



CITY OF  
**Ames**<sup>™</sup>



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**CITY OF AMES, IOWA**

**CITY OF AMES, IOWA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

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**

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# SOLID CONTACT UNIT



# INTRODUCTORY SECTION





December 14, 2017

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, 2017, 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, 2017. 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 2017, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the fifth lowest unemployment rate in the nation at 2.0%, well below the national rate of 4.1% and Iowa rate of 3.2%. The City has continued a trend of seven 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 2016 population estimate was 66,191, indicating continued population growth.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The assessed valuation for property in Ames grew by 2.5% from January 2015 to January 2016. ISU recorded the second highest enrollment in school history with 36,321 students enrolled for the fall 2017 semester.

The commercial and industrial sectors have continued to grow in Ames as the recently completed expansion to the ISU Research Park has seen the addition of services to help attract and retain employees in the area with a new fitness center, restaurant, medical clinic, and child care center. The largest industrial property in Ames has begun a significant expansion with Barilla America's \$62 million project providing additional pasta production facilities. This follows a \$26.5 million expansion in 2015 to add popular gluten free product lines.

The retail, service, and housing sectors have also seen continued growth. Retail sales grew by 3.8% for the fiscal year ended June 30, 2017. 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. The Ames Municipal Airport has seen the addition of a new hanger and the opening of a new airport terminal building. Expansion of local business include the completion of a Super WalMart and Aldi grocery, both extended replacements of existing businesses.

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

The construction of the new water treatment plant was completed and, with design for expansion, is expected to provide water service capacity well into the future. Work has continued on improving major arterial transportation corridors with reconfiguration of the Duff Avenue major retail commercial corridor and continued work to extend Grand Avenue. These and other street improvements have also included facilities to support bike and pedestrian modes of transportation. The City has also begun work to modify low head dams to improve safety for users of the waterways as well as provide greatly enhanced recreational opportunities.

### ***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, 2016. This is the 38th 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, 2017. 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 32nd 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

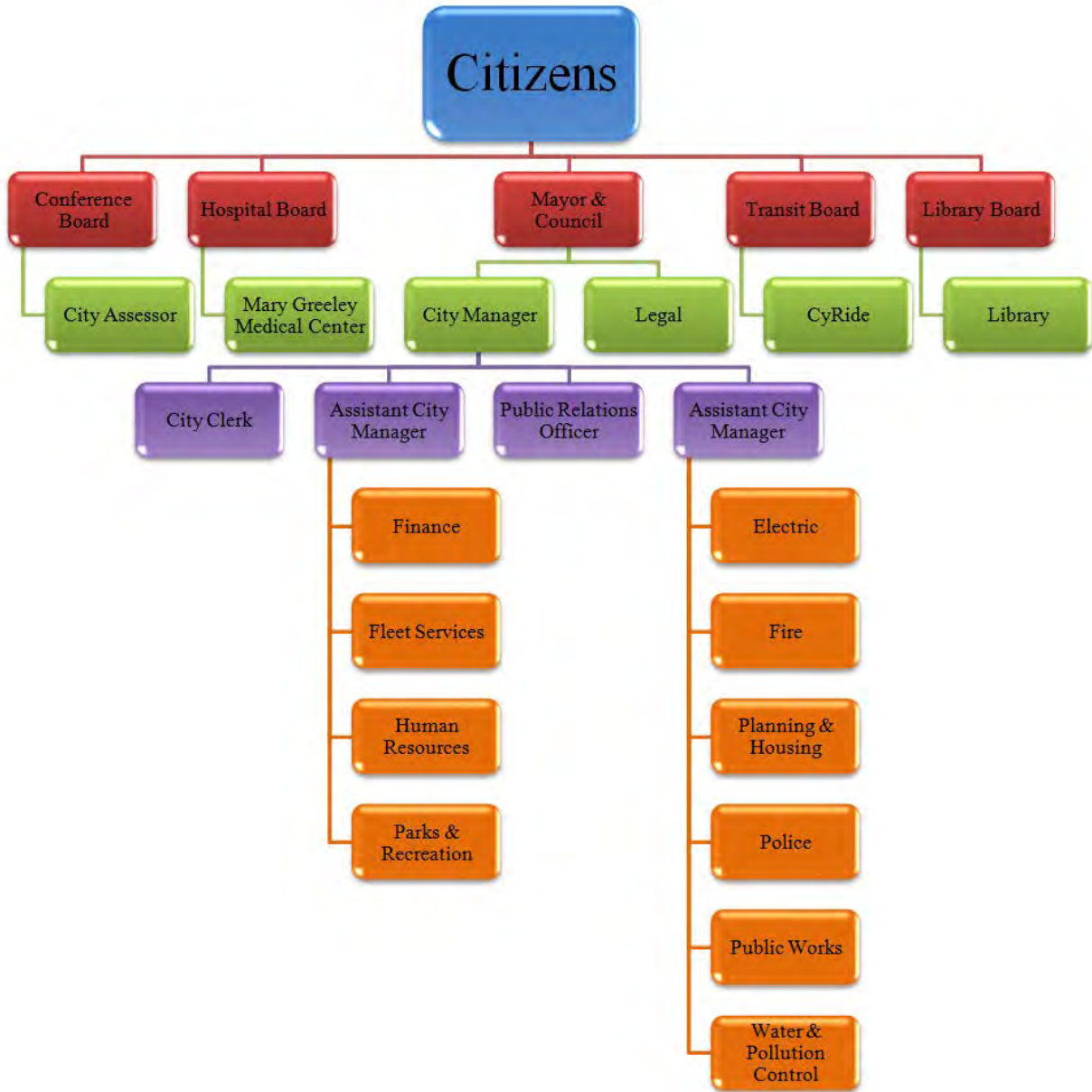
**City of Ames  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**City of Ames  
Organizational Chart  
June 30, 2017**



**City of Ames**  
**List of Elected and Appointed Officials**  
**June 30, 2017**

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	Vacant

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 Boothroy
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

# CASCADE AERATORS



## FINANCIAL SECTION





## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2017, 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, 55 percent, and 63 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, 2017, 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.

### **Emphasis of Matter**

#### *Net Position Restatement*

As discussed in Note IV(P) to the financial statements, the City identified and corrected an error in previously reported receivables. Accordingly, adjustments were made to restate beginning net position. Our opinion is not modified with respect to this matter.

### **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 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 or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dubuque, Iowa  
December 14, 2017

## 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, 2017. 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 \$786,691,601 (*net position*). Of this amount, \$304,966,683 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 \$57,045,378, most of which was attributable to the business-type activities. Mary Greeley Medical Center's (hospital) favorable investment performance accounted for approximately \$27 million of the increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$45,056,349, an increase of \$1,422,033 in comparison with the prior year. Approximately 18.93% of this amount (\$8,528,973) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the General Fund was \$12,079,766, or approximately 40.29% of total General Fund expenditures.
- The City's total long-term outstanding debt increased by \$25,538,461 during the current fiscal year, because of approximately \$30 million in funds drawn down on State Revolving Funds for construction of the new water plant.
- Within the City's business-type activities, revenues exceeded expenses by \$47,243,552. The City policy is to set rates that fund operational expenses of business-type activities and most capital improvements. The increase in net position represents funds accumulated for planned future capital expenses, including capital investment to stay current with technology at the hospital 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 38-88 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 90-98 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 102-120 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 \$786,691,601 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.

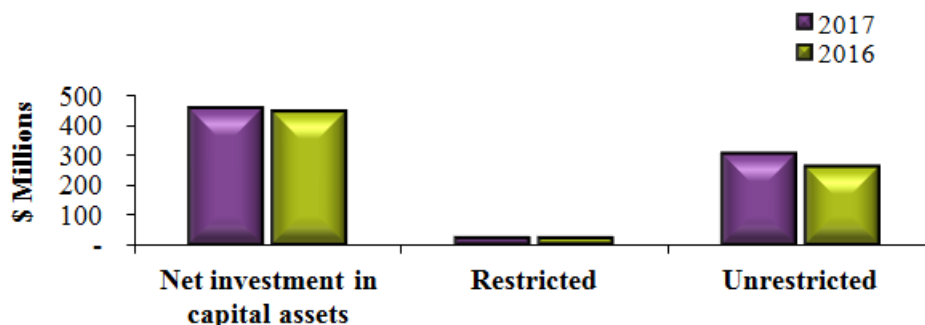
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 88,005,243	\$ 87,270,834	\$ 397,623,534	\$ 350,331,399	\$ 485,628,777	\$ 437,602,233
Net capital assets	189,992,928	182,903,760	479,279,198	450,304,237	669,272,126	633,207,997
Total assets	277,998,171	270,174,594	876,902,732	800,635,636	1,154,900,903	1,070,810,230
Deferred outflows of resources	8,968,435	4,963,345	26,340,698	18,306,418	35,309,133	23,269,763
Long-term liabilities outstanding	68,137,746	69,260,429	182,135,041	157,604,343	250,272,787	226,864,772
Other liabilities	30,910,504	27,401,085	91,270,936	76,745,646	122,181,440	104,146,731
Total liabilities	99,048,250	96,661,514	273,405,977	234,349,989	372,454,227	331,011,503
Deferred inflows of resources	28,659,364	29,019,259	2,404,844	6,377,312	31,064,208	35,396,571
Net position:						
Net investment in capital assets	137,632,652	129,469,743	320,823,796	317,734,901	458,456,448	447,204,644
Restricted	20,842,946	19,116,323	2,425,524	2,262,200	23,268,470	21,378,523
Unrestricted	783,394	871,100	304,183,289	258,217,652	304,966,683	259,088,752
Total net position	\$ 159,258,992	\$ 149,457,166	\$ 627,432,609	\$ 578,214,753	\$ 786,691,601	\$ 727,671,919

The largest portion of the City's net position (58.28%) 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 (\$23,268,470, or 2.96%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$304,966,683 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.

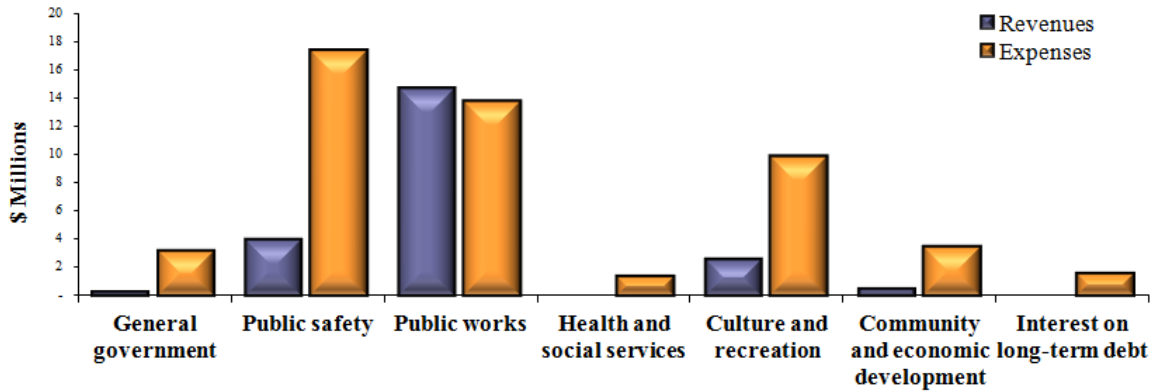
The following chart shows the components of net position for the years ended June 30, 2017 and 2016:



**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$9,801,826 for an ending balance of \$159,258,992. Taxes are the largest source of governmental revenue with property taxes of \$28,166,804 and local option sales taxes of \$7,711,124 in 2017. The \$1,052,531 increase in property tax collections in 2017 over 2016 is due to an increase in taxable valuation. Charges for services increased \$0.6 million over 2016 revenues, with most of that increase coming from an increase in building, electrical, mechanical, and plumbing permits. Valuations for both residential and commercial permits increased because of the multiple construction projects going on in the City.

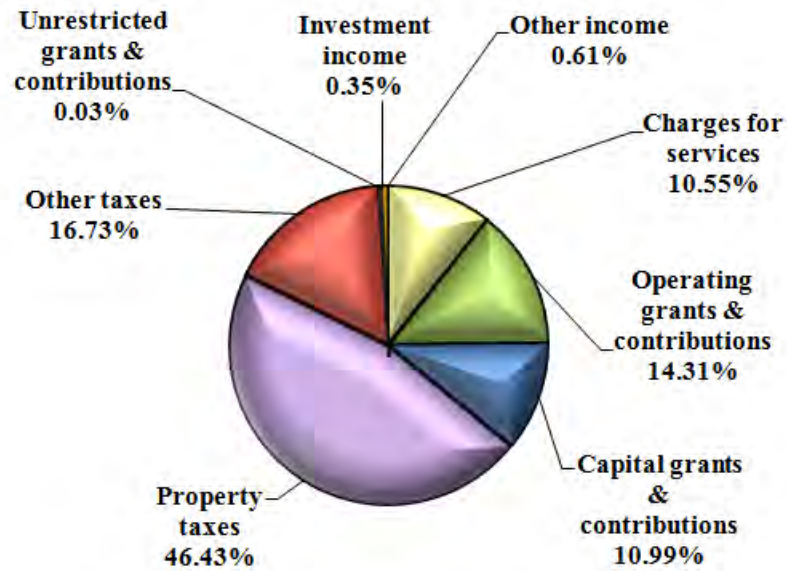
Governmental activities expenses increased \$3.0 million from 2016, or 6.44% mainly due to adding staff to fill vacancies and an increase to authorized positions in public safety.

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



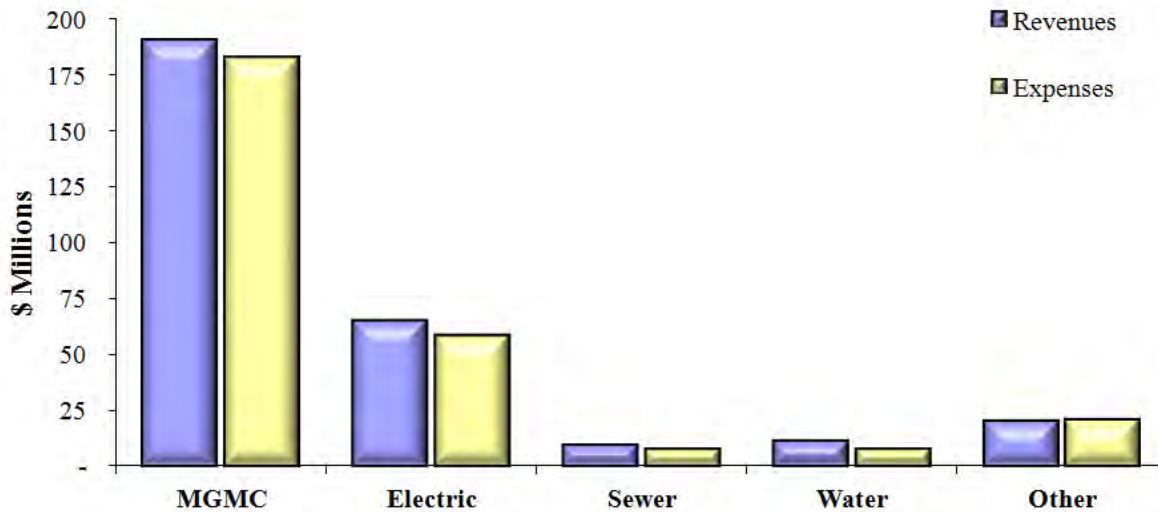
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 6,401,588	\$ 5,759,076	\$ 286,788,902	\$ 270,753,572	\$ 293,190,490	\$ 276,512,648
Operating grants & contributions	8,681,507	8,521,814	5,080,151	3,405,067	13,761,658	11,926,881
Capital grants & contributions	6,664,323	6,822,367	4,752,319	1,474,384	11,416,642	8,296,751
General revenues						
Property taxes	28,166,804	27,114,273	-	-	28,166,804	27,114,273
Other taxes	10,146,880	10,103,618	-	-	10,146,880	10,103,618
Unrestricted grants & contributions	20,565	20,527	-	-	20,565	20,527
Investment earnings	211,126	699,289	27,543,163	1,001,761	27,754,289	1,701,050
Other	370,386	591,165	466,358	40,083	836,744	631,248
Total revenues	60,663,179	59,632,129	324,630,893	276,674,867	385,294,072	336,306,996
<b>Expenses:</b>						
General government	3,136,291	2,686,082	-	-	3,136,291	2,686,082
Public safety	17,292,304	15,524,747	-	-	17,292,304	15,524,747
Public works	13,698,162	13,650,452	-	-	13,698,162	13,650,452
Health & social services	1,342,880	1,180,361	-	-	1,342,880	1,180,361
Culture & recreation	9,872,288	9,770,521	-	-	9,872,288	9,770,521
Community & economic development	3,461,393	2,898,115	-	-	3,461,393	2,898,115
Interest on long-term debt	1,592,039	1,635,789	-	-	1,592,039	1,635,789
Mary Greeley Medical Center	-	-	182,728,675	176,918,607	182,728,675	176,918,607
Electric	-	-	58,618,483	54,906,155	58,618,483	54,906,155
Sewer	-	-	7,574,949	7,229,003	7,574,949	7,229,003
Water	-	-	8,122,396	7,383,824	8,122,396	7,383,824
Parking	-	-	887,679	900,939	887,679	900,939
Transit	-	-	13,208,178	12,216,003	13,208,178	12,216,003
Storm sewer	-	-	1,231,885	557,890	1,231,885	557,890
Ames/ISU Ice Arena	-	-	602,774	605,291	602,774	605,291
Homewood Golf Course	-	-	258,459	243,309	258,459	243,309
Resource Recovery	-	-	4,619,859	4,320,344	4,619,859	4,320,344
Total expenses	50,395,357	47,346,067	277,853,337	265,281,365	328,248,694	312,627,432
Increase in net position before transfers	10,267,822	12,286,062	46,777,556	11,393,502	57,045,378	23,679,564
Transfers	(465,996)	(13,399)	465,996	13,399	-	-
Increase in net position	9,801,826	12,272,663	47,243,552	11,406,901	57,045,378	23,679,564
Net position, beginning (as previously reported)	149,457,166	137,184,503	578,214,753	566,807,852	727,671,919	703,992,355
Net position restatement	-	-	1,974,304	-	1,974,304	-
Net position, beginning (as restated)	149,457,166	137,184,503	580,189,057	566,807,852	729,646,223	703,992,355
Net position, ending	\$ 159,258,992	\$ 149,457,166	\$ 627,432,609	\$ 578,214,753	\$ 786,691,601	\$ 727,671,919

The following chart shows revenues by source for governmental activities:



**Business-Type Activities.** Business-type activities increased net position by \$47,243,552, accounting for 82.82% of the City's growth at June 30, 2017. The hospital's increase in adjusted admissions (8.1% higher than budget) led to net revenues of \$7.8 million. Investment income for the hospital was \$27 million compared to \$0.3 million in 2016 due to favorable investment performance and joint venture operations.

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



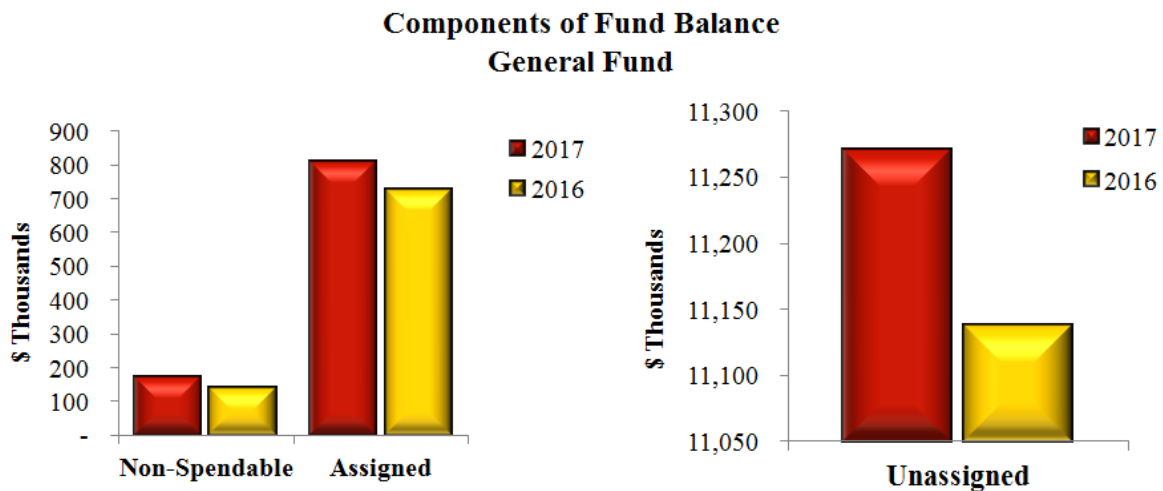
## Financial Analysis of Governmental Funds

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 \$45,056,349 at June 30, 2017, an increase of \$1,422,033 from the prior year. Approximately 19% of this amount (\$8,528,973) 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 (\$269,368); 2) legally required to be maintained intact (\$1,962,853); 3) restricted for particular purposes (\$31,507,537); 4) committed for particular purposes (\$1,978,585); or 5) assigned for particular purposes (\$809,033).

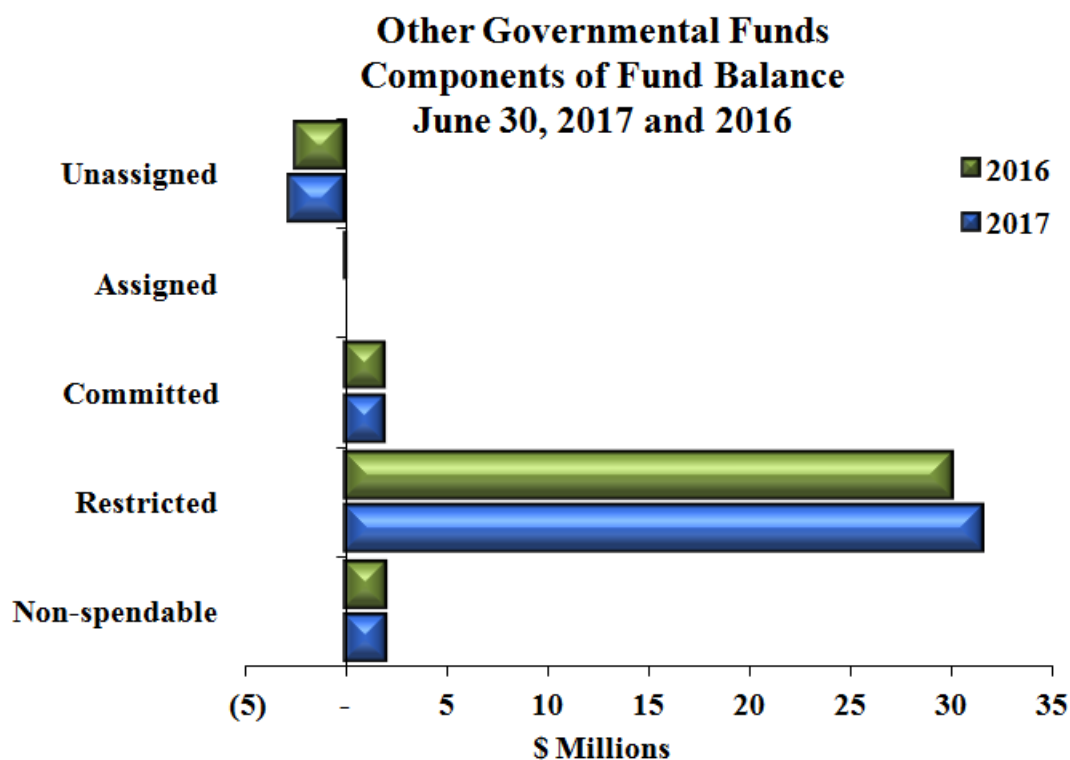
The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,270,733, while total fund balance increased by \$247,591 to \$12,252,002. The ending fund balance is 40.86% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.



The Capital Projects Fund had a decrease of \$35,403 in fund balance during the fiscal year, which put the overall fund balance at \$13,301,606. Some of the capital projects for the year include work on a new airport terminal; low-point drainage improvements; street improvements to accommodate new subdivisions, improve traffic flow, and improve safety for bicycle traffic; extension of a major arterial street; as well as annual street maintenance and improvement.

The Debt Service Fund's fund balance is just over \$1.1 million at the end of the fiscal year, an increase of \$400,136 over the prior year. The City refunded the 2008 bonds to reduce future debt service payments by over \$200,000.

The fund balances of other governmental funds increased by \$809,709 from the 2016 balances. A large part of this increase is in the Road Use Tax fund, with a 4.2% increase in road use taxes and 10.8% decrease in expenditures due to the timing of projects.



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

The combined net position of the enterprise funds at June 30, 2017, totaled \$618,152,358, of which 47.71% (\$294,903,038) is unrestricted. This is a \$46,329,156, or 8.13%, increase in net position for the fiscal year. The net position of the internal service funds is \$25,725,148, a \$2,080,974 increase in net position. Unrestricted net position accounts for \$16,528,441 (64.25%) of the total internal service fund net position balance.

As in prior years, a majority of the increase in net position is attributable to the hospital (approximately \$35 million). Investment earnings were over 90% higher than the prior year because of favorable investment performance. The hospital's operating income was \$10.75 million with an operating margin of 4%.

Charges for services increased 8.66% over the prior year for the internal service funds, with a 9.66% increase in operating expenses. The increases are mainly due to higher fleet maintenance and health insurance costs.



## General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** There were three amendments to the City's 2017 budget. The first amendment was approved in September 2016, primarily to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were approved in March and May of 2017 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 2016 for reconstruction of the City Hall parking lot, a new HVAC system in the community center, and a new roof 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, 2017, amounts to \$669,272,126 (net of accumulated depreciation), an increase of \$36,064,129, or 5.70%, over the 2016 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:

- \$26.6 million for the new water treatment plant
- \$2.8 million in airport improvements
- \$2.8 million in transit buses
- \$8.8 million in street construction and improvements
- \$1.4 million to convert the power plant from coal to natural gas
- \$5.9 million for the hospital's last phase of the 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,190,878	\$ 12,024,658	\$ 12,435,709	\$ 12,142,333	\$ 24,626,587	\$ 24,166,991
Other non-depreciable assets	1,928,419	1,922,919	-	-	1,928,419	1,922,919
Depreciable assets	167,690,536	152,355,764	369,427,038	358,409,607	537,117,574	510,765,371
Construction in progress	8,183,095	16,600,419	97,416,451	79,752,297	105,599,546	96,352,716
Total	<u>\$ 189,992,928</u>	<u>\$ 182,903,760</u>	<u>\$ 479,279,198</u>	<u>\$ 450,304,237</u>	<u>\$ 669,272,126</u>	<u>\$ 633,207,997</u>

**Long-term Debt.** At the end of the current fiscal year, the City had \$167,682,365 in outstanding bonded debt. Of this amount, \$71,522,251 is debt backed by the full faith and credit of the government and \$96,160,114 is revenue bonds issued by proprietary funds.

### Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds, net	\$ 64,987,720	\$ 66,260,584	\$ 6,534,531	\$ 5,399,300	\$ 71,522,251	\$ 71,659,884
Revenue bonds	-	-	96,160,114	100,601,136	96,160,114	100,601,136
Loans payable	-	-	66,093,486	35,976,370	66,093,486	35,976,370
Total	<u>\$ 64,987,720</u>	<u>\$ 66,260,584</u>	<u>\$ 168,788,131</u>	<u>\$ 141,976,806</u>	<u>\$ 233,775,851</u>	<u>\$ 208,237,390</u>

The City's total debt increased by \$25,538,461 (12.26%) during the current fiscal year. The increase was mostly from \$30 million in additional loans for construction of the new water plant.

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, 2015, related to the 2016-2017 fiscal year. The current debt limitation for the City is \$202,620,917. 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 74-80 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 2017-2018 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 water and sanitary sewer utilities
- A 4% increase in electric utility rates (the first in eight years) to cover operating expenses and capital improvement projects scheduled for the next five years
- A 4.27% tipping fee increase for Resource Recovery due to a loss in revenue from the decrease demand for scrap metal and the loss of waste deliveries during the power plant conversion to natural gas
- A 5.32% monthly fee increase for the storm sewer utility due to increased development, the frequency and severity of rainfall events, and more rain water diverted to the system as progress is made repairing holes in the system
- A very slight overall property tax rate increase of 0.025%. Taxable values on existing property changed due to an increase in the roll-back rate for residential property, changes in classification, and continued implementation of reduced taxable value of multi-residential property.
- A 4.9% levy increase for transit to handle the increased ridership due to increasing enrollment at Iowa State University and the increase in costs to comply with the Affordable Care Act
- An increase in full-time equivalents of 2.00; one firefighter to assist with vacancies across all three shifts and one police officer to maintain service levels in the community
- A 4% 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, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 16,192,721	\$ 43,289,392	\$ 59,482,113	\$ 330,327
Investments	43,604,314	62,761,434	106,365,748	-
Taxes receivable	37,839	-	37,839	-
Special assessments receivable	110,085	-	110,085	-
Accrued interest receivable	68,426	86,827	155,253	-
Accounts receivable, net	759,147	30,096,599	30,855,746	-
Pledges receivable, net	-	-	-	174,907
Intergovernmental receivable	4,214,385	5,089,217	9,303,602	-
Loans receivable	6,206	-	6,206	-
Internal balances	(6,703,480)	6,703,480	-	-
Inventories	187,557	6,947,433	7,134,990	-
Assets held for resale	934,104	-	934,104	-
Prepaid items	258,316	3,639,742	3,898,058	-
Restricted current assets:				
Cash and cash equivalents	-	1,391,952	1,391,952	-
Investments	-	1,033,572	1,033,572	-
Accrued interest receivable	-	347,475	347,475	-
Total current assets	59,669,620	161,387,123	221,056,743	505,234
Non-current assets:				
Investments	-	1,994,020	1,994,020	12,703,075
Succeeding year taxes receivable	28,067,952	-	28,067,952	-
Long-term loans receivable	16,027	-	16,027	-
Long-term special assessments receivable	251,644	-	251,644	-
Other assets	-	8,477,191	8,477,191	-
Non-depreciable assets	22,302,392	109,852,160	132,154,552	-
Depreciable assets, net of accumulated depreciation	167,690,536	369,427,038	537,117,574	-
Restricted non-current assets:				
Long-term investments	-	225,765,200	225,765,200	-
Total non-current assets	218,328,551	715,515,609	933,844,160	12,703,075
Total assets	277,998,171	876,902,732	1,154,900,903	13,208,309
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	8,681,697	8,681,697	-
Deferred outflows related to pensions	8,968,435	17,659,001	26,627,436	-
Total deferred outflows of resources	8,968,435	26,340,698	35,309,133	-

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

**City of Ames**  
**Statement of Net Position (continued)**  
**June 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,835,142	13,816,260	15,651,402	274,179
Accrued payroll	435,289	7,549,193	7,984,482	-
Accrued compensated absences	108,733	537,286	646,019	-
Accrued interest payable	155,281	301,272	456,553	-
Retainage payable	309,425	4,301,555	4,610,980	-
Customer deposits	548,530	866,789	1,415,319	-
Intergovernmental payable	169,382	359,739	529,121	-
Claims payable	350,000	1,384,191	1,734,191	-
Loans payable	-	3,313,000	3,313,000	-
Bonds payable, net	8,584,435	5,397,593	13,982,028	-
Unearned revenue	521,626	5,980	527,606	-
Accrued landfill post-closure costs	-	17,493	17,493	-
Total current liabilities	13,017,843	37,850,351	50,868,194	274,179
Non-current liabilities:				
Accrued compensated absences	2,109,521	7,568,487	9,678,008	-
Accrued other post-employment benefits	931,772	5,102,973	6,034,745	-
Net pension liability	26,585,829	62,685,957	89,271,786	-
Annuities payable	-	-	-	63,967
Loans payable	-	62,780,486	62,780,486	-
Bonds payable, net	56,403,285	97,297,052	153,700,337	-
Accrued landfill post-closure costs	-	120,671	120,671	-
Total non-current liabilities	86,030,407	235,555,626	321,586,033	63,967
Total liabilities	99,048,250	273,405,977	372,454,227	338,146
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property taxes	28,067,952	-	28,067,952	-
Deferred charge on refunding	33,278	9,354	42,632	-
Deferred inflows related to pensions	558,134	2,395,490	2,953,624	-
Total deferred inflows of resources	28,659,364	2,404,844	31,064,208	-
<b>NET POSITION</b>				
Net investment in capital assets	137,632,652	320,823,796	458,456,448	-
Restricted:				
Expendable for:				
Debt service	1,173,608	2,425,524	3,599,132	-
Capital projects	8,921,450	-	8,921,450	-
Public safety	273,768	-	273,768	-
Employee benefits	384,592	-	384,592	-
Library services	336,533	-	336,533	-
Aquatic center	122,129	-	122,129	-
Community welfare	3,409	-	3,409	-
Housing services	949,032	-	949,032	-
Economic development	902,549	-	902,549	-
Community betterment	5,813,023	-	5,813,023	-
Mary Greeley Medical Center	-	-	-	8,327,885
Non-expendable for:				
Perpetual care	962,853	-	962,853	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	253,390
Unrestricted	783,394	304,183,289	304,966,683	4,288,888
Total net position	\$ 159,258,992	\$ 627,432,609	\$ 786,691,601	\$ 12,870,163

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, 2017**

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 3,136,291	\$ 203,609	\$ 15,030	\$ -	\$ (2,917,652)	\$ -	\$ (2,917,652)	\$ -
Public safety	17,292,304	3,768,480	141,370	-	(13,382,454)	-	(13,382,454)	-
Public works	13,698,162	268,565	7,692,072	6,664,323	926,798	-	926,798	-
Health and social services	1,342,880	-	15,836	-	(1,327,044)	-	(1,327,044)	-
Culture and recreation	9,872,288	2,135,274	423,061	-	(7,313,953)	-	(7,313,953)	-
Community and economic development	3,461,393	25,660	394,138	-	(3,041,595)	-	(3,041,595)	-
Interest	1,592,039	-	-	-	(1,592,039)	-	(1,592,039)	-
Total governmental activities	50,395,357	6,401,588	8,681,507	6,664,323	(28,647,939)	-	(28,647,939)	-
Business-type activities:								
Mary Greeley Medical Center	182,728,675	189,926,814	17,739	552,990	-	7,768,868	7,768,868	-
Electric	58,618,483	64,339,637	980,023	-	-	6,701,177	6,701,177	-
Sewer	7,574,949	8,856,136	52,821	616,064	-	1,950,072	1,950,072	-
Water	8,122,396	10,502,276	27,201	621,025	-	3,028,106	3,028,106	-
Parking	887,679	899,705	-	-	-	12,026	12,026	-
Transit	13,208,178	6,576,578	3,302,053	2,942,240	-	(387,307)	(387,307)	-
Storm sewer	1,231,885	1,700,529	435,959	-	-	904,603	904,603	-
Ice arena	602,774	481,831	-	20,000	-	(100,943)	(100,943)	-
Golf course	258,459	191,186	-	-	-	(67,273)	(67,273)	-
Resource recovery	4,619,859	3,314,210	264,355	-	-	(1,041,294)	(1,041,294)	-
Total business-type activities	277,853,337	286,788,902	5,080,151	4,752,319	-	18,768,035	18,768,035	-
Total primary government	\$ 328,248,694	\$ 293,190,490	\$ 13,761,658	\$ 11,416,642	(28,647,939)	18,768,035	(9,879,904)	-
<b>Component unit:</b>								
Mary Greeley Medical Center Foundation	\$ 1,877,188	\$ -	\$ 1,306,615	\$ -				(570,573)
General revenues:								
Property taxes					28,166,804	-	28,166,804	-
Sales taxes					7,711,124	-	7,711,124	-
Hotel/motel taxes					2,435,756	-	2,435,756	-
Unrestricted grants and contributions					20,565	-	20,565	-
Investment income					211,126	27,543,163	27,754,289	1,302,676
Other income					251,997	417,879	669,876	-
Gain on disposal of capital assets					118,389	48,479	166,868	-
Transfers					(465,996)	465,996	-	-
Total general revenues and transfers					38,449,765	28,475,517	66,925,282	1,302,676
Change in net position					9,801,826	47,243,552	57,045,378	732,103
Net position, beginning (as previously reported)					149,457,166	578,214,753	727,671,919	12,138,060
Net position restatement					-	1,974,304	1,974,304	-
Net position, beginning (as restated)					149,457,166	580,189,057	729,646,223	12,138,060
Net position, ending					\$ 159,258,992	\$ 627,432,609	\$ 786,691,601	\$ 12,870,163

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

**City of Ames  
Balance Sheet  
Governmental Funds  
June 30, 2017**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,397,766	\$ 2,447,410	\$ 334,604	\$ 5,103,808	\$ 11,283,588
Investments	7,971,297	10,674,435	831,693	12,680,691	32,158,116
Taxes receivable	22,774	-	12,442	2,623	37,839
Special assessments receivable	-	110,085	-	-	110,085
Accrued interest receivable	31,252	18,180	1,604	2,177	53,213
Accounts receivable, net	441,945	304,786	-	7,167	753,898
Intergovernmental receivable	105,800	1,843,094	-	2,092,402	4,041,296
Loans receivable	-	-	-	6,206	6,206
Due from other funds	1,613,646	1,782,724	-	638,812	4,035,182
Inventories	34,864	-	-	70,142	105,006
Property held for resale	-	-	-	934,104	934,104
Prepaid items	137,372	-	-	26,990	164,362
Succeeding year taxes receivable	16,988,606	-	9,121,325	1,958,021	28,067,952
Long-term loans receivable	-	-	-	16,027	16,027
Long-term special assessments receivable	-	251,644	-	-	251,644
Total assets	<u>\$ 30,745,322</u>	<u>\$ 17,432,358</u>	<u>\$ 10,301,668</u>	<u>\$ 23,539,170</u>	<u>\$ 82,018,518</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 369,942	\$ 944,734	\$ -	\$ 332,923	\$ 1,647,599
Accrued payroll	299,336	11,475	-	108,849	419,660
Retainage payable	33,595	193,682	-	72,144	299,421
Accrued interest payable	-	-	-	304	304
Customer deposits	17,546	-	-	530,984	548,530
Intergovernmental payable	73,248	-	-	69,254	142,502
Due to other funds	609,925	671,558	6,735	1,471,516	2,759,734
Total liabilities	<u>1,403,592</u>	<u>1,821,449</u>	<u>6,735</u>	<u>2,585,974</u>	<u>5,817,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Property taxes	16,988,606	-	9,121,325	1,958,021	28,067,952
Special assessments	-	361,729	-	-	361,729
Hotel/motel taxes	-	-	-	648,536	648,536
Charges for services	46,738	-	-	-	46,738
Licenses and permits	54,384	-	-	-	54,384
Grants	-	1,638,592	-	17,506	1,656,098
Refunds	-	308,982	-	-	308,982
Total deferred inflows of resources	<u>17,089,728</u>	<u>2,309,303</u>	<u>9,121,325</u>	<u>2,624,063</u>	<u>31,144,419</u>
<b>FUND BALANCES</b>					
Non-spendable	172,236	-	-	2,059,985	2,232,221
Restricted	-	14,549,372	1,173,608	15,784,557	31,507,537
Committed	-	705,492	-	1,273,093	1,978,585
Assigned	809,033	-	-	-	809,033
Unassigned	11,270,733	(1,953,258)	-	(788,502)	8,528,973
Total fund balances	<u>12,252,002</u>	<u>13,301,606</u>	<u>1,173,608</u>	<u>18,329,133</u>	<u>45,056,349</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,745,322</u>	<u>\$ 17,432,358</u>	<u>\$ 10,301,668</u>	<u>\$ 23,539,170</u>	<u>\$ 82,018,518</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, 2017**

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

Fund balance - total governmental funds (page 28)	\$ 45,056,349
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	180,796,221
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	185,481
Special assessments	361,729
Other revenues	2,066,202
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	8,705,071
Deferred inflows of resources	(547,717)
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.	16,444,897
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	(62,234,247)
Interest payable on general obligation bonds	(154,977)
Deferred charges on general obligation bonds refunded	(33,278)
Unamortized premiums on the issuance of general obligation bonds	(2,753,473)
Accrued compensated absences	(2,089,950)
Net other post-employment benefits payable	(853,185)
Net pension liability	(25,690,131)
Net position of governmental activities	<u>\$ 159,258,992</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, 2017**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 16,787,185	\$ -	\$ 9,205,566	\$ 12,320,395	\$ 38,313,146
Special assessments	-	298,227	-	-	298,227
Licenses and permits	2,059,688	-	-	-	2,059,688
Intergovernmental	414,802	2,582,904	15,030	7,970,762	10,983,498
Charges for services	3,778,453	-	-	20,360	3,798,813
Fines and forfeitures	67,584	-	-	-	67,584
Investment income	67,488	75,990	25,185	1,010	169,673
Miscellaneous	473,848	73,077	-	383,581	930,506
Total revenues	<u>23,649,048</u>	<u>3,030,198</u>	<u>9,245,781</u>	<u>20,696,108</u>	<u>56,621,135</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,241,928	102,860	17,465	158,059	3,520,312
Public safety	16,984,726	-	-	113,045	17,097,771
Public works	1,053,989	-	-	4,814,587	5,868,576
Health and social services	-	-	-	1,342,880	1,342,880
Culture and recreation	7,812,946	-	-	835,621	8,648,567
Community and economic development	890,347	-	-	2,574,228	3,464,575
Debt service:					
Principal	-	-	10,481,762	-	10,481,762
Interest and fiscal charges	-	-	2,064,652	-	2,064,652
Capital outlay	-	9,510,500	-	2,609,280	12,119,780
Total expenditures	<u>29,983,936</u>	<u>9,613,360</u>	<u>12,563,879</u>	<u>12,447,700</u>	<u>64,608,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,334,888)</u>	<u>(6,583,162)</u>	<u>(3,318,098)</u>	<u>8,248,408</u>	<u>(7,987,740)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	8,969,890	157,208	1,398,679	139,460	10,665,237
Transfers out	(2,387,411)	(975,403)	-	(7,578,159)	(10,940,973)
General obligation bonds issued	-	6,890,605	-	-	6,890,605
Premium on general obligation bonds	-	475,349	-	-	475,349
Refunding bonds issued	-	-	2,130,000	-	2,130,000
Premium on refunding bonds	-	-	189,555	-	189,555
Total other financing sources (uses)	<u>6,582,479</u>	<u>6,547,759</u>	<u>3,718,234</u>	<u>(7,438,699)</u>	<u>9,409,773</u>
Net change in fund balances	247,591	(35,403)	400,136	809,709	1,422,033
Fund balances, beginning	<u>12,004,411</u>	<u>13,337,009</u>	<u>773,472</u>	<u>17,519,424</u>	<u>43,634,316</u>
Fund balances, ending	<u>\$ 12,252,002</u>	<u>\$ 13,301,606</u>	<u>\$ 1,173,608</u>	<u>\$ 18,329,133</u>	<u>\$ 45,056,349</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, 2017**

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)	\$ 1,422,033
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Hotel/motel tax	538
Special assessments	(281,462)
Other revenues	584,805
Contributed capital assets do not provide current financial resources	3,578,320
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	12,773,897
Disposals	(3,436)
Depreciation expense	(10,065,551)
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	(664,904)
Amortization of bond premiums	449,762
Amortization of deferred charges on refunding debt	17,773
Proceeds from issuance of bonds	(9,020,605)
Principal payments	10,481,762
Interest payments	5,078
The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.	5,290,519
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in accrued compensated absences	(115,075)
Increase in accrued other post-employment benefits	(42,359)
Increase in net pension liability	(5,775,847)
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.	1,166,578
Changes in net position of governmental activities	\$ 9,801,826

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

**City of Ames  
Statement of Net Position  
Proprietary Funds  
June 30, 2017**

	<b>Business-Type Activities</b>						<b>Governmental Activities</b>
	<b>Mary Greeley Medical Center</b>	<b>Electric</b>	<b>Sewer</b>	<b>Water</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 28,705,315	\$ 1,712,589	\$ 3,097,542	\$ 6,643,423	\$ 2,738,095	\$ 42,896,964	\$ 5,301,561
Investments	-	31,975,803	7,256,214	16,220,844	6,389,068	61,841,929	12,365,703
Accrued interest receivable	-	45,093	10,135	20,578	9,385	85,191	16,849
Accounts receivable, net	19,443,613	7,963,649	917,422	1,238,151	518,737	30,081,572	20,276
Due from other funds	-	684,416	47,775	215,659	71,956	1,019,806	712,921
Intergovernmental receivable	-	873,829	296,988	27,395	3,891,005	5,089,217	173,089
Inventories	3,539,547	2,706,990	-	404,073	296,823	6,947,433	82,551
Prepaid items	3,112,555	9,600	-	-	6,264	3,128,419	605,277
Restricted current assets:							
Cash and cash equivalents	-	1,032,109	17,803	342,040	-	1,391,952	-
Investments	1,033,572	-	-	-	-	1,033,572	-
Interest receivable	347,475	-	-	-	-	347,475	-
Total current assets	<u>56,182,077</u>	<u>47,004,078</u>	<u>11,643,879</u>	<u>25,112,163</u>	<u>13,921,333</u>	<u>153,863,530</u>	<u>19,278,227</u>
Non-current assets:							
Investments	-	1,994,020	-	-	-	1,994,020	-
Other assets	8,477,191	-	-	-	-	8,477,191	-
Capital assets:							
Land	4,470,719	2,223,783	1,910,222	1,526,565	2,304,420	12,435,709	-
Land improvements	816,511	-	-	-	3,164,722	3,981,233	192,433
Plant and distribution systems	-	182,548,637	85,333,573	63,406,801	-	331,289,011	-
Buildings	242,894,258	-	-	-	39,331,557	282,225,815	878,665
Equipment	118,460,728	-	-	-	36,143,620	154,604,348	17,406,351
Construction in progress	905,948	27,309,323	1,544,271	67,119,215	537,694	97,416,451	-
Less accumulated depreciation	(168,515,430)	(117,154,443)	(51,546,623)	(27,256,770)	(38,200,103)	(402,673,369)	(9,280,742)
Restricted non-current assets:							
Investments	225,765,200	-	-	-	-	225,765,200	-
Total non-current assets	<u>433,275,125</u>	<u>96,921,320</u>	<u>37,241,443</u>	<u>104,795,811</u>	<u>43,281,910</u>	<u>715,515,609</u>	<u>9,196,707</u>
Total assets	<u>489,457,202</u>	<u>143,925,398</u>	<u>48,885,322</u>	<u>129,907,974</u>	<u>57,203,243</u>	<u>869,379,139</u>	<u>28,474,934</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	8,681,697	-	-	-	-	8,681,697	-
Deferred outflows related to pensions	14,551,799	733,501	205,568	259,342	1,901,255	17,651,465	270,900
	<u>23,233,496</u>	<u>733,501</u>	<u>205,568</u>	<u>259,342</u>	<u>1,901,255</u>	<u>26,333,162</u>	<u>270,900</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, 2017**

	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	7,526,631	3,804,219	526,850	1,340,728	545,030	13,743,458	260,345
Accrued payroll	7,203,708	121,794	7,130	22,992	193,218	7,548,842	15,980
Accrued compensated absences	458,672	32,885	6,629	10,807	28,293	537,286	6,682
Due to other funds	-	364,931	1,224,966	824,189	175,641	2,589,727	418,448
Claims payable	687,656	-	-	-	-	687,656	1,046,535
Retainage payable	673,169	648,585	93,971	2,824,923	60,907	4,301,555	10,004
Customer deposits	-	866,789	-	-	-	866,789	-
Accrued interest	125,752	44,681	16,302	112,147	2,390	301,272	-
Loans payable	-	-	172,000	3,141,000	-	3,313,000	-
Intergovernmental payable	-	126,639	7,982	35,834	189,284	359,739	26,880
Accrued landfill post-closure costs	-	-	-	-	17,493	17,493	-
Bonds payable, net	3,822,021	723,198	309,142	402,377	140,855	5,397,593	-
Unearned revenue	-	-	-	-	5,980	5,980	58,571
Total current liabilities	<u>20,497,609</u>	<u>6,733,721</u>	<u>2,364,972</u>	<u>8,714,997</u>	<u>1,359,091</u>	<u>39,670,390</u>	<u>1,843,445</u>
Non-current liabilities:							
Accrued compensated absences	6,189,646	543,097	131,494	213,781	490,469	7,568,487	121,622
Post-employment benefits	4,375,066	311,440	85,126	97,439	232,375	5,101,446	80,114
Net pension liability	52,317,998	2,363,914	760,027	745,055	6,429,659	62,616,653	965,002
Loans payable	-	-	2,695,331	60,085,155	-	62,780,486	-
Accrued landfill post-closure costs	-	-	-	-	120,671	120,671	-
Bonds payable, net	83,581,109	8,033,786	3,123,016	1,518,933	1,040,208	97,297,052	-
Total non-current liabilities	<u>146,463,819</u>	<u>11,252,237</u>	<u>6,794,994</u>	<u>62,660,363</u>	<u>8,313,382</u>	<u>235,484,795</u>	<u>1,166,738</u>
Total liabilities	<u>166,961,428</u>	<u>17,985,958</u>	<u>9,159,966</u>	<u>71,375,360</u>	<u>9,672,473</u>	<u>275,155,185</u>	<u>3,010,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred charge on refunding	-	-	-	9,354	-	9,354	-
Deferred inflows related to pensions	2,270,041	30,188	8,350	10,205	76,620	2,395,404	10,503
	<u>2,270,041</u>	<u>30,188</u>	<u>8,350</u>	<u>19,559</u>	<u>76,620</u>	<u>2,404,758</u>	<u>10,503</u>
<b>NET POSITION</b>							
Net investment in capital assets	120,311,301	86,170,316	32,034,995	40,206,337	42,100,847	320,823,796	9,196,707
Restricted for debt service	1,033,572	1,032,109	17,803	342,040	-	2,425,524	-
Unrestricted	222,114,356	39,440,328	7,869,776	18,224,020	7,254,558	294,903,038	16,528,441
Total net position	<u>\$ 343,459,229</u>	<u>\$ 126,642,753</u>	<u>\$ 39,922,574</u>	<u>\$ 58,772,397</u>	<u>\$ 49,355,405</u>	618,152,358	<u>\$ 25,725,148</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>9,280,251</u>	
Net position of business-type activities						<u>\$ 627,432,609</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, 2017**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 189,926,814	\$ 64,339,637	\$ 8,856,136	\$ 10,502,276	\$ 13,164,039	\$ 286,788,902	\$ 17,949,673
Operating expenses:							
Cost of goods and services	130,823,844	52,546,638	4,793,333	5,752,986	15,527,751	209,444,552	14,706,180
Administration	31,187,628	1,150,406	353,728	388,065	2,324,186	35,404,013	-
Depreciation	17,164,889	4,101,251	2,435,201	1,197,021	3,192,810	28,091,172	1,132,102
Total operating expenses	179,176,361	57,798,295	7,582,262	7,338,072	21,044,747	272,939,737	15,838,282
Operating income (loss)	10,750,453	6,541,342	1,273,874	3,164,204	(7,880,708)	13,849,165	2,111,391
Non-operating revenues (expenses):							
Intergovernmental	17,739	-	37,484	27,201	3,588,264	3,670,688	-
Reimbursements	-	980,023	15,337	-	414,103	1,409,463	-
Investment income	27,262,954	164,280	34,989	60,023	20,917	27,543,163	41,454
Interest expense	(3,083,453)	(301,383)	(135,601)	(935,956)	(25,308)	(4,481,701)	-
Gain (loss) on disposal of capital assets	(468,861)	(868,611)	-	48,479	(8,823)	(1,297,816)	118,389
Miscellaneous	-	124,951	88,146	80,021	124,761	417,879	-
Total non-operating revenues (expenses)	23,728,379	99,260	40,355	(720,232)	4,113,914	27,261,676	159,843
Income (loss) before capital contributions and transfers	34,478,832	6,640,602	1,314,229	2,443,972	(3,766,794)	41,110,841	2,271,234
Capital contributions	552,990	-	616,064	621,025	2,962,240	4,752,319	-
Transfers in	-	361,000	-	150,000	2,200,203	2,711,203	170,740
Transfers out	-	(2,131,381)	(56,913)	(56,913)	-	(2,245,207)	(361,000)
Change in net position	35,031,822	4,870,221	1,873,380	3,158,084	1,395,649	46,329,156	2,080,974
Net position, beginning (as previously reported)	308,427,407	121,772,532	38,049,194	55,614,313	45,985,452		23,644,174
Net position restatement	-	-	-	-	1,974,304		-
Net position, beginning (as restated)	308,427,407	121,772,532	38,049,194	55,614,313	47,959,756		23,644,174
Net position, ending	\$ 343,459,229	\$ 126,642,753	\$ 39,922,574	\$ 58,772,397	\$ 49,355,405		\$ 25,725,148
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						914,396	
Change in net position of business-type activities						\$ 47,243,552	

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, 2017**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 189,171,485	\$ 61,570,433	\$ 8,584,329	\$ 10,319,370	\$ 13,247,090	\$ 282,892,707	\$ 17,668,477
Payments to suppliers	(78,169,804)	(42,646,990)	(1,117,629)	(1,410,117)	(5,665,307)	(129,009,847)	(12,187,381)
Payments to employees	(85,314,387)	(9,201,672)	(2,049,419)	(2,985,910)	(10,253,809)	(109,805,197)	(1,940,312)
Payments to other funds for services provided	-	(2,328,859)	(959,012)	(354,542)	(1,613,337)	(5,255,750)	(218,413)
Net cash provided by (used for) operating activities	25,687,294	7,392,912	4,458,269	5,568,801	(4,285,363)	38,821,913	3,322,371
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	17,739	-	37,484	27,201	2,598,480	2,680,904	-
Reimbursements	-	980,023	15,337	-	414,103	1,409,463	-
Miscellaneous	-	124,951	88,146	80,021	124,761	417,879	-
Transfers in	-	361,000	-	150,000	2,200,203	2,711,203	170,740
Transfers out	-	(2,131,381)	(56,913)	(56,913)	-	(2,245,207)	(361,000)
Net cash provided by (used for) non-capital financing activities	17,739	(665,407)	84,054	200,309	5,337,547	4,974,242	(190,260)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(16,853,904)	(4,602,546)	(3,247,065)	(27,825,298)	(4,753,747)	(57,282,560)	(2,410,646)
Proceeds from the sale of capital assets	92,000	-	-	59,700	4,000	155,700	590,995
Proceeds from the issuance of bonds	-	-	1,317,446	1,663,011	-	2,980,457	-
Principal paid on capital debt	(3,070,000)	(625,000)	(268,276)	(1,359,962)	(135,000)	(5,458,238)	-
Interest paid on capital debt	(3,172,934)	(343,556)	(118,552)	(62,682)	(31,388)	(3,729,112)	-
Proceeds from loans	-	-	641,332	29,644,785	-	30,286,117	-
Principal paid on loans	-	-	(169,000)	-	-	(169,000)	-
Interest paid on loans	-	-	(42,951)	(857,786)	-	(900,737)	-
Capital contributions	552,990	-	-	-	2,962,240	3,515,230	-
Net cash provided by (used for) capital and related financing activities	(22,451,848)	(5,571,102)	(1,887,066)	1,261,768	(1,953,895)	(30,602,143)	(1,819,651)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(94,509,935)	(24,339,188)	(3,799,929)	(9,911,629)	(487,562)	(133,048,243)	(2,987,688)
Proceeds from sale of investments	89,119,897	22,048,456	1,819,405	4,745,688	978,878	118,712,324	1,844,346
Interest on investments	21,411,590	157,435	30,678	52,738	19,426	21,671,867	36,544
Net cash provided by (used for) investing activities	16,021,552	(2,133,297)	(1,949,846)	(5,113,203)	510,742	7,335,948	(1,106,798)
Net increase (decrease) in cash and cash equivalents	19,274,737	(976,894)	705,411	1,917,675	(390,969)	20,529,960	205,662
Cash and cash equivalents, beginning	9,430,578	2,608,666	2,380,346	4,974,244	3,129,064	22,522,898	5,095,899
Cash and cash equivalents, ending	28,705,315	1,631,772	3,085,757	6,891,919	2,738,095	43,052,858	5,301,561
Plus: beginning amount reported in restricted assets	-	1,112,926	29,588	93,544	-	1,236,058	-
Less: ending amount reported in restricted assets	-	1,032,109	17,803	342,040	-	1,391,952	-
Cash and cash equivalents, ending - statement of net position	\$ 28,705,315	\$ 1,712,589	\$ 3,097,542	\$ 6,643,423	\$ 2,738,095	\$ 42,896,964	\$ 5,301,561

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, 2017**

	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)	\$ 10,750,453	\$ 6,541,342	\$ 1,273,874	\$ 3,164,204	\$ (7,880,708)	\$ 13,849,165	\$ 2,111,391
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	17,164,889	4,101,251	2,435,201	1,197,021	3,192,810	28,091,172	1,132,102
(Increase) decrease in accounts receivable	(755,328)	(1,679,170)	(137,594)	(78,928)	82,925	(2,568,095)	16,463
(Increase) decrease in due from other funds	-	(509,477)	73,769	(78,725)	21,601	(492,832)	(152,439)
Increase in intergovernmental receivable	-	(611,466)	(207,982)	(25,253)	(22,150)	(866,851)	(143,308)
(Increase) decrease in inventories	(98,341)	(109,022)	-	(91,119)	(6,784)	(305,266)	13,449
(Increase) decrease in prepaid items	(822,572)	66,221	-	-	2,361	(753,990)	21,387
Increase in deferred outflows of resources	(6,619,250)	(353,864)	(77,388)	(144,270)	(846,268)	(8,041,040)	(109,089)
Increase (decrease) in accounts payable	978,312	(361,829)	58,750	(424,470)	126,618	377,381	56,861
Increase (decrease) in accrued payroll	2,780,704	1,434	(1,388)	(59)	6,902	2,787,593	(528)
Increase (decrease) in accrued compensated absences	(2,690,597)	24,610	(25,407)	(698)	(43,639)	(2,735,731)	(11,927)
Increase in due to other funds	-	28,471	1,046,337	674,083	21,052	1,769,943	386,773
Increase (decrease) in claims payable	94,536	-	-	-	-	94,536	(137,693)
Increase (decrease) in retainage payable	(3,157,949)	(206,476)	(80,595)	1,194,023	39,342	(2,211,655)	10,004
Decrease in customer deposits	-	30,909	-	-	-	30,909	-
Decrease in accrued interest on customer deposits	-	370	-	-	-	370	-
Increase (decrease) in intergovernmental payable	-	4,194	3,564	14,924	35,998	58,680	(1,741)
Decrease in accrued landfill post-closure costs	-	-	-	-	(15,879)	(15,879)	-
Increase (decrease) in unearned revenue	-	-	-	-	675	675	(1,912)
Increase in post-employment benefits	435,615	15,463	4,226	4,838	11,537	471,679	3,978
Increase in pension liability	11,069,968	526,569	145,651	178,005	1,333,779	13,253,972	183,183
Decrease in deferred inflows of resources	(3,443,146)	(116,618)	(52,749)	(14,775)	(345,535)	(3,972,823)	(54,583)
Total adjustments	14,936,841	851,570	3,184,395	2,404,597	3,595,345	24,972,748	1,210,980
Net cash provided by (used for) operating activities	\$ 25,687,294	\$ 7,392,912	\$ 4,458,269	\$ 5,568,801	\$ (4,285,363)	\$ 38,821,913	\$ 3,322,371
<b>Schedule of non-cash capital and related financing activities:</b>							
Capitalized interest included in capital assets	256,000	-	-	-	-	256,000	-
Capital asset contributions	-	-	616,064	621,025	-	1,237,089	-
Capital asset trade ins	-	-	-	-	-	-	6,939
Total non-cash capital and related financing activities	\$ 256,000	\$ -	\$ 616,064	\$ 621,025	\$ -	\$ 1,493,089	\$ 6,939

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, 2017**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 167,605
Investments	255,793
Total assets	\$ 423,398
 <b>LIABILITIES</b>	
Accounts payable	\$ 56,455
Due to other governments	366,943
Total liabilities	\$ 423,398

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**I. Summary of significant accounting policies**

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

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

**B. Reporting entity**

The City of Ames, Iowa (City) was incorporated in 1864 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component units, for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit.** The City is the sole owner of a non-profit, municipal hospital, Mary Greeley Medical Center (hospital). A separately-elected board of trustees governs the hospital's daily operations. The powers of the trustees are established by City ordinance, which limits both the separate legal standing and fiscal independence of the hospital. The hospital is reported as a blended component unit (an enterprise fund) under Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*. Financial statements for the hospital are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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.

**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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period is considered 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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

**F. Budgetary information**

***1. Budgetary basis of accounting***

State law mandates that annual budgets for funds other than agency 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



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**F. Budgetary information (continued)**

*1. Budgetary basis of accounting (continued)*

budgeted funds in total. The budgetary comparison and related disclosures are reported as required supplementary information.

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

Appropriations in all budgeted funds lapse at the end of the fiscal year, even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). 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, 2017, 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).

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

***3. Inventories and prepaid items***

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

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

***4. Capital assets***

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

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

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 \$256,000 of bond interest in the fiscal year ended June 30, 2017.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

***4. Capital assets (continued)***

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

***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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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, changes resulting from assumptions made in the actuarial valuations for pensions, and deferred charges on refunding. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

***6. Pensions***

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

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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)***

itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the Finance Director to assign fund balance through the approval of the annual budget. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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

***4. Compensated absences***

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and 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, 2017**

**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 \$180,796,221 are as follows:

Land	\$ 12,190,878
Land improvements	1,384,118
Public art collection	544,301
Construction in progress	8,183,095
Buildings	33,181,889
Less: accumulated depreciation	(8,187,615)
Equipment	8,391,762
Less: accumulated depreciation	(3,900,122)
Infrastructure	249,084,861
Less: accumulated depreciation	<u>(120,076,946)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	<u>\$ 180,796,221</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 \$16,444,897 are as follows:

Net position of the internal service funds	\$25,725,148
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(8,365,855)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(914,396)</u>
	<u>\$ 16,444,897</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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 \$1,166,578 are as follows:

Change in net position of the internal service funds	\$ 2,080,974
Less: gain from charges to business-type activities	<u>(914,396)</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>\$ 1,166,578</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, 2017.

**B. Deficit fund equity**

At June 30, 2017, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$788,502. 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, 2017, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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, 2017**

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

**B. Investments (continued)**

At June 30, 2017, the City had the following investments:

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 106,044,240	07/03/17-05/16/59
U.S. Treasury obligations	25,487,485	09/30/17-02/15/31
Commercial paper	9,950,250	08/21/17-04/30/18
Municipal bonds	112,259	11/01/18-02/15/24
Mutual funds	184,189,323	n/a
Corporate debt	9,630,776	07/15/17-05/13/25
	<u>\$ 335,414,333</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 level 1 inputs, except for U.S. Agencies and U.S. Treasuries, which are valued using level 2 inputs. There have been no changes in valuation methodologies at June 30, 2017 compared to June 30, 2016.

*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	\$ 106,044,240	\$ 41,049,191	\$ 22,002,197	\$ 16,239,929	\$ 26,752,923
U.S. Treasury obligations	25,487,485	8,724,464	5,428,114	3,828,415	7,506,492
Commercial paper	9,950,250	9,950,250	-	-	-
Municipal bonds	112,259	-	25,171	26,228	60,860
Mutual funds	184,189,323	184,189,323	-	-	-
Corporate debt	9,630,776	645,086	1,788,240	6,683,033	514,417
	<u>\$ 335,414,333</u>	<u>\$ 244,558,314</u>	<u>\$ 29,243,722</u>	<u>\$ 26,777,605</u>	<u>\$ 34,834,692</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017, for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Agency coupon securities	\$ 106,044,240	AAA
U.S. Treasury obligations	25,487,485	not rated
Commercial paper	9,950,250	A1/P1
Municipal bonds	112,259	AAA-AA
Mutual funds	184,189,323	not rated
Corporate debt	9,630,776	AA3-B1
	<u>\$ 335,414,333</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	\$ 22,458,667	6.70%
Federal Home Loan Mortgage Co.	U.S. agency securities	42,484,044	12.67%
Federal Home Loan Bank	U.S. agency securities	17,423,043	5.19%
Federal Farm Credit	U.S. agency securities	19,458,622	5.80%
United States Treasury	U.S. agency securities	27,982,310	8.34%

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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.

As of June 30, 2017, 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	\$ 22,458,667
Federal Home Loan Mortgage Co.	U.S. agency securities	42,484,044
Federal Home Loan Bank	U.S. agency securities	17,423,043
Federal Farm Credit	U.S. agency securities	19,458,622
United States Treasury	U.S. agency securities	27,982,310

*Foreign currency risk.* As of June 30, 2017, the City had no exposure to foreign currency rate risk.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**B. Investments (continued)**

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.

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

The following is a detail of the foundation's investments at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>
Equity mutual funds	\$ 11,196,406
Corporate debt securities	579,609
Hedge funds	927,060
	<u>\$ 12,703,075</u>

**D. Receivables**

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**E. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2017, is as follows:

*Governmental activities:*

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<i>Non-depreciable capital assets:</i>				
Land	\$ 12,024,658	\$ 166,220	\$ -	\$ 12,190,878
Land improvements	1,384,118	-	-	1,384,118
Public art collection	538,801	5,500	-	544,301
Construction in progress	16,600,419	6,594,136	(15,011,460)	8,183,095
Total non-depreciable capital assets	<u>30,547,996</u>	<u>6,765,856</u>	<u>(15,011,460)</u>	<u>22,302,392</u>
<i>Depreciable capital assets:</i>				
Buildings	32,293,043	1,777,328	(9,817)	34,060,554
Equipment	25,064,172	2,808,770	(2,074,829)	25,798,113
Infrastructure	226,869,817	22,415,430	(7,953)	249,277,294
	<u>284,227,032</u>	<u>27,001,528</u>	<u>(2,092,599)</u>	<u>309,135,961</u>
<i>Less accumulated depreciation:</i>				
Buildings	7,913,654	848,950	(6,381)	8,756,223
Equipment	12,182,792	1,847,931	(1,609,163)	12,421,560
Infrastructure	111,774,822	8,500,773	(7,953)	120,267,642
	<u>131,871,268</u>	<u>11,197,654</u>	<u>(1,623,497)</u>	<u>141,445,425</u>
Total depreciable capital assets	<u>152,355,764</u>	<u>15,803,874</u>	<u>(469,102)</u>	<u>167,690,536</u>
Total capital assets	<u>\$ 182,903,760</u>	<u>\$ 22,569,730</u>	<u>\$ (15,480,562)</u>	<u>\$ 189,992,928</u>

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

General government	\$ 324,334
Public safety	481,211
Public works	8,227,873
Culture and recreation	2,157,850
Community and economic development	6,386
Total depreciation expense - governmental activities	<u>\$ 11,197,654</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**E. Capital assets (continued)**

*Business-type activities:*

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Non-depreciable capital assets:				
Land	\$ 12,142,333	\$ 376,110	\$ (82,734)	\$ 12,435,709
Construction in progress	79,752,297	44,816,220	(27,152,066)	97,416,451
Total non-depreciable capital assets	<u>91,894,630</u>	<u>45,192,330</u>	<u>(27,234,800)</u>	<u>109,852,160</u>
Depreciable capital assets:				
Plant and distribution systems	323,719,550	14,175,105	(6,605,644)	331,289,011
Buildings	267,721,091	16,276,309	(1,771,585)	282,225,815
Equipment	156,509,731	9,011,539	(10,916,922)	154,604,348
Improvements	3,192,820	1,018,602	(230,189)	3,981,233
	<u>751,143,192</u>	<u>40,481,555</u>	<u>(19,524,340)</u>	<u>772,100,407</u>
Less accumulated depreciation:				
Plant and distribution systems	193,961,398	7,733,472	(5,737,033)	195,957,837
Buildings	81,612,866	10,294,436	(1,466,315)	90,440,987
Equipment	115,202,792	9,972,444	(10,717,847)	114,457,389
Improvements	1,956,529	90,818	(230,191)	1,817,156
	<u>392,733,585</u>	<u>28,091,170</u>	<u>(18,151,386)</u>	<u>402,673,369</u>
Total depreciable capital assets	<u>358,409,607</u>	<u>12,390,385</u>	<u>(1,372,954)</u>	<u>369,427,038</u>
Total capital assets	<u>\$ 450,304,237</u>	<u>\$ 57,582,715</u>	<u>\$ (28,607,754)</u>	<u>\$ 479,279,198</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, 2017**

**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, 2017, regular members contributed 5.95% and the City contributed 8.93% of covered wages. Rates for the fiscal year beginning July 1, 2017, 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, 2017. As of July 1, 2017, the rates for emergency responders remain the same. The City's total contributions to IPERS for the years ended June 30, 2017, 2016, and 2015 were \$7,654,501, \$7,543,219, \$7,272,880, 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, 2017, the City reported a liability of \$72,702,715 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 1.1552%, which was a decrease of 0.0064 from its proportion measured as of June 30, 2015.



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**F. Pension obligations (continued)**

For the year ended June 30, 2017, the City recognized pension expense of \$8,397,018. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 641,870	\$ 892,475
Changes in assumptions	1,108,050	336
Net difference between projected and actual earnings on pension plan investments	10,526,965	-
Changes in proportion and differences between City contributions and proportionate share of contributions	652,551	1,620,512
City contributions subsequent to the measurement date	<u>7,654,501</u>	<u>-</u>
	<u>\$ 20,583,937</u>	<u>\$ 2,513,323</u>

\$7,654,501 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2018	\$ 1,051,976
2019	1,051,976
2020	5,286,036
2021	3,073,664
2022	<u>(47,539)</u>
	<u>\$ 10,416,113</u>

There were no non-employer contributing entities at IPERS.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**F. Pension obligations (continued)**

*Actuarial assumptions.* The total pension liability in the June 30, 2016 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, 2016 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**F. Pension obligations (continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	28%	1.90%
Domestic equity	24%	5.85%
International equity	16%	6.32%
Private equity/debt	11%	10.31%
Real estate	8%	3.87%
Credit opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other real assets	2%	6.42%
Cash	1%	-0.26%
	<u>100%</u>	

*Discount rate.* The discount rate used to calculate the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumes that contributions from employees and the City will be made at the contractually required rates, which are set by the contribution rate funding policy and derived from the actuarial valuation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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**  
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**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	\$ 118,249,508	\$ 72,702,715	\$ 34,261,434

*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, 2017, the City reported a payable to the defined benefit pension plan of \$1,285,259 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, 2017, was 25.92%. As of July 1, 2017, the rate is 25.68%. The City's total contributions to MFPRSI for the years ended June 30, 2017, 2016, and 2015 were \$1,946,357, \$1,994,209, and \$2,150,611, 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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**F. Pension obligations (continued)**

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, 2017.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At June 30, 2017, the City reported a liability of \$16,569,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 2.6499%, which is an increase of 0.0468 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$2,231,731. At June 30, 2017, 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
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 427,627	\$ 15,366
Changes in assumptions	699,555	226,951
Net difference between projected and actual earnings on pension plan investments	2,929,794	-
Changes in proportion and differences between City contributions and proportionate share of contributions	40,166	197,984
City contributions subsequent to the measurement date	1,946,357	-
	<u>\$ 6,043,499</u>	<u>\$ 440,301</u>

\$1,946,357 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, 2018. Other amounts reported as

**City of Ames**  
**Notes to the Financial Statements**  
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**IV. Detailed notes on all activities and funds (continued)**

**F. Pension obligations (continued)**

deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2018	\$	554,296
2019		554,296
2020		1,626,527
2021		948,557
2022		(26,835)
	<u>\$</u>	<u>3,656,841</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rate of salary increases	4.50 to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2016 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 on RP 2000 Blue Collar Combined Healthy table with males set back two years, females set forward one year, and disabled persons set forward one year (male only rates), with no projection of future mortality improvement.

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

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

**F. Pension obligations (continued)**

geometric real rates of return for each major asset class included in the pension plan's target asset allocations as of October 1, 2013 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	6.0%
Small cap	5.8%
International large cap	7.0%
Emerging markets	8.8%
Emerging market debt	6.5%
Private non-core real estate	9.30%
Master limited partnerships	8.50%
Private equity	9.80%
Core plus fixed income	3.80%
Private core real estate	6.80%
Treasury inflation protected securities	2.80%
Tactical asset allocation	6.00%

*Discount rate.* The discount rate used to measure the total pension liability as of June 30, 2016, was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**City of Ames  
Notes to the Financial Statements  
June 30, 2017**

**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	\$ 26,004,317	\$ 16,569,071	\$ 8,711,526

*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, 2017, 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 \$374,895, and City contributions were \$550,543 for the fiscal year ended June 30, 2017.



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	\$ 170,000	\$ 458,581	\$ 628,581
Interest on net OPEB obligation	63,000	196,973	259,973
Adjustment to ARC	(56,000)	(140,204)	(196,204)
Annual OPEB cost	177,000	515,350	692,350
Contributions and payments made	(94,599)	(79,735)	(174,334)
Increase in net OPEB obligation	82,401	435,615	518,016
Net OPEB obligation, beginning	1,577,278	3,939,451	5,516,729
Net OPEB obligation, ending	<u>\$1,659,679</u>	<u>\$4,375,066</u>	<u>\$6,034,745</u>

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

**City of Ames**  
**Notes to the Financial Statements**  
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**IV. Detailed notes on all activities and funds (continued)**

**G. OPEB (continued)**

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 692,350	25.18%	\$6,034,745
June 30, 2016	698,318	11.46%	5,516,729
June 30, 2015	704,742	-11.15%	4,898,412

*Funded status and funding progress.* As of July 1, 2016 (July 1, 2015 for the hospital), the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 6,123,374
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,123,374</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 92,032,648
UAAL as a percentage of covered payroll	6.65%

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 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.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**G. OPEB (continued)**

The ARC for the City was determined as part of the July 1, 2016 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, 2017**

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

**H. Construction and other significant commitments**

*Construction commitments.* As of June 30, 2017, the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
Streets & bridges	\$ 1,880,749	\$ 5,287,629
Shared-use path	107,362	96,626
City hall	638,307	502,026
Airport	1,533,255	435,160
Water	50,584,159	4,044,415
Sewer	1,208,671	2,320,587
Electric	1,964,814	245,437
Storm sewer	287,364	47,967
Transit	239,634	74,686
Maintenance facility	19,076	16,774
	<u>\$58,463,391</u>	<u>\$13,071,307</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	\$ 1,064,069
Capital projects fund	5,083,408
Non-major governmental funds	2,179,369
Electric	2,432,837
Water	5,469,573
Sewer	3,199,762
Non-major business-type funds	2,367,630
	<u>\$21,796,648</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017, 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, 2017**

**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, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Liability, July 1	\$ 684,228	\$ 818,868
Claims incurred & claims adjustments	799,305	378,646
Claim payments	<u>(786,998)</u>	<u>(513,286)</u>
Liability, June 30	<u>\$ 696,535</u>	<u>\$ 684,228</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>2017</u>	<u>2016</u>
Liability, July 1	\$ 500,000	\$ 460,000
Claims incurred & claims adjustments	7,318,301	7,067,386
Claim payments	<u>(7,468,301)</u>	<u>(7,027,386)</u>
Liability, June 30	<u>\$ 350,000</u>	<u>\$ 500,000</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 \$176,674 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2017.

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 \$1,038,699 at June 30, 2017.

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 \$792,528 at June 30, 2017.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017 and 2016 were as follows:

	Professional Liability		Health Insurance	
	2017	2016	2017	2016
Liability, July 1	\$ 184,565	\$ 184,287	\$ 1,063,009	\$ 903,026
Claims incurred & claims adjustments	(7,790)	347	10,572,657	9,745,393
Claim payments	(101)	(69)	(10,596,967)	(9,585,410)
Liability, June 30	\$ 176,674	\$ 184,565	\$ 1,038,699	\$ 1,063,009
	Workers' Compensation			
	2017	2016		
Liability, July 1	\$ 536,132	\$ 647,493		
Claims incurred & claims adjustments	985,810	551,688		
Claim payments	(729,414)	(663,049)		
Liability, June 30	\$ 792,528	\$ 536,132		

**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, 2017, was \$15,142. The hospital leases various equipment for use in the medical center. Rent expense for these leases was \$601,000 for the fiscal year ended June 30, 2017.

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

Year Ending June 30,	Total Rent
2018	\$ 227,477
2019	-
2020	-
2021	-
2022	-
	\$ 227,477

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017 are as follows:

Governmental Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2017
Corporate purpose	2009	\$ 11,165,000	2.00-3.500 %	2021	\$ 4,285,000
Corporate purpose	2010	6,690,000	2.00-2.500	2022	3,090,000
Refunding	2011	5,980,000	2.00-3.350	2021	960,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	3,510,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	7,815,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	15,020,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	7,105,000
Corporate purpose/refunding	2015	16,585,000	3.00-5.000	2035	12,349,469
Corporate purpose	2016	9,020,605	2.00-5.000	2028	8,099,778
		<u>\$ 98,055,605</u>			<u>\$ 62,234,247</u>

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2017
Corporate purpose	2012	\$ 1,335,000	1.50-3.00 %	2024	\$ 830,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	915,000
Corporate purpose	2014	300,000	2.00-2.50	2024	220,000
Corporate purpose/refunding	2015	2,061,714	3.00-5.00	2027	1,750,531
Corporate purpose/refunding	2016	2,629,395	2.00-5.00	2028	2,280,222
		<u>\$ 7,646,109</u>			<u>\$ 5,995,753</u>

On August 23, 2016, the City issued \$8,600,000 of general obligation, corporate purpose bonds to be used for improvements to streets, water mains, sanitary and storm sewers, bridges, and related improvements; and flood mitigation and remediation. Maturity dates



**City of Ames**  
**Notes to the Financial Statements**  
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**IV. Detailed notes on all activities and funds (continued)**

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

on the bonds range from June 1, 2017 to June 1, 2028. Debt service payments are scheduled to be paid semi-annually in amounts that range from \$861,900 to \$1,723,150. Bonds due after June 1, 2024 may be subject to call prior to maturity at the option of the City.

On August 23, 2016, the City also issued \$3,050,000 of general obligation, refunding bonds. The proceeds from the current refunding were used to refund \$3,290,000 of the 2008A bonds, which had interest rates ranging from 3.75% to 4.15%. The net carrying value of the old debt exceeded the reacquisition price by \$38,517. This amount has been recorded as deferred charges on refunding debt. The refunding was undertaken to reduce total future debt service payments by \$215,353 over four years and to obtain an economic gain of \$206,338.

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, 2017 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2017
Hospital improvement and refunding	2012	\$ 26,000,000	2.070 %	2027	\$ 15,165,000
Electric	2015	9,500,000	2.125-5.000	2027	8,075,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	64,130,000
		<u>\$ 100,290,000</u>			<u>\$ 87,370,000</u>

The hospital has pledged future net revenue to repay the 2012 and 2016 revenue bonds with original borrowings of \$26,000,000 and \$64,790,000, respectively. Net revenue is defined in the supplemental master trust indenture of trust dated November 1, 2012, and in the supplemental trust indenture dated June 1, 2016, as operating revenue, less operating expenses plus depreciation. The purpose of the 2012 and 2016 bonds is to refund the 2003 and 2011 bonds, respectively, and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and are payable through 2027 and 2036, respectively. The total principal and interest remaining to be paid on the bonds as of June 30, 2017, is \$114,096,051. Principal and interest paid during the fiscal year ended June 30, 2017, was \$6,242,934 and net revenue for the same period, as defined above, was \$27,915,342.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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.

The City has pledged future net revenue to repay the 2015 electric revenue bonds. Net revenue is defined as operating revenue less operating expenses, excluding depreciation. The total principal and interest remaining to be paid on the bonds as of June 30, 2017, is \$9,664,631. Principal and interest paid during the fiscal year ended June 30, 2017, was \$968,556 and net revenue for the same period, as defined above, was \$10,642,593.

**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.

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 \$138,164 at June 30, 2017, with a current portion of \$17,493.

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.

**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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

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 \$29,644,785 during the fiscal year. The amount of principal outstanding is \$63,226,155, and the City has \$13,098,845 of capital loan notes still available as of June 30, 2017.

The capital loan note agreement requires the water utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2017, the water fund had net revenues of \$4,361,225 and the amount of principal and interest due was \$857,786.

The City has a second revenue capital loan note agreement with the IFA in an amount not to exceed \$3,121,000. The funds were used to pay for a new ultraviolet light disinfection system for the Water Pollution Control Plant, which is required under the terms of the discharge permit for the facility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$15,605 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The City received its final disbursement for the loan during fiscal year 2015, with total proceeds, including the loan initiation fee, totaling \$2,469,250. The balance of the loan was \$1,940,249 as of June 30, 2017.

The City has a third capital loan note agreement with the IFA in an amount not to exceed \$375,000. The funds are to be used for planning, designing, and construction improvements and extensions to the sanitary sewer system. The notes bears interest at 0% and is payable as to principal three years from the project note date. Repayment of the loan will come from the sewer fund. The balance of the loan was \$318,750 as of June 30, 2017.

The City has a fourth revenue capital loan note agreement with the IFA in an amount not to exceed \$797,000. The funds are to be used for improvements to two wastewater lift stations that are nearing the end of their useful lives. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$3,985 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The City borrowed \$641,332 during the fiscal year, and the amount of principal outstanding as of June 30, 2017 is \$608,332. The City has \$155,668 in capital loan notes still available as of June 30, 2017.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

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

The capital loan note agreements above require the sewer utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2017, the sewer fund had net revenues of \$3,709,075, and the amount of principal and interest due was \$211,951.

*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, 2015, related to the 2016-2017 fiscal year. At June 30, 2017, the outstanding debt of \$68,230,000 is below the limit of \$202,620,917, leaving a debt margin of over \$134 million.

*Changes in long-term liabilities.* Changes in the City's long-term liabilities for the fiscal year ended June 30, 2017, are as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 63,695,404	\$ 9,020,605	\$ (10,481,762)	\$ 62,234,247	\$ 8,152,150
Premiums	2,565,180	664,904	(476,611)	2,753,473	432,285
Total bonds payable	66,260,584	9,685,509	(10,958,373)	64,987,720	8,584,435
Compensated absences	2,114,334	3,059,928	(2,956,008)	2,218,254	108,733
Other post-employment benefits	885,511	46,261	-	931,772	-
Governmental activities long-term debt	<u>\$ 69,260,429</u>	<u>\$ 12,791,698</u>	<u>\$ (13,914,381)</u>	<u>\$ 68,137,746</u>	<u>\$ 8,693,168</u>

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 91,065,000	\$ -	\$ (3,695,000)	\$ 87,370,000	\$ 3,805,000
Premiums	9,536,136	-	(746,022)	8,790,114	740,219
Total revenue bonds	100,601,136	-	(4,441,022)	96,160,114	4,545,219
General obligation bonds	5,129,596	2,629,395	(1,763,238)	5,995,753	782,850
Premiums	269,704	351,061	(81,987)	538,778	69,524
Total general obligation bonds	5,399,300	2,980,456	(1,845,225)	6,534,531	852,374
Total bonds payable	106,000,436	2,980,456	(6,286,247)	102,694,645	5,397,593
Compensated absences	10,842,276	8,622,776	(11,359,279)	8,105,773	537,286
Loans payable	318,750	-	-	318,750	-
Capital loan notes payable	35,657,620	30,286,116	(169,000)	65,774,736	3,313,000
Other post-employment benefits	4,631,218	471,755	-	5,102,973	-
Landfill post-closure costs	154,043	-	(15,879)	138,164	17,493
Business-type activities long-term debt	<u>\$ 157,604,343</u>	<u>\$ 42,361,103</u>	<u>\$ (17,830,405)</u>	<u>\$ 182,135,041</u>	<u>\$ 9,265,372</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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
2018	\$ 8,152,150	\$ 1,903,663
2019	7,897,109	1,623,991
2020	7,203,882	1,353,851
2021	6,851,484	1,117,598
2022	5,669,044	929,883
2023-2027	19,792,100	2,439,945
2028-2032	6,488,478	557,487
2033-2037	180,000	11,625
Total	<u>\$ 62,234,247</u>	<u>\$ 9,938,043</u>

*Business-type activities:*

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 782,850	\$ 204,266	\$ 3,805,000	\$ 3,402,353
2019	817,891	176,175	3,920,000	3,284,328
2020	786,118	148,898	4,050,000	3,162,017
2021	553,516	120,501	4,180,000	3,034,525
2022	565,956	107,461	4,310,000	2,901,998
2023-2027	2,332,900	292,894	24,270,000	11,779,693
2028-2032	156,522	26,632	21,870,000	6,834,556
2033-2037	-	-	20,965,000	1,991,212
Total	<u>\$ 5,995,753</u>	<u>\$ 1,076,827</u>	<u>\$ 87,370,000</u>	<u>\$ 36,390,682</u>

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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
2018	\$ -	\$ -	\$ 3,313,000	\$ 1,315,495
2019	-	-	3,380,000	1,249,235
2020	318,750	-	3,448,000	1,181,634
2021	-	-	3,518,000	1,112,674
2022	-	-	3,586,000	1,042,315
2023-2027	-	-	19,040,000	4,106,394
2028-2032	-	-	20,556,250	2,132,444
2033-2037	-	-	8,933,486	279,436
Total	\$ 318,750	\$ -	\$ 65,774,736	\$ 12,419,627

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2018	\$ 7,900,850	\$ 4,922,114	\$ 16,053,000	\$ 6,825,777
2019	8,117,891	4,709,738	16,015,000	6,333,729
2020	8,602,868	4,492,549	15,806,750	5,846,400
2021	8,251,516	4,267,700	15,103,000	5,385,298
2022	8,461,956	4,051,774	14,131,000	4,981,657
2023-2027	45,642,900	16,178,981	65,435,000	18,618,926
2028-2032	42,582,772	8,993,632	49,071,250	9,551,119
2033-2037	29,898,486	2,270,648	30,078,486	2,282,273
Total	\$ 159,459,239	\$ 49,887,136	\$ 221,693,486	\$ 59,825,179

**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, 2017**

**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, 2017**

**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	\$ 34,864	\$ -	\$ -	\$ 70,142	\$ -	\$ 105,006
Prepaid items	137,372	-	-	26,990	-	164,362
Perpetual care principal	-	-	-	-	962,853	962,853
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	<u>172,236</u>	<u>-</u>	<u>-</u>	<u>97,132</u>	<u>1,962,853</u>	<u>2,232,221</u>
Restricted:						
Debt service	-	-	1,173,608	-	-	1,173,608
Airport construction	-	91,463	-	-	-	91,463
Aquatic center	-	-	-	-	122,129	122,129
Street construction	-	-	-	6,999,522	-	6,999,522
Environment and economic betterment	-	-	-	6,501,333	-	6,501,333
General obligation bond projects	-	12,627,444	-	-	-	12,627,444
Housing assistance	-	-	-	949,032	-	949,032
Public safety	-	-	-	273,768	-	273,768
Public safety pension	-	-	-	384,592	-	384,592
Library	-	-	-	336,533	-	336,533
Parks and recreation	-	1,830,465	-	-	-	1,830,465
Project Share	-	-	-	3,409	-	3,409
Public art	-	-	-	173	-	173
Developers' projects	-	-	-	214,066	-	214,066
Total restricted fund balance	<u>-</u>	<u>14,549,372</u>	<u>1,173,608</u>	<u>15,662,428</u>	<u>122,129</u>	<u>31,507,537</u>
Committed:						
Bike trails	-	-	-	9,424	-	9,424
Parks and recreation	-	705,492	-	108,676	-	814,168
Housing assistance	-	-	-	605,673	-	605,673
Green energy projects	-	-	-	7,359	-	7,359
Environment and economic betterment	-	-	-	541,961	-	541,961
Total committed fund balance	<u>-</u>	<u>705,492</u>	<u>-</u>	<u>1,273,093</u>	<u>-</u>	<u>1,978,585</u>
Assigned:						
Administration	164,246	-	-	-	-	164,246
City Hall parking lot	529,435	-	-	-	-	529,435
City Hall HVAC system	10,261	-	-	-	-	10,261
City Hall maintenance	6,819	-	-	-	-	6,819
Fire prevention	1,530	-	-	-	-	1,530
Inspections	6,812	-	-	-	-	6,812
Other public safety	10,670	-	-	-	-	10,670
Parks and recreation	42,881	-	-	-	-	42,881
Corridor planning	26,060	-	-	-	-	26,060
Airport	4,482	-	-	-	-	4,482
Cemetery maintenance	5,837	-	-	-	-	5,837
Total assigned fund balance	<u>809,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,033</u>
Unassigned	<u>11,270,733</u>	<u>(1,953,258)</u>	<u>-</u>	<u>(788,502)</u>	<u>-</u>	<u>8,528,973</u>
Total fund balance	<u>\$ 12,252,002</u>	<u>\$ 13,301,606</u>	<u>\$ 1,173,608</u>	<u>\$ 16,244,151</u>	<u>\$ 2,084,982</u>	<u>\$ 45,056,349</u>



**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017, is as follows:

Receivable Fund	Payable Fund					
	General Fund	Capital Projects	Debt Service	Electric	Sewer	Water
Major Funds:						
General Fund	\$ -	\$ 729	\$ -	\$ 140,570	\$ 48,676	\$ 54,420
Capital Projects	57,208	369,911	-	-	902,318	453,287
Electric	148,602	18,000	-	-	44,356	100,758
Sewer	152	-	-	18,857	-	27,665
Water	150,000	-	6,735	21,982	36,567	-
Non-Major Funds:						
Permanent	22,005	-	-	-	-	-
Special Revenue	26,537	275,600	-	5,010	112,569	101,761
Enterprise	7,127	5,998	-	58,831	-	-
Internal Service	198,294	1,320	-	119,681	80,480	86,298
Total	<u>\$ 609,925</u>	<u>\$ 671,558</u>	<u>\$ 6,735</u>	<u>\$ 364,931</u>	<u>\$ 1,224,966</u>	<u>\$ 824,189</u>

Receivable Fund	Payable Fund			
	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds	Total
Major Funds:				
General Fund	\$ 1,283,048	\$ 55,610	\$ 30,593	\$ 1,613,646
Capital Projects	-	-	-	1,782,724
Electric	-	-	372,700	684,416
Sewer	-	-	1,101	47,775
Water	-	375	-	215,659
Non-Major Funds:				
Permanent	-	-	-	22,005
Special Revenue	3,550	79,868	11,912	616,807
Enterprise	-	-	-	71,956
Internal Service	184,918	39,788	2,142	712,921
Total	<u>\$ 1,471,516</u>	<u>\$ 175,641</u>	<u>\$ 418,448</u>	<u>\$ 5,767,909</u>

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

**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, 2017, is as follows:

Transfers In	Transfers Out						Internal Service	Total
	General Fund	Capital Projects	Electric	Sewer	Water	Non-Major Special Revenue Funds		
<b>Major Funds:</b>								
General Fund	\$ -	\$ -	\$ 2,131,381	\$ -	\$ -	\$ 6,838,509	\$ -	\$ 8,969,890
Capital Projects	57,208	-	-	-	-	100,000	-	157,208
Debt Service	-	975,403	-	-	-	423,276	-	1,398,679
Electric	-	-	-	-	-	-	361,000	361,000
Water	150,000	-	-	-	-	-	-	150,000
<b>Non-Major Funds:</b>								
Special Revenue	-	-	-	-	-	139,460	-	139,460
Enterprise	2,180,203	-	-	-	-	20,000	-	2,200,203
Internal Service	-	-	-	56,913	56,913	56,914	-	170,740
<b>Total</b>	<b>\$ 2,387,411</b>	<b>\$ 975,403</b>	<b>\$ 2,131,381</b>	<b>\$ 56,913</b>	<b>\$ 56,913</b>	<b>\$ 7,578,159</b>	<b>\$ 361,000</b>	<b>\$ 13,547,180</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 \$122,129 at June 30, 2017, are shown as restricted net position. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Code of Iowa permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**P. Net position restatement**

The City made the following restatement to net position as of July 1, 2016:

	Other Enterprise Funds	Business-Type Activities
Net position June 30, 2016, as previously reported	\$ 45,985,452	\$ 578,214,753
Transit grant revenue	1,974,304	1,974,304
Net position July 1, 2016, as restated	\$ 47,959,756	\$ 580,189,057

The net position restatement is to properly recognize transit operating grant funds in the fiscal year in which the corresponding expenses were incurred.

**Q. Urban renewal development agreements**

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

During the fiscal year ended June 30, 2017, the City rebated \$195,468 of incremental property tax to developers, which was all for principal. The total cumulative principal amount rebated on the agreements is \$195,468. The outstanding balance on the agreements at June 30, 2017 was \$1,869,062.

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

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

**R. Tax abatements**

GASB Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**R. Tax abatements (continued)**

otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

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

For the fiscal year ended June 30, 2017, the City abated \$195,468 of property tax under urban renewal and economic development projects. The City's property tax revenue was not reduced by any amount under agreements entered into by any other entities for the year ended June 30, 2017.

**S. Contingencies**

The City's Legal Department reported to management that, as of June 30, 2017, claims and lawsuits were on file against the City. The Legal Department estimates that the portion of these potential claims and lawsuits not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes outside the regular limit to cover cases resulting in an uninsured judgment.

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act, as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

**Hospital contingencies**

*Net patient service revenue.* As a provider of health care services, the hospital has agreements with third-party payers that provide for payment of services at amounts different from established rates. The basis for payment varies by payer and includes prospectively-determined rates per discharge, discounts from established charges, and retroactively-determined, cost-based rates. Approximately 97% of gross patient charges

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**S. Contingencies (continued)**

determined at established rates resulted from patients covered by these third-party reimbursement programs for the fiscal year ended June 30, 2017. Changes have been and may be made in certain programs, which could have a material adverse impact on the financial condition of the hospital in future years.

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

*Current economic conditions.* The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity, and difficulty obtaining financing. The hospital's financial statements have been prepared using values and information currently available to the hospital.

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

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

**City of Ames**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

**T. Joint venture**

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (Health Ventures), of which it owns 50%. A joint venture also exists with Garner Dialysis, LLC, which is owned 40% by the hospital, and Health Enterprises Cooperative, of which the hospital owns 14.1%. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise significant influence over operating and financial policies of the investee. Financial statements of the joint ventures are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

**U. Related party transactions**

The hospital's board of trustees approved the guarantee of certain debt on behalf of the Health Ventures joint venture mentioned above. During the fiscal year ended June 30, 2017, the debt was paid in full by Health Ventures, and there was no performance on the guarantee by the hospital.

**V. Subsequent Events**

On September 12, 2017, the City issued \$10,975,000 of general obligation, corporate purpose and refunding bonds for the purpose of paying the cost of constructing street, sanitary and storm sewer, bridge, and related improvements and to current refund the outstanding portion of the 2009B bonds. The interest rates on the bonds range from 2.00-5.00% with final maturity on June 1, 2029.

In the months since the fiscal year ended, the City received an additional \$1,722,798 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 \$64,948,953 as of the date of this report.

# FILTERS



REQUIRED SUPPLEMENTARY  
INFORMATION

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

	2017	2016	2015
City's proportion of the net pension liability	1.1552370%	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$ 72,702,712	\$ 57,389,174	\$ 47,625,187
City's covered payroll*	\$ 84,237,577	\$ 81,269,880	\$ 80,486,286
City's proportionate share of the net pension liability as a percentage of its covered payroll	86.31%	70.62%	59.17%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

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

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

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



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

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 7,654,501	\$ 7,654,501	-	\$ 85,610,198	8.94%
2016	7,543,219	7,543,219	-	84,237,577	8.95%
2015	7,272,880	7,272,880	-	81,269,880	8.95%
2014	7,202,625	7,202,625	-	80,486,286	8.95%
2013	6,861,788	6,861,788	-	78,907,943	8.70%
2012	6,180,045	6,180,045	-	76,283,278	8.10%
2011	5,241,681	5,241,681	-	74,876,651	7.00%
2010	4,964,111	4,964,111	-	74,177,643	6.69%
2009	4,808,898	4,808,898	-	75,297,546	6.39%
2008	3,680,401	3,680,401	-	not available	n/a

Note: Prior year amounts of covered payroll were changed to comply with GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. Covered payroll is not available for the fiscal year ended June 30, 2008.

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 Three Fiscal Years\***

	2017	2016	2015
City's proportion of the net pension liability	2.649945%	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$ 16,569,071	\$ 12,669,610	\$ 9,730,925
City's covered payroll*	\$ 7,180,220	\$ 7,004,314	\$ 6,855,169
City's proportionate share of the net pension liability as a percentage of its covered payroll	230.76%	180.88%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	83.04%	86.27%

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

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

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

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

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

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 1,946,357	\$ 1,946,357	-	\$ 7,506,515	25.93%
2016	1,994,209	1,994,209	-	7,180,220	27.77%
2015	2,150,611	2,150,611	-	7,004,314	30.70%
2014	2,064,780	2,064,780	-	6,855,169	30.12%
2013	1,758,163	1,758,163	-	6,653,706	26.42%
2012	1,630,807	1,630,807	-	6,586,460	24.76%
2011	1,253,345	1,253,345	-	6,298,219	19.90%
2010	1,024,685	1,024,685	-	6,025,172	17.01%
2009	1,095,325	1,095,325	-	5,841,733	18.75%
2008	1,412,973	1,412,973	-	5,545,418	25.48%

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

The 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 Value of Assets (a)	Actuarial Accrued Liability (AAL) -			Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
				Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
2017	07/01/16	07/01/15	\$ -	\$ 6,123,374	\$ 6,123,374	0.00%	\$92,032,648	6.65%	
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, 2017**

	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	\$ 26,861,649	\$ -	\$ 26,861,649	\$ 26,989,155	\$ 26,989,155	\$ (127,506)
Delinquent property taxes	957	-	957	-	-	957
TIF revenues	241,161	-	241,161	245,892	245,892	(4,731)
Other taxes	10,236,171	-	10,236,171	9,913,236	10,059,368	176,803
Licenses and permits	2,088,417	34,939	2,123,356	1,637,422	1,830,097	293,259
Use of money and property	445,853	28,224,239	28,670,092	9,732,777	10,852,639	17,817,453
Intergovernmental	11,706,707	12,361,190	24,067,897	23,556,609	32,100,669	(8,032,772)
Charges for services	3,740,778	276,726,553	280,467,331	272,389,265	277,398,836	3,068,495
Special assessments	298,227	-	298,227	457,082	457,082	(158,855)
Miscellaneous	1,054,199	6,530,841	7,585,040	1,904,474	8,128,590	(543,550)
Other financing sources	23,627,362	36,144,531	59,771,893	43,614,843	78,391,253	(18,619,360)
Total revenues and other financing sources	80,301,481	360,022,293	440,323,774	390,440,755	446,453,581	(6,129,807)
<b>Expenditures and other financing uses:</b>						
General government	2,689,344	-	2,689,344	2,530,591	2,898,895	209,551
Public safety	17,830,199	-	17,830,199	17,818,239	18,833,554	1,003,355
Public works	5,063,088	-	5,063,088	6,467,085	5,591,821	528,733
Health and social services	1,326,442	-	1,326,442	1,302,478	1,376,171	49,729
Culture and recreation	8,255,323	-	8,255,323	8,186,651	8,658,603	403,280
Community and economic development	3,591,659	-	3,591,659	3,379,096	4,395,467	803,808
Debt service	13,527,273	-	13,527,273	11,366,737	14,539,737	1,012,464
Capital outlay	13,306,418	-	13,306,418	13,791,682	36,463,378	23,156,960
Total governmental expenditures	65,589,746	-	65,589,746	64,842,559	92,757,626	27,167,880
Business-type expenditures	-	289,881,539	289,881,539	293,358,253	337,012,903	47,131,364
Total expenditures and other financing uses	65,589,746	289,881,539	355,471,285	358,200,812	429,770,529	74,299,244
Other financing uses	13,236,730	3,587,065	16,823,795	15,633,343	16,850,480	26,685
Total expenditures, other financing uses, and transfers out	78,826,476	293,468,604	372,295,080	373,834,155	446,621,009	74,325,929
<b>Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out</b>						
	1,475,005	66,553,689	68,028,694	16,606,600	(167,428)	68,196,122
Fund balances, beginning (as previously reported)	47,389,687	545,271,095	592,660,782	626,536,840	592,660,782	-
Prior period adjustment	-	1,974,304	1,974,304	-	-	1,974,304
Fund balances, beginning (as restated)	47,389,687	547,245,399	594,635,086	626,536,840	592,660,782	1,974,304
Fund balances, ending	\$ 48,864,692	\$ 613,799,088	\$ 662,663,780	\$ 643,143,440	\$ 592,493,354	\$ 70,170,426

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, 2017**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 80,301,481	\$ (3,329,600)	\$ 76,971,881	\$ 360,022,293	\$ (32,680,197)	\$ 327,342,096
Expenditures and other financing uses	78,826,476	(3,276,628)	75,549,848	293,468,604	(12,455,664)	281,012,940
Excess revenues and other financing sources over expenditures and other financing uses	1,475,005	(52,972)	1,422,033	66,553,689	(20,224,533)	46,329,156
Fund balances, beginning (as previously reported)	47,389,687	(3,755,371)	43,634,316	545,271,095	24,577,803	569,848,898
Prior period adjustment	-	-	-	1,974,304	-	1,974,304
Fund balances, beginning (as restated)	47,389,687	(3,755,371)	43,634,316	547,245,399	24,577,803	571,823,202
Fund balances, ending	<u>\$ 48,864,692</u>	<u>\$ (3,808,343)</u>	<u>\$ 45,056,349</u>	<u>\$ 613,799,088</u>	<u>\$ 4,353,270</u>	<u>\$ 618,152,358</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, 2017**

**I. Pension Liability**

**IPERS:**

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

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

**City of Ames**  
**Notes to the Required Supplementary Information (continued)**  
**June 30, 2017**

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

- 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 \$72,786,854. These amendments are reflected in the final budget amounts.



# HIGH SERVICE PUMP STATION



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, 2017**

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,761,152	\$ 7,005	\$ 335,651	\$ 5,103,808
Investments	10,961,919	933,353	785,419	12,680,691
Taxes receivable	2,623	-	-	2,623
Accrued interest receivable	1,118	-	1,059	2,177
Accounts receivable, net	6,677	490	-	7,167
Intergovernmental receivable	2,092,402	-	-	2,092,402
Loans receivable	6,206	-	-	6,206
Due from other funds	616,807	22,005	-	638,812
Inventories	70,142	-	-	70,142
Property held for resale	934,104	-	-	934,104
Prepaid items	26,990	-	-	26,990
Succeeding year taxes receivable	1,958,021	-	-	1,958,021
Long-term loans receivable	16,027	-	-	16,027
Total assets	<u>\$ 21,454,188</u>	<u>\$ 962,853</u>	<u>\$ 1,122,129</u>	<u>\$ 23,539,170</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 332,923	\$ -	\$ -	\$ 332,923
Accrued payroll	108,849	-	-	108,849
Retainage payable	72,144	-	-	72,144
Accrued interest	304	-	-	304
Customer deposits	530,984	-	-	530,984
Intergovernmental payable	69,254	-	-	69,254
Due to other funds	1,471,516	-	-	1,471,516
Total liabilities	<u>2,585,974</u>	<u>-</u>	<u>-</u>	<u>2,585,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes	1,958,021	-	-	1,958,021
Other taxes	648,536	-	-	648,536
Grants	17,506	-	-	17,506
Total deferred inflows of resources	<u>2,624,063</u>	<u>-</u>	<u>-</u>	<u>2,624,063</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	97,132	962,853	1,000,000	2,059,985
Restricted	15,662,428	-	122,129	15,784,557
Committed	1,273,093	-	-	1,273,093
Unassigned	(788,502)	-	-	(788,502)
Total fund balances	<u>16,244,151</u>	<u>962,853</u>	<u>1,122,129</u>	<u>18,329,133</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,454,188</u>	<u>\$ 962,853</u>	<u>\$ 1,122,129</u>	<u>\$ 23,539,170</u>

**City of Ames**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>Permanent Funds</u>			
	<b>Non-Major Special Revenue Funds</b>	<b>Perpetual Care</b>	<b>Furman Aquatic Center Endowment</b>	
<b>REVENUES</b>				
Taxes	\$ 12,320,395	\$ -	\$ -	\$ 12,320,395
Intergovernmental	7,970,762	-	-	7,970,762
Charges for services	-	20,360	-	20,360
Investment income	(1,268)	-	2,278	1,010
Miscellaneous	383,581	-	-	383,581
Total revenues	<u>20,673,470</u>	<u>20,360</u>	<u>2,278</u>	<u>20,696,108</u>
<b>EXPENDITURES</b>				
Current:				
General government	158,059	-	-	158,059
Public safety	113,045	-	-	113,045
Public works	4,814,587	-	-	4,814,587
Health and social services	1,342,880	-	-	1,342,880
Culture and recreation	835,621	-	-	835,621
Community and economic development	2,574,228	-	-	2,574,228
Capital outlay	2,609,280	-	-	2,609,280
Total expenditures	<u>12,447,700</u>	<u>-</u>	<u>-</u>	<u>12,447,700</u>
Excess of revenues over expenditures	<u>8,225,770</u>	<u>20,360</u>	<u>2,278</u>	<u>8,248,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	139,460	-	-	139,460
Transfers out	(7,578,159)	-	-	(7,578,159)
Total other financing sources (uses)	<u>(7,438,699)</u>	<u>-</u>	<u>-</u>	<u>(7,438,699)</u>
Net change in fund balance	787,071	20,360	2,278	809,709
Fund balances, beginning	<u>15,457,080</u>	<u>942,493</u>	<u>1,119,851</u>	<u>17,519,424</u>
Fund balances, ending	<u>\$ 16,244,151</u>	<u>\$ 962,853</u>	<u>\$ 1,122,129</u>	<u>\$ 18,329,133</u>

**City of Ames  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2017**

	<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>ASSETS</b>										
Cash and cash equivalents	\$ 1,730,423	\$ 232,624	\$ 1,860,885	\$ 2,856	\$ 19,091	\$ 183,473	\$ -	\$ -	\$ 134,696	\$ 34,194
Investments	3,979,735	535,004	4,279,780	6,568	43,907	421,962	-	-	319,465	74,379
Taxes receivable	-	-	-	-	-	-	-	2,623	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	431	103
Accounts receivable, net	-	-	66	-	-	550	-	-	-	-
Intergovernmental receivable	656,415	648,536	763,937	-	8,068	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	17	-	615,936	-	79	275	-	-	-	-
Inventories	-	-	70,142	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	10,333	-	-	470	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	1,958,021	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,366,590</u>	<u>\$ 1,416,164</u>	<u>\$ 7,601,079</u>	<u>\$ 9,424</u>	<u>\$ 71,145</u>	<u>\$ 606,730</u>	<u>\$ -</u>	<u>\$ 1,960,644</u>	<u>\$ 454,592</u>	<u>\$ 108,676</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 102,131	\$ 76,323	\$ 134,599	\$ -	\$ 1,395	\$ 192	\$ -	\$ -	\$ -	\$ -
Accrued payroll	4,240	-	100,437	-	820	-	-	-	-	-
Retainage payable	49,840	-	16,600	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	304	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	67,129	-	1,839	-	-	-	-	-
Due to other funds	397,529	2,822	202,317	-	2,932	395	788,198	2,623	70,000	-
Total liabilities	<u>553,740</u>	<u>79,145</u>	<u>521,082</u>	<u>-</u>	<u>6,986</u>	<u>587</u>	<u>788,502</u>	<u>2,623</u>	<u>70,000</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	1,958,021	-	-
Other taxes	-	648,536	-	-	-	-	-	-	-	-
Grants	-	-	-	-	2,060	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>648,536</u>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>-</u>	<u>-</u>	<u>1,958,021</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>										
Nonspendable	-	-	80,475	-	-	470	-	-	-	-
Restricted	5,812,850	688,483	6,999,522	-	62,099	-	-	-	384,592	-
Committed	-	-	-	9,424	-	605,673	-	-	-	108,676
Unassigned	-	-	-	-	-	-	(788,502)	-	-	-
Total fund balances (deficits)	<u>5,812,850</u>	<u>688,483</u>	<u>7,079,997</u>	<u>9,424</u>	<u>62,099</u>	<u>606,143</u>	<u>(788,502)</u>	<u>-</u>	<u>384,592</u>	<u>108,676</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 6,366,590</u>	<u>\$ 1,416,164</u>	<u>\$ 7,601,079</u>	<u>\$ 9,424</u>	<u>\$ 71,145</u>	<u>\$ 606,730</u>	<u>\$ -</u>	<u>\$ 1,960,644</u>	<u>\$ 454,592</u>	<u>\$ 108,676</u>

**City of Ames**  
**Combining Balance Sheet (continued)**  
**Non-Major Special Revenue Funds**  
**June 30, 2017**

	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	\$ 105,279	\$ 3,095	\$ -	\$ -	\$ 64,052	\$ 63	\$ 226,184	\$ 164,237	\$ 4,761,152
Investments	246,309	7,121	-	-	149,578	110	520,277	377,724	10,961,919
Taxes receivable	-	-	-	-	-	-	-	-	2,623
Accrued interest receivable	337	-	-	-	203	-	44	-	1,118
Accounts receivable, net	-	552	4,756	-	753	-	-	-	6,677
Intergovernmental receivable	-	-	-	15,446	-	-	-	-	2,092,402
Loans receivable	-	-	-	6,206	-	-	-	-	6,206
Due from other funds	-	-	-	500	-	-	-	-	616,807
Inventories	-	-	-	-	-	-	-	-	70,142
Property held for resale	-	-	-	934,104	-	-	-	-	934,104
Prepaid items	15,717	-	-	470	-	-	-	-	26,990
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	1,958,021
Long-term loans receivable	-	-	-	16,027	-	-	-	-	16,027
Total assets	<u>\$ 367,642</u>	<u>\$ 10,768</u>	<u>\$ 4,756</u>	<u>\$ 972,753</u>	<u>\$ 214,586</u>	<u>\$ 173</u>	<u>\$ 746,505</u>	<u>\$ 541,961</u>	<u>\$21,454,188</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 11,788	\$ -	\$ 495	\$ 536	\$ 5,464	\$ -	\$ -	\$ -	\$ 332,923
Accrued payroll	3,352	-	-	-	-	-	-	-	108,849
Retainage payable	-	-	-	4,249	-	-	1,455	-	72,144
Accrued interest	-	-	-	-	-	-	-	-	304
Customer deposits	-	-	-	-	-	-	530,984	-	530,984
Intergovernmental payable	-	-	-	-	286	-	-	-	69,254
Due to other funds	252	-	1,428	3,020	-	-	-	-	1,471,516
Total liabilities	<u>15,392</u>	<u>-</u>	<u>1,923</u>	<u>7,805</u>	<u>5,750</u>	<u>-</u>	<u>532,439</u>	<u>-</u>	<u>2,585,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	-	1,958,021
Other taxes	-	-	-	-	-	-	-	-	648,536
Grants	-	-	-	15,446	-	-	-	-	17,506
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,624,063</u>
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	15,717	-	-	470	-	-	-	-	97,132
Restricted	336,533	3,409	2,833	949,032	208,836	173	214,066	-	15,662,428
Committed	-	7,359	-	-	-	-	-	541,961	1,273,093
Unassigned	-	-	-	-	-	-	-	-	(788,502)
Total fund balances (deficits)	<u>352,250</u>	<u>10,768</u>	<u>2,833</u>	<u>949,502</u>	<u>208,836</u>	<u>173</u>	<u>214,066</u>	<u>541,961</u>	<u>16,244,151</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 367,642</u>	<u>\$ 10,768</u>	<u>\$ 4,756</u>	<u>\$ 972,753</u>	<u>\$ 214,586</u>	<u>\$ 173</u>	<u>\$ 746,505</u>	<u>\$ 541,961</u>	<u>\$21,454,188</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, 2017**

	<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	\$ 7,711,124	\$ 2,435,218	\$ -	\$ -	\$ -	\$ -	\$ 241,160	\$ 1,932,893	\$ -	\$ -
Intergovernmental	-	-	7,535,306	-	51,530	-	-	-	-	-
Investment income	-	-	-	-	-	-	(3,541)	-	918	229
Miscellaneous	-	-	-	974	5,467	700	-	-	-	24,364
Total revenues	<u>7,711,124</u>	<u>2,435,218</u>	<u>7,535,306</u>	<u>974</u>	<u>56,997</u>	<u>700</u>	<u>237,619</u>	<u>1,932,893</u>	<u>918</u>	<u>24,593</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	116,060	-	-	41,999	-	-	-	-
Public safety	-	-	-	-	67,478	-	-	-	-	-
Public works	-	-	4,814,587	-	-	-	-	-	-	-
Health and social services	1,326,440	-	-	-	-	-	-	-	-	-
Culture and recreation	588,897	-	-	-	-	-	-	-	-	11,204
Community and economic development	62,579	1,891,567	-	-	-	-	195,468	-	-	-
Capital outlay	1,192,066	250,000	1,116,274	8,604	-	-	-	-	-	13,242
Total expenditures	<u>3,169,982</u>	<u>2,141,567</u>	<u>6,046,921</u>	<u>8,604</u>	<u>67,478</u>	<u>41,999</u>	<u>195,468</u>	<u>-</u>	<u>-</u>	<u>24,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,541,142</u>	<u>293,651</u>	<u>1,488,385</u>	<u>(7,630)</u>	<u>(10,481)</u>	<u>(41,299)</u>	<u>42,151</u>	<u>1,932,893</u>	<u>918</u>	<u>147</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	139,294	-	-	-	-	-	-	-	-	166
Transfers out	(4,746,675)	(348,236)	(56,913)	-	-	-	(423,276)	(1,932,893)	(70,000)	-
Total other financing sources (uses)	<u>(4,607,381)</u>	<u>(348,236)</u>	<u>(56,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(423,276)</u>	<u>(1,932,893)</u>	<u>(70,000)</u>	<u>166</u>
Net change in fund balances	(66,239)	(54,585)	1,431,472	(7,630)	(10,481)	(41,299)	(381,125)	-	(69,082)	313
Fund balances, beginning	5,879,089	743,068	5,648,525	17,054	72,580	647,442	(407,377)	-	453,674	108,363
Fund balances, ending	<u>\$ 5,812,850</u>	<u>\$ 688,483</u>	<u>\$ 7,079,997</u>	<u>\$ 9,424</u>	<u>\$ 62,099</u>	<u>\$ 606,143</u>	<u>\$ (788,502)</u>	<u>\$ -</u>	<u>\$ 384,592</u>	<u>\$ 108,676</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, 2017**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,320,395
Intergovernmental	12,049	-	-	371,877	-	-	-	-	7,970,762
Investment income	597	-	-	-	435	-	94	-	(1,268)
Miscellaneous	177,089	15,836	6,051	22,520	37,970	-	92,610	-	383,581
Total revenues	189,735	15,836	6,051	394,397	38,405	-	92,704	-	20,673,470
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	158,059
Public safety	-	-	5,682	-	39,885	-	-	-	113,045
Public works	-	-	-	-	-	-	-	-	4,814,587
Health and social services	-	16,440	-	-	-	-	-	-	1,342,880
Culture and recreation	235,520	-	-	-	-	-	-	-	835,621
Community and economic development	-	-	-	424,614	-	-	-	-	2,574,228
Capital outlay	-	-	-	-	-	-	29,094	-	2,609,280
Total expenditures	235,520	16,440	5,682	424,614	39,885	-	29,094	-	12,447,700
Excess (deficiency) of revenues over (under) expenditures	(45,785)	(604)	369	(30,217)	(1,480)	-	63,610	-	8,225,770
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	139,460
Transfers out	-	-	(166)	-	-	-	-	-	(7,578,159)
Total other financing sources (uses)	-	-	(166)	-	-	-	-	-	(7,438,699)
Net change in fund balances	(45,785)	(604)	203	(30,217)	(1,480)	-	63,610	-	787,071
Fund balances, beginning	398,035	11,372	2,630	979,719	210,316	173	150,456	541,961	15,457,080
Fund balances, ending	\$ 352,250	\$ 10,768	\$ 2,833	\$ 949,502	\$ 208,836	\$ 173	\$ 214,066	\$ 541,961	\$ 16,244,151

## **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, 2017**

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 138,868	\$ 1,065,937	\$ 823,806	\$ 116,015	\$ 56,934	\$ 536,535	\$ 2,738,095
Investments	323,791	2,494,663	1,921,862	265,729	131,373	1,251,650	6,389,068
Accrued interest receivable	447	3,792	2,783	380	179	1,804	9,385
Accounts receivable, net	3,137	42,443	198,155	12,754	-	262,248	518,737
Due from other funds	-	2,344	13,181	-	797	55,634	71,956
Intergovernmental receivable	1,716	2,964,088	478,609	20,000	-	426,592	3,891,005
Inventories	16,887	273,793	-	3,498	2,645	-	296,823
Prepaid items	-	1,300	-	-	4,964	-	6,264
Total current assets	<u>484,846</u>	<u>6,848,360</u>	<u>3,438,396</u>	<u>418,376</u>	<u>196,892</u>	<u>2,534,463</u>	<u>13,921,333</u>
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	627,606	-	193,250	531,517	2,304,420
Land improvements	623,538	175,441	2,013,060	63,578	127,581	161,524	3,164,722
Buildings	-	26,031,816	-	1,870,329	87,003	11,342,409	39,331,557
Equipment	56,130	27,785,371	8,390	275,340	5,700	8,012,689	36,143,620
Construction in progress	-	531,094	6,600	-	-	-	537,694
Less accumulated depreciation	(606,248)	(22,849,548)	(265,305)	(1,084,649)	(170,652)	(13,223,701)	(38,200,103)
Total noncurrent assets	<u>983,967</u>	<u>31,715,674</u>	<u>2,390,351</u>	<u>1,124,598</u>	<u>242,882</u>	<u>6,824,438</u>	<u>43,281,910</u>
Total assets	<u>1,468,813</u>	<u>38,564,034</u>	<u>5,828,747</u>	<u>1,542,974</u>	<u>439,774</u>	<u>9,358,901</u>	<u>57,203,243</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	97,665	1,480,498	40,923	39,183	15,247	227,739	1,901,255
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	7,446	339,761	107,829	13,431	3,631	72,932	545,030
Accrued payroll	16,603	163,764	2,204	3,514	3,819	3,314	193,218
Accrued compensated absences	2,044	20,989	1,174	534	234	3,318	28,293
Due to other funds	13,187	23,966	65,492	1,232	4,319	67,445	175,641
Retainage payable	-	31,010	20,317	2,242	-	7,338	60,907
Accrued interest	-	-	-	-	-	2,390	2,390
Intergovernmental payable	792	7,387	958	141	727	179,279	189,284
Accrued landfill post-closure costs	-	-	-	-	-	17,493	17,493
Bonds payable, net	-	-	-	-	-	140,855	140,855
Unearned revenue	5,795	-	-	185	-	-	5,980
Total current liabilities	<u>45,867</u>	<u>586,877</u>	<u>197,974</u>	<u>21,279</u>	<u>12,730</u>	<u>494,364</u>	<u>1,359,091</u>
Noncurrent liabilities:							
Accrued compensated absences	38,660	371,794	19,716	10,998	2,825	46,476	490,469
Post-employment benefits	16,864	143,148	11,818	3,618	2,888	54,039	232,375
Net pension liability	337,530	4,905,783	150,557	138,583	63,211	833,995	6,429,659
Accrued landfill post-closure costs	-	-	-	-	-	120,671	120,671
Bonds payable, net	-	-	-	-	-	1,040,208	1,040,208
Total noncurrent liabilities	<u>393,054</u>	<u>5,420,725</u>	<u>182,091</u>	<u>153,199</u>	<u>68,924</u>	<u>2,095,389</u>	<u>8,313,382</u>
Total liabilities	<u>438,921</u>	<u>6,007,602</u>	<u>380,065</u>	<u>174,478</u>	<u>81,654</u>	<u>2,589,753</u>	<u>9,672,473</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	4,085	59,174	1,670	1,578	741	9,372	76,620
<b>NET POSITION</b>							
Net investment in capital assets	983,967	31,715,674	2,390,351	1,124,598	242,882	5,643,375	42,100,847
Unrestricted	139,505	2,262,082	3,097,584	281,503	129,744	1,344,140	7,254,558
Total net position	<u>\$ 1,123,472</u>	<u>\$33,977,756</u>	<u>\$ 5,487,935</u>	<u>\$ 1,406,101</u>	<u>\$ 372,626</u>	<u>\$ 6,987,515</u>	<u>\$49,355,405</u>

**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<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	\$ 899,705	\$ 6,576,578	\$ 1,700,529	\$ 481,831	\$ 191,186	\$ 3,314,210	\$13,164,039
Operating expenses:							
Cost of goods and services	835,088	8,735,591	1,219,078	526,248	260,632	3,951,114	15,527,751
Administration	68,537	2,012,630	8,743	-	-	234,276	2,324,186
Depreciation	10,643	2,536,613	31,092	85,194	9,012	520,256	3,192,810
Total operating expenses	914,268	13,284,834	1,258,913	611,442	269,644	4,705,646	21,044,747
Operating income (loss)	(14,563)	(6,708,256)	441,616	(129,611)	(78,458)	(1,391,436)	(7,880,708)
Non-operating revenues (expenses):							
Intergovernmental	-	3,152,305	435,959	-	-	-	3,588,264
Reimbursements	-	149,748	-	-	-	264,355	414,103
Investment income	996	9,422	6,500	783	385	2,831	20,917
Interest expense	-	-	-	-	-	(25,308)	(25,308)
Loss on disposal of capital assets	-	(8,823)	-	-	-	-	(8,823)
Miscellaneous	-	8,166	-	55,037	61,558	-	124,761
Total non-operating revenues	996	3,310,818	442,459	55,820	61,943	241,878	4,113,914
Income (loss) before capital contributions and transfers	(13,567)	(3,397,438)	884,075	(73,791)	(16,515)	(1,149,558)	(3,766,794)
Capital contributions	-	2,942,240	-	20,000	-	-	2,962,240
Transfers in	-	1,727,341	-	20,000	-	452,862	2,200,203
Change in net position	(13,567)	1,272,143	884,075	(33,791)	(16,515)	(696,696)	1,395,649
Net position, beginning (as previously reported)	1,137,039	30,731,309	4,603,860	1,439,892	389,141	7,684,211	45,985,452
Net position restatement	-	1,974,304	-	-	-	-	1,974,304
Net position, beginning (as restated)	1,137,039	32,705,613	4,603,860	1,439,892	389,141	7,684,211	47,959,756
Net position, ending	\$ 1,123,472	\$33,977,756	\$ 5,487,935	\$ 1,406,101	\$ 372,626	\$ 6,987,515	\$49,355,405

**City of Ames**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2017**

	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	\$ 896,924	\$ 7,140,203	\$ 1,270,648	\$ 467,053	\$ 190,609	\$ 3,281,653	\$ 13,247,090
Payments to suppliers	(125,164)	(2,326,626)	(761,763)	(255,263)	(77,331)	(2,119,160)	(5,665,307)
Payments to employees	(625,570)	(7,594,069)	(265,116)	(247,775)	(138,834)	(1,382,445)	(10,253,809)
Payments to other funds for services provided	(137,140)	(540,275)	(170,175)	(39,521)	(45,140)	(681,086)	(1,613,337)
Net cash provided by (used for) operating activities	9,050	(3,320,767)	73,594	(75,506)	(70,696)	(901,038)	(4,285,363)
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Operating grants	-	2,162,521	435,959	-	-	-	2,598,480
Reimbursements	-	149,748	-	-	-	264,355	414,103
Miscellaneous income	-	8,166	-	55,037	61,558	-	124,761
Transfers in	-	1,727,341	-	20,000	-	452,862	2,200,203
Net cash provided by non-capital financing activities	-	4,047,776	435,959	75,037	61,558	717,217	5,337,547
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	-	(3,786,206)	(763,998)	(46,512)	-	(157,031)	(4,753,747)
Proceeds from the sale of capital assets	-	4,000	-	-	-	-	4,000
Principal paid on capital debt	-	-	-	-	-	(135,000)	(135,000)
Interest paid on capital debt	-	-	-	-	-	(31,388)	(31,388)
Capital contributions	-	2,942,240	-	20,000	-	-	2,962,240
Net cash used for capital and related financing activities	-	(839,966)	(763,998)	(26,512)	-	(323,419)	(1,953,895)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments	(24,488)	(24,711)	(124,497)	(12,447)	(3,575)	(297,844)	(487,562)
Proceeds from sale of investments	11,725	51,610	260,019	25,996	7,467	622,061	978,878
Interest on investments	904	8,614	5,925	743	351	2,889	19,426
Net cash provided by (used for) investing activities	(11,859)	35,513	141,447	14,292	4,243	327,106	510,742
Net decrease in cash and cash equivalents	(2,809)	(77,444)	(112,998)	(12,689)	(4,895)	(180,134)	(390,969)
Cash and cash equivalents, beginning	141,677	1,143,381	936,804	128,704	61,829	716,669	3,129,064
Cash and cash equivalents, ending	\$ 138,868	\$ 1,065,937	\$ 823,806	\$ 116,015	\$ 56,934	\$ 536,535	\$ 2,738,095

**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<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)	\$ (14,563)	\$ (6,708,256)	\$ 441,616	\$ (129,611)	\$ (78,458)	\$ (1,391,436)	\$ (7,880,708)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:							
Depreciation expense	10,643	2,536,613	31,092	85,194	9,012	520,256	3,192,810
(Increase) decrease in accounts receivable	(3,137)	115,445	(42,863)	3,321	-	10,159	82,925
(Increase) decrease in due from other funds	-	622	13,028	-	(577)	8,528	21,601
Increase in intergovernmental receivable	(134)	447,558	(400,046)	(18,284)	-	(51,244)	(22,150)
(Increase) decrease in inventories	83	(6,900)	-	207	(174)	-	(6,784)
Decrease in prepaid items	-	2,211	-	-	-	150	2,361
Increase in deferred outflows of resources	(41,296)	(681,069)	(15,584)	(16,113)	(4,465)	(87,741)	(846,268)
Increase (decrease) in accounts payable	(501)	169,529	(12,249)	1,405	(1,293)	(30,273)	126,618
Increase (decrease) in accrued payroll	6,385	(1,106)	1,171	1,534	(796)	(286)	6,902
Increase (decrease) in accrued compensated absences	1,296	(23,657)	(5,193)	(2,658)	618	(14,045)	(43,639)
Increase (decrease) in due to other funds	178	(926)	22,873	(9,778)	(547)	9,252	21,052
Increase (decrease) in retainage payable	-	31,010	20,240	(10,130)	-	(1,778)	39,342
Increase (decrease) in intergovernmental payable	262	41	236	(3)	-	35,462	35,998
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(15,879)	(15,879)
Increase in unearned revenue	490	-	-	185	-	-	675
Increase in post-employment benefits	837	7,107	587	180	143	2,683	11,537
Increase in pension liability	68,552	1,032,182	29,125	27,523	12,917	163,480	1,333,779
Decrease in deferred inflows of resources	(20,045)	(241,171)	(10,439)	(8,478)	(7,076)	(58,326)	(345,535)
Total adjustments	23,613	3,387,489	(368,022)	54,105	7,762	490,398	3,595,345
Net cash provided by (used for) operating activities	\$ 9,050	\$ (3,320,767)	\$ 73,594	\$ (75,506)	\$ (70,696)	\$ (901,038)	\$ (4,285,363)

## **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, 2017**

	<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	\$ 2,822,527	\$ 708,526	\$ 392,428	\$ 1,378,080	\$ 5,301,561
Investments	6,576,753	1,649,935	919,505	3,219,510	12,365,703
Accrued interest receivable	8,858	2,170	1,636	4,185	16,849
Accounts receivable, net	5,249	-	15,027	-	20,276
Due from other funds	544,391	168,402	-	128	712,921
Intergovernmental receivable	21,697	145,963	-	5,429	173,089
Inventories	82,551	-	-	-	82,551
Prepaid items	3,637	90,317	511,323	-	605,277
Total current assets	<u>10,065,663</u>	<u>2,765,313</u>	<u>1,839,919</u>	<u>4,607,332</u>	<u>19,278,227</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	878,665	-	-	-	878,665
Equipment	15,027,502	2,378,849	-	-	17,406,351
Less accumulated depreciation	(7,603,667)	(1,677,075)	-	-	(9,280,742)
Total noncurrent assets	<u>8,302,500</u>	<u>894,207</u>	<u>-</u>	<u>-</u>	<u>9,196,707</u>
Total assets	<u>18,368,163</u>	<u>3,659,520</u>	<u>1,839,919</u>	<u>4,607,332</u>	<u>28,474,934</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	146,614	93,735	7,536	23,015	270,900
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	18,833	18,218	72,802	150,492	260,345
Accrued payroll	14,189	1,440	351	-	15,980
Accrued compensated absences	1,981	4,327	-	374	6,682
Due to other funds	396,740	3,832	394	17,482	418,448
Retainage payable	10,004	-	-	-	10,004
Claims payable	-	-	696,535	350,000	1,046,535
Intergovernmental payable	23,572	10	-	3,298	26,880
Unearned revenue	-	58,571	-	-	58,571
Total current liabilities	<u>465,319</u>	<u>86,398</u>	<u>770,082</u>	<u>521,646</u>	<u>1,843,445</u>
Noncurrent liabilities:					
Accrued compensated absences	32,538	84,969	-	4,115	121,622
Post-employment benefits	40,314	34,506	1,527	3,767	80,114
Net pension liability	497,071	317,766	69,304	80,861	965,002
Total noncurrent liabilities	<u>569,923</u>	<u>437,241</u>	<u>70,831</u>	<u>88,743</u>	<u>1,166,738</u>
Total liabilities	<u>1,035,242</u>	<u>523,639</u>	<u>840,913</u>	<u>610,389</u>	<u>3,010,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	5,912	3,555	86	950	10,503
<b>NET POSITION</b>					
Net investment in capital assets	8,302,500	894,207	-	-	9,196,707
Unrestricted	9,171,123	2,331,854	1,006,456	4,019,008	16,528,441
Total net position	<u>\$ 17,473,623</u>	<u>\$ 3,226,061</u>	<u>\$ 1,006,456</u>	<u>\$ 4,019,008</u>	<u>\$ 25,725,148</u>



**City of Ames**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for services	\$ 4,147,320	\$ 2,477,048	\$ 2,421,527	\$ 8,903,778	\$ 17,949,673
Operating expenses:					
Cost of goods and services	2,042,275	2,247,472	2,390,042	8,026,391	14,706,180
Depreciation	980,470	151,632	-	-	1,132,102
Total operating expenses	3,022,745	2,399,104	2,390,042	8,026,391	15,838,282
Operating income	1,124,575	77,944	31,485	877,387	2,111,391
Non-operating revenues:					
Investment income	21,196	4,169	5,852	10,237	41,454
Gain on disposal of capital assets	118,389	-	-	-	118,389
Total non-operating revenues	139,585	4,169	5,852	10,237	159,843
Income before transfers	1,264,160	82,113	37,337	887,624	2,271,234
Transfers in	170,740	-	-	-	170,740
Transfers out	(361,000)	-	-	-	(361,000)
Change in net position	1,073,900	82,113	37,337	887,624	2,080,974
Net position, beginning	16,399,723	3,143,948	969,119	3,131,384	23,644,174
Net position, ending	\$ 17,473,623	\$ 3,226,061	\$ 1,006,456	\$ 4,019,008	\$ 25,725,148

**City of Ames**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	<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	\$ 3,931,248	\$ 2,396,101	\$ 2,442,907	\$ 8,898,221	\$17,668,477
Payments to suppliers	(919,999)	(904,820)	(2,320,623)	(8,041,939)	(12,187,381)
Payments to employees	(818,223)	(973,343)	(10,475)	(138,271)	(1,940,312)
Payments to other funds for services provided	129,434	(344,453)	(5,967)	2,573	(218,413)
Net cash provided by operating activities	<u>2,322,460</u>	<u>173,485</u>	<u>105,842</u>	<u>720,584</u>	<u>3,322,371</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	170,740	-	-	-	170,740
Transfers out	(361,000)	-	-	-	(361,000)
Net cash used for non-capital financing activities	<u>(190,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,260)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,784,533)	(626,113)	-	-	(2,410,646)
Proceeds from the sale of capital assets	590,995	-	-	-	590,995
Net cash used for capital and related financing activities	<u>(1,193,538)</u>	<u>(626,113)</u>	<u>-</u>	<u>-</u>	<u>(1,819,651)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(1,485,623)	(257,084)	(173,241)	(1,071,740)	(2,987,688)
Proceeds from sale of investments	711,317	536,932	82,948	513,149	1,844,346
Interest on investments	18,287	4,072	5,360	8,825	36,544
Net cash provided by (used for) investing activities	<u>(756,019)</u>	<u>283,920</u>	<u>(84,933)</u>	<u>(549,766)</u>	<u>(1,106,798)</u>
Net increase (decrease) in cash and cash equivalents	182,643	(168,708)	20,909	170,818	205,662
Cash and cash equivalents, beginning	2,639,884	877,234	371,519	1,207,262	5,095,899
Cash and cash equivalents, ending	<u>\$ 2,822,527</u>	<u>\$ 708,526</u>	<u>\$ 392,428</u>	<u>\$ 1,378,080</u>	<u>\$ 5,301,561</u>

**City of Ames**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	<b>Fleet Services</b>	<b>Information Technology</b>	<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 1,124,575	\$ 77,944	\$ 31,485	\$ 877,387	\$ 2,111,391
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	980,470	151,632	-	-	1,132,102
(Increase) decrease in accounts receivable	(4,917)	-	21,380	-	16,463
(Increase) decrease in due from other funds	(213,725)	61,414	-	(128)	(152,439)
(Increase) decrease in intergovernmental receivable	2,570	(140,449)	-	(5,429)	(143,308)
Decrease in inventories	13,449	-	-	-	13,449
(Increase) decrease in prepaid items	6,375	16,157	(1,145)	-	21,387
(Increase) decrease in deferred outflows of resources	(65,058)	(41,163)	6,760	(9,628)	(109,089)
Increase (decrease) in accounts payable	(11,802)	12,531	42,172	13,960	56,861
Increase (decrease) in accrued payroll	(230)	(85)	242	(455)	(528)
Increase (decrease) in accrued compensated absences	3,793	(9,824)	(772)	(5,124)	(11,927)
Increase (decrease) in due to other funds	379,071	(2,251)	(62)	10,015	386,773
Increase in retainage payable	10,004	-	-	-	10,004
Increase (decrease) in claims payable	-	-	12,307	(150,000)	(137,693)
Increase (decrease) in intergovernmental payable	19,842	10	-	(21,593)	(1,741)
Decrease in unearned revenue	-	(1,912)	-	-	(1,912)
Increase in post-employment benefits	2,002	1,713	76	187	3,978
Increase in pension liability	103,117	62,007	1,493	16,566	183,183
Decrease in deferred inflows of resources	(27,076)	(14,239)	(8,094)	(5,174)	(54,583)
Total adjustments	1,197,885	95,541	74,357	(156,803)	1,210,980
Net cash provided by operating activities	\$ 2,322,460	\$ 173,485	\$ 105,842	\$ 720,584	\$ 3,322,371
<b>Schedule of non-cash capital and related financing activities:</b>					
Capital asset trade ins	\$ 6,939	\$ -	\$ -	\$ -	\$ 6,939

## **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, 2017**

	<u>Payroll Clearing</u>	<u>Flex Benefits</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,218	\$ 56,387	\$ 167,605
Investments	255,787	6	255,793
Total assets	<u>\$ 367,005</u>	<u>\$ 56,393</u>	<u>\$ 423,398</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 62	\$ 56,393	\$ 56,455
Due to other governments	366,943	-	366,943
Total liabilities	<u>\$ 367,005</u>	<u>\$ 56,393</u>	<u>\$ 423,398</u>

**City of Ames**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

	<b>Total Agency Funds</b>			
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/16</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/17</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 149,127	\$29,165,456	\$29,146,978	\$ 167,605
Investments	248,321	14,337	6,865	255,793
Total assets	\$ 397,448	\$29,179,793	\$29,153,843	\$ 423,398

<b>LIABILITIES</b>				
Accounts payable	\$ 37,981	\$31,661,394	\$31,642,920	\$ 56,455
Due to other governments	359,467	17,421,086	17,413,610	366,943
Total liabilities	\$ 397,448	\$49,082,480	\$49,056,530	\$ 423,398

	<b>Payroll Clearing Fund</b>			
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/16</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/17</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,146	\$28,198,305	\$28,198,233	\$ 111,218
Investments	248,321	14,325	6,859	255,787
Total assets	\$ 359,467	\$28,212,630	\$28,205,092	\$ 367,005

<b>LIABILITIES</b>				
Accounts payable	\$ -	\$30,683,705	\$30,683,643	\$ 62
Due to other governments	359,467	17,421,086	17,413,610	366,943
Total liabilities	\$ 359,467	\$48,104,791	\$48,097,253	\$ 367,005

	<b>Flexible Benefits Fund</b>			
	<b>Balance</b>			<b>Balance</b>
	<b>07/01/16</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/17</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 37,981	\$ 967,151	\$ 948,745	\$ 56,387
Investments	-	12	6	6
Total assets	\$ 37,981	\$ 967,163	\$ 948,751	\$ 56,393

<b>LIABILITIES</b>				
Accounts payable	\$ 37,981	\$ 977,689	\$ 959,277	\$ 56,393

# PIPE GALLERY



# STATISTICAL SECTION

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	123
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	128
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	132
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	138
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	140



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 137,632,652
Restricted	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	20,842,946
Unrestricted	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	783,394
Total governmental activities	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	159,258,992
<b>Business-type activities</b>										
Net investment in capital assets	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	320,823,796
Restricted	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	2,425,524
Unrestricted	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	304,183,289
Total business-type activities	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	627,432,609
<b>Primary government</b>										
Net investment in capital assets	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	458,456,448
Restricted	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	23,268,470
Unrestricted	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	304,966,683
Total primary government	\$ 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	\$ 786,691,601

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 3,136,291
Public safety	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	17,292,304
Public works	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	13,698,162
Health and social services	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	1,342,880
Culture and recreation	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	9,872,288
Community and economic development	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	3,461,393
Interest	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	1,592,039
Total governmental activities	<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>	<u>50,395,357</u>
Business-type activities:										
Mary Greeley Medical Center	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	182,728,675
Electric	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	58,618,483
Sewer	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	7,574,949
Water	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	8,122,396
Parking	856,518	766,381	819,988	805,253	767,154	846,825	876,916	888,452	900,939	887,679
Transit	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	13,208,178
Storm sewer	458,119	1,080,705	782,489	917,771	918,495	655,522	467,378	644,411	557,890	1,231,885
Ice arena	480,418	511,334	565,303	526,660	521,670	606,215	578,163	584,702	605,291	602,774
Golf course	217,964	218,708	218,021	230,698	232,689	211,279	206,620	253,997	243,309	258,459
Resource recovery	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	4,619,859
Total business-type activities	<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>	<u>277,853,337</u>
Total expenses	<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>	<u>328,248,694</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	837,787	1,367,765	1,308,062	1,404,478	118,459	130,627	163,655	134,239	172,126	203,609
Public safety	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	3,768,480
Public works	4,461,876	5,181,523	5,865,263	5,231,237	6,601,518	6,026,315	295,874	715,898	277,437	268,565
Culture and recreation	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	2,135,274
Other activities	197,556	73,674	34,005	24,163	7,630	11,140	15,925	23,015	24,615	25,660
Operating grants and contributions	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	8,681,507
Capital grants and contributions	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	6,664,323
Total governmental activities	<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>	<u>21,747,418</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities:</b>										
Charges for services										
Mary Greeley Medical Center	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	189,926,814
Electric	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	64,339,637
Sewer	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	8,856,136
Water	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	10,502,276
Parking	860,255	792,023	762,746	872,625	779,976	883,899	870,246	891,983	925,177	899,705
Transit	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	6,576,578
Storm sewer	828,644	878,597	984,077	957,122	1,155,583	1,136,621	1,179,495	1,215,233	1,241,840	1,700,529
Ice arena	417,715	444,671	433,628	472,015	475,743	471,760	507,203	532,001	544,300	481,831
Golf course	215,923	234,701	246,357	220,388	235,824	220,643	256,221	248,853	268,440	191,186
Resource recovery	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	3,314,210
Operating grants and contributions	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	5,080,151
Capital grants and contributions	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	4,752,319
Total business-type activities	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	296,621,372
Total program revenues	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	318,368,790
<b>Net (expense) / revenue</b>										
Governmental activities	(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)	(28,647,939)
Business-type activities	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	18,768,035
Total net (expense) / revenue	(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)	(9,879,904)
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes	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	28,166,804
Sales taxes	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	7,711,124
Hotel / motel taxes	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	2,435,756
Unrestricted grants and contribution	20,676	15,842	15,842	15,990	17,040	17,726	17,819	19,108	20,527	20,565
Investment income	2,058,452	1,508,776	673,003	499,004	436,302	18,067	544,414	455,916	699,289	211,126
Other income	-	-	-	-	314,699	120,071	118,097	133,787	450,340	251,997
Gain on disposal of assets	-	-	-	-	127,182	16,084	25,501	63,228	140,825	118,389
Transfers	292,383	307,267	351,946	(228,423)	(223,314)	12,751	(18,401)	117,020	(13,399)	(465,996)
Total governmental activities	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	38,449,765
Business-type activities:										
Investment income	(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	27,543,163
Other income	-	-	-	-	-	40,761	66,660	64,714	40,083	417,879
Gain on disposal of assets	2,814	1,311	1,151	18,421	5,164,193	35,091	551,139	25,700	-	48,479
Special item	-	-	-	9,382,844	-	-	-	-	-	-
Transfers	(292,383)	(307,267)	(351,946)	228,423	223,314	(12,751)	18,401	(117,020)	13,399	465,996
Total business-type activities	(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	28,475,517
Total primary government	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	66,925,282
<b>Change in net position</b>										
Governmental activities	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	9,801,826
Business-type activities	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	47,243,552
Total change in net position	\$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	\$57,045,378

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 276,068	\$ 190,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,377,565	6,933,392	-	-	-	-	-	-	-	-
Nonspendable	-	-	68,171	97,918	96,235	73,623	68,428	90,538	141,713	172,236
Assigned	-	-	74,962	124,097	147,752	382,930	253,059	296,803	725,077	809,033
Unassigned	-	-	7,248,755	7,751,289	7,924,363	7,902,465	9,046,946	10,332,050	11,137,621	11,270,733
Total general fund	<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>	<u>\$ 12,252,002</u>
All other governmental funds										
Reserved	\$ 14,663,188	\$ 11,630,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Non-major special revenue funds	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	2,059,985
Restricted	-	-	17,214,109	16,940,269	24,621,403	47,672,976	30,630,963	31,882,923	30,000,397	31,507,537
Committed	-	-	6,239,090	5,577,769	1,399,913	1,547,185	1,461,826	1,397,635	2,013,730	1,978,585
Assigned	-	-	678,764	1,259,956	316,669	-	-	-	71,393	-
Unassigned	-	-	-	(470,818)	(308,456)	(669,214)	(448,098)	(1,811,003)	(2,479,002)	(2,741,760)
Total all other governmental funds	<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>	<u>\$ 32,804,347</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes	\$ 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	\$ 38,313,146
Special assessments	117,218	136,817	301,709	238,106	217,885	306,761	16,590	362,306	222,895	298,227
Licenses and permits	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	2,059,688
Intergovernmental	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	10,983,498
Charges for services	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	3,798,813
Fines and forfeitures	186,848	214,672	180,059	196,748	214,641	111,014	146,485	138,720	93,652	67,584
Investment income	1,824,426	1,345,607	664,464	635,176	320,693	70,115	419,786	404,297	529,364	169,673
Miscellaneous	3,365,417	875,643	412,881	476,659	3,027,255	1,219,633	863,337	825,429	852,639	930,506
Total revenues	45,378,664	44,491,888	46,860,682	48,418,610	50,153,765	48,117,760	51,146,555	51,623,285	58,690,993	56,621,135
<b>EXPENDITURES</b>										
Current:										
General government	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	3,520,312
Public safety	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	17,097,771
Public works	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	5,868,576
Health and social services	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	1,342,880
Culture and recreation	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	8,648,567
Community and economic development	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	3,464,575
Debt service:										
Principal	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	10,481,762
Interest and fiscal charges	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	2,064,652
Capital outlay	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	12,119,780
Total expenditures	49,378,966	55,189,241	54,167,834	54,484,347	53,796,605	59,167,738	67,037,801	60,110,229	77,111,467	64,608,875
Excess (deficiency) of revenues over (under) expenditures	(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)	(7,987,740)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	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	10,665,237
Transfers out	(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)	(10,940,973)
General obligation bonds issued	9,059,781	5,825,000	11,165,000	6,690,000	6,675,000	30,455,000	-	9,395,000	11,435,000	6,890,605
Premium on general obligation bonds	69,583	85,108	247,038	197,459	12,885	1,302,774	-	238,187	901,045	475,349
Refunding bonds issued	-	6,995,000	-	5,980,000	-	2,090,000	-	-	5,150,000	2,130,000
Premium on refunding bonds	-	210,985	-	-	-	57,213	-	-	436,214	189,555
Payment to refunded bond escrow	-	(7,150,000)	-	(7,250,000)	-	-	-	-	-	-
Total other financing sources (uses)	9,412,102	6,271,677	11,763,984	5,758,492	6,536,890	33,805,611	(27,151)	9,671,667	17,858,800	9,409,773
Net change in fund balances	\$ 5,411,800	\$ (4,425,676)	\$ 4,456,832	\$ (307,245)	\$ 2,894,050	\$ 22,755,633	\$ (15,918,397)	\$ 1,184,723	\$ (561,674)	\$ 1,422,033
Debt service as a percentage of non-capital expenditures	19.8%	19.5%	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%	28.2%	24.2%

**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>Multi-Residential<sup>1</sup></b>	<b>Other Property<sup>1</sup></b>	<b>Less: Military Tax Exemption</b>	<b>Total Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Assessed Value</b>	<b>Taxable Value as a Percentage of Estimated Actual Assessed Value</b>
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%
2017	1,647,904,615	696,992,705	136,333,800	16,846,075	106,897,191	441,500	2,350,188	2,603,065,698	10.3733	4,052,418,330	64.23%

Source: Story County Auditor

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

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

Fiscal Year	City Direct Rates				Overlapping Rates <sup>1</sup>				Total Direct & Overlapping Rates
	General <sup>2</sup>	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate <sup>3</sup>	Ames School District <sup>4</sup>	Consoli- dated County <sup>5</sup>	Area Vocational <sup>6</sup>	
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
2017	5.60071	0.64261	0.71908	3.41087	10.37327	14.34101	6.21998	0.72334	31.65760

<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>2017</b>			<b>2008</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	\$ 46,140,974	1	1.77%	\$ 10,635,000	6	0.55%
Barilla America, Inc.	32,579,100	2	1.25%	26,183,300	2	1.35%
Campus Investors IS, LLC	32,296,378	3	1.24%	9,458,900	7	0.49%
GPT Ames Owner LLC <sup>2</sup>	21,780,000	4	0.84%	12,674,400	5	0.66%
Clinic Building Company, Inc.	19,687,410	5	0.76%	15,981,000	3	0.83%
US Bank, NA Trustee <sup>1</sup>	19,019,520	6	0.73%	29,000,000	1	1.50%
Wal-Mart Stores, Inc.	18,810,000	7	0.72%			
Dayton Park, LLC	17,194,782	8	0.66%			
University West Property Owner, LLC	15,353,447	9	0.59%			
West Towne Condos, LLC	14,373,661	10	0.55%			
Midwest Centers				12,752,000	4	0.66%
SUSA Holding of Story County, Inc.				8,775,000	8	0.45%
BRHC Ames LLC				8,739,000	9	0.45%
Minnesota Mining & Manufacturing Co.				8,695,000	10	0.45%
	<u>\$ 237,235,272</u>		<u>9.11%</u>	<u>\$ 142,893,600</u>		<u>7.39%</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>
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%
2017	27,044,391	25,919,190	95.84%	-	25,919,190	95.84%

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				
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
2017	64,987,720	6,534,531	96,160,114	-	66,093,486	233,775,851	14.35%	58,965	3,965

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

<sup>2</sup> Personal income is presented on page 138.

<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>
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	65,892,862	773,472	65,119,390	1.72%	1,104
2017	71,522,251	1,173,608	70,348,643	1.74%	1,193

<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 128 for property value data.

<sup>4</sup> See page 138 for population data.

**City of Ames**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

<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	\$20,350,000	97.98%	\$ 19,938,930
Gilbert Community School District	17,770,000	50.10%	8,902,770
Des Moines Area Community College <sup>1</sup>	50,915,000	6.19%	3,151,639
Nevada Community School District	6,785,000	0.09%	6,107
Story County	6,580,882	59.79%	3,934,709
Other debt:			
Ames Community School District revenue bonds	14,030,000	97.98%	13,746,594
Gilbert Community School District revenue bonds	10,465,000	50.10%	5,242,965
Des Moines Area Community College revenue bonds	2,715,000	6.19%	168,059
Des Moines Area Community College capital notes	25,190,000	6.19%	1,559,261
Nevada Community School District revenue bonds	13,315,000	0.09%	11,984
Subtotal, overlapping debt			<u>56,663,018</u>
City direct debt			<u>64,987,720</u>
Total direct and overlapping debt			<u><u>\$ 121,650,738</u></u>

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

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

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

**City of Ames  
Legal Debt Margin  
June 30, 2017**

Legal debt margin for the fiscal year ended June 30, 2017:

Assessed value	\$ 4,052,418,330
Debt limit (5% of actual value)	\$ 202,620,917
Debt applicable to limit:	
General obligation bonds	68,230,000
Legal debt margin	\$ 134,390,917
Percentage of net debt margin available	66.33%
Percentage of net debt margin exhausted	33.67%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2017	\$ 202,620,917	\$ 68,230,000	66.33%
2016	189,479,911	68,825,000	63.68%
2015	180,218,498	64,110,000	64.43%
2014	176,836,768	62,260,000	64.79%
2013	174,277,177	70,385,000	59.61%
2012	172,669,198	45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
2009	161,231,483	42,700,000	73.52%
2008	156,008,848	41,195,000	73.59%

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

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

**Hospital Revenue Bond**

Fiscal Year	Gross Revenues <sup>3</sup>	Less: Operating Expenses	Net Available Revenue	Debt Service <sup>1</sup>		Coverage
				Principal	Interest	
2008	\$ 152,684,036	\$ 133,102,085	\$ 19,581,951	\$ 1,030,000	\$ 1,056,313	9.39
2009	156,095,243	140,766,706	15,328,537	1,060,000	1,025,413	7.35
2010	156,880,212	133,553,941	23,326,271	1,090,000	993,613	11.20
2011	160,115,058	132,028,206	28,086,852	1,340,000	954,863	12.24
2012	171,389,850	139,964,878	31,424,972	1,375,000	3,069,633	7.07
2013	175,011,409	145,546,625	29,464,784	1,915,000	3,682,094	5.26
2014	174,265,003	145,968,125	28,296,878	2,755,000	3,869,900	4.27
2015	184,201,460	147,149,250	37,052,210	2,825,000	3,803,608	5.59
2016	181,534,863	153,761,276	27,773,587	2,890,000	3,735,480	4.19
2017	189,926,814	162,011,472	27,915,342	3,070,000	3,172,934	4.47

**Electric Revenue Bond**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2017	64,339,637	53,697,044	10,642,593	625,000	343,556	10.99

**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	
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
2017	8,856,136	5,147,061	3,709,075	169,000	42,951	17.50

**Water Capital Loan Note**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2017	10,502,276	6,141,051	4,361,225	-	857,786	5.08

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

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

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

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

<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Personal Income</b>	<b>School Enrollment<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
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%
2016	58,965	27,629	1,629,143,985	4,188	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>2017</b>			<b>2008</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	16,811	1	29.55%	13,882	1	28.87%
City of Ames	1,327	2	2.33%	814	5	1.69%
Mary Greeley Medical Center	1,276	3	2.24%	1,365	2	2.84%
Iowa Department of Transportation	959	4	1.69%	1,200	3	2.50%
McFarland Clinic, P.C.	930	5	1.63%	825	4	1.72%
Danfoss <sup>1</sup>	925	6	1.63%	802	6	1.67%
Hy-Vee Food Stores	798	7	1.40%			
Ames Community School District	632	8	1.11%	680	7	1.41%
Workiva	455	9	0.80%			
Wal-Mart	439	10	0.77%			
3M Company				400	8	0.83%
Hach Companies				340	9	0.71%
Ames Laboratories				309	10	0.64%
Total			43.15%			42.88%

<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**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government:										
Management services	22.25	22.50	23.50	22.50	22.25	23.25	23.25	23.25	23.25	24.25
Finance	39.75	40.75	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	8.00	8.00	8.00	7.00	7.00	7.00
Administrative services <sup>1</sup>	-	-	-	-	-	-	-	6.50	6.00	6.00
Fleet services/facilities	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	73.70	75.70	75.70	75.95	75.95	75.95	75.95	81.55	84.05	84.05
Fire/inspections	65.00	68.00	68.00	68.00	68.50	68.50	68.50	65.00	65.00	68.00
Police/animal control/parking	74.40	74.65	74.65	77.65	77.65	77.65	77.65	77.65	77.65	79.65
Library	31.00	31.00	31.00	31.00	31.50	31.50	31.50	35.25	35.50	35.75
Parks and recreation	20.50	20.50	20.50	20.50	19.50	19.50	19.50	19.50	19.50	25.00
Water and pollution control	41.50	41.50	41.50	41.50	41.50	41.50	41.25	40.05	40.05	40.30
Electric	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.50	2.00	2.00
Engineering	13.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00	15.75	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	22.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	8.00
Hospital	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	1,067.00
Total	<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>	<u>1,642.00</u>

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

Source: City Finance Department

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Number of licenses/permits processed <sup>1</sup>	1,003	650	537	512	462	539	524	617	559	714
Subdivision requests	14	15	13	13	7	18	17	15	27	22
Police:										
Physical arrests	1,468	1,599	1,417	1,415	1,395	1,463	1,588	1,531	1,362	1,215
Parking violations	57,931	54,754	46,354	52,147	48,947	44,100	45,530	46,759	50,280	47,272
Traffic violations	3,012	2,724	3,080	2,953	4,068	3,204	2,543	2,981	2,451	2,614
Fire:										
Number of fires	165	162	148	175	188	137	150	107	126	89
Number of ambulance assists	1,877	1,927	2,099	2,211	2,178	2,325	2,471	2,464	2,442	2,663
Inspections	1,018	632	731	1,011	829	1,058	1,263	1,205	1,435	1,074
Library:										
Total circulation	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	1,280,305
Library visits	462,967	424,504	435,572	416,908	443,895	323,859	226,690	426,608	506,034	523,673
Parks and recreation:										
Total number of participant visits <sup>2</sup>	251,445	244,856	254,365	303,012	320,533	287,504	294,978	279,103	293,757	255,227
Total number of activities	146	147	147	149	148	154	160	175	187	194
Resource recovery:										
Tons of refuse processed	52,482	50,057	50,614	56,789	53,731	48,244	27,878	50,035	41,646	45,598
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	108	51	45	65	110	92	123	90	66	73
Blocks of streets slurry sealed	46	-	-	-	-	-	11	22	36	33
Blocks of seal coat reconstruction	12	14	17	8	6	7	8	4	16	-
Hospital:										
Total admissions	10,002	9,748	9,292	9,918	9,617	8,768	8,289	8,298	7,867	8,368
Average percent of occupancy	57.9%	62.1%	59.6%	57.1%	56.3%	54.1%	52.1%	50.5%	49.3%	49.7%
Electric:										
Kilowatt hours produced at plant	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	244,149,566
Meters in service	23,946	24,237	24,290	24,436	24,844	25,141	25,353	26,023	26,232	26,475
Transit:										
Passengers	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	6,658,027
Total miles driven	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	1,635,781
Water:										
Billion gallons per year pumped	2.330	2.029	1.961	2.074	2.151	2.082	2.131	2.022	2.110	2.131
Utility locates performed	5,502	5,650	5,417	6,471	6,466	6,247	6,185	6,615	8,121	7,383
Water main breaks	44	29	23	37	18	42	47	19	19	18
Wastewater:										
Billion gallons per year treated	2.507	2.438	2.385	2.501	1.906	2.093	1.936	2.389	2.690	2.427

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

<sup>2</sup> Aquatic center opened in 2010.

Sources: City departments and Mary Greeley Medical Center

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	9	9	9	9	9	11	11	11	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	34	36	36	36	36	37	37	37	37	36
Total number of park acres	1,199	1,213	1,213	1,213	1,213	1,224	1,227	1,227	1,227	1,223
Total number of athletic fields	18	18	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets	246	250	254	260	272	288	290	291	291	300
Number of traffic signals	59	63	70	70	70	70	67	67	67	68
Number of signs	9,274	9,441	9,575	9,759	9,852	9,486	9,489	9,485	9,509	9,854
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	66	70	72	79	84	89	93	104	105	104
New buses purchased	-	4	14	7	7	2	-	6	9	5
Water:										
Miles of water mains	235	236	240	241	241	241	243	247	254	247
Fire hydrants	2,577	2,586	2,619	2,650	2,648	2,663	2,700	2,771	2,847	2,906
Wells	28	28	28	28	28	28	28	28	28	25
Wastewater:										
Sanitary sewer miles	201	199	200	201	202	202	203	204	204	210
Storm sewer miles	249	257	257	261	263	265	260	263	271	276

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

Sources: City departments and Mary Greeley Medical Center

# CHEMICAL FEED PUMPS



COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 14, 2017. 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 and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 2017-A in Part II of the accompanying 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, 2017, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

### **Purpose of this Report**

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



Dubuque, Iowa  
December 14, 2017



## **Independent Auditor's Report on Compliance for the 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 The 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 the City's major federal program for the year ended June 30, 2017. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2017.



## 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 14, 2017

City of Ames, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct program:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		\$ 403,053
U.S. Department of Justice			
Direct program:			
Bulletproof Vest Partnership Program	16.607		3,845
Edward Byrne Memorial Justice Assistance Grant Program	16.738		5,629
Total U.S. Department of Justice			9,474
U.S. Department of Transportation:			
Highway Planning and Construction Cluster:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-0155(691) --70-85	822,878
Highway Planning and Construction	20.205	STP-U-0155(693) --70-85	749,016
Highway Planning and Construction	20.205	17MPO-AAMPO	150,912
Highway Planning and Construction	20.205	2016-017-015-16	74,755
Highway Planning and Construction	20.205	2017-006-00- 0015-FY17	154,719
Total Highway Planning and Construction Cluster			1,952,280
Federal Transit Cluster:			
Direct program:			
Federal Transit – Capital Investment Grants	20.500		2,441,882
Federal Transit – Capital Investment Grants	20.500		172,389
			2,614,271
Federal Transit - Formula Grants	20.507		3,976,120
Total Federal Transit Cluster			6,590,391
Pass-through program from:			
Iowa Department of Transportation:			
Metropolitan Transportation Planning and State and Non-metropolitan Planning and Research	20.505	17MPO-AAMPO	62,781

City of Ames, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation: (continued)			
Transit Services Program Cluster:			
Pass-through program from:			
Iowa Department of Transportation:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2016-026-015-17	\$ 123,688
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	16-X0005-375 -015-16	70,334
Job Access and Reverse Commute Program	20.516	37-X022-015-17	14,515
Total Transit Services Program Cluster			<u>208,537</u>
Direct program:			
Alternatives Analysis	20.522		<u>5,149</u>
Highway Safety Cluster:			
Pass-through program from:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 17-402-M0AL, Task 01-00-00	25,109
State and Community Highway Safety	20.600	PAP 16-402-M0AL, Task 01-00-00	6,709
Total Highway Safety Cluster			<u>31,818</u>
Total U.S. Department of Transportation			<u>8,850,956</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>1,997</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5886I471	<u>15,742</u>
Total U.S. Department of Health and Human Services			<u>17,739</u>

City of Ames, Iowa  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</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>\$ 296,434</u>
 Total			<u><u>\$ 9,577,656</u></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, 2017.

**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>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Federal Transit Cluster	
Federal Transit – Capital Investment Grants	20.500
Federal Transit - Formula Grants	20.507
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**

**2017-A      Net Position Restatement**

**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 year ended June 30, 2017, the City identified and corrected a prior year misstatement related to the transit grant receivable balance.

**Cause** – The restatement was caused by the timing of grant reimbursements.

**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:**

- 2017-IA-A     **Certified Budget** – Disbursements during the year ended June 30, 2017, did not exceed the amount budgeted.
  
- 2017-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.
  
- 2017-IA-C     **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
  
- 2017-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
Jan Heuss, Employee, Daughter is owner of Heuss Printing, Inc.	Printing Services	\$       4,968
Karen Stephan, Account Clerk Husband is owner of Scott’s Heating, Cooling & Plumbing	Services	3,351
Kylie Ploessl, Employee, Husband, Marc, is owner of Ames Lawn Care and Maintenance	Lawn Care	2,627
Justin Kepley, Employee, Father, Dave Kepley, is owner of Dave’s Auto & Truck Service, Inc.	Towing Services	70

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Dave’s Auto Truck and Service, Inc. 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, Ames Lawn Care and Maintenance, and Heuss Printing, 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.

- 2017-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.
  
- 2017-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)**

- 2017-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.
- 2017-IA-H      **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.
- 2017-IA-I      **Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.