

ITEM # 34
DATE: 05-09-23
DEPT: FINANCE

COUNCIL ACTION FORM

SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2022

BACKGROUND:

Iowa Code requires the City to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. These financial statements, referred to as the Annual Comprehensive Financial Report (ACFR), 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 ACFR consists of 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 used by governments to organize and present data to demonstrate that certain resources have been segregated for specific activities or objectives in accordance with special regulations, restrictions, or limitations. The constraints on how financial resources can be used are either imposed externally (grantors and creditors) or internally through the budget adopted by the City Council.

Governmental accounting regulations require that the statements contained in the ACFR 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 effort 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 ACFR. 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, 2022, 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, 2022, 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 with the exception described below.

AUDIT OPINION AND REPORT

The auditor's report on the financial statements is an unmodified or "clean" opinion (page 9). There were no significant deficiencies, but there were material audit adjustments made (page 153). Those adjustments include changes to the capital asset list for construction in progress and the schedule of expenditures of federal awards (SEFA). Additional procedures and staff training have been implemented to prevent adjustments to these areas in the future.

The compliance section (page 165) also reports a finding related to disbursements during year ended June 30, 2022, exceeding the amounts budgeted in the debt service function. This was due to an unusually large amount of refunding bonds resulting in charges more than expected. Beginning in FY 2023, future bond fees will be included in the budget. There was also a finding related to the Annual Urban Renewal Report, where in one instance, the TIF debt balances did not reconcile to City records. Additional procedures and staff training have been implemented to assure completeness in the future.

Also included with the report is the management letter (page 1) 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, 2022, audit. It does include a statement related to the adjustments mentioned in the previous paragraph.

ALTERNATIVES:

1. Accept the Annual Comprehensive 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 Annual Comprehensive Financial Report.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF AMES, IOWA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF AMES, IOWA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



In 1970, the first Earth Day was celebrated across the nation and focused attention on the environment and the importance of conservation. Within five years, the City of Ames opened the first in the nation municipally owned waste-to-energy facility to provide a unique solution to waste disposal by using processed garbage to produce electricity. In the decades that followed, the City of Ames, with support from Ames residents, continued to pursue options, programs, and services that conserve natural resources and support a healthy environment.

Today, our Ames utilities incentivize water and electric use reduction through rebates, incentives, and education. We have implemented our own

glass and food recycling programs. Our fleet vehicles have diversified into hybrid, all-electric, and biofuels. Our facilities are retrofitted and constructed with energy-savings as a priority. As our community grows, we incorporate parks and green space into our planning, and we consider multi-modal transportation to connect our city.

More than 50 years since the first Earth Day, the City of Ames is now creating a community-wide Climate Action Plan (CAP). Encouraged by residents and focused on the future of our shared planet, the CAP provides a road map to reduce our carbon footprint. The City of Ames remains committed to the goal of building a safe, healthy, livable, and sustainable community.



CITY OF AMES, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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, 2022**

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INTRODUCTORY SECTION



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May 1, 2023

To the Honorable Mayor, City Council Members, and Citizens 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 Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2022, 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, 2022. 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 ninth largest city in Iowa and serves a population of 66,427, according to the 2020 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. In most years, the City Council is then required to hold public hearings on the proposed budget and adopt a final budget no later than March 31 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 National Laboratory. 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 December 2022, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) unemployment rate of 1.9% (preliminary) was one of the lowest in the nation, below the Iowa and national unemployment rates of which were at or above 2.9%. The City has continued a general trend of steady employment growth since the onset of employment loss during the COVID pandemic and has nearly fully recovered to pre-pandemic levels. The City has also experienced steady growth in population, increasing from 58,965 in the 2010 census to 66,427 in 2020, a 12.65% increase over ten years.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The assessed valuation for property in Ames grew by 4.4 % from January 2020 to January 2021. ISU student enrollment has fallen slightly from recent peaks with 29,969 students enrolled for the fall 2022 semester, a reduction of 2% from the prior year.

The commercial and industrial sectors, which were slowed during the COVID Pandemic, began the process of returning to standard construction activity, including new construction valuation of roughly \$37.3 million in FY 2021/22. The City continues to work with the state of Iowa and a local developer to make significant enhancements to the City's downtown area through the redevelopment of the Lincoln Way Corridor. The proposed project includes a City constructed indoor aquatics center as well as private commercial, retail, and housing. This project, which will transform a highly visible sections of the City, was awarded a \$10 million Iowa Reinvestment District Grant by the Iowa Economic Development Authority.

Long-term financial planning and major initiatives

In 2013 the Iowa Department of Natural Resources released the Iowa Nutrient Reduction Strategy. This strategy required the largest municipal wastewater facilities in Iowa to install process changes for nutrient removal. To comply with the updated requirements, the City has identified a staged approach to compliance which is expected to be materially under construction in the upcoming three fiscal years. To avoid placing significant financial burdens on the utility's customers, the second phase of the project

is currently expected to begin design in FY 2035/36. Additionally, the City is in the process of developing a Climate Action Plan which establishes a community carbon reduction goal and develops a relevant, achievable, and cost-effective strategy, timeline, and metrics to track progress toward achieving the goal.

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 25% of operating expenditures less pass-through amounts. The City met this requirement and adhered to all other financial policies established by the City Council.

Awards and acknowledgements

The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. 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 was the 37th 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,

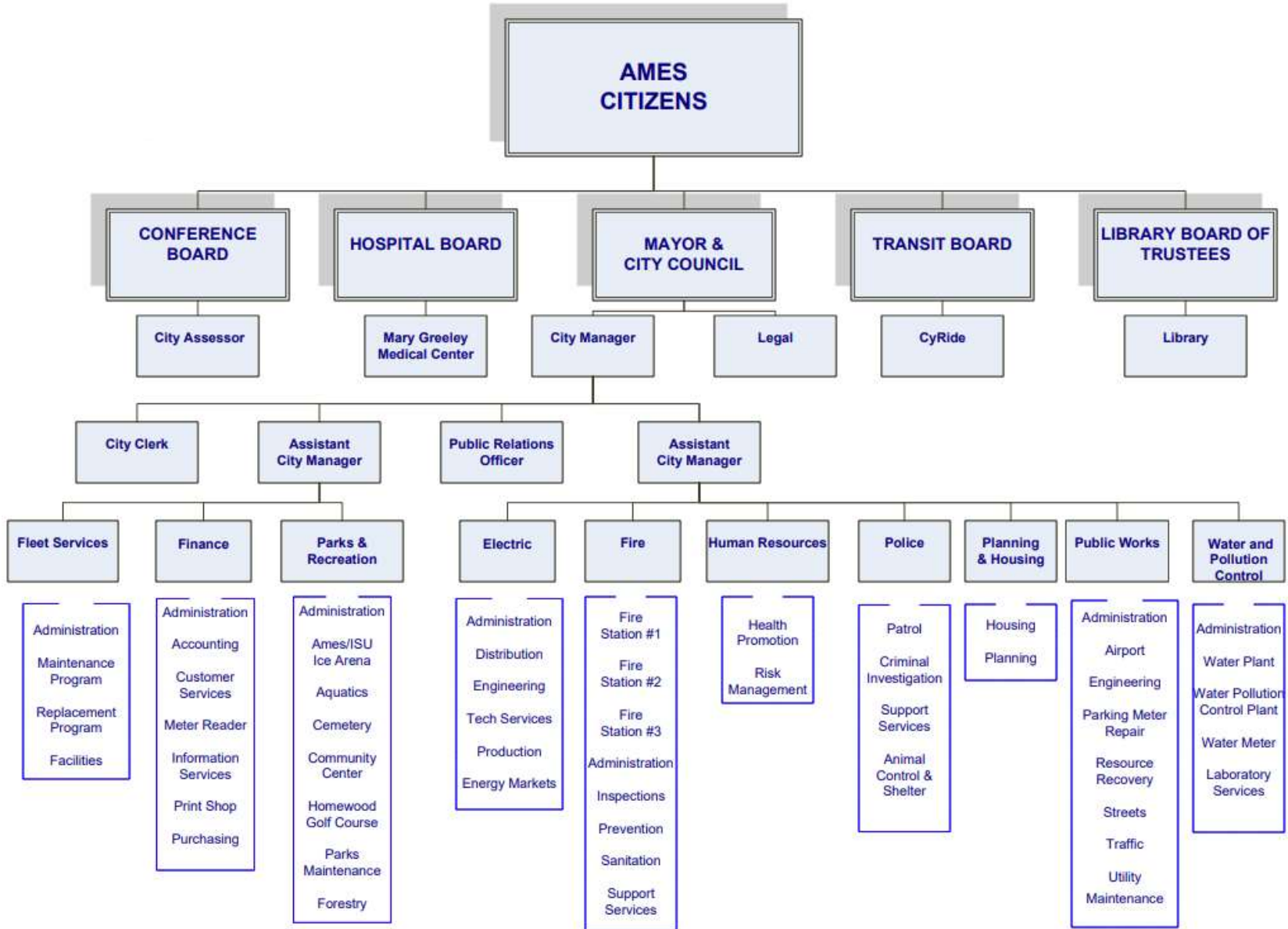
Steven L. Schainker
City Manager



Corey Goodenow
Director of Finance



**City of Ames
Organizational Chart
June 30, 2022**



City of Ames
List of Elected and Appointed Officials
June 30, 2022

Elected Officials:

Mayor	John Haila
Council Member – Ward 1	Gloria Betcher
Council Member – Ward 2	Tim Gartin
Council Member – Ward 3	Anita Rollins
Council Member – Ward 4	Rachel Junck
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	Renee Hall
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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	Corey Goodenow
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	Geoff Huff

Other Officials:

Director of Transportation	Barbara Neal
Library Director	Sheila Schofer

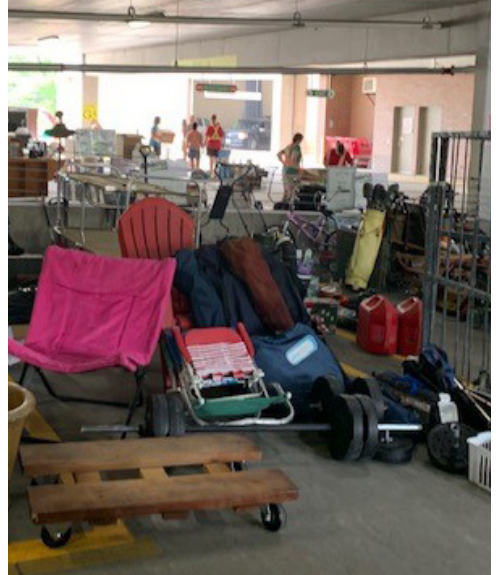
Hospital Administration:

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

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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, as of June 30, 2022, 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.

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, 55 percent, and 64 percent, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of the discretely presented component unit, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mary Greeley Medical Center and the component unit, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note IV R and IV W to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the City's fund balance/net position as of July 1, 2021, to restate beginning fund balance/net position. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note IV W to the financial statements, the City changed its method of accounting for the airport fund. This activity was previously reported in the general fund and capital projects fund. The airport fund is now accounted for in a separate enterprise fund. The City has retroactively restated the related fund balances and net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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
May 2, 2023

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, 2022. 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 1-3 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 \$1,026,620,454 (*net position*). Of this amount, \$471,704,352 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 \$12,529,138, most of which was attributable to governmental-type activities, including Capital Projects and Federal Relief funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$74,011,012, an increase of \$14,986,607 in comparison with the prior year's restated balance. Approximately 12.35% of this amount (\$9,140,823) 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 \$14,164,585, or approximately 41.0% of total General Fund expenditures.
- The City's total long-term outstanding debt decreased by \$9,633,187 during the current fiscal year.
- Within the City's business-type activities, expenses exceeded revenues by \$7,999,804. The City policy is to set rates that fund operational expenses of business-type activities and most capital improvements. The majority of the decrease in net position represents Mary Greeley's nonoperating investment losses of \$38.7 million.

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 City 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 25-27 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 funds of the City can be divided into two categories: governmental funds and proprietary 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 25 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 22 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 28-31 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, airport, 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, printing, messenger, 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 32-36 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. One custodial fund reports 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 37-38 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-95 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 (asset), obligation to provide other post-employment benefits to its employees, and budgetary comparisons. Required supplementary information can be found on pages 97-107 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 111-127 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 \$1,026,620,454 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.

Net Position

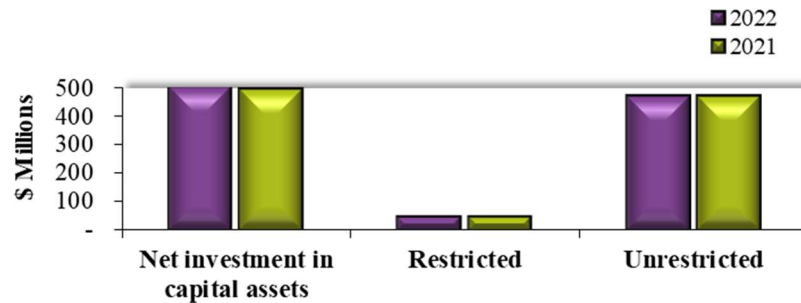
	Governmental Activities		Business-Type Activities		Total	
	2022	2021, as restated	2022	2021, as restated	2022	2021, as restated
Current and other assets	\$ 134,704,297	\$ 125,892,616	\$ 578,133,854	\$ 613,887,827	\$ 712,838,151	\$ 739,780,443
Net capital assets	202,712,338	198,164,193	494,871,959	487,003,454	697,584,297	685,167,647
Total assets	337,416,635	324,056,809	1,073,005,813	1,100,891,281	1,410,422,448	1,424,948,090
Deferred outflows of resources	5,831,028	9,983,026	18,931,059	25,399,353	24,762,087	35,382,379
Long-term liabilities outstanding	76,666,355	101,395,151	176,993,292	257,683,586	253,659,647	359,078,737
Other liabilities	9,808,591	16,148,448	33,073,623	33,799,325	42,882,214	49,947,773
Total liabilities	86,474,946	117,543,599	210,066,915	291,482,911	296,541,861	409,026,510
Deferred inflows of resources	53,398,786	33,651,247	58,623,434	3,561,396	112,022,220	37,212,643
Net position:						
Net investment in capital assets						
assets	156,680,795	155,290,908	347,429,640	340,520,232	504,110,435	495,811,140
Restricted	39,812,571	26,517,909	10,993,096	21,349,489	50,805,667	47,867,398
Unrestricted	6,880,565	1,036,172	464,823,787	469,376,606	471,704,352	470,412,778
Total net position	\$ 203,373,931	\$ 182,844,989	\$ 823,246,523	\$ 831,246,327	\$ 1,026,620,454	\$ 1,014,091,316

The largest portion of the City's net position (49.10%) 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 (\$50,805,667 or 4.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$471,704,352 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.

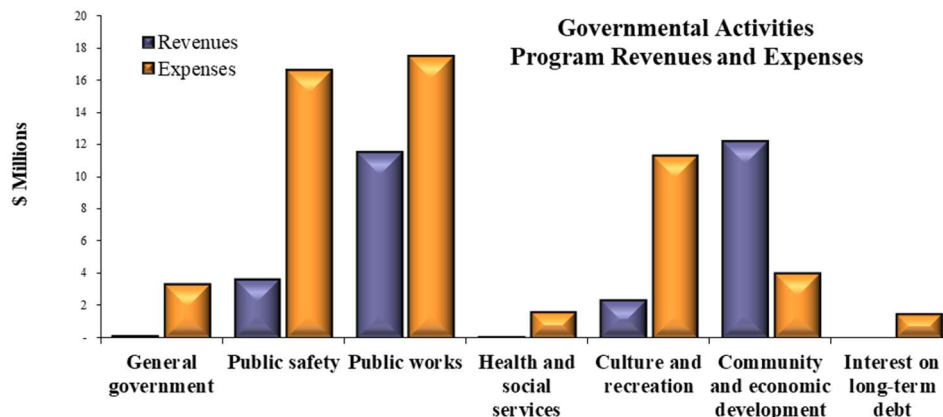
The following chart shows the components of net position for the years ended June 30, 2022 and 2021:



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$20,528,942 after restatement of FY2021 funds for an ending balance of \$203,373,931. Taxes are the largest source of governmental revenue with property taxes of \$35,243,169 and local option sales taxes of \$11,231,768 in 2022. The \$501,145 increase in property tax collections in 2022 over 2021 is due to an increase in taxable valuation. Charges for services increased \$336,750 from 2021 revenues.

Governmental activity expenses decreased \$2,206,240 from 2021, or 3.80%, mainly due to change in reporting airport fund as an enterprise fund, when previously it was reported as a governmental fund.

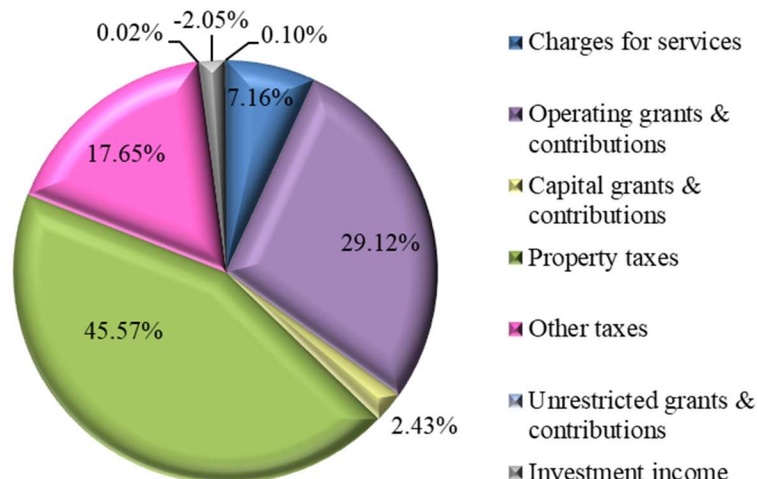
The following chart shows the expenses and related program revenues for the functions of governmental activities:



City of Ames
Changes in Net Position
June 30, 2022

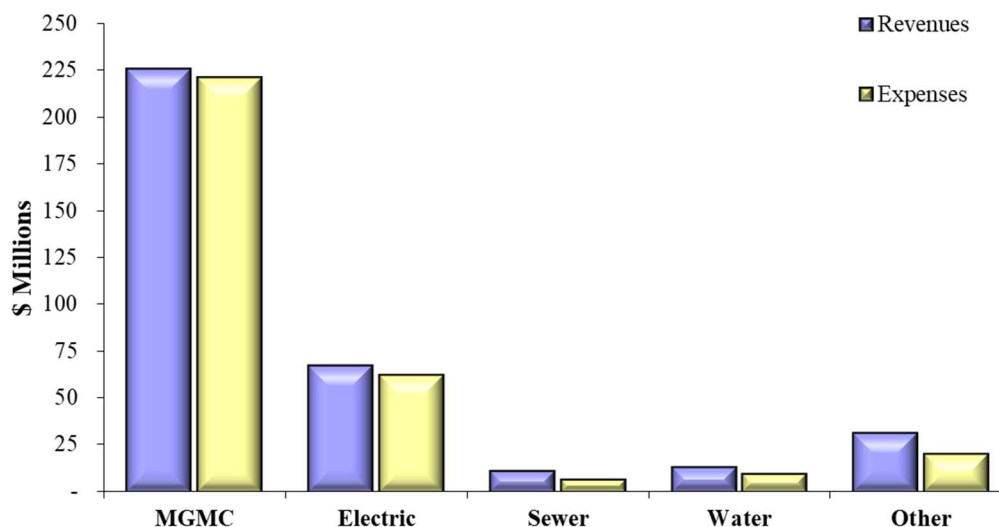
	Governmental Activities		Business-Type Activities		Total	
	2022	2021, not restated	2022	2021, not restated	2022	2021, not restated
Revenues:						
Program revenues						
Charges for services	\$ 5,535,224	\$ 5,198,474	\$ 325,823,138	\$ 309,527,651	\$ 331,358,362	\$ 314,726,125
Operating grants & contributions	22,525,675	12,952,426	15,205,764	15,629,698	37,731,439	28,582,124
Capital grants & contributions	1,882,523	10,169,954	8,366,793	3,581,879	10,249,316	13,751,833
General revenues						
Property taxes	35,243,169	34,742,024	-	-	35,243,169	34,742,024
Other taxes	13,647,503	11,904,531	-	-	13,647,503	11,904,531
Unrestricted grants & contributions	16,152	21,126	-	-	16,152	21,126
Investment earnings	(1,582,910)	436,298	(40,796,262)	79,779,629	(42,379,172)	80,215,927
Other	75,019	489,323	3,744,892	3,501,603	3,819,911	3,990,926
Total revenues	77,342,355	75,914,156	312,344,325	412,020,460	389,686,680	487,934,616
Expenses:						
General government	3,343,575	3,722,100	-	-	3,343,575	3,722,100
Public safety	16,610,543	21,464,000	-	-	16,610,543	21,464,000
Public works	17,447,329	11,484,497	-	-	17,447,329	11,484,497
Health & social services	1,634,556	1,387,924	-	-	1,634,556	1,387,924
Culture & recreation	11,306,025	12,452,132	-	-	11,306,025	12,452,132
Community & economic development	4,030,738	6,381,948	-	-	4,030,738	6,381,948
Interest on long-term debt	1,474,802	1,161,207	-	-	1,474,802	1,161,207
Mary Greeley Medical Center	-	-	220,771,985	208,743,252	220,771,985	208,743,252
Electric	-	-	62,489,331	59,123,227	62,489,331	59,123,227
Sewer	-	-	6,788,649	6,933,018	6,788,649	6,933,018
Water	-	-	9,720,409	10,563,721	9,720,409	10,563,721
Airport	-	-	971,080	-	971,080	-
Parking	-	-	757,891	842,179	757,891	842,179
Transit	-	-	13,663,553	13,624,865	13,663,553	13,624,865
Stormwater	-	-	840,274	662,387	840,274	662,387
Ames/ISU Ice Arena	-	-	540,335	557,566	540,335	557,566
Homewood Golf Course	-	-	266,379	253,985	266,379	253,985
Resource Recovery	-	-	4,500,088	4,709,977	4,500,088	4,709,977
Total expenses	55,847,568	58,053,808	321,309,974	306,014,177	377,157,542	364,067,985
Increase in net position before transfers	21,494,787	17,860,348	(8,965,649)	106,006,283	12,529,138	123,866,631
Transfers	(965,845)	(1,036,017)	965,845	1,036,017	-	-
Increase in net position	20,528,942	16,824,331	(7,999,804)	107,042,300	12,529,138	123,866,631
Net position, beginning (as previously reported)	192,125,054	175,300,723	821,966,262	714,923,962	1,014,091,316	890,224,685
Net position restatement	(9,280,065)	-	9,280,065	-	-	-
Net position, beginning (as restated)	182,844,989	175,300,723	831,246,327	714,923,962	1,014,091,316	890,224,685
Net position, ending	\$ 203,373,931	\$ 192,125,054	\$ 823,246,523	\$ 821,966,262	\$ 1,026,620,454	\$ 1,014,091,316

The following chart shows revenues by source for governmental activities:



Business-Type Activities. The net position for business-type activities decreased by \$7,999,804, after 2021 restatements. The majority of this decrease is attributable to the hospital’s total nonoperating losses of \$42.6 million, which largest component is nonoperating investment losses of \$38.7 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.

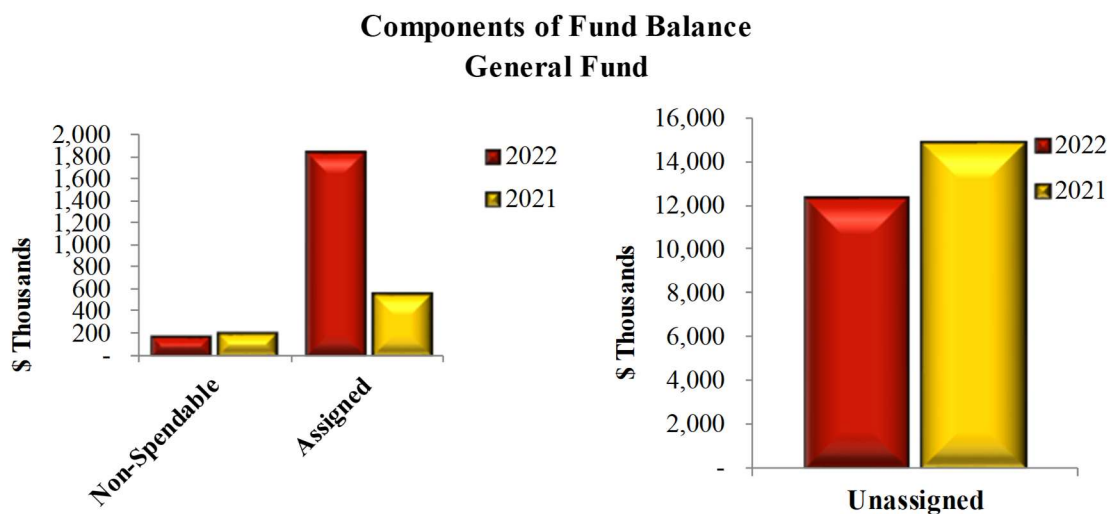
The City's governmental funds reported combined fund balances of \$74,011,012 at June 30, 2022, an increase of \$14,986,607 from the prior year. Approximately 12.35% of this amount (\$9,140,823) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$1,172,975); 2) legally required to be maintained intact (\$2,067,397); 3) restricted for particular purposes (\$57,406,305); 4) committed for particular purposes (\$2,388,405); or 5) assigned for particular purposes (\$1,835,107).

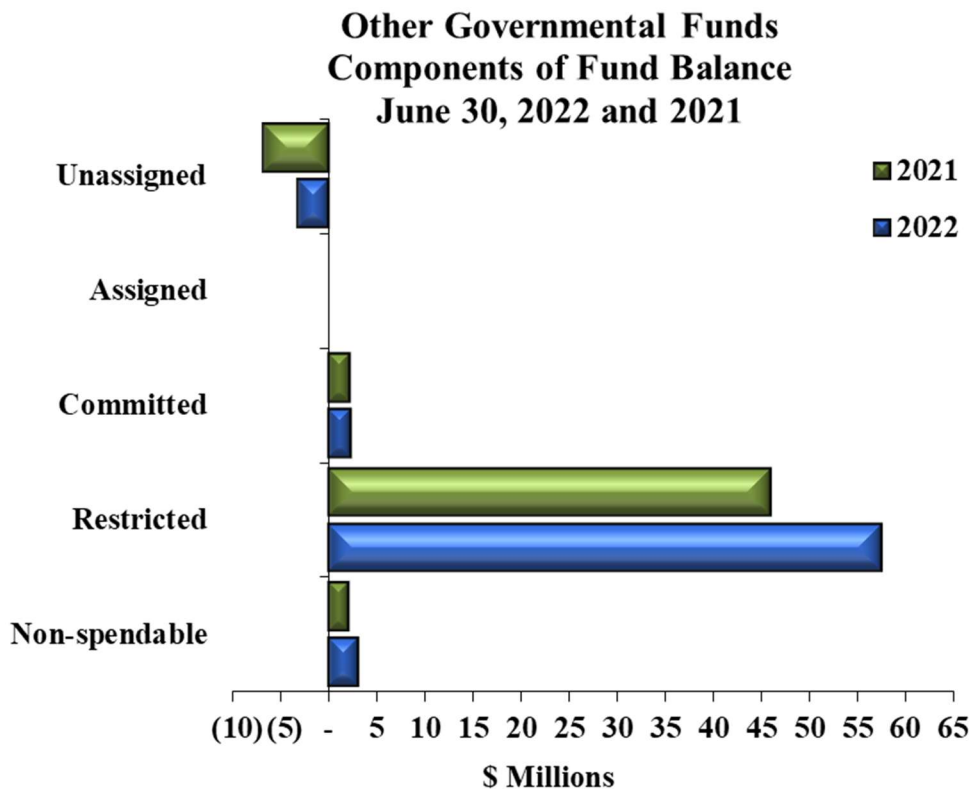
The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,329,478, while total fund balance decreased by \$1,260,892 to \$14,329,577. The ending fund balance is 42% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.

The Capital Projects Fund had an increase of \$2,287,291 in fund balance during the fiscal year, which put the overall fund balance at \$22,512,299. Some of the capital projects for the year included safety and access improvements, work on the extension of Grand Avenue and the expansion of Iowa State University Research Park Phase IV, updating the Long-Range Transportation Plan, as well as annual street maintenance and improvement.

The fund balance in the Debt Service Fund is just over \$2 million at the end of the fiscal year, an increase of \$880,322 from the prior year.

The fund balances of other governmental funds increased by \$13,079,886 from the 2021 balances. A large part of this increase is in the Federal Relief Funds, with an increase in revenue due to funding requirements being defined.





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, 2022, totaled \$810,713,538, of which 55.79% (\$452,290,802) is unrestricted. This is a \$8,544,447, or 1.05%, decrease in net position from last fiscal year's restated balance. On page 94 the \$9,280,065 restatement of moving airport funds from governmental to enterprise funds is detailed. The net position of the internal service funds is \$34,499,620, a \$1,048,196 increase in net position. Unrestricted net position accounts for \$24,448,184 (70.87%) of the total internal service fund net position balance.

Charges for services for the internal service funds increased 2.9% over the prior year.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were three amendments to the City's 2022 budget. The first amendment was approved in September 2021, primarily to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were approved in February and May of 2022 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 2021 for capital projects that were not completed.

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, 2022, amounts to \$697,584,297 (net of accumulated depreciation), an

increase of \$12,416,650 from prior year restated 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:

- \$1.7 million in traffic signal upgrades/replacements
- \$3.2 million in water line system improvements
- \$2.2 million for underground and overhead electric improvements
- \$3.3 million CyRide fleet vehicles
- \$6.5 million in Street Network improvements

Additional information on the City's capital assets can be found in note IV (E) on pages 56-57 of this report. The following shows capital assets, net of accumulated depreciation.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021, as restated	2022	2021, as restated	2022	2021, as restated
Land	\$ 13,237,769	\$ 13,237,769	\$ 17,028,319	\$ 15,977,402	\$ 30,266,088	\$ 29,215,171
Other non-depreciable assets	622,326	611,826	-	-	622,326	611,826
Depreciable assets	164,006,482	155,170,653	441,879,461	441,620,848	605,885,943	596,791,501
Construction in progress	24,845,761	29,143,945	35,964,179	29,405,204	60,809,940	58,549,149
Total	<u>\$ 202,712,338</u>	<u>\$ 198,164,193</u>	<u>\$ 494,871,959</u>	<u>\$ 487,003,454</u>	<u>\$ 697,584,297</u>	<u>\$ 685,167,647</u>

Long-term Debt. At the end of the current fiscal year, the City had \$170,930,293 in outstanding bonded debt, as shown in the following chart. Of this amount, \$69,268,009 is debt backed by the full faith and credit of the government and \$101,662,284 is revenue bonds issued by proprietary funds.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021, as restated	2022	2021, as restated	2022	2021, as restated
General obligation bonds, net	\$ 65,692,675	\$ 64,196,018	\$ 3,575,334	\$ 4,259,031	\$ 69,268,009	\$ 68,455,049
Revenue bonds	-	-	101,662,284	108,824,332	101,662,284	108,824,332
Loans payable	-	-	54,542,182	57,826,281	54,542,182	57,826,281
Total	<u>\$ 65,692,675</u>	<u>\$ 64,196,018</u>	<u>\$ 159,779,800</u>	<u>\$ 170,909,644</u>	<u>\$ 225,472,475</u>	<u>\$ 235,105,662</u>

The City's total debt decreased by \$9,633,187 (-4.10%) during the current fiscal year. Revenue bonds also decreased due to no new issuances resulting in the full principal and interest payments lowering the balance.

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, 2019, related to the 2021-2022 fiscal year. The current debt limitation for the City is \$259,375,523. 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 80-87 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors were considered in developing the fiscal year 2023 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 and continued recovery from the COVID pandemic.
- A 5% increase in water pollution control utility rates to fund a portion of a capital improvement projects, and estimated operational expenses
- A 5% increase in storm water utility fees to cover the cost of maintaining the existing storm water system and cover the necessary cost for capital improvement plans.
- A 6.4% increase in the per ton tipping fee to support projects identified in the City's five-year capital improvement plan.
- No rate increase in electric or water rates.
- A decrease in property tax rate from \$9.87 to \$9.83 per \$1,000 of taxable valuation due to control of expenses, increase in taxable valuation, and improvement in other revenue
- A modest increase of \$51,850 in the amount of the City's support for transit to continue existing service levels and minimize the impact on ISU student fee support.
- An increase in full-time equivalents by 3.45 positions with additions of a new firefighter, reassignment of school resource officer back to the Police Department, a full-time evidence technician position in the Police Department, a full-time park maintenance worker position within the Park and Recreation Department, a full-time SCADA/controls Technician within the Water and Pollution Controls Department and two other park time positions at the Animal Shelter and Police Department.
- A 7.0% increase in health insurance costs due to increases in claim activity and cost for prescription drugs and stop loss coverage. The strong fund balance in the self-insured health insurance fund will help to absorb any fluctuations in claims
- Estimated 10% growth in local option sales tax, primarily resulting from the increased growth of internet sales and general consumer sentiment.

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



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City of Ames
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,538,964	\$ 31,097,319	\$ 50,636,283	\$ 959,074
Investments	81,086,855	68,046,392	149,133,247	-
Taxes receivable	43,759	-	43,759	-
Special assessments receivable	237,277	-	237,277	-
Accrued interest receivable	114,442	89,072	203,514	-
Accounts receivable, net	450,263	44,633,605	45,083,868	-
Leases receivable	2,180	776,690	778,870	-
Pledges receivable, net	-	-	-	146,617
Intergovernmental receivable	6,331,273	9,042,721	15,373,994	-
Loans receivable	886	-	886	-
Internal balances	(9,513,346)	9,513,346	-	-
Inventories	1,100,318	9,570,398	10,670,716	-
Assets held for resale	-	-	-	-
Prepaid items	235,952	4,647,486	4,883,438	-
Restricted current assets:				
Cash and cash equivalents	-	1,386,353	1,386,353	-
Investments	-	9,606,743	9,606,743	-
Accrued interest receivable	-	17,022	17,022	-
Total current assets	99,628,823	188,427,147	288,055,970	1,105,691
Non-current assets:				
Investments	-	25,907,444	25,907,444	14,474,077
Succeeding year taxes receivable	33,537,181	-	33,537,181	-
Long-term loans receivable	2,136	-	2,136	-
Long-term special assessments receivable	1,028,340	-	1,028,340	-
Other assets	-	8,720,590	8,720,590	-
Net pension asset	40,606	1,554,099	1,594,705	-
Leases receivable	467,211	1,939,260	2,406,471	-
Non-depreciable assets	38,705,856	52,992,498	91,698,354	-
Depreciable assets, net of accumulated depreciation	164,006,482	441,879,461	605,885,943	-
Restricted non-current assets:				
Long-term investments	-	351,585,314	351,585,314	-
Total non-current assets	237,787,812	884,578,666	1,122,366,478	14,474,077
Total assets	337,416,635	1,073,005,813	1,410,422,448	15,579,768
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	5,189,118	5,189,118	-
Deferred outflows related to OPEB	543,324	929,591	1,472,915	-
Deferred outflows related to pensions	5,287,704	12,812,350	18,100,054	-
Total deferred outflows of resources	5,831,028	18,931,059	24,762,087	-

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

City of Ames
Statement of Net Position (continued)
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	3,002,928	14,479,442	17,482,370	432,721
Accrued payroll	317,570	7,777,389	8,094,959	-
Accrued compensated absences	129,177	663,963	793,140	-
Accrued interest payable	171,379	261,689	433,068	-
Retainage payable	415,252	3,140,164	3,555,416	-
Customer deposits	758,250	950,352	1,708,602	-
Intergovernmental payable	566,979	186,053	753,032	-
Claims payable	568,855	2,133,243	2,702,098	-
Loans payable	-	3,338,099	3,338,099	-
Notes payable	-	-	-	-
Accrued other	-	2,457,275	2,457,275	-
Lease liabilities	48,709	539,461	588,170	-
Bonds payable, net	8,765,498	8,662,001	17,427,499	-
Unearned revenue	4,007,378	1,688,016	5,695,394	-
Accrued landfill post-closure costs	-	15,246	15,246	-
Total current liabilities	18,751,975	46,292,393	65,044,368	432,721
Non-current liabilities:				
Accrued compensated absences	2,380,368	8,324,699	10,705,067	-
Accrued other post-employment benefits	1,608,716	5,667,514	7,276,230	-
Net pension liability	6,790,445	1,061,837	7,852,282	-
Claims payable	-	-	-	-
Annuities payable	-	-	-	-
Loans payable	-	51,204,082	51,204,082	-
Notes payable	-	-	-	-
Bonds payable, net	56,927,176	96,575,617	153,502,793	-
Lease liabilities	16,266	873,443	889,709	-
Accrued landfill post-closure costs	-	67,330	67,330	-
Total non-current liabilities	67,722,971	163,774,522	231,497,493	-
Total liabilities	86,474,946	210,066,915	296,541,861	432,721
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property taxes	33,537,181	-	33,537,181	-
Deferred charge on refunding	468,562	14,604	483,166	-
Deferred inflows related to leases	450,492	2,623,853	3,074,345	-
Deferred inflows related to OPEB	225,451	679,033	904,484	-
Deferred inflows related to pensions	18,717,100	55,305,944	74,023,044	-
Total deferred inflows of resources	53,398,786	58,623,434	112,022,220	-
NET POSITION				
Net investment in capital assets	156,680,795	347,429,640	504,110,435	-
Restricted:				
Expendable for:				
Debt service	3,649,071	10,993,096	14,642,167	-
Capital projects	12,436,925	-	12,436,925	-
Public safety	356,038	-	356,038	-
Employee benefits	155,198	-	155,198	-
Library services	430,588	-	430,588	-
Aquatic center	80,414	-	80,414	-
Community welfare	4,820	-	4,820	-
Housing services	9,712	-	9,712	-
Economic development	1,502,648	-	1,502,648	-
Community betterment	19,119,760	-	19,119,760	-
Mary Greeley Medical Center	-	-	-	10,466,589
Non-expendable for:				
Perpetual care	1,067,397	-	1,067,397	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	253,390
Unrestricted	6,880,565	464,823,787	471,704,352	4,427,068
Total net position	\$ 203,373,931	\$ 823,246,523	\$ 1,026,620,454	\$ 15,147,047

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, 2022

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,343,575	\$ 106,659	\$ 43,717	\$ -	\$ (3,193,199)	\$ -	\$ (3,193,199)	\$ -
Public safety	16,610,543	3,406,960	224,030	-	(12,979,553)	-	(12,979,553)	-
Public works	17,447,329	119,170	9,575,155	1,882,523	(5,870,481)	-	(5,870,481)	-
Health and social services	1,634,556	-	23,915	-	(1,610,641)	-	(1,610,641)	-
Culture and recreation	11,306,025	1,879,755	474,047	-	(8,952,223)	-	(8,952,223)	-
Community and economic development	4,030,738	22,680	12,184,811	-	8,176,753	-	8,176,753	-
Interest	1,474,802	-	-	-	(1,474,802)	-	(1,474,802)	-
Total governmental activities	<u>55,847,568</u>	<u>5,535,224</u>	<u>22,525,675</u>	<u>1,882,523</u>	<u>(25,904,146)</u>		<u>(25,904,146)</u>	<u>-</u>
Business-type activities:								
Mary Greeley Medical Center	220,771,985	221,854,322	2,081,593	1,424,473	-	4,588,403	4,588,403	-
Electric	62,489,331	67,655,268	78,670	-	-	5,244,607	5,244,607	-
Sewer	6,788,649	9,027,049	1,334,367	704,031	-	4,276,798	4,276,798	-
Water	9,720,409	11,959,469	2,093	1,152,005	-	3,393,158	3,393,158	-
Airport	971,080	244,473	589,321	-	-	(137,286)	(137,286)	-
Parking	757,891	952,298	-	-	-	194,407	194,407	-
Transit	13,663,553	7,062,349	7,997,119	3,694,231	-	5,090,146	5,090,146	-
Stormwater	840,274	1,890,675	3,122,601	1,372,053	-	5,545,055	5,545,055	-
Ice arena	540,335	529,289	-	20,000	-	8,954	8,954	-
Golf course	266,379	348,492	-	-	-	82,113	82,113	-
Resource recovery	4,500,088	4,299,454	-	-	-	(200,634)	(200,634)	-
Total business-type activities	<u>321,309,974</u>	<u>325,823,138</u>	<u>15,205,764</u>	<u>8,366,793</u>	<u>-</u>	<u>28,085,721</u>	<u>28,085,721</u>	<u>-</u>
Total primary government	<u>\$ 377,157,542</u>	<u>\$ 331,358,362</u>	<u>\$ 37,731,439</u>	<u>\$ 10,249,316</u>	<u>(25,904,146)</u>	<u>28,085,721</u>	<u>2,181,575</u>	<u>-</u>
Component unit:								
Mary Greeley Medical Center Foundation	\$ 3,164,661	\$ -	\$ 1,909,770	\$ -				(1,254,891)
General revenues:								
Property taxes					35,243,169	-	35,243,169	-
Sales taxes					11,231,768	-	11,231,768	-
Hotel/motel taxes					2,415,735	-	2,415,735	-
Unrestricted grants and contributions					16,152	-	16,152	-
Investment income					(1,582,910)	(40,796,262)	(42,379,172)	(1,961,677)
Other income					58,780	3,744,892	3,803,672	-
Gain on disposal of capital assets					16,239	-	16,239	-
Transfers					(965,845)	965,845	-	-
Total general revenues and transfers					<u>46,433,088</u>	<u>(36,085,525)</u>	<u>10,347,563</u>	<u>(1,961,677)</u>
Change in net position					20,528,942	(7,999,804)	12,529,138	(3,216,568)
Net position, beginning, as restated					182,844,989	831,246,327	1,014,091,316	18,363,615
Net position, ending					<u>\$ 203,373,931</u>	<u>\$ 823,246,523</u>	<u>\$ 1,026,620,454</u>	<u>\$ 15,147,047</u>

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

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2022**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,507,084	\$ 2,704,808	\$ 396,309	\$ 8,846,134	\$ 14,454,335
Investments	10,485,253	21,802,144	1,666,346	29,211,783	63,165,526
Taxes receivable	27,295	-	13,282	3,182	43,759
Special assessments receivable	-	237,277	-	-	237,277
Accrued interest receivable	43,285	40,548	2,939	4,019	90,791
Accounts receivable, net	294,364	-	-	5,786	300,150
Intergovernmental receivable	1,404,838	2,319,680	10,929	2,565,033	6,300,480
Loans receivable - current	-	-	-	886	886
Leases receivable - current	2,180	-	-	-	2,180
Due from other funds	1,859,931	-	483,065	1,996,738	4,339,734
Inventories	11,007	-	-	961,353	972,360
Prepaid items	153,985	-	-	46,630	200,615
Succeeding year taxes receivable	20,748,159	-	10,606,127	2,182,895	33,537,181
Lease receivable - long term	467,211	-	-	-	467,211
Long-term loans receivable	-	-	-	2,136	2,136
Long-term special assessments receivable	-	1,028,340	-	-	1,028,340
Total assets	<u>\$ 38,004,592</u>	<u>\$ 28,132,797</u>	<u>\$ 13,178,997</u>	<u>\$ 45,826,575</u>	<u>\$ 125,142,961</u>
LIABILITIES					
Accounts payable	\$ 464,110	\$ 1,011,466	\$ -	\$ 1,270,192	\$ 2,745,768
Accrued payroll	172,212	17,227	-	110,871	300,310
Retainage payable	28,881	326,992	-	59,379	415,252
Customer deposits	29,433	-	-	728,817	758,250
Intergovernmental payable	479,239	-	-	2,469	481,708
Due to other funds	1,285,125	681,786	482,331	1,768,308	4,217,550
Unearned revenue	-	-	-	4,007,378	4,007,378
Total liabilities	<u>2,459,000</u>	<u>2,037,471</u>	<u>482,331</u>	<u>7,947,414</u>	<u>12,926,216</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	20,748,159	-	10,606,127	2,182,895	33,537,181
Special assessments	-	1,265,617	-	-	1,265,617
Charges for services	9,080	-	-	-	9,080
Leases	450,492	-	-	-	450,492
Licenses and permits	8,284	-	-	-	8,284
Grants	-	2,317,410	-	617,669	2,935,079
Total deferred inflows of resources	<u>21,216,015</u>	<u>3,583,027</u>	<u>10,606,127</u>	<u>2,800,564</u>	<u>38,205,733</u>
FUND BALANCES					
Non-spendable	164,992	-	-	3,075,380	3,240,372
Restricted	-	23,794,392	2,090,539	31,521,374	57,406,305
Committed	-	1,240,669	-	1,147,736	2,388,405
Assigned	1,835,107	-	-	-	1,835,107
Unassigned	12,329,478	(2,522,762)	-	(665,893)	9,140,823
Total fund balances	<u>14,329,577</u>	<u>22,512,299</u>	<u>2,090,539</u>	<u>35,078,597</u>	<u>74,011,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,004,592</u>	<u>\$ 28,132,797</u>	<u>\$ 13,178,997</u>	<u>\$ 45,826,575</u>	<u>\$ 125,142,961</u>

The notes to 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, 2022

Amounts reported for governmental activities in the statement of net position (page 26-27) are different because:

Fund balance - total governmental funds (page 29)	\$ 74,011,012
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	192,660,902
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.	
Special assessments	1,265,617
Other revenues	2,952,444
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	5,107,600
Deferred inflows of resources	(18,088,062)
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	499,532
Deferred inflows of resources	(206,810)
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.	21,966,635
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	(59,281,586)
Interest payable on general obligation bonds	(171,379)
Deferred charges on general obligation bonds refunded	(468,562)
Unamortized premiums on the issuance of general obligation bonds	(6,411,089)
Lease liabilities on leased assets	(64,975)
Accrued compensated absences	(2,377,630)
Total other post-employment benefits payable	(1,475,338)
Net pension liability	(6,544,380)
Net position of governmental activities	<u>\$ 203,373,931</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
Government Funds
For the Year Ended June 30, 2022

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 20,584,293	\$ -	\$ 10,270,357	\$ 18,036,023	\$ 48,890,673
Special assessments	-	250,101	-	-	250,101
Licenses and permits	1,204,048	-	-	-	1,204,048
Intergovernmental	506,440	3,787,224	43,717	21,395,895	25,733,276
Charges for services	4,257,685	-	-	29,356	4,287,041
Fines and forfeitures	30,690	-	-	-	30,690
Investment income	(660,263)	(370,832)	(67,899)	(66,872)	(1,165,866)
Interest revenue	23,510	-	-	-	23,510
Miscellaneous	235,128	57,469	-	56,378	348,975
Total revenues	<u>26,181,531</u>	<u>3,723,962</u>	<u>10,246,175</u>	<u>39,450,780</u>	<u>79,602,448</u>
EXPENDITURES					
Current:					
General government	2,894,169	120,602	30,502	482,306	3,527,579
Public safety	19,525,219	-	-	135,528	19,660,747
Public works	1,117,282	-	-	6,479,024	7,596,306
Health and social services	-	-	-	1,634,714	1,634,714
Culture and recreation	8,773,252	-	-	648,587	9,421,839
Community and economic development	984,823	-	-	3,113,940	4,098,763
Debt service:					
Principal	-	-	19,221,616	-	19,221,616
Interest and fiscal charges	-	-	2,316,384	-	2,316,384
Capital outlay	638,203	13,488,592	-	3,737,136	17,863,931
Total expenditures	<u>33,932,948</u>	<u>13,609,194</u>	<u>21,568,502</u>	<u>16,231,235</u>	<u>85,341,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,751,417)</u>	<u>(9,885,232)</u>	<u>(11,322,327)</u>	<u>23,219,545</u>	<u>(5,739,431)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,735,851	1,517,576	1,549,738	138,180	14,941,345
Transfers out	(5,245,326)	(479,025)	-	(10,277,839)	(16,002,190)
General obligation bonds issued	-	9,850,000	-	-	9,850,000
Premium on general obligation bonds	-	1,283,972	-	-	1,283,972
Refunding bonds issued	-	-	9,372,505	-	9,372,505
Premium on refunding bonds	-	-	1,280,406	-	1,280,406
Total other financing sources (uses)	<u>6,490,525</u>	<u>12,172,523</u>	<u>12,202,649</u>	<u>(10,139,659)</u>	<u>20,726,038</u>
Net change in fund balances	(1,260,892)	2,287,291	880,322	13,079,886	14,986,607
Fund balances, beginning, as restated	<u>15,590,469</u>	<u>20,225,008</u>	<u>1,210,217</u>	<u>21,998,711</u>	<u>59,024,405</u>
Fund balances, ending	<u>\$ 14,329,577</u>	<u>\$ 22,512,299</u>	<u>\$ 2,090,539</u>	<u>\$ 35,078,597</u>	<u>\$ 74,011,012</u>

The notes to 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 Government Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds (page 31)	\$ 14,986,607
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	(196,494)
Other revenues	(2,396,696)
Contributed capital assets do not provide current financial resources.	757,414
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	15,547,770
Disposals	(2,758)
Depreciation expense	(10,897,751)
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	(2,564,378)
Amortization of bond premiums	788,281
Amortization of deferred charges on refunding debt	55,093
Proceeds from issuance of bonds	(19,222,505)
Principal payments	19,221,616
Interest payments	(1,792)
The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.	(21,573,792)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in accrued compensated absences	(3,487)
Increase in accrued other post-employment benefits	(164,173)
Decrease in net pension liability	25,666,296
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.	<u>529,691</u>
Changes in net position of governmental activities	<u>\$ 20,528,942</u>

**City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2022**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 18,789,018	\$ -	\$ 1,916,562	\$ 3,459,467	\$ 6,084,346	\$ 30,249,393	\$ 5,932,555
Investments	-	23,873,519	7,024,759	13,567,320	20,693,207	65,158,805	20,808,916
Accrued interest receivable	-	30,004	9,299	18,495	27,421	85,219	27,504
Accounts receivable, net	33,602,278	7,994,937	997,695	1,415,750	608,956	44,619,616	164,102
Leases receivable	733,255	-	-	43,256	179	776,690	-
Due from other funds	-	140,515	49,434	130,491	737,866	1,058,306	853,645
Intergovernmental receivable	-	1,243,690	1,299,474	575,030	5,924,527	9,042,721	30,793
Inventories	4,698,561	4,144,382	-	362,217	365,238	9,570,398	127,958
Prepaid items	4,601,347	26,742	-	1,147	18,250	4,647,486	35,337
Restricted current assets:							
Cash and cash equivalents	-	1,030,546	45,095	310,712	-	1,386,353	-
Investments	9,606,743	-	-	-	-	9,606,743	-
Interest receivable	17,022	-	-	-	-	17,022	-
Total current assets	72,048,224	38,484,335	11,342,318	19,883,885	34,459,990	176,218,752	27,980,810
Non-current assets:							
Investments	-	25,907,444	-	-	-	25,907,444	-
Other assets	8,720,590	-	-	-	-	8,720,590	-
Net pension asset	355,028	809,978	-	310,284	71,098	1,546,388	48,317
Leases receivable	1,354,051	-	-	547,933	37,276	1,939,260	-
Capital assets:							
Land	4,470,719	2,223,783	3,860,600	2,678,902	3,794,315	17,028,319	-
Land improvements	1,454,706	-	-	-	19,530,431	20,985,137	192,433
Plant and distribution systems	-	221,965,803	99,588,892	129,310,046	-	450,864,741	-
Buildings	256,272,882	-	-	-	44,880,389	301,153,271	1,131,640
Equipment	119,491,538	-	-	-	44,266,504	163,758,042	21,442,573
Leased equipment	2,470,158	-	-	-	32,932	2,503,090	-
Construction in progress	9,592,910	10,281,295	8,179,132	1,225,579	6,685,262	35,964,178	-
Less accumulated depreciation	(211,027,074)	(135,024,649)	(59,673,399)	(28,230,488)	(63,429,209)	(497,384,819)	(12,715,210)
Restricted non-current assets:							
Investments	351,585,314	-	-	-	-	351,585,314	-
Total non-current assets	544,740,822	126,163,654	51,955,225	105,842,256	55,868,998	884,570,955	10,099,753
Total assets	616,789,046	164,647,989	63,297,543	125,726,141	90,328,988	1,060,789,707	38,080,563
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	5,189,118	-	-	-	-	5,189,118	-
Deferred outflows related to OPEB	482,256	185,092	46,332	57,491	156,971	928,142	45,241
Deferred outflows related to pensions	10,859,575	412,213	150,896	115,395	1,258,539	12,796,618	195,836
	16,530,949	597,305	197,228	172,886	1,415,510	18,913,878	241,077

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

City of Ames
Statement of Net Position (continued)
Proprietary Funds
June 30, 2022

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	8,461,574	4,239,406	575,786	172,944	968,762	14,418,472	318,130
Accrued payroll	7,350,650	165,802	10,664	34,063	216,210	7,777,389	17,260
Accrued compensated absences	574,114	35,450	6,815	11,911	35,153	663,443	7,575
Due to other funds	-	447,958	289,817	258,809	906,798	1,903,382	130,752
Claims payable	684,848	-	-	-	-	684,848	2,017,250
Retainage payable	1,582,809	865,855	365,978	86,441	239,081	3,140,164	-
Customer deposits	-	950,352	-	-	-	950,352	-
Accrued interest	134,050	29,898	13,919	80,654	3,168	261,689	-
Loans payable	114,099	-	441,000	2,783,000	-	3,338,099	-
Intergovernmental payable	-	101,746	7,156	54,637	22,514	186,053	85,271
Accrued landfill post-closure costs	-	-	-	-	15,246	15,246	-
Accrued other	2,457,275	-	-	-	-	2,457,275	-
Lease liabilities	528,720	-	-	-	10,741	539,461	-
Bonds payable, net	7,087,203	916,998	352,162	114,550	191,088	8,662,001	-
Unearned revenue	-	-	1,497,167	182,378	8,471	1,688,016	-
Total current liabilities	<u>28,975,342</u>	<u>7,753,465</u>	<u>3,560,464</u>	<u>3,779,387</u>	<u>2,617,232</u>	<u>46,685,890</u>	<u>2,576,238</u>
Non-current liabilities:							
Accrued compensated absences	6,819,893	565,149	113,830	208,121	611,982	8,318,975	130,585
Accrued other post-employment benefits	4,384,841	541,657	143,226	168,992	425,527	5,664,243	136,649
Net pension liability	-	-	86,797	-	975,040	1,061,837	246,065
Loans payable	95,082	-	6,615,000	44,494,000	-	51,204,082	-
Accrued landfill post-closure costs	-	-	-	-	67,330	67,330	-
Lease liabilities	856,353	-	-	-	17,090	873,443	-
Bonds payable, net	89,774,089	4,029,891	1,458,498	389,006	924,133	96,575,617	-
Total non-current liabilities	<u>101,930,258</u>	<u>5,136,697</u>	<u>8,417,351</u>	<u>45,260,119</u>	<u>3,021,102</u>	<u>163,765,527</u>	<u>513,299</u>
Total liabilities	<u>130,905,600</u>	<u>12,890,162</u>	<u>11,977,815</u>	<u>49,039,506</u>	<u>5,638,334</u>	<u>210,451,417</u>	<u>3,089,537</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred charge on refunding	-	-	-	-	14,604	14,604	-
Deferred inflows related to leases	2,011,755	-	-	572,232	39,866	2,623,853	-
Deferred inflows related to OPEB	498,517	76,030	19,965	23,699	60,353	678,564	19,110
Deferred inflows related to pensions	45,877,528	2,795,377	629,395	902,014	5,017,295	55,221,609	713,373
	<u>48,387,800</u>	<u>2,871,407</u>	<u>649,360</u>	<u>1,497,945</u>	<u>5,132,118</u>	<u>58,538,630</u>	<u>732,483</u>
NET POSITION							
Net investment in capital assets	97,992,846	94,499,343	43,088,565	57,203,483	54,645,403	347,429,640	10,051,436
Restricted for debt service	9,606,743	1,030,546	45,095	310,712	-	10,993,096	-
Unrestricted	346,427,006	53,953,836	7,733,936	17,847,381	26,328,643	452,290,802	24,448,184
Total net position	<u>\$ 454,026,595</u>	<u>\$ 149,483,725</u>	<u>\$ 50,867,596</u>	<u>\$ 75,361,576</u>	<u>\$ 80,974,046</u>	<u>810,713,538</u>	<u>\$ 34,499,620</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>12,532,985</u>	
Net position of business-type activities						<u>\$ 823,246,523</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, 2022

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 221,854,322	\$ 67,655,268	\$ 9,027,049	\$ 11,959,469	\$ 15,327,030	\$ 325,823,138	\$ 22,009,157
Operating expenses:							
Cost of goods and services	159,550,649	54,479,661	4,639,878	5,827,876	14,982,035	239,480,099	19,073,688
Administration	38,521,475	2,591,023	386,636	443,321	2,586,686	44,529,141	-
Depreciation	16,810,356	5,519,438	1,676,790	2,554,205	4,131,723	30,692,512	1,557,959
Total operating expenses	214,882,480	62,590,122	6,703,304	8,825,402	21,700,444	314,701,752	20,631,647
Operating income (loss)	6,971,842	5,065,146	2,323,745	3,134,067	(6,373,414)	11,121,386	1,377,510
Non-operating revenues (expenses):							
Intergovernmental	2,081,593	47,323	1,334,367	-	11,675,365	15,138,648	-
Reimbursements	-	31,347	-	2,093	33,676	67,116	-
Investment (expense)	(38,744,177)	(1,267,022)	(222,829)	(202,726)	(359,508)	(40,796,262)	(440,553)
Interest expense	(4,083,880)	(103,335)	(148,067)	(977,544)	(26,237)	(5,339,063)	-
Gain (loss) on disposal of capital assets	(1,805,625)	(3,316)	-	-	-	(1,808,941)	16,239
Miscellaneous	-	108,697	153,245	587,282	2,890,807	3,740,031	-
Total non-operating revenues (expenses)	(42,552,089)	(1,186,306)	1,116,716	(590,895)	14,214,103	(28,998,471)	(424,314)
Income (loss) before capital contributions and transfers	(35,580,247)	3,878,840	3,440,461	2,543,172	7,840,689	(17,877,085)	953,196
Capital contributions	1,424,473	-	704,031	1,152,005	5,086,284	8,366,793	-
Transfers in	-	-	-	-	3,311,527	3,311,527	95,000
Transfers out	-	(2,295,682)	(25,000)	(25,000)	-	(2,345,682)	-
Change in net position	(34,155,774)	1,583,158	4,119,492	3,670,177	16,238,500	(8,544,447)	1,048,196
Net position, beginning, as restated	488,182,369	147,900,567	46,748,104	71,691,399	64,735,546		33,451,424
Net position, ending	<u>\$ 454,026,595</u>	<u>\$ 149,483,725</u>	<u>\$ 50,867,596</u>	<u>\$ 75,361,576</u>	<u>\$ 80,974,046</u>		<u>\$ 34,499,620</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						544,643	
Change in net position of business-type activities						<u>\$ (7,999,804)</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, 2022

	Business-Type Activities						Governmental Activities
	Mary Greeley Medical Center				Other Enterprise Funds		Internal Service Funds
	Electric	Sewer	Water	Totals	Totals	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 218,950,575	\$ 66,223,360	\$ 8,272,663	\$ 11,084,422	\$ 13,640,903	\$ 318,171,923	\$ 22,135,203
Other receipts	1,082,138	-	-	-	-	1,082,138	-
Payments to suppliers	(97,824,666)	(46,282,644)	(650,614)	(2,496,204)	(5,090,082)	(152,344,210)	(15,671,617)
Payments to employees	(113,013,165)	(10,861,331)	(2,164,737)	(2,747,775)	(11,315,937)	(140,102,945)	(2,283,177)
Payments to other funds for services provided	-	(2,847,173)	(2,837,641)	(1,418,619)	(1,851,754)	(8,955,187)	(803,604)
Net cash provided by (used for) operating activities	9,194,882	6,232,212	2,619,671	4,421,824	(4,616,870)	17,851,719	3,376,805
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	2,081,593	47,323	-	-	11,675,365	13,804,281	-
Reimbursements	-	31,347	-	2,093	33,676	67,116	-
Miscellaneous	-	99,276	153,245	587,282	2,890,807	3,730,610	-
Proceeds from sale of non-capital assets	-	-	-	-	-	-	-
Interest revenue	-	-	-	26,317	1,857	28,174	-
Transfers in	-	-	-	-	3,311,527	3,311,527	95,000
Transfers out	-	(2,295,682)	(25,000)	(25,000)	-	(2,345,682)	-
Net cash provided by (used for) non-capital financing activities	2,081,593	(2,117,736)	128,245	590,692	17,913,232	18,596,026	95,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(15,221,152)	(3,515,734)	(6,125,594)	(2,877,532)	(9,109,740)	(36,849,752)	(787,297)
Capital grants	-	-	1,334,367	-	-	1,334,367	-
Proceeds from the sale of capital assets	-	-	-	-	-	-	167,083
Proceeds from the issuance of bonds	-	-	-	-	474,467	474,467	-
Principal paid on capital debt	(6,406,467)	(807,400)	(309,026)	(102,730)	(659,228)	(8,284,851)	-
Interest paid on capital debt	(3,408,048)	(176,297)	(82,898)	(27,632)	(48,443)	(3,743,318)	-
Principal paid on loans	-	-	(434,000)	(2,736,000)	-	(3,170,000)	-
Interest paid on loans	-	-	(106,493)	(1,000,260)	-	(1,106,753)	-
Interest paid on leases	-	-	-	-	(335)	(335)	-
Capital contributions	1,424,473	-	205,653	228,407	3,714,231	5,572,764	-
Net cash used for capital and related financing activities	(23,611,194)	(4,499,431)	(5,517,991)	(6,515,747)	(5,629,048)	(45,773,411)	(620,214)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(130,150,618)	(33,987,493)	(197,539)	(3,768,953)	(13,641,561)	(181,746,164)	(9,781,693)
Proceeds from sale of investments	116,416,783	30,285,786	60,783	1,159,707	4,197,510	152,120,569	3,009,826
Other assets	1,515,109	-	-	-	-	1,515,109	-
Interest on investments	15,415,203	(145,119)	(186,670)	(148,955)	(312,314)	14,622,145	(372,983)
Net cash provided by (used for) investing activities	3,196,477	(3,846,826)	(323,426)	(2,758,201)	(9,756,365)	(13,488,341)	(7,144,850)
Net increase (decrease) in cash and cash equivalents	(9,138,242)	(4,231,781)	(3,093,501)	(4,261,432)	(2,089,051)	(22,814,007)	(4,293,259)
Cash and cash equivalents, beginning	27,927,260	4,231,801	5,010,117	7,720,256	8,173,397	53,062,831	10,225,814
Cash and cash equivalents, ending	18,789,018	20	1,916,616	3,458,824	6,084,346	30,248,824	5,932,555
Plus: beginning amount reported in restricted assets	-	1,030,526	45,041	311,355	-	1,386,922	-
Less: ending amount reported in restricted assets	-	1,030,546	45,095	310,712	-	1,386,353	-
Cash and cash equivalents, ending - statement of net position	\$ 18,789,018	\$ -	\$ 1,916,562	\$ 3,459,467	\$ 6,084,346	\$ 30,249,393	\$ 5,932,555

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, 2022

	Business-Type Activities						Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 6,971,842	\$ 5,065,146	\$ 2,323,745	\$ 3,134,067	\$ (6,373,414)	\$ 11,121,386	\$ 1,377,510
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	16,810,356	5,519,438	1,676,790	2,554,205	4,131,723	30,692,512	1,557,959
Interest expense	-	-	-	-	-	-	-
(Increase) decrease in accounts receivable	(1,907,624)	(795,095)	(119,693)	(22,721)	(533)	(2,845,666)	283,155
(Increase) decrease in lease receivable	777,323	-	-	(591,189)	(37,455)	148,679	-
(Increase) decrease in due from other funds	-	(4,953)	600,837	283,709	1,195,849	2,075,442	(189,426)
(Increase) decrease in intergovernmental receivable	-	(674,893)	(1,294,532)	(572,063)	(2,843,837)	(5,385,325)	32,317
(Increase) decrease in inventories	(30,853)	(342,977)	-	(68,785)	3,851	(438,764)	20,119
(Increase) decrease in prepaid items	(1,180,834)	48,732	5,297	10,373	10,307	(1,106,125)	613,598
(Increase) decrease in deferred outflows of resources	4,472,044	290,879	31,477	131,618	535,586	5,461,604	68,214
Increase (decrease) in accounts payable	(466,251)	(1,687,452)	125,312	(522,574)	280,087	(2,270,878)	(66,253)
Increase (decrease) in accrued payroll	439,343	37,483	244	7,414	16,603	501,087	(665)
Increase (decrease) in accrued compensated absences	-	(58,332)	(3,806)	15,638	37,276	(9,224)	52
Increase (decrease) in due to other funds	-	(185,065)	(742,506)	(241,679)	(27,166)	(1,196,416)	492
Increase (decrease) in other long term liabilities	38,768	-	-	-	-	38,768	(81,141)
Increase (decrease) in retainage payable	-	(94,677)	127,381	33,838	184,893	251,435	-
Increase in customer deposits	-	43,033	-	-	-	43,033	-
Increase in estimated net settlements due to third-party payors	191,643	-	-	-	-	191,643	-
Increase (decrease) in intergovernmental payable	-	15,937	478	21,174	(60,623)	(23,034)	(6,436)
Decrease in accrued landfill post-closure costs	-	-	-	-	(4,898)	(4,898)	-
Increase (decrease) in unearned revenue	-	-	59,002	27,217	(150)	86,069	-
Increase (decrease) in post-employment benefits	106,607	63,041	12,406	19,249	68,420	269,723	13,530
Increase (decrease) in pension liability	(60,314,037)	(3,736,829)	(791,831)	(1,248,329)	(6,612,167)	(72,703,193)	(935,896)
Increase in deferred inflows of resources	43,286,555	2,728,796	609,070	1,450,662	4,878,778	52,953,861	689,676
Total adjustments	2,223,040	1,167,066	295,926	1,287,757	1,756,544	6,730,333	1,999,295
Net cash provided by (used for) operating activities	<u>\$ 9,194,882</u>	<u>\$ 6,232,212</u>	<u>\$ 2,619,671</u>	<u>\$ 4,421,824</u>	<u>\$ (4,616,870)</u>	<u>\$ 17,851,719</u>	<u>\$ 3,376,805</u>
Schedule of non-cash capital and related financing activities:							
Capital asset contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,378</u>	<u>\$ 923,598</u>	<u>\$ 1,372,053</u>	<u>\$ 2,794,029</u>	<u>\$ -</u>

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

City of Ames
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

		<u>Custodial Funds</u>
		<u>City</u>
		<u>Assessor</u>
ASSETS		
Current assets:		
Accounts receivable, net	\$	433
Intergovernmental receivable		93,997
Total current assets		<u>94,430</u>
LIABILITIES		
Current liabilities:		
Accounts payable		93,997
Accrued payroll		433
Total current liabilities		<u>94,430</u>
NET POSITION		
Restricted for:		
Pensions		-
Restricted for debt service		-
Total net position	\$	<u><u>-</u></u>
		<u>-</u>

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

City of Ames
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds
	City Assessor
Additions	
Contributions:	
Private contributions	\$ 294,689
Total additions	294,689
 Deductions	
Benefits	59,859
Payroll	233,591
Recruitment	1,203
Supplies	36
Total deductions	294,689
Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	-

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

City of Ames
Notes to the Financial Statement
June 30, 2022

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 activities of the primary government and its component unit. *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, 2022

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 and proprietary funds.

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. Separate statements for each fund category – governmental and proprietary 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, 2022

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, printing services, messenger services, and health insurance for City employees. These services are provided to other departments and agencies of the City on a cost-reimbursement basis.

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

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting

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

The government-wide and proprietary 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, 2022

I. Summary of significant accounting policies (continued)

F. Budgetary information

1. Budgetary basis of accounting

State law mandates that annual budgets for funds other than internal service funds be certified to the County Auditor no later than March 31 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.

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).

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

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

At June 30, 2022, debt service expenditures exceeded appropriations by \$363,029 due to a large bond refunding, saving the City approximately \$1,000,000 in interest over the life, but increasing related issuance fees by approximately \$113,000 in the short term and GO bond costs by \$250,000.

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, 2022

I. Summary of significant accounting policies (continued)

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

4. Capital assets

Capital assets, which include property, plant, equipment, right to use leased assets, 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. Right to use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the same method amortizing the debt. The amortization period varies from 3 to 5 years.

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

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

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

5. Lease receivables

Lease receivables are recorded by the City of Ames as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

6. 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 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 recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes, special assessments, charges for services, grants, licenses and permits, and lease payments. 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. These amounts are recognized as an inflow of resources in the period that the amounts become available. The City's government-wide statements and proprietary funds financial statements also include a deferred amount on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, deferred inflows related to leases where the City is the lessor is reported. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) over the term of the lease.

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

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

7. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund.

8. 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.

9. Long-term obligations

In the government wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

10. 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

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

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

10. Net position flow assumption (continued)

which the resources are applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

11. 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.

12. 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 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.

City of Ames
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

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

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 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

City of Ames
Notes to the Financial Statements
June 30, 2021

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

5. Proprietary funds operating and non-operating revenues and expenses (continued)

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 \$192,660,902 are as follows:

Land	\$ 13,237,769
Land improvements	-
Public art collection	622,326
Construction in progress	24,845,761
Buildings	34,400,328
Less: accumulated depreciation	(11,805,206)
Leased Equipment	112,653
Less: amorization	(47,678)
Equipment	13,612,806
Less: accumulated depreciation	(7,581,388)
Infrastructure	280,997,464
Less: accumulated depreciation	(155,733,933)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	\$ 192,660,902

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 \$21,966,635 are as follows:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

Net position of the internal service funds	\$34,499,620
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(12,014,480)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(518,505)
	\$21,966,635

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 \$529,691 are as follows:

Change in net position of the internal service funds	\$ 1,048,196
Less: gain from charges to business-type activities	(518,505)
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>	\$ 529,691

At June 30, 2022, debt service expenditures exceeded appropriations by \$363,029 due to a large bond refunding, saving the City approximately \$1,000,000 in interest over the life, but increasing related issuance fees by approximately \$113,000 in the short term and GO bond costs by \$250,000.

City of Ames
Notes to the Financial Statements
June 30, 2022

III. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

At June 30, 2022 debt service expenditures exceeded appropriations by \$363,029 due to a large bond refunding, saving the City approximately \$1,000,000 in interest over the life, but increasing related issuance fees by approximately \$113,000 in the short term and GO bond costs by \$250,000.

B. Deficit fund equity

At June 30, 2022 the Printing Services fund, a non-major internal service fund, had a deficit fund balance of \$6,549.

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, 2022, 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, 2022

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

B. Investments (continued)

Authorized Investment Type	Maximum Maturity for Operating Funds (Days)	Maximum Maturity for Non-Operating Funds (Years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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%

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 64,138,616	08/17/21-06/12/26
U.S. Treasury obligations	102,317,158	07/15/21-09/30/24
Commercial paper	8,896,495	07/01/21-12/15/21
Municipal bonds	59,016	01/01/24-02/15/24
Mutual funds	360,139,935	n/a
Corporate debt	681,528	12/01/21-10/15/30
	<u>\$ 536,232,748</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, 2022

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, 2022 compared to June 30, 2021.

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	\$ 64,138,616	\$ 16,830,439	\$ 26,644,221	\$ 20,572,725	\$ 91,231
U.S. Treasury obligations	102,317,158	41,671,908	27,435,090	33,210,160	-
Commercial paper	8,896,495	8,896,495	-	-	-
Municipal bonds	59,016	-	59,016	-	-
Mutual funds	360,139,935	360,139,935	-	-	-
Corporate debt	681,528	143,029	39,601	159,476	339,422
	<u>\$ 536,232,748</u>	<u>\$ 427,681,806</u>	<u>\$ 54,177,928</u>	<u>\$ 53,942,361</u>	<u>\$ 430,653</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.

The following shows the actual ratings as of June 30, 2022, for each investment type:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

B. Investments (continued)

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 64,138,616	AAA
U.S. Treasury obligations	102,317,158	not rated
Commercial paper	8,896,495	A1/P1
Municipal bonds	59,016	AAA-AA1
Mutual funds	360,139,935	not rated
Corporate debt	681,528	AA1-BAA
	<u>\$536,232,748</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 Bank	U.S. agency securities	28,971,294	5.40%
United States Treasury	U.S. treasuries	102,317,158	19.08%

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

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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

B. Investments (continued)

- d. Delivery versus payment,
- e. Clear delegation of authority, and
- f. Confirmation of transactions for investments and wire transfers.

As of June 30, 2022, 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	\$ 5,435,784
Federal Home Loan Mortgage Co.	U.S. agency securities	10,721,180
Federal Home Loan Bank	U.S. agency securities	28,971,294
Federal Farm Credit	U.S. agency securities	19,010,358
United States Treasury	U.S. agency securities	102,317,158

Foreign currency risk. As of June 30, 2022, 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. The following is a detail of the foundation's investments at June 30, 2022:

Investment Type	Fair Value
Equity mutual funds	\$ 11,459,196
Bond mutual funds	3,014,881
Hedge funds	-
	<u>\$ 14,474,077</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

D. Receivables

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

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2022, is as follows:

<i>Governmental activities:</i>	Balance June 30, 2021, as restated	Increases	Decreases	Balance June 30, 2022
Non-depreciable capital assets:				
Land	\$ 13,237,769	\$ -	\$ -	\$ 13,237,769
Public art collection	611,826	10,500	-	622,326
Construction in progress	29,143,945	6,196,441	(10,494,625)	24,845,761
Total non-depreciable capital assets	<u>42,993,540</u>	<u>6,206,941</u>	<u>(10,494,625)</u>	<u>38,705,856</u>
Depreciable/amortizable capital assets:				
Buildings	33,788,965	1,778,036	(35,033)	35,531,968
Leased equipment	-	112,653	-	112,653
Equipment	31,919,536	4,370,669	(1,234,827)	35,055,378
Infrastructure	267,068,429	15,231,459	(1,109,991)	281,189,897
	<u>332,776,930</u>	<u>21,492,817</u>	<u>(2,379,851)</u>	<u>351,889,896</u>
Less accumulated depreciation/ amortization:				
Buildings	11,695,236	903,435	(35,033)	12,563,638
Leased equipment	-	47,678	-	47,678
Equipment	17,982,792	2,446,924	(1,083,983)	19,345,733
Infrastructure	147,928,249	9,105,350	(1,107,233)	155,926,366
	<u>177,606,277</u>	<u>12,503,387</u>	<u>(2,226,249)</u>	<u>187,883,415</u>
Total depreciable/amortizable capital assets	<u>155,170,653</u>	<u>8,989,430</u>	<u>(153,602)</u>	<u>164,006,481</u>
Total capital assets	<u>\$ 198,164,193</u>	<u>\$ 15,196,371</u>	<u>\$ (10,648,227)</u>	<u>\$ 202,712,337</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

E. Capital assets (continued)

General government	\$ 488,520
Public safety	533,876
Public works	8,811,566
Culture and recreation	2,664,540
Community and economic development	4,885
Total depreciation expense - governmental activities	\$ 12,503,387

	Balance June 30, 2021, as restated	Increases	Decreases	Balance June 30, 2022
<i>Business-type activities:</i>				
Non-depreciable capital assets:				
Land	\$ 15,977,402	\$ 1,050,917	\$ -	\$ 17,028,319
Construction in progress	29,405,204	28,377,680	(21,818,705)	35,964,179
Total non-depreciable capital assets	45,382,606	29,428,597	(21,818,705)	52,992,498
Depreciable/amortizable capital assets:				
Plant and distribution systems	448,696,095	8,003,700	(5,835,056)	450,864,739
Buildings	294,381,711	11,925,555	(5,153,994)	301,153,272
Leased equipment	-	32,932	-	32,932
Equipment	173,111,954	12,077,301	(18,961,055)	166,228,200
Improvements	19,667,142	1,317,995	-	20,985,137
	935,856,902	33,357,483	(29,950,105)	939,264,280
Less accumulated depreciation/ amortization:				
Plant and distribution systems	219,018,546	9,745,045	(5,835,056)	222,928,535
Buildings	128,535,562	11,237,817	(3,806,874)	135,966,505
Leased equipment	-	5,101	-	5,101
Equipment	136,346,412	9,435,952	(18,396,415)	127,385,949
Improvements	10,335,534	763,195	-	11,098,729
	494,236,054	31,187,110	(28,038,345)	497,384,819
Total depreciable/amortizable capital assets	441,620,848	2,170,373	(1,911,760)	441,879,461
Total capital assets	\$ 487,003,454	\$ 31,598,970	\$ (23,730,465)	\$ 494,871,959

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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 (revenue) for the period associated with the net pension liability (asset) for both plans is \$(5,550,576). Other aggregate amounts related to pension are separately displayed in the financial statements.

The City's total pension liability is a liability as of June 30, 2022. However, when allocated to individual funds, the city has reported both net pension liabilities and net pension assets.

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 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, 2022, regular members contributed 6.29% and the City contributed 9.44% of covered wages. Rates for the fiscal year beginning July 1, 2022, are the same. Emergency responder members contributed 6.21%, and the hospital contributed 9.31% of covered wages for the fiscal year ended June 30, 2022. As of July 1, 2022, the rates for emergency responders are 6.21% for members and 9.31% for the City. The City's total contributions to IPERS for the years ended June 30, 2022, 2021, and 2020 were \$10,223,542, \$9,131,127, and \$9,139,672, respectively, and were equal to 100% of the required contributions for each year.

Pension liabilities, pension expense (income), and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2022, the City reported a liability of

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

\$131,427 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability (asset) 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, 2021, the City's proportion was (0.0381)%, which is a decrease of 1.2368% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension revenue of \$5,653,552. At June 30, 2022, 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	\$ 1,364,293	\$ 1,254,247
Changes in assumptions	1,087,074	1,683
Net difference between projected and actual earnings on pension plan investments	-	60,710,772
Changes in proportion and differences between City contributions and proportionate share of contributions	2,085,837	1,917,507
City contributions subsequent to the measurement date	10,223,542	-
	<u>\$14,760,746</u>	<u>\$63,884,209</u>

\$10,223,542 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 (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending	
June 30,	
2023	\$(14,490,300)
2024	(14,594,735)
2025	(13,603,064)
2026	(16,614,964)
2027	(43,942)
	<u>\$(59,347,005)</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

There were no non-employer contributing entities at IPERS.

Actuarial assumptions. The total pension liability in the June 30, 2021 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, 2021 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	26.0%	-0.29%
Domestic equity	22.0%	4.43%
International equity	17.5%	5.15%
Global smart beta equity	6.0%	4.87%
Private equity	13.0%	6.54%
Private real assets	7.5%	4.48%
Public credit	4.0%	2.29%
Private credit	3.0%	3.11%
Cash	1.0%	-0.78%
	<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 (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) 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 (asset)	\$ 57,631,861	\$ 131,427	\$ (48,056,085)

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.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

Payables to the pension plan. At June 30, 2022, the City reported a payable to the defined benefit pension plan of \$1,678,781 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, 2022, was 26.18%. The City's total contributions to MFPRSI for the years ended June 30, 2022, 2021, and 2020 were \$2,268,424, \$2,200,185, and \$2,076,217, 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, 2022.

Pension liabilities, pension expense (income), and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2022, the City reported a liability of \$6,008,465 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) 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 (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2021, the City's proportion was 2.6755%, which is a decrease of 0.0021 from its proportion measured as of June 30, 2020.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

For the year ended June 30, 2022, the City recognized pension expense (income) of \$162,976. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 696,967	\$ 67,619
Changes in assumptions	226,293	1
Net difference between projected and actual earnings on pension plan investments	-	10,039,413
Changes in proportion and differences between City contributions and proportionate share of contributions	138,910	136,001
City contributions subsequent to the measurement date	2,268,424	-
	<u>\$ 3,330,594</u>	<u>\$10,243,034</u>

\$2,268,424 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 (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending June 30,	
2023	(\$1,816,843)
2024	(\$1,977,610)
2025	(\$2,322,429)
2026	(\$3,085,752)
2027	\$21,770
	<u>(\$9,180,864)</u>

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

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, 2021 valuation were based on the results of an actuarial experience study for the 10-year period ending June 30, 2020. 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 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.49%
Small cap	8.10%
International large cap	7.20%
Emerging markets	7.90%
Global infrastructure	7.50%
Private non-core real estate	11.50%
Private credit	6.40%
Private equity	10.80%
Core plus fixed income	4.00%
Private core real estate	7.20%

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

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 (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) 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 (asset)	\$ 17,780,308	\$ 6,008,465	\$ (3,761,484)

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

Payables to the pension plan. At June 30, 2022, 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.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

F. Pension obligations (continued)

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 \$324,825, and City contributions were \$477,012 for the fiscal year ended June 30, 2022.

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 \$401,040. Other aggregate amounts related to OPEB are separately displayed in the financial statements.

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.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

1. City's OPEB plan (continued)

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the City's benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	36
Active employees	603
	639

Total OPEB Liability

The City's total OPEB liability of \$2,891,232 was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.25% per annum
Discount rate	3.54% per annum
Retiree share of benefit-related	100% of projected health insurance premiums

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 0.25% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx benefits	7.25%	4.0%
Medicare Benefits	6.25%	4.0%
Stop loss fees	7.25%	4.0%
Administrative fees	4.0%	4.0%

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

Mortality rates were based on the Pub-2010 mortality table with generational scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

City of Ames
Notes to the Financial Statements
June 30, 2022

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	\$2,550,569
Changes for year year:	
Service cost	181,568
Interest	56,886
Changes of benefit terms	-
Differences between expected and actual experience	398,929
Changes in assumptions or other inputs	(99,678)
Benefit payments	(197,042)
Net changes	340,663
Balance, end of year	\$2,891,232

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 (2.54 percent) or one percentage point higher (4.54 percent) than the current discount rate:

	Discount		
	1% Decrease (2.54%)	Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$3,163,000	\$2,891,232	\$2,646,000

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 or one percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	1% Decrease (6.25% Decreasing to 3.0%)	Rates (7.25% Decreasing to 4.0%)	1% Increase (8.25% Decreasing to 5.0%)
Total OPEB liability	\$2,543,000	\$2,891,232	\$3,311,000

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

1. City's OPEB plan (continued)

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$294,433. At June 30, 2022, the City 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
Difference between actual and expected experience	\$ 367,808	\$ 283,407
Changes of assumptions or other inputs	622,851	122,560
	\$ 990,659	\$ 405,967

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:		
2023	\$	55,980
2024		55,980
2025		55,980
2026		55,980
2027		55,980
Thereafter		304,792
	\$	584,692

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.

**City of Ames
Notes to the Financial Statements
June 30, 2022**

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

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

2. Hospital's OPEB plan (continued)

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, 2022, the hospital contributed approximately \$520,000. Retirees receiving benefits contributed approximately \$385,000 through their required contributions. Inactive members receiving benefits contributed through their required monthly contributions of:

Employee	\$ 696.36
Employee + Spouse	1,390.18
Employee + Children	1,276.89

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	435
Active employees eligible for benefits	<u>1,250</u>
	<u><u>1,685</u></u>

Total OPEB Liability

The hospital's total OPEB liability of \$4,385,841 was measured as of January 1, 2022 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:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

2. Hospital's OPEB plan (continued)

Inflation	3.00% per annum (effective January 1, 2022)
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	2.25% (effective January 1, 2022)
Health care cost trend rates	7.50% for medical and prescription benefits for 2023, decreasing 0.50% per year to an ultimate rate of 4.5% for 2029 and later years (effective January 1, 2020)

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

Mortality rates were based on the Pub-2010 Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2021 for general employees and Pub-2010 Headcount-weighted Contingent Survivor Mortality Table fully generational using Scale MO-2021 for surviving spouses. It is assumed that 45% of active employees with current coverage are assumed to continue coverage at retirement and no active employees without coverage are assumed to elect coverage at retirement.

The actuarial assumptions used in the January 1, 2021 and January 1, 2020 valuation were based on the results of an actuarial experience study for the period June 2012 through June 2018.

Changes in the Total OPEB Liability

Balance, beginning of year	<u>\$4,472,772</u>
Service cost	227,329
Interest	98,212
Differences between expected and actual experience	(339,352)
Changes in assumptions or other inputs	61,467
Benefit payments	<u>(135,587)</u>
Net changes	<u>(87,931)</u>
Balance, end of year	<u><u>\$4,384,841</u></u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

2. Hospital's OPEB plan (continued)

Effect of assumptions changes and inputs for the year ended June 30, 2022 reflect a change in the inflation rate from 2.00% to 3.00% and a change in the discount rate from 2.12% to 2.25%. Effect of assumption changes and inputs for the year ended June 30, 2021, reflect a change in the inflation rate from 3.00% to 2.00% and a change in the discount rate from 3.26% to 2.12%.

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 (1.25 percent) or one percentage point higher (3.25 percent) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$4,744,117	\$4,384,841	\$4,067,789

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 (6.5 percent decreasing to 3.5 percent) or one percentage point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% Decreasing to 4.5%)	1% Increase (8.5% Decreasing to 5.5%)
Total OPEB liability	\$4,038,424	\$4,384,841	\$4,779,855

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

For the fiscal year ended June 30, 2022, the hospital recognized OPEB income (expense) of \$(106,607). At June 30, 2022, the hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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

2. Hospital's OPEB plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 259,249	\$ 370,278
Changes of assumptions or other inputs	157,351	128,239
Contributions made subsequent to measurement date	65,656	-
Total	<u>\$ 482,256</u>	<u>\$ 498,517</u>

\$65,656 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, 2023. Other 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:	
2023	\$ (54,793)
2024	(27,124)
2025	-
	<u>\$ (81,917)</u>

H. Construction and other significant commitments

Construction commitments. As of June 30, 2022, the City's commitments with contractors were:

Project	Spent to Date	Remaining Commitment
Streets & bridges	\$ 4,706,445	\$ 3,344,203
Shared use paths	376,930	126,074
Fire	-	1,950
Electric	602,168	1,168,879
Water	1,367,572	267,269
Water Pollution Control	268,004	390,865
Sewer	4,456,618	1,272,764
Stormwater	3,554,308	281,868
Transit	-	25,019
Traffic signal	406,774	557,495
Facilities	270,815	48,054
	<u>\$ 16,009,634</u>	<u>\$ 7,484,440</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

H. Construction and other significant commitments (continued)

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

Encumbrances. As discussed in note I(F)(1), budgetary information - budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year was as follows:

General fund	\$ 2,205,948
Capital projects fund	15,050,027
Non-major governmental funds	2,986,794
Electric	2,788,198
Water	1,414,061
Sewer	1,473,774
Non-major business-type funds	8,374,681
	<u>\$34,293,483</u>

I. Risk management

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

I. Risk management (continued)

governmental entities throughout the state of Iowa. It was formed for the purpose of managing and funding third-party liability claims against its members. It provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2022, 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 balance of claims liabilities during the years ended June 30, 2022 and 2021 were:

	2022	2021
Liability, July 1	\$ 1,180,056	\$ 1,221,951
Claims incurred & claims adjustments	987,824	428,086
Claim payments	(719,485)	(469,981)
Liability, June 30	\$ 1,448,395	\$ 1,180,056

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:

	2022	2021
Liability, July 1	\$ 918,335	\$ 853,621
Claims incurred & claims adjustments	8,386,338	10,085,324
Claim payments	(8,735,818)	(10,020,610)
Liability, June 30	\$ 568,855	\$ 918,335

City of Ames
Notes to the Financial Statements
June 30, 2022

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

I. Risk management (continued)

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 \$185,000 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2022.

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 \$1,330,000 at June 30, 2022.

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 \$266,000 at June 30, 2022.

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, 2022 and 2021 were as follows:

	Professional Liability		Health Insurance	
	2022	2021	2022	2021
Liability, July 1	\$ 178,519	\$ 173,672	\$ 1,244,958	\$ 1,294,269
Claims incurred & claims adjustments	12,643	6,847	11,534,102	10,485,195
Claim payments	(5,909)	(2,000)	(11,449,175)	(10,534,506)
Liability, June 30	\$ 185,253	\$ 178,519	\$ 1,329,885	\$ 1,244,958
	Workers' Compensation			
	2022	2021		
Liability, July 1	\$ 443,518	\$ 245,314		
Claims incurred & claims adjustments	205,181	666,628		
Claim payments	(382,407)	(468,424)		
Liability, June 30	\$ 266,292	\$ 443,518		

City of Ames
Notes to the Financial Statements
June 30, 2022

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

J. Leases

1. Lessee

As of June 30, 2022, the City was a lessee for a couple equipment leases. The City recognizes lease liabilities and intangible right-to-use lease assets (lease asset) in the fund financials for proprietary funds and government-wide financial statements for governmental funds. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

Thereafter, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Thereafter, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) lease term, and (c) lease payments.

- a. If known, City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for the leases.
- b. The lease term includes the noncancelable period of the lease.
- c. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

2. Lessor

As of June 30, 2022, the City was a lessor for several leases. The present value of the leases are aggregated on a fund basis. All funds record lease receivable on the fund level Statement of Net Position, and are rolled into the government-wide Statement of Net Position.

At the beginning of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. After, the lease receivable

City of Ames
Notes to the Financial Statements
June 30, 2022

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

J. Leases (continued)

2. Lessor (continued)

is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Thereafter, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) lease term, and (c) lease receipts.

- a. If specified, the City uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- b. The lease term includes the noncancellable period of the lease
- c. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a lease remeasurement and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

3. Lease payable

Beginning on March 21, 2022, the City entered into a five-year lease agreement for the right-to-use 14 golf carts and 1 hauler. The City is required to pay \$11,472 per year distributed between March through October. The lease has no stated interest rate so the City's incremental borrowing rate for 3 years of 3.22% was used. An initial lease liability was recorded in the amount of \$32,932 (\$5,101 current and \$27,831 long term). As of June 30, 2022, the value of the lease liability was \$16,739.

Beginning on March 10, 2021 the City entered into a 35 month lease for the right-to-use three 2021 Jacobsen HR-600 mowers. The City is required to pay \$43,870.53 annually on April, 20th. The lease has no stated interest rate so the City's incremental borrowing rate for one year of 2% was used. An initial lease liability of \$85,439 was set up (\$43,146 long term, \$42,293 current). As of June 30, 2022, the value of the lease liability was \$43,146.

Beginning April 16, 2021 the City entered into a 60 month lease for the right-to-use three Xerox VersLink C7025T, 1 Xerox PrimeLink C9065, 1 Xerox EX-I Print Server, 1 PaperCut MF, and 4 Badge Readers. The City is required to pay \$516 a month. The lease has no stated interest rate so the incremental borrowing rate for 4 years of 3.26% was used.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

J. Leases (continued)

3. Lease payable (continued)

An initial lease liability was recorded in the amount of \$27,214 (\$21,829 long-term and \$5,385 current). As of June 30, 2022, the value of the lease liability was \$21,829.

4. Lease receivable

General fund

The City has entered into a lease for placement of Antenna Facilities on the City's real property in December 2014 for five years. The renewal grants rights to the lessee for five additional five-year terms and it has been determined that renewal terms will continue to occur. The City recognized \$20,247 in lease revenue and \$23,510 in interest revenue during the current fiscal year for this one lease. As of June 30, 2022, the City's receivable for lease payments was \$469,391. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources was \$450,492.

Airport fund

In 1993 a lease was entered into for an aircraft hangar, an amendment to this lease was finalized in 2019 for eight years rent schedule, with four additional five-year terms being likely to be executed in the future. With no rent schedule for the life of the lease, we estimated a 2.5% increase out to 2047. The City recognized \$1,595 in lease revenue and \$1,847 in interest revenue during the current fiscal year. As of June 30, 2022, the City's receivable for lease payments was \$37,455. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources is \$39,866.

Water fund

The City entered into three leases regarding tower property for the transmission and reception of communication signals, construction, maintenance, repair or replacements. The City recognized \$59,264 in lease revenue and \$26,318 in interest revenue for the current fiscal year. As of June 30, 2022, the City's receivable for lease payments was \$591,188. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources is \$572,232.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

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, 2022 are as follows:

Governmental Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2022
Corporate purpose/refunding	2013	\$ 21,220,000	2.000-3.125	2032	\$ -
Corporate purpose	2014	9,395,000	2.000-2.500	2026	3,050,000
Corporate purpose/refunding	2015	15,670,000	3.000-5.000	2035	5,010,000
Corporate purpose	2016	9,020,605	2.000-5.000	2028	3,835,578
Corporate purpose/refunding	2017	10,975,000	2.000-5.000	2029	4,395,000
Corporate purpose	2018	7,490,000	3.000-5.000	2030	5,360,000
Corporate purpose/TIF	2019	290,000	1.500-5.000	2031	250,000
Corporate purpose	2019	10,230,000	1.500-5.000	2031	7,865,000
Corporate purpose	2020	9,500,000	1.000-5.000	2032	8,080,000
Corporate purpose/refunding	2020	7,929,118	1.000-5.000	2032	4,109,275
Corporate purpose	2021	9,850,000	1.375-5.000	2033	9,075,000
Corporate purpose/refunding	2021	9,372,505	1.375-5.000	2034	8,251,733
		<u>\$120,942,228</u>			<u>\$ 59,281,586</u>

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2022
Corporate purpose	2013	\$ 1,320,000	2.00-3.00	2025	\$ -
Corporate purpose	2014	300,000	2.00-2.50	2024	70,000
Corporate purpose/refunding	2015	1,860,000	3.00-5.00	2027	900,000
Corporate purpose	2015	915,000	3.00-5.00	2027	670,000
Corporate purpose/refunding	2016	2,629,395	2.00-5.00	2028	899,422
Corporate purpose	2019	255,000	1.50-5.00	2031	215,000
Corporate purpose/refunding	2020	435,882	5.00	2024	225,725
Corporate purpose/refunding	2021	417,495	5.00	2025	308,267
		<u>\$ 8,132,772</u>			<u>\$ 3,288,414</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

On September 9, 2021, the City issued \$9,850,000 of general obligation, corporate purpose bonds for improvements to street, bridges, and fire vehicles, which had interest rates of 1.375% to 5.000%. Maturity dates on the bonds range from June 1, 2022 to June 1, 2033. Debt Service payments are scheduled to be paid semi-annually in amounts that range from \$981,800 to \$1,046,279. Bonds due after June 1, 2029 may be subject to call prior to maturity at the option of the City.

On September 9, 2021, the City also issued \$9,790,000 of general obligation, refunding bonds. The proceeds from the current refunding were used to refund \$11,055,000 of the 2013 bonds, which had interest rates ranging from 3.000% to 3.125%. Maturity dates on the bonds range from June 1, 2022 to June 1, 2032. Debt Service payments are scheduled to be paid semi-annually in amounts that range from \$810,287 to \$1,533,693. Bonds due after June 1, 2029 may be subject to call prior to maturity at the option of the City. The refunding was undertaken to reduce total future debt service payments by \$1,156,963 over 11 years and to obtain economic gain of \$1,097,393.

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, 2022 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2022
Hospital improvement and refunding	2012	\$ 19,945,000	2.070 %	2027	\$ 2,360,000
Electric	2015	9,500,000	2.125-5.000	2027	4,460,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	60,285,000
Hospital expansion/remodel	2019	35,000,000	1.990	2034	29,370,000
		<u>\$129,235,000</u>			<u>\$ 96,475,000</u>

On November 19, 2019, the hospital issued \$35,000,000 in revenue bonds to provide additional financing for the expansion and remodeling of certain portions of the medical center facilities. The 2019 series bonds are payable through June 15, 2034 and carry interest due at 1.99% (plus an adjustment to the medical centers credit rating on June 30, 2021).

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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

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.

Total principal and interest remaining to be paid on hospital bonds as of June 30, 2022 is \$116,184,633. Principal and interest paid during the fiscal year was \$9,022,940 and net revenue for the same period, as defined above, was \$23,782,198.

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, 2022, is \$4,831,850. Principal and interest paid during the fiscal year ended June 30, 2022, was \$966,306 and net revenue for the same period, as defined above, was \$10,584,584.

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 \$82,576 at June 30, 2022, with a current portion of \$15,246.

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 were 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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

initiation fee of \$100,000 was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan came from the water fund. The City received its final disbursement for the loan during fiscal year 2021, with total proceeds, including the loan initiation fee, totaling \$68,081,339. No amounts were borrowed during the fiscal year. The amount of principal outstanding as of June 30, 2022 is \$47,277,000.

The capital loan note agreement requires the water utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2022, net revenues were \$5,688,272 and principal and interest due of \$3,736,260. No amounts were borrowed during the 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 \$2,474,250. No amounts were borrowed during the fiscal year. The balance of the loan was \$1,375,000 as of June 30, 2022.

The City has a third capital loan note agreement with the IFA in an amount not to exceed \$5,700,000. The funds were used for planning, designing, and construction improvements and extensions to the sanitary sewer system. The loan bears interest at 0.86% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$30,375 (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 2021, with total proceeds, including the loan initiation fee, totaling \$5,581,055. No amounts were borrowed during the fiscal year. The amount of principal outstanding as of June 30, 2022 is \$4,604,000.

The City has a fourth revenue capital loan note agreement with the IFA in an amount not to exceed \$797,000. The funds were used for improvements to two wastewater lift stations that were 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. The amount of principal outstanding as of June 30, 2022 is \$458,000.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

The City has a fifth revenue capital loan note agreement with the IFA in an amount not to exceed \$1,001,000. The funds were 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 fund. No amounts were borrowed during the fiscal year. The amount of principal outstanding as of June 30, 2022 is \$619,000.

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, 2022, the sewer fund had net revenues of \$4,000,535, and the amount of principal and interest due was \$540,493.

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, 2020, related to the 2021-2022 fiscal year. At June 30, 2022, the outstanding debt of \$62,570,000 is below the limit of \$259,375,523, leaving a debt margin of over \$196 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2022, are as follows:

	Balance June 30, 2021, as restated	Additions	Deletions	Balance June 30, 2022	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 59,280,697	\$ 19,222,505	\$ (19,221,616)	\$ 59,281,586	\$ 8,017,861
Premium	4,915,321	2,564,378	(1,068,610)	6,411,089	747,637
Total bonds payable	64,196,018	21,786,883	(20,290,226)	65,692,675	8,765,498
Compensated absences	2,506,933	3,616,266	(3,613,654)	\$ 2,509,545	129,177
Lease liability	-	112,653	(47,678)	\$ 64,975	48,709
Governmental activities long-term debt	\$ 66,702,951	\$ 25,515,802	\$ (23,951,558)	\$ 68,267,195	\$ 8,943,384

Historically, liabilities for compensated absences and other post-employment benefits are generally liquidated by the General Fund, Local Option Sales Tax Fund, Road Use Tax Fund, Public Housing Fund, Internal Service Funds, and the Community Development Block Grant.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

	Balance June 30, 2021, as restated	Additions	Deletions	Balance June 30, 2022	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 102,935,000	\$ -	\$ (6,460,000)	\$ 96,475,000	\$ 6,635,000
Premiums	5,889,332	-	(702,048)	5,187,284	1,355,401
Total revenue bonds	<u>108,824,332</u>	<u>-</u>	<u>(7,162,048)</u>	<u>101,662,284</u>	<u>7,990,401</u>
General obligation bonds	3,954,303	417,495	(1,083,384)	3,288,414	617,139
Premiums	304,728	56,972	(74,780)	286,920	54,461
Total general obligation bonds	<u>4,259,031</u>	<u>474,467</u>	<u>(1,158,164)</u>	<u>3,575,334</u>	<u>671,600</u>
Total bonds payable	113,083,363	474,467	(8,320,212)	105,237,618	8,662,001
Compensated absences	8,703,757	10,717,508	(10,432,602)	8,988,663	663,963
Lease liability	1,222,867	822,505	(632,468)	1,412,904	539,461
Loans payable	323,281	-	(114,099)	209,182	114,099
Capital loan notes payable	<u>57,503,000</u>	<u>-</u>	<u>(3,170,000)</u>	<u>54,333,000</u>	<u>3,224,000</u>
Business-type activities long-term debt	<u>\$ 180,836,268</u>	<u>\$ 12,014,480</u>	<u>\$ (22,669,381)</u>	<u>\$ 170,181,367</u>	<u>\$ 13,203,524</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2023	\$ 8,017,861	\$ 2,056,551
2024	7,691,519	1,736,360
2025	7,223,692	1,416,149
2026	6,953,849	1,107,688
2027	6,446,187	833,663
2028-2032	21,978,478	1,468,575
2033-2037	970,000	14,550
Total	<u>\$ 59,281,586</u>	<u>\$ 8,633,536</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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

K. Long-term obligations (continued)

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 617,139	\$ 131,581	\$ 6,635,000	\$ 3,348,753
2024	638,481	104,246	6,885,000	3,096,107
2025	506,308	77,982	7,130,000	2,857,764
2026	406,151	56,194	7,380,000	2,608,276
2027	418,813	39,344	7,640,000	2,346,344
2028-2032	521,522	64,619	34,450,000	8,131,638
2033-2037	180,000	11,625	26,355,000	2,152,602
Total	<u>\$ 3,288,414</u>	<u>\$ 485,591</u>	<u>\$ 96,475,000</u>	<u>\$ 24,541,484</u>

Year Ending June 30,	Capital Loan Notes		Loans	
	Principal	Interest	Principal	Interest
2023	\$ 3,224,000	\$ 1,045,684	\$ 114,099	\$ -
2024	3,277,000	983,563	95,083	-
2025	3,335,000	920,399	-	-
2026	3,391,000	856,102	-	-
2027	3,449,000	-	-	-
2028-2032	18,156,000	-	-	-
2033-2037	19,145,000	-	-	-
2038-2041	356,000	-	-	-
Total	<u>\$ 54,333,000</u>	<u>\$ 3,805,748</u>	<u>\$ 209,182</u>	<u>\$ -</u>

City of Ames
Notes to the Financial Statements
June 30, 2022

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
2023	\$ 10,590,238	\$ 4,526,018	\$ 18,608,099	\$ 6,582,569
2024	10,895,564	4,183,916	18,587,083	5,920,276
2025	10,971,308	3,856,145	18,195,000	5,272,294
2026	11,177,151	3,520,572	18,131,000	4,628,260
2027	11,507,813	2,385,688	17,954,000	3,219,351
2028-2032	53,127,522	8,196,257	75,106,000	9,664,832
2033-2037	45,680,000	2,164,227	46,650,000	2,178,777
2038-2041	356,000	-	356,000	-
Total	<u>\$154,305,596</u>	<u>\$ 28,832,823</u>	<u>\$213,587,182</u>	<u>\$ 37,466,359</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.

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

City of Ames
Notes to the Financial Statements
June 30, 2022

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

L. Fund balance (continued)

	General	Capital Projects	Debt Service	Special Revenues	Permanent Funds	Total
Nonspendable:						
Inventory	\$ 11,007	\$ -	\$ -	\$ 961,353	\$ -	\$ 972,360
Prepaid items	153,985	-	-	46,630	-	200,615
Perpetual care principal	-	-	-	-	1,067,397	1,067,397
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	164,992	-	-	1,007,983	2,067,397	3,240,372
Restricted:						
Debt service	-	-	2,090,539	1,558,532	-	3,649,071
Aquatic center	-	-	-	-	80,414	80,414
Street construction	-	-	-	8,303,664	-	8,303,664
Environment and economic betterment	-	2,192,106	-	20,395,688	-	22,587,794
General obligation bond projects	-	19,661,131	-	-	-	19,661,131
Housing assistance	-	-	-	9,712	-	9,712
Public safety	-	-	-	356,038	-	356,038
Public safety pension	-	-	-	155,198	-	155,198
Library	-	-	-	430,588	-	430,588
Parks and recreation	-	1,941,155	-	-	-	1,941,155
Project Share	-	-	-	4,820	-	4,820
Developers' projects	-	-	-	226,720	-	226,720
Total restricted fund balance	-	23,794,392	2,090,539	31,440,960	80,414	57,406,305
Committed:						
Bike trails	-	-	-	10,026	-	10,026
Parks and recreation	-	1,240,669	-	154,562	-	1,395,231
Housing assistance	-	-	-	425,962	-	425,962
Green energy projects	-	-	-	9,989	-	9,989
Environment and economic betterment	-	-	-	547,165	-	547,165
Public Art Donations	-	-	-	32	-	32
Total committed fund balance	-	1,240,669	-	1,147,736	-	2,388,405
Assigned:						
Administration	94,389	-	-	-	-	94,389
City Hall maintenance	95,417	-	-	-	-	95,417
Police operations	13,136	-	-	-	-	13,136
Library maintenance	14,307	-	-	-	-	14,307
Parks and recreation	19,824	-	-	-	-	19,824
Parks and recreation maintenance	1,493,127	-	-	-	-	1,493,127
Public relations	21,418	-	-	-	-	21,418
PW/Airport	50,000	-	-	-	-	50,000
Fire	33,489	-	-	-	-	33,489
Total assigned fund balance	1,835,107	-	-	-	-	1,835,107
Unassigned	12,329,478	(2,522,762)	-	(665,893)	-	9,140,823
Total fund balance	\$14,329,577	\$22,512,299	\$ 2,090,539	\$32,930,786	\$ 2,147,811	\$74,011,012

City of Ames
Notes to the Financial Statements
June 30, 2022

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, 2022, is as follows:

Receivable Fund	Payable Fund					
	General Fund	Capital Projects	Debt Service	Electric	Sewer	Water
Major Funds:						
General Fund	\$ -	\$ 704	\$ -	\$ 120,996	\$ 35,913	\$ 47,163
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Electric	79,824	-	-	-	28,192	29,776
Sewer	1,591	-	-	27,852	-	19,472
Water	2,192	1,867	-	57,388	62,879	-
Non-Major Funds:						
Permanent	69,562	-	-	-	-	-
Special Revenue	796,855	647,012	-	636	124,280	108,321
Enterprise	77,588	28,985	482,331	145,861	3,321	-
Internal Service	257,513	3,218	-	95,225	35,232	54,077
Total	<u>\$ 1,285,125</u>	<u>\$ 681,786</u>	<u>\$ 482,331</u>	<u>\$ 447,958</u>	<u>\$ 289,817</u>	<u>\$ 258,809</u>

Receivable Fund	Payable Fund					Total
	Non-Major Permanent Funds	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds		
Major Funds:						
General Fund	\$ -	\$ 1,331,976	\$ 262,175	\$ 61,004	\$ 1,859,931	
Debt Service	-	-	483,065	-	483,065	
Electric	-	252	1,534	937	140,515	
Sewer	-	519	-	-	49,434	
Water	-	519	273	5,373	130,491	
Non-Major Funds:						
Permanent	-	-	-	-	69,562	
Special Revenue	-	126,010	67,875	56,186	1,927,175	
Enterprise	-	5,201	(6,915)	1,494	737,866	
Internal Service	-	303,831	98,791	5,758	853,645	
Total	<u>\$ -</u>	<u>\$ 1,768,308</u>	<u>\$ 906,798</u>	<u>\$ 130,752</u>	<u>\$ 6,251,684</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, 2022

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, 2022, is as follows:

Transfers In	Transfers Out					Non-Major Special Revenue Funds	Total
	General Fund	Capital Projects	Electric	Sewer	Water		
Major Funds:							
General Fund	\$ -	\$ -	\$ 2,295,682	\$ -	\$ -	\$ 9,440,169	\$ 11,735,851
Capital Projects	1,200,000	-	-	-	-	317,576	1,517,576
Debt Service	900,000	318,313	-	-	-	331,425	1,549,738
Non-Major Funds:							
Special Revenue	-	-	-	-	-	138,180	138,180
Enterprise	3,125,326	160,712	-	-	-	25,489	3,311,527
Internal Service	20,000	-	-	25,000	25,000	25,000	95,000
Total	\$ 5,245,326	\$ 479,025	\$ 2,295,682	\$ 25,000	\$ 25,000	\$ 10,277,839	\$ 18,347,872

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 \$80,414 at June 30, 2022, are shown as restricted net position. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Code of Iowa permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

P. 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 \$4,552,335. Certain agreements include provisions for the payment of interest.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

P. Urban renewal development agreements (continued)

During the fiscal year ended June 30, 2022, the City rebated \$686,715 of incremental property tax to developers, which was all for principal. The total cumulative principal amount rebated on the agreements is \$2,430,141. The outstanding balance on the agreements at June 30, 2022 was \$2,122,194.

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, 2022, the City abated \$686,715 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, 2022.

R. Implementation of GASB Statement No. 87

As of July 1, 2021, the City adapted GASB Statement No. 87, "Leases". The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The impact to the City resulted

City of Ames
Notes to the Financial Statements
June 30, 2022

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

R. Implementation of GASB Statement No. 87 (continued)

in the reporting of lease receivable and deferred inflows of resources related to leases. The result of these changes had no effect on the beginning net position/fund balance.

S. Contingencies

The City's Legal Department reported to management that, as of June 30, 2022, 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

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.

CMS RAC Program. Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. The RACs identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Medical Center has been subject to such audits and may continue to be subject to additional audits at some time in the future. Management believes the outcome of any such audits will not have a material adverse effect on the Medical Center's financial position.

City of Ames
Notes to the Financial Statements
June 30, 2022

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

S. Contingencies (continued)

Current economic conditions. The current labor market conditions have challenged employers to make adjustments to health insurance plans, and thus services provided to self-pay and other payors may significantly impact net patient service revenue, which could have an adverse impact on the Medical Center's future operating revenue, which could have an adverse impact on the Medical Center's future operating results. Further, the effect of economic conditions 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.

T. 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 18.7%. 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.

U. 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, 2022, the acquisition of computer hardware, carrying no interest and requires monthly payments of \$9,508 and matures in fiscal year 2024.

V. Subsequent Events

On November 22, 2022, the City issued \$12,440,000 of general obligation, corporate purpose bonds for paying the cost of constructing improvements to streets and bridges, fire apparatus replacement, and an intelligent transportation system. The interest rates on the bonds range from 4.00% to 5.00% with final maturity on June 1, 2034.

On August 9, 2022, the City entered into a revenue capital loan note agreement with the IFA in an amount not to exceed \$3,500,000. The funds will be used for demolition of the old water plant at the end of its useful life. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$17,500 (0.50%) was withheld from the

City of Ames
Notes to the Financial Statements
June 30, 2022

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

V. Subsequent Events (continued)

proceeds and added to the amount owed by the City. Repayment of the loan will come from the water fund.

On January 27, 2023, the City entered into a revenue capital loan note agreement with the IFA in an amount not to exceed \$4,071,000. The funds will be used for sanitary sewer rehabilitation. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$20,355 (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.

On January 27, 2023, the City entered into a revenue capital loan note agreement with the IFA in an amount not to exceed \$8,357,000. The funds will be used for sanitary sewer rehabilitation. The loan bears interest at 2.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$41,875 (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.

W. Change in Accounting Principles

City of Ames Restatement

As of July 1, 2021, the City changed its method of accounting for airport operations. These operations were previously accounted for in the general and capital projects funds. The operations of the airport are now accounted for in a new airport enterprise fund. The City elected this change because it feels that the presentation is preferable because it makes the airport activities more transparent. In addition, as of July 1, 2021 the City adopted GASB Statement 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on provision of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. The implementation of these changes had the following impact on beginning balances:

City of Ames
Notes to the Financial Statements
June 30, 2022

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

W. Restatement of beginning balances (continued)

	General	Capital Projects	Governmental Activities	Water	Other Enterprise Funds	Business- Type Activities	Airport
Net position June 30, 2021 as previously reported	\$ 15,590,469	\$ 20,225,008	\$ 192,125,054	\$ 71,691,399	\$ 55,455,481	\$ 821,966,262	\$ -
Implement GASBS No. 87, <i>Leases</i>							
Lease Receivable	470,739	-	470,739	631,496	41,461	672,957	-
Deferred inflows leases	(470,739)	-	(470,739)	(631,496)	(41,461)	(672,957)	-
Change in accounting principle, airport							
Capital Assets	-	-	(18,246,745)	-	18,246,745	18,246,745	18,246,745
Accumulated Depreciation	-	-	8,810,175	-	(8,810,175)	(8,810,175)	(8,810,175)
Long Term Debt	-	-	710,000	-	(710,000)	(710,000)	(710,000)
Premiums	-	-	24,420	-	(24,420)	(24,420)	(24,420)
Accounts receivable	-	(577,915)	(577,915)	-	577,915	577,915	577,915
Unavailable revenue	-	577,915	-	-	-	-	-
Net position July 1, 2021, as restated	\$ 15,590,469	\$ 20,225,008	\$ 182,844,989	\$ 71,691,399	\$ 64,735,546	\$ 831,246,327	\$ 9,280,065

Hospital Restatement

As of July 1, 2021, the hospital adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The effect of the implementation of this standard had the following impact on beginning balances.

	June 30, 2021		
	GASB 87		
	Adjustments		
	As Previously Reported	and Other Reclassifications	As Restated
Assets:			
Current	\$ 50,273,042	\$ 786,464	\$ 51,059,506
Noncurrent	613,939,671	3,326,757	617,266,428
Liabilities:			
Current	32,880,292	452,111	33,332,403
Noncurrent	162,782,183	803,850	163,586,133
Deferred inflows	2,417,880	2,825,396	5,243,276
Net Position	488,150,605	31,764	488,182,369
Operating revenue	210,825,315	393,143	211,218,458
Operating expenses	200,443,002	448,718	200,891,720
Nonoperating revenue (expense)	74,279,725	87,339	74,367,064



REQUIRED SUPPLEMENTARY INFORMATION



City of Ames
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Iowa Public Employees' Retirement System
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability(asset)	(0.0380697%)	1.1986846%	1.1690479%	1.1516658%	1.1292958%	1.1552370%	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$ 131,427	\$ 84,204,424	\$67,695,565	\$72,880,234	\$75,225,392	\$72,702,712	\$57,389,174	\$ 47,625,187
City's covered payroll*	\$ 96,853,385	\$ 96,755,907	\$90,665,386	\$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	0.14%	87.03%	74.67%	82.87%	87.87%	86.31%	70.62%	59.17%
Plan fiduciary net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	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*.

**The plan has 3 groups, regular, sheriff, and protective. In total, the Plan reported a net pension asset at June 30, 2021. The City only participates in the regular and protective groups. The City's portion of the regular group's net pension liability at June 30, 2021, exceeded the City's share of the protective group's net pension asset, resulting in the City reporting a net pension liability at June 30, 2022.

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
2022	\$ 10,223,542	\$ 10,223,542	-	108,490,284	9.42%
2021	9,131,127	9,131,127	-	96,853,385	9.43%
2020	9,139,672	9,139,672	-	96,755,907	9.45%
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%

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 (Asset)
Municipal Fire and Police Retirement System of Iowa
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	2.675493%	2.677595%	2.663532%	2.719769%	2.651310%	2.649945%	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$ 6,008,465	\$ 21,356,506	\$17,470,814	\$16,193,599	\$15,549,272	\$16,569,071	\$12,669,610	\$ 9,730,925
City's covered payroll*	\$ 8,643,628	\$ 8,435,313	\$ 8,064,312	\$ 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	69.51%	253.18%	216.64%	205.86%	207.14%	230.76%	180.88%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	93.62%	76.47%	79.94%	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
2022	\$ 2,268,424	\$ 2,268,424	-	\$ 8,665,848	26.18%
2021	2,200,185	2,200,185	-	8,643,628	25.45%
2020	2,076,217	2,076,217	-	8,435,313	24.61%
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%

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
Last Five Years*

City:	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 181,568	\$ 177,816	\$ 140,814	\$ 128,949	\$ 124,144
Interest	56,886	57,031	74,532	76,772	75,321
Differences between expected and actual experience	398,929	-	(374,352)	-	-
Changes in assumptions or other inputs	(99,678)	11,592	746,954	70,173	(51,203)
Benefit payments	(197,042)	(197,291)	(150,412)	(133,691)	(97,725)
Net change in total OPEB liability	340,663	49,148	437,536	142,203	50,537
Total OPEB liability, beginning	2,550,569	2,501,421	2,063,885	1,921,682	1,871,145
Total OPEB liability, ending	<u>\$ 2,891,232</u>	<u>\$ 2,550,569</u>	<u>\$ 2,501,421</u>	<u>\$ 2,063,885</u>	<u>\$ 1,921,682</u>
Covered-employee payroll	<u>\$ 41,514,170</u>	<u>\$ 40,817,000</u>	<u>\$ 39,532,365</u>	<u>\$ 37,519,077</u>	<u>\$ 38,084,243</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>6.96%</u>	<u>6.25%</u>	<u>6.33%</u>	<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%
2020	2.21%
2021	2.16%
2022	3.54%

* 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
Last Five Years*

Hospital:	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 227,329	\$ 201,432	\$ 171,392	\$ 183,570	\$ 230,410
Interest	98,212	147,571	188,216	171,689	155,873
Differences between expected and actual experience	(339,352)	(432,129)	(480,311)	(518,903)	907,372
Changes in assumptions or other inputs	61,467	349,124	211,750	(208,768)	(448,839)
Benefit payments	(135,587)	(235,143)	(113,258)	57,836	(10,501)
Net change in total OPEB liability	(87,931)	30,855	(22,211)	(314,576)	834,315
Total OPEB liability, beginning	4,472,772	4,441,917	4,464,128	4,778,704	3,944,389
Total OPEB liability, ending	\$ 4,384,841	\$ 4,472,772	\$ 4,441,917	\$ 4,464,128	\$ 4,778,704
Covered-employee payroll	\$ 73,471,503	\$ 62,532,773	\$ 62,732,418	\$ 61,873,578	\$ 61,873,578
Total OPEB liability as a percentage of covered-employee payroll	5.97%	7.15%	7.08%	7.21%	7.72%

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%
2020	3.26%
2021	2.12%
2022	2.25%

* 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, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
Revenues and other financing sources:						
Taxes levied on property	\$ 31,805,581	\$ -	\$ 31,805,581	\$ 32,343,273	\$ 32,343,273	\$ (537,692)
Delinquent property taxes	356	-	356	-	-	356
TIF revenues	1,874,167	-	1,874,167	1,918,072	1,918,072	(43,905)
Other taxes	13,891,196	-	13,891,196	11,015,944	13,327,338	563,858
Licenses and permits	1,198,379	21,600	1,219,979	1,628,340	1,578,652	(358,673)
Use of money and property	(1,007,851)	(39,451,314)	(40,459,165)	15,328,826	10,660,229	(51,119,394)
Intergovernmental	32,615,230	24,189,851	56,805,081	29,571,848	71,388,109	(14,583,028)
Charges for services	2,221,071	318,569,396	320,790,467	300,905,633	316,586,706	4,203,761
Special assessments	250,102	-	250,102	318,313	318,313	(68,211)
Miscellaneous	745,387	2,304,915	3,050,302	695,191	865,378	2,184,924
Other financing sources	40,396,110	6,604,523	47,000,633	17,681,400	42,364,877	4,635,756
Transfers in	18,609,227	3,311,527	21,920,754	16,944,645	21,370,114	550,640
Total revenues and other financing sources	142,598,955	315,550,498	458,149,453	428,351,485	512,721,061	(54,571,608)
Expenditures and other financing uses:						
General government	3,336,782	-	3,336,782	3,212,079	4,091,872	755,090
Public safety	19,670,023	-	19,670,023	21,308,438	20,386,673	716,650
Public works	7,587,030	-	7,587,030	7,591,152	7,833,794	246,764
Health and social services	1,634,714	-	1,634,714	1,628,056	1,797,493	162,779
Culture and recreation	9,369,891	-	9,369,891	9,690,222	10,090,211	720,320
Community and economic development	4,201,066	-	4,201,066	4,557,105	8,851,789	4,650,723
Debt service	22,928,879	-	22,928,879	11,988,237	22,565,850	(363,029)
Capital outlay	17,915,789	-	17,915,789	21,764,505	58,968,227	41,052,438
Total governmental expenditures	86,644,174	-	86,644,174	81,739,794	134,585,909	47,941,735
Business-type expenditures	-	318,789,502	318,789,502	304,388,935	371,583,828	52,794,326
Total expenditures and other financing uses	86,644,174	318,789,502	405,433,676	386,128,729	506,169,737	100,736,061
Other financing uses	18,372,925	3,547,829	21,920,754	16,944,645	21,370,114	(550,640)
Total expenditures, other financing uses, and transfers out	105,017,099	322,337,331	427,354,430	403,073,374	527,539,851	100,185,421
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	37,581,856	(6,786,833)	30,795,023	25,278,111	(14,818,790)	45,613,813
Fund balances, beginning	63,408,104	859,346,987	922,755,091	743,042,054	709,046,198	213,708,893
Fund balances, ending	\$100,989,960	\$852,560,154	\$953,550,114	\$768,320,165	\$694,227,408	\$259,322,706

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, 2022

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 142,598,955	\$ (25,690,364)	\$ 116,908,591	\$ 315,550,498	\$ 126,632	\$ 315,677,130
Expenditures and other financing uses	105,017,099	(3,673,030)	101,344,069	322,337,331	1,858,107	324,195,438
Excess revenues and other financing sources over expenditures and other financing uses	37,581,856	(22,017,334)	15,564,522	(6,786,833)	(1,731,475)	(8,518,308)
Fund balances, beginning	63,408,104	(4,961,614)	58,446,490	859,346,987	(40,115,141)	819,231,846
Fund balances, ending	<u>\$ 100,989,960</u>	<u>\$ (26,978,948)</u>	<u>\$ 74,011,012</u>	<u>\$ 852,560,154</u>	<u>\$ (41,846,616)</u>	<u>\$ 810,713,538</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, 2022

I. Pension Liability

IPERS:

Changes in benefits and terms. There were no significant changes in benefit terms.

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.

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.

City of Ames
Notes to the Required Supplementary Information (continued)
June 30, 2022

I. Pension Liability (continued)

MFPRSI (continued):

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. 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 \$124,466,477. These amendments are reflected in the final budget amounts.



SUPPLEMENTARY INFORMATION



City of Ames
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.

Metro Coalition Fund – to account for the funds related to a group of cities in Iowa who have pooled financial resources to fund legislative lobbying and monitoring services.

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 Funds - 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, Public Art Donations, Police and Fire Donations, and Animal Shelter 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.

City of Ames
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.

Federal Relief Funds – to account for funds received from emergency related grants to cover expenses associated with natural disasters.

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, 2022**

	<u>Permanent Funds</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	
ASSETS				
Cash and cash equivalents	\$ 8,592,746	\$ 18,744	\$ 234,644	\$ 8,846,134
Investments	27,388,569	978,610	844,604	29,211,783
Taxes receivable	3,182	-	-	3,182
Accrued interest receivable	2,853	-	1,166	4,019
Accounts receivable, net	5,305	481	-	5,786
Intergovernmental receivable	2,565,033	-	-	2,565,033
Loans receivable	886	-	-	886
Due from other funds	1,927,176	69,562	-	1,996,738
Inventories	961,353	-	-	961,353
Prepaid items	46,630	-	-	46,630
Succeeding year taxes receivable	2,182,895	-	-	2,182,895
Long-term loans receivable	2,136	-	-	2,136
Total assets	<u>\$ 43,678,764</u>	<u>\$ 1,067,397</u>	<u>\$ 1,080,414</u>	<u>\$ 45,826,575</u>
LIABILITIES				
Accounts payable	\$ 1,270,192	\$ -	\$ -	\$ 1,270,192
Accrued payroll	110,871	-	-	110,871
Retainage payable	59,379	-	-	59,379
Customer deposits	728,817	-	-	728,817
Intergovernmental payable	2,469	-	-	2,469
Due to other funds	1,768,308	-	-	1,768,308
Unearned revenue	4,007,378	-	-	4,007,378
Total liabilities	<u>7,947,414</u>	<u>-</u>	<u>-</u>	<u>7,947,414</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	2,182,895	-	-	2,182,895
Grants	617,669	-	-	617,669
Total deferred inflows of resources	<u>2,800,564</u>	<u>-</u>	<u>-</u>	<u>2,800,564</u>
FUND BALANCES (DEFICITS)				
Nonspendable	1,007,983	1,067,397	1,000,000	3,075,380
Restricted	31,440,960	-	80,414	31,521,374
Committed	1,147,736	-	-	1,147,736
Unassigned	(665,893)	-	-	(665,893)
Total fund balances	<u>32,930,786</u>	<u>1,067,397</u>	<u>1,080,414</u>	<u>35,078,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,678,764</u>	<u>\$ 1,067,397</u>	<u>\$ 1,080,414</u>	<u>\$ 45,826,575</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
REVENUES				
Taxes	\$ 18,036,023	\$ -	\$ -	\$ 18,036,023
Intergovernmental	21,395,895	-	-	21,395,895
Charges for services	-	29,356	-	29,356
Investment income	(44,308)	-	(22,564)	(66,872)
Miscellaneous	56,378	-	-	56,378
Total revenues	<u>39,443,988</u>	<u>29,356</u>	<u>(22,564)</u>	<u>39,450,780</u>
EXPENDITURES				
Current:				
General government	482,306	-	-	482,306
Public safety	135,528	-	-	135,528
Public works	6,479,024	-	-	6,479,024
Health and social services	1,634,714	-	-	1,634,714
Culture and recreation	604,137	-	44,450	648,587
Community and economic development	3,113,940	-	-	3,113,940
Capital outlay	3,687,851	-	49,285	3,737,136
Total expenditures	<u>16,137,500</u>	<u>-</u>	<u>93,735</u>	<u>16,231,235</u>
Excess of revenues over expenditures	<u>23,306,488</u>	<u>29,356</u>	<u>(116,299)</u>	<u>23,219,545</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	138,180	-	-	138,180
Transfers out	(10,277,839)	-	-	(10,277,839)
Total other financing sources (uses)	<u>(10,139,659)</u>	<u>-</u>	<u>-</u>	<u>(10,139,659)</u>
Net change in fund balance	13,166,829	29,356	(116,299)	13,079,886
Fund balances, beginning	<u>19,763,957</u>	<u>1,038,041</u>	<u>1,196,713</u>	<u>21,998,711</u>
Fund balances, ending	<u>\$ 32,930,786</u>	<u>\$ 1,067,397</u>	<u>\$ 1,080,414</u>	<u>\$ 35,078,597</u>

**City of Ames
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2022**

	Metro Coalition	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire
ASSETS										
Cash and cash equivalents	\$ -	\$ 2,013,642	\$ 307,700	\$ 1,781,349	\$ 2,444	\$ 31,166	\$ 109,952	\$ 358,900	\$ 886	\$ 30,225
Investments	-	6,362,233	972,210	5,628,322	7,582	98,796	347,243	1,267,314	2,799	124,807
Taxes receivable	-	-	-	-	-	-	-	-	3,182	-
Accrued interest receivable	-	-	-	-	-	-	-	1,689	-	166
Accounts receivable, net	-	4,021	-	-	-	543	-	-	-	-
Intergovernmental receivable	59,813	864,604	-	702,908	-	14,428	16,212	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	43,428	752,230	1,073,412	-	-	3,727	-	-	-
Inventories	-	-	-	51,894	-	-	-	-	-	-
Prepaid items	-	-	-	38,369	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	2,182,895	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 59,813	\$ 9,287,928	\$ 2,032,140	\$ 9,276,254	\$ 10,026	\$ 144,933	\$ 477,134	\$ 1,627,903	\$ 2,189,762	\$ 155,198
LIABILITIES										
Accounts payable	5,000	169,567	648,643	358,191	-	3,225	67	-	-	-
Accrued payroll	-	4,136	-	103,062	-	470	39	-	-	-
Retainage payable	-	15,478	-	43,901	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	763	-	1,166	-	-	-	-
Due to other funds	13,121	543,762	107,569	376,410	-	-	51,066	69,371	6,867	-
Total liabilities	18,121	732,943	756,212	882,327	-	4,861	51,172	69,371	6,867	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	-	2,182,895	-
Grants	-	-	-	-	-	6,128	-	-	-	-
Total deferred inflows of resource	-	-	-	-	-	6,128	-	-	2,182,895	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	90,263	-	-	-	-	-	-
Restricted	41,692	8,554,985	1,275,928	8,303,664	-	133,944	-	1,558,532	-	155,198
Committed	-	-	-	-	10,026	-	425,962	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	41,692	8,554,985	1,275,928	8,393,927	10,026	133,944	425,962	1,558,532	-	155,198
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 59,813	\$ 9,287,928	\$ 2,032,140	\$ 9,276,254	\$ 10,026	\$ 144,933	\$ 477,134	\$ 1,627,903	\$ 2,189,762	\$ 155,198

City of Ames
Combining Balance Sheet (continued)
Non-Major Special Revenue Funds
June 30, 2022

	Parks & Recreation Programs	Library Donations	Project Share	Public Art Donations	Police & Fire Donations	CDBG	Animal Shelter Donations	Developers' Projects	Economic Development & Loans	Federal Relief Funds	Total Non-Major Special Revenue Funds
ASSETS											
Cash and cash equivalents	\$ 34,075	\$ 95,060	\$ 3,497	\$ 32	\$ 1,203	\$ 45,709	\$ 48,993	\$ 228,807	\$ 131,570	\$ 3,367,536	\$ 8,592,746
Investments	120,258	344,094	10,731	-	3,849	144,636	171,580	726,679	415,595	10,639,841	27,388,569
Taxes receivable	-	-	-	-	-	-	-	-	-	-	3,182
Accrued interest receivable	229	490	-	-	-	-	228	51	-	-	2,853
Accounts receivable, net	-	100	581	-	-	-	60	-	-	-	5,305
Intergovernmental receivable	2,500	5,000	-	-	-	233,675	-	-	-	665,893	2,565,033
Loans receivable	-	-	-	-	-	886	-	-	-	-	886
Due from other funds	-	4,379	-	-	-	50,000	-	-	-	-	1,927,176
Inventories	-	-	-	-	-	909,459	-	-	-	-	961,353
Prepaid items	-	8,261	-	-	-	-	-	-	-	-	46,630
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	-	2,182,895
Long-term loans receivable	-	-	-	-	-	2,136	-	-	-	-	2,136
Total assets	\$ 157,062	\$ 457,384	\$ 14,809	\$ 32	\$ 5,052	\$ 1,386,501	\$ 220,861	\$ 955,537	\$ 547,165	\$ 14,673,270	43,678,764
LIABILITIES											
Accounts payable	-	11,114	-	-	-	72,094	2,291	-	-	-	1,270,192
Accrued payroll	-	3,164	-	-	-	-	-	-	-	-	110,871
Retainage payable	-	-	-	-	-	-	-	-	-	-	59,379
Customer deposits	-	-	-	-	-	-	-	728,817	-	-	728,817
Intergovernmental payable	-	-	-	-	-	-	540	-	-	-	2,469
Due to other funds	2,500	4,257	-	-	988	395,236	-	-	-	197,161	1,768,308
Unearned revenue	-	-	-	-	-	-	-	-	-	4,007,378	4,007,378
Total liabilities	2,500	18,535	-	-	988	467,330	2,831	728,817	-	4,204,539	7,947,414
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue:											
Property taxes	-	-	-	-	-	-	-	-	-	-	2,182,895
Grants	-	-	-	-	-	-	-	-	-	611,541	617,669
Total deferred inflows of resource	-	-	-	-	-	-	-	-	-	611,541	2,800,564
FUND BALANCES (DEFICITS)											
Nonspendable	-	8,261	-	-	-	909,459	-	-	-	-	1,007,983
Restricted	-	430,588	4,820	-	4,064	9,712	218,030	226,720	-	10,523,083	31,440,960
Committed	154,562	-	9,989	32	-	-	-	-	547,165	-	1,147,736
Unassigned	-	-	-	-	-	-	-	-	-	(665,893)	(665,893)
Total fund balances (deficits)	154,562	438,849	14,809	32	4,064	919,171	218,030	226,720	547,165	9,857,190	32,930,786
Total liabilities, deferred outflows of resources, and fund balances (deficits)	\$ 157,062	\$ 457,384	\$ 14,809	\$ 32	\$ 5,052	\$ 1,386,501	\$ 220,861	\$ 955,537	\$ 547,165	\$ 14,673,270	\$ 43,678,764

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2022

	Metro Coalition	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire
REVENUES										
Taxes	\$ -	\$ 11,231,768	\$ 2,415,735	\$ -	\$ -	\$ -	\$ -	\$ 1,989,682	\$ 2,398,838	\$ -
Intergovernmental	64,178	-	-	8,776,925	-	86,445	27,533	-	-	-
Investment income	-	-	-	-	-	-	-	(20,751)	-	(5,075)
Miscellaneous	-	-	-	-	-	2,688	-	-	-	-
Total revenues	64,178	11,231,768	2,415,735	8,776,925	-	89,133	27,533	1,968,931	2,398,838	(5,075)
EXPENDITURES										
Current:										
General government	60,000	195,239	15,000	164,794	-	-	47,273	-	-	-
Public safety	-	-	-	-	-	74,280	-	-	-	-
Public works	-	-	-	6,469,748	-	-	-	-	-	-
Health and social services	-	1,610,753	-	-	-	-	-	-	-	-
Culture and recreation	-	280,970	51,858	-	-	-	-	-	-	-
Community and economic development	-	-	1,933,452	28,032	-	-	-	686,715	-	-
Capital outlay	-	1,066,095	-	2,302,059	-	-	-	-	-	-
Total expenditures	60,000	3,153,057	2,000,310	8,964,633	-	74,280	47,273	686,715	-	-
Excess (deficiency) of revenues over (under) expenditures	4,178	8,078,711	415,425	(187,708)	-	14,853	(19,740)	1,282,216	2,398,838	(5,075)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	138,180	-	-	-	-	-	-	-	-
Transfers out	-	(7,082,126)	(345,450)	(25,000)	-	-	-	(331,425)	(2,398,838)	(95,000)
Total other financing sources (uses)	-	(6,943,946)	(345,450)	(25,000)	-	-	-	(331,425)	(2,398,838)	(95,000)
Net change in fund balances	4,178	1,134,765	69,975	(212,708)	-	14,853	(19,740)	950,791	-	(100,075)
Fund balances, beginning	37,514	7,420,220	1,205,953	8,606,635	10,026	119,091	445,702	607,741	-	255,273
Fund balances, ending	\$ 41,692	\$ 8,554,985	\$ 1,275,928	\$ 8,393,927	\$ 10,026	\$ 133,944	\$ 425,962	\$ 1,558,532	\$ -	\$ 155,198

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, 2022

	Parks & Recreation Programs	Library Donations	Project Share	Public Art Donations	Police & Fire Donations	CDBG	Animal Shelter Donations	Developers' Projects	Economic Development & Loans	Federal Relief Funds	Total Non-Major Special Revenue Funds
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,036,023
Intergovernmental	41,776	200,993	23,915	32	9,296	457,769	71,702	-	28,031	11,607,300	21,395,895
Investment income	(4,104)	(9,354)	-	-	-	-	(4,094)	(930)	-	-	(44,308)
Miscellaneous	3,050	139	-	-	-	50,501	-	-	-	-	56,378
Total revenues	40,722	191,778	23,915	32	9,296	508,270	67,608	(930)	28,031	11,607,300	39,443,988
EXPENDITURES											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	482,306
Public safety	-	-	-	-	-	-	61,248	-	-	-	135,528
Public works	-	-	-	-	9,276	-	-	-	-	-	6,479,024
Health and social services	-	-	23,961	-	-	-	-	-	-	-	1,634,714
Culture and recreation	30,951	240,358	-	-	-	-	-	-	-	-	604,137
Community and economic development	-	-	-	-	-	402,151	-	-	28,032	35,558	3,113,940
Capital outlay	69,452	-	-	-	-	-	-	-	-	250,245	3,687,851
Total expenditures	100,403	240,358	23,961	-	9,276	402,151	61,248	-	28,032	285,803	16,137,500
Excess (deficiency) of revenues over (under) expenditures	(59,681)	(48,580)	(46)	32	20	106,119	6,360	(930)	(1)	11,321,497	23,306,488
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	-	138,180
Transfers out	-	-	-	-	-	-	-	-	-	-	(10,277,839)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	(10,139,659)
Net change in fund balances	(59,681)	(48,580)	(46)	32	20	106,119	6,360	(930)	(1)	11,321,497	13,166,829
Fund balances, beginning	214,243	487,429	14,855	-	4,044	813,052	211,670	227,650	547,166	(1,464,307)	19,763,957
Fund balances, ending	\$ 154,562	\$ 438,849	\$ 14,809	\$ 32	\$ 4,064	\$ 919,171	\$ 218,030	\$ 226,720	\$ 547,165	\$ 9,857,190	\$ 32,930,786

City of Ames
Non-Major Enterprise Funds

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

Airport Fund – to account for the operations of the Ames Municipal Airport.

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 Water 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, 2022

	Airport	Parking	Transit	Storm Water Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 847,093	\$ 311,568	\$ 3,253,827	\$ 1,309,947	\$ 76,048	\$ 73,611	\$ 212,252	\$ 6,084,346
Investments	2,334,121	1,050,944	11,511,390	4,561,048	251,363	255,329	729,012	20,693,207
Accrued interest receivable	2,830	1,408	15,468	6,193	340	334	848	27,421
Accounts receivable, net	8,447	8,037	54,623	212,586	22,920	1,913	300,430	608,956
Leases receivable - current	179	-	-	-	-	-	-	179
Due from other funds	74,533	439	5,221	43,125	178	1,182	613,188	737,866
Intergovernmental receivable	681,140	4,146	4,258,682	470,043	47,741	-	462,775	5,924,527
Inventories	-	7,225	354,685	-	1,523	1,805	-	365,238
Prepaid items	-	-	18,250	-	-	-	-	18,250
Total current assets	<u>3,948,343</u>	<u>1,383,767</u>	<u>19,472,146</u>	<u>6,602,942</u>	<u>400,113</u>	<u>334,174</u>	<u>2,318,505</u>	<u>34,459,990</u>
Noncurrent assets:								
Net pension asset	22,028	-	-	47,574	-	1,496	-	71,098
Capital assets:								
Land	1,384,118	910,547	41,500	733,383	-	193,250	531,517	3,794,315
Land improvements	11,900,325	623,538	1,892,550	4,742,828	71,230	127,581	172,379	19,530,431
Buildings	4,988,235	-	26,658,363	-	1,870,329	21,053	11,342,409	44,880,389
Equipment	-	56,130	35,901,288	8,390	316,275	5,700	7,978,721	44,266,504
Construction in progress	348,495	-	21,706	6,315,061	-	-	-	6,685,262
Less accumulated depreciation	(9,325,871)	(645,366)	(35,361,903)	(599,053)	(1,595,936)	(142,698)	(15,758,382)	(63,429,209)
Leased assets	-	-	-	-	-	32,932	-	32,932
Leases receivable - long term	37,276	-	-	-	-	-	-	37,276
Total noncurrent assets	<u>9,354,606</u>	<u>944,849</u>	<u>29,153,504</u>	<u>11,248,183</u>	<u>661,898</u>	<u>239,314</u>	<u>4,266,644</u>	<u>55,868,998</u>
Total assets	<u>13,302,949</u>	<u>2,328,616</u>	<u>48,625,650</u>	<u>17,851,125</u>	<u>1,062,011</u>	<u>573,488</u>	<u>6,585,149</u>	<u>90,328,988</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to OPEB	214	9,785	105,036	7,130	2,668	2,042	30,096	156,971
Deferred outflows related to pensions	-	60,060	975,935	18,602	30,781	10,626	162,535	1,258,539
Total deferred outflows of resources	<u>214</u>	<u>69,845</u>	<u>1,080,971</u>	<u>25,732</u>	<u>33,449</u>	<u>12,668</u>	<u>192,631</u>	<u>1,415,510</u>

City of Ames
Combining Statement of Net Position (continued)
Non-Major Enterprise Funds
June 30, 2022

	Airport	Parking	Transit	Storm Water Utility	Ames / ISU Ice Arena	Home wood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
LIABILITIES								
Current liabilities:								
Accounts payable	202,253	3,814	236,202	346,974	11,089	7,755	160,675	968,762
Accrued payroll	220	7,211	194,511	4,795	1,799	4,351	3,323	216,210
Accrued compensated absences	277	2,574	24,774	2,097	459	408	4,564	35,153
Due to other funds	201,411	13,870	42,962	66,048	5,869	5,648	570,990	906,798
Retainage payable	19,721	-	25,019	194,341	-	-	-	239,081
Accrued interest	1,760	-	-	-	-	-	1,408	3,168
Lease liabilities	-	-	-	-	-	10,741	-	10,741
Intergovernmental payable	1,766	729	10,151	996	155	975	7,742	22,514
Accrued landfill post-closure costs	-	-	-	-	-	-	15,246	15,246
Bonds payable, net	41,744	-	-	-	-	-	149,344	191,088
Unearned revenue	-	8,471	-	-	-	-	-	8,471
Total current liabilities	<u>469,152</u>	<u>36,669</u>	<u>533,619</u>	<u>615,251</u>	<u>19,371</u>	<u>29,878</u>	<u>913,292</u>	<u>2,617,232</u>
Noncurrent liabilities:								
Accrued compensated absences	6,111	45,567	453,722	28,701	6,578	4,955	66,348	611,982
Accrued other post-employment benefits	242	29,060	271,585	20,673	6,879	5,392	91,696	425,527
Net pension liability	-	83,522	737,036	-	34,697	-	119,785	975,040
Accrued landfill post-closure costs	-	-	-	-	-	-	67,330	67,330
Lease liabilities	-	-	-	-	-	17,090	-	17,090
Bonds payable, net	650,931	-	-	-	-	-	273,202	924,133
Total noncurrent liabilities	<u>657,284</u>	<u>158,149</u>	<u>1,462,343</u>	<u>49,374</u>	<u>48,154</u>	<u>27,437</u>	<u>618,361</u>	<u>3,021,102</u>
Total liabilities	<u>1,126,436</u>	<u>194,818</u>	<u>1,995,962</u>	<u>664,625</u>	<u>67,525</u>	<u>57,315</u>	<u>1,531,653</u>	<u>5,638,334</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred charge on refunding	-	-	-	-	-	-	14,604	14,604
Deferred inflow related to leases	39,866	-	-	-	-	-	-	39,866
Deferred inflows related to OPEB	41	4,084	38,771	2,898	989	754	12,816	60,353
Deferred inflows related to pensions	18,066	233,370	3,772,216	175,747	98,921	57,543	661,432	5,017,295
	<u>57,973</u>	<u>237,454</u>	<u>3,810,987</u>	<u>178,645</u>	<u>99,910</u>	<u>58,297</u>	<u>688,852</u>	<u>5,132,118</u>
NET POSITION								
Net investment in capital assets	8,602,627	944,849	29,153,504	11,200,609	661,898	237,818	3,844,098	54,645,403
Unrestricted	3,516,127	1,021,340	14,746,168	5,832,978	266,127	232,726	713,177	26,328,643
Total net position	<u>\$ 12,118,754</u>	<u>\$ 1,966,189</u>	<u>\$ 43,899,672</u>	<u>\$ 17,033,587</u>	<u>\$ 928,025</u>	<u>\$ 470,544</u>	<u>\$ 4,557,275</u>	<u>\$ 80,974,046</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2022

	<u>Airport</u>	<u>Parking</u>	<u>Transit</u>	<u>Storm Water Utility</u>	<u>Ames / ISU Ice Arena</u>	<u>Homewood Golf Course</u>	<u>Resource Recovery</u>	<u>Total Non-Major Enterprise Funds</u>
Operating revenues:								
Charges for services	\$ 244,473	\$ 952,298	\$ 7,062,349	\$ 1,890,675	\$ 529,289	\$ 348,492	\$ 4,299,454	\$ 15,327,030
Operating expenses:								
Cost of goods and services	461,816	696,358	8,584,158	752,905	446,769	260,973	3,779,056	14,982,035
Administration	-	71,025	2,258,802	11,075	-	-	245,784	2,586,686
Depreciation	515,695	5,235	2,871,178	89,426	98,643	8,220	543,326	4,131,723
Total operating expenses	977,511	772,618	13,714,138	853,406	545,412	269,193	4,568,166	21,700,444
Operating income (loss)	(733,038)	179,680	(6,651,789)	1,037,269	(16,123)	79,299	(268,712)	(6,373,414)
Non-operating revenues (expenses):								
Intergovernmental	589,321	-	7,963,443	3,122,601	-	-	-	11,675,365
Reimbursements	-	-	33,676	-	-	-	-	33,676
Investment income (loss)	3,944	(10,590)	(242,103)	(98,288)	(3,634)	(5,192)	(3,645)	(359,508)
Interest revenue (expense)	(21,277)	-	-	-	-	(335)	(4,625)	(26,237)
Miscellaneous	2,839,027	305	41,583	60	2,675	2,241	4,916	2,890,807
Total non-operating revenues	3,411,015	(10,285)	7,796,599	3,024,373	(959)	(3,286)	(3,354)	14,214,103
Income (loss) before capital contributions and transfers	2,677,977	169,395	1,144,810	4,061,642	(17,082)	76,013	(272,066)	7,840,689
Capital contributions	-	-	3,694,231	1,372,053	20,000	-	-	5,086,284
Transfers in	160,712	505,489	2,032,842	-	20,000	-	592,484	3,311,527
Change in net position	2,838,689	674,884	6,871,883	5,433,695	22,918	76,013	320,418	16,238,500
Net position, beginning, as restated	9,280,065	1,291,305	37,027,789	11,599,892	905,107	394,531	4,236,857	64,735,546
Net position, ending	<u>\$ 12,118,754</u>	<u>\$ 1,966,189</u>	<u>\$ 43,899,672</u>	<u>\$ 17,033,587</u>	<u>\$ 928,025</u>	<u>\$ 470,544</u>	<u>\$ 4,557,275</u>	<u>\$ 80,974,046</u>

City of Ames
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year Ended June 30, 2022

	Airport	Parking	Transit	Storm Water Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 20,813	\$ 1,561,270	\$ 4,562,055	\$ 2,050,992	\$ 532,974	\$ 346,795	\$ 4,566,004	\$ 13,640,903
Payments to suppliers	(135,394)	(120,942)	(2,454,497)	(194,415)	(219,035)	(68,943)	(1,896,856)	(5,090,082)
Payments to employees	(2,588)	(519,554)	(8,461,532)	(434,478)	(217,347)	(158,462)	(1,521,976)	(11,315,937)
Receipts (payments) to other funds for services provided	143,899	(172,263)	(604,902)	(509,303)	(38,751)	(41,612)	(628,822)	(1,851,754)
Net cash provided by (used for) operating activities	26,730	748,511	(6,958,876)	912,796	57,841	77,778	518,350	(4,616,870)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating grants	589,321	-	7,963,443	3,122,601	-	-	-	11,675,365
Reimbursements	-	-	33,676	-	-	-	-	33,676
Interest revenue	1,857	-	-	-	-	-	-	1,857
Miscellaneous income	2,839,027	305	41,583	60	2,675	2,241	4,916	2,890,807
Transfers in	160,712	505,489	2,032,842	-	20,000	-	592,484	3,311,527
Net cash provided by non-capital financing activities	3,590,917	505,794	10,071,544	3,122,661	22,675	2,241	597,400	17,913,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(374,428)	-	(4,515,653)	(4,214,558)	-	(5,101)	-	(9,109,740)
Proceeds from the issuance of bonds	-	-	-	-	-	-	474,467	474,467
Principal paid on capital debt	(40,000)	-	-	-	-	-	(619,228)	(659,228)
Interest paid on capital debt	(23,119)	-	-	-	-	-	(25,324)	(48,443)
Interest paid on leases	-	-	-	-	-	(335)	-	(335)
Capital contributions	-	-	3,694,231	-	20,000	-	-	3,714,231
Net cash provided by (used for) capital and related financing activities	(437,547)	-	(821,422)	(4,214,558)	20,000	(5,436)	(170,085)	(5,629,048)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(3,371,546)	(1,420,381)	(6,002,013)	(1,468,259)	(173,258)	(153,075)	(1,053,029)	(13,641,561)
Proceeds from sale of investments	1,037,425	437,051	1,846,820	451,783	53,312	47,102	324,017	4,197,510
Interest on investments	1,114	(11,489)	(208,772)	(81,010)	(3,134)	(4,530)	(4,493)	(312,314)
Net cash provided by (used for) investing activities	(2,333,007)	(994,819)	(4,363,965)	(1,097,486)	(123,080)	(110,503)	(733,505)	(9,756,365)
Net increase (decrease) in cash and cash equivalents	847,093	259,486	(2,072,719)	(1,276,587)	(22,564)	(35,920)	212,160	(2,089,051)
Cash and cash equivalents, beginning	-	52,082	5,326,546	2,586,534	98,612	109,531	92	8,173,397
Cash and cash equivalents, ending	\$ 847,093	\$ 311,568	\$ 3,253,827	\$ 1,309,947	\$ 76,048	\$ 73,611	\$ 212,252	\$ 6,084,346

City of Ames
Combining Statement of Cash Flows (continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2022

	Airport	Parking	Transit	Storm Water Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ (733,038)	\$ 179,680	\$ (6,651,789)	\$ 1,037,269	\$ (16,123)	\$ 79,299	\$ (268,712)	\$ (6,373,414)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation expense	515,695	5,235	2,871,178	89,426	98,643	8,220	543,326	4,131,723
Change in accounts receivable	(8,447)	3,244	(6,887)	(13,516)	7,016	(805)	18,862	(533)
Change in leases receivable	(37,455)	-	-	-	-	-	-	(37,455)
Change in due from other funds	(74,533)	608,574	28,368	366,896	(178)	(892)	267,614	1,195,849
Change in intergovernmental receivable	(103,224)	(2,696)	(2,521,775)	(193,063)	(3,153)	-	(19,926)	(2,843,837)
Change in inventories	-	2,280	1,130	-	491	(50)	-	3,851
Change in prepaid items	-	-	10,307	-	-	-	-	10,307
Change in deferred outflows of resources	(214)	27,397	425,912	16,271	4,632	6,150	55,438	535,586
Change in accounts payable	202,253	2,121	155,006	(136,879)	(10,003)	3,215	64,374	280,087
Change in accrued payroll	220	78	14,612	1,328	265	(291)	391	16,603
Change in accrued compensated absences	6,388	4,267	12,007	2,935	2,064	993	8,622	37,276
Change in due to other funds	201,411	(170)	15,369	(374,510)	3,151	1,731	125,852	(27,166)
Changes in retainage payable	19,721	-	(8,512)	173,684	-	-	-	184,893
Changes in intergovernmental payable	1,766	62	6,076	11	(2,659)	(77)	(65,802)	(60,623)
Changes accrued landfill post-closure costs	-	-	-	-	-	-	(4,898)	(4,898)
Changes in unearned revenue	-	(150)	-	-	-	-	-	(150)
Changes post-employment benefits	242	3,146	51,597	2,512	1,319	954	8,650	68,420
Changes in pension liability	(22,028)	(308,196)	(4,996,481)	(230,740)	(122,584)	(76,929)	(855,209)	(6,612,167)
Changes in deferred inflows of resources	57,973	223,639	3,635,006	171,172	94,960	56,260	639,768	4,878,778
Total adjustments	759,768	568,831	(307,087)	(124,473)	73,964	(1,521)	787,062	1,756,544
Net cash provided by (used for) operating activities	\$ 26,730	\$ 748,511	\$ (6,958,876)	\$ 912,796	\$ 57,841	\$ 77,778	\$ 518,350	\$ (4,616,870)
Schedule of non-cash capital and related financing activities:								
Capital asset contributions	\$ -	\$ -	\$ -	\$ 1,372,053	\$ -	\$ -	\$ -	\$ 1,372,053

City of Ames
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.

Printing Services – This fund is used to account for the revenues and expenses of the City’s printing and messenger services.

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, 2022

	Fleet Services	Information Technology	Printing Services	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,643,911	\$ 762,500	\$ -	\$ 847,926	\$ 1,678,218	\$ 5,932,555
Investments	9,305,225	2,660,952	-	2,887,587	5,955,152	20,808,916
Accrued interest receivable	12,347	3,681	-	3,853	7,623	27,504
Accounts receivable, net	90,943	-	36	13,989	59,134	164,102
Due from other funds	749,126	70,742	33,539	107	131	853,645
Intergovernmental receivable	-	29,369	1,424	-	-	30,793
Inventories	96,837	13,575	17,546	-	-	127,958
Prepaid items	-	35,337	-	-	-	35,337
Total current assets	<u>12,898,389</u>	<u>3,576,156</u>	<u>52,545</u>	<u>3,753,462</u>	<u>7,700,258</u>	<u>27,980,810</u>
Noncurrent assets:						
Net pension asset	-	-	40,606	7,711	-	48,317
Capital assets:						
Land improvements	-	192,433	-	-	-	192,433
Buildings	1,131,640	-	-	-	-	1,131,640
Equipment	18,489,414	2,953,159	-	-	-	21,442,573
Construction in progress	-	-	-	-	-	-
Less accumulated depreciation	(10,120,151)	(2,595,059)	-	-	-	(12,715,210)
Total noncurrent assets	<u>9,500,903</u>	<u>550,533</u>	<u>40,606</u>	<u>7,711</u>	<u>-</u>	<u>10,099,753</u>
Total assets	<u>22,399,292</u>	<u>4,126,689</u>	<u>93,151</u>	<u>3,761,173</u>	<u>7,700,258</u>	<u>38,080,563</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to OPEB	21,344	19,075	863	1,449	2,510	45,241
Deferred outflows related to pensions	95,401	68,336	-	15,732	16,367	195,836
Total deferred outflows of resources	<u>116,745</u>	<u>87,411</u>	<u>863</u>	<u>17,181</u>	<u>18,877</u>	<u>241,077</u>
LIABILITIES						
Current liabilities:						
Accounts payable	112,219	46,652	2,694	60,970	95,595	318,130
Accrued payroll	16,991	269	-	-	-	17,260
Accrued compensated absences	2,968	3,123	856	520	108	7,575
Due to other funds	69,406	5,690	49,850	573	5,233	130,752
Retainage payable	-	-	-	-	-	-
Claims payable	-	-	-	1,448,395	568,855	2,017,250
Intergovernmental payable	84,861	410	-	-	-	85,271
Unearned revenue	-	-	-	-	-	-
Total current liabilities	<u>286,445</u>	<u>56,144</u>	<u>53,400</u>	<u>1,510,458</u>	<u>669,791</u>	<u>2,576,238</u>
Noncurrent liabilities:						
Accrued compensated absences	44,962	67,194	11,498	5,724	1,207	130,585
Accrued other post-employment benefits	67,151	58,388	978	3,271	6,861	136,649
Net pension liability	66,409	178,139	-	-	1,517	246,065
Total noncurrent liabilities	<u>178,522</u>	<u>303,721</u>	<u>12,476</u>	<u>8,995</u>	<u>9,585</u>	<u>513,299</u>
Total liabilities	<u>464,967</u>	<u>359,865</u>	<u>65,876</u>	<u>1,519,453</u>	<u>679,376</u>	<u>3,089,537</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	9,344	8,151	165	469	981	19,110
Deferred inflows related to pensions	386,701	131,608	34,522	84,335	76,207	713,373
Total deferred inflows of resources	<u>396,045</u>	<u>139,759</u>	<u>34,687</u>	<u>84,804</u>	<u>77,188</u>	<u>732,483</u>
NET POSITION						
Net investment in capital assets	9,500,903	550,533	-	-	-	10,051,436
Unrestricted	12,154,122	3,163,943	(6,549)	2,174,097	6,962,571	24,448,184
Total net position	<u>\$ 21,655,025</u>	<u>\$ 3,714,476</u>	<u>\$ (6,549)</u>	<u>\$ 2,174,097</u>	<u>\$ 6,962,571</u>	<u>\$ 34,499,620</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Fleet Services	Information Technology	Printing Services	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:						
Charges for services	\$ 4,537,118	\$ 3,009,840	\$ 207,986	\$ 2,785,048	\$ 11,469,165	\$ 22,009,157
Operating expenses:						
Cost of goods and services	2,453,214	2,601,674	211,811	2,794,247	11,012,742	19,073,688
Depreciation	1,308,121	249,838	-	-	-	1,557,959
Total operating expenses	3,761,335	2,851,512	211,811	2,794,247	11,012,742	20,631,647
Operating income (loss)	775,783	158,328	(3,825)	(9,199)	456,423	1,377,510
Non-operating revenues:						
Investment income	(209,516)	(46,033)	-	(44,527)	(140,477)	(440,553)
Gain(loss) on disposal of capital assets	16,239	-	-	-	-	16,239
Total non-operating revenues	(193,277)	(46,033)	-	(44,527)	(140,477)	(424,314)
Income before transfers	582,506	112,295	(3,825)	(53,726)	315,946	953,196
Transfers in	75,000	20,000	-	-	-	95,000
Change in net position	657,506	132,295	(3,825)	(53,726)	315,946	1,048,196
Net position, beginning	20,997,519	3,582,181	(2,724)	2,227,823	6,646,625	33,451,424
Net position, ending	\$ 21,655,025	\$ 3,714,476	\$ (6,549)	\$ 2,174,097	\$ 6,962,571	\$ 34,499,620

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Fleet Services	Information Technology	Printing Services	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,324,353	\$ 3,001,056	\$ 227,349	\$ 2,784,893	\$ 11,797,552	\$ 22,135,203
Payments to suppliers	(1,310,633)	(1,334,186)	(20,869)	(1,807,803)	(11,198,126)	(15,671,617)
Payments to employees	(929,894)	(869,036)	(169,116)	(146,956)	(168,175)	(2,283,177)
Payments/receipts to other funds for services provided	(281,094)	(465,322)	(37,364)	(8,261)	(11,563)	(803,604)
Net cash provided by (used for) operating activities	<u>1,802,732</u>	<u>332,512</u>	<u>-</u>	<u>821,873</u>	<u>419,688</u>	<u>3,376,805</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in	75,000	20,000	-	-	-	95,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(752,382)	(34,915)	-	-	-	(787,297)
Proceeds from the sale of capital assets	167,083	-	-	-	-	167,083
Net cash used for capital and related financing activities	<u>(585,299)</u>	<u>(34,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(620,214)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(4,391,346)	(1,209,660)	-	(1,709,848)	(2,470,839)	(9,781,693)
Proceeds from sale of investments	1,351,217	372,212	-	526,120	760,277	3,009,826
Interest on investments	(180,237)	(37,343)	-	(36,014)	(119,389)	(372,983)
Net cash (used for) investing activities	<u>(3,220,366)</u>	<u>(874,791)</u>	<u>-</u>	<u>(1,219,742)</u>	<u>(1,829,951)</u>	<u>(7,144,850)</u>
Net decrease in cash and cash equivalents	(1,927,933)	(557,194)	-	(397,869)	(1,410,263)	(4,293,259)
Cash and cash equivalents, beginning	4,571,844	1,319,694	-	1,245,795	3,088,481	10,225,814
Cash and cash equivalents, ending	<u>\$ 2,643,911</u>	<u>\$ 762,500</u>	<u>\$ -</u>	<u>\$ 847,926</u>	<u>\$ 1,678,218</u>	<u>\$ 5,932,555</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2022

	Fleet Services	Information Technology	Printing Services	Risk Management	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 775,783	\$ 158,328	\$ (3,825)	\$ (9,199)	\$ 456,423	\$ 1,377,510
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,308,121	249,838	-	-	-	1,557,959
Change in accounts receivable	(39,410)	-	(36)	(48)	322,649	283,155
Change in due from other funds	(190,971)	(18,702)	20,485	(107)	(131)	(189,426)
Change in intergovernmental receivable	17,616	9,918	(1,086)	-	5,869	32,317
Change in inventories	16,301	(1,218)	5,036	-	-	20,119
Change in prepaid items	340	26,719	-	586,539	-	613,598
Change in deferred outflows of resources	46,513	19,773	4,768	(8,564)	5,724	68,214
Change in accounts payable	(43,030)	(31,711)	1,360	(8,436)	15,564	(66,253)
Change in accrued payroll	474	(1,139)	-	-	-	(665)
Change in accrued compensated absences	2,647	(9,245)	12,354	1,646	(7,350)	52
Change in due to other funds	49,356	(19,271)	(25,760)	(80)	(3,753)	492
Change in claims payable	-	-	-	268,339	(349,480)	(81,141)
Change in intergovernmental payable	(3,071)	-	-	(540)	(2,825)	(6,436)
Increase in post-employment benefits	5,197	5,361	978	924	1,070	13,530
Change in pension liability	(516,541)	(180,869)	(48,961)	(91,766)	(97,759)	(935,896)
Increase in deferred inflows of resources	373,407	124,730	34,687	83,165	73,687	689,676
Total adjustments	1,026,949	174,184	3,825	831,072	(36,735)	1,999,295
Net cash provided by operating activities	\$ 1,802,732	\$ 332,512	\$ -	\$ 821,873	\$ 419,688	\$ 3,376,805



STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Page
Financial Trends	131
<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>	
Revenue Capacity	137
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	141
<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>	
Demographic and Economic Information	147
<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>	
Operating Information	150
<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>	

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 112,305,532	\$ 116,792,110	\$ 120,231,602	\$ 129,469,743	\$ 137,632,652	\$ 141,703,409	\$ 144,730,839	\$ 148,292,299	\$ 163,993,058	\$ 156,680,795
Restricted	12,081,140	18,009,657	19,525,973	19,116,323	20,842,946	21,714,454	22,260,410	23,978,574	26,517,909	39,812,571
Unrestricted	21,194,735	15,726,615	(2,573,072)	871,100	783,394	1,139,151	3,346,885	3,029,850	1,614,087	6,880,565
Total governmental activities	145,581,407	150,528,382	137,184,503	149,457,166	159,258,992	164,557,014	170,338,134	175,300,723	192,125,054	203,373,931
Business-type activities										
Net investment in capital assets	272,253,133	277,649,147	303,949,791	317,734,901	320,823,796	308,134,898	311,786,131	320,199,338	331,818,082	347,429,640
Restricted	1,001,294	1,015,822	1,027,652	2,262,200	2,425,524	2,458,169	2,554,924	30,006,410	21,349,489	10,993,096
Unrestricted	268,805,782	310,375,526	261,830,409	258,217,652	304,183,289	353,749,237	382,923,270	364,718,214	468,798,691	464,823,787
Total business-type activities	542,060,209	589,040,495	566,807,852	578,214,753	627,432,609	664,342,304	697,264,325	714,923,962	821,966,262	823,246,523
Primary government										
Net investment in capital assets	384,558,665	394,441,257	424,181,393	447,204,644	458,456,448	449,838,307	456,516,970	468,491,637	495,811,140	504,110,435
Restricted	13,082,434	19,025,479	20,553,625	21,378,523	23,268,470	24,172,623	24,815,334	53,984,984	47,867,398	50,805,667
Unrestricted	290,000,517	326,102,141	259,257,337	259,088,752	304,966,683	354,888,388	386,270,155	367,748,064	470,412,778	471,704,352
Total primary government	\$ 687,641,616	\$ 739,568,877	\$ 703,992,355	\$ 727,671,919	\$ 786,691,601	\$ 828,899,318	\$ 867,602,459	\$ 890,224,685	\$ 1,014,091,316	\$ 1,026,620,454

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 2,755,166	\$ 2,915,560	\$ 4,165,152	\$ 2,686,082	\$ 3,136,291	\$ 4,044,800	\$ 3,141,379	\$ 3,304,608	\$ 3,722,100	\$ 3,343,575
Public safety	15,589,369	15,943,465	12,730,107	15,524,747	17,292,304	18,202,532	18,951,047	20,956,310	21,464,000	16,610,543
Public works	15,352,458	12,721,868	12,482,265	13,650,452	13,698,162	15,667,469	16,929,643	17,259,469	11,484,497	17,447,329
Health and social services	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781	1,463,008	1,387,924	1,634,556
Culture and recreation	9,082,953	8,536,548	9,857,775	9,770,521	9,872,288	10,989,672	11,059,949	11,257,074	12,452,132	11,306,025
Community and economic development	2,366,904	2,477,986	2,972,753	2,898,115	3,461,393	3,257,359	4,025,768	3,463,620	6,381,948	4,030,738
Interest	1,369,323	2,174,303	1,577,883	1,635,789	1,592,039	1,532,790	1,534,075	1,578,408	1,161,207	1,474,802
Total governmental activities	47,521,631	45,847,848	44,947,177	47,346,067	50,395,357	54,987,660	57,141,642	59,282,497	58,053,808	55,847,568
Business-type activities:										
Mary Greeley Medical Center	160,369,431	161,792,473	168,891,942	176,918,607	182,728,675	185,267,383	186,917,186	194,116,951	208,743,252	220,771,985
Electric	52,411,173	54,791,141	53,024,205	54,906,155	58,618,483	60,617,830	62,322,757	58,345,295	59,123,227	62,489,331
Sewer	9,122,173	7,848,323	7,435,226	7,229,003	7,574,949	8,558,520	8,826,479	7,020,822	6,933,018	6,788,649
Water	6,856,515	6,894,305	6,866,001	7,383,824	8,122,396	11,766,957	9,841,869	10,620,259	10,563,721	9,720,409
Airport	-	-	-	-	-	-	-	-	-	971,080
Parking	846,825	876,916	888,452	900,939	887,679	891,229	975,126	999,414	842,179	757,891
Transit	10,629,183	11,391,087	11,859,395	12,216,003	13,208,178	13,794,474	14,004,166	13,842,640	13,624,865	13,663,553
Stormwater	655,522	467,378	644,411	557,890	1,231,885	420,171	270,883	796,588	662,387	840,274
Ice arena	606,215	578,163	584,702	605,291	602,774	651,714	650,947	665,247	557,566	540,335
Golf course	211,279	206,620	253,997	243,309	258,459	227,798	254,380	215,211	253,985	266,379
Resource recovery	4,375,362	4,670,459	4,577,441	4,320,344	4,619,859	4,485,732	4,478,297	4,493,593	4,709,977	4,500,088
Total business-type activities	246,083,678	249,516,865	255,025,772	265,281,365	277,853,337	286,681,808	288,542,090	291,116,020	306,014,177	321,309,974
Total expenses	293,605,309	295,364,713	299,972,949	312,627,432	328,248,694	341,669,468	345,683,732	350,398,517	364,067,985	377,157,542
Program Revenues										
Governmental activities:										
Charges for services:										
General government	130,627	163,655	134,239	172,126	203,609	158,792	123,407	116,999	65,793	106,659
Public safety	3,194,059	3,433,170	3,652,787	3,345,400	3,768,480	3,421,439	3,476,553	3,865,956	3,306,460	3,406,960
Public works	6,026,315	295,874	715,898	277,437	268,565	2,737,534	310,035	314,576	310,887	119,170
Culture and recreation	1,980,793	1,974,037	2,029,655	1,939,498	2,135,274	2,131,253	2,158,429	1,414,160	1,497,606	1,879,755
Other activities	11,140	15,925	23,015	24,615	25,660	21,132	15,082	17,650	17,728	22,680
Operating grants and contributions	1,192,687	6,940,124	7,173,301	8,521,814	8,681,507	8,546,037	8,950,597	9,090,602	12,952,426	22,525,675
Capital grants and contributions	3,211,001	3,516,122	1,632,753	6,822,367	6,664,323	3,285,174	3,426,018	3,536,671	10,169,954	1,882,523
Total governmental activities	15,746,622	16,338,907	15,361,648	21,103,257	21,747,418	20,301,361	18,460,121	18,356,614	28,320,854	29,943,422

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	175,011,409	174,265,003	184,201,460	181,534,863	189,944,553	194,988,247	192,530,036	194,363,177	210,825,315	221,854,322
Electric	57,353,200	60,016,205	56,636,062	58,511,422	64,339,637	68,660,541	68,342,980	64,882,140	64,127,039	67,655,268
Sewer	6,648,263	7,491,746	8,267,051	8,370,811	8,856,136	9,175,876	9,172,812	7,754,405	8,775,009	9,027,049
Water	9,125,922	9,647,203	9,584,813	9,987,307	10,502,276	10,620,863	10,414,170	11,448,309	12,824,209	11,959,469
Airport	-	-	-	-	-	-	-	-	-	244,473
Parking	883,899	870,246	891,983	925,177	899,705	829,993	1,011,601	797,454	677,293	952,298
Transit	5,108,154	5,463,677	5,814,552	6,337,415	6,576,578	6,746,369	6,803,540	6,735,543	6,552,915	7,062,349
Stormwater	1,136,621	1,179,495	1,215,233	1,241,840	1,700,529	1,817,030	1,842,228	1,852,740	1,484,479	1,890,675
Ice arena	471,760	507,203	532,001	544,300	481,831	504,884	475,197	444,262	382,917	529,289
Golf course	220,643	256,221	248,853	268,440	191,186	184,601	179,367	150,549	232,826	348,492
Resource recovery	3,731,936	3,469,877	3,687,927	3,031,997	3,314,210	2,719,456	2,879,813	3,019,801	3,645,649	4,299,454
Operating grants and contributions	2,723,226	3,059,305	3,161,366	3,405,067	5,062,412	4,961,244	4,437,834	8,118,261	15,629,698	15,205,764
Capital grants and contributions	8,604,246	4,708,511	3,304,381	1,474,384	4,752,319	1,728,763	3,097,169	2,014,199	3,581,879	8,366,793
Total business-type activities	271,019,279	270,934,692	277,545,682	275,633,023	296,621,372	302,937,867	301,186,747	301,580,840	328,739,228	349,395,695
Total program revenues	286,765,901	287,273,599	292,907,330	296,736,280	318,368,790	323,239,228	319,646,868	319,937,454	357,060,082	379,339,117
Net (expense) / revenue										
Governmental activities	(31,775,009)	(29,508,941)	(29,585,529)	(26,242,810)	(28,647,939)	(34,686,299)	(38,681,521)	(40,925,883)	(29,732,954)	(25,904,146)
Business-type activities	24,851,014	28,028,817	20,607,251	31,340,007	25,084,530	16,256,059	12,644,657	10,464,820	22,725,051	28,085,721
Total net (expense) / revenue	(6,923,995)	(1,480,124)	(8,978,278)	5,097,197	(3,563,409)	(18,430,240)	(26,036,864)	(30,461,063)	(7,007,903)	2,181,575

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues										
Governmental activities:										
Taxes										
Property taxes	23,913,389	25,273,931	25,988,892	27,114,273	28,166,804	29,680,915	31,204,329	32,973,640	34,742,024	35,243,169
Sales taxes	6,655,355	6,648,615	7,996,943	7,831,295	7,711,124	7,681,519	7,991,619	8,470,509	10,351,681	11,231,768
Hotel / motel taxes	1,760,462	1,845,940	2,113,310	2,272,323	2,435,756	2,412,667	2,515,468	1,986,157	1,552,850	2,415,735
Unrestricted grants and contributions	17,726	17,819	19,108	20,527	20,565	22,146	23,589	54,366	21,126	16,152
Investment income	18,067	544,414	455,916	699,289	211,126	689,377	2,190,478	2,177,884	436,298	(1,582,910)
Other income	120,071	118,097	133,787	450,340	251,997	1,214,979	759,997	602,881	595,001	58,780
Gain on disposal of assets	16,084	25,501	63,228	140,825	118,389	6,039	-	-	(105,678)	16,239
Transfers	12,751	(18,401)	117,020	(13,399)	(465,996)	(1,604,405)	(222,839)	(376,965)	(1,036,017)	(965,845)
Total governmental activities	<u>32,513,905</u>	<u>34,455,916</u>	<u>36,888,204</u>	<u>38,515,473</u>	<u>38,449,765</u>	<u>40,103,237</u>	<u>44,462,641</u>	<u>45,888,472</u>	<u>46,557,285</u>	<u>46,433,088</u>
Business-type activities:										
Investment income	13,003,757	26,013,566	8,201,914	1,001,761	27,543,163	18,271,065	19,708,701	8,135,196	79,779,629	(40,796,262)
Other income	40,761	66,660	64,714	40,083	417,879	427,961	337,470	647,271	3,786,658	3,744,892
Gain(Loss) on disposal of assets	35,091	551,139	25,700	-	48,479	12,078	8,354	-	(285,055)	-
Transfers	(12,751)	18,401	(117,020)	13,399	465,996	1,604,405	222,839	376,965	1,036,017	965,845
Total business-type activities	<u>13,066,858</u>	<u>26,649,766</u>	<u>8,175,308</u>	<u>1,055,243</u>	<u>28,475,517</u>	<u>20,315,509</u>	<u>20,277,364</u>	<u>9,159,432</u>	<u>84,317,249</u>	<u>(36,085,525)</u>
Total primary government	<u>45,580,763</u>	<u>61,105,682</u>	<u>45,063,512</u>	<u>39,570,716</u>	<u>66,925,282</u>	<u>60,418,746</u>	<u>64,740,005</u>	<u>55,047,904</u>	<u>130,874,534</u>	<u>10,347,563</u>
Change in net position										
Governmental activities	738,896	4,946,975	7,302,675	12,272,663	9,801,826	5,416,938	5,781,120	4,962,589	16,824,331	20,528,942
Business-type activities	37,917,872	54,678,583	28,782,559	32,395,250	53,560,047	36,571,568	32,922,021	19,624,252	107,042,300	(7,999,804)
Total change in net position	<u>\$ 38,656,768</u>	<u>\$ 59,625,558</u>	<u>\$ 36,085,234</u>	<u>\$ 44,667,913</u>	<u>\$ 63,361,873</u>	<u>\$ 41,988,506</u>	<u>\$ 38,703,141</u>	<u>\$ 24,586,841</u>	<u>\$ 123,866,631</u>	<u>\$ 12,529,138</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 73,623	\$ 68,428	\$ 90,538	\$ 141,713	\$ 172,236	\$ 237,381	\$ 240,990	\$ 240,978	\$ 198,600	\$ 164,992
Assigned	382,930	253,059	296,803	725,077	809,033	580,004	402,312	283,809	548,738	1,835,107
Unassigned	7,902,465	9,046,946	10,332,050	11,137,621	11,270,733	10,824,689	12,119,527	13,768,589	14,843,131	12,329,478
Total general fund	<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>	<u>\$ 14,293,376</u>	<u>\$ 15,590,469</u>	<u>\$ 14,329,577</u>
All other governmental funds										
Nonspendable	2,019,699	1,998,143	2,007,044	2,023,387	2,059,985	2,038,896	2,081,395	2,118,765	2,113,189	3,075,380
Restricted	47,672,976	30,630,963	31,882,923	30,000,397	31,507,537	32,769,654	35,581,189	43,100,229	45,804,577	57,406,305
Committed	1,547,185	1,461,826	1,397,635	2,013,730	1,978,585	1,988,318	2,064,956	2,213,310	2,276,719	2,388,405
Assigned	-	-	-	71,393	-	-	-	-	-	-
Unassigned	(669,214)	(448,098)	(1,811,003)	(2,479,002)	(2,741,760)	(1,309,206)	(2,483,786)	(3,841,578)	(6,760,549)	(3,188,655)
Total all other governmental funds	<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>	<u>\$ 43,590,726</u>	<u>\$ 43,433,936</u>	<u>\$ 59,681,435</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 32,319,668	\$ 33,755,016	\$ 36,080,369	\$ 37,207,916	\$ 38,313,146	\$ 39,760,873	\$ 41,716,868	\$ 43,506,488	\$ 46,764,902	\$ 48,890,673
Special assessments	306,761	16,590	362,306	222,895	298,227	564,860	321,318	303,643	244,640	250,101
Licenses and permits	1,707,463	1,892,634	2,017,035	1,687,317	2,059,688	1,635,289	1,554,088	1,856,585	1,146,818	1,204,048
Intergovernmental	9,084,528	10,658,992	8,277,965	14,500,743	10,983,498	11,815,543	10,242,731	11,293,897	19,562,865	25,733,276
Charges for services	3,298,578	3,393,715	3,517,164	3,596,467	3,798,813	3,914,432	4,066,129	3,413,036	4,063,867	4,287,041
Fines and forfeitures	111,014	146,485	138,720	93,652	67,584	65,504	43,614	28,276	29,083	30,690
Investment income	70,115	419,786	404,297	529,364	169,673	530,341	1,598,321	1,579,072	309,365	(1,165,866)
Interest revenue	-	-	-	-	-	-	-	-	-	23,510
Miscellaneous	1,219,633	863,337	825,429	852,639	930,506	1,856,014	1,231,347	1,064,583	595,063	348,975
Total revenues	48,117,760	51,146,555	51,623,285	58,690,993	56,621,135	60,142,856	60,774,416	63,045,580	72,716,603	79,602,448
EXPENDITURES										
Current:										
General government	2,906,491	2,720,623	3,308,736	2,655,547	3,520,312	3,806,110	2,965,150	3,031,260	3,405,595	3,527,579
Public safety	15,287,766	15,839,280	16,237,949	16,664,555	17,097,771	17,703,682	18,624,774	19,127,916	19,513,236	19,660,747
Public works	5,388,832	5,434,191	5,488,851	5,871,433	5,868,576	6,202,540	7,073,307	6,732,091	7,028,090	7,596,306
Health and social services	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781	1,463,008	1,388,067	1,634,714
Culture and recreation	7,088,894	7,179,033	7,613,063	8,263,043	8,648,567	9,072,955	9,168,122	9,253,898	10,271,228	9,421,839
Community and economic development	2,363,783	2,481,609	2,875,879	2,909,942	3,464,575	3,249,583	4,028,589	3,448,039	6,376,268	4,098,763
Debt service:										
Principal	9,713,723	7,671,776	7,364,829	13,142,882	10,481,762	8,657,150	8,862,109	8,973,882	17,879,527	19,221,616
Interest and fiscal charges	1,440,738	1,815,272	1,765,082	1,995,674	2,064,652	2,067,672	2,120,728	2,158,844	2,263,676	2,316,384
Capital outlay	13,972,053	22,817,899	14,294,598	24,428,030	12,119,780	11,983,901	11,432,322	12,147,899	21,961,944	17,863,931
Total expenditures	59,167,738	67,037,801	60,110,229	77,111,467	64,608,875	64,036,631	65,774,882	66,336,837	90,087,631	85,341,879
Excess (deficiency) of revenues over (under) expenditures	(11,049,978)	(15,891,246)	(8,486,944)	(18,420,474)	(7,987,740)	(3,893,775)	(5,000,466)	(3,291,257)	(17,371,028)	(5,739,431)
OTHER FINANCING SOURCES (USES)										
Transfers in	8,695,389	8,725,886	9,917,519	13,410,870	10,665,237	10,451,681	10,702,128	10,890,297	13,690,066	14,941,345
Transfers out	(8,794,765)	(8,753,037)	(9,879,039)	(13,474,329)	(10,940,973)	(12,060,457)	(10,924,967)	(11,267,262)	(14,726,083)	(16,002,190)
General obligation bonds issued	30,455,000	-	9,395,000	11,435,000	6,890,605	6,985,000	7,490,000	10,520,000	9,500,000	9,850,000
Premium on general obligation bonds	1,302,774	-	238,187	901,045	475,349	602,484	610,152	1,025,738	1,249,757	1,283,972
Refunding bonds issued	2,090,000	-	-	5,150,000	2,130,000	3,990,000	-	-	7,929,118	9,372,505
Premium on refunding bonds	57,213	-	-	436,214	189,555	326,513	-	-	861,282	1,280,406
Payment to refunded bond escrow	-	-	-	-	-	(4,328,059)	-	-	-	-
Total other financing sources (uses)	33,805,611	(27,151)	9,671,667	17,858,800	9,409,773	5,967,162	7,877,313	11,168,773	18,504,140	20,726,038
Net change in fund balances	\$ 22,755,633	\$ (15,918,397)	\$ 1,184,723	\$ (561,674)	\$ 1,422,033	\$ 2,073,387	\$ 2,876,847	\$ 7,877,516	\$ 1,133,112	\$ 14,986,607
Debt service as a percentage of non-capital expenditures	23.0%	21.0%	20.0%	28.2%	24.2%	20.1%	19.6%	19.8%	31.4%	30.9%

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utilities	Multi-Residential¹	Other Property¹	Less: Military Tax Exemption	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Taxable Value as a Percentage of Estimated Actual Assessed Value
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%
2020	2,019,762,039	823,143,900	157,933,848	22,030,395	215,828,400	-	2,179,804	3,236,518,778	10.0256	4,837,411,018	66.91%
2021	1,984,198,690	781,158,318	139,481,242	22,413,794	187,161,924	-	2,127,948	3,112,286,020	10.1468	5,022,730,334	61.96%
2022	2,076,567,110	819,752,150	140,542,410	20,977,701	201,918,142	-	2,031,644	3,257,725,869	9.8736	5,187,510,467	62.80%

Source: Story County Auditor

¹ 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 ¹			Total Direct & Overlapping Rates	
	General ²	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate ³	Ames School District ⁴	Consolidated County ⁵		Area Vocational ⁶
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
2020	6.05031	0.62811	0.67923	3.19314	10.55079	14.34142	6.50310	0.65249	32.04780
2021	5.66051	0.63633	0.69970	3.15027	10.14681	14.34107	6.36403	0.63533	31.48724
2022	5.54979	0.60847	0.71802	2.99735	9.87363	14.34470	6.29050	0.67789	31.18672

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

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

³ City Council sets the rate.

⁴ School district board of education sets the rate.

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

⁶ Area community college sets the rate.

Source: Story County Auditor

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Iowa State University Research Park	\$ 66,799,716	1	2.05%	\$ 30,786,100	4	1.37%
Barilla America Inc.	49,273,616	2	1.51%	36,199,000	2	1.62%
Campus Investors IS LLC	36,834,293	3	1.13%	48,098,010	1	2.15%
Clinic Building Company, Inc.	33,471,630	4	1.03%	22,055,300	9	0.98%
FPA6 University West LLC	25,206,223	5	0.77%			
GPT Ames Owner LLC	21,346,650	6	0.66%			
Dayton Park LLC	20,717,133	7	0.64%			
ACA Stadium View Student Housing Dst	20,166,373	8	0.62%			
CB at Ames LLC	17,986,442	9	0.55%			
Tailwind 1854 Madison LLC	16,748,303	10	0.51%			
Jensen Development Corporation				33,076,100	3	1.48%
Campus Crest at Ames, LLC				28,168,375	5	1.26%
University West Property				27,617,600	6	1.23%
Haverkamp Properties, Inc.				25,828,300	7	1.15%
North Grant Mall Partners, LLC				24,535,400	8	1.10%
Wessex, LLC				21,078,800	10	0.94%
	<u>\$ 308,550,379</u>		<u>9.47%</u>	<u>\$ 297,442,985</u>		<u>13.28%</u>

Source: Story County Auditor

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
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%
2020	31,041,345	30,109,340	97.00%	-	30,109,340	97.00%
2021	31,838,298	30,756,123	96.60%	-	30,756,123	96.60%
2022	32,428,985	31,361,804	96.71%	-	31,361,804	96.71%

Sources: Story County Auditor and City Finance Department

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

Fiscal Year	Governmental Activities	Business-Type Activities				Total Outstanding Debt	Percentage of Personal Income ²	Population ³	Per Capita
	General Obligation Bonds ¹	General Obligation Bonds ¹	Revenue Bonds ¹	Notes Payable	Loans Payable				
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
2020	64,024,953	4,219,035	115,821,050	-	65,182,044	249,247,082	14.17%	66,258	3,762
2021	64,930,438	3,524,611	108,824,332	-	57,503,000	234,782,381	12.86%	66,361	3,538
2022	65,692,675	3,575,334	101,662,284	-	54,333,000	225,263,293	10.73%	66,427	3,391

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

² Personal income is presented on page 147

³ United States Census Bureau

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

Fiscal Year	General Obligation Bonds¹	Less: Amounts Available in Debt Service Fund²	Total	Percentage of Estimated Actual Assessed Value of Property³	Per Capita⁴
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
2020	68,243,988	1,207,777	67,036,211	1.39%	1,012
2021	68,455,049	1,210,217	67,244,832	1.34%	1,013
2022	69,268,009	2,090,539	67,177,470	1.29%	1,011

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

² Amount restricted for debt service payments

³ See page 137 for property value data

⁴ See page 147 for population data

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$ 94,745,000	98.32%	\$ 93,153,284
Gilbert Community School District	32,340,000	50.90%	16,461,060
Des Moines Area Community College ¹	38,250,000	5.90%	2,256,750
Nevada Community School District	9,650,000	0.23%	22,195
United Community School District	1,535,000	3.60%	55,260
Story County	6,143,356	59.48%	3,654,068
Other debt:			
Ames Community School District revenue bonds	17,350,000	98.32%	17,058,520
Gilbert Community School District revenue bonds	5,355,000	50.90%	2,725,695
Nevada Community School District revenue bonds	9,976,000	0.23%	22,945
Nevada Community School District capital notes	638,000	0.23%	1,467
United Community School District revenue bonds	2,150,000	3.60%	77,400
Story County	2,075,160	59.48%	1,234,305
Subtotal, overlapping debt			<u>136,722,949</u>
City direct debt			<u>65,692,675</u>
Total direct and overlapping debt			<u><u>\$202,415,624</u></u>

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

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

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

**City of Ames
Legal Debt Margin
June 30, 2022**

Legal debt margin for the fiscal year ended June 30, 2022:

Assessed value	\$ 5,187,510,467
Debt limit (5% of actual value)	\$ 259,375,523
Debt applicable to limit:	
General obligation bonds	62,570,000
Legal debt margin	\$ 196,805,523
Percentage of net debt margin available	75.88%
Percentage of net debt margin exhausted	24.12%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2022	\$ 259,375,523	\$ 62,570,000	75.88%
2021	251,136,517	63,235,000	74.82%
2020	241,870,551	64,305,000	73.41%
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%

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 ³	Less: Operating Expenses	Net Available Revenue	Debt Service ¹		Coverage
				Principal	Interest	
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
2020	198,155,472	177,497,057	20,658,415	4,705,000	3,338,470	2.57
2021	210,825,315	183,857,117	26,968,198	5,525,000	3,494,356	2.99
2022	221,854,322	198,072,124	23,782,198	5,665,000	3,357,940	2.64

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	64,882,140	53,445,511	11,436,629	720,000	245,306	11.85
2021	64,127,039	54,062,711	10,064,328	760,000	209,306	10.38
2022	67,655,268	57,070,684	10,584,584	795,000	171,306	10.95

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

Sewer Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service ²		Coverage
				Principal ¹	Interest	
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	-
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
2020	7,754,405	5,207,127	2,547,278	415,332	119,105	4.77
2021	8,775,009	5,216,226	3,558,783	410,827	112,402	6.80
2022	9,027,049	5,026,514	4,000,535	434,000	106,493	7.40

Water Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-
2017	10,502,276	6,141,051	4,361,225	-	857,786	-
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
2020	12,004,634	7,004,160	5,000,474	2,986,000	1,243,815	1.18
2021	12,824,209	7,003,022	5,821,187	2,686,718	1,162,984	1.51
2022	11,959,469	6,271,197	5,688,272	2,736,000	1,000,260	1.52

¹ Debt service payments do not include payments to refund revenue bonds.

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

³ Prior year gross revenues were restated to accurately reflect operating revenue.

⁴ 2021 contains loan forgiveness for meeting Iowa Finance Authority building standards.

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

Calendar Year	Population¹	Per Capita		School Enrollment²	Unemployment Rate³
		Personal Income¹	Personal Income		
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%
2019	66,258	26,548	1,759,017,384	4,477	1.9%
2020	66,427	27,483	1,825,613,241	4,351	3.7%
2021	66,427	31,600	2,099,093,200	4,484	2.2%

¹ United States Census Bureau

² Ames School District

³ Iowa Workforce Development

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Iowa State University	18,212	1	33.33%	15,211	1	29.38%
Mary Greeley Medical Center	1,407	2	2.57%	1,376	2	2.76%
City of Ames	1,382	3	2.53%	1,161	3	1.92%
McFarland Clinic, P.C.	1,200	4	2.20%	925	5	1.87%
Danfoss (1)	1,052	5	1.93%	650	7	1.32%
Iowa Department of Transportation	975	6	1.78%	962	4	1.96%
USDA	750	7	1.37%			
Ames Community School District	700	8	1.28%	650	8	1.32%
Hach Chemical	580	9	1.06%			
Workiva	550	10	1.01%			
Hy-Vee Food Stores				725	6	1.51%
Ames Laboratories				432	9	0.96%
Wal-Mart				435	10	0.90%
Total			49.06%			43.90%

¹ Formerly Sauer-Danfoss

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

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Management services	23.25	23.25	23.25	23.25	24.25	24.25	24.50	24.50	24.50	25.50
Finance	40.75	40.75	40.75	40.75	40.75	40.75	41.00	41.00	41.00	41.00
Planning and housing	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Administrative services ¹	-	-	6.50	6.00	6.00	5.00	5.00	5.00	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	75.95	75.95	81.55	84.05	84.05	84.05	84.50	85.50	85.50	85.50
Fire/inspections	68.50	68.50	65.00	65.00	68.00	70.00	71.00	72.00	73.00	74.00
Police/animal control/parking	77.65	77.65	77.65	77.65	79.65	80.65	82.15	83.15	84.60	85.05
Library	31.50	31.50	35.25	35.50	35.75	35.75	36.50	37.00	37.00	37.00
Parks and recreation	19.50	19.50	19.50	19.50	25.00	25.00	25.00	25.00	26.75	27.75
Water and pollution control	41.50	41.25	40.05	40.05	40.30	40.30	40.00	40.00	38.00	38.00
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	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Engineering	14.00	14.00	14.00	15.75	15.75	14.75	14.75	14.75	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	22.00	22.00	22.00	22.00	22.00	22.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	13.00	13.00
Other	13.00	13.00	13.00	13.00	8.00	10.00	10.00	10.00	10.00	10.00
Hospital	1,092.00	1,082.00	1,050.00	1,071.00	1,067.00	1,082.00	1,086.00	1,117.00	1,143.00	1,168.00
Total	1,644.10	1,633.85	1,610.50	1,636.00	1,642.00	1,660.00	1,667.90	1,703.40	1,732.60	1,761.05

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

Source: City Finance Department

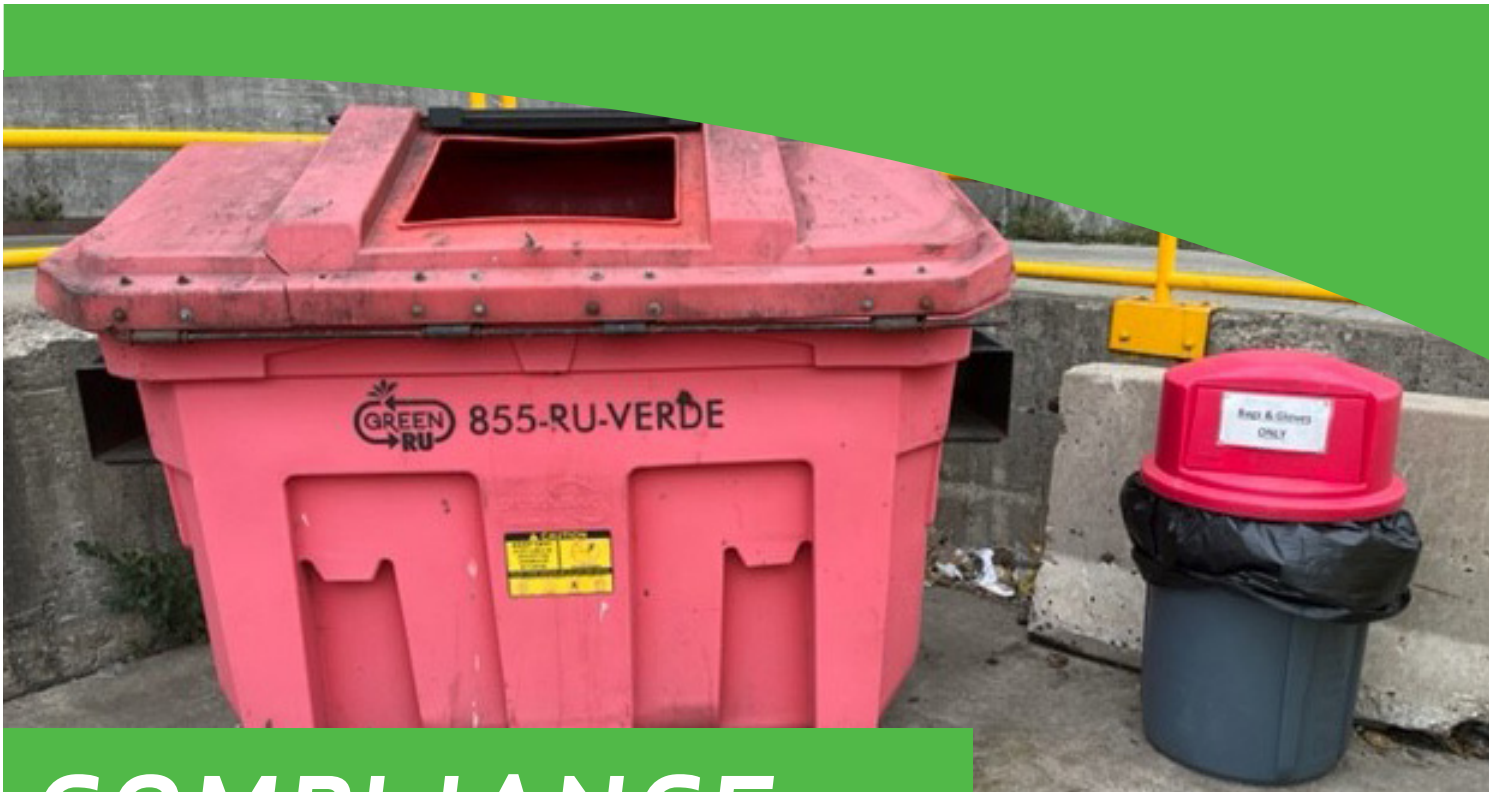
City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Number of licenses/permits processed	539	524	617	559	714	635	752	561	598	546
Police:										
Physical arrests	1,463	1,588	1,531	1,362	1,215	1,596	1,480	1,380	778	1,063
Parking violations	44,100	45,530	46,759	50,280	47,272	38,798	32,711	27,278	25,152	27,511
Traffic violations	3,204	2,543	2,981	2,451	2,614	2,834	2,328	2,092	1,667	1,803
Fire:										
Number of fires	137	150	107	126	89	116	80	82	117	93
Number of ambulance assists	2,325	2,471	2,464	2,442	2,663	2,646	2,857	2,473	2,064	3,399
Inspections	1,058	1,263	1,205	1,435	1,074	831	501	582	322	535
Library:										
Total circulation	1,222,547	1,205,620	1,255,953	1,304,434	1,280,305	1,222,360	1,220,180	961,602	854,397	1,043,230
Library visits	323,859	226,690	426,608	506,034	523,673	508,918	485,929	336,272	268,927	279,123
Parks and recreation:										
Total number of participant visits	287,504	294,978	279,103	293,757	255,227	280,766	281,420	187,725	157,593	200,606
Total number of activities	154	160	175	187	194	196	200	175	325	806
Resource recovery:										
Tons of refuse processed	48,244	27,878	50,035	41,646	45,598	37,124	33,173	33,511	40,040	40,040
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	55.00	55.00	58.75	58.75	62.50
Other public works:										
Blocks of streets crack sealed	92	123	90	66	73	65	81	88	20	87
Blocks of streets slurry sealed	-	11	22	36	33	30	-	-	56	37
Blocks of seal coat reconstruction	7	8	4	16	-	10	6	-	4	4
Hospital:										
Total admissions	8,768	8,289	8,298	7,867	8,368	8,510	8,267	8,230	8,082	8,355
Average percent of occupancy	54.1%	52.1%	50.5%	49.3%	49.7%	50.2%	50.6%	52.1%	53.7%	54.5%
Electric:										
Kilowatt hours produced at plant	318,394,938	282,348,784	278,471,640	243,388,530	244,149,566	222,873,411	167,189,716	176,914,000	245,972,108	304,668,733
Meters in service	25,141	25,353	26,023	26,232	26,475	27,324	27,348	27,613	27,701	27,735
Transit:										
Passengers	5,892,786	6,619,182	6,711,665	6,785,479	6,658,027	6,572,065	6,121,023	4,577,482	1,862,274	3,669,894
Total miles driven	1,384,270	1,493,983	1,599,493	1,658,443	1,635,781	1,649,762	1,516,271	1,437,907	1,432,914	1,468,962
Water:										
Billion gallons per year pumped	2.082	2.131	2.022	2.110	2.131	2.245	2.117	2.260	2.359	2.312
Utility locates performed	6,247	6,185	6,615	8,121	7,383	7,113	6,932	7,935	14,152	8,834
Water main breaks	42	47	19	19	18	42	46	19	29	25
Wastewater:										
Billion gallons per year treated	2.093	1.936	2.389	2.690	2.427	2.141	2.706	2.291	1.849	2.108

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	11	11	11	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	37	37	37	37	36	36	38	38	38	38
Total number of park acres	1,224	1,227	1,227	1,227	1,223	1,224	1,230	1,230	1,230	1,215
Total number of athletic fields	18	18	18	18	18	21	21	21	21	21
Other public works:										
Miles of streets	288	290	291	291	300	305	305	249	252	252
Number of traffic signals	70	67	67	67	68	69	70	71	76	78
Number of signs	9,486	9,489	9,485	9,509	9,854	10,087	10,658	10,876	11,052	11,069
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	89	93	104	105	104	105	104	89	90	90
New buses purchased	2	-	6	9	5	3	1	-	3	6
Water:										
Miles of water mains	241	243	247	254	247	249	250	250	252	253
Fire hydrants	2,663	2,700	2,771	2,847	2,906	2,948	2,977	2,995	3,029	3,054
Wells	28	28	28	28	25	24	25	25	25	25
Wastewater:										
Sanitary sewer miles	202	203	204	204	210	211	212	212	213	215
Stormwater miles	265	260	263	271	276	277	278	279	284	284

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



COMPLIANCE SECTION





**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 2, 2023. 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which is disclosed in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
May 2, 2023



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

Opinion on Each Major Federal Program

We have audited the City of Ames, Iowa's, (City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Mary Greeley Medical Center (presented as an enterprise fund), which expended federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program" does not include the operations of the Mary Greeley Medical Center because the Medical Center engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
May 2, 2023

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce			
Economic Development Cluster			
Direct program			
Investments for Public Works and Economic Development Facilities	11.300		\$ 1,295,658
Pass-through Program from Iowa State University			
Investments for Public Works and Economic Development Facilities	11.300	05-01-05898	<u>15,511</u>
Total Economic Development Grants Cluster			<u>1,311,169</u>
U.S. Department of Housing and Urban Development			
Direct program			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		372,010
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218		<u>85,171</u>
Total CDBG - Entitlement Grants Cluster			<u>457,181</u>
Home Investment Partnership Program	14.239		<u>27,503</u>
Total U.S. Department of Housing and Urban Development			<u>484,684</u>
U.S. Department of Justice			
Direct program			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		<u>1,741</u>
Bulletproof Vest Partnership Program	16.607		<u>10,082</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,620
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>9,000</u>
			<u>17,620</u>
Total U.S. Department of Justice			<u>29,443</u>
U.S. Department of Transportation			
Direct program			
Airport Improvement Program	20.106		25,934
Airport Improvement Program	20.106		348,495
COVID-19 - Airport Improvement Program	20.106		40,941
COVID-19 - Airport Improvement Program	20.106		<u>23,000</u>
			<u>438,370</u>

See Notes to Schedule of Expenditures of Federal Awards

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation (continued)			
Highway Planning and Construction Cluster			
Pass-through program from			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	22MPO-AAMPO	\$ 90,359
Highway Planning and Construction	20.205	STP-U-0155(690)--70-85, STP-U-0155(697)--70-85	<u>98,523</u>
Total Highway Planning and Construction Cluster			<u>188,882</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	22MPO-AAMPO	<u>55,223</u>
Federal Transit Cluster			
Direct program			
Federal Transit – Capital Investment Grants	20.500		<u>80,363</u>
Federal Transit - Formula Grants	20.507		178,338
COVID-19 - Federal Transit - Formula Grants	20.507		902,308
COVID-19 - Federal Transit - Formula Grants	20.507		4,297,545
COVID-19 - Federal Transit - Formula Grants	20.507		1,081,492
Pass-through program from			
Iowa Department of Transportation			
Federal Transit - Formula Grants	20.507	2019-006-03-FY22	413,800
Federal Transit - Formula Grants	20.507	2019-006-02-FY20	3,180
Federal Transit - Formula Grants	20.507	2019-004-00-015-FY18	383,360
Federal Transit - Formula Grants	20.507	2019-006-01-FY19	372,834
Federal Transit - Formula Grants	20.507	IA-2019-004-01-FY19	<u>775,270</u>
			<u>8,408,127</u>
Direct program			
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526		17,106
Pass-through program from			
Iowa Department of Transportation			
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	2019-007-01-FY19	408,789
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	2019-008-01-FY19	<u>548,659</u>
			<u>974,554</u>
Total Federal Transit Cluster			<u>9,463,044</u>

See Notes to Schedule of Expenditures of Federal Awards

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/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	2022-010-00	\$ 48,254
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2022-008-00	76,288
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2020-001-01-SFY21	90,252
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-2020-001-01-FFY20-SFY21	<u>101,376</u>
Total Transit Services Programs Cluster			<u>316,170</u>
Direct program			
Public Transportation Innovation	20.530		<u>412,984</u>
Highway Safety Cluster			
Pass-through program from			
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	PAP 21-402-M0AL Task 01-00-00	7,432
State and Community Highway Safety	20.600	PAP 22-402-M0PT Task 01-00-00	<u>12,149</u>
			<u>19,581</u>
National Priority Safety Programs	20.616	PAP 21-405b-M1HVE Task 01-00-00	1,439
National Priority Safety Programs	20.616	PAP 22-405d-M6OT Task 01-00-00	6,347
National Priority Safety Programs	20.616	PAP 22-405b-M1HVE Task 01-00-00	<u>1,806</u>
			<u>9,592</u>
Total Highway Safety Cluster			<u>29,173</u>
Total U.S. Department of Transportation			<u>10,903,846</u>
U.S. Department of the Treasury			
Direct Program			
COVID-19 -Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>10,250,245</u>

See Notes to Schedule of Expenditures of Federal Awards

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Endowment for the Humanities (NEH)			
Pass-through program from			
Iowa Department of Cultural Affairs Promotion of the Arts Partnership Agreements	45.025	202210-11179	\$ 3,500
Iowa Department of Education Grants to States	45.310	ARPA 2021 305	5,000
Total National Endowment for the Humanities (NEH)			8,500
U.S. Department of Health and Human Services			
Pass-through program from			
Iowa Department of Public Health Immunization Cooperative Agreements	93.268	5889I480	1,080
Iowa Developmental Disabilities Council Developmental Disabilities Basic Support and Advocacy Grants	93.630	Iowa DOT Special Project SFY-21	18,000
Total U.S. Department of Health and Human Services			19,080
U.S. Department of Homeland Security			
Pass-through program from			
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #163137	772,641
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #163508	1,454
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #164257	13,025
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #163506	3,750
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #164259	330,042
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #177417	34,516
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #164261	2,053
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #164258	425,053
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4557DR-IA, #334393	89,934
			<u>1,672,468</u>
Pre-Disaster Mitigation	97.047	PDMC-2018--011	3,122,601
Total U.S. Department of Homeland Security			4,795,069
Total Federal Financial Assistance			\$ 27,802,036

See Notes to Schedule of Expenditures of Federal Awards

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, 2022. 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, 2022.

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	Yes
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	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Federal Transit Cluster	
Federal Transit – Capital Investment Grants	20.500
Federal Transit - Formula Grants	20.507
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526
COVID-19 -Coronavirus State and Local Fiscal Recovery Funds	21.027
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Pre-Disaster Mitigation	97.047
Dollar threshold used to distinguish between Type A and Type B programs	\$834,061
Auditee qualified as low-risk auditee	No

Part II: Findings Related to the Financial Statements

2022-001 Material Audit Adjustments

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

Condition: During the course of our engagement, we proposed material audit adjustments to capital assets and the Schedule of Expenditures of Federal Awards.

Cause: There is a limited number of office staff with varying levels of experience with the reporting requirements. This significantly limits the City's review procedures.

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

Recommendation: We recommend that City staff continue to receive relevant training and that additional review procedures be implemented.

Views of Responsible Officials: Management will ensure proper training will take place across all areas within the accounting division to ensure there is understanding of policies and procedures. Cross training will take place and detailed standard operating procedures will be created/updated for every position within the accounting division to ensure proper controls are in place. Accounting is in the transition of hiring new experienced staff who will help achieve accurate accounting and reporting of financial statements.

Part III: Findings and Questioned Costs for Federal Awards

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting

2022-IA-A Certified Budget: Disbursements during year ended June 30, 2022 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Views of Responsible Officials – We agree with the auditors' comments, and we will take action to improve the situation. The City of Ames' Finance Department will include budgeting for bond fees beginning during the Fiscal Year 2022/2023 time period.

2022-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.

2022-IA-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2022-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
Dan Schmidt, Employee, Father is owner of Ames Trenching and Excavating	Services	\$ 321,426
Dan Walter, Employee, is owner of Go Green Environmental Services	Services	4,138
Ryan Cable, Employee, Father is owner of Cable Plumbing, Inc.	Services	156

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Dan Walter and Ryan Cable do not appear to represent conflict of interest since the total transaction was less than \$6,000 during the fiscal year. The transactions with Ames Trenching may represent conflicts of interest since they may not all have been entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

2022-IA-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

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

2022-IA-F 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.

2022-IA-G Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

2022-IA-H 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.

2022-IA-I Revenue Bonds: No instances of noncompliance with the provisions of the City's revenue bond resolutions were noted.

2022-IA-J 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. However, we noted an instance in which TIF debt balances did not reconcile with City records.

Recommendation – The City should implement additional preparation and review procedures relating to the Annual Urban Renewal Report.

Views of Responsible Officials – We agree with the auditor's comments.

2022-IA-K Tax Increment Financing – the Special Revenue Tax Increment Financing Fund properly disbursed payments for TIF loans and rebates. Also, the City properly completed the Tax Increment Debt Certificate forms to request TIF property taxes.



May 2, 2023

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, 2022, and have issued our report thereon dated May 2, 2023. 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 discretely presented 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 discretely presented 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 October 24, 2022, 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 May 2, 2023. 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 May 2, 2023.

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. As described in Notes IV R and IV W, the City changed accounting policies related to accounting for leases to adopt the provisions of GASB Statement No. 87, *Leases*. 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, 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, 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 uncorrected misstatements noted in performing the audit.

Misstatements identified as a result of our audit procedures have been disclosed in the attached schedule.

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.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in IV (W) to the financial statements, due to the adoption of GASB Statement No. 87, *Leases*, the City restated net position and fund balance as of July 1, 2021. We have included an emphasis of matter in our report regarding this restatement.

As discussed in Note IV (W) to the financial statements, the City changed the application of its accounting principles related to Airport Fund during the year, and accordingly, has restated the related fund balances and net position as of July 1, 2021. We have included an emphasis of matter in our report regarding this change in Accounting Principle.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated May 2, 2023.

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.

Other Information in Documents Annual Comprehensive Financial Reports

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's annual comprehensive financial report does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Additionally, in accordance with such standards, we read the information and considered whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Dubuque, Iowa

The following schedule of misstatements identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund Statements</u>	<u>Governmental/ Business-type Activities</u>
Electric Fund		
To record Construction in Progress*	\$ 1,265,268	\$ 1,265,268
Water Fund		
To record Construction in Progress	252,454	252,454
To correct Capital Outlay expenses and Capital Contributions of \$250,000	-	-
Sewer Fund		
To record Construction in Progress*	4,730,539	4,730,539
Storm Water fund (Aggregate Remaining)		
To record Construction in Progress*	5,725,737	5,725,737
To adjust Due from Other Governments	(447,869)	(447,869)
Airport Fund (Aggregate Remaining)		
To correct lease entries	(9,968)	(9,968)
Risk Insurance Fund (Aggregate Remaining)		
To correct Prepaids and Accounts Payable balances by \$690,611	-	-
Health Insurance Fund (Aggregate Remaining)		
To correct Claims Payable	(236,587)	(236,587)
Governmental Activities		
To record Construction in Progress	-	494,147

In addition, the Schedule of Expenditures of Federal Awards (SEFA) was adjusted as follows:

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>	<u>Federal Expenditures Increase (Decrease)</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)*	97.036	\$ 514,987
Pre-Disaster Mitigation*	97.047	(447,869)

* Notes a material entry