

COUNCIL ACTION FORM

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015

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 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 match the method of recording transactions in the accounting software, which is primarily on a budgetary basis for tracking and control against the Council-approved budget. An extensive amount of time is required to close out the accounting records and make the numerous adjusting entries that are required to convert to the accounting basis required for the CAFR. Because of this, the City produces this financial report only on an annual basis.

Eide Bailly LLP, Certified Public Accountants, has audited the City's financial statements as of the year ended June 30, 2015, 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 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 as of June 30, 2015. 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.

The auditor's report is an unmodified, or "clean," opinion with no significant deficiencies noted and no noncompliance material to the financial statements noted. There was one material audit adjustment found, and the audit adjustment was made and the CAFR reflects the corrected amount. Due to a misunderstanding on the description of a capital asset in the electric plant, the asset was erroneously recorded as disposed of on the books though it was still in service. The recording of the disposal included a loss on the value of the asset, and this was corrected after the auditor finding. In response to the finding, we have altered our procedures related to capital assets, including additional review of major projects where there are significant changes to capital assets such as the electric power plant conversion.

The City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of June 30, 2015. These statements require governments with defined benefit pensions to recognize long-term obligations for pension benefits as a liability. Although a liability has always existed for these pension benefits, this is the first time accounting standards have required the City to report the liability. Additional note disclosure and required supplementary information is also required. The implementation of these statements resulted in a \$73.5 million decrease in beginning net position and a \$57.4 million net pension liability as of June 30, 2015.

Also included with the report is a management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. There are two items listed in the corrected and uncorrected misstatements section, and both were corrected in the CAFR. The first item is the capital asset issue discussed in the previous paragraph. The second item relates to the timing for recording special assessment revenue in accordance with a new accounting standard implemented in Fiscal Year 2014. Accounting staff misinterpreted how to account for this unique item, and after discussions with the auditor on the accounting standard, agreed with the auditor's interpretation and made the recommended adjustment.

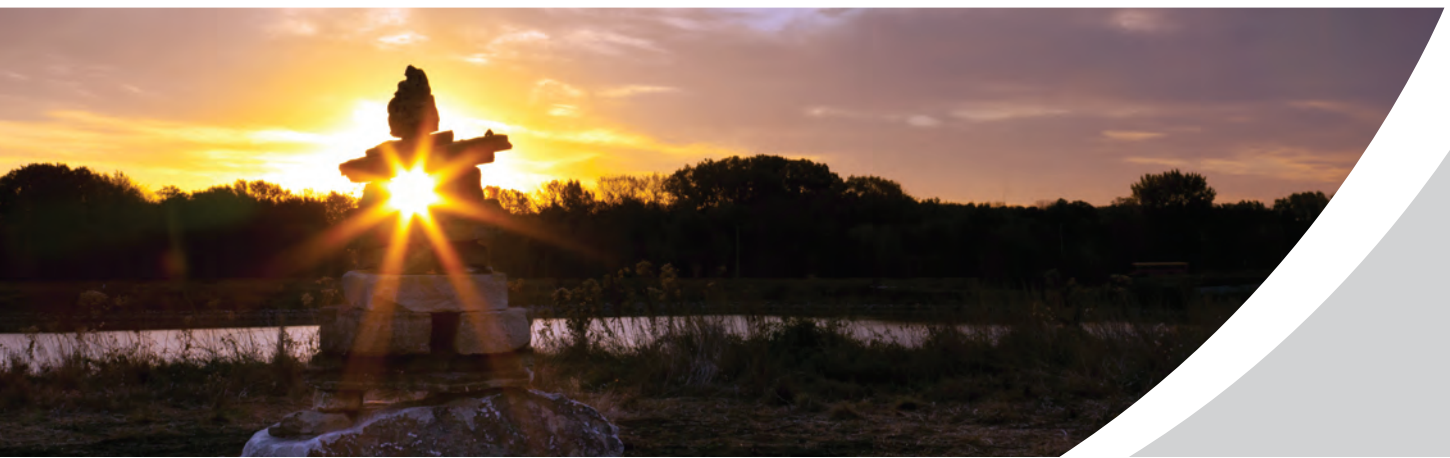
ALTERNATIVES:

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.



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
CITY OF AMES, IOWA



CITY OF
Ames

CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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, 2015

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Introductory Section





December 7, 2015

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, 2015, 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, 2015. 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 August 2015, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the second lowest unemployment rate in the nation at 2.2%, well below the national rate of 5.2% and Iowa rate of 3.6%. The City has also experienced steady growth in population, increasing from 50,731 in the 2000 census to 58,965 in 2010, a 16% increase over ten years. The U.S. Census Bureau 2014 population estimate was 63,266, 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 5.1% from January 2013 to January 2014. Iowa State University had another record enrollment with 36,001 students enrolled for the fall 2015 semester, an increase of 3.7% from the previous record.

The technology sector continued to expand in Ames with infrastructure work underway for a 183-acre expansion of the Iowa State University Research Park. The City's portion of the funding of infrastructure improvements include a Revitalize Iowa's Sound Economy (RISE) grant and general obligation bonds to be abated with incremental property taxes in the project area. In addition to the infrastructure improvements, construction began on a \$12 million, 50,000-square-foot building that will serve as the anchor of the town-square style expansion project. Also in the park, veterinary pharmaceutical company Boehringer Ingelheim Vetmedica Inc. is nearing the completion of a 52,000-square-foot research and office facility, and Pella-based construction equipment manufacturer Vermeer Corporation is expanding with a new office and testing facility.

The retail, service, and housing sectors have also seen continued growth as Mary Greeley Medical Center, an Ames-based, regional hospital, is nearing completion of the renovation and

addition to the hospital. With several in-fill retail developments and the addition of several other retail facilities and improvements in the local economy, retail sales grew by 7.8% for the quarter ended March 31, 2015, compared to the same period in the prior year. Major redevelopment projects were completed or are in the final stages in the Campustown area with the completion of a six- and seven-story, mixed-use residential and retail development on the Lincoln Way corridor. In addition, the Kingland Systems project has added a 75,000-square-foot, mixed-use office and retail development to the area anchored by a CVS pharmacy.

Long-term financial planning and major initiatives

The City Council approved annexation of property to the north of the City for residential growth, and is underway with projects to pave and expand arterial streets and extend utilities to the area. The City also has plans for the extension of public utilities to the east of interstate 35, providing available land to support the continued, steady growth of the City.

The plans to convert the electric utility's primary form of fuel from coal to natural gas are well underway, including the extension of a leased gas line to serve the power plant. Bids for the project have been favorable, and the City has been able to reduce the support from electric revenue bonds from a planned amount of \$18.875 million to \$10.36 million.

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, 2014. This is the 36th 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, 2015. 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 30th 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, 2014

Executive Director/CEO

**City of Ames
Organizational Chart
June 30, 2015**



City of Ames
List of Elected and Appointed Officials
June 30, 2015

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	Vacant
City Treasurer	Roger Wisecup II
Director of Electric Utility	Don Kom
Director of Finance	Duane Pitcher
Director of Fleet Services	Corey Mellies
Director of Human Resources	Vacant
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





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, 2015, 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, 53 percent, and 65 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, 2015, 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

As discussed in Notes 1 and 4 to the financial statements, the City of Ames, Iowa, has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. 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 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 7, 2015 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 7, 2015

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, 2015. 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 \$703,992,355 (*net position*). Of this amount, \$259,257,337 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 \$37,997,893, primarily due to favorable operating results and financial market conditions at the hospital (\$23.0 million increase). The water utility's net position increased approximately \$2.8 million because of prior year rate increases to fund the new water plant and less funds spent to maintain the current plant. The electric utility's increase in net position (\$1.5 million) will be used to convert the power plant from coal to natural gas in the next fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$44,195,990, an increase of \$1,184,723 in comparison with the prior year. A majority of the increase is due to higher local option sales taxes collected during the year. Approximately 19.28% of this amount (\$8,521,047) 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 \$10,628,853, or approximately 37.93% of total General Fund expenditures.
- The City's total long-term outstanding debt increased by \$4,215,348 during the current fiscal year primarily because of the drawdown on State Revolving Funds for construction of the new water plant.
- Within the City's business-type activities, revenues exceeded expenses by \$30,695,218. 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 26-28 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 23 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 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements 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 29-32 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, parking, transit, storm sewer, ice arena, golf course, and resource recovery. *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 technology, 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, and water, all of which are considered to be major funds of the City. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements 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 33-37 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 38 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 39-89 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 91-99 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 103-121 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 \$703,992,355 at the close of the most recent fiscal year.

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>
Current and other assets	\$ 83,387,789	\$ 80,915,422	\$ 357,098,956	\$ 354,904,059	\$ 440,486,745	\$ 435,819,481
Net capital assets	167,835,415	162,061,371	406,372,316	376,875,680	574,207,731	538,937,051
Total assets	<u>251,223,204</u>	<u>242,976,793</u>	<u>763,471,272</u>	<u>731,779,739</u>	<u>1,014,694,476</u>	<u>974,756,532</u>
Deferred outflows of resources	4,382,048	3,371	8,719,214	-	13,101,262	3,371
Long-term liabilities outstanding	64,785,564	62,431,207	116,754,083	115,102,305	181,539,647	177,533,512
Other liabilities	20,639,803	4,533,312	71,510,292	27,636,939	92,150,095	32,170,251
Total liabilities	<u>85,425,367</u>	<u>66,964,519</u>	<u>188,264,375</u>	<u>142,739,244</u>	<u>273,689,742</u>	<u>209,703,763</u>
Deferred inflows of resources	32,995,382	25,487,263	17,118,259	-	50,113,641	25,487,263
Net position:						
Net investment in capital assets	120,231,602	116,792,110	303,949,791	277,649,147	424,181,393	394,441,257
Restricted	19,525,973	18,009,657	1,027,652	1,015,822	20,553,625	19,025,479
Unrestricted	(2,573,072)	15,726,615	261,830,409	310,375,526	259,257,337	326,102,141
Total net position	<u>\$ 137,184,503</u>	<u>\$ 150,528,382</u>	<u>\$ 566,807,852</u>	<u>\$ 589,040,495</u>	<u>\$ 703,992,355</u>	<u>\$ 739,568,877</u>

* 2014 amounts were not restated to reflect the adjustment to net position for the implementation of GASB Statement No. 68.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. The beginning net position for governmental and business-type activities was restated to retroactively report the net pension liability as of June 30, 2013, and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The adjustment to governmental and business-type activities reduced net position by \$20,646,554 and \$52,927,861, respectively.

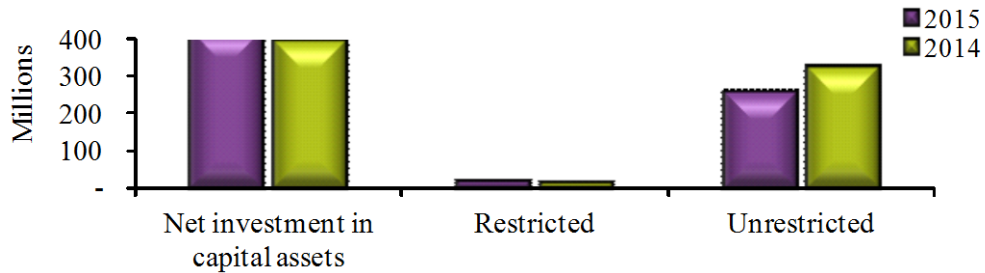
The largest portion of the City's net position (60.25%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. 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 (\$20,553,625, or 2.92%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$259,257,337 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 for the business-type activities. The governmental activities has a negative unrestricted fund balance of \$2,573,072. The biggest factor in the negative balance this fiscal year is the implementation GASB Statement No. 68. This statement requires the City to recognize the long-term obligation for pension benefits as a liability for the first time and more comprehensively and comparably measures the annual costs of pension benefits. In the prior

fiscal year, the City reported positive balances in all categories of net position for both governmental and business-type activities.

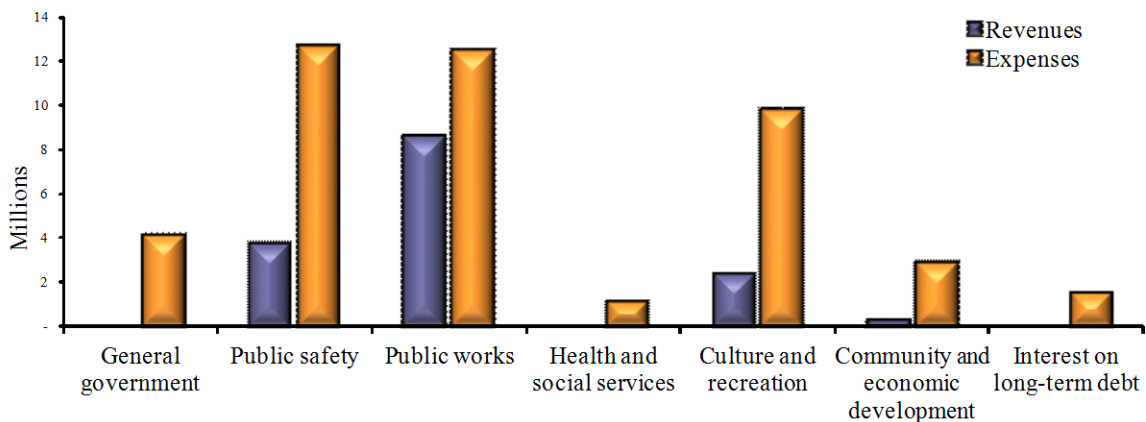
The following chart shows the components of net position for the years ended June 30, 2014 and 2015:



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$7,302,675 for an ending balance of \$137,184,503. Taxes are the largest source of governmental revenue with property taxes of \$25,988,892 and local option sales taxes of \$7,996,943 in 2015. The \$714,961 increase in property tax collections in 2015 over 2014 is due to increased taxable valuation and a higher property tax rate. Local option sales taxes were up approximately \$1.3 million due to an increase in local retail sales.

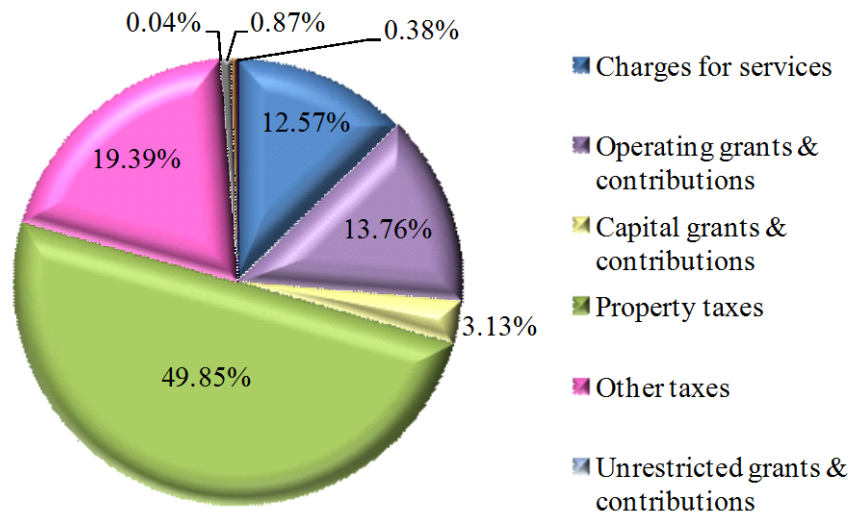
Governmental activities expenses decreased \$900,671 from 2014, or 1.96%. Public safety expenses decreased the most (\$3.2 million) because of the implementation of GASB 68. Public safety employees participate in the Municipal Fire and Police Retirement System of Iowa, and the current year adjustment to pension expense was a significant decrease. Other changes to note include an increase in general government expenses for the renovation of City Hall and an increase to culture and recreation expenses due to increased costs in the new library building.

The following chart shows the expenses and related program revenues for the functions of governmental activities:



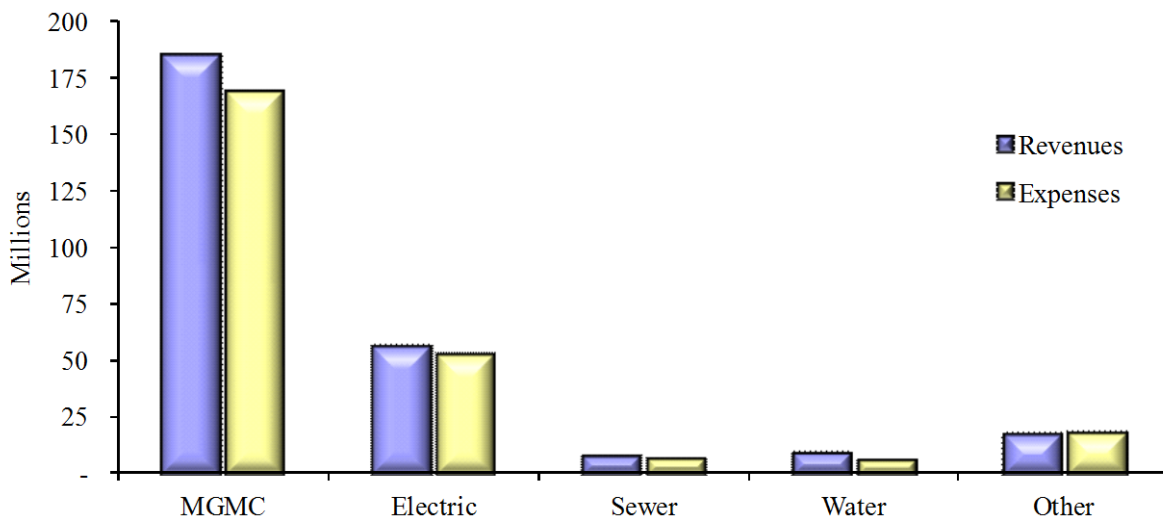
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 6,555,594	\$ 5,882,661	\$ 271,079,935	\$ 263,166,876	\$ 277,635,529	\$ 269,049,537
Operating grants & contributions	7,173,301	6,940,124	3,161,366	3,059,305	10,334,667	9,999,429
Capital grants & contributions	1,632,753	3,516,122	3,304,381	4,708,511	4,937,134	8,224,633
General revenues						
Property taxes	25,988,892	25,273,931	-	-	25,988,892	25,273,931
Other taxes	10,110,253	8,494,555	-	-	10,110,253	8,494,555
Unrestricted grants & contributions	19,108	17,819	-	-	19,108	17,819
Investment earnings	455,916	544,414	8,201,914	26,013,566	8,657,830	26,557,980
Other	197,015	143,598	90,414	617,799	287,429	761,397
Total revenues	<u>52,132,832</u>	<u>50,813,224</u>	<u>285,838,010</u>	<u>297,566,057</u>	<u>337,970,842</u>	<u>348,379,281</u>
Expenses:						
General government	4,165,152	2,915,560	-	-	4,165,152	2,915,560
Public safety	12,730,107	15,943,465	-	-	12,730,107	15,943,465
Public works	12,482,265	12,721,868	-	-	12,482,265	12,721,868
Health & social services	1,161,242	1,078,118	-	-	1,161,242	1,078,118
Culture & recreation	9,857,775	8,536,548	-	-	9,857,775	8,536,548
Community & economic development	2,972,753	2,477,986	-	-	2,972,753	2,477,986
Interest on long-term debt	1,577,883	2,174,303	-	-	1,577,883	2,174,303
Mary Greeley Medical Center	-	-	168,891,942	161,792,473	168,891,942	161,792,473
Electric	-	-	53,024,205	54,791,141	53,024,205	54,791,141
Sewer	-	-	7,435,226	7,848,323	7,435,226	7,848,323
Water	-	-	6,866,001	6,894,305	6,866,001	6,894,305
Parking	-	-	888,452	876,916	888,452	876,916
Transit	-	-	11,859,395	11,391,087	11,859,395	11,391,087
Storm sewer	-	-	644,411	467,378	644,411	467,378
Ames/ISU Ice Arena	-	-	584,702	578,163	584,702	578,163
Homewood Golf Course	-	-	253,997	206,620	253,997	206,620
Resource Recovery	-	-	4,577,441	4,670,459	4,577,441	4,670,459
Total expenses	<u>44,947,177</u>	<u>45,847,848</u>	<u>255,025,772</u>	<u>249,516,865</u>	<u>299,972,949</u>	<u>295,364,713</u>
Increase in net position before transfers	7,185,655	4,965,376	30,812,238	48,049,192	37,997,893	53,014,568
Transfers	117,020	(18,401)	(117,020)	18,401	-	-
Increase in net position	<u>7,302,675</u>	<u>4,946,975</u>	<u>30,695,218</u>	<u>48,067,593</u>	<u>37,997,893</u>	<u>53,014,568</u>
Net position, beginning (as previously reported)	150,528,382	145,581,407	589,040,495	542,060,209	739,568,877	687,641,616
Change in accounting principle	(20,646,554)	-	(52,927,861)	(1,087,307)	(73,574,415)	(1,087,307)
Net position, beginning (as restated)	<u>129,881,828</u>	<u>145,581,407</u>	<u>536,112,634</u>	<u>540,972,902</u>	<u>665,994,462</u>	<u>686,554,309</u>
Net position, ending	<u>\$ 137,184,503</u>	<u>\$ 150,528,382</u>	<u>\$ 566,807,852</u>	<u>\$ 589,040,495</u>	<u>\$ 703,992,355</u>	<u>\$ 739,568,877</u>

The following chart shows revenues by source for governmental activities:



Business-Type Activities. Business-type activities increased net position by \$30,695,218, accounting for 80.78% of the City's growth in net position at June 30, 2015. The hospital accounted for approximately \$23.9 million of this increase due to higher inpatient and outpatient revenues, higher Medicare reimbursement rates, and decrease in full-time equivalents. Sewer charges for services were up \$775,305 from fiscal year 2014 because of an 8% increase in rates and expenses were down \$413,097 because of less repairs. Transit capital grants were down from the prior fiscal year because the project to expand the terminal is complete. Transit expenses increased \$468,308 over the prior year due to an increase in ridership and expanding routes to include new student living communities.

The following chart shows the expenses and related program revenues for the functions of governmental activities:



Financial Analysis of Governmental Funds

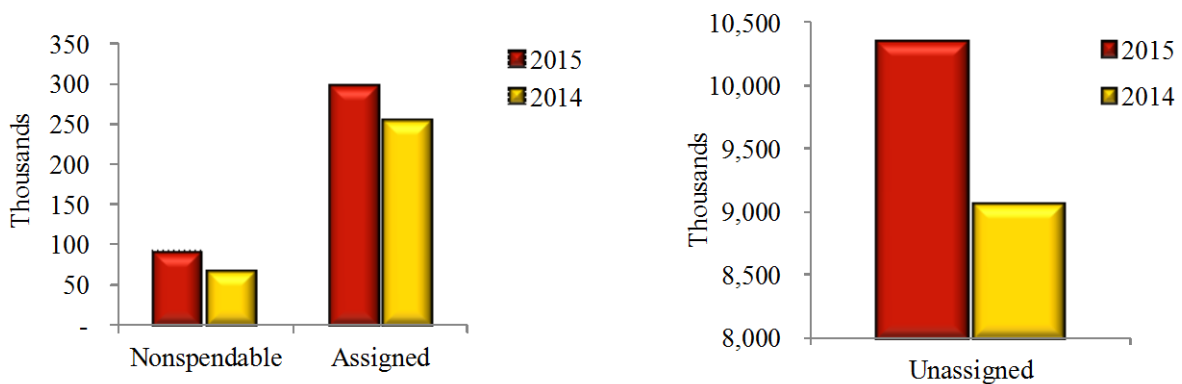
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$44,195,990 at June 30, 2015, an increase of \$1,184,723 from the prior year. Approximately 19.28% of this amount (\$8,521,047) 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 (\$167,054); 2) legally required to be maintained intact (\$1,930,528); 3) restricted for particular purposes (\$31,882,923); 4) committed for particular purposes (\$1,397,635); or 5) assigned for particular purposes (\$296,803).

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 \$10,332,050, while total fund balance increased \$1,350,958 to \$10,719,391. The ending fund balance is 38.25% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.

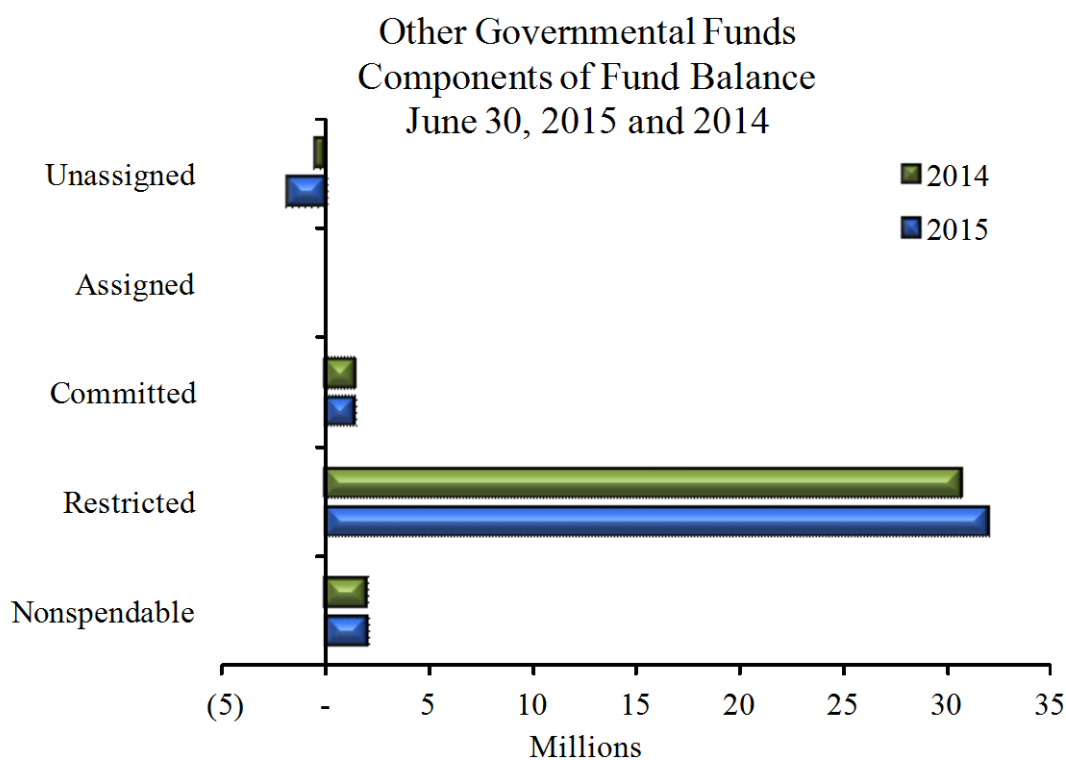
**Components of Fund Balance
General Fund**



The Capital Projects Fund had a decrease of \$115,716 in fund balance during the fiscal year, which put the overall fund balance at \$14,363,996. General obligations bonds of approximately \$9.4 million, along with other revenues of \$1.7 million were almost equally offset by expenditures of \$11.1 million.

The Debt Service Fund's fund balance decreased by \$8,792 during 2015. The timing of bond issues and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$500,000. 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 decreased by \$41,727 from the 2014 balances. Local option and road use tax revenues were higher than both the prior year revenues and the current year expenditures, increasing the fund balance in both funds. The TIF fund had a decrease in fund balance of \$784,646 as construction began on the infrastructure for the ISU Research Park. Proceeds from the general obligation bonds issued early in fiscal year 2016 will be used to offset this deficit. Incremental property tax receipts from the new development will be used to repay the general obligation bonds. The library donations fund decreased \$589,396 as funds were spent to complete the library addition and renovation project.



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

The combined net position of the enterprise funds at June 30, 2015, totaled \$559,393,785, of which 45.48% (\$254,416,342) is unrestricted. This is a \$30,010,245, or 5.15%, increase in net position for the fiscal year. The net position of the internal service funds is \$21,208,129, a \$1,394,561 increase in net position. Unrestricted net position accounts for \$13,716,776 (64.68%) of the total internal service fund net position balance.

As in prior years, a majority of the increase in net position is attributable to the hospital (\$23.9 million). Even though investment income was down \$17.7 million when compared to the prior year, favorable hospital operations helped increase the net position. Electric charges for services were down \$3.4 million from the prior year, partly from decreased electric power usage by

customers and partly from lower wholesale prices that the City charges to supply a portion of Iowa State University's load. Sewer rates were up 8% from the prior year, following a planned schedule of rate increases to pay for improvements to infrastructure. The increase in net position (\$2,783,002) for the water utility remained flat from the prior year, and funds will be used as construction on the new water plant continues.

Significant changes in the internal service funds include a \$438,268 decrease in claims payable in the risk management fund, thus decreasing expenses, due to a re-evaluation of the method for estimating claims. The fleet services fund's net position increased \$906,723 as contributions from departments outpaced purchases using those funds. Finally, the health insurance fund decreased by \$219,151 as the increase in health insurance rates and claims paid were more than the contributions from City departments.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were three amendments to the City's 2014-2015 budget. The first amendment was passed in October 2014 to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were passed in March and 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 2014 for phase II of the City Hall renovation project, which was completed in summer 2015.

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, 2015, amounts to \$574,207,731 (net of accumulated depreciation), an increase of \$35,270,680, or 6.54%, over the 2014 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:

- \$3.4 million construction in progress for the library renovation and expansion
- \$0.8 million construction in progress for phase II of City Hall renovation
- \$12.1 million construction in progress for the new water plant
- \$2.1 million in utility extensions for the northern growth area
- \$6.0 million construction in progress for conversion of the power plant from coal to natural gas
- \$2.5 million in transit buses
- \$1.1 million construction in progress for water and sanitary sewer improvements in the ISU Research Park
- \$23.9 million construction in progress for phase II of the hospital's master facility plan

Additional information on the City's capital assets can be found in note IV(E) on pages 57-58 of this report.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 11,892,658	\$ 11,883,058	\$ 12,217,333	\$ 11,737,346	\$ 24,109,991	\$ 23,620,404
Other non-depreciable assets	1,897,337	4,186,534	-	-	1,897,337	4,186,534
Depreciable assets	130,412,192	125,458,040	336,224,524	345,154,962	466,636,716	470,613,002
Construction in progress	23,633,228	20,533,739	57,930,459	19,983,372	81,563,687	40,517,111
Total	<u>\$ 167,835,415</u>	<u>\$ 162,061,371</u>	<u>\$ 406,372,316</u>	<u>\$ 376,875,680</u>	<u>\$ 574,207,731</u>	<u>\$ 538,937,051</u>

Long-term Debt. At the end of the current fiscal year, the City had \$149,971,586 in outstanding bonded debt. Of this amount, \$65,892,862 is debt backed by the full faith and credit of the government and \$84,078,724 is revenue bonds issued by proprietary funds.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds, net	\$ 61,891,291	\$ 59,811,442	\$ 4,001,571	\$ 4,191,151	\$ 65,892,862	\$ 64,002,593
Revenue bonds	-	-	84,078,724	86,942,752	84,078,724	86,942,752
Loans payable	-	-	14,519,773	8,884,606	14,519,773	8,884,606
Notes payable	-	-	122,457	568,517	122,457	568,517
Total	<u>\$ 61,891,291</u>	<u>\$ 59,811,442</u>	<u>\$ 102,722,525</u>	<u>\$ 100,587,026</u>	<u>\$ 164,613,816</u>	<u>\$ 160,398,468</u>

The City's total debt increased by \$4,215,348 (2.63%) during the current fiscal year. Most of the increase is from State Revolving Fund loan proceeds to fund the water plant construction.

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, 2013, related to the 2014-2015 fiscal year. The current debt limitation for the City is \$180,218,498. 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 75-82 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 2015-2016 fiscal year budget:

- A City of Ames MSA unemployment rate of 2.3% in August 2015, which is lower than the prior year's rate of 3.2% for the same period; and lower than the rate for the State of Iowa (3.6%) and the nation (5.2%)
- No rate increases for the resource recovery, storm sewer, or electric utilities
- A 4% rate increase for the water utility to finance the new water plant
- A 5% increase in sanitary sewer rates predominantly to repair or replace deficient sewer lines and deteriorated manholes over the next five years

- Overall property tax rate decrease of 2.1% due to the increase in property valuations offsetting a small increase in General Fund expenditures and an increase in the state-mandated rollback percentage for residential properties
- A 9% 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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 17,686,578	\$ 23,424,628	\$ 41,111,206	\$ 631,487
Investments	39,249,849	40,410,263	79,660,112	-
Taxes receivable	36,807	-	36,807	-
Special assessments receivable	177,336	-	177,336	-
Accrued interest receivable	54,583	75,598	130,181	-
Accounts receivable, net	313,112	32,376,599	32,689,711	-
Pledges receivable, net	-	-	-	1,105,658
Intergovernmental receivable	3,384,627	1,438,422	4,823,049	-
Loans receivable	7,572	-	7,572	-
Internal balances	(4,998,118)	4,998,118	-	-
Inventories	198,240	9,043,410	9,241,650	-
Assets held for resale	482,044	-	482,044	-
Prepaid items	150,257	2,102,769	2,253,026	-
Restricted current assets:				
Cash and cash equivalents	-	39,806	39,806	-
Investments	-	987,846	987,846	-
Accrued interest receivable	-	479,006	479,006	-
Total current assets	56,742,887	115,376,465	172,119,352	1,737,145
Non-current assets:				
Investments	-	16,142,412	16,142,412	11,775,866
Succeeding year taxes receivable	25,941,230	-	25,941,230	-
Long-term loans receivable	37,004	-	37,004	-
Long-term special assessments receivable	666,668	-	666,668	-
Other assets	-	8,700,692	8,700,692	-
Non-depreciable assets	37,423,223	70,147,792	107,571,015	-
Depreciable assets, net of accumulated depreciation	130,412,192	336,224,524	466,636,716	-
Restricted non-current assets:				
Long-term investments	-	216,879,387	216,879,387	-
Total non-current assets	194,480,317	648,094,807	842,575,124	11,775,866
Total assets	251,223,204	763,471,272	1,014,694,476	13,513,011
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,425	-	3,425	-
Deferred outflows related to pensions	4,378,623	8,719,214	13,097,837	-
Total deferred outflows of resources	4,382,048	8,719,214	13,101,262	-

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

City of Ames
Statement of Net Position (continued)
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	2,480,237	15,510,990	17,991,227	263,189
Accrued payroll	238,686	3,625,583	3,864,269	-
Accrued compensated absences	103,239	499,447	602,686	-
Accrued interest payable	137,871	209,987	347,858	-
Retainage payable	516,756	6,678,896	7,195,652	-
Customer deposits	125,427	851,099	976,526	-
Intergovernmental payable	106,995	686,270	793,265	-
Claims payable	460,000	2,553,674	3,013,674	-
Loans payable	-	188,909	188,909	-
Notes payable	-	122,457	122,457	-
Bonds payable, net	7,191,391	3,448,072	10,639,463	-
Unearned revenue	492,937	118,575	611,512	-
Accrued landfill post-closure costs	-	16,880	16,880	-
Total current liabilities	11,853,539	34,510,839	46,364,378	263,189
Non-current liabilities:				
Accrued compensated absences	2,005,278	9,240,821	11,246,099	-
Accrued other post-employment benefits	785,756	4,112,656	4,898,412	-
Net pension liability	16,080,894	41,275,218	57,356,112	-
Annuities payable	-	-	-	68,398
Loans payable	-	14,330,864	14,330,864	-
Bonds payable, net	54,699,900	84,632,223	139,332,123	-
Accrued landfill post-closure costs	-	161,754	161,754	-
Total non-current liabilities	73,571,828	153,753,536	227,325,364	68,398
Total liabilities	85,425,367	188,264,375	273,689,742	331,587
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property taxes	25,941,230	-	25,941,230	-
Deferred inflows related to pensions	7,054,152	17,118,259	24,172,411	-
Total deferred inflows of resources	32,995,382	17,118,259	50,113,641	-
NET POSITION				
Net investment in capital assets	120,231,602	303,949,791	424,181,393	-
Restricted:				
Expendable for:				
Debt service	594,468	1,027,652	1,622,120	-
Capital projects	6,037,797	-	6,037,797	-
Public safety	266,777	-	266,777	-
Employee benefits	622,400	-	622,400	-
Library services	359,918	-	359,918	-
Aquatic center	107,295	-	107,295	-
Parks	1,764,523	-	1,764,523	-
Community welfare	4,408	-	4,408	-
Housing services	534,018	-	534,018	-
Economic development	729,435	-	729,435	-
Community betterment	6,574,406	-	6,574,406	-
Mary Greeley Medical Center	-	-	-	8,988,449
Non-expendable for:				
Perpetual care	930,528	-	930,528	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	(2,573,072)	261,830,409	259,257,337	3,942,303
Total net position	\$ 137,184,503	\$ 566,807,852	\$ 703,992,355	\$ 13,181,424

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, 2015

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	\$ 4,165,152	\$ 134,239	\$ 14,989	\$ -	\$ (4,015,924)	\$ -	\$ (4,015,924)	\$ -
Public safety	12,730,107	3,652,787	155,037	-	(8,922,283)	-	(8,922,283)	-
Public works	12,482,265	715,898	6,421,023	1,446,471	(3,898,873)	-	(3,898,873)	-
Health and social services	1,161,242	-	18,232	-	(1,143,010)	-	(1,143,010)	-
Culture and recreation	9,857,775	2,029,655	233,454	186,282	(7,408,384)	-	(7,408,384)	-
Community and economic development	2,972,753	23,015	330,566	-	(2,619,172)	-	(2,619,172)	-
Interest	1,577,883	-	-	-	(1,577,883)	-	(1,577,883)	-
Total governmental activities	44,947,177	6,555,594	7,173,301	1,632,753	(29,585,529)	-	(29,585,529)	-
Business-type activities:								
Mary Greeley Medical Center	168,891,942	184,201,460	8,963	964,500	-	16,282,981	16,282,981	-
Electric	53,024,205	56,636,062	6,315	-	-	3,618,172	3,618,172	-
Sewer	7,435,226	8,267,051	39,470	45,640	-	916,935	916,935	-
Water	6,866,001	9,584,813	-	24,988	-	2,743,800	2,743,800	-
Parking	888,452	891,983	-	-	-	3,531	3,531	-
Transit	11,859,395	5,814,552	2,826,925	2,249,253	-	(968,665)	(968,665)	-
Storm sewer	644,411	1,215,233	23,310	-	-	594,132	594,132	-
Ice arena	584,702	532,001	-	20,000	-	(32,701)	(32,701)	-
Golf course	253,997	248,853	-	-	-	(5,144)	(5,144)	-
Resource recovery	4,577,441	3,687,927	256,383	-	-	(633,131)	(633,131)	-
Total business-type activities	255,025,772	271,079,935	3,161,366	3,304,381	-	22,519,910	22,519,910	-
Total primary government	\$ 299,972,949	\$ 277,635,529	\$ 10,334,667	\$ 4,937,134	(29,585,529)	22,519,910	(7,065,619)	-
Component unit:								
Mary Greeley Medical Center Foundation	\$ 2,104,382	\$ -	\$ 1,280,740	\$ -	-	-	-	(823,642)
General revenues:								
Property taxes					25,988,892	-	25,988,892	-
Sales taxes					7,996,943	-	7,996,943	-
Hotel / motel taxes					2,113,310	-	2,113,310	-
Unrestricted grants and contributions					19,108	-	19,108	-
Investment income					455,916	8,201,914	8,657,830	(139,221)
Other income					133,787	64,714	198,501	-
Gain on disposal of capital assets					63,228	25,700	88,928	-
Transfers					117,020	(117,020)	-	-
Total general revenues and transfers					36,888,204	8,175,308	45,063,512	(139,221)
Change in net position					7,302,675	30,695,218	37,997,893	(962,863)
Net position, beginning (as previously reported)					150,528,382	589,040,495	739,568,877	14,144,287
Change in accounting principle					(20,646,554)	(52,927,861)	(73,574,415)	-
Net position, beginning (as restated)					129,881,828	536,112,634	665,994,462	14,144,287
Net position, ending					\$ 137,184,503	\$ 566,807,852	\$ 703,992,355	\$ 13,181,424

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

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2015**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,617,728	\$ 1,910,383	\$ 203,823	\$ 6,685,687	\$ 12,417,621
Investments	6,189,091	11,270,438	377,113	12,341,556	30,178,198
Taxes receivable	22,006	-	12,145	2,656	36,807
Special assessments receivable	-	177,336	-	-	177,336
Accrued interest receivable	26,811	8,481	1,387	4,613	41,292
Accounts receivable, net	263,451	11,242	-	4,106	278,799
Intergovernmental receivable	37,514	849,417	-	2,466,886	3,353,817
Loans receivable	-	-	-	7,572	7,572
Due from other funds	1,510,899	2,439,252	-	79,625	4,029,776
Inventories	31,198	-	-	76,516	107,714
Property held for resale	-	-	-	482,044	482,044
Prepaid items	59,340	-	-	-	59,340
Succeeding year taxes receivable	15,682,987	-	8,521,005	1,737,238	25,941,230
Long-term loans receivable	-	-	-	37,004	37,004
Long-term special assessments receivable	-	666,668	-	-	666,668
Total assets	<u>\$ 27,441,025</u>	<u>\$ 17,333,217</u>	<u>\$ 9,115,473</u>	<u>\$ 23,925,503</u>	<u>\$ 77,815,218</u>
LIABILITIES					
Accounts payable	\$ 246,964	\$ 638,108	\$ -	\$ 777,210	\$ 1,662,282
Accrued payroll	138,823	13,926	-	69,786	222,535
Retainage payable	38,085	431,696	-	43,090	512,871
Accrued interest payable	-	-	-	388	388
Customer deposits	14,239	-	-	111,188	125,427
Intergovernmental payable	75,768	6,000	-	11,341	93,109
Due to other funds	510,226	391,460	-	2,043,747	2,945,433
Total liabilities	<u>1,024,105</u>	<u>1,481,190</u>	<u>-</u>	<u>3,056,750</u>	<u>5,562,045</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	15,682,987	-	8,521,005	1,737,238	25,941,230
Special assessments	-	844,004	-	-	844,004
Hotel/motel taxes	-	-	-	611,775	611,775
Charges for services	11,489	-	-	-	11,489
Licenses and permits	3,053	-	-	-	3,053
Grants	-	619,027	-	1,605	620,632
Refunds	-	25,000	-	-	25,000
Total deferred inflows of resources	<u>15,697,529</u>	<u>1,488,031</u>	<u>8,521,005</u>	<u>2,350,618</u>	<u>28,057,183</u>
FUND BALANCES					
Nonspendable	90,538	-	-	2,007,044	2,097,582
Restricted	-	15,205,589	594,468	16,082,866	31,882,923
Committed	-	-	-	1,397,635	1,397,635
Assigned	296,803	-	-	-	296,803
Unassigned	10,332,050	(841,593)	-	(969,410)	8,521,047
Total fund balances	<u>10,719,391</u>	<u>14,363,996</u>	<u>594,468</u>	<u>18,518,135</u>	<u>44,195,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,441,025</u>	<u>\$ 17,333,217</u>	<u>\$ 9,115,473</u>	<u>\$ 23,925,503</u>	<u>\$ 77,815,218</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, 2015

Amounts reported for governmental activities in the statement of net position (page 27) are different because:

Fund balance - total governmental funds (page 30)	\$ 44,195,990
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	160,344,062
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	174,968
Special assessments	844,004
Other revenues	660,174
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources	4,243,902
Deferred inflows of resources	(6,837,975)
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.	13,794,062
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	(60,253,286)
Interest payable on general obligation bonds	(137,483)
Deferred charges on general obligation bonds refunded	3,425
Unamortized premiums on the issuance of general obligation bonds	(1,638,005)
Accrued compensated absences	(1,975,796)
Net other post-employment benefits payable	(719,484)
Net pension liability	<u>(15,514,055)</u>
Net position of governmental activities	<u>\$ 137,184,503</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, 2015

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 15,513,156	\$ -	\$ 8,565,125	\$ 12,002,088	\$ 36,080,369
Special assessments	-	362,306	-	-	362,306
Licenses and permits	2,017,035	-	-	-	2,017,035
Intergovernmental	385,401	1,178,798	14,989	6,698,777	8,277,965
Charges for services	3,501,092	-	-	16,072	3,517,164
Fines and forfeitures	138,720	-	-	-	138,720
Investment income	253,840	80,310	37,155	32,992	404,297
Miscellaneous	470,811	55,509	-	299,109	825,429
Total revenues	<u>22,280,055</u>	<u>1,676,923</u>	<u>8,617,269</u>	<u>19,049,038</u>	<u>51,623,285</u>
EXPENDITURES					
Current:					
General government	3,047,011	170,625	-	91,100	3,308,736
Public safety	16,136,602	-	-	101,347	16,237,949
Public works	976,528	-	-	4,512,323	5,488,851
Health and social services	-	-	-	1,161,242	1,161,242
Culture and recreation	7,133,450	-	-	479,613	7,613,063
Community and economic development	730,955	-	-	2,144,924	2,875,879
Debt service:					
Principal	-	-	7,364,829	-	7,364,829
Interest and fiscal charges	-	-	1,765,082	-	1,765,082
Capital outlay	-	10,956,196	-	3,338,402	14,294,598
Total expenditures	<u>28,024,546</u>	<u>11,126,821</u>	<u>9,129,911</u>	<u>11,828,951</u>	<u>60,110,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,744,491)</u>	<u>(9,449,898)</u>	<u>(512,642)</u>	<u>7,220,087</u>	<u>(8,486,944)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,206,268	87,594	503,850	119,807	9,917,519
Transfers out	(2,110,819)	(386,599)	-	(7,381,621)	(9,879,039)
General obligation bonds issued	-	9,395,000	-	-	9,395,000
Premium on general obligation bonds	-	238,187	-	-	238,187
Total other financing sources (uses)	<u>7,095,449</u>	<u>9,334,182</u>	<u>503,850</u>	<u>(7,261,814)</u>	<u>9,671,667</u>
Net change in fund balances	1,350,958	(115,716)	(8,792)	(41,727)	1,184,723
Fund balances, beginning	<u>9,368,433</u>	<u>14,479,712</u>	<u>603,260</u>	<u>18,559,862</u>	<u>43,011,267</u>
Fund balances, ending	<u>\$ 10,719,391</u>	<u>\$ 14,363,996</u>	<u>\$ 594,468</u>	<u>\$ 18,518,135</u>	<u>\$ 44,195,990</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, 2015

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

Net changes in fund balances - total governmental funds (page 31)	\$ 1,184,723
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Hotel/motel tax	18,776
Special assessments	68,851
Other revenues	249,534

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	14,562,233
Disposals	(316,789)
Depreciation expense	(8,627,472)

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.	
Current year premium on issuance of bonds	(238,187)
Amortization of bond premiums	188,509
Amortization of deferred charges on refunding debt	54
Proceeds from issuance of bonds	(9,395,000)
Principal payments	7,364,829
Interest payments	(1,364)

The City's current year share of IPERS and MFPRSI contributions are reported as an expenditure in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position	(5,510,501)
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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	(119,160)
Increase in accrued other post-employment benefits	(126,473)
Decrease in net pension liability	7,290,524

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.	709,588
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Changes in net position of governmental activities	<u>\$ 7,302,675</u>
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The notes to the financial statements are an integral part of this statement.

**City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2015**

	Business-Type Activities						Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 8,262,725	\$ 2,844,648	\$ 2,610,876	\$ 5,642,254	\$ 3,468,330	\$ 22,828,833	\$ 5,864,752
Investments	-	19,175,368	4,508,468	9,718,761	5,978,840	39,381,437	10,100,477
Accrued interest receivable	-	42,034	6,720	16,021	9,299	74,074	14,815
Accounts receivable, net	23,185,526	6,657,495	866,032	1,072,406	577,015	32,358,474	52,438
Due from other funds	-	147,405	157,324	147,924	346,687	799,340	638,124
Intergovernmental receivable	-	371,594	16,853	76,001	973,974	1,438,422	30,810
Inventories	3,362,822	5,108,113	-	289,957	282,518	9,043,410	90,526
Prepaid items	2,092,246	4,371	519	519	5,114	2,102,769	90,917
Restricted current assets:							
Cash and cash equivalents	-	-	14,903	24,903	-	39,806	-
Investments	987,846	-	-	-	-	987,846	-
Interest receivable	479,006	-	-	-	-	479,006	-
Total current assets	<u>38,370,171</u>	<u>34,351,028</u>	<u>8,181,695</u>	<u>16,988,746</u>	<u>11,641,777</u>	<u>109,533,417</u>	<u>16,882,859</u>
Non-current assets:							
Investments	-	16,142,412	-	-	-	16,142,412	-
Other assets	8,700,692	-	-	-	-	8,700,692	-
Capital assets:							
Land	4,617,232	1,868,905	1,910,222	1,537,786	2,283,188	12,217,333	-
Land improvements	1,276,702	-	-	-	2,077,432	3,354,134	192,433
Plant and distribution systems	-	181,209,996	75,007,969	61,134,680	-	317,352,645	-
Buildings	201,040,594	-	-	-	38,941,624	239,982,218	651,012
Equipment	129,901,636	-	-	-	33,068,457	162,970,093	16,452,524
Construction in progress	26,797,197	9,096,321	3,985,635	18,037,406	13,900	57,930,459	7,557
Less accumulated depreciation	(167,914,112)	(114,605,808)	(47,166,837)	(25,098,612)	(32,649,197)	(387,434,566)	(9,812,173)
Restricted non-current assets:							
Investments	216,879,387	-	-	-	-	216,879,387	-
Total non-current assets	<u>421,299,328</u>	<u>93,711,826</u>	<u>33,736,989</u>	<u>55,611,260</u>	<u>43,735,404</u>	<u>648,094,807</u>	<u>7,491,353</u>
Total assets	<u>459,669,499</u>	<u>128,062,854</u>	<u>41,918,684</u>	<u>72,600,006</u>	<u>55,377,181</u>	<u>757,628,224</u>	<u>24,374,212</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	7,173,239	346,732	117,891	103,709	964,398	8,705,969	147,966

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, 2015

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	8,078,649	3,215,130	528,058	3,367,714	282,750	15,472,301	856,644
Accrued payroll	3,276,110	142,604	6,776	24,853	175,240	3,625,583	16,151
Accrued compensated absences	419,329	34,385	6,830	10,730	28,044	499,318	6,837
Due to other funds	-	346,797	1,080,554	827,390	240,445	2,495,186	26,621
Claims payable	1,734,806	-	-	-	-	1,734,806	1,278,868
Retainage payable	5,529,634	142,457	148,831	604,892	253,082	6,678,896	3,885
Customer deposits	-	851,099	-	-	-	851,099	-
Accrued interest	155,645	19,868	4,984	26,658	2,832	209,987	-
Loans payable	-	-	134,000	-	54,909	188,909	-
Notes payable	122,457	-	-	-	-	122,457	-
Intergovernmental payable	-	433,375	6,057	40,134	206,704	686,270	13,886
Accrued landfill post-closure costs	-	-	-	-	16,880	16,880	-
Bonds payable, net	2,928,794	-	53,703	329,720	135,855	3,448,072	-
Unearned revenue	-	-	-	-	118,575	118,575	56,130
Total current liabilities	<u>22,245,424</u>	<u>5,185,715</u>	<u>1,969,793</u>	<u>5,232,091</u>	<u>1,515,316</u>	<u>36,148,339</u>	<u>2,259,022</u>
Non-current liabilities:							
Accrued compensated absences	7,856,854	573,022	131,709	201,691	476,091	9,239,367	127,467
Post-employment benefits	3,498,815	262,635	71,787	82,169	195,962	4,111,368	67,560
Net pension liability	34,772,101	1,458,891	496,033	436,360	4,056,103	41,219,488	622,569
Loans payable	-	-	2,076,250	12,254,614	-	14,330,864	-
Accrued landfill post-closure costs	-	-	-	-	161,754	161,754	-
Bonds payable, net	81,149,930	-	496,883	1,663,492	1,321,918	84,632,223	-
Total non-current liabilities	<u>127,277,700</u>	<u>2,294,548</u>	<u>3,272,662</u>	<u>14,638,326</u>	<u>6,211,828</u>	<u>153,695,064</u>	<u>817,596</u>
Total liabilities	<u>149,523,124</u>	<u>7,480,263</u>	<u>5,242,455</u>	<u>19,870,417</u>	<u>7,727,144</u>	<u>189,843,403</u>	<u>3,076,618</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	14,637,511	556,379	189,173	166,416	1,547,526	17,097,005	237,431
NET POSITION							
Net investment in capital assets	111,518,068	77,569,414	30,976,153	41,363,434	42,522,722	303,949,791	7,491,353
Restricted for debt service	987,846	-	14,903	24,903	-	1,027,652	-
Unrestricted	190,176,189	42,803,530	5,613,891	11,278,545	4,544,187	254,416,342	13,716,776
Total net position	<u>\$ 302,682,103</u>	<u>\$ 120,372,944</u>	<u>\$ 36,604,947</u>	<u>\$ 52,666,882</u>	<u>\$ 47,066,909</u>	<u>559,393,785</u>	<u>\$ 21,208,129</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>7,414,067</u>	
Net position of business-type activities						<u>\$ 566,807,852</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, 2015

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 184,201,460	\$ 56,636,062	\$ 8,267,051	\$ 9,584,813	\$ 12,390,549	\$ 271,079,935	\$ 16,852,535
Operating expenses:							
Cost of goods and services	118,224,336	48,029,371	5,021,961	5,211,599	13,832,555	190,319,822	14,594,323
Administration	28,924,914	1,075,784	312,617	348,860	2,047,082	32,709,257	-
Depreciation	18,388,928	4,257,523	2,106,572	1,207,298	3,040,588	29,000,909	1,114,576
Total operating expenses	165,538,178	53,362,678	7,441,150	6,767,757	18,920,225	252,029,988	15,708,899
Operating income (loss)	18,663,282	3,273,384	825,901	2,817,056	(6,529,676)	19,049,947	1,143,636
Non-operating revenues (expenses):							
Intergovernmental	8,963	-	39,470	-	2,850,235	2,898,668	-
Reimbursements	-	6,315	-	-	256,383	262,698	-
Investment income	7,625,337	326,744	52,000	127,196	70,637	8,201,914	109,157
Interest expense	(3,353,764)	-	(54,736)	(160,058)	(31,613)	(3,600,171)	-
Gain (loss) on disposal of capital assets	25,700	(70,086)	-	-	(10,500)	(54,886)	63,228
Miscellaneous	-	53,867	-	-	10,847	64,714	-
Total non-operating revenues (expenses)	4,306,236	316,840	36,734	(32,862)	3,145,989	7,772,937	172,385
Income (loss) before capital contributions and transfers	22,969,518	3,590,224	862,635	2,784,194	(3,383,687)	26,822,884	1,316,021
Capital contributions	964,500	-	45,640	24,988	2,269,253	3,304,381	-
Transfers in	-	-	-	-	2,043,225	2,043,225	78,540
Transfers out	-	(2,107,885)	(26,180)	(26,180)	-	(2,160,245)	-
Change in net position	23,934,018	1,482,339	882,095	2,783,002	928,791	30,010,245	1,394,561
Net position, beginning (as previously reported)	323,821,168	120,667,798	36,327,110	50,415,446	51,079,879		20,571,971
Change in accounting principle	(45,073,083)	(1,777,193)	(604,258)	(531,566)	(4,941,761)		(758,403)
Net position, beginning (as restated)	278,748,085	118,890,605	35,722,852	49,883,880	46,138,118		19,813,568
Net position, ending	\$ 302,682,103	\$ 120,372,944	\$ 36,604,947	\$ 52,666,882	\$ 47,066,909		\$ 21,208,129
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						684,973	
Change in net position of business-type activities						\$ 30,695,218	

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, 2015

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 174,187,862	\$ 56,795,871	\$ 8,387,766	\$ 9,374,731	\$ 12,296,409	\$ 261,042,639	\$ 16,769,671
Other receipts	7,121,460	-	-	-	-	7,121,460	-
Payments to suppliers	(70,241,245)	(37,509,480)	(2,027,829)	1,776,322	(5,073,008)	(113,075,240)	(12,074,235)
Payments to employees	(79,677,333)	(9,611,658)	(2,052,604)	(2,828,994)	(9,535,508)	(103,706,097)	(2,007,250)
Payments to other funds for services provided	-	(2,646,990)	(622,903)	(133,711)	(2,480,115)	(5,883,719)	(530,651)
Net cash provided by (used for) operating activities	31,390,744	7,027,743	3,684,430	8,188,348	(4,792,222)	45,499,043	2,157,535
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	8,963	-	39,470	-	2,850,235	2,898,668	-
Reimbursements	-	6,315	-	-	256,383	262,698	-
Proceeds from sale of non-capital assets	-	53,867	-	-	10,847	64,714	-
Transfers in	-	-	-	-	2,043,225	2,043,225	78,540
Transfers out	-	(2,107,885)	(26,180)	(26,180)	-	(2,160,245)	-
Net cash provided by (used for) non-capital financing activities	8,963	(2,047,703)	13,290	(26,180)	5,160,690	3,109,060	78,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(31,479,572)	(8,345,178)	(2,459,684)	(13,494,375)	(3,158,557)	(58,937,366)	(1,594,121)
Proceeds from the sale of capital assets	25,700	-	-	-	-	25,700	386,701
Proceeds from the issuance of bonds	-	-	-	-	307,751	307,751	-
Principal paid on capital debt	(2,825,000)	-	(49,820)	(310,351)	(120,000)	(3,305,171)	-
Interest paid on capital debt	(3,803,608)	-	(15,967)	(82,733)	(34,375)	(3,936,683)	-
Principal paid on notes payable	(446,060)	-	-	-	-	(446,060)	-
Interest paid on notes payable	(4,718)	-	-	-	-	(4,718)	-
Proceeds from loans	-	-	354,230	5,576,312	-	5,930,542	-
Principal paid on loans	-	-	(131,000)	-	(164,374)	(295,374)	-
Interest paid on loans	-	-	(38,999)	(64,982)	(2,785)	(106,766)	-
Capital contributions	964,500	-	-	-	2,269,253	3,233,753	-
Net cash used for capital and related financing activities	(37,568,758)	(8,345,178)	(2,341,240)	(8,376,129)	(903,087)	(57,534,392)	(1,207,420)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(220,120,634)	(8,758,444)	(3,022,070)	(4,468,813)	(2,481,598)	(238,851,559)	(5,449,149)
Proceeds from sale of investments	185,982,675	9,432,244	1,012,998	1,497,946	831,832	198,757,695	1,826,554
Interest on investments	24,645,408	276,545	60,203	151,289	88,089	25,221,534	131,467
Net cash provided by (used for) investing activities	(9,492,551)	950,345	(1,948,869)	(2,819,578)	(1,561,677)	(14,872,330)	(3,491,128)
Net decrease in cash and cash equivalents	(15,661,602)	(2,414,793)	(592,389)	(3,033,539)	(2,096,296)	(23,798,619)	(2,462,473)
Cash and cash equivalents, beginning	23,924,327	5,259,441	3,204,284	8,700,696	5,564,626	46,653,374	8,327,225
Cash and cash equivalents, ending	8,262,725	2,844,648	2,611,895	5,667,157	3,468,330	22,854,755	5,864,752
Plus: beginning amount reported in restricted assets	-	-	13,884	-	-	13,884	-
Less: ending amount reported in restricted assets	-	-	14,903	24,903	-	39,806	-
Cash and cash equivalents, ending - statement of net position	\$ 8,262,725	\$ 2,844,648	\$ 2,610,876	\$ 5,642,254	\$ 3,468,330	\$ 22,828,833	\$ 5,864,752

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, 2015

	Business-Type Activities					Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 18,663,282	\$ 3,273,384	\$ 825,901	\$ 2,817,056	\$ (6,529,676)	\$ 19,049,947	\$ 1,143,636
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	18,388,928	4,257,523	2,106,572	1,207,298	3,040,588	29,000,909	1,114,576
(Increase) decrease in accounts receivable	(3,575,389)	(46,311)	(86,387)	(68,235)	56,898	(3,719,424)	(52,438)
Increase in due from other funds	-	(65,200)	(113,910)	(71,707)	(242,212)	(493,029)	(86,509)
(Increase) decrease in intergovernmental receivable	-	322,486	321,012	(70,140)	(22,936)	550,422	7,822
(Increase) decrease in inventories	212,517	66,526	-	(20,476)	21,726	280,293	3,796
(Increase) decrease in prepaid items	356,460	65,242	(272)	3,653	(1,382)	423,701	21,092
Increase (decrease) in accounts payable	(567,680)	(411,139)	(210,535)	3,183,659	27,307	2,021,612	289,669
Increase (decrease) in accrued payroll	39,744	2,546	(2,354)	2,042	6,205	48,183	(1,390)
Increase (decrease) in accrued compensated absences	(1,116,121)	2,948	(30,180)	(2,411)	36,959	(1,108,805)	14,946
Increase (decrease) in due to other funds	-	(231,708)	879,023	679,063	(1,120,184)	206,194	3,599
Increase in claims payable	1,288,420	-	-	-	-	1,288,420	(253,268)
Increase (decrease) in retainage payable	(979,992)	(352,993)	19,821	532,654	(34,398)	(814,908)	3,885
Decrease in customer deposits	-	(51,166)	-	-	-	(51,166)	-
Decrease in accrued interest on customer deposits	-	(3,245)	-	-	-	(3,245)	-
Increase (decrease) in intergovernmental payable	-	261,339	63	13,947	140,686	416,035	(65,648)
Decrease in accrued landfill post-closure costs	-	-	-	-	(17,830)	(17,830)	-
Increase in unearned revenue	-	-	-	-	114,110	114,110	48,261
Increase in post-employment benefits	537,292	46,166	12,619	14,444	34,447	644,968	11,875
Decrease in pension liability	(1,856,717)	(108,655)	(36,943)	(32,499)	(302,530)	(2,337,344)	(46,369)
Total adjustments	12,727,462	3,754,359	2,858,529	5,371,292	1,737,454	26,449,096	1,013,899
Net cash provided by (used for) operating activities	\$ 31,390,744	\$ 7,027,743	\$ 3,684,430	\$ 8,188,348	\$ (4,792,222)	\$ 45,499,043	\$ 2,157,535
Schedule of non-cash capital and related financing activities:							
Unrealized increase in the fair value of investments	\$ (17,798,430)	\$ -	\$ -	\$ -	\$ -	\$ (17,798,430)	\$ -
Capitalized interest included in capital assets	552,970	-	-	-	-	552,970	-
Capital asset contributions	-	-	45,640	24,988	-	70,628	-
Capital asset trade ins	-	-	-	-	-	-	15,620
Total non-cash capital and related financing activities	\$ (17,245,460)	\$ -	\$ 45,640	\$ 24,988	\$ -	\$ (17,174,832)	\$ 15,620

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, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 158,439
Investments	215,346
Total assets	\$ 373,785
 LIABILITIES	
Accounts payable	\$ 32,573
Due to other governments	341,212
Total liabilities	\$ 373,785

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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, 2015

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 inter-fund 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 inter-fund 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 non-major 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, 2015

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.

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 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.

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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 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.

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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 three times per 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 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

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

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, 2015, 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).

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.

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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

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 \$552,970 of bond interest in the fiscal year ended June 30, 2015, for the hospital renovation and expansion.

Land, public art, 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

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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

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 reports deferred outflows of resources for unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. The City also reports deferred charges on refunding in this category, which results from the difference in the carrying value of refunded debt and its reacquisition price.

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 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 unavailable revenues from property taxes and changes resulting from assumptions made in the actuarial valuations for pensions. These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. Pensions

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

7. 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

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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

7. Net position flow assumption (continued)

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.

8. 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.

9. 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.

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

City of Ames
Notes to the Financial Statements
June 30, 2015

I. Summary of significant accounting policies (continued)

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

9. Fund balance policies (continued)

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, 2015

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.

I. Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan, which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on net position is disclosed in Note IV(R), and the additional disclosures required by these standards are included in Note IV(F).

City of Ames
Notes to the Financial Statements
June 30, 2015

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 \$160,344,062 are as follows:

Land	\$ 11,892,658
Land improvements	1,384,118
Public art collection	513,219
Construction in progress	23,625,670
Buildings	12,737,607
Less: accumulated depreciation	(6,798,871)
Equipment	7,392,432
Less: accumulated depreciation	(2,675,921)
Infrastructure	216,019,911
Less: accumulated depreciation	<u>(103,746,761)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	<u>\$ 160,344,062</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 \$13,794,062 are as follows:

Net position of the internal service funds	\$21,208,129
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(6,729,094)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(684,973)</u>
	<u>\$ 13,794,062</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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 \$709,588 are as follows:

Change in net position of the internal service funds	\$ 1,394,561
Less: gain from charges to business-type activities	<u>(684,973)</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>\$ 709,588</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, 2015.

B. Deficit fund equity

At June 30, 2015, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$969,410. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

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, 2015, 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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

A. Cash deposits with financial institutions (continued)

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.

<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%
Commercial paper	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 obligations	17 years	n/a	n/a	n/a
Corporate debt securities	n/a	30	n/a	5%

City of Ames
Notes to the Financial Statements
June 30, 2015

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

B. Investments (continued)

At June 30, 2015, the City had the following investments:

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 138,947,858	07/30/15-04/16/56
U.S. Treasury obligations	20,833,455	07/15/15-05/15/36
Commercial paper	1,497,030	01/06/16-01/06/16
Municipal bonds	79,113	11/01/18-02/15/24
Mutual funds	143,812,543	n/a
Corporate debt	8,715,104	09/01/15-06/15/23
	<u>\$ 313,885,103</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.

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	\$ 138,947,858	\$ 23,171,215	\$ 28,357,691	\$ 35,974,064	\$ 51,444,888
U.S. Treasury obligations	20,833,455	4,237,576	4,383,909	3,776,748	8,435,222
Commercial paper	1,497,030	1,497,030	-	-	-
Municipal bonds	79,113	-	-	25,010	54,103
Mutual funds	143,812,543	143,812,543	-	-	-
Corporate debt	8,715,104	567,137	4,089,344	3,906,296	152,327
	<u>\$ 313,885,103</u>	<u>\$ 173,285,501</u>	<u>\$ 36,830,944</u>	<u>\$ 43,682,118</u>	<u>\$ 60,086,540</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

B. Investments (continued)

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, 2015, for each investment type:

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 138,947,858	AAA
U.S. Treasury obligations	20,833,455	n/a
Commercial paper	1,497,030	A1/P1
Municipal bonds	79,113	AAA-AA
Mutual funds	143,812,543	n/a
Corporate debt	8,715,104	AA3-B1
	<u>\$ 313,885,103</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. 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	\$ 56,858,162	18.11%
Federal Home Loan Mortgage Co.	U.S. agency securities	52,303,177	16.66%
United States Treasury	U.S. agency securities	20,833,455	6.64%

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

B. Investments (continued)

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.

As of June 30, 2015, the City's investments in the following were held by the same third-party custodian that was used by the City to buy the securities and evidenced by safekeeping receipts:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. agency securities	\$ 56,858,162
Federal Home Loan Mortgage Co.	U.S. agency securities	52,303,177
Federal Home Loan Bank	U.S. agency securities	14,422,850
Federal Farm Credit	U.S. agency securities	10,922,986
Government National Mortgage Assoc.	U.S. agency securities	4,282,727
United States Treasury	U.S. agency securities	20,833,455
Small Business Administration	U.S. agency securities	157,955

Foreign currency risk. As of June 30, 2015, 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.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

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, 2015:

<u>Investment Type</u>	<u>Fair Value</u>
Equity mutual funds	\$ 10,958,227
Corporate debt securities	<u>817,639</u>
	<u>\$ 11,775,866</u>

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.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2015, is as follows:

Governmental activities:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Non-depreciable capital assets:				
Land	\$ 11,883,058	\$ 9,600	\$ -	\$ 11,892,658
Land improvements	1,384,118	-	-	1,384,118
Public art collection	500,719	12,500	-	513,219
Library collection	2,301,697	469,186	(2,770,883)	-
Construction in progress	20,533,739	8,577,364	(5,477,875)	23,633,228
Total non-depreciable capital assets	<u>36,603,331</u>	<u>9,068,650</u>	<u>(8,248,758)</u>	<u>37,423,223</u>
Depreciable capital assets:				
Buildings	13,331,232	99,518	(42,131)	13,388,619
Equipment	20,665,948	4,677,683	(1,498,675)	23,844,956
Infrastructure	205,948,391	10,263,953	-	216,212,344
	<u>239,945,571</u>	<u>15,041,154</u>	<u>(1,540,806)</u>	<u>253,445,919</u>
Less accumulated depreciation:				
Buildings	7,005,070	352,764	(29,492)	7,328,342
Equipment	11,181,257	1,755,348	(1,166,361)	11,770,244
Infrastructure	96,301,204	7,633,937	-	103,935,141
	<u>114,487,531</u>	<u>9,742,049</u>	<u>(1,195,853)</u>	<u>123,033,727</u>
Total depreciable capital assets	<u>125,458,040</u>	<u>5,299,105</u>	<u>(344,953)</u>	<u>130,412,192</u>
Total capital assets	<u>\$ 162,061,371</u>	<u>\$ 14,367,755</u>	<u>\$ (8,593,711)</u>	<u>\$ 167,835,415</u>

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

General government	\$ 286,104
Public safety	517,018
Public works	7,374,285
Culture and recreation	1,558,570
Community and economic development	6,072
Total depreciation expense - governmental activities	<u>\$ 9,742,049</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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

E. Capital assets (continued)

Business-type activities:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Non-depreciable capital assets:				
Land	\$ 11,737,346	\$ 479,987	\$ -	\$ 12,217,333
Construction in progress	19,983,372	45,739,386	(7,792,299)	57,930,459
Total non-depreciable capital assets	<u>31,720,718</u>	<u>46,219,373</u>	<u>(7,792,299)</u>	<u>70,147,792</u>
Depreciable capital assets:				
Plant and distribution systems	315,352,569	2,846,424	(846,348)	317,352,645
Buildings	231,389,998	8,592,220	-	239,982,218
Equipment	155,422,714	8,441,351	(893,972)	162,970,093
Improvements	3,115,136	238,998	-	3,354,134
	<u>705,280,417</u>	<u>20,118,993</u>	<u>(1,740,320)</u>	<u>723,659,090</u>
Less accumulated depreciation:				
Plant and distribution systems	180,108,191	7,571,393	(808,327)	186,871,257
Buildings	71,541,803	8,782,873	-	80,324,676
Equipment	106,480,475	12,551,213	(883,472)	118,148,216
Improvements	1,994,986	95,431	-	2,090,417
	<u>360,125,455</u>	<u>29,000,910</u>	<u>(1,691,799)</u>	<u>387,434,566</u>
Total depreciable capital assets	<u>345,154,962</u>	<u>(8,881,917)</u>	<u>(48,521)</u>	<u>336,224,524</u>
Total capital assets	<u>\$ 376,875,680</u>	<u>\$ 37,337,456</u>	<u>\$ (7,840,820)</u>	<u>\$ 406,372,316</u>

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.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

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, 2015, regular members contributed 5.95% and the City contributed 8.93% of covered wages. Rates for the fiscal year beginning July 1, 2015, 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, 2015. As of July 1, 2015, the rates for emergency responders are 6.56% for members and 9.84% for the hospital. The City's total contributions to IPERS for the years ended June 30, 2015, 2014, and 2013 were \$7,272,880, \$7,203,057, \$6,862,042, respectively, and were equal to 100% of the required contributions for each year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2015, the City reported a liability of \$47,625,187 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all employers participating in IPERS, actuarially determined. At June 30, 2014, the City's proportion was 1.2009%, which was an increase of 0.0178 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$1,485,950. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Ames
Notes to the Financial Statements
June 30, 2015**

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

F. Pension obligations (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 492,345	\$ -
Changes in assumptions	2,115,389	-
Net difference between projected and actual earnings on pension plan investments	-	18,597,918
Changes in proportion and differences between City contributions and proportionate share of contributions	347,399	941,391
City contributions subsequent to the measurement date	7,272,880	-
	<u>\$ 10,228,013</u>	<u>\$ 19,539,309</u>

\$7,272,880 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (4,178,980)
2017	(4,178,980)
2018	(4,178,980)
2019	(4,178,980)
2020	131,744
	<u>\$(16,584,176)</u>

There were no non-employer contributing entities at IPERS.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.00 to 17.00%, average, including inflation Rates vary by membership group.
Long-term investment rate of return	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2013. That experience report is dated May 27, 2014.

Mortality rates were based on the RP-2000 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale AA. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	28%	2.06%
Domestic equity	23%	6.31%
International equity	15%	6.76%
Private equity/debt	13%	11.34%
Credit opportunities	5%	3.67%
Real estate	8%	3.52%
U.S. TIPS	5%	1.92%
Other real assets	2%	6.27%
Cash	1%	-0.69%
	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	\$ 90,924,727	\$ 47,625,186	\$ 11,076,849

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately-issued IPERS financial report, which is available on the IPERS website at www.ipers.org.

Payables to the pension plan. At June 30, 2015, the City reported a payable to the defined benefit pension plan of \$1,193,431 for legally required employer contributions and employee contributions that were withheld from employee wages but not yet remitted to IPERS.

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. 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 30.41%. As of July 1, 2015, the rate is 27.77%. The City's total contributions to MFPRSI for the years ended June 30, 2015, 2014, and 2013 were \$2,150,611, \$2,064,780, and \$1,758,163, respectively, and were equal to 100 percent of the required contributions for each year.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of GASB Statement No. 67 - Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2015.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2015, the City reported a liability of \$9,730,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City's proportion was 2.6844%, which was a decrease of 0.0069 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$800,868. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 27,540
Changes in assumptions	719,213	-
Net difference between projected and actual earnings on pension plan investments	-	4,574,238
Changes in proportion and differences between City contributions and proportionate share of contributions	-	31,324
City contributions subsequent to the measurement date	2,150,611	-
	\$ 2,869,824	\$ 4,633,102

\$2,150,611 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Ames
Notes to the Financial Statements
June 30, 2015**

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

F. Pension obligations (continued)

Year Ending June 30,	
2016	\$ (989,273)
2017	(989,273)
2018	(989,273)
2019	(989,273)
2020	43,203
	<u>\$ (3,913,889)</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.50 to 15.11% including inflation
Long-term investment rate of return	7.50%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 Group Annuity Mortality (GAM) table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

F. Pension obligations (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	7.0%	3.8%
Emerging markets debt	3.0%	6.5%
Domestic equities	12.5%	6.0%
Master limited partnerships	5.0%	8.8%
International equities	12.5%	7.0%
Core investments	<u>40.0%</u>	
Tactical asset allocation	<u>35.0%</u>	6.00%
Private equity/debt	<u>15.0%</u>	9.80%
Private non-core real estate	5.0%	9.30%
Private core real estate	<u>5.0%</u>	6.80%
Real estate	<u>10.0%</u>	
Total	<u><u>100.0%</u></u>	

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.40% of covered payroll and contributions from the City will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

**City of Ames
Notes to the Financial Statements
June 30, 2015**

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

F. Pension obligations (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 18,658,269	\$ 9,730,926	\$ 2,313,106

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately-issued MFPRSI financial report, which is available on the MFPRSI website at www.mfprsi.org.

Payables to the pension plan. At June 30, 2015, the City did not have a payable to the defined benefit pension plan.

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 \$433,312, and City contributions were \$636,326 for the fiscal year ended June 30, 2015.

City of Ames
Notes to the Financial Statements
June 30, 2015

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, 2015, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	\$ 192,000	\$ 465,640	\$ 657,640
Interest on net OPEB obligation	46,000	148,077	194,077
Adjustment to ARC	(41,000)	(105,975)	(146,975)
Annual OPEB cost	197,000	507,742	704,742
Contributions and payments made	49,024	29,550	78,574
Increase in net OPEB obligation	246,024	537,292	783,316
Net OPEB obligation, beginning	1,153,573	2,961,523	4,115,096
Net OPEB obligation, ending	<u>\$ 1,399,597</u>	<u>\$ 3,498,815</u>	<u>\$ 4,898,412</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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

G. OPEB obligations (continued)

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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 704,742	-11.15%	\$4,898,412
June 30, 2014	748,896	13.54%	4,115,096
June 30, 2013	661,229	19.62%	3,467,601

Funded status and funding progress. As of July 1, 2014 (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)	\$ 6,091,907
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,091,907</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 86,598,974
UAAL as a percentage of covered payroll	7.03%

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

G. OPEB obligations (continued)

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, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of projected payroll
Amortization period	30 years
Inflation rate	3.5%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	4.0%
Projected salary increases	3.5%
Cost of living adjustments	3.0%
Healthcare cost trend rate	8.0% initial rate, reduced annually by 0.5% to an ultimate rate of 4.5%

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%

City of Ames
Notes to the Financial Statements
June 30, 2015

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

H. Construction and other significant commitments

Construction commitments. As of June 30, 2015, the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
Streets	\$ 1,412,514	\$ 5,053,041
Traffic signals	63,867	121,633
Water	11,336,985	47,203,940
Sewer	1,113,082	1,379,364
Storm sewer	105,358	71,642
Electric	4,898,406	6,231,539
City Hall renovation	723,640	79,065
	\$ 19,653,852	\$ 60,140,224

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	\$ 983,849
Capital projects fund	11,556,043
Non-major governmental funds	3,100,640
Electric	13,984,705
Water	50,795,314
Sewer	2,440,373
Non-major business-type funds	964,985
	\$ 83,825,909

City of Ames
Notes to the Financial Statements
June 30, 2015

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

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.

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, 2015, 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.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

I. Risk management (continued)

Changes in the balance of claims liabilities during the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Liability, July 1	\$ 1,257,136	\$ 1,058,601
Claims incurred & claims adjustments	553,831	790,768
Claim payments	<u>(992,099)</u>	<u>(592,233)</u>
Liability, June 30	<u>\$ 818,868</u>	<u>\$ 1,257,136</u>

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:

	<u>2015</u>	<u>2014</u>
Liability, July 1	\$ 275,000	\$ 743,632
Claims incurred & claims adjustments	7,771,602	6,017,610
Claim payments	<u>(7,586,602)</u>	<u>(6,486,242)</u>
Liability, June 30	<u>\$ 460,000</u>	<u>\$ 275,000</u>

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 \$184,287 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2015.

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 \$903,026 at June 30, 2015.

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 \$647,493 at June 30, 2015.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

I. Risk management (continued)

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, 2015 and 2014 were as follows:

	Professional Liability		Health Insurance	
	2015	2014	2015	2014
Liability, July 1	\$ 210,311	\$ 245,604	\$ 1,084,751	\$ 1,016,728
Claims incurred & claims adjustments	(20,644)	(27,659)	7,906,244	9,392,740
Claim payments	(5,380)	(7,634)	(8,087,969)	(9,324,717)
Liability, June 30	\$ 184,287	\$ 210,311	\$ 903,026	\$ 1,084,751

	Workers' Compensation	
	2015	2014
Liability, July 1	\$ 304,737	\$ 148,380
Claims incurred & claims adjustments	622,298	577,400
Claim payments	(279,542)	(421,043)
Liability, June 30	\$ 647,493	\$ 304,737

J. Lease obligations

Operating leases. The City leases a parking lot in Campustown for public parking on a year-to-year basis. A one-year lease extension was approved expiring in May 2016. The City also leased office space, which served as the primary office for the Information Technology (IT) division. The lease for office space expired in September 2015 when the IT division moved into City Hall. Rent expense for these leases during the fiscal year ended June 30, 2015, was \$33,322.

The hospital leases various equipment for use in the medical center. Rent expense for these leases was \$854,000 for the fiscal year ended June 30, 2015.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

J. Lease obligations (continued)

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

Year Ending June 30,	Total Rent
2016	\$ 360,435
2017	1,925
2018	-
2019	-
2020	-
	<u>\$ 362,360</u>

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, 2015 are as follows:

City of Ames
Notes to the Financial Statements
June 30, 2015

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

K. Long-term liabilities (continued)

Governmental Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2015
Corporate purpose	2006	\$ 5,285,000	4.000 %	2018	\$ 1,610,000
Corporate purpose	2007	9,130,000	3.75-4.150	2019	3,738,286
Corporate purpose	2008	5,855,000	3.75-4.150	2020	2,815,000
Corporate purpose	2009	11,165,000	2.00-3.500	2021	6,220,000
Corporate purpose	2010	6,690,000	2.00-2.500	2022	4,205,000
Refunding	2011	5,980,000	2.00-3.350	2021	1,415,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	4,570,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	9,225,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	17,835,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	8,620,000
		<u>\$92,720,000</u>			<u>\$ 60,253,286</u>

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2015
Corporate purpose	2007	\$ 500,000	2.00-3.35 %	2021	\$ 201,714
Corporate purpose	2008	2,500,000	1.00-2.40	2023	1,220,000
Corporate purpose	2012	1,335,000	1.50-3.00	2024	1,035,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	1,120,000
Corporate purpose	2014	300,000	2.00-2.50	2024	280,000
		<u>\$ 5,955,000</u>			<u>\$ 3,856,714</u>

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, 2015 are as follows:

City of Ames
Notes to the Financial Statements
June 30, 2015

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

K. Long-term liabilities (continued)

Mary Greeley Medical Center:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2015
Hospital improvement	2011	\$65,000,000	3.00-5.625 %	2036	\$ 63,560,000
Hospital improvement and refunding	2012	<u>26,000,000</u>	2.07	2027	<u>19,945,000</u>
		<u>\$91,000,000</u>			<u>\$ 83,505,000</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, 2015, is \$134,617,690. Principal and interest paid during the fiscal year ended June 30, 2015, was 6,628,608 and net revenue for the same period, as defined above, was \$44,677,547.

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.

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.

City of Ames
Notes to the Financial Statements
June 30, 2015

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

K. Long-term liabilities (continued)

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 \$178,634 at June 30, 2015, with a current portion of \$16,880.

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 3.0% interest. The balance of the loan on June 30, 2015 was \$37,409.

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 0% interest. The balance of the loan on June 30, 2015 was \$17,500.

At June 30, 2015, there was one outstanding contract between the Iowa Department of Economic Development and a city business for a Community Economic Betterment Account loan. Although the loan bears 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 loan is not reported as a liability in the financial statements.

Revenue capital loan notes

The City rolled \$6,870,181 in planning and design proceeds from its water revenue loan and disbursement agreement anticipation project note with the Iowa Finance Authority (IFA) into a revenue capital loan note agreement. The amount of the revenue capital loan note agreement is not to exceed \$76,325,000. Proceeds from the loan will be used for the purpose of paying the cost of planning, designing, and constructing improvements and extensions to the water utility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$100,000 was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the water fund. In addition to the amount rolled into the note and the loan initiation fee, an additional \$5,576,312 was borrowed during the fiscal year. The amount

City of Ames
Notes to the Financial Statements
June 30, 2015

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

K. Long-term liabilities (continued)

of principal outstanding is \$12,254,614, and the City has \$64,070,386 of capital loan notes still available as of June 30, 2015.

The capital loan note agreement requires the water 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, 2015, the water fund had net revenues of \$4,024,354 and the amount of principal and interest due was \$64,982.

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 City received its final disbursement for the loan during the fiscal year, with total proceeds, including the loan initiation fee, totaling \$2,469,250. The balance of the loan was \$2,210,250 as of June 30, 2015.

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, 2015, the sewer fund had net revenues of \$2,932,473 and the amount of principal and interest due was \$169,999.

Legal debt margin. State statutes limit the amount of general obligation debt an Iowa city may issue to 5% of the actual assessed valuation at January 1, 2013, related to the 2014-2015 fiscal year. At June 30, 2015, the outstanding debt of \$64,110,000 is below the limit of \$180,218,498, leaving a debt margin of over \$116 million.

City of Ames
Notes to the Financial Statements
June 30, 2015

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, 2015, are as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 58,223,115	\$ 9,395,000	\$ (7,364,829)	\$ 60,253,286	\$ 7,002,882
Premiums	1,588,327	238,187	(188,509)	1,638,005	188,509
Total bonds payable	59,811,442	9,633,187	(7,553,338)	61,891,291	7,191,391
Compensated absences	1,972,131	2,162,126	(2,025,740)	2,108,517	103,239
Other post-employment benefits	647,634	138,122	-	785,756	-
Governmental activities long-term debt	<u>\$ 62,431,207</u>	<u>\$ 11,933,435</u>	<u>\$ (9,579,078)</u>	<u>\$ 64,785,564</u>	<u>\$ 7,294,630</u>

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

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 86,330,000	\$ -	\$ (2,825,000)	\$ 83,505,000	\$ 2,890,000
Premiums	612,752	-	(39,028)	573,724	38,794
Total revenue bonds	86,942,752	-	(2,864,028)	84,078,724	2,928,794
General obligation bonds	4,036,885	300,000	(480,171)	3,856,714	502,118
Premiums	154,266	7,751	(17,160)	144,857	17,160
Total general obligation bonds	4,191,151	307,751	(497,331)	4,001,571	519,278
Total bonds payable	91,133,903	307,751	(3,361,359)	88,080,295	3,448,072
Compensated absences	10,851,353	11,165,668	(12,276,753)	9,740,268	499,447
Loans payable	6,897,586	191,879	(7,034,556)	54,909	54,909
Capital loan notes payable	1,987,020	12,608,844	(131,000)	14,464,864	134,000
Notes payable	568,517	-	(446,060)	122,457	122,457
Other post-employment benefits	3,467,462	645,194	-	4,112,656	-
Landfill post-closure costs	196,464	-	(17,830)	178,634	16,880
Business-type activities long-term debt	<u>\$ 115,102,305</u>	<u>\$ 24,919,336</u>	<u>\$ (23,267,558)</u>	<u>\$ 116,754,083</u>	<u>\$ 4,275,765</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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
2016	\$ 7,002,882	\$ 1,649,801
2017	7,195,935	1,473,973
2018	7,038,598	1,282,891
2019	6,675,871	1,086,817
2020	5,845,000	902,733
2021-2025	18,305,000	2,515,550
2026-2030	5,875,000	847,725
2031-2035	2,315,000	106,900
Total	<u>\$ 60,253,286</u>	<u>\$ 9,866,390</u>

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 502,118	\$ 120,717	\$ 2,890,000	\$ 3,735,480
2017	524,065	105,687	2,960,000	3,665,621
2018	536,402	88,597	3,030,000	3,593,734
2019	559,129	71,070	3,105,000	3,520,109
2020	520,000	52,485	3,180,000	3,447,398
2021-2025	1,215,000	98,850	17,340,000	15,786,721
2026-2030	-	-	20,185,000	11,441,326
2031-2035	-	-	24,995,000	5,616,750
2036-2040	-	-	5,820,000	305,550
Total	<u>\$ 3,856,714</u>	<u>\$ 537,406</u>	<u>\$ 83,505,000</u>	<u>\$ 51,112,689</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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
2016	\$ 54,909	\$ -	\$ 134,000	\$ 354,026
2017	-	-	136,000	351,346
2018	-	-	3,280,000	348,626
2019	-	-	3,346,000	283,026
2020	-	-	3,413,000	216,106
2021-2025	-	-	3,410,614	303,575
2026-2030	-	-	745,250	41,305
Total	<u>\$ 54,909</u>	<u>\$ -</u>	<u>\$ 14,464,864</u>	<u>\$ 1,898,010</u>

Year Ending June 30,	Notes	
	Principal	Interest
2016	\$ 122,457	\$ 554
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021-2025	-	-
Total	<u>\$ 122,457</u>	<u>\$ 554</u>

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2016	\$ 3,703,484	\$ 4,210,777	\$ 10,706,366	\$ 5,860,578
2017	3,620,065	4,122,654	10,816,000	5,596,627
2018	6,846,402	4,030,957	13,885,000	5,313,848
2019	7,010,129	3,874,205	13,686,000	4,961,022
2020	7,113,000	3,715,989	12,958,000	4,618,722
2021-2025	21,965,614	16,189,146	40,270,614	18,704,696
2026-2030	20,930,250	11,482,631	26,805,250	12,330,356
2031-2035	24,995,000	5,616,750	27,310,000	5,723,650
2036-2040	5,820,000	305,550	5,820,000	305,550
Total	<u>\$ 102,003,944</u>	<u>\$ 53,548,659</u>	<u>\$ 162,257,230</u>	<u>\$ 63,415,049</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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, 2015

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	\$ 31,198	\$ -	\$ -	\$ 76,516	\$ -	\$ 107,714
Prepaid items	59,340	-	-	-	-	59,340
Perpetual care principal	-	-	-	-	930,528	930,528
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	<u>90,538</u>	<u>-</u>	<u>-</u>	<u>76,516</u>	<u>1,930,528</u>	<u>2,097,582</u>
Restricted:						
Debt service	-	-	594,468	-	-	594,468
Aquatic center	-	-	-	-	107,295	107,295
Airport construction	-	340,803	-	-	-	340,803
Street construction	-	478,057	-	5,119,686	-	5,597,743
Environment and economic betterment	-	-	-	7,153,730	-	7,153,730
General obligation bond projects	-	14,386,729	-	-	-	14,386,729
Housing assistance	-	-	-	534,018	-	534,018
Public safety	-	-	-	266,777	-	266,777
Public safety pension	-	-	-	622,400	-	622,400
Library	-	-	-	359,918	-	359,918
Parks and recreation	-	-	-	1,764,523	-	1,764,523
Project Share	-	-	-	4,408	-	4,408
Public art	-	-	-	171	-	171
Developers' projects	-	-	-	149,940	-	149,940
Total restricted fund balance	<u>-</u>	<u>15,205,589</u>	<u>594,468</u>	<u>15,975,571</u>	<u>107,295</u>	<u>31,882,923</u>
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Parks and recreation	-	-	-	129,290	-	129,290
Housing assistance	-	-	-	703,251	-	703,251
Green energy projects	-	-	-	6,079	-	6,079
Environment and economic betterment	-	-	-	541,961	-	541,961
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,635</u>	<u>-</u>	<u>1,397,635</u>
Assigned:						
Administration	55,733	-	-	-	-	55,733
City Hall renovation	123,643	-	-	-	-	123,643
Library	460	-	-	-	-	460
Public works	4,379	-	-	-	-	4,379
Public safety	28,164	-	-	-	-	28,164
Parks and recreation	52,624	-	-	-	-	52,624
Airport	20,950	-	-	-	-	20,950
Cemetery maintenance	10,850	-	-	-	-	10,850
Total assigned fund balance	<u>296,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,803</u>
Unassigned	10,332,050	(841,593)	-	(969,410)	-	8,521,047
Total fund balance	<u>\$10,719,391</u>	<u>\$14,363,996</u>	<u>\$ 594,468</u>	<u>\$16,480,312</u>	<u>\$ 2,037,823</u>	<u>\$44,195,990</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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

M. Inter-fund receivables and payables

The composition of inter-fund balances as of June 30, 2015, is as follows:

Receivable Fund	Payable Fund				
	General Fund	Capital Projects	Electric	Sewer	Water
Major Funds:					
General Fund	\$ -	\$ 35,542	\$ 92,671	\$ 35,069	\$ 39,176
Capital Projects	87,594	-	-	931,145	656,696
Electric	60,324	-	-	40,976	44,344
Sewer	9,324	96,992	32,400	-	16,467
Water	33,023	53,883	36,380	21,627	-
Non-Major Funds:					
Special Revenue	5,119	45,479	-	9,156	9,156
Enterprise	116,919	158,148	69,201	-	-
Internal Service	197,923	1,416	116,145	42,581	61,551
Total	<u>\$ 510,226</u>	<u>\$ 391,460</u>	<u>\$ 346,797</u>	<u>\$1,080,554</u>	<u>\$ 827,390</u>

Receivable Fund	Payable Fund				
	Non-Major Permanent Funds	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds	Total
Major Funds:					
General Fund	\$ 6,550	\$1,237,455	\$ 49,285	\$ 15,151	\$1,510,899
Capital Projects	-	638,500	125,317	-	2,439,252
Electric	-	-	-	1,761	147,405
Sewer	-	-	174	1,967	157,324
Water	-	2,960	-	51	147,924
Non-Major Funds:					
Special Revenue	-	771	9,155	789	79,625
Enterprise	-	1,438	5	976	346,687
Internal Service	-	156,073	56,509	5,926	638,124
Total	<u>\$ 6,550</u>	<u>\$2,037,197</u>	<u>\$ 240,445</u>	<u>\$ 26,621</u>	<u>\$5,467,240</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2015

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

N. Inter-fund transfers

The composition of inter-fund transfers for the year ended June 30, 2015, is as follows:

Transfers In	Transfers Out						Total
	General Fund	Capital Projects	Electric	Sewer	Water	Non-Major Special Revenue Funds	
Major Funds:							
General Fund	\$ -	\$ -	\$ 2,107,885	\$ -	\$ -	\$ 7,098,383	\$ 9,206,268
Capital Projects	87,594	-	-	-	-	-	87,594
Debt Service	-	386,599	-	-	-	117,251	503,850
Non-Major Funds:							
Special Revenue	-	-	-	-	-	119,807	119,807
Enterprise	2,023,225	-	-	-	-	20,000	2,043,225
Internal Service	-	-	-	26,180	26,180	26,180	78,540
Total	\$ 2,110,819	\$ 386,599	\$ 2,107,885	\$ 26,180	\$ 26,180	\$ 7,381,621	\$ 12,039,284

Inter-fund 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 \$107,295 at June 30, 2015, 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, 2015, 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, 2015

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 95% 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, 2015. 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 and Health Enterprises Cooperative, of which the hospital owns 15.3%. 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, 2015

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

R. Change in accounting principle / restatement of net position

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was effective for the City beginning with the year ended June 30, 2015. This statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability, which is required to be reported by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

As a result of the adoption of GASB Statement No. 68, net position as of June 30, 2014, was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business-Type Activities			Total
		Hospital	City	Total	
Net position June 30, 2014, as previously reported	\$ 150,528,382	\$ 323,821,168	\$ 265,219,327	\$ 589,040,495	\$ 739,568,877
Net pension liability as of June 30, 2014	(23,654,712)	(50,375,785)	(8,805,184)	(59,180,969)	(82,835,681)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	3,008,158	5,302,702	950,406	6,253,108	9,261,266
Net position July 1, 2014, as restated	<u>\$ 129,881,828</u>	<u>\$ 278,748,085</u>	<u>\$ 257,364,549</u>	<u>\$ 536,112,634</u>	<u>\$ 665,994,462</u>

City of Ames
Notes to the Financial Statements
June 30, 2015

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

S. Related party transactions

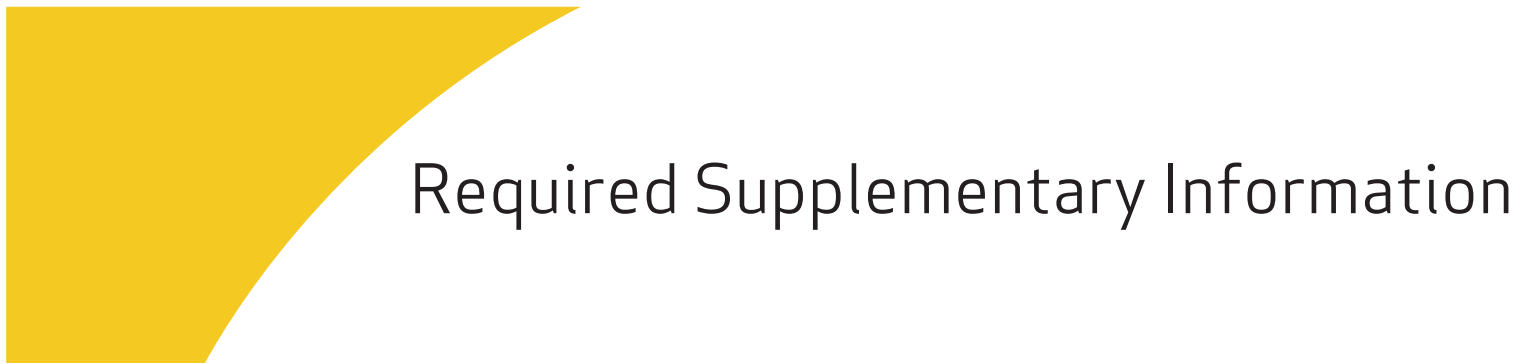
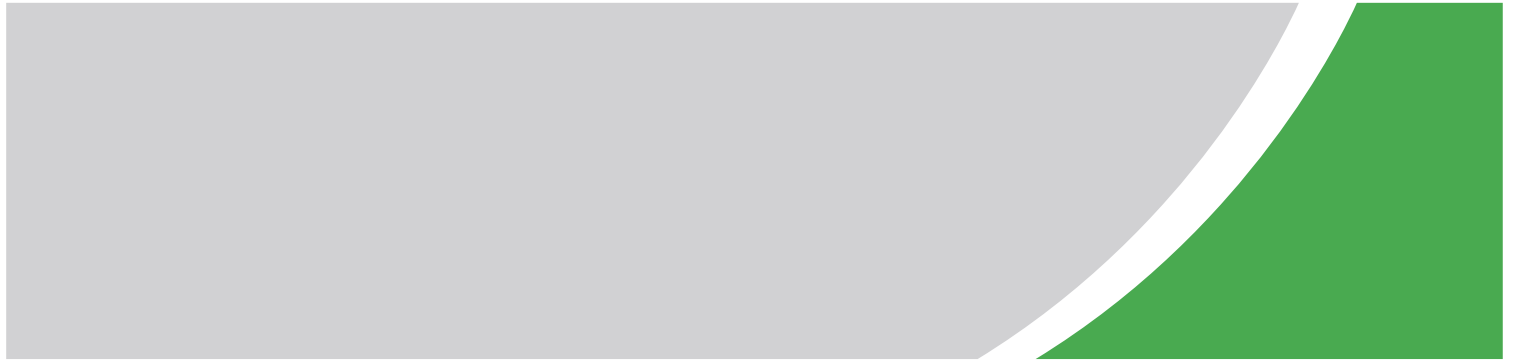
The hospital's board of trustees approved the guarantee of certain debt on behalf of the Health Ventures joint venture mentioned above. During the fiscal year ended June 30, 2015, the debt was paid in full by Health Ventures, and there was no performance on the guarantee by the hospital.

T. Subsequent Events

On September 22, 2015, the City issued \$18,445,000 of general obligation, corporate purpose bonds for the purpose of paying the cost of constructing street, water main, sanitary and storm sewer, and bridge improvements; flood mitigation and remediation; and construction of a new municipal airport terminal building. The interest rates on the bonds range from 2.00-5.00% with final maturity on June 1, 2035.

In the months since the fiscal year ended, the City received an additional \$10,737,439 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 \$22,992,053 as of the date of this report.

The City plans to issue approximately \$10.35 million in revenue bonds to fund the conversion of the electric power plant from coal to natural gas. It is anticipated that final maturity will be on June 1, 2017.



City of Ames
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*

City's proportion of the net pension liability	1.2008652%
City's proportionate share of the net pension liability	\$ 47,625,187
City's covered-employee payroll	\$ 80,767,043
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.97%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available.

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

City of Ames
Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 7,272,880	\$ 7,272,880	-	\$ 81,496,219	8.92%
2014	7,202,625	7,202,625	-	80,767,043	8.92%
2013	6,861,788	6,861,788	-	79,249,773	8.66%
2012	6,180,045	6,180,045	-	76,725,553	8.05%
2011	5,241,681	5,241,681	-	75,328,134	6.96%
2010	4,964,111	4,964,111	-	74,564,817	6.66%
2009	4,808,898	4,808,898	-	75,643,549	6.36%
2008	4,137,527	4,137,527	-	62,654,262	6.60%
2007	3,680,401	3,680,401	-	64,006,974	5.75%
2006	3,445,078	3,445,078	-	59,914,400	5.75%

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

City of Ames
Schedule of the City's Proportionate Share of the Net Pension Liability
Municipal Fire and Police Retirement System of Iowa
Last Fiscal Year*

City's proportion of the net pension liability	2.684406%
City's proportionate share of the net pension liability	\$ 9,730,925
City's covered-employee payroll	\$ 7,261,087
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.01%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available.

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

City of Ames
Schedule of City Contributions
Municipal Fire and Police Retirement System of Iowa
Last Ten Fiscal Years

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 2,150,611	\$ 2,150,611	-	\$ 7,468,640	28.80%
2014	2,064,780	2,064,780	-	7,261,087	28.44%
2013	1,758,163	1,758,163	-	7,138,308	24.63%
2012	1,630,807	1,630,807	-	7,011,079	23.26%
2011	1,253,345	1,253,345	-	6,650,691	18.85%
2010	1,024,685	1,024,685	-	6,381,845	16.06%
2009	1,095,325	1,095,325	-	6,114,164	17.91%
2008	1,412,973	1,412,973	-	5,545,420	25.48%
2007	1,467,354	1,467,354	-	5,287,762	27.75%
2006	1,452,990	1,452,990	-	5,150,620	28.21%

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

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

FY	City Actuarial Valuation Date	Hospital Actuarial Valuation Date	Actuarial Accrued Liability (AAL) -				Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
			Actuarial Value of Assets (a)	Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
2015	07/01/14	07/01/13	\$ -	\$ 6,091,907	\$ 6,091,907	0.00%	\$ 86,598,974	7.03%	
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%	
2011	07/01/10	07/01/09	-	5,302,219	5,302,219	0.00%	81,335,406	6.52%	
2010	07/01/08	07/01/09	-	5,248,219	5,248,219	0.00%	76,101,030	6.90%	

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

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	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	\$ 25,332,420	\$ -	\$ 25,332,420	\$ 25,487,263	\$ 25,487,263	\$ (154,843)
Delinquent property taxes	4,061	-	4,061	-	-	4,061
TIF revenues	37,250	-	37,250	37,866	37,866	(616)
Other taxes	10,182,330	-	10,182,330	8,860,251	9,834,839	347,491
Licenses and permits	2,019,364	31,271	2,050,635	1,381,200	2,026,200	24,435
Use of money and property	636,391	8,909,382	9,545,773	11,218,921	16,120,916	(6,575,143)
Intergovernmental	8,802,273	10,071,649	18,873,922	18,664,393	24,122,160	(5,248,238)
Charges for services	3,489,532	264,495,459	267,984,991	261,361,973	262,040,650	5,944,341
Special assessments	419,402	-	419,402	441,075	386,599	32,803
Miscellaneous	1,181,291	2,734,268	3,915,559	2,767,861	2,931,541	984,018
Other financing sources	22,330,991	8,252,307	30,583,298	79,691,882	54,911,476	(24,328,178)
Total revenues and other financing sources	74,435,305	294,494,336	368,929,641	409,912,685	397,899,510	(28,969,869)
Expenditures and other financing uses:						
General government	2,281,690	-	2,281,690	2,431,531	2,679,168	397,478
Public safety	16,175,826	-	16,175,826	16,813,441	16,777,062	601,236
Public works	5,488,853	-	5,488,853	5,740,623	5,850,040	361,187
Health and social services	1,143,231	-	1,143,231	1,155,850	1,159,563	16,332
Culture and recreation	7,441,144	-	7,441,144	7,624,855	7,818,588	377,444
Community and economic development	3,149,863	-	3,149,863	2,905,826	3,979,058	829,195
Debt service	9,743,158	-	9,743,158	9,800,973	9,743,158	-
Capital outlay	16,876,574	-	16,876,574	14,291,025	42,181,466	25,304,892
Total governmental expenditures	62,300,339	-	62,300,339	60,764,124	90,188,103	27,887,764
Business-type expenditures	-	255,959,964	255,959,964	321,115,429	303,797,216	47,837,252
Total expenditures and other financing uses	62,300,339	255,959,964	318,260,303	381,879,553	393,985,319	75,725,016
Other financing uses	12,284,265	2,773,491	15,057,756	14,962,382	15,705,465	647,709
Total expenditures, other financing uses, and transfers out	74,584,604	258,733,455	333,318,059	396,841,935	409,690,784	76,372,725
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out						
	(149,299)	35,760,881	35,611,582	13,070,750	(11,791,274)	47,402,856
Fund balances, beginning (as previously reported)	48,525,793	541,326,035	589,851,828	513,024,912	589,851,828	-
Change in accounting principle	-	(52,927,861)	(52,927,861)	-	-	(52,927,861)
Fund balances, beginning (as restated)	48,525,793	488,398,174	536,923,967	513,024,912	589,851,828	(52,927,861)
Fund balances, ending	\$ 48,376,494	\$ 524,159,055	\$ 572,535,549	\$ 526,095,662	\$ 578,060,554	\$ (5,525,005)

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, 2015

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 74,435,305	\$ (3,261,314)	\$ 71,173,991	\$ 294,494,336	\$ (6,613,101)	\$ 287,881,235
Expenditures and other financing uses	74,584,604	(4,595,336)	69,989,268	258,733,455	(862,465)	257,870,990
Excess revenues and other financing sources over expenditures and other financing uses	(149,299)	1,334,022	1,184,723	35,760,881	(5,750,636)	30,010,245
Fund balances, beginning (as previously reported)	48,525,793	(5,514,526)	43,011,267	541,326,035	40,985,366	582,311,401
Change in accounting principle	-	-	-	(52,927,861)	-	(52,927,861)
Fund balances, beginning (as restated)	48,525,793	(5,514,526)	43,011,267	488,398,174	40,985,366	529,383,540
Fund balances, ending	<u>\$ 48,376,494</u>	<u>\$ (4,180,504)</u>	<u>\$ 44,195,990</u>	<u>\$ 524,159,055</u>	<u>\$ 35,234,730</u>	<u>\$ 559,393,785</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, 2015

I. Pension Liability

Changes in benefit terms. Legislation passed in 2010 modified benefit terms for current regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50/50 by the employee and employer, instead of the previous 40/60 split.

Changes in assumptions. The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year
- Adjusted male mortality rates for retirees in the regular membership group
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64
- Moved from an open, 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed, 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions
- Modified retirement rates to reflect fewer retirements
- Lowered disability rates at most ages
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit
- Modified salary increase assumptions based on various service duration

The 2007 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary-increase assumptions to service-based assumptions

City of Ames
Notes to the Required Supplementary Information (continued)
June 30, 2015

- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%
- Lowered the inflation assumption from 3.50% to 3.25%
- Lowered the disability rates for sheriffs and deputies and protection occupation members

II. 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.

Three budget amendments during the fiscal year increased budgeted expenditures by \$12,848,849. These amendments are reflected in the final budget amounts.



Supplementary Information

Non-Major 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. 60% 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.

Non-Major 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.

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
Non-Major Governmental Funds
June 30, 2015**

	<u>Permanent Funds</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	
ASSETS				
Cash and cash equivalents	\$ 6,262,559	\$ 17,399	\$ 405,729	\$ 6,685,687
Investments	10,722,554	918,479	700,523	12,341,556
Taxes receivable	2,656	-	-	2,656
Accrued interest receivable	3,570	-	1,043	4,613
Accounts receivable, net	2,906	1,200	-	4,106
Intergovernmental receivable	2,466,886	-	-	2,466,886
Loans receivable	7,572	-	-	7,572
Due from other funds	79,625	-	-	79,625
Inventories	76,516	-	-	76,516
Property held for resale	482,044	-	-	482,044
Succeeding year taxes receivable	1,737,238	-	-	1,737,238
Long-term loans receivable	37,004	-	-	37,004
Total assets	<u>\$ 21,881,130</u>	<u>\$ 937,078</u>	<u>\$ 1,107,295</u>	<u>\$ 23,925,503</u>
LIABILITIES				
Accounts payable	\$ 777,210	\$ -	\$ -	\$ 777,210
Accrued payroll	69,786	-	-	69,786
Retainage payable	43,090	-	-	43,090
Accrued interest	388	-	-	388
Customer deposits	111,188	-	-	111,188
Intergovernmental payable	11,341	-	-	11,341
Due to other funds	2,037,197	6,550	-	2,043,747
Total liabilities	<u>3,050,200</u>	<u>6,550</u>	<u>-</u>	<u>3,056,750</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	1,737,238	-	-	1,737,238
Other taxes	611,775	-	-	611,775
Grants	1,605	-	-	1,605
Total deferred inflows of resources	<u>2,350,618</u>	<u>-</u>	<u>-</u>	<u>2,350,618</u>
FUND BALANCES (DEFICITS)				
Nonspendable	76,516	930,528	1,000,000	2,007,044
Restricted	15,975,571	-	107,295	16,082,866
Committed	1,397,635	-	-	1,397,635
Unassigned	(969,410)	-	-	(969,410)
Total fund balances	<u>16,480,312</u>	<u>930,528</u>	<u>1,107,295</u>	<u>18,518,135</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,881,130</u>	<u>\$ 937,078</u>	<u>\$ 1,107,295</u>	<u>\$ 23,925,503</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	<u>Permanent Funds</u>			Total Non-Major Governmental Funds
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
REVENUES				
Taxes	\$ 12,002,088	\$ -	\$ -	\$ 12,002,088
Intergovernmental	6,698,777	-	-	6,698,777
Charges for services	3,050	13,022	-	16,072
Investment income	24,951	-	8,041	32,992
Miscellaneous	299,109	-	-	299,109
Total revenues	<u>19,027,975</u>	<u>13,022</u>	<u>8,041</u>	<u>19,049,038</u>
EXPENDITURES				
Current:				
General government	91,100	-	-	91,100
Public safety	101,347	-	-	101,347
Public works	4,512,323	-	-	4,512,323
Health and social services	1,161,242	-	-	1,161,242
Culture and recreation	479,613	-	-	479,613
Community and economic development	2,144,924	-	-	2,144,924
Capital outlay	3,338,402	-	-	3,338,402
Total expenditures	<u>11,828,951</u>	<u>-</u>	<u>-</u>	<u>11,828,951</u>
Excess of revenues over expenditures	<u>7,199,024</u>	<u>13,022</u>	<u>8,041</u>	<u>7,220,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	119,807	-	-	119,807
Transfers out	<u>(7,381,621)</u>	<u>-</u>	<u>-</u>	<u>(7,381,621)</u>
Total other financing sources (uses)	<u>(7,261,814)</u>	<u>-</u>	<u>-</u>	<u>(7,261,814)</u>
Net change in fund balance	(62,790)	13,022	8,041	(41,727)
Fund balances, beginning	<u>16,543,102</u>	<u>917,506</u>	<u>1,099,254</u>	<u>18,559,862</u>
Fund balances, ending	<u>\$ 16,480,312</u>	<u>\$ 930,528</u>	<u>\$ 1,107,295</u>	<u>\$ 18,518,135</u>

**City of Ames
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015**

	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	\$ 2,294,944	\$ 233,129	\$ 1,772,984	\$ 6,291	\$ 25,992	\$ 259,234	\$ -	\$ -	\$ 227,152	\$ 695,559
Investments	3,926,468	398,866	3,033,437	10,763	44,471	443,528	-	-	395,482	1,196,472
Taxes receivable	-	-	-	-	-	-	-	2,656	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	607	1,782
Accounts receivable, net	-	-	-	-	407	1,578	-	-	-	-
Intergovernmental receivable	1,222,063	611,775	606,300	-	15,162	-	-	-	-	-
Loans receivable	-	-	-	-	-	853	-	-	-	-
Due from other funds	-	-	78,849	-	4	-	-	-	272	-
Inventories	-	-	76,516	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	1,737,238	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,443,475	\$ 1,243,770	\$ 5,568,086	\$ 17,054	\$ 86,036	\$ 705,193	\$ -	\$ 1,739,894	\$ 623,513	\$ 1,893,813
LIABILITIES										
Accounts payable	\$ 106,996	\$ 52,500	\$ 120,569	\$ -	\$ -	\$ -	\$ 482,024	\$ -	\$ -	\$ -
Accrued payroll	3,404	-	62,985	-	844	581	837	-	-	-
Retainage payable	14,969	-	3,817	-	-	-	24,304	-	-	-
Accrued interest	-	-	-	-	-	-	388	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	10,010	-	-	-	1,331	-	-	-	-	-
Due to other funds	733,861	-	184,513	-	12,730	1,361	461,857	2,656	1,113	-
Total liabilities	869,240	52,500	371,884	-	14,905	1,942	969,410	2,656	1,113	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	1,737,238	-	-
Other taxes	-	611,775	-	-	-	-	-	-	-	-
Grants	-	-	-	-	1,245	-	-	-	-	-
Total deferred inflows of resources	-	611,775	-	-	1,245	-	-	1,737,238	-	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	76,516	-	-	-	-	-	-	-
Restricted	6,574,235	579,495	5,119,686	-	69,886	-	-	-	622,400	1,764,523
Committed	-	-	-	17,054	-	703,251	-	-	-	129,290
Unassigned	-	-	-	-	-	-	(969,410)	-	-	-
Total fund balances (deficits)	6,574,235	579,495	5,196,202	17,054	69,886	703,251	(969,410)	-	622,400	1,893,813
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 7,443,475	\$ 1,243,770	\$ 5,568,086	\$ 17,054	\$ 86,036	\$ 705,193	\$ -	\$ 1,739,894	\$ 623,513	\$ 1,893,813

City of Ames
Combining Balance Sheet (continued)
Non-Major Special Revenue Funds
June 30, 2015

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	Total Non-Major Special Revenue Funds
ASSETS									
Cash and cash equivalents	\$ 370,733	\$ 3,632	\$ 811	\$ 941	\$ 71,354	\$ 73	\$ 99,812	\$ 199,918	\$ 6,262,559
Investments	637,545	6,216	1,387	1,609	122,896	98	161,273	342,043	10,722,554
Taxes receivable	-	-	-	-	-	-	-	-	2,656
Accrued interest receivable	957	-	-	-	181	-	43	-	3,570
Accounts receivable, net	20	639	-	-	262	-	-	-	2,906
Intergovernmental receivable	-	-	-	11,586	-	-	-	-	2,466,886
Loans receivable	-	-	-	6,719	-	-	-	-	7,572
Due from other funds	-	-	-	500	-	-	-	-	79,625
Inventories	-	-	-	-	-	-	-	-	76,516
Property held for resale	-	-	-	482,044	-	-	-	-	482,044
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	1,737,238
Long-term loans receivable	-	-	-	37,004	-	-	-	-	37,004
Total assets	<u>\$ 1,009,255</u>	<u>\$ 10,487</u>	<u>\$ 2,198</u>	<u>\$ 540,403</u>	<u>\$ 194,693</u>	<u>\$ 171</u>	<u>\$ 261,128</u>	<u>\$ 541,961</u>	<u>\$21,881,130</u>
LIABILITIES									
Accounts payable	\$ 9,702	\$ -	\$ -	\$ 5,419	\$ -	\$ -	\$ -	\$ -	\$ 777,210
Accrued payroll	1,135	-	-	-	-	-	-	-	69,786
Retainage payable	-	-	-	-	-	-	-	-	43,090
Accrued interest	-	-	-	-	-	-	-	-	388
Customer deposits	-	-	-	-	-	-	111,188	-	111,188
Intergovernmental payable	-	-	-	-	-	-	-	-	11,341
Due to other funds	638,500	-	-	606	-	-	-	-	2,037,197
Total liabilities	<u>649,337</u>	<u>-</u>	<u>-</u>	<u>6,025</u>	<u>-</u>	<u>-</u>	<u>111,188</u>	<u>-</u>	<u>3,050,200</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	-	1,737,238
Other taxes	-	-	-	-	-	-	-	-	611,775
Grants	-	-	-	360	-	-	-	-	1,605
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,350,618</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	76,516
Restricted	359,918	4,408	2,198	534,018	194,693	171	149,940	-	15,975,571
Committed	-	6,079	-	-	-	-	-	541,961	1,397,635
Unassigned	-	-	-	-	-	-	-	-	(969,410)
Total fund balances (deficits)	<u>359,918</u>	<u>10,487</u>	<u>2,198</u>	<u>534,018</u>	<u>194,693</u>	<u>171</u>	<u>149,940</u>	<u>541,961</u>	<u>16,480,312</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 1,009,255</u>	<u>\$ 10,487</u>	<u>\$ 2,198</u>	<u>\$ 540,403</u>	<u>\$ 194,693</u>	<u>\$ 171</u>	<u>\$ 261,128</u>	<u>\$ 541,961</u>	<u>\$21,881,130</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	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	\$ 7,996,943	\$ 2,094,534	\$ -	\$ -	\$ -	\$ -	\$ 38,882	\$ 1,871,729	\$ -	\$ -
Intergovernmental	-	-	6,282,692	-	71,905	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	-	-	-	-	-	-	(2,541)	-	4,652	13,750
Miscellaneous	-	-	-	-	2,560	130	-	-	-	6,536
Total revenues	<u>7,996,943</u>	<u>2,094,534</u>	<u>6,282,692</u>	<u>-</u>	<u>74,465</u>	<u>130</u>	<u>36,341</u>	<u>1,871,729</u>	<u>4,652</u>	<u>23,336</u>
EXPENDITURES										
Current:										
General government	-	-	78,232	-	-	-	-	-	12,868	-
Public safety	-	-	-	-	62,115	-	-	-	-	-
Public works	-	-	4,512,323	-	-	-	-	-	-	-
Health and social services	1,143,227	-	-	-	-	-	-	-	-	-
Culture and recreation	354,960	-	-	-	-	-	-	-	-	569
Community and economic development	84,999	1,655,325	-	-	-	39,088	-	-	-	-
Capital outlay	952,066	-	989,162	-	-	-	703,736	-	-	-
Total expenditures	<u>2,535,252</u>	<u>1,655,325</u>	<u>5,579,717</u>	<u>-</u>	<u>62,115</u>	<u>39,088</u>	<u>703,736</u>	<u>-</u>	<u>12,868</u>	<u>569</u>
Excess (deficiency) of revenues over (under) expenditures	5,461,691	439,209	702,975	-	12,350	(38,958)	(667,395)	1,871,729	(8,216)	22,767
OTHER FINANCING SOURCES (USES)										
Transfers in	119,807	-	-	-	-	-	-	-	-	-
Transfers out	(4,818,166)	(299,518)	(26,180)	-	-	-	(117,251)	(1,871,729)	(248,777)	-
Total other financing sources (uses)	<u>(4,698,359)</u>	<u>(299,518)</u>	<u>(26,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,251)</u>	<u>(1,871,729)</u>	<u>(248,777)</u>	<u>-</u>
Net change in fund balances	763,332	139,691	676,795	-	12,350	(38,958)	(784,646)	-	(256,993)	22,767
Fund balances, beginning	5,810,903	439,804	4,519,407	17,054	57,536	742,209	(184,764)	-	879,393	1,871,046
Fund balances, ending	<u>\$ 6,574,235</u>	<u>\$ 579,495</u>	<u>\$ 5,196,202</u>	<u>\$ 17,054</u>	<u>\$ 69,886</u>	<u>\$ 703,251</u>	<u>\$ (969,410)</u>	<u>\$ -</u>	<u>\$ 622,400</u>	<u>\$ 1,893,813</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	Total Non-Major Special Revenue Funds
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,002,088
Intergovernmental	13,614	-	-	330,566	-	-	-	-	6,698,777
Charges for services	-	-	-	-	-	-	-	-	3,050
Investment income	7,413	-	-	-	1,346	1	330	-	24,951
Miscellaneous	207,099	18,232	554	21,845	40,666	-	-	1,487	299,109
Total revenues	228,126	18,232	554	352,411	42,012	1	330	1,487	19,027,975
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	91,100
Public safety	-	-	9	-	39,223	-	-	-	101,347
Public works	-	-	-	-	-	-	-	-	4,512,323
Health and social services	-	18,015	-	-	-	-	-	-	1,161,242
Culture and recreation	124,084	-	-	-	-	-	-	-	479,613
Community and economic development	-	-	-	315,512	-	-	-	50,000	2,144,924
Capital outlay	693,438	-	-	-	-	-	-	-	3,338,402
Total expenditures	817,522	18,015	9	315,512	39,223	-	-	50,000	11,828,951
Excess (deficiency) of revenues over (under) expenditures	(589,396)	217	545	36,899	2,789	1	330	(48,513)	7,199,024
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	119,807
Transfers out	-	-	-	-	-	-	-	-	(7,381,621)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(7,261,814)
Net change in fund balances	(589,396)	217	545	36,899	2,789	1	330	(48,513)	(62,790)
Fund balances, beginning	949,314	10,270	1,653	497,119	191,904	170	149,610	590,474	16,543,102
Fund balances, ending	\$ 359,918	\$ 10,487	\$ 2,198	\$ 534,018	\$ 194,693	\$ 171	\$ 149,940	\$ 541,961	\$ 16,480,312

Non-Major Enterprise Funds

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

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

Transit Fund - to account for operations of transit services.

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

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.

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

City of Ames
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2015

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 159,724	\$ 1,103,480	\$ 873,984	\$ 226,976	\$ 62,129	\$ 1,042,037	\$ 3,468,330
Investments	274,883	1,911,596	1,501,059	389,222	106,215	1,795,865	5,978,840
Accrued interest receivable	422	3,205	2,275	599	161	2,637	9,299
Accounts receivable, net	334	173,917	139,043	17,317	12	246,392	577,015
Due from other funds	7,549	2,588	120,696	-	978	214,876	346,687
Intergovernmental receivable	1,273	536,970	26,532	-	-	409,199	973,974
Inventories	16,249	258,024	-	4,746	3,499	-	282,518
Prepaid items	-	-	150	-	4,964	-	5,114
Total current assets	460,434	3,989,780	2,663,739	638,860	177,958	3,711,006	11,641,777
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	606,374	-	193,250	531,517	2,283,188
Land improvements	635,480	157,621	940,636	63,578	127,581	152,536	2,077,432
Buildings	-	25,970,861	-	1,688,110	87,003	11,195,650	38,941,624
Equipment	56,130	25,102,291	8,390	141,690	5,700	7,754,256	33,068,457
Construction in progress	-	-	13,900	-	-	-	13,900
Less accumulated depreciation	(596,155)	(18,599,928)	(213,005)	(930,055)	(151,679)	(12,158,375)	(32,649,197)
Total noncurrent assets	1,006,002	32,672,345	1,356,295	963,323	261,855	7,475,584	43,735,404
Total assets	1,466,436	36,662,125	4,020,034	1,602,183	439,813	11,186,590	55,377,181
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	51,487	729,515	23,308	21,151	10,108	128,829	964,398
LIABILITIES							
Current liabilities:							
Accounts payable	3,745	116,997	54,805	11,804	5,087	90,312	282,750
Accrued payroll	7,859	156,142	2,338	1,584	4,768	2,549	175,240
Accrued compensated absences	2,017	20,457	1,316	697	153	3,404	28,044
Due to other funds	13,203	18,805	15,590	2,493	5,561	184,793	240,445
Retainage payable	-	249,282	3,800	-	-	-	253,082
Accrued interest	-	-	-	-	-	2,832	2,832
Loans payable - current	-	17,500	-	-	-	37,409	54,909
Intergovernmental payable	1,325	15,969	666	243	634	187,867	206,704
Accrued landfill post-closure costs	-	-	-	-	-	16,880	16,880
Bonds payable, net	-	-	-	-	-	135,855	135,855
Unearned revenue	5,575	113,000	-	-	-	-	118,575
Total current liabilities	33,724	708,152	78,515	16,821	16,203	661,901	1,515,316
Noncurrent liabilities:							
Accrued compensated absences	34,923	352,429	22,389	11,669	1,682	52,999	476,091
Post-employment benefits	14,222	120,716	9,966	3,051	2,436	45,571	195,962
Net pension liability	215,000	3,069,465	98,064	88,991	42,530	542,053	4,056,103
Accrued landfill post-closure costs	-	-	-	-	-	161,754	161,754
Bonds payable, net	-	-	-	-	-	1,321,918	1,321,918
Total noncurrent liabilities	264,145	3,542,610	130,419	103,711	46,648	2,124,295	6,211,828
Total liabilities	297,869	4,250,762	208,934	120,532	62,851	2,786,196	7,727,144
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	82,640	1,170,605	37,399	33,939	16,220	206,723	1,547,526
NET POSITION							
Net investment in capital assets	1,006,002	32,654,845	1,356,295	963,323	261,855	6,280,402	42,522,722
Unrestricted	131,412	(684,572)	2,440,714	505,540	108,995	2,042,098	4,544,187
Total net position	\$ 1,137,414	\$ 31,970,273	\$ 3,797,009	\$ 1,468,863	\$ 370,850	\$ 8,322,500	\$ 47,066,909

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2015

	Parking	Transit	Storm Sewer	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Operating revenues:							
Charges for services	\$ 891,983	\$ 5,814,552	\$ 1,215,233	\$ 532,001	\$ 248,853	\$ 3,687,927	\$ 12,390,549
Operating expenses:							
Cost of goods and services	817,955	7,802,543	636,152	520,417	249,730	3,805,758	13,832,555
Administration	67,238	1,766,346	3,638	-	-	209,860	2,047,082
Depreciation	12,089	2,346,526	18,101	70,143	9,962	583,767	3,040,588
Total operating expenses	897,282	11,915,415	657,891	590,560	259,692	4,599,385	18,920,225
Operating income (loss)	(5,299)	(6,100,863)	557,342	(58,559)	(10,839)	(911,458)	(6,529,676)
Non-operating revenues (expenses):							
Intergovernmental	-	2,826,925	23,310	-	-	-	2,850,235
Reimbursements	-	-	-	-	-	256,383	256,383
Investment income	3,165	27,890	17,222	4,290	1,156	16,914	70,637
Interest expense	-	-	-	-	-	(31,613)	(31,613)
Loss on disposal of capital assets	-	(10,500)	-	-	-	-	(10,500)
Miscellaneous	-	10,847	-	-	-	-	10,847
Total non-operating revenues	3,165	2,855,162	40,532	4,290	1,156	241,684	3,145,989
Income (loss) before capital contributions and transfers	(2,134)	(3,245,701)	597,874	(54,269)	(9,683)	(669,774)	(3,383,687)
Capital contributions	-	2,249,253	-	20,000	-	-	2,269,253
Transfers in	-	1,570,363	-	20,000	-	452,862	2,043,225
Change in net position	(2,134)	573,915	597,874	(14,269)	(9,683)	(216,912)	928,791
Net position, beginning	1,402,150	35,135,522	3,318,594	1,591,539	432,344	9,199,730	51,079,879
Change in accounting principle	(262,602)	(3,739,164)	(119,459)	(108,407)	(51,811)	(660,318)	(4,941,761)
Net position, beginning (as restated)	1,139,548	31,396,358	3,199,135	1,483,132	380,533	8,539,412	46,138,118
Net position, ending	\$ 1,137,414	\$ 31,970,273	\$ 3,797,009	\$ 1,468,863	\$ 370,850	\$ 8,322,500	\$ 47,066,909

City of Ames
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2015

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 897,754	\$ 5,853,257	\$ 1,083,248	\$ 553,373	\$ 247,863	\$ 3,660,914	\$ 12,296,409
Payments to suppliers	(127,997)	(2,321,824)	(334,684)	(246,269)	(79,790)	(1,962,444)	(5,073,008)
Payments to employees	(606,338)	(6,906,438)	(278,840)	(240,343)	(138,695)	(1,364,854)	(9,535,508)
Payments to other funds for services provided	(153,479)	(505,008)	(78,500)	(36,716)	(36,841)	(1,669,571)	(2,480,115)
Net cash provided by (used for) operating activities	9,940	(3,880,013)	391,224	30,045	(7,463)	(1,335,955)	(4,792,222)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	-	2,826,925	23,310	-	-	-	2,850,235
Reimbursements	-	-	-	-	-	256,383	256,383
Proceeds from sale of non-capital assets	-	10,847	-	-	-	-	10,847
Transfers in	-	1,570,363	-	20,000	-	452,862	2,043,225
Net cash provided by non-capital financing activities	-	4,408,135	23,310	20,000	-	709,245	5,160,690
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	(2,699,584)	(159,409)	(16,937)	-	(282,627)	(3,158,557)
Proceeds from the issuance of bonds	-	-	-	-	-	307,751	307,751
Principal paid on capital debt	-	-	-	-	-	(120,000)	(120,000)
Interest paid on capital debt	-	-	-	-	-	(34,375)	(34,375)
Principal paid on loans	-	(17,500)	-	-	-	(146,874)	(164,374)
Interest paid on loans	-	-	-	-	-	(2,785)	(2,785)
Capital contributions	-	2,249,253	-	20,000	-	-	2,269,253
Net cash provided by (used for) capital and related financing activities	-	(467,831)	(159,409)	3,063	-	(278,910)	(903,087)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(136,679)	(948,365)	(877,585)	(218,919)	(45,355)	(254,695)	(2,481,598)
Proceeds from sale of investments	45,815	317,892	294,166	73,382	15,203	85,374	831,832
Interest on investments	3,946	33,175	20,619	5,223	1,460	23,666	88,089
Net cash used for investing activities	(86,918)	(597,298)	(562,800)	(140,314)	(28,692)	(145,655)	(1,561,677)
Net decrease in cash and cash equivalents	(76,978)	(537,007)	(307,675)	(87,206)	(36,155)	(1,051,275)	(2,096,296)
Cash and cash equivalents, beginning	236,702	1,640,487	1,181,659	314,182	98,284	2,093,312	5,564,626
Cash and cash equivalents, ending	\$ 159,724	\$ 1,103,480	\$ 873,984	\$ 226,976	\$ 62,129	\$ 1,042,037	\$ 3,468,330

City of Ames
Combining Statement of Cash Flows (continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2015

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ (5,299)	\$ (6,100,863)	\$ 557,342	\$ (58,559)	\$ (10,839)	\$ (911,458)	\$ (6,529,676)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense	12,089	2,346,526	18,101	70,143	9,962	583,767	3,040,588
(Increase) decrease in accounts receivable	578	(59,347)	(8,033)	(1,320)	(12)	125,032	56,898
(Increase) decrease in due from other funds	5,356	4,892	(97,420)	-	(978)	(154,062)	(242,212)
(Increase) decrease in intergovernmental receivable	(1,273)	(19,840)	(26,532)	22,692	-	2,017	(22,936)
Decrease in inventories	10,956	9,685	-	444	641	-	21,726
(Increase) decrease in prepaid items	3,042	395	(23)	-	(4,946)	150	(1,382)
Increase (decrease) in accounts payable	1,114	(16,251)	31,031	(439)	388	11,464	27,307
Increase (decrease) in accrued payroll	(1,811)	11,646	(2,551)	(989)	(145)	55	6,205
Increase (decrease) in accrued compensated absences	2,456	36,221	15,979	3,474	(1,387)	(19,784)	36,959
Increase (decrease) in due to other funds	(5,754)	(2,426)	(55,015)	936	2,359	(1,060,284)	(1,120,184)
Increase (decrease) in retainage payable	-	1,706	(36,104)	-	-	-	(34,398)
Increase (decrease) in intergovernmental payable	1,325	2,032	1	(245)	235	137,338	140,686
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(17,830)	(17,830)
Increase in unearned revenue	1,110	113,000	-	-	-	-	114,110
Increase in post-employment benefits	2,500	21,220	1,752	536	428	8,011	34,447
Decrease in pension liability	(16,449)	(228,609)	(7,304)	(6,628)	(3,169)	(40,371)	(302,530)
Total adjustments	15,239	2,220,850	(166,118)	88,604	3,376	(424,497)	1,737,454
Net cash provided by (used for) operating activities	\$ 9,940	\$ (3,880,013)	\$ 391,224	\$ 30,045	\$ (7,463)	\$ (1,335,955)	\$ (4,792,222)

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, 2015

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,991,215	\$ 1,042,316	\$ 595,795	\$ 1,235,426	\$ 5,864,752
Investments	5,147,593	1,793,336	1,028,826	2,130,722	10,100,477
Accrued interest receivable	7,510	2,701	1,524	3,080	14,815
Accounts receivable, net	1,763	-	18,125	32,550	52,438
Due from other funds	453,903	184,221	-	-	638,124
Intergovernmental receivable	27,814	2,996	-	-	30,810
Inventories	90,526	-	-	-	90,526
Prepaid items	18,262	72,655	-	-	90,917
Total current assets	<u>8,738,586</u>	<u>3,098,225</u>	<u>1,644,270</u>	<u>3,401,778</u>	<u>16,882,859</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	651,012	-	-	-	651,012
Equipment	14,524,361	1,928,163	-	-	16,452,524
Construction in progress	-	7,557	-	-	7,557
Less accumulated depreciation	<u>(7,979,916)</u>	<u>(1,832,257)</u>	<u>-</u>	<u>-</u>	<u>(9,812,173)</u>
Total noncurrent assets	<u>7,195,457</u>	<u>295,896</u>	<u>-</u>	<u>-</u>	<u>7,491,353</u>
Total assets	<u>15,934,043</u>	<u>3,394,121</u>	<u>1,644,270</u>	<u>3,401,778</u>	<u>24,374,212</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	74,591	47,836	13,245	12,294	147,966
LIABILITIES					
Current liabilities:					
Accounts payable	77,723	10,640	38,689	729,592	856,644
Accrued payroll	13,842	1,139	-	1,170	16,151
Accrued compensated absences	1,756	4,421	129	531	6,837
Due to other funds	18,778	1,654	400	5,789	26,621
Retainage payable	-	3,885	-	-	3,885
Claims payable	-	-	818,868	460,000	1,278,868
Intergovernmental payable	10,834	126	-	2,926	13,886
Unearned revenue	-	56,130	-	-	56,130
Total current liabilities	<u>122,933</u>	<u>77,995</u>	<u>858,086</u>	<u>1,200,008</u>	<u>2,259,022</u>
Noncurrent liabilities:					
Accrued compensated absences	24,091	94,242	1,454	7,680	127,467
Post-employment benefits	33,996	29,099	1,288	3,177	67,560
Net pension liability	313,840	201,274	55,730	51,725	622,569
Total noncurrent liabilities	<u>371,927</u>	<u>324,615</u>	<u>58,472</u>	<u>62,582</u>	<u>817,596</u>
Total liabilities	<u>494,860</u>	<u>402,610</u>	<u>916,558</u>	<u>1,262,590</u>	<u>3,076,618</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	119,690	76,760	21,254	19,727	237,431
NET POSITION					
Net investment in capital assets	7,195,457	295,896	-	-	7,491,353
Unrestricted	8,198,627	2,666,691	719,703	2,131,755	13,716,776
Total net position	<u>\$ 15,394,084</u>	<u>\$ 2,962,587</u>	<u>\$ 719,703</u>	<u>\$ 2,131,755</u>	<u>\$ 21,208,129</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 3,768,593	\$ 2,282,613	\$ 2,411,134	\$ 8,390,195	\$ 16,852,535
Operating expenses:					
Cost of goods and services	2,120,301	2,059,636	1,781,471	8,632,915	14,594,323
Depreciation	941,861	172,715	-	-	1,114,576
Total operating expenses	3,062,162	2,232,351	1,781,471	8,632,915	15,708,899
Operating income (loss)	706,431	50,262	629,663	(242,720)	1,143,636
Non-operating revenues:					
Investment income	58,524	20,190	6,874	23,569	109,157
Gain on disposal of capital assets	63,228	-	-	-	63,228
Total non-operating revenues	121,752	20,190	6,874	23,569	172,385
Income (loss) before transfers	828,183	70,452	636,537	(219,151)	1,316,021
Transfers in	78,540	-	-	-	78,540
Change in net position	906,723	70,452	636,537	(219,151)	1,394,561
Net position, beginning	14,869,675	3,137,323	151,056	2,413,917	20,571,971
Change in accounting principle	(382,314)	(245,188)	(67,890)	(63,011)	(758,403)
Net position, beginning (as restated)	14,487,361	2,892,135	83,166	2,350,906	19,813,568
Net position, ending	\$ 15,394,084	\$ 2,962,587	\$ 719,703	\$ 2,131,755	\$ 21,208,129

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,760,079	\$ 2,258,938	\$ 2,393,009	\$ 8,357,645	\$ 16,769,671
Payments to suppliers	(1,153,307)	(783,212)	(2,091,770)	(8,045,946)	(12,074,235)
Payments to employees	(773,270)	(970,884)	(131,122)	(131,974)	(2,007,250)
Payments to other funds for services provided	(236,260)	(277,382)	(6,524)	(10,485)	(530,651)
Net cash provided by operating activities	<u>1,597,242</u>	<u>227,460</u>	<u>163,593</u>	<u>169,240</u>	<u>2,157,535</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	78,540	-	-	-	78,540
Net cash provided by non-capital financing activities	<u>78,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,540</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,480,812)	(113,309)	-	-	(1,594,121)
Proceeds from the sale of capital assets	386,701	-	-	-	386,701
Net cash used for capital and related financing activities	<u>(1,094,111)</u>	<u>(113,309)</u>	<u>-</u>	<u>-</u>	<u>(1,207,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,816,424)	(923,261)	(590,970)	(1,118,494)	(5,449,149)
Proceeds from sale of investments	944,065	309,477	198,093	374,919	1,826,554
Interest on investments	69,669	24,479	9,032	28,287	131,467
Net cash used for investing activities	<u>(1,802,690)</u>	<u>(589,305)</u>	<u>(383,845)</u>	<u>(715,288)</u>	<u>(3,491,128)</u>
Net decrease in cash and cash equivalents	(1,221,019)	(475,154)	(220,252)	(546,048)	(2,462,473)
Cash and cash equivalents, beginning	4,212,234	1,517,470	816,047	1,781,474	8,327,225
Cash and cash equivalents, ending	<u>\$ 2,991,215</u>	<u>\$ 1,042,316</u>	<u>\$ 595,795</u>	<u>\$ 1,235,426</u>	<u>\$ 5,864,752</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 706,431	\$ 50,262	\$ 629,663	\$ (242,720)	\$ 1,143,636
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	941,861	172,715	-	-	1,114,576
Increase in accounts receivable	(1,763)	-	(18,125)	(32,550)	(52,438)
Increase in due from other funds	(12,790)	(73,719)	-	-	(86,509)
Decrease in intergovernmental receivable	6,039	1,783	-	-	7,822
Increase in inventories	3,796	-	-	-	3,796
(Increase) decrease in prepaid items	(17,008)	37,646	85	369	21,092
Increase (decrease) in accounts payable	36,798	(5,948)	(1,800)	260,619	289,669
Decrease in accrued payroll	(84)	(581)	-	(725)	(1,390)
Increase (decrease) in accrued compensated absences	6,387	8,117	(2,280)	2,722	14,946
Increase (decrease) in due to other funds	10,362	(5,086)	(34)	(1,643)	3,599
Increase in retainage payable	-	3,885	-	-	3,885
Increase (decrease) in claims payable	-	-	(438,268)	185,000	(253,268)
Increase (decrease) in intergovernmental payable	(65,388)	-	(1,723)	1,463	(65,648)
Increase in unearned revenue	-	48,261	-	-	48,261
Increase in post-employment benefits	5,976	5,115	226	558	11,875
Decrease in pension liability	(23,375)	(14,990)	(4,151)	(3,853)	(46,369)
Total adjustments	<u>890,811</u>	<u>177,198</u>	<u>(466,070)</u>	<u>411,960</u>	<u>1,013,899</u>
Net cash provided by operating activities	<u>\$ 1,597,242</u>	<u>\$ 227,460</u>	<u>\$ 163,593</u>	<u>\$ 169,240</u>	<u>\$ 2,157,535</u>
Schedule of non-cash capital and related financing activities:					
Capital asset trade ins	<u>\$ 15,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,620</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, 2015

	Payroll Clearing	Flex Benefits	Total
ASSETS			
Cash and cash equivalents	\$ 125,866	\$ 32,573	\$ 158,439
Investments	215,346	-	215,346
Total assets	<u>\$ 341,212</u>	<u>\$ 32,573</u>	<u>\$ 373,785</u>
LIABILITIES			
Accounts payable	\$ -	\$ 32,573	\$ 32,573
Due to other governments	341,212	-	341,212
Total liabilities	<u>\$ 341,212</u>	<u>\$ 32,573</u>	<u>\$ 373,785</u>

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

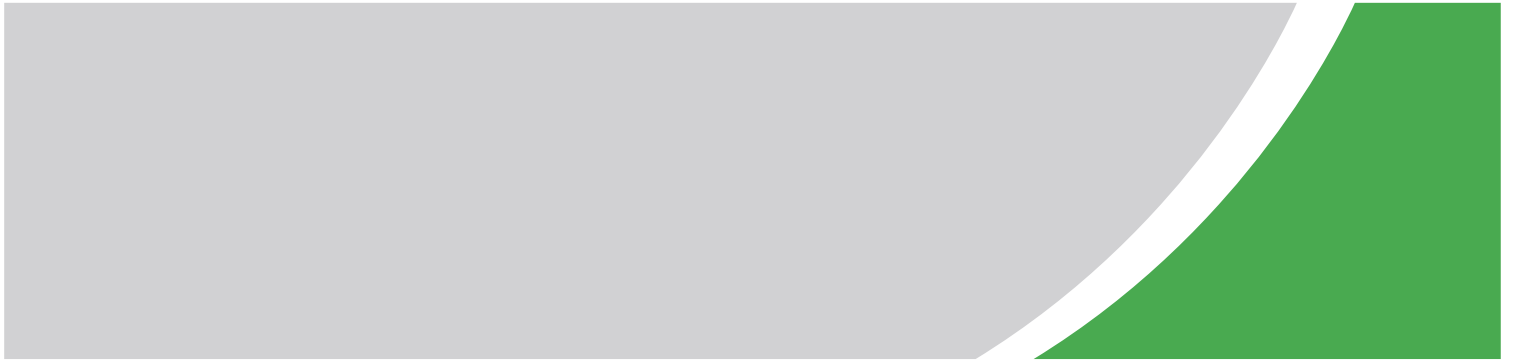
	Total Agency Funds			
	Balance 07/01/14	Additions	Deductions	
ASSETS				
Cash and cash equivalents	\$ 213,674	\$28,071,425	\$28,126,660	\$ 158,439
Investments	143,928	107,428	36,010	215,346
Total assets	<u>\$ 357,602</u>	<u>\$28,178,853</u>	<u>\$28,162,670</u>	<u>\$ 373,785</u>

LIABILITIES				
Accounts payable	\$ 357,602	\$20,280,248	\$20,605,277	\$ 32,573
Due to other governments	-	18,123,029	17,781,817	341,212
Total liabilities	<u>\$ 357,602</u>	<u>\$38,403,277</u>	<u>\$38,387,094</u>	<u>\$ 373,785</u>

	Payroll Clearing Fund			
	Balance 07/01/14	Additions	Deductions	
ASSETS				
Cash and cash equivalents	\$ 185,999	\$27,112,170	\$27,172,303	\$ 125,866
Investments	143,928	107,428	36,010	215,346
Total assets	<u>\$ 329,927</u>	<u>\$27,219,598</u>	<u>\$27,208,313</u>	<u>\$ 341,212</u>

LIABILITIES				
Accounts payable	\$ 329,927	\$19,922,274	\$20,252,201	\$ -
Due to other governments	-	18,123,029	17,781,817	341,212
Total liabilities	<u>\$ 329,927</u>	<u>\$38,045,303</u>	<u>\$38,034,018</u>	<u>\$ 341,212</u>

	Flexible Benefits Fund			
	Balance 07/01/14	Additions	Deductions	
ASSETS				
Cash and cash equivalents	\$ 27,675	\$ 959,255	\$ 954,357	\$ 32,573
LIABILITIES				
Accounts payable	\$ 27,675	\$ 357,974	\$ 353,076	\$ 32,573



Statistical Section



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>	124
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	129
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>	133
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>	139
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>	141

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 120,231,602
Restricted	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	19,525,973
Unrestricted	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	(2,573,072)
Total governmental activities	<u>111,859,472</u>	<u>119,075,548</u>	<u>127,599,168</u>	<u>132,474,804</u>	<u>140,397,482</u>	<u>141,325,827</u>	<u>144,842,511</u>	<u>145,581,407</u>	<u>150,528,382</u>	<u>137,184,503</u>
Business-type activities										
Net investment in capital assets	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	303,949,791
Restricted	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	1,027,652
Unrestricted	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	261,830,409
Total business-type activities	<u>333,631,067</u>	<u>362,693,471</u>	<u>375,233,030</u>	<u>378,418,117</u>	<u>411,669,085</u>	<u>464,822,683</u>	<u>504,057,750</u>	<u>542,060,209</u>	<u>589,040,495</u>	<u>566,807,852</u>
Primary government										
Net investment in capital assets	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	424,181,393
Restricted	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	20,553,625
Unrestricted	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	259,257,337
Total primary government	<u>\$ 445,490,539</u>	<u>\$ 481,769,019</u>	<u>\$ 502,832,198</u>	<u>\$ 510,892,921</u>	<u>\$ 552,066,567</u>	<u>\$ 606,148,510</u>	<u>\$ 648,900,261</u>	<u>\$ 687,641,616</u>	<u>\$ 739,568,877</u>	<u>\$ 703,992,355</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,165,152
Public safety	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	12,730,107
Public works	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	12,482,265
Health and social services	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	1,161,242
Culture and recreation	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	9,857,775
Community and economic development	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	2,972,753
Capital projects	732,402	41,834	-	-	-	-	-	-	-	-
Interest	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	1,577,883
Total governmental activities	<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>	<u>44,947,177</u>
Business-type activities:										
Mary Greeley Medical Center	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	168,891,942
Electric	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	53,024,205
Sewer	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	7,435,226
Water	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	6,866,001
Parking	777,261	828,138	856,518	766,381	819,988	805,253	767,154	846,825	876,916	888,452
Transit	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	11,859,395
Storm sewer	473,286	474,425	458,119	1,080,705	782,489	917,771	918,495	655,522	467,378	644,411
Ice arena	469,884	432,532	480,418	511,334	565,303	526,660	521,670	606,215	578,163	584,702
Golf course	226,069	224,749	217,964	218,708	218,021	230,698	232,689	211,279	206,620	253,997
Resource recovery	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	4,577,441
Total business-type activities	<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>	<u>255,025,772</u>
Total expenses	<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>	<u>299,972,949</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459	130,627	163,655	134,239
Public safety	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	3,652,787
Public works	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	715,898
Culture and recreation	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	2,029,655
Other activities	41,488	217,915	197,556	73,674	34,005	24,163	7,630	11,140	15,925	23,015
Operating grants and contributions	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	7,173,301
Capital grants and contributions	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	1,632,753
Total governmental activities	<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>	<u>15,361,648</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	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	184,201,460
Electric	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	56,636,062
Sewer	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	8,267,051
Water	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	9,584,813
Parking	776,341	685,500	860,255	792,023	762,746	872,625	779,976	883,899	870,246	891,983
Transit	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	5,814,552
Storm sewer	647,138	676,692	828,644	878,597	984,077	957,122	1,155,583	1,136,621	1,179,495	1,215,233
Ice arena	373,698	389,163	417,715	444,671	433,628	472,015	475,743	471,760	507,203	532,001
Golf course	212,116	198,124	215,923	234,701	246,357	220,388	235,824	220,643	256,221	248,853
Resource recovery	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	3,687,927
Operating grants and contributions	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	3,161,366
Capital grants and contributions	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	3,304,381
Total business-type activities	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	277,545,682
Total program revenues	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	292,907,330
Net (expense) / revenue										
Governmental activities	(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)	(29,585,529)
Business-type activities	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	22,519,910
Total net (expense) / revenue	(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)	(7,065,619)
General revenues										
Governmental activities:										
Taxes										
Property taxes	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	25,988,892
Sales taxes	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	7,996,943
Hotel / motel taxes	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	2,113,310
Unrestricted grants and contribution:	14,945	15,573	20,676	15,842	15,842	15,990	17,040	17,726	17,819	19,108
Investment income	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302	18,067	544,414	455,916
Other income	-	-	-	-	-	-	314,699	120,071	118,097	133,787
Gain on disposal of assets	-	-	-	-	-	-	127,182	16,084	25,501	63,228
Transfers	35,964	231,849	292,383	307,267	351,946	(228,423)	(223,314)	12,751	(18,401)	117,020
Total governmental activities	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	36,888,204
Business-type activities:										
Investment income	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	8,201,914
Other income	-	-	-	-	-	-	-	40,761	66,660	64,714
Gain on disposal of assets	-	119,501	2,814	1,311	1,151	18,421	5,164,193	35,091	551,139	25,700
Special item	-	-	-	-	-	9,382,844	-	-	-	-
Transfers	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314	(12,751)	18,401	(117,020)
Total business-type activities	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	8,175,308
Total primary government	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	45,063,512
Change in net position										
Governmental activities	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	7,302,675
Business-type activities	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	30,695,218
Total change in net position	\$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	\$37,997,893

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,646,663	6,289,199	6,377,565	6,933,392	-	-	-	-	-	-
Nonspendable	-	-	-	-	68,171	97,918	96,235	73,623	68,428	90,538
Assigned	-	-	-	-	74,962	124,097	147,752	382,930	253,059	296,803
Unassigned	-	-	-	-	7,248,755	7,751,289	7,924,363	7,902,465	9,046,946	10,332,050
Total general fund	<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>	<u>\$ 10,719,391</u>
All other governmental funds										
Reserved	\$ 7,175,778	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects fund	-	2,110,682	-	-	-	-	-	-	-	-
Non-major special revenue funds	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	2,007,044
Restricted	-	-	-	-	17,214,109	16,940,269	24,621,403	47,672,976	30,630,963	31,882,923
Committed	-	-	-	-	6,239,090	5,577,769	1,399,913	1,547,185	1,461,826	1,397,635
Assigned	-	-	-	-	678,764	1,259,956	316,669	-	-	-
Unassigned	-	-	-	-	-	(470,818)	(308,456)	(669,214)	(448,098)	(1,811,003)
Total all other governmental funds	<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>	<u>\$ 33,476,599</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 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	\$ 36,080,369
Special assessments	321,523	139,570	117,218	136,817	301,709	238,106	217,885	306,761	16,590	362,306
Licenses and permits	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	2,017,035
Intergovernmental	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	8,277,965
Charges for services	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	3,517,164
Fines and forfeitures	180,453	191,626	186,848	214,672	180,059	196,748	214,641	111,014	146,485	138,720
Investment income	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693	70,115	419,786	404,297
Miscellaneous	426,886	421,027	3,365,417	875,643	412,881	476,659	3,027,255	1,219,633	863,337	825,429
Total revenues	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	51,623,285
EXPENDITURES										
Current:										
General government	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	3,308,736
Public safety	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	16,237,949
Public works	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	5,488,851
Health and social services	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	1,161,242
Culture and recreation	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	7,613,063
Community and economic development	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	2,875,879
Debt service:										
Principal	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	7,364,829
Interest and fiscal charges	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	1,765,082
Capital outlay	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	14,294,598
Total expenditures	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	60,110,229
Excess (deficiency) of revenues over (under) expenditures	(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)	(8,486,944)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	9,917,519
Transfers out	(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)	(9,879,039)
Capital transfers out	(162,957)	-	-	-	-	-	-	-	-	-
General obligation bonds issued	5,495,000	5,285,000	9,059,781	5,825,000	11,165,000	6,690,000	6,675,000	30,455,000	-	9,395,000
Premium on general obligation bonds	33,665	73,086	69,583	85,108	247,038	197,459	12,885	1,302,774	-	238,187
Refunding bonds issued	-	-	-	6,995,000	-	5,980,000	-	2,090,000	-	-
Premium on refunding bonds	-	-	-	210,985	-	-	-	57,213	-	-
Payment to refunded bond escrow	-	-	-	(7,150,000)	-	(7,250,000)	-	-	-	-
Total other financing sources (uses)	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)	9,671,667
Net change in fund balances	\$ 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)	\$ 1,184,723
Debt service as a percentage of noncapital expenditures	26.5%	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%

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
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%
2015	1,420,669,916	791,068,230	125,969,430	18,255,332	2,606,690	2,353,356,218	10.8554	3,604,369,966	65.29%

Source: Story County Auditor

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

Fiscal Year	City Direct Rates				Overlapping Rates ¹				Total Direct & Overlapping Rates
	General ²	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate ³	Ames School District ⁴	Consolidated County ⁵	Area Vocational ⁶	
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
2015	5.83299	0.65719	0.78331	3.58189	10.85538	14.34759	6.39469	0.65724	32.25490

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Iowa State University Research	\$ 35,173,530	1	1.49%	\$ 12,046,350	6	0.67%
Barilla America, Inc.	32,579,100	2	1.38%	22,180,600	2	1.23%
Campus Investors IS, LLC	31,609,753	3	1.34%			
Clinic Building Company, Inc.	19,397,610	4	0.82%	15,981,000	3	0.89%
US Bank, NA Trustee ¹	19,019,520	5	0.81%	26,320,000	1	1.46%
Wal-Mart Stores, Inc.	17,100,000	6	0.73%			
Dayton Park, LLC	16,479,445	7	0.70%			
GPT Ames Owner LLC ²	15,549,300	8	0.66%	9,808,000	7	0.54%
West Towne Condos, LLC	14,398,364	9	0.61%			
University West Property Owner, LLC	14,194,195	10	0.60%			
SUH Iowa State, LLC				13,670,000	4	0.76%
Midwest Centers				12,148,000	5	0.67%
Stanton I, LLC				8,715,800	8	0.48%
Dayton Hudson Corporation				8,688,000	9	0.48%
MHE Associates Ltd. Partnership				8,653,000	10	0.48%
	<u>\$ 215,500,817</u>		<u>9.14%</u>	<u>\$ 138,210,750</u>		<u>7.66%</u>

¹ Formerly North Grand Mall Partners, LLC

² Formerly Cycloneball, LLC

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 Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2006	\$ 18,344,342	\$ 18,149,123	98.94%	\$ 2,497	\$ 18,151,620	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%	1,970	23,542,914	98.02%
2014	25,261,403	24,795,918	98.16%	635	24,796,553	98.16%
2015	25,557,159	24,772,590	96.93%	-	24,772,590	96.93%

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				
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	11.47%	58,965	2,720
2015	61,891,291	4,001,571	84,078,724	122,457	14,519,773	164,613,816	11.77%	58,965	2,792

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

² Personal income is presented on page 139.

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
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
2015	65,892,862	594,468	65,298,394	1.81%	1,107

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 129 for property value data.

⁴ See page 139 for population data.

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$37,140,000	97.91%	\$ 36,363,774
Gilbert Community School District	19,875,000	50.05%	9,947,438
Des Moines Area Community College ¹	59,725,000	6.11%	3,649,198
Nevada Community School District	7,755,000	0.10%	7,755
Story County	5,581,000	59.24%	3,306,184
Other debt:			
Gilbert Community School District revenue bonds	11,770,000	50.05%	5,890,885
Des Moines Area Community College revenue bonds	3,060,000	6.11%	186,966
Nevada Community School District revenue bonds	9,345,000	0.10%	9,345
Subtotal, overlapping debt			<u>59,361,545</u>
City direct debt			<u>61,891,291</u>
Total direct and overlapping debt			<u>\$ 121,252,836</u>

¹ New jobs training certificates payable primarily from credits and incremental property tax revenue derived from jobs training program. The certificates are further secured by a back-up levy of general taxes.

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.

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

**City of Ames
Legal Debt Margin
June 30, 2015**

Legal debt margin for the fiscal year ended June 30, 2015:

Assessed value	\$ 3,604,369,966
Debt limit (5% of actual value)	\$ 180,218,498
Debt applicable to limit:	
General obligation bonds	64,110,000
Legal debt margin	\$ 116,108,498
Percentage of net debt margin available	64.43%
Percentage of net debt margin exhausted	35.57%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2015	\$ 180,218,498	\$ 64,110,000	64.43%
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%

**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	
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
2015	191,826,797	147,149,250	44,677,547	2,825,000	3,803,608	6.74

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	-	-	-
2015	-	-	-	-	-	-

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

Sewer Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service ²		Coverage
				Principal	Interest	
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
2015	8,267,051	5,334,578	2,932,473	131,000	38,999	17.25

Water Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	9,584,813	5,560,459	4,024,354	-	64,982	61.93

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
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	23,713	1,398,237,045	4,247	3.2%
2014	58,965	23,713	1,398,237,045	4,171	2.7%

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	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Iowa State University	15,695	1	27.30%	13,875	1	29.03%
Mary Greeley Medical Center	1,287	2	2.24%	1,342	2	2.81%
City of Ames	1,226	3	2.13%	819	4	1.71%
Iowa Department of Transportation	920	4	1.60%	1,200	3	2.51%
McFarland Clinic, P.C.	910	5	1.58%	520	7	1.09%
Hy-Vee Food Stores	790	6	1.37%	300	10	0.63%
Ames Community School District	679	7	1.18%	680	5	1.42%
Danfoss ¹	650	8	1.13%	625	6	1.31%
Wal-Mart	435	9	0.76%			
Ames Laboratories	432	10	0.75%	443	8	0.93%
3M Company				430	9	0.90%
Total			40.04%			42.34%

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Management services	22.25	22.25	22.25	22.50	23.50	22.50	22.25	23.25	23.25	23.25
Finance	38.75	38.75	39.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75
Planning and housing	8.75	10.50	10.50	10.50	10.50	10.50	8.00	8.00	8.00	7.00
Administrative services ¹	-	-	-	-	-	-	-	-	-	6.50
Fleet services/facilities	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	73.70	73.70	73.70	75.70	75.70	75.95	75.95	75.95	75.95	81.55
Fire/inspections	63.00	63.00	65.00	68.00	68.00	68.00	68.50	68.50	68.50	65.00
Police/animal control/parking	72.40	74.40	74.40	74.65	74.65	77.65	77.65	77.65	77.65	77.65
Library	30.25	30.50	31.00	31.00	31.00	31.00	31.50	31.50	31.50	35.25
Parks and recreation	22.00	22.00	20.50	20.50	20.50	20.50	19.50	19.50	19.50	19.50
Water and pollution control ²	41.00	41.00	41.50	41.50	41.50	41.50	41.50	41.50	41.25	40.05
Electric	79.00	79.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.50
Engineering	12.00	12.00	13.00	13.00	13.00	13.00	14.00	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	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Hospital	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	1,050.00
Total	<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>1,615.10</u>	<u>1,644.10</u>	<u>1,633.85</u>	<u>1,610.50</u>

¹ Administrative services was formed with employees from the planning and housing, fire/inspections, and public works administration divisions.

² Water and pollution control combines the prior year divisions of water and waste water treatment.

Source: City Finance Department

City of Ames Operating Indicators by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Number of licenses/permits processed ¹	1,008	877	1,003	650	537	512	462	539	524	617
Subdivision requests	16	14	14	15	13	13	7	18	17	15
Police:										
Physical arrests	1,051	1,340	1,468	1,599	1,417	1,415	1,395	1,463	1,588	1,531
Parking violations	53,367	56,566	57,931	54,754	46,354	52,147	48,947	44,100	45,530	46,759
Traffic violations	3,809	3,820	3,012	2,724	3,080	2,953	4,068	3,204	2,543	2,981
Fire:										
Number of fires	148	169	165	162	148	175	188	137	150	107
Number of ambulance assists	1,436	1,711	1,877	1,927	2,099	2,211	2,178	2,325	2,471	2,464
Inspections	1,007	974	1,018	632	731	1,011	829	1,058	1,263	1,205
Library:										
Total circulation	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	1,255,953
Library visits	450,000	459,000	462,967	424,504	435,572	416,908	443,895	323,859	226,690	426,608
Parks and recreation:										
Total number of participant visits ²	114,297	117,790	145,760	138,840	155,880	201,344	216,930	191,820	197,145	182,174
Total number of activities	137	136	123	123	125	127	127	127	133	146
Resource recovery:										
Tons of refuse processed	54,497	50,792	52,482	50,057	50,614	56,789	53,731	48,244	27,878	50,035
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	142	124	108	51	45	65	110	92	123	90
Blocks of streets slurry sealed	-	-	46	-	-	-	-	-	11	22
Blocks of seal coat reconstruction	9	-	12	14	17	8	6	7	8	4
Hospital:										
Total admissions	9,970	10,113	10,002	9,748	9,292	9,918	9,617	8,768	8,289	8,298
Average percent of occupancy	54.3%	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%	54.1%	52.1%	50.5%
Electric:										
Kilowatt hours produced at plant	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	278,471,640
Meters in service	22,906	23,827	23,946	24,237	24,290	24,436	24,844	25,141	25,353	26,023
Transit:										
Passengers	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	6,711,665
Total miles driven	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	1,599,493
Water:										
Billion gallons per year pumped	2.311	2.440	2.330	2.029	1.961	2.074	2.151	2.082	2.131	2.022
Utility locates performed	5,779	5,500	5,502	5,650	5,417	6,471	6,466	6,247	6,185	6,615
Water main breaks	21	51	44	29	23	37	18	42	47	19
Wastewater:										
Billion gallons per year treated	1.887	2.475	2.507	2.438	2.385	2.501	1.906	2.093	1.936	2.389

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.

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	8	8	9	9	9	9	9	11	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	33	34	34	36	36	36	36	37	37	37
Total number of park acres	1,196	1,199	1,199	1,213	1,213	1,213	1,213	1,224	1,227	1,227
Total number of athletic fields	18	18	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets	241	244	246	250	254	260	272	288	290	291
Number of traffic signals	59	59	59	63	70	70	70	70	67	67
Number of signs	9,267	9,291	9,274	9,441	9,575	9,759	9,852	9,486	9,489	9,485
Hospital:										
Beds in operation	198	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	61	63	66	70	72	79	84	89	93	104
New buses purchased	4	4	-	4	14	7	7	2	-	6
Water:										
Miles of water mains	233	243	235	236	240	241	241	241	243	247
Fire hydrants	2,406	2,451	2,577	2,586	2,619	2,650	2,648	2,663	2,700	2,771
Wells	22	25	28	28	28	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	196	195	201	199	200	201	202	202	203	204
Storm sewer miles	240	231	249	257	257	261	263	265	260	263

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

Sources: City departments and Mary Greeley Medical Center



Compliance Section





CPAs & BUSINESS ADVISORS

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, 2015, 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 7, 2015. Other auditors audited the financial statements of Mary Greeley Medical Center (presented as an enterprise fund), as described in our report on the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described as item 2015-A in Part II of the Schedule of Findings and Questioned Costs to be a material weakness.

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.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 7, 2015



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, 2015. 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, 2015.

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 7, 2015

City of Ames
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2015
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-19-0010	\$ 531,809
Total U.S. Department of Housing and Urban Development			<u>531,809</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Grant Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3088	2,111
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0669	2,870
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0257	8,425
Total U.S. Department of Justice			<u>13,406</u>
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106	3-19-0004-21-2012	19,743
Airport Improvement Program	20.106	3-19-0004-22-2015	63,052
			<u>82,795</u>
Pass-through Program from Iowa Department of Transportation:			
Highway Planning and Construction	20.205	15MPO-AAMPO	291,031
Highway Planning and Construction	20.205	STP-U-0155(681)--70-85	369,686
Highway Planning and Construction	20.205	HDP-0155(687)--71-85	103,806
Highway Planning and Construction	20.205	STP-U-0155(688)--70-85	109,013
			<u>873,536</u>
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-03	29,421
Federal Transit-Capital Investment Grants	20.500	IA-04-0120-00	4,194
Federal Transit-Capital Investment Grants	20.500	IA-04-0121-00	92,283
Federal Transit-Capital Investment Grants	20.500	IA-04-0128-00	2,031,840
Federal Transit-Formula Grants	20.507	IA-90-X403-00	1,970,542
			<u>4,128,280</u>
Pass-through Program from Iowa Department of Transportation:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	15MPO-AAMPO	31,561
Enhanced Mobility of Senior and Individuals with Disabilities	20.513	16-X002-015-12	10,995
Enhanced Mobility of Senior and Individuals with Disabilities	20.513	16-X001-015-13	44,667
Enhanced Mobility of Senior and Individuals with Disabilities	20.513	16-X005-015-14	145,325
			<u>200,987</u>
Direct Program:			
Alternatives Analysis	20.522	IA-39-0001-00	35,853
Pass-through Program from Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 15-402-M0AL, Task 01-00-00	26,394
National Priority Safety Programs	20.616	PAP 14-405d-M6OT, Task 01-00-00	4,931
			<u>31,325</u>
Total U.S. Department of Transportation			<u>5,384,337</u>

City of Ames
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2015
U.S. Environmental Protection Agency:			
Pass-through Program from Iowa Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DF0322RT	<u>5,528,109</u>
Total U.S. Environmental Protection Agency			<u>5,528,109</u>
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5884I471	1,103
Immunization Cooperative Agreements	93.268	5885I471	<u>7,860</u>
Total U.S. Department of Health and Human Services			<u>8,963</u>
U.S. Department of Homeland Security:			
Pass-through Program from Iowa Department of Homeland Security and Emergency Management			
Hazard Mitigation Grant	97.039	HMGP-DR-1998-0033 01	<u>19,425</u>
Total U.S. Department of Homeland Security			<u>19,425</u>
Total Expenditures of Federal Awards			<u>\$ 11,486,049</u>

City of Ames
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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 sub-recipient is treated as an expenditure when it is paid to the sub-recipient.

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	Yes
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>
14.218	Community Development Block Grants/ Entitlement Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds
Dollar threshold used to distinguish between Type A and Type B programs	\$344,581
Auditee qualified as low-risk auditee	Yes

Part II: Findings Related to the Financial Statements:

2015-A Material Audit Adjustment

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

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

Cause – The material audit adjustment was to reverse disposals of assets from the electric fund which were thought to be disposed.

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

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

Response – The finance department will work with departments to make sure asset names are accurate and make it easy to identify the physical asset. Also, another step will be added to the internal procedure to review material capital asset disposals. Additional emphasis will be placed on major projects such as the conversion of the electric power plant from coal to natural gas.

Part III: Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

- 2015-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2015, did not exceed the amount budgeted.
- 2015-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.
- 2015-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2015-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
Justin Kepley, Public Works, Father is owner of Dave’s Auto & Truck Service, Inc.	Service & Towing	\$ 5,108
Karen Stephan, Account Clerk Husband is owner of Scott’s Heating, Cooling & Plumbing	A/C rebate & A/C for Furman	453
Jan Heuss, Employee, Daughter is owner of Heuss Printing, Inc.	Printing Services	367
Mike King, Parks and Recreation	Library reading services	30

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Karen Stephan, Jan Heuss, and Mike King 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 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.

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

- 2015-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.
- 2015-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2015-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.
- 2015-IA-H **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.
- 2015-IA-I **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.
- 2015-IA-J **Notice of Public Hearing for Public Improvements** – The City did not publish a notice of public hearing for the Ames Water Treatment Plant as required by Chapter 362.3 of the Code of Iowa.
- Recommendation** – Before entering into a contract for a public improvement with an estimated total cost in excess of \$130,000, the Council should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing.
- Response** – The accounting, purchasing, and city clerk divisions have met to revise the procedures for publishing notices of public hearings. A checklist was also created to make sure all publications meet Code requirements.

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
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Findings Related to Financial Statements:

2015-A	Material Audit Adjustment	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Duane Pitcher, Director of Finance. 515-239-5113	June 30, 2016
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Findings Related to Federal Programs:

None reported

There were no prior year federal findings.



December 7, 2015

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, 2015. 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 12, 2015. 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, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2014. No other significant new accounting policies were adopted, and the application of other existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by 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 estimate(s) 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 the other postemployment benefits liability in determining that it is 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.

Management's estimate of the net pension liability, pension related deferred outflows of resources and deferred inflows of resources, and pension expense are based on plan level actuarial reports, allocated to the City using annual employer contributions. We evaluated the key factors and assumptions used to develop the pension related balances 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 all such misstatements. The following material misstatement was detected as a result of audit procedures and was corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Electric Fund Statements</u>	<u>Business- Type Activities</u>
Electric Fund		
To reverse loss recorded on assets net disposed of during the fiscal year	\$ 3,115,538	\$ 3,115,538

Additionally, the following immaterial adjustments were detected and corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Capital Projects Fund Statements</u>	<u>Governmental Activities</u>
Capital Projects Fund		
To increase unavailable revenue for special assessments not Received within 60 days of year end	\$ (177,336)	\$ (177,336)

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, 7, 2015.

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 governmental unit’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 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, the schedule of the City’s proportionate share of net pension liability, the schedule of the City’s pension contributions, and the 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.

We were not engaged to report on the 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.

Very truly yours,

EIDE BAILLY LLP

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

Dubuque, Iowa