

AGENDA
SPECIAL MEETING OF THE AMES CITY COUNCIL
AND REGULAR MEETING OF THE AMES CITY COUNCIL
CITY COUNCIL CHAMBERS
AMES CITY HALL
FEBRUARY 12, 2019

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

CALL TO ORDER: 5:15 p.m.

FY 2019/20 BUDGET WRAP-UP

1. Council Budget Presentations:
 - a. Public Art
 - b. Arts Funding (COTA)
 - c. Human Services (ASSET)
 - d. Outside Funding Requests
 - e. Other Requests
2. Public Input on Capital Improvements Plan (CIP) and Budget
3. Final Council Decisions:
 - a. Set salaries for Council appointees
 - b. Amendments to 2019-2024 CIP, if desired
 - c. Vote on motion to approve 2019-2024 CIP, as amended
 - d. Amendments to FY 2018/19 Adjusted Budget, if desired
 - e. Vote on motion to approve Adjusted Budget for FY 2018/19, as amended
 - f. Motion to set March 5, 2019, as date of final public hearing on Adjusted Budget for FY 2018/19
 - g. Amendments to proposed FY 2019/20 Budget
 - h. Vote on motion to approve proposed budget for FY 2019/20, as amended
 - i. Motion to set March 5, 2019, as date of final public hearing on proposed budget for FY 2019/20

REGULAR CITY COUNCIL MEETING*

*The Regular City Council meeting will immediately follow Budget Wrap-Up.

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

1. Motion approving payment of claims
2. Motion approving Minutes of Special Meetings of January 15, January 31, February 1, February 2, February 5, February 6, and 7, 2019, and Regular Meeting of January 22, 2019
3. Motion canceling March 12, 2019, City Council meeting
4. Motion approving certification of civil service applicants
5. Motion approving Report of Change Orders for January 15 - 31, 2019
6. Motion approving new 5-day Class C Liquor License (February 23 - 28) for Gateway Market MLK at ISU Alumni Center.

7. Motion approving new 12-month Class C Liquor License with Outdoor Service and Sunday Sales for The Angry Irishmen, 119 Main Street, Pending Dram Shop
8. Motion approving new 12-month Class C Liquor License with Outdoor Service and Sunday Sales for Blue Owl Bar, 223 Welch Avenue
9. Motion approving renewal of the following Beer Permits, Wine Permits, and Liquor Licenses:
 - a. Class C Liquor - Hy-Vee Market Café, 3800 Lincoln Way - Café area
 - b. Class C Liquor - Cy's Roost, 121 Welch Avenue
 - c. Class C Liquor - Mickey's Irish Pub, 109 Welch Avenue
 - d. Special Class C Liquor - Blaze Pizza, 2320 Lincoln Way Ste 109
 - e. Class C Liquor - El Azteca, 2727 Stange Road
 - f. Class E Liquor - Fareway Stores, Inc. #093, 3619 Stange Road
 - g. Class E Liquor - Fareway Stores, Inc. #386, 619 Burnett Avenue
 - h. Class C Liquor - Ge' Angelo's, 823 Wheeler St. Suite #9
 - i. Class E Liquor - Wal-Mart Supercenter 4256, 534 South Duff Avenue
 - j. Class C Liquor - Buffalo Wild Wings, 400 South Duff Avenue
 - k. Special Class C Liquor - Stomping Grounds, 303 Welch Avenue
 - l. Special Class C Liquor - Wing Stop, 703 South Duff Avenue #101
10. Resolution setting public hearing for March 5, 2019, regarding entering into a General Obligation Loan Agreement in an amount not to exceed \$11,880,000
11. Resolution approving Comprehensive Annual Financial Report (CAFR)
12. Resolution approving 2018 Resource Recovery Plant Annual Report
13. Resolution approving Amendment to Professional Services Agreement for East Industrial Area Utility Extension Project
14. Requests from Ames Main Street (AMS) for MusicWalk on Friday, April 26:
 - a. Motion approving blanket Temporary Obstruction Permit and blanket Vending License in Central Business District
 - b. Resolution approving closure of 11 metered parking spaces for food trucks and musicians
 - c. Resolution approving waiver of parking meter fees and enforcement, usage and waiver of electrical fees, and waiver of fee for blanket Vending License for Ames Main Street from 3:00 p.m. to 9:00 p.m.
15. Requests from Ames Main Street (AMS) for ArtWalk on Friday, June 7:
 - a. Motion approving blanket Temporary Obstruction Permit and blanket Vending License in Central Business District
 - b. Resolution approving closure of ten metered parking spaces for vendors
 - c. Resolution approving waiver of parking meter fees and enforcement, usage and waiver of electrical fees, and waiver of fee for blanket Vending License for Ames Main Street from 3:00 p.m. to 8:30 p.m.
16. Requests for 4th of July Activities:
 - a. Requests of City of Ames:
 - i. Resolution approving closure of Clark Avenue between 5th Street and 6th Street from 5:00 p.m. on Wednesday, July 3, until conclusion of parade on July 4 and closure of City Hall Parking Lot N on July 4 for City Council Community Pancake Breakfast
 - b. Requests of Ames Main Street:
 - i. Motion approving blanket Temporary Obstruction Permit and blanket Vending License in Central Business District on Thursday, July 4
 - ii. Resolution approving usage and waiver of electrical fees and waiver of fee for blanket Vending License
 - iii. Resolution approving closure of portions of Main Street, Northwestern Avenue, 5th Street, Douglas Avenue, Burnett Avenue, Kellogg Avenue, Clark Avenue, Allan Drive, and Pearle Avenue from 6:00 a.m. until end of parade
 - iv. Resolution approving closure of Parking Lot MM and south portion of Lot M and

Depot Lots V and TT from 6:00 a.m. to 2:00 p.m.

17. Resolution awarding contract to Titan Machinery of Des Moines, Iowa, for purchase of Case Tractor Backhoe-Loader and extended warranty for Public Works Department in the amount of \$125,057
18. Resolution approving preliminary plans and specifications for Concrete Replacement at two CyRide bus turnarounds; setting March 14, 2019 as bid due date and March 26, 2019, as date of public hearing
19. Resolution approving preliminary plans and specifications for Replacement of CyRide's Bus Wash; setting March 14, 2019 as bid due date and March 26, 2019, as date of public hearing
20. Resolution approving preliminary plans and specifications for Steam Turbine No. 7 Parts Procurement; setting March 13, 2019, as bid due date and March 26, 2019, as date of public hearing
21. Resolution approving contract and bond for 2017/18 Accessibility Enhancement Program (Airport Road Sidewalk)
22. Underground Trenching Contract for Electric Services:
 - a. Resolution approving Primary Contract Change Order No. 1 with Ames Trenching & Excavating, Ames, Iowa, in the not-to-exceed amount of \$50,000
 - b. Resolution approving Secondary Contract Change Order No. 2 with Communication Data Link, LLC, Grimes, Iowa, in the not-to-exceed amount of \$29,000
23. Resolution approving Change Order No. 1 with Earth Services & Abatement, LLC, Des Moines, Iowa, for Asbestos Maintenance Services for the Power Plant in the not-to-exceed amount of \$130,000
24. Resolution accepting completion of 2017/18 Low-Point Drainage Improvements (Ridgetop Road)
25. Resolution accepting completion of Brookside Path Lighting
26. Resolution accepting completion of WPC Structural Rehab Phase 2 Project
27. Resolution approving Plat of Survey for 2119, 2125, and 2131 Isaac Newton Drive

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

FIRE:

28. Request from Al Warren for text amendment to allow bedrooms in progress to count toward occupancy:
 - a. Motion providing direction to staff

PLANNING & HOUSING:

29. Request from Steve Burgason regarding Pre-Annexation Agreement for connection charges in the South Annexation Area:
 - a. Motion providing direction to staff

PUBLIC WORKS:

30. Request from Gary and Kathy May to connect to extended water main at 3520 S. Riverside Drive:
 - a. Resolution charging a connection fee at the standard rate of \$20/linear foot of actual property frontage

ORDINANCES:

31. First passage of revised Post-Construction Stormwater Management Ordinance (second and third passages and adoption requested)
32. Second passage of ordinance regarding “Game Day Parking” regulations

HEARINGS:

33. Hearing on Assessment for Costs of Asbestos Testing on and Demolition of Dangerous Building located at 1107 Grand Avenue (Continued from 1-22-19):
 - a. Resolution assessing costs of asbestos testing on and demolition of dangerous building

FINANCE:

34. Resolution approving endorsement of Iowa Economic Development Authority Application for Financial Assistance for Vertex Software, LLC, with local match in the form of a \$300,000 loan with half forgivable

WATER & POLLUTION CONTROL:

35. Consumption of alcohol on Water Plant premises during after-hours event for American Water Works Association, Iowa Section Conference:
 - a. Motion supporting American Water Works Association - Iowa Section’s intent to seek a temporary license to serve beer and wine on Water Plant property during an after-hours reception

DISPOSITION OF COMMUNICATIONS TO COUNCIL:

COUNCIL COMMENTS:

CLOSED SESSION:

36. Motion to hold Closed Session as provided by Section 20.17(3), Code of Iowa, to discuss collective bargaining strategy:
 - a. Resolution ratifying contract with IAFF Local 625 (Firefighters)

ADJOURNMENT:

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

February 7, 2019

Dear City Council Members and Mayor Haila,

The Ames Historical Society Board and staff are alarmed to learn of a recommended 16% cut from City funding received in FY18/19. We provide important services to the community as the only organization dedicated to collecting, preserving, and sharing local history.

The following services (and others) are provided as part of the contract with the City of Ames:

- Present programs and open houses to the public, community groups, homeschool groups, visiting groups and individuals from out of town, and class reunions
- Host open hours at the History Center and Hoggatt School (Ames' first schoolhouse)
- Create high-quality exhibits at the History Center and in the community
- Research questions about Ames history and make resources available on our website
- Catalog collection objects to document and preserve the history of the community
- Present an engaging hands-on Ames history program to 3rd graders
- Collaborate with community organizations to provide exhibits, events, and programs

We consistently deliver on goals set out in the City contract, even with a small staff of just 2 ³/₄ full-time employees. Each feature exhibit at the History Center strives to be of higher quality than the previous exhibit. Each year, more objects are cataloged, more collaborative projects happen, and more research questions are answered.

After feedback from City Council, we added Saturday hours at the History Center. We are also open during community events such as Music Walk, the Octagon Art Festival, and Snow Magic.

About 27% of our annual income comes from governmental sources (City of Ames and Story County). We have been successful at pursuing additional funding from grants, businesses, and individual members. While we do not rely only on City funding, it is a critical part of our budget.

In the past, Council has awarded a small increase to Ames Historical Society funding each fiscal year. We have a track record of successfully achieving our goals and are proven partners with the City of Ames. We respectfully ask that Council approve our full funding request of \$45,200, a small increase over FY18/19.

Sincerely,

Sharon Wirth and Peter Hallock
Ames Historical Society Co-Presidents

Casie Vance
Ames Historical Society Executive Director

MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

JANUARY 15, 2019

The Special Meeting of the Ames City Council was called to order by Mayor John Haila at 5:15 p.m. on the 15th day of January, 2019, in the City Council Chambers in City Hall, 515 Clark Avenue. Council Members Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson were present. *Ex officio* Member Allie Hoskins was also present.

2019-24 CAPITAL IMPROVEMENTS PLAN: City Manager Steve Schainker discussed the recommended Capital Improvements Plan (CIP) for the next five years. He said it consists of the major brick and mortar projects the City of Ames will be working on. Mr. Schainker said the CIP document is on the City of Ames website for residents. He said public input will be taken at the next meeting, and final decisions on this document will be made when the budget is approved in February.

Police

Police Chief Chuck Cychosz distributed an update to the city-wide radio system project (page 9). He said this is the second year this project is included in the CIP, and it serves all emergency responders for the City, County, and Iowa State University (ISU). Mr. Cychosz said the Fire Department has applied for a radio grant that would offset costs if awarded.

Fire

Fire Chief Rich Higgins discussed apparatus replacement. He told the Council that Truck 3, the City's only ladder truck that was purchased in 2002, is up for replacement in 2021. Chief Higgins said Truck 3 will also be refurbished so Ames will have two ladder trucks. It was also noted that Engine 1 is due to be replaced in 2022-23.

Electric

Electric Services Director Donald Kom discussed the deterioration of boiler tubes in Unit 7 and showed Council a new boiler tube and a boiler tube showing four years of wear and tear. He said inconel-coated tubes will be replacing certain sections of tubing in Unit 7.

Director Kom said the City's emergency storm warning system is a project Electric Services does jointly with the Police Department. An additional storm siren will be installed during the current year in the industrial park and another siren will be added during 2019-20 in the Research Park area. Ms. Betcher asked if the siren in the industrial park will be added before it is populated. Mr. Kom said when the City annexed that territory there were existing residents there, and the City wants to be cognizant of those residents.

Mr. Kom said the capital budget for Electric Services is over \$31 million for the next five years, much of which will be in the first year and focused on the Power Plant preparing to burn Refuse Derived Fuel (RDF) long term. Director Kom also discussed Transmission and Distribution, highlighting the continued replacement of poles, new breakers, LED street lights, light and line relocation, and reliability improvements.

Director Kom discussed the units at the Power Plant. Combustion Unit 1 will have communication equipment updates and Combustion Turbine 2 will have controls upgrade, and a building to contain the Gas Turbine 2 unit will be built. Mr. Martin asked how often the combustion turbines are used. Mr. Kom said under 100 hours per year. Mr. Kom discussed the work to be done on Unit 7. He said inconel-coated tubing will be replacing boiler tubes in certain locations of Unit 7 which will increase life of the boiler tubes from about four years to about 10-15 years. Mr. Martin asked about the corrosion of the tubes. Director Kom said the corrosion was not as severe with coal, but more wear and tear on the tubes has happened with natural gas. Mr. Kom said Unit 8 is the newest and the largest unit and will have a turbine generator overhaul completed.

Mr. Kom told Council that fuel and waste system infrastructure will be upgraded including ash pond modifications, fuel oil tank removal, waste water treatment modifications, and coal yard reclamation.

Mr. Schainker told Council that in previous years the demand side management project has been in the CIP for about \$1.2 million per year. He said that project has been taken out of the CIP and is now in the operating budget.

Council Member Gartin asked about security of the grid and best practices the power system is employing for security. Director Kom said by having the capability to generate all needed power in Ames, Electric Services can sustain electric supply for all peak demands as long as natural gas is flowing. He said a closed system is maintained and the fiber network is only for the electric system. Mr. Kom said there are very few times when information is imported to protect the control systems. Mr. Gartin asked if Electric Services works with a consulting firm that evaluates the system. Director Kom said Iowa Association of Municipal Utilities has recently started offering a subject matter expert on cyber security who has communicated with electric security and Information Technology. Mr. Gartin asked if Council would direct further discussion or if Mr. Kom would recommend security measures. Mr. Kom said from a stewardship perspective the community should be assured that City of Ames is taking reasonable steps to safeguard its systems. Mr. Haila asked if the CIP projects affect electric rates to customers. Mr. Kom said with projections on income and expenses, he does not foresee an increase in rates. Finance Director Duane Pitcher said there is not a rate increase planned in the next five years.

Water and Pollution Control

Water and Pollution Control Director John Dunn said the advanced metering infrastructure technology upgrade should conclude in 2022-23. He said water plant equipment maintenance and modifications will be made.

Director Dunn told Council the removal of treatment structures at the old water plant will take place over two years and that area will be returned to green space. This will not include the technical services complex. Mr. Martin asked about the condition of the building. Director Dunn said the building is 25 years old and still in good shape. Mayor Haila asked if costs include modifications. Mr. Dunn said parking modifications and some external piping modifications are included. Mr. Dunn said other improvements at the technical services complex include additional vehicle storage and an elevator.

Mr. Dunn said there is placeholder money included for a one million gallon elevated tank for the east industrial park to help manage pressure and provide for firefighting demands. Mayor Haila asked about industries to locate in that area and asked if there could be a need for a larger tank. Mr. Dunn said one million gallon tanks are the industry standard.

Director Dunn discussed the Water Pollution Control Facility projects that include repairs, maintenance, replacement, and upgrades to equipment. He told Council for the watershed-based nutrient reduction priority, projects will have benefits beyond nutrient reduction. Mr. Gartin asked how the locations of those projects are determined. Mr. Dunn said Squaw Creek Watershed, Prairie Rivers of Iowa, Story County, and the Public Works department will help determine locations. Mr. Dunn said security measures include multiple fire walls, physical barriers to the facility, and the option to run the facility manually if needed.

Public Works

Public Works Director John Joiner discussed utility improvements to be made in water distribution, sanitary sewer, storm water, and the Resource Recovery Plant.

Director Joiner said the ISU Research Park Phase IV project under street engineering priorities was awarded the Revitalizing Iowa's Sound Economy (RISE) grant from Iowa Department of Transportation that will be used for roadway improvements. The Grand Avenue extension and the Cherry Avenue extension were also discussed as street engineering priorities.

Mr. Joiner highlighted the shared use path improvements to be made including crossing improvements at 13th Street and Clark Avenue and South Dakota Avenue and Mortensen Road, and the expansion of the Skunk River Trail. He also told Council that updates to the Airport will be continuing according to the Master Plan.

Council Member Gartin said the Resource Recovery Plant is consistently requiring about \$300,000 per year for unexpected issues, and asked at what point it makes sense to think about a new plant. Mr. Joiner said there is confidence in the system in place. Improvements will continue to be made, and there are funds in the 2019-20 budget for a study to be done on the process to see if this is the best way to do what is being done. Mr. Gartin said he would like to see it moved off of Lincoln Way. Mr. Joiner said the study results could lead to a different location.

Mayor Haila asked about progress on the Grand Avenue extension land acquisition. Ms. Warner said staff is waiting on a document that will be received this week or next week to move forward. Member Betcher asked about the agreement with ISU. Mr. Schainker said he will be meeting with President Wintersteen and others to discuss the easements needed.

CyRide

CyRide Director Sheri Kyras discussed the \$13 million in CIP projects, with vehicle replacement and building expansion and modernization comprising most of that number. Ms. Kyras said the Board is looking into zero-emission, electric buses. A feasibility study and roadmap to deployment will be done in February of 2019. Ms. Kyras said CyRide is looking at a second site of about 16-18

acres in or near Ames to serve as a second site and in the future a consolidated site.

Director Kyras discussed technology improvements including automated annunciators, passenger counters, GPS tracking system, and the coordinated radio system. Bus stop improvements include Americans with Disabilities Act (ADA) bus stop assessments.

Council Member Gartin said all city buses in California have to be electric by 2029. Ms. Kyras said many cities are going all electric. She said based on the preliminary discussions with a consultant, it would make sense for CyRide that about 25% of vehicles could be electric with current technology and the CyRide route structure. It was noted that diesel buses cost about \$500,000 and electric buses cost about \$900,000. Mr. Gartin asked about maintenance. Ms. Kyras said high voltage electric buses would require maintenance, although different. Mayor Haila said the initial cost would be significant. Ms. Betcher asked if any cities in Iowa have electric buses. Ms. Kyras said Des Moines has six and Rock Island and Davenport have three and will be getting three more. She said CyRide is interested in learning about the challenges faced by communities adding electric buses, and is participating in a midwest electric bus group to learn. Member Nelson asked how many buses are in the CyRide fleet. Ms. Kyras said 93 buses.

Parks and Recreation

Parks and Recreation Director Keith Abraham said some unexpected projects, including replacement of the bridge at Emma McCarthy Lee Park and work to the fishing pier at Ada Hayden Heritage Park, have delayed other projects. Mr. Abraham said public meetings will begin soon to discuss location options for a new spray pad. Playground replacement was discussed. Because of a bridge removal, the disc golf course will be reconfigured. Mr. Abraham said the ADA inventory and assessment will be done soon, and then a transition plan will be developed to address compliance issues.

Director Abraham shared details on the new clubhouse for Homewood Golf Course and told the Council that there is \$750,000 in the current year CIP. He said construction could start this summer. Mr. Gartin said this amenity is much needed. Mr. Abraham also said the splash structure at Furman Aquatic Center will be refurbished.

Mr. Abraham told Council that a funeral pavilion will be added at the cemetery, more column burials will be purchased, and all column burials will be near the pavilion. Mr. Haila asked about the Memorial Day service. Mr. Gartin said he would like to see the Memorial Day event continue to be hosted in that area.

Ms. Betcher asked about unisex bathrooms. Mr. Abraham said unisex bathrooms will be added moving forward. Mr. Martin asked about Franklin Park. Mr. Abraham said \$80,000 is in the current year budget, and work will begin soon.

Planning and Housing

City Manager Steve Schainker said the City will continue supporting the Neighborhood Improvement Project Grant, the Downtown Facade Grant Program, and the Campustown Facade

Grant Program. Mayor Haila asked if Downtown Ames asked for an increase in facade grants. Ms. Betcher said a request was submitted to make the grant more flexible to include other improvements.

Fleet and Facilities

Fleet and Facilities Director Corey Mellies said City Hall improvements will include some new flooring. He told Council a hoop building will be added behind the Fleet Services maintenance facility to plug in trucks and allow increased storage capacity. Mr. Schainker said it will cost substantially less than other options and still protect vehicles. Ms. Betcher asked if refurbished fire apparatus would be stored there. Mr. Schainker said the refurbished fire vehicles will be at the fire stations.

Mr. Schainker said on page VIII of the CIP document the bond issues are summarized based on this CIP. He said the City will have a debt service level that allows for the addition of bonds if new projects arise. Finance Director Pitcher said the State of Iowa statutory debt limit is 5% of total actual valuation but the City of Ames by policy reserves 25% of available debt capacity. Mr. Schainker said public feedback will be taken on January 22, 2019. Budget Overview will begin on February 1, 2019 and final decisions on the CIP and the budget will be made on February 12, 2019.

COUNCIL COMMENTS: Mayor Haila told the Council that Volunteer Center of Story County will be hosting “Monday Meals” to serve breakfast and have discussions on the third Thursday of January, February, and March.

DISPOSITION OF COMMUNICATIONS TO COUNCIL: Moved by Beatty-Hansen, seconded by Gartin, to request a memo from staff regarding the request from Gary and Kathy May dated January 10, 2019.

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

Moved by Corrieri, seconded by Nelson, to allow \$3,500 of the \$250,000 allocated by City Council for a grant process to distribute funds to human service agencies for capital projects to be used by United Way of Story County (UWSC) to pay for administrative costs of the program, as requested in a letter from Jean Kresse dated January 14, 2019.

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

Moved by Betcher, seconded by Martin, to request a memo from staff regarding the email from South Campus Area Neighborhood (SCAN) on January 10, 2019, expressing concern about transitional Letters of Compliance.

Vote on Motion: 5-1. Voting Aye: Beatty-Hansen, Betcher, Gartin, Martin, Nelson. Voting Nay: Corrieri. Motion declared carried.

CLOSED SESSION: Mr. Gartin asked City Attorney Mark Lambert if the City Council had a legal reason for going into Closed Session. Mr. Lambert replied in the affirmative.

Moved by Gartin, seconded by Nelson, to hold a Closed Session as provided by Section 20.17(3), *Code of Iowa*, to discuss collective bargaining strategy.

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

The Council entered into Closed Session at 7:52 p.m. and returned to Regular Session at 8:41 p.m.

ADJOURNMENT: The meeting adjourned at 8:41 p.m.

Diane R. Voss, City Clerk

John A. Haila, Mayor

Erin Thompson, Recording Secretary

**MINUTES OF THE JOINT MEETING OF THE AMES CITY COUNCIL,
AMES PARKS AND RECREATION COMMISSION,
MARY GREELEY MEDICAL CENTER BOARD OF TRUSTEES,
AND STORY COUNTY BOARD OF SUPERVISORS**

AMES, IOWA

JANUARY 31, 2019

The Ames City Council met in Special Joint Session with Ames Parks and Recreation Commission, Mary Greeley Medical Center Board of Trustees, and Story County Board of Supervisors at 7:00 p.m. on the 31st day of January, 2019, at City Church, 2400 Oakwood Road, Ames, Iowa, pursuant to law. Mayor John Haila called the meeting to order on behalf of the Ames City Council. Chairperson Sarah Buck called the meeting to order on behalf of the Mary Greeley Medical Center (MGMC) Board of Trustees. Chairperson Lauris Olson called the meeting to order on behalf of the Story County Board of Supervisors. In addition to Mayor Haila, the following Council members were present: Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson. *Ex officio* Member Allie Hoskins was also present. Representing the MGMC Board of Trustees, in addition to Chairperson Buck, were Brad Heemstra, Ken McCuskey, and Mary Kitchell. In addition to Chairperson Olson, Story County Supervisor Sanders attended.

Facilitator Donna Gilligan named the six Collaboration Partners on the Healthy Life Center project as the City of Ames, Des Moines Area Community College, Heartland Senior Services, Iowa State University, Mary Greeley Medical Center, and Story County.

DESIRED OUTCOMES. Ms. Gilligan stated that the following items would be covered during tonight's meeting:

1. Project Overview
2. Project Concept
3. Philanthropic Campaign
4. Philanthropic Assessment Overview and What was Heard
5. Project Budget, Funding Streams, Shared Costs, and Contributions
6. Challenges
7. Required Agreements
8. Post-Bond Referendum and Anticipated Schedule
9. Reaction and Questions

According to Ms. Gilligan, it was hoped, that by the end of the meeting, those present would have more information and an increased understanding of the Healthy Life Center to help them make a conscious decision regarding support. In addition, they will have an understanding of the philanthropic support that has been established to this point and have a clear understanding of the next steps.

PROJECT OVERVIEW. Brian Dieter, President and Chief Executive Officer of Mary Greeley Medical Center, provided an overview of the project that the collaboration partners have helped shape to this point. He emphasized that the Healthy Life Center will be a "one-of-a-kind" place that makes the life-long goal of healthy living accessible and enjoyable to people of all ages and socio-economic status. Mr. Dieter commented that it will be more than a place to exercise; it is hoped that it will help people take a journey that they might not take otherwise toward healthier living. The three spheres of programs, services, and activities will include physical activity, social networks, and

health and nutrition, plus afford ISU and DMACC students and faculty extraordinary opportunities in education and applied student learning, with all of those culminating and helping people live well and be well.

Key drivers that support a Healthy Life Center were explained by Mr. Dieter. He quoted a portion of an article printed in the *Des Moines Register* that stated Iowa ranked tenth highest in youth obesity, and referenced a research study conducted by the Mayo Clinic that proved that a work site wellness program with attendance leads to significant dollar savings for employers' healthcare costs and for the employees, who benefitted by having better health and savings on their healthcare costs. A Center such as this will also help attract and retain the best employees. It was noted that in approximately three years, the Municipal Pool will be demolished as the Ames School District will construct a cold water competitive pool at the High School.

The site for the Center has been selected; it will be located at Ontario and Scholl Road. Mr. Dieter stated that ten acres will be required. The site is currently owned by Iowa State University, which at this time is a willing seller at potentially a favorable price. The site would be accessible from the existing trail system and is on a CyRide route. The City would own and manage the Center, and Mary Greeley and Heartland Senior Services would be tenants.

Several pictures were shown to depict conceptually what the Center might look like and what amenities could be included. It was noted that the conceptual drawings are prior to the engagement of an architect to do design development.

Mr. Dieter introduced John Haila, Mayor of Ames, and Sarah Buck, Chairperson of the MGMC Board of Trustees. Mayor Haila and Ms. Buck shared information about a site visit that had been taken to Rochester, Minnesota, to tour the Dan Abram Healthy Life Center. It was noted by Mayor Haila that that Center has been so successful that several additions have been constructed. It is open for use by not only the employees of Mayo Clinic and their families, but also by the community.

Mayor Haila explained the importance of including the nutrition component in the Center. He stated that Mayo Clinic had used its Center as an investment with the return of investment being fewer employee absences, fewer employee injuries, better staff retention, and an increased ability to attract and retain employees and families. Mr. Haila asked the community to think of such a Center as being an investment in the community, and the return of the investment will be seen for decades to come. In addition, the Center will be a magnet to attract students to learn, develop, and cultivate healthy life styles.

Ms. Buck shared her impressions of the site visit to the Mayo Clinic. She noted that the emphasis to date had focused mainly on nutrition and exercise; however, she became aware of a third pillar, i.e., resilience, after the site visit. The Dan Abrams Center has spaces dedicated to help people decompress. Stress is a big part of people's lives, and she would like to see that component worked into the HLC concept. Secondly, once the Center is built, Ms. Buck believes that it will be very attractive to businesses that don't have dedicated space for employee wellness to provide incentives to their employees. Ms. Buck pointed out that having a multi-generational Center where people of all ages can come together will be a real plus.

Mayor Haila commented that he had recently spoken with the City of Nevada Mayor Brett Barker, who stated that, "There are countless possibilities for collaboration and shared programming between the City of Nevada and the Healthy Life Center. Such a facility would be a benefit to

Nevada residents and for all of Story County.” It was specifically noted by Mayor Haila that the Healthy Life Center is being thought of as a regional center – not just for Ames or for a certain segment – and will help the County and region grow.

PHILANTHROPIC CAMPAIGN. Ms. Buck noted that she had spent a great deal of her life involved in fund-raising. Professional fund-raisers had stated that it would take three or four years to raise the funds for this project. Ms. Buck explained her desire for an endowment to be set up to help with ongoing maintenance costs.

Mayor Haila stated that the Healthy Life Center would be an unprecedented partnership among six different entities, the likes of such collaboration has never been accomplished. He publicly thanked Former Mayor Ann Campbell, Warren Madden, Emeritas Senior Vice-President of ISU, and Bev Madden, retired Director of ISU Career Services, who are leading the philanthropic campaign.

Ann Campbell pointed out that collaboration among the six entities had been occurring over the past three years. She stated that Bev and Warren Madden and she had been asked to take on the philanthropic campaign, as volunteers, to raise the dollars to fill the gap between what the public and human service entities would be doing. Ms. Campbell recognized other members of the philanthropic team: Jan Beran, Casey Johnson, Kim Linduska, Leo Milleman, Dave Tucker, Pam White, Nancy Carroll, and Facilitator Donna Gilligan. She summarized what the fund-raising team had heard when they were visiting with the public and various groups about the concept. There was broad support and enthusiasm for the Concept. According to Ms. Campbell, one family had pledged significant dollars to the project, but had also pledged ongoing support towards a scholarship program that would help make the facility affordable by all.

Warren Madden stated that over 60 individuals and entities have pledged financial support to date. He noted that they have been able to receive commitments of approximately \$5.9 million in less than a year’s time. The team intends to keep working. Additional contacts will be made, funding applications will be submitted to corporations, and community-wide fund-raising will be pursued. Mr. Madden said that, to date, the named spaces are:

Fitch Family Aquatic Center
Fareway Kitchen
REG Conference Room
Jeanette Smithson Water Playground
Deb and Bill Fennelly Outdoor Playground
Judie Hoffman Community Gardens
Banitt/Milleman Conference Room

Member of the Campaign Cabinet Dave Tucker, Senior Vice-President of Workiva, shared that he heard overwhelming support for the Center from those with whom he had spoken. He commented that he was willing to work so diligently on this project because he believes that the Center will be a place that brings people together and creates community. Mr. Tucker challenged everyone present to help figure out how to bring the Center to fruition.

Jan Beran, ISU Emeritas Professor of Health and Human Performance, and member of the Campaign Cabinet, advised that she has talked to so many people who are supportive of this project. She said that the Center would be a wonderful place to integrate people into the community - where they could be involved in programs that would be available to persons of all ages, including those on

limited incomes , throughout all of Story County. Ms. Beran noted that there are many people who participate in Ames Parks and Recreation programs who come from smaller towns outside of Ames.

Mr. Madden shared that Iowa State University spends \$40 million/year on health insurance today. He believes that ISU could lower its healthcare costs considerably if the Center would be available. Mr. Madden agreed with Mr. Dieter that the Healthy Life Center would be an investment towards overall wellness in the community.

PROJECT BUDGET, FUNDING STREAMS, SHARED COSTS, AND CONTRIBUTIONS.

Ames City Manager Steve Schainker stated that the estimated total project costs (as prepared by consultants RDG) at \$48,400,000, which included the design costs, land costs, site development costs, and a 15% contingency. The Steering Committee, which is comprised of representatives from the six collaborative partners, came up with the financing proposal. He noted that none of the partners has officially approved the numbers yet. The suggested revenue sources are as follows:

City of Ames	\$15,000,000 (G. O. Bonds)
	2,000,000 (Available Balances)
MGMC	7,000,000
Heartland Senior Services	3,500,000
Story County	3,000,000
Philanthropic	<u>6,000,000</u>
	\$36,500,000

According to Mr. Schainker, after the first year of operation, there would be a deficit of \$473,865. That number assumes that MGMC and Heartland Senior Services would pay their proportionate share of the operating costs for their space and Story County would pay \$200,000 in annual contributions. Annually, \$300,000 would be placed into a building depreciation/replacement fund in the Operating Budget to ensure the Concept is well-maintained in the future.

CHALLENGE: Mr. Schainker said that, assuming the University leases the site for \$1/year and \$6 million in donations is secured, there will be a \$11.9 million funding gap in order to proceed as planned.

NEEDED STEPS TO DETERMINE HOW TO FILL THE GAP. Mr. Schainker listed three things that needed to happen in order for the funding gap to be filled, i.e.:

1. One, some, or all of the potential funding partners can agree to increase their financial commitment to the project.

February: MGMC, Story County, and Heartland will report their formal funding levels to the City.

2. Philanthropic Capital Campaign will continue through March.
3. The Steering Team will meet to assess if some of the elements in the plan can be eliminated or building materials altered to reduce construction costs – as long as the overall philosophy or long-term durability of the HLC are not significantly compromised.

March. Steering Team will prepare a recommendation to the City Council for how the project could move forward. The City Council will then makes the final decision regarding how to proceed.

April. City Council: (1) will enter into required Agreements, and (2) establish the bond referendum amount and schedule a vote date for August 6, 2019.

August 6. Bond referendum will be held.

REQUIRED AGREEMENTS. Mr. Schainker listed the agreements that would be required: Naming Rights Agreements, land agreement with Iowa State University, tenant agreements with Heartland Senior Services and Mary Greeley Medical Center, and an agreement with Story County to ensure that all Story County residents pay the same user fees as Ames residents.

Nancy Carroll stated that the RDG Planning Study anticipates that there will be 333,000 visits/year to the HLC annually. Fifty-seven percent (57%) of those visitors would come from Ames; 30% would come from a radius that extends to Nevada, Huxley, Slater, Story City, Roland, and Madrid/Boone; and 13% would come from beyond those communities. Three major HLC amenities that are not available in those communities are the Indoor Aquatic Center, Indoor Playground, and Participation Kitchen. Those three capital investments total \$21 million: Aquatic Center: \$18.2 million; Indoor Playground \$1.4 million, and the Participation Kitchen: \$1.4 million).

Mr. Schainker announced the next steps that would be followed after the bond referendum is held.

Gloria Betcher, Ames City Council, advised that, last fall, Nancy Carroll, Steve Schainker, and she had worked on a grant application to the National League of Cities (NLC) Innovative Eco Systems Program, which helps fund marketing and establishes partnerships with NLC partners. The project was identified in the application as being innovative in that the Healthy Life Center would allow ISU to have applied learning activities and that it would be a unique facility around the country. It is not yet known if the application will be successful, but it has the potential of allowing access to NLC partners that the fund-raising team might want to explore.

Lauris Olson, Story County Supervisor, stated that Story County would also have to bond for its portion (\$3 million), so Story County residents would then paying for both the City of Ames bond and the Story County bond. She asked why Ames would not just take on the additional \$3 million (which would total \$18 million). Ms. Beran reiterated that she knows many people who participate in Ames Parks and Recreation program come from outside of Ames. If those persons would have to pay the cost of admission without the subsidy from Story County, it would be a real detriment to their participation. If Story County residents can pay the same amount as Ames residents, it would have a very big impact. Supervisor Olson then stated that perhaps Story County could just pay the subsidy for the residents outside of Ames who are using the facility, as that would be better financially for the County.

Story County Supervisor Sanders thanked all who have been involved in the project to this point. He noted that he had heard Mr. Schainker say that they would be looking for commitments from the six partners to be made within the next 30 days or so. He asked what kind of resources would be available to the partners to help them make their decisions; i.e., someone to come to the Board's meeting to help walk them through the details. Mr. Schainker stated that he would attend their meeting.

Addressing Supervisor Olson's comments, Mr. Schainker said that it is difficult to isolate individual benefit. He noted that the Healthy Life Center would be an amenity that would attract people to Story County and keep them living in the area. Mr. Schainker pointed out that he did not know what percentage of tax dollars are paid to Story County by the citizens of Ames versus the rest of Story County, but he believes it would be a large amount. Ames, however, does not tell Story County that it must spend every tax dollar that it gets from Ames citizens on improvements within the City of Ames. He added that the Healthy Life Center would be an amenity that benefits all of Story County.

Supervisor Olson acknowledged that the taxes paid to Story County from properties in Ames pay for essential services outside of Ames; those dollars subsidize the rest of the County.

Supervisor Sanders advised that Story County has approximately \$7.5 billion in taxable valuation and approximately \$5.5 billion of that amount is coming from Ames.

Eve Lederhouse, speaking as a member of the Ames Parks and Recreation Commission, asked if there was a marketing plan in place to communicate information before the bond issue. Ms. Carroll said there will be a "Friends" group of supporters to help communicate and provide information; there will be comprehensive educational and informational campaign.

Ames Council Member Betcher asked if the financial estimates were in 2022 dollars or 2018 dollars. City Manager Schainker answered that the estimates are in 2019 dollars.

Ed Moran, Parks and Recreation Commission member, asked Parks and Recreation Director Keith Abraham what the operational deficit is currently at the Municipal Pool. Mr. Abraham replied that the Municipal Pool is currently subsidized with \$85,000 to \$90,000/year. Mr. Schainker noted that the Municipal Pool only has one basin.

Public Input. Jeff Johnson, Ames, said that when he and his family moved to Ames approximately 20 years ago, he wondered why Ames did not have a YMCA. He noted that there are private amenities in Ames, but there are many people who would never go to those – some of it is economic and some of it is because it would be outside of who they are. Mr. Johnson believes that the community needs to recognize that part of the health of the City and the County is the health of their citizens; it needs amenities that are more accessible to the general population. He stated that he feels very strongly about the importance of the HLC; it is worth paying for. Mr. Johnson sees this as a regional opportunity; Ames is the hub for regional activity. All neighboring communities will benefit from the facility. Mr. Johnson urged all persons to support the project.

Anne Kinzel, Ames, said that she is proud to be both a resident of Ames and a resident of Story County. She offered that she sees this as a commitment by communities toward the health and well-being of all residents in all communities in Story County.

Stephanie Downs, Ames, said that, in her profession, she is responsible for the well-being of the 6,700 employees of Iowa State University. She shared that since she took the job in 2014, employees have been asking for a facility where they can go to on Campus or have their memberships paid to a wellness facility. Ms. Downs said this also has to do with socio-economic well-being. She believes that it is also about engagement; the HLC would be a huge amenity to attract and retain residents in Ames and nearby communities. Another component would be the programming. The HLC would create the opportunity to partner with some of the research being conducted at Iowa State. Speaking specifically about the Participation Kitchen, Ms. Downs commented that Iowa State had initiated a program called the "Culinary Boot Camp." They use the

chefs and kitchens from Iowa State, and the Student Culinary Science Club volunteers. Participants come for two hours to be educated on healthy food choices, watch a chef demo, and spend the last hour making recipes and learning ways to be healthier. The HLC would offer educational opportunities in nutrition to the communities. Research has shown that education and nutrition have a huge impact on health, which is corroborated by the participants, who have stated that the experience has been life-changing.

Speaking also as the President of Healthiest Ames Advisory Board, Ms. Downs said there are four key areas that they are working on: Physical activity, healthy food choices, community connectivity, and health condition awareness. Ms. Downs believes that what makes the HLC so unique is the large open gathering space that gives a sense of community. She said that, over the next two years, the Healthiest Ames Advisory Board will be focusing on supporting the Healthy Life Center and will be doing everything it can to bring the HLC to fruition.

Lastly, as a citizen of Ames for over 25 years, Ms. Downs noted that, as a mother of three boys, she would have loved to have the indoor facility where they could have gone in the winter and when the weather was so unpredictable. Also, last year, her 86-year-old mother had a major health condition and they moved her to Ames into an assisted-living facility to rehabilitate. There was no indoor place for her mother to go in January to walk in a safe environment. In addition, to be surrounded by others where there are multiple activities going on boosts emotional status. Ms. Downs strongly encouraged everyone to do whatever they can do to bring this much-needed facility to Ames.

ADJOURNMENT: The meeting was adjourned by the Ames City Council, the Ames Parks and Recreation Commission, Mary Greeley Medical Center Board of Trustees, and the Story County Board of Supervisors at 8:55 p.m.

Diane R. Voss, Ames City Clerk

John A. Haila, Mayor

**MINUTES OF THE SPECIAL MEETING
OF THE AMES CITY COUNCIL**

AMES, IOWA

FEBRUARY 1, 2019

The Ames City Council met in special session at 2:01 p.m. on February 1, 2019, in the Council Chambers of City Hall, 515 Clark Avenue, pursuant to law with Mayor John Haila presiding and the following Council members present: Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson. *Ex officio* Member Allie Hoskins was absent.

FY 2019/20 BUDGET OVERVIEW: City Manager Steve Schainker noted that the FY 2019/20 budget reflects expenditures totaling about \$250 million for the numerous services provided by the City of Ames. He explained that this meeting was to discuss the big picture items; next week there will be more of an in-depth detailed discussion from each Department Director, and then on February 12, 2019, there will be the Budget Wrap-Up session.

Finance Director Duane Pitcher pointed out that the property tax for the City is only about a third of their bill at 32.06%. He noted the following on the overall budget:

- Property Tax rate is down \$0.04 from FY 18-19
- Increased taxable and assessed value for every class of property
- Re-valuation was minimal and has little impact on taxes paid
- Balanced General Fund budget for operations and capital
- Forecasting 3% growth in Local Option Sales Tax revenue
- Utility rate increases for water and Resource Recovery tipping fee

Mr. Pitcher reported that the City's taxable valuation is up to 5.7%. The FY 2019/20 budget reflects a \$.04 rate decrease in the overall property tax rate from \$10.06857 to \$10.02557/\$1,000 taxable valuation. He noted that the TIF valuation is subject to the debt levy but not the rest of the levies, and is up to 45,584,078.

At the request of Council Member Martin, Mr. Pitcher explained the reasoning for the TIF levy increase.

It was stated by Mr. Pitcher that the value of all property types (Residential, Commercial, and Industrial) increased, showing that the City is up in both assessed and taxable value. There was an increase of 5.67% for FY 2019/20. He then provided a more in-depth analysis of changes in taxable value. Mr. Pitcher pointed out that the revaluation of existing property last year was \$160 million where FY 2019/20 it is \$2 million.

Director Pitcher presented a breakdown of the tax levy, including General, Employee Benefits, and Transit. He noted the Employee Benefits levy are only the Police and Fire Retirement system contributions; twenty-eight years ago it was shifted from being locally operated to being combined with the state.

The debt service levy is at 3.19314/\$1,000. Mr. Pitcher noted that this amount is down slightly. City Manager Schainker stated he is not recommending using any of the fund balance in FY 2019/20 as they are trying to keep a level rate. Adding a referendum for a Fire Station, a Healthy Life Center will increase the debt service rate.

Mr. Pitcher stated that the total dollar value of the levy for FY 2019/20 is \$31,023,393. He noted that the FY 2019/20 recommended budget includes an additional \$1,564,903 in taxes.

A Summary of Changes in Taxes was reviewed by Mr. Pitcher to explain where the \$1,564,903 increase was coming from and explained more detail will come from the individual departments next week.

It was reported that the City is projected to end FY 2018/19 with a General Fund balance of \$9,446,065. He noted that the General Fund will hold a significant balance which will help if there is a loss in the replacement tax funds. Mayor Haila stated that the budget for the City-Wide Radio system went up \$750,000 and wanted to know where the additional funding was coming from. City Manager Schainker stated that the additional project cost would be funded through a combination of bonds, abated bonds, and grant funding.

Council Member Betcher commented that the Council had approved increasing the expenditures of the Homewood Clubhouse and wanted to know where the revenue for the rental of the facility would appear in the budget. Mr. Schainker stated they are recommending remain in the Homewood Golf Course Fund, but at this time no revenue has been budgeted.

Mr. Pitcher indicated that there are requests for changes in employment levels for FY 2019/20 [an increase of 4 Full-Time Equivalent (FTE)]. He noted that a Police Officer, a Firefighter, a Chief-Safety Officer for Cy-Ride, and a Utility Maintenance worker have been added to the budget.

Projected Utility Rate Summary. Mr. Pitcher reviewed the projected utility rates, as follows:

Electric Utility: No rate increase

Water Utility: 7.0% rate increase for FY 2019/20 followed by two additional increases over the following four years

Sanitary Sewer Utility: no rate increase followed by two rate increases over the next four years

Storm Water Utility: No increase in monthly fee

According to Mr. Pitcher, the Resource Recovery tipping fee increase will increase from \$55.00 to \$58.75 for FY 2019/20. And additional increase may be needed in the future.

Mr. Pitcher went over the Utility Bill Rate samples and noted that Director John Dunn will go over the increase in more detail when the rate ordinance is prepared.

Mr. Pitcher pointed out that the budget also includes fee changes for Police, Animal Control, and Parks and Recreation.

Fund Summaries. Budget Officer Nancy Masteller outlined the Fund Sheets beginning with the General Fund. She pointed out that the General Fund is balanced for FY 2019/20, revenues equal the expenditures with an unreserved balance of \$884,919. Mr. Schainker pointed out that the Electric Utility makes a transfer to the General Fund in lieu of taxes.

Under the Local Option Sales Tax Ms. Masteller stated that the revenue is allocated at 60% for property tax relief and 40% for community betterment, including human service and arts agency funding. The fund balance is reserved at 25% of the budgeted expenditures less the 60% tax relief transfer. Reserves are for cash flow and revenue fluctuations. Mr. Schainker noted that the City should begin collecting on internet sales soon. Ms. Betcher asked if anything has been noted as to when any contributions will come in from the Airbnb's. A discussion was held and no one was sure at this time. Mayor Haila stated that another \$250,000 was approved for the Human Services Capital Grant Program and wanted to know where that showed up in the budget. Mr. Schainker stated that the project is funded from \$200,000 in Local Option Tax and \$50,000 in the General Fund. AS the project was not separately identified on the fund page Ms.Masteller stated that she will double check and report back to the Council.

Budget Officer Masteller continued with Special Revenue Funds. Regarding Hotel/Motel Tax, it was noted that of the seven cents/dollar, five cents is provided to the Ames Convention & Visitors Bureau for community attractions, one cent replaces the Local Option Tax and is split 60% for tax reduction and 40% for community betterment projects. The remaining one cent remains in the Hotel/Motel Tax fund for economic development activities.

Road Use Tax was briefly summarized. Council Member Martin asked if there was any mechanism to collect Road Use Tax from electrical vehicles. No mechanism exists at this time.

Other Special Revenue Funds were summarized. When discussing Public Safety Special Revenues, Mayor Haila inquired if a study had been done on the Animal Shelter. City Manager Schainker stated that an RFP is in process to hire an engineer to study the current building. Mr. Gartin stated he is looking at page 264 and wanted to know why there was such a huge increase in the 2019/20 Manager Recommendation for the revenues and expenses. Ms. Masteller stated that she will look into the increase and report back to the Council.

Ms. Masteller continued with a summary of the City Special Revenue Funds.

Enterprise Funds were then summarized by Budget Officer Masteller.

Ms. Masteller noted that City staff are watching the Resource Recovery fund closely due to the impact of the Power Plants's conversion to natural gas. Mr. Gartin inquired if the Council should change the amount that is kept in the unreserved fund balance to be more than 10% of the operating expense. Mr. Schainker stated the Power Plant and Resource Recovery Plant are looking at using a new formula to value the RDF burned in the Power Plant. Public Works Director John Joiner and Superintendent Bill Schmidt are monitoring this area to see what changes need to be made to the operation of the Resource Recovery Plant.

The Debt Service Fund was explained by Ms. Masteller. Its fund accounts for payment of principal and interest on General Obligation Bonds. The available fund balance in that account is used to reduce future debt service.

Mr. Martin inquired if the budget reflected the repayment status of each bond issued. Mr. Pitcher stated this is not included in the document but is tracked by Finance and could be reported to the Council.

Internal Service funds were summarized. Ms. Masteller noted that the City is self-insured. There will be a 2% increase in health insurance rates for 2019/20. Mr. Gartin questioned the change in the Health Insurance Fund. Director Pitcher stated that the Information Technology fund balance could be used to fund a study on internet security

Mr. Schainker stated that these documents are posted on the City's website for the public to review. Mr. Martin requested that the Special Report be posted to the website as well.

Mayor Haila asked if any update is available regarding 321 State Street. Ms. Masteller stated that it will be briefly mentioned by Vanessa in Housing department and will be on the agenda.

DISPOSITION OF COMMUNICATIONS: Mayor Haila noted that there were three items brought to the City Council's attention tonight and they were:

1. Letter from Allison Brundy requesting the Council to consider for discussion ways to reduce Greenhouse Gas Emissions during the Council's Goal-Setting retreat.
2. Email from Joel Huchstein requesting to add Inclusionary Zoning as a topic at a future Council meeting.
3. Letter from the Ames Foundation requesting to incorporate \$100,000 for an Ames sign along Interstate 35 into the Capital Improvements Plan

The Council agreed to take these under consideration for discussion during the goal setting meeting.

COUNCIL COMMENTS: Council Member Betcher was going to the International Town and

Gown Association Conference, which is coming up in May 2019. The early-bird rates end on February 15, 2019. She is working on organizing a session regarding Ames efforts to include Diversity and Inclusion to have approved by the International Town and Gown Association.

Council Member Martin noted that the Council needs to have further discussion about having the ability to take credit card or debit card payments within City Hall. Public Works Director John Joiner stated that Traffic Engineer Damion Pregitzer has been working on this; currently, Customer Service does not have the ability to use credit cards, but the Community Center does. Mr. Joiner mentioned that they are still in discussions to see how to get credit card access to the Customer Service Division and will bring this information back to the Council with a memo.

Council Member Gartin mentioned that he wanted to know if could get an updated report on the Emerald Ash Borer program. Mr. Joiner stated the Emerald Ash Borer Program originally started in Public Works Department, however now it is administered by the Urban Forester from Parks and Recreation. Mr. Gartin asked for a report from Parks and Recreation Director Keith Abraham on the status of the Emerald Ash Borer Program during the budget hearing process.

ADJOURNMENT: Moved by Beatty-Hansen to adjourn the meeting at 4:10 p.m.

Amy L. Colwell, Deputy City Clerk

John A. Haila, Mayor

MINUTES OF THE CITY COUNCIL GOAL-UPDATE SESSION

AMES, IOWA

FEBRUARY 2, 2019

The Ames City Council meeting was called to order by Mayor John Haila at 8:35 a.m. on the 2nd day of February, 2019, in Parks and Recreation Office, 1500 Gateway Hills Park Drive. City Council Members present were Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson. *Ex officio* Council Member Allie Hoskins was also present. City Manager Steven Schinker, City Attorney Mark Lambert, Assistant City Manager Bob Kindred, Assistant City Manager Brian Phillips, and Management Analyst Tasheik Kerr were also present.

COUNCIL GOAL UPDATE: Mayor Haila reviewed the agenda and introduced Donna Gilligan, who was to facilitate discussion. Ms. Gilligan outlined the assumptions she had prepared in advance of the meeting. The Council Members provided their reflections regarding the Council's work and activities during the past year.

Ms. Gilligan led the Council Members through an activity. The Council Members then reviewed the ground rules established in January 2018.

The discussion then turned to the City Council Goals. Council Members provided direction to add and modify additional tasks, including:

- **Strengthen Downtown and Campustown:**
 - The Council determined that the objective to standardize and simplify the parking regulations in the neighborhoods surrounding Campustown is not a priority for 2019.
 - A task was added to the objective to evaluate safety for pedestrians crossing Lincoln Way between Campustown and the ISU campus. The task is for staff to provide an update regarding the success of the safety changes after an appropriate time has elapsed, including data regarding vehicle collisions and pedestrian accidents.
- **Expand Sustainability Efforts**
 - Under the objective to define the City's role (e.g., codes, incentives) in maintaining existing buildings, the Council clarified that the report from Jim Thompson regarding strategies to maintain downtown buildings may be delivered at a regular Council meeting, rather than a workshop.
 - An objective was added to evaluate the community's greenhouse gas impact and look for ways to reduce it. A task beneath this objective was added, which is to appropriate funding and perform a community-wide greenhouse gas inventory for FY 2019/20.

The meeting recessed at 10:16 a.m. and reconvened at 10:22 a.m.

The Council continued its discussion of the current goals, and modified and added the following tasks:

- **Promote a Sense of One Community:**
 - The City Council added a task to direct the Campus and Community Commission to assess the state of student tenant/landlord relationships in Ames, including: 1) What information landlords commonly wished student renters to have, 2) What students wish they knew about tenant responsibilities before renting, and 3) Where rent informational resources exist. Once this evaluation is completed, a joint discussion among student renters and landlords will be hosted by CCC to discuss these concerns. The CCC will then report to the City Council regarding its assessment and the outcome of the discussion.

It was moved by Nelson, seconded by Corrieri, to adopt the revised goals. Motion carried unanimously.

The meeting recessed at 11:34 a.m. and reconvened at 11:43 a.m.

Ms. Gilligan facilitated a discussion of the Council's effectiveness as a team, including a summary of the themes she gathered through her individual conversations with Council Members. The Council Members provided their reactions to this summary.

The Council Members discussed the length of Council meetings. Mr. Schainker noted the aspects of the meeting that contribute to its length are: 1) the number of items on the agenda, which is impacted by the number of referrals, 2) staff presentations, 3) public input, and 4) the discussion, debate, and decision-making.

Ms. Gilligan asked the Council Members to write down individual responses to the question: "What is the purpose of the City Council meeting?" The Council Members discussed their responses to this question. To increase effectiveness, ideas included: putting more on the consent agenda, dealing with the outcomes of policies, striving for less than three hours in meetings, asking if issues fit with goals, having the Mayor define the expected discussion time per item, self-managing speaking time, empowering staff to make decisions, having the Mayor manage contributions to stop redundancy, and considering whether an idea has a broad impact or an individual impact.

The Council discussed ways to improve communication with stakeholders. Mr. Schainker indicated staff could look into the notification system on the City's website to make notifications of agenda items more automatic.

Ms. Gilligan led the Council Members through a plus/delta.

- Plus:
- Open, honest, helpful, incredible conversations.
 - Raised questions about the Campus and Community Commission.
 - Made focused additions to the goals.

- Identified action items for increased effectiveness.
- Helpful to have free-form discussion.

- Delta:
- Meeting day and time for goal-setting (could we consider Sunday or Monday)?
 - Frustrated that more ideas were not brought regarding what Campus and Community Commission should do.
 - Work on the goals throughout the year.
 - Need to become one-minded around the purpose of the Council meeting.

COMMENTS:

Moved by Betcher, seconded by Gartin, to put on a future agenda the discussion of whether or not to hire Denise Vrchota to assess the Council's effectiveness. Vote on Motion: 3-3 (Voting aye: Betcher, Gartin, Nelson. Voting nay: Beatty-Hansen, Corrieri, Martin). Motion failed.

ADJOURNMENT: The meeting adjourned at 1:51 p.m.

Brian Phillips, Assistant City Manager

John A. Haila, Mayor

MEMO

To: Mayor and City Council
From: Diane Voss, City Clerk
Date: February 8, 2019
Subject: Consent Agenda Item 2e: Minutes of Special City Council Meetings of February 5, 6, and 7, 2019

I am still working on the Minutes of February 7. I will email the Minutes from February 5, 6, and 7 to you on Monday.

Thank you.

/drv

**MINUTES OF THE REGULAR MEETING OF THE
AMES CONFERENCE BOARD AND
REGULAR MEETING OF THE AMES CITY COUNCIL**

AMES, IOWA

JANUARY 22, 2019

REGULAR MEETING OF THE AMES CONFERENCE BOARD

The Regular Meeting of the Ames Conference Board was called to order by Chairman John Haila at 5:30 p.m. on January 22, 2019. Present from the Ames City Council were Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson. Story County Board of Supervisors present were Lauris Olson and Rick Sanders. Representing the Ames Community School Board was Gina Perez. Leanne Harter attended on behalf of the Nevada Community School Board. Gilbert Community School District and United Community School District were not represented.

MINUTES OF FEBRUARY 27, 2018: Moved by Olson, seconded by Betcher, to approve the Minutes of the February 27, 2018, meeting of the Ames Conference Board.

Council Member Olson commented that the February 27, 2018, Minutes had stated that the study on consolidation of the City and County Assessor positions would be forwarded to the Conference Board members, but she did not recall receiving same. Ms. Olson requested that the study be sent out again.

Vote on Motion: 3-0. Motion declared carried unanimously.

ASSESSOR'S BUDGET PROPOSALS: Ames City Assessor Greg Lynch highlighted information from the City Assessor's Annual Report. He brought the Board's attention specifically to Tables 1 and 2 on Page 3, Assessed Values and Taxable Values, respectively. The Assessed Values increased 4.2% from 2017 to 2018, and the Taxable Values increased 5.7% from 2017 to 2018.

Mr. Lynch explained several line items shown on Exhibit A of the Report, which is the 2019-2020 Budget Proposal. Regarding salaries, Mr. Lynch replied that the City Assessor's Office tries to match the percentage of increase that is forecast for City of Ames employees. He stated that 5% has been budgeted for salary increases: 3% for cost-of-living and 2% for merit; the merit increase is based on employee review and performance. He explained that it is anticipated that all employees would meet their performance goals; however, not everyone will get the same merit increase. Upon being questioned by Ms. Olson, Assistant City Manager Bob Kindred stated that City of Ames employees' increases are being proposed at 3% for cost-of-living; however, the Council has not approved the City Budget for next fiscal year. The two Union Contracts that have settled have settled at 3%. Ms. Olson indicated that the County is budgeting a 2% cost-of-living increase, although the County's budget has not yet been approved.

Mr. Lynch indicated that the insurance expense is only going up 2.3% this year, which is the lowest percentage of increase he has seen since he has been the City Assessor.

According to Mr. Lynch, one of the largest budget line item is for data processing services/major software. He brought the Board's attention to the breakdown of data processing-related expenses.

City Assessor Lynch informed the Board that the FY 2019-20 Proposed Budget totals \$1,206,970, which is a decrease of 1.0% from the current budget. Discussion ensued about comparing FY 2017-18 expenses with the FY 2019-20 Budget Proposal. Supervisor Sanders noted that last year was a re-valuation year and commented that he believed they are comparing valuation years versus non-re-valuation years. Mr. Lynch pointed out that the expenses did not go up that much. He further explained that they did not use \$20,000 that had been budgeted last year for a model to be built for this year, which was not needed and will not be carried forward. In addition, the \$34,000 budgeted for a Content Management System was not spent and will not be carried forward. Mr. Lynch commented that the staff's work is the same, regardless of whether or not it is a re-valuation year. In terms of a true scope of work, Mr. Sanders believes that that would not be comparing "apples-to-apples." City Assessor Lynch stated that they only ask for the amount of money that is absolutely necessary to run the office.

At the inquiry of Supervisor Olson, Administrative Assistant Dawn Tank compared the proposed budget to the 2017-18 budget year, specifically noting that IPERS changed, and there were new data processing expenses. She identified the Eagle Recorder (\$704), Data Cloud Solutions (\$5,755), and maintenance for the Document Management System (estimated \$10,000) as being new expenses. Utilities, Equipment Rental and Maintenance, and Equipment and Machinery will increase, and efficiency improvements to the Deputy Assessor's office are being requested.

City Assessor Lynch noted that the proposed taxation rate per \$1,000 valuation is proposed to be \$0.35032.

Mr. Lynch noted that the purpose of the Mini Board meeting is where a lot of the expenses are reviewed, not at the Conference Board meeting. Ms. Olson stated that the Story County Board of Supervisors sets its Supervisor assignments on January 2. This year, she only had a few hours to advise Mr. Lynch that she would be staying on the Mini Board for another year. Ms. Olson suggested that more advance notice be given regarding the dates for the Mini Board meetings and that they be scheduled later in January.

Moved by Beatty-Hansen, seconded by Harter, to approve the recommendations of the Assessor's Report.

Roll Call Vote: 3-0. Motion declared carried unanimously.

Moved by Corrieri, seconded by Perez, to receive the proposed budget, with adoption of the budget occurring after the hearing is held.

Roll Call Vote: 3-0. Motion declared carried unanimously.

Moved by Nelson, seconded by Olson, to set February 26, 2019, as the date of public hearing on the proposed FY 2019/20 City Assessor's budget.

Roll Call Vote: 3-0. Motion declared carried unanimously.

REAPPOINTMENT OF GREG LYNCH AS CITY ASSESSOR: Chairperson Haila asked Mr. Lynch to explain his request for reappointment given his current term runs through December 31, 2020. Mr. Lynch explained that once the continuing education requirements have been met, Assessors become eligible for reappointment. He noted that he asked for reappointment in a similar manner the last time.

Board Member Sanders stated his preference that Mr. Lynch's request for reappointment wait until next January. He noted that Mr. Lynch and his staff do a good job, and his desire to wait for the discussion of Mr. Lynch's reappointment is not a reflection of his or his staff's performance.

It was the concurrence of the Board to take no action on the request for reappointment.

ADJOURNMENT: Moved by Sanders to adjourn the Ames Conference Board meeting at 5:59 p.m. Vote on Motion: 3-0. Motion declared carried unanimously.

MINUTES OF THE REGULAR MEETING OF THE AMES CITY COUNCIL

The Regular Meeting of the Ames City Council was called to order by Mayor John Haila at 6:03 p.m. on the 22nd day of January, 2019, in the City Council Chambers in City Hall, 515 Clark Avenue. Council Members Bronwyn Beatty-Hansen, Gloria Betcher, Amber Corrieri, Tim Gartin, David Martin, and Chris Nelson, were present. *Ex officio* Member Allie Hoskins was also in attendance.

Mayor Haila expressed condolences to the Family of Steve Wilson, a long-time employee of the City of Ames and known by many as the "Energy Guy." Steve passed away Sunday after a fall at his home.

CONSENT AGENDA: Moved by Gartin, seconded by Beatty-Hansen, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving Minutes of Regular Meeting of January 8, 2019
3. Motion approving Report of Contract Change Orders for January 1-15, 2019
4. Motion setting Council Goal Update Workshop for February 2, 2019
5. Motion canceling the March 19, 2019, Council Workshop and setting April 2, 2019, as a Council Workshop regarding the Comprehensive Plan
6. Motion approving 5-day (February 13 - 18) Class C Liquor License & Sunday Sales for Booze Cruiser Cocktail Co, LLC. at Hanson Ag Building, 2508 Mortensen Rd.
7. Motion approving ownership change for Class C Liquor License with Outdoor Service & Sunday Sales for Buffalo Wild Wings, 400 South Duff
8. Motion approving new 12-month Class E Liquor License & Sunday Sales for JW Liquor, 4518 Mortensen, pending bond certification
9. Motion directing City Attorney to draft ordinance prohibiting parking at all times on the east side of North Riverside Drive

10. Motion directing City Attorney to draft ordinance prohibiting parking at all times on the north side of Harris Street
11. Requests from Main Street Cultural District (MSCD) for DIY Day event on Saturday, February 23, 2019
 - a. RESOLUTION NO. 19-017 approving waiver of parking meter fees in the Downtown District
12. Requests from Main Street Cultural District (MCSO) for January Dollar Days event on Thursday, January 24 through Sunday, January 27, 2019:
 - a. RESOLUTION NO. 19-018 approving waiver of parking meter fees in the Downtown District from Thursday, January 24 to Sunday, January 27
13. RESOLUTION NO. 19-019 approving Quarterly Investment Report for period ending December 31, 2018
14. RESOLUTION NO. 19-020 approving Conflict of Interest Waiver for Ahlers & Cooney Law Firm to represent the Ames School District on real estate transaction with the City of Ames
15. RESOLUTION NO. 19-021 approving \$50,000 Forgivable Loan to Smart Ag as local match to Iowa Economic Development Authority Financial Assistance Agreement
16. RESOLUTION NO. 19-022 awarding contract for one John Deere wheel loader with buckets for Streets Division to Murphy Tractor and Equipment of Altoona, Iowa, in the amount of \$165,323 and approving option to exercise buy-back guarantee
17. RESOLUTION NO. 19-023 approving Contract Change Order No. 2 with TEI Construction Services, Inc., of Duncan, South Carolina, for the Boiler Maintenance Services Contract for the Power Plant, not to exceed amount \$235,000
18. RESOLUTION NO. 19-024 accepting completion of 2017/18 Traffic Signal Program (E. Lincoln Way and Dayton Avenue)
19. RESOLUTION NO. 19-025 approving Plat of Survey for 1608 Crestwood Circle and 609 Carr Drive
20. RESOLUTION NO. 19-026 approving Plat of Survey for 3855, 4025, 4720 - 199th Street and 4513-513th Avenue in Story County

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

PUBLIC FORUM: Mayor Haila opened Public Forum.

J. Arbuckle, 519 Oliver Circle, Ames, stated that he represented the Ames Climate Action Team. He read a letter on behalf of the group to urge the City Council to develop and implement a Climate Action Plan for the City of Ames. The Team requested that the City make the development of such a Plan an urgent priority for 2019.

Chiara Travesse, 1239 Wisconsin Avenue, Ames, said that she was representing Citizens Actualizing and Understanding Sustainable Environments (CAUSE). She thanked the Council for its positive response to the Ames High School Petition. On behalf of the 613 students who signed the Petition, Ms. Travesse encouraged the City Council to address the change in climate at its upcoming Goal Update meeting.

No one else requested to speak, and the Mayor closed Public Forum.

DOWNTOWN PARKING METERS: Public Works Department Director John Joiner noted that, as part of the December 11, 2018, Non-Agenda packet, staff had included additional information pertaining to parking meter fees. He explained that Question 2 regarding parking meter fees in the Downtown was referred back to staff for placing on a future Agenda. Mr. Joiner gave a summary of the comparison of parking meter revenues after the new rates went into effect (July 1, 2018) to the previous year's revenues for the same time period. He also reported that the estimated revenue for FY 2018/19 from Downtown parking meters was \$338,809. Scenarios were given for changing the parking meter rate for only Main Street to \$.50/hour from \$1.00/hour and for changing all meters in Downtown to \$.50/hour. Both of the estimates did not assume any increase in utilization due to a reduction in the meter rates. In the first scenario, projected revenues would be down \$54,391 or -16.0%, and in the second scenario, projected revenues would be down \$113,314 or -33.4%.

Mayor Haila asked if anyone in the audience was opposed to reducing the parking meter rates in the Downtown to \$.50/hour. No one indicated that they were opposed to that change.

Gary Youngberg, owner of Ames Silversmithing, 220 Main Street, Ames, noted that the figures that were in the Staff Report under Question 2 did not appear to be the same ones that were contained in the letter that he had sent to the Council. He asked for the City Council to consider that when making its decision. His estimate was that there would be no drop-off in usage if the rates were \$.50/hour, but projected more revenue than staff had estimated (\$389,000 versus \$225,500). He felt the Council should question why there was such a big difference.

Moved by Gartin, seconded by Betcher, to reduce the rates to \$.50/hour for all meters in the Downtown.

City Attorney Mark Lambert informed the Council that any change to the parking meter rates would require an amendment to the Official Parking Meter Map; that would be done by adoption of a resolution.

Motion withdrawn.

Moved by Gartin, seconded by Betcher, to amend the City's Parking Meter Map by setting the rates in the Downtown District at \$0.50/hour.

Discussion ensued regarding the amount of time it would take to change all the meters from \$1.00/hour to \$.50/hour. Traffic Engineer Damion Pregitzer noted that staff would need to physically get into the every meter case to make the change.

Moved by Gartin, seconded by Betcher, to amend the motion to include that the effective date of the new rate to \$.50/hour would be no later than April 1, 2019.

Council Member Corrieri commented that she would not be supporting the motion as she believed

that the Council had made a very fiscally responsible decision after multiple public meetings and receiving a lot of information. She believed that the decision had been made after much discussion and a lot of staff time had been devoted to analysis, and Council should stand by its decision. Ms. Corrieri wanted the rates to stand for longer than six months. She also noted that a Parking Study was forthcoming. Council Member Nelson noted that he was reluctant to support the motion as well as there are changes that will be need to be made to the system in the future. He also noted that the rate of \$.50/hour does not take into account future capital improvements.

Council Member Gartin agreed that there was more work to be done. He added that there had been a lot of public involvement, a lot of coverage by the local news media, and information distributed through flyers and utility bills on this topic. Mr. Gartin noted that the Council does need to keep in mind the obligation for maintaining infrastructure. He said he will be very reluctant to ask the taxpayers to pay for those improvements in the future.

Vote on Amendment: 4-2. Voting aye: Beatty-Hansen, Betcher, Gartin, Martin. Voting nay: Corrieri, Nelson. Motion declared carried.

Roll Call Vote on Motion, as amended: 4-2. Voting aye: Beatty-Hansen, Betcher, Gartin, Martin. Voting nay: Corrieri, Nelson. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

Downtown Employee Hang-Tag System. Traffic Engineer Damion Pregitzer explained that, on November 13, 2018, the City Council had directed staff to move forward with an Employee Hang Tag System in the Downtown District that would allow employees working in the Downtown to park in any four-hour free-parking stall located on the south side of the Central Business District median at a cost of \$10/month. Subsequently, staff developed a Monthly Rental Contract and designed the hang tags.

Director Joiner advised that 100 tags will be made available; that number could increase in the future depending on usage. He explained how the hang-tag system will work. He noted that the parking spaces will be located on the south side of the median in the Central Business District (CBD) Lot and parts of Lot X (behind Wells Fargo).

At the inquiry of Mayor Haila, Mr. Pregitzer advised that the hang tags would be valid for calendar year 2019.

Gary Youngberg, 220 Main Street, Ames, asked staff members if they had heard how many people might want to participate in the System and how many monthly rental stalls might be lost as a result of utilizing the System. Mr. Pregitzer said that a poll was going to be taken of eligible employees to gauge interest, but that information had not been received by staff. Mr. Youngberg recalled that the Downtown Ames Association had proposed to go to ten-hour parking to cover their employees. He does not feel there is enough information known at this time to move to a hang-tag system.

Moved by Beatty-Hansen, seconded by Nelson, to approve the Monthly Rental Downtown Employee Hang-Tag System Contract form.

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

PARKING ENFORCEMENT IN AREAS ADJACENT TO IOWA STATE UNIVERSITY CAMPUS: Police Chief Chuck Cychosz expressed appreciation to Iowa State University Student Government for assistance with the outreach efforts.

Chief Cychosz explained that the Council had directed staff, on July 11, 2017, to provide additional parking patrol and enforcement in the neighborhoods adjacent to the University Campus. Subsequently, additional Community Safety Officers (CSOs) were hired, and staff initiated outreach to the affected neighborhoods and commuters parking in the area.

Moved by Gartin, seconded by Betcher, to adopt RESOLUTION NO. 19-016 to continue enhanced parking enforcement in the areas adjacent to Iowa State University Campus by adding \$63,216 in parking enforcement expense to the FY 2019-2020 Budget year to maintain three additional CSOs (for a total of 13).

Council Member Nelson asked if this action will be permanent or if it will be revisited annually. City Manager Steve Schainker reminded the Council that the City cannot balance the Parking Fund based on the number of violations. There is the possibility of increasing fees in the future. Mr. Schainker also noted that the City Council often waives parking meter fees and enforcement for special events in Downtown and Campustown, which reduces revenues.

Council Member Betcher suggested that the Council, in the future, consider a permitting system near Campus. She noted that similar communities the size of Ames had done that successfully.

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

“GAME DAY PARKING” ORDINANCE: Chief Cychosz recalled that the City Council, on July 31, 2018, had directed staff to draft a “Game Day Parking Ordinance” for consideration. He noted that the purpose of the Ordinance would be to increase the penalty for illegal parking in Stadium-adjacent neighborhoods during home ISU football games. It is believed that this would make illegal parking less attractive compared to legitimate game-day parking options, reducing the inconvenience to residents and safety issues created by widespread illegal parking in Stadium-adjacent neighborhoods. The proposed Ordinance would establish a \$40 fine for illegal parking from 6:00 a.m. to Midnight on ISU home football game days. The fine would be reduced to \$35 if paid within seven days. The current fine for illegal parking is \$20, which reduces to \$15 if paid within seven days. The charge to park in ISU grass lots for the 2018 season was \$20.

According to Chief Cychosz, implementation of the Ordinance should be accompanied by a substantial public education effort, which would begin in Fall 2019 with warning notices about the potential for increased fines beginning in Fall 2020. He noted that the City will also need to change signs in the affected area and post additional notices at major streets leading into the enforcement zone. Council Member Betcher suggested that the Police Department work with the Neighborhood

Associations in the impacted neighborhoods. She believed that residents would be willing to post “No Parking” signs in front of their homes. According to Chief Cychosz, the cost of installing an additional 531 information signs on existing poles is estimated to be \$21,500. City staff also estimates that an additional 50 special signs will be required to provide notification at entrances into the area at a cost of \$1,500. The total expense for additional signage, not including labor, would be \$23,000.

Moved by Gartin, seconded by Betcher, to pass on first reading the “Game Day Parking” Ordinance, which increases the penalty for illegal parking in Stadium-adjacent neighborhoods during football home games.

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

Moved by Betcher, seconded by Beatty-Hansen, to adopt RESOLUTION NO. 19-027 allocating \$23,000 from the Road Use Tax Fund for informational signage.

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

2019-2024 CAPITAL IMPROVEMENTS PLAN (CIP): Mayor Haila invited members of the public to provide input on the 2019-2024 CIP. He noted that the vote on the CIP would be taken at the Council’s Budget Wrap-Up session to be held on February 12, 2019.

Mayor Haila noted that a letter had been received from Justin Dodge asking for outside funding for a project. City Manager Schainker said that request was not eligible as a capital improvement; it could be addressed under the Operating Budget for Outside Funding requests.

There was no one from the public who came forward to offer comment.

QUARRY ESTATES OFF-SITE IMPROVEMENTS: Public Works Director John Joiner advised that the existing Quarry Estates Pre-Annexation Agreement required the developer to submit payment up-front to the City for their proportional share of traffic improvements at Bloomington Road/Hyde Avenue and at Bloomington Road/Grand Avenue. According to Mr. Joiner, the developer has fulfilled that obligation, and since the payment represents the complete satisfaction of the developer’s obligation, the City will not seek any additional amount from the developer for the improvements.

Director Joiner stated that the Bloomington Road/Grand Avenue Intersection Improvements are still identified as a needed project in the future, but are not currently programmed in the five-year Capital Improvements Plan (CIP). The Ames Area Metropolitan Planning Organization will begin updating the Long-Range Transportation Plan in 2019, and at that time, more direction will be determined on the exact timing of project development.

It was noted that Developer Kurt Friedrich had requested that the payment pertaining to the Bloomington Road/Grand Avenue Intersection Improvements be returned to the developer because the project is not yet programmed in the CIP. Mr. Friedrich proposed that he would replace the cash

payment with a Letter of Credit. According to Director Joiner, if payment is returned to the developer for this project, as requested, the developer will be required to deposit and maintain a Letter of Credit (LOC) with the City for the corresponding amount until the project moves forward to design and construction. In addition, the LOC will need to be updated annually to reflect the current estimate of costs for the improvement. Staff believes the LOC would adequately secure the developer's obligation; however, could result in higher costs to the developer by the time the project is complete.

Mr. Joiner advised that if the City Council desires to return the developer's proportional payment for the Bloomington Road/Grand Avenue improvements and allow the filing of a LOC to secure the obligation, Section IV.B of the existing Quarry Estates Pre-Annexation Agreement will have to be revised to allow a continually updated LOC as acceptable security for the project. It will also need to include the provision that the developer's share for all actual project costs will be determined by the City at the time of the project, with payment being immediately due by the developer upon billing by the City. After filing the LOC with the City Clerk in an amount equal to the current estimated costs for the project and the corresponding Quarry Estates proportional share (as determined by staff), the City would remit payment of \$82,051.13 back to the developer, which is the amount that was paid by Mr. Friedrich for the Bloomington Road/Grand Avenue improvements.

Moved by Nelson, seconded by Corrieri, to direct staff to revise the Quarry Estates Pre-Annexation Agreement, specifically Section IV.B, to allow a continually updated LOC as acceptable security for the Bloomington Road/Grand Avenue improvements; said Agreement to include the provision that the developer's share for all actual project costs will be determined by the City at the time of the project, with payment being immediately due by the developer upon billing by the City.
Vote on Motion: 6-0. Motion declared carried unanimously.

WASTE DIVERSION OPTION FOR STORY COUNTY: Merry Rankin, Sustainability Coordinator, presented the final report from SCS Engineers, which identified five specific tasks that had been completed to produce recommendations on how to improve the efficiency of the Resource Recovery Plant (RRP), which had been processing area trash into refuse-derived fuel (RDF) for the Ames Power Plant for more than 40 years. Ms. Rankin pointed out that the City had been awarded a \$20,000 (with a required \$5,000 cash match) forgivable loan from the Iowa Department of Natural Resources to contract with a consultant to develop and implement this study. The purpose of the study was to lead to enhanced waste diversion, increasing efficiency of the RRP, and increased awareness and understanding of citizen value and interest in additional waste reduction/diversion management-related services.

Ms. Rankin reviewed the five basic components of the Report, which included:

1. Identification of RRP suitable materials
2. Assessment of reuse, recycling/diversion, and composting opportunities
3. Engagement of the business community and citizens of Story County
4. Program and services audit of similar communities
5. Analytic and strategic recommendations report

The results of the residential interest gleaned through the 2016 community survey were given. In addition, five comparable communities located in Minnesota, Wisconsin, and Pennsylvania) were audited. Four of those communities mass burn, and one burns RDF. Non-beneficial waste is a primary concern, and the facilities have implemented additional programs and processes to divert non-beneficial materials.

According to Ms. Rankin, the Report recommendations are varied and include investing in mechanical changes to the RRP processing system, developing a “last chance” opportunity for usable items dropped off at the RRP, exploring a mattress and/or carpeting recycling program, collaborating with stakeholders to strengthen organics diversion programs, and continuing to evaluate City-supported recycling/diversion programs to benefit resource recovery and meet the needs of citizens. The recommendations are based on the Environmental Protection Agency’s hierarchy.

Bill Schmitt, RRP Manager, explained possible mechanical changes in processing. One of those: to add air knife recovery systems at multiple points throughout the process, is currently in progress. In addition, staff is also exploring the feasibility of adding a disc spreader and an optical scanner to the system and has a study of the possibility of completely remodeling or constructing a new combustion system using RDF budgeted for FY 2019-20. Mr. Schmitt also reviewed the recommendation for the Organics Diversion. Two of the recommendations are already in progress; i.e., reducing the generation of excess food through public awareness and outreach and increasing awareness of food donation opportunities. Staff is also investigating opportunities for an organics pilot project for a Story County resident food drop-off site and opportunities for a “Last Chance Reuse Center and Mattress Recycling.” He listed the current initiatives being continued as:

- Glass Recycling Program
- Household Hazardous Waste Program
- Rummage RAMPage
- Smart Watersheds Composting Rebate

Regarding education and outreach, staff will continue, enhance, and/or expand consistent messaging from the City and ISU through Web sites, social media, newsletters, and workshops.

Council Member Beatty-Hansen shared that she would like to see bins for recycling aluminum similar to those used for recycling glass.

FLOOD MITIGATION - RIVER FLOODING: Municipal Engineer Tracy Warner stated that she had received an email from Developer Chuck Winkleblack informing her that he had not received all of the information that was needed from the appraisers and attorneys that he was working with on this project. In his email, Mr. Winkleblack had suggested tabling this item to February 26, 2019.

Moved by Beatty-Hansen, seconded by Betcher, to table discussion of this item to a future agenda (not date-specific).

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

REQUEST OF AMES FAREWAY TO LEASE REMOTE PARKING SPACES IN PARKING LOT N: Moved by Nelson, seconded by Martin, to direct the City Attorney to prepare a Lease Agreement with Fareway for 20 metered spaces in Parking Lot N to be used while the new Fareway store is being built.

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

HEARING ON ASSESSMENT FOR COSTS OF ASBESTOS TESTING ON AND DEMOLITION OF DANGEROUS BUILDING LOCATED AT 1107 GRAND AVENUE:

Mayor Haila opened the hearing. City Attorney Mark Lambert requested that the hearing on this item be continued so he could review it further.

Moved by Gartin, seconded by Corrieri, to continue this hearing until the next Regular Meeting of the City Council, which is February 12, 2019.

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

HEARING ON UNIT 7 BOILER REPAIR PROJECT: The hearing was opened by Mayor Haila. He closed same after no one came forward to speak.

Moved by Nelson, seconded by Beatty-Hansen, to accept the Report of Bids and delay award of the contract.

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

HEARING ON 2017/18 ACCESSIBILITY ENHANCEMENT PROGRAM (AIRPORT ROAD SIDEWALK): The Mayor opened the public hearing. The hearing was closed since no one requested to speak.

Moved by Corrieri, seconded by Betcher, to adopt RESOLUTION NO. 19-029 approving final plans and specifications and awarding a contract to Manatt's, Inc., of Ames, Iowa, in the amount of \$170,287.40.

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

DISPOSITION OF COMMUNICATIONS TO COUNCIL: Moved by Beatty-Hansen, seconded by Betcher, to place on a future agenda the Department of Planning and Housing memo pertaining to Bicycle Parking Standards.

Vote on Motion: 5-1. Voting aye: Beatty-Hansen, Betcher, Corrieri, Martin, Nelson. Voting nay: Gartin. Motion declared carried.

Regarding the report from the Department of Planning and Housing pertaining to an affordable housing strategy known as Inclusionary Zoning, Ms. Betcher said she was interested in having this on a future agenda; however, was not sure if this item would be part of the Comprehensive Plan discussion. Planning and Housing Director Diekmann said he did not view it as a Comprehensive Plan issue; it is a zoning tool to implement the inclusionary housing strategy. He advised that this

issue may be addressed at any time desired by the City Council.

Moved by Betcher, seconded by Beatty-Hansen, to place on a future agenda, with the date to be determined by staff, a discussion of the report from the Department of Planning and Housing pertaining to an affordable housing strategy known as Inclusionary Zoning.

Council Member Corrieri said she was interested in talking more about the strategy, but would prefer a more focused discussion. Council Member Beatty-Hansen agreed. Council Member Nelson noted that he had more questions that he would like answered prior to putting it on a future agenda. He feels that there are other tools, other than just zoning, that could be used

Council Member Betcher said that she only made the motion to create a placeholder.

Motion withdrawn.

Moved by Nelson, seconded by Corrieri, to place on a future agenda the request of Steve Burgason for a Pre-Annexation Agreement pertaining to the property between Cedar Lane and University Boulevard.

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

COUNCIL COMMENTS: *Ex-officio* Member Allie Hoskins noted that Student Government had been discussing dates for a spring joint meeting with the City Council. Ms. Hoskins will send possible dates for the meeting to the City Clerk.

In a recent conversation she had after hearing the “State of the Community” speakers, Council Member Betcher said she had learned that, as part of the Campus and Community Commission, Iowa State University is having work groups on Campus that are identifying issues, e.g., child care in Ames. She suggested that perhaps the Council could talk with members of the work groups or with ISU representative Pete Englin, who is conducting the work groups, to get more information and channel that input into the system.

Moved by Martin, seconded by Beatty-Hansen, to request a memo from staff giving a status update on net metering.

Mr. Martin explained that a previous Council had held a discussion and made some decisions in late 2016 or 2017 regarding net metering and had asked that the topic come back to be re-evaluated after a period of time.

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

Moved by Gartin, seconded by Martin, to direct staff to start the process of getting prices for a consultant to conduct a cyber-security audit of the City’s information systems.

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

ADJOURNMENT: Moved by Gartin to adjourn the meeting at 8:20 p.m.
Vote on Motion: 6-0. Motion declared carried unanimously.

Diane R. Voss, City Clerk

John A. Haila, Mayor

MINUTES OF THE AMES CIVIL SERVICE COMMISSION

AMES, IOWA

JANUARY 24, 2019

The Regular Session of the Ames Civil Service Commission was called to order by Chairperson Mike Crum at 8:15 a.m. on January 24, 2019, in the Council Chambers of City Hall, 515 Clark Avenue. Because it was impractical for the Commission members to be present in person, Commission Members Mike Crum and Harold Pike were brought into the meeting telephonically. Commission Member Charlie Ricketts was absent.

APPROVAL OF MINUTES OF DECEMBER 20, 2018, SPECIAL MEETING: Moved by Pike, seconded by Crum, to approve the Minutes of the December 20, 2018, Special Civil Service Commission meeting, as written.

Vote on Motion: 2-0. Motion declared carried unanimously.

CERTIFICATION OF ENTRY-LEVEL APPLICANTS: Moved by Crum, seconded by Pike, to certify the following individuals to the Ames City Council as Entry-Level Applicants:

Police Officer	Joseph McNeill	82
	Margaret Jennett	78
	Benjamin Crisman	77*
	Cory Morrissey	76
	Anna Ernst	75
	Jared Brackens	75
	Alex Grafft	74
	Marcel Grieser	71
Bradley Richards	70	
Power Plant Auxiliary Operator	Jacob Meinking	81
	Eric Nosalek	78*

*Includes Veteran Preference Points

Vote on Motion: 2-0. Motion declared carried unanimously.

COMMENTS: The next Civil Service Commission meeting will be February 28, 2019, at 8:15 a.m.

ADJOURNMENT: Moved by Pike, seconded by Crum, to adjourn the meeting at 8:18 a.m.

Michael R. Crum, Chairman

Diane R. Voss, City Clerk



REPORT OF CONTRACT CHANGE ORDERS

Period:	<input type="checkbox"/>	1 st – 15 th
	<input checked="" type="checkbox"/>	16 th – End of Month
Month & Year:	January 2019	
For City Council Date:	February 12, 2019	

Department	General Description of Contract	Contract Change No.	Original Contract Amount	Contractor/ Vendor	Total of Prior Change Orders	Amount this Change Order	Change Approved By	Purchasing Contact (Buyer)
Public Works	2017-18 South Duff Avenue Improvements	3	\$2,374,992.00	Con-Struct, Inc.	\$-(15,193.74)	\$-(182.50)	J. Joiner	MA
Water & Pollution Control	Well Rehabilitation Project	1	\$79,400.00	Northway Corporation	\$0.00	\$2,830.25	J. Dunn	MA
Electric Services	Underground Trenching Contract for Electric Services - Secondary Contract	1	\$75,000.00	Communication Data Link LLC	\$0.00	\$6,000.00	D. Kom	CB
			\$		\$	\$		
			\$		\$	\$		
			\$		\$	\$		

Name of Applicant: Orchestrate Management

Name of Business (DBA): Gateway Market MLK

Address of Premises: ISU Alumni Center

City Ames **County:** Story **Zip:** 50011

Business (515) 331-1753

Mailing 130 E 3rd St., Ste 201

City Des Moines **State** IA **Zip:** 50309

Contact Person

Name Michelle Mathews

Phone: (515) 331-1753 **Email** mmathews@ohospitality.com

Classification Class C Liquor License (LC) (Commercial)

Term:5 days

Effective Date: 02/23/2019

Expiration Date: 01/01/1900

Privileges:

Class C Liquor License (LC) (Commercial)

Status of Business

BusinessType: Limited Liability Company

Corporate ID Number: XXXXXXXXXX **Federal Employer ID** XXXXXXXXXX

Ownership

Paul Rottenberg

First Name: Paul **Last Name:** Rottenberg

City: Des Moines **State:** Iowa **Zip:** 50315

Position: Partner

% of Ownership: 14.06% **U.S. Citizen:** Yes

LADCO Development, Inc

First Name: LADCO **Last Name:** Development, Inc

City: West Des Moines **State:** Iowa **Zip:** 50266

Position: Partner

% of Ownership: 14.06% **U.S. Citizen:** Yes

REB Development, LLC

First Name: REB **Last Name:** Development, LLC

City: Clive **State:** Iowa **Zip:** 50325

Position: Partner

% of Ownership: 14.06% **U.S. Citizen:** Yes

Michelle Mathews

First Name: Michelle **Last Name:** Mathews
City: Des Moines **State:** Iowa **Zip:** 50309
Position: Controller
% of Ownership: 0.00% **U.S. Citizen:** Yes

Insurance Company Information

Insurance Company: <u>Integrity Insurance</u>	
Policy Effective Date: <u>02/23/2019</u>	Policy Expiration <u>02/27/2019</u>
Bond Effective	Dram Cancel Date:
Outdoor Service Effective	Outdoor Service Expiration
Temp Transfer Effective	Temp Transfer Expiration Date:

Name of Applicant: Sole Proprietorship

Name of Business (DBA): The Angry Irishmen

Address of Premises: 119 Main Street

City Ames **County:** Story **Zip:** 50021

Business (515) 223-3910

Mailing 3514 Skyline Drive

City Des Moines **State** IA **Zip:** 50310

Contact Person

Name Amanda Warner

Phone: (515) 639-7690 **Email** a.warner2018@outlook.com

Classification Class C Liquor License (LC) (Commercial)

Term:12 months

Effective Date: 02/14/2019

Expiration Date: 01/01/1900

Privileges:

- Class C Liquor License (LC) (Commercial)
- Outdoor Service
- Sunday Sales

Status of Business

BusinessType: Sole Proprietorship

Corporate ID Number: XXXXXXXXXX **Federal Employer ID** XXXXXXXXXX

Ownership

Amanda Warner

First Name: Amanda **Last Name:** Warner

City: Ames **State:** Iowa **Zip:** 50310

Position: Owner/Operator

% of Ownership: 100.00% **U.S. Citizen:** Yes

Adam Warner

First Name: Adam **Last Name:** Warner

City: Ames **State:** Iowa **Zip:** 50310

Position: na

% of Ownership: 0.00% **U.S. Citizen:** Yes

Insurance Company Information

Insurance Company Information

Insurance Company:

Policy Effective Date:

Bond Effective

Outdoor Service Effective

Temp Transfer Effective

Policy Expiration

Dram Cancel Date:

Outdoor Service Expiration

Temp Transfer Expiration Date:

Applicant License Application ()

Name of Applicant:	<u>Little Brother's LLC</u>		
Name of Business (DBA):	<u>Blue Owl Bar</u>		
Address of Premises:	<u>223 Welch Avenue</u>		
City	<u>Ames</u>	County:	<u>Story</u>
		Zip:	<u>50014</u>
Business	<u>(309) 255-1571</u>		
Mailing	<u>1315 Mayfield Drive</u>		
City	<u>Ames</u>	State	<u>IA</u>
		Zip:	<u>50014</u>

Contact Person

Name	<u>Preston C. Snyder</u>		
Phone:	<u>(309) 255-1571</u>	Email	<u>littlebrothersllc@gmail.com</u>

Classification Class C Liquor License (LC) (Commercial)**Term:** 12 months**Effective Date:** 02/12/2019**Expiration Date:** 01/01/1900**Privileges:**Class C Liquor License (LC) (Commercial)Outdoor ServiceSunday Sales**Status of Business**

BusinessType:	<u>Limited Liability Company</u>		
Corporate ID Number:	<u>XXXXXXXXXX</u>	Federal Employer ID	<u>XXXXXXXXXX</u>

Ownership**Preston Snyder**

First Name:	<u>Preston</u>	Last Name:	<u>Snyder</u>
City:	<u>Ames</u>	State:	<u>Iowa</u>
		Zip:	<u>50014</u>
Position:	<u>Owner</u>		
% of Ownership:	<u>100.00%</u>	U.S. Citizen:	<u>Yes</u>

Insurance Company Information

Insurance Company:	<u>Founders Insurance Company</u>		
Policy Effective Date:	<u>02/12/2019</u>	Policy Expiration	<u>02/12/2020</u>
Bond Effective		Dram Cancel Date:	
Outdoor Service Effective		Outdoor Service Expiration	
Temp Transfer Effective Date		Temp Transfer Expiration Date:	

MEMO



To: Mayor John Haila and Ames City Council Members
From: Lieutenant Tom Shelton, Ames Police Department
Date: January 21st, 2019
Subject: Beer Permits & Liquor License Renewal Reference City Council Agenda

The Council agenda for February 12, 2019, includes beer permits and liquor license renewals for:

- Class C Liquor License (LC) (Commercial), Outdoor Service & Sunday Sales - LC0039938 - Cy's Roost, 121 Welch Avenue
- Class C Liquor License (LC) (Commercial), Outdoor Service & Sunday Sales - LC0037356 - Mickey's Irish Pub, 109 Welch Avenue

A routine check of police records for the past 12 months found liquor law violations for the above listed businesses.

A routine check at Cy's Roost indicated 20 cases involving liquor law violations. Of the 20 calls for service officers issued 36 citations for being in the bar under the legal age of 21 (On premises, which is a municipal infraction). People cited for those violations indicated they just walked in, had friends get them in, snuck in, used their regular ID's or used fake or Manufactured ID's. Other calls for service at Cy's Roost indicated assaults, alarms, disorderly conduct and public intoxication calls.

A meeting with Cys Roost ownership was scheduled in October to alert them of these issues. Since September of 2018 there have been 0 citations issued for liquor law violations, and a check of how many bar employees have attended the ID talk's shows 5 in 2018. As far as the other routine calls for service that are describe above, I believe shows a good working relationship between the business and law enforcement. During the meetings we encourage the establishments to call us with any issues that are occurring.

After meeting with management in October, the license holder has reduced the number of citations written. We would recommend license renewal with monitoring to keep them from slipping back into a pattern of violations.

A routine check at Mickey's Irish Pub indicated 6 liquor law violations. Of the 6 calls for service officers issued 8 citations for being in the bar under the legal age of 21. People cited for those violations indicated they just walked in, snuck in or had fake ID's. Other calls for service indicated Disorderly Conduct, General Assaults, Open doors, Medical Assists and suspicious person/activity calls.

The Police Department will continue to monitor the above locations by conducting regular foot patrols, bar checks and by educating the bar staff through trainings and quarterly meetings. The Ames Police Department recommends renewal of licenses for all the above businesses.

- Class B Beer (BB) (Includes Wine Coolers), Outdoor Service & Sunday Sales - BB0037459 - Homewood Golf Course, 401 E 20th Street
- Class C Liquor License (LC) (Commercial), Catering & Sunday Sales - LC0040644 - Ge' Angelo's, 823 Wheeler St Suite #9
- Class E Liquor License (LE), Class B Wine, Class C Beer - LE0001534 - Fareway Stores, Inc. #093, 3619 Stange Road
- Class C Liquor License (LC) (Commercial), Outdoor Service & Sunday Sales - LC0037495 - El Azteca, 2727 Stange Rd
- Special Class C Liquor License (BW) (Beer/Wine), Outdoor Service & Sunday Sales - BW0095375 - Blaze Pizza, 2320 Lincoln Way Ste 109
- Class C Liquor License (LC) (Commercial), Catering & Sunday Sales - LC0041487 - Hy-Vee Market Cafe, 3800 Lincoln Way - Café Area
- Special Class C Liquor License (BW) (Beer/Wine), Sunday Sales - BW0095737 - Wing Stop, 703 South Duff Ave #101
- Special Class C Liquor License (BW) (Beer/Wine), Outdoor Service & Sunday Sales - BW0092318 - Stomping Grounds, 303 Welch Ave.
- Class E Liquor License (LE), Class B Wine, Class C Beer - LE0001533 - Fareway Stores, Inc. #386, 619 Burnett Avenue
- Class E Liquor License (LE), Class B Wine, Class C Beer, & Sunday Sales - LE0001429 - Wal-Mart Supercenter 4256, 534 South Duff Avenue
- Class C Liquor License (LC) (Commercial), Outdoor Service & Sunday Sales - LC0038199 - Buffalo Wild Wings, 400 South Duff Avenue

A routine check of police records for the past 12 months found no liquor law violations for the above listed businesses. The Police Department recommends renewal of licenses for all the above businesses.

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$11,880,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2019/20 budget includes a number of General Obligation (G.O.) Bond-funded capital improvements. A public hearing is required to authorize issuance of bonds and the levy of property taxes for debt to be issued. The dollar amounts and corresponding property tax levy for the planned G.O. bond issue are included as part of the FY 2019/20 budget.

The G.O. Bonds and debt service levy for the FY 2019/20 budget are based on projects listed in the table below. **Council authorization will be required at a later date to authorize the sale of the bonds. Bonds are expected to be issued shortly after the start of the new fiscal year.**

Please note that in addition to the amount to fund the \$11,154,204 in G.O. Bond-funded capital projects, the not-to-exceed amount for the issuance includes a \$725,796 additional authorization to allow for issuance costs and the option to sell our bonds at a premium over the face value of bonds. This will allow the City to accept the optimum bid with face value of bonds greater than \$11,154,204 needed to accomplish our projects. In any case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed budget. The proposed bond issue complies with the Council approved debt policy.

The Capital Improvements Plan's 2019/20 G.O. Bond issue includes the following:

City-Wide Radio System	\$1,240,000	
Grand Avenue Extension	2,000,000	
Campustown Improvements	1,000,000	
Cherry Avenue Extension	300,000	
Arterial Street Pavement Improvements	1,600,000	
Bridge Rehabilitation	120,000	
Concrete Pavement Improvements	2,800,000	
Collector Street Pavement Improvements	500,000	
Asphalt Street Improvements	<u>1,000,000</u>	
Subtotal Tax Supported Bonds		\$ 10,560,000
City-Wide Radio System (Abated)	280,000	
ISU Research Park Phase IV (TIF)	<u>314,204</u>	
Subtotal Abated Bonds		<u>\$594,204</u>
Total Bond Funded Projects		\$11,154,204
Issuance Cost and Allowance for Premium		<u>725,796</u>
Grand Total – 2019/20 G.O. Issue		<u>\$ 11,880,000</u>

ALTERNATIVES:

1. Adopt a resolution setting March 5, 2019 as the date for a public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$11,880,000. After the public hearing and approval of the bond issuance, a property tax pre-levy resolution to pay principal and interest on the bonds is required.
2. Reject setting March 5, 2019 as the date of public hearing for issuance of Essential Corporate Purpose General Obligation Bonds, reduce the FY 2019/20 property tax levy, and delay the associated capital projects. Rejection of the Essential Corporate Purpose Bonds will prevent the City from completing the bond-funded projects reflected in the CIP.

MANAGER'S RECOMMENDED ACTION:

Prior to the issuance of debt, state law requires that a public hearing be held and that a pre-levy resolution be adopted for bonds not yet issued to be repaid from the property tax levy. This is a required step in order to accomplish the Council's approved capital improvements for the upcoming fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a resolution setting March 5, 2019 as the date for a public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds and in an amount not to exceed \$11,880,000.

COUNCIL ACTION FORM

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2018

BACKGROUND:

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

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

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

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

Eide Bailly LLP, Certified Public Accountants, has audited the City's financial statements as of and for the year ended June 30, 2018, and expressed its opinion on these

statements based on the audit. In the auditor's opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The auditor's report is an unmodified, or "clean," opinion with no significant deficiencies noted and no noncompliance material to the financial statements noted. There was one material weakness found. Two adjustments were suggested related to the collection of revenue near year end. These changes were made and staff will implement additional procedures to identify the correct fiscal year for receipts close to year end.

Also included with the report is the management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. The letter confirms that there were no other issues to report related to the June 30, 2018 audit. **It does include a statement related to the adjustments mentioned in the previous paragraph for the Capital Projects Fund and the Electric Fund.**

ALTERNATIVES:

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

MANAGER'S RECOMMENDED ACTION:

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

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



January 25, 2019

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

We have audited the financial statements of the City of Ames, Iowa (City) as of and for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019. Professional standards require that we advise you of the following matters relating to our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund) or the financial statements of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit is based solely on the reports of the other auditors.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under Uniform Guidance

As communicated in our letter dated May 15, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated January 25, 2019. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated January 25, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I to the financial statements. As described in Note IV(P), the City changed accounting policies related to accounting for OPEB to adopt the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are self-funded health insurance, worker's compensation, liability, and long-term disability insurance liabilities, other postemployment benefits liability and net pension liability.

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

Management’s estimate of the total OPEB liability, related deferred outflow of resources and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop the OPEB related balances in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City’s financial statements relate to the net pension liability and total OPEB liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements noted in performing the audit.

The following misstatements, one of which is considered material, that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Governmental/</u>
	<u>Statements</u>	<u>Business-type</u>
		<u>Activities</u>
Capital Projects Fund		
To record additional unavailable revenue (material misstatement)	\$ (116,597)	\$ -
Electric Fund		
To record additional accounts receivable	926,212	926,212

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated January 25, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Notes I(I) and IV(P) to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

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

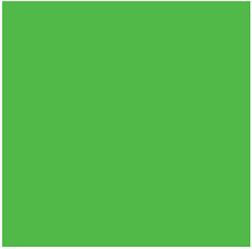
Sincerely,

EIDE BAILLY LLP


Dubuque, Iowa

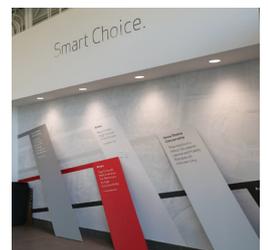
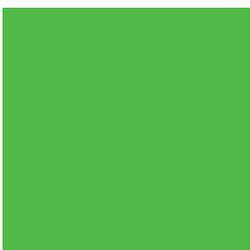
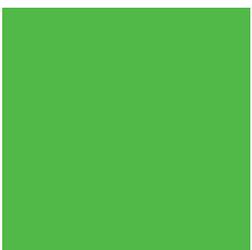
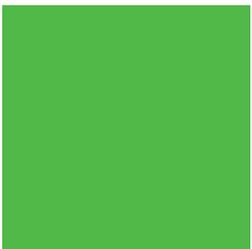


CITY OF
Ames™



CITY OF AMES, IOWA COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018





The theme for this year's Comprehensive Annual Financial Report is the Ames Municipal Airport. The current airport located at 2520 Airport Road is the third incarnation of an airport in Ames. It was established in 1943 using \$5,340 in Municipal Bonds near the site of the old Billy Sunday Farmstead. As the first municipally owned airport it began on a property of just under 300 acres along the south side of Airport Road with two grass runways approximately 3,800 feet in length. Over the years the airport has grown, more than doubling in size in the 1980's to about 700 acres, now with two paved runways 01/19 (5,700') and 13/31 (3,492') capable of supporting medium to large jet aircraft. Starting in 2016, the City, with help from private donations, has constructed a new 7,000 square foot Executive Airport Terminal Building and a new 95' x 100' Itinerant Hangar. These investments have helped modernize the Ames Municipal Airport as it serves as a gateway to the central Iowa region supporting more than 33,000 flights each year.

CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Prepared by:
Department of Finance
Accounting Division



Mission Statement

We are caring people, providing quality programs
with exceptional service to a
community of progress.

We Value...

- Continuous improvement in our organization and our services.
- Innovation in problem solving.
- Employee participation in decision making.
- Personal and professional development.
- Each other as we work together to serve the community.

We Are...

- Proud to provide superior services to our community.
- Professional and objective as we address public concerns and needs.
- Fair, flexible, and helpful in our actions.
- Efficient and fiscally responsible.
- Proactive in reviewing and evaluating the type and focus of our services.

Caring People, Quality Programs, Exceptional Service

**City of Ames
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June 30, 2018**

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Demographic and Economic Information:

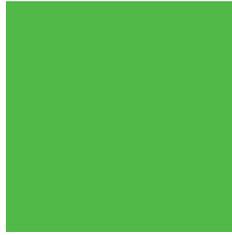
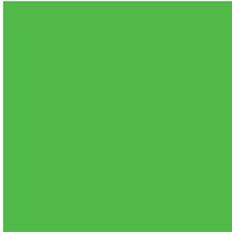
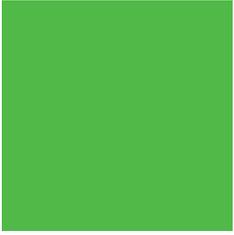
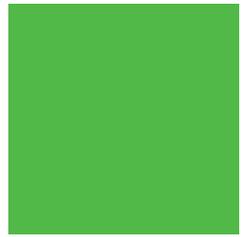
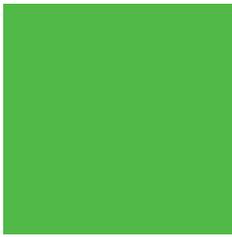
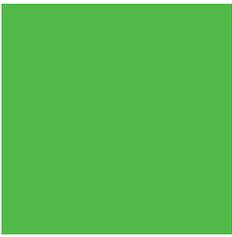
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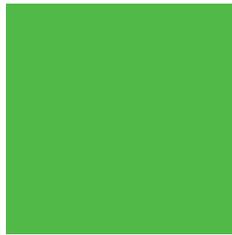
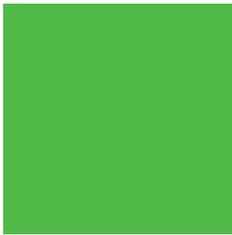
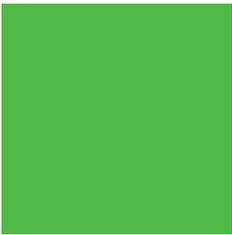
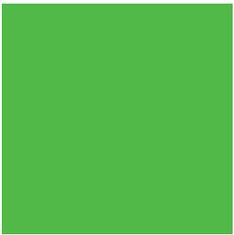
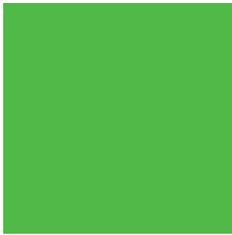
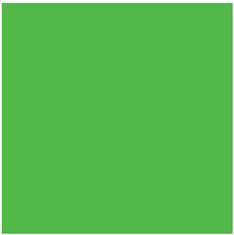
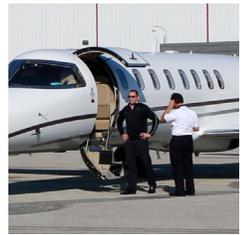
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INTRODUCTORY SECTION





January 25, 2019

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, 2018, 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, 2018. 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 October 2018, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the lowest unemployment rate in the nation at 1.1%, well below the national rate of 3.5% and Iowa rate of 2.4%. The City has continued a ten-year trend 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 2017 population estimate was 66,498, 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 10.6% from January 2016 to January 2017. ISU student enrollment remains strong at nearly 35,000 for the fall 2018 semester.

The commercial and industrial sectors have continued to grow in Ames as the recently completed expansion to the ISU Research Park has continued to attract new employers; most notably John Deere has begun work on a design and test lab facility for agricultural sprayer technology. Barilla America, the largest industrial property in Ames, is nearing completion of a significant expansion with a \$62 million project providing additional pasta production facilities.

The retail, service, and housing sectors have also seen continued growth. Major redevelopment projects continue in Campustown with additional high-rise, mixed-use developments completed, as well as a condominium conversion of an old Ames School District property underway.

Long-term financial planning and major initiatives

Work has continued on improvements to major arterial transportation corridors, most notably the progression of the project to extend Grand Avenue. These and other street improvements have also included facilities to support bike and pedestrian modes of transportation. Though not a City of Ames project, there are significant transportation improvements underway impacting both the primary north/south and east/west connections to Ames. The US 30/I-35 interchange is currently being reconfigured as well as the addition of lanes to I-35 south of Ames.

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

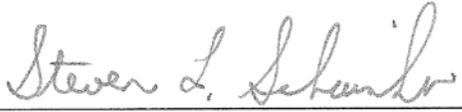
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2017. This is the 39th consecutive year that the City has received this prestigious 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, 2018. 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 33rd 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,

A handwritten signature in black ink, reading "Steven L. Schainker", written over a horizontal line.

Steven L. Schainker
City Manager

A handwritten signature in blue ink, reading "Duane R. Pitcher", written over a horizontal line.

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**

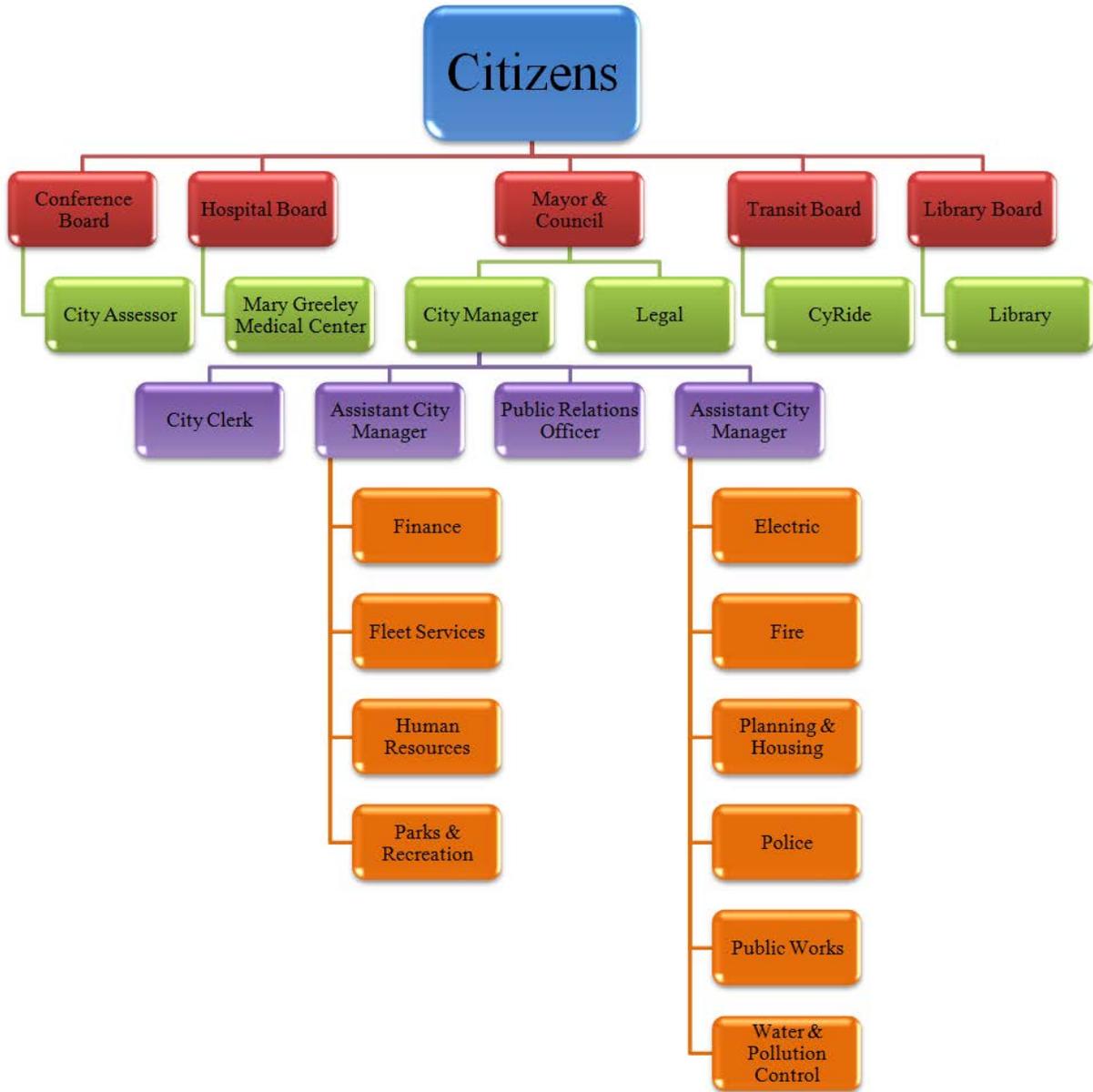
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**City of Ames
Organizational Chart
June 30, 2018**



City of Ames
List of Elected and Appointed Officials
June 30, 2018

Elected Officials:

Mayor	John Haila
Council Member – Ward One	Gloria Betcher
Council Member – Ward Two	Tim Gartin
Council Member – Ward Three	David Martin
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	Mark Lambert

City Manager-Appointed / Council-Approved Official:

City Clerk	Diane Voss
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City Manager-Appointed Officials:

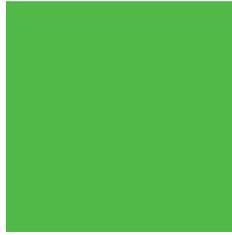
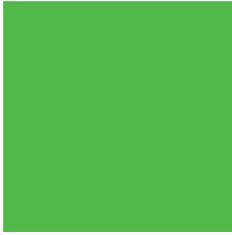
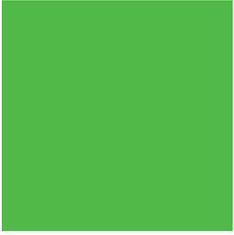
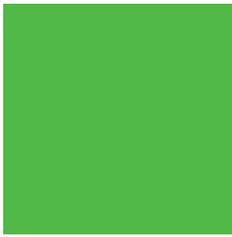
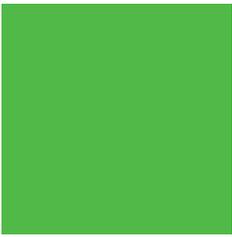
Assistant City Manager	Bob Kindred
Assistant City Manager	Brian Phillips
City Treasurer	Roger Wisecup II
Director of Electric Utility	Don Kom
Director of Finance	Duane Pitcher
Director of Fleet Services	Corey Mellies
Director of Human Resources	Vacant
Director of Parks and Recreation	Keith Abraham
Director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

Other Officials:

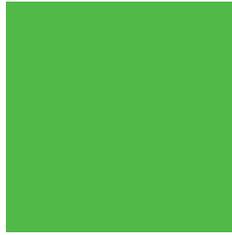
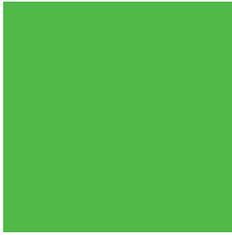
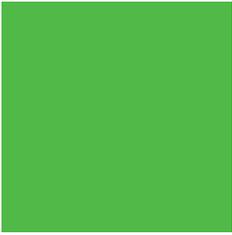
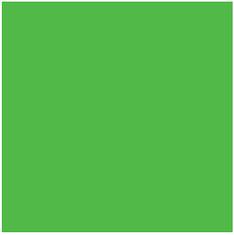
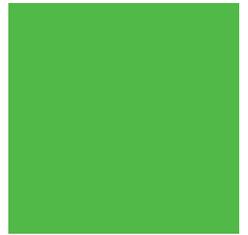
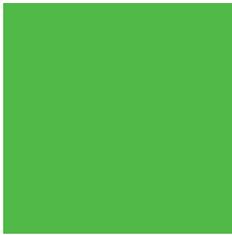
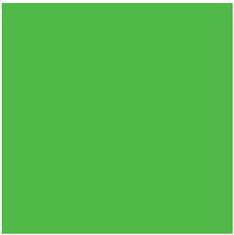
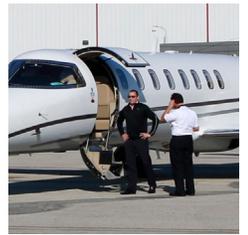
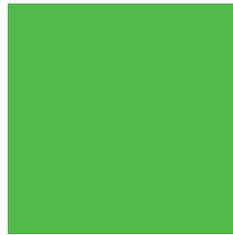
Director of Transportation	Sheri Kyras
Library Director	Lynne Carey

Hospital Administration:

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



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 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, 2018, 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, 56 percent, and 66 percent, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net position, and revenues of the component unit. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2018, 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

As discussed in Notes I(I) and IV(P) to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are 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 the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods 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 basic 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 January 25, 2019, 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
January 25, 2019

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, 2018. 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 \$828,899,318 (*net position*). Of this amount, \$354,888,388 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 \$41,988,506, most of which was attributable to the business-type activities. Mary Greeley Medical Center's (hospital) favorable investment performance accounted for approximately \$17 million of the increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$47,129,736, an increase of \$2,073,387 in comparison with the prior year. Approximately 20.19% of this amount (\$9,515,483) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the General Fund was \$11,404,693, or approximately 35.98% of total General Fund expenditures.
- The City's total long-term outstanding debt decreased by \$6,348,853 during the current fiscal year, as the City continues to pay down its current debt balance.
- Within the City's business-type activities, revenues exceeded expenses by \$36,571,568. 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.
- The City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The beginning net position was restated by \$(118,916) for governmental activities and \$338,127 for business-type activities to retroactively report the change in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

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 38-94 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 96-106 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 110-128 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 \$828,899,318 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.

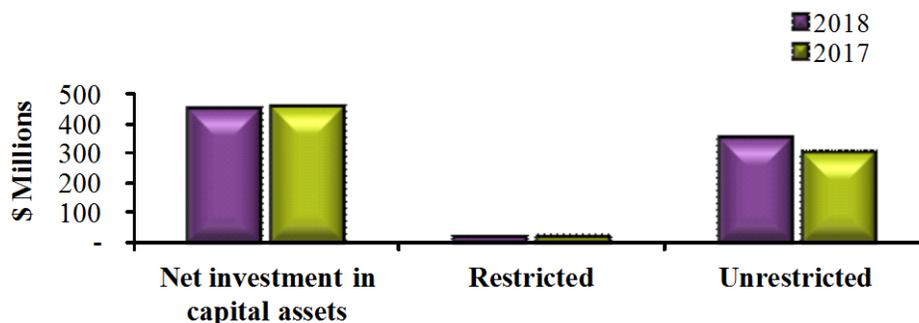
	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current and other assets	\$ 91,906,923	\$ 88,005,243	\$ 446,273,117	\$ 397,623,534	\$ 538,180,040	\$ 485,628,777
Net capital assets	192,001,669	189,992,928	462,856,365	479,279,198	654,858,034	669,272,126
Total assets	283,908,592	277,998,171	909,129,482	876,902,732	1,193,038,074	1,154,900,903
Deferred outflows of resources	7,824,317	8,968,435	27,766,414	26,340,698	35,590,731	35,309,133
Long-term liabilities outstanding	92,717,474	94,723,575	242,549,186	244,820,998	335,266,660	339,544,573
Other liabilities	4,315,731	4,324,675	26,276,718	28,584,979	30,592,449	32,909,654
Total liabilities	97,033,205	99,048,250	268,825,904	273,405,977	365,859,109	372,454,227
Deferred inflows of resources	30,142,690	28,659,364	3,727,688	2,404,844	33,870,378	31,064,208
Net position:						
Net investment in capital assets	141,703,409	137,632,652	308,134,898	320,823,796	449,838,307	458,456,448
Restricted	21,714,454	20,842,946	2,458,169	2,425,524	24,172,623	23,268,470
Unrestricted	1,139,151	783,394	353,749,237	304,183,289	354,888,388	304,966,683
Total net position	\$ 164,557,014	\$ 159,258,992	\$ 664,342,304	\$ 627,432,609	\$ 828,899,318	\$ 786,691,601

The largest portion of the City's net position (54.27%) 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 (\$24,172,623, or 2.92%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$354,888,388 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.

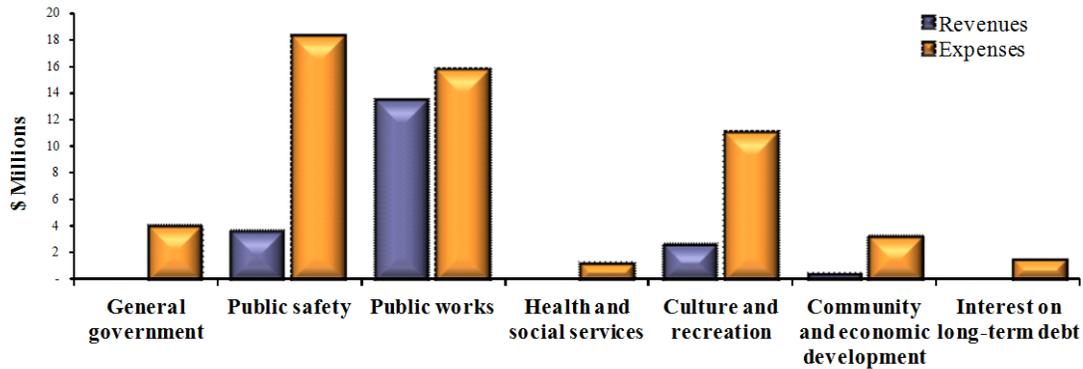
The following chart shows the components of net position for the years ended June 30, 2018 and 2017:



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$5,416,938 for an ending balance of \$164,557,014. Taxes are the largest source of governmental revenue with property taxes of \$29,680,915 and local option sales taxes of \$7,681,519 in 2018. The \$1,514,111 increase in property tax collections in 2018 over 2017 is due to an increase in taxable valuation. Charges for services increased \$2.07 million over 2017 revenues, with most of that increase coming from special assessments for the Grant Avenue paving project.

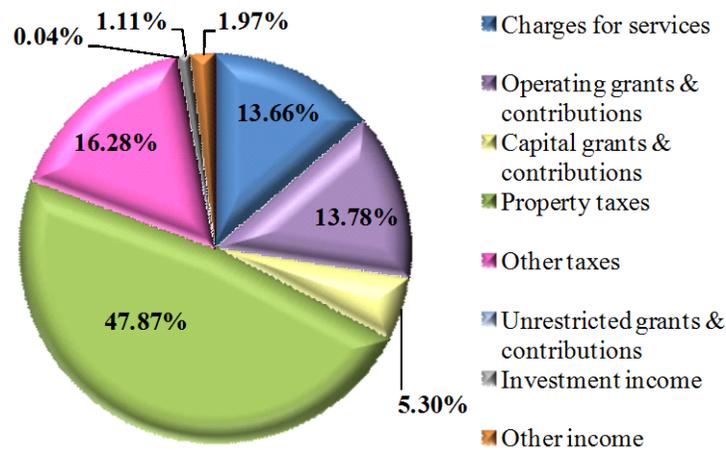
Governmental activities expenses increased \$4.6 million from 2017, or 9.11% mainly due to adding staff to fill vacancies, an increase to authorized positions in public safety, increased depreciation expense, and an increase in expenses related to pension liabilities.

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



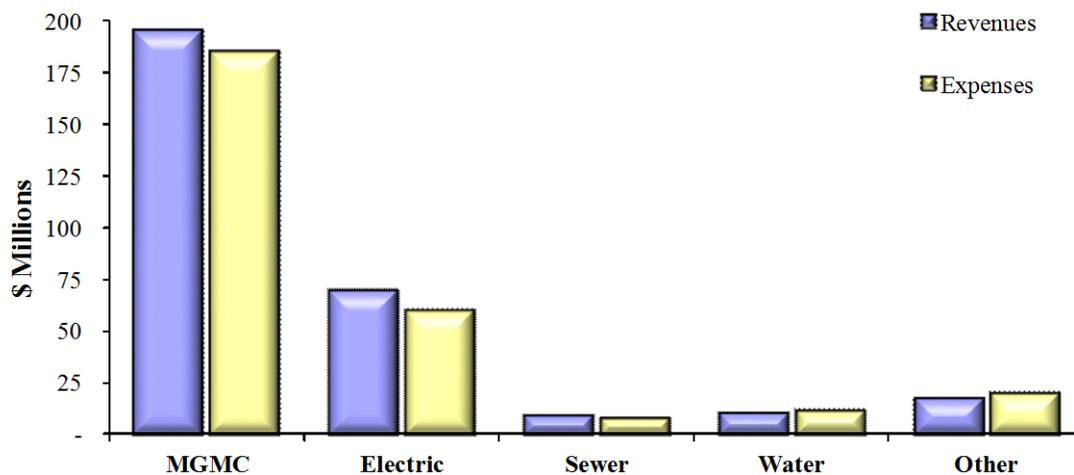
	Governmental Activities		Business-Type Activities		Total	
	2017		2017		2017	
	2018	(not restated)	2018	(not restated)	2018	(not restated)
Revenues:						
Program revenues						
Charges for services	\$ 8,470,150	\$ 6,401,588	\$ 296,247,860	\$ 286,788,902	\$ 304,718,010	\$ 293,190,490
Operating grants & contributions	8,546,037	8,681,507	4,961,244	5,080,151	13,507,281	13,761,658
Capital grants & contributions	3,285,174	6,664,323	1,728,763	4,752,319	5,013,937	11,416,642
General revenues						
Property taxes	29,680,915	28,166,804	-	-	29,680,915	28,166,804
Other taxes	10,094,186	10,146,880	-	-	10,094,186	10,146,880
Unrestricted grants & contributions	22,146	20,565	-	-	22,146	20,565
Investment earnings	689,377	211,126	18,271,065	27,543,163	18,960,442	27,754,289
Other	1,221,018	370,386	440,039	466,358	1,661,057	836,744
Total revenues	62,009,003	60,663,179	321,648,971	324,630,893	383,657,974	385,294,072
Expenses:						
General government	4,044,800	3,136,291	-	-	4,044,800	3,136,291
Public safety	18,202,532	17,292,304	-	-	18,202,532	17,292,304
Public works	15,667,469	13,698,162	-	-	15,667,469	13,698,162
Health & social services	1,293,038	1,342,880	-	-	1,293,038	1,342,880
Culture & recreation	10,989,672	9,872,288	-	-	10,989,672	9,872,288
Community & economic development	3,257,359	3,461,393	-	-	3,257,359	3,461,393
Interest on long-term debt	1,532,790	1,592,039	-	-	1,532,790	1,592,039
Mary Greeley Medical Center	-	-	185,267,383	182,728,675	185,267,383	182,728,675
Electric	-	-	60,617,830	58,618,483	60,617,830	58,618,483
Sewer	-	-	8,558,520	7,574,949	8,558,520	7,574,949
Water	-	-	11,766,957	8,122,396	11,766,957	8,122,396
Parking	-	-	891,229	887,679	891,229	887,679
Transit	-	-	13,794,474	13,208,178	13,794,474	13,208,178
Storm sewer	-	-	420,171	1,231,885	420,171	1,231,885
Ames/ISU Ice Arena	-	-	651,714	602,774	651,714	602,774
Homewood Golf Course	-	-	227,798	258,459	227,798	258,459
Resource Recovery	-	-	4,485,732	4,619,859	4,485,732	4,619,859
Total expenses	54,987,660	50,395,357	286,681,808	277,853,337	341,669,468	328,248,694
Increase in net position before transfers	7,021,343	10,267,822	34,967,163	46,777,556	41,988,506	57,045,378
Transfers	(1,604,405)	(465,996)	1,604,405	465,996	-	-
Increase in net position	5,416,938	9,801,826	36,571,568	47,243,552	41,988,506	57,045,378
Net position, beginning (as previously reported)	159,258,992	149,457,166	627,432,609	578,214,753	786,691,601	727,671,919
Net position restatement	(118,916)	-	338,127	1,974,304	219,211	1,974,304
Net position, beginning (as restated)	159,140,076	149,457,166	627,770,736	580,189,057	786,910,812	729,646,223
Net position, ending	\$ 164,557,014	\$ 159,258,992	\$ 664,342,304	\$ 627,432,609	\$ 828,899,318	\$ 786,691,601

The following chart shows revenues by source for governmental activities:



Business-Type Activities. Business-type activities increased net position by \$36,571,568, accounting for 87.10% of the City's growth at June 30, 2018. Hospital admissions increased 3.5% over the prior year while operating costs per admission were under budget, resulting in higher net operating income. Investment income for the hospital was \$18 million 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.

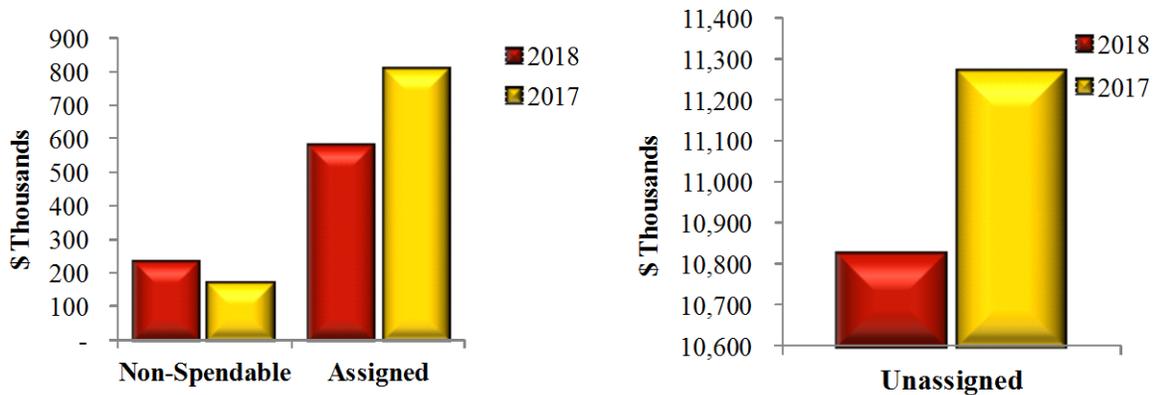
Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as

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 \$47,129,736 at June 30, 2018, an increase of \$2,073,387 from the prior year. Approximately 20% of this amount (\$9,515,483) 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 (\$298,095); 2) legally required to be maintained intact (\$1,978,182); 3) restricted for particular purposes (\$32,769,654); 4) committed for particular purposes (\$1,988,318); or 5) assigned for particular purposes (\$580,004).

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 \$10,824,689, while total fund balance decreased by \$609,928 to \$11,642,074. The ending fund balance is 36.73% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.

**Components of Fund Balance
General Fund**

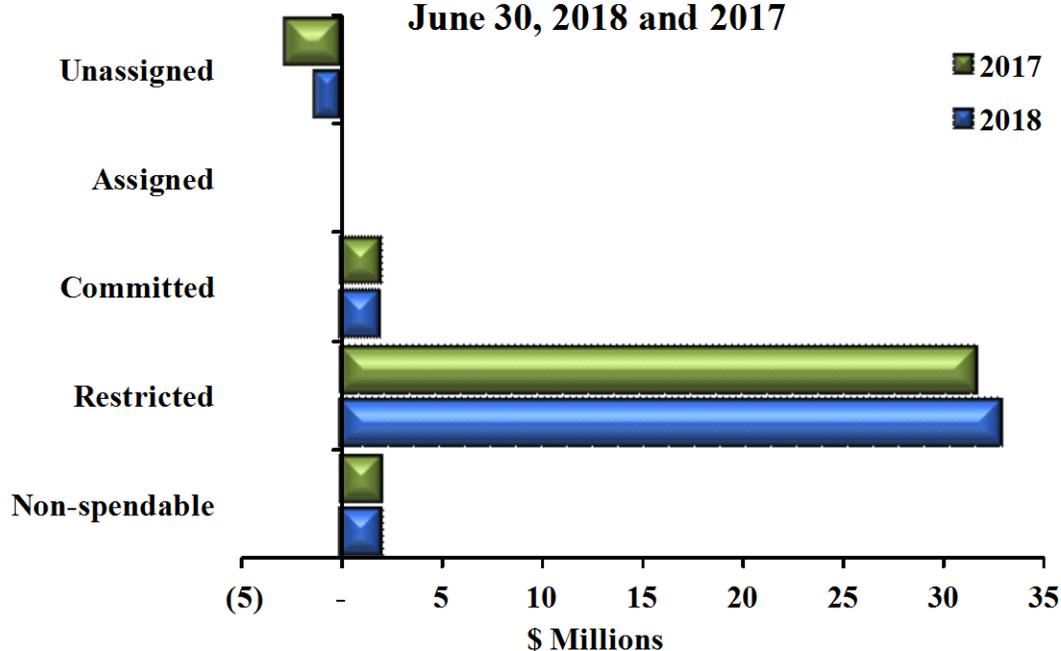


The Capital Projects Fund had an increase of \$2,220,720 in fund balance during the fiscal year, which put the overall fund balance at \$15,522,326. Some of the capital projects for the year include work on a new airport terminal; safety and access improvements to South Duff Avenue to support a new development; work on the extension of Grand Avenue; 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 under \$1.0 million at the end of the fiscal year, a decrease of \$185,655 from the prior year. The City refunded the 2009B bonds to reduce future debt service payments by almost \$200,000.

The fund balances of other governmental funds increased by \$648,250 from the 2017 balances. A large part of this increase is in the Local Option Tax Fund, with a decrease in expenditures due to the timing of projects.

**Other Governmental Funds
Components of Fund Balance
June 30, 2018 and 2017**



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, 2018, totaled \$654,434,384, of which 52.54% (\$343,841,317) is unrestricted. This is a \$35,943,899, or 5.81%, increase in net position for the fiscal year. The net position of the internal service funds is \$27,176,359, a \$1,461,419 increase in net position. Unrestricted net position accounts for \$17,258,525 (63.51%) of the total internal service fund net position balance.

As in prior years, a majority of the increase in net position is attributable to the hospital (approximately \$27 million). As mentioned earlier in this document, the results of hospital operations were favorable with \$13 million in operating income. The electric fund's net position increased by \$7.3 million, partly due to increased natural gas sales.

Charges for services increased 4.75% over the prior year for the internal service funds, with a 10.37% increase in operating expenses. The increase is mainly due to an increase in health claims.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were three amendments to the City's 2018 budget. The first amendment was approved in September 2017, primarily to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were approved in March and May of 2018 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 2017 for capital projects that were not completed in fiscal year 2017.

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, 2018, amounts to \$654,858,034 (net of accumulated depreciation), a decrease of \$14,414,092, or 2.15%, from the 2017 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:

- \$1.7 million for the new water treatment plant
- \$2.2 million for improvements to an intersection to allow for development
- \$1.3 million in transit buses
- \$5.0 million in street construction and improvements
- \$5.5 million for hospital technology updates, operating room equipment, and facility updates and improvements.

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	
	2018	2017	2018	2017	2018	2017
Land	\$ 12,455,594	\$ 12,190,878	\$ 12,435,709	\$ 12,435,709	\$ 24,891,303	\$ 24,626,587
Other non-depreciable assets	1,951,119	1,928,419	-	-	1,951,119	1,928,419
Depreciable assets	172,537,233	167,690,536	351,061,014	369,427,038	523,598,247	537,117,574
Construction in progress	5,057,723	8,183,095	99,359,642	97,416,451	104,417,365	105,599,546
Total	<u>\$ 192,001,669</u>	<u>\$ 189,992,928</u>	<u>\$ 462,856,365</u>	<u>\$ 479,279,198</u>	<u>\$ 654,858,034</u>	<u>\$ 669,272,126</u>

Long-term Debt. At the end of the current fiscal year, the City had \$160,630,852 in outstanding bonded debt. Of this amount, \$69,013,798 is debt backed by the full faith and credit of the government and \$91,617,054 is revenue bonds issued by proprietary funds.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds, net	\$ 63,331,642	\$ 64,987,720	\$ 5,682,156	\$ 6,534,531	\$ 69,013,798	\$ 71,522,251
Revenue bonds	-	-	91,617,054	96,160,114	91,617,054	96,160,114
Loans payable	-	-	66,796,145	66,093,486	66,796,145	66,093,486
Total	<u>\$ 63,331,642</u>	<u>\$ 64,987,720</u>	<u>\$ 164,095,355</u>	<u>\$ 168,788,131</u>	<u>\$ 227,426,997</u>	<u>\$ 233,775,851</u>

The City's total debt decreased by \$6,348,854 (2.72%) during the current fiscal year. State Revolving Fund loans increased only slightly with payments almost equaling new borrowing.

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, 2016, related to the 2017-2018 fiscal year. The current debt limitation for the City is \$209,044,907. 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 79-85 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 2018-2019 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
- A 3.5% increase in water utility rates to fund higher operating costs at the new water plant, larger distribution mains, and to build up the fund balance to meet the goal of 25% of operating expenses
- A 3% increase in sanitary sewer utility rates to finance capital projects and to build up the fund balance to meet the goal of 25% of operating expenses
- No rate increase in electric utility rates
- No increase in tipping fees for Resource Recovery, but a 15% increase in the per capital subsidy to offset the decrease in revenues
- No increase in storm water utility rates
- A property tax rate decrease of 2.961%. This decrease will still generate an additional \$1.3 million in revenues due to new construction and a significant increase in assessed valuations.
- A 4.7% increase in the City's support for transit to increase base pay for drivers, add an information technician position, and to lower the fare for riders.
- An increase in full-time equivalents of 3.5; 0.5 at transit, 1.0 in fire, 1.5 in police, and 0.5 at the library
- A 5% 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 30,836,461	\$ 40,787,236	\$ 71,623,697	\$ 304,491
Investments	33,123,979	48,777,455	81,901,434	-
Taxes receivable	35,960	-	35,960	-
Special assessments receivable	306,583	-	306,583	-
Accrued interest receivable	174,749	292,020	466,769	-
Accounts receivable, net	1,554,508	36,265,550	37,820,058	-
Pledges receivable, net	-	-	-	189,507
Intergovernmental receivable	2,044,421	3,697,528	5,741,949	-
Loans receivable	2,851	-	2,851	-
Internal balances	(9,091,564)	9,091,564	-	-
Inventories	192,237	7,070,759	7,262,996	-
Assets held for resale	1,079,068	-	1,079,068	-
Prepaid items	314,256	3,037,414	3,351,670	-
Restricted current assets:				
Cash and cash equivalents	-	449,531	449,531	-
Investments	-	1,058,638	1,058,638	-
Accrued interest receivable	-	12,264	12,264	-
Total current assets	60,573,509	150,539,959	211,113,468	493,998
Non-current assets:				
Investments	-	13,564,943	13,564,943	13,354,694
Succeeding year taxes receivable	29,395,044	-	29,395,044	-
Long-term loans receivable	13,013	-	13,013	-
Long-term special assessments receivable	1,925,357	-	1,925,357	-
Other assets	-	8,169,532	8,169,532	-
Non-depreciable assets	19,464,436	111,795,351	131,259,787	-
Depreciable assets, net of accumulated depreciation	172,537,233	351,061,014	523,598,247	-
Restricted non-current assets:				
Long-term investments	-	273,998,683	273,998,683	-
Total non-current assets	223,335,083	758,589,523	981,924,606	13,354,694
Total assets	283,908,592	909,129,482	1,193,038,074	13,848,692
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	7,964,450	7,964,450	-
Deferred outflows related to OPEB	-	777,747	777,747	-
Deferred outflows related to pensions	7,824,317	19,024,217	26,848,534	-
Total deferred outflows of resources	7,824,317	27,766,414	35,590,731	-

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

City of Ames
Statement of Net Position (continued)
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	1,922,890	12,379,725	14,302,615	318,582
Accrued payroll	242,415	9,142,488	9,384,903	-
Accrued compensated absences	113,036	537,619	650,655	-
Accrued interest payable	158,423	291,241	449,664	-
Retainage payable	143,749	1,810,414	1,954,163	-
Customer deposits	658,217	902,959	1,561,176	-
Intergovernmental payable	91,464	214,380	305,844	-
Claims payable	600,000	1,528,811	2,128,811	-
Loans payable	-	3,142,000	3,142,000	-
Bonds payable, net	8,792,789	5,539,343	14,332,132	-
Unearned revenue	498,573	6,700	505,273	-
Accrued landfill post-closure costs	-	17,357	17,357	-
Total current liabilities	13,221,556	35,513,037	48,734,593	318,582
Non-current liabilities:				
Accrued compensated absences	2,150,815	7,426,055	9,576,870	-
Accrued other post-employment benefits	1,078,866	5,621,520	6,700,386	-
Net pension liability	26,043,115	64,731,549	90,774,664	-
Annuities payable	-	-	-	62,206
Loans payable	-	63,654,145	63,654,145	-
Bonds payable, net	54,538,853	91,759,867	146,298,720	-
Accrued landfill post-closure costs	-	119,731	119,731	-
Total non-current liabilities	83,811,649	233,312,867	317,124,516	62,206
Total liabilities	97,033,205	268,825,904	365,859,109	380,788
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property taxes	29,395,044	-	29,395,044	-
Deferred charge on refunding	70,648	6,136	76,784	-
Deferred inflows related to OPEB	26,440	405,373	431,813	-
Deferred inflows related to pensions	650,558	3,316,179	3,966,737	-
Total deferred inflows of resources	30,142,690	3,727,688	33,870,378	-
NET POSITION				
Net investment in capital assets	141,703,409	308,134,898	449,838,307	-
Restricted:				
Expendable for:				
Debt service	987,953	2,458,169	3,446,122	-
Capital projects	8,911,739	-	8,911,739	-
Public safety	317,068	-	317,068	-
Employee benefits	347,606	-	347,606	-
Library services	374,452	-	374,452	-
Aquatic center	131,951	-	131,951	-
Community welfare	3,636	-	3,636	-
Housing services	1,103,543	-	1,103,543	-
Economic development	1,058,920	-	1,058,920	-
Community betterment	6,499,404	-	6,499,404	-
Mary Greeley Medical Center	-	-	-	8,555,449
Non-expendable for:				
Perpetual care	978,182	-	978,182	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	253,390
Unrestricted	1,139,151	353,749,237	354,888,388	4,659,065
Total net position	\$ 164,557,014	\$ 664,342,304	\$ 828,899,318	\$ 13,467,904

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, 2018

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,044,800	\$ 158,792	\$ 13,076	\$ -	\$ (3,872,932)	\$ -	\$ (3,872,932)	\$ -
Public safety	18,202,532	3,421,439	176,242	-	(14,604,851)	-	(14,604,851)	-
Public works	15,667,469	2,737,534	7,442,709	3,285,174	(2,202,052)	-	(2,202,052)	-
Health and social services	1,293,038	-	16,646	-	(1,276,392)	-	(1,276,392)	-
Culture and recreation	10,989,672	2,131,253	477,260	-	(8,381,159)	-	(8,381,159)	-
Community and economic development	3,257,359	21,132	420,104	-	(2,816,123)	-	(2,816,123)	-
Interest	1,532,790	-	-	-	(1,532,790)	-	(1,532,790)	-
Total governmental activities	<u>54,987,660</u>	<u>8,470,150</u>	<u>8,546,037</u>	<u>3,285,174</u>	<u>(34,686,299)</u>		<u>(34,686,299)</u>	<u>-</u>
Business-type activities:								
Mary Greeley Medical Center	185,267,383	194,988,247	1,835	67,591	-	9,790,290	9,790,290	-
Electric	60,617,830	68,660,541	1,159,480	-	-	9,202,191	9,202,191	-
Sewer	8,558,520	9,175,876	33,887	182,345	-	833,588	833,588	-
Water	11,766,957	10,620,863	40,299	170,717	-	(935,078)	(935,078)	-
Parking	891,229	829,993	-	-	-	(61,236)	(61,236)	-
Transit	13,794,474	6,746,369	3,419,222	1,288,110	-	(2,340,773)	(2,340,773)	-
Storm sewer	420,171	1,817,030	1,139	-	-	1,397,998	1,397,998	-
Ice arena	651,714	504,884	542	20,000	-	(126,288)	(126,288)	-
Golf course	227,798	184,601	-	-	-	(43,197)	(43,197)	-
Resource recovery	4,485,732	2,719,456	304,840	-	-	(1,461,436)	(1,461,436)	-
Total business-type activities	<u>286,681,808</u>	<u>296,247,860</u>	<u>4,961,244</u>	<u>1,728,763</u>	<u>-</u>	<u>16,256,059</u>	<u>16,256,059</u>	<u>-</u>
Total primary government	<u>\$ 341,669,468</u>	<u>\$ 304,718,010</u>	<u>\$ 13,507,281</u>	<u>\$ 5,013,937</u>	<u>(34,686,299)</u>	<u>16,256,059</u>	<u>(18,430,240)</u>	<u>-</u>
Component unit:								
Mary Greeley Medical Center Foundation	\$ 1,603,953	\$ -	\$ 1,433,741	\$ -				(170,212)
General revenues:								
Property taxes					29,680,915	-	29,680,915	-
Sales taxes					7,681,519	-	7,681,519	-
Hotel/motel taxes					2,412,667	-	2,412,667	-
Unrestricted grants and contributions					22,146	-	22,146	-
Investment income					689,377	18,271,065	18,960,442	767,953
Other income					1,214,979	427,961	1,642,940	-
Gain on disposal of capital assets					6,039	12,078	18,117	-
Transfers					(1,604,405)	1,604,405	-	-
Total general revenues and transfers					<u>40,103,237</u>	<u>20,315,509</u>	<u>60,418,746</u>	<u>767,953</u>
Change in net position					<u>5,416,938</u>	<u>36,571,568</u>	<u>41,988,506</u>	<u>597,741</u>
Net position, beginning (as previously reported)					159,258,992	627,432,609	786,691,601	12,870,163
Net position restatement					(118,916)	338,127	219,211	-
Net position, beginning (as restated)					<u>159,140,076</u>	<u>627,770,736</u>	<u>786,910,812</u>	<u>12,870,163</u>
Net position, ending					<u>\$ 164,557,014</u>	<u>\$ 664,342,304</u>	<u>\$ 828,899,318</u>	<u>\$ 13,467,904</u>

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

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2018**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,707,117	\$ 5,431,055	\$ 519,885	\$ 9,954,999	\$ 21,613,056
Investments	4,770,211	11,419,730	454,405	8,927,730	25,572,076
Taxes receivable	21,842	-	11,600	2,518	35,960
Special assessments receivable	-	306,583	-	-	306,583
Accrued interest receivable	65,529	65,613	2,063	5,062	138,267
Accounts receivable, net	389,803	1,126,682	-	1,557	1,518,042
Intergovernmental receivable	95,780	-	-	1,942,738	2,038,518
Loans receivable	-	-	-	2,851	2,851
Due from other funds	1,504,514	337,543	-	794,882	2,636,939
Inventories	39,243	-	-	59,514	98,757
Property held for resale	-	-	-	1,079,068	1,079,068
Prepaid items	198,138	-	-	1,200	199,338
Succeeding year taxes receivable	17,847,016	-	9,468,129	2,079,899	29,395,044
Long-term loans receivable	-	-	-	13,013	13,013
Long-term special assessments receivable	-	1,925,357	-	-	1,925,357
Total assets	<u>\$ 30,639,193</u>	<u>\$ 20,612,563</u>	<u>\$ 10,456,082</u>	<u>\$ 24,865,031</u>	<u>\$ 86,572,869</u>
LIABILITIES					
Accounts payable	\$ 302,255	\$ 572,391	\$ -	\$ 791,256	\$ 1,665,902
Accrued payroll	133,621	12,261	-	81,224	227,106
Retainage payable	36,132	57,762	-	49,855	143,749
Accrued interest payable	-	-	-	832	832
Customer deposits	8,529	-	-	649,688	658,217
Intergovernmental payable	69,258	-	-	5,506	74,764
Due to other funds	487,256	1,792,336	-	1,525,758	3,805,350
Total liabilities	<u>1,037,051</u>	<u>2,434,750</u>	<u>-</u>	<u>3,104,119</u>	<u>6,575,920</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	17,847,016	-	9,468,129	2,079,899	29,395,044
Special assessments	-	2,231,940	-	-	2,231,940
Hotel/motel taxes	-	-	-	698,282	698,282
Charges for services	20,184	-	-	-	20,184
Licenses and permits	21,889	-	-	-	21,889
Grants	-	177,774	-	5,348	183,122
Contributions	-	116,597	-	-	116,597
Refunds	70,979	129,176	-	-	200,155
Total deferred inflows of resources	<u>17,960,068</u>	<u>2,655,487</u>	<u>9,468,129</u>	<u>2,783,529</u>	<u>32,867,213</u>
FUND BALANCES					
Non-spendable	237,381	-	-	2,038,896	2,276,277
Restricted	-	15,278,968	987,953	16,502,733	32,769,654
Committed	-	750,406	-	1,237,912	1,988,318
Assigned	580,004	-	-	-	580,004
Unassigned	10,824,689	(507,048)	-	(802,158)	9,515,483
Total fund balances	<u>11,642,074</u>	<u>15,522,326</u>	<u>987,953</u>	<u>18,977,383</u>	<u>47,129,736</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,639,193</u>	<u>\$ 20,612,563</u>	<u>\$ 10,456,082</u>	<u>\$ 24,865,031</u>	<u>\$ 86,572,869</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, 2018

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

Fund balance - total governmental funds (page 28)	\$ 47,129,736
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,083,835
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	199,709
Special assessments	2,231,940
Other revenues	541,947
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	7,550,221
Deferred inflows of resources	(636,220)
OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	
Deferred inflows of resources	(24,210)
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.	17,268,439
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	(60,267,097)
Interest payable on general obligation bonds	(157,591)
Deferred charges on general obligation bonds refunded	(70,648)
Unamortized premiums on the issuance of general obligation bonds	(3,064,544)
Accrued compensated absences	(2,132,137)
Total other post-employment benefits payable	(987,873)
Net pension liability	<u>(25,108,493)</u>
Net position of governmental activities	<u><u>\$ 164,557,014</u></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, 2018

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 17,615,488	\$ -	\$ 9,441,091	\$ 12,704,294	\$ 39,760,873
Special assessments	-	564,860	-	-	564,860
Licenses and permits	1,635,289	-	-	-	1,635,289
Intergovernmental	405,458	3,584,910	13,076	7,812,099	11,815,543
Charges for services	3,899,103	-	-	15,329	3,914,432
Fines and forfeitures	65,504	-	-	-	65,504
Investment income	242,696	216,947	57,813	12,885	530,341
Miscellaneous	554,154	911,383	-	390,477	1,856,014
Total revenues	<u>24,417,692</u>	<u>5,278,100</u>	<u>9,511,980</u>	<u>20,935,084</u>	<u>60,142,856</u>
EXPENDITURES					
Current:					
General government	3,516,354	88,820	12,168	188,768	3,806,110
Public safety	17,613,075	-	-	90,607	17,703,682
Public works	1,274,881	-	-	4,927,659	6,202,540
Health and social services	-	-	-	1,293,038	1,293,038
Culture and recreation	8,464,582	-	-	608,373	9,072,955
Community and economic development	825,519	-	-	2,424,064	3,249,583
Debt service:					
Principal	-	-	8,657,150	-	8,657,150
Interest and fiscal charges	-	-	2,067,672	-	2,067,672
Capital outlay	-	8,750,940	-	3,232,961	11,983,901
Total expenditures	<u>31,694,411</u>	<u>8,839,760</u>	<u>10,736,990</u>	<u>12,765,470</u>	<u>64,036,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,276,719)</u>	<u>(3,561,660)</u>	<u>(1,225,010)</u>	<u>8,169,614</u>	<u>(3,893,775)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,105,376	155,519	1,050,901	139,885	10,451,681
Transfers out	(2,438,585)	(1,960,623)	-	(7,661,249)	(12,060,457)
General obligation bonds issued	-	6,985,000	-	-	6,985,000
Premium on general obligation bonds	-	602,484	-	-	602,484
Refunding bonds issued	-	-	3,990,000	-	3,990,000
Premium on refunding bonds	-	-	326,513	-	326,513
Payment to refunded bond escrow agent	-	-	(4,328,059)	-	(4,328,059)
Total other financing sources (uses)	<u>6,666,791</u>	<u>5,782,380</u>	<u>1,039,355</u>	<u>(7,521,364)</u>	<u>5,967,162</u>
Net change in fund balances	(609,928)	2,220,720	(185,655)	648,250	2,073,387
Fund balances, beginning	<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>
Fund balances, ending	<u>\$ 11,642,074</u>	<u>\$ 15,522,326</u>	<u>\$ 987,953</u>	<u>\$ 18,977,383</u>	<u>\$ 47,129,736</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, 2018

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)	\$ 2,073,387
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Hotel/motel tax	14,228
Special assessments	1,870,211
Other revenues	(1,524,255)

Contributed capital assets do not provide current financial resources	1,340,888
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	10,626,857
Disposals	(3,017)
Depreciation expense	(10,677,113)

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	(928,997)
Amortization of bond premiums	545,544
Amortization of deferred charges on refunding debt	35,011
Proceeds from issuance of bonds	(10,975,000)
Principal payments	12,942,150
Interest payments	(2,614)

The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.	(1,267,563)
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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	(42,187)
Increase in accrued other post-employment benefits	(25,980)
Increase in net pension liability	581,638

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.	833,750
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Changes in net position of governmental activities	\$ 5,416,938
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The notes to the financial statements are an integral part of this statement.

**City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 12,975,561	\$ 3,343,813	\$ 5,504,005	\$ 11,134,597	\$ 5,655,729	\$ 38,613,705	\$ 10,446,937
Investments	-	29,224,909	4,522,448	9,404,386	4,630,099	47,781,842	8,547,516
Accrued interest receivable	-	193,662	22,499	47,379	23,737	287,277	41,225
Accounts receivable, net	25,110,632	8,590,950	931,426	1,147,417	470,298	36,250,723	51,293
Due from other funds	-	152,067	974,887	565,267	30,616	1,722,837	1,072,818
Intergovernmental receivable	-	301,776	297,901	1,990	3,095,861	3,697,528	5,903
Inventories	3,463,323	2,866,774	-	426,260	314,402	7,070,759	93,480
Prepaid items	2,996,716	14,554	-	-	26,144	3,037,414	114,918
Restricted current assets:							
Cash and cash equivalents	-	1,030,380	18,633	350,518	-	1,399,531	-
Investments	1,058,638	-	-	-	-	1,058,638	-
Interest receivable	12,264	-	-	-	-	12,264	-
Total current assets	<u>45,617,134</u>	<u>45,718,885</u>	<u>12,271,799</u>	<u>23,077,814</u>	<u>14,246,886</u>	<u>140,932,518</u>	<u>20,374,090</u>
Non-current assets:							
Investments	-	13,564,943	-	-	-	13,564,943	-
Other assets	8,169,532	-	-	-	-	8,169,532	-
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	-	-	-	3,591,278	4,407,789	192,433
Plant and distribution systems	-	184,187,578	86,590,773	52,777,020	-	323,555,371	-
Buildings	244,109,894	-	-	-	39,823,392	283,933,286	884,494
Equipment	121,650,006	-	-	-	37,469,032	159,119,038	18,819,473
Construction in progress	1,347,772	26,461,497	2,605,288	68,606,878	338,207	99,359,642	-
Less accumulated depreciation	(185,139,976)	(121,180,838)	(53,647,329)	(19,069,914)	(40,916,413)	(419,954,470)	(9,978,566)
Restricted non-current assets:							
Investments	273,998,683	-	-	-	-	273,998,683	-
Total non-current assets	<u>469,423,141</u>	<u>105,256,963</u>	<u>37,458,954</u>	<u>103,840,549</u>	<u>42,609,916</u>	<u>758,589,523</u>	<u>9,917,834</u>
Total assets	<u>515,040,275</u>	<u>150,975,848</u>	<u>49,730,753</u>	<u>126,918,363</u>	<u>56,856,802</u>	<u>899,522,041</u>	<u>30,291,924</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	7,964,450	-	-	-	-	7,964,450	-
Deferred outflows related to OPEB	777,747	-	-	-	-	777,747	-
Deferred outflows related to pensions	15,718,897	793,351	237,021	248,447	2,000,810	18,998,526	299,786
	<u>24,461,094</u>	<u>793,351</u>	<u>237,021</u>	<u>248,447</u>	<u>2,000,810</u>	<u>27,740,723</u>	<u>299,786</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, 2018

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	6,293,598	4,643,806	669,105	320,481	373,883	12,300,873	335,840
Accrued payroll	8,814,877	116,001	7,906	18,515	185,189	9,142,488	15,309
Accrued compensated absences	457,383	31,563	6,816	11,290	30,356	537,408	7,404
Due to other funds	-	331,706	371,161	287,428	245,892	1,236,187	391,057
Claims payable	740,865	-	-	-	-	740,865	1,387,946
Retainage payable	293,582	178,242	117,458	1,172,782	48,350	1,810,414	-
Customer deposits	-	902,959	-	-	-	902,959	-
Accrued interest	122,199	43,039	12,957	110,880	2,166	291,241	-
Loans payable	-	-	215,000	2,927,000	-	3,142,000	-
Intergovernmental payable	-	117,247	3,917	26,910	66,306	214,380	16,700
Accrued landfill post-closure costs	-	-	-	-	17,357	17,357	-
Bonds payable, net	3,898,730	753,198	320,683	420,877	145,855	5,539,343	-
Unearned revenue	-	-	-	-	6,700	6,700	-
Total current liabilities	<u>20,621,234</u>	<u>7,117,761</u>	<u>1,725,003</u>	<u>5,296,163</u>	<u>1,122,054</u>	<u>35,882,215</u>	<u>2,154,256</u>
Non-current liabilities:							
Accrued compensated absences	6,018,469	537,906	108,025	235,142	524,193	7,423,735	126,841
Accrued other post-employment benefits	4,778,704	360,605	98,564	112,821	269,058	5,619,752	92,761
Net pension liability	53,870,461	2,490,167	793,344	785,876	6,719,107	64,658,955	1,007,216
Loans payable	-	-	2,620,179	61,033,966	-	63,654,145	-
Accrued landfill post-closure costs	-	-	-	-	119,731	119,731	-
Bonds payable, net	79,684,538	7,280,588	2,802,332	1,098,056	894,353	91,759,867	-
Total non-current liabilities	<u>144,352,172</u>	<u>10,669,266</u>	<u>6,422,444</u>	<u>63,265,861</u>	<u>8,526,442</u>	<u>233,236,185</u>	<u>1,226,818</u>
Total liabilities	<u>164,973,406</u>	<u>17,787,027</u>	<u>8,147,447</u>	<u>68,562,024</u>	<u>9,648,496</u>	<u>269,118,400</u>	<u>3,381,074</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred charge on refunding	-	-	-	6,136	-	6,136	-
Deferred inflows related to OPEB	384,719	8,838	2,415	2,765	6,593	405,330	2,273
Deferred inflows related to pensions	3,078,137	67,948	33,974	(7,832)	126,287	3,298,514	32,004
	<u>3,462,856</u>	<u>76,786</u>	<u>36,389</u>	<u>1,069</u>	<u>132,880</u>	<u>3,709,980</u>	<u>34,277</u>
NET POSITION							
Net investment in capital assets	111,636,108	83,658,234	32,411,728	38,859,120	41,569,708	308,134,898	9,917,834
Restricted for debt service	1,058,638	1,030,380	18,633	350,518	-	2,458,169	-
Unrestricted	258,370,361	49,216,772	9,353,577	19,394,079	7,506,528	343,841,317	17,258,525
Total net position	<u>\$ 371,065,107</u>	<u>\$ 133,905,386</u>	<u>\$ 41,783,938</u>	<u>\$ 58,603,717</u>	<u>\$ 49,076,236</u>	<u>654,434,384</u>	<u>\$ 27,176,359</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>9,907,920</u>	
Net position of business-type activities						<u>\$ 664,342,304</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, 2018

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 194,988,247	\$ 68,660,541	\$ 9,175,876	\$ 10,620,863	\$ 12,802,333	\$ 296,247,860	\$ 18,801,881
Operating expenses:							
Cost of goods and services	132,766,251	55,426,765	5,588,399	5,815,314	14,959,194	214,555,923	16,207,937
Administration	31,956,865	1,176,862	346,524	396,519	2,280,084	36,156,854	-
Depreciation	17,157,297	4,054,893	2,569,783	1,126,524	3,390,363	28,298,860	1,273,258
Total operating expenses	181,880,413	60,658,520	8,504,706	7,338,357	20,629,641	279,011,637	17,481,195
Operating income (loss)	13,107,834	8,002,021	671,170	3,282,506	(7,827,308)	17,236,223	1,320,686
Non-operating revenues (expenses):							
Intergovernmental	1,835	-	33,887	40,299	3,374,103	3,450,124	-
Reimbursements	-	1,159,480	-	-	351,640	1,511,120	-
Investment income	17,384,911	490,290	91,804	203,836	100,224	18,271,065	159,036
Interest expense	(3,286,225)	(241,379)	(124,762)	(1,324,907)	(22,608)	(4,999,881)	-
Gain (loss) on disposal of capital assets	(100,745)	-	-	(3,197,214)	12,078	(3,285,881)	(22,674)
Miscellaneous	-	112,266	116,905	73,984	124,806	427,961	-
Total non-operating revenues (expenses)	13,999,776	1,520,657	117,834	(4,204,002)	3,940,243	15,374,508	136,362
Income (loss) before capital contributions and transfers	27,107,610	9,522,678	789,004	(921,496)	(3,887,065)	32,610,731	1,457,048
Capital contributions	67,591	-	182,345	170,717	1,308,110	1,728,763	-
Transfers in	-	-	902,318	595,971	2,329,393	3,827,682	4,371
Transfers out	-	(2,220,363)	(1,457)	(1,457)	-	(2,223,277)	-
Change in net position	27,175,201	7,302,315	1,872,210	(156,265)	(249,562)	35,943,899	1,461,419
Net position, beginning (as previously reported)	343,459,229	126,642,753	39,922,574	58,772,397	49,355,405		25,725,148
Net position restatement	430,677	(39,682)	(10,846)	(12,415)	(29,607)		(10,208)
Net position, beginning (as restated)	343,889,906	126,603,071	39,911,728	58,759,982	49,325,798		25,714,940
Net position, ending	\$ 371,065,107	\$ 133,905,386	\$ 41,783,938	\$ 58,603,717	\$ 49,076,236		\$ 27,176,359
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						627,669	
Change in net position of business-type activities						\$ 36,571,568	

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, 2018

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 189,321,228	\$ 69,173,812	\$ 8,233,847	\$ 10,387,394	\$ 13,687,976	\$ 290,804,257	\$ 18,519,582
Payments to suppliers	(76,608,235)	(44,222,824)	(1,593,587)	(4,757,743)	(5,260,306)	(132,442,695)	(12,588,551)
Payments to employees	(77,727,081)	(9,671,083)	(2,083,734)	(3,084,311)	(10,362,655)	(102,928,864)	(2,077,139)
Payments to other funds for services provided	-	(2,436,565)	(2,939,741)	(1,553,261)	(1,610,296)	(8,539,863)	(648,675)
Net cash provided by (used for) operating activities	34,985,912	12,843,340	1,616,785	992,079	(3,545,281)	46,892,835	3,205,217
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	1,835	-	33,887	40,299	3,374,103	3,450,124	-
Reimbursements	-	1,159,480	-	-	351,640	1,511,120	-
Miscellaneous	-	112,266	116,905	73,984	124,806	427,961	-
Transfers in	-	-	902,318	595,971	2,329,393	3,827,682	4,371
Transfers out	-	(2,220,363)	(1,457)	(1,457)	-	(2,223,277)	-
Net cash provided by (used for) non-capital financing activities	1,835	(948,617)	1,051,653	708,797	6,179,942	6,993,610	4,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(5,481,734)	(819,616)	(2,604,948)	(3,197,759)	(2,719,869)	(14,823,926)	(2,106,522)
Proceeds from the sale of capital assets	1,500	-	-	-	13,578	15,078	89,463
Principal paid on capital debt	(3,150,000)	(655,000)	(277,282)	(370,568)	(135,000)	(4,587,850)	-
Interest paid on capital debt	(3,090,047)	(312,306)	(108,967)	(66,611)	(28,687)	(3,606,618)	-
Proceeds from loans	-	-	139,848	3,604,811	-	3,744,659	-
Principal paid on loans	-	-	(172,000)	(2,870,000)	-	(3,042,000)	-
Interest paid on loans	-	-	(51,001)	(1,294,591)	-	(1,345,592)	-
Capital contributions	67,591	-	-	-	1,308,110	1,375,701	-
Net cash used for capital and related financing activities	(11,652,690)	(1,786,922)	(3,074,350)	(4,194,718)	(1,561,868)	(22,270,548)	(2,017,059)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(627,647,440)	(45,874,919)	(4,411,468)	(10,999,688)	(2,838,441)	(691,771,956)	(6,483,130)
Proceeds from sale of investments	573,415,522	37,034,097	7,145,233	17,816,147	4,597,410	640,008,409	10,301,317
Interest on investments	15,167,107	362,516	79,440	177,035	85,872	15,871,970	134,660
Net cash provided by (used for) investing activities	(39,064,811)	(8,478,306)	2,813,205	6,993,494	1,844,841	(35,891,577)	3,952,847
Net increase (decrease) in cash and cash equivalents	(15,729,754)	1,629,495	2,407,293	4,499,652	2,917,634	(4,275,680)	5,145,376
Cash and cash equivalents, beginning	28,705,315	1,712,589	3,097,542	6,643,423	2,738,095	42,896,964	5,301,561
Cash and cash equivalents, ending	12,975,561	3,342,084	5,504,835	11,143,075	5,655,729	38,621,284	10,446,937
Plus: beginning amount reported in restricted assets	-	1,032,109	17,803	342,040	-	1,391,952	-
Less: ending amount reported in restricted assets	-	1,030,380	18,633	350,518	-	1,399,531	-
Cash and cash equivalents, ending - statement of net position	\$ 12,975,561	\$ 3,343,813	\$ 5,504,005	\$ 11,134,597	\$ 5,655,729	\$ 38,613,705	\$ 10,446,937

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, 2018

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 13,107,834	\$ 8,002,021	\$ 671,170	\$ 3,282,506	\$ (7,827,308)	\$ 17,236,223	\$ 1,320,686
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	17,157,297	4,054,893	2,569,783	1,126,524	3,390,363	28,298,860	1,273,258
(Increase) decrease in accounts receivable	(5,667,019)	(627,301)	(14,004)	90,734	48,439	(6,169,151)	(31,017)
(Increase) decrease in due from other funds	-	532,349	(927,112)	(349,608)	41,340	(703,031)	(359,897)
(Increase) decrease in intergovernmental receivable	-	572,053	(913)	25,405	795,144	1,391,689	167,186
(Increase) decrease in inventories	76,224	(159,784)	-	(22,187)	(17,579)	(123,326)	(10,929)
(Increase) decrease in prepaid items	115,839	(4,954)	-	-	(19,880)	91,005	490,359
(Increase) decrease in deferred outflows of resources	6,736,852	(59,850)	(31,453)	10,895	(99,555)	6,556,889	(28,886)
Increase (decrease) in accounts payable	(1,233,033)	839,587	142,255	(1,020,247)	(171,147)	(1,442,585)	75,495
Increase (decrease) in accrued payroll	1,611,169	(5,793)	776	(4,477)	(8,029)	1,593,646	(671)
Increase (decrease) in accrued compensated absences	(172,466)	(6,513)	(23,282)	21,844	35,787	(144,630)	5,941
Increase (decrease) in due to other funds	-	(33,225)	(853,805)	(536,761)	70,251	(1,353,540)	(27,391)
Increase in claims payable	53,209	-	-	-	-	53,209	341,411
Increase (decrease) in retainage payable	(379,587)	(470,343)	23,487	(1,652,141)	(12,557)	(2,491,141)	(10,004)
Increase in customer deposits	-	36,170	-	-	-	36,170	-
Increase in accrued interest on customer deposits	-	1,088	-	-	-	1,088	-
Decrease in intergovernmental payable	-	(9,392)	(4,065)	(8,924)	(122,978)	(145,359)	(10,180)
Decrease in accrued landfill post-closure costs	-	-	-	-	(1,076)	(1,076)	-
Increase (decrease) in unearned revenue	-	-	-	-	720	720	(58,571)
Increase in post-employment benefits	834,315	9,483	2,592	2,967	7,076	856,433	2,439
Increase in pension liability	1,552,463	126,253	33,317	40,821	289,448	2,042,302	42,214
Increase (decrease) in deferred inflows of resources	1,192,815	46,598	28,039	(15,272)	56,260	1,308,440	23,774
Total adjustments	21,878,078	4,841,319	945,615	(2,290,427)	4,282,027	29,656,612	1,884,531
Net cash provided by (used for) operating activities	\$ 34,985,912	\$ 12,843,340	\$ 1,616,785	\$ 992,079	\$ (3,545,281)	\$ 46,892,835	\$ 3,205,217
Schedule of non-cash capital and related financing activities:							
Capital asset contributions	-	-	182,345	170,717	-	353,062	-
Total non-cash capital and related financing activities	\$ -	\$ -	\$ 182,345	\$ 170,717	\$ -	\$ 353,062	\$ -

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, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 275,219
Investments	177,485
Accounts receivable, net	458
Total assets	\$ 453,162
 LIABILITIES	
Accounts payable	\$ 54,578
Due to other governments	398,584
Total liabilities	\$ 453,162

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018, 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, 2018

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.

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:

City of Ames
Notes to the Financial Statements
June 30, 2018

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)

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

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 and OPEB expense and pension contributions from the employer after the measurement date but before the end of the employer's reporting period. The City also reports deferred charges on refunding in this category, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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 OPEB, 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, 2018

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. Total other post-employment benefits (OPEB) liability

For purposes of measuring total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuarial reports. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

8. 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.

9. 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,

City of Ames
Notes to the Financial Statements
June 30, 2018

I. Summary of significant accounting policies (continued)

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

9. Fund balance flow assumptions (continued)

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.

10. Fund balance policies

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2018

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

Property taxes attach as an enforceable lien on real property and are levied on July 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.

City of Ames
Notes to the Financial Statements
June 30, 2018

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

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

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

I. Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments to calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan, which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in note IV(P), and the additional disclosures required by this standard are included in note IV(G).

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 \$182,083,835 are as follows:

City of Ames
Notes to the Financial Statements
June 30, 2018

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

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

Land	\$ 12,455,594
Land improvements	1,384,118
Public art collection	567,001
Construction in progress	5,057,723
Buildings	37,113,803
Less: accumulated depreciation	(9,088,266)
Equipment	8,683,672
Less: accumulated depreciation	(4,511,149)
Infrastructure	259,514,068
Less: accumulated depreciation	<u>(129,092,729)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	<u>\$ 182,083,835</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 \$17,268,439 are as follows:

Net position of the internal service funds	\$27,176,359
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(9,280,251)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(627,669)</u>
	<u>\$17,268,439</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 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 \$833,750 are as follows:

City of Ames
Notes to the Financial Statements
June 30, 2018

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

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

Change in net position of the internal service funds	\$ 1,461,419
Less: gain from charges to business-type activities	<u>(627,669)</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>\$ 833,750</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, 2018.

B. Deficit fund equity

At June 30, 2018, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$802,158. 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, 2018, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

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. Agency securities	397	7	n/a	n/a
Certificates of deposit	397	7	n/a	n/a
Prime banker's acceptances	270	270 days	10%	5%
Commercial paper	270	270 days	10%	5%
Repurchase agreements	397	7	n/a	n/a
Joint investment trusts	397	7	n/a	n/a
Warrants of improvement certificates of a levee or drainage district	397	7	n/a	n/a
U.S. Treasury obligations	17 years	n/a	n/a	n/a
Corporate debt securities	n/a	30	n/a	5%

At June 30, 2018, the City had the following investments:

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 80,137,808	09/13/18-09/09/24
U.S. Treasury obligations	9,880,970	09/15/18-05/31/21
Commercial paper	5,991,670	07/12/18-08/15/18
Municipal bonds	109,087	11/01/18-02/15/24
Mutual funds	274,262,955	n/a
Corporate debt	318,693	02/01/19-09/15/25
	<u>\$ 370,701,183</u>	

City of Ames
Notes to the Financial Statements
June 30, 2018

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

B. Investments (continued)

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 by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions (level 2 inputs). There have been no changes in valuation methodologies at June 30, 2018 compared to June 30, 2017.

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	\$ 80,137,808	\$ 28,658,238	\$ 31,338,755	\$ 20,005,139	\$ 135,676
U.S. Treasury obligations	9,880,970	7,950,970	1,930,000	-	-
Commercial paper	5,991,670	5,991,670	-	-	-
Municipal bonds	109,087	24,905	-	25,189	58,993
Mutual funds	274,262,955	274,262,955	-	-	-
Corporate debt	318,693	29,780	-	214,253	74,660
	<u>\$370,701,183</u>	<u>\$316,918,518</u>	<u>\$ 33,268,755</u>	<u>\$ 20,244,581</u>	<u>\$ 269,329</u>

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

1. Limiting investments to those authorized by the investment policy,
2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the City will do business,
3. Diversifying the investment portfolio by agency and issuer so that potential losses on individual securities can be minimized, and

City of Ames
Notes to the Financial Statements
June 30, 2018

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

B. Investments (continued)

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, 2018, for each investment type:

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 80,137,808	AAA
U.S. Treasury obligations	9,880,970	not rated
Commercial paper	5,991,670	A1/P1
Municipal bonds	109,087	AAA-AA1
Mutual funds	274,262,955	not rated
Corporate debt	318,693	AA1-BAA
	<u>\$ 370,701,183</u>	

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

Issuer	Investment Type	Amount	Percent of Portfolio
Federal National Mortgage Association	U.S. agency securities	\$ 14,664,997	3.96%
Federal Home Loan Mortgage Co.	U.S. agency securities	31,277,054	8.44%
Federal Home Loan Bank	U.S. agency securities	16,490,075	4.45%
Federal Farm Credit	U.S. agency securities	17,705,682	4.78%
United States Treasury	U.S. agency securities	9,880,970	2.67%

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

1. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts,

City of Ames
Notes to the Financial Statements
June 30, 2018

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

B. Investments (continued)

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

As of June 30, 2018, 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	\$ 14,664,997
Federal Home Loan Mortgage Co.	U.S. agency securities	31,277,054
Federal Home Loan Bank	U.S. agency securities	16,490,075
Federal Farm Credit	U.S. agency securities	17,705,682
United States Treasury	U.S. agency securities	9,880,970

Foreign currency risk. As of June 30, 2018, the City had no exposure to foreign currency rate risk.

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

C. Foundation investments

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

C. Foundation investments (continued)

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, 2018:

Investment Type	Fair Value
Equity mutual funds	\$ 11,722,090
Corporate debt securities	636,795
Hedge funds	995,809
	\$ 13,354,694

D. Receivables

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

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

<i>Governmental activities:</i>	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Non-depreciable capital assets:				
Land	\$ 12,190,878	\$ 264,716	\$ -	\$ 12,455,594
Land improvements	1,384,118	-	-	1,384,118
Public art collection	544,301	22,700	-	567,001
Construction in progress	8,183,095	3,504,687	(6,630,059)	5,057,723
Total non-depreciable capital assets	22,302,392	3,792,103	(6,630,059)	19,464,436
Depreciable capital assets:				
Buildings	34,060,554	3,937,743	-	37,998,297
Equipment	25,798,113	2,543,271	(838,239)	27,503,145
Infrastructure	249,277,294	10,429,207	-	259,706,501
	309,135,961	16,910,221	(838,239)	325,207,943
Less accumulated depreciation:				
Buildings	8,756,223	937,586	-	9,693,809
Equipment	12,421,560	1,995,844	(725,086)	13,692,318
Infrastructure	120,267,642	9,016,941	-	129,284,583
	141,445,425	11,950,371	(725,086)	152,670,710
Total depreciable capital assets	167,690,536	4,959,850	(113,153)	172,537,233
Total capital assets	\$ 189,992,928	\$ 8,751,953	\$ (6,743,212)	\$ 192,001,669

City of Ames
Notes to the Financial Statements
June 30, 2018

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

E. Capital assets (continued)

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

General government	\$ 424,034
Public safety	518,952
Public works	8,782,117
Culture and recreation	2,216,279
Community and economic development	8,989
Total depreciation expense - governmental activities	<u>\$ 11,950,371</u>

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
<i>Business-type activities:</i>				
Non-depreciable capital assets:				
Land	\$ 12,435,709	\$ -	\$ -	\$ 12,435,709
Construction in progress	97,416,451	10,530,686	(8,587,495)	99,359,642
Total non-depreciable capital assets	<u>109,852,160</u>	<u>10,530,686</u>	<u>(8,587,495)</u>	<u>111,795,351</u>
Depreciable capital assets:				
Plant and distribution systems	331,289,011	5,274,530	(13,008,170)	323,555,371
Buildings	282,225,815	1,945,696	(238,225)	283,933,286
Equipment	154,604,348	5,587,015	(1,072,325)	159,119,038
Improvements	3,981,233	426,556	-	4,407,789
	<u>772,100,407</u>	<u>13,233,797</u>	<u>(14,318,720)</u>	<u>771,015,484</u>
Less accumulated depreciation:				
Plant and distribution systems	195,957,837	7,751,200	(9,810,956)	193,898,081
Buildings	90,440,987	10,645,645	(138,923)	100,947,709
Equipment	114,457,389	9,798,079	(1,067,882)	123,187,586
Improvements	1,817,156	103,938	-	1,921,094
	<u>402,673,369</u>	<u>28,298,862</u>	<u>(11,017,761)</u>	<u>419,954,470</u>
Total depreciable capital assets	<u>369,427,038</u>	<u>(15,065,065)</u>	<u>(3,300,959)</u>	<u>351,061,014</u>
Total capital assets	<u>\$ 479,279,198</u>	<u>\$ (4,534,379)</u>	<u>\$ (11,888,454)</u>	<u>\$ 462,856,365</u>

F. Pension obligations

The City participates in two public pension systems, Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The following sections outline the pension-related disclosures for each plan. The aggregate amount of recognized expense for the period associated with the net pension liability for both plans is \$12,221,174. Other aggregate amounts related to pension are separately displayed in the financial statements.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

Iowa Public Employees Retirement System (IPERS)

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

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

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

During the fiscal year ended June 30, 2018, regular members contributed 5.95% and the City contributed 8.93% of covered wages. Rates for the fiscal year beginning July 1, 2018, are 6.29% for regular members and 9.44% for the City. Emergency responder members contributed 6.56%, and the hospital contributed 9.84% of covered wages for the fiscal year ended June 30, 2018. As of July 1, 2018, the rates for emergency responders are 6.81% for members and 10.21% for the City. The City's total contributions to IPERS for the years ended June 30, 2018, 2017, and 2016 were \$7,862,807, \$7,654,501, \$7,543,219, 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, 2018, the City reported a liability of \$75,225,392 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 1.1293%, which is a decrease of 0.0259% from its proportion measured as of June 30, 2016.

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

F. Pension obligations (continued)

For the year ended June 30, 2018, the City recognized pension expense of \$9,890,125. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 693,831	\$ 666,317
Changes in assumptions	13,222,712	177
Net difference between projected and actual earnings on pension plan investments	-	798,571
Changes in proportion and differences between City contributions and proportionate share of contributions	449,571	2,164,488
City contributions subsequent to the measurement date	7,862,807	-
	<u>\$22,228,921</u>	<u>\$ 3,629,553</u>

\$7,862,807 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 1,214,762
2020	5,352,821
2021	3,196,747
2022	148,591
2023	823,640
	<u>\$ 10,736,561</u>

There were no non-employer contributing entities at IPERS.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.60% per annum
Wage growth	3.25% per annum based on 2.60% inflation assumption and 0.65% real wage inflation
Rates of salary increase	3.25% per year
Long-term investment rate of return	7.00%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale AA.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the investment consultant. These ranges were combined to develop the long-term expected rate of 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 consultants are often intended for use over a ten-year horizon and are not always useful in setting the long-term rate of return for funding pension plans, which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30-50 years) 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, 2018

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	2.25%
Domestic equity	24.0%	6.25%
International equity	16.0%	6.71%
Private equity	11.0%	11.15%
Private real assets	7.5%	4.18%
Public real assets	7.0%	3.27%
Public credit	3.5%	3.46%
Private credit	3.0%	4.25%
Cash	1.0%	-0.31%
	<u>100.0%</u>	

Discount rate. The discount rate used to calculate the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from employees and the City will be made according to the current Contribution Rate Funding Policy, and that all actuarial assumptions are met in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.00% 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$ 124,610,062	\$ 75,225,392	\$ 33,733,490

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

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

Payables to the pension plan. At June 30, 2018, the City reported a payable to the defined benefit pension plan of \$1,383,800 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, 2018, was 25.68%. As of July 1, 2018, the rate is 26.02%. The City's total contributions to MFPRSI for the years ended June 30, 2018, 2017, and 2016 were \$2,028,739, \$1,946,357, and \$1,994,209, respectively, and were equal to 100 percent of the required contributions for each year.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2018, the City reported a liability of

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

\$15,549,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 2.6513%, which is an increase of 0.0014 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$2,331,049. At June 30, 2018, 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	\$ 596,706	\$ 9,461
Changes in assumptions	1,321,353	176,610
Net difference between projected and actual earnings on pension plan investments	637,112	-
Changes in proportion and differences between City contributions and proportionate share of contributions	34,362	151,113
City contributions subsequent to the measurement date	<u>2,030,080</u>	<u>-</u>
	<u>\$ 4,619,613</u>	<u>\$ 337,184</u>

\$2,030,080 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

F. Pension obligations (continued)

Year Ending June 30,	
2019	\$ 315,669
2020	1,388,451
2021	710,131
2022	(265,770)
2023	103,868
	\$ 2,252,349

Actuarial assumptions. The total pension liability in the June 30, 2017 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, 2017 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 five years projection of future mortality improvement with Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2016 are summarized in the following table:

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8%
International large cap	7.3%
Emerging markets	9.0%
Emerging market debt	6.3%
Private non-core real estate	8.00%
Master limited partnerships	9.00%
Private equity	9.00%
Core plus fixed income	3.30%
Private core real estate	6.00%
Tactical asset allocation	6.40%

Discount rate. The discount rate used to measure the total pension liability as of June 30, 2017, 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 25,554,292	\$ 15,549,272	\$ 7,227,650

City of Ames
Notes to the Financial Statements
June 30, 2018

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

F. Pension obligations (continued)

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

Payables to the pension plan. At June 30, 2018, 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 25% of the participant's annual compensation. Participant contributions were \$368,443, and City contributions were \$541,063 for the fiscal year ended June 30, 2018.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

G. Other post-employment benefit (OPEB) obligations

The City participates in two OPEB plans, the City's OPEB plan and the hospital's OPEB plan. The following sections outline the OPEB-related disclosures for each plan. The aggregate amount of recognized OPEB expense for the period associated with the total OPEB liability for both plans is \$636,643. Other aggregate amounts related to OPEB are separately displayed in the financial statements.

1. City's OPEB Plan

General Information about the OPEB Plan

Plan description. The City provides health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The City has the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Participants must be at least 55 years old, have been employed by the City for the preceding four years, and be enrolled in a sponsored insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the City's benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	36
Active employees	593
	<hr/>
	629
	<hr/> <hr/>

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

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

1. City's OPEB plan (continued)

Total OPEB Liability

The City's total OPEB liability of \$6,700,386 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per annum
Salary increases	3.5% per annum
Discount rate	3.58% per annum (beginning of year) 3.87% per annum (end of year)
Retiree share of benefit-related premiums	100% of projected health insurance

The following annual health care cost trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Medical and Rx benefits	7.0%	4.5%
Stop loss fees	7.0%	4.5%
Administrative fees	4.5%	4.5%

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

Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

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

1. City's OPEB plan (continued)

Changes in the Total OPEB Liability

Balance, beginning of year	\$1,871,145
Changes for year year:	
Service cost	124,144
Interest	75,321
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(51,203)
Benefit payments	(97,725)
Net changes	50,537
Balance, end of year	\$1,921,682

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% at the beginning of the year to 3.87% at the end of the year.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current discount rate:

	Discount		
	1% Decrease	Rate	1% Increase
	(2.87%)	(3.87%)	(4.87%)
Total OPEB liability	\$2,106,000	\$1,922,000	\$1,758,000

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability to the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0 percent decreasing to 3.5 percent) or one percentage point higher (8.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

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

1. City's OPEB plan (continued)

		Healthcare Cost Trend	
	1% Decrease (6.0% Decreasing to 3.5%)	Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
Total OPEB liability	\$1,642,000	\$1,922,000	\$2,415,000

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$195,356. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	47,094
Total	\$ -	\$ 47,094

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (4,109)
2020	(4,109)
2021	(4,109)
2022	(4,109)
2023	(4,109)
Thereafter	(26,549)
	(47,094)

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

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

2. Hospital's OPEB plan

General Information about the OPEB Plan

Plan description. The hospital sponsors a single-employer health care plan that provides self-insured medical and prescription drugs to all active and retired employees and their eligible dependents. The hospital also provides a flat \$2,500 life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed at the hospital for the preceding four years, and currently have hospital health insurance at the time of retirement. Benefits terminate upon attaining Medicare eligibility. Eligible retirees receive health care coverage through one medical plan. This is the same plan that is available for active employees.

Contributions are required for both retiree and dependent coverage. The retiree contributions are based on the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

Funding policy. The hospital, with assistance from the third-party administrator, established and amends contribution requirements for both active and retiree members on an annual basis. The current funding policy of the hospital is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For the fiscal year ended June 30, 2018, the hospital contributed approximately \$361,000. Retirees receiving benefits contributed approximately \$350,000 through their required contributions. Inactive members receiving benefits contributed through their required monthly contributions of:

Employee	\$ 696
Employee + spouse	1,324
Employee + children	1,277
Family	2,117

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

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

2. Hospital's OPEB plan (continued)

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	374
Active employees	1,052
	1,426

Total OPEB Liability

The hospital's total OPEB liability of \$4,778,704 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

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

Inflation	3.00% per annum
Salary increases	4.80% for less than 1 year of service, 3.80% for 5 years of service, 3.00% for 10 years of service, 2.50% for 15 years of service, and 2.00% for over 20 years of service
Discount rate	3.44%
Health care cost trend rates	9.00% for medical and prescription benefits for 2019, decreasing 0.50% per year to an ultimate rate of 5.00% for 2027 and later years

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

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. It is assumed that 45% of active employees with current coverage are assumed to continue coverage at retirement and no active employees without current coverage are assumed to elect coverage at retirement.

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

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

2. Hospital's OPEB plan (continued)

Changes in the Total OPEB Liability

Balance, beginning of year	\$3,944,389
Changes for year year:	
Service cost	230,410
Interest	155,873
Differences between expected and actual experience	907,372
Changes in assumptions or other inputs	(448,839)
Benefit payments	(10,501)
Net changes	834,315
Balance, end of year	\$4,778,704

Changes of assumptions and other inputs reflect a change in the discount rate from 3.81% as of January 1, 2017 to 3.44% as of January 1, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the hospital, as well as what the hospital's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.44 percent) or one percentage point higher (4.44 percent) than the current discount rate:

	Discount		
	1% Decrease (2.44%)	Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$4,977,108	\$4,778,704	\$4,303,285

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability to the hospital, as well as what the hospital's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (8.0 percent decreasing to 4.0 percent) or one percentage point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

**City of Ames
Notes to the Financial Statements
June 30, 2018**

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

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

2. Hospital's OPEB plan (continued)

	Healthcare Cost Trend		
	1% Decrease (8.0% Decreasing to 4.0%)	Rates (9.0% Decreasing to 5.0%)	1% Increase (10.0% Decreasing to 6.0%)
Total OPEB liability	\$4,287,488	\$4,778,704	\$4,995,471

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

For the fiscal year ended June 30, 2018, the hospital recognized OPEB expense of \$441,287. At June 30, 2018, the hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 777,747	\$ -
Changes of assumptions or other inputs	-	384,719
Total	\$ 777,747	\$ 384,719

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 65,505
2020	65,505
2021	65,505
2022	65,505
2023	65,505
Thereafter	65,503
	\$ 393,028

City of Ames
Notes to the Financial Statements
June 30, 2018

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

H. Construction and other significant commitments

Construction commitments. As of June 30, 2018, the City's commitments with contractors were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Streets & bridges	\$ 1,598,849	\$ 2,266,755
City hall	956,521	50,343
Parks	97,498	11,402
Water	52,755,479	1,626,434
Sewer	1,815,499	1,537,424
Storm sewer	168,580	708,472
Transit	15,034	458,716
	<u>\$57,407,460</u>	<u>\$ 6,659,546</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	\$ 1,154,685
Capital projects fund	3,804,790
Non-major governmental funds	2,214,675
Electric	6,035,360
Water	3,235,089
Sewer	2,416,484
Non-major business-type funds	1,803,898
	<u>\$20,664,981</u>

City of Ames
Notes to the Financial Statements
June 30, 2018

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, 2018, 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, 2018

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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Liability, July 1	\$ 696,535	\$ 684,228
Claims incurred & claims adjustments	636,505	799,305
Claim payments	<u>(545,094)</u>	<u>(786,998)</u>
Liability, June 30	<u>\$ 787,946</u>	<u>\$ 696,535</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>2018</u>	<u>2017</u>
Liability, July 1	\$ 350,000	\$ 500,000
Claims incurred & claims adjustments	8,689,194	7,318,301
Claim payments	<u>(8,439,194)</u>	<u>(7,468,301)</u>
Liability, June 30	<u>\$ 600,000</u>	<u>\$ 350,000</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 \$167,376 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2018.

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 \$1,189,947 at June 30, 2018.

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 \$774,245 at June 30, 2018.

City of Ames
Notes to the Financial Statements
June 30, 2018

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, 2018 and 2017 were as follows:

	Professional Liability		Health Insurance	
	2018	2017	2018	2017
Liability, July 1	\$ 176,674	\$ 184,565	\$ 1,038,699	\$ 1,063,009
Claims incurred & claims adjustments	(1,480)	(7,790)	10,668,644	10,572,657
Claim payments	(7,818)	(101)	(10,517,396)	(10,596,967)
Liability, June 30	\$ 167,376	\$ 176,674	\$ 1,189,947	\$ 1,038,699
	Workers' Compensation			
	2018	2017		
Liability, July 1	\$ 792,528	\$ 536,132		
Claims incurred & claims adjustments	909,505	985,810		
Claim payments	(927,788)	(729,414)		
Liability, June 30	\$ 774,245	\$ 792,528		

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, 2018, was \$15,142. The hospital leases various equipment for use in the medical center. Rent expense for these leases was approximately \$615,000 for the fiscal year ended June 30, 2018.

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

Year Ending June 30,	Total Rent
2019	\$ 226,872
2020	-
2021	-
2022	-
2023	-
	\$ 226,872

City of Ames
Notes to the Financial Statements
June 30, 2018

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, 2018 are as follows:

Governmental Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2018
Corporate purpose	2009	\$ 11,165,000	2.00-3.500 %	2021	\$ -
Corporate purpose	2010	6,690,000	2.00-2.500	2022	2,510,000
Refunding	2011	5,980,000	2.00-3.350	2021	730,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	2,965,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	7,080,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	13,940,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	6,325,000
Corporate purpose/refunding	2015	16,585,000	3.00-5.000	2035	10,150,871
Corporate purpose	2016	9,020,605	2.00-5.000	2028	7,111,226
Corporate purpose/refunding	2017	10,975,000	2.00-5.000	2029	9,455,000
		<u>\$ 109,030,605</u>			<u>\$ 60,267,097</u>

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2018
Corporate purpose	2012	\$ 1,335,000	1.50-3.00 %	2024	\$ 720,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	810,000
Corporate purpose	2014	300,000	2.00-2.50	2024	190,000
Corporate purpose/refunding	2015	2,061,714	3.00-5.00	2027	1,564,129
Corporate purpose/refunding	2016	2,629,395	2.00-5.00	2028	1,928,774
		<u>\$ 7,646,109</u>			<u>\$ 5,212,903</u>

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

On August 22, 2017, the City issued \$6,985,000 of general obligation, corporate purpose bonds to be used for improvements to streets, sanitary and storm sewers, bridges, and related improvements. Maturity dates on the bonds range from June 1, 2018 to June 1, 2029. Debt service payments are scheduled to be paid semi-annually in amounts that range from \$700,375 to \$760,635. Bonds due after June 1, 2025 may be subject to call prior to maturity at the option of the City.

On August 22, 2017, the City also issued \$3,990,000 of general obligation, refunding bonds. The proceeds from the current refunding were used to refund \$4,285,000 of the 2009B bonds, which had interest rates ranging from 2.00% to 3.50%. The net carrying value of the old debt exceeded the reacquisition price by \$72,381. This amount has been recorded as deferred charges on refunding debt. The refunding was undertaken to reduce total future debt service payments by \$194,966 over four years and to obtain an economic gain of \$183,980.

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, 2018 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2018
Hospital improvement and refunding	2012	\$ 26,000,000	2.070 %	2027	\$ 12,700,000
Electric	2015	9,500,000	2.125-5.000	2027	7,420,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	63,445,000
		<u>\$100,290,000</u>			<u>\$ 83,565,000</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, 2018, is \$107,856,004. Principal and

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

interest paid during the fiscal year ended June 30, 2018, was \$6,240,047 and net revenue for the same period, as defined above, was \$30,265,131.

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, 2018, is \$8,697,325. Principal and interest paid during the fiscal year ended June 30, 2018, was \$967,306 and net revenue for the same period, as defined above, was \$12,056,914.

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 \$137,088 at June 30, 2018, with a current portion of \$17,357.

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.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

Revenue capital loan notes

The City has a revenue capital loan note agreement with the Iowa Finance Authority (IFA) in an amount not to exceed \$76,325,000. Proceeds from the loan will be used for the purpose of paying the cost of planning, designing, and constructing improvements and extensions to the water utility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$100,000 was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the water fund. The City borrowed \$3,604,811 during the fiscal year. The amount of principal outstanding is \$63,960,966, and the City has \$9,494,034 of capital loan notes still available as of June 30, 2018.

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, 2018, the water fund had net revenues of \$4,612,866 and the amount of principal and interest due was \$4,164,591.

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 \$1,801,249 as of June 30, 2018.

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, 2018.

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

of the loan will come from the sewer fund. No amounts were borrowed during the fiscal year, and the amount of principal outstanding as of June 30, 2018 is \$575,332. The City has \$155,668 in capital loan notes still available as of June 30, 2018.

The City has a fifth revenue capital loan note agreement with the IFA in an amount not to exceed \$1,001,000. The funds are to be used for a new mechanically-cleaned bar screening system at the Water Pollution Control Plant. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$5,005 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The City borrowed \$134,843 during the fiscal year, and the amount of principal outstanding as of June 30, 2018 is \$139,848. The City has \$861,152 in capital loan notes still available as of June 30, 2018.

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, 2018, the sewer fund had net revenues of \$3,240,953, and the amount of principal and interest due was \$223,001.

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, 2016, related to the 2017-2018 fiscal year. At June 30, 2018, the outstanding debt of \$65,480,000 is below the limit of \$209,044,907, leaving a debt margin of over \$143 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 62,234,247	\$ 10,975,000	\$ (12,942,150)	\$ 60,267,097	\$ 8,287,109
Premiums	2,753,473	928,997	(617,925)	3,064,545	505,680
Total bonds payable	64,987,720	11,903,997	(13,560,075)	63,331,642	8,792,789
Compensated absences	2,218,254	3,237,981	(3,192,384)	2,263,851	113,036
Other post-employment benefits	1,050,688	28,178	-	1,078,866	-
Governmental activities long-term debt	<u>\$ 68,256,662</u>	<u>\$ 15,170,156</u>	<u>\$ (16,752,459)</u>	<u>\$ 66,674,359</u>	<u>\$ 8,905,825</u>

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 87,370,000	\$ -	\$ (3,805,000)	\$ 83,565,000	\$ 3,920,000
Premiums	8,790,114	-	(738,060)	8,052,054	731,928
Total revenue bonds	<u>96,160,114</u>	<u>-</u>	<u>(4,543,060)</u>	<u>91,617,054</u>	<u>4,651,928</u>
General obligation bonds	5,995,753	-	(782,850)	5,212,903	817,891
Premiums	538,778	-	(69,525)	469,253	69,524
Total general obligation bonds	<u>6,534,531</u>	<u>-</u>	<u>(852,375)</u>	<u>5,682,156</u>	<u>887,415</u>
Total bonds payable	102,694,645	-	(5,395,435)	97,299,210	5,539,343
Compensated absences	8,105,773	8,695,841	(8,837,940)	7,963,674	537,619
Loans payable	318,750	-	-	318,750	-
Capital loan notes payable	65,774,736	3,744,659	(3,042,000)	66,477,395	3,142,000
Other post-employment benefits	4,764,846	856,674	-	5,621,520	-
Landfill post-closure costs	138,164	-	(1,076)	137,088	17,357
Business-type activities long-term debt	<u>\$ 181,796,914</u>	<u>\$ 13,297,174</u>	<u>\$ (17,276,451)</u>	<u>\$ 177,817,637</u>	<u>\$ 9,236,319</u>

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

Governmental activities:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2019	\$ 8,287,109	\$ 1,891,266
2020	7,618,882	1,595,026
2021	7,296,484	1,321,673
2022	6,209,044	1,094,758
2023	5,706,562	898,810
2024-2028	19,579,016	2,213,796
2029-2033	5,450,000	412,450
2034-2038	120,000	5,850
Total	<u>\$ 60,267,097</u>	<u>\$ 9,433,629</u>

City of Ames
Notes to the Financial Statements
June 30, 2018

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

K. Long-term liabilities (continued)

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 817,891	\$ 176,175	\$ 3,920,000	\$ 3,284,327
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	593,438	89,329	4,445,000	2,764,290
2024-2028	1,895,984	230,197	23,850,000	10,726,785
2029-2033	-	-	22,840,000	5,866,806
2034-2038	-	-	15,970,000	1,247,581
Total	<u>\$ 5,212,903</u>	<u>\$ 872,561</u>	<u>\$ 83,565,000</u>	<u>\$ 32,988,329</u>

Year Ending June 30,	Loans		Capital Loan Notes	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ -	\$ 3,142,000	\$ 1,329,422
2020	318,750	-	3,206,000	1,266,708
2021	-	-	3,269,000	1,202,588
2022	-	-	3,312,848	1,137,208
2023	-	-	3,359,000	1,070,951
2024-2028	-	-	17,829,000	4,319,775
2029-2033	-	-	19,016,581	2,481,180
2034-2038	-	-	13,342,966	588,337
Total	<u>\$ 318,750</u>	<u>\$ -</u>	<u>\$ 66,477,395</u>	<u>\$ 13,396,169</u>

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2019	\$ 7,879,891	\$ 4,789,924	\$ 16,167,000	\$ 6,681,190
2020	8,360,868	4,577,623	15,979,750	6,172,649
2021	8,002,516	4,357,614	15,299,000	5,679,287
2022	8,188,804	4,146,667	14,397,848	5,241,425
2023	8,397,438	3,924,570	14,104,000	4,823,380
2024-2028	43,574,984	15,276,757	63,154,000	17,490,553
2029-2033	41,856,581	8,347,986	47,306,581	8,760,436
2034-2038	29,312,966	1,835,918	29,432,966	1,841,768
Total	<u>\$ 155,574,048</u>	<u>\$ 47,257,059</u>	<u>\$ 215,841,145</u>	<u>\$ 56,690,688</u>

City of Ames
Notes to the Financial Statements
June 30, 2018

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

L. Fund balance

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

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2018

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	\$ 39,243	\$ -	\$ -	\$ 59,514	\$ -	\$ 98,757
Prepaid items	198,138	-	-	1,200	-	199,338
Perpetual care principal	-	-	-	-	978,182	978,182
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	<u>237,381</u>	<u>-</u>	<u>-</u>	<u>60,714</u>	<u>1,978,182</u>	<u>2,276,277</u>
Restricted:						
Debt service	-	-	987,953	-	-	987,953
Airport construction	-	399,207	-	-	-	399,207
Aquatic center	-	-	-	-	131,951	131,951
Street construction	-	-	-	6,666,153	-	6,666,153
Environment and economic betterment	-	-	-	7,370,671	-	7,370,671
General obligation bond projects	-	13,033,382	-	-	-	13,033,382
Housing assistance	-	-	-	1,103,543	-	1,103,543
Public safety	-	-	-	317,068	-	317,068
Public safety pension	-	-	-	347,606	-	347,606
Library	-	-	-	374,452	-	374,452
Parks and recreation	-	1,846,379	-	-	-	1,846,379
Project Share	-	-	-	3,636	-	3,636
Developers' projects	-	-	-	187,653	-	187,653
Total restricted fund balance	<u>-</u>	<u>15,278,968</u>	<u>987,953</u>	<u>16,370,782</u>	<u>131,951</u>	<u>32,769,654</u>
Committed:						
Bike trails	-	-	-	10,187	-	10,187
Parks and recreation	-	750,406	-	122,312	-	872,718
Housing assistance	-	-	-	555,434	-	555,434
Green energy projects	-	-	-	8,018	-	8,018
Environment and economic betterment	-	-	-	541,961	-	541,961
Total committed fund balance	<u>-</u>	<u>750,406</u>	<u>-</u>	<u>1,237,912</u>	<u>-</u>	<u>1,988,318</u>
Assigned:						
Administration	163,020	-	-	-	-	163,020
City Hall parking lot	78,994	-	-	-	-	78,994
City Hall maintenance	13,139	-	-	-	-	13,139
Inspections	7,651	-	-	-	-	7,651
Other public safety	144,980	-	-	-	-	144,980
Animal shelter improvements	6,305	-	-	-	-	6,305
Library maintenance	1,365	-	-	-	-	1,365
Parks and recreation	52,916	-	-	-	-	52,916
Parks and recreation maintenance	96,719	-	-	-	-	96,719
Airport	3,328	-	-	-	-	3,328
Cemetery maintenance	11,587	-	-	-	-	11,587
Total assigned fund balance	<u>580,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,004</u>
Unassigned	10,824,689	(507,048)	-	(802,158)	-	9,515,483
Total fund balance	<u>\$ 11,642,074</u>	<u>\$ 15,522,326</u>	<u>\$ 987,953</u>	<u>\$ 16,867,250</u>	<u>\$ 2,110,133</u>	<u>\$ 47,129,736</u>

City of Ames
Notes to the Financial Statements
June 30, 2018

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, 2018, is as follows:

Receivable Fund	Payable Fund					
	General Fund	Capital Projects	Debt Service	Electric	Sewer	Water
Major Funds:						
General Fund	\$ -	\$ 533	\$ -	\$ 108,750	\$ 30,850	\$ 36,982
Capital Projects	55,519	183,277	-	-	-	-
Electric	70,019	-	-	-	39,593	42,104
Sewer	140	902,318	-	40,140	-	21,289
Water	-	453,287	-	44,087	67,893	-
Non-Major Funds:						
Permanent	17,117	-	-	-	-	-
Special Revenue	83,943	247,560	-	5,480	186,889	129,817
Enterprise	7,102	2,408	-	7,878	-	-
Internal Service	253,416	2,953	-	125,371	45,936	57,236
Total	\$ 487,256	\$ 1,792,336	\$ -	\$ 331,706	\$ 371,161	\$ 287,428

Receivable Fund	Payable Fund			
	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds	Total
Major Funds:				
General Fund	\$ 1,235,040	\$ 48,726	\$ 43,633	\$ 1,504,514
Capital Projects	98,747	-	-	337,543
Electric	16	335	-	152,067
Sewer	-	-	11,000	974,887
Water	-	-	-	565,267
Non-Major Funds:				
Permanent	-	-	-	17,117
Special Revenue	10,938	113,138	-	777,765
Enterprise	2,076	10,348	804	30,616
Internal Service	178,941	73,345	335,620	1,072,818
Total	\$ 1,525,758	\$ 245,892	\$ 391,057	\$ 5,432,594

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, 2018

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, 2018, is as follows:

Transfers In	Transfers Out					Non-Major Special Revenue Funds	Total
	General Fund	Capital Projects	Electric	Sewer	Water		
Major Funds:							
General Fund	\$ -	\$ -	\$ 2,220,363	\$ -	\$ -	\$ 6,885,013	\$ 9,105,376
Capital Projects	55,519	-	-	-	-	100,000	155,519
Debt Service	70,979	565,018	-	-	-	414,904	1,050,901
Sewer	-	902,318	-	-	-	-	902,318
Water	-	493,287	-	-	-	102,684	595,971
Non-Major Funds:							
Special Revenue	2,694	-	-	-	-	137,191	139,885
Enterprise	2,309,393	-	-	-	-	20,000	2,329,393
Internal Service	-	-	-	1,457	1,457	1,457	4,371
Total	\$ 2,438,585	\$ 1,960,623	\$ 2,220,363	\$ 1,457	\$ 1,457	\$ 7,661,249	\$ 14,283,734

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 \$131,951 at June 30, 2018, 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, 2018

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, 2017:

	Governmental Activities	Business- Type Activities	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net position June 30, 2017, as previously reported	\$ 159,258,992	\$ 627,432,609	\$ 343,459,229	\$ 126,642,753	\$ 39,922,574	\$ 58,772,397	\$ 49,355,405	\$ 618,152,358	\$ 25,725,148
Net OPEB obligation measured under previous standards	931,772	5,102,973	4,375,066	311,440	85,126	97,439	232,375	5,101,446	80,114
Total OPEB liability at June 30, 2017	1,050,688	4,764,846	3,944,389	351,122	95,972	109,854	261,982	4,763,319	90,322
Net position July 1, 2014, as restated	\$ 159,140,076	\$ 627,770,736	\$ 343,889,906	\$ 126,603,071	\$ 39,911,728	\$ 58,759,982	\$ 49,325,798	\$ 618,490,485	\$ 25,714,940

As a result of the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, during the fiscal year ended June 30, 2018, net position was restated as of July 1, 2017 to retroactively record the total OPEB liability. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75.

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, 2018, the City rebated \$229,455 of incremental property tax to developers, which was all for principal. The total cumulative principal amount rebated on the agreements is \$424,923. The outstanding balance on the agreements at June 30, 2018 was \$1,639,607.

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.

City of Ames
Notes to the Financial Statements
June 30, 2018

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

Q. Urban renewal development agreements (continued)

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 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, 2018, the City abated \$229,455 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, 2018.

S. Contingencies

The City's Legal Department reported to management that, as of June 30, 2018, 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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

S. Contingencies (continued)

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 determined at established rates resulted from patients covered by these third-party reimbursement programs for the fiscal year ended June 30, 2018. 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 has also made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans, 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

City of Ames
Notes to the Financial Statements
June 30, 2018

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

S. Contingencies (continued)

receivable. This could negatively impact the hospital's ability to meet debt covenants or maintain sufficient liquidity.

T. Joint venture

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (Health Ventures), of which it owns 50%. A joint venture also exists with Garner Dialysis, LLC, which is owned 40% by the hospital, and Health Enterprises Cooperative, of which the hospital owns 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, 2018, 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 10, 2018, the City issued \$7,490,000 of general obligation, corporate purpose bonds for the purpose of paying the cost of constructing improvements to streets, for the acquisition of emergency services communication equipment, and for making improvements to a fire station. The interest rates on the bonds range from 3.00-5.00% with final maturity on June 1, 2030.

The City also entered into another revenue capital loan note agreement with the IFA in October 2018 in an amount not to exceed \$5,700,000. The funds are to be used for rehabilitation of manholes and sanitary sewer pipes. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$28,500 (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 \$3,220,156 in the months since the fiscal year ended, and the amount of principal outstanding as of the date of this report is \$3,248,656. The City has \$2,451,344 in capital loan notes still available as of the date of this report.

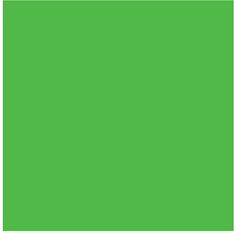
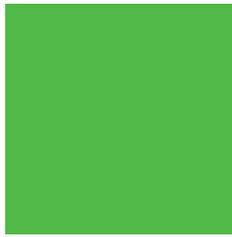
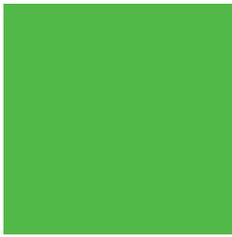
City of Ames
Notes to the Financial Statements
June 30, 2018

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

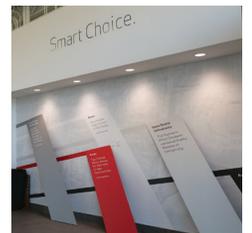
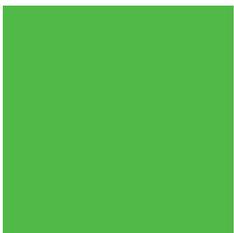
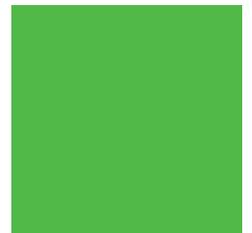
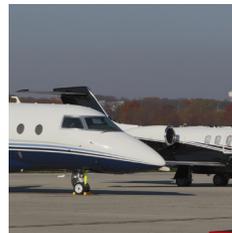
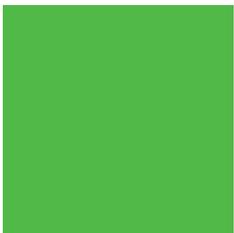
V. Subsequent events (continued)

In the months since the fiscal year ended, the City received an additional \$481,378 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 \$64,442,344 as of the date of this report.

Also, in the months since the fiscal year ended, the City received an additional \$5,000 in loan proceeds from IFA for the ultraviolet light disinfection system and \$627,923 for the bar screening system. The total amount outstanding for both loans are \$1,806,250 and \$767,771, respectively.



REQUIRED SUPPLEMENTARY INFORMATION



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

	2018	2017	2016	2015
City's proportion of the net pension liability	1.1292958%	1.1552370%	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$ 75,225,392	\$ 72,702,712	\$ 57,389,174	\$ 47,625,187
City's covered payroll*	\$ 85,610,198	\$ 84,237,577	\$ 81,269,880	\$ 80,486,286
City's proportionate share of the net pension liability as a percentage of its covered payroll	87.87%	86.31%	70.62%	59.17%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

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
2018	\$ 7,862,807	\$ 7,862,807	-	\$ 87,947,886	8.94%
2017	7,654,501	7,654,501	-	85,610,198	8.94%
2016	7,543,219	7,543,219	-	84,237,577	8.95%
2015	7,272,880	7,272,880	-	81,269,880	8.95%
2014	7,202,625	7,202,625	-	80,486,286	8.95%
2013	6,861,788	6,861,788	-	78,907,943	8.70%
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%

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 Four Fiscal Years*

	2018	2017	2016	2015
City's proportion of the net pension liability	2.651310%	2.649945%	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$ 15,549,272	\$ 16,569,071	\$ 12,669,610	\$ 9,730,925
City's covered payroll*	\$ 7,506,515	\$ 7,180,220	\$ 7,004,314	\$ 6,855,169
City's proportionate share of the net pension liability as a percentage of its covered payroll	207.14%	230.76%	180.88%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	78.20%	83.04%	86.27%

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

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

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

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

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

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 2,030,080	\$ 2,030,080	-	\$ 7,866,170	25.81%
2017	1,946,357	1,946,357	-	7,506,515	25.93%
2016	1,994,209	1,994,209	-	7,180,220	27.77%
2015	2,150,611	2,150,611	-	7,004,314	30.70%
2014	2,064,780	2,064,780	-	6,855,169	30.12%
2013	1,758,163	1,758,163	-	6,653,706	26.42%
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%

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

City of Ames
Schedule of Changes in Total OPEB Liability and Related Ratios
Current Year

City:	2018
Total OPEB liability	
Service cost	\$ 124,144
Interest	75,321
Changes in assumptions or other inputs	(51,203)
Benefit payments	(97,725)
Net change in total OPEB liability	50,537
Total OPEB liability, beginning	1,871,145
Total OPEB liability, ending	\$ 1,921,682
Covered-employee payroll	\$ 38,084,243
Total OPEB liability as a percentage of covered-employee payroll	5.05%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2017	3.58%
2018	3.87%

GASB No. 75 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available.

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

City of Ames
Schedule of Changes in Total OPEB Liability and Related Ratios
Current Year

Hospital:	<u>2018</u>
Total OPEB liability	
Service cost	\$ 230,410
Interest	155,873
Differences between expected and actual experience	907,372
Changes in assumptions or other inputs	(448,839)
Benefit payments	(10,501)
Net change in total OPEB liability	834,315
Total OPEB liability, beginning	3,944,389
Total OPEB liability, ending	\$ 4,778,704
Covered-employee payroll	\$ 65,765,292
Total OPEB liability as a percentage of covered-employee payroll	7.27%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2017	3.81%
2018	3.44%

GASB No. 75 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available.

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

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
Revenues and other financing sources:						
Taxes levied on property	\$ 28,008,461	\$ -	\$ 28,008,461	\$ 28,067,952	\$ 28,067,952	\$ (59,491)
Delinquent property taxes	64	-	64	-	-	64
TIF revenues	594,020	-	594,020	671,076	671,076	(77,056)
Other taxes	10,185,318	-	10,185,318	10,332,607	10,162,618	22,700
Licenses and permits	1,602,795	24,917	1,627,712	1,592,928	1,573,628	54,084
Use of money and property	861,344	19,209,026	20,070,370	9,794,597	11,267,996	8,802,374
Intergovernmental	13,039,771	10,622,228	23,661,999	27,048,780	34,806,359	(11,144,360)
Charges for services	3,798,505	288,417,892	292,216,397	285,084,809	287,930,249	4,286,148
Special assessments	564,860	-	564,860	489,335	489,335	75,525
Miscellaneous	1,988,155	2,134,834	4,122,989	3,427,446	7,575,327	(3,452,338)
Other financing sources	25,604,043	7,571,707	33,175,750	27,340,146	47,209,672	(14,033,922)
Total revenues and other financing sources	86,247,336	327,980,604	414,227,940	393,849,676	429,754,212	(15,526,272)
Expenditures and other financing uses:						
General government	2,848,091	-	2,848,091	2,721,296	2,881,502	33,411
Public safety	18,552,166	-	18,552,166	19,292,608	19,412,883	860,717
Public works	5,398,826	-	5,398,826	5,843,929	6,000,270	601,444
Health and social services	1,277,283	-	1,277,283	1,375,216	1,376,394	99,111
Culture and recreation	8,857,909	-	8,857,909	8,612,180	8,950,362	92,453
Community and economic development	3,734,829	-	3,734,829	3,660,393	4,750,966	1,016,137
Debt service	16,039,998	-	16,039,998	11,798,504	16,052,166	12,168
Capital outlay	12,822,206	-	12,822,206	18,344,595	41,750,614	28,928,408
Total governmental expenditures	69,531,308	-	69,531,308	71,648,721	101,175,157	31,643,849
Business-type expenditures	-	267,570,220	267,570,220	285,244,975	318,954,583	51,384,363
Total expenditures and other financing uses	69,531,308	267,570,220	337,101,528	356,893,696	420,129,740	83,028,212
Other financing uses	14,321,706	3,210,393	17,532,099	16,154,396	16,545,170	(986,929)
Total expenditures, other financing uses, and transfers out	83,853,014	270,780,613	354,633,627	373,048,092	436,674,910	82,041,283
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out						
	2,394,322	57,199,991	59,594,313	20,801,584	(6,920,698)	66,515,011
Fund balances, beginning	48,864,692	613,799,088	662,663,780	645,757,888	662,663,780	-
Fund balances, ending	\$ 51,259,014	\$ 670,999,079	\$ 722,258,093	\$ 666,559,472	\$ 655,743,082	\$ 66,515,011

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, 2018

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 86,247,336	\$ (3,748,802)	\$ 82,498,534	\$ 327,980,604	\$ (2,503,951)	\$ 325,476,653
Expenditures and other financing uses	83,853,014	(3,427,867)	80,425,147	270,780,613	18,752,141	289,532,754
Excess revenues and other financing sources over expenditures and other financing uses	2,394,322	(320,935)	2,073,387	57,199,991	(21,256,092)	35,943,899
Fund balances, beginning (as restated)	48,864,692	(3,808,343)	45,056,349	613,799,088	4,691,397	618,490,485
Fund balances, ending	<u>\$ 51,259,014</u>	<u>\$ (4,129,278)</u>	<u>\$ 47,129,736</u>	<u>\$ 670,999,079</u>	<u>\$ (16,564,695)</u>	<u>\$ 654,434,384</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, 2018

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.

Changes in assumptions.

The 2017 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year
- Decreased the long-term rate of return assumption from 7.50% to 7.00% per year.
- Decreased the wage growth and payroll growth assumption from 4.00% to 3.25% per year.
- Decreased the salary increase assumption by 0.75%.

The 2014 valuation implemented the following refinements 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, 2018

MFPRSI:

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

Changes in assumptions.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed post-retirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set back two years, females set forward one year, and disabled individuals set forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

II. Budgetary Information

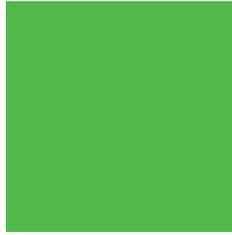
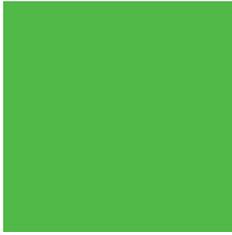
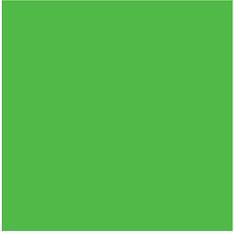
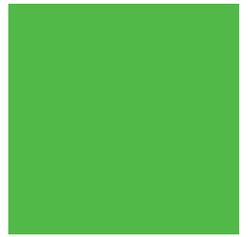
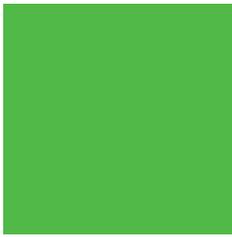
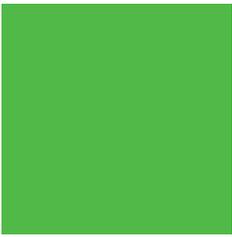
The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board (GASB) Statement 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General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

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

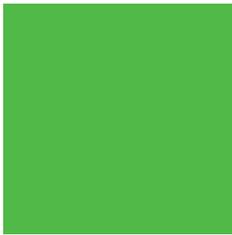
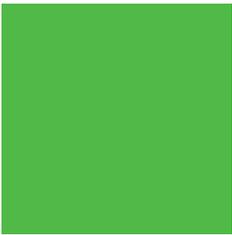
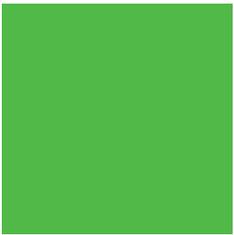
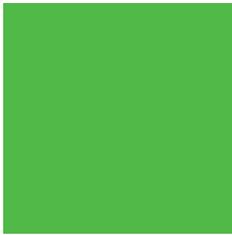
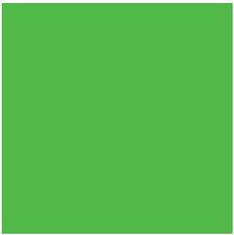
Formal and legal budgetary control is based upon nine major classes of expenditures, referred to as functions, not by fund or fund type. The nine functions are general government, public safety, public works, health and social services, culture and recreation, community and economic development, debt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

City of Ames
Notes to the Required Supplementary Information (continued)
June 30, 2018

Three budget amendments during the fiscal year increased budgeted expenditures by \$63,626,818. These amendments are reflected in the final budget amounts.



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, 2018**

	<u>Permanent Funds</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	
ASSETS				
Cash and cash equivalents	\$ 9,301,322	\$ 33,307	\$ 620,370	\$ 9,954,999
Investments	7,491,685	926,918	509,127	8,927,730
Taxes receivable	2,518	-	-	2,518
Accrued interest receivable	2,608	-	2,454	5,062
Accounts receivable, net	717	840	-	1,557
Intergovernmental receivable	1,942,738	-	-	1,942,738
Loans receivable	2,851	-	-	2,851
Due from other funds	777,765	17,117	-	794,882
Inventories	59,514	-	-	59,514
Property held for resale	1,079,068	-	-	1,079,068
Prepaid items	1,200	-	-	1,200
Succeeding year taxes receivable	2,079,899	-	-	2,079,899
Long-term loans receivable	13,013	-	-	13,013
Total assets	<u>\$ 22,754,898</u>	<u>\$ 978,182</u>	<u>\$ 1,131,951</u>	<u>\$ 24,865,031</u>
LIABILITIES				
Accounts payable	\$ 791,256	\$ -	\$ -	\$ 791,256
Accrued payroll	81,224	-	-	81,224
Retainage payable	49,855	-	-	49,855
Accrued interest	832	-	-	832
Customer deposits	649,688	-	-	649,688
Intergovernmental payable	5,506	-	-	5,506
Due to other funds	1,525,758	-	-	1,525,758
Total liabilities	<u>3,104,119</u>	<u>-</u>	<u>-</u>	<u>3,104,119</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	2,079,899	-	-	2,079,899
Other taxes	698,282	-	-	698,282
Grants	5,348	-	-	5,348
Total deferred inflows of resources	<u>2,783,529</u>	<u>-</u>	<u>-</u>	<u>2,783,529</u>
FUND BALANCES (DEFICITS)				
Nonspendable	60,714	978,182	1,000,000	2,038,896
Restricted	16,370,782	-	131,951	16,502,733
Committed	1,237,912	-	-	1,237,912
Unassigned	(802,158)	-	-	(802,158)
Total fund balances	<u>16,867,250</u>	<u>978,182</u>	<u>1,131,951</u>	<u>18,977,383</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,754,898</u>	<u>\$ 978,182</u>	<u>\$ 1,131,951</u>	<u>\$ 24,865,031</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	<u>Permanent Funds</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Perpetual Care</u>	<u>Furman Aquatic Center Endowment</u>	
REVENUES				
Taxes	\$ 12,704,294	\$ -	\$ -	\$ 12,704,294
Intergovernmental	7,812,099	-	-	7,812,099
Charges for services	-	15,329	-	15,329
Investment income	3,063	-	9,822	12,885
Miscellaneous	390,477	-	-	390,477
Total revenues	<u>20,909,933</u>	<u>15,329</u>	<u>9,822</u>	<u>20,935,084</u>
EXPENDITURES				
Current:				
General government	188,768	-	-	188,768
Public safety	90,607	-	-	90,607
Public works	4,927,659	-	-	4,927,659
Health and social services	1,293,038	-	-	1,293,038
Culture and recreation	608,373	-	-	608,373
Community and economic development	2,424,064	-	-	2,424,064
Capital outlay	3,232,961	-	-	3,232,961
Total expenditures	<u>12,765,470</u>	<u>-</u>	<u>-</u>	<u>12,765,470</u>
Excess of revenues over expenditures	<u>8,144,463</u>	<u>15,329</u>	<u>9,822</u>	<u>8,169,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	139,885	-	-	139,885
Transfers out	(7,661,249)	-	-	(7,661,249)
Total other financing sources (uses)	<u>(7,521,364)</u>	<u>-</u>	<u>-</u>	<u>(7,521,364)</u>
Net change in fund balance	623,099	15,329	9,822	648,250
Fund balances, beginning	<u>16,244,151</u>	<u>962,853</u>	<u>1,122,129</u>	<u>18,329,133</u>
Fund balances, ending	<u>\$ 16,867,250</u>	<u>\$ 978,182</u>	<u>\$ 1,131,951</u>	<u>\$ 18,977,383</u>

**City of Ames
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2018**

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
ASSETS										
Cash and cash equivalents	\$ 3,572,636	\$ 505,463	\$ 3,497,466	\$ 5,646	\$ 31,519	\$ 308,530	\$ -	\$ -	\$ 189,351	\$ 68,169
Investments	2,873,845	406,597	2,813,378	4,541	25,353	248,183	-	-	157,496	53,883
Taxes receivable	-	-	-	-	-	-	-	2,518	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	759	260
Accounts receivable, net	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	652,278	698,282	562,336	-	13,529	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	2,130	-	772,182	-	-	-	-	-	-	-
Inventories	-	-	59,514	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	2,079,899	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 7,100,889</u>	<u>\$ 1,610,342</u>	<u>\$ 7,704,876</u>	<u>\$ 10,187</u>	<u>\$ 70,401</u>	<u>\$ 556,713</u>	<u>\$ -</u>	<u>\$ 2,082,417</u>	<u>\$ 347,606</u>	<u>\$ 122,312</u>
LIABILITIES										
Accounts payable	\$ 180,706	\$ 40,793	\$ 562,300	\$ -	\$ -	\$ 188	\$ -	\$ -	\$ -	\$ -
Accrued payroll	4,983	-	69,836	-	806	281	-	-	-	-
Retainage payable	20,212	-	29,643	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	832	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	1,842	-	3,647	-	-	-	-	-
Due to other funds	395,584	-	315,588	-	-	810	801,326	2,518	-	-
Total liabilities	<u>601,485</u>	<u>40,793</u>	<u>979,209</u>	<u>-</u>	<u>4,453</u>	<u>1,279</u>	<u>802,158</u>	<u>2,518</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	2,079,899	-	-
Other taxes	-	698,282	-	-	-	-	-	-	-	-
Grants	-	-	-	-	5,348	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>698,282</u>	<u>-</u>	<u>-</u>	<u>5,348</u>	<u>-</u>	<u>-</u>	<u>2,079,899</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	59,514	-	-	-	-	-	-	-
Restricted	6,499,404	871,267	6,666,153	-	60,600	-	-	-	347,606	-
Committed	-	-	-	10,187	-	555,434	-	-	-	122,312
Unassigned	-	-	-	-	-	-	(802,158)	-	-	-
Total fund balances (deficits)	<u>6,499,404</u>	<u>871,267</u>	<u>6,725,667</u>	<u>10,187</u>	<u>60,600</u>	<u>555,434</u>	<u>(802,158)</u>	<u>-</u>	<u>347,606</u>	<u>122,312</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 7,100,889</u>	<u>\$ 1,610,342</u>	<u>\$ 7,704,876</u>	<u>\$ 10,187</u>	<u>\$ 70,401</u>	<u>\$ 556,713</u>	<u>\$ -</u>	<u>\$ 2,082,417</u>	<u>\$ 347,606</u>	<u>\$ 122,312</u>

City of Ames
Combining Balance Sheet (continued)
Non-Major Special Revenue Funds
June 30, 2018

	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
ASSETS									
Cash and cash equivalents	\$ 209,885	\$ 6,146	\$ 1,570	\$ 847	\$ 139,882	\$ -	\$ 463,858	\$ 300,354	\$ 9,301,322
Investments	172,115	4,944	1,263	681	114,417	-	373,382	241,607	7,491,685
Taxes receivable	-	-	-	-	-	-	-	-	2,518
Accrued interest receivable	939	-	-	-	549	-	101	-	2,608
Accounts receivable, net	-	564	-	-	153	-	-	-	717
Intergovernmental receivable	-	-	-	16,313	-	-	-	-	1,942,738
Loans receivable	-	-	-	2,851	-	-	-	-	2,851
Due from other funds	3,372	-	-	81	-	-	-	-	777,765
Inventories	-	-	-	-	-	-	-	-	59,514
Property held for resale	-	-	-	1,079,068	-	-	-	-	1,079,068
Prepaid items	1,200	-	-	-	-	-	-	-	1,200
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	2,079,899
Long-term loans receivable	-	-	-	13,013	-	-	-	-	13,013
Total assets	<u>\$ 387,511</u>	<u>\$ 11,654</u>	<u>\$ 2,833</u>	<u>\$ 1,112,854</u>	<u>\$ 255,001</u>	<u>\$ -</u>	<u>\$ 837,341</u>	<u>\$ 541,961</u>	<u>\$22,754,898</u>
LIABILITIES									
Accounts payable	\$ 4,184	\$ -	\$ -	\$ 1,719	\$ 1,366	\$ -	\$ -	\$ -	\$ 791,256
Accrued payroll	5,318	-	-	-	-	-	-	-	81,224
Retainage payable	-	-	-	-	-	-	-	-	49,855
Accrued interest	-	-	-	-	-	-	-	-	832
Customer deposits	-	-	-	-	-	-	649,688	-	649,688
Intergovernmental payable	-	-	-	17	-	-	-	-	5,506
Due to other funds	2,357	-	-	7,575	-	-	-	-	1,525,758
Total liabilities	<u>11,859</u>	<u>-</u>	<u>-</u>	<u>9,311</u>	<u>1,366</u>	<u>-</u>	<u>649,688</u>	<u>-</u>	<u>3,104,119</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	-	2,079,899
Other taxes	-	-	-	-	-	-	-	-	698,282
Grants	-	-	-	-	-	-	-	-	5,348
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783,529</u>
FUND BALANCES (DEFICITS)									
Nonspendable	1,200	-	-	-	-	-	-	-	60,714
Restricted	374,452	3,636	2,833	1,103,543	253,635	-	187,653	-	16,370,782
Committed	-	8,018	-	-	-	-	-	541,961	1,237,912
Unassigned	-	-	-	-	-	-	-	-	(802,158)
Total fund balances (deficits)	<u>375,652</u>	<u>11,654</u>	<u>2,833</u>	<u>1,103,543</u>	<u>253,635</u>	<u>-</u>	<u>187,653</u>	<u>541,961</u>	<u>16,867,250</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 387,511</u>	<u>\$ 11,654</u>	<u>\$ 2,833</u>	<u>\$ 1,112,854</u>	<u>\$ 255,001</u>	<u>\$ -</u>	<u>\$ 837,341</u>	<u>\$ 541,961</u>	<u>\$22,754,898</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, 2018

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
REVENUES										
Taxes	\$ 7,681,519	\$ 2,398,439	\$ -	\$ -	\$ -	\$ -	\$ 594,020	\$ 2,030,316	\$ -	\$ -
Intergovernmental	-	-	7,321,752	-	57,001	-	-	-	-	-
Investment income	-	-	-	-	-	-	(7,032)	-	3,014	1,047
Miscellaneous	-	-	-	763	387	939	41,020	-	-	24,060
Total revenues	<u>7,681,519</u>	<u>2,398,439</u>	<u>7,321,752</u>	<u>763</u>	<u>57,388</u>	<u>939</u>	<u>628,008</u>	<u>2,030,316</u>	<u>3,014</u>	<u>25,107</u>
EXPENDITURES										
Current:										
General government	-	-	137,120	-	-	51,648	-	-	-	-
Public safety	-	-	-	-	58,887	-	-	-	-	-
Public works	-	-	4,927,659	-	-	-	-	-	-	-
Health and social services	1,277,278	-	-	-	-	-	-	-	-	-
Culture and recreation	373,492	-	-	-	-	-	-	-	-	8,541
Community and economic development	56,423	1,872,678	-	-	-	-	229,454	-	-	-
Capital outlay	593,368	-	2,609,846	-	-	-	-	-	-	2,930
Total expenditures	<u>2,300,561</u>	<u>1,872,678</u>	<u>7,674,625</u>	<u>-</u>	<u>58,887</u>	<u>51,648</u>	<u>229,454</u>	<u>-</u>	<u>-</u>	<u>11,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,380,958</u>	<u>525,761</u>	<u>(352,873)</u>	<u>763</u>	<u>(1,499)</u>	<u>(50,709)</u>	<u>398,554</u>	<u>2,030,316</u>	<u>3,014</u>	<u>13,636</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	137,191	-	-	-	-	-	2,694	-	-	-
Transfers out	(4,831,595)	(342,977)	(1,457)	-	-	-	(414,904)	(2,030,316)	(40,000)	-
Total other financing sources (uses)	<u>(4,694,404)</u>	<u>(342,977)</u>	<u>(1,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(412,210)</u>	<u>(2,030,316)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	686,554	182,784	(354,330)	763	(1,499)	(50,709)	(13,656)	-	(36,986)	13,636
Fund balances, beginning	5,812,850	688,483	7,079,997	9,424	62,099	606,143	(788,502)	-	384,592	108,676
Fund balances, ending	<u>\$ 6,499,404</u>	<u>\$ 871,267</u>	<u>\$ 6,725,667</u>	<u>\$ 10,187</u>	<u>\$ 60,600</u>	<u>\$ 555,434</u>	<u>\$ (802,158)</u>	<u>\$ -</u>	<u>\$ 347,606</u>	<u>\$ 122,312</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, 2018

	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
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,704,294
Intergovernmental	14,181	-	-	419,165	-	-	-	-	7,812,099
Investment income	3,547	-	-	-	2,083	-	404	-	3,063
Miscellaneous	231,841	16,646	-	385	74,436	-	-	-	390,477
Total revenues	249,569	16,646	-	419,550	76,519	-	404	-	20,909,933
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	188,768
Public safety	-	-	-	-	31,720	-	-	-	90,607
Public works	-	-	-	-	-	-	-	-	4,927,659
Health and social services	-	15,760	-	-	-	-	-	-	1,293,038
Culture and recreation	226,167	-	-	-	-	173	-	-	608,373
Community and economic development	-	-	-	265,509	-	-	-	-	2,424,064
Capital outlay	-	-	-	-	-	-	26,817	-	3,232,961
Total expenditures	226,167	15,760	-	265,509	31,720	173	26,817	-	12,765,470
Excess (deficiency) of revenues over (under) expenditures	23,402	886	-	154,041	44,799	(173)	(26,413)	-	8,144,463
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	139,885
Transfers out	-	-	-	-	-	-	-	-	(7,661,249)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(7,521,364)
Net change in fund balances	23,402	886	-	154,041	44,799	(173)	(26,413)	-	623,099
Fund balances, beginning	352,250	10,768	2,833	949,502	208,836	173	214,066	541,961	16,244,151
Fund balances, ending	\$ 375,652	\$ 11,654	\$ 2,833	\$ 1,103,543	\$ 253,635	\$ -	\$ 187,653	\$ 541,961	\$ 16,867,250

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, 2018

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 222,444	\$ 2,298,311	\$ 2,167,110	\$ 230,777	\$ 119,336	\$ 617,751	\$ 5,655,729
Investments	182,758	1,883,628	1,769,314	187,111	97,077	510,211	4,630,099
Accrued interest receivable	922	9,941	8,443	956	470	3,005	23,737
Accounts receivable, net	5,066	125,581	203,679	20,225	-	115,747	470,298
Due from other funds	-	12,608	15,931	-	804	1,273	30,616
Intergovernmental receivable	1,253	2,631,374	-	20,153	-	443,081	3,095,861
Inventories	9,433	299,731	-	3,763	1,475	-	314,402
Prepaid items	1,262	18,450	-	-	6,432	-	26,144
Total current assets	423,138	7,279,624	4,164,477	462,985	225,594	1,691,068	14,246,886
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	627,606	-	193,250	531,517	2,304,420
Land improvements	623,538	175,441	2,428,761	63,578	127,581	172,379	3,591,278
Buildings	-	26,523,651	-	1,870,329	87,003	11,342,409	39,823,392
Equipment	56,130	29,157,982	8,390	316,275	5,700	7,924,555	37,469,032
Construction in progress	-	21,306	316,901	-	-	-	338,207
Less accumulated depreciation	(616,431)	(25,038,280)	(313,298)	(1,186,715)	(178,713)	(13,582,976)	(40,916,413)
Total noncurrent assets	973,784	30,881,600	3,068,360	1,063,467	234,821	6,387,884	42,609,916
Total assets	1,396,922	38,161,224	7,232,837	1,526,452	460,415	8,078,952	56,856,802
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	99,124	1,537,111	44,951	43,884	17,950	257,790	2,000,810
LIABILITIES							
Current liabilities:							
Accounts payable	4,191	245,228	20,096	46,666	3,210	54,492	373,883
Accrued payroll	11,520	155,283	10,584	2,205	3,926	1,671	185,189
Accrued compensated absences	1,807	22,854	1,245	792	233	3,425	30,356
Due to other funds	14,741	30,721	115,824	3,617	7,447	73,542	245,892
Retainage payable	-	14,116	31,992	2,242	-	-	48,350
Accrued interest	-	-	-	-	-	2,166	2,166
Intergovernmental payable	456	13,146	749	123	506	51,326	66,306
Accrued landfill post-closure costs	-	-	-	-	-	17,357	17,357
Bonds payable, net	-	-	-	-	-	145,855	145,855
Unearned revenue	6,700	-	-	-	-	-	6,700
Total current liabilities	39,415	481,348	180,490	55,645	15,322	349,834	1,122,054
Noncurrent liabilities:							
Accrued compensated absences	33,054	408,674	18,983	13,824	2,809	46,849	524,193
Accrued other post-employment benefits	19,525	165,746	13,684	4,189	3,344	62,570	269,058
Net pension liability	349,724	5,132,242	156,602	144,949	65,453	870,137	6,719,107
Accrued landfill post-closure costs	-	-	-	-	-	119,731	119,731
Bonds payable, net	-	-	-	-	-	894,353	894,353
Total noncurrent liabilities	402,303	5,706,662	189,269	162,962	71,606	1,993,640	8,526,442
Total liabilities	441,718	6,188,010	369,759	218,607	86,928	2,343,474	9,648,496
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	478	4,062	335	103	82	1,533	6,593
Deferred inflows related to pensions	4,165	76,165	4,640	5,166	3,052	33,099	126,287
Total	4,643	80,227	4,975	5,269	3,134	34,632	132,880
NET POSITION							
Net investment in capital assets	973,784	30,881,600	3,068,360	1,063,467	234,821	5,347,676	41,569,708
Unrestricted	75,901	2,548,498	3,834,694	282,993	153,482	610,960	7,506,528
Total net position	\$ 1,049,685	\$33,430,098	\$ 6,903,054	\$ 1,346,460	\$ 388,303	\$ 5,958,636	\$49,076,236

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2018

	Parking	Transit	Storm Sewer	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Operating revenues:							
Charges for services	\$ 829,993	\$ 6,746,369	\$ 1,817,030	\$ 504,884	\$ 184,601	\$ 2,719,456	\$12,802,333
Operating expenses:							
Cost of goods and services	828,108	9,218,962	378,054	555,072	226,401	3,752,597	14,959,194
Administration	67,321	1,963,416	8,704	-	-	240,643	2,280,084
Depreciation	10,183	2,687,912	47,993	102,065	8,061	534,149	3,390,363
Total operating expenses	905,612	13,870,290	434,751	657,137	234,462	4,527,389	20,629,641
Operating income (loss)	(75,619)	(7,123,921)	1,382,279	(152,253)	(49,861)	(1,807,933)	(7,827,308)
Non-operating revenues (expenses):							
Intergovernmental	-	3,352,964	1,139	-	-	20,000	3,374,103
Reimbursements	-	66,258	-	542	-	284,840	351,640
Investment income	3,980	45,914	33,157	3,532	1,829	11,812	100,224
Interest expense	-	-	-	-	-	(22,608)	(22,608)
Gain on disposal of capital assets	-	8,375	-	-	-	3,703	12,078
Miscellaneous	-	11,185	50	48,999	64,077	495	124,806
Total non-operating revenues	3,980	3,484,696	34,346	53,073	65,906	298,242	3,940,243
Income (loss) before capital contributions and transfers	(71,639)	(3,639,225)	1,416,625	(99,180)	16,045	(1,509,691)	(3,887,065)
Capital contributions	-	1,288,110	-	20,000	-	-	1,308,110
Transfers in	-	1,821,696	-	20,000	-	487,697	2,329,393
Change in net position	(71,639)	(529,419)	1,416,625	(59,180)	16,045	(1,021,994)	(249,562)
Net position, beginning (as previously reported)	1,123,472	33,977,756	5,487,935	1,406,101	372,626	6,987,515	49,355,405
Net position restatement	(2,148)	(18,239)	(1,506)	(461)	(368)	(6,885)	(29,607)
Net position, beginning (as restated)	1,121,324	33,959,517	5,486,429	1,405,640	372,258	6,980,630	49,325,798
Net position, ending	<u>\$ 1,049,685</u>	<u>\$33,430,098</u>	<u>\$ 6,903,054</u>	<u>\$ 1,346,460</u>	<u>\$ 388,303</u>	<u>\$ 5,958,636</u>	<u>\$49,076,236</u>

City of Ames
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2018

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 829,432	\$ 6,985,681	\$ 2,287,365	\$ 497,075	\$ 184,594	\$ 2,903,829	\$ 13,687,976
Payments to suppliers	(139,382)	(2,750,712)	(14,248)	(212,763)	(72,789)	(2,070,412)	(5,260,306)
Payments to employees	(581,653)	(7,785,038)	(245,683)	(263,937)	(105,139)	(1,381,205)	(10,362,655)
Payments to other funds for services provided	(169,359)	(563,107)	(139,362)	(35,794)	(44,175)	(658,499)	(1,610,296)
Net cash provided by (used for) operating activities	(60,962)	(4,113,176)	1,888,072	(15,419)	(37,509)	(1,206,287)	(3,545,281)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	-	3,352,964	1,139	-	-	20,000	3,374,103
Reimbursements	-	66,258	-	542	-	284,840	351,640
Miscellaneous income	-	11,185	50	48,999	64,077	495	124,806
Transfers in	-	1,821,696	-	20,000	-	487,697	2,329,393
Net cash provided by non-capital financing activities	-	5,252,103	1,189	69,541	64,077	793,032	6,179,942
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	(1,855,338)	(726,002)	(40,934)	-	(97,595)	(2,719,869)
Proceeds from the sale of capital assets	-	9,875	-	-	-	3,703	13,578
Principal paid on capital debt	-	-	-	-	-	(135,000)	(135,000)
Interest paid on capital debt	-	-	-	-	-	(28,687)	(28,687)
Capital contributions	-	1,288,110	-	20,000	-	-	1,308,110
Net cash used for capital and related financing activities	-	(557,353)	(726,002)	(20,934)	-	(257,579)	(1,561,868)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(227,584)	(986,025)	(246,166)	(126,866)	(55,343)	(1,196,457)	(2,838,441)
Proceeds from sale of investments	368,617	1,597,060	398,714	205,484	89,639	1,937,896	4,597,410
Interest on investments	3,505	39,765	27,497	2,956	1,538	10,611	85,872
Net cash provided by investing activities	144,538	650,800	180,045	81,574	35,834	752,050	1,844,841
Net increase in cash and cash equivalents	83,576	1,232,374	1,343,304	114,762	62,402	81,216	2,917,634
Cash and cash equivalents, beginning	138,868	1,065,937	823,806	116,015	56,934	536,535	2,738,095
Cash and cash equivalents, ending	<u>\$ 222,444</u>	<u>\$ 2,298,311</u>	<u>\$ 2,167,110</u>	<u>\$ 230,777</u>	<u>\$ 119,336</u>	<u>\$ 617,751</u>	<u>\$ 5,655,729</u>

City of Ames
Combining Statement of Cash Flows (continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2018

	Parking	Transit	Storm Sewer Utility	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ (75,619)	\$ (7,123,921)	\$ 1,382,279	\$ (152,253)	\$ (49,861)	\$ (1,807,933)	\$ (7,827,308)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:							
Depreciation expense	10,183	2,687,912	47,993	102,065	8,061	534,149	3,390,363
(Increase) decrease in accounts receivable	(1,929)	(83,138)	(5,524)	(7,471)	-	146,501	48,439
(Increase) decrease in due from other funds	-	(10,264)	(2,750)	-	(7)	54,361	41,340
Increase in intergovernmental receivable	463	332,714	478,609	(153)	-	(16,489)	795,144
(Increase) decrease in inventories	7,454	(25,938)	-	(265)	1,170	-	(17,579)
Decrease in prepaid items	(1,262)	(17,150)	-	-	(1,468)	-	(19,880)
Increase in deferred outflows of resources	(1,459)	(56,613)	(4,028)	(4,701)	(2,703)	(30,051)	(99,555)
Increase (decrease) in accounts payable	(3,255)	(94,533)	(87,733)	33,235	(421)	(18,440)	(171,147)
Increase (decrease) in accrued payroll	(5,083)	(8,481)	8,380	(1,309)	107	(1,643)	(8,029)
Increase (decrease) in accrued compensated absences	(5,843)	38,745	(662)	3,084	(17)	480	35,787
Increase (decrease) in due to other funds	1,554	6,755	50,332	2,385	3,128	6,097	70,251
Increase (decrease) in retainage payable	-	(16,894)	11,675	-	-	(7,338)	(12,557)
Increase (decrease) in intergovernmental payable	(336)	5,759	(209)	(18)	(221)	(127,953)	(122,978)
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(1,076)	(1,076)
Increase (decrease) in unearned revenue	905	-	-	(185)	-	-	720
Increase in post-employment benefits	513	4,359	360	110	88	1,646	7,076
Increase in pension liability	12,194	226,459	6,045	6,366	2,242	36,142	289,448
Decrease in deferred inflows of resources	558	21,053	3,305	3,691	2,393	25,260	56,260
Total adjustments	14,657	3,010,745	505,793	136,834	12,352	601,646	4,282,027
Net cash provided by (used for) operating activities	\$ (60,962)	\$ (4,113,176)	\$ 1,888,072	\$ (15,419)	\$ (37,509)	\$ (1,206,287)	\$ (3,545,281)

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, 2018

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,123,935	\$ 1,243,156	\$ 1,223,532	\$ 2,856,314	\$ 10,446,937
Investments	4,195,821	1,017,771	995,613	2,338,311	8,547,516
Accrued interest receivable	20,383	5,126	4,743	10,973	41,225
Accounts receivable, net	32,630	1,500	14,827	2,336	51,293
Due from other funds	868,040	204,778	-	-	1,072,818
Intergovernmental receivable	2,605	2,257	-	1,041	5,903
Inventories	93,480	-	-	-	93,480
Prepaid items	3,172	111,746	-	-	114,918
Total current assets	<u>10,340,066</u>	<u>2,586,334</u>	<u>2,238,715</u>	<u>5,208,975</u>	<u>20,374,090</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	884,494	-	-	-	884,494
Equipment	16,193,415	2,626,058	-	-	18,819,473
Less accumulated depreciation	(8,304,320)	(1,674,246)	-	-	(9,978,566)
Total noncurrent assets	<u>8,773,589</u>	<u>1,144,245</u>	<u>-</u>	<u>-</u>	<u>9,917,834</u>
Total assets	<u>19,113,655</u>	<u>3,730,579</u>	<u>2,238,715</u>	<u>5,208,975</u>	<u>30,291,924</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	152,565	93,249	25,690	28,282	299,786
LIABILITIES					
Current liabilities:					
Accounts payable	94,251	137,367	78,852	25,370	335,840
Accrued payroll	13,650	1,659	-	-	15,309
Accrued compensated absences	2,469	4,426	211	298	7,404
Due to other funds	248,265	126,122	191	16,479	391,057
Claims payable	-	-	787,946	600,000	1,387,946
Intergovernmental payable	13,901	410	-	2,389	16,700
Total current liabilities	<u>372,536</u>	<u>269,984</u>	<u>867,200</u>	<u>644,536</u>	<u>2,154,256</u>
Noncurrent liabilities:					
Accrued compensated absences	33,250	87,943	2,320	3,328	126,841
Accrued other post-employment benefits	46,678	39,953	1,768	4,362	92,761
Net pension liability	518,924	330,326	72,594	85,372	1,007,216
Total noncurrent liabilities	<u>598,852</u>	<u>458,222</u>	<u>76,682</u>	<u>93,062</u>	<u>1,226,818</u>
Total liabilities	<u>971,388</u>	<u>728,206</u>	<u>943,882</u>	<u>737,598</u>	<u>3,381,074</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	1,144	979	43	107	2,273
Deferred inflows related to pensions	8,039	872	17,665	5,428	32,004
	<u>9,183</u>	<u>1,851</u>	<u>17,708</u>	<u>5,535</u>	<u>34,277</u>
NET POSITION					
Net investment in capital assets	8,773,589	1,144,245	-	-	9,917,834
Unrestricted	9,512,060	1,949,526	1,302,815	4,494,124	17,258,525
Total net position	<u>\$ 18,285,649</u>	<u>\$ 3,093,771</u>	<u>\$ 1,302,815</u>	<u>\$ 4,494,124</u>	<u>\$ 27,176,359</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 4,022,897	\$ 2,518,592	\$ 2,497,165	\$ 9,763,227	\$18,801,881
Operating expenses:					
Cost of goods and services	2,227,521	2,433,299	2,215,933	9,331,184	16,207,937
Depreciation	1,068,201	205,057	-	-	1,273,258
Total operating expenses	3,295,722	2,638,356	2,215,933	9,331,184	17,481,195
Operating income (loss)	727,175	(119,764)	281,232	432,043	1,320,686
Non-operating revenues:					
Investment income	79,578	20,583	15,322	43,553	159,036
Gain (loss) on disposal of capital assets	6,039	(28,713)	-	-	(22,674)
Total non-operating revenues	85,617	(8,130)	15,322	43,553	136,362
Income before transfers	812,792	(127,894)	296,554	475,596	1,457,048
Transfers in	4,371	-	-	-	4,371
Change in net position	817,163	(127,894)	296,554	475,596	1,461,419
Net position, beginning (as previously reported)	17,473,623	3,226,061	1,006,456	4,019,008	25,725,148
Net position restatement	(5,137)	(4,396)	(195)	(480)	(10,208)
Net position, beginning (as restated)	17,468,486	3,221,665	1,006,261	4,018,528	25,714,940
Net position, ending	\$18,285,649	\$ 3,093,771	\$ 1,302,815	\$ 4,494,124	\$27,176,359

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,690,959	\$ 2,565,851	\$ 2,497,365	\$ 9,765,407	\$18,519,582
Payments to suppliers	(1,036,091)	(1,042,692)	(1,487,775)	(9,021,993)	(12,588,551)
Payments to employees	(821,803)	(975,255)	(107,611)	(172,470)	(2,077,139)
Payments to other funds for services provided	(451,762)	(179,257)	(6,982)	(10,674)	(648,675)
Net cash provided by operating activities	<u>1,381,303</u>	<u>368,647</u>	<u>894,997</u>	<u>560,270</u>	<u>3,205,217</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	4,371	-	-	-	4,371
Net cash used for non-capital financing activities	<u>4,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,371</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,622,714)	(483,808)	-	-	(2,106,522)
Proceeds from the sale of capital assets	89,463	-	-	-	89,463
Net cash used for capital and related financing activities	<u>(1,533,251)</u>	<u>(483,808)</u>	<u>-</u>	<u>-</u>	<u>(2,017,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(3,842,100)	(1,020,120)	(198,923)	(1,421,987)	(6,483,130)
Proceeds from sale of investments	6,223,032	1,652,284	122,815	2,303,186	10,301,317
Interest on investments	68,053	17,627	12,215	36,765	134,660
Net cash provided by (used for) investing activities	<u>2,448,985</u>	<u>649,791</u>	<u>(63,893)</u>	<u>917,964</u>	<u>3,952,847</u>
Net increase in cash and cash equivalents	2,301,408	534,630	831,104	1,478,234	5,145,376
Cash and cash equivalents, beginning	<u>2,822,527</u>	<u>708,526</u>	<u>392,428</u>	<u>1,378,080</u>	<u>5,301,561</u>
Cash and cash equivalents, ending	<u>\$ 5,123,935</u>	<u>\$ 1,243,156</u>	<u>\$ 1,223,532</u>	<u>\$ 2,856,314</u>	<u>\$10,446,937</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2018

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 727,175	\$ (119,764)	\$ 281,232	\$ 432,043	\$ 1,320,686
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,068,201	205,057	-	-	1,273,258
(Increase) decrease in accounts receivable	(27,381)	(1,500)	200	(2,336)	(31,017)
(Increase) decrease in due from other funds	(323,649)	(36,376)	-	128	(359,897)
Decrease in intergovernmental receivable	19,092	143,706	-	4,388	167,186
Decrease in inventories	(10,929)	-	-	-	(10,929)
(Increase) decrease in prepaid items	465	(21,429)	511,323	-	490,359
(Increase) decrease in deferred outflows of resources	(5,951)	486	(18,154)	(5,267)	(28,886)
Increase (decrease) in accounts payable	75,418	119,149	6,050	(125,122)	75,495
Increase (decrease) in accrued payroll	(539)	219	(351)	-	(671)
Increase (decrease) in accrued compensated absences	1,200	3,073	2,531	(863)	5,941
Increase (decrease) in due to other funds	(148,475)	122,290	(203)	(1,003)	(27,391)
Decrease in retainage payable	(10,004)	-	-	-	(10,004)
Increase in claims payable	-	-	91,411	250,000	341,411
Increase (decrease) in intergovernmental payable	(9,671)	400	-	(909)	(10,180)
Decrease in unearned revenue	-	(58,571)	-	-	(58,571)
Increase in post-employment benefits	1,227	1,051	46	115	2,439
Increase in pension liability	21,853	12,560	3,290	4,511	42,214
Increase (decrease) in deferred inflows of resources	3,271	(1,704)	17,622	4,585	23,774
Total adjustments	654,128	488,411	613,765	128,227	1,884,531
Net cash provided by operating activities	\$ 1,381,303	\$ 368,647	\$ 894,997	\$ 560,270	\$ 3,205,217

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, 2018

	<u>Payroll Clearing</u>	<u>Flex Benefits</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 220,641	\$ 54,578	\$ 275,219
Accounts receivable, net	458	\$ -	458
Investments	177,485	-	177,485
Total assets	<u>\$ 398,584</u>	<u>\$ 54,578</u>	<u>\$ 453,162</u>
LIABILITIES			
Accounts payable	\$ -	\$ 54,578	\$ 54,578
Due to other governments	398,584	-	398,584
Total liabilities	<u>\$ 398,584</u>	<u>\$ 54,578</u>	<u>\$ 453,162</u>

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Total Agency Funds			
	Balance 07/01/17	Additions	Deductions	Balance 06/30/18
ASSETS				
Cash and cash equivalents	\$ 167,605	\$ 30,566,318	\$ 30,458,704	\$ 275,219
Accounts receivable, net	-	458	-	458
Investments	255,793	71,932	150,240	177,485
Total assets	\$ 423,398	\$ 30,638,708	\$ 30,608,944	\$ 453,162

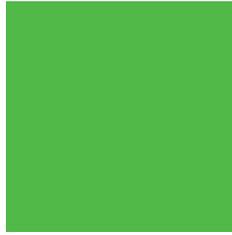
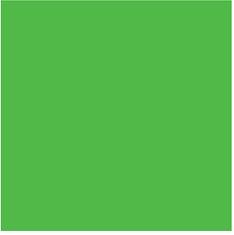
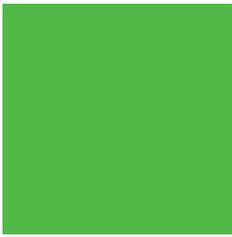
LIABILITIES				
Accounts payable	\$ 56,455	\$ 31,979,446	\$ 31,981,323	\$ 54,578
Due to other governments	366,943	19,601,654	19,570,013	398,584
Total liabilities	\$ 423,398	\$ 51,581,100	\$ 51,551,336	\$ 453,162

	Payroll Clearing Fund			
	Balance 07/01/17	Additions	Deductions	Balance 06/30/18
ASSETS				
Cash and cash equivalents	\$ 111,218	\$ 29,195,025	\$ 29,085,602	\$ 220,641
Accounts receivable, net	-	458	-	458
Investments	255,787	71,932	150,234	177,485
Total assets	\$ 367,005	\$ 29,267,415	\$ 29,235,836	\$ 398,584

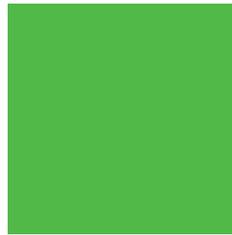
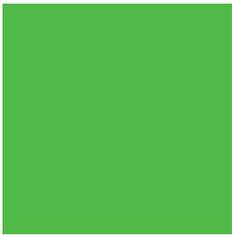
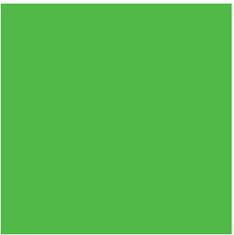
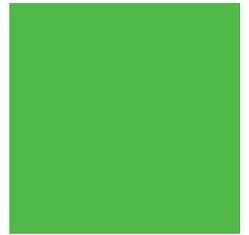
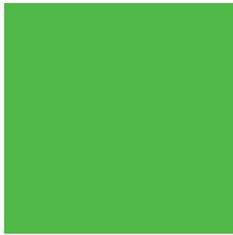
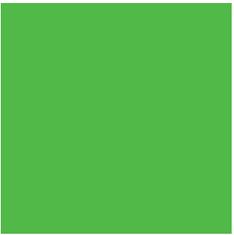
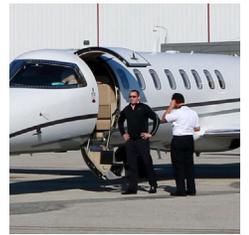
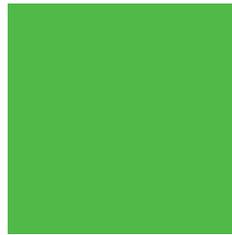
LIABILITIES				
Accounts payable	\$ 62	\$ 30,946,007	\$ 30,946,069	\$ -
Due to other governments	366,943	19,601,654	19,570,013	398,584
Total liabilities	\$ 367,005	\$ 50,547,661	\$ 50,516,082	\$ 398,584

	Flexible Benefits Fund			
	Balance 07/01/17	Additions	Deductions	Balance 06/30/18
ASSETS				
Cash and cash equivalents	\$ 56,387	\$ 1,371,293	\$ 1,373,102	\$ 54,578
Investments	6	-	6	-
Total assets	\$ 56,393	\$ 1,371,293	\$ 1,373,108	\$ 54,578

LIABILITIES				
Accounts payable	\$ 56,393	\$ 1,033,439	\$ 1,035,254	\$ 54,578
Total liabilities	\$ 56,393	\$ 1,033,439	\$ 1,035,254	\$ 54,578



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.

Contents	Page
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>	131
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	136
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>	140
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>	146
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>	148

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 141,703,409
Restricted	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	21,714,454
Unrestricted	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	1,139,151
Total governmental activities	<u>132,474,804</u>	<u>140,397,482</u>	<u>141,325,827</u>	<u>144,842,511</u>	<u>145,581,407</u>	<u>150,528,382</u>	<u>137,184,503</u>	<u>149,457,166</u>	<u>159,258,992</u>	<u>164,557,014</u>
Business-type activities										
Net investment in capital assets	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	308,134,898
Restricted	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	2,458,169
Unrestricted	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	353,749,237
Total business-type activities	<u>378,418,117</u>	<u>411,669,085</u>	<u>464,822,683</u>	<u>504,057,750</u>	<u>542,060,209</u>	<u>589,040,495</u>	<u>566,807,852</u>	<u>578,214,753</u>	<u>627,432,609</u>	<u>664,342,304</u>
Primary government										
Net investment in capital assets	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	449,838,307
Restricted	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	24,172,623
Unrestricted	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	354,888,388
Total primary government	<u>\$ 510,892,921</u>	<u>\$ 552,066,567</u>	<u>\$ 606,148,510</u>	<u>\$ 648,900,261</u>	<u>\$ 687,641,616</u>	<u>\$ 739,568,877</u>	<u>\$ 703,992,355</u>	<u>\$ 727,671,919</u>	<u>\$ 786,691,601</u>	<u>\$ 828,899,318</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,044,800
Public safety	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	18,202,532
Public works	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	15,667,470
Health and social services	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	1,293,038
Culture and recreation	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	10,989,672
Community and economic development	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	3,257,359
Interest	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	1,532,790
Total governmental activities	<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>	<u>54,987,661</u>
Business-type activities:										
Mary Greeley Medical Center	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	185,267,383
Electric	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	60,617,830
Sewer	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	8,558,520
Water	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	11,766,957
Parking	766,381	819,988	805,253	767,154	846,825	876,916	888,452	900,939	887,679	891,229
Transit	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	13,794,474
Storm sewer	1,080,705	782,489	917,771	918,495	655,522	467,378	644,411	557,890	1,231,885	420,171
Ice arena	511,334	565,303	526,660	521,670	606,215	578,163	584,702	605,291	602,774	651,714
Golf course	218,708	218,021	230,698	232,689	211,279	206,620	253,997	243,309	258,459	227,798
Resource recovery	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	4,485,732
Total business-type activities	<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>	<u>286,681,808</u>
Total expenses	<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>	<u>341,669,469</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,367,765	1,308,062	1,404,478	118,459	130,627	163,655	134,239	172,126	203,609	158,792
Public safety	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	3,421,439
Public works	5,181,523	5,865,263	5,231,237	6,601,518	6,026,315	295,874	715,898	277,437	268,565	2,737,534
Culture and recreation	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	2,131,253
Other activities	73,674	34,005	24,163	7,630	11,140	15,925	23,015	24,615	25,660	21,132
Operating grants and contributions	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	8,546,037
Capital grants and contributions	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	3,285,174
Total governmental activities	<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>	<u>20,301,361</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	156,095,243	156,880,212	160,115,058	171,389,850	175,011,409	174,265,003	184,201,460	181,534,863	189,944,553	194,988,247
Electric	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	68,660,541
Sewer	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	9,175,876
Water	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	10,620,863
Parking	792,023	762,746	872,625	779,976	883,899	870,246	891,983	925,177	899,705	829,993
Transit	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	6,746,369
Storm sewer	878,597	984,077	957,122	1,155,583	1,136,621	1,179,495	1,215,233	1,241,840	1,700,529	1,817,030
Ice arena	444,671	433,628	472,015	475,743	471,760	507,203	532,001	544,300	481,831	504,884
Golf course	234,701	246,357	220,388	235,824	220,643	256,221	248,853	268,440	191,186	184,601
Resource recovery	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	2,719,456
Operating grants and contributions	2,681,074	2,922,399	2,567,137	2,751,186	2,723,226	3,059,305	3,161,366	3,405,067	5,062,412	4,961,244
Capital grants and contributions	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	1,728,763
Total business-type activities	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	302,937,867
Total program revenues	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	323,239,228
Net (expense) / revenue										
Governmental activities	(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)	(34,686,300)
Business-type activities	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	16,256,059
Total net (expense) / revenue	(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)	(18,430,241)
General revenues										
Governmental activities:										
Taxes										
Property taxes	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	29,680,915
Sales taxes	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	7,681,519
Hotel / motel taxes	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	2,412,667
Unrestricted grants and contribution:	15,842	15,842	15,990	17,040	17,726	17,819	19,108	20,527	20,565	22,146
Investment income	1,508,776	673,003	499,004	436,302	18,067	544,414	455,916	699,289	211,126	689,377
Other income	-	-	-	314,699	120,071	118,097	133,787	450,340	251,997	1,214,979
Gain on disposal of assets	-	-	-	127,182	16,084	25,501	63,228	140,825	118,389	6,039
Transfers	307,267	351,946	(228,423)	(223,314)	12,751	(18,401)	117,020	(13,399)	(465,996)	(1,604,405)
Total governmental activities	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	40,103,237
Business-type activities:										
Investment income	(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	18,271,065
Other income	-	-	-	-	40,761	66,660	64,714	40,083	417,879	427,961
Gain on disposal of assets	1,311	1,151	18,421	5,164,193	35,091	551,139	25,700	-	48,479	12,078
Special item	-	-	9,382,844	-	-	-	-	-	-	-
Transfers	(307,267)	(351,946)	228,423	223,314	(12,751)	18,401	(117,020)	13,399	465,996	1,604,405
Total business-type activities	(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	20,315,509
Total primary government	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	60,418,746
Change in net position										
Governmental activities	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	5,416,937
Business-type activities	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	36,571,568
Total change in net position	\$ 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	\$41,988,505

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 190,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,933,392	-	-	-	-	-	-	-	-	-
Nonspendable	-	68,171	97,918	96,235	73,623	68,428	90,538	141,713	172,236	237,381
Assigned	-	74,962	124,097	147,752	382,930	253,059	296,803	725,077	809,033	580,004
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	10,824,689
Total general fund	<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>	<u>\$ 11,642,074</u>
All other governmental funds										
Reserved	\$ 11,630,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Non-major special revenue funds	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	2,038,896
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	32,769,654
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	1,988,318
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)	(1,309,206)
Total all other governmental funds	<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>	<u>\$ 35,487,662</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	\$ 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	\$ 39,760,873
Special assessments	136,817	301,709	238,106	217,885	306,761	16,590	362,306	222,895	298,227	564,860
Licenses and permits	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	1,635,289
Intergovernmental	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	11,815,543
Charges for services	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	3,914,432
Fines and forfeitures	214,672	180,059	196,748	214,641	111,014	146,485	138,720	93,652	67,584	65,504
Investment income	1,345,607	664,464	635,176	320,693	70,115	419,786	404,297	529,364	169,673	530,341
Miscellaneous	875,643	412,881	476,659	3,027,255	1,219,633	863,337	825,429	852,639	930,506	1,856,014
Total revenues	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	60,142,856
EXPENDITURES										
Current:										
General government	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	3,806,110
Public safety	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	17,703,682
Public works	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	6,202,540
Health and social services	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	1,293,038
Culture and recreation	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	9,072,955
Community and economic development	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	3,249,583
Debt service:										
Principal	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	8,657,150
Interest and fiscal charges	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	2,067,672
Capital outlay	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	11,983,901
Total expenditures	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	64,036,631
Excess (deficiency) of revenues over (under) expenditures	(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)	(3,893,775)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	10,451,681
Transfers out	(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)	(12,060,457)
General obligation bonds issued	5,825,000	11,165,000	6,690,000	6,675,000	30,455,000	-	9,395,000	11,435,000	6,890,605	6,985,000
Premium on general obligation bonds	85,108	247,038	197,459	12,885	1,302,774	-	238,187	901,045	475,349	602,484
Refunding bonds issued	6,995,000	-	5,980,000	-	2,090,000	-	-	5,150,000	2,130,000	3,990,000
Premium on refunding bonds	210,985	-	-	-	57,213	-	-	436,214	189,555	326,513
Payment to refunded bond escrow	(7,150,000)	-	(7,250,000)	-	-	-	-	-	-	(4,328,059)
Total other financing sources (uses)	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	5,967,162
Net change in fund balances	\$ (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	\$ 2,073,387
Debt service as a percentage of non-capital expenditures	19.5%	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%	28.2%	24.2%	20.1%

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utilities	Multi-Residential¹	Other Property¹	Less: Military Tax Exemption	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Taxable Value as a Percentage of Estimated Actual Assessed Value
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%
2018	1,731,394,279	705,942,764	137,021,310	19,179,323	109,617,206	609,200	2,323,334	2,701,440,748	10.3759	4,180,898,134	64.61%

Source: Story County Auditor

¹ Fiscal year 2017 is the first fiscal year to have these classifications.

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

Fiscal Year	City Direct Rates				Overlapping Rates ¹				Total Direct & Overlapping Rates
	General ²	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate ³	Ames School District ⁴	Consolidated County ⁵	Area Vocational ⁶	
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
2018	5.65041	0.65194	0.72660	3.34694	10.37589	14.34129	6.24271	0.67458	31.63447

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

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

³ City Council sets the rate.

⁴ School district board of education sets the rate.

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

⁶ Area community college sets the rate.

Source: Story County Auditor

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Iowa State University Research	\$ 61,764,958	1	2.29%			
Barilla America, Inc.	33,167,250	2	1.23%	30,569,300	1	1.57%
Campus Investors IS, LLC	32,311,823	3	1.20%	9,693,274	7	0.50%
Clinic Building Company, Inc.	25,235,880	4	0.93%	15,938,043	3	0.82%
GPT Ames Owner LLC ¹	21,346,650	5	0.79%	13,440,000	4	0.69%
Threshold NGM LP 51%	19,019,520	6	0.70%	28,922,048	2	1.49%
Wal-Mart Stores, Inc.	18,810,000	7	0.70%			
Dayton Park, LLC	18,556,724	8	0.69%			
CB at Ames, LLC	16,506,726	9	0.61%			
University West Property Owner, LLC	15,714,689	10	0.58%			
Midwest Centers				12,717,722	5	0.65%
Ball Plastics Container Corp				10,024,000	6	0.52%
CPMI-CRE Coralville LTD Partnership				9,244,085	8	0.48%
SUSA Holding of Story County, Inc.				8,775,000	9	0.45%
BRHC Ames LLC				8,715,509	10	0.45%
	<u>\$ 262,434,220</u>		<u>9.72%</u>	<u>\$ 148,038,981</u>		<u>7.62%</u>

¹ Formerly Cycloneball, LLC

Source: Story County Auditor

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
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%
2018	28,137,151	27,044,258	96.12%	-	27,044,258	96.12%

Sources: Story County Auditor and City Finance Department

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Outstanding Debt	Percentage of Personal Income ²	Population ³	Per Capita
	General Obligation Bonds ¹	General Obligation Bonds ¹	Revenue Bonds ¹	Notes Payable	Loans Payable				
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
2018	63,331,642	5,682,156	91,617,054	-	66,796,145	227,426,997	12.60%	58,965	3,857

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

² Personal income is presented on page 146

³ United States Census Bureau

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

Fiscal Year	General Obligation Bonds¹	Less: Amounts Available in Debt Service Fund²	Total	Percentage of Estimated Actual Assessed Value of Property³	Per Capita⁴
2009	\$43,212,657	\$ 1,990,754	\$41,221,903	1.28%	\$ 729
2010	47,388,494	2,467,664	44,920,830	1.35%	793
2011	46,890,683	1,942,412	44,948,271	1.31%	762
2012	45,837,407	1,658,922	44,178,485	1.28%	749
2013	72,308,392	1,260,206	71,048,186	2.04%	1,205
2014	64,002,593	603,260	63,399,333	1.79%	1,075
2015	65,892,862	594,468	65,298,394	1.81%	1,107
2016	71,659,884	773,472	70,886,412	1.87%	1,202
2017	71,522,251	1,173,608	70,348,643	1.74%	1,193
2018	69,013,798	987,953	68,025,845	1.63%	1,154

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

² Amount restricted for debt service payments

³ See page 136 for property value data

⁴ See page 146 for population data

**City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$16,510,000	98.22%	\$ 16,216,122
Gilbert Community School District	16,295,000	50.86%	8,287,637
Des Moines Area Community College ¹	22,355,000	6.19%	1,383,775
Nevada Community School District	6,394,000	0.15%	9,591
Story County	6,365,443	60.62%	3,858,732
Other debt:			
Ames Community School District revenue bonds	13,042,000	98.22%	12,809,852
Gilbert Community School District revenue bonds	9,795,000	50.86%	4,981,737
Des Moines Area Community College revenue bonds	2,535,000	6.19%	156,917
Nevada Community School District revenue bonds	12,510,000	6.19%	774,369
Nevada Community School District capital notes	1,113,000	0.15%	1,670
Subtotal, overlapping debt			<u>48,480,402</u>
City direct debt			<u>63,331,641</u>
Total direct and overlapping debt			<u><u>\$ 111,812,043</u></u>

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

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

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

**City of Ames
Legal Debt Margin
June 30, 2018**

Legal debt margin for the fiscal year ended June 30, 2018:

Assessed value	\$ 4,180,898,134
Debt limit (5% of actual value)	\$ 209,044,907
Debt applicable to limit:	
General obligation bonds	65,480,000
Legal debt margin	\$ 143,564,907
Percentage of net debt margin available	68.68%
Percentage of net debt margin exhausted	31.32%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2018	\$ 209,044,907	\$ 65,480,000	68.68%
2017	202,620,917	68,230,000	66.33%
2016	189,479,911	68,825,000	63.68%
2015	180,218,498	64,110,000	64.43%
2014	176,836,768	62,260,000	64.79%
2013	174,277,177	70,385,000	59.61%
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%

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 Revenues³	Less: Operating Expenses	Net Available Revenue	Debt Service¹		Coverage
				Principal	Interest	
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
2018	194,988,247	164,723,116	30,265,131	3,150,000	3,090,047	4.85

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2018	68,660,541	56,603,627	12,056,914	655,000	312,306	12.46

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

Sewer Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service ²		Coverage
				Principal	Interest	
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
2018	9,175,876	5,934,923	3,240,953	172,000	51,001	14.53

Water Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2018	10,824,699	6,211,833	4,612,866	2,870,000	1,294,591	1.11

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

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

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

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

Calendar Year	Population¹	Per Capita Personal Income¹	Personal Income	School Enrollment²	Unemployment Rate³
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%
2017	58,965	30,615	1,805,213,475	4,300	2.0%

¹ United States Census Bureau

² Ames School District

³ Iowa Workforce Development

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Iowa State University	17,075	1	29.90%	14,374	1	29.30%
City of Ames	1,401	2	2.45%	904	4	1.84%
Mary Greeley Medical Center	1,325	3	2.32%	1,409	2	2.87%
Iowa Department of Transportation	1,025	4	1.80%	1,062	3	2.17%
McFarland Clinic, P.C.	986	5	1.73%	520	8	1.06%
Danfoss ¹	925	6	1.62%	650	6	1.33%
USDA	857	7	1.50%			
Hy-Vee Food Stores	805	8	1.41%	733	5	1.49%
Ames Community School District	635	9	1.11%	650	6	1.33%
Workiva	455	10	0.80%			
Wal-Mart						
3M Company				430	10	0.88%
Ames Laboratories				466	9	0.95%
Total			<u>44.64%</u>			<u>43.22%</u>

¹ Formerly Sauer-Danfoss

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

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Management services	22.50	23.50	22.50	22.25	23.25	23.25	23.25	23.25	24.25	24.25
Finance	40.75	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	8.00	8.00	8.00	7.00	7.00	7.00	7.00
Administrative services ¹	-	-	-	-	-	-	6.50	6.00	6.00	5.00
Fleet services/facilities	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Transit	75.70	75.70	75.95	75.95	75.95	75.95	81.55	84.05	84.05	84.05
Fire/inspections	68.00	68.00	68.00	68.50	68.50	68.50	65.00	65.00	68.00	70.00
Police/animal control/parking	74.65	74.65	77.65	77.65	77.65	77.65	77.65	77.65	79.65	80.65
Library	31.00	31.00	31.00	31.50	31.50	31.50	35.25	35.50	35.75	35.75
Parks and recreation	20.50	20.50	20.50	19.50	19.50	19.50	19.50	19.50	25.00	25.00
Water and pollution control	41.50	41.50	41.50	41.50	41.50	41.25	40.05	40.05	40.30	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	1.50	2.00	2.00	2.00
Engineering	13.00	13.00	13.00	14.00	14.00	14.00	14.00	15.75	15.75	14.75
Resource recovery	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	22.00	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	8.00	10.00
Hospital	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	1,082.00
Total	<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>	<u>1,660.00</u>

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

Source: City Finance Department

City of Ames Operating Indicators by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Number of licenses/permits processed ¹	650	537	512	462	539	524	617	559	714	635
Police:										
Physical arrests	1,599	1,417	1,415	1,395	1,463	1,588	1,531	1,362	1,215	1,596
Parking violations	54,754	46,354	52,147	48,947	44,100	45,530	46,759	50,280	47,272	38,798
Traffic violations	2,724	3,080	2,953	4,068	3,204	2,543	2,981	2,451	2,614	2,834
Fire:										
Number of fires	162	148	175	188	137	150	107	126	89	116
Number of ambulance assists	1,927	2,099	2,211	2,178	2,325	2,471	2,464	2,442	2,663	2,646
Inspections	632	731	1,011	829	1,058	1,263	1,205	1,435	1,074	831
Library:										
Total circulation	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	1,222,360
Library visits	424,504	435,572	416,908	443,895	323,859	226,690	426,608	506,034	523,673	508,918
Parks and recreation:										
Total number of participant visits ²	244,856	254,365	303,012	320,533	287,504	294,978	279,103	293,757	255,227	280,766
Total number of activities	147	147	149	148	154	160	175	187	194	196
Resource recovery:										
Tons of refuse processed	50,057	50,614	56,789	53,731	48,244	27,878	50,035	41,646	45,598	37,124
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	55.00
Other public works:										
Blocks of streets crack sealed	51	45	65	110	92	123	90	66	73	65
Blocks of streets slurry sealed	-	-	-	-	-	11	22	36	33	30
Blocks of seal coat reconstruction	14	17	8	6	7	8	4	16	-	10
Hospital:										
Total admissions	9,748	9,292	9,918	9,617	8,768	8,289	8,298	7,867	8,368	8,510
Average percent of occupancy	62.1%	59.6%	57.1%	56.3%	54.1%	52.1%	50.5%	49.3%	49.7%	50.2%
Electric:										
Kilowatt hours produced at plant	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	222,873,411
Meters in service	24,237	24,290	24,436	24,844	25,141	25,353	26,023	26,232	26,475	27,324
Transit:										
Passengers	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	6,572,065
Total miles driven	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	1,649,762
Water:										
Billion gallons per year pumped	2.029	1.961	2.074	2.151	2.082	2.131	2.022	2.110	2.131	2,245.000
Utility locates performed	5,650	5,417	6,471	6,466	6,247	6,185	6,615	8,121	7,383	7,113
Water main breaks	29	23	37	18	42	47	19	19	18	42
Wastewater:										
Billion gallons per year treated	2.438	2.385	2.501	1.906	2.093	1.936	2.389	2.690	2.427	2.141

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

² Aquatic center opened in 2010.

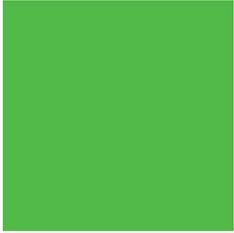
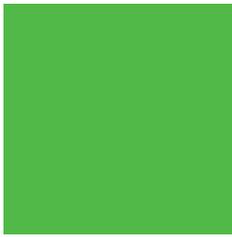
Sources: City departments and Mary Greeley Medical Center

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

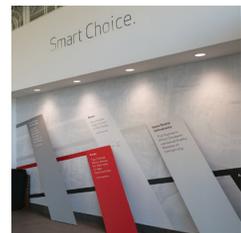
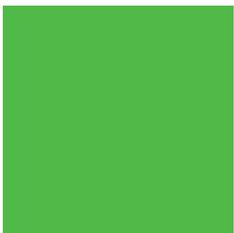
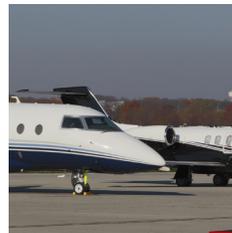
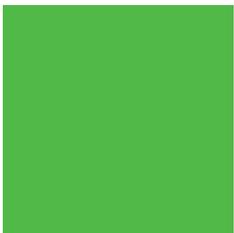
Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	11	11	11	11	11
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	36	36	36	36	37	37	37	37	36	36
Total number of park acres	1,213	1,213	1,213	1,213	1,224	1,227	1,227	1,227	1,223	1,224
Total number of athletic fields	18	18	18	18	18	18	18	18	18	21
Other public works:										
Miles of streets	250	254	260	272	288	290	291	291	300	305
Number of traffic signals	63	70	70	70	70	67	67	67	68	69
Number of signs	9,441	9,575	9,759	9,852	9,486	9,489	9,485	9,509	9,854	10,087
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	70	72	79	84	89	93	104	105	104	105
New buses purchased	4	14	7	7	2	-	6	9	5	3
Water:										
Miles of water mains	236	240	241	241	241	243	247	254	247	249
Fire hydrants	2,586	2,619	2,650	2,648	2,663	2,700	2,771	2,847	2,906	2,948
Wells	28	28	28	28	28	28	28	28	25	24
Wastewater:										
Sanitary sewer miles	199	200	201	202	202	203	204	204	210	211
Storm sewer miles	257	257	261	263	265	260	263	271	276	277

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

Sources: City departments and Mary Greeley Medical Center



COMPLIANCE SECTION





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 25, 2019. 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 2018-A in Part II in 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, 2018, 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
January 25, 2019



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, 2018. 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, 2018.

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
January 25, 2019

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

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		\$ 444,951
U.S. Department of Justice			
Direct program:			
Bulletproof Vest Partnership Program	16.607		3,146
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,860
Total U.S. Department of Justice			14,006
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	8,571
Highway Planning and Construction	20.205	STP-U-0155(693) --70-85	542,984
Highway Planning and Construction	20.205	18MPO-AAMPO	65,451
Highway Planning and Construction	20.205	2016-017-015-16	702,400
Highway Planning and Construction	20.205	2017-006-00 -0015-FY17	133,971
Highway Planning and Construction	20.205	2017-006-01 -0015-FY18	187,999
Highway Planning and Construction	20.205	95-X018-015-15	351,200
Total Highway Planning and Construction Cluster			1,992,576
Federal Transit Cluster:			
Direct program:			
Federal Transit – Capital Investment Grants	20.500		19,048
Federal Transit – Capital Investment Grants	20.500		50,598
			69,646
Federal Transit - Formula Grants	20.507		2,085,368
Total Federal Transit Cluster			2,155,014
Pass-through program from:			
Iowa Department of Transportation:			
Metropolitan Transportation Planning and State and Non-metropolitan Planning and Research	20.505	18MPO-AAMPO	29,857

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

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	2016-026-00 -015-FY17	\$ 143,387
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2016-026-015-17	62,254
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2016-026-01 -015-FY18	72,746
			<u>278,387</u>
Job Access and Reverse Commute Program	20.516	37-X022-015-17	8,704
Total Transit Services Program Cluster			<u>287,091</u>
Direct program:			
Alternatives Analysis	20.522		<u>9,348</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	5,286
State and Community Highway Safety	20.600	PAP 18-402-M0AL, Task 01-00-00	20,899
Total Highway Safety Cluster			<u>26,185</u>
Total U.S. Department of Transportation			<u>4,500,071</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>1,835</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>9,294</u>
Total U.S. Department of Health and Human Services			<u>11,129</u>

City of Ames, Iowa
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

<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	\$ 1,005
 Total			 <u>\$ 4,971,162</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Ames, Iowa, (City) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting – when they become a demand on current available financial resources in the governmental fund types and on the full accrual basis of accounting – when expenditures are incurred in the proprietary fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. There was no assistance provided to subrecipients during the year ended June 30, 2018.

Note 3 - Indirect Cost Rate

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

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

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

2018-A Audit Adjustments

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

Condition – During the year ended June 30, 2018, a material audit adjustment was proposed and corrected related to recording additional unavailable revenue in the capital projects fund. Another adjustment was related to increasing electric fund receivables and revenue.

Cause – The adjustments were related to the timing of a contribution receivable receipt after yearend and staff turnover.

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:

2018-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2018, did not exceed the amount budgeted.

2018-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.

2018-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

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

2018-IA-D **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Karen Stephan, Account Clerk Husband is owner of Scott’s Heating, Cooling & Plumbing	Services	\$ 4,241
Kylie Ploessl, Employee, Husband, Marc, is owner of Ames Lawn Care and Maintenance	Lawn Care	2,826
Jan Heuss, Employee, Daughter is owner of Heuss Printing, Inc.	Printing Services	1,190

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Heuss Printing, Inc. do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Scott’s Heating, Cooling & Plumbing and Ames Lawn Care and Maintenance 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.

2018-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.

2018-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

2018-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.

2018-IA-H **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.

2018-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.

COUNCIL ACTION FORM

SUBJECT: 2018 RESOURCE RECOVERY ANNUAL REPORT

BACKGROUND:

The Resource Recovery System (RRS) continues to be one of the most successful methods of landfill diversion in the state of Iowa. The Resource Recovery Annual Report shows that 52,863 tons of Municipal Solid Waste (MSW) was generated within the partner communities and agencies during 2018. Approximately 36,430 tons were received at the plant and processed to create 15,656 tons of Refuse Derived Fuel (RDF). An estimated 1,199 tons of metal and 149 tons of glass were recovered for recycling. Additional items were diverted from the landfill including over 12.5 tons of Household Hazardous Materials, 5 tons of pumpkins from the Great Pumpkin Disposal Program, and over 51 tons of household items, exercise equipment, and furniture were sold for reuse at the Rummage RAMPage event in conjunction with Iowa State University.

Revenues from all sources totaled \$3,300,699 and total expenses were \$4,383,878. This resulted in a net reduction of \$1,083,179 to the Resource Recovery fund for Calendar Year 2018. This impact to the fund balance was the result of more frequent downtime in our Power Plant boilers, which results in a reduction of the incoming tonnage along with an associated loss in tipping fee revenue. To further exacerbate the problem, boiler outages lead to a reduction in the amount of RDF being sold to Electric Services and a corresponding loss in revenue as well as an increase in hauling costs for the rejects to the Boone landfill. **To help address the volatility of RDF revenue, a new payment process has been developed with Electric Services. This will provide a base payment to Resource Recovery when the Power Plant is down,** which is derived by using the average historical monthly RDF tonnage and value of natural gas. **Electric Services will also be making major boiler improvements in 2019, which should lead to greatly increased reliability.**

However, due to this reduction in revenue, the tipping fee beginning in July 1, 2019, will increase to \$58.75 per ton. It is anticipated that another increase to \$62.50 is likely in approximately three years (2022). **Per capita fees for member communities will remain at \$10.50; car line rates will remain at \$10 for cars/passenger vans and \$25 for pickups/trailers.**

A Waste Diversion Study, funded through Iowa DNR, was completed by SCS Engineers and presented to City Council on January 22, 2019. The study looked at ways to provide enhanced waste diversion, increased efficiency of the RRS, and increased awareness and understanding of citizen value and interest in additional waste reduction/diversion management related services. One of the initiatives that will be pursued is a pilot household organics diversion program. Also, in-plant improvements are underway at Resource Recovery to increase collection of quality material for RDF production and reduce the rejects being sent to the landfill.

ALTERNATIVES:

1. Accept the attached 2018 Resource Recovery Annual Report, authorize staff to distribute the report (assuming City Council supports the tipping fee increase to \$58.75 beginning July 1, 2019, as proposed in the budget).
2. Request further information from staff.

MANAGER'S RECOMMENDED ACTION:

The City Council acceptance of this report will allow staff to bill our participating partners for their respective portions of the Resource Recovery System's 2018 costs. **Staff is aware of the financial challenges facing the Resource Recovery operations and, therefore, an inter-departmental team will monitor the success and impact of the new RDF payment process.** Also, a shared study between Resource Recovery and Electric Services will look at optimizing the processes of both facilities.

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

ARNOLD O. CHANTLAND RESOURCE RECOVERY SYSTEM 2018 Annual Report



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Thank you to our partners in sustainability!

- Nevada
- Story City
- Huxley
- Slater
- Roland
- Gilbert
- Maxwell
- Cambridge
- Zearing
- McCallsburg
- Kelley
- Story County
- Iowa State University



February 13, 2019

Dear Resource Recovery System Members:

We are truly grateful to the member agencies for our long-standing partnership and their **continuing commitment to sustainability!** Our continuing partners are **Nevada, Story City, Huxley, Slater, Roland, Gilbert, Maxwell, Cambridge, Zearing, McCallsburg, Kelley, Story County, and Iowa State University.**

The Resource Recovery System (RRS) continues to be one of the most successful methods of landfill diversion in the state of Iowa. The Resource Recovery Annual Report shows that 52,863 tons of Municipal Solid Waste (MSW) was generated within the system during 2018. Approximately 36,430 tons were received at the plant and processed to create 15,656 tons of Refuse Derived Fuel (RDF). An estimated 1,199 tons of metal and 149 tons of glass were recovered for recycling. Additional items were diverted from the landfill including over 12 tons of Household Hazardous Materials, 5 tons of pumpkins from the Great Pumpkin Disposal Program, and over 51 tons of household items, exercise equipment, and furniture were sold for reuse at the Rummage RAMPage event in conjunction with Iowa State University.

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However, due to this reduction in revenue, the tipping fee beginning in July 1, 2019, will increase to \$58.75 per ton. It is anticipated that another increase to \$62.50 is likely in approximately three years (2022). Per capita fees for member communities will remain at \$10.50; car line rates will remain at \$10 for cars/passenger vans and \$25 for pickups/trailers.

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If you or any of your constituents have questions about this annual report or any of the activities of the Resource Recovery System, please do not hesitate to contact me or Bill Schmitt (515-239-5137).

Sincerely,

A handwritten signature in blue ink that reads 'John C. Joiner'.

John C. Joiner, P.E.
Public Works Director

RESOURCE RECOVERY

The City of Ames and surrounding communities are served by the Arnold O. Chantland Resource Recovery Center. Communities and government agencies sharing in this endeavor are **Cambridge, Gilbert, Huxley, Kelley, Maxwell, McCallsburg, Nevada, Roland, Slater, Story City, Zearing, Iowa State University, and Story County.**

Costs to these communities are figured on a per capita basis using 2010 census figures. Operations include separating combustible material and processing it into refuse-derived fuel (RDF). The RDF is sold to the City of Ames Electric Utility as a supplemental fuel. Ferrous and non-ferrous metals are also recovered during processing and are sold on the scrap market for recycling. The remaining non-usable material has been contract-hauled to the Boone County Landfill since July 1992 (the City of Ames closed its landfill on June 20, 1992). Major plant maintenance and upgrades are generally conducted during the Ames Electric Power Plant annual maintenance outages. The yard waste drop off site is contracted for the service of composting/land application of "yard waste." In 2006, glass recycling was added to the recycling options provided by the plant. Household hazardous materials (HHM) collection began in 1998 with local events, and has progressed to Wednesday afternoon appointments for residents to dispose of their waste. Tires are accepted for a fee and recycled through a national tire recycling company. Compact fluorescent, LED and incandescent light bulbs are accepted at no charge for recycling. In 2012, a collection area was added for used American flags, as well as another locked container specifically for sharps (needles, lancets, etc.). Used waste oil, antifreeze, and batteries are also accepted for recycling.

Service Objectives:

- ✓ **Provide a responsible, sustainable, local solution for solid waste disposal in support of the City Council's goal to expand sustainability efforts**
- ✓ Provide refuse derived fuel to the Power Plant as an alternative fuel source to natural gas
- ✓ Maintain the Household Hazardous Materials (HHM) program, including sharps drop-off
- ✓ Provide used American flag collection for proper disposal
- ✓ Continue to provide proper recycling for waste oil, antifreeze, batteries, fluorescent bulbs, and tires
- ✓ Maintain positive relationships with member agencies
- ✓ Provide yard waste disposal for Story County residents
- ✓ Continue to expand glass recycling
- ✓ Maintain and monitor the closed landfill
- ✓ Continue community connections through school science fairs, service club presentations, and facility tours
- ✓ Continue researching possible bio-energy connections with the Power Plant
- ✓ Maximize recycle/re-use of unwanted items and municipal solid waste

The **per capita rate** (last adjusted FY 2012/13) for our partner cities and Story County was increase to \$10.50 for calendar year 2018 (as this payment is made in arrears, the fee will not be billed until May 2019 and November 2019). **Tipping fees** (last adjusted in 2017) for municipal solid waste will be raised to \$58.75/ton on July 1, 2019. The rate for cars and passenger vans will remain the same at \$10, and pickups and vehicles with trailers \$25.

RESOURCE RECOVERY

Highlights:

Resource Recovery staff spends many hours on education and outreach activities each year. Activities this past year included: Science Night presentations at Ames elementary schools, International Student Welcome and Welcome Fest at Iowa State University, a sponsor of Stash The Trash, the City of Ames Smart Business Challenge, ECO Fair, Iowa State University class tours, Des Moines Area Community College SCALE (Story County Active Learning Experience) program participation, Rummage RAMPage, tours at Resource Recovery, and presentations to numerous groups throughout Story County.



RESOURCE RECOVERY

Highlights, continued:

In April 2018 Resource Recovery, in cooperation with the City of Ames Smart Watershed, started a rebate program for backyard composting. This program is available to Story County Residents, offering a rebate of up to \$50 for a home compost system. Through the first eight months, 18 residents have taken advantage of this program.



Resource Recovery applied for Iowa Department of Natural Resources (IDNR) Solid Waste Alternatives Program (SWAP) financial assistance in the form of a forgivable loan in 2015. A \$20,000 forgivable loan with a \$5,000 cash match to contract with a consultant to develop and implement a two-part study leading to enhanced waste diversion, increased efficiency of the RRP, and increased awareness and understanding of citizen value and interest in additional waste reduction/diversion management related services. SCS Engineers completed their work in December of 2018. A number of recommendations were made in the report. Some of those recommendations are: mechanical changes to the processing system (additional air knives and reconfiguration of existing air knives - have already been accomplished), add additional mechanical separation (studying feasibility), conduct a study of the current combustion system compared to new RDF combustion systems (planned to start in July 2019), increase awareness of existing recycling programs like the glass recycling and food donations (ongoing), and explore an organics pilot project with a drop-off site (spring 2019).

The process improvement projects for enhanced recovery were researched, designed and fabricated solely by plant personnel:



Primary shredder rotor replacement

RESOURCE RECOVERY

Highlights, continued:



C-8 head pulley recovery



C-8 suction pipe recovery



Alt Feed



C-6/C-7 Distribution Pyramid



Alt Feed/Dust Collection Fan & Pipe



E 2 Elevator Buckets



A new, larger hazardous waste building replaced the original building, enabling more collections.

RESOURCE RECOVERY

Highlights, continued:

In 2018 the third annual Rummage RAMPage was held from Friday, July 27 until Thursday, August 2. This highly successful event was able to keep 102,550 pounds of usable household goods out of the landfill. The local non-profit agencies that staffed Rummage RAMPage split over \$18,000. Linens, bedding, clothing, books, unused food, and school supplies were accepted on behalf of other organizations and distributed to local agencies including the Ames Animal Shelter, Goodwill, and the Ames Public Library.

New in 2018, Story County Conservation, Iowa Wildlife Center, Ames Animal Shelter, and others partnered to offer an opportunity to rehome pets that might otherwise be released into the wild. Non-native fish and animals can die or damage the environment when released. Two fish and one bearded dragon were taken in during the event.



CITY OF AMES, IOWA

RESOURCE RECOVERY PLANT FISCAL REPORT

	2016/17 Actual	2017/18 Actual	2018/19 Adjusted	2019/20 Projected
Service Accomplishments:				
Tons of refuse available	51,987	51,364	52,000	52,000
Tons of refuse diverted to Boone landfill	6,194	14,131	19,000	12,000
Tons of refuse processed	45,386	37,124	28,500	40,000
Tons of RDF to Electric Utility	23,514	17,048	16,000	24,000
Tons of glass recycled	141	132	155	160
Tons of metal recycled	2,071	1,353	1,368	1,400
Pounds of HHM* collected	22,374	25,070	26,000	26,500
ISU tons into plant	3,665	3,019	2,301	3,000
Pounds diverted from landfill to Rummage RAMP	77,520	102,550	105,000	105,000
Average # of vehicles/free yard waste day	743	645	700	700
Efficiency and Effectiveness:				
% of available materials processed	87%	72%	55%	77%
Reject disposal rate/ton (Boone County)	\$46.50	\$46.50	\$48.00	\$48.00
% of processed materials that are sent to the landfill as rejects	41%	45%	39%	37%
Reject transportation rate/ton	\$13.68	\$13.52	\$13.22	\$15.00
Average cost/user free yard waste day	\$5.74	\$7.45	\$7.40	\$7.70

* Household Hazardous Materials

CITY OF AMES, IOWA RESOURCE RECOVERY SYSTEM

Revenues and Expenses For Calendar Year 2018

REVENUES:

Per Capita	\$	717,217	
Refuse Derived Fuel-Electric		634,082	
Sale of Metals		65,744	
Public Fees		76,386	
Regular Customers		1,786,029	
Reimbursements and Refunds		2,820	
Other Governmental Agencies		5,976	
Out of County Revenue		0	
ScrapTires		2,874	
I.S.U. Solid Waste Share		0	
Interest Revenue		8,946	
Sale of Glass		625	
Damage Claims		0	
			\$ 3,300,699

EXPENSES:

Operations	\$	4,221,540	
Debt Service		162,338	
			\$ 4,383,877

**Net
Income/Expense \$ (1,083,179)**

MATERIALS, REVENUES & EXPENSES RESOURCE RECOVERY SYSTEM

Year	Total Refuse (Tons)	***Refuse Not Processed (Tons)	Refuse Processed (Tons)	% of Total Processed	Metals (Tons)	Glass (Tons)	RDF (Tons)	RDF (% of Processed)	Total Diverted %	Revenue	Expense
1999	49,164	2,794	46,370	94%	1,654	0	30,434	66%	69%	\$3,161,495	\$3,220,240
2000	48,896	4,499	44,397	91%	1,401	0	28,095	63%	66%	\$3,097,282	\$3,313,053
2001	50,093	5,138	44,955	90%	1,104	0	30,435	68%	70%	\$3,353,739	\$3,281,503
2002	50,267	1,550	48,717	97%	1,258	0	35,147	72%	75%	\$3,731,348	\$3,110,513
2003	51,906	4,770	47,136	91%	1,678	0	33,146	70%	74%	\$3,803,639	\$3,527,346
2004	53,788	2,762	51,026	95%	2,332	0	34,334	67%	72%	\$4,017,107	\$3,462,794
2005	54,493	1,025	53,468	98%	2,250	0	32,621	61%	65%	\$4,285,110	\$3,716,566
*2006	55,500	4,511	50,989	92%	2,229	54	30,180	59%	64%	\$4,250,337	\$4,449,985
2007	57,333	4,513	52,820	92%	2,102	96	34,182	65%	69%	\$4,392,686	\$4,531,663
2008	57,470	4,754	52,716	92%	2,068	115	36,060	68%	73%	\$4,632,493	\$3,725,904
2009	53,395	6,748	46,647	87%	1,987	130	31,040	67%	71%	\$3,956,279	\$5,507,045
2010	58,756	1,262	57,494	98%	2,347	129	37,865	66%	70%	\$4,937,018	\$4,605,121
2011	55,270	4,659	50,611	92%	2,166	150	34,422	68%	73%	\$4,697,573	\$3,729,248
2012	53,106	3,725	49,381	93%	2,177	145	32,329	65%	70%	\$4,641,704	\$4,089,447
2013	54,159	10,066	44,093	81%	1,873	171	28,262	64%	69%	\$4,062,010	\$4,196,226
2014	55,698	8,204	47,494	85%	2,104	173	29,595	62%	67%	\$4,501,455	\$4,555,974
**2015	54,394	6,641	47,753	88%	2,201	177	25,194	53%	58%	\$4,205,529	\$4,342,664
2016	52,210	8,953	43,257	83%	1,947	159	24,135	56%	61%	\$3,818,109	\$4,086,378
2017	51,254	7,997	43,257	84%	1,804	131	21,005	49%	53%	\$3,650,063	\$4,545,420
2018	52,863	16,326	36,430	69%	1,199	149	15,656	43%	47%	\$3,300,699	\$4,383,878
23 Years	1,192,577	98,347	1,077,797	90%	40,884	1,779	681,896	63%	70%	\$89,188,178	\$89,356,110

* Closed for one month for air knife installation

** Closed for 6 weeks for power plant upgrades

***Reflects tons to Boone County landfill from planned shut downs, unplanned shut downs, and non-beneficial MSW

CITY OF AMES, IOWA

POPULATION - PERCENTAGES - CHARGES

Annual Billing - Calendar 2018 at \$10.50

	Population	Percent of Population	Calendar Year 2018
Ames	49,765	63.14%	\$522,533
Story County	8,706	11.05%	\$91,413
Nevada	6,798	8.63%	\$71,379
Story City	3,431	4.35%	\$36,026
Huxley	3,317	4.21%	\$34,829
Slater	1,489	1.89%	\$15,635
Roland	1,284	1.63%	\$13,482
Gilbert	1,082	1.37%	\$11,361
Maxwell	920	1.17%	\$9,660
Cambridge	827	1.05%	\$8,684
Zearing	554	0.70%	\$5,817
McCallsburg	333	0.42%	\$3,497
Kelley	309	0.39%	\$3,245
TOTALS	78,815	100.00%	\$827,558

Based on 2010 U.S. Census
Ames is 58,965 minus I.S.U. 9,200

**CITY OF AMES, IOWA
RESOURCE RECOVERY PLANT VOLUMES
12/31/2018**

Generator	2018 TRIPS	2018 WEIGHT	PERCENT OF TOTAL WEIGHT
Non-Scale Refuse (Car line)	5,029	1,119	2.1%
Commercial Haulers	7,229	32,050	60.6%
Private Industry/Contractors	324	273	0.5%
City of Ames	35	42	0.1%
Iowa State University	815	2,983	5.6%
Iowa Dept. of Transportation	1	1	0.0%
U.S.D.A. Lab	30	69	0.1%
Directly to Boone	3,392	16,326	30.9%
TOTALS	16,855	52,863	100.0%

CITY OF AMES, IOWA

RESOURCE RECOVERY SYSTEM FEE SCHEDULE

YEAR	PER CAPITA	TIPPING FEE	CARLINE	
			CARS	PICKUPS
2002/03	\$11.75	\$52.75/TON	\$8.00	\$22.00
2003/04	\$10.50	\$52.75/TON	\$8.00	\$22.00
2004/05	\$10.50	\$52.75/TON	\$8.00	\$22.00
2005/06	\$10.50	\$52.75/TON	\$8.00	\$22.00
2006/07	\$10.50	\$52.75/TON	\$8.00	\$22.00
2007/08	\$10.50	\$52.75/TON	\$8.00	\$22.00
2008/09	\$10.50	\$52.75/TON	\$8.00	\$22.00
2009/10	\$10.50	\$52.75/TON	\$8.00	\$22.00
2010/11	\$10.50	\$52.75/TON	\$8.00	\$22.00
2011/12	\$9.10	\$52.75/TON	\$8.00	\$22.00
2012/13	\$9.10	\$52.75/TON	\$8.00	\$22.00
2013/14	\$9.10	\$52.75/TON	\$8.00	\$22.00
2014/15	\$9.10	\$52.75/TON	\$8.00	\$22.00
2015/16	\$9.10	\$52.75/TON	\$8.00	\$22.00
2016/17	\$9.10	\$52.75/TON	\$8.00	\$22.00
2017/18	\$9.10 / \$10.50	\$55.00/TON	\$10.00	\$25.00
2018/19	\$10.50	\$55.00/TON	\$10.00	\$25.00
2019/20	\$10.50	\$58.75/TON	\$10.00	\$25.00

COUNCIL ACTION FORM

**SUBJECT: EAST INDUSTRIAL AREA UTILITY EXTENSION PROJECT –
PROFESSIONAL SERVICES AGREEMENT AMENDMENT**

BACKGROUND:

The East Industrial Area Utility Extension Project consists of the extension of water main and sanitary sewer main along the E. Lincoln Way corridor to serve development of industrial lands east of I-35. This project is currently in the easement and land acquisition phase and is anticipated to be bid this spring after all necessary easements and land has been acquired. Construction is expected to begin in spring/summer 2019 and will likely continue into the spring 2020.

On July 12, 2016, City Council approved a professional services agreement with Stanley Consultants in an amount not to exceed \$254,070 for the design of this project. As the design work progressed, the following additional services were required:

- Increased depth of soil borings for the geotechnical investigation
- Additional sewer capacity evaluation
- Coordination with other utilities for relocations and public utility easement needs
- One additional plan review submittal due to project design changes
- An increase in the number of appraisal and easement negotiation services
- Appraisal, appraisal review, and plat of survey for the lift station/water tower site
- Create design options to coordinate with Drainage District project

In addition to those services already incurred by Stanley Consultants, the following additional services will be required to complete the design phase of this project:

- Preparation of one additional plan review submittal for final bid documents
- 20 hours of additional engineering time for utility coordination and easement preparation

As a result, Stanley Consultants has requested that their professional services agreement be amended (Attachment A) for an additional amount not to exceed \$82,300 (total contract not to exceed \$336,370). The amount budgeted for engineering and project inspection totals \$800,000.

Please see Attachment B for a breakdown of the total cost of the items listed in the amendment. A total of \$5,300,000 from General Obligation bonds (Sewer and Water Utility revenue abated) has been budgeted for this project.

ALTERNATIVES:

1. Approve the amendment to the professional services agreement with Stanley Consultants Inc. for the East Industrial Area Utility Extension Project for an additional amount not to exceed \$82,300 (total contract not to exceed \$336,370).
2. Do not approve the amendment to the professional services agreement.
3. Direct staff to re-negotiate the amendment to the professional services agreement.

MANAGER'S RECOMMENDED ACTION:

The additional engineering services by Stanley Consultants Inc. were reviewed and negotiated by staff and are necessary for the completion of this project. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.



SUPPLEMENTAL AGREEMENT NO. 1

This Supplemental Agreement, made and entered into by and between STANLEY CONSULTANTS, INC. (Consultant) and CITY OF AMES (Client) amends their agreement of July 12, 2016 for Consultant to provide services to the Client for the East Industrial Area Utility Extension Project, as follows:

Scope of Services

1. Increased depth of soil borings for Geotechnical investigation.
2. Additional evaluation of downstream sewer capacities after supplemental flow metering and model recalibration was completed by others when model was found to be incomplete.
3. Coordination with other utilities for rerouting to a Public Utility Easement (PUE) and associated drawing changes (spent to date).
4. Additional review submittal beyond conceptual, 50% and 100% as described in scope of services. Submittals to date include conceptual, preliminary, pre-final and final for review and include:
 - a. Increasing distance between manholes from 400 feet to 500 feet.
 - b. Relocating pump station from NW to SW corner of intersection.
5. Increase in number of appraisals and negotiation services (11 versus 2 in PSA).
6. Add an appraisal and appraisal review services for the lift station parcel.
7. Preparation of a plat of survey for lift station and future site for an elevated water storage tank (this included setting property corners and recording section corner certificate).
8. Preparation of one additional review submittal and final bid documents including the following changes that affect multiple P&P drawings.
 - a. Relocate force main to the north side of 566th Avenue.
 - b. Change gravity sewer starting point (at MH 20) on east end to station 241+00, just east of last parcel line. Adjust location of downstream manholes to maintain maximum 500-foot spacing.
9. Add 20 hours of additional coordination with other utilities and PUE preparation.

Time of Beginning and Completion

January 23, 2019 – June 30, 2019

Fees and Payments

Compensation for Professional Services described in this Supplemental Agreement No. 1 shall be a maximum not-to-exceed amount of Eighty-Two Thousand Three Hundred Dollars (\$82,300.00).

Except as specifically amended by this Supplemental Agreement, all the terms and conditions of the original Agreement dated July 12, 2016 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Supplemental Agreement to be executed on the date below indicated.

STANLEY CONSULTANTS, INC.

CITY OF AMES, IOWA

By: Daniel R. Fullerton
Daniel R. Fullerton, PE.
Client Service Manager

By: _____

Date: 1/29/2019

Date: _____

Attest:

Attest:

By: Debra K. Mathias

By: _____

APPROVED AS TO FORM
BY Vikki Feilmeyer
Vikki Feilmeyer
Assistant City Attorney

ATTACHMENT B

East Industrial Area Utility Extension - Breakdown of additional services
City of Ames, Iowa
12/31/2018

Additional Tasks	Cost
1 Increased depth of soil borings for Geotechnical investigation	\$850.00
2 Additional evaluation of downstream sewer capacities after supplemental flow metering and model recalibration was completed by others when model was found to be incomplete	\$2,390.00
3 Coordination with other utilities for rerouting to a Public Utility Easement (PUE) and associated drawing changes (spent to date)	\$3,800.00
4 One additional review submittal beyond conceptual, 50% and 100% as described in scope of services. Submittals to date include conceptual, preliminary, pre-final and final for review Includes increasing distance between manholes from 400 feet to 500 feet Includes relocating pump station from NW to SW corner of intersection	\$15,000.00
5 Increase in number of appraisals and negotiation services (11 versus 2 in PSA)	\$30,660.00
6 Appraisal and appraisal review for the lift station parcel	\$5,000.00
7 Plat of survey for pump station and future EWST site (including setting property corners and recording section corner certificate)	\$2,000.00
8 Preparation of 1 additional review submittal and final bid documents including the following changes that affect multiple P&P drawings: Relocate force main to the north side of 566th Avenue Change gravity sewer starting point (at MH 20) on east end to station 241+00, just east of last parcel line. Adjust location of downstream manholes to maintain maximum 500-foot spacing.	\$20,000.00
9 20 hours of additional coordination with other utilities and PUE preparation	\$2,600.00
TOTAL ADDITIONAL SERVICES	\$82,300.00

COUNCIL ACTION FORM

SUBJECT: AMES MAIN STREET REQUESTS FOR MUSICWALK

BACKGROUND:

Ames Main Street (AMS) is planning to host its annual MusicWalk event on Friday, April 26 from 5:00 p.m. to 8:00 p.m. In addition to the traditional arrangements for MusicWalk, AMS will be working with Downtown food establishments to set up outdoor seating areas inside metered parking stalls adjacent to the establishments. AMS staff has made the following requests of the City Council to help facilitate the MusicWalk festivities on April 26:

- a. Blanket Temporary Obstruction Permit for the Central Business District sidewalks and Blanket Vending License for the Central Business District from 3:00 p.m. to 9:00 p.m.
- b. Waiver of fee for Blanket Vending License (\$50 loss to City Clerk's Office)
- c. Use of City-owned electrical outlets and waiver of costs from 3:00 to 9:00 p.m. (approximately \$5 loss to Electric Fund)
- d. Waiver of parking meter fees and enforcement in the Central Business District from 3:00 p.m. to 9:00 p.m.
- e. Closure of 11 parking spaces in the Central Business District from 3:00 p.m. to 9:00 p.m.

No alcohol service or consumption will be permitted in the temporary sidewalk cafes.

The Council should recall that it has directed staff to adjust the parking meters downtown to a uniform rate of \$.50 per hour before April 1. Staff estimates that with this new rate in effect, meters may be utilized an average of 50% of the time. Therefore, the waiver of parking meter fees downtown for 613 meters is expected to result in a loss of \$459.75.

ALTERNATIVES:

1. Approve the MusicWalk requests as submitted by AMS, including a blanket Temporary Obstruction Permit and blanket Vending License for the Central Business District, use of electricity, and closure of parking spaces.
2. Approve the MusicWalk requests as submitted by AMS, but require reimbursement for the parking meter fees, Vending License fee, and electricity use fee.
3. Do not approve the requests.

MANAGER'S RECOMMENDED ACTION:

This event provides Ames residents with another opportunity to enjoy family-oriented outdoor activities. Because of the City Council's goal of strengthening Downtown, this type of special event should be facilitated.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the MusicWalk requests as submitted by Ames Main Street, including the waiver of parking meter fees, Vending License fee, and electricity use fee.



February 7th, 2019

Honorable Mayor John Haila and City Council
Ames City Hall
515 Clark Avenue
Ames, IA 50010

RE: MusicWalk

Dear Honorable Mayor John Haila and City Council,

Ames Main Street is planning to hold the annual MusicWalk event on Friday, April 26 from 5:00-8:00 pm. Information about the event can be found on the Special Event Application we submitted. We would also request a waiver of fees for the Blanket Vendor Permit, electricity, and parking meters.

Thank you for your consideration of this request and continued support of Ames Main Street. We look forward to seeing you on April 26, in downtown Ames.

Sincerely,

A handwritten signature in black ink that reads 'Jess Clyde'.

Jess Clyde
Promotions Chair
Ames Main Street

COUNCIL ACTION FORM

SUBJECT: AMES MAIN STREET REQUESTS FOR ARTWALK

BACKGROUND:

Ames Main Street (AMS) is planning to host its annual ArtWalk on Friday, June 7, from 5:00 p.m. to 8:00 p.m. ArtWalk showcases downtown businesses and community artists. In order to facilitate this event, AMS has requested approval for the following:

- Waiver of parking meter fees and enforcement in the Downtown from 3:00 p.m. to 8:30 p.m. to provide free parking to participants
- Blanket Temporary Obstruction Permit for the Central Business District from 3:00 p.m. to 8:30 p.m.
- Blanket Vending Permit for the Central Business District from 3:00 p.m. to 8:30 p.m. and waiver of fee (\$50 loss to City Clerk's Office)
- Closure of ten metered parking spaces in the Central Business District
- Use of electricity in Tom Evans Plaza and use of the Plaza for live music

Youth and Shelter Services will offer art-related kid activities in conjunction with Art Walk, AMS has requested the closure of the 400 block of Kellogg Avenue to facilitate this activity.

The Council should recall that it has directed staff to adjust the parking meters downtown to a uniform rate of \$.50 per hour before April 1. Staff estimates that with this new rate in effect, meters may be utilized an average of 50% of the time. Therefore, the waiver of parking meter fees downtown for 613 meters is expected to result in a loss of \$459.75.

ALTERNATIVES:

1. Approve the Art Walk requests as submitted by AMS for June 7, 2019, including the waiver of fees.
2. Approve the requests as submitted by AMS, but require reimbursement for lost parking revenue and for the blanket Vending Permit.
3. Deny the requests.

MANAGER'S RECOMMENDED ACTION:

ArtWalk is a popular annual event that adds vitality to the Downtown. The event organizers have experience in hosting this and many other similar events throughout the year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the requests for ArtWalk as submitted by AMS for June 7, 2019, including the waiver of fees.



February 7th, 2017

Honorable Mayor John Haila and City Council
Ames City Hall
515 Clark Avenue
Ames, IA 50010

RE: ArtWalk

Dear Honorable Mayor John Haila and City Council,

Ames Main Street is planning to hold the annual ArtWalk on June 7th, 2019, 5-8pm. Information about the event can be found on the Special Event Application we submitted. We would also request a waiver of fees for the Blanket Vendor Permit, electricity, and parking meters.

Thank you for your consideration of this request and continued support of Ames Main Street. We look forward to seeing you on June 7th, in downtown Ames.

Sincerely,

A handwritten signature in black ink that reads 'Jess Clyde'.

Jess Clyde
Promotions Chair
Ames Main Street

COUNCIL ACTION FORM

SUBJECT: **REQUESTS FOR 4TH OF JULY ACTIVITIES**

BACKGROUND:

The annual Fourth of July celebration involves activities coordinated by two groups: City staff coordinates the City Council’s free pancake breakfast outside City Hall, while Ames Main Street (AMS) coordinates the parade and related activities.

Pancake Breakfast

The City Council Community Pancake Breakfast will be held again this year in front of City Hall on Thursday, July 4th. Staff is requesting that Clark Avenue be closed from Fifth Street to Sixth Street from 5:00 p.m. on Wednesday, July 3rd (for set-up) until the conclusion of the parade on July 4th to provide a seating area for people attending the breakfast. Because City Hall Lot N can only be accessed from the pancake feed area or the parade route, the closure of that lot is required on July 4th. The breakfast will start at 8:30 a.m. and conclude at about 10:30 a.m. This will allow participants to attend the parade, which is scheduled to start at 11:00 a.m.

Parade

AMS is coordinating the community parade. Parade staging will take place on Northwestern Avenue between Wheatsfield Grocery and Main Street, on Allan Drive, on Pearle Avenue, in City Hall Parking Lots M and MM, and in City Depot Lots TT and V. The Bill Riley Talent Search will take place at the intersection of Main Street and Burnett Avenue.

To facilitate parade staging and movement, street closures will be needed from 6:00 a.m. until the end of the parade for the following streets:

- Main Street, from the east Central Business District (CBD) Lot entrance to the Grand Avenue overpass, continuing on Northwestern Avenue to Sixth Street (Wheatsfield customers will be allowed access at Sixth Street)
- Allan Drive
- Pearle Avenue
- Fifth Street, from Grand Avenue to Douglas Avenue
- Clark Avenue, from the south driveway of the CBD Lot to Sixth Street
- Burnett Avenue, from Main Street to Fifth Street
- Kellogg Avenue, from just south of Main Street to Fifth Street
- Douglas Avenue, from Main Street to Fifth Street

The following parking lot areas will also need to be closed for parade staging from 6:00 a.m. to approximately 2:00 p.m.:

- Lot MM, to the west of City Hall
- The south three aisles of Lot M, adjacent to the west door of City Hall (City vehicles and cars of City employees who are on duty will be parked in the north portion of the lot)
- Depot Lots V and TT

Because July 4th is a City holiday, there will be no lost parking meter revenue from these closures. A blanket Temporary Obstruction Permit for the Central Business District will be required on July 4th. AMS has requested access to City electrical outlets at the intersection of Main Street and Burnett Avenue for the parade announcer stand. AMS has also requested a blanket Vending License for the entire Central Business District, and a waiver of the license fee.

Public Works staff will provide barricades as needed to close the streets and control access to the parking lots. AMS will have volunteers at each barricaded intersection, and the Police Department will assist at the busiest intersections.

ALTERNATIVES:

1. Approve the requests for activities on July 4th as requested above, including street and parking lot closures, a blanket Temporary Obstruction Permit, a blanket Vending License, use of City electrical outlets, and waiver of fees.
2. Request further information from event organizers
3. Do not approve the requests for the 4th of July activities.

MANAGER'S RECOMMENDED ACTION:

The 4th of July Parade provides a great opportunity to bring the citizens of Ames together to celebrate. With the addition of the City Council Community Pancake Breakfast, this event provides the City Council with a way to partner with Ames Main Street to promote "one community" by supporting this worthwhile event.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the requests for activities on July 4th as requested above, including street and parking lot closures, a blanket Temporary Obstruction Permit, a blanket Vending License, use of City electrical outlets, and waiver of fees.



February 7th, 2019

Honorable Mayor John Haila and City Council
Ames City Hall
515 Clark Avenue
Ames, IA 50010

RE: July 4th Parade and the Bill Riley Talent Show

Dear Honorable Mayor John Haila and City Council,

Ames Main Street is in the process of planning the 2019 Fourth of July Parade and the Bill Riley Talent Show. Information about the event can be found on the Special Event Application we submitted. We would also request a waiver of fees for the Blanket Vendor Permit and electricity fees.

Thank you for your consideration of this request and continued support of Ames Main Street. We look forward to seeing you on July 4th, in downtown Ames.

Sincerely,

A handwritten signature in black ink that reads 'Jess Clyde'.

Jess Clyde
Promotions Chair
Ames Main Street

COUNCIL ACTION FORM

SUBJECT: FLEET REPLACEMENT PROGRAM – PURCHASE OF TRACTOR BACKHOE WITH LOADER AND BUCKET

BACKGROUND:

There are three tractor-backhoes in the City’s fleet. The tractor-backhoe used by Public Works Street Maintenance division was damaged in December 2018 while loading broken concrete pieces from a tall pile. One large concrete piece slid down the pile and struck the cab, causing significant damage. The cab must be replaced to make the tractor functional and safety compliant, which is estimated to cost \$20,000.

To make the most fiscally responsible decision, bids were received to purchase a completely new tractor-backhoe in lieu of repairing the damaged one, so costs could be compared. The damaged machine was three years old with a planned life cycle of six years. Bidders for the new machine were asked to provide a trade-in value for the damaged machine, in addition to making a guaranteed buy-back offer after five years for the newly purchased machine.

Bids were received as follows:

Bidder	Machine	Base Bid w/ Warranty	Trade-in Offer or Estimated Salvage	Buy Back or Trade offer After 5 Years	Net Evaluated Cost
Titan	Case 590SN	\$125,057	\$ (35,000) Trade	\$ (35,000) Estimate	\$ 55,057
Ziegler	CAT 430F2	\$125,419	\$ (21,000) Estimate	\$ (45,000)	\$ 59,419
Murphy	John Deere 410L	\$129,400	\$ (21,000) Trade	\$ (35,000)	\$ 73,400

The bids were evaluated to provide a net evaluated cost. Based on this evaluation Titan Machinery is the low net evaluated cost.

Funding for this acquisition is available as follows:

Accumulated fleet replacement funds available January 1, 2019	\$62,866
Street Maintenance equipment maintenance budget	\$22,000
Street Maintenance 18/19 operating budget	\$ 6,000
Trade-in value of damaged machine	\$35,000
Total Available Funding	\$125,866

Had this unit not been damaged, accumulated fleet funds and the trade-in value of the existing unit would have been used to purchase a new unit at the end of this unit's natural life cycle. Therefore, the question of whether to purchase new or repair should be evaluated by comparing the repair cost (\$20,000) to the operating and maintenance budget funds that would have to be spent to purchase a new machine (\$28,000 total).

The purchase of a new unit would have a net cost of \$8,000 more than completing the repair. However, the new unit is currently available, and can be put into service in a matter of days. A repair of the existing unit would require additional downtime for the vendor to procure the parts and install them.

ALTERNATIVES:

1. Award this contract, as the net evaluated low bid, to Titan Machinery of Des Moines, IA, for one Case Tractor Backhoe and extended warranty for \$125,057.
2. Direct staff to analyze bids for other options.
3. Reject bids.

MANAGER'S RECOMMENDED ACTION:

The purchase of this piece of equipment is crucial to the operations of the Street Maintenance division of the Public Works Department. After reviewing the associated costs, it was determined to be the most fiscally responsible option to replace with a new unit instead of repair.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.

COUNCIL ACTION FORM

SUBJECT: PRELIMINARY PLANS AND SPECIFICATIONS FOR THE 2019 PAVEMENT IMPROVEMENTS CYRIDE BUS TURNAROUNDS PROJECT

BACKGROUND:

Two of the three bus turnarounds owned by CyRide and used for daily operations need replacement. Both of the turnarounds needing replacement are more than 15 years old and are crumbling under daily operations. Each has been repaired over the years but have reached the end of their useful life under the weight of the buses.

CyRide staff has been working with an architectural and engineering consultant to develop plans and specifications and prepare them for bid. Local funding will be used for the project as listed in the 2018 and 2019 budget year Capital Improvement Plan (CIP). Actual available funding is reflected in the table below.

Funds Available	Dollars
FY 2018/19 Funds	\$ 50,000
FY 2019/20 Funds	\$ 85,000
Total Available	\$ 135,000

Architectural drawings and specifications are now on file in the City Clerk's Office. Bid letting will be February 13, 2019 with bids due on March 14, 2019. Bid results will be reported to Council on March 26, 2019.

ALTERNATIVES:

1. Approve plans and specifications for the 2019 Pavement Improvements CyRide Bus Turnarounds Project, establish March 14, 2019 as the bid due date, and establish March 26, 2019, as the date to report bid results to Council.
2. Direct staff to continue to work with the architect to refine project plans.

MANAGER'S RECOMMENDED ACTION:

The concrete replacement projects are needed to operate CyRide service. Local funding has been budgeted to complete the project.

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

COUNCIL ACTION FORM

SUBJECT: PRELIMINARY PLANS AND SPECIFICATIONS FOR CYRIDE BUS WASH RENOVATION PROJECT

BACKGROUND:

CyRide's current bus wash will be 17 years old at the time of replacement and at the end of its useful life (typically 10 years). Additionally, a new federal planning document regarding the state of good repair of buses, facilities and equipment used in daily operation of transit services around the nation has rated this equipment as being in a poor state of repair.

CyRide staff has been working with an architectural and engineering consultant to develop plans and specifications and prepare them for bid. This project is eligible, and has been awarded funding, by the Iowa DOT at an 80% funding share with the remaining funding coming from local dollars:

Funds Available	Dollars
Iowa DOT	\$ 517,042
Local (CyRide CIP)	\$ 129,261
Total Available	\$ 646,303

Architectural drawings and specifications are now on file in the Office of the City Clerk. Bid letting will be February 13, 2019 with bids due on March 14, 2019. Bid results will be reported to Council on March 26, 2019.

ALTERNATIVES:

1. Approve plans and specifications for the CyRide Bus Wash Renovation Project, establish March 14, 2019 as the bid due date, and establish March 26, 2019, as the date to report bid results to Council.
2. Direct staff to continue to work with the architect to refine project plans.

MANAGER'S RECOMMENDED ACTION:

The bus wash replacement project is needed to provide a clean bus and car fleet, which allows the buses to be operational for a longer period of time and allows for an aesthetically pleasing vehicle that customers desire to ride. State and local funding has been budgeted to complete the project.

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

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT 7 STEAM TURBINE PARTS

BACKGROUND:

This project is for the procurement of critical and miscellaneous parts for the Power Plant's Unit 7 Turbine-Generator Overhaul project. This unit is scheduled to be disassembled, inspected, and repaired at the same time as the Unit 7 Boiler Repair Project. This work is required to replace worn parts and inspect the turbine and generator for repairs that may be needed to avoid more serious damage. Repairs and replacement of worn parts will be completed as the inspection progresses. Experience has shown that certain parts require replacement every major overhaul and some parts become unusable during the disassembly process. This overhaul and parts replacement is required and recommended by boiler and machinery insurance carriers and follows accepted industry standards.

This portion of the project is for the purchase and delivery of turbine parts required to replenish inventory items and parts expected to be used during the overhaul.

The engineer's estimate for anticipated parts is \$515,000 based on preliminary quotes received from General Electric, the turbine-generator original equipment manufacturer (OEM). We may not need to replace all of the parts included in the engineer's estimate. However, these parts must be on site and available to prevent delays if needed during the overhaul. The parts list was developed by reviewing past overhaul reports and recommendations from General Electric, as well as the judgment of the turbine-generator's current condition by plant management.

The disassembly/inspection/repair/reassembly portion of the project will have separate plans and specifications and will be bid separately at a later date. Lack of parts availability would result in claims for delay and extra work by the contractor performing the work.

The approved FY 2018/19 Capital Improvements Plan includes the following funding for the Unit 7 Turbine Generator Overhaul.

2017/18 Engineering/Parts	\$750,000
2018/19 Labor	\$1,500,000
2018/19 GE Tech Support	<u>\$300,000</u>
TOTAL	\$2,550,000

Upon City Council approval and receipt of favorable bids, the actual Unit 7 Turbine-

Generator Overhaul would parallel the Unit 7 Boiler Repair Project outage, anticipated to take place sometime during the summer or fall of 2019.

ALTERNATIVES:

1. Approve the preliminary plans and specifications for the Unit 7 Steam Turbine Parts Procurement and set March 13, 2019, as the bid due date and March 26, 2019, as the date of hearing and award of contract.
2. Delay the purchase of the steam turbine parts.

MANAGER'S RECOMMENDED ACTION:

The Unit 7 Turbine-Generator is scheduled for a major overhaul during the outage for the Unit 7 Boiler Tube Repair Project, tentatively scheduled for summer of 2019. Turbine-generator overhauls are typically performed in the industry about every five years to restore unit efficiency and to maintain good unit life and reliability. These are parts that will most likely be needed for the overhaul and can also be placed in inventory. Without this overhaul, the Power Plant's performance would degrade considerably over time.

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



MEMO

To: Mayor and Members of the City Council
From: City Clerk's Office
Date: February 12, 2019
Subject: Contract and Bond Approval

There is/are no Council Action Form(s) for Item No(s) 21. Council approval of the contract and bond for this/these project(s) is simply fulfilling a *State Code* requirement.

/alc

COUNCIL ACTION FORM

**SUBJECT: ELECTRIC SERVICES UNDERGROUND TRENCHING CONTRACT -
CHANGE ORDERS**

BACKGROUND:

This contract consists of a contractor furnishing all equipment, tools, labor, and materials not supplied by Electric Services for excavating, trenching, directional boring, and backfilling for installation of conduits, ground sleeves, box pads, vaults, handholes, and other appurtenances. This consists of emergency service, as well as planned repairs and services.

On June 26, 2018, Council approved: 1) the **primary contract** renewal with Ames Trenching & Excavating, Ames, IA, for the Underground Trenching Contract for Electric Services for the one-year period from July 1, 2018, through June 30, 2019, in the amount not-to-exceed \$175,000; and 2) the **secondary contract** renewal with Communication Data Link, LLC, Grimes, IA for the Underground Trenching Contract for Electric Services for the one-year period from July 1, 2018, through June 30, 2019, in the amount not-to-exceed \$75,000.

The action being requested is to approve change orders to both the primary and secondary contracts.

PRIMARY CONTRACT:

The action being requested is to approve Change Order No. 1 to the primary contract with Ames Trenching & Excavating. This change order will add an additional \$50,000 to the current contract for FY2018/19. This will bring the total primary contract amount to \$225,000.

This Change Order is needed to increase the amount of funds in the current fiscal year primary contract. The work on this contract was greater than staff originally anticipated and as a result additional funds are now needed to insure enough money is available for the remaining part of this contract term. The majority of these funds are used to replace failed underground cable in residential areas and there has been a higher level of this work than in prior years.

SECONDARY CONTRACT

The action being requested is to approve Change Order No. 2 to the secondary contract with Communication Data Link, LLC. This change order will add an additional \$29,000 to the current contract for FY2018/19.

This Change Order is needed to increase the amount of funds in the current fiscal year primary contract. **The work on this contract was greater than staff originally anticipated and as a result additional funds are now needed to insure enough money is available for the remaining part of this contract term.**

One change order was previously issued for the secondary contract with Communication Data Link, LLC in the not-to-exceed amount of \$6,000. This change order increased this secondary contract amount to \$81,000. This change order was needed because a recent project came in slightly more costly than expected, and the remaining balance on this contract was insufficient to cover the invoice.

The secondary contract total including these two change orders is \$110,000.

The approved FY 2018/19 operating budget for Underground System Improvements contains \$325,000. Trenching and excavation services are included in this amount. The trenching and excavation services covered by this contract also are used for the relocation of Electric Services facilities for Public Works roadway improvement projects. **The additional funding needed to cover these two change orders will come from CIP funds allocated for underground relocations for road improvement projects.**

The Council should understand the additional funds authorized in these change orders will not be spent unless needed. Invoices will be based on contract rates for time and materials for services that are actually performed.

ALTERNATIVES:

1. a. Approve **primary contract** Change Order No. 1 with Ames Trenching & Excavating, Ames, IA, for the Underground Trenching Contract for Electric Services in the not-to-exceed amount of \$50,000. This will bring the total FY2018/19 primary contract value to a not-to-exceed amount of \$225,000.
- b. Approve **secondary contract** Change Order No. 2 with Communication Data Link, LLC, Grimes, IA, for the Underground Trenching Contract for Electric Services in the not-to-exceed amount of \$29,000. This will bring the total FY2018/19 secondary contract value to a not-to-exceed amount of \$110,000.
2. Do not approve these change orders and thereby require staff to bid each new project out separately which would delay the completion of the projects.

MANAGER'S RECOMMENDED ACTION:

The two change orders are necessary to insure there is enough funding available for any work needed for the remaining part of the current contract term. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.

COUNCIL ACTION FORM

SUBJECT: ASBESTOS MAINTENANCE SERVICES CONTRACT FOR POWER PLANT- CHANGE ORDER NO. 1

BACKGROUND:

This contract involves the removal and proper disposal of asbestos insulation at the City's Power Plant, including Units 5 and 6 (both retired) and operating Units 7 and 8. The two retired units and Unit 7 are primarily insulated with asbestos type insulation. Unit 8 is considered "asbestos free" except for some gasket material and steam pipe insulation around the turbine. In addition, other equipment and piping located in the Power Plant has been insulated with asbestos type material.

The Power Plant benefits from having a service contract with a company that provides both routine and emergency asbestos remediation services. These services include removal and disposal of asbestos containing insulation, as well as the remediation/encapsulation of identified areas or areas where an encapsulated surface is damaged. Asbestos must be removed and disposed of per State and Federal regulations before retired equipment can be physically removed. In addition, asbestos should be removed or encapsulated in areas where employees will be working.

On June 12, 2018, Council approved the contract renewal with ESA, Inc., North Sioux City, SD, for the Asbestos Maintenance Services Contract for the Power Plant for the one-year period from July 1, 2018, through June 30, 2019, in the amount not-to-exceed \$80,000.

It should be noted that ESA, Inc., recently changed their name and location to Earth Services & Abatement, LLC, Des Moines, IA.

The action being requested is to approve Change Order No. 1 to the Asbestos Maintenance Services Contract. This change order will add an additional \$130,000 to the current contract for FY2018/19. This will bring the total contract amount to \$210,000.

This Change Order is needed to increase the amount of funds in the current fiscal year contract. The original contract amount was budgeted for maintenance, removal and disposal of asbestos insulation as needed throughout the FY 2018/19 contract period. **Additional funding is needed at this time for asbestos removal work associated with the Unit 7 Boiler Repair project (tube replacement). This work is to remove all asbestos on Unit 7 boiler that will be in the way of the contractor working on the Unit 7 Boiler Repair Project.**

The City recently received bids for the Unit 7 Boiler Repair project to repair and replace certain waterwall, primary superheater, and secondary superheater tubes of Unit 7 boiler, along with the removal and re-insulation of the boiler's exterior insulation and lagging, and the re-insulation and lagging of the steam and mud drums.

The funding for this Change Order No. 1 will come from the FY2018/19 Capital Improvements Plan (CIP) from funds for the Unit 7 Boiler Repair Project:

2015/16 Engineering	\$5,150
2016/17 Engineering	\$125,796
2017/18 Engineering	\$50,000
2019/20 Materials/labor - superheat and waterwall tubes	\$8,400,000
TOTAL	\$8,580,946

Council should note that three of the four bids received for the material/labor portion of the Unit 7 Boiler Repair Project came in significantly lower than what was budgeted in the CIP. The bids are still in the process of being evaluated and staff will present their recommendations at a future City Council meeting. Therefore, sufficient funds will be available to cover this change order.

Invoices will be based on contract rates for time and materials for asbestos removal services that are actually performed. **Therefore, the additional funds authorized in this change order will not be spent unless needed.**

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Earth Services & Abatement, LLC, Des Moines, IA, for the Asbestos Maintenance Services Contract for Power Plant in the not-to-exceed amount of \$130,000. This will bring the total FY2018/19 contract value to a not-to-exceed amount of \$210,000.
2. Do not approve the change order.

MANAGER'S RECOMMENDED ACTION:

This change order is necessary to remove the asbestos from the areas the contractor will be working in during the Unit 7 Boiler Repair project. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.

COUNCIL ACTION FORM

SUBJECT: 2017/18 LOW POINT DRAINAGE IMPROVEMENTS – RIDGETOP ROAD (130’ WEST OF VALLEY VIEW ROAD)

BACKGROUND:

The Low Point Drainage Improvements program is an annual program for decreasing flooding at low points in the city. This program focuses on those residential street locations most in need of the improvements as affected by standing water, flooding, and insufficient pipe capacity. **The location for this project is Ridgetop Road 130 feet west of Valley View Road.**

On June 26, 2018 City Council awarded this project to Ames Trenching & Excavating, Inc. of Ames Iowa in the amount of \$68,888.88. Order No. 1 was approved to change the contract completion date from October 1, 2018 to November 21, 2018 due to a wet rainy season which caused delay of construction. Change Order No. 2, totaling \$8,540.50 (Balancing) reflected actual field measurement of quantities. **Construction was completed in the amount of \$77,429.38**

Revenue and expenses for the project are summarized below

	<u>Revenue</u>	<u>Expenses</u>
Storm Sewer Utility Fund	\$ 200,000	
Ridgetop Road (Actual this project)		\$ 77,429.38
Somerset (Kent & Bristol) (Actual)		\$ 35,692.05
Northridge (GW Carver/Bloomington/Almond) (Est.)		\$ 46,750.00
Engineering and Administration		\$ 40,000.00
	<u>\$ 200,000</u>	<u>\$199,871.43</u>

ALTERNATIVES:

1. Accept the 2017/18 Low Point Drainage Improvements – Ridgetop Road (130’ West of Valley View Road) project as completed by Ames Trenching & Excavating, Inc. of Ames, Iowa, in the amount of \$77,429.38.
2. Direct staff to pursue modifications to the project

MANAGER'S RECOMMENDED ACTION:

This project was completed in accordance with the approved plans and specifications. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

300 4th Street
West Des Moines, IA 50265
515.724.7938

December 26, 2018

Joshua Thompson
Parks & Facilities Superintendent
Ames Park and Recreation
City of Ames
515 Clark Ave.
Ames, IA 50010

**SUBJECT: Brookside Park Pathway Lighting
Ames, Iowa**

Letter of Final Completion

CONSULTING ENGINEERS

Mechanical
Electrical
Plumbing
Lighting
Technology

Dear Mr. Thompson:

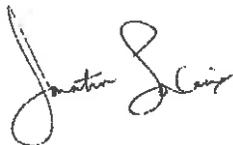
A review of the above indicated project was completed on November 21, 2018. The project was found to be substantially complete and a short list of deficiencies sent to the contractor. I have been further advised of the completion of the remaining deficiencies and the resulting completion of the project as of December 20, 2018.

Please consider this letter as acknowledgment to Final Completion of work. It is recommended that the City accept application for final payment from the contractor. The City should also coordinate with the contractor to obtain a warranty certificate and any required instruction or training on the installed products.

Thank you once again for your generous invitation to participate in this project. If you have any questions for me, please feel free to contact me.

Best Regards,

KCL Engineering LLC



Jonathon LaCroix
Electrical Engineer

COUNCIL ACTION FORM

**SUBJECT: WATER POLLUTION CONTROL FACILITY STRUCTURAL
REHABILITATION PROJECT PHASE 2**

BACKGROUND:

On June 12, 2018, the City Council awarded a construction contract to Minturn, Inc. of Brooklyn, Iowa, in the amount of \$558,600 for structural improvements to the Water Pollution Control Facility (WPCF). All work under this contract was completed in accordance with the plans and specifications on January 30, 2019. A copy of the engineer's statement of completion is attached.

As construction progressed, several items were identified that have been addressed and resulted in a change to the contract. Three change orders have been authorized for a total amount of \$73,570, bringing the final construction cost to \$632,170. Below is a breakdown of the authorized change orders.

Original Contract Amount		\$558,600
Change Order 1		
Trickling Filter – Concrete Fillet Repair	\$5,280	
Trickling Filter – Precast Tee Bearing Repair	\$6,090	
Trickling Filter – Precast Connection Repair	\$1,980	
Trickling Filter – Masonry Column Repair	\$8,88	
	0	\$22,230
Change Order 2		
Valve Can Replacement	\$730	
Drain Revisions	\$790	
River Rock Surfacing	\$3,350	
Trickling Filter – Replace Grout at Tees/Shims	\$4,090	
Trickling Filter – Install Waterstop (Horz. Joint)	\$22,310	
Trickling Filter – Remove/Replace Interior Joints	\$5,530	
		\$36,800
Change Order 3		
Storm Drain Realignment	\$3,810	
HMA Revisions	\$4,130	
Additional Site Drainage Improvements	\$6,600	
		\$14,540
Revised Contract Amount		\$632,170

ALTERNATIVES:

1. Approve completion and authorize final payment, in accordance with the contract, to Minturn, Inc. for the Water Pollution Control Facility Structural Rehabilitation Phase 2 Project.
2. Do not accept completion of the project at this time.

MANAGER'S RECOMMENDED ACTION:

Work for the Water Pollution Control Facility Structural Rehabilitation Phase 2 Project has been completed in accordance with the plans and specifications and the engineer has provided a Certificate of Completion. The changes to the contract proposed have been reviewed by staff to ensure the costs are reasonable and reflect the actual work performed. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.



January 30, 2019

Mr. John R. Dunn, P.E.
Director
City of Ames Water and Pollution Control Department
1800 East 13th Street
Ames, Iowa 50010

RE: Engineer's Certification of Final Completion
Ames WPCF Structural Renovations Phase II
HDR Project No: 10084469

Dear Mr. Dunn,

This letter certifies that as of January 30th, 2019 the Contract for the City of Ames WPCF Structural Renovations Phase II Project is complete and in accordance with the contract documents to the best of HDR's knowledge and belief.

Sincerely,
HDR ENGINEERING INC.

A handwritten signature in blue ink, appearing to read 'B. Hoagland'.

Brian C. Hoagland, P.E.
Project Manager

cc. File

COUNCIL ACTION FORM

SUBJECT: PLAT OF SURVEY FOR 2119, 2125, & 2131 ISAAC NEWTON DRIVE

BACKGROUND:

The City's subdivision regulations found in Chapter 23 of the Ames Municipal Code include the process for creating or modifying property boundaries and for determining if any improvements are required in conjunction with the platting of property. The regulations also describe the process for combining existing platted lots or conveyance parcels in order to create a parcel for development purposes. A plat of survey is allowed by Section 23.309 for the consolidation of conveyance parcels and for boundary line adjustments.

This proposed plat of survey is for a boundary line adjustment of existing parcels addressed as 2119, 2125, & 2131 Isaac Newton Drive to create one parcel. The proposed change results in one new parcel, labeled as Parcel D. No use for the property has been identified at this time. These parcels are currently unoccupied and lie within the Special Flood Hazard Area as shown on the FIRM Panel 9169C0164E, effective 02/20/2008. The parcels are zoned Highway Oriented Commercial (HOC) and are located in the Southeast Gateway Overlay District (O-GSE).

The site was reviewed to ensure that proposed lot dimensions complied with requirements found in the zone development standards of the Highway Oriented Commercial District (HOC) and the Southeast Gateway Overlay District (O-GSE). Staff also reviewed the prior subdivision conditions and development agreement as it applies the site and found it to conform.

Approval of this plat of survey (Attachment B) will allow the applicant to prepare the official plat of survey and submit it to the Planning and Housing Director for review. The Director will sign the plat of survey confirming that it fully conforms to all conditions of approval. The prepared plat of survey may then be signed by the surveyor, who will submit it for recording in the office of the County Recorder.

ALTERNATIVES:

1. The City Council can adopt the resolution approving the proposed plat of survey.
2. The City Council can deny the proposed plat of survey if the City Council finds that the requirements for plats of survey as described in Section 23.309 have not been satisfied.
3. The City Council can refer this back to staff and/or the owner for additional information.

CITY MANAGER'S RECOMMENDED ACTION:

Staff has determined that the proposed plat of survey satisfies all Subdivision Code requirements for a boundary line adjustment of existing parcels and has made a preliminary decision of approval. The resulting parcel is designed to be conforming to underlying design standards and building setbacks of HOC zoning and the Southeast Gateway Overlay District (O-GSE). The boundary line adjustment does not trigger infrastructure requirements unless there is a gap in completion of existing infrastructure. Sidewalks are required to be constructed along all frontages at the time of development and not as part of the Plat of Survey approval.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby adopting the resolution approving the proposed plat of survey.

ADDENDUM
PLAT OF SURVEY FOR 2119, 2125, & 2131 ISAAC NEWTON DRIVE

Application for a proposed plat of survey has been submitted for:

- Conveyance parcel (per Section 23.307)
- Boundary line adjustment (per Section 23.309)
- Re-plat to correct error (per Section 23.310)
- Auditor's plat (per Code of Iowa Section 354.15)

The site is located at:

Owner: Biren Patel, Apple Investments, LLC (c/o Patriot hospitality)

Existing Street Address: 2119, 2125, & 2131 Isaac Newton Drive

Assessor's Parcel #: 0912476030, 0912476040, and 0912476055

Legal Description: Parcel D

Lots 6 and 7 in South Gateway Development and Lot 2 in South Gateway Development, Plat 2, all in the City of Ames, Story County, Iowa, and all together being described as follows: Beginning at the Southwest Corner of Said Lot 6; thence N 00°15' 14" W, 357.29 feet to the Northwest Corner thereof; thence N 89° 44' 48" E, 631.39 feet to the Northeast Corner of said Lot 7; thence S 00°14' 43" E. 572..22 feet to the Southeast Corner of said Lot 2; thence N 89° 49' 04" W, 368.00 feet to the Southwest Corner thereof; thence following the boundary of said Lots 2, 7 and 6 northwesterly, 343.07 feet along a curve having a radius of 233.00 feet concave to the southwest, a central angle of 84° 21' 41" and being subtended by a chord which bears N 47° 38' 01" W, 312.91 feet; thence N 89° 49' 16" W, 33.06 feet to the point of beginning, containing 7.25 acres.

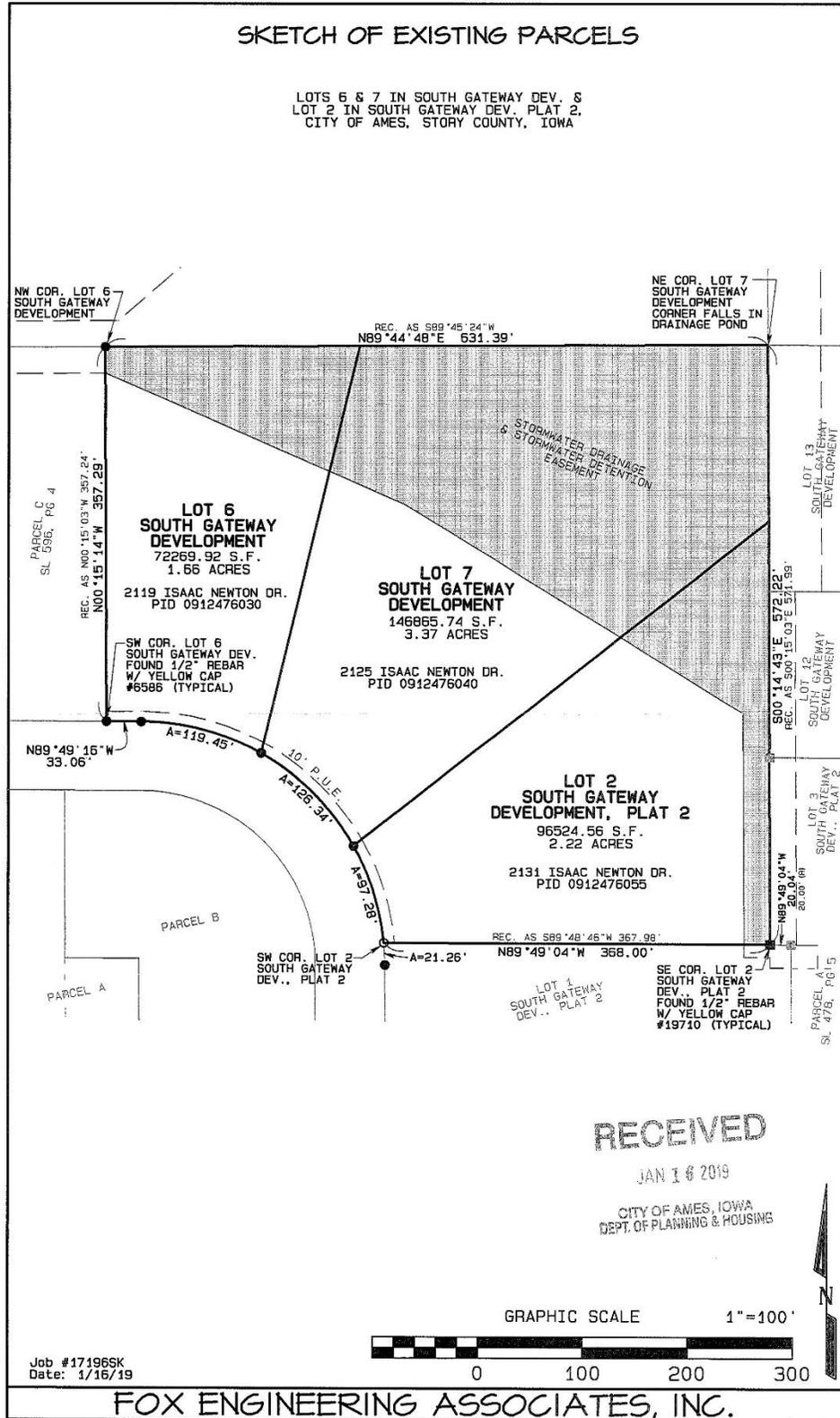
Public Improvements:

The preliminary decision of the Planning Director finds that approval requires all public improvements associated with and required for the proposed plat of survey be:

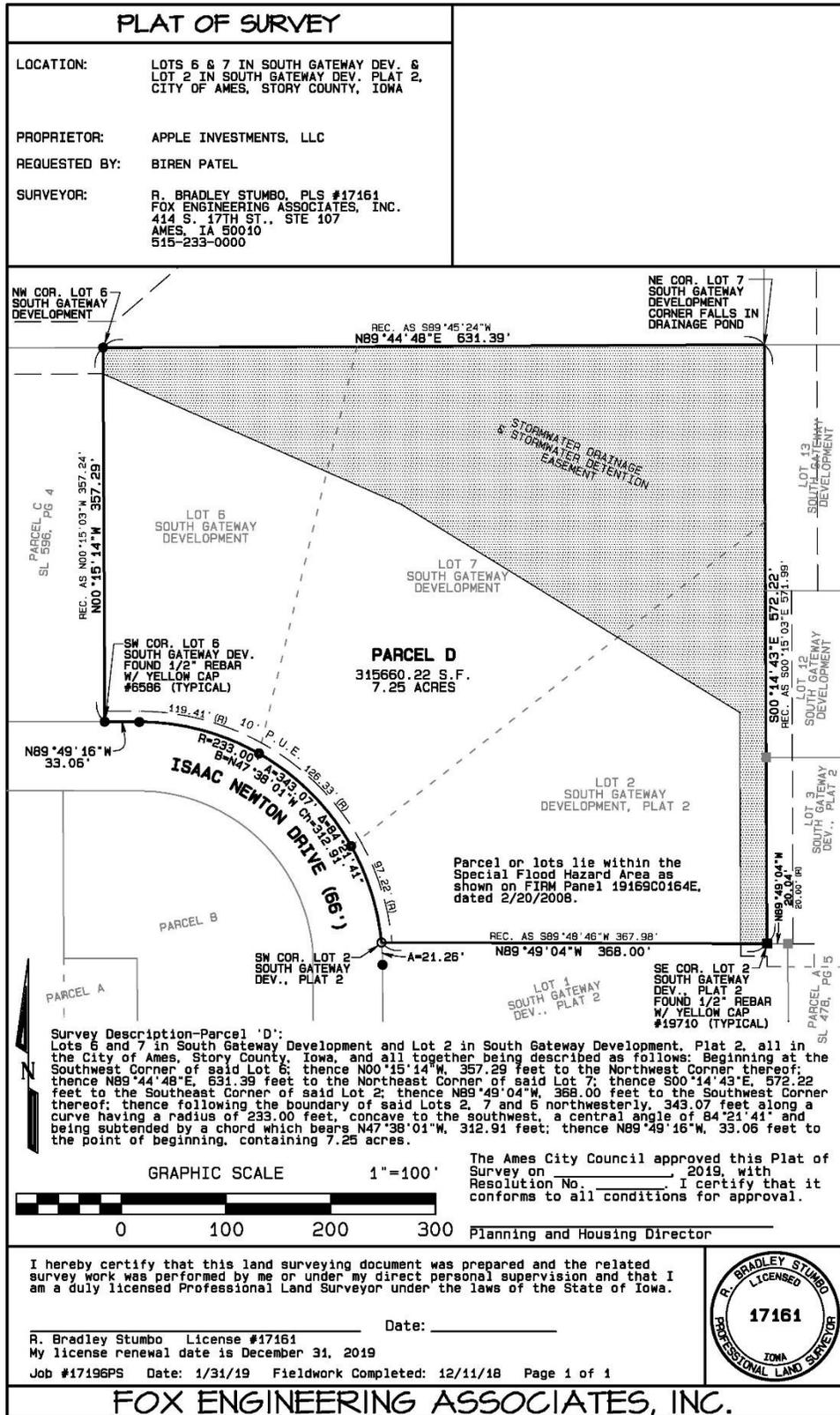
- Installed prior to creation and recordation of the official plat of survey and prior to issuance of zoning or building permits.
- Delayed, subject to an improvement guarantee as described in Section 23.409.
- Not Applicable. (no additional improvements required)

Note: The official plat of survey is not recognized as a binding plat of survey for permitting purposes until a copy of the signed and recorded plat of survey is filed with the Ames City Clerk's office and a digital image in Adobe PDF format has been submitted to the Planning & Housing Department.

Attachment A- Existing Conditions



Attachment B- Proposed Plat of Survey



COUNCIL ACTION FORM

SUBJECT: TEXT AMENDMENT ALLOWING BEDROOMS IN PROGRESS TO COUNT TOWARD OCCUPANCY

BACKGROUND:

During the 'Disposition of Communications to Council' discussion at the Council meeting on January 8, 2019, the City Council discussed the January 2, 2019 letter from Mr. Al Warren regarding his ability to add bedrooms in a capped neighborhood. Council discussed changing code language and ultimately referred it back to staff in the following motion:

*Moved by Gartin, seconded by Corrieri, to refer this item to city staff to provide us with options and to place on a future agenda.
Vote on the Motion: 5-1. Martin voting nay.*

In memos to Council sent in May 2018 and January 2019, staff indicated that a text amendment would be the only way Mr. Warren could increase his maximum occupancy. The code currently reads as follows:

Sec. 13.503(4) Limits based on Zoning District – Maximum Occupancy

(e) The maximum occupancy for a single-family or at two-family dwelling unit shall be based upon compliance with all standards of the Code, including but not limited to parking spaces, area requirements, habitable space requirements, and the following:

- i) Three adult occupants for one, two and three bedroom dwelling units.***
- ii) One adult occupant per bedroom, with a maximum of five adult occupants, for dwelling units with four or more bedrooms.***

(iii) For rental dwelling units located within the Near Campus Neighborhoods and that are registered as of January 1, 2018, the number of bedrooms for determining maximum occupancy shall be determined by the number of bedrooms listed in the records of the Ames City Assessor as of January 1, 2018, or by the number of bedrooms reflected in the inspection records of the City of Ames Inspections Division as of January 1, 2018, whichever number is higher.

(iv) For rental dwellings for which a registration is being sought after January 1, 2018, the number of bedrooms for determining maximum occupancy shall be determined by an inspection by the Inspections Division.

Mr. Warren's property at 2334 Storm is located in the SCAN neighborhood which is listed as a Near Campus Neighborhood in Resolution 18-242 adopted on 4/24/18. The code language in bold above freezes the number of occupants to what was allowed on 1/1/18. It does not prohibit bedrooms from being added. Rather, it prohibits those additions from counting toward the allowed occupancy. Neighborhoods outside of the Near Campus Neighborhoods have the same occupancy limitations, but are not prohibited from increasing their allowed occupants by adding legal bedrooms.

In November of 2015, Mr. Warren demolished the existing home and constructed a new home on the property at 2334 Storm Street. The home was constructed with three finished bedrooms on the main floor. At the time of construction, the occupancy ordinance limited the number of unrelated occupants to three people so the layout was designed to accommodate three unrelated people.

Mr. Warren's building plan showed two egress windows in the basement (one more than what is required for new construction), but no formal bedrooms. A note on the approved permit states, "This permit includes (1) bathroom finished in the basement & no other basement finishes."

Mr. Warren has stated that his intent was to add bedrooms in the basement if the occupancy regulations changed in a way that would allow him more than three occupants. Until that time, he felt it was better to not have bedrooms there because it could encourage over-occupancy. **At this time, there have been no additional permits submitted to construct the bedrooms in the basement.**

Mr. Warren would like to be able to finish the bedrooms in the basement and have them count toward his maximum occupancy. This would change the allowed number of occupants to a total of five, two more than what he is currently allowed.

He proposed the following text amendment in his January 2, 2019 letter to Council:

Anyone who was in the process of adding bedrooms, with the City of Ames Inspection Department, when the moratorium began, may finish these bedrooms and have them count towards occupancy.

Staff is unaware of any other property owners in a similar situation as Mr. Warren. However, if Council is interested in a text amendment, they should consider the possibility of other owners requesting the same exception. If this language is used, the burden of proof will be on the property owner to show that they were "in the process" of adding bedrooms. Under the proposed language, it will be difficult for staff to verify the property owner's claim. **In fact, based on the materials on file for Mr. Warren's house, it would be hard for staff to determine that he was "in process" because there are no records showing the intent to establish bedrooms in the future.**

If Council is considering a text amendment, it would be helpful for staff to have direction on what “in process” means when drafting the language. Options to determine if someone is “in process” could include the application of a building permit for additional bedrooms, dated plans with bedrooms on it, any written correspondence with city staff regarding the addition of bedrooms, a construction bid from a contractor, or other additional information as determined by Council.

In addition to determining if someone is “in process”, staff recommends including language about when the applicant needed to be in process and establishing a timeframe for which applications would be accepted (ex. One month from effective date of this ordinance). January 1, 2018 would be an appropriate date for which someone would be required to show they were “in process” as this is the date that the bedroom counts were frozen. Additional dates include October 27, 2017 (when the moratorium went into effect) or April 24, 2018 (when the occupancy standards were set placing the cap on properties in the Near Campus Neighborhoods.)

ALTERNATIVES:

1. **Deny** the request for a text amendment, keeping the existing code in place. Mr. Warren would not be able to add additional occupants under this option.
2. Direct staff to draft a text amendment that would allow **only** Mr. Warren’s property at 2334 Storm Street to increase occupants with the addition of two bedrooms.
3. Direct staff to draft a text amendment similar to Mr. Warren’s request that would **anyone who was “in process”** of building additional bedrooms to qualify for the exemption. If this alternative is preferred, Staff would need the following direction to guide them in drafting the ordinance:
 - a. What criteria will be used to determine that someone is “in process”? Criteria may include the application of a building permit for additional bedrooms, dated plans with bedrooms on it, any correspondence with city staff regarding the addition of bedrooms, a construction bid from a contractor?
 - b. When did the applicant need to be “in process”? Beginning of the moratorium? January 1, 2018 when occupancy was frozen?
 - c. What is the appropriate window of time for which these requests would be accepted?

Example: “Anyone that was in the process of adding bedrooms prior to the bedroom counts being frozen (January 1, 2018) may apply to the Inspection Division, within 30 days of the effective date of this ordinance,

to have their bedrooms counted for occupancy purposes. In process means an approved building permit dated prior to 1/1/18.”

(The underlined text above are examples, not necessarily suggestions.)

CITY MANAGER’S RECOMMENDATION:

The question before the City Council is whether or not to create an exception to allow additional bedrooms to be completed and used in determining occupancy after January 1, 2018 as requested by Mr. Warren. Staff is not aware of any other rental property owners who would request this same exemption.

Since it would be difficult for staff to determine that Mr. Warren was “in process” because there are no records showing the intent to establish bedrooms in the future, it is the recommendation of the City Manager that the City Council support Alternative #1 and thereby deny the request to amend the rental code to allow bedrooms to be added in capped neighborhoods so as to count towards increased occupancy.

PKts. 1-04-19



2334 Storm Street bedrooms
Al or Mary Warren to: MayorCouncil@city.ames.ia.us

01/02/2019 07:21 PM

Dear Mayor and Council,

I have been waiting for feedback or answers from the City Council on your consideration that I be allowed to finish the bedrooms at 2334 Storm Street that were put on hold during the "temporary moratorium".

I propose the following language be added to the rental housing ordinance:

Anyone who was in the process of adding bedrooms, with the City of Ames Inspection Department, when the moratorium began, may finish these bedrooms and have them count towards occupancy.

After talking to Sara Van Meeteren, the building official, it was confirmed that I was the only one waiting to file final paperwork for a permit to finish bedrooms once a limit was determined on the number of bedrooms.

Thanks for your time,
Al Warren

Sent from Mail for Windows 10

COUNCIL ACTION FORM

SUBJECT: REQUEST FOR PRE-ANNEXATION AGREEMENT FOR EXISTING HOMEOWNERS WITHIN THE BURGASON SOUTHERN ANNEXATION

BACKGROUND

Steve Burgason, representing the interests of a number of property owners considering participating in an annexation request between Cedar Lane and University Boulevard, requested that City Council consider creating a pre-annexation agreement to encourage voluntary annexation. (Attachment A-Location Map, B-Email) Mr. Burgason has referenced the "Frame" pre-annexation agreement as a model to entice voluntary participation in an annexation as was done for the property owners in North Ames along Hyde Avenue (formerly Grant Avenue) in 2013.

The City has no current policy regarding pre-annexation agreements to encourage voluntary annexation. The Hyde Avenue annexation was a complicated annexation due to individually negotiated developer agreements for street assessments and connection districts for water and sewer with developers along with the existence of smaller existing parcels with homes that impacted the amount of territory that could be annexed. The City Council directed staff to reach out to existing homeowners along Hyde Avenue in 2013 to encourage their voluntary annexation in combination with the large Friedrich and Hunziker controlled parcels to try and complete a holistic annexation rather than piecemeal. Ultimately, only one property owner, the Frame's, voluntarily annexed in conjunction with the larger development parcels.

The Hyde Avenue pre-annexation agreement for existing homeowners addressed four primary issues.

1. Water
 - A. At the time of the property owners choosing, a single connection to City water to serve an existing home at a one-time reduced frontage calculation based upon a typical urban lot frontage of 80 feet regardless of the actual frontage. (Currently the rate is \$20.00 per linear foot) All hook up costs were the responsibility of the property owner. At the time of any future development, the remainder of the property would be subject to established connection fees.
2. If a property owner was subject to the requirements of Rural Water, the property owner must obtain approval of the transfer of service rights to the City prior to connecting.

3. Sanitary Sewer

- A. At the time of the property owners choosing, a single connection to City sanitary sewer to serve an existing home at a one-time reduced frontage calculation based upon a typical urban lot frontage of 80 feet regardless of the actual frontage. (Currently the rate is \$20.00 per linear foot) All hook up costs were the responsibility of the property owner. At the time of any future development, the remainder of the property would be subject to established connection fees.

4. Street Paving

- A. The City agreed to not special assess existing homeowners for planned Hyde Avenue improvements. Note that the primary developers in the area had already negotiated with the City on how to distribute the costs of the street improvements. Any other future traffic improvements needed as a result of their development were the requirement of the property owner.

5. Easements

- A. The property owner would provide to the City any needed temporary or permanent easements related to road, water, and sewer improvements. The City would bear the cost related to surveying, construction, and restoration.

The Frame agreement provides an example of minor concessions related to existing homes entering the City voluntarily. **The agreement does not address in detail obligations that a developer would assume for the development of the property, nor do the agreements address zoning and subdivision standards.** The deferred revenue of a limited connection fee is not significant to the City as there is no anticipated income from this area. The City would potentially benefit from the agreement in helping to facilitate a more complete annexation that helps create logical boundaries and could assist in the deployment of infrastructure with the easement provisions of the agreement.

ALTERNATIVES:

1. Direct staff to prepare a pre-annexation agreement for voluntary application for annexation within the area located south of the existing city limits between Cedar Lane and University Boulevard modeled after the North Hyde Avenue agreement that includes 1A&B, 2A, 4A of the primary issues reflected above:
 - a. Connection fees to water lines based upon an 80-foot lot frontage with deferral of remaining costs.
 - b. Requirements of a property owner to secure any Xenia service territory rights prior to connecting to city water.
 - c. Connection fees to sanitary sewer lines based upon an 80-foot lot frontage with deferral of remaining costs.

- d. The property owner would provide to the City any needed temporary or permanent easements related to road, water, and sewer improvements. The City would bear the cost related to surveying, construction, and restoration.
2. Direct staff to prepare a pre-annexation agreement with different terms or provisions.
3. Provide direction to Mr. Burgason that the City is not interested in a pre-annexation agreement at this time.

CITY MANAGER'S RECOMMENDED ACTION:

Mr. Burgason believes that with the City's willingness to offer a pre-annexation agreement to existing homeowners he would be able to complete a more holistic annexation application. The proposed terms of the agreement are a minor financial concession relevant only to existing homeowners that may elect to connect to City utilities at their cost in the future.

Therefore, the City Manager recommends that the City Council approve Alternative # 1 for a pre-annexation agreement modeled off the North Hyde Avenue agreement, minus any reference to street paving assessments. With this alternative, the City Attorney would draft an agreement for distribution by Mr. Burgason to interested property owners for voluntary annexation applications.

The Council should note the City will not be responsible for the street improvements related to the development of the annexed area. In this situation, the developers will be responsible to construct the street improvements necessary to serve their development.

COUNCIL ACTION FORM

SUBJECT: WATER MAIN CONNECTION FEE AT 3520 SOUTH RIVERSIDE DRIVE

BACKGROUND:

The upcoming Iowa State University Research Park Phase (ISURP) IV improvements project includes the extension of water main along the east side of South Riverside Drive from the intersection of Collaboration Place to approximately 800 feet south. **In January 2018, the City Council referred a letter from Gary and Kathy May, owners of 3520 South Riverside Drive, requesting to connect to that extended water main after it has been installed along the west side of their property** (see map – Attachment A).

Typically, a connection fee of \$20.00 per linear foot (\$20/LF) of property frontage is charged, per Appendix F of the Municipal Code. This fee is intended to help recover City costs for the installation of a public water main and the fee is updated periodically. **In this case, the water main extension will be 50% funded by an Economic Development Administration (EDA) grant**, with the other 50% to be recovered over time from property taxes paid by the ISURP property owners through a TIF financing arrangement.

The May property frontage is 320 feet, which would result in a standard connection fee of \$6,400. The Mays are requesting that the Council consider an alternative, reduced connection fee.

Another alternative that has been utilized in the past, is applying a reduction of the lot frontage width to be used in the connection fee calculation. **For example, an agreement dated 12/30/13 for the annexation of the Frame property in north Ames approved a connection fee based on a typical urban lot frontage of 80 feet as opposed to their actual lot frontage length.**

When the area of ISURP currently under development was annexed in 2014, the May property was included in that action. A staff report on water and sewer connections was present to City Council at that time. The staff recommendation was to use the 80 feet frontage method, as noted above. Council discussed the issue, but ultimately made no motion and gave no direction to staff on the preferred connection fee calculation method.

ALTERNATIVES:

1. Charge a connection fee at the standard rate found in the Municipal Code of \$20.00 per linear foot of actual property frontage, resulting in a total cost of \$20/linear foot x 320 feet = \$6,400.

2. Reduce the standard rate by 50% to account for the 50% EDA grant funding of the water main installation, resulting in a total cost of \$10/linear foot x 320 feet = \$3,200.
3. Use a typical urban lot frontage width of 80 feet at the Council approved rate, resulting in a total cost of \$20/linear foot x 80 feet = \$1,600.
4. Use a typical urban lot frontage width of 80 feet and reduce the standard rate by 50% to account for the 50% EDA grant funding of the water main installation, resulting in a total cost of \$10/linear foot x 80 feet = \$800.
5. Charge a connection fee based on a method other than any one of the options listed above, as directed by the City Council.

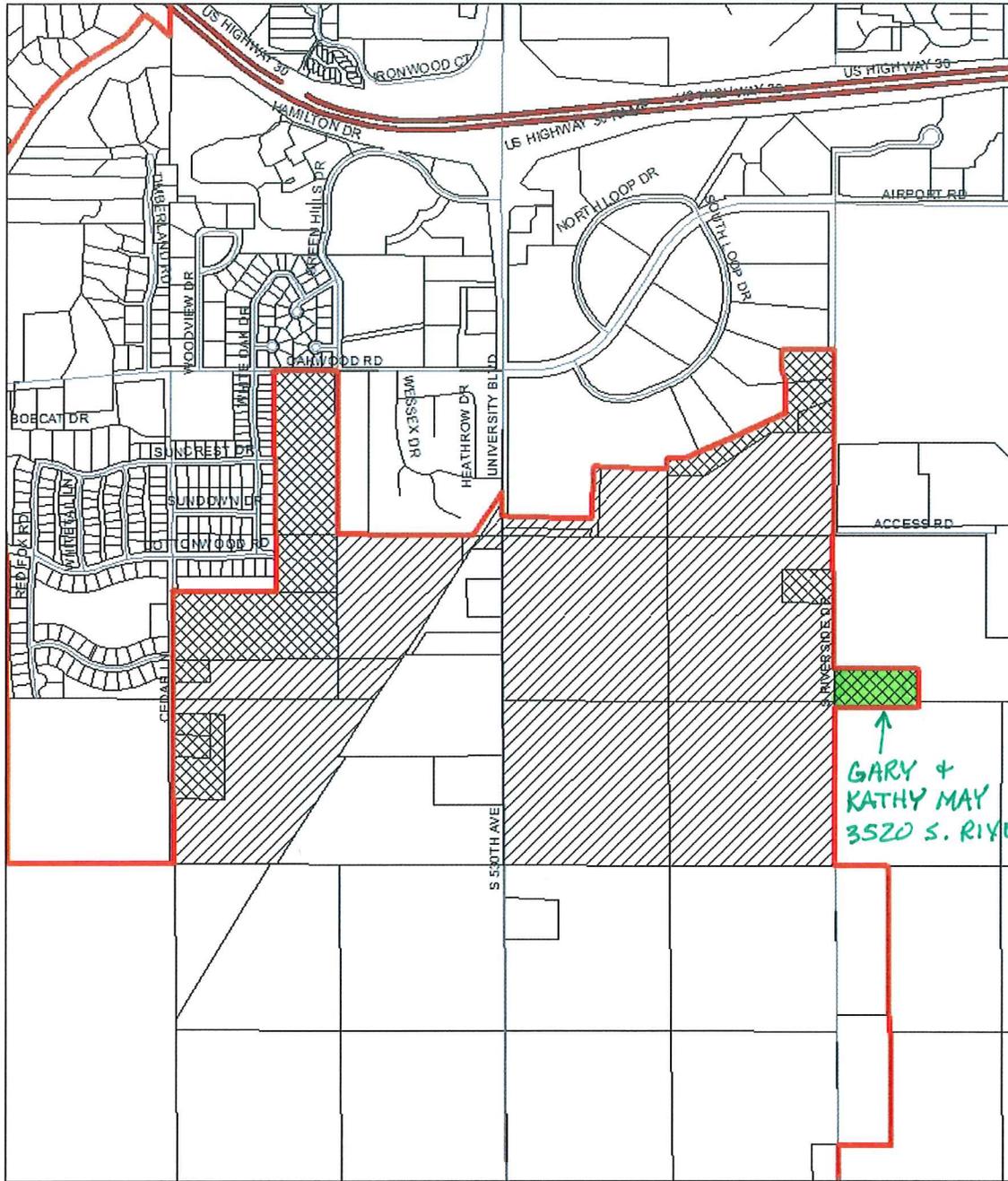
MANGER'S RECOMMENDED ACTION:

The ISU Research Park Phase IV improvements project is anticipated to begin in the Summer of 2019, which will include installing new water main adjacent to the May property. Five years prior, in 2014, staff presented a report to City Council on water and sewer connection fees, recommending that a standard urban lot width of 80 feet be used to calculate the fees. The May's were a non-consenting private homeowner brought in with the annexation of ISU Research Park. The 80 feet frontage adjustment was used in similar situations on Grant (Hyde) Avenue with the north annexation.

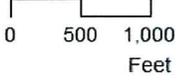
The general purpose of the connect fee is to recover standard installation expenses for projects funded through the water utility. **Because this project will be 50% funded by the EDA grant and the 80' method was previously used in similar situations, it seems reasonable that City Council may choose Alternative 4.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 4, as noted above.

ATTACHMENT A: LOCATION MAP

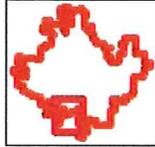


GARY +
KATHY MAY
3520 S. RIVERSIDE DR.



Legend

-  AMES INCORPORATED LIMITS
-  Consenting
-  Non-consenting



ITEM#: 31
DATE: 02-12-19

COUNCIL ACTION FORM

SUBJECT: POST-CONSTRUCTION STORMWATER MANAGEMENT ORDINANCE

BACKGROUND:

During a Special Meeting of the Ames City Council held on November 20, 2018, City Council directed that two amendments be made to the Post-Construction Stormwater Management Ordinance (Chapter 5B - Municipal Code). **The two revisions include revising the timing of the financial security to be prior to Final Occupancy and relaxing the impervious threshold for initiating the ordinance requirements to one acre (see attached revised ordinance).**

Several development/re-development plans are said to be on hold until this amended ordinance is adopted, therefore a request to do all three readings in one City Council meeting has been included in the alternatives, shown below.

ALTERNATIVES:

- 1a. Approve first passage of the Post-Construction Stormwater Management Ordinance, as amended.
- b. Waive second and third passages and adopt the Post-Construction Stormwater Management Ordinance, as amended.
2. Approve first passage of the Post-Construction Stormwater Management Ordinance, as amended (holding second and third passage at future meetings).

MANAGER'S RECOMMENDED ACTION:

Information regarding the City's Post-Construction Stormwater Management Ordinance (Chapter 5B) was presented at a number of City Council meetings and workshops. Stakeholder input was solicited by staff and also received by City Council through communications sent to Council and public input at the Council meetings. City Council then directed that these two changes be made to the ordinance.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 a and b, as noted above.

ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING SECTIONS 5B.1(8)(a), 5B.5(1), AND 5B.5(1)(a) AND ENACTING NEW SECTIONS 5B.1(8)(a), 5B.5(1), AND 5B.5(1)(a) THEREOF, FOR THE PURPOSE OF SUPPORTING ECONOMIC REDEVELOPMENT; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; PROVIDING A PENALTY; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Sections 5B.1(8)(a), 5B.5(1), and 5B.5(1)(a) and enacting new Sections 5B.1(8)(a), 5B.5(1), and 5B.5(1)(a) as follows:

**“CHAPTER 5B
POST CONSTRUCTION STORMWATER MANAGEMENT**

...
Sec 5B.1. GENERAL PROVISIONS

...

(8)

...

(a) For any new development or any redevelopment creating one (1) acre or more of impervious cover, City stormwater requirements must be met for the new development or redevelopment to be approved. “New development” includes any new residential, commercial, or industrial subdivision or individual site improvement requiring a site development plan. The following activities are exempt from this ordinance:

...

Sec 5B.5. FINANCIAL SECURITY AND PERFORMANCE BOND

(1) The City shall require the submittal of an installation performance security or bond prior to issuance of the final Certificate of Occupancy in order to insure that the stormwater BMPs are installed as required by the approved stormwater management final plan:

(a) The amount of the installation financial security or bond shall be the remaining estimated construction cost of the stormwater BMPs approved in the stormwater management plan. The installation financial security or bond shall contain forfeiture provisions for failure to complete work specified in the stormwater management plan.

...”

Section Two. Violation of the provisions of this ordinance shall be enforced under the penalties provided in Ames Municipal Code section 5B.8.

Section Three. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Four. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk

John A. Haila, Mayor

COUNCIL ACTION FORM

SUBJECT: HEARING REGARDING ADOPTION OF RESOLUTION ASSESSING COSTS OF ASBESTOS TESTING AND DEMOLITION OF DANGEROUS BUILDING (GARAGE) LOCATED AT 1107 GRAND AVENUE

BACKGROUND:

The Inspection Division received a complaint regarding a dangerous structure at 1107 Grand on April 15, 2016. Much effort was made to work with the owner towards demolition of the structure as rehabilitation was not a cost effective option. The official Dangerous Building Declaration was filed on October 7, 2016. Staff reported the owner's failure to comply to the Building Board of Appeals on February 6, 2017, as required by Sec. 5.403(2)(g). The Board gave their approval to proceed with demolition at this meeting.

Once demolition was approved, the City hired Impact7G to conduct asbestos testing so that an RFP could be created. RK Demolition was awarded the demolition contract and demolished the garage in August of 2017. Before and after pictures are attached.

The name and address of the property owner and the costs associated with said work are shown below. The work was completed by the contractors, and a bill was mailed to the property owner. To date, the bill has not been paid. A certified notice of this Hearing was mailed to the property owner.

●Katherine Fisher, 1126 Grand Avenue, Ames, IA, 50010 \$6,267.50

ALTERNATIVES:

1. The City Council could adopt a resolution to assess these costs to the property owner shown above, instruct the Finance Director to prepare the spread sheet on the assessment, and direct the City Clerk to file the assessment with the Story County Treasurer.
2. The City Council could choose not to certify these costs to the County Treasurer, and instead, absorb the costs.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council accept Alternative #1 and adopt a resolution assessing the costs of asbestos testing on and the demolition of a building deemed to be dangerous (garage) at 1107 Grand Avenue to the property owner shown above. The Resolution adopted will also instruct the Finance Director to

prepare a spreadsheet computing the costs and interest to be paid and will direct the City Clerk to file a certified copy of the Resolution and spreadsheet with the County Treasurer.







COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY (IEDA) APPLICATION FOR FINANCIAL ASSISTANCE FOR VERTEX SOFTWARE, LLC WITH LOCAL MATCH IN THE FORM OF A \$300,000 LOAN WITH HALF FORGIVABLE

BACKGROUND:

Vertex is an Ames based software company that began operations in September of 2017 and employs 58 people today. The company has developed a cloud-based software product that enables users to securely share 3D product data, regardless of model size, to any computing device: desktop, laptop, tablet, or smartphone. The software makes 3D product data available for use outside of engineering in areas such as sales and marketing, finance, procurement, legal, and on the shop floor. The company expects to add 300 employees and build and lease a 60,000 square foot facility in the ISU Research Park.

The IEDA is proposing direct support of the business expansion with a \$1.5 million loan with half forgivable and indirect support in the form of tax credits and training assistance that could total another \$2.575 million.

The local match from the City that is being required by the IEDA is:

- 1) A \$300,000 loan (\$150,000 at no interest and \$150,000 forgivable) with the following general terms:
 - Vertex creates 300 new jobs over five years.
 - Vertex builds or leases a new facility located in Phase IV of the ISU Research Park
- 2) City waives restrictions on tax abatement that may exist at the location of the new Vertex building in Phase IV of the ISU Research Park, but only to allow for application for the City's existing industrial tax abatement program.

THE PROJECT:

The company has applied for economic development assistance for a project that includes the build out and leasing of a building located in the ISU Research Park with an estimated value of \$20 million. The project also includes employment growth of 300 full-time positions all with benefits and pay rate above 120% of the IEDA Story County labor-shed rate of \$26.11 per hour.

Funding for the expansion project is as follows:

State Assistance	\$1,500,000
Local Match	300,000
Founder Financing	10,000,000
Business Income	<u>19,400,000</u>
Total Investment	\$31,200,000

The State's direct assistance will be in the form of a no interest loan with half forgivable. Funding for the local match will be similar terms and funded from the Economic Development Fund.

THE LOAN AGREEMENT:

Terms of loan (both the no interest and forgivable portions) will be incorporated into an agreement between the City and the company and will include the company's promise to build/lease space in a new building in Phase IV of the ISU Research Park and hire 300 additional employees over the next five years. The agreement also will include penalties should the company not fulfill its promises. Finally, City staff will also incorporate into the loan agreement certain hurdles that must be met before City funds will be released to the company.

The IEDA board will review the Vertex application for assistance at its February 22, 2019 meeting. For the IEDA to continue with this project, the City Council must adopt a resolution supporting the submittal of the Vertex application for IEDA assistance, including the local match. **The agreement for the local match will be brought before the Council for approval at a later date. Though Council is endorsing the IEDA application with the local match, the details of the terms of the local match will not be determined until after approval of the assistance package by the IEDA. The City will reserve the ability to include reasonable conditions to the local match such as demonstrated progress in employment growth and construction of a new building.**

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Vertex Software, LLC requesting economic development assistance from IEDA with local match to be provided in the form of a \$300,000 forgivable loan with half forgivable. With the endorsement the Council will maintain the right to include conditions for the funding of the local match. Council will also be committing to waive restrictions on application for industrial property tax abatement if the Vertex facility is constructed on property with restrictions in place.
2. Do not adopt a resolution of support for Vertex application.

MANAGER'S RECOMMENDED ACTION:

Vertex is an Ames-based startup company that has developed a product that it is preparing to take to market. The company has chosen Ames as the location to make an investment of capital to expand high paying jobs. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs within our city.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, adopting a resolution supporting the submittal of an application from Vertex Software, LLC requesting economic development assistance from IEDA with local match to be provided in the form of a \$300,000 forgivable loan with half forgivable. **With the endorsement the Council will maintain the right to include conditions for the funding of the local match. Council will also be committing to waive restrictions on application for Industrial property tax abatement if the Vertex facility is constructed on property with restrictions in place.**

Traditionally, the Ames Economic Development Commission provided half the local incentive match for this type of project. However, Staff has been informed that the AEDC has allocated all of its remaining incentive money for this year to the help finance the new Itinerant Hangar at the Airport. Therefore, no AEDC funds are assisting with this local incentive package. AEDC staff has indicated that in the next year, funds will be allocated to help match our incentive packages.



Debi V. Durham, Director
Iowa Economic Development Authority

Business Financial Assistance Application

Business Finance - Business Development Division
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819
iowaeconomicdevelopment.com
Telephone: 515.348.6153 Email: businessfinance@iowaeda.com

Application Instructions

To Complete Electronic Form: Click on TEXT BOX to add text. Double click on YES/NO boxes and select "Checked".

1. All applicants must complete the Business Financial Assistance Application and attach only those additional sections for the components to which the applicant is applying.

<u>STATE of IOWA – Financial Assistance Program</u> High Quality Jobs Program (HQJ) <input checked="" type="checkbox"/> Tax Credits <input checked="" type="checkbox"/> Direct Financial Assistance
--

2. Before filling out this application form, please read all applicable sections of the Iowa Code and Iowa Administrative Code (rules). <https://www.legis.iowa.gov/law/administrativeRules>
3. Only typed or computer-generated applications will be accepted and reviewed. Any material change to the format, questions, or wording of questions presented in this application will render the application invalid and it will not be accepted.
4. Complete the applicable sections of the application fully. If questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. The following must be submitted to Business Finance at IEDA to initiate the review process:
 - One **original**, signed application form and all required attachments
 - One **electronic** copy of the application form and all required attachments

Facsimile copies will not be accepted.

Applications must be submitted to IEDA Business Finance before 4:00 p.m. on the fourth Monday of the month.

Applications will be reviewed by the IEDA Board on the third Friday of the following month.

Public Records Policies

During the application process, the information submitted by you to IEDA is exempt from disclosure under the “industrial prospects” exemption found in Section 22.7(8). However, once you receive an award, the industrial prospects exemption no longer applies and *all documents submitted and generated during the application and negotiation process become public records* under Iowa’s Open Records Law ([Iowa Code, Chapter 22](#)), unless

- 1) The information belongs to one of the classes of records automatically treated as confidential; or
- 2) You have applied for and received written notice that your information will be treated as confidential.

Automatically Confidential Records

IEDA automatically treats the following records as confidential and will withhold them from public inspection even without a request for confidential treatment:

- Tax Records and Tax Liability Information
- *Quarterly Iowa Employer’s Contribution and Payroll Report* prepared for the Iowa Workforce Development Department
- Payroll Registers
- Business Financial Statements and Projections (unless those statements are already publicly available elsewhere, e.g., 10-K filings)
- Personal Financial Statements

Exemptions to the Open Records Law

If you wish to have additional information treated as confidential, you must fill out the confidential treatment request form. This form is available by request. Under the Open Records Law, IEDA may lawfully treat certain information as confidential if that information falls within an exemption to the Open Records Law. The following exemptions represent records which may lawfully be treated as confidential under the Open Records law and which are most often applicable to the information submitted to IEDA:

- Release of information would give an unfair advantage to competitors – Iowa Code Sec. 15.118
- Trade secrets – See Iowa Code section 22.7(3), see also Iowa Code Ch. 550
- Information on an industrial prospect with which the IEDA is currently negotiating – See Iowa Code section 22.7(8)
- Communications not required by law, rule or regulation made to IEDA by persons outside the government to the extent that IEDA could reasonably believe that those persons would be discouraged from making them to IEDA if they were made available for general public examination – Iowa Code section 22.7(18)

Non-Confidential Information

Information that is submitted to IEDA as part of the application process or that is contained in a contract for program benefits is generally considered material to the eligibility requirements of the program or to the amount of incentives or assistance to be provided. Such information is generally not given confidential treatment. Such information includes but is not limited to, the number and type of jobs incented, the wage levels for the incented jobs, your company’s employee benefit information, and your project budget.

Additional Information Available. Copies of [Iowa’s Open Record law](#) and IEDA’s [administrative rules](#) relating to public records are available from the IEDA upon request.

SECTION A

Applicant Information

Date Application Submitted:

1. **Name of Business:** Vertex Software, LLC
2. **Entity Name(s) for contracting** (please include all that are involved in proposed project): **Vertex Software, LLC**
3. **Address:** 2625 N Loop Dr., Suite 2100
4. **City, State & Zip Code:** Ames, IA 50010
5. **Contact Person:** Brian Beckett **Title:** Accounting and Finance
6. **Phone:** 515-207-0111 **Fax:** **Email:**
brian.beckett@vertexvis.com
7. **FEIN:** 82-2905516
8. **Please indicate your tax period end date: December 31**
9. **NAICS Code for primary business operations:** 511210
10. **US DOT Number:**

11. **Does the Business file a consolidated tax return under a different tax ID number?**
 Yes (If yes, please also provide that tax ID number) No
- a. **Is the contact person listed above authorized to obligate the Business?**
 Yes No If no, please provide the name and title of a company officer authorized to obligate the Business: Dan Murray - CEO, Ann Murray - Treasurer, Jeff Murray - Secretary

12. **If the application was prepared by someone other than the contact person listed above, please complete the following:**
Name of Business:
Address:
City, State & Zip Code:
Contact Person: Title:
Phone: Fax: Email:

Sponsor Information (A sponsor organization is a city or county)

13. **Sponsor Organization:** City of Ames
14. **Chairperson, etc.):** Duane Pitcher **Official Contact (e.g. Mayor, Title:** Director of Finance
15. **Address:** 515 Clark Ave.
16. **City, State & Zip Code:** Ames, Iowa 50010
17. **Phone:** 515-239-5113 **Fax:** **Email:** dpitcher@city.ames.ia.us

18. **If IEDA needs to contact the sponsor organization with questions, should we contact the person listed above?**
 Yes No, please contact the following person:

Name: Dan Culhane Title: President - Ames Chamber of Commerce
Address: 304 Main St
City, State & Zip Code: Ames, Iowa 50010
Phone: 515-232-2310 Fax: Email: dan@ameschamber.com

If necessary, please list information on additional sponsors in an attachment.

SECTION B

Business Information

1 Provide a brief description and history of the Business. Include information about the Business' products or services and its markets and/or customers.

Vertex Software is an exciting new company that was founded by pioneers in manufacturing visualization and Product Lifecycle Management (PLM) In addition, our team includes pioneers in building B2B cloud-based software-as-a-service (SaaS) applications

Our cloud-based software product enables users to securely share 3D product data, regardless of model size, to any computing device desktop, laptop, tablet, or smartphone Our product transforms how organizations access, use, and share visual information, accelerating the product development cycle We unlock 3D product data for use outside of engineering for use cases in sales and marketing, finance, procurement, legal, and on the shop floor

We launched Vertex in September of 2017 and employ 58 people today Our Team has a combined 435 years of software engineering experience, 213 years of cloud computing experience, 133 years of manufacturing visualization experience, 55 years of manufacturing product development experience, and 257 years of experience launching and scaling software companies

2 Business Structure:

- Cooperative Corporation Limited Liability Company
 Partnership S-Corporation Sole Proprietorship

3 State of Incorporation Delaware

4 Identify the Business' owners and percent ownership Echo 5 Management, Inc - 86%, Jeffrey Murray Gift Trust - 4 7%, Laura Murray Gift Trust - 4 7%, Katelyn Murray Gift Trust - 4 7%

5 Does a woman, minority, or person with a disability own the Business? Yes No

6 List the Business' Iowa locations and the most current number of employees at each location 47 in Ames, IA as of 11/30/2018

7 What is the Business' worldwide employment? (Please include employees of parent company, subsidiaries, and other affiliated entities in this figure) 52

Project Information

8 **Project Street Address:** 2625 N Loop Dr Suite 2100
Project City & Zip Code: Ames, IA 50010 **Project County:** Story

9 Type of Business Project:

- Startup Expansion of Iowa Company New Location in Iowa

10 **Does the project site qualify as a "Brownfield" or "Grayfield" site?** Yes No
If yes, please explain and document as Attachment A6

11 Describe the proposed project for which assistance is being sought. (Include project timeline with dates, facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

Vertex Software has its operational headquarters in Ames, IA As we launch our core software solution in Q2 of 2019 we anticipate the rapid scaling of our teams to sell and deploy software to our customers Given the forecasted adoption of our software and the rapid scale and related hiring the project will require and expansion of our current facilities to accommodate our employee growth We have begun discussions with the ISU Research Park and are exploring various options The tentative plan consists of two phases The first phase consists of the construction of a new facility that is approximately 60,000 sq ft and will house approximately 200 employees We anticipate phase one completion in approx 24 months Vertex would enter into a long-term lease for a newly constructed facility with an estimated cost of \$20 million

12

Project Timeline <i>(add additional rows as needed)</i>	Beginning Activity Date	Activity Completion Date
Hiring	Immediately	
Construction	October 2019	Fall 2020

- 13 **Has any part of the project started*?** Yes No
 If yes, please explain

** For IEDA's purposes, starting the project includes the start of construction or rehabilitation, the purchase of a building, the execution of a lease, or the installation of equipment to be used in the project*

- 14 **Identify the Business' competitors** If any of these competitors have Iowa locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Iowa competitor. No direct competitors in Iowa

- 15 **Will any of the current Iowa employees lose their jobs if this project does not proceed?**
 Yes No
 If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs Section E

- 16 **Is the Business actively considering locations outside of Iowa?** Yes No
 If yes, where and what assistance is being offered?

- 17 **Please identify the company project management for the project location and experience.** Eileen Witt - Significant experience working with IEDA with Webfilings/Workiva

SECTION C

Applicant's Project Budget

- 1 **Does the Business plan to lease the facility?** Yes No
 If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) for three years in the budget below, and only major renovation costs your company expects to incur. Administrative rules require that the lease be in place for a minimum of five years

- 2 Please complete the budget below. Include only costs the company plans to incur directly

Use of Funds	Cost	Source A	Source B	Source C	Source D	Source E	Source F
Base Rent (3 years)	\$4,500,000	1,500,000	300,000	2,700,000			
Tenant Improvements	200,000			200,000			
Land Acquisition							
Site Preparation							
Building Acquisition							
Building Construction							
Building Remodeling							
Mfg Machinery & Equip							
Other Machinery & Equip							
Racking, Shelving, etc ¹							
Computer Hardware	800,000			800,000			
Computer Software	1,000,000			1,000,000			
Furniture & Fixtures	600,000			600,000			
Working Capital							
Research & Development	25,000,000			4,700,000	19,400,000		
Other							
TOTAL	\$31,200,000	\$1,500,000	\$300,000	\$10,000,000	\$19,400,000	\$	\$

¹ Racking, shelving and conveyor equipment used in distribution center projects only

- 3 Please complete the chart below with proposed financing for the project (tax benefits should be reflected as indirect financing under #5 below)

PROPOSED FINANCING

Source of Funds	Amount	Form of Funds	Rate and Term	Commitment Status	Conditions/Additional Information
Add additional lines as needed		(Loan, Grant, In-Kind, Donation, etc.)			Include when funds will be disbursed; If loan, whether payments are a level term, balloon, etc
Source A: IEDA (see #4 below)	\$1,500,000	50/50 loan/forgivable loan	0%		Beginning of project disbursement, payment TBD
Source B: Local Government	\$300,000	Ames, TBD			Beginning of project disbursement, payment TBD
Source C: Founder Financing	\$ 10,000,000	Convertible Debt (SAFE Note)			
Source D: Business Performance	\$19,400,000				
Source E: Outside investors		Equity interests			A high level of interest exists and would be available if business performance cannot support.
Source F: Other Source					
TOTAL	\$31,200,000				

4. **Direct financial assistance (loans/forgivable loans) must be secured with acceptable collateral. Please select the type of collateral your company will pledge to secure the IEDA financing, and document its value in Attachment A5. ***

No collateral, funding disbursed at the end of the 5-year contract	<input type="checkbox"/>	Explain:
Irrevocable letter of credit	<input checked="" type="checkbox"/>	Letter of credit to be completed by CEO/Founder
Dedicated certificate of deposit (CD)	<input type="checkbox"/>	

* The IEDA Board has the final discretion on what collateral will be accepted.

5. Please complete the chart below with tax credits and other indirect financing expected for the project:

TAX CREDITS AND INDIRECT FINANCING		
Source of Funds	Amount	Description
Investment Tax Credit	75,000	Based on capital expenditures assuming building is leased
Sales, Service & Use Tax Refund	\$600,000	Refund on sales tax for construction materials through a 3 rd party developer
Research Activities Credit (3%/10%)	1,250,000	Supplemental credit (10%) based on 50% of projected R&D salary spend qualifying
Local Property Tax Exemption	1,271,872	5-year sliding scale under 427B
Tax Increment Financing		
260E Job Training Funds	650,000	
In-kind Contribution		
Other		
TOTAL	\$3,856,872	

6. **There are three justifiable reasons for providing assistance. Check the box next to the reason why assistance is needed to complete this project.**

Financing Gap - A gap exists between the financing required and the financing on-hand and the provision of tax incentives or assistance is necessary to fill the gap.

Rate of Return Gap –The likely returns of the project are inadequate to motivate a company decision maker to proceed with the project even if sufficient debt or equity can be raised to finance the project, and the project's risks outweigh its rewards, making the provision of tax incentives or assistance necessary to reduce the project's risks.

Location Disadvantage (Incentive) –The business is deciding between a site in Iowa (“Iowa site”) and a site in another state (“out-of-state site”) for its project and the cost of completing the project at the out-of-state site is demonstrably lower, making tax incentives or assistance necessary to equalize the cost differential between the two sites. Note: The authority will attempt to quantify the cost differential between the sites.

7 **Please provide a brief explanation of the need for assistance.**

We would like to take advantage of a market opportunity that will require rapid scaling of our business in Iowa. To optimally take advantage of this opportunity additional capital is needed.

SECTION D

Employee Benefits

There are three options to meeting the sufficient benefit requirement. These options are detailed in the chart below. Please complete questions 1-3. If your company meets Option 1 or 2, no additional information is required. If you would like to utilize Option 3, please also complete questions 4-6.

	Option 1	Option 2	Option 3
	80% single Coverage	50% Family coverage	Monetary Equivalent
Total Number of Employees in US	Pay 80% of premium costs for a standard medical plan, single coverage	Pay 50% of premium costs for a standard medical plan, family coverage	Provide medical and pay the monetary equivalent of Option 1 or Option 2 in supplemental employee benefits
250+	\$1250 maximum deductible	\$2500 maximum deductible	<i>Benefits Counted Toward Monetary Equivalent Medical coverage, Dental coverage, Vision insurance, Life insurance, Pension, 401(k) (company's Average contribution, Short-/long-term disability insurance, Child care services, Other nonwage compensation</i>
50-249	\$2250 maximum deductible	\$4500 maximum deductible	
0-50	\$2000 maximum deductible	\$4000 Maximum deductible	

- 1 How many full-time, permanent employees does your company currently employ within the U S ? 52
- 2 What is the total premium cost for a standard medical plan for **single employee coverage**? \$500 00 average
 - a What portion of this cost is paid by the business? 100%
 - b What is the deductible associated with this plan? \$3,000, \$3,600, \$5,000 PPO and two HDHP options
- 3 What is the total premium cost for a standard medical plan for **family coverage**? Varies – ACA mandates price per family member
 - a What portion of this cost is paid by the business? 100% of employee, 0% of family
 - b What is the deductible associated with this plan? \$6,000, \$7,200, \$10,000 PPO and two HDHP options

No additional information required, in this section, if your company meets the requirement for Option 1 or Option 2

- 4 Does your company provide additional benefits to full time employees? Yes No
If yes, please provide the annual amount **offered by the business, per employee** in the chart below

Benefit	Annual amount paid by the business (per employee):
Dental Insurance – Single plan	\$35 42
Dental Insurance – Family plan (cover employee portion)	\$35 42
Vision - Employee covered 100%	\$7 36
Pension (Use 3-year average calculated below)	\$
Retirement Plan - i e 401(k) (Use 3-year average calculated below)	\$
Profit Sharing Plan (Use 3-year average calculated below)	\$
Childcare Services	\$
Life Insurance coverage	Average \$7 30
Disability Insurance coverage	\$
Health Savings Account (HSA) contribution	\$500 annual for HDHP5000 plan
TOTAL	\$585.50

- 5 Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? Yes No
If yes, please indicate the amount contributed on a per employee basis by the Business to the plan for the last three years For 401(k) plans, please provide information on the company match and indicate the average annual match per employee

Year Ending	Average Actual Match per Employee (\$)
	\$
	\$
	\$
Three-year Average:	\$

6 Does the Business offer a profit-sharing plan? Yes No

If yes, please indicate total amount paid out each year for the past three years and then, determine the average annual bonus or contribution per employee for that three year period

Year Ending	Average Actual Share per Employee (\$)
	\$
	\$
	\$
Three-year Average:	\$

Notes

- 1 *A qualified plan must be offered to all full-time permanent employees*
- 2 *If you have multiple health insurance plans, please provide information on each plan*

SECTION G

Attachments

Please attach the following documents

A1 Project Plan

Please provide an executive summary for your project. This information should include, at a minimum, expanded information about the company's products and services and any other project related information that has not already been described in the application for financial assistance.

Please note, a traditional business plan, including an executive summary, market analysis, organization and management structure, marketing and sales management, service and product line narrative, financial projections, feasibility study and patent status, as well as any other relevant information, may be requested by the Iowa Economic Development Authority to evaluate the feasibility of this project.

A2 Payroll Information (Confidential)

- Copies of the Business' **Quarterly Iowa Employer's Contribution and Payroll Report** for the past year. This report should include the monthly employment totals.
- **A copy of the most recent payroll report for one pay period.** The copy of the most recent payroll report for one pay period must be in Excel format and include the following information:
 - Company name, date of payroll and source of payroll information
 - Employee name and/or employee identification number
 - Current hourly wage - do not include bonuses or other benefit values
 - Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time
 - A sample Excel spreadsheet can be provided by IEDA staff

A3 Affidavit that states the Business has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental, worker safety regulations and antitrust laws, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment. A sample affidavit can be provided by IEDA staff.

A4 Financial Information (Confidential, unless already publicly available) (Existing Businesses Only)

- Profit and loss statements and balance sheets for past three year-ends,
- Current YTD profit and loss statement and balance sheet,
- Schedule of aged accounts receivable,
- Schedule of aged accounts payable, and
- Schedule of other debts

A5 Collateral documentation (If requesting direct financial assistance only)

A6 Brownfield or Grayfield site documentation (if applicable)

SECTION H

Certification & Release of Information

1. Are there any judgments or court actions completed or pending against the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No
2. Has any current or prospective officer, principal, director, or owner been accused or convicted of any wrongdoing or crime, other than a simple misdemeanor? Yes No
3. Have there been any current or past bankruptcies on the part of the applicant entity (or predecessor entities), or on the part of any current (or prospective) officer, principal, owner or in any business dealings of current (or prospective) officers, principals, or owners of the applicant entity? Yes No
4. In the last five years have there been, or are there currently any investigations of potential violations of public health, safety (including workplace safety) or environmental laws by the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No
5. In the last five years have there been, or are there currently any violations of antitrust laws by the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No
6. *If yes to any of the above, please provide additional explanation.*

I hereby give permission to the Iowa Economic Development Authority (IEDA) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the Business' state income tax, sales and use tax, and state tax credits claimed.

I understand that all information submitted to IEDA related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22), unless specifically marked as confidential section.

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured. Furthermore, I am aware that funds will not be disbursed until a contract has been executed and the appropriate terms have been met.

I understand that upon execution of the contract and prior to the issuance of a tax credit number or the disbursement of Award Funds, a recipient shall pay IEDA a one-time compliance cost fee in the amount of \$500. In addition, if tax benefits are greater than \$100,000, the Recipient shall remit to IEDA a compliance cost fee 0.5% of the value of the Tax Incentives claimed pursuant to the contract. The fee will be due and payable upon filing the Recipient's annual tax return for each tax year in which tax credits are claimed under the contract.

I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

For the Business:

For the Sponsor(s):



Signature Date 11/27/2018

Signature Date

Daniel J. Murray, CEO

Name and Title (typed or printed)

Name and Title (typed or printed)

IEDA will not provide assistance in situations where it is determined that any representation, warranty, or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided prior to discovery of the incorrect, false, or misleading representation, IEDA may initiate legal action to recover incentives and assistance awarded to the Business.

Attachment A3

Affidavit

State of Iowa
County of Story

I, Daniel Murray, depose and say that I have examined the following statement and have found it to the best of my knowledge to be accurate and true.

Vertex Software, LLC has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental and worker safety regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

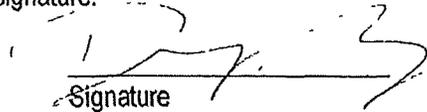
I have submitted a report detailing the circumstances of all such violations to the Economic Development Authority and such report represents a full and complete description of such circumstances

I hereby certify that the information presented to the Iowa Economic Development Authority on December 18, 2018 is fully complete, true, and correct. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision, as provided in Iowa Code section 15A.3 and other applicable law

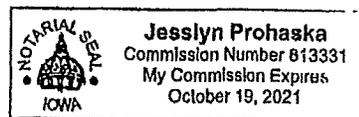
Furthermore, I understand that providing false, misleading, or fraudulent information to the Board may result in civil and/or criminal liabilities and penalties against the Recipient and its representatives.

I further depose that the signature below is my own proper signature.

Dated: December 18, 2018


Signature

Subscribed and sworn to before me on
this 18th day of December 2018
Jesslyn Prohaska (Notary Public)
Story County
My commission expires on 10/19/21



COUNCIL ACTION FORM

SUBJECT: CONSUMPTION OF ALCOHOL ON WATER PLANT
PREMISES DURING AFTER-HOURS FOR A
AMERICAN WATER WORKS ASSOCIATION,
IOWA SECTION CONFERENCE EVENT

BACKGROUND:

The Ames Water Treatment Plant is a member of the American Water Works Association-Iowa Section (AWWA-IA). Every fall, AWWA-IA conducts a two-and-a-half day conference and exposition. The location for the conference rotates each year, allowing different communities to host the event. Their next conference will be held in Ames on October 22-24, 2019. The Wednesday and Thursday technical sessions and banquet will be held at the Gateway Hotel and Conference Center.

AWWA-IA has asked if the City would be interested in hosting a Tuesday evening reception at the new Ames Water Treatment Plant. The event would run after normal business hours; likely from 6:00 – 8:00 PM. Typically, these evening receptions provide light refreshments, including beer and wine. The event is only open to registered attendees of the conference, and each attendee is provided a limited number of drink tickets.

The authority to approve licenses for alcoholic beverage service in Ames lies solely with the City Council. **Due to the advanced planning required for this type of event, City staff is seeking a decision from the City Council in advance of the submission of an alcoholic beverage control license by AWWA-IA. If the City Council feels that it is not interested in approving a temporary liquor license that would allow consumption of beer and wine at the Water Plant, knowing that now would allow AWWA-IA time to develop an alternative reception plan.**

In the past, the City Council has approved alcohol consumption for events at the Ames Public Library. In 2014, a request was granted for a gala event held in conjunction with the grand re-opening of the Library. A second approval was granted in 2016 as a part of a Friends Foundation fundraising event. Just as with the proposed AWWA-IA request, the events at the Library were held after regular business hours when only invited guests were present.

It should be noted that the arrangements for the alcoholic beverage service, including paying for the beer and wine, will be handled by AWWA-IA, who does carry insurance for these types of events. The City will not be the entity purchasing the alcohol.

The Water Plant would limit possession of alcoholic beverages to the first floor conference room and administrative portions of the facility, so no alcohol would be allowed in the treatment portions of the facility. Multiple City staff will be present throughout the event to provide tours of the facility, and will be able to assist in ensuring that alcohol remains in the designated locations.

ALTERNATIVES:

1. The City Council can express support for the American Water Works Association-Iowa Section's intent to seek a temporary license to serve beer and wine on Water Plant property at an after-hours reception.

If this alternative is supported, the issue will be brought back to the City Council in the future for approval of a temporary liquor license at this City site.

2. The City Council can indicate that it is not supportive of allowing alcohol being consumed at the Water Plant for this conference event.

MANAGER'S RECOMMENDED ACTION:

The City is a member of the American Water Works Association-Iowa Section (AWWA-IA), a drinking water trade association comprised of drinking water professionals and water quality advocates dedicated to the promotion of quality drinking water for the citizens of Iowa. Each year, AWWA-IA holds an annual conference at a location that rotates through different communities. Ames will be the location for the October 2019 conference. AWWA-IA has requested the opportunity to hold an after-hours reception at the Water Plant which will include the service of beer and wine. Due to the planning deadlines for the event, the AWWA-IA is seeking approval from the City Council before applying for a temporary liquor license.

Because the event will be held after public hours, the alcohol will not be served in the treatment area, only attendees of the conference will be at this reception, and attendees will be given a limited number of drink tickets; it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.