

COUNCIL ACTION FORM

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020

BACKGROUND:

The 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 as the Comprehensive Annual Financial Report, serve many purposes including the following:

- Provide information needed for both financial decision making and the assessment of financial stewardship
- Lend insight into the financial health of the City
- Preserve public and investor trust through financial transparency
- Demonstrate compliance with public decisions concerning the raising and spending of public 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 Comprehensive Annual Financial Report is made up of many sections and contains information that may seem confusing even to those who are familiar with private sector accounting reports. The main difference between private sector accounting and governmental accounting is the use of fund accounting.

Fund accounting is a tool used by governments to organize and present data about financial resources to show the fact that certain resources have been segregated for specific activities or objectives in accordance with special regulations, restrictions, or limitations. The constraints on how financial resources can be used are either imposed externally (grantors and creditors) or internally through the budget adopted by the City Council.

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

Eide Bailly LLP, Certified Public Accountants, has audited the City's financial statements as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America with the exception described below.

AUDIT OPINION AND REPORT

The auditor's report includes a qualified opinion based on the Mary Greeley Medical Center (MGMC) decision to classify CARES Act grant funds received as operating income rather than nonoperating income as required by applicable accounting standards. An excerpt of the auditor's opinion related to the qualification is provided below:

Mary Greeley Medical Center (major fund) has classified \$3,792,303 of Provider Relief Funds revenue within operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the year ended June 30, 2020. According to Governmental Accounting Standards Board Technical Bulletin No. 2020-1, the funds are to be reported as nonoperating revenue and as a financing cash flow activity.

The audit opinion is an unmodified opinion except for the classification of revenue for MGMC described above. During the audit, adjustments were made related to accounts receivable, deferred revenue, and liabilities; both the auditor and staff agreed with these adjustments. Staff will implement additional procedures to identify and report liabilities and revenue in a manner that will avoid future audit adjustments.

Also included with the report is the management letter that discloses any findings, difficulties in performing the audit, misstatements, disagreements with management, and other issues that came up during the audit. The letter confirms that there were no other issues to report related to the June 30, 2020 audit. It does include a statement related to the adjustments mentioned in the previous paragraph.

ALTERNATIVES:

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

CITY MANAGER'S RECOMMENDED ACTION:

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

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF AMES, IOWA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



A YEAR LIKE NO OTHER

From a global pandemic to a rare midwestern derecho, the year 2020 proved itself to be one of the most unpredictable, exhausting, isolating, and challenging in memory. Despite the year's battering, Ames citizens showed their resilience again and again.

When COVID-19, a new strain of a contagious coronavirus, emerged as a local threat, the City of Ames began collaborating with community partners to develop strategies to respond. Residents have masked up, physically distanced, and kept hand sanitizer nearby.

When a derecho with 90 miles per hour straight-line winds downed trees and snapped electric transmission poles, City employees and mutual aid crews jumped into action to repower the community. At the same time, neighbors checked on neighbors and helped clear debris. In the face of significant obstacles, the City of Ames ended the year with several major accomplishments including opening new parks, renovating public restrooms, energizing a community solar farm, offering online programs, services, and classes, and celebrating with virtual events.

This year's Comprehensive Annual Financial Report provides insight into these unprecedented times through narrative and numbers. The photographs document how City employees continued to serve the public with creativity and innovation.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF AMES, IOWA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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, 2020**

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INTRODUCTORY SECTION



CITY OF
Ames™



March 31, 2021

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 of the City for the fiscal year ended June 30, 2020, 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, 2020, except for the Mary Greeley Medical Center Enterprise Fund. The opinion on the Mary Greeley Medical Center Enterprise Fund was qualified based on the classification of Provider Relief Funds. 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. The MD&A complements this letter of transmittal and reads 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 66,258, according to the 2020 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 31 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 30 years.

In December 2020, 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 2.1%, well below the national rate of 6.5% and Iowa rate of 3.7%, indicating substantial employment recovery from the initial job losses due to the COVID pandemic. The City has continued a general trend of steady employment growth; however total employment has fallen slightly over the year as the hospitality sector has yet to fully recover. 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 July, 2019 population estimate was 66,258, a slight reduction from the prior year.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The assessed valuation for property in Ames grew by 3.12% from January 2018 to January 2019. ISU student enrollment has fallen slightly from recent peaks with 31,825 students enrolled for the fall 2020 semester, a reduction of about 4.7% from the prior year.

The commercial and industrial sectors have slowed with the COVID Pandemic, but several developments are currently in the early stages including a major downtown redevelopment in the Lincoln Way Corridor and the extension of utilities east of Interstate 35 to serve commercial and industrial expansion.

The retail, service, and housing sectors have also seen continued growth. Major redevelopment projects continue in the South Duff retail corridor, with the first phase of redevelopment completed at vacant big box retail site. The North Grand Mall site is also being redeveloped with two new

retail sites completed and open for business. The housing sector has remained strong, but has shifted to single family and senior living as construction in the multifamily sector has slowed.

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 with the new connection to the South Duff Corridor now complete. 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 affecting both the primary north/south and east/west connections to Ames. The US 30/I-35 interchange is open to traffic and improvement to the flyover ramp serving Ames are underway to better connect business districts to the major 4 lane highways. The addition to lanes on I-35 south of Ames is nearing completion.

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 minimum fund balance requirement for the General Fund is 25% of operating expenditures less pass through amounts. The City met this requirement 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This is the 41st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is only valid for one year. However, we believe that our current Comprehensive Annual Financial Report 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, 2020. To qualify for this award, the City's budget document has to be judged proficient as a policy document, an operations guide, a financial plan, and a communication device. This is the 35th consecutive year the City has received this award.

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

Respectfully submitted,

Steven L. Schainker
City Manager

Handwritten signature of Steven L. Schainker in cursive script.

Duane R. Pitcher, CPA, CPFO
Director of Finance

Handwritten signature of Duane R. Pitcher in cursive script.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ames
Iowa**

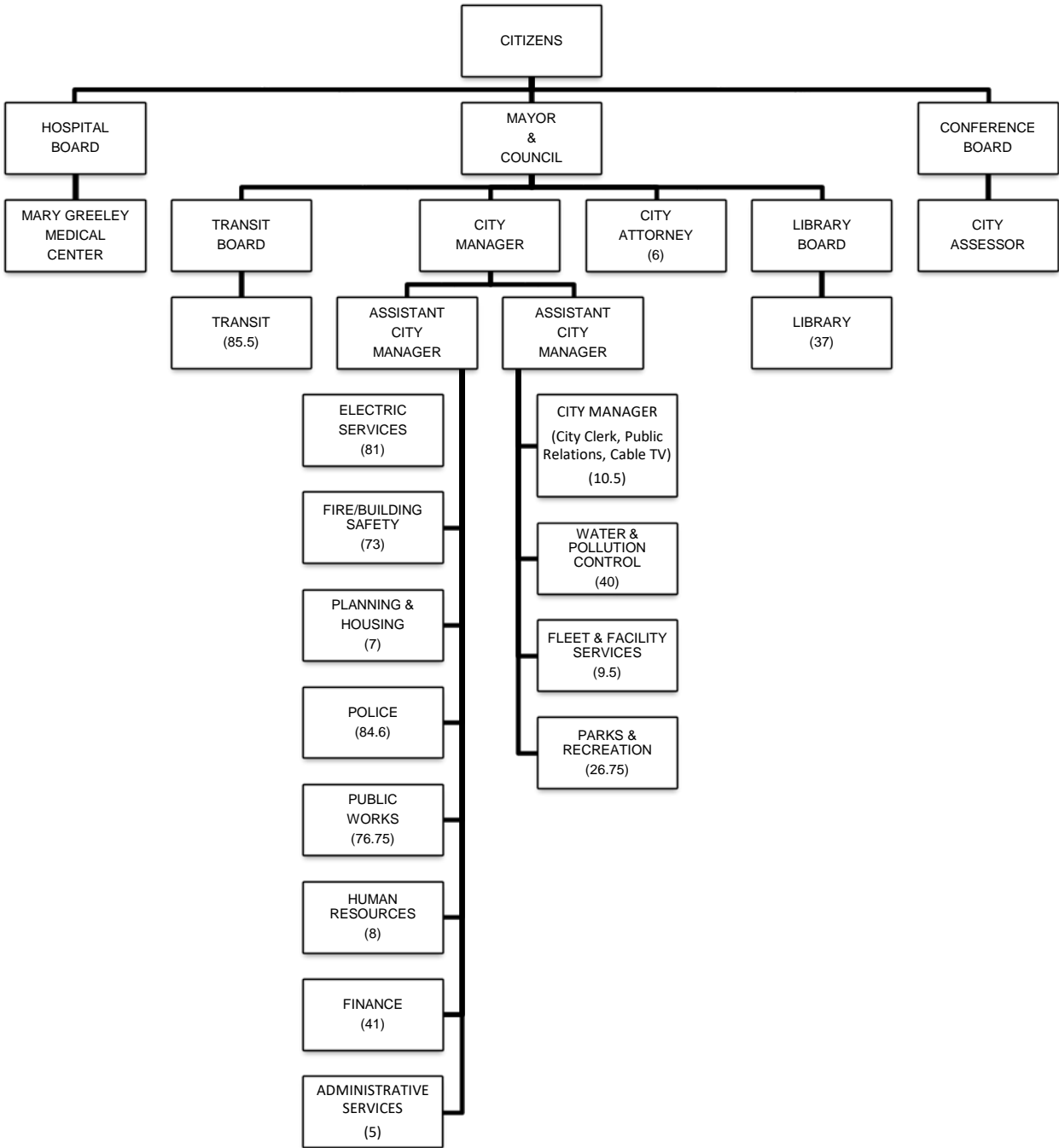
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**City of Ames
Organizational Chart
June 30, 2020**



City of Ames
List of Elected and Appointed Officials
June 30, 2020

Elected Officials:

Mayor	John Haila
Council Member – Ward 1	Gloria Betcher
Council Member – Ward 2	Tim Gartin
Council Member – Ward 3	David Martin
Council Member – Ward 4	Rachel Junk
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	Debra Schildroth
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	Bethany Jorgenson
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	Rich Higgins
Police Chief	Vacant

Other Officials:

Director of Transportation	Barbara Neal
Library Director	Sheila Schofer

Hospital Administration:

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



FINANCIAL SECTION



CITY OF
Ames™



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, 2020, 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 60 percent, 56 percent, and 68 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.

Basis for Qualified Opinion on the Mary Greeley Medical Center Enterprise Fund

Mary Greeley Medical Center (major fund) has classified \$3,792,303 of Provider Relief Funds revenue within operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the year ended June 30, 2020. According to Governmental Accounting Standards Board Technical Bulletin No. 2020-1, the funds are to be reported as nonoperating revenue and as a financing cash flow activity.

Qualified Opinion on the Mary Greeley Medical Center Enterprise Fund

In our opinion, based on our audit and the reports of other auditors, except for the effects of the matter as described in the "Basis for Qualified Opinion on the Mary Greeley Medical Center Enterprise Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mary Greeley Medical Center Enterprise Fund, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 other than the Mary Greeley Medical Center Enterprise Fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2020, 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 Note IV(P) to the financial statements, the City has corrected the beginning balance of the Water, Sewer, and the Business-Type Activities, and accordingly, has restated the related net position as of June 30, 2019. 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 of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City 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 March 30, 2021, 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.

Eide Bailly LLP

Dubuque, Iowa
March 30, 2021

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, 2020. 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 \$890,224,685 (*net position*). Of this amount, \$367,748,064 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 \$24,586,841, most of which was attributable to the business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$57,884,102, an increase of \$7,877,519 in comparison with the prior year. Approximately 17.15% of this amount (\$9,927,011) 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 \$14,052,398, or approximately 44.16% of total General Fund expenditures.
- The City's total long-term outstanding debt increased by \$26,774,447 during the current fiscal year.
- Within the City's business-type activities, revenues exceeded expenses by \$19,624,252. 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.

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 24-26 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing

decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 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 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 27-30 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its hospital, electric, sewer, water, 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 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 31-35 of this report.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-90 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 92-102 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 106-124 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position, may serve as a useful indicator of a government's financial position over time. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$890,224,685 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	
	2020	2019	2020	2019 (as restated)	2020	2019 (as restated)
Current and other assets	\$ 111,969,235	\$ 99,026,783	\$ 536,780,936	\$ 479,642,261	\$ 648,750,171	\$ 578,669,044
Net capital assets	191,177,604	191,424,573	470,389,288	463,793,844	661,566,892	655,218,417
Total assets	303,146,839	290,451,356	1,007,170,224	943,436,105	1,310,317,063	1,233,887,461
Deferred outflows of resources	7,988,660	8,257,255	22,611,037	25,054,838	30,599,697	33,312,093
Long-term liabilities outstanding	95,174,333	90,938,648	256,648,104	230,650,877	351,822,437	321,589,525
Other liabilities	6,613,106	5,337,204	47,783,234	37,203,397	54,396,340	42,540,601
Total liabilities	101,787,439	96,275,852	304,431,338	267,854,274	406,218,777	364,130,126
Deferred inflows of resources	34,047,337	32,094,625	10,425,961	5,336,959	44,473,298	37,431,584
Net position:						
Net investment in capital assets	148,292,299	144,730,839	320,199,338	311,786,131	468,491,637	456,516,970
Restricted	23,978,574	22,260,410	30,006,410	2,554,924	53,984,984	24,815,334
Unrestricted	3,029,850	3,346,885	364,718,214	380,958,655	367,748,064	384,305,540
Total net position	\$ 175,300,723	\$ 170,338,134	\$ 714,923,962	\$ 695,299,710	\$ 890,224,685	\$ 865,637,844

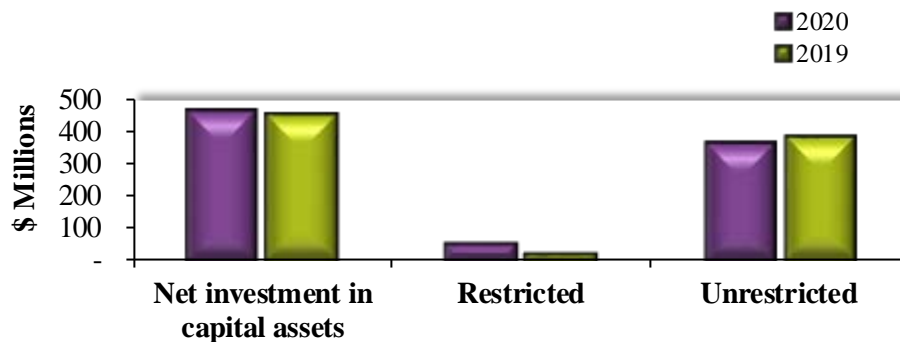
The largest portion of the City's net position (52.63%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to

its citizens. Accordingly, these assets are not available for future spending. Although the City's net 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 (\$53,984,984, or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$367,748,064 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.

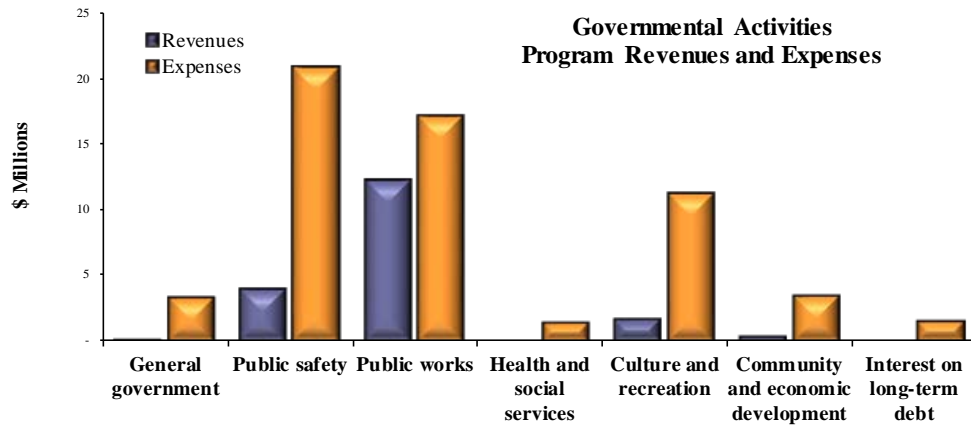
The following chart shows the components of net position for the years ended June 30, 2020 and 2019:



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$4,962,589 for an ending balance of \$175,300,723. Taxes are the largest source of governmental revenue with property taxes of \$32,973,640 and local option sales taxes of \$8,470,509 in 2020. The \$1,769,311 increase in property tax collections in 2020 over 2019 is due to an increase in taxable valuation. Charges for services decreased \$354,165 from 2019 revenues.

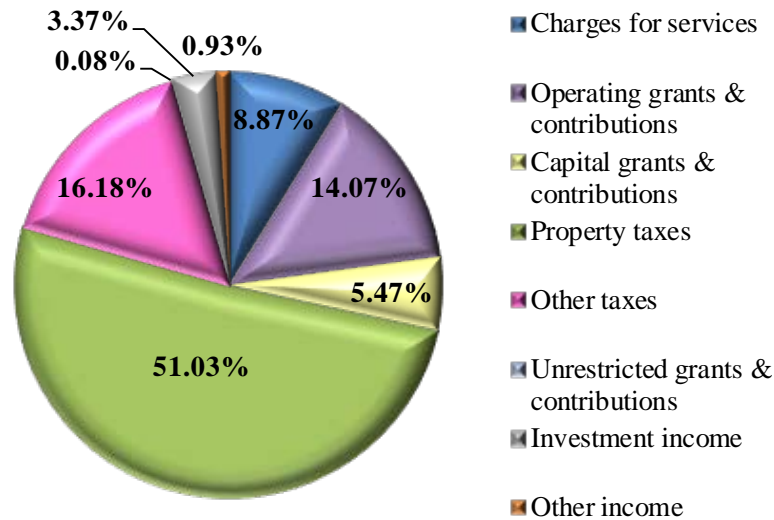
Governmental activity expenses increased \$2.14 million from 2019, or 3.75%, mainly due to normal increases in salaries, benefits, and costs of goods and services.

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



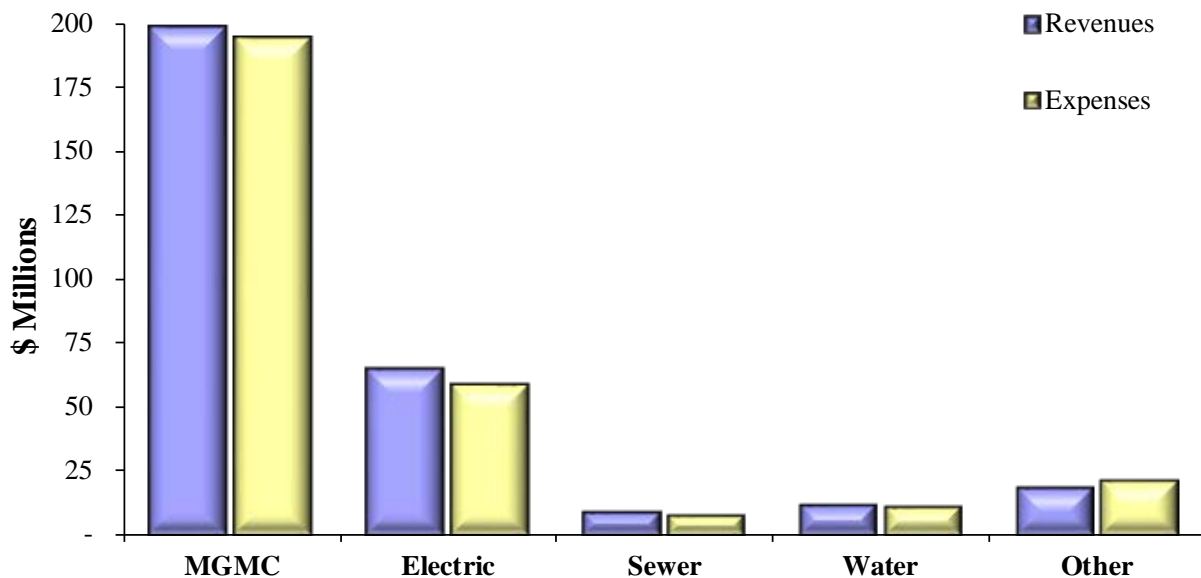
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019 (as restated)	2020	2019 (as restated)
Revenues:						
Program revenues						
Charges for services	\$ 5,729,341	\$ 6,083,506	\$ 291,448,380	\$ 291,687,129	\$ 297,177,721	\$ 297,770,635
Operating grants & contributions	9,090,602	8,950,597	8,118,261	4,437,834	17,208,863	13,388,431
Capital grants & contributions	3,536,671	3,426,018	2,014,199	3,097,169	5,550,870	6,523,187
General revenues						
Property taxes	32,973,640	31,204,329	-	-	32,973,640	31,204,329
Other taxes	10,456,666	10,507,087	-	-	10,456,666	10,507,087
Unrestricted grants & contributions	54,366	23,589	-	-	54,366	23,589
Investment earnings	2,177,884	2,190,478	8,135,196	19,708,701	10,313,080	21,899,179
Other	602,881	759,997	647,271	345,824	1,250,152	1,105,821
Total revenues	64,622,051	63,145,601	310,363,307	319,276,657	374,985,358	382,422,258
Expenses:						
General government	3,304,608	3,141,379	-	-	3,304,608	3,141,379
Public safety	20,956,310	18,951,047	-	-	20,956,310	18,951,047
Public works	17,259,469	16,929,643	-	-	17,259,469	16,929,643
Health & social services	1,463,008	1,499,781	-	-	1,463,008	1,499,781
Culture & recreation	11,257,074	11,059,949	-	-	11,257,074	11,059,949
Community & economic development	3,463,620	4,025,768	-	-	3,463,620	4,025,768
Interest on long-term debt	1,578,408	1,534,075	-	-	1,578,408	1,534,075
Mary Greeley Medical Center	-	-	194,116,951	186,917,186	194,116,951	186,917,186
Electric	-	-	58,345,295	62,322,757	58,345,295	62,322,757
Sewer	-	-	7,020,822	8,826,479	7,020,822	8,826,479
Water	-	-	10,620,259	9,841,869	10,620,259	9,841,869
Parking	-	-	999,414	975,126	999,414	975,126
Transit	-	-	13,842,640	14,004,166	13,842,640	14,004,166
Storm sewer	-	-	796,588	270,883	796,588	270,883
Ames/ISU Ice Arena	-	-	665,247	650,947	665,247	650,947
Homewood Golf Course	-	-	215,211	254,380	215,211	254,380
Resource Recovery	-	-	4,493,593	4,478,297	4,493,593	4,478,297
Total expenses	59,282,497	57,141,642	291,116,020	288,542,090	350,398,517	345,683,732
Increase in net position before transfers	5,339,554	6,003,959	19,247,287	30,734,567	24,586,841	36,738,526
Transfers	(376,965)	(222,839)	376,965	222,839	-	-
Increase in net position	4,962,589	5,781,120	19,624,252	30,957,406	24,586,841	36,738,526
Net position, beginning (as restated)	170,338,134	164,557,014	695,299,710	664,342,304	865,637,844	828,899,318
Net position, ending	\$ 175,300,723	\$ 170,338,134	\$ 714,923,962	\$ 695,299,710	\$ 890,224,685	\$ 865,637,844

The following chart shows revenues by source for governmental activities:



Business-Type Activities. The net position for business-type activities increased by \$19,624,252, accounting for 79.82% of the City's growth during the fiscal year. The majority of this increase is attributable to the hospital; operating margin was 2.06% compared to a budget of 3.0% and investment income was \$5.15 million.

The following chart shows the expenses and related program revenues for the functions of business-type activities:



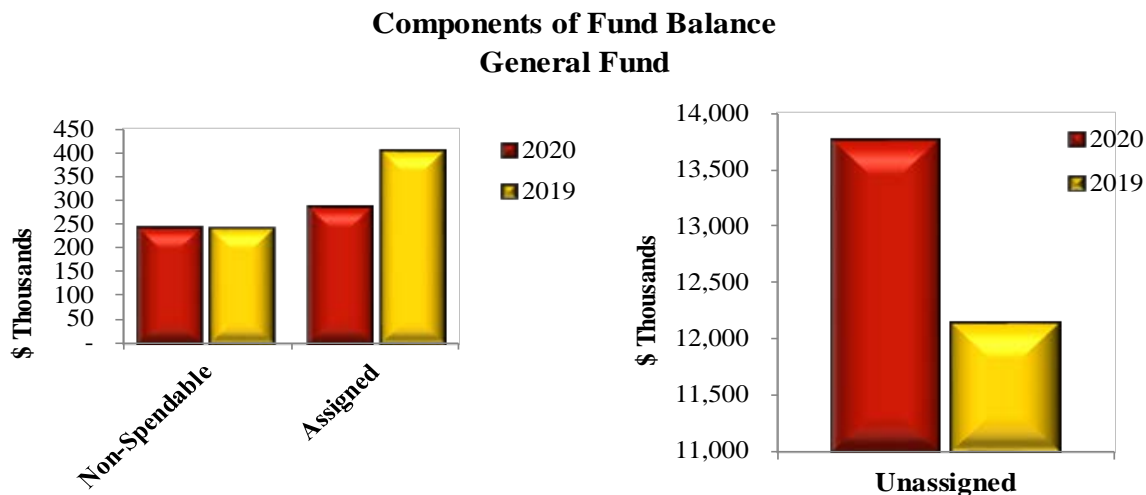
Financial Analysis of Governmental Funds

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

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

The City's governmental funds reported combined fund balances of \$57,884,102 at June 30, 2020, an increase of \$7,877,519 from the prior year. Approximately 17.15% of this amount (\$9,927,011) 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 (\$341,750); 2) legally required to be maintained intact (\$2,017,993); 3) restricted for particular purposes (\$43,100,229); 4) committed for particular purposes (\$2,213,310); or 5) assigned for particular purposes (\$283,809).

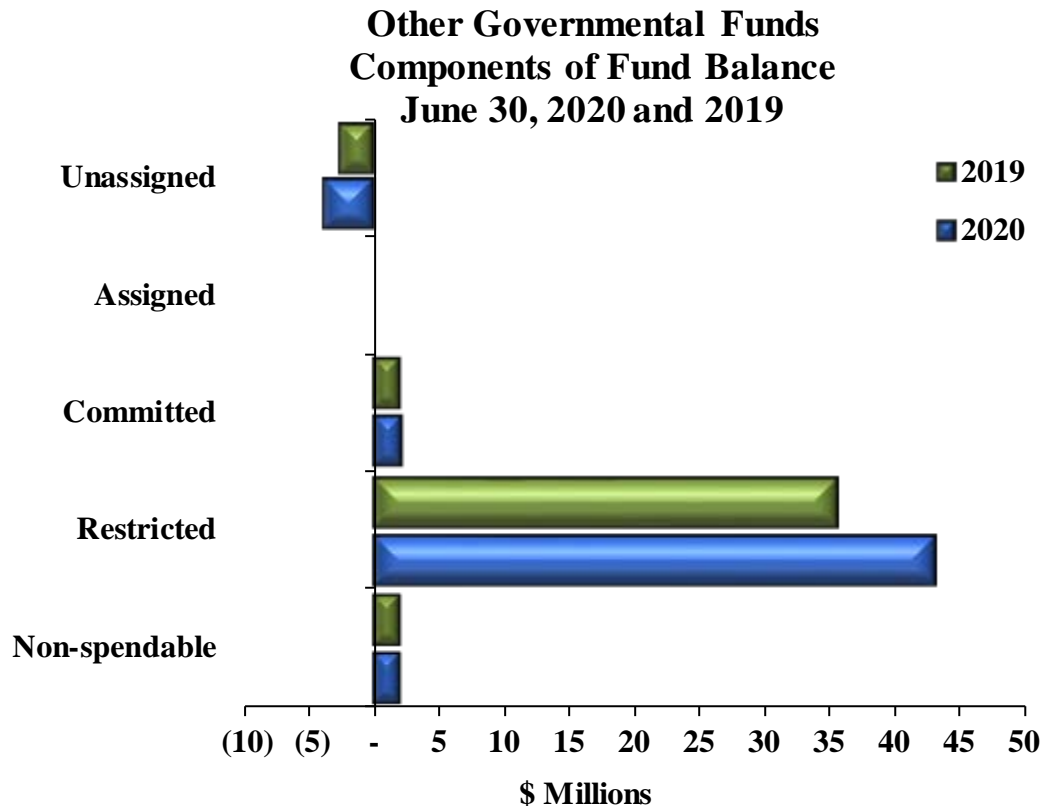
The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,768,589, while total fund balance increased by \$1,530,547 to \$14,293,376. The ending fund balance is 44.92% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.



The Capital Projects Fund had an increase of \$4,293,401 in fund balance during the fiscal year, which put the overall fund balance at \$20,835,345. Some of the capital projects for the year included safety and access improvements, work on the extension of Grand Avenue and the expansion of Iowa State University Research Park Phase IV, updating the Long-Range Transportation Plan, as well as annual street maintenance and improvement.

The fund balance in the Debt Service Fund is just over \$1.2 million at the end of the fiscal year, an increase of \$279,330 from the prior year, with property taxes and transfers from other funds coming up just short of debt service payments.

The fund balances of other governmental funds increased by \$1,774,241 from the 2019 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.



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, 2020, totaled \$703,599,467, of which 50.23% (\$353,393,719) is unrestricted. This is a \$17,159,851, or 2.5%, increase in net position from last fiscal year. The net position of the internal service funds is \$31,747,106, a \$2,032,022 increase in net position. Unrestricted net position accounts for \$21,553,862 (67.89%) 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 \$9.6 million). The results of hospital operations were favorable with \$4.1 million in operating income. The next highest increase in net position is the electric fund with an increase \$6 million, mainly due to natural gas sales.

Charges for services for the internal service funds increased 1.95% over the prior year, in line with the budget, with operating expenses staying flat.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were three amendments to the City's 2020 budget. The first amendment was approved in September 2019, primarily to reflect carryovers of capital project expenditures from the prior year. The second and third amendments were approved in March and May of 2020 to reflect year-end expenditures and revenues more accurately.

The main source of variation in the General Fund budget is the carryover of funds from fiscal year 2019 for capital projects that were not completed in fiscal year 2019.

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, 2020, amounts to \$661,566,890 (net of accumulated depreciation), an increase of \$6,348,473 from prior year 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:

- \$718,000 for substation improvements
- \$945,000 for radio system for Story Communication Network System
- \$1.0 million for improvements to the electric system
- \$2.3 million for improvements to the sanitary system
- \$14.3 million for information systems infrastructure upgrades, operating room and radiology equipment, and facility updates

Additional information on the City's capital assets can be found in note IV (E) on pages 54-55 of this report. The following shows capital assets, net of accumulated depreciation.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 13,237,769	\$ 13,021,910	\$ 12,671,456	\$ 12,597,856	\$ 25,909,225	\$ 25,619,766
Other non-depreciable assets	1,982,444	1,963,219	-	-	1,982,444	1,963,219
Depreciable assets	164,391,260	168,896,091	435,167,054	431,653,473	599,558,314	600,549,564
Construction in progress	11,566,129	7,543,353	22,550,778	19,542,515	34,116,907	27,085,868
Total	<u>\$ 191,177,602</u>	<u>\$ 191,424,573</u>	<u>\$ 470,389,288</u>	<u>\$ 463,793,844</u>	<u>\$ 661,566,890</u>	<u>\$ 655,218,417</u>

Long-term Debt. At the end of the current fiscal year, the City had \$184,065,038 in outstanding bonded debt, as shown in the following chart. Of this amount, \$68,243,887 is debt backed by the full faith and credit of the government and \$115,821,050 is revenue bonds issued by proprietary funds.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds, net	\$ 64,024,953	\$ 62,013,160	\$ 4,219,035	\$ 4,794,742	\$ 68,243,988	\$ 66,807,902
Revenue bonds	-	-	115,821,050	86,967,258	115,821,050	86,967,258
Loans payable	-	-	65,182,044	68,697,475	65,182,044	68,697,475
Total	<u>\$ 64,024,953</u>	<u>\$ 62,013,160</u>	<u>\$ 185,222,129</u>	<u>\$ 160,459,475</u>	<u>\$ 249,247,082</u>	<u>\$ 222,472,635</u>

The City's total debt increased by \$26,774,447 (12.03%) during the current fiscal year. State Revolving Fund loans increased slightly with new borrowings to finish the new water plant, a new bar screening system at the water pollution control facility, and for a sewer pipe and manhole project.

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, 2018, related to the 2019-2020 fiscal year. The current debt limitation for the City is \$241,870,551. 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 77-84 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors were considered in developing the fiscal year 2021 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 2% increase in water utility rates and a 5% increase in sewer rates to fund a portion of a capital improvement projects, and estimated operational expenses
- No rate increase in electric, sanitary sewer, or storm water utility rates
- No increase in Resource Recovery per capita subsidy rate or tipping fees, however the dollar amount of the per capita subsidy is expected to increase with population
- A increase in property tax rates from \$10.03 to \$10.15 per \$1,000 of taxable valuation
- A 2.4% increase in the City's support for transit to improve services
- An increase in full-time equivalents by 5.2 positions; with additions in police, fire, animal control, parks and recreation, and public works
- A 3.9% increase in health insurance costs including changes in plan design resulting in the loss of the grandfathered status under the Affordable Care Act. Strong fund balance in the self-insured health insurance fund will help to absorb an fluctuations in claims
- Recovery of local option sales tax due to collection of sales tax for online retail

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 36,057,313	\$ 86,505,237	\$ 122,562,550	\$ 2,134,801
Investments	42,066,025	51,630,584	93,696,609	-
Taxes receivable	270,095	-	270,095	-
Special assessments receivable	227,607	-	227,607	-
Accrued interest receivable	222,414	446,076	668,490	-
Accounts receivable, net	498,992	43,108,560	43,607,552	-
Pledges receivable, net	-	-	-	203,210
Intergovernmental receivable	5,120,597	1,294,907	6,415,504	-
Loans receivable	1,846	-	1,846	-
Internal balances	(7,446,458)	7,446,458	-	-
Inventories	171,514	7,821,914	7,993,428	-
Assets held for resale	1,114,441	-	1,114,441	-
Prepaid items	460,524	3,881,894	4,342,418	-
Restricted current assets:				
Cash and cash equivalents	-	1,427,768	1,427,768	-
Investments	-	28,578,642	28,578,642	-
Accrued interest receivable	-	11,458	11,458	-
Total current assets	78,764,910	232,153,498	310,918,408	2,338,011
Non-current assets:				
Investments	-	18,469,323	18,469,323	12,469,470
Succeeding year taxes receivable	31,743,937	-	31,743,937	-
Long-term loans receivable	8,561	-	8,561	-
Long-term special assessments receivable	1,451,827	-	1,451,827	-
Other assets	-	8,123,847	8,123,847	-
Non-depreciable assets	26,786,342	35,222,234	62,008,576	-
Depreciable assets, net of accumulated depreciation	164,391,262	435,167,054	599,558,316	-
Restricted non-current assets:				
Long-term investments	-	278,034,268	278,034,268	-
Total non-current assets	224,381,929	775,016,726	999,398,655	12,469,470
Total assets	303,146,839	1,007,170,224	1,310,317,063	14,807,481
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	6,556,955	6,556,955	-
Deferred outflows related to OPEB	418,470	1,048,795	1,467,265	-
Deferred outflows related to pensions	7,570,190	15,005,287	22,575,477	-
Total deferred outflows of resources	7,988,660	22,611,037	30,599,697	-

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

City of Ames
Statement of Net Position (continued)
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	3,677,830	12,413,113	16,090,943	359,803
Accrued payroll	176,181	6,158,541	6,334,722	-
Accrued compensated absences	122,703	566,331	689,034	-
Accrued interest payable	160,451	306,723	467,174	-
Retainage payable	334,695	1,897,106	2,231,801	-
Customer deposits	654,754	929,861	1,584,615	-
Intergovernmental payable	450,651	21,891,390	22,342,041	-
Claims payable	853,621	1,834,028	2,687,649	-
Loans payable	-	3,583,099	3,583,099	-
Bonds payable, net	9,078,302	7,651,406	16,729,708	-
Unearned revenue	304,923	2,352,472	2,657,395	-
Accrued landfill post-closure costs	-	16,155	16,155	-
Total current liabilities	15,814,111	59,600,225	75,414,336	359,803
Non-current liabilities:				
Accrued compensated absences	2,215,927	7,473,175	9,689,102	-
Accrued other post-employment benefits	1,404,343	5,538,994	6,943,337	-
Net pension liability	27,406,407	57,759,972	85,166,379	-
Annuities payable	-	-	-	213,889
Loans payable	-	61,598,945	61,598,945	-
Bonds payable, net	54,946,651	112,388,679	167,335,330	-
Accrued landfill post-closure costs	-	71,348	71,348	-
Total non-current liabilities	85,973,328	244,831,113	330,804,441	213,889
Total liabilities	101,787,439	304,431,338	406,218,777	573,692
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property taxes	31,743,937	-	31,743,937	-
Deferred charge on refunding	17,287	-	17,287	-
Deferred inflows related to OPEB	214,950	987,179	1,202,129	-
Deferred inflows related to pensions	2,071,163	9,438,782	11,509,945	-
Total deferred inflows of resources	34,047,337	10,425,961	44,473,298	-
NET POSITION				
Net investment in capital assets	148,292,299	320,199,338	468,491,637	-
Restricted:				
Expendable for:				
Debt service	1,207,777	30,006,410	31,214,187	-
Capital projects	9,738,103	-	9,738,103	-
Public safety	373,473	-	373,473	-
Employee benefits	329,090	-	329,090	-
Library services	412,832	-	412,832	-
Aquatic center	190,328	-	190,328	-
Community welfare	2,992	-	2,992	-
Housing services	1,130,930	-	1,130,930	-
Economic development	1,433,222	-	1,433,222	-
Community betterment	7,141,834	-	7,141,834	-
Mary Greeley Medical Center	-	-	-	10,158,110
Non-expendable for:				
Perpetual care	1,017,993	-	1,017,993	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	253,390
Unrestricted	3,029,850	364,718,214	367,748,064	3,822,289
Total net position	\$ 175,300,723	\$ 714,923,962	\$ 890,224,685	\$ 14,233,789

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, 2020

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating		Capital	Primary Government			Component Unit
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,304,608	\$ 116,999	\$ 13,277	\$ -	\$ (3,174,332)	\$ -	\$ (3,174,332)	\$ -
Public safety	20,956,310	3,865,956	155,716	-	(16,934,638)	-	(16,934,638)	-
Public works	17,259,469	314,576	8,357,504	3,536,671	(5,050,718)	-	(5,050,718)	-
Health and social services	1,463,008	-	-	-	(1,463,008)	-	(1,463,008)	-
Culture and recreation	11,257,074	1,414,160	245,543	-	(9,597,371)	-	(9,597,371)	-
Community and economic development	3,463,620	17,650	318,562	-	(3,127,408)	-	(3,127,408)	-
Interest	1,578,408	-	-	-	(1,578,408)	-	(1,578,408)	-
Total governmental activities	<u>59,282,497</u>	<u>5,729,341</u>	<u>9,090,602</u>	<u>3,536,671</u>	<u>(40,925,883)</u>		<u>(40,925,883)</u>	
Business-type activities:								
Mary Greeley Medical Center	194,116,951	194,363,177	3,792,303	27,933	-	4,066,462	4,066,462	-
Electric	58,345,295	64,882,140	44,307	-	-	6,581,152	6,581,152	-
Sewer	7,020,822	7,754,405	42,000	781,290	-	1,556,873	1,556,873	-
Water	10,620,259	11,448,309	41,756	35,426	-	905,232	905,232	-
Parking	999,414	797,454	-	-	-	(201,960)	(201,960)	-
Transit	13,842,640	6,735,543	3,892,865	1,149,550	-	(2,064,682)	(2,064,682)	-
Storm sewer	796,588	1,852,740	-	-	-	1,056,152	1,056,152	-
Ice arena	665,247	444,262	-	20,000	-	(200,985)	(200,985)	-
Golf course	215,211	150,549	-	-	-	(64,662)	(64,662)	-
Resource recovery	4,493,593	3,019,801	305,030	-	-	(1,168,762)	(1,168,762)	-
Total business-type activities	<u>291,116,020</u>	<u>291,448,380</u>	<u>8,118,261</u>	<u>2,014,199</u>	<u>-</u>	<u>10,464,820</u>	<u>10,464,820</u>	<u>-</u>
Total primary government	<u>\$ 350,398,517</u>	<u>\$ 297,177,721</u>	<u>\$ 17,208,863</u>	<u>\$ 5,550,870</u>	<u>(40,925,883)</u>	<u>10,464,820</u>	<u>(30,461,063)</u>	<u>-</u>
Component unit:								
Mary Greeley Medical Center Foundation	\$ 1,803,422	\$ -	\$ 1,771,273	\$ -				(32,149)
General revenues:								
Property taxes					32,973,640	-	32,973,640	-
Sales taxes					8,470,509	-	8,470,509	-
Hotel/motel taxes					1,986,157	-	1,986,157	-
Unrestricted grants and contributions					54,366	-	54,366	-
Investment income					2,177,884	8,135,196	10,313,080	108,244
Other income					602,881	647,271	1,250,152	-
Transfers					(376,965)	376,965	-	-
Total general revenues and transfers					<u>45,888,472</u>	<u>9,159,432</u>	<u>55,047,904</u>	<u>108,244</u>
Change in net position					4,962,589	19,624,252	24,586,841	76,095
Net position, beginning as restated					170,338,134	695,299,710	865,637,844	14,157,694
Net position, ending					<u>\$ 175,300,723</u>	<u>\$ 714,923,962</u>	<u>\$ 890,224,685</u>	<u>\$ 14,233,789</u>

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

**City of Ames
Balance Sheet
Governmental Funds
June 30, 2020**

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,414,954	\$ 7,518,434	\$ 607,296	\$ 10,454,103	\$ 24,994,787
Investments	5,473,384	15,768,711	511,542	10,481,030	32,234,667
Taxes receivable	165,225	-	85,619	19,251	270,095
Special assessments receivable	-	227,607	-	-	227,607
Accrued interest receivable	90,471	57,096	3,280	6,776	157,623
Accounts receivable, net	232,246	156,118	-	2,269	390,633
Intergovernmental receivable	161,054	2,804,428	-	2,109,750	5,075,232
Loans receivable	-	-	-	1,846	1,846
Due from other funds	2,469,213	627,809	40	381,208	3,478,270
Inventories	35,056	-	-	60,376	95,432
Property held for resale	-	-	-	1,114,441	1,114,441
Prepaid items	205,922	-	-	40,396	246,318
Succeeding year taxes receivable	19,554,858	-	10,017,246	2,171,833	31,743,937
Long-term loans receivable	-	-	-	8,561	8,561
Long-term special assessments receivable	-	1,451,827	-	-	1,451,827
Total assets	<u>\$ 34,802,383</u>	<u>\$ 28,612,030</u>	<u>\$ 11,225,023</u>	<u>\$ 26,851,840</u>	<u>\$ 101,491,276</u>
LIABILITIES					
Accounts payable	\$ 227,192	\$ 2,500,243	\$ -	\$ 720,809	\$ 3,448,244
Accrued payroll	56,914	14,883	-	90,225	162,022
Retainage payable	-	286,576	-	48,119	334,695
Customer deposits	52,991	-	-	601,763	654,754
Intergovernmental payable	87,624	202,043	-	18,311	307,978
Due to other funds	435,277	297,578	-	1,235,160	1,968,015
Total liabilities	<u>859,998</u>	<u>3,301,323</u>	<u>-</u>	<u>2,714,387</u>	<u>6,875,708</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	19,554,858	-	10,017,246	2,171,833	31,743,937
Special assessments	-	1,679,434	-	-	1,679,434
Hotel/motel taxes	-	-	-	413,801	413,801
Charges for services	19,914	-	-	-	19,914
Licenses and permits	2,783	-	-	-	2,783
Grants	-	2,795,928	-	4,215	2,800,143
Refunds	71,454	-	-	-	71,454
Total deferred inflows of resources	<u>19,649,009</u>	<u>4,475,362</u>	<u>10,017,246</u>	<u>2,589,849</u>	<u>36,731,466</u>
FUND BALANCES					
Non-spendable	240,978	-	-	2,118,765	2,359,743
Restricted	-	23,434,288	1,207,777	18,458,164	43,100,229
Committed	-	964,140	-	1,249,170	2,213,310
Assigned	283,809	-	-	-	283,809
Unassigned	13,768,589	(3,563,083)	-	(278,495)	9,927,011
Total fund balances	<u>14,293,376</u>	<u>20,835,345</u>	<u>1,207,777</u>	<u>21,547,604</u>	<u>57,884,102</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,802,383</u>	<u>\$ 28,612,030</u>	<u>\$ 11,225,023</u>	<u>\$ 26,851,840</u>	<u>\$ 101,491,276</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, 2020

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

Fund balance - total governmental funds (page 28)	\$ 57,884,102
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	180,984,357
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	118,347
Special assessments	1,679,434
Other revenues	2,894,294
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	7,324,987
Deferred inflows of resources	(1,963,027)
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 outflows of resources	383,175
Deferred inflows of resources	(196,819)
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.	20,417,791
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	(60,441,106)
Interest payable on general obligation bonds	(160,451)
Deferred charges on general obligation bonds refunded	(17,287)
Unamortized premiums on the issuance of general obligation bonds	(3,583,847)
Accrued compensated absences	(2,222,835)
Total other post-employment benefits payable	(1,285,899)
Net pension liability	(26,514,494)
Net position of governmental activities	<u>\$ 175,300,723</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
Government Funds
For the Year Ended June 30, 2020

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 19,382,990	\$ -	\$ 10,222,998	\$ 13,900,500	\$ 43,506,488
Special assessments	-	303,643	-	-	303,643
Licenses and permits	1,856,585	-	-	-	1,856,585
Intergovernmental	464,436	2,442,134	13,277	8,374,050	11,293,897
Charges for services	3,393,686	-	-	19,350	3,413,036
Fines and forfeitures	28,276	-	-	-	28,276
Investment income	770,550	634,575	108,116	65,831	1,579,072
Miscellaneous	546,040	-	-	518,543	1,064,583
Total revenues	<u>26,442,563</u>	<u>3,380,352</u>	<u>10,344,391</u>	<u>22,878,274</u>	<u>63,045,580</u>
EXPENDITURES					
Current:					
General government	2,646,859	149,052	-	235,349	3,031,260
Public safety	19,007,840	-	-	120,076	19,127,916
Public works	1,112,992	-	-	5,619,099	6,732,091
Health and social services	-	-	-	1,463,008	1,463,008
Culture and recreation	8,030,369	-	-	1,223,529	9,253,898
Community and economic development	1,020,290	-	-	2,427,749	3,448,039
Debt service:					
Principal	-	-	8,973,882	-	8,973,882
Interest and fiscal charges	-	-	2,158,844	-	2,158,844
Capital outlay	-	10,072,282	-	2,075,617	12,147,899
Total expenditures	<u>31,818,350</u>	<u>10,221,334</u>	<u>11,132,726</u>	<u>13,164,427</u>	<u>66,336,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,375,787)</u>	<u>(6,840,982)</u>	<u>(788,335)</u>	<u>9,713,847</u>	<u>(3,291,257)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,541,100	163,582	1,067,665	117,950	10,890,297
Transfers out	(2,634,766)	(574,937)	-	(8,057,559)	(11,267,262)
General obligation bonds issued	-	10,520,000	-	-	10,520,000
Premium on general obligation bonds	-	1,025,738	-	-	1,025,738
Total other financing sources (uses)	<u>6,906,334</u>	<u>11,134,383</u>	<u>1,067,665</u>	<u>(7,939,609)</u>	<u>11,168,773</u>
Net change in fund balances	1,530,547	4,293,401	279,330	1,774,238	7,877,516
Fund balances, beginning	<u>12,762,829</u>	<u>16,541,944</u>	<u>928,447</u>	<u>19,773,363</u>	<u>50,006,583</u>
Fund balances, ending	<u>\$ 14,293,376</u>	<u>\$ 20,835,345</u>	<u>\$ 1,207,777</u>	<u>\$ 21,547,601</u>	<u>\$ 57,884,099</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 Government Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds (page 29)	\$ 7,877,512
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Hotel/motel tax	(75,910)
Special assessments	(269,691)
Other revenues	1,169,373
Contributed capital assets do not provide current financial resources.	154,343
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	10,025,205
Disposals	(58,900)
Depreciation expense	(10,953,108)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Current year premium on issuance of bonds	(1,025,738)
Amortization of bond premiums	560,063
Amortization of deferred charges on refunding debt	23,926
Proceeds from issuance of bonds	(10,520,000)
Principal payments	8,973,882
Interest payments	(3,553)
The change in deferred outflows of resources and deferred inflows of resources is not recorded in the governmental funds.	(1,371,393)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued compensated absences	(123,817)
Increase in accrued other post-employment benefits	(224,922)
Increase in net pension liability	(722,103)
The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities.	1,527,416
Changes in net position of governmental activities	<u>\$ 4,962,589</u>

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

City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities						Governmental
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 59,159,092	\$ 3,128,341	\$ 5,944,898	\$ 9,451,992	\$ 6,490,605	\$ 84,174,928	\$ 13,392,835
Investments	-	29,845,713	5,283,933	8,659,216	5,760,754	49,549,616	11,912,328
Accrued interest receivable	-	299,986	35,463	58,103	38,708	432,260	78,607
Accounts receivable, net	29,979,811	7,602,340	945,267	1,475,756	3,090,045	43,093,219	123,700
Due from other funds	-	320,997	116,467	143,430	145,257	726,151	616,940
Intergovernmental receivable	-	195,793	-	490	1,098,624	1,294,907	45,365
Inventories	4,104,151	2,892,086	-	475,336	350,341	7,821,914	76,082
Prepaid items	3,761,382	75,283	2,681	11,121	30,589	3,881,056	215,044
Restricted current assets:							
Cash and cash equivalents	-	1,030,776	44,567	352,425	-	1,427,768	-
Investments	28,578,642	-	-	-	-	28,578,642	-
Interest receivable	11,458	-	-	-	-	11,458	-
Total current assets	125,594,536	45,391,315	12,373,276	20,627,869	17,004,923	220,991,919	26,460,901
Non-current assets:							
Investments	-	18,469,323	-	-	-	18,469,323	-
Other assets	8,123,847	-	-	-	-	8,123,847	-
Capital assets:							
Land	4,470,719	2,223,783	1,918,772	1,647,985	2,410,197	12,671,456	-
Land improvements	1,495,922	-	-	-	5,631,755	7,127,677	192,433
Plant and distribution systems	-	212,107,020	94,184,082	123,236,688	-	429,527,790	-
Buildings	252,580,546	-	-	-	39,825,341	292,405,887	884,494
Equipment	130,921,661	-	-	-	38,983,252	169,904,913	20,689,694
Construction in progress	3,292,382	11,915,842	3,350,182	2,841,994	1,150,378	22,550,778	-
Less accumulated depreciation	(206,481,958)	(130,099,299)	(56,390,005)	(23,199,157)	(47,628,794)	(463,799,213)	(11,573,377)
Restricted non-current assets:							
Investments	278,034,268	-	-	-	-	278,034,268	-
Total non-current assets	472,437,387	114,616,669	43,063,031	104,527,510	40,372,129	775,016,726	10,193,244
Total assets	598,031,923	160,007,984	55,436,307	125,155,379	57,377,052	996,008,645	36,654,145
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	6,556,955	-	-	-	-	6,556,955	-
Deferred outflows related to OPEB	721,887	139,870	38,231	43,761	104,362	1,048,111	35,979
Deferred outflows related to pensions	12,104,324	688,386	209,534	210,523	1,769,691	14,982,458	268,032
	19,383,166	828,256	247,765	254,284	1,874,053	22,587,524	304,011

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, 2020

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	8,148,107	3,153,545	216,180	563,362	275,809	12,357,003	285,694
Accrued payroll	5,797,428	138,957	4,920	28,285	188,951	6,158,541	14,159
Accrued compensated absences	477,956	37,714	6,536	11,596	32,364	566,166	6,725
Due to other funds	-	486,475	343,229	295,085	395,452	1,520,240	1,328,285
Claims payable	612,077	-	-	-	-	612,077	2,075,572
Retainage payable	992,647	544,473	200,442	139,831	19,713	1,897,106	-
Customer deposits	-	929,861	-	-	-	929,861	-
Accrued interest	142,588	45,899	15,856	100,681	1,699	306,723	-
Loans payable	114,099	-	424,000	3,045,000	-	3,583,099	-
Intergovernmental payable	21,688,891	102,749	5,506	29,634	61,573	21,888,353	145,711
Accrued landfill post-closure costs	-	-	-	-	16,155	16,155	-
Bonds payable, net	6,177,910	841,998	343,060	142,583	145,855	7,651,406	-
Unearned revenue	-	-	1,541,773	802,103	8,596	2,352,472	9,470
Total current liabilities	<u>44,151,703</u>	<u>6,281,671</u>	<u>3,101,502</u>	<u>5,158,160</u>	<u>1,146,167</u>	<u>59,839,202</u>	<u>3,865,616</u>
Non-current liabilities:							
Accrued compensated absences	5,959,308	644,644	108,151	208,476	550,782	7,471,362	111,048
Accrued other post-employment benefits	4,441,917	469,393	128,299	146,858	350,225	5,536,692	120,746
Net pension liability	47,494,363	2,334,773	752,735	729,690	6,380,063	57,691,624	960,261
Loans payable	323,281	-	5,115,927	56,159,737	-	61,598,945	-
Accrued landfill post-closure costs	-	-	-	-	71,348	71,348	-
Bonds payable, net	103,150,851	5,823,888	2,182,697	628,599	602,644	112,388,679	-
Total non-current liabilities	<u>161,369,720</u>	<u>9,272,698</u>	<u>8,287,810</u>	<u>57,873,360</u>	<u>7,955,062</u>	<u>244,758,650</u>	<u>1,192,055</u>
Total liabilities	<u>205,521,423</u>	<u>15,554,369</u>	<u>11,389,312</u>	<u>63,031,520</u>	<u>9,101,229</u>	<u>304,597,852</u>	<u>5,057,671</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	819,243	71,854	19,639	22,480	53,612	986,828	18,482
Deferred inflows related to pensions	7,898,157	406,002	123,497	113,808	870,557	9,412,021	134,897
	<u>8,717,400</u>	<u>477,856</u>	<u>143,136</u>	<u>136,288</u>	<u>924,169</u>	<u>10,398,849</u>	<u>153,379</u>
NET POSITION							
Net investment in capital assets	110,478,923	89,481,460	35,593,077	45,022,248	39,623,630	320,199,338	10,193,244
Restricted for debt service	28,578,642	1,030,776	44,567	352,425	-	30,006,410	-
Unrestricted	264,118,701	54,291,779	8,513,980	16,867,182	9,602,077	353,393,719	21,553,862
Total net position	<u>\$ 403,176,266</u>	<u>\$ 144,804,015</u>	<u>\$ 44,151,624</u>	<u>\$ 62,241,855</u>	<u>\$ 49,225,707</u>	<u>703,599,467</u>	<u>\$ 31,747,106</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>11,324,487</u>	
Net position of business-type activities						<u>\$ 714,923,962</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, 2020

	Business-Type Activities					Governmental Activities	
	Mary Greeley Medical Center	Electric	Sewer	Water	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 198,155,472	\$ 64,882,140	\$ 7,754,405	\$ 11,448,309	\$ 13,000,349	\$ 295,240,675	\$ 19,822,465
Operating expenses:							
Cost of goods and services	138,326,273	52,186,354	4,835,536	6,581,835	15,455,292	217,385,290	16,713,887
Administration	39,170,784	1,259,157	371,591	422,325	2,250,587	43,474,444	-
Depreciation	16,582,401	4,920,459	1,697,000	2,452,862	3,452,574	29,105,296	1,452,068
Total operating expenses	194,079,458	58,365,970	6,904,127	9,457,022	21,158,453	289,965,030	18,165,955
Operating income (loss)	4,076,014	6,516,170	850,278	1,991,287	(8,158,104)	5,275,645	1,656,510
Non-operating revenues (expenses):							
Intergovernmental	-	-	42,000	-	3,827,592	3,869,592	-
Reimbursements	-	44,307	-	41,756	370,303	456,366	-
Investment income	5,515,051	1,454,698	312,060	556,325	297,062	8,135,196	598,629
Interest expense	-	(177,212)	(175,171)	(1,240,974)	(17,099)	(1,610,456)	-
Gain (loss) on disposal of capital assets	(37,492)	-	-	(2,820)	-	(40,312)	(223,117)
Miscellaneous	-	300,160	123,056	124,857	99,198	647,271	-
Total non-operating revenues (expenses)	5,477,559	1,621,953	301,945	(520,856)	4,577,056	11,457,657	375,512
Income (loss) before capital contributions and transfers	9,553,573	8,138,123	1,152,223	1,470,431	(3,581,048)	16,733,302	2,032,022
Capital contributions	27,933	-	781,290	35,426	1,169,550	2,014,199	-
Transfers in	-	-	-	-	2,520,205	2,520,205	-
Transfers out	-	(2,143,240)	-	-	-	(2,143,240)	-
Change in net position	9,581,506	5,994,883	1,933,513	1,505,857	108,707	19,124,466	2,032,022
Net position, beginning as restated	393,594,760	138,809,132	42,218,111	60,735,998	49,117,000		29,715,084
Net position, ending	<u>\$ 403,176,266</u>	<u>\$ 144,804,015</u>	<u>\$ 44,151,624</u>	<u>\$ 62,241,855</u>	<u>\$ 49,225,707</u>		<u>\$ 31,747,106</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						<u>504,606</u>	
Change in net position of business-type activities						<u>\$ 19,624,244</u>	

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

City of Ames
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	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	\$ 205,388,209	\$ 64,733,517	\$ 8,304,915	\$ 11,186,392	\$ 13,281,708	\$ 302,894,741	\$ 20,522,063
Other receipts	10,703,368	-	-	-	-	10,703,368	-
Payments to suppliers	(84,661,601)	(42,162,037)	(1,322,322)	(2,180,372)	(4,287,588)	(134,613,920)	(12,969,540)
Payments to employees	(93,945,463)	(10,146,006)	(2,159,991)	(3,224,018)	(11,093,502)	(120,568,980)	(2,049,049)
Payments to other funds for services provided	-	(2,271,721)	(2,241,457)	(1,233,313)	(1,832,350)	(7,578,841)	193,258
Net cash provided by (used for) operating activities	37,484,513	10,153,753	2,581,145	4,548,689	(3,931,732)	50,836,368	5,696,732
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	-	-	42,000	-	3,827,592	3,869,592	-
Reimbursements	-	44,307	-	41,756	370,303	456,366	-
Miscellaneous	-	300,160	123,056	124,857	99,198	647,271	-
Transfers in	-	-	-	-	2,520,205	2,520,205	-
Transfers out	-	(2,143,240)	-	-	-	(2,143,240)	-
Net cash provided by (used for) non-capital financing activities	-	(1,798,773)	165,056	166,613	6,817,298	5,350,194	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(19,486,097)	(7,914,990)	(3,761,215)	(2,819,061)	(2,424,099)	(36,405,462)	(2,260,675)
Proceeds from the sale of capital assets	29,169	-	-	-	-	29,169	-
Proceeds from the issuance of bonds	35,000,000	174,896	53,597	53,597	-	35,282,090	-
Principal paid on capital debt	(4,819,099)	(720,000)	(297,883)	(348,235)	(140,000)	(6,325,217)	-
Interest paid on capital debt	(3,675,913)	(245,306)	(89,806)	(38,379)	(23,188)	(4,072,592)	-
Principal paid on loans	-	-	(415,332)	(2,986,000)	-	(3,401,332)	-
Interest paid on loans	-	-	(119,105)	(1,243,815)	-	(1,362,920)	-
Capital contributions	27,933	-	727,170	-	1,169,550	1,924,653	-
Net cash used for capital and related financing activities	7,075,993	(8,705,400)	(3,902,574)	(7,381,893)	(1,417,737)	(14,331,611)	(2,260,675)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(144,343,393)	(33,836,792)	(434,332)	(1,094,951)	(2,404,071)	(182,113,539)	(4,074,580)
Proceeds from sale of investments	139,259,496	31,367,209	822,600	2,073,773	1,560,415	175,083,493	2,151,379
Interest on investments	7,207,756	1,390,696	315,876	563,986	292,166	9,770,480	585,891
Net cash provided by (used for) investing activities	2,123,859	(1,078,887)	704,144	1,542,808	(551,490)	2,740,434	(1,337,310)
Net increase (decrease) in cash and cash equivalents	46,684,365	(1,429,307)	(452,229)	(1,123,783)	916,339	44,595,385	2,098,747
Cash and cash equivalents, beginning	12,474,727	4,557,982	6,396,519	10,575,715	5,574,266	39,579,209	11,294,089
Cash and cash equivalents, ending	59,159,092	3,128,675	5,944,290	9,451,932	6,490,605	84,174,594	13,392,836
Plus: beginning amount reported in restricted assets	-	1,030,442	45,175	352,485	-	1,428,102	-
Less: ending amount reported in restricted assets	-	1,030,776	44,567	352,425	-	1,427,768	-
Cash and cash equivalents, ending - statement of net position	\$ 59,159,092	\$ 3,128,341	\$ 5,944,898	\$ 9,451,992	\$ 6,490,605	\$ 84,174,928	\$ 13,392,835

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, 2020

	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)	\$ 4,076,014	\$ 6,516,170	\$ 850,278	\$ 1,991,287	\$ (8,158,104)	\$ 5,275,645	\$ 1,656,510
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	16,582,401	4,920,459	1,697,000	2,452,862	3,452,574	29,105,296	1,452,068
Interest expense	3,883,594	-	-	-	-	3,883,594	-
(Increase) decrease in accounts receivable	(4,170,764)	(318,225)	(84,271)	(282,161)	(2,043,631)	(6,899,052)	211,753
(Increase) decrease in due from other funds	-	(102,384)	(65,111)	(624)	164,280	(3,839)	473,567
(Increase) decrease in intergovernmental receivable	-	277,876	341,989	(490)	2,160,914	2,780,289	4,808
(Increase) decrease in inventories	(476,428)	(294,202)	-	(147,997)	(7,327)	(925,954)	10,686
(Increase) decrease in prepaid items	(1,015,432)	(36,796)	(2,656)	(4,635)	(17,172)	(1,076,691)	(49,932)
(Increase) decrease in deferred outflows of resources	1,629,554	(20,220)	(6,731)	(1,133)	140,932	1,742,402	(313)
Increase (decrease) in accounts payable	(2,022,002)	(1,372,990)	(370,452)	388,953	109,042	(3,267,449)	48,063
Increase (decrease) in accrued payroll	(2,693,201)	10,366	(3,478)	3,565	3,380	(2,679,368)	(1,806)
Increase (decrease) in accrued compensated absences	131,554	66,062	(9,139)	(9,058)	14,803	194,222	17,038
Increase (decrease) in due to other funds	-	127,520	(123,049)	(55,260)	(67,985)	(118,774)	1,034,401
Increase (decrease) in claims payable	(128,294)	-	-	-	-	(128,294)	653,371
Increase (decrease) in retainage payable	-	241,358	(61,797)	109,899	9,986	299,446	-
Increase in customer deposits	-	(5,890)	-	-	-	(5,890)	-
Increase in accrued interest on customer deposits	-	(1,355)	-	-	-	(1,355)	-
Increase (decrease) in intergovernmental payable	21,688,891	(87,703)	(2,240)	4,763	8,574	21,612,285	112,940
Decrease in accrued landfill post-closure costs	-	-	-	-	(4,158)	(4,158)	-
Increase (decrease) in unearned revenue	-	-	357,903	21,358	(204)	379,057	9,470
Increase (decrease) in post-employment benefits	(22,211)	82,104	22,441	25,688	61,258	169,280	21,120
Increase (decrease) in pension liability	(3,942,201)	(167,064)	(43,795)	(60,337)	(365,593)	(4,578,990)	(50,567)
Increase in deferred inflows of resources	3,963,038	318,667	84,253	112,009	606,699	5,084,666	93,556
Total adjustments	33,408,499	3,637,583	1,730,867	2,557,402	4,226,372	45,560,723	4,040,223
Net cash provided by (used for) operating activities	\$ 37,484,513	\$ 10,153,753	\$ 2,581,145	\$ 4,548,689	\$ (3,931,732)	\$ 50,836,368	\$ 5,696,732
Schedule of non-cash capital and related financing activities:							
Capital asset contributions	\$ -	\$ -	\$ 54,120	\$ 35,426	\$ -	\$ 89,546	\$ -

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, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 237,084
Investments	105,771
Intergovernmental receivable	905
Accounts receivable, net	-
Total assets	\$ 343,760
 LIABILITIES	
Accounts payable	\$ 13,250
Intergovernmental payable	330,510
Total liabilities	\$ 343,760

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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 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, which 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, 2020

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 a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

Generally, 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, 2020

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 the funds included in governmental activities are eliminated so that only the net amount is included as a transfer in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as a transfer in the business-type activities column.

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

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

E. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues 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 revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when cash is received by the government.

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

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 31 preceding the fiscal year beginning July 1.

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

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

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

The City prepares its budget on 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.

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

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 roll forward and become part of the subsequent year's budget.

2. Excess of expenditures over appropriations

No expenditures exceeded appropriations for the year ended June 30, 2020.

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

1. Cash and cash equivalents

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

2. Investments

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

3. Inventories and prepaid items

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

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

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

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

4. Capital assets

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

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 applicable to a future period(s) and is *not* recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for unrecognized items not yet charged

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

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

5. *Deferred outflows/inflows of resources (continued)*

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 applicable to a future period(s) and is 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.

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.

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

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

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 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, a flow assumption must be made about the order in which the resources are 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

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

4. *Compensated absences (continued)*

appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. *Program revenues*

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

2. *Property taxes*

Property taxes are attached 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 30 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*

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 because of employee resignations or

City of Ames
Notes to the Financial Statements
June 30, 2020

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

4. *Compensated absences (continued)*

retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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

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

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$180,984,357 are as follows:

Land	\$ 13,237,769
Land improvements	1,384,118
Public art collection	598,326
Construction in progress	11,566,129
Buildings	37,129,183
Less: accumulated depreciation	(10,985,978)
Equipment	9,509,728
Less: accumulated depreciation	(6,010,660)
Infrastructure	270,939,321
Less: accumulated depreciation	(146,383,579)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position in governmental activities</i>	\$ 180,984,357

City of Ames
Notes to the Financial Statements
June 30, 2020

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)

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 \$20,417,791 are as follows:

Net position of the internal service funds	\$31,747,106
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(10,824,709)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(504,606)
	\$20,417,791

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that, "The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities." The details of this \$1,527,416 are as follows:

Change in net position of the internal service funds	\$ 2,032,022
Less: gain from charges to business-type activities	(504,606)
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>	\$ 1,527,416
	\$ 1,527,416

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, 2020.

City of Ames
Notes to the Financial Statements
June 30, 2020

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

At June 30, 2020, the TIF fund, a non-major special revenue fund, had a deficit fund balance of \$179,266. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

The FEMA fund had a deficit fund balance of \$99,228 at June 30, 2020. The deficit was due to expenses incurred during the fiscal year as a result of the COVID pandemic. The offset will occur in future years with the award of federal grants issued to recover from the impacts of COVID.

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, 2020, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

B. Investments

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

B. Investments (continued)

Authorized Investment Type	Maximum Maturity for Operating Funds (Days)	Maximum Maturity for Non-Operating Funds (Years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. 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, 2020, the City had the following investments:

Investment Type	Fair Value	Maturity
U.S. Agency coupon securities	\$ 57,316,374	08/13/20-06/12/26
U.S. Treasury obligations	52,300,243	07/15/20-05/31/23
Commercial paper	2,991,870	8/31/2020
Municipal bonds	62,825	02/01/24-02/15/24
Mutual funds	305,485,963	n/a
Corporate debt	727,338	07/01/20-09/06/29
	<u>\$ 418,884,613</u>	

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

B. Investments (continued)

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, 2020 compared to June 30, 2019.

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	\$ 57,316,374	\$ 29,739,825	\$ 25,344,199	\$ 2,162,140	\$ 70,210
U.S. Treasury obligations	52,300,243	24,771,959	17,953,593	9,574,691	-
Commercial paper	2,991,870	2,991,870	-	-	-
Municipal bonds	62,825	-	-	62,825	-
Mutual funds	305,485,963	305,485,963	-	-	-
Corporate debt	727,338	134,783	83,212	242,328	267,015
	<u>\$418,884,613</u>	<u>\$363,124,400</u>	<u>\$ 43,381,004</u>	<u>\$ 12,041,984</u>	<u>\$ 337,225</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
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.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

B. Investments (continued)

The following shows the actual ratings as of June 30, 2020, for each investment type:

Investment Type	Fair Value	Rating
U.S. Agency coupon securities	\$ 57,316,374	AAA
U.S. Treasury obligations	52,300,243	not rated
Commercial paper	2,991,870	A1/P1
Municipal bonds	62,825	AAA-AA1
Mutual funds	305,485,963	not rated
Corporate debt	727,338	AA1-BAA
	<u>\$418,884,613</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 Home Loan Bank	U.S. agency securities	23,232,577	5.55%
United States Treasury	U.S. agency securities	52,300,243	12.49%

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

1. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts,
2. City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance, and

City of Ames
Notes to the Financial Statements
June 30, 2020

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

B. Investments (continued)

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, 2020, 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	\$ 11,099,339
Federal Home Loan Mortgage Co.	U.S. agency securities	6,654,286
Federal Home Loan Bank	U.S. agency securities	23,232,577
Federal Farm Credit	U.S. agency securities	15,331,065
United States Treasury	U.S. treasuries	52,300,243

Foreign currency risk. As of June 30, 2020, 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 on the City's website.

C. Foundation investments

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

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

C. Foundation investments (continued)

The following is a detail of the foundation's investments at June 30, 2020:

Investment Type	Fair Value
Equity mutual funds	\$ 9,214,460
Bond mutual funds	2,333,346
Hedge funds	921,664
	\$ 12,469,470

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, 2020, is as follows:

<i>Governmental activities:</i>	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Non-depreciable capital assets:				
Land	\$ 13,021,910	\$ 215,859	\$ -	\$ 13,237,769
Land improvements	1,384,118	-	-	1,384,118
Public art collection	579,101	19,225	-	598,326
Construction in progress	7,543,353	7,694,685	(3,671,909)	11,566,129
Total non-depreciable capital assets	22,528,482	7,929,769	(3,671,909)	26,786,342
Depreciable capital assets:				
Buildings	37,998,297	15,380	-	38,013,677
Equipment	28,417,256	2,835,162	(1,052,995)	30,199,423
Infrastructure	266,439,629	5,331,821	(639,696)	271,131,754
	332,855,182	8,182,363	(1,692,691)	339,344,854
Less accumulated depreciation:				
Buildings	10,685,668	979,607	-	11,665,275
Equipment	15,264,875	2,247,209	(799,777)	16,712,307
Infrastructure	138,008,548	9,178,360	(610,896)	146,576,012
	163,959,091	12,405,176	(1,410,673)	174,953,594
Total depreciable capital assets	168,896,091	(4,222,813)	(282,018)	164,391,260
Total capital assets	\$ 191,424,573	\$ 3,706,956	\$ (3,953,927)	\$ 191,177,602

City of Ames
Notes to the Financial Statements
June 30, 2020

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	\$ 471,448
Public safety	506,209
Public works	9,112,744
Culture and recreation	2,305,249
Community and economic development	9,526
Total depreciation expense - governmental activities	\$ 12,405,176

<i>Business-type activities:</i>	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Non-depreciable capital assets:				
Land	\$ 12,597,856	\$ 73,600	\$ -	\$ 12,671,456
Construction in progress	19,542,515	29,564,932	(26,556,669)	22,550,778
Total non-depreciable capital assets	32,140,371	29,638,532	(26,556,669)	35,222,234
Depreciable capital assets:				
Plant and distribution systems	417,365,565	12,266,892	(104,667)	429,527,790
Buildings	285,196,966	9,594,607	(2,385,686)	292,405,887
Equipment	167,609,719	8,794,264	(6,499,070)	169,904,913
Improvements	5,095,083	2,032,594	-	7,127,677
	875,267,333	32,688,357	(8,989,423)	898,966,267
Less accumulated depreciation:				
Plant and distribution systems	200,719,987	9,070,321	(101,847)	209,688,461
Buildings	111,490,398	11,017,733	(2,359,978)	120,148,153
Equipment	129,351,239	8,801,448	(6,458,117)	131,694,570
Improvements	2,052,236	215,793	-	2,268,029
	443,613,860	29,105,295	(8,919,942)	463,799,213
Total depreciable capital assets	431,653,473	3,583,062	(69,481)	435,167,054
Total capital assets	\$ 463,793,844	\$ 33,221,594	\$ (26,626,150)	\$ 470,389,288

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

F. Pension obligations (continued)

\$15,881,657. Other aggregate amounts related to pension are separately displayed in the financial statements.

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, 2020, regular members contributed 6.29% and the City contributed 9.44% of covered wages. Rates for the fiscal year beginning July 1, 2020, are the same. Emergency responder members contributed 6.61%, and the hospital contributed 9.91% of covered wages for the fiscal year ended June 30, 2020. As of July 1, 2020, the rates for emergency responders are 6.41% for members and 9.61% for the City. The City's total contributions to IPERS for the years ended June 30, 2020, 2019, and 2018 were \$9,139,672, \$8,567,465, \$7,862,807, 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, 2020, the City reported a liability of \$67,695,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 1.1690%, which is an increase of 0.0173% from its proportion measured as of June 30, 2018.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

F. Pension obligations (continued)

For the year ended June 30, 2020, the City recognized pension expense of \$12,182,499. At June 30, 2020, 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	\$ 196,762	\$ 2,442,273
Changes in assumptions	7,355,701	3,651
Net difference between projected and actual earnings on pension plan investments	-	7,775,562
Changes in proportion and differences between City contributions and proportionate share of contributions	1,142,882	756,108
City contributions subsequent to the measurement date	<u>9,139,672</u>	-
	<u>\$17,835,017</u>	<u>\$10,977,594</u>

\$9,139,672 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, 2021. 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,	
2021	\$ 1,470,292
2022	(1,622,907)
2023	(949,486)
2024	(1,064,234)
2025	<u>(115,914)</u>
	<u>\$ (2,282,249)</u>

There were no non-employer contributing entities at IPERS.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

F. Pension obligations (continued)

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.60% per annum
Payroll increase assumption	3.25%
Projected salary increases	3.25%-16.25%, depending upon years of service
Assumed investment return	7.00%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation are based on the results of the most recent actuarial experience studies. An experience study of IPERS's demographic assumptions was presented to the investment board in June 2018. This study included information on mortality, retirement, disability, and termination rates, as well as salary trends, for the period of July 1, 2013 through June 30, 2017. At the investment board's direction, the experience study of IPERS's economic assumptions, including the long-term rate of return, was accelerated a year resulting in a full review of the economic assumptions in early 2017. The findings of the experience study on economic assumptions, along with the resulting recommendations, are included in the report dated March 24, 2017.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables, with MP-2017 generational adjustments.

Several factors are considered in evaluating the actuarial assumed investment return, including long-term historical data, estimates inherent in current market data, along with estimates of variability and correlations for each asset class, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed by the investment consultant. These ranges were combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The actuarial assumed investment return reflects the anticipated returns on current and future plan assets, and provides a discount rate to determine the present value of future benefit payments.

City of Ames
Notes to the Financial Statements
June 30, 2020

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	1.71%
Domestic equity	22.0%	5.60%
International equity	15.0%	6.08%
Global smart beta equity	3.0%	5.82%
Private equity	11.0%	10.13%
Private real assets	7.5%	4.76%
Public real assets	7.0%	2.81%
Public credit	3.5%	3.32%
Private credit	3.0%	3.01%
Cash	1.0%	-0.21%
	<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 assumed that contributions from employees and employers will be made at the contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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	\$ 121,123,527	\$ 67,695,565	\$ 22,881,920

City of Ames
Notes to the Financial Statements
June 30, 2020

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, 2020, the City reported a payable to the defined benefit pension plan of \$1,709,650 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, 2020, was 24.41%. As of July 1, 2020, the rate is 25.31%. The City's total contributions to MFPRSI for the years ended June 30, 2020, 2019, and 2018 were \$2,076,217, \$2,097,820, and \$2,030,080, 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 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, 2020.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2020, the City reported a liability of \$17,470,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

F. Pension obligations (continued)

contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 2.66%, which is a decrease of 0.0562 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$3,699,020. At June 30, 2020, 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	\$ 600,605	\$ 162,486
Changes in assumptions	877,178	76,039
Net difference between projected and actual earnings on pension plan investments	962,573	-
Changes in proportion and differences between City contributions and proportionate share of contributions	223,887	293,826
City contributions subsequent to the measurement date	<u>2,076,217</u>	<u>-</u>
	<u>\$ 4,740,460</u>	<u>\$ 532,351</u>

\$2,076,217 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 ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$1,120,726
2022	\$140,265
2023	\$511,521
2024	\$351,302
2025	<u>\$8,081</u>
	<u>\$2,131,892</u>

City of Ames
Notes to the Financial Statements
June 30, 2020

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

F. Pension obligations (continued)

Actuarial assumptions. The total pension liability in the June 30, 2019 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	3.75 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, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2007 to June 30, 2017. There were no significant changes of benefit terms.

Mortality rates were based on RP 2014 Blue Collar Healthy Annuitant table with males set forward zero years, females set forward two years, and disabled persons set forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The investment policy and decisions are governed by the board of trustees. 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 are summarized in the following table:

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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 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	\$ 28,445,549	\$ 17,470,814	\$ 8,381,586

City of Ames
Notes to the Financial Statements
June 30, 2020

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, 2020, 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 their 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. 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 \$355,367, and City contributions were \$513,961 for the fiscal year ended June 30, 2020.

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 \$415,384. Other aggregate amounts related to OPEB are separately displayed in the financial statements.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

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

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, 2020, the following employees were covered by the City's benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	28
Active employees	580
	<hr/>
	608
	<hr/> <hr/>

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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 \$2,501,421 was measured as of June 30, 2020 and was determined by an actuarial valuation as June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	3.25% per annum
Discount rate	2.21% per annum
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	6.0%	4.5%
Stop loss fees	6.0%	4.5%
Administrative fees	4.5%	4.5%

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

Mortality rates were based on the RP-2014 generational table scaled using MP-2017 and Pub-2010 mortality table with generational scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2020.

City of Ames
Notes to the Financial Statements
June 30, 2020

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	\$2,063,885
Changes for year year:	
Service cost	140,814
Interest	74,532
Changes of benefit terms	-
Differences between expected and actual experience	(374,352)
Changes in assumptions or other inputs	746,954
Benefit payments	(150,412)
Net changes	437,536
Balance, end of year	\$2,501,421

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 (1.21 percent) or one percentage point higher (3.21 percent) than the current discount rate:

		Discount		
	1% Decrease	Rate	1% Increase	
	(1.21%)	(2.21%)	(3.21%)	
Total OPEB liability	\$2,732,000	\$2,501,421	\$2,294,000	

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 or one percentage point higher than the current healthcare cost trend rates:

City of Ames
Notes to the Financial Statements
June 30, 2020

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 (5.0% Decreasing to 3.5%)	Rates (6.0% Decreasing to 4.5%)	1% Increase (7.0% Decreasing to 5.5%)
Total OPEB liability	\$2,201,000	\$2,501,421	\$2,867,000

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$247,042. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	-	344,037
Changes of assumptions or other inputs	745,376	38,876
	745,376	382,913

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:	
2021	\$ 31,696
2022	31,696
2023	31,696
2024	31,696
2025	31,696
Thereafter	203,983
	\$ 362,463

City of Ames
Notes to the Financial Statements
June 30, 2020

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, establishes 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, 2020, the hospital contributed approximately \$574,000. Retirees receiving benefits contributed approximately \$461,000 through their required contributions. Inactive members receiving benefits contributed through their required monthly contributions of:

Employee	\$ 696
Employee + spouse	1,390
Employee + children	1,277
Family	2,117

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	394
Active employees	1,278
	1,672

Total OPEB Liability

The hospital's total OPEB liability of \$4,441,917 was measured as of January 1, 2020 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	3.26%
Health care cost trend rates	8.00% for medical and prescription benefits for 2021, decreasing 0.50% per year to an ultimate rate of 4.5% for 2028 and later years

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

Mortality rates were based on the Pub-2010 Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2019 for general employees and Pub-1010 Headcount-weighted Contingent Survivor Mortality Table fully generational using Scale MO-2019 for surviving spouses. It is assumed that 45% of active employees with current coverage are assumed to continue coverage at retirement and no active employees without coverage are assumed to elect coverage at retirement.

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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

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

2. Hospital's OPEB plan (continued)

The actuarial assumptions used in the January 1, 2020 and January 1, 2019 valuation were based on the results of an actuarial experience study for the period June 2012 through June 2018.

Changes in the Total OPEB Liability

Balance, beginning of year	\$4,464,128
Service cost	171,392
Interest	188,216
Differences between expected and actual experience	(480,311)
Changes in assumptions or other inputs	211,750
Benefit payments	(113,258)
Net changes	(22,211)
Balance, end of year	\$4,441,917

Effect assumptions changes and inputs for the year ended June 30, 2020 reflect a change in the mortality table from RPH-2017 Total Dataset Mortality Table generational scale using MP-2017 to Pub-2010 Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2019 for general employees and Pub-2010 Headcount-weighted Contingent Survivor Mortality Table fully general using Scale MP-2019 for surviving spouses, a change in the ultimate health care trend rate from 5.0% to 4.5% and a change in the discount rate from 4.11% to 3.26%.

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 (2.26 percent) or one percentage point higher (4.26 percent) than the current discount rate:

	Discount		
	1% Decrease (2.26%)	Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$4,780,116	\$4,441,917	\$4,141,518

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 (7.5 percent decreasing to 4.0 percent) or one percentage point higher (9.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

City of Ames
Notes to the Financial Statements
June 30, 2020

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 (7.0% Decreasing to 4.0%)	Rates (8.0% Decreasing to 5.0%)	1% Increase (9.0% Decreasing to 6.0%)
Total OPEB liability	\$4,118,871	\$4,441,917	\$4,806,866

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

For the fiscal year ended June 30, 2020, the hospital recognized OPEB expense of \$168,342. At June 30, 2020, 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	\$ 518,498	\$ 493,175
Changes of assumptions or other inputs	141,167	326,068
Contributions made subsequent to measurement date	62,222	-
Total	\$ 721,887	\$ 819,243

\$62,222 reported as deferred outflows of resources resulting from hospital contributions subsequent to the measurement date will be recognized in the net OPEB liability in the year ending June 30, 2021.

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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

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

2. Hospital's OPEB plan (continued)

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:	
2021	\$ (266,572)
2022	(24,016)
2023	65,505
2024	65,505
2025	-
Thereafter	-
	\$ (159,578)

H. Construction and other significant commitments

Construction commitments. As of June 30, 2020, the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
Streets & bridges	\$ 5,811,709	\$14,559,422
Shared use paths	392,444	13,725
Parks	383,905	1,613,976
Electric	8,860,905	760,539
Water	1,659,882	587,097
Sewer	3,645,892	1,403,427
Traffic Signal	190,506	10,026
	\$20,945,243	\$18,948,212

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.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

H. Construction and other significant commitments (continued)

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	\$ 529,249
Capital projects fund	15,085,200
Non-major governmental funds	2,237,063
Electric	1,445,058
Water	1,459,515
Sewer	3,707,482
Non-major business-type funds	2,748,633
	\$27,212,200

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.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

I. Risk management (continued)

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, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

Changes in the balance of claims liabilities during the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Liability, July 1	\$ 702,201	\$ 787,946
Claims incurred & claims adjustments	1,078,673	488,116
Claim payments	(558,923)	(573,861)
Liability, June 30	\$ 1,221,951	\$ 702,201

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

	2020	2019
Liability, July 1	\$ 720,000	\$ 600,000
Claims incurred & claims adjustments	9,637,135	8,521,911
Claim payments	(9,503,514)	(8,401,911)
Liability, June 30	\$ 853,621	\$ 720,000

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 \$173,672 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2020.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

I. Risk management (continued)

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 \$1,294,269 at June 30, 2020.

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 \$500,000 per occurrence. Accrued costs related to workers' compensation coverage were \$245,314 at June 30, 2020.

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, 2020 and 2019 were as follows:

	Professional Liability		Health Insurance	
	2020	2019	2020	2019
Liability, July 1	\$ 169,315	\$ 167,376	\$ 1,565,306	\$ 1,189,947
Claims incurred & claims adjustments	11,708	5,915	10,239,563	11,069,030
Claim payments	(7,351)	(3,976)	(10,510,600)	(10,693,671)
Liability, June 30	\$ 173,672	\$ 169,315	\$ 1,294,269	\$ 1,565,306
	Workers' Compensation			
	2020	2019		
Liability, July 1	\$ 496,237	\$ 774,245		
Claims incurred & claims adjustments	166,367	209,072		
Claim payments	(417,290)	(487,080)		
Liability, June 30	\$ 245,314	\$ 496,237		

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, 2020, was \$15,900. The hospital leases various equipment for use in the medical center. Rent expense for these leases was approximately \$622,000 for the fiscal year ended June 30, 2020.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

J. Lease obligations (continued)

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

Year Ending June 30,	Total Rent
2021	\$ 228,218
2022	15,900
2023	-
2024	-
2025	-
	\$ 244,118

K. Long-term obligations

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, 2020 are as follows:

General Obligation Bonds	Governmental Activities				Outstanding June 30, 2020
	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	
Corporate purpose	2010	6,690,000	2.00-2.500	2022	1,300,000
Refunding	2011	5,980,000	2.00-3.350	2021	250,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	1,830,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	5,550,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	11,720,000
Corporate purpose	2014	9,395,000	2.00-2.500	2026	4,715,000
Corporate purpose/refunding	2015	16,585,000	3.00-5.000	2035	7,515,000
Corporate purpose	2016	9,020,605	2.00-5.000	2028	4,971,106
Corporate purpose/refunding	2017	10,975,000	2.00-5.000	2029	6,510,000
Corporate purpose	2018	7,490,000	3.00-5.000	2030	6,420,000
2019 Corporate TIF	2019	290,000	1.50-5.000	2031	290,000
Corporate purpose	2019	10,230,000	1.50-5.000	2031	9,370,000
		\$115,875,605			\$ 60,441,106

City of Ames
Notes to the Financial Statements
June 30, 2020

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

K. Long-term obligations (continued)

Business-Type Activities					
General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2020
Corporate purpose	2012	\$ 1,335,000	1.50-3.00 %	2024	\$ 495,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	590,000
Corporate purpose	2014	300,000	2.00-2.50	2024	130,000
Corporate purpose/refunding	2015	2,061,714	3.00-5.00	2027	1,215,000
Corporate purpose/refunding	2016	2,629,395	2.00-5.00	2028	1,178,894
Corporate purpose	2019	255,000	1.50-5.00	2031	255,000
		\$ 7,901,109			\$ 3,863,894

On September 12, 2019, the City issued \$10,775,000 of general obligation, corporate purpose bonds for improvements to streets, acquisition of emergency services communication equipment, and for fire station improvements. Maturity dates on the bonds range from June 1, 2020 to June 1, 2031. Debt service payments are scheduled to be paid semi-annually in amounts that range from \$1,020,000 to \$1,142,580. Bonds due after June 1, 2027 may be subject to call prior to maturity at the option of the City.

Revenue bonds

The City also issues revenue bonds, where the City pledges income derived from certain assets or programs to pay the debt service. Revenue bonds outstanding as of June 30, 2020 are as follows:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2020
Hospital improvement and refunding	2012	\$ 26,000,000	2.070 %	2027	\$ 7,625,000
Electric	2015	9,500,000	2.125-5.000	2027	6,015,000
Hospital refunding	2016	64,790,000	3.000-5.000	2036	61,955,000
Hospital expansion/remodel	2019	35,000,000	1.99	2034	33,625,000
		\$135,290,000			\$109,220,000

On November 19, 2019, the hospital issued \$35,000,000 in revenue bonds to provide additional financing for the expansion and remodeling of certain portions of the medical center facilities. The 2019 series bonds are payable through June 15, 2034 and carry interest due at 1.99% (plus an adjustment to the medical centers credit rating on June 30, 2020).

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

K. Long-term obligations (continued)

bonds, respectively, and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and payable through 2027 and 2036, respectively.

Total principal and interest remaining to be paid on hospital bonds as of June 30, 2020 is \$134,226,929. Principal and interest paid during the fiscal year was \$8,043,470 and net revenue for the same period, as defined above, was \$20,658,415.

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, 2020, is \$6,767,463. Principal and interest paid during the fiscal year ended June 30, 2020, was \$965,306 and net revenue for the same period, as defined above, was \$11,436,629.

Landfill post-closure costs

The City stopped accepting solid waste at its landfill effective June 30, 1992 and has since been closed. One hundred percent 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 \$87,503 at June 30, 2020, with a current portion of \$16,155.

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 because of inflation or deflation, changes in technology, or changes in applicable laws or regulations. Unanticipated future inflation costs and costs that might arise from changes in post-closure requirements may require adjustment of the liability in future years.

Revenue capital loan notes

The City has a revenue capital loan note agreement with the Iowa Finance Authority (IFA) in an amount not to exceed \$76,325,000. Proceeds from the loan will be used for 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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

K. Long-term obligations (continued)

the City. Repayment of the loan will come from the water fund. No amounts were borrowed during the fiscal year. The City has \$8,337,263 of capital loan notes still available as of June 30, 2020. The amount of principal outstanding is \$59,204,737.

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, 2020, net revenues were \$5,000,474 and principal and interest due of \$4,229,815. No amounts were borrowed during the fiscal year. Water utility rates were increased as budgeted by 7% as of July 1, 2020 to satisfy the covenant in the next fiscal year.

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. No amounts were borrowed during the fiscal year. The balance of the loan was \$1,595,000 as of June 30, 2020.

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 note 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 \$318,750 balance of the loan was rolled into a new capital loan note agreement for improvements to sanitary sewer pipes and manholes. 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. No amounts were borrowed during the fiscal year. The amount of principal outstanding as of June 30, 2020 is \$2,746,156. The City has \$2,526,406 in capital loan notes still available as of June 30, 2020.

The City has a fourth revenue capital loan note agreement with the IFA in an amount not to exceed \$797,000. The funds are to be used for improvements to two wastewater lift stations that are nearing the end of their useful lives. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of \$3,985 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. and the amount of principal outstanding as of June 30, 2020 is \$514,000. No

City of Ames
Notes to the Financial Statements
June 30, 2020

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

K. Long-term obligations (continued)

amounts were borrowed during the fiscal year. The City has \$155,668 in capital loan notes still available as of June 30, 2020.

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. No amounts were borrowed during the fiscal year. The amount of principal outstanding as of June 30, 2020 is \$684,771. The City has \$233,229 in capital loan notes still available as of June 30, 2020.

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, 2020, the sewer fund had net revenues of \$2,547,278, and the amount of principal and interest due was \$534,437.

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, 2018, related to the 2019-2020 fiscal year. At June 30, 2020, the outstanding debt of \$64,305,000 is below the limit of \$241,870,551, leaving a debt margin of over \$177 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2020, are as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<i>Governmental activities:</i>					
Bonds payable:					
General obligation bonds	\$ 58,894,988	\$ 10,520,000	\$ (8,973,882)	\$ 60,441,106	\$ 8,566,484
Premiums	3,118,172	1,025,738	(560,063)	3,583,847	511,818
Total bonds payable	62,013,160	11,545,738	(9,533,945)	64,024,953	9,078,302
Compensated absences	2,195,165	3,457,533	(3,314,069)	2,338,629	122,703
Governmental activities long-term debt	\$ 64,208,325	\$ 15,003,271	\$ (12,848,014)	\$ 66,363,582	\$ 9,201,005

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, 2020

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

K. Long-term obligations (continued)

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable:					
Revenue bonds	\$ 79,645,000	\$ 35,000,000	\$ (5,425,000)	\$ 109,220,000	\$ 6,285,000
Premiums	7,322,258	-	(721,208)	6,601,050	721,108
Total revenue bonds	86,967,258	35,000,000	(6,146,208)	115,821,050	7,006,108
General obligation bonds	4,395,012	255,000	(786,118)	3,863,894	573,516
Premiums	399,730	27,091	(71,680)	355,141	71,782
Total general obligation bonds	4,794,742	282,091	(857,798)	4,219,035	645,298
Total bonds payable	91,762,000	35,282,091	(7,004,006)	120,040,085	7,651,406
Compensated absences	7,847,892	9,128,117	(9,024,876)	8,039,506	566,331
Loans payable	551,479	-	(114,099)	437,380	114,099
Capital loan notes payable	68,145,996	-	(3,401,332)	64,744,664	3,469,000
Business-type activities long-term debt	\$ 168,307,367	\$ 44,410,208	\$ (19,544,313)	\$ 193,261,635	\$ 11,800,836

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2021	\$ 8,566,484	\$ 1,925,398
2022	7,544,044	1,634,983
2023	7,101,562	1,372,285
2024	6,644,036	1,153,216
2025	5,971,465	923,375
2026-2030	21,033,515	2,009,743
2031-2035	3,580,000	154,663
2036-2040	-	-
Total	\$ 60,441,106	\$ 9,173,663

City of Ames
Notes to the Financial Statements
June 30, 2020

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

K. Long-term obligations (continued)

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 573,516	\$ 129,551	\$ 6,285,000	\$ 3,703,663
2022	585,956	115,511	6,460,000	3,529,246
2023	613,438	96,379	6,635,000	3,348,753
2024	625,964	77,002	6,885,000	3,096,107
2025	478,535	60,769	7,130,000	2,857,764
2026-2030	961,485	117,177	34,995,000	10,526,603
2031-2035	25,000	500	35,310,000	4,491,457
2036-2040	-	-	5,520,000	220,800
Total	<u>\$ 3,863,894</u>	<u>\$ 596,889</u>	<u>\$109,220,000</u>	<u>\$ 31,774,393</u>

Year Ending June 30,	Capital Loan Notes		Loans	
	Principal	Interest	Principal	Interest
2021	\$ 3,469,000	\$ 1,294,893	\$ 114,099	\$ -
2022	3,538,000	1,225,513	114,099	-
2023	3,609,000	1,154,753	114,099	-
2024	3,681,000	1,082,573	95,083	-
2025	3,754,000	1,008,953	-	-
2026-2030	19,926,000	3,888,146	-	-
2031-2035	20,188,927	1,871,694	-	-
2036-2040	6,578,737	180,429	-	-
Total	<u>\$ 64,744,664</u>	<u>\$ 11,706,954</u>	<u>\$ 437,380</u>	<u>\$ -</u>

**City of Ames
Notes to the Financial Statements
June 30, 2020**

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

K. Long-term obligations (continued)

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2021	\$ 10,441,615	\$ 5,128,107	\$ 19,008,099	\$ 7,053,505
2022	10,698,055	4,870,270	18,242,099	6,505,253
2023	10,971,537	4,599,885	18,073,099	5,972,170
2024	11,287,047	4,255,682	17,931,083	5,408,898
2025	11,362,534	3,927,486	17,334,000	4,850,861
2026-2030	55,882,485	14,531,926	76,916,000	16,541,669
2031-2035	55,523,927	6,363,651	59,103,927	6,518,314
2036-2040	12,098,737	401,229	12,098,737	401,229
Total	<u>\$178,265,937</u>	<u>\$ 44,078,236</u>	<u>\$238,707,044</u>	<u>\$ 53,251,899</u>

L. Fund balance

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

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

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

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

L. Fund balance (continued)

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

	General	Capital Projects	Debt Service	Special Revenues	Permanent Funds	Total
Nonspendable:						
Inventory	\$ 35,056	\$ -	\$ -	\$ 60,376	\$ -	\$ 95,432
Prepaid items	205,922	-	-	40,396	-	246,318
Perpetual care principal	-	-	-	-	1,017,993	1,017,993
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	<u>240,978</u>	<u>-</u>	<u>-</u>	<u>100,772</u>	<u>2,017,993</u>	<u>2,359,743</u>
Restricted:						
Debt service	-	-	1,207,777	-	-	1,207,777
Airport construction	-	369,051	-	-	-	369,051
Aquatic center	-	-	-	-	190,328	190,328
Street construction	-	-	-	7,443,463	-	7,443,463
Environment and economic betterment	-	-	-	8,347,671	-	8,347,671
General obligation bond projects	-	21,139,648	-	-	-	21,139,648
Housing assistance	-	-	-	1,130,930	-	1,130,930
Public safety	-	-	-	373,473	-	373,473
Public safety pension	-	-	-	329,090	-	329,090
Library	-	-	-	412,832	-	412,832
Parks and recreation	-	1,925,589	-	-	-	1,925,589
Project Share	-	-	-	2,992	-	2,992
Developers' projects	-	-	-	227,385	-	227,385
Total restricted fund balance	<u>-</u>	<u>23,434,288</u>	<u>1,207,777</u>	<u>18,267,836</u>	<u>190,328</u>	<u>43,100,229</u>
Committed:						
Bike trails	-	-	-	10,026	-	10,026
Parks and recreation	-	964,140	-	202,625	-	1,166,765
Housing assistance	-	-	-	480,047	-	480,047
Green energy projects	-	-	-	9,306	-	9,306
Environment and economic betterment	-	-	-	547,166	-	547,166
Total committed fund balance	<u>-</u>	<u>964,140</u>	<u>-</u>	<u>1,249,170</u>	<u>-</u>	<u>2,213,310</u>
Assigned:						
Administration	100,614	-	-	-	-	100,614
City Hall maintenance	34,982	-	-	-	-	34,982
Police operations	19,681	-	-	-	-	19,681
Fire operations	251	-	-	-	-	251
Library maintenance	288	-	-	-	-	288
Parks and recreation	19,349	-	-	-	-	19,349
Parks and recreation maintenance	45,949	-	-	-	-	45,949
Public relations	31,745	-	-	-	-	31,745
City comprehensive plan	30,950	-	-	-	-	30,950
Total assigned fund balance	<u>283,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,809</u>
Unassigned	<u>13,768,589</u>	<u>(3,563,083)</u>	<u>-</u>	<u>(278,495)</u>	<u>-</u>	<u>9,927,011</u>
Total fund balance	<u>\$14,293,376</u>	<u>\$20,835,345</u>	<u>\$ 1,207,777</u>	<u>\$19,339,283</u>	<u>\$ 2,208,321</u>	<u>\$57,884,102</u>

City of Ames
Notes to the Financial Statements
June 30, 2020

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, 2020, is as follows:

Receivable Fund	Payable Fund				
	General Fund	Capital Projects	Electric	Sewer	Water
Major Funds:					
General Fund	\$ 707	\$ 581	\$ 102,070	\$ 30,321	\$ 35,372
Capital Projects	95,092	-	158,100	48,450	48,450
Debt Service	40	-	-	-	-
Electric	72,106	174,896	-	34,252	36,169
Sewer	-	53,597	26,048	-	35,203
Water	-	53,597	35,318	51,321	-
Non-Major Funds:					
Permanent	752	-	-	-	-
Special Revenue	34,905	11,714	5,373	144,605	94,106
Enterprise	36,063	-	74,754	-	-
Internal Service	195,612	3,192	84,812	34,272	45,786
Total	\$ 435,277	\$ 297,578	\$ 486,475	\$ 343,229	\$ 295,085

Receivable Fund	Payable Fund				
	Non-Major Permanent Funds	Non-Major Special Revenue Funds	Non-Major Enterprise Funds	Internal Service Funds	Total
Major Funds:					
General Fund	\$ 9,138	\$ 949,035	\$ 43,140	\$ 1,298,849	\$ 2,469,213
Capital Projects	-	44,866	232,851	-	627,809
Debt Service	-	-	-	-	40
Electric	-	504	-	3,070	320,997
Sewer	-	525	-	1,094	116,467
Water	-	1,903	-	1,291	143,430
Non-Major Funds:					
Permanent	-	-	-	-	752
Special Revenue	-	27,409	46,519	15,829	380,456
Enterprise	-	32,547	-	1,894	145,257
Internal Service	-	169,230	72,943	6,255	616,940
Total	\$ 9,138	\$ 1,226,021	\$ 395,452	\$ 1,328,285	\$ 4,821,361

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, 2020

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, 2020, is as follows:

Transfers In	Transfers Out				Total
	General Fund	Capital Projects	Electric	Non-Major Special Revenue Funds	
Major Funds:					
General Fund	\$ -	\$ -	\$ 2,143,240	\$ 7,397,860	\$ 9,541,100
Capital Projects	63,582	-	-	100,000	163,582
Debt Service	70,979	574,937	-	421,749	1,067,665
Non-Major Funds:					
Special Revenue	-	-	-	117,950	117,950
Enterprise	2,500,205	-	-	20,000	2,520,205
Total	\$ 2,634,766	\$ 574,937	\$ 2,143,240	\$ 8,057,559	\$ 13,410,502

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 \$190,328 at June 30, 2020, 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, 2020

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

S. Contingencies (continued)

P. Net position restatement

The City made the following restatement to net position as of July 1, 2019:

	Business- Type Activities	Sewer	Water
Net position June 30, 2019 as previously reported	\$ 697,264,325	\$ 43,401,981	\$ 61,516,743
Correction of error in prior year financial statement for overbilling of contract	<u>(1,964,615)</u>	<u>(1,183,870)</u>	<u>(780,745)</u>
Net position July 1, 2019, as restated	<u><u>\$ 695,299,710</u></u>	<u><u>\$ 42,218,111</u></u>	<u><u>\$ 60,735,998</u></u>

The net position restatement is to properly recognize water and sewer liabilities in the fiscal year in which the corresponding expenses incurred.

Q. Urban renewal development agreements

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

During the fiscal year ended June 30, 2020, the City rebated \$296,303 of incremental property tax to developers, which was all for principal. The total cumulative principal amount rebated on the agreements is \$1,042,442. The outstanding balance on the agreements at June 30, 2020 was \$1,022,088.

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, 2020

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

S. Contingencies (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, 2020, the City abated \$296,303 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, 2020.

S. Contingencies

The City's Legal Department reported to management that, as of June 30, 2020, claims and lawsuits were on file against the City. The Legal Department estimates that the portion of these potential claims and lawsuits not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes outside the regular limit to cover cases resulting in an uninsured judgment.

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

City of Ames
Notes to the Financial Statements
June 30, 2020

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

S. Contingencies (continued)

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

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 98% 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, 2020. 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 adjust 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.

City of Ames
Notes to the Financial Statements
June 30, 2020

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

S. Contingencies (continued)

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and the allowances for accounts and contributions receivable. This could negatively affect 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 18.7%. 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, 2020, 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 17, 2020, the City issued \$17,865,000 of general obligation, corporate purpose bonds for paying the cost of constructing improvements to streets, sanitary sewers, and bridges, and for the acquisition of emergency services communication equipment. The interest rates on the bonds range from 1.00-5.00% with final maturity on June 1, 2032.

On January 26, 2021, the City entered into an amended sewer loan and disbursement agreement to borrow money in a principal amount not to exceed \$6,075,000. The City is amending the existing loan agreement to allow interest due for the sewer SRF loan to be granted back to the City to fund the City Hall Parking Lot Reconstruction as a sponsored project in the amount of \$375,000.



REQUIRED SUPPLEMENTARY INFORMATION



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

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.1690479%	1.1516658%	1.1292958%	1.1552370%	1.1616104%	1.2008652%
City's proportionate share of the net pension liability	\$67,695,565	\$72,880,234	\$75,225,392	\$72,702,712	\$57,389,174	\$47,625,187
City's covered payroll*	\$90,665,386	\$87,947,886	\$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	74.67%	82.87%	87.87%	86.31%	70.62%	59.17%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	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
2020	\$ 9,139,672	\$ 9,139,672	-	96,755,907	9.45%
2019	8,567,465	8,567,465	-	90,665,386	9.45%
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%

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 Six Fiscal Years*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	2.663532%	2.719769%	2.651310%	2.649945%	2.696727%	2.684406%
City's proportionate share of the net pension liability	\$17,470,814	\$16,193,599	\$15,549,272	\$16,569,071	\$12,669,610	\$ 9,730,925
City's covered payroll*	\$ 8,064,312	\$ 7,866,170	\$ 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	216.64%	205.86%	207.14%	230.76%	180.88%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	81.07%	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
2020	\$ 2,076,217	\$ 2,076,217	-	\$ 8,435,313	24.61%
2019	2,097,820	2,097,820	-	8,064,312	26.01%
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%

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
Last Three Years

City:	2020	2019	2018
Total OPEB liability			
Service cost	\$ 140,814	\$ 128,949	\$ 124,144
Interest	74,532	76,772	75,321
Differences between expected and actual experience	(374,352)	-	-
Changes in assumptions or other inputs	746,954	70,173	(51,203)
Benefit payments	(150,412)	(133,691)	(97,725)
Net change in total OPEB liability	437,536	142,203	50,537
Total OPEB liability, beginning	2,063,885	1,921,682	1,871,145
Total OPEB liability, ending	<u>\$ 2,501,421</u>	<u>\$ 2,063,885</u>	<u>\$ 1,921,682</u>
Covered-employee payroll	<u>\$ 39,532,365</u>	<u>\$ 37,519,077</u>	<u>\$ 38,084,243</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>6.33%</u>	<u>5.50%</u>	<u>5.05%</u>

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%
2019	3.50%
2020	2.21%

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
Last Three Years

Hospital:	2020	2019	2018
Total OPEB liability			
Service cost	\$ 171,392	\$ 183,570	\$ 230,410
Interest	188,216	171,689	155,873
Differences between expected and actual experience	(480,311)	(518,903)	907,372
Changes in assumptions or other inputs	211,750	(208,768)	(448,839)
Benefit payments	(113,258)	57,836	(10,501)
Net change in total OPEB liability	(22,211)	(314,576)	834,315
Total OPEB liability, beginning	4,464,128	4,778,704	3,944,389
Total OPEB liability, ending	<u>\$ 4,441,917</u>	<u>\$ 4,464,128</u>	<u>\$ 4,778,704</u>
Covered-employee payroll	<u>\$ 62,732,418</u>	<u>\$ 61,873,578</u>	<u>\$ 65,765,292</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>7.08%</u>	<u>7.21%</u>	<u>7.27%</u>

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%
2019	4.11%
2020	3.26%

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, 2020

	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	\$ 30,756,001	\$ -	\$ 30,756,001	\$ 30,953,785	\$ 30,953,786	\$ (197,785)
Delinquent property taxes	1,339	-	1,339	-	-	1,339
TIF revenues	1,229,295	-	1,229,295	1,100,876	1,110,876	118,419
Other taxes	10,707,363	-	10,707,363	10,717,411	9,795,244	912,119
Licenses and permits	1,856,278	17,600	1,873,878	1,652,904	1,678,628	195,250
Use of money and property	1,874,859	9,371,757	11,246,616	9,348,361	10,418,944	827,672
Intergovernmental	12,177,098	11,130,189	23,307,287	27,431,529	43,348,714	(20,041,427)
Charges for services	3,340,427	289,660,693	293,001,120	305,867,540	302,054,267	(9,053,147)
Special assessments	303,640	-	303,640	321,415	321,415	(17,775)
Miscellaneous	799,664	1,319,581	2,119,245	674,045	1,229,305	889,940
Other financing sources	25,321,952	2,520,205	27,842,157	33,354,297	43,400,119	(15,557,962)
Total revenues and other financing sources	88,367,916	314,020,025	402,387,941	421,422,163	444,311,298	(41,923,357)
Expenditures and other financing uses:						
General government	2,879,594	-	2,879,594	2,905,299	3,114,958	235,364
Public safety	19,965,728	-	19,965,728	20,845,795	20,608,758	643,030
Public works	5,894,118	-	5,894,118	6,285,579	6,287,140	393,022
Health and social services	1,443,998	-	1,443,998	1,490,234	1,490,659	46,661
Culture and recreation	8,292,414	-	8,292,414	9,445,904	9,444,797	1,152,383
Community and economic development	3,739,235	-	3,739,235	4,571,280	5,672,208	1,932,973
Debt service	12,074,255	-	12,074,255	12,055,352	12,074,254	(1)
Capital outlay	13,024,446	-	13,024,446	19,176,527	52,139,992	39,115,546
Total governmental expenditures	67,313,788	-	67,313,788	76,775,970	110,832,766	43,518,978
Business-type expenditures	-	281,028,308	281,028,308	313,398,799	346,079,175	65,050,867
Total expenditures and other financing uses	67,313,788	281,028,308	348,342,096	390,174,769	456,911,941	108,569,845
Other financing uses	13,211,379	3,085,040	16,296,419	16,561,343	15,966,026	(330,393)
Total expenditures, other financing uses, and transfers out	80,525,167	284,113,348	364,638,515	406,736,112	472,877,967	108,239,452
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out						
	7,842,749	29,906,677	37,749,426	14,686,051	(28,566,669)	66,316,095
Fund balances, beginning	54,128,783	718,214,148	772,342,931	704,228,677	772,342,931	-
Fund balances, ending	\$ 61,971,532	\$748,120,825	\$810,092,357	\$718,914,728	\$743,776,262	\$ 66,316,095

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, 2020

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	\$ 88,367,916	\$ (2,886,576)	\$ 85,481,340	\$ 314,020,025	\$ (3,101,136)	\$ 310,918,889
Expenditures and other financing uses	80,525,167	(2,921,339)	77,603,828	284,113,348	9,645,690	293,759,038
Excess revenues and other financing sources over expenditures and other financing uses	7,842,749	34,763	7,877,512	29,906,677	(12,746,826)	17,159,851
Fund balances, beginning	54,128,783	(4,122,200)	50,006,583	718,214,148	(31,774,532)	686,439,616
Fund balances, ending	\$ 61,971,532	\$ (4,087,437)	\$ 57,884,099	\$ 748,120,825	\$ (44,521,358)	\$ 703,599,467

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, 2020

I. Pension Liability

IPERS:

Changes in benefits and terms. There were no significant changes in benefit terms.

Changes in assumptions.

The 2018 valuation implemented the following refinements because of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested regular member electing to receive a deferred benefit
- Adjusted the merit component of the salary increase assumption

The 2017 valuation implemented the following refinements because 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 because 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.

City of Ames
Notes to the Required Supplementary Information (continued)
June 30, 2020

MFPRSI:

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

Changes in assumptions. The 2018 valuation mortality rates were based on RP 2014 Blue Collar Healthy Annuitant table with males set forward zero years, females set forward two years, and disabled set forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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

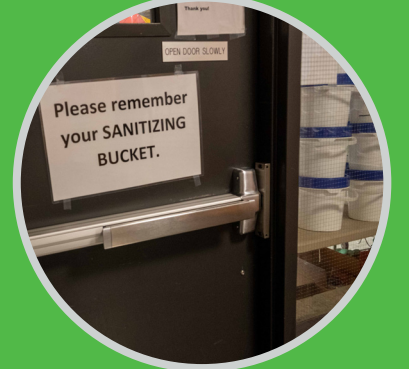
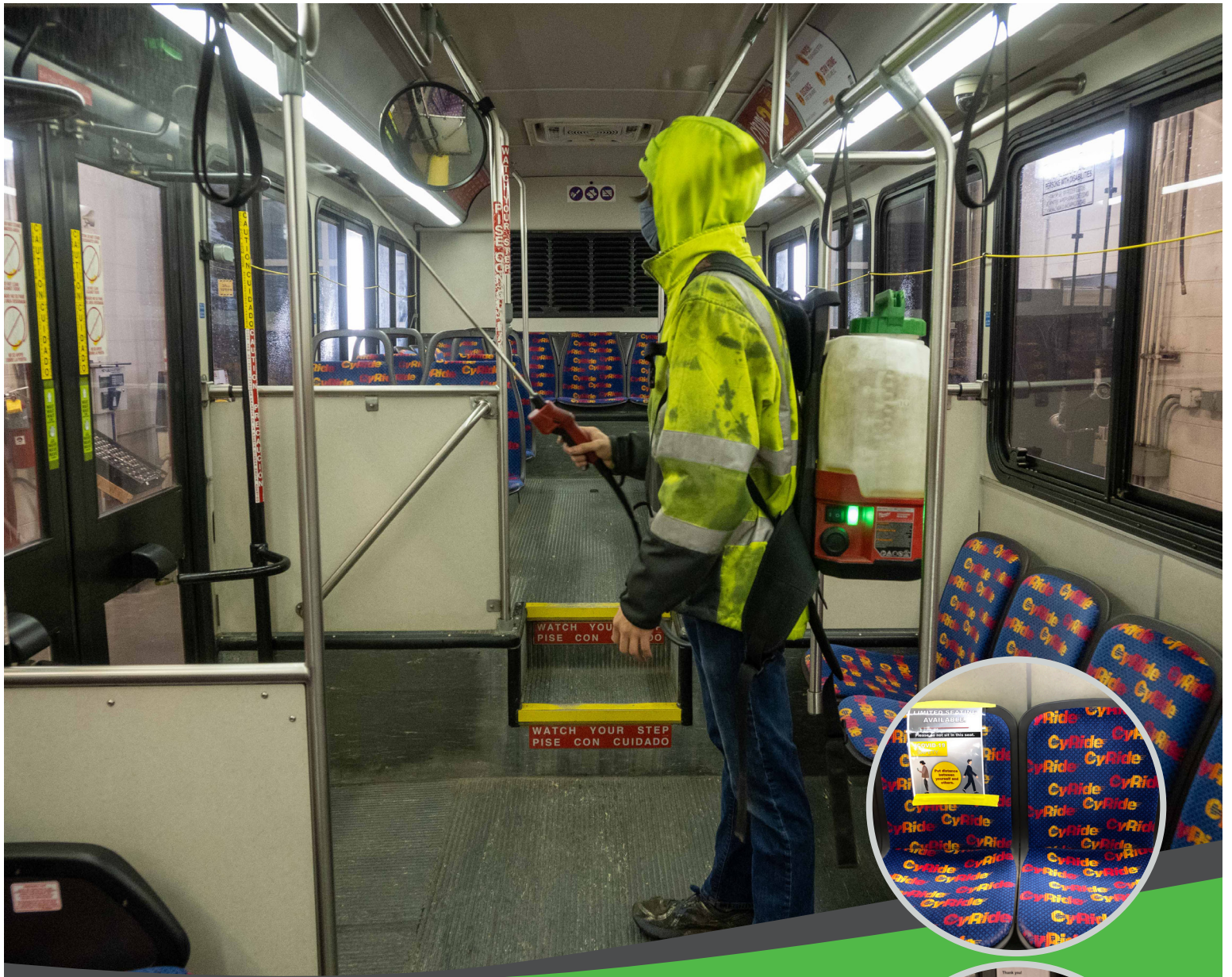
The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board (GASB) Statement 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General 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, 2020

Three budget amendments during the fiscal year increased budgeted expenditures by \$66,737,172. These amendments are reflected in the final budget amounts.



SUPPLEMENTARY INFORMATION



CITY OF
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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. Sixty percent is used for property tax relief and forty percent is for community betterment.

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

Road Use Tax Fund - to account for the City's share of state gasoline taxes received on a per capita basis. Funds must 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 because 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.

FEMA – to account for funds received from emergency related grants to cover expenses associated to natural disasters.

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, 2020**

	<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	\$ 9,812,673	\$ 13,537	\$ 627,893	\$ 10,454,103
Investments	8,910,071	1,012,263	558,696	10,481,030
Taxes receivable	19,251	-	-	19,251
Accrued interest receivable	3,018	19	3,739	6,776
Accounts receivable, net	1,709	560	-	2,269
Intergovernmental receivable	2,109,750	-	-	2,109,750
Loans receivable	1,846	-	-	1,846
Due from other funds	380,456	752	-	381,208
Inventories	60,376	-	-	60,376
Property held for resale	1,114,441	-	-	1,114,441
Prepaid items	40,396	-	-	40,396
Succeeding year taxes receivable	2,171,833	-	-	2,171,833
Long-term loans receivable	8,561	-	-	8,561
Total assets	<u>\$ 24,634,381</u>	<u>\$ 1,027,131</u>	<u>\$ 1,190,328</u>	<u>\$ 26,851,840</u>
LIABILITIES				
Accounts payable	\$ 720,809	\$ -	\$ -	\$ 720,809
Accrued payroll	90,225	-	-	90,225
Retainage payable	48,119	-	-	48,119
Customer deposits	601,763	-	-	601,763
Intergovernmental payable	18,311	-	-	18,311
Due to other funds	1,226,021	9,138	-	1,235,159
Total liabilities	<u>2,705,248</u>	<u>9,138</u>	<u>-</u>	<u>2,714,386</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	2,171,833	-	-	2,171,833
Other taxes	413,801	-	-	413,801
Grants	4,215	-	-	4,215
Total deferred inflows of resources	<u>2,589,849</u>	<u>-</u>	<u>-</u>	<u>2,589,849</u>
FUND BALANCES (DEFICITS)				
Nonspendable	100,772	1,017,993	1,000,000	2,118,765
Restricted	18,267,836	-	190,328	18,458,164
Committed	1,249,170	-	-	1,249,170
Unassigned	(278,494)	-	-	(278,494)
Total fund balances	<u>19,339,284</u>	<u>1,017,993</u>	<u>1,190,328</u>	<u>21,547,605</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,634,381</u>	<u>\$ 1,027,131</u>	<u>\$ 1,190,328</u>	<u>\$ 26,851,840</u>

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	<u>Permanent Funds</u>			
	Non-Major Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	
REVENUES				
Taxes	\$ 13,900,500	\$ -	\$ -	\$ 13,900,500
Intergovernmental	8,374,050	-	-	8,374,050
Charges for services	-	19,350	-	19,350
Investment income	34,580	-	31,251	65,831
Miscellaneous	518,543	-	-	518,543
Total revenues	<u>22,827,673</u>	<u>19,350</u>	<u>31,251</u>	<u>22,878,274</u>
EXPENDITURES				
Current:				
General government	235,349	-	-	235,349
Public safety	120,076	-	-	120,076
Public works	5,619,099	-	-	5,619,099
Health and social services	1,463,008	-	-	1,463,008
Culture and recreation	1,214,938	-	8,591	1,223,529
Community and economic development	2,427,749	-	-	2,427,749
Capital outlay	2,075,617	-	-	2,075,617
Total expenditures	<u>13,155,836</u>	<u>-</u>	<u>8,591</u>	<u>13,164,427</u>
Excess of revenues over expenditures	<u>9,671,837</u>	<u>19,350</u>	<u>22,660</u>	<u>9,713,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	117,950	-	-	117,950
Transfers out	<u>(8,057,559)</u>	<u>-</u>	<u>-</u>	<u>(8,057,559)</u>
Total other financing sources (uses)	<u>(7,939,609)</u>	<u>-</u>	<u>-</u>	<u>(7,939,609)</u>
Net change in fund balance	1,732,228	19,350	22,660	1,774,238
Fund balances, beginning	<u>17,607,052</u>	<u>998,643</u>	<u>1,167,668</u>	<u>19,773,363</u>
Fund balances, ending	<u>\$ 19,339,280</u>	<u>\$ 1,017,993</u>	<u>\$ 1,190,328</u>	<u>\$ 21,547,601</u>

**City of Ames
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2020**

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411
ASSETS									
Cash and cash equivalents	3,704,738	655,755	3,665,423	5,269	50,582	243,082	112,498	10,211	\$ 172,395
Investments	3,345,434	592,157	3,309,931	4,757	45,676	223,975	101,254	9,221	155,656
Taxes receivable	-	-	-	-	-	-	-	18,212	1,039
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Accounts receivable, net	1,098	-	-	-	-	-	-	-	-
Intergovernmental receivable	680,800	413,801	991,370	-	6,321	2,697	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other funds	15,311	-	333,012	-	7,252	11,028	2,459	-	-
Inventories	-	-	60,376	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	27,774	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	2,171,833	-
Long-term loans receivable	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 7,747,381</u>	<u>\$ 1,661,713</u>	<u>\$ 8,387,886</u>	<u>\$ 10,026</u>	<u>\$ 109,831</u>	<u>\$ 480,782</u>	<u>\$ 216,211</u>	<u>\$ 2,209,477</u>	<u>\$ 329,090</u>
LIABILITIES									
Accounts payable	\$ 159,100	\$ 42,075	\$ 476,766	\$ -	\$ 4,353	\$ -	\$ -	\$ -	\$ -
Accrued payroll	205	-	89,444	-	-	-	-	-	-
Retainage payable	32,576	-	15,543	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-
Intergovernmental payable	3,791	-	12,422	-	746	-	-	-	-
Due to other funds	409,875	-	262,098	-	14,048	735	395,477	37,644	-
Total liabilities	<u>605,547</u>	<u>42,075</u>	<u>856,273</u>	<u>-</u>	<u>19,147</u>	<u>735</u>	<u>395,477</u>	<u>37,644</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue:									
Property taxes	-	-	-	-	-	-	-	2,171,833	-
Other taxes	-	413,801	-	-	-	-	-	-	-
Grants	-	-	-	-	3,236	-	-	-	-
Total deferred inflows of resource	<u>-</u>	<u>413,801</u>	<u>-</u>	<u>-</u>	<u>3,236</u>	<u>-</u>	<u>-</u>	<u>2,171,833</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	88,150	-	-	-	-	-	-
Restricted	7,141,834	1,205,837	7,443,463	-	87,448	-	-	-	329,090
Committed	-	-	-	10,026	-	480,047	-	-	-
Unassigned	-	-	-	-	-	-	(179,266)	-	-
Total fund balances (deficits)	<u>7,141,834</u>	<u>1,205,837</u>	<u>7,531,613</u>	<u>10,026</u>	<u>87,448</u>	<u>480,047</u>	<u>(179,266)</u>	<u>-</u>	<u>329,090</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 7,747,381</u>	<u>\$ 1,661,713</u>	<u>\$ 8,387,886</u>	<u>\$ 10,026</u>	<u>\$ 109,831</u>	<u>\$ 480,782</u>	<u>\$ 216,211</u>	<u>\$ 2,209,477</u>	<u>\$ 329,090</u>

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

City of Ames
Combining Balance Sheet (continued)
Non-Major Special Revenue Funds
June 30, 2020

	Parks & Recreation Programs	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Non-Major Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ 107,903	\$ 234,122	\$ 6,142	\$ 1,573	\$ 90	\$ 148,110	\$ 435,140	\$ 259,640	\$ -	\$ 9,812,673
Investments	94,093	209,371	5,545	1,421	80	131,561	392,413	287,526	-	8,910,071
Taxes receivable	-	-	-	-	-	-	-	-	-	19,251
Accrued interest receivable	629	1,382	-	-	-	852	155	-	-	3,018
Accounts receivable, net	-	-	611	-	-	-	-	-	-	1,709
Intergovernmental receivable	-	-	-	980	13,782	-	-	-	-	2,109,750
Loans receivable	-	-	-	-	1,846	-	-	-	-	1,846
Due from other funds	-	161	-	11,025	-	-	-	-	208	380,456
Inventories	-	-	-	-	-	-	-	-	-	60,376
Property held for resale	-	-	-	-	1,114,441	-	-	-	-	1,114,441
Prepaid items	-	12,622	-	-	-	-	-	-	-	40,396
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	2,171,833
Long-term loans receivable	-	-	-	-	8,561	-	-	-	-	8,561
Total assets	<u>\$ 202,625</u>	<u>\$ 457,658</u>	<u>\$ 12,298</u>	<u>\$ 14,999</u>	<u>\$ 1,138,800</u>	<u>\$ 280,523</u>	<u>\$ 827,708</u>	<u>\$ 547,166</u>	<u>\$ 208</u>	<u>\$ 24,634,381</u>
LIABILITIES										
Accounts payable	\$ -	\$ 31,466	\$ -	\$ -	\$ 6,403	\$ 646	\$ -	\$ -	\$ -	\$ 720,809
Accrued payroll	-	576	-	-	-	-	-	-	-	90,225
Retainage payable	-	-	-	-	-	-	-	-	-	48,119
Customer deposits	-	-	-	-	1,440	-	600,323	-	-	601,763
Intergovernmental payable	-	-	-	-	-	1,352	-	-	-	18,311
Due to other funds	-	162	-	6,519	27	-	-	-	99,436	1,226,021
Total liabilities	<u>-</u>	<u>32,204</u>	<u>-</u>	<u>6,519</u>	<u>7,870</u>	<u>1,998</u>	<u>600,323</u>	<u>-</u>	<u>99,436</u>	<u>2,705,248</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue:										
Property taxes	-	-	-	-	-	-	-	-	-	2,171,833
Other taxes	-	-	-	-	-	-	-	-	-	413,801
Grants	-	-	-	980	-	-	-	-	-	4,215
Total deferred inflows of resource	<u>-</u>	<u>-</u>	<u>-</u>	<u>980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,589,849</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	12,622	-	-	-	-	-	-	-	100,772
Restricted	-	412,832	2,992	7,500	1,130,930	278,525	227,385	-	-	18,267,836
Committed	202,625	-	9,306	-	-	-	-	547,166	-	1,249,170
Unassigned	-	-	-	-	-	-	-	-	(99,228)	(278,494)
Total fund balances (deficits)	<u>202,625</u>	<u>425,454</u>	<u>12,298</u>	<u>7,500</u>	<u>1,130,930</u>	<u>278,525</u>	<u>227,385</u>	<u>547,166</u>	<u>(99,228)</u>	<u>19,339,284</u>
Total liabilities, deferred outflows of resources, and fund balances (deficits)	<u>\$ 202,625</u>	<u>\$ 457,658</u>	<u>\$ 12,298</u>	<u>\$ 14,999</u>	<u>\$ 1,138,800</u>	<u>\$ 280,523</u>	<u>\$ 827,708</u>	<u>\$ 547,166</u>	<u>\$ 208</u>	<u>\$ 24,634,381</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, 2020

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411
REVENUES									
Taxes	\$ 8,470,509	\$ 2,062,067	\$ -	\$ -	\$ -	\$ -	\$ 1,229,295	\$ 2,138,629	\$ -
Intergovernmental	-	-	7,961,955	-	65,149	13,078	-	-	-
Investment income	-	-	-	-	-	-	2,589	-	8,651
Miscellaneous	-	-	-	-	3,193	36,012	-	-	-
Total revenues	<u>8,470,509</u>	<u>2,062,067</u>	<u>7,961,955</u>	<u>-</u>	<u>68,342</u>	<u>49,090</u>	<u>1,231,884</u>	<u>2,138,629</u>	<u>8,651</u>
EXPENDITURES									
Current:									
General government	-	-	152,099	-	-	83,250	-	-	-
Public safety	-	-	-	161	54,467	-	-	-	-
Public works	-	-	5,619,099	-	-	-	-	-	-
Health and social services	1,443,998	-	-	-	-	-	-	-	-
Culture and recreation	1,028,925	-	-	-	-	-	-	-	-
Community and economic development	57,461	1,640,285	-	-	-	-	296,303	-	-
Capital outlay	820,518	-	1,255,099	-	-	-	-	-	-
Total expenditures	<u>3,350,902</u>	<u>1,640,285</u>	<u>7,026,297</u>	<u>161</u>	<u>54,467</u>	<u>83,250</u>	<u>296,303</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,119,607</u>	<u>421,782</u>	<u>935,658</u>	<u>(161)</u>	<u>13,875</u>	<u>(34,160)</u>	<u>935,581</u>	<u>2,138,629</u>	<u>8,651</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	117,950	-	-	-	-	-	-	-	-
Transfers out	(5,202,306)	(294,875)	-	-	-	-	(421,749)	(2,138,629)	-
Total other financing sources (uses)	<u>(5,084,356)</u>	<u>(294,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(421,749)</u>	<u>(2,138,629)</u>	<u>-</u>
Net change in fund balances	35,251	126,907	935,658	(161)	13,875	(34,160)	513,832	-	8,651
Fund balances, beginning	7,106,583	1,078,930	6,595,955	10,187	73,573	514,207	(693,098)	-	320,439
Fund balances, ending	<u>\$ 7,141,834</u>	<u>\$ 1,205,837</u>	<u>\$ 7,531,613</u>	<u>\$ 10,026</u>	<u>\$ 87,448</u>	<u>\$ 480,047</u>	<u>\$ (179,266)</u>	<u>\$ -</u>	<u>\$ 329,090</u>

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

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, 2020

	Parks & Recreation Programs	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Non-Major Special Revenue Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,900,500
Intergovernmental	-	15,306	-	-	318,562	-	-	-	-	8,374,050
Investment income	4,388	10,673	-	-	-	6,990	1,289	-	-	34,580
Miscellaneous	90,577	236,209	18,920	14,375	47,174	72,083	-	-	-	518,543
Total revenues	94,965	262,188	18,920	14,375	365,736	79,073	1,289	-	-	22,827,673
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	235,349
Public safety	-	-	-	9,808	-	55,640	-	-	-	120,076
Public works	-	-	-	-	-	-	-	-	-	5,619,099
Health and social services	-	-	19,010	-	-	-	-	-	-	1,463,008
Culture and recreation	13,236	172,777	-	-	-	-	-	-	-	1,214,938
Community and economic development	-	-	-	-	334,468	-	-	-	99,232	2,427,749
Capital outlay	-	-	-	-	-	-	-	-	-	2,075,617
Total expenditures	13,236	172,777	19,010	9,808	334,468	55,640	-	-	99,232	13,155,836
Excess (deficiency) of revenues over (under) expenditures	81,729	89,411	(90)	4,567	31,268	23,433	1,289	-	(99,232)	9,671,837
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	117,950
Transfers out	-	-	-	-	-	-	-	-	-	(8,057,559)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(7,939,609)
Net change in fund balances	81,729	89,411	(90)	4,567	31,268	23,433	1,289	-	(99,232)	1,732,228
Fund balances, beginning	120,896	336,043	12,388	2,933	1,099,662	255,092	226,096	547,166	-	17,607,052
Fund balances, ending	\$ 202,625	\$ 425,454	\$ 12,298	\$ 7,500	\$ 1,130,930	\$ 278,525	\$ 227,385	\$ 547,166	\$ (99,232)	\$ 19,339,284

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

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 operated 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.

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

City of Ames
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2020

	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	\$ 156,243	\$ 3,166,727	\$ 2,719,591	\$ 186,154	\$ 115,484	\$ 146,406	\$ 6,490,605
Investments	137,157	2,812,439	2,409,189	163,488	101,940	136,541	5,760,754
Accrued interest receivable	907	19,250	16,103	1,168	643	637	38,708
Accounts receivable, net	5,685	2,556,299	220,996	37,920	458	268,687	3,090,045
Due from other funds	1,099	62,439	6,321	2,659	1,804	70,935	145,257
Intergovernmental receivable	317	693,276	-	-	-	405,031	1,098,624
Inventories	18,920	326,516	-	3,442	1,463	-	350,341
Prepaid items	-	23,324	-	-	6,320	945	30,589
Total current assets	<u>320,328</u>	<u>9,660,270</u>	<u>5,372,200</u>	<u>394,831</u>	<u>228,112</u>	<u>1,029,182</u>	<u>17,004,923</u>
Noncurrent assets:							
Capital assets:							
Land	910,547	41,500	733,383	-	193,250	531,517	2,410,197
Land improvements	623,538	742,323	3,894,704	71,230	127,581	172,379	5,631,755
Buildings	-	26,525,600	-	1,870,329	87,003	11,342,409	39,825,341
Equipment	56,130	30,592,762	8,390	316,275	5,700	8,003,995	38,983,252
Construction in progress	-	710,249	440,129	-	-	-	1,150,378
Less accumulated depreciation	(633,723)	(30,299,806)	(425,108)	(1,393,384)	(194,836)	(14,681,937)	(47,628,794)
Total noncurrent assets	<u>956,492</u>	<u>28,312,628</u>	<u>4,651,498</u>	<u>864,450</u>	<u>218,698</u>	<u>5,368,363</u>	<u>40,372,129</u>
Total assets	<u>1,276,820</u>	<u>37,972,898</u>	<u>10,023,698</u>	<u>1,259,281</u>	<u>446,810</u>	<u>6,397,545</u>	<u>57,377,052</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to OPEB	7,573	64,289	5,307	1,626	1,297	24,270	104,362
Deferred outflows related to pensions	85,050	1,363,280	36,406	39,614	16,348	228,993	1,769,691
Total deferred outflows of resources	<u>92,623</u>	<u>1,427,569</u>	<u>41,713</u>	<u>41,240</u>	<u>17,645</u>	<u>253,263</u>	<u>1,874,053</u>
LIABILITIES							
Current liabilities:							
Accounts payable	11,586	113,400	4,672	11,348	3,153	131,650	275,809
Accrued payroll	10,922	164,315	7,459	900	2,416	2,940	188,951
Accrued compensated absences	2,720	23,234	1,709	333	201	4,166	32,364
Due to other funds	14,757	251,580	48,972	4,067	4,321	71,756	395,453
Retainage payable	-	-	16,662	3,051	-	-	19,713
Accrued interest	-	-	-	-	-	1,699	1,699
Intergovernmental payable	(100)	1,427	988	438	1,068	57,752	61,573
Accrued landfill post-closure costs	-	-	-	-	-	16,155	16,155
Bonds payable, net	-	-	-	-	-	145,855	145,855
Unearned revenue	8,596	-	-	-	-	-	8,596
Total current liabilities	<u>48,481</u>	<u>553,956</u>	<u>80,461</u>	<u>20,137</u>	<u>11,159</u>	<u>431,973</u>	<u>1,146,168</u>
Noncurrent liabilities:							
Accrued compensated absences	45,531	417,856	23,610	4,320	2,397	57,068	550,782
Accrued other post-employment benefits	25,415	215,748	17,811	5,453	4,352	81,446	350,225
Net pension liability	331,638	4,875,275	143,836	138,698	63,104	827,512	6,380,063
Accrued landfill post-closure costs	-	-	-	-	-	71,348	71,348
Bonds payable, net	-	-	-	-	-	602,644	602,644
Total noncurrent liabilities	<u>402,584</u>	<u>5,508,879</u>	<u>185,257</u>	<u>148,471</u>	<u>69,853</u>	<u>1,640,018</u>	<u>7,955,062</u>
Total liabilities	<u>451,065</u>	<u>6,062,835</u>	<u>265,718</u>	<u>168,608</u>	<u>81,012</u>	<u>2,071,991</u>	<u>9,101,230</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	3,889	33,027	2,727	835	667	12,467	53,612
Deferred inflows related to pensions	45,205	640,363	30,828	19,747	8,485	125,929	870,557
	<u>49,094</u>	<u>673,390</u>	<u>33,555</u>	<u>20,582</u>	<u>9,152</u>	<u>138,396</u>	<u>924,169</u>
NET POSITION							
Net investment in capital assets	956,492	28,312,628	4,651,498	864,450	218,698	4,619,864	39,623,630
Unrestricted	(87,208)	4,351,614	5,114,640	246,881	155,593	(179,443)	9,602,077
Total net position	<u>\$ 869,284</u>	<u>\$ 32,664,242</u>	<u>\$ 9,766,138</u>	<u>\$ 1,111,331</u>	<u>\$ 374,291</u>	<u>\$ 4,440,421</u>	<u>\$ 49,225,707</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2020

	Parking	Transit	Storm Sewer	Ames / ISU Ice Arena	Homewood Golf Course	Resource Recovery	Total Non-Major Enterprise Funds
Operating revenues:							
Charges for services	\$ 797,454	\$ 6,735,543	\$ 1,852,740	\$ 444,262	\$ 150,549	\$ 3,019,801	\$ 13,000,349
Operating expenses:							
Cost of goods and services	942,403	9,253,331	738,339	567,265	212,324	3,741,630	15,455,292
Administration	68,582	1,933,291	10,065	-	-	238,649	2,250,587
Depreciation	8,019	2,713,710	63,235	103,526	8,062	556,022	3,452,574
Total operating expenses	1,019,004	13,900,332	811,639	670,791	220,386	4,536,301	21,158,453
Operating income (loss)	(221,550)	(7,164,789)	1,041,101	(226,529)	(69,837)	(1,516,500)	(8,158,104)
Non-operating revenues (expenses):							
Intergovernmental	-	3,827,592	-	-	-	-	3,827,592
Reimbursements	-	65,273	-	-	-	305,030	370,303
Investment income	10,936	132,682	130,383	9,939	5,723	7,399	297,062
Interest expense	-	-	-	-	-	(17,099)	(17,099)
Miscellaneous	-	8,005	-	35,243	53,910	2,040	99,198
Total non-operating revenues	10,936	4,033,552	130,383	45,182	59,633	297,370	4,577,056
Income (loss) before capital contributions and transfers	(210,614)	(3,131,237)	1,171,484	(181,347)	(10,204)	(1,219,130)	(3,581,048)
Capital contributions	-	1,149,550	-	20,000	-	-	1,169,550
Transfers in	-	1,977,672	-	20,000	-	522,533	2,520,205
Change in net position	(210,614)	(4,015)	1,171,484	(141,347)	(10,204)	(696,597)	108,707
Net position, beginning	1,079,898	32,668,257	8,594,654	1,252,678	384,495	5,137,018	49,117,000
Net position, ending	\$ 869,284	\$ 32,664,242	\$ 9,766,138	\$ 1,111,331	\$ 374,291	\$ 4,440,421	\$ 49,225,707

City of Ames
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2020

	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	\$ 805,696	\$ 7,018,790	\$ 1,845,311	\$ 446,455	\$ 148,999	\$ 3,016,457	\$ 13,281,708
Payments to suppliers	(123,770)	(2,109,176)	(54,825)	(275,963)	(61,983)	(1,661,871)	(4,287,588)
Payments to employees	(679,855)	(8,170,836)	(445,623)	(242,784)	(101,025)	(1,453,379)	(11,093,502)
Payments to other funds for services provided	(201,111)	(601,790)	(237,408)	(41,436)	(48,870)	(701,735)	(1,832,350)
Net cash provided by (used for) operating activities	(199,040)	(3,863,012)	1,107,455	(113,728)	(62,879)	(800,528)	(3,931,732)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating grants	-	3,827,592	-	-	-	-	3,827,592
Reimbursements	-	65,273	-	-	-	305,030	370,303
Miscellaneous income	-	8,005	-	35,243	53,910	2,040	99,198
Transfers in	-	1,977,672	-	20,000	-	522,533	2,520,205
Net cash provided by non-capital financing activities	-	5,878,542	-	55,243	53,910	829,603	6,817,298
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	(1,650,149)	(712,972)	(7,652)	-	(53,326)	(2,424,099)
Principal paid on capital debt	-	-	-	-	-	(140,000)	(140,000)
Interest paid on capital debt	-	-	-	-	-	(23,188)	(23,188)
Capital contributions	-	1,149,550	-	20,000	-	-	1,169,550
Net cash provided by (used for) capital and related financing activities	-	(500,599)	(712,972)	12,348	-	(216,514)	(1,417,737)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(98,818)	(1,657,247)	(533,736)	(19,085)	(1,441)	(93,744)	(2,404,071)
Proceeds from sale of investments	187,157	875,026	281,812	36,146	2,725	177,549	1,560,415
Interest on investments	11,579	127,672	128,452	10,006	5,744	8,713	292,166
Net cash provided by (used for) investing activities	99,918	(654,549)	(123,472)	27,067	7,028	92,518	(551,490)
Net increase (decrease) in cash and cash equivalents	(99,122)	860,382	271,011	(19,070)	(1,941)	(94,921)	916,339
Cash and cash equivalents, beginning	255,365	2,306,345	2,448,580	205,224	117,425	241,327	5,574,266
Cash and cash equivalents, ending	\$ 156,243	\$ 3,166,727	\$ 2,719,591	\$ 186,154	\$ 115,484	\$ 146,406	\$ 6,490,605

City of Ames
Combining Statement of Cash Flows (continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2020

	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)	\$ (221,550)	\$ (7,164,789)	\$ 1,041,101	\$ (226,529)	\$ (69,837)	\$ (1,516,500)	\$ (8,158,104)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:							
Depreciation expense	8,019	2,713,710	63,235	103,526	8,062	556,022	3,452,574
(Increase) decrease in accounts receivable	6,652	(2,114,640)	(6,932)	(15,148)	(423)	86,860	(2,043,631)
(Increase) decrease in due from other funds	(1,099)	171,581	(497)	(2,659)	(1,127)	(1,919)	164,280
(Increase) decrease in intergovernmental receivable	2,893	2,226,306	-	20,000	-	(88,285)	2,160,914
(Increase) decrease in inventories	(9,578)	16	-	1,747	488	-	(7,327)
(Increase) decrease in prepaid items	-	(15,955)	-	-	(272)	(945)	(17,172)
(Increase) decrease in deferred outflows of resources	6,851	119,495	3,870	2,914	465	7,337	140,932
Increase (decrease) in accounts payable	5,765	3,487	(6,672)	5,727	971	99,764	109,042
Increase (decrease) in accrued payroll	1,208	(288)	4,696	(931)	(911)	(394)	3,380
Increase (decrease) in accrued compensated absences	6,365	7,331	1,543	(10,565)	(502)	10,631	14,803
Increase (decrease) in due to other funds	(23,991)	(10,958)	(19,085)	(306)	(2,938)	(10,707)	(67,985)
Increase (decrease) in retainage payable	-	(6,601)	13,536	3,051	-	-	9,986
Increase (decrease) in intergovernmental payable	(100)	(4,292)	5	159	444	12,358	8,574
Decrease in accrued landfill post-closure costs	-	-	-	-	-	(4,158)	(4,158)
Increase (decrease) in unearned revenue	(204)	-	-	-	-	-	(204)
Increase in post-employment benefits	4,445	37,737	3,115	954	761	14,246	61,258
Increase (decrease) in pension liability	(19,953)	(276,863)	(13,542)	(6,834)	(2,563)	(45,838)	(365,593)
Increase (decrease) in deferred inflows of resources	35,237	451,711	23,082	11,166	4,503	81,000	606,699
Total adjustments	22,510	3,301,777	66,354	112,801	6,958	715,972	4,226,372
Net cash provided by (used for) operating activities	\$ (199,040)	\$ (3,863,012)	\$ 1,107,455	\$ (113,728)	\$ (62,879)	\$ (800,528)	\$ (3,931,732)

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, 2020

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,858,696	\$ 1,427,582	\$ 2,330,309	\$ 3,776,248	\$ 13,392,835
Investments	5,201,344	1,278,408	2,080,968	3,351,608	11,912,328
Accrued interest receivable	34,358	8,572	13,816	21,861	78,607
Accounts receivable, net	21,122	3,368	15,341	83,869	123,700
Due from other funds	546,229	60,358	5,512	4,841	616,940
Intergovernmental receivable	12,003	23,827	-	9,535	45,365
Inventories	76,082	-	-	-	76,082
Prepaid items	316	212,816	838	1,074	215,044
Total current assets	<u>11,750,150</u>	<u>3,014,931</u>	<u>4,446,783</u>	<u>7,249,037</u>	<u>26,460,901</u>
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	884,494	-	-	-	884,494
Equipment	17,778,008	2,911,686	-	-	20,689,694
Less accumulated depreciation	(9,419,799)	(2,153,578)	-	-	(11,573,377)
Total noncurrent assets	<u>9,242,703</u>	<u>950,541</u>	<u>-</u>	<u>-</u>	<u>10,193,244</u>
Total assets	<u>20,992,853</u>	<u>3,965,472</u>	<u>4,446,783</u>	<u>7,249,037</u>	<u>36,654,145</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to OPEB	18,105	15,498	684	1,692	35,979
Deferred outflows related to pensions	135,560	85,016	22,829	24,627	268,032
Total deferred outflows of resources	<u>153,665</u>	<u>100,514</u>	<u>23,513</u>	<u>26,319</u>	<u>304,011</u>
LIABILITIES					
Current liabilities:					
Accounts payable	60,830	87,004	56,110	81,750	285,694
Accrued payroll	12,793	1,367	-	-	14,159
Accrued compensated absences	2,297	3,810	165	453	6,725
Due to other funds	24,793	3,536	1,274,886	25,070	1,328,285
Claims payable	-	-	1,221,951	853,621	2,075,572
Intergovernmental payable	139,572	410	3,037	2,691	145,711
Unearned revenue	-	-	-	9,470	9,470
Total current liabilities	<u>240,285</u>	<u>96,127</u>	<u>2,556,149</u>	<u>973,055</u>	<u>3,865,616</u>
Noncurrent liabilities:					
Accrued compensated absences	33,447	70,794	1,813	4,994	111,048
Accrued other post-employment benefits	60,760	52,006	2,302	5,678	120,746
Net pension liability	493,796	318,147	68,348	79,970	960,261
Total noncurrent liabilities	<u>588,003</u>	<u>440,947</u>	<u>72,463</u>	<u>90,642</u>	<u>1,192,055</u>
Total liabilities	<u>828,288</u>	<u>537,074</u>	<u>2,628,612</u>	<u>1,063,697</u>	<u>5,057,671</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	9,301	7,961	351	869	18,482
Deferred inflows related to pensions	63,331	27,498	26,761	17,307	134,897
Total deferred inflows of resources	<u>72,632</u>	<u>35,459</u>	<u>27,112</u>	<u>18,176</u>	<u>153,379</u>
NET POSITION					
Net investment in capital assets	9,242,703	950,541	-	-	10,193,244
Unrestricted	11,002,895	2,542,912	1,814,572	6,193,483	21,553,862
Total net position	<u>\$ 20,245,598</u>	<u>\$ 3,493,453</u>	<u>\$ 1,814,572</u>	<u>\$ 6,193,483</u>	<u>\$ 31,747,106</u>

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 4,198,311	\$ 2,902,295	\$ 2,575,064	\$ 10,146,795	\$ 19,822,465
Operating expenses:					
Cost of goods and services	2,153,350	2,393,819	2,660,254	9,506,464	16,713,887
Depreciation	1,191,793	260,275	-	-	1,452,068
Total operating expenses	3,345,143	2,654,094	2,660,254	9,506,464	18,165,955
Operating income (loss)	853,168	248,201	(85,190)	640,331	1,656,510
Non-operating revenues:					
Investment income	285,191	52,475	87,865	173,098	598,629
Loss on disposal of capital assets	(223,117)	-	-	-	(223,117)
Total non-operating revenues	62,074	52,475	87,865	173,098	375,512
Change in net position	915,242	300,676	2,675	813,429	2,032,022
Net position, beginning	19,330,356	3,192,777	1,811,897	5,380,054	29,715,084
Net position, ending	<u>\$ 20,245,598</u>	<u>\$ 3,493,453</u>	<u>\$ 1,814,572</u>	<u>\$ 6,193,483</u>	<u>\$ 31,747,106</u>

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,456,376	\$ 3,120,094	\$ 2,568,738	\$ 10,376,855	\$ 20,522,063
Payments to suppliers	(860,402)	(883,678)	(1,980,154)	(9,245,306)	(12,969,540)
Payments to employees	(858,266)	(890,187)	(132,516)	(168,080)	(2,049,049)
Payments/receipts to other funds for services provided	(296,385)	(784,304)	1,267,305	6,642	193,258
Net cash provided by operating activities	<u>2,441,323</u>	<u>561,925</u>	<u>1,723,373</u>	<u>970,111</u>	<u>5,696,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,087,071)	(173,604)	-	-	(2,260,675)
Net cash used for capital and related financing activities	<u>(2,087,071)</u>	<u>(173,604)</u>	<u>-</u>	<u>-</u>	<u>(2,260,675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(663,343)	(449,150)	(1,818,449)	(1,143,638)	(4,074,580)
Proceeds from sale of investments	350,245	237,151	960,142	603,841	2,151,379
Interest on investments	283,492	51,186	82,032	169,181	585,891
Net cash provided by (used for) investing activities	<u>(29,606)</u>	<u>(160,813)</u>	<u>(776,275)</u>	<u>(370,616)</u>	<u>(1,337,310)</u>
Net increase (decrease) in cash and cash equivalents	324,646	227,508	947,098	599,494	2,098,746
Cash and cash equivalents, beginning	5,534,050	1,200,074	1,383,211	3,176,754	11,294,089
Cash and cash equivalents, ending	<u>\$ 5,858,696</u>	<u>\$ 1,427,582</u>	<u>\$ 2,330,309</u>	<u>\$ 3,776,248</u>	<u>\$ 13,392,835</u>

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2020

	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	\$ 853,168	\$ 248,201	\$ (85,190)	\$ 640,331	\$ 1,656,510
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,191,793	260,275	-	-	1,452,068
(Increase) decrease in accounts receivable	(18,431)	(3,368)	(814)	234,366	211,753
(Increase) decrease in due from other funds	265,194	218,726	(5,512)	(4,841)	473,567
(Increase) decrease in intergovernmental receivable	11,302	2,441	-	(8,935)	4,808
Decrease in inventories	10,686	-	-	-	10,686
(Increase) decrease in prepaid items	1,302	(49,537)	(623)	(1,074)	(49,932)
(Increase) decrease in deferred outflows of resources	900	(5,718)	2,302	2,203	(313)
Increase (decrease) in accounts payable	5,801	83,907	15,365	(57,010)	48,063
Increase (decrease) in accrued payroll	(1,504)	(302)	-	-	(1,806)
Increase (decrease) in accrued compensated absences	1,788	14,218	(2,609)	3,641	17,038
Increase (decrease) in due to other funds	(24,730)	(229,972)	1,274,560	14,543	1,034,401
Increase (decrease) in claims payable	-	-	519,750	133,621	653,371
Increase (decrease) in intergovernmental payable	110,931	-	3,037	(1,028)	112,940
Increase in post-employment benefits	10,628	9,096	403	993	21,120
Increase (decrease) in pension liability	(27,088)	(13,109)	(4,548)	(5,822)	(50,567)
Increase in deferred inflows of resources	49,583	27,067	7,253	9,653	93,556
Total adjustments	<u>1,588,155</u>	<u>313,724</u>	<u>1,808,563</u>	<u>329,780</u>	<u>4,040,223</u>
Net cash provided by operating activities	<u>\$ 2,441,323</u>	<u>\$ 561,925</u>	<u>\$ 1,723,373</u>	<u>\$ 970,111</u>	<u>\$ 5,696,733</u>

Fiduciary Funds

Agency Funds

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

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

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

City of Ames
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020

	Payroll Clearing	Flex Benefits	Total
ASSETS			
Cash and cash equivalents	\$ 230,474	\$ 6,610	\$ 237,084
Accounts receivable, net	851	54	905
Investments	105,771	-	105,771
Total assets	<u>\$ 337,096</u>	<u>\$ 6,664</u>	<u>\$ 343,760</u>
LIABILITIES			
Accounts payable	\$ 6,586	\$ 6,664	\$ 13,250
Due to other governments	330,510	-	330,510
Total liabilities	<u>\$ 337,096</u>	<u>\$ 6,664</u>	<u>\$ 343,760</u>

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Total Agency Funds			
	Balance			Balance
	07/01/19	Additions	Deductions	06/30/20
ASSETS				
Cash and cash equivalents	\$ 217,176	\$ 31,693,647	\$ 31,673,739	\$ 237,084
Accounts receivable, net	45	1,160	300	905
Intergovernmental receivable	176	-	176	-
Investments	161,147	1,515	56,891	105,771
Total assets	<u>\$ 378,544</u>	<u>\$ 31,696,322</u>	<u>\$ 31,731,106</u>	<u>\$ 343,760</u>
LIABILITIES				
Accounts payable	\$ 40,575	\$ 33,600,185	\$ 33,627,510	\$ 13,250
Due to other governments	337,969	18,651,071	18,658,530	330,510
Total liabilities	<u>\$ 378,544</u>	<u>\$ 52,251,256</u>	<u>\$ 52,286,040</u>	<u>\$ 343,760</u>
Payroll Clearing Fund				
	Balance			Balance
	07/01/19	Additions	Deductions	06/30/20
ASSETS				
Cash and cash equivalents	\$ 179,199	\$ 30,479,857	\$ 30,428,582	\$ 230,474
Accounts receivable, net	23	1,106	278	851
Investments	161,147	1,515	56,891	105,771
Total assets	<u>\$ 340,369</u>	<u>\$ 30,482,478</u>	<u>\$ 30,485,751</u>	<u>\$ 337,096</u>
LIABILITIES				
Accounts payable	\$ 2,400	\$ 32,723,414	\$ 32,719,228	\$ 6,586
Due to other governments	337,969	18,651,071	18,658,530	330,510
	<u>\$ 340,369</u>	<u>\$ 51,374,485</u>	<u>\$ 51,377,758</u>	<u>\$ 337,096</u>
Flexible Benefits Fund				
	Balance			Balance
	07/01/19	Additions	Deductions	06/30/20
ASSETS				
Cash and cash equivalents	\$ 37,977	\$ 1,213,790	\$ 1,245,157	\$ 6,610
Accounts receivable, net	22	54	22	54
Intergovernmental receivable	176	-	176	-
Total assets	<u>\$ 38,175</u>	<u>\$ 1,213,844</u>	<u>\$ 1,245,355</u>	<u>\$ 6,664</u>
LIABILITIES				
Accounts payable	\$ 38,175	\$ 876,771	\$ 908,282	\$ 6,664



STATISTICAL SECTION



CITY OF
Ames™

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>	125
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	130
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>	134
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>	140
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>	142

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 110,348,921	\$ 111,810,541	\$ 112,305,532	\$ 116,792,110	\$ 120,231,602	\$ 129,469,743	\$ 137,632,652	\$ 141,703,409	\$ 144,730,839	\$ 148,292,299
Restricted	15,338,746	20,794,194	12,081,140	18,009,657	19,525,973	19,116,323	20,842,946	21,714,454	22,260,410	23,978,574
Unrestricted	15,638,160	12,237,776	21,194,735	15,726,615	(2,573,072)	871,100	783,394	1,139,151	3,346,885	3,029,850
Total governmental activities	141,325,827	144,842,511	145,581,407	150,528,382	137,184,503	149,457,166	159,258,992	164,557,014	170,338,134	175,300,723
Business-type activities										
Net investment in capital assets	243,495,813	251,498,597	272,253,133	277,649,147	303,949,791	317,734,901	320,823,796	308,134,898	311,786,131	320,199,338
Restricted	2,708,889	2,814,032	1,001,294	1,015,822	1,027,652	2,262,200	2,425,524	2,458,169	2,554,924	30,006,410
Unrestricted	218,617,981	249,745,121	268,805,782	310,375,526	261,830,409	258,217,652	304,183,289	353,749,237	382,923,270	364,718,214
Total business-type activities	464,822,683	504,057,750	542,060,209	589,040,495	566,807,852	578,214,753	627,432,609	664,342,304	697,264,325	714,923,962
Primary government										
Net investment in capital assets	353,844,734	363,309,138	384,558,665	394,441,257	424,181,393	447,204,644	458,456,448	449,838,307	456,516,970	468,491,637
Restricted	18,047,635	23,608,226	13,082,434	19,025,479	20,553,625	21,378,523	23,268,470	24,172,623	24,815,334	53,984,984
Unrestricted	234,256,141	261,982,897	290,000,517	326,102,141	259,257,337	259,088,752	304,966,683	354,888,388	386,270,155	367,748,064
Total primary government	\$ 606,148,510	\$ 648,900,261	\$ 687,641,616	\$ 739,568,877	\$ 703,992,355	\$ 727,671,919	\$ 786,691,601	\$ 828,899,318	\$ 867,602,459	\$ 890,224,685

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 2,629,067	\$ 2,559,365	\$ 2,755,166	\$ 2,915,560	\$ 4,165,152	\$ 2,686,082	\$ 3,136,291	\$ 4,044,800	\$ 3,141,379	\$ 3,304,608
Public safety	14,281,351	15,144,853	15,589,369	15,943,465	12,730,107	15,524,747	17,292,304	18,202,532	18,951,047	20,956,310
Public works	16,339,571	14,938,688	15,352,458	12,721,868	12,482,265	13,650,452	13,698,162	15,667,469	16,929,643	17,259,469
Health and social services	1,250,292	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781	1,463,008
Culture and recreation	7,703,519	8,818,851	9,082,953	8,536,548	9,857,775	9,770,521	9,872,288	10,989,672	11,059,949	11,257,074
Community and economic development	4,262,698	2,875,118	2,366,904	2,477,986	2,972,753	2,898,115	3,461,393	3,257,359	4,025,768	3,463,620
Interest	1,469,661	1,298,010	1,369,323	2,174,303	1,577,883	1,635,789	1,592,039	1,532,790	1,534,075	1,578,408
Total governmental activities	47,936,159	46,794,734	47,521,631	45,847,848	44,947,177	47,346,067	50,395,357	54,987,660	57,141,642	59,282,497
Business-type activities:										
Mary Greeley Medical Center	146,292,855	155,374,830	160,369,431	161,792,473	168,891,942	176,918,607	182,728,675	185,267,383	186,917,186	194,116,951
Electric	48,241,832	50,159,375	52,411,173	54,791,141	53,024,205	54,906,155	58,618,483	60,617,830	62,322,757	58,345,295
Sewer	6,719,787	7,956,963	9,122,173	7,848,323	7,435,226	7,229,003	7,574,949	8,558,520	8,826,479	7,020,822
Water	7,099,299	6,630,919	6,856,515	6,894,305	6,866,001	7,383,824	8,122,396	11,766,957	9,841,869	10,620,259
Parking	805,253	767,154	846,825	876,916	888,452	900,939	887,679	891,229	975,126	999,414
Transit	10,010,387	10,002,499	10,629,183	11,391,087	11,859,395	12,216,003	13,208,178	13,794,474	14,004,166	13,842,640
Storm sewer	917,771	918,495	655,522	467,378	644,411	557,890	1,231,885	420,171	270,883	796,588
Ice arena	526,660	521,670	606,215	578,163	584,702	605,291	602,774	651,714	650,947	665,247
Golf course	230,698	232,689	211,279	206,620	253,997	243,309	258,459	227,798	254,380	215,211
Resource recovery	4,310,188	4,184,929	4,375,362	4,670,459	4,577,441	4,320,344	4,619,859	4,485,732	4,478,297	4,493,593
Total business-type activities	225,154,730	236,749,523	246,083,678	249,516,865	255,025,772	265,281,365	277,853,337	286,681,808	288,542,090	291,116,020
Total expenses	273,090,889	283,544,257	293,605,309	295,364,713	299,972,949	312,627,432	328,248,694	341,669,468	345,683,732	350,398,517
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,404,478	118,459	130,627	163,655	134,239	172,126	203,609	158,792	123,407	116,999
Public safety	2,571,060	2,864,844	3,194,059	3,433,170	3,652,787	3,345,400	3,768,480	3,421,439	3,476,553	3,865,956
Public works	5,231,237	6,601,518	6,026,315	295,874	715,898	277,437	268,565	2,737,534	310,035	314,576
Culture and recreation	1,490,008	2,031,204	1,980,793	1,974,037	2,029,655	1,939,498	2,135,274	2,131,253	2,158,429	1,414,160
Other activities	24,163	7,630	11,140	15,925	23,015	24,615	25,660	21,132	15,082	17,650
Operating grants and contributions	2,758,176	1,091,752	1,192,687	6,940,124	7,173,301	8,521,814	8,681,507	8,546,037	8,950,597	9,090,602
Capital grants and contributions	4,742,929	4,985,082	3,211,001	3,516,122	1,632,753	6,822,367	6,664,323	3,285,174	3,426,018	3,536,671
Total governmental activities	18,222,051	17,700,489	15,746,622	16,338,907	15,361,648	21,103,257	21,747,418	20,301,361	18,460,121	18,356,614

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	160,115,058	171,389,850	175,011,409	174,265,003	184,201,460	181,534,863	189,944,553	194,988,247	192,530,036	194,363,177
Electric	57,545,144	57,195,559	57,353,200	60,016,205	56,636,062	58,511,422	64,339,637	68,660,541	68,342,980	64,882,140
Sewer	5,402,162	6,188,602	6,648,263	7,491,746	8,267,051	8,370,811	8,856,136	9,175,876	9,172,812	7,754,405
Water	7,650,007	8,824,494	9,125,922	9,647,203	9,584,813	9,987,307	10,502,276	10,620,863	10,414,170	11,448,309
Parking	872,625	779,976	883,899	870,246	891,983	925,177	899,705	829,993	1,011,601	797,454
Transit	5,588,406	4,828,097	5,108,154	5,463,677	5,814,552	6,337,415	6,576,578	6,746,369	6,803,540	6,735,543
Storm sewer	957,122	1,155,583	1,136,621	1,179,495	1,215,233	1,241,840	1,700,529	1,817,030	1,842,228	1,852,740
Ice arena	472,015	475,743	471,760	507,203	532,001	544,300	481,831	504,884	475,197	444,262
Golf course	220,388	235,824	220,643	256,221	248,853	268,440	191,186	184,601	179,367	150,549
Resource recovery	4,374,268	3,583,946	3,731,936	3,469,877	3,687,927	3,031,997	3,314,210	2,719,456	2,879,813	3,019,801
Operating grants and contributions	2,567,137	2,751,186	2,723,226	3,059,305	3,161,366	3,405,067	5,062,412	4,961,244	4,437,834	8,118,261
Capital grants and contributions	5,541,433	8,991,024	8,604,246	4,708,511	3,304,381	1,474,384	4,752,319	1,728,763	3,097,169	2,014,199
Total business-type activities	251,305,765	266,399,884	271,019,279	270,934,692	277,545,682	275,633,023	296,621,372	302,937,867	301,186,747	301,580,840
Total program revenues	269,527,816	284,100,373	286,765,901	287,273,599	292,907,330	296,736,280	318,368,790	323,239,228	319,646,868	319,937,454
Net (expense) / revenue										
Governmental activities	(29,714,108)	(29,094,245)	(31,775,009)	(29,508,941)	(29,585,529)	(26,242,810)	(28,647,939)	(34,686,299)	(38,681,521)	(40,925,883)
Business-type activities	41,245,154	34,269,756	24,851,014	28,028,817	20,607,251	31,340,007	25,084,530	16,256,059	12,644,657	10,464,820
Total net (expense) / revenue	11,531,046	5,175,511	(6,923,995)	(1,480,124)	(8,978,278)	5,097,197	(3,563,409)	(18,430,240)	(26,036,864)	(30,461,063)
General revenues										
Governmental activities:										
Taxes										
Property taxes	22,821,388	23,485,295	23,913,389	25,273,931	25,988,892	27,114,273	28,166,804	29,680,915	31,204,329	32,973,640
Sales taxes	6,117,664	6,935,154	6,655,355	6,648,615	7,996,943	7,831,295	7,711,124	7,681,519	7,991,619	8,470,509
Hotel / motel taxes	1,416,830	1,518,571	1,760,462	1,845,940	2,113,310	2,272,323	2,435,756	2,412,667	2,515,468	1,986,157
Unrestricted grants and contributic	15,990	17,040	17,726	17,819	19,108	20,527	20,565	22,146	23,589	54,366
Investment income	499,004	436,302	18,067	544,414	455,916	699,289	211,126	689,377	2,190,478	2,177,884
Other income	-	314,699	120,071	118,097	133,787	450,340	251,997	1,214,979	759,997	602,881
Gain on disposal of assets	-	127,182	16,084	25,501	63,228	140,825	118,389	6,039	-	-
Transfers	(228,423)	(223,314)	12,751	(18,401)	117,020	(13,399)	(465,996)	(1,604,405)	(222,839)	(376,965)
Total governmental activities	30,642,453	32,610,929	32,513,905	34,455,916	36,888,204	38,515,473	38,449,765	40,103,237	44,462,641	45,888,472
Business-type activities:										
Investment income	17,372,875	4,197,199	13,003,757	26,013,566	8,201,914	1,001,761	27,543,163	18,271,065	19,708,701	8,135,196
Other income	-	-	40,761	66,660	64,714	40,083	417,879	427,961	337,470	647,271
Gain on disposal of assets	18,421	5,164,193	35,091	551,139	25,700	-	48,479	12,078	8,354	-
Special item	9,382,844	-	-	-	-	-	-	-	-	-
Transfers	228,423	223,314	(12,751)	18,401	(117,020)	13,399	465,996	1,604,405	222,839	376,965
Total business-type activities	27,002,563	9,584,706	13,066,858	26,649,766	8,175,308	1,055,243	28,475,517	20,315,509	20,277,364	9,159,432
Total primary government	57,645,016	42,195,635	45,580,763	61,105,682	45,063,512	39,570,716	66,925,282	60,418,746	64,740,005	55,047,904
Change in net position										
Governmental activities	928,345	3,516,684	738,896	4,946,975	7,302,675	12,272,663	9,801,826	5,416,938	5,781,120	4,962,589
Business-type activities	68,247,717	43,854,462	37,917,872	54,678,583	28,782,559	32,395,250	53,560,047	36,571,568	32,922,021	19,624,252
Total change in net position	\$ 69,176,062	\$ 47,371,146	\$ 38,656,768	\$ 59,625,558	\$ 36,085,234	\$ 44,667,913	\$ 63,361,873	\$ 41,988,506	\$ 38,703,141	\$ 24,586,841

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ 97,918	\$ 96,235	\$ 73,623	\$ 68,428	\$ 90,538	\$ 141,713	\$ 172,236	\$ 237,381	\$ 240,990	\$ 240,978
Assigned	124,097	147,752	382,930	253,059	296,803	725,077	809,033	580,004	402,312	283,809
Unassigned	7,751,289	7,924,363	7,902,465	9,046,946	10,332,050	11,137,621	11,270,733	10,824,689	12,119,527	13,768,589
Total general fund	<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>	<u>\$ 12,762,829</u>	<u>\$ 14,293,376</u>
All other governmental funds										
Nonspendable	1,999,501	1,976,152	2,019,699	1,998,143	2,007,044	2,023,387	2,059,985	2,038,896	2,081,395	2,118,765
Restricted	16,940,269	24,621,403	47,672,976	30,630,963	31,882,923	30,000,397	31,507,537	32,769,654	35,581,189	43,100,229
Committed	5,577,769	1,399,913	1,547,185	1,461,826	1,397,635	2,013,730	1,978,585	1,988,318	2,064,956	2,213,310
Assigned	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)	(2,483,786)	(3,841,578)
Total all other governmental funds	<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>	<u>\$ 37,243,754</u>	<u>\$ 43,590,726</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Taxes	\$ 30,355,882	\$ 31,908,563	\$ 32,319,668	\$ 33,755,016	\$ 36,080,369	\$ 37,207,916	\$ 38,313,146	\$ 39,760,873	\$ 41,716,868	\$ 43,506,491
Special assessments	238,106	217,885	306,761	16,590	362,306	222,895	298,227	564,860	321,318	303,643
Licenses and permits	1,138,714	1,327,206	1,707,463	1,892,634	2,017,035	1,687,317	2,059,688	1,635,289	1,554,088	1,856,585
Intergovernmental	11,408,113	9,098,425	9,084,528	10,658,992	8,277,965	14,500,743	10,983,498	11,815,543	10,242,731	11,293,897
Charges for services	3,969,212	4,039,097	3,298,578	3,393,715	3,517,164	3,596,467	3,798,813	3,914,432	4,066,129	3,413,036
Fines and forfeitures	196,748	214,641	111,014	146,485	138,720	93,652	67,584	65,504	43,614	28,276
Investment income	635,176	320,693	70,115	419,786	404,297	529,364	169,673	530,341	1,598,321	1,579,072
Miscellaneous	476,659	3,027,255	1,219,633	863,337	825,429	852,639	930,506	1,856,014	1,231,347	1,064,583
Total revenues	48,418,610	50,153,765	48,117,760	51,146,555	51,623,285	58,690,993	56,621,135	60,142,856	60,774,416	63,045,583
EXPENDITURES										
Current:										
General government	2,398,630	2,405,265	2,906,491	2,720,623	3,308,736	2,655,547	3,520,312	3,806,110	2,965,150	3,031,260
Public safety	14,252,764	14,938,537	15,287,766	15,839,280	16,237,949	16,664,555	17,097,771	17,703,682	18,624,774	19,127,916
Public works	5,463,593	5,538,204	5,388,832	5,434,191	5,488,851	5,871,433	5,868,576	6,202,540	7,073,307	6,732,091
Health and social services	1,252,377	1,159,849	1,005,458	1,078,118	1,161,242	1,180,361	1,342,880	1,293,038	1,499,781	1,463,008
Culture and recreation	6,869,276	7,224,794	7,088,894	7,179,033	7,613,063	8,263,043	8,648,567	9,072,955	9,168,122	9,253,898
Community and economic development	4,266,580	2,870,859	2,363,783	2,481,609	2,875,879	2,909,942	3,464,575	3,249,583	4,028,589	3,448,039
Debt service:										
Principal	5,741,838	7,385,280	9,713,723	7,671,776	7,364,829	13,142,882	10,481,762	8,657,150	8,862,109	8,973,882
Interest and fiscal charges	1,595,755	1,389,368	1,440,738	1,815,272	1,765,082	1,995,674	2,064,652	2,067,672	2,120,728	2,158,844
Capital outlay	12,643,534	10,884,449	13,972,053	22,817,899	14,294,598	24,428,030	12,119,780	11,983,901	11,432,322	12,147,899
Total expenditures	54,484,347	53,796,605	59,167,738	67,037,801	60,110,229	77,111,467	64,608,875	64,036,631	65,774,882	66,336,837
Excess (deficiency) of revenues over (under) expenditures	(6,065,737)	(3,642,840)	(11,049,978)	(15,891,246)	(8,486,944)	(18,420,474)	(7,987,740)	(3,893,775)	(5,000,466)	(3,291,254)
OTHER FINANCING SOURCES (USES)										
Transfers in	7,625,145	8,476,754	8,695,389	8,725,886	9,917,519	13,410,870	10,665,237	10,451,681	10,702,128	10,890,297
Transfers out	(7,484,112)	(8,627,749)	(8,794,765)	(8,753,037)	(9,879,039)	(13,474,329)	(10,940,973)	(12,060,457)	(10,924,967)	(11,267,262)
General obligation bonds issued	6,690,000	6,675,000	30,455,000	-	9,395,000	11,435,000	6,890,605	6,985,000	7,490,000	10,520,000
Premium on general obligation bonds	197,459	12,885	1,302,774	-	238,187	901,045	475,349	602,484	610,152	1,025,738
Refunding bonds issued	5,980,000	-	2,090,000	-	-	5,150,000	2,130,000	3,990,000	-	-
Premium on refunding bonds	-	-	57,213	-	-	436,214	189,555	326,513	-	-
Payment to refunded bond escrow	(7,250,000)	-	-	-	-	-	-	(4,328,059)	-	-
Total other financing sources (uses)	5,758,492	6,536,890	33,805,611	(27,151)	9,671,667	17,858,800	9,409,773	5,967,162	7,877,313	11,168,773
Net change in fund balances	\$ (307,245)	\$ 2,894,050	\$ 22,755,633	\$ (15,918,397)	\$ 1,184,723	\$ (561,674)	\$ 1,422,033	\$ 2,073,387	\$ 2,876,847	\$ 7,877,519
Debt service as a percentage of non-capital expenditures	19.6%	15.9%	19.2%	23.0%	21.0%	20.0%	28.2%	24.2%	20.1%	19.8%

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
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%
2019	1,909,559,823	794,219,367	153,921,400	19,793,507	174,954,300	-	2,287,220	3,050,161,177	10.0686	4,632,139,435	65.85%
2020	2,019,762,039	823,143,900	157,933,848	22,030,395	215,828,400	-	2,179,804	3,236,518,778	10.0256	4,837,411,018	66.91%

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				Total Direct Tax Rate ³	Overlapping Rates ¹			Total Direct & Overlapping Rates
	General ²	Public Transit	Employee Benefits	Debt Service		Ames School District ⁴	Consolidated County ⁵	Area Vocational ⁶	
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
2019	5.50149	0.63361	0.71534	3.21813	10.06857	14.34179	6.29920	0.69468	31.40424
2020	6.05031	0.62811	0.67923	3.19314	10.02557	14.34142	6.50310	0.65249	31.52258

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Iowa State University Research Park	\$ 56,097,983	1	1.73%			
Barilla America Inc.	37,649,430	2	1.16%	41,260,000	1	1.94%
Campus Investors IS LLC	36,949,414	3	1.14%	11,022,000	8	0.52%
Clinic Building Company, Inc.	29,672,730	4	0.92%	15,981,000	5	0.75%
FPA6 University West LLC	22,357,004	5	0.69%			
GPT Ames Owner LLC	21,346,650	6	0.66%	-		
ACA Stadium View Student Housing Dst	20,348,211	7	0.63%			
Dayton Park LLC	19,707,990	8	0.61%	-		
CB at Ames LLC	18,148,502	9	0.56%			
Ames Iowa LLC	16,857,900	10	0.52%			
North Grand Mall Partners LLC				24,402,600	2	1.15%
Walmart Stores, Inc - Store 4256-00				22,468,000	3	1.06%
Cycloneball LLC				17,277,000	4	0.81%
Midwest Centers				13,720,000	6	0.65%
SUSA Holding of Story County Inc				12,743,000	7	0.60%
Ball Plastics Container Corp				10,024,000	9	0.47%
Chelan Daybreak LLC				9,469,900	10	0.45%
	<u>\$ 279,135,814</u>		<u>8.62%</u>	<u>\$ 178,367,500</u>		<u>8.40%</u>

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
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%
2019	29,467,293	28,805,839	97.76%	-	28,805,839	97.76%
2020	31,041,345	30,109,340	97.00%	-	30,109,340	97.00%

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				
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
2019	62,013,160	4,794,742	86,967,258	-	68,697,475	222,472,635	15.12%	58,965	3,773
2020	64,024,953	4,219,035	115,821,050	-	65,182,044	249,247,082	14.17%	66,258	3,762

¹ Presented net of original issuance discounts and premiums and deferred charges

² Personal income is presented on page 142

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
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
2019	66,807,902	928,447	65,879,455	1.42%	1,117
2020	68,243,988	1,207,777	67,036,211	1.39%	1,012

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 132 for property value data

⁴ See page 142 for population data

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	\$48,125,000	98.25%	\$ 47,282,813
Gilbert Community School District	27,595,000	50.52%	13,940,994
Des Moines Area Community College ¹	52,490,000	5.88%	3,086,412
Nevada Community School District	5,586,000	0.23%	12,848
Story County	11,207,282	59.36%	6,652,643
Other debt:			
Ames Community School District revenue bonds	11,009,000	98.25%	10,816,343
Gilbert Community School District revenue bonds	6,795,000	50.52%	3,432,834
Nevada Community School District revenue bonds	10,780,000	0.23%	24,794
Nevada Community School District capital notes	878,000	0.23%	2,019
Subtotal, overlapping debt			<u>85,251,700</u>
City direct debt			<u>64,024,953</u>
Total direct and overlapping debt			<u><u>\$149,276,653</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, 2020**

Legal debt margin for the fiscal year ended June 30, 2020:

Assessed value	\$ 4,837,411,018
Debt limit (5% of actual value)	\$ 241,870,551
Debt applicable to limit:	
General obligation bonds	64,305,000
Legal debt margin	\$ 177,565,551
Percentage of net debt margin available	73.41%
Percentage of net debt margin exhausted	26.59%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2020	\$ 241,870,551	\$ 64,305,000	73.41%
2019	231,606,972	63,290,000	72.67%
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%

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

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

Hospital Revenue Bond

Fiscal Year	Gross Revenues ³	Less: Operating Expenses	Net Available Revenue	Debt Service ¹		Coverage
				Principal	Interest	
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
2019	192,530,036	169,574,256	22,955,780	3,235,000	3,004,771	3.68
2020	198,155,472	177,497,057	20,658,415	4,705,000	3,338,470	2.57

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	68,342,980	58,076,088	10,266,892	685,000	279,556	10.64
2020	64,882,140	53,445,511	11,436,629	720,000	245,306	11.85

**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	
2011	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-
2013	6,643,819	7,083,679	(439,860)	-	3,019	-
2014	7,491,746	5,809,744	1,682,002	128,000	20,300	-
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
2019	9,172,812	6,575,420	2,597,392	414,250	89,827	5.15
2020	7,754,405	5,207,127	2,547,278	415,332	119,105	4.77

Water Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	9,584,813	5,560,459	4,024,354	-	64,982	-
2016	9,987,307	5,771,458	4,215,849	-	454,561	-
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
2019	11,121,859	6,917,507	4,204,352	2,927,000	1,287,070	1.00
2020	12,004,634	7,004,160	5,000,474	2,986,000	1,243,815	1.18

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
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%
2018	58,965	24,946	1,470,940,890	4,387	1.6%
2019	66,258	26,548	1,759,017,384	4,477	1.9%

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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Iowa State University	16,647	1	30.42%	14,020	1	27.44%
City of Ames	1,573	2	2.87%	902	4	1.77%
Mary Greeley Medical Center	1,407	3	2.57%	1,347	2	2.64%
Danfoss (1)	1,015	4	1.85%	650	7	1.27%
Iowa Department of Transportation	975	5	1.78%	1,012	3	1.98%
Hy-Vee Food Stores	725	6	1.32%	738	6	1.44%
McFarland Clinic, P.C.	675	7	1.23%	886	5	1.73%
Ames Community School District	650	8	1.19%	650	8	1.27%
Workiva	550	9	1.01%			
Hach Chemical	500	10	0.91%			
Ames Laboratories				477	9	0.93%
Wal-Mart				440	10	0.86%
Total			<u>45.15%</u>			<u>41.33%</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Management services	22.50	22.25	23.25	23.25	23.25	23.25	24.25	24.25	24.50	24.50
Finance	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	41.00	41.00
Planning and housing	10.50	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Administrative services ¹	-	-	-	-	6.50	6.00	6.00	5.00	5.00	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	75.95	75.95	75.95	75.95	81.55	84.05	84.05	84.05	84.50	85.50
Fire/inspections	68.00	68.50	68.50	68.50	65.00	65.00	68.00	70.00	71.00	72.00
Police/animal control/parking	77.65	77.65	77.65	77.65	77.65	77.65	79.65	80.65	82.15	83.15
Library	31.00	31.50	31.50	31.50	35.25	35.50	35.75	35.75	36.50	37.00
Parks and recreation	20.50	19.50	19.50	19.50	19.50	19.50	25.00	25.00	25.00	25.00
Water and pollution control	41.50	41.50	41.50	41.25	40.05	40.05	40.30	40.30	40.00	40.00
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	1.50	2.00	2.00	2.00	2.00	2.00
Engineering	13.00	14.00	14.00	14.00	14.00	15.75	15.75	14.75	14.75	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	22.00	22.00	22.00	22.00
Utility maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00
Other	13.00	13.00	13.00	13.00	13.00	13.00	8.00	10.00	10.00	10.00
Hospital	1,055.00	1,064.00	1,092.00	1,082.00	1,050.00	1,071.00	1,067.00	1,082.00	1,086.00	1,117.00
Total	<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>	<u>1,667.90</u>	<u>1,703.40</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
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Number of licenses/permits processed	512	462	539	524	617	559	714	635	752	561
Police:										
Physical arrests	1,415	1,395	1,463	1,588	1,531	1,362	1,215	1,596	1,480	1,380
Parking violations	52,147	48,947	44,100	45,530	46,759	50,280	47,272	38,798	32,711	27,278
Traffic violations	2,953	4,068	3,204	2,543	2,981	2,451	2,614	2,834	2,328	2,092
Fire:										
Number of fires	175	188	137	150	107	126	89	116	80	82
Number of ambulance assists	2,211	2,178	2,325	2,471	2,464	2,442	2,663	2,646	2,857	2,473
Inspections	1,011	829	1,058	1,263	1,205	1,435	1,074	831	501	582
Library:										
Total circulation	1,388,273	1,343,758	1,222,547	1,205,620	1,255,953	1,304,434	1,280,305	1,222,360	1,220,180	961,602
Library visits	416,908	443,895	323,859	226,690	426,608	506,034	523,673	508,918	485,929	336,272
Parks and recreation:										
Total number of participant visits	303,012	320,533	287,504	294,978	279,103	293,757	255,227	280,766	281,420	187,725
Total number of activities	149	148	154	160	175	187	194	196	200	175
Resource recovery:										
Tons of refuse processed	56,789	53,731	48,244	27,878	50,035	41,646	45,598	37,124	33,173	33,511
Tipping fee per ton	52.75	52.75	52.75	52.75	52.75	52.75	52.75	55.00	55.00	58.75
Other public works:										
Blocks of streets crack sealed	65	110	92	123	90	66	73	65	81	88
Blocks of streets slurry sealed	-	-	-	11	22	36	33	30	-	-
Blocks of seal coat reconstruction	8	6	7	8	4	16	-	10	6	-
Hospital:										
Total admissions	9,918	9,617	8,768	8,289	8,298	7,867	8,368	8,510	8,267	8,230
Average percent of occupancy	57.1%	56.3%	54.1%	52.1%	50.5%	49.3%	49.7%	50.2%	50.6%	52.1%
Electric:										
Kilowatt hours produced at plant	341,229,148	307,447,978	318,394,938	282,348,784	278,471,640	243,388,530	244,149,566	222,873,411	167,189,716	176,914,000
Meters in service	24,436	24,844	25,141	25,353	26,023	26,232	26,475	27,324	27,348	27,613
Transit:										
Passengers	5,447,289	5,759,883	5,892,786	6,619,182	6,711,665	6,785,479	6,658,027	6,572,065	6,121,023	4,577,482
Total miles driven	1,421,852	1,412,162	1,384,270	1,493,983	1,599,493	1,658,443	1,635,781	1,649,762	1,516,271	1,437,907
Water:										
Billion gallons per year pumped	2.074	2.151	2.082	2.131	2.022	2.110	2.131	2.245	2.117	2.260
Utility locates performed	6,471	6,466	6,247	6,185	6,615	8,121	7,383	7,113	6,932	7,935
Water main breaks	37	18	42	47	19	19	18	42	46	19
Wastewater:										
Billion gallons per year treated	2.501	1.906	2.093	1.936	2.389	2.690	2.427	2.141	2.706	2.291

Sources: City departments and Mary Greeley Medical Center

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	11	11	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	37	37	37	37	36	36	38	38
Total number of park acres	1,213	1,213	1,224	1,227	1,227	1,227	1,223	1,224	1,230	1,230
Total number of athletic fields	18	18	18	18	18	18	18	21	21	21
Other public works:										
Miles of streets	260	272	288	290	291	291	300	305	305	249
Number of traffic signals	70	70	70	67	67	67	68	69	70	71
Number of signs	9,759	9,852	9,486	9,489	9,485	9,509	9,854	10,087	10,658	10,876
Hospital:										
Beds in operation	199	199	199	199	199	199	199	199	199	199
Transit:										
Buses owned	79	84	89	93	104	105	104	105	104	89
New buses purchased	7	7	2	-	6	9	5	3	1	-
Water:										
Miles of water mains	241	241	241	243	247	254	247	249	250	250
Fire hydrants	2,650	2,648	2,663	2,700	2,771	2,847	2,906	2,948	2,977	2,995
Wells	28	28	28	28	28	28	25	24	25	25
Wastewater:										
Sanitary sewer miles	201	202	202	203	204	204	210	211	212	212
Storm sewer miles	261	263	265	260	263	271	276	277	278	279

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

Sources: City departments and Mary Greeley Medical Center



Information to Comply with *Government Auditing Standards*
and Uniform Guidance

June 30, 2020

City of Ames, Iowa



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, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 30, 2021. 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. Our report qualifies the opinion of such financial statements as the Mary Greeley Medical Center did not present Provider Relief Funds in accordance with Generally Accepted Accounting Principles.

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) as a basis for designing 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.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

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 financial statements. 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, 2020, 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 Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
March 30, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Ames, Iowa’s (City), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP". The letters are connected and fluid, with a prominent "E" at the start and "LLP" at the end.

Dubuque, Iowa
March 30, 2021

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce Direct program Investments for Public Works and Economic Development Facilities	11.300		\$ 645,131
U.S. Department of Housing and Urban Development Direct program CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218		368,341
U.S. Department of Justice Direct program COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		2,585
Bulletproof Vest Partnership Program	16.607		3,585
Edward Byrne Memorial Justice Assistance Grant Program	16.738		6,069
Edward Byrne Memorial Justice Assistance Grant Program	16.738		3,006
Total Edward Byrne Memorial Justice Assistance Grant Program			9,075
Total U.S. Department of Justice			15,245
U.S. Department of Transportation Direct program Airport Improvement Program	20.106		63,344
Highway Planning and Construction Cluster Pass-through program from Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-0155(696)--70-85	2,151,245
Highway Planning and Construction	20.205	20MPO-AAMPO	326,493
Highway Planning and Construction	20.205	STP-E-0155(684)--8V-85	85,403
Highway Planning and Construction	20.205	2019-006-00-015-FY18	39,735
Total Highway Planning and Construction Cluster			2,602,876
Federal Transit Cluster Direct program Federal Transit – Capital Investment Grants	20.500		14,610
Federal Transit - Formula Grants	20.507		2,494,129
Federal Transit - Formula Grants	20.507		301,582
Total Federal Transit - Formula Grants			2,795,711
Total Federal Transit Cluster			2,810,321

City of Ames, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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)			
Pass-through program from			
Iowa Department of Transportation			
Metropolitan Transportation Planning and State and Non-metropolitan Planning and Research	20.505	20MPO-AAMPO	\$ <u>1,888</u>
Transit Services Programs Cluster			
Pass-through program from			
Iowa Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2016-026-01-015-FY18	435,452
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2020-001-00-FY19	117,676
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2020-001-00-SFY20	116,247
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2016-026-02-015-FY18	<u>116,045</u>
Total Transit Services Programs Cluster			<u>785,420</u>
Highway Safety Cluster			
Pass-through program from			
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	PAP 20-402-M0AL, Task 01-00-00	17,810
State and Community Highway Safety	20.600	PAP 19-402-M0AL, Task 01-00-00	<u>8,604</u>
Total State and Community Highway Safety			26,414
National Priority Safety Programs	20.616	PAP 20-415b-M1HVE Task 01-00-00	<u>667</u>
Total Highway Safety Cluster			<u>27,081</u>
Total U.S. Department of Transportation			<u>6,290,930</u>
U.S. Department of Health and Human Services			
Pass-through program from			
Iowa Department of Public Health			
Immunization Cooperative Agreements	93.268	5889I480	<u>11,625</u>
Total			<u>\$ 7,331,272</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, 2020. 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, 2020.

Note 3 - Indirect Cost Rate

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

Note 4 - Provider Relief Funds

Mary Greeley Medical Center (blended component unit) received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (CFDA #93.498) during the year ended June 30, 2020. The Organization incurred eligible expenditures, and, therefore, recognized PRF revenue totaling \$3,792,303 for the year ended June 30, 2020 on the financial statements. In accordance with the 2020 Compliance Supplement Addendum, this funding was not included in the Schedule of Expenditures of Federal Awards for the year ending June 30, 2020.

Part I: Summary of the Independent Auditor’s Results:

Financial Statements

Type of auditor’s report issued	Unmodified for all opinion units except for Mary Greeley Medical Center, which was qualified
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
Transit Services Programs Cluster	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513
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

2020-001 Material Audit Adjustments

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

Condition: During the course of our engagement, we proposed material audit adjustments to beginning net position, intergovernmental receivables, and unavailable revenue, and the Schedule of Expenditures of Federal Awards.

Cause: There is a limited number of office staff with varying levels of experience with the reporting requirements. This significantly limits the City's review procedures.

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

Recommendation: We recommend that City staff continue to receive relevant training and that additional review procedures be implemented.

Views of Responsible Officials: Management will ensure proper training will take place across all areas within the accounting division to ensure there is understanding of policies and procedures. Cross training will take place and detailed standard operating procedures will be created/updated for every position within the accounting division to ensure proper controls are in place. Accounting is in the transition of hiring new experienced staff who will help achieve accurate accounting and reporting of financial statements.

Part III: Findings and Questioned Costs for Federal Awards

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting

2020-IA-A Certified Budget: Disbursements during the year ended June 30, 2020, did not exceed the amount budgeted.

2020-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.

2020-IA-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

However, one instance was noted during testing in which incomplete receipts were included as backup documentation for purchases during City related travel.

Recommendation: The City should require proper receipt documentation as allowed by their policy.

View of Responsible Officials: The City will ensure receipts and other supporting documentation will be documented, tracked, and retained in accordance with Iowa State Code and City policies regarding record retention.

2020-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
Kyler Brekke, Employee, Father is owner of Brekkes Town & County	Services	\$ 3,578
Gary Milam, Employee, Owner Milam Concrete & Construction	Services	675
Ben McConville, Employee, Brother is owner Iowa Concrete Leveling	Services	450

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions with each individual were less than \$6,000 during the fiscal year.

2020-IA-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2020-IA-F 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.

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

2020-IA-G Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

2020-IA-H 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.

2020-IA-I Revenue Bonds: No instances of noncompliance with the provisions of the City's revenue bond resolutions were noted.

2020-IA-J 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.