

AGENDA
REGULAR MEETING OF THE AMES CITY COUNCIL
COUNCIL CHAMBERS - CITY HALL
JANUARY 8, 2013

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

CALL TO ORDER: 7:00 p.m.

PRESENTATION:

1. Presentation of Southeast Entryway Lighting Project

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

2. Motion approving payment of claims
3. Motion approving Minutes of Regular Meeting of December 18, 2012
4. Motion approving Reports of Change Orders for December 1-15 and December 16-31, 2012
5. Motion approving renewal of the following beer permits, wine permits, and liquor licenses:
 - a. Class B Liquor - Quality Inn & Suites, 2601 E 13th Street
 - b. Class C Liquor & Outdoor Service - Oddfellows, 823 Wheeler Street
 - c. Special Class C Liquor - Shogun Japanese Steakhouse, 3704 Lincoln Way
 - d. Class C Liquor - Café Beau, 2504 Lincoln Way
 - e. Class C Beer & B Native Wine - Casey's General Store #2560, 3020 South Duff Avenue
 - f. Special Class C - Vesuvius Wood-Fired Pizza, 1620 South Kellogg
 - g. Class A Liquor - American Legion Ames Post #37, 225 Main Street
6. Resolution approving Commission On The Arts (COTA) Special Grants for Spring 2013
7. Resolution approving preliminary plans and specifications for 2009/10 Low-Point Drainage (Crystal Street); setting February 6, 2013, as bid due date, and February 12, 2013, as date of public hearing
8. Resolution approving requested date change for CyRide Facility Expansion and Flood Mitigation Project by setting February 6, 2013, as new bid due date, and leaving February 12, 2013, as date of public hearing, subject to Ames Transit Agency Board of Trustees approval
9. Resolution awarding contract to Clarke's Sheet Metal, Inc., of Eugene, Oregon, in the amount of \$92,733.63 for two RDF Drag Conveyors
10. Resolution awarding contract to WESCO Distribution, Inc., of Des Moines, Iowa, in the amount of \$174,349.01 for Metal-Enclosed Switchgear
11. Resolution accepting completion of Year 1 of 5-Year Water Plant Well Rehabilitation Contract
12. Resolution accepting completion of Grand Avenue Extension (S. 16th Street North 400 Feet)
13. Resolution accepting completion of 2010/11 Concrete Program (Lincoln Swing and Oakland Street)
14. Resolution accepting completion of South Duff Avenue/SE 16th Street Frontage Road

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

PERMITS, PETITIONS, AND COMMUNICATIONS:

15. Motion approving 5-Day Special Class C Liquor License for Olde Main at ISU Alumni Center, 420 Beach Avenue

HEARINGS:

16. Hearing on rezoning of property located at 2008-24th Street from Residential Low-Density (RL) to Residential High-Density (RH) [Continued from 12-11-12]:
a. Resolution approving Developer's Agreement
b. First passage of ordinance

PLANNING & HOUSING:

17. Motion directing staff to prepare language amending Land Use Policy Plan (LUPP) to allow for post-annexation designation
18. Staff report seeking direction on North Growth Annexation

ADMINISTRATION:

19. Resolution approving Retainage Agreement with Dorsey & Whitney for outside legal services

FINANCE:

20. Resolution approving Comprehensive Annual Financial Report for Year ending June 30, 2012

PUBLIC WORKS:

21. Resolution approving 2014-18 Federal Airport Capital Improvements Plan
22. Resolution approving preliminary plans and specifications for 2012/13 West Lincoln Way Intersection Improvements (Lincoln Way and Dotson Drive); setting February 6, 2013, as bid due date, and February 12, 2013, as date of public hearing
23. Resolution approving funding for engineering design services for Phase 1 Resource Recovery Primary Shredder Replacement
24. Staff report on GIS-Based Pavement Management System
25. Staff report on Sanitary Sewer System Evaluation

WATER & POLLUTION CONTROL:

26. Staff report on WPC Long-Range Facility Plan

ORDINANCES:

27. First passage of ordinance making revisions to internal Code references in Sign Code
28. Third passage and adoption of ORDINANCE NO. 4136 setting Storm Water Rate
29. Third passage and adoption of ORDINANCE NO. 4137 pertaining to lighting and alternative landscape standards for auto and marine craft trade uses
30. Third passage and adoption of ORDINANCE NO. 4138 correcting a scrivener's error in Table 29.805(3) pertaining to Planned Regional Commercial Zone Development Standards

COUNCIL COMMENTS:

ADJOURNMENT:

***Please note that this agenda may be changed up to 24 hours before the meeting time as provided by Section 21.4(2), *Code of Iowa*.20fs**

**MINUTES OF THE MEETING OF THE AMES AREA
METROPOLITAN PLANNING ORGANIZATION POLICY COMMITTEE
AND REGULAR MEETING OF THE AMES CITY COUNCIL
COUNCIL CHAMBERS - CITY HALL**

AMES, IOWA

DECEMBER 18, 2012

**MEETING OF THE AMES AREA METROPOLITAN
PLANNING ORGANIZATION TRANSPORTATION POLICY COMMITTEE**

The Ames Area Metropolitan Planning Organization (AAMPO) Transportation Policy Committee met at 7:00 p.m. on the 18th day of December, 2012, in the Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with the following voting members present: Wayne Clinton, Jeremy Davis, Matthew Goodman, Jami Larson, Peter Orazem, Victoria Szopinski, and Tom Wacha. Rudy Koester, City of Ames Transportation Planner, and Craig O'Riley, Iowa Department of Transportation, were also present. Voting Members Ann Campbell, Mike O'Brien, and Dan Rediske were absent.

POPULATION ADJUSTMENT AGREEMENT: Transportation Planner Rudy Koester explained that the Metropolitan Planning Area boundary adjustment was approved by the AAMPO Policy Committee and submitted to the Iowa Department of Transportation (IDOT) for its approval. The next step in the process is approval of an agreement on the population adjustment between the AAMPO and the Central Iowa Regional Transportation Planning Alliance (CIRTPA). According to census data, the base population of the Ames urbanized area is 60,438. The population within the new Metropolitan Planning Area (MPA) is 62,728, which is an adjustment of 2,290 from the CIRTPA to the AAMPO. Estimated Surface Transportation Program (STP) targets provided by the IDOT Office of Program Management show funding levels of approximately \$55,819 being shifted from CIRTPA to the AAMPO based on the boundary and population adjustments.

According to Mr. Koester, if approved, staff will send a formal letter on behalf of the Policy Committee to CIRTPA requesting its approval of the MPA boundary and population adjustment at its meeting to be held in January 2013. He advised that the signed Population Adjustment Resolution needs to be received by the Iowa DOT no later than January 31, 2013.

Moved by Davis, seconded by Clinton, to approve the Population Adjustment Agreement between the AAMPO and Central Iowa Regional Transportation Planning Alliance and to direct staff to send a letter to CIRTPA requesting its approval.

Vote on Motion: 7-0. Motion declared carried unanimously.

SUDAS BOARD OF DIRECTORS FOR 2013 AND 2014: Mr. Koester stated that the AAMPO is allotted one member on the Statewide Urban Design and Specifications (SUDAS) Board of Directors. This representative is required to be a registered professional engineer in Iowa.

Moved by Davis, seconded by Szopinski, to approve the appointment of the City of Ames Public Works Director John Joiner as the AAMPO representative to the SUDAS Board of Directors for calendar years 2013 and 2014.

Vote on Motion: 7-0. Motion declared carried unanimously.

COMMITTEE COMMENTS: Supervisor Clinton advised that he had attended a meeting in Des Moines, Iowa, concerning Iowa's involvement in the possibility of high-speed passenger rail from Chicago to Omaha. He advised that, at one time, it was being contemplated that the train would come through Ames; however, due to logistical issues, that is no longer being considered. A route from Rock Island through Grinnell and Polk County, is being recommended. According to Mr. Clinton, the route from Chicago to Moline is already in the works. Mr. Clinton said he believes that high-

speed passenger rail could have a tremendous implication on Iowa. Partnerships between the rail system and other agencies to riders to the depots are being considered, and Mr. Clinton felt that perhaps HIRTA and CyRide might be interested. As the representative for Iowa counties, Mr. Clinton agreed to keep the AAMPO Policy Committee informed of any new developments.

ADJOURNMENT: Moved by Davis, seconded by Szopinski, to adjourn the AAMPO meeting at 7:20 p.m.

Vote on Motion: 7-0. Motion declared carried unanimously.

MINUTES OF THE REGULAR CITY COUNCIL MEETING

Mayor Pro-Tem Larson called the Regular Meeting of the Ames City Council to order at 7:22 p.m. with Davis, Goodman, Orazem, Szopinski, and Wacha present. *Ex officio* Member Sawyer Baker was also present. Mayor Ann Campbell was absent.

Mr. Larson noted that the Council was working off an Amended Agenda: Item 21b, preliminary plans and specifications for the 2012/13 West Lincoln Way Intersection Improvements, had been removed.

CONSENT AGENDA: Council Member Wacha asked that Item No. 6 be pulled for separate discussion. Also, Item No. 7 was pulled for separate discussion at the request of Council Member Goodman.

Moved by Goodman, seconded by Davis, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
 2. Motion approving Minutes of Regular Meeting of December 11, 2012
 3. RESOLUTION NO. 12-633 approving designation of City representatives to Central Iowa Regional Transportation Planning Alliance (CIRTPA)
 4. RESOLUTION NO. 12-634 setting date of public hearing on vacation of utility easements at 218-5th Street
 5. RESOLUTION NO. 12-635 approving proposed revision to Purchasing Policies regarding bid threshold limits
 6. RESOLUTION NO. 12-638 approving contract with URS Corporation to conduct an analysis of CyRide's Orange Route
 7. RESOLUTION NO. 12-639 approving Construction Testing Contract with Allender Butzke Engineers, Inc., of Urbandale, Iowa, in an amount not to exceed \$94,423.10 for Ames Public Library
 8. RESOLUTION NO. 12-640 approving Change Order No. 1 with Terracon Consultants, Inc., for Ames Public Library Renovation and Expansion Project
 9. RESOLUTION NO. 12-641 approving contract and bond for Ames Public Library Renovation and Expansion Project
 10. RESOLUTION NO. 12-642 accepting completion of landscaping improvements required as a condition of Site Plan approval and releasing security for LaVerne Apartments, 919 S. 16th Street
- Roll Call Vote: 6-0. Resolutions declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

FINANCIAL ASSISTANCE FOR WEBFILINGS, LLC: Council Member Wacha advised that he had asked to discuss this item separately so that he could abstain from voting due to a conflict of interest. Council Member Goodman said he would like to have City Manager Steve Schainker provide a description of the assistance being requested.

City Manager Steve Schainker asked Dan Culhane, President and CEO of Ames Economic Development Commission, to provide more information about the project and financial assistance being sought. Mr. Culhane explained that WebFilings had applied for economic development assistance from the Iowa Economic Development Authority (IEDA) with a local match provided by the City in the form of an existing Industrial Property Tax Abatement program. The project will include building expansion and associated computer equipment and furniture/fixtures. Total investment expected for the project is over \$32 million, including a \$1,200,000 loan from IEDA and High Quality Job Program tax credits. An additional 135 jobs are expected to be created with a base wage of \$45,000 year. According to Mr. Culhane, WebFilings is a rapidly growing software company in Ames that is making a significant investment of capital to expand without the cost of additional City infrastructure. He reported that WebFilings has an excellent track record of meeting all State of Iowa and City of Ames obligations. The local match for the State assistance is \$240,000; however, that would be met by the already-existing City tax abatement.

Moved by Goodman, seconded by Davis, to adopt RESOLUTION NO. 12-636 endorsing the Iowa Economic Development Authority Application for Financial Assistance for WebFilings, LLC, with industrial property tax abatement as the local match.

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

FINANCIAL ASSISTANCE FOR AMCOR RIGID PLASTICS USA, INC.: Dan Culhane explained that this project would include improvements to the existing building as well as new production equipment. It is expected to retain 150 full-time jobs in Ames. Total investment for the project is over \$24 million, including a \$175,000 forgivable loan from the IEDA as well as various state tax incentives. The local match consists of a \$35,000 forgivable loan to be funded with \$17,500 from the City's Economic Development Fund and \$17,500 from the Ames Economic Development Commission.

Moved by Wacha, seconded by Szopinski, to adopt RESOLUTION NO. 12-637 approving the contract for economic development financial assistance with Iowa Department of Economic Development and AMCOR Rigid Plastics USA, Inc., and Agreement for local match in the form of a forgivable loan.

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

PUBLIC FORUM: No one came forward to speak during this time.

NEW CLASS C LIQUOR LICENSE & OUTDOOR SERVICE FOR CHIPOTLE MEXICAN GRILL: Moved by Goodman, seconded by Davis, to approve a new Class C Liquor License & Outdoor Service for Chipotle Mexican Grill, 435 South Duff Avenue.

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

MAIN STREET CULTURAL DISTRICT JANUARY DOLLAR DAYS: Moved by Davis, seconded by Szopinski, to adopt/approve the following:

- a. RESOLUTION NO. 12-643 approving suspension of parking regulations and enforcement in Central Business District (CBD) from 8:00 a.m. to 6:00 p.m., Thursday, January 24, through Saturday, January 26
- b. Motion approving Blanket Temporary Obstruction Permit for CBD sidewalks from 8:00 a.m.

to 6:00 p.m., January 24 - 26

c. Motion approving Blanket Vending Permit for entire CBD for January 24 - 26

d. RESOLUTION NO. 12-644 approving waiver of fee for Blanket Vending Permit

Roll Call Vote: 6-0. Resolutions/motions declared adopted/approved unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

HEARING ON NUISANCE ASSESSMENT: Mayor Pro-Tem Larson opened the public hearing. No one requested to speak, and the hearing was closed.

Responding to an inquiry from Council Member Wacha as to how the City learns of the sidewalk safety hazard, Public Works Director John Joiner advised that, more often than not, the safety issue comes to staff's attention through a citizen complaint or comment. There are times, however, when a member of the City staff notices the hazard when he or she is performing his/her job duties.

Moved by Goodman, seconded by Wacha, to adopt RESOLUTION NO. 12-645 assessing the costs of sidewalk repair and certifying assessment to Story County Treasurer.

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

POWER PLANT FIRE RISK MITIGATION: Electric Services Director Donald Kom advised the Council that the Professional Services Contract for Fire Risk Mitigation that had been awarded by the City Council on February 14, 2012, to Black & Veatch of Kansas City, MO, included a provision that would allow the City to renew the contract for up to four additional one-year terms. It was stated by Mr. Kom that that contract allows the Power Plant to have an engineering firm with fire protection expertise or a fire protection firm to act as the Owner's Engineer/Designer/Representative for various fire risk mitigation studies, for the preparation of specific fire system and installation design and specifications, and for fire system installation management, inspection, and testing.

According to Mr. Kom, Black & Veatch had produced a report outlining fire suppression options for the Fuel Forwarding Building, the oil tank, and the GT1 engine compartment. The low-cost fire suppression system appeared to be a "CO2" option for the engine compartment with "water misting" second, but with nearly a \$130,000 increase in cost. After much deliberation, staff had decided to pursue fire risk mitigation projects with CO2 as a viable option for fire protection. Black and Veatch was unable to consider CO2 as an option given the standards stated in its Power Plant Fire Risk Mitigation Projects – Phase 1 Report, i.e., "The B&V QMS Standard for Carbon Dioxide Fire Suppression (Energy-Std-3-03113-02303, Rev.3) explicitly states that CO2 systems shall not be specified and installed in areas subject to occupancy by personnel." On October 31, 2012, staff had a conference call with Black & Veatch over the standard and came to an understanding that the City would be better served if a different engineering firm were used.

Due to Black & Veatch's standard, staff recommended canceling the contract with that firm and awarding it to the firm that had the second highest score when the proposals were evaluated. Mr. Kom noted that, per the contract between the City and Black & Veatch, a termination notice must be given at least 15 days prior to when it was going to be effective; therefore staff recommended issuing the termination notice with an effective date of January 10, 2013.

Mr. Kom emphasized that the contract will be for the period from January 2013 through June 30, 2013, which will enable future renewals to coincide with the City's fiscal year. The prospective

new contract also included provisions that would allow it to be renewed for up to four additional 12-month periods (for a total contract length of not more than five years). Renewals periods are at the City's option and will be contingent upon approval by the City Council. Staff believes that consistency in the engineering firm for the next several years will be advantageous in keeping contractors accountable for implementing the engineered work. In order to accomplish the needed protection in the most economical way possible, the assistance of a specialized engineering firm is needed to prioritize and establish a sensible path to react to individual recommendations of the City's insurance carrier. Director Kom reported that funding was available from the 2012/13 Capital Improvements Plan in the Power Plant Fire Protection System Project.

City Manager Schainker reported to the Council that \$25,433.88 had already been spent under the contract with Black & Veatch; however, the information provided by them to date can be utilized to design fire suppression projects for the fuel tanks and fuel pumping system.

Mr. Kom told the Council that the work is necessary for fire risk mitigation to protect critical Plant equipment. Using CO2 in fire suppression is a viable, low-cost option accepted and offered by General Electric, Westinghouse, and others; the City already uses CO2 for fire suppression in the GT2.

Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 12-646 to direct staff to issue a termination notice to Black & Veatch of Kansas City, Missouri, with an effective date of January 10, 2013.

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

Moved by Davis, seconded by Szopinski, to adopt RESOLUTION NO. 12-647 awarding a contract to Burns & McDonnell of Chesterfield, Missouri, for Professional Services for Fire Risk Mitigation in an amount not to exceed \$50,000.

Upon being questioned by Council Member Orazem, Mr. Kom told the Council that Black & Veatch believed the use of CO2 was a liability issue for its company. He noted that the engine compartment in Ames' case is so small that a human being could not fit in it; however, it amounted to a company policy for Black & Veatch.

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

ATHEN PROPERTY ON GEORGE WASHINGTON CARVER AVENUE: City Manager Schainker reviewed the direction given by the City Council on December 11, 2012, regarding the Athen Land Use Policy Plan amendment request. Staff had been given direction to work with the applicant to finalize the Development Agreement for the cost-sharing of the sanitary sewer improvements.

Council Member Szopinski recalled that the Council had discussed, on December 11, 2012, the impact to the payback time for the Council's previous commitment to the Northern Growth Area if additional properties in another area were annexed to the City. She also remembered that concerns had been shared about the pending shortage of residential lots. Ms. Szopinski said that, according to a document provided by City staff around the dais, 325 acres could account for 1,600

homes. Staff had reported to the Council that approximately 200 homes are built annually, which would provide lots for approximately eight years.

Council Member Goodman shared his belief that the purpose of the LUPP is to give predictability as to where Ames will expand. According to Mr. Goodman, people purchase property based on the Plan, and if it is allowed to change at every request, there is no predictability, and that frustrates residents. He also raised the issue of the Council changing the emergency service rubric so that additional flexibility could be gained as to where development occurred. What was being requested now was not part of the emergency service rubric; it did not take into account this type of development, i.e., assisted living facility, that could account for many emergency calls. Mr. Larson shared that he had had email from one person, and that person does not live in the area, who listed specific arguments against approving the change; otherwise, all comments had been positive.

Council Member Wachal explained that past Council members had taken a “hard line” and did not allow any development unless it was to be located in the Southwest Growth Area; therefore, it was “Southwest or nothing,” and the City “got nothing.” He shared his preference that the City allow the development of two areas in parallel to get plenty of inventory for the future and let the market decide where people want to live rather than to risk not having any residential growth by forcing people to live in one area.

Council Member Orazem recalled that a request had come in from the developer of another tract of land in the Southwest for the City to provide tax incentives to this proposed senior housing complex. The City opted not to provide tax abatement. The owners of the prospective senior housing chose not to locate in that area, but are now wanting to build on the Athen property without tax abatement. He was aware that the Southwest had been determined, “for whatever reason,” as the Growth Area to be incentivized; however, they have had 20 years to develop in that area, and very little has happened. It was noted by Mr. Orazem that, in this case, the developer is taking the risk and the developer is paying for the infrastructure.

Council Member Szopinski cited her philosophical difference; by letting the market decide, the market isn’t necessarily going to be concerned about where the City needs to invest in the future or enhancing emergency services, e.g., additional fire stations. Mr. Goodman said that the City changed the way it looked at fire service to allow areas outside of the Growth Areas.

Council Member Orazem disagreed and said that he believed that the City had a more rational way of defining service. The more rational way of defining service was to determine where was the density of the population and how rapidly was the City meeting the needs of the population. He pointed out that that proved to be a very different answer that involving areas where no one lived. Council Member Goodman contended that the more rational way to delivery fire service was to give residents criteria that matters even if they do not have a fire. The City should consider how long it takes for emergency service-providers to reach their residence. Mr. Goodman pointed out that the current rubric being used only uses existing calls. Council Member Orazem said that the City Council had received a fire report that was not based on actual calls; it listed the likely length of time to various locations where there currently are no buildings. That report indicated that emergency services responded to 82% of the community in five or fewer than five minutes. Council Member Goodman argued that the rubric being used now is different that what was formerly used. The former rubric was 85% of the calls in the entire community were reached within five minutes. Now it uses “real calls,” many of which take place in the most dense areas that are closest to fire stations, which is a very different way to look at fire service when the call is in

North B; it does not get taken into account unless there is an actual fire. Council Member Szopinski said real calls could very much change when there is a Senior Living Community located in Area A, since it is a higher-need population for emergency services. In addition, those services would be drawn away from the core of the City.

Ms. Szopinski said that an issue that she wanted to discuss was the City's investment in an area that already had an already high inventory of available land. She asked why the City would add more.

Mr. Schainker summarized that the City was being requested to designate the subject property as Urban Residential on the Urban Fringe Plan and include the subject site as an Allowable Growth Area in the LUPP. He distributed a map around the dais that showed the number of acres and existing and potential dwelling units located inside and outside of the current city limits.

Council Member Goodman compared the current LUPP to that adopted in 1997. He feels that the Plan, due to the number of changes requested by developers and real estate investors and granted, gives an unrealistic level of commitment to the future. According to Mr. Goodman, any time property is added and its formerly designated use changed, it changes the market reality.

Council Member Larson pointed out that Area A is a very economic area for the City to develop. He stated that he had only positive comments from residents except for one, and that person does not live in the rural area. According to Mr. Larson, even the neighbor immediately adjacent to the property in question is supportive of the changes and the anticipated development of the Athen property. He said that he could not find any negatives with the proposal. It was also noted by Mr. Larson that for the City to develop infrastructure (sewer and water) to the Athen property would be extremely expensive based on the numbers of acres that it would be annexing; that expense will be borne by the developer.

It was the opinion of Mr. Larson that there were always going to be changes in the marketplace that affect different people. Council Member Goodman disagreed by stating that control of government changes is in the hands of a few.

Mayor Pro-Tem Larson asked the Council to take formal action to approve or deny the two requested Map amendments.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 12-648 approving designation of the subject property as Urban Residential in the Urban Fringe Plan.

Roll Call Vote: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Goodman, Szopinski. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 12-649 approving inclusion of the subject site as an Allowable Growth Area in the Land Use Policy Plan.

Roll Call Vote: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Goodman, Szopinski. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

Council Member Goodman noted that City staff was formerly directed to work with the developers to finalize the Development Agreement for property in the North B area. He wanted to ensure that

that would come back to Council before the annexation agreement for the Athen property. Mr. Schainker reported that he and Assistant City Manager Bob Kindred had met with one of the developers yesterday. One of the developers had already signed the Agreement. Mr. Schainker said he was aware that Council wanted to see the Developer's Agreement for the property in North B and vote on it first before the City moves ahead with the annexation of the Athen property.

SOUTH FORK SUBDIVISION, 3RD ADDITION: Assistant City Manager Bob Kindred, serving as Acting Director of Planning and Housing, recalled that the City Council had, on July 10, 2012, approved a revised Preliminary Plat for the South Fork Subdivision. The revised Plat included the extension of Beedle Drive and Cochrane Parkway with the anticipated development of ten additional lots. He advised that the proposed Final Plat includes ten residential lots and an outlot for further development. Mr. Kindred told the Council that all required subdivision improvements had been completed except the final asphalt surface and street trees. Separate Letters of Credit had been received by the City Clerk for those, and the City Council was asked to accept the public improvements already completed.

Moved by Goodman, seconded by Davis, to adopt RESOLUTION NO. 12-650 accepting partial completion of public improvements for South Fork Subdivision, 3rd Addition.

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

Moved by Goodman, seconded by Davis, to adopt RESOLUTION NO. 12-651 approving the Major Final Plat for South Fork Subdivision, 3rd Addition.

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

REVISION TO 2012/13 ANNUAL ACTION PLAN PROJECTS AND BUDGET: Housing Coordinator Vanessa Baker-Latimer summarized the reallocation recommendations in connection with the City's Community Development Block Grant (CDBG) Program. She said that it was felt that the suggested budget adjustments for fiscal year 2012-13 would have a greater impact on meeting the City Council's goals of strengthening neighborhoods and providing better utilization of the CDBG funds and programming for the current year.

Ms. Baker-Latimer said that, as part of the ongoing budget review and update, the 2011-12 rollover balance ended up being approximately \$20,000 less than anticipated in the Action Plan (\$600,000 to \$579,000). Because the rollover amount was lower than the projected revenue, the City needed to adjust the budget to reflect the amount indicated in the Housing and Urban Development (HUD) System.

The adjustments being proposed were as follows:

1. Increase the Operation and Repair (Acquisition/Reuse) Program from \$62,500 to \$97,500.
2. Reinstitute the Deposit Assistance Program (Renter Affordability), changing the budget from \$0 to \$80,141.
3. Removing the Dangerous Building Program (Slum & Blight) Program.
4. Reducing the Neighborhood Home Improvement Program from \$426,021 to \$386,086 (due to it coming in under-budget).
5. Removing the Single-Family Conversion Project.
6. Leaving the Homebuyer Assistance Program at \$115,500.

7. Lowering the Neighborhood Infrastructure Improvements Program from \$378,896 to \$352,820.
8. The Program Administration costs would remain at \$113,229.

Council Member Orazem expressed desire that the City continue with work with Habitat for Humanity. Council Member Wacha said that he preferred continued work be done to convert rental units to single-family ownership. Ms. Baker-Latimer explained that the conversion program had become stagnant; the City had attempted to make the Single-Family Conversion Program (SFC) successful, but had failed on its two previous efforts. She specified that feedback from property owners indicated that they had a greater need to rehabilitate and maintain the units as rentals, rather than to sell them. Council Member Wacha noted his desire that additional attempts be made in the future to convert rental units to single-family ownership.

Council Member Larson noted his desire to continue with the Dangerous Building Program (slum and blight) as unsightly residential properties remain in that state. City Manager Schainker explained that there are “objectionable” buildings that are not a dangerous building per se - no structural deficiencies, but seriously lacking in aesthetics. The City does not currently have a means to force improvements on privately owned homes due to what some consider to be unsightly.

Moved by Wacha, seconded by Goodman, to adopt RESOLUTION NO. 12-652 approving the reallocation of the 2012-13 Action Plan projects and budget for the City’s Community Development Block Grant Program, as proposed by staff.

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

FINDINGS OF AIRPORT USER MEETING REGARDING AIRPORT TERMINAL BUILDING: Transportation Engineer Damion Pregitzer introduced personnel present from Bolton & Menk engineering firm and Architectural Alliance, a firm specializing in airport design.

Mr. Pregitzer presented the findings of the input received at public meetings held to solicit feedback from various airport user groups as to the space needs of a new Terminal Building. That feedback would be used to assist the City to identify a funding strategy, estimate the costs, and develop a conceptual design. According to Mr. Pregitzer, the groups participating in the discussion were Iowa State University (ISU), private hangar owners, corporate jets, business charters, Light Sport - Recreational, Glider Club members, frequent itinerant/visitor flights, and Ames Chamber, and Visitors & Convention Bureau. Suggestions that were offered focused on having a more modern feel with modern amenities while maintaining a relaxing and inviting atmosphere. A majority of the feedback also focused on the use of the current building and how there is a significant lack of up-to-date pilot facilities.

Summarizing, Mr. Pregitzer advised that the Airport user feedback indicated a desire for (1) an Airport Terminal that would serve as an important gateway to the community, (2) an Airport Terminal that would provide pilot amenities and aviation customer services, (3) an extension of Runway 01/19 to promote/facilitate ongoing growth and use of the Airport, and (4) improved service for winter maintenance of the runways.

According to Mr. Pregitzer, a critical issue that was brought to the attention of staff was that the new terminal building needed to have overnight covered storage for aircraft through an attached hangar space.

It was noted by Mr. Pregitzer that a terminal building did not qualify under the category of "airside" improvements (runway, taxi-ways, air nav-aids). In all likelihood, the City should count on only \$450,000 (\$150,000 for each of the next three years) from federal funds for a terminal/hangar building. Mr. Pregitzer said that that funding situation would be significant when developing a funding strategy for the improvements and approaching potential funding partners.

According to Mr. Pregitzer, assuming adequate funding sources could be identified, a realistic time line for implementation of the improvements would be at least eight years.

Mr. Pregitzer presented the identified conceptual layouts, for budgeting purposes only, that had been created by Architectural Alliance of Minneapolis, Minnesota, for a new Terminal Building with an attached hangar. The architect had also put together a draft Building Program showing the minimum-to-ideal range of square footages for each respective use along with three average cost ranges for construction. Based on feedback from the Airport User Meetings, the anticipated range in square footage for the new Terminal Building would be from 5,885 to 7,290. An attached hangar would be expected to be 12,000 square feet. The estimated project cost for that scenario was presented. Mr. Pregitzer emphasized that the size of the Terminal Building, attached hangar, and their associated construction costs were only to illustrate current market value for that type of improvements.

Council Member Goodman asked if the City would have payback on its investment. Mr. Pregitzer replied that the City would make the additional investment in the Airport to support the community; it will not pay back 1:1 with hangar rental or fuel sales. However, he noted that many of the people who use the Airport make investments in the community.

Regarding Airside Facilities, Mr. Pregitzer advised that the main Airside facility identified in the user conversations involves a runway extension of approach 01 (to the south) to approximately 7,500 to 8,000 feet. That would include several required steps per FAA requirements. It would also require an Environmental Assessment and Land Acquisition prior to construction. The steps and estimated total costs for each required phase were detailed. At the inquiry of Council Member Larson, it was noted by Mr. Pregitzer that all steps would be eligible for 90% federal funds except for the runway extension. Mr. Pregitzer also advised that the amount of time needed to complete this part of the project was difficult to predict as the completion schedule would be impacted by the need for environmental clearance or condemnation, if required.

The Council was told by Mr. Schainker that direction was needed from the Council regarding the CIP, which currently reflects a terminal project to be built in 2013/14 at a cost of \$2,000,000 financed with \$200,000 Local Option Sales Tax Funds and \$1,800,000 from FAA grant funds. It was emphasized that it had now been determined that that level of funding from the FAA was unrealistic. Mr. Schainker told the Council that the first step would be to decide on the budget. He explained to the Council that it would take time to find potential partners. The costs could range from \$1,471,250 for an enhanced industrial facility to as much as \$4,963,860 for an idea-sized gateway terminal building coupled with an enhanced industrial hangar.

Due to the filing deadline, Council Member Larson suggested that the City submit “ranges” to the FAA.

Council Member Goodman suggested that the City give the business community and ISU a chance to review the Findings of Airport Users. City Manager Schainker agreed, but asked the Council to provide direction to staff tonight because it needed to be included in the City’s CIP.

Continued discussion ensued as to what amount should be used and from what funding source. Council Member Goodman said he preferred that the Airport Terminal/Hangar be pulled out of the CIP until funding sources were known.

Moved by Wacha, seconded by Orazem, to direct staff to place \$3.2 million in the CIP three years out for the Airport Terminal and Hangar Project with appropriate funding sources to be determined by staff.

Council Member Goodman disagreed with leaving the funding sources open; he believed that the funding source should be property tax. Council Member Davis recommended that City Manager Schainker work out the funding sources.

Vote on Motion: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Goodman, Szopinski. Motion declared carried.

The consultant from Bolton & Menk advised, referring to the Runway components, that the project would be eligible for federal funding once it had passed the environmental test.

2012/13 WEST LINCOLN WAY INTERSECTION IMPROVEMENTS (LINCOLN WAY AND DOTSON DRIVE): Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-653 approving the Supplemental Funding Agreement for South Fork Subdivision with Pinnacle Properties Ames, LLC.

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

PRESENTATION OF RESULTS OF TEAGARDEN DRAINAGE STUDY: Municipal Engineer Tracy Warner recalled that the City Council had received complaints about storm water flooding that had caused property damage along South Duff Avenue following the rainfall events in August 2010. In response to those complaints, in July 2011, the City Council had approved the usage of Storm Sewer funds to complete a drainage study of the watershed that includes the Ames Airport as well as the Teagarden/Southdale/Emerald Subdivision area. Ms. Warner stated that, for purposes of the Study, the watershed had been divided into three sub-watersheds: South Branch, Middle Branch, and North Branch.

Ms. Warner advised that the City had hired Alfred Benesch & Company to collect data and analyze the watershed drainage concerns. A public meeting to gather comments from land owners and residents within the watershed was held in November 2011. As a result of the meeting, the drainage concerns were categorized into the different types of issues: groundwater, maintenance, and surface drainage. A second public meeting was held where findings and potential solutions to the drainage concerns were shared. Ms. Warner showed a storm water model that was developed to analyze the ability to make public improvements that prevent flooding near and over S. Duff Avenue/U. S. Highway 69.

It was explained by Ms. Warner that in March 2012, Benesch closed its Ames engineering consulting office. City staff is still without a final report as required in the contract and no definitive schedule had been provided.

Each of the issues was detailed, as follows:

1. Maintenance Improvements - \$150,000. The drainage concerns categorized as maintenance exist primarily along the existing cunette in the residential subdivision east of S. Duff Avenue/U. S. Highway 69. It was noted that maintenance of the cunette is included in the Draft CIP in Year 2013/14 as part of the Low-Point Drainage Improvements with an estimated cost of \$150,000 from Storm Sewer Utility Funds.
2. South Branch Improvements - \$600,000. Approximately half of the sub-watershed for the South Branch lies west of the Airport. The runoff from that area then flows through the south portion of the Ames Airport property before going back onto property located outside of the Ames corporate limits. The South Branch combines with the Middle Branch north of Garden road, which then flows into the existing cunette.
3. Middle Branch Improvements - \$555,000. The Middle Branch is the smallest sub-watershed of the three drainage areas analyzed. The drainage area begins east of the Airport runway and includes the property at 3409-3413 S. Duff Avenue, which requested rezoning in Summer 2011. The analysis revealed a need to add a detention basin west of S. Duff Avenue/U. S. Highway 69 to prevent flooding along the roadway at an estimated cost of \$345,000. Staff recommended improvements to the Middle Branch drainage way (both east and west of S. Duff Avenue/U. S. Highway 69) at an estimated cost of \$210,000.
4. North Branch Improvements - \$750,000. The North ranch also begins west of the Airport property. It contains three of the four detention basins present on Airport property. Commercially developed property along S. Duff Avenue/U. S. Highway 69 and residential development east of S. Duff Avenue/U. S. Highway 69 also flow into the North Branch.

According to Ms. Warner, in order to prevent overtopping of S. Duff Avenue/U. S. Highway 69 during a 100-year flood event, the Teagarden Drainage Study recommended adding a detention basin in the vicinity of the property located at 3115 S. Duff Avenue. The estimated cost to create a basin is \$610,000. In addition to the added detention basin, storm sewer improvements along Jewel Drive from Opal Drive to 500 feet west are recommended.

After being questioned, Ms. Warner advised that public improvements recommended from the study will need to be prioritized for inclusion in the CIP. Since portions of the Middle and North Branch improvements involve private property, cost-sharing arrangements with land owners/developers will need to be finalized before the City may proceed.

City Manager Schainker noted that no action was being asked of the Council tonight. Staff was merely trying to prepare them for the CIP discussion. City Council Member Wacha shared that the plan as presented by staff looked good to him.

CITY HALL RENOVATION PROJECT: Assistant City Manager Kindred provided the history behind the Renovation of City Hall project. On November 27, 2012, staff had recommended that Council approve a Change Order to the architectural and engineering agreement with Shive-Hattery for a scaled-down Emergency Operations Center (EOC) renovation project in City Hall. That

Change Order had included an increase in fees of \$42,500 for the additional design work and a deduction of \$28,774 for the construction phase services not rendered in parking of the two earlier failed bids. That created a net increase of \$13,726 to the A & E contract, for a grand total of \$128,726. However, staff had discovered that the \$28,774 deduction should not have been removed from the contract. Shive-Hattery intended to use that plus the additional fees to complete the project. The Change order should have been only to add \$42,500, making the total A & E Agreement at \$157,500.

Council Member Larson explained his frustration that Shive Hattery had missed the mark twice. Russell Schroeder, representing Shive-Hattery, advised that he had not worked on the project personally, but his company would be keeping closer tabs on the project. He also stated that there was difficulty getting local contractors to bid. Shive-Hattery has now attempted to locate potential bidders; they have four commitments. After being questioned, Mr. Kindred advised that there would not be time to hire another firm and still meet the time requirement for the Grant.

Moved by Orazem, seconded by Larson, to adopt RESOLUTION NO. 12-655 rescinding approval of the previous Change Order #2 and approving the updated Change Order #2 to Shive-Hattery for \$35,859 in redesign fees for a total contract amount of \$150,859 if the lowest responsible and responsive bid received is less than \$950,000; or \$17,929 if the lowest responsible and responsive bid received is between \$950,000 and \$1,000,000; or a zero cost increase if the lowest responsible and responsive bid received is over \$1,000,000.

Council Member Goodman stated his preference to rescind the contract with Shive-Hattery and start over.

Roll Call Vote: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Goodman, Szopinski. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

The meeting recessed at 10:05 p.m. and reconvened at 10:12 p.m.

EVALUATION OF BUDGET AND TIMING FOR ASSET PROCESS: Management Analyst Brian Phillips recalled that the City Council had raised several questions about the timing and procedures of the ASSET process at its November 27, 2012, meeting. One of those questions raised was if staff could work with the other ASSET funders to consider a change in the ASSET timing mechanism so the Council's discussion of the services would be more meaningful. Mr. Phillips said that one possibility would be for the City to adopt next year's priorities earlier, such as during the summer, and have a more substantive discussion with the volunteers about foreseeable needs in the community at that time. Council Member Larson suggested that the meeting involve not only the City, but the other funders as well, in an attempt to find the best strategy.

Council Member Orazem said that he had wondered if the funds were being spread over too many agencies. Mr. Phillips responded that the City pays for services; it depends on how the identified needs can best be addressed.

The ASSET process time line was explained by Mr. Phillips. He said that the City and County funds must be budgeted and certified to the state by mid-March, so the ASSET review and approval must be completed by February.

Moved by Davis, seconded by Wacha, to direct staff to hold a discussion of the City's ASSET priorities with the volunteers during the summer before allocations and direct staff to ask for budget increase authorizations for each of the four ASSET panels in the future, rather than an increase for all of ASSET, and to direct staff to discuss some other ASSET process modifications with staff from the other funders.

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

ORDINANCE MAKING REVISION TO PARKING REGULATIONS ON ASH AVENUE:

Moved by Davis, seconded by Goodman, to pass on first reading an ordinance making a revision to parking regulations on Ash Avenue.

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

Moved by Davis, seconded by Orazem, to suspend the rules necessary for the adoption of an ordinance.

Council Member Szopinski advised that she preferred not to vote on suspending the rules. She did not feel that the reasoning behind suspending the rules was substantiated.

Roll Call Vote: 5-0-1. Voting aye: Davis, Goodman, Larson, Orazem, Wacha. Voting nay: None. Abstaining: Szopinski. Motion declared carried.

Moved by Davis, seconded by Goodman, to pass on second and third readings and adopt ORDINANCE NO. 4135 making a revision to the parking regulations on Ash Avenue.

Roll Call Vote: 5-0-1. Voting aye: Davis, Goodman, Larson, Orazem, Wacha. Voting nay: None. Abstaining: Szopinski. Ordinance declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

ORDINANCE SETTING STORM WATER RATES: Moved by Goodman, seconded by Davis, to pass on second reading an ordinance setting storm water rates.

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

ORDINANCE PERTAINING TO LIGHTING AND ALTERNATIVE LANDSCAPE STANDARD FOR AUTO AND MARINE CRAFT USES: Moved by Davis, seconded by Szopinski, to pass on second reading an ordinance pertaining to lighting and alternative landscape standards for auto and marine craft trade uses.

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

ORDINANCE CORRECTING SCRIVENER'S ERROR IN TABLE 29.805(3) PERTAINING TO PLANNED REGIONAL COMMERCIAL ZONE DEVELOPMENT: Moved by Wacha, seconded by Goodman, to pass on second reading an ordinance correcting a scrivener's error in Table 29.805(3) pertaining to Planned Regional Commercial Zone Development Standards.

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

ORDINANCE SETTING SPEED LIMIT ON GRAND AVENUE: Moved by Szopinski, seconded by Davis, to pass on third reading and adopt ORDINANCE NO. 4134 setting the speed limit on Grand Avenue.

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

COUNCIL COMMENTS: Council Member Wacha publicly thanked Chief Cychosz and Ames police officers for their noticeable presence at the elementary schools last Friday after the events in New Town, Connecticut.

Ex officio Member Baker said that she had been researching ways to help Iowa State students to feel more like they were citizens of Ames. She announced that, on the latest update for the mobile devices (funded by the Government of Student Body and put forward due to the College of Engineering), all City press releases will appear on the news app. Ms. Baker thanked Susan Gwiasda, City Public Information Officer, and Stan Davis, City Information Technology Manager, for their assistance in the endeavor.

CLOSED SESSION: Moved by Davis, seconded by Goodman, to hold a Closed Session as provided by Section 20.17(3), *Code of Iowa*, to discuss collective bargaining.
Roll Call Vote: 6-0. Motion declared carried unanimously.

The meeting reconvened in Regular Session at 10:46 p.m.

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-654 ratifying a contract with the IBEW (Electrical Workers).

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

ADJOURNMENT: Moved by Davis to adjourn the meeting at 10:47 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor



REPORT OF CONTRACT CHANGE ORDERS

Period:	<input checked="" type="checkbox"/>	1 st – 15 th
	<input type="checkbox"/>	16 th – end of month
Month and year:	December, 2012	
For City Council date:	January 8, 2013	

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact Person/Buyer
Public Works	Ames Southeast Entryway Project	1	\$343,416.00	Soil-Tek	\$0.00	\$3,924.00	T. Warner	MA
Water & Pollution Control	Professional Services for UV Disinfection System	2	\$254,940.00	Stanley Consultants, Inc.	\$99,395.00	\$-(21,000.00)	K. Evans	MA
Transit	Ames Intermodal Facility	70	\$7,115,000.00	The Weitz Company, LLC	\$591,940.21	\$1,486.00	S. Kyras	MA
Transit	Ames Intermodal Facility	71	\$7,115,000.00	The Weitz Company, LLC	\$596,426.21	\$43,361.00	M. Mundt	MA
Transit	Ames Intermodal Facility	72	\$7,115,000.00	The Weitz Company, LLC	\$636,787.21	\$1,221.95	M. Mundt	MA
Public Works	2011/12 Collector Street Pavement Improvements (Ridgewood)	1	\$495,400.00	Con-Struct, Inc.	\$0.00	\$4,500.00	T. Warner	MA

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact Person/Buyer
Public Works	2011/12 Collector Street Pavement Improvements (Ridgewood)	2	\$495,400.00	Con-Struct, Inc.	\$4,500.00	\$2,481.00	T. Warner	MA
Public Works	S. Duff/ SE 16 th Street Frontage Road	1	\$73,333.00	Manatt's, Inc.	\$0.00	\$10,256.89	J. Joiner	MA



REPORT OF CONTRACT CHANGE ORDERS

Period:	<input type="checkbox"/>	1 st – 15 th
	<input checked="" type="checkbox"/>	16 th – end of month
Month and year:	December, 2012	
For City Council date:	January 8, 2013	

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact Person/Buyer
Water & Pollution Control	NCAH Pump Station & Wastewater Metering Improvements	3	\$860,000.00	C. L. Carroll Company, Inc.	\$16,271.00	\$1,500.00	J. Dunn	MA
Public Works	2011/12 Downtown Street Pavement Improvements (Douglas Avenue)	1	\$1,215,016.00	Con-Struct, Inc.	\$0.00	\$10,553.12	T. Warner	MA
Parks & Recreation	Brookside Park - East Side Improvements	2	\$484,000.00	Manatt's, Inc.	\$14,590.00	\$3,100.00	K.Shawgo	MA
Electric Services	Brown Winick Attorneys At Law	9	\$100,000.00	Brown Winick Attorneys At Law	\$266,000.00	\$15,000.00	M. Mundt	KS
			\$		\$	\$		
			\$		\$	\$		



MEMO

*Caring People
Quality Programs
Exceptional Service*

5a-g

TO: Mayor Ann Campbell and Ames City Council Members

FROM: Lieutenant Jeff Brinkley – Ames Police Department

DATE: December 26, 2012

SUBJECT: Beer Permits & Liquor License Renewal Reference City Council Agenda
January 8, 2013

The Council agenda for January 8, 2013, includes beer permits and liquor license renewals for:

- Class B Liquor – Quality Inn & Suites, 2601 E 13th Street
- Class C Liquor and Outdoor Service – Oddfellows, 823 Wheeler Street
- Special Class C Liquor – Shogun Japanese Restaurant, 3704 Lincoln Way
- Class C Liquor – Café Beau, 2504 Lincoln Way
- Class C Beer – Casey's General Store, 3020 South Duff Avenue
- Special Class C Liquor – Vesuvius Wood-Fire Pizza, 1620 South Kellogg Avenue
- Class A Liquor – American Legion Post #37, 225 Main Street

A routine check of police records found no violations for Quality Inn & Suites, Oddfellows, Shogun, Casey's, Vesuvius, or the American Legion. Café Beau has a pending citation for serving intoxicated persons.

The Police Department would recommend renewal of all seven licenses.

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF COMMISSION ON THE ARTS (COTA) SPECIAL GRANTS FOR SPRING 2013

BACKGROUND:

On November 3, 2012, the Commission on the Arts members finalized recommendations for Spring 2013 special grants. A total of five grant requests were received, from five different organizations. The organizations requested \$3,489 in funding, with \$3,489 being available from the 2012/13 budget.

Based on the merits of each application and the criteria established for the special grants, COTA recommended the following allocations, which were then sent to the organizations in contract form in November. The contracts are now being presented for your approval.

COTA SPRING 2013 SPECIAL PROJECT GRANT REQUESTS

Organization	Request	Project	Final
Story Theater Company	\$750.00	"Willy Wonka Jr." matinee performance	\$690.46
India Cultural Association	\$750.00	"Rangoli – Colors of India" indoor bazaar	\$720.56
Octagon	\$750.00	"A Journey in Transportation. 100 Years of Connecting People." exhibit	\$639.06
Children's Theater	\$750.00	"Play With Words" for middle school and high school writers and performers	\$718.56
Ames Chamber Artists	\$750.00	Hawaiian musical artist Kim Sueoka - concert guest and educational program facilitator	\$720.36
Totals	\$3,489.00		\$3,489.00

The Commission takes seriously its charge to be certain of how the proposal for funding will be completed and be certain that it is understood how the public is benefitted.

ALTERNATIVES:

1. The City Council can approve the COTA special grant contracts as recommended by Commission on the Arts.
2. The City Council can hold these contracts and ask the Commission for further information.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative No. 1 and approve the COTA Spring 2013 special grant contracts as recommended by the Commission on the Arts.

COUNCIL ACTION FORM

SUBJECT: 2009/2010 LOW POINT DRAINAGE IMPROVMENTS (CRYSTAL STREET)

BACKGROUND:

This annual program is for drainage improvements to decrease flooding at low points. Low point drainage improvements are typically not focused on residential street locations, but rather on those locations most in need of the improvements as affected by standing water, flooding, and insufficient pipe capacity. The program identifies core locations for improvements each year. In addition, improvements are made at miscellaneous locations identified throughout the year. During heavy rain, some areas become flooded and damage to private property occasionally occurs.

The 2009/2010 project location identified in the Capital Improvements Plan is the drainage area to the south and east of Crystal Street. The project consists of clearing overgrown vegetation, installation of subsurface drain tile, removal of excess silt from drainage channel, and improvements to planting new woodland plants. This project also has alternate bid items for installation of subdrain along the rear property lines of Crystal Street in the project area.

Project informational meetings were held with the area residents in order to receive feedback on potential design options. One meeting was held at City Hall and two follow-up meetings were held on-site.

Bolton & Menk has completed plans and specifications with estimated construction costs of \$77,750. The additional option for an alternative installation of subdrain to pipe the water underground is estimated to cost \$32,490. This alternate will only be accepted if the bids allow for the additional expense. Engineering and construction administration is estimated to be \$32,000, bringing total estimated project costs to \$109,750. The project is financed in an amount of \$125,000 from Storm Sewer Utility Funds.

ALTERNATIVES:

1. Approve the 2009/2010 Low Point Drainage Improvements (Crystal Street) by establishing February 6, 2013, as the date of letting and February 12, 2013, as the date for report of bids.
2. Do not proceed with this project.

MANAGER'S RECOMMENDED ACTION:

By approving plans and specifications and setting the letting date, it may be possible to move forward with the rehabilitation of this area in winter/spring 2013 with project completion in summer 2013.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the 2009/2010 Low Point Drainage Improvements (Crystal Street) by establishing February 6, 2013, as the date of letting and February 12, 2013, as the date for report of bids.

COUNCIL ACTION FORM

SUBJECT: CHANGE BID DUE DATE FOR THE CYRIDE FACILITY EXPANSION AND FLOOD MITIGATION PROJECT

BACKGROUND: CyRide has secured funding from Federal and State sources to expand and remodel the existing bus maintenance facility, including the addition of significant flood mitigation measures. On November 27, 2012, City Council approved preliminary plans and specifications for the construction project. A bid due date of January 31, 2013, and date of hearing and award of contract of February 12, 2013, were each established.

In December 2012, CyRide staff was made aware of another bid opening on the same date and time by Iowa State University (ISU). The ISU project bid opening was scheduled after the CyRide bid opening, but it is a significantly larger project. CyRide staff and consultant are concerned that the pool of available bidders may devote their resources to the ISU project instead of the CyRide project. The end result may be less interest in the CyRide project and potentially higher bids.

Staff recommends moving the bid opening date one week, to February 6, 2013, to increase interest and competition in the project. Iowa code requires the results of bid to be reported at the next scheduled Council meeting. Therefore, the February 12, 2013 date for public hearing and award of contract would remain unchanged. If approved, the change in bid opening date will be subject to approval by the Ames Transit Agency Board of Trustees.

ALTERNATIVES:

1. Approve the requested bid opening date change of February 6, 2013 for the CyRide Facility Expansion and Flood Mitigation Project, subject to approval by the Ames Transit Agency Board of Trustees.
2. Direct staff to not change the bid opening date.

MANAGER'S RECOMMENDED ACTION:

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving February 6, 2013 as the new bid due date, and February 12, 2013 as the date of public hearing and award of contract, subject to approval by the Ames Transit Agency Board of Trustees.

COUNCIL ACTION FORM

SUBJECT: RDF DRAG CONVEYORS FOR POWER PLANT

BACKGROUND:

This quote is for the purchase of two drag conveyors for the Electric Services Power Plant. The Plant currently has four drag conveyor assemblies that are located under the Refuse Derived Fuel (RDF) bin. These units move the RDF from storage to the metering system for transport to the boiler plant for burning. Without these units, it would not be possible to transport the RDF to the Plant as fuel. This equipment is subject to high moisture levels and wear, and must be replaced periodically due to worn components and corrosion.

On November 14, 2012, a request for quotation (RFQ) document was issued to twenty-nine potential bidders. The RFQ was also advertised on the Current Bid Opportunities section of the Purchasing webpage. It was also sent to one plan room.

On December 14, 2012, five quotes were received as shown below:

Bidder	Bid Price*	Overall Cost**
April S. Lee & Associates, LLC St. Cloud, MN	\$73,378.05	\$78,434.01
Clarke's Sheet Metal, Inc., Eugene, OR	\$92,733.63	
Pinnacle Air Pollution Control Valencia, PA	\$87,600.00	\$93,650.10
Jeffrey Rader, Inc. Woodruff, SC	\$108,042.74	\$115,458.73
OER Services, LLC Arlington Heights, IL	\$166,120.00	\$177,611.90
* This column consists of the actual dollar amount bid. Note: Clarke's Sheet Metal, Inc., is the only bidder who is licensed to collect IA sales-tax.		
** This column includes the Overall Cost when Iowa sales tax is taken into consideration. For bidder's two through five, the City would have to pay sales tax directly to the State of Iowa.		

Staff performed extensive evaluation of the apparent low bid in the amount of \$73,378.05 (exclusive of sales-tax for evaluation purposes only) submitted by April S. Lee & Associates, LLC. **During the evaluation, staff discovered that this bidder is in the fabrication business using steel, fiberglass and other materials but have not made any material handling equipment since their founding in 2005.** Their products portfolio includes custom handrails for the transportation industry and fiberglass tanks. This would be their first experience with building a drag chain conveyor. **Based on the**

inexperience in building drag conveyors, staff is recommending that the apparent low bidder not be considered.

Staff has concluded that the apparent second low bid in the amount of \$92,733.63 submitted by Clarke's Sheet Metal, Inc., Eugene, OR, is acceptable. **Council should note that Clarke's Sheet Metal is the designer and builder of the currently installed drag conveyors at the Power Plant. The bid technical specification utilized the original Clarke's design. The other two drag conveyors procured last year were made by Clarke's Sheet Metal. It is beneficial to the Power Plant to have all four conveyors made by the same firm and identical and made by a firm with a history of successful conveyor design and manufacturer.**

The approved FY 2012/13 operating budget contains \$136,000 for RDF bin parts.

ALTERNATIVES:

1. Award a contract to Clarke's Sheet Metal, Inc., Eugene, OR, for two RDF Drag Conveyors in the amount of \$92,733.63 (inclusive of Iowa sales tax).
2. Award a contract to one of the other bidders.
3. Reject the quotes and delay the replacement of the drag conveyors.

MANAGER'S RECOMMENDED ACTION:

Purchase of these two conveyors ensures continued efficient operation of the RDF transport system. Having one of these RDF drag conveyors go off-line could increase the risk of RDF not being transported to the boilers for burning. As a result, the Resource Recovery Plant would need to landfill the RDF until the drag conveyors were again operating correctly.

Utilizing an inexperienced contractor significantly increases the risk of project delays, cost overruns and low quality results. Clarke's Sheet Metal, Inc. has long history of producing these drag conveyors and they have supplied these identical drag conveyors for the City in the past with great success.

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

COUNCIL ACTION FORM

SUBJECT: METAL-ENCLOSED SWITCHGEAR FOR ELECTRIC SERVICES

BACKGROUND:

This bid is for the purchase of an eight (8) bay S&C System II Modular Metal-Enclosed Switchgear to be delivered to Mary Greeley Medical Center (MGMC). Electric Services staff will do the installation. The switchgear will control the two electric utility distribution circuits serving MGMC to provide reliable electric service.

This switchgear is replacing the existing switchgear that was installed in the early 1970's. The electric system proposed as part of the MGMC expansion project will require additional capacity not available in the existing switchgear. The switchgear to be purchased meets the new requirements proposed by MGMC.

On November 30, 2012, an invitation to bid (IFB) document was issued to twenty-one potential bidders. The IFB was also advertised on the Current Bid Opportunities section of the Purchasing webpage. It was also sent to one plan room.

On December 20, 2012, two bids were received as shown below:

Bidder	Bid Amount
WESCO Distribution, Inc. Des Moines, IA	\$174,349.01
Stuart C Irby Company Minneapolis, MN	\$176,550.00

Staff has concluded that the apparent low bid submitted by WESCO Distribution, Inc., Des Moines, IA, in the amount of \$174,349.01 (inclusive of Iowa sales tax) is acceptable.

Funding will come from the approved FY 2012/13 operating budget which contains \$250,000 for Underground System Improvements. The engineer's estimated cost of the switchgear was \$250,000. **MGMC will reimburse the City the actual purchase cost of the switchgear, including sales tax.**

ALTERNATIVES:

1. Award a contract to WESCO Distribution, Inc., Des Moines, IA, for the metal-enclosed switchgear in the amount of \$174,349.01 (inclusive of Iowa sales tax). Fifty percent (50%) of the reimbursement from Mary Greeley Medical Center to the

City will be received when the switchgear is purchased and 50% will be received when the switchgear is installed.

2. Reject the bids and delay the purchase of the switchgear.

MANAGER'S RECOMMENDED ACTION:

Purchase of this switchgear will allow the utility to meet the requirements of the new electric system proposed by MGMC. MGMC has agreed to reimburse the City for the cost of the switchgear (50% when the switchgear is purchased and 50% when it is installed). Written confirmation of that obligation has been received. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.

COUNCIL ACTION FORM

SUBJECT: ACCEPT COMPLETION OF YEAR ONE OF THE WATER PLANT WELL REHABILITATION CONTRACT

BACKGROUND:

On July 24, 2012, City Council awarded a contract to Northway Well and Pump Company of Waukee, Iowa in the amount of \$72,500 to rehabilitate five of the City's 22 drinking water wells. This is a one-year contract with a possibility of four, one-year renewal options.

The Water Treatment Plant operating budget (FY 2012/13) allocated \$75,000 for the rehabilitation of these wells and an additional \$35,000 for repairs. The five wells completed in this year's contract required no additional repairs. The final contract amount is \$71,500, which includes a \$1,000 deduct.

All work for this year's contract has been successfully completed as of November 9, 2012. An Engineer's Statement of Completion is attached and has been filed with the City Clerk.

ALTERNATIVES:

1. Accept final completion of year one of the five-year Water Plant well rehabilitation contract in the final amount of \$71,500.
2. Do not accept completion of year one of the Water Plant well rehabilitation contract at this time.

MANAGER'S RECOMMENDED ACTION:

Year one of the Water Plant well rehabilitation contract has been successfully completed in accordance with the City's plans and specifications. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting completion of year one of this five-year contract with Northway Well and Pump Company of Waukee, Iowa.



Water and Pollution Control Department

300 East Fifth Street, Building 1
Ames, IA 50010

Phone 515-239-5150 ♦ Fax 515-239-5251
<http://www.cityofames.org/water>

ENGINEER'S STATEMENT OF COMPLETION

Water Plant Well Rehabilitation Project Contract No. 2012-227

Engineer: Ames Water and Pollution Control Department

Contractor: Northway Well & Pump Company

I hereby certify that the rehabilitation of five drinking water wells, by a contract dated July 24, 2012, has been satisfactorily completed in general compliance with the terms, conditions, and stipulations of said contract.

The work was completed on November 9, 2012.

I further state that the total amount due the contractor for the fulfillment of said contract is \$71,500.00.

Lyle Hammes, P.E., Water Plant Superintendent
Water and Pollution Control Department

Date: December 19, 2012

COUNCIL ACTION FORM

SUBJECT: GRAND AVENUE EXTENSION (S. 16TH STREET NORTH 400 FT)

BACKGROUND:

The Ames Area Metropolitan Planning Organization's Long Range Transportation Plan identifies the need to extend Grand Avenue from Lincoln Way to South 16th Street. The first two phases of this extension were previously completed from Lincoln Way to Squaw Creek Drive. **This phase involved construction of South Grand Avenue north of South 16th Street to provide access to The Grove apartments and to Coldwater Golf Links.**

On May 10, 2011, the City Council approved an agreement with the Iowa Department of Transportation (Iowa DOT) to utilize leftover federally earmarked funds for the construction of this phase in an amount up to \$510,292. Due to the availability of these federal funds, only 20 percent of the construction cost was required as a local match. Council designated unobligated General Obligation Bonds (G.O. Bonds).

On July 26, 2011, City Council awarded this project to Con-Struct, Inc. of Ames, Iowa, in the amount of \$466,290.49. Construction was completed in the amount of \$517,155.41. Three change orders were processed for this project. The first change order was administratively approved by staff in accordance with purchasing policy and included changes to comply with ADA requirements. The second change order was also administratively approved by staff in accordance with purchasing policy and included the additional of a small retaining wall. The third change order was the balancing change order and was approved by City Council on September 11, 2012. This third change order balanced the actual field installed quantities. Engineering and construction administration costs were \$131,539, which brings overall project costs to \$648,694.41. Of this amount, approximately \$413,724 is through the federal earmark and \$234,970 is from GO Bonds.

ALTERNATIVES:

1. Accept the Grand Avenue Extension (S. 16th Street north 400 ft.) project as completed by Con-Struct, Inc. of Ames, Iowa, in the amount of \$517,155.41.
2. Direct staff to pursue modifications to the project.

MANAGER'S RECOMMENDED ACTION:

The project has now been completed in accordance with approved plans and specifications, is within the approved budget, and has passed an audit by the Iowa DOT.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the Grand Avenue Extension (S. 16th Street north 400 ft.) as completed by Con-Struct, Inc. of Ames, Iowa, in the amount of \$517,155.41.

COUNCIL ACTION FORM

SUBJECT: 2010/2011 CONCRETE PAVEMENT IMPROVEMENTS – LINCOLN SWING (BEEDLE DRIVE TO SOUTH DAKOTA AVENUE) AND OAKLAND STREET (NORTH HYLAND TO HAWTHORNE AVENUE)

BACKGROUND:

This annual program was to remove and replace concrete street sections that have deteriorated. Removal and replacement of these street sections provide enhanced rideability to residents and visitors.

The project locations were Lincoln Swing between Beedle Drive and South Dakota Avenue and Oakland Street from North Hyland to Hawthorne Avenue. Work consisted of concrete pavement reconstruction, storm sewer intake replacement, sanitary sewer manhole replacement, sanitary sewer main repairs, upgrading of existing pedestrian facilities to meet current Americans with Disabilities Act (ADA) standards, and restoration of the affected areas with sod.

On April 10, 2012, City Council awarded the project to Con-Struct, Inc. of Ames, Iowa, in the amount of \$739,207.10. Construction was completed in the amount of \$795,580.04. Two change orders were processed for this project. The first change order was administratively approved by staff in accordance with purchasing policy and included changes to pavement thickness and modification to the existing storm sewer at the intersection of Oakland Street and Campus Street, along with the addition of trail repair along Lincoln Swing. The second change order was approved by City Council on October 23, 2012. This second change order was the balancing change order for the project which included additional grading and soil stabilizing measures due to soft and yielding soils, additional sanitary sewer rehabilitation work, additional site restoration activities, and balanced the actual field installed quantities. Engineering and construction administrations costs were \$217,753, which brings overall project costs to \$1,013,333.04.

This project was programmed with financing in the amount of \$1,000,000 from General Obligation Bonds. Unobligated funds from the 2011/12 Sanitary Sewer Rehabilitation Program in the amount of \$200,000 were also used, bringing total project funding to \$1,200,000.

ALTERNATIVES:

1. Accept the 2010/2011 Concrete Pavement Improvements – Lincoln Swing (Beedle Drive to South Dakota Avenue) and Oakland Street (North Hyland to

Hawthorne Avenue) as completed by Con-Struct, Inc of Ames, Iowa, in the amount of \$795,580.04.

2. Direct staff to pursue modifications to the project.

MANAGER'S RECOMMENDED ACTION:

The project has now been completed in accordance with approved plans and specifications, and is within the approved budget.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the 2010/2011 Concrete Pavement Improvements – Lincoln Swing (Beedle Drive to South Dakota Avenue) and Oakland Street (North Hyland to Hawthorne Avenue) as completed by Con-Struct, Inc of Ames, Iowa, in the amount of \$795,580.04.

COUNCIL ACTION FORM

SUBJECT: **SOUTH DUFF AVENUE/S.E. 16TH STREET FRONTAGE ROAD**

BACKGROUND:

In the past, staff has received complaints about the pavement condition on the frontage road south of S.E. 16th Street just east of South Duff Avenue. The existing asphalt roadway is a City street that provides access management from U.S. Highway 69 to area businesses. The Public Works Department's pavement management data showed this section of roadway as being in the category of "worst condition" with a pavement condition index of 20 or lower.

On July 26, 2011, City Council approved the redirection of G.O. Bonds in the amount of \$300,000 from the Grand Avenue Extension project to be used to reconstruct the S. Duff Avenue/SE 16th Street frontage road and Hickory Drive from Lincoln Way to Westbrook Drive. The Grand Avenue Extension project funds had previously been programmed as a match for anticipated congressionally directed funds, which were not received.

The South Duff Avenue/S.E. 16th Street Frontage Road Project rehabilitated the existing pavement through milling, full depth hot mixed asphalt patches, and placement of a new asphalt surface. On September 25, 2012, City Council awarded this project to Manatt's, Inc. of Ames, Iowa, in the amount of \$73,333.00. Construction was completed in the amount of \$83,589.89. One change order was administratively approved by staff in accordance with purchasing policy. This change order balanced the actual field installed quantities which included overrun of asphalt and patching. Engineering and administration costs were \$12,540 bringing total project costs to \$96,129.89. Remaining funds will be used for the pavement improvements on Hickory Drive.

ALTERNATIVES:

1. Accept the South Duff Avenue/S.E. 16th Street Frontage Road as completed by Manatt's, Inc. of Ames, Iowa, in the amount of \$83,589.89.
2. Direct staff to pursue modifications to the project.

MANAGER'S RECOMMENDED ACTION:

The project has now been completed in accordance with approved plans and specifications, and is within the approved budget.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the South Duff Avenue/S.E. 16th Street Frontage Road as completed by Manatt's, Inc. of Ames, Iowa, in the amount of \$83,589.89.

ApplicantName of Applicant: LJPS, IncName of Business (DBA): Olde Main Brewing CoAddress of Premises: ISU Alumni Center, 420 Beach Ave. Second FloorCity: AmesCounty: StoryZip: 50010Business Phone: (515) 232-0553Mailing Address: 316 Main StCity: AmesState: IAZip: 50010***Contact Person***Name: Jamie CourtneyPhone: (515) 291-8346Email Address: jcourtney@oldemainbrewing.comClassification: Special Class C Liquor License (BW) (Beer/Wine)Term: 5 daysEffective Date: 01/08/2013Expiration Date: 01/12/2013

Privileges:

Special Class C Liquor License (BW) (Beer/Wine)***Status of Business***BusinessType: Privately Held CorporationCorporate ID Number: 286196Federal Employer ID # 770613629***Ownership***

Len Griffen**First Name:** Len**Last Name:** Griffen**City:** Potomac**State:** Maryland**Zip:** 24854**Position** Vice President**% of Ownership** 25.00 %**U.S. Citizen****Scott Griffen****First Name:** Scott**Last Name:** Griffen**City:** Ames**State:** Iowa**Zip:** 50010**Position** President**% of Ownership** 50.00 %**U.S. Citizen****Sue Griffen****First Name:** Sue**Last Name:** Griffen**City:** Potomac**State:** Maryland**Zip:** 24854**Position** Treasure**% of Ownership** 25.00 %**U.S. Citizen*****Insurance Company Information*****Insurance Company:** Founders Insurance Company**Policy Effective Date:****Policy Expiration Date:****Bond Effective Continuously:****Dram Cancel Date:****Outdoor Service Effective Date:****Outdoor Service Expiration Date:****Temp Transfer Effective Date:****Temp Transfer Expiration Date:**

COUNCIL ACTION FORM

SUBJECT: REZONING OF PROPERTY LOCATED AT 2008 24th STREET FROM RESIDENTIAL LOW DENSITY (RL) TO RESIDENTIAL HIGH DENSITY (RH)

BACKGROUND:

On June 7, 2012, First Evangelical Free Church (property owner) and Northcrest Community (applicant) submitted a letter to the Ames City Council requesting that the City Council consider their request to grant a Land Use Policy Plan Map Change and a rezoning of the same property at 2008 24th Street from Low-Density Residential to High-Density Residential.

On July 10, 2012, the City Council passed a motion directing that the Land Use Policy Plan Map Change be processed as a “minor amendment.”

On August 2, 2012, the applicant submitted a completed application for a Land Use Policy Plan (LUPP) Map Change for analysis by City staff and consideration by the Planning and Zoning Commission and City Council. Northcrest Community intends to purchase the land from First Evangelical Free Church upon City Council approval of the LUPP Map Change and rezoning of the subject property for development as High-Density Residential.

On September 25, 2012 the City Council approved the minor amendment to change the LUPP land use designation to High Density Residential. The City Council also approved a motion for staff to work with the applicant to include conditions on the rezoning that would mirror the existing uses by Northcrest.

The City of Ames laws and policies that are applicable to this proposed rezoning are included in ***Attachment E***.

If approved, the proposed rezoning would bring the subject property into conformance with the Future Land Use Map (***see Attachment B***). The following tables provide the future land use designation and zoning of the subject property and other surrounding properties.

Direction from Subject Property	LUPP Map Designation	Zoning Map Designation
Subject Property	High-Density Residential	“RL” (Residential Low-Density)
North	Village/Suburban Residential	“S-GA” (Government/Airport)
East	High-Density Residential	“RH” (Residential High-Density)

South	Low-Density Residential	"RL" (Residential Low-Density)
West	Low-Density Residential	"RL" (Residential Low-Density)

Land uses that occupy the subject property and other surrounding properties are described in the following table:

Direction from Subject Property	Existing Land Uses/ Ownership of Properties
Subject Property	Church/ First Evangelical Free Church
North	Vacant Land/ Ames Community Schools
East	Senior Housing/ Northcrest Community
South	Single-Family Homes/ Individual Home Owners
West	Single-Family & Two-Family Homes/ Individual Home Owners

The subject area is already a developed lot and served by all City infrastructures. Public utility mains and streets are immediately adjacent to the subject property with infrastructure to serve a redevelopment of the site.

The present configuration of the subject property allows for access to the north onto 24th Street. If the rezoning is approved, it is the intent of the property owner to complete the purchase of the subject property and consolidate their existing property with the subject property into a single parcel of land.

The rezoning of this one parcel would be an extension of the "RH" (Residential High-Density) zone abutting the east property line of the subject property. The subject property is in a prime location as an infill site for high-density residential development given the access to 24th Street (a minor arterial), and access to 20th Street (a collector).

It should be noted that the Northcrest Community development abuts not only the subject property, but also presently abuts the low-density residential development to the south, occupied by single-family detached homes. Expansion of the Northcrest development would extend senior housing facilities to abut other single-family homes that front Prairie View East Street to the south and two-family dwellings that front Prairie View West Street along the western boundary of the site.

The back yards of the single-family lots to the south serve as a landscaped buffer between the houses and the subject property. It could be reasoned that the existing development as a religious institution is more intense in its nature than would be the extension of senior housing facilities on the subject property. The openness of the existing Northcrest Community development is very different than the large amount of impervious surface composed of buildings and parking lots/drives on the developed

church site. Extension of Northcrest and demolition of the existing church facilities, if developed in a manner similar to the existing senior housing facilities, would greatly increase the on-site open space and landscaped areas for storm water infiltration as compared to the more auto-dependent church development.

This zoning change to high-density residential is particularly compelling because it is a logical extension of high-density residential development to the west, and will transition to lower density development with landscaped back yards to the south and two-family dwellings to the west.

Several of the ten goal statements of the LUPP speak indirectly to this request for rezoning. However, Goal No. 5 seems to address the rezoning proposal most directly since it states that “it is the goal of Ames to establish a cost-effective and efficient growth pattern for development in new areas and in a limited number of existing areas for intensification.” Objective 5.C.states: “Ames seeks continuance of development in emerging and infill areas where there is existing public infrastructure and where capacity permits.” This site could allow for intensification of development in an already developed area by utilizing an existing infill site for development of residential units, in an area where the public utilities are already in place to serve the site.

Based upon an analysis of the proposed rezoning and laws pertinent to the applicant’s request, staff makes the following findings of fact:

1. Ames *Municipal Code Section 29.1507(2)* allows owners of 50% or more of the area of the lots in any district desired for rezoning to file an application requesting that the City Council rezone the property. The property represented by the applicant is entirely under one ownership, which meets the minimum requirements for ownership of the property requested for rezoning.
2. The subject property has been designated on the Land Use Policy Plan (LUPP) Future Land Use Map as “High-Density Residential.”
3. The “High-Density Residential” land use designation is implemented through the “RH” (Residential High-Density) zoning designation, which is what the applicant is requesting.

Based upon the analysis in this report, staff concludes that the proposed rezoning of the subject property is consistent with the Future Land Use Map, as well as the Goals and Objectives of the City of Ames Land Use Policy Plan. Staff believes the rezoning of the subject land would be a logical extension of the “RH” (Residential High Density) zoning to the east of this site.

If the zoning classification is changed to High-Density Residential but the subject property is not developed as senior housing, apartment buildings could be constructed on this land. The Zoning change could be approved with conditions that the use of the site be limited to uses, consistent with or existing on the current Northcrest senior care facility property. That could include such uses as senior housing consisting of townhome or apartment style residences, assisted living facilities, nursing care facilities

or specialized care facilities. There could also be a condition to not exceed existing building heights or be limited to 50 feet or 4 stories (this would be in line with the RM zoning district).

Recommendation of the Planning & Zoning Commission. At its meeting of November 28, 2012, with a vote of 6-0, the Planning and Zoning Commission recommended that the City Council approve the rezoning of 2008 24th Street from RL (Residential Low Density) to RH (Residential High Density) with the following conditions;

- 1) The use of the site be limited to only senior housing and/or senior services facilities, consistent with or existing on the current Northcrest senior care facility property, such as; senior housing consisting of townhome or apartment style residences, assisted living facilities, nursing care facilities or specialized care facilities, and
- 2) The maximum building height not exceed the existing building height of the current Northcrest property or 50 feet or 4 stories, whichever is lower.

Mr. David Miller, President of Northcrest, asked that the commission add language regarding “senior services” to the conditions outlined by staff. A member of the community asked the Commission if there was a study done on adjacent property values and also asked if the deal between the church and Northcrest fell through could apartments be built on the site. The Commission clarified that the conditions being discussed would limit the uses to mimic the existing Northcrest facility. Mr. Terry Dezonias, representing the First Evangelical Free Church thanked the staff for their work on this case as well as Northcrest and First Evangelical Free Church. He stated that he and the church are fully supportive of the project.

Conditions of Rezoning Request. Staff has met with the Northcrest representatives and has reviewed the Zoning Ordinance to determine what services can be permitted under the zoning classification of “RH” High Density Residential to accommodate the request from Northcrest and the condition of the Planning and Zoning Commission to allow for “senior services” on the property. Staff has found that uses listed under both categories of Group Living and Community Facilities could be limited for the property to accommodate the needs of the Northcrest facilities and still be in line with code for RH zoning. Staff also notes that a height condition as recommended by the Planning and Zoning Commission could also be included to help to minimize the impact to the surrounding properties and be consistent with the Council request to mimic the existing Northcrest facilities.

1. **Group Living:** *Defined as, “Residential occupancy of a structure by a group of people who do not meet the Household Living definition. Size is larger than the average household size. Average length of stay is 60 days or longer. Structures generally have a common eating area for residents. Residents may receive any combination of care, training, or treatment, or none of these as long as they also reside at the site.”*

Uses for the site be conditioned to include Group Living uses, limited to Assistant Living Facilities, Congregate Housing primarily dedicated to senior facilities, Hospices, and Nursing and Convalescent Homes and any

accessory recreational facilities permitted under the code accessory to the senior housing or nursing care provided on the site.

2. Community Facilities: *Defined as, “Uses generally providing a local service to people of the community. Services are generally provided on the site or employees are at the site on a regular basis. The service is ongoing, not just for special events. Community centers or facilities that have membership provisions are open to the general public to join at any time (e.g. any senior citizen could join a senior center). The use may also provide special counseling, education, or training or a public, nonprofit or charitable nature. Alternative incarceration centers are not included in this definition.”*

Uses for the site be conditioned to include Community Facilities, limited to Community Centers, Senior Centers, and any accessory uses permitted under the code that would be accessory to the senior services provided on the site such as, offices, meeting rooms, food preparation areas, health and therapy areas, day care uses primarily dedicated to senior clients, and athletic facilities.

3. **The maximum building height not exceed the existing building height of the current Northcrest property or 50 feet or 4 stories, whichever is lower.**

If agreed upon by the Council, a development agreement has been drafted that accommodates the three use conditions as outlined in the report for the rezoning of the property at 2008 24th Street.

ALTERNATIVES:

1. The City Council can approve on first reading the ordinance to rezone the land located at 2008 24th Street from “RL” (Residential Low Density) to “RH” (Residential High Density) with the conditions noted in the attached development agreement.
2. The City Council can approve on first reading the ordinance to rezone land located at 2008 24th Street from “RL” (Residential Low Density) to “RH” (Residential High Density) without conditions.
3. The City Council can deny the request for rezoning of land located at 2008 24th Street from “RL” (Residential Low Density) to “RH” (Residential High Density).
4. The City Council can defer action on this request and refer it back to City staff and/or the applicant for additional information.

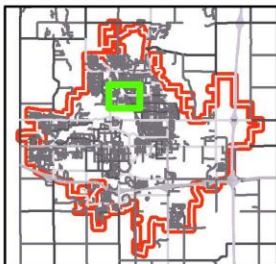
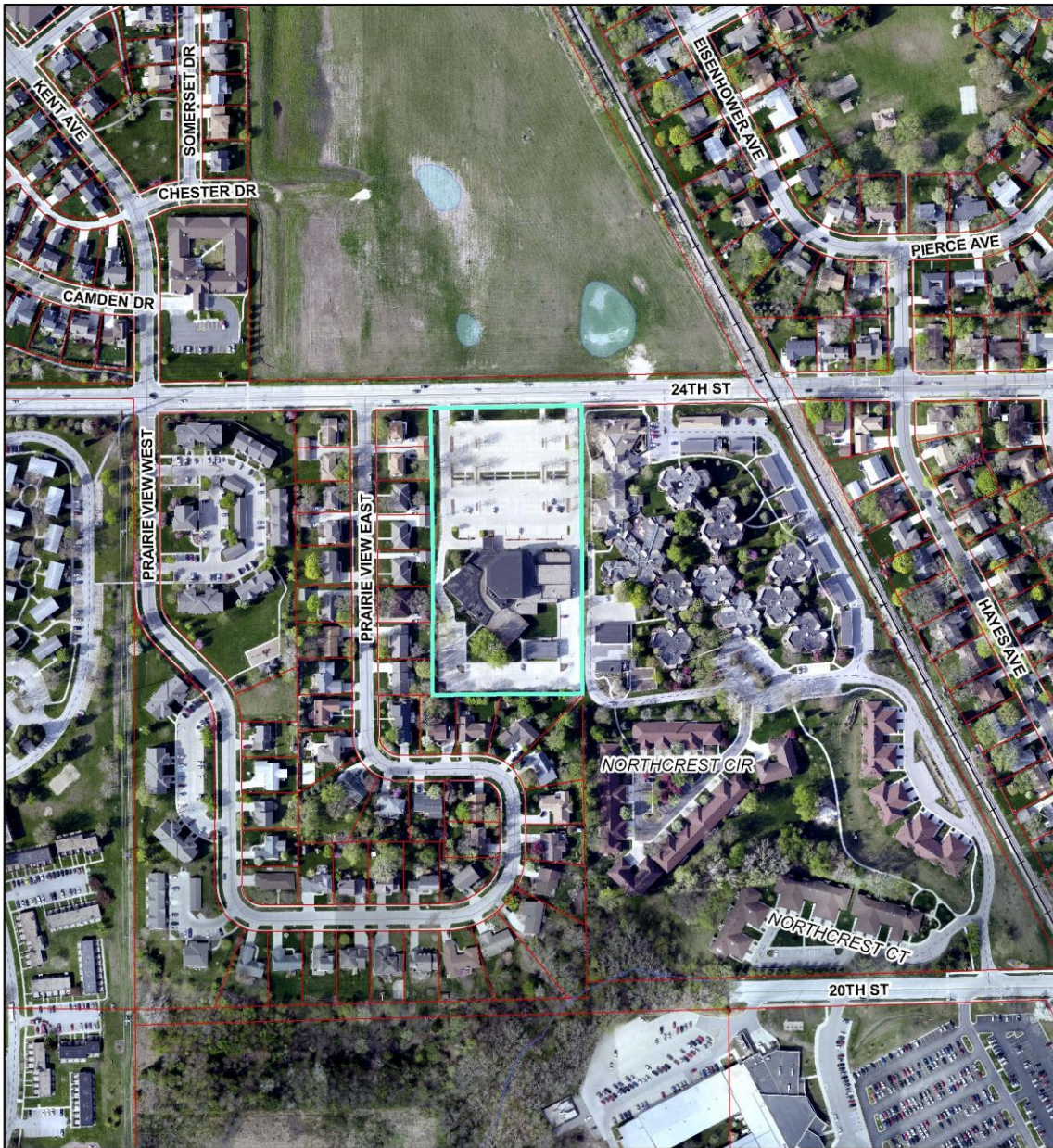
MANAGER’S RECOMMENDED ACTION:

With the inclusion of the outlined conditions of use which are in line with the request of the City Council and consistent with the City’s adopted Land Use Policy Plan, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby

approving on first reading the ordinance to rezone the land located at 2008 24th Street from “RL” (Residential Low Density) to “RH” (Residential High Density) with the conditions noted and outlined in the development agreement.

Attachment A

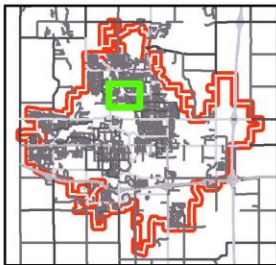
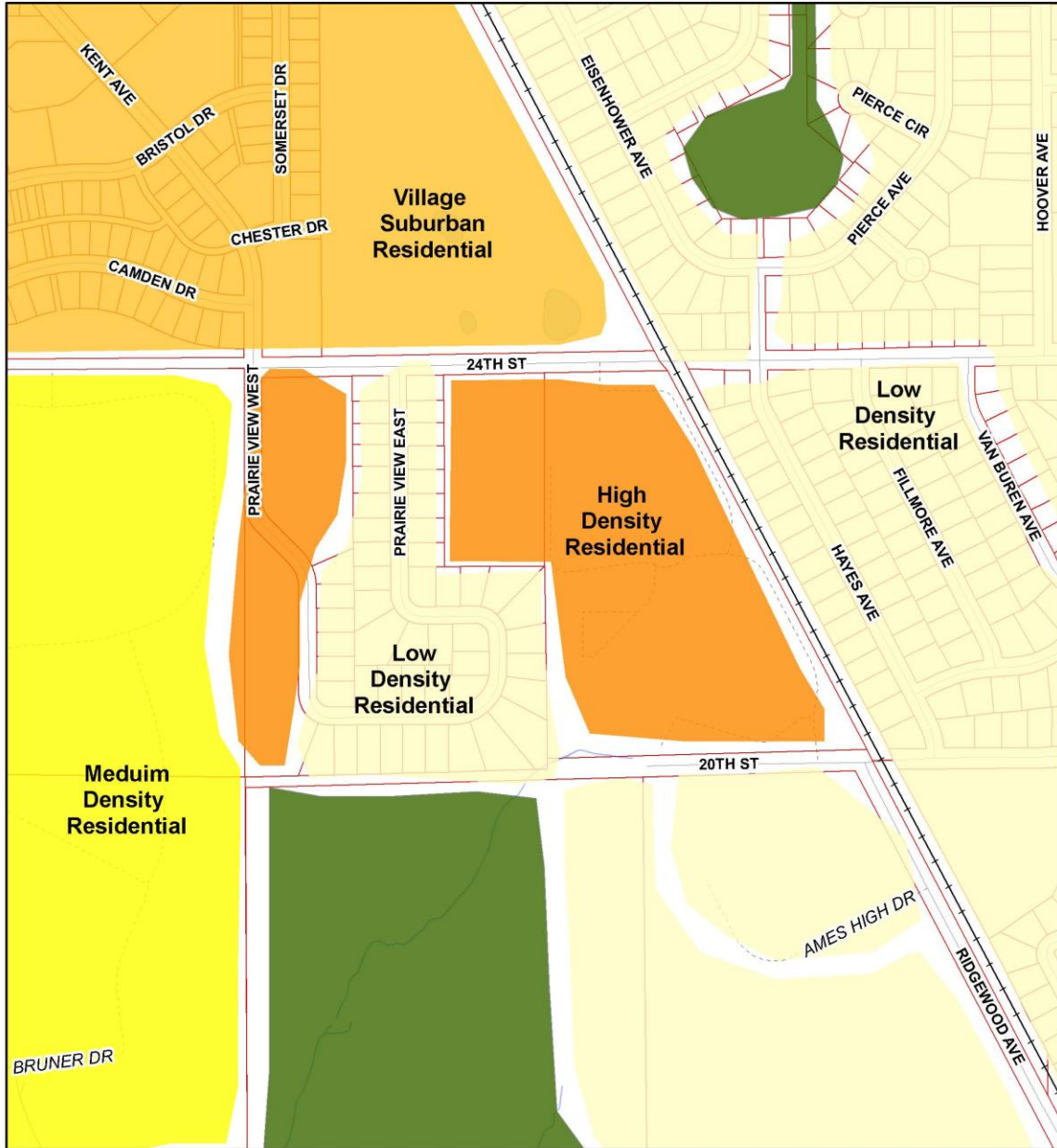
Location Map



Location Map

Attachment B

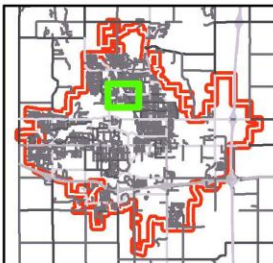
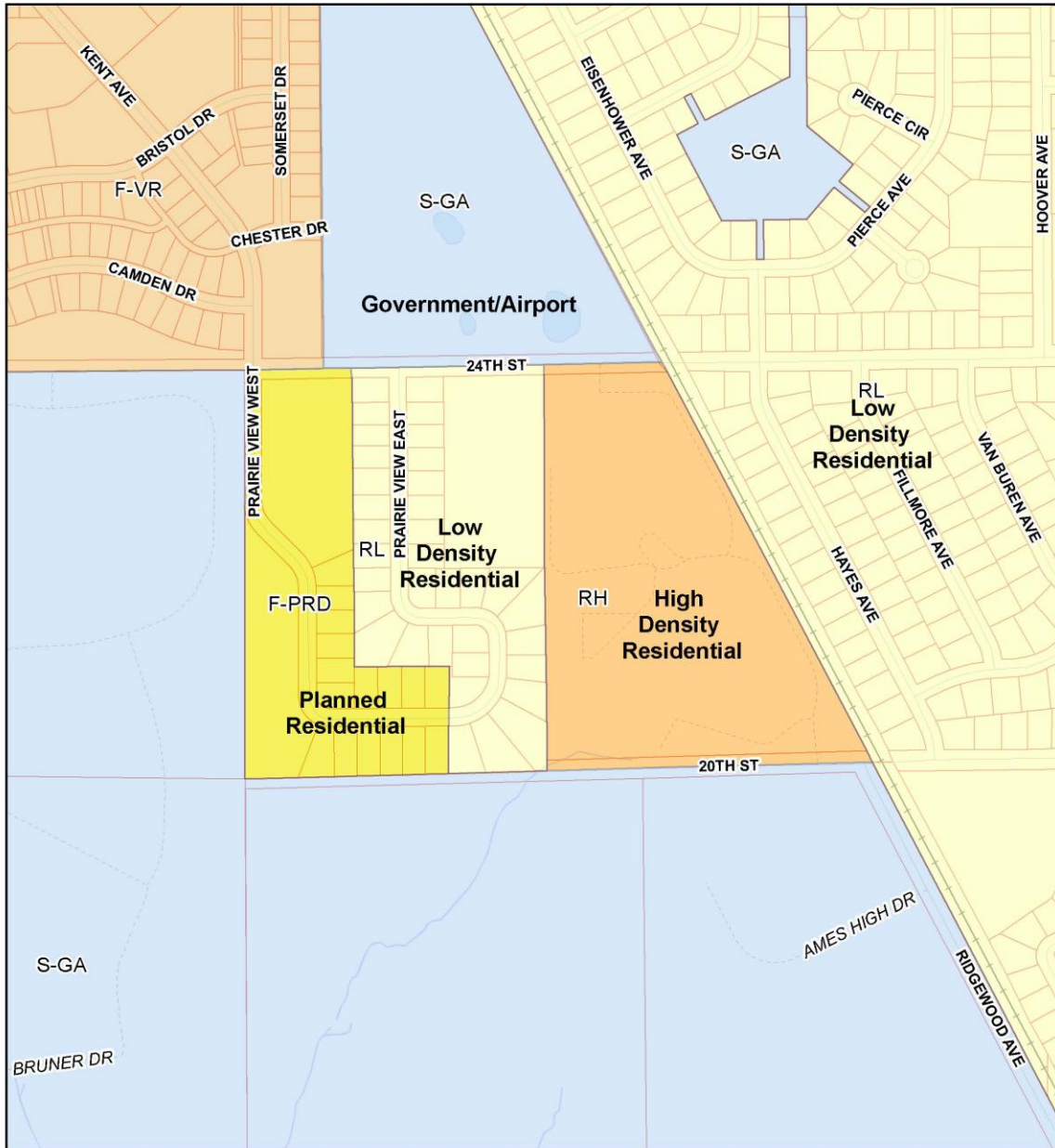
LUPP Future Land Use Map



Land Use Policy Plan Map

Attachment C

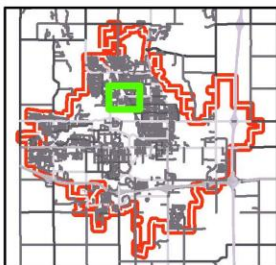
Existing Zoning



Existing Zoning

Attachment D

Proposed Zoning



Proposed Zoning

Attachment E

Applicable Laws and Policies

The laws applicable to the proposed rezoning at 2008 24th Street are as follows:

- Land Use Policy Plan (LUPP) Goals, Policies and the Future Land Use Map:

The Land Use Policy Plan (LUPP) Future Land Use Map identifies the land use designations for the property proposed for rezoning.

- *Ames Municipal Code* Chapter 29, Section 1507, Zoning Text and Map Amendments ,includes requirements for owners of land to submit a petition for amendment, a provision to allow the City Council to impose conditions on map amendments, provisions for notice to the public, and time limits for the processing of rezoning proposals.
- *Ames Municipal Code* Section 29. 701, Residential Low Density, includes a list of uses that are permitted in the Residential Low Density (RL) zoning district and the zone development standards that apply to properties in that zone.
- *Ames Municipal Code* Section 29. 704, Residential High Density, includes a list of uses that are permitted in the Residential High Density (RH) zoning district and the zone development standards that apply to properties in that zone

DO NOT WRITE IN THE SPACE ABOVE THIS LINE, RESERVED FOR RECORDER

Prepared by: Judy K. Parks, City of Ames Legal Department, 515 Clark Ave., Ames, IA 50010; 515-239-5146
Return recorded document to: City Clerk, City of Ames, 515 Clark Ave., P.O. Box 811, Ames, IA 50010

**DEVELOPMENT AGREEMENT PERTAINING TO
NORTHCREST EXPANSION SITE LOCATED AT 2008 24th STREET**

THIS AGREEMENT, made and entered into this ____ day of January, 2013, by and between the City of Ames, Iowa (hereinafter called “City”) and Northcrest, Inc. (hereinafter called “Developer”), their successors and assigns.

WITNESSETH THAT:

WHEREAS, First Evangelical Free Church owns property located at 2008 24th Street on which they have their main church structure and accessory uses, and Northcrest, Inc., is the owner of the property immediately to the south and abutting that of the church; and

WHEREAS, Northcrest, Inc., operates a continuing care retirement facility on the property immediately east of First Evangelical’s property, but Northcrest, Inc., finds that it needs additional land onto which it can expand its facilities; and

WHEREAS, the two entities have reached agreement whereby First Evangelical Free Church would sell its church building and land to Northcrest, Inc., contingent on a rezoning of the church parcel to allow for expansion of Northcrest’s facilities; and

WHEREAS, this proposal has been considered in open public meeting by the Ames City Council and conceptually approved with the first step being a Land Use Policy Plan map change; and

WHEREAS, the next step in furthering this would be a rezoning of the property, which the City has determined is appropriate if certain conditions are met; and

WHEREAS, this Agreement is to memorialize the conditions under which a rezoning is appropriate.

NOW, THEREFORE, the City and Northcrest, Inc., have agreed and do agree as follows:

I.
PURPOSE

- A. It is the purpose of this agreement to:
 - 1. Document, record and give notice of a certain plan of development with specific allowed uses and development conditions binding upon Developer as the prospective purchaser of this property, pursuant to which the City of Ames will rezone the property located at 2008 24th Street from RL (Low Density Residential) to RH (High Density Residential).
 - 2. Provide remedies to the City in the event the said plan of development is not adhered to or achieved by Developer.
- B. This agreement does not create or vest in any person, entity or organization, other than the City, any rights or cause of action with respect to any performance, obligation, plan, schedule or undertaking stated in this agreement with respect to the Developer. This agreement does not prevent the City from amending, modifying or releasing the Developer from some or all of the provisions of this agreement. No person shall have any cause of action or recourse against the City or Developer by reason of any such amendment, modification or release.

II.
CITY'S REMEDIES

- A. In that the Developer seeks to persuade and induce the City to approve a rezoning of the property for the development and improvement based on specific uses and intensities of development, the City shall not approve a Minor Site Development plan nor shall it issue a demolition permit, building permit, occupancy permit or any other approval or permit of the City with respect razing, excavation, construction, reconstruction, remodeling or use on the site unless said work and use are undertaken in accordance with the provisions of this agreement. No occupancy permit shall be granted for any use on the site which is not in conformance with the provisions of this agreement.
- B. All ordinances, regulations and policies of the City now existing, or as may hereafter be enacted, shall apply to the site.

III. USE RESTRICTIONS

A. Uses Restricted to Group Living and Community Facilities.

1. The Developer agrees that it shall restrict its uses on this site to either Group Living or Community Facilities, as follows:

Group Living is defined as “Residential occupancy of a structure by a group of people who do not meet the Household Living definition under the City of Ames Zoning ordinance. Size is larger than the average household size. Average length of stay is 60 days or longer. Structures generally have a common eating area for residents. Residents may receive any combination of care, training or treatment, or none of these, as long as they also reside at the site.”

Uses that the City will allow under “Group Living” that fit within the Developer’s intent are Assistant Living Facilities, Congregate Housing primarily dedicated to senior facilities, Hospices, Nursing and Convalescent Homes. Recreational facilities are the only permitted accessory use, defined as any building, structure, portions thereof, land or water designed and used for exercise, relaxation or enjoyment. These facilities shall be primarily dedicated to senior users.

Community Facilities are defined as “Uses generally providing a local service to people of the community. Services are generally provided on the site or employees are at the site on a regular basis. The service is ongoing, not just for special events. Community centers or facilities that have membership provisions are open to the general public to join at any time (e.g. any senior citizen could join a senior center). The use may also provide special counseling, education or training of a public, nonprofit or charitable nature. Alternative incarceration centers are not included in this definition.”

Uses that the City will allow under Community Facilities that fit within the Developer’s intent are Community Centers and Senior Centers. Accessory uses can include offices, meeting rooms, food preparation areas, health and therapy areas, day care uses primarily dedicated to senior care, and athletic facilities primarily dedicated to senior users.

IV.
BUILDING HEIGHT RESTRICTION

A. Height restriction

The Developer agrees that it shall restrict the height of structures at or on this site to a maximum building height that does not exceed the existing building height of the current Northcrest, Inc., property, or fifty (50) feet, or four (4) stories, whichever is lower, for all buildings on this site.

V.
COVENANT WITH THE LAND

This agreement is binding on the premises legally described as follows:

The west one-half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 34, Township 84 North, Range 24 west of the 5th P.M., Ames, Story County, Iowa.

It is expressly understood that the terms and obligations of this agreement shall survive and remain in effect for the above-described premises regardless of whether these premises are consolidated or replatted with other land at a future time.

The obligations created by this agreement shall run with the land and shall be binding upon the Developer, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed effective as of the date first above written.

CITY OF AMES, IOWA, GRANTEE

By: _____
Ann H. Campbell, Mayor

Attest by: _____
Diane R. Voss, City Clerk

STATE OF IOWA, COUNTY OF STORY, ss:

On this _____ day of _____, 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared Ann H. Campbell, Mayor, and Diane R. Voss, City Clerk, to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Notary Public in and for the State of Iowa

NORTHCREST, INC., GRANTOR

By: _____
David Miller, President

By: _____
Harris Seidel, Secretary

STATE OF IOWA, COUNTY OF STORY, ss:

This instrument was acknowledged before me on _____, 2013, by David Miller and Harris Seidel, as President and Secretary, respectively, of Northcrest, Inc.

Notary Public in and for the State of Iowa

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF AMES, IOWA, AS PROVIDED FOR IN SECTION 29.301 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA, BY CHANGING THE BOUNDARIES OF THE DISTRICTS ESTABLISHED AND SHOWN ON SAID MAP AS PROVIDED IN SECTION 29.1507 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HERewith AND ESTABLISHING AN EFFECTIVE DATE

BE IT HEREBY ORDAINED by the City Council of the City of Ames, Iowa;

Section 1: The Official Zoning Map of the City of Ames, Iowa, as provided for in Section 29.301 of the *Municipal Code* of the City of Ames, Iowa, is amended by changing the boundaries of the districts established and shown on said Map in the manner authorized by Section 29.1507 of the *Municipal Code* of the City of Ames, Iowa, as follows: That the real estate, generally located at 2008 24th Street, is rezoned from Residential Low-Density (RL) to Residential High-Density (RH).

Real Estate Description: The West one-half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 34, Township 84 North, Range 24 West of the 5th P.M., Ames, Story County, Iowa, containing 5.07 acres, which includes 0.25 acres of existing public Right-of-Way.

Section 2: All other ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 3: This ordinance is in full force and effect from and after its adoption and publication as provided by law.

ADOPTED THIS _____ day of _____, 2012.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

Staff Report

Post-Annexation LUPP Designations

January 8, 2013

Prior to the adoption of the Ames Urban Fringe Plan in 2007, the City's Land Use Policy Plan had land use designations within the City that were the same as outside the City. For instance, outside the City, an area would be designated Village/Suburban Residential. After the land was annexed, it would retain that LUPP designation.

With the adoption of the Ames Urban Fringe Plan, a new designation was created for areas outside the city limits intended for residential development. This Urban Residential designation is similar to Village/Suburban Residential, although the different terminology does not allow for the automatic reassigning of the LUPP designation after annexation.

It was discovered during the recent Rose Prairie annexation that, after annexation in 2011, there was no LUPP designation assigned to it. Therefore, as part of the Athen and Quarry Estates annexation requests, City staff asked the applicants to submit an application for an LUPP map amendment. The intent, at this point, is to process both the annexation and the LUPP map amendment so that the City Council can take action on them simultaneously.

However, there are several issues to consider with this process. One is that the process of an annexation and of an LUPP map amendment are different so that assuring that the public hearings on each occur at the same Council meeting cannot be guaranteed.

Two is that, at least in the case of the Athen request, the property just went through a long process for an LUPP amendment (from Priority Transitional Residential to Urban Residential). An additional amendment process might lead to confusion among all the neighbors who participated in the previous amendment process. (Quarry Estates was designated as Urban Residential in 2010.)

One possible option presents itself in the LUPP and the zoning ordinance. The LUPP already notes that "New Lands" are intended to include those areas designated as Urban Services Area in the Urban Fringe Plan (LUPP, p. 53). New Lands are intended to be developed as villages or as suburban residential. These development types are accomplished with the LUPP designation of Village/Suburban Residential.

Under current policy, the assigning of an LUPP designation is not automatic; it requires a deliberate action by the City Council. However, upon annexation, *zoning is automatic*. Section 29.302 assigns an Agricultural zoning classification when a tract of land is annexed. The City Council then would change it through the specified process for a

zoning map amendment. Under this proposal, the zoning process or designation will not change.

Using the language of the zoning ordinance as a model, language can be incorporated into the LUPP that would automatically allow for the designation of newly-annexed property consistent with the LUPP. Since the Urban Fringe Plan allows for annexation only of land designated Urban Services, it would be possible to assign LUPP designations that correlate directly with the Urban Fringe designations. Urban Residential would become Village/Suburban Residential. The other Urban Fringe Plan designations of Planned Industrial, Community Commercial Node and Convenience Commercial Node would carry over into the LUPP map.

In addition, language in the LUPP can be incorporated that designate Natural Areas in the Urban Fringe Plan as Environmentally Sensitive Areas in the LUPP. The descriptions of these land uses are similar and are intended to designate areas of steep slopes, flood plains and areas of natural vegetation.

By adopting changes that assign LUPP designations automatically upon annexation, the City can be more responsive to customer timetables. Staff and City Council time can be used more efficiently. And multiple similar (but different) processes for a single tract of land can be avoided.

With the City Council's direction, City staff can prepare language to amend the LUPP to allow the automatic assigning of LUPP designations of lands following annexation. Language to incorporate these changes can be developed and submitted to the Planning and Zoning Commission as a minor text amendment to the LUPP. This amendment would likely be incorporated into Appendix C: Land Use Policy Plan Amendment Process. This amendment could be brought back to the City Council in late February for approval.

If this change was ultimately adopted by the City Council, it would apply to the pending Athen and Quarry Estates annexation requests. It would also apply to the previously approved Rose Prairie annexation.

Staff Report

North Growth Annexation

January 8, 2013

In 2010, the City Council amended the Land Use Policy Plan to designate land extending west of the Oaks Golf Course to George Washington Carver Avenue as the North Growth Area. In 2011, the City Council approved the annexation of Rose Prairie. That annexation was preceded by an agreement that, among other things, identified how the property owners along Grant Avenue (including the City) would contribute for the paving of that road. Rose Prairie signed and the City executed that agreement prior to annexation. During this same time, Quarry Estates signed a similar developer agreement, but it was not approved by the City Council since not all of the three developers signed the annexation agreements. The developers for Lots 2 and 11, as reflected on the attached map, chose not to execute an agreement regarding the reimbursement for the extension of the infrastructure along Grant Avenue.

Subsequently, on July 6, 2012 the City of Ames received an annexation petition from Kurt Friedrich for the Quarry Estates property. More recently, on December 21, 2012 the City also received an annexation petition from Chuck Winkleblack for the Athen property. A map is attached showing the North Growth Area, followed on the next page by an index identifying the individual property owners. A separate annexation agreement(s) still needs to be prepared for the Athen annexation for the cost-sharing of the sanitary sewer improvements, the zoning use limitations, and to require the proposed senior living facility.

The first step in any request for annexation is for the City Council to accept the application and refer it to the Planning and Zoning Commission for a recommendation. This referral also triggers a number of steps outlined in the Code of Iowa, Chapter 368 concerning consultations with Township Trustees and the Board of Supervisors, notification of abutting property owners and public utilities, and a public hearing.

The City Council should refer the annexation petitions only if 1) the proposed annexation is consistent with the Allowable Growth Areas of the Land Use Policy Plan and 2) any required annexation agreement is ready or expected to be ready by the time the City Council is asked to act on the annexation. In this case, if the City Council were to refer the Quarry Estates and Athen petitions on January 8th, a public hearing would be held on March 26 and action would be scheduled for April 9 (or some other date if the necessary agreements are not yet ready).

Another issue to consider is a strategy to ensure that other areas in the North Growth Area are not precluded from a later annexation. State law allows for a voluntary annexation to include up to 20 percent of land owned by non-consenting owners. The Quarry Estates petition, as currently submitted, contains 85.45 acres, of which 81

percent is consenting. The 121.02 acres of the Athen property is 100 percent consenting.

However, the Hunziker/Sturgis property south of Rose Prairie does not have a sufficient number of consenting land owners. Because conversations with those land owners indicate a very low interest, it is likely that only 56 percent of these 129.27 acres would seek voluntary annexation. Therefore, this area would not be able to be annexed under the 80/20 rule unless the landowners changed their position regarding annexation.

Staff, therefore, is suggesting two options for the City Council to consider.

Option One

The City Council can forward either or both the Quarry Estates (Area C) and Athen (Area A) annexation petitions to the Planning and Zoning Commission and begin the necessary steps to bring these to a public hearing on March 26. Concurrently, staff would continue to develop the annexation agreements so that each applicant would have time to review and sign it prior to the request for action in April (or soon thereafter). If ultimately approved by the City Council, these annexations would result in an annexation of 226 acres.

Pros: This process would lead to newly annexed land by the end of the spring with, at least in the case of the Athen property, possible rezoning and subdivision soon to follow.

Cons: This process would make the annexation of the larger Hunziker property (Lot 2 in Area B) problematic in the future. If the interests of the various parties don't change, this large part of the North Growth Area could be annexed only by property owners lying west of the railroad track seeking voluntary annexation to achieve the 80/20 ratio; or by an involuntary annexation process (a process the City has traditionally tried to avoid due to the high costs, time involved, and political considerations). Without an agreement with Hunziker on the cost-sharing of Grant Avenue paving, it would be very difficult to find another mechanism to pay for the Grant Road improvements except for totally City tax funding. Any development in Quarry Estates or Rose Prairie will need Grant Avenue paved in order to provide safe and direct access to other parts of the community.

Option Two

The City Council can choose not to forward the annexation petitions at this time. Instead, the Council can direct staff to finish the annexation agreements with Quarry Estates and Hunziker for Areas B and C and further require that Hunziker seek annexation, not only for the Athen property and the 12-acre parcel located south of the Quarry Estates property on the east side of Grant Avenue, but also for the 70-acre parcel south of Rose Prairie and on the west side of Grant Avenue (Lot 2 in Area B).

The combined annexation of Areas A, B and C comprises 355 acres, of which 82 percent would be consenting. This would allow the entire area to be annexed under the 80/20 rule as allowed by State Code.

Pros: This process would annex nearly all of the North Growth Area identified in the LUPP. It would also, with the annexation agreements in place, have funding mechanisms in place for all the costs associated with developing the entire 355 acres. These 355 acres, in addition to the 170-acre Rose Prairie development (annexed in 2011), would likely accommodate all the growth needs of the City for some time.

Cons: This process would delay the beginning of the annexation process for Quarry Estates and the Athen property by two to four weeks. This delay is only needed for Hunziker to prepare and submit annexation petitions for the 12-acre and 70-acre parcels along Grant Avenue. This approach would also involve the non-consenting annexation of eight individual landowners comprising about 64 acres. Most of these landowners are also residents of the land which the City seeks to annex.

The City Council can, by motion, select either option. If the Council selects Option One, there will be a consultation with the Franklin Township trustees and the Story County Board of Supervisors on January 22. The Planning and Zoning Commission will provide a recommendation on the annexation at their meeting on February 6. The City Council will conduct a public hearing on the annexation on March 26. Action could occur at the following meeting.

If the City Council selects Option Two, staff will finalize an annexation agreement that will provide a cost-sharing arrangement for the paving of Grant Avenue. Hunziker would prepare and submit annexation petitions for their properties in Area B and Area C. Staff would begin the annexation process for all of Areas A, B, and C concurrent with finalizing the annexation agreement with Hunziker.

Staff Comments

City policy is to allow development only if full City services and infrastructure are provided. In this case, that includes the paving of Grant Avenue. But because of the multiple owners along Grant Avenue and the anticipated costs of the road improvements, an agreement that commits all three developers plus the City to pay their share of the road is the best identified mechanism that would result in a paved, improved road.

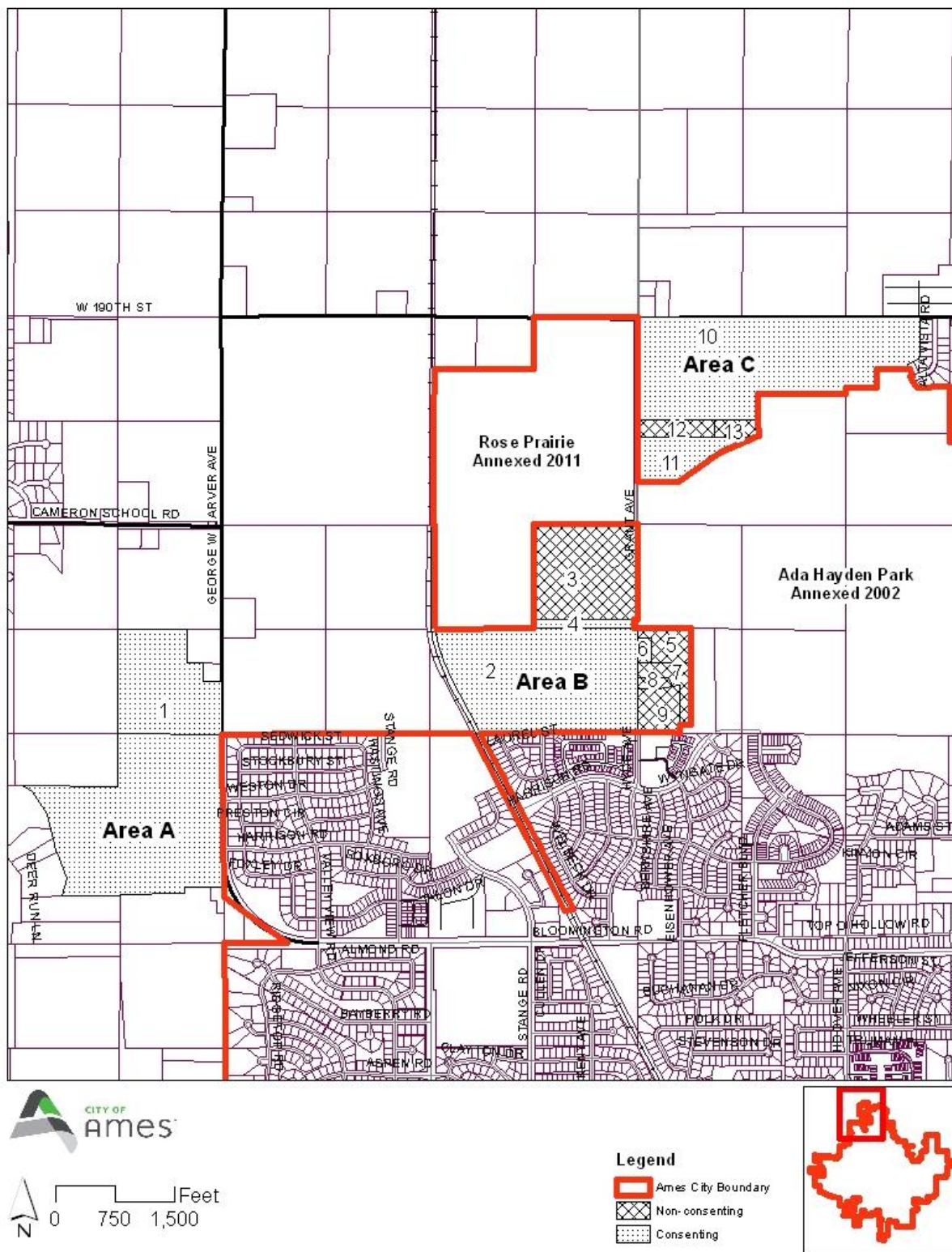
If the City Council wishes to move forward immediately with an annexation process for Athen and Quarry Estates, the Council should select Option One. However, it may lead to residential development along an unpaved County road (Grant Avenue) since the City has no mechanism in place to pay for total road improvement. This option, on the other hand, would create new housing in the Athen property rather quickly (since no major extensions of utilities are needed). Quarry Estates would develop a bit slower as the City would still need to extend sanitary sewer and water to the north.

If the City Council wishes to ensure that developers pay for the cost of Grant Avenue prior to approving any of the annexation requests, the Council should select Option

Two. This would allow the annexation and development of 355 acres to move forward with two to four weeks delay.

Based on previous comments from the City Council, it appears that the City Council wishes to ensure that the Athen annexation occurs in concert with development along Grant Avenue where a financial commitment to extend water and sewer lines by the City have already been made. Therefore, it appears that Option Two would be the Council's preferred alternative.

ANNEXATION MAP



OWNERSHIP LIST

This table identifies the owners of land within the three areas noted in the staff report. Column 1 is the number corresponding to the map on the previous page. Columns 2 and 3 are the owners and total acres of their land. Column 4 is the total acres seeking annexation with the presumption that the major landowners (Athen, Quarry Estates, Hunziker will seek annexation). So far, only Athen and Quarry Estates have petitioned for annexation. Column 5 is the percent of consenting owners within each area and overall.

Map Index	Name	Gross Acres	Consent?	Percent Consent
	Area A			
1	Athen	121.02	Y	
	Subtotal	121.02	121.02	100.00
	Area B			
2	Hunziker	69.80	Y	
3	Sturgis	36.12		
4	Fidelity	3.42	Y	
5	Eness	5.43		
6	Eness	1.24		
7	Eness	5.10		
8	Gregg	1.17		
9	Hamblin	6.99		
	Subtotal	129.27	73.22	56.64
	Area C			
10	Quarry Estates	85.45	Y	
11	Hunziker	12.00	Y	
12	Frame	4.84		
13	Frame	2.83		
	Subtotal	105.12	97.45	92.70
	Total	355.41	291.69	82.07

Area A and Area B, each, have a high enough percentage of owners consenting to annexation to proceed. Area C does not. However, if all three areas are combined as a single annexation, the percentage is high enough (82.07%) to proceed with an annexation under the 80/20 rule allowed by state law.



City Attorney's Office

515 Clark Avenue, P. O. Box 811
Ames, IA 50010
Phone: 515-239-5146 • Fax: 515-239-5142

January 4, 2013

The Honorable Ann H. Campbell, Mayor,
and Members of the City Council
of the City of Ames, Iowa

Re: Engagement of Counsel to Provide Legal Assistance on As-Needed Basis

Dear Mayor Campbell and Council Members:

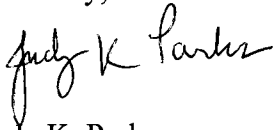
After consulting with my department staff, and in consideration of some of the large-scale and long term projects that are ongoing within the City, I am recommending that the City retain legal counsel with a general practice to be utilized on an as-needed basis over the next five to six months while we are without a City Attorney. Due to the short deadlines that we often face, and considering the complex legal issues in the areas of public improvements, contracting, personnel and labor bargaining, the City would benefit from having an additional legal resource to turn to during the times when two attorneys cannot manage the workload in a prudent and diligent manner.

Our office has experience working with the Dorsey & Whitney firm and we have always found them to be attentive, diligent, competent, and thorough. The firm specializes in the areas of public finance, civil litigation, health care, employment and administrative law. The firm is also large enough to be able to handle additional work from the City on short notice. I believe that having this firm engaged and able to handle multiple areas of the law would be far more effective than using several different firms for the various areas of law that we handle. In contacting them to explore the possibility of using their services on an 'as-needed' basis, the firm has indicated the desire to go forward on this basis and has provided an engagement letter.

Operationally, the Legal Department would anticipate that when a project is identified as appropriate for outside counsel to handle, your approval would be sought before doing so. The specific Dorsey attorney(s) could then be ascertained so that sufficient funds would be budgeted for the work they would be doing. A representative rate schedule for has been attached so you have an idea of what rates will be.

I am requesting authorization to enter into this engagement and retainer agreement with Dorsey & Whitney LLP for legal services with an initial amount of up to Fifty thousand dollars (\$50,000.00) to be designated for that purpose.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judy K. Parks".

Judy K. Parks
Acting City Attorney

Dorsey & Whitney Hourly Rate Schedule

* It is important to note that Dorsey has indicated that almost all projects will be billed on a per project basis, rather than an hourly basis.

According to the firm, these are the hourly rates for the individuals who would most likely be working on City assignments.

Name	Rate per hour
Ed McIntosh	\$465
Angela Dralle	\$345
John Danos	\$340
Bill Miller	\$295
Amy Bjork	\$275
Alissa Smith	\$255
Sarah Mick	\$225

COUNCIL ACTION FORM

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR
ENDED JUNE 30, 2012

BACKGROUND:

Eide Bailly LLP, Certified Public Accountants, have audited the City's financial statements as of and for the year ended June 30, 2012, and expressed their opinion on these statements based on their audit.

The auditor's opinion is included in the Comprehensive Annual Financial Report (CAFR) of the City of Ames. The CAFR also contains the financial statements as prepared by City staff and management. In the auditor's opinion, the information, as presented, is accurate in all material respects and presents in a fair manner the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City.

The auditor's report is an unqualified, or "clean," opinion with no material weaknesses identified or significant deficiencies noted. For this fiscal year, there were also no recommendations for improvement included in the report.

Also included with the report is the management letter that further explains the audit process and provides management with information on pending accounting pronouncements.

ALTERNATIVES:

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

MANAGER'S RECOMMENDED ACTION:

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

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



December 19, 2012

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City) for the year ended June 30, 2012. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), or the financial statements of the component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit is based on the reports of the other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 4, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Ames, Iowa, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the cost of contributed infrastructure from developers is based on estimated unit cost on City funded projects. We evaluated the key factors and assumptions used to develop the contributed infrastructure costs in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the landfill closure and postclosure care liability is based on third-party engineering cost studies and capacity estimates. We evaluated the key factors and assumptions used to develop the landfill closure and postclosure care liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits liability is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred but not reported health, workers' compensation, liability, and long-term disability insurance liabilities are based on third-party administrator calculations and estimates. We evaluated the key factors and assumptions used to develop the incurred but not reported liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements noted in performing the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 19, 2012.

To the Honorable Mayor and
Members of the City Council
City of Ames, Iowa
Page 3

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings of Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Sincerely,

EIDE BAILLY LLP

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



CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2012



Ames Intermodal Facility

CONNECTIONS TO CYRIDE, JEFFERSON, BURLINGTON, EXECUTIVE EXPRESS, HIRTA

The theme for this year's Comprehensive Annual Financial Report is the Ames Intermodal Facility, opened to the public in the summer of 2012.

Photographs of the building and grounds are spread throughout the pages with each tab providing information about the project.

Thanks to the following for sharing their photography talents:

Duane Pitcher, Finance Director

Susan Gwiasda, Public Relations Officer

Jenny Bethurem, Assistant Transit Operator

CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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, 2012**

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City of Ames
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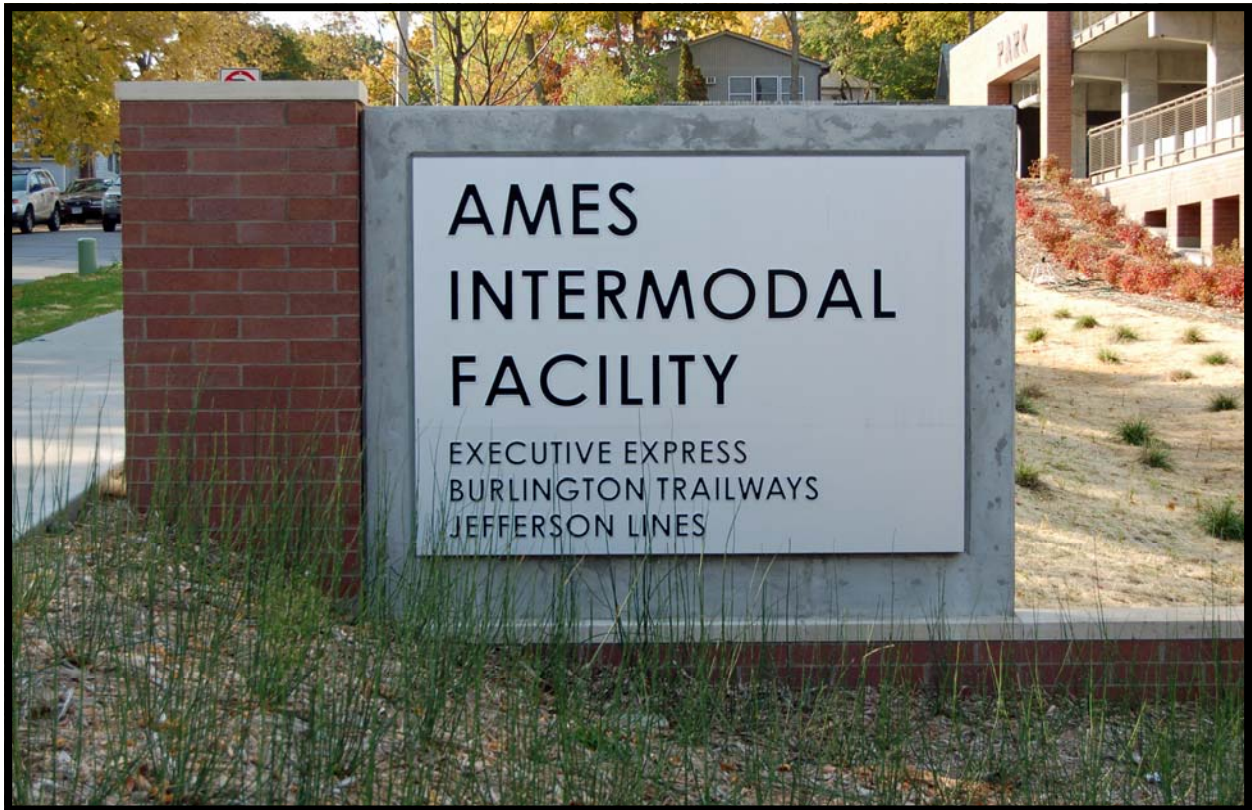
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INTRODUCTORY SECTION



The \$9.2 million Ames Intermodal Facility Transportation Hub was funded through the U.S. Department of Transportation's American Recovery and Reinvestment Act of 2009 and Iowa's intercity bus program. The facility includes 384 parking spaces for short- and long-term use, bike path connections to the community with shower and bike locker facilities, bus terminal for intercity and regional carriers, connections to CyRide one block away, 20 free parking spaces for qualified car and vanpool participants, taxi stand for transportation within the community, and public restrooms for the Campustown Business District.



December 19, 2012

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

The City of Ames, Iowa (City) is required by the Iowa Code to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2012, 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 unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2012. The independent auditor's report is presented as the first component of the financial section in this report.

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

Profile of the City of Ames

The City was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is located in central Iowa, 30 miles north of Des Moines. Ames is the eighth largest city in Iowa and serves a population of 58,965, according to the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

Local economy

The City is supported by a diverse economy, which relies on both the private and public sectors. The City is home to several large governmental agencies including Iowa State University, Iowa Department of Transportation, the USDA National Animal Disease Center and National Veterinary Services Laboratories, and a U.S. Department of Energy research lab. The University and other government employers add significant local economic stability that has resulted in an unemployment rate that has been below the national and state averages for the past thirty years. In September 2012, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the 3rd lowest unemployment rate in the nation at 3.0%, well below the national rate of 7.6% and Iowa rate of 5.2%. The Ames MSA unemployment number reflects an improvement from the September 2011 rate of 4.3% and is a reflection of the overall strength of the local economy. The City has also experienced steady growth in population with population increasing from 50,731 in the 2000 census to 58,965 in 2010, a 16 percent increase over the ten years.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The taxable valuation for property in Ames grew 3.3% from January 2010 to January 2011. Along with population growth, there has been a corresponding growth in employment resulting in a slightly lower unemployment rate for 2012.

The City's economic development efforts continue to be targeted toward companies that desire a highly-educated workforce with specialization in areas such as veterinary medicine, bio-fuels, and agricultural research. The *Atlantic Monthly* named Ames one of the top 25 places for new college graduates in 2012.

The technology sector continued to expand in Ames as Solum, Inc., a Mountain View, California-based agricultural technology company that develops advanced measurement systems and software for soil testing, opened a state-of-the-art soil analysis facility in Ames. DuPont Danisco Cellulosic Ethanol, LLC is constructing a plant just outside Ames and will continue to make the Ames area a leader in the bio-fuels industry. Ames-based biodiesel producer Renewable Energy Group recorded record earnings in 2011, and company leaders were recognized as Entrepreneur Of the Year by Ernst & Young. Growth of companies in the Iowa

State University Research Park, such as WebFilings, LLC and Boehringer Ingelheim Vetmedica have led to plans for a 100-acre addition to the park.

The retail and service sectors have also seen continued growth as Mary Greeley Medical Center, an Ames-based, regional hospital, is well under way on a \$129 million expansion and renovation of the Ames facility. The North Grand Mall is well under way on a \$30 million project that will expand and reconfigure 150,000 square feet of retail space. Iowa State University has announced a record enrollment in the fall of 2012, with the total number of students exceeding 30,000 for the first time. Strength in the agricultural and engineering programs contributed to much of the increase.

Long-term financial planning and major initiatives

Construction was completed and a ribbon-cutting ceremony was held for an intermodal facility to serve the Iowa State University and Campustown area, providing nearly 400 parking spaces as well as additional retail space and connections to various transit and transportation options.

The City Council approved a project for expansion of utilities for residential growth to the north of the city and to the east for commercial and industrial expansion. These projects will provide for several years of incremental growth at the current rate.

A \$20 million expansion and renovation project for the Ames Public Library has begun. The plans for the project have been approved and temporary space has been leased for operations while construction is underway.

The water utility began planning for a water treatment plant and has already acquired land for the facility. The sanitary sewer utility began a wastewater disinfection project. The storm water and electric utilities completed rate restructure projects.

Capital projects for the downtown street improvements include streetscape amenities and work on a sanitary sewer system evaluation. Plans for major street maintenance and reconstruction were expanded based on citizen feedback.

Relevant financial policies

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

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

Awards and acknowledgements

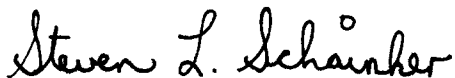
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2011. This is the 33rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2012. To qualify for this award, the City's budget document had to be judged proficient as a policy document, an operations guide, a financial plan, and a communication device. This is the 25th consecutive year the City has received this award.

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

Respectfully submitted,



Steven L. Schainker
City Manager



Duane R. Pitcher, CPA, CPFO
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ames
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Davidson

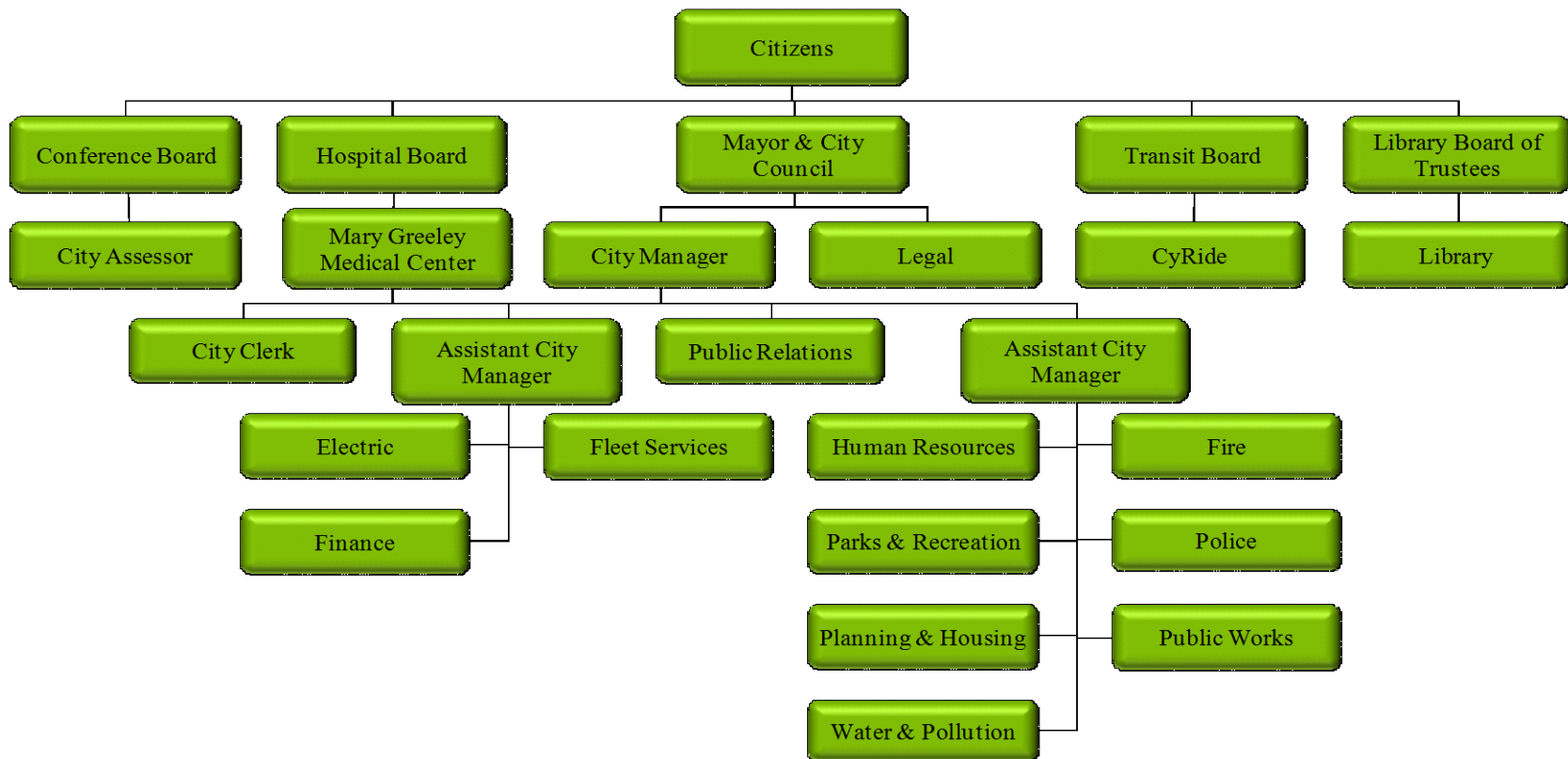
President

Jeffrey R. Emer

Executive Director



Organizational Chart



**City of Ames
List of Elected and Appointed Officials
June 30, 2012**

Elected Officials:

Mayor	Ann Campbell
Council Member – Ward One	Thomas Wacha
Council Member – Ward Two	Jami Larson
Council Member – Ward Three	Jeremy Davis
Council Member – Ward Four	Victoria Szopinski
Council Member – At Large	Matthew Goodman
Council Member – At Large	Peter Orazem

Council – Appointed Officials:

City Manager	Steven Schainker
City Attorney	Doug Marek

City Manager – Appointed / Council – Approved Official:

City Clerk	Diane Voss
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City Manager – Appointed Officials:

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

Other Officials:

Director of Transportation	Sheri Kyras
Library Director	Vacant

Hospital Administration:

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



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Ames, Iowa. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), which is both a major fund and 59 percent, 51 percent, and 64 percent, respectively, of the assets, net assets, and revenues of the business-type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net assets, and revenues of the component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

Dubuque, Iowa
December 19, 2012

FINANCIAL SECTION



The Jefferson Lines and Burlington Trailways buses provide service to Des Moines, Cedar Rapids, Chicago, Denver, Omaha, Indianapolis, St. Louis, and other cities. These transportation companies provide drop off/pick-up at the Intermodal Facility, but do not house any vehicles there.



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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$648,900,261 (*net assets*). Of this amount, \$261,982,897 represents unrestricted net assets, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$42,751,751, primarily because of changes in utility rates and increased activities of Mary Greeley Medical Center (the hospital).
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$36,174,031, an increase of \$2,894,050 in comparison with the prior year. Approximately 21.05% of this amount (\$7,615,907) 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 \$8,072,115, or approximately 30.64% of total general fund expenditures.
- The City's total long-term outstanding debt increased by \$61,649,792 during the current fiscal year mainly because of \$65 million in revenue bonds issued by the hospital to expand and remodel portions of its existing medical center facilities.
- Within the City's business-type activities, revenues exceeded expenses by \$39,235,067. The City policy is to set rates that fund operational expenses of business-type activities and fund most capital improvements. The increase in net assets represents funds accumulated for planned future capital expenses, including the current expansion of the hospital.

Overview of the Financial Statements

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

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

The *statement of net assets* presents financial information on all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 24-26 of this report.

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

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

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

The City maintains 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 considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual 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 State of Iowa code. A budgetary comparison schedule has been provided as required supplementary information to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-30 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

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

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

The fiduciary fund financial statements can be found on page 36 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's obligation to provide other post-employment benefits to its employees and budgetary comparisons. Required supplementary information can be found on pages 78-81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85-103 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net assets, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$648,900,261 at the close of the most recent fiscal year.

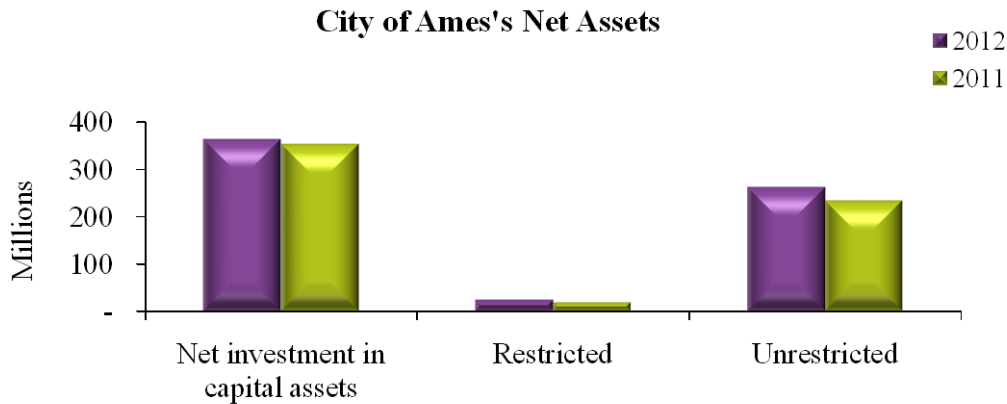
City of Ames's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 72,026,981	\$ 69,704,241	\$ 345,463,467	\$ 252,801,343	\$ 417,490,448	\$ 322,505,584
Net capital assets	146,656,958	145,984,558	282,936,411	270,095,629	429,593,369	416,080,187
Total assets	218,683,939	215,688,799	628,399,878	522,896,972	847,083,817	738,585,771
Long-term liabilities outstanding	45,904,796	46,672,291	102,606,842	40,199,048	148,511,638	86,871,339
Other liabilities	27,936,632	27,690,681	21,735,286	17,875,241	49,671,918	45,565,922
Total liabilities	73,841,428	74,362,972	124,342,128	58,074,289	198,183,556	132,437,261
Net assets						
Net investment in capital assets						
assets	111,810,541	110,348,921	251,498,597	243,495,813	363,309,138	353,844,734
Restricted	20,794,194	15,338,746	2,814,032	2,708,889	23,608,226	18,047,635
Unrestricted	12,237,776	15,638,160	249,745,121	218,617,981	261,982,897	234,256,141
Total net assets	\$ 144,842,511	\$ 141,325,827	\$ 504,057,750	\$ 464,822,683	\$ 648,900,261	\$ 606,148,510

The largest portion of the City's net assets (55.99%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

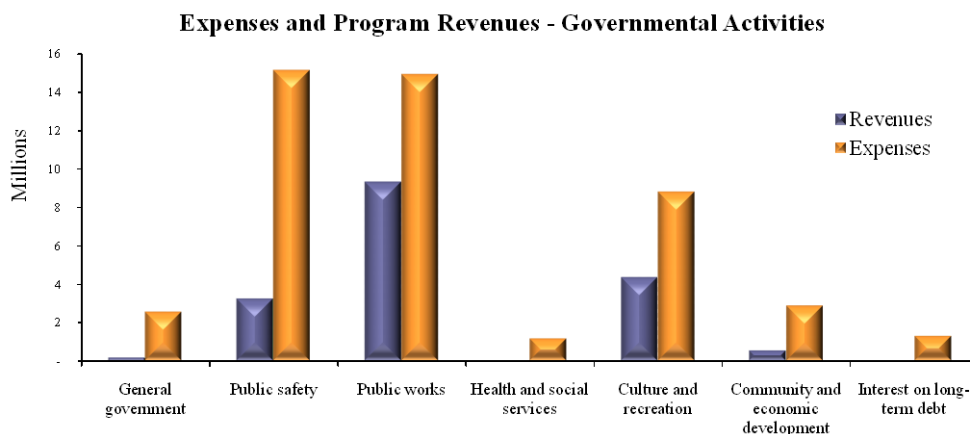
An additional portion of the City's net assets (3.64%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$261,982,897 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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



Governmental Activities. During the current fiscal year, net assets for governmental activities increased \$3,516,684 from the prior fiscal year for an ending balance of \$144,842,511. Taxes are the largest source of governmental revenues with property taxes of \$23,485,295 and sales taxes of \$6,935,154 in 2012. The \$663,907 increase in property tax collections in 2012 over 2011 is due to increased taxable valuation with approximately the same tax rate as the prior year. Road use tax, included in program revenues, increased \$533,922 over 2011. The state allocates these funds to municipalities on a per capita basis. The 2012 allocation was based on the 2010 census where the City grew in population at a higher relative rate than the rest of the state.

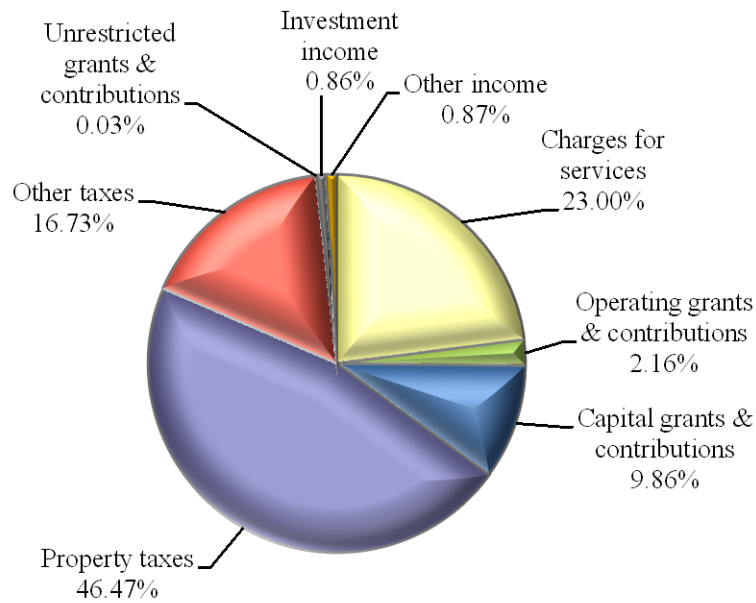
Governmental expenses decreased \$1,141,425 from 2011, or 2.38%. The two functions with the greatest decrease were public works and community and economic development. Public works expenses decreased due to the completion of many of the American Recovery and Reinvestment Act of 2009 (ARRA) projects. Community and economic development expenses were lower than the prior year mainly because the 2011 expenses included expenses related to the transfer of the Section 8 housing program to a new provider.



City of Ames's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	\$ 11,623,655	\$ 5,707,673	\$254,657,674	\$243,197,195	\$266,281,329	\$248,904,868
Operating grants & contributions	1,091,752	2,758,176	2,751,186	2,567,137	3,842,938	5,325,313
Capital grants & contributions	4,985,082	4,742,929	8,991,024	5,541,433	13,976,106	10,284,362
General revenues						
Property taxes	23,485,295	22,821,388	-	-	23,485,295	22,821,388
Other taxes	8,453,725	12,547,767	-	-	8,453,725	12,547,767
Unrestricted grants & contributions	17,040	15,990	-	-	17,040	15,990
Investment earnings	436,302	499,004	4,197,199	17,372,875	4,633,501	17,871,879
Other	441,881	-	5,164,193	9,401,265	5,606,074	9,401,265
Total revenues	<u>50,534,732</u>	<u>49,092,927</u>	<u>275,761,276</u>	<u>278,079,905</u>	<u>326,296,008</u>	<u>327,172,832</u>
Expenses:						
General government	2,559,365	2,629,067	-	-	2,559,365	2,629,067
Public safety	15,144,853	14,281,351	-	-	15,144,853	14,281,351
Public works	14,938,688	16,339,571	-	-	14,938,688	16,339,571
Health & social services	1,159,849	1,250,292	-	-	1,159,849	1,250,292
Culture & recreation	8,818,851	7,703,519	-	-	8,818,851	7,703,519
Community & economic development	2,875,118	4,262,698	-	-	2,875,118	4,262,698
Interest on long-term debt	1,298,010	1,469,661	-	-	1,298,010	1,469,661
Mary Greeley Medical Center	-	-	155,374,830	146,292,855	155,374,830	146,292,855
Electric	-	-	50,159,375	48,241,832	50,159,375	48,241,832
Sewer	-	-	7,956,963	6,719,787	7,956,963	6,719,787
Water	-	-	6,630,919	7,099,299	6,630,919	7,099,299
Transit	-	-	10,002,499	10,010,387	10,002,499	10,010,387
Storm Sewer	-	-	918,495	917,771	918,495	917,771
Parking Lot	-	-	767,154	805,253	767,154	805,253
Resource Recovery	-	-	4,184,929	4,310,188	4,184,929	4,310,188
Ames/ISU Ice Arena	-	-	521,670	526,660	521,670	526,660
Homewood Golf Course	-	-	232,689	230,698	232,689	230,698
Total expenses	<u>46,794,734</u>	<u>47,936,159</u>	<u>236,749,523</u>	<u>225,154,730</u>	<u>283,544,257</u>	<u>273,090,889</u>
Increase in net assets before transfers	3,739,998	1,156,768	39,011,753	52,925,175	42,751,751	54,081,943
Transfers	(223,314)	(228,423)	223,314	228,423	-	-
Increase in net assets	3,516,684	928,345	39,235,067	53,153,598	42,751,751	54,081,943
Net assets - beginning	141,325,827	140,397,482	464,822,683	411,669,085	606,148,510	552,066,567
Net assets - ending	<u>\$ 144,842,511</u>	<u>\$ 141,325,827</u>	<u>\$504,057,750</u>	<u>\$464,822,683</u>	<u>\$648,900,261</u>	<u>\$606,148,510</u>

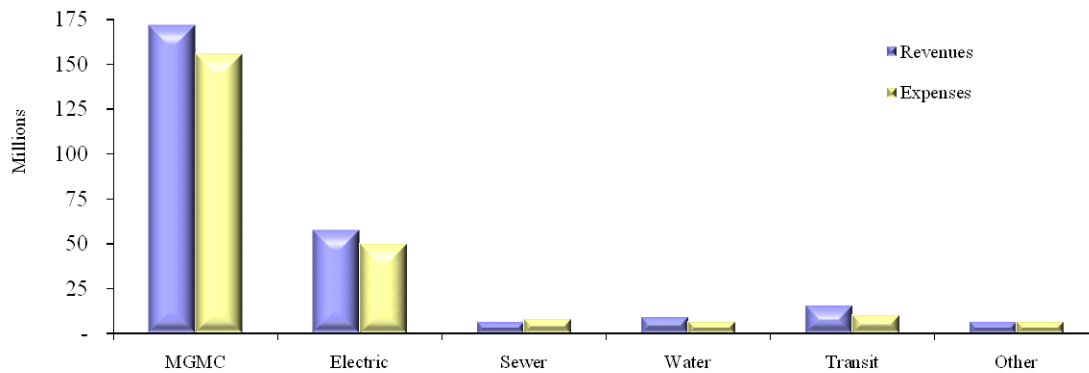
Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased net assets by \$39,235,067, accounting for 91.77% of the City's growth in net assets at June 30, 2012. However, this is \$13,918,531 less than the 2011 increase in net assets. The prior year increase included over \$9 million from discontinued operations and sale of the dialysis centers by the hospital and \$13.2 million more in gains on investments. Continued historically low interest rates have resulted in minimal change in the value of fixed income investment instruments. Also, the hospital invests in equities that are subject to wider fluctuations in market value. Business-type charges for services increased \$11,460,479 over 2011, or 4.71%. Most of this increase is due to an increase in net patient service revenue at the hospital because of increased outpatient revenue, a 5% rate increase, and a reimbursement increase by Wellmark, the health insurance company. Capital grants and contributions increased \$3,449,591, mainly because of construction of the new intermodal facility.

The expenses of the business-type activities increased \$11,594,793, or 5.15%. Hospital expenses increased approximately \$9 million because of increased business activity. Electric expenses were up approximately \$1.9 million over 2011 because of increases in fuel and purchased power, including wind energy.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of Governmental Funds

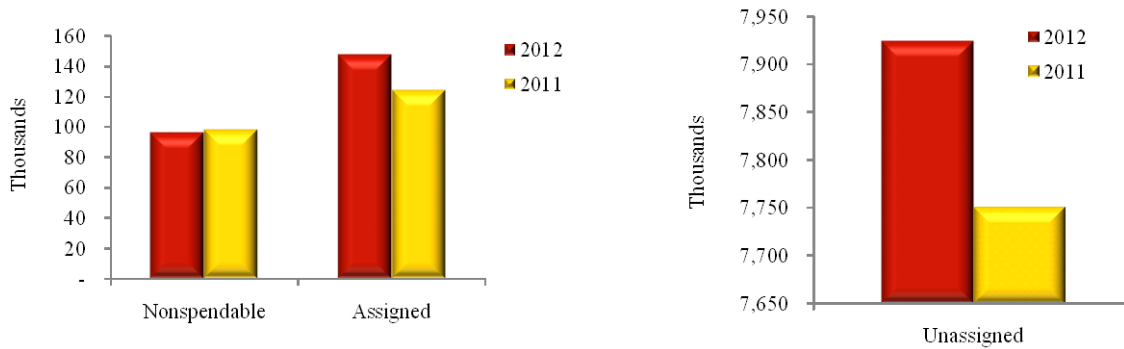
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The City's governmental funds reported combined fund balances of \$36,174,031 at June 30, 2012, an increase of \$2,894,050 in comparison with the prior year. Approximately 21.05% of this amount (\$7,615,907) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$181,671), 2) legally required to be maintained intact (\$1,890,716), 3) restricted for particular purposes (\$24,621,403), 4) committed for particular purposes (\$1,399,913), or 5) assigned for particular purposes (\$464,421).

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 \$7,924,363, while total fund balance increased \$195,046 to \$8,168,350. The moderate increase in revenues was mostly offset by personnel costs. The ending fund balance is 31.01% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.

Components of Fund Balance General Fund

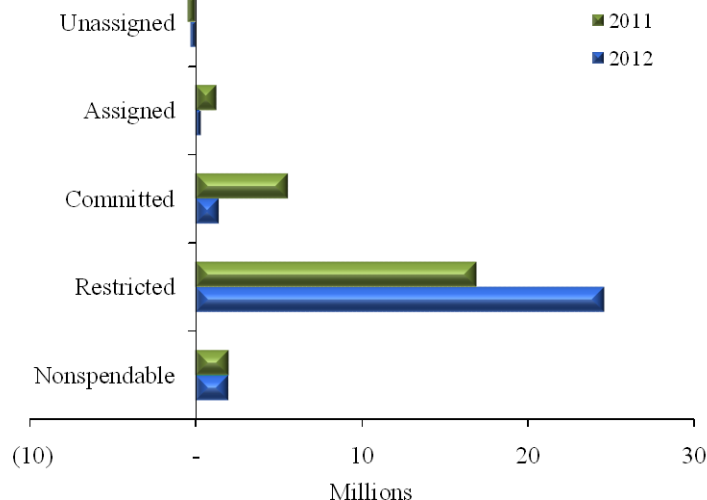


The capital projects fund, a major fund, had a \$66,127 decrease in fund balance during the fiscal year, which put the overall fund balance at \$9,386,918. Intergovernmental revenue was down significantly from the prior year due to the end of ARRA funding.

The debt service fund's fund balance decreased by \$283,490 during 2012. Debt service payments were almost \$1.4 million higher than the previous year because the first payments were due for the 2011A and 2011B bonds this fiscal year. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$1.6 million. The fund balance will be used to help equalize the debt service property tax levy over the term of the current five-year capital improvement plan.

The fund balances of other governmental funds increased by \$3,048,621 in comparison to 2011. Local option sales tax revenues were \$825,498 higher than the prior year due to a recovery in local retail sales. As discussed earlier, the city's share of road use tax is higher (\$533,922) because of the City's growth in population outpaced other municipalities in the state. The parks and recreation programs received a one-time gift of \$1.7 million, which will be used for construction of a new park. The library also had a \$300,000 donation, which will be used on the renovation project.

Other Governmental Funds Components of Fund Balance June 30, 2012 and 2011



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

The combined net assets of the enterprise funds at June 30, 2012, totaled \$497,700,685, of which 48.90% (\$243,388,056) is unrestricted. This is a \$39,265,071, or 8.57%, increase over the net assets in 2011. The net assets of the internal service funds are \$19,446,287, a \$287,405 increase over the 2011 net assets. Unrestricted net assets account for \$12,271,214 (63.10%) of the total internal service fund net asset balance.

As noted earlier in the discussion of business-type activities, the increase in the hospital's net assets was approximately \$13 million lower than the increase 2011. Net patient revenue was over \$11 million higher than the prior year, but operating expenses were also approximately \$9 million higher. The biggest change from last fiscal year to this fiscal year is the \$13.2 million decrease in investment income. This is due to fluctuations in the value of equity instruments held by the hospital and the lack of increase in fixed income instruments as interest rates remain low.

Some of the other large changes in the proprietary funds are as follows: 1) water revenue increased almost \$1,174,487 from 2011, primarily because of a rate increase, 2) electric costs of goods and services increased \$1,364,034 in comparison with 2011 because of increases in the cost of fuel and purchased power, 3) sewer costs of goods and services were \$1,162,076 higher than 2011 because of increased expenditures on the plant and the sanitary sewer collection system, and 4) transit capital contributions increased \$2,868,740 due to contributions for the new intermodal facility.

Significant changes in the internal service funds include higher revenues and costs for health insurance due to increasing insurance rates. Risk insurance also increased (\$856,649) because of increased premium costs for property and liability insurance and increased claim costs for the self-insured workers' compensation and health plans.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were two amendments to the City's 2011-2012 budget. The first amendment was passed in March 2012 to reflect carryovers of capital project expenditures. The second was passed in May to more accurately reflect year-end expenditures and revenues.

The primary sources of variation in the general fund budget include: 1) expenditures for projects not completed and carried over into the following period, 2) salary savings from open positions, 3) higher than anticipated license and permit revenue, and 4) the addition of budgeted expenses for City Hall improvements, a visioning project, and flood mitigation, all to be funded from fund balance available in excess of the target fund balance.

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, 2012, amounts to \$429,593,369 (net of accumulated depreciation), an increase of \$13,513,182, or 3.25%, above the 2011 investment in capital assets. This investment

in capital assets includes land, buildings, infrastructure, plant and distribution systems, machinery, and equipment.

Some of the major capital asset additions include \$6 million for the new intermodal facility, \$2.2 million for CyRide (transit) buses, \$3 million for a sewer water wall, \$7.1 million for hospital equipment, and \$11 million of construction in progress for the hospital expansion project. Additional information on the City's capital assets can be found in note IV(E) on pages 55-56 of this report.

City of Ames's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,053,028	\$ 11,145,390	\$ 11,458,618	\$ 10,786,317	\$ 22,511,646	\$ 21,931,707
Other nondepreciable assets	4,143,817	4,469,154	-	-	4,143,817	4,469,154
Depreciable assets	130,113,006	127,966,668	247,247,035	238,443,782	377,360,041	366,410,450
Construction in progress	1,347,107	2,403,346	24,230,758	20,865,530	25,577,865	23,268,876
Total	<u>\$146,656,958</u>	<u>\$145,984,558</u>	<u>\$282,936,411</u>	<u>\$270,095,629</u>	<u>\$429,593,369</u>	<u>\$416,080,187</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$129,229,107. Of this amount, \$45,837,407 is debt backed by the full faith and credit of the government and \$83,391,700 is revenue bonds issued by proprietary funds.

City of Ames's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds, net	\$ 43,633,557	\$ 44,448,603	\$ 2,203,850	\$ 2,442,080	\$ 45,837,407	\$ 46,890,683
Revenue bonds	-	-	83,391,700	19,077,870	83,391,700	19,077,870
Loans payable	-	-	535,182	683,896	535,182	683,896
Notes payable	-	-	2,933,922	4,395,970	2,933,922	4,395,970
Total	<u>\$ 43,633,557</u>	<u>\$ 44,448,603</u>	<u>\$ 89,064,654</u>	<u>\$ 26,599,816</u>	<u>\$132,698,211</u>	<u>\$ 71,048,419</u>

The City's total debt increased by \$61,649,792 (86.77%) during the current fiscal year. Most of this increase is due to the issuance of \$65 million in revenue bonds to expand and remodel portions of the hospital's existing medical center facilities. The City also issued \$6.675 million in general obligation bonds for street improvements and improvements to City Hall.

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

State statutes limit the amount of general obligation debt an Iowa city may issue to five percent (5%) of the actual assessed valuation at January 1, 2010, related to the 2011-2012 fiscal year. The current debt limitation for the City is \$172,669,198. 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 66-71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2012-2013 fiscal year budget:

- An unemployment rate for the City of 4.1% for calendar year 2011, the same as the prior year's rate and lower than the rate for the State of Iowa (5.9%) and the nation (8.95%).
- A 4.2% increase in water rates to cover increased operating costs, finance the new water plant, and to extend utilities to the north and east.
- A 10% increase in sanitary sewer rates for plant maintenance, to satisfy discharge limits, and, again, to extend utilities to the north and east.
- The 2012-2013 budget decreased the overall property tax rate by \$0.12 per \$1,000 of taxable valuation. Lowering the rate was made possible by an improvement in the local option sales tax, growth in the community, and an increase in the rollback percentage.
- Taxable assessed valuation increased by 3.3%, primarily due to new construction and an increase in the rollback rate for residential property.
- Interest rates are expected to remain at near-record lows.
- Health insurance costs are predicted to increase by 5% for 2012-2013, and the City maintains a strong fund balance in the self-insured health insurance fund to absorb fluctuations in costs.

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

Basic Financial Statements

City of Ames
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 47,627,111	\$ 46,554,084	\$ 94,181,195	\$ 1,361,472
Investments	-	20,201,556	20,201,556	-
Taxes receivable	92,104	-	92,104	-
Special assessments receivable	267,942	-	267,942	-
Accrued interest receivable	138,327	137,615	275,942	-
Accounts receivable, net	372,636	32,003,504	32,376,140	741
Pledges receivable, net	-	-	-	3,292,113
Intergovernmental receivable	3,008,973	1,740,211	4,749,184	-
Loans receivable	37,920	-	37,920	-
Internal balances	(5,691,504)	5,691,504	-	-
Inventories	195,720	8,526,466	8,722,186	-
Assets held for resale	550,770	-	550,770	-
Prepaid items	126,051	1,999,279	2,125,330	-
Restricted current assets:				
Investments	-	1,107,608	1,107,608	-
Accrued interest receivable	-	955,211	955,211	-
Total current assets	46,726,050	118,917,038	165,643,088	4,654,326
Noncurrent assets:				
Long-term investments	-	23,666,854	23,666,854	10,324,672
Succeeding year taxes receivable	23,952,198	-	23,952,198	-
Long-term loans receivable	83,815	-	83,815	-
Long-term special assessments receivable	1,040,154	-	1,040,154	-
Deferred debt issuance costs	224,764	880,498	1,105,262	-
Non-depreciable assets	16,543,952	35,689,376	52,233,328	-
Depreciable assets, net of accumulated depreciation	130,113,006	247,247,035	377,360,041	-
Restricted noncurrent assets:				
Long-term investments	-	201,999,077	201,999,077	-
Total noncurrent assets	171,957,889	509,482,840	681,440,729	10,324,672
Total assets	218,683,939	628,399,878	847,083,817	14,978,998

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

City of Ames
Statement of Net Assets (continued)
June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	2,133,960	14,048,219	16,182,179	176,451
Accrued payroll	219,503	3,062,837	3,282,340	-
Accrued compensated absences	159,126	9,279,894	9,439,020	-
Accrued interest payable	102,725	221,152	323,877	-
Retainage payable	232,251	2,072,140	2,304,391	-
Customer deposits	94,881	908,107	1,002,988	-
Intergovernmental payable	168,275	364,773	533,048	-
Claims payable	646,300	764,175	1,410,475	-
Loans payable	-	155,851	155,851	-
Notes payable	-	1,519,386	1,519,386	-
Bonds payable, net	6,952,394	2,124,787	9,077,181	-
Unearned revenue	386,539	5,600	392,139	-
Accrued landfill post-closure costs	-	17,253	17,253	-
Total current liabilities	11,095,954	34,544,174	45,640,128	176,451
Noncurrent liabilities:				
Accrued compensated absences	1,821,880	1,334,111	3,155,991	-
Accrued other post-employment benefits	290,233	2,645,856	2,936,089	-
Claims payable	-	288,283	288,283	-
Loans payable	-	379,331	379,331	-
Notes payable	-	1,414,536	1,414,536	-
Bonds payable, net	36,681,163	83,470,763	120,151,926	-
Succeeding year unearned revenue	23,952,198	-	23,952,198	-
Accrued landfill post-closure costs	-	265,074	265,074	-
Total noncurrent liabilities	62,745,474	89,797,954	152,543,428	-
Total liabilities	73,841,428	124,342,128	198,183,556	176,451
NET ASSETS				
Net investment in capital assets	111,810,541	251,498,597	363,309,138	-
Restricted:				
Expendable for:				
Debt service	1,707,851	2,814,032	4,521,883	-
Capital projects	12,389,472	-	12,389,472	-
Law enforcement	56,325	-	56,325	-
Employee benefits	1,365,912	-	1,365,912	-
Library services	848,119	-	848,119	-
Aquatic center	89,681	-	89,681	-
Parks	1,704,768	-	1,704,768	-
Community welfare	4,814	-	4,814	-
Housing services	587,320	-	587,320	-
Economic development	149,216	-	149,216	-
Mary Greeley Medical Center	-	-	-	11,107,759
Non-expendable for:				
Perpetual care	890,716	-	890,716	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	12,237,776	249,745,121	261,982,897	3,444,116
Total net assets	\$ 144,842,511	\$ 504,057,750	\$ 648,900,261	\$ 14,802,547

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, 2012

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,559,365	\$ 118,459	\$ 48,256	\$ -	\$ (2,392,650)	\$ -	\$ (2,392,650)	\$ -
Public safety	15,144,853	2,864,844	123,088	263,063	(11,893,858)	-	(11,893,858)	-
Public works	14,938,688	6,601,518	102,517	2,647,266	(5,587,387)	-	(5,587,387)	-
Health and social services	1,159,849	-	19,710	-	(1,140,139)	-	(1,140,139)	-
Culture and recreation	8,818,851	2,031,204	265,371	2,074,753	(4,447,523)	-	(4,447,523)	-
Community and economic development	2,875,118	7,630	532,810	-	(2,334,678)	-	(2,334,678)	-
Interest	1,298,010	-	-	-	(1,298,010)	-	(1,298,010)	-
Total governmental activities	46,794,734	11,623,655	1,091,752	4,985,082	(29,094,245)		(29,094,245)	
Business-type activities:								
Mary Greeley Medical Center	155,374,830	171,389,850	26,618	-	-	16,041,638	16,041,638	-
Electric	50,159,375	57,195,559	-	-	-	7,036,184	7,036,184	-
Sewer	7,956,963	6,188,602	-	322,159	-	(1,446,202)	(1,446,202)	-
Water	6,630,919	8,824,494	-	273,147	-	2,466,722	2,466,722	-
Transit	10,002,499	4,828,097	2,347,014	8,375,718	-	5,548,330	5,548,330	-
Storm sewer	918,495	1,155,583	94,091	-	-	331,179	331,179	-
Parking lot	767,154	779,976	-	-	-	12,822	12,822	-
Resource recovery	4,184,929	3,583,946	283,463	-	-	(317,520)	(317,520)	-
Ice arena	521,670	475,743	-	20,000	-	(25,927)	(25,927)	-
Golf course	232,689	235,824	-	-	-	3,135	3,135	-
Total business-type activities	236,749,523	254,657,674	2,751,186	8,991,024	-	29,650,361	29,650,361	-
Total primary government	\$ 283,544,257	\$ 266,281,329	\$ 3,842,938	\$ 13,976,106	(29,094,245)	29,650,361	556,116	-
Component unit:								
Mary Greeley Medical Center Foundation	\$ 1,034,952	\$ -	\$ 4,327,823	\$ -				3,292,871
General revenues:								
Property taxes					23,485,295	-	23,485,295	-
Sales taxes					6,935,154	-	6,935,154	-
Hotel / motel taxes					1,518,571	-	1,518,571	-
Unrestricted grants and contributions					17,040	-	17,040	-
Investment income					436,302	4,197,199	4,633,501	(399,919)
Other income					314,699	-	314,699	-
Gain on disposal of capital assets					127,182	5,164,193	5,291,375	-
Transfers					(223,314)	223,314	-	-
Total general revenues and transfers					32,610,929	9,584,706	42,195,635	(399,919)
Change in net assets					3,516,684	39,235,067	42,751,751	2,892,952
Net assets, beginning					141,325,827	464,822,683	606,148,510	11,909,595
Net assets, ending					\$ 144,842,511	\$ 504,057,750	\$ 648,900,261	\$ 14,802,547

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

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2012**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,169,390	\$ 9,813,730	\$ 1,624,532	\$ 15,836,193	\$ 34,443,845
Taxes receivable	56,395	-	29,998	5,711	92,104
Special assessments receivable	-	267,942	-	-	267,942
Accrued interest receivable	60,297	15,694	4,880	17,287	98,158
Accounts receivable, net	332,318	-	-	5,821	338,139
Intergovernmental receivable	75,295	332,923	-	2,591,236	2,999,454
Loans receivable	-	-	-	37,920	37,920
Due from other funds	1,031,069	51,784	-	266,237	1,349,090
Inventories	40,001	-	-	82,325	122,326
Property held for resale	-	-	-	550,770	550,770
Prepaid items	56,234	-	-	3,111	59,345
Succeeding year taxes receivable	14,504,525	-	7,870,117	1,577,556	23,952,198
Long-term loans receivable	-	-	-	83,815	83,815
Long-term special assessments receivable	-	1,040,154	-	-	1,040,154
Total assets	<u>\$ 23,325,524</u>	<u>\$ 11,522,227</u>	<u>\$ 9,529,527</u>	<u>\$ 21,057,982</u>	<u>\$ 65,435,260</u>
LIABILITIES					
Accounts payable	\$ 250,062	\$ 608,318	\$ -	\$ 427,557	\$ 1,285,937
Accrued payroll	137,938	8,729	-	58,454	205,121
Retainage payable	-	213,744	-	18,507	232,251
Customer deposits	14,439	-	-	80,442	94,881
Intergovernmental payable	48,719	77,916	488	7,537	134,660
Due to other funds	175,447	51,093	-	1,094,500	1,321,040
Deferred revenue	26,044	1,175,509	-	833,588	2,035,141
Succeeding year deferred revenue	14,504,525	-	7,870,117	1,577,556	23,952,198
Total liabilities	<u>15,157,174</u>	<u>2,135,309</u>	<u>7,870,605</u>	<u>4,098,141</u>	<u>29,261,229</u>
FUND BALANCES (DEFICITS)					
Nonspendable	96,235	-	-	1,976,152	2,072,387
Restricted	-	9,238,918	1,658,922	13,723,563	24,621,403
Committed	-	-	-	1,399,913	1,399,913
Assigned	147,752	148,000	-	168,669	464,421
Unassigned	7,924,363	-	-	(308,456)	7,615,907
Total fund balances (deficits)	<u>8,168,350</u>	<u>9,386,918</u>	<u>1,658,922</u>	<u>16,959,841</u>	<u>36,174,031</u>
Total liabilities and fund balances (deficits)	<u>\$ 23,325,524</u>	<u>\$ 11,522,227</u>	<u>\$ 9,529,527</u>	<u>\$ 21,057,982</u>	<u>\$ 65,435,260</u>

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

City of Ames
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Fund balance - total governmental funds (page 27)	\$ 36,174,031
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	139,481,885
Issuance costs on long-term liabilities are deferred and amortized over the life of the debt.	224,764
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 deferred:	
Hotel / motel tax	133,184
Special assessments	1,040,154
Other revenues	527,463
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 included in governmental activities in the statement of net assets.	13,089,222
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	(43,063,614)
Interest payable on general obligation bonds	(102,725)
Deferred charges on general obligation bonds refunded	10,726
Unamortized premiums on the issuance of general obligation bonds	(580,669)
Accrued compensated absences	(1,826,157)
Net other post-employment benefits payable	(265,753)
Net assets of governmental activities	<u>\$ 144,842,511</u>

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

City of Ames
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 14,381,526	\$ -	\$ 7,648,326	\$ 9,878,711	\$ 31,908,563
Special assessments	-	217,885	-	-	217,885
Licenses and permits	1,327,206	-	-	-	1,327,206
Intergovernmental	317,950	1,970,938	48,256	6,761,281	9,098,425
Charges for services	4,025,218	-	-	13,879	4,039,097
Fines and forfeitures	214,641	-	-	-	214,641
Investment income	163,696	65,647	41,835	49,515	320,693
Miscellaneous	539,082	66,164	-	2,386,237	2,991,483
Total revenues	20,969,319	2,320,634	7,738,417	19,089,623	50,117,993
EXPENDITURES					
Current:					
General government	2,302,576	-	-	102,689	2,405,265
Public safety	14,861,727	-	-	76,810	14,938,537
Public works	1,678,384	-	-	3,859,820	5,538,204
Health and social services	-	-	-	1,159,849	1,159,849
Culture and recreation	6,830,773	-	-	394,021	7,224,794
Community and economic development	667,608	-	-	2,203,251	2,870,859
Debt service:					
Principal	-	-	7,385,280	-	7,385,280
Interest and fiscal charges	-	-	1,389,368	-	1,389,368
Capital outlay	-	8,521,695	-	2,362,754	10,884,449
Total expenditures	26,341,068	8,521,695	8,774,648	10,159,194	53,796,605
Excess (deficiency) of revenues over (under) expenditures	(5,371,749)	(6,201,061)	(1,036,231)	8,930,429	(3,678,612)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,616,489	49,812	704,084	106,369	8,476,754
Transfers out	(2,049,694)	(589,878)	-	(5,988,177)	(8,627,749)
Other income	-	-	35,772	-	35,772
General obligation bonds issued	-	6,675,000	-	-	6,675,000
Premium on general obligation bonds	-	-	12,885	-	12,885
Total other financing sources (uses)	5,566,795	6,134,934	752,741	(5,881,808)	6,572,662
Net change in fund balances	195,046	(66,127)	(283,490)	3,048,621	2,894,050
Fund balances, beginning	7,973,304	9,453,045	1,942,412	13,911,220	33,279,981
Fund balances, ending	\$ 8,168,350	\$ 9,386,918	\$ 1,658,922	\$ 16,959,841	\$ 36,174,031

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

City of Ames
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

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

Net changes in fund balances - total governmental funds (page 29)	\$ 2,894,050
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Hotel / motel tax	31,243
Special assessments	(170,409)
Other revenues	(376,498)

Contributed capital assets do not provide current financial resources.	671,240
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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	7,994,094
Disposals	(837,531)
Depreciation expense	(7,792,614)

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and 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 debt issuance costs	27,835
Amortization of debt issuance costs	(39,187)
Current year premium on issuance of bonds	(12,885)
Amortization of bond premiums	121,653
Amortization of deferred charges on refunding debt	(4,002)
Proceeds from issuance of bonds	(6,675,000)
Principal payments	7,385,280
Interest payments	12,894

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.

Additions to accrued compensated absences	(51,958)
Decrease to accrued other post-employment benefits	21,070

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 governmental activities.

317,409

Changes in net assets of governmental activities	<u><u>\$ 3,516,684</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Ames
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 16,106,578	\$ 7,287,862	\$ 5,190,684	\$ 8,154,302	\$ 3,313,440	\$ 5,285,125	\$ 45,337,991	\$ 14,399,359
Investments	-	20,201,556	-	-	-	-	20,201,556	-
Accrued interest receivable	-	67,047	16,429	25,115	10,161	15,192	133,944	43,840
Accounts receivable, net	21,721,230	7,892,893	717,098	1,067,072	92,122	513,089	32,003,504	34,497
Due from other funds	-	87,126	36,536	154,641	10,263	68,639	357,205	350,175
Intergovernmental receivable	-	213,435	8,181	2,921	1,052,148	463,526	1,740,211	9,519
Inventories	3,165,455	4,768,272	-	188,964	382,894	20,881	8,526,466	73,394
Prepaid items	1,995,173	100	2,240	444	-	1,322	1,999,279	66,706
Restricted current assets:								
Investments	1,107,608	-	-	-	-	-	1,107,608	-
Interest receivable	955,211	-	-	-	-	-	955,211	-
Total current assets	45,051,255	40,518,291	5,971,168	9,593,459	4,861,028	6,367,774	112,362,975	14,977,490
Noncurrent assets:								
Investments	9,139,469	14,527,385	-	-	-	-	23,666,854	-
Deferred debt issuance costs, net	871,156	-	-	9,342	-	-	880,498	-
Capital assets:								
Land	4,559,469	1,833,520	1,910,222	1,478,593	41,500	1,635,314	11,458,618	-
Land improvements	1,324,260	-	-	-	149,806	1,561,376	3,035,442	192,433
Plant and distribution systems	-	166,174,844	72,323,965	57,589,106	-	-	296,087,915	-
Buildings	107,593,630	-	-	-	19,813,591	12,994,763	140,401,984	551,493
Equipment	109,931,718	-	-	-	19,346,307	6,521,740	135,799,765	14,762,462
Construction in progress	12,202,779	10,774,274	846,490	407,215	-	-	24,230,758	-
Less accumulated depreciation	(125,000,579)	(115,042,088)	(41,448,920)	(21,545,670)	(12,443,032)	(12,597,782)	(328,078,071)	(8,331,315)
Restricted noncurrent assets:								
Investments	201,999,077	-	-	-	-	-	201,999,077	-
Total noncurrent assets	322,620,979	78,267,935	33,631,757	37,938,586	26,908,172	10,115,411	509,482,840	7,175,073
Total assets	367,672,234	118,786,226	39,602,925	47,532,045	31,769,200	16,483,185	621,845,815	22,152,563

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

City of Ames
Statement of Net Assets (continued)
Proprietary Funds
June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES								
Current liabilities:								
Accounts payable	9,927,415	2,313,176	763,279	256,235	465,909	185,100	13,911,114	985,128
Accrued payroll	2,766,792	133,290	9,842	14,105	120,452	18,356	3,062,837	14,382
Accrued compensated absences	9,203,891	35,148	7,255	9,539	17,477	6,412	9,279,722	7,118
Due to other funds	-	354,006	137,895	126,716	18,530	70,150	707,297	28,133
Claims payable	-	-	-	-	-	-	-	1,410,475
Retainage payable	1,426,322	172,106	33,360	70,735	360,671	8,946	2,072,140	-
Customer deposits	-	908,107	-	-	-	-	908,107	-
Accrued interest	182,819	31,234	-	7,099	-	-	221,152	-
Loans payable - current	-	-	-	-	17,500	138,351	155,851	-
Notes payable - current	1,519,386	-	-	-	-	-	1,519,386	-
Intergovernmental payable	-	110,032	5,912	27,186	158,661	62,982	364,773	33,615
Accrued landfill post-closure costs	-	-	-	-	-	17,253	17,253	-
Bonds payable - current	1,880,000	-	-	244,787	-	-	2,124,787	-
Unearned revenue	-	-	-	-	-	5,600	5,600	52,199
Total current liabilities	26,906,625	4,057,099	957,543	756,402	1,159,200	513,150	34,350,019	2,531,050
Noncurrent liabilities:								
Accrued compensated absences	-	630,216	140,078	175,367	275,126	110,957	1,331,744	150,270
Post-employment benefits	2,419,117	97,010	26,517	30,351	44,589	27,796	2,645,380	24,956
Claims payable	288,283	-	-	-	-	-	288,283	-
Loans payable	-	-	-	-	52,500	326,831	379,331	-
Notes payable	1,414,536	-	-	-	-	-	1,414,536	-
Accrued landfill post-closure costs	-	-	-	-	-	265,074	265,074	-
Bonds payable, net	81,511,700	-	-	1,959,063	-	-	83,470,763	-
Total noncurrent liabilities	85,633,636	727,226	166,595	2,164,781	372,215	730,658	89,795,111	175,226
Total liabilities	112,540,261	4,784,325	1,124,138	2,921,183	1,531,415	1,243,808	124,145,130	2,706,276
NET ASSETS								
Net investment in capital assets	81,912,495	63,740,550	33,631,757	35,725,394	26,838,172	9,650,229	251,498,597	7,175,073
Restricted for debt service	2,814,032	-	-	-	-	-	2,814,032	-
Unrestricted	170,405,446	50,261,351	4,847,030	8,885,468	3,399,613	5,589,148	243,388,056	12,271,214
Total net assets	\$ 255,131,973	\$ 114,001,901	\$ 38,478,787	\$ 44,610,862	\$ 30,237,785	\$ 15,239,377	497,700,685	\$ 19,446,287
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							6,357,065	
Net assets of business-type activities							\$ 504,057,750	

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

City of Ames
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:								
Charges for services	\$ 171,389,850	\$ 57,195,559	\$ 6,188,602	\$ 8,824,494	\$ 4,828,097	\$ 6,231,072	\$ 254,657,674	\$ 14,394,016
Operating expenses:								
Cost of goods and services	115,685,113	45,801,509	5,687,881	5,004,178	6,613,850	5,900,195	184,692,726	13,271,720
Administration	24,279,765	1,057,343	301,379	341,694	1,596,758	234,481	27,811,420	-
Depreciation	14,096,252	3,217,121	1,993,790	1,202,293	1,746,677	531,284	22,787,417	987,963
Total operating expenses	154,061,130	50,075,973	7,983,050	6,548,165	9,957,285	6,665,960	235,291,563	14,259,683
Operating income (loss)	17,328,720	7,119,586	(1,794,448)	2,276,329	(5,129,188)	(434,888)	19,366,111	134,333
Non-operating revenues (expenses):								
Intergovernmental	26,618	-	-	-	2,347,014	119,041	2,492,673	-
Reimbursements	-	-	-	-	-	258,513	258,513	-
Investment income	3,707,200	302,711	47,032	68,815	30,833	40,608	4,197,199	115,609
Interest expense	(1,313,700)	(2,734)	-	(92,947)	-	(18,575)	(1,427,956)	-
Gain (loss) on disposal of capital assets	5,169,693	-	-	-	(5,500)	-	5,164,193	109,782
Total non-operating revenues (expenses)	7,589,811	299,977	47,032	(24,132)	2,372,347	399,587	10,684,622	225,391
Income (loss) before capital contributions and transfers	24,918,531	7,419,563	(1,747,416)	2,252,197	(2,756,841)	(35,301)	30,050,733	359,724
Capital contributions	-	-	322,159	273,147	8,375,718	20,000	8,991,024	-
Transfers in	-	185,633	61,686	-	1,374,879	472,862	2,095,060	175,000
Transfers out	-	(1,871,746)	-	-	-	-	(1,871,746)	(247,319)
Change in net assets	24,918,531	5,733,450	(1,363,571)	2,525,344	6,993,756	457,561	39,265,071	287,405
Net assets, beginning	230,213,442	108,268,451	39,842,358	42,085,518	23,244,029	14,781,816		19,158,882
Net assets, ending	\$ 255,131,973	\$ 114,001,901	\$ 38,478,787	\$ 44,610,862	\$ 30,237,785	\$ 15,239,377		\$ 19,446,287
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds							(30,004)	
Change in net assets of business-type activities							\$ 39,235,067	

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, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 166,143,833	\$ 57,673,442	\$ 6,065,391	\$ 8,536,308	\$ 4,894,426	\$ 6,153,800	\$ 249,467,200	\$ 14,465,785
Other receipts	5,904,383	-	-	-	-	-	5,904,383	-
Payments to suppliers	(62,212,259)	(35,381,247)	(1,682,861)	(1,702,816)	(2,238,102)	(2,722,761)	(105,940,046)	(9,975,423)
Payments to employees	(75,747,055)	(8,719,439)	(2,310,453)	(2,340,323)	(5,648,409)	(2,355,572)	(97,121,251)	(1,916,301)
Payments to other funds for services provided	-	(2,199,341)	(1,352,012)	(1,264,140)	(458,376)	(1,092,497)	(6,366,366)	(600,013)
Net cash provided by (used for) operating activities	34,088,902	11,373,415	720,065	3,229,029	(3,450,461)	(17,030)	45,943,920	1,974,048
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating grants	26,618	-	-	-	2,347,014	119,041	2,492,673	-
Reimbursements	-	-	-	-	-	258,513	258,513	-
Transfers in	-	185,633	61,686	-	1,374,879	472,862	2,095,060	175,000
Transfers out	-	(1,871,746)	-	-	-	-	(1,871,746)	(247,319)
Net cash provided by (used for) non-capital financing activities	26,618	(1,686,113)	61,686	-	3,721,893	850,416	2,974,500	(72,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(17,703,779)	(5,141,094)	(1,064,174)	(2,522,781)	(8,432,897)	(187,768)	(35,052,493)	(1,797,867)
Proceeds from the sale of capital assets	6,546,043	-	-	-	2,650	-	6,548,693	282,474
Proceeds from issuance of bonds	65,716,598	-	-	-	-	-	65,716,598	-
Principal paid on capital debt	(1,375,000)	-	-	(234,720)	-	-	(1,609,720)	-
Interest paid on capital debt	(3,829,075)	(8,108)	-	(95,994)	-	-	(3,933,177)	-
Principal paid on notes payable	(1,462,048)	-	-	-	-	-	(1,462,048)	-
Principal paid on loans	-	-	-	-	(17,500)	(131,214)	(148,714)	-
Interest paid on loans	-	-	-	-	-	(18,575)	(18,575)	-
Capital contributions	-	-	72,960	87,040	8,375,718	20,000	8,555,718	-
Net provided by (used for) capital and related financing activities	47,892,739	(5,149,202)	(991,214)	(2,766,455)	(72,029)	(317,557)	38,596,282	(1,515,393)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(143,473,115)	(44,566,552)	-	-	-	-	(188,039,667)	-
Proceeds from sale of investments	59,030,246	45,493,741	-	-	-	-	104,523,987	-
Interest on investments	5,140,005	255,404	51,164	73,218	33,358	43,334	5,596,483	125,004
Net cash provided by (used for) investing activities	(79,302,864)	1,182,593	51,164	73,218	33,358	43,334	(77,919,197)	125,004
Net increase (decrease) in cash and cash equivalents	2,705,395	5,720,693	(158,299)	535,792	232,761	559,163	9,595,505	511,340
Cash and cash equivalents, beginning	13,401,183	1,567,169	5,348,983	7,618,510	3,080,679	4,725,962	35,742,486	13,888,019
Cash and cash equivalents, ending	\$ 16,106,578	\$ 7,287,862	\$ 5,190,684	\$ 8,154,302	\$ 3,313,440	\$ 5,285,125	\$ 45,337,991	\$ 14,399,359

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, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 17,328,720	\$ 7,119,586	\$ (1,794,448)	\$ 2,276,329	\$ (5,129,188)	\$ (434,888)	\$ 19,366,111	\$ 134,333
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation expense	14,096,252	3,217,121	1,993,790	1,202,293	1,746,677	531,284	22,787,417	987,963
(Increase) decrease in accounts receivable	9,722,951	(898,918)	(119,626)	(191,147)	(61,657)	(90,634)	8,360,969	63,600
Reclassification of other assets	(9,287,324)	-	-	-	-	-	(9,287,324)	-
(Increase) decrease in due from other funds	-	4,142	927	(102,374)	(3,393)	34,043	(66,655)	9,912
(Increase) decrease in intergovernmental receivable	-	1,428,716	(4,512)	5,335	131,379	(20,906)	1,540,012	(4,942)
(Increase) decrease in inventories	3,445	347,803	-	30,171	(88,222)	3,713	296,910	(5,905)
(Increase) decrease in prepaid items	(166,172)	155,085	(1,580)	4,378	-	(55)	(8,344)	17,045
Increase (decrease) in accounts payable	478,841	183,363	633,180	19,148	(372,463)	(2,592)	939,477	270,671
Increase (decrease) in accrued payroll	514,395	9,490	441	(1,290)	(4,584)	936	519,388	394
Increase (decrease) in accrued compensated absences	(112,410)	(11,328)	1,519	(12,879)	5,282	(15,789)	(145,605)	18,604
Increase (decrease) in due to other funds	-	(119,837)	14,855	(29,441)	(3,674)	(4,076)	(142,173)	5,580
Increase (decrease) in claims payable	31,521	-	-	-	-	-	31,521	475,524
Increase (decrease) in retainage payable	1,356,952	26,198	2,739	25,387	276,200	5,820	1,693,296	-
Increase (decrease) in customer deposits	-	(56,057)	-	-	-	-	(56,057)	-
Increase (decrease) in intergovernmental payable	-	(24,258)	(5,118)	5,525	56,717	(6,733)	26,133	49
Increase (decrease) in accrued landfill post-closure costs	-	-	-	-	-	(15,176)	(15,176)	-
Increase (decrease) in unearned revenue	-	-	-	-	-	225	225	3,199
Increase (decrease) in post-employment benefits	121,731	(7,691)	(2,102)	(2,406)	(3,535)	(2,202)	103,795	(1,979)
Total adjustments	16,760,182	4,253,829	2,514,513	952,700	1,678,727	417,858	26,577,809	1,839,715
Net cash provided by (used for) operating activities	\$ 34,088,902	\$ 11,373,415	\$ 720,065	\$ 3,229,029	\$ (3,450,461)	\$ (17,030)	\$ 45,943,920	\$ 1,974,048
Schedule of non-cash capital and related financing activities:								
Unrealized increases (decreases) in the fair value of investments	\$ (1,422,386)	\$ (24,796)	\$ (6,702)	\$ (9,521)	\$ (4,272)	\$ (5,676)	\$ (1,473,353)	\$ (16,197)
Capital asset contributions	-	-	249,199	186,107	-	-	435,306	-
Capital asset trade ins	-	-	-	-	-	-	-	20,450
Total non-cash capital and related financing activities	\$ (1,422,386)	\$ (24,796)	\$ 242,497	\$ 176,586	\$ (4,272)	\$ (5,676)	\$ (1,038,047)	\$ 4,253

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

City of Ames
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 310,990
Total assets	<u>\$ 310,990</u>
LIABILITIES	
Accounts payable	\$ 21,441
Due to other governments	<u>289,549</u>
Total liabilities	<u>\$ 310,990</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies

A. Description of government-wide financial statements

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

B. Reporting entity

The City of Ames, Iowa (City) was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component unit, for which the City is considered to be financially accountable. Each discretely presented component unit is reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

C. Basis of presentation - government-wide financial statements

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

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It 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, 2012

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.

The *transit fund* accounts for the City's transit services.

Additionally, the City reports the following fund types:

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

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

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

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 fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

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

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in / out. While reported in 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 transfers 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 transfers in the business-type activities column.

E. Measurement focus and basis of accounting

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

F. Budgetary information

1. Budgetary basis of accounting

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

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.

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

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

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

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

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

2. Excess of expenditures over appropriations

For the year ended June 30, 2012, there were no expenditures that exceeded appropriations.

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / 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) except for the position in the Iowa Public Agency Investment Trust (IPAIT). In accordance with state law, IPAIT operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, IPAIT qualifies as a 2a7-like pool and is reported as the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

3. Inventories and prepaid items

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

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

4. Capital assets

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / fund balance (continued)

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

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. No interest expense was included as part of the cost of capital assets under construction in connection with the hospital construction projects.

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

Capital asset class	Life (yrs)
Buildings	25-45
Improvements	20-40
Machinery and equipment	3-50
General infrastructure	15-50
Plant and distribution system	25-50

5. Net asset 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 assets in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net assets to have been depleted before unrestricted net assets.

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / fund balance (continued)

6. Fund balance flow assumptions

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

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. 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, 2012

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

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.

4. Compensated absences

Vacation and compensatory time

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

Sick leave

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

City of Ames
Notes to the Financial Statements
June 30, 2012

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures / expenses (continued)

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

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. 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 \$139,481,885 are as follows:

Land	\$ 11,053,028
Land improvements	1,384,118
Public art collection	494,719
Library collection	2,264,980
Construction in progress	1,347,107
Buildings	14,049,557
Less: accumulated depreciation - buildings	(7,671,079)
Equipment	4,345,921
Less: accumulated depreciation - equipment	(2,052,413)
Infrastructure	196,822,542
Less: accumulated depreciation - infrastructure	(82,556,595)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets in governmental activities</i>	<u>\$ 139,481,885</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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 assets (continued)

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

The details of this \$13,089,222 are as follows:

Net assets of the internal service funds	\$ 19,446,287
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(6,387,069)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	30,004
	<u>\$ 13,089,222</u>

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 assets 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 governmental activities." The details of this \$317,409 are as follows:

Change in net assets of the internal service funds	\$ 287,405
Plus: loss from charges to business-type activities	30,004
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 317,409</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

III. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

As stated in Note I(F)(2), *Excess of expenditures over appropriations*, there were no budgetary violations that occurred in the fiscal year ended June 30, 2012.

B. Deficit fund equity

At June 30, 2012, the FEMA fund, a nonmajor special revenue fund, has a deficit fund balance of \$308,456 due to uncollected grant revenue. The revenue will be collected in fiscal year 2012-2013 when all FEMA claims are processed and settled.

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, 2012, 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, 2012

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. Treasury obligations	397	7	n/a	n/a
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
Constant-dollar money market funds	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
Mutual funds	n/a	n/a	n/a	n/a
U.S. Treasury notes	17 years	n/a	n/a	n/a
Corporate debt securities	n/a	30	n/a	5%

At June 30, 2012, the City had the following investments:

Investment Type	Fair Value	Maturity
Commercial paper	\$ 3,498,235	07/30/12 - 10/15/12
U.S. Agency coupon securities	107,088,684	12/28/12 - 05/15/41
U.S. Agency pass-through securities	592,295	09/01/12 - 10/01/14
U.S. Treasury notes	20,497,362	12/31/12 - 02/15/36
Municipal bonds	31,264,162	10/01/12 - 06/01/39
Mutual funds	75,957,043	n/a
Corporate debt securities	7,189,292	n/a
	<u>\$ 246,087,073</u>	

City of Ames
Notes to the Financial Statements
June 30, 2012

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

B. Investments (continued)

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
Commercial paper	\$ 3,498,235	\$ 3,498,235	\$ -	\$ -	\$ -
U.S. Agency coupon securities	107,088,684	17,884,080	15,598,040	23,240,779	50,365,785
U.S. Agency pass-through securities	592,295	279,803	312,492	-	-
U.S. Treasury notes	20,497,362	16,047,140	-	320,274	4,129,948
Municipal bonds	31,264,162	2,082,670	-	1,041,480	28,140,012
Mutual funds	75,957,043	75,957,043	-	-	-
Corporate debt securities	7,189,292	7,189,292	-	-	-
	<u>\$ 246,087,073</u>	<u>\$ 122,938,263</u>	<u>\$ 15,910,532</u>	<u>\$ 24,602,533</u>	<u>\$ 82,635,745</u>

The City's investments include the federal agency pass-through securities (\$592,295), which are subject to early payment in a period of changing interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

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

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

B. Investments (continued)

The following shows the actual ratings as of June 30, 2012, for each investment type:

Investment Type	Fair Value	Rating
Commercial paper	\$ 3,498,235	A1 / P1
U.S. Agency coupon securities	107,088,684	AAA
U.S. Agency pass-through securities	592,295	AAA
U.S. Treasury notes	20,497,362	AAA
Municipal bonds	31,264,162	Baa to Aaa
Mutual funds	75,957,043	n/a
Corporate debt securities	7,189,292	AAA
	<u>\$ 246,087,073</u>	

Concentration of credit risk. The City's investment policy provides limitations on the amount that can be invested in any one issuer, which is approved by City Council. Investments in any one issuer that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Amount	Percent of Portfolio
Federal National Mortgage Association	U.S. agency securities	\$ 41,131,358	16.71%
Federal Home Loan Mortgage Co.	U.S. agency securities	\$ 35,577,234	14.46%
Federal Home Loan Bank	U.S. agency securities	\$ 17,785,149	7.23%

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,

City of Ames
Notes to the Financial Statements
June 30, 2012

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

B. Investments (continued)

2. City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance, and
3. The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal controls shall address the following points:
 - a. Control of collusion,
 - b. Separation of transaction authority from accounting and record keeping,
 - c. Custodial safekeeping,
 - d. Delivery versus payment,
 - e. Clear delegation of authority, and
 - f. Confirmation of transactions for investments and wire transfers.

As of June 30, 2012, 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	\$41,131,358
Federal Home Loan Mortgage Co.	U.S. agency securities	\$ 35,577,234
Federal Home Loan Bank	U.S. agency securities	\$ 17,785,149
Federal Farm Credit	U.S. agency securities	\$ 7,384,963
Abbey National, LLC	Commercial paper	\$ 3,498,235

Foreign currency risk. As of June 30, 2012, the City had no exposure to foreign currency rate risk.

The City has a written investment policy, approved by the City Council, available for review in the offices of the City Clerk and the City Treasurer. This policy addresses the different areas of risk.

City of Ames
Notes to the Financial Statements
June 30, 2012

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

C. Foundation investments

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

The following is a detail of the foundation's investments at June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>
Equity mutual funds	\$ 8,700,960
U.S. Treasury notes	59,472
Government agencies	178,027
Corporate debt securities	1,336,213
Certificates of deposit	50,000
	<u>\$ 10,324,672</u>

D. Receivables

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2012, is as follows:

Governmental activities:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Non-depreciable capital assets:				
Land	\$ 11,145,390	\$ 35,238	\$ (127,600)	\$ 11,053,028
Land improvements	1,384,118	-	-	1,384,118
Public art collection	465,519	29,200	-	494,719
Library collection	2,619,517	348,819	(703,356)	2,264,980
Construction in progress	2,403,346	963,647	(2,019,886)	1,347,107
Total non-depreciable capital assets	18,017,890	1,376,904	(2,850,842)	16,543,952
Depreciable capital assets:				
Buildings	14,583,038	25,813	(7,800)	14,601,051
Equipment	18,499,153	2,025,539	(1,429,979)	19,094,713
Infrastructure	188,466,653	9,075,281	(526,960)	197,014,974
	221,548,844	11,126,633	(1,964,739)	230,710,738
Less accumulated depreciation:				
Buildings	7,825,836	364,787	(6,825)	8,183,798
Equipment	9,616,095	1,306,118	(1,236,836)	9,685,377
Infrastructure	76,140,245	7,109,672	(521,360)	82,728,557
	93,582,176	8,780,577	(1,765,021)	100,597,732
Total depreciable capital assets	127,966,668	2,346,056	(199,718)	130,113,006
Total capital assets	\$ 145,984,558	\$ 3,722,960	\$ (3,050,560)	\$ 146,656,958

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

General government	\$ 240,128
Public safety	563,275
Public works	6,970,868
Culture and recreation	994,102
Community and economic development	12,204
Total depreciation expense - governmental activities	<u>\$ 8,780,577</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

E. Capital assets (continued)

Business-type activities:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Non-depreciable capital assets:				
Land	\$ 10,786,317	\$ 887,819	\$ (215,518)	\$ 11,458,618
Construction in progress	20,865,530	12,640,211	(9,274,983)	24,230,758
Total non-depreciable capital assets	31,651,847	13,528,030	(9,490,501)	35,689,376
Depreciable capital assets:				
Plant and distribution systems	285,581,226	10,570,955	(64,266)	296,087,915
Buildings	131,175,900	10,469,727	(1,243,643)	140,401,984
Equipment	129,696,223	11,718,971	(5,601,759)	135,813,435
Improvements	3,051,394	-	(15,952)	3,035,442
	549,504,743	32,759,653	(6,925,620)	575,338,776
Less accumulated depreciation:				
Plant and distribution systems	171,687,742	6,413,204	(64,268)	178,036,678
Buildings	56,929,284	4,838,504	(248,727)	61,519,061
Equipment	80,696,356	11,415,804	(5,434,669)	86,677,491
Improvements	1,747,579	119,905	(8,973)	1,858,511
	311,060,961	22,787,417	(5,756,637)	328,091,741
Total depreciable capital assets	238,443,782	9,972,236	(1,168,983)	247,247,035
Total capital assets	\$ 270,095,629	\$ 23,500,266	\$ (10,659,484)	\$ 282,936,411

F. Pension obligations

Iowa Public Employees Retirement System (IPERS)

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

Funding policy. Iowa state law requires participating employers and members to contribute to IPERS. Each year, an actuary calculates the contribution rates needed to

City of Ames
Notes to the Financial Statements
June 30, 2012

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

F. Pension obligations (continued)

fund the benefits for each of the three membership classes. The legislature sets the contribution rates for the three membership classes. Starting July 1, 2012, IPERS will set the regular member rates based on the actuary's recommendation; however, the combined employer and member rate may not change by more than 1.0 percentage point each year.

During the fiscal year ended June 30, 2012, regular members contributed 5.38% and the City contributed 8.07% of covered wages. Rates for the fiscal year beginning July 1, 2012, are 5.78% for regular members and 8.67% for the City. Emergency responder members contributed 6.65%, and the hospital contributed 9.97% of covered wages for the fiscal year ended June 30, 2012. As of July 1, 2012, the rates for emergency responders increased to 6.84% for the members and 10.27% for the hospital. The City's total contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$6,211,558, \$5,240,892, and \$4,965,440, respectively, and were equal to 100 percent of the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan description. The City also participates in the MFPRSI, which provides retirement, disability, and death benefits for firefighters and police officers. MFPRSI was created under chapter 411 of the Code of Iowa, effective January 1, 1992, to replace the fire and police retirement systems in 49 cities in Iowa. It is a cost-sharing, multiple-employer defined benefit pension plan. A board of nine voting and four non-voting members is the policy-making body for the system. MFPRSI issues publicly available financial reports, which include financial statements and required supplementary information for the plan. 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 Iowa Code chapter 411. The member contribution rate, currently at 9.40%, is set by the 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, 2012, was 24.76%. As of July 1, 2012, the rate is 26.12%. The City's total contributions to MFPRSI for the years ended June 30, 2012, 2011, and 2010 were \$1,630,807, \$1,253,345, and \$1,024,282, respectively, and were equal to 100 percent of the required contributions for each year.

Ames Municipal Utility Retirement Plan

Plan description. The Ames Municipal Retirement Plan (utility plan) was created by resolution of the City Council and is administered by the City. It is a single-employer,

City of Ames
Notes to the Financial Statements
June 30, 2012

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

F. Pension obligations (continued)

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

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

Funding policy. Participants contribute 5.40%, and the City contributes 7.93% of eligible compensation. Participants may also make voluntary, unmatched contributions up to 10% of the participant's annual compensation. Participant contributions were \$472,570, and City contributions were \$693,977 for the fiscal year ended June 30, 2012.

G. Other post-employment benefit (OPEB) obligations

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

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

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

Annual OPEB cost and net OPEB obligation. The net OPEB obligation as of June 30, 2012, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	\$ 172,000	\$ 375,334	\$ 547,334
Interest on net OPEB obligation	16,000	114,869	130,869
Adjustment to annual required contribution	(14,000)	(92,061)	(106,061)
Annual OPEB cost	174,000	398,142	572,142
Contributions and payments made	(214,985)	(276,411)	(491,396)
Increase (decrease) in net OPEB obligation	(40,985)	121,731	80,746
Net OPEB obligation - beginning	557,957	2,297,386	2,855,343
Net OPEB obligation - ending	<u>\$ 516,972</u>	<u>\$2,419,117</u>	<u>\$2,936,089</u>

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 572,142	85.89%	\$2,936,089
June 30, 2011	614,595	5.96%	2,855,343
June 30, 2010	610,831	25.90%	2,277,363

City of Ames
Notes to the Financial Statements
June 30, 2012

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

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

Funded status and funding progress. As of July 1, 2010 (July 1, 2011 for the hospital), the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,302,219
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,302,219</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	82,680,630
UAAL as a percentage of covered payroll	6.41%

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

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

The ARC for the City was determined as part of the July 1, 2010 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method (implicit subsidy)	Level percentage of payroll, open, 30 years
Amortization method (explicit subsidy)	Level percentage of payroll, closed, 4 years
Inflation rate	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	4.5%

City of Ames
Notes to the Financial Statements
June 30, 2012

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

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

Projected salary increases	3.5%
Cost of living adjustments	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%
Healthcare cost trend rate	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%

The ARC for the hospital was determined as part of the July 1, 2011 actuarial valuation using the following methods and assumptions:

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

H. Construction and other significant commitments

Construction commitments. As of June 30, 2012, the City's commitments with contractors was as follows:

Project	Spent to Date	Remaining Commitment
Streets	\$ 4,236,679	\$ 2,512,129
Water	1,091,270	519,247
Sewer	633,835	303,620
Electric	28,335	7,588
Transit	6,953,801	739,029
	<u>\$ 12,943,920</u>	<u>\$ 4,081,613</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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 assure 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 were as follows:

General fund	\$ 147,753
Capital projects fund	5,052,671
Nonmajor governmental funds	2,015,278
Water	841,416
Sewer	2,968,927
Electric	5,220,312
Transit	4,778,570
Nonmajor business-type funds	<u>222,550</u>
	<u>\$21,247,477</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.

City of Ames
Notes to the Financial Statements
June 30, 2012

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

I. Risk management (continued)

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

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

Changes in the balance of claims liabilities during the years ended June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Liability - July 1	\$ 239,512	\$ 421,091
Claims incurred & claims adjustments	974,498	1,374,893
Claims payments	<u>(449,835)</u>	<u>(1,556,472)</u>
Liability - June 30	<u>\$ 764,175</u>	<u>\$ 239,512</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

I. Risk management (continued)

	2012	2011
Liability - July 1	\$ 695,439	\$ 501,326
Claims incurred & claims adjustments	5,786,406	5,058,927
Claims payments	<u>(5,835,545)</u>	<u>(4,864,814)</u>
Liability - June 30	<u>\$ 646,300</u>	<u>\$ 695,439</u>

The hospital carries professional liability insurance on a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The hospital has accrued \$220,084 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2012.

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 \$937,465 at June 30, 2012.

The hospital is self-insured for workers' compensation coverage of employees, and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$475,000 per occurrence. Accrued costs related to workers' compensation coverage was \$122,560 at June 30, 2012.

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, 2012 and 2011 were as follows:

	Professional Liability		Health Insurance	
	2012	2011	2012	2011
Liability - July 1	\$ 229,424	\$ 289,569	\$ 953,654	\$1,283,559
Claims incurred & claims adjustments	(7,089)	(50,988)	7,440,262	6,388,387
Claims payments	<u>(2,251)</u>	<u>(9,157)</u>	<u>(7,456,451)</u>	<u>(6,718,292)</u>
Liability - June 30	<u>\$ 220,084</u>	<u>\$ 229,424</u>	<u>\$ 937,465</u>	<u>\$ 953,654</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

I. Risk management (continued)

	<u>Workers' Compensation</u>	
	<u>2012</u>	<u>2011</u>
Liability - July 1	\$ 155,329	\$ 327,390
Claims incurred & claims adjustments	152,920	271,179
Claims payments	<u>(185,689)</u>	<u>(443,240)</u>
Liability - June 30	<u>\$ 122,560</u>	<u>\$ 155,329</u>

J. Lease obligations

Operating leases. The City leases a parking lot in Campustown for public parking. A three-year lease extension was approved, beginning in May 2012. The City also leases office space, which serves as the primary office for the information technology division. There is no option to renew either lease when they expire. Rent expense for these leases during the fiscal year ended June 30, 2012, was \$31,384.

The hospital leases various equipment for use in the medical center. Rent expense for these leases was \$798,000 for the fiscal year ended June 30, 2012.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u> <u>Rent</u>
2013	\$ 611,060
2014	291,405
2015	86,972
2016	39,602
2017	<u>-</u>
	<u>\$ 1,029,039</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued with maturities ranging from 10 to 20 years. Debt service on general obligation bonds is paid from the debt service fund. General obligation bonds outstanding at June 30, 2012 are as follows:

Governmental activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Corporate purpose	2004	\$ 6,030,000	2.75-3.25 %	2014	\$ 1,355,000
Corporate purpose	2005	5,495,000	3.50-3.65	2017	1,765,000
Corporate purpose	2006	5,285,000	4.00	2018	3,020,000
Corporate purpose	2007	9,130,000	3.75-4.15	2019	6,133,614
Corporate purpose	2008	5,855,000	3.75-4.15	2020	4,255,000
Refunding	2009	6,995,000	2.50-3.00	2013	980,000
Corporate purpose	2009	11,165,000	2.00-3.50	2021	8,935,000
Corporate purpose	2010	6,690,000	2.00-2.50	2022	5,795,000
Refunding	2011	5,980,000	2.00-3.35	2021	4,720,000
Corporate purpose	2011	<u>6,675,000</u>	1.00-2.40	2023	<u>6,105,000</u>
		<u>\$ 69,300,000</u>			<u>\$ 43,063,614</u>

Business-type activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Corporate purpose	2007	\$ 500,000	2.00-3.35 %	2021	\$ 331,386
Corporate purpose	2008	<u>2,500,000</u>	1.00-2.40	2023	<u>1,845,000</u>
		<u>\$ 3,000,000</u>			<u>\$ 2,176,386</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities (continued)

On October 25, 2011, the City issued \$6,675,000 of general obligation, corporate purpose bonds to be used for the cost of constructing street improvements and making improvements to City Hall. The maturity dates on the bonds range from June 1, 2012 through June 1, 2023. Debt service payments are scheduled semi-annually at amounts that range from \$7,560 to \$637,560. Bonds due after June 1, 2018 will be subject to call prior to maturity at the option of the City.

Revenue bonds. The City also issues revenue bonds, where the City pledges income derived from certain assets or programs to pay the debt service. Revenue bonds outstanding as of June 30, 2012 are as follows:

Mary Greeley Medical Center:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Refunding	2003	\$ 29,385,000	3.00-5.000 %	2022	\$ 17,690,000
Term bonds	2011	<u>65,000,000</u>	3.00-5.625	2036	<u>65,000,000</u>
		<u>\$ 94,385,000</u>			<u>\$ 82,690,000</u>

On October 25, 2011, the hospital issued \$65,000,000 of revenue bonds to fund expansion of the medical center. The maturity dates on the bonds range from June 15, 2013 through June 15, 2036. Debt service payments are scheduled semi-annually at amounts that range from \$3.8 million to \$30.6 million.

Landfill post-closure costs. The City stopped accepting solid waste at its landfill effective June 30, 1992, and has been in the process of closing the landfill since that time. 100% of the capacity of the landfill has been used.

Federal and state laws and regulations establish landfill closure and post-closure care requirements. The state specifies financial assurance requirements in the Iowa Code enumerating various allowable financial assurance mechanisms to meet the costs of closure and post-closure care. The City satisfies this requirement with its 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 \$282,327 at June 30, 2012, with a current portion of \$17,253.

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities (continued)

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

Loans payable. The City has an Iowa Department of Natural Resources for a Solid Waste Alternatives Program loan to fund a non-ferrous metal recovery system at the resource recovery plant. The original amount of the loan was \$825,000, payable through July 2015, at three percent interest.

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

At June 30, 2012, there were six outstanding contracts between the Iowa Department of Economic Development and some city businesses for Community Economic Betterment Account loans. Although the loans bear the name of the City, the City has no obligation for such debt beyond the resources provided by the business entity upon whose behalf it is issued. Accordingly, the loans are not reported as a liability in the financial statements.

Legal debt margin. State statutes limit the amount of general obligation debt an Iowa city may issue to five percent (5%) of the actual assessed valuation at January 1, 2010, related to the 2011-2012 fiscal year. At June 30, 2012, the outstanding debt of \$45,240,000 is below the limit of \$172,669,198, leaving a debt margin of over \$127 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2012, are as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 43,773,894	\$ 6,675,000	\$ (7,385,280)	\$ 43,063,614	\$ 6,838,723
Premiums	689,437	12,885	(121,653)	580,669	117,416
Deferred charges on refunding	(14,728)	-	4,002	(10,726)	(3,745)
Total bonds payable	44,448,603	6,687,885	(7,502,931)	43,633,557	6,952,394
Compensated absences	1,910,445	413,541	(342,980)	1,981,006	159,126
Other post-employment benefits	313,243	-	(23,010)	290,233	-
Governmental activities long-term debt	<u>\$ 46,672,291</u>	<u>\$ 7,101,426</u>	<u>\$ (7,868,921)</u>	<u>\$ 45,904,796</u>	<u>\$ 7,111,520</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities (continued)

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

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 19,065,000	\$ 65,000,000	\$ (1,375,000)	\$ 82,690,000	\$ 1,880,000
Premiums	262,272	716,598	(77,886)	900,984	-
Unamortized deferred loss	(249,402)	-	50,118	(199,284)	-
Total revenue bonds	19,077,870	65,716,598	(1,402,768)	83,391,700	1,880,000
General obligation bonds	2,411,106	-	(234,720)	2,176,386	241,277
Premiums	30,974	-	(3,510)	27,464	3,510
Total general obligation bonds	2,442,080	-	(238,230)	2,203,850	244,787
Total bonds payable	21,519,950	65,716,598	(1,640,998)	85,595,550	2,124,787
Compensated absences	10,759,629	9,858,806	(10,004,430)	10,614,005	9,279,894
Loans payable	683,896	-	(148,714)	535,182	155,851
Notes payable	4,395,970	-	(1,462,048)	2,933,922	1,519,386
Other post-employment benefits	2,542,100	121,731	(17,975)	2,645,856	-
Landfill post-closure costs	297,503	-	(15,176)	282,327	17,253
Business-type activities long-term debt	<u>\$ 40,199,048</u>	<u>\$ 75,697,135</u>	<u>\$ (13,289,341)</u>	<u>\$ 102,606,842</u>	<u>\$ 13,097,171</u>

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

Governmental activities:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2013	\$ 6,838,723	\$ 1,232,698
2014	6,011,776	1,047,483
2015	4,894,829	886,880
2016	4,527,882	750,666
2017	4,675,935	618,681
2018-2022	15,484,469	1,206,858
2023-2027	630,000	15,120
Total	<u>\$ 43,063,614</u>	<u>\$ 5,758,386</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities (continued)

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 241,277	\$ 85,195	\$ 1,880,000	\$ 4,243,919
2014	253,224	76,146	1,965,000	4,159,119
2015	260,171	66,650	2,060,000	4,065,668
2016	272,118	56,679	2,155,000	3,967,669
2017	284,065	46,250	2,260,000	3,865,119
2018-2022	865,531	69,490	12,980,000	17,633,119
2023-2027	-	-	16,460,000	14,161,231
2028-2032	-	-	21,345,000	9,272,081
2033-2037	-	-	21,585,000	2,905,613
Total	<u>\$ 2,176,386</u>	<u>\$ 400,410</u>	<u>\$ 82,690,000</u>	<u>\$ 64,273,538</u>

Year Ending June 30,	Loans		Notes	
	Principal	Interest	Principal	Interest
2013	\$ 155,851	\$ 12,409	\$ 1,519,386	\$ 79,183
2014	160,048	8,211	1,206,202	31,188
2015	164,373	3,886	126,436	2,308
2016	54,910	281	81,898	554
2017	-	-	-	-
2018-2022	-	-	-	-
Total	<u>\$ 535,182</u>	<u>\$ 24,787</u>	<u>\$ 2,933,922</u>	<u>\$ 113,233</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

K. Long-term liabilities (continued)

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2013	\$ 3,796,514	\$ 4,420,706	\$ 10,635,237	\$ 5,653,404
2014	3,584,474	4,274,664	9,596,250	5,322,147
2015	2,610,980	4,138,512	7,505,809	5,025,392
2016	2,563,926	4,025,183	7,091,808	4,775,849
2017	2,544,065	3,911,369	7,220,000	4,530,050
2018-2022	13,845,531	17,702,609	29,330,000	18,909,467
2023-2027	16,460,000	14,161,231	17,090,000	14,176,351
2028-2032	21,345,000	9,272,081	21,345,000	9,272,081
2033-2037	21,585,000	2,905,613	21,585,000	2,905,613
Total	<u>\$ 88,335,490</u>	<u>\$ 64,811,968</u>	<u>\$ 131,399,104</u>	<u>\$ 70,570,354</u>

L. Fund balance

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

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

L. Fund balance (continued)

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

	General	Capital Projects	Debt Service	Special Revenues	Permanent Funds	Total
Nonspendable:						
Inventory	\$ 40,001	\$ -	\$ -	\$ 82,325	\$ -	\$ 122,326
Prepaid items	56,234	-	-	3,111	-	59,345
Perpetual care principal	-	-	-	-	890,716	890,716
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
	<u>96,235</u>	<u>-</u>	<u>-</u>	<u>85,436</u>	<u>1,890,716</u>	<u>2,072,387</u>
Restricted:						
Debt service	-	174,131	1,658,922	48,929	-	1,881,982
Aquatic center	-	-	-	-	89,681	89,681
Construction projects	-	337,760	-	3,150,554	-	3,488,314
Environment and economic betterment	-	-	-	4,776,709	-	4,776,709
General obligation bond projects	-	8,727,027	-	-	-	8,727,027
Housing assistance	-	-	-	587,320	-	587,320
Public safety	-	-	-	232,089	-	232,089
Public safety pension	-	-	-	1,365,912	-	1,365,912
Library	-	-	-	848,119	-	848,119
Parks and recreation	-	-	-	2,470,175	-	2,470,175
Project Share	-	-	-	4,814	-	4,814
Public art	-	-	-	45	-	45
Developers' projects	-	-	-	149,216	-	149,216
	<u>-</u>	<u>9,238,918</u>	<u>1,658,922</u>	<u>13,633,882</u>	<u>89,681</u>	<u>24,621,403</u>
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Housing assistance	-	-	-	805,736	-	805,736
Environment and economic betterment	-	-	-	577,123	-	577,123
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,913</u>	<u>-</u>	<u>1,399,913</u>
Assigned:						
Administration	4,976	-	-	-	-	4,976
Green energy projects	-	-	-	4,403	-	4,403
Public safety	3,353	-	-	-	-	3,353
Library	918	-	-	75,078	-	75,996
Facilities	50,143	-	-	-	-	50,143
Parks and recreation	65,301	-	-	89,188	-	154,489
Airport	8,925	-	-	-	-	8,925
Cemetery	14,136	-	-	-	-	14,136
Special assessment projects	-	148,000	-	-	-	148,000
	<u>147,752</u>	<u>148,000</u>	<u>-</u>	<u>168,669</u>	<u>-</u>	<u>464,421</u>
Unassigned	<u>7,924,363</u>	<u>-</u>	<u>-</u>	<u>(308,456)</u>	<u>-</u>	<u>7,615,907</u>
	<u>\$ 8,168,350</u>	<u>\$ 9,386,918</u>	<u>\$ 1,658,922</u>	<u>\$ 14,979,444</u>	<u>\$ 1,980,397</u>	<u>\$ 36,174,031</u>

City of Ames
Notes to the Financial Statements
June 30, 2012

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

M. Interfund receivables and payables

The composition of interfund balances as of June 30, 2012, is as follows:

Receivable fund	Payable fund				
	General Fund	Capital Projects	Electric	Sewer	Water
Major funds:					
General fund	\$ -	\$ 29,752	\$ 167,171	\$ 32,570	\$ 37,300
Capital projects	33,107	18,677	-	-	-
Electric	-	-	-	41,377	45,526
Sewer	-	-	20,521	-	16,015
Water	-	184	29,015	32,959	-
Transit	10,246	-	-	-	-
Nonmajor funds:					
Permanent	2,053	-	-	-	-
Special revenue	3,416	-	-	7,414	7,414
Enterprise	-	870	67,513	-	-
Internal service	126,625	1,610	69,786	23,575	20,461
Total	<u>\$ 175,447</u>	<u>\$ 51,093</u>	<u>\$ 354,006</u>	<u>\$ 137,895</u>	<u>\$ 126,716</u>

Receivable fund	Payable fund				
	Transit	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
Major funds:					
General fund	\$ 14,581	\$ 693,414	\$ 30,679	\$ 25,602	\$ 1,031,069
Capital projects	-	-	-	-	51,784
Electric	-	223	-	-	87,126
Sewer	-	-	-	-	36,536
Water	-	92,483	-	-	154,641
Transit	-	-	-	17	10,263
Nonmajor funds:					
Permanent	-	-	-	-	2,053
Special revenue	-	238,526	7,414	-	264,184
Enterprise	-	256	-	-	68,639
Internal service	3,949	69,598	32,057	2,514	350,175
Total	<u>\$ 18,530</u>	<u>\$ 1,094,500</u>	<u>\$ 70,150</u>	<u>\$ 28,133</u>	<u>\$ 2,056,470</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2012

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

N. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2012, is as follows:

Transfers in	Transfers out				
	General Fund	Capital Projects	Electric	Nonmajor Special Revenue Funds	Internal Service Funds
Major funds:					
General fund	\$ -	\$ -	\$ 1,871,746	\$ 5,744,743	\$ -
Capital projects	46,953	2,859	-	-	-
Debt service	-	587,019	-	117,065	-
Electric	-	-	-	-	185,633
Sewer	-	-	-	-	61,686
Transit	1,374,879	-	-	-	-
Nonmajor funds:					
Special revenue	-	-	-	106,369	-
Enterprise	452,862	-	-	20,000	-
Internal service	175,000	-	-	-	-
Total	<u>\$ 2,049,694</u>	<u>\$ 589,878</u>	<u>\$ 1,871,746</u>	<u>\$ 5,988,177</u>	<u>\$ 247,319</u>

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

O. Donor-restricted endowment

Earnings from the investment of the Furman Aquatic Center endowment of \$89,681 at June 30, 2012, are shown as restricted net assets. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Iowa Code permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

City of Ames
Notes to the Financial Statements
June 30, 2012

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

P. Contingencies

The City's legal department reported to management that, as of June 30, 2012, 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.

As a provider of health care services, the hospital has agreements with third-party payers that provide for payment of services at amounts different from established rates. The basis for payment varies by payer and includes prospectively-determined rates per discharge, discounts from established charges, and retroactively-determined, cost-based rates. Approximately 95 percent of gross patient charges determined at established rates resulted from patients covered by these third-party reimbursement programs for the fiscal year ended June 30, 2012. Changes have been and may be made in certain programs, which could have a material adverse impact on the financial condition of the hospital in future years.

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

Q. Joint venture

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (the joint venture), of which it owns 50%. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise

City of Ames
Notes to the Financial Statements
June 30, 2012

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

Q. Joint venture (continued)

significant influence over operating and financial policies of the investee. Financial statements of the joint venture are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

R. Related party transactions

The hospital's board of trustees approved the guarantee of certain debt on behalf of the joint venture mentioned above. The hospital's guaranteed portion of the debt is \$750,000, and the hospital can only be required to perform on the guarantee in the event of nonpayment by the joint venture. Management evaluates the hospital's exposure to loss at each balance sheet date and provides accruals for such as deemed necessary. No accrual was deemed necessary as of June 30, 2012.

S. Discontinued operations

A resolution was adopted by City Council to transfer administration of the Section 8 Housing Choice Voucher program from the City of Ames Housing Authority to the Central Iowa Regional Housing Authority (CIRHA), effective July 1, 2011. CIRHA was selected as the housing authority to take over the Ames jurisdiction based on the fact that they administered the same program in Story County, their background policies exceeded those of the City's policies, they have "standard" or "high" performance ratings for the Section 8 Management Assessment Program, and absorbing additional vouchers will enhance their financial stability since they already have a larger number of vouchers and support staff. The two parties signed a 28-E agreement, which allows CIRHA to operate a program within the corporate limits of Ames.

T. Subsequent events

On October 1, 2012, the City issued \$12,660,000 of general obligation, corporate purpose bonds for the purpose of paying the cost of constructing improvements to streets, water lines, and sanitary sewer lines; carrying out flood mitigation projects; rehabilitating city parks; replacing a city park pedestrian/bicycle bridge that was damaged by flooding; and expanding the public library. The interest rate on the bonds ranges from 1.50 - 3.00% and final maturity is June 1, 2032.

On November 20, 2012, the hospital issued \$26 million of revenue and refunding bonds. \$14.5 million will be used to refund the 2003 hospital bonds and \$11.5 million will be used to expand the current facilities. The interest rate on the bonds is 2.07% with a final maturity of June 15, 2027.

Required Supplementary Information



Executive Express, the Des Moines Airport shuttle, makes 13-14 daily departures to the Des Moines International Airport. Storage for four vehicles is provided in a separate garage on the Intermodal Facility site. Executive Express offices are located in the terminal.



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

				Actuarial Accrued Liability (AAL) -				UAAL as a
	City	Hospital	Actuarial	Projected	Unfunded AAL	Funded	Covered	Percentage
	Actuarial	Actuarial	Value of	Unit	(UAAL)	Ratio	Payroll	of Covered
	Valuation	Valuation	Assets	Credit				Payroll
FY	Date	Date	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
2012	07/01/10	07/01/11	-	5,302,219	5,302,219	0.00%	82,680,630	6.41%
2011	07/01/10	07/01/09	-	5,302,219	5,302,219	0.00%	81,335,406	6.52%
2010	07/01/08	07/01/09	-	5,248,219	5,248,219	0.00%	76,101,030	6.90%

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	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	\$ 23,394,064	\$ -	\$ 23,394,064	\$ 23,453,005	\$ 23,453,005	\$ (58,941)
Delinquent property taxes	(7,080)	-	(7,080)	-	-	(7,080)
TIF revenues	-	-	-	-	228	(228)
Other City taxes	8,521,578	-	8,521,578	7,568,085	8,476,350	45,228
Licenses and permits	1,292,368	14,132	1,306,500	1,179,439	1,325,963	(19,463)
Use of money and property	597,107	4,931,444	5,528,551	9,601,105	10,683,165	(5,154,614)
Intergovernmental	9,098,425	14,924,937	24,023,362	28,216,699	38,960,498	(14,937,136)
Charges for services	4,022,584	249,019,250	253,041,834	250,796,233	248,314,636	4,727,198
Special assessments	237,252	-	237,252	380,000	340,000	(102,748)
Miscellaneous	3,005,412	1,675,210	4,680,622	1,081,517	3,266,596	1,414,026
Other financing sources	17,022,985	2,438,685	19,461,670	18,866,140	23,836,765	(4,375,095)
Total revenues and other financing sources	67,184,695	273,003,658	340,188,353	341,142,223	358,657,206	(18,468,853)
Expenditures and other financing uses:						
General government	2,501,864	-	2,501,864	2,361,436	2,570,543	68,679
Public safety	14,871,389	-	14,871,389	14,843,912	15,060,864	189,475
Public works	5,744,514	-	5,744,514	5,603,458	6,292,863	548,349
Health and social services	1,140,216	-	1,140,216	1,265,792	1,146,179	5,963
Culture and recreation	7,126,608	-	7,126,608	7,074,036	7,162,138	35,530
Community and economic development	3,032,864	-	3,032,864	2,633,998	3,717,622	684,758
Debt service	9,103,364	-	9,103,364	9,267,800	9,103,363	(1)
Capital outlay	10,366,264	-	10,366,264	12,068,827	29,159,690	18,793,426
Total governmental expenditures	53,887,083	-	53,887,083	55,119,259	74,213,262	20,326,179
Business-type expenditures	-	232,814,784	232,814,784	274,271,330	280,786,327	47,971,543
Total expenditures and other financing uses	53,887,083	232,814,784	286,701,867	329,390,589	354,999,589	68,297,722
Other financing uses	10,157,379	2,616,406	12,773,785	11,865,140	13,328,222	554,437
Total expenditures, other financing uses, and transfers out	64,044,462	235,431,190	299,475,652	341,255,729	368,327,811	68,852,159
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	3,140,233	37,572,468	40,712,701	(113,506)	(9,670,605)	50,383,306
Fund balances, beginning	36,810,265	424,728,895	461,539,160	390,176,202	461,539,160	-
Fund balances, ending	\$ 39,950,498	\$ 462,301,363	\$ 502,251,861	\$ 390,062,696	\$ 451,868,555	\$ 50,383,306

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, 2012

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 67,184,695	\$ (1,866,335)	\$ 65,318,360	\$ 273,003,658	\$ 4,858,178	\$ 277,861,836
Expenditures and other financing uses	64,044,462	(1,620,152)	62,424,310	235,431,190	3,165,575	238,596,765
Excess revenues and other financing sources over expenditures and other financing uses	3,140,233	(246,183)	2,894,050	37,572,468	1,692,603	39,265,071
Fund balances, beginning	36,810,265	(3,530,284)	33,279,981	424,728,895	33,706,719	458,435,614
Fund balances, ending	<u>\$ 39,950,498</u>	<u>\$ (3,776,467)</u>	<u>\$ 36,174,031</u>	<u>\$ 462,301,363</u>	<u>\$ 35,399,322</u>	<u>\$ 497,700,685</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, 2012

I. Budgetary Information

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

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

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

Two budget amendments during the fiscal year increased budgeted expenditures by \$27,072,082. These amendments are reflected in the final budget amounts.

Supplementary Information



This facility was designed with safety in mind for travelers. The stairway is fully open to view with glass all around, and night lighting provides even more security.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Permanent Funds

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

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

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

City of Ames
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	<u>Permanent Funds</u>			
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,861,439	\$ 888,423	\$ 1,086,331	\$ 15,836,193
Taxes receivable	5,711	-	-	5,711
Accrued interest receivable	13,937	-	3,350	17,287
Accounts receivable, net	5,581	240	-	5,821
Intergovernmental receivable	2,591,236	-	-	2,591,236
Loans receivable	37,920	-	-	37,920
Due from other funds	264,184	2,053	-	266,237
Inventories	82,325	-	-	82,325
Property held for resale	550,770	-	-	550,770
Prepaid items	3,111	-	-	3,111
Succeeding year taxes receivable	1,577,556	-	-	1,577,556
Long-term loans receivable	83,815	-	-	83,815
Total assets	<u>\$ 19,077,585</u>	<u>\$ 890,716</u>	<u>\$ 1,089,681</u>	<u>\$ 21,057,982</u>
LIABILITIES				
Accounts payable	\$ 427,557	\$ -	\$ -	\$ 427,557
Accrued payroll	58,454	-	-	58,454
Retainage payable	18,507	-	-	18,507
Customer deposits	80,442	-	-	80,442
Intergovernmental payable	7,537	-	-	7,537
Due to other funds	1,094,500	-	-	1,094,500
Deferred revenue	833,588	-	-	833,588
Succeeding year unearned revenue	1,577,556	-	-	1,577,556
Total liabilities	<u>4,098,141</u>	<u>-</u>	<u>-</u>	<u>4,098,141</u>
FUND BALANCES (DEFICITS)				
Nonspendable	85,436	890,716	1,000,000	1,976,152
Restricted	13,633,882	-	89,681	13,723,563
Committed	1,399,913	-	-	1,399,913
Assigned	168,669	-	-	168,669
Unassigned	(308,456)	-	-	(308,456)
Total fund balances (deficits)	<u>14,979,444</u>	<u>890,716</u>	<u>1,089,681</u>	<u>16,959,841</u>
Total liabilities and fund balances (deficits)	<u>\$ 19,077,585</u>	<u>\$ 890,716</u>	<u>\$ 1,089,681</u>	<u>\$ 21,057,982</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	<u>Permanent Funds</u>			
	<u>Nonmajor Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 9,878,711	\$ -	\$ -	\$ 9,878,711
Intergovernmental	6,761,281	-	-	6,761,281
Charges for services	3,050	10,829	-	13,879
Investment income	40,455	-	9,060	49,515
Miscellaneous	2,386,237	-	-	2,386,237
Total revenues	<u>19,069,734</u>	<u>10,829</u>	<u>9,060</u>	<u>19,089,623</u>
EXPENDITURES				
Current:				
General government	102,689	-	-	102,689
Public safety	76,810	-	-	76,810
Public works	3,859,820	-	-	3,859,820
Health and social services	1,159,849	-	-	1,159,849
Culture and recreation	394,021	-	-	394,021
Community and economic development	2,203,251	-	-	2,203,251
Capital outlay	2,362,754	-	-	2,362,754
Total expenditures	<u>10,159,194</u>	<u>-</u>	<u>-</u>	<u>10,159,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,910,540</u>	<u>10,829</u>	<u>9,060</u>	<u>8,930,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	106,369	-	-	106,369
Transfers out	(5,988,177)	-	-	(5,988,177)
Total other financing sources (uses)	<u>(5,881,808)</u>	<u>-</u>	<u>-</u>	<u>(5,881,808)</u>
Net change in fund balance	3,028,732	10,829	9,060	3,048,621
Fund balances, beginning	<u>11,950,712</u>	<u>879,887</u>	<u>1,080,621</u>	<u>13,911,220</u>
Fund balances, ending	<u>\$ 14,979,444</u>	<u>\$ 890,716</u>	<u>\$ 1,089,681</u>	<u>\$ 16,959,841</u>

City of Ames
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
ASSETS											
Cash and cash equivalents	\$ 4,711,282	\$ 358,887	\$ -	\$ 2,994,452	\$ 17,054	\$ 66,407	\$ 541,131	\$ 48,761	\$ -	\$ 1,362,795	\$ 1,798,398
Taxes receivable	-	-	-	-	-	-	-	-	5,711	-	-
Accrued interest receivable	-	-	-	-	-	-	-	168	-	4,199	5,544
Accounts receivable, net	-	-	-	-	-	-	2,820	-	-	-	-
Intergovernmental receivable	1,327,223	465,679	-	412,513	-	10,960	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	8,618	-	-	-	-
Due from other funds	-	-	-	25,440	-	219	238,525	-	-	-	-
Inventories	-	-	-	82,325	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	971	-	1,200	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	1,577,556	-	-
Long-term loans receivable	-	-	-	-	-	-	15,910	-	-	-	-
Total assets	<u>\$ 6,038,505</u>	<u>\$ 824,566</u>	<u>\$ -</u>	<u>\$ 3,515,701</u>	<u>\$ 17,054</u>	<u>\$ 78,786</u>	<u>\$ 807,004</u>	<u>\$ 48,929</u>	<u>\$ 1,583,267</u>	<u>\$ 1,366,994</u>	<u>\$ 1,803,942</u>
LIABILITIES											
Accounts payable	\$ 142,754	\$ 43,913	\$ -	\$ 105,476	\$ -	\$ 974	\$ -	\$ -	\$ -	\$ -	\$ 9,986
Accrued payroll	3,274	-	-	52,827	-	520	-	-	-	-	-
Retainage payable	2,147	-	-	16,360	-	-	-	-	-	-	-
Customer deposits	1,005	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	5,379	-	-	437	-	832	889	-	-	-	-
Due to other funds	644,906	130	-	106,751	-	10,884	379	-	5,711	1,082	-
Deferred revenue	11,768	465,679	-	-	-	8,051	-	-	-	-	-
Succeeding year unearned revenue	-	-	-	-	-	-	-	-	1,577,556	-	-
Total liabilities	<u>811,233</u>	<u>509,722</u>	<u>-</u>	<u>281,851</u>	<u>-</u>	<u>21,261</u>	<u>1,268</u>	<u>-</u>	<u>1,583,267</u>	<u>1,082</u>	<u>9,986</u>
FUND BALANCES (DEFICITS)											
Nonspendable	-	-	-	83,296	-	1,200	-	-	-	-	-
Restricted	5,227,272	314,844	-	3,150,554	-	56,325	-	48,929	-	1,365,912	1,704,768
Committed	-	-	-	-	17,054	-	805,736	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	89,188
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>5,227,272</u>	<u>314,844</u>	<u>-</u>	<u>3,233,850</u>	<u>17,054</u>	<u>57,525</u>	<u>805,736</u>	<u>48,929</u>	<u>-</u>	<u>1,365,912</u>	<u>1,793,956</u>
Total liabilities and fund balances (deficits)	<u>\$ 6,038,505</u>	<u>\$ 824,566</u>	<u>\$ -</u>	<u>\$ 3,515,701</u>	<u>\$ 17,054</u>	<u>\$ 78,786</u>	<u>\$ 807,004</u>	<u>\$ 48,929</u>	<u>\$ 1,583,267</u>	<u>\$ 1,366,994</u>	<u>\$ 1,803,942</u>

City of Ames
Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2012

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ 1,041,062	\$ 8,615	\$ 1,468	\$ -	\$ 174,013	\$ 1,540	\$ 228,515	\$ 507,059	\$ -	\$ 13,861,439
Taxes receivable	-	-	-	-	-	-	-	-	-	5,711
Accrued interest receivable	3,355	-	-	-	528	5	138	-	-	13,937
Accounts receivable, net	-	825	-	-	200	-	-	1,736	-	5,581
Intergovernmental receivable	-	-	-	19,551	-	-	-	-	355,310	2,591,236
Loans receivable	-	-	-	4,179	-	-	-	25,123	-	37,920
Due from other funds	-	-	-	-	-	-	-	-	-	264,184
Inventories	-	-	-	-	-	-	-	-	-	82,325
Property held for resale	-	-	-	550,770	-	-	-	-	-	550,770
Prepaid items	-	-	-	940	-	-	-	-	-	3,111
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	1,577,556
Long-term loans receivable	-	-	-	24,700	-	-	-	43,205	-	83,815
Total assets	<u>\$ 1,044,417</u>	<u>\$ 9,440</u>	<u>\$ 1,468</u>	<u>\$ 600,140</u>	<u>\$ 174,741</u>	<u>\$ 1,545</u>	<u>\$ 228,653</u>	<u>\$ 577,123</u>	<u>\$ 355,310</u>	<u>\$ 19,077,585</u>
LIABILITIES										
Accounts payable	\$ 119,425	\$ -	\$ -	\$ 3,084	\$ 445	\$ 1,500	\$ -	\$ -	\$ -	\$ 427,557
Accrued payroll	1,795	-	-	38	-	-	-	-	-	58,454
Retainage payable	-	-	-	-	-	-	-	-	-	18,507
Customer deposits	-	-	-	-	-	-	79,437	-	-	80,442
Intergovernmental payable	-	-	-	-	-	-	-	-	-	7,537
Due to other funds	-	223	-	8,758	-	-	-	-	315,676	1,094,500
Deferred revenue	-	-	-	-	-	-	-	-	348,090	833,588
Succeeding year unearned revenue	-	-	-	-	-	-	-	-	-	1,577,556
Total liabilities	<u>121,220</u>	<u>223</u>	<u>-</u>	<u>11,880</u>	<u>445</u>	<u>1,500</u>	<u>79,437</u>	<u>-</u>	<u>663,766</u>	<u>4,098,141</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	940	-	-	-	-	-	85,436
Restricted	848,119	4,814	1,468	587,320	174,296	45	149,216	-	-	13,633,882
Committed	-	-	-	-	-	-	-	577,123	-	1,399,913
Assigned	75,078	4,403	-	-	-	-	-	-	-	168,669
Unassigned	-	-	-	-	-	-	-	-	(308,456)	(308,456)
Total fund balances (deficits)	<u>923,197</u>	<u>9,217</u>	<u>1,468</u>	<u>588,260</u>	<u>174,296</u>	<u>45</u>	<u>149,216</u>	<u>577,123</u>	<u>(308,456)</u>	<u>14,979,444</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,044,417</u>	<u>\$ 9,440</u>	<u>\$ 1,468</u>	<u>\$ 600,140</u>	<u>\$ 174,741</u>	<u>\$ 1,545</u>	<u>\$ 228,653</u>	<u>\$ 577,123</u>	<u>\$ 355,310</u>	<u>\$ 19,077,585</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
REVENUES											
Taxes	\$ 6,935,154	\$ 1,487,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 1,456,038	\$ -	\$ -
Intergovernmental	263,063	-	-	5,547,195	-	56,924	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	3,050
Investment income	-	-	-	-	-	-	-	1,311	-	11,102	16,290
Miscellaneous	-	-	-	-	-	4,292	1,548	-	-	-	1,862,719
Total revenues	7,198,217	1,487,328	-	5,547,195	-	61,216	1,548	1,502	1,456,038	11,102	1,882,059
EXPENDITURES											
Current:											
General government	-	11,588	-	78,685	-	-	-	-	-	12,416	-
Public safety	-	-	-	-	-	67,148	-	-	-	-	-
Public works	-	-	-	3,859,820	-	-	-	-	-	-	-
Health and social services	1,140,211	-	-	-	-	-	-	-	-	-	-
Culture and recreation	293,917	-	-	-	-	-	-	-	-	-	-
Community and economic development	9,498	1,285,433	-	-	-	-	41,203	-	-	-	-
Capital outlay	948,544	61,268	-	266,378	-	-	-	-	-	-	188,990
Total expenditures	2,392,170	1,358,289	-	4,204,883	-	67,148	41,203	-	-	12,416	188,990
Excess (deficiency) of revenues over (under) expenditures	4,806,047	129,039	-	1,342,312	-	(5,932)	(39,655)	1,502	1,456,038	(1,314)	1,693,069
OTHER FINANCING SOURCES (USES)											
Transfers in	85,075	-	-	-	-	-	21,294	-	-	-	-
Transfers out	(4,181,092)	(212,688)	(21,294)	-	-	-	-	(117,065)	(1,456,038)	-	-
Total other financing sources (uses)	(4,096,017)	(212,688)	(21,294)	-	-	-	21,294	(117,065)	(1,456,038)	-	-
Net change in fund balances	710,030	(83,649)	(21,294)	1,342,312	-	(5,932)	(18,361)	(115,563)	-	(1,314)	1,693,069
Fund balances, beginning	4,517,242	398,493	21,294	1,891,538	17,054	63,457	824,097	164,492	-	1,367,226	100,887
Fund balances, ending	\$ 5,227,272	\$ 314,844	\$ -	\$ 3,233,850	\$ 17,054	\$ 57,525	\$ 805,736	\$ 48,929	\$ -	\$ 1,365,912	\$ 1,793,956

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,878,711
Intergovernmental	12,261	-	-	532,810	-	-	-	-	349,028	6,761,281
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	9,960	-	-	-	1,407	13	372	-	-	40,455
Miscellaneous	423,547	19,710	60	639	26,801	200	-	46,721	-	2,386,237
Total revenues	445,768	19,710	60	533,449	28,208	213	372	46,721	349,028	19,069,734
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	102,689
Public safety	-	-	645	-	9,017	-	-	-	-	76,810
Public works	-	-	-	-	-	-	-	-	-	3,859,820
Health and social services	-	19,638	-	-	-	-	-	-	-	1,159,849
Culture and recreation	98,566	-	-	-	-	1,538	-	-	-	394,021
Community and economic development	-	-	-	752,539	-	-	-	114,578	-	2,203,251
Capital outlay	710,908	-	-	-	-	-	-	-	186,666	2,362,754
Total expenditures	809,474	19,638	645	752,539	9,017	1,538	-	114,578	186,666	10,159,194
Excess (deficiency) of revenues over (under) expenditures	(363,706)	72	(585)	(219,090)	19,191	(1,325)	372	(67,857)	162,362	8,910,540
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	106,369
Transfers out	-	-	-	-	-	-	-	-	-	(5,988,177)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(5,881,808)
Net change in fund balances	(363,706)	72	(585)	(219,090)	19,191	(1,325)	372	(67,857)	162,362	3,028,732
Fund balances, beginning	1,286,903	9,145	2,053	807,350	155,105	1,370	148,844	644,980	(470,818)	11,950,712
Fund balances, ending	\$ 923,197	\$ 9,217	\$ 1,468	\$ 588,260	\$ 174,296	\$ 45	\$ 149,216	\$ 577,123	\$ (308,456)	\$ 14,979,444

Nonmajor Enterprise Funds

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

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

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

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

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

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

City of Ames
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,646,374	\$ 376,691	\$ 2,586,176	\$ 569,201	\$ 106,683	\$ 5,285,125
Accrued interest receivable	4,908	1,193	6,932	1,813	346	15,192
Accounts receivable, net	121,269	5,444	375,463	8,078	2,835	513,089
Due from other funds	4,733	-	63,906	-	-	68,639
Intergovernmental receivable	31,434	108	424,464	7,520	-	463,526
Inventories	-	12,103	-	5,968	2,810	20,881
Prepaid items	-	1,262	60	-	-	1,322
Total current assets	<u>1,808,718</u>	<u>396,801</u>	<u>3,457,001</u>	<u>592,580</u>	<u>112,674</u>	<u>6,367,774</u>
Noncurrent assets:						
Capital assets:						
Land	-	910,547	531,517	-	193,250	1,635,314
Land improvements	526,378	647,228	196,611	63,578	127,581	1,561,376
Buildings	-	-	11,219,650	1,688,110	87,003	12,994,763
Equipment	8,390	56,130	6,314,804	142,416	-	6,521,740
Less accumulated depreciation	(167,871)	(571,236)	(10,998,479)	(735,552)	(124,644)	(12,597,782)
Total noncurrent assets	<u>366,897</u>	<u>1,042,669</u>	<u>7,264,103</u>	<u>1,158,552</u>	<u>283,190</u>	<u>10,115,411</u>
Total assets	<u>2,175,615</u>	<u>1,439,470</u>	<u>10,721,104</u>	<u>1,751,132</u>	<u>395,864</u>	<u>16,483,185</u>
LIABILITIES						
Current liabilities:						
Accounts payable	24,280	4,189	136,403	14,072	6,156	185,100
Accrued payroll	662	8,661	2,656	2,096	4,281	18,356
Accrued compensated absences	623	1,362	3,504	594	329	6,412
Due to other funds	9,879	14,578	42,473	1,289	1,931	70,150
Retainage payable	1,179	-	3,102	4,665	-	8,946
Loans payable - current	-	-	138,351	-	-	138,351
Intergovernmental payable	384	-	61,626	166	806	62,982
Accrued landfill post-closure costs	-	-	17,253	-	-	17,253
Unearned revenue	-	5,600	-	-	-	5,600
Total current liabilities	<u>37,007</u>	<u>34,390</u>	<u>405,368</u>	<u>22,882</u>	<u>13,503</u>	<u>513,150</u>
Noncurrent liabilities:						
Accrued compensated absences	9,114	19,285	69,577	9,232	3,749	110,957
Post-employment benefits	3,681	5,254	16,833	1,127	901	27,796
Loans payable	-	-	326,831	-	-	326,831
Accrued landfill post-closure costs	-	-	265,074	-	-	265,074
Total noncurrent liabilities	<u>12,795</u>	<u>24,539</u>	<u>678,315</u>	<u>10,359</u>	<u>4,650</u>	<u>730,658</u>
Total liabilities	<u>49,802</u>	<u>58,929</u>	<u>1,083,683</u>	<u>33,241</u>	<u>18,153</u>	<u>1,243,808</u>
NET ASSETS						
Net investment in capital assets	366,897	1,042,669	6,798,921	1,158,552	283,190	9,650,229
Unrestricted	<u>1,758,916</u>	<u>337,872</u>	<u>2,838,500</u>	<u>559,339</u>	<u>94,521</u>	<u>5,589,148</u>
Total net assets	<u>\$ 2,125,813</u>	<u>\$ 1,380,541</u>	<u>\$ 9,637,421</u>	<u>\$ 1,717,891</u>	<u>\$ 377,711</u>	<u>\$15,239,377</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	\$ 1,155,583	\$ 779,976	\$ 3,583,946	\$ 475,743	\$ 235,824	\$ 6,231,072
Operating expenses:						
Cost of goods and services	925,266	731,370	3,560,299	455,626	227,634	5,900,195
Administration	2,061	28,416	204,004	-	-	234,481
Depreciation	11,367	12,371	432,941	66,543	8,062	531,284
Total operating expenses	938,694	772,157	4,197,244	522,169	235,696	6,665,960
Operating income (loss)	216,889	7,819	(613,298)	(46,426)	128	(434,888)
Non-operating revenues (expenses):						
Intergovernmental	94,091	-	24,950	-	-	119,041
Reimbursements	-	-	258,513	-	-	258,513
Investment income	12,529	3,157	19,226	4,938	758	40,608
Interest expense	-	-	(18,575)	-	-	(18,575)
Total non-operating revenues (expenses)	106,620	3,157	284,114	4,938	758	399,587
Income (loss) before capital contributions and transfers	323,509	10,976	(329,184)	(41,488)	886	(35,301)
Capital contributions	-	-	-	20,000	-	20,000
Transfers in	-	-	452,862	20,000	-	472,862
Change in net assets	323,509	10,976	123,678	(1,488)	886	457,561
Net assets, beginning	1,802,304	1,369,565	9,513,743	1,719,379	376,825	14,781,816
Net assets, ending	\$ 2,125,813	\$ 1,380,541	\$ 9,637,421	\$ 1,717,891	\$ 377,711	\$ 15,239,377

City of Ames
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,113,953	\$ 775,221	\$ 3,554,195	\$ 476,155	\$ 234,276	\$ 6,153,800
Payments to suppliers	(413,814)	(120,308)	(1,911,005)	(213,108)	(64,526)	(2,722,761)
Payments to employees	(275,021)	(471,695)	(1,269,168)	(205,423)	(134,265)	(2,355,572)
Payments to other funds for services provided	(263,780)	(159,442)	(610,923)	(33,487)	(24,865)	(1,092,497)
Net cash provided by (used for) operating activities	161,338	23,776	(236,901)	24,137	10,620	(17,030)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Operating grants	94,091	-	24,950	-	-	119,041
Reimbursements	-	-	258,513	-	-	258,513
Transfers in	-	-	452,862	20,000	-	472,862
Net cash provided by (used for) non-capital financing activities	94,091	-	736,325	20,000	-	850,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(8,390)	-	(74,076)	(105,302)	-	(187,768)
Principal paid on loans	-	-	(131,214)	-	-	(131,214)
Interest paid on loans	-	-	(18,575)	-	-	(18,575)
Capital contributions	-	-	-	20,000	-	20,000
Net cash provided by (used for) capital and related financing activities	(8,390)	-	(223,865)	(85,302)	-	(317,557)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	12,994	3,345	20,629	5,551	815	43,334
Net cash provided by (used for) investing activities	12,994	3,345	20,629	5,551	815	43,334
Net increase (decrease) in cash and cash equivalents	260,033	27,121	296,188	(35,614)	11,435	559,163
Cash and cash equivalents, beginning	1,386,341	349,570	2,289,988	604,815	95,248	4,725,962
Cash and cash equivalents, ending	\$ 1,646,374	\$ 376,691	\$ 2,586,176	\$ 569,201	\$ 106,683	\$ 5,285,125

City of Ames
Combining Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 216,889	\$ 7,819	\$ (613,298)	\$ (46,426)	\$ 128	\$ (434,888)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	11,367	12,371	432,941	66,543	8,062	531,284
(Increase) decrease in accounts receivable	(11,928)	(4,914)	(78,761)	7,267	(2,298)	(90,634)
(Increase) decrease in due from other funds	1,135	-	32,158	-	750	34,043
(Increase) decrease in intergovernmental receivable	(30,837)	(66)	16,852	(6,855)	-	(20,906)
(Increase) decrease in inventories	-	5,513	-	(1,903)	103	3,713
(Increase) decrease in prepaid items	-	(55)	-	-	-	(55)
Increase (decrease) in accounts payable	(27,732)	1,134	20,288	643	3,075	(2,592)
Increase (decrease) in accrued payroll	96	580	(488)	108	640	936
Increase (decrease) in accrued compensated absences	1,332	962	(19,299)	824	392	(15,789)
Increase (decrease) in due to other funds	2,605	764	(6,427)	(664)	(354)	(4,076)
Increase (decrease) in retainage payable	(1,356)	-	2,511	4,665	-	5,820
Increase (decrease) in intergovernmental payable	59	(141)	(6,868)	24	193	(6,733)
Increase (decrease) in accrued landfill post-closure costs	-	-	(15,176)	-	-	(15,176)
Increase (decrease) in unearned revenue	-	225	-	-	-	225
Increase (decrease) in post-employment benefits	(292)	(416)	(1,334)	(89)	(71)	(2,202)
Total adjustments	(55,551)	15,957	376,397	70,563	10,492	417,858
Net cash provided by (used for) operating activities	<u>\$ 161,338</u>	<u>\$ 23,776</u>	<u>\$ (236,901)</u>	<u>\$ 24,137</u>	<u>\$ 10,620</u>	<u>\$ (17,030)</u>
Schedule of non-cash capital and related financing activities:						
Unrealized increases (decreases) in the fair value of investments	<u>\$ (1,686)</u>	<u>\$ (433)</u>	<u>\$ (2,731)</u>	<u>\$ (718)</u>	<u>\$ (108)</u>	<u>\$ (5,676)</u>

Internal Service Funds

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

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

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

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

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

City of Ames
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,926,699	\$ 2,621,550	\$ 1,216,093	\$ 3,635,017	\$ 14,399,359
Accrued interest receivable	21,138	8,122	3,671	10,909	43,840
Accounts receivable, net	34,497	-	-	-	34,497
Due from other funds	244,021	106,154	-	-	350,175
Intergovernmental receivable	5,018	4,501	-	-	9,519
Inventories	73,394	-	-	-	73,394
Prepaid items	7,271	57,535	-	1,900	66,706
Total current assets	<u>7,312,038</u>	<u>2,797,862</u>	<u>1,219,764</u>	<u>3,647,826</u>	<u>14,977,490</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	551,493	-	-	-	551,493
Equipment	12,805,203	1,943,589	13,670	-	14,762,462
Less accumulated depreciation	(6,662,467)	(1,655,178)	(13,670)	-	(8,331,315)
Total noncurrent assets	<u>6,694,229</u>	<u>480,844</u>	<u>-</u>	<u>-</u>	<u>7,175,073</u>
Total assets	<u>14,006,267</u>	<u>3,278,706</u>	<u>1,219,764</u>	<u>3,647,826</u>	<u>22,152,563</u>
LIABILITIES					
Current liabilities:					
Accounts payable	65,942	50,595	137,105	731,486	985,128
Accrued payroll	12,024	2,358	-	-	14,382
Accrued compensated absences	2,477	4,103	172	366	7,118
Due to other funds	8,234	1,708	536	17,655	28,133
Claims payable	-	-	764,175	646,300	1,410,475
Intergovernmental payable	33,615	-	-	-	33,615
Unearned revenue	-	52,199	-	-	52,199
Total current liabilities	<u>122,292</u>	<u>110,963</u>	<u>901,988</u>	<u>1,395,807</u>	<u>2,531,050</u>
Noncurrent liabilities:					
Accrued compensated absences	62,228	80,441	2,367	5,234	150,270
Post-employment benefits	12,557	10,749	476	1,174	24,956
Total noncurrent liabilities	<u>74,785</u>	<u>91,190</u>	<u>2,843</u>	<u>6,408</u>	<u>175,226</u>
Total liabilities	<u>197,077</u>	<u>202,153</u>	<u>904,831</u>	<u>1,402,215</u>	<u>2,706,276</u>
NET ASSETS					
Net investment in capital assets	6,694,229	480,844	-	-	7,175,073
Unrestricted	<u>7,114,961</u>	<u>2,595,709</u>	<u>314,933</u>	<u>2,245,611</u>	<u>12,271,214</u>
Total net assets	<u>\$ 13,809,190</u>	<u>\$ 3,076,553</u>	<u>\$ 314,933</u>	<u>\$ 2,245,611</u>	<u>\$ 19,446,287</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 3,483,381	\$ 2,117,142	\$ 2,212,420	\$ 6,581,073	\$ 14,394,016
Operating expenses:					
Cost of goods and services	2,207,305	1,929,135	2,568,523	6,566,757	13,271,720
Depreciation	805,412	182,551	-	-	987,963
Total operating expenses	3,012,717	2,111,686	2,568,523	6,566,757	14,259,683
Operating income (loss)	470,664	5,456	(356,103)	14,316	134,333
Non-operating revenues (expenses):					
Investment income	56,591	21,414	7,822	29,782	115,609
Gain (loss) on disposal of capital assets	109,782	-	-	-	109,782
Total non-operating revenues (expenses)	166,373	21,414	7,822	29,782	225,391
Income (loss) before transfers	637,037	26,870	(348,281)	44,098	359,724
Transfers in	-	175,000	-	-	175,000
Transfers out	(247,319)	-	-	-	(247,319)
Change in net assets	389,718	201,870	(348,281)	44,098	287,405
Net assets, beginning	13,419,472	2,874,683	663,214	2,201,513	19,158,882
Net assets, ending	\$ 13,809,190	\$ 3,076,553	\$ 314,933	\$ 2,245,611	\$ 19,446,287

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,492,706	\$ 2,125,820	\$ 2,213,592	\$ 6,633,667	\$14,465,785
Payments to suppliers	(1,152,805)	(653,949)	(1,841,684)	(6,326,985)	(9,975,423)
Payments to employees	(749,683)	(903,774)	(104,424)	(158,420)	(1,916,301)
Payments to other funds for services provided	(265,419)	(311,961)	(8,768)	(13,865)	(600,013)
Net cash provided by (used for) operating activities	1,324,799	256,136	258,716	134,397	1,974,048
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	175,000	-	-	175,000
Transfers out	(247,319)	-	-	-	(247,319)
Net cash provided by (used for) non-capital financing activities	(247,319)	175,000	-	-	(72,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,549,120)	(248,747)	-	-	(1,797,867)
Proceeds from the sale of capital assets	282,474	-	-	-	282,474
Net provided by (used for) capital and related financing activities	(1,266,646)	(248,747)	-	-	(1,515,393)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	62,815	22,765	7,791	31,633	125,004
Net cash provided by (used for) investing activities	62,815	22,765	7,791	31,633	125,004
Net increase (decrease) in cash and cash equivalents	(126,351)	205,154	266,507	166,030	511,340
Cash and cash equivalents, beginning	7,053,050	2,416,396	949,586	3,468,987	13,888,019
Cash and cash equivalents, ending	<u>\$ 6,926,699</u>	<u>\$ 2,621,550</u>	<u>\$ 1,216,093</u>	<u>\$ 3,635,017</u>	<u>\$14,399,359</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 470,664	\$ 5,456	\$ (356,103)	\$ 14,316	\$ 134,333
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	805,412	182,551	-	-	987,963
(Increase) decrease in accounts receivable	9,834	-	1,172	52,594	63,600
(Increase) decrease in due from other funds	1,848	8,064	-	-	9,912
(Increase) decrease in intergovernmental receivable	(2,357)	(2,585)	-	-	(4,942)
(Increase) decrease in inventories	(5,905)	-	-	-	(5,905)
(Increase) decrease in prepaid items	3,502	13,345	-	198	17,045
Increase (decrease) in accounts payable	46,890	29,835	89,690	104,256	270,671
Increase (decrease) in accrued payroll	(920)	1,834	-	(520)	394
Increase (decrease) in accrued compensated absences	1,812	15,805	(19)	1,006	18,604
Increase (decrease) in due to other funds	(5,034)	(516)	(649)	11,779	5,580
Increase (decrease) in claims payable	-	-	524,663	(49,139)	475,524
Increase (decrease) in intergovernmental payable	49	-	-	-	49
Increase (decrease) in unearned revenue	-	3,199	-	-	3,199
Increase (decrease) in post-employment benefits	(996)	(852)	(38)	(93)	(1,979)
Total adjustments	854,135	250,680	614,819	120,081	1,839,715
Net cash provided by (used for) operating activities	\$ 1,324,799	\$ 256,136	\$ 258,716	\$ 134,397	\$ 1,974,048
Schedule of non-cash capital and related financing activities:					
Unrealized increases (decreases) in the fair value of investments	\$ (8,218)	\$ (2,960)	\$ (899)	\$ (4,120)	\$ (16,197)
Capital asset trade ins	20,450	-	-	-	20,450
Total non-cash capital and related financing activities	\$ 12,232	\$ (2,960)	\$ (899)	\$ (4,120)	\$ 4,253

Fiduciary Funds

Agency Funds

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

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

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

City of Ames
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	Payroll Clearing	Flex Benefits	Total
ASSETS			
Cash and cash equivalents	\$ 296,775	\$ 14,215	\$ 310,990
Total assets	<u>\$ 296,775</u>	<u>\$ 14,215</u>	<u>\$ 310,990</u>
LIABILITIES			
Accounts payable	\$ 7,226	\$ 14,215	\$ 21,441
Due to other governments	289,549	-	289,549
Total liabilities	<u>\$ 296,775</u>	<u>\$ 14,215</u>	<u>\$ 310,990</u>

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2012

Total Agency Funds				
	Balance 07.01.11	Additions	Deductions	Balance 06.30.12
ASSETS				
Cash and cash equivalents	\$ 269,751	\$24,985,003	\$24,943,764	\$ 310,990
Accounts receivable, net	243	3,136	3,379	-
Total assets	<u>\$ 269,994</u>	<u>\$24,988,139</u>	<u>\$24,947,143</u>	<u>\$ 310,990</u>
LIABILITIES				
Accounts payable	\$ 28,416	\$10,770,461	\$10,777,436	\$ 21,441
Due to other governments	241,578	14,403,022	14,355,051	289,549
Total liabilities	<u>\$ 269,994</u>	<u>\$25,173,483</u>	<u>\$25,132,487</u>	<u>\$ 310,990</u>
Payroll Clearing Fund				
	Balance 07.01.11	Additions	Deductions	Balance 06.30.12
ASSETS				
Cash and cash equivalents	\$ 248,932	\$24,160,824	\$24,112,981	\$ 296,775
Accounts receivable, net	243	3,136	3,379	-
Total assets	<u>\$ 249,175</u>	<u>\$24,163,960</u>	<u>\$24,116,360</u>	<u>\$ 296,775</u>
LIABILITIES				
Accounts payable	\$ 7,597	\$ 9,952,750	\$ 9,953,121	\$ 7,226
Due to other governments	241,578	14,403,022	14,355,051	289,549
Total liabilities	<u>\$ 249,175</u>	<u>\$24,355,772</u>	<u>\$24,308,172</u>	<u>\$ 296,775</u>
Flexible Benefits Fund				
	Balance 07.01.11	Additions	Deductions	Balance 06.30.12
ASSETS				
Cash and cash equivalents	<u>\$ 20,819</u>	<u>\$ 824,179</u>	<u>\$ 830,783</u>	<u>\$ 14,215</u>
LIABILITIES				
Accounts payable	<u>\$ 20,819</u>	<u>\$ 817,711</u>	<u>\$ 824,315</u>	<u>\$ 14,215</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends	105
<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	110
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	114
<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	119
<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	121
<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 Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 67,107,350	\$ 72,431,317	\$ 77,768,887	\$ 87,975,194	\$ 90,093,683	\$ 95,550,370	\$ 101,940,741	\$ 115,002,627	\$ 110,348,921	\$ 111,810,541
Restricted	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636	9,681,837	14,864,552	15,338,746	20,794,194
Unrestricted	14,113,598	15,729,109	15,250,250	18,116,572	22,301,202	19,525,162	20,852,226	10,530,303	15,638,160	12,237,776
Total governmental activities	87,128,028	93,553,141	99,110,781	111,859,472	119,075,548	127,599,168	132,474,804	140,397,482	141,325,827	144,842,511
Business-type activities										
Net investment in capital assets	170,584,026	177,602,171	194,461,923	209,874,031	224,440,404	226,464,780	233,486,481	239,942,242	243,495,813	251,498,597
Restricted	3,227,265	2,021,178	1,903,958	1,840,838	1,695,740	1,582,837	1,559,234	2,717,216	2,708,889	2,814,032
Unrestricted	103,208,153	113,464,680	114,424,423	121,916,198	136,557,327	147,185,413	143,372,402	169,009,627	218,617,981	249,745,121
Total business-type activities	277,019,444	293,088,029	310,790,304	333,631,067	362,693,471	375,233,030	378,418,117	411,669,085	464,822,683	504,057,750
Primary government										
Net investment in capital assets	237,691,376	250,033,488	272,230,810	297,849,225	314,534,087	322,015,150	335,427,222	354,944,869	353,844,734	363,309,138
Restricted	9,134,345	7,413,893	7,995,602	7,608,544	8,376,403	14,106,473	11,241,071	17,581,768	18,047,635	23,608,226
Unrestricted	117,321,751	129,193,789	129,674,673	140,032,770	158,858,529	166,710,575	164,224,628	179,539,930	234,256,141	261,982,897
Total primary government	\$ 364,147,472	\$ 386,641,170	\$ 409,901,085	\$ 445,490,539	\$ 481,769,019	\$ 502,832,198	\$ 510,892,921	\$ 552,066,567	\$ 606,148,510	\$ 648,900,261

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 3,046,760	\$ 2,853,720	\$ 2,485,193	\$ 2,206,713	\$ 2,281,674	\$ 2,417,083	\$ 2,518,339	\$ 2,492,116	\$ 2,629,067	\$ 2,559,365
Public safety	10,267,584	10,160,215	10,857,504	11,588,247	11,992,224	13,102,633	13,011,464	13,133,701	14,281,351	15,144,853
Public works	8,187,203	8,968,386	9,348,746	9,763,569	10,185,328	11,675,389	13,090,595	13,780,841	16,339,571	14,938,688
Health and social services	959,605	917,209	909,454	951,645	982,108	1,034,327	1,159,050	1,151,848	1,250,292	1,159,849
Culture and recreation	5,158,304	5,268,507	5,435,218	5,667,626	6,147,047	6,591,544	6,668,942	7,043,477	7,703,519	8,818,851
Community and economic development	2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,219,621	3,850,712	3,042,375	4,262,698	2,875,118
Capital projects	220,248	364,871	1,788,341	732,402	41,834	-	-	-	-	-
Interest	1,674,910	1,635,493	1,589,465	1,548,265	1,532,782	1,537,842	1,571,257	1,471,758	1,469,661	1,298,010
Total governmental activities	32,504,604	32,780,599	34,861,813	35,202,341	36,567,124	39,578,439	41,870,359	42,116,116	47,936,159	46,794,734
Business-type activities:										
Mary Greeley Medical Center	95,183,668	97,429,390	111,220,658	122,828,311	135,819,426	145,581,895	153,741,531	146,809,782	146,292,855	155,374,830
Electric	30,586,148	32,052,383	35,167,126	38,388,459	40,398,204	43,727,636	39,716,298	41,642,821	48,241,832	50,159,375
Sewer	4,969,771	5,103,253	5,387,364	5,326,905	6,069,860	5,979,526	6,485,535	6,923,605	6,719,787	7,956,963
Water	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928	6,514,499	6,827,194	7,099,299	6,630,919
Transit	5,400,212	5,885,535	5,983,230	6,280,501	6,911,902	7,597,860	7,685,829	8,682,833	10,010,387	10,002,499
Storm sewer	422,673	385,303	375,498	473,286	474,425	458,119	1,080,705	782,489	917,771	918,495
Parking lot	626,843	799,523	808,289	777,261	828,138	856,518	766,381	819,988	805,253	767,154
Resource recovery	3,157,863	3,215,617	3,353,518	3,424,317	3,887,199	3,636,402	3,914,713	3,855,039	4,310,188	4,184,929
Ice arena	482,014	471,392	460,759	469,884	432,532	480,418	511,334	565,303	526,660	521,670
Golf course	222,710	205,478	202,407	226,069	224,749	217,964	218,708	218,021	230,698	232,689
Total business-type activities	145,817,295	150,645,491	168,047,727	183,663,336	200,858,284	214,591,266	220,635,533	217,127,075	225,154,730	236,749,523
Total expenses	178,321,899	183,426,090	202,909,540	218,865,677	237,425,408	254,169,705	262,505,892	259,243,191	273,090,889	283,544,257
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459
Public safety	1,976,775	2,149,361	2,233,090	2,156,638	2,201,516	2,356,887	2,387,020	2,371,581	2,571,060	2,864,844
Public works	4,284,873	4,388,186	4,393,060	4,474,526	4,443,497	4,461,876	5,181,523	5,865,263	5,231,237	6,601,518
Culture and recreation	1,065,611	1,122,537	1,042,181	1,027,906	1,020,870	1,066,913	1,059,095	1,326,197	1,490,008	2,031,204
Other activities	51,435	17,707	49,490	41,488	217,915	197,556	73,674	34,005	24,163	7,630
Operating grants and contributions	2,277,904	2,568,666	2,150,390	2,745,231	2,595,245	3,545,354	2,437,772	2,524,027	2,758,176	1,091,752
Capital grants and contributions	5,125,235	3,340,218	4,672,565	4,847,202	3,231,618	6,119,361	2,901,619	6,256,045	4,742,929	4,985,082
Total governmental activities	16,295,448	15,067,482	15,672,578	16,010,300	14,527,505	18,585,734	15,408,468	19,685,180	18,222,051	17,700,489

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	99,086,747	104,597,269	122,552,271	129,658,158	145,181,175	152,684,036	156,095,243	156,880,212	160,115,058	171,389,850
Electric	32,506,192	34,729,308	36,677,050	42,256,054	46,307,158	47,973,171	50,432,375	50,113,108	57,545,144	57,195,559
Sewer	4,244,668	4,276,063	4,190,238	4,607,890	4,760,282	4,811,331	5,126,681	5,171,859	5,402,162	6,188,602
Water	6,139,049	6,123,857	5,885,844	6,260,700	6,394,051	6,474,046	6,742,803	7,516,283	7,650,007	8,824,494
Transit	2,988,830	3,172,940	2,745,924	3,454,757	3,793,525	4,079,218	4,507,801	4,626,529	5,588,406	4,828,097
Storm sewer	400,162	415,082	433,885	647,138	676,692	828,644	878,597	984,077	957,122	1,155,583
Parking lot	716,025	835,781	715,634	776,341	685,500	860,255	792,023	762,746	872,625	779,976
Resource recovery	3,047,135	3,124,654	3,925,447	4,191,902	4,072,777	3,813,799	3,444,001	3,676,954	4,374,268	3,583,946
Ice arena	454,414	398,281	379,783	373,698	389,163	417,715	444,671	433,628	472,015	475,743
Golf course	196,159	208,336	214,051	212,116	198,124	215,923	234,701	246,357	220,388	235,824
Operating grants and contributions	1,763,879	1,771,872	508,639	1,252,304	1,665,682	2,721,873	2,681,074	2,922,399	2,567,137	2,751,186
Capital grants and contributions	3,297,323	2,332,603	3,040,686	4,967,908	1,724,159	3,290,701	1,345,340	5,819,635	5,541,433	8,991,024
Total business-type activities	154,840,583	161,986,046	181,269,452	198,658,966	215,848,288	228,170,712	232,725,310	239,153,787	251,305,765	266,399,884
Total program revenues	171,136,031	177,053,528	196,942,030	214,669,266	230,375,793	246,756,446	248,133,778	258,838,967	269,527,816	284,100,373
Net (expense) / revenue										
Governmental activities	(16,209,156)	(17,713,117)	(19,189,235)	(19,192,041)	(22,039,619)	(20,992,705)	(26,461,891)	(22,430,936)	(29,714,108)	(29,094,245)
Business-type activities	9,023,288	11,340,555	13,221,725	14,995,630	14,990,004	13,579,446	12,089,777	22,026,712	26,151,035	29,650,361
Total net (expense) / revenue	(7,185,868)	(6,372,562)	(5,967,510)	(4,196,411)	(7,049,615)	(7,413,259)	(14,372,114)	(404,224)	(3,563,073)	556,116
General revenues										
Governmental activities:										
Taxes										
Property taxes	16,122,084	17,062,313	17,728,215	18,475,771	19,313,838	20,147,655	21,436,807	22,215,888	22,821,388	23,485,295
Sales taxes	4,830,051	5,243,506	5,221,245	5,321,048	5,983,409	5,890,362	6,246,630	5,954,773	6,117,664	6,935,154
Hotel / motel taxes	766,311	760,168	854,246	1,127,307	1,298,009	1,106,797	1,822,205	1,142,162	1,416,830	1,518,571
Unrestricted grants and contribution	668,704	48,413	31,045	14,945	15,573	20,676	15,842	15,842	15,990	17,040
Investment income	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302
Other income	(274,961)	308,156	703	-	-	-	-	-	-	314,699
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	127,182
Transfers	320,785	225,888	83,144	35,964	231,849	292,383	307,267	351,946	(228,423)	(223,314)
Total governmental activities	23,180,520	24,138,230	24,746,875	26,379,175	28,916,686	29,516,325	31,337,527	30,353,614	30,642,453	32,610,929
Business-type activities:										
Investment income	2,606,764	5,200,766	4,363,765	7,881,097	14,184,748	(750,318)	(8,598,734)	11,575,051	17,372,875	4,197,199
Gain (loss) on disposal of assets	3,104	(246,848)	199,929	-	119,501	2,814	1,311	1,151	18,421	5,164,193
Special item	-	-	-	-	-	-	-	-	9,382,844	-
Transfers	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314
Total business-type activities	2,289,083	4,728,030	4,480,550	7,845,133	14,072,400	(1,039,887)	(8,904,690)	11,224,256	27,002,563	9,584,706
Total primary government	25,469,603	28,866,260	29,227,425	34,224,308	42,989,086	28,476,438	22,432,837	41,577,870	57,645,016	42,195,635
Change in net assets										
Governmental activities	6,971,364	6,425,113	5,557,640	7,187,134	6,877,067	8,523,620	4,875,636	7,922,678	928,345	3,516,684
Business-type activities	11,312,371	16,068,585	17,702,275	22,840,763	29,062,404	12,539,559	3,185,087	33,250,968	53,153,598	39,235,067
Total change in net assets	\$ 18,283,735	\$ 22,493,698	\$ 23,259,915	\$ 30,027,897	\$ 35,939,471	\$ 21,063,179	\$ 8,060,723	\$ 41,173,646	\$ 54,081,943	\$ 42,751,751

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 134,833	\$ 119,344	\$ 189,955	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599	\$ -	\$ -	\$ -
Unreserved	4,595,140	4,987,655	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392	-	-	-
Nonspendable	-	-	-	-	-	-	-	68,171	97,918	96,235
Assigned	-	-	-	-	-	-	-	74,962	124,097	147,752
Unassigned	-	-	-	-	-	-	-	7,248,755	7,751,289	7,924,363
Total general fund	<u>\$ 4,729,973</u>	<u>\$ 5,106,999</u>	<u>\$ 5,606,958</u>	<u>\$ 5,819,702</u>	<u>\$ 6,546,145</u>	<u>\$ 6,653,633</u>	<u>\$ 7,123,991</u>	<u>\$ 7,391,888</u>	<u>\$ 7,973,304</u>	<u>\$ 8,168,350</u>
All other governmental funds										
Reserved	\$ 6,684,379	\$ 6,934,080	\$ 6,758,486	\$ 7,175,778	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects fund	-	-	-	-	2,110,682	-	-	-	-	-
Nonmajor special revenue funds	8,083,479	8,360,430	9,139,295	9,847,667	11,867,770	12,239,249	10,376,299	-	-	-
Nonspendable	-	-	-	-	-	-	-	2,063,375	1,999,501	1,976,152
Restricted	-	-	-	-	-	-	-	17,214,109	16,940,269	24,621,403
Committed	-	-	-	-	-	-	-	6,239,090	5,577,769	1,399,913
Assigned	-	-	-	-	-	-	-	678,764	1,259,956	316,669
Unassigned	-	-	-	-	-	-	-	-	(470,818)	(308,456)
Total all other governmental funds	<u>\$ 14,767,858</u>	<u>\$ 15,294,510</u>	<u>\$ 15,897,781</u>	<u>\$ 17,023,445</u>	<u>\$ 21,598,125</u>	<u>\$ 26,902,437</u>	<u>\$ 22,006,403</u>	<u>\$ 26,195,338</u>	<u>\$ 25,306,677</u>	<u>\$ 28,005,681</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 21,718,446	\$ 23,065,987	\$ 23,803,706	\$ 24,924,126	\$ 26,595,256	\$ 27,144,814	\$ 29,505,642	\$ 29,312,823	\$ 30,355,882	\$ 31,908,563
Special assessments	327,594	309,133	253,868	321,523	139,570	117,218	136,817	301,709	238,106	217,885
Licenses and permits	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017	1,071,936	1,068,920	1,138,714	1,327,206
Intergovernmental	11,072,338	6,719,372	7,811,093	7,835,417	8,728,084	8,260,076	7,889,894	11,276,398	11,408,113	9,098,425
Charges for services	2,911,671	2,802,740	2,861,229	2,913,616	3,207,138	3,396,848	3,451,677	3,643,428	3,969,212	4,039,097
Fines and forfeitures	147,339	149,005	165,243	180,453	191,626	186,848	214,672	180,059	196,748	214,641
Investment income	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693
Miscellaneous	697,072	1,294,378	853,681	426,886	421,027	3,365,417	875,643	412,881	476,659	2,991,483
Total revenues	38,800,680	36,131,904	37,795,442	38,935,318	41,991,382	45,378,664	44,491,888	46,860,682	48,418,610	50,117,993
EXPENDITURES										
Current:										
General government	1,962,223	2,049,786	1,960,966	2,168,130	2,145,983	2,207,062	2,293,741	2,286,774	2,398,630	2,405,265
Public safety	10,073,803	10,147,229	10,803,854	11,669,410	11,896,964	12,927,372	12,917,525	13,250,208	14,252,764	14,938,537
Public works	3,892,858	4,390,191	4,418,888	4,504,535	4,756,831	5,117,634	5,499,791	5,980,354	5,463,593	5,538,204
Health and social services	958,521	918,839	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893	1,252,377	1,159,849
Culture and recreation	5,270,329	5,191,331	5,254,306	5,487,868	5,900,650	6,160,922	6,327,050	6,685,162	6,869,276	7,224,794
Community and economic development	2,961,538	2,600,483	2,437,266	2,748,939	3,404,221	3,217,968	3,851,231	3,053,279	4,266,580	2,870,859
Debt service:										
Principal	5,043,788	5,483,308	5,307,272	7,283,105	5,740,028	5,630,919	6,109,953	6,483,396	5,741,838	7,385,280
Interest and fiscal charges	1,709,232	1,632,709	1,614,899	1,581,581	1,557,501	1,620,271	1,681,184	1,595,367	1,595,755	1,389,368
Debt issuance costs	30,679	-	-	-	-	-	-	-	-	-
Capital outlay	12,003,536	9,561,512	10,184,911	6,602,090	6,265,482	11,463,042	15,349,040	13,676,401	12,643,534	10,884,449
Total expenditures	43,906,507	41,975,388	42,892,309	42,999,278	42,649,723	49,378,966	55,189,241	54,167,834	54,484,347	53,796,605
Excess (deficiency) of revenues over (under) expenditures	(5,105,827)	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)	(6,065,737)	(3,678,612)
OTHER FINANCING SOURCES (USES)										
Transfers in	5,906,633	6,699,116	6,080,627	6,514,877	7,076,994	8,384,379	7,413,364	8,546,195	7,625,145	8,476,754
Transfers out	(5,568,666)	(6,549,870)	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)	(7,107,780)	(8,194,249)	(7,484,112)	(8,627,749)
Capital transfers out	(743,588)	-	-	(162,957)	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	35,772
General obligation bonds issued	5,885,000	6,555,000	6,030,000	5,495,000	5,285,000	9,059,781	5,825,000	11,165,000	6,690,000	6,675,000
Premium on general obligation bonds	117,670	42,916	60,193	33,665	73,086	69,583	85,108	247,038	197,459	12,885
Refunding bonds issued	3,212,820	-	-	-	-	-	6,995,000	-	5,980,000	-
Premiums on refunding bonds	-	-	-	-	-	-	210,985	-	-	-
Payment to refunded bond escrow	(3,170,822)	-	-	-	-	-	(7,150,000)	-	(7,250,000)	-
Total other financing sources (uses)	5,639,047	6,747,162	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677	11,763,984	5,758,492	6,572,662
Net change in fund balances	\$ 533,220	\$ 903,678	\$ 1,103,230	\$ 1,338,408	\$ 4,962,114	\$ 5,411,800	\$ (4,425,676)	\$ 4,456,832	\$ (307,245)	\$ 2,894,050
Debt service as a percentage of noncapital expenditures	21.4%	23.4%	22.2%	26.5%	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%

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	Industrial M&E/Computers	Less: Military Tax Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value
2003	\$ 740,806,402	\$ 807,747,474	\$ 77,126,240	\$ 17,306,739	\$ 3,140,447	\$ 3,120,620	\$1,643,006,682	9.6396	\$2,354,597,383	69.78%
2004	758,652,072	858,404,884	79,460,930	18,617,645	-	3,044,688	1,712,090,843	9.6763	2,429,777,471	70.46%
2005	812,554,188	833,418,402	84,967,190	16,598,600	-	2,965,052	1,744,573,328	9.9487	2,616,823,544	66.67%
2006	865,439,973	835,027,560	91,023,260	15,430,574	-	2,894,676	1,804,026,691	10.1661	2,746,981,177	65.67%
2007	932,834,583	842,294,846	108,536,430	15,836,321	-	2,912,270	1,896,589,910	10.2519	3,003,950,459	63.14%
2008	988,802,548	832,616,846	99,794,440	14,985,782	-	2,888,194	1,933,311,422	10.4359	3,120,176,952	61.96%
2009	1,005,587,549	815,275,464	107,483,480	16,390,291	-	2,941,902	1,941,794,882	11.0624	3,224,629,664	60.22%
2010	1,081,452,054	825,225,818	110,467,400	16,557,530	-	2,927,086	2,030,775,716	10.8582	3,327,852,693	61.02%
2011	1,145,943,933	834,382,923	132,671,800	16,025,529	-	2,849,302	2,126,174,883	10.8458	3,431,600,584	61.96%
2012	1,203,280,867	821,428,238	129,708,000	16,640,931	-	2,797,446	2,168,260,590	10.8437	3,453,383,950	62.79%

Source: Story County Auditor

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

Fiscal Year	City Direct Rates					Overlapping Rates ¹			Total Direct & Overlapping Rates
	General ²	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate ³	Ames School District ⁴	Consoli- dated County ⁵	Area Vocational ⁶	
2003	5.03363	0.49403	0.31508	3.79688	9.63962	14.20390	6.47047	0.54584	30.85983
2004	5.14763	0.52435	0.35921	3.64508	9.67627	13.80200	6.08392	0.58184	30.14403
2005	5.23802	0.53054	0.53695	3.64317	9.94868	13.80403	6.25618	0.59856	30.60745
2006	5.27509	0.56436	0.65229	3.67436	10.16610	13.72848	6.32840	0.68408	30.90706
2007	5.33473	0.56956	0.68478	3.66283	10.25190	13.74398	6.46794	0.68688	31.15070
2008	5.48631	0.59171	0.67178	3.68605	10.43585	13.27297	6.42527	0.60276	30.73685
2009	5.79037	0.62329	0.49436	4.15437	11.06239	13.62557	6.52666	0.56386	31.77848
2010	5.81420	0.62580	0.47270	3.94549	10.85819	13.58764	6.67330	0.56778	31.68691
2011	6.14501	0.61862	0.51112	3.57104	10.84579	14.65339	6.57299	0.56008	32.63225
2012	6.00441	0.63491	0.67239	3.53194	10.84365	14.51772	6.34859	0.59018	32.30014

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.

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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Barilla America, Inc. ¹	\$ 41,429,000	1	1.91%	\$ 24,283,900	2	1.48%
Campus Investors IS, LLC	39,509,414	2	1.82%			
Jensen Development Corporation	38,893,100	3	1.79%			
University West Property	29,638,600	4	1.37%			
Iowa State University Research	26,139,500	5	1.21%	8,794,851	5	0.54%
West Towne, LC	24,595,900	6	1.13%			
North Grand Mall Partners, LLC	24,535,400	7	1.13%	25,654,874	1	1.56%
Dayton Parl, LLC	22,602,900	8	1.04%			
Alexander, LC	21,342,800	9	0.98%			
Wal-Mart Stores, Inc.	20,300,000	10	0.94%			
Clinic Building Co., Inc.				13,477,608	3	0.82%
Midwest Centers				11,132,104	4	0.68%
Principal Life Insurance Company				8,460,047	6	0.51%
Gateway Center, Ltd.				8,212,689	7	0.50%
SUSA Holding of Story County, Inc.				8,180,000	8	0.50%
FHS Ames 1, LP				7,874,403	9	0.48%
IES Utilities, Inc.				7,825,619	10	0.48%
	<u>\$ 288,986,614</u>		<u>13.32%</u>	<u>\$ 123,896,095</u>		<u>7.55%</u>

¹ Barilla's increased valuation reflects the expiration of their property tax abatement.

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
2003	\$15,870,964	\$15,668,691	98.73%	\$ 80,213	\$15,748,904	99.23%
2004	16,618,895	16,608,297	99.94%	52,567	16,660,864	100.25%
2005	17,401,486	17,370,482	99.82%	10	17,370,492	99.82%
2006	18,344,342	18,189,338	99.16%	2,044	18,191,382	99.17%
2007	19,446,934	19,022,332	97.82%	2,254	19,024,586	97.83%
2008	20,178,912	19,862,565	98.43%	224	19,862,789	98.43%
2009	21,484,466	21,125,479	98.33%	8,062	21,133,541	98.37%
2010	22,054,085	21,908,298	99.34%	152	21,908,450	99.34%
2011	23,064,211	22,546,083	97.75%	3,546	22,549,629	97.77%
2012	23,516,201	23,211,397	98.70%	-	23,211,397	98.70%

Note: Tax collections for fiscal years prior to 2012 have been reduced by credits not included in the levy.

Sources: Story County Auditor and City of Ames 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				
2003	\$37,054,005	\$ 4,186,286	\$38,195,582	\$ 2,212,672	\$ -	\$81,648,545	8.31%	52,013	\$1,570
2004	37,980,578	3,069,595	34,912,288	1,575,450	-	77,537,911	7.89%	52,037	1,490
2005	38,679,143	2,466,867	31,430,534	907,121	-	73,483,665	7.41%	52,554	1,398
2006	36,873,027	1,879,972	27,970,725	283,825	-	67,007,549	5.62%	52,599	1,274
2007	36,536,503	1,310,000	24,406,269	27,865	-	62,280,637	5.09%	54,012	1,153
2008	40,080,476	1,344,511	23,123,710	-	-	64,548,697	5.12%	55,599	1,161
2009	39,895,688	3,323,867	21,940,583	3,197,834	-	68,357,972	5.21%	56,510	1,210
2010	44,723,845	2,673,753	20,750,495	5,813,116	726,804	74,688,013	5.67%	56,657	1,318
2011	44,463,332	2,442,080	19,327,272	4,395,970	683,896	71,312,550	5.58%	58,965	1,209
2012	43,644,283	2,203,850	83,590,984	2,933,922	535,182	132,908,221	9.65%	58,965	2,254

¹ Presented net of original issuance discounts and premiums

² Personal income is presented on page 119.

³ United States Census Bureau

Note: Prior year amounts have been restated to reflect premiums and discounts.

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

Fiscal Year	General Obligation Bonds¹	Less: Amounts Available in Debt Service Fund²	Total	Percentage of Estimated Actual Taxable Value of Property³	Per Capita⁴
2003	\$41,240,291	\$ 2,272,537	\$38,967,754	1.65%	\$ 749
2004	41,050,173	1,715,319	39,334,854	1.62%	756
2005	41,146,010	1,439,613	39,706,397	1.52%	756
2006	38,752,999	1,275,590	37,477,409	1.36%	713
2007	37,846,503	1,107,194	36,739,309	1.22%	680
2008	41,424,987	1,423,410	40,001,577	1.28%	719
2009	43,219,555	1,990,754	41,228,801	1.28%	730
2010	47,397,598	2,467,664	44,929,934	1.35%	793
2011	46,905,412	1,942,412	44,963,000	1.31%	763
2012	45,848,133	1,658,922	44,189,211	1.28%	749

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

² This is the amount restricted for debt service principal payments.

³ See page 110 for property value data.

⁴ See page 119 for population data.

Note: Prior year general obligation bond amounts were restated to include business-type bonds.

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$ 220,000	97.98%	\$ 215,556
Gilbert Community School District	17,725,000	47.69%	8,453,053
Des Moines Area Community College (1)	76,595,000	5.95%	4,557,403
Nevada Community School District	3,090,000	0.13%	4,017
Story County	8,115,756	60.99%	4,949,800
Other debt:			
Ames Community School District revenue bonds	6,431,394	97.98%	6,301,480
Gilbert Community School District revenue bonds	8,900,000	47.69%	4,244,410
Des Moines Area Community College revenue bonds	3,540,000	5.95%	210,630
Des Moines Area Community College capital leases	82,666	5.95%	4,919
Nevada Community School District revenue bonds	11,100,000	0.13%	14,430
Nevada Community School District capital leases	25,900	0.13%	34
United Community School District capital leases	51,018	1.02%	520
Subtotal, overlapping debt			28,956,252
City direct debt			43,644,283
Total direct and overlapping debt			<u>\$72,600,535</u>

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

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

**City of Ames
Legal Debt Margin
June 30, 2012**

Legal debt margin for the fiscal year ended June 30, 2012:

Assessed value	<u>\$ 3,453,383,950</u>
Debt limit (5% of actual value)	\$ 172,669,198
Debt applicable to limit:	
General obligation bonds	<u>45,240,000</u>
Legal debt margin	<u>\$ 127,429,198</u>
Percentage of net debt margin available	<u>73.80%</u>
Percentage of net debt margin exhausted	<u>26.20%</u>

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2012	\$ 172,669,198	\$ 45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
2009	161,231,483	42,700,000	73.52%
2008	156,008,848	41,195,000	73.59%
2007	150,197,523	37,665,000	74.92%
2006	137,349,059	38,690,000	71.83%
2005	130,841,177	41,065,000	68.61%
2004	121,488,874	40,945,000	66.30%
2003	117,729,869	40,990,000	65.18%

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

Hospital Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 100,317,729	\$ 85,662,680	\$ 14,655,049	\$ 1,200,000	\$ 1,960,195	4.64
2004	109,100,843	88,031,896	21,068,947	1,355,000	1,301,741	7.93
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18
2009	146,226,111	140,766,706	5,459,405	1,060,000	1,025,413	2.62
2010	167,770,114	133,553,941	34,216,173	1,090,000	993,613	16.42
2011	177,039,866	132,028,206	45,011,660	1,340,000	954,863	19.61
2012	175,097,050	139,964,878	35,132,172	1,375,000	3,069,633	7.90

Electric Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 33,648,009	\$ 26,299,186	\$ 7,348,823	\$ 1,685,000	\$ 566,463	3.26
2004	35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
2005	37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
2006	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-

Sewer Revenue Bond						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 4,318,822	\$ 3,130,524	\$ 1,188,298	\$ 290,000	\$ 6,163	4.01
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-

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

Calendar Year	Population¹	Per Capita Personal Income¹	Personal Income	School Enrollment²	Unemployment Rate³
2002	52,013	\$ 18,881	\$ 982,057,453	4,674	2.8%
2003	52,037	18,881	982,510,597	4,624	3.1%
2004	52,554	18,881	992,272,074	4,516	3.4%
2005	52,599	22,657	1,191,735,543	4,366	2.8%
2006	54,012	22,657	1,223,749,884	4,320	2.4%
2007	55,599	22,657	1,259,706,543	4,351	2.5%
2008	56,510	23,231	1,312,783,810	4,340	2.7%
2009	56,657	23,231	1,316,198,767	4,358	3.9%
2010	58,965	21,655	1,276,887,075	4,280	4.1%
2011	58,965	23,363	1,377,599,295	4,224	4.1%

¹ United States Census Bureau

² Ames School District

³ Iowa Workforce Development

**City of Ames
Principal Employers
Current Year**

Employer	2012¹		
	Employees	Rank	Percentage of Total City Employment
Iowa State University	14,427	1	29.38%
Mary Greeley Medical Center	1,356	2	2.76%
Iowa Department of Transportation	962	3	1.96%
City of Ames	944	5	1.92%
McFarland Clinic, P.C.	920	4	1.87%
Hy-Vee Food Stores	743	6	1.51%
Sauer-Danfoss Company	650	7	1.32%
Ames Community School District	650	8	1.32%
Ames Laboratories	472	9	0.96%
Wal-Mart	440	10	0.90%
Total			<u>43.90%</u>

¹ Comparative data for nine years ago is not available.

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Management services	23.00	22.75	22.50	22.25	22.25	22.25	22.50	23.50	22.50	22.50
Finance	41.25	41.25	38.75	38.75	38.75	39.75	40.75	40.75	40.75	40.75
Planning and housing	11.00	9.75	8.75	8.75	10.50	10.50	10.50	10.50	10.50	8.00
Fleet services/facilities	8.50	8.50	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50
Transit	73.45	74.45	74.45	73.70	73.70	73.70	75.70	75.70	75.95	75.95
Fire/inspections	63.00	63.00	63.00	63.00	63.00	65.00	68.00	68.00	68.00	68.50
Police/animal control/parking	73.40	73.40	73.40	72.40	74.40	74.40	74.65	74.65	77.65	77.65
Library	30.25	30.25	30.25	30.25	30.50	31.00	31.00	31.00	31.00	31.50
Parks and recreation	22.75	22.75	22.00	22.00	22.00	20.50	20.50	20.50	20.50	19.50
Waste water treatment	22.25	22.25	22.25	22.25	22.25	22.50	22.50	22.50	22.50	22.50
Water	18.75	18.75	18.75	18.75	18.75	19.00	19.00	19.00	19.00	19.00
Electric	79.00	79.00	79.00	79.00	79.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	4.00	3.75	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	14.00
Resource recovery	16.90	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	12.75	12.75	13.00	13.00	13.00	13.00	13.00
Hospital	946.04	930.97	960.34	987.33	1,019.33	1,055.70	1,088.50	1,044.00	1,055.00	1,064.00
Total	<u>1,489.29</u>	<u>1,470.57</u>	<u>1,494.94</u>	<u>1,519.93</u>	<u>1,555.68</u>	<u>1,597.80</u>	<u>1,638.10</u>	<u>1,594.60</u>	<u>1,607.85</u>	<u>1,615.35</u>

Source: City finance department

City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Number of licenses/permits processed ¹	843	1,206	1,048	1,008	877	1,003	650	537	512	462
Subdivision requests	32	33	16	16	14	14	15	13	13	7
Police:										
Physical arrests	1,154	1,270	1,201	1,051	1,340	1,468	1,599	1,417	1,415	1,395
Parking violations	48,876	61,858	51,126	53,367	56,566	57,931	54,754	46,354	52,147	48,947
Traffic violations	3,351	2,438	3,000	3,809	3,820	3,012	2,724	3,080	2,953	4,068
Fire:										
Number of fires	107	148	142	148	169	165	162	148	175	188
Number of ambulance assists	1,075	1,072	1,197	1,436	1,711	1,877	1,927	2,099	2,211	2,178
Inspections	801	818	1,016	1,007	974	1,018	632	731	1,011	829
Library:										
Total circulation	1,232,476	1,222,190	1,256,993	1,311,122	1,361,888	1,346,924	1,386,273	1,431,023	1,388,273	1,343,758
Library visits	451,041	457,441	471,164	450,000	459,000	462,967	424,504	435,572	416,908	443,895
Parks and recreation:										
Total number of participant visits ²	117,113	119,287	118,456	114,297	117,790	145,760	138,840	155,880	201,344	216,930
Total number of activities	135	135	135	137	136	123	123	125	127	127
Resource recovery:										
Tons of refuse processed	44,798	48,272	51,840	54,497	50,792	52,482	50,057	50,614	56,789	53,731
Tipping fee per ton	52.75	53.85	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works:										
Blocks of streets crack sealed	176	160	176	142	124	108	51	45	65	110
Blocks of streets slurry sealed	63	68	73	-	-	46	-	-	-	-
Blocks of seal coat reconstruction	6	7	8	9	-	12	14	17	8	6
Hospital:										
Total admissions	9,438	9,279	10,178	9,970	10,113	10,002	9,748	9,292	9,918	9,617
Average percent of occupancy	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%
Electric:										
Kilowatt hours produced at plant	417,653,920	421,936,000	435,050,857	489,100,767	497,522,088	429,927,000	413,485,892	340,892,874	341,229,148	307,447,978
Meters in service	20,901	21,170	22,375	22,906	23,827	23,946	24,237	24,290	24,436	24,844
Transit:										
Passengers	4,678,548	4,787,637	4,292,366	4,173,208	4,314,151	4,646,554	5,002,146	5,377,155	5,447,289	5,759,883
Total miles driven	1,229,503	1,245,103	1,178,475	1,189,235	1,234,775	1,287,789	1,317,336	1,381,832	1,421,852	1,412,162
Water:										
Billion gallons per year pumped	2.111	2.186	2.137	2.311	2.440	2.330	2.029	1.961	2.074	2.151
Utility locates performed	5,356	5,747	6,081	5,779	5,500	5,502	5,650	5,417	6,471	6,466
Water main breaks ³	28	68	27	21	51	44	29	23	37	18
Wastewater:										
Billion gallons per year treated	1.959	2.136	1.997	1.887	2.475	2.507	2.438	2.385	2.501	1.906

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

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

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

Sources: City departments and Mary Greeley Medical Center

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	8	8	9	9	9	9
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	33	33	33	33	34	34	36	36	36	36
Total number of park acres	1,196	1,196	1,196	1,196	1,199	1,199	1,213	1,213	1,213	1,213
Total number of athletic fields	19	19	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets ¹	178	240	244	241	244	246	250	254	260	272
Number of traffic signals	60	60	60	59	59	59	63	70	70	70
Number of signs	8,806	8,881	9,325	9,267	9,291	9,274	9,441	9,575	9,759	9,852
Hospital:										
Beds in operation	204	198	198	198	199	199	199	199	199	199
Transit:										
Buses owned	67	69	69	61	63	66	70	72	79	84
New buses purchased	7	3	-	4	4	-	4	14	7	7
Water:										
Miles of water mains	220	223	230	233	243	235	236	240	241	241
Fire hydrants	2,200	2,250	2,374	2,406	2,451	2,577	2,586	2,619	2,650	2,648
Wells	22	22	22	22	25	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	187	189	192	196	195	201	199	200	201	202
Storm sewer miles	192	201	220	240	231	249	257	257	261	263

¹ GIS system implemented in 2004.

Sources: City departments and Mary Greeley Medical Center.

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

Compliance Section



The open house for the Ames Intermodal Facility, held on June 9, 2012, was attended by approximately 150 people. Several dignitaries, including Senator Tom Harkin, Federal Transit Administrator Peter Rogoff, and Iowa State University President Steven Leath, were present to share in the festivities.





**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 the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City of Ames, Iowa's basic financial statements and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Mary Greeley Medical Center (presented as an enterprise fund), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Internal Control over Financial Reporting

Management of the City of Ames, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Ames, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ames, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ames, Iowa's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Ames, Iowa, and are reported in Part II 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.

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Dubuque, Iowa
December 19, 2012



**Independent Auditor's Report on Compliance with Requirements That Could Have
a Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the City of Ames, Iowa's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Ames, Iowa, complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

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

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

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

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
December 19, 2012

City of Ames
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2012
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grant Program Cluster:			
Community Development Block Grants / Entitlement Grants	14.218	B-11-MC-19-0010	\$ 517,703
ARRA-Community Development Block Grant ARRA Entitlements (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-19-0010	15,107
Total U.S. Department of Housing and Urban Development			<u>532,810</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		5,399
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0795	1,164
Total U.S. Department of Justice			<u>6,563</u>
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106	3-19-0004-19-2010	663,480
Airport Improvement Program	20.106	3-19-0004-20-2011	39,840
			<u>703,320</u>
Pass-through Program from Iowa Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	12MPO-AAMPO	63,400
Highway Planning and Construction	20.205	STP-ES-0155(659)--8I-85	269,868
ARRA-Highway Planning and Construction	20.205	ESL-0155(668)--7S-85	2,641
Highway Planning and Construction	20.205	STP-U-0155(671)--70-85	505,293
Highway Planning and Construction	20.205	HDP-0155(675)--71-85	406,924
Highway Planning and Construction	20.205	STP-U-0155(676)--70-85	159,873
			<u>1,407,999</u>
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-00	202,104
Federal Transit-Capital Investment Grants	20.500	IA-04-0113-015-11	313,398
Federal Transit-Capital Investment Grants	20.500	IA-04-0120-00	4,070
Federal Transit-Capital Investment Grants	20.500	IA-04-0121-00	1,811,499
Federal Transit-Formula Grants	20.507	IA-90-X371-00	1,528,279
			<u>3,859,350</u>
Pass-through Program from Iowa Department of Transportation:			
Federal Transit - Formula Grants	20.507	95-X003-015-09	7,338
Total Federal Transit Programs Cluster			<u>3,866,688</u>
Metropolitan Transportation Planning	20.505	12MPO-AAMPO	<u>27,658</u>
Formula Grants for Other Than Urbanized Areas	20.509	ICB CY11 Ames	<u>300,000</u>

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

City of Ames
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2012

Federal Transit Program Cluster:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-08	4,400
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-11	104,835
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X002-015-12	17,920
Job Access-Reverse Commute	20.516	37-X017-015-11	3,442
Job Access-Reverse Commute	20.516	37-X022-015-12	70,897
Total Federal Transit Programs Cluster			<u>201,494</u>
Direct Program:			
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	IA-77-0001-00	<u>18,779</u>
Pass-through Program from Iowa Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 12-410, Task 02	<u>19,917</u>
Direct Program:			
ARRA-Surface Transportation-Discretionary Grants for Capital Investments	20.932	IA-78-0001-00	<u>5,721,468</u>
Total U.S. Department of Transportation			<u>12,267,323</u>
National Endowment for the Humanities:			
Pass-through Program from American Library Association: Promotion of the Humanities - Public Program	45.164	ALA PPO Grant 129	<u>3,000</u>
Total National Endowment for the Humanities			<u>3,000</u>
U.S. Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0003027	15,767
Pass-through Program from Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	EECBG 10-3426	<u>1,259</u>
Total U.S. Department of Energy			<u>17,026</u>
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Grants	93.268	5881I471	3,630
Immunization Grants	93.268	5882I471	<u>6,078</u>
			9,708
National Bioterrorism Hospital Preparedness Program	93.889	5882BHP13	<u>16,910</u>
Total U.S. Department of Health and Human Services			<u>26,618</u>
U.S. Department of Homeland Security:			
Pass-through Program from Iowa Department of Homeland Security and Emergency Management			
Disaster Grants-Public Assistance (Presidentially-Declared Disasters)	97.036	FEMA 1930-DR-IA	181,951
Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0003	<u>25,611</u>
Total U.S. Department of Homeland Security			<u>207,562</u>
Total Expenditures of Federal Awards			<u>\$ 13,060,902</u>

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

City of Ames
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

I. Basis of accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. Revenues are recorded in the year they are earned by the City, and expenditures are recorded in the year incurred.

II. General

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

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

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number

20.932

Name of Federal Program or Cluster

ARRA – Surface Transportation _ Discretionary Grants for Capital Investment

Cluster: 14.218

Community Development Block Grants/
Entitlement Grants

14.253

ARRA - Community Development Block Grant
Entitlement Grants (CDBG-R)

Dollar threshold used to distinguish between Type A and Type B programs	\$391,409
---	-----------

Auditee qualified as low-risk auditee	Yes
---------------------------------------	-----

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 **Certified Budget** – Disbursements during the year ended June 30, 2012, did not exceed the amount budgeted.

II-B-12 **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.

II-C-12 **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-12 **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary Services	\$ 417
Jan Huess, Library employee, husband is owner of Huess Printing	Printing Services	894
Joanne Van Dyke, Cyride Employee, husband is owner of ICS Advanced Technologies	Technology Contract	4,200
Cindy Hollar, Planning and Housing employee, husband is owner of Reese Electric Motor Co.	Motor Services	3,150

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock and Jan Huess do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transactions with ICS Advanced Technologies and Reese Electric Motor Co. do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

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

- II-E-12 **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.
- II-F-12 **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-12 **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.
- II-H-12 **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.

COUNCIL ACTION FORM

SUBJECT: 2014-2018 FEDERAL AIRPORT CAPITAL IMPROVEMENTS PLAN

BACKGROUND:

As an annual requirement of the Federal Aviation Administration (FAA), the City of Ames submits an Airport Capital Improvement Plan (CIP) to the FAA showing the next five Federal Fiscal Years of airport projects. The information contained in the Federal CIP forms is then copied to the Airport Improvements Program of the City's CIP to ensure the obligation of local matching funds required for each project.

This year's submittal includes the revised Ames Terminal Building project shown in fiscal year 2015/16 at a total project funding of \$3,200,000 as directed by City Council at the December 18, 2012 meeting. The project is shown to have \$450,000 in Federal Funds, \$150,000 in State Funds, and \$2,600,000 in local funds. At this time the local funds are anticipated to be split as follows: \$867,000 in City Funds, \$867,000 from Iowa State University, and \$866,000 from private donation (local businesses).

The remaining projects shown to the end of the 5-year CIP, and into the Long Range Needs Assessment (LRNA), are those steps necessary to extend the main Runway 01/19 to a length of approximately 8,000 feet. This will also include all data collection and justifications so that the FAA will approve the extension and all other airside facilities affected by this change. It should be noted that LRNA sheet is used for planning purposes only, and do not represent "obligated" funds until they appear in the CIP. **The final approved draft is due to the FAA and Iowa DOT by January 11, 2013.**

ALTERNATIVES:

1. Approve the 2014-2018 Federal Airport Capital Improvements Plan.
2. Approve the 2014-2018 Federal Airport Capital Improvements Plan with identified changes.

MANAGER'S RECOMMENDED ACTION:

The annual update to the Federal Airport CIP has been created using input from many Ames Airport Users gathered throughout the year, as well as incorporating budgetary direction and refinements from City Council. Projects shown represent improvements necessary to meet current and future demands of the Ames Municipal Airport.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the 2014-2018 Federal Airport Capital Improvements Plan.

FIVE-YEAR AIRPORT CAPITAL IMPROVEMENT PROGRAM (CIP)

Airport Name: Ames Municipal Airport (AMW)

Telephone: 515-239-5275

Prepared By: Damion Pregitzer

Date Approved: 1/8/2013

Date Prepared: December 2012

Project Description	Funding Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Terminal Building & Combined Hangar	Federal	\$	\$ 450,000	\$	\$	\$
	State	\$	\$ 150,000	\$	\$	\$
	Local	\$	\$ 2,600,000	\$	\$	\$
	Total	\$	\$ 3,200,000	\$	\$	\$
Masterplan	Federal	\$	\$	\$ 150,000	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$ 16,000	\$	\$
	Total	\$	\$	\$ 166,000	\$	\$
Runway Extension Justification	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$ 4,000	\$	\$
	Total	\$	\$	\$ 4,000	\$	\$
Environmental Assessment	Federal	\$	\$	\$	\$ 90,000	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$ 10,000	\$
	Total	\$	\$	\$	\$ 100,000	\$
	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$	\$
	Total	\$	\$	\$	\$	\$
	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$	\$
	Total	\$	\$	\$	\$	\$

**AIRPORT LONG RANGE NEEDS ASSESSMENT****FFY 2019 – FFY 2023**Airport Name: Ames Municipal Airport

Description of Project (include estimated Fiscal Year)	Funding Source	Total Estimated Cost
FY2019 - Land Acquisition	Federal: State: Local: Total:	\$ 709,200 \$ \$ 78,800 \$ 788,000
FY2020 - Runway 01/19 Extension Desgin & Grading	Federal: State: Local: Total:	\$ 985,500 \$ \$ 109,500 \$ 1,095,000
FY2021 - Road Relocation	Federal: State: Local: Total:	\$ 647,640 \$ \$ 71,960 \$ 719,600
FY2022 - 01/19 Paving	Federal: State: Local: Total:	\$ 3,229,200 \$ \$ 358,800 \$ 3,588,000
	Federal: State: Local: Total:	\$ \$ \$ \$
	Federal: State: Local: Total:	\$ \$ \$ \$

FEDERAL AIRPORT IMPROVEMENT PROGRAM (AIP)
PRE-APPLICATION FFY 2014
CHECKLIST

Please attach the following documents with your application:

- ☒ Sponsor Identification Sheet for the Airport
- ☒ CIP Data Sheet (one for **each** project listed in the first 3 years of the CIP) and detailed cost estimate for each data sheet.
- ☒ 5-year Capital Improvement Program (CIP)
- ☒ Long Range Needs Assessment
- ☒ Verification of an updated ALP (when applying for new construction of buildings or airfield expansion)
- ☒ Verification of completed environmental processing in accordance with NEPA.
- ☒ Verification of completed land acquisition or signed purchase agreement.
- ☒ Verification of pavement maintenance program (when applying for pavement preservation or reconstruction)
- ☐ If requesting Federal assistance for snow removal equipment, please include an inventory of the existing equipment and calculations based on Chapters 4 & 5 of the Airport Winter Safety and Operations, Advisory Circular (AC) 150/5200-30 and the Airport Snow and Ice Control Equipment, AC 150/5220-20 showing the minimum equipment needed, along with the ACIP Data Sheet. Include a copy of a completed FAA Snow Plow Design Spreadsheet.
- ☐ If requesting Federal assistance for general aviation apron expansion, include a copy of a completed GA Apron Design spreadsheet.
- ☐ If requesting pavement reconstruction, submit an engineering report showing the need for the reconstruction as part of the CIP justification.
- ☐ For revenue-producing facilities (i.e., fueling facilities and hangars), please submit:
 - 1) a statement that airside development needs are met or include a financial plan to fund airside needs over the next 3 years;
 - 2) a statement that runway approach surfaces are clear of obstructions (the FAA Airport 5010 should show at least a 20:1 clear approach), and;
 - 3) justification for the project.
- ☒ CCR Registration is up-to-date.

Please mail with support documents identified in checklist to:

Iowa Department of Transportation
Office of Aviation
800 Lincoln Way
Ames, IA 50010

Attn.: Program Manager
E-mail: kay.thede@dot.iowa.gov
FAX: 515-233-7983
515-239-1048



FEDERAL AIRPORT IMPROVEMENT PROGRAM (AIP)

PRE-APPLICATION FFY 2014

AIRPORT SPONSOR IDENTIFICATION

Airport Name: Ames Municipal Airport

Airport Sponsor Name: City of Ames

Contact Person: Damion Pregitzer Title: Airport Administrator

Complete Mailing Address: 515 Clark Avenue

<u>Ames</u>	<u>IA</u>	<u>50010</u>	Daytime Phone: <u>515-239-5275</u>
City	State	ZIP Code	

E-mail Address: dpregitzer@city.ames.ia.us FAX Number: 515-239-5404

U.S. Congressional District Number: 4th District

Tax Identification Number: 42-6004218

Dun and Bradstreet Number (DUNS): 061320917

CCR Registration Number: 5GG56

Please mail with support documents identified in checklist to:

Iowa Department of Transportation
Office of Aviation
800 Lincoln Way
Ames, IA 50010

Attn.: Program Manager
E-mail: kay.thede@dot.iowa.gov
FAX: 515-233-7983
515-239-1048

FIVE-YEAR AIRPORT CAPITAL IMPROVEMENT PROGRAM (CIP)

Airport Name: Ames Municipal Airport (AMW)

Telephone: 515-239-5275

Prepared By: Damion Pregitzer

Date Approved: 1/8/2013

Date Prepared: December 2012

Project Description	Funding Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Terminal Building & Combined Hangar	Federal	\$	\$ 450,000	\$	\$	\$
	State	\$	\$ 150,000	\$	\$	\$
	Local	\$	\$ 2,600,000	\$	\$	\$
	Total	\$	\$ 3,200,000	\$	\$	\$
Masterplan	Federal	\$	\$	\$ 150,000	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$ 16,000	\$	\$
	Total	\$	\$	\$ 166,000	\$	\$
Runway Extension Justification	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$ 4,000	\$	\$
	Total	\$	\$	\$ 4,000	\$	\$
Environmental Assessment	Federal	\$	\$	\$	\$ 90,000	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$ 10,000	\$
	Total	\$	\$	\$	\$ 100,000	\$
	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$	\$
	Total	\$	\$	\$	\$	\$
	Federal	\$	\$	\$	\$	\$
	State	\$	\$	\$	\$	\$
	Local	\$	\$	\$	\$	\$
	Total	\$	\$	\$	\$	\$

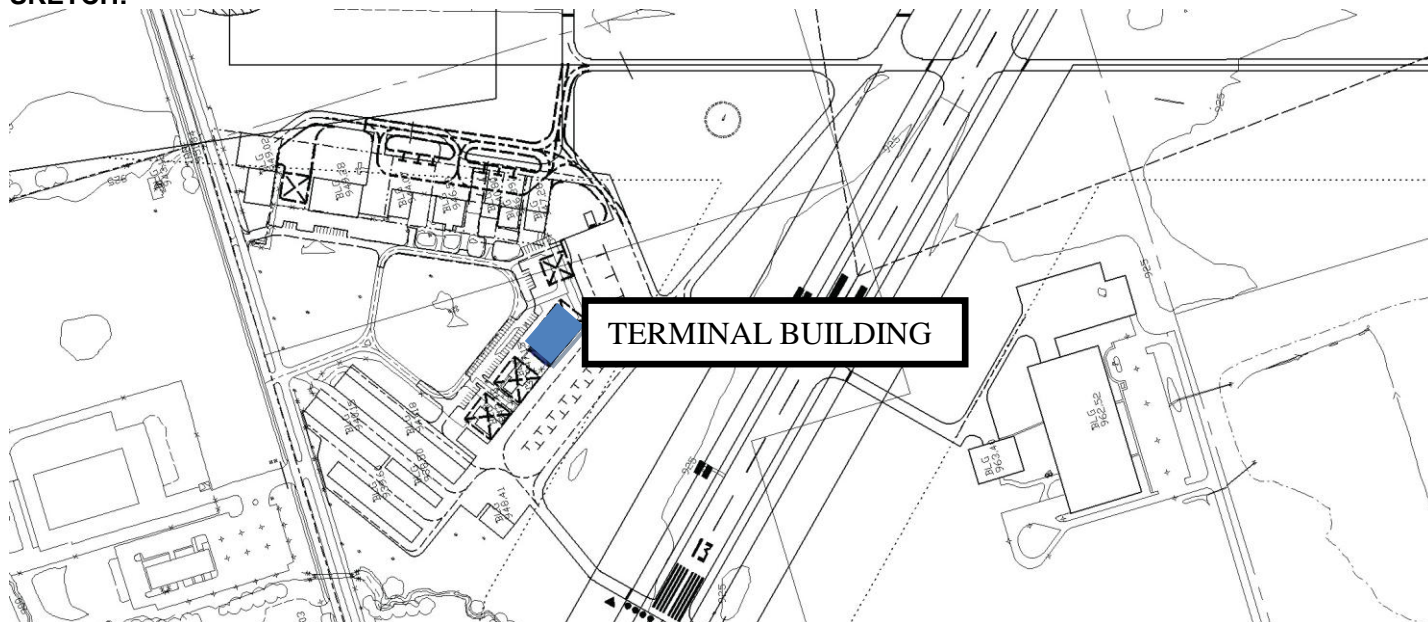
**AIRPORT LONG RANGE NEEDS ASSESSMENT****FFY 2019 – FFY 2023**Airport Name: Ames Municipal Airport

Description of Project (include estimated Fiscal Year)	Funding Source	Total Estimated Cost
FY2019 - Land Acquisition	Federal: State: Local: Total:	\$ 709,200 \$ \$ 78,800 \$ 788,000
FY2020 - Runway 01/19 Extension Desgin & Grading	Federal: State: Local: Total:	\$ 985,500 \$ \$ 109,500 \$ 1,095,000
FY2021 - Road Relocation	Federal: State: Local: Total:	\$ 647,640 \$ \$ 71,960 \$ 719,600
FY2022 - 01/19 Paving	Federal: State: Local: Total:	\$ 3,229,200 \$ \$ 358,800 \$ 3,588,000
	Federal: State: Local: Total:	\$ \$ \$ \$
	Federal: State: Local: Total:	\$ \$ \$ \$

CIP DATA SHEET

AIRPORT	Ames Municipal Airport	LOCID	AMW	LOCAL PRIORITY	1
PROJECT DESCRIPTION	Terminal Building & Combined Hangar	Identify FFY that you desire to construct (FFY: Oct. 1-Sept. 30)			FY 2015

SKETCH:



JUSTIFICATION:

The existing structure exhibits a number of deficiencies due to the age of the structure and functional areas. This project will include a new terminal & hangar building to provide increased services in the form of protected cover for overnight storage, and during periods of inclement weather (Snow, Ice, Hail, High Winds, etc.). It will also relocate runway lighting relays into a separate secured electrical vault building next to the terminal.

COST ESTIMATE: (Attach detailed cost estimate)

Federal (14%)	\$450,000	State (5%)	\$150,000	Local (81%)	\$2,600,000	Total	\$3,200,000
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SPONSOR'S VERIFICATION:

For each and every project as applicable

FAA USE ONLY
FAA Verification: (initial/date)

Date	(see instruction sheet or point mouse over each date box for more information)
12/2008	- Date of approved ALP with project shown
CE 310e	- Date of environmental determination (ROD, FONSI, CE), or cite CE paragraph # (307-312) in Order 1050.1E
N/A	- Date of land acquisition or signed purchase agreement
Ongoing	- Date of pavement maintenance program
N/A	- Snow removal equipment inventory & sizing worksheet (for SRE acquisition)
N/A	- Apron sizing worksheet (for apron projects)
	- Revenue producing facilities (for fuel farms, hangers, etc.)
N/A	- Date statement submitted for completed airside development
N/A	- Date statement submitted for runway approaches are clear of obstructions

SPONSOR'S SIGNATURE: _____ DATE: _____

PRINTED NAME: Damion Pregitzer TITLE: Traffic Engineer

PHONE NUMBER: (515) 239-5275

FAA USE ONLY

PREAPP NUMBER	GRANT NUMBER	NPIAS CODE	WORK CODE	FAA PRIORITY	FEDERAL \$

AMES MUNICIPAL AIRPORT (AMW)
CIP COST ESTIMATE
PLANNING LEVEL COST ESTIMATE
CITY OF AMES IOWA
DATE LAST UPDATED: 1.2.2013

TERMINAL BUILDING & COMBINED HANGER				
ITEM	QTY	UNIT	UNIT PRICE	TOTAL
Terminal Building	1	LS	\$ 3,200,000.00	\$ 3,200,000.00
TERMINAL BUILDING & COMBINED HANGER				\$ 3,200,000.00

CIP DATA SHEET

AIRPORT	Ames Municipal Airport	LOCID	AMW	LOCAL PRIORITY	2
PROJECT DESCRIPTION	Masterplan	Identify FFY that you desire to construct (FFY: Oct. 1-Sept. 30)			FY 2016

SKETCH:



JUSTIFICATION:

The current masterplan is nearing full buildout. Ames Municipal Airport has contracted Iowa State University regarding their use of the facility and. Increased use by ISU may result in larger aircraft operations and the potential need to modify the airport configuration to accommodate this use.

COST ESTIMATE: (Attach detailed cost estimate)

Federal(90%)	\$150,000	State (0%)	\$0	Local (10%)	\$16,000	Total	\$166,000
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SPONSOR'S VERIFICATION:

For each and every project as applicable

FAA USE ONLY		Date	(see instruction sheet or point mouse over each date box for more information)
FAA Verification: (initial/date)		12/2008	- Date of approved ALP with project shown
		CE 310e	- Date of environmental determination (ROD, FONSI, CE), or cite CE paragraph # (307-312) in Order 1050.1E
		N/A	- Date of land acquisition or signed purchase agreement
		Ongoing	- Date of pavement maintenance program
		N/A	- Snow removal equipment inventory & sizing worksheet (for SRE acquisition)
		N/A	- Apron sizing worksheet (for apron projects)
			Revenue producing facilities (for fuel farms, hangers, etc.)
		N/A	- Date statement submitted for completed airside development
		N/A	- Date statement submitted for runway approaches are clear of obstructions

SPONSOR'S SIGNATURE: _____ DATE: _____

PRINTED NAME: Damion Pregitzer TITLE: Traffic Engineer

PHONE NUMBER: (515) 239-5275

FAA USE ONLY

PREAPP NUMBER	GRANT NUMBER	NPIAS CODE	WORK CODE	FAA PRIORITY	FEDERAL \$

AMES MUNICIPAL AIRPORT (AMW)
CIP COST ESTIMATE
PLANNING LEVEL COST ESTIMATE
CITY OF AMES IOWA
DATE LAST UPDATED: 1.2.2013

MASTERPLAN				
ITEM	QTY	UNIT	UNIT PRICE	TOTAL
MASTERPLAN	1	LS	\$ 166,000.00	\$ 166,000.00
			MASTERPLAN \$	166,000.00

AIRPORT IMPROVEMENTS**PROJECT STATUS:** Cost Change
Scope Change

Revenue Change

City of Ames, Iowa
Capital Improvements Plan**DESCRIPTION/JUSTIFICATION**

Airport improvement projects are accomplished through this program.

COMMENTS

The projects included in this program are determined by the Airport Master Plan which details Airport development needs for a ten-year period. The Master Plan Update that was completed in 2007 identifies projects that qualify for Federal Aviation Administration (FAA) funding.

2015/16	Replace terminal building
2016/17	Master Plan partial update and runway extension justification
2017/18	Runway extension (environment assessment)

The FY 2015/16 terminal building replacement project will update the currently aged facility. After receiving initial input from airport users, the new facility is anticipated to have an attached hangar space that will improve the economic viability of the Ames Airport. The initial input from the airport users indicates that a larger and more user friendly terminal building is needed to meet customer requirements.

Cost change is due to updated estimates of the terminal building project. State grants, ISU funds, and private funds have been added as additional funding sources for replacing the terminal building in 2015/16.

LOCATION

Ames Municipal Airport - Map 8, location L-16

FISCAL YEAR PRIORITY			1	1	1	
COST:	TOTAL	2013/14	2014/15	2015/16	2016/17	2017/18
Engineering	798,000			528,000	170,000	100,000
Construction	2,672,000			2,672,000		
TOTAL	3,470,000			3,200,000	170,000	100,000
FINANCING:						
G.O. Bonds	867,000			867,000		
Airport Construction Fund	30,000				20,000	10,000
FAA Funding	690,000			450,000	150,000	90,000
State Grant Funds	150,000			150,000		
Iowa State University	867,000			867,000		
Private Funds	866,000			866,000		
TOTAL	3,470,000			3,200,000	170,000	100,000
PROGRAM – ACTIVITY:		DEPARTMENT:		ACCOUNT NO.		
Transportation – Airport		Public Works				

COUNCIL ACTION FORM

SUBJECT: 2012/2013 WEST LINCOLN WAY INTERSECTION IMPROVEMENTS
(LINCOLN WAY & DOTSON DRIVE)

BACKGROUND:

This project is for constructing turn lanes and installing traffic signals at the Dotson Drive/Lincoln Way intersections. A traffic impact report for South Fork Subdivision justified these improvements. Increased traffic flow from South Fork Subdivision necessitates left-turn lanes at the Lincoln Way approaches to the Dotson Drive intersection to accommodate heavy turning movements. The increased traffic will also warrant the installation of new traffic signals at the Dotson Drive/Lincoln Way intersection. Turn lanes on Lincoln Way will mitigate left-turning, rear-end, and right-angle traffic accidents at this intersection. An existing agreement requires the developer and the City to share equally in the construction cost of these improvements.

Bolton & Menk, the consulting engineers, have completed plans and specifications for the 2012/2013 program with estimated construction costs of \$750,000. This project received \$500,000 from an Iowa Department of Transportation Traffic Safety Improvement Program grant. The Developer's Agreement states that the developer is responsible for 50% of the actual construction costs, and the City would pay the other 50% plus any engineering/inspection fees. This leaves an estimated \$125,000 in construction costs contribution required of the developer, Mr. Arneson. Council approved funding agreement with Mr. Arneson at the December 18, 2012, meeting.

Therefore, the estimated construction cost to be funded by the City is also \$125,000. Engineering and construction administration is estimated at \$82,000, which brings the total estimated City obligation to \$207,000. The Capital Improvements Plan identifies \$242,500 from the Road Use Tax Fund to be used as the City's local match.

ALTERNATIVES:

1. Approve the plans and specifications for the 2012/2013 West Lincoln Way Intersection Improvements (Lincoln Way & Dotson Drive) by establishing February 6, 2013, as the date of letting and February 12, 2013, as the date for report of bids.
2. Reject the project.

MANAGER'S RECOMMENDED ACTION:

Approval of the plans and specifications will initiate the letting process and should allow for the project to be completed by October 1, 2013.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the plans and specifications for the 2012/2013 West Lincoln Way Intersection Improvements (Lincoln Way & Dotson Drive) by establishing February 6, 2013, as the date of letting and February 12, 2013, as the date for report of bids.

COUNCIL ACTION FORM

SUBJECT: RESOURCE RECOVERY PRIMARY SHREDDER REPLACEMENT

BACKGROUND:

Since 1975, the City of Ames has processed the majority of the MSW generated in Story County through the current primary shredder. This piece of equipment utilizes high-speed shaft hammer mill technology. The 38-year-old shredder is driven by a 4160 volt, 1000 horse power motor with high electric demand rates and a poor power factor.

This shredder is a high-speed shredder; components wear out quicker due to abrasion. This will not be as much of an issue with a slow-speed, high-torque shredder. Major components of the older unit have been identified in the CIP for replacement. Some of these maintenance costs could be utilized for the replacement of this piece of equipment rather than operational maintenance. Routine maintenance involves component replacement of “hammers” that weigh 150 pounds each; each hammer is handled a minimum of four times during its life cycle, increasing risk to employees. Handling these hammers presents safety concerns; several lifting devices have been developed over the years, but none have provided a solution to concerns of injury due to handling heavy components or parts during maintenance. Newer equipment utilizes much smaller and lighter weight components. The modernization of shredding equipment will result in a reduction of electrical usage, increase safety and overall capacity throughput, with a reduction of maintenance requirements leading to lower operational costs.

Refuse-derived fuel (RDF) makes up approximately 70% of product generated at Resource Recovery. Newer, modern equipment will enable staff to further improve upon material recovered and utilize an estimated additional 900 tons of the waste stream by processing items that are currently taken directly to the landfill. These include, but are not limited to, bulky materials such as carpet, mattresses and couches. These materials are not compatible with the current shredding system and cause considerable downtime from downstream plugs and/or fires if processed. These materials will be easily handled with the new equipment. Additionally, the new equipment will reduce the required on-going maintenance while mitigating potential safety hazards for the employees.

This Replacement Project will be completed in two phases:

- Phase 1, will begin immediately (originally scheduled for 2013/14) and be completed in 2012/13. We will solicit RFPs from qualified vendors consisting of design and engineering work, including removal and/or demolition specifications of existing

equipment; layout, prints and bid documents for the installation of the new shredder; and associated belts and equipment (\$130,000).

- Phase 2, which will be scheduled for 2013/14, will include the purchase and installation of the new shredder, associated conveyors and electrical equipment. This equipment will adapt to future implementation of any potential alternative conversion system, as well as potentially incorporating construction and demolition waste.

ALTERNATIVES:

1. Approve funding of \$130,000 from the Resource Recovery Fund for qualified engineering design services, beginning Phase 1 of shredder replacement.
2. Maintain current CIP schedule and begin Phase 1 (design services) in 2013/14 budget with construction in 2014/15.

MANAGER'S RECOMMENDED ACTION:

The City staff is currently exploring the possibility of transforming our RDF to a gaseous state before it is used to create electric energy. However, whether or not the City pursues this new process, a new primary shredder will still be needed.

It is estimated that a new, modern shredder would reduce the amount of electrical demand, operations and maintenance budget (\$30,000 savings) as well as reduce landfill transportation/disposal costs, which represents a reduction of up to 900 tons per year that could be processed rather than transported to the landfill (\$45,000 savings). This will also result in a corresponding increase in RDF sales and metal recovery (\$25,000 additional revenue). Replacement of the shredder would also enable eliminating several planned maintenance items from the CIP, totaling approximately \$360,000. Therefore, this project is estimated to have a 6.5 year payback.

Currently, the CIP reflects this project in FY 2013/14 for design and FY 2014/15 for construction. Because of the enhanced safety, minimized operational downtime, and reduced operational costs, the staff will be recommending next week that this project be advanced in the CIP by one year.

Therefore, to accomplish this shredder replacement project by the end of next fiscal year, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving funding of \$130,000 from the Resource Recovery Fund balance for qualified engineering design services to replace the primary shredder.

STAFF REPORT**UPDATE: GIS BASED PAVEMENT MANAGEMENT SYSTEM**

January 8, 2013

BACKGROUND:

The City of Ames pavement management system is a GIS enabled decision support tool which aids in making more consistent, accurate and informed decisions concerning the lifecycle of street surfaces. The system gives the engineer a method by which to look at the road network as a whole, allowing them to visualize and predict impacts of reconstruction and maintenance activities on the entire network. As a result, Public Works staff is better equipped to make data-driven decisions based on analytical cost/benefit scenarios which factor in construction practices and underlying pavement conditions relative to the entire road network and available budget. The system is helping ensure the City's street construction and maintenance funds continue to be allocated as cost effectively and efficiently as possible.

The Center for Transportation Research and Education (CTRE) is a unit of the Institute for Transportation (InTrans) at Iowa State University. As part of the Iowa Pavement Management Program (IPMP), CTRE assists local agencies with the development of pavement management systems by offering automated data collection on the condition of roads, including information on cracks and the quality of the ride. As part of this service, IPMP also includes high resolution video logging of the roadway along driven routes. The video is linked to the pavement condition data and is used to visually assess pavement condition and assets in the City right-of-way without leaving the office.

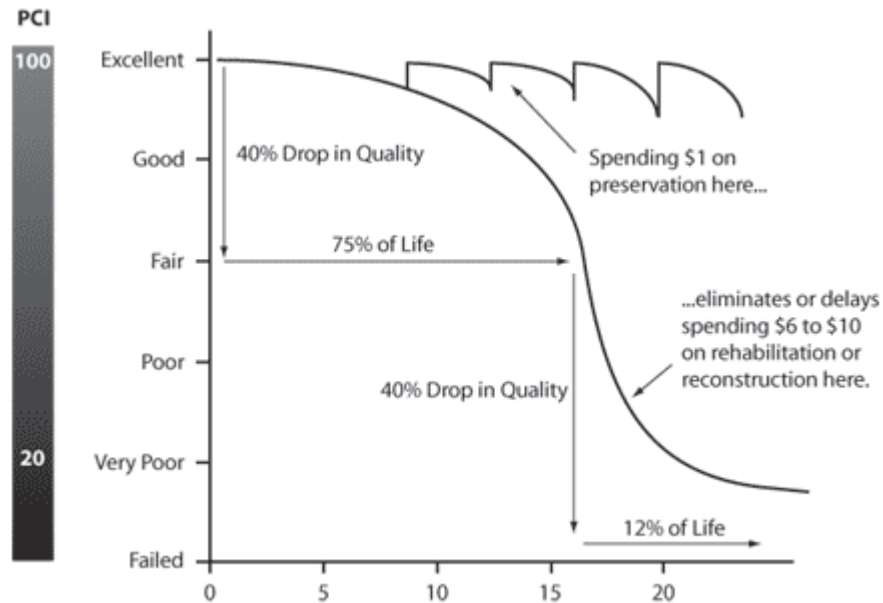
City Council approved pavement data acquisition beginning in 2008, whereby the City enters into a contract with CTRE. To date, the City has 3 years of data collection completed: 2008, 2009 and 2011. The most recent data collection took place in Fall of 2012 and will be delivered in Spring 2013.

The power of the system lies in the data and the ability to analyze multiple datasets simultaneously. In 2011, City staff worked with CTRE to incorporate the City's historical pavement data which included surface types, sub-surface material and the age of the surface. As the City continues to build its pavement condition inventory predictive analysis such as pavement performance curves, pavement lifecycles and cost benefit analysis, this system becomes increasingly beneficial in decision making.

As a reminder, each pavement has an anticipated life-cycle. Many factors play into the actual lifecycle such as the structure design (sub-soils, base material, and surface material), environmental factors (summer heat and winter ice/snow), the pavement age, and the amount and type of traffic it is exposed to. Having this information together in

one place is critical for the pavement management system's success. It will help us more clearly identify the City of Ames personalized performance curves. Below is a typical performance curve example used by the Federal Highway Administration (FHWA) to illustrate the impact "preservation" maintenance can have on the long-term life and cost of a pavement.

<http://www.fhwa.dot.gov/pavement/preservation/ppc0621.cfm>
Figure 2. Pavement option curve (example). (PCI = Pavement Condition Index.)



While this is just an example, it shows two key elements important to planning. The first is preventative maintenance will extend the life of a pavement at a lower long-term cost. The second is once a pavement gets to a certain point of deterioration, the rate at which it fails increases rapidly.

City of Ames PCI Trends (2008 – 2011):

With three years of Pavement Condition Index (PCI) data, one of the goals of both our CIP Program and tracking of the PCI is to continue to invest in our current infrastructure and show, via data collection, that the investment being made is making a difference to the overall City wide PCI. Graphs 1A & 1B (attached) show that the past CIP investments are having a positive impact, illustrating overall average PCI Values are increasing. **It should be noted, CTRE made some modifications to their collection & calculation methods in 2009 which likely explain the slight decrease in the 2009 PCI Values.**

Past Investments contributing to above Trends:

Seeing the upward trend in the PCI values, it is equally important to see what kind of investments are being made to create those increased values. Graphs 2A and 2B (attached) show this relative to both roadway classification and pavement type. These categories show where the investments have provided change from year to year based upon need, however the total funding level has also trended up. Two of the larger impacts to this were the Stimulus grants, the impact of our population increase relative

to the receipt of Road Use Tax (RUT) and several projects bids that were under estimate allowing for the unutilized funds to be reallocated to other projects.

Specific Examples from City of Ames Projects:

Progress from a city-wide perspective can be seen. Graph 3 (attached) shows three example streets that had PCI data collected in 2008 & 2009, prior to overlays in 2009 & 2010. The results of the reconstruction are obvious to the everyday user/resident, but are also illustrated with the 2011 PCI numbers.

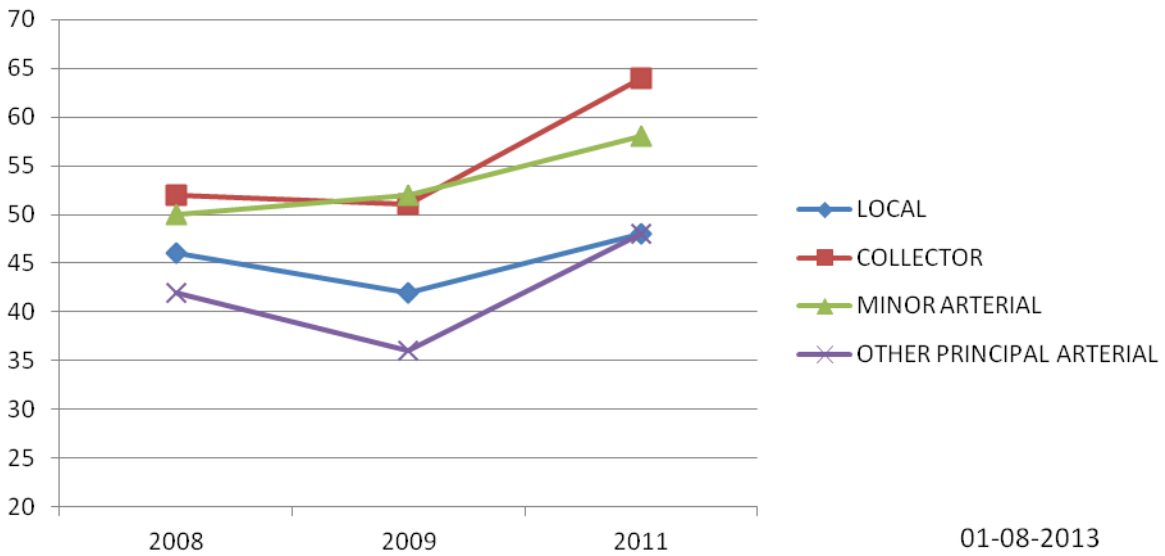
Graph 4 (attached) shows three example streets that have been either recently reconstructed or are scheduled for reconstruction. As the graph shows, PCI Values on these streets are low and dropping (please recall from above that 2009 data is misleading) meaning these streets are in poor condition. Meadowlane Avenue was reconstructed this 2012 and the Ridgewood Avenue reconstruction will be completed in 2013.

Sheldon Avenue provides an excellent example a street that once it gets to a certain point, the life expectancy of the street dramatically decreases. Sheldon Avenue is scheduled to be reconstructed in 2014. The reconstruction schedule is the result coordinating with the impacted stakeholders. Iowa State has been undertaking several recent structural projects which required access from Sheldon Avenue which contributed higher than normal truck traffic. The 100th Anniversary Tour of the Lincoln Highway Association is expected to bring more than 300 cars through the area along Sheldon, which was part of the Lincoln Highway, at the end of June 2013. Also, the signal installation at the Lincoln Way intersection and the resurfacing of Lincoln Way from Hayward Avenue to Franklin Avenue are planned in 2013.

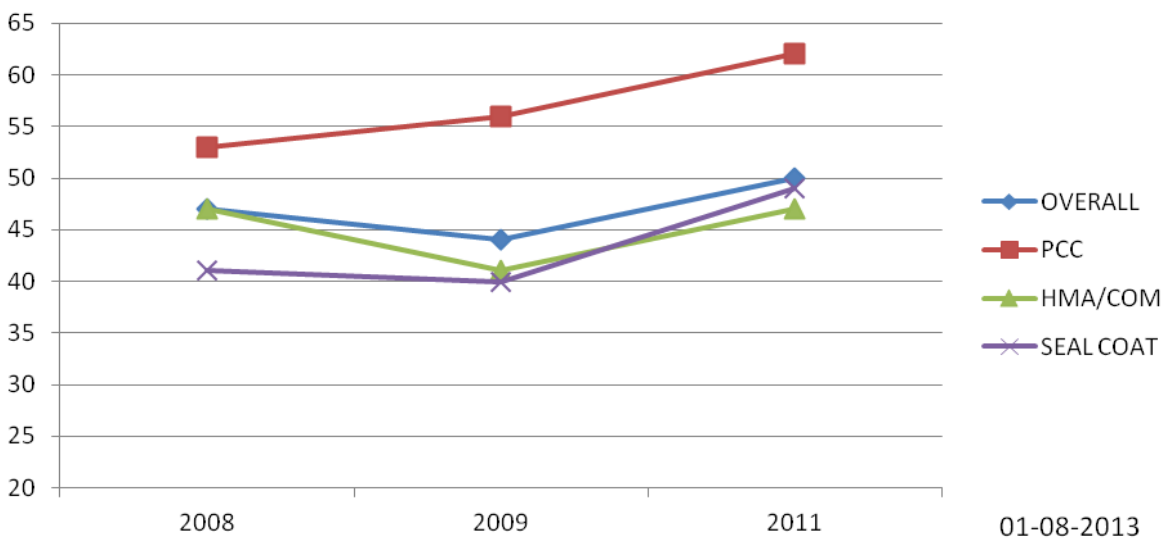
Summary:

- **The investments we are making in street improvements are working. The average weighted PCI Values are increasing.**
- **The process leads to a lengthening of the pavement lifecycle by identifying streets that can be rehabilitated before they are in need of complete reconstruction. As a result, the City benefits as rehabilitations are less expensive, allowing the City to increase the number of projects and improve the overall system PCI value.**
- **The data obtained by this process allows the staff to determine trends in the pavement condition of our streets and to better analyze/forecast future maintenance activities and construction projects which are ultimately reflected in the Capital Improvement Plan requests.**

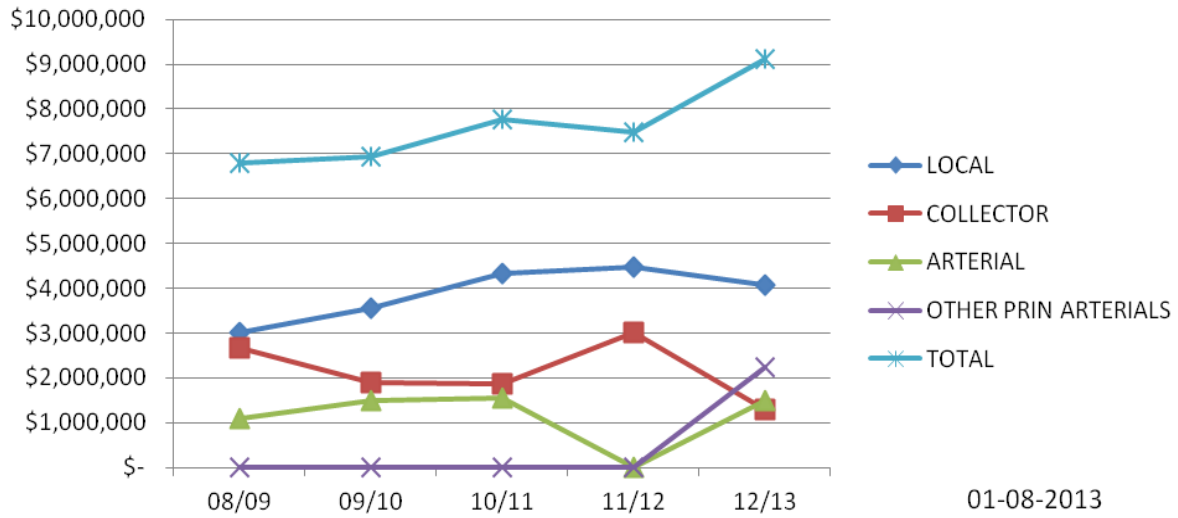
GRAPH 1A
CITY OF AMES: WEIGHTED AVERAGE PCI
VALUES VIA ROADWAY CLASSIFICATION



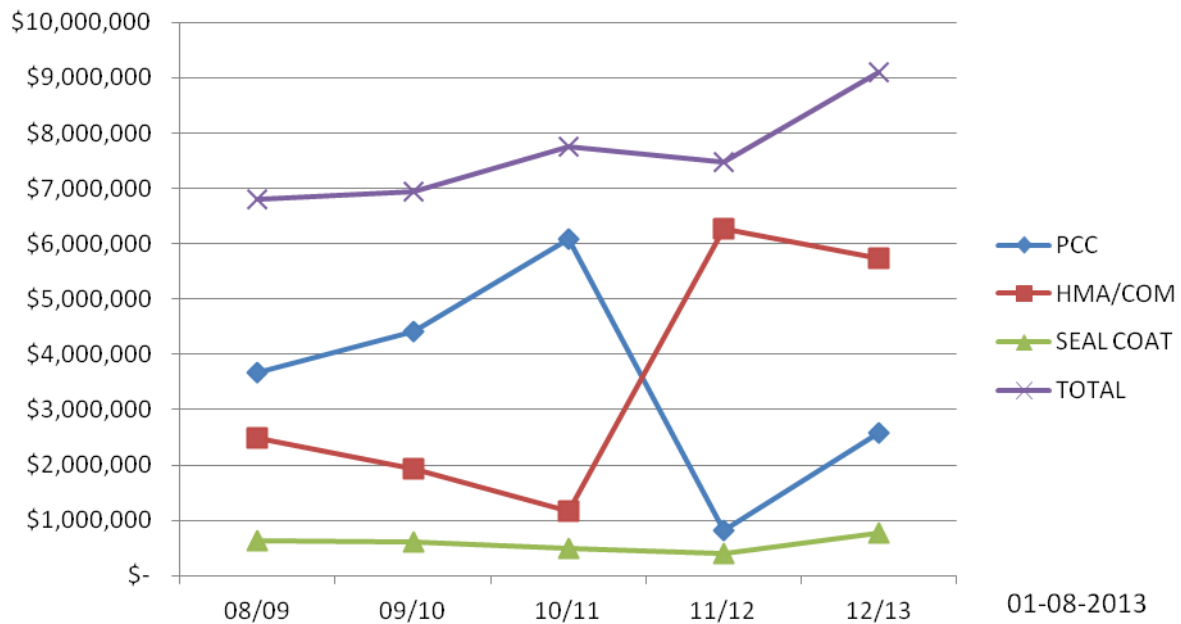
GRAPH 1B
CITY OF AMES: WEIGHTED AVERAGE PCI
VALUES VIA PAVEMENT TYPE



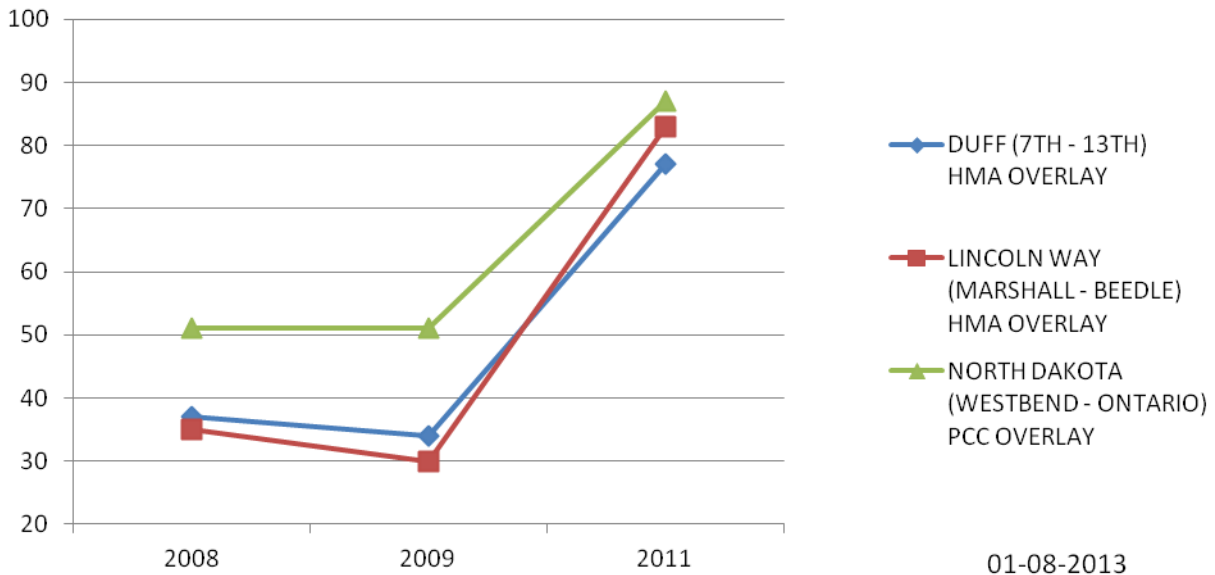
GRAPH 2A
CITY OF AMES: CIP ROADWAY IMPROVEMENT
INVESTMENTS VIA ROADWAY CLASSIFICATION



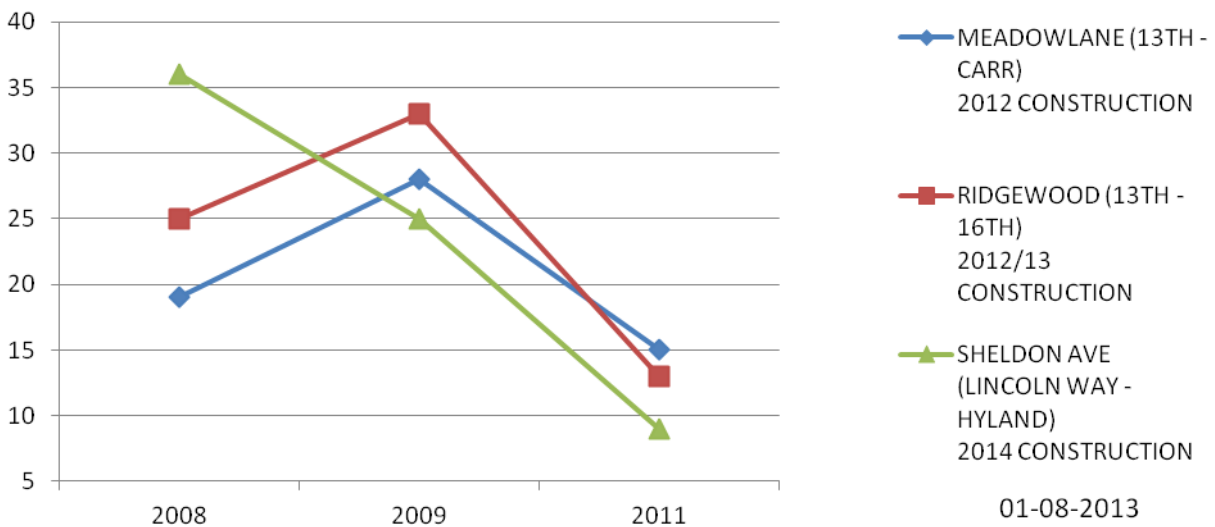
GRAPH 2B
CITY OF AMES: CIP ROADWAY IMPROVEMENT
INVESTMENTS VIA PAVEMENT TYPE

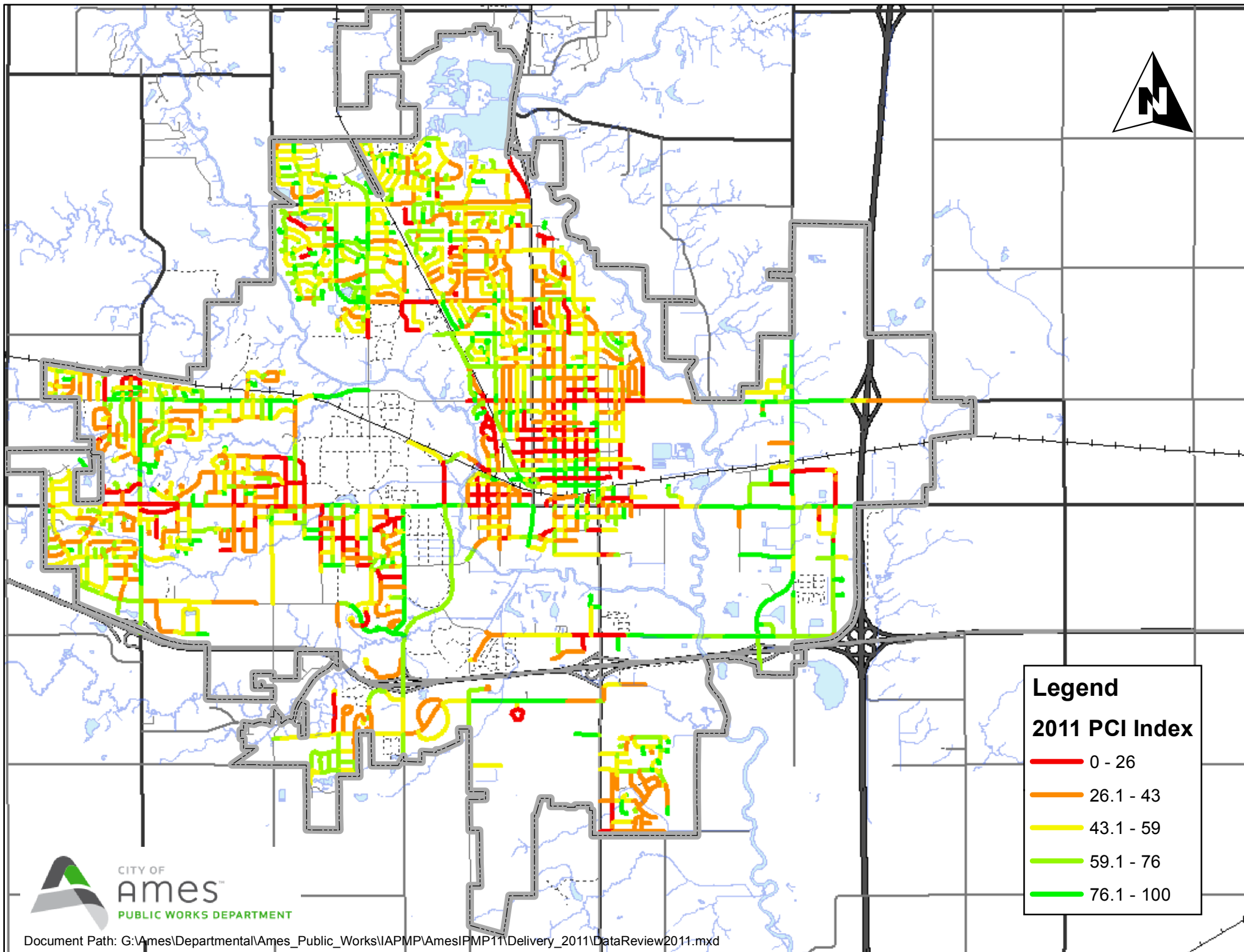


GRAPH 3
CITY OF AMES: PCI VALUES BEFORE & AFTER
2009/2010 CONSTRUCTION



GRAPH 4
CITY OF AMES: PCI VALUES OF ROADWAYS
CURRENTLY IN CIP PROGRAM





COUNCIL ACTION FORM

SUBJECT: SANITARY SEWER SYSTEM EVALUATION

BACKGROUND:

The ability of the sanitary sewer system to convey wastewater well into the future is dependent on the removal of the current large amount of infiltration and inflow (I/I) in the system that occurs during rain events. In order to minimize the need for costly expansions to the Water Pollution Control (WPC) facility, as well as to convey flows from new development as the City grows, the City must work to reduce the overall I/I in the system. To help accomplish this goal, a 2008 Sanitary Sewer System Study recommended development of a full Sanitary Sewer System Evaluation (SSSE).

This evaluation is a comprehensive and systematic program for identifying the defects that could contribute I/I across the entire city-wide sanitary sewer system. It also involves prioritizing those defects and establishing rehabilitation costs so that repairs can be included in the Capital Improvements Plan. The SSSE program generally consists of the following tasks: data collection, sewer televising, smoke testing, manhole inspection, flow monitoring and hydraulic modeling. Not only will the SSSE identify sources of I/I, it also identifies areas of aging infrastructure in need of repair to prevent unexpected failures and emergency repairs.

On March 27, 2012, City Council approved a contract with Veenstra & Kimm (V&K) engineering consultants to complete the SSSE in the amount of \$2,198,500. A project website was established where residents and businesses can access current sewer evaluation activities (www.amessewerstudy.com). A Cable Channel 12 show was run explaining smoke testing and the potential impacts to areas residents and businesses. Public informational meetings have been held to gather input from the public. Overall the project is expected to proceed into 2014, including providing a required project update to DNR by July 1, 2014.

In preparing the draft 2013-2018 Capital Improvements Plan, staff worked with V&K to summarize the work that has been completed to date. Overall, weather during the past year has been very dry so certain work activities have been advanced while others have been put on hold. To date, smoke testing and manhole inspections are complete in 10 of the 16 watersheds. Televising of the sanitary sewer system continues with 5 watersheds being complete. During the winter months, televising of the siphons and railroad crossings will be a primary focus. Due to the dry weather, the flow monitoring activity has been primarily recording base flow information. As the snow melts in the spring, flow monitoring will continue. The project tasks including flow monitoring will continue through 2013.

During the manhole inspections and televising of the sewers, each pipe and structure are given a rating factor of 1 through 5. A rating of 5 means that there is a missing section, void, fracture, or collapse. Ratings of 5 are recommended to be fixed within 12 months. A

rating of 4 means that there is a longitudinal crack, circumferential fracture or open joints. Ratings of 4 are recommended to be fixed within 5 years. As of September 2012, with approximately 40 percent of the system having been inspected, it is estimated that there are \$6.9 million worth of ratings 4 and 5 to be fixed in the City of Ames sanitary sewer system. **Projecting the same rate of defects over the remaining 60 percent of the system, it is anticipated that the City of Ames may need to make \$17 million worth of infrastructure improvements to the sanitary sewer system pipes and structures over the next 5 or 6 years.**

You should note that included in the proposed CIP that will be presented to City Council next week will be sanitary sewer improvements in an amount of \$3.27 million annually for the next five years with funding from State's SRF Fund. These funds, if approved through DNR, would fix infrastructure defects with rating of 4 and 5. Additionally in the CIP, is an annual amount of \$200,000 from Sanitary Sewer Utility Funds for routine sewer rehabilitation.

Because of the significant impact this new initiative will have on sanitary sewer rates, the City Council will have to decide if these expenditures should be spread over a greater time period in order to mitigate the immediate impact on rates.

Staff Report to the Ames City Council

**Water Pollution Control Facility
Long-range Facility Plan Project Update**

January 2013

On February 28, 2012, Council awarded a contract to HDR, Inc. to complete a Long-range Facility Plan for the Water Pollution Control Facility. Staff worked with the consulting team to develop the plan for the next 20 years at the facility. The study is nearly complete, and this report is to provide a summary of the results to Council; there is no action necessary.

Attached is a draft summary outlining the major conclusions of the Facility Plan. The plan provides direction on how best to accommodate increased flows and loads due to growth, meet changes in regulations (nutrients), and prepare for the replacement of aging equipment and infrastructure while making the most efficient use of capital investments (trying to prevent building something only to be removed a few years later). Essentially, the plant has enough capacity to meet the projected growth of Ames through 2035 if the National Pollution Discharge Elimination System (NPDES) Permit regulations do not change. Unfortunately, nutrient removal is a known regulatory change that will trigger major upgrades to the WPC Facility. The aging infrastructure will be addressed through increased capital improvement projects.

The WPC Facility Plan still needs to be finalized by incorporating the findings of the Sanitary Sewer System Evaluation when that project is complete. The CIP dollar amounts shown have been refined by staff to spread the impact on rates over multiple years. The dollar amounts and projects shown are the consultant's estimate and will be refined as individual projects are initiated.

Projected CIP Needs			
Year 1-5	Year 6-10	Year 11-15	Year 16-20
\$14,238,000	\$45,000,000	\$10,000,000	\$11,000,000

You should note that included in the proposed CIP that will be presented to City Council next week will be reflect the \$14,238,000 worth of projects recommended in this facility analysis. Because of the significant impact this new initiative will have on sanitary sewer rates, the City Council will have to decide if these expenditures should be spread over a greater time period in order to mitigate the immediate impact on rates.



City of Ames

Water Pollution Control

Long Range Facility Plan



HDR

Introduction

Over 25 years ago, the City of Ames last completed a Wastewater Facility Plan. That Facility Plan prompted design and construction of the existing Water Pollution Control Facility (WPCF), which has now been in operation since late 1989. The WPCF has and continues to meet National Pollutant Discharge Elimination System (NPDES) Permit requirements.

As the WPCF approaches 25 years in age, a number of considerations need to be addressed in the context of minimizing customer rate impacts over the long term.

- increasing repair and replacement needs
- a corresponding need and desire to enhance asset management
- wet weather hydraulic capacity issues that must be addressed
- potential growth related needs
- a desire to independently verify and compare high strength rate surcharges
- regulatory challenges on the horizon

This document provides an overview of the Long Range Facility Plan prepared by City and HDR Engineering staff in 2012 to address those considerations. The Long Range Facility Plan provides a road map to the future that guides ongoing repair and replacement, addresses capacity needs, prepares for future nutrient standards, and enables long term/rate revenue planning. It also provides a template for enhanced asset management and provides insight to refine high strength rate surcharges.

The document is organized as follows:

- WPCF Age & Condition
- WPCF Capacity
- Flows & Loadings
- Wet Weather Flows
- Anticipated Regulatory Requirements
- Capital Improvements Plan
- Asset Management Plan
- High Strength Waste

Ames WPCF



WPCF Age & Condition

Detailed physical and operational assessments of the existing WPCF indicate the following:

- There are no major process equipment constraints on the Facility's ability to meet NPDES permit requirements under normal circumstances
- Buildings, tanks, and structures are generally in good structural condition
- Heating, ventilation, and air conditioning equipment is well maintained and, in most cases, very functional albeit not "state of the art"
- Electrical equipment, with few exceptions, is approaching the end of its useful life
- Field mounted instrumentation is in fairly good working condition with improvements made in 2007-2008 providing a reliable system that appears to be functioning well.

At the same time, the WPCF is reflecting its age in the following ways:

- A number of equipment components are approaching the end of their useful life
- Buildings are beginning to show the wear of over 20 years of service without significant remodeling or rehabilitation, and there are a number of current code related fire and life safety issues
- Heating, ventilating, and air conditioning equipment is approaching the end of its useful life and a central monitoring location would aid in future maintenance
- Electrical equipment life could be extended through implementation of an electrical preventive maintenance program before complete replacement, and lamps and ballasts, as they fail, should be replaced with more energy efficient types
- Continued dependency on original Remote Terminal Units (RTUs) that include components no longer in use presents challenges in troubleshooting and maintenance.

\$43.5 million of age and condition related repairs and replacements are recommended, including \$6.1 million for trickling filter rehabilitation.

Ames WPCF Condition Assessment

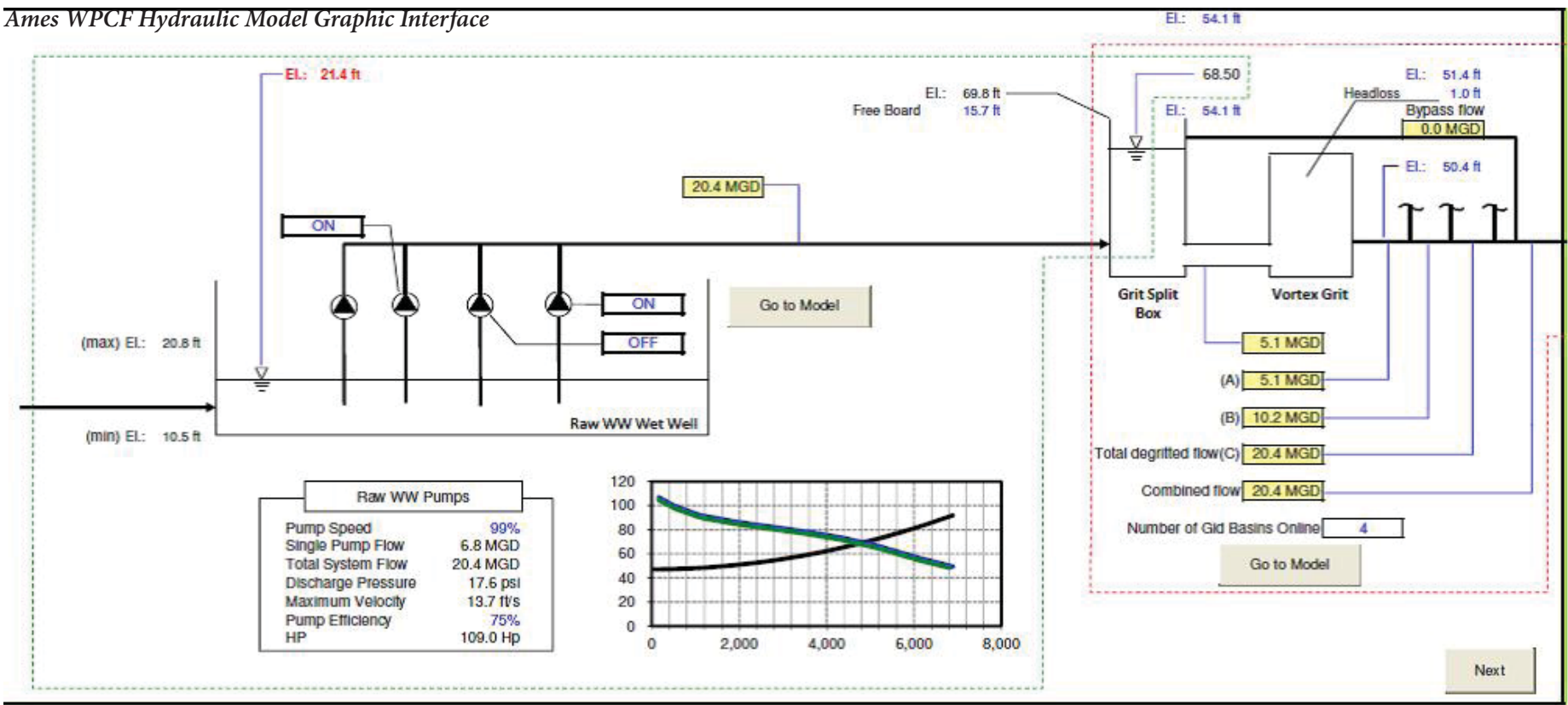


WPCF Capacity

Unit process by unit process analysis and hydraulic modeling of the entire WPCF identifies the maximum day hydraulic capacity to be 26.4 mgd; over 20 percent more than the original design basis for the WPCF. At 26.4 mgd, hydraulic loadings on individual treatment processes are manageable and flow can be accommodated without submerging weirs or overflowing structures when all treatment units are in operation.

To maximize performance at this increased hydraulic capacity, several modifications are suggested, most notably modifying the raw wastewater discharge piping to enable five not just four of the six raw wastewater pumps to discharge to the WPCF. Doing so provides redundant raw wastewater pumping capacity at the higher 26.4 mgd hydraulic capacity and provides a basis for the City to pursue an increase in the actual rated maximum day hydraulic capacity with IDNR.

Ames WPCF Hydraulic Model Graphic Interface

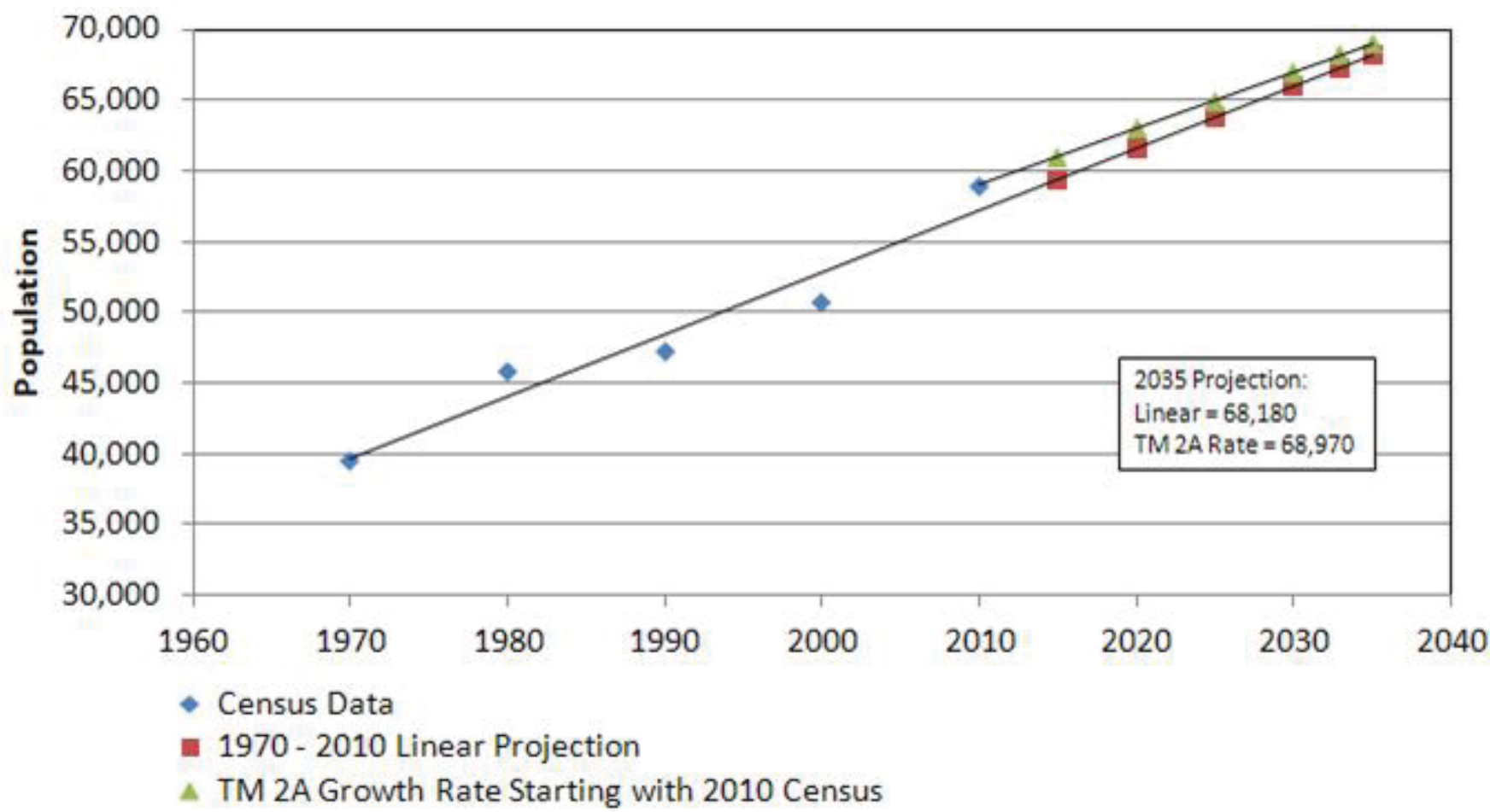


Unit process by unit process analysis and process modeling of the entire WPCF also identified the organic capacity of the WPCF to be as tabulated. That capacity is shown relative to original design capacity and current loadings. It reflects current wastewater characteristics and current NPDES permit limits.

Ames WPCF Organic Capacity – Maximum Month

Parameter	Original	Current	Capacity
Flow, MGD	12.1	10.1	14.7
BOD ₅ , lbs/day	16,150	10,700	15,600
TSS, lbs/day	16,190	16,600	24,200
TKN, lbs/day	4,950	2,320	3,310
NH ₃ -N, lbs/day	2,750	1,530	2,210

Ames Population Projection vs. Linear Extension of Historic Census Data



Flows and Loadings

Consistent with forecasts for the Water Plant, average daily and maximum month flows to the WPCF are projected to increase from 6.0 to 8.5 and 10.1 to 13.3 million gallons per day (mgd), respectively, for the planning period through 2035. Organic loadings are anticipated to increase proportionally as well.

Without additional regulatory requirements, the existing WPCF provides the required capacity through 2035. However, anticipated regulatory requirements, more stringent ammonia requirements in particular, would effectively reduce the capacity of the existing WPCF

Analysis of historic flow data indicates that, on average, approximately 38 percent of the total volume and 75 percent of the maximum day flows treated at the WPCF are extraneous infiltration and inflow from the collection system. Elimination of even a portion of the extraneous infiltration and inflow could reduce WPCF pumping costs, collection and treatment operations and maintenance costs, and capital costs for future collection and treatment capacity expansion.

Ames WPCF Historic Flows

Year	Total		I / I Contribution	
	Annual Volume (MG)	Maximum Day (mgd)	% of Annual Volume	% of Maximum Day Flow
2001	2,032	10.60	35%	66%
2002	1,955	8.10	33%	56%
2003	1,937	12.33	32%	71%
2004	2,121	21.19	38%	83%
2005	1,977	11.82	34%	70%
2006	1,688	7.95	22%	55%
2007	2,464	28.41	47%	87%
2008	2,594	37.19	49%	90%
2009	2,213	18.54	41%	81%
2010	2,641	35.73	50%	90%
Maximum	2,641	37.19	50%	90%
Average	2,162	19.19	38%	75%

Ames WPCF Current & Projected Wastewater Flows and Loads

Parameter	Current	2035		
		Projected	Reserve	Total
Flow, MGD				
Average Annual	6	7.0	1.5	8.5
Maximum Month	10.1	11.8	1.5	13.3
Maximum Day	24	28.1	1.5	29.6
BOD₅, lb/d				
Average Annual	7,800	9,100	2,000	11,100
Maximum Month	10,700	12,500	1,600	14,100
Maximum Day	14,600	17,100	900	18,000
TSS, lb/d				
Average Annual	10,600	12,400	2,700	15,100
Maximum Month	16,600	19,400	2,500	21,900
Maximum Day	25,800	30,200	1,600	31,800
Ammonia, lb/d				
Average Annual	1,130	1,300	280	1,580
Maximum Month	1,530	1,800	230	2,030
Maximum Day	2,080	2,400	130	2,530

Wet Weather Flows

The WPCF has an IDNR rated maximum day capacity of 20.4 mgd. The Main Outfall sewer delivering flows from the collection system to the WPCF has a much greater full flow capacity of approximately 61.2 mgd. Equalization basins (EQ Basins) at the WPCF provide an effective volume of 4.4 million gallons (MG) to store wet weather flows above 20.4 mgd for subsequent treatment.

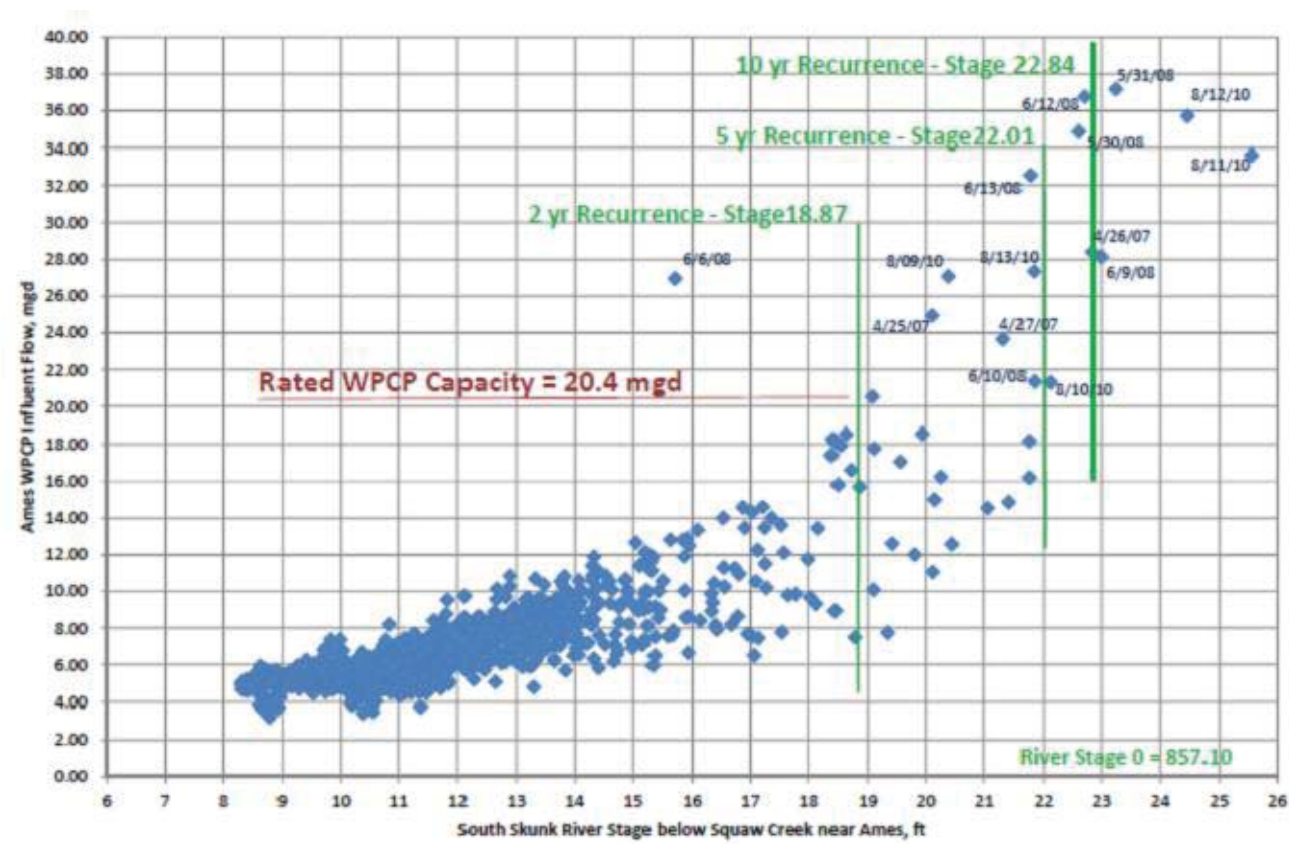
Peak wet weather flows into the WPCF have infrequently exceeded the capability of the WPCF and EQ Basins. At these times, the EQ Basins overflowed and discharged to the Skunk River. Records indicate that the EQ basins overflowed to the Skunk River a few hours in total from 1999 through 2006 and portions of 23 different days in 2007 through 2011.

Analysis indicates that peak flows and EQ Basin overflows are coincidental with wet weather extremes and elevated Skunk River stages. At mean daily Skunk River stages up to 18 feet, WPCF influent flows show a slight upward trend with increasing river stage. However, at or above mean daily Skunk River stages of 18 to 19 feet, approximately the 2 year recurrence interval, WPCF influent flows show a much more notable increase with increasing river stage. This may point to problems in those portions of the collection system that become submerged at River stages of 18 to 19 feet and above.

EQ Basin overflows are recognized by IDNR as a “bypass” to be eliminated at a storm recurrence interval of five years or less. A Settlement Agreement between the City of Ames and the IDNR requires completion of this Long Range WPCF Plan, a parallel Sanitary Sewer System Evaluation, and a resulting plan by July 1, 2014 to accommodate peak wet weather flows without EQ Basin overflows.

The recommendation for accommodating peak wet weather flows is a combination of reduction of extraneous infiltration and inflow in the collection system and an increase in WPCF

Ames WPCF Influent Flows versus Skunk River Stage



wet weather capacity. More specifically, subject to refinement on completion of the Sanitary Sewer System Evaluation Study, the recommendation is to expand the EQ Basins to 10.4 mgd coincidental with pursuing an increase in the rated hydraulic capacity of the WPCF and targeting a 25 percent reduction in the volume of infiltration and inflow during extreme wet weather events through collection system rehabilitation.

The capital cost of the EQ Basin expansion in 2012 dollars is estimates of \$1.1 million. The capital cost to achieve the targeted reductions in extraneous infiltrations and inflow has yet to be determined.

Anticipated Regulatory Requirements

The Ames WPCF will likely be significantly impacted by two regulatory drivers.

First, it is anticipated that EPA will move forward in 2013 with rulemaking for more stringent effluent ammonia standards based on lower ammonia toxicity criteria to protect endangered freshwater mussels and snails. With the more stringent ammonia standards, the capacity of the existing WPCF is effectively reduced to 10.1 mgd which is not sufficient for current or projected loadings.

To provide the required capacity for projected 2035 flows and loadings with the more stringent ammonia standards, incorporation of IFAS media into the existing solids contact basins is recommended. It is the most favorable of four alternatives considered. The estimated capital cost in 2012 dollars is \$2.4 million.

Second, the recently published, but yet to be approved, Iowa Nutrient Reduction Strategy targets significant reductions in nutrient loadings from both wastewater treatment plant point source discharges and urban and rural nonpoint source run-off discharges. The driver for the reductions is to decrease nutrient loadings from the Mississippi River to address water quality issues in the Gulf of Mexico.

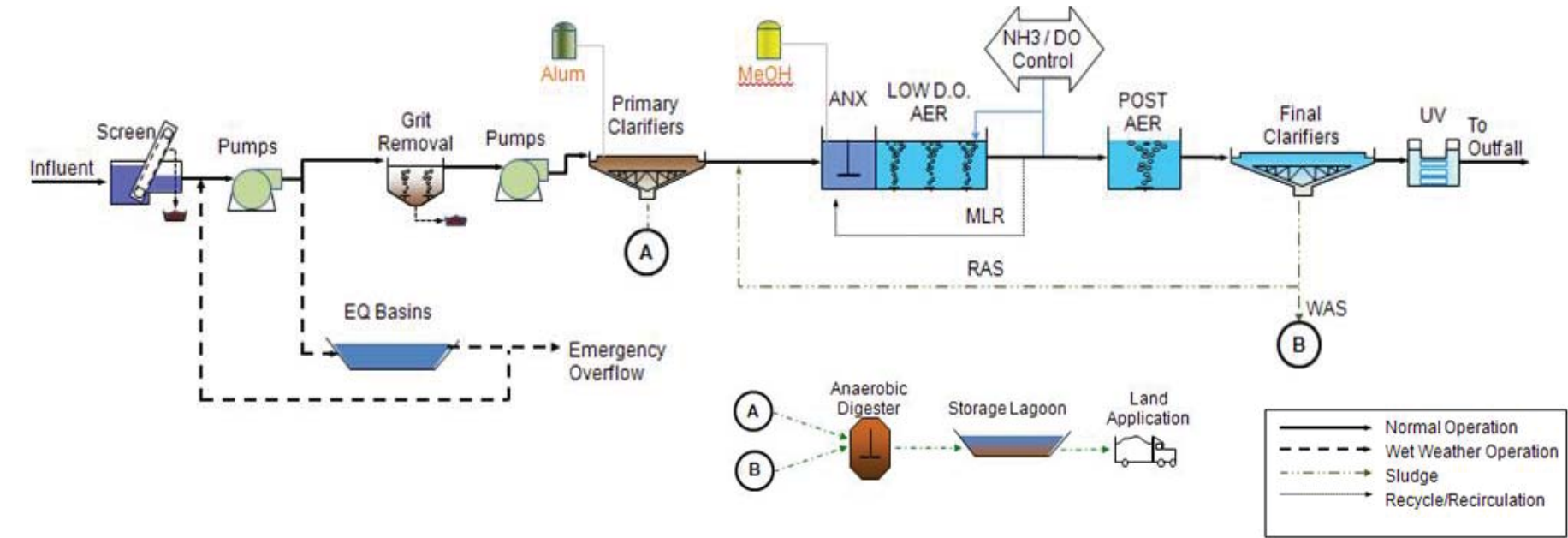
It is anticipated that Iowa point source discharges, like the Ames WPCF, will be focused on achieving the least stringent of three generally discussed levels of nutrient reduction shown, ie Nutrient Scenario 1, over the next 5 to 10 years.

Following rigorous monetary and nonmonetary evaluation, Simultaneous Nitrification/Denitrification (SND) activated sludge is recommended as the most favorable of four alternatives considered to achieve the anticipated nutrient reduction. SND had essentially the lowest capital cost, the lowest operations and maintenance cost, and the most favorable nonmonetary ratings. It will replace the existing Trickling Filters. The estimated capital cost in 2012 dollars is \$25.0 million.

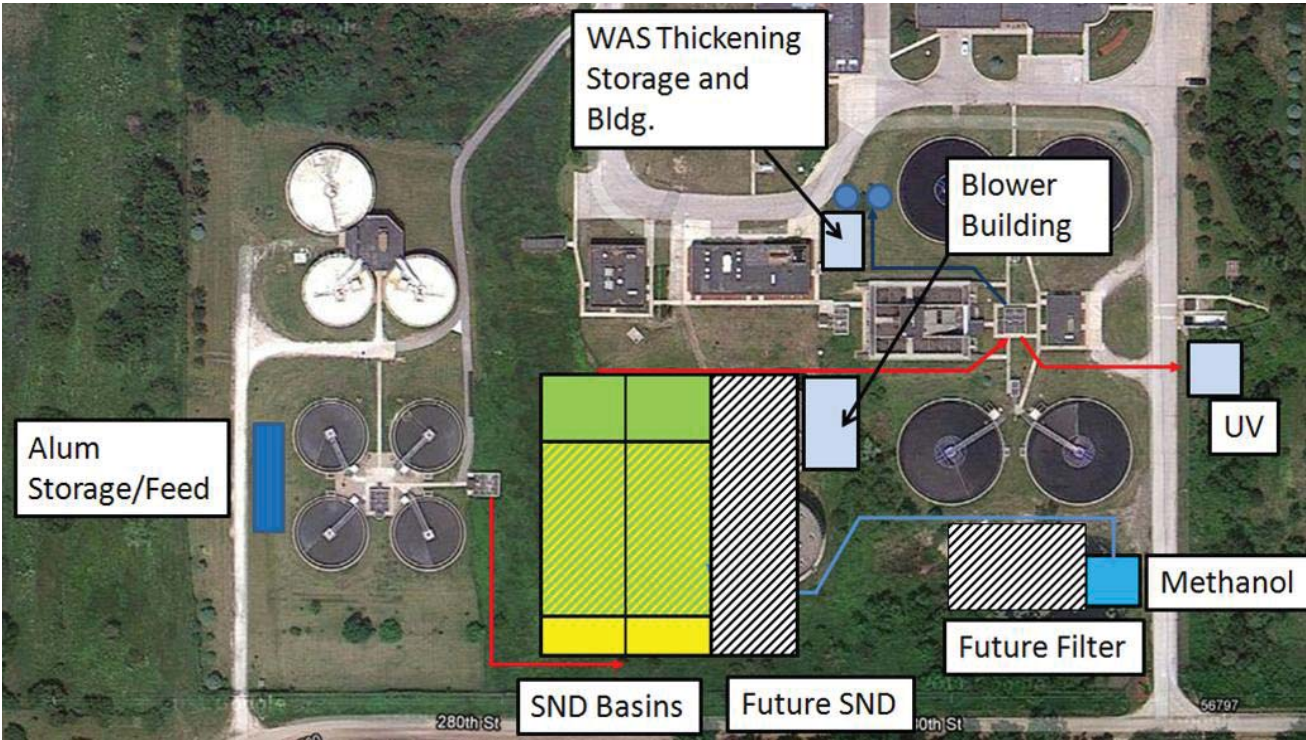
Nutrient Reduction Scenarios

Nutrient Scenario	Typical Technology	Total Nitrogen mg/l	Total Phosphorus mg/l
1	Biological Nutrient Removal (BNR)	10	1
2	Enhanced Nutrient Removal (ENR)	5	0.5
3	Limits of Technology Nutrient Removal (LOT)	3	0.3

Simultaneous Nitrification Denitrification Activated Sludge Flow Schematic



Ames WPCF Simultaneous Nitrification Denitrification Activated Sludge Site Layout



Capital Improvements Plan

The recommended capital improvements plan includes the major cost components identified herein as well as \$5.8 million of carryover from the current CIP. It is structured to provide flexibility for several possible scenarios as follows.

All costs are order of magnitude estimates for planning purposes, reported in 2012 dollars, and include both engineering and construction.

Ames WPCF Capital Improvements Plan Scenarios			
Possibility	Summary	10 year Capital Need \$ millions	20 year Capital Need \$ millions
No change in Regulatory Standards	<ul style="list-style-type: none">Carryover of current CIPWet weather capacity needsAge and condition related repairs & replacementRehabilitation of trickling filters	\$36.1	\$50.3
More stringent Ammonia Standards Only	<ul style="list-style-type: none">Carryover of current CIPWet weather capacity needsAge and condition related repairs & replacementRehabilitation of trickling filtersIncorporation of IFAS into existing solids contact basins	\$38.5	\$52.7
More stringent Nutrient Standards	<ul style="list-style-type: none">Carryover of current CIPWet weather capacity needsAge and condition related repairs & replacementConstruct simultaneous nitrification denitrification activated sludge in lieu of tricking filter rehabilitation and in lieu of incorporating IFAS into solids contact basins	\$54.9	\$69.2

Reflecting current understanding and expectations, the third scenario is most likely. More specifically, the City should anticipate preparing a Preliminary Engineering Report for SND activated sludge nutrient reduction facilities in fiscal year 2017 followed by design and construction of those facilities in fiscal years 2019 through 2022. Doing so, will likely avoid the need to incorporate IFAS media in the solids contact basins or make interim repairs or replacement of the trickling filters.

However, implementation of anticipated ammonia standards on a more aggressive timeline or accelerated deterioration of the trickling filters, media in particular, could accelerate this timeline. Either could prompt implementation of SND activated sludge nutrient reduction facilities more quickly or prompt a decision to proceed with incorporation of IFAS in the solids contact basins or interim repairs or replacement of the trickling filters.

In the shorter term, the City needs to continue with carryover CIP items, proceed with age and condition related repairs and replacements consistent with this expectation, and needs to address wet weather capacity needs.

Asset Management Plan

The WPCF has historically, and continues to make infrastructure maintenance, repair, and replacement decisions to optimize the life-cycle cost of WPCF while providing reliable and dependable wastewater service to customers. A straw man document with a set of concepts, considerations, and ideas has been developed for implementation of a more formal asset management program.

Implementation will require the commitment of one full time equivalent and an estimated \$150,000 investment in planning, software, process improvement, and training. While a major undertaking over several years, the goal in implementing a more formal asset management plan is to more rigorously define and meet customer needs and expected levels of service through sound fiscal planning and improved infrastructure management.

Ames WPCF Strawman Asset Management Plan Structure

1. Customer Service Levels	1.1 Sustainable Levels of Service 1.2 Cost of Service Expectations
2. Customer Focus	2.1 Future Demands 2.2. Regulatory Interface 2.3 Internal & External Communications 2.4 Competitiveness
3. Financial	3.1 Life Cycle Planning 3.2 Asset Decision Making 3.3 Financial Reporting 3.4 Cost Stream Forecasting
4. Asset Reliability	4.1 Asset Knowledge 4.2 Operation & Maintenance Strategy 4.3 Condition Monitoring
5. Asset Planning	5.1 Business Case Evaluations 5.2 Asset Replacement & Rehabilitation 5.3 Asset Acquisition
6. Risk Management	6.1 Risk Identification 6.2 Risk Analysis 6.3 Risk Mitigation
7. Performance Management	7.1 Service Level Metrics 7.2 Procedures 7.3 Quality Assurance
8. Organizational Excellence	8.1 Active Strategic Planning 8.2 Knowledge Sharing 8.3 Resource Management 8.4 Employee Development



City of Ames

Water Pollution Control Facility

56797 280th Street | Ames, Iowa 50010

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HDR

COUNCIL ACTION FORM

SUBJECT: **SIGN CODE ORDINANCE CLEAN UP**

BACKGROUND:

In November, staff reported to Council about several clean up concerns that existed in the Sign Code. In response to this report, the City Council directed staff to draft an ordinance correcting these issues.

Staff recommends a modification to Section 21.113. This section currently requires that a sign owner remove any sign that no longer advertises a bona fide business, product or service after a period of six months. Because *signs* are defined differently in the Code than *sign structures*, a business that closes must take down its sign but can leave up an empty sign pole indefinitely. The proposed ordinance would require removal of the sign and/or sign structure within six months.

Several of the corrections are necessary because in 2010, the Sign Code was moved out of Chapter 5 and into its own chapter. References in sections 21.123, 21.128, 21.129, 21.130, and Appendix N need to be amended to reflect the correct chapter. It should be noted that until 2010, a Sign Code violation was charged with a \$500 fine. Because Appendix N does not currently refer to the correct chapter, a violation of the Sign Code has been charged on the standard municipal infraction schedule (\$30 per violation). **In correcting Appendix N to reflect the correct chapters, a violation of the Sign Code would revert to its original fine of \$500 per violation.**

Changes to Sections 21.114 and 21.121 are needed to change the Hospital-Medical zone's abbreviation from "H-M" to its current "S-HM."

In 1997, the City removed an exception for public, educational, charitable, fraternal or religious signs in response to an Iowa Attorney General's opinion that such exceptions violated "content neutrality" and could, therefore, be ruled unconstitutional if challenged in a court of law. This proposed ordinance would remove two more exceptions of this kind in 21.115 and 21.121. This change will continue to allow political signs under the "temporary signs" criteria (no permit required, must not exceed 32 square feet in area, and may only be up for 90 days at a time). Public, educational, charitable, fraternal and religious signs will remain legal, but must be submitted through the permitting process like all other signs.

A summary of the changes recommended by staff is below:

SECTION	MODIFICATION
21.113	Requires removal of sign structure within six months of no longer advertising a bona fide business.
21.114	Updates the name of the S-HM zone
21.115	Eliminates permitting exemptions for public, educational, charitable, fraternal or religious signs and for political signs. <i>(Note: Political signs will remain exempt as “temporary signs”)</i>
21.121	Updates the name of the S-HM zone, removes a section allowing temporary political signs <i>(Note: Temporary political signs remain allowed under the “temporary signs” criterion)</i>
21.123	Corrects a Code reference to the correct chapter
21.128	Corrects an ordinance citation to the correct ordinance number
21.129	Corrects Code references to the correct chapter
21.130	Clarifies that appeals are handled by the Building Board of Appeals
Appendix N	Corrects the names of Chapters 5 and 21.

Council may recall that it directed staff to address electronic signs in addition to the Code clean up. Staff intends to bring recommendations on electronic signs in a separate report at a later date.

ALTERNATIVES:

1. Approve on first reading an ordinance amending the Sign Code to reflect the changes described above.
2. Do not approve Changes to the Sign Code.

MANAGER’S RECOMMENDED ACTION:

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving on first reading an ordinance amending the Sign Code to reflect the changes described above.

ORDINANCE NO. _____

**AN ORDINANCE AMENDING MISCELLANEOUS PROVISIONS OF
THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, CHAPTER
21, SIGNS.**

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.113 and adopting a new Section 21.113 to read as follows:

“Sec. 21.113. REMOVAL OF CERTAIN SIGNS.

Any sign and/or sign structure now or hereafter existing, which for a period of six (6) months no longer advertises a bona fide business conducted, or a product sold, or a service offered, shall be taken down and removed by the owner or owners of the building or premises upon which it is located within thirty (30) days of written notice from the building official.

(Ord. No. 2578, Sec. 2, 12-21-76; Ord. No. 3194, Sec. 1, 9-24-92)”

Section Two. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.114(6) and adopting a new Section 21.114(6) to read as follows:

“Sec. 21.114. PROHIBITIONS.

No person shall have or permit on any premises:

(6) Any off premises sign in the following zoning districts in the City of Ames: RL, RM, RH, RLP, FS-RL, FS-RM, F-VR, and S-HM.

(Ord. No. 3753, 1-13-04)”

Section Three. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.115 and adopting a new Section 21.115 to read as follows:

“Sec. 21.115. EXEMPTIONS FROM PERMITS.

The following signs shall not require a permit; however, such signs shall be subject to the sign regulations:

(1) Nonelectrical real estate signs not exceeding six (6) square feet in area, which advertise the sale, rental, or lease of the premises upon which said signs are located only.

(2) Nonelectrical signs denoting only the name and profession/business of an occupant in a commercial building, public institutional building, or dwelling house and not exceeding two (2) square feet in area.

(3) A nonelectrical single sign denoting the architect, engineer or contractor when placed upon work under construction and not exceeding thirty-two (32) square feet in area.

(4) Nonelectrical memorial signs or tablets, names of buildings, and date of erection when cut into any masonry surface or when constructed of bronze or other noncombustible materials.

(5) Publicly owned street name signs, traffic control signs, legal notices, railroad crossing signs, danger and temporary warning or emergency signs; and, emblems, names, logo, and symbols on motor vehicles and equipment being used for purposes other than the display of signs or advertising devices.

(6) Nonelectrical public service signs which give only directions “in and out” or signs which provide only information about directing people to ancillary facilities such as parking, entrance, etc.

(7) A nonelectrical temporary or portable sign.

(Ord. No. 2578, Sec. 2, 12-21-76; Ord. No. 3194, Sec. 1, 9-24-92)”

Section Four. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.121 and adopting a new Section 21.121 to read as follows:

“Sec. 21.121. ON PREMISES SIGNAGE.

For all signs subject to the sign regulations, in agricultural, commercial and industrial zoning districts in the City of Ames except in the S-HM District, there may be three (3) square feet of signage for each foot of street frontage. Signs in the Planned Zoning districts are as permitted on the approved site plan. Where any side of a building abuts on an alley, only painted on wall signs shall be permitted on the side abutting the alley. Such sign shall be calculated as part of total permissible signage. For all signs subject to the sign regulations in residential zoning districts in the City of Ames, only the following signs are permitted:

(1) Real estate signs not exceeding six (6) square feet in area, which advertise the sale, rental, or lease of the premises upon which said signs are located only.

(2) Signs, including bulletin boards, which are not over sixteen (16) square feet in area for public, educational, charitable, fraternal or religious institutions when the same are located on the premises of such institution.

(3) Signs denoting only the name and profession/business of an occupant in a commercial building, public institutional building, or dwelling house and not exceeding two (2) square feet in area.

(4) Single sign denoting the architect, engineer or contractor when placed upon work under construction and not exceeding thirty-two (32) square feet in area.

(5) Memorial signs or tablets, names of buildings, and date of erection when cut into any masonry surface or when constructed of bronze or other noncombustible materials.

(6) Publicly owned street name signs, traffic control signs, legal notices, railroad crossing signs, danger and temporary warning or emergency signs; and emblems, names, logos, and symbols on motor vehicles and equipment being used for purposes other than the display of signs or advertising devices.

(7) Public service signs which give only directions “in and out” or signs which provide only information about directing people to ancillary facilities such as parking, entrance, etc.

(8) Temporary or portable sign.

(9) Subdivision Development Signs. One subdivision development sign may be permitted per preliminary plat or Conceptual Development Plan for subdivisions of 2 acres or more in area. This sign shall not exceed 96 sq. ft. in area and 12 ft. in height. It shall be located in the subdivision it identifies and no closer than 25 ft. from any property line, no closer than 100’ from any pre-existing residence and only on lots abutting collector or arterial streets. The sign shall be the sole use of the property on which it is located. The sign shall identify the name of the subdivision exactly as it is set out on the preliminary plat or conceptual development plan approved by the City and may include the names of the subdivision developers, a map of the area covered by the subdivision and a description of amenities in it. The sign shall not be installed until utility construction has begun in the subdivision and the sign shall be removed once building permits have been issued for 50% of the lots in the subdivision.

(10) Residential Subdivision Entrance Signs. The regulations described in this section apply to subdivision entrance signs in residential subdivisions. The location, number, size, height, materials, maintenance, and message regulations for subdivision identification signs are as follows:

(a) Signs located on private property shall be no closer to the traveled part of a street than the right-of-way line. Signs shall not be allowed in the street visibility triangle, as such is described by Section 29.408(5).

(b) It shall be unlawful to erect a subdivision entrance sign on public property, and the Council shall grant no encroachment permits for such signs.

(c) Subdivision entrance signs shall not be permitted off-premise.

(d) Two signs shall be permitted at each subdivision entrance. Double-faced signs shall be counted as two signs.

(e) The size of the message area (subdivision name and address) of the sign shall not exceed 20

square feet. The size of the sign structure in comparison to the size of the message area shall not exceed a ratio of 7 to 1, unless approved as part of a Planned Unit Development.

(f) Signs shall not exceed six (6) feet in height.

(g) Materials used in the construction of subdivision entrance signs shall be low maintenance materials and may include: metal, wood, brick, stone, and concrete.

(h) Maintenance of signs, illumination devices, and landscaping shall be the responsibility of the property owner. Signs which, by reason of deterioration, may become unsafe or unsightly, shall be repaired or removed by the property owner upon written notice of the City. Signs which by reason of deterioration become unsafe or unsightly, may be removed by the City upon written notice of the City.

(Ord. No. 3299, Sec. 1, 9-27-94)

(i) The message on a subdivision entrance sign shall include only the name and address of the subdivision.

(j) Signs may be illuminated internally or by reflected light subject to the following:

(i) The light source shall not be directly visible and shall be arranged to reflect away from adjoining premises;

(ii) The light source shall not be placed so to cause confusion or hazard to traffic, or to conflict with traffic control signs of lights;

(iii) No illumination involving movement, by reason of the lighting arrangement, the lighting source, or other devices shall be permitted. This includes blinking, flashing, rotating, and message changing; and

(iv) The Property Owner's Association shall be responsible for the costs associated with providing electricity to the light source.

(k) Landscaping shall be incorporated at the base of each subdivision entrance sign which enhances the site and the surrounding area. Plant materials shall not obstruct the visibility of moving vehicles or interfere with the maintenance of adjacent public property. Approval of a landscape plan for each residential subdivision entrance sign by the Director of Planning and Housing is required.

(Ord. No. 3255, Sec. 2, 1-11-94, Ord. No. 3753, 1-13-04)

(Ord. No. 2578, Sec. 2, 12-21-76; Ord. No. 2594, Sec. 1, 4-19-77; Ord. No. 3053, Sec. 3, 6-27-89; Ord. No. 3194, Sec. 1, 9-24-92)"

Section Five. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.123(3) and adopting a new Section 21.123(3) to read as follows:

“Sec. 21.123. WALL SIGNS.

Wall signs subject to the sign regulations shall meet the following location requirements:

...

(3) Size Regulations. The size regulations of Section 21.121 notwithstanding, there shall be allowed, with respect to each building, subject to applicable zoning regulations, one permanent wall sign that is not larger than sixty-four (64) square feet, or which does not occupy more than ten percent (10%) of the area of the wall to which it is affixed, whichever is smaller, for each of the building's sides that parallel a public street, if the wall sign is not internally lighted.”

Section Six. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.128 and adopting a new Section 21.128 to read as follows:

“Sec. 21.128. AWNING AND CANOPY SIGNS.

No portion of an awning or canopy may be lower than seven and one-half (7 ½) feet above a sidewalk. They may overhang public right of way only by permission of the City Council.

(Ord. No. 2578, Sec. 2, 12-21-76; Ord. No. 3194, Sec. 1, 9-24-92; Ord. No. 3773, 6-22-04)”

Section Seven. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.129 and adopting a new Section 21.129 to read as follows:

“Sec. 21.129. NONCONFORMING SIGNS.

Sign in existence on December 21, 1976, when these sign regulations became effective, may continue in existence subject to Sections 21.109, 21.110, 21.112, and 21.113 and also subject to the following:

...”

Section Eight. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 21.130(1) and adopting a new Section 21.130(1) to read as follows:

“Sec. 21.130. SIGN APPEALS.

(1) The Building Board of Appeals shall have jurisdiction, and its appeal procedures shall apply when it is claimed that the regulations of this chapter pertaining to signs have been incorrectly interpreted, or an equally good or better form of construction, method of installation or type of material can be used.

...”

Section Nine. Violation of the provisions of this ordinance shall constitute a municipal infraction punishable as set out by law.

Section Ten. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Eleven. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, 2013

ATTEST:

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor