

ITEM #: 17
DATE: 02-11-25
DEPT: FIN

COUNCIL ACTION FORM

SUBJECT: RESOLUTION TO APPROVE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024

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 Annual Comprehensive Financial Report, 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 money
- 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 Annual Comprehensive Financial Report is made up of many sections and contains information that may seem confusing even to those who are familiar with private sector accounting reports.

The main difference between private sector accounting and governmental accounting is the use of fund accounting. Fund accounting is 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 annual comprehensive financial report 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 Annual Comprehensive Financial Report. 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, 2024, 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 fiduciary fund, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of

the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America with the exception described below.

AUDIT OPINION AND REPORT

The auditor’s report on the financial statements is an unmodified or “clean” opinion. There were no significant deficiencies or material audit adjustments.

Also included with the report is the Management Letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. The letter confirms that there were no other issues to report related to the June 30, 2024 audit.

ALTERNATIVES:

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

CITY MANAGER'S RECOMMENDED ACTION:

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

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

ATTACHMENT(S):

[2024 ACFR Report.pdf](#)

[City of Ames 2024 Governance Letter 21406.pdf](#)