

**COUNCIL ACTION FORM**

**SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016**

**BACKGROUND:**

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

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

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

Governmental accounting regulations require that the statements contained in the CAFR use methods of accounting that don't completely match the method of recording transactions in the accounting software, which is primarily on a budgetary basis for tracking and control against the Council approved budget. An extensive amount of time is required to close out the accounting records and make the numerous adjusting entries that are required to convert to the accounting basis required for the CAFR. Because of this, the City produces this financial report only on an annual basis.

Eide Bailly LLP, Certified Public Accountants, has audited the City's financial statements as of and for the year ended June 30, 2016, and expressed its opinion on these

statements based on the audit. **In the auditor's opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.**

**The auditor's report is an unmodified, or "clean," opinion with no significant deficiencies noted and no noncompliance material to the financial statements noted. There was one material weakness found. Due to a late adjustment on last year's CAFR, two capital assets were erroneously included in the governmental beginning balances instead of the business-type balances. This error would have been discovered by staff while drafting the notes to the financial statements. In response to the finding, we have altered our procedures (see page 151 of the CAFR).**

Also included with the report is the management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. **There are a few items listed in the corrected and uncorrected misstatements section, and these have all been corrected. Procedures have been reviewed and changed ensure proper financial reporting.**

#### **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 12, 2016

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, 2016. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund) or the financial statements of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit is based solely on the reports of the other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 3, 2016. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. During the year ended June 30, 2016, the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*. No other significant new accounting policies were adopted, and the application of other existing policies was not changed during the year ended June 30, 2016. 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 estimate(s) affecting the City's financial statements were:

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

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

Management’s estimate of the net pension liability, pension related deferred outflows of resources and deferred inflows of resources, and pension expense are based on plan level actuarial reports, allocated to the City using annual employer contributions. We evaluated the key factors and assumptions used to develop the pension related balances in determining that they are reasonable in relation to the financial statements taken as a whole.

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

**Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements were detected as a result of audit procedures and were corrected by management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Business-</u>
	<u>Statements</u>	<u>Type</u>
		<u>Activities</u>
<b>Water Fund</b>		
To adjust Water Capital Assets to correct balance, after incorrect beginning balance was used	\$ 626,042	\$ 626,042
<b>Sewer Fund</b>		
To adjust Sewer Capital Assets to correct balance, after incorrect beginning balance was used	\$ 596,782	\$ 596,782
<b>Electric Fund</b>		
To reclass Reserve for Electric Revenue bonds to a Restricted Asset (\$951,500)	\$ -	\$ -
<b>Mary Greeley Medical Center</b>		
To reduce Deferred Outflows and Inflows of Resources related to Pensions (\$6,348,291)	\$ -	\$ -

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

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Government -</u>
	<u>Statements</u>	<u>Wide</u>
		<u>Statements</u>
<b>Governmental Activities</b>		
To adjust Governmental Activities Capital Assets to correct balance, after incorrect beginning balance was used	\$ -	\$ (1,222,824)
<b>Sewer Fund</b>		
To reclass balance of Sanitary Sewer Rehab SRF from non-current to current (\$318,750)	\$ -	\$ -
<b>Health Insurance Fund</b>		
To adjust Accounts Payable for the Health Insurance Fund	\$ (549,769)	\$ (549,769)

### Disagreements with Management

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

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 12, 2016.

### Management Consultations with Other Independent Accountants

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

### Other Audit Findings or Issues

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

### Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedule, the schedule of the City's proportionate share of net pension liability, the schedule of the City's pension contributions, and the schedule of funding progress which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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

Very truly yours,

EIDE BAILLY LLP

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

Dubuque, Iowa





**CITY OF AMES, IOWA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
**JUNE 30, 2016**



**CITY OF AMES, IOWA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

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, 2016**

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December 12, 2016

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

The City of Ames, Iowa (City) is required by the Code of Iowa to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2016, is hereby submitted.

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

Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2016. The independent auditor’s report is presented as the first component of the financial section in this report.

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

### ***Profile of the City of Ames***

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

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

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

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

### ***Local economy***

The City is supported by a diverse economy that includes both the private and public sectors. Ames is home to several large governmental agencies including Iowa State University (ISU), Iowa Department of Transportation, the U.S. Department of Agriculture National Animal Disease Center and National Veterinary Services Laboratories, and a U.S. Department of Energy research lab. ISU and other government employers add significant local economic stability that has resulted in an unemployment rate below the national and state averages for the past thirty years. In September 2016, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the fourth lowest unemployment rate in the nation at 2.5%, well below the national rate of 4.8% and Iowa rate of 4.1%. The City has continued a trend of six years of steady employment growth. Much of this growth comes from the private sector, indicating expanded diversity in the local economy. The City has also experienced steady growth in population, increasing from 50,731 in the 2000 census to 58,965 in 2010, a 16% increase over ten years. The U.S. Census Bureau 2015 population estimate was 65,060, indicating continued population growth.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The assessed valuation for property in Ames grew 6.7% from January 2014 to January 2015. ISU had another record enrollment with 36,660 students enrolled for the fall 2016 semester, an increase of 1.9% from the previous record.

The technology sector continued to expand in Ames with infrastructure work completed for a 183-acre expansion of the ISU Research Park. In June of 2016, the ISU Economic Development Core Facility held a grand opening in their \$12 million, 50,000-square-foot facility, which serves as the anchor for the town-square style expansion project. Several groups that support economic development are located in the new facility, including the ISU Research Park, Small Business Development Center, Center for Industrial Research and Service, the Office for Economic Development and Industrial Relations, ISU Research Foundation, Office of Intellectual Property and Technology Transfer, Cultivation Corridor, CyBIZ Lab, and Pappajohn Center for Entrepreneurship. The Core Facility joins several other recent Research Park projects, including a \$22 million building for Boehringer Ingelheim Vetmedica Inc. and Pella-based construction equipment manufacturer Vermeer Manufacturing's new Applied Technology Hub. Other



additions include a new 52,000-square-foot facility for Ames Racquet and Fitness Center, a new restaurant, and plans are underway for a medical clinic and child care center.

The retail, service, and housing sectors have also seen continued growth as Mary Greeley Medical Center, an Ames-based, regional hospital, completed an addition to the hospital. With several in-fill retail developments and the addition of several other retail facilities and improvements in the local economy, retail sales grew by 2.8% for the quarter ended June 30, 2016, compared to the same period in the prior year. Major redevelopment projects continue in Campustown with additional high-rise, mixed use development underway as well as residential redevelopment of the former Ames School District Property. Expansion of local business includes the renovation and expansion of Wheatsfield Grocery Co-op. There is also big box retail expansion underway with a Super WalMart and Aldi grocery, both extended replacements of existing businesses.

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

The City Council completed annexation of property to the north of the City for residential growth, and has extended arterial streets and utilities to the area. The City has also issued bonds and has begun the process to extend public utilities east of Interstate 35, providing available land to support the continued, steady growth of the City.

The project to convert the electric utility's primary form of fuel from coal to natural gas was completed, including the extension of a leased gas line to serve the power plant. The electric generation for the utility is now provided by a combination of cleaner-burning natural gas, refuse-derived fuel, and the City's share of a wind-power development. Other major projects completed include the replacement of the Sixth Street bridge, with the addition of improved pedestrian and bike facilities. The construction of the new water treatment plant has made great progress and is expected to be completed on schedule in 2017.

### ***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, 2015. This is the 37th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City

had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2016. 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 31st 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,



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Steven L. Schainker  
City Manager



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Duane R. Pitcher, CPA, CPFO  
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Ames  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

City of Ames  
Organizational Chart  
June 30, 2016



**City of Ames**  
**List of Elected and Appointed Officials**  
**June 30, 2016**

Elected Officials:

Mayor	Ann Campbell
Council Member – Ward One	Gloria Betcher
Council Member – Ward Two	Tim Gartin
Council Member – Ward Three	Peter Orazem
Council Member – Ward Four	Chris Nelson
Council Member – At Large	Bronwyn Beatty-Hansen
Council Member – At Large	Amber Corrieri

Council-Appointed Officials:

City Manager	Steven Schainker
City Attorney	Judy Parks

City Manager-Appointed / Council-Approved Official:

City Clerk	Diane Voss
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City Manager-Appointed Officials:

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

Other Officials:

Director of Transportation	Sheri Kyras
Library Director	Lynne Carey

Hospital Administration:

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

nt Rate (Forbes, 2016) Ranked No. 8 in Best Towns for Millennials in America (Niche R  
Hubs Among America's Small College Towns (The SpareFoot Blog) Named one of the 15 Cities  
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4) **One of the Best Towns for Millennials in America**  
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## Financial Section

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), which is both a major fund and 57 percent, 53 percent, and 66 percent, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net position, and revenues of the component unit. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2016 on our consideration of the City of Ames, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ames, Iowa's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa  
December 12, 2016

## 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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$727,671,919 (*net position*). Of this amount, \$259,088,752 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$23,679,564, which was divided almost equally between governmental and business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$43,634,316, a decrease of \$561,674 in comparison with the prior year. The general fund had an increase attributable to higher property tax receipts, but the capital projects fund had a negative change in fund balance because of some large street projects undertaken. Approximately 19.84% of this amount (\$8,658,619) 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 \$11,862,698, or approximately 41.79% of total General Fund expenditures.
- The City's total long-term outstanding debt increased by \$43,623,574 during the current fiscal year, primarily because of funds drawn down on State Revolving Funds for construction of the new water plant. The City also issued \$9.5 million in electric revenue bonds for conversion of the power plant from coal to natural gas.
- Within the City's business-type activities, revenues exceeded expenses by \$11,406,901. The City policy is to set rates that fund operational expenses of business-type activities and most capital improvements. The increase in net position represents funds accumulated for planned future capital expenses, including the current renovation of the hospital and construction of a new water plant.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) the notes to financial

statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

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

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

The government-wide financial statements can be found on pages 25-27 of this report.

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

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

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, capital projects fund, and debt service fund, all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 28-31 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 32-36 of this report.



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

The City maintains one type of fiduciary fund. 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 37 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 38-87 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's net pension liability, obligation to provide other post-employment benefits to its employees, and budgetary comparisons. Required supplementary information can be found on pages 89-97 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 99-119 of this report.

### **Government-Wide Overall Financial Analysis**

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$727,671,919 at the close of the most recent fiscal year.

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

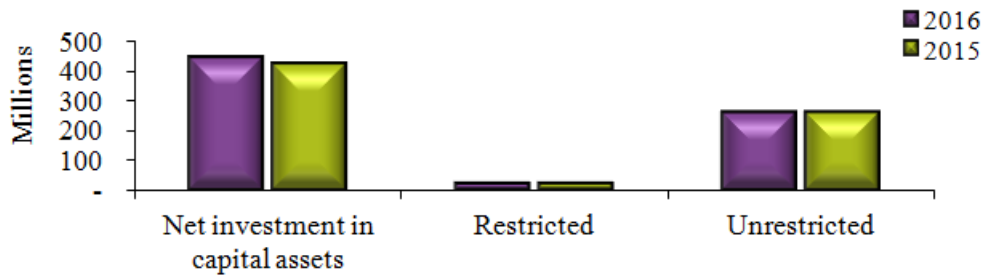
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 87,270,834	\$ 83,387,789	\$ 350,331,399	\$ 357,098,956	\$ 437,602,233	\$ 440,486,745
Net capital assets	182,903,760	167,835,415	450,304,237	406,372,316	633,207,997	574,207,731
Total assets	270,174,594	251,223,204	800,635,636	763,471,272	1,070,810,230	1,014,694,476
Deferred outflows of resources	4,963,345	4,382,048	18,306,418	8,719,214	23,269,763	13,101,262
Long-term liabilities outstanding	69,260,429	64,785,564	157,604,343	116,754,083	226,864,772	181,539,647
Other liabilities	27,401,085	20,639,803	76,745,646	71,510,292	104,146,731	92,150,095
Total liabilities	96,661,514	85,425,367	234,349,989	188,264,375	331,011,503	273,689,742
Deferred inflows of resources	29,019,259	32,995,382	6,377,312	17,118,259	35,396,571	50,113,641
Net position:						
Net investment in capital assets	129,469,743	120,231,602	317,734,901	303,949,791	447,204,644	424,181,393
Restricted	19,116,323	19,525,973	2,262,200	1,027,652	21,378,523	20,553,625
Unrestricted	871,100	(2,573,072)	258,217,652	261,830,409	259,088,752	259,257,337
Total net position	\$ 149,457,166	\$ 137,184,503	\$ 578,214,753	\$ 566,807,852	\$ 727,671,919	\$ 703,992,355

The largest portion of the City's net position (61.46%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$21,378,523, or 2.94%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$259,088,752 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

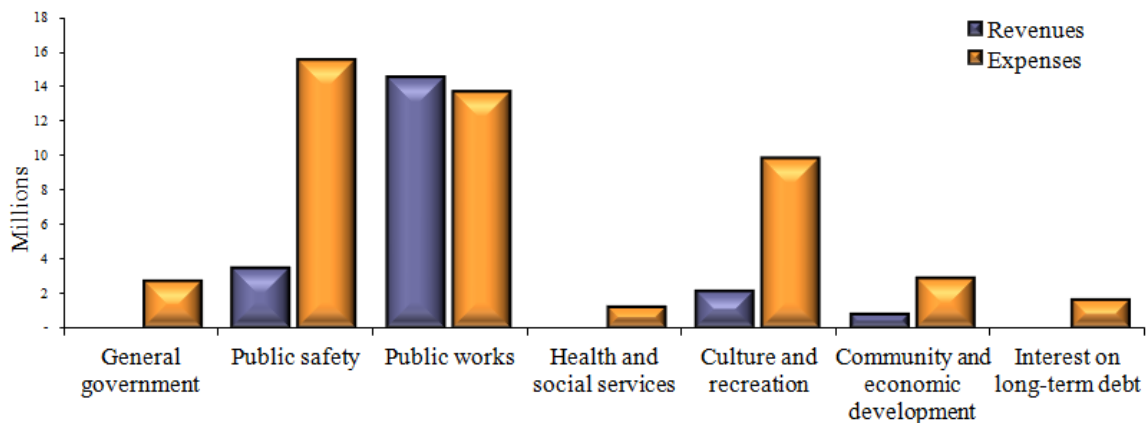
The following chart shows the components of net position for the years ended June 30, 2016 and 2015:



**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$12,272,663 for an ending balance of \$149,457,166. Taxes are the largest source of governmental revenue with property taxes of \$27,114,273 and local option sales taxes of \$7,831,295 in 2016. The \$1,125,381 increase in property tax collections in 2016 over 2015 is due to an increase in taxable valuation. Intergovernmental revenues increase for street construction, with grants received for the ISU Research Park project and for the reconstruction of a major street.

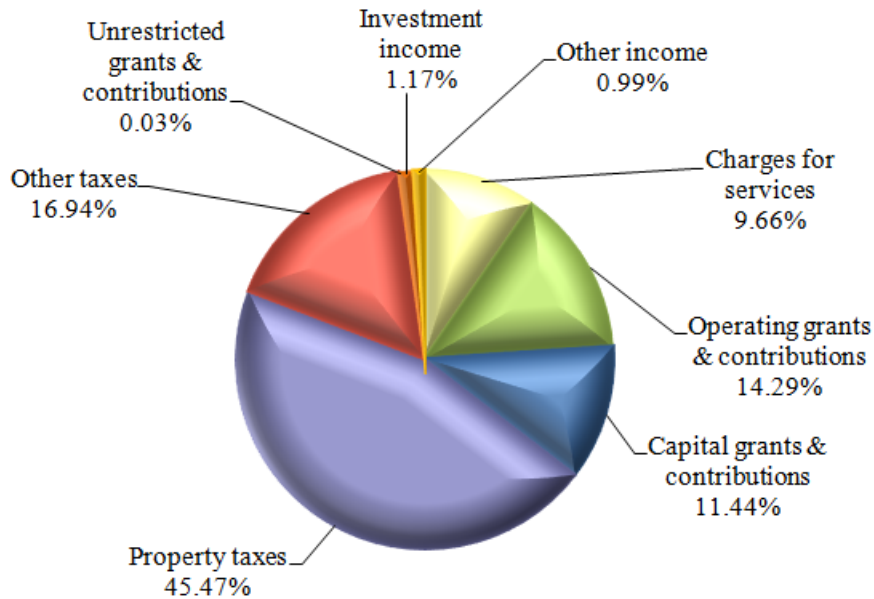
Governmental activities expenses increased \$2.4 million from 2015, or 5.34% mainly due to pension adjustments required by GASB 68.

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



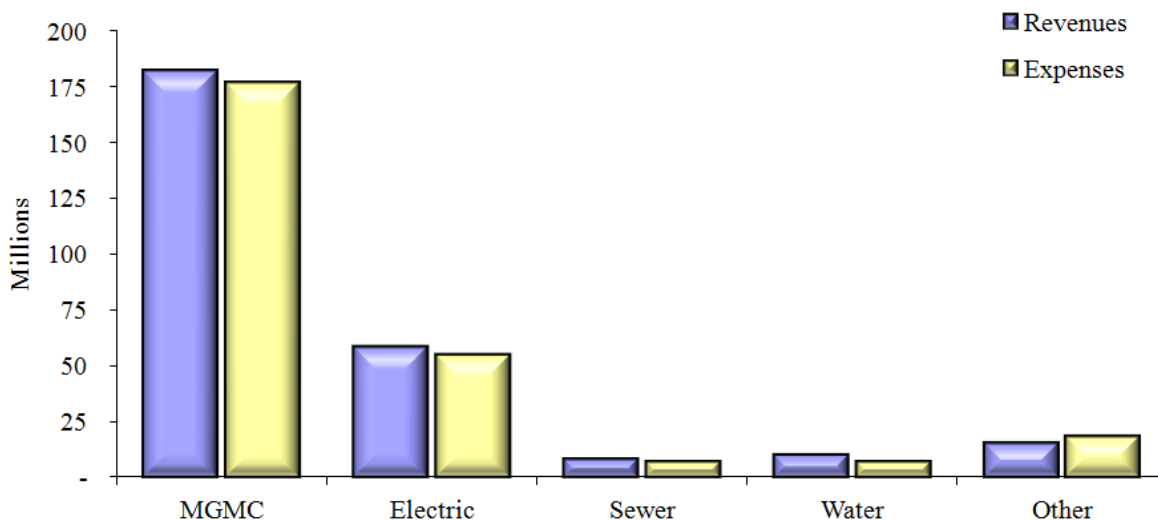
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 5,759,076	\$ 6,555,594	\$270,753,572	\$271,079,935	\$276,512,648	\$277,635,529
Operating grants & contributions	8,521,814	7,173,301	3,405,067	3,161,366	11,926,881	10,334,667
Capital grants & contributions	6,822,367	1,632,753	1,474,384	3,304,381	8,296,751	4,937,134
General revenues						
Property taxes	27,114,273	25,988,892	-	-	27,114,273	25,988,892
Other taxes	10,103,618	10,110,253	-	-	10,103,618	10,110,253
Unrestricted grants & contributions	20,527	19,108	-	-	20,527	19,108
Investment earnings	699,289	455,916	1,001,761	8,201,914	1,701,050	8,657,830
Other	591,165	197,015	40,083	90,414	631,248	287,429
Total revenues	<u>59,632,129</u>	<u>52,132,832</u>	<u>276,674,867</u>	<u>285,838,010</u>	<u>336,306,996</u>	<u>337,970,842</u>
<b>Expenses:</b>						
General government	2,686,082	4,165,152	-	-	2,686,082	4,165,152
Public safety	15,524,747	12,730,107	-	-	15,524,747	12,730,107
Public works	13,650,452	12,482,265	-	-	13,650,452	12,482,265
Health & social services	1,180,361	1,161,242	-	-	1,180,361	1,161,242
Culture & recreation	9,770,521	9,857,775	-	-	9,770,521	9,857,775
Community & economic development	2,898,115	2,972,753	-	-	2,898,115	2,972,753
Interest on long-term debt	1,635,789	1,577,883	-	-	1,635,789	1,577,883
Mary Greeley Medical Center	-	-	176,918,607	168,891,942	176,918,607	168,891,942
Electric	-	-	54,906,155	53,024,205	54,906,155	53,024,205
Sewer	-	-	7,229,003	7,435,226	7,229,003	7,435,226
Water	-	-	7,383,824	6,866,001	7,383,824	6,866,001
Parking	-	-	900,939	888,452	900,939	888,452
Transit	-	-	12,216,003	11,859,395	12,216,003	11,859,395
Storm sewer	-	-	557,890	644,411	557,890	644,411
Ames/ISU Ice Arena	-	-	605,291	584,702	605,291	584,702
Homewood Golf Course	-	-	243,309	253,997	243,309	253,997
Resource Recovery	-	-	4,320,344	4,577,441	4,320,344	4,577,441
Total expenses	<u>47,346,067</u>	<u>44,947,177</u>	<u>265,281,365</u>	<u>255,025,772</u>	<u>312,627,432</u>	<u>299,972,949</u>
Increase in net position before transfers	12,286,062	7,185,655	11,393,502	30,812,238	23,679,564	37,997,893
Transfers	(13,399)	117,020	13,399	(117,020)	-	-
Increase in net position	<u>12,272,663</u>	<u>7,302,675</u>	<u>11,406,901</u>	<u>30,695,218</u>	<u>23,679,564</u>	<u>37,997,893</u>
Net position, beginning	<u>137,184,503</u>	<u>129,881,828</u>	<u>566,807,852</u>	<u>536,112,634</u>	<u>703,992,355</u>	<u>665,994,462</u>
Net position, ending	<u>\$149,457,166</u>	<u>\$137,184,503</u>	<u>\$578,214,753</u>	<u>\$566,807,852</u>	<u>\$727,671,919</u>	<u>\$703,992,355</u>

The following chart shows revenues by source for governmental activities:



**Business-Type Activities.** Business-type activities increased net position by \$11,406,901, accounting for 48.17% of the City's growth at June 30, 2016. The hospital accounted for approximately \$5.7 million of this increase. The change in net position, although positive, is not as much as in prior years due to decreased admissions and significantly less investment income. Charges for water services were up because of a 4% rate increase to help finance the new water plant.

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



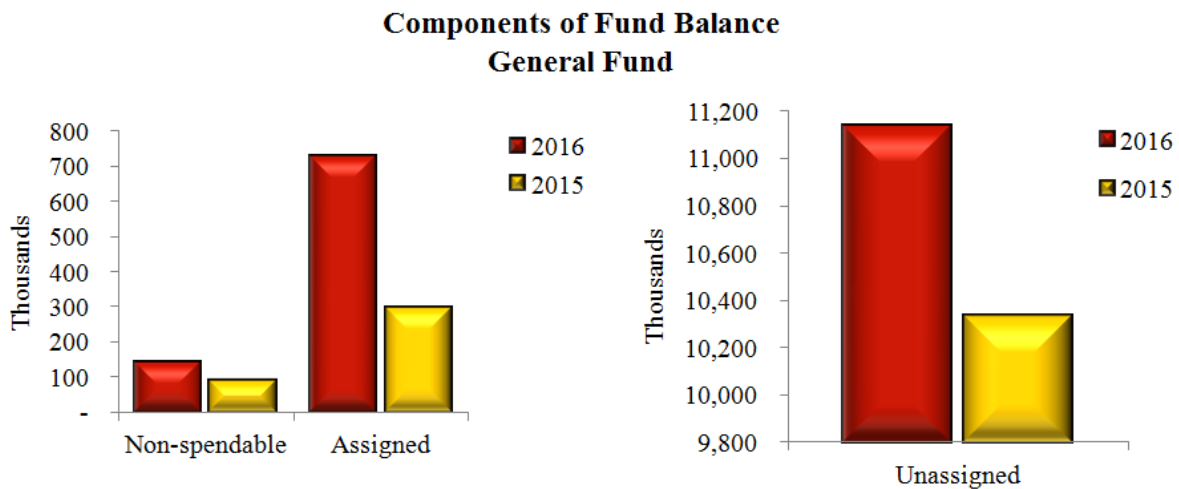
## Financial Analysis of Governmental Funds

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

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

The City's governmental funds reported combined fund balances of \$43,634,316 at June 30, 2016, a decrease of \$561,674 from the prior year. Approximately 19.84% of this amount (\$8,658,619) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$222,607); 2) legally required to be maintained intact (\$1,942,493); 3) restricted for particular purposes (\$30,000,397); 4) committed for particular purposes (\$2,013,730); or 5) assigned for particular purposes (\$796,470).

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 \$11,137,621, while total fund balance increased \$1,285,020 to \$12,004,411. The ending fund balance is 42.29% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.



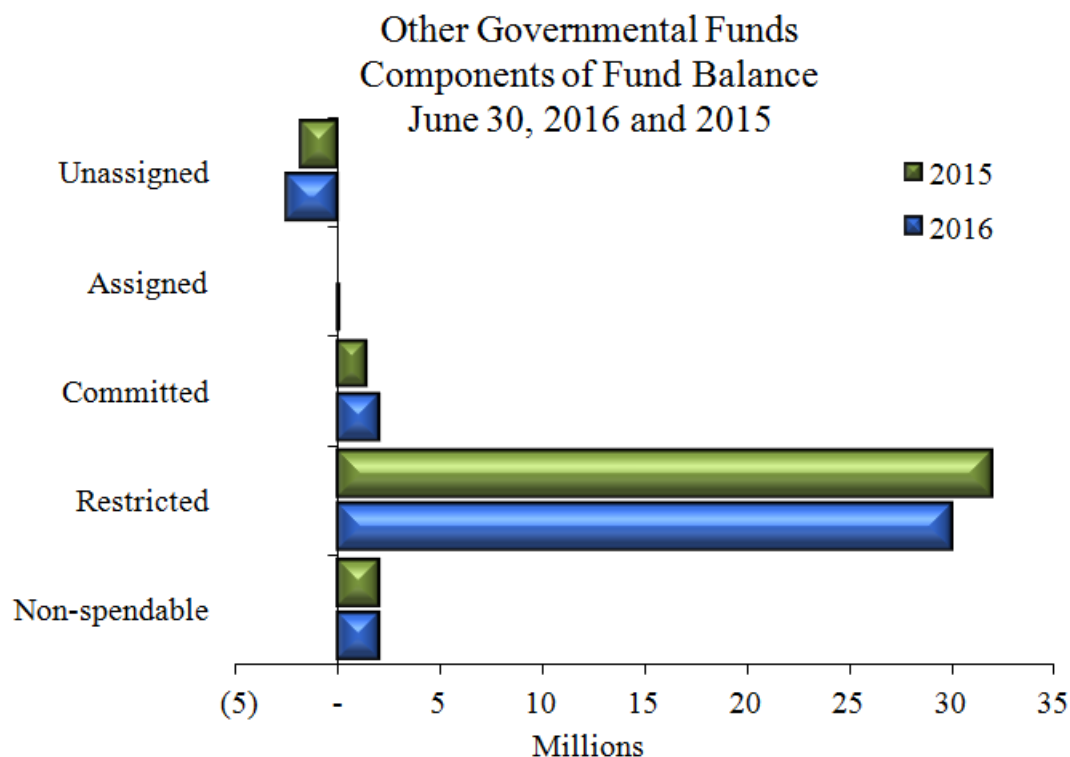
The Capital Projects Fund had a decrease of \$1,026,987 in fund balance during the fiscal year, which put the overall fund balance at \$13,337,009. Multiple street projects as well as airport improvements increased the capital outlay approximately \$10 million from the prior year.

The Debt Service Fund's fund balance increased by \$179,004 during 2016. The timing of bond issues and expenditures has allowed the City to maintain a fund balance in debt service in excess



of \$500,000. The fund balance will be used to help equalize the debt service property tax levy over the term of the current five-year capital improvement plan.

The fund balances of other governmental funds decreased by \$998,711 from the 2015 balances. A large part of this decrease is due to the transfer of funds donated to the City to a capital projects fund.



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

The combined net position of the enterprise funds at June 30, 2016, totaled \$569,848,898, of which 43.85% (\$249,851,797) is unrestricted. This is a \$10,455,113, or 1.87%, increase in net position for the fiscal year. The net position of the internal service funds is \$23,644,174, a \$2,436,045 increase in net position. Unrestricted net position accounts for \$15,253,405 (64.51%) of the total internal service fund net position balance.

As in prior years, a majority of the increase in net position is attributable to the hospital (\$5.7 million). The increase in net position is lower than in prior years as a shift from inpatient to observation and outpatient status has decreased admissions. Filling vacant physician positions also slightly increased revenue.

Significant changes in the internal service funds include a decrease in claims payable in the health insurance fund, thus decreasing expenses, due to a re-evaluation of the method for estimating claims. The fleet services fund's net position increased \$1,005,639 as contributions from departments outpaced purchases using those funds.

## General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** There were three amendments to the City's 2016 budget. The first amendment was passed in October 2015 to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were passed in March and May to more accurately reflect year-end expenditures and revenues.

The main source of variation in the General Fund budget is the carryover of funds from fiscal year 2015 for roof replacement and parking lot reconstruction at City Hall.

## 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, 2016, amounts to \$633,207,997 (net of accumulated depreciation), an increase of \$59,000,266, or 10.28%, over the 2015 investment in capital assets. The investment in capital assets includes land, buildings, infrastructure, plant and distribution systems, machinery, and equipment.

Some of the major capital asset additions include:

- \$4.7 million construction in progress for roadway paving in the ISU Research Park
- \$2.3 million construction in progress for reconstruction of the 6th Street bridge
- \$21.9 million construction in progress for the new water plant
- \$15.8 million construction in progress for conversion of the power plant from coal to natural gas
- \$3.0 million construction in progress for the replacement of cooling towers at the power plant
- \$21.0 million for phase II of the hospital's master facility plan

Additional information on the City's capital assets can be found in note IV(E) on pages 56-57 of this report.

### Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 12,024,658	\$ 11,892,658	\$ 12,142,333	\$ 12,217,333	\$ 24,166,991	\$ 24,109,991
Other non-depreciable assets	1,922,919	1,897,337	-	-	1,922,919	1,897,337
Depreciable assets	152,355,764	130,412,192	358,409,607	336,224,524	510,765,371	466,636,716
Construction in progress	16,600,419	23,633,228	79,752,297	57,930,459	96,352,716	81,563,687
Total	<u>\$ 182,903,760</u>	<u>\$ 167,835,415</u>	<u>\$ 450,304,237</u>	<u>\$ 406,372,316</u>	<u>\$ 633,207,997</u>	<u>\$ 574,207,731</u>

**Long-term Debt.** At the end of the current fiscal year, the City had \$172,261,020 in outstanding bonded debt. Of this amount, \$71,659,884 is debt backed by the full faith and credit of the government and \$100,601,136 is revenue bonds issued by proprietary funds.

### Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds, net	\$ 66,260,584	\$ 61,891,291	\$ 5,399,300	\$ 4,001,571	\$ 71,659,884	\$ 65,892,862
Revenue bonds	-	-	100,601,136	84,078,724	100,601,136	84,078,724
Loans payable	-	-	35,976,370	14,519,773	35,976,370	14,519,773
Notes payable	-	-	-	122,457	-	122,457
Total	<u>\$ 66,260,584</u>	<u>\$ 61,891,291</u>	<u>\$ 141,976,806</u>	<u>\$ 102,722,525</u>	<u>\$ 208,237,390</u>	<u>\$ 164,613,816</u>

The City's total debt increased by \$43,623,574 (26.50%) during the current fiscal year. Loans for the construction of the water plant account for \$21.3 million of this increase, and electric revenue bonds for the conversion of the power plant from coal to natural gas account for \$9.5 million.

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, 2014, related to the 2015-2016 fiscal year. The current debt limitation for the City is \$189,479,911. 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 74-81 of this report.

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

The following economic factors currently affect the City and were considered in developing the 2016-2017 fiscal year budget:

- The City of Ames MSA employment remains strong and other economic indicators such as retail sales and new construction generally indicate a strong local economy
- No rate increases for the electric, water, sewer, and resource recovery utilities
- A slight increase in storm water utility rates to account for the growing amount of impervious land due to expansion, and to invest in repairs to mitigate overland flooding
- Overall property tax rate decrease of 2.4% due to the increase in property valuations and sales tax receipts, along with a decrease in the fire and police retirement obligation
- A 4.9% levy increase for transit to handle the increased ridership, mostly due to increasing enrollment at Iowa State University
- An increase in full-time equivalents of 7.00, mostly to help with public safety and growth of the City's street network
- A 7% increase in health insurance costs, which the fund balance in the self-insured health insurance fund will help to absorb

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

# Basic Financial Statements

**City of Ames**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 16,411,825	\$ 23,845,917	\$ 40,257,742	\$ 471,959
Investments	43,640,381	41,556,903	85,197,284	-
Taxes receivable	48,359	-	48,359	-
Special assessments receivable	163,328	-	163,328	-
Accrued interest receivable	58,445	58,606	117,051	-
Accounts receivable, net	296,419	27,549,884	27,846,303	-
Pledges receivable, net	-	-	-	543,549
Intergovernmental receivable	4,880,328	1,258,278	6,138,606	-
Loans receivable	6,855	-	6,855	-
Internal balances	(7,103,470)	7,103,470	-	-
Inventories	207,540	6,642,167	6,849,707	-
Assets held for resale	934,104	-	934,104	-
Prepaid items	227,553	2,884,607	3,112,160	-
Restricted current assets:				
Cash and cash equivalents	-	284,558	284,558	-
Investments	-	1,026,142	1,026,142	-
Accrued interest receivable	-	411,949	411,949	-
Total current assets	59,771,667	112,622,481	172,394,148	1,015,508
Non-current assets:				
Investments	-	14,170,177	14,170,177	11,447,376
Succeeding year taxes receivable	26,989,155	-	26,989,155	-
Long-term loans receivable	30,149	-	30,149	-
Long-term special assessments receivable	479,863	-	479,863	-
Other assets	-	8,942,724	8,942,724	-
Non-depreciable assets	30,547,996	91,894,630	122,442,626	-
Depreciable assets, net of accumulated depreciation	152,355,764	358,409,607	510,765,371	-
Restricted non-current assets:				
Long-term investments	-	214,596,017	214,596,017	-
Total non-current assets	210,402,927	688,013,155	898,416,082	11,447,376
Total assets	270,174,594	800,635,636	1,070,810,230	12,462,884
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	9,407,470	9,407,470	-
Deferred outflows related to pensions	4,963,345	8,898,948	13,862,293	-
Total deferred outflows of resources	4,963,345	18,306,418	23,269,763	-

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

**City of Ames**  
**Statement of Net Position (continued)**  
**June 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,413,535	13,396,707	15,810,242	259,579
Accrued payroll	244,287	4,761,358	5,005,645	-
Accrued compensated absences	104,528	512,106	616,634	-
Accrued interest payable	160,223	224,287	384,510	-
Retainage payable	761,037	6,513,210	7,274,247	-
Customer deposits	2,031,401	835,880	2,867,281	-
Intergovernmental payable	140,113	301,059	441,172	-
Claims payable	500,000	1,277,348	1,777,348	-
Loans payable	-	454,750	454,750	-
Bonds payable, net	8,174,187	5,165,649	13,339,836	-
Unearned revenue	522,197	5,305	527,502	-
Accrued landfill post-closure costs	-	16,718	16,718	-
Total current liabilities	15,051,508	33,464,377	48,515,885	259,579
Non-current liabilities:				
Accrued compensated absences	2,009,806	10,330,170	12,339,976	-
Accrued other post-employment benefits	885,511	4,631,218	5,516,729	-
Net pension liability	20,628,292	49,430,492	70,058,784	-
Annuities payable	-	-	-	65,245
Loans payable	-	35,521,620	35,521,620	-
Bonds payable, net	58,086,397	100,834,787	158,921,184	-
Accrued landfill post-closure costs	-	137,325	137,325	-
Total non-current liabilities	81,610,006	200,885,612	282,495,618	65,245
Total liabilities	96,661,514	234,349,989	331,011,503	324,824
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property taxes	26,989,155	-	26,989,155	-
Deferred charge on refunding	24,202	905	25,107	-
Deferred inflows related to pensions	2,005,902	6,376,407	8,382,309	-
Total deferred inflows of resources	29,019,259	6,377,312	35,396,571	-
<b>NET POSITION</b>				
Net investment in capital assets	129,469,743	317,734,901	447,204,644	-
Restricted:				
Expendable for:				
Debt service	773,472	2,262,200	3,035,672	-
Capital projects	7,390,101	-	7,390,101	-
Public safety	285,526	-	285,526	-
Employee benefits	453,674	-	453,674	-
Library services	394,004	-	394,004	-
Aquatic center	119,851	-	119,851	-
Community welfare	4,697	-	4,697	-
Housing services	979,719	-	979,719	-
Economic development	893,524	-	893,524	-
Community betterment	5,879,262	-	5,879,262	-
Mary Greeley Medical Center	-	-	-	8,761,392
Non-expendable for:				
Perpetual care	942,493	-	942,493	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	871,100	258,217,652	259,088,752	3,125,996
Total net position	\$ 149,457,166	\$ 578,214,753	\$ 727,671,919	\$ 12,138,060

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, 2016**

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating		Capital	Primary Government			Component Unit
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 2,686,082	\$ 172,126	\$ 14,962	\$ -	\$ (2,498,994)	\$ -	\$ (2,498,994)	\$ -
Public safety	15,524,747	3,345,400	148,615	-	(12,030,732)	-	(12,030,732)	-
Public works	13,650,452	277,437	7,372,281	6,822,367	821,633	-	821,633	-
Health and social services	1,180,361	-	17,965	-	(1,162,396)	-	(1,162,396)	-
Culture and recreation	9,770,521	1,939,498	208,320	-	(7,622,703)	-	(7,622,703)	-
Community and economic development	2,898,115	24,615	759,671	-	(2,113,829)	-	(2,113,829)	-
Interest	1,635,789	-	-	-	(1,635,789)	-	(1,635,789)	-
Total governmental activities	47,346,067	5,759,076	8,521,814	6,822,367	(26,242,810)	-	(26,242,810)	-
Business-type activities:								
Mary Greeley Medical Center	176,918,607	181,534,863	3,767	830,000	-	5,450,023	5,450,023	-
Electric	54,906,155	58,511,422	19,828	-	-	3,625,095	3,625,095	-
Sewer	7,229,003	8,370,811	54,571	264,685	-	1,461,064	1,461,064	-
Water	7,383,824	9,987,307	-	259,068	-	2,862,551	2,862,551	-
Parking	900,939	925,177	-	-	-	24,238	24,238	-
Transit	12,216,003	6,337,415	2,950,981	100,631	-	(2,826,976)	(2,826,976)	-
Storm sewer	557,890	1,241,840	111,565	-	-	795,515	795,515	-
Ice arena	605,291	544,300	-	20,000	-	(40,991)	(40,991)	-
Golf course	243,309	268,440	-	-	-	25,131	25,131	-
Resource recovery	4,320,344	3,031,997	264,355	-	-	(1,023,992)	(1,023,992)	-
Total business-type activities	265,281,365	270,753,572	3,405,067	1,474,384	-	10,351,658	10,351,658	-
Total primary government	\$ 312,627,432	\$ 276,512,648	\$ 11,926,881	\$ 8,296,751	(26,242,810)	10,351,658	(15,891,152)	-
<b>Component unit:</b>								
Mary Greeley Medical Center Foundation	\$ 2,056,708	\$ -	\$ 1,361,851	\$ -	-	-	-	(694,857)
General revenues:								
Property taxes					27,114,273	-	27,114,273	-
Sales taxes					7,831,295	-	7,831,295	-
Hotel / motel taxes					2,272,323	-	2,272,323	-
Unrestricted grants and contributions					20,527	-	20,527	-
Investment income					699,289	1,001,761	1,701,050	(348,507)
Other income					450,340	40,083	490,423	-
Gain on disposal of capital assets					140,825	-	140,825	-
Transfers					(13,399)	13,399	-	-
Total general revenues and transfers					38,515,473	1,055,243	39,570,716	(348,507)
Change in net position					12,272,663	11,406,901	23,679,564	(1,043,364)
Net position, beginning					137,184,503	566,807,852	703,992,355	13,181,424
Net position, ending					\$ 149,457,166	\$ 578,214,753	\$ 727,671,919	\$ 12,138,060

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

**City of Ames  
Balance Sheet  
Governmental Funds  
June 30, 2016**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,472,887	\$ 2,502,370	\$ 208,424	\$ 5,503,764	\$ 11,687,445
Investments	7,373,050	12,284,720	438,818	13,150,644	33,247,232
Taxes receivable	29,239	-	15,880	3,240	48,359
Special assessments receivable	-	163,328	-	-	163,328
Accrued interest receivable	22,361	22,229	1,315	1,745	47,650
Accounts receivable, net	281,118	10,712	-	4,257	296,087
Intergovernmental receivable	40,015	2,273,532	-	2,537,000	4,850,547
Loans receivable	-	-	-	6,855	6,855
Due from other funds	1,749,644	125,742	109,035	178,505	2,162,926
Inventories	35,476	-	-	76,064	111,540
Property held for resale	-	-	-	934,104	934,104
Prepaid items	106,237	-	-	4,830	111,067
Succeeding year taxes receivable	16,223,488	-	8,897,683	1,867,984	26,989,155
Long-term loans receivable	-	-	-	30,149	30,149
Long-term special assessments receivable	-	479,863	-	-	479,863
Total assets	<u>\$ 29,333,515</u>	<u>\$ 17,862,496</u>	<u>\$ 9,671,155</u>	<u>\$ 24,299,141</u>	<u>\$ 81,166,307</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 296,901	\$ 1,400,505	\$ -	\$ 543,275	\$ 2,240,681
Accrued payroll	152,516	7,548	-	67,824	227,888
Retainage payable	-	680,943	-	80,094	761,037
Accrued interest payable	-	-	-	168	168
Customer deposits	13,228	-	-	2,018,173	2,031,401
Intergovernmental payable	109,963	-	-	1,529	111,492
Due to other funds	498,731	348,826	-	1,551,366	2,398,923
Total liabilities	<u>1,071,339</u>	<u>2,437,822</u>	<u>-</u>	<u>4,262,429</u>	<u>7,771,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Property taxes	16,223,488	-	8,897,683	1,867,984	26,989,155
Special assessments	-	643,191	-	-	643,191
Hotel/motel taxes	-	-	-	646,658	646,658
Charges for services	8,623	-	-	-	8,623
Licenses and permits	25,654	-	-	-	25,654
Grants	-	1,434,913	-	2,646	1,437,559
Refunds	-	9,561	-	-	9,561
Total deferred inflows of resources	<u>16,257,765</u>	<u>2,087,665</u>	<u>8,897,683</u>	<u>2,517,288</u>	<u>29,760,401</u>
<b>FUND BALANCES</b>					
Nonspendable	141,713	-	-	2,023,387	2,165,100
Restricted	-	14,645,006	773,472	14,581,919	30,000,397
Committed	-	692,235	-	1,321,495	2,013,730
Assigned	725,077	71,393	-	-	796,470
Unassigned	11,137,621	(2,071,625)	-	(407,377)	8,658,619
Total fund balances	<u>12,004,411</u>	<u>13,337,009</u>	<u>773,472</u>	<u>17,519,424</u>	<u>43,634,316</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,333,515</u>	<u>\$ 17,862,496</u>	<u>\$ 9,671,155</u>	<u>\$ 24,299,141</u>	<u>\$ 81,166,307</u>

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



**City of Ames**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2016**

Amounts reported for governmental activities in the statement of net position (pages 25 and 26) are different because:

Fund balance - total governmental funds (page 28)	\$ 43,634,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	174,512,992
Revenues not collected within 60 days of the end of the fiscal year are not available to pay for current period expenditures and, therefore, are unavailable.	
Hotel/motel tax	184,943
Special assessments	643,191
Other revenues	1,481,397
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources	4,815,830
Deferred inflows of resources	(1,948,996)
Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are split between the governmental and business-type activities in the statement of net position.	15,278,319
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	(63,695,404)
Interest payable on general obligation bonds	(160,055)
Deferred charges on general obligation bonds refunded	(24,202)
Unamortized premiums on the issuance of general obligation bonds	(2,565,180)
Accrued compensated absences	(1,974,875)
Net other post-employment benefits payable	(810,826)
Net pension liability	<u>(19,914,284)</u>
Net position of governmental activities	<u>\$ 149,457,166</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, 2016**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 16,364,298	\$ -	\$ 8,891,695	\$ 11,951,923	\$ 37,207,916
Special assessments	-	222,895	-	-	222,895
Licenses and permits	1,687,317	-	-	-	1,687,317
Intergovernmental	392,765	6,021,919	14,962	8,071,097	14,500,743
Charges for services	3,584,502	-	-	11,965	3,596,467
Fines and forfeitures	93,652	-	-	-	93,652
Investment income	319,783	134,776	43,485	31,320	529,364
Miscellaneous	448,245	70,010	-	334,384	852,639
Total revenues	<u>22,890,562</u>	<u>6,449,600</u>	<u>8,950,142</u>	<u>20,400,689</u>	<u>58,690,993</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,346,761	123,639	12,300	172,847	2,655,547
Public safety	16,574,733	-	-	89,822	16,664,555
Public works	982,706	-	-	4,888,727	5,871,433
Health and social services	-	-	-	1,180,361	1,180,361
Culture and recreation	7,716,338	-	-	546,705	8,263,043
Community and economic development	764,499	-	-	2,145,443	2,909,942
Debt service:					
Principal	-	-	13,142,882	-	13,142,882
Interest and fiscal charges	-	-	1,995,674	-	1,995,674
Capital outlay	-	21,209,462	-	3,218,568	24,428,030
Total expenditures	<u>28,385,037</u>	<u>21,333,101</u>	<u>15,150,856</u>	<u>12,242,473</u>	<u>77,111,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,494,475)</u>	<u>(14,883,501)</u>	<u>(6,200,714)</u>	<u>8,158,216</u>	<u>(18,420,474)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	8,999,488	2,784,736	793,504	833,142	13,410,870
Transfers out	(2,219,993)	(1,264,267)	-	(9,990,069)	(13,474,329)
General obligation bonds issued	-	11,435,000	-	-	11,435,000
Premium on general obligation bonds	-	901,045	-	-	901,045
Refunding bonds issued	-	-	5,150,000	-	5,150,000
Premium on refunding bonds	-	-	436,214	-	436,214
Total other financing sources (uses)	<u>6,779,495</u>	<u>13,856,514</u>	<u>6,379,718</u>	<u>(9,156,927)</u>	<u>17,858,800</u>
Net change in fund balances	1,285,020	(1,026,987)	179,004	(998,711)	(561,674)
Fund balances, beginning	10,719,391	14,363,996	594,468	18,518,135	44,195,990
Fund balances, ending	<u>\$ 12,004,411</u>	<u>\$ 13,337,009</u>	<u>\$ 773,472</u>	<u>\$ 17,519,424</u>	<u>\$ 43,634,316</u>

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

**City of Ames**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2016**

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

Net changes in fund balances - total governmental funds (page 30)	\$ (561,674)
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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	9,975
Special assessments	(200,813)
Other revenues	821,223

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	23,385,669
Disposals	(5,563)
Depreciation expense	(9,211,176)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Current year premium on issuance of bonds	(1,337,259)
Amortization of bond premiums	410,084
Current year deferred charges on refunding debt	(38,765)
Amortization of deferred charges on refunding debt	11,138
Proceeds from issuance of bonds	(16,585,000)
Principal payments	13,142,882
Interest payments	(22,572)

The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.

5,460,907

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in accrued compensated absences	921
Increase in accrued other post-employment benefits	(91,342)
Increase in net pension liability	(4,400,229)

The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities.

1,484,257

Changes in net position of governmental activities

\$ 12,272,663

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

**City of Ames  
Statement of Net Position  
Proprietary Funds  
June 30, 2016**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 9,430,578	\$ 2,608,666	\$ 2,380,346	\$ 4,974,244	\$ 3,129,064	\$ 22,522,898	\$ 5,095,899
Investments	-	17,516,711	5,275,692	11,054,903	6,880,385	40,727,691	11,222,361
Accrued interest receivable	-	30,451	5,824	13,293	7,894	57,462	11,939
Accounts receivable, net	18,688,285	6,284,479	779,828	1,159,223	601,662	27,513,477	36,739
Due from other funds	-	174,939	121,544	136,934	93,557	526,974	560,482
Intergovernmental receivable	-	262,363	89,006	2,142	904,767	1,258,278	29,781
Inventories	3,441,206	2,597,968	-	312,954	290,039	6,642,167	96,000
Prepaid items	2,289,983	75,821	-	-	8,625	2,374,429	626,664
Restricted current assets:							
Cash and cash equivalents	-	1,112,926	29,588	93,544	-	1,236,058	-
Investments	1,026,142	-	-	-	-	1,026,142	-
Interest receivable	411,949	-	-	-	-	411,949	-
Total current assets	<u>35,288,143</u>	<u>30,664,324</u>	<u>8,681,828</u>	<u>17,747,237</u>	<u>11,915,993</u>	<u>104,297,525</u>	<u>17,679,865</u>
Non-current assets:							
Investments	-	14,170,177	-	-	-	14,170,177	-
Other assets	8,942,724	-	-	-	-	8,942,724	-
Capital assets:							
Land	4,542,232	1,868,905	1,910,222	1,537,786	2,283,188	12,142,333	-
Land improvements	1,034,758	-	-	-	2,158,062	3,192,820	192,433
Plant and distribution systems	-	182,672,069	78,697,317	62,350,164	-	323,719,550	-
Buildings	228,779,467	-	-	-	38,941,624	267,721,091	651,012
Equipment	122,948,103	-	-	-	33,561,628	156,509,731	17,252,963
Construction in progress	5,627,531	29,504,949	4,356,317	39,729,528	533,972	79,752,297	7,557
Less accumulated depreciation	(163,027,511)	(118,751,307)	(49,150,341)	(26,059,748)	(35,744,678)	(392,733,585)	(9,713,196)
Restricted non-current assets:							
Investments	214,596,017	-	-	-	-	214,596,017	-
Total non-current assets	<u>423,443,321</u>	<u>109,464,793</u>	<u>35,813,515</u>	<u>77,557,730</u>	<u>41,733,796</u>	<u>688,013,155</u>	<u>8,390,769</u>
Total assets	<u>458,731,464</u>	<u>140,129,117</u>	<u>44,495,343</u>	<u>95,304,967</u>	<u>53,649,789</u>	<u>792,310,680</u>	<u>26,070,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	9,407,470	-	-	-	-	9,407,470	-
Deferred outflows related to pensions	7,206,776	379,637	128,180	115,072	1,054,987	8,884,652	161,811
	<u>16,614,246</u>	<u>379,637</u>	<u>128,180</u>	<u>115,072</u>	<u>1,054,987</u>	<u>18,292,122</u>	<u>161,811</u>

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

**City of Ames**  
**Statement of Net Position (continued)**  
**Proprietary Funds**  
**June 30, 2016**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	6,548,319	4,166,048	468,100	1,765,198	418,412	13,366,077	203,484
Accrued payroll	4,423,004	120,360	8,518	23,051	186,316	4,761,249	16,508
Accrued compensated absences	431,807	30,701	8,102	11,308	30,132	512,050	6,931
Due to other funds	-	336,460	178,629	150,106	154,589	819,784	31,675
Claims payable	593,120	-	-	-	-	593,120	1,184,228
Retainage payable	3,831,118	855,061	174,566	1,630,900	21,565	6,513,210	-
Customer deposits	-	835,880	-	-	-	835,880	-
Accrued interest	132,206	18,285	10,344	60,836	2,616	224,287	-
Loans payable	-	-	454,750	-	-	454,750	-
Intergovernmental payable	-	122,445	4,418	20,910	153,286	301,059	28,621
Accrued landfill post-closure costs	-	-	-	-	16,718	16,718	-
Bonds payable, net	3,788,561	693,196	199,190	343,847	140,855	5,165,649	-
Unearned revenue	-	-	-	-	5,305	5,305	60,483
Total current liabilities	<u>19,748,135</u>	<u>7,178,436</u>	<u>1,506,617</u>	<u>4,006,156</u>	<u>1,129,794</u>	<u>33,569,138</u>	<u>1,531,930</u>
Non-current liabilities:							
Accrued compensated absences	8,907,108	520,671	155,428	213,978	532,269	10,329,454	133,300
Post-employment benefits	3,939,451	295,977	80,900	92,601	220,838	4,629,767	76,136
Net pension liability	41,248,030	1,837,345	614,376	567,050	5,095,880	49,362,681	781,819
Loans payable	-	-	1,940,250	33,581,370	-	35,521,620	-
Accrued landfill post-closure costs	-	-	-	-	137,325	137,325	-
Bonds payable, net	87,362,392	8,756,987	2,215,659	1,318,686	1,181,063	100,834,787	-
Total non-current liabilities	<u>141,456,981</u>	<u>11,410,980</u>	<u>5,006,613</u>	<u>35,773,685</u>	<u>7,167,375</u>	<u>200,815,634</u>	<u>991,255</u>
Total liabilities	<u>161,205,116</u>	<u>18,589,416</u>	<u>6,513,230</u>	<u>39,779,841</u>	<u>8,297,169</u>	<u>234,384,772</u>	<u>2,523,185</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred charge on refunding	-	-	-	905	-	905	-
Deferred inflows related to pensions	5,713,187	146,806	61,099	24,980	422,155	6,368,227	65,086
	<u>5,713,187</u>	<u>146,806</u>	<u>61,099</u>	<u>25,885</u>	<u>422,155</u>	<u>6,369,132</u>	<u>65,086</u>
<b>NET POSITION</b>							
Net investment in capital assets	118,161,097	85,844,433	31,003,666	42,313,827	40,411,878	317,734,901	8,390,769
Restricted for debt service	1,026,142	1,112,926	29,588	93,544	-	2,262,200	-
Unrestricted	189,240,168	34,815,173	7,015,940	13,206,942	5,573,574	249,851,797	15,253,405
Total net position	<u>\$ 308,427,407</u>	<u>\$ 121,772,532</u>	<u>\$ 38,049,194</u>	<u>\$ 55,614,313</u>	<u>\$ 45,985,452</u>	<u>569,848,898</u>	<u>\$ 23,644,174</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						<u>8,365,855</u>	
Net position of business-type activities						<u>\$ 578,214,753</u>	

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

**City of Ames**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities					Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 181,534,863	\$ 58,511,422	\$ 8,370,811	\$ 9,987,307	\$ 12,349,169	\$ 270,753,572	\$ 16,518,939
Operating expenses:							
Cost of goods and services	123,830,472	49,884,294	4,441,317	5,416,200	13,865,242	197,437,525	13,385,570
Administration	29,930,804	1,174,710	310,099	355,258	2,131,412	33,902,283	-
Depreciation	17,241,310	4,192,996	2,211,828	1,181,593	3,103,838	27,931,565	1,058,135
Total operating expenses	171,002,586	55,252,000	6,963,244	6,953,051	19,100,492	259,271,373	14,443,705
Operating income (loss)	10,532,277	3,259,422	1,407,567	3,034,256	(6,751,323)	11,482,199	2,075,234
Non-operating revenues (expenses):							
Intergovernmental	3,767	-	54,571	-	3,062,546	3,120,884	-
Reimbursements	-	19,828	-	-	264,355	284,183	-
Investment income	295,281	294,230	90,983	202,594	118,673	1,001,761	169,926
Interest expense	(3,167,323)	(93,748)	(98,376)	(548,467)	(27,916)	(3,935,830)	-
Gain (loss) on disposal of capital assets	(2,748,698)	-	(275,163)	-	(2,089)	(3,025,950)	140,825
Miscellaneous	-	38,883	-	-	1,200	40,083	-
Total non-operating revenues (expenses)	(5,616,973)	259,193	(227,985)	(345,873)	3,416,769	(2,514,869)	310,751
Income (loss) before capital contributions and transfers	4,915,304	3,518,615	1,179,582	2,688,383	(3,334,554)	8,967,330	2,385,985
Capital contributions	830,000	-	264,685	259,068	120,631	1,474,384	-
Transfers in	-	-	-	-	2,132,466	2,132,466	58,332
Transfers out	-	(2,119,027)	(20)	(20)	-	(2,119,067)	(8,272)
Change in net position	5,745,304	1,399,588	1,444,247	2,947,431	(1,081,457)	10,455,113	2,436,045
Net position, beginning	302,682,103	120,372,944	36,604,947	52,666,882	47,066,909		21,208,129
Net position, ending	<u>\$ 308,427,407</u>	<u>\$ 121,772,532</u>	<u>\$ 38,049,194</u>	<u>\$ 55,614,313</u>	<u>\$ 45,985,452</u>		<u>\$ 23,644,174</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						951,788	
Change in net position of business-type activities						<u>\$ 11,406,901</u>	

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

**City of Ames**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities					Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 170,135,692	\$ 58,950,916	\$ 8,420,642	\$ 9,985,339	\$ 12,533,589	\$ 260,026,178	\$ 16,617,662
Other receipts	6,431,611	-	-	-	-	6,431,611	-
Payments to suppliers	(74,753,829)	(35,446,789)	(1,056,753)	(2,772,541)	(4,919,042)	(118,948,954)	(12,139,894)
Payments to employees	(83,428,439)	(9,688,931)	(2,040,919)	(2,880,936)	(9,872,658)	(107,911,883)	(2,000,457)
Payments to other funds for services provided	-	(2,252,878)	(2,575,186)	(1,414,089)	(1,557,671)	(7,799,824)	(530,416)
Net cash provided by (used for) operating activities	18,385,035	11,562,318	2,747,784	2,917,773	(3,815,782)	31,797,128	1,946,895
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	3,767	-	54,571	-	3,062,546	3,120,884	-
Reimbursements	-	19,828	-	-	264,355	284,183	-
Proceeds from sale of non-capital assets	-	38,883	-	-	1,200	40,083	-
Transfers in	-	-	-	-	2,132,466	2,132,466	58,332
Transfers out	-	(2,119,027)	(20)	(20)	-	(2,119,067)	(8,272)
Net cash provided by (used for) non-capital financing activities	3,767	(2,060,316)	54,551	(20)	5,460,567	3,458,549	50,060
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(24,900,982)	(21,918,197)	(4,298,832)	(22,868,995)	(1,104,317)	(75,091,323)	(2,112,463)
Proceeds from the sale of capital assets	1,948,200	-	-	-	-	1,948,200	295,737
Proceeds from the issuance of bonds	73,604,287	10,318,382	2,015,963	-	-	85,938,632	-
Principal paid on capital debt	(65,930,000)	(800,000)	(134,820)	(322,298)	(130,000)	(67,317,118)	-
Interest paid on capital debt	(3,735,480)	(161,946)	(65,376)	(67,205)	(33,988)	(4,063,995)	-
Principal paid on notes payable	(122,457)	-	-	-	-	(122,457)	-
Interest paid on notes payable	(557)	-	-	-	-	(557)	-
Proceeds from loans	-	-	318,750	21,326,756	-	21,645,506	-
Principal paid on loans	-	-	(134,000)	-	(54,909)	(188,909)	-
Interest paid on loans	-	-	(44,520)	(454,561)	-	(499,081)	-
Capital contributions	830,000	-	-	-	120,631	950,631	-
Net cash used for capital and related financing activities	(18,306,989)	(12,561,761)	(2,342,835)	(2,386,303)	(1,202,583)	(36,800,471)	(1,816,726)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(119,641,984)	(19,558,702)	(1,351,937)	(2,354,434)	(2,421,473)	(145,328,530)	(2,480,760)
Proceeds from sale of investments	114,404,908	23,205,031	584,713	1,018,293	1,519,927	140,732,872	1,358,876
Interest on investments	6,323,116	290,374	91,879	205,322	120,078	7,030,769	172,802
Net cash provided by (used for) investing activities	1,086,040	3,936,703	(675,345)	(1,130,819)	(781,468)	2,435,111	(949,082)
Net increase (decrease) in cash and cash equivalents	1,167,853	876,944	(215,845)	(599,369)	(339,266)	890,317	(768,853)
Cash and cash equivalents, beginning	8,262,725	2,844,648	2,610,876	5,642,254	3,468,330	22,828,833	5,864,752
Cash and cash equivalents, ending	9,430,578	3,721,592	2,395,031	5,042,885	3,129,064	23,719,150	5,095,899
Plus: beginning amount reported in restricted assets	-	-	14,903	24,903	-	39,806	-
Less: ending amount reported in restricted assets	-	1,112,926	29,588	93,544	-	1,236,058	-
Cash and cash equivalents, ending - statement of net position	\$ 9,430,578	\$ 2,608,666	\$ 2,380,346	\$ 4,974,244	\$ 3,129,064	\$ 22,522,898	\$ 5,095,899

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, 2016**

	Business-Type Activities					Governmental	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ 10,532,277	\$ 3,259,422	\$ 1,407,567	\$ 3,034,256	\$ (6,751,323)	\$ 11,482,199	\$ 2,075,234
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	17,241,310	4,192,996	2,211,828	1,181,593	3,103,838	27,931,565	1,058,135
(Increase) decrease in accounts receivable	4,497,241	373,016	86,204	(86,817)	(24,647)	4,844,997	15,699
(Increase) decrease in due from other funds	-	(27,534)	35,780	10,990	253,130	272,366	77,642
(Increase) decrease in intergovernmental receivable	-	109,231	(72,153)	73,859	69,207	180,144	1,029
(Increase) decrease in inventories	(78,384)	2,510,145	-	(22,997)	(7,521)	2,401,243	(5,474)
(Increase) decrease in prepaid items	(197,737)	(71,450)	519	519	(3,511)	(271,660)	(535,747)
Increase in deferred outflows of resources	(9,441,007)	(32,905)	(10,289)	(11,363)	(90,589)	(9,586,153)	(13,845)
Increase (decrease) in accounts payable	(1,530,330)	950,918	(59,958)	(1,602,516)	135,662	(2,106,224)	(653,160)
Increase (decrease) in accrued payroll	1,146,894	(22,244)	1,742	(1,802)	11,076	1,135,666	357
Increase (decrease) in accrued compensated absences	1,062,732	(56,035)	24,991	12,865	58,266	1,102,819	5,927
Increase (decrease) in due to other funds	-	(10,337)	(901,925)	(677,284)	(85,856)	(1,675,402)	5,054
Increase in claims payable	(1,141,686)	-	-	-	-	(1,141,686)	(94,640)
Increase (decrease) in retainage payable	(1,698,516)	712,604	25,735	1,026,008	(231,517)	(165,686)	(3,885)
Decrease in customer deposits	-	(15,219)	-	-	-	(15,219)	-
Decrease in accrued interest on customer deposits	-	(1,583)	-	-	-	(1,583)	-
Increase (decrease) in intergovernmental payable	-	(310,930)	(1,639)	(19,224)	(53,418)	(385,211)	14,735
Decrease in accrued landfill post-closure costs	-	-	-	-	(24,591)	(24,591)	-
Increase (decrease) in unearned revenue	-	-	-	-	(113,270)	(113,270)	4,353
Increase in post-employment benefits	440,636	33,342	9,113	10,432	24,876	518,399	8,576
Increase in pension liability	6,475,929	378,454	118,343	130,690	1,039,777	8,143,193	159,250
Decrease in deferred inflows of resources	(8,924,324)	(409,573)	(128,074)	(141,436)	(1,125,371)	(10,728,778)	(172,345)
Total adjustments	7,852,758	8,302,896	1,340,217	(116,483)	2,935,541	20,314,929	(128,339)
Net cash provided by (used for) operating activities	\$ 18,385,035	\$ 11,562,318	\$ 2,747,784	\$ 2,917,773	\$ (3,815,782)	\$ 31,797,128	\$ 1,946,895
<b>Schedule of non-cash capital and related financing activities:</b>							
Unrealized increase in the fair value of investments	\$ (6,071,137)	\$ -	\$ -	\$ -	\$ -	\$ (6,071,137)	\$ -
Capitalized interest included in capital assets	1,222,557	-	-	-	-	1,222,557	-
Capital asset contributions	-	-	264,685	259,068	-	523,753	-
Capital asset trade ins	-	-	-	-	-	-	9,600
Total non-cash capital and related financing activities	\$ (4,848,580)	\$ -	\$ 264,685	\$ 259,068	\$ -	\$ (4,324,827)	\$ 9,600

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, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 149,127
Investments	248,321
Total assets	\$ 397,448
 <b>LIABILITIES</b>	
Accounts payable	\$ 37,981
Due to other governments	359,467
Total liabilities	\$ 397,448

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

**I. Summary of significant accounting policies**

**A. Description of government-wide financial statements**

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

**B. Reporting entity**

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

The City operates a non-profit, municipal hospital, Mary Greeley Medical Center (the hospital). A separately-elected board of trustees governs the hospital's daily operations. The powers of the trustees are established by City ordinance, which limits both the separate legal standing and fiscal independence of the hospital. The hospital is reported as a blended component unit. 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 (the foundation) is a legally separate component unit of the hospital. A majority of resources, and income thereon, that the foundation holds and invests are restricted to the activities of the hospital by the donors. The foundation's financial statements are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

**C. Basis of presentation - government-wide financial statements**

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

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

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

**D. Basis of presentation - fund financial statements**

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

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

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

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Budgetary information**

*1. Budgetary basis of accounting*

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

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

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

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

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

Appropriations in all budgeted funds lapse at the end of the fiscal year, even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Budgetary information (continued)**

*1. Budgetary basis of accounting (continued)*

commitments). Encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

*2. Excess of expenditures over appropriations*

For the year ended June 30, 2016, there were no expenditures that exceeded appropriations.

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

*1. Cash and cash equivalents*

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

*2. Investments*

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

*3. Inventories and prepaid items*

Inventories are maintained on a perpetual basis. Materials, supplies, medical supplies, and drugs are priced at an average cost. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Houses held for resale are priced at cost.

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

**4. Capital assets**

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

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

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. The hospital capitalized \$1,222,557 of bond interest in the fiscal year ended June 30, 2016, for the hospital renovation and expansion.

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

<b>Capital Asset Class</b>	<b>Life in Years</b>
Buildings	25-45
Improvements	20-40
Machinery and Equipment	3-50
General infrastructure	15-50
Plant and Distribution System	25-50



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. The City also reports deferred charges on refunding in this category, which results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from six sources: property taxes, special assessments, hotel/motel taxes, charges for services, grants, and refunds. The government-wide statement of net position reports unavailable revenues from property taxes and changes resulting from assumptions made in the actuarial valuations for pensions. These amounts are recognized as an inflow of resources in the period that the amounts become available.

***6. Pensions***

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

***7. Net position flow assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

***7. Net position flow assumption (continued)***

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

***8. Fund balance flow assumptions***

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

***9. Fund balance policies***

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

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the Finance Director to assign fund balance through the approval of the annual budget. The City Council may also assign fund balance as

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. Revenues and expenditures/expenses**

***1. Program revenues***

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

***2. Property taxes***

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

***3. Net patient service revenue***

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

***4. Compensated absences***

Vacation and compensatory time

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

Sick leave

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

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$174,512,992 are as follows:

Land	\$ 12,024,658
Land improvements	1,384,118
Public art collection	538,801
Construction in progress	16,592,862
Buildings	31,642,031
Less: accumulated depreciation	(7,370,306)
Equipment	7,811,209
Less: accumulated depreciation	(3,202,481)
Infrastructure	226,677,384
Less: accumulated depreciation	<u>(111,585,284)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	<u><u>\$ 174,512,992</u></u>

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

The details of this \$15,278,319 are as follows:

Net position of the internal service funds	\$23,644,174
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(7,414,067)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(951,788)</u>
	<u><u>\$15,278,319</u></u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that, "The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities." The details of this \$1,484,257 are as follows:

Change in net position of the internal service funds	\$ 2,436,045
Less: gain from charges to business-type activities	<u>(951,788)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,484,257</u>

**III. Stewardship, compliance, and accountability**

**A. Violations of legal or contractual provisions**

As stated in Note I(F)(2), *Excess of expenditures over appropriations*, there were no budgetary violations that occurred in the fiscal year ended June 30, 2016.

**B. Deficit fund equity**

At June 30, 2016, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$407,377. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

**IV. Detailed notes on all activities and funds**

**A. Cash deposits with financial institutions**

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**A. Cash deposits with financial institutions (continued)**

pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

**B. Investments**

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

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. Agencies	397	7	n/a	n/a
Certificates of Deposit	397	7	n/a	n/a
Prime Banker Acceptances	270	270 days	10%	5%
Commercial Paper	270	270 days	10%	5%
Repurchase Agreements	397	7	n/a	n/a
Joint Investment Trusts	397	7	n/a	n/a
Warrants of Improvement Certificates of a Levee or Drainage District	397	7	n/a	n/a
U.S. Treasury Obligations	17 years	n/a	n/a	n/a
Corporate Debt Securities	n/a	30	n/a	5%

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**B. Investments (continued)**

At June 30, 2016, the City had the following investments:

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 120,964,080	07/05/16-04/16/56
U.S. Treasury obligations	22,030,533	12/31/16-11/15/28
Commercial paper	4,473,900	02/17/17-02/17/17
Municipal bonds	80,725	11/01/18-02/15/24
Mutual funds	158,355,661	n/a
Corporate debt	9,333,042	10/14/16-05/13/25
	<u>\$ 315,237,941</u>	

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

All of the City's investments are valued using quoted market prices (level 1 inputs). There have been no changes in valuation methodologies at June 30, 2016 compared to June 30, 2015.

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

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

Investment Type	Fair Value	Remaining Maturity			
		12 Months or Less	13 - 24 Months	25-60 Months	More Than 60 Months
U.S. Agency coupon securities	\$ 120,964,080	\$ 26,013,627	\$ 35,632,598	\$ 34,004,775	\$ 25,313,080
U.S. Treasury obligations	22,030,533	4,644,540	5,217,829	4,794,051	7,374,113
Commercial paper	4,473,900	4,473,900	-	-	-
Municipal bonds	80,725	-	-	53,143	27,582
Mutual funds	158,355,661	158,355,661	-	-	-
Corporate debt	9,333,042	2,432,810	1,448,875	4,697,928	753,429
	<u>\$ 315,237,941</u>	<u>\$ 195,920,538</u>	<u>\$ 42,299,302</u>	<u>\$ 43,549,897</u>	<u>\$ 33,468,204</u>



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**B. Investments (continued)**

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

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

The following shows the actual ratings as of June 30, 2016, for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Agency coupon securities	\$ 120,964,080	AAA
U.S. Treasury obligations	22,030,533	not rated
Commercial paper	4,473,900	A1/P1
Municipal bonds	80,725	AAA-AA
Mutual funds	158,355,661	not rated
Corporate debt	9,333,042	AA3-B1
	<u>\$ 315,237,941</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Portfolio</u>
Federal National Mortgage Association	U.S. agency securities	\$ 45,493,102	14.43%
Federal Home Loan Mortgage Co.	U.S. agency securities	54,731,125	17.36%
United States Treasury	U.S. agency securities	22,030,533	6.99%

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**B. Investments (continued)**

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**B. Investments (continued)**

As of June 30, 2016, 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	\$ 45,493,102
Federal Home Loan Mortgage Co.	U.S. agency securities	54,731,125
Federal Home Loan Bank	U.S. agency securities	8,671,677
Federal Farm Credit	U.S. agency securities	8,389,300
Government National Mortgage Assoc.	U.S. agency securities	3,542,404
United States Treasury	U.S. agency securities	22,030,533
Small Business Administration	U.S. agency securities	136,472

*Foreign currency risk.* As of June 30, 2016, the City had no exposure to foreign currency rate risk.

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

**C. Foundation investments**

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

The following is a detail of the foundation's investments at June 30, 2016:

Investment Type	Fair Value
Equity mutual funds	\$ 10,013,463
Corporate debt securities	564,786
Hedge funds	869,127
	<u>\$ 11,447,376</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**D. Receivables**

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

**E. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2016, is as follows:

*Governmental activities:*

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
<i>Non-depreciable capital assets:</i>				
Land	\$ 11,892,658	\$ 132,000	\$ -	\$ 12,024,658
Land improvements	1,384,118	-	-	1,384,118
Public art collection	513,219	25,582	-	538,801
Construction in progress	23,633,228	15,703,345	(22,736,154)	16,600,419
Total non-depreciable capital assets	<u>37,423,223</u>	<u>15,860,927</u>	<u>(22,736,154)</u>	<u>30,547,996</u>
<i>Depreciable capital assets:</i>				
Buildings	13,388,619	18,904,424	-	32,293,043
Equipment	23,844,956	2,702,803	(1,483,587)	25,064,172
Infrastructure	216,212,344	10,756,536	(99,063)	226,869,817
	<u>253,445,919</u>	<u>32,363,763</u>	<u>(1,582,650)</u>	<u>284,227,032</u>
<i>Less accumulated depreciation:</i>				
Buildings	7,328,342	585,312	-	7,913,654
Equipment	11,770,244	1,745,259	(1,332,711)	12,182,792
Infrastructure	103,935,141	7,938,741	(99,060)	111,774,822
	<u>123,033,727</u>	<u>10,269,312</u>	<u>(1,431,771)</u>	<u>131,871,268</u>
Total depreciable capital assets	<u>130,412,192</u>	<u>22,094,451</u>	<u>(150,879)</u>	<u>152,355,764</u>
Total capital assets	<u>\$ 167,835,415</u>	<u>\$ 37,955,378</u>	<u>\$ (22,887,033)</u>	<u>\$ 182,903,760</u>

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

General government	\$ 293,095
Public safety	473,834
Public works	7,649,295
Culture and recreation	1,845,933
Community and economic development	7,155
Total depreciation expense - governmental activities	<u>\$ 10,269,312</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**E. Capital assets (continued)**

*Business-type activities:*

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Non-depreciable capital assets:				
Land	\$ 12,217,333	\$ -	\$ (75,000)	\$ 12,142,333
Construction in progress	57,930,459	66,673,501	(44,851,663)	79,752,297
Total non-depreciable capital assets	<u>70,147,792</u>	<u>66,673,501</u>	<u>(44,926,663)</u>	<u>91,894,630</u>
Depreciable capital assets:				
Plant and distribution systems	317,352,645	7,035,376	(668,471)	323,719,550
Buildings	239,982,218	39,103,887	(11,365,014)	267,721,091
Equipment	162,970,093	8,692,935	(15,153,297)	156,509,731
Improvements	3,354,134	80,630	(241,944)	3,192,820
	<u>723,659,090</u>	<u>54,912,828</u>	<u>(27,428,726)</u>	<u>751,143,192</u>
Less accumulated depreciation:				
Plant and distribution systems	186,871,257	7,586,416	(496,275)	193,961,398
Buildings	80,324,676	8,888,760	(7,600,570)	81,612,866
Equipment	118,148,216	11,367,056	(14,312,480)	115,202,792
Improvements	2,090,417	89,330	(223,218)	1,956,529
	<u>387,434,566</u>	<u>27,931,562</u>	<u>(22,632,543)</u>	<u>392,733,585</u>
Total depreciable capital assets	<u>336,224,524</u>	<u>26,981,266</u>	<u>(4,796,183)</u>	<u>358,409,607</u>
Total capital assets	<u>\$ 406,372,316</u>	<u>\$ 93,654,767</u>	<u>\$ (49,722,846)</u>	<u>\$ 450,304,237</u>

**F. Pension obligations**

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

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

*Funding policy.* Iowa state law requires participating employers and members to contribute to IPERS. The Iowa Legislature and the Governor determine the positions of employment in each membership class and the benefits provided. Most members (95%) are regular members. The other 5% are special service members who work in public safety jobs.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

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

During the fiscal year ended June 30, 2016, regular members contributed 5.95% and the City contributed 8.93% of covered wages. Rates for the fiscal year beginning July 1, 2016, remain the same. Emergency responder members contributed 6.56%, and the hospital contributed 9.84% of covered wages for the fiscal year ended June 30, 2016. As of July 1, 2016, the rates for emergency responders remain the same. The City's total contributions to IPERS for the years ended June 30, 2016, 2015, and 2014 were \$7,543,219, \$7,272,880, \$7,203,057, respectively, and were equal to 100% of the required contributions for each year.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At June 30, 2016, the City reported a liability of \$57,389,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all employers participating in IPERS, actuarially determined. At June 30, 2015, the City's proportion was 1.1616%, which was a decrease of 0.0393 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$4,511,196. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 840,984	\$ 4,559
Changes in assumptions	1,584,525	-
Net difference between projected and actual earnings on pension plan investments	-	4,868,254
Changes in proportion and differences between City contributions and proportionate share of contributions	578,698	2,183,740
City contributions subsequent to the measurement date	7,543,219	-
	\$ 10,547,426	\$ 7,056,553

\$7,543,219 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2017	\$ (2,056,420)
2018	(2,056,420)
2019	(2,056,420)
2020	2,158,597
2021	(41,683)
	\$ (4,052,346)

There were no non-employer contributing entities at IPERS.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.00 to 17.00%, depending on years of service
Long-term investment rate of return	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2013. That experience report is dated May 27, 2014.

Mortality rates were based on the RP-2000 Employee and Healthy Annuitant Tables, with generational scaling and age adjustments.

Several factors are considered in evaluating the actuarial assumed investment return including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the actuarial assumed investment return for funding pension plans, which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	28%	2.04%
Domestic equity	24%	6.29%
International equity	16%	6.75%
Private equity/debt	11%	11.32%
Real estate	8%	3.48%
Credit opportunities	5%	3.63%
U.S. TIPS	5%	1.91%
Other real assets	2%	6.24%
Cash	1%	-0.71%
	<u>100%</u>	

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	\$ 101,282,411	\$ 57,389,174	\$ 20,341,151

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately-issued IPERS financial report, which is available on the IPERS website at [www.ipers.org](http://www.ipers.org).

*Payables to the pension plan.* At June 30, 2016, the City reported a payable to the defined benefit pension plan of \$1,259,924 for legally required employer contributions and employee contributions that were withheld from employee wages but not yet remitted to IPERS.

***Municipal Fire and Police Retirement System of Iowa (MFPRSI)***

*Plan description.* The City also participates in the MFPRSI, which provides retirement, disability, and death benefits for firefighters and police officers. MFPRSI was created under Chapter 411 of the Code of Iowa, effective January 1, 1992, to replace the fire and police retirement systems in 49 cities in Iowa. It is a cost-sharing, multiple-employer defined benefit pension plan. A board of nine voting and four non-voting members is the policy-making body for the system. MFPRSI issues publicly-available financial reports, which include financial statements and required supplementary information for the plan. The reports may be obtained by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA, 50266.

*Funding policy.* The contribution rate structure is established by Chapter 411 of the Code of Iowa. The member contribution rate, currently at 9.40%, is set by state statute. The rate for the City is established each year by the board of trustees following the completion of an annual actuarial valuation. The City's rate for the fiscal year ended June 30, 2016, was 27.77%. As of July 1, 2016, the rate is 25.92%. The City's total contributions to MFPRSI for the years ended June 30, 2016, 2015, and 2014 were \$1,994,209, \$2,150,611, and \$2,064,780, respectively, and were equal to 100 percent of the required contributions for each year.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At June 30, 2016, the City reported a liability of \$12,669,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City's proportion was 2.6967%, which is an increase of 0.0123 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$1,180,504. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 340,561	\$ 21,652
Changes in assumptions	953,287	-
Net difference between projected and actual earnings on pension plan investments	-	1,304,104
Changes in proportion and differences between City contributions and proportionate share of contributions	26,810	-
City contributions subsequent to the measurement date	1,994,209	-
	\$ 3,314,867	\$ 1,325,756

\$1,994,209 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

Year Ending June 30,	
2017	\$ (299,478)
2018	(299,478)
2019	(299,478)
2020	791,634
2021	101,702
	<u>\$ (5,098)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rate of salary increases (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period of July 1, 2002 to June 30, 2012. There were no significant changes of benefit terms.

Mortality rates were based weighting equal to 1/12 of the 1971 Group Annuity Mortality (GAM) table and 11/12 of the 1994 GAM table with no projection of future mortality improvement. The one additional step results in a weighting of 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table.

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**F. Pension obligations (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	7.0%	3.8%
Emerging markets debt	3.0%	6.5%
Domestic equities	12.5%	6.0%
Master limited partnerships	5.0%	8.5%
International equities	12.5%	7.0%
Core investments	<u>40.0%</u>	
Tactical asset allocation	<u>35.0%</u>	6.00%
Private equity/debt	<u>15.0%</u>	9.80%
Private non-core real estate	5.0%	9.30%
Private core real estate	<u>5.0%</u>	6.80%
Real estate	<u>10.0%</u>	
Total	<u><u>100.0%</u></u>	

*Discount rate.* The discount rate used to measure the total pension liability as of June 30, 2015, was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.40% of covered payroll and contributions from the City will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**City of Ames  
Notes to the Financial Statements  
June 30, 2016**

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

**F. Pension obligations (continued)**

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 22,058,165	\$ 12,669,610	\$ 4,868,816

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately-issued MFPRSI financial report, which is available on the MFPRSI website at [www.mfprsi.org](http://www.mfprsi.org).

*Payables to the pension plan.* At June 30, 2016, the City did not have a payable to the defined benefit pension plan.

***Ames Municipal Utility Retirement Plan***

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

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

*Funding policy.* Participants contribute 5.40%, and the City contributes 7.93% of eligible compensation. Participants may also make voluntary, unmatched contributions up to 10% of the participant's annual compensation. Participant contributions were \$405,461, and City contributions were \$595,429 for the fiscal year ended June 30, 2016.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

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

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

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

*Annual OPEB cost and net OPEB obligation.* The net OPEB obligation as of June 30, 2016, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	\$ 199,000	\$ 458,581	\$ 657,581
Interest on net OPEB obligation	56,000	174,941	230,941
Adjustment to ARC	(50,000)	(140,204)	(190,204)
Annual OPEB cost	205,000	493,318	698,318
Contributions and payments made	(27,319)	(52,682)	(80,001)
Increase in net OPEB obligation	177,681	440,636	618,317
Net OPEB obligation, beginning	1,399,597	3,498,815	4,898,412
Net OPEB obligation, ending	<u>\$ 1,577,278</u>	<u>\$ 3,939,451</u>	<u>\$ 5,516,729</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**G. OPEB obligations (continued)**

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 698,318	11.46%	\$5,516,729
June 30, 2015	704,742	-11.15%	4,898,412
June 30, 2014	748,896	13.54%	4,115,096

*Funded status and funding progress.* As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 6,263,374
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,263,374</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$92,552,473
UAAL as a percentage of covered payroll	6.77%

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

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



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**G. OPEB obligations (continued)**

and assumptions that include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of the assets.

The ARC for the City was determined as part of the July 1, 2015 actuarial valuation using the following methods and assumptions:

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

The ARC for the hospital was determined as part of the July 1, 2015 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of projected 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	4.0%
Healthcare cost trend rate	9.0% initial rate, reduced annually by 0.5% to ultimate rate of 5.0%

**City of Ames  
Notes to the Financial Statements  
June 30, 2016**

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

**H. Construction and other significant commitments**

*Construction commitments.* As of June 30, 2016, the City's commitments with contractors were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Streets & bridges	\$ 15,268,706	\$ 3,763,466
Shared-use path	538,279	135,164
Parks & recreation facilities	132,744	46,865
Airport	885,119	103,152
Water	30,512,147	27,618,809
Sewer	3,221,308	463,595
Electric	10,620,129	2,049,727
	<u>\$61,178,432</u>	<u>\$34,180,778</u>

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

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

General fund	\$ 1,275,290
Capital projects fund	6,882,173
Non-major governmental funds	1,258,968
Electric	4,758,299
Water	29,872,095
Sewer	1,606,531
Non-major business-type funds	3,465,150
	<u>\$49,118,506</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**I. Risk management**

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

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

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

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**I. Risk management (continued)**

Changes in the balance of claims liabilities during the years ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Liability, July 1	\$ 818,868	\$ 1,257,136
Claims incurred & claims adjustments	378,646	553,831
Claim payments	<u>(513,286)</u>	<u>(992,099)</u>
Liability, June 30	<u>\$ 684,228</u>	<u>\$ 818,868</u>

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

	<u>2016</u>	<u>2015</u>
Liability, July 1	\$ 460,000	\$ 275,000
Claims incurred & claims adjustments	7,067,386	7,771,602
Claim payments	<u>(7,027,386)</u>	<u>(7,586,602)</u>
Liability, June 30	<u>\$ 500,000</u>	<u>\$ 460,000</u>

The hospital carries professional liability insurance on a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The hospital has accrued \$184,565 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2016.

The hospital is self-insured for health care coverage of employees and covered dependents and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$175,000 per individual claim and 120% aggregate of expected paid claims. Accrued costs related to health care coverage amounted to \$1,063,009 at June 30, 2016.

The hospital is self-insured for workers' compensation coverage of employees, and carries stop-loss insurance coverage, which assumes liability for claims in excess of \$475,000 per occurrence. Accrued costs related to workers' compensation coverage were \$536,132 at June 30, 2016.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**I. Risk management (continued)**

Changes in the balance of the hospital's accrued claims for professional liabilities, health care, and workers' compensation coverage for the years ended June 30, 2016 and 2015 were as follows:

	Professional Liability		Health Insurance	
	2016	2015	2016	2015
Liability, July 1	\$ 184,287	\$ 210,311	\$ 903,026	\$ 1,084,751
Claims incurred & claims adjustments	347	(20,644)	9,745,393	7,906,244
Claim payments	(69)	(5,380)	(9,585,410)	(8,087,969)
Liability, June 30	\$ 184,565	\$ 184,287	\$ 1,063,009	\$ 903,026
			Workers' Compensation	
			2016	2015
			\$ 647,493	\$ 304,737
			551,688	622,298
			(663,049)	(279,542)
			\$ 536,132	\$ 647,493

**J. Lease obligations**

*Operating leases.* The City leases a parking lot in Campustown for public parking on a year-to-year basis. Rent expense for this lease during the fiscal year ended June 30, 2016, was \$15,142.

The hospital leases various equipment for use in the medical center. Rent expense for these leases was \$739,000 for the fiscal year ended June 30, 2016.

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

Year Ending June 30,	Total Rent
2017	\$ 228,376
2018	-
2019	-
2020	-
2021	-
	\$ 228,376

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

**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, 2016 are as follows:

Governmental Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2016
Corporate purpose	2008	\$ 5,855,000	3.75-4.150 %	2020	\$ 2,295,000
Corporate purpose	2009	11,165,000	2.00-3.500	2021	5,265,000
Corporate purpose	2010	6,690,000	2.00-2.500	2022	3,655,000
Refunding	2011	5,980,000	2.00-3.350	2021	1,190,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	4,045,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	8,530,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	16,440,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	7,870,000
Corporate purpose/refunding	2015	16,585,000	3.00-5.000	2035	14,405,404
		<u>\$ 94,890,000</u>			<u>\$ 63,695,404</u>

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2016
Corporate purpose	2008	\$ 2,500,000	1.00-2.40 %	2023	\$ 995,000
Corporate purpose	2012	1,335,000	1.50-3.00	2024	935,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	1,020,000
Corporate purpose	2014	300,000	2.00-2.50	2024	250,000
Corporate purpose/refunding	2015	2,061,714	3.00-5.00	2027	1,929,596
		<u>\$ 7,516,714</u>			<u>\$ 5,129,596</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

On August 25, 2015, the City issued \$13,295,000 of general obligation, corporate purpose bonds to be used for improvements to streets, water mains, sanitary and storm sewers, bridges, and related improvements; construction of a new municipal airport terminal building; and flood mitigation and remediation. Maturity dates on the bonds range from June 1, 2016 to June 1, 2035. Debt service payments are scheduled to be paid semi-annually in amounts that range from \$61,950 to \$2,943,694. Bonds due after June 1, 2023 may be subject to call prior to maturity at the option of the City.

On August 25, 2015, the City also issued \$5,150,000 of general obligation, refunding bonds. The proceeds from the current refunding were used to refund \$5,550,000 of the 2006 and 2007 bonds, which had interest rates ranging from 3.75% to 4.00%. The net carrying value of the old debt exceeded the reacquisition price by \$39,972. This amount is netted against the new debt and amortized over the life of the refunded debt. The refunding was undertaken to reduce total future debt service payments by \$299,628 over four years and to obtain an economic gain of \$287,389.

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, 2016 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2016
Hospital improvement and refunding	2012	\$ 26,000,000	2.070 %	2027	\$ 17,575,000
Electric	2015	9,500,000	2.125-5.000	2027	8,700,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	64,790,000
		<u>\$ 100,290,000</u>			<u>\$ 91,065,000</u>

On June 15, 2016, the hospital issued \$64,790,000 of revenue bonds to refund the 2011 hospital bonds. The refunding defeased the 2011 bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the 2011 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the 2011 bonds of \$9,438,000, which is reported on the statement of net position as a deferred outflow of resources and will be amortized over the life of the bonds.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

The 2016 hospital revenue bonds are payable through June 15, 2036, with interest rates varying from 3.0 to 5.0 percent. Annual debt service payments range from \$3.46 million to \$5.74 million.

The hospital has pledged future net revenue to repay the 2012 and 2016 revenue bonds with original borrowings of \$26,000,000 and \$64,790,000, respectively. Net revenue is defined in the supplemental master trust indenture of trust dated November 1, 2012, and in the supplemental trust indenture dated June 1, 2016, as operating revenue, less operating expenses plus depreciation. The purpose of the 2012 and 2016 bonds is to refund the 2003 and 2011 bonds, respectively, and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and are payable through 2027 and 2036, respectively. The total principal and interest remaining to be paid on the bonds as of June 30, 2016, is \$120,338,986. Principal and interest paid during the fiscal year ended June 30, 2016, was \$6,625,480 and net revenue for the same period, as defined above, was \$28,068,868.

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

On December 29, 2015, the City issued \$9,500,000 of revenue bonds to pay a portion of the power plant's conversion from coal to natural gas. The 2015 electric revenue bonds are payable through June 1, 2027, with interest rates varying from 2.125 to 5.0 percent. Annual debt service payments range from \$961,946 to \$969,306.

The City has pledged future net revenue to repay the 2015 revenue bonds. Net revenue is defined as operating revenue less operating expenses, excluding depreciation. The total principal and interest remaining to be paid on the bonds as of June 30, 2016, is \$10,633,188. Principal and interest paid during the fiscal year ended June 30, 2016, was \$961,946 and net revenue for the same period, as defined above, was \$7,452,418.

**Landfill post-closure costs**

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



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

The liability for post-closure care costs is based on the landfill capacity used to date with no remaining life. The estimated liability for post-closure care costs is \$154,043 at June 30, 2016, with a current portion of \$16,718.

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

At June 30, 2016, there were two outstanding contracts between the Iowa Department of Economic Development and a city business for a Community Economic Betterment Account loan. Although the loan bears the name of the City, the City has no obligation for such debt beyond the resources provided by the business entity upon whose behalf it is issued. Accordingly, the loan is not reported as a liability in the financial statements.

Revenue capital loan notes

The City has a revenue capital loan note agreement with the Iowa Finance Authority (IFA) in an amount not to exceed \$76,325,000. Proceeds from the loan will be used for the purpose of paying the cost of planning, designing, and constructing improvements and extensions to the water utility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$100,000 was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the water fund. The City borrowed \$21,326,756 during the fiscal year. The amount of principal outstanding is \$33,581,370, and the City has \$42,743,630 of capital loan notes still available as of June 30, 2016.

The capital loan note agreement requires the water utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

the fiscal year ended June 30, 2016, the water fund had net revenues of \$4,215,849 and the amount of principal and interest due was \$454,561.

The City has a second revenue capital loan note agreement with the IFA in an amount not to exceed \$3,121,000. The funds were used to pay for a new ultraviolet light disinfection system for the Water Pollution Control Plant, which is required under the terms of the discharge permit for the facility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$15,605 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The City received its final disbursement for the loan during fiscal year 2015, with total proceeds, including the loan initiation fee, totaling \$2,469,250. The balance of the loan was \$2,076,250 as of June 30, 2016.

A third capital loan note agreement with the IFA was drawn on during the fiscal year in an amount not to exceed \$375,000. The funds are to be used for planning, designing, and construction improvements and extensions to the sanitary sewer system. The notes bears interest at 0% and is payable as to principal three years from the project note date. The balance of the loan was \$318,750 as of June 30, 2016.

The two capital loan note agreements above require the sewer utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2016, the sewer fund had net revenues of \$3,619,395 and the amount of principal and interest due was \$178,520.

*Legal debt margin.* State statutes limit the amount of general obligation debt an Iowa city may issue to 5% of the actual assessed valuation at January 1, 2014, related to the 2015-2016 fiscal year. At June 30, 2016, the outstanding debt of \$68,825,000 is below the limit of \$189,479,911, leaving a debt margin of over \$120 million.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

*Changes in long-term liabilities.* Changes in the City's long-term liabilities for the fiscal year ended June 30, 2016, are as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 60,253,286	\$ 16,585,000	\$ (13,142,882)	\$ 63,695,404	\$ 7,805,935
Premiums	1,638,005	1,337,259	(410,084)	2,565,180	368,252
Total bonds payable	61,891,291	17,922,259	(13,552,966)	66,260,584	8,174,187
Compensated absences	2,108,517	2,363,574	(2,357,757)	2,114,334	104,528
Other post-employment benefits	785,756	99,755	-	885,511	-
Governmental activities long-term debt	<u>\$ 64,785,564</u>	<u>\$ 20,385,588</u>	<u>\$ (15,910,723)</u>	<u>\$ 69,260,429</u>	<u>\$ 8,278,715</u>

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

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 83,505,000	\$ 74,290,000	\$ (66,730,000)	\$ 91,065,000	\$ 3,695,000
Premiums	573,724	9,632,669	(670,257)	9,536,136	786,757
Total revenue bonds	84,078,724	83,922,669	(67,400,257)	100,601,136	4,481,757
General obligation bonds	3,856,714	1,860,000	(587,118)	5,129,596	654,065
Premiums	144,857	155,963	(31,116)	269,704	29,827
Total general obligation bonds	4,001,571	2,015,963	(618,234)	5,399,300	683,892
Total bonds payable	88,080,295	85,938,632	(68,018,491)	106,000,436	5,165,649
Compensated absences	9,740,268	8,970,918	(7,868,910)	10,842,276	512,106
Loans payable	54,909	318,750	(54,909)	318,750	318,750
Capital loan notes payable	14,464,864	21,326,756	(134,000)	35,657,620	136,000
Notes payable	122,457	-	(122,457)	-	-
Other post-employment benefits	4,112,656	518,562	-	4,631,218	-
Landfill post-closure costs	178,634	-	(24,591)	154,043	16,718
Business-type activities long-term debt	<u>\$ 116,754,083</u>	<u>\$ 117,073,618</u>	<u>\$ (76,223,358)</u>	<u>\$ 157,604,343</u>	<u>\$ 6,149,223</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

*Governmental activities:*

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2017	\$ 7,805,935	\$ 1,920,666
2018	7,723,598	1,681,919
2019	7,440,871	1,433,533
2020	6,715,000	1,195,801
2021	6,290,000	993,586
2022-2026	19,615,000	2,758,751
2027-2031	6,695,000	768,069
2032-2036	1,410,000	55,469
Total	<u>\$ 63,695,404</u>	<u>\$ 10,807,794</u>

*Business-type activities:*

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 654,065	\$ 172,388	\$ 3,695,000	\$ 3,516,490
2018	671,402	148,612	3,805,000	3,402,353
2019	704,129	124,236	3,920,000	3,284,327
2020	670,000	100,610	4,050,000	3,162,018
2021	415,000	75,863	4,180,000	3,034,524
2022-2026	1,825,000	179,587	23,310,000	12,740,113
2027-2031	190,000	5,700	22,380,000	7,794,503
2032-2036	-	-	25,725,000	2,972,844
Total	<u>\$ 5,129,596</u>	<u>\$ 806,996</u>	<u>\$ 91,065,000</u>	<u>\$ 39,907,172</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

Year Ending June 30,	Loans		Capital Loan Notes	
	Principal	Interest	Principal	Interest
2017	\$ 318,750	\$ -	\$ 136,000	\$ 744,283
2018	-	-	3,280,000	710,432
2019	-	-	3,346,000	644,833
2020	-	-	3,413,000	577,912
2021	-	-	3,482,000	509,652
2022-2026	-	-	18,478,000	1,475,582
2027-2031	-	-	3,522,620	85,208
Total	<u>\$ 318,750</u>	<u>\$ -</u>	<u>\$ 35,657,620</u>	<u>\$ 4,747,902</u>

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2017	\$ 4,803,815	\$ 4,433,161	\$ 12,609,750	\$ 6,353,827
2018	7,756,402	4,261,397	15,480,000	5,943,316
2019	7,970,129	4,053,396	15,411,000	5,486,929
2020	8,133,000	3,840,540	14,848,000	5,036,341
2021	8,077,000	3,620,039	14,367,000	4,613,625
2022-2026	43,613,000	14,395,282	63,228,000	17,154,033
2027-2031	26,092,620	7,885,411	32,787,620	8,653,480
2032-2036	25,725,000	2,972,844	27,135,000	3,028,313
Total	<u>\$ 132,170,966</u>	<u>\$ 45,462,070</u>	<u>\$ 195,866,370</u>	<u>\$ 56,269,864</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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**L. Fund balance (continued)**

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, 2016**

**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	\$ 35,476	\$ -	\$ -	\$ 76,064	\$ -	\$ 111,540
Prepaid items	106,237	-	-	4,830	-	111,067
Perpetual care principal	-	-	-	-	942,493	942,493
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	<u>141,713</u>	<u>-</u>	<u>-</u>	<u>80,894</u>	<u>1,942,493</u>	<u>2,165,100</u>
Restricted:						
Debt service	-	-	773,472	-	-	773,472
Aquatic center	-	-	-	-	119,851	119,851
Street construction	-	-	-	5,571,662	-	5,571,662
Environment and economic betterment	-	-	-	6,622,157	-	6,622,157
General obligation bond projects	-	12,826,568	-	-	-	12,826,568
Housing assistance	-	-	-	979,719	-	979,719
Public safety	-	-	-	285,526	-	285,526
Public safety pension	-	-	-	453,674	-	453,674
Library	-	-	-	394,004	-	394,004
Parks and recreation	-	1,818,438	-	-	-	1,818,438
Project Share	-	-	-	4,697	-	4,697
Public art	-	-	-	173	-	173
Developers' projects	-	-	-	150,456	-	150,456
Total restricted fund balance	<u>-</u>	<u>14,645,006</u>	<u>773,472</u>	<u>14,462,068</u>	<u>119,851</u>	<u>30,000,397</u>
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Parks and recreation	-	692,235	-	108,363	-	800,598
Housing assistance	-	-	-	647,442	-	647,442
Green energy projects	-	-	-	6,675	-	6,675
Environment and economic betterment	-	-	-	541,961	-	541,961
Total committed fund balance	<u>-</u>	<u>692,235</u>	<u>-</u>	<u>1,321,495</u>	<u>-</u>	<u>2,013,730</u>
Assigned:						
Administration	97,485	-	-	-	-	97,485
City Hall renovation	12,390	-	-	-	-	12,390
Other City Hall projects	490,605	-	-	-	-	490,605
Library	6,048	-	-	-	-	6,048
Public works	56,426	-	-	-	-	56,426
Parks and recreation	40,583	-	-	-	-	40,583
Planning and housing	635	-	-	-	-	635
Airport	11,140	71,393	-	-	-	82,533
Cemetery maintenance	9,765	-	-	-	-	9,765
Total assigned fund balance	<u>725,077</u>	<u>71,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,470</u>
Unassigned	<u>11,137,621</u>	<u>(2,071,625)</u>	<u>-</u>	<u>(407,377)</u>	<u>-</u>	<u>8,658,619</u>
 Total fund balance	 <u>\$12,004,411</u>	 <u>\$13,337,009</u>	 <u>\$ 773,472</u>	 <u>\$15,457,080</u>	 <u>\$ 2,062,344</u>	 <u>\$43,634,316</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**M. Inter-fund receivables and payables**

The composition of inter-fund balances as of June 30, 2016, is as follows:

Receivable Fund	Payable Fund				
	General Fund	Capital Projects	Electric	Sewer	Water
<b>Major Funds:</b>					
General Fund	\$ -	\$ 189,720	\$ 115,061	\$ 41,971	\$ 47,870
Capital Projects	20,177	29,183	-	4,642	1,740
Debt Service	-	109,035	-	-	-
Electric	75,495	13,423	-	41,371	44,650
Sewer	66,821	-	35,078	-	19,645
Water	39,335	794	42,013	54,792	-
<b>Non-Major Funds:</b>					
Special Revenue	7,318	924	-	10,895	10,895
Enterprise	18,379	4,435	69,700	-	-
Internal Service	271,206	1,312	74,608	24,958	25,306
<b>Total</b>	<b>\$ 498,731</b>	<b>\$ 348,826</b>	<b>\$ 336,460</b>	<b>\$ 178,629</b>	<b>\$ 150,106</b>

Receivable Fund	Payable Fund				
	Non-Major Permanent Funds	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds	Total
<b>Major Funds:</b>					
General Fund	\$ 1,290	\$ 1,278,409	\$ 55,124	\$ 20,199	\$ 1,749,644
Capital Projects	-	40,000	30,000	-	125,742
Debt Service	-	-	-	-	109,035
Electric	-	-	-	-	174,939
Sewer	-	-	-	-	121,544
Water	-	-	-	-	136,934
<b>Non-Major Funds:</b>					
Special Revenue	-	137,578	10,895	-	178,505
Enterprise	-	823	-	220	93,557
Internal Service	-	93,266	58,570	11,256	560,482
<b>Total</b>	<b>\$ 1,290</b>	<b>\$ 1,550,076</b>	<b>\$ 154,589</b>	<b>\$ 31,675</b>	<b>\$ 3,250,382</b>

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



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**N. Inter-fund transfers**

The composition of inter-fund transfers for the year ended June 30, 2016, is as follows:

Transfers In	Transfers Out							Total
	General Fund	Capital Projects	Electric	Sewer	Water	Non-Major Special Revenue Funds	Internal Service	
Major Funds:								
General Fund	\$ -	\$ -	\$ 2,119,027	\$ -	\$ -	\$ 6,880,461	\$ -	\$ 8,999,488
Capital Projects	15,277	-	-	-	-	2,769,459	-	2,784,736
Debt Service	42,250	560,531	-	-	-	190,723	-	793,504
Non-Major Funds:								
Special Revenue	-	703,736	-	-	-	129,406	-	833,142
Enterprise	2,112,466	-	-	-	-	20,000	-	2,132,466
Internal Service	50,000	-	-	20	20	20	8,272	58,332
<b>Total</b>	<b>\$ 2,219,993</b>	<b>\$ 1,264,267</b>	<b>\$ 2,119,027</b>	<b>\$ 20</b>	<b>\$ 20</b>	<b>\$ 9,990,069</b>	<b>\$ 8,272</b>	<b>\$ 15,601,668</b>

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

**O. Donor-restricted endowment**

Earnings from the investment of the Furman Aquatic Center endowment of \$119,851 at June 30, 2016, are shown as restricted net position. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Code of Iowa permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

**P. Contingencies**

The City's Legal Department reported to management that, as of June 30, 2016, 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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**P. Contingencies (continued)**

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 96% 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, 2016. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the hospital is subject to similar regulatory reviews, management believes that the outcome of any such regulatory review will not have a material adverse effect on the hospital's financial position.

**Q. Joint venture**

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (Health Ventures), of which it owns 50%. A joint venture also exists with Garner Dialysis, LLC, which is owned 40% by the hospital, and Health Enterprises Cooperative, of which the hospital owns 12.5%. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise significant influence over operating and financial policies of the investee. Financial statements of the joint ventures are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**R. Related party transactions**

The hospital's board of trustees approved the guarantee of certain debt on behalf of the Health Ventures joint venture mentioned above. During the fiscal year ended June 30, 2016, the debt was paid in full by Health Ventures, and there was no performance on the guarantee by the hospital.

**S. Subsequent Events**

On September 27, 2016, the City issued \$11,650,000 of general obligation, corporate purpose and refunding bonds for the purpose of paying the cost of constructing street, water main, sanitary and storm sewer, and bridge improvements; flood mitigation and remediation; and to current refund the outstanding portion of the 2008 bonds. The interest rates on the bonds range from 2.00-5.00% with final maturity on June 1, 2028.

In the months since the fiscal year ended, the City received an additional \$4,343,782 in loan proceeds from IFA for the new water treatment plant per the water revenue loan and disbursement agreement anticipation note. This brings the total amount outstanding to \$37,925,152 as of the date of this report.

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2014) **3<sup>rd</sup> Healthiest City in the US (24/7**  
**iberg, 2015)** U.S. City with the Lowest Unemployment Rate (Forbes,

**Best Small City to Make a Living (MoneyGeek, 2016)** Ranked No. 35 in Top 100 Best Plac

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

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$ 57,389,174	\$ 47,625,187
City's covered-employee payroll	\$ 81,496,219	\$ 80,767,043
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70.42%	58.97%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

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

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

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

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

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 7,543,219	\$ 7,543,219	-	\$ 84,591,708	8.92%
2015	7,272,880	7,272,880	-	81,496,219	8.92%
2014	7,202,625	7,202,625	-	80,767,043	8.92%
2013	6,861,788	6,861,788	-	79,249,773	8.66%
2012	6,180,045	6,180,045	-	76,725,553	8.05%
2011	5,241,681	5,241,681	-	75,328,134	6.96%
2010	4,964,111	4,964,111	-	74,564,817	6.66%
2009	4,808,898	4,808,898	-	75,643,549	6.36%
2008	3,680,401	3,680,401	-	64,006,974	5.75%
2007	3,445,078	3,445,078	-	59,914,400	5.75%

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

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

	2016	2015
City's proportion of the net pension liability	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$ 12,669,610	\$ 9,730,925
City's covered-employee payroll	\$ 7,468,640	\$ 7,261,087
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.64%	134.01%
Plan fiduciary net position as a percentage of the total pension liability	83.04%	86.27%

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

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

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

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

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 1,994,209	\$ 1,994,209	-	\$ 7,610,234	26.20%
2015	2,150,611	2,150,611	-	7,468,640	28.80%
2014	2,064,780	2,064,780	-	7,261,087	28.44%
2013	1,758,163	1,758,163	-	7,138,308	24.63%
2012	1,630,807	1,630,807	-	7,011,079	23.26%
2011	1,253,345	1,253,345	-	6,650,691	18.85%
2010	1,024,685	1,024,685	-	6,381,845	16.06%
2009	1,095,325	1,095,325	-	6,114,164	17.91%
2008	1,412,973	1,412,973	-	5,545,420	25.48%
2007	1,467,354	1,467,354	-	5,287,762	27.75%

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



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

FY	City Actuarial Valuation Date	Hospital Actuarial Valuation Date	Actuarial Accrued Liability (AAL) -				Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
			Actuarial Value of Assets (a)	Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
2016	07/01/15	07/01/15	\$ -	\$ 6,263,374	\$ 6,263,374	0.00%	\$ 92,552,473	6.77%	
2015	07/01/14	07/01/13	-	6,091,907	6,091,907	0.00%	86,598,974	7.03%	
2014	07/01/12	07/01/13	-	6,808,907	6,808,907	0.00%	85,922,739	7.92%	
2013	07/01/12	07/01/11	-	5,876,864	5,876,864	0.00%	90,590,827	6.49%	
2012	07/01/10	07/01/11	-	5,065,864	5,065,864	0.00%	82,680,630	6.13%	

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

**City of Ames**  
**Budgetary Comparison Schedule**  
**Governmental and Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
<b>Revenues and other financing sources:</b>						
Taxes levied on property	\$ 25,928,021	\$ -	\$ 25,928,021	\$ 25,941,230	\$ 25,941,230	\$ (13,209)
Delinquent property taxes	2,665	-	2,665	-	-	2,665
TIF revenues	41,286	-	41,286	41,346	41,346	(60)
Other taxes	10,194,080	-	10,194,080	9,336,769	9,908,451	285,629
Licenses and permits	1,701,481	21,563	1,723,044	1,486,425	1,532,025	191,019
Use of money and property	726,282	1,828,053	2,554,335	8,742,806	13,685,777	(11,131,442)
Intergovernmental	15,542,606	8,489,694	24,032,300	25,044,164	34,405,432	(10,373,132)
Charges for services	3,596,561	264,082,390	267,678,951	266,802,473	270,806,780	(3,127,829)
Special assessments	222,895	-	222,895	442,728	451,495	(228,600)
Miscellaneous	1,490,497	2,184,913	3,675,410	2,913,736	3,467,701	207,709
Other financing sources	33,645,427	36,170,773	69,816,200	81,078,823	97,852,099	(28,035,899)
Total revenues and other financing sources	93,091,801	312,777,386	405,869,187	421,830,500	458,092,336	(52,223,149)
<b>Expenditures and other financing uses:</b>						
General government	2,308,727	-	2,308,727	2,464,933	2,805,561	496,834
Public safety	16,597,611	-	16,597,611	17,267,907	17,242,457	644,846
Public works	5,871,442	-	5,871,442	6,172,695	6,195,121	323,679
Health and social services	1,163,283	-	1,163,283	1,233,357	1,229,023	65,740
Culture and recreation	8,070,395	-	8,070,395	7,870,207	8,442,925	372,530
Community and economic development	3,532,123	-	3,532,123	2,994,830	4,118,410	586,287
Debt service	15,892,243	-	15,892,243	10,671,238	15,904,543	12,300
Capital outlay	25,609,843	-	25,609,843	23,338,303	46,031,355	20,421,512
Total governmental expenditures	79,045,667	-	79,045,667	72,013,470	101,969,395	22,923,728
Business-type expenditures	-	288,784,321	288,784,321	310,929,452	338,765,382	49,981,061
Total expenditures and other financing uses	79,045,667	288,784,321	367,829,988	382,942,922	440,734,777	72,904,789
Other financing uses	15,032,941	2,881,025	17,913,966	16,745,333	18,406,384	492,418
Total expenditures, other financing uses, and transfers out	94,078,608	291,665,346	385,743,954	399,688,255	459,141,161	73,397,207
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	(986,807)	21,112,040	20,125,233	22,142,245	(1,048,825)	21,174,058
Fund balances, beginning	48,376,494	524,159,055	572,535,549	580,226,907	572,535,549	-
Fund balances, ending	\$ 47,389,687	\$ 545,271,095	\$ 592,660,782	\$ 602,369,152	\$ 571,486,724	\$ 21,174,058

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, 2016**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 93,091,801	\$ (3,067,679)	\$ 90,024,122	\$ 312,777,386	\$ (33,970,053)	\$ 278,807,333
Expenditures and other financing uses	94,078,608	(3,492,812)	90,585,796	291,665,346	(23,313,126)	268,352,220
Excess revenues and other financing sources over expenditures and other financing uses	(986,807)	425,133	(561,674)	21,112,040	(10,656,927)	10,455,113
Fund balances, beginning	48,376,494	(4,180,504)	44,195,990	524,159,055	35,234,730	559,393,785
Fund balances, ending	<u>\$ 47,389,687</u>	<u>\$ (3,755,371)</u>	<u>\$ 43,634,316</u>	<u>\$ 545,271,095</u>	<u>\$ 24,577,803</u>	<u>\$ 569,848,898</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, 2016**

**I. Pension Liability**

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

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

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

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

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

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

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

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

- Adjusted salary-increase assumptions to service-based assumptions

**City of Ames**  
**Notes to the Required Supplementary Information (continued)**  
**June 30, 2016**

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

**MFPRSI:**

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

*Changes in assumptions:* Effective July 1, 2014, two additional steps to phase in the 1994 Group Annuity Mortality (GAM) Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 GAM and 10/12 of the 1994 GAM.

## **II. Budgetary Information**

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

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

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

Three budget amendments during the fiscal year increased budgeted expenditures by \$59,452,906. These amendments are reflected in the final budget amounts.

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

# Supplementary Information

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

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

Local Option Tax Fund - to account for the funds generated by the voter-approved 1% local option sales tax. 60% is used for property tax relief and forty percent is for community betterment.

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

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

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

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

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

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

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

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

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

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

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

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

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

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

### **Permanent Funds**

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

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

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



**City of Ames  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016**

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,138,313	\$ 16,407	\$ 349,044	\$ 5,503,764
Investments	11,454,013	926,656	769,975	13,150,644
Taxes receivable	3,240	-	-	3,240
Accrued interest receivable	913	-	832	1,745
Accounts receivable, net	3,537	720	-	4,257
Intergovernmental receivable	2,537,000	-	-	2,537,000
Loans receivable	6,855	-	-	6,855
Due from other funds	178,505	-	-	178,505
Inventories	76,064	-	-	76,064
Property held for resale	934,104	-	-	934,104
Prepaid items	4,830	-	-	4,830
Succeeding year taxes receivable	1,867,984	-	-	1,867,984
Long-term loans receivable	30,149	-	-	30,149
Total assets	<u>\$ 22,235,507</u>	<u>\$ 943,783</u>	<u>\$ 1,119,851</u>	<u>\$ 24,299,141</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 543,275	\$ -	\$ -	\$ 543,275
Accrued payroll	67,824	-	-	67,824
Retainage payable	80,094	-	-	80,094
Accrued interest	168	-	-	168
Customer deposits	2,018,173	-	-	2,018,173
Intergovernmental payable	1,529	-	-	1,529
Due to other funds	1,550,076	1,290	-	1,551,366
Total liabilities	<u>4,261,139</u>	<u>1,290</u>	<u>-</u>	<u>4,262,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes	1,867,984	-	-	1,867,984
Other taxes	646,658	-	-	646,658
Grants	2,646	-	-	2,646
Total deferred inflows of resources	<u>2,517,288</u>	<u>-</u>	<u>-</u>	<u>2,517,288</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	80,894	942,493	1,000,000	2,023,387
Restricted	14,462,068	-	119,851	14,581,919
Committed	1,321,495	-	-	1,321,495
Unassigned	(407,377)	-	-	(407,377)
Total fund balances	<u>15,457,080</u>	<u>942,493</u>	<u>1,119,851</u>	<u>17,519,424</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,235,507</u>	<u>\$ 943,783</u>	<u>\$ 1,119,851</u>	<u>\$ 24,299,141</u>

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>Permanent Funds</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	
<b>REVENUES</b>				
Taxes	\$ 11,951,923	\$ -	\$ -	\$ 11,951,923
Intergovernmental	8,071,097	-	-	8,071,097
Charges for services	-	11,965	-	11,965
Investment income	18,764	-	12,556	31,320
Miscellaneous	334,384	-	-	334,384
Total revenues	<u>20,376,168</u>	<u>11,965</u>	<u>12,556</u>	<u>20,400,689</u>
<b>EXPENDITURES</b>				
Current:				
General government	172,847	-	-	172,847
Public safety	89,822	-	-	89,822
Public works	4,888,727	-	-	4,888,727
Health and social services	1,180,361	-	-	1,180,361
Culture and recreation	546,705	-	-	546,705
Community and economic development	2,145,443	-	-	2,145,443
Capital outlay	<u>3,218,568</u>	<u>-</u>	<u>-</u>	<u>3,218,568</u>
Total expenditures	<u>12,242,473</u>	<u>-</u>	<u>-</u>	<u>12,242,473</u>
Excess of revenues over expenditures	<u>8,133,695</u>	<u>11,965</u>	<u>12,556</u>	<u>8,158,216</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	833,142	-	-	833,142
Transfers out	<u>(9,990,069)</u>	<u>-</u>	<u>-</u>	<u>(9,990,069)</u>
Total other financing sources (uses)	<u>(9,156,927)</u>	<u>-</u>	<u>-</u>	<u>(9,156,927)</u>
Net change in fund balance	(1,023,232)	11,965	12,556	(998,711)
Fund balances, beginning	<u>16,480,312</u>	<u>930,528</u>	<u>1,107,295</u>	<u>18,518,135</u>
Fund balances, ending	<u>\$ 15,457,080</u>	<u>\$ 942,493</u>	<u>\$ 1,119,851</u>	<u>\$ 17,519,424</u>

**City of Ames  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2016**

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,732,042	\$ 243,667	\$ 1,718,344	\$ 5,273	\$ 22,913	\$ 225,416	\$ -	\$ -	\$ 140,144	\$ 37,061
Investments	3,869,722	544,401	3,839,119	11,781	51,190	503,623	-	-	313,183	76,375
Taxes receivable	-	-	-	-	-	-	-	3,240	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	347	76
Accounts receivable, net	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	1,297,560	646,658	548,763	-	6,141	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	34,099	-	7	-	-	-	-	5,814
Inventories	-	-	76,064	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	799	-	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	1,867,984	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,899,324</u>	<u>\$ 1,434,726</u>	<u>\$ 6,217,188</u>	<u>\$ 17,054</u>	<u>\$ 80,251</u>	<u>\$ 729,039</u>	<u>\$ -</u>	<u>\$ 1,871,224</u>	<u>\$ 453,674</u>	<u>\$ 119,326</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 158,819	\$ 45,000	\$ 325,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 963
Accrued payroll	4,077	-	60,329	-	630	572	-	-	-	-
Retainage payable	30,224	-	49,870	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	168	-	-	-
Customer deposits	-	-	-	-	-	80,000	-	-	-	-
Intergovernmental payable	-	-	1,401	-	-	7	-	-	-	-
Due to other funds	827,115	-	131,122	-	4,395	1,018	407,209	3,240	-	10,000
Total liabilities	<u>1,020,235</u>	<u>45,000</u>	<u>568,663</u>	<u>-</u>	<u>5,025</u>	<u>81,597</u>	<u>407,377</u>	<u>3,240</u>	<u>-</u>	<u>10,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	1,867,984	-	-
Other taxes	-	646,658	-	-	-	-	-	-	-	-
Grants	-	-	-	-	2,646	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>646,658</u>	<u>-</u>	<u>-</u>	<u>2,646</u>	<u>-</u>	<u>-</u>	<u>1,867,984</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>										
Nonspendable	-	-	76,863	-	-	-	-	-	-	-
Restricted	5,879,089	743,068	5,571,662	-	72,580	-	-	-	453,674	-
Committed	-	-	-	17,054	-	647,442	-	-	-	108,363
Unassigned	-	-	-	-	-	-	(407,377)	-	-	-
Total fund balances (deficits)	<u>5,879,089</u>	<u>743,068</u>	<u>5,648,525</u>	<u>17,054</u>	<u>72,580</u>	<u>647,442</u>	<u>(407,377)</u>	<u>-</u>	<u>453,674</u>	<u>108,363</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 6,899,324</u>	<u>\$ 1,434,726</u>	<u>\$ 6,217,188</u>	<u>\$ 17,054</u>	<u>\$ 80,251</u>	<u>\$ 729,039</u>	<u>\$ -</u>	<u>\$ 1,871,224</u>	<u>\$ 453,674</u>	<u>\$ 119,326</u>

**City of Ames**  
**Combining Balance Sheet (continued)**  
**Non-Major Special Revenue Funds**  
**June 30, 2016**

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	Total Non-Major Special Revenue Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 126,375	\$ 3,328	\$ 788	\$ -	\$ 65,392	\$ 65	\$ 649,933	\$ 167,572	\$ 5,138,313
Investments	278,052	7,433	1,759	-	143,946	108	1,438,932	374,389	11,454,013
Taxes receivable	-	-	-	-	-	-	-	-	3,240
Accrued interest receivable	299	-	-	-	157	-	34	-	913
Accounts receivable, net	20	611	-	-	2,906	-	-	-	3,537
Intergovernmental receivable	-	-	-	37,878	-	-	-	-	2,537,000
Loans receivable	-	-	-	6,855	-	-	-	-	6,855
Due from other funds	138,502	-	83	-	-	-	-	-	178,505
Inventories	-	-	-	-	-	-	-	-	76,064
Property held for resale	-	-	-	934,104	-	-	-	-	934,104
Prepaid items	4,031	-	-	-	-	-	-	-	4,830
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	1,867,984
Long-term loans receivable	-	-	-	30,149	-	-	-	-	30,149
Total assets	<u>\$ 547,279</u>	<u>\$ 11,372</u>	<u>\$ 2,630</u>	<u>\$ 1,008,986</u>	<u>\$ 212,401</u>	<u>\$ 173</u>	<u>\$ 2,088,899</u>	<u>\$ 541,961</u>	<u>\$22,235,507</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 9,450	\$ -	\$ -	\$ 868	\$ 1,964	\$ -	\$ 270	\$ -	\$ 543,275
Accrued payroll	2,216	-	-	-	-	-	-	-	67,824
Retainage payable	-	-	-	-	-	-	-	-	80,094
Accrued interest	-	-	-	-	-	-	-	-	168
Customer deposits	-	-	-	-	-	-	1,938,173	-	2,018,173
Intergovernmental payable	-	-	-	-	121	-	-	-	1,529
Due to other funds	137,578	-	-	28,399	-	-	-	-	1,550,076
Total liabilities	<u>149,244</u>	<u>-</u>	<u>-</u>	<u>29,267</u>	<u>2,085</u>	<u>-</u>	<u>1,938,443</u>	<u>-</u>	<u>4,261,139</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	-	1,867,984
Other taxes	-	-	-	-	-	-	-	-	646,658
Grants	-	-	-	-	-	-	-	-	2,646
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,517,288</u>
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	4,031	-	-	-	-	-	-	-	80,894
Restricted	394,004	4,697	2,630	979,719	210,316	173	150,456	-	14,462,068
Committed	-	6,675	-	-	-	-	-	541,961	1,321,495
Unassigned	-	-	-	-	-	-	-	-	(407,377)
Total fund balances (deficits)	<u>398,035</u>	<u>11,372</u>	<u>2,630</u>	<u>979,719</u>	<u>210,316</u>	<u>173</u>	<u>150,456</u>	<u>541,961</u>	<u>15,457,080</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 547,279</u>	<u>\$ 11,372</u>	<u>\$ 2,630</u>	<u>\$ 1,008,986</u>	<u>\$ 212,401</u>	<u>\$ 173</u>	<u>\$ 2,088,899</u>	<u>\$ 541,961</u>	<u>\$22,235,507</u>

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2016**

	<b>Local Option Tax</b>	<b>Hotel/ Motel Tax</b>	<b>Road Use Tax</b>	<b>Bike Licenses</b>	<b>Police Forfeiture &amp; Grants</b>	<b>Housing Assistance</b>	<b>TIF</b>	<b>Employee Benefit Property Tax</b>	<b>Police &amp; Fire 411</b>	<b>Parks &amp; Recreation Programs</b>
<b>REVENUES</b>										
Taxes	\$ 7,831,295	\$ 2,262,348	\$ -	\$ -	\$ -	\$ -	\$ 45,545	\$ 1,812,735	\$ -	\$ -
Intergovernmental	-	-	7,229,314	-	68,802	-	-	-	-	-
Investment income	-	-	-	-	-	-	(7,865)	-	6,114	12,994
Miscellaneous	-	-	-	-	607	1,673	11,340	-	-	100,647
Total revenues	<u>7,831,295</u>	<u>2,262,348</u>	<u>7,229,314</u>	<u>-</u>	<u>69,409</u>	<u>1,673</u>	<u>49,020</u>	<u>1,812,735</u>	<u>6,114</u>	<u>113,641</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	115,365	-	-	57,482	-	-	-	-
Public safety	-	-	-	-	66,715	-	-	-	-	-
Public works	-	-	4,888,727	-	-	-	-	-	-	-
Health and social services	1,163,281	-	-	-	-	-	-	-	-	-
Culture and recreation	351,542	-	-	-	-	-	-	-	-	80,653
Community and economic development	55,399	1,775,260	-	-	-	-	-	-	-	-
Capital outlay	1,415,827	-	1,772,879	-	-	-	-	-	-	-
Total expenditures	<u>2,986,049</u>	<u>1,775,260</u>	<u>6,776,971</u>	<u>-</u>	<u>66,715</u>	<u>57,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,845,246</u>	<u>487,088</u>	<u>452,343</u>	<u>-</u>	<u>2,694</u>	<u>(55,809)</u>	<u>49,020</u>	<u>1,812,735</u>	<u>6,114</u>	<u>32,988</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	129,406	-	-	-	-	-	703,736	-	-	-
Transfers out	(5,669,798)	(323,515)	(20)	-	-	-	(190,723)	(1,812,735)	(174,840)	(1,818,438)
Total other financing sources (uses)	<u>(5,540,392)</u>	<u>(323,515)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,013</u>	<u>(1,812,735)</u>	<u>(174,840)</u>	<u>(1,818,438)</u>
Net change in fund balances	(695,146)	163,573	452,323	-	2,694	(55,809)	562,033	-	(168,726)	(1,785,450)
Fund balances, beginning	6,574,235	579,495	5,196,202	17,054	69,886	703,251	(969,410)	-	622,400	1,893,813
Fund balances, ending	<u>\$ 5,879,089</u>	<u>\$ 743,068</u>	<u>\$ 5,648,525</u>	<u>\$ 17,054</u>	<u>\$ 72,580</u>	<u>\$ 647,442</u>	<u>\$ (407,377)</u>	<u>\$ -</u>	<u>\$ 453,674</u>	<u>\$ 108,363</u>

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2016**

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	Total Non-Major Special Revenue Funds
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,951,923
Intergovernmental	13,310	-	-	759,671	-	-	-	-	8,071,097
Investment income	4,799	-	-	-	2,204	2	516	-	18,764
Miscellaneous	164,380	17,965	677	814	36,281	-	-	-	334,384
Total revenues	182,489	17,965	677	760,485	38,485	2	516	-	20,376,168
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	172,847
Public safety	-	-	245	-	22,862	-	-	-	89,822
Public works	-	-	-	-	-	-	-	-	4,888,727
Health and social services	-	17,080	-	-	-	-	-	-	1,180,361
Culture and recreation	114,510	-	-	-	-	-	-	-	546,705
Community and economic development	-	-	-	314,784	-	-	-	-	2,145,443
Capital outlay	29,862	-	-	-	-	-	-	-	3,218,568
Total expenditures	144,372	17,080	245	314,784	22,862	-	-	-	12,242,473
Excess (deficiency) of revenues over (under) expenditures	38,117	885	432	445,701	15,623	2	516	-	8,133,695
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	833,142
Transfers out	-	-	-	-	-	-	-	-	(9,990,069)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(9,156,927)
Net change in fund balances	38,117	885	432	445,701	15,623	2	516	-	(1,023,232)
Fund balances, beginning	359,918	10,487	2,198	534,018	194,693	171	149,940	541,961	16,480,312
Fund balances, ending	\$ 398,035	\$ 11,372	\$ 2,630	\$ 979,719	\$ 210,316	\$ 173	\$ 150,456	\$ 541,961	\$ 15,457,080

## **Non-Major Enterprise Funds**

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

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

Transit Fund - to account for operations of transit services.

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

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

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

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

**City of Ames**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2016**

	<b>Parking</b>	<b>Transit</b>	<b>Storm Sewer Utility</b>	<b>Ames / ISU Ice Arena</b>	<b>Homewood Golf Course</b>	<b>Resource Recovery</b>	<b>Total Non-Major Enterprise Funds</b>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 141,677	\$ 1,143,381	\$ 936,804	\$ 128,704	\$ 61,829	\$ 716,669	\$ 3,129,064
Investments	311,028	2,521,562	2,057,384	279,278	135,265	1,575,868	6,880,385
Accrued interest receivable	355	2,984	2,208	340	145	1,862	7,894
Accounts receivable, net	-	157,888	155,292	16,075	-	272,407	601,662
Due from other funds	-	2,966	26,209	-	220	64,162	93,557
Intergovernmental receivable	1,582	447,558	78,563	1,716	-	375,348	904,767
Inventories	16,970	266,893	-	3,705	2,471	-	290,039
Prepaid items	-	3,511	-	-	4,964	150	8,625
Total current assets	471,612	4,546,743	3,256,460	429,818	204,894	3,006,466	11,915,993
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	606,374	-	193,250	531,517	2,283,188
Land improvements	635,480	157,621	1,012,278	63,578	127,581	161,524	2,158,062
Buildings	-	25,970,861	-	1,688,110	87,003	11,195,650	38,941,624
Equipment	56,130	25,347,301	8,390	141,690	5,700	8,002,417	33,561,628
Construction in progress	-	-	264,615	269,357	-	-	533,972
Less accumulated depreciation	(607,547)	(21,038,379)	(234,212)	(999,455)	(161,640)	(12,703,445)	(35,744,678)
Total noncurrent assets	994,610	30,478,904	1,657,445	1,163,280	251,894	7,187,663	41,733,796
Total assets	1,466,222	35,025,647	4,913,905	1,593,098	456,788	10,194,129	53,649,789
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	56,369	799,429	25,339	23,070	10,782	139,998	1,054,987
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	7,947	170,232	120,078	12,026	4,924	103,205	418,412
Accrued payroll	10,218	164,870	1,033	1,980	4,615	3,600	186,316
Accrued compensated absences	2,144	21,835	1,422	807	203	3,721	30,132
Due to other funds	13,009	24,892	42,619	11,010	4,866	58,193	154,589
Retainage payable	-	-	77	12,372	-	9,116	21,565
Accrued interest	-	-	-	-	-	2,616	2,616
Intergovernmental payable	530	7,346	722	144	727	143,817	153,286
Accrued landfill post-closure costs	-	-	-	-	-	16,718	16,718
Bonds payable, net	-	-	-	-	-	140,855	140,855
Unearned revenue	5,305	-	-	-	-	-	5,305
Total current liabilities	39,153	389,175	165,951	38,339	15,335	481,841	1,129,794
Noncurrent liabilities:							
Accrued compensated absences	37,264	394,605	24,661	13,383	2,238	60,118	532,269
Post-employment benefits	16,027	136,041	11,231	3,438	2,745	51,356	220,838
Net pension liability	268,978	3,873,601	121,432	111,060	50,294	670,515	5,095,880
Accrued landfill post-closure costs	-	-	-	-	-	137,325	137,325
Bonds payable, net	-	-	-	-	-	1,181,063	1,181,063
Total noncurrent liabilities	322,269	4,404,247	157,324	127,881	55,277	2,100,377	7,167,375
Total liabilities	361,422	4,793,422	323,275	166,220	70,612	2,582,218	8,297,169
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	24,130	300,345	12,109	10,056	7,817	67,698	422,155
<b>NET POSITION</b>							
Net investment in capital assets	994,610	30,478,904	1,657,445	1,163,280	251,894	5,865,745	40,411,878
Unrestricted	142,429	252,405	2,946,415	276,612	137,247	1,818,466	5,573,574
Total net position	\$ 1,137,039	\$30,731,309	\$ 4,603,860	\$ 1,439,892	\$ 389,141	\$ 7,684,211	\$45,985,452



**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2016**

	<b>Parking</b>	<b>Transit</b>	<b>Storm Sewer</b>	<b>Ames / ISU Ice Arena</b>	<b>Homewood Golf Course</b>	<b>Resource Recovery</b>	<b>Total Non-Major Enterprise Funds</b>
Operating revenues:							
Charges for services	\$ 925,177	\$ 6,337,415	\$ 1,241,840	\$ 544,300	\$ 268,440	\$ 3,031,997	\$ 12,349,169
Operating expenses:							
Cost of goods and services	852,443	8,061,083	546,464	550,240	242,127	3,612,885	13,865,242
Administration	67,039	1,835,544	8,542	-	-	220,287	2,131,412
Depreciation	11,392	2,438,451	21,207	69,400	9,962	553,426	3,103,838
Total operating expenses	930,874	12,335,078	576,213	619,640	252,089	4,386,598	19,100,492
Operating income (loss)	(5,697)	(5,997,663)	665,627	(75,340)	16,351	(1,354,601)	(6,751,323)
Non-operating revenues (expenses):							
Intergovernmental	-	2,950,981	111,565	-	-	-	3,062,546
Reimbursements	-	-	-	-	-	264,355	264,355
Investment income	5,322	46,283	29,659	6,369	1,940	29,100	118,673
Interest expense	-	-	-	-	-	(27,916)	(27,916)
Loss on disposal of capital assets	-	-	-	-	-	(2,089)	(2,089)
Miscellaneous	-	1,200	-	-	-	-	1,200
Total non-operating revenues	5,322	2,998,464	141,224	6,369	1,940	263,450	3,416,769
Income (loss) before capital contributions and transfers	(375)	(2,999,199)	806,851	(68,971)	18,291	(1,091,151)	(3,334,554)
Capital contributions	-	100,631	-	20,000	-	-	120,631
Transfers in	-	1,659,604	-	20,000	-	452,862	2,132,466
Change in net position	(375)	(1,238,964)	806,851	(28,971)	18,291	(638,289)	(1,081,457)
Net position, beginning	1,137,414	31,970,273	3,797,009	1,468,863	370,850	8,322,500	47,066,909
Net position, ending	\$ 1,137,039	\$ 30,731,309	\$ 4,603,860	\$ 1,439,892	\$ 389,141	\$ 7,684,211	\$ 45,985,452

**City of Ames**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2016**

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 932,481	\$ 6,329,478	\$ 1,268,047	\$ 543,826	\$ 269,210	\$ 3,190,547	\$ 12,533,589
Payments to suppliers	(150,526)	(2,381,849)	(129,916)	(234,264)	(76,033)	(1,946,454)	(4,919,042)
Payments to employees	(614,364)	(7,298,455)	(276,913)	(251,355)	(121,276)	(1,310,295)	(9,872,658)
Payments to other funds for services provided	(154,882)	(495,717)	(61,007)	(43,694)	(45,106)	(757,265)	(1,557,671)
Net cash provided by (used for) operating activities	12,709	(3,846,543)	800,211	14,513	26,795	(823,467)	(3,815,782)
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	-	2,950,981	111,565	-	-	-	3,062,546
Reimbursements	-	-	-	-	-	264,355	264,355
Proceeds from sale of non-capital assets	-	1,200	-	-	-	-	1,200
Transfers in	-	1,659,604	-	20,000	-	452,862	2,132,466
Net cash provided by non-capital financing activities	-	4,611,785	111,565	20,000	-	717,217	5,460,567
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	-	(245,010)	(322,357)	(269,357)	-	(267,593)	(1,104,317)
Principal paid on capital debt	-	-	-	-	-	(130,000)	(130,000)
Interest paid on capital debt	-	-	-	-	-	(33,988)	(33,988)
Principal paid on loans	-	(17,500)	-	-	-	(37,409)	(54,909)
Capital contributions	-	100,631	-	20,000	-	-	120,631
Net cash used for capital and related financing activities	-	(161,879)	(322,357)	(249,357)	-	(468,990)	(1,202,583)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(63,692)	(1,074,830)	(980,308)	(83,790)	(51,190)	(167,663)	(2,421,473)
Proceeds from sale of investments	27,547	464,864	423,983	193,734	22,139	387,660	1,519,927
Interest on investments	5,389	46,504	29,726	6,628	1,956	29,875	120,078
Net cash provided by (used for) investing activities	(30,756)	(563,462)	(526,599)	116,572	(27,095)	249,872	(781,468)
Net increase (decrease) in cash and cash equivalents	(18,047)	39,901	62,820	(98,272)	(300)	(325,368)	(339,266)
Cash and cash equivalents, beginning	159,724	1,103,480	873,984	226,976	62,129	1,042,037	3,468,330
Cash and cash equivalents, ending	<u>\$ 141,677</u>	<u>\$ 1,143,381</u>	<u>\$ 936,804</u>	<u>\$ 128,704</u>	<u>\$ 61,829</u>	<u>\$ 716,669</u>	<u>\$ 3,129,064</u>

**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2016**

	<b>Parking</b>	<b>Transit</b>	<b>Storm Sewer Utility</b>	<b>Ames / ISU Ice Arena</b>	<b>Homewood Golf Course</b>	<b>Resource Recovery</b>	<b>Total Non-Major Enterprise Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ (5,697)	\$ (5,997,663)	\$ 665,627	\$ (75,340)	\$ 16,351	\$ (1,354,601)	\$ (6,751,323)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense	11,392	2,438,451	21,207	69,400	9,962	553,426	3,103,838
(Increase) decrease in accounts receivable	334	16,029	(16,249)	1,242	12	(26,015)	(24,647)
(Increase) decrease in due from other funds	7,549	(378)	94,487	-	758	150,714	253,130
(Increase) decrease in intergovernmental receivable	(309)	89,412	(52,031)	(1,716)	-	33,851	69,207
(Increase) decrease in inventories	(721)	(8,869)	-	1,041	1,028	-	(7,521)
(Increase) decrease in prepaid items	-	(3,511)	150	-	-	(150)	(3,511)
Increase in deferred outflows of resources	(4,882)	(69,914)	(2,031)	(1,919)	(674)	(11,169)	(90,589)
Increase (decrease) in accounts payable	4,202	53,235	65,273	222	(163)	12,893	135,662
Increase (decrease) in accrued payroll	2,359	8,728	(1,305)	396	(153)	1,051	11,076
Increase in accrued compensated absences	2,468	43,554	2,378	1,824	606	7,436	58,266
Increase (decrease) in due to other funds	(194)	6,087	27,029	8,517	(695)	(126,600)	(85,856)
Increase (decrease) in retainage payable	-	(249,282)	(3,723)	12,372	-	9,116	(231,517)
Increase (decrease) in intergovernmental payable	(795)	(8,623)	56	(99)	93	(44,050)	(53,418)
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(24,591)	(24,591)
Decrease in unearned revenue	(270)	(113,000)	-	-	-	-	(113,270)
Increase in post-employment benefits	1,805	15,325	1,265	387	309	5,785	24,876
Increase in pension liability	53,978	804,136	23,368	22,069	7,764	128,462	1,039,777
Decrease in deferred inflows of resources	(58,510)	(870,260)	(25,290)	(23,883)	(8,403)	(139,025)	(1,125,371)
Total adjustments	18,406	2,151,120	134,584	89,853	10,444	531,134	2,935,541
Net cash provided by (used for) operating activities	\$ 12,709	\$ (3,846,543)	\$ 800,211	\$ 14,513	\$ 26,795	\$ (823,467)	\$ (3,815,782)

## **Internal Service Funds**

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

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

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

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

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

**City of Ames**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2016**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,639,884	\$ 877,234	\$ 371,519	\$ 1,207,262	\$ 5,095,899
Investments	5,802,446	1,929,784	829,212	2,660,919	11,222,361
Accrued interest receivable	5,949	2,073	1,144	2,773	11,939
Accounts receivable, net	332	-	36,407	-	36,739
Due from other funds	330,666	229,816	-	-	560,482
Intergovernmental receivable	24,267	5,514	-	-	29,781
Inventories	96,000	-	-	-	96,000
Prepaid items	10,012	106,474	510,178	-	626,664
Total current assets	<u>8,909,556</u>	<u>3,150,895</u>	<u>1,748,460</u>	<u>3,870,954</u>	<u>17,679,865</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	651,012	-	-	-	651,012
Equipment	15,086,452	2,166,511	-	-	17,252,963
Construction in progress	-	7,557	-	-	7,557
Less accumulated depreciation	<u>(7,766,420)</u>	<u>(1,946,776)</u>	<u>-</u>	<u>-</u>	<u>(9,713,196)</u>
Total noncurrent assets	<u>7,971,044</u>	<u>419,725</u>	<u>-</u>	<u>-</u>	<u>8,390,769</u>
Total assets	<u>16,880,600</u>	<u>3,570,620</u>	<u>1,748,460</u>	<u>3,870,954</u>	<u>26,070,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	<u>81,556</u>	<u>52,572</u>	<u>14,296</u>	<u>13,387</u>	<u>161,811</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	30,635	5,687	30,630	136,532	203,484
Accrued payroll	14,419	1,525	109	455	16,508
Accrued compensated absences	1,818	4,430	56	627	6,931
Due to other funds	17,669	6,083	456	7,467	31,675
Claims payable	-	-	684,228	500,000	1,184,228
Intergovernmental payable	3,730	-	-	24,891	28,621
Unearned revenue	-	60,483	-	-	60,483
Total current liabilities	<u>68,271</u>	<u>78,208</u>	<u>715,479</u>	<u>669,972</u>	<u>1,531,930</u>
Noncurrent liabilities:					
Accrued compensated absences	28,908	94,690	716	8,986	133,300
Post-employment benefits	38,312	32,793	1,451	3,580	76,136
Net pension liability	<u>393,954</u>	<u>255,759</u>	<u>67,811</u>	<u>64,295</u>	<u>781,819</u>
Total noncurrent liabilities	<u>461,174</u>	<u>383,242</u>	<u>69,978</u>	<u>76,861</u>	<u>991,255</u>
Total liabilities	<u>529,445</u>	<u>461,450</u>	<u>785,457</u>	<u>746,833</u>	<u>2,523,185</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	<u>32,988</u>	<u>17,794</u>	<u>8,180</u>	<u>6,124</u>	<u>65,086</u>
<b>NET POSITION</b>					
Net investment in capital assets	7,971,044	419,725	-	-	8,390,769
Unrestricted	<u>8,428,679</u>	<u>2,724,223</u>	<u>969,119</u>	<u>3,131,384</u>	<u>15,253,405</u>
Total net position	<u>\$ 16,399,723</u>	<u>\$ 3,143,948</u>	<u>\$ 969,119</u>	<u>\$ 3,131,384</u>	<u>\$ 23,644,174</u>

**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for services	\$ 3,720,425	\$ 2,357,327	\$ 2,324,443	\$ 8,116,744	\$16,518,939
Operating expenses:					
Cost of goods and services	2,033,842	2,112,178	2,081,562	7,157,988	13,385,570
Depreciation	906,674	151,461	-	-	1,058,135
Total operating expenses	2,940,516	2,263,639	2,081,562	7,157,988	14,443,705
Operating income	779,909	93,688	242,881	958,756	2,075,234
Non-operating revenues:					
Investment income	93,117	29,401	6,535	40,873	169,926
Gain on disposal of capital assets	140,825	-	-	-	140,825
Total non-operating revenues	233,942	29,401	6,535	40,873	310,751
Income before transfers	1,013,851	123,089	249,416	999,629	2,385,985
Transfers in	60	58,272	-	-	58,332
Transfers out	(8,272)	-	-	-	(8,272)
Change in net position	1,005,639	181,361	249,416	999,629	2,436,045
Net position, beginning	15,394,084	2,962,587	719,703	2,131,755	21,208,129
Net position, ending	\$16,399,723	\$ 3,143,948	\$ 969,119	\$ 3,131,384	\$23,644,174

**City of Ames**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,848,640	\$ 2,313,567	\$ 2,306,161	\$ 8,149,294	\$ 16,617,662
Payments to suppliers	(1,056,487)	(895,614)	(2,616,116)	(7,571,677)	(12,139,894)
Payments to employees	(794,005)	(980,728)	(114,952)	(110,772)	(2,000,457)
Payments to other funds for services provided	(239,656)	(278,870)	(5,898)	(5,992)	(530,416)
Net cash provided by (used for) operating activities	<u>1,758,492</u>	<u>158,355</u>	<u>(430,805)</u>	<u>460,853</u>	<u>1,946,895</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	60	58,272	-	-	58,332
Transfers out	(8,272)	-	-	-	(8,272)
Net cash provided by (used for) non-capital financing activities	<u>(8,212)</u>	<u>58,272</u>	<u>-</u>	<u>-</u>	<u>50,060</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,837,173)	(275,290)	-	-	(2,112,463)
Proceeds from the sale of capital assets	295,737	-	-	-	295,737
Net cash used for capital and related financing activities	<u>(1,541,436)</u>	<u>(275,290)</u>	<u>-</u>	<u>-</u>	<u>(1,816,726)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(1,153,926)	(240,437)	(152,129)	(934,268)	(2,480,760)
Proceeds from sale of investments	499,073	103,989	351,743	404,071	1,358,876
Interest on investments	94,678	30,029	6,915	41,180	172,802
Net cash provided by (used for) investing activities	<u>(560,175)</u>	<u>(106,419)</u>	<u>206,529</u>	<u>(489,017)</u>	<u>(949,082)</u>
Net decrease in cash and cash equivalents	(351,331)	(165,082)	(224,276)	(28,164)	(768,853)
Cash and cash equivalents, beginning	2,991,215	1,042,316	595,795	1,235,426	5,864,752
Cash and cash equivalents, ending	<u>\$ 2,639,884</u>	<u>\$ 877,234</u>	<u>\$ 371,519</u>	<u>\$ 1,207,262</u>	<u>\$ 5,095,899</u>

**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income	\$ 779,909	\$ 93,688	\$ 242,881	\$ 958,756	\$ 2,075,234
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	906,674	151,461	-	-	1,058,135
(Increase) decrease in accounts receivable	1,431	-	(18,282)	32,550	15,699
(Increase) decrease in due from other funds	123,237	(45,595)	-	-	77,642
(Increase) decrease in intergovernmental receivable	3,547	(2,518)	-	-	1,029
Increase in inventories	(5,474)	-	-	-	(5,474)
(Increase) decrease in prepaid items	8,250	(33,819)	(510,178)	-	(535,747)
Increase in deferred outflows of resources	(6,965)	(4,736)	(1,051)	(1,093)	(13,845)
Decrease in accounts payable	(47,088)	(4,953)	(8,059)	(593,060)	(653,160)
Increase (decrease) in accrued payroll	577	386	109	(715)	357
Increase (decrease) in accrued compensated absences	4,879	457	(811)	1,402	5,927
Increase (decrease) in due to other funds	(1,109)	4,429	56	1,678	5,054
Decrease in retainage payable	-	(3,885)	-	-	(3,885)
Increase (decrease) in claims payable	-	-	(134,640)	40,000	(94,640)
Increase (decrease) in intergovernmental payable	(7,104)	(126)	-	21,965	14,735
Increase in unearned revenue	-	4,353	-	-	4,353
Increase in post-employment benefits	4,316	3,694	163	403	8,576
Increase in pension liability	80,114	54,485	12,081	12,570	159,250
Decrease in deferred inflows of resources	(86,702)	(58,966)	(13,074)	(13,603)	(172,345)
Total adjustments	978,583	64,667	(673,686)	(497,903)	(128,339)
Net cash provided by (used for) operating activities	<u>\$ 1,758,492</u>	<u>\$ 158,355</u>	<u>\$ (430,805)</u>	<u>\$ 460,853</u>	<u>\$ 1,946,895</u>
<b>Schedule of non-cash capital and related financing activities:</b>					
Capital asset trade ins	<u>\$ 9,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,600</u>



## **Fiduciary Funds**

### **Agency Funds**

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

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

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

**City of Ames**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2016**

	<b>Payroll Clearing</b>	<b>Flex Benefits</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,146	\$ 37,981	\$ 149,127
Investments	248,321	-	248,321
Total assets	<u>\$ 359,467</u>	<u>\$ 37,981</u>	<u>\$ 397,448</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 37,981	\$ 37,981
Due to other governments	359,467	-	359,467
Total liabilities	<u>\$ 359,467</u>	<u>\$ 37,981</u>	<u>\$ 397,448</u>

**City of Ames**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2016**

	<b>Total Agency Funds</b>			<b>Balance 06/30/16</b>
	<b>Balance 07/01/15</b>	<b>Additions</b>	<b>Deductions</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 158,439	\$ 9,019,928	\$ 9,029,240	\$ 149,127
Investments	215,346	58,106	25,131	248,321
Total assets	<u>\$ 373,785</u>	<u>\$ 9,078,034</u>	<u>\$ 9,054,371</u>	<u>\$ 397,448</u>

<b>LIABILITIES</b>				
Accounts payable	\$ 32,573	\$ 956,954	\$ 951,546	\$ 37,981
Due to other governments	341,212	47,419,992	47,401,737	359,467
Total liabilities	<u>\$ 373,785</u>	<u>\$48,376,946</u>	<u>\$48,353,283</u>	<u>\$ 397,448</u>

	<b>Payroll Clearing Fund</b>			<b>Balance 06/30/16</b>
	<b>Balance 07/01/15</b>	<b>Additions</b>	<b>Deductions</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 125,866	\$ 8,668,131	\$ 8,682,851	\$ 111,146
Investments	215,346	58,106	25,131	248,321
Total assets	<u>\$ 341,212</u>	<u>\$ 8,726,237</u>	<u>\$ 8,707,982</u>	<u>\$ 359,467</u>

<b>LIABILITIES</b>				
Due to other governments	\$ 341,212	\$47,419,992	\$47,401,737	\$ 359,467

	<b>Flexible Benefits Fund</b>			<b>Balance 06/30/16</b>
	<b>Balance 07/01/15</b>	<b>Additions</b>	<b>Deductions</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,573	\$ 351,797	\$ 346,389	\$ 37,981
<b>LIABILITIES</b>				
Accounts payable	\$ 32,573	\$ 956,954	\$ 951,546	\$ 37,981

nt Rate (Forbes, 2016) Ranked No. 8 in Best Towns for Millennials in America (Niche R  
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4) **One of the Best Towns for Millennials in America**  
**arg, 2015)** U.S. City with the Lowest Unemployment Rate (Forbes, 20

t Small City to Make a Living (MoneyGeek, 2016) Ranked No. 35 in Top 100 Best Places  
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2014) **One of the Healthiest Cities in the US (24/7**  
**mberg, 2015)** U.S. City with the Lowest Unemployment Rate (Forbe

4 Best Small City to Make a Living (MoneyGeek, 2016) Ranked No. 35 in Top 100 Best P  
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ibs Among America's Small College Towns (The SpareFoot I **Statistical Section**  
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or Best Places for STEM Grads (Nerdwallet, 2015) One of the Happiest Small Plac  
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Tech Hubs Among America's Small College Towns (The SpareFoot Blog) **Named one of the 15 Citic**  
out of 421 MSAs for Best Cities for Job Growth (NewGeography, 2015)

ally for Best Places for STEM Grads (Nerdwallet, 2015) One of the Happiest Small  
o in 2015 (Business Insider) **Best College Town in 2014 (Livability.co**  
f the Best-Performing Small Cities (Milken Institute, 2015) Ranked No. 8 Best Places to Live in

2014) **3<sup>rd</sup> Healthiest City in the US (24/7**  
**iberg, 2015)** U.S. City with the Lowest Unemployment Rate (Forbes,

**Best Small City to Make a Living (MoneyGeek, 2016) Ranked No. 35 in Top 100 Best Plac**

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	122
<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	127
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	131
<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	137
<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	139
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 90,093,683	\$ 95,550,370	\$ 101,940,741	\$ 115,002,627	\$ 110,348,921	\$ 111,810,541	\$ 112,305,532	\$ 116,792,110	\$ 120,231,602	\$ 129,469,743
Restricted	6,680,663	12,523,636	9,681,837	14,864,552	15,338,746	20,794,194	12,081,140	18,009,657	19,525,973	19,116,323
Unrestricted	22,301,202	19,525,162	20,852,226	10,530,303	15,638,160	12,237,776	21,194,735	15,726,615	(2,573,072)	871,100
Total governmental activities	119,075,548	127,599,168	132,474,804	140,397,482	141,325,827	144,842,511	145,581,407	150,528,382	137,184,503	149,457,166
<b>Business-type activities</b>										
Net investment in capital assets	224,440,404	226,464,780	233,486,481	239,942,242	243,495,813	251,498,597	272,253,133	277,649,147	303,949,791	317,734,901
Restricted	1,695,740	1,582,837	1,559,234	2,717,216	2,708,889	2,814,032	1,001,294	1,015,822	1,027,652	2,262,200
Unrestricted	136,557,327	147,185,413	143,372,402	169,009,627	218,617,981	249,745,121	268,805,782	310,375,526	261,830,409	258,217,652
Total business-type activities	362,693,471	375,233,030	378,418,117	411,669,085	464,822,683	504,057,750	542,060,209	589,040,495	566,807,852	578,214,753
<b>Primary government</b>										
Net investment in capital assets	314,534,087	322,015,150	335,427,222	354,944,869	353,844,734	363,309,138	384,558,665	394,441,257	424,181,393	447,204,644
Restricted	8,376,403	14,106,473	11,241,071	17,581,768	18,047,635	23,608,226	13,082,434	19,025,479	20,553,625	21,378,523
Unrestricted	158,858,529	166,710,575	164,224,628	179,539,930	234,256,141	261,982,897	290,000,517	326,102,141	259,257,337	259,088,752
Total primary government	\$ 481,769,019	\$ 502,832,198	\$ 510,892,921	\$ 552,066,567	\$ 606,148,510	\$ 648,900,261	\$ 687,641,616	\$ 739,568,877	\$ 703,992,355	\$ 727,671,919

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,281,674	\$ 2,417,083	\$ 2,518,339	\$ 2,492,116	\$ 2,629,067	\$ 2,559,365	\$ 2,755,166	\$ 2,915,560	\$ 4,165,152	\$ 2,686,082
Public safety	11,992,224	13,102,633	13,011,464	13,133,701	14,281,351	15,144,853	15,589,369	15,943,465	12,730,107	15,524,747
Public works	10,185,328	11,675,389	13,090,595	13,780,841	16,339,571	14,938,688	15,352,458	12,721,868	12,482,265	13,650,452
Health and social services	982,108	1,034,327	1,159,050	1,151,848	1,250,292	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361
Culture and recreation	6,147,047	6,591,544	6,668,942	7,043,477	7,703,519	8,818,851	9,082,953	8,536,548	9,857,775	9,770,521
Community and economic development	3,404,127	3,219,621	3,850,712	3,042,375	4,262,698	2,875,118	2,366,904	2,477,986	2,972,753	2,898,115
Capital projects	41,834	-	-	-	-	-	-	-	-	-
Interest	1,532,782	1,537,842	1,571,257	1,471,758	1,469,661	1,298,010	1,369,323	2,174,303	1,577,883	1,635,789
Total governmental activities	<u>36,567,124</u>	<u>39,578,439</u>	<u>41,870,359</u>	<u>42,116,116</u>	<u>47,936,159</u>	<u>46,794,734</u>	<u>47,521,631</u>	<u>45,847,848</u>	<u>44,947,177</u>	<u>47,346,067</u>
Business-type activities:										
Mary Greeley Medical Center	135,819,426	145,581,895	153,741,531	146,809,782	146,292,855	155,374,830	160,369,431	161,792,473	168,891,942	176,918,607
Electric	40,398,204	43,727,636	39,716,298	41,642,821	48,241,832	50,159,375	52,411,173	54,791,141	53,024,205	54,906,155
Sewer	6,069,860	5,979,526	6,485,535	6,923,605	6,719,787	7,956,963	9,122,173	7,848,323	7,435,226	7,229,003
Water	5,811,849	6,054,928	6,514,499	6,827,194	7,099,299	6,630,919	6,856,515	6,894,305	6,866,001	7,383,824
Parking	828,138	856,518	766,381	819,988	805,253	767,154	846,825	876,916	888,452	900,939
Transit	6,911,902	7,597,860	7,685,829	8,682,833	10,010,387	10,002,499	10,629,183	11,391,087	11,859,395	12,216,003
Storm sewer	474,425	458,119	1,080,705	782,489	917,771	918,495	655,522	467,378	644,411	557,890
Ice arena	432,532	480,418	511,334	565,303	526,660	521,670	606,215	578,163	584,702	605,291
Golf course	224,749	217,964	218,708	218,021	230,698	232,689	211,279	206,620	253,997	243,309
Resource recovery	3,887,199	3,636,402	3,914,713	3,855,039	4,310,188	4,184,929	4,375,362	4,670,459	4,577,441	4,320,344
Total business-type activities	<u>200,858,284</u>	<u>214,591,266</u>	<u>220,635,533</u>	<u>217,127,075</u>	<u>225,154,730</u>	<u>236,749,523</u>	<u>246,083,678</u>	<u>249,516,865</u>	<u>255,025,772</u>	<u>265,281,365</u>
Total expenses	<u>237,425,408</u>	<u>254,169,705</u>	<u>262,505,892</u>	<u>259,243,191</u>	<u>273,090,889</u>	<u>283,544,257</u>	<u>293,605,309</u>	<u>295,364,713</u>	<u>299,972,949</u>	<u>312,627,432</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459	130,627	163,655	134,239	172,126
Public safety	2,201,516	2,356,887	2,387,020	2,371,581	2,571,060	2,864,844	3,194,059	3,433,170	3,652,787	3,345,400
Public works	4,443,497	4,461,876	5,181,523	5,865,263	5,231,237	6,601,518	6,026,315	295,874	715,898	277,437
Culture and recreation	1,020,870	1,066,913	1,059,095	1,326,197	1,490,008	2,031,204	1,980,793	1,974,037	2,029,655	1,939,498
Other activities	217,915	197,556	73,674	34,005	24,163	7,630	11,140	15,925	23,015	24,615
Operating grants and contributions	2,595,245	3,545,354	2,437,772	2,524,027	2,758,176	1,091,752	1,192,687	6,940,124	7,173,301	8,521,814
Capital grants and contributions	3,231,618	6,119,361	2,901,619	6,256,045	4,742,929	4,985,082	3,211,001	3,516,122	1,632,753	6,822,367
Total governmental activities	<u>14,527,505</u>	<u>18,585,734</u>	<u>15,408,468</u>	<u>19,685,180</u>	<u>18,222,051</u>	<u>17,700,489</u>	<u>15,746,622</u>	<u>16,338,907</u>	<u>15,361,648</u>	<u>21,103,257</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charges for services										
Mary Greeley Medical Center	145,181,175	152,684,036	156,095,243	156,880,212	160,115,058	171,389,850	175,011,409	174,265,003	184,201,460	181,534,863
Electric	46,307,158	47,973,171	50,432,375	50,113,108	57,545,144	57,195,559	57,353,200	60,016,205	56,636,062	58,511,422
Sewer	4,760,282	4,811,331	5,126,681	5,171,859	5,402,162	6,188,602	6,648,263	7,491,746	8,267,051	8,370,811
Water	6,394,051	6,474,046	6,742,803	7,516,283	7,650,007	8,824,494	9,125,922	9,647,203	9,584,813	9,987,307
Parking	685,500	860,255	792,023	762,746	872,625	779,976	883,899	870,246	891,983	925,177
Transit	3,793,525	4,079,218	4,507,801	4,626,529	5,588,406	4,828,097	5,108,154	5,463,677	5,814,552	6,337,415
Storm sewer	676,692	828,644	878,597	984,077	957,122	1,155,583	1,136,621	1,179,495	1,215,233	1,241,840
Ice arena	389,163	417,715	444,671	433,628	472,015	475,743	471,760	507,203	532,001	544,300
Golf course	198,124	215,923	234,701	246,357	220,388	235,824	220,643	256,221	248,853	268,440
Resource recovery	4,072,777	3,813,799	3,444,001	3,676,954	4,374,268	3,583,946	3,731,936	3,469,877	3,687,927	3,031,997
Operating grants and contributions	1,665,682	2,721,873	2,681,074	2,922,399	2,567,137	2,751,186	2,723,226	3,059,305	3,161,366	3,405,067
Capital grants and contributions	1,724,159	3,290,701	1,345,340	5,819,635	5,541,433	8,991,024	8,604,246	4,708,511	3,304,381	1,474,384
Total business-type activities	215,848,288	228,170,712	232,725,310	239,153,787	251,305,765	266,399,884	271,019,279	270,934,692	277,545,682	275,633,023
Total program revenues	230,375,793	246,756,446	248,133,778	258,838,967	269,527,816	284,100,373	286,765,901	287,273,599	292,907,330	296,736,280
<b>Net (expense) / revenue</b>										
Governmental activities	(22,039,619)	(20,992,705)	(26,461,891)	(22,430,936)	(29,714,108)	(29,094,245)	(31,775,009)	(29,508,941)	(29,585,529)	(26,242,810)
Business-type activities	14,990,004	13,579,446	12,089,777	22,026,712	26,151,035	29,650,361	24,935,601	21,417,827	22,519,910	10,351,658
Total net (expense) / revenue	(7,049,615)	(7,413,259)	(14,372,114)	(404,224)	(3,563,073)	556,116	(6,839,408)	(8,091,114)	(7,065,619)	(15,891,152)
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes	19,313,838	20,147,655	21,436,807	22,215,888	22,821,388	23,485,295	23,913,389	25,273,931	25,988,892	27,114,273
Sales taxes	5,983,409	5,890,362	6,246,630	5,954,773	6,117,664	6,935,154	6,655,355	6,648,615	7,996,943	7,831,295
Hotel / motel taxes	1,298,009	1,106,797	1,822,205	1,142,162	1,416,830	1,518,571	1,760,462	1,845,940	2,113,310	2,272,323
Unrestricted grants and contribution:	15,573	20,676	15,842	15,842	15,990	17,040	17,726	17,819	19,108	20,527
Investment income	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302	18,067	544,414	455,916	699,289
Other income	-	-	-	-	-	314,699	120,071	118,097	133,787	450,340
Gain on disposal of assets	-	-	-	-	-	127,182	16,084	25,501	63,228	140,825
Transfers	231,849	292,383	307,267	351,946	(228,423)	(223,314)	12,751	(18,401)	117,020	(13,399)
Total governmental activities	28,916,686	29,516,325	31,337,527	30,353,614	30,642,453	32,610,929	32,513,905	34,455,916	36,888,204	38,515,473
Business-type activities:										
Investment income	14,184,748	(750,318)	(8,598,734)	11,575,051	17,372,875	4,197,199	13,003,757	26,013,566	8,201,914	1,001,761
Other income	-	-	-	-	-	-	40,761	66,660	64,714	40,083
Gain on disposal of assets	119,501	2,814	1,311	1,151	18,421	5,164,193	35,091	551,139	25,700	-
Special item	-	-	-	-	9,382,844	-	-	-	-	-
Transfers	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314	(12,751)	18,401	(117,020)	13,399
Total business-type activities	14,072,400	(1,039,887)	(8,904,690)	11,224,256	27,002,563	9,584,706	13,066,858	26,649,766	8,175,308	1,055,243
Total primary government	42,989,086	28,476,438	22,432,837	41,577,870	57,645,016	42,195,635	45,580,763	61,105,682	45,063,512	39,570,716
<b>Change in net position</b>										
Governmental activities	6,877,067	8,523,620	4,875,636	7,922,678	928,345	3,516,684	738,896	4,946,975	7,302,675	12,272,663
Business-type activities	29,062,404	12,539,559	3,185,087	33,250,968	53,153,598	39,235,067	38,002,459	48,067,593	30,695,218	11,406,901
Total change in net position	\$35,939,471	\$21,063,179	\$ 8,060,723	\$41,173,646	\$54,081,943	\$42,751,751	\$38,741,355	\$53,014,568	\$37,997,893	\$23,679,564



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 256,946	\$ 276,068	\$ 190,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,289,199	6,377,565	6,933,392	-	-	-	-	-	-	-
Nonspendable	-	-	-	68,171	97,918	96,235	73,623	68,428	90,538	141,713
Assigned	-	-	-	74,962	124,097	147,752	382,930	253,059	296,803	725,077
Unassigned	-	-	-	7,248,755	7,751,289	7,924,363	7,902,465	9,046,946	10,332,050	11,137,621
Total general fund	<u>\$ 6,546,145</u>	<u>\$ 6,653,633</u>	<u>\$ 7,123,991</u>	<u>\$ 7,391,888</u>	<u>\$ 7,973,304</u>	<u>\$ 8,168,350</u>	<u>\$ 8,359,018</u>	<u>\$ 9,368,433</u>	<u>\$ 10,719,391</u>	<u>\$ 12,004,411</u>
All other governmental funds										
Reserved	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects fund	2,110,682	-	-	-	-	-	-	-	-	-
Non-major special revenue funds	11,867,770	12,239,249	10,376,299	-	-	-	-	-	-	-
Nonspendable	-	-	-	2,063,375	1,999,501	1,976,152	2,019,699	1,998,143	2,007,044	2,023,387
Restricted	-	-	-	17,214,109	16,940,269	24,621,403	47,672,976	30,630,963	31,882,923	30,000,397
Committed	-	-	-	6,239,090	5,577,769	1,399,913	1,547,185	1,461,826	1,397,635	2,013,730
Assigned	-	-	-	678,764	1,259,956	316,669	-	-	-	71,393
Unassigned	-	-	-	-	(470,818)	(308,456)	(669,214)	(448,098)	(1,811,003)	(2,479,002)
Total all other governmental funds	<u>\$ 21,598,125</u>	<u>\$ 26,902,437</u>	<u>\$ 22,006,403</u>	<u>\$ 26,195,338</u>	<u>\$ 25,306,677</u>	<u>\$ 28,005,681</u>	<u>\$ 50,570,646</u>	<u>\$ 33,642,834</u>	<u>\$ 33,476,599</u>	<u>\$ 31,629,905</u>

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 26,595,256	\$ 27,144,814	\$ 29,505,642	\$ 29,312,823	\$ 30,355,882	\$ 31,908,563	\$ 32,319,668	\$ 33,755,016	\$ 36,080,369	\$ 37,207,916
Special assessments	139,570	117,218	136,817	301,709	238,106	217,885	306,761	16,590	362,306	222,895
Licenses and permits	983,238	1,083,017	1,071,936	1,068,920	1,138,714	1,327,206	1,707,463	1,892,634	2,017,035	1,687,317
Intergovernmental	8,728,084	8,260,076	7,889,894	11,276,398	11,408,113	9,098,425	9,084,528	10,658,992	8,277,965	14,500,743
Charges for services	3,207,138	3,396,848	3,451,677	3,643,428	3,969,212	4,039,097	3,298,578	3,393,715	3,517,164	3,596,467
Fines and forfeitures	191,626	186,848	214,672	180,059	196,748	214,641	111,014	146,485	138,720	93,652
Investment income	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693	70,115	419,786	404,297	529,364
Miscellaneous	421,027	3,365,417	875,643	412,881	476,659	3,027,255	1,219,633	863,337	825,429	852,639
<b>Total revenues</b>	<b>41,991,382</b>	<b>45,378,664</b>	<b>44,491,888</b>	<b>46,860,682</b>	<b>48,418,610</b>	<b>50,153,765</b>	<b>48,117,760</b>	<b>51,146,555</b>	<b>51,623,285</b>	<b>58,690,993</b>
<b>EXPENDITURES</b>										
Current:										
General government	2,145,983	2,207,062	2,293,741	2,286,774	2,398,630	2,405,265	2,906,491	2,720,623	3,308,736	2,655,547
Public safety	11,896,964	12,927,372	12,917,525	13,250,208	14,252,764	14,938,537	15,287,766	15,839,280	16,237,949	16,664,555
Public works	4,756,831	5,117,634	5,499,791	5,980,354	5,463,593	5,538,204	5,388,832	5,434,191	5,488,851	5,871,433
Health and social services	982,063	1,033,776	1,159,726	1,156,893	1,252,377	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361
Culture and recreation	5,900,650	6,160,922	6,327,050	6,685,162	6,869,276	7,224,794	7,088,894	7,179,033	7,613,063	8,263,043
Community and economic development	3,404,221	3,217,968	3,851,231	3,053,279	4,266,580	2,870,859	2,363,783	2,481,609	2,875,879	2,909,942
Debt service:										
Principal	5,740,028	5,630,919	6,109,953	6,483,396	5,741,838	7,385,280	9,713,723	7,671,776	7,364,829	13,142,882
Interest and fiscal charges	1,557,501	1,620,271	1,681,184	1,595,367	1,595,755	1,389,368	1,440,738	1,815,272	1,765,082	1,995,674
Capital outlay	6,265,482	11,463,042	15,349,040	13,676,401	12,643,534	10,884,449	13,972,053	22,817,899	14,294,598	24,428,030
<b>Total expenditures</b>	<b>42,649,723</b>	<b>49,378,966</b>	<b>55,189,241</b>	<b>54,167,834</b>	<b>54,484,347</b>	<b>53,796,605</b>	<b>59,167,738</b>	<b>67,037,801</b>	<b>60,110,229</b>	<b>77,111,467</b>
Excess (deficiency) of revenues over (under) expenditures	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)	(6,065,737)	(3,642,840)	(11,049,978)	(15,891,246)	(8,486,944)	(18,420,474)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	7,076,994	8,384,379	7,413,364	8,546,195	7,625,145	8,476,754	8,695,389	8,725,886	9,917,519	13,410,870
Transfers out	(6,814,625)	(8,101,641)	(7,107,780)	(8,194,249)	(7,484,112)	(8,627,749)	(8,794,765)	(8,753,037)	(9,879,039)	(13,474,329)
Capital transfers out	-	-	-	-	-	-	-	-	-	-
General obligation bonds issued	5,285,000	9,059,781	5,825,000	11,165,000	6,690,000	6,675,000	30,455,000	-	9,395,000	11,435,000
Premium on general obligation bonds	73,086	69,583	85,108	247,038	197,459	12,885	1,302,774	-	238,187	901,045
Refunding bonds issued	-	-	6,995,000	-	5,980,000	-	2,090,000	-	-	5,150,000
Premium on refunding bonds	-	-	210,985	-	-	-	57,213	-	-	436,214
Payment to refunded bond escrow	-	-	(7,150,000)	-	(7,250,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,620,455</b>	<b>9,412,102</b>	<b>6,271,677</b>	<b>11,763,984</b>	<b>5,758,492</b>	<b>6,536,890</b>	<b>33,805,611</b>	<b>(27,151)</b>	<b>9,671,667</b>	<b>17,858,800</b>
<b>Net change in fund balances</b>	<b>\$ 4,962,114</b>	<b>\$ 5,411,800</b>	<b>\$ (4,425,676)</b>	<b>\$ 4,456,832</b>	<b>\$ (307,245)</b>	<b>\$ 2,894,050</b>	<b>\$ 22,755,633</b>	<b>\$ (15,918,397)</b>	<b>\$ 1,184,723</b>	<b>\$ (561,674)</b>
Debt service as a percentage of noncapital expenditures	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%	28.2%

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

<b>Fiscal Year Ended June 30,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Utilities</b>	<b>Less: Military Tax Exemption</b>	<b>Total Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Assessed Value</b>	<b>Taxable Value as a Percentage of Estimated Actual Assessed Value</b>
2007	\$ 932,834,583	\$ 842,294,846	\$ 108,536,430	\$ 15,836,321	\$ 2,912,270	\$1,896,589,910	\$10.2519	\$3,003,950,459	63.14%
2008	988,802,548	832,616,846	99,794,440	14,985,782	2,888,194	1,933,311,422	10.4359	3,120,176,952	61.96%
2009	1,005,587,549	815,275,464	107,483,480	16,390,291	2,941,902	1,941,794,882	11.0624	3,224,629,664	60.22%
2010	1,081,452,054	825,225,818	110,467,400	16,557,530	2,927,086	2,030,775,716	10.8582	3,327,852,693	61.02%
2011	1,145,943,933	834,382,923	132,671,800	16,025,529	2,849,302	2,126,174,883	10.8458	3,431,600,584	61.96%
2012	1,203,280,867	821,428,238	129,708,000	16,640,931	2,797,446	2,168,260,590	10.8437	3,453,383,950	62.79%
2013	1,274,315,462	817,189,995	132,577,960	18,490,587	2,727,070	2,239,846,934	10.7213	3,485,543,532	64.26%
2014	1,343,486,699	836,448,468	130,392,785	18,309,505	2,667,806	2,325,969,651	10.8578	3,536,735,367	65.77%
2015	1,420,669,916	791,068,230	125,969,430	18,255,332	2,606,690	2,353,356,218	10.8554	3,604,369,966	65.29%
2016	1,552,353,357	757,802,880	120,629,790	16,686,705	2,514,090	2,444,958,642	10.6294	3,789,598,226	64.52%

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 <sup>1</sup>			Total Direct & Overlapping Rates	
	General <sup>2</sup>	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate <sup>3</sup>	Ames School District <sup>4</sup>	Consolidated County <sup>5</sup>		Area Vocational <sup>6</sup>
2007	5.33473	0.56956	0.68478	3.66283	10.25190	13.74398	6.46794	0.68688	31.15070
2008	5.48631	0.59171	0.67178	3.68605	10.43585	13.27297	6.42527	0.60276	30.73685
2009	5.79037	0.62329	0.49436	4.15437	11.06239	13.62557	6.52666	0.56386	31.77848
2010	5.81420	0.62580	0.47270	3.94549	10.85819	13.58764	6.67330	0.56778	31.68691
2011	6.14501	0.61862	0.51112	3.57104	10.84579	14.65339	6.57299	0.56008	32.63225
2012	6.00441	0.63491	0.67239	3.53194	10.84365	14.51772	6.34859	0.59018	32.30014
2013	5.83418	0.65737	0.70627	3.52343	10.72125	14.47262	6.58192	0.58466	32.36045
2014	5.85539	0.64949	0.75345	3.59946	10.85779	14.34904	6.50266	0.69120	32.40069
2015	5.83299	0.65719	0.78331	3.58189	10.85538	14.34759	6.39469	0.65724	32.25490
2016	5.77474	0.65200	0.71216	3.49047	10.62937	14.20276	6.72830	0.67574	32.23617

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

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

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

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

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

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

Source: Story County Auditor

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

<b>Taxpayer</b>	<b>2016</b>			<b>2007</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>
Iowa State University Research	\$ 35,173,530	1	1.44%	\$ 10,544,698	7	0.56%
Barilla America, Inc.	32,579,100	2	1.33%	36,693,600	2	1.93%
Campus Investors IS, LLC	31,609,753	3	1.29%			
Clinic Building Company, Inc.	19,397,610	4	0.79%	15,845,306	3	0.84%
US Bank, NA Trustee <sup>1</sup>	19,019,520	5	0.78%	38,343,636	1	2.02%
Wal-Mart Stores, Inc.	17,100,000	6	0.70%			
Dayton Park, LLC	16,479,445	7	0.67%			
GPT Ames Owner LLC <sup>2</sup>	15,549,300	8	0.64%	11,650,600	6	0.61%
West Towne Condos, LLC	14,398,364	9	0.59%			
University West Property Owner, LLC	14,194,195	10	0.58%			
SUH Iowa State, LLC				13,553,928	4	0.71%
Midwest Centers				12,643,722	5	0.67%
Stanton I, LLC				9,104,812	8	0.48%
SUSA Holding of Story County, Inc.				8,775,000	9	0.46%
Minnesota Mining & Manufacturing Co.				8,695,000	10	0.46%
	<u>\$ 215,500,817</u>		<u>8.81%</u>	<u>\$ 165,850,302</u>		<u>8.74%</u>

<sup>1</sup> Formerly North Grand Mall Partners, LLC

<sup>2</sup> Formerly Cycloneball, LLC

Source: Story County Auditor

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

<b>Fiscal Year Ended June 30,</b>	<b>Tax Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
2007	\$ 19,446,934	\$ 18,984,913	97.62%	\$ 2,254	\$ 18,987,167	97.64%
2008	20,178,912	19,828,739	98.26%	224	19,828,963	98.27%
2009	21,484,466	21,089,753	98.16%	8,062	21,097,815	98.20%
2010	22,054,085	21,869,568	99.16%	152	21,869,720	99.16%
2011	23,064,211	22,514,535	97.62%	3,546	22,518,081	97.63%
2012	23,516,201	23,178,276	98.56%	5,943	23,184,219	98.59%
2013	24,018,714	23,540,944	98.01%	1,970	23,542,914	98.02%
2014	25,261,403	24,795,918	98.16%	2,516	24,798,434	98.17%
2015	25,557,159	24,772,538	96.93%	13	24,772,551	96.93%
2016	26,000,394	25,108,284	96.57%	-	25,108,284	96.57%

Sources: Story County Auditor and City Finance Department

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Outstanding Debt	Percentage of Personal Income <sup>2</sup>	Population <sup>3</sup>	Per Capita
	General Obligation Bonds <sup>1</sup>	General Obligation Bonds <sup>1</sup>	Revenue Bonds <sup>1</sup>	Notes Payable	Loans Payable				
2007	\$36,599,694	\$ 1,326,941	\$23,717,255	\$ 27,865	\$ -	\$61,671,755	5.04%	54,012	\$1,142
2008	40,083,868	1,355,644	22,582,909	-	-	64,022,421	5.08%	55,599	1,152
2009	39,883,464	3,329,193	21,516,866	3,197,834	-	67,927,357	5.17%	56,510	1,202
2010	44,714,741	2,673,753	20,421,954	5,813,116	726,804	74,350,368	5.65%	56,657	1,312
2011	44,448,603	2,442,080	19,077,870	4,395,970	683,896	71,048,419	5.56%	58,965	1,205
2012	43,633,557	2,203,850	83,391,700	2,933,922	535,182	132,698,211	9.63%	58,965	2,250
2013	67,647,632	4,660,760	89,571,199	1,611,285	4,167,950	167,658,826	12.08%	58,965	2,843
2014	59,811,442	4,191,151	86,942,752	568,517	8,884,606	160,398,468	11.47%	58,965	2,720
2015	61,891,291	4,001,571	84,078,724	122,457	14,519,773	164,613,816	11.77%	58,965	2,792
2016	66,260,584	5,399,300	100,601,136	-	35,976,370	208,237,390	14.66%	58,965	3,532

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

<sup>2</sup> Personal income is presented on page 137.

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds<sup>1</sup></b>	<b>Less: Amounts Available in Debt Service Fund<sup>2</sup></b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property<sup>3</sup></b>	<b>Per Capita<sup>4</sup></b>
2007	\$ 37,926,635	\$ 1,107,194	\$ 36,819,441	1.23%	\$ 682
2008	41,439,512	1,423,410	40,016,102	1.28%	720
2009	43,212,657	1,990,754	41,221,903	1.28%	729
2010	47,388,494	2,467,664	44,920,830	1.35%	793
2011	46,890,683	1,942,412	44,948,271	1.31%	762
2012	45,837,407	1,658,922	44,178,485	1.28%	749
2013	72,308,392	1,260,206	71,048,186	2.04%	1,205
2014	64,002,593	603,260	63,399,333	1.79%	1,075
2015	65,892,862	594,468	65,298,394	1.81%	1,107
2016	71,659,884	773,472	70,886,412	1.87%	1,202

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

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

<sup>3</sup> See page 127 for property value data.

<sup>4</sup> See page 137 for population data.



**City of Ames**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Amount Applicable to Primary Government</b>
Debt repaid with property taxes:			
Ames Community School District	\$29,140,000	97.93%	\$ 28,536,802
Gilbert Community School District	18,835,000	50.36%	9,485,306
Des Moines Area Community College <sup>1</sup>	54,995,000	6.18%	3,398,691
Nevada Community School District	7,165,000	0.10%	7,165
Story County	6,404,775	59.66%	3,821,089
Other debt:			
Ames Community School District revenue bonds	10,000,000	97.93%	9,793,000
Gilbert Community School District revenue bonds	11,110,000	50.36%	5,594,996
Des Moines Area Community College revenue bonds	2,890,000	6.18%	178,602
Des Moines Area Community College capital notes	27,965,000	6.18%	1,728,237
Nevada Community School District revenue bonds	13,835,000	0.10%	13,835
Subtotal, overlapping debt			<u>62,557,723</u>
City direct debt			<u>66,260,584</u>
Total direct and overlapping debt			<u><u>\$ 128,818,307</u></u>

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

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

Source: Debt outstanding provided by each governmental unit. Applicable percentages calculated based

**City of Ames  
Legal Debt Margin  
June 30, 2016**

Legal debt margin for the fiscal year ended June 30, 2016:

Assessed value	\$ 3,789,598,226
Debt limit (5% of actual value)	\$ 189,479,911
Debt applicable to limit:	
General obligation bonds	68,825,000
Legal debt margin	\$ 120,654,911
Percentage of net debt margin available	63.68%
Percentage of net debt margin exhausted	36.32%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2016	\$ 189,479,911	\$ 68,825,000	63.68%
2015	180,218,498	64,110,000	64.43%
2014	176,836,768	62,260,000	64.79%
2013	174,277,177	70,385,000	59.61%
2012	172,669,198	45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
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%

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

**Hospital Revenue Bond**

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service<sup>1</sup></b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2007	\$ 157,405,562	\$ 124,439,101	\$ 32,966,461	\$ 1,530,000	\$ 1,117,513	12.45
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18
2009	146,226,111	140,766,706	5,459,405	1,060,000	1,025,413	2.62
2010	167,770,114	133,553,941	34,216,173	1,090,000	993,613	16.42
2011	177,039,866	132,028,206	45,011,660	1,340,000	954,863	19.61
2012	175,097,050	139,964,878	35,132,172	1,375,000	3,069,633	7.90
2013	188,066,236	145,546,625	42,519,611	1,915,000	3,682,094	7.60
2014	199,577,154	145,968,125	53,609,029	2,755,000	3,869,900	8.09
2015	191,826,797	147,149,250	44,677,547	2,825,000	3,803,608	6.74
2016	181,830,144	153,761,276	28,068,868	2,890,000	3,735,480	4.24

**Electric Revenue Bond**

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2007	\$ 47,486,293	\$ 36,571,857	\$ 10,914,436	\$ 1,860,000	\$ 54,150	5.70
2008	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	58,511,422	51,059,004	7,452,418	800,000	161,946	7.75

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

**Sewer Capital Loan Note**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service <sup>2</sup>		Coverage
				Principal	Interest	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	6,643,819	7,083,679	(439,860)	-	3,019	(145.70)
2014	7,491,746	5,809,744	1,682,002	128,000	20,300	11.34
2015	8,267,051	5,334,578	2,932,473	131,000	38,999	17.25
2016	8,370,811	4,751,416	3,619,395	134,000	44,520	20.27

**Water Capital Loan Note**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	9,584,813	5,560,459	4,024,354	-	64,982	61.93
2016	9,987,307	5,771,458	4,215,849	-	454,561	9.27

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

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

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

<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Personal Income</b>	<b>School Enrollment<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2006	54,012	22,657	1,223,749,884	4,320	2.4%
2007	55,599	22,657	1,259,706,543	4,351	2.5%
2008	56,510	23,231	1,312,783,810	4,340	2.7%
2009	56,657	23,231	1,316,198,767	4,358	3.9%
2010	58,965	21,655	1,276,887,075	4,280	4.1%
2011	58,965	23,363	1,377,599,295	4,224	4.1%
2012	58,965	23,547	1,388,448,855	4,229	3.9%
2013	58,965	23,713	1,398,237,045	4,247	3.2%
2014	58,965	23,713	1,398,237,045	4,171	2.7%
2015	58,965	24,082	1,419,995,130	4,181	2.4%

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

<sup>2</sup> Ames School District

<sup>3</sup> Iowa Workforce Development

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

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Iowa State University	16,647	1	29.11%	13,882	1	28.94%
City of Ames	1,358	2	2.37%	814	5	1.70%
Mary Greeley Medical Center	1,309	3	2.29%	1,365	2	2.85%
Iowa Department of Transportation	962	4	1.68%	1,200	3	2.50%
McFarland Clinic, P.C.	927	5	1.62%	825	4	1.72%
Danfoss <sup>1</sup>	921	6	1.61%	802	6	1.67%
Hy-Vee Food Stores	775	7	1.36%			
Ames Community School District	635	8	1.11%	680	7	1.42%
Workiva	450	9	0.79%			
Wal-Mart	441	10	0.77%			
3M Company				400	8	0.83%
Hach Companies				340	9	0.71%
Ames Laboratories				309	10	0.64%
Total			42.71%			42.98%

<sup>1</sup> Formerly Sauer-Danfoss

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

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
Management services	22.25	22.25	22.50	23.50	22.50	22.25	23.25	23.25	23.25	23.25
Finance	38.75	39.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75
Planning and housing	10.50	10.50	10.50	10.50	10.50	8.00	8.00	8.00	7.00	7.00
Administrative services <sup>1</sup>	-	-	-	-	-	-	-	-	6.50	6.00
Fleet services/facilities	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	73.70	73.70	75.70	75.70	75.95	75.95	75.95	75.95	81.55	84.05
Fire/inspections	63.00	65.00	68.00	68.00	68.00	68.50	68.50	68.50	65.00	65.00
Police/animal control/parking	74.40	74.40	74.65	74.65	77.65	77.65	77.65	77.65	77.65	77.65
Library	30.50	31.00	31.00	31.00	31.00	31.50	31.50	31.50	35.25	35.50
Parks and recreation	22.00	20.50	20.50	20.50	20.50	19.50	19.50	19.50	19.50	19.50
Water and pollution control <sup>2</sup>	41.00	41.50	41.50	41.50	41.50	41.50	41.50	41.25	40.05	40.05
Electric	79.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.50	2.00
Engineering	12.00	13.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00	15.75
Resource recovery	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Hospital	1,019.33	1,055.70	1,088.50	1,044.00	1,055.00	1,064.00	1,092.00	1,082.00	1,050.00	1,071.00
Total	<u>1,555.68</u>	<u>1,597.80</u>	<u>1,638.10</u>	<u>1,594.60</u>	<u>1,607.85</u>	<u>1,615.10</u>	<u>1,644.10</u>	<u>1,633.85</u>	<u>1,610.50</u>	<u>1,636.00</u>

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

<sup>2</sup> Water and pollution control combines the prior year divisions of water and waste water treatment.

Source: City Finance Department

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
Number of licenses/permits processed <sup>1</sup>	877	1,003	650	537	512	462	539	524	617	559
Subdivision requests	14	14	15	13	13	7	18	17	15	27
Police:										
Physical arrests	1,340	1,468	1,599	1,417	1,415	1,395	1,463	1,588	1,531	1,362
Parking violations	56,566	57,931	54,754	46,354	52,147	48,947	44,100	45,530	46,759	50,280
Traffic violations	3,820	3,012	2,724	3,080	2,953	4,068	3,204	2,543	2,981	2,451
Fire:										
Number of fires	169	165	162	148	175	188	137	150	107	126
Number of ambulance assists	1,711	1,877	1,927	2,099	2,211	2,178	2,325	2,471	2,464	2,442
Inspections	974	1,018	632	731	1,011	829	1,058	1,263	1,205	1,435
Library:										
Total circulation	1,361,888	1,346,924	1,386,273	1,431,023	1,388,273	1,343,758	1,222,547	1,205,620	1,255,953	1,304,434
Library visits	459,000	462,967	424,504	435,572	416,908	443,895	323,859	226,690	426,608	506,034
Parks and recreation:										
Total number of participant visits <sup>2</sup>	117,790	251,445	244,856	254,365	303,012	320,533	287,504	294,978	279,103	293,757
Total number of activities <sup>3</sup>	156	146	147	147	149	148	154	160	175	187
Resource recovery:										
Tons of refuse processed	50,792	52,482	50,057	50,614	56,789	53,731	48,244	27,878	50,035	41,646
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works:										
Blocks of streets crack sealed	124	108	51	45	65	110	92	123	90	66
Blocks of streets slurry sealed	-	46	-	-	-	-	-	11	22	36
Blocks of seal coat reconstruction	-	12	14	17	8	6	7	8	4	16
Hospital:										
Total admissions	10,113	10,002	9,748	9,292	9,918	9,617	8,768	8,289	8,298	7,867
Average percent of occupancy	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%	54.1%	52.1%	50.5%	49.3%
Electric:										
Kilowatt hours produced at plant	497,522,088	429,927,000	413,485,892	340,892,874	341,229,148	307,447,978	318,394,938	282,348,784	278,471,640	243,388,530
Meters in service	23,827	23,946	24,237	24,290	24,436	24,844	25,141	25,353	26,023	26,232
Transit:										
Passengers	4,314,151	4,646,554	5,002,146	5,377,155	5,447,289	5,759,883	5,892,786	6,619,182	6,711,665	6,785,479
Total miles driven	1,234,775	1,287,789	1,317,336	1,381,832	1,421,852	1,412,162	1,384,270	1,493,983	1,599,493	1,658,443
Water:										
Billion gallons per year pumped	2.440	2.330	2.029	1.961	2.074	2.151	2.082	2.131	2.022	2,110,000
Utility locates performed	5,500	5,502	5,650	5,417	6,471	6,466	6,247	6,185	6,615	8,121
Water main breaks	51	44	29	23	37	18	42	47	19	19
Wastewater:										
Billion gallons per year treated	2.475	2.507	2.438	2.385	2.501	1.906	2.093	1.936	2.389	2.690

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

<sup>2</sup> Golf course participants added in 2008. Aquatic center opened in 2010. Ice arena participants added in 2016 for fiscal years 2008 through 2016.

<sup>3</sup> Aquatic activities added for all fiscal years in 2016.

Sources: City departments and Mary Greeley Medical Center



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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	9	9	9	9	9	11	11	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	34	34	36	36	36	36	37	37	37	37
Total number of park acres	1,199	1,199	1,213	1,213	1,213	1,213	1,224	1,227	1,227	1,227
Total number of athletic fields	18	18	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets	244	246	250	254	260	272	288	290	291	291
Number of traffic signals	59	59	63	70	70	70	70	67	67	67
Number of signs	9,291	9,274	9,441	9,575	9,759	9,852	9,486	9,489	9,485	9,509
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	63	66	70	72	79	84	89	93	104	105
New buses purchased	4	-	4	14	7	7	2	-	6	9
Water:										
Miles of water mains	243	235	236	240	241	241	241	243	247	254
Fire hydrants	2,451	2,577	2,586	2,619	2,650	2,648	2,663	2,700	2,771	2,847
Wells	25	28	28	28	28	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	195	201	199	200	201	202	202	203	204	204
Storm sewer miles	231	249	257	257	261	263	265	260	263	271

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

Sources: City departments and Mary Greeley Medical Center

nt Rate (Forbes, 2016) Ranked No. 8 in Best Towns for Millennials in America (Niche R  
Hubs Among America's Small College Towns (The SpareFoot Blog) Named one of the 15 Cities  
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4) **One of the Best Towns for Millennials in America**  
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## **Compliance Section**

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2014) **3<sup>rd</sup> Healthiest City in the US (24/7**  
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**Best Small City to Make a Living (MoneyGeek, 2016)** Ranked No. 35 in Top 100 Best Plac



CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2016. Other auditors audited the financial statements of Mary Greeley Medical Center (presented as an enterprise fund), as described in our report on the financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2016-A in Part II of the schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Response to Finding**

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

### **Purpose of this Report**

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



Dubuque, Iowa  
December 12, 2016



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

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Ames, Iowa's (City), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the 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, 2016.

## Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa  
December 12, 2016

**City of Ames**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2016
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants / Entitlement Grants	14.218		\$ 791,495
Total U.S. Department of Housing and Urban Development			<u>791,495</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		8,081
Edward Byrne Memorial Justice Grant Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		11,700
Edward Byrne Memorial Justice Assistance Grant Program	16.738		6,698
Total U.S. Department of Justice			<u>26,479</u>
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106		386,948
Airport Improvement Program	20.106		150,000
			<u>536,948</u>
Pass-through Program from Iowa Department of Transportation:			
Highway Planning and Construction	20.205	16MPO-AAMPO	186,384
Highway Planning and Construction	20.205	2016-017-015-16	83,579
Highway Planning and Construction	20.205	BRM-0155(685)--8N-85	1,000,000
Highway Planning and Construction	20.205	STP-U-0155(681)--70-85	8,829
Highway Planning and Construction	20.205	STP-U-0155(688)--70-85	1,182,987
Highway Planning and Construction	20.205	STP-U-0155(691)--70-85	228,551
Highway Planning and Construction	20.205	TAP-U-0155(682)--8I-85	360,000
			<u>3,050,330</u>
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500		8,707
Federal Transit-Capital Investment Grants	20.500		11,995
Federal Transit-Formula Grants	20.507		1,951,176
			<u>1,971,878</u>
Pass-through Program from Iowa Department of Transportation:			
Enhanced Mobililty of Senior and Individuals with Disabilities	20.513	16-X002-015-12	20,025
Enhanced Mobililty of Senior and Individuals with Disabilities	20.513	16-X005-015-15	151,932
Enhanced Mobililty of Senior and Individuals with Disabilities	20.513	16-X002-015-16	8,980
Enhanced Mobililty of Senior and Individuals with Disabilities	20.513	16-X005-375-015-16	42,832
			<u>223,769</u>
Direct Program:			
Alternatives Analysis	20.522		8,092
Pass-through Program from Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 15-402-M0AL, Task 01-00-00	2,545
State and Community Highway Safety	20.600	PAP 16-402-M0AL, Task 01-00-00	27,021
			<u>29,566</u>
Total U.S. Department of Transportation			<u>5,820,583</u>

**City of Ames**  
**Schedule of Expenditures of Federal Awards (continued)**  
**For the Year Ended June 30, 2016**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2016
U.S. Environmental Protection Agency:			
Pass-through Program from Iowa Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DF0322RT	<u>5,716,541</u>
Total U.S. Environmental Protection Agency			<u>5,716,541</u>
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5886I471	<u>3,767</u>
Total U.S. Department of Health and Human Services			<u>3,767</u>
U.S. Department of Homeland Security:			
Pass-through Program from Iowa Department of Homeland Security and Emergency Management			
Hazard Mitigation Grant	97.039	HMGP-DR-1998-0033 01	<u>99,583</u>
Total U.S. Department of Homeland Security			<u>99,583</u>
Total Expenditures of Federal Awards			<u>\$ 12,458,448</u>



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ames, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. There was no assistance provided to subrecipients during the year ended June 30, 2016.

**Note 2 - Significant Accounting Policies**

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

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

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
66.468	Capitalization Grants for Drinking Water State Revolving Funds
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

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

**Material Weakness**

**2016-A      Material Audit Adjustments**

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

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

**Cause** – The material audit adjustments were to adjust capital assets additions.

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

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

**Views of Responsible Officials** – The City agrees with the recommendation.

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

There were no federal findings and questioned costs to report.

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

- 2016-IA-A     **Certified Budget** – Disbursements during the year ended June 30, 2016, did not exceed the amount budgeted.
  
- 2016-IA-B     **Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
  
- 2016-IA-C     **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
  
- 2016-IA-D     **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Karen Stephan, Account Clerk Husband is owner of Scott’s Heating, Cooling & Plumbing	Services	\$       11,814
Justin Kepley, Employee Dad, Dave Kepley, is owner of Dave’s Auto & Truck Service, Inc.	Towing Services	2,496
Jan Heuss, Employee, Daughter is owner of Heuss Printing, Inc.	Printing Services	160

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Heuss Printing do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Scott’s Heating, Cooling & Plumbing and Dave’s Auto & Truck Service, Inc. do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

- 2016-IA-E     **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
  
- 2016-IA-F     **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

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

- 2016-IA-G      **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- 2016-IA-H      **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.
- 2016-IA-I      **Annual Urban Renewal Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

**Prior Audit Findings Related to the Financial Statements:**

2015-A      **Material Audit Adjustment**

**Initial Fiscal Year Finding Occurred: 2015**

**Finding Summary:** During the course of our fiscal year 2015 engagement, we proposed a material audit adjustment to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in material misstatements of the City's financial statements. The material audit adjustment was to reverse disposals of capital assets from the electric fund which were thought to be disposed.

**Status:** During the fiscal year 2016 audit, material capital asset audit adjustment were proposed. As such, a repeat finding was reported (finding 2016-A).

**Prior Audit Findings and Questioned Costs for Federal Awards:**

There were no prior year federal findings.