the approved FY14/15 Electric Production operating budget, which at the time contained \$536,000 in the Unit No. 8 Boiler Maintenance account.

Below is a summary of all the project costs:

<u>Attemperator (purchased separately):</u>	
\$163,406.35*	Bid award amount for Replacement Superheater Attemperator * Inclusive of Iowa sales tax
<u>Spring 2014 Boiler Repairs:</u>	
\$331,069.50**	Bid award amount for Spring 2014 Boiler Repairs
\$23,000.00**	Contract Change Order No. 1 to Spring 2014 Boiler Repairs
\$133,000.00**	Contract Change Order No. 2 to Spring 2014 Boiler Repairs
\$23,500.00**	Contract Change Order No. 3 to Spring 2014 Boiler Repairs
\$155,493.00**	Contract Change Order No. 4 to Spring 2014 Boiler Repairs
	** These amounts do not include applicable sales tax which the City has paid directly to the state of Iowa.
<u>\$666,062.50</u>	Total for Spring 2014 Boiler Repairs
<u>Overall:</u>	
<u>\$829,468.85</u>	Attemperator and Spring 2014 Boiler Repairs

All of the work included in the contract with ProEnergy Services, LLC has now been completed, and the Power Plant Engineer has provided a certificate of completion.

ALTERNATIVES:

- 1) Accept completion of the contract for the Spring 2014 Boiler Repairs with ProEnergy Services, LLC at a total cost of \$666,062.50, and authorize final payment to the contractor.
- 2) Delay acceptance of this project.

MANAGER'S RECOMMENDED ACTION:

The contractor for the Spring 2014 Boiler Repairs has completed the work under the contract. The Power Plant Engineer has issued a certificate of completion on the work, and the City is legally required to make final payment to the contractor.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

COUNCIL ACTION FORM

**SUBJECT: WATER POLLUTION CONTROL PLANT ELECTRICAL
TRANSFORMER REPLACEMENT**

BACKGROUND:

On May 13, 2014, the City Council approved a contract in the amount of \$109,411 with Baker Electric, Inc. for replacement of the electrical transformer at the Water Pollution Control Plant.

All work associated with this project was satisfactorily completed by the contractor as of December 12, 2014. No change orders were needed to complete the project. The final construction cost for the project was \$109,411, and an Engineer's Certification of Completion is attached.

ALTERNATIVES:

1. Accept final completion of the replacement of the WPC Plant Transformer Project and make final payment and release of retainage to Baker Electric, Inc. in the amount of \$5,470.55 in accordance with the terms of the agreement.
2. Do not accept completion of the WPC Plant Transformer Project at this time.

MANAGER'S RECOMMENDED ACTION:

Baker Electric, Inc. has completed the replacement of the WPC Plant Transformer Project in accordance with the plans and specifications, and a certification of completion has been issued by the Engineer.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving completion of the project and making final payment and release of retainage to Baker Electric, Inc. in accordance with the contract documents.



Barr Engineering Company
4700 West 77th Street • Minneapolis, MN 55435-4803
Phone: 952-832-2600 • Fax: 952-832-2601 • www.barr.com *An EEO Employer*

Minneapolis, MN • Hibbing, MN • Duluth, MN • Ann Arbor, MI • Jefferson City, MO • Bismarck, ND
Calgary, Alberta •

December 3, 2014

City of Ames
Water and Pollution Control Department
Attn: Mr. James McElvogue
56797 – 280th Street East
Ames, IA 50010-9337

Re: City of Ames, Iowa
Water and Pollution Control Department
Water Pollution Control Facility
Contract between the City of Ames
and Baker Electric, Des Moines, IA.
Transformer and medium voltage switchgear replacement

Dear Mr. McElvogue,

In response to the inquiry regarding the completion of the replacement of the main transformer and the associated medium voltage switchgear at the Water Pollution Control Facility, it is our opinion that the project is substantially complete as of December 3, 2014.

Upon confirmation that the final tax certificates and related information have been received by the City, and are in order, the recommendation is that the project be considered complete.

If you have questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul F. Kaeding". The signature is stylized and extends upwards and to the right.

Paul F. Kaeding, PE
Barr Engineering Co.

~~ITEM # 10
DATE: 12-16-14~~

COUNCIL ACTION FORM

SUBJECT: PUBLIC UTILITY AND DRIVE EASEMENT VACATION – WESTWOOD VILLAGE

BACKGROUND:

The property owner of 145 Marshall recently added a new apartment building to Lot 6. During the review process, it was determined that a public utility easement and a driveway easement on the property are no longer needed due to the ownership and configuration of the new building. The drive easement is also not required due to the fact that all adjacent lots are owned by the same entity.

Public Works staff contacted all registered right-of-way users of the existing Public Utility Easement to determine the extent of utilities in the immediate area. All users have indicated that there are no known utilities in the area and the utilities do not have plans to locate facilities in the existing easement.

The attached map provides more information on the affected area, as well as descriptions of the easements.

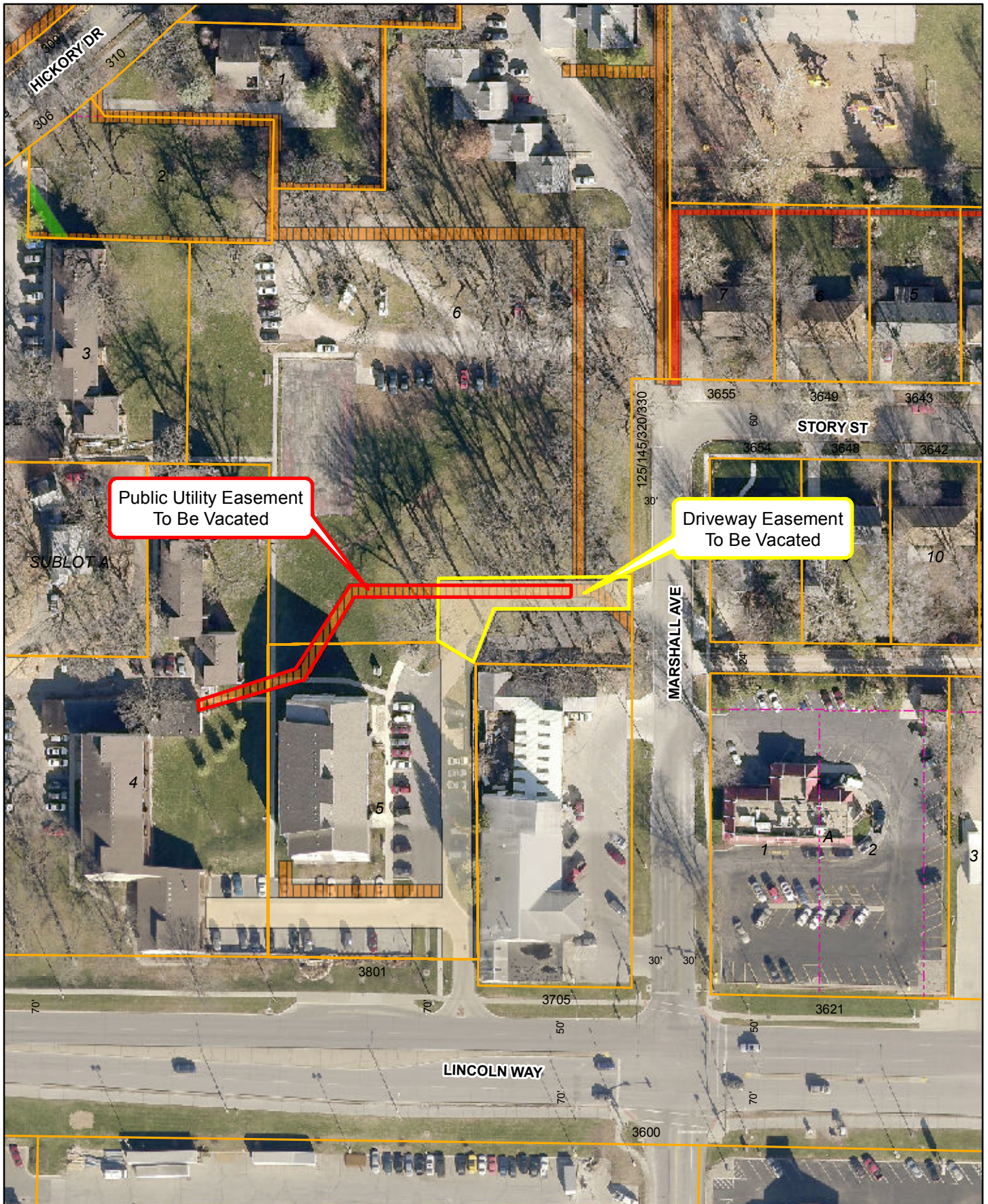
ALTERNATIVES:

1. Approve the vacation of the easements as shown and described in Attachment A, and set the date of public hearing for January 13, 2015.
2. Direct staff or the property owner to pursue other options.

MANAGER'S RECOMMENDED ACTION:

These easements are no longer required to serve their intended purpose.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving vacation of the easements as shown and described in Attachment A, and setting the date of public hearing for January 13, 2015.



Public Utility Easement
To Be Vacated

Driveway Easement
To Be Vacated

Geographic Information System (GIS) Product Disclaimer: City of Ames GIS map data does not replace or modify land surveys, deeds, and/or other legal instruments defining land ownership & land use nor does it replace field surveys of utilities or other features contained in the data. All features represented in this product should be field verified. This Product is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. The burden for determining accuracy, completeness, timeliness, merchantability and fitness for or the appropriateness for use rests solely on the User.



Westwood Village
Easement Vacations
Attachment A



Scale: 1 in = 100 ft
Date: 12/8/2014

Public Utility and Drive Easement Vacation Descriptions - Westwood Village Attachment A

Utility Easement:

A strip of land 10.00 feet in width across Lots 4, 5 and 6 in the Replat of Westwood Village, City of Ames, Story County, Iowa, being described as follows: Commencing at the Southeast Corner of said Lot 6; thence N00°00'45"E, 52.44 feet along the East line thereof; thence N89°56'17"W, 44.99 feet to the point of beginning; thence continuing N89°56'17"W, 167.24 feet; thence S30°16'57"W, 73.51 feet; thence S73°03'36"W, 87.00 feet; thence N00°03'43"E, 10.46 feet; thence N73°03'36"E, 80.03 feet; thence N30°16'57"E, 75.34 feet; thence S89°56'17"E, 172.98 feet; thence S00°00'00"W, 10.00 feet to the point of beginning.

Drive Easement:

A part of Lot 6 in the Replat of Westwood Village, City of Ames, Story County, Iowa, being described as follows: Commencing at the Southeast Corner of said Lot 6; thence N00°00'45"E, 43.90 feet along the East line thereof to the point of beginning; thence continuing N00°00'45"E, 24.00 feet; thence N89°56'17"W, 148.27 feet; thence S00°04'25"W, 48.65 feet to the South line of said Lot 6; thence S59°01'56"E, 32.83 feet along said line; thence N21°04'38"E, 44.46 feet; thence S89°56'17"E, 104.19 feet to the point of beginning.

COUNCIL ACTION FORM

SUBJECT: **MINOR SUBDIVISION FINAL PLAT FOR WESTWOOD VILLAGE
PLAT 2**

BACKGROUND:

Property owner Westwood Co-op Inc. is requesting approval of a final plat for a minor subdivision of 3.81 acres of land within the Westwood Village Planned Residential District (PRD) on Lincoln Way in west Ames (see Attachment A). A minor subdivision includes three or fewer lots and does not require additional public improvements. A minor subdivision does not require a preliminary plat, and may be approved by Council as a final plat only, subject to the applicant completing the necessary requirements.

The proposed plat divides one existing lot in a manner such that the recently completed apartment building along Marshall will be on its own lot (Lot 3) without other buildings. The existing property boundary between this new lot and an existing lot (Lot 1) is slightly adjusted with the plat as well. (See Attachment D Westwood Village Plat 2 Final Plat)

This minor subdivision does not modify the approved Major Site Development Plan for this PRD. (Attachment C for Major Site Plan layout) All of the improvements required by that Major Site Development Plan have been completed. All required sidewalks and street trees for development on this site with the plat have been completed. No public improvements are required for this subdivision.

Included with this plat are easements for existing and recently completed water main and public utility improvements. Two existing easements that are no longer necessary are proposed to be vacated by separate Council action at this same meeting. All of the lots within the proposed plat have access to a public street; an existing easement provides for secondary access through the proposed Lot 3 to the existing parking area and building on the lot to the south.

The proposed subdivision complies with all relevant and applicable design and improvement standards of the Subdivision Regulations, to the City's Land Use Policy Plan, to other adopted City plans, ordinances and standards, and to the City's Zoning Ordinance.

ALTERNATIVES:

1. The City Council can approve the final plat for Westwood Village Plat 2 Subdivision based upon the findings and conclusions stated above.
2. The City Council can deny the final plat for Westwood Village Plat 2 Subdivision if

the Council finds that the proposed subdivision does not comply with applicable ordinances, standards or plans.

3. The City Council can refer this request back to staff or the applicant for additional information.

MANAGER'S RECOMMENDATION:

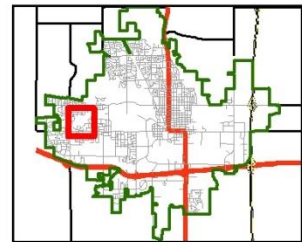
The proposed final plat for Westwood Village Plat 2 Subdivision is consistent with the City's existing subdivision and zoning regulations, other City ordinances and standards, the City's Land Use Policy Plan, and the City's other duly adopted plans. No public improvements are required. No changes are proposed to the Major Site Development Plan for Westwood Village and all improvements required by that Plan have been completed.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1.

Attachment A Location Map



**Location Map
Westwood Village Plat 2 Subdivision**



Attachment B Applicable Laws

The laws applicable to this case file are as follows:

Code of Iowa, Chapter 354.8 states in part:

A proposed subdivision plat lying within the jurisdiction of a governing body shall be submitted to that governing body for review and approval prior to recording. Governing bodies shall apply reasonable standards and conditions in accordance with applicable statutes and ordinances for the review and approval of subdivisions. The governing body, within sixty days of application for final approval of the subdivision plat, shall determine whether the subdivision conforms to its comprehensive plan and shall give consideration to the possible burden on public improvements and to a balance of interests between the proprietor, future purchasers, and the public interest in the subdivision when reviewing the proposed subdivision and when requiring the installation of public improvements in conjunction with approval of a subdivision. The governing body shall not issue final approval of a subdivision plat unless the subdivision plat conforms to sections 354.6, 354.11, and 355.8.

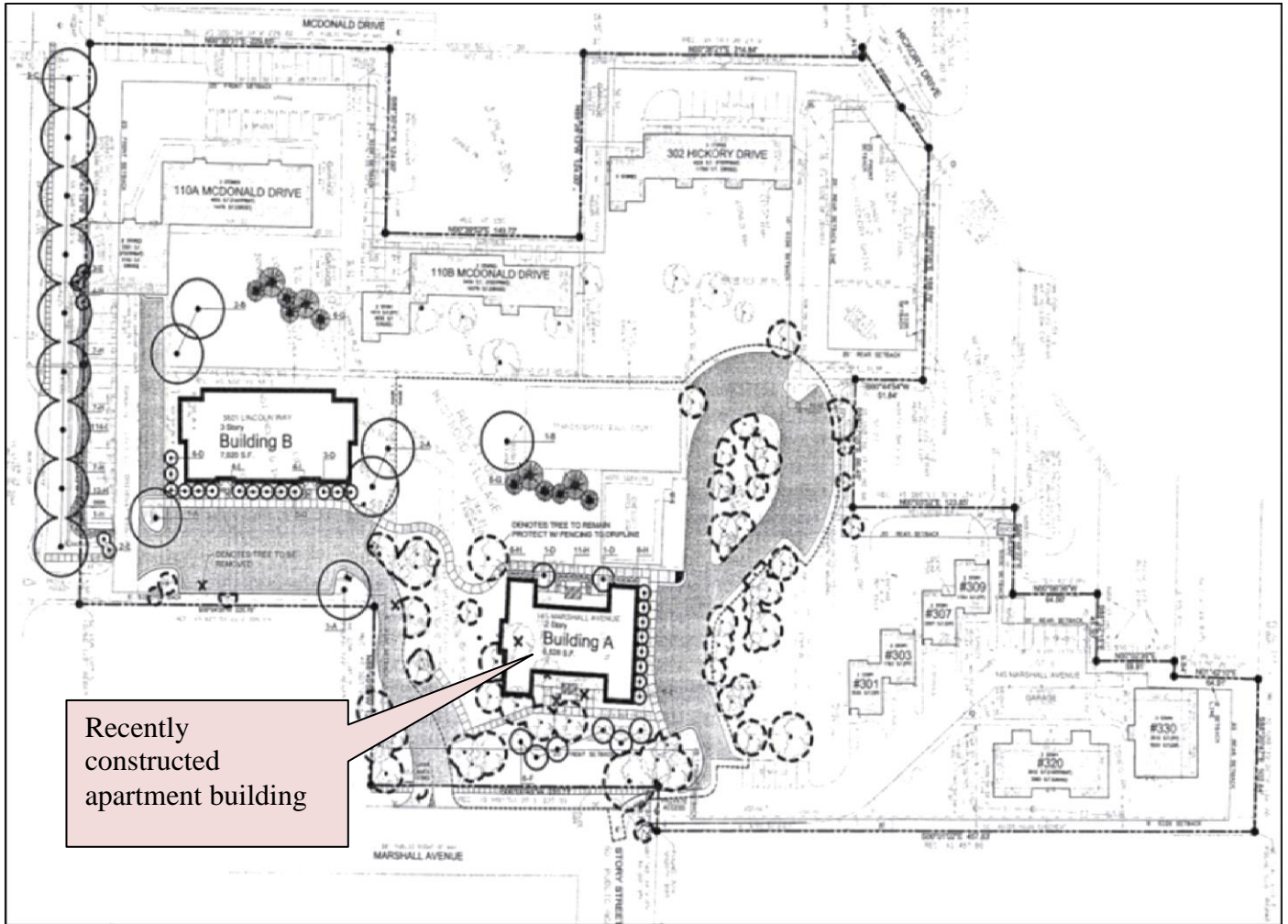
Ames Municipal Code Section 23.303(3) states as follows:

(3) City Council Action on Final Plat for Minor Subdivision:

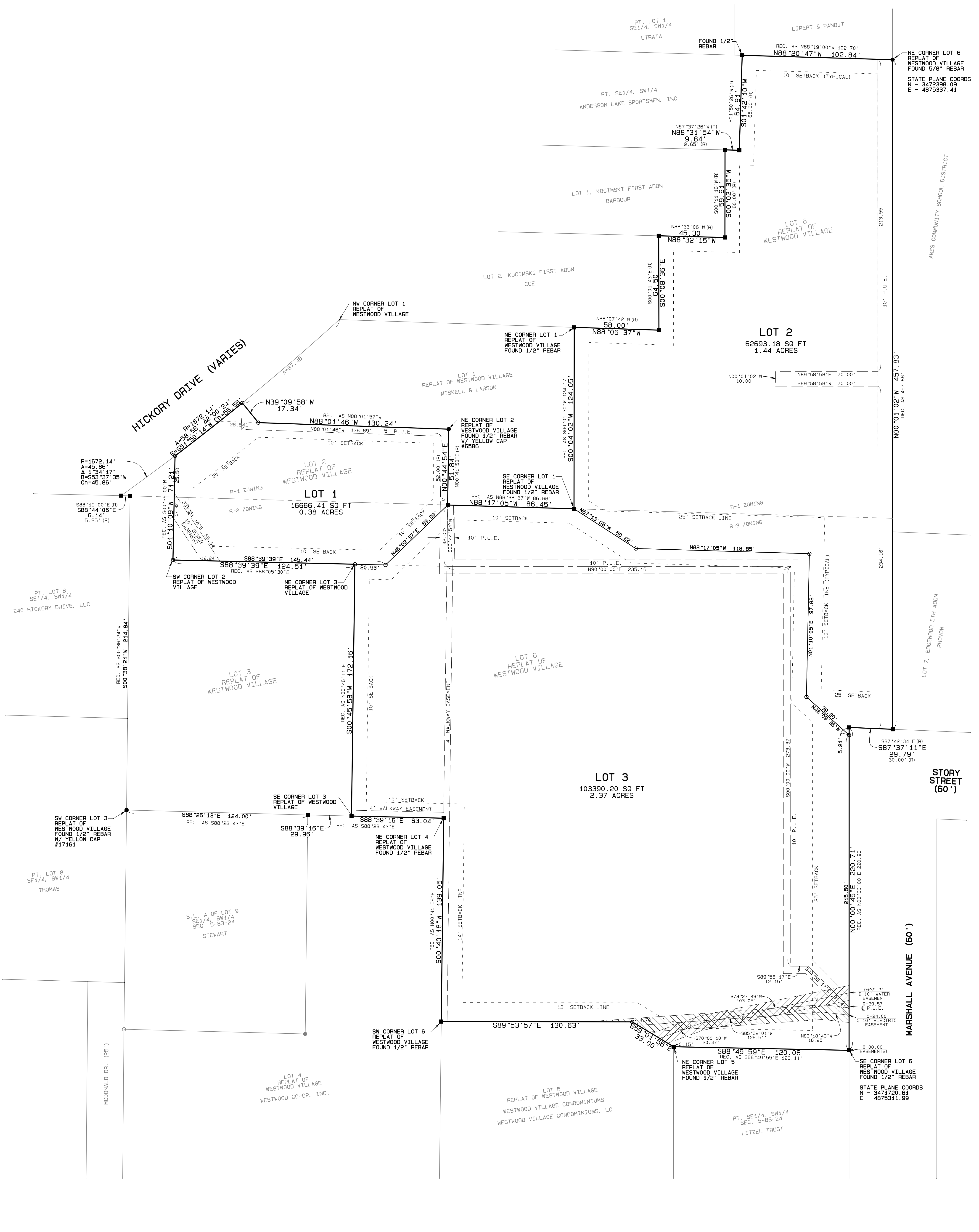
(a) All proposed subdivision plats shall be submitted to the City Council for review and approval in accordance with Section 354.8 of the Iowa Code, as amended or superseded. Upon receipt of any Final Plat forwarded to it for review and approval, the City Council shall examine the Application Form, the Final Plat, any comments, recommendations or reports examined or made by the Department of Planning and Housing, and such other information as it deems necessary or reasonable to consider.

(b) Based upon such examination, the City Council shall ascertain whether the Final Plat conforms to relevant and applicable design and improvement standards in these Regulations, to other City ordinances and standards, to the City's Land Use Policy Plan and to the City's other duly adopted plans. If the City Council determines that the proposed subdivision will require the installation or upgrade of any public improvements to provide adequate facilities and services to any lot in the proposed subdivision or to maintain adequate facilities and services to any other lot, parcel or tract, the City Council shall deny the Application for Final Plat Approval of a Minor Subdivision and require the Applicant to file a Preliminary Plat for Major Subdivision.

Attachment C
Major Site Plan Layout



Recently
constructed
apartment building

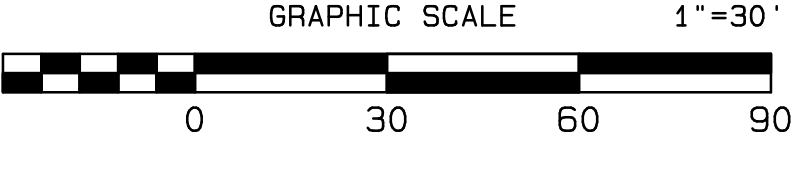


OWNER/DEVELOPER:
 WESTWOOD CO-OP, INC.
 C/O HAVERKAMP PROPERTIES, INC.
 4750 MORTENSEN ROAD, STE. 105
 AMES, IA 50014

ZONING: F-PRD (PLANNED RESIDENCE DISTRICT)
 BUILDING SETBACKS:
 FRONT YARD: 25' MINIMUM
 SIDE YARD: 10' MINIMUM
 REAR YARD: 10' MINIMUM

SURVEY DESCRIPTION - WESTWOOD VILLAGE, PLAT 2
 A replat of Lots 2 and 6 in the Replat of Westwood Village, City of Ames, Story County, Iowa, as recorded on September 23, 1994 at Instrument No. 94-10538, and that part of Lot 1 in said Replat of Westwood Village lying southwesterly of the following described line: Beginning at a point on the westerly line of said Lot 1 which is 87.48 feet, as measured along the arc of said line, from the Northwest Corner thereof, thence to a point on the South line of said Lot 1 which is 26.54 feet from the Southwest Corner thereof, and there terminating. Westwood Village, Plat 2 contains 4.20 acres.

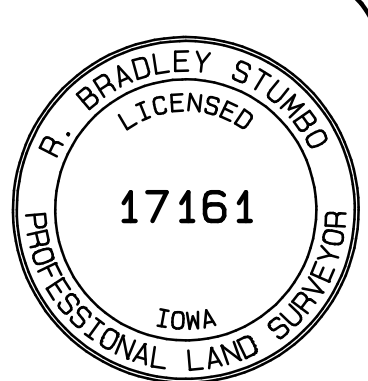
LEGEND
 PROPERTY BOUNDARY
 SECTION LINE
 STREET CENTERLINE
 RIGHT OF WAY LINE
 EASEMENT LINE
 BUILDING SETBACK LINE
 SECTION CORNER FOUND OR SET AS NOTED
 FOUND IRON PIN OR PIPE AS NOTED
 FOUND 1/2" REBAR
 SET 1/2" REBAR W/ YELLOW CAP #17161



STUMBO & ASSOCIATES
LAND SURVEYING
 510 S. 17th STREET, SUITE 102 AMES, IOWA 50010
 PHONE 515-233-3689 FAX 515-233-4403

FINAL PLAT
WESTWOOD VILLAGE, PLAT 2
 A REPLAT OF LOTS 2, 3, 6 AND PART OF LOT 1 IN
 THE FINAL PLAT OF THE REPLAT OF WESTWOOD VILAGE,
 CITY OF AMES, STORY COUNTY, IOWA
 JOB #3107FP2 DATE: 12/03/14 PAGE: 1 of 1

Certification: I hereby certify that this land surveying document was prepared and the related survey work was performed by me or under my direct personal supervision and that I am a duly licensed Land Surveyor under the laws of the State of Iowa.
 R. Bradley Stumbo License #17161 Date: _____
 My license renewal date is December 31, 2015



COUNCIL ACTION FORM

SUBJECT: NON-ASBESTOS INSULATION AND RELATED SERVICES AND SUPPLY CONTRACT FOR POWER PLANT

BACKGROUND:

On November 25, 2014, City Council approved preliminary plans and specifications for a Non-Asbestos Insulation and Related Services and Supplies Contract. This contract involves the removal, repair, and reinstallation of non-asbestos insulation of all types used at the City's Power Plant.

This contract is to provide non-asbestos insulation services for the period from the award date through June 30, 2015. This will enable this and future renewals to coincide with the City's fiscal year. The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Bid documents were issued to seventeen potential bidders. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to one plan room.

On November 12, 2014, two bids were received. Details of the bids are shown on the following table:

	Total Insulation Mechanical, Inc. Story City, IA			Mavo Systems, Inc. White Bear Lake, MN		
DESCRIPTION	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)	Hourly Rate (ST)	Hourly Rate	Hourly Rate (DT)
Supervisor:	\$70.00	\$105.00	\$140.00	Non-responsive. Did not supply rate sheet with bid submittal.		
Apprentice:	\$60.00	\$90.00	\$120.00			
Foreman:	\$70.00	\$105.00	\$140.00			
Journeyman:	\$70.00	\$105.00	\$140.00			
Subsistence:	0					
Travel:	0					
Mileage:	0					
Material Costs:	30%					
Proposed Price Increase for Renewal Periods:						
Labor Rates:	0% per year					
Travel & Subsistence:	0% per year					

As noted above, the bid submitted by Mavo Systems was non-responsive since they did not supply any pricing with their bid. Staff reviewed the remaining bid submitted by Total Insulation Mechanical, Inc., Story City, IA, and concluded that it was acceptable.

Having this contract reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage. City

staff will save considerable time obtaining quotes, evaluating proposals, and preparing specifications and other procurement documentation.

The approved FY2014/15 Power Plant operating budget includes \$90,000 for these services. Invoices will be based on contract rates for time and materials for services that are actually received.

ALTERNATIVES:

1. Award the contract for the Non-Asbestos Insulation and Related Services and Supplies Contract to Total Insulation Mechanical, Inc., Story City, IA, for hourly rates and unit prices bid, in an amount not-to-exceed \$90,000.
2. Reject all bids and purchase non-asbestos insulation services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

This contract is needed to carry out emergency and routine non-asbestos insulation services at the Power Plant. The contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.

Staff Report

**INDEPENDENT HYDRAULIC ANALYSIS OF RIVERSIDE MANOR
AT 1204 S. 4TH STREET**

January 13, 2015

BACKGROUND:

At the December 9, 2014 meeting, the City Council deferred action on a minor final plat for a proposed two-lot subdivision at 1204 S. 4th Street (Prairie Village Subdivision located at Riverside Manor). **The Council passed a motion referring this item back to staff asking for a third party evaluation of the hydraulic effects of the proposed project on the Oak-Riverside neighborhood north of the site and to explore what level of oversight is needed to ensure that the project would be built as approved.**

It was anticipated that the staff would return to the City Council with a report on who might do the requested analysis, how much it would cost, and who would pay the cost for the analysis (the City or the owner of Riverside Manor).

After discussing this assignment amongst City staff members, it was determined that relevant flooding information is available from an analysis performed for the City's South Grand Extension project. With the information highlighted below, City Council may determine that it is not necessary to perform an additional site specific study to understand changes in potential flood impacts on the Oak Riverside Neighborhood.

FEMA 1D Model v. IDOT 2D Model

It should be noted that the FEMA flood levels were calculated in 1999 by Snyder and Associates using a 1D HEC-2 model. IDOT has a newer, more robust model using Lidar data that has a more accurate resolution of topography. The FEMA model is available for the entire city. The 2D model has been developed by IDOT for their I-35 bridge project, but it covers only portions of Squaw Creek (downstream from Lincoln Way) and the Skunk River (E 13th Street to I-35).

Both models calculate water surface levels based on inputted topography and a defined storm event. The IDOT's 2D Model calculates more detailed and realistic flow paths of flood waters (see figure in attachment) than the basic HEC-2 Model from FEMA. It can also capture the inundation of the water surface levels as flood waters flow over irregular channel beds, and meander along sinuous channels and around barriers whereas the FEMA HEC-2 Model provides a simplified water surface level. In general, there is a higher cost to use the 2D Model than the HEC-2 model. From the informal bid proposals for the Riverside Manor project, staff generally estimates a cost of \$1,000 dollars for a HEC-2 model of project impacts and approximately \$3,500 for the 2D Model of project

impacts. Larger projects or consideration of alternative designs would have additional costs.

South Grand Extension Baseline Hydraulic Analysis

The City has contracted with HR Green for the environmental and location study of the proposed Grand Avenue extension that is downstream of the subject Riverside Manor site. HR Green has subcontracted with HDR for a hydraulic analysis of existing conditions, including the addition of the fill at Riverside Manor, to set a baseline for analysis of the bridge design. As part of their analysis, HDR used a 2-D model owned by the Iowa Department of Transportation (IDOT). This 2-D model provides more accurate hydraulic analysis than the traditional 1-D model used for the FEMA Flood Insurance Study (FIS) that led to the adoption of our regulatory flood maps.

Using the IDOT model and existing topography based on Lidar aerial photography, HDR inserted the Riverside Manor fill based on the proposed grading plan provided by FOX Engineering. **The HDR model results showed increases in the water surface level of a 100-year flood upstream from S 4th Street of between 0.02 and 0.07 of a foot (0.24 to 0.84 inches).** See the attachment for the location of data points showing this increase.

It should be noted that these numbers are preliminary data used for a project (Grand Avenue extension) unrelated to Prairie Village. However, in order to properly evaluate the impacts of the Grand Avenue extension, this analysis was made to determine the 100-year water surface level based on post-fill at Riverside Manor topography.

OPTIONS FOR HYDRAULIC ANALYSIS

***Option 1:* The City Council could find the preliminary hydraulic modeling based on the 2D IDOT model described above satisfies their request for additional information and does not require a site specific study.**

While this preliminary information is intended as part of a larger study for Grand Avenue, staff believes it provides the information requested by the City Council for the Riverside Manor plat. This analysis indicates an increase of the water surface level of a 100-year flood at four points along Squaw Creek (two on each side of the bank) of between a 1/4 inch and 7/8 inch. It indicates a de minimus effect on base flood elevations compared to the FEMA determined base flood elevations. **If the City Council that this information is adequate, the minor subdivision final plat could be placed on the January 27th Council Meeting for final action.**

However, if the City Council wishes a more formal report, staff has obtained proposals from two firms that could provide that independent analysis and prepare a written report for the City Council to accompany the minor subdivision final plat application.

Option 2: HDR of Des Moines, who did the preliminary analysis of Option 1, can reconstruct the work already done and add an explanatory technical report describing how the results were obtained.

They provided a proposal to:

1. Visit the site and take photographs.
2. Use the Iowa DOT 2D hydraulic model (TUFLOW) of the Squaw Creek and South Skunk Rivers.
3. Verify that the model executes correctly and compares reasonably to the FEMA effective model.
4. Coordinate with the City and develop to understand and obtain grading plans.
5. Code the grading plans into the 2D model to create a proposed conditions model.
6. Execute the 2D model for both the existing and proposed conditions for the 100-year base flood.
7. Create figures and tables that describe the potential hydraulic impact of the proposed development.
8. Write a short letter report that describes the potential hydraulic impact of the proposed development.
9. Certify the letter report with a PE seal.

These preliminary results discussed above include items 2 through 7. Completion of steps 1, 8, and 9 would require about two weeks and cost about \$900 to prepare a final report.

Option 3: Another option is using Snyder and Associates of Ankeny. This firm prepared the 1999 1-D hydraulic model used by FEMA for the adoption of the City's regulatory maps.

They provided a proposal to use the current 1999 1-D hydraulic model to:

1. Verify base flood profile (1% Annual Chance Flood) from the effective HEC-2 model prepared by Snyder & Associates, Inc., 1999.
2. Revise the ground elevations for cross section 10750 to reflect the proposed Prairie Village Apartments grading plan.
3. Tabulate elevation differences between the proposed model and effective model between cross sections 9,850 and 12,900 using the effective base flood discharge.
4. Prepare a summary memo and cross section exhibit.
5. City will request a digital file of the site plan with proposed grading from the Owner and provide it to the Engineer.

The fee would be \$750 for the described work and would take about a week following receipt of the digital file of the grading plan.

VERIFICATION OF CONSTRUCTION

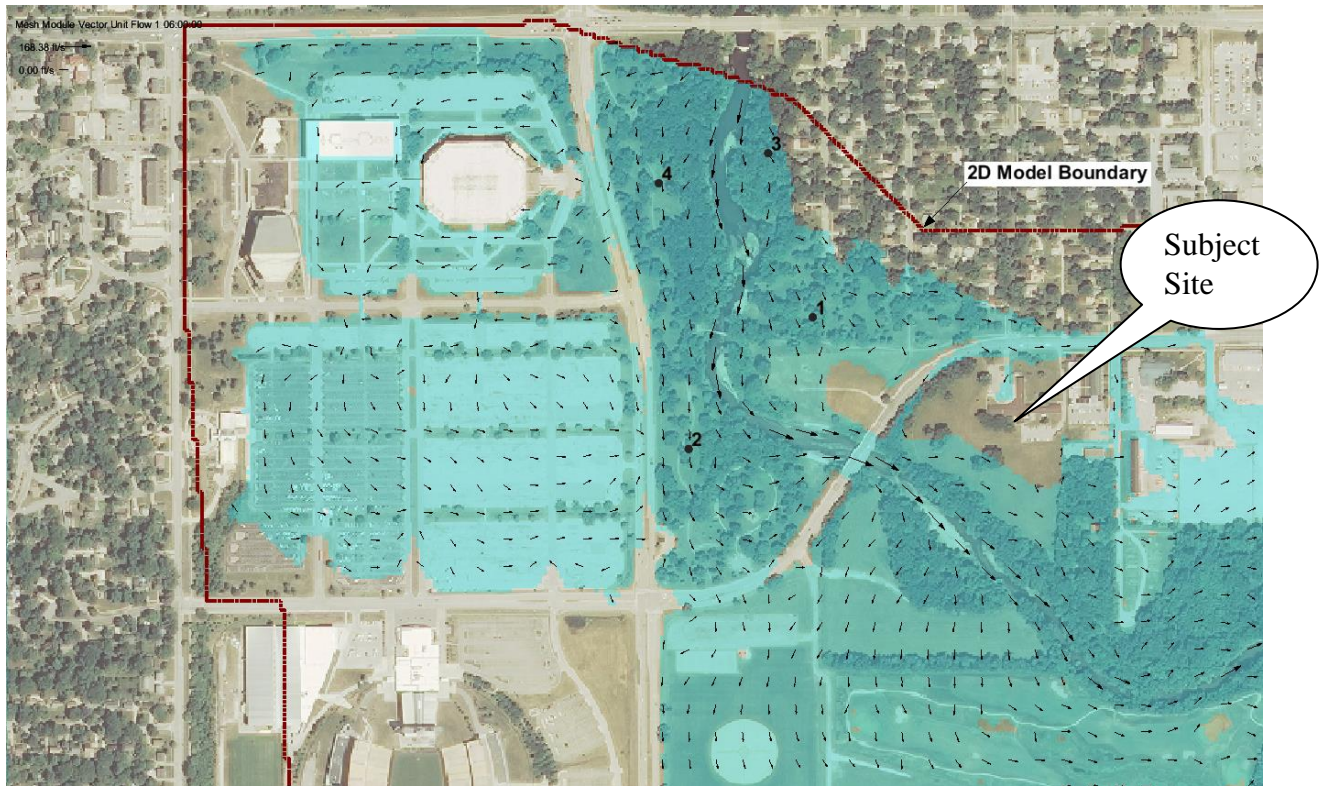
The City Council also asked what additional level of oversight and inspection can be implemented in order to ensure compliance with the approved grading on which the modeling is based. To ensure that the calculated impact is not exceeded, a certified contour map of Prairie Village subdivision should be provided by the applicant prior to issuance of a building permit for the apartment building foundation. This will ensure that the fill placement and grading is consistent with the approved grading plan. This could be done by the applicant's engineer or request the applicant pay for a third-party verification of the contour map prior to building construction.

NEXT STEPS

In order to proceed with the deliberation of the final plat for the Prairie Village Subdivision, the City Council must decide which of the above options satisfies the request for a hydraulic analysis and verification of the elevation of the grading.

ATTACHMENT

Pre- and Post-Fill Comparison Locations



Water Surface of 100-yr Flood Level Pre- and Post-Fill Comparisons

Location	Current FEMA Base Flood Elevation (BFE) ¹	IDOT Model of Existing Base Flood Elevation (BFE) ²	IDOT Model of Post-Construction Base Flood Elevation (BFE) ³
Point 1	896.1	896.04	896.11
Point 2	896.1	895.67	895.72
Point 3	897.0	897.01	897.03
Point 4	897.0	897.04	897.07

¹ Water Surface Level of 100-year flood as predicted by FEMA (1D Model)

² Water Surface Level of 100-year flood as predicted by HDR without Riverside Manor fill. (2D Model)

³ Water Surface Level of 100-year flood as predicted by HDR with Riverside Manor fill. (2D Model)

Staff Report

RESIDENTIAL HIGH DENSITY EVALUATION TOOL

January 13, 2015

BACKGROUND:

City Council conducted a workshop on November 18, 2014 to discuss general trends of residential development with a focus on Residential High Density development. (See November 18th Presentation Attachment A). This discussion was spurred on due to multiple active requests for Council to consider rezoning of property or for Land Use Policy Plan (LUPP) amendments to designate land for high density.

Active requests for additional rezoning or LUPP amendments to allow High Density Residential include the following:

- Rezoning S. 17th Street Commercial to RH – 12 acres – 250 units
- LUPP change Eastgate Commercial to RH – 10 acres – 200 units
- LUPP S. Duff Commercial to RH for 15 to 40 acres – 250 to 700 units
- Rezoning Rose Prairie to PRD for apartments on 9 acres – 180 units
- Rezoning Hunziker GW Carver to PRD for condos on 4 acres – 25 units

The estimated development potential of all five combined requests ranges from 850 to 1,400 units. This number of new units would correlate roughly to 1,600 to 4,200 bedrooms. Development of all these multiple-family units would be a 10- 15% increase in multi-family housing units for the City. The above requests are in addition to previously approved or pending development projects that are described in the table on Slide 7 of Attachment A.

At the November 18th meeting, Council reviewed the relevant LUPP goals and discussed their applicability to the review of RH requests. Discussion included statements regarding need for housing options for non-students, conversion of commercial land to residential, CyRide access and capacity, architectural design, affordable housing, location in the community, and access to services.

Council then directed staff to return to Council with a “tool” to evaluate the suitability of individual requests for RH development. The basis of the tool would be the language of the LUPP that guides interests for new residential development.

In response to Council’s direction, staff has created a summary of the pertinent LUPP Objectives that expand upon the LUPP Goals. These are included as background in Attachment B. The relevant Objectives are summarized as Developable Land; Cost Effective and Efficient Growth; Community Character and Place; Range of Housing Choice; Environmental Sustainability; Mobility/Transportation; and Manage Growth and support economic development. This list is broad with detailed sub-elements. Although useful, on its own this list does not help refine the assessment of individual projects as directed by Council.

To help focus the discussion on site specific issues, staff has drafted a condensed evaluation tool based upon the LUPP Objectives that are relevant to rezoning and LUPP amendments. **The evaluation tool highlights six primary subjects with explanatory sub-elements (See Attachment C).**

The draft evaluation tool is set up to act as a quick assessment tool for sorting a proposal into relative tiers of LUPP consistency. A first tier would have attributes of a high number of LUPP objectives; a second tier would have an average or neutral position with some positive attributes but not readily distinguishable from many sites across the City; and a third tier position would be where a project lacks attributes of most LUPP objectives or has some substantial negative attributes. **Staff has not weighted or prioritized any one topic over another with the tool. If a decision is made to use this tool, Council may want to discuss weighting and/or prioritizing components and how to use the tool. The tool could be used to “score” projects or simply to highlight positives or negatives of a proposed project.**

The six subject topics of the evaluation tool include:

1. Location and Surroundings
2. Site Features
3. Housing Types and Design
4. Transportation
5. Public Utilities and Services
6. Investment/Catalyst

Location and Surroundings

Objectives for Developable Land, Community Character and Place, and Range of Housing Choices are the basis for the details of this category. This category supports inclusiveness of a development and access to community services versus isolation of a site within the community. The sub-bullets focus on whether a site is part of a larger neighborhood, could be part new neighborhood, has convenient access to schools or parks, has convenient access to a variety of commercial services, and has direct access to employment centers.

Site Features

Objectives for Developable Land and Environmental Sustainability provide the basis for the on-site features of a subject site. This topic identifies if a site is flood prone, has natural or sensitive areas, has a compatible living environment for noise or air quality, and if a project can incorporate protection of sensitive areas.

Housing Type and Design

Objectives for Wide Range of Housing Choices and Community Character and Place relate to this category. Issues of housing type and variety, architectural design and quality, design integration with neighboring uses, and affordability of housing fit this topic. The LUPP supports new development that provides for needed housing variety and attention to the design and character of a project that fits within its neighborhood context and city-wide needs. Notably, the RH base zone does not include enhanced design parameters, since this has only occurred in Overlay Districts or as part of the Floating Zones with a PRD.

Transportation

Objectives for Environmental Sustainability and Mobility relate to the desirability of the location of a particular site within the overall city. Issues of transit access and capacity, walk ability, bike ability, connectivity, and roadway capacity are the fundamental concerns for this category. Different areas of the City will be better suited to absorbing an intensified use or will already have the support facilities needed for a high quality living environment. In some instances, development may spur new transportation improvements that increase services to an area and neighborhood. Costs of increased services and facilities would be reviewed based on location for incentivized growth and for individual project impacts.

Public Utilities and Services

Objectives for Cost Effective and Efficient Growth along with Developable Land lead this topic. Basic infrastructure adequacy related to sanitary sewers, water, stormwater, parks, and emergency response are topics within this category. These issues range from individual lines or facilities near a site to the off-site needs of pump stations, towers, treatment plants, etc. The City strives to time major improvements along with development and to manage infrastructure in its design to minimize operational/maintenance costs to the City over the long term. New infrastructure needed by a development is typically a developer's cost. Costs of increased services and facilities would be reviewed based on location for incentivized growth and for individual project impacts.

Investment/Catalyst

This topic embodies the general sense of the LUPP Vision and Goals to support the overall city with investment in neighborhood or district character. Objectives for Community Character and Place, Economic Diversification, and Wide Range of Housing Choice are supportive of these concepts. Development fits this concept in both areas of new growth or select development in existing areas. The catalyst component reaches the issue of trying to create a sense of place or transition an area that often has market barriers or hurdles to achieve the goals of the LUPP.

The sub-components of this topic are not well developed within the LUPP. Staff recommends that relevant issues are Mixed-Use commercial development, creating positive community character, identity and sense of place through new development, or support of prior planning efforts and city investments. Staff believes this topic would align best with clear vision and direction of the LUPP to specific areas or development types, such as support of Downtown, mixed use, or allowable growth areas. It is unlikely that this category would apply to all requests for RH intensifications across the City.

Land Conversion

While the proposed evaluation tool addresses attributes of RH uses for a proposed LUPP amendment or zone change, **it does not address the conversion of land from one desirable land use to another.** Changes of commercial or industrial land will still need a case-by-case assessment of overall need and locational value of the land to the City's long term economic interests. The forthcoming LUPP Update will provide more clarity on the City's commercial and industrial land needs that are not part of this effort of reviewing RH development types.

NEXT STEPS:

Council requested the discussion of RH development concerns in response to pending requests for LUPP amendments and upcoming zone change requests. The Planning and Zoning Commission is scheduled to receive the RH development tool staff report at its next meeting on January 21st. At this time staff believes there are four primary considerations for the RH discussion:

1) Determine the usefulness of the RH evaluation tool and how Council is interested in applying the assessment to a proposal. This would also include issues of weighting or prioritization within the evaluation tool. Council could identify additional information it requires to complete the evaluation tool or change the topics or sub-components.

2) If the City Council would like to take action beyond the use of this evaluation, Council might identify specific development policies or standards to revise to ensure that new RH development meets the City's interests. Council could include direction to create a high density zoning district different than traditional RH with different design requirements, to create a mixed-use zoning district or overlay, to make changes to RH base zone development standards, to establish basic design guidelines for high density development, or to make other specific development standard changes. **This option could be pursued if the Council is not satisfied with the types of RH developments that are been developed.**

In lieu of changes to standards or in combination with changes to zoning standards, Council may indicate their interest for Development Agreements or Zoning Agreements to allow for project-by-project evaluation of issues related to the evaluation tool. This is similar to the approach recommended by staff with the S. 17th Street LUPP amendment and upcoming zone change application that highlighted concerns with the change of use, site access, and timing of its development that are to be addressed by the applicant prior to zoning approval.

3) Two out of the five possible RH developments highlighted above have formally requested a LUPP amendment. The Council may choose to place these two pending requests (Eastgate and S. Duff) on a future agenda to give direction on whether or not to proceed with either project, and if so in what manner.

4) The Council might ask staff to consider how to apply the evaluation tool proactively within the community. Using the categories of the evaluation tool, staff could identify highly rated potential sites that may be desirable for allowing RH development. Council would need to indicate some parameters for studying the city in terms of the minimum size of sites, new or redevelopment opportunities, etc.

STAFF COMMENTS

The LUPP embodies the City's expectations that multi-family building needs would be met through medium density development types rather than high density development. A noted exception is the pre-planning for intensification of Campustown. Therefore, RH development has a history of case-by-case assessment of need and appropriateness for proposed LUPP amendments and zone changes. At this time it appears housing

interests are somewhat different than the assumptions of the LUPP with preferences for wider housing choices, including multi-family living options that are not based on student housing needs. The value of RH land is quite high and there is a significant economic benefit to property owners and developers to be approved for RH development due to the current demand.

Per Council's direction, the proposed evaluation tool includes examples of site specific concerns that may influence policy decisions on the appropriateness of a RH development on sites throughout the City. **The tool is appropriate for reviewing developer initiated amendments. The tool could also be used to proactively identify highly rated potential sites across the City for allowing RH development.**

Limits of the evaluation tool are that, in and of itself, it does not shape or help promote well designed individual projects, nor does it help balance market interests with long term planning priorities. Current RH base zoning does not fit many site design related objectives of the LUPP. Only in overlay districts, and to some degree in FS-RM, has the City established modest design expectations. **This means that with a site that appears to be highly consistent with the categories in the evaluation tool, the project is not ensured of becoming a quality project within RH zoning due to its limited range of standards and no architectural design review.**

For concerns of long term planning balanced with market demand, there will likely always be a challenge of meeting immediate interests compared to what are the City's desired sites for meeting the community's long term interests. This occurs because often times availability or cost of a property does not correspond to the timing of the market, but available sites should not always be the determining factor on whether or not a given project is desirable. **In staff's opinion, over responsiveness to immediate market interests will not always serve the City's long term vision if saturation of the market makes it uneconomical to develop desired sites due to low demand. Developer initiated proposals for changes will always need a case-by-case assessment of timing and need, even with the proposed evaluation tool that helps to highlight the features of a proposed site.**

Attachment A
November 18th Council Work Shop Presentation

**CITY COUNCIL WORKSHOP
NOVEMBER 18, 2014**

**HOUSING DEVELOPMENT
BEGINNING THE DISCUSSION**

Housing Development Overview

2

- **Purpose of Workshop**

- Begin discussion of citywide housing topic prior to Council dealing with individual high density residential requests
- Review land use policy plan goals relationship to residential development
- Provide overview of 2014-15 multi-family development and requests
- Summarize single family development information
- Obtain direction regarding Council priorities for development requests and City Council Goals

Land Use Policy Plan Vision

3

- “A New Vision” Basis of Plan (pg. 16) (Vision Statements pg. 124)
 - Allowable Growth Areas (formerly Targeting Growth)
 - Seeking more expansion areas while limiting intensification of existing areas
 - Addressing existing and new development areas differently
 - Providing connections for people, places, and activities
- Principles for guiding Goals:

#1 Planning and Management

#6 Housing Opportunities

#2 Developable Area Provisions

#7 Mobility and alternative transportation

#3 Environmental-friendliness

#8 Downtown as a central place

#4 Sense of Place and connectivity

#9 Economic expansion and diversification

#5 Cost-effectiveness and efficient growth

#10 Cultural heritage preservation

Land Use Policy Plan Goals Summary

4

- Housing development issues are interrelated
 - **Goal 1** Plan and manage growth within City's capacity and preferences.
 - **Goal 2** - Availability of suitable land for commercial, industrial and residential. Guide character, location, and compatibility.
 - **Goal 3** - Environmentally sustainable community, minimize impacts on natural resources and use planning to minimize vehicle trips support multi-modal transportation.
 - **Goal 4**- Create and connect place and character, support neighborhood development and services
 - **Goal 5**- Cost effective and efficient growth

Land Use Policy Plan Goals Summary

5

- Continued...
 - **Goal 6** Housing opportunities and wide range of choices. Provide for affordable housing, minimum densities, and high density development where designated with use and appearance compatibility.
 - **Goal 7** – Transportation system support and expansion
 - **Goal 8** - Downtown as a focal point
 - **Goal 9**- Economic development expansion and diversification
 - **Goal 10**- Cultural Heritage and Historic Preservation

Land Use Policy Plan Goals Summary

6

- Multi-family housing needs would be met through:
 - Intensification of Campustown, Downtown, South Lincoln
 - Medium Density development with Suburban Residential Zoning or Villages
 - Did not plan for new High Density Residential areas
- High density residential has been determined on a case-by-case review of need and location, e.g.
 - Mortenson/South Dakota 2004
 - S. 16th/Grand 2003 and 2010
- RH LUPP Amendments have been a change from Commercial or Institutionally owned land

Multi-Family Development

7

Apartment Units/Bedrooms Constructed or Under Construction (2010 –October 2014)

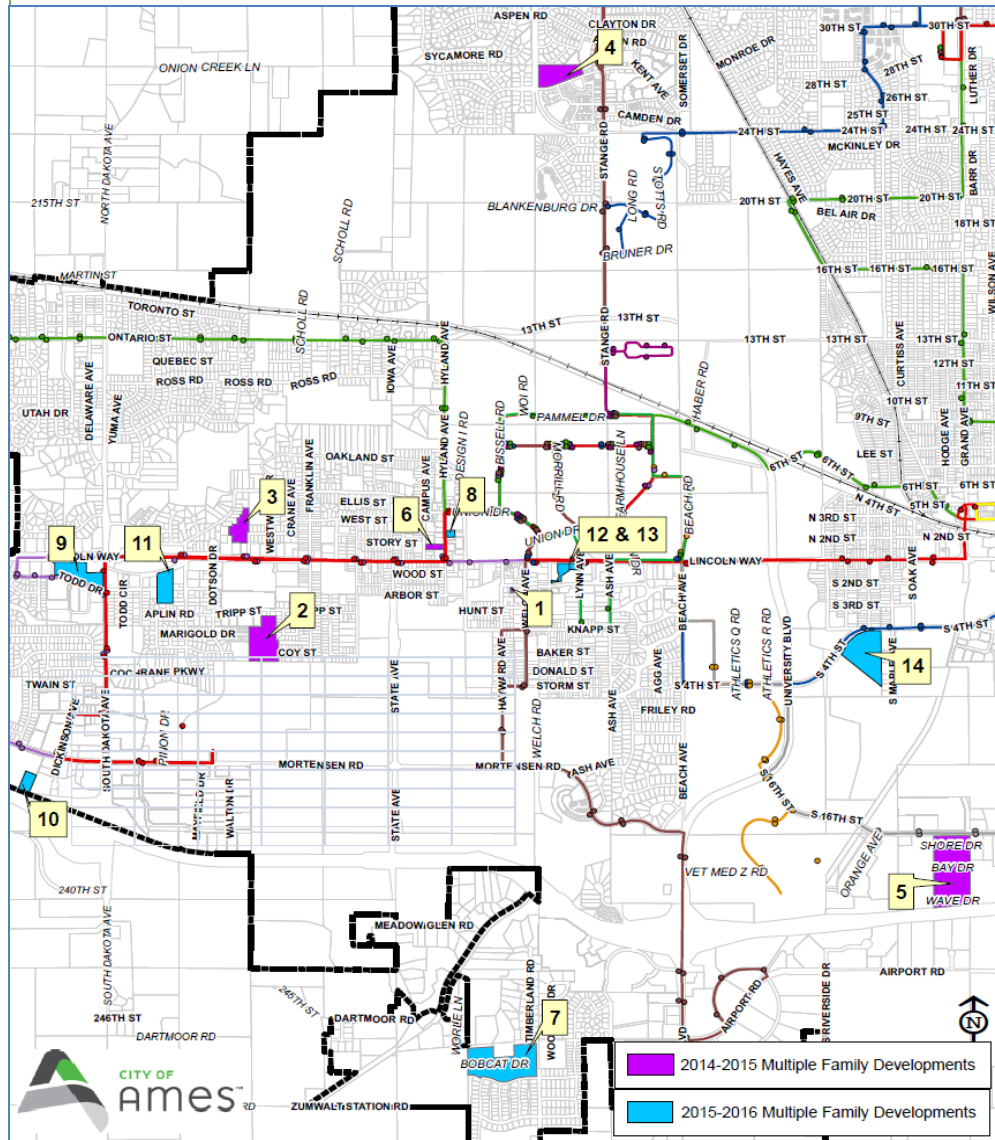
<i>Year</i>	<i>Apartments Building Permits Issued</i>	<i>Iowa State New Construction</i>	<i>Senior & Group Living Facilities Building Permits Issued</i>
2010	95 Units 211 BR		
2011	356 Units 872 BR		
2012	279 Units 563 BR		
2013	286 Units 824 BR	720 BR	
2014	344 Units 998 BR		123 Units 182 BR
Total Units & Bedrooms 2010-2014	1,360 Units 3468 BR (5-yr Average: 272 units/694 BR)	720 BR	123 Units 182 BR

Additional Pending or Proposed Estimated Bedrooms (as of October 1, 2014)

<i>Site Plan Review (Staff Approval)</i>	<i>Zoning with Master Plan</i>	<i>Iowa State Buchanan Hall Site</i>	<i>Total</i>
730 BR	200 BR*	700 BR	1630 BR

Total of constructed and current pending ≈ 1,800 units (5,900 beds with ISU)

Projected New Development Occupancy Map



2014-2015 Developments

ID	Development	Units	Beds
1	Chamberlain	8	40
2	Southfork 5th	18	36
3	Westwood Village	24	72
4	Somerset	48	96
5	Copper Beech	219	660
6	125 Hyland	13	44
Totals		330	948

2015-2016 Development

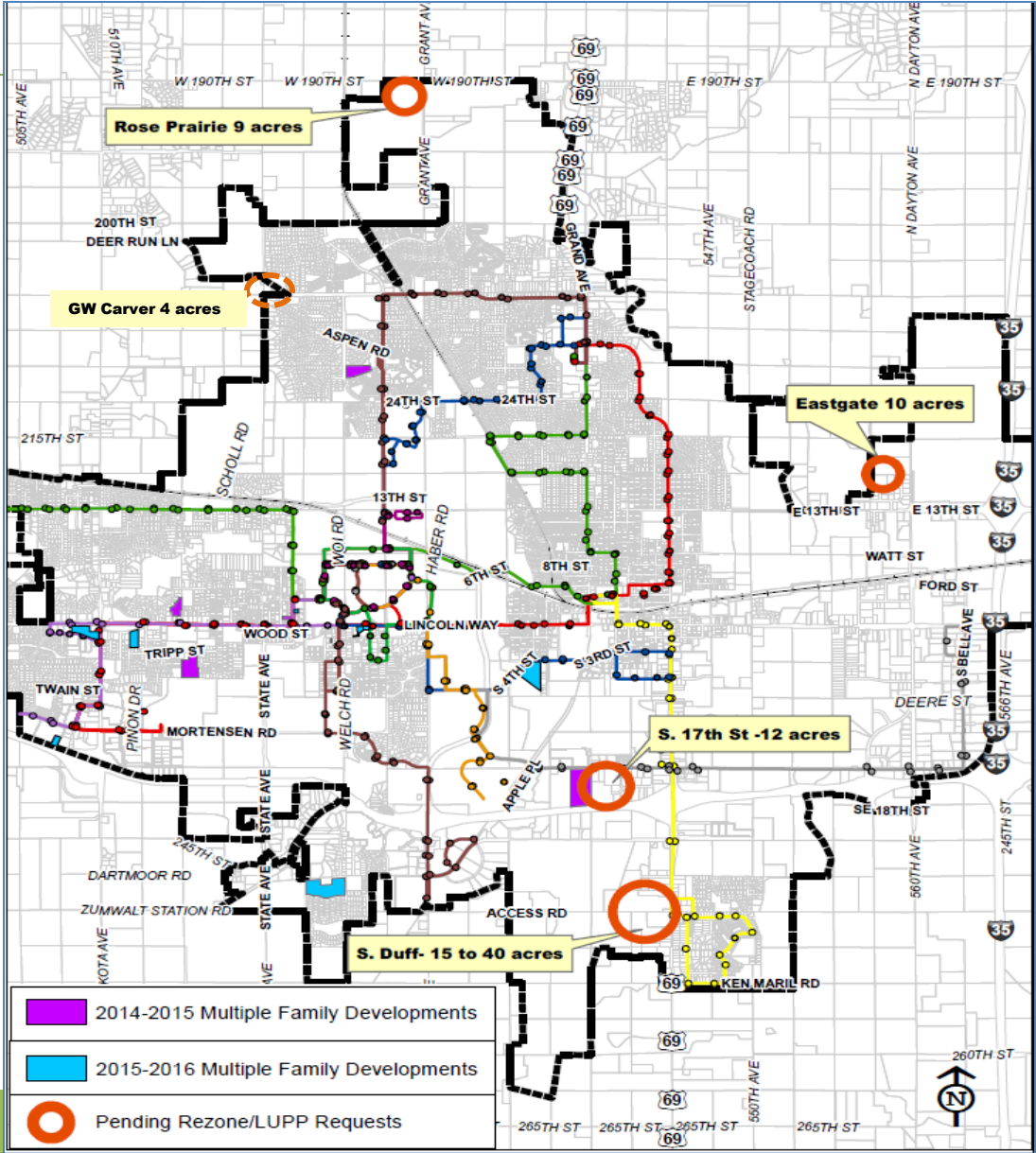
ID	Development	Units	Beds
7	Ringgenberg	96	192
8	140 Hyland	8	16
9	Todd/Lincoln Way	70	125
10	4710 Mortensen Road	35	108
11	Lincoln Swing	85	260
12	Gilbane Development	96	320
13	OPUS Development	53	144
14	1204 4th Street	134	376
Totals		577	1541

Multi-Family Development

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- Active requests for additional rezoning or LUPP amendments to High Density:
 - S. 17th Street Rezone Commercial to RH- 12 acres-250 units
 - Eastgate LUPP Commercial to RH-10 acres- 200 units
 - S Duff LUPP Commercial to RH-15 to 40 acres-700 units
 - Rose Prairie Rezone to PRD for high density- 9 acres-180 units
 - Hunziker GW Carver to PRD for condos in low density- 4 acres-25 units
- Estimated development totals of the above requests:
 - Approximately 60 gross acres
 - **Approximately 700- 1,400 units in addition to what is already approved**
 - 1,600-4,200 bedrooms (*assumes mix of unit types with an average of 2 to 3 BR*)
- Buildout of these sites would be over next 2 -5 years in a high demand rental market,
 - Note this may not be the case without ISU enrollment increases
- Additional preliminary inquiries include-
 - Campustown, West Lincoln Way, and Research Park/Wessex Expansion Areas

Current RH Development and Requested RH



Single Family Development

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- Single-family development (attached and detached) average of 80 units a year for past 5 years

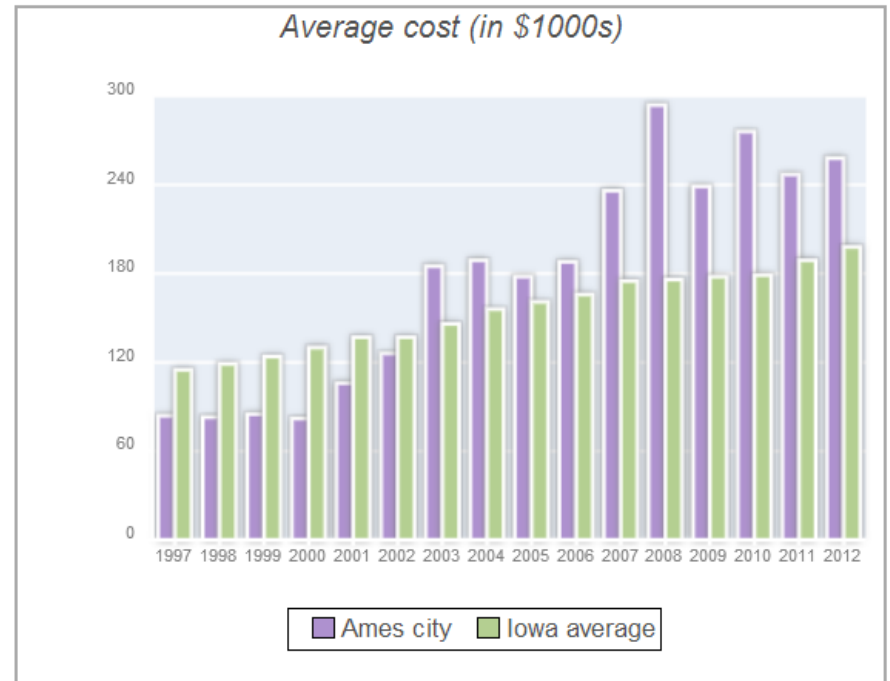
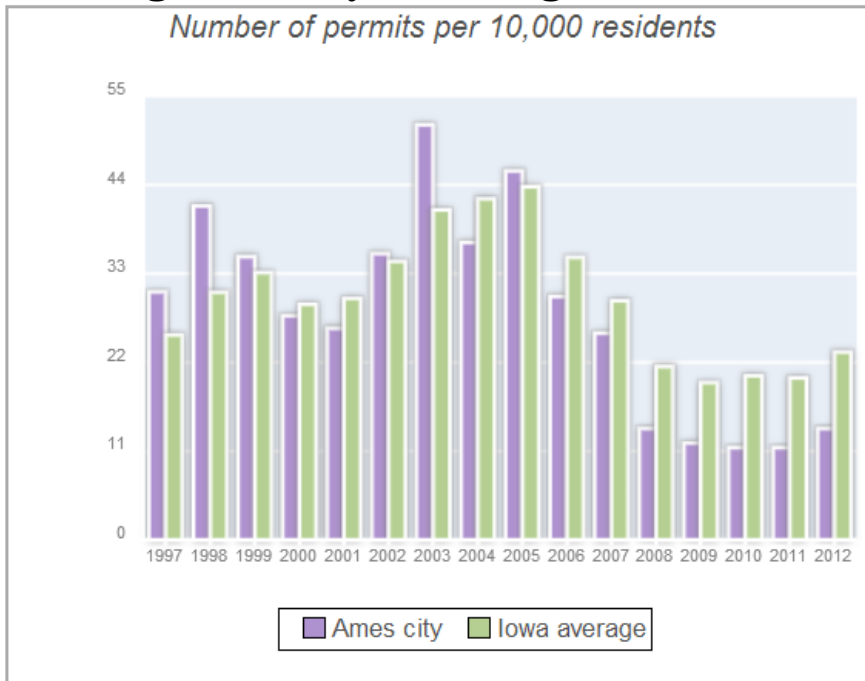
	2010	2011	2012	2013	2014 ^{November}
Single-Family Detached	49	54	68	83	55
Single-Family Attached	9	4	2	43	28
SF Totals	58	58	70	126	83

- Ten year average for SF is 105 units per year.
- SF housing production peaked 2003-2005
 - Averaged (238 units) 195 SF Detached and 43 SF Attached over these three years

Single Family Building Permit Trends

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Single-Family Building Permits



Source: city-data.com

- ACS 5-yr avg. Median home or condo value 2011 \$171,341 (it was \$125,300 in 2000)
- ACS 5-yr avg. Median Family income \$79,628 2012 (it was \$56,439 in 2000)

Single-Family Development

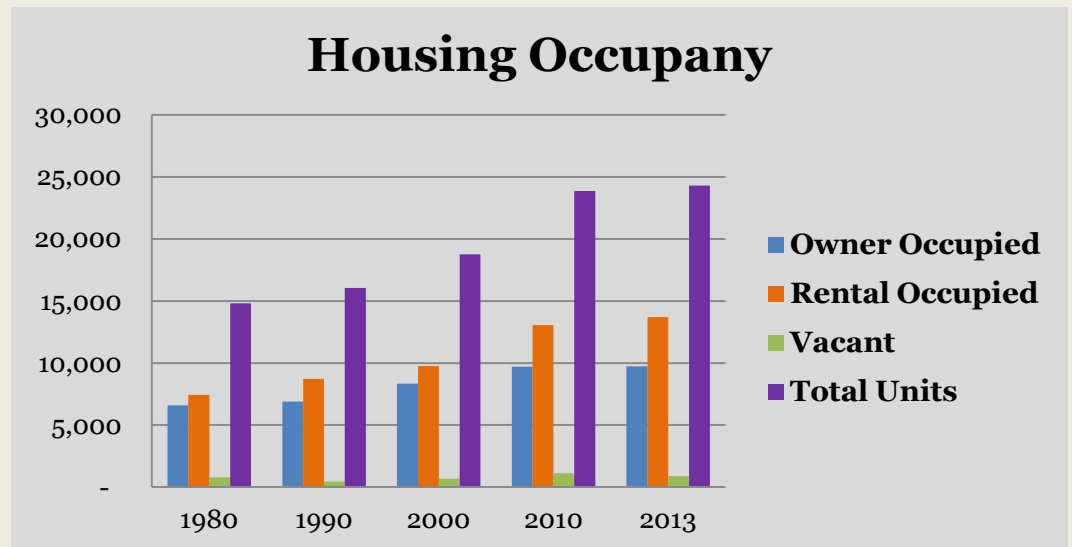
13

- Most of the near terms lands are built out, e.g.
 - Ringgenberg, Sunset Ridge, and Northridge Heights, Sommerset
- Next wave of single family is North Growth with approximately 1,100+ housing units
 - Quarry Estates ≈ 160 SF units
 - Hunziker properties ≈ 220 SF units
 - Rose Prairie ≈ 700 SF units
 - Scenic Valley Subdivision = 150 SF units
 - Ames Golf and Country Club (abutting City) ≈ 25 SF units

Housing Statistics

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- Ames has a history of the majority of its housing units as Multi-Family
- ACS 2013 estimates 48% as SF Buildings and 52% as MF Buildings
- Census provides a count of owner/rental households
 - Vacancy varies between 5.3% and 2.8%



LUPP Assumptions

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- Population Projections can be met in Growth Areas, if developed, without accommodating requests for additional RH land
- Growth Areas largely undeveloped past 10 years
- North Growth starts in 2014
- Potential need of 5,000 to 7,000 housing units over next 16 years, dependent on housing types and household sizes

[This is an average of 412 units a year](#)

2008 Growth Area Study Assessment	
Ames population 2010	58,965
Population Capacity for growth inside city limits 2008	3,000
Capacity for growth within North Allowable Growth Area	3,000
Capacity for growth within Northwest Allowable Growth Area	8,995
Capacity for growth within Southwest Allowable Growth Area	9,375
Total Population of existing City and Fringe Area at total buildout	83,372

Council Discussion

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- **City Council Direction for LUPP Update:**
 - Work with the current Vision and Goals
 - Look at our residential housing needs, variety of housing, etc.
 - Review our Growth Area Planning
 - Integrate needed concepts and trends
 - Consider if there is potential for infill
 - Assess the potential for Lincoln Way as a Corridor Plan
 - ✦ Consider Lincoln Way and how it ties neighborhoods and the City together
 - ✦ Commercial/Employment Uses
 - ✦ Infill Housing
 - ✦ Transportation options, coordinate with adjacent uses and neighborhoods
- **Council Goal-Address Housing Needs**
 - Explore ways to encourage availability of all types of housing
 - Investigate ways to increase availability of affordable housing
 - Reevaluate building and zoning codes to determine if changes should be made to improve the existing housing stock at a lower cost

Council Discussion/Direction

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Key Questions For Discussion-

- What is the level of sustained demand for RH, without increased student housing?
- What are the additional immediate RH needs and response to the current requests?
- Does Council want a more complete citywide assessment for infill and/or growth area RH opportunities?
 - Part of Council Goal on housing conditions
 - Task related to LUPP review of housing types and needs

Attachment B
LUPP Objectives Long Form List for RH Development

LUPP Objectives	Y	N	NA
Manage Growth Objective 1 C-Population Target of 61,000- 73,000 & Employment			
Consistent with Growth Targets			
Support Economic Growth and Diversity			
Developable Land-Objective 2.A Focus on New area with limited intensification of existing areas			
Within New Lands			
Intensification of Existing Residential Neighborhood			
Location in core area of the City			
Developable Land-Objective 2.B Sufficient resources to accommodate planned growth			
Requests match projected needs			
Developable Land-Objective 2.C Development process for greater compatibility of new and existing development			
Architectural design			
Site improvements			
Landscaping			
Public Facilities			
Developable Land-Objective 2.C Conservation of natural resources and compatibility of new development and the environment			
Existing vegetation			
Flood Plain			
Environmental Sustainable-Objective 3.A Provide for biodiversity			
Site includes natural habitat			
Site development incorporates significant undisturbed elements of habitat			
Environmental Sustainable-Objective 3.A Enhance Stream corridors and flood management			
Site includes riparian area			
Development located within flood plain			
Site development incorporates recreation or scenic areas			
Site development incorporates pathways and greenways			
Environmental Sustainable-Objective 3.D Energy Conservation			
Location supports multi-modal transportation to reduce vehicle trips			
Site has direct access to CyRide service			
Environmental Sustainable-Objective 3.D Atmosphere Quality			
Location not exposed to noxious odors and fumes			
Location not exposed to loud noise or vibrations			

Community Character and Place- Objective 4.A- Provide for integrated and compact living areas to supply daily living requirements and amenities			
location in close proximity to schools (15 minute walk)			
Location in close proximity to park and recreation facilities(10 minute walk)			
Location integrated with similar uses, part of a neighborhood			
Location in close proximity to variety of commercial services (15 minute walk)			
Location in close proximity to employment (30 minute walk)			
Community Character and Place- Objective 4.B- Physically connect residential and commercial areas with related uses and transportation			
Direct access to appropriate CyRide route			
CyRide service capacity available			
Direct access to cycling facilities			
Adequate and safe pedestrian sidewalk and path connections to other areas			
Adequate roadway capacity within the area and adjacent of the site			
Community Character and Place- Objective 4.C- Establish sense of place and identity for living and activity areas			
Use of design elements for architectural identity			
Use of site design to buffer uses			
Use of site to provide for amenities			
Neighborhood includes appropriate community amenities of school, parks			
Use of common areas to promote identity			
Cost Effect an Efficient Growth-Objective 5.A. Establish Growth Priority Areas			
Located within an allowable growth area			
Located within an incentivized growth area			
Cost Effect an Efficient Growth-Objective 5.C. Development within infill areas with adequate infrastructure			
Adequate Sanitary Sewer without lift stations			
Adequate water service without pump stations			
Adequate emergency response and protection			
Adequate roadway improvements			
Wide Range of Housing Choices- Objective 6.A Increase affordable housing to low and moderate income households			
Conserves existing affordable units			
Incorporates new affordable housing units within development			
Wide Range of Housing Choices- Objective 6.C Establish Higher Density where designated and appearance is compatible			
Compatible architectural design in massing, height and design quality with surroundings			
Site Layout compatibility with surroundings with access points			
Site Layout compatibility with surroundings for site improvements of buildings, activity areas			


Landscape design for buffering and integration into the area			
Wide Range of Housing Choices- Objective 6.C Increase housing availability			
Annexation of new lands			
Targeted area for development partnership			
Mobility Objective 7.B Transportation system lined with desired development pattern			
Mobility Objective 7.D Efficient vehicular transportation system			
Existing roadway/intersection congestion			
Project roadway/intersection congestion			
Mobility Objective 7.E Protect Airport operations and flight approaches			
Adjacent to airport			
Downtown Objective 8.A Diversify and enhance downtown			
High Density Residential located downtown			

Attachment C
RH Evaluation Evaluation tool

RH Site Evaluation Evaluation tool	Project Consistency		
	High	Average	Low
Location/Surroundings			
Integrates into an existing neighborhood with appropriate interfaces and transitions			
Creates new neighborhood, not an isolated project			
Located near daily services and amenities (15 minute walk to school, park ,variety of commercial services)			
Located near employment centers or ISU Campus (20 minute walk, 15 minute drive)			
Site			
Contains no substantial natural features on the site (woodlands, wetlands, waterways)			
Located outside of the Floodway Fringe			
Separated adequately from environmental concerns for adjacent noise, operations, air quality (trains, highways, airport approach, industrial uses)			
Ability to preserve or sustain natural features			
Housing Types and Design			
Needed housing or building type or variety of housing types			
Architectural interest and character			
Site design for landscape buffering			
Includes affordable housing (Low and Moderate Income)			
Transportation			
Adjacent to CyRide line to employment/campus (10 minutes walk to bus stop)			
CyRide service has adequate schedule and capacity for more riders			
Served by pedestrian and bike facilities with connectivity to neighborhood or for commute			
Adequate roadway capacity and site access (existing and planned LOS C, safe approaches)			
Public Utilities/Services			
Adequate storm, water, sewer capacity for intensification			
Consistent with emergency response goals			
Investment/Catalyst			
Supports prior neighborhood/district investments or planning for services and infrastructure			
Creates character/identity/sense of place about an area			
Encourages economic development or diversification of commercial uses (mixed use)			



To: Mayor and Council

From: John Dunn 

Date: January 9, 2015

Subject: Revision in SRF Loan Amount for new Water Treatment Plant

At your January 13, 2015 City Council meeting, you will be asked to take action to execute the Drinking Water State Revolving Fund (SRF) loan to finance the new Water Treatment Plant. When staff presented the estimated amount for the loan to Council on November 25, 2014, a total SRF loan amount of \$76,606,000 was shown.

Included in that total was a 0.5% loan origination fee, estimated at \$381,000. Staff has since learned that the dollar amount of the origination fee is capped at a maximum of \$100,000. Consequently, **the dollar amount of the SRF loan that Council is being asked to execute on January 13 has been reduced by \$281,000 to a new loan total of \$76,325,000.** All other information provided on the attached Council Action Form from November 25, 2014 is unchanged.

COUNCIL ACTION FORM

SUBJECT: CONSTRUCTION LOAN FOR NEW WATER TREATMENT PLANT

BACKGROUND:

In financing the City’s new 15-million-gallon-per-day water treatment plant, the City Council determined that the most economical financing option for construction of the plant is the Iowa Drinking Water State Revolving Fund (DW SRF).

On January 24, 2012, Council authorized the use of a DW SRF planning and design loan to fund the design of the new treatment plant. These design loans can be rolled into a DW SRF construction loan or be repaid when another form of permanent financing is in place.

The most economical way to finance the entire plant – including both design and construction – is to enter into one permanent loan for all work associated with the water plant project. This will include plant design, plant construction, special inspections, construction of the pipeline between the old and new plants, lime sludge disposal and pond modifications, and easements.

The consolidated construction loan amount requested includes these **estimated** expenses:

Planning and Design Expenses (includes land)	\$	6,870,200	
Easement Acquisition		50,000	
Water Plant Construction		52,497,000	
Engineering Construction Administration		3,574,000	
Special Inspections		400,000	
Lime Sludge Disposal		1,573,000	
<u>Pipeline Construction</u>		<u>5,281,000</u>	
Subtotal		70,245,000	
<u>Contingency, ~ 10% of construction activities</u>		<u>5,980,000</u>	
Total Construction Estimate		76,225,000	
<u>SRF Loan Origination Fee (0.5% of loan)</u>		<u>381,000</u>	<u>100,000</u>
Total SRF Loan		76,606,000	76,325,000

Repayment of the SRF loan will be from revenues generated in the Water Fund. Water Fund balance projections shared with the City Council in April 2014 accounted for the anticipated debt service for this project, and the user rate increases needed to fund the

project are already complete. The project was placed on the DW SRF Intended Use Plan in December of 2009, a step that needed to be accomplished prior to entering into the loan agreement. The next step is for the City to hold a public hearing prior to taking action to incur debt. Immediately following the hearing, Council can authorize execution of the construction loan.

ALTERNATIVES:

1. Establish December 9, 2014 as the date to hold a public hearing and take action on a loan agreement with the Iowa Finance Authority to construct a new water treatment plant in an amount not to exceed \$76,606,000.
2. Establish December 9, 2014 as the date to hold a public hearing and take action on a loan agreement with the Iowa Finance Authority to plan and design for a new water treatment plant in some other amount.
3. Direct staff to seek alternative financing options for the construction expenses.

MANAGER'S RECOMMENDED ACTION:

Entering into this loan agreement is necessary to complete financing for the new water treatment plant. Moving forward utilizing the Drinking Water State Revolving Fund is the most economical way to finance the project for our utility customers.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.



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MEMO

To: Mayor and City Council Members

From: Diane Voss, City Clerk

Date: January 9, 2014

Subject: Item No. 34: Vending Ordinance

For your reference, attached is an excerpt from the December 9, 2014, Council meeting.

“VENDING ORDINANCE: City Manager Schainker stated that, after discussion at the October 28, 2014, City Council meeting, staff prepared five options to address concerns expressed by the Council members. Mr. Schainker advised that, once Council determines which option to proceed with pertaining to 22.20(1)(e), it should direct the City Attorney to prepare the ordinance for consideration on first reading at an upcoming meeting.

Moved by Gartin, seconded by Corrieri, to approve Option 3, i.e., adopt language to prohibit permittees from being granted a Vending Permit if they are listed as a registered sex offender and also prohibit the permitted from hiring employees if they are listed as a registered sex offender.

Council Member Corrieri expressed her opinion that enforcement of Option 3 would be fairly difficult. She asked if there would be a way to limit this to those whom have mobile vending operations. Police Chief Cychosz explained how the process of running background checks could work. Ms. Corrieri asked Chief Cychosz if mobile vending operations represent a greater risk. Chief Cychosz said that residents want to know

who is in their neighborhood; that would probably best be answered by residents.

Council Member Betcher noted that Option 3 could turn into an “enforcement nightmare,” due to the level of turnover of employees. She said she was supportive of Option 5, “which basically maintains the status quo.”

Motion withdrawn.

Moved by Betcher, seconded by Gartin, to direct staff to remove Section 22.20(1)(e), which will allow permittees and their employees convicted of a felony or of a crime of dishonesty to obtain a permit.

Council Member Goodman advised that he would be abstaining from the discussion and voting due to a conflict of interest.

Vote on Motion: 3-2-1. Voting aye: Betcher, Gartin, Orazem. Voting nay: Corrieri, Nelson. Abstaining due to a conflict of interest: Goodman.
Motion declared carried.”

/drv

ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING CHAPTER 22, SECTION 22.11 THROUGH 22.24 AND ENACTING A NEW SECTION 22.11 THROUGH 22.28 THEREOF, FOR THE PURPOSE OF SETTING FORTH THE CONDITIONS AND REQUIREMENTS UNDER WHICH A VENDOR, AS DEFINED, MAY BE PERMITTED TO OPERATE WITHIN THE CITY OF AMES PUBLIC RIGHT-OF-WAY; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by enacting a new Section as follows:

“22.11. FINDINGS AND PURPOSE. It is found and declared that:

- 1) Vending on the public streets and sidewalks may promote the public interest by contributing to an active and attractive pedestrian environment. The purpose of accommodating vending carts, sidewalk sales, newspaper dispensers, vendor persons and sidewalk dining in pedestrian oriented commercial areas is to add activity, attract pedestrians, extend their visits and enhance overall community quality of life.
- 2) Reasonable regulation of street and sidewalk vending is necessary to protect the public health, safety, welfare and meet the primary purpose as described in Division III. 22.11.

22.12. DEFINITIONS. The following words, terms, and phrases, when used in this Division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. Where words and phrases used in this Division are defined by state law, such definitions shall apply to the use of such words and phrases in this Division and are adopted by reference. Those definitions so adopted that are further defined or are reiterated in this Division shall have the meanings set out in this Division.

- 1) Alcoholic beverages - means any beverage containing more than one-half of one percent of alcohol by volume including alcoholic liquor, wine, and beer.
- 2) Applicant - a person who applies for a permit as provided in this division.
- 3) Mobile Vending Vehicle - a motorized structure that is used for vending ice cream or similar frozen desserts from public streets.
- 4) Mobile Vending Location - an appropriate area to operate a mobile vending vehicle as approved in writing by the City Manager or designee in writing. Mobile vending vehicles are allowed to operate on public streets. Mobile vending vehicles are prohibited from operating on sidewalks, alleys, walkways, bicycle lane right-of-way or public way, designated for bicycle or pedestrian travel.
- 5) Mobile Vending Vehicle Permit - means a permit issued by the City for operation of a mobile vehicle business that meets all of the requirements of this Division and all other applicable ordinances of the City and all State laws.
- 6) Pedestrian - any person traveling on foot or with an assistive device.
- 7) Person - any person, business association or other business entity including, but not limited to, a corporation, a limited liability company, a partnership, a sole proprietorship, a political subdivision, a public or private agency of any kind, a utility, a successor or assignee of any of the foregoing, or any other legal entity.
- 8) Public Right-of-Way - means any public street, alley, roadway, sidewalk, walkway, highway, bicycle lane right-of-way, or public way designed for vehicular, bicycle, or pedestrian travel that is dedicated to public use and/or publicly owned.

9) Public Sidewalk - means the improved portion of the public right-of-way lying between the traveled portion of the street and the private property line or building line that is intended primarily for pedestrian use.

10) Sidewalk Cafe - an outdoor area located on a public right-of-way, contiguous to a building wherein a restaurant is located and where food and beverages are taken for consumption by persons sitting or standing at tables in that area. Permitted sidewalk cafes must abide by the requirements and limitations as determined by the City.

11) Sidewalk Cafe Elements - means all tables, chairs, fencing, planters and plants, and any other privately owned property comprising the sidewalk cafe, which is approved for use in a sidewalk cafe by this division or in a sidewalk cafe permit.

12) Sidewalk Cafe Permit - means a permit issued by the City for operation of a sidewalk cafe which meets all of the requirements of this division and all other applicable ordinances of the city and all state laws.

13) Vendor - means any person engaged in selling, or offering for sale, of food, beverages, or other merchandise from a stand, motor vehicle or from the vendors person, on the public streets, alleys, parking lots, sidewalks, thoroughfares, and public rights-of-way.

14) Vending Cart - is defined as a non-motorized wheeled carrier that is pushed or pulled into place on the sidewalk. A vending cart is not designed for human enclosure or occupancy. And is used for outdoor display and vending of food and non-alcoholic beverages, unless it is for a special event as designated by the City Council, it may also include merchandise. Vending carts may include light cooking and final preparation of food products. Any components associated with the vending cart operation must be either integrated into the cart, or able to be stored on the cart for mobility. Separate counters or appliances that cannot be folded and easily stored on the vending cart are not allowed. The vending cart and its components cannot be more than one hundred (100) square feet in size. Vending carts must be removed and stored in a non-public location when not in use. Vending carts are intended to be used by walk-by patrons and may not include sit-down dining.

15) Vending Cart Location - the area assigned on the Vending Permit as determined by the City Manager, or designee, in writing for the operation of vending carts.

16) Vending Cart Permit - that a permit issued by the City for operation of a vending cart business which meets all of the requirements of this Division and all other applicable ordinances of the City and all state laws. Each vending permit shall carry with it the authorization to operate at one designated location during valid dates of operation as stated on the permit.

17) Vendor Person - any person operating a vending business that does not require a vending cart or is not attached to an adjacent business to conduct a sidewalk sale.

18) Vendor Person Permit - means a permit issued by the City for operation of a vendor person business which meets all of the requirements of this Division and all other applicable ordinances of the City and all State laws.

22.13. USE OF PUBLIC SIDEWALKS RESTRICTED: Use of public sidewalks for any commercial purpose, including sidewalk cafes and all forms of vending, shall be unlawful except as specifically provided herein or as specifically authorized by this Division.

22.14. VENDING PERMIT REQUIRED: It shall be unlawful to sell, or offer for sale, any food, beverage, merchandise, or service on any street, sidewalk, alley, City parking lot or other thoroughfare or public right-of-way without first obtaining the applicable vending permit for the following:

- 1) Vending Cart
- 2) Vendor Person
- 3) Sidewalk Sales
- 4) Mobile Vending Vehicle-Ice Cream Truck
- 5) Newspaper Dispenser
- 6) Sidewalk Cafe
- 7) or other private uses of the public right-of-way

22.15. VENDING ON PUBLIC RIGHT-OF-WAY

1) Where Permissible. The Downtown Service Center, Campustown Service Center and Village-Town Center Zoning Districts are allowed for the operation of vending on public right-of-way. Mobile Vending Vehicle-ice cream is allowed on public streets, except the Hospital-Medical zoning district.

2) Vending in City Parks is regulated by the Parks and Recreation Commission and the City of Ames Park System Vending Policy.

22.16. FILING APPLICATION:

1) Applications for all Permits in Division III, Sec. 4 will be available in the Office of the City Clerk.

2) An application for a Permit shall be filed with the City Manager or designee by any person or group of persons desiring to use the public right-of-way as provided in this Division. Applications shall be made on forms prepared by the City Manager or designee.

3) The City will not issue a permit any earlier than three business days from receipt of the application.

22.17. CONSIDERATION OF APPLICATIONS FOR VENDING:

1) All permits are granted on a first come, first served basis.

2) In the event that two or more applications are received for the same location, the earliest application, if approved, shall be awarded the location if otherwise qualified and acceptable.

22.18. VENDING PERMIT TERM:

1) A vending cart, sidewalk cafe, newspaper dispensers, and mobile vending vehicle - ice cream permits may be used for up to one year.

2) A vendor person and sidewalk sales permits no more than five business days.

3) A permit for vending during a special event or celebration shall be limited to no longer than the stated duration of such event or celebration. Sidewalk cafe and newspaper dispenser permits will remain valid during special events or celebrations.

4) Permits may be temporally suspended for a special event or celebration that compasses the permit location.

5) The sale, transfer, or assignment of a permit is prohibited.

22.19. RENEWAL. All permits are valid for the entire period as stated in the application, as approved, unless revoked or suspended prior to expiration. Permittees may renew their permit to maintain a location based on the following stipulations:

1) An application for vending cart permit may be renewed no earlier than 60 days before the expiration date.

2) Vending cart applicants must file for renewal more than 30 days before the expiration date in order to maintain seniority.

22.20. REVOCATION OR DENIAL OF A PERMIT

1) The City Manager or designee may revoke or deny a Vending Permit if:

a. It is determined by the Chief of Police or Fire Chief and/or their designees that public safety requires such revocation or denial.

b. The application is incomplete;

c. The application is determined to be fraudulent, to include a misrepresentation, or to contain a false statement;

d. The applicant has had a permit revoked by the City for any reason within the preceding two (2) years;

- e. The applicant or permittee has an outstanding arrest warrant in this or any other jurisdiction, or is a fugitive from this or from any other jurisdiction.
- f. The permittee is operating a vending operation in violation of the terms of the Permit.
- g. The permittee's insurance has been canceled.
- h. The permittee violates any Requirements or Operating Policies of the Vendor Permit Administrative Policies.

2) A Vending Permit may be revoked by the City Manager, or designee, at any time, without advanced notice, for any violation of this ordinance, other City of Ames ordinances, or State or federal laws or to evaluate or ensure the safety of the community.

22.21. TEMPORARY SUSPENSION

1) A permit may be temporarily suspended, if it is determined by the Chief of Police or Fire Chief and/or their designees that, by reason of disaster, public calamity, riot, or other emergency, the public safety requires such suspension. A temporary suspension may also be issued due to any of the items noted in Division III, 22.20

2) As stated elsewhere, a temporary suspension may be issued due to a special event or celebration on public right-of-way.

22.22. CONSTRUCTION RELATED TO THE PUBLIC RIGHT-OF-WAY

1) Permittees may be required to accommodate construction on or adjacent to the public right-of-way, including construction on private property that requires use of the public right-of-way. Construction on public right-of-way might also require suspension or revocation of the permit.

22.23. APPEAL PROCESS: Any party aggrieved by the City Manager's or designee's decision to deny, revoke, or issue a permit may appeal the determination to the City Council if, within ten (10) working days after the decision, the party files a written notice of appeal with the City Clerk. In such event, a hearing shall be held by the City Council no later than its next regularly scheduled meeting, assuming the appeal is filed in time to allow notice of said appeal in accordance with Chapter 21 of the Iowa Code. Upon such hearing, the City Council may, based upon the standards enumerated herein, reverse, affirm or modify in any regard the City Manager's or designee's decision. The City Council's decision is the final decision.

22.24. ADMINISTRATIVE RULES AND REGULATIONS: Separate administrative rules and regulations not inconsistent with any ordinance will be established by the City Council. A copy of said rules and regulations shall be on file with the City Clerk.

22.25. DISPLAY OF PERMIT. All permits shall be displayed at all times during the operation of the vending business.

22.26. FEE. A fee for the permit and inspection shall be charged based upon the direct and indirect costs of administration, inspection, and enforcement as set by resolution of the City Council.

22.27. BLANKET VENDING PERMITS AND OTHER EXCEPTIONS TO VENDING ON PUBLIC RIGHTS OF WAY.

1) Organized business districts' are allowed to apply for a vending permit for the entire district. Blanket Vending Permits can only be issued in the Downtown Service Center, Campustown Service Center, Village Town Center Zoning Districts, and any farmers market located in these three organized business districts.

22.28. HEALTH AND SANITATION REQUIREMENTS FOR FOOD AND BEVERAGE VENDING. Vendors of food and beverages shall comply with the inspection provisions and standards as stated by the Iowa

Department of Inspections and Appeals and all other applicable State of Iowa requirements for health and sanitation.”

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

Staff Report

Proposed Vending Ordinance Revisions

December 9, 2014

BACKGROUND:

After receiving several complaints regarding vending carts along Main Street and difficulty administering the current ordinance language on vending, City staff has completed its review and revisions to Chapter 22, Division III of the City Code that pertains to vending on public rights-of-way. Staff has worked with the Main Street Cultural District and the Campustown Action Association to obtain input from the districts as well as with vendors over the last year. Additionally, City staff from the City Clerk's Office, Fire Department-Inspections Division, Police Department, Planning and Housing as well as Public Works were requested to provide comprehensive input to ensure clear information is provided to those wanting to vend on public rights-of-way. The input from all parties was used to create the draft ordinance changes and draft application and administrative policies. Examples of these changes are attached.

As a final follow up prior to coming back to City Council on October 28, 2014, vending cart owners were invited to discuss the draft ordinance and administrative policies with staff on Thursday, September 18, 2014. Only two of the 14 vendors came to the meeting. The two in attendance were very satisfied with the revisions and appreciated that the application contained a copy of the administrative policies and pertinent ordinance language for them to refer to when necessary. They recommended staff consider adding a decibel limit to music being played by vending carts that would allow for conversations with patrons. Staff has addressed this concern and added a decibel limit for vending carts as part of the revisions to the code. The vendor recommendation on decibels also addresses a concern submitted to the City Council about noise emitted by vending carts where there are residents living in buildings above businesses.

Staff has rewritten the code and provided specific language and administrative policies for each of the six uses laid out in this section of the code: Vending Carts, Vendor Persons, Mobile Vending Vehicle (Ice Cream Trucks), Sidewalk Cafes, Newspaper Dispensers, and Sidewalk Sales. Staff feels that the current regulations in Chapter 22, Division III for these very different vending functions do not work well for either the City or the vendors. **The present code only provides definitions for Stand and Vendor.** The new code provides a comprehensive set of definitions and regulations to allow for equitable implementation of the code.

Proposed major changes to the ordinance that covers all types of vending:

- limits vending to Downtown Service Center, Campustown Service Center and Village Zoning Districts, except for mobile vending vehicles
- requires display of vending permit at all times
- requires background checks; ~~those with a felony in the last five years are not eligible for a permit~~ (SEE STAFF COMMENTS)
- provides the City Manager, Police, and Fire the ability to suspend a permit for public safety reasons
- revises insurance requirements per the recommendations of the City's Risk Manager
- allows the City Manager to change the location of a permit temporarily or to permanently suspend the permit to accommodate construction in public rights-of-way
- requires private waste disposal
- prohibits the sale, transfer, or assignment of the permit to another party
- provides specific appeals process
- requires specific information if the business is a partnership, LLC, or corporation be submitted, not just a contact name of an individual
- requires a four foot clearance for pedestrian flow

The following is a listing of changes to a particular type of vending:

Vending Cart (formerly vending stand) requirements

- a photo or picture of proposed cart
- allows for 24 hour a day operations, no restrictions
- cart site plan
- restricted to 100 square feet of space for operations
- noise making devices are prohibited, except music, which is limited based to reflect the residential noise control levels in Chapter 16 of the Ames Municipal Code
- non-task specific illumination is prohibited
- ~~signage is restricted to name of business and menu~~ Signage is restricted to the cart and should pertain to the business.
- permits are issued for a year on a first come first serve basis and allow for annual renewal

Vendor Person

- no noise making devices or illumination
- allows for 24 hour a day operations, no restrictions
- cannot stand in one location and never move
- must be able to carry all items at one time that are for sale or distribution
- permit issued for up to seven days at a time, unless for a special event as approved by City Council

Mobile Vending Vehicle

- only allows ice cream trucks to be a mobile vending vehicle
- operation restricted to daylight hours
- restricts where they can stop, prohibits stops on arterials and major collector streets

- cannot park in one spot and not move
- prohibits operating in parks, city parking lots, by CyRide bus stops and other areas that would endanger pedestrians
- annual permit

Sidewalk Sales

- requires that sales do not impede pedestrian movement and allow for 4 foot of clearance for pedestrians
- only allowed during assigned hours, business hours, unless there is a special reason for exception
- no noise making devices or illumination
- seven day permit for individual business
- multiple options for business district permits

Blanket Vending

- allows business districts to apply for a permit to cover special events that could include all other forms of vending.

STAFF COMMENTS:

The changes that are detailed above comprehensively address in a balanced way the concerns that have been presented to staff by all stakeholders. They also provide much improved guidance to vendors for use of the City's right-of-way. **Based on direction received at the October 28, 2014 City Council meeting, staff has made the following changes:**

- set the appeal period for denial or revocation of the license at *20 days* in the draft ordinance.
- vending cart signage should be restricted to the name of the business, menu, and business-related information. New language in Administrative Policies will state:

Signage can only be affixed to the vending cart stating the name of the business, menu options with pricing, and other business-related information. No other signage is allowed. It is mandatory to display of the City vending permit.

At this meeting, the City Council also requested that staff provide options for the Council to consider for the Revocation and Denial of a Permit pertaining to criminal convictions 22.20(1)(e).

Option 1 - Adopt the language provided below in the draft ordinance that was originally presented to the City Council on October 28, 2014.

22.20. REVOCATION OR DENIAL OF A PERMIT

- 1) *The City Manager or designee may revoke or deny a Vending Permit if:

 - a. *It is determined by the Chief of Police or Fire Chief and/or their designees that public safety requires such revocation or denial.*
 - b. *The application is incomplete;*
 - c. *The application is determined to be fraudulent, to include a misrepresentation, or to contain a false statement;**

d. The applicant has had a permit revoked by the City for any reason within the preceding two (2) years;

e. The applicant or permittee has been convicted, under the laws of the State of Iowa or of any other jurisdiction, of a felony or of a crime involving dishonesty within the preceding five (5) years; or

f. The applicant or permittee has an outstanding arrest warrant in this or any other jurisdiction, or is a fugitive from this or from any other jurisdiction.

g. The permittee is operating a vending operation in violation of the terms of the Permit.

h. The permittee's insurance has been canceled.

The permittee violates any Requirements or Operating Policies of the Vendor Permit

This language is consistent with the requirements of licensees under the Iowa Alcoholic Beverage control act.

Option 2 - Adopt the language below that only limits permittees, not employees, based on the sex offender registry:

The applicant or permittee is a person who is required to register or is registered on the Sex Offender Registry. This subsection shall apply to the applicant, permittee, each of the officers, directors, and partners of the applicant or permittee.

This option does not address employees of the permittee and it only addresses sex offenders.

Option 3 - Adopt the language below to prohibit permittees from being granted a vending permit if they are listed as a registered sex offender. It would also prohibit the permittee from hiring employees if they are listed as a registered sex offender:

The applicant or permittee is a person who is required to register or is registered on the Sex Offender Registry. This subsection shall apply to the applicant, permittee, each of the officers, directors, and partners of the applicant or permittee, and all persons who are employed by or who work in direct contact with the public at the vending cart.

This option addresses both the permittee and the employees and only addresses sex offenders.

Option 4 - Direct staff to prepare other options that address concerns pertaining to other types of felonies or crimes of dishonesty.

Option 5 - Remove Section 22.20(1)(e) which will allow permittees and their employees convicted of a felony or of a crime of dishonesty to obtain a permit. Additionally, Council may direct staff to remove any language in the Administrative Policies that require a background check.

Once Council determines which option to proceed with pertaining to 22.20(1)(e), then Council should direct the City Attorney to prepare the ordinance for consideration on first reading at an upcoming meeting.

COUNCIL ACTION FORM

SUBJECT: POWER PLANT COAL CONTRACT EXTENSION (COMMODITY ONLY)

BACKGROUND:

The Ames Municipal Electric System operates two coal-fired generating units, Unit 7 and Unit 8. Both units currently burn ultra-low sulfur sub-bituminous coal as the primary fuel, additionally co-firing refuse derived fuel (RDF) and #2 fuel oil (as a fuel for start-up and boiler flame stabilization).

For the past five years the City has had a contract with the Peabody COAL SALES, LLC (Peabody) for their North Antelope Rochelle Mine (NARM) coal (**commodity only**) from the Powder River Basin located in Campbell County, Wyoming. In fact, the power plant has used this coal as its primary fuel continuously for more than 22 years. The NARM coal is a premier ultra-low sulfur sub-bituminous coal that has proved to be a very compatible fuel for our pulverized coal-fired boilers. It has a nominal heating value of 8800 Btu/lb and a sulfur dioxide content of 0.48 lbs.SO₂/mmBtu. **It is important to note that the City has a separate agreement in place with Williams Bulk Transfer, an Alliant Energy Transportation Company, for the delivery of coal from the mine to the City's power plant.**

On February 12, 2013 the City Council authorized waiving the City's Purchasing Policy requirement to solicit bids for coal and approved an amendment to the original agreement with Peabody COALSALES, LLC to supply coal for the City of Ames Steam Electric Plant for the period January 1, 2013 through December 31, 2015. The pricing for the coal was not firm for the final year of the contract due to coal's volatile market. The amendment allowed the City to enter into negotiations with Peabody for the final year.

Current plans call for the natural gas conversion project to be completed by April 2016, with the use of coal to be discontinued in December 2015. Since those dates cannot be guaranteed, however, the proposed agreement provides for the purchase of coal throughout 2016.

During the negotiation process, the City's goal was to limit the exposure to our declining coal requirements and extend the agreement through our final demand for coal prior to turning the power plant over to burn natural gas.

Peabody commenced the negotiation by proposing pricing for the next two years (2015 through 2016). Additional terms along with pricing included reducing the minimum annual tonnages and maintaining a clause allowing the City to reduce or suspend

delivery of coal with 120 days notice, without penalty. Over a period of four months, the City and Peabody exchanged four counteroffers, ultimately reaching a tentative agreement based upon the City staff's December 30 counteroffer.

Key features of the tentative agreement reached between Peabody and the City staff are as follows:

I) Firm unit pricing for 2015 and 2016. The market-driven price for coal will increase 8% in 2015 over the 2014 rate, and the 2016 rate will increase 3.7% over 2015.

II) Annual tonnages as follows:

2010 - 2012 Original Agreement	Minimum	Target	Maximum	Actual (Coal Burn)
2010	200,000	250,000	400,000	233,501
2011	200,000	250,000	400,000	213,827
2012	200,000	250,000	400,000	212,860
Amendment 1				
2013	150,000	200,000	300,000	191,772
2014	125,000	200,000	300,000	183,943
2015	125,000	200,000	300,000	
Amendment 2				
2015	100,000	n/a	n/a	
2016	n/a	n/a	n/a	

III) Allow the City to reduce or suspend deliveries of coal with 120 days notice, without penalty.

Compelling reasons to approve this agreement include the following:

- 1) The unit prices for coal for 2015 and 2016 represent a good value for the City.
- 2) The North Antelope Rochelle Mine coal produces a premium sub-bituminous coal. Its combination of high heating value and ultra-low sulfur content makes it a very desirable fuel, with a low emissions yield, especially for SO₂. The nominal SO₂ emissions value from this coal is 0.48 lbs SO₂/mmBtu, which allows our plant to comfortably meet its SO₂ compliance limit of 1.2 lbs SO₂/mmBtu. In contrast, many other low-sulfur sub-bituminous coals have a heating value of approximately 8400 Btu/lb, and a sulfur content of 0.40 or higher, which may comply with the SO₂ emissions limit of 1.2 lbsSO₂/mmBtu, but leaves a very small compliance margin.

- 3) The City's Steam Electric Plant has used Peabody's NARM coal as its primary source of fuel for more than 22 years. This coal burns very well in our boilers with a low tendency to form deposits that foul (plug) the boiler.
- 4) Peabody understands the issues that our Steam Electric Plant currently faces. These include power market economics (versus our power plant's production costs); additional and more restrictive environmental regulations; and local, regional, and national political pressures, etc. As a result:
 - a. Peabody agreed to a very simple exit clause that, given 120 days notice, the City can reduce or suspend the delivery of coal, without penalty.
 - b. Peabody also agreed to reduce the minimum (tonnage) take from 125,000 tons per year in the previous agreement (2013 through 2015) down to 100,000 tons per year for 2015, and eliminating the minimum tonnage requirement for year 2016.

ALTERNATIVES:

1. Waive the Purchasing Policy requirement to solicit bids for coal and approve the second amendment to the original agreement with Peabody COALSALES, LLC to supply coal for the City of Ames Steam Electric Plant for the period January 1, 2015 through December 31, 2016, with coal to be supplied from Peabody's North Antelope Rochelle Mine located in Campbell County, Wyoming.
2. Reject the amended agreement with Peabody COALSALES, LLC, and direct staff to request proposals from suppliers of coal that would be compatible with the City's power plant boilers and provide reliable compliance with the existing SO₂ air emissions limit.

MANAGER'S RECOMMENDED ACTION:

City staff and Peabody COALSALES, LLC were able to reach an amended agreement for supply of coal that is very favorable for the City because of (1) a reduction in the minimum tonnage obligation of the City for the final two years of the contract, and (2) the City's ability to reduce or suspend deliveries of coal, without penalty, by providing Peabody COALSALES, LLC with 120 days notice.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby waiving the Purchasing Policy requirement to solicit bids for coal as well as approving the second amendment to the original agreement with Peabody COALSALES, LLC to supply coal for the City's Steam Electric Plant for the period January 1, 2015 through December 31, 2016, with coal from Peabody's North Antelope Rochelle Mine located in Campbell County, Wyoming.