

**COUNCIL ACTION FORM**

**SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019**

**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 has many sections and contains information that may seem confusing even to those who are familiar with private sector accounting reports. 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 as to 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 don't 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 and for the year ended June 30, 2019, 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, 2019, 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.**

**The auditor's report on the financial statements is an unmodified, or "clean," opinion with no material weaknesses or significant deficiencies noted, and no noncompliance material to the financial statements noted.**

**The auditor's report on internal control over major programs is also unmodified. There was one significant deficiency identified in relation to the process for determining if a vendor has been suspended or debarred. Staff misunderstood the regulations for this process and changed procedures to comply after the deficiency was identified.**

**The compliance section also reports a finding related to water utility loans with the Iowa Finance Authority (IFA). The City did not produce the required net revenues of at least 110% of current year debt service. Water rates were increased 7% as budgeted on July 1, 2019, and the City will notify IFA of the shortfall. Staff expects to make the bond coverage amount for the current fiscal year. The water utility maintains a strong fund balance and was able to cover all expenses including debt service without dipping into the fund balance.**

Also included with the report is the management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. **The letter confirms that there were no other issues to report related to the June 30, 2019 audit.**

#### **ALTERNATIVES:**

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

#### **CITY 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.



December 11, 2019

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

We have audited the financial statements of the City of Ames, Iowa (City) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 11, 2019. Professional standards require that we advise you of the following matters relating to our audit. 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.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under Uniform Guidance**

As communicated in our letter dated June 3, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the City's major federal program compliance, 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. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the the City's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated December 11, 2019. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 11, 2019.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are self-funded health insurance, worker's compensation, liability, and long-term disability insurance liabilities, other postemployment benefits liability and net pension liability.

Management's estimates of the self-funded health insurance, worker's compensation, liability, and long-term disability insurance liabilities are based on third-party administrator's 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 total OPEB liability, OPEB related deferred outflow of resources and deferred inflows of resources and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop the OPEB related balances 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.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to the net pension liability and total OPEB liability.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no corrected or uncorrected misstatements noted in performing the audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated December 11, 2019.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City’s auditors.

This information is intended solely for the use of the Mayor, City Council, and management of the City of Ames, Iowa, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

EIDE BAILLY LLP



Dubuque, Iowa



CITY OF  
**Ames**™



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF AMES, IOWA - FOR THE FISCAL YEAR ENDED JUNE 30, 2019



CITY OF AMES, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019

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, 2019**

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# **INTRODUCTORY SECTION**



December 11, 2019

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, 2019, 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, 2019. 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. The MD&A complements this letter of transmittal and reads 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 that includes both the private and public sectors. Ames is home to several large governmental agencies including Iowa State University (ISU), 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. ISU and other government employers add significant local economic stability that has resulted in an unemployment rate below the national and state averages for the past 30 years.

In September 2019, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the lowest unemployment rate in the nation at 1.5%, well below the national rate of 3.6% and Iowa rate of 2.6%. The City has continued a ten-year trend of steady employment growth. Total employment grew by 2.5% over the year with essentially all growth coming from the private sector, indicating a diversity in the local economy. 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 2018 population estimate was 67,154, 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 by 4.25% from January 2017 to January 2018. ISU student enrollment has fallen slightly from recent peaks with 33,391 students enrolled for the fall 2019 semester.

The commercial and industrial sectors have continued to grow in Ames as the recently completed expansion to the ISU Research Park (ISURP) has continued to attract new employers; most notably John Deere has completed work on a design and test lab facility for agricultural sprayer technology. The ISURP has also continued to add amenities with the completion of the Tedesco Environmental Learning Corridor, a 37-acre county park with future connections planned to regional trails. In the east industrial area, Barilla America, the largest industrial property in Ames, completed a significant expansion with a \$62 million project, providing additional pasta production facilities.

The retail, service, and housing sectors have also seen continued growth. Major redevelopment projects continue in the South Duff retail corridor, with redevelopment underway of a vacant big box retail site. The North Grand Mall site is also being redeveloped with two new retail sites under

construction. A condominium conversion of an old Ames School District property was completed, adding new housing opportunities in the South Campus area.

### ***Long-term financial planning and major initiatives***

Work has continued on improvements to major arterial transportation corridors, most notably the progression of the project to extend Grand Avenue. These and other street improvements have also included facilities to support bike and pedestrian modes of transportation. Though not a City of Ames project, there are significant transportation improvements underway affecting both the primary north/south and east/west connections to Ames. The US 30/I-35 interchange is now open to traffic with a new flyover ramp serving Ames. The addition to lanes on I-35 south of Ames continues to make progress.

### ***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 minimum fund balance requirement for the General Fund is 20% of operating expenditures. The City met this requirement 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, 2018. This is the 40th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City has 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 only valid for one year. 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, 2019. To qualify for this award, the City's budget document has to be judged proficient as a policy document, an operations guide, a financial plan, and a communication device. This is the 34th 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**

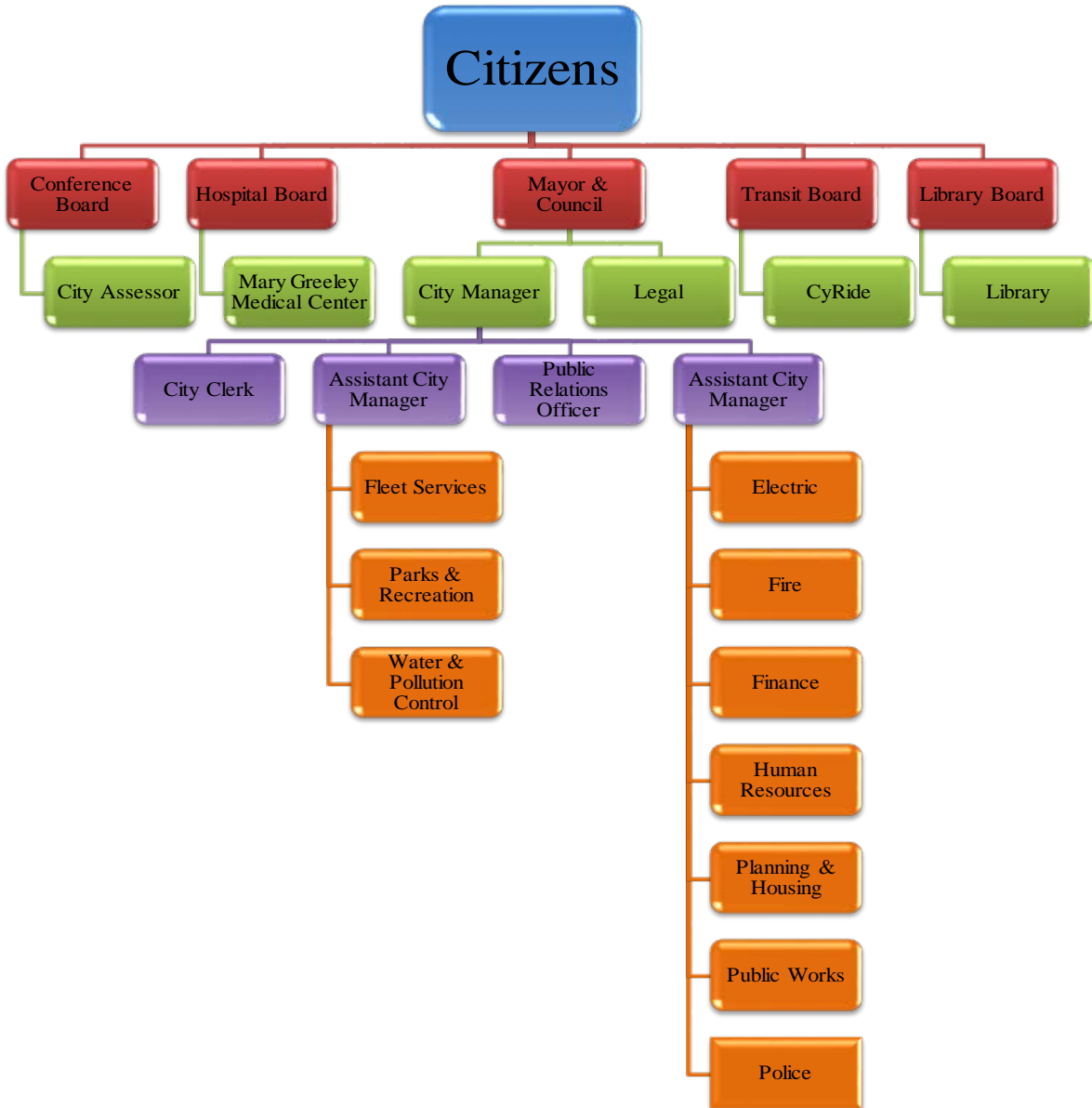
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**City of Ames  
Organizational Chart  
June 30, 2019**



**City of Ames**  
**List of Elected and Appointed Officials**  
**June 30, 2019**

Elected Officials:

Mayor	John Haila
Council Member – Ward 1	Gloria Betcher
Council Member – Ward 2	Tim Gartin
Council Member – Ward 3	David Martin
Council Member – Ward 4	Chris Nelson
Council Member – At Large	Bronwyn Beatty-Hansen
Council Member – At Large	Amber Corrieri

Council-Appointed Officials:

City Manager	Steven Schainker
City Attorney	Mark Lambert

City Manager-Appointed / Council-Approved Official:

City Clerk	Diane Voss
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City Manager-Appointed Officials:

Assistant City Manager	Debra Schildroth
Assistant City Manager	Brian Phillips
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	Bethany Jorgenson
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	Rich Higgins
Police Chief	Chuck Cychosz

Other Officials:

Director of Transportation	Vacant
Library Director	Sheila Schofer

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 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, 2019, 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 57 percent, 56 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2019, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 of Ames, Iowa's basic 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is 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 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dubuque, Iowa  
December 11, 2019



## 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, 2019. 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 \$867,602,459 (*net position*). Of this amount, \$386,270,155 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 \$38,703,141, most of which was attributable to the business-type activities. Favorable investment performance at Mary Greeley Medical Center (hospital) accounted for approximately \$17 million of the increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$50,006,583, an increase of \$2,876,847 in comparison with the prior year. Approximately 19.27% of this amount (\$9,635,741) 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 \$12,521,839, or approximately 39.50% of total General Fund expenditures.
- The City's total long-term outstanding debt decreased by \$4,954,362 during the current fiscal year, as the City continues to pay down its current debt balance.
- Within the City's business-type activities, revenues exceeded expenses by \$32,922,021. 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 capital investment to stay current with technology at the hospital.

### 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 24-26 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 22 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 major funds. Data from the other 19 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 27-30 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 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 31-35 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 36 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 37-90 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 net pension liability, obligation to provide other post-employment benefits to its employees, and budgetary comparisons. Required supplementary information can be found on pages 92-102 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 106-124 of this report.

### Government-Wide Overall Financial Analysis

As noted earlier, net position, may serve as a useful indicator of a government's financial position over time. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$867,602,459 at the close of the most recent fiscal year.

The following chart summarizes the government-wide assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City.

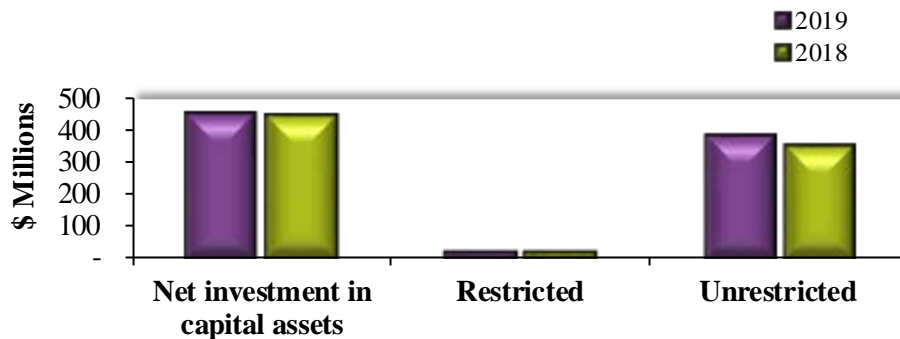
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 99,026,783	\$ 91,906,923	\$ 479,642,261	\$ 446,273,117	\$ 578,669,044	\$ 538,180,040
Net capital assets	191,424,573	192,001,669	463,793,844	462,856,365	655,218,417	654,858,034
Total assets	290,451,356	283,908,592	943,436,105	909,129,482	1,233,887,461	1,193,038,074
Deferred outflows of resources	8,257,255	7,824,317	25,054,838	27,766,414	33,312,093	35,590,731
Long-term liabilities outstanding	90,938,648	92,717,474	230,650,877	242,549,186	321,589,525	335,266,660
Other liabilities	5,337,204	4,315,731	35,238,782	26,276,718	40,575,986	30,592,449
Total liabilities	96,275,852	97,033,205	265,889,659	268,825,904	362,165,511	365,859,109
Deferred inflows of resources	32,094,625	30,142,690	5,336,959	3,727,688	37,431,584	33,870,378
Net position:						
Net investment in capital assets	144,730,839	141,703,409	311,786,131	308,134,898	456,516,970	449,838,307
Restricted	22,260,410	21,714,454	2,554,924	2,458,169	24,815,334	24,172,623
Unrestricted	3,346,885	1,139,151	382,923,270	353,749,237	386,270,155	354,888,388
Total net position	\$ 170,338,134	\$ 164,557,014	\$ 697,264,325	\$ 664,342,304	\$ 867,602,459	\$ 828,899,318

The largest portion of the City's net position (52.62%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and 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 net 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 (\$24,815,334, or 2.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$386,270,155 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

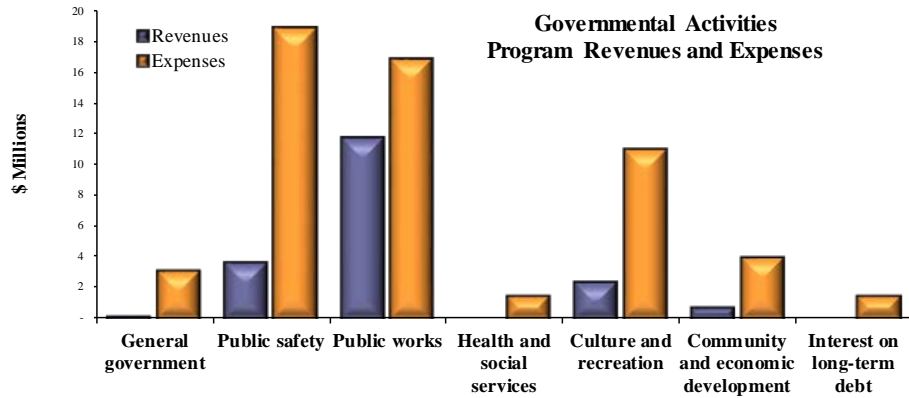
The following chart shows the components of net position for the years ended June 30, 2019 and 2018:



**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$5,781,120 for an ending balance of \$170,338,134. Taxes are the largest source of governmental revenue with property taxes of \$31,204,329 and local option sales taxes of \$7,991,619 in 2019. The \$1,523,414 increase in property tax collections in 2019 over 2018 is due to an increase in taxable valuation. Charges for services decreased \$2.39 million from 2018 revenues, mostly because the prior year had an increase in special assessments for the Grant Avenue paving project.

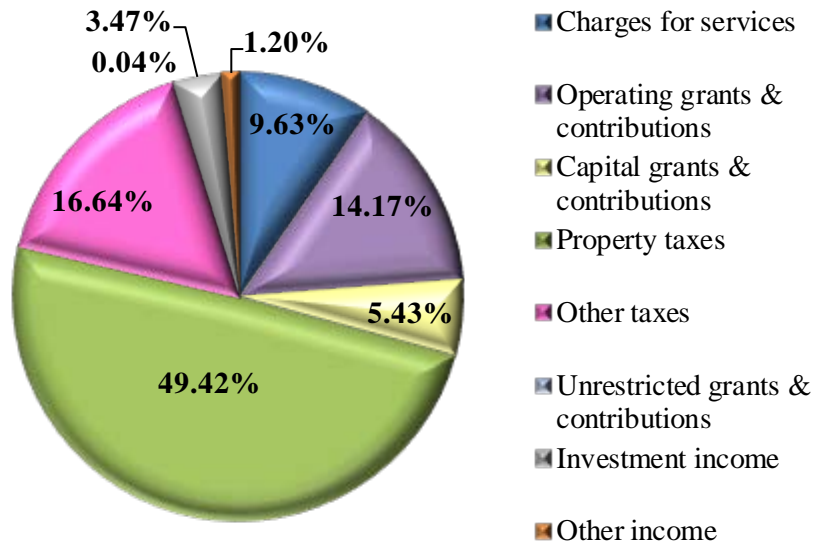
Governmental activity expenses increased \$2.15 million from 2018, or 3.91%, mainly due to normal increases in salaries, benefits, and costs of goods and services.

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



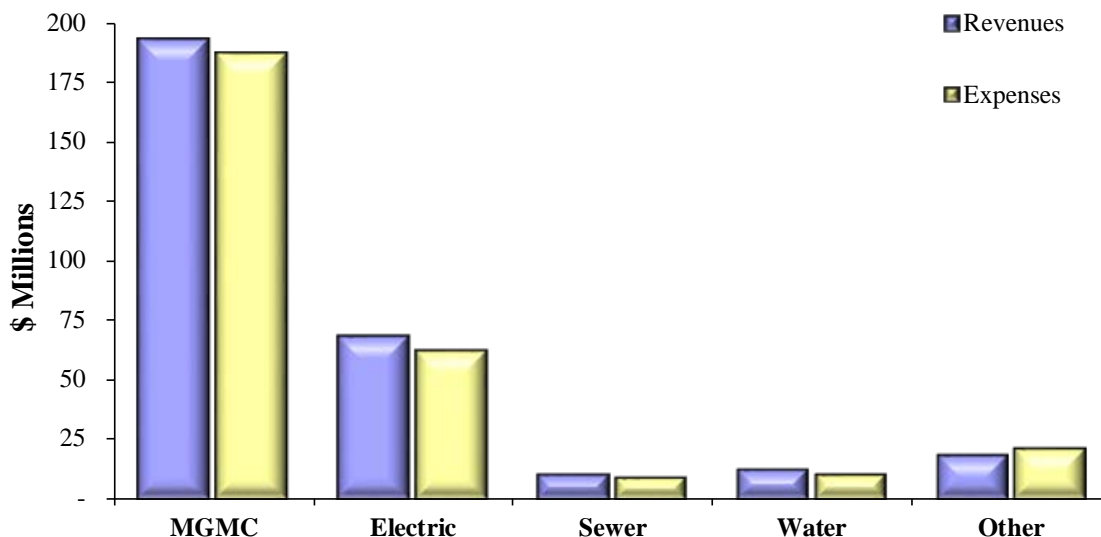
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>	-					
Program revenues						
Charges for services	\$ 6,083,506	\$ 8,470,150	\$ 293,651,744	\$ 296,247,860	\$ 299,735,250	\$ 304,718,010
Operating grants & contributions	8,950,597	8,546,037	4,437,834	4,961,244	13,388,431	13,507,281
Capital grants & contributions	3,426,018	3,285,174	3,097,169	1,728,763	6,523,187	5,013,937
General revenues						
Property taxes	31,204,329	29,680,915	-	-	31,204,329	29,680,915
Other taxes	10,507,087	10,094,186	-	-	10,507,087	10,094,186
Unrestricted grants & contributions	23,589	22,146	-	-	23,589	22,146
Investment earnings	2,190,478	689,377	19,708,701	18,271,065	21,899,179	18,960,442
Other	759,997	1,221,018	345,824	440,039	1,105,821	1,661,057
<b>Total revenues</b>	<b>63,145,601</b>	<b>62,009,003</b>	<b>321,241,272</b>	<b>321,648,971</b>	<b>384,386,873</b>	<b>383,657,974</b>
<b>Expenses:</b>						
General government	3,141,379	4,044,800	-	-	3,141,379	4,044,800
Public safety	18,951,047	18,202,532	-	-	18,951,047	18,202,532
Public works	16,929,643	15,667,469	-	-	16,929,643	15,667,469
Health & social services	1,499,781	1,293,038	-	-	1,499,781	1,293,038
Culture & recreation	11,059,949	10,989,672	-	-	11,059,949	10,989,672
Community & economic development	4,025,768	3,257,359	-	-	4,025,768	3,257,359
Interest on long-term debt	1,534,075	1,532,790	-	-	1,534,075	1,532,790
Mary Greeley Medical Center	-	-	186,917,186	185,267,383	186,917,186	185,267,383
Electric	-	-	62,322,757	60,617,830	62,322,757	60,617,830
Sewer	-	-	8,826,479	8,558,520	8,826,479	8,558,520
Water	-	-	9,841,869	11,766,957	9,841,869	11,766,957
Parking	-	-	975,126	891,229	975,126	891,229
Transit	-	-	14,004,166	13,794,474	14,004,166	13,794,474
Storm sewer	-	-	270,883	420,171	270,883	420,171
Ames/ISU Ice Arena	-	-	650,947	651,714	650,947	651,714
Homewood Golf Course	-	-	254,380	227,798	254,380	227,798
Resource Recovery	-	-	4,478,297	4,485,732	4,478,297	4,485,732
<b>Total expenses</b>	<b>57,141,642</b>	<b>54,987,660</b>	<b>288,542,090</b>	<b>286,681,808</b>	<b>345,683,732</b>	<b>341,669,468</b>
Increase in net position before transfers	6,003,959	7,021,343	32,699,182	34,967,163	38,703,141	41,988,506
Transfers	(222,839)	(1,604,405)	222,839	1,604,405	-	-
<b>Increase in net position</b>	<b>5,781,120</b>	<b>5,416,938</b>	<b>32,922,021</b>	<b>36,571,568</b>	<b>38,703,141</b>	<b>41,988,506</b>
Net position, beginning (as previously reported)	164,557,014	159,258,992	664,342,304	627,432,609	828,899,318	786,691,601
Net position restatement	-	(118,916)	-	338,127	-	219,211
Net position, beginning (as restated)	164,557,014	159,140,076	664,342,304	627,770,736	828,899,318	786,910,812
<b>Net position, ending</b>	<b>\$ 170,338,134</b>	<b>\$ 164,557,014</b>	<b>\$ 697,264,325</b>	<b>\$ 664,342,304</b>	<b>\$ 867,602,459</b>	<b>\$ 828,899,318</b>

The following chart shows revenues by source for governmental activities:



**Business-Type Activities.** The net position for business-type activities increased by \$32,922,021, accounting for 85.06% of the City's growth during the fiscal year. The majority of this increase is attributable to the hospital; operating margin was 3.4% compared to a budget of 3.0% and investment income was \$16.8 million.

The following chart shows the expenses and related program revenues for the functions of business-type activities:



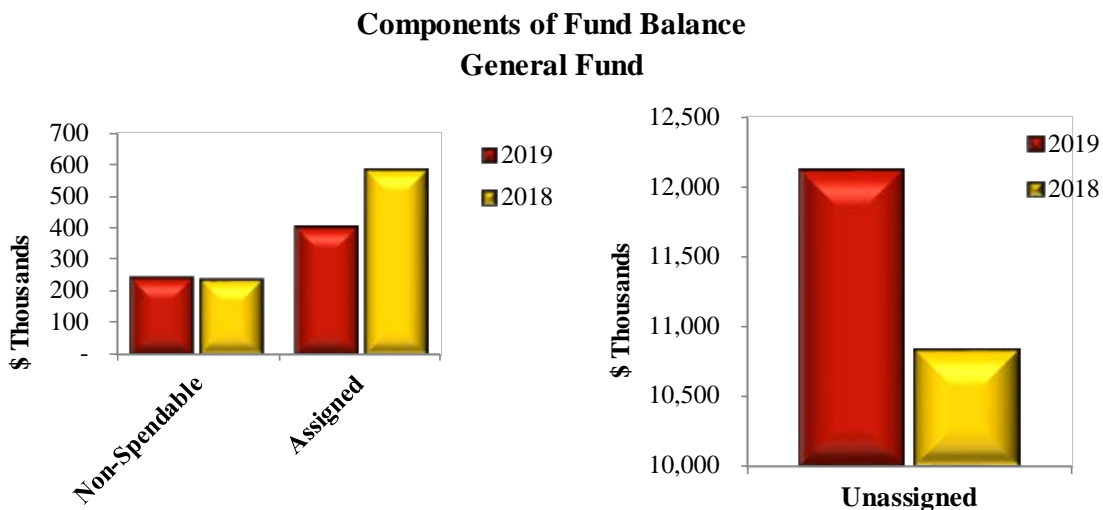
## Financial Analysis of Governmental Funds

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

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

The City's governmental funds reported combined fund balances of \$50,006,583 at June 30, 2019, an increase of \$2,876,847 from the prior year. Approximately 19% of this amount (\$9,635,741) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$323,742); 2) legally required to be maintained intact (\$1,998,643); 3) restricted for particular purposes (\$35,581,189); 4) committed for particular purposes (\$2,064,956); or 5) assigned for particular purposes (\$402,312).

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 \$12,119,527, while total fund balance increased by \$1,120,755 to \$12,762,829. The ending fund balance is 40.26% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.

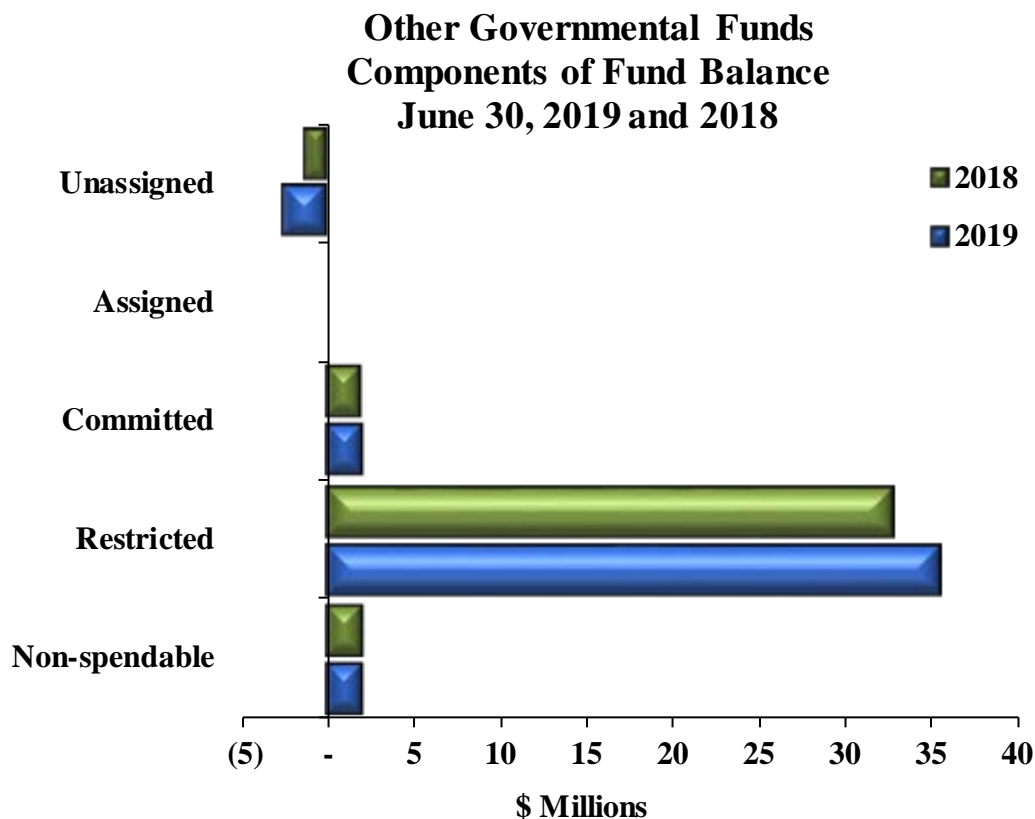


The Capital Projects Fund had an increase of \$1,019,618 in fund balance during the fiscal year, which put the overall fund balance at \$16,541,944. Some of the capital projects for the year include safety and access improvements to South Duff Avenue to support a new development; work on the extension of Grand Avenue; a new fire station parking lot; as well as annual street maintenance and improvement.



The fund balance in the Debt Service Fund is just under \$1.0 million at the end of the fiscal year, a decrease of \$59,506 from the prior year, with property taxes and transfers from other funds coming up just short of debt service payments.

The fund balances of other governmental funds increased by \$795,980 from the 2018 balances. A large part of this increase is in the Local Option Tax Fund, with a decrease in expenditures due to the timing of projects.



**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, 2019, totaled \$686,439,616, of which 54.21% (\$372,098,561) is unrestricted. This is a \$32,005,232, or 4.89%, increase in net position from last fiscal year. The net position of the internal service funds is \$29,715,084, a \$2,538,725 increase in net position. Unrestricted net position accounts for \$20,107,330 (67.67%) 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 (approximately \$23 million). The results of hospital operations were favorable with \$6.5 million in operating income. The next highest increase in net position is the electric fund with an increase \$4.9 million, mainly due to natural gas sales.

Charges for services for the internal service funds increased 3.41% over the prior year, in line with the budget, with operating expenses staying flat.

## General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** There were three amendments to the City's 2019 budget. The first amendment was approved in September 2018, primarily to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were approved in March and May of 2019 to reflect year-end expenditures and revenues more accurately.

The main source of variation in the General Fund budget is the carryover of funds from fiscal year 2018 for capital projects that were not completed in fiscal year 2018.

## 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, 2019, amounts to \$655,218,417 (net of accumulated depreciation), an increase of \$360,383 from prior year 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:

- \$1.0 million for the extension of a major arterial road
- \$2.3 million for improvements to a major arterial road to allow for development
- \$1.7 million for water pollution and control facility digester improvements
- \$2.3 million for boiler tube replacements in the power plant
- \$2.2 million for a substation improvement
- \$4.1 million in street construction and improvements
- \$14.3 million for hospital drug cabinets, operating room equipment, ambulances, software, hardware, and facility updates

Additional information on the City's capital assets can be found in note IV (E) on pages 54-55 of this report. The following shows capital assets, net of accumulated depreciation.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 13,021,910	\$ 12,455,594	\$ 12,597,856	\$ 12,435,709	\$ 25,619,766	\$ 24,891,303
Other non-depreciable assets	1,963,219	1,951,119	-	-	1,963,219	1,951,119
Depreciable assets	168,896,091	172,537,233	431,653,473	351,061,014	600,549,564	523,598,247
Construction in progress	7,543,353	5,057,723	19,542,515	99,359,642	27,085,868	104,417,365
Total	<u>\$ 191,424,573</u>	<u>\$ 192,001,669</u>	<u>\$ 463,793,844</u>	<u>\$ 462,856,365</u>	<u>\$ 655,218,417</u>	<u>\$ 654,858,034</u>

**Long-term Debt.** At the end of the current fiscal year, the City had \$153,775,160 in outstanding bonded debt, as shown in the following chart. Of this amount, \$66,807,902 is debt backed by the full faith and credit of the government and \$86,967,258 is revenue bonds issued by proprietary funds.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds, net	\$ 62,013,160	\$ 63,331,642	\$ 4,794,742	\$ 5,682,156	\$ 66,807,902	\$ 69,013,798
Revenue bonds	-	-	86,967,258	91,617,054	86,967,258	91,617,054
Loans payable	-	-	68,697,475	66,796,145	68,697,475	66,796,145
Total	\$ 62,013,160	\$ 63,331,642	\$ 160,459,475	\$ 164,095,355	\$ 222,472,635	\$ 227,426,997

The City's total debt decreased by \$4,954,362 (2.18%) during the current fiscal year. State Revolving Fund loans increased slightly with new borrowings to finish the new water plant, a new bar screening system at the water pollution control facility, and for a sewer pipe and manhole project.

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, 2017, related to the 2018-2019 fiscal year. The current debt limitation for the City is \$231,606,972. 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 77-84 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors were considered in developing the fiscal year 2020 budget:

- The City of Ames MSA employment remains strong and other economic indicators such as retail sales and new construction generally indicate a strong local economy
- A 7% increase in water utility rates to fund a portion of a new position, capital improvement projects, and estimated operational expenses
- No rate increase in electric, sanitary sewer, or storm water utility rates
- No increase in Resource Recovery per capita subsidy, but a \$3.75 increase in tipping fees
- A decrease in property tax rates from \$10.07 to \$10.03 per \$1,000 of taxable valuation
- A 4.6% increase in the City's support for transit to improve services and to add a new safety officer
- An increase in full-time equivalents by four positions; one at transit, one in fire, one in police, and one in public works
- A 2% 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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 31,984,562	\$ 40,962,420	\$ 72,946,982	\$ 217,734
Investments	35,624,539	51,626,735	87,251,274	-
Taxes receivable	51,918	-	51,918	-
Special assessments receivable	286,132	-	286,132	-
Accrued interest receivable	274,237	527,891	802,128	-
Accounts receivable, net	607,525	36,208,694	36,816,219	-
Pledges receivable, net	-	-	-	249,383
Intergovernmental receivable	4,009,386	4,075,196	8,084,582	-
Loans receivable	2,606	-	2,606	-
Internal balances	(8,095,782)	8,095,782	-	-
Inventories	180,959	6,895,960	7,076,919	-
Assets held for resale	1,079,068	-	1,079,068	-
Prepaid items	394,448	2,804,580	3,199,028	-
Restricted current assets:				
Cash and cash equivalents	-	1,428,102	1,428,102	-
Investments	-	1,126,822	1,126,822	-
Accrued interest receivable	-	9,547	9,547	-
Total current assets	66,399,598	153,761,729	220,161,327	467,117
Non-current assets:				
Investments	-	15,522,443	15,522,443	14,140,278
Succeeding year taxes receivable	30,953,785	-	30,953,785	-
Long-term loans receivable	10,407	-	10,407	-
Long-term special assessments receivable	1,662,993	-	1,662,993	-
Other assets	-	8,313,426	8,313,426	-
Non-depreciable assets	22,528,482	32,140,371	54,668,853	-
Depreciable assets, net of accumulated depreciation	168,896,091	431,653,473	600,549,564	-
Restricted non-current assets:				
Long-term investments	-	302,044,663	302,044,663	-
Total non-current assets	224,051,758	789,674,376	1,013,726,134	14,140,278
Total assets	290,451,356	943,436,105	1,233,887,461	14,607,395
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	7,256,052	7,256,052	-
Deferred outflows related to OPEB	36,236	590,532	626,768	-
Deferred outflows related to pensions	8,221,019	17,208,254	25,429,273	-
Total deferred outflows of resources	8,257,255	25,054,838	33,312,093	-

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

**City of Ames**  
**Statement of Net Position (continued)**  
**June 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,202,023	15,665,197	16,867,220	318,003
Accrued payroll	295,292	8,837,910	9,133,202	-
Accrued compensated absences	111,448	542,245	653,693	-
Accrued interest payable	157,122	289,067	446,189	-
Retainage payable	259,930	2,322,445	2,582,375	-
Customer deposits	591,435	935,751	1,527,186	-
Intergovernmental payable	467,737	276,068	743,805	-
Claims payable	720,000	1,442,572	2,162,572	-
Loans payable	-	3,515,431	3,515,431	-
Bonds payable, net	8,588,467	5,628,856	14,217,323	-
Unearned revenue	484,963	8,800	493,763	-
Accrued landfill post-closure costs	-	16,923	16,923	-
Total current liabilities	12,878,417	39,481,265	52,359,682	318,003
Non-current liabilities:				
Accrued compensated absences	2,083,718	7,305,647	9,389,365	-
Accrued other post-employment benefits	1,158,702	5,369,311	6,528,013	-
Net pension liability	26,730,323	62,343,510	89,073,833	-
Annuities payable	-	-	-	131,698
Loans payable	-	65,182,044	65,182,044	-
Bonds payable, net	53,424,692	86,133,144	139,557,836	-
Accrued landfill post-closure costs	-	74,738	74,738	-
Total non-current liabilities	83,397,435	226,408,394	309,805,829	131,698
Total liabilities	96,275,852	265,889,659	362,165,511	449,701
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property taxes	30,953,785	-	30,953,785	-
Deferred charge on refunding	41,213	2,917	44,130	-
Deferred inflows related to OPEB	24,134	824,564	848,698	-
Deferred inflows related to pensions	1,075,493	4,509,478	5,584,971	-
Total deferred inflows of resources	32,094,625	5,336,959	37,431,584	-
<b>NET POSITION</b>				
Net investment in capital assets	144,730,839	311,786,131	456,516,970	-
Restricted:				
Expendable for:				
Debt service	928,447	2,554,924	3,483,371	-
Capital projects	8,664,213	-	8,664,213	-
Public safety	330,598	-	330,598	-
Employee benefits	320,439	-	320,439	-
Library services	336,043	-	336,043	-
Aquatic center	167,668	-	167,668	-
Community welfare	3,746	-	3,746	-
Housing services	1,099,004	-	1,099,004	-
Economic development	1,305,026	-	1,305,026	-
Community betterment	7,106,583	-	7,106,583	-
Mary Greeley Medical Center	-	-	-	8,835,125
Non-expendable for:				
Perpetual care	998,643	-	998,643	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	253,390
Unrestricted	3,346,885	382,923,270	386,270,155	5,069,179
Total net position	\$ 170,338,134	\$ 697,264,325	\$ 867,602,459	\$ 14,157,694

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, 2019**

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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 3,141,379	\$ 123,407	\$ 13,144	\$ -	\$ (3,004,828)	\$ -	\$ (3,004,828)	\$ -
Public safety	18,951,047	3,476,553	132,768	-	(15,341,726)	-	(15,341,726)	-
Public works	16,929,643	310,035	7,872,062	3,426,018	(5,321,528)	-	(5,321,528)	-
Health and social services	1,499,781	-	-	-	(1,499,781)	-	(1,499,781)	-
Culture and recreation	11,059,949	2,158,429	228,441	-	(8,673,079)	-	(8,673,079)	-
Community and economic development	4,025,768	15,082	704,182	-	(3,306,504)	-	(3,306,504)	-
Interest	1,534,075	-	-	-	(1,534,075)	-	(1,534,075)	-
Total governmental activities	<u>57,141,642</u>	<u>6,083,506</u>	<u>8,950,597</u>	<u>3,426,018</u>	<u>(38,681,521)</u>		<u>(38,681,521)</u>	
Business-type activities:								
Mary Greeley Medical Center	186,917,186	192,530,036	11,788	129,776	-	5,754,414	5,754,414	-
Electric	62,322,757	68,342,980	22,830	-	-	6,043,053	6,043,053	-
Sewer	8,826,479	9,172,812	127,300	752,546	-	1,226,179	1,226,179	-
Water	9,841,869	10,414,170	288,287	1,388,660	-	2,249,248	2,249,248	-
Parking	975,126	1,011,601	-	-	-	36,475	36,475	-
Transit	14,004,166	6,803,540	3,672,888	806,187	-	(2,721,551)	(2,721,551)	-
Storm sewer	270,883	1,842,228	-	-	-	1,571,345	1,571,345	-
Ice arena	650,947	475,197	-	20,000	-	(155,750)	(155,750)	-
Golf course	254,380	179,367	-	-	-	(75,013)	(75,013)	-
Resource recovery	4,478,297	2,879,813	314,741	-	-	(1,283,743)	(1,283,743)	-
Total business-type activities	<u>288,542,090</u>	<u>293,651,744</u>	<u>4,437,834</u>	<u>3,097,169</u>	<u>-</u>	<u>12,644,657</u>	<u>12,644,657</u>	<u>-</u>
Total primary government	<u>\$ 345,683,732</u>	<u>\$ 299,735,250</u>	<u>\$ 13,388,431</u>	<u>\$ 6,523,187</u>	<u>(38,681,521)</u>	<u>12,644,657</u>	<u>(26,036,864)</u>	<u>-</u>
<b>Component unit:</b>								
Mary Greeley Medical Center Foundation	\$ 1,735,201	\$ -	\$ 1,630,642	\$ -				(104,559)
General revenues:								
Property taxes					31,204,329	-	31,204,329	-
Sales taxes					7,991,619	-	7,991,619	-
Hotel/motel taxes					2,515,468	-	2,515,468	-
Unrestricted grants and contributions					23,589	-	23,589	-
Investment income					2,190,478	19,708,701	21,899,179	794,349
Other income					759,997	337,470	1,097,467	-
Gain on disposal of capital assets					-	8,354	8,354	-
Transfers					(222,839)	222,839	-	-
Total general revenues and transfers					<u>44,462,641</u>	<u>20,277,364</u>	<u>64,740,005</u>	<u>794,349</u>
Change in net position					5,781,120	32,922,021	38,703,141	689,790
Net position, beginning					164,557,014	664,342,304	828,899,318	13,467,904
Net position, ending					<u>\$ 170,338,134</u>	<u>\$ 697,264,325</u>	<u>\$ 867,602,459</u>	<u>\$ 14,157,694</u>

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

**City of Ames  
Balance Sheet  
Governmental Funds  
June 30, 2019**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,168,125	\$ 5,752,930	\$ 485,021	\$ 9,667,608	\$ 22,073,684
Investments	5,342,645	11,577,881	419,597	9,517,950	26,858,073
Taxes receivable	31,635	-	16,594	3,689	51,918
Special assessments receivable	-	286,132	-	-	286,132
Accrued interest receivable	89,938	112,187	7,235	6,991	216,351
Accounts receivable, net	261,351	9,470	-	15,778	286,599
Intergovernmental receivable	216,133	1,648,210	-	2,094,870	3,959,213
Loans receivable	-	-	-	2,606	2,606
Due from other funds	1,650,462	76,104	-	746,620	2,473,186
Inventories	32,102	-	-	62,089	94,191
Property held for resale	-	-	-	1,079,068	1,079,068
Prepaid items	208,888	-	-	20,663	229,551
Succeeding year taxes receivable	18,912,037	-	9,955,106	2,086,642	30,953,785
Long-term loans receivable	-	-	-	10,407	10,407
Long-term special assessments receivable	-	1,662,993	-	-	1,662,993
Total assets	<u>\$ 32,913,316</u>	<u>\$ 21,125,907</u>	<u>\$ 10,883,553</u>	<u>\$ 25,314,981</u>	<u>\$ 90,237,757</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 376,413	\$ 250,802	\$ -	\$ 377,922	\$ 1,005,137
Accrued payroll	178,748	6,361	-	94,217	279,326
Retainage payable	-	238,937	-	20,993	259,930
Accrued interest payable	-	-	-	224	224
Customer deposits	21,005	-	-	570,430	591,435
Intergovernmental payable	77,971	356,292	-	704	434,967
Due to other funds	486,956	155,854	-	1,710,295	2,353,105
Total liabilities	<u>1,141,093</u>	<u>1,008,246</u>	<u>-</u>	<u>2,774,785</u>	<u>4,924,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Property taxes	18,912,037	-	9,955,106	2,086,642	30,953,785
Special assessments	-	1,949,125	-	-	1,949,125
Hotel/motel taxes	-	-	-	679,220	679,220
Charges for services	21,562	-	-	-	21,562
Licenses and permits	3,091	-	-	-	3,091
Grants	-	1,626,592	-	971	1,627,563
Refunds	72,704	-	-	-	72,704
Total deferred inflows of resources	<u>19,009,394</u>	<u>3,575,717</u>	<u>9,955,106</u>	<u>2,766,833</u>	<u>35,307,050</u>
<b>FUND BALANCES</b>					
Non-spendable	240,990	-	-	2,081,395	2,322,385
Restricted	-	17,468,492	928,447	17,184,250	35,581,189
Committed	-	864,140	-	1,200,816	2,064,956
Assigned	402,312	-	-	-	402,312
Unassigned	12,119,527	(1,790,688)	-	(693,098)	9,635,741
Total fund balances	<u>12,762,829</u>	<u>16,541,944</u>	<u>928,447</u>	<u>19,773,363</u>	<u>50,006,583</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,913,316</u>	<u>\$ 21,125,907</u>	<u>\$ 10,883,553</u>	<u>\$ 25,314,981</u>	<u>\$ 90,237,757</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, 2019**

Amounts reported for governmental activities in the statement of net position (page 25) are different because:

Fund balance - total governmental funds (page 27)	\$ 50,006,583
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	181,816,819
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	194,257
Special assessments	1,949,125
Other revenues	1,724,921
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	7,946,193
Deferred inflows of resources	(1,037,565)
OPEB-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	33,179
Deferred inflows of resources	(22,098)
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.	18,890,375
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds payable	(58,894,988)
Interest payable on general obligation bonds	(156,898)
Deferred charges on general obligation bonds refunded	(41,213)
Unamortized premiums on the issuance of general obligation bonds	(3,118,172)
Accrued compensated absences	(2,099,018)
Total other post-employment benefits payable	(1,060,975)
Net pension liability	<u>(25,792,391)</u>
Net position of governmental activities	<u>\$ 170,338,134</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, 2019**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 18,416,169	\$ -	\$ 9,771,806	\$ 13,528,893	\$ 41,716,868
Special assessments	-	321,318	-	-	321,318
Licenses and permits	1,554,088	-	-	-	1,554,088
Intergovernmental	493,315	1,266,350	13,144	8,469,922	10,242,731
Charges for services	4,045,668	-	-	20,461	4,066,129
Fines and forfeitures	43,614	-	-	-	43,614
Investment income	860,233	518,036	156,989	63,063	1,598,321
Miscellaneous	550,718	314,109	-	366,520	1,231,347
Total revenues	<u>25,963,805</u>	<u>2,419,813</u>	<u>9,941,939</u>	<u>22,448,859</u>	<u>60,774,416</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,665,207	103,972	-	195,971	2,965,150
Public safety	18,483,889	-	-	140,885	18,624,774
Public works	1,155,118	-	-	5,918,189	7,073,307
Health and social services	-	-	-	1,499,781	1,499,781
Culture and recreation	8,474,657	-	-	693,465	9,168,122
Community and economic development	924,958	-	-	3,103,631	4,028,589
Debt service:					
Principal	-	-	8,862,109	-	8,862,109
Interest and fiscal charges	-	-	2,120,728	-	2,120,728
Capital outlay	-	9,066,207	-	2,366,115	11,432,322
Total expenditures	<u>31,703,829</u>	<u>9,170,179</u>	<u>10,982,837</u>	<u>13,918,037</u>	<u>65,774,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,740,024)</u>	<u>(6,750,366)</u>	<u>(1,040,898)</u>	<u>8,530,822</u>	<u>(5,000,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	9,415,838	160,701	981,392	144,197	10,702,128
Transfers out	(2,555,059)	(490,869)	-	(7,879,039)	(10,924,967)
General obligation bonds issued	-	7,490,000	-	-	7,490,000
Premium on general obligation bonds	-	610,152	-	-	610,152
Total other financing sources (uses)	<u>6,860,779</u>	<u>7,769,984</u>	<u>981,392</u>	<u>(7,734,842)</u>	<u>7,877,313</u>
Net change in fund balances	1,120,755	1,019,618	(59,506)	795,980	2,876,847
Fund balances, beginning	<u>11,642,074</u>	<u>15,522,326</u>	<u>987,953</u>	<u>18,977,383</u>	<u>47,129,736</u>
Fund balances, ending	<u>\$ 12,762,829</u>	<u>\$ 16,541,944</u>	<u>\$ 928,447</u>	<u>\$ 19,773,363</u>	<u>\$ 50,006,583</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, 2019**

Amounts reported for governmental activities in the statement of activities (page 26) are different because:

Net changes in fund balances - total governmental funds (page 29)	\$ 2,876,847
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Hotel/motel tax	(5,452)
Special assessments	(282,815)
Other revenues	1,182,973
Contributed capital assets do not provide current financial resources.	884,323
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	9,767,124
Disposals	(23,794)
Depreciation expense	(10,894,669)
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	(610,152)
Amortization of bond premiums	556,525
Amortization of deferred charges on refunding debt	29,435
Proceeds from issuance of bonds	(7,490,000)
Principal payments	8,862,109
Interest payments	693
The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.	29,918
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.	
Decrease in accrued compensated absences	33,119
Increase in accrued other post-employment benefits	(73,102)
Increase in net pension liability	(683,898)
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.	1,621,936
Changes in net position of governmental activities	\$ 5,781,120

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

**City of Ames**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
	<b>ASSETS</b>						
Current assets:							
Cash and cash equivalents	\$ 12,474,727	\$ 4,557,982	\$ 6,396,519	\$ 10,575,715	\$ 5,574,266	\$ 39,579,209	\$ 11,294,089
Investments	-	30,176,740	5,672,200	9,638,037	4,917,099	50,404,076	9,989,125
Accrued interest receivable	-	381,053	39,279	65,764	33,812	519,908	65,869
Accounts receivable, net	25,809,047	7,284,115	860,996	1,193,595	1,046,414	36,194,167	335,453
Due from other funds	-	218,613	51,356	142,806	309,537	722,312	1,090,507
Intergovernmental receivable	-	473,669	341,989	-	3,259,538	4,075,196	50,173
Inventories	3,627,723	2,597,884	-	327,339	343,014	6,895,960	86,768
Prepaid items	2,745,950	38,487	25	6,486	13,417	2,804,365	165,112
Restricted current assets:							
Cash and cash equivalents	-	1,030,442	45,175	352,485	-	1,428,102	-
Investments	1,126,822	-	-	-	-	1,126,822	-
Interest receivable	9,547	-	-	-	-	9,547	-
Total current assets	45,793,816	46,758,985	13,407,539	22,302,227	15,497,097	143,759,664	23,077,096
Non-current assets:							
Investments	-	15,522,443	-	-	-	15,522,443	-
Other assets	8,313,426	-	-	-	-	8,313,426	-
Capital assets:							
Land	4,470,719	2,223,783	1,918,772	1,574,385	2,410,197	12,597,856	-
Land improvements	1,495,922	-	-	-	3,599,161	5,095,083	192,433
Plant and distribution systems	-	207,595,830	87,375,386	122,394,349	-	417,365,565	-
Buildings	245,371,625	-	-	-	39,825,341	285,196,966	884,494
Equipment	129,094,794	-	-	-	38,514,925	167,609,719	19,359,349
Construction in progress	2,379,579	8,512,044	6,376,526	975,131	1,299,235	19,542,515	-
Less accumulated depreciation	(198,645,616)	(125,178,839)	(54,725,988)	(20,815,160)	(44,248,257)	(443,613,860)	(10,828,522)
Restricted non-current assets:							
Investments	302,044,663	-	-	-	-	302,044,663	-
Total non-current assets	494,525,112	108,675,261	40,944,696	104,128,705	41,400,602	789,674,376	9,607,754
Total assets	540,318,928	155,434,246	54,352,235	126,430,932	56,897,699	933,434,040	32,684,850
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	7,256,052	-	-	-	-	7,256,052	-
Deferred outflows related to OPEB	562,226	12,111	3,310	3,789	9,037	590,473	3,116
Deferred outflows related to pensions	13,893,539	795,925	237,724	249,362	2,005,948	17,182,498	300,582
	21,711,817	808,036	241,034	253,151	2,014,985	25,029,023	303,698

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, 2019**

	Business-Type Activities						Governmental
						Internal	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Service Funds
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	10,170,109	4,526,535	586,632	174,409	166,767	15,624,452	237,631
Accrued payroll	8,490,629	128,591	8,398	24,720	185,572	8,837,910	15,966
Accrued compensated absences	458,776	34,112	7,117	11,113	30,745	541,863	5,621
Due to other funds	-	358,955	466,278	350,345	463,438	1,639,016	293,884
Claims payable	740,371	-	-	-	-	740,371	1,422,201
Retainage payable	1,717,432	303,115	262,239	29,932	9,727	2,322,445	-
Customer deposits	-	935,751	-	-	-	935,751	-
Accrued interest	118,530	44,553	17,306	106,746	1,932	289,067	-
Loans payable	114,099	-	415,332	2,986,000	-	3,515,431	-
Intergovernmental payable	-	190,452	7,746	24,871	52,999	276,068	32,770
Accrued landfill post-closure costs	-	-	-	-	16,923	16,923	-
Bonds payable, net	3,985,016	788,198	329,743	380,044	145,855	5,628,856	-
Unearned revenue	-	-	-	-	8,800	8,800	-
Total current liabilities	<u>25,794,962</u>	<u>7,310,262</u>	<u>2,100,791</u>	<u>4,088,180</u>	<u>1,082,758</u>	<u>40,376,953</u>	<u>2,008,073</u>
Non-current liabilities:							
Accrued compensated absences	5,846,934	582,184	116,710	218,017	537,597	7,301,442	95,114
Accrued other post-employment benefits	4,464,128	387,289	105,858	121,170	288,967	5,367,412	99,626
Net pension liability	51,436,564	2,501,837	796,530	790,027	6,745,656	62,270,614	1,010,828
Loans payable	437,380	-	5,539,927	59,204,737	-	65,182,044	-
Accrued landfill post-closure costs	-	-	-	-	74,738	74,738	-
Bonds payable, net	75,701,655	6,492,389	2,472,589	718,013	748,498	86,133,144	-
Total non-current liabilities	<u>137,886,661</u>	<u>9,963,699</u>	<u>9,031,614</u>	<u>61,051,964</u>	<u>8,395,456</u>	<u>226,329,394</u>	<u>1,205,568</u>
Total liabilities	<u>163,681,623</u>	<u>17,273,961</u>	<u>11,132,405</u>	<u>65,140,144</u>	<u>9,478,214</u>	<u>266,706,347</u>	<u>3,213,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred charge on refunding	-	-	-	2,917	-	2,917	-
Deferred inflows related to OPEB	805,713	8,067	2,204	2,523	6,018	824,525	2,075
Deferred inflows related to pensions	3,948,649	151,122	56,679	21,756	311,452	4,489,658	57,748
	<u>4,754,362</u>	<u>159,189</u>	<u>58,883</u>	<u>27,196</u>	<u>317,470</u>	<u>5,317,100</u>	<u>59,823</u>
<b>NET POSITION</b>							
Net investment in capital assets	111,184,925	85,872,231	32,906,053	41,316,673	40,506,249	311,786,131	9,607,754
Restricted for debt service	1,126,822	1,030,442	45,175	352,485	-	2,554,924	-
Unrestricted	281,283,013	51,906,459	10,450,753	19,847,585	8,610,751	372,098,561	20,107,330
Total net position	<u>\$ 393,594,760</u>	<u>\$ 138,809,132</u>	<u>\$ 43,401,981</u>	<u>\$ 61,516,743</u>	<u>\$ 49,117,000</u>	<u>686,439,616</u>	<u>\$ 29,715,084</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>10,824,709</u>	
Net position of business-type activities						<u>\$ 697,264,325</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, 2019**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 192,530,036	\$ 68,342,980	\$ 9,172,812	\$ 10,414,170	\$ 13,191,746	\$ 293,651,744	\$ 19,443,664
Operating expenses:							
Cost of goods and services	169,574,256	56,839,314	6,213,376	6,503,220	14,965,988	254,096,154	16,121,384
Administration	-	1,236,774	362,044	414,287	2,506,128	4,519,233	-
Depreciation	16,407,126	4,454,134	2,180,662	1,745,246	3,412,382	28,199,550	1,357,118
Total operating expenses	185,981,382	62,530,222	8,756,082	8,662,753	20,884,498	286,814,937	17,478,502
Operating income (loss)	6,548,654	5,812,758	416,730	1,751,417	(7,692,752)	6,836,807	1,965,162
Non-operating revenues (expenses):							
Intergovernmental	11,788	-	127,300	286,111	3,605,946	4,031,145	-
Reimbursements	-	22,830	-	2,176	381,683	406,689	-
Investment income	16,775,239	1,457,526	412,702	707,689	355,545	19,708,701	592,157
Interest expense	-	(208,504)	(161,348)	(1,299,066)	(19,899)	(1,688,817)	-
Gain (loss) on disposal of capital assets	(935,804)	(19,321)	-	-	8,354	(946,771)	(18,594)
Miscellaneous	-	58,994	70,113	76,039	132,324	337,470	-
Total non-operating revenues (expenses)	15,851,223	1,311,525	448,767	(227,051)	4,463,953	21,848,417	573,563
Income (loss) before capital contributions and transfers	22,399,877	7,124,283	865,497	1,524,366	(3,228,799)	28,685,224	2,538,725
Capital contributions	129,776	-	752,546	1,388,660	826,187	3,097,169	-
Transfers in	-	-	-	-	2,443,376	2,443,376	-
Transfers out	-	(2,220,537)	-	-	-	(2,220,537)	-
Change in net position	22,529,653	4,903,746	1,618,043	2,913,026	40,764	32,005,232	2,538,725
Net position, beginning	371,065,107	133,905,386	41,783,938	58,603,717	49,076,236		27,176,359
Net position, ending	<u>\$ 393,594,760</u>	<u>\$ 138,809,132</u>	<u>\$ 43,401,981</u>	<u>\$ 61,516,743</u>	<u>\$ 49,117,000</u>		<u>\$ 29,715,084</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						916,789	
Change in net position of business-type activities						<u>\$ 32,922,021</u>	

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

**City of Ames**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-Type Activities						Governmental
						Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 190,774,035	\$ 69,436,168	\$ 10,122,685	\$ 10,792,443	\$ 12,175,132	\$ 293,300,463	\$ 18,963,642
Payments to suppliers	(71,270,950)	(45,214,422)	(2,127,799)	(3,791,205)	(5,141,764)	(127,546,140)	(13,211,751)
Payments to employees	(91,061,567)	(9,985,959)	(2,122,655)	(3,264,322)	(10,682,062)	(117,116,565)	(2,117,988)
Payments to other funds for services provided	-	(2,344,837)	(2,125,298)	(971,544)	(1,520,053)	(6,961,732)	(847,023)
Net cash provided by (used for) operating activities	28,441,518	11,890,950	3,746,933	2,765,372	(5,168,747)	41,676,026	2,786,880
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	11,788	-	127,300	286,111	3,605,946	4,031,145	-
Reimbursements	-	22,830	-	2,176	381,683	406,689	-
Miscellaneous	-	58,994	70,113	76,039	132,324	337,470	-
Transfers in	-	-	-	-	2,443,376	2,443,376	-
Transfers out	-	(2,220,537)	-	-	-	(2,220,537)	-
Net cash provided by (used for) non-capital financing activities	11,788	(2,138,713)	197,413	364,326	6,563,329	4,998,143	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(12,326,466)	(5,942,252)	(4,913,858)	(644,743)	(2,204,065)	(26,031,384)	(1,199,536)
Proceeds from the sale of capital assets	65,784	8,000	-	-	9,354	83,138	133,903
Principal paid on capital debt	(3,235,000)	(685,000)	(288,823)	(389,068)	(140,000)	(4,737,891)	-
Interest paid on capital debt	(3,004,771)	(279,556)	(99,032)	(51,156)	(25,987)	(3,460,502)	-
Proceeds from loans	570,495	-	3,534,329	1,156,771	-	5,261,595	-
Principal paid on loans	(19,016)	-	(414,250)	(2,927,000)	-	(3,360,266)	-
Interest paid on loans	-	-	(89,827)	(1,287,070)	-	(1,376,897)	-
Capital contributions	129,776	-	-	-	826,187	955,963	-
Net cash used for capital and related financing activities	(17,819,198)	(6,898,808)	(2,271,461)	(4,142,266)	(1,534,511)	(32,666,244)	(1,065,633)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(166,024,786)	(31,125,760)	(2,214,041)	(449,935)	(1,397,890)	(201,212,412)	(2,776,060)
Proceeds from sale of investments	141,745,868	28,570,122	1,064,290	216,284	1,110,886	172,707,450	1,334,452
Interest on investments	13,143,976	916,440	395,922	689,304	345,470	15,491,112	567,513
Net cash provided by (used for) investing activities	(11,134,942)	(1,639,198)	(753,829)	455,653	58,466	(13,013,850)	(874,095)
Net increase (decrease) in cash and cash equivalents	(500,834)	1,214,231	919,056	(556,915)	(81,463)	994,075	847,152
Cash and cash equivalents, beginning	12,975,561	3,343,813	5,504,005	11,134,597	5,655,729	38,613,705	10,446,937
Cash and cash equivalents, ending	12,474,727	4,558,044	6,423,061	10,577,682	5,574,266	39,607,780	11,294,089
Plus: beginning amount reported in restricted assets	-	1,030,380	18,633	350,518	-	1,399,531	-
Less: ending amount reported in restricted assets	-	1,030,442	45,175	352,485	-	1,428,102	-
Cash and cash equivalents, ending - statement of net position	\$ 12,474,727	\$ 4,557,982	\$ 6,396,519	\$ 10,575,715	\$ 5,574,266	\$ 39,579,209	\$ 11,294,089

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, 2019**

	Business-Type Activities						Governmental
						Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ 6,548,654	\$ 5,812,758	\$ 416,730	\$ 1,751,417	\$ (7,692,752)	\$ 6,836,807	\$ 1,965,162
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	16,407,126	4,454,134	2,180,662	1,745,246	3,412,382	28,199,550	1,357,118
(Increase) decrease in accounts receivable	(698,415)	1,306,835	70,430	(46,178)	(576,116)	56,556	(284,160)
(Increase) decrease in due from other funds	-	(66,546)	923,531	422,461	(278,921)	1,000,525	(17,689)
(Increase) decrease in intergovernmental receivable	-	(171,893)	(44,088)	1,990	(163,677)	(377,668)	(44,270)
(Increase) decrease in inventories	(164,400)	268,890	-	98,921	(28,612)	174,799	6,712
(Increase) decrease in prepaid items	250,766	(23,933)	(25)	(6,486)	12,727	233,049	(50,194)
(Increase) decrease in deferred outflows of resources	2,749,277	(14,685)	(4,013)	(4,704)	(14,175)	2,711,700	(3,912)
Increase (decrease) in accounts payable	3,876,511	(117,271)	(82,473)	(146,072)	(207,116)	3,323,579	(98,209)
Increase (decrease) in accrued payroll	(324,248)	12,590	492	6,205	383	(304,578)	657
Increase (decrease) in accrued compensated absences	(170,142)	46,827	8,986	(17,302)	13,793	(117,838)	(33,510)
Increase (decrease) in due to other funds	-	27,249	95,117	62,917	217,546	402,829	(97,173)
Increase in claims payable	(494)	-	-	-	-	(494)	34,255
Increase (decrease) in retainage payable	1,423,850	124,873	144,781	(1,142,850)	(38,623)	512,031	-
Increase in customer deposits	-	32,792	-	-	-	32,792	-
Increase in accrued interest on customer deposits	-	4,368	-	-	-	4,368	-
Increase (decrease) in intergovernmental payable	-	73,205	3,829	(2,039)	(13,307)	61,688	16,070
Decrease in accrued landfill post-closure costs	-	-	-	-	(45,427)	(45,427)	-
Increase in unearned revenue	-	-	-	-	2,100	2,100	-
Increase (decrease) in post-employment benefits	(314,576)	26,684	7,294	8,349	19,909	(252,340)	6,865
Increase (decrease) in pension liability	(2,433,897)	11,670	3,186	4,151	26,549	(2,388,341)	3,612
Increase in deferred inflows of resources	1,291,506	82,403	22,494	29,346	184,590	1,610,339	25,546
Total adjustments	<u>21,892,864</u>	<u>6,078,192</u>	<u>3,330,203</u>	<u>1,013,955</u>	<u>2,524,005</u>	<u>34,839,219</u>	<u>821,718</u>
Net cash provided by (used for) operating activities	<u>\$ 28,441,518</u>	<u>\$ 11,890,950</u>	<u>\$ 3,746,933</u>	<u>\$ 2,765,372</u>	<u>\$ (5,168,747)</u>	<u>\$ 41,676,026</u>	<u>\$ 2,786,880</u>
<b>Schedule of non-cash capital and related financing activities:</b>							
Capital asset contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,546</u>	<u>\$ 1,388,660</u>	<u>\$ -</u>	<u>\$ 2,141,206</u>	<u>\$ -</u>

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



**City of Ames**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 217,176
Investments	161,147
Intergovernmental receivable	45
Accounts receivable, net	176
Total assets	\$ 378,544
 <b>LIABILITIES</b>	
Accounts payable	\$ 40,575
Intergovernmental payable	337,969
Total liabilities	\$ 378,544

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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 units, for which the City is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit.** The City is the sole owner of 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 a blended component unit (an enterprise fund) under Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*. 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, which 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**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 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 a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

Generally, 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**D. Basis of presentation – fund financial statements (continued)**

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.

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 some 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 and some internal service 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-

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**D. Basis of presentation – fund financial statements (continued)**

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

**E. Measurement focus and basis of accounting**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. 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 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 measurable and available only when cash is received by the government.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**E. Measurement focus and basis of accounting (continued)**

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

**F. Budgetary information**

**1. Budgetary basis of accounting**

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

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

Amendments to the budget are considered 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 a basis consistent with 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**F. Budgetary information (continued)**

**1. Budgetary basis of accounting (continued)**

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

**2. Excess of expenditures over appropriations**

No expenditures exceeded appropriations for the year ended June 30, 2019.

**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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Real estate held for resale is priced at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and show 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, 2019**

**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 one year.

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 acquisition value, which is the price that would have been paid to acquire a capital asset with equivalent service potential.

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:

Capital Asset Class	Life in Years
Buildings	25-45
Improvements	20-40
Machinery and Equipment	3-50
General Infrastructure	15-50
Plant and Distribution System	25-50

**5. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position applicable to a future period(s) and is *not* recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for unrecognized items not yet charged



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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 (continued)***

to pension and OPEB expense and pension 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position applicable to a future period(s) and is *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, changes resulting from assumptions made in the actuarial valuations for pensions and OPEB, and deferred charges on refunding. 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

**7. *Total other post-employment benefits (OPEB) liability***

For purposes of measuring total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuarial reports. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

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

**8. *Net position flow assumption***

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

**9. *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 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.

**10. *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 it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**I. Summary of significant accounting policies (continued)**

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

**10. Fund balance policies (continued)**

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 are attached 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 30 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. Net patient service revenue is reported net of provision for bad debts, which the hospital also refers to as uncompensated care.

**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 because of employee

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

**I. Summary of significant accounting policies (continued)**

**H. Revenues and expenditures/expenses (continued)**

**4. *Compensated absences (continued)***

resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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.

**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 \$181,816,819 are as follows:

Land	\$ 13,021,910
Land improvements	1,384,118
Public art collection	579,101
Construction in progress	7,543,353
Buildings	37,113,805
Less: accumulated depreciation	(10,043,074)
Equipment	9,057,906
Less: accumulated depreciation	(5,271,381)
Infrastructure	266,247,196
Less: accumulated depreciation	(137,816,115)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	\$ 181,816,819

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**A. Explanation of certain difference between the governmental fund balance sheet and the government-wide statement of net position (continued)**

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 \$18,890,375 are as follows:

Net position of the internal service funds	\$29,715,084
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(9,907,920)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(916,789)
	\$18,890,375

**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 \$1,621,936 are as follows:

Change in net position of the internal service funds	\$ 2,538,725
Less: gain from charges to business-type activities	(916,789)
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>	\$ 1,621,936

**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, 2019.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**III. Stewardship, compliance, and accountability (continued)**

**B. Deficit fund equity**

At June 30, 2019, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$693,098. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

**C. Capital loan note covenant violation**

A capital loan note with the Iowa Finance Authority requires the water fund to maintain net revenues at a level not less than 110% of the debt service due in the same year. The net revenues this fiscal year were 99.77% of the debt service, falling short of the requirement. The City implemented a seven percent rate increase July 1, 2019, to satisfy the covenant next fiscal year.

**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, 2019, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

**B. Investments**

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**B. Investments (continued)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity for Operating Funds (Days)</u>	<u>Maximum Maturity for Non-Operating Funds (Years)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Agency securities	397	7	n/a	n/a
Certificates of deposit	397	7	n/a	n/a
Prime banker's acceptances	270	270 days	10%	5%
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%

At June 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Agency coupon securities	\$ 78,342,714	09/13/18-09/09/24
U.S. Treasury obligations	19,542,208	09/15/18-05/31/21
Commercial paper	5,456,550	07/12/18-08/15/18
Municipal bonds	62,486	11/01/18-02/15/24
Mutual funds	302,357,706	n/a
Corporate debt	344,685	02/01/19-09/15/25
	<u>\$406,106,349</u>	

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**B. Investments (continued)**

All of the City's investments are valued using level 1 inputs, except for U.S. Agencies and U.S. Treasuries, which are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions (level 2 inputs). There have been no changes in valuation methodologies at June 30, 2019 compared to June 30, 2018.

*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	\$ 78,342,714	\$ 39,277,633	\$ 22,680,596	\$ 16,266,172	\$ 118,313
U.S. Treasury obligations	19,542,208	5,544,585	5,999,418	7,998,205	-
Commercial paper	5,456,550	5,456,550	-	-	-
Municipal bonds	62,486	49,795	-	-	12,691
Mutual funds	302,357,706	302,357,706	-	-	-
Corporate debt	344,685	-	60,915	238,182	45,588
	<u>\$406,106,349</u>	<u>\$352,686,269</u>	<u>\$ 28,740,929</u>	<u>\$ 24,502,559</u>	<u>\$ 176,592</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
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.



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**B. Investments (continued)**

The following shows the actual ratings as of June 30, 2019, for each investment type:

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 78,342,714	AAA
U.S. Treasury obligations	19,542,208	not rated
Commercial paper	5,456,550	A1/P1
Municipal bonds	62,486	AAA-AA1
Mutual funds	302,357,706	not rated
Corporate debt	344,685	AA1-BAA
	<u>\$406,106,349</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 Home Loan Mortgage Co.	U.S. agency securities	21,237,968	5.23%
Federal Farm Credit	U.S. agency securities	20,998,509	5.17%

*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, 2019**

**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, 2019, 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	\$ 15,439,016
Federal Home Loan Mortgage Co.	U.S. agency securities	21,237,968
Federal Home Loan Bank	U.S. agency securities	19,691,834
Federal Farm Credit	U.S. agency securities	20,998,509
United States Treasury	U.S. treasuries	19,542,208

*Foreign currency risk.* As of June 30, 2019, 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 on the City's website.

**C. Foundation investments**

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

All of the foundation's investments are valued using level 1 inputs.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**C. Foundation investments (continued)**

The following is a detail of the foundation's investments at June 30, 2019:

Investment Type	Fair Value
Equity mutual funds	\$ 12,375,426
Corporate debt securities	746,937
Hedge funds	1,017,915
	\$ 14,140,278

**D. Receivables**

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

**E. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
<i>Governmental activities:</i>				
Non-depreciable capital assets:				
Land	\$ 12,455,594	\$ 566,316	\$ -	\$ 13,021,910
Land improvements	1,384,118	-	-	1,384,118
Public art collection	567,001	15,300	(3,200)	579,101
Construction in progress	5,057,723	6,099,141	(3,613,511)	7,543,353
Total non-depreciable capital assets	19,464,436	6,680,757	(3,616,711)	22,528,482
Depreciable capital assets:				
Buildings	37,998,297	-	-	37,998,297
Equipment	27,503,145	1,606,722	(692,611)	28,417,256
Infrastructure	259,706,501	7,177,013	(443,885)	266,439,629
	325,207,943	8,783,735	(1,136,496)	332,855,182
Less accumulated depreciation:				
Buildings	9,693,809	991,859	-	10,685,668
Equipment	13,692,318	2,106,151	(533,594)	15,264,875
Infrastructure	129,284,583	9,153,776	(429,811)	138,008,548
	152,670,710	12,251,786	(963,405)	163,959,091
Total depreciable capital assets	172,537,233	(3,468,051)	(173,091)	168,896,091
Total capital assets	\$ 192,001,669	\$ 3,212,706	\$ (3,789,802)	\$ 191,424,573

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**E. Capital assets (continued)**

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

General government	\$ 462,520
Public safety	469,395
Public works	9,067,513
Culture and recreation	2,242,662
Community and economic development	9,696
Total depreciation expense - governmental activities	<u>\$ 12,251,786</u>

	Balance			Balance June 30, 2019
	June 30, 2018	Increases	Decreases	
<i>Business-type activities:</i>				
Non-depreciable capital assets:				
Land	\$ 12,435,709	\$ 162,147	\$ -	\$ 12,597,856
Construction in progress	99,359,642	25,338,401	(105,155,528)	19,542,515
Total non-depreciable capital assets	<u>111,795,351</u>	<u>25,500,548</u>	<u>(105,155,528)</u>	<u>32,140,371</u>
Depreciable capital assets:				
Plant and distribution systems	323,555,371	95,395,649	(1,585,455)	417,365,565
Buildings	283,933,286	1,365,939	(102,259)	285,196,966
Equipment	159,119,038	12,366,534	(3,875,853)	167,609,719
Improvements	4,407,789	693,794	(6,500)	5,095,083
	<u>771,015,484</u>	<u>109,821,916</u>	<u>(5,570,067)</u>	<u>875,267,333</u>
Less accumulated depreciation:				
Plant and distribution systems	193,898,081	8,380,041	(1,558,135)	200,719,987
Buildings	100,947,709	10,628,648	(85,959)	111,490,398
Equipment	123,187,586	9,055,819	(2,892,166)	129,351,239
Improvements	1,921,094	135,041	(3,899)	2,052,236
	<u>419,954,470</u>	<u>28,199,549</u>	<u>(4,540,159)</u>	<u>443,613,860</u>
Total depreciable capital assets	<u>351,061,014</u>	<u>81,622,367</u>	<u>(1,029,908)</u>	<u>431,653,473</u>
Total capital assets	<u>\$ 462,856,365</u>	<u>\$ 107,122,915</u>	<u>\$ (106,185,436)</u>	<u>\$ 463,793,844</u>

**F. Pension obligations**

The City participates in two public pension systems, Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The following sections outline the pension-related disclosures for each plan. The aggregate amount of recognized expense for the period associated with the net pension liability for both plans is

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

\$12,015,479. Other aggregate amounts related to pension are separately displayed in the financial statements.

***Iowa Public Employees Retirement System (IPERS)***

*Plan description.* The City participates in 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](http://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 (95%) are regular members. The other 5% are special service members who work in public safety jobs.

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

During the fiscal year ended June 30, 2019, regular members contributed 6.29% and the City contributed 9.44% of covered wages. Rates for the fiscal year beginning July 1, 2019, are the same. Emergency responder members contributed 6.81%, and the hospital contributed 10.21% of covered wages for the fiscal year ended June 30, 2019. As of July 1, 2019, the rates for emergency responders are 6.61% for members and 9.91% for the City. The City's total contributions to IPERS for the years ended June 30, 2019, 2018, and 2017 were \$8,567,465, \$7,862,807, \$7,654,501, 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, 2019, the City reported a liability of \$72,880,234 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 1.1517%, which is an increase of 0.0224% from its proportion measured as of June 30, 2017.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

For the year ended June 30, 2019, the City recognized pension expense of \$9,544,600. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 402,445	\$ 1,656,579
Changes in assumptions	10,519,602	4,417
Net difference between projected and actual earnings on pension plan investments	-	2,038,812
Changes in proportion and differences between City contributions and proportionate share of contributions	933,620	1,432,717
City contributions subsequent to the measurement date	<u>8,567,465</u>	<u>-</u>
	<u>\$20,423,132</u>	<u>\$ 5,132,525</u>

\$8,567,465 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 4,689,821
2021	2,506,264
2022	(576,858)
2023	103,799
2024	<u>116</u>
	<u>\$ 6,723,142</u>

There were no non-employer contributing entities at IPERS.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.60% per annum
Payroll increase assumption	3.25%
Projected salary increases	3.25%-16.25%, depending upon years of service
Assumed investment return	7.00%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation are based on the results of the most recent actuarial experience studies. An experience study of IPERS's demographic assumptions was presented to the investment board in June 2018. This study included information on mortality, retirement, disability, and termination rates, as well as salary trends, for the period of July 1, 2013 through June 30, 2017. At the investment board's direction, the experience study of IPERS's economic assumptions, including the long-term rate of return, was accelerated a year resulting in a full review of the economic assumptions in early 2017. The findings of the experience study on economic assumptions, along with the resulting recommendations, are included in the report dated March 24, 2017.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables, with MP-2017 generational adjustments.

Several factors are considered in evaluating the actuarial assumed investment return, including long-term historical data, estimates inherent in current market data, along with estimates of variability and correlations for each asset class, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed by the investment consultant. These ranges were combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The actuarial assumed investment return reflects the anticipated returns on current and future plan assets, and provides a discount rate to determine the present value of future benefit payments.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	1.97%
Domestic equity	22.0%	6.01%
International equity	15.0%	6.48%
Global smart beta equity	3.0%	6.23%
Private equity	11.0%	10.81%
Private real assets	7.5%	4.14%
Public real assets	7.0%	2.91%
Public credit	3.5%	3.93%
Private credit	3.0%	3.11%
Cash	1.0%	-0.25%
	<u>100.0%</u>	

*Discount rate.* The discount rate used to calculate the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employees and employers will be made at the contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$ 124,425,114	\$ 72,880,234	\$ 29,642,835



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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](http://www.ipers.org).

*Payables to the pension plan.* At June 30, 2019, the City reported a payable to the defined benefit pension plan of \$1,476,624 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, 2019, was 26.02%. As of July 1, 2019, the rate is 24.41%. The City's total contributions to MFPRSI for the years ended June 30, 2019, 2018, and 2017 were \$2,097,820, \$2,028,739, and \$1,946,357, 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 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, 2019.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At June 30, 2019, the City reported a liability of \$16,193,599 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

contributions of all MFPRSI participating employers. At June 30, 2018, the City's proportion was 2.7198%, which is an increase of 0.0685 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$2,470,879. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 433,844	\$ 218,799
Changes in assumptions	1,383,098	129,407
Net difference between projected and actual earnings on pension plan investments	792,096	-
Changes in proportion and differences between City contributions and proportionate share of contributions	299,285	104,240
City contributions subsequent to the measurement date	<u>2,097,820</u>	<u>-</u>
	<u>\$ 5,006,143</u>	<u>\$ 452,446</u>

\$2,097,820 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 1,529,786
2021	833,961
2022	(167,483)
2023	211,204
2024	<u>48,409</u>
	<u>\$ 2,455,877</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rate of salary increases	3.75 to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2007 to June 30, 2017. There were no significant changes of benefit terms.

Mortality rates were based on RP 2014 Blue Collar Healthy Annuitant table with males set forward zero years, females set forward two years, and disabled persons set forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The investment policy and decisions are governed by the board of trustees. 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. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2016 are summarized in the following table:

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**F. Pension obligations (continued)**

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8%
International large cap	7.3%
Emerging markets	9.0%
Emerging market debt	6.3%
Private non-core real estate	8.00%
Master limited partnerships	9.00%
Private equity	9.00%
Core plus fixed income	3.30%
Private core real estate	6.00%
Tactical asset allocation	6.40%

*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 plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 27,018,468	\$ 16,193,599	\$ 7,230,972

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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 MFPRSI financial report, which is available on the MFPRSI website at [www.mfprsi.org](http://www.mfprsi.org).

*Payables to the pension plan.* At June 30, 2019, 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 their 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. 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 25% of the participant's annual compensation. Participant contributions were \$363,946, and City contributions were \$541,661 for the fiscal year ended June 30, 2019.

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

The City participates in two OPEB plans, the City's OPEB plan and the hospital's OPEB plan. The following sections outline the OPEB-related disclosures for each plan. The aggregate amount of recognized OPEB expense for the period associated with the total OPEB liability for both plans is \$529,182. Other aggregate amounts related to OPEB are separately displayed in the financial statements.

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**1. City's OPEB Plan**

*General Information about the OPEB Plan*

*Plan description.* The City provides health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The City has the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

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. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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.

*Employees covered by benefit terms.* At June 30, 2018, the following employees were covered by the City's benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	36
Active employees	<u>593</u>
	<u><u>629</u></u>

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**1. City's OPEB plan (continued)**

***Total OPEB Liability***

The City's total OPEB liability of \$2,063,885 was measured as of June 30, 2019, and was determined by an actuarial valuation as June 30, 2018.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per annum
Salary increases	3.5% per annum
Discount rate	3.5% per annum
Retiree share of benefit-related premiums	100% of projected health insurance

The following annual health care cost trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

<b>Expense Type</b>	<b>Select</b>	<b>Ultimate</b>
Medical and Rx benefits	7.0%	4.5%
Stop loss fees	7.0%	4.5%
Administrative fees	4.5%	4.5%

The discount rate was based on the Bond Buyer 20-Year Bond GO index.

Mortality rates were based on the RP-2014 generational table scaled using MP-2017 and applied on a gender-specific basis.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2019.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

**1. City's OPEB plan (continued)**

*Changes in the Total OPEB Liability*

Balance, beginning of year	\$1,921,682
Changes for year year:	
Service cost	128,949
Interest	76,772
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	70,173
Benefit payments	(133,691)
Net changes	142,203
Balance, end of year	\$2,063,885

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% at the beginning of the year to 3.50% at the end of the year.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5 percent) or one percentage point higher (4.5 percent) than the current discount rate:

	Discount		
	1% Decrease (2.5%)	Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	\$2,262,000	\$2,063,885	\$1,888,000

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability to the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0 percent decreasing to 3.5 percent) or one percentage point higher (8.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:



**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**1. City's OPEB plan (continued)**

		Healthcare Cost Trend	
	1% Decrease (6.0% Decreasing to 3.5%)	Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
Total OPEB liability	\$1,763,000	\$2,063,885	\$2,593,000

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$207,243. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	<u>\$ 64,542</u>	<u>\$ 42,985</u>

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

Year ended June 30:	
2020	\$ 1,522
2021	1,522
2022	1,522
2023	1,522
2024	1,522
Thereafter	<u>13,947</u>
	<u><u>21,557</u></u>

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**2. Hospital's OPEB plan**

*General Information about the OPEB Plan*

*Plan description.* The hospital sponsors a single-employer health care plan that provides self-insured medical and prescription drugs to all active and retired employees and their eligible dependents. The hospital also provides a flat \$2,500 life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed at the hospital for the preceding four years, and currently have hospital health insurance at the time of retirement. Benefits terminate upon attaining Medicare eligibility. Eligible retirees receive health care coverage through one medical plan. This is the same plan that is available for active employees.

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

*Funding policy.* The hospital, with assistance from the third-party administrator, establishes and amends contribution requirements for both active and retiree members on an annual basis. The current funding policy of the hospital is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For the fiscal year ended June 30, 2019, the hospital contributed approximately \$385,000. Retirees receiving benefits contributed approximately \$443,000 through their required contributions. Inactive members receiving benefits contributed through their required monthly contributions of:

Employee	\$ 696
Employee + spouse	1,324
Employee + children	1,277
Family	2,117

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**2. Hospital's OPEB plan (continued)**

*Employees covered by benefit terms.* At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	381
Active employees	1,143
	1,524

***Total OPEB Liability***

The hospital's total OPEB liability of \$4,464,128 was measured as of January 1, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	4.80% for less than 1 year of service, 3.80% for 5 years of service, 3.00% for 10 years of service, 2.50% for 15 years of service, and 2.00% for over 20 years of service
Discount rate	4.11%
Health care cost trend rates	9.00% for medical and prescription benefits for 2019, decreasing 0.50% per year to an ultimate rate of 5.00% for 2027 and later years

The discount rate was based on the 20-year Bond Buyer GO index.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. It is assumed that 45% of active employees with current coverage are assumed to continue coverage at retirement and no active employees without current coverage are assumed to elect coverage at retirement.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period June 2012 through June 2018.

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**2. Hospital's OPEB plan (continued)**

*Changes in the Total OPEB Liability*

Balance, beginning of year	\$4,778,704
Service cost	183,570
Interest	171,689
Differences between expected and actual experience	(518,903)
Changes in assumptions or other inputs	(208,768)
Benefit payments	57,836
Net changes	(314,576)
Balance, end of year	\$4,464,128

Changes of assumptions and other inputs reflect a change in the inflation rate from 3.00% to 2.00% and a change in the discount rate from 3.44% as of January 1, 2018 to 4.11% as of January 1, 2019.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the hospital, as well as what the hospital's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.11 percent) or one percentage point higher (5.11 percent) than the current discount rate:

	1% Decrease (3.11%)	Discount Rate (4.11%)	1% Increase (5.11%)
Total OPEB liability	\$4,781,823	\$4,464,128	\$4,180,560

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability to the hospital, as well as what the hospital's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.5 percent decreasing to 4.0 percent) or one percentage point higher (9.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**2. Hospital's OPEB plan (continued)**

		Healthcare Cost Trend	
	1% Decrease (7.5% Decreasing to 4.0%)	Rates (8.5% Decreasing to 5.0%)	1% Increase (9.5% Decreasing to 6.0%)
Total OPEB liability	\$4,129,936	\$4,464,128	\$4,840,194

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the hospital recognized OPEB expense of \$321,939. At June 30, 2019, the hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 648,123	\$ 345,935
Changes of assumptions or other inputs	-	459,778
Contributions made subsequent to measurement date	(85,897)	-
Total	\$ 562,226	\$ 805,713

\$85,897 reported as deferred outflows of resources resulting from hospital contributions subsequent to the measurement date will be recognized in the net OPEB liability in the year ending June 30, 2020.

**City of Ames  
Notes to the Financial Statements  
June 30, 2019**

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

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

**2. Hospital's OPEB plan (continued)**

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

Year ended June 30:	
2020	\$ (177,052)
2021	(177,052)
2022	65,505
2023	65,505
2024	65,504
Thereafter	-
	<u><u>\$ (157,590)</u></u>

**H. Construction and other significant commitments**

*Construction commitments.* As of June 30, 2019, the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
Streets & bridges	\$ 4,336,311	\$ 490,978
Shared use paths	288,893	96,107
Fire	74,202	4,235
Parks	97,498	11,402
Electric	3,138,430	5,786,422
Water	266,503	550,032
Sewer	4,969,486	2,333,831
Storm sewer	799,029	186,832
Transit	73,636	543,664
	<u><u>\$ 14,043,988</u></u>	<u><u>\$ 10,003,503</u></u>

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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**H. Construction and other significant commitments (continued)**

*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	\$ 940,977
Capital projects fund	2,312,482
Non-major governmental funds	844,481
Electric	6,941,201
Water	1,131,381
Sewer	2,791,961
Non-major business-type funds	1,039,241
	\$16,001,724

**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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**I. Risk management (continued)**

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, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

Changes in the balance of claims liabilities during the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Liability, July 1	\$ 787,946	\$ 696,535
Claims incurred & claims adjustments	488,116	636,505
Claim payments	(573,861)	(545,094)
Liability, June 30	\$ 702,201	\$ 787,946

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

	2019	2018
Liability, July 1	\$ 600,000	\$ 350,000
Claims incurred & claims adjustments	8,521,911	8,689,194
Claim payments	(8,401,911)	(8,439,194)
Liability, June 30	\$ 720,000	\$ 600,000

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 \$169,315 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2019.



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**I. Risk management (continued)**

The hospital is self-insured for health care coverage of employees and covered dependents and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$175,000 per individual claim and 120% aggregate of expected paid claims. Accrued costs related to health care coverage amounted to \$1,565,306 at June 30, 2019.

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 \$500,000 per occurrence. Accrued costs related to workers' compensation coverage were \$496,237 at June 30, 2019.

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, 2019 and 2018 were as follows:

	Professional Liability		Health Insurance	
	2019	2018	2019	2018
Liability, July 1	\$ 167,376	\$ 176,674	\$ 1,189,947	\$ 1,038,699
Claims incurred & claims adjustments	5,915	(1,480)	11,069,030	10,668,644
Claim payments	(3,976)	(7,818)	(10,693,671)	(10,517,396)
Liability, June 30	\$ 169,315	\$ 167,376	\$ 1,565,306	\$ 1,189,947
	Workers' Compensation			
	2019	2018		
Liability, July 1	\$ 774,245	\$ 792,528		
Claims incurred & claims adjustments	209,072	909,505		
Claim payments	(487,080)	(927,788)		
Liability, June 30	\$ 496,237	\$ 774,245		

**J. Lease obligations**

*Operating leases.* The City leases a parking lot in Campustown for public parking on a year-to-year basis. Rent expense for this lease during the fiscal year ended June 30, 2019, was \$15,205. The hospital leases various equipment for use in the medical center. Rent expense for these leases was approximately \$545,000 for the fiscal year ended June 30, 2019.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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
2020	\$ 226,298
2021	15,900
2022	14,575
2023	-
2024	-
	\$ 256,773

**K. Long-term obligations**

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, 2019 are as follows:

General Obligation Bonds	Governmental Activities				
	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2019
Corporate purpose	2010	6,690,000	2.00-2.500	2022	1,915,000
Refunding	2011	5,980,000	2.00-3.350	2021	495,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	2,405,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	6,325,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	12,840,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	5,530,000
Corporate purpose/refunding	2015	16,585,000	3.00-5.000	2035	8,385,000
Corporate purpose	2016	9,020,605	2.00-5.000	2028	6,069,988
Corporate purpose/refunding	2017	10,975,000	2.00-5.000	2029	8,015,000
Corporate purpose	2018	7,490,000	3.00-5.000	2030	6,915,000
		\$105,355,605			\$ 58,894,988

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2019
Corporate purpose	2012	\$ 1,335,000	1.50-3.00 %	2024	\$ 610,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	700,000
Corporate purpose	2014	300,000	2.00-2.50	2024	160,000
Corporate purpose/refunding	2015	2,061,714	3.00-5.00	2027	1,365,000
Corporate purpose/refunding	2016	2,629,395	2.00-5.00	2028	1,560,012
		<u>\$ 7,646,109</u>			<u>\$ 4,395,012</u>

On August 28, 2018, the City issued \$7,490,000 of general obligation, corporate purpose bonds for improvements to streets, acquisition of emergency services communication equipment, and for fire station improvements. Maturity dates on the bonds range from June 1, 2019 to June 1, 2030. Debt service payments are scheduled to be paid semi-annually in amounts that range from \$777,650 to \$804,463. Bonds due after June 1, 2026 may be subject to call prior to maturity at the option of the City.

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, 2019 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2019
Hospital improvement and refunding	2012	\$ 26,000,000	2.070 %	2027	\$ 10,185,000
Electric	2015	9,500,000	2.125-5.000	2027	6,735,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	62,725,000
		<u>\$100,290,000</u>			<u>\$ 79,645,000</u>

The hospital has pledged future net revenue to repay the 2012 and 2016 revenue bonds with original borrowings of \$26,000,000 and \$64,790,000, respectively. Net revenue is defined in the supplemental master trust indenture of trust dated November 1, 2012, and in the supplemental trust indenture dated June 1, 2016, as operating revenue, less operating expenses plus depreciation. The purpose of the 2012 and 2016 bonds is to refund the 2003 and 2011 bonds, respectively, and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and payable through 2027 and 2036, respectively. The total principal and interest remaining to be paid on the bonds as of June 30, 2019 is \$101,616,233. Principal and interest paid during the fiscal year was \$6,239,771 and net revenue for the same period, as defined above, was \$22,955,780.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

The City has pledged future net revenue to repay the 2015 electric revenue bonds. Net revenue is defined as operating revenue less operating expenses, excluding depreciation. The total principal and interest remaining to be paid on the bonds as of June 30, 2019, is \$7,732,769. Principal and interest paid during the fiscal year ended June 30, 2019, was \$964,556 and net revenue for the same period, as defined above, was \$10,266,892.

Landfill post-closure costs

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

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

The liability for post-closure care costs is based on the landfill capacity used to date with no remaining life. The estimated liability for post-closure care costs is \$91,661 at June 30, 2019, with a current portion of \$16,923.

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 because 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.

Revenue capital loan notes

The City has a revenue capital loan note agreement with the Iowa Finance Authority (IFA) in an amount not to exceed \$76,325,000. Proceeds from the loan will be used for 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. The City borrowed \$1,156,771 during the fiscal year and has \$8,337,263 of capital loan notes still available as of June 30, 2019. The amount of principal outstanding is \$62,190,737.

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2019, net revenues were just under 100%, with net revenues of \$4,204,352 and principal and interest due of \$4,214,070. Water utility rates were increased as budgeted by 7% as of July 1, 2019 to satisfy the covenant in the next fiscal year.

The City has a second revenue capital loan note agreement with the IFA in an amount not to exceed \$3,121,000. The funds were 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 fiscal year 2015, with total proceeds, including the loan initiation fee, totaling \$2,469,250. The balance of the loan was \$1,702,000 as of June 30, 2019.

The City has a third capital loan note agreement with the IFA in an amount not to exceed \$375,000. The funds are to be used for planning, designing, and construction improvements and extensions to the sanitary sewer system. The notes bears interest at 0% and is payable as to principal three years from the project note date. Repayment of the loan will come from the sewer fund. The \$318,750 balance of the loan was rolled into a new capital loan note agreement for improvements to sanitary sewer pipes and manholes. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$28,500 (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 borrowed \$3,220,156 during the fiscal year, and the amount of principal outstanding as of June 30, 2019 is \$2,985,156. The City has \$2,367,594 in capital loan notes still available as of June 30, 2019.

The City has a fourth revenue capital loan note agreement with the IFA in an amount not to exceed \$797,000. The funds are to be used for improvements to two wastewater lift stations that are nearing the end of their useful lives. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$3,985 (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. No amounts were borrowed during the fiscal year, and the amount of principal outstanding as of June 30, 2019 is \$541,332. The City has \$155,668 in capital loan notes still available as of June 30, 2019.

The City has a fifth revenue capital loan note agreement with the IFA in an amount not to exceed \$1,001,000. The funds are to be used for a new mechanically cleaned bar screening system at the Water Pollution Control Plant. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$5,005 (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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

fund. The City borrowed \$627,923 during the fiscal year, and the amount of principal outstanding as of June 30, 2019 is \$726,771. The City has \$233,229 in capital loan notes still available as of June 30, 2019.

The capital loan note agreements above require 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, 2019, the sewer fund had net revenues of \$2,597,392, and the amount of principal and interest due was \$504,077.

*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, 2017, related to the 2018-2019 fiscal year. At June 30, 2019, the outstanding debt of \$63,290,000 is below the limit of \$231,606,972, leaving a debt margin of over \$168 million.

*Changes in long-term liabilities.* Changes in the City's long-term liabilities for the fiscal year ended June 30, 2019, are as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<b><i>Governmental activities:</i></b>					
Bonds payable:					
General obligation bonds	\$ 60,267,097	\$ 7,490,000	\$ (8,862,109)	\$ 58,894,988	\$ 8,113,882
Premiums	3,064,545	610,152	(556,525)	3,118,172	474,585
Total bonds payable	63,331,642	8,100,152	(9,418,634)	62,013,160	8,588,467
Compensated absences	2,263,851	3,262,777	(3,331,463)	2,195,165	111,448
Governmental activities long-term debt	<u>\$ 65,595,493</u>	<u>\$ 11,362,929</u>	<u>\$ (12,750,097)</u>	<u>\$ 64,208,325</u>	<u>\$ 8,699,915</u>

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 83,565,000	\$ -	\$ (3,920,000)	\$ 79,645,000	\$ 4,050,000
Premiums	8,052,054	-	(729,796)	7,322,258	723,214
Total revenue bonds	91,617,054	-	(4,649,796)	86,967,258	4,773,214
General obligation bonds	5,212,903	-	(817,891)	4,395,012	786,118
Premiums	469,253	-	(69,523)	399,730	69,524
Total general obligation bonds	5,682,156	-	(887,414)	4,794,742	855,642
Total bonds payable	97,299,210	-	(5,537,210)	91,762,000	5,628,856
Compensated absences	7,963,674	9,002,906	(9,118,688)	7,847,892	542,245
Loans payable	318,750	570,495	(337,766)	551,479	114,099
Capital loan notes payable	66,477,395	5,009,851	(3,341,250)	68,145,996	3,401,332
Business-type activities long-term debt	<u>\$172,059,029</u>	<u>\$ 14,583,252</u>	<u>\$ (18,334,914)</u>	<u>\$168,307,367</u>	<u>\$ 9,686,532</u>

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

*Governmental activities:*

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2020	\$ 8,113,882	\$ 1,882,776
2021	7,811,484	1,584,673
2022	6,754,044	1,332,008
2023	6,276,562	1,108,810
2024	5,804,036	902,116
2025-2029	19,614,980	2,131,174
2030-2034	4,460,000	270,356
2035-2039	60,000	1,950
Total	<u>\$ 58,894,988</u>	<u>\$ 9,213,863</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

*Business-type activities:*

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 786,118	\$ 148,898	\$ 4,050,000	\$ 3,162,017
2021	553,516	120,501	4,180,000	3,034,525
2022	565,956	107,461	4,310,000	2,901,998
2023	593,438	89,328	4,445,000	2,764,290
2024	605,964	70,252	4,650,000	2,555,225
2025-2029	1,290,020	159,945	23,390,000	9,721,941
2030-2034	-	-	23,795,000	4,910,206
2035-2039	-	-	10,825,000	653,800
Total	<u>\$ 4,395,012</u>	<u>\$ 696,385</u>	<u>\$ 79,645,000</u>	<u>\$ 29,704,002</u>

Year Ending June 30,	Capital Loan Notes		Loans	
	Principal	Interest	Principal	Interest
2020	\$ 3,401,332	\$ 1,362,920	\$ 114,099	\$ -
2021	3,469,000	1,294,740	114,099	-
2022	3,538,000	1,225,200	114,099	-
2023	3,609,000	1,154,280	114,099	-
2024	3,681,000	1,081,940	95,083	-
2025-2029	19,535,000	4,273,060	-	-
2030-2034	20,279,156	2,267,143	-	-
2035-2039	10,633,508	390,899	-	-
Total	<u>\$ 68,145,996</u>	<u>\$ 13,050,182</u>	<u>\$ 551,479</u>	<u>\$ -</u>



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**K. Long-term obligations (continued)**

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2020	\$ 8,351,549	\$ 4,673,835	\$ 16,465,431	\$ 6,556,611
2021	8,316,615	4,449,766	16,128,099	6,034,439
2022	8,528,055	4,234,659	15,282,099	5,566,667
2023	8,761,537	4,007,898	15,038,099	5,116,708
2024	9,032,047	3,707,417	14,836,083	4,609,533
2025-2029	44,215,020	14,154,946	63,830,000	16,286,120
2030-2034	44,074,156	7,177,349	48,534,156	7,447,705
2035-2039	21,458,508	1,044,699	21,518,508	1,046,649
Total	<u>\$152,737,487</u>	<u>\$ 43,450,569</u>	<u>\$211,632,475</u>	<u>\$ 52,664,432</u>

**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, 2019**

**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
<b>Nonspendable:</b>						
Inventory	\$ 32,102	\$ -	\$ -	\$ 62,089	\$ -	\$ 94,191
Prepaid items	208,888	-	-	20,663	-	229,551
Perpetual care principal	-	-	-	-	998,643	998,643
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	240,990	-	-	82,752	1,998,643	2,322,385
<b>Restricted:</b>						
Debt service	-	-	928,447	-	-	928,447
Airport construction	-	243,770	-	-	-	243,770
Aquatic center	-	-	-	-	167,668	167,668
Street construction	-	-	-	6,515,143	-	6,515,143
Environment and economic betterment	-	-	-	8,185,513	-	8,185,513
General obligation bond projects	-	15,319,422	-	-	-	15,319,422
Housing assistance	-	-	-	1,099,004	-	1,099,004
Public safety	-	-	-	330,598	-	330,598
Public safety pension	-	-	-	320,439	-	320,439
Library	-	-	-	336,043	-	336,043
Parks and recreation	-	1,905,300	-	-	-	1,905,300
Project Share	-	-	-	3,746	-	3,746
Developers' projects	-	-	-	226,096	-	226,096
Total restricted fund balance	-	17,468,492	928,447	17,016,582	167,668	35,581,189
<b>Committed:</b>						
Bike trails	-	-	-	10,187	-	10,187
Parks and recreation	-	864,140	-	120,896	-	985,036
Housing assistance	-	-	-	513,925	-	513,925
Green energy projects	-	-	-	8,642	-	8,642
Environment and economic betterment	-	-	-	547,166	-	547,166
Total committed fund balance	-	864,140	-	1,200,816	-	2,064,956
<b>Assigned:</b>						
Administration	78,937	-	-	-	-	78,937
City Hall maintenance	42,302	-	-	-	-	42,302
Police operations	14,621	-	-	-	-	14,621
Animal shelter improvements	2,000	-	-	-	-	2,000
Library maintenance	3,326	-	-	-	-	3,326
Parks and recreation	21,695	-	-	-	-	21,695
Parks and recreation maintenance	35,413	-	-	-	-	35,413
Public relations	18,987	-	-	-	-	18,987
City comprehensive plan	139,300	-	-	-	-	139,300
Parking study	45,731	-	-	-	-	45,731
Total assigned fund balance	402,312	-	-	-	-	402,312
Unassigned	12,119,527	(1,790,688)	-	(693,098)	-	9,635,741
<b>Total fund balance</b>	<b>\$12,762,829</b>	<b>\$16,541,944</b>	<b>\$ 928,447</b>	<b>\$17,607,052</b>	<b>\$ 2,166,311</b>	<b>\$50,006,583</b>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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, 2019, is as follows:

Receivable Fund	Payable Fund					
	General Fund	Capital Projects	Debt Service	Electric	Sewer	Water
Major Funds:						
General Fund	\$ -	\$ 575	\$ -	\$ 134,954	\$ 41,000	\$ 49,091
Capital Projects	60,701	3,890	-	-	-	-
Electric	143,118	-	-	-	36,651	38,812
Sewer	245	-	-	24,124	-	22,665
Water	-	-	-	29,501	113,305	-
Non-Major Funds:						
Special Revenue	60,805	148,700	-	4,857	238,462	181,838
Enterprise	3,575	-	-	74,526	-	109
Internal Service	218,512	2,689	-	90,993	36,860	57,830
Total	<u>\$ 486,956</u>	<u>\$ 155,854</u>	<u>\$ -</u>	<u>\$ 358,955</u>	<u>\$ 466,278</u>	<u>\$ 350,345</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	\$ 30,775	\$ 1,291,027	\$ 81,435	\$ 21,605	\$ 1,650,462
Capital Projects	-	10,854	659	-	76,104
Electric	-	32	-	-	218,613
Sewer	-	4,322	-	-	51,356
Water	-	-	-	-	142,806
Non-Major Funds:					
Special Revenue	-	32,710	79,248	-	746,620
Enterprise	-	-	230,723	604	309,537
Internal Service	-	340,575	71,373	271,675	1,090,507
Total	<u>\$ 30,775</u>	<u>\$ 1,679,520</u>	<u>\$ 463,438</u>	<u>\$ 293,884</u>	<u>\$ 4,286,005</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, 2019**

**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, 2019, is as follows:

Transfers In	Transfers Out				Total
	General Fund	Capital Projects	Electric	Non-Major Special Revenue Funds	
<b>Major Funds:</b>					
General Fund	\$ -	\$ -	\$ 2,220,537	\$ 7,195,301	\$ 9,415,838
Capital Projects	60,701	-	-	100,000	160,701
Debt Service	70,982	490,869	-	419,541	981,392
<b>Non-Major Funds:</b>					
Special Revenue	-	-	-	144,197	144,197
Enterprise	2,423,376	-	-	20,000	2,443,376
<b>Total</b>	<b>\$ 2,555,059</b>	<b>\$ 490,869</b>	<b>\$ 2,220,537</b>	<b>\$ 7,879,039</b>	<b>\$13,145,504</b>

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 \$131,951 at June 30, 2019, 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**P. Urban renewal development agreements**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure, improvements, rehabilitation, and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$2,064,530. Certain agreements include provisions for the payment of interest.

During the fiscal year ended June 30, 2019, the City rebated \$333,476 of incremental property tax to developers, which was all for principal. The total cumulative principal amount rebated on the agreements is \$746,140. The outstanding balance on the agreements at June 30, 2019 was \$1,318,390.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements, not including an annual appropriation clause, is subject to the constitutional debt limitation.

**Q. Tax abatements**

GASB Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers, which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, pay the developers an economic development grant, or pay the developers a pre-determined dollar amount. No other commitments were made by the City as part of these agreements.

For the fiscal year ended June 30, 2019, the City abated \$333,476 of property tax under urban renewal and economic development projects. The City's property tax revenue was not reduced by any amount under agreements entered into by any other entities for the year ended June 30, 2019.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**R. Contingencies**

The City's Legal Department reported to management that, as of June 30, 2019, 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.

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.

Hospital contingencies

*Net patient service revenue.* 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 97% 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, 2019. 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.

*Laws and regulations.* 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. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**R. Contingencies (continued)**

*Current economic conditions.* The current economic environment has also made it difficult for certain patients to pay for services rendered. As employers adjust to health insurance plans, services provided to uninsured and underinsured patients may significantly impact net patient service revenue, which could have an adverse impact on the hospital's future operating results. Further, the effect of economic conditions on the State of Iowa may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and the allowances for accounts and contributions receivable. This could negatively affect the hospital's ability to meet debt covenants or maintain sufficient liquidity.

**S. 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 14.1%. 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.

**T. 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, 2019, the debt was paid in full by Health Ventures, and there was no performance on the guarantee by the hospital.

**U. Subsequent Events**

On September 12, 2019, the City issued \$10,775,000 of general obligation, corporate purpose bonds for paying the cost of constructing improvements to streets, sanitary sewers, and bridges, and for the acquisition of emergency services communication equipment. The interest rates on the bonds range from 1.50-5.00% with final maturity on June 1, 2031.

On November 7, 2019, the hospital issued \$35,000,000 of revenue bonds for expanding and remodeling the existing hospital facilities. The interest rates on the bonds is 1.99% with final maturity on June 15, 2034.

# **Required Supplementary Information**



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

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.1516658%	1.1292958%	1.1552370%	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$72,880,234	\$75,225,392	\$72,702,712	\$57,389,174	\$47,625,187
City's covered payroll*	\$87,947,886	\$85,610,198	\$84,237,577	\$81,269,880	\$80,486,286
City's proportionate share of the net pension liability as a percentage of its covered payroll	82.87%	87.87%	86.31%	70.62%	59.17%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

\*Prior year amounts of covered payroll were changed to comply with GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.*

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

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 Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 8,567,465	\$ 8,567,465	-	\$ 90,665,386	9.45%
2018	7,862,807	7,862,807	-	87,947,886	8.94%
2017	7,654,501	7,654,501	-	85,610,198	8.94%
2016	7,543,219	7,543,219	-	84,237,577	8.95%
2015	7,272,880	7,272,880	-	81,269,880	8.95%
2014	7,202,625	7,202,625	-	80,486,286	8.95%
2013	6,861,788	6,861,788	-	78,907,943	8.70%
2012	6,180,045	6,180,045	-	76,283,278	8.10%
2011	5,241,681	5,241,681	-	74,876,651	7.00%
2010	4,964,111	4,964,111	-	74,177,643	6.69%

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 Five Fiscal Years\***

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	2.719769%	2.651310%	2.649945%	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$16,193,599	\$15,549,272	\$16,569,071	\$12,669,610	\$ 9,730,925
City's covered payroll*	\$ 7,866,170	\$ 7,506,515	\$ 7,180,220	\$ 7,004,314	\$ 6,855,169
City's proportionate share of the net pension liability as a percentage of its covered payroll	205.86%	207.14%	230.76%	180.88%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	80.60%	78.20%	83.04%	86.27%

\*Prior year amounts of covered payroll were changed to comply with GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.*

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

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 Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 2,097,820	\$ 2,097,820	-	\$ 8,064,312	26.01%
2018	2,030,080	2,030,080	-	7,866,170	25.81%
2017	1,946,357	1,946,357	-	7,506,515	25.93%
2016	1,994,209	1,994,209	-	7,180,220	27.77%
2015	2,150,611	2,150,611	-	7,004,314	30.70%
2014	2,064,780	2,064,780	-	6,855,169	30.12%
2013	1,758,163	1,758,163	-	6,653,706	26.42%
2012	1,630,807	1,630,807	-	6,586,460	24.76%
2011	1,253,345	1,253,345	-	6,298,219	19.90%
2010	1,024,685	1,024,685	-	6,025,172	17.01%

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

**City of Ames**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Current Year**

<b>City:</b>	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 128,949	\$ 124,144
Interest	76,772	75,321
Changes in assumptions or other inputs	70,173	(51,203)
Benefit payments	<u>(133,691)</u>	<u>(97,725)</u>
Net change in total OPEB liability	142,203	50,537
Total OPEB liability, beginning	<u>1,921,682</u>	<u>1,871,145</u>
Total OPEB liability, ending	<u>\$ 2,063,885</u>	<u>\$ 1,921,682</u>
Covered-employee payroll	<u>\$ 37,519,077</u>	<u>\$ 38,084,243</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>5.50%</u>	<u>5.05%</u>

**Notes to schedule:**

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

*Changes of assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2017	3.58%
2018	3.87%
2019	3.50%

GASB No. 75 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 Changes in Total OPEB Liability and Related Ratios**  
**Current Year**

<b>Hospital:</b>	2019	2018
Total OPEB liability		
Service cost	\$ 183,570	\$ 230,410
Interest	171,689	155,873
Differences between expected and actual experience	(518,903)	907,372
Changes in assumptions or other inputs	(208,768)	(448,839)
Benefit payments	57,836	(10,501)
Net change in total OPEB liability	(314,576)	834,315
Total OPEB liability, beginning	4,778,704	3,944,389
Total OPEB liability, ending	\$ 4,464,128	\$ 4,778,704
Covered-employee payroll	\$ 61,873,578	\$ 65,765,292
Total OPEB liability as a percentage of covered-employee payroll	7.21%	7.27%

**Notes to schedule:**

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

*Changes of assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2017	3.81%
2018	3.44%
2019	4.11%

GASB No. 75 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**  
**Budgetary Comparison Schedule**  
**Governmental and Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
<b>Revenues and other financing sources:</b>						
Taxes levied on property	\$ 29,340,714	\$ -	\$ 29,340,714	\$ 29,395,044	\$ 29,395,054	\$ (54,340)
Delinquent property taxes	211	-	211	-	-	211
TIF revenues	870,319	-	870,319	773,287	773,287	97,032
Other taxes	10,626,172	-	10,626,172	10,473,149	10,473,149	153,023
Licenses and permits	1,535,289	21,700	1,556,989	1,651,950	1,717,750	(160,761)
Use of money and property	1,945,246	20,928,156	22,873,402	12,025,803	15,880,087	6,993,315
Intergovernmental	11,193,161	10,914,850	22,108,011	24,804,351	46,902,652	(24,794,641)
Charges for services	3,946,551	286,741,215	290,687,766	291,520,391	303,719,377	(13,031,611)
Special assessments	321,318	-	321,318	490,869	490,869	(169,551)
Miscellaneous	988,118	1,194,507	2,182,625	3,976,376	1,036,867	1,145,758
Other financing sources	22,173,069	7,105,976	29,279,045	28,328,433	31,498,626	(2,219,581)
<b>Total revenues and other financing sources</b>	<b>82,940,168</b>	<b>326,906,404</b>	<b>409,846,572</b>	<b>403,439,653</b>	<b>441,887,718</b>	<b>(32,041,146)</b>
<b>Expenditures and other financing uses:</b>						
General government	2,865,270	-	2,865,270	2,786,478	3,101,897	236,627
Public safety	19,453,296	-	19,453,296	20,067,639	20,282,313	829,017
Public works	6,275,712	-	6,275,712	6,017,696	6,462,238	186,526
Health and social services	1,482,912	-	1,482,912	1,444,724	1,521,943	39,031
Culture and recreation	8,823,034	-	8,823,034	9,026,188	9,452,875	629,841
Community and economic development	4,219,957	-	4,219,957	3,863,925	5,561,456	1,341,499
Debt service	11,976,904	-	11,976,904	11,974,832	11,976,904	-
Capital outlay	11,671,625	-	11,671,625	16,642,866	46,099,459	34,427,834
<b>Total governmental expenditures</b>	<b>66,768,710</b>	<b>-</b>	<b>66,768,710</b>	<b>71,824,348</b>	<b>104,459,085</b>	<b>37,690,375</b>
Business-type expenditures	-	276,476,731	276,476,731	294,659,050	339,360,146	62,883,415
<b>Total expenditures and other financing uses</b>	<b>66,768,710</b>	<b>276,476,731</b>	<b>343,245,441</b>	<b>366,483,398</b>	<b>443,819,231</b>	<b>100,573,790</b>
Other financing uses	13,301,689	3,214,604	16,516,293	16,566,683	16,599,153	82,860
<b>Total expenditures, other financing uses,     and transfers out</b>	<b>80,070,399</b>	<b>279,691,335</b>	<b>359,761,734</b>	<b>383,050,081</b>	<b>460,418,384</b>	<b>100,656,650</b>
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	2,869,769	47,215,069	50,084,838	20,389,572	(18,530,666)	68,615,504
Fund balances, beginning	51,259,014	670,999,079	722,258,093	654,733,355	722,258,093	-
Fund balances, ending	\$ 54,128,783	\$ 718,214,148	\$ 772,342,931	\$ 675,122,927	\$ 703,727,427	\$ 68,615,504

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, 2019**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 82,940,168	\$ (3,363,472)	\$ 79,576,696	\$326,906,404	\$ (3,221,756)	\$323,684,648
Expenditures and other financing uses	80,070,399	(3,370,550)	76,699,849	279,691,335	11,988,081	291,679,416
Excess revenues and other financing sources over expenditures and other financing uses	2,869,769	7,078	2,876,847	47,215,069	(15,209,837)	32,005,232
Fund balances, beginning (as restated)	51,259,014	(4,129,278)	47,129,736	670,999,079	(16,564,695)	654,434,384
Fund balances, ending	<u>\$ 54,128,783</u>	<u>\$ (4,122,200)</u>	<u>\$ 50,006,583</u>	<u>\$718,214,148</u>	<u>\$ (31,774,532)</u>	<u>\$686,439,616</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, 2019**

**I. Pension Liability**

**IPERS:**

*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.

*Changes in assumptions.*

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

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

The 2017 valuation implemented the following refinements because of a quadrennial experience study:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year
- Decreased the long-term rate of return assumption from 7.50% to 7.00% per year.
- Decreased the wage growth and payroll growth assumption from 4.00% to 3.25% per year.
- Decreased the salary increase assumption by 0.75%.

The 2014 valuation implemented the following refinements because 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.

**City of Ames**  
**Notes to the Required Supplementary Information (continued)**  
**June 30, 2019**

The 2010 valuation implemented the following refinements because 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

**MFPRSI:**

*Changes in benefit terms.* There were no significant changes of benefit terms.

*Changes in assumptions.* The 2018 valuation mortality rates were based on RP 2014 Blue Collar Healthy Annuitant table with males set forward zero years, females set forward two years, and disabled set forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed post-retirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set back two years, females set forward one year, and disabled individuals set forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**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.

**City of Ames**  
**Notes to the Required Supplementary Information (continued)**  
**June 30, 2019**

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 \$77,368,303. 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. Sixty percent is used for property tax relief and forty percent is for community betterment.

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

Road Use Tax Fund - to account for the City's share of state gasoline taxes received on a per capita basis. Funds must 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 because 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, 2019**

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,998,806	\$ 51,510	\$ 617,292	\$ 9,667,608
Investments	7,994,485	976,675	546,790	9,517,950
Taxes receivable	3,689	-	-	3,689
Accrued interest receivable	3,405	-	3,586	6,991
Accounts receivable, net	14,545	1,233	-	15,778
Intergovernmental receivable	2,094,870	-	-	2,094,870
Loans receivable	2,606	-	-	2,606
Due from other funds	746,620	-	-	746,620
Inventories	62,089	-	-	62,089
Property held for resale	1,079,068	-	-	1,079,068
Prepaid items	20,663	-	-	20,663
Succeeding year taxes receivable	2,086,642	-	-	2,086,642
Long-term loans receivable	10,407	-	-	10,407
Total assets	<u>\$ 23,117,895</u>	<u>\$ 1,029,418</u>	<u>\$ 1,167,668</u>	<u>\$ 25,314,981</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 377,922	\$ -	\$ -	\$ 377,922
Accrued payroll	94,217	-	-	94,217
Retainage payable	20,993	-	-	20,993
Accrued interest	224	-	-	224
Customer deposits	570,430	-	-	570,430
Intergovernmental payable	704	-	-	704
Due to other funds	1,679,520	30,775	-	1,710,295
Total liabilities	<u>2,744,010</u>	<u>30,775</u>	<u>-</u>	<u>2,774,785</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes	2,086,642	-	-	2,086,642
Other taxes	679,220	-	-	679,220
Grants	971	-	-	971
Total deferred inflows of resources	<u>2,766,833</u>	<u>-</u>	<u>-</u>	<u>2,766,833</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	82,752	998,643	1,000,000	2,081,395
Restricted	17,016,582	-	167,668	17,184,250
Committed	1,200,816	-	-	1,200,816
Unassigned	(693,098)	-	-	(693,098)
Total fund balances	<u>17,607,052</u>	<u>998,643</u>	<u>1,167,668</u>	<u>19,773,363</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,117,895</u>	<u>\$ 1,029,418</u>	<u>\$ 1,167,668</u>	<u>\$ 25,314,981</u>

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
<b>REVENUES</b>				
Taxes	\$ 13,528,893	\$ -	\$ -	\$ 13,528,893
Intergovernmental	8,469,922	-	-	8,469,922
Charges for services	-	20,461	-	20,461
Investment income	27,346	-	35,717	63,063
Miscellaneous	366,520	-	-	366,520
Total revenues	<u>22,392,681</u>	<u>20,461</u>	<u>35,717</u>	<u>22,448,859</u>
<b>EXPENDITURES</b>				
Current:				
General government	195,971	-	-	195,971
Public safety	140,885	-	-	140,885
Public works	5,918,189	-	-	5,918,189
Health and social services	1,499,781	-	-	1,499,781
Culture and recreation	693,465	-	-	693,465
Community and economic development	3,103,631	-	-	3,103,631
Capital outlay	2,366,115	-	-	2,366,115
Total expenditures	<u>13,918,037</u>	<u>-</u>	<u>-</u>	<u>13,918,037</u>
Excess of revenues over expenditures	<u>8,474,644</u>	<u>20,461</u>	<u>35,717</u>	<u>8,530,822</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	144,197	-	-	144,197
Transfers out	(7,879,039)	-	-	(7,879,039)
Total other financing sources (uses)	<u>(7,734,842)</u>	<u>-</u>	<u>-</u>	<u>(7,734,842)</u>
Net change in fund balance	739,802	20,461	35,717	795,980
Fund balances, beginning	<u>16,867,250</u>	<u>978,182</u>	<u>1,131,951</u>	<u>18,977,383</u>
Fund balances, ending	<u>\$ 17,607,052</u>	<u>\$ 998,643</u>	<u>\$ 1,167,668</u>	<u>\$ 19,773,363</u>



**City of Ames  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2019**

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3,702,086	\$ 594,648	\$ 3,117,231	\$ 5,394	\$ 31,500	\$ 272,584	\$ 925	\$ -	\$ 168,201
Investments	3,289,889	528,439	2,770,153	4,793	27,992	242,234	821	-	151,227
Taxes receivable	-	-	-	-	-	-	-	3,689	-
Accrued interest receivable	-	-	-	-	-	-	-	-	1,011
Accounts receivable, net	-	-	187	-	13,162	-	-	-	-
Intergovernmental receivable	632,272	679,220	608,680	-	6,704	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other funds	21,729	-	692,182	-	-	2,250	-	-	-
Inventories	-	-	62,089	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	18,723	-	1,000	282	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	2,086,642	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,645,976	\$ 1,802,307	\$ 7,269,245	\$ 10,187	\$ 80,358	\$ 517,350	\$ 1,746	\$ 2,090,331	\$ 320,439
<b>LIABILITIES</b>									
Accounts payable	\$ 129,107	\$ 44,157	\$ 179,332	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Accrued payroll	7,638	-	80,852	-	1,076	-	-	-	-
Retainage payable	7,875	-	13,118	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	224	-	-
Customer deposits	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	704	-	-	-	-	-	-
Due to other funds	394,773	-	399,284	-	1,360	3,143	694,620	3,689	-
Total liabilities	539,393	44,157	673,290	-	6,436	3,143	694,844	3,689	-
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	2,086,642	-
Other taxes	-	679,220	-	-	-	-	-	-	-
Grants	-	-	-	-	349	-	-	-	-
Total deferred inflows of resource	-	679,220	-	-	349	-	-	2,086,642	-
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	-	-	80,812	-	1,000	282	-	-	-
Restricted	7,106,583	1,078,930	6,515,143	-	72,573	-	-	-	320,439
Committed	-	-	-	10,187	-	513,925	-	-	-
Unassigned	-	-	-	-	-	-	(693,098)	-	-
Total fund balances (deficits)	7,106,583	1,078,930	6,595,955	10,187	73,573	514,207	(693,098)	-	320,439
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 7,645,976	\$ 1,802,307	\$ 7,269,245	\$ 10,187	\$ 80,358	\$ 517,350	\$ 1,746	\$ 2,090,331	\$ 320,439

**City of Ames**  
**Combining Balance Sheet (continued)**  
**Non-Major Special Revenue Funds**  
**June 30, 2019**

	Parks & Recreation Programs	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Developers' Projects	Economic Development & Loans	Total Non-Major Special Revenue Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 66,987	\$ 183,358	\$ 6,226	\$ 1,553	\$ -	\$ 136,603	\$ 421,798	\$ 289,712	\$ 8,998,806
Investments	57,088	162,232	5,533	1,380	-	120,669	374,581	257,454	7,994,485
Taxes receivable	-	-	-	-	-	-	-	-	3,689
Accrued interest receivable	376	1,071	-	-	-	800	147	-	3,405
Accounts receivable, net	-	82	629	-	-	485	-	-	14,545
Intergovernmental receivable	-	-	-	-	167,994	-	-	-	2,094,870
Loans receivable	-	-	-	-	2,606	-	-	-	2,606
Due from other funds	-	30,459	-	-	-	-	-	-	746,620
Inventories	-	-	-	-	-	-	-	-	62,089
Property held for resale	-	-	-	-	1,079,068	-	-	-	1,079,068
Prepaid items	-	-	-	-	658	-	-	-	20,663
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	2,086,642
Long-term loans receivable	-	-	-	-	10,407	-	-	-	10,407
Total assets	\$ 124,451	\$ 377,202	\$ 12,388	\$ 2,933	\$ 1,260,733	\$ 258,557	\$ 796,526	\$ 547,166	\$ 23,117,895
<b>LIABILITIES</b>									
Accounts payable	\$ 3,555	\$ 6,018	\$ -	\$ -	\$ 8,288	\$ 3,465	\$ -	\$ -	\$ 377,922
Accrued payroll	-	4,651	-	-	-	-	-	-	94,217
Retainage payable	-	-	-	-	-	-	-	-	20,993
Accrued interest	-	-	-	-	-	-	-	-	224
Customer deposits	-	-	-	-	-	-	570,430	-	570,430
Intergovernmental payable	-	-	-	-	-	-	-	-	704
Due to other funds	-	30,490	-	-	152,161	-	-	-	1,679,520
Total liabilities	3,555	41,159	-	-	160,449	3,465	570,430	-	2,744,010
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	-	2,086,642
Other taxes	-	-	-	-	-	-	-	-	679,220
Grants	-	-	-	-	622	-	-	-	971
Total deferred inflows of resource	-	-	-	-	622	-	-	-	2,766,833
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	-	-	-	-	658	-	-	-	82,752
Restricted	-	336,043	3,746	2,933	1,099,004	255,092	226,096	-	17,016,582
Committed	120,896	-	8,642	-	-	-	-	547,166	1,200,816
Unassigned	-	-	-	-	-	-	-	-	(693,098)
Total fund balances (deficits)	120,896	336,043	12,388	2,933	1,099,662	255,092	226,096	547,166	17,607,052
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 124,451	\$ 377,202	\$ 12,388	\$ 2,933	\$ 1,260,733	\$ 258,557	\$ 796,526	\$ 547,166	\$ 23,117,895

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2019**

	<b>Local Option Tax</b>	<b>Hotel/ Motel Tax</b>	<b>Road Use Tax</b>	<b>Bike Licenses</b>	<b>Police Forfeiture &amp; Grants</b>	<b>Housing Assistance</b>	<b>TIF</b>	<b>Employee Benefit Property Tax</b>	<b>Police &amp; Fire 411</b>
<b>REVENUES</b>									
Taxes	\$ 7,991,619	\$ 2,520,920	\$ -	\$ -	\$ -	\$ -	\$ 870,320	\$ 2,146,034	\$ -
Intergovernmental	-	-	7,663,780	-	86,731	-	-	-	-
Investment income	-	-	-	-	-	-	(8,243)	-	10,833
Miscellaneous	-	-	-	-	1,392	5,000	-	-	-
Total revenues	<u>7,991,619</u>	<u>2,520,920</u>	<u>7,663,780</u>	<u>-</u>	<u>88,123</u>	<u>5,000</u>	<u>862,077</u>	<u>2,146,034</u>	<u>10,833</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	149,744	-	-	46,227	-	-	-
Public safety	-	-	-	-	75,150	-	-	-	-
Public works	-	-	5,918,189	-	-	-	-	-	-
Health and social services	1,482,911	-	-	-	-	-	-	-	-
Culture and recreation	389,070	-	-	-	-	-	-	-	-
Community and economic development	109,038	1,952,765	-	-	-	-	333,476	-	-
Capital outlay	632,646	-	1,725,559	-	-	-	-	-	-
Total expenditures	<u>2,613,665</u>	<u>1,952,765</u>	<u>7,793,492</u>	<u>-</u>	<u>75,150</u>	<u>46,227</u>	<u>333,476</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,377,954</u>	<u>568,155</u>	<u>(129,712)</u>	<u>-</u>	<u>12,973</u>	<u>(41,227)</u>	<u>528,601</u>	<u>2,146,034</u>	<u>10,833</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	144,197	-	-	-	-	-	-	-	-
Transfers out	(4,914,972)	(360,492)	-	-	-	-	(419,541)	(2,146,034)	(38,000)
Total other financing sources (uses)	<u>(4,770,775)</u>	<u>(360,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(419,541)</u>	<u>(2,146,034)</u>	<u>(38,000)</u>
Net change in fund balances	607,179	207,663	(129,712)	-	12,973	(41,227)	109,060	-	(27,167)
Fund balances, beginning	<u>6,499,404</u>	<u>871,267</u>	<u>6,725,667</u>	<u>10,187</u>	<u>60,600</u>	<u>555,434</u>	<u>(802,158)</u>	<u>-</u>	<u>347,606</u>
Fund balances, ending	<u>\$ 7,106,583</u>	<u>\$ 1,078,930</u>	<u>\$ 6,595,955</u>	<u>\$ 10,187</u>	<u>\$ 73,573</u>	<u>\$ 514,207</u>	<u>\$ (693,098)</u>	<u>\$ -</u>	<u>\$ 320,439</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, 2019**

	<b>Parks &amp; Recreation Programs</b>	<b>Library Donations</b>	<b>Project Share</b>	<b>Police &amp; Fire Donations</b>	<b>CDBG</b>	<b>Animal Shelter Donations</b>	<b>Developers' Projects</b>	<b>Economic Development &amp; Loans</b>	<b>Total Non-Major Special Revenue Funds</b>
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,528,893
Intergovernmental	-	15,229	-	-	704,182	-	-	-	8,469,922
Investment income	3,802	11,706	-	-	-	7,779	1,469	-	27,346
Miscellaneous	24,083	216,460	17,604	100	289	59,413	36,974	5,205	366,520
Total revenues	27,885	243,395	17,604	100	704,471	67,192	38,443	5,205	22,392,681
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	195,971
Public safety	-	-	-	-	-	65,735	-	-	140,885
Public works	-	-	-	-	-	-	-	-	5,918,189
Health and social services	-	-	16,870	-	-	-	-	-	1,499,781
Culture and recreation	21,391	283,004	-	-	-	-	-	-	693,465
Community and economic development	-	-	-	-	708,352	-	-	-	3,103,631
Capital outlay	7,910	-	-	-	-	-	-	-	2,366,115
Total expenditures	29,301	283,004	16,870	-	708,352	65,735	-	-	13,918,037
Excess (deficiency) of revenues over (under) expenditures	(1,416)	(39,609)	734	100	(3,881)	1,457	38,443	5,205	8,474,644
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	144,197
Transfers out	-	-	-	-	-	-	-	-	(7,879,039)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(7,734,842)
Net change in fund balances	(1,416)	(39,609)	734	100	(3,881)	1,457	38,443	5,205	739,802
Fund balances, beginning	122,312	375,652	11,654	2,833	1,103,543	253,635	187,653	541,961	16,867,250
Fund balances, ending	\$ 120,896	\$ 336,043	\$ 12,388	\$ 2,933	\$ 1,099,662	\$ 255,092	\$ 226,096	\$ 547,166	\$ 17,607,052

## **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 operated 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, 2019**

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 255,365	\$ 2,306,345	\$ 2,448,580	\$ 205,224	\$ 117,425	\$ 241,327	\$ 5,574,266
Investments	225,495	2,030,219	2,157,266	180,549	103,226	220,344	4,917,099
Accrued interest receivable	1,550	14,240	14,172	1,235	664	1,951	33,812
Accounts receivable, net	12,337	441,659	214,064	22,772	35	355,547	1,046,414
Due from other funds	-	234,020	5,824	-	677	69,016	309,537
Intergovernmental receivable	3,210	2,919,582	-	20,000	-	316,746	3,259,538
Inventories	9,342	326,532	-	5,189	1,951	-	343,014
Prepaid items	-	7,369	-	-	6,048	-	13,417
Total current assets	507,299	8,279,966	4,839,906	434,969	230,026	1,204,931	15,497,097
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	733,383	-	193,250	531,517	2,410,197
Land improvements	623,538	183,324	2,428,761	63,578	127,581	172,379	3,599,161
Buildings	-	26,525,600	-	1,870,329	87,003	11,342,409	39,825,341
Equipment	56,130	30,172,252	8,390	316,275	5,700	7,956,178	38,514,925
Construction in progress	-	106,135	1,193,100	-	-	-	1,299,235
Less accumulated depreciation	(625,704)	(27,652,623)	(361,873)	(1,289,858)	(186,775)	(14,131,424)	(44,248,257)
Total noncurrent assets	964,511	29,376,188	4,001,761	960,324	226,759	5,871,059	41,400,602
Total assets	1,471,810	37,656,154	8,841,667	1,395,293	456,785	7,075,990	56,897,699
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to OPEB	656	5,567	460	141	112	2,101	9,037
Deferred outflows related to pensions	98,818	1,541,497	45,123	44,013	17,998	258,499	2,005,948
Total deferred outflows of resources	99,474	1,547,064	45,583	44,154	18,110	260,600	2,014,985
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	5,821	109,913	11,344	5,621	2,182	31,886	166,767
Accrued payroll	9,714	164,603	2,763	1,831	3,327	3,334	185,572
Accrued compensated absences	2,282	22,404	1,510	830	236	3,483	30,745
Due to other funds	38,748	262,538	68,057	4,373	7,259	82,463	463,438
Retainage payable	-	6,601	3,126	-	-	-	9,727
Accrued interest	-	-	-	-	-	1,932	1,932
Intergovernmental payable	-	5,719	983	279	624	45,394	52,999
Accrued landfill post-closure costs	-	-	-	-	-	16,923	16,923
Bonds payable, net	-	-	-	-	-	145,855	145,855
Unearned revenue	8,800	-	-	-	-	-	8,800
Total current liabilities	65,365	571,778	87,783	12,934	13,628	331,270	1,082,758
Noncurrent liabilities:							
Accrued compensated absences	39,603	411,355	22,266	14,388	2,865	47,120	537,597
Accrued other post-employment benefits	20,970	178,011	14,696	4,499	3,591	67,200	288,967
Net pension liability	351,591	5,152,138	157,378	145,532	65,667	873,350	6,745,656
Accrued landfill post-closure costs	-	-	-	-	-	74,738	74,738
Bonds payable, net	-	-	-	-	-	748,498	748,498
Total noncurrent liabilities	412,164	5,741,504	194,340	164,419	72,123	1,810,906	8,395,456
Total liabilities	477,529	6,313,282	282,123	177,353	85,751	2,142,176	9,478,214
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to OPEB	436	3,708	306	94	75	1,399	6,018
Deferred inflows related to pensions	13,421	217,971	10,167	9,322	4,574	55,997	311,452
	13,857	221,679	10,473	9,416	4,649	57,396	317,470
<b>NET POSITION</b>							
Net investment in capital assets	964,511	29,376,188	4,001,761	960,324	226,759	4,976,706	40,506,249
Unrestricted	115,387	3,292,069	4,592,893	292,354	157,736	160,312	8,610,751
Total net position	\$ 1,079,898	\$ 32,668,257	\$ 8,594,654	\$ 1,252,678	\$ 384,495	\$ 5,137,018	\$ 49,117,000

**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Parking	Transit	Storm Sewer	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Operating revenues:							
Charges for services	\$ 1,011,601	\$ 6,803,540	\$ 1,842,228	\$ 475,197	\$ 179,367	\$ 2,879,813	\$ 13,191,746
Operating expenses:							
Cost of goods and services	920,859	9,252,857	228,211	557,538	253,921	3,752,602	14,965,988
Administration	67,226	2,187,843	10,008	-	-	241,051	2,506,128
Depreciation	9,273	2,694,881	48,575	103,143	8,062	548,448	3,412,382
Total operating expenses	997,358	14,135,581	286,794	660,681	261,983	4,542,101	20,884,498
Operating income (loss)	14,243	(7,332,041)	1,555,434	(185,484)	(82,616)	(1,662,288)	(7,692,752)
Non-operating revenues (expenses):							
Intergovernmental	-	3,596,230	-	-	-	9,716	3,605,946
Reimbursements	-	76,658	-	-	-	305,025	381,683
Investment income	15,970	163,480	136,166	11,182	6,387	22,360	355,545
Interest expense	-	-	-	-	-	(19,899)	(19,899)
Gain on disposal of capital assets	-	8,354	-	-	-	-	8,354
Miscellaneous	-	18,448	-	40,520	72,421	935	132,324
Total non-operating revenues	15,970	3,863,170	136,166	51,702	78,808	318,137	4,463,953
Income (loss) before capital contributions and transfers	30,213	(3,468,871)	1,691,600	(133,782)	(3,808)	(1,344,151)	(3,228,799)
Capital contributions	-	806,187	-	20,000	-	-	826,187
Transfers in	-	1,900,843	-	20,000	-	522,533	2,443,376
Change in net position	30,213	(761,841)	1,691,600	(93,782)	(3,808)	(821,618)	40,764
Net position, beginning	1,049,685	33,430,098	6,903,054	1,346,460	388,303	5,958,636	49,076,236
Net position, ending	<u>\$ 1,079,898</u>	<u>\$ 32,668,257</u>	<u>\$ 8,594,654</u>	<u>\$ 1,252,678</u>	<u>\$ 384,495</u>	<u>\$ 5,137,018</u>	<u>\$ 49,117,000</u>

**City of Ames**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 1,004,473	\$ 5,977,842	\$ 1,841,950	\$ 472,803	\$ 179,459	\$ 2,698,605	\$ 12,175,132
Payments to suppliers	(135,395)	(2,960,654)	232,122	(270,188)	(84,835)	(1,922,814)	(5,141,764)
Payments to employees	(652,387)	(7,885,205)	(342,711)	(276,617)	(121,421)	(1,403,721)	(10,682,062)
Payments to other funds for services provided	(156,375)	(353,790)	(210,400)	(49,536)	(47,579)	(702,373)	(1,520,053)
Net cash provided by (used for) operating activities	60,316	(5,221,807)	1,520,961	(123,538)	(74,376)	(1,330,303)	(5,168,747)
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	-	3,596,230	-	-	-	9,716	3,605,946
Reimbursements	-	76,658	-	-	-	305,025	381,683
Miscellaneous income	-	18,448	-	40,520	72,421	935	132,324
Transfers in	-	1,900,843	-	20,000	-	522,533	2,443,376
Net cash provided by non-capital financing activities	-	5,592,179	-	60,520	72,421	838,209	6,563,329
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	-	(1,190,469)	(981,973)	-	-	(31,623)	(2,204,065)
Proceeds from the sale of capital assets	-	9,354	-	-	-	-	9,354
Principal paid on capital debt	-	-	-	-	-	(140,000)	(140,000)
Interest paid on capital debt	-	-	-	-	-	(25,987)	(25,987)
Capital contributions	-	806,187	-	20,000	-	-	826,187
Net cash provided by (used for) capital and related financing activities	-	(374,928)	(981,973)	20,000	-	(197,610)	(1,534,511)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(82,297)	(282,286)	(747,070)	(6,074)	(11,841)	(268,322)	(1,397,890)
Proceeds from sale of investments	39,560	135,695	359,115	12,636	5,692	558,188	1,110,886
Interest on investments	15,342	159,181	130,437	10,903	6,193	23,414	345,470
Net cash provided by (used for) investing activities	(27,395)	12,590	(257,518)	17,465	44	313,280	58,466
Net increase (decrease) in cash and cash equivalents	32,921	8,034	281,470	(25,553)	(1,911)	(376,424)	(81,463)
Cash and cash equivalents, beginning	222,444	2,298,311	2,167,110	230,777	119,336	617,751	5,655,729
Cash and cash equivalents, ending	\$ 255,365	\$ 2,306,345	\$ 2,448,580	\$ 205,224	\$ 117,425	\$ 241,327	\$ 5,574,266



**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2019**

	<u>Parking</u>	<u>Transit</u>	<u>Storm Sewer Utility</u>	<u>Ames / ISU Ice Arena</u>	<u>Homewood Golf Course</u>	<u>Resource Recovery</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ 14,243	\$ (7,332,041)	\$ 1,555,434	\$ (185,484)	\$ (82,616)	\$ (1,662,288)	\$ (7,692,752)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:							
Depreciation expense	9,273	2,694,881	48,575	103,143	8,062	548,448	3,412,382
Increase in accounts receivable	(7,271)	(316,078)	(10,385)	(2,547)	(35)	(239,800)	(576,116)
(Increase) decrease in due from other funds	-	(221,412)	10,107	-	127	(67,743)	(278,921)
(Increase) decrease in intergovernmental receivable	(1,957)	(288,208)	-	153	-	126,335	(163,677)
(Increase) decrease in inventories	91	(26,801)	-	(1,426)	(476)	-	(28,612)
Decrease in prepaid items	1,262	11,081	-	-	384	-	12,727
Increase in deferred outflows of resources	(350)	(9,953)	(632)	(270)	(160)	(2,810)	(14,175)
Increase (decrease) in accounts payable	1,630	(135,315)	(8,752)	(41,045)	(1,028)	(22,606)	(207,116)
Increase (decrease) in accrued payroll	(1,806)	9,320	(7,821)	(374)	(599)	1,663	383
Increase in accrued compensated absences	7,024	2,231	3,548	602	59	329	13,793
Increase (decrease) in due to other funds	24,007	231,817	(47,767)	756	(188)	8,921	217,546
Decrease in retainage payable	-	(7,515)	(28,866)	(2,242)	-	-	(38,623)
Increase (decrease) in intergovernmental payable	(456)	(7,427)	234	156	118	(5,932)	(13,307)
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(45,427)	(45,427)
Increase in unearned revenue	2,100	-	-	-	-	-	2,100
Increase in post-employment benefits	1,445	12,265	1,012	310	247	4,630	19,909
Increase in pension liability	1,867	19,896	776	583	214	3,213	26,549
Decrease in deferred inflows of resources	9,214	141,452	5,498	4,147	1,515	22,764	184,590
Total adjustments	46,073	2,110,234	(34,473)	61,946	8,240	331,985	2,524,005
Net cash provided by (used for) operating activities	<u>\$ 60,316</u>	<u>\$ (5,221,807)</u>	<u>\$ 1,520,961</u>	<u>\$ (123,538)</u>	<u>\$ (74,376)</u>	<u>\$ (1,330,303)</u>	<u>\$ (5,168,747)</u>

## **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, 2019**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,534,050	\$ 1,200,074	\$ 1,383,211	\$ 3,176,754	\$ 11,294,089
Investments	4,888,246	1,066,409	1,222,659	2,811,811	9,989,125
Accrued interest receivable	32,659	7,283	7,983	17,944	65,869
Accounts receivable, net	2,691	-	14,527	318,235	335,453
Due from other funds	811,423	279,084	-	-	1,090,507
Intergovernmental receivable	23,305	26,268	-	600	50,173
Inventories	86,768	-	-	-	86,768
Prepaid items	1,618	163,279	215	-	165,112
Total current assets	<u>11,380,760</u>	<u>2,742,397</u>	<u>2,628,595</u>	<u>6,325,344</u>	<u>23,077,096</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	884,494	-	-	-	884,494
Equipment	16,607,159	2,752,190	-	-	19,359,349
Less accumulated depreciation	(8,921,111)	(1,907,411)	-	-	(10,828,522)
Total noncurrent assets	<u>8,570,542</u>	<u>1,037,212</u>	<u>-</u>	<u>-</u>	<u>9,607,754</u>
Total assets	<u>19,951,302</u>	<u>3,779,609</u>	<u>2,628,595</u>	<u>6,325,344</u>	<u>32,684,850</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to OPEB	1,568	1,342	59	147	3,116
Deferred outflows related to pensions	152,997	93,454	25,756	28,375	300,582
Total deferred outflows of resources	<u>154,565</u>	<u>94,796</u>	<u>25,815</u>	<u>28,522</u>	<u>303,698</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	55,029	3,097	40,745	138,760	237,631
Accrued payroll	14,297	1,669	-	-	15,966
Accrued compensated absences	2,283	2,808	382	148	5,621
Due to other funds	49,523	233,508	326	10,527	293,884
Claims payable	-	-	702,201	720,000	1,422,201
Intergovernmental payable	28,641	410	-	3,719	32,770
Total current liabilities	<u>149,773</u>	<u>241,492</u>	<u>743,654</u>	<u>873,154</u>	<u>2,008,073</u>
Noncurrent liabilities:					
Accrued compensated absences	31,673	57,578	4,205	1,658	95,114
Accrued other post-employment benefits	50,132	42,910	1,899	4,685	99,626
Net pension liability	520,884	331,256	72,896	85,792	1,010,828
Total noncurrent liabilities	<u>602,689</u>	<u>431,744</u>	<u>79,000</u>	<u>92,135</u>	<u>1,205,568</u>
Total liabilities	<u>752,462</u>	<u>673,236</u>	<u>822,654</u>	<u>965,289</u>	<u>3,213,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to OPEB	1,044	894	39	98	2,075
Deferred inflows related to pensions	22,005	7,498	19,820	8,425	57,748
Total deferred inflows of resources	<u>23,049</u>	<u>8,392</u>	<u>19,859</u>	<u>8,523</u>	<u>59,823</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,570,542	1,037,212	-	-	9,607,754
Unrestricted	10,759,814	2,155,565	1,811,897	5,380,054	20,107,330
Total net position	<u>\$ 19,330,356</u>	<u>\$ 3,192,777</u>	<u>\$ 1,811,897</u>	<u>\$ 5,380,054</u>	<u>\$ 29,715,084</u>

**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for services	\$ 4,335,555	\$ 2,716,822	\$ 2,508,379	\$ 9,882,908	\$ 19,443,664
Operating expenses:					
Cost of goods and services	2,472,902	2,426,672	2,054,331	9,167,479	16,121,384
Depreciation	1,111,561	245,557	-	-	1,357,118
Total operating expenses	3,584,463	2,672,229	2,054,331	9,167,479	17,478,502
Operating income (loss)	751,092	44,593	454,048	715,429	1,965,162
Non-operating revenues:					
Investment income	312,209	54,413	55,034	170,501	592,157
Loss on disposal of capital assets	(18,594)	-	-	-	(18,594)
Total non-operating revenues	293,615	54,413	55,034	170,501	573,563
Change in net position	1,044,707	99,006	509,082	885,930	2,538,725
Net position, beginning	18,285,649	3,093,771	1,302,815	4,494,124	27,176,359
Net position, ending	<u>\$ 19,330,356</u>	<u>\$ 3,192,777</u>	<u>\$ 1,811,897</u>	<u>\$ 5,380,054</u>	<u>\$ 29,715,084</u>

**City of Ames**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 4,267,508	\$ 2,620,005	\$ 2,508,679	\$ 9,567,450	\$ 18,963,642
Payments to suppliers	(1,209,426)	(1,223,450)	(2,044,826)	(8,734,049)	(13,211,751)
Payments to employees	(844,697)	(966,987)	(121,907)	(184,397)	(2,117,988)
Payments to other funds for services provided	(483,670)	(337,744)	(7,015)	(18,594)	(847,023)
Net cash provided by operating activities	<u>1,729,715</u>	<u>91,824</u>	<u>334,931</u>	<u>630,410</u>	<u>2,786,880</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,061,012)	(138,524)	-	-	(1,199,536)
Proceeds from the sale of capital assets	133,903	-	-	-	133,903
Net cash used for capital and related financing activities	<u>(927,109)</u>	<u>(138,524)</u>	<u>-</u>	<u>-</u>	<u>(1,065,633)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(1,333,380)	(93,661)	(437,215)	(911,804)	(2,776,060)
Proceeds from sale of investments	640,956	45,023	210,169	438,304	1,334,452
Interest on investments	299,933	52,256	51,794	163,530	567,513
Net cash provided by (used for) investing activities	<u>(392,491)</u>	<u>3,618</u>	<u>(175,252)</u>	<u>(309,970)</u>	<u>(874,095)</u>
Net increase (decrease) in cash and cash equivalents	410,115	(43,082)	159,679	320,440	847,152
Cash and cash equivalents, beginning	5,123,935	1,243,156	1,223,532	2,856,314	10,446,937
Cash and cash equivalents, ending	<u>\$ 5,534,050</u>	<u>\$ 1,200,074</u>	<u>\$ 1,383,211</u>	<u>\$ 3,176,754</u>	<u>\$ 11,294,089</u>

**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 751,092	\$ 44,593	\$ 454,048	\$ 715,429	\$ 1,965,162
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,111,561	245,557	-	-	1,357,118
(Increase) decrease in accounts receivable	29,939	1,500	300	(315,899)	(284,160)
(Increase) decrease in due from other funds	56,617	(74,306)	-	-	(17,689)
(Increase) decrease in intergovernmental receivable	(20,700)	(24,011)	-	441	(44,270)
Decrease in inventories	6,712	-	-	-	6,712
(Increase) decrease in prepaid items	1,554	(51,533)	(215)	-	(50,194)
Increase in deferred outflows of resources	(2,000)	(1,547)	(125)	(240)	(3,912)
Increase (decrease) in accounts payable	(39,222)	(134,270)	(38,107)	113,390	(98,209)
Increase in accrued payroll	647	10	-	-	657
Increase (decrease) in accrued compensated absences	(1,763)	(31,983)	2,056	(1,820)	(33,510)
Increase (decrease) in due to other funds	(198,742)	107,386	135	(5,952)	(97,173)
Increase (decrease) in claims payable	-	-	(85,745)	120,000	34,255
Increase in intergovernmental payable	14,740	-	-	1,330	16,070
Increase in post-employment benefits	3,454	2,957	131	323	6,865
Increase in pension liability	1,960	930	302	420	3,612
Increase in deferred inflows of resources	13,866	6,541	2,151	2,988	25,546
Total adjustments	978,623	47,231	(119,117)	(85,019)	821,718
Net cash provided by operating activities	\$ 1,729,715	\$ 91,824	\$ 334,931	\$ 630,410	\$ 2,786,880

## **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, 2019**

	<b>Payroll Clearing</b>	<b>Flex Benefits</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 179,199	\$ 37,977	\$ 217,176
Accounts receivable, net	23	22	45
Intergovernmental receivable	-	176	176
Investments	161,147	-	161,147
Total assets	<u>\$ 340,369</u>	<u>\$ 38,175</u>	<u>\$ 378,544</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,400	\$ 38,175	\$ 40,575
Due to other governments	337,969	-	337,969
Total liabilities	<u>\$ 340,369</u>	<u>\$ 38,175</u>	<u>\$ 378,544</u>



**City of Ames**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

	<b>Total Agency Funds</b>			
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/18</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/19</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 275,219	\$ 31,140,344	\$ 31,198,387	\$ 217,176
Accounts receivable, net	458	102	515	45
Intergovernmental receivable	-	176	-	176
Investments	177,485	14,212	30,550	161,147
Total assets	<u>\$ 453,162</u>	<u>\$ 31,154,834</u>	<u>\$ 31,229,452</u>	<u>\$ 378,544</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 54,578	\$ 33,003,877	\$ 33,017,880	\$ 40,575
Due to other governments	398,584	18,678,096	18,738,711	337,969
Total liabilities	<u>\$ 453,162</u>	<u>\$ 51,681,973</u>	<u>\$ 51,756,591</u>	<u>\$ 378,544</u>
<b>Payroll Clearing Fund</b>				
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/18</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/19</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 220,641	\$ 30,093,656	\$ 30,135,098	\$ 179,199
Accounts receivable, net	458	80	515	23
Investments	177,485	14,212	30,550	161,147
Total assets	<u>\$ 398,584</u>	<u>\$ 30,107,948</u>	<u>\$ 30,166,163</u>	<u>\$ 340,369</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 32,590,673	\$ 32,588,273	\$ 2,400
Due to other governments	398,584	18,678,096	18,738,711	337,969
	<u>\$ 398,584</u>	<u>\$ 51,268,769</u>	<u>\$ 51,326,984</u>	<u>\$ 340,369</u>
<b>Flexible Benefits Fund</b>				
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/18</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/19</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,578	\$ 1,046,688	\$ 1,063,289	\$ 37,977
Accounts receivable, net	-	22	-	22
Intergovernmental receivable	-	176	-	176
Total assets	<u>\$ 54,578</u>	<u>\$ 1,046,886</u>	<u>\$ 1,063,289</u>	<u>\$ 38,175</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 54,578</u>	<u>\$ 413,204</u>	<u>\$ 429,607</u>	<u>\$ 38,175</u>

# **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.

<b>Contents</b>	<b>Page</b>
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>	127
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	132
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>	136
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>	142
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>	144

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 115,002,627	\$ 110,348,921	\$ 111,810,541	\$ 112,305,532	\$ 116,792,110	\$ 120,231,602	\$ 129,469,743	\$ 137,632,652	\$ 141,703,409	\$ 144,730,839
Restricted	14,864,552	15,338,746	20,794,194	12,081,140	18,009,657	19,525,973	19,116,323	20,842,946	21,714,454	22,260,410
Unrestricted	10,530,303	15,638,160	12,237,776	21,194,735	15,726,615	(2,573,072)	871,100	783,394	1,139,151	3,346,885
Total governmental activities	<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>	<u>149,457,166</u>	<u>159,258,992</u>	<u>164,557,014</u>	<u>170,338,134</u>
<b>Business-type activities</b>										
Net investment in capital assets	239,942,242	243,495,813	251,498,597	272,253,133	277,649,147	303,949,791	317,734,901	320,823,796	308,134,898	311,786,131
Restricted	2,717,216	2,708,889	2,814,032	1,001,294	1,015,822	1,027,652	2,262,200	2,425,524	2,458,169	2,554,924
Unrestricted	169,009,627	218,617,981	249,745,121	268,805,782	310,375,526	261,830,409	258,217,652	304,183,289	353,749,237	382,923,270
Total business-type activities	<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>	<u>578,214,753</u>	<u>627,432,609</u>	<u>664,342,304</u>	<u>697,264,325</u>
<b>Primary government</b>										
Net investment in capital assets	354,944,869	353,844,734	363,309,138	384,558,665	394,441,257	424,181,393	447,204,644	458,456,448	449,838,307	456,516,970
Restricted	17,581,768	18,047,635	23,608,226	13,082,434	19,025,479	20,553,625	21,378,523	23,268,470	24,172,623	24,815,334
Unrestricted	179,539,930	234,256,141	261,982,897	290,000,517	326,102,141	259,257,337	259,088,752	304,966,683	354,888,388	386,270,155
Total primary government	<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>	<u>\$ 727,671,919</u>	<u>\$ 786,691,601</u>	<u>\$ 828,899,318</u>	<u>\$ 867,602,459</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,492,116	\$ 2,629,067	\$ 2,559,365	\$ 2,755,166	\$ 2,915,560	\$ 4,165,152	\$ 2,686,082	\$ 3,136,291	\$ 4,044,800	\$ 3,141,379
Public safety	13,133,701	14,281,351	15,144,853	15,589,369	15,943,465	12,730,107	15,524,747	17,292,304	18,202,532	18,951,047
Public works	13,780,841	16,339,571	14,938,688	15,352,458	12,721,868	12,482,265	13,650,452	13,698,162	15,667,469	16,929,643
Health and social services	1,151,848	1,250,292	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781
Culture and recreation	7,043,477	7,703,519	8,818,851	9,082,953	8,536,548	9,857,775	9,770,521	9,872,288	10,989,672	11,059,949
Community and economic development	3,042,375	4,262,698	2,875,118	2,366,904	2,477,986	2,972,753	2,898,115	3,461,393	3,257,359	4,025,768
Interest	1,471,758	1,469,661	1,298,010	1,369,323	2,174,303	1,577,883	1,635,789	1,592,039	1,532,790	1,534,075
Total governmental activities	42,116,116	47,936,159	46,794,734	47,521,631	45,847,848	44,947,177	47,346,067	50,395,357	54,987,660	57,141,642
Business-type activities:										
Mary Greeley Medical Center	146,809,782	146,292,855	155,374,830	160,369,431	161,792,473	168,891,942	176,918,607	182,728,675	185,267,383	186,917,186
Electric	41,642,821	48,241,832	50,159,375	52,411,173	54,791,141	53,024,205	54,906,155	58,618,483	60,617,830	62,322,757
Sewer	6,923,605	6,719,787	7,956,963	9,122,173	7,848,323	7,435,226	7,229,003	7,574,949	8,558,520	8,826,479
Water	6,827,194	7,099,299	6,630,919	6,856,515	6,894,305	6,866,001	7,383,824	8,122,396	11,766,957	9,841,869
Parking	819,988	805,253	767,154	846,825	876,916	888,452	900,939	887,679	891,229	975,126
Transit	8,682,833	10,010,387	10,002,499	10,629,183	11,391,087	11,859,395	12,216,003	13,208,178	13,794,474	14,004,166
Storm sewer	782,489	917,771	918,495	655,522	467,378	644,411	557,890	1,231,885	420,171	270,883
Ice arena	565,303	526,660	521,670	606,215	578,163	584,702	605,291	602,774	651,714	650,947
Golf course	218,021	230,698	232,689	211,279	206,620	253,997	243,309	258,459	227,798	254,380
Resource recovery	3,855,039	4,310,188	4,184,929	4,375,362	4,670,459	4,577,441	4,320,344	4,619,859	4,485,732	4,478,297
Total business-type activities	217,127,075	225,154,730	236,749,523	246,083,678	249,516,865	255,025,772	265,281,365	277,853,337	286,681,808	288,542,090
Total expenses	259,243,191	273,090,889	283,544,257	293,605,309	295,364,713	299,972,949	312,627,432	328,248,694	341,669,468	345,683,732
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,308,062	1,404,478	118,459	130,627	163,655	134,239	172,126	203,609	158,792	123,407
Public safety	2,371,581	2,571,060	2,864,844	3,194,059	3,433,170	3,652,787	3,345,400	3,768,480	3,421,439	3,476,553
Public works	5,865,263	5,231,237	6,601,518	6,026,315	295,874	715,898	277,437	268,565	2,737,534	310,035
Culture and recreation	1,326,197	1,490,008	2,031,204	1,980,793	1,974,037	2,029,655	1,939,498	2,135,274	2,131,253	2,158,429
Other activities	34,005	24,163	7,630	11,140	15,925	23,015	24,615	25,660	21,132	15,082
Operating grants and contributions	2,524,027	2,758,176	1,091,752	1,192,687	6,940,124	7,173,301	8,521,814	8,681,507	8,546,037	8,950,597
Capital grants and contributions	6,256,045	4,742,929	4,985,082	3,211,001	3,516,122	1,632,753	6,822,367	6,664,323	3,285,174	3,426,018
Total governmental activities	19,685,180	18,222,051	17,700,489	15,746,622	16,338,907	15,361,648	21,103,257	21,747,418	20,301,361	18,460,121

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-type activities:</b>										
Charges for services										
Mary Greeley Medical Center	156,880,212	160,115,058	171,389,850	175,011,409	174,265,003	184,201,460	181,534,863	189,944,553	194,988,247	192,530,036
Electric	50,113,108	57,545,144	57,195,559	57,353,200	60,016,205	56,636,062	58,511,422	64,339,637	68,660,541	68,342,980
Sewer	5,171,859	5,402,162	6,188,602	6,648,263	7,491,746	8,267,051	8,370,811	8,856,136	9,175,876	9,172,812
Water	7,516,283	7,650,007	8,824,494	9,125,922	9,647,203	9,584,813	9,987,307	10,502,276	10,620,863	10,414,170
Parking	762,746	872,625	779,976	883,899	870,246	891,983	925,177	899,705	829,993	1,011,601
Transit	4,626,529	5,588,406	4,828,097	5,108,154	5,463,677	5,814,552	6,337,415	6,576,578	6,746,369	6,803,540
Storm sewer	984,077	957,122	1,155,583	1,136,621	1,179,495	1,215,233	1,241,840	1,700,529	1,817,030	1,842,228
Ice arena	433,628	472,015	475,743	471,760	507,203	532,001	544,300	481,831	504,884	475,197
Golf course	246,357	220,388	235,824	220,643	256,221	248,853	268,440	191,186	184,601	179,367
Resource recovery	3,676,954	4,374,268	3,583,946	3,731,936	3,469,877	3,687,927	3,031,997	3,314,210	2,719,456	2,879,813
Operating grants and contributions	2,922,399	2,567,137	2,751,186	2,723,226	3,059,305	3,161,366	3,405,067	5,062,412	4,961,244	4,437,834
Capital grants and contributions	5,819,635	5,541,433	8,991,024	8,604,246	4,708,511	3,304,381	1,474,384	4,752,319	1,728,763	3,097,169
Total business-type activities	239,153,787	251,305,765	266,399,884	271,019,279	270,934,692	277,545,682	275,633,023	296,621,372	302,937,867	301,186,747
Total program revenues	258,838,967	269,527,816	284,100,373	286,765,901	287,273,599	292,907,330	296,736,280	318,368,790	323,239,228	319,646,868
<b>Net (expense) / revenue</b>										
Governmental activities	(22,430,936)	(29,714,108)	(29,094,245)	(31,775,009)	(29,508,941)	(29,585,529)	(26,242,810)	(28,647,939)	(34,686,299)	(38,681,521)
Business-type activities	34,178,690	41,245,154	34,269,756	24,851,014	28,028,817	20,607,251	31,340,007	25,084,530	16,256,059	12,644,657
Total net (expense) / revenue	11,747,754	11,531,046	5,175,511	(6,923,995)	(1,480,124)	(8,978,278)	5,097,197	(3,563,409)	(18,430,240)	(26,036,864)
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes	22,215,888	22,821,388	23,485,295	23,913,389	25,273,931	25,988,892	27,114,273	28,166,804	29,680,915	31,204,329
Sales taxes	5,954,773	6,117,664	6,935,154	6,655,355	6,648,615	7,996,943	7,831,295	7,711,124	7,681,519	7,991,619
Hotel / motel taxes	1,142,162	1,416,830	1,518,571	1,760,462	1,845,940	2,113,310	2,272,323	2,435,756	2,412,667	2,515,468
Unrestricted grants and contributic	15,842	15,990	17,040	17,726	17,819	19,108	20,527	20,565	22,146	23,589
Investment income	673,003	499,004	436,302	18,067	544,414	455,916	699,289	211,126	689,377	2,190,478
Other income	-	-	314,699	120,071	118,097	133,787	450,340	251,997	1,214,979	759,997
Gain on disposal of assets	-	-	127,182	16,084	25,501	63,228	140,825	118,389	6,039	-
Transfers	351,946	(228,423)	(223,314)	12,751	(18,401)	117,020	(13,399)	(465,996)	(1,604,405)	(222,839)
Total governmental activities	30,353,614	30,642,453	32,610,929	32,513,905	34,455,916	36,888,204	38,515,473	38,449,765	40,103,237	44,462,641
Business-type activities:										
Investment income	11,575,051	17,372,875	4,197,199	13,003,757	26,013,566	8,201,914	1,001,761	27,543,163	18,271,065	19,708,701
Other income	-	-	-	40,761	66,660	64,714	40,083	417,879	427,961	337,470
Gain on disposal of assets	1,151	18,421	5,164,193	35,091	551,139	25,700	-	48,479	12,078	8,354
Special item	-	9,382,844	-	-	-	-	-	-	-	-
Transfers	(351,946)	228,423	223,314	(12,751)	18,401	(117,020)	13,399	465,996	1,604,405	222,839
Total business-type activities	11,224,256	27,002,563	9,584,706	13,066,858	26,649,766	8,175,308	1,055,243	28,475,517	20,315,509	20,277,364
Total primary government	41,577,870	57,645,016	42,195,635	45,580,763	61,105,682	45,063,512	39,570,716	66,925,282	60,418,746	64,740,005
<b>Change in net position</b>										
Governmental activities	7,922,678	928,345	3,516,684	738,896	4,946,975	7,302,675	12,272,663	9,801,826	5,416,938	5,781,120
Business-type activities	45,402,946	68,247,717	43,854,462	37,917,872	54,678,583	28,782,559	32,395,250	53,560,047	36,571,568	32,922,021
Total change in net position	\$ 53,325,624	\$ 69,176,062	\$ 47,371,146	\$ 38,656,768	\$ 59,625,558	\$ 36,085,234	\$ 44,667,913	\$ 63,361,873	\$ 41,988,506	\$ 38,703,141

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ 68,171	\$ 97,918	\$ 96,235	\$ 73,623	\$ 68,428	\$ 90,538	\$ 141,713	\$ 172,236	\$ 237,381	\$ 240,990
Assigned	74,962	124,097	147,752	382,930	253,059	296,803	725,077	809,033	580,004	402,312
Unassigned	7,248,755	7,751,289	7,924,363	7,902,465	9,046,946	10,332,050	11,137,621	11,270,733	10,824,689	12,119,527
Total general fund	<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>	<u>\$ 12,004,411</u>	<u>\$ 12,252,002</u>	<u>\$ 11,642,074</u>	<u>\$ 12,762,829</u>
All other governmental funds										
Nonspendable	2,063,375	1,999,501	1,976,152	2,019,699	1,998,143	2,007,044	2,023,387	2,059,985	2,038,896	2,081,395
Restricted	17,214,109	16,940,269	24,621,403	47,672,976	30,630,963	31,882,923	30,000,397	31,507,537	32,769,654	35,581,189
Committed	6,239,090	5,577,769	1,399,913	1,547,185	1,461,826	1,397,635	2,013,730	1,978,585	1,988,318	2,064,956
Assigned	678,764	1,259,956	316,669	-	-	-	71,393	-	-	-
Unassigned	-	(470,818)	(308,456)	(669,214)	(448,098)	(1,811,003)	(2,479,002)	(2,741,760)	(1,309,206)	(2,483,786)
Total all other governmental funds	<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>	<u>\$ 31,629,905</u>	<u>\$ 32,804,347</u>	<u>\$ 35,487,662</u>	<u>\$ 37,243,754</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Taxes	\$ 29,312,823	\$ 30,355,882	\$ 31,908,563	\$ 32,319,668	\$ 33,755,016	\$ 36,080,369	\$ 37,207,916	\$ 38,313,146	\$ 39,760,873	\$ 41,716,868
Special assessments	301,709	238,106	217,885	306,761	16,590	362,306	222,895	298,227	564,860	321,318
Licenses and permits	1,068,920	1,138,714	1,327,206	1,707,463	1,892,634	2,017,035	1,687,317	2,059,688	1,635,289	1,554,088
Intergovernmental	11,276,398	11,408,113	9,098,425	9,084,528	10,658,992	8,277,965	14,500,743	10,983,498	11,815,543	10,242,731
Charges for services	3,643,428	3,969,212	4,039,097	3,298,578	3,393,715	3,517,164	3,596,467	3,798,813	3,914,432	4,066,129
Fines and forfeitures	180,059	196,748	214,641	111,014	146,485	138,720	93,652	67,584	65,504	43,614
Investment income	664,464	635,176	320,693	70,115	419,786	404,297	529,364	169,673	530,341	1,598,321
Miscellaneous	412,881	476,659	3,027,255	1,219,633	863,337	825,429	852,639	930,506	1,856,014	1,231,347
Total revenues	46,860,682	48,418,610	50,153,765	48,117,760	51,146,555	51,623,285	58,690,993	56,621,135	60,142,856	60,774,416
<b>EXPENDITURES</b>										
Current:										
General government	2,286,774	2,398,630	2,405,265	2,906,491	2,720,623	3,308,736	2,655,547	3,520,312	3,806,110	2,965,150
Public safety	13,250,208	14,252,764	14,938,537	15,287,766	15,839,280	16,237,949	16,664,555	17,097,771	17,703,682	18,624,774
Public works	5,980,354	5,463,593	5,538,204	5,388,832	5,434,191	5,488,851	5,871,433	5,868,576	6,202,540	7,073,307
Health and social services	1,156,893	1,252,377	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781
Culture and recreation	6,685,162	6,869,276	7,224,794	7,088,894	7,179,033	7,613,063	8,263,043	8,648,567	9,072,955	9,168,122
Community and economic development	3,053,279	4,266,580	2,870,859	2,363,783	2,481,609	2,875,879	2,909,942	3,464,575	3,249,583	4,028,589
Debt service:										
Principal	6,483,396	5,741,838	7,385,280	9,713,723	7,671,776	7,364,829	13,142,882	10,481,762	8,657,150	8,862,109
Interest and fiscal charges	1,595,367	1,595,755	1,389,368	1,440,738	1,815,272	1,765,082	1,995,674	2,064,652	2,067,672	2,120,728
Capital outlay	13,676,401	12,643,534	10,884,449	13,972,053	22,817,899	14,294,598	24,428,030	12,119,780	11,983,901	11,432,322
Total expenditures	54,167,834	54,484,347	53,796,605	59,167,738	67,037,801	60,110,229	77,111,467	64,608,875	64,036,631	65,774,882
Excess (deficiency) of revenues over (under) expenditures	(7,307,152)	(6,065,737)	(3,642,840)	(11,049,978)	(15,891,246)	(8,486,944)	(18,420,474)	(7,987,740)	(3,893,775)	(5,000,466)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	8,546,195	7,625,145	8,476,754	8,695,389	8,725,886	9,917,519	13,410,870	10,665,237	10,451,681	10,702,128
Transfers out	(8,194,249)	(7,484,112)	(8,627,749)	(8,794,765)	(8,753,037)	(9,879,039)	(13,474,329)	(10,940,973)	(12,060,457)	(10,924,967)
General obligation bonds issued	11,165,000	6,690,000	6,675,000	30,455,000	-	9,395,000	11,435,000	6,890,605	6,985,000	7,490,000
Premium on general obligation bonds	247,038	197,459	12,885	1,302,774	-	238,187	901,045	475,349	602,484	610,152
Refunding bonds issued	-	5,980,000	-	2,090,000	-	-	5,150,000	2,130,000	3,990,000	-
Premium on refunding bonds	-	-	-	57,213	-	-	436,214	189,555	326,513	-
Payment to refunded bond escrow	-	(7,250,000)	-	-	-	-	-	-	(4,328,059)	-
Total other financing sources (uses)	11,763,984	5,758,492	6,536,890	33,805,611	(27,151)	9,671,667	17,858,800	9,409,773	5,967,162	7,877,313
Net change in fund balances	\$ 4,456,832	\$ (307,245)	\$ 2,894,050	\$ 22,755,633	\$ (15,918,397)	\$ 1,184,723	\$ (561,674)	\$ 1,422,033	\$ 2,073,387	\$ 2,876,847
Debt service as a percentage of non-capital expenditures	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%	28.2%	24.2%	20.1%	19.6%



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

<b>Fiscal Year Ended June 30,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Utilities</b>	<b>Multi-Residential<sup>1</sup></b>	<b>Other Property<sup>1</sup></b>	<b>Less: Military Tax Exemption</b>	<b>Total Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Assessed Value</b>	<b>Taxable Value as a Percentage of Estimated Actual Assessed Value</b>
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%
2016	1,552,353,357	757,802,880	120,629,790	16,686,705	-	-	2,514,090	2,444,958,642	10.6294	3,789,598,226	64.52%
2017	1,647,904,615	696,992,705	136,333,800	16,846,075	106,897,191	441,500	2,350,188	2,603,065,698	10.3733	4,052,418,330	64.23%
2018	1,731,394,279	705,942,764	137,021,310	19,179,323	109,617,206	609,200	2,323,334	2,701,440,748	10.3759	4,180,898,134	64.61%
2019	1,909,559,823	794,219,367	153,921,400	19,793,507	174,954,300	-	2,287,220	3,050,161,177	10.0686	4,632,139,435	65.85%

Source: Story County Auditor

<sup>1</sup> Fiscal year 2017 is the first fiscal year to have these classifications.

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

Fiscal Year	City Direct Rates				Overlapping Rates <sup>1</sup>			Total Direct & Overlapping Rates	
	General <sup>2</sup>	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate <sup>3</sup>	Ames School District <sup>4</sup>	Consolidated County <sup>5</sup>		Area Vocational <sup>6</sup>
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
2016	5.77474	0.65200	0.71216	3.49047	10.62937	14.20276	6.72830	0.67574	32.23617
2017	5.60071	0.64261	0.71908	3.41087	10.37327	14.34101	6.21998	0.72334	31.65760
2018	5.65041	0.65194	0.72660	3.34694	10.37589	14.34129	6.24271	0.67458	31.63447
2019	5.50149	0.63361	0.71534	3.21813	10.06857	14.34179	6.29920	0.69468	31.40424

<sup>1</sup> 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.

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

<sup>3</sup> City Council sets the rate.

<sup>4</sup> School district board of education sets the rate.

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

<sup>6</sup> Area community college sets the rate.

Source: Story County Auditor

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

<b>Taxpayer</b>	<b>2019</b>			<b>2010</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>
Iowa State University Research	\$ 54,565,258	1	1.79%			
Campus Investors IS, LLC	37,200,040	2	1.22%	9,979,900	8	0.49%
Barilla America, Inc.	33,520,140	3	1.10%	32,077,400	1	1.58%
Clinic Building Company, Inc.	25,849,661	4	0.85%	15,981,000	4	0.79%
Greater Iowa Credit Union	21,687,508	5	0.71%			
GPT Ames Owner LLC <sup>1</sup>	21,346,650	6	0.70%	13,698,200	6	0.67%
Dayton Park, LLC	19,053,909	7	0.62%			
Wal-Mart Stores, Inc.	18,810,000	8	0.62%	22,468,000	3	1.11%
CB at Ames, LLC	17,734,982	9	0.58%			
University West Property Owner, LLC	16,883,813	10	0.55%			
North Grand Mall Partners LLC				24,402,600	2	1.20%
Midwest Centers				14,252,000	5	0.70%
Ball Plastics Container Corp				10,024,000	7	0.49%
Grand Center Partners LLC				9,262,800	9	0.46%
SUSA Holding of Story County, Inc.				8,775,000	10	4.30%
	<u>\$ 266,651,961</u>		<u>8.74%</u>	<u>\$ 160,920,900</u>		<u>11.79%</u>

<sup>1</sup> Formerly Cycloneball, LLC

Source: Story County Auditor

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

<b>Fiscal Year Ended June 30,</b>	<b>Tax Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
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%	2,516	24,798,434	98.17%
2015	25,557,159	24,772,538	96.93%	13	24,772,551	96.93%
2016	26,000,394	25,108,284	96.57%	-	25,108,284	96.57%
2017	27,044,391	25,919,190	95.84%	-	25,919,190	95.84%
2018	28,137,151	27,044,258	96.12%	-	27,044,258	96.12%
2019	29,467,293	28,805,839	97.76%	-	28,805,839	97.76%

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 <sup>2</sup>	Population <sup>3</sup>	Per Capita
	General Obligation Bonds <sup>1</sup>	General Obligation Bonds <sup>1</sup>	Revenue Bonds <sup>1</sup>	Notes Payable	Loans Payable				
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
2016	66,260,584	5,399,300	100,601,136	-	35,976,370	208,237,390	14.66%	58,965	3,532
2017	64,987,720	6,534,531	96,160,114	-	66,093,486	233,775,851	14.35%	58,965	3,965
2018	63,331,642	5,682,156	91,617,054	-	66,796,145	227,426,997	12.60%	58,965	3,857
2019	62,013,160	4,794,742	86,967,258	-	68,697,475	222,472,635	15.12%	58,965	3,773

<sup>1</sup> Presented net of original issuance discounts and premiums and deferred charges

<sup>2</sup> Personal income is presented on page 142

<sup>3</sup> United States Census Bureau

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

<b>Fiscal Year</b>	<b>General Obligation Bonds<sup>1</sup></b>	<b>Less: Amounts Available in Debt Service Fund<sup>2</sup></b>	<b>Total</b>	<b>Percentage of Estimated Actual Assessed Value of Property<sup>3</sup></b>	<b>Per Capita<sup>4</sup></b>
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
2016	71,659,884	773,472	70,886,412	1.87%	1,202
2017	71,522,251	1,173,608	70,348,643	1.74%	1,193
2018	69,013,798	987,953	68,025,845	1.63%	1,154
2019	66,807,902	928,447	65,879,455	1.42%	1,117

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

<sup>2</sup> Amount restricted for debt service payments

<sup>3</sup> See page 132 for property value data

<sup>4</sup> See page 142 for population data

**City of Ames  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2019**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Amount Applicable to Primary Government</b>
Debt repaid with property taxes:			
Ames Community School District	\$56,470,000	98.27%	\$ 55,493,069
Gilbert Community School District	28,920,000	51.29%	14,833,068
Des Moines Area Community College <sup>1</sup>	19,465,000	6.19%	1,204,884
Nevada Community School District	5,994,000	0.22%	13,187
Story County	6,295,900	60.55%	3,812,167
Other debt:			
Ames Community School District revenue bonds	12,035,000	98.27%	11,826,795
Gilbert Community School District revenue bonds	9,110,000	51.29%	4,672,519
Nevada Community School District revenue bonds	11,765,000	0.22%	25,883
Nevada Community School District capital notes	998,000	0.22%	2,196
Subtotal, overlapping debt			<u>91,883,768</u>
City direct debt			<u>62,013,160</u>
Total direct and overlapping debt			<u><u>\$153,896,928</u></u>

<sup>1</sup> 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, 2019**

Legal debt margin for the fiscal year ended June 30, 2019:

Assessed value	\$ 4,632,139,435
Debt limit (5% of actual value)	\$ 231,606,972
Debt applicable to limit:	
General obligation bonds	63,290,000
Legal debt margin	\$ 168,316,972
Percentage of net debt margin available	72.67%
Percentage of net debt margin exhausted	27.33%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2019	\$ 231,606,972	\$ 63,290,000	72.67%
2018	209,044,907	65,480,000	68.68%
2017	202,620,917	68,230,000	66.33%
2016	189,479,911	68,825,000	63.68%
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%

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



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

**Hospital Revenue Bond**

Fiscal Year	Gross Revenues <sup>3</sup>	Less: Operating Expenses	Net Available Revenue	Debt Service <sup>1</sup>		Coverage
				Principal	Interest	
2010	\$ 156,880,212	\$ 133,553,941	\$ 23,326,271	\$ 1,090,000	\$ 993,613	11.20
2011	160,115,058	132,028,206	28,086,852	1,340,000	954,863	12.24
2012	171,389,850	139,964,878	31,424,972	1,375,000	3,069,633	7.07
2013	175,011,409	145,546,625	29,464,784	1,915,000	3,682,094	5.26
2014	174,265,003	145,968,125	28,296,878	2,755,000	3,869,900	4.27
2015	184,201,460	147,149,250	37,052,210	2,825,000	3,803,608	5.59
2016	181,534,863	153,761,276	27,773,587	2,890,000	3,735,480	4.19
2017	189,926,814	162,011,472	27,915,342	3,070,000	3,172,934	4.47
2018	194,988,247	164,723,116	30,265,131	3,150,000	3,090,047	4.85
2019	192,530,036	169,574,256	22,955,780	3,235,000	3,004,771	3.68

**Electric Revenue Bond**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	58,511,422	51,059,004	7,452,418	800,000	161,946	7.75
2017	64,339,637	53,697,044	10,642,593	625,000	343,556	10.99
2018	68,660,541	56,603,627	12,056,914	655,000	312,306	12.46
2019	68,342,980	58,076,088	10,266,892	685,000	279,556	10.64

**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 <sup>2</sup>		Coverage
				Principal	Interest	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	6,643,819	7,083,679	(439,860)	-	3,019	-
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
2016	8,370,811	4,751,416	3,619,395	134,000	44,520	20.27
2017	8,856,136	5,147,061	3,709,075	169,000	42,951	17.50
2018	9,175,876	5,934,923	3,240,953	172,000	51,001	14.53
2019	9,172,812	6,575,420	2,597,392	414,250	89,827	5.15

**Water Capital Loan Note**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	9,584,813	5,560,459	4,024,354	-	64,982	-
2016	9,987,307	5,771,458	4,215,849	-	454,561	9.27
2017	10,502,276	6,141,051	4,361,225	-	857,786	5.08
2018	10,824,699	6,211,833	4,612,866	2,870,000	1,294,591	1.11
2019	11,121,859	6,917,507	4,204,352	2,927,000	1,287,070	1.00

<sup>1</sup> Debt service payments do not include payments to refund revenue bonds.

<sup>2</sup> 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.

<sup>3</sup> Prior year gross revenues were restated to accurately reflect operating revenue.

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

<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Personal Income</b>	<b>School Enrollment<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
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%
2015	58,965	24,082	1,419,995,130	4,181	2.4%
2016	58,965	27,629	1,629,143,985	4,188	2.4%
2017	58,965	30,615	1,805,213,475	4,300	2.0%
2018	58,965	24,946	1,470,940,890	4,387	1.6%

<sup>1</sup> United States Census Bureau

<sup>2</sup> Ames School District

<sup>3</sup> Iowa Workforce Development

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

<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Iowa State University	16,952	1	29.26%	14,374	1	
City of Ames	1,379	2	2.38%	904	4	
Mary Greeley Medical Center	1,367	3	2.36%	1,409	2	
Iowa Department of Transportation	1,025	4	1.77%	1,062	3	
Danfoss <sup>1</sup>	1,015	5	1.75%	650	6	
McFarland Clinic, P.C.	990	6	1.71%	520	8	
USDA	750	7	1.29%			
Hy-Vee Food Stores	725	8	1.25%	733	5	
Ames Community School District	650	9	1.12%	650	7	
Workiva	510	10	0.88%			
3M Company				466	9	
Ames Laboratories				430	10	
Total			<u>43.77%</u>			<u>0.00%</u>

<sup>1</sup> 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Management services	23.50	22.50	22.25	23.25	23.25	23.25	23.25	24.25	24.25	24.50
Finance	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	41.00
Planning and housing	10.50	10.50	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Administrative services <sup>1</sup>	-	-	-	-	-	6.50	6.00	6.00	5.00	5.00
Fleet services/facilities	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	75.70	75.95	75.95	75.95	75.95	81.55	84.05	84.05	84.05	84.50
Fire/inspections	68.00	68.00	68.50	68.50	68.50	65.00	65.00	68.00	70.00	71.00
Police/animal control/parking	74.65	77.65	77.65	77.65	77.65	77.65	77.65	79.65	80.65	82.15
Library	31.00	31.00	31.50	31.50	31.50	35.25	35.50	35.75	35.75	36.50
Parks and recreation	20.50	20.50	19.50	19.50	19.50	19.50	19.50	25.00	25.00	25.00
Water and pollution control	41.50	41.50	41.50	41.50	41.25	40.05	40.05	40.30	40.30	40.00
Electric	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.00	3.00	3.00	3.00	3.00	1.50	2.00	2.00	2.00	2.00
Engineering	13.00	13.00	14.00	14.00	14.00	14.00	15.75	15.75	14.75	14.75
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	22.00	22.00	22.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	13.00	13.00	13.00	13.00	13.00	13.00	13.00	8.00	10.00	10.00
Hospital	1,044.00	1,055.00	1,064.00	1,092.00	1,082.00	1,050.00	1,071.00	1,067.00	1,082.00	1,086.00
Total	<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>	<u>1,636.00</u>	<u>1,642.00</u>	<u>1,660.00</u>	<u>1,667.90</u>

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

Source: City Finance Department

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Number of licenses/permits processed	537	512	462	539	524	617	559	714	635	752
Police:										
Physical arrests	1,417	1,415	1,395	1,463	1,588	1,531	1,362	1,215	1,596	1,480
Parking violations	46,354	52,147	48,947	44,100	45,530	46,759	50,280	47,272	38,798	32,711
Traffic violations	3,080	2,953	4,068	3,204	2,543	2,981	2,451	2,614	2,834	2,328
Fire:										
Number of fires	148	175	188	137	150	107	126	89	116	80
Number of ambulance assists	2,099	2,211	2,178	2,325	2,471	2,464	2,442	2,663	2,646	2,857
Inspections	731	1,011	829	1,058	1,263	1,205	1,435	1,074	831	501
Library:										
Total circulation	1,431,023	1,388,273	1,343,758	1,222,547	1,205,620	1,255,953	1,304,434	1,280,305	1,222,360	1,220,180
Library visits	435,572	416,908	443,895	323,859	226,690	426,608	506,034	523,673	508,918	485,929
Parks and recreation:										
Total number of participant visits	254,365	303,012	320,533	287,504	294,978	279,103	293,757	255,227	280,766	281,420
Total number of activities	147	149	148	154	160	175	187	194	196	200
Resource recovery:										
Tons of refuse processed	50,614	56,789	53,731	48,244	27,878	50,035	41,646	45,598	37,124	33,173
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	55.00	55.00
Other public works:										
Blocks of streets crack sealed	45	65	110	92	123	90	66	73	65	81
Blocks of streets slurry sealed	-	-	-	-	11	22	36	33	30	-
Blocks of seal coat reconstruction	17	8	6	7	8	4	16	-	10	6
Hospital:										
Total admissions	9,292	9,918	9,617	8,768	8,289	8,298	7,867	8,368	8,510	8,267
Average percent of occupancy	59.6%	57.1%	56.3%	54.1%	52.1%	50.5%	49.3%	49.7%	50.2%	50.6%
Electric:										
Kilowatt hours produced at plant	340,892,874	341,229,148	307,447,978	318,394,938	282,348,784	278,471,640	243,388,530	244,149,566	222,873,411	167,189,716
Meters in service	24,290	24,436	24,844	25,141	25,353	26,023	26,232	26,475	27,324	27,348
Transit:										
Passengers	5,377,155	5,447,289	5,759,883	5,892,786	6,619,182	6,711,665	6,785,479	6,658,027	6,572,065	6,121,023
Total miles driven	1,381,832	1,421,852	1,412,162	1,384,270	1,493,983	1,599,493	1,658,443	1,635,781	1,649,762	1,516,271
Water:										
Billion gallons per year pumped	1.961	2.074	2.151	2.082	2.131	2.022	2.110	2.131	2.245	2.117
Utility locates performed	5,417	6,471	6,466	6,247	6,185	6,615	8,121	7,383	7,113	6,932
Water main breaks	23	37	18	42	47	19	19	18	42	46
Wastewater:										
Billion gallons per year treated	2.385	2.501	1.906	2.093	1.936	2.389	2.690	2.427	2.141	2.706

Sources: City departments and Mary Greeley Medical Center

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	11	11	11	11	11	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	36	36	36	37	37	37	37	36	36	38
Total number of park acres	1,213	1,213	1,213	1,224	1,227	1,227	1,227	1,223	1,224	1,230
Total number of athletic fields	18	18	18	18	18	18	18	18	21	21
Other public works:										
Miles of streets	254	260	272	288	290	291	291	300	305	305
Number of traffic signals	70	70	70	70	67	67	67	68	69	70
Number of signs	9,575	9,759	9,852	9,486	9,489	9,485	9,509	9,854	10,087	10,658
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	72	79	84	89	93	104	105	104	105	104
New buses purchased	14	7	7	2	-	6	9	5	3	1
Water:										
Miles of water mains	240	241	241	241	243	247	254	247	249	250
Fire hydrants	2,619	2,650	2,648	2,663	2,700	2,771	2,847	2,906	2,948	2,977
Wells	28	28	28	28	28	28	28	25	24	25
Wastewater:										
Sanitary sewer miles	200	201	202	202	203	204	204	210	211	212
Storm sewer miles	257	261	263	265	260	263	271	276	277	278

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

Sources: City departments and Mary Greeley Medical Center



Information to Comply with Government Auditing Standards  
and Uniform Guidance

June 30, 2019

City of Ames, Iowa





**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 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, 2019, 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 11, 2019. 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.

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

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

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2019, 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 Response to Finding**

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
December 11, 2019



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of 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 the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa  
December 11, 2019

City of Ames, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct program			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		\$ 707,944
U.S. Department of Justice			
Direct program			
Bulletproof Vest Partnership Program	16.607		5,413
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,976
			<u>11,976</u>
Total U.S. Department of Justice			<u>17,389</u>
U.S. Department of Transportation			
Direct program			
Airport Improvement Program	20.106		216,138
Highway Planning and Construction Cluster			
Pass-through program from			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	19MPO-AAMPO	95,146
Highway Planning and Construction	20.205	2017-006-00-015-FY17	360,425
Highway Planning and Construction	20.205	2017-006-01-015-FY18	109,668
Highway Planning and Construction	20.205	2019-006-00-015-FY18	160,484
Highway Planning and Construction	20.205	STP-E-0155(684)--8V-85	238,262
Highway Planning and Construction	20.205	STP-U-0155(696)--70-85	913,434
Total Highway Planning and Construction Cluster			<u>1,877,419</u>
Federal Transit Cluster			
Direct program			
Federal Transit - Formula Grants	20.507		2,406,365
Pass-through program from			
Iowa Department of Transportation			
Metropolitan Transportation Planning and State and			
Non-metropolitan Planning and Research	20.505	19MPO-AAMPO	13,448

City of Ames, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation (continued)			
Transit Services Programs Cluster			
Pass-through program from			
Iowa Department of Transportation			
Enhanced Mobility of Seniors and Individuals with			
Disabilities	20.513	2016-026-02-015-FY19	\$ 119,953
Highway Safety Cluster			
Pass-through program from			
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	PAP 18-402-MOAL, Task 01-00-00	12,498
State and Community Highway Safety	20.600	PAP 19-402-MOAL, Task 01-00-00	27,511
Total Highway Safety Cluster			<u>40,009</u>
Total U.S. Department of Transportation			<u>4,673,332</u>
U.S. Department of Health and Human Services			
Pass-through program from			
Iowa Department of Public Health			
Immunization Cooperative Agreements	93.268	5889I480	6,833
PPHF Capacity Building Assistance to Strengthen			
Public Health Immunization Infrastructure and			
Performance financed in part by Prevention and			
Public Health Funds	93.539	5889I480	4,955
Total U.S. Department of Health and Human Services			<u>11,788</u>
U.S. Department of Homeland Security			
Pass-through program from			
Iowa Department of Homeland Security and Emergency			
Management			
Disaster Grants - Public Assistance	97.036	PA-07-IA-4386-PW-00207	78,068
Disaster Grants - Public Assistance	97.036	PA-07-IA-4386-PW-00401	45,915
Disaster Grants - Public Assistance	97.036	PA-07-IA-4386-PW-00102	26,386
Total U.S. Department of Homeland Security			<u>150,369</u>
Total			<u>\$ 5,560,822</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Ames, Iowa, (City) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting – when they become a demand on current available financial resources in the governmental fund types and on the full accrual basis of accounting – when expenditures are incurred in the proprietary fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. There was no assistance provided to subrecipients during the year ended June 30, 2019.

**Note 3 - Indirect Cost Rate**

The City has not elected to use the 10% de minimis cost rate.

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516	Yes

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	CFDA Number
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
Federal Transit Cluster	
Federal Transit - Formula Grants	20.507
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No



**Part II: Findings Related to the Financial Statements**

There were no findings to report.

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

**2019-001 U.S. Department of Transportation  
CFDA 20.507, IA-2019-020-00  
Year Ended June 30, 2019  
Federal Transit - Formula Grants  
Procurement and Suspension and Debarment  
Significant Deficiency in Internal Control over Compliance**

**Criteria:** The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity must establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Non-federal entities are also prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet other criteria as specified in 2 CFR section 180.220.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from that entity, or (3) adding a clause or condition to the covered transaction with that entity.

**Condition:** We tested compliance and internal controls over suspension and debarment and noted one vendor in which there was no documentation to support the contractor was not suspended or debarred.

**Cause:** There is a lack of controls over the suspension and debarment.

**Effect:** Failure to provide documentation of the suspension and debarment check being performed may result in disallowed cost.

**Questioned Costs:** None reported.

**Context/Sampling:** A nonstatistical sample of four vendors out of ten vendors were selected for suspension and debarment testing.

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

**Repeat Finding from Prior Years:** No.

**Recommendation:** We recommend that management review and improve the approval and documentation process for program expenditures to identify “covered transactions” and ensure suspension and debarment checks are performed.

**View of Responsible Officials:** Management will ensure all departments that use federal funds have this step included on a checklist for all transactions covered by this section.

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

**2019-IA-A Certified Budget:** Disbursements during the year ended June 30, 2019, did not exceed the amount budgeted.

**2019-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.

**2019-IA-C Travel Expense:** No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**2019-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
Kylie Ploessl, Employee, Husband, Marc, is owner of Ames Lawn Care and Maintenance	Services	\$ 1,211
Chris Nelson, Employee, Father is owner of Nelson Electric Company Services		427

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Ames Lawn Care and Maintenance and Nelson Electric Company do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

**2019-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.

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

**2019-IA-F Council Minutes:** No transactions were found that we believe should have been approved in the Council minutes but were not.

**2019-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.

**2019-IA-H Revenue Bonds:** The Water Utility revenue loan notes with the Iowa Finance Authority (IFA) include a requirement for the Utility to produce net revenues of at least 110% of the current year debt service requirement. The City did not meet this requirement in fiscal year 2019.

No instances of noncompliance with the provisions of the Electric and Sewer Utility revenue bond resolutions were noted.

**Recommendation:** The City should review the bond covenant requirements and contact IFA and their bond consultants.

**View of Responsible Officials:** The water utility raised rates 7% as budgeted on July 2, 2019. The increase in revenues, along with future increases, should allow the City to meet this requirement in future years. Management will contact IFA and their bond consultants.

**2019-IA-I Annual Urban Renewal Report:** The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.